CIO Office

Global Markets Weekly Kickstart

Prioritize Defense Amid Rising War!

23 March 2026

01 CIO Insights

A War of Fear

02 Chart of the Week

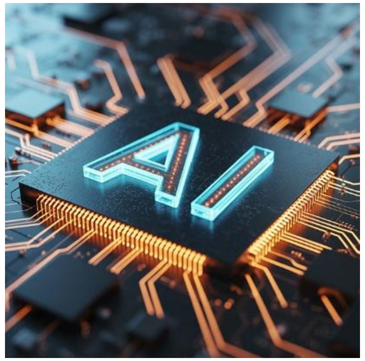
Inflation Expectations Rise, Central Bank Shifts to Cautious Monetary Easing

03 Market Recap

Strait of Hormuz Partially Reopened, Oil Prices Surge and Markets Fluctuate

04 What's Trending

GTC Conference and Sustained AI Demand Keep Hardware in Focus



05 In Focus

Geopolitical Risks Intensify Financial Market Volatility, Defensive Stocks Prove Steadier

06 Product Spotlight

Selection of HK, U.S., Taiwan Equities, Bonds and Funds/ETFs

KGI

CIO Insights A War of Fear

▶ Risk Appetite Drops as Funding Cost to Stay High

Even without the War in Middle East, the inflation measures in the US has been stickily above the Fed's 2% target. Now that the spike in oil price is adding to the inflationary pressure, the market expectation for Fed's rate cut in 2026 has fallen significantly. "Growth" has been the key themes of investing in the US market but that was buoyed by the expectation of Fed's easing will continue to generate excess liquidity in the market. When liquidity is abundant, this drives multiple re-rating.

▶ Avoid "Growth" And Expensive Valuation

When the uncertainty on the Fed's easing direction is still high, we prefer value over growth. We also prefer the IG corporate debts to the government debts and private credit. The longer the war in the Middle East drags on, the more it will add to the burden on the government fiscal budget. We prefer Asia to the US. The US is in the Centre of focus under the current rise in geopolitics tension and the high valuation of the market will make it relatively more vulnerable. Asia is still trading at a substantial discount to the US.

There Is a Perceived "Growth" in Gold From De-Dollarization

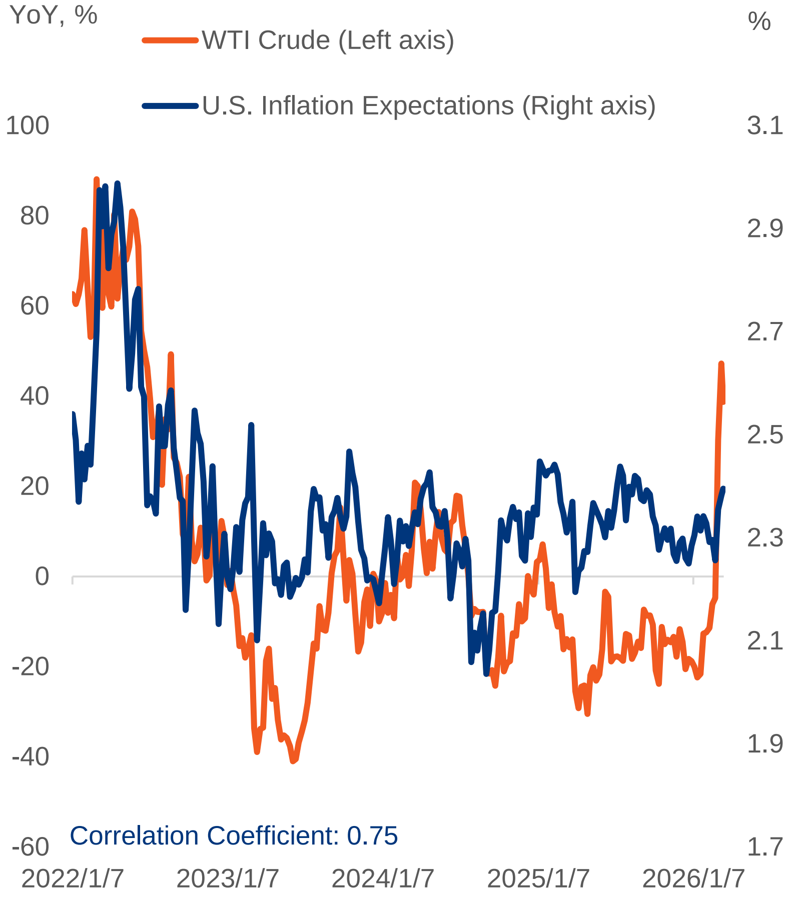
Gold Price Will Also Be Subject to the Same Investment Rules, e.g., Funding Costs, Leverage Etc…

Source: Bloomberg, KGI

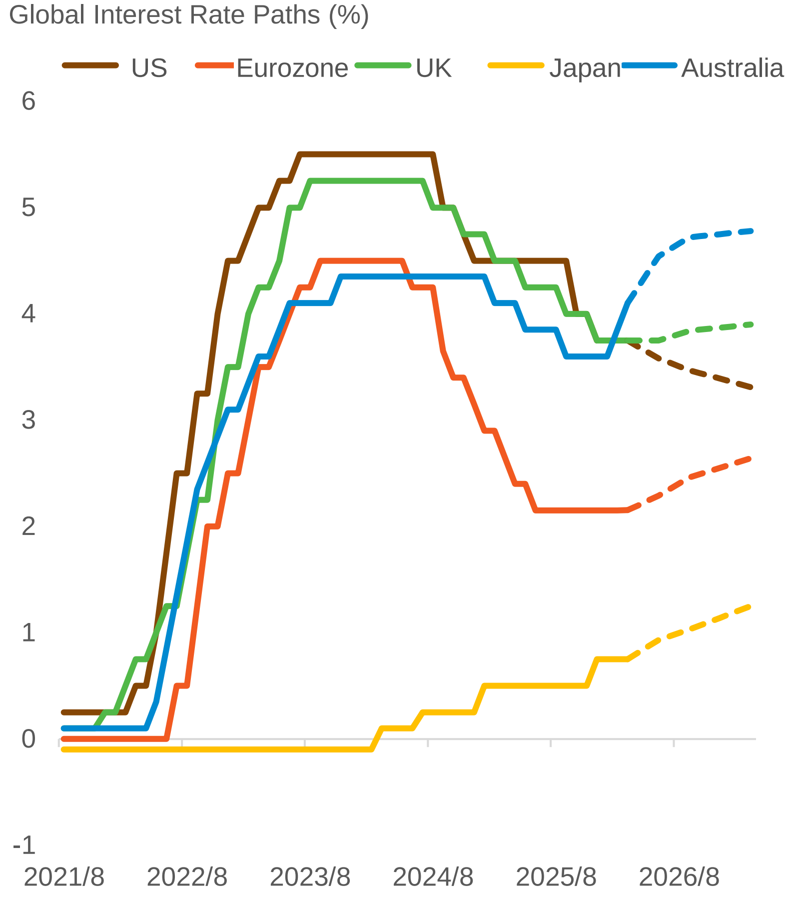
Chart of the Week Inflation Expectations Rise, Central Bank Shifts to Cautious Monetary Easing

- Inflation expectations in major economies have risen amid Middle East geopolitical tensions and higher oil prices. In the United States, the correlation between inflation expectations and the annual growth rate of oil prices has reached 0.75, highlighting oil's direct impact. The Reserve Bank of Australia (RBA), noting that domestic output is near capacity limits and that service and housing costs remain elevated alongside rising fuel prices, raised its policy rate from 3.85% to 4.10% at its March meeting—marking a second consecutive hike. Markets expect further tightening in May, as oil price shocks may spill over into the real economy.
- Central banks face the dual challenge of inflationary pressure and slowing growth. In March, monetary policy meetings across Canada, the United States, the Eurozone, Japan, the United Kingdom, Switzerland, and Taiwan all opted to hold rates steady. However, markets anticipate at least one rate hike this year in the Eurozone, the UK, and Japan, while the Federal Reserve is narrowing its scope for rate cuts. This reflects a shift from dovish to more hawkish stances, with monetary easing paths turning cautious. Developments in the Strait of Hormuz and oil price movements remain short-term drivers. Rising inflation and interest rates are pushing global borrowing costs higher, exerting negative pressure on equity and bond markets. Short-term volatility in financial assets is expected to intensify.

Oil Prices Surge, Causing Inflation Expectations to Rise Rapidly



Markets Expect Central Banks to More Hawkish if Oil Stays High



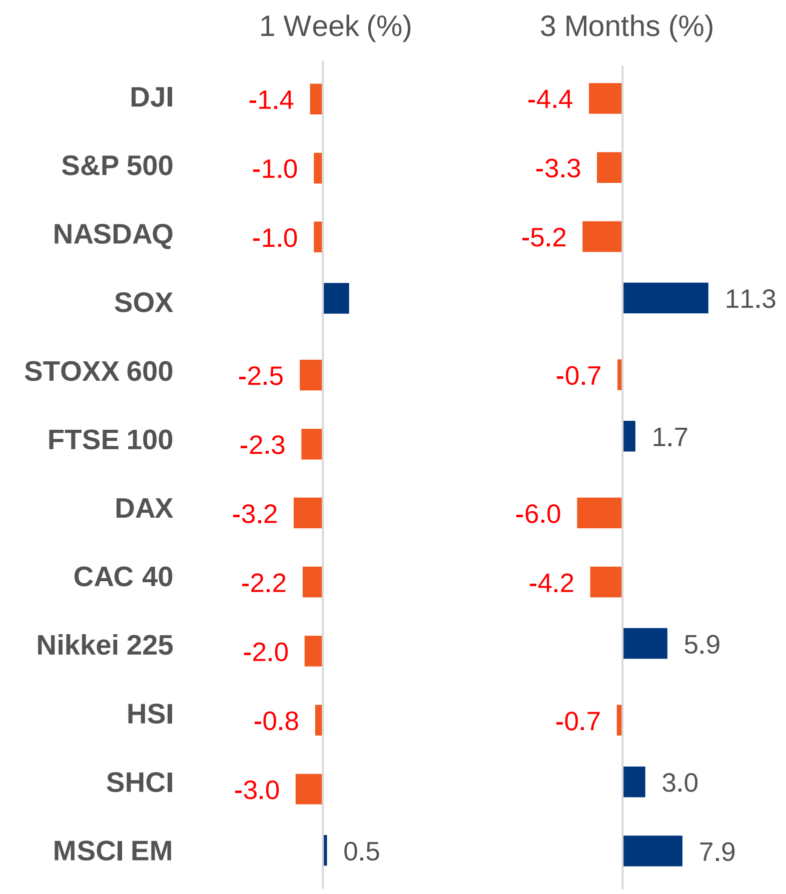
Source: Bloomberg, KGI

Market Recap

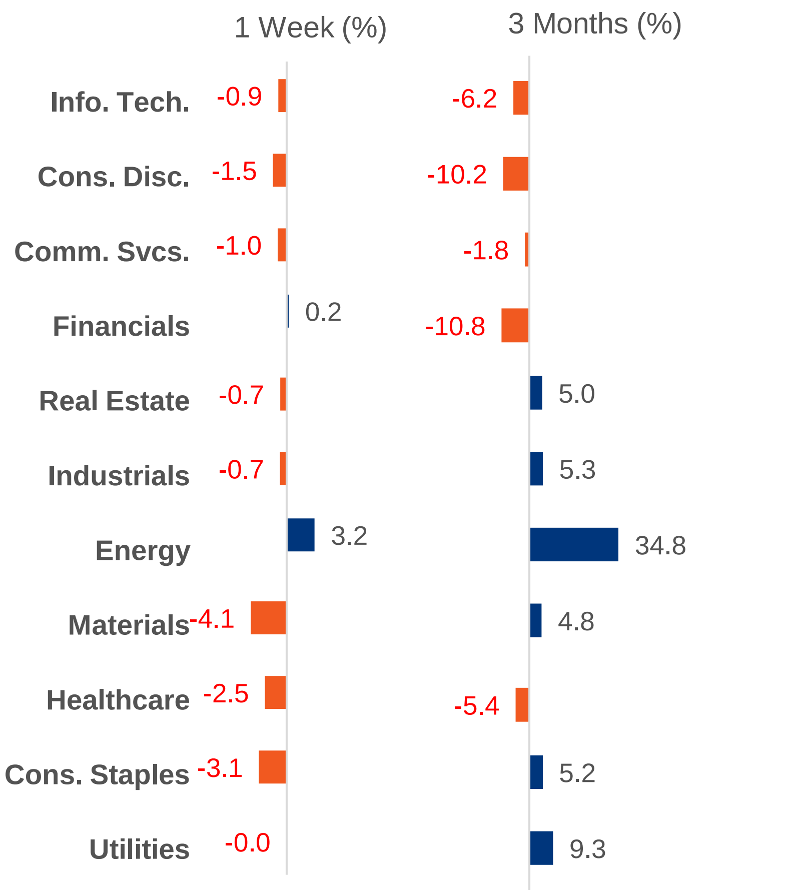
Strait of Hormuz Partially Reopened, Oil Prices Surge and Markets Fluctuate

- The Strait of Hormuz, through which 20% of global crude oil shipments pass, remains largely disrupted. Although Iran has allowed limited exports to countries such as China and India, the escalation of the U.S.–Israel–Iran conflict has intensified market volatility. Israel's strike on Iran's South Pars gas field—the world's largest—sent international oil and gas prices soaring. In retaliation, Iran attacked energy facilities in Gulf states, with no signs of easing tensions.
- In the United States, February's Producer Price Index (PPI) rose 3.4% year-on-year, above expectations of 3.0% and the prior 2.9%. On a monthly basis, PPI climbed 0.7%, the largest increase since July 2025, exceeding forecasts of 0.3% and the previous 0.5%. This highlights strong upstream cost pressures, raising concerns of worsening inflation and prompting the Federal Reserve to adopt a more cautious stance on monetary easing.
- At the GTC conference, NVIDIA CEO Jensen Huang delivered an upbeat outlook, projecting AI computing to reach trillion-dollar scale. Micron also reported strong earnings and guidance, raising 2025 capital expenditure plans from USD 20 billion to USD 25 billion, with further increases expected by 2027. However, technology stocks fell as U.S. bond yields rebounded. Elevated oil prices supported energy stocks, while defensive flows helped utilities remain stable.

Regional Index Performance (%)



U.S. Sector Index Performance (%)

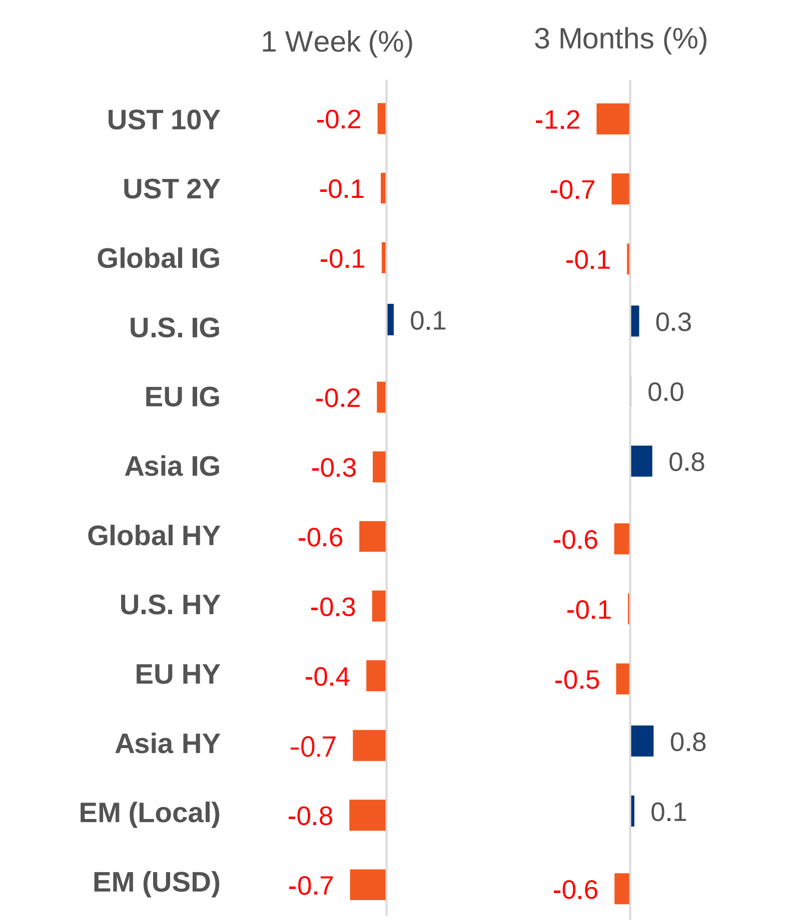


Source: Bloomberg

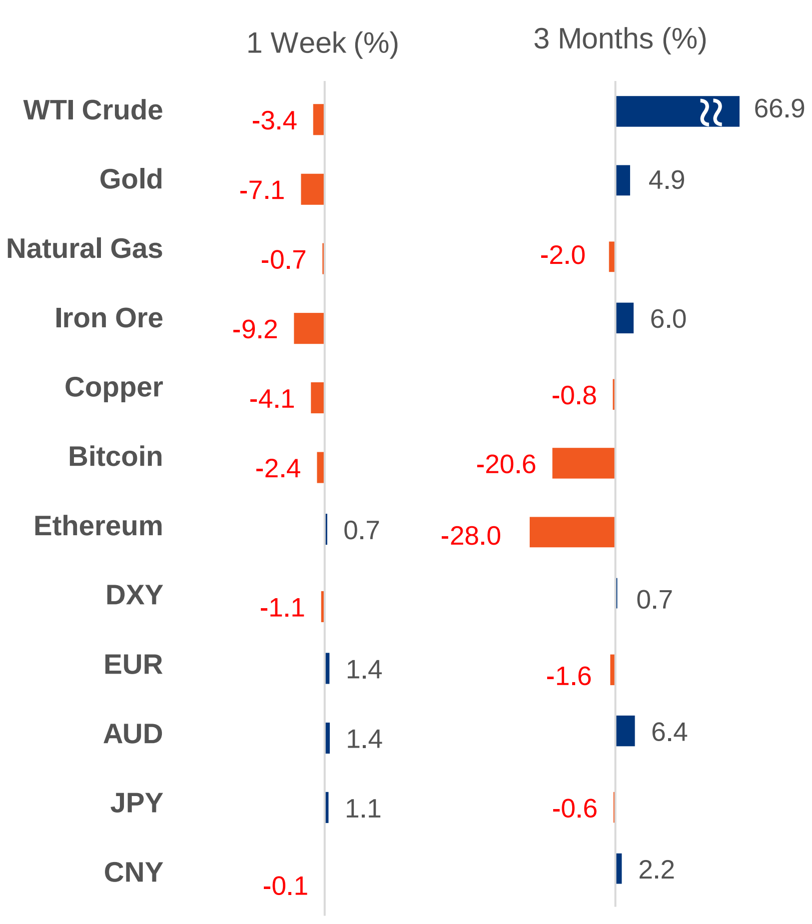
Reserve Bank of Australia Hikes Rates, Other Central Banks Turn Hawkish, Gold Slumps

- The U.S.–Israel–Iran conflict continues, keeping Brent crude above USD 100 per barrel. Markets expect high oil prices to intensify inflation risks, prompting central banks to adopt hawkish stances. As anticipated, the Federal Reserve held rates steady at 3.5–3.75%. Key points included: (1)Chair Jerome Powell noted Middle East tensions add uncertainty to the U.S. economy, emphasizing that rate cuts will not occur unless inflation declines. (2)Growth and inflation forecasts were revised upward, with core PCE inflation for this year raised from 2.5% in December to 2.7%, reflecting productivity gains. (3)Fewer officials now expect a rate cut this year, with the dot plot showing one cut each in 2026 and 2027.Rate futures suggest the Fed will not resume easing until next year, while U.S. Treasury yields and the dollar strengthened. The Bank of England and the European Central Bank also kept rates unchanged, signaling future moves will depend on war developments and oil prices.
- With Fed rate-cut expectations fading, stronger Treasury yields and a firmer dollar further pressured gold, which fell below USD 5,000 per ounce, while silver also dropped. The dollar index remained volatile, while the euro, Australian dollar, and yen stabilized. Bitcoin weakened in response to risk sentiment.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)

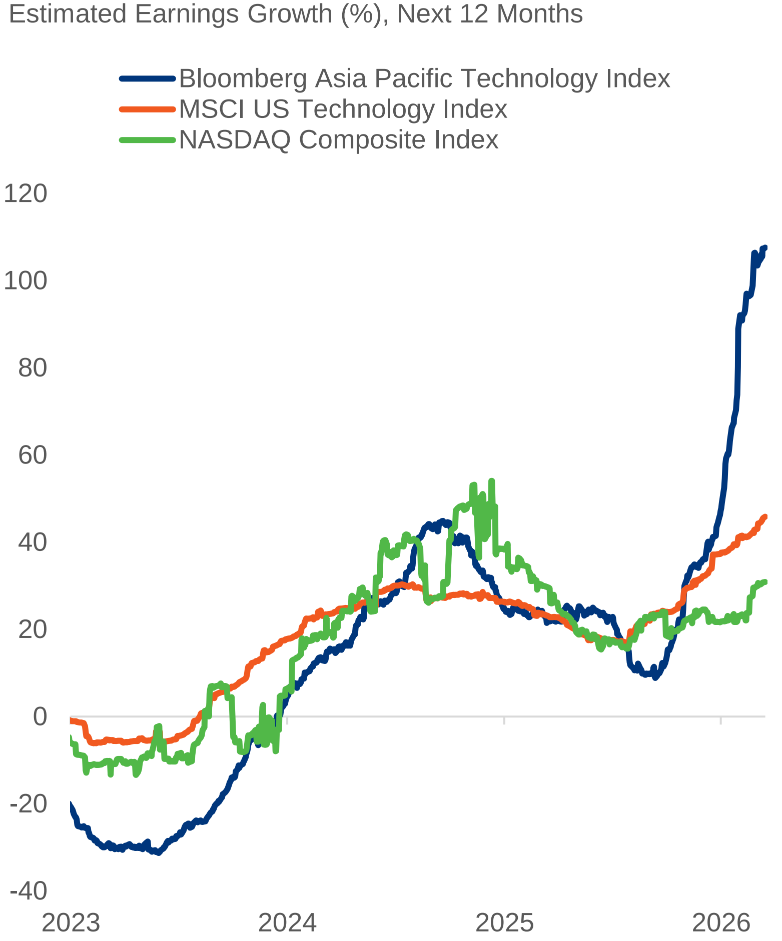


Source: Bloomberg

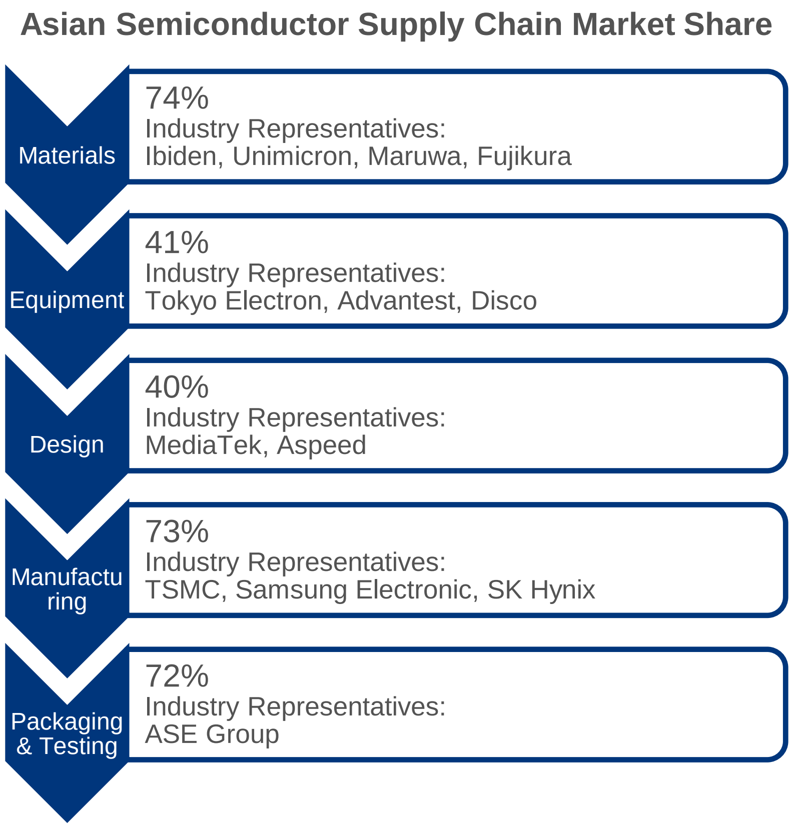
What's Trending NVIDIA GTC Conference Highlights Sustained AI Demand, Hardware in Focus

- NVIDIA's GTC conference opened with SK Group Chairman Chey Tae-won participating for the first time, emphasizing the importance of high-bandwidth memory (HBM) in the AI supply chain. He noted that global memory shortages are expected to persist until 2030, as the industry struggles to keep pace with demand growth. Companies tied to memory, such as SK Hynix and Samsung, generate revenues exceeding USD 200 billion—comparable to the profitability of fabless chip design firms like NVIDIA, AMD, and Broadcom.
- AI applications are reshaping markets, with demand remaining strong and industry growth accelerating. While the most effective business models in software and applications remain uncertain, hardware is indispensable. Asian technology firms hold significant market share in this segment of the supply chain, supported by heavy upfront investment and high entry barriers that make them difficult to replace.
- Markets project that Asian tech stocks could see earnings per share (EPS) double within the next year, outpacing U.S. tech stocks and the Nasdaq Index. With a forecasted price-to-earnings ratio of 13.7—lower than U.S. tech stocks at 22.2 and the Nasdaq at 24.6—valuations appear relatively reasonable, suggesting opportunities to accumulate positions during sector pullbacks.

Asian Tech Sector Growth Expected to Be Strong



Asian Tech Firms Hold Significant Share in AI Supply Chain



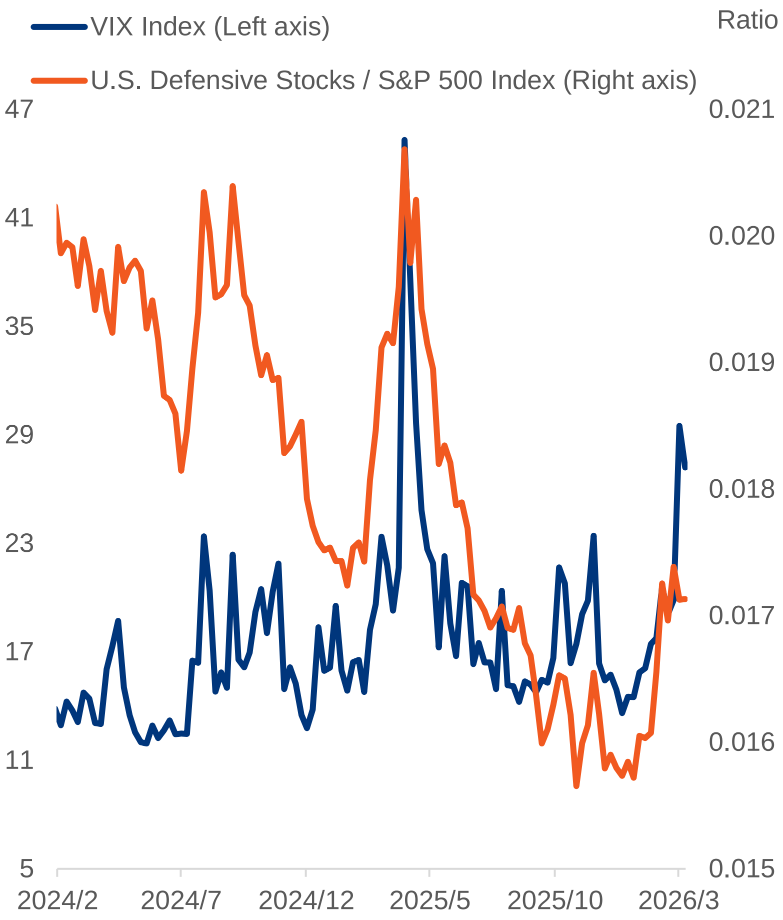
Source: Bloomberg, Wellington. The companies listed above are provided solely as examples and do not constitute any investment advice or recommendation.

In Focus

Geopolitical Risks Rise, Market Volatility Intensifies, Defensive Stocks Resist Turbulence

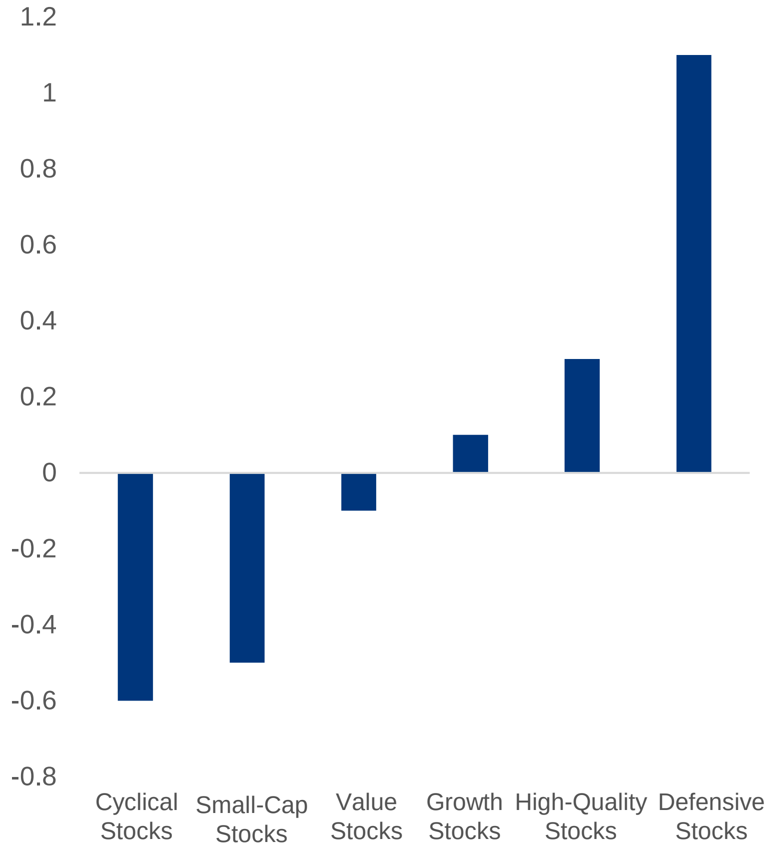
- The joint U.S.–Israel strike on Iran has heightened Middle East tensions, with Iran blocking the Strait of Hormuz and driving international oil prices sharply higher. Global equity markets plunged, while the VIX fear index spiked to its highest level since April last year, when Trump announced reciprocal tariffs, underscoring persistent market anxiety. Rising oil prices fueled inflation expectations, pushing government bond yields higher. High-valuation stocks such as technology names came under pressure as higher yields reduced the present value of future cash flows. Elevated rate expectations also weighed on assets like Treasuries and gold, diminishing their safe-haven appeal and redirecting capital toward defensive or low-volatility equities. Historically, when the VIX surges, defensive stocks tend to attract stronger investor demand relative to the broader market.
- Recent U.S. employment data showed declines, signaling a cooling labor market and a transition from expansion to slowdown. Sector rotation emerged as cyclical stocks underperformed defensive and high-quality equities. Defensive stocks are typically low-volatility, while high-quality names often feature stronger and more stable returns on equity (ROE), lower leverage, and robust cash flows. In times of market turbulence and economic uncertainty, these characteristics help them better withstand the risks of economic slowdown.

Financial Market Volatility Intensifies, Defensive Stocks Show Resilience



During Slowdowns, High-Quality and Defensive Stocks Outperform Broad Market

Median 3-Month Sector Returns vs Broad Market (%)

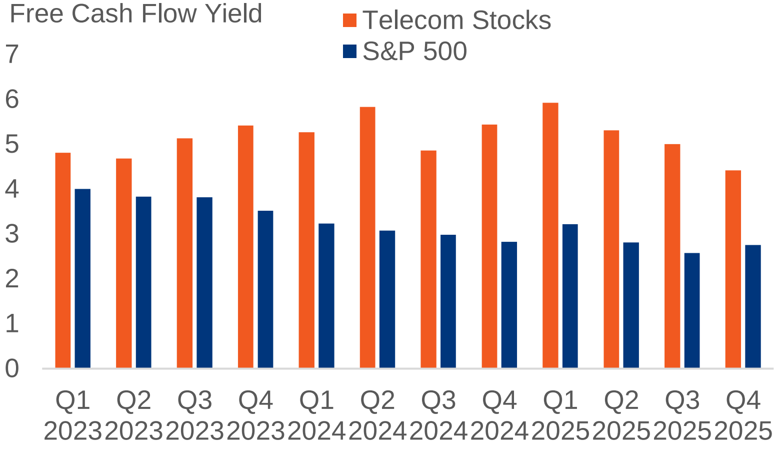


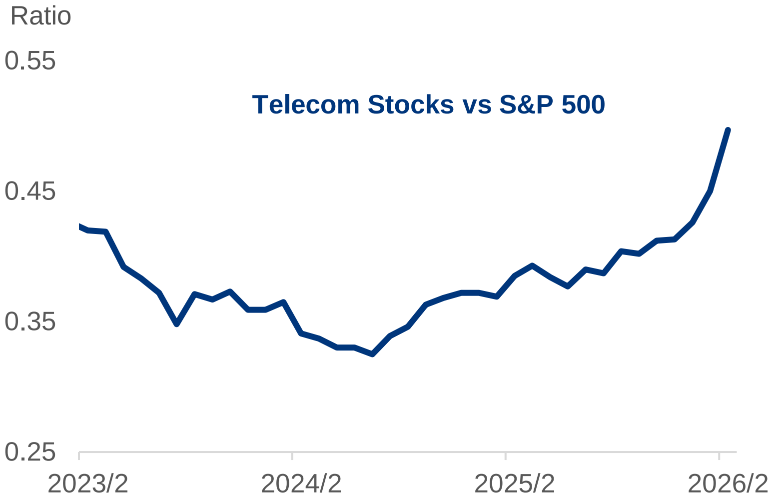
Source: Left chart – Bloomberg. Note: Defensive stocks are based on the Goldman Sachs U.S. Defensive Index, composed of low-volatility stocks. Right chart – KGI

Telecom and Utilities Provide Stable Demand, Less Exposed to Inflation and Cyclical Risks

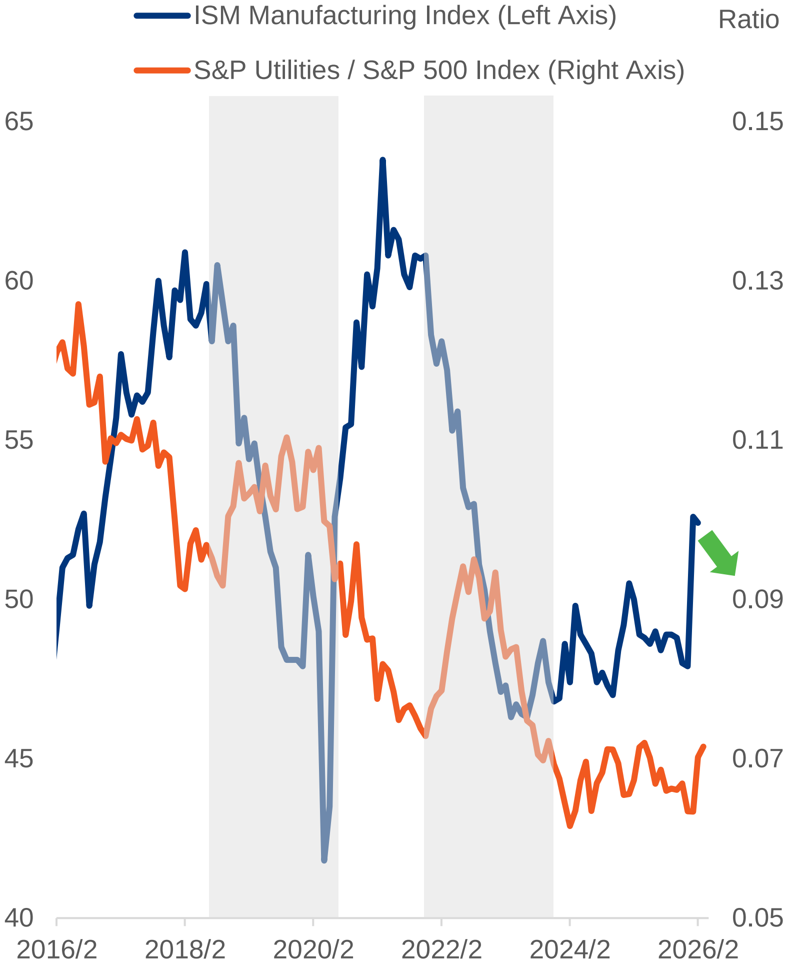
- Telecom and utility sectors share several key characteristics: (1)Stable cash flows regulated by policy and contracts, ensuring long-term revenue and profit resilience. (2)Defensive industry traits—when broad market earnings are revised down and capital gains become uncertain, their high dividend yields provide downside protection. The free cash flow yield of S&P telecom stocks is far higher than that of the S&P 500. In a global environment clouded by war and uncertainty, investors seek stable income and capital preservation, making telecom and utilities prime destinations for safe-haven flows.
- Looking ahead, if oil prices remain elevated into Q2, inflation risks could worsen, while rising costs and fuel shortages may slow growth or trigger recession. Although the U.S. ISM manufacturing index rebounded above 50 in February, sustained high oil prices could drag it back down. Historically, when ISM manufacturing PMI declines, utility stocks outperform the S&P 500. With Middle East tensions unlikely to ease soon, adding defensive sectors such as telecom and utilities remains a relatively resilient investment choice.

Telecom FCF Yield Exceeds Broad Market, Strong Stock Performance





Utilities Outperform S&P 500 When ISM Manufacturing Declines



Source: Bloomberg, Jefferies, KGI

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ Short-term inflation expectations are rising, coupled with elevated policy rates. With risks from higher production costs and equity valuation adjustments, U.S. equities are expected to remain volatile in the near term. Given the uncertain economic outlook and intensified swings, defensive, low-volatility, and high-quality stocks are recommended—such as consumer staples, healthcare, utilities, and telecom. A rotation back into AI-related themes (technology, communication services, consumer discretionary, and industrials) is suggested in the latter part of Q2. ◆ European and Japanese equities can serve as diversification priorities. Japanese stocks show stronger upside potential than European equities, led by value, banking, and semiconductor names, while trading houses with HALO themes also merit attention. The Eurozone economy faces structural low-growth constraints, with consumption and services as its main supports.	**Strategy:** Core allocation: large-cap high-quality stocks, defensive sectors (telecom, utilities). Long-term positioning: AI themes (technology, semiconductors, machinery). Non-AI focus: aerospace, defense, value stocks. **Regions**: Japanese banking & semiconductor stocks, German equities, U.K. equities
Bonds	◆ The U.S. economy remains resilient, though geopolitical tensions are pushing short-term inflation expectations higher, reducing the scope for rate cuts. Until oil prices and geopolitical risks ease, U.S. Treasury yields may rise in Q2. High-rated corporate bonds offer stronger credit quality and defensive characteristics. Investors can take advantage of rate rebounds by positioning in medium-term bonds, focusing on sectors with attractive risk-adjusted spreads such as financials, technology, communications, utilities, industrials, and energy. ◆ The U.S. dollar is likely to stay firm in the short term, but long-term depreciation concerns persist. Non-U.S. currency bonds—such as euro- and Australian dollar-denominated investment-grade debt—can help diversify risk. Emerging markets, with improving fundamentals, also present opportunities to lock in yields through high-coupon EM bonds.	**Types:** Medium-term high-quality credit for income locking; preferred sectors include financials, industrials, and utilities. **Satellite Allocation:** Non-USD bonds for diversification.
Forex	◆ Geopolitical uncertainty continues to drive oil prices higher, while major central banks remain cautious. The U.S. dollar is firm in the short term, but medium- to long-term depreciation risks persist. ◆ In Q2, the dollar is expected to stay elevated, while the renminbi may strengthen relatively.	**USD:** short-term strength, mild medium- to long-term depreciation. **JPY&EUR:** Range-bound **CNY:** bias toward appreciation
Commodity	◆ Gold faces short-term pressure from a stronger U.S. dollar and rising Treasury yields. However, geopolitical risks triggered by Trump, competition among major powers for strategic resources, and tariff-driven market uncertainty continue to support gold's allocation value. Medium- to long-term outlook remains positive, with opportunities to accumulate positions gradually on sharp pullbacks.	**Gold:** medium- to long-term bullish, accumulate positions gradually on sharp pullbacks.

Product Spotlight | HK Equities

"War of Fear" Intensifies, Focus on Defensive Sectors

► "War of Fear" Intensifies

As geopolitical tensions escalate, market sentiment has shifted from "hot war" to a "war of fear." Rising U.S. Treasury yields and persistent dollar strength have significantly increased global liquidity risks. In this high-volatility environment, assets with stable cash flows and low oil dependency have become safe-haven choices. Investors should prioritize reasonably valued sectors with localized business exposure and limited direct geopolitical impact, seeking capital preservation amid turbulence.

► Rates Elevated, Oil Volatile

Geopolitically driven oil price increases are fueling inflation expectations, slowing the pace of U.S. rate cuts. In a "higher for longer" rate environment, capital is rotating away from liquidity-dependent, high-valuation growth stocks toward assets offering certainty of returns. High-dividend stocks stand out: stable payouts provide tangible cash flow to buffer price volatility, while leading companies with strong free cash flow and net cash positions serve as ideal safe harbors as rate-cut expectations fade.

► Telecom Sector as Shield

High-quality telecom leaders, with exceptional financial resilience, are now central to defensive positioning. Their strong margins provide ample cushion against policy-driven costs or tax changes. As classic "cash cows," these assets deliver expected dividend yields above 7%, offering solid price support. Meanwhile, the sector is accelerating "AI+" and 5G-A integration, deploying intelligent computing infrastructure. This not only offsets risks from slowing traditional telecom services but also grants telecom leaders a unique "offense within defense" advantage.

US 10Y Yield vs HSI Index

Green: Hang Seng Index (Right Axis)
Blue: U.S. 10-Year Treasury Yield (Left Axis)

Source: Bloomberg

China Mobile (941)

Closing Price HK $79.8 **Target Price** HK $87

Providing telecommunications and information services across 31 provinces, autonomous regions, municipalities in mainland China, and Hong Kong.

Exceptional Financial Resilience and Strong Shareholder Returns

China Mobile demonstrates the strongest defensive capability and earnings protection within the telecom sector, making it a prime defensive choice for value investors. Facing policy challenges such as higher telecom VAT, China Mobile's net margin of 15.9% limits profit pressure to only about 9%, far below the negative impact on peers China Unicom and China Telecom, underscoring its buffer capacity. Beyond stable profitability, the company rewards shareholders with generous dividends. Based on 2026 forecasts, China Mobile's dividend yield reaches 7.4%, the highest among the three major telecom operators. Management has committed to maintaining a payout ratio above 75%. This combination of robust cash flow and consistent dividend growth makes China Mobile a classic "cash cow," offering investors a solid margin of safety in volatile markets.

AI-Driven Strategic Transformation

Through its "AI+" strategy, China Mobile is transforming from a traditional telecom operator into a technology leader, adding offensive momentum to its defensive profile. At MWC 2026, the company launched the world's first 100T intelligent computing router, overcoming inefficiencies in long-distance high-speed data transmission. This innovation enables geographically dispersed intelligent computing centers to collaborate, addressing the bottlenecks of single data centers constrained by power, space, and cooling. This positions China Mobile at the forefront of infrastructure for future AI development, highlighting its competitive edge.

Structural Transformation Opportunity and Capital Protection Value

Currently trading at around 10x P/E, China Mobile's strong free cash flow and net cash position provide a high margin of safety. With a target price of HK$87, the stock offers roughly 10% upside from current levels. Combined with a 7% dividend yield, total expected return reaches 17%. With leading computing infrastructure deployment and high dividend support, China Mobile is a core recommendation that balances structural transformation opportunities with capital preservation.

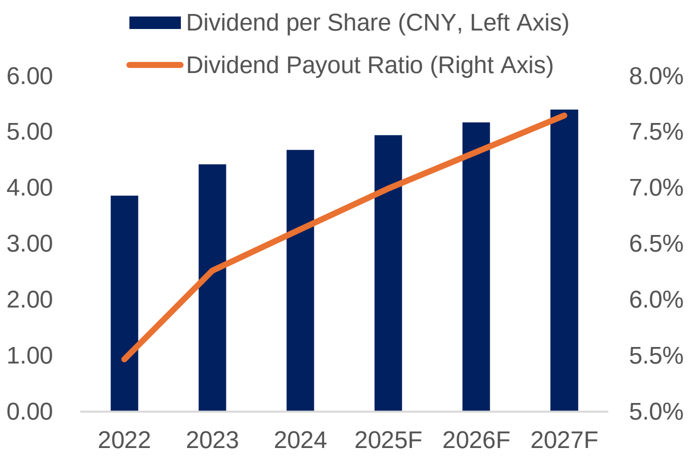
Source: Bloomberg

Financials

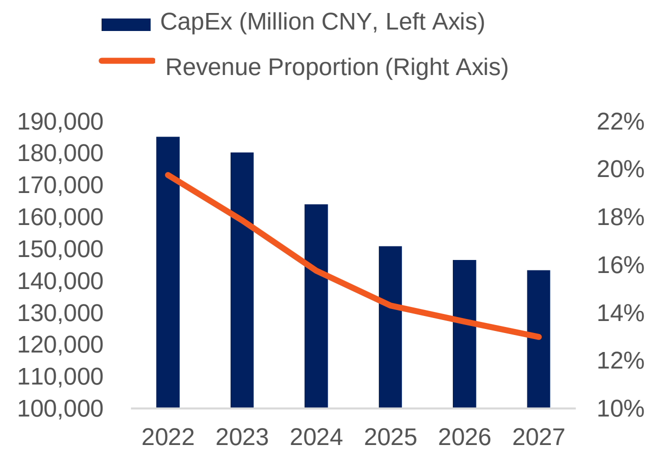
	2022	2023	2024	2025F	2026F
Revenue (CNY b)	937	1,009	1,040	1,055	1,075
Revenue YoY	10.5	7.7	3.1	1.4	1.9
EPS (CNY)	5.88	6.16	6.45	6.64	6.82
EPS YoY	3.7	4.8	4.7	2.9	2.7
ROE(%)	13.4	13.1	13.3	13.5	13.7

Forward P/E Ratio

Dividend Payout



CapEx



US Equities

Rate-Cut Expectations Weaken, Large Banks Undervalued

- At the March 2026 FOMC meeting, the Federal Reserve signaled a clear hawkish pause, keeping the benchmark rate unchanged at 3.50%–3.75%. Pressured by Middle East-driven oil price volatility, the Fed raised its 2026 PCE inflation forecast to 2.7%. Although the dot plot still implies one rate cut this year, internal divisions widened, with Chair Powell stressing that uncertainty in labor market and inflation progress warrants continued caution—pushing market expectations for easing further back.
- U.S. February core PPI rose 0.5% month-on-month, below the prior 0.8% but above consensus at 0.3%. Year-on-year growth reached 3.9%, higher than both the previous 3.5% and market expectations of 3.7%.
- At the intersection of geopolitical conflict and valuation reset, the banking sector is showing compelling investment value. With Middle East tensions in March 2026 driving energy price swings, the Fed's decision to maintain a high rate corridor of 3.50%–3.75% creates sustained net interest margin benefits, rather than the narrowing previously feared. Large banks now trade at 12x–15x P/E on average, while CET1 capital adequacy ratios remain elevated at around 14%. Even amid volatility, banks retain ample capacity to support share prices through sizable buybacks and dividends.

Fed Watch: Rate Forecasts

FED FUND FUTURES

ZQH6	ZQJ6	ZQK6	ZQM6	ZQN6	ZQQ6	ZQU6	ZQV6	ZQX6	ZQZ6	ZQF7	ZQG7	ZQH7
96.3588	96.3575	96.3400	96.3400	96.3400	96.4250	96.3450	96.3700	96.3450	96.4350	96.3800	96.4500	96.3900

CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES

MEETING DATE	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
4/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	92.8%	7.2%	0.0%	0.0%
6/17/2026	0.0%	0.0%	0.0%	0.0%	0.0%	90.6%	9.2%	0.2%	0.0%
7/29/2026	0.0%	0.0%	0.0%	0.0%	32.9%	61.0%	5.9%	0.1%	0.0%
9/16/2026	0.0%	0.0%	0.0%	0.0%	26.0%	55.1%	17.5%	1.3%	0.0%
10/28/2026	0.0%	0.0%	0.0%	0.0%	23.2%	51.9%	21.6%	3.1%	0.2%
12/9/2026	0.0%	0.0%	0.0%	2.3%	26.0%	48.9%	19.8%	2.8%	0.2%
1/27/2027	0.0%	0.0%	0.7%	9.9%	33.4%	39.6%	14.4%	2.0%	0.1%
3/17/2027	0.0%	0.0%	0.6%	8.0%	28.6%	38.3%	19.5%	4.5%	0.5%
4/28/2027	0.0%	0.0%	0.9%	8.9%	29.0%	37.5%	18.8%	4.3%	0.5%
6/9/2027	0.0%	0.4%	4.5%	17.8%	32.8%	29.2%	12.4%	2.6%	0.3%
7/28/2027	0.0%	0.4%	3.9%	15.9%	30.6%	29.7%	14.8%	4.0%	0.6%
9/15/2027	0.1%	0.9%	5.8%	18.3%	30.5%	27.3%	13.1%	3.5%	0.5%
10/27/2027	0.1%	0.9%	5.8%	18.3%	30.5%	27.3%	13.1%	3.5%	0.5%
12/8/2027	0.8%	5.3%	16.9%	29.1%	27.7%	14.7%	4.5%	0.8%	0.1%

Source: Bloomberg

Bank of America (BAC)

Closing Price	US $47.16	Target Price	US $56

Bank of America is a financial holding company offering savings accounts, deposits, mortgages and construction loans, cash and wealth management, time deposits, investment funds, credit and debit cards, insurance, and mobile and online banking services to clients worldwide.

Stable Rates Support Net Interest Income Resilience and Earnings Visibility

With the Federal Reserve holding rates at 3.50%–3.75% and signaling only limited easing, Bank of America's net interest margin is expected to remain more stable than previously anticipated. This underpins management's guidance for 5%–7% net interest income growth in FY2026 and at least 7% growth in Q1 2026, driven by asset repricing to higher yields and declining deposit costs.

Diversified Business Momentum Beyond Rates

Bank of America benefits from robust consumer and corporate activity. In Q4, net interest income grew 9.7% year-on-year, equity trading revenue rose 23%, and lending, wealth management fees, and capital markets businesses continued to expand. This diversified earnings structure provides multiple growth drivers even in a delayed rate-cut scenario.

Q4 FY2025 Results Beat Expectations

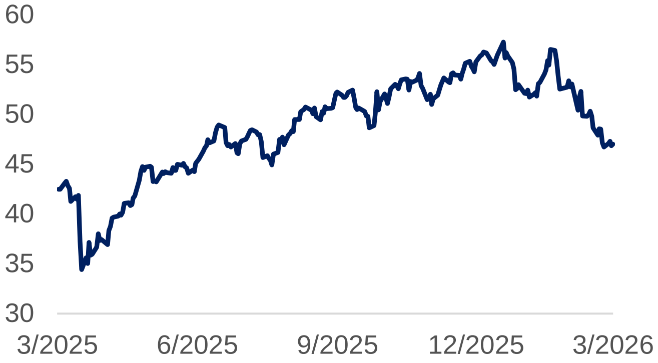
Revenue in Q4 FY2025 reached $28.4 billion, up 7.2% year-on-year, exceeding consensus by $660 million. GAAP EPS was $0.98, slightly above expectations by $0.02. Looking ahead to Q1 FY2026, the company expects net interest income growth of at least 7%, investment banking fees to rise 10%, and global markets revenue to deliver low double-digit growth. For the full year, management reaffirmed 5%–7% net interest income growth guidance and mid-single-digit loan growth.

Valuation Consensus

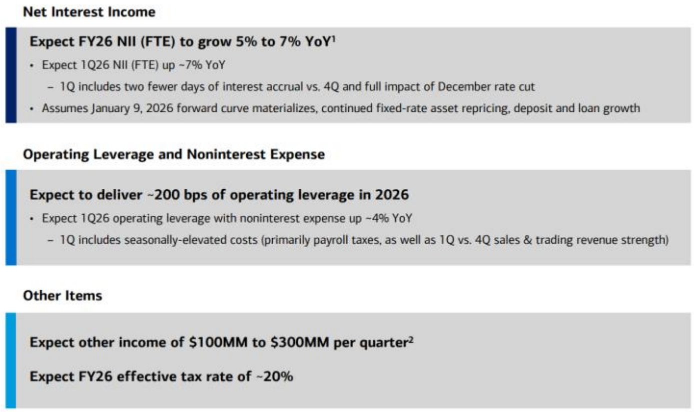
Bloomberg's 12-month average target price is $62.58, with a high of $71 and a low of $53.

Source: Bloomberg, Company presentation

1-Year Price



2026 Outlook



Net Interest Income

Expect FY26 NII (FTE) to grow 5% to 7% YoY[1]
- Expect 1Q26 NII (FTE) up ~7% YoY
  - 1Q includes two fewer days of interest accrual vs. 4Q and full impact of December rate cut
- Assumes January 9, 2026 forward curve materializes, continued fixed-rate asset repricing, deposit and loan growth

Operating Leverage and Noninterest Expense

Expect to deliver ~200 bps of operating leverage in 2026
- Expect 1Q26 operating leverage with noninterest expense up ~4% YoY
  - 1Q includes seasonally-elevated costs (primarily payroll taxes, as well as 1Q vs. 4Q sales & trading revenue strength)

Other Items

Expect other income of $100MM to $300MM per quarter[2]

Expect FY26 effective tax rate of ~20%

Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	8.5	2.9	6.8	6.0	5.3
EBITDA (%)	32.3	31.7	33.7	N/A	N/A
EPS(USD)	3.12	3.23	3.86	4.34	4.99
Net Profit Margin(%)	24.5	24.2	26.0	26.9	27.8

Source: Bloomberg; 2026/27F are market estimates

P/E & P/B

KGI

Citigroup (C)

Closing Price US $109.52	**Target Price** US $120

Citigroup is a diversified financial services holding company offering investment banking, retail brokerage, corporate banking, and wealth management services to individual and corporate clients worldwide.

Stable Fed Policy Supports Net Interest Income Recovery

With the Federal Reserve holding rates at 3.50%–3.75% and market expectations for rate cuts pushed back, Citigroup's net interest income has greater potential to stabilize. Q4 net interest income rose 14% year-on-year, showing earnings resilience under a more moderate easing outlook. A "higher for longer" rate environment helps offset prior concerns of rapid margin compression, supporting overall profitability.

Restructuring Drives Earnings Structure Improvement, Narrowing Peer Gap

Under CEO Jane Fraser, restructuring continues to provide a second major earnings driver beyond rates. Q4 investment banking fees grew 35% year-on-year, while banking revenues surged 78%. Cost discipline is evident: headcount fell from 240,000 in 2022 to 226,000 by end-2025, reflecting ongoing efficiency gains through layoffs, automation, and regulatory improvements. This positions Citigroup to convert stable net interest income and cost discipline into stronger profitability and valuation re-rating.

Q4 FY2025 Results Mixed

Revenue in Q4 FY2025 was $19.87 billion, up 2.1% year-on-year but $580 million below consensus. Non-GAAP EPS was $1.81, beating expectations by $0.19. Looking ahead to FY2026, the company targets RoTCE of 10–11%. Excluding markets business, net interest income is expected to grow 5–6% year-on-year, with an efficiency ratio around 60%. Net loss rates for branded credit cards and retail services are projected at 3.50%–4.00% and 5.75%–6.25%, respectively, reflecting a balance of earnings improvement and controlled risk.

Valuation Consensus

Bloomberg's 12-month average target price is $135.96, with a high of $152 and a low of $98.93.

Source: Bloomberg

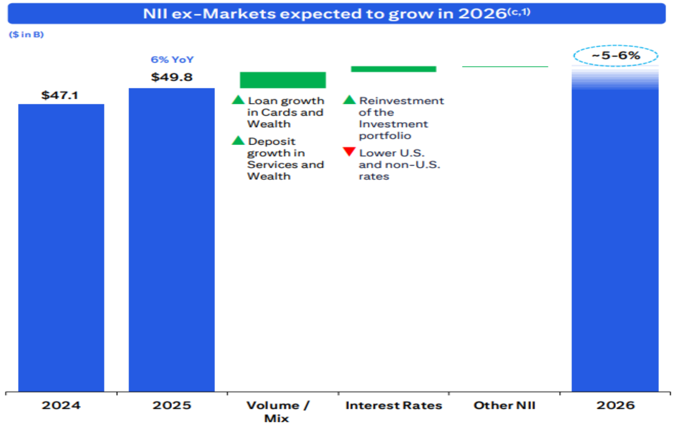
1-Year Price

Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-2.3	5.6	4.2	8.4	3.9
EBITDA (%)	16.5	21.0	23.3	26.5	27.4
EPS(USD)	3.43	5.78	7.39	10.29	12.20
Net Profit Margin(%)	8.8	13.8	16.4	19.6	20.7

Source: Bloomberg; 2026/27F are market estimates

2026 NII Growth



P/E & P/B

TW Equities — TW Equities Remain Under Pressure, Focus on GTC AI GPUs and Server Rack Design Updates

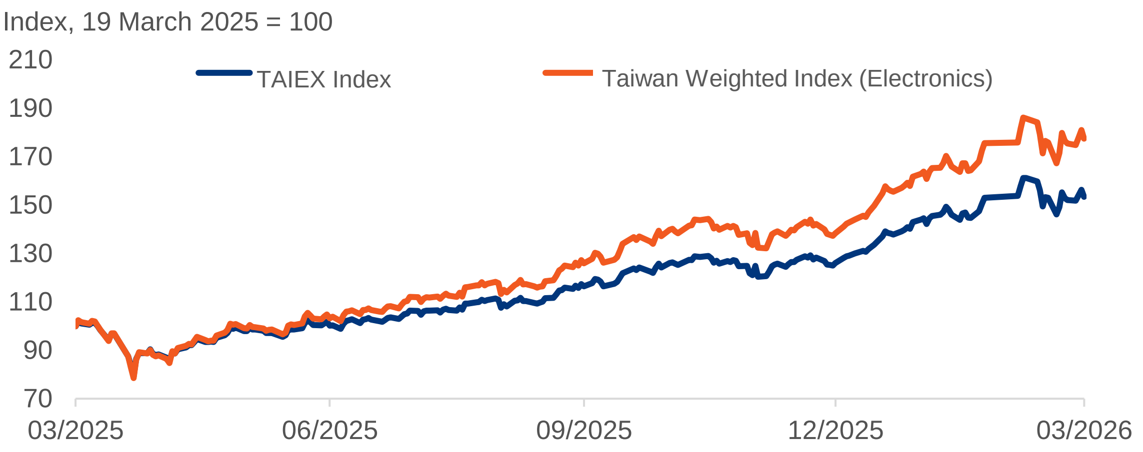
Taiwan Equities Under Short-Term Pressure

After a sharp rebound, Taiwan equities face renewed resistance, with short-term consolidation likely. Iran's missile strike on Qatar's LNG hub and renewed oil price volatility continue to weigh on sentiment. Key support to watch is near last week's low around 33,000; failure to hold could trigger a retest of the March 9 low at 31,529. Sector rotation shows broad pullbacks in large-cap electronics and financials, while selective strength appears in memory, design IP, optical communications, thermal solutions, PCB, copper foil substrates, and packaging. Rising oil prices also spotlight Middle East conflict-linked plays such as plastics, energy & gas, and bulk shipping.

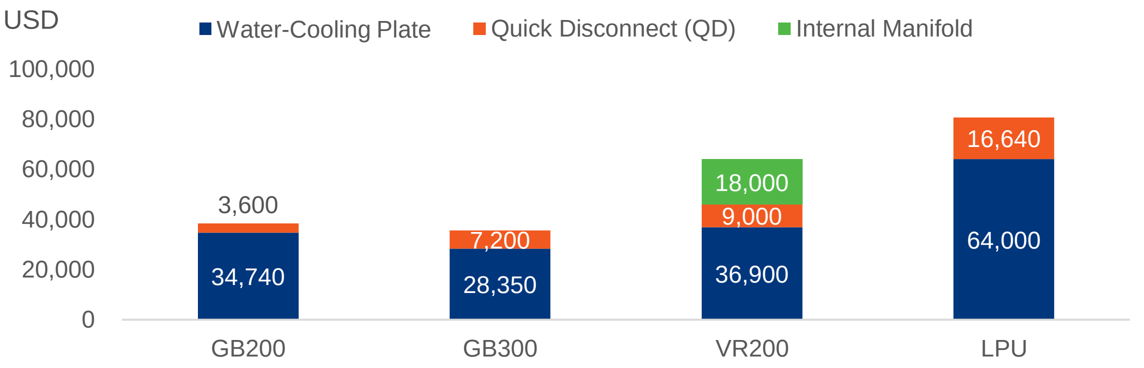
GTC Conference: Vera Rubin Rack Specifications Confirmed, AI Hardware Supply Chain Benefits

GTC 2026 delivered positive momentum for the AI supply chain, with Vera Rubin (VR) rack designs largely meeting expectations. VR racks feature comprehensive upgrades in GPU performance, power efficiency, and cooling. Compute trays adopt modular, fanless designs with liquid cooling and internal manifolds, driving higher demand for cold plates and quick-disconnect (QD) fittings. Switch trays reduce QD count but add cold plate configurations, lifting liquid-cooling value per rack to USD 63k–65k, versus USD 35k–37k for GB300. Heat spreaders now integrate dual lids and stiffener structures, with TIM materials upgraded to graphene-indium gallium composites requiring gold plating, raising average prices to nearly USD 100—triple Blackwell levels. Power supply capacity also scales from 33kW to 72kW–110kW, boosting per-rack PSU value by 50–55% to around USD 100k. With Rubin's platform upgrades, component value capture rises across heat spreaders, liquid cooling, power supplies, CCL/PCB, and switches, positioning these segments as key beneficiaries.

TAIEX Index and Taiwan Electronics Sector Trends



Vera Rubin 200 Racks – Liquid Cooling Value Continues to Rise



Source: Bloomberg

Fositek (6805 TT)

Fositek manufactures rotating shafts, cantilever brackets, and other components for computers, optical devices, electrical appliances, communications equipment, and medical devices.

Key Features

Strong Earnings Outlook for 1H26

In Q1 2026, demand from major CSP customers for GB300 quick disconnects (QD) and general server rails remains robust. The company has begun shipping GB300 rails to CSP clients, prompting KGI Securities to revise Q1 revenue guidance upward to +3% QoQ. Benefiting from higher server revenue contribution and better-than-expected margins on QD and rails, Q1 gross margin and EPS are upgraded to NT$12.92, representing 18% QoQ growth.

QD and Rails Drive 2026–2027 Earnings Growth

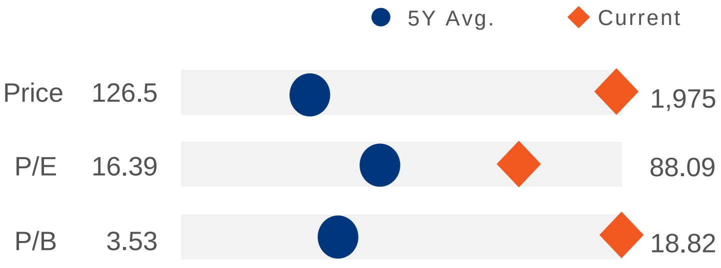
Earnings growth in 2026–2027 will be driven by QD and rail shipments. VR200 racks and the anticipated LPU racks from GTC are expected to significantly boost QD demand, alongside CSP ASIC rack requirements. The company has expanded QD capacity to 3 million units per month and rail capacity to 350,000 sets per month. KGI Securities estimates QD gross margins above 40% and AI rail margins above 50%. Server revenue contribution is projected to rise to 62% in 2026 and 70% in 2027, with EPS reaching NT$65.4 and NT$88.3 respectively, underscoring structurally supported earnings growth.constrained.

Financials

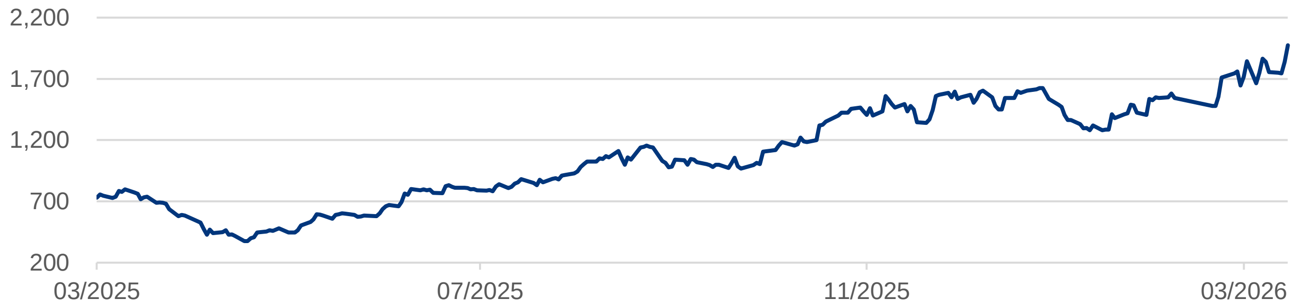
	2023	2024	2025F	2026F	2027F
EPS (NTD)	10.18	17.90	31.00	65.40	88.30
EPS Growth (%)	9.1	75.8	73.2	111.0	35.0
P/E Ratio	168.4	95.8	55.3	26.2	19.4
ROE (%)	18.0	24.2	34.4	55.7	55.3

Source: Company data, estimates of KGI analyst

Valuations

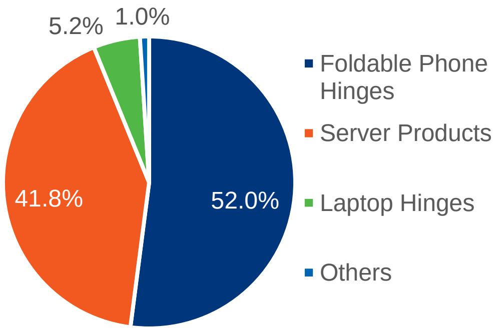


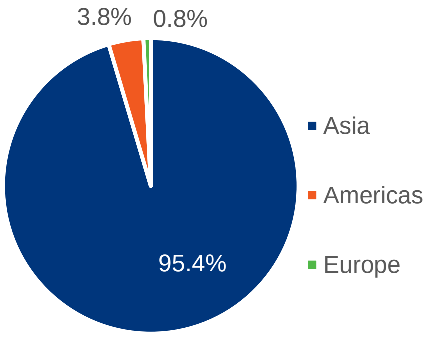
1-Year Price



As of 19 Mar 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	7.34	27.83	27.83	97.90	21.54	175.45

Revenue Sources and Regions





Source: Bloomberg

Delta Electronics (2308 TT)

Delta Electronics manufactures and sells power supply systems and video products. Its offerings include switching power supplies, uninterruptible power systems (UPS), DC power systems for communications and industrial use, and projectors.

Key Features

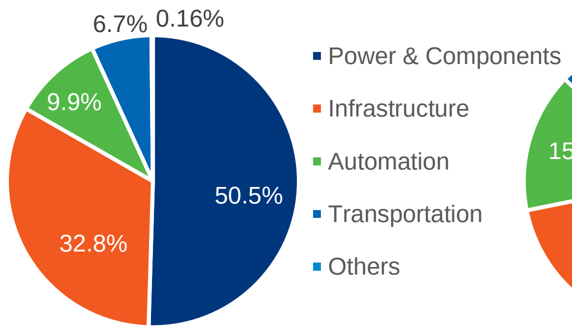
Capacity Expansion to Meet Strong AI Demand

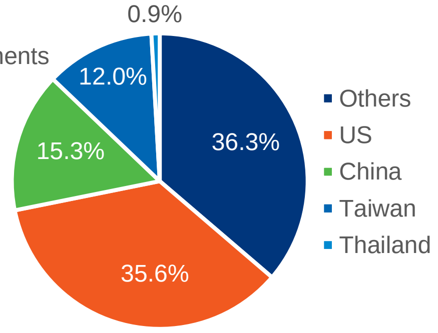
With CSPs planning robust capital expenditures in 2026, Delta Electronics enjoys high visibility on AI product orders. The company closely monitors bottlenecks in AI infrastructure build-out, including land acquisition, power supply, grid load, water resources, key components, and technical talent. Given tight capacity, Delta continues to expand production in Thailand, the U.S., and Taiwan. Management noted that 2026 capex will slightly exceed NT$45.7 billion in 2025, with further expansion plans already underway to meet demand through 2029 and beyond.

Data Center Revenue Share Expected to Rise in 2026–2027

As the leading supplier with ~65% market share in AI server PSUs, Delta is expected to benefit not only from server rack shipment growth but also from the adoption of HVDC power cabinets in 2027. KGI forecasts server PSU and liquid-cooling system revenue CAGR of 87% and 51% respectively from 2025–2027. Fan & thermal management (FMBG) and component (CPBG) businesses will also benefit from strong AI demand.

Revenue Sources and Regions





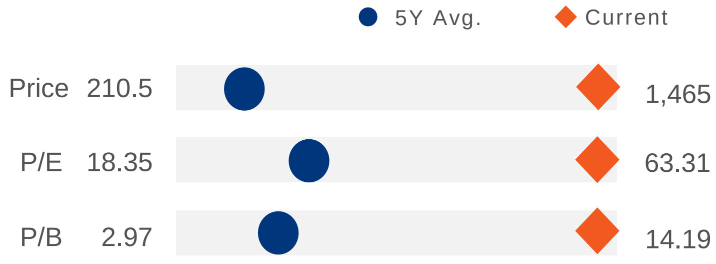
Source: Bloomberg

Financials

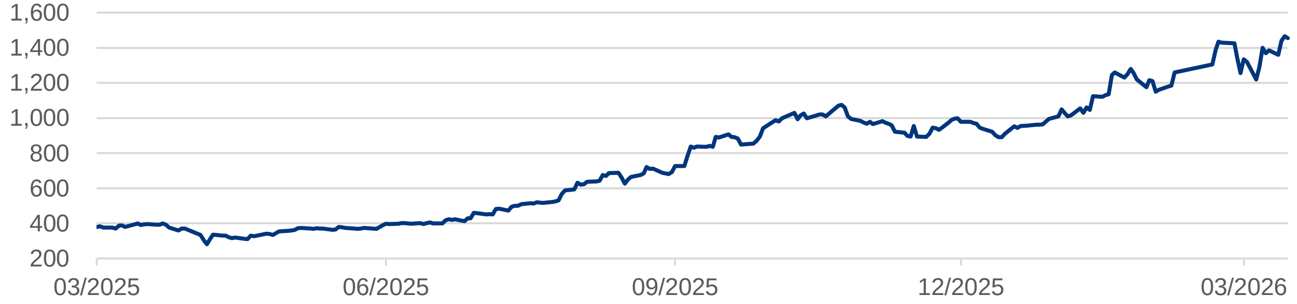
	2023	2024	2025	2026F	2027F
EPS (NTD)	12.86	13.56	23.14	36.42	55.30
EPS Growth (%)	2.2	5.5	70.6	57.4	51.9
P/E Ratio	111.2	105.4	61.8	39.3	25.9
ROE (%)	17.3	16.4	24.1	31.5	37.8

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 19 Mar 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	6.20	15.48	59.71	63.85	51.09	272.60

KGI

Mutual Funds/ ETFs

Sustained AI Demand Set to Drive Asia's Technology Sector

► Wellington Asia Technology Fund

- A unique choice in the market, one of the few funds investing in Asia—including Japan's technology sector—with a strong long-term track record, consistently outperforming similar funds in both the medium and long term.
- An insightful investment approach, covering large, mid, and small-cap stocks, seeking opportunities beyond globally dominant mega-cap technology names. Currently, mid- and small-caps account for about 50% of the portfolio.
- Flexible allocation according to market conditions, reflecting Asia's growing importance in technology. The fund maintains balanced exposure to software applications and hardware companies (currently 50% each), covering the entire AI industry. Country weights are adjusted dynamically to capture opportunities while reducing downside risks.
- A firmly held investment philosophy, focusing on early-stage, fast-innovating companies with long-term growth potential, aiming to benefit more significantly from their expansion.
- Managed by a professional team with over 10 years of experience in the technology sector, supported by on-the-ground teams across Asia, a broader global technology team, and the deep resources of the Wellington group.

Product	Wellington Asia Technology Fund	
Features	■ Focused on Asia's technology core, emphasizing fast-innovating companies with strong growth potential. ■ The portfolio is managed by an experienced professional who previously worked as a software design engineer at Microsoft and has more than 10 years of expertise in the technology sector.	
AUM	633 million USD	
3M/YTD Return	13.77% / 8.17%	
Top 5 Industry Allocation (%)	Semiconductors & Equipment Technology Hardware & Equipment Consumer Discretionary Distribution & Retail Media & Entertainment Capital Goods	39.6 15.2 12.1 11.9 4.9
Top 5 Regions Allocation (%)	Japan Taiwan China South Korea Holland	30.7 22.4 22.3 15.7 3.7
Top 5 Holdings (%)	TSMC SK Hynix Alibaba Group Tencent Holdings Samsung Electronics	9.4 8.4 8.4 7.3 5.8

Source: Bloomberg

Wellington Asia Technology Fund

Profile

The fund aims to exceed the long-term total return of the MSCI All Country Asia Pacific Information Technology Custom Index, primarily investing in equity securities of technology and technology-related companies listed or operating in Asia.

■ Focused on Asia's Core Tech Supply Chain and Key Technologies

One of the few funds investing in Asia—including Japan's technology sector—this fund concentrates on semiconductors, semiconductor equipment, electronics, software, and technology services, with a strong emphasis on Asia's critical role in the global supply chain.

■ Expert Team Management

Fund manager Yash Patodia previously worked as a software design engineer at Microsoft. He brings over 10 years of experience in the technology sector, supported by local teams across Asia, a broader global technology team, and the deep resources of the Wellington group.

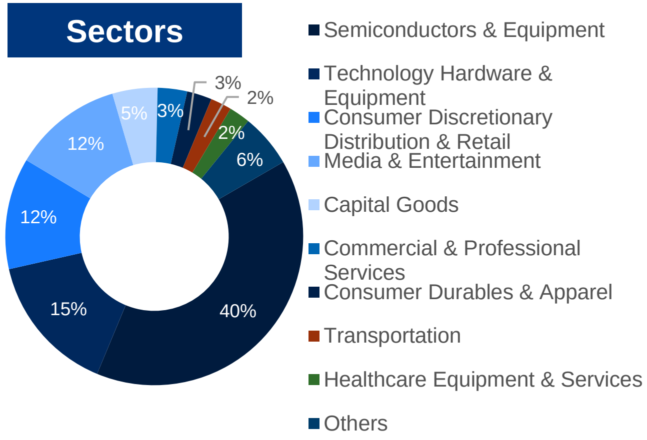
Differentiated Technology Exposure

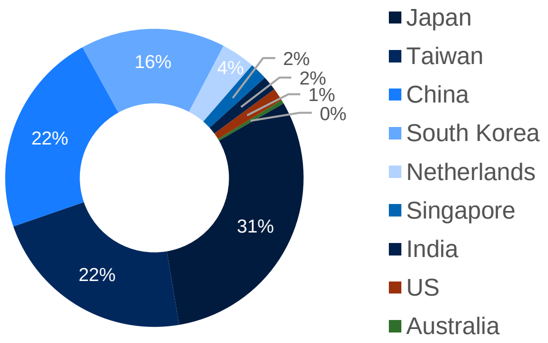
Distinct from global mega-cap technology holdings, the fund's strategy focuses on fast-innovating, high-growth, and even emerging technology companies, adopting a longer-term investment horizon to capture the upward cycle of technology growth.

Inception	2025/2/20	**AUM**	633 mln USD
Morningstar Category	industries - Tech	**Fund Type**	Equities
Morningstar Rating	-	**3Y SD (Ann.)**	-

Source: Bloomberg

Sectors





Top-5 Holdings (%)

TSMC	9.4
SK Hynix	8.4
Alibaba Group	8.4
Tencent Holdings	7.3
Samsung Electronics	5.8

Last 3 Years NAV

As of 17 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-1.17	13.77	8.17	41.54	-	-
Similar Fund Quartile Ranking	3	1	1	1	-	-

Mutual Funds/ ETFs

Sustained AI Demand Set to Drive Asia's Technology Sector

► Global X Asia Semiconductor ETF (3119 HK)

- Seeks to track the performance of the FactSet Asia Semiconductor Index.
- Primarily invests in Asian companies engaged in semiconductor production and development, including those active in integrated circuit design (fabless), manufacturing (foundry), packaging and testing (outsourced assembly and test), and semiconductor equipment industries.
- Concentrated holdings, with the top three positions—SK Hynix, Samsung Electronics, and TSMC—accounting for about 45% of the portfolio.

Product	Global X Asia Semiconductor ETF (3119 HK)	
Features	■ Focused on Asia's full semiconductor industry chain ■ Listed on HKEX with steadily growing liquidity and trading volume, suitable for investors preferring Asian market hours	
AUM	382 million HKD	
Tracking Index	FactSet Asia Semiconductor Index	
Exchange	HKE	
Currency	HKD	
Holdings	40	
Expense Ratio	0.68%	
3M/YTD Reutrn	32.40% / 22.73%	
Sectors (%)	Information Technology Industrials Consumer Discretionary Healthcare Materials & Others	85.8 6.3 4.9 1.6 1.4
Holdings (%)	SK Hynix Samsung Electronics TSMC MediaTek Inc. Sony	19.74 16.99 9.42 5.89 4.67

Source: Bloomberg

Global X Asia Semiconductor ETF (3119 HK)

Profile

The ETF tracks the FactSet Asia Semiconductor Index, aiming to replicate the performance of its constituent stocks.

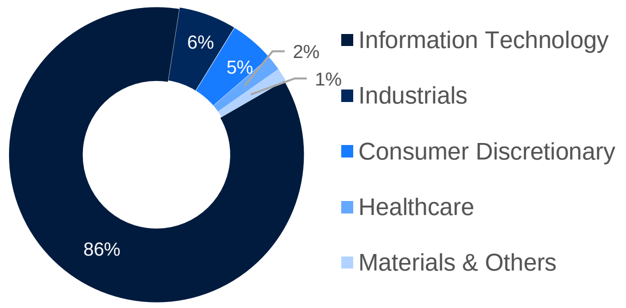
Focused on Asia Semiconductors
The index targets Asian companies engaged in semiconductor production and development, including fabless IC design, foundry manufacturing, outsourced packaging and testing, and semiconductor equipment industries.

Key Country Allocation
Exposure spans South Korea (memory leader), Taiwan (advanced foundry), Japan (equipment & materials), and China (mature nodes with policy support), offering thematic uniqueness and allocation value.

HKEX Listing
Listed on the Hong Kong Stock Exchange, with steadily growing liquidity and trading volume, making it suitable for investors preferring Asian market hours.

Inception	2021/7/22	**AUM**	382 million HKD
ETF Category	Equities	**Holdings**	40
Expense Ratio	0.68%	**3Y SD (Ann.)**	22.10%

Sectors

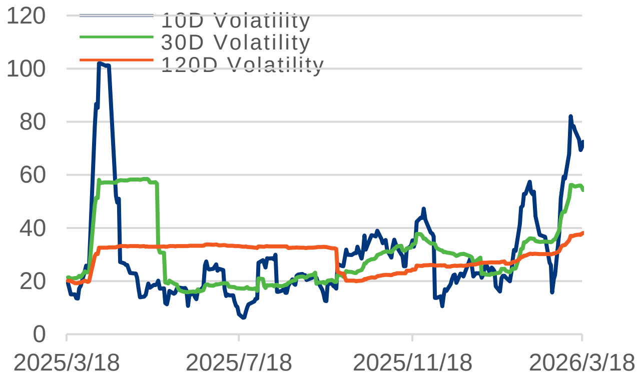


Top-5 Holdings (%)

SK Hynix	18.49
Samsung Electronics	13.13
TSMC	11.88
MediaTek Inc.	5.76
Sony	5.31

Price Trend (Past 1 Year)

Volatility (Past 1 Year)



As of 18 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-1.92	32.40	22.73	91.38	162.49	-

Source: Bloomberg

Mutual Funds/ ETFs

Geopolitical Risks Intensify Market Volatility — Defensive Stocks Can Reduce Portfolio Risk

► iShares U.S. Telecommunications ETF (IYZ)

- Seeks to track the performance of the Russell 1000 Telecommunications RIC 22.5/45 Capped Index.
- Concentrated in large U.S. telecom stocks.
- Fewer holdings, with the top 10 accounting for about 74% of the portfolio.
- Major holdings include U.S. telecom giants such as Cisco, Verizon, and AT&T.

► SPDR Utilities ETF (XLU)

- Seeks to track the performance of the Utilities Select Sector Index.
- One of the largest ETFs investing in U.S. utilities, offering diversified exposure.
- Covers industries such as electricity, natural gas, and water, with the largest weight in power companies.
- Top three holdings include NextEra Energy, Southern Company, and Duke Energy.

Product	iShares U.S. Telecommunications ETF (IYZ)	SPDR Utilities ETF (XLU)
Features	■ Invests in U.S. companies providing telephone and internet products, services, and technologies ■ Industry exposure includes communication services, networking equipment, and cloud networks	■ AUM exceed USD 25 billion, with the top 10 holdings accounting for nearly 58% of the portfolio. ■ The ETF's expense ratio is 0.08%, among the lowest in its category, helping investors reduce long-term costs and enhance net returns.
AUM	873 million USD	25.156 billion USD
Tracking Index	Russell 1000 Telecommunications RIC 22.5/45 Capped Index	Utilities Select Sector Index
Exchange	Cboe BZX	NYSE
Currency	USD	USD
Holdings	21	31
Expense Ratio	0.38%	0.08%
3M/YTD Reutrn	16.52% / 15.62%	10.44% / 9.46%
Sectors (%)	Telecommunications & Media 79.03 Media 12.42 Computers 5.76 Internet & Others 2.80	Electronics 93.88 Natural Gas 3.60 Water Utilities 1.85 Sovereign & Others 0.68
Holdings (%)	Cisco 18.49 Verizon Communications 13.13 AT&T 11.88 Lumentum Holdings Inc. 5.76 Ciena Corporation 5.31	NextEra Energy 13.12 Southern Company 7.36 Duke Energy 7.04 Constellation Energy 6.86 American Electric Power (AEP) 4.86

Source: Bloomberg

iShares U.S. Telecommunications ETF (IYZ)

Profile

Tracks the Russell 1000 Telecommunications RIC 22.5/45 Capped Index, aiming to replicate the performance of its constituent stocks.

■ Pure Telecom Core Supply Chain

The index focuses on U.S. telecommunications and communications infrastructure, investing in companies that provide telephone and internet products, services, and technologies.

■ Concentrated Portfolio

Portfolio is concentrated in large U.S. telecom stocks, with the top 10 holdings accounting for about 74%, offering more direct exposure to industry trends.

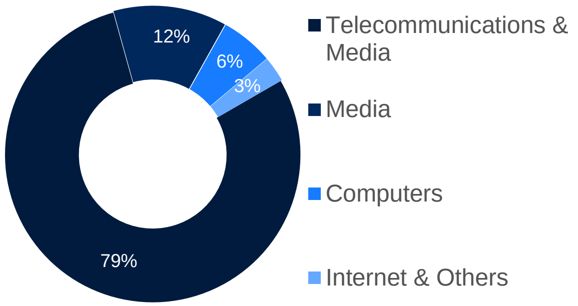
■ Telecom + Tech Dual Engines

Industry exposure includes communication services, networking equipment, and cloud networks. With the AI computing boom, this ETF offers stronger growth potential than traditional high-dividend telecom ETFs, while also participating in enterprise network upgrades and the expansion of data centers and high-speed switches driven by AI demand.

Inception	2000/5/22	**AUM**	873 mln USD
ETF Category	Equities	**Holdings**	21
Expense Ratio	0.38%	**3Y SD (Ann.)**	14.89%

Source: Bloomberg

Sectors

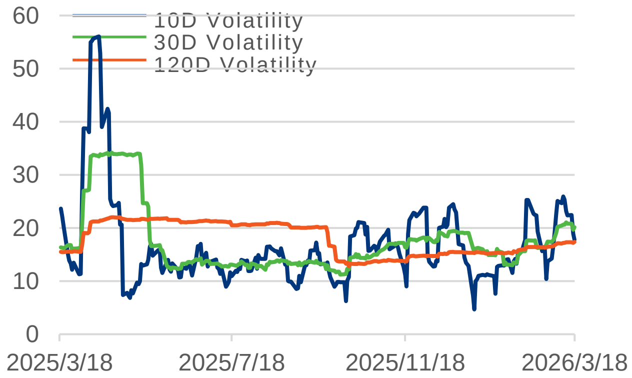


Top-5 Holdings (%)

Cisco	18.49
Verizon Communications	13.13
AT&T	11.88
Lumentum Holdings Inc.	5.76
Ciena Corporation	5.31

Price Trend (Past 1 Year)

Volatility (Past 1 Year)



As of 18 Mar 2026	**1M**	**3M**	**YTD**	**1Y**	**3Y**	**5Y**
Cumulative Return(%)	1.37	16.52	15.62	46.53	88.06	37.06

SPDR Utilities ETF (XLU)

Profile

Tracks the Utilities Select Sector Index, aiming to replicate the performance of its constituent stocks.

Focus on Power Utilities

The index effectively represents the utilities sector within the S&P 500, primarily investing in power utility companies with precise exposure to enterprises across water facilities, diversified utilities, independent power & renewable energy, and natural gas utilities..

Large Asset Base, Concentrated Holdings

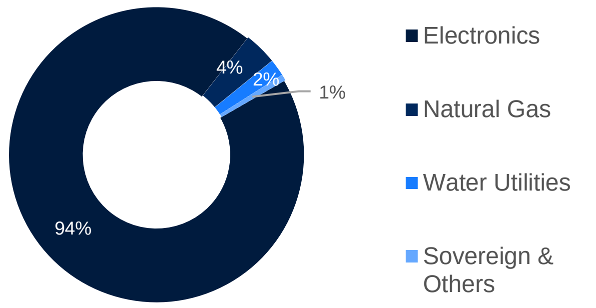
With assets exceeding USD 25 billion, power utilities account for about 66% of the portfolio. The top 10 holdings represent nearly 58%, including industry leaders such as NextEra Energy, Southern Company, and Duke Energy.

Low Expense Ratio

The ETF's expense ratio is 0.08%, among the lowest in its category. This cost efficiency helps investors save over the long term, enhancing net returns.

Inception	1998/12/16	**AUM**	25.156 bln USD
ETF Category	Equities	**Holdings**	31
Expense Ratio	0.08%	**3Y SD (Ann.)**	15.16%

Sectors

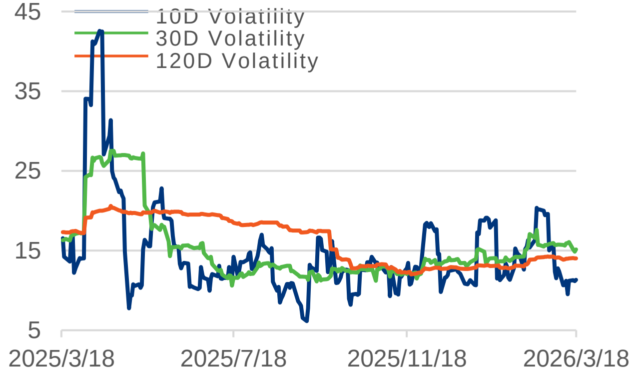


Top-5 Holdings (%)

NextEra Energy	13.12
Southern Company	7.36
Duke Energy	7.04
Constellation Energy	6.86
American Electric Power (AEP)	4.86

Price Trend (Past 1 Year)

Volatility (Past 1 Year)



As of 18 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	1.34	10.44	9.46	21.76	52.98	74.86

Source: Bloomberg

Bonds

Utilities Offer Stronger Defense – Allocating Quality Utility Bonds Enhances Protection and Secures Income

► **MTRC 4.875 PERP (MTR Corporation Limited) (USD)**

- MTR is Hong Kong's leading public transport company, with a 50% market share in the city's franchised transport segment and 74.45% government ownership. Its revenue streams include Hong Kong property development, transport operations, station retail and advertising, property leasing and management, as well as Mainland China/international operations. EBITDA reaches HKD 30.5 billion.
- Looking ahead over the next decade, MTR plans to invest approximately HKD 100 billion in five confirmed new railway projects, which are expected to drive long-term passenger volume and property development income growth. The company is also actively launching new land tenders and property development projects, providing potential profit momentum going forward.
- This marks MTR's first issuance of a USD-denominated perpetual bond, making it relatively scarce; with a coupon rate of 5.625%, investors can enjoy stable and relatively high cash flows during the period.
- The bond is guaranteed by MTR, the parent company; Moody's has assigned it an Aa3 rating, while the bond itself is rated A2 by Moody's and highly rated by S&P as well.

Products	MTRC 4.875 PERP (MTR Corporation Limited) (USD)
ISIN	XS3094282269
Highlight	MTR holds a 50% market share in Hong Kong's franchised transport sector. Over the next decade, it plans to invest approximately HKD 100 billion in capital expenditures across five confirmed new railway projects.
Maturity Date	PERP
Next Redemption Day	2035/9/24
Coupon (%)	Float/4.875/Semi-annual
Currency	USD
Years to Maturity	-
Rating (Moody's/ Fitch/S&P)	A2/-/A
Seniority	Subordinated
YTM/YTC (%)	5.02/4.32

Source: Bloomberg

MTR Corporation Limited (MTRC 4.875 PERP)

MTR is Hong Kong's leading public transport company, with a 50% market share in the city's franchised transport segment and 74.45% government ownership. Its revenue streams include Hong Kong property development, transport operations, station retail and advertising, property leasing and management, as well as Mainland China/international operations. EBITDA reaches HKD 30.5 billion.

- Looking ahead over the next decade, MTR plans to invest approximately HKD 100 billion in five confirmed new railway projects, which are expected to drive long-term passenger volume and property development income growth. The company is also actively launching new land tenders and property development projects, providing potential profit momentum going forward.
- This marks MTR's first issuance of a USD-denominated perpetual bond, making it relatively scarce; with a coupon rate of 5.625%, investors can enjoy stable and relatively high cash flows during the period.
- The bond is guaranteed by MTR, the parent company; Moody's has assigned it an Aa3 rating, while the bond itself is rated A2 by Moody's and highly rated by S&P as well.

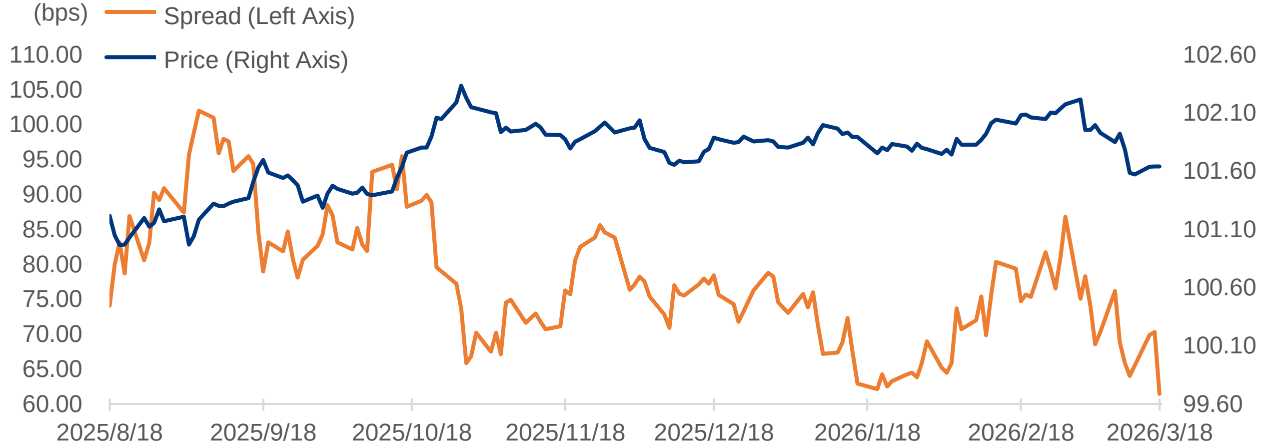
Financials	2023	2024	2025
EBITDA Margin(%)	27.46	42.26	46.04
Free Cash Flow (100 mln USD)	-4.69	-5.18	10.38
Interest Coverage Ratio	5.03	8.13	19.02

Source: Bloomberg

Overview

Name	MTRC 4.875 PERP	**ISIN**	XS3094282269
Maturity Date	Prep	**Remaining Maturity**	-
Coupon(%)	Float/4.875/Semi-annual	**YTM/YTC(%)**	5.02/4.32
Currency	USD	**Min. Subscription/ Increment**	200,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/-/A	**Seniority**	Subordinated

Price (New Issued Bond)



Appendix Key Economic Data / Events

► MAR 2026

16 Monday
- U.S. Feb Industrial Production YoY (Act:0.2% Est:0.1% Prev:0.7%)
- Nvidia GTC 2026 (Mar 16–19)

17 Tuesday

18 Wednesday
- U.S. Feb PPI YoY (Act:3.4% Est:3.0% Prev:2.9%)
- U.S. Jan Durable Goods Orders MoM Final (Act:0.0% Est:0.0% Prev:-0.9%)
- Eurozone Feb CPI YoY Final (Act:1.9% Est:1.9% Prev:1.7%)

19 Thursday
- U.S. Initial Jobless Claims (Act:205k Est:215k Prev:213k)
- U.S. Mar Fed Funds Rate (Act:3.75% Est:3.75% Prev:3.75%)
- Japan Mar BoJ Uncollateralized Overnight Call Rate (Act:0.75% Est:0.75% Prev:0.75%)
- UK Mar BoE Bank Rate (Actual:3.75% Est:3.75% Prev:3.75%)
- Eurozone Mar ECB Main Refinancing Rate (Act:2.15% Est:2.15% Prev:2.15%)

20 Friday
- Taiwan Feb Export Orders YoY (Est:24.5% Prev:60.1%)

23 Monday
- Eurozone Mar Consumer Confidence (Prev:-12.2)

24 Tuesday
- U.S. Mar S&P Global Manufacturing PMI Prelim (Prev:51.6)
- U.S. Mar S&P Global Services PMI Prelim (Prev:51.7)
- Japan Feb Natl CPI YoY (Est:1.4% Prev:1.5%).
- Japan Mar Global Manufacturing PMI Prelim (Prev:50.8)
- Eurozone Mar Global Manufacturing PMI Prelim (Est:49.8 Prev:50.8)

25 Wednesday
- Japan Feb Machine Tool Orders YoY (Prev:25.3%)

26 Thursday
- U.S. Initial Jobless Claims (Prev:205k)

27 Friday
- U.S. Mar U. of Mich. Sentiment Final (Prev:56.6)

Source: Bloomberg

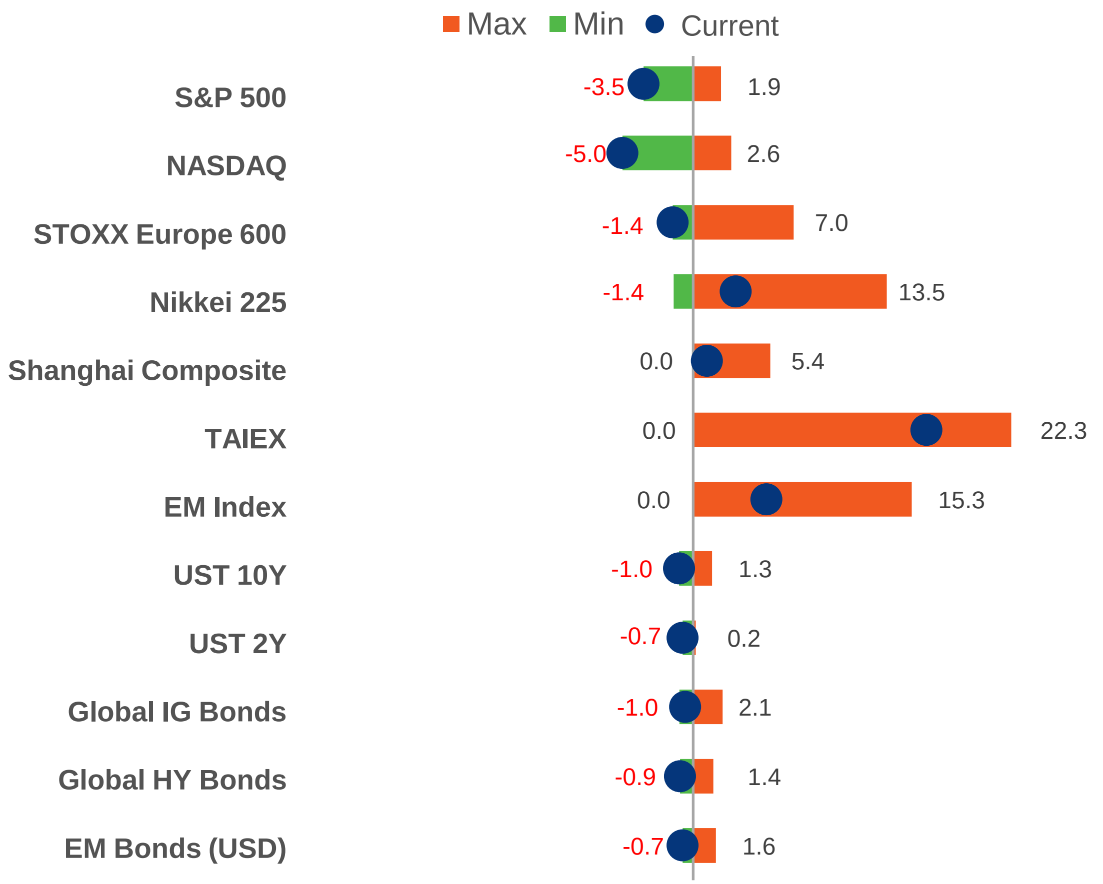
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation	
						Revenue	EPS
2026/3/19	Accenture plc (ACN)	17.83B	18.00B	2.85	2.93	V	V
2026/3/20	Micron Technology, Inc. (MU)	19.19B	23.86B	8.79	12.20	V	V

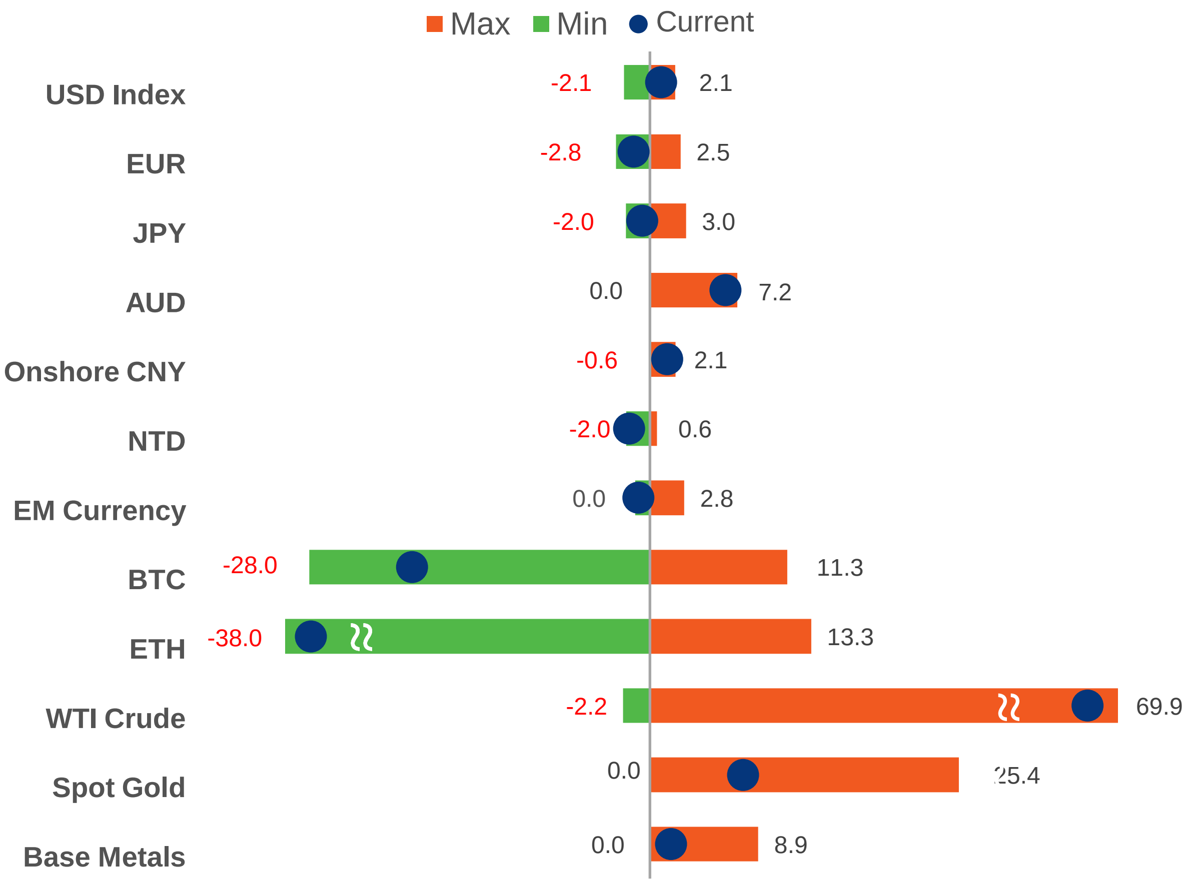
Source: Investing.com

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

Technical Analysis

S&P 500 Index

NASDAQ Index

STOXX Europe 600 Index

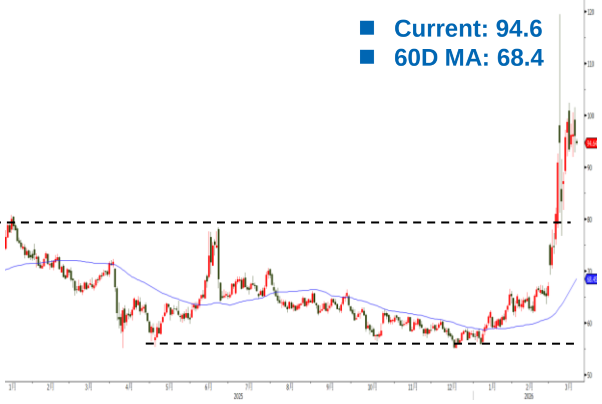
Nikkei 225 Index

Shanghai Composite Index

MSCI Emerging Markets Index

Gold

WTI Crude

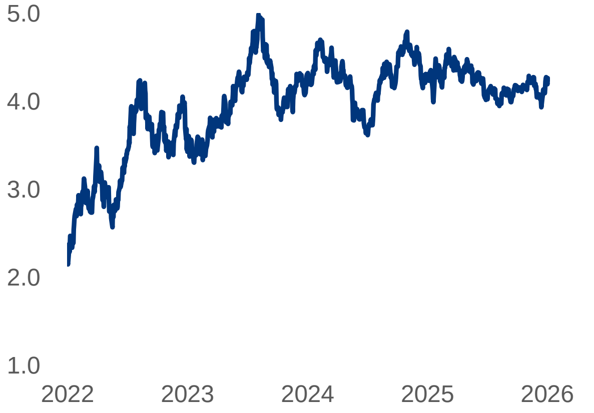


Source: Bloomberg

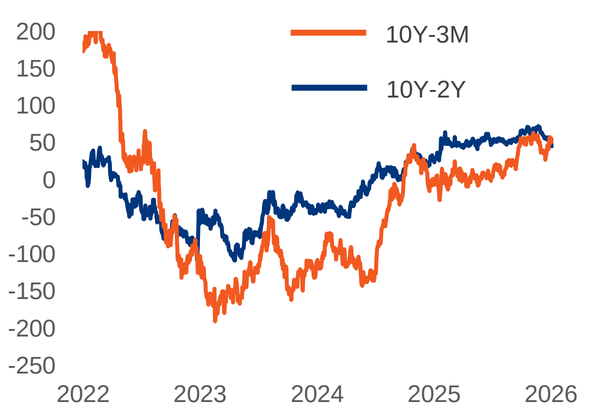
Market Monitor

U.S. CPI YoY (%)

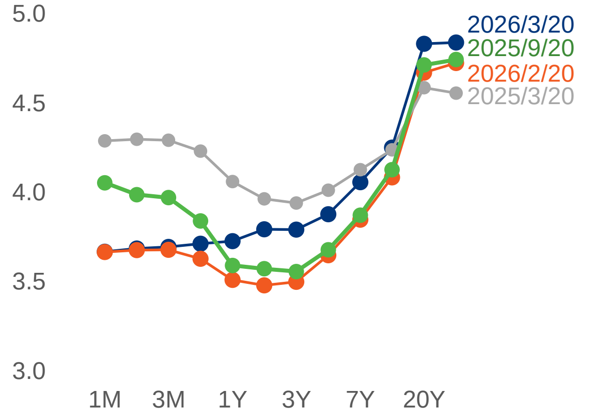
U.S. 10-Year Treasury Yield (%)



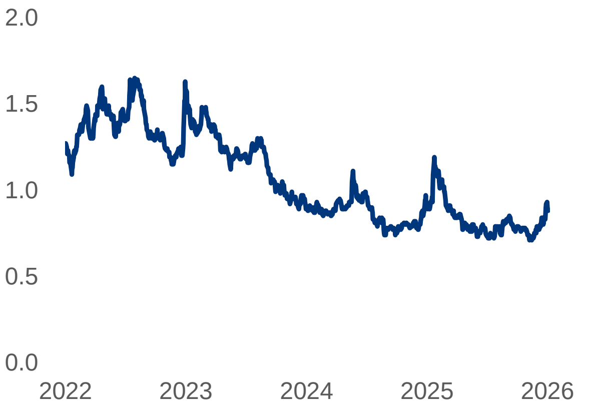
U.S. Treasury Yield Spread (bps)



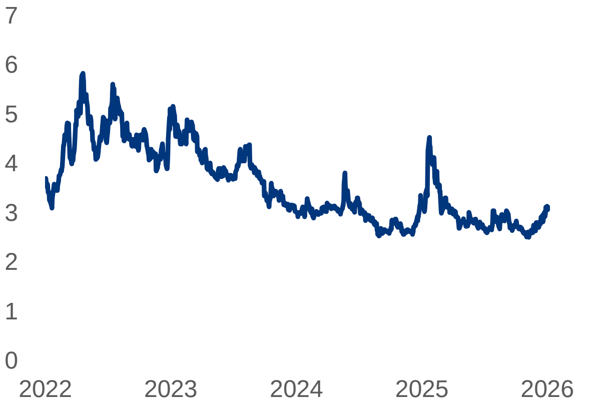
U.S. Treasury Yield Curve (%)



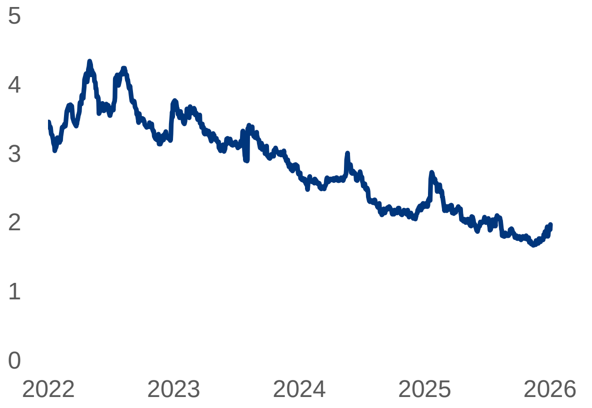
USD IG Credit Spread (%)



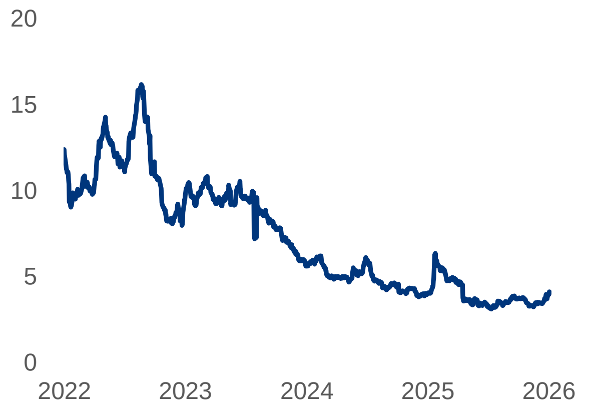
USD HY Credit Spread (%)



USD EM Credit Spread (%)



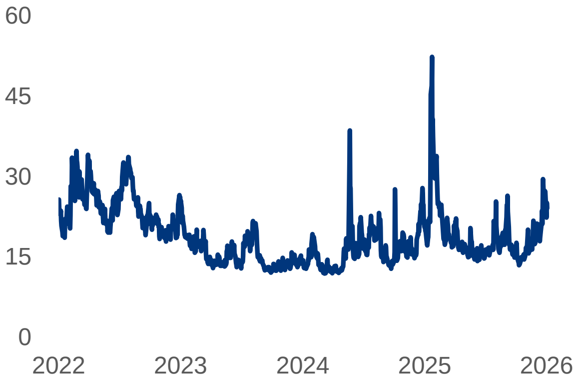
USD Asia Credit Spread (%)



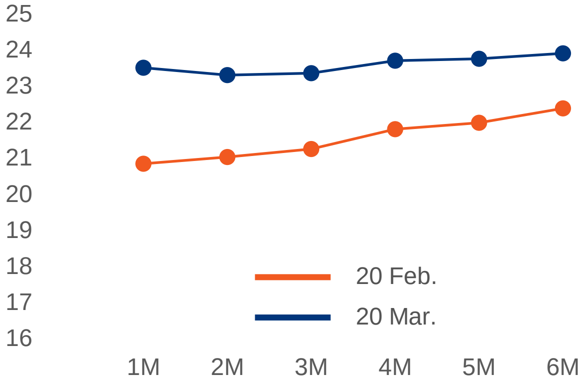
Source: Bloomberg

Market Monitor

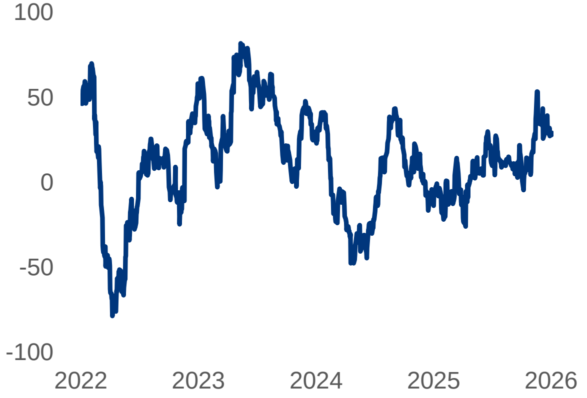
VIX Index



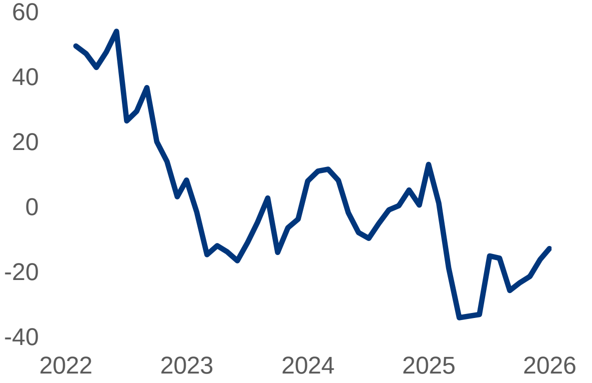
VIX Term Structure



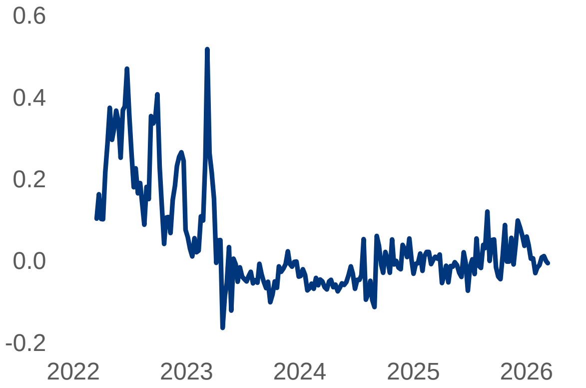
U.S. Citi Economic Surprise Index*



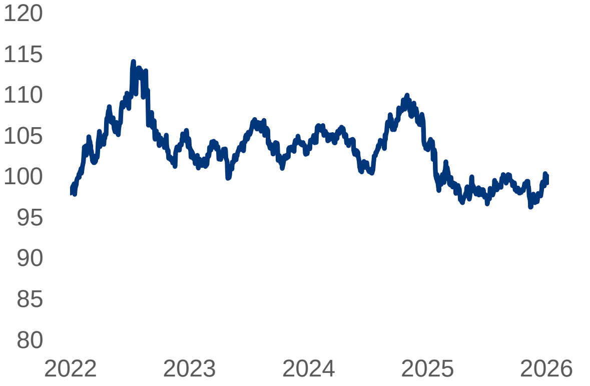
U.S. Citi Inflation Surprise Index*



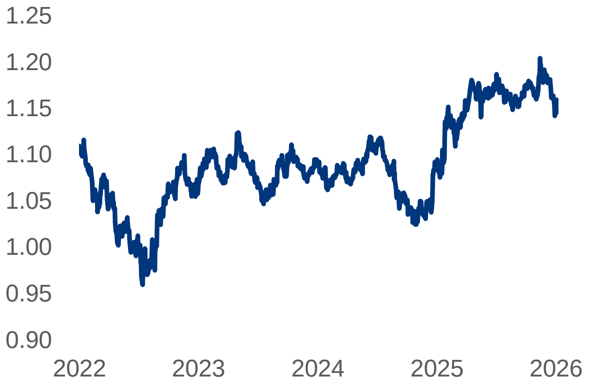
TED Spread (bps)



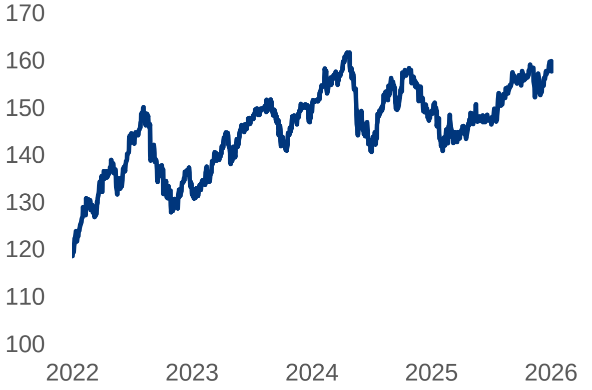
U.S. Dollar Index



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.

Disclaimer and Important Notice

Hong Kong: The information contained in the document herein is confidential and is not intended for general public distribution or for use by any person or entity located or residing in any jurisdiction which restricts the distribution of such information by KGI Asia Limited ("KGI") or any affiliate of KGI. Re-distribution of the document herein and any part thereof by any means is strictly prohibited. Such information shall not be regarded as an offer, invitation, solicitation or recommendation to invest in or sell any securities or investment products to any person or entity in any jurisdiction. The above information (including but not limited to general financial and market information, news services, market analysis and product information) is for general information and reference purpose only and may not be reproduced or published (in whole or in part) for any purpose without the prior written consent of KGI Asia Ltd. Such information is not intended to provide investment advice and should not be relied upon in that regard. You are advised to exercise caution, and if you are in any doubt about such information, you should seek independent professional advice.

You are advised to exercise caution and undertake your own independent review, and you should seek independent professional advice before making any investment decision. You should carefully consider whether investment is suitable in light of your own risk tolerance, financial situation, investment experience, investment objectives, investment horizon and investment knowledge.

No representation or warranty is given, whether express or implied, on the accuracy, adequacy or completeness of information provided herein. In all cases, anyone proposing to rely on or use the information contained herein should independently verify and check the accuracy, completeness, reliability and suitability of the information. Simulations, past and projected performance may not necessarily be indicative of future results. Information including the figures stated herein may not necessarily have been independently verified, and such information should not be relied upon in making investment decisions. None of KGI, its affiliates or their respective directors, officers, employees and representatives will be liable for any loss or damage of any kind (whether direct, indirect or consequential losses or other economic loss of any kind) suffered or incurred by any person or entity due to any omission, error, inaccuracy, incompleteness or otherwise, or any reliance on such information. Furthermore, none of KGI, its affiliates or their respective directors, officers, employees and representatives shall be liable for the content of information provided by or quoted from third parties.

Complex Products refers to an investment product whose terms, features and risks are not reasonably likely to be understood by a retail investor because of its complex structure. Investors should exercise caution in relation to complex products. Investors may lose the entire amount or more than the invested amount. For complex products with offering documents or information not reviewed by the Hong Kong Securities and Futures Commission (SFC), investors should exercise caution regarding the offer. For complex products described as SFC-approved, such approval does not imply official endorsement, and SFC recognition does not equate to a recommendation or assurance of the product's commercial viability or performance. Past performance data, if provided, is not indicative of future performance. Some complex products are only available to professional investors. Before making any investment decisions, investors should review the offering documents and other relevant information to understand the key nature, features, and risks of the complex products. Independent professional advice should be sought, and investors should have sufficient net assets to bear the potential risks and losses associated with the product. Members of the KGI group and their affiliates may provide services to any companies and affiliates of such companies mentioned herein. Members of the KGI group, their affiliates and their directors, officers, employees and representatives may from time to time have a position in any securities mentioned herein.

Bond investment is NOT equivalent to a time deposit. It is NOT protected under the Hong Kong Deposit Protection Scheme. Bondholders are exposed to a variety of risks, including but not limited to: (i) Credit risk - The issuer is responsible for payment of interest and repayment of principal of bonds. If the issuer defaults, the holder of bonds may not be able to receive interest and get back the principal. It should also be noted that credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer; (ii) Liquidity risk - some bonds may not have active secondary markets and it would be difficult or impossible for investors to sell the bond before its maturity; (iii) Interest rate risk – When the interest rate rises, the price of a fixed rate bond will normally drop, and vice versa. If you want to sell your bond before it matures, you may get less than your purchase price. Do not invest in bond unless you fully understand and are willing to assume the risks associated with it. Please seek independent advice if you are unsure.

All investments involve risks. The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. Prices of securities and fund units may go up as well as down and past performance information presented is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein (in particular those associated with investments in emerging markets for funds investing in emerging markets)) in detail before making any investment decision. You are advised to exercise caution and undertake your own independent review, and you should seek independent professional advice before making any investment decision. You should carefully consider whether investment is suitable in light of your own risk tolerance, financial situation, investment experience, investment objectives, investment horizon and investment knowledge.

Singapore: This document is provided for general information and circulation only, and is not an offer or a solicitation to deal in any securities or to enter into any legal relations, nor an advice or a recommendation with respect to any financial products mentioned herein. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should ensure that you understand the risk(s) involved and should independently evaluate particular investments and consult an independent financial adviser before making any investment decisions. All information and opinions contained herein is based on certain assumptions, information and conditions available as at the date of this document and may be subject to change at any time without notice.