



CIO Office

Global Markets Weekly Kickstart

Space Potential Set for Lift-off!

8 April 2026



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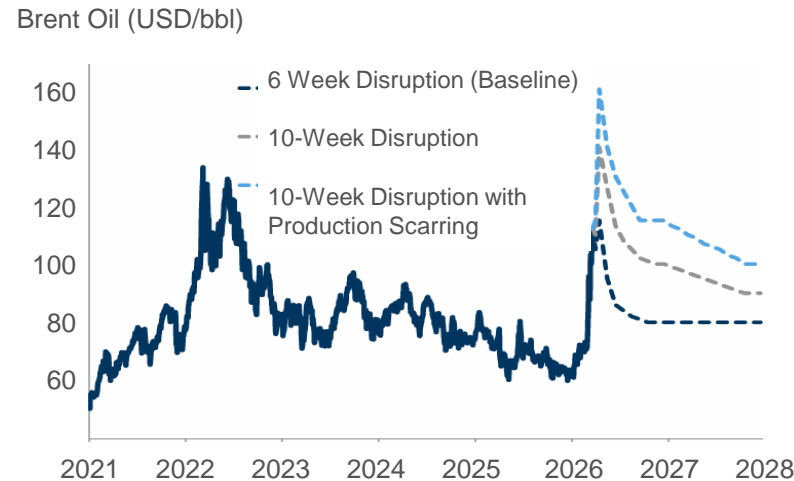
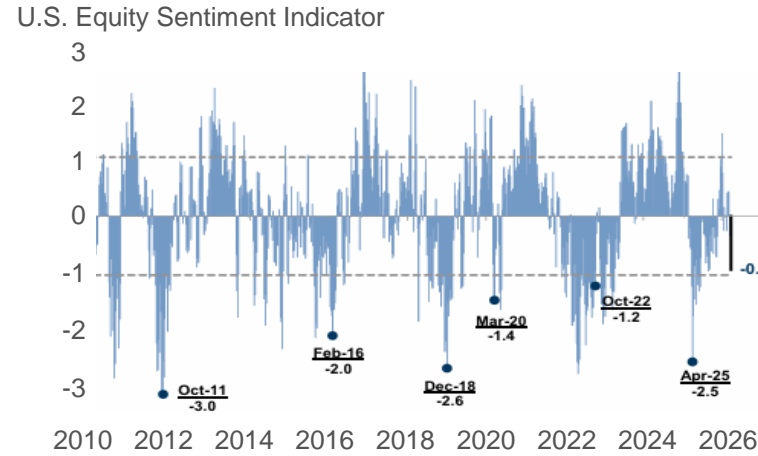
05 Product Spotlight

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

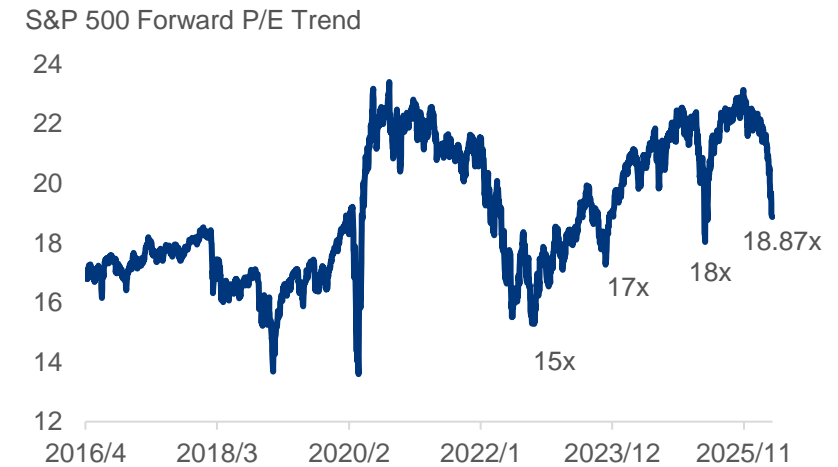
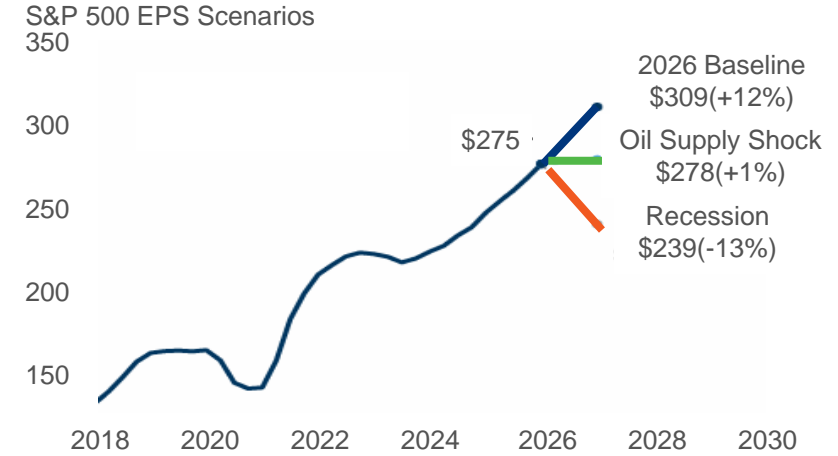
Israel-Iran Conflict Prolonged; U.S. Valuations Turn Attractive

- ▶ Trump signaled military success against Iran, suggesting its near-term nuclear ambitions have been largely curtailed. However, the Strait of Hormuz remains effectively blocked, with further strikes expected over the next two weeks. Market expectations have shifted from a quick resolution to a prolonged conflict exceeding 10 weeks, raising the risk of further oil price upside. U.S. equity sentiment has turned negative, reflecting growing market caution.
- ▶ Despite stable S&P 500 earnings, with 2026 EPS growth expected at 12%, valuations have corrected sharply. Even under supply disruption scenarios, earnings are still expected to grow unless a full recession occurs. However, risk aversion has driven a de-rating, with forward P/E falling from ~23x peak to ~18x by end-March, near last year's lows. Valuations are now close to one-year trough levels, suggesting improving attractiveness from a value perspective. Focus remains on high-quality companies with earnings growth visibility.

Market Sentiment Weakens as War Tops 10 Weeks, Oil Prices Surge



S&P 500 Earnings Outlook Steady, Valuations Near Liberation Day Levels



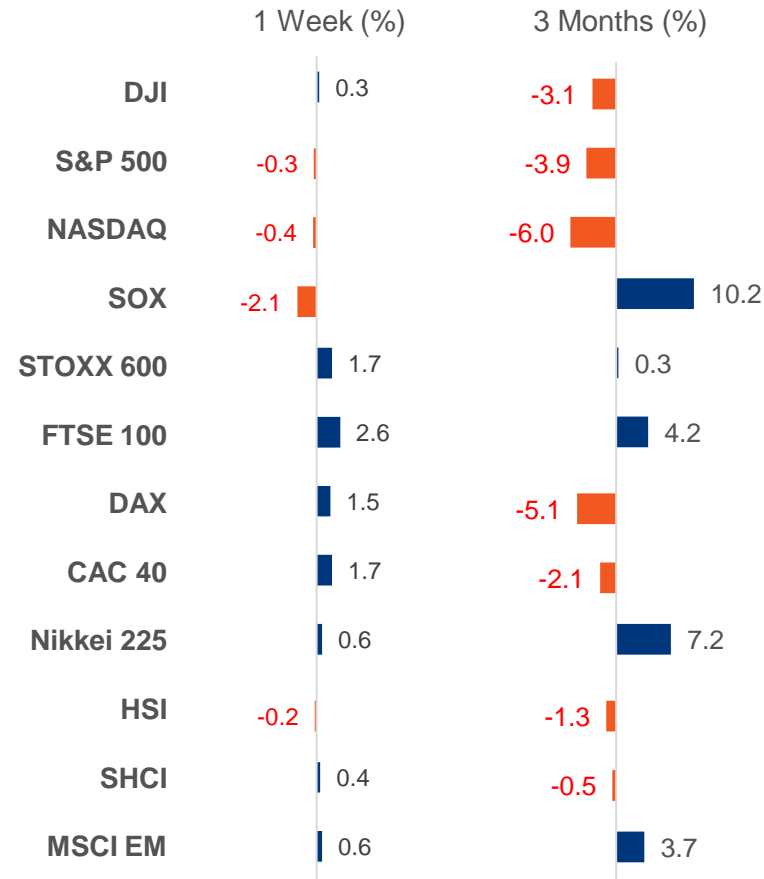
Source: Bloomberg, KGI

Market Recap

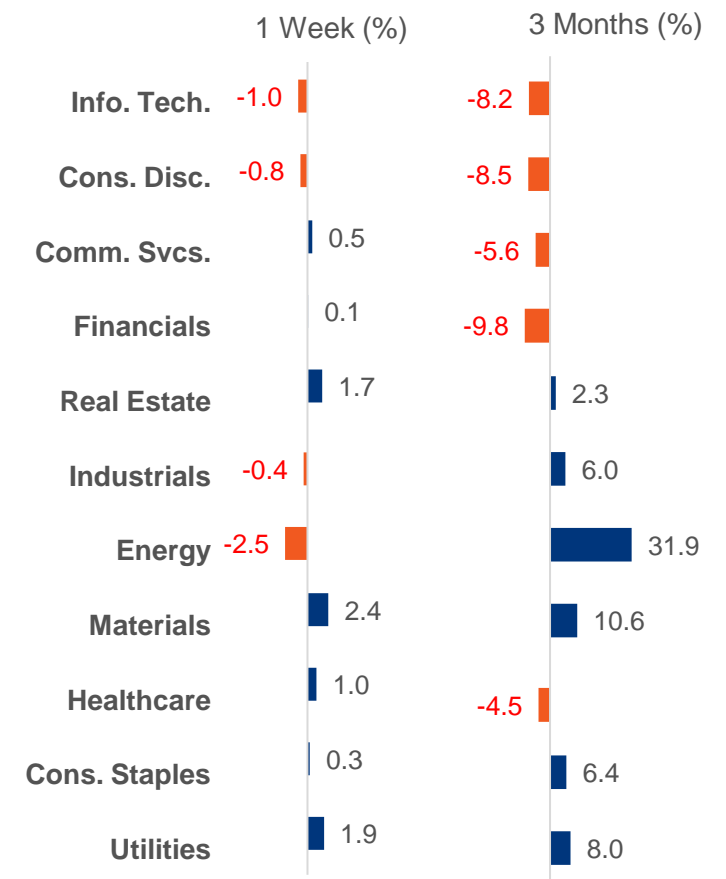
Ceasefire Signals Emerge but Volatility Persists; Memory Price Weakness Weighs on Tech

- ▶ Iran signaled willingness to end the conflict under security guarantees, while Trump claimed a decisive victory and near achievement of strategic objectives. With the U.S. set to intensify strikes and negotiations over the next 2–3 weeks, near-term uncertainty remains high, capping equity upside. Major indices traded sideways, with the Dow slightly higher, while the S&P 500 and Nasdaq edged lower. The Philadelphia Semiconductor Index underperformed, down 2.1%, as Google's TurboQuant launch raised concerns over weaker future demand for memory and storage. Declines in DDR5 pricing further pressured hardware demand, weighing on tech stocks. European markets were relatively stable, with the UK outperforming due to its defensive sector mix.
- ▶ Sector-wise, aside from tech weakness, energy has been the best-performing sector over the past three months. However, signs of easing geopolitical tensions triggered profit-taking, leading to recent pullbacks.

Regional Index Performance (%)

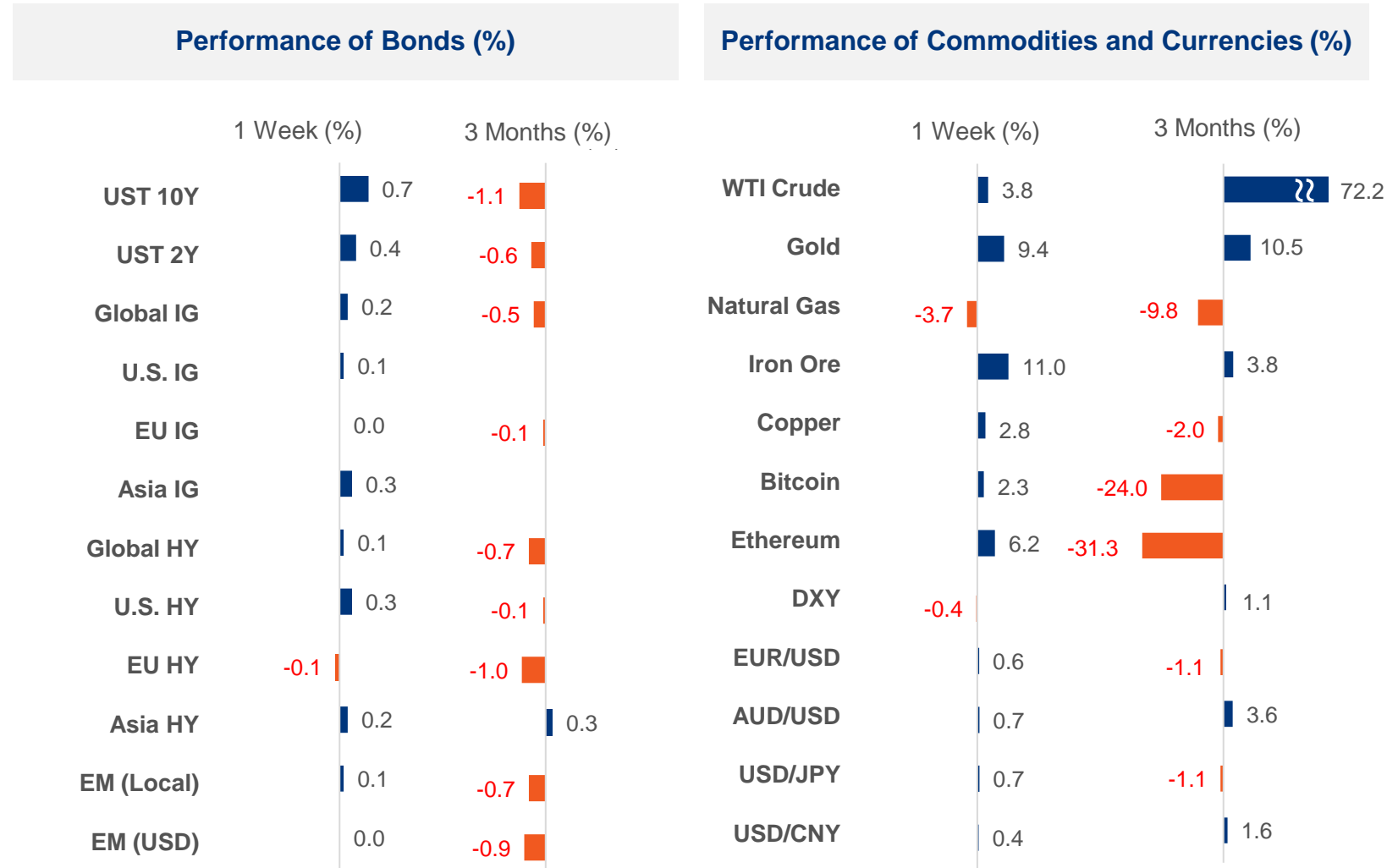


U.S. Sector Index Performance (%)



Powell Eases Rate-Hike Concerns; Bonds and Precious Metals Rebound

- ▶ Bond markets this week reflected ongoing uncertainty around the Israel-Iran conflict, supporting gains across Treasuries and IG credit. However, persistent oil price strength has lifted inflation expectations, keeping bond markets under pressure over the past three months. On the 30th, Fed Chair Jerome Powell emphasized that monetary policy should not react to short-term oil price fluctuations, but remain focused on full employment and price stability, easing market concerns over further rate hikes.
- ▶ Rising inflation expectations had previously pushed long-term yields higher, weighing on non-yielding assets such as gold and silver, triggering profit-taking. This trend reversed after Powell's remarks, with both metals rebounding over the past week. The USD weakened initially on ceasefire signals but recovered after Trump indicated continued military action over the next 2–3 weeks. Overall, the USD remains softer on the week, supporting broad strength in non-USD currencies, with AUD outperforming, up 3.6% over the past three months.

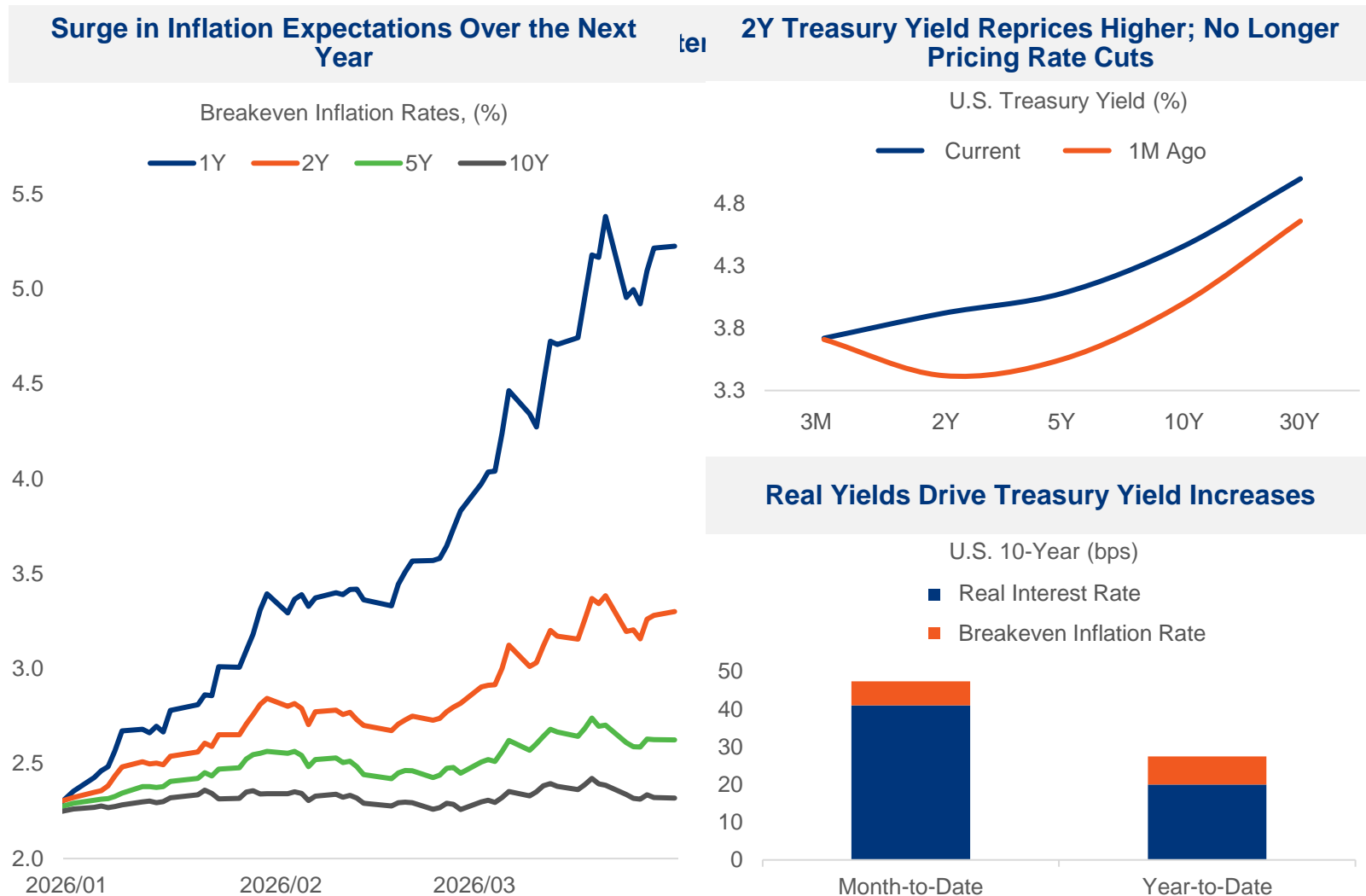


Source: Bloomberg

What's Trending

Rising Inflation Risks Reprice Rate Cuts; 10Y Treasury Yields Surge

- ▶ The Israel-Iran conflict has entered its second month, pushing energy prices higher and driving broader macro spillovers. Oil prices are up over 40% YoY, directly lifting U.S. inflation. While base effects suggest this may be largely one-off, long-term inflation expectations remain anchored.
- ▶ However, the Fed is unlikely to resume rate cuts. The 2Y Treasury yield, reflecting policy expectations over the next two years, is now around 20 bps above the policy rate. Although Jerome Powell indicated no immediate need to adjust policy, rate hikes are no longer off the table. The 10Y Treasury yield has risen around 27 bps since year-end, driven mainly by higher real yields.
- ▶ Even if policy shifts toward tightening, higher rates are unlikely to curb oil-driven inflation but may suppress demand in other sectors, potentially slowing growth. Rising energy costs also crowd out consumer spending, which could eventually cap further increases in yields. We prefer IG credit given stronger fundamentals.



Source: Bloomberg

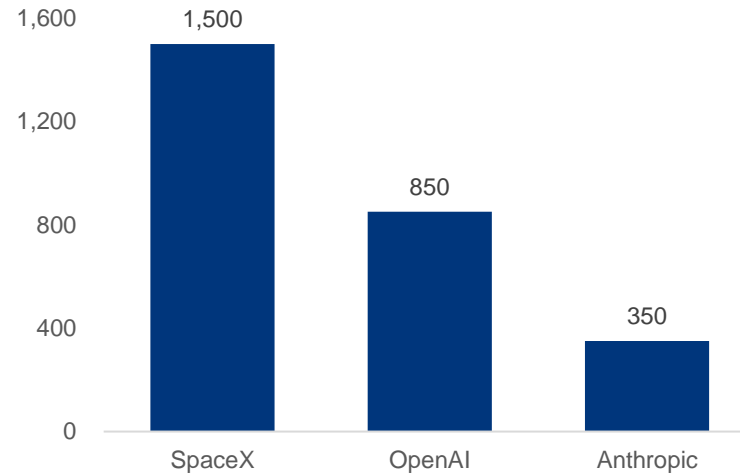
Mega IPO Buzz; Index Rule Changes Fuel Passive Inflows

- ▶ Major index providers—FTSE Russell, S&P Dow Jones, and Nasdaq—are considering rule changes to shorten IPO inclusion timelines. Currently, S&P may require up to 12 months, while Nasdaq and FTSE typically require around three months. To capture upcoming mega listings such as SpaceX, Nasdaq is proposing faster inclusion, allowing companies with top-tier market caps to be added as early as 15 trading days post-listing. Minimum free float requirements may also be reduced from 10%/5% to 0%. While S&P has yet to announce changes, market reports suggest ongoing internal discussions to address future mega-unicorn listings.
- ▶ According to Bloomberg estimates, assuming a \$1.5tn valuation and 10% free float, passive ETF inflows alone could exceed \$32bn upon inclusion. Active funds may front-run these flows, supporting pre-listing positioning. Market expectations are that SpaceX could file as early as late March/early April, with a potential listing in June, driving recent pre-IPO momentum.

Index Inclusion Review Period Shortened; Large-Cap IPOs Eligible for Fast-Track Inclusion

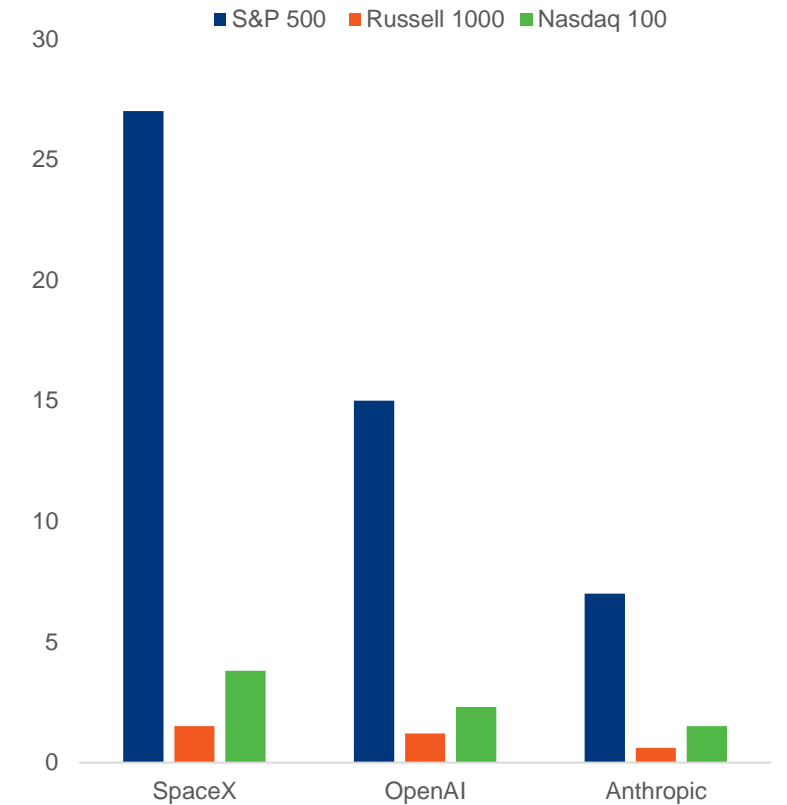
Index Provider	Index	Index Watch Period (Post-IPO)		Min Float	
		Current	Est.	Current	Est.
S&P Dow Jones	S&P 500	12 Months		10%	
Nasdaq	Nasdaq 100	3 Months	Pending	10%	0%
FTSE Russell	Russell U.S. 2000	Quarterly	Pending	5%	0%

Estimated Potential Market Cap (\$bn)



Estimated Billions in Passive ETF Inflows to IPO

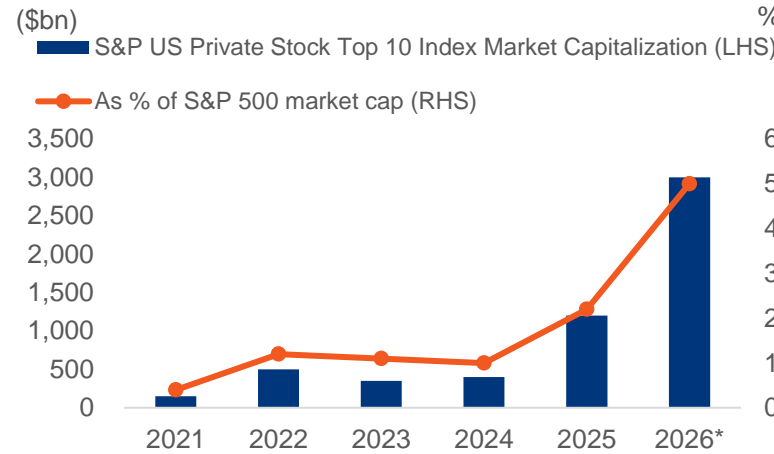
Estimated Passive ETF Inflows (\$bn, based on 10% free float)



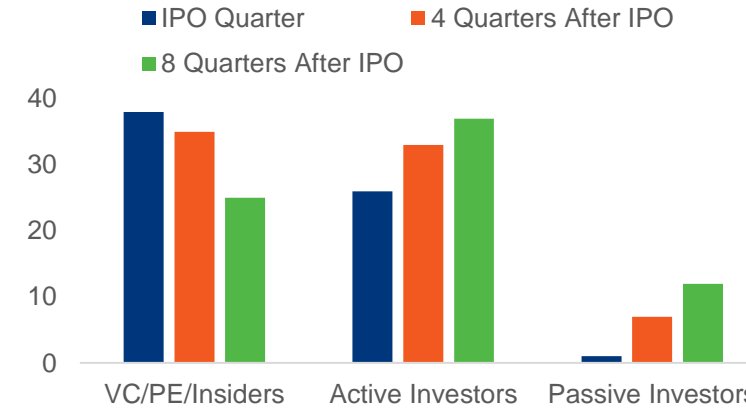
SpaceX Valuation Rises Post xAI Merger; Strong Post-IPO Inflow Expected

- ▶ Recent AI developments have driven rapid valuation growth among unlisted unicorns — from about USD 1.2 trillion in the S&P U.S. Top 10 Private Stocks (2025) to over USD 3 trillion by end-February 2026, equating to nearly 5% of S&P market cap.
- ▶ As SpaceX is set to become the largest IPO since Tesla, both active and passive funds are expected to position ahead of listing. U.S. equity mutual funds currently hold ~\$162bn in cash, but this represents only ~1.3% of total assets—near a 20-year low—implying likely equity selling to fund allocations post-listing. Looking at Tesla’s S&P 500 inclusion, mega-cap tech initially underperformed over ~20 days but subsequently caught up, suggesting short-term pressure but long-term fundamentals remain key.
- ▶ From historical IPO trends (top 25 U.S. listings), VC/PE and insiders typically refrain from aggressive selling within the first year, while active and passive investors increase holdings. This supportive ownership structure provides strong technical backing for mega-cap IPOs.

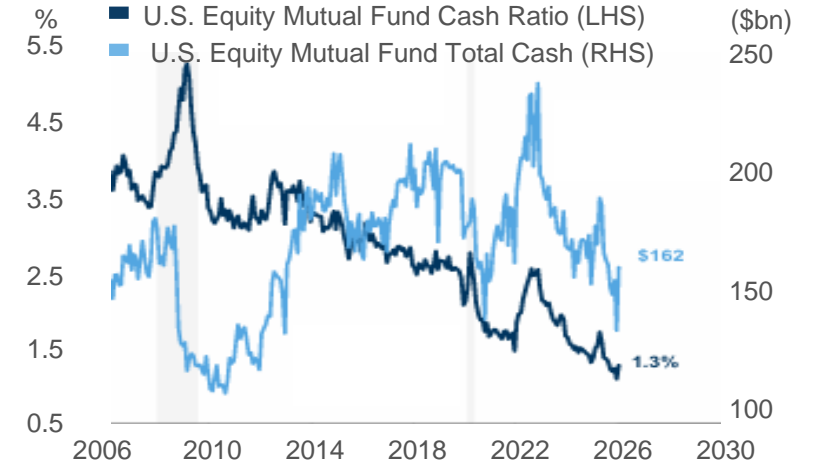
Surging Private Unicorn Valuations; Strong Post-IPO Momentum Within One Year



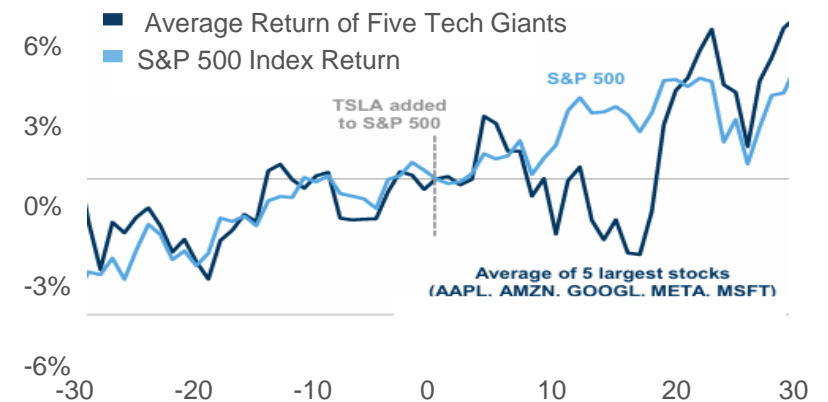
Average Equity Changes of Top 25 U.S. IPOs Since 2021 (%)



Low Fund Cash, Potential Rebalancing of Other Giants



Performance Since Tesla’s Inclusion in S&P 500 (%)



Source: Bloomberg, GS, KGI

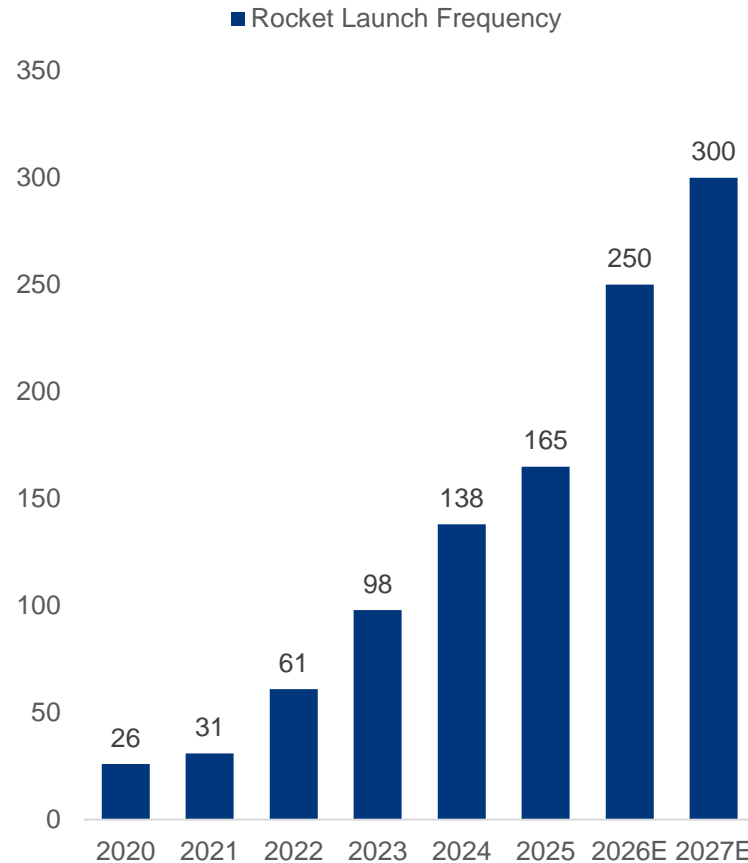
Note: 2026 reflects data as of end-February 2026*

Frequent SpaceX Launches Reinforce U.S. Space Dominance; Starlink Underpins Space-Based Data Infrastructure

- ▶ The global space technology market continues to expand steadily, with SpaceX leading commercialization and becoming the most active launch provider across both private and government missions. Its Starlink program leverages reusable rockets and mass satellite production to significantly reduce launch costs. Each Starship launch can carry 60–90 satellites. Global low Earth orbit (LEO) satellites exceeded 5,000 in 2023, with SpaceX accounting for over 50%, reaching breakeven and beginning to generate profits. By 2025, its share is expected to approach 80%, with active satellites surpassing 10,000 this year. Extensive launch experience has driven meaningful cost reductions, with estimates suggesting China’s launch costs remain 6–10x higher than SpaceX.
- ▶ SpaceX is entering a phase of rapid launch acceleration, with launches projected to nearly double from 165 in 2025 over the next two years. Amid rising AI-driven power demand and slow approvals for terrestrial data centers, the concept of space-based data centers is gaining traction, requiring increased launch capacity. This dynamic is emerging as a key catalyst for SpaceX’s IPO, with strong capital support likely driving further upside revisions to launch volumes.

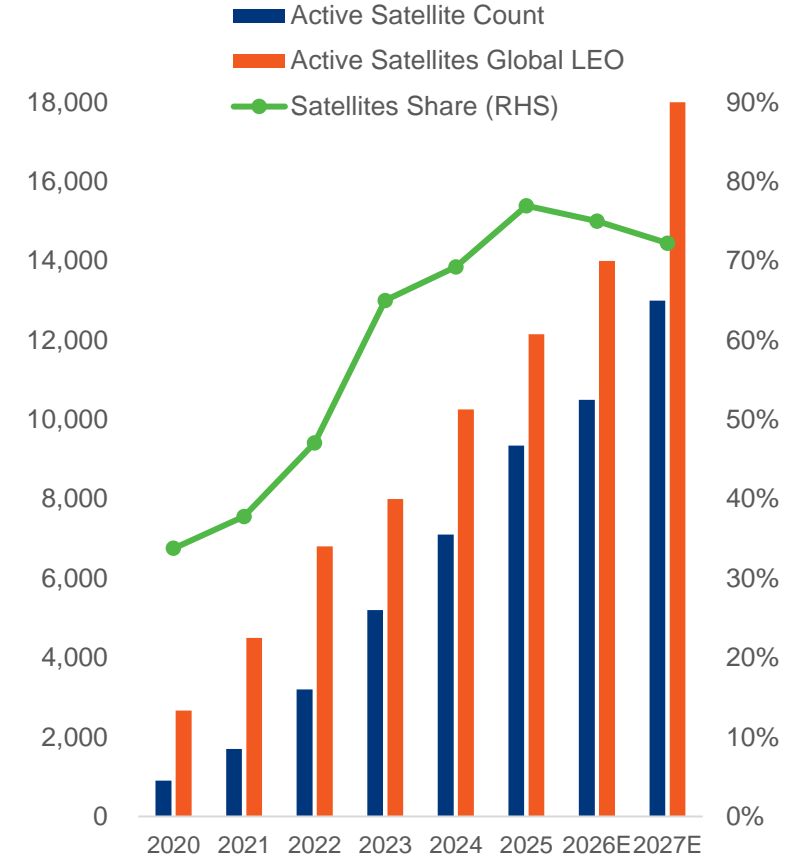
SpaceX Launch Frequency Accelerates into Expansion Phase

Annual Rocket Launch Count (Actual & Forecast)



Starlink Leads Commercialization; LEO Satellite Share Near 80%

Active Satellites (Count)



Source: SpaceX, Bloomberg

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ Geopolitical tensions continue to drive oil prices higher, lifting inflation expectations and raising risks of higher production costs and equity valuation resets. U.S. equities are likely to remain volatile near term, with valuation compression. Tech is pressured by concerns over weaker demand following Google's new technology. Given macro uncertainty and rising volatility, we prefer defensive, low-volatility, and high-quality names (e.g., staples, healthcare, utilities, telecom). AI-related sectors (tech, communication services, consumer discretionary, industrials) are preferred later in 2Q. ◆ Europe and Japan offer diversification, with Japan showing stronger upside potential. Japanese equities favor value and financials, particularly banks, with additional upside from HALO-themed trading houses. European equities remain supported by fiscal-driven valuations, with Germany and the UK as key markets. 	<p>Strategy: Core allocation to large-cap quality and defensive sectors (telecom, utilities); long-term positioning in AI (tech, semis, machinery); non-AI exposure to aerospace, defense, and value stocks</p> <p>Regions: Japan (banks, semis); UK and Europe</p>
Bonds	<ul style="list-style-type: none"> ◆ Fed policy should not react to short-term oil price fluctuations, but remain focused on employment and inflation stability, helping anchor rate expectations. However, with oil prices elevated and geopolitical risks unresolved, U.S. Treasury yields may trend higher in 2Q. IG credit remains resilient with defensive characteristics. Investors can use rate rebounds to add medium-duration bonds, focusing on attractive risk-adjusted spreads in sectors such as financials, telecom, utilities, industrials, and energy. ◆ The USD is firm near term but faces depreciation risks longer term. Diversification into non-USD bonds is recommended, including EUR- and AUD-denominated IG credit. 	<p>Types: Medium-duration IG bonds</p> <p>Sectors: Financials, telecom, utilities, industrials, energy</p> <p>Satellite Allocation: Non-USD bonds for diversification</p>
Forex	<ul style="list-style-type: none"> ◆ Geopolitical uncertainty continues to support oil prices, while major central banks remain cautious. The USD is firm in the near term but biased weaker over the medium to long term. ◆ In 2Q, the USD is likely to consolidate at elevated levels, while RMB may strengthen relative to USD. EUR and JPY are expected to trade range-bound. 	<p>USD firm short term, weaker medium term (limited downside)</p> <p>EUR and JPY range-bound; RMB biased stronger</p>
Commodity	<ul style="list-style-type: none"> ◆ Gold is pressured near term by a stronger USD and higher U.S. yields. However, geopolitical risks, competition for strategic resources, and tariff-driven uncertainty continue to support its allocation value. We maintain a constructive medium- to long-term view on gold; sharp corrections present opportunities to accumulate gradually. 	<p>Gold: constructive medium to long term; accumulate on dips</p>

Trade-In Subsidy Taper Tests Industry Resilience

► Policy Shift: Targeted Subsidies and Smart Upgrades

China’s 2026 trade-in subsidy policy marks a shift from broad-based stimulus to targeted support. The government plans RMB250bn in ultra-long special bonds to fund consumer upgrades, smaller than 2024, while expanding coverage to AI devices such as AR glasses and infrastructure (e.g., elevators in old residential areas). Subsidies for home appliances are narrowed to six categories, effectively diluting benefits for traditional appliances and forcing structural upgrades across the sector.

► Cost Inflation: Margin Protection

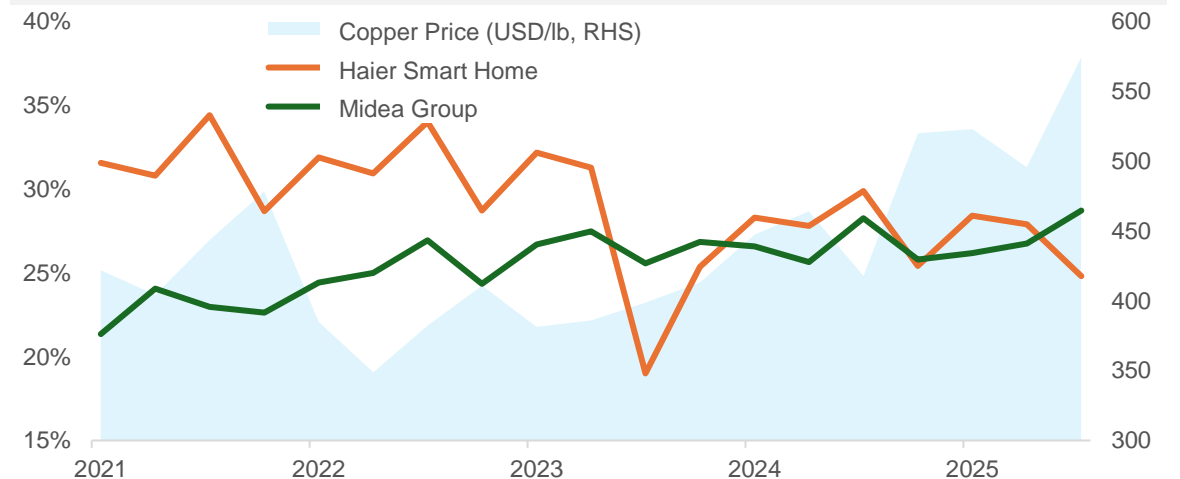
Amid geopolitical-driven cost inflation, appliance makers face surging input costs (e.g., copper, plastics). Leading players are shifting away from price competition toward margin protection, through SKU rationalization, strategic pre-procurement, and premiumization. With oil prices expected to ease toward year-end, input cost pressures may moderate in 2H, testing companies’ ability to manage cycle volatility. Near term, focus remains on margin resilience. Midea Group is reducing SKUs, upgrading product mix, cutting operating expenses, and accelerating transformation to stabilize margins. Haier Smart Home is adopting hedging strategies and premiumization, though management still expects margin pressure.

Source: Bloomberg

Differences in Subsidy Measures

	2025 Policy	2026 Policy (New System)
Policy Core Orientation	Broadly stimulate domestic demand, help firms reduce inventory	Focus on “Precision, Green, Smart, Livelihood,” drive consumption upgrade and high-quality development
Home Appliance Coverage	Wide scope, up to 12 categories of appliances	Narrowed to core appliances :refrigerators, washing machines, TVs, air conditioners, kitchen appliances, water heaters
Home Appliance Subsidy Ratio & Cap	Tiered by energy efficiency (e.g., Level 2 = 15%, Level 1 = 20%)	Unified subsidy at 15% of final sales price
	Maximum Subsidy per Item: RMB 2,000	Maximum Subsidy per Item Lowered to RMB 1,500
Digital & Smart Products	Limited pilots in some regions, mainly phones and tablets	Expanded to 4 categories — phones, tablets, smartwatches/bands, laptops (newly added)
Digital Product Subsidy Standard	Varies by region	Price cap of RMB 6,000, subsidy at 15%, maximum RMB 500 per item

Gross Margin and Copper Price Changes



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Trade-In Subsidy Taper Tests Industry Resilience

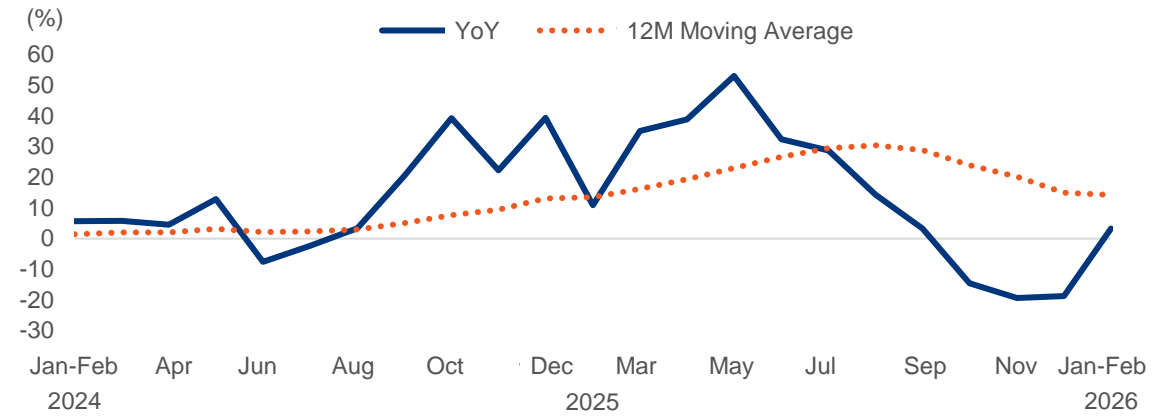
► **ToB Shift: Computing Infrastructure as Second Growth Engine**

Amid a saturated ToC market, expansion into ToB hard tech is becoming a key growth driver. With the surge in AI computing demand, traditional air cooling is reaching its limits, making liquid cooling a necessity for data centers. China’s liquid cooling market is projected to reach RMB25.7bn by 2026, with penetration rising to 37%. Leveraging expertise in thermodynamics and compressor technologies, appliance leaders are capturing overseas liquid cooling orders, unlocking a high-margin growth opportunity in computing infrastructure.

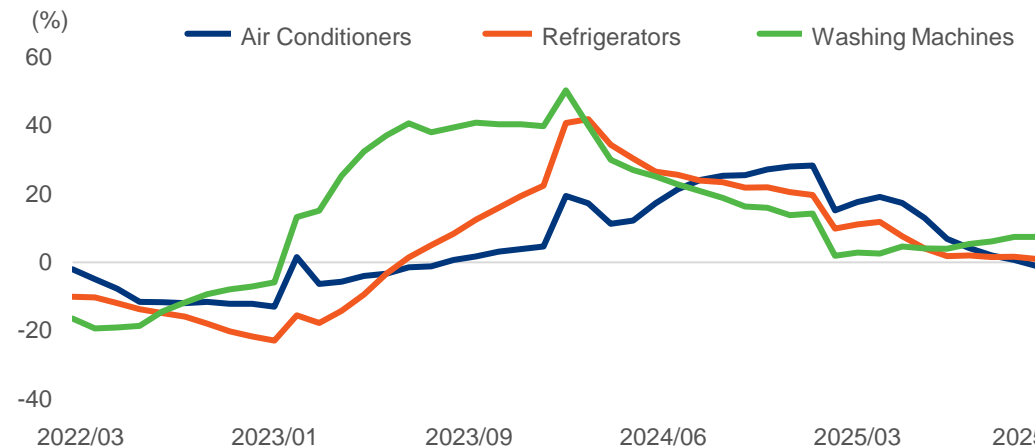
► **Global Expansion: OBM and Capacity Reconfiguration**

In 2026, overseas expansion enters a new phase focused on own-brand manufacturing (OBM) and localized operations. Facing margin pressure from U.S. tariffs and trade barriers, companies are accelerating global capacity reallocation. By shutting down inefficient European plants, firms are improving core margins. Meanwhile, leading players are building localized supply chains via cross-border M&A to mitigate risks, driving double-digit growth in OBM and strengthening global competitiveness.

Retail Sales Growth (Home Appliances & AV Equipment)



Actual Export Volume Growth



Source: Bloomberg

Haier Smart Home (6690 HK)

Closing Price HK \$20.8

Target Price US -

Leading provider of smart home solutions in China and overseas, covering white goods (kitchen appliances, AC, washing machines) and value-added services.

Export Growth Resilient Despite Geopolitical Risks

Exports delivered strong growth in 2025, with shipments to emerging markets (e.g., Middle East, Africa, Southeast Asia) up over 50%. While U.S. tariffs and pricing competition pressured margins, geopolitical risks are accelerating tariff and logistics cost pass-through. We expect export growth momentum to remain intact into 2026, supported by localized production and tariff mitigation strategies.

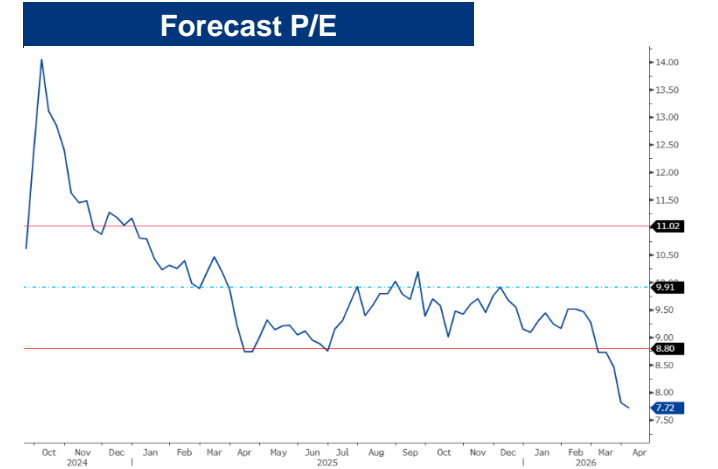
Efficiency Gains to Drive Margin Recovery

Margins were pressured in 2025 due to restructuring costs (~RMB1bn one-off). However, operational efficiency is improving via organizational optimization. Despite short-term margin pressure, underlying profitability remains stable. As restructuring benefits materialize, margins are expected to recover in 2026. Management targets revenue CAGR in the high-teens through continued global expansion and supply chain optimization.

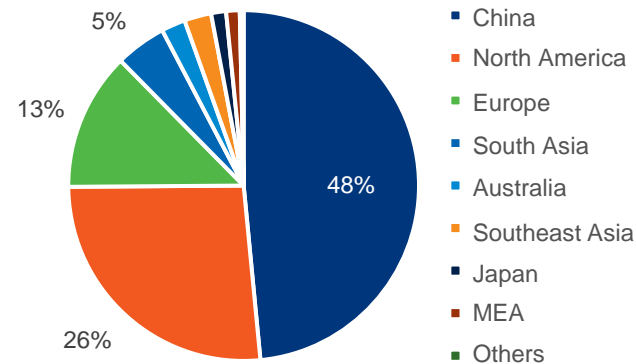
Subsidy Rollback Weighs on Margins

The company has guided for more conservative margin expectations. While revenue remains supported by appliance demand, subsidy reductions pose downside risks, leading to a more neutral investment stance.

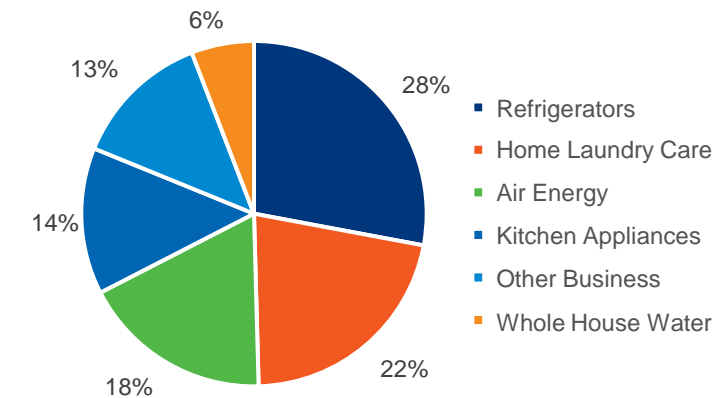
Financials					
	2023	2024	2025	2026F	2027F
Revenue (CNY b)	261.4	285.9	302.3	318.2	334.1
Revenue YoY	7.3	9.4	5.7	5.3	5.0
EPS (CNY)	1.79	2.02	2.12	2.31	2.51
EPS YoY	13.3	12.8	4.9	8.8	8.8
ROE(%)	17.0	17.6	16.9	16.5	16.6



Regional Income Distribution



2026 Segment Revenue Forecast



Source: Bloomberg



Midea Group (0300 HK)

Closing Price HK \$84

Target Price HK 103

A diversified manufacturer of home appliances and industrial solutions, covering AC, kitchen appliances, refrigerators, washing machines, elevators, compressors, medical imaging, robotics, and automation systems.

From Appliances to Industrial Tech Leader

Midea is transitioning from a traditional ToC appliance maker to a ToB industrial technology platform. ToB growth was strong in 4Q25, with building tech and industrial tech segments growing over 25% and 20%, respectively. Management expects ToB to be the key growth driver into 2026. Through KUKA integration and overseas acquisitions, Midea has reduced reliance on the property cycle and strengthened its position as a diversified industrial group.

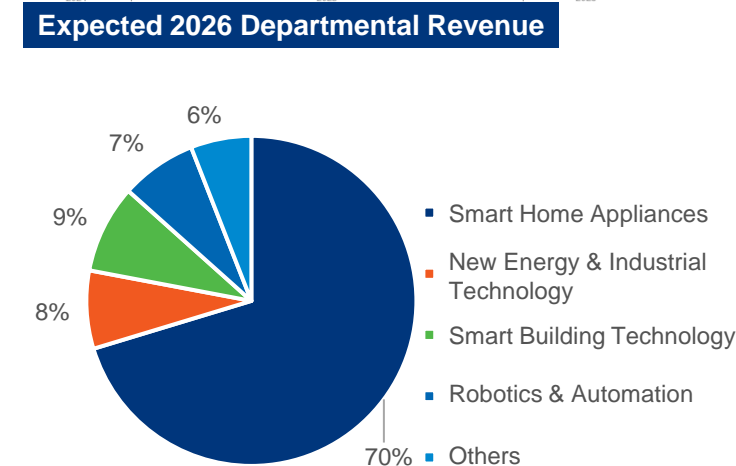
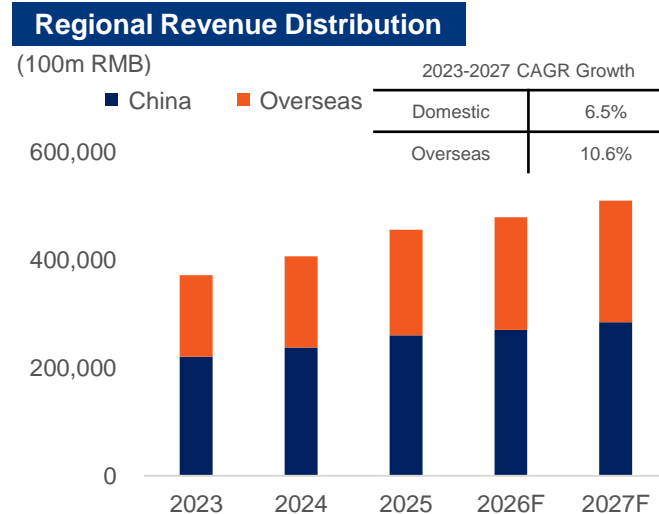
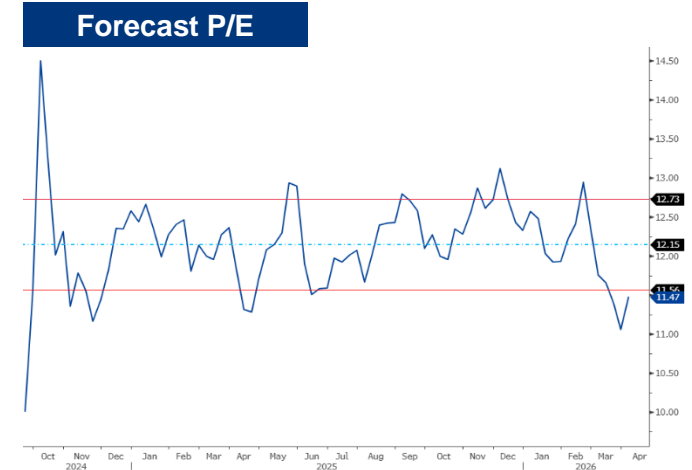
Global Branding and Cost Discipline Support Margins

Midea continues to expand its global OBM strategy while maintaining cost efficiency. To mitigate tariff pressures, overseas capacity accounts for ~45% of appliance production. The company plans to streamline ~15% of SKUs in 2026 to improve efficiency. Strong cost control and supply chain management help offset raw material and tariff volatility, supporting margin stability.

Diversification Mitigates Subsidy Headwinds

Its diversified business mix helps cushion the impact of subsidy rollbacks in appliances. Growth in industrial and overseas segments supports earnings resilience, maintaining a positive investment view.

Financials					
	2023	2024	2025	2026F	2027F
Revenue (CNY b)	373.7	409.1	458.5	486.4	518.1
Revenue YoY	8.1	9.4	12.1	6.1	6.5
EPS (CNY)	4.9	5.4	5.8	6.3	6.8
EPS YoY	13.6	10.3	6.6	8.3	9.1
ROE(%)	22.1	20.3	19.9	19.5	19.7



Source: Bloomberg



Commercial Spaceflight to Usher in a New Capital Boom

- ▶ U.S. March Nonfarm Payrolls: Added 178,000 jobs, higher than the revised prior decrease of 133,000 jobs, and above market expectations of 65,000 jobs.
- ▶ U.S. March ISM Manufacturing PMI: Came in at 52.77, above the prior 52.44 and exceeding market expectations of 52.3.
- ▶ U.S. February Retail Sales: Rose 0.6% MoM, rebounding from January's 0.1% decline, and beating market expectations of a 0.5% increase.
- ▶ U.S. March ADP Employment: Added 62,000 jobs, lower than the revised prior 66,000, but above market expectations of 40,000 jobs.
- ▶ SpaceX IPO Filing: SpaceX has officially submitted its IPO application to the U.S. SEC. The company, centered on satellite manufacturing and rocket launches, is pursuing a confidential listing process. The planned fundraising size is between USD 40–80 billion, with a potential overall valuation surpassing USD 1.75 trillion. Following the AI investment wave, commercial space is expected to emerge as a new capital market theme. With SpaceX's listing, related industries are projected to attract massive capital inflows, offering broad growth prospects.

Global Space Infrastructure Market Size and Growth Forecast



AST SpaceMobile (ASTS)

Closing Price US \$92.62

Target Price US \$120

A telecommunications company providing space-based broadband networks accessible directly via standard smartphones, serving both commercial and government applications globally.

Commercialization Accelerates; Scaling Satellite Deployment

AST is transitioning from proof-of-concept to large-scale deployment. BlueBird satellites are entering early commercialization in 2025, with 2025 revenue expected at ~\$709mn and orders exceeding \$1bn. The company targets 45–60 satellites by end-2026. BlueBird supports speeds up to 120 Mbps, with partners including AT&T and Verizon, positioning AST as a key player in satellite-based broadband.

Strong Strategic Backing from Governments and Telcos

AST has secured partnerships with major telecom operators including AT&T, Verizon, Rakuten, Vodafone, Orange, Telefónica, CK Hutchison, and Taiwan Mobile. It has also received ~\$300mn from the U.S. Space Development Agency (SDA) under the HALO program and holds a strategic role in the Missile Defense Agency’s SHIELD program. Post-2H26 financing, liquidity is expected to exceed \$3bn, supporting expansion and commercialization.

4Q25 Earnings Miss; Launch Ramp Key for 2026

4Q25 revenue rose 5,430% YoY to \$43.0mn, below consensus of \$127.5mn. GAAP EPS was -\$0.26 (vs. -\$0.06 expected). Backlog exceeds \$1bn, with a target of one launch every 1–2 months, reaching 45–60 satellites by end-2026.

Valuation Consensus

Bloomberg 12M average TP: \$98.15 (high: \$139; low: \$41.2)

Source: Bloomberg, Market.us

1-Year Price

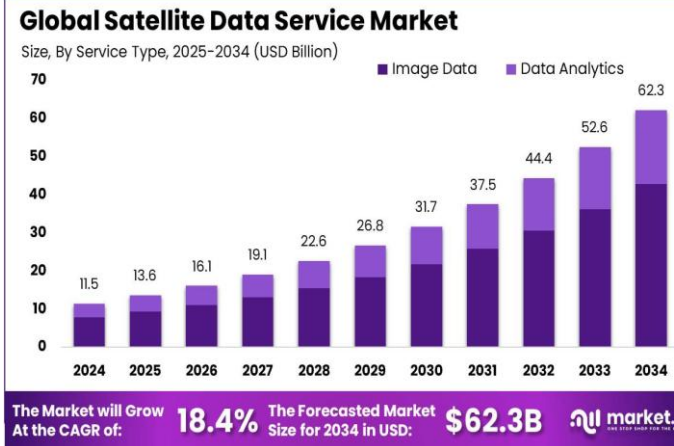


Financials

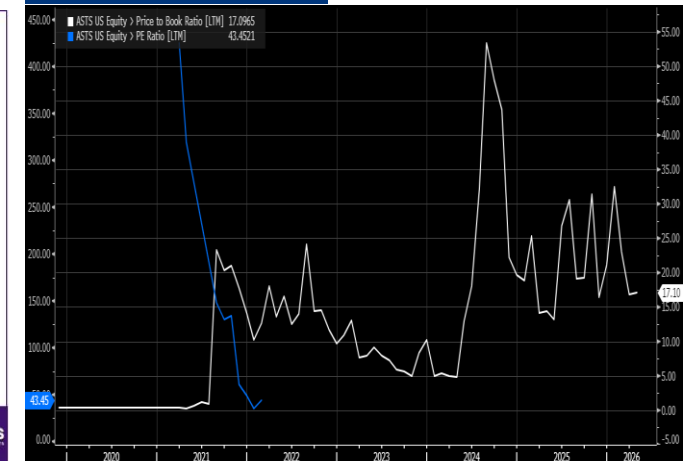
	2023	2024	2025	2026F	2027F
Revenue Growth(%)	N/A	N/A	1505.2	154.4	370.4
EBITDA (%)	N/A	-3964.9	-323.3	-113.6	41.8
EPS(USD)	-1.07	-1.93	-1.33	-1.01	0.06
Net Profit Margin(%)	-85.34	-80.62	31.34	23.82	N/A

Source: Bloomberg; 2026/27F are market estimates

Global Satellite Data Services Market



P/E & P/B



For Internal Use Only

ATI Inc. (ATI)

Closing Price US \$146.63

Target Price US \$170

A specialty materials manufacturer producing high-performance alloys, including titanium, nickel-based alloys, stainless steel, and specialty metals, serving aerospace, defense, energy, and industrial customers.

Moat in Aerospace Materials

ATI is a leading supplier of titanium and nickel-based alloys, with capabilities across six advanced alloys, including five with sole-supplier positioning. It holds a dominant role in key jet engine components. The aerospace backlog is strong, with Airbus and Boeing expected to deliver 8,770 and 6,734 aircraft, respectively, by 2026. Rising OEM and MRO demand supports long-term growth in ATI's titanium and nickel products.

Defense Business Scaling Up

Defense is becoming a key growth driver, with segment revenue up 68% in 4Q. Global defense spending is projected to reach \$2.63tn in 2025. ATI is benefiting from both defense and commercial aerospace demand, reinforcing its growth outlook.

4Q25 Earnings Beat; Positive 2026 Outlook

4Q25 revenue rose 9% YoY to \$1.18bn (vs. \$1.00bn expected). Non-GAAP EPS was \$0.93 (vs. \$0.86 expected). 2026 EBITDA is guided at \$2.16–\$2.26bn, with EPS of \$0.83–\$0.89. Full-year 2026 EBITDA is expected at \$10.25bn, with adjusted EPS of \$3.99–\$4.27 and FCF of \$430–\$490mn.

Valuation Consensus

Bloomberg 12M average TP: \$160.55 (high: \$191; low: \$140)

Source: Bloomberg

1-Year Price

(USD)



2026FY Outlook

First Quarter 2026

Adj. EPS^{1,2}
\$0.83 - \$0.89

Adj. EBITDA²
\$216 - \$226 million

Key Assumptions

Key Drivers

- ✓ Double digit growth in Jet Engine and Defense
- ✓ Airframe recovery to begin ramping in second half 2026
- ✓ Specialty Energy emerging growth driver

Full Year 2026

Adj. EPS^{1,2}
\$3.99 - \$4.27

Adj. EBITDA²
\$975 - \$1,025 million

2026 Focus Areas

- ✓ Core Revenue Growth
- ✓ Adjusted EBITDA Growth and Margin Expansion
- ✓ Adjusted FCF Generation
- ✓ Incremental Margins

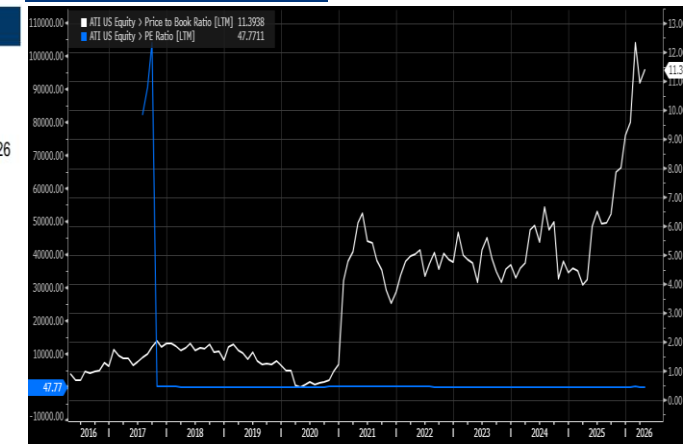
Adj. FCF¹
\$430 - \$490 million

Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	8.8	4.5	5.2	8.5	8.9
EBITDA (%)	16.1	18.3	19.3	20.4	21.6
EPS(USD)	3.07	2.65	3.17	4.18	5.04
Net Profit Margin(%)	64.47	-13.67	19.27	32.02	20.62

Source: Bloomberg; 2026/27F are market estimates

P/E & P/B



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Ongoing Middle East Tensions; Taiwan PCB Makers to Benefit from Next-Gen Satellite Demand

Middle East Tensions Remain Unresolved, With Taiwan Equities Recovering Some Losses Last Week

While Iran signaled willingness to end the war and Trump hinted at a shorter conflict, supporting a brief rebound, renewed threats to strike Iranian energy facilities kept oil prices elevated and market sentiment fragile. Sector-wise, paper stocks remained strong but face pullback risk; financials may see policy support, with focus on reclaiming the 3-month moving average. In tech, gains were selective, with strength in semiconductor equipment, packaging/testing, CCL, thermal, and LEO satellite-related names.

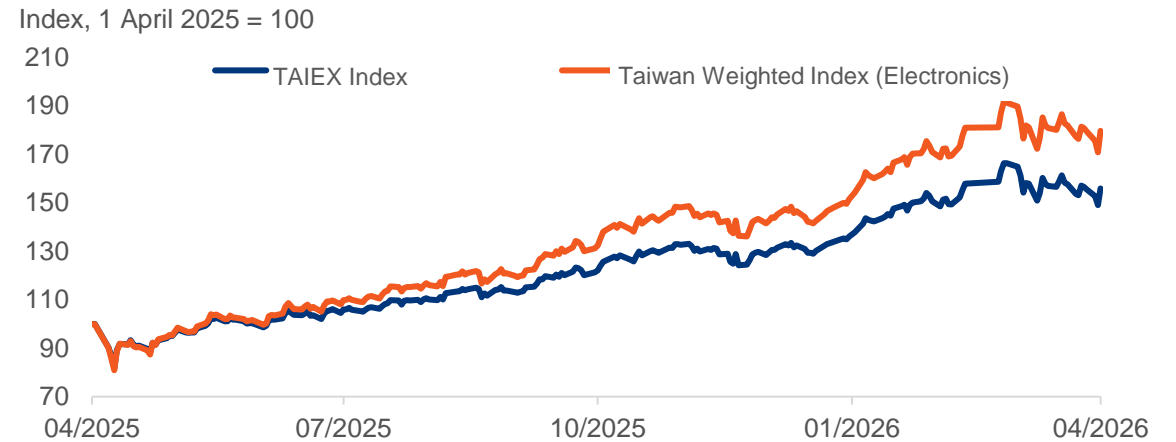
SpaceX's Next-Gen Satellite Rollout in 2026 Is Expected to Drive PCB Demand

Starlink launches rose 60% YoY in 2025 to 3,169 satellites, with launch frequency up 36% to 122 missions and higher payload per launch. Subscriber growth remains strong (+83% YoY to 4.4mn, cumulative >9mn), with coverage across 155 countries and expansion into aviation, maritime, and enterprise services.

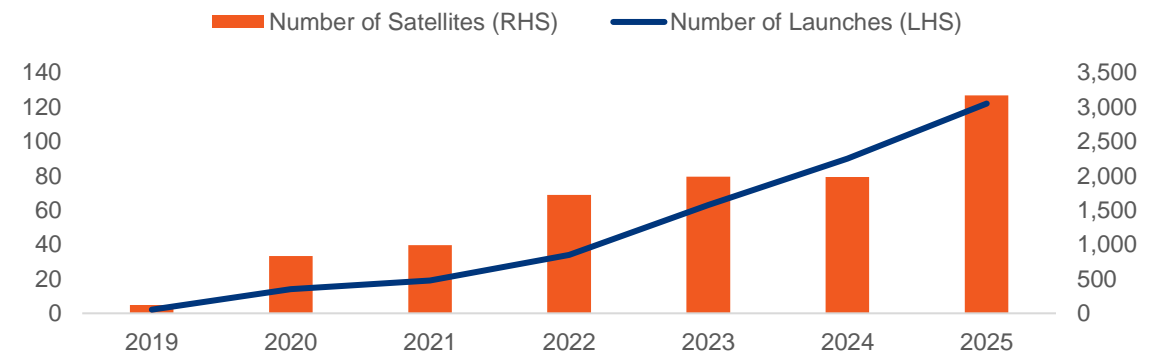
Looking ahead, SpaceX will begin deploying V3 satellites in 2026, with significantly enhanced specifications. Each satellite is expected to weigh ~2,000kg (over 3x V2 Mini), with bandwidth of up to 1,000 Gbps downlink and 200 Gbps uplink (10x V2). This will drive increased adoption of advanced PCB technologies, including HDI and multilayer boards. Current V2 satellites already use up to 20-layer boards and 4-stage HDI, with material grades ranging from M2–M7. Key suppliers include Isola and Taiwan Union for satellite CCL, and Taiwan Union and Elite Material for ground stations, while PCB suppliers include Compeq, Meiko, and Unitech, with Taiwan Union Technology and Compeq as leading vendors.

Source: Bloomberg

TAIEX Index and Taiwan Electronics Sector Trends



Starlink Launch Count



Compeq Manufacturing Co., Ltd. (2313 TT)

A leading PCB manufacturer producing and selling a wide range of printed circuit boards and related electronic components.

Key Features

Satellite-Driven Growth from Space AI Demand

Driven by SpaceX's expanding AI infrastructure, satellite demand is becoming a key growth driver. Rapid growth in Starlink users (now exceeding 10mn) is boosting ground equipment demand in 1H26, while next-gen V3 satellites are expected to ramp in 2H26. Longer term, large-scale satellite deployment supports sustained demand for space-based AI infrastructure, benefiting PCB suppliers.

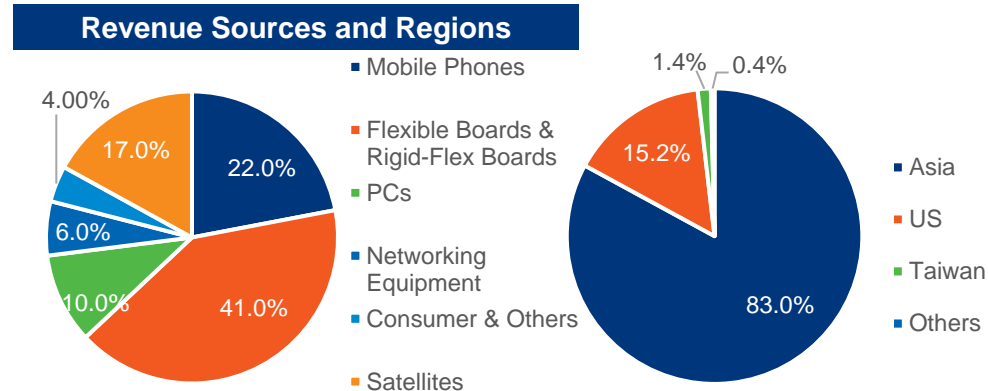
Upward Revisions to Satellite Revenue

We estimate 2026–2027 satellite revenue to grow 7% and 20.5% to TWD19.8bn and TWD27.0bn, implying YoY growth of 34%–36%, with revenue contribution rising to 22.2% and 25.4%. Data center-related revenue remains another key driver, supported by enterprise server demand and U.S. hyperscaler data center orders. We forecast data center revenue at TWD7.19bn and TWD12.4bn for 2026–2027, contributing 8%–12% of total revenue.

Financials					
	2023	2024	2025F	2026F	2027F
EPS (NTD)	3.50	4.70	5.51	7.88	10.41
EPS Growth (%)	-47.9	34.3	17.3	43.0	32.0
P/E Ratio	58.6	43.6	37.2	26.0	19.7
ROE (%)	10.7	13.4	14.4	18.8	21.7

Source: Company data, estimates of KGI analyst

Valuations		5Y Avg.	Current
Price	33.25	●	◆ 270.00
P/E	6.26	●	◆ 48.98
P/B	1.21	●	◆ 6.72



Source: Bloomberg

Taiwan Union Technology Corporation (6274 TT)

A leading manufacturer of copper-clad laminates (CCL) and prepregs, also providing multilayer lamination services.

Key Features

Capacity Expansion Accelerates; Monthly Output to Reach 3.8mn by 2027

The company is ramping capacity to meet AI-driven demand. Phase 1 capacity of 300k sheets/month is already running at 80–90% utilization, with Phase 2 (300k) to ramp from 2Q26. Thailand capacity (Phase 1: 530k; Phase 2: 610k) will begin mass production in 3Q27, adding 1.2mn sheets/month. Total monthly capacity is projected to reach 2.6mn in 2026 and 3.8mn in 2027 (+46% CAGR).

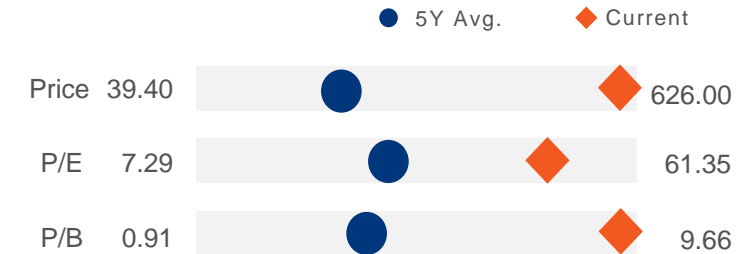
1Q26 Revenue Growth with Margin Expansion

U.S. CSP ASIC server demand has normalized since January, with shipments set to ramp from April. Coupled with strong demand for 800G switches, pricing adjustments (M7+) are expected to support margins from April onward. We expect 1Q26 revenue of TWD9.66bn QoQ flat, with margin improvement QoQ.

	2023	2024	2025	2026F	2027F
EPS (NTD)	3.05	9.56	11.81	21.14	35.33
EPS Growth (%)	-35.0	213.6	23.5	79.0	67.1
P/E Ratio	148.4	47.3	38.3	21.4	12.8
ROE (%)	7.0	20.1	20.7	29.3	39.3

Source: Company data, estimates of KGI analyst

Valuations

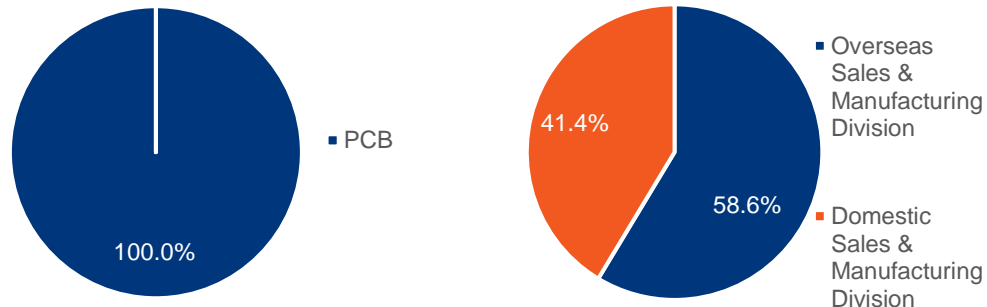


1-Year Price



As of 1 Apr 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	7.41	14.31	26.11	96.84	26.11	298.08

Revenue Sources and Regions



Source: Bloomberg

Space Economy Booms; Record-Breaking IPO Attracts Capital

► ERShares Private-Public Crossover ETF (XOVR.US)

- Active ETF targeting long-term capital appreciation.
- Invests mainly in mid-/large-cap U.S.-listed equities meeting proprietary entrepreneurial criteria.
- Allocates to both public and private equity (e.g., SpaceX, xAI, OpenAI, Epic Games), with core holdings in the ER30TR Index.

► Renaissance IPO ETF (IPO.US)

- Tracks a portfolio of the largest, most liquid U.S. IPOs.
- Quarterly rebalancing adds new IPOs and removes older constituents.

Products	ERShares Private-Public Crossover ETF (XOVR.US)	Renaissance IPO ETF (IPO.US)
Features	<ul style="list-style-type: none"> ■ Active ETF Combining Private Equity + Public Market ■ Daily Liquidity Breaking Private Investment Lock-Up 	<ul style="list-style-type: none"> ■ Pure U.S. IPO Market, Clear Investment Scope ■ Portfolio Rotated Out Within Three Years Post-IPO, With Single Weight
AUM	USD 1.487 billion	USD 117 million
Tracking Index	-	Renaissance IPO Index
Exchange	NASDAQ	NYSE
Currency	USD	USD
Holdings	33	48
Expense Ratio	0.75%	0.60%
3M/YTD Return	-16.14% / -16.14%	-8.19% / -8.19%
Sectors (%)	Information Technology 34.76 Healthcare 14.64 Industrials 13.18 Financials 12.67 Communication Services 10.18	Information Technology 38.30 Consumer Discretionary 15.20 Consumer Staples 11.00 Healthcare 11.00 Industrials 9.90
Holdings (%)	SPV EXPOSURE TO SPACEX 44.65 NVIDIA 4.08 Meta Platforms 3.37 Uber Technologies 2.82 Arista Networks 2.62	Kenvue 10.51 CoreWeave 8.65 Arm Holdings 7.14 Reddit 6.67 Medline 5.64

Source: Bloomberg

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ERShares Private-Public Crossover ETF (XOVR.US)

Profile

Active ETF targeting long-term capital appreciation via both public and late-stage private companies.

Public + Private Exposure

Combines high-growth listed firms with private companies (via SPVs), capturing pre-IPO upside.

Liquidity Advantage

Addresses traditional private equity constraints (lock-ups, illiquidity), offering daily tradability.

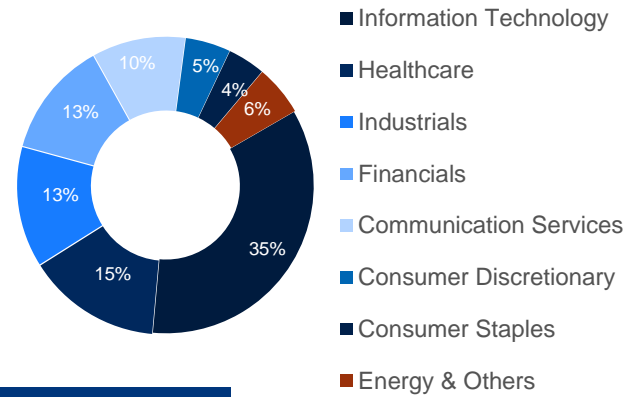
Investment Framework

Based on ER30 methodology, focusing on mid-/large-cap innovators with scalable growth potential.

Inception	2017/11/7	AUM	USD 1.487B
ETF Type	Equities	Holdings	33
Exp. Ratio	0.75%	3Y SD (p.a.)	21.10%

Source: Bloomberg

Sectors



1-Year Price

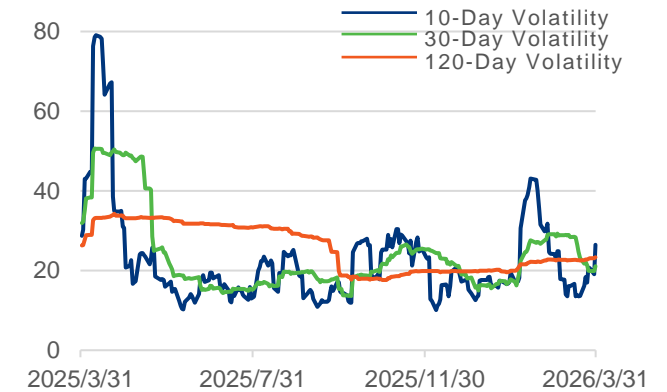


As of 31 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-3.49	-16.14	-16.14	4.71	53.45	8.45

Top-5 Holdings (%)

SPV EXPOSURE TO SPACEX	44.65
NVIDIA	4.08
Meta Platforms	3.37
Uber Technologies	2.82
Arista Networks	2.62

Last 1-Year Volatility



Renaissance IPO ETF (IPO.US)

Profile

Tracks the Renaissance IPO Index, providing exposure to newly listed U.S. companies.

■ Pure U.S. IPO Exposure

Focused on large, liquid U.S. IPOs, offering targeted access to new listing cycles.

■ Transparent Rules

Quarterly rebalancing; new IPOs added, names removed after ~2 years. Float-adjusted weighting with caps.

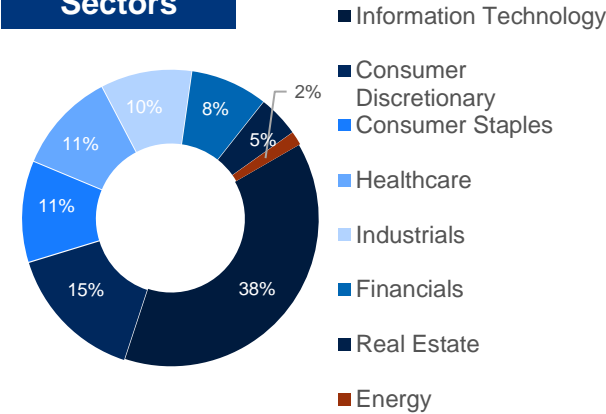
■ Diversification

Holds ~40–60 IPO stocks, reducing single-IPO risk.

Inception	2013/10/14	AUM	USD 117 mn
ETF Type	Equities	Holdings	48
Exp. Ratio	0.60%	3Y SD (p.a.)	25.41%

Source: Bloomberg

Sectors



1-Year Price



As of 31 Mar 2026

Cumulative Return(%)

1M

3M

YTD

1Y

3Y

5Y

-3.72

-8.19

-8.19

11.33

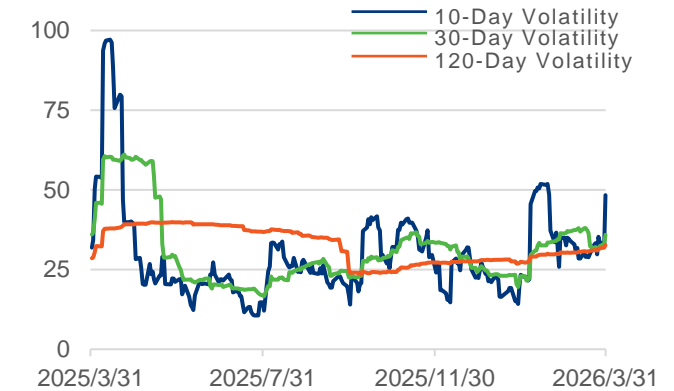
44.28

-33.45

Top-5 Holdings (%)

Kenvue	10.51
CoreWeave	8.65
Arm Holdings	7.14
Reddit	6.67
Medline	5.64

Last 1-Year Volatility



Bonds

European Banks Deliver Solid Earnings and Capital; NIM Outlook Stable

► **HSBC 6.75 PREP (HSBC Holdings plc) (USD)**

- HSBC maintains one of the strongest capital positions among European banks, with a CET1 ratio of 14.9% as of end-2025, above peers. Its capital framework ensures subsidiaries are largely self-funded. Profitability is also robust, with 2025 ROTE at 13.3% (17.2% excluding notable items), well above the European average.
- The bank benefits from a high share of corporate deposits and strong liquidity. Its diversified funding base supports a superior funding profile, with a loan-to-deposit ratio of 55%, well below peers. Liquidity coverage stands at ~137%, with deposits consistently exceeding loans.
- Asset quality remains solid, supported by a diversified loan book across corporates and mortgages, with geographic concentration in Hong Kong and the UK. Risk appetite is generally conservative versus local peers. China CRE exposure is well provisioned, with limited further credit cost expected. Ongoing exits from underperforming Western markets should further enhance profitability.

Products	HSBC 6.75 PREP (HSBC Holdings plc) (USD)
ISIN	US404280FH76
Highlight	HSBC Maintains Strong Capital Adequacy, While Sustaining High Corporate Deposit Ratio and Ample Liquidity
Maturity Date	Perpetual
Next Redemption Day	2031/3/24
Coupon (%)	Float/6.75/Semi-annual
Currency	USD
Years to Maturity	-
Rating (Moody's/ Fitch/S&P)	Baa3/BBB/-
Seniority	Subordinated
YTM/YTC (%)	6.72/6.45

Source: Bloomberg

HSBC Holdings plc (HSBC 6.75 PREP)

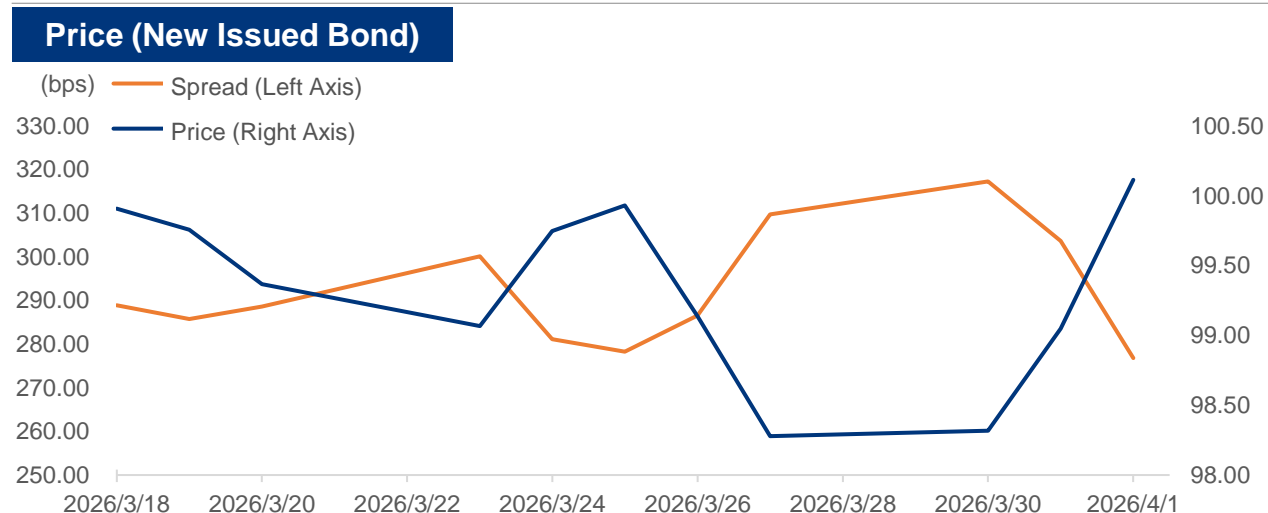
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Financials	2023	2024	2025
Return on Tangible Equity (%)	14.88	14.85	13.27
Liquidity Coverage Ratio (%)	136.00	138.00	137.00
CET1 Ratio (%)	14.80	14.90	14.90

Source: Bloomberg

Overview			
Name	HSBC 6.75 PREP	ISIN	US404280FH76
Maturity Date	Perpetual	Remaining Maturity	-
Coupon(%)	Float/6.75/Semi-annual	YTM/YTC(%)	6.72/6.45
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa3/BBB/-	Seniority	Subordinated



Appendix

Key Economic Data / Events

► MAR 2026

30 Monday

- Eurozone Mar Consumer Confidence (final) (Act:-16.3 Prev:-12.3)

31 Tuesday

- US Mar Conference Board Consumer Confidence (Act:91.8 Est:87.9 Prev:91.0)
- US Feb JOLTS Job Openings (Act:6,882k Est:6,890k Prev:7,240k)
- Japan Feb Unemployment Rate (Act:2.6% Est:2.7% Prev:2.7%)
- China Mar Manufacturing PMI (Act:50.4 Est:50.1 Prev:49.0)
- China Mar Services PMI (Act:50.1 Est:49.9 Prev:49.5)

► APR 2026

1 Wednesday

- US Feb Retail Sales MoM (Act:0.6% Est:0.5% Prev:-0.1%)
- US Mar ADP Employment (Act:62k Est:40k Prev:66k)
- US Mar S&P Global Manufacturing PMI (final) (Act:52.3 Est:52.4 Prev:51.6)
- US Mar ISM Manufacturing (Act:52.7 Est:52.3 Prev:52.4)
- Japan Mar S&P Global Manufacturing PMI (final) (Act:51.6 Prev:53.0)
- Eurozone Feb Unemployment Rate (Act:6.2% Est:6.1% Prev:6.1%)

2 Thursday

- US Initial Jobless Claims (Act:202k Est:212k Prev:211k)

3 Friday

- US Mar Nonfarm Payrolls (Act:178k Est:65k Prev:-133k)
- US Mar Unemployment Rate (Act:4.3% Est:4.4% Prev:4.4%)
- US Mar S&P Global Services PMI (final) (Act:49.8 Est:51.1 Prev:51.7)

6 Monday

- US Mar ISM Services PMI (Act:54.0 Est:54.9 Prev:56.1)

7 Tuesday

- US Feb Durable Goods Orders MoM (prelim) (Est:-1.0% Prev:0.0%)
- Eurozone Apr Sentix Investor Confidence (Est:-8.0 Prev:-3.1)

8 Wednesday

- Eurozone Feb Retail Sales MoM (Est:-0.2% Prev:-0.1%)

9 Thursday

- US Initial Jobless Claims (Est:210k Prev:202k)
- US Mar FOMC Minutes
- US Feb PCE YoY (Est:2.8% Prev:2.8%)
- US Feb Core PCE YoY (Est:3.0% Prev:3.1%)
- U.S. Q4 GDP Annualized QoQ (final) (Revised:0.7% Prev:4.4%)
- Japan Mar Machine Tool Orders (prelim) (Prev:24.2%)

10 Friday

- US Mar CPI YoY (Est:3.4% Prev:2.4%)
- US Mar Core CPI YoY (Est:2.7% Prev:2.5%)
- US Apr Michigan Consumer Sentiment (prelim) (Est:51.5 Prev:53.3)
- US Feb Durable Goods Orders (final) (Prev:0.0%)
- Japan Mar PPI YoY (Est:2.3% Prev:2.0%)
- China Mar CPI YoY (Est:1.1% Prev:1.3%)

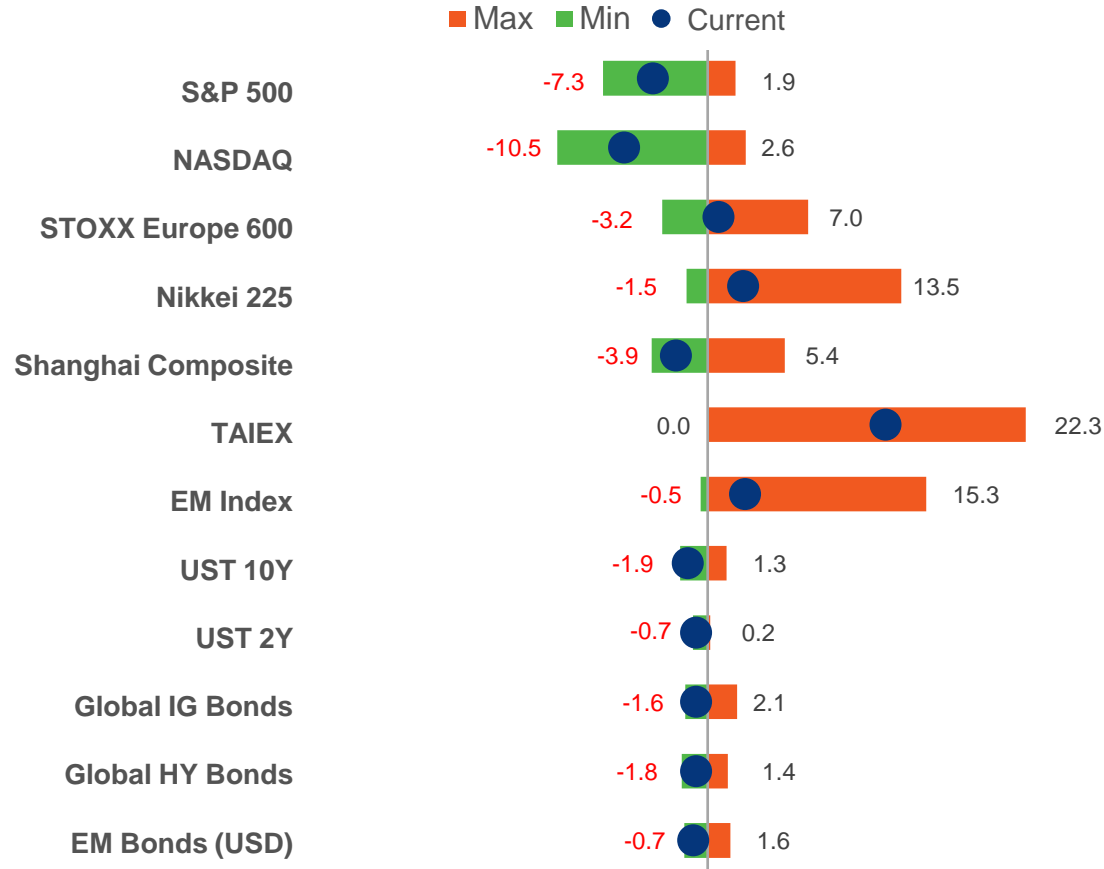
Source: Bloomberg

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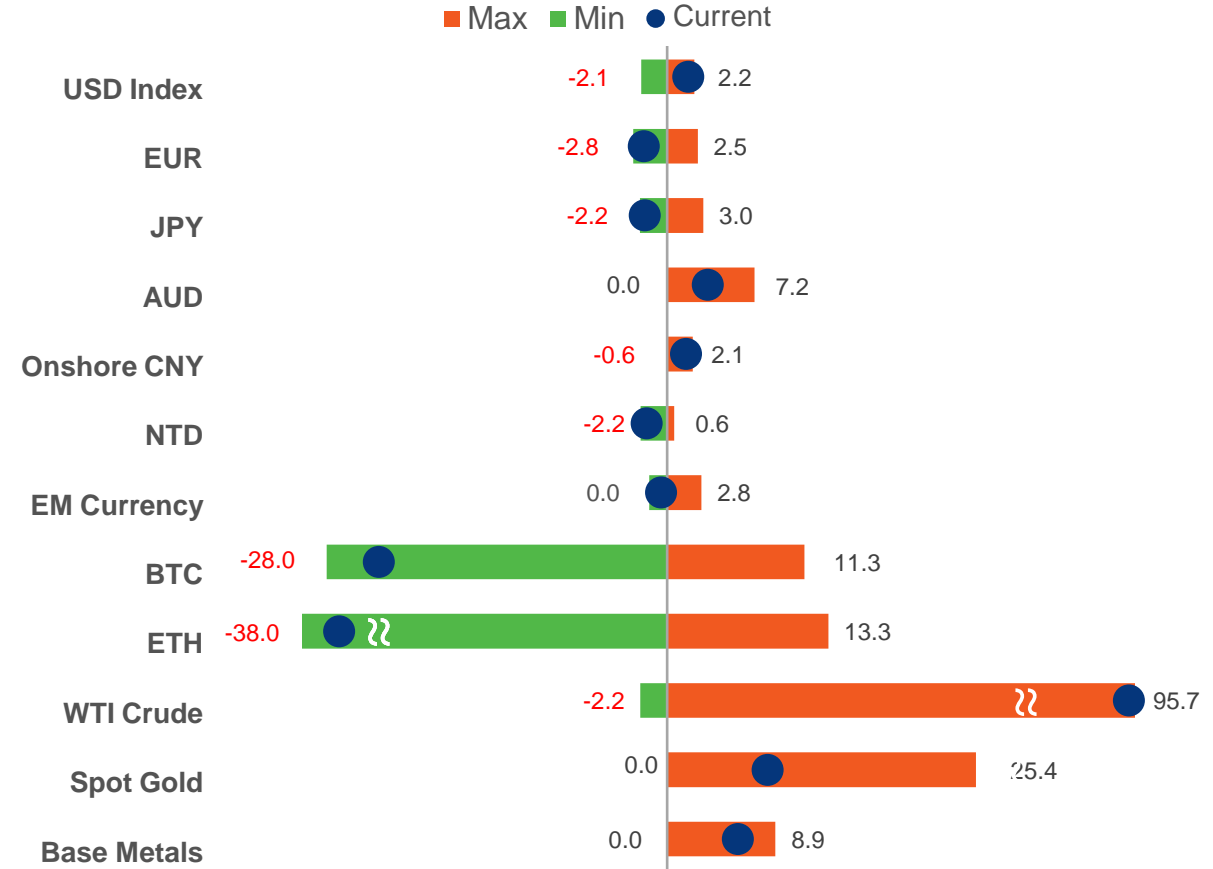
26

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)

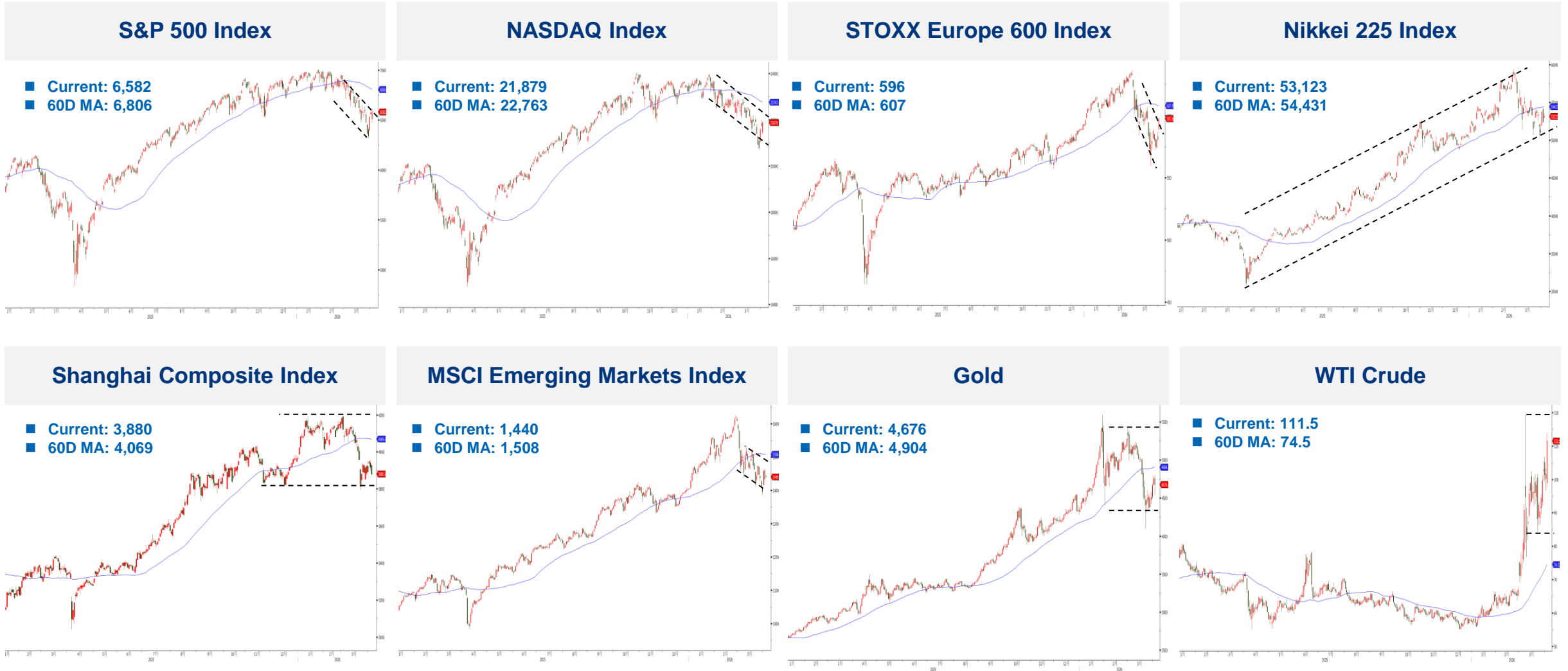


Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

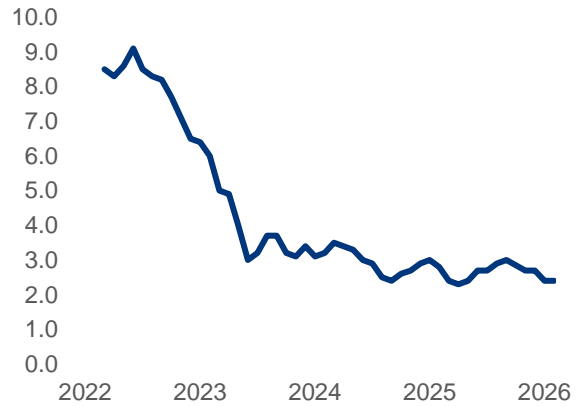
Technical Analysis



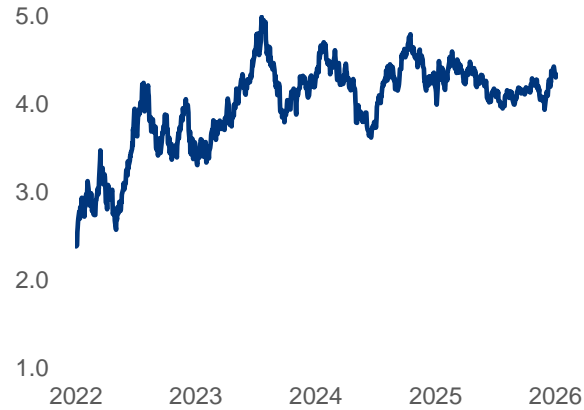
Source: Bloomberg

Market Monitor

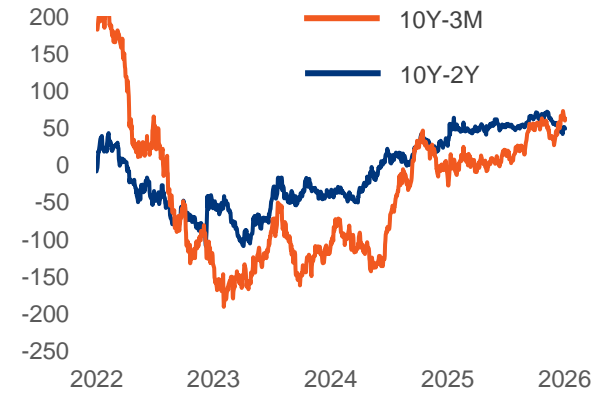
U.S. CPI YoY (%)



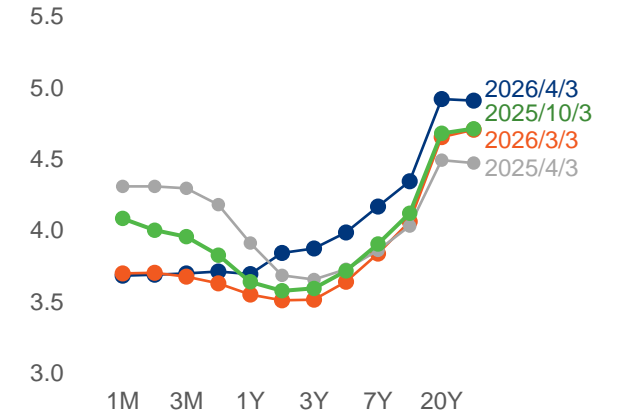
U.S. 10-Year Treasury Yield (%)



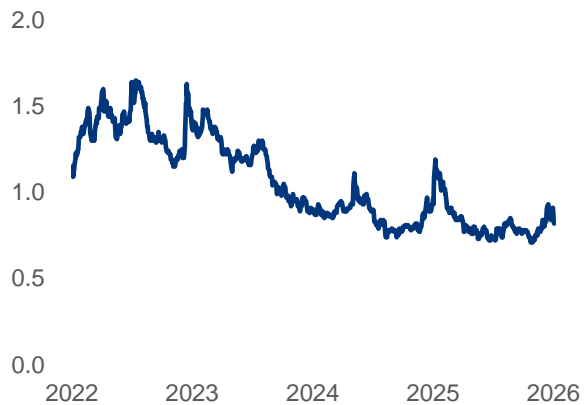
U.S. Treasury Yield Spread (bps)



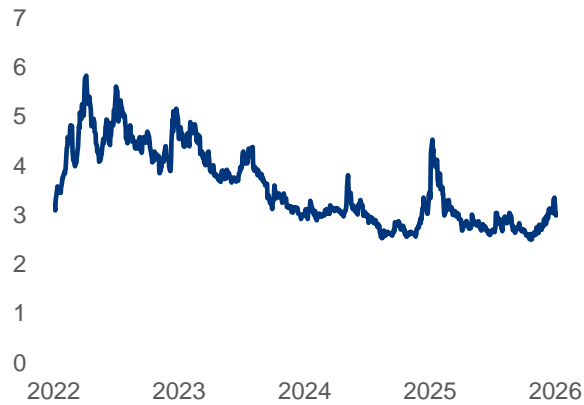
U.S. Treasury Yield Curve (%)



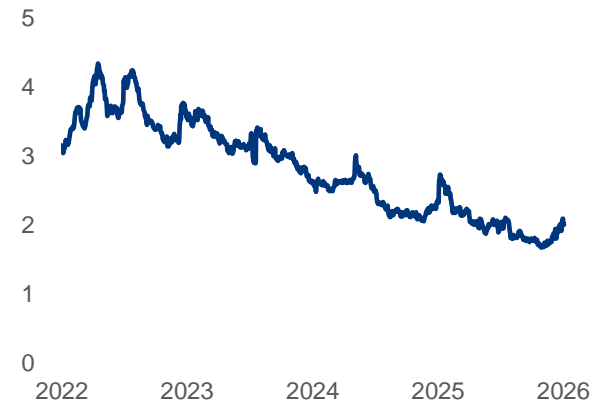
USD IG Credit Spread (%)



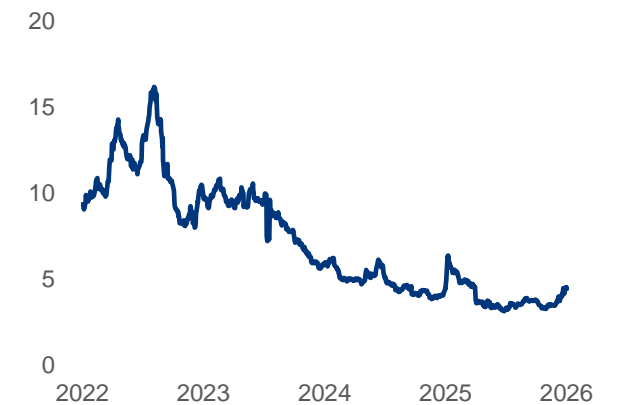
USD HY Credit Spread (%)



USD EM Credit Spread (%)

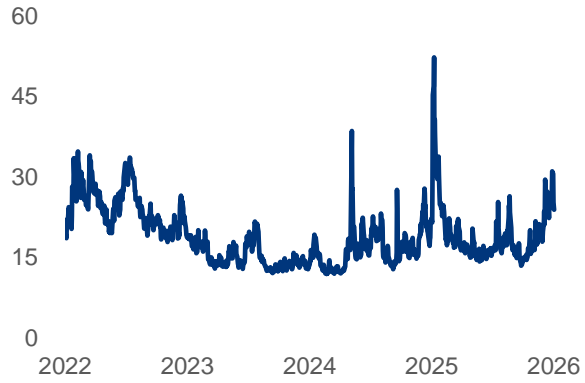


USD Asia Credit Spread (%)

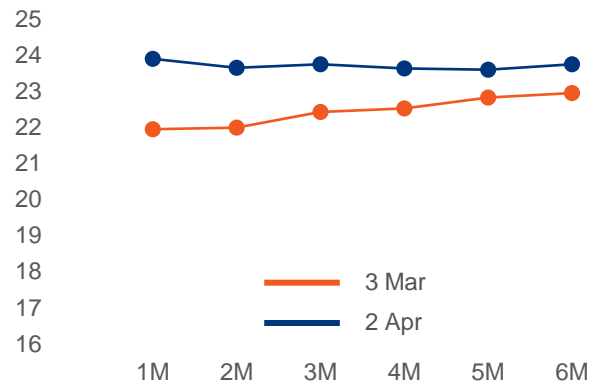


Market Monitor

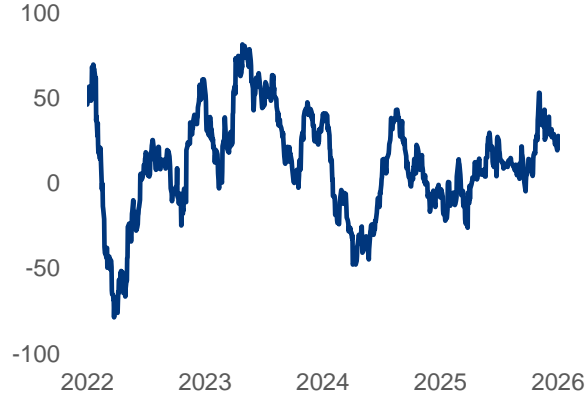
VIX Index



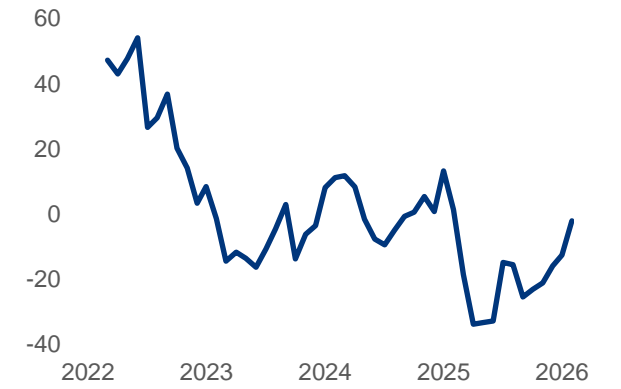
VIX Term Structure



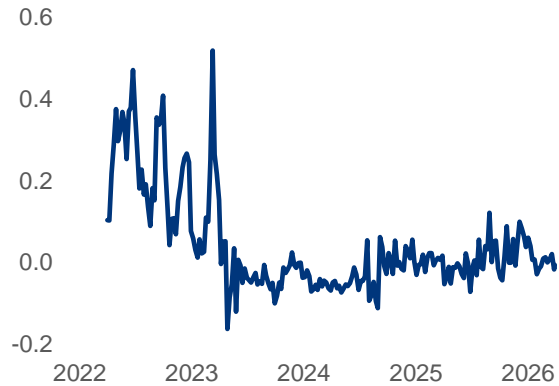
U.S. Citi Economic Surprise Index*



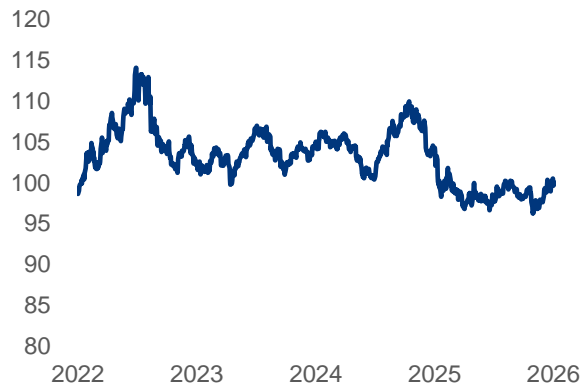
U.S. Citi Inflation Surprise Index*



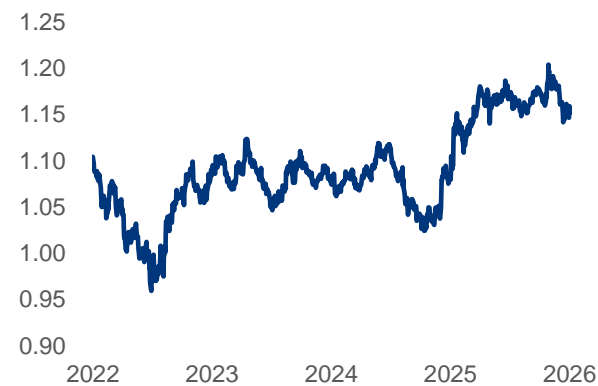
TED Spread (bps)



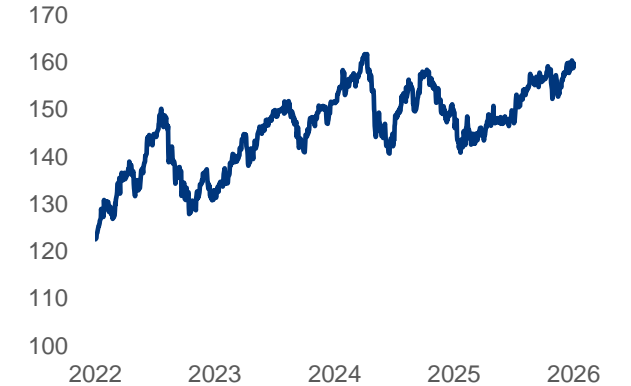
U.S. Dollar Index



EUR to USD



USD to JPY



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