



CIO Office Global Markets Weekly Kickstart

Equity Strategy Amid Oil Volatility

16 March 2026

01 Chart of the Week

Oil Price Surge Supports Energy
Near Term; Growth Stocks May Stay
Under Pressure



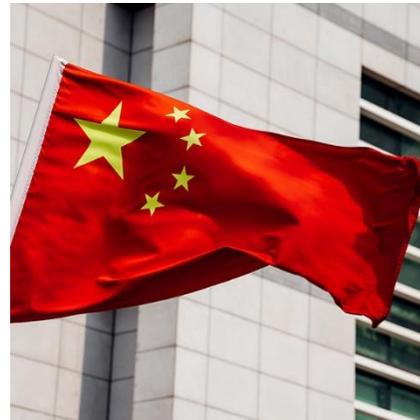
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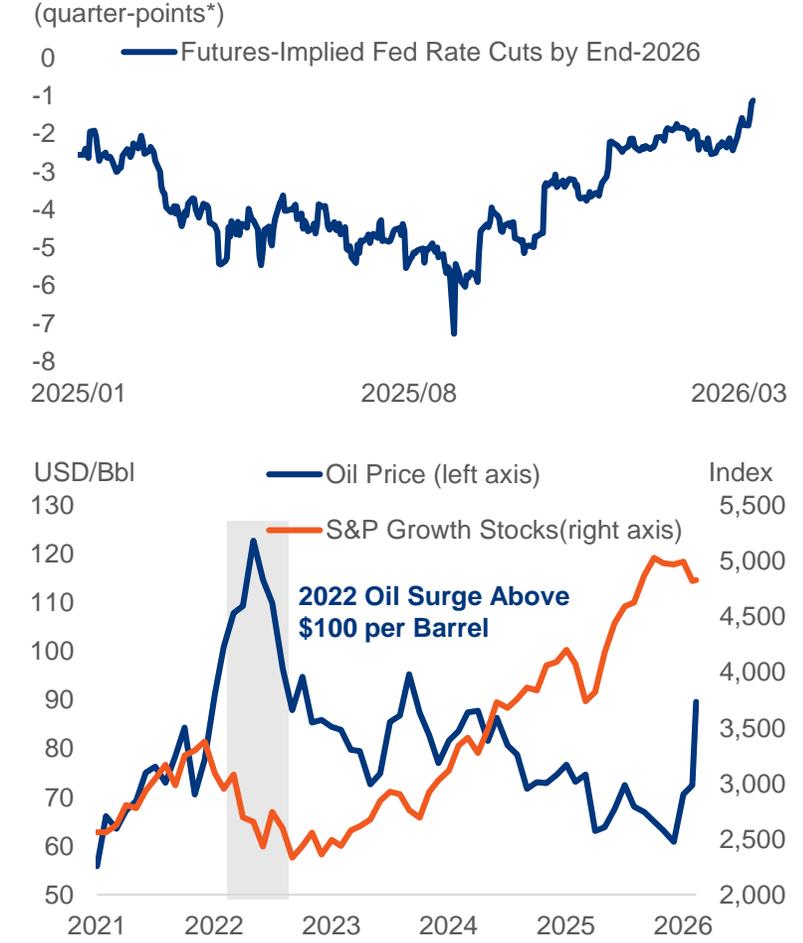
Oil Surge Supports Energy Near Term; Growth Stocks May Face Pressure

- ▶ U.S. February CPI rose 2.4% YoY, with core CPI steady at 2.5%. However, following the U.S.–Iran conflict, oil prices have surged above \$100. Higher energy costs are likely to pass through to transportation and logistics, potentially supporting CPI readings from March onward. If the Strait of Hormuz remains blocked, sustained high oil prices could exert stronger inflation pressure.
- ▶ Inflation dynamics may also affect the Fed’s rate-cut path. Futures markets now expect fewer than two cuts by end-2026, and rising oil prices could further dampen easing expectations.
- ▶ Historical precedent offers a caution. In 2022, the Russia–Ukraine war drove oil above \$100 and briefly to \$120 per barrel, fueling inflation and prompting Fed tightening, which weighed heavily on growth sectors. As such, while rising oil prices may support energy stocks in the near term, growth sectors could remain under pressure amid heightened market uncertainty.

Persistently High Oil Prices Could Increase Future Inflation Pressure



Rising Oil Prices Could Weaken Fed Rate-Cut Expectations, Unfavorable for Growth Stocks



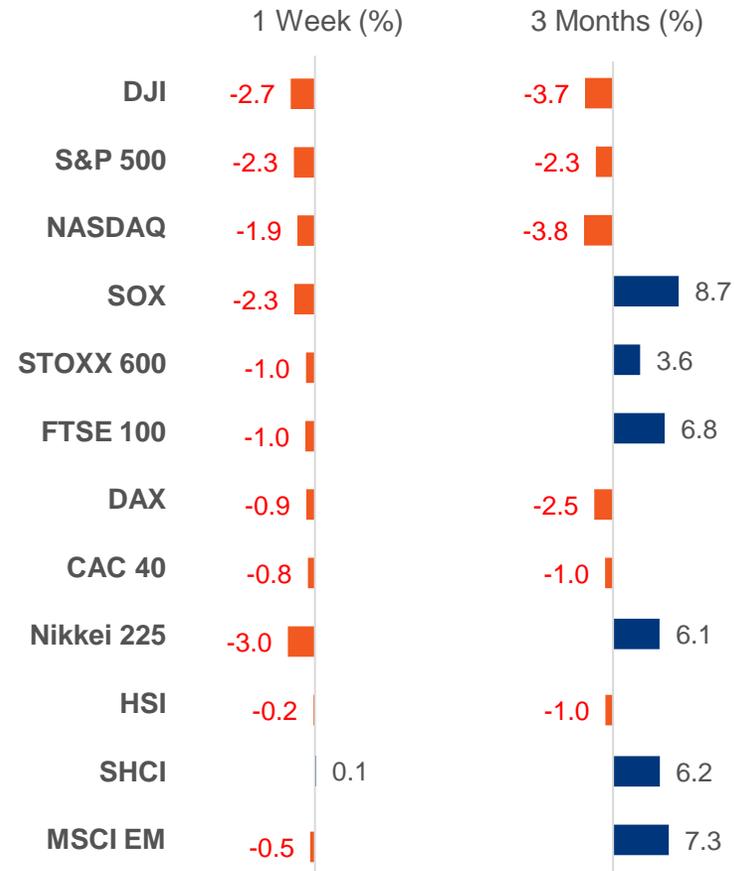
Source: Bloomberg, KGI, Note: One unit (“quarter-point”) equals to 25 bps

Market Recap

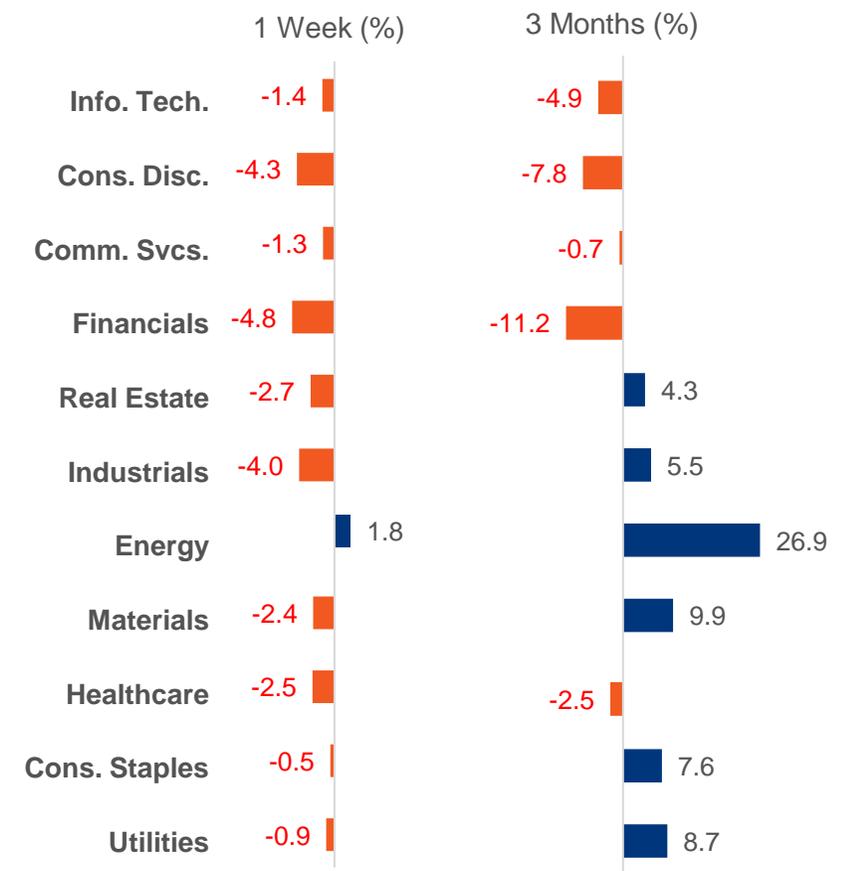
Trump's Mixed War Messaging Fails to Ease Market Concerns; Equities Mostly Lower

- ▶ U.S. February nonfarm payrolls unexpectedly declined by 92k, down from January's revised gain of 126k, signaling softer economic momentum. Meanwhile, the unresolved U.S.–Iran conflict and Iran's effective blockade of the Strait of Hormuz have pushed oil prices back above \$100 per barrel. Rising energy costs have revived inflation concerns and weakened expectations for Fed rate cuts, while geopolitical uncertainty has increased selling pressure in equities. Trump has claimed the war will end soon and that the U.S. has already secured victory, but also stated that military operations will continue. The inconsistent messaging has left markets unconvinced that the conflict will end quickly or that energy transport will normalize, leading global equities to shift from sharp initial losses into volatile trading, though declines still outnumber gains.
- ▶ Sector-wise, surging oil prices have supported energy stocks. While February CPI remained stable, sustained high oil prices could reignite inflation pressures, dampening expectations for Fed easing and weighing on broader sectors, including defensive industries. At the same time, rising concerns over private credit risks have added pressure to financial stocks, following reports that BlackRock has restricted redemptions in related funds and JPMorgan has reduced leverage in private credit exposure.

Regional Index Performance (%)

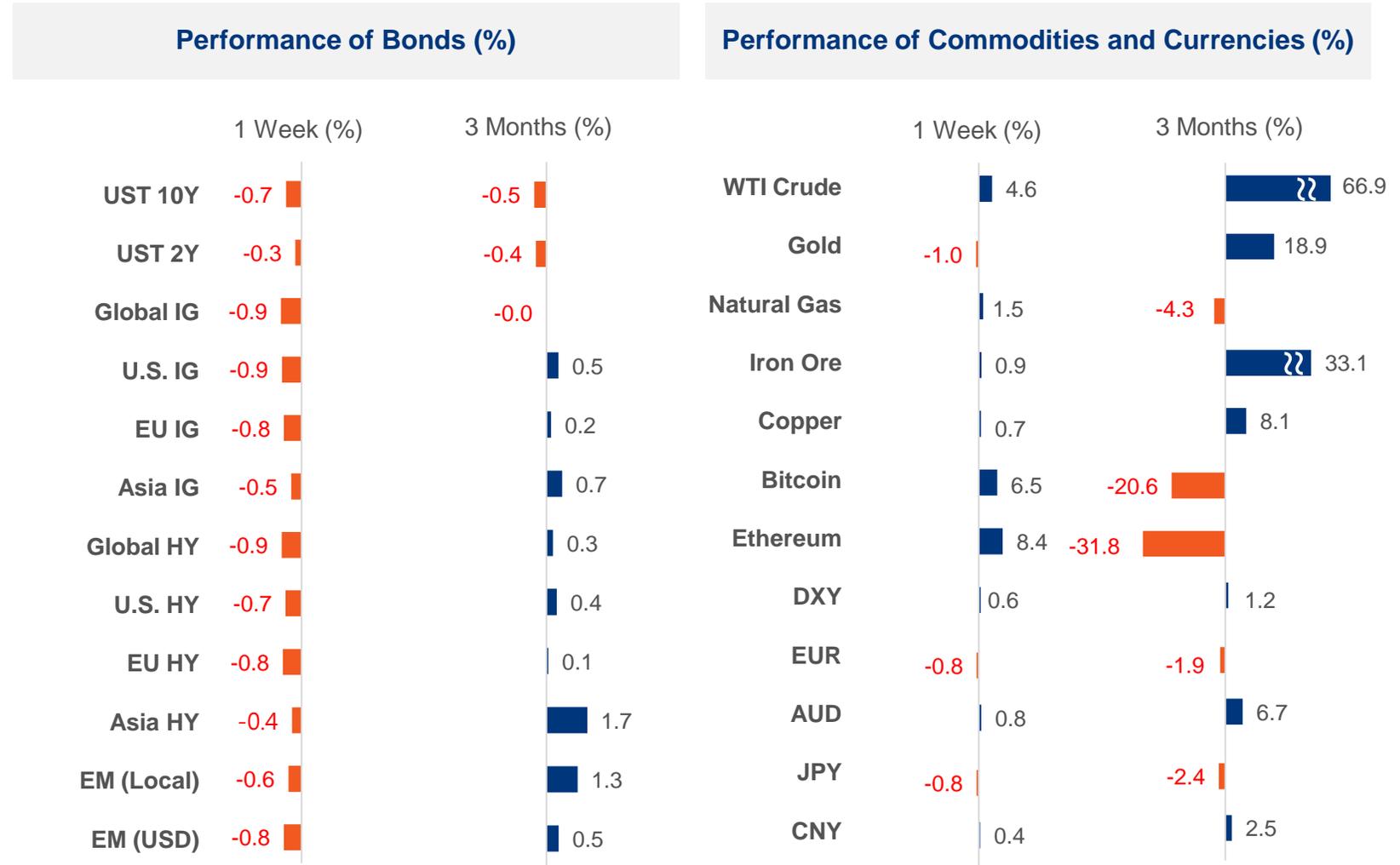


U.S. Sector Index Performance (%)



Bond Markets Decline Broadly; Oil Holds Above \$100, Stronger Dollar Weighs on Gold

- ▶ Despite softer U.S. employment data and stable CPI, rising oil prices have renewed inflation concerns, pushing back expectations for Fed rate cuts. Treasury yields have continued to climb, leading to broad declines in bond markets. Longer-duration investment-grade bonds have seen larger losses, while high-yield bonds have also weakened amid concerns over the economic outlook.
- ▶ Middle East oil supply remains constrained as the Strait of Hormuz stays effectively closed. Iran has even warned it is prepared for a prolonged conflict and could disrupt the global economy. Brent crude briefly approached \$120 per barrel, while natural gas prices also rose due to production disruptions in Qatar. Although geopolitical risks and inflation expectations support gold, a stronger U.S. dollar has capped gains in the near term.
- ▶ Trump's comments suggesting the war could end soon briefly supported cryptocurrencies such as Bitcoin and Ethereum, though gains later moderated as his messaging shifted. Among currencies, moves were mixed: the euro and yen edged lower, the Australian dollar strengthened on rising inflation expectations and potential RBA tightening, while the renminbi remained broadly stable.



Source: Bloomberg

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China Launches 15th FYP in 2026, Prioritizing High-Quality Growth and Domestic Demand

- ▶ With the recent convening of China's "Two Sessions," the 15th Five-Year Plan officially begins in 2026. Authorities have set "high-quality growth" and "technological self-reliance" as core strategies for the next five years, focusing on two main pillars. First, accelerating the development of "new productive forces," including strengthening the domestic AI supply chain and emerging sectors such as the low-altitude economy. Second, boosting domestic demand through fiscal support to stimulate consumption and expand effective investment, forming a virtuous cycle between investment and consumption.
- ▶ To support these goals, the plan outlines 109 major projects across six key areas. Among them, "advancing new productive forces" and "building a modern infrastructure system" are expected to drive AI technology and next-generation infrastructure development.
- ▶ With policy support continuing to emphasize new productive forces, Bloomberg expects China's growth engine to gradually shift from real estate toward innovation and technology. By 2026, the combined GDP share of high-tech and green industries is projected to exceed that of real estate for the first time, signaling a structural transition in China's growth model.

Source: Bloomberg, KGI

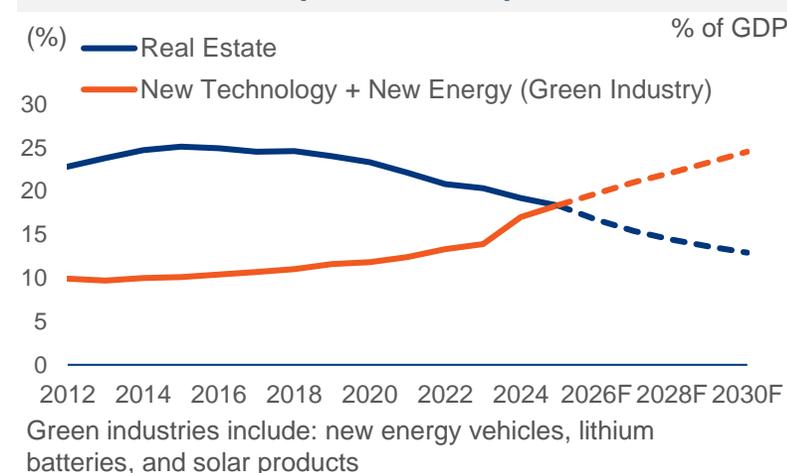
15th Five-Year Plan: 109 Major Projects Across Six Key Areas

Six Strategic Directions	Project Count	Two Key Focus Areas	Related Industries
Develop New Productive Forces	28	Development of New Productive Forces	Semiconductor equipment, AI computing power, Low-altitude economy (drones), Humanoid robots
Build a Modern Infrastructure System	23		
Promote Regional Coordination	9	Modern Infrastructure Systems	Ultra-high voltage smart grid, Green energy and storage systems, Data center infrastructure, Low-altitude infrastructure
Ensure National Security	25		
Advance Green and Low-Carbon Transition	18		
Strengthen Security Systems	6		
Total	109		

Fiscal Policy to Support Domestic Demand and Investment in 2026

Policy	Funding Size	Policy Tools	Key Applications / Objectives
Boost Consumption (Expand Domestic Demand)	RMB 2.5tn	Ultra-long special gov. bonds	Support consumer goods trade-in programs and consumption upgrades
	RMB 1tn	Central government fiscal funds	Boost domestic demand and service consumption via loan subsidies and financing guarantees
Boost Investment (Effective Investment)	RMB 8tn	Ultra-long special gov. bonds	Develop new productive forces and support key infrastructure projects
	RMB 8tn	New policy-based financial instruments	Promote corporate capital expenditure and investment

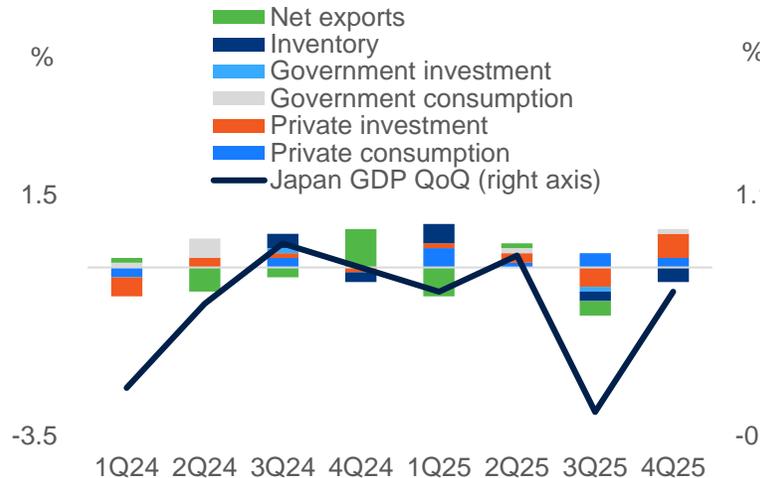
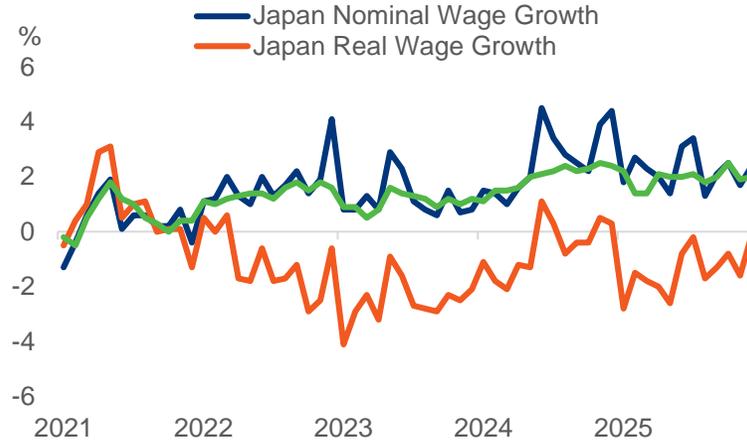
High-Tech and Green Industries' GDP Contribution Expected to Surpass Real Estate



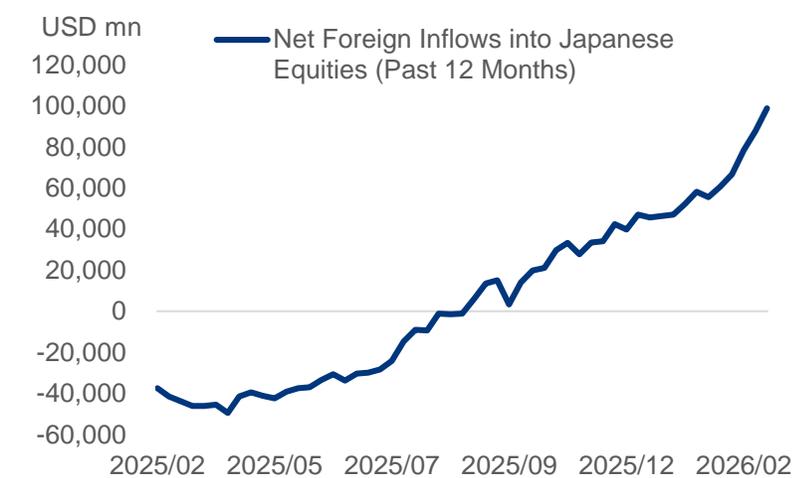
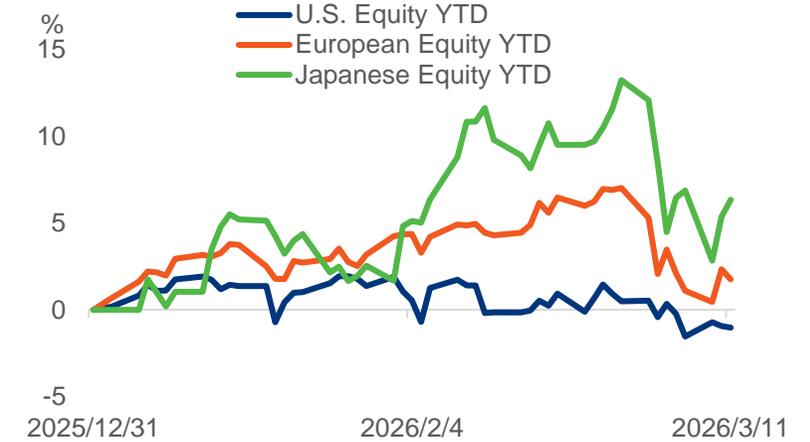
Improving Economic Momentum and Foreign Inflows Support Japanese Equities

- ▶ Recent data show continued wage growth in Japan. Nominal wages rose from 1.7% YoY to 2.4%, while real wages improved from -1.6% to -0.1%, indicating a clear recovery in labor income, though real wage growth has yet to fully turn positive. Meanwhile, Japan's spring wage negotiations have entered the main bargaining phase, with major unions demanding larger pay increases than last year, making the outcome a key market focus.
- ▶ Japan's final 4Q25 GDP growth was revised up to +0.3% QoQ from the preliminary 0.1%, recovering from contraction in 3Q. However, growth remained modest due to weak inventory changes and subdued government investment. With the Kishida administration pursuing fiscal expansion, government investment could rise, supporting continued economic recovery.
- ▶ Following the general election, the Liberal Democratic Party secured a decisive victory, reinforcing near-term political stability and paving the way for fiscal expansion policies. Although the recent U.S.–Iran conflict triggered a pullback in Japanese equities, foreign capital continues to flow into the market, reflecting confidence in policy direction and the economic outlook. As a result, Japanese equities have generally outperformed U.S. and European markets since the start of the year.

Japan's Economic Momentum Rebounds; Real Wages Yet to Turn Positive



Foreign Inflows Continue to Support Japanese Equities, Outperforming U.S. and Europe



Source: Bloomberg, KGI

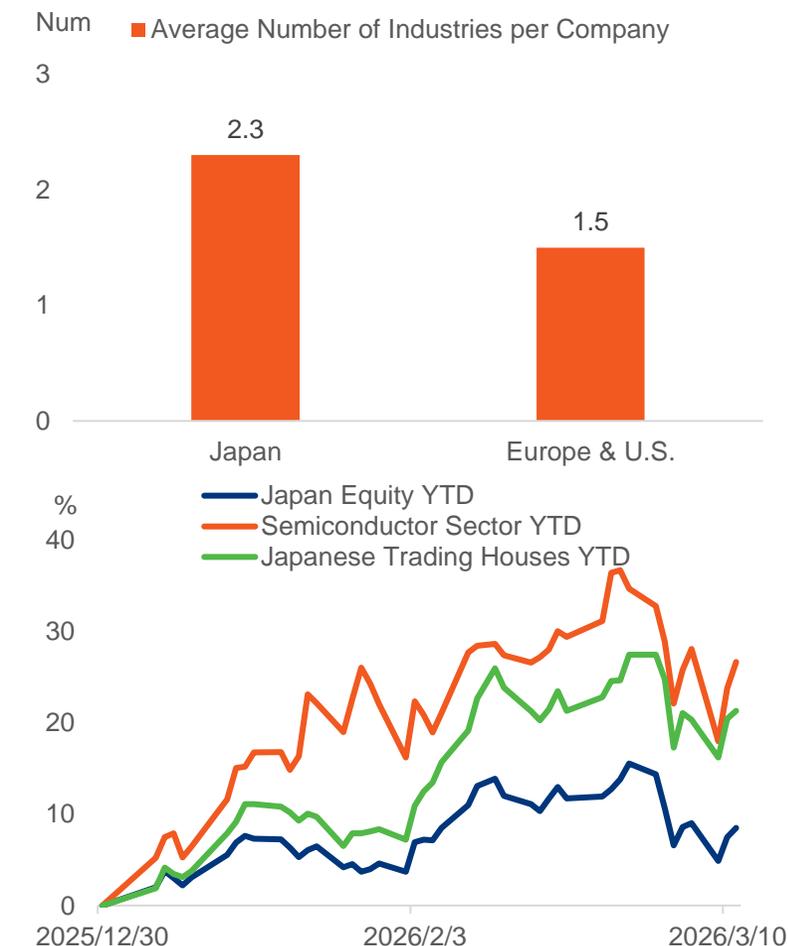
Ride Japan's HALO Theme on Fiscal Expansion Policies

- ▶ Following the election, Sanae Takaichi's policy agenda focuses on three priorities: consumption, investment, and fiscal management. Key measures include suspending the food consumption tax for two years, expanding investment in AI and semiconductors, and controlling debt growth. Beyond AI, policy also emphasizes strengthening industrial capabilities in sectors such as semiconductors and shipbuilding.
- ▶ Meanwhile, Wall Street has introduced the HALO (Heavy Assets, Low Obsolescence) investment theme, reflecting a shift from asset-light AI firms toward companies requiring substantial physical infrastructure investment. The rapid build-out of AI infrastructure by major tech companies underscores the importance of real-asset investment.
- ▶ Japanese corporations—particularly trading houses—often operate diversified business models across multiple industries and retain strong industrial manufacturing capabilities, positioning them well to benefit from the HALO theme. Combined with Takaichi's push for expanded investment, sectors such as semiconductors and Japanese trading houses have already outperformed the broader market this year, a trend likely to continue.

Source: Bloomberg, Jefferies, KGI

Takaichi Fiscal Expansion Focuses on Long-Term Domestic Demand Investment	
Key Policy Direction	Description
Domestic Consumption	Suspend the food consumption tax for two years to ease cost-of-living pressures.
Long-Term Investment	Increase investment in AI, semiconductors, and shipbuilding to strengthen industrial competitiveness and address technological gaps.
Fiscal Balance	Control debt growth and maintain fiscal discipline over the long term.

Japanese Trading Houses Gain Market Attention from Semiconductor and Diversified Businesses



Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ The U.S.–Iran conflict remains unresolved. Investors should monitor the Strait of Hormuz blockade and its impact on oil supply and prices, as equities may remain volatile in the near term. The HALO (Heavy Assets, Low Obsolescence) strategy is also worth watching, as it hedges AI bubble risks while linking to real-economy recovery. ◆ European and Japanese equities offer diversification. In Europe, preferred markets include Germany (fiscal stimulus and improving growth), the U.K. (attractive valuations and rate-cut tailwinds), and Spain (strong fundamentals with high financial sector weight). Preferred sectors include financials with improving balance sheets and policy-supported defense. In Japan, focus on domestic demand, banks, semiconductors, and trading houses benefiting from the HALO theme. 	<p>Strategy: Core allocation to large-cap, high-quality stocks. Long-term positioning in AI 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 stocks.</p>
Bonds	<ul style="list-style-type: none"> ◆ Rebounding oil prices are lifting inflation expectations, limiting Fed rate-cut room and putting upward pressure on Treasury yields in the near term. Corporate fundamentals remain stable, though market volatility has widened credit spreads—more notably in high-yield bonds. Investors may lock in income via Treasuries and investment-grade credit with stable cash flows. Preferred sectors with stronger risk-adjusted spreads include financials, utilities, and industrials. ◆ The U.S. dollar may remain firm short term but faces long-term depreciation risks. Diversification into non-USD bonds—such as EUR- or AUD-denominated investment-grade bonds—may help reduce risk. Improving fundamentals in emerging markets also support allocations to higher-yield EM bonds. 	<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"> ◆ Geopolitical uncertainty and rising oil prices may keep monetary policy cautious. The U.S. dollar could stay strong in the near 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 persist, while the BoJ remains cautious, limiting near-term appreciation potential for the yen. 	<p>USD: short-term strength, mild medium- to long-term depreciation.</p> <p>JPY: limited short-term appreciation.</p> <p>EUR: Range-bound</p>
Commodity	<ul style="list-style-type: none"> ◆ Gold may see short-term volatility, but geopolitical risks linked to Trump-era policies, global competition for strategic resources, and tariff uncertainties continue to support its allocation value. Silver remains more speculative, and the gold–silver ratio is likely to revert to its long-term mean over time. 	<p>Gold: bullish over the medium to long term.</p> <p>Silver: higher volatility.</p>

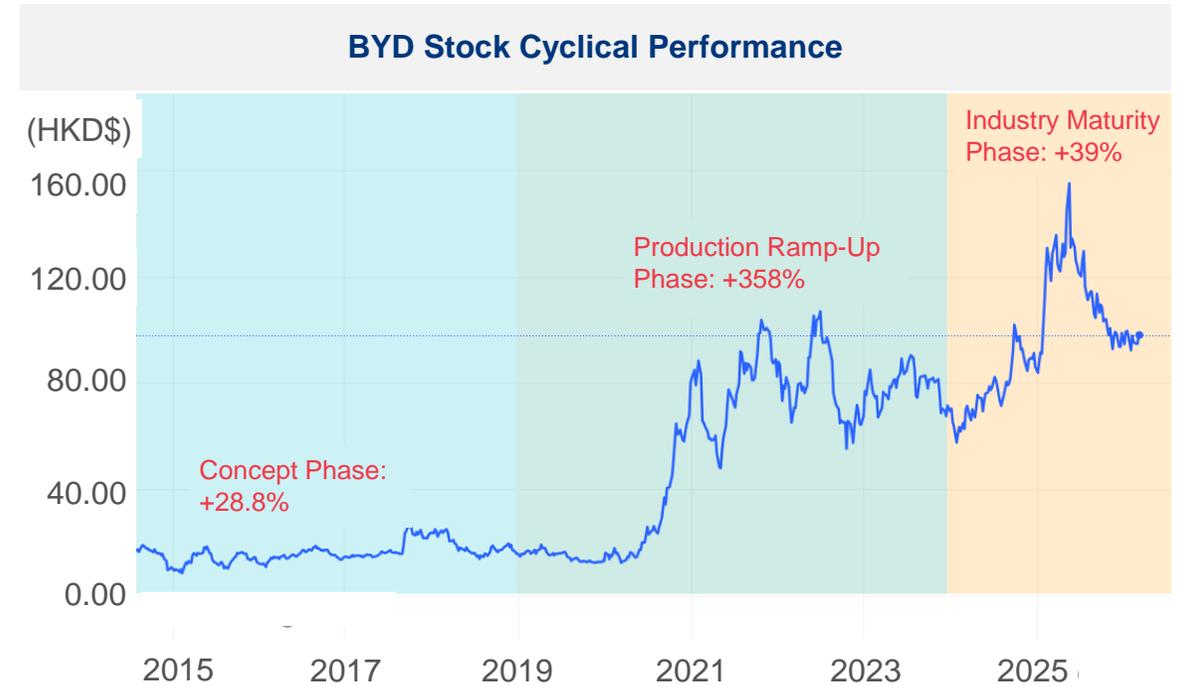
From Technical Validation to the Era of Commercial Mass Production

► A Critical Phase from R&D to Real-World Deployment

The robotics industry is shifting from “technology demonstrations” to real productivity. 2025 marks the first year of humanoid robot mass production, while 2026 will serve as the key commercialization validation phase. Demand is evolving from research-driven procurement toward industrial needs focused on automation upgrades and cost efficiency. Global robot demand is expected to grow at a 53–85% CAGR over the next five years. This demand, driven by structural industrial needs, provides stable growth opportunities for companies already deploying robots in industrial applications.

► Nonlinear Growth Opportunities in the Scale-Up Phase

Similar to the early trajectory of leading EV companies, once the industry crosses the mass production threshold and enters an expansion phase, rising adoption rates will rapidly dilute early R&D costs. This dynamic can drive nonlinear profit growth. The robotics industry remains in its early stage and has yet to reach a mature competitive environment. At this stage, companies capable of stable delivery and scaling production are likely to benefit not only from strong revenue growth but also from valuation re-rating as markets reward certainty. As large-scale commercialization approaches, early industry leaders could see significant upside in equity valuations.



UBTECH Robotics (9880)

Closing Price HK \$107.8

Target Price HK \$150

Develops, manufactures, and sells robots and related services.

Industrial Deployment and Market Position

Humanoid robots are entering large-scale deployment. Global demand could rise from ~30k units to 150k by 2030 in the base case, and up to 400k in a bullish scenario (CAGR 53–85%). UBTECH is expected to capture ~7–9% global share by 2030. Its Walker S series is already used in automotive and logistics scenarios and undergoing pilot runs in aerospace and semiconductor production.

Vertical Integration Advantage

UBTECH adopts a BYD-style vertical integration model, improving cost control and reducing supplier reliance. This strengthens competitiveness as the industry scales. Net margin is expected to turn positive by 2028 and reach ~16.7% by 2030.

Mass Production Supports Valuation

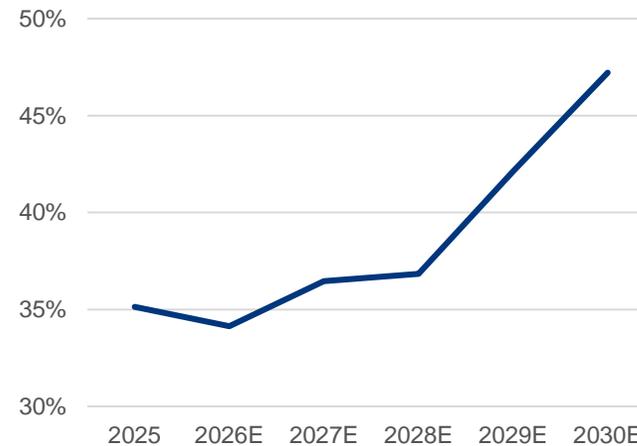
As deliveries ramp in 2026, revenue growth should drive valuation normalization. PS could fall to about half of 2025 levels and compress further to ~3.8–4.2x by 2030. Despite long-term upside, commercialization still requires time for validation. Target price for 2026: HKD 150.

Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Revenue (CNY b)	10.1	10.5	13.0	19.8	29.1
Revenue YoY	23.4	4.7	23.6	52.0	46.6
EPS (CNY)	-2.5	-3.0	-2.7	-2.1	-1.4
EPS YoY	-3.7	-22	12.5	22.6	32.5
ROE(%)	-96.7	-117	-86	-52.4	-25.6

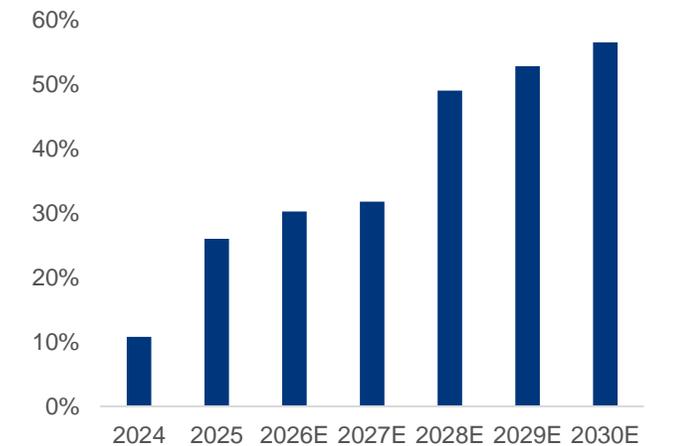
Customized Intelligent Robot Gross Margin



Forward P/E Ratio



Customized Intelligent Robot Revenue Share



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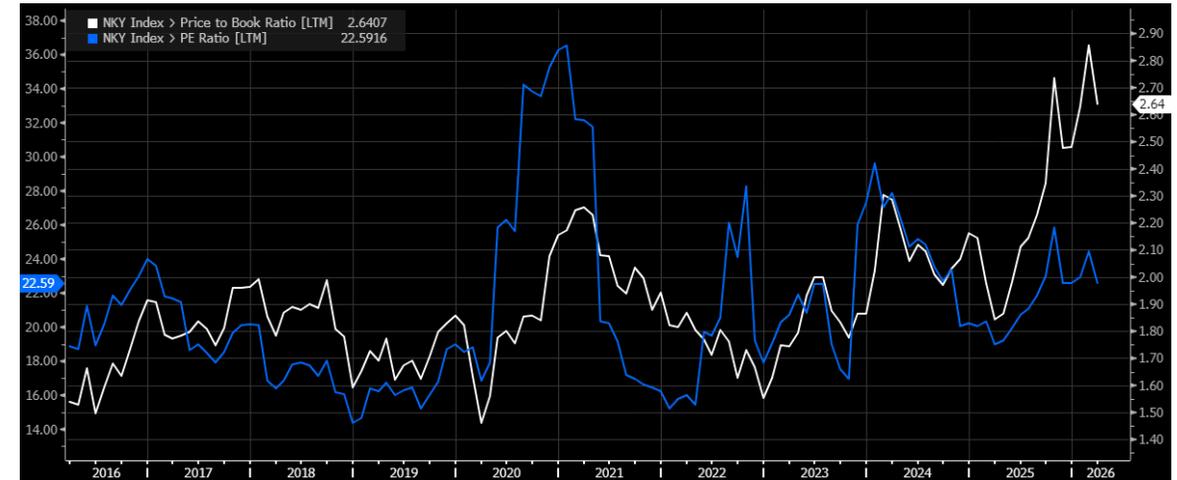


Japan Emerges as a Key Market for HALO Trades

- ▶ U.S. January core PCE rose 0.4% MoM, unchanged from the prior reading and in line with expectations; YoY growth was 3.1%, slightly above the previous 3.0%.
- ▶ February core CPI increased 0.2% MoM, below the prior 0.3% but meeting expectations, while YoY growth held at 2.5%.
- ▶ Meanwhile, U.S. 4Q25 GDP expanded 0.7% QoQ, slowing sharply from 4.4% previously and below the 1.4% consensus.
- ▶ The preliminary March Michigan consumer sentiment index came in at 55.5, down from 56.6 but slightly above the 54.8 forecast.
- ▶ HALO (Heavy Assets, Low Obsolescence) has emerged as a prominent investment theme, favoring asset-heavy industries with low technological obsolescence. As AI adoption accelerates, demand for infrastructure such as computing power, electricity, industrial equipment, and critical materials is rising, driving renewed value for companies with strong physical assets and technological barriers. In contrast, asset-light sectors more exposed to AI disruption—such as parts of software and IT services—may face pressure. With strong capabilities in industrials, materials, and precision equipment, and a critical role in semiconductor materials and advanced manufacturing supply chains, Japan is increasingly viewed as a key beneficiary of the HALO theme.

Source: Bloomberg

Nikkei Index Price-to-Book and Price-to-Earnings Ratios



Mitsui Mining & Smelting (5706 JP)

Closing Price JP ¥31,580

Target Price JP ¥38,000

Produces processed metal materials, including non-ferrous metals such as aluminum and copper alloys. The company also manufactures electronic materials, industrial chemicals, and automotive components, serving global customers.

Strong Demand for High-End Copper Foil

Mitsui Mining's ultra-thin high-end copper foil (HVLP) holds about 60% global market share in AI servers, HPC packaging substrates, and high-frequency circuit boards. The company noted in its Jan 2026 briefing that demand for HVLP products is expanding rapidly. By 2030, monthly demand for HVLP3+ is expected to exceed ~2,400 tons and HVLP4+ over ~1,400 tons, supported by continued AI server growth.

Capacity Expansion and Price Increases

Current MicroThin copper foil capacity is about 4.9mn sqm per month, expected to expand to ~5.6mn sqm by 2030. The company also plans a 12% price increase for MicroThin copper foil in Apr 2026, helping offset higher raw material, labor, and operating costs.

FY25 3Q Results

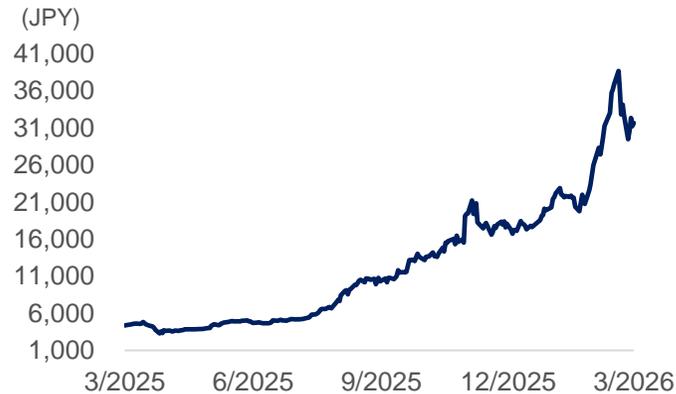
For the first three quarters of FY25 (fiscal year ending March), revenue reached JPY 542.2bn (+3.1% YoY). Operating profit rose to JPY 71.7bn (+27.6% YoY), while net profit attributable to shareholders was JPY 49.1bn (-5.9% YoY). The company raised FY25 guidance, expecting revenue of JPY 750bn, operating profit of JPY 117bn, and net profit of JPY 77bn.

Valuation Consensus

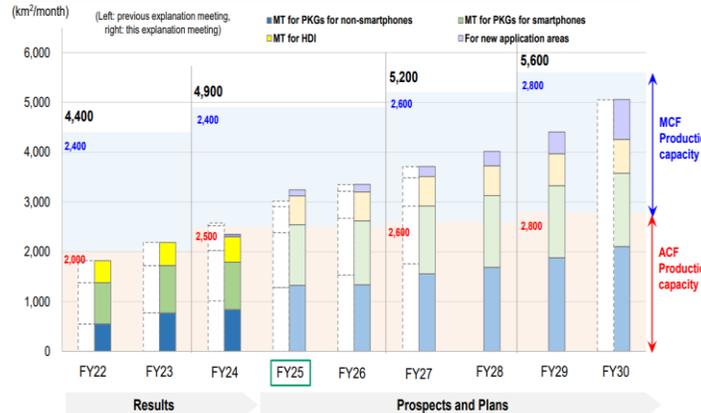
Bloomberg 12M average target price: ¥37,380 (high ¥56,700, low ¥22,500).

Source: Bloomberg

1-Year Price



MicroThin Capacity Expansion Plan

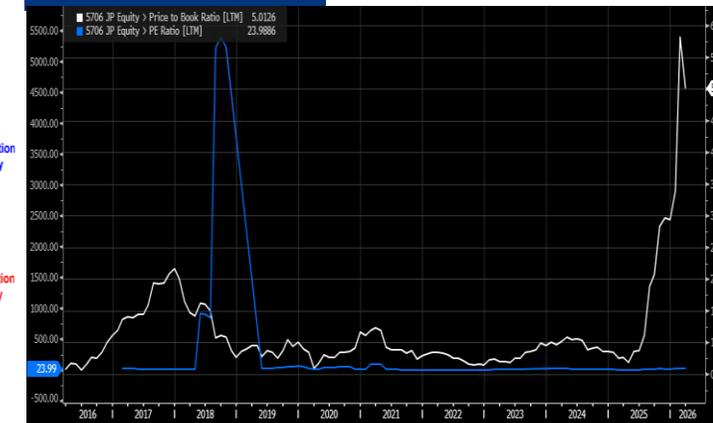


Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	2.9	-0.8	10.2	2.9	5.2
EBITDA (%)	7.1	10.2	15.2	18.5	18.2
EPS(JPY)	190.05	479.72	1059.76	1078.45	1248.57
Net Profit Margin(%)	1.7	4.2	8.5	8.6	9.2

Source: Bloomberg; 2026/27F are market estimates

P/E & P/B



Nitto Boseki (3110 JP)

Closing Price JP ¥22,140

Target Price JP ¥28,000

Produces textiles, building materials, and fiberglass products. Its portfolio includes glass fiber, insulation materials, flooring, acoustic ceilings, and specialty chemicals, while also operating medical products and environmental engineering businesses.

T-Glass Shortage Makes Nitto a Key Supplier for AI Packaging

Nitto is one of the few suppliers of ultra-low-loss specialty glass cloth used in AI and HPC packaging substrates, positioning it as a key upstream beneficiary of AI hardware expansion. Management noted strong demand driven by AI investment, while industry reports continue to highlight T-Glass as a bottleneck in advanced packaging.

Capacity Expansion and Potential Price Hikes in FY26

The company expects specialty glass demand to remain strong, guiding for ~20% YoY sales growth in FY26 as new capacity ramps up. Management also indicated that price increase discussions for T-Glass are underway, suggesting potential margin upside if demand remains tight.

Solid FY25 3Q Results

For the first three quarters of FY25 (fiscal year ending March), revenue reached JPY 87.6bn (+7.5% YoY), operating profit JPY 14.9bn (+26.4% YoY), and net profit JPY 35.1bn (+272.7% YoY). FY25 guidance is revenue of JPY 120bn, operating profit of JPY 20bn, and net profit of JPY 38bn. Management expects T-Glass sales to grow about 20% in FY26.

Valuation Consensus

Bloomberg 12M average target price: ¥23,134 (high ¥27,770, low ¥17,000).

Source: Bloomberg

1-Year Price

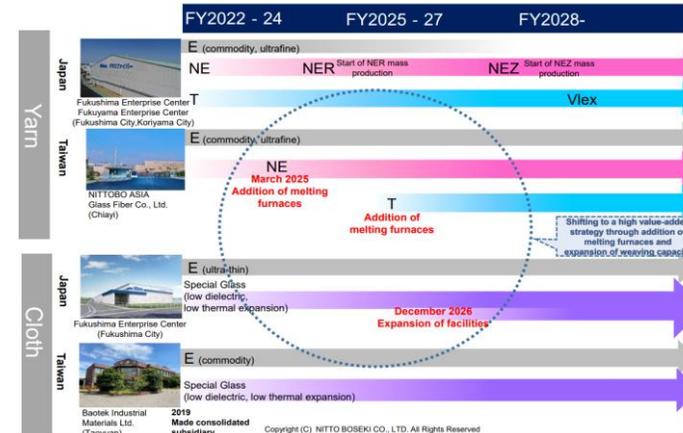


Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	4.1	6.5	16.9	9.7	13.3
EBITDA (%)	15.0	16.7	22.4	24.9	29.6
EPS(JPY)	79.70	210.75	340.34	1051.20	553.49
Net Profit Margin(%)	3.4	8.2	11.4	32.2	15.0

Source: Bloomberg; 2026/27F are market estimates

Specialty Glass Capacity Expansion



P/E & P/B





Taiwan Stocks Face Resistance After Rebound; War Volatility May Offer Entry Opportunities

Rebound Meets Resistance; Watch 20-Day Moving Average Support

Taiwan equities gapped higher Tuesday after Trump hinted the war could end soon, but gains later narrowed as resistance emerged. The market may enter a short-term consolidation phase, with the 20-day moving average near 33,430 serving as key support and a gauge for near-term momentum. From a sector perspective, large-cap tech stocks rebounded from lows but are now consolidating, making their ability to hold the 20-day moving average critical. Within electronics, focus remains on semiconductor test interfaces, semiconductor equipment, optical communication, thermal solutions, copper-clad laminates, PCBs, IC substrates, and memory modules. Non-tech sectors are mostly consolidating, though machinery may offer selective opportunities on dips.

War-Driven Volatility Could Create Entry Opportunities

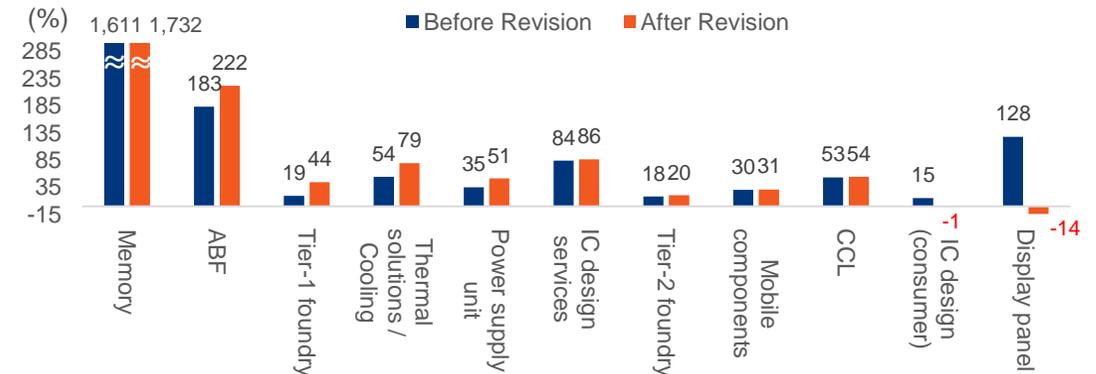
Recent market panic triggered by the U.S.–Iran conflict has largely been priced in. If the conflict does not escalate further, we believe the most intense selling pressure may have already passed. Over the longer term, corporate earnings—not short-term geopolitical risks—remain the key driver of equity markets. Current earnings trends and industry dynamics show strong AI demand continuing to support a new earnings upgrade cycle. Meanwhile, accelerating competition in AI and low-Earth-orbit satellite technologies keeps related supply chains at the center of investment focus. Preferred sectors include leading foundries, thermal solutions, power supplies, optical communication, copper-clad laminates, connectors, and switches benefiting from Nvidia’s Vera Rubin upgrade cycle, followed by supply-constrained ABF substrates and PCB segments.

Source: Bloomberg

TAIEX Index and Taiwan Electronics Sector Trends



Taiwan Electronics Sector 2026 Estimated Earnings Growth YoY



TSMC (2330 TT)

TSMC is the world's largest dedicated semiconductor foundry, with steadily rising market share. The company provides wafer fabrication, wafer probing, assembly and testing, mask production, and design services.

Key Features

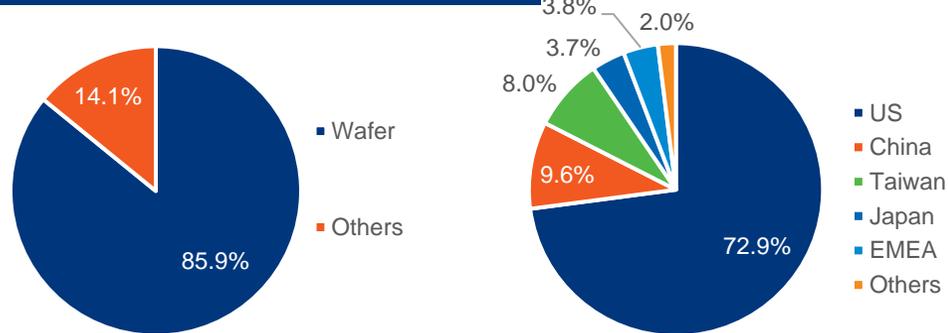
CoWoS Capacity Raised to 170k Wafers per Month by End-2027

Based on supply chain checks, TSMC may reallocate part of Phase 2 at its AP7 facility—originally planned for SoIC expansion—to CoWoS capacity. We therefore raise our estimate for CoWoS monthly capacity to 170k wafers by end-2027 from 155k previously. Most of the increase is expected in 2H27, contributing roughly 1% additional revenue in 2027.

Nvidia, Broadcom, and MediaTek to Gain More Capacity

Our shipment forecasts are based on TSMC's supply capacity rather than demand, which still exceeds supply. In the latest revision, 2027 wafer allocations for Nvidia and Broadcom are raised by about 100k wafers each, driven by strong GPU and TPU demand. MediaTek shipments are also revised higher, though to a lesser extent, as new capacity additions are mainly CoWoS-L while CoWoS-S supply remains constrained.

Revenue Sources and Regions



Source: Bloomberg

Financials

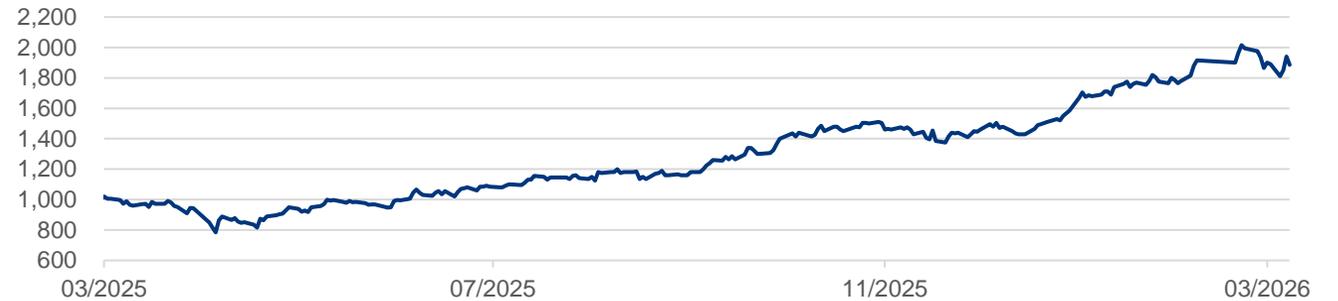
	2023	2024	2025F	2026F	2027F
EPS (NTD)	32.34	45.25	66.25	95.71	118.01
EPS Growth (%)	-17.5	39.9	46.4	44.5	23.3
P/E Ratio	56.0	40.0	27.3	18.9	15.3
ROE (%)	26.2	30.3	35.7	39.4	35.8

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 12 Mar 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-0.79	-1.57	27.36	49.60	21.61	90.79

Auras Technology (3017 TT)

Auras manufactures cooling solutions including heatsinks, heat spreaders, DC fans, and notebook heat pipes used in PCs, notebooks, and power supplies.

Key Features

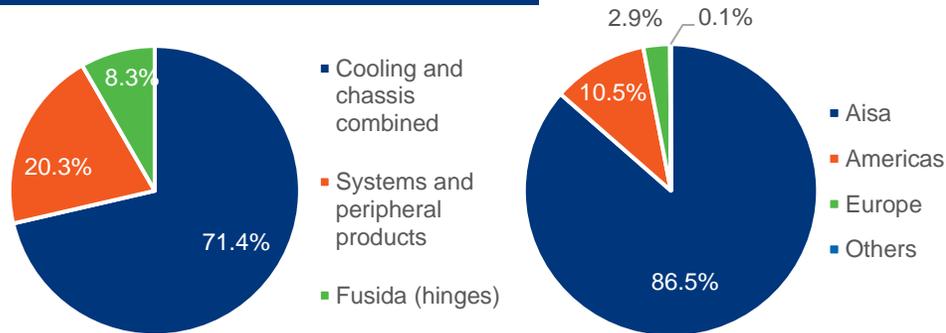
Margin Strength; 4Q25 EPS In Line

4Q25 EPS was TWD 17.01 and FY25 EPS TWD 49.17, broadly in line with expectations. Cooling and chassis revenue grew 107% and 160% YoY in 2025, together accounting for ~75% of total revenue. Growth was mainly driven by server and networking revenue (+182% YoY, 51.7% of sales), supported by AI servers. Within AI servers, GPUs contributed over 70% of revenue and ASIC about 20%, highlighting Auras' leading position as liquid cooling adoption rises.

Vera Rubin AI Platform to Lift Liquid Cooling Demand

In 2H26, Auras is expected to benefit from liquid cooling demand for ASIC and Nvidia's Vera Rubin platforms, alongside vapor chamber (VC) growth in iPhone and iPad. Rising shipment volumes and higher content value should drive sequential revenue and margin improvement in 2026. New ASIC AI clients and capacity expansion will also support growth in cold plates, manifolds, and chassis projects, lifting revenue through 2026–2027.

Revenue Sources and Regions



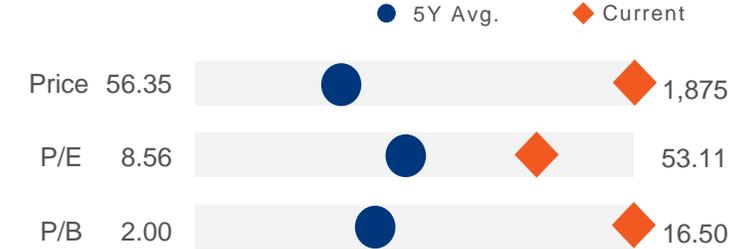
Source: Bloomberg

Financials

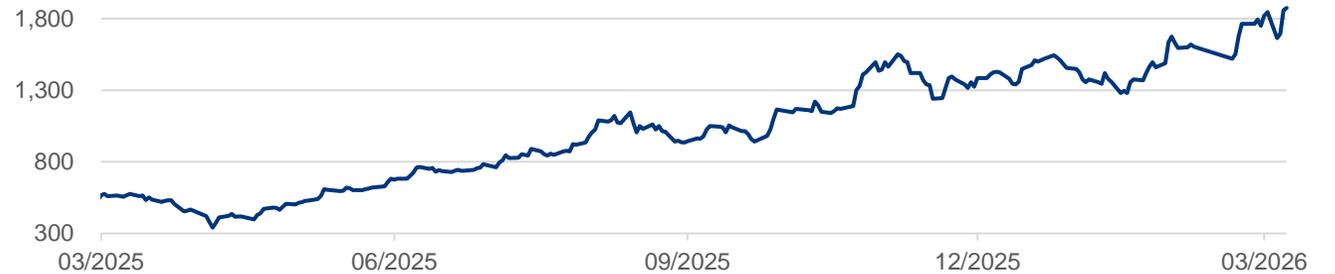
	2023	2024	2025	2026F	2027F
EPS (NTD)	14.11	21.21	49.17	89.08	127.38
EPS Growth (%)	19.7	50.4	131.8	81.2	43.0
P/E Ratio	131.9	87.7	37.8	20.9	14.6
ROE (%)	28.3	32.1	52.2	63.7	63.2

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 12 Mar 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	3.02	16.82	31.58	78.57	24.17	238.12

Ride Japan's HALO Theme on Fiscal Expansion Policies

► JPMorgan Funds - Japan Equity Fund

- Selects high-quality, high-growth large-cap Japanese companies through a bottom-up approach, with key exposure to sectors such as electrical equipment, machinery, banking, construction, and wholesale trade.
- The investment team has over 50 years of experience in Japan, making it one of the most established foreign asset managers in the market, with an average of 18 years of industry experience.
- The top 10 holdings account for about 45% of the portfolio, primarily concentrated in leading Japanese corporations.

Product	JPMorgan Funds - Japan Equity Fund	
Features	<ul style="list-style-type: none"> ■ Bottom-up stock selection + top-down country insights, identify sustainable growth companies ■ Global research depth + Japan team (50+ yrs, avg. 18 yrs experience) 	
AUM	US\$39.57 million	
Functional Currency	USD	
3M/YTD Return	6.60% / 8.54%	
Top 5 Industry Allocation (%)	Electrical products	20.5
	Machinery	12.3
	Banking	12.1
	Construction	4.9
	Wholesale Trade	4.4
Top 5 Holdings (%)	Mitsubishi UFJ Financial Group	8.8
	Ishikawajima Heavy Industries	5.5
	Advantest	5.3
	Sony	4.0
	ASICS	3.7

Source: Bloomberg

JPMorgan Funds - Japan Equity Fund

Profile

The fund seeks long-term capital appreciation by primarily investing in Japanese companies.

Value-Oriented Stock Selection

Applies a bottom-up stock selection process, complemented by top-down country views, to identify high-quality companies with sustainable growth potential.

Focus on Market Leaders

Targets high-growth, large-cap Japanese companies across leading industries. The top 10 holdings account for about 45% of the portfolio.

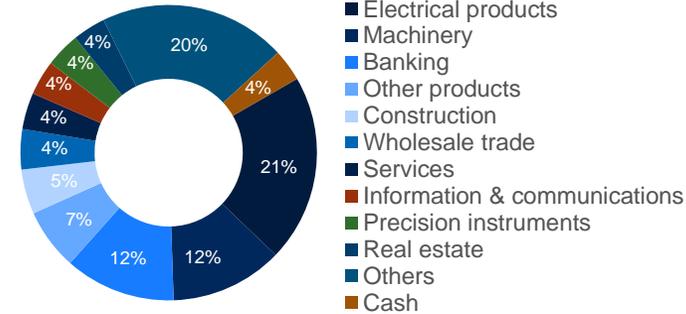
Local Expertise with Global Research Support

Backed by JPMorgan Asset Management's global research platform. The Japan investment team has over 50 years of local experience, with an average industry tenure of 18 years.

Inception	2013/12/6	AUM	US\$39.57 mln
Morningstar Category	Japanese Equities	Fund Type	Equities
Morningstar Rating	-	3Y SD (Ann.)	26.42%

Source: Bloomberg

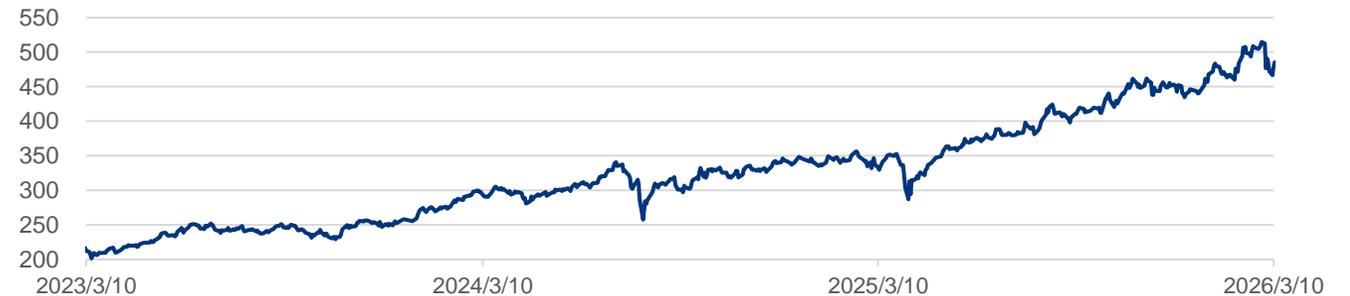
Sectors



Top-5 Holdings (%)

Mitsubishi UFJ Financial Group	8.8
Ishikawajima Heavy Industries	5.5
Advantest	5.3
Sony	4.0
ASICS	3.7

NAV Since Inception



As of 10 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-5.59	6.60	8.54	43.68	60.47	124.85
Similar Fund Quartile Ranking	4	2	1	1	1	1

Ride Japan's HALO Theme on Fiscal Expansion Policies

▶ **NEXT FUNDS Japan Business & Wholesale Trade ETF (1629 JP)**

- Tracks the performance of the TOPIX-17 Commercial & Wholesale Trade Index.
- Primarily invests in Japan's established diversified trading houses and traditional conglomerates.
- Holdings are relatively concentrated, with the top three positions accounting for about 60.8% of the portfolio, including Mitsubishi Corporation, Mitsui & Co., and Itochu—three of Japan's five major trading houses.

▶ **Global X Japan Semiconductor ETF (2644 JP)**

- Tracks the FactSet Japan Semiconductor Index.
- Focuses on leading Japanese companies across semiconductor equipment, materials, and design.
- The top 10 holdings account for about 75% of the portfolio, including key names such as Disco (precision semiconductor processing equipment), Advantest (semiconductor automated test equipment), and Lasertec (semiconductor optical inspection systems).

Product	NEXT FUNDS Japan Business & Wholesale Trade ETF (1629 JP)		Global X Japan Semiconductor ETF (2644 JP)	
Features	<ul style="list-style-type: none"> ■ Focus: Japan's five major trading houses ■ Macro support: stronger consumption, investment, and government spending 		<ul style="list-style-type: none"> ■ Focus: Japan semiconductor stocks ■ AUM > JPY 50B, high liquidity 	
AUM	JPY 28.03 billion		JPY 53.796 billion	
Tracking Index	TOPIX-17 COMMERCIAL & WHOLESALE TRADE		FactSet Japan Semiconductor Index	
Exchange	Tokyo Stock Exchange		Tokyo Stock Exchange	
Currency	JPY		JPY	
Holdings	129		38	
Expense Ratio	0.352%		0.649%	
3M/YTD Reutrnr	17.33% / 18.20%		25.23% / 23.33%	
Sectors (%)	Wholesale trade	100	Semiconductors	78.16
			Electronic products	20.13
			Various machinery	0.85
			Diverse machinery	0.42
			Distribution and retail	0.25
Holdings (%)	Mitsubishi Corp	24.36	Disco Corp	11.10
	Mitsui & Co	20.09	Advantest	10.37
	Itochu Corp	16.36	Lasertec	10.05
	Marubeni Corp	9.76	Renesas Electronics	9.39
	Sumitomo Corp	8.08	Tokyo Electron	9.02

Source: Bloomberg

NEXT FUNDS TOPIX-17 COMMERCIAL & WHOLESALE TRADE ETF (1629.JP)

Profile

Tracks the TOPIX-17 Commercial & Wholesale Trade Index, seeking to replicate the performance of its constituent stocks.

■ Exposure to Japan's Major Trading Houses

The ETF focuses on Japan's five major trading houses, including Mitsubishi Corporation, Mitsui & Co., and Itochu. The top five holdings account for about 78% of the portfolio.

■ Unique Business Model

Japan's trading houses are not traditional trading firms but industrial orchestrators spanning resources, energy, infrastructure, and consumer sectors. Their diversified model makes them a unique investment proxy for Japan's broader economy.

■ Improving Economic Fundamentals

Japan's macro fundamentals are strengthening, with upgrades in private consumption, corporate investment, and government spending. Solid domestic demand continues to support the economic recovery.

Inception	2008/3/21	AUM	JPY ¥28.03 bln
ETF Category	Equities	Holdings	129
Expense Ratio	0.352%	3Y SD (Ann.)	18.43%

Sectors



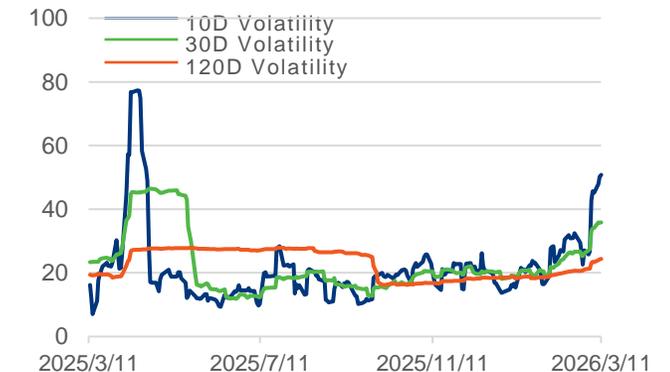
Top-5 Holdings (%)

Mitsubishi Corp	24.36
Mitsui & Co	20.09
Itochu Corp	16.36
Marubeni Corp	9.76
Sumitomo Corp	8.08

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 11 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-5.76	17.33	18.20	79.02	158.64	284.86

Source: Bloomberg

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Global X Japan Semiconductor ETF (2644.JP)

Profile

Tracks the FactSet Japan Semiconductor Index, aiming to replicate the performance of its constituent stocks.

Focus on Japan's Semiconductor Value Chain

The index covers chip manufacturing, semiconductor materials, and equipment, providing exposure across the full industry value chain. Japan's government-backed 2030 semiconductor strategy further supports the sector, making the ETF suitable for investors seeking thematic exposure.

Concentrated Portfolio

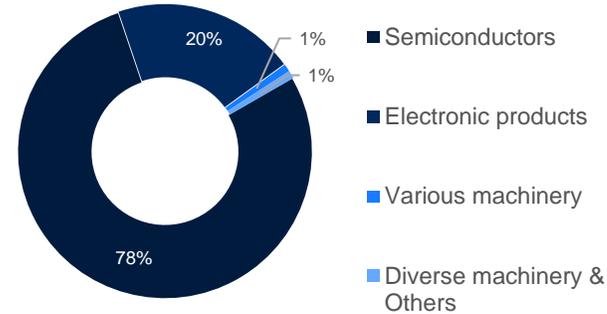
Holdings are concentrated in semiconductor-related companies, targeting firms with strong growth potential. The top 10 holdings account for over 76% of the portfolio.

Large AUM and Strong Liquidity

The ETF manages more than JPY 50bn in assets, with strong trading volume and liquidity, appealing to investors seeking capital growth.

Inception	2021/9/24	AUM	JPY ¥53.796 bln
ETF Category	Equities	Holdings	38
Expense Ratio	0.649%	3Y SD (Ann.)	36.72%

Sectors



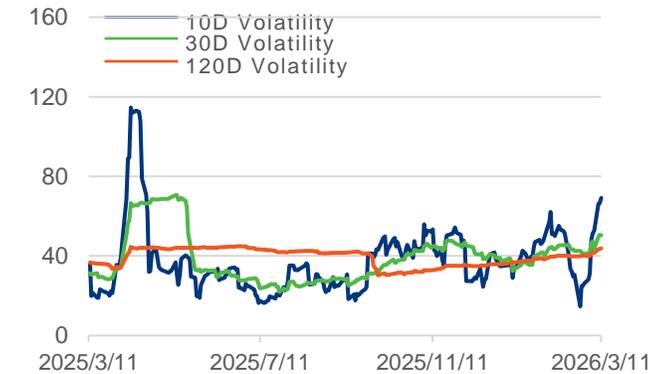
Top-5 Holdings (%)

Disco Corp	11.10
Advantest	10.37
Lasertec	10.05
Renesas Electronics	9.39
Tokyo Electron	9.02

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 11 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-3.98	25.23	23.33	90.28	163.77	-

Source: Bloomberg

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Bonds

Eurozone Financials Deliver Stable Earnings; Lock in Yield via Short- to Mid-Term Bonds

▶ **BACR 4.476 11/11/2029 (Barclays) (USD)**▶ **BACR 3.543 08/14/2031 (Barclays) (EUR)**

- Barclays operates a diversified business model with a large investment banking franchise. Its broad geographic and business exposure supports improving profitability and a solid capital position. The bank is also a leading player in UK retail and corporate banking, typically holding 10–20% market share in key products.
- Asset quality remains strong and capital ratios are solid. As of end-2025, Stage 3 loans accounted for only 1.73% of total loans, down from a peak of 2.6% at end-2020. The group reported a CET1 ratio of 14.3%, above market expectations of 13.9%, and targets a range of 13–14%.
- In 4Q25, Barclays delivered results above expectations, with pre-tax profit of GBP 1.86bn versus GBP 1.76bn forecast. Revenue from fixed income, FX & commodities, and equities all beat consensus. The bank targets a return on tangible equity above 12% in 2026 (vs. 11.41% in 2025), supported by stronger investment banking and improving performance in its U.S. consumer banking unit.

Product	BACR 4.476 11/11/2029 (Barclays) (USD)	BACR 3.543 08/14/2031 (Barclays) (EUR)
ISIN	US06738EDD40	XS3069319468
Features	Barclays has strong asset quality and a solid capital ratio. The company's performance in Q4 2025 exceeded market expectations.	
Maturity Date	2029/11/11	2031/8/14
Next Call Date	2028/11/11	2030/8/14
Coupon (%)	Float/4.476/Semi-annual	Float/3.543/Semi-annual
Currency	USD	EUR
Years to Maturity	3.67	5.41
Credit Rating (Moody's/Fitch/ S&P)	Baa1/A/BBB+	Baa1/A/BBB+
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	4.32/4.17	3.37/3.31

Source: Bloomberg

Barclays (BACR 4.476 11/11/29)

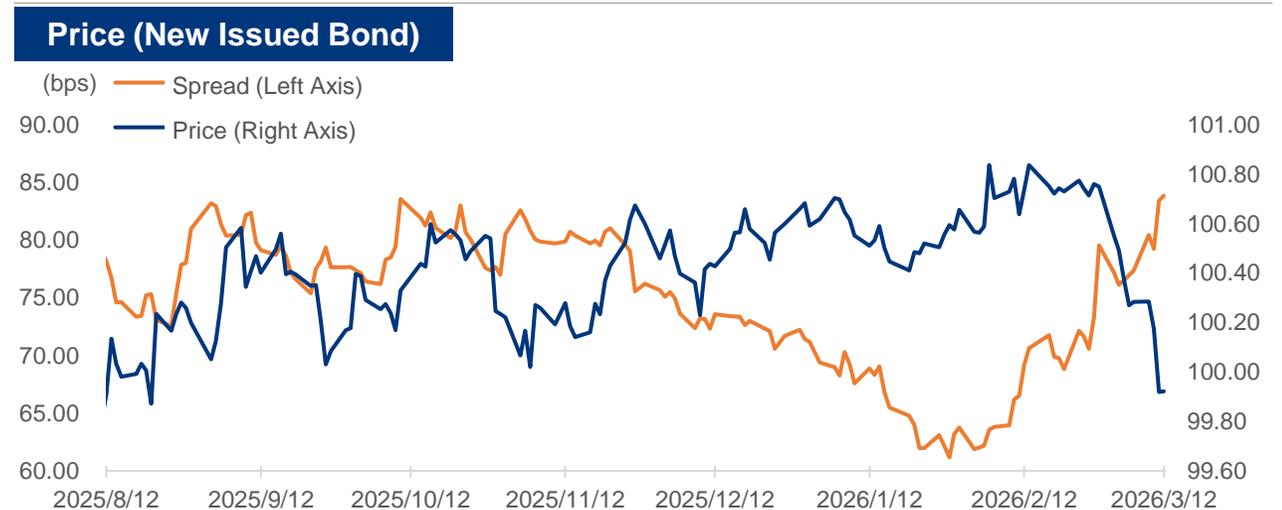
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Financials	2025Q2	2025Q3	2025Q4
CET1 Ratio (%)	14.00	14.10	14.30
Return on Tangible Equity (%)	11.55	11.22	11.41
NPLs/Total Assets	0.45	0.46	0.49

Source: Bloomberg

Overview			
Name	BACR 4.476 11/11/29	ISIN	US06738EDD40
Maturity Date	2029/11/11	Remaining Maturity	3.67
Coupon(%)	Float/4.476/Semi-annual	YTM/YTC(%)	4.32/4.17
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa1/A/BBB+	Seniority	Senior Unsecured



Barclays (BACR 3.543 08/14/31)

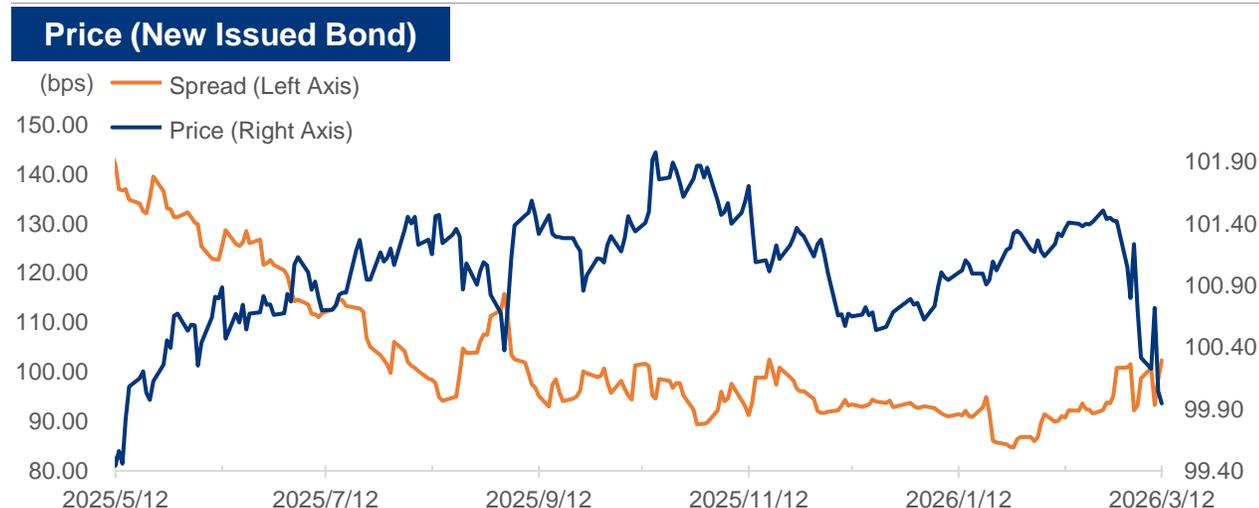
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Financials	2025Q2	2025Q3	2025Q4
CET1 Ratio (%)	14.00	14.10	14.30
Return on Tangible Equity (%)	11.55	11.22	11.41
NPLs/Total Assets	0.45	0.46	0.49

Source: Bloomberg

Overview			
Name	BACR 3.543 08/14/31	ISIN	XS3069319468
Maturity Date	2031/8/14	Remaining Maturity	5.41
Coupon(%)	Float/3.543/Semi-annual	YTM/YTC(%)	3.37/3.31
Currency	EUR	Min. Subscription/ Increment	100,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa1/A/BBB+	Seniority	Senior Unsecured



Appendix

Key Economic Data / Events

► MAR 2026

9

Monday

- China Feb CPI YoY
(Act:1.3% Est:0.9% Prev.:0.2%)
- Eurozone Mar Sentix Investor Confidence
(Act:-3.1 Est:-3.0% Prev.:4.2%)

10

Tuesday

- U.S. Feb Existing Home Sales
(Act:4.09m Est:3.88m Prev.:4.02m)
- Japan 4Q GDP Annualized QoQ Final
(Act:1.3% Est:1.0% Prev.: -2.6%)
- Japan Feb Machine Tool Orders YoY Prelim
(Act:24.2% Prev.:25.3%)

11

Wednesday

- U.S. Feb CPI YoY
(Act:2.4% Est:2.4% Prev.:2.4%)
- U.S. Feb Core CPI YoY
(Act:2.5% Est:2.5% Prev.:2.5%)
- Japan Feb PPI YoY
(Act:2.0% Est:2.2% Prev.:2.3%)

12

Thursday

- U.S. Initial Jobless Claims
(Act:213k Est:215k Prev.:214k)
- U.S. Jan Housing Starts
(Act:1,487k Est:1,341k Prev.:1,387k)

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:54.8 Prev.:56.6)
- U.S. Jan JOLTS Job Openings
(Est:6,750k Prev.:6,542k)

16

Monday

- U.S. Feb Industrial Production YoY
(Est:0.1% Prev.:0.7%)
- Nvidia GTC 2026 (Mar 16–19)

17

Tuesday

18

Wednesday

- U.S. Feb PPI YoY
(Prev.:2.9%)
- U.S. Jan Durable Goods Orders MoM Final
(Prev.: -1.4)
- Eurozone Feb CPI YoY Final
(Est:1.9% Prev.:1.7%)

19

Thursday

- U.S. Initial Jobless Claims
(Prev.:213k)
- U.S. Mar Fed Funds Rate
(Est:3.75% Prev.:3.75%)
- Japan Mar BoJ Uncollateralized Overnight Call Rate
(Est:0.75% Prev.:0.75%)
- UK Mar BoE Bank Rate
(Est:3.75% Prev.:3.75%)
- Eurozone Mar ECB Main Refinancing Rate
(Est:2.15% Prev.:2.15%)

20

Friday

- Taiwan Feb Export Orders YoY
(Prev.:60.1%)

Source: Bloomberg

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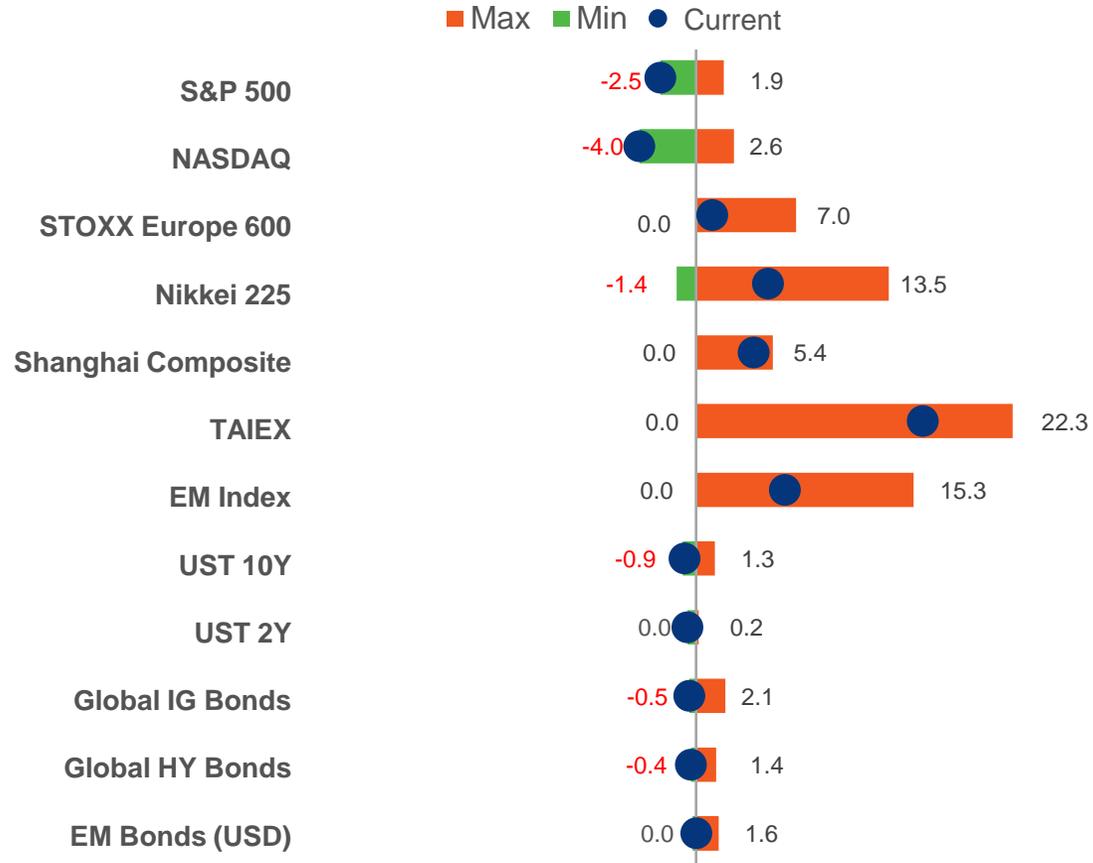
26

Key Earnings Releases

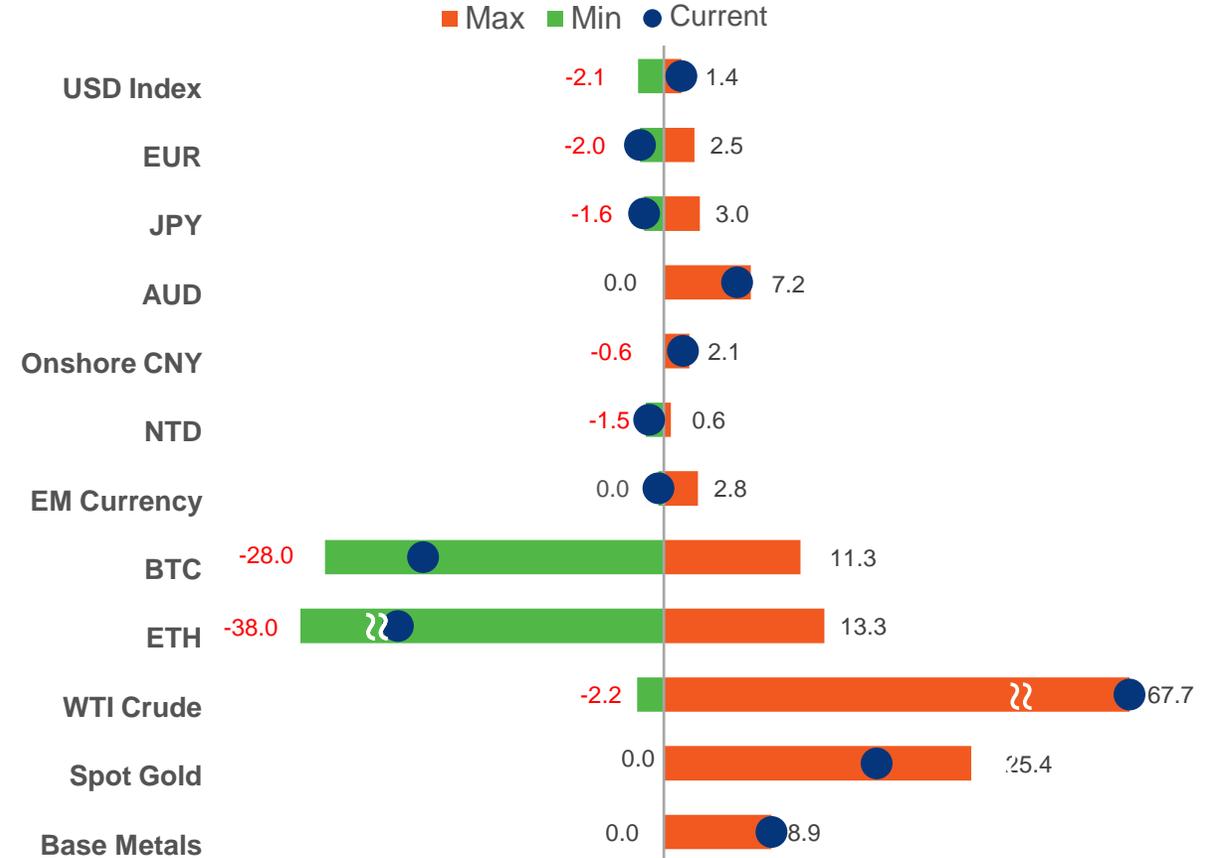
Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2026/3/10	Oracle Corporation (ORCL)	16.92B	17.20B	1.70	1.79	V	V
2026/3/13	Adobe Inc. (ADBE)	6.28B	6.40B	5.86	6.06	V	V

Major Market / Asset YTD Performance

Equities & Bond Markets 2025 Performance (%)

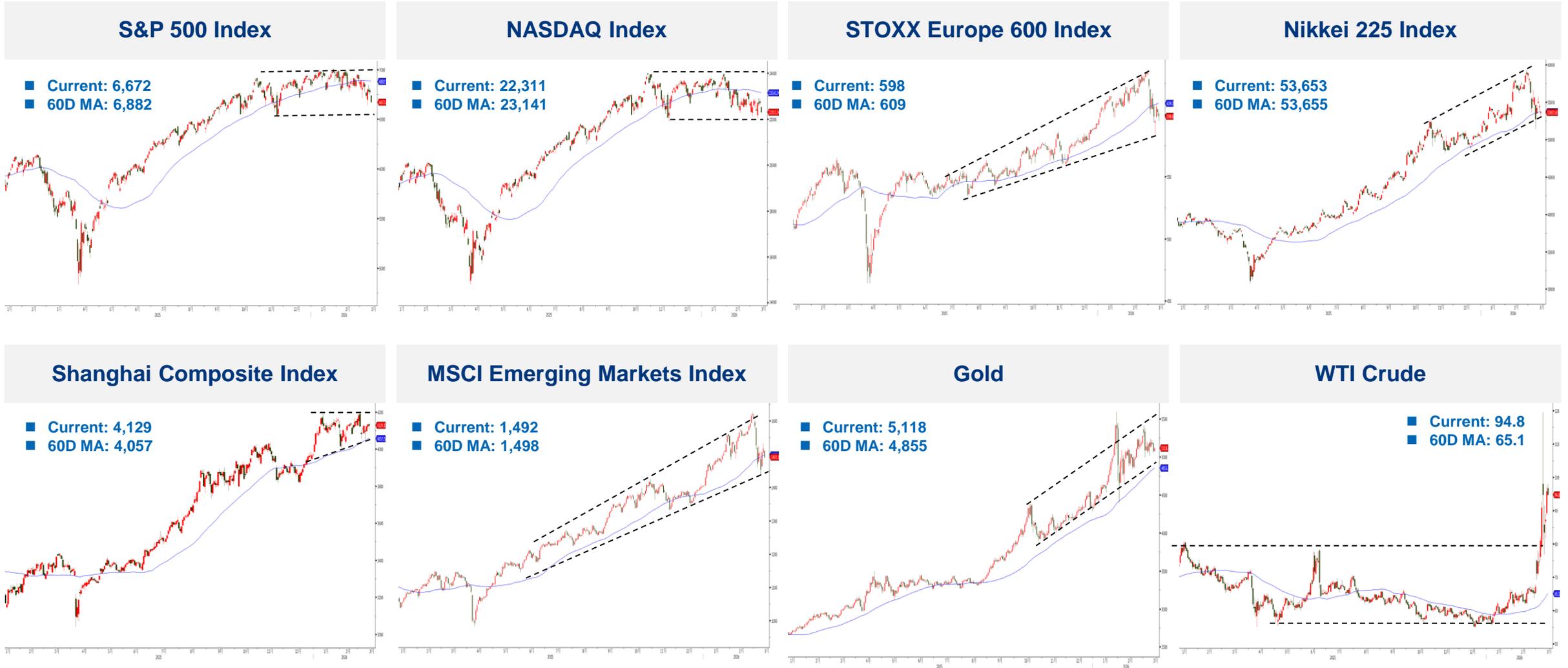


Currencies and Commodities Market 2025 Performance (%)



Source: Bloomberg

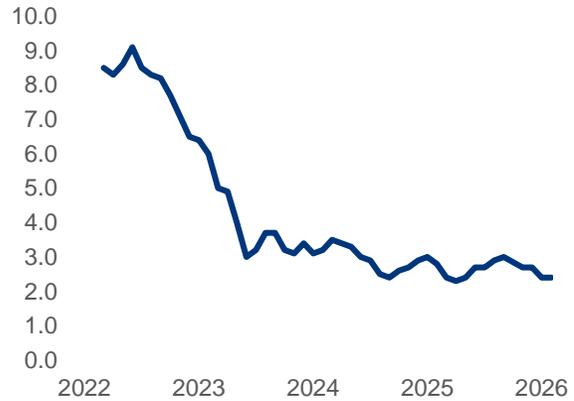
Technical Analysis



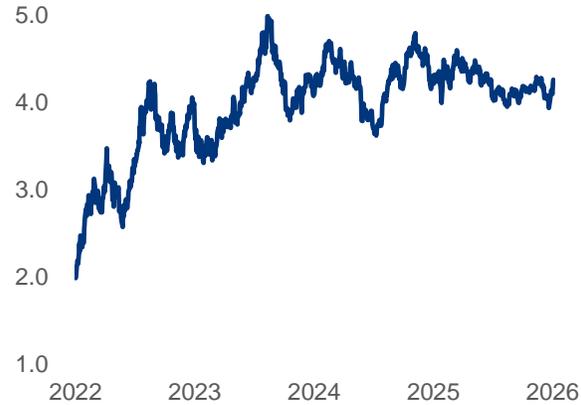
Source: Bloomberg

Market Monitor

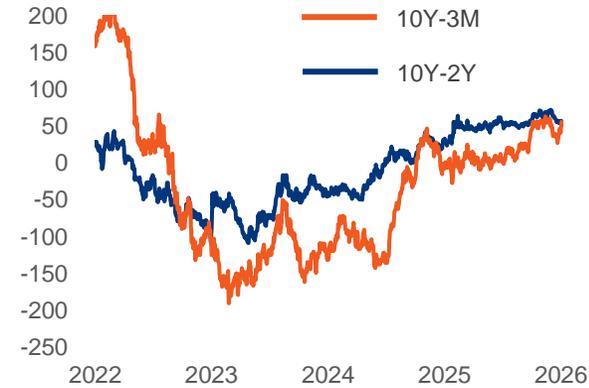
U.S. CPI YoY (%)



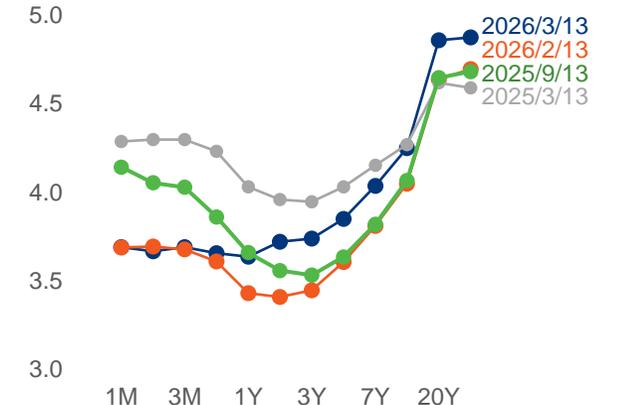
U.S. 10-Year Treasury Yield (%)



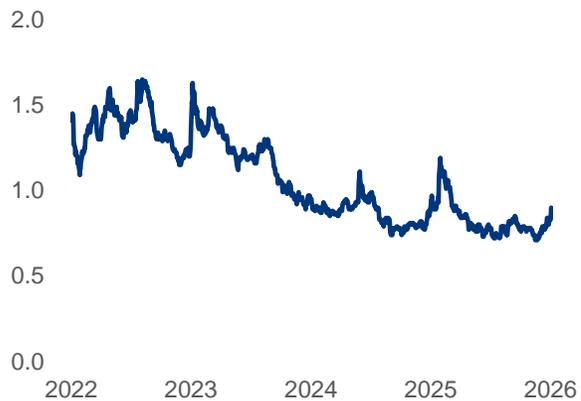
U.S. Treasury Yield Spread (bps)



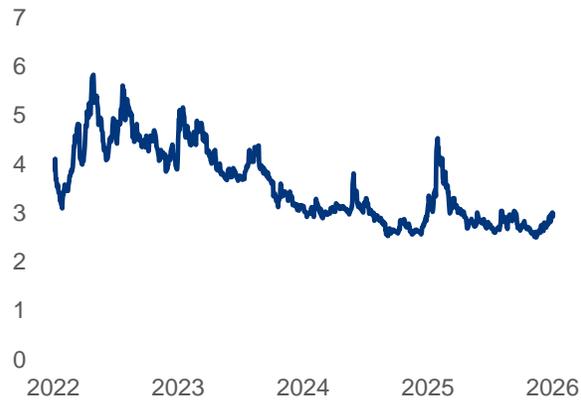
U.S. Treasury Yield Curve (%)



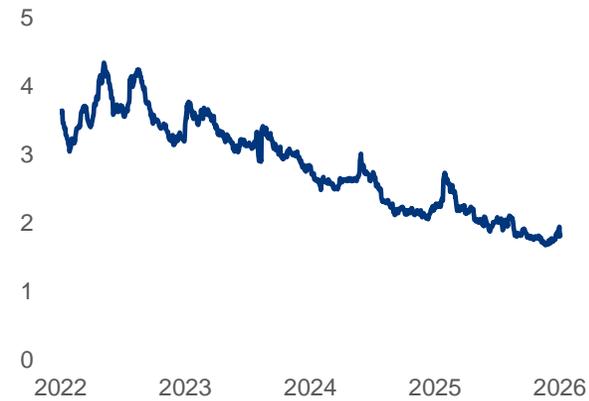
USD IG Credit Spread (%)



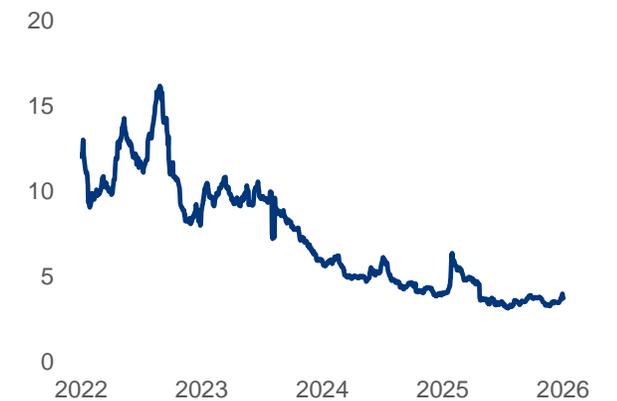
USD HY Credit Spread (%)



USD EM Credit Spread (%)



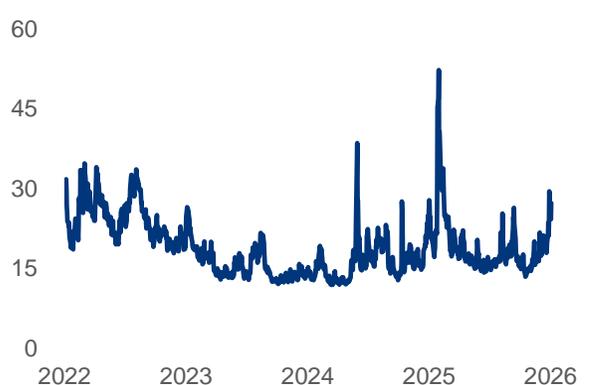
USD Asia Credit Spread (%)



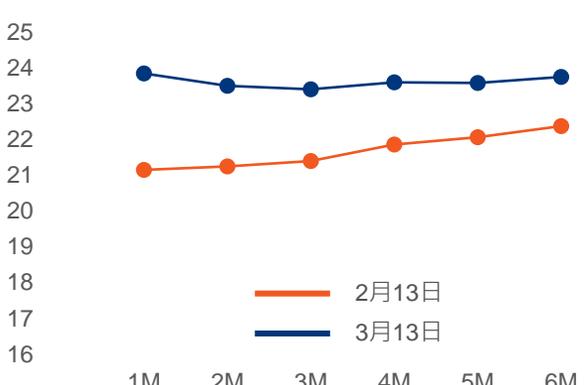
Source: Bloomberg

Market Monitor

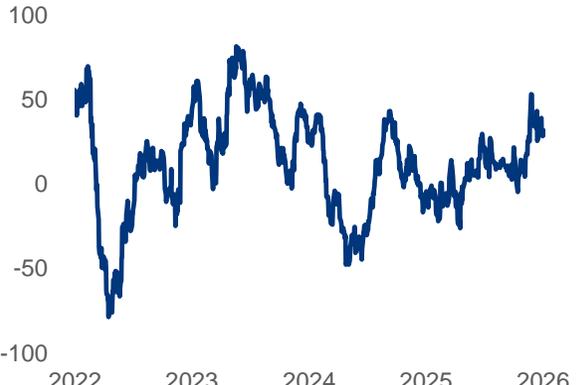
VIX Index



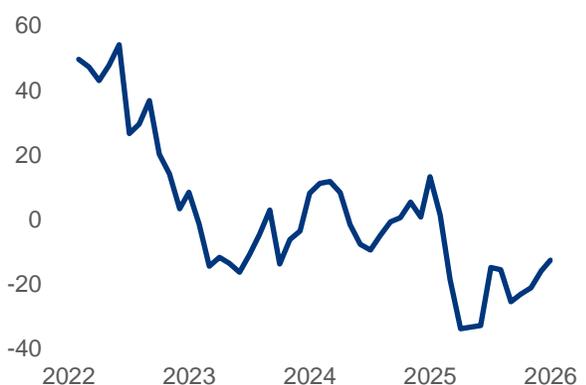
VIX Term Structure



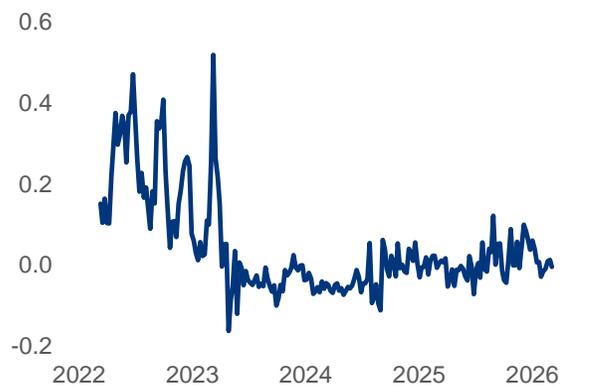
U.S. Citi Economic Surprise Index*



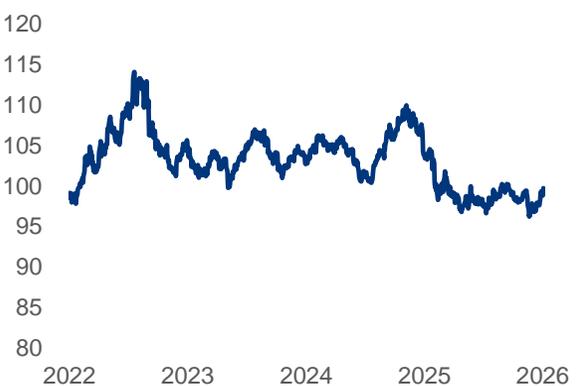
U.S. Citi Inflation Surprise Index*



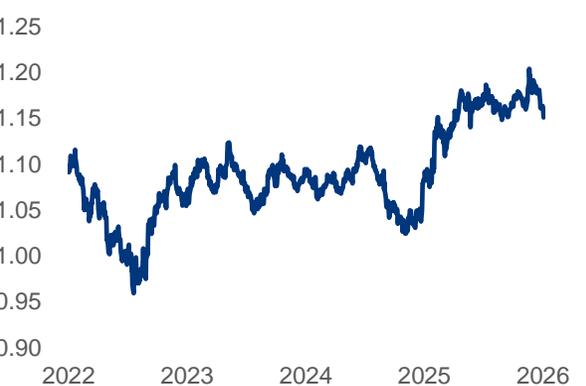
TED Spread (bps)



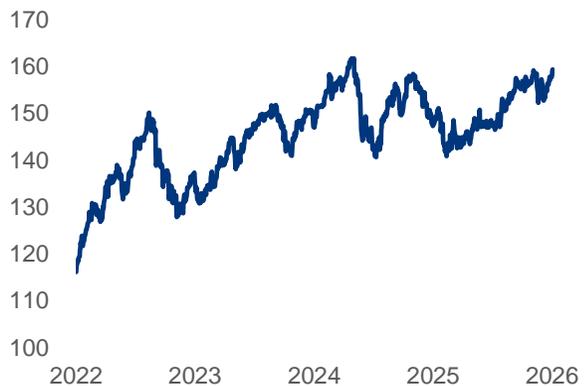
U.S. Dollar Index



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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