



CIO Office

Global Markets Weekly Kickstart

Diversify Smart as Geopolitics Up

9 March 2026

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Blueprint



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China's Two Sessions Open; Beijing Targets Nominal Growth, Prioritizing Sustainable Expansion

- ▶ On March 5, China opened the Fourth Session of the 14th National People's Congress. A key focus is the government's decision to lower the 2026 GDP growth target to a 4.5–5% range, marking the first time a range has been set again since 2016 and 2019. Over the past three years, the official target was 5%. If the 2026 target is achieved, it would represent the lowest growth goal in nearly 35 years.
- ▶ According to Bloomberg, despite slower growth expectations, authorities did not raise the quotas for special government bonds or local government special-purpose bonds. The fiscal deficit will remain in line with 2025 levels, suggesting policymakers are willing to tolerate slower growth in favor of more sustainable expansion.
- ▶ On prices, the government already lowered its inflation target last year. However, headline and core inflation stood at 0.8% and 1.2% in December, respectively, both below target levels. Authorities have therefore indicated plans to push prices from negative territory back into positive growth, supporting nominal economic expansion.
- ▶ Regarding industrial policy, consumption accounted for nearly half of China's GDP last year. Given uncertainties surrounding U.S. trade policy and rising shipping costs, we expect policy support to remain focused on domestic demand, with the services sector likely to be a key priority.

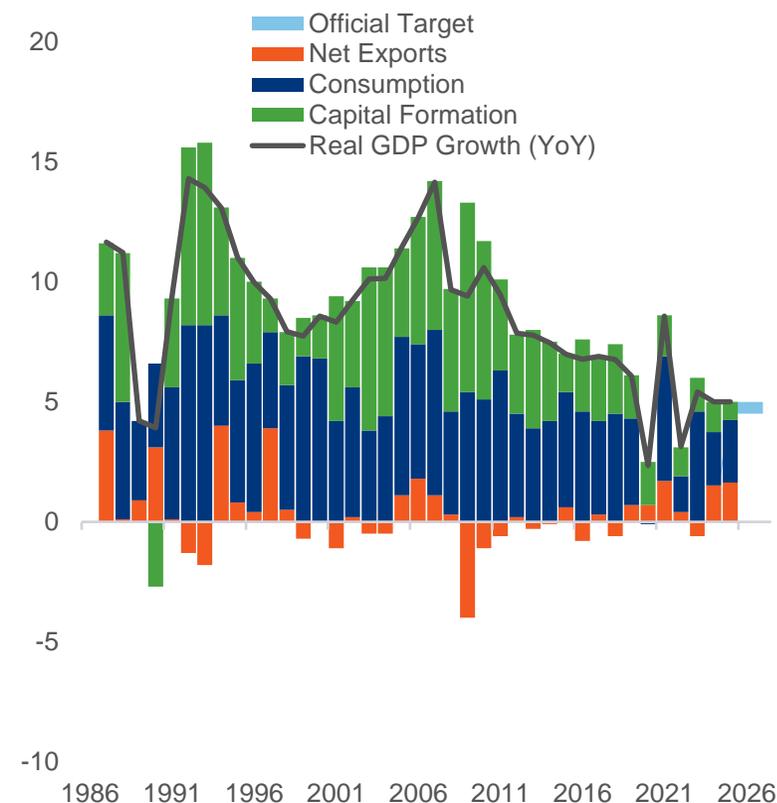
No Indication of Major Additional Stimulus

Indicator	Target			
	2023	2024	2025	2026
GDP Growth (%)	~5%	~5%	~5%	4.5 - 5%
Urban New Jobs (mn)	~12	>12	>12	>12
CPI Inflation (%)	~3%	~3%	~2%	~2%
Debt Types	2023	2024	2025	2026
Fiscal Deficit (% of GDP)	3.0%*	3.0%	4.0%	~4.0%
Ultra-Long Special Government Bonds Issuance (RMB bn)	-	1,000	1,300	1,300
New Local Government Special Bonds (RMB bn)	3,800	3,900	4,400	4,400

Including additional special government bonds, deficit ratio rises to 3.8%.

China Growth Slows; Official GDP Target at 4.5%–5.0%

Contribution to GDP Growth (%)

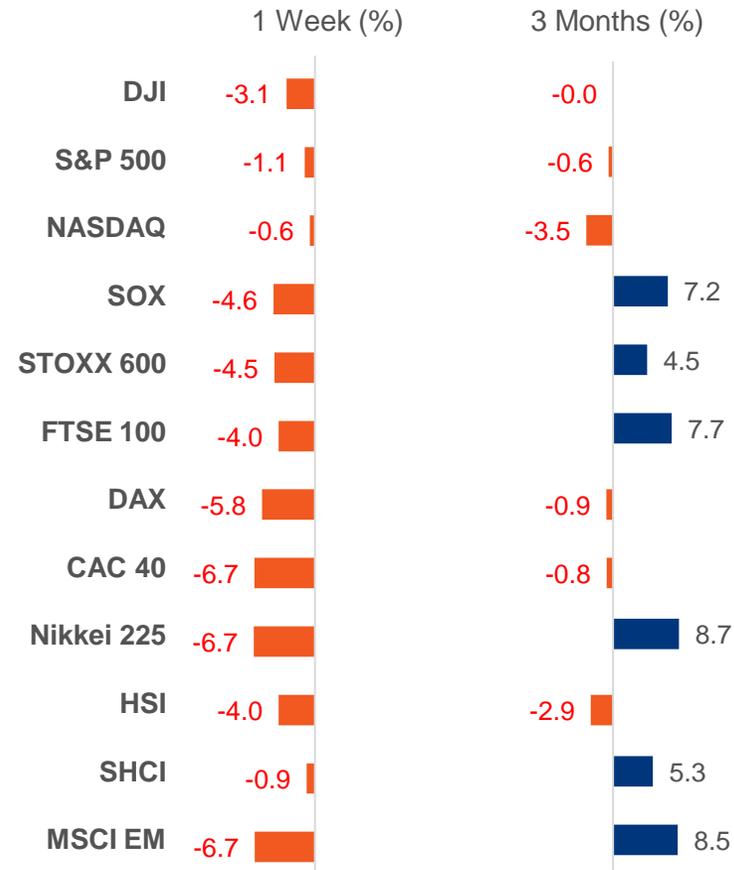


Market Recap

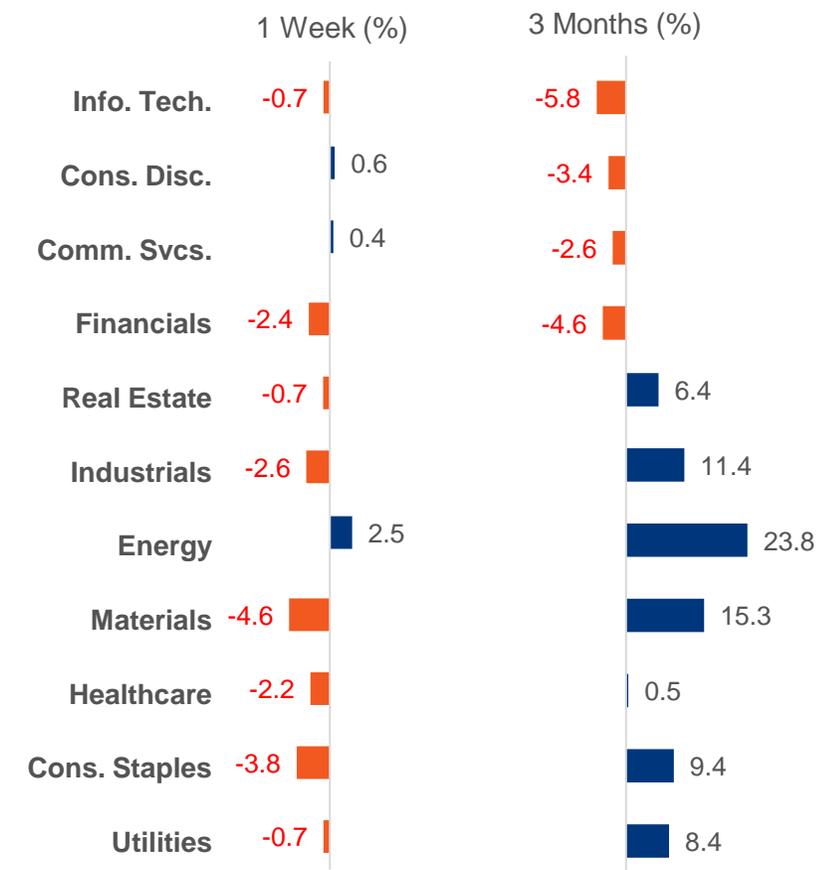
Geopolitical Tensions Add Turbulence, Near-Term Market Volatility Set to Rise

- ▶ With no signs of U.S.–Iran negotiations, geopolitical tensions continue to escalate, pushing oil prices sharply higher and lifting inflation expectations. Higher energy prices have driven Treasury yields up and delayed Fed rate-cut expectations, increasing near-term market volatility. U.S. equities declined, with semiconductor stocks leading losses, while European equities fell as rising energy risks dampened growth prospects.
- ▶ Asian markets also corrected as energy-importing economies face higher costs. Strait closures have driven shipping costs higher, raising risks for transport and manufacturing, while a stronger U.S. dollar increases capital outflow pressure.
- ▶ Sector-wise, energy stocks outperformed on surging oil prices. However, higher energy and gas costs may feed into materials and logistics, weighing on materials, industrials, and consumer staples. Rising oil prices have also revived stagflation concerns, while delayed Fed cuts, a flatter Treasury yield curve, and private credit risks have pressured financial stocks.

Regional Index Performance (%)



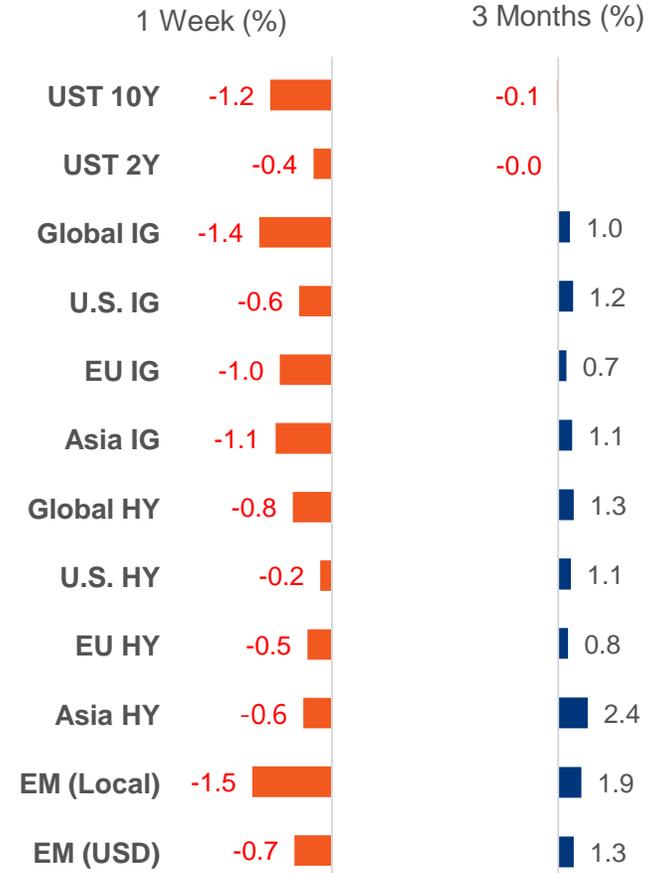
U.S. Sector Index Performance (%)



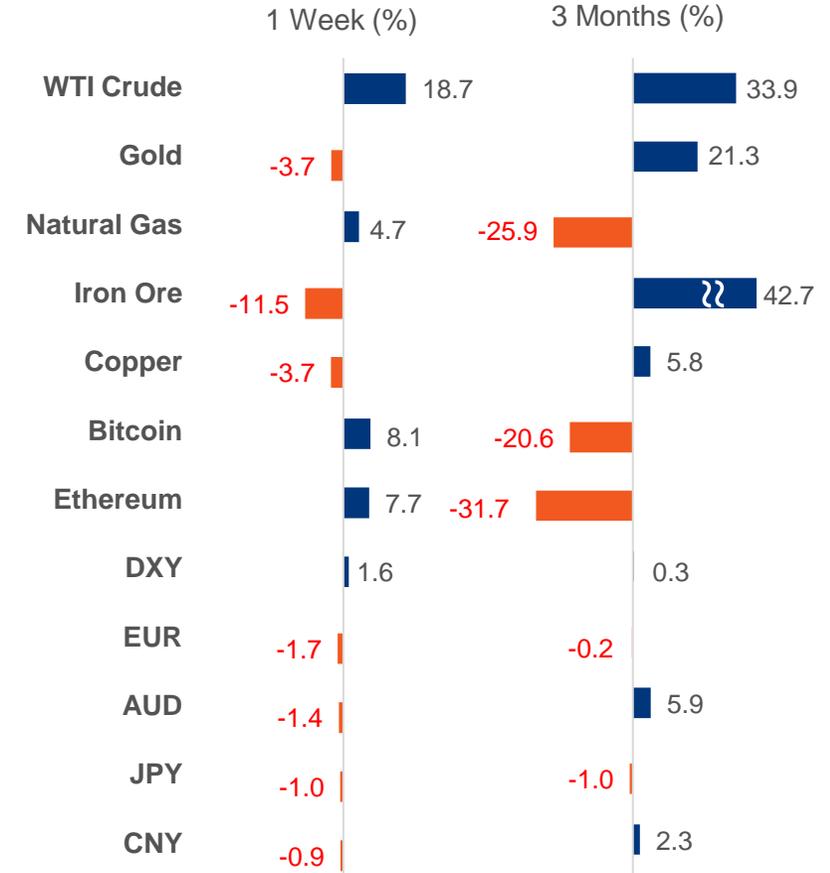
Rising Safe-Haven Demand Channels Flows into Oil and the U.S. Dollar

- ▶ U.S. ISM Manufacturing, ISM Services, and ADP employment data all beat expectations, highlighting resilient economic fundamentals. With the U.S.–Iran conflict unlikely to ease soon, markets fear disruptions to Middle East oil supply, lifting global inflation expectations. Fed rate-cut expectations have been pushed back and Treasury yields have risen. In credit markets, shorter-duration high-yield bonds have seen relatively smaller declines. Risk sentiment also turned cautious after the bankruptcy of UK non-bank institution MFS, raising concerns over private credit risks.
- ▶ The continued closure of the Strait of Hormuz has driven oil prices sharply higher. Safe-haven demand, rising inflation expectations, and higher Treasury yields have supported U.S. dollar strength. Reports that Poland may sell part of its central bank gold reserves to fund military spending have capped gold prices near term, though long-term demand remains stable.
- ▶ Digital assets briefly rebounded on earlier speculation of U.S.–Iran talks, lifting Bitcoin and Ethereum. However, Iran later denied negotiations, and ongoing geopolitical uncertainty could keep cryptocurrency markets volatile.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



HALO Investing Emerges as the Next Trend: Heavy Assets Resistant to AI Disruption

- ▶ Investors continue pouring heavy capex into hyperscale cloud and data center giants, but earnings gains remain slow, fueling concerns over an AI bubble. In response, banks such as Goldman Sachs and Morgan Stanley are promoting the HALO (Heavy Assets, Low Obsolescence) strategy—favoring asset-heavy sectors with low tech disruption—to hedge AI risks while linking to real-economy growth.
- ▶ HALO targets industries that are hard for AI to replace, have high entry barriers, long build cycles, and regulatory protection. Key sectors include utilities, specialty materials, pipelines, critical machinery, defense, railways, waste management, and telecom towers.
- ▶ Key beneficiaries include the U.S. (power grids, midstream energy, defense, railways), Japan (specialty materials, heavy electrical equipment, trading houses), Europe (energy, mining, industrials, defense), and emerging markets such as Brazil (mining) and India (energy and infrastructure).

Differences in HALO Investment Strategy Between Two Major Investment Banks		
Strategy Differences	Goldman Sachs	Morgan Stanley
Strategy Focus	Emphasizes asset intensity, industrial complexity, and resistance to AI disruption.	Focuses on large-cap companies with strong capex growth, global real asset exposure, and stable cash flows.
Key Metrics	Physical asset intensity, Capex-to-labor ratio, Capex concentration	Capex-to-revenue ratio, Cash flow stability, Barriers to entry.
Key Industries	Power grids, Oil and gas pipelines, Specialty materials, Critical equipment, Transportation infrastructure	Materials, Utilities, Railways, Defense, Telecom towers, Waste management
Investment View	Believes the market is entering a re-rating phase for asset-heavy sectors, with real assets set to regain valuation leadership.	Views HALO trades as the best hedge against AI risks, offering strong defensive characteristics.

Key Themes Benefiting from HALO Investment Strategy	
Countries	Related Industries and Representative Companies
United States	Heavy machinery (Caterpillar) Railways (Union Pacific, CSX, Canadian National) Utilities (NextEra Energy, Southern Company) Diversified industrial gases (Honeywell, Linde) Energy pipelines (Enbridge) Consumer brands (Coca-Cola, PepsiCo) Healthcare suppliers (Johnson & Johnson) Telecom towers (American Tower) Waste Management (Waste Management)
Japan	Heavy electrical equipment (Hitachi) Automation equipment (Keyence) Semiconductor specialty materials (Shin-Etsu Chemical) Trading houses (Mitsubishi Corp) Consumer electronics manufacturing (Sony)
Europe	Industrials (Siemens) Aerospace & defense (Airbus, Safran, BAE Systems) Energy pipelines (Shell, BP, Total Energies, Equinor) Mining (Rio Tinto) Semiconductor equipment (ASML) Industrial gas infrastructure (Air Liquide) Luxury goods (LVMH) Utilities (Engie, Enel SpA, National Grid)
Emerging Markets	Iron ore mining (Brazil, Vale) Energy and infrastructure (Reliance Industries, India)

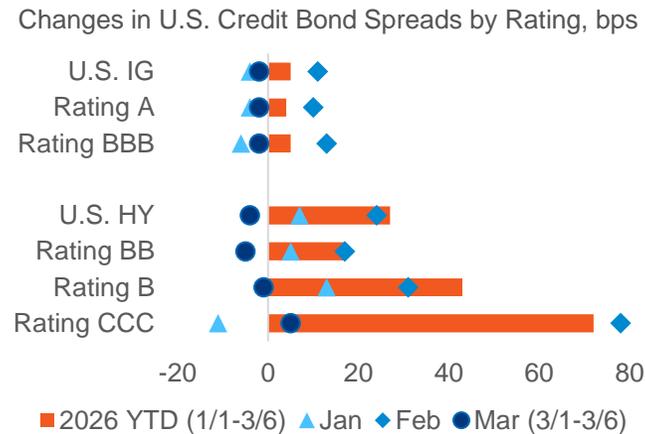
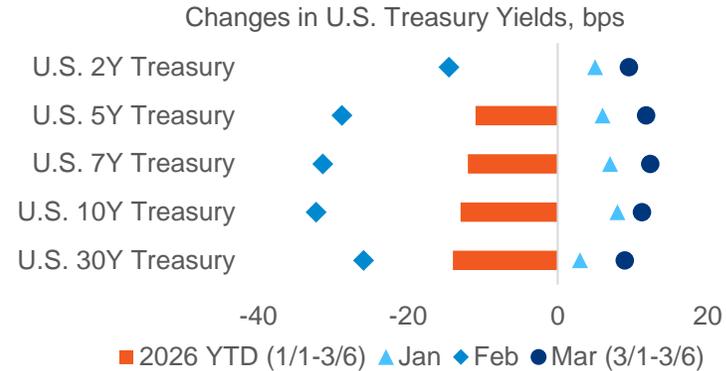
Source: Bloomberg, KGI, Note: Mentioned companies are provided for illustrative purposes only, do not constitute investment advice

War-Driven Volatility Favors Bonds: Quality Income as the Preferred Hedge

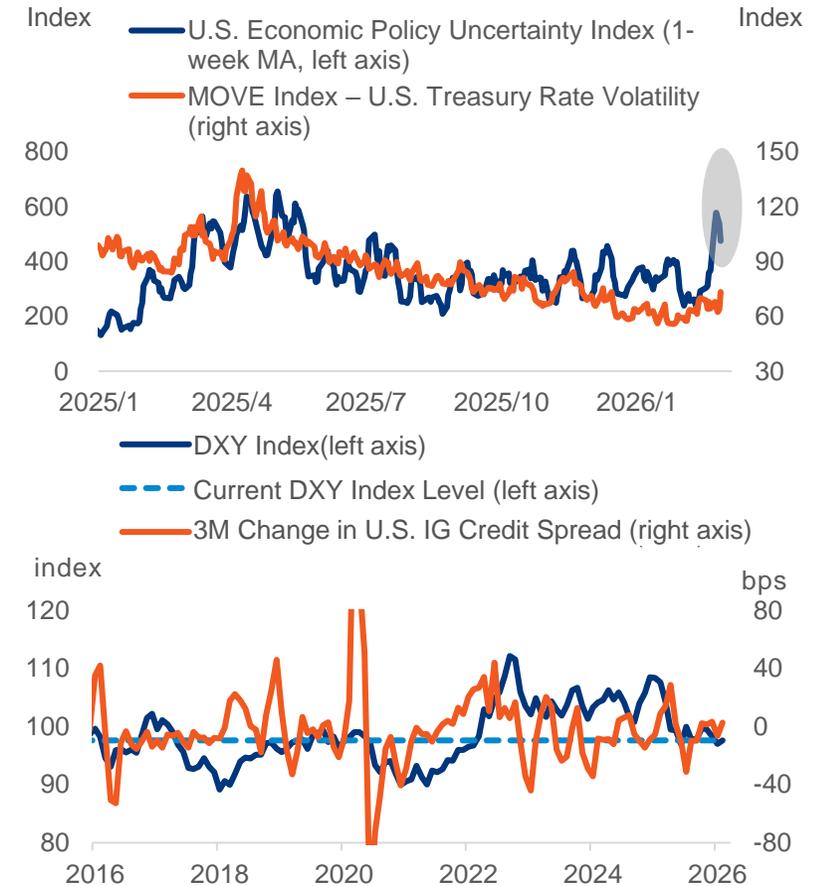
▶ Since the start of the year, markets have been shaken by events including U.S. tariff disputes and the U.S.–Iran conflict. Investment-grade bonds have performed broadly in line with Treasuries, while high-yield bonds lagged as credit spreads widened. The spread ratio between high-yield and investment-grade bonds has risen, while the gap between the two is near a decade low. Meanwhile, corporate credit trends continue to improve for investment-grade issuers. With Treasury yields easing on safe-haven demand and lower-rated credit spreads less attractive, locking in bonds from large issuers with solid fundamentals ahead of potential Fed rate cuts in 2H appears prudent.

▶ Following Iran’s indiscriminate attacks, the U.K., Germany, and France issued a joint statement pledging cooperation with the U.S. and regional allies to maintain stability. Historically, looser financial conditions and a weaker U.S. dollar have supported tighter corporate credit spreads. If geopolitical and economic uncertainty rises alongside a stronger dollar, credit spreads could widen further—particularly among lower-rated issuers. For high-yield exposure, investors may consider diversified mutual funds or ETFs while avoiding CCC-rated issuers to better manage risk.

Geopolitical Conflicts Persist; Bonds Show Defensive Strength



Focus on U.S. Rate Volatility and the U.S. Dollar Trend

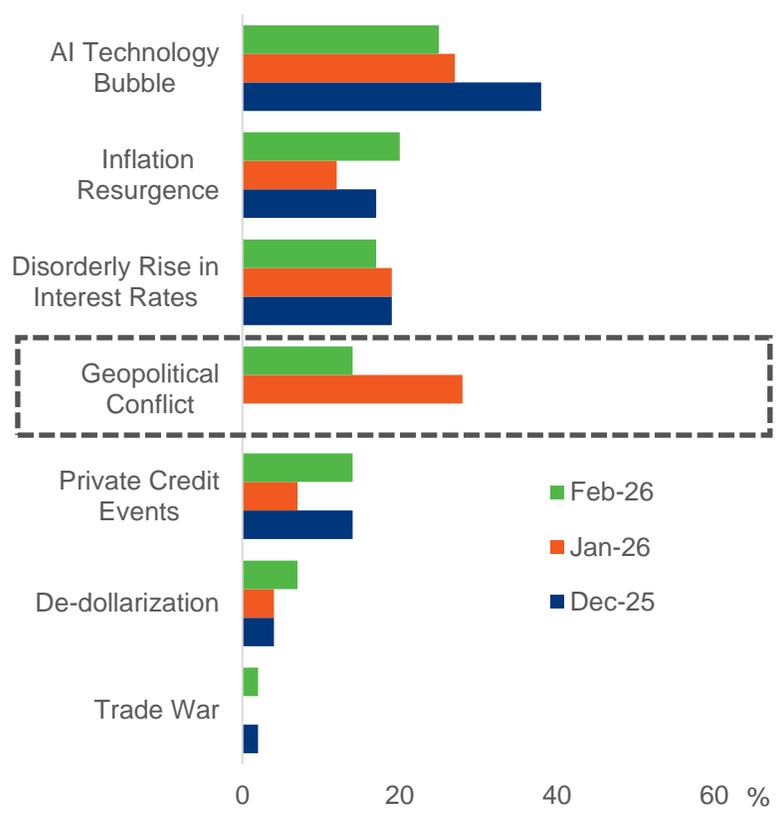


Source: Bloomberg

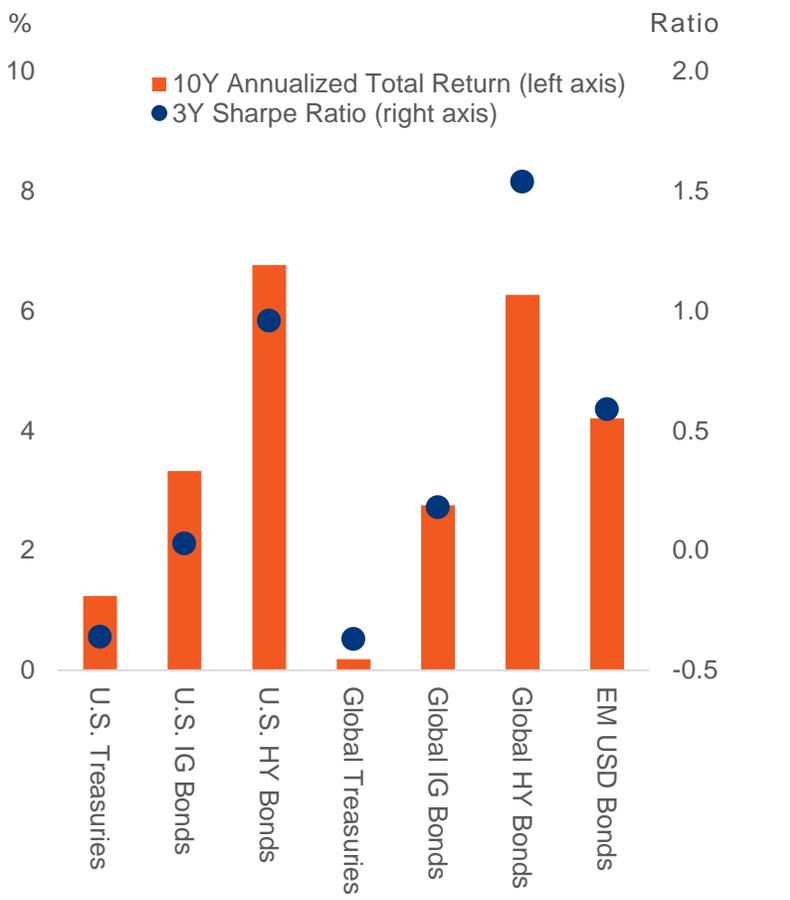
Persistent Market Risks Favor Diversified Allocation

- ▶ BofA’s fund manager survey highlights key risks beyond the U.S.–Iran conflict, including a potential AI bubble, rising inflation, and higher interest rates. The Fed’s incoming chair favors lower rates and balance sheet reduction, while the U.S. Supreme Court’s ruling against tariffs may require refunds, raising fiscal discipline concerns. This could lift term premiums and steepen the yield curve. Meanwhile, Japan’s fiscal expansion and rising JGB yields may add upward pressure to U.S. Treasury yields, supporting allocations to high-quality credit.
- ▶ The bankruptcy of UK non-bank lender Market Financial Solutions has also raised concerns over private credit risks. With potential U.S. rate cuts in 2H, global investors are searching for income alternatives. Based on Sharpe ratios, high-yield and emerging market bonds currently appear more attractive. Capital flows are increasingly shifting toward non-U.S. bonds, and if fiscal concerns and de-dollarization pressures weaken the dollar, non-U.S. investment-grade bonds could become another defensive allocation.

Fund Managers’ Top Risks Also Include AI Bubble, Inflation, and Rising Rates



Beyond U.S. Credit, Non-U.S. Bonds Also Offer Attractive Risk-Return



Source: Bloomberg, BofA, KGI

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ After the court ruled tariffs unconstitutional, escalating U.S.–Iran tensions further increased market volatility. Investors should monitor whether navigation through the Strait of Hormuz remains smooth and the trajectory of oil prices to assess the potential timeline for the conflict. The HALO strategy—focusing on heavy assets with low obsolescence—can hedge AI bubble risks while linking to the real-economy recovery. ◆ European and Japanese equities can serve as key diversification allocations. In Europe, preferred markets include Germany (fiscal stimulus and improving growth), the U.K. (cheap valuations and rate-cut tailwinds), and Spain (strong fundamentals and high financial sector weight). Sector preferences include financials with improving balance sheets and defense supported by policy. In Japan, focus on domestic demand, banks, and semiconductor stocks. 	<p>Strategy: Core allocation to large, high-quality companies; long-term positioning in AI-related themes including technology, semiconductors, utilities, and machinery. Outside AI, aerospace, defense, and value stocks are favored.</p> <p>Regions: Germany, Spain, UK, Japanese banks, Japanese semiconductors.</p>
Bonds	<ul style="list-style-type: none"> ◆ Tariff refunds could worsen the U.S. fiscal deficit, potentially increasing Treasury issuance and steepening the yield curve. Corporate credit remains stable, but market volatility has widened spreads, more notably in high-yield bonds. Investors may lock in income through investment-grade bonds with stable cash flows. Recommended allocations include Treasuries and investment-grade credit, with sectors offering stronger risk-adjusted spreads such as financials, utilities, and industrials. ◆ Given long-term depreciation risks for the U.S. dollar, investors can diversify into non-USD bonds such as euro- and AUD-denominated investment-grade bonds. Improving fundamentals in emerging markets also make high-yield EM bonds attractive for income. 	<p>Types: Treasuries and high-quality credit for income locking; preferred sectors include financials, industrials, and utilities.</p> <p>Satellite Allocation: Non-USD bonds for diversification.</p>
Forex	<ul style="list-style-type: none"> ◆ Policy divisions within the Fed suggest a wait-and-see stance in the near term. The U.S. dollar may remain firm short term but trend weaker over the medium to long term. ◆ ECB rate cuts are nearing an end, suggesting range-bound movement for the euro. Japan’s fiscal expansion expectations remain, while the BoJ remains cautious, limiting near-term appreciation potential for the yen. 	<p>USD: short-term strength, medium- to long-term mild depreciation.</p> <p>JPY: limited short-term appreciation.</p> <p>EUR: Range-bound</p>
Commodity	<ul style="list-style-type: none"> ◆ Gold prices show signs of bottoming. From a fundamental perspective, geopolitical risks associated with Trump-era policies, competition for strategic resources among major powers, and tariff-related uncertainties continue to support gold’s allocation value. Silver remains more speculative; the gold–silver ratio should eventually revert to its long-term mean, suggesting a more cautious long-term view. 	<p>Gold: bullish over the medium to long term.</p> <p>Silver: higher volatility.</p>

Revaluation of China's High-Quality Domestic Lodging

► Policy Tailwinds and the Rise of the Experience Economy

China's economy is accelerating its shift toward "service-driven consumption." The government has rolled out a series of domestic demand stimulus policies, positioning culture and tourism as key consumption engines. Meanwhile, consumer preferences are shifting from material ownership to experience-driven spending. Together with further easing of inbound travel policies, hotel occupancy and RevPAR are steadily improving. Supported by policy tailwinds and evolving consumption patterns, leading hotel operators benefiting from service upgrades offer strong investment visibility and long-term growth potential.

► Upscaling Strategy and Asset-Light Expansion

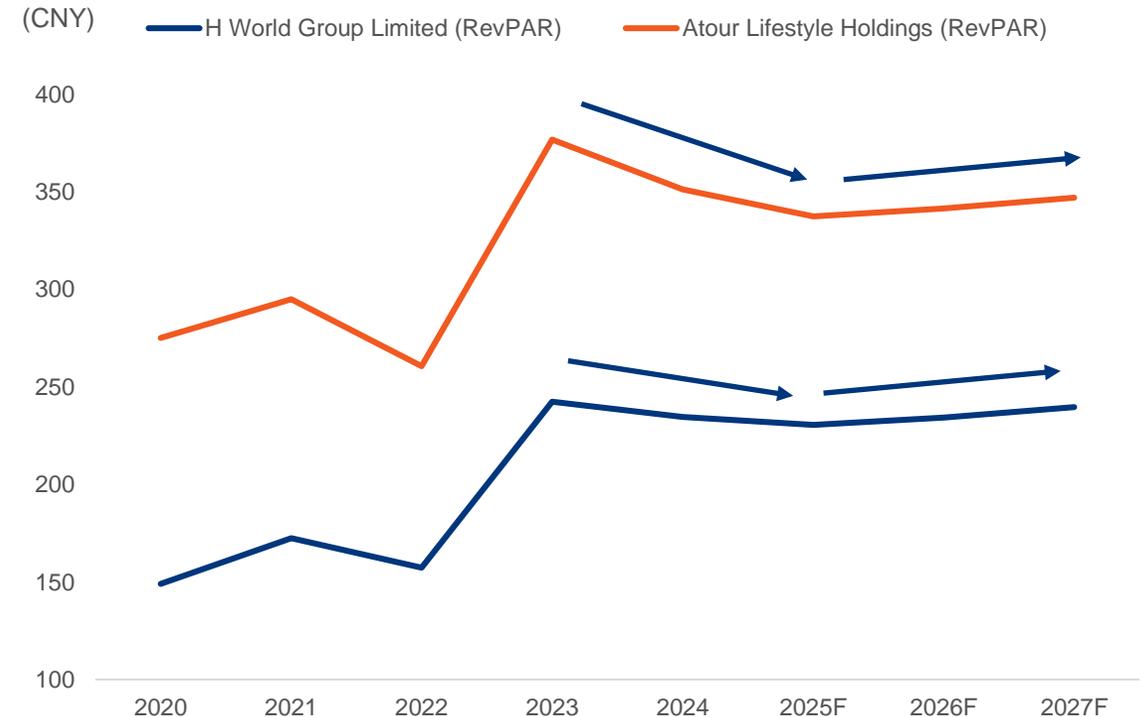
China's hotel industry is entering a higher-quality growth phase. Industry consolidation is accelerating the exit of standalone hotels, while leading groups continue gaining market share. The key trend is product upscaling, with major brands expanding into the upper-midscale and upscale segments to meet rising quality demand, boosting ADR and widening profit margins. At the same time, leading operators are expanding rapidly into lower-tier markets through asset-light franchise models. The combination of brand premium and scale effects provides strong earnings support for the sector.

► Geopolitics Driving Domestic Travel Rebound

Rising geopolitical complexity is reshaping travel patterns. Stricter visa requirements, limited flight capacity, and safety concerns are raising the barriers for outbound travel, redirecting significant tourism demand back to domestic destinations. This shift is translating into stronger demand for high-quality domestic lodging, with upper-midscale and upscale resort hotels in core business districts and tourist areas emerging as key beneficiaries.

Source: Bloomberg

Revenue Per Available Room (RevPAR)



Atour Lifestyle Holdings (ATAT)

Closing Price US \$37.2

Target Price US \$42

Engages in hotel-centered lifestyle brands including Atour Hotel, Atour S, Atour Light, Atour X Hotel, ZHOTEL, and A.T. House.

RevPAR Optimization and Retail Growth

China's hotel sector is shifting from occupancy-driven growth to improving RevPAR and earnings quality. Slower supply growth supports RevPAR recovery in 2026. Atour's retail segment—expected to grow ~30% in 2026—adds a strong profit driver, monetizing guest demand through online channels. The RevPAR + retail model strengthens earnings stability and upside during industry recovery.

Service Consumption Tailwinds

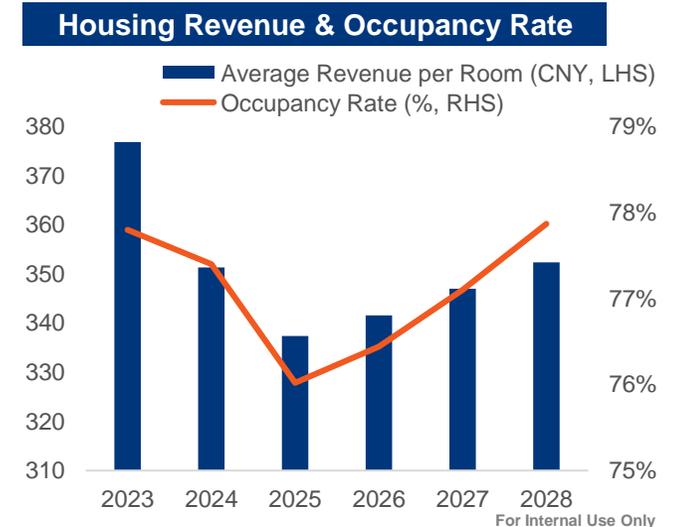
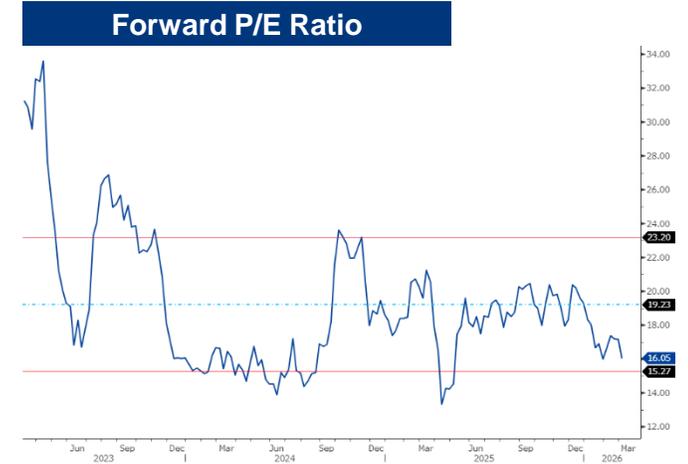
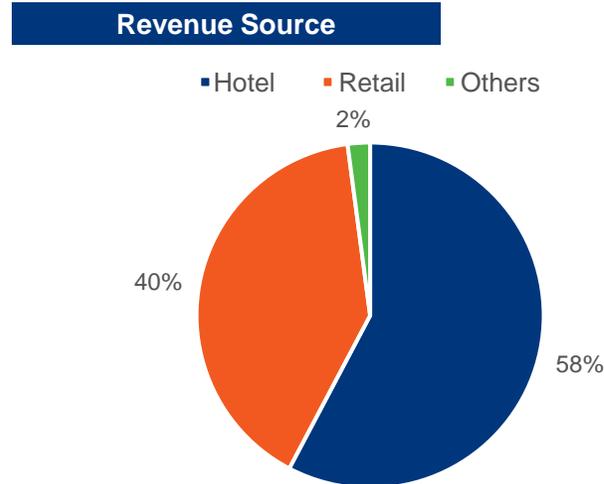
As China begins the 15th Five-Year Plan in 2026, service consumption will remain a key policy driver. Atour plans to open 500 new hotels in 2026 (+25%), moving toward its long-term target of 5,000 hotels by 2030. The Atour Light 3.3 model lowers per-room investment and improves ROI, encouraging franchise expansion.

Valuation Upside

Despite faster earnings growth from its hotel + retail model, Atour trades at about a 25% valuation discount to H World. As the industry recovers, re-rating potential remains significant. Target price maintained at \$42.

Source: Bloomberg

Financials					
	2022	2023	2024	2025F	2026F
Revenue (CNY b)	2.26	4.66	7.25	9.77	12.1
Revenue YoY	5.4	106.2	55.3	34.9	24.3
EPS (CNY)	0.23	2.18	3.13	3.98	5.04
EPS YoY	-42.5	846	44	27	27
ROE(%)	11.0	45.2	50.8	47.1	46

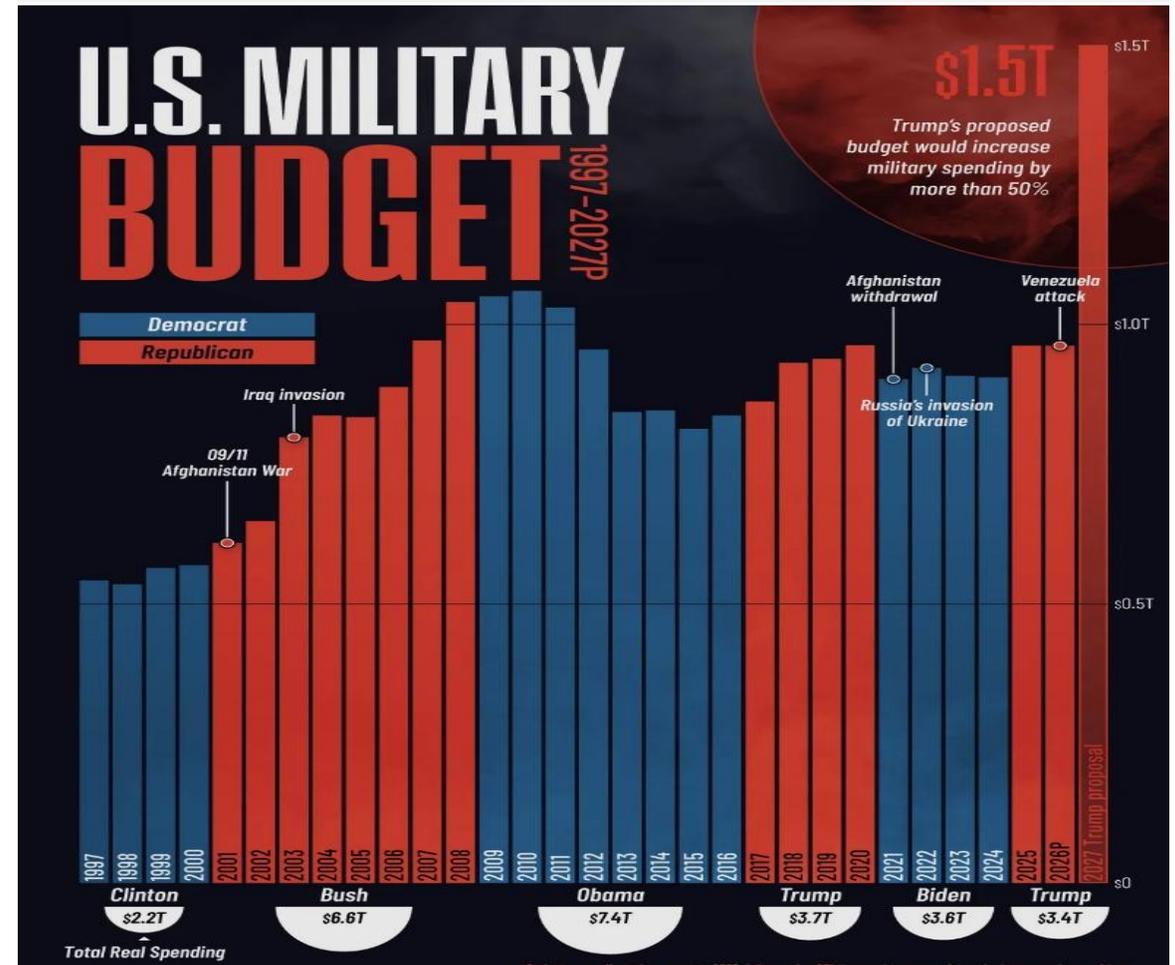


U.S.–Iran Conflict Escalates, Defense Spending Set to Rise

- ▶ U.S. nonfarm payrolls fell by 92k in February, well below the revised prior reading of 126k and market expectations of a 55k increase. The unemployment rate rose to 4.4%, above both the previous 4.3% and market expectations of 4.3%.
- ▶ January retail sales declined 0.2% MoM, compared with flat growth previously and slightly better than expectations for a 0.3% decline.
- ▶ February ISM Manufacturing PMI came in at 52.4, above the 51.5 consensus but slightly below the prior 52.6. ISM Services PMI rose to 56.1, beating both the 53.5 forecast and the previous 53.8.
- ▶ On Feb 28, the U.S., alongside Israel, launched military strikes on Iran under Operation Epic Fury. Iran's top leadership, including Supreme Leader Ali Khamenei, was reportedly eliminated in the initial attack. Iran subsequently launched indiscriminate missile and drone strikes targeting nearby Middle Eastern countries—including Dubai, Saudi Arabia, Kuwait, and Qatar—as well as U.S. military bases. Ongoing conflict has nearly halted shipping through the Strait of Hormuz.
- ▶ At the start of the operation, Trump suggested the campaign could last four weeks or less, but markets increasingly fear the conflict could evolve from a lightning strike into a prolonged war. Heavy consumption of offensive and defensive missiles over the past week suggests that once the conflict ends, missile replenishment could drive a sharp increase in orders for major defense contractors.

Source: Bloomberg

The U.S. Defense Budget is Expected to Reach USD 1.5 Trillion by 2027



RTX Inc. (RTX)

Closing Price US \$209.76

Target Price US \$230

Global aerospace and defense company providing avionics, aircraft systems, navigation equipment, environmental controls, and engine components for commercial, military, and government clients.

U.S. Weapons Production Boosts Missile Demand

RTX is positioned to benefit as the U.S. accelerates weapons production to replenish inventories following conflicts in Ukraine, Gaza, and Iran. The Pentagon is preparing a ~\$50bn supplemental defense budget. As Raytheon is a key supplier of missile and air defense systems, including the Tomahawk cruise missile (~1,000 units annually), RTX stands to gain from rising procurement and sustained demand for precision weapons.

Rising Global Air Defense Demand

Geopolitical tensions and military modernization across Europe, the Middle East, and Asia are increasing demand for missile defense and integrated air defense systems. RTX's Patriot and other advanced air defense platforms are expected to see stronger global orders.

4Q25 Results Beat Expectations

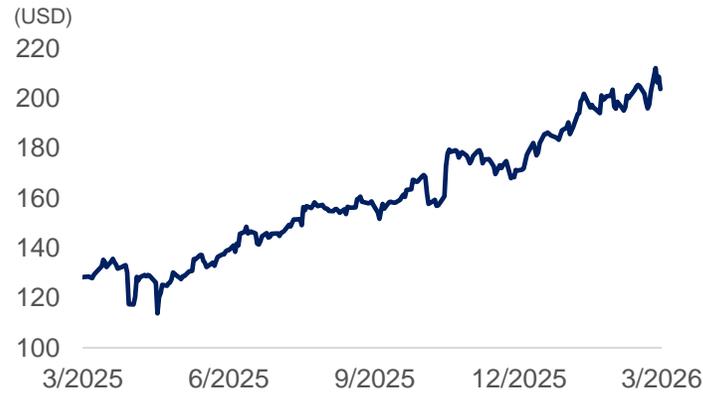
4Q25 revenue reached \$24.24bn (+12.1% YoY), beating expectations by \$1.53bn. Non-GAAP EPS was \$1.55 (+\$0.08 vs consensus). FY25 revenue totaled \$88.6bn (+10% YoY). Backlog rose to \$268bn, including \$161bn commercial and \$107bn defense. FY26 guidance: revenue \$92–93bn, organic growth 5–6%, adjusted EPS \$6.60–6.80.

Valuation Consensus

Bloomberg 12M average target price: \$217.68 (high \$238, low \$160).

Source: Bloomberg

1-Year Price



2026 Guidance



Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	2.8	17.1	9.7	5.6	6.5
EBITDA (%)	19.7	18.3	18.5	15.7	16.1
EPS(USD)	3.43	5.75	6.29	6.82	7.54
Net Profit Margin(%)	7.1	9.6	9.6	10.0	10.2

Source: Bloomberg; 2026/27F are market estimates

P/E & P/B



Northrop Grumman (NOC)

Closing Price US \$756.13

Target Price US \$800

Global defense and security company providing aerospace systems, electronics, information systems, and technology services for government and commercial customers.

Defense Replenishment Supports Procurement Growth

Northrop is set to benefit from Pentagon efforts to accelerate weapons production and rebuild inventories depleted by recent conflicts. The Trump administration is discussing capacity expansion with major contractors alongside a potential \$50bn supplemental defense budget. As a key supplier of advanced aerospace, missile defense, and command systems, Northrop is well positioned to capture increased defense procurement.

ISR and Command Systems Strengthen Strategic Position

Rising geopolitical tensions and modern warfare's reliance on intelligence, surveillance, and reconnaissance (ISR) support long-term demand for Northrop's technologies. Programs such as the E-130J airborne command and control training system highlight growing investment in battle management, readiness, and real-time intelligence, reinforcing Northrop's role in future defense systems.

4Q25 Results Beat Expectations

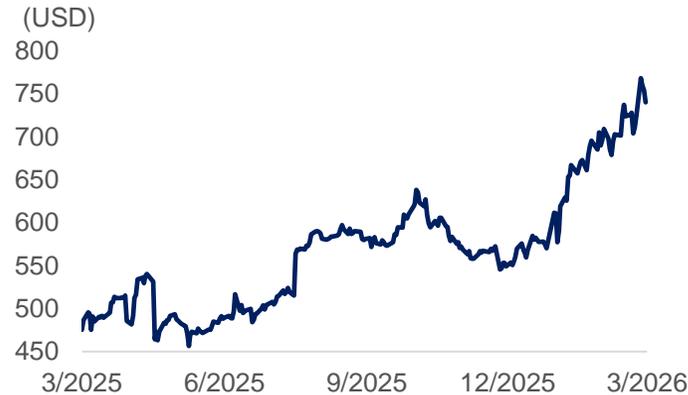
4Q25 revenue was \$11.7bn (+10% YoY), beating expectations by \$80mn. Non-GAAP EPS reached \$7.23 (+\$0.27 vs consensus). FY25 revenue totaled \$42bn (+2% YoY), with backlog rising to a record \$95.7bn. For FY26, the company guides revenue of \$43.5–44.0bn and adjusted EPS of \$27.4–27.9.

Valuation Consensus

Bloomberg 12M average target price: \$739.95 (high \$849, low \$450).

Source: Bloomberg

1-Year Price



FY2026 Segment Performance Guidance

As of 1/27/2026

	Sales (\$B)	OM Rate %
Aeronautics Systems	Mid \$13	Low to Mid 9%
Defense Systems	Mid to High \$8	~10%
Mission Systems	High \$12	High 14%
Space Systems	~\$11	~11%
Intersegment Eliminations	~(\$2.4)	High 13%

Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	7.3	4.4	2.2	4.6	6.0
EBITDA (%)	10.8	14.9	14.6	14.2	14.3
EPS(USD)	15.72	26.09	25.07	28.02	30.02
Net Profit Margin(%)	6.1	9.4	8.6	9.1	9.2

Source: Bloomberg; 2026/27F are market estimates

P/E & P/B





U.S.–Iran War Weighs on Global Equities; Taiwan Stocks Enter Near-Term Volatility

Taiwan Equities Rebound but Face Resistance

The U.S.–Iran conflict triggered a sharp sell-off earlier last week. On Thursday, Taiwan stocks staged a rebound of nearly 1,500 points in early trading before gains narrowed. The index is likely to trade within the 33,000–35,000 range in the near term. Market structure shows electronics leading the rebound, while financials and non-tech sectors lag. Large-cap tech stocks remain key to sustaining upside. Sector focus includes memory, fiberglass cloth, IC substrates, copper-clad laminates, thermal solutions, semiconductor equipment, and connectors.

January Export Orders Far Exceed Expectations

Taiwan’s January export orders reached \$76.91bn (+60.1% YoY), beating market expectations. Electronics and ICT products led growth, driven by AI and cloud demand, with strong gains across servers, networking, IC manufacturing, chip distribution, memory, PCBs, and packaging/testing. Among traditional industries, machinery stood out with 40.6% YoY growth, supported by semiconductor capacity expansion and automation demand. Raw materials remained relatively weaker but still posted YoY growth due to base effects and copper prices.

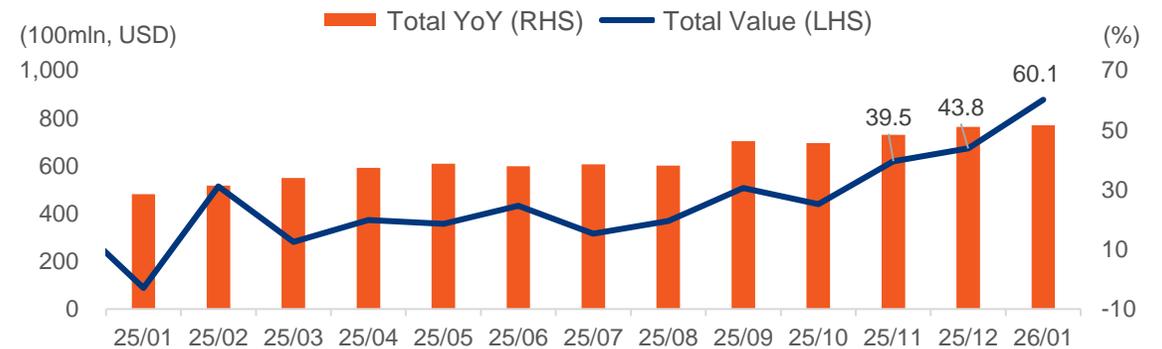
Across major markets, orders from the U.S., China, Europe, and ASEAN all rose more than 55% YoY, with particularly strong growth in U.S. electronics and ICT products. Excluding Lunar New Year base effects, overall demand remains solid. However, the late-February outbreak of the U.S.–Iran war and the effective blockade of the Strait of Hormuz may weigh on Taiwan’s exports and new orders in March if the conflict persists.

Source: Bloomberg

TAIEX Index and Taiwan Electronics Sector Trends



Export Orders Value & YoY



Quanta Computer (2382 TT)

Quanta's major clients include leading global notebook brands such as Apple, HP, ASUS, and Acer. The company has expanded into servers, all-in-one (AIO) PCs, wearables, and home AI devices.

Key Features

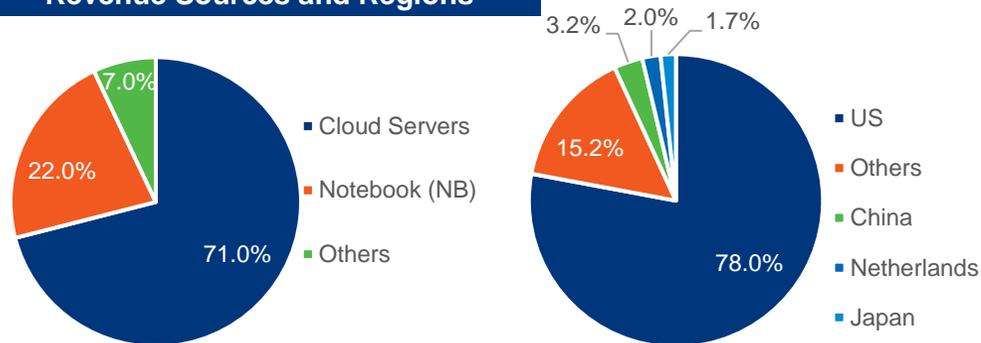
4Q25 EPS Beat Expectations

4Q25 EPS reached TWD 5.76 (+40% YoY), above market consensus, driven by strong shipments of GB300 AI servers. Server revenue accounted for 75–80% of total sales, with AI servers making up a similar share. Gross margin was 6.3% and operating margin 3.8%, largely in line with expectations. Stable expense ratios and FX gains of TWD 3.55bn further supported earnings.

GB300 Ramp to Lift 1Q26; AI Servers Remain Key Driver

Looking into 2026, 1Q26 revenue is expected to rise QoQ as GB300 AI server shipments ramp up. Although notebook shipments may decline 20–30% QoQ, AI server revenue is projected to grow at a triple-digit YoY pace. Server revenue share is expected to exceed 80%, with AI servers also accounting for more than 80%. General-purpose server growth is likely to remain flat as resources shift toward AI servers.

Revenue Sources and Regions



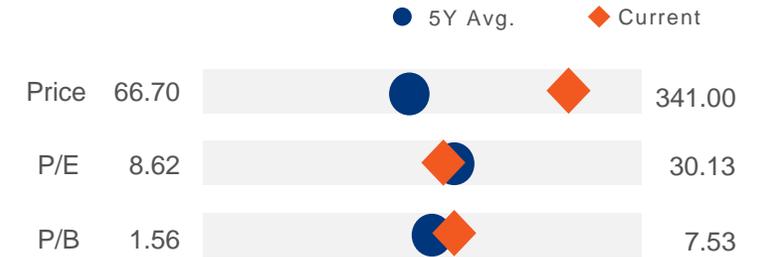
Source: Bloomberg

Financials

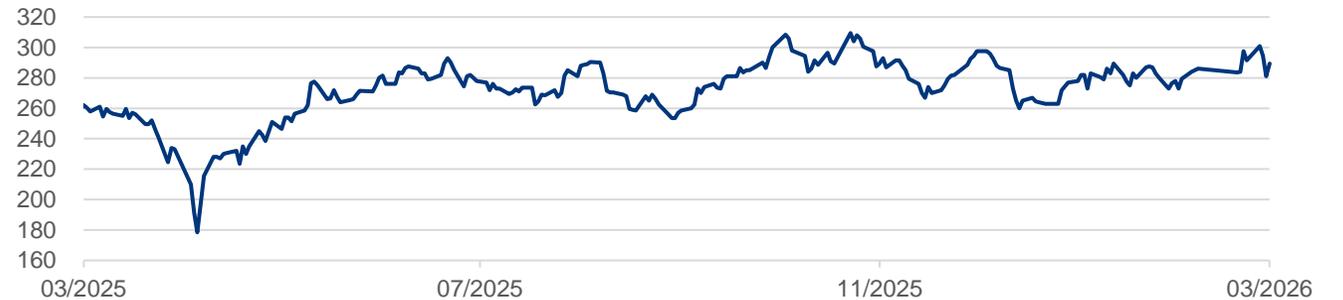
	2023	2024	2025F	2026F	2027F
EPS (NTD)	7.51	10.29	15.49	19.45	22.49
EPS Growth (%)	-14.0	37.0	50.5	25.6	15.6
P/E Ratio	38.8	28.3	18.8	15.0	13.0
ROE (%)	17.5	22.3	29.2	32.7	35.3

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 5 Mar 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-2.69	6.04	-2.69	11.99	6.43	10.50

Wiwynn (6669 TT)

Wiwynn designs and manufactures data center hardware, including servers, storage devices, networking systems, and rack infrastructure. The company sells its products across the U.S., Europe, Asia, and other global markets.

Key Features

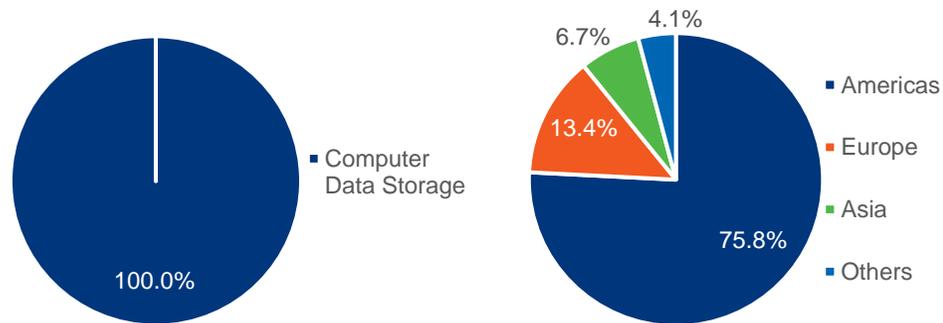
Dual Engine Growth from AI and General Servers

General server shipments are expected to grow 20–30% YoY in 2026. At the same time, AI servers—including GPU and ASIC platforms—will maintain strong growth, with AI server revenue expected to account for 60–70% of total sales, driven mainly by projects from Meta and AWS.

Positive 2026 Outlook and Rising Capex

Amid strong demand and expanding AI server projects, Wiwynn plans to increase capex to expand production in Malaysia, Mexico, Taiwan, and the U.S. 2026 capex is expected to exceed TWD 13bn in 2025. To support funding needs, the company plans to distribute a stock dividend of TWD 20 and a cash dividend of TWD 145 per share from 2025 earnings, helping maintain a stronger cash position while sustaining its payout ratio.

Revenue Sources and Regions



Source: Bloomberg

Financials

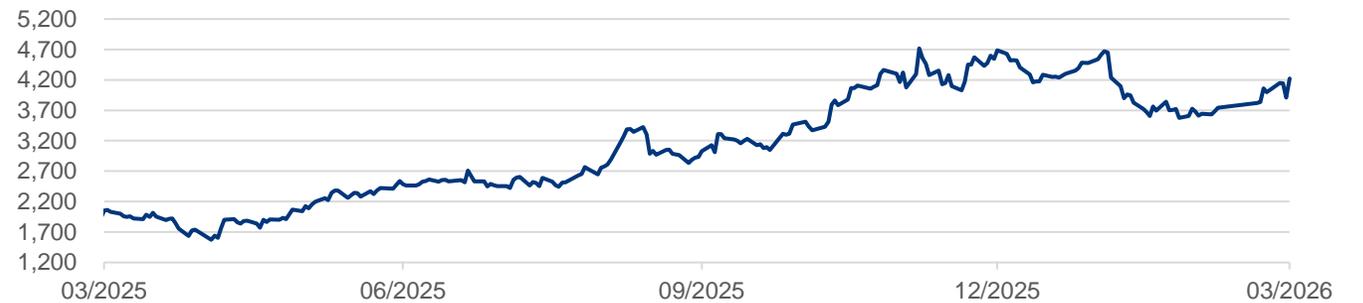
	2023	2024	2025	2026F	2027F
EPS (NTD)	68.88	126.57	275.06	314.28	410.57
EPS Growth (%)	-15.0	83.7	117.3	14.3	30.6
P/E Ratio	58.1	31.6	14.5	12.7	9.7
ROE (%)	29.7	34.9	48.0	42.4	45.4

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 5 Mar 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	3.94	16.90	-9.93	39.50	-5.91	105.85

War-Driven Volatility Supports Bonds; Diversified Income Strategies Offer Stability

► Vanguard Intermediate-Term Corporate Bond ETF (VCIT.US)

- Tracks the performance of the Bloomberg U.S. 5–10 Year Corporate Bond Index.
- The index includes USD-denominated, investment-grade, fixed-rate taxable bonds issued by U.S. and non-U.S. industrial, utility, and financial companies, with maturities between five and ten years.
- The ETF features a low expense ratio of 0.03%, making it highly competitive among peers.

Product	Vanguard Intermediate-Term Corporate Bond ETF (VCIT.US)	
Features	<ul style="list-style-type: none"> ■ Focus on medium-term corporate bonds rated BBB or above ■ Holding over 2,000 bonds 	
AUM	USD 65.87 billion	
Tracking Index	Bloomberg U.S. 5-10 Year Corporate Bond Index	
Exchange	NASDAQ	
Currency	USD	
Expense Ratio	1.34% / 1.17%	
3M/YTD Return	-	
Credit Ratings (%)	AAA	0.31
	AA	5.38
	A	44.81
	BBB	49.43
	U.S. Government Bonds and Others	0.07
Holdings (%)	META 4 7/8 11/15/35	0.32
	BAC 5.015 07/22/33	0.28
	PFE 4 3/4 05/19/33	0.27
	JPM 4.912 07/25/33	0.24
	AMGN 5 1/4 03/02/33	0.24

Source: Bloomberg

Vanguard Intermediate-Term Corporate Bond ETF (VCIT.US)

Profile

This ETF tracks the Bloomberg U.S. 5–10 Year Corporate Bond Index, seeking to replicate the performance of its constituent securities.

Focus on High-Quality Intermediate Corporate Bonds

The index mainly invests in USD-denominated corporate bonds with maturities of 5–10 years and an average duration of about six years. Sector exposure is concentrated in financials and industrials, with most holdings rated BBB or higher, providing moderate interest rate and credit risk.

Diversified Portfolio

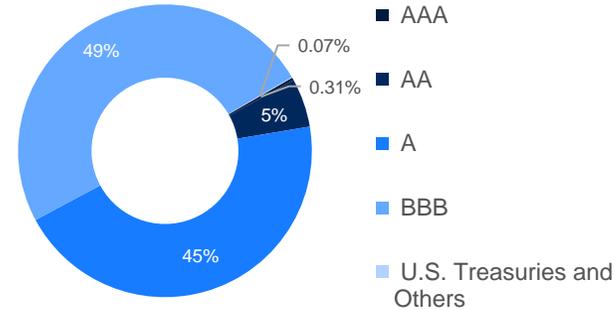
The ETF holds more than 2,000 bonds, with the top 10 positions accounting for only about 2.49% of the portfolio, helping reduce concentration risk.

Low Expense Ratio

The fund's expense ratio is 0.03%, relatively low among comparable ETFs, offering strong cost efficiency for investors.

Inception	2009/11/19	AUM	USD 65.87 Bln
ETF Category	Bonds	Holdings	2,378
Expense Ratio	0.03%	3Y SD (Ann.)	6.19%

Sectors



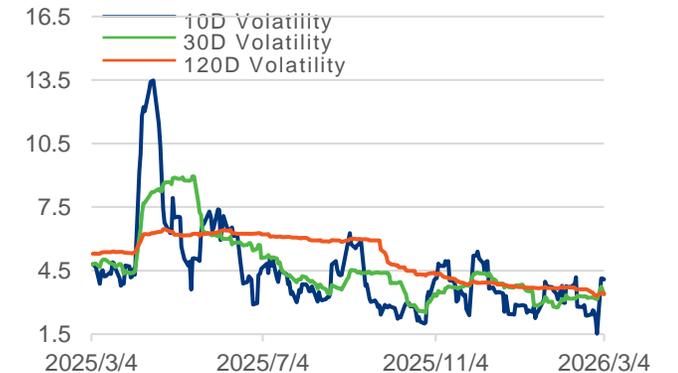
Top-5 Holdings (%)

META 4 7/8 11/15/35	8.21
BAC 5.015 07/22/33	8.05
PFE 4 3/4 05/19/33	7.81
JPM 4.912 07/25/33	6.58
AMGN 5 1/4 03/02/33	6.31

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 4 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	0.66	1.34	1.17	8.07	23.16	8.92

Source: Bloomberg

Maintain Diversified Allocation to Reduce Portfolio Risk

► ChinaAMC Asia High Dividend Equity ETF (3145.HK)

- Tracks the Bloomberg Asia Pacific High Dividend 40 Net Return Index (HKD).
- The first Hong Kong-listed high-dividend ETF using Bloomberg's forward dividend yield combined with a next-generation stock selection strategy, aiming to deliver stable and recurring passive income.
- Focuses on high-quality dividend stocks across Asia Pacific, selecting companies with low leverage and high ROE.
- Provides diversification across multiple Asian countries, regions, and sectors, helping reduce portfolio risk.
- Offers stable monthly distributions, targeting an annualized dividend yield above 8%.

Product	ChinaAMC Asia High Dividend Equity ETF (3145.HK)	
Features	<ul style="list-style-type: none"> ■ Investing across multiple Asian countries, regions, and sectors ■ Focused on dividend and strategic return advantages 	
AUM	HK\$425M	
Tracking Index	Bloomberg Asia Pacific High Dividend 40 Net Return Index (HKD)	
Exchange	HKE	
Currency	HKD	
3M/YTD Return	15.74% / 15.90%	
Sectors (%)	Financials	30.66
	Energy	24.73
	Industrials	12.19
	Real Estate	8.15
	Materials	6.63
Credit Ratings (%)	-	-
Holdings (%)	COSCO Shipping Energy Transportation	7.63
	Adaro Energy Indonesia Tbk	3.61
	China Hongqiao Group	3.55
	Kwang Tai Bank	3.25
	Vedanta Limited	3.05

Source: Bloomberg

ChinaAMC Asia High Dividend Equity ETF (3145.HK)

Profile

This ETF tracks the Bloomberg Asia Pacific High Dividend 40 Net Return Index (HKD), aiming to replicate the performance of its constituent stocks.

Global Diversification

Invests across multiple Asian countries, regions, and sectors, helping diversify risk. The top 10 holdings account for about 33% of the portfolio, reducing concentration risk at both company and regional levels.

Dividend-Focused Strategy

Hong Kong's first high-dividend ETF using Bloomberg's forward dividend yield combined with a modern stock-selection strategy. It targets high-quality Asia-Pacific companies with low leverage and high ROE to deliver stable passive income.

Stable Income Distribution

The ETF provides monthly distributions, targeting an annualized dividend yield above 8%, suitable for investors seeking consistent income.

Inception	2014/11/13	AUM	HK\$425M
ETF Category	Equities	Holdings	40
Expense Ratio	0.60%	3Y SD (Ann.)	11.07%

Sectors



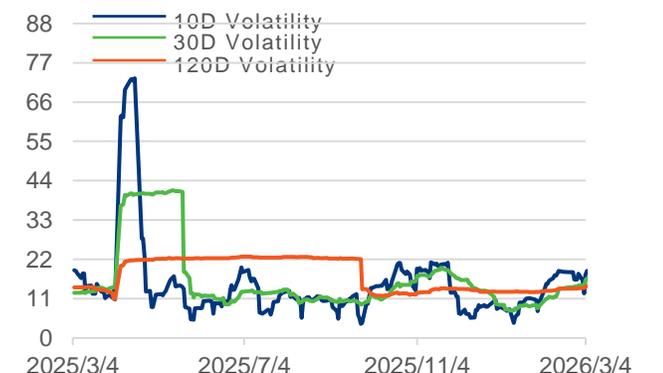
Top-5 Holdings (%)

COSCO Shipping Energy Transportation	7.63
Adaro Energy Indonesia Tbk	3.61
China Hongqiao Group	3.55
Kwang Tai Bank	3.25
Vedanta Limited	3.05

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 4 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	5.76	15.74	15.90	40.48	75.79	64.16

Source: Bloomberg

Japan's Leading Trading House Offers Business Diversification; Lock in Yield via Related Bonds

▶ MITCO 4.125 09/09/2030 (Mitsubishi Corporation) (USD)

- Mitsubishi Corporation is one of Japan's five major trading houses and a leading global investment company, with total assets exceeding JPY 20tn. Its operations span eight major segments including energy, metals, machinery, chemicals, automotive, food and consumer industries, power solutions, and urban development and infrastructure. Through subsidiaries and affiliates, the company also has significant exposure to retail, notably holding a 50% stake in Lawson—one of Japan's largest convenience store chains—alongside KDDI.
- The company's assets and revenue sources are highly diversified geographically, covering Japan, Australia, Asia, Europe, North America, and South America.
- Mitsubishi's diversified and resilient business portfolio provides a stable earnings base and helps mitigate risks from U.S. tariffs, global economic slowdowns, and geopolitical tensions. Its broad operations also support stable profits, particularly from retail (including convenience stores), food businesses (such as salmon and trout farming), and industrial infrastructure. Long-standing client relationships and an integrated value chain from upstream to downstream further support earnings stability.
- Liquidity remains strong. S&P expects liquidity sources over the next 12 months to cover at least 1.1x of uses, supported by Mitsubishi's role as a core company within the Mitsubishi Group and its long-term relationships with major lenders, including Japan's three megabanks.
- Since 2016, Mitsubishi Corporation has maintained high credit ratings of A2 from Moody's and A from S&P, both with stable outlooks.

Product	MITCO 4.125 09/09/2030 (Mitsubishi Corporation) (USD)
ISIN	USJ43830FQ64
Features	The company is one of Japan's five major trading houses, with a diversified and resilient business portfolio that provides a stable earnings base; at the same time, it enjoys ample liquidity and strong financial resilience.
Maturity Date	2030/9/9
Next Call Date	2030/8/9
Coupon (%)	Fixed/4.125/Semi-Annual
Currency	USD
Years to Maturity	4.51
Credit Rating (Moody's/Fitch/S&P)	A2/-/A
Seniority	Senior Unsecured
YTM/YTC (%)	3.93/3.93

Source: Bloomberg

MITCO 4.125 09/09/2030 (Mitsubishi Corporation)

Mitsubishi Corporation is one of Japan's largest general trading and investment companies, and one of the country's "Big Five sōgō shōsha," with total assets exceeding JPY 20 trillion. Its business spans eight major groups, including energy, metals, machinery, chemicals, automotive, food & consumer industry, power solutions, and urban development & infrastructure. The company also plays a significant role in retail through subsidiaries and affiliates, holding a 50% stake (shared with KDDI) in Lawson, one of Japan's largest convenience-store chains.

- Mitsubishi Corporation's highly diversified and stable business portfolio helps provide a resilient earnings base and partially offsets risks such as U.S. tariffs, global recession, and geopolitical tensions.
- Its broad involvement across value chains — from upstream to downstream — enhances profitability stability, particularly in retail (including convenience stores), food operations (such as salmon and trout farming), and industrial infrastructure. Long-standing customer relationships and its integrated value chain also help protect margins.
- The company maintains solid liquidity. S&P expects liquidity sources over the next 12 months to cover uses by at least 1.1x, supported by Mitsubishi Corporation's position as a core Mitsubishi Group member and its long-standing banking relationships with Japan's major financial institutions.

Financials	2023	2024	2025
Free Cash Flow (USD 100M)	109.11	57.26	83.64
EBITDA Profit Margin (%)	6.97	5.84	5.67
EBITDA to Interest Expense (x)	11.05	5.30	6.19

Source: Bloomberg

Overview			
Name	MITCO 4.125 09/09/30	ISIN	USJ43830FQ64
Maturity Date	2030/9/9	Remaining Maturity	4.51
Coupon(%)	Fixed/4.125/Semi-Annual	YTM/YTC(%)	3.93/3.93
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/-/A	Seniority	Senior Unsecured



Japan's Leading Trading House Offers Business Diversification; Lock in Yield via Related Bonds

- ▶ **MITCO 2.75 03/03/2030 (Mitsubishi Corporation) (EUR)**
- ▶ **MITCO 3.375 03/03/2034 (Mitsubishi Corporation) (EUR)**

- Mitsubishi Corporation is one of Japan's five major trading houses and a leading global investment company, with total assets exceeding JPY 20tn. Its operations span eight major segments including energy, metals, machinery, chemicals, automotive, food and consumer industries, power solutions, and urban development and infrastructure. Through subsidiaries and affiliates, the company also has significant exposure to retail, notably holding a 50% stake in Lawson—one of Japan's largest convenience store chains—alongside KDDI.
- The company's assets and revenue sources are highly diversified geographically, covering Japan, Australia, Asia, Europe, North America, and South America.
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- Liquidity remains strong. S&P expects liquidity sources over the next 12 months to cover at least 1.1x of uses, supported by Mitsubishi's role as a core company within the Mitsubishi Group and its long-term relationships with major lenders, including Japan's three megabanks.
- Since 2016, Mitsubishi Corporation has maintained high credit ratings of A2 from Moody's and A from S&P, both with stable outlooks.

Product	MITCO2.7503/03/2030 (Mitsubishi Corporation) (EUR)	MITCO3.37503/03/2034 (Mitsubishi Corporation) (EUR)
ISIN	XS3262498150	XS3262501805
Features	The company is one of Japan's five major trading houses, with a diversified and resilient business portfolio that provides a stable earnings base; at the same time, it enjoys ample liquidity and strong financial resilience.	
Maturity Date	2030/3/3	2034年3月3日
Next Call Date	2030/2/3	2033年12月3日
Coupon (%)	Fixed/2.75/Semi-Annual	Fixed/3.375/Semi-Annual
Currency	EUR	EUR
Years to Maturity	3.99	8.00
Credit Rating (Moody's/Fitch/S&P)	A2/-/A	A2/-/A
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	2.82/2.82	3.47/3.47

Source: Bloomberg

MITCO 2.75 03/03/2030 (Mitsubishi Corporation)

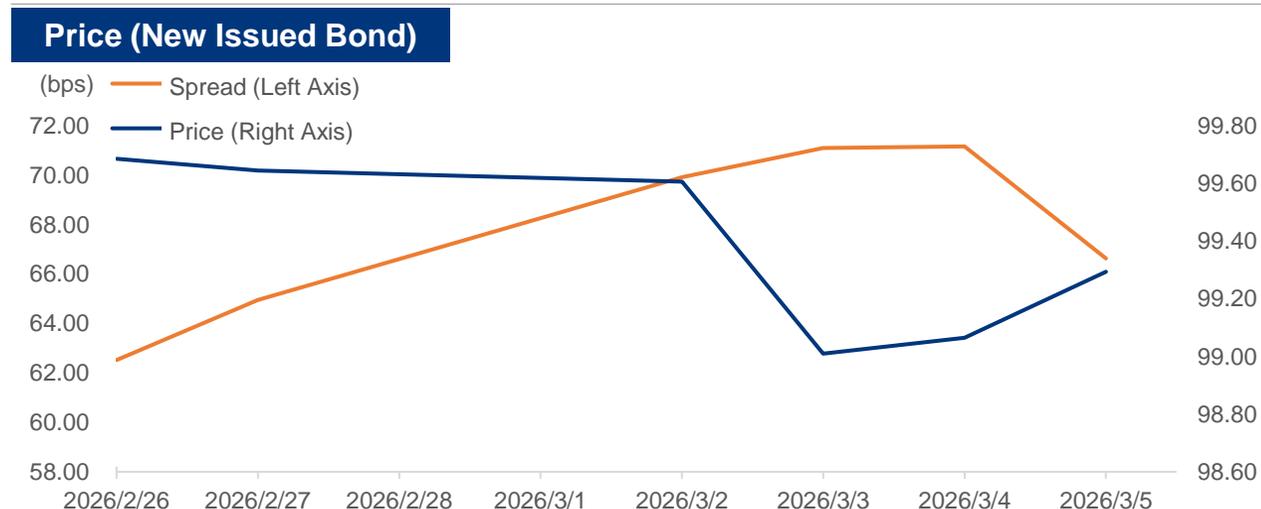
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- Its broad involvement across value chains — from upstream to downstream — enhances profitability stability, particularly in retail (including convenience stores), food operations (such as salmon and trout farming), and industrial infrastructure. Long-standing customer relationships and its integrated value chain also help protect margins.
- The company maintains solid liquidity. S&P expects liquidity sources over the next 12 months to cover uses by at least 1.1×, supported by Mitsubishi Corporation's position as a core Mitsubishi Group member and its long-standing banking relationships with Japan's major financial institutions.

Financials	2023	2024	2025
Free Cash Flow (USD 100M)	109.11	57.26	83.64
EBITDA Profit Margin (%)	6.97	5.84	5.67
EBITDA to Interest Expense (x)	11.05	5.30	6.19

Source: Bloomberg

Overview			
Name	MITCO 2.75 03/03/30	ISIN	XS3262498150
Maturity Date	2030/3/3	Remaining Maturity	3.99
Coupon(%)	Fixed/2.75/Semi-Annual	YTM/YTC(%)	2.82/2.82
Currency	EUR	Min. Subscription/ Increment	100,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/-/A	Seniority	Senior Unsecured



MITCO 3.375 03/03/2034 (Mitsubishi Corporation)

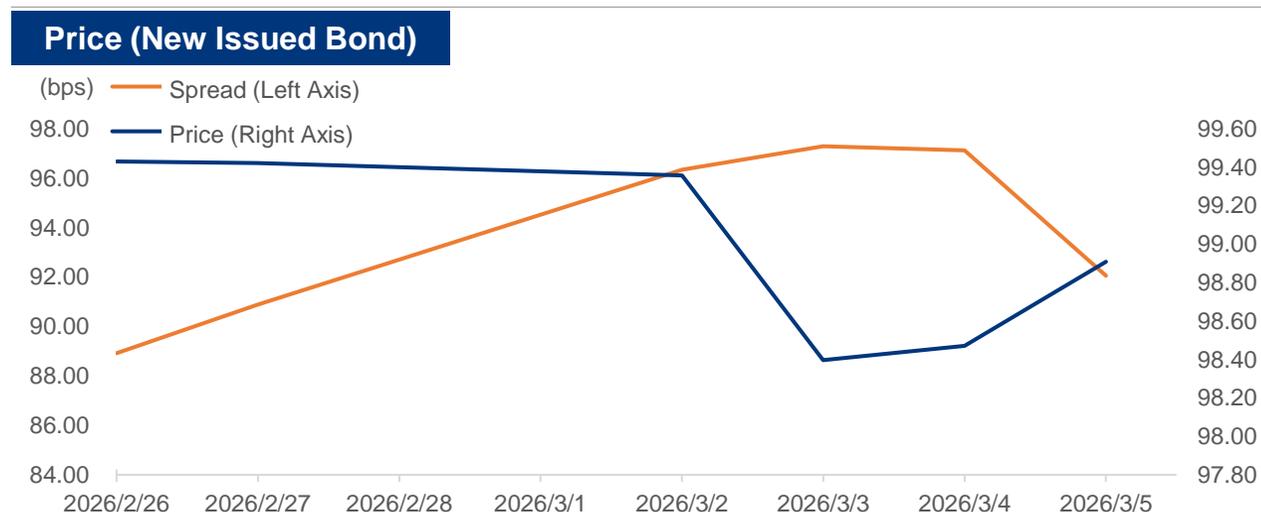
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Source: Bloomberg

Overview			
Name	MITCO 3.375 03/03/34	ISIN	XS3262501805
Maturity Date	2034/3/3	Remaining Maturity	8.00
Coupon(%)	Fixed/3.375/Semi-Annual	YTM/YTC(%)	3.47/3.47
Currency	EUR	Min. Subscription/ Increment	100,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/-/A	Seniority	Senior Unsecured



Appendix

Key Economic Data / Events

► MAR 2026

2

Monday

- U.S. Feb ISM Manufacturing PMI (Act:52.4 Est:51.5 Prev:52.6)
- U.S. Feb S&P Global Manufacturing PMI Final (Act:51.6 Est:51.4 Prev:52.4)
- Japan Feb S&P Global Manufacturing PMI Final (Act:53.0 Prev:51.5)
- Eurozone Feb HCOB Manufacturing PMI Final (Act:50.8 Est:50.8 Prev:49.5)

3

Tuesday

- Japan Jan Unemployment Rate (Act:2.7% Est:2.6% Prev:2.6%)
- Japan Jan Jobs-to-Applicants Ratio (Act:1.18 Est:1.20 Prev:1.20)

4

Wednesday

- U.S. Feb ADP Employment Change (Act:63k Est:50k Prev:11k)
- U.S. Feb ISM Services PMI (Act:56.1 Est:53.5 Prev:53.8)
- Taiwan Jan Export Orders YoY (Act:60.1% Est:54.5% Prev:43.8%)
- China Feb Manufacturing PMI (Act:49.0 Est:49.2 Prev:49.3)
- China Feb Services PMI (Act:49.5 Est:49.7 Prev:49.4)
- Chinese People's Political Consultative Conference (CPPCC)

5

Thursday

- U.S. Initial Jobless Claims (Act:213k Est:215k Prev:213k)
- National People's Congress (NPC)

6

Friday

- U.S. Feb Nonfarm Payrolls (Est:55k Prev:130k)
- U.S. Feb Unemployment Rate (Est:4.3% Prev:4.3%)
- U.S. Jan Retail Sales MoM (Est:-0.3% Prev:0.0%)
- Eurozone 4Q GDP YoY Final (Est:1.3% Prev:1.4%)

9

Monday

- China Feb CPI YoY (Est:0.9% Prev:0.2%)
- Eurozone Mar Sentix Investor Confidence (Est:-3.0% Prev:4.2%)

10

Tuesday

- U.S. Feb Existing Home Sales (Est:3.87m Prev:3.91m)
- Japan 4Q GDP Annualized QoQ Final (Est:1.2% Prev:-2.6%)
- Japan Feb Machine Tool Orders YoY Prelim (Prev:25.3%)
- ORCL Earnings

11

Wednesday

- U.S. Feb CPI YoY (Est:2.5% Prev:2.4%)
- U.S. Feb Core CPI YoY (Est:2.4% Prev:2.5%)
- Japan Feb PPI YoY (Est:2.3% Prev:2.3%)

12

Thursday

- U.S. Initial Jobless Claims (Prev:213k)
- U.S. Jan Housing Starts (Est:1,340k Prev:1,404k)

13

Friday

- U.S. Jan PCE YoY (Est:2.9% Prev:2.9%)
- U.S. Jan Core PCE YoY (Est:3.1% Prev:3.0%)
- U.S. 4Q GDP Annualized QoQ Revision (Est:1.4% Prev:4.4%)
- U.S. Mar Michigan Consumer Sentiment Prelim (Est:56.3 Prev:56.6)
- U.S. Jan JOLTS Job Openings (Prev:6,542k)
- ADBE Earnings

Source: Bloomberg

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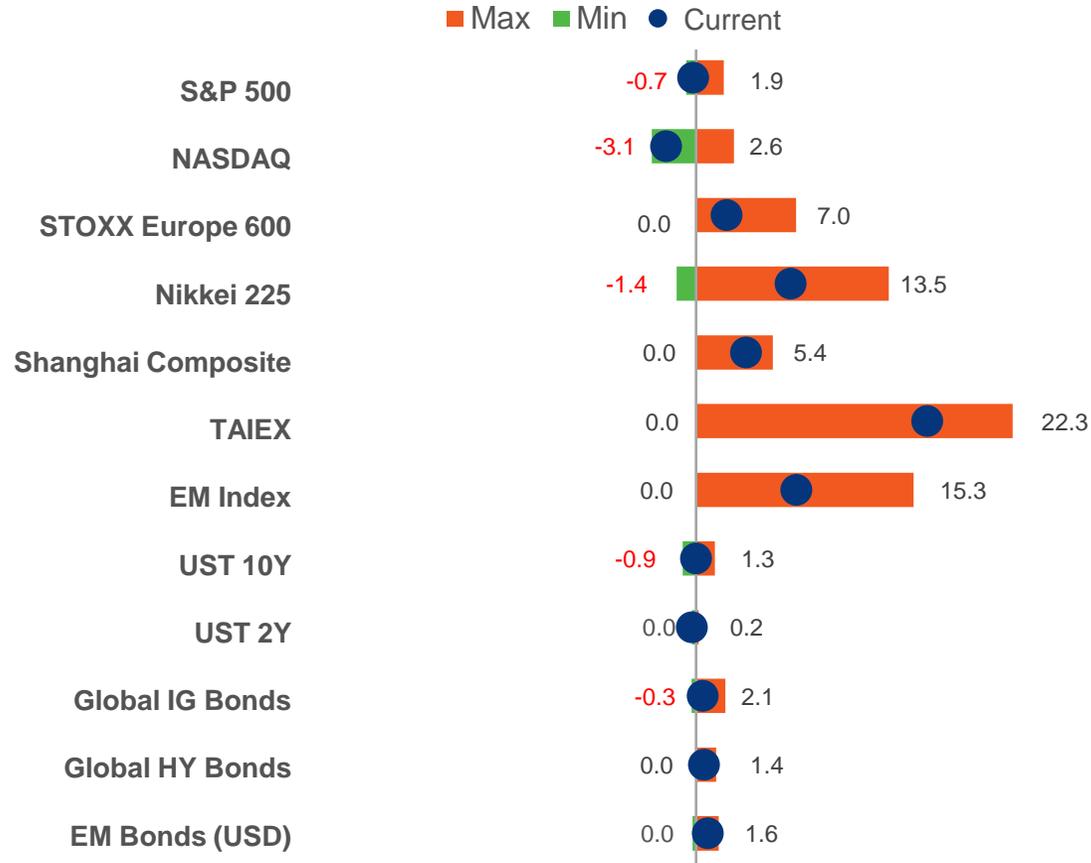
27

Key Earnings Releases

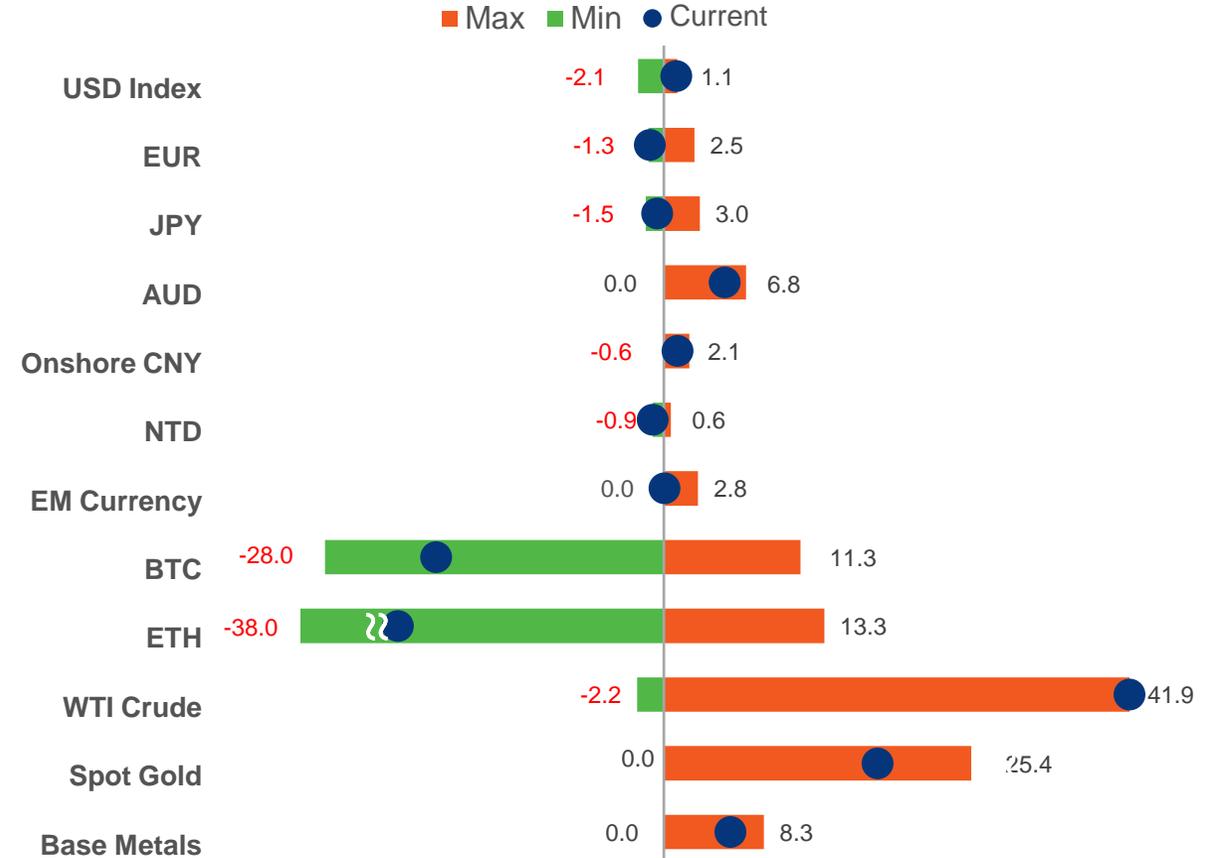
Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation	
						Revenue	EPS
2026/3/6	Costco Wholesale Corp (COST)	69.25B	69.60B	4.55	4.58	V	V
2026/3/6	Broadcom Inc (AVGO)	19.21B	19.31B	2.02	2.05	V	V

Major Market / Asset YTD Performance

Equities & Bond Markets 2025 Performance (%)



Currencies and Commodities Market 2025 Performance (%)



Source: Bloomberg

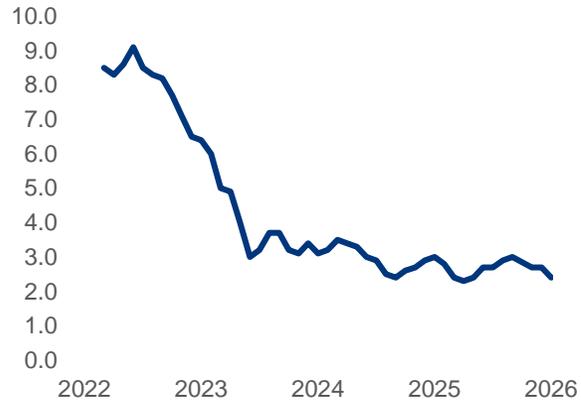
Technical Analysis



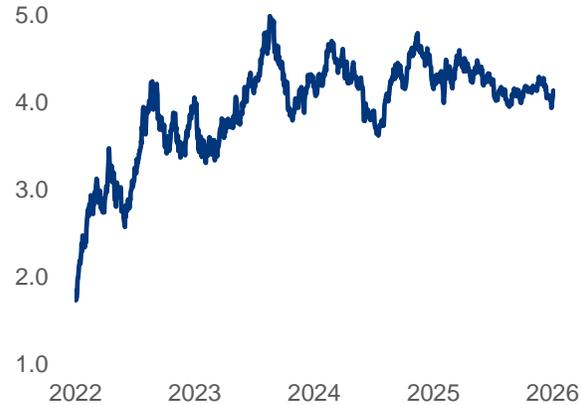
Source: Bloomberg

Market Monitor

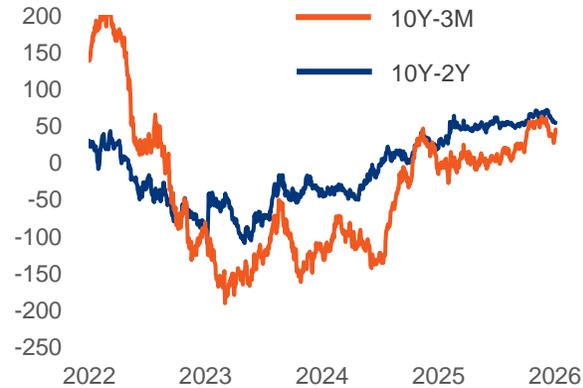
U.S. CPI YoY (%)



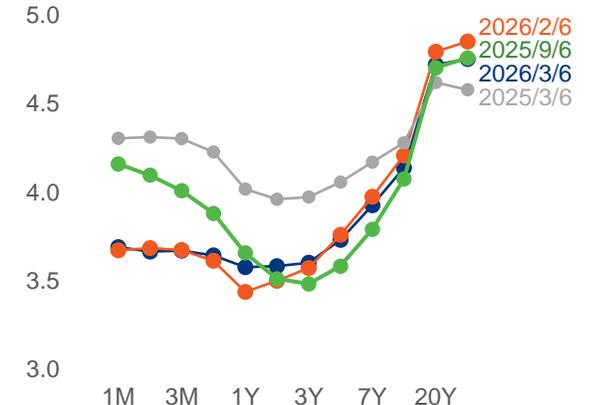
U.S. 10-Year Treasury Yield (%)



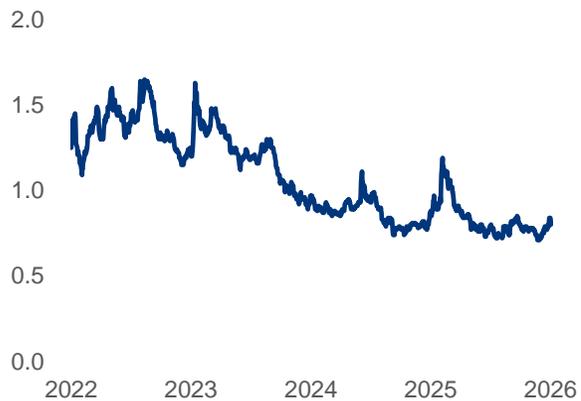
U.S. Treasury Yield Spread (bps)



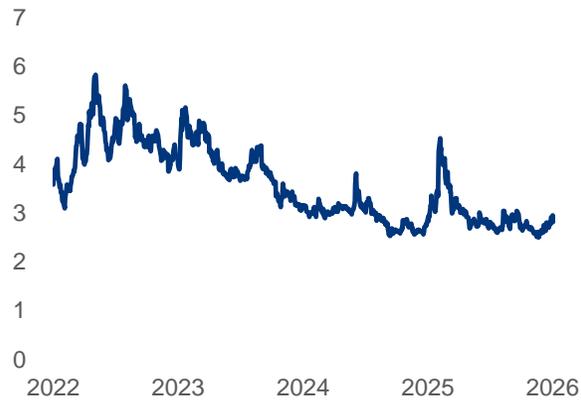
U.S. Treasury Yield Curve (%)



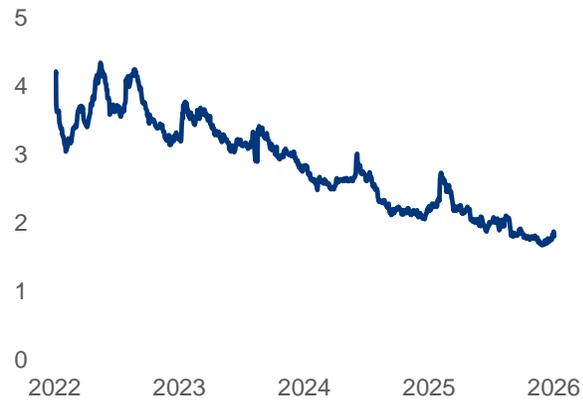
USD IG Credit Spread (%)



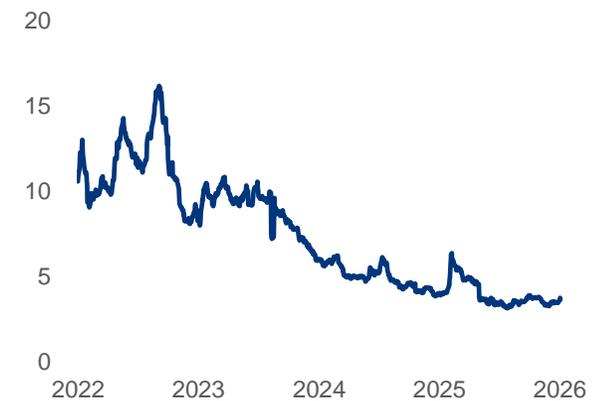
USD HY Credit Spread (%)



USD EM Credit Spread (%)



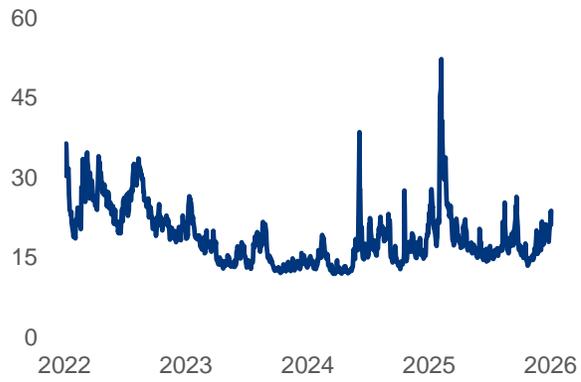
USD Asia Credit Spread (%)



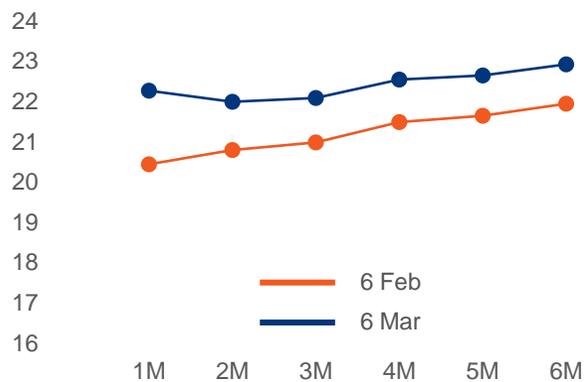
Source: Bloomberg

Market Monitor

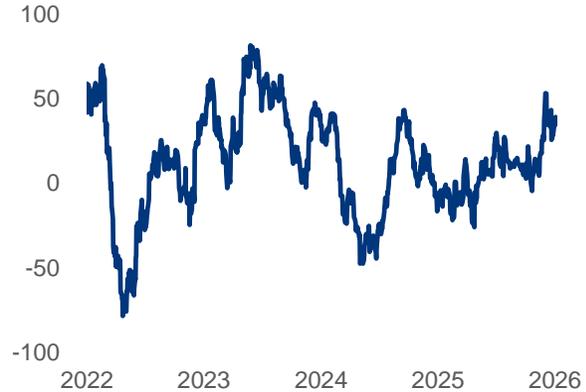
VIX Index



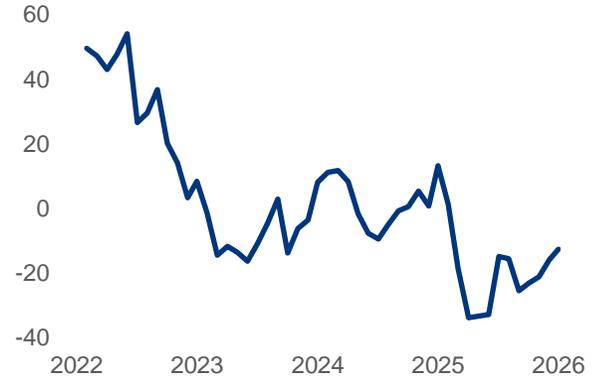
VIX Term Structure



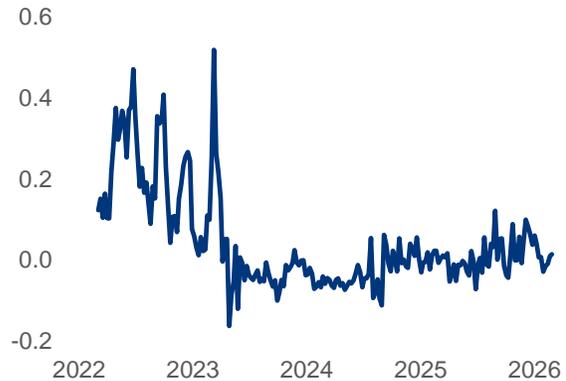
U.S. Citi Economic Surprise Index*



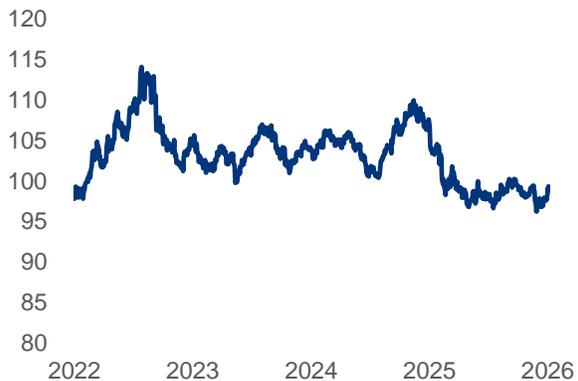
U.S. Citi Inflation Surprise Index*



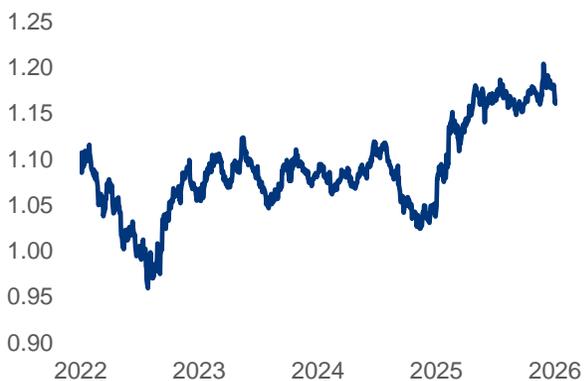
TED Spread (bps)



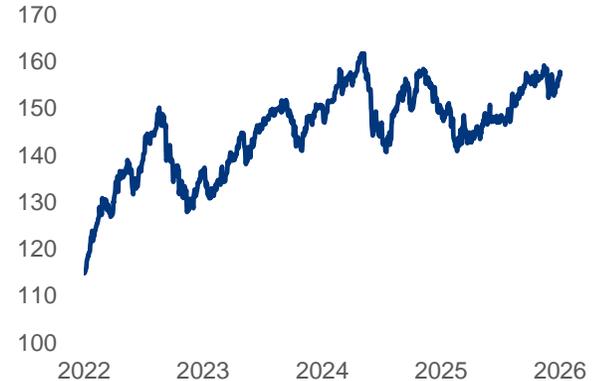
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, *The Citi Economic/Inflation Surprise Index measures the deviation between economic data/actual inflation and market expectations. A rising index indicates economic improvement/inflation exceeding market expectations.

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