



CIO Office **Global Markets Weekly Kickstart**

New Issues, New Opportunities

11 May 2026

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Navigating The Four Essential Forces

► Geopolitical and Trade Brinkmanship

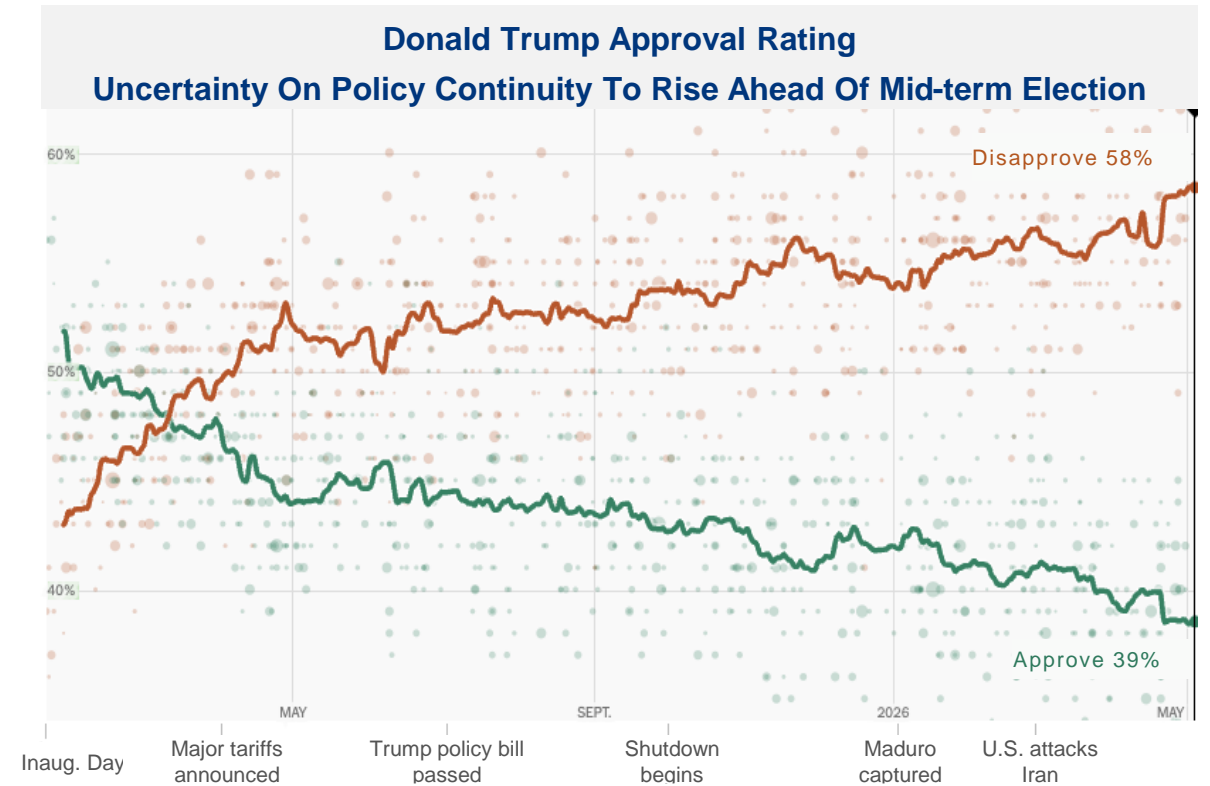
The continued closure of the Strait of Hormuz has spiked inflation expectations and anchored oil prices as a primary market barometer. Also, post the China summit, the US-China trade talk will resume an "escalate-to-de-escalate" phase. We expect intense market volatility and threats of tariffs escalation again leading up to the November trade deadline and before a deal is struck then.

► Monetary and Political Shifts

Kevin Warsh's impending Federal Reserve chairmanship introduces a radical plan to cut short-term rates while selling long-term bonds to steepen the yield curve. This unconventional policy coincides with US mid-term election uncertainty, where Trump's record-low approval ratings and the potential for a Democratic congressional flip threaten the "pro-business" legislative tailwinds favoring large corporations.

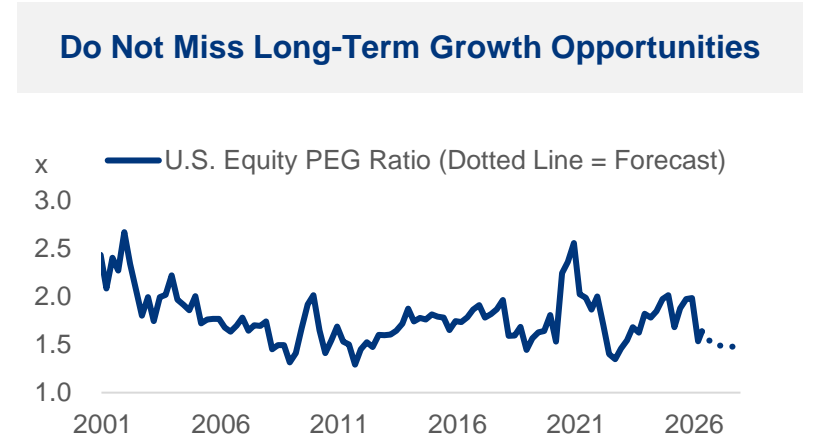
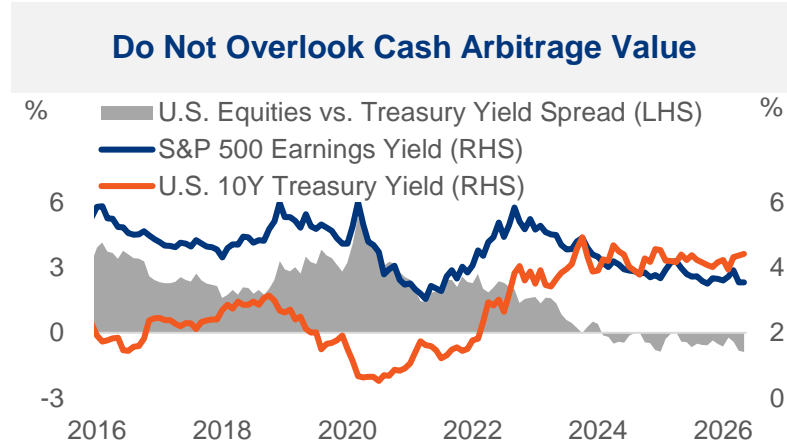
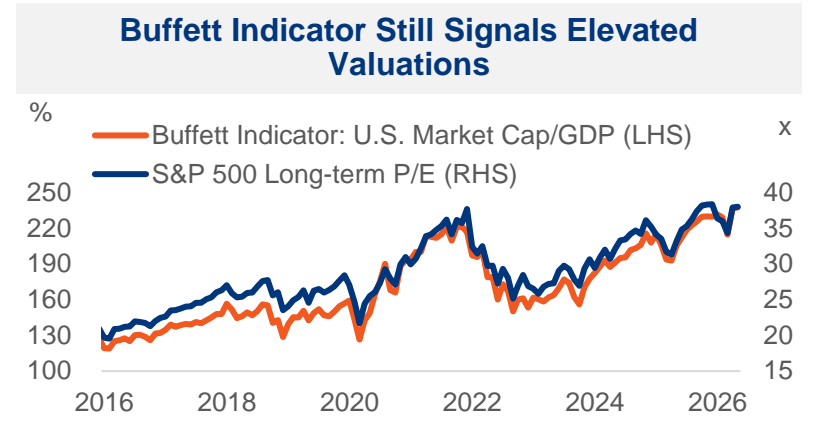
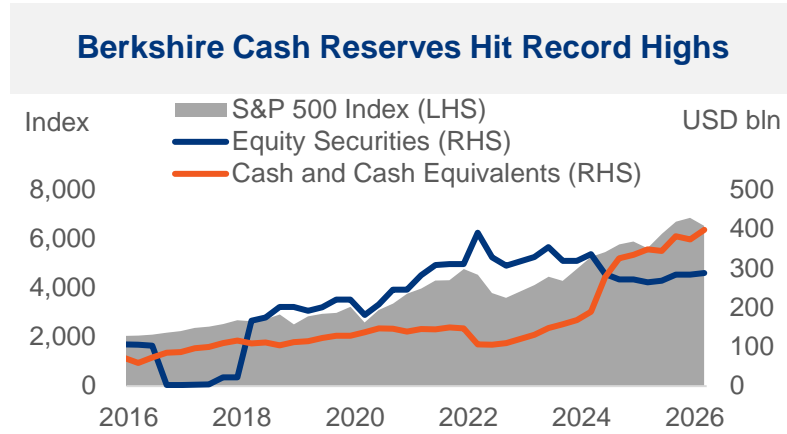
► Strategic Investment Positioning

Investors are advised to avoid long-duration Treasuries due to Warsh's bond-selling strategy and to treat relief rallies as opportunities to lock in profits. Strategic accumulation of gold and Hong Kong/Chinese equities is recommended during anticipated mid-year market corrections, alongside a shift toward "politically neutral" defensive sectors like utilities and infrastructure.



Why Is Buffett Still Sitting in Church While the Casino Is Packed?

- ▶ Berkshire's annual meeting was hosted for the first time by CEO successor Greg Abel. Key takeaways included: (1) operating profit rose 18% YoY, beating expectations; (2) cash holdings reached US\$397.4bn, continuing to exceed the value of its equity portfolio; (3) the new CEO emphasized AI adoption to address cyber threats and warned of deepfake-related cybersecurity risks; and (4) Buffett compared today's market to "a church with a casino attached," reflecting surging short-term speculation through zero-day options.
- ▶ Buffett indicators, including Berkshire's cash holdings and the market cap-to-GDP ratio, continue to suggest historically stretched U.S. equity valuations. Still, after long-term P/E ratios approached 40x in 2021, equities continued rising over the following year. As Buffett said: "The best time to act is when nobody answers the phone." While even Buffett cannot precisely time market corrections, elevated valuations may compress long-term return potential. Investors may still follow Buffett's core principles: (1) pursue low-cost arbitrage opportunities; (2) invest long term in companies with strong moats; and (3) utilize perpetual low-cost leverage to generate stable long-term asset growth.



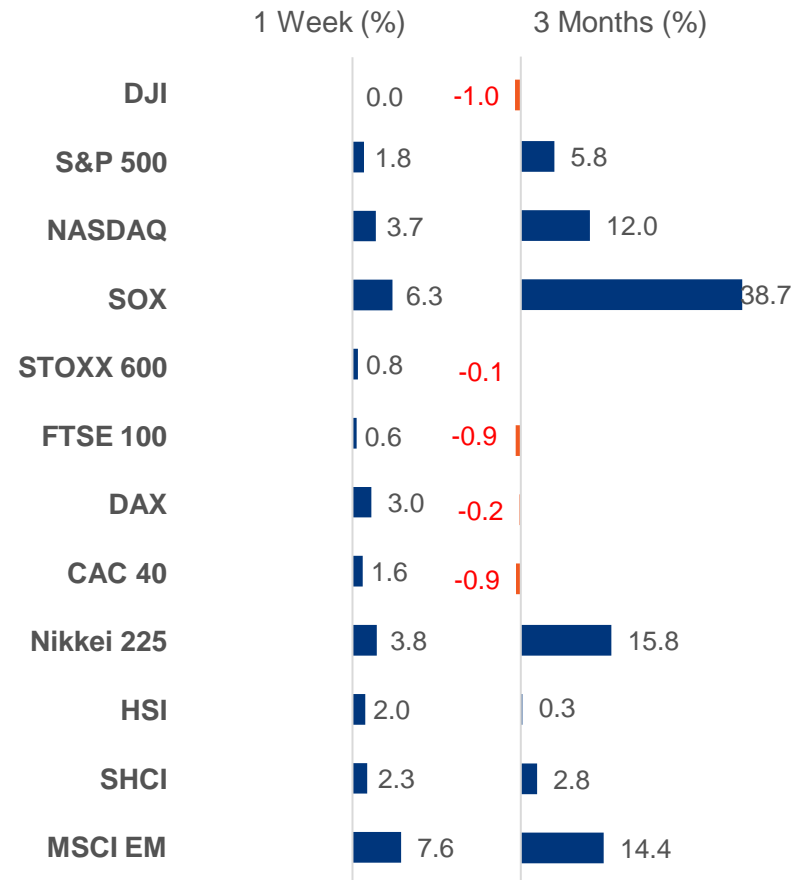
Source: Bloomberg, KGI, Note: Long-term P/E ratio is calculated as the price index divided by the 10-year average of real earnings per share

Market Recap

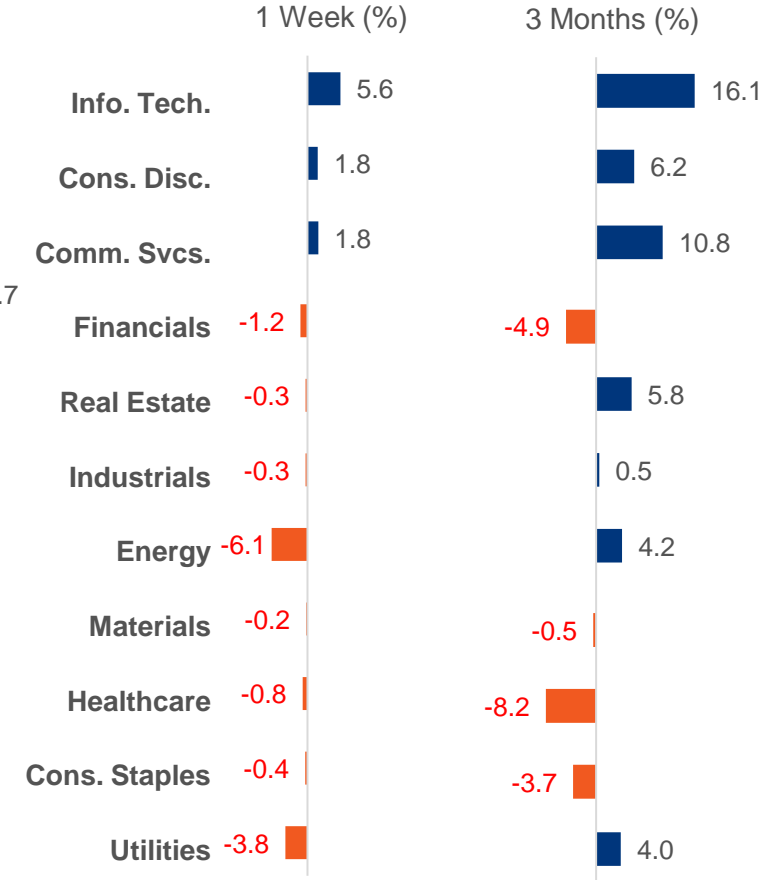
U.S.-Iran Talks Show Progress, Boosting Investor Sentiment and Equities

- ▶ U.S.-Iran peace negotiations continued to advance, with reports that Washington proposed a new framework aimed at formally ending the conflict. Trump hinted Iran may accept the proposal before his China visit, raising market expectations for a potential peace deal. Iran is still reviewing the proposal. WTI crude fell below US\$100/bbl as geopolitical inflation risks gradually eased, improving investor sentiment and lifting major developed-market equities. Markets remain focused on whether corporate earnings can stay resilient.
- ▶ Semiconductor stocks continued to outperform, driving the Philadelphia Semiconductor Index to fresh highs. AMD reported earnings and guidance above expectations, benefiting from sustained strength in CPU demand and raising its long-term CPU market CAGR outlook. Qualcomm also delivered slightly better-than-expected results, with shares rebounding on AI data center themes. However, softer 3Q guidance reflected ongoing China inventory digestion, memory constraints affecting end demand, and significant market share losses to Apple following recent product launches.

Regional Index Performance (%)

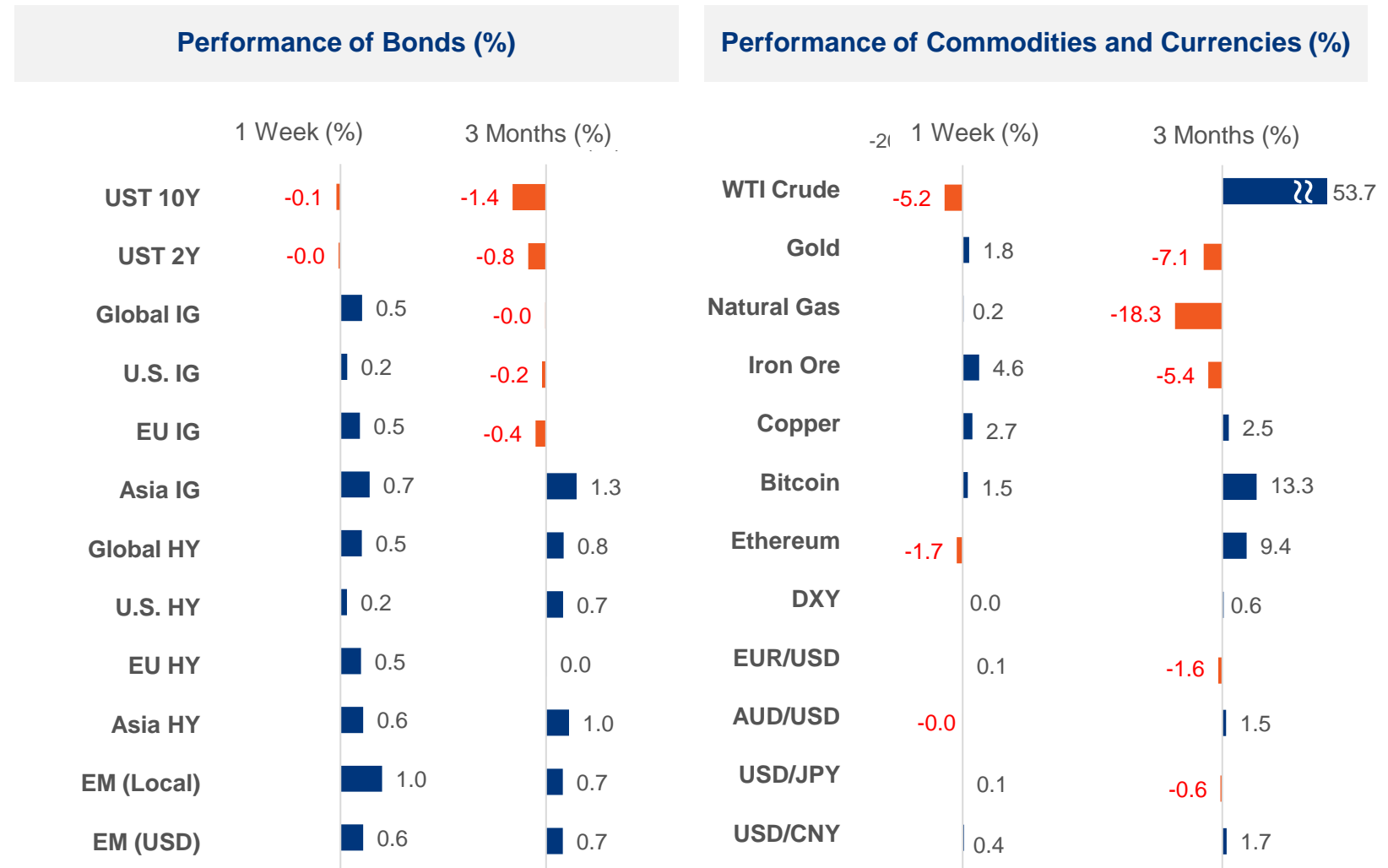


U.S. Sector Index Performance (%)



Oil and Inflation Expectations Ease, While Treasury Yields and the Dollar Weaken

- ▶ Progress in U.S.-Iran negotiations pushed oil prices lower and helped ease inflation expectations, while U.S. Treasury yields consolidated, with shorter-duration Treasuries outperforming. Given softer housing prices, moderating wage growth, and a cooling labor market, we expect the Fed to keep rates unchanged through year-end, with hikes unlikely. In credit markets, improving risk appetite and fund inflows supported a rebound in investment-grade bonds, while HY and EM debt also delivered solid weekly gains.
- ▶ April ISM Services PMI came in at 53.6, slightly below March's 54.0 and market expectations of 53.7. As services carry a heavy weighting in core inflation, the stable price index reinforced the view that inflation pressures remain temporary while also highlighting U.S. economic resilience. The dollar index was largely flat, while gold rebounded. Expectations for a swift resolution to the U.S.-Iran conflict eased concerns over energy supply disruptions, pushing WTI crude back below US\$100/bbl. Key market focus next week includes progress in U.S.-Iran talks, the Xi-Trump meeting, the Fed leadership transition, and inflation data.



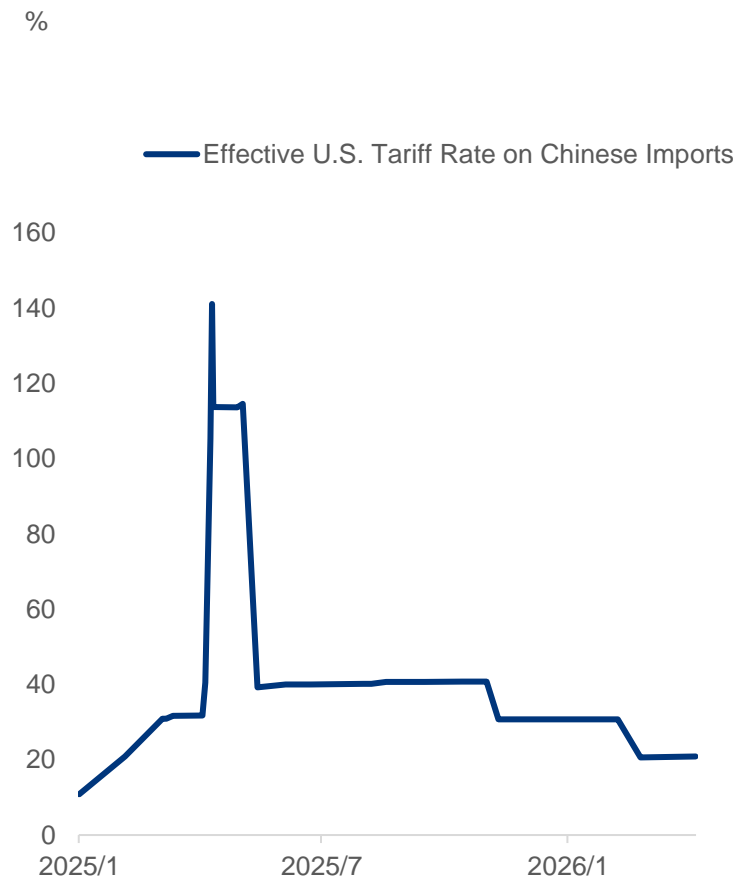
Source: Bloomberg

What's Trending

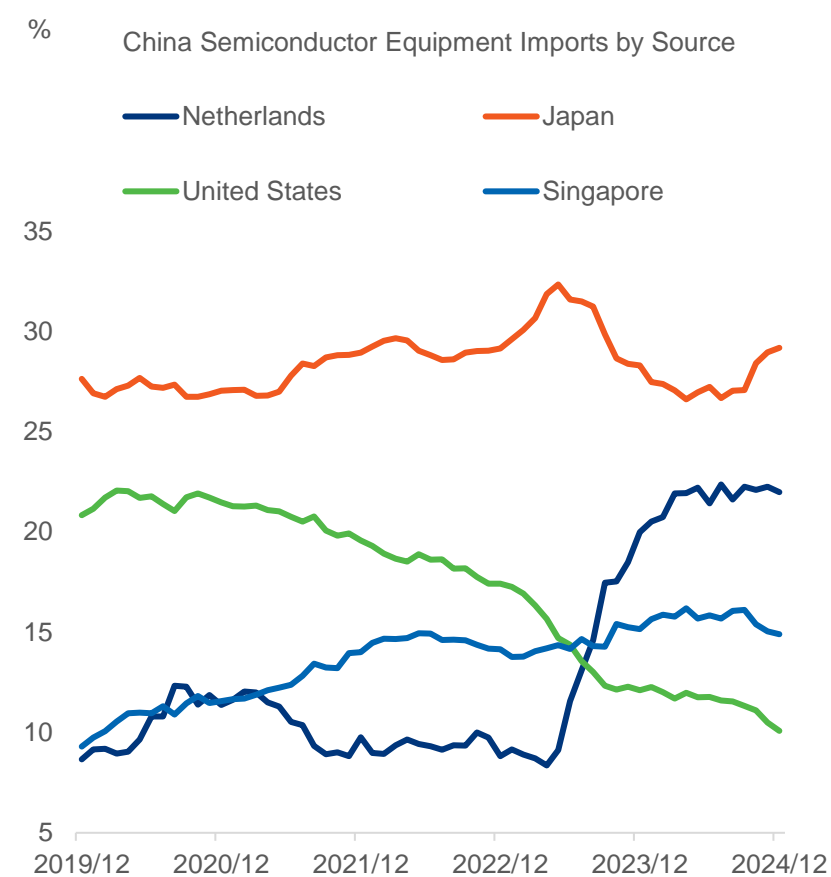
The Era of Mega Deals Begins; Focus on the Xi-Trump Peace Dividend

- ▶ Trump and Xi are expected to meet on May 14-15. As a summit between the two leaders, markets are closely watching for constructive outcomes that could support near-term sentiment. However, as the U.S. approaches midterm elections, the Trump administration may revisit trade policies to secure U.S. interests. Investors continue assessing whether summit outcomes can translate into actual policy execution, with uncertainty still elevated.
- ▶ Since last year's Liberation Day, effective U.S. tariffs on Chinese imports have fallen to around 20%, below levels seen through most of last year, leaving room for renewed tariff hikes. AI remains a major focus. In April, the U.S. advanced the MATCH Act to strengthen restrictions on semiconductor and technology exports to Chinese firms. China continues to support domestic AI investment, benefiting local AI hardware supply chains.
- ▶ Reviewing U.S. semiconductor export policy changes over the past year, Washington has not pursued a one-way tightening approach. At times, policymakers have also considered corporate profitability and eased restrictions, which would benefit China-exposed technology supply chains.

Effective U.S. Tariff Rate on Chinese Imports Nears 21%



Bipartisan U.S. Efforts Continue Restricting China's Access to Semiconductor Technology

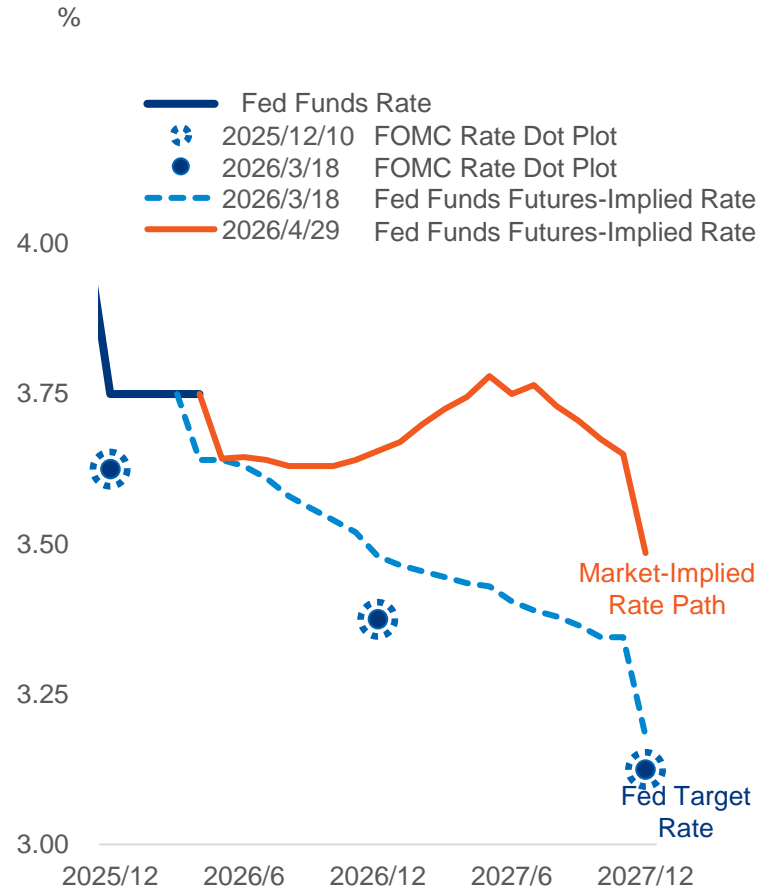


Source: Bloomberg, CEIC, KGI

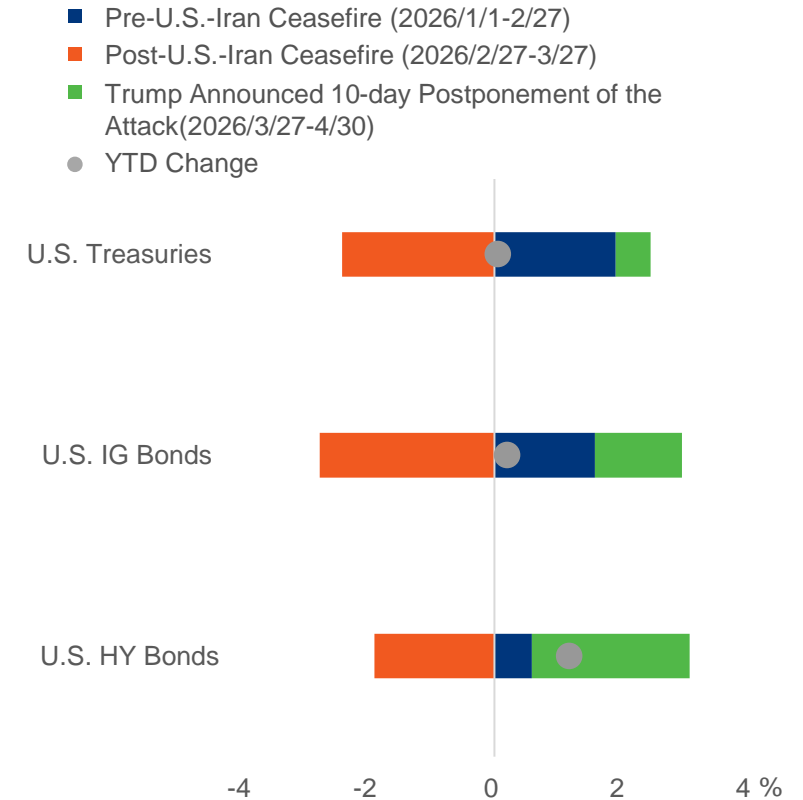
Treasury Yield Volatility May Rise, but Short-Term Carry Remains Attractive

- ▶ The Fed kept rates unchanged at the April FOMC meeting, in line with expectations. As Powell's term nears its end, the voting split marked the most hawkish division in 34 years, with markets expecting rates to remain unchanged through year-end. Given soft labor market conditions and limited wage pressure, inflation expectations remain the key focus. Rising oil prices from U.S.-Iran tensions mainly lifted 5Y inflation swaps, suggesting a largely one-off effect. Fed Chair nominee Kevin Warsh emphasized policy independence, reduced forward guidance, and accelerated balance sheet reduction. Lower policy transparency could increase rate volatility, suggesting caution toward long-duration Treasuries while monitoring the impact of higher energy prices on core inflation.
- ▶ Despite ongoing geopolitical uncertainty, elevated energy prices, sticky inflation, and steady Fed policy, resilient consumption, employment, and manufacturing data continued supporting U.S. economic resilience, pushing real yields higher and weighing on Treasuries. In credit markets, U.S. HY bonds rebounded strongly in April, significantly outperforming longer-duration IG bonds. For credit investors, short-to-mid duration and carry income remain the key drivers of returns.

Markets Expect the Fed to Stay on Hold Through Year-End



Stable Growth and Easing Volatility Supported HY Bond Outperformance YTD

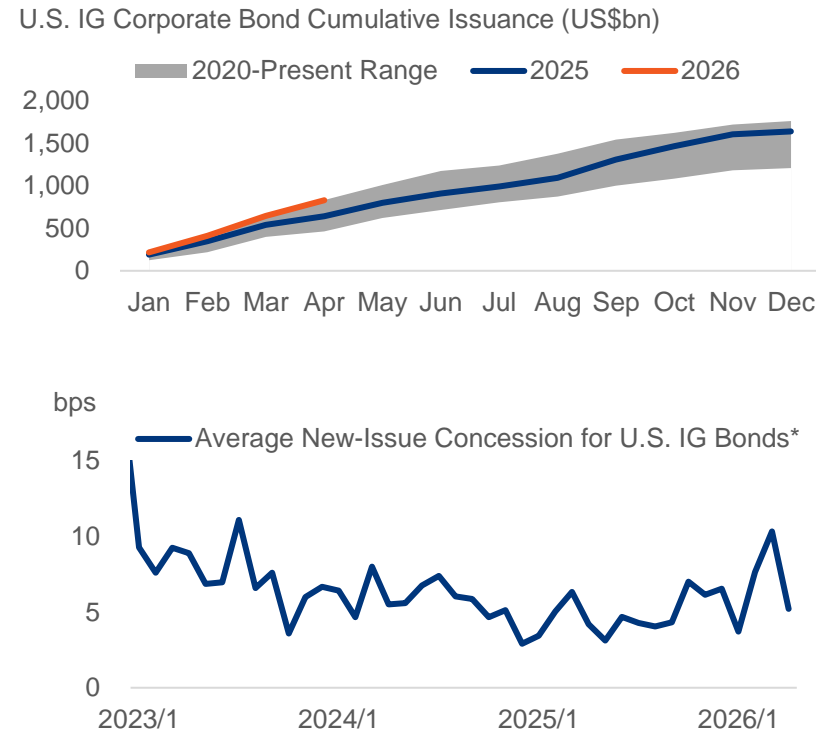


Source: Bloomberg, KGI

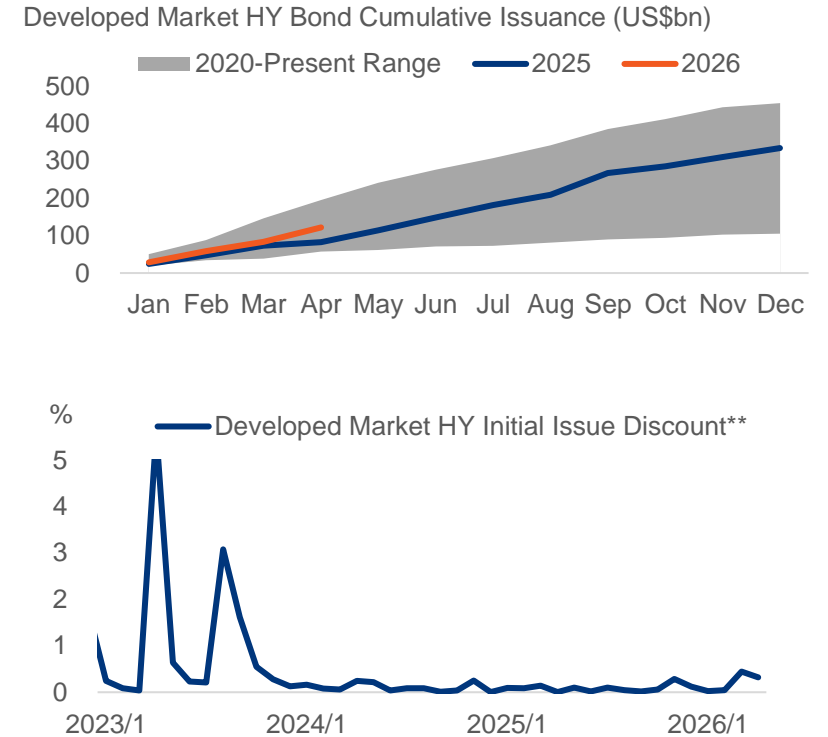
Large Corporates Continue Issuing New Bonds, Creating Attractive Lock-In Opportunities

- ▶ U.S. investment-grade corporate bond issuance reached US\$195.6bn in April, the second-highest April level on record after 2020. Non-financial issuance accounted for US\$100.6bn, driven largely by A-rated issuers, whose issuance surged 1.8x YoY to US\$29.9bn. Strong issuance pushed new-issue concessions to historically elevated levels in March, although premiums eased slightly in April as attractive yields continued drawing investor inflows.
- ▶ Developed-market HY issuance reached US\$38.4bn in April, significantly higher than both the prior month and the same period last year. HY new-issue concessions moderated from 2024 peaks but remained below 2023 levels. Given ongoing geopolitical and policy uncertainty, issuers still need to offer higher risk premiums to attract buyers. Investors should take advantage of elevated IG new-issue concessions, while lower-rated HY new issues remain less attractive until credit spreads widen further.

Large U.S. Corporates Continue Issuing Discounted Bonds



HY Issuance Declines, While New-Issue Discounts Remain Less Attractive Than Past Cycles



Source: Bloomberg, KGI, Note: New Issue Concession refers to the additional premium (i.e., higher bond yield) offered by issuers to ensure successful issuance, serving as compensation for investors' risk; Original Issue Discount (OID) refers to the situation where a bond is initially issued at a price below its face value.

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ Progress in U.S.-Iran ceasefire talks has pushed oil prices lower. Resilient U.S. economic growth and solid corporate earnings should help contain inflation pressures. Trump also has incentives to push oil prices lower ahead of midterm elections, suggesting inflation transmission may remain temporary and unlikely to create additional pressure on rates or equity valuations. Investors may gradually rotate from defensive sectors back into AI-driven growth names while diversifying across regions and sectors. ◆ Europe and Japan remain key diversification markets, with Japanese equities offering stronger upside potential. Rising JGB yields should support Japanese bank stocks, while Europe is supported mainly by defense-related spending, favoring Germany and the UK. 	<p>Strategy: AI-related sectors including technology, semis, and machinery; selective opportunities in aerospace, defense, and value stocks outside AI</p> <p>Regions: Japanese banks, Japanese semiconductor stocks, Japanese industrials, German equities, UK equities</p>
Bonds	<ul style="list-style-type: none"> ◆ Oil prices remain elevated and Treasury yields may continue rising. Investors can add mid-duration bonds during yield rebounds, focusing on high-quality corporate bonds with defensive characteristics and attractive risk-adjusted spreads, particularly in financials, telecoms, utilities, and energy. ◆ The USD may stay firm short term, though long-term depreciation concerns remain. Investors may diversify through non-USD IG bonds, including EUR- and AUD-denominated debt. 	<p>Types: Mid-duration high-quality bonds for yield lock-in, focusing on financials, telecoms, utilities, and energy</p> <p>Satellite : Non-USD bonds for diversification</p>
Forex	<ul style="list-style-type: none"> ◆ Major central banks remain cautious, with the USD likely rangebound near term and weaker over the medium to long term. ◆ The ECB may hike faster than the BOJ, supporting EUR over JPY, while RMB is biased toward appreciation. 	<p>USD: USD rangebound near term, weaker medium to long term</p> <p>Others: EUR stronger than JPY; RMB biased toward appreciation</p>
Commodity	<ul style="list-style-type: none"> ◆ Energy prices may remain volatile at elevated levels. ◆ Higher U.S. yields and a stronger dollar may pressure gold short term, but expanding global debt and long-term USD weakness continue supporting gold's strategic allocation value. 	<p>Gold: Retains medium- to long-term upside potential; accumulate on sharp pullbacks</p>

Global Energy Volatility Intensifies, Making Energy Storage a Strategic Safe Haven

► Global Energy Turmoil Makes Energy Storage a Strategic Moat

Rising geopolitical uncertainty and unstable overseas energy supply have significantly increased volatility across traditional fossil fuel markets. Against this backdrop, energy storage is evolving from a pure environmental solution into a strategic infrastructure asset tied to energy security. Storage systems are no longer only tools for reducing carbon emissions, but also key to enhancing grid resilience and mitigating external energy supply shocks. As global energy price volatility rises, highly flexible storage infrastructure capable of rapid load balancing is expected to remain in focus.

► Policy Dividends Continue to Be Released, Driving Accelerated Capital Inflows

Policy support for the energy storage sector continues to strengthen globally, including improvements in electricity spot market mechanisms that expand monetization opportunities for storage operators through peak shaving and grid-balancing services. This suggests the sector is gradually transitioning from policy-driven to fundamentally driven growth. As market expectations improve and institutional capital accelerates inflows, energy storage investment logic is increasingly shifting from short-term thematic trading toward long-term structural growth. In an environment of elevated energy price volatility, industry leaders with technological advantages and scale expansion capabilities are likely to become core market beneficiaries.

Energy Storage Policies

	Policy Name / Item	2026 Key Details
Taiwan	Behind-the-Meter Energy Storage System Subsidy (MOEA)	NT\$5mn subsidy per MWh for industrial users, with priority for systems using domestically produced battery cells
China	Capacity Compensation Mechanism for Power-Side Energy Storage	Participate in capacity markets and receive “available capacity” subsidies rather than solely relying on charging/discharging spreads
US	OBBBA Act (New ITC Version)	30% investment tax credit for projects commencing construction in 2026; additional incentives if over 50% domestic components are used
Australia	Federal Home Battery Subsidy Scheme	Subsidy of up to AUD\$310/kWh; enhanced subsidy for systems below 14kWh starting May 2026
Italy	Ecobonus 2026	Residential storage subsidy: 50% tax deduction for first homes / 36% for second homes, capped at €96,000, valid through 2030
Germany	VAT Reduction Policy	Continued 7% VAT reduction for storage systems; some local governments (e.g. NRW) provide additional installation subsidies
Poland	Mój Prąd (Round 6)	Residential storage subsidy capped at PLN16,000; applications hit record highs in 2026

Sigenergy (6656 HK)

Closing Price HK \$534.5

Target Price HK \$680

Sigenergy develops PV inverters, DC charging modules, energy storage systems, batteries, and energy management solutions for residential and commercial users.

Structural Tailwinds From Energy Storage Demand

Sigenergy is a global leader in stackable distributed storage systems, with nearly 30% market share and industry CAGR estimated at 65.8% during 2025-2030. Overseas markets remain the key growth driver, spanning 85 countries. Australia contributed 42.6% of 2025 revenue, benefiting from renewable energy subsidies. Elevated energy price volatility continues supporting storage demand, while overseas exposure enhances pricing power and margins.

Commercial Expansion and U.S. Growth Potential

Beyond residential storage, Sigenergy launched its commercial solution SigenStack last year, supporting rapid deployment across industrial and commercial applications. The company also introduced products tailored for the U.S. market in 2H25. North America currently accounts for only 1.8% of revenue, limiting geopolitical risks while leaving room for upside if U.S.-China relations improve.

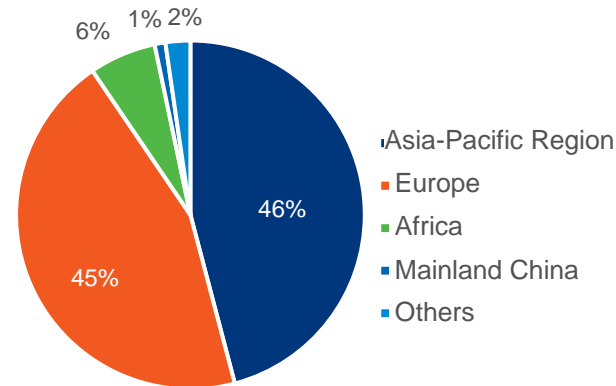
AI Integration Enhances Efficiency

AI-enabled systems shift storage from passive management toward intelligent scheduling and proactive energy optimization, improving overall efficiency. The company also plans new production lines by 2027 to support demand growth. Target price: HK\$680, implying 26x forward P/E.

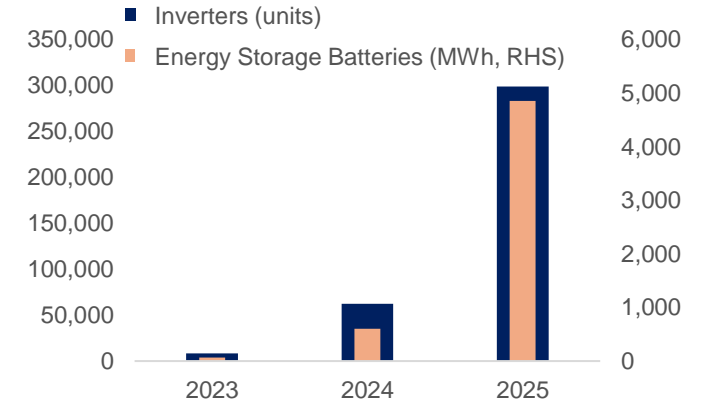
Financials

	2024	2025	2026F	2027F	2028F
Revenue (CNY b)	10.3	11.4	12.6	14.5	17.2
Revenue YoY	3.7	10.7	10.9	14.4	18.4
Adj. EBITDA (CNY b)	4.8	5.4	5.7	6.6	7.8
EBITDA YoY	5.5	10.8	7.1	14.5	18.4
Asset Depre (CNY b)	3.2	3.4	3.7	4.2	4.8

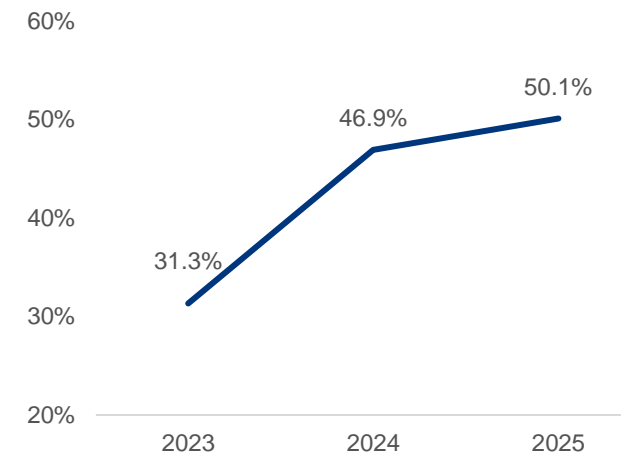
Regional Revenue



Real Production Capacity



Gross Profit Margin



Source: Bloomberg

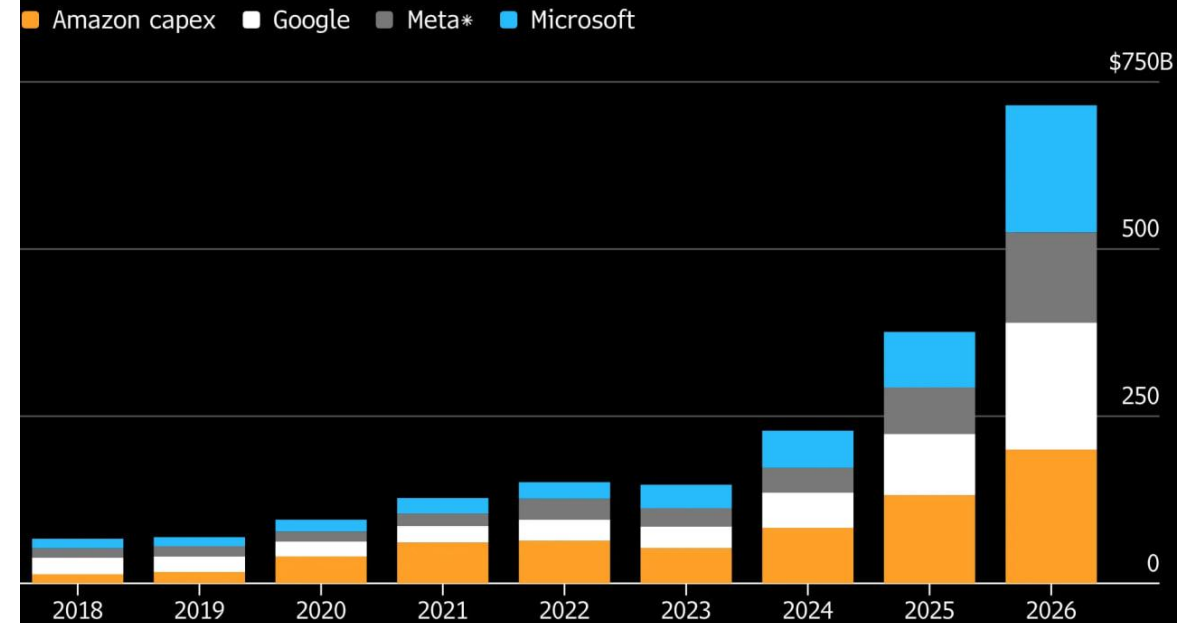


AI Momentum Continues as Sector Rotation Broadens

- ▶ April U.S. ISM Services PMI slipped to 53.6 from 54.0, slightly below market expectations of 53.7, but remained well above the historical average.
- ▶ March U.S. job openings fell by 56,000 to 6.866mn, above market expectations of 6.85mn.
- ▶ April nonfarm payrolls increased by 115,000, above market expectations of 65,000, though below the revised prior reading of 185,000. The unemployment rate held steady at 4.3%, in line with expectations.
- ▶ Preliminary May University of Michigan consumer sentiment fell to 48.2, below market expectations of 49.5 and the prior reading of 49.8.
- ▶ U.S. equities remained supported by strong earnings and guidance from the Magnificent 5 tech giants. Combined 2026 capex plans were raised to US\$800bn and could rise further to US\$1tn by 2027, with most spending directed toward AI infrastructure, benefiting semiconductors and related hardware supply chains. Despite semiconductor indices hitting record highs, valuation expansion has lagged earnings upgrades since February, leaving room for further upside. Near term, fund rebalancing may drive rotation within AI-related sectors. AI hyperscalers are also expected to accelerate expansion in 2H26, supporting long-term growth across related industries.

2026 CapEx Plans – U.S. Hyperscale Data Center Operators

US Hyperscalers Ratchet Up 2026 Capex Plans Past \$700 Billion
The four leading companies upped their AI spending plans after March quarter



Note: 2026 figures represent company guidance, Meta's figure is midpoint of estimated range.

Source: Bloomberg, company filings

Bloomberg

Cipher Digital (CIFR)

Closing Price US \$20.55

Target Price US \$26

Cipher Digital is a Bitcoin mining and data center infrastructure company focused on developing and operating industrial-scale mining and AI/HPC data centers in the U.S.

Hyperscale Cloud AI CapEx Rises, Boosting Data Center Value

Rising AI capex by hyperscalers is accelerating demand for AI-ready data center capacity. Cipher Digital has 700MW of contracted HPC capacity, generating roughly US\$114mn in annualized revenue, with ~4.2GW of additional expansion pipeline. Strong demand for AI infrastructure continues improving data center asset value and visibility.

Mega Contracts and Financing Progress Enhance Visibility

Cipher Digital is transforming part of its Bitcoin mining operations into AI/HPC infrastructure. Existing power resources and land position the company to benefit from rising AI demand. Long-term lease agreements with hyperscalers improve revenue visibility and reduce exposure to crypto cycles.

Q1 FY2026 Earnings Miss, Full-Year Outlook Holds Potential

1Q26 revenue reached US\$34.84mn, down 28.8% YoY but above expectations. The company continues advancing the Barber Lake and Black Pearl AI data center projects and signed its third AI data center agreement in April. AI expansion is expected to remain the key long-term growth driver.

Valuation Consensus

Bloomberg 12-month average target price: US\$30.93; high target: US\$64; low target: US\$15.

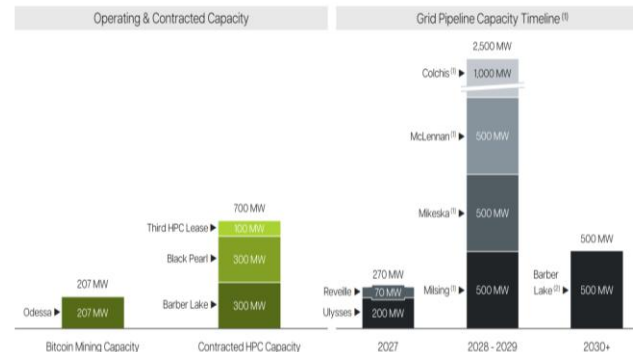
Source: Bloomberg, Company

1-Year Price



Current Portfolio & Pipeline Capacity

~4.2 GW of Total Portfolio Grid Capacity

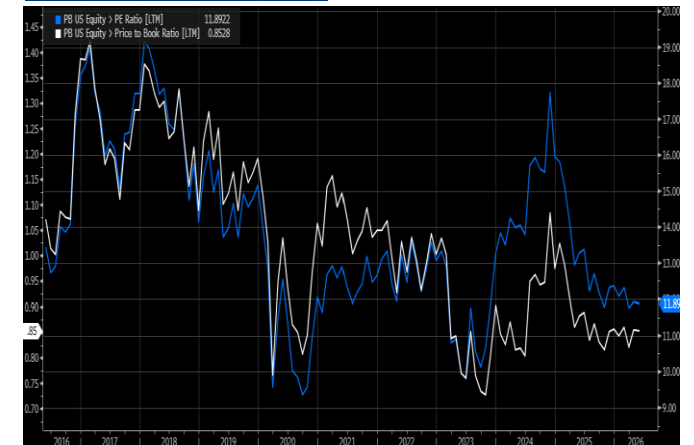


Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	4076.6	19.3	48.0	-2.0	212.1
EBITDA (%)	1.7	10.1	-170.5	-5.3	79.6
EPS(JPY)	-0.23	-0.25	-2.72	-0.88	-0.16
Net Profit Margin(%)	-45.4	-54.0	-464.1	-129.1	11.6

Source: Bloomberg; 2027/28F are market estimates

P/E & P/B



IREN Ltd (IREN)

Closing Price US \$61.2

Target Price US \$76

IREN is a renewable-powered infrastructure company operating next-generation data centers for Bitcoin mining, AI cloud services, and HPC workloads, primarily serving hyperscalers.

Nvidia Partnership Validates AI Factory Strategy

IREN secured a US\$3.4bn AI Cloud agreement with Nvidia over five years, alongside a US\$500mn equity investment, validating its transition from Bitcoin mining to AI cloud infrastructure. Nvidia plans to deploy ~3,000 Blackwell GPUs at IREN facilities. The company can also purchase up to 300,000 GPUs through a US\$7bn credit line, with total investment capacity reaching US\$21bn.

Signed AI Revenues and Power Expansion Enhance Visibility

IREN already has strong AI revenue visibility, with contracted ARR reaching US\$310mn and expected to rise to US\$3.7bn by end-2026. Most revenue will come from Nvidia AI Cloud contracts. The company also plans to expand AI Cloud capacity from 480MW in 2026 to 1.2GW in 2027, leveraging long-term low-cost renewable power to support hyperscaler demand.

Q3 FY2026 Earnings Below Expectations

In Q3 FY2026, the Group recorded revenue of USD 144.8 million, down 21.6% quarter-on-quarter and below market expectations of USD 74.49 million. Net loss widened from USD 155.4 million in Q2 to USD 247.8 million. However, from a strategic perspective, the quarter carried positive significance as IREN announced an AI Cloud contract with Nvidia to deploy air-cooled Blackwell GPUs, utilizing 60MW of capacity at its existing Childress data center, with expansion expected to begin in early 2027.

Valuation Consensus

Bloomberg 12-month average target price: US\$75.58; high target: US\$107; low target: US\$36.

Source: Bloomberg, Company

1-Year Price

(USD)

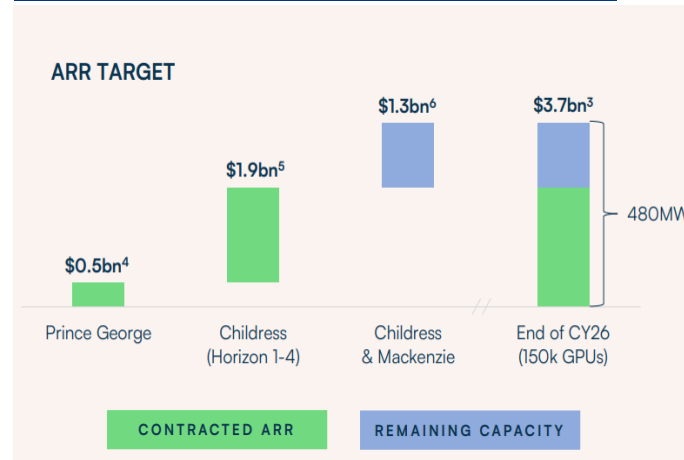


Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	38.7	128.6	167.7	105.5	185.8
EBITDA (%)	-9.7	12.4	40.3	45.7	74.5
EPS(JPY)	-1.21	-0.33	0.11	0.30	0.10
Net Profit Margin(%)	-98.8	-15.8	5.0	9.1	5.7

Source: Bloomberg; 2027/28F are market estimates

2026 ARR Target



P/E & P/B





AI Boom Lifts TAIEX Index Above 40,000, CSP CapEx Upgrades Strengthen Supply Chain

► Bullish Momentum Extends to New Highs, TAIEX Breaks 40,000

Taiwan equities continued their upward trajectory last week, surging past 40,000. Market structure shows broad strength in large-cap electronics, supporting the bullish trend. Key sectors remain in a strong uptrend, with focus on design IP, copper-clad laminates, silicon wafers, Intel EMIB advanced packaging, testing & assembly, and industrial PCs. Large-cap financials may also see catch-up gains as TAIEX hits new highs. With April revenue and Q1 earnings season underway, caution is warranted if stocks fail to rise despite strong results, signaling short-term profit-taking. Priority should be given to large-cap names that resume upward momentum after brief consolidation, backed by revenue or earnings catalysts.

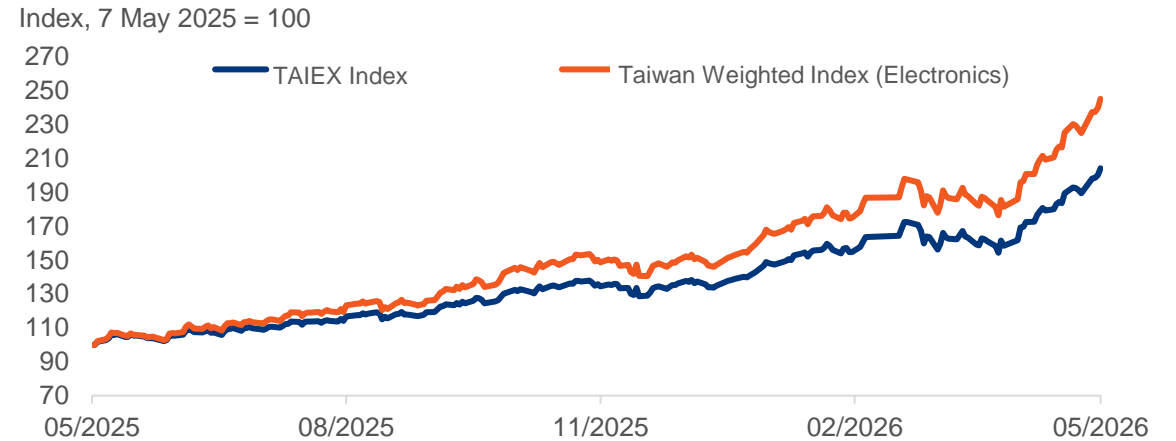
Strong AI Demand and Rising Component Costs Drive CSP CapEx Beat in 1Q26

U.S. hyperscale CSPs reported better-than-expected capital expenditures in 1Q26, with the top five CSPs posting a combined CapEx of USD 148.4 billion, up 91% YoY and 14% QoQ, exceeding consensus by 12%. KGI Investment Advisory attributes the upward revisions mainly to higher component costs, particularly memory prices, alongside stronger-than-expected AI demand, improved cloud order visibility, and persistent capacity constraints.

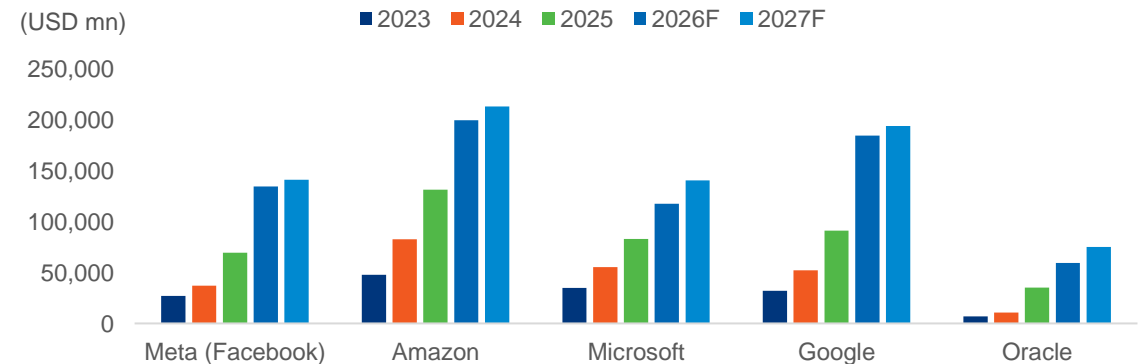
AI server demand is expected to remain robust through 2026–2027, with further upside for CSP CapEx in 2027. Nvidia’s VR and AMD’s MI455 GPUs, together with CSP-developed ASIC AI chips, will drive revenue and profit growth across the AI supply chain. Key beneficiaries include server chassis assemblers, liquid cooling providers, power supply makers, and PCB/CCL manufacturers.

Source: Bloomberg

TAIEX Index and Taiwan Electronics Sector Trends



Capital Expenditure of Top 5 CSPs



Elite Material Co., Ltd. (2383 TT)

Elite Material Co., Ltd. manufactures PCB products, SSDs, and networking products, with applications spanning communications, networking infrastructure, and 5G-related products.

Key Features

2Q26 ASP Hike to Drive Revenue Growth of 15-20%

Following a 10-20% decline in M7/M8 demand due to lower average selling prices, Lite-On plans to raise 2Q26 ASP by 10-15%. The company expects infrastructure revenue to grow over 20% QoQ, while handset-related products decline. Memory module and automotive demand are expected to rebound sequentially.

M9 a Key Catalyst for 2027 Earnings Growth

Besides improving 2Q26 and full-year earnings outlook, Lite-On's technology and capacity advantages have strengthened amid AI server demand growth. We estimate EPS CAGR of 18% and 38% for 2026-2027, respectively. Target price raised to NT\$5,485, based on 40x 2027 EPS.

Financials

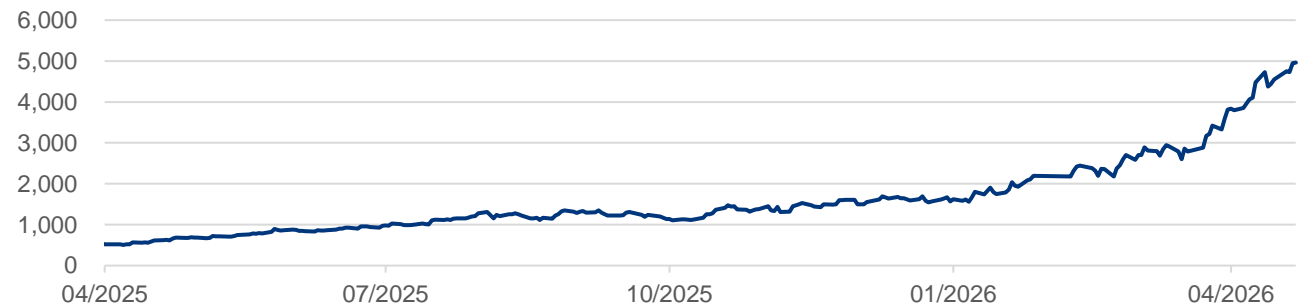
	2023	2024	2025F	2026F	2027F
EPS (NTD)	16.35	27.81	41.67	77.79	137.13
EPS Growth (%)	7.3	70.1	49.8	86.7	76.3
P/E Ratio	271.6	159.7	106.6	57.1	32.4
ROE (%)	22.5	30.9	34.2	49.9	64.2

Source: Company data, estimates of KGI analyst

Valuations

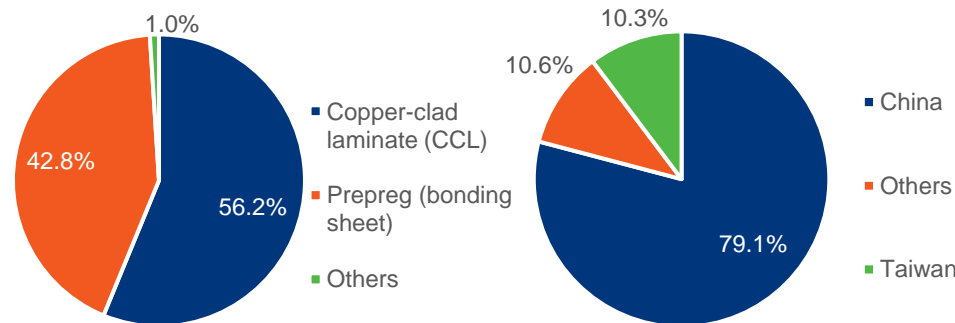
	5Y Avg.	Current
Price	130.00	4,960
P/E	8.31	106.55
P/B	2.06	37.07

1-Year Price



As of 7 May 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	7.15	53.63	152.99	255.47	196.05	635.65

Revenue Sources and Regions



Source: Bloomberg

Delta Electronics (2308 TT)

Delta Electronics manufactures power systems and video products, including switching power supplies, UPS systems, telecom and industrial DC power systems, and projectors.

Key Features

HVDC Deployment to Begin in 2H26

Delta indicated HVDC rack solutions for Nvidia’s VR200 platform are likely to begin shipments in 2H26, initially with 400V DC racks before migrating to 800V DC. We estimate Nvidia Kyber rack power demand and VR300 platform TDP will exceed 1MW, supporting HVDC adoption alongside BBU penetration.

Raised 2026-2028 EPS Forecasts

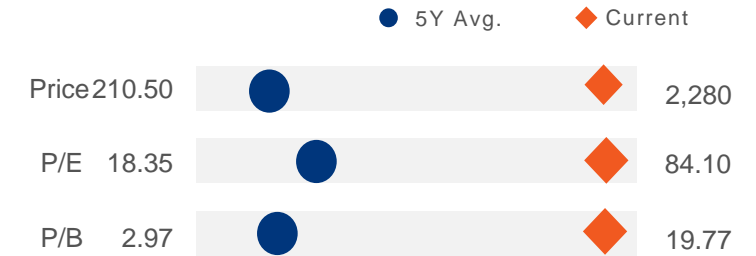
We estimate Delta’s AI-related revenue contribution will continue rising from 2Q26, driven by strong AI demand. AI server power revenue contribution is projected to rise from 46% in 2025 to 62%, 73%, and 80% during 2026-2028. We raise 2026 EPS forecast by 21%, with gross margin at 39.1%, supported by improving product mix and operating leverage.

Financials

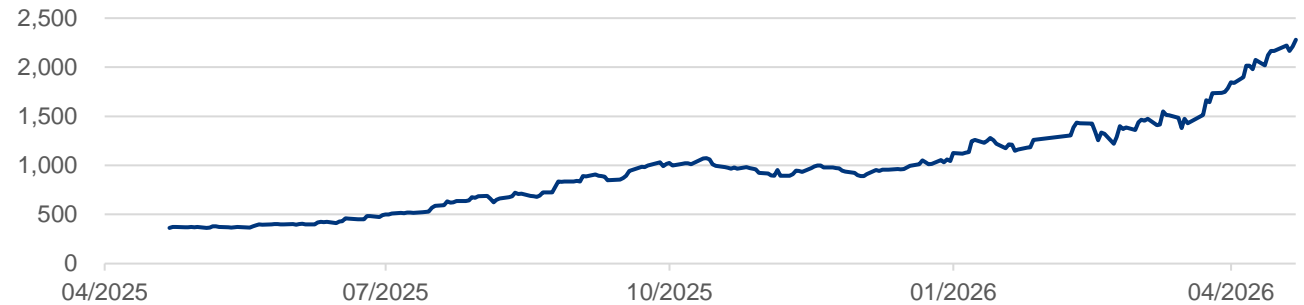
	2023	2024	2025	2026F	2027F
EPS (NTD)	13.56	23.14	44.71	73.51	109.24
EPS Growth (%)	5.5	70.6	93.2	64.4	48.9
P/E Ratio	159.6	93.6	48.4	29.5	19.8
ROE (%)	16.4	24.1	36.7	44.3	48.0

Source: Company data, estimates of KGI analyst

Valuations

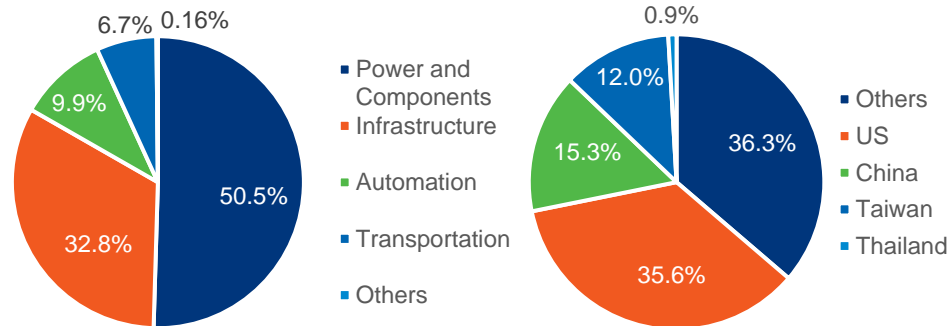


1-Year Price



As of 7 May 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	1.85	32.43	90.09	128.50	128.97	492.74

Revenue Sources and Regions



Source: Bloomberg

Rising Yields May Create Lock-In Opportunities

► PIMCO GIS Income Fund

- One of the world's largest active bond funds.
- Flexible across market cycles, with the ability to capture dislocation opportunities. During the 2020 selloff, the fund fell 8.79% before rebounding 10.63% over the following six months.
- Offers attractive income potential, with estimated yield-to-maturity above 6% amid elevated rates.
- Actively managed with broad flexibility across investment-grade, high yield, MBS and emerging-market bonds. Recently increased tactical duration positioning and favors attractive short- to medium-term maturities in the U.S.
- Strong long-term track record, winning the 2023 Best Global Bond Fund (10-Year) award from Hong Kong Economic Journal.
- Managed by Daniel Ivascyn, Alfred Murata and Josh Anderson, each with nearly 30 years of investment experience, supported by over 80 global credit analysts.
- Duration: 6.25 years; estimated YTM: 6.90%; average credit rating: AA-
- Latest distribution yield: 6.33% (Class E USD Hedged)

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 124.1 billion	
Holdings	715	
3M/YTD Return	-0.28% / 0.11%	
Allocation(%)	Mortgage-Backed Securities (MBS)	50.31
	Corporate Bonds	17.98
	Government Treasuries	17.64
	Cash and Others	14.07
Maturity(%)	Under 3 years	3.30
	3–5 years	33.10
	5–10 years	47.70
	10–20 years	10.80
	Over 20 years	5.10
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

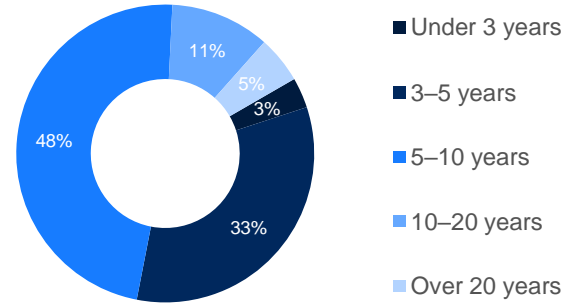
Actively managed by PIMCO, with flexible asset allocation to adapt to market conditions, delivering relatively stable long-term performance.

Morningstar Rating

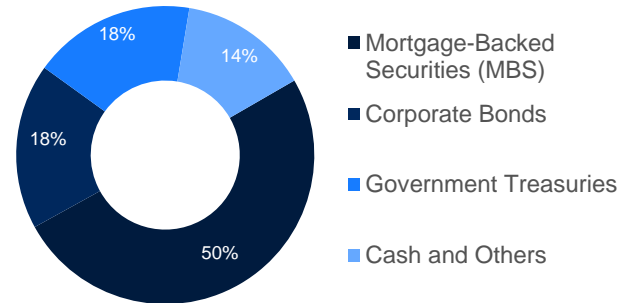
Large fund size, average credit rating AA-, rated 4 stars by Morningstar.

Inception	2012/11/30	AUM	USD 124.1 bn
Morningstar Category	Global Bonds	Fund Type	Fixed Income
Morningstar Rating	★★★★	3Y SD (Ann.)	4.57%

Sectors



Asset



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

3Y NAV



As of 4 May 2026	1M	3M	YTD	1Y	2Y	3Y
Cumulative Return(%)	0.62	-0.28	0.11	7.16	13.58	20.16
Ranking	3	3	3	2	2	2

Source: Bloomberg

Meiji Yasuda Life: Dual Engines of Ecosystem Expansion and Global M&A

► MYLIFE 6.1 06/11/55 (Meiji Yasuda Life Insurance) (USD)

- Meiji Yasuda Life is a leading Japanese life insurer focused on healthcare and wellness services. Its strategy centers on “Peace of Mind for Life,” digital health platforms, and global expansion integrated with ESG initiatives.
- The Group demonstrated resilient operating strength in FY2024 (year ended March 2025), with insurance premium income reaching JPY 34.094 trillion (+2.3% YoY) and base profit rising to JPY 626.4 billion (+11.6% YoY), driven by improved investment returns and stronger contributions from overseas businesses, particularly U.S. subsidiary StanCorp. In the first half of FY2024 (ended September 2025), business profit grew 5.7% YoY. Full-year base profit maintained steady growth, supporting abundant operating cash flow accumulation.
- In Feb 2026, the Group completed the acquisition of Legal & General’s U.S. protection business (Banner Life and William Penn) for approximately USD 2.6 billion, and additionally purchased a 5% economic interest in L&G, becoming a strategic shareholder. Meiji Yasuda integrated the acquired individual protection business with StanCorp’s existing group insurance operations, forming a complementary dual-track model (Group Insurance + Individual Insurance). Overseas business profit in 2026 is expected to grow significantly, supported by stable premium income from Banner Life and William Penn, and collaboration with L&G to enter the U.S. Pension Risk Transfer (PRT) market, which exceeds USD 40 billion annually.
- The Group is actively deploying generative AI applications, with plans to introduce next-generation robo-advisory functions in the first half of 2026. These will support personalized annuity and dynamic asset allocation solutions, serving as a technological driver of future profit growth.
- Meiji Yasuda Life continues to demonstrate strong risk resilience. Credit rating agencies S&P (A+), Moody’s (A1), and Fitch (A+) all maintain stable outlooks. As of September 2025, under the new economic value regulatory framework, the Group’s Economic Solvency Ratio (ESR) stood at an excellent 221% (minimum requirement: 100%), reflecting a highly robust capital position.

Products	MYLIFE 6.1 06/11/55 (Meiji Yasuda Life Insurance) (USD)
ISIN	USJ41838AQ65
Features	The Group’s 2025 performance highlighted robust operating capabilities, with sustained growth in underlying profit supporting strong operating cash flow.
Maturity Date	2055/6/11
Next Call Date	2035/6/11
Coupon (%)	Float/6.10/Semi-Annual
Currency	USD
Years to Maturity	29.11
Credit Rating (Moody’s/Fitch/S&P)	A3/-/A-
Seniority	Subordinated
YTM/YTC (%)	5.63/6.28

Source: Bloomberg

MYLIFE 6.1 06/11/55 (Meiji Yasuda Life Insurance) (USD)

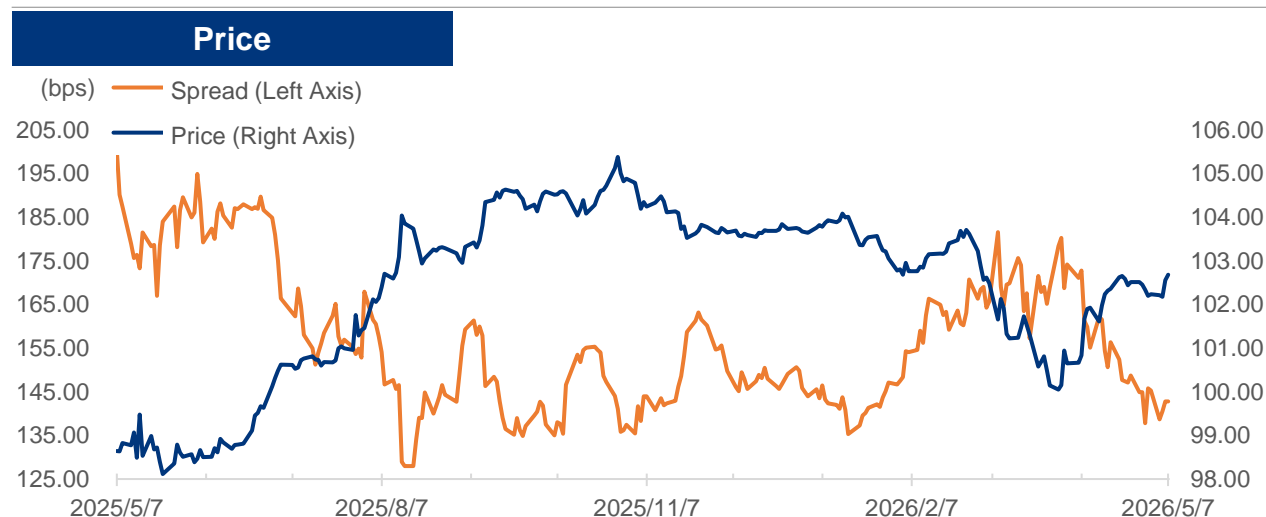
Meiji Yasuda Life is a leading Japanese life insurer focused on healthcare and wellness services. Its strategy centers on “Peace of Mind for Life,” digital health platforms, and global expansion integrated with ESG initiatives.

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Financials	2023	2024	2025
Free Cash Flow (JPY Billions)	-39.4	-126.4	190.6
Return on Assets (ROA)	0.18	0.30	0.29
Interest Coverage Ratio (x)	4.36	3.09	2.09

Source: Bloomberg

Overview			
Name	MYLIFE 6.1 06/11/55	ISIN	USJ41838AQ65
Maturity Date	2055/6/11	Remaining Maturity	29.11
Coupon(%)	Float/6.10/Semi-Annual	YTM/YTC(%)	5.63/6.28
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	A3/-/A-	Seniority	Subordinated



Appendix

Key Economic Data / Events

► MAY 2026

4

Monday

- US Mar Durable Goods Orders Final
(Act:0.8% Est:0.8% Prev:-1.2%)
- Eurozone Apr HCOB Manufacturing PMI Final
(Act:52.2 Est:52.2 Prev:51.6)
- Eurozone May Sentix Investor Confidence
(Act:-16.4 Est:-22.0 Prev:-19.2)

5

Tuesday

- US Apr S&P Global Services PMI Final
(Act:51.0 Est:51.3 Prev:49.8)
- US Apr ISM Services Index
(Act:53.6 Est:53.7 Prev:54.0)
- US Mar JOLTS Job Openings
(Act:6,866k Est:6,850k Prev:6,922k)

6

Wednesday

- US Apr ADP Employment Change
(Act:109k Est:120k Prev:61k)
- Eurozone Mar PPI YoY
(Act:2.1% Est:1.8% Prev:-3.0%)

7

Thursday

- US Initial Jobless Claims
(Act:200k Est:205k Prev:190k)
- Eurozone Mar Retail Sales MoM
(Act:-0.1% Est:-0.3% Prev:-0.3%)

8

Friday

- US Apr Nonfarm Payrolls
(Est:65k Prev:178k)
- US Apr Unemployment Rate
(Est:4.3% Prev:4.3%)
- US May Michigan Consumer Sentiment Prelim
(Est:49.5 Prev:49.8)

11

Monday

- US Apr Wholesale Inventories
(Est:4.06m Prev:3.98m)
- China Apr CPI YoY
(Est:0.8% Prev:1.0%)
- China Apr PPI YoY
(Est:1.8% Prev:0.5%)

12

Tuesday

- US Apr CPI YoY
(Est:3.7% Prev:3.3%)
- US Apr Core CPI YoY
(Est:2.7% Prev:2.6%)

13

Wednesday

- US Apr PPI YoY
(Est:5.0% Prev:4.0%)
- Eurozone 1Q GDP Revision
(Est:0.8% Prev:1.2%)

14

Thursday

- US Initial Jobless Claims
(Est:205k Prev:200k)
- US Apr Retail Sales MoM
(Est:0.5% Prev:1.7%)
- Earnings: CSCO
- Trump-Xi Meeting (5/14~15)

15

Friday

- US Apr Industrial Production MoM
(Est:0.2% Prev:-0.5%)
- Japan Apr PPI YoY
(Est:3.0% Prev:2.6%)
- Earnings: AMAT

Source: Bloomberg

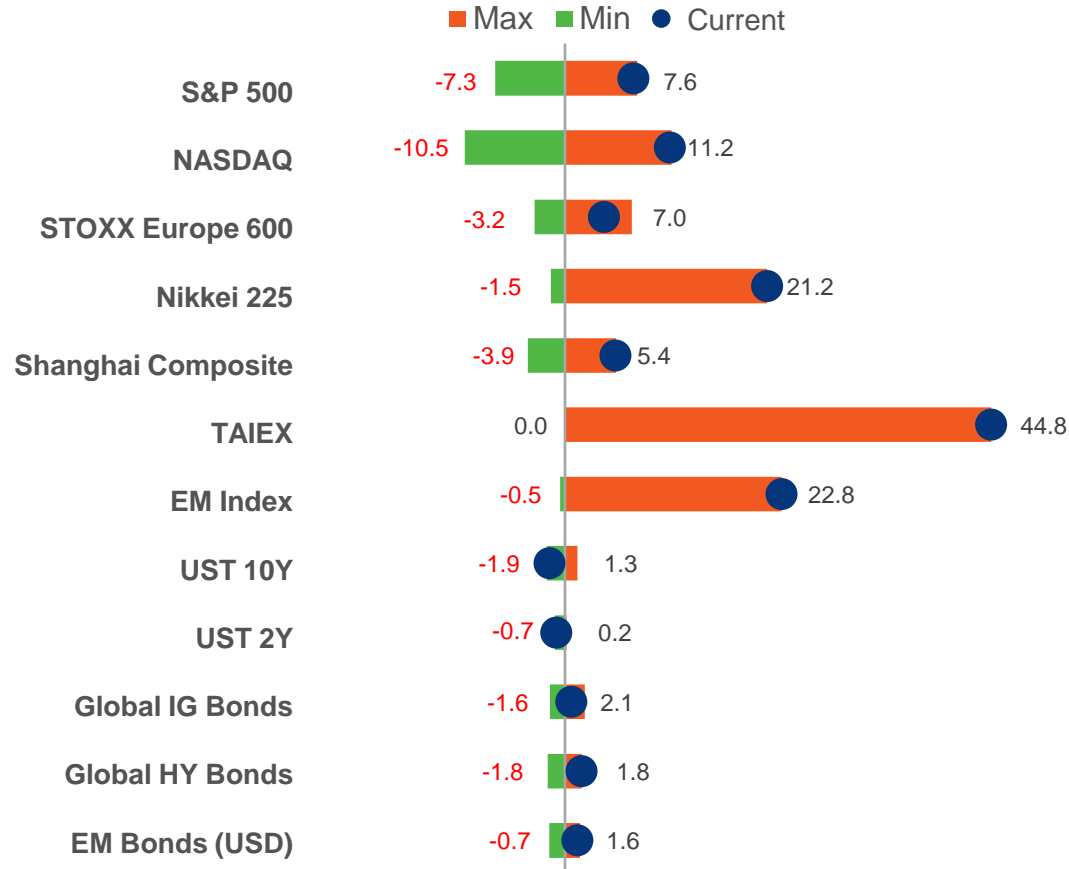
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2026/5/5	Pfizer (PFE)	13.84B	14.45B	0.73	0.75	V	V
2026/5/5	Palantir Technologies (PLTR)	1.54B	1.63B	0.28	0.33	V	V
2026/5/6	Advanced Micro Devices (AMD)	9.89B	10.25B	1.28	1.37	V	V
2026/5/6	Arista Networks (ANET)	2.62B	2.71B	0.81	0.87	V	V
2026/5/7	AppLovin (APP)	1.77B	1.84B	3.43	3.56	V	V
2026/5/7	McDonald's (MCD)	6.46B	6.52B	2.75	2.83	V	V
2026/5/7	The Walt Disney Company (DIS)	24.87B	25.17B	1.51	1.57	V	V
2026/5/7	Uber Technologies (UBER)	13.33B	13.20B	0.71	0.13		

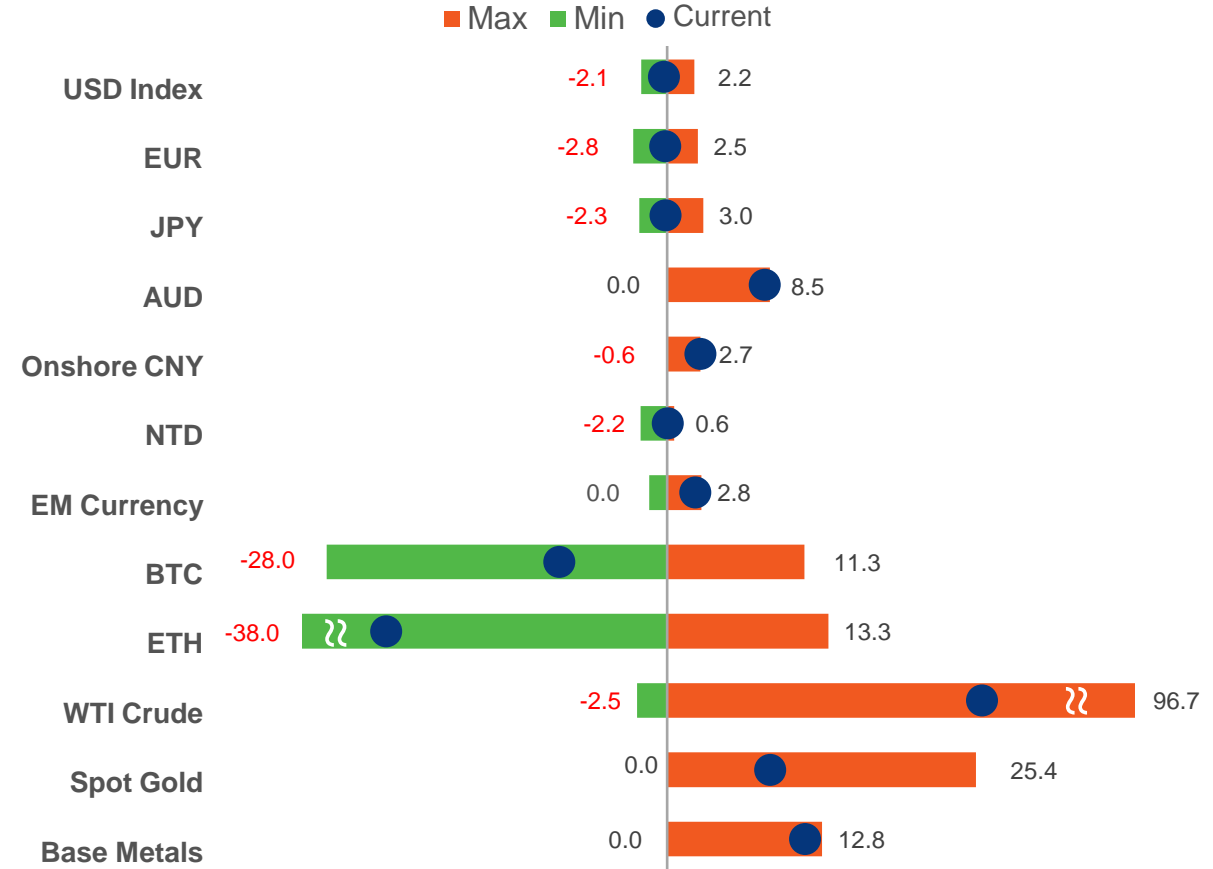
Source: Investing.com

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)

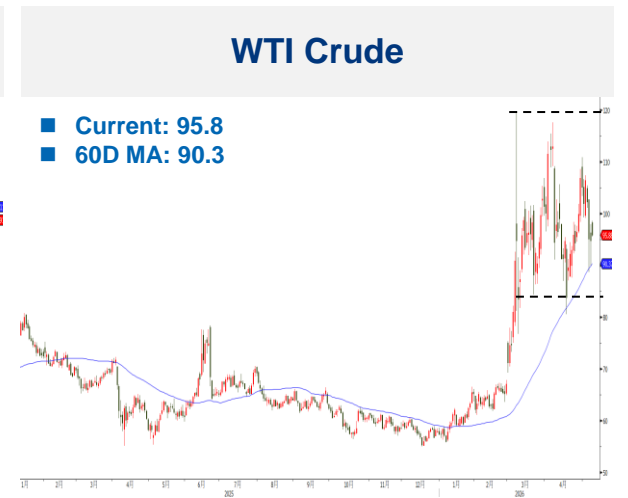
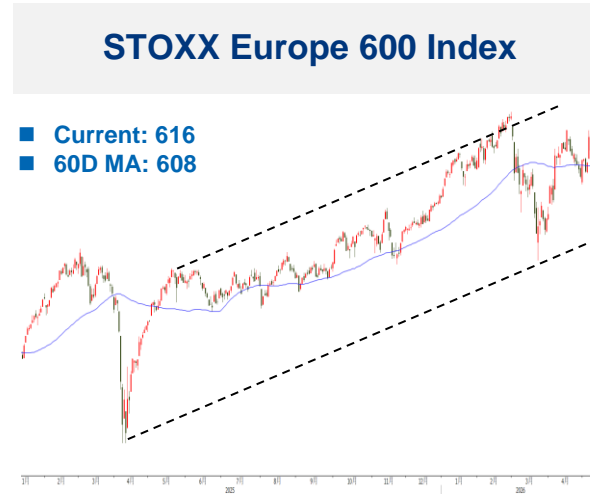
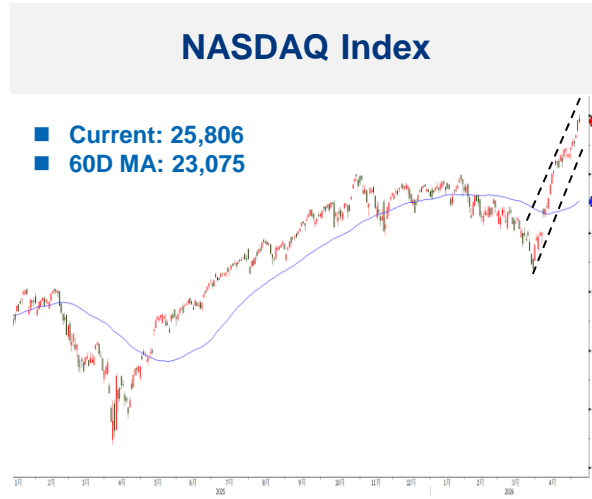


Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

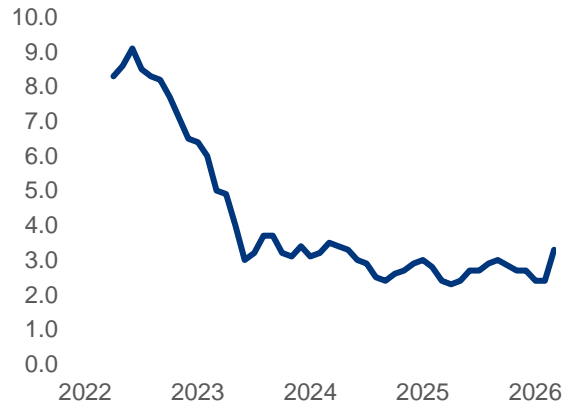
Technical Analysis



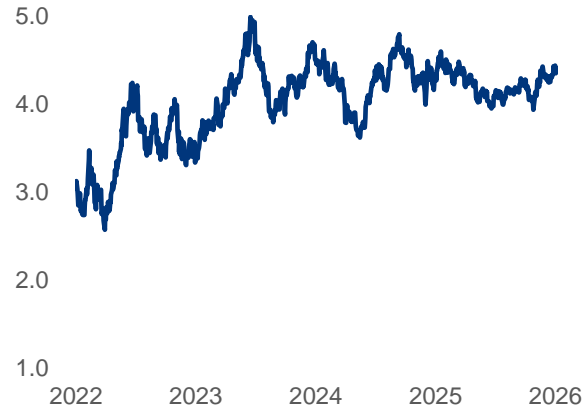
Source: Bloomberg

Market Monitor

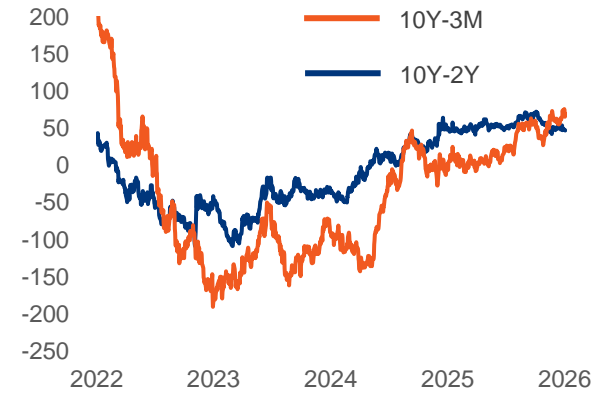
U.S. CPI YoY (%)



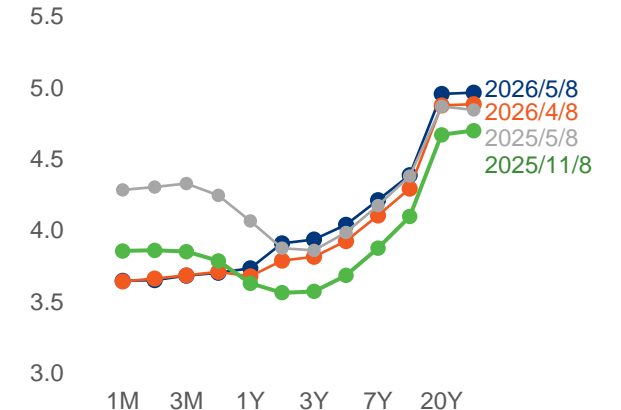
U.S. 10-Year Treasury Yield (%)



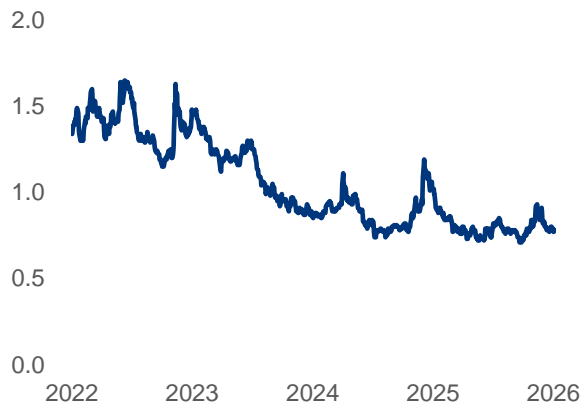
U.S. Treasury Yield Spread (bps)



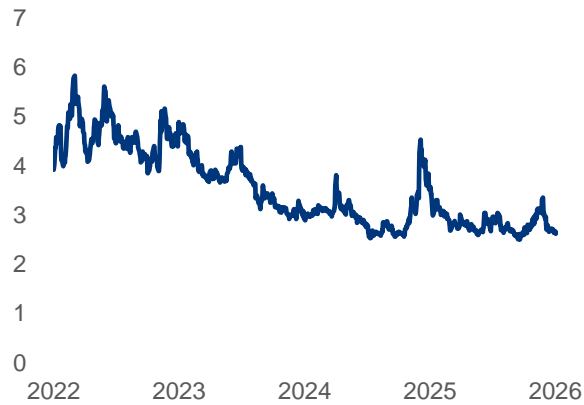
U.S. Treasury Yield Curve (%)



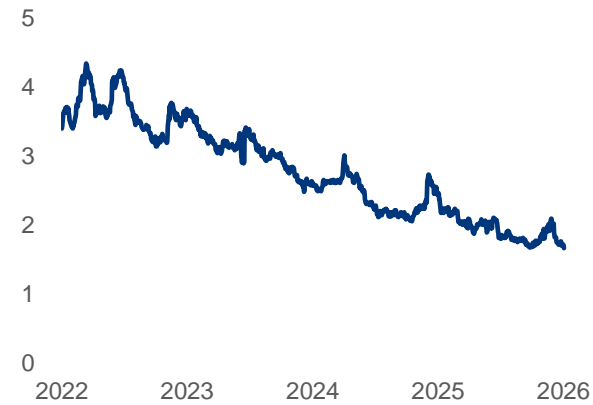
USD IG Credit Spread (%)



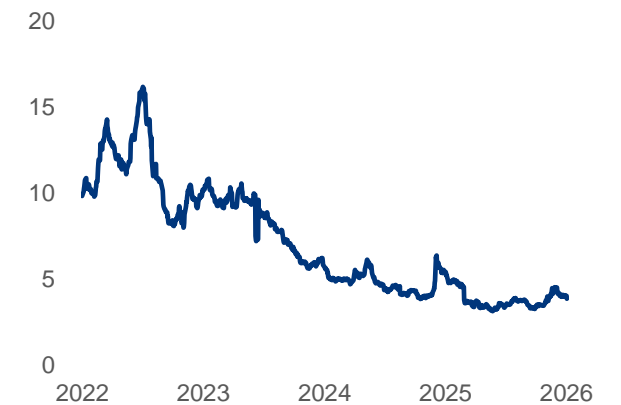
USD HY Credit Spread (%)



USD EM Credit Spread (%)



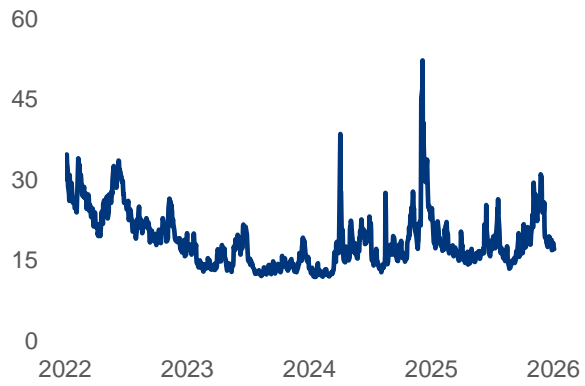
USD Asia Credit Spread (%)



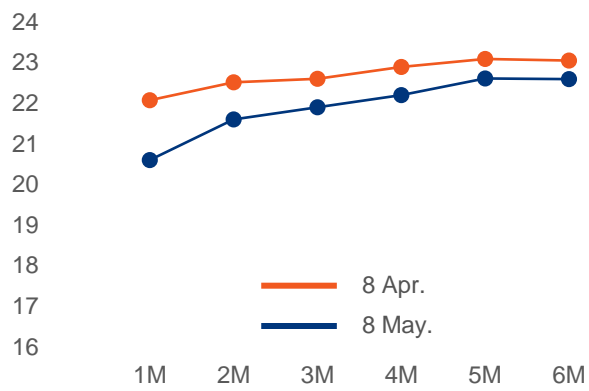
Source: Bloomberg

Market Monitor

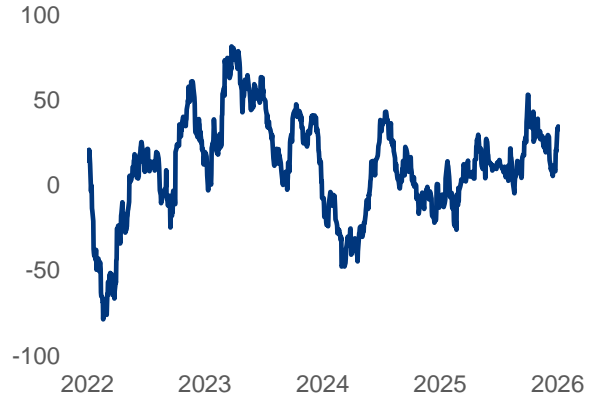
VIX Index



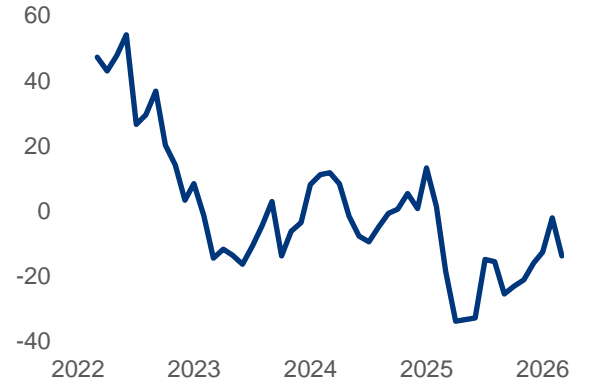
VIX Term Structure



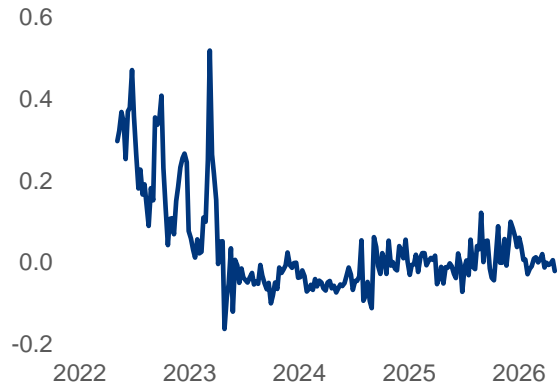
U.S. Citi Economic Surprise Index*



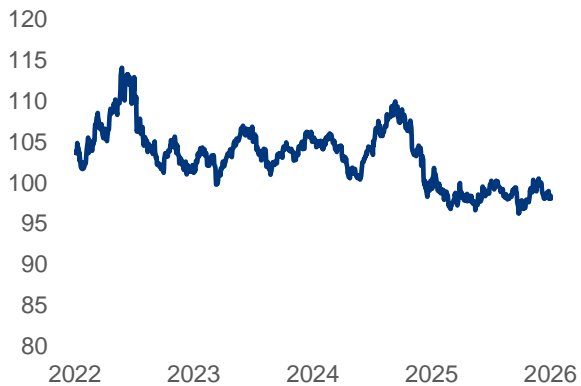
U.S. Citi Inflation Surprise Index*



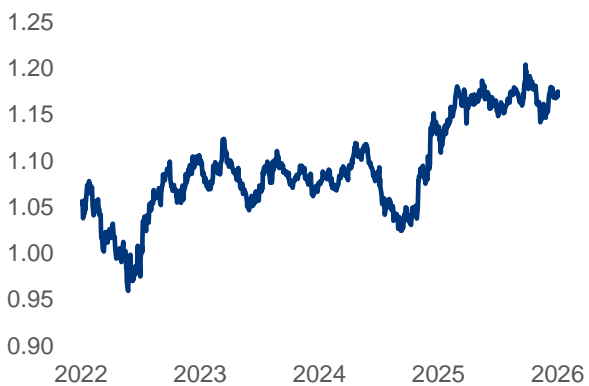
TED Spread (bps)



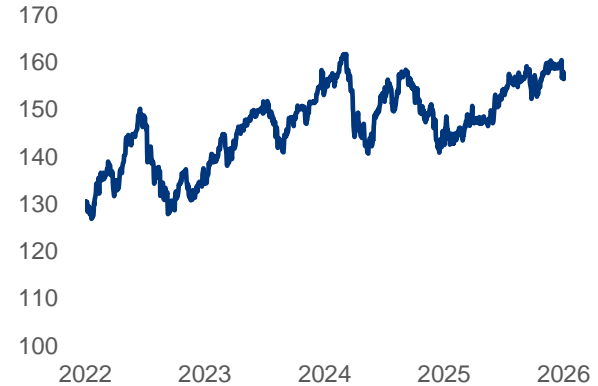
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg

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