



CIO Office

Global Markets Weekly Kickstart

The 5% Yield Era is Here

13 April 2026



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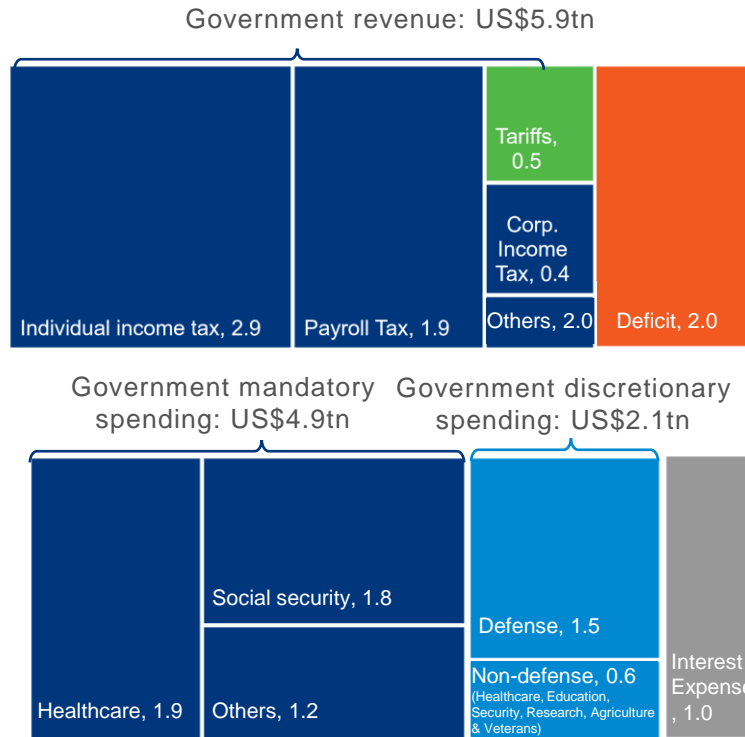
Selection of HK, U.S., Taiwan Equities, Bonds and Funds/ETFs

US Slashes Budget Spending, Bets Big on Record US\$1.5tn Defense Outlay

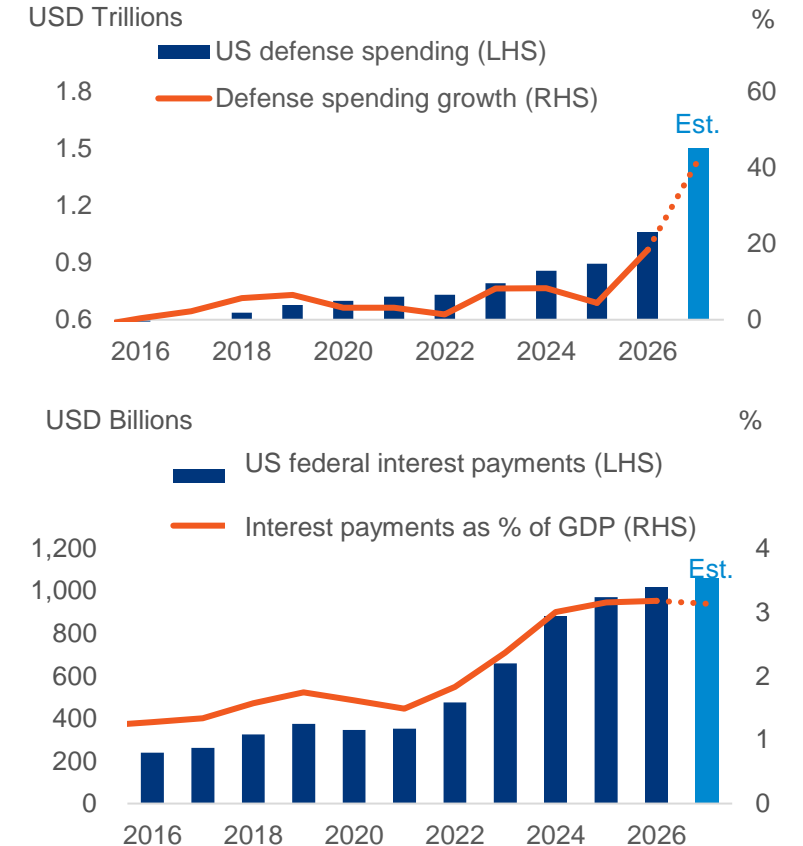
- ▶ With U.S.-Iran geopolitical tensions unlikely to fade, President Trump recently unveiled the FY2027 budget proposal, highlighting the administration's strong push for fiscal reform. The proposal cuts healthcare and public service spending, while trimming discretionary outlays on diplomacy, education, and environmental protection by about 10%. At the same time, it sharply expands defense spending, lifting the total defense budget to around US\$1.5tn, a record high and up about 40% YoY. This could drive demand for modern military and AI-related technologies, including fighter jets, naval vessels, missile systems, drones, and encrypted communications. Closer U.S. military allies may also see more technology transfers and cooperation. Together with tariff protection and lower regulatory costs, this should support the reshoring of manufacturing to the U.S.
- ▶ Although the FY2027 budget aims to curb spending and reduce the deficit, it projects tariff revenue will double versus 2025. This may reflect overly optimistic assumptions on the U.S. economic outlook, or signal that Trump could raise tariffs further in the coming years. With U.S. government debt nearing US\$39tn, interest costs remain a key long-term overhang for Treasuries. Given elevated inflation expectations have kept Treasury yields high, fiscal pressure could remain one of the main headwinds to U.S. Treasuries.

US Budget Rebalance: Defense Surge, Cuts to Healthcare and Public Services

FY2027 U.S. Budget Proposal (USD Trillions)



Defense Spending Surge Supports Related Sectors but Adds Fiscal Burden



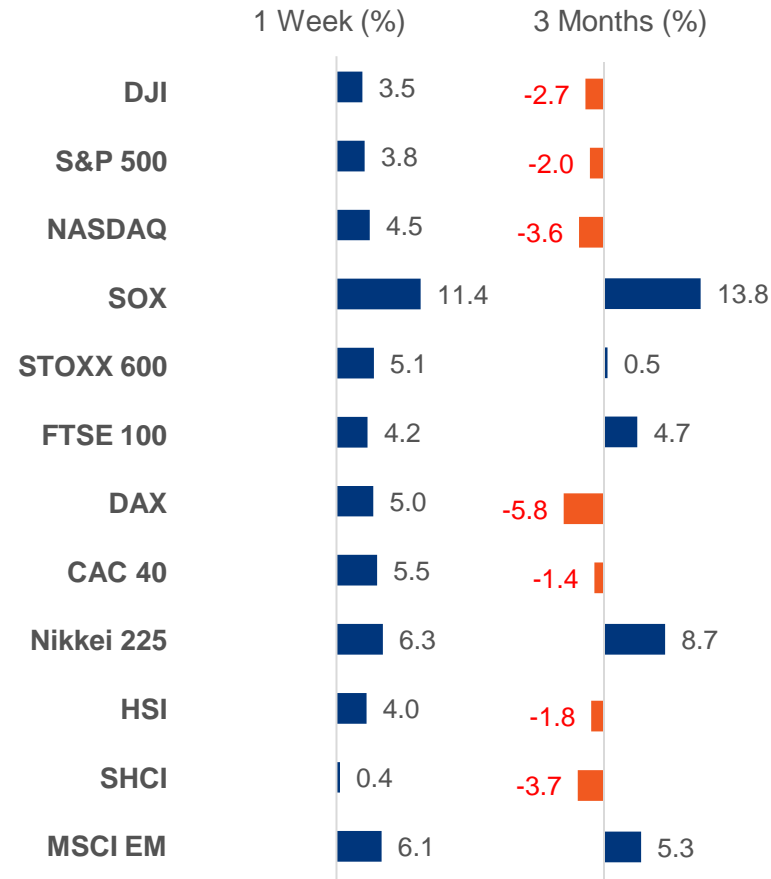
Source: Bloomberg, KGI

Market Recap

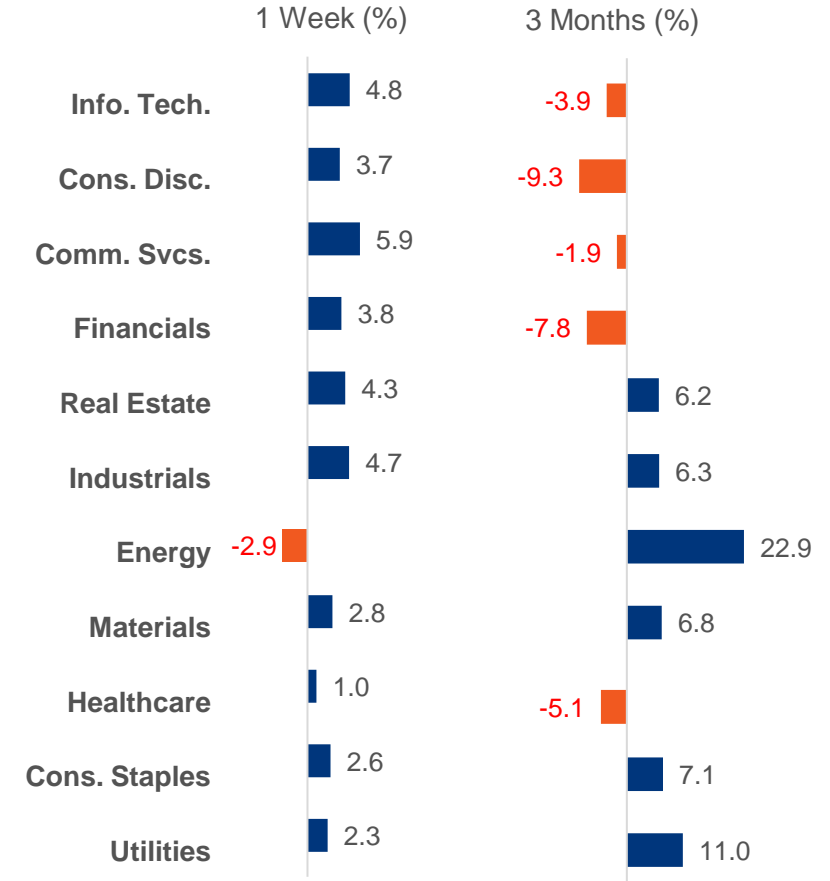
US-Iran Ceasefire Eases Supply Risks, Sector Momentum Drives Equity Gains

- ▶ The US announced a two-week ceasefire with Iran and proposed a 10-principle peace plan, easing market concerns over supply disruptions from a potential Strait of Hormuz blockade. Oil prices fell sharply and Treasury yields declined, boosting risk appetite and alleviating valuation pressures on technology stocks, which in turn lifted global equities—most notably the Philadelphia Semiconductor Index surged. Although final peace negotiations remain challenging and differences in proposals persist, if the strait gradually reopens and oil prices fail to break prior highs, markets may interpret that the peak of geopolitical risk has passed. Attention would then shift toward U.S. earnings season, led by the financial sector, with profit growth momentum becoming the focal point for capital flows.
- ▶ and lower oil prices weighed on energy stocks, while non-energy sectors broadly strengthened. Among tech leaders, Meta launched its in-house AI model Muse Spark and signed a US\$21bn deal with CoreWeave to secure dedicated AI cloud capacity through 2032. Broadcom announced cooperation with Google to produce new custom AI chips and expanded its partnership with Anthropic to support the Claude model, driving related stocks to outperform.

Regional Index Performance (%)

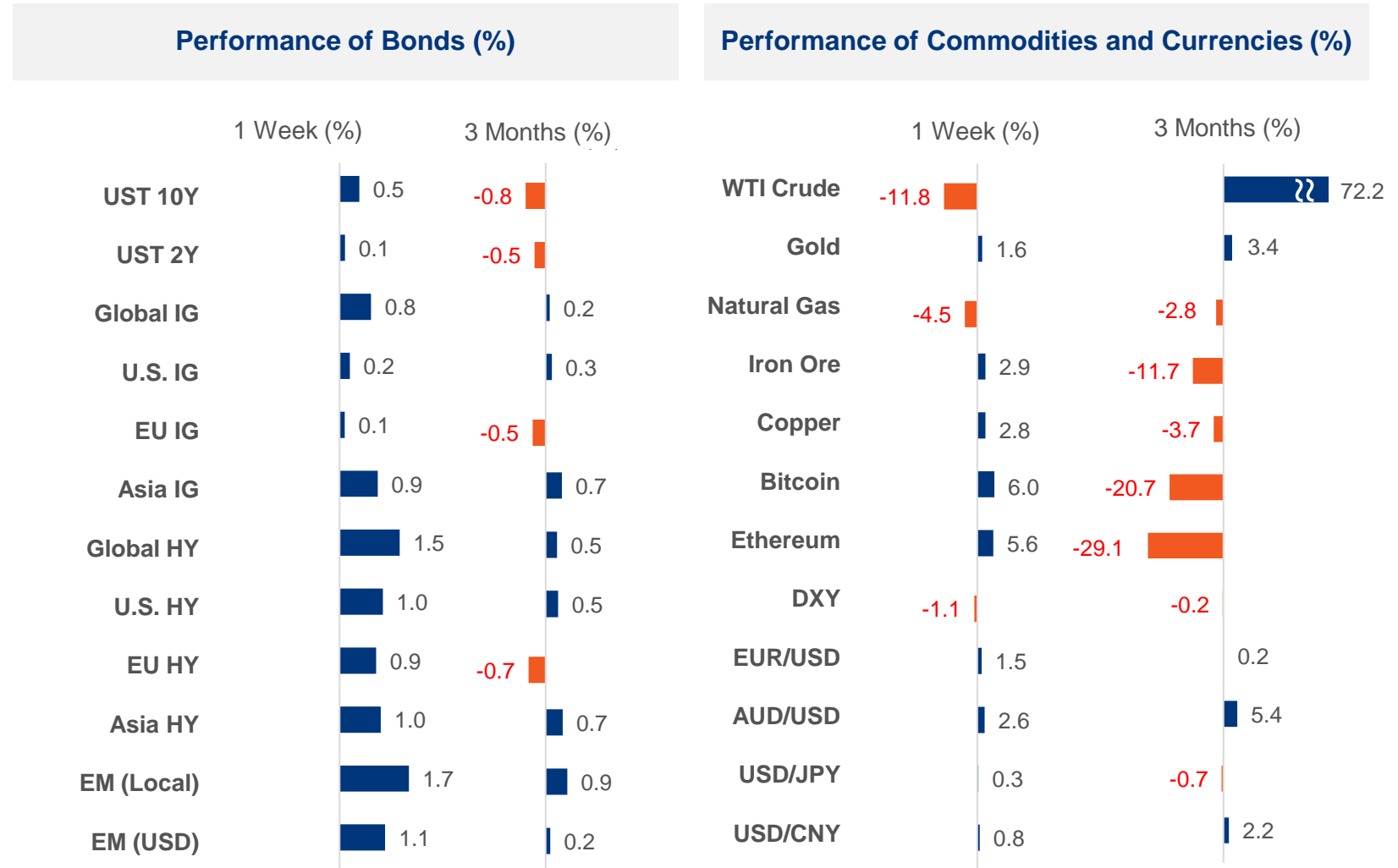


U.S. Sector Index Performance (%)



Ceasefire Lifts Bonds and Precious Metals; Watch Israel Strikes for Renewed Risks

- ▶ Cooling Middle East tensions supported bond markets, with investors focusing on the Fed's March meeting minutes. Officials discussed a "higher-for-longer" rate path during the conflict and did not rule out further hikes to counter war-driven inflation, highlighting two-sided risks. The Fed is likely to hold policy steady while monitoring incoming data. As tensions ease and oil prices decline, inflation concerns and rate hike expectations have moderated; upcoming CPI data will be key to assess inflation resilience.
- ▶ Following the ceasefire news, oil prices fell below US\$100/bbl, easing global cost pressures. Lower inflation expectations pushed down U.S. Treasury yields and the USD index, while lifting gold and silver prices. Meanwhile, two major Iranian copper smelters reportedly halted operations, with combined annual capacity exceeding 370kt, tightening supply and supporting copper prices. Safe-haven flows rotated out of the USD into non-USD assets, boosting currencies such as the AUD and EUR. However, Israel's airstrikes in Lebanon and Iran's warning of withdrawing from the ceasefire if attacks continue highlight risks of renewed escalation.



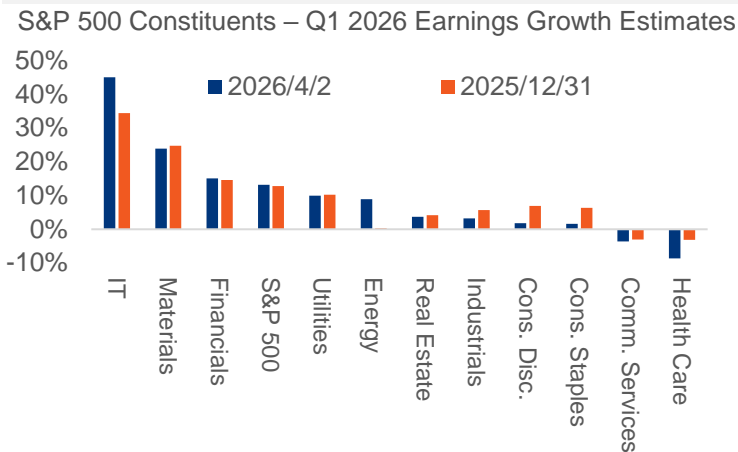
Source: Bloomberg

What's Trending

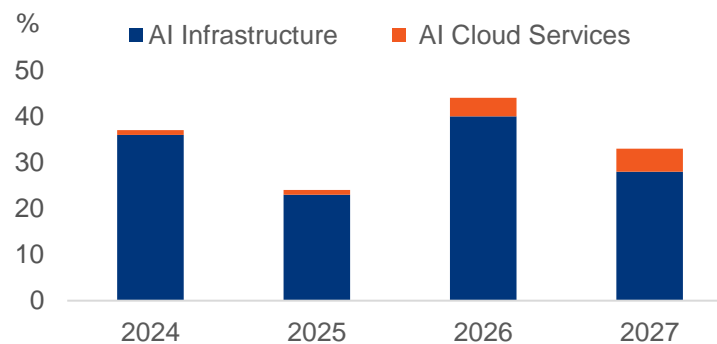
Earnings Revisions Ahead of Reporting Season, Reinforcing Mid-to-Long-Term Tech Upside

- ▶ As the earnings season approaches, analysts remain constructive on 1Q26 profit outlooks, with S&P 500 earnings growth estimates revised up from 12.8% at the start of the quarter to 13.2%. Among sectors, Information Technology saw the largest upward revision (+10.7%), supported by continued AI infrastructure buildout and capex momentum. Energy also posted strong upgrades (+8.6%), driven by higher oil prices boosting sector earnings.
- ▶ However, sector performance in 1Q shows clear rotation, with defensive sectors such as utilities and consumer staples outperforming. With oil prices staying elevated and Fed rate-cut expectations fading, growth stocks remain vulnerable to rising yields, which pressure discounted future cash flows and weigh on near-term tech performance.
- ▶ The S&P 500 is currently trading at a forward P/E of 19.8x, slightly below its 5-year average of 19.9x. Information Technology trades at 21.1x, modestly above its 5-year average of 20.7x. While tech stocks may face near-term pressure from elevated valuations and high oil price volatility, AI-driven capex should continue to support EPS expansion, sustaining their mid- to long-term allocation appeal.

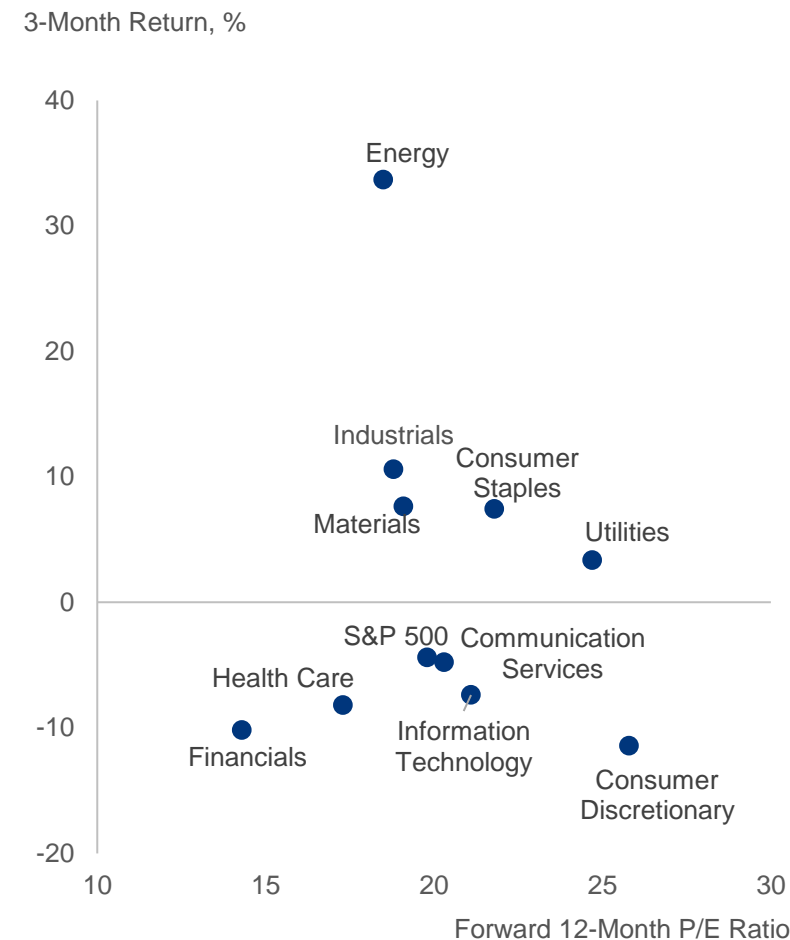
IT Shows the Most Significant Upward Revision in Earnings Growth Forecasts



AI Infrastructure Investment Expected to Contribute Nearly 40% of S&P 500 Earnings Growth



Narrowing Rate-Cut Expectations Weigh on Recent Tech Stock Performance

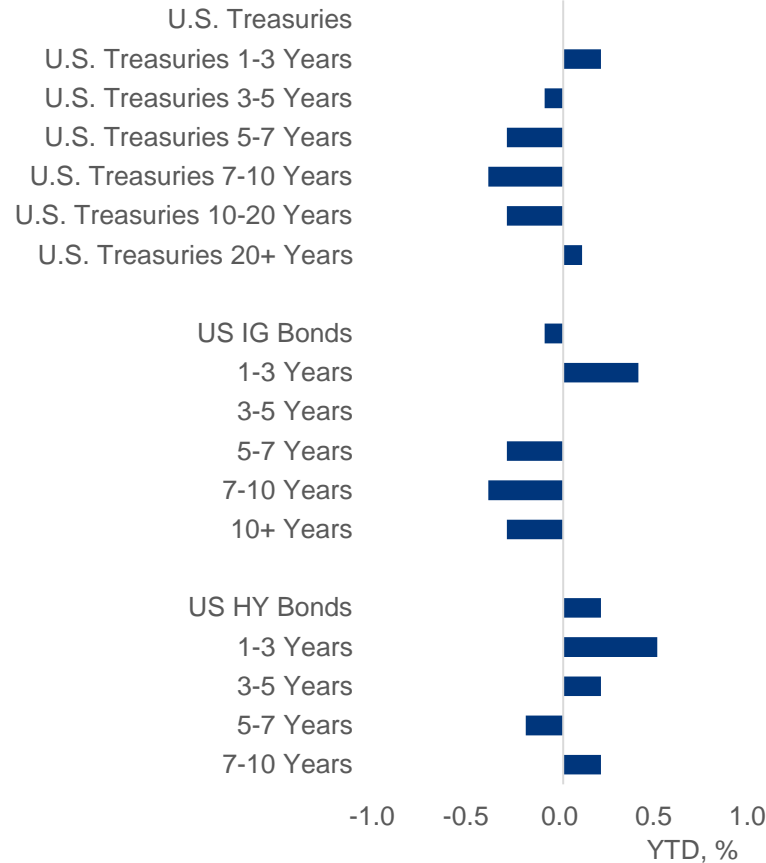


Source: Bloomberg, Factset, GS, KGI

USTs Lag YTD, but Geopolitical Tensions Offer Buying Opportunity

- ▶ Bond market returns have shown a clear direction YTD. In detail: (1) U.S.-Iran tensions have lifted inflation expectations, pushing both short- and long-end Treasury yields higher; (2) lower-rated bonds (e.g., HY) benefited from shorter duration and higher yields, but CCC and below saw notable declines. With the Fed likely to remain on hold in the near term and markets transitioning between rate and credit risks, investors may adopt a barbell strategy to avoid concentration risk while locking in high coupons to build stable future cash flows.
- ▶ Historically, during periods when U.S. equities fell by more than 30%, HY bonds—highly correlated with equities—offered limited hedging benefits. Currently, U.S. IG bond yields have risen above 5% and remain higher than the earnings yield of equities. Treasury auction results show relatively stable demand for shorter tenors (e.g., 3-year), while demand for longer tenors (10-year and 30-year) remains weaker. This reflects stable inflation and labor data, as well as rising concerns over U.S. fiscal outlook. Amid ongoing geopolitical tensions and upcoming midterm elections, investors may consider adding IG bonds on yield backup.

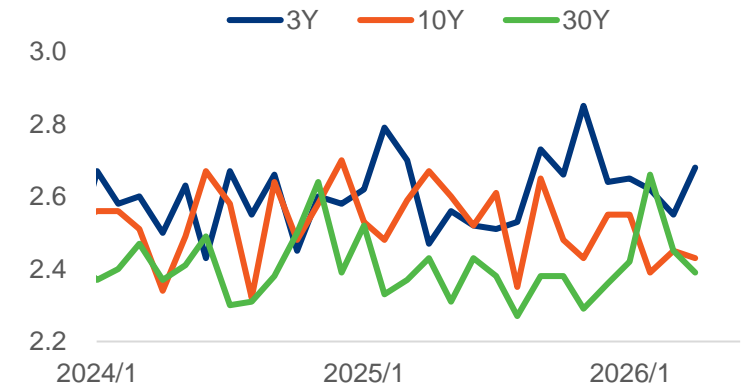
US Treasuries Deliver Mixed Returns YTD, with Short-Term Bonds Outperforming



US IG Bond Yields Remain Elevated Above S&P 500 Earnings Yield



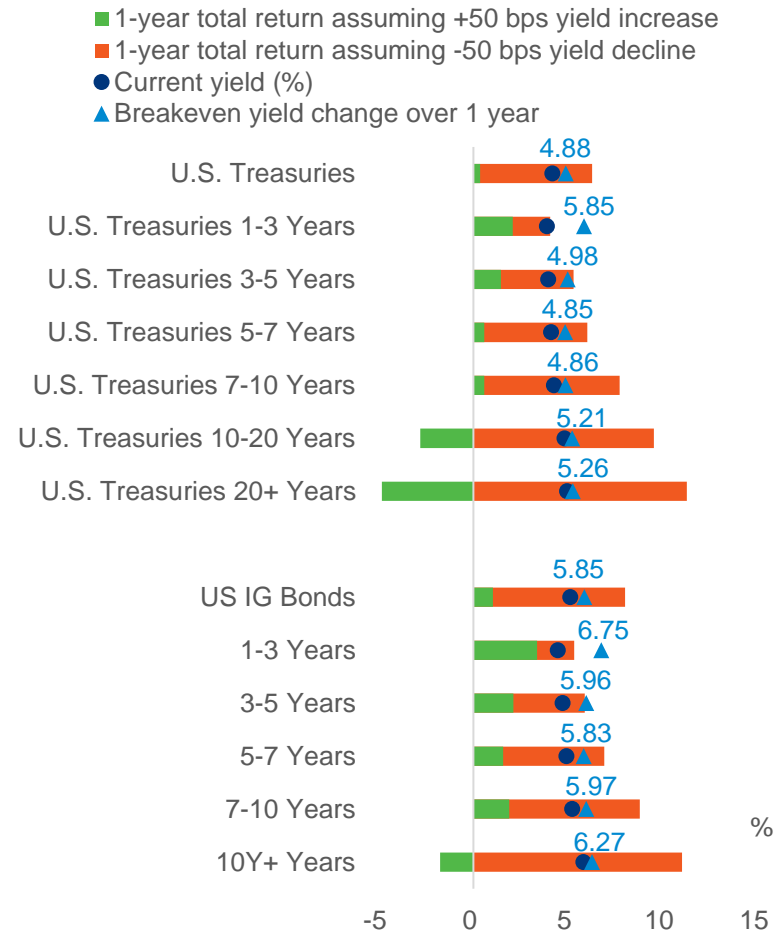
US Treasury Auction Bid-to-Cover Ratios



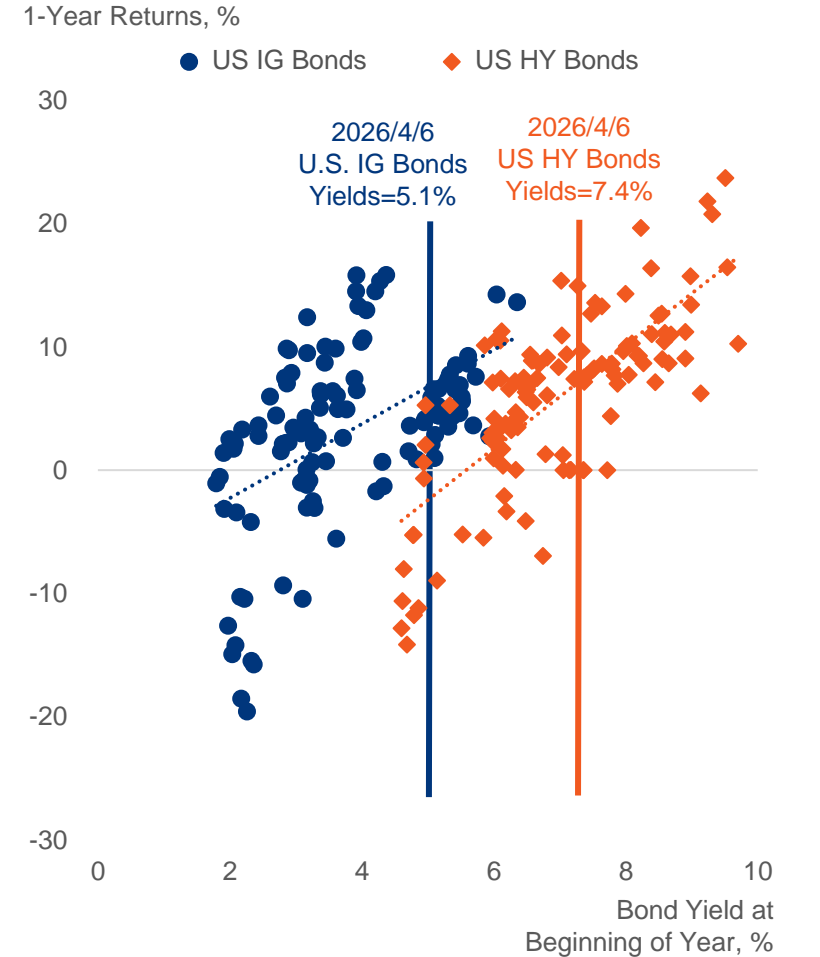
Asymmetric Risk-Return in Bonds Favors Locking in Yields at Higher Levels

- ▶ From a breakeven analysis of U.S. bonds: (1) assuming a 50 bps rise in yields, total return (including coupon) for IG bonds with maturities over 20 years would decline by nearly 5%; conversely, if yields fall by the same magnitude, total return could exceed 10%. (2) IG bonds offer a more attractive risk-return profile than Treasuries, as the current high-rate environment provides a coupon buffer that can largely offset price declines and capital losses from rising yields, highlighting stronger downside protection and resilience.
- ▶ Looking at credit rating trends, upgrades among IG issuers continue to outpace downgrades, while HY issuers see significantly more downgrades than upgrades. With the Fed pausing rate cuts and maintaining a high-rate environment, the share of HY debt maturing within two years has risen to a record 10%, increasing refinancing pressure—particularly for SMEs with shorter funding cycles. Investors should remain cautious of spread widening and downside risks in HY. Meanwhile, recent geopolitical-driven yield increases and bond price corrections enhance the relative attractiveness of IG bonds and lift potential forward returns.

Asymmetric Risk-Return Profile for US Investment Grade Bonds



Elevated IG and HY Yields Provide Future Return Potential



Source: Bloomberg, KGI

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ US-Iran ceasefire talks drive oil price declines and lower inflation expectations, easing cost pressures but leaving risks of valuation multiple compression in equities. Earnings growth remains the key driver of equity performance. Focus on sectors benefiting from easing geopolitical risks, such as non-essential consumption, healthcare, utilities, telecom, and, as 2Q approaches, renewed earnings momentum in technology, communication services, consumer discretionary, and industrials. ◆ Europe and Japan can serve as diversification plays, with Japanese equities offering greater upside potential than European peers. Japanese stocks are led by value and financials, with potential upside from HALO-related trading companies. European equities are supported by easing geopolitical pressures, with Germany and the UK as key markets. 	<p>Strategy: Core allocation to high-quality large caps, with balanced exposure across sectors. Focus on AI beneficiaries (tech, semiconductors, machinery) and selective opportunities in non-AI areas such as airlines, domestic demand, and value stocks.</p> <p>Regions: Japanese financials, Japanese semiconductors, German and UK equities.</p>
Bonds	<ul style="list-style-type: none"> ◆ Fed meeting minutes suggest rate hikes are not ruled out to counter inflation driven by Middle East tensions. The Fed is expected to stay on hold while monitoring data. Declining oil prices help ease inflation pressure, supporting bonds, with potential for yield declines. ◆ High-quality (investment grade) bonds offer stable income and defensive characteristics. Investors may consider adding medium- to long-duration bonds to capture yield and potential capital gains as rates stabilize. 	<p>Types: Focus on IG bonds with medium-to-high credit ratings across sectors such as financials, telecom, utilities, and energy.</p> <p>Satellite Allocation: Diversify with non-USD bonds (e.g., EUR, AUD IG bonds).</p>
Forex	<ul style="list-style-type: none"> ◆ Geopolitical risks have eased, pressuring oil prices lower. Major central banks remain in a wait-and-see mode. USD remains firm in the short term but faces depreciation pressure over the longer term. ◆ RMB may strengthen relatively in 2Q despite a strong USD environment. 	<p>USD: USD strong short term, limited upside medium-to-long term.</p> <p>EUR and JPY: EUR and JPY stabilize; RMB expected to appreciate.</p>
Commodity	<ul style="list-style-type: none"> ◆ Gold rebounded as USD and US yields declined. Despite easing geopolitical risks, ongoing uncertainties (e.g., geopolitics, supply competition, tariffs) support gold's safe-haven demand. 	<p>Gold: remains attractive for medium-to-long-term allocation, with opportunities to build positions on pullbacks.</p>

Industrial Deployment as the First Breakthrough for Humanoid Robots

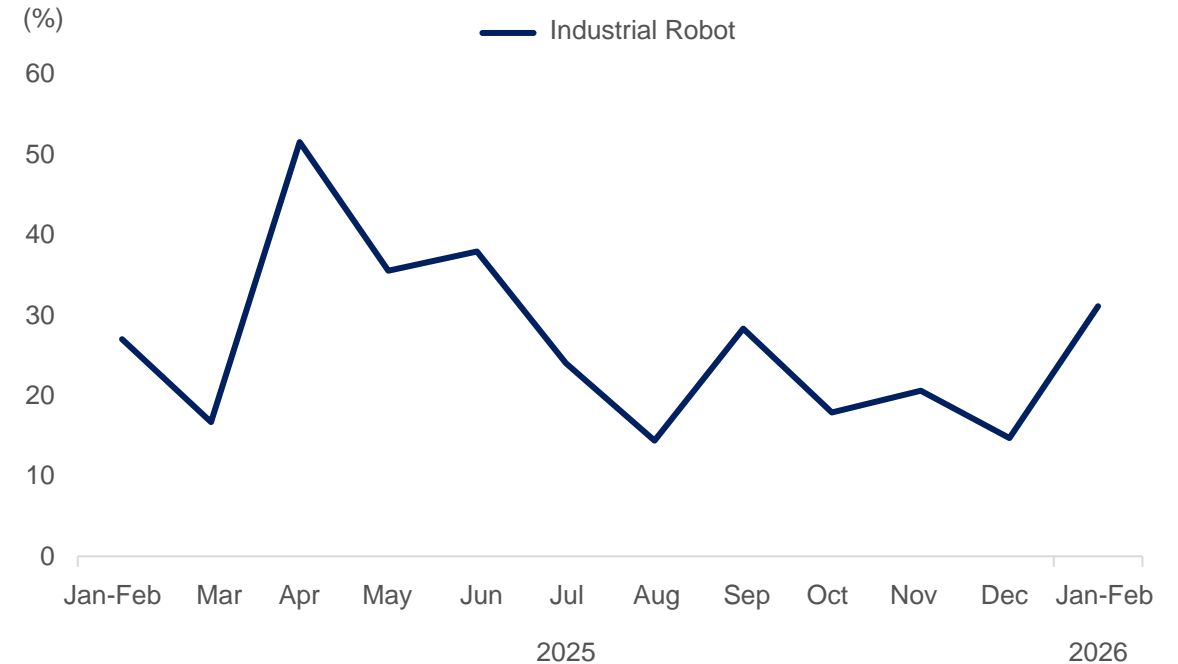
► Service Applications Lead, Industrial Deployment Marks the First Breakthrough

Although most humanoid robots seen in the market today are used in “service and performance” scenarios—such as mall guidance, entertainment, or research and education—the industry broadly agrees this “display-first” phase is only transitional. It serves to validate basic interaction and mobility capabilities while gathering early market feedback. The first truly scalable and commercially viable deployment for humanoid robots will be in industrial applications. Factory environments are structured, tasks are repetitive, and demand is rigid, allowing enterprises to precisely calculate ROI. Current performance-oriented use cases are effectively technical training, while the real inflection point that transforms robots from “demo units” into true “productivity tools” lies in industrial manufacturing lines.

► Core Preconditions for Large-Scale Deployment of Service Robots

To achieve widespread adoption of humanoid robots in household and commercial service settings, the industry must meet three key prerequisites: (1) Cost reduction: The mass market is highly price-sensitive, requiring a significant decline in unit costs. (2) Safety and long-term reliability: Service environments such as homes are highly unpredictable (e.g., children and pets), requiring strict physical safety certification and multi-year operational stability. (3) AI generalization and intuitive interfaces: Robots must possess strong “common sense” and reasoning capabilities to handle complex, unstructured daily tasks (e.g., folding clothes, food preparation), alongside user-friendly interfaces accessible to non-technical users. Crucially, they must deliver tangible labor efficiency gains to enable large-scale adoption. Overall, cost, safety, and ease of use form the three critical pillars for scaling humanoid robots in service applications.

Industrial Robot Growth



UBTECH Robotics (9880)

Closing Price HK \$107.2

Target Price HK \$200

Primarily engaged in the R&D, design, manufacturing, and sales of robots, along with related services.

Significant Upward Revision to 2026 Walker S Shipment Outlook

Management raised its shipment forecast for the humanoid robot Walker S series this year from 2,000–3,000 units to 5,000 units, well above our Blue Sky estimate of 3,600 units for 2026. Under this assumption, the Walker S series is expected to contribute nearly 50% of 2026 revenue, clearly becoming the key growth driver and a major valuation anchor. In addition, based on past upgrade cycles, the Walker S3 series may launch in the coming months, providing another catalyst.

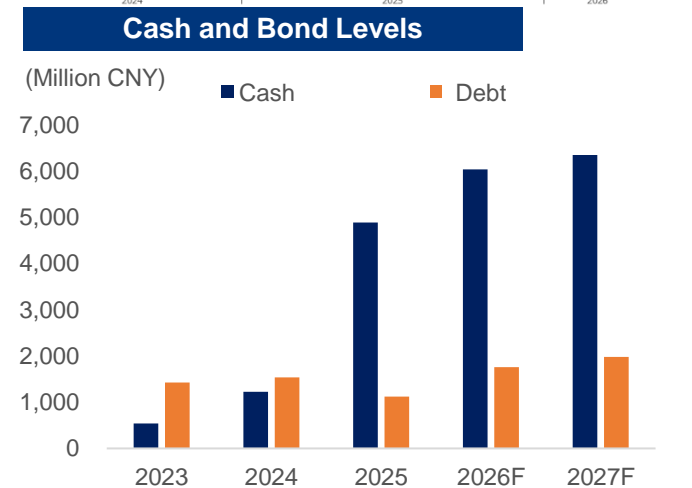
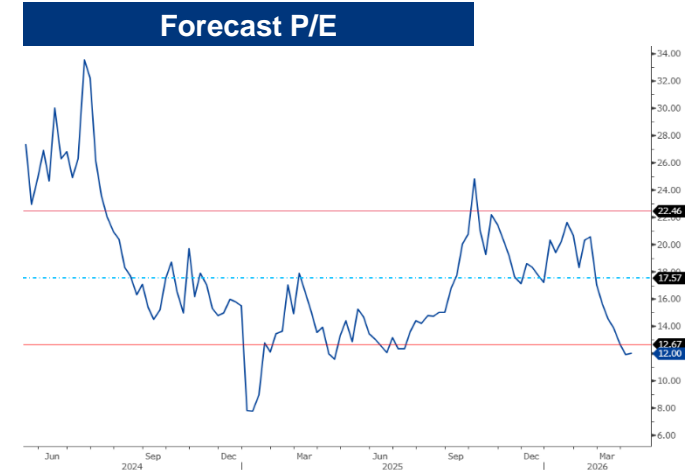
Breakeven Likely to Be Achieved Earlier

Management also indicated that gross margin will improve significantly this year, rising from 37.7% last year to 43–44%, well above market expectations of 36.8%. This could allow the company to reach breakeven earlier than expected. The guidance reflects management’s optimism and helps ease prior market concerns stemming from limited order visibility in recent months.

Target Price Raised on Stronger Outlook

The sharp upward revision in industrial robot shipments implies around 30% upside to this year’s revenue forecast. Based on a mean-reversion valuation of 17.6x P/S, the target price is raised substantially from HK\$150 to HK\$200. Notably, UBTECH’s current annual production capacity for robot design stands at 10,000 units, indicating further upside potential.

Financials					
	2023	2024	2025	2026F	2027F
Revenue (CNY b)	1.0	1.3	2.0	3.3	5.5
Revenue YoY	4.7	23.6	53.3	66.8	64.9
EPS (CNY)	-3.05	-2.67	-1.55	-0.86	0.17
EPS YoY	-22	12.5	41.9	44.8	119
ROE(%)	-116.9	-86.1	-35.1	-20.7	-0.14

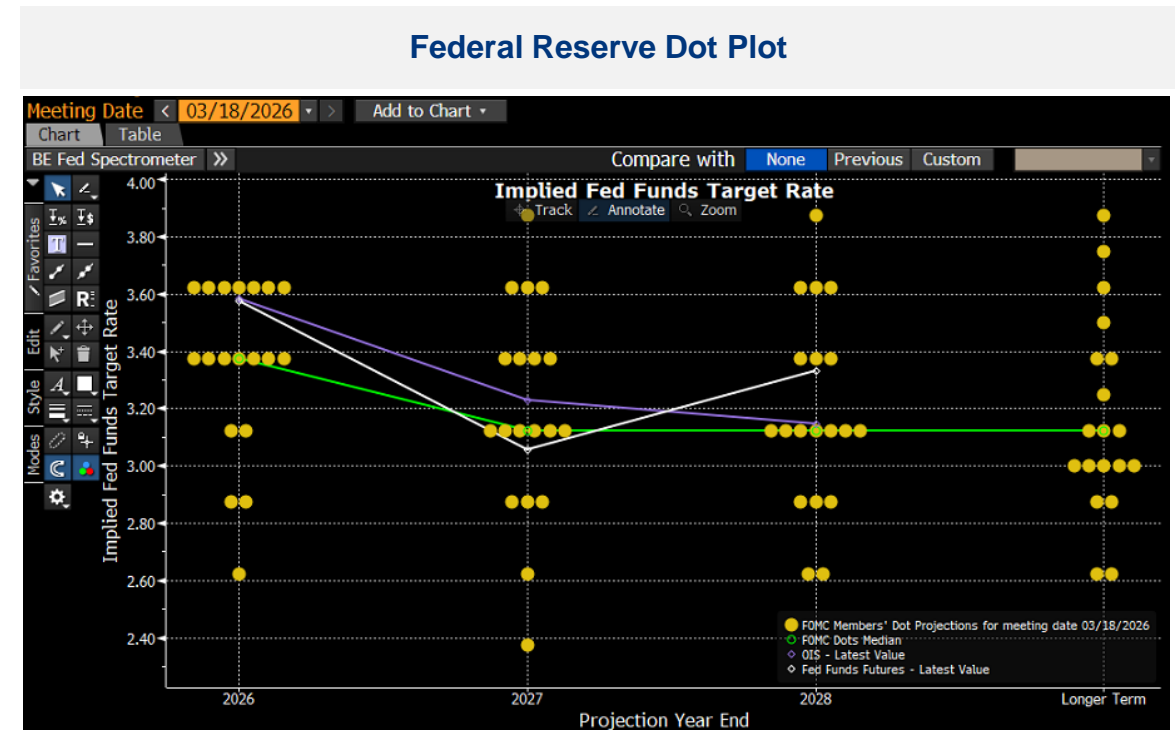


Source: Bloomberg



Cooling Middle East Tensions Shift Focus to Earnings Season Opportunities

- ▶ In March, U.S. core CPI rose 0.2% month-on-month, unchanged from the prior reading of 0.2% but below market expectations of 0.3%. Year-on-year, it increased 2.6%, higher than the previous 2.5% but lower than the expected 2.7%.
- ▶ Core PCE in February rose 0.4% month-on-month, in line with the prior reading and market expectations.
- ▶ The March ISM Services PMI fell to 54.0, down from 56.1 and below the expected 54.9.
- ▶ According to the March FOMC minutes, some Fed officials favored a two-way communication stance on future rate decisions, stressing that if inflation remains above target, further hikes may be necessary. In March 2026, the Fed left the federal funds rate unchanged at 3.5%–3.75% for the second consecutive meeting, in line with expectations. Policymakers still signaled one rate cut each in 2026 and 2027, though timing remains uncertain.
- ▶ U.S. Q4 2025 GDP grew at an annualized rate of 0.5%, revised down from the second estimate of 0.7% and the initial 1.4%, mainly due to weaker investment data.
- ▶ With the U.S. and Iran reaching a preliminary ceasefire agreement, Middle East tensions eased and geopolitical risk declined. However, elevated oil prices have lifted inflation expectations, reducing prospects for rate cuts. After a round of corrections, valuations in U.S. growth sectors such as AI and semiconductors are now lower. As the April earnings season begins, investor focus is shifting back to results and guidance. Large-cap tech stocks have corrected significantly but remain fundamentally strong, with valuations well off prior highs. Investors are advised to accumulate positions gradually for medium- to long-term allocation.



Nvidia (NVDA)

Closing Price US \$188.63

Target Price US \$210

A technology company serving a global customer base, NVIDIA develops platforms for scientific computing, artificial intelligence, data science, autonomous vehicles, robotics, the metaverse, and 3D internet applications, while also focusing on PC graphics processing.

AI Demand Shifts from Training to Inference, Supporting Continued Revenue Growth

NVIDIA has raised its AI chip revenue opportunity from US\$500bn by 2026 to over US\$1tn by 2027. The upgrade is driven by strong order momentum for its Blackwell and Rubin architectures, alongside the structural shift from AI training to large-scale inference deployment. As hyperscalers and AI developers move from experimentation to real-time production workloads, NVIDIA remains the core provider of the required compute, systems, and networking stack.

Platform Leadership Positions NVIDIA as a Relative Safe Haven in AI

Despite rising macro uncertainty, NVIDIA retains relative defensiveness within tech, as it has evolved beyond a chip supplier into a full-stack AI infrastructure platform spanning GPUs, CPUs, networking, software, and integrated rack systems. This ecosystem depth raises switching costs, making NVIDIA one of the most direct ways for investors to capture AI capex growth while avoiding execution risks associated with more speculative downstream players.

4QFY26 Results Beat, Guidance Signals Strong Demand

The company reported revenue of US\$68.13bn, up 73.2% YoY and exceeding consensus by US\$1.9bn. Non-GAAP EPS came in at US\$1.62, beating estimates by US\$0.08. For 1QFY27, NVIDIA guides revenue to US\$78bn ($\pm 2\%$), above consensus of US\$72.03bn, excluding data center revenue from China.

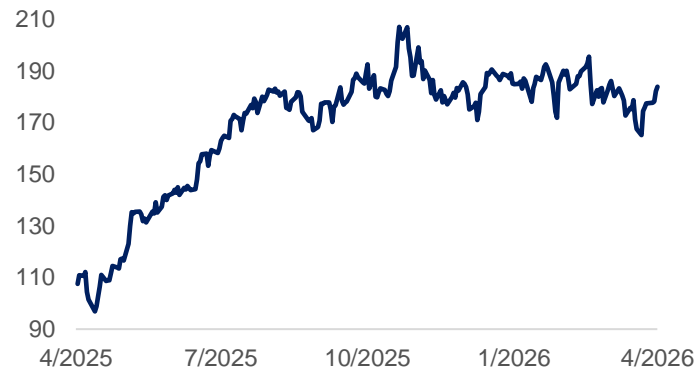
Valuation Consensus

Bloomberg 12-month average target price: US\$270.40; High: US\$380; Low: US\$140

Source: Bloomberg, Market.us

1-Year Price

(USD)



1Q27 FY Guidance

	Q1 FY27	
Revenue	\$78.0 billion*	+ / - 2%
Gross Margin %	75.0%	+ / - 50 bps
Operating Expenses	\$7.5 billion	Approximately

(\$ in Millions)	Q1 FY27 Outlook
Non-GAAP gross margin	75.0%
Impact of acquisition-related costs and other costs	0.1%
GAAP gross margin	74.9%
Non-GAAP operating expenses	\$7,500
Acquisition-related costs and other costs	200
GAAP operating expenses	\$7,700

Financials

	2024	2025	2026	2027F	2028F
Revenue Growth(%)	125.9	114.2	65.5	69.5	31.0
EBITDA (%)	58.1	64.6	62.1	66.9	66.7
EPS(USD)	1.20	2.93	4.36	8.37	11.13
Net Profit Margin(%)	49.3	55.7	49.5	55.4	55.8

Source: Bloomberg; 2027/28F are market estimates

P/E & P/B



Apple (AAPL)

Closing Price US \$260.48

Target Price US \$280

Apple designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories, while also offering payment, digital content, cloud, and advertising services. Its customer base spans global consumers, SMEs, education, enterprises, and government sectors.

Disciplined AI Spending Becomes an Advantage in Risk-Averse Markets

Amid rising macro volatility and increased investor focus on cash flow visibility, Apple's disciplined approach to AI infrastructure spending has shifted from a perceived weakness to a strength. Unlike peers committing significant capex to AI buildout, Apple advances its AI roadmap more prudently while maintaining strong free cash flow, margins, and shareholder returns. This positions the stock as an attractive option for investors seeking equity exposure with more defensive characteristics.

Resilient iPhone Demand and Services Support Defensive Growth

Apple's latest quarterly results reinforce its defensive profile: revenue rose 16% YoY to US\$143.8bn, with EPS at US\$2.84. The company guides March-quarter revenue growth of 13%–16%, driven by strong iPhone 17 demand, recovery in China, and accelerating growth in India. Supported by an installed base of 2.5bn devices, Apple continues to monetize its hardware and high-margin ecosystem services, providing a more resilient earnings base than most consumer tech peers amid uncertainty.

1QFY26 Beat and Positive Outlook

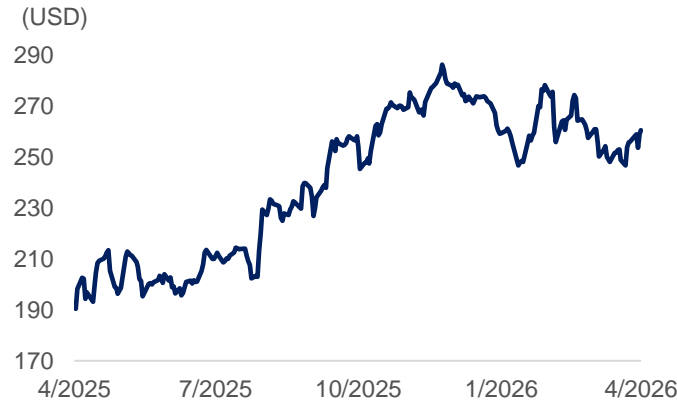
Apple reported revenue of US\$143.76bn, up 15.7% YoY and exceeding consensus by US\$5.24bn. GAAP EPS came in at US\$2.84, beating estimates by US\$0.17. For 2QFY26, the company expects revenue growth of 13%–16%, above analyst expectations of ~10%, and guides operating expenses at US\$18.4bn–18.7bn.

Valuation Consensus

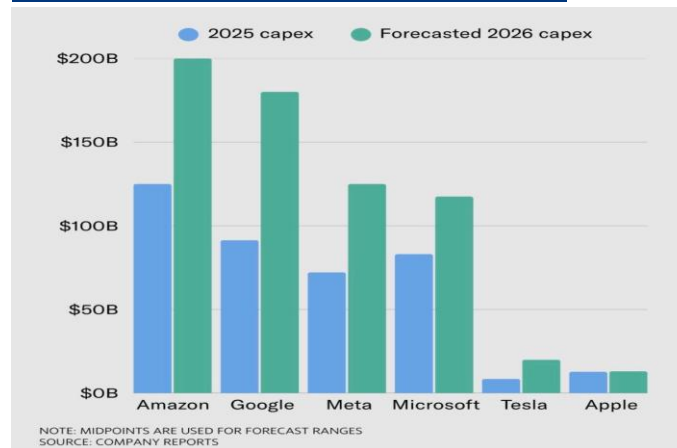
Bloomberg 12-month average target price: US\$299.45; High: US\$350; Low: US\$205

Source: Bloomberg

1-Year Price



2026 Tech Giants CapEx Comparison



Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-2.8	2.0	6.4	11.7	7.0
EBITDA (%)	33.3	34.9	35.3	35.6	35.7
EPS(USD)	6.13	6.74	7.46	8.52	9.36
Net Profit Margin(%)	25.3	26.6	26.9	26.8	27.0

Source: Bloomberg; 2026/27F are market estimates

P/E & P/B





TAIEX Rallies Toward Highs; High-Speed Optical Module Demand to Benefit Taiwan PCB Makers

Taiwan Equities Rally on US-Iran Ceasefire Talks, Eyeing New Highs

Taiwan equities surged last week on the back of US-Iran ceasefire negotiations. On Thursday, the market rose on lower volume; although negotiations remain uncertain, turnover has recovered above the monthly average, and the index is holding above all major moving averages. The 5-day MA has also crossed above the monthly MA, signaling improving technical momentum and supporting a continued near-term rebound.

From a sector perspective, large-cap tech stocks have stabilized and turned stronger, with broad-based gains across electronics. Segments with strong March revenue—including CCL, ABF substrates, GaAs, and BMC—continued to hit new highs. Other strong performers include semiconductor testing interfaces, semiconductor equipment, thermal solutions, LEO satellites, and optical communications.

800G and 1.6T Optical Module PCB Adoption of MSAP and Anylayer to Drive Value Upside

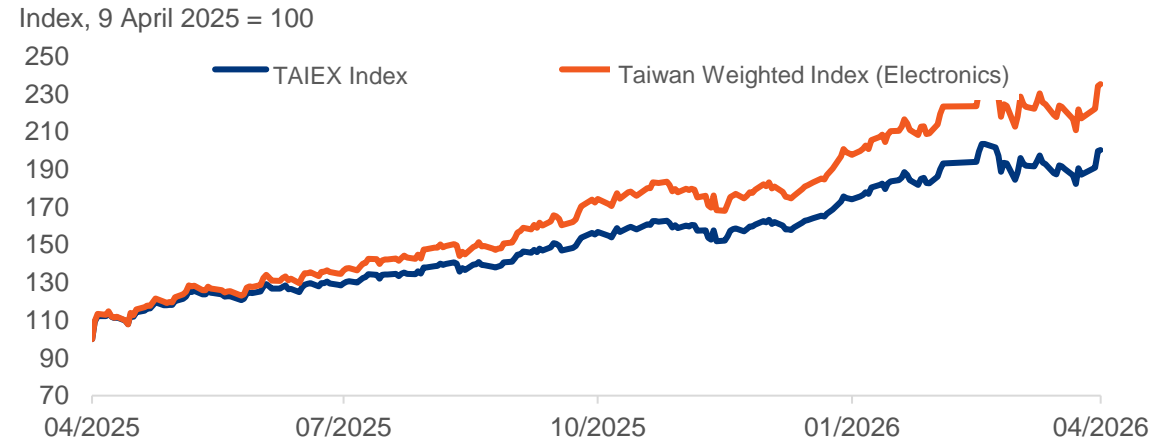
Driven by AI infrastructure demand for high-speed optical modules, we estimate PCB shipments for optical modules above 100G will reach 120mn units in 2026, up 77% YoY. Among these, 800GbE optical transceivers are expected to ramp rapidly from late 2Q26, growing 146% YoY to 52.8mn units, while 1.6TbE modules are set to scale from late 3Q26, surging 1,200% YoY to 28.6mn units.

On the technology front, 800GbE modules will adopt 12–14 layers, primarily using Anylayer (6-2-6) structures, while 1.6T modules will use 14–16 layers with Anylayer (7-2-7). With PCB thickness capped at ~1mm, finer line widths are required for impedance control. As a result, MSAP (Modified Semi-Additive Process) with line/space of 25–30µm will see significant adoption, replacing HDI’s 35–40µm. We estimate 800GbE will use 4–8 MSAP layers, while 1.6TbE will increase to 8–14 layers.

With volume ramp-up in 800GbE and 1.6TbE optical module PCBs, we expect Taiwan PCB makers such as Unimicron, Zhen Ding, and Compeq to be key beneficiaries.

Source: Bloomberg

TAIEX Index and Taiwan Electronics Sector Trends



High-Speed Optical Module PCB Specification Comparison

Category	100GbE	200GbE/ 400GbE	800GbE	1.6TbE
Layer count	6-8L	8-10L	12-14L	16L
MSAP Layer Count	N/A	N/A	6L-8L	8L-14L
Stackup	2-N-2	3-N-3 / Anylayer	5-N-5 / Anylayer	Anylayer
Material	M6	M6-M7	M7-M7N	M7N-M8

For Internal Use Only



Unimicron (3037 TT)

Unimicron Technology Corp. manufactures and sells various types of printed circuit boards (PCBs), electrical equipment, and electronic products, and provides IC testing and burn-in services.

Key Features

1Q26 Revenue Slightly QoQ Growth, Pricing Impact Stronger than 4Q25

Supported by AI server and high-speed transmission demand, utilization remained high (ABF 90%, BT 80–85%, HDI 85–90%, PCB 90%). Partial cost pass-through (glass fiber, precious metals, CCL) should support further margin improvement.

AI to Account for 60% of Revenue Mix in 2026

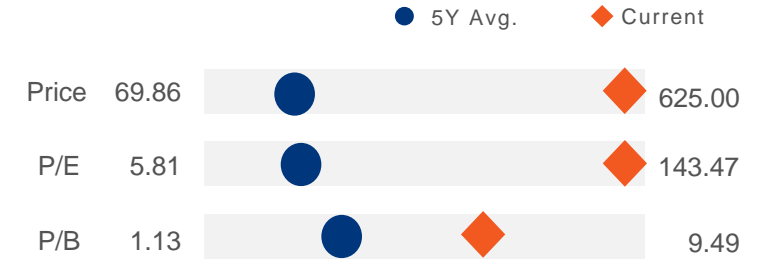
AI mix in substrates is expected to rise from 40% to 60%, and PCB (incl. HDI) from 55–60% to 65–70%. The current cycle is AI-driven (vs. prior PC-driven), with T-Glass supply still tight in 2026. EMIBT progress continues with limited front-end changes, while optical interconnect collaboration could see 2027 as a key inflection point, with CPC potentially ahead of CPO.

Financials

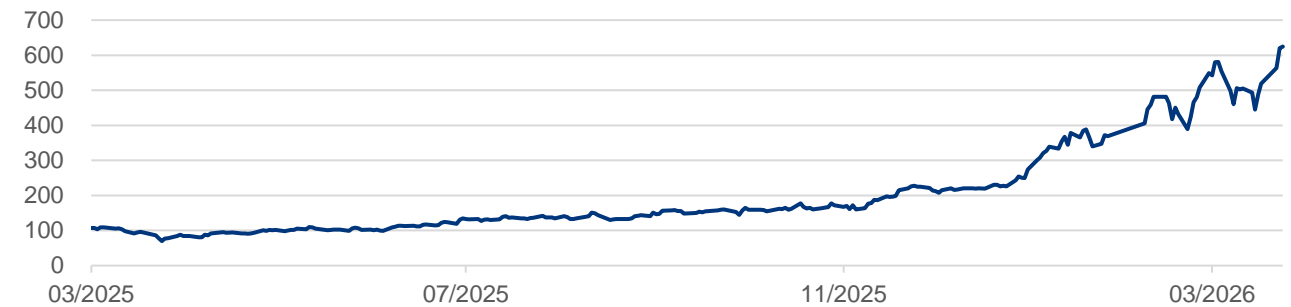
	2023	2024	2025F	2026F	2027F
EPS (NTD)	7.88	3.34	4.36	13.54	23.78
EPS Growth (%)	-60.7	-57.6	30.6	210.4	75.6
P/E Ratio	58.2	137.2	105.1	33.9	19.3
ROE (%)	13.6	5.5	6.9	19.1	27.8

Source: Company data, estimates of KGI analyst

Valuations

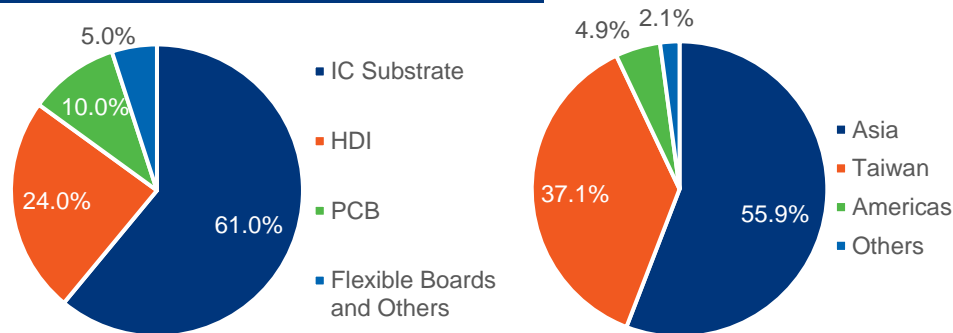


1-Year Price



As of 9 Apr 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	40.61	60.67	177.16	291.22	184.09	794.69

Revenue Sources and Regions



Source: Bloomberg

Zhen Ding Technology Holding Limited (4958 TT)

Manufactures and sells PCBs, including HDI, flexible, and rigid boards, with operations primarily in China.

Key Features

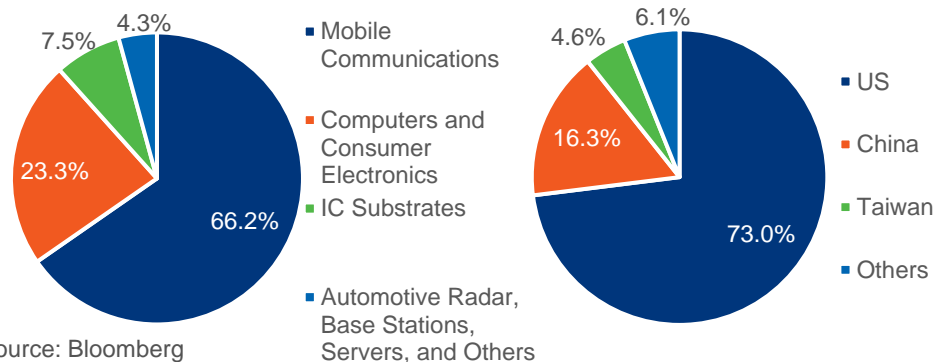
AI Servers, Smart Glasses, and Optical Modules Drive Growth

The company has entered NVIDIA Rubin computing PCBs (5-stage HDI, 26L), AWS Trainium3 OAM boards (3-stage HDI, 24L), and 400G switches (22L), with Google TPU V8 set for mass production in 4Q26. We estimate server revenue contribution at 5.7%/7.1% in 2026/27. AI glasses, supported by strong Meta demand, are expected at 3.3%/3.7%, while optical modules (400G/800G) at 3.2%/4.3%.

2026–2027 CAGR: Revenue +16%, Earnings +54.5%

Rising AI exposure (servers, glasses, optical modules) is expected to drive ~16% revenue CAGR and >54.5% earnings growth in 2026–27, supporting potential valuation re-rating.

Revenue Sources and Regions



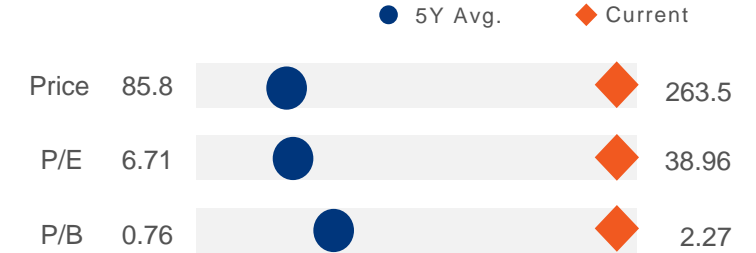
Source: Bloomberg

Financials

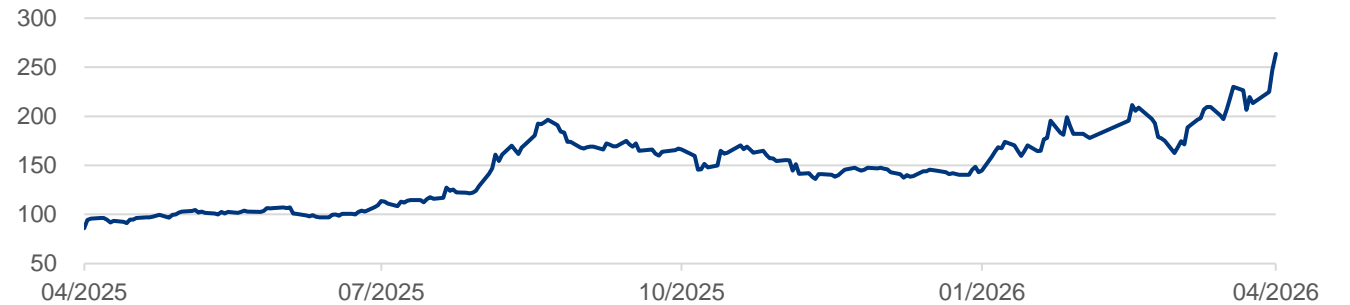
	2023	2024	2025	2026F	2027F
EPS (NTD)	6.55	9.67	6.92	12.18	16.23
EPS Growth (%)	-56.4	47.6	-28.5	76.1	33.2
P/E Ratio	27.6	18.7	26.2	14.9	11.2
ROE (%)	6.4	9.0	6.6	11.4	14.1

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 9 Apr 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	27.60	62.15	82.35	58.73	85.56	207.11

Asymmetric Risk-Return Favors Locking in Bond Yields

► PIMCO GIS Income Fund

- One of the world's largest actively managed funds.
- Proven track record across multiple market cycles, capturing opportunities after market dislocations.
- Dynamically manages duration to navigate growth uncertainty.
- Strong long-term performance, awarded "Lipper Fund Awards Hong Kong 2023" – Best Global Bond USD Fund (10 Years).
- Led by CIO Dan Ivascyn, Alfred Murata, and Josh Anderson, with ~30 years average experience, supported by 80+ global credit analysts.
- Latest annualized distribution yield: 6.11% (Class E USD).

Product	PIMCO GIS Income Fund	
Features	<ul style="list-style-type: none"> ■ Global diversification helps spread risk and capture return opportunities across different markets ■ The fund is large in scale, carries an average credit rating of AA-, and has received a 4-star rating from Morningstar 	
AUM	USD 129.6 billion	
Holdings	719	
3M/YTD Return	-0.84% / -0.56%	
Allocation(%)	Mortgage-Backed Securities (MBS)	50.31
	Corporate Bonds	17.98
	Government Treasuries	17.64
	Cash and Others	14.07
Credit Ratings (%)	AAA	16.7
	AA	57.4
	A	6.7
	BBB	8.2
	BB	5.1
Top 5 Holdings (%)	FNMA TBA 6.0% FEB 30YR	4.7
	FNMA TBA 6.5% FEB 30YR	3.4
	FNMA TBA 5.5% FEB 30YR	3.2
	FNMA TBA 6.0% MAR 30YR	3.2
	UMBS 30YR 5.0 TBA TAKE DELIV JAN	2.4

Source: Bloomberg

PIMCO GIS Income Fund

Profile

Primarily invests in fixed income instruments across varying maturities, aiming to deliver high and stable income without compromising long-term capital appreciation.

Global Diversification

Invests across IG, HY, EM debt, and MBS, enabling diversification and capturing income opportunities across markets, providing stable and diversified return sources.

Professional Management

Actively managed by PIMCO, with flexible asset allocation to adapt to market conditions, delivering relatively stable long-term performance.

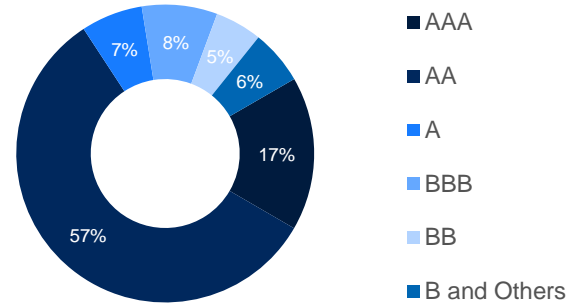
Morningstar Rating

Large fund size, average credit rating AA-, rated 4 stars by Morningstar.

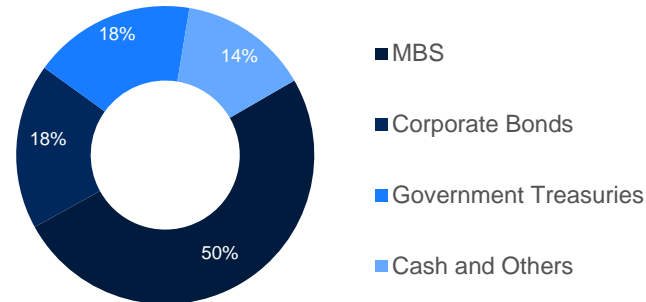
Inception	2012/11/30	AUM	USD 129.6 b
Morningstar Category	Global Bonds	Fund Type	Bond
Morningstar Rating	★★★★	3Y SD (Ann.)	4.74%

Source: Bloomberg

Ratings



Asset Type



Top-5 Holdings (%)

FNMA TBA 6.0% FEB 30YR	4.7
FNMA TBA 6.5% FEB 30YR	3.4
FNMA TBA 5.5% FEB 30YR	3.2
FNMA TBA 6.0% MAR 30YR	3.2
UMBS 30YR 5.0 TBA TAKE DELIV JAN	2.4

Last 3 Years NAV



As of 7 Apr 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-0.73	-0.84	-0.56	7.01	12.67	19.76
Similar Fund Quartile Ranking	3	3	3	2	2	2

Bonds

Allocate High-Quality Defensive Corporate Bonds to Lock in Yields

- ▶ **GE 4.3 07/29/2030 (GE Aerospace) (USD)**
- ▶ **GE 4.9 01/29/2036 (GE Aerospace) (USD)**

- GE Aerospace, the core entity retaining the “GE” brand after the 2024 breakup of General Electric, focuses on aviation and defense propulsion systems and is one of the world’s leading jet engine and services providers.
- GE Aerospace inherits decades of technological expertise and a large installed base, with its engines powering ~75% of global commercial flights and supporting key defense systems for the U.S. and its allies. The company has transitioned from a diversified conglomerate to a focused aerospace leader, benefiting from high technical barriers and long-term service contracts.
- Global air traffic has surpassed pre-pandemic (2019) levels, driving airlines to expand fleets, while defense spending in the U.S. and Europe continues to rise amid geopolitical tensions. The LEAP engine maintains ~75% market share in commercial aviation, with deliveries up 49% YoY as of 4Q25, indicating strong execution.
- Revenue is driven by commercial engines & services and defense propulsion. 4Q25 results beat expectations, with revenue up 20% YoY and free cash flow at US\$1.85bn. Growing service orders and backlog enhance long-term earnings visibility and cash flow stability.

Products	GE 4.3 07/29/2030 (GE Aerospace) (USD)	GE 4.9 01/29/2036 (GE Aerospace) (USD)
ISIN	US369604BZ56	US369604CA96
Features	Service-oriented orders and backlogs continue to rise, enhancing visibility into long-term profitability and cash flow.	
Maturity Date	2030/7/29	2036/1/29
Next Call Date	2030/6/29	2035/10/29
Coupon (%)	Fixed/4.3/Semi-Annual	Fixed/4.9/Semi-Annual
Currency	USD	USD
Years to Maturity	4.30	9.81
Credit Rating (Moody's/ Fitch/S&P)	A2/-/A-	A2/-/A-
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	4.11/4.10	4.69/4.69

Source: Bloomberg

GE Aerospace (GE 4.3 07/29/30)

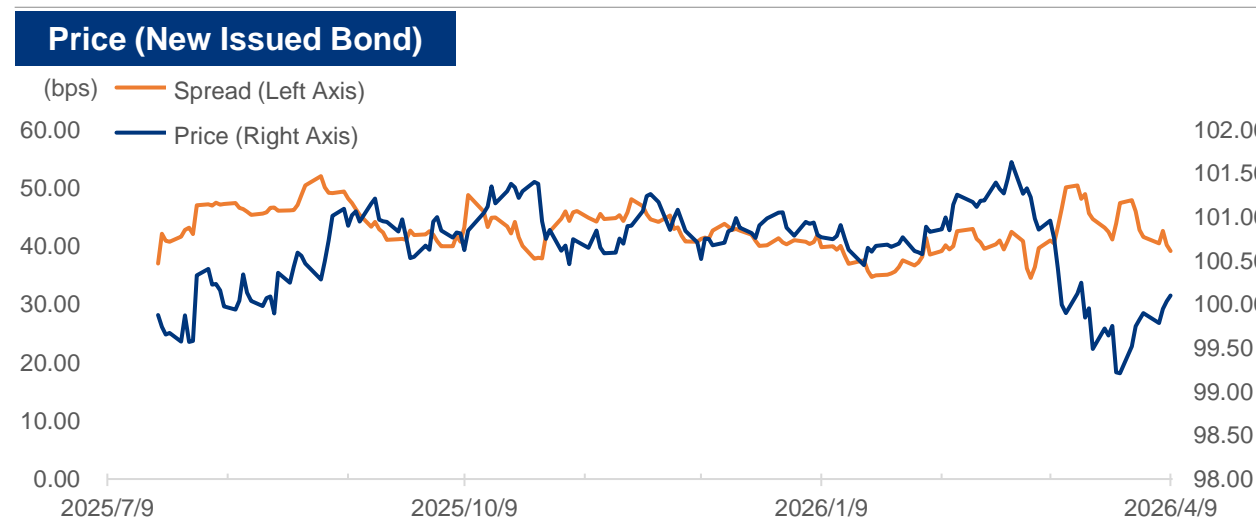
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Financials	2023	2024	2025
Free Cash Flow (USD 100M)	19.19	21.94	18.50
EBITDA Margin (%)	22.34	21.80	21.27
Interest Coverage Ratio (x)	12.99	10.03	9.23

Source: Bloomberg

Overview			
Name	GE 4.3 07/29/30	ISIN	US369604BZ56
Maturity Date	2030/7/29	Remaining Maturity	4.30
Coupon(%)	Fixed/4.3/Semi-Annual	YTM/YTC(%)	4.11/4.10
Currency	USD	Min. Subscription/ Increment	2,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/-/A-	Seniority	Senior Unsecured



GE Aerospace (GE 4.9 01/29/36)

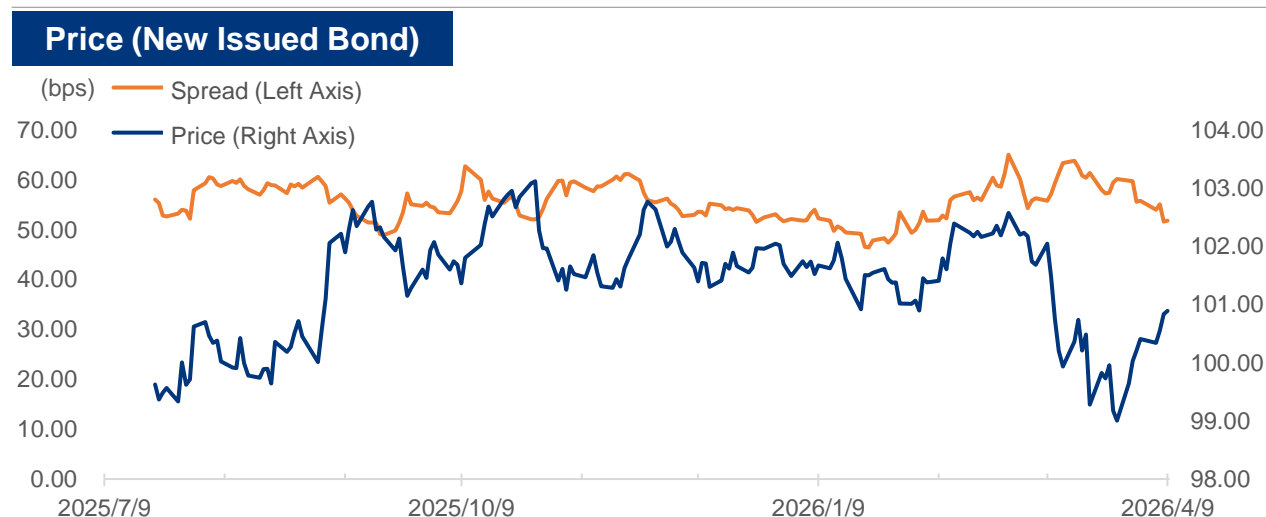
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Source: Bloomberg

Overview			
Name	GE 4.9 01/29/36	ISIN	US369604CA96
Maturity Date	2036/1/29	Remaining Maturity	9.81
Coupon(%)	Fixed/4.9/Semi-Annual	YTM/YTC(%)	4.69/4.69
Currency	USD	Min. Subscription/ Increment	2,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/-/A-	Seniority	Senior Unsecured



Appendix

Key Economic Data / Events

► MAR 2026

► APR 2026

6

Monday

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

7

Tuesday

- US Feb Retail Sales MoM (prelim) (Act:-1.4% Est:-1.2% Prev:-0.5%)
- Eurozone Apr Sentix Investor Confidence (Act:-19.2 Est:-8.0 Prev:-3.1)

8

Wednesday

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

9

Thursday

- US Initial Jobless Claims (Act:219k Est:210k Prev:203k)
- US FOMC Minutes
- US Feb PCE YoY (Act:2.8% Est:2.8% Prev:2.8%)
- US Feb Core PCE YoY (Act:3.0% Est:3.0% Prev:3.1%)
- US Q4 GDP Annualized QoQ (Final) (Act:0.5% Est:0.7% Prev:4.4%)
- Japan March Tool Orders YoY (prelim) (Act:28.1% 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 University of Michigan Sentiment (prelim) (Est:51.5 Prev:53.3)
- US Feb Durable Goods Orders MoM (Final) (Est:-1.4% Prev:-0.5%)
- Japan Mar PPI YoY (Act:2.6% Est:2.3% Prev:2.1%)
- China Mar CPI YoY (Act:1.0% Est:1.1% Prev:1.3%)

13

Monday

- U.S. Mar Existing Home Sales (Est:4.08m Prev:4.09m)
- GS Earnings

14

Tuesday

- US Mar PPI YoY (Prev:3.4%)
- Japan March Tool Orders YoY (Final) (Prev:4.3%)
- BLK, JPM, JNJ, WFC, C Earnings

15

Wednesday

- Japan Feb Core Machinery Orders MoM (Est:-0.9% Prev:-5.5%)
- Eurozone Apr Industrial Production MoM (Est:0.4% Prev:-1.5%)
- BAC, MS Earnings

16

Thursday

- US Initial Jobless Claims (Prev:219k)
- China Q1 GDP YoY (Est:4.8% Prev:4.5%)
- China Mar Retail Sales YoY (Est:2.3% Prev:2.8%)
- China Mar Industrial Production YoY (Est:5.3% Prev:6.3%)
- Eurozone Mar CPI YoY (Final) (Est:2.5% Prev:1.9%)
- PEP, ABT, SCHW, PLD Earnings

17

Friday

- NFLX Earnings

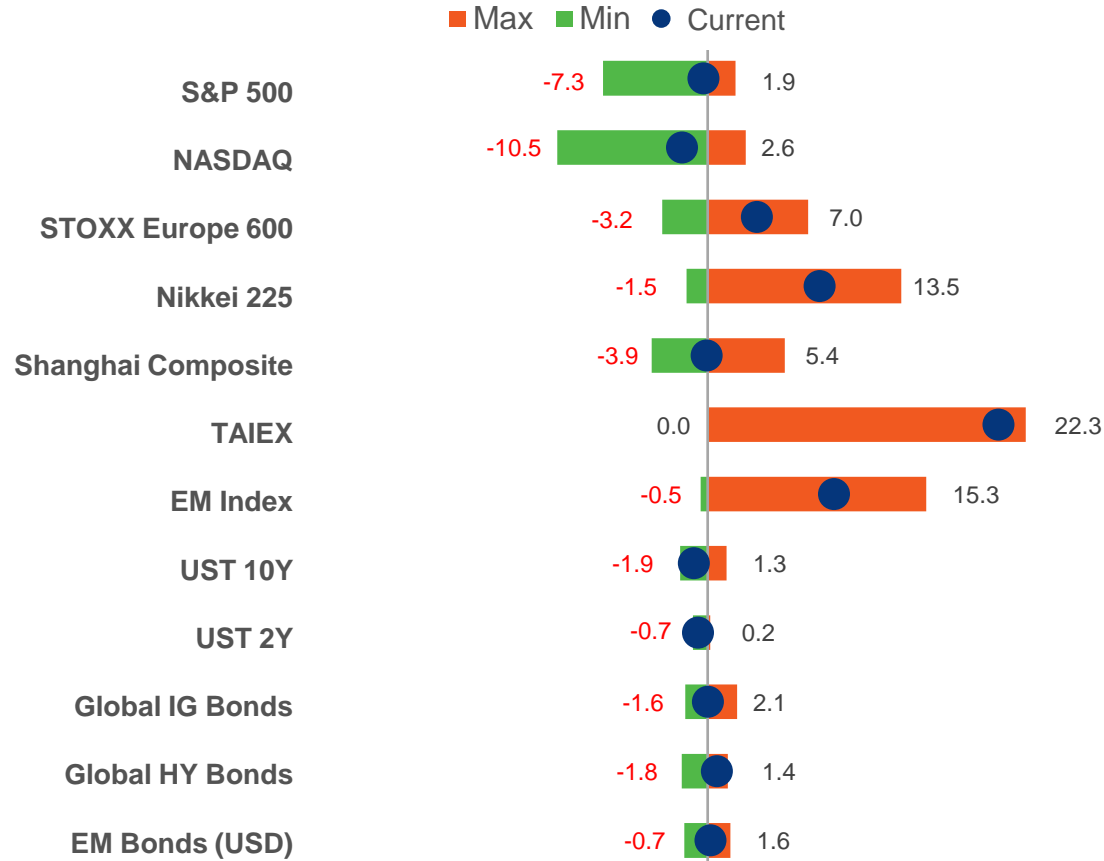
Source: Bloomberg

For Internal Use Only

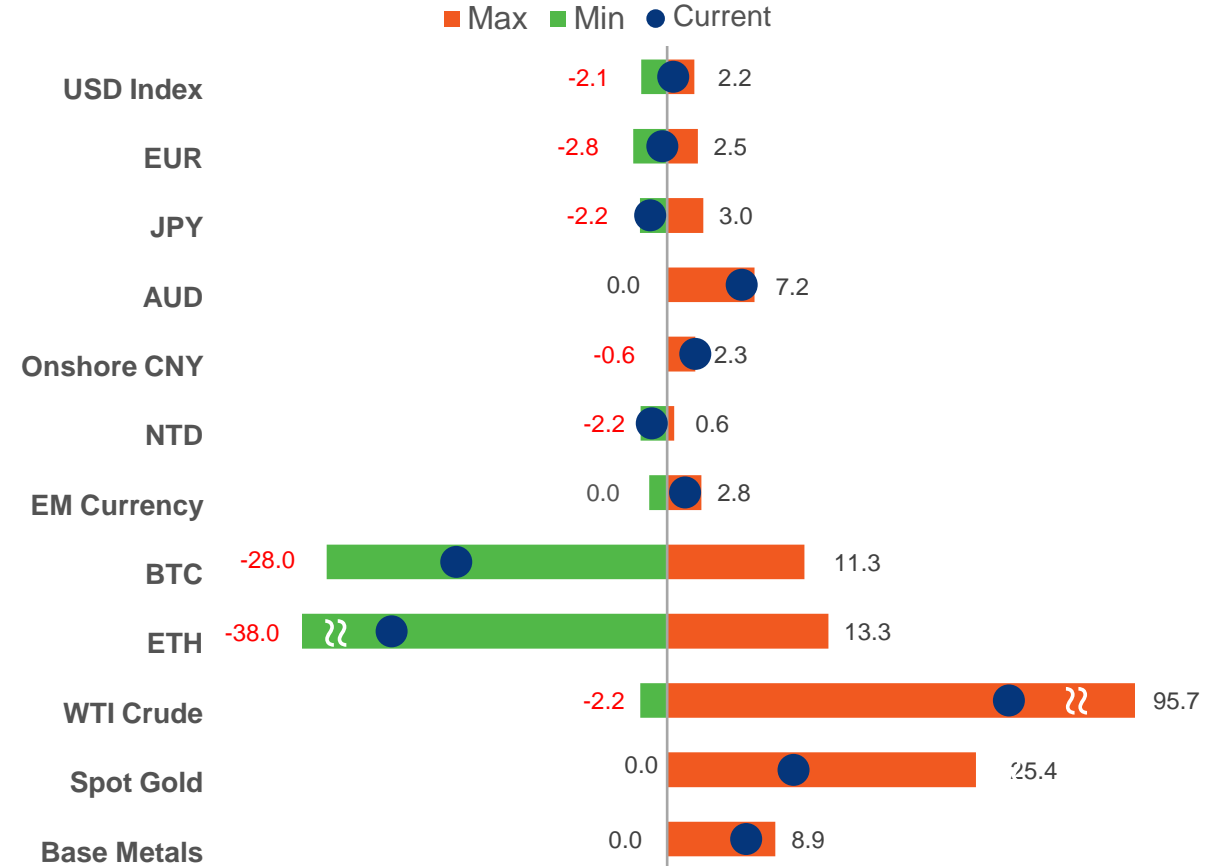
23

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)

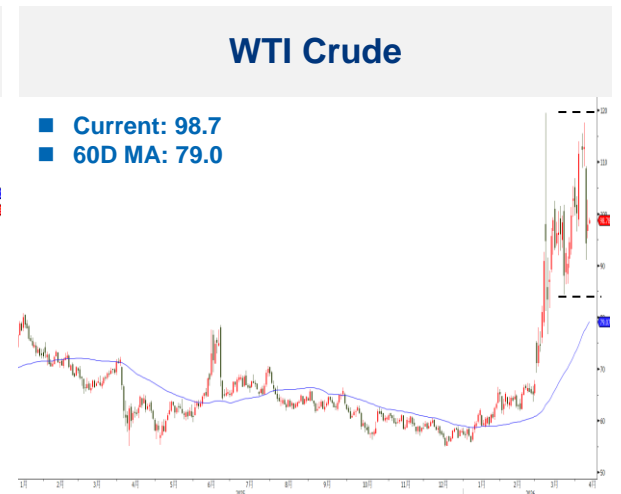
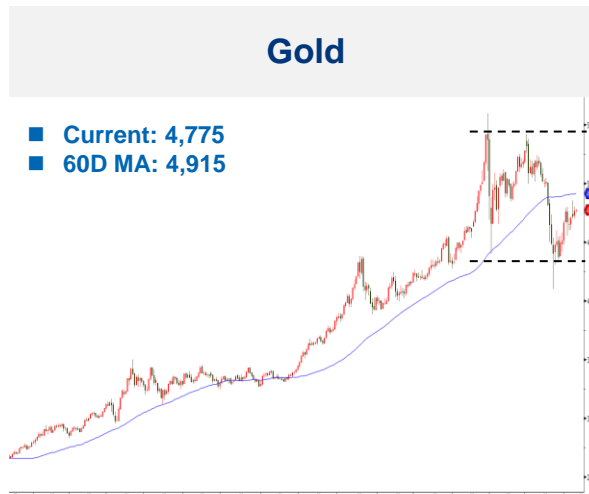
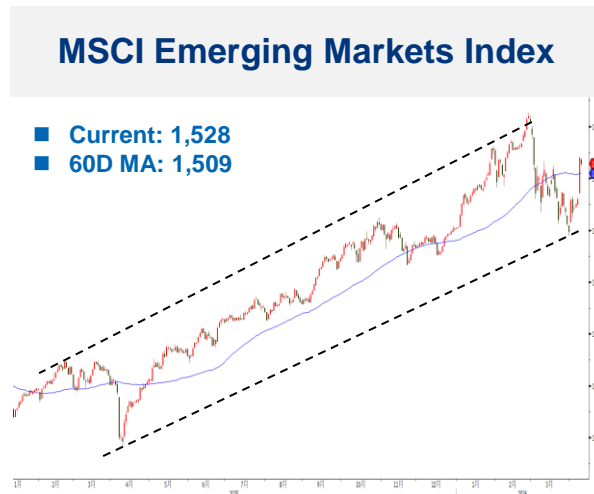
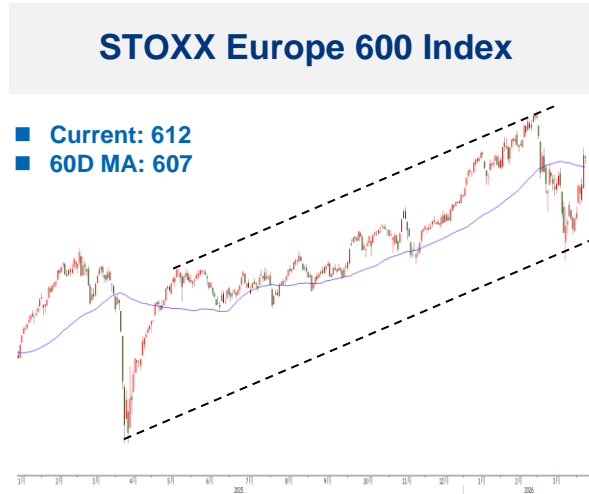
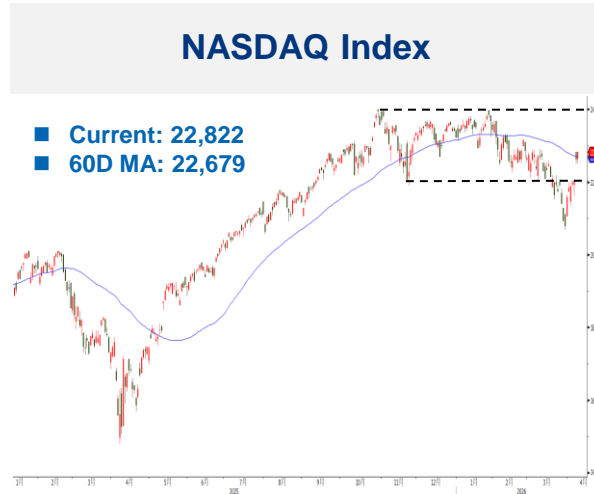
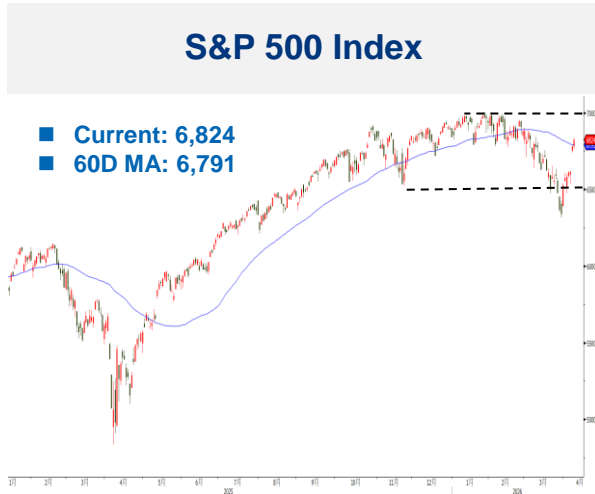


Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

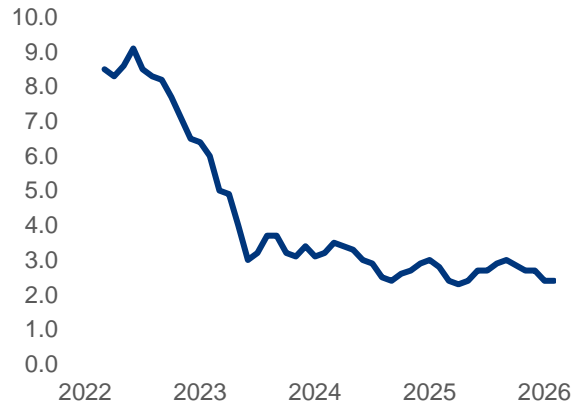
Technical Analysis



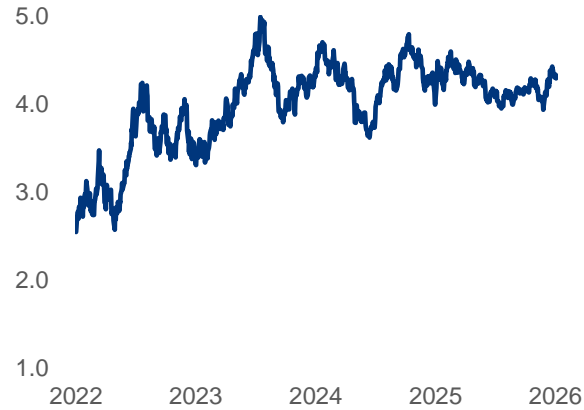
Source: Bloomberg

Market Monitor

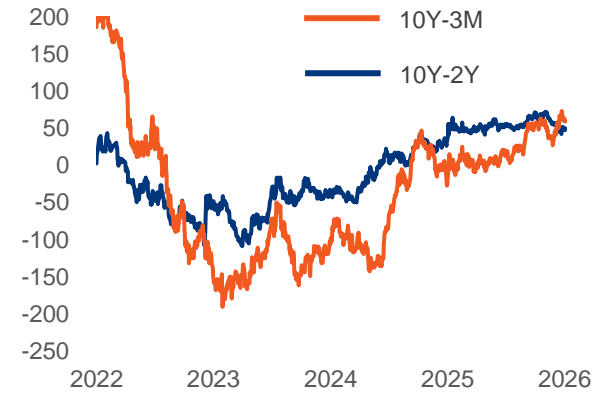
U.S. CPI YoY (%)



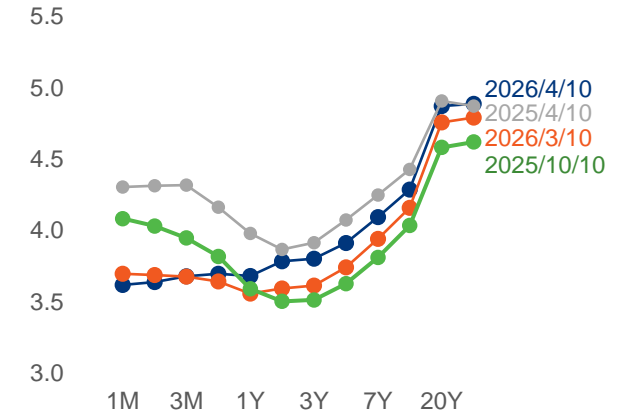
U.S. 10-Year Treasury Yield (%)



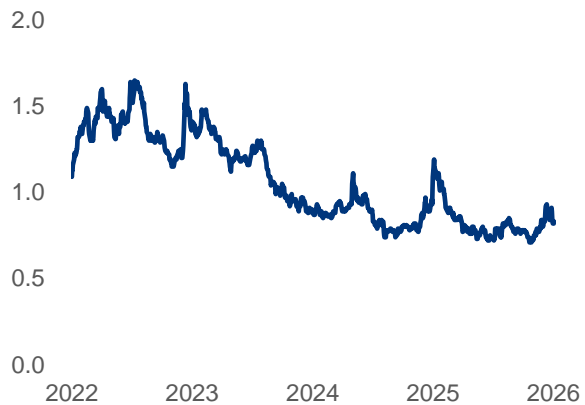
U.S. Treasury Yield Spread (bps)



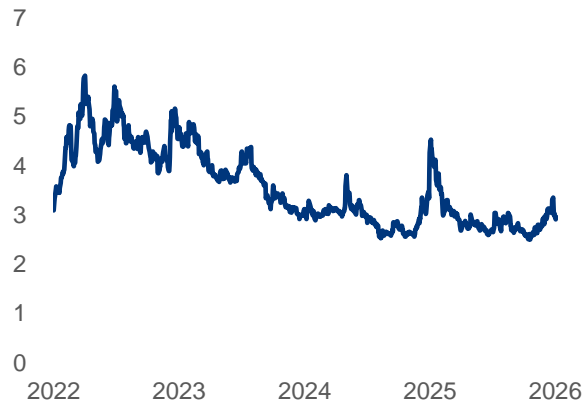
U.S. Treasury Yield Curve (%)



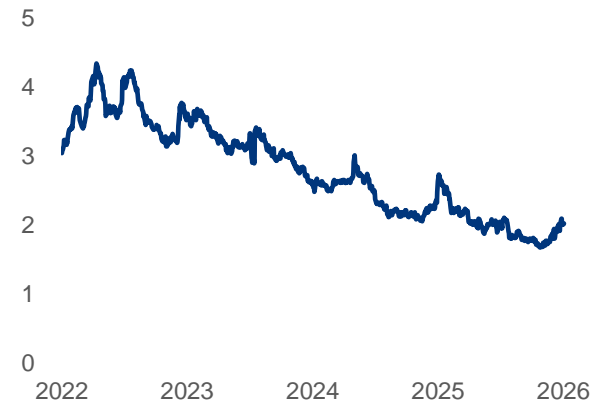
USD IG Credit Spread (%)



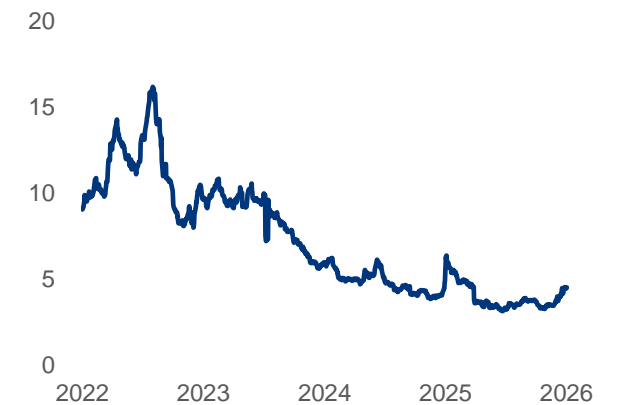
USD HY Credit Spread (%)



USD EM Credit Spread (%)

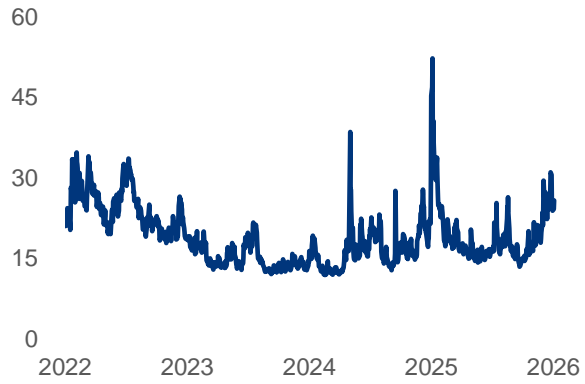


USD Asia Credit Spread (%)

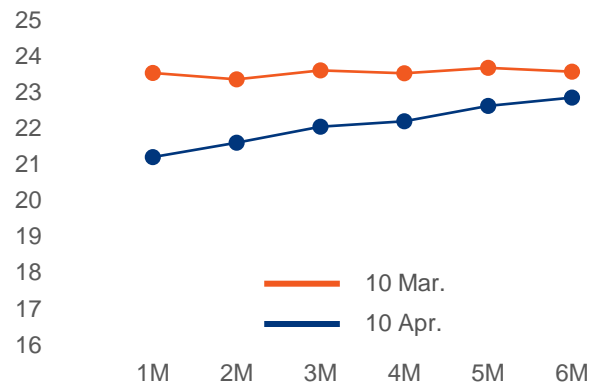


Market Monitor

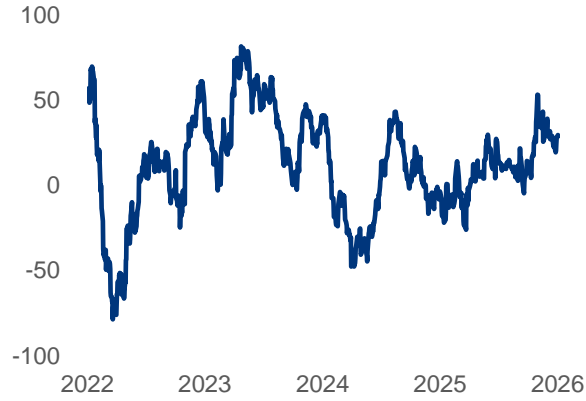
VIX Index



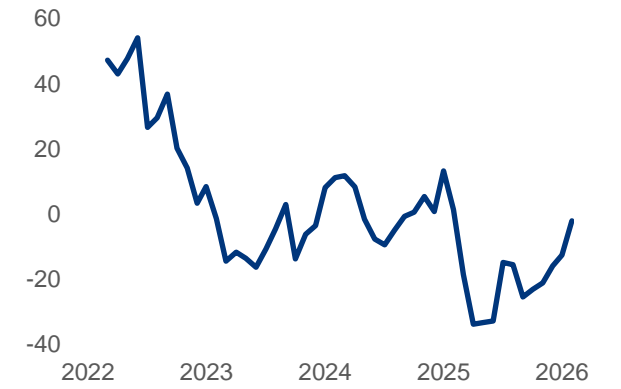
VIX Term Structure



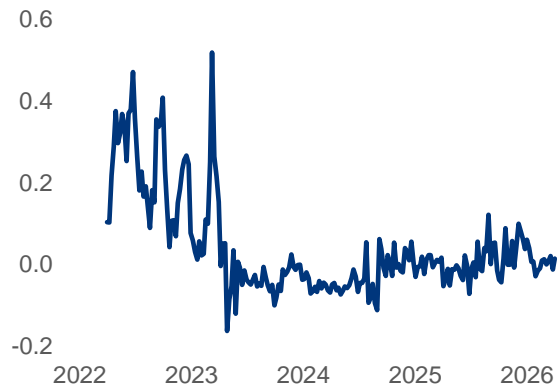
U.S. Citi Economic Surprise Index*



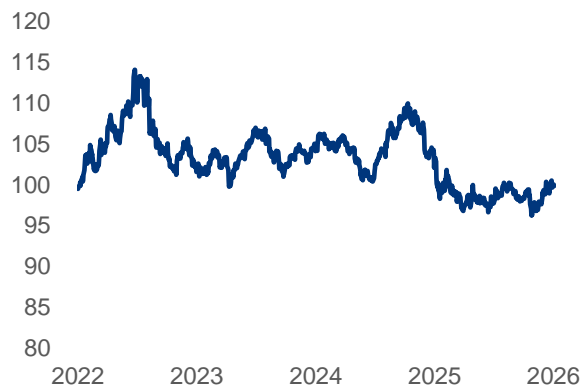
U.S. Citi Inflation Surprise Index*



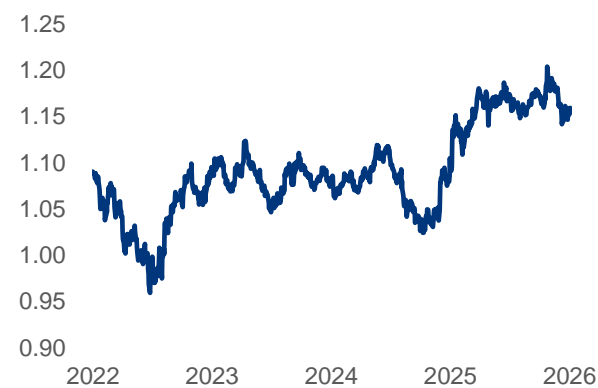
TED Spread (bps)



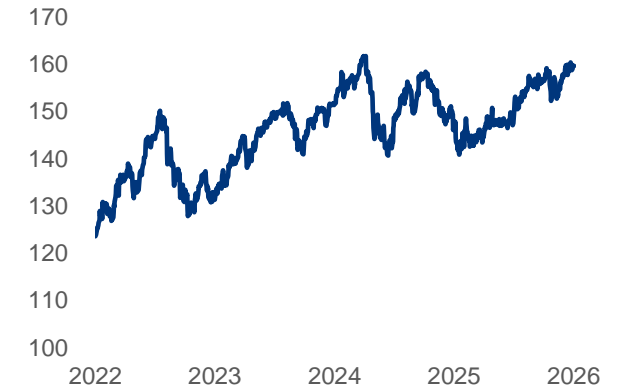
U.S. Dollar Index



EUR to USD



USD to JPY



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