



CIO Office

Global Markets Weekly Kickstart

AI Development: Health Check

1 June 2026

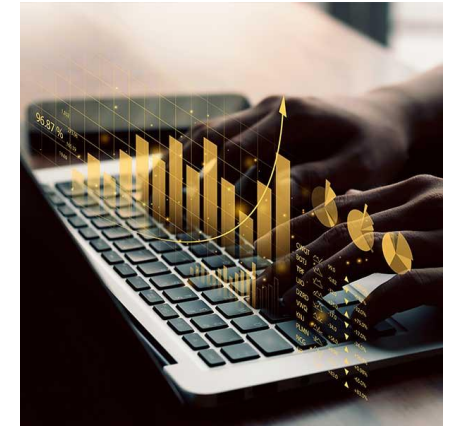
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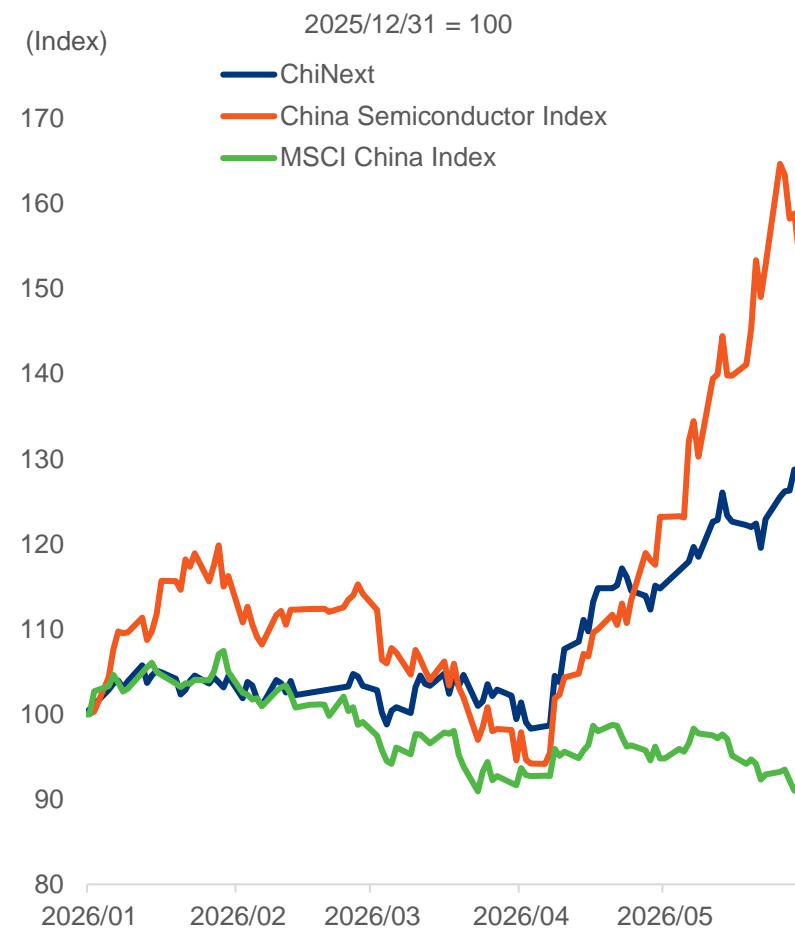
ChiNext Seeks China Hardware Opportunities

- ▶ Global demand for technology hardware is rising, with China's high-tech exports increasing 40% year-on-year – the highest level since the post-COVID recovery. Over the past 25 years, the fastest growth period was in 2004. Despite China's participation in high-tech exports, traditional large-cap indices such as the Hang Seng Index and MSCI China Index remain relatively underweight in hardware suppliers, while internet giants dominate – a situation similar to the U.S. Currently, technology-related companies account for a significant share of the S&P 500, with four major cloud service providers (CSPs) representing about 17%.
- ▶ More hardware opportunities are now found in A-shares: the ChiNext board features more growth-oriented technology themes, such as AI data center infrastructure and semiconductors/electronic components. In Hong Kong, nearly half of this year's IPOs are in the technology sector, while additional tech hardware firms in both mainland China and Hong Kong are preparing to list. Furthermore, the Chinese government is promoting domestic substitution of imported chips, providing support to local semiconductor companies.

The Chinext Index in A-Shares Holds a Significant Number of AI-Related Stocks

| Company | Major Business | Industry | (%) |
|---------------------------|---|------------|------|
| CATL | EV and energy-storage lithium battery manufacturer | Industrial | 15.7 |
| Zhongji Innolight | Optical communication module manufacturer | Telecom | 15.1 |
| Eoptolink | High-speed optical communication modules (400G/800G/1.6T) for data centers & AI | Telecom | 9.4 |
| Sungrow Power | PV inverters, energy storage systems, new energy power equipment | Industrial | 4.2 |
| East Money | Financial information platform | Finance | 3.6 |
| Shenghong Technology | High-frequency PCBs (AI servers, high-performance computing boards) | IT | 3.4 |
| TFC Optical Communication | Fiber-optic connectors and optical sub-assemblies | Telecom | 2.9 |
| San'an Group | Electronic ceramics (MFCC, ceramic substrates, fiber-optic ferrules, etc.) | IT | 2.4 |
| Inovance Technology | Industrial automation control, servo systems, NEV electronic controls | Industrial | 2.2 |
| Changchuan Technology | Semiconductor testing equipment | IT | 1.4 |

ChiNext and Large-Cap Indices Show Clear Divergence

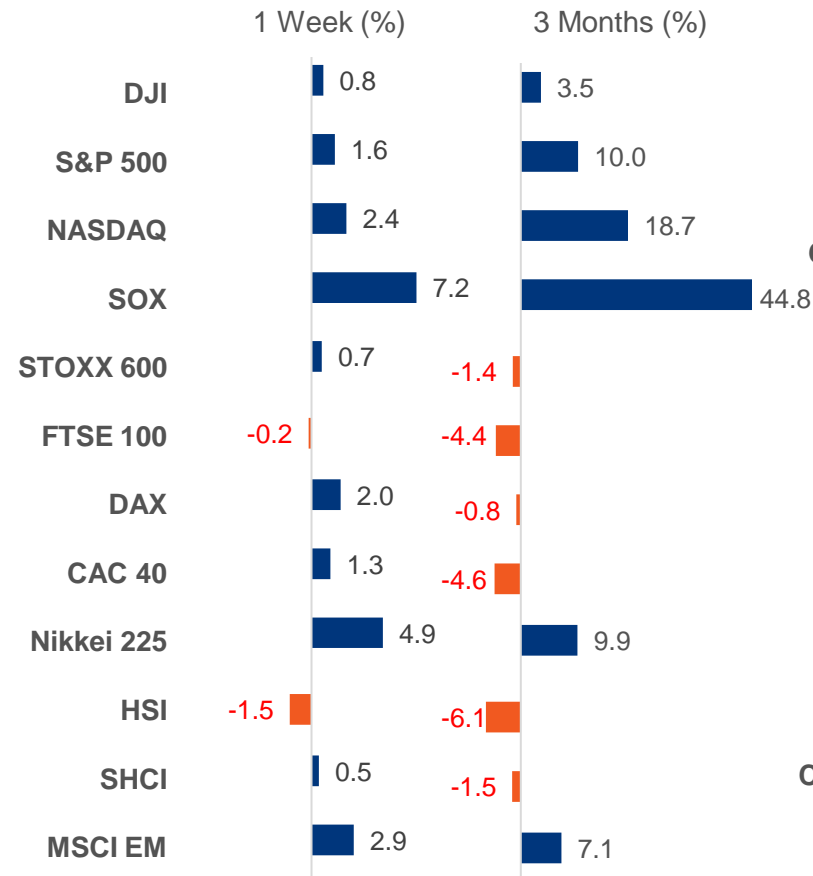


Market Recap

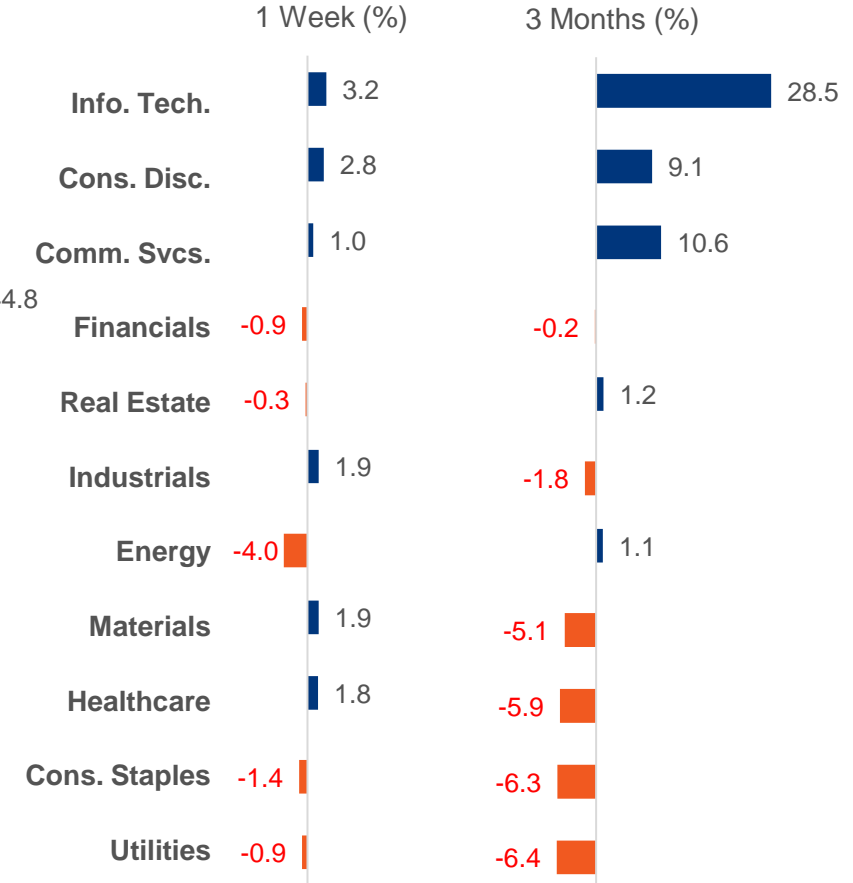
Ceasefire and Nuclear Memorandum Support, Tech Rally Drives Market Performance

- ▶ On Thursday (May 29), the U.S. and Iran reached a preliminary consensus on a 60-day ceasefire and nuclear negotiation memorandum, supporting overall risk assets, with semiconductor indices posting the strongest gains. Meanwhile, oil prices and U.S. Treasury yields fell in tandem, easing market concerns over inflation and high interest rates, and bolstering small-cap and cyclical stocks.
- ▶ Micron rose, with its market capitalization surpassing USD 1 trillion for the first time, as long-term supply agreements were signed, securing part of shipment volumes and pricing. UBS sharply raised its target price and expressed optimism about memory demand prospects, driving related industry stocks higher. Lenovo's earnings beat market expectations, fueling a broad rally in PC-related shares. The market also believes Section 232 measures in the U.S. could provide support for the solar sector, lifting related stocks, though gains remain news-driven at this stage.

Regional Index Performance (%)



U.S. Sector Index Performance (%)

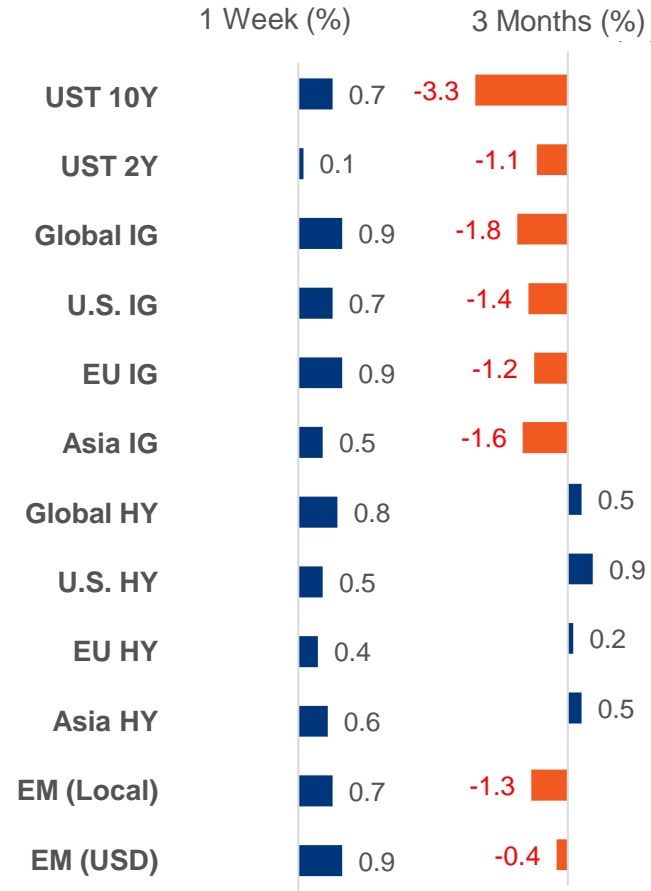


Preliminary Ceasefire and Nuclear Talks Consensus, Bond Prices Rise, Oil Prices Fall

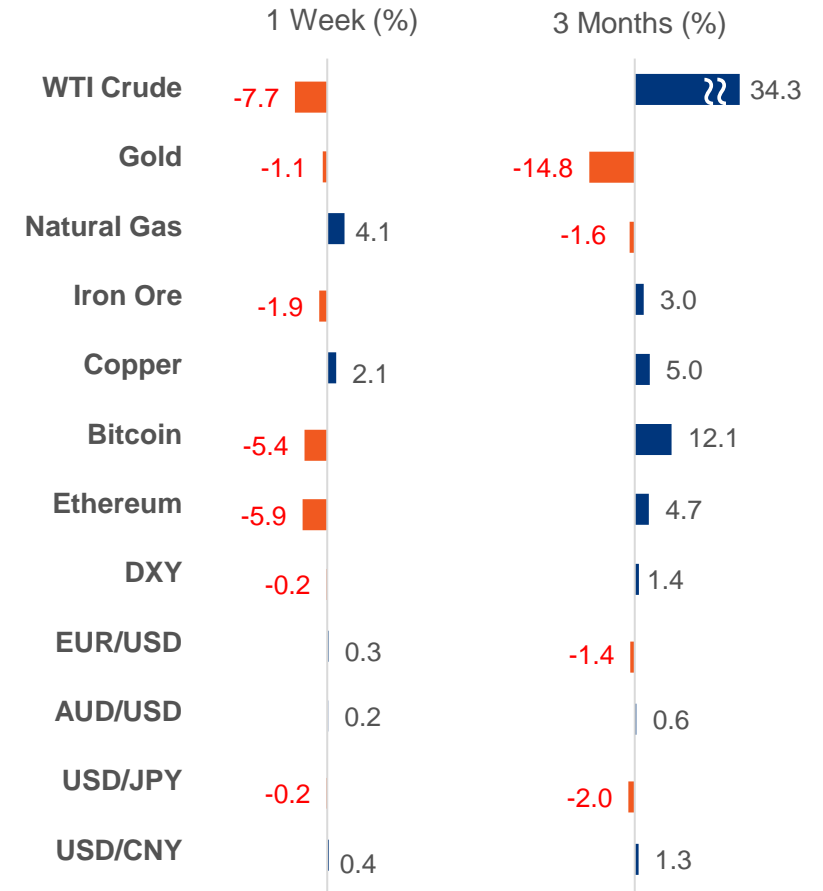
- ▶ U.S. April PCE data showed a YoY increase of 3.8%, in line with market expectations. Core PCE rose 3.3% YoY, also matching forecasts. Driven by higher energy prices during the Iran war, April inflation recorded the fastest pace in nearly three years. Ahead of the release, markets had already priced in expectations of inflation staying elevated, with no further rate cuts anticipated this year. The probability of a 25bp hike by year-end remained at 37.5%. Two-year yields were little changed, while longer-term yields fell on ceasefire hopes.
- ▶ Meanwhile, the 30-year fixed mortgage rate climbed to 6.65%, the highest since August 2025, further worsening housing affordability. The high-rate environment also dampened housing demand, with mortgage applications falling 8.5% last week, bringing overall applications to the lowest level since last summer. As inflation spreads from energy into broader goods and services, more Federal Reserve officials have begun to worry that inflation may prove more persistent, ultimately weighing on consumer spending power.

Source: Bloomberg

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



Diversified Portfolio Mitigates Concentration Risk

- ▶ Market sensitivity to Middle East conflicts has gradually declined, while strong AI demand continues to support related concept stocks, driving notable gains. From a portfolio perspective, allocations may increasingly tilt toward AI-related equities, raising concentration risk. However, global liquidity remains abundant and recession risks are relatively low. We believe investors should stay invested, with a long-term positive view on technology, AI semiconductors, and related themes.
- ▶ Multi-asset portfolios that hold both equities and bonds often adopt volatility-reduction strategies to balance returns and risk. Bonds, as fixed-income assets, provide stable income. Flexible multi-asset strategies allow dynamic adjustments between “growth” and “income,” turning allocation views into executable, monitorable portfolios.
- ▶ The range of multi-asset portfolio choices is broad. From a global allocation perspective, investors with portfolios heavily weighted toward U.S. technology stocks may consider Asia equity-bond hybrid funds. Conversely, portfolios with significant exposure to Asian hardware stocks can be paired with multi-asset strategies focused on developed markets.

Multi-Asset Portfolios Offer Better Return-to-Volatility Ratio

| Annualized Return | | Annual Return Volatility | |
|-----------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| 15Y | 30Y | 15年 | 30年 |
| Global Stocks 10.4% | Global Stocks 8.4% | China 22.2% | China 36.0% |
| Global Small Cap 8.9% | Global Small Cap 7.7% | EM Stocks 18.2% | EM Stocks 29.5% |
| EAFE Stocks 7.3% | Global HY 7.4% | EAFE Stocks 15.1% | Global Small Cap 20.1% |
| Diversified Portfolio 6.8% | Diversified Portfolio 6.6% | Global Small Cap 14.9% | EAFE Stocks 18.9% |
| Global HY 5.7% | EM Stocks 6.5% | Commodities 14.2% | Commodities 18.1% |
| EM Stocks 4.2% | EAFE Stocks 6.3% | Global Stocks 14.2% | Global Stocks 18.1% |
| China 2.6% | Global IG 3.4% | Diversified Portfolio 10.2% | Global HY 14.5% |
| Cash 1.5% | Commodities 2.5% | Global HY 8.6% | Diversified Portfolio 11.9% |
| Global IG 1.1% | Cash 2.4% | Global IG 6.7% | Global IG 6.7% |
| Commodities -1.1% | China 2.2% | Cash 1.9% | Cash 2.2% |

Higher Returns



Lower Volatility

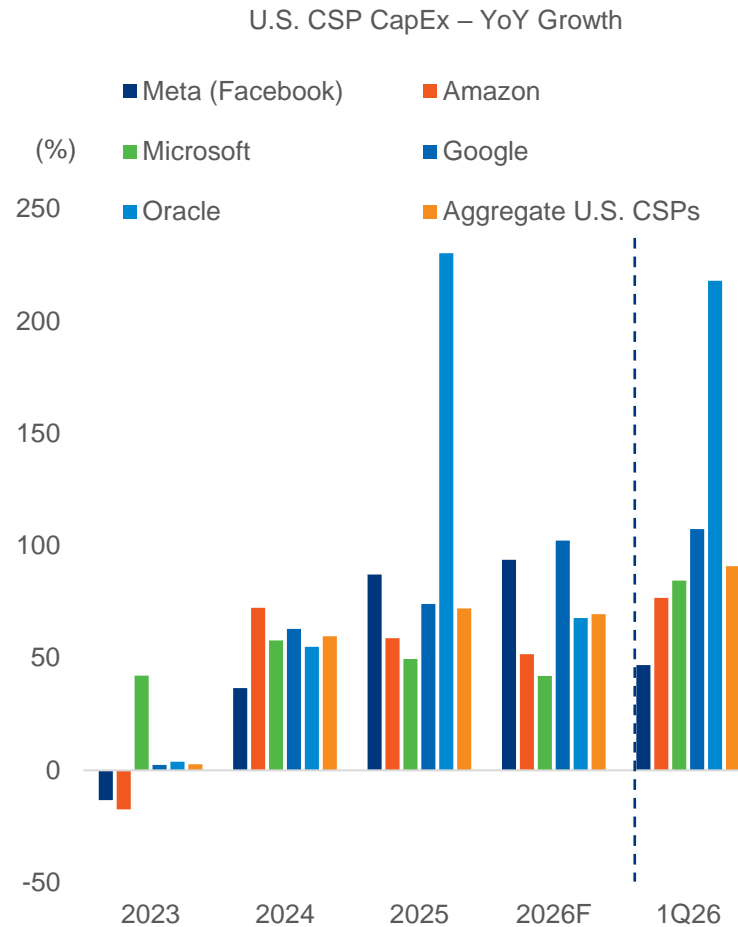


Source: Bloomberg, KGI

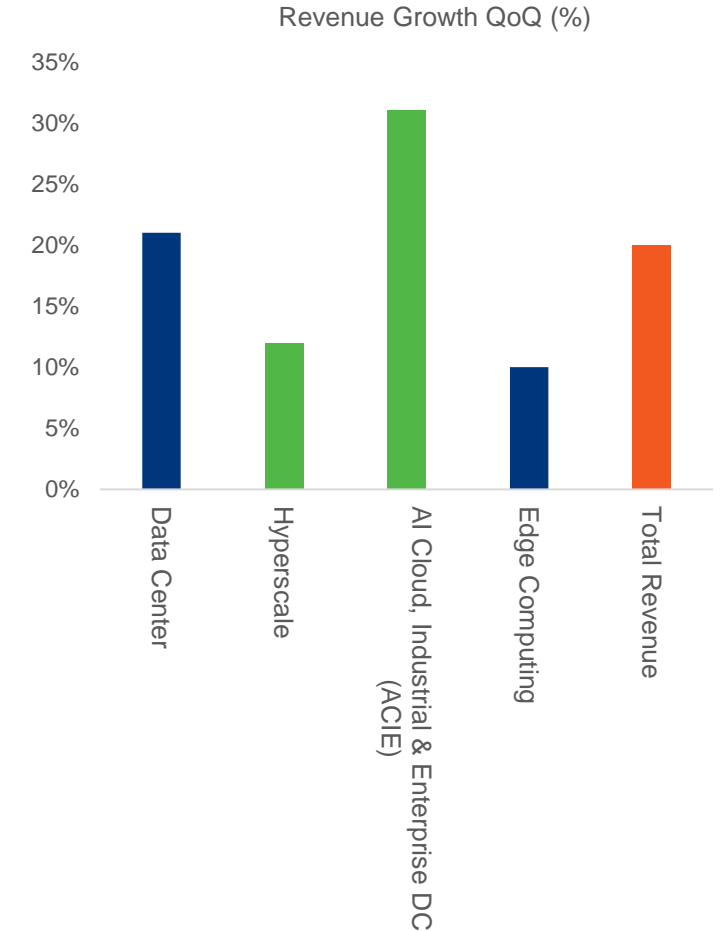
AI Health Check: Components Drive CSP CapEx; NVIDIA's Client Broaden

- ▶ The five major cloud service providers (CSPs), as key AI application players, continue to support the hardware sector through capital expenditure. Recent data show a positive trend, with 1Q26 CapEx by the top five CSPs rising 91% YoY and 14% QoQ to USD 148.4 billion, exceeding market consensus. However, free cash flow has continued to decline sequentially. One driver of the CapEx revision is higher component costs, particularly memory prices.
- ▶ NVIDIA's business is closely tied to AI infrastructure and impacts the hardware supply chain. A key focus for the company is revenue sources. In its latest earnings release, NVIDIA disclosed revenue under a new architecture, splitting data center revenue into: (1) Hyperscalers (e.g., the CSPs above), contributing about USD 38 billion, roughly half of data center revenue; and (2) AI Cloud, Industrial, and Enterprise Data Centers (ACIE), reaching USD 37 billion, up 31% QoQ — a faster pace than Hyperscalers and Edge Computing. This indicates NVIDIA's client base is expanding, mitigating risks from CSPs' ongoing free cash flow declines.

CSP CapEx Increase Driven by Hardware Costs



NVIDIA Clients Broaden, CSP Risk Mitigated



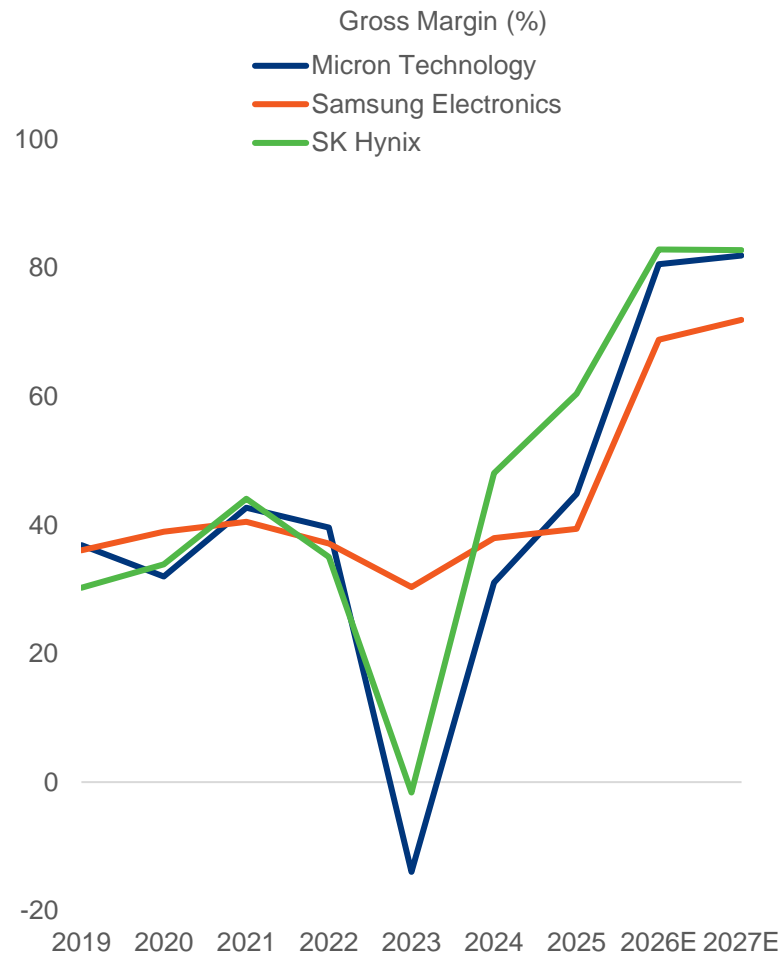
Source: Bloomberg, KGI

Long-Term Memory Contracts Enhance Future Revenue Visibility

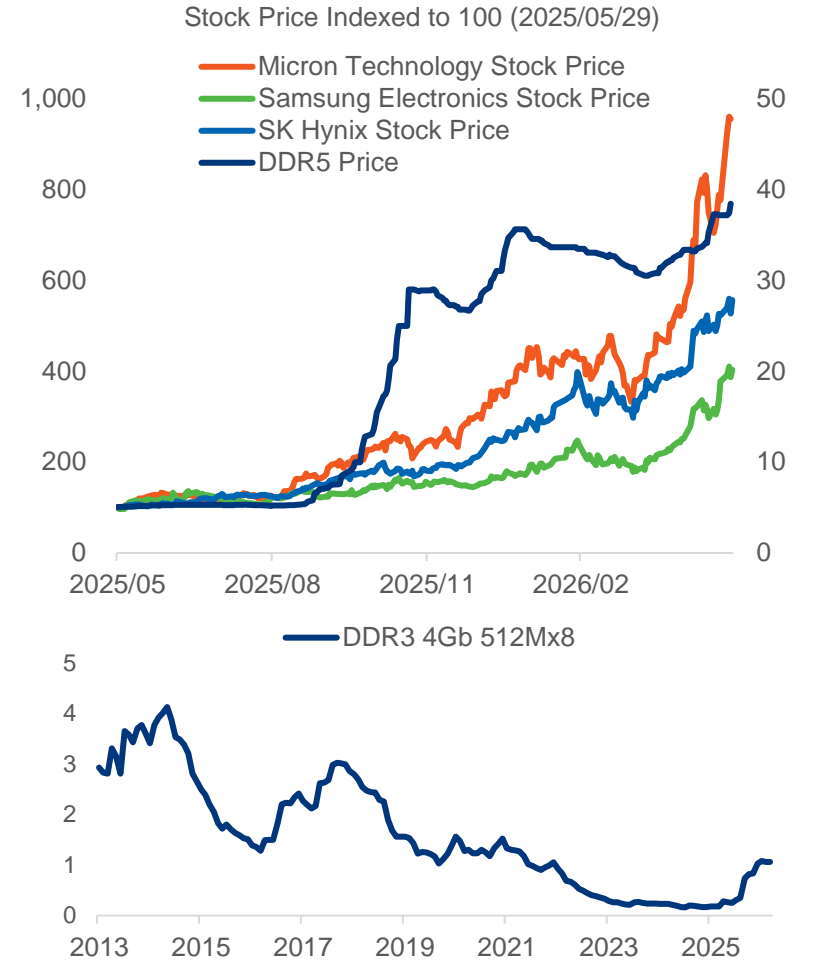
- ▶ On the other hand, tight memory supply and sharp price increases have strengthened memory producers' pricing power. Last week, Micron's share price rose, driven by the signing of long-term supply agreements across the industry, which lock in part of shipment volumes and prices. UBS expects such agreements to cover an increasing share of DRAM capacity. These contracts include both fixed and floating prices as well as volume commitments, reflecting buyers' expectations of rising memory prices and persistent supply shortages.
- ▶ However, the higher the proportion of long-term contracts adopted in the memory industry, the more limited the upside for revenue and margins during price-up cycles. Conversely, in down cycles, long-term agreements help support profitability. Current market expectations place corporate gross margins at 70–80% over the next two years.
- ▶ Long-term supply agreements are likely to reduce margin volatility for Micron and other memory companies, while enhancing investors' visibility into future revenue and supporting higher valuations. Given the outlook for tight memory supply, profitability is expected to remain strong.

Source: Bloomberg, KGI

Memory Sector Margins Seen Peaking Over Next Two Years



Memory Industry Price Cycles



Asset Strategy

| Asset Type | Market View | Preferred Assets |
|------------------|--|--|
| Equities | <ul style="list-style-type: none"> ◆ Peace talks between the U.S. and Iran show renewed hope, driving oil prices lower from elevated levels. Strong U.S. corporate earnings and NVIDIA's forecast of substantial production growth in the coming years have fueled a market rebound. Equity gains are expected to shift toward being supported by real corporate profitability. Long-term outlook remains positive for technology and AI semiconductors. Strategically, investors may consider accumulating growth stocks on pullbacks, while diversifying across countries and industries. ◆ Europe and Japan remain attractive diversification markets. Japan offers greater upside through technology exposure, while rising JGB yields support bank stocks. In Europe, defense remains a key theme, with preference for defensive UK equities. | <p>Strategy: AI themes including technology and semiconductors; outside AI, favor aerospace and defense.</p> <p>Regions: Japanese Equities (Banking, Semiconductor and Defense), UK Equities, European Defense</p> |
| Bonds | <ul style="list-style-type: none"> ◆ Oil prices remain elevated and volatile, while the U.S. 30Y Treasury yield has moved above 5%, keeping rates high. Investors should avoid excessive duration risk and focus on intermediate-duration bonds for income. High-quality corporate bonds offer better defensiveness, with attractive risk-adjusted spreads in financials, communications, utilities and energy. ◆ A stronger USD also supports diversification into non-USD investment-grade bonds, including EUR- and AUD-denominated debt. | <p>Types: Intermediate-duration, high-quality bonds; favor financials, communications, utilities and energy.</p> <p>Satellite : Non-USD bonds for diversification.</p> |
| Forex | <ul style="list-style-type: none"> ◆ With Waller expected to lead the Fed and inflation pressures limiting rate-cut room, the USD should remain supported near term. ◆ Most non-USD currencies remain weak against the dollar, while the RMB has shown relative strength due to PBOC support. | <p>USD: Near-term strength remains supported.</p> <p>Others: Broad weakness; RMB relatively firm.</p> |
| Commodity | <ul style="list-style-type: none"> ◆ Energy prices may remain elevated and volatile near term. ◆ Higher Treasury yields and a stronger USD may pressure gold in the short run. However, expanding global debt and continued central bank demand should support long-term upside, making pullbacks buying opportunities. | <p>Gold: Positive long-term outlook; accumulate on dips.</p> |

Global Energy Instability Boosts Equipment Export Demand

► **Global Energy Shifts**

Geopolitical conflicts and unstable fossil fuel supply pose severe challenges to global energy security. In response, governments worldwide are rolling out green energy policies — China actively promotes its “dual-carbon” goals with electricity price support, while international measures include subsidies and tax incentives. Under both policy and market drivers, clean energy such as wind power is expanding rapidly. Yet, due to the intermittency of wind generation, grid balancing demand is rising, making “wind-storage synergy” a key direction for optimizing power structures.

► **China’s Technological Competitiveness**

Policy support has fueled strong R&D momentum in China’s wind power equipment. Domestic firms continue breakthroughs in large onshore and offshore turbines, developing ultra-high capacity and long-blade products, while accumulating expertise in ultra-low wind speed generation and deep-sea typhoon resistance. Smart control systems and advanced blade designs have significantly improved conversion efficiency and operational stability. These innovations not only reduce generation costs but also enable Chinese equipment to adapt to diverse climates, providing efficient hardware solutions for global wind projects.

► **Integrated Supply Chain & Scale**

Beyond R&D, China holds a highly competitive full supply chain in wind and storage. From key components to storage system development, integrated layouts and local assembly sharply cut production and logistics costs. Massive domestic installations release scale effects, giving Chinese equipment exceptional cost-performance in global markets. This allows overseas developers to accelerate wind farm and infrastructure construction with lower upfront investment, effectively reducing capital barriers to global low-carbon transition.

| Global Wind and Energy Storage Policies | | |
|---|---|--|
| Region | 2026 Wind Power Development Policies and Targets | 2026 Core Energy Storage Regulations and Grid Support |
| China | Launch of the “15th Five-Year Plan” (2026–2030), ushering in the era of ultra-large capacity wind power. Annual new installations targeted at ≥120 GW. Strong push for deep offshore wind bases and long-distance UHV transmission networks. | The 2026 Energy Storage White Paper advances market-oriented rollout. NEA enables diversified revenue for independent storage stations, with stable tariff compensation from peak-shaving and valley-filling for wind farms. This resolves past profitability challenges and establishes a sustainable model for large-scale deployment. |
| Europe | EU’s Renewable Energy Directive (RED) 2026 streamlines wind project permitting and mandates offshore clusters in the North Sea. REPowerEU 2026 enforces strict fossil fuel limits, driving wind assets to boost efficiency and grid visibility. | EU’s New Battery Regulation 2026 enforces carbon footprint disclosure from March, requiring full life-cycle compliance for storage batteries. Projects failing to meet the 40% local manufacturing threshold will lose subsidy eligibility. |
| SEA | ASEAN’s APAEC 2026–2030 moves the ASEAN Power Grid from strategic planning to cross-border construction, enabling regional dispatch of wind power from Vietnam and the Philippines. Vietnam’s 2026 Wind Summit accelerates execution toward 30 GW of onshore and offshore wind by 2030. | Philippines DOE Order No. 2 (2026) mandates that, starting March, all variable renewable projects above 10 MW — such as wind farms — must include storage systems equal to at least 20% of capacity. Distributors and the grid are required to treat storage as critical infrastructure for frequency regulation and congestion relief. |

Goldwind Science & Technology (2208)

Closing Price HK \$14.05

Target Price HK \$17.6

Operates three core businesses: wind turbine manufacturing, wind power services, and wind farm investment and development, alongside water services and other diversified activities.

Dual-Sea Growth Driver

Goldwind is shifting from onshore wind to higher-margin overseas and offshore businesses. With technology leadership, it ranks first in annual installations, holding 37% share of China's 2025 offshore additions and 49.9% in exports. "Dual-sea" installations are projected to rise from 20% of total in 2025 to 24.5% in 2026, enhancing profitability.

Policy Support at China & Abroad

Global demand for stable power drives overseas policy dividends. In China, carbon dual-control and the 15th Five-Year Plan target over 100 GW offshore by 2030, doubling 2025 levels. Abroad, Goldwind focuses on Asia and South America, pursuing localized investment and partnerships to secure low-interest financing, reduce entry risks, and capture high-growth opportunities.

Long-Term Industry Opportunity

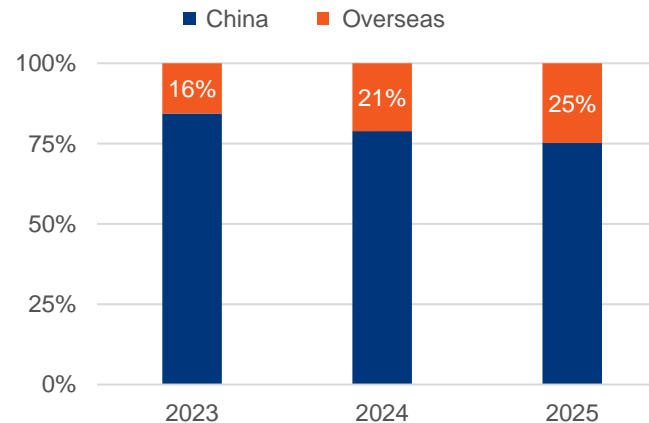
Offshore and overseas wind are long-term policy priorities, offering upside in target price. While current valuation ranges remain constrained, shares are expected to trend upward with volatility; structured products can help manage short-term swings.

Source: Bloomberg

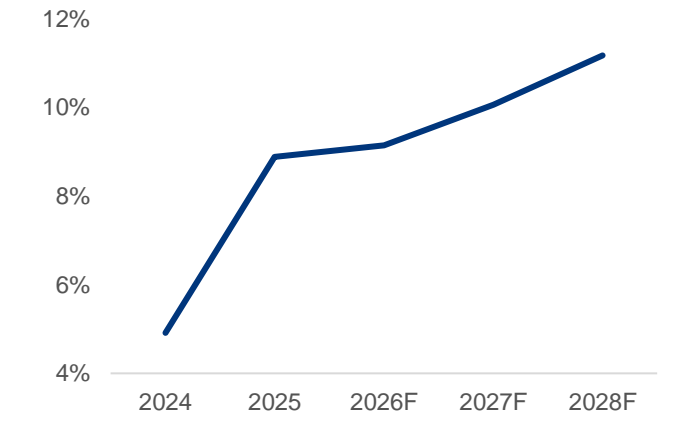
| Financials | | | | | |
|----------------------------|------|------|-------|-------|-------|
| | 2024 | 2025 | 2026F | 2027F | 2028F |
| Revenue (CNY b) | 56.7 | 72.8 | 93.4 | 103.1 | 110.0 |
| Revenue YoY | 12.8 | 28.4 | 28.4 | 10.4 | 6.7 |
| Adj. EBITDA (CNY b) | 0.42 | 0.64 | 0.99 | 1.23 | 1.46 |
| EBITDA YoY | 45.0 | 52.2 | 54.7 | 24.7 | 18.1 |
| Asset Depre (CNY b) | 4.9 | 7.1 | 9.4 | 10.7 | 12.1 |



China and Overseas Revenue Share



Wind Turbine Gross Margin



Contemporary Amperex Technology Co., Ltd (3750)

Closing Price HK \$717

Target Price HK \$786

Primarily engaged in the R&D, production, and sales of power battery systems and energy storage battery systems.

Storage + Heavy-Duty Battery Dual Drivers

With passenger EVs providing stable demand, growth momentum is shifting to storage batteries and heavy-truck electrification. Management notes storage share of demand has risen from 20% to 25% in a year, while rapid oil-to-electric transition in trucks boosts large-capacity battery needs. CATL now has two high-growth, high-capacity segments that hedge cyclical swings in passenger EVs.

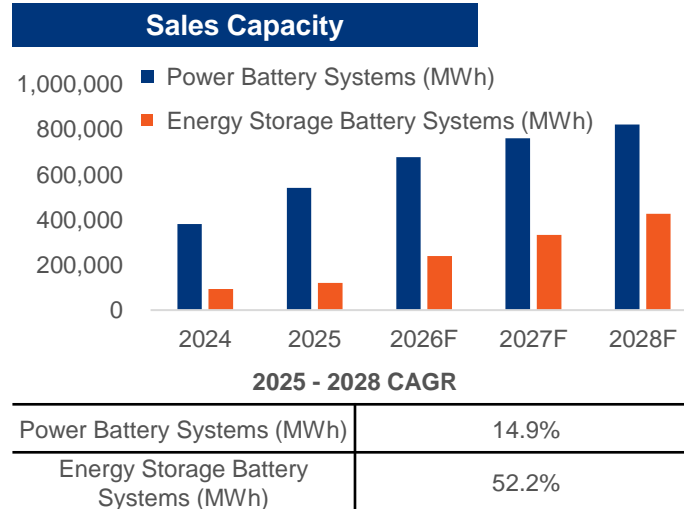
Multi-Dimensional Overseas Expansion

Beyond consolidating its domestic base, CATL's overseas EV battery share has climbed to 33.8%, far ahead of the second player at 17.3%. Leveraging its technology moat, CATL expands abroad via licensing, joint R&D, local factories, and localized operations. These tailored models overcome the limits of pure exports and capture the benefit of higher overseas margins.

AH Premium Widens, Prefer Low Entry

Despite solid fundamentals, CATL's H-share premium over A-shares has reached a post-dual-listing peak. Investors are advised to deploy via structured products to mitigate risks from potential premium narrowing.

| Financials | | | | | |
|----------------------------|------|------|-------|-------|-------|
| | 2025 | 2026 | 2027F | 2028F | 2029F |
| Revenue (CNY b) | 362 | 423 | 608 | 733 | 861 |
| Revenue YoY | -9.7 | 17 | 43.7 | 20.5 | 17.5 |
| Adj. EBITDA (CNY b) | 11.6 | 16.1 | 20.8 | 25.7 | 31.1 |
| EBITDA YoY | -1.8 | 39.4 | 29.1 | 23.1 | 21 |
| Asset Depre (CNY b) | 22.8 | 24.7 | 24.8 | 25.7 | 26.1 |



Source: Bloomberg



Electronics Boom, AI Server Demand Fuels ODM Growth

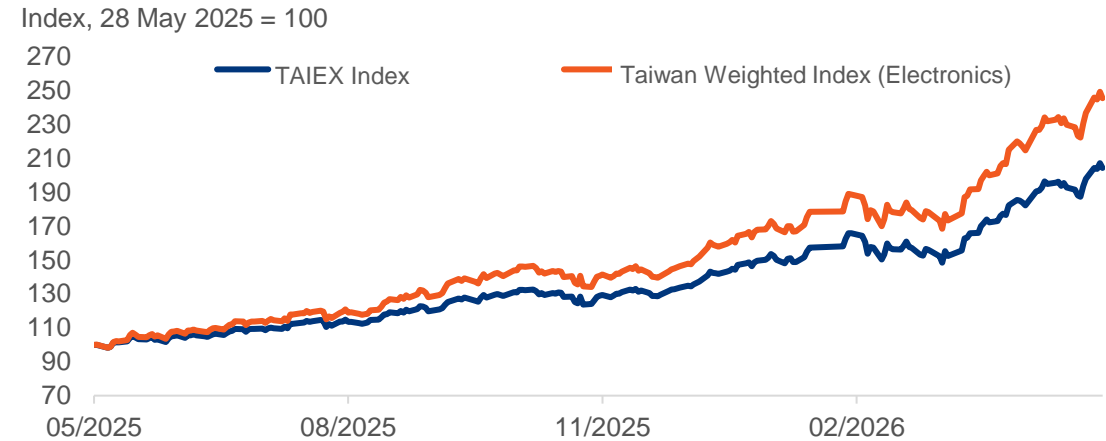
US–Iran Tensions, Taiwan Stocks Rally

Taiwan stocks opened high and climbed further last week, with large-cap electronics driving the index. Strength persisted across MLCC, packaging/testing, low-orbit satellites, substrates, copper-clad laminates, and discrete components. Post-consolidation rebounds in design IP, semiconductor test interfaces, equipment, optical communications, GaAs, and fiberglass cloth also merit attention. Meanwhile, COMPUTEX Taipei 2026 (June 2–5) is set to spotlight AI themes, with capital likely to focus on related sectors. Investors may prioritize stocks showing strong earnings or revenue momentum and trending upward along short-term moving averages.

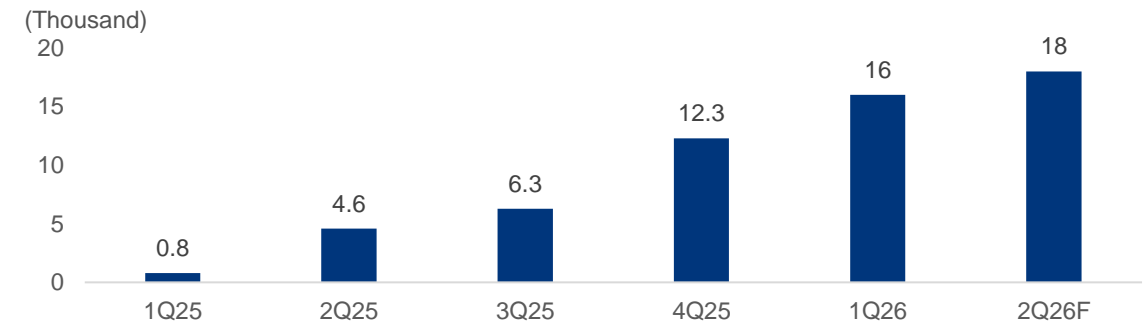
AI Server Demand Lifts ODM Shipments

Most ODMs posted Q1 revenues above KGI forecasts, driven by robust AI server demand and early notebook pull-ins. Wistron’s Q1 revenue surged 144% YoY, Quanta rose 67%. Combined shipments of GB AI server racks by the top three ODMs grew ~30% QoQ to 16,000 units: Hon Hai 7–8k, Quanta ~5k, Wistron ~4k. Rising memory costs and expected retail price hikes also spurred notebook pull-ins, limiting shipment decline to 10% QoQ versus the forecasted 19%. Overall, ODM revenues exceeded expectations..

TAIEX Index and Taiwan Electronics Sector Trends



Taiwan’s Top Three ODMs – GB200/300 Shipments



Source: Bloomberg

Quanta Computer Inc. (2382 TT)

Quanta is the world's largest notebook ODM. In the coming years, cloud computing will be its key growth driver. The company is also expanding into servers, all-in-one PCs, wearable devices, and home AI products.

Key Features

2Q26 & 2026 Server Outlook Improves

KGI expects Q2 2026 revenue to rise 20% QoQ, driven by server growth. AI server revenue is projected to sustain double-digit QoQ gains after Q1's 30% surge. General server revenue also continues to climb, with server share of total revenue forecast to exceed 85%. Management has upgraded its 2026 general server outlook from flat to double-digit YoY growth, anticipating stronger momentum in coming quarters.

2026 Growth Drivers Diversify

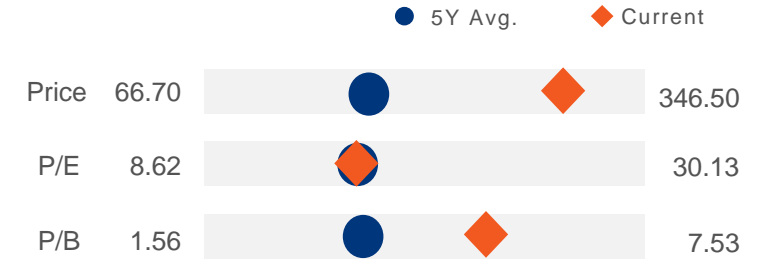
Triple-digit AI server revenue growth guidance for 2026 remains intact. With more consignment projects, plus volume ramp-ups in general servers, ASIC AI servers, and AMD Helios racks from 2H26, alongside operating leverage expansion, margins are expected to improve from Q2 2026 through 2027.

Financials

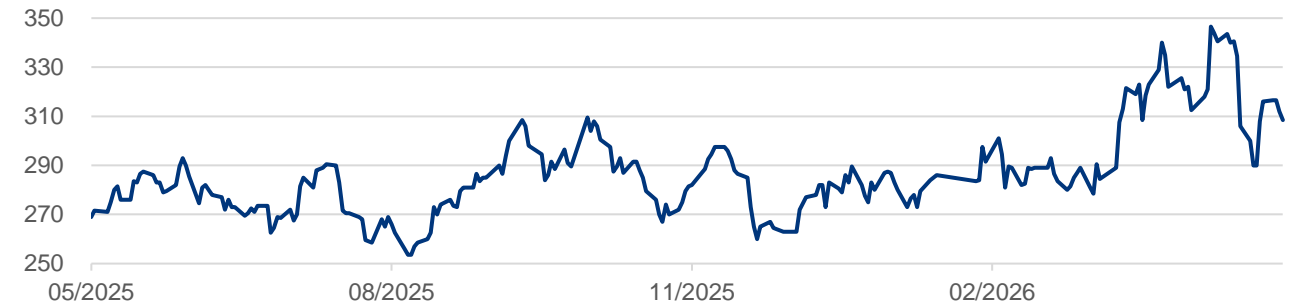
| | 2023 | 2024 | 2025F | 2026F | 2027F |
|-----------------------|-------|-------|-------|-------|-------|
| EPS (NTD) | 10.29 | 15.49 | 19.45 | 23.13 | 27.43 |
| EPS Growth (%) | 37.0 | 50.5 | 25.6 | 18.9 | 18.6 |
| P/E Ratio | 32.5 | 21.6 | 17.2 | 14.5 | 12.2 |
| ROE (%) | 22.3 | 29.2 | 32.2 | 35.3 | 38.9 |

Source: Company data, estimates of KGI analyst

Valuations

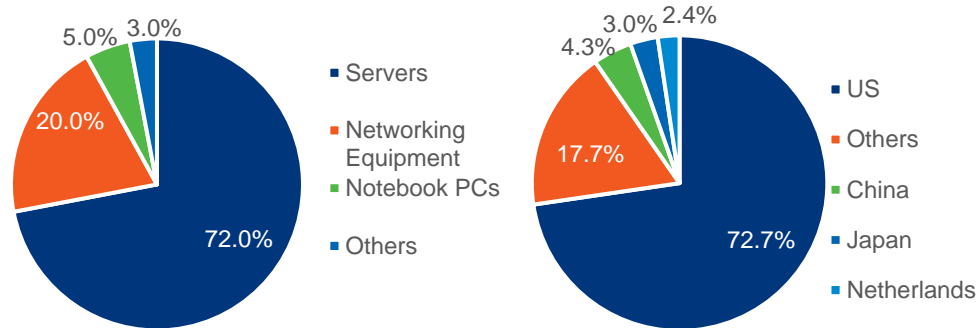


1-Year Price



| As of 28 May 2026 | 1Wk | 1M | 3M | 6M | YTD | 1Y |
|-------------------|------|-------|------|------|-------|-------|
| Return (%) | 0.16 | -3.89 | 5.83 | 9.40 | 13.42 | 14.68 |

Revenue Sources and Regions



Source: Bloomberg

Wistron Corp. (3231 TT)

Manufactures and sells consumer electronics. The company produces notebook computers, personal computers, smartphones, handheld devices, display products, and other related products.

Key Features

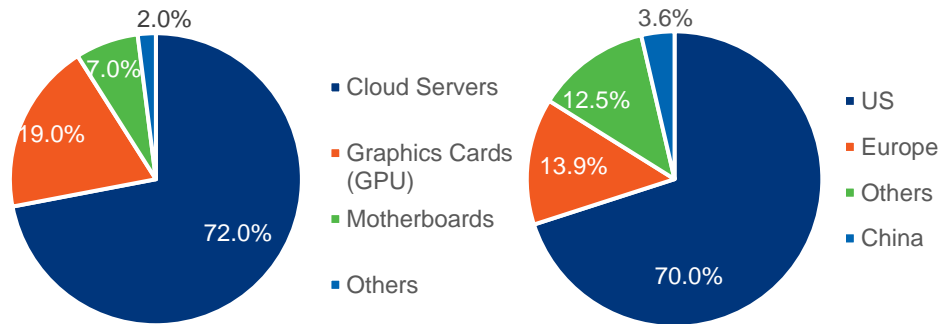
Positive 2Q26 Outlook

KGI expects Q2 2026 notebook shipments to outperform prior estimates, declining only 5–10% QoQ. GB-series AI server shipments are projected to rise slightly by 3–5% to ~4–4.2k racks. Factoring in potential revenue decline at Wiwynn, Wistron’s overall revenue is forecast to grow ~2% QoQ. Benefiting from Wiwynn’s margin improvement and Wistron’s stable profitability, margin estimates have been revised upward, with EPS expected to increase sequentially.

Servers to Drive 2026 Growth

Wistron’s 2026 EPS growth drivers include: (1) AI server system (L10) shipments and revenue more than doubling, with GB and VR racks reaching ~15k units; (2) AI server component revenue surpassing NT\$100bn, supported by compute board (Bianca/Strata) demand; (3) switch revenue rising more than tenfold to NT\$16–18bn; and (4) stronger-than-expected general server demand. KGI has raised its 2026 EPS forecast to NT\$13.96 (+54% YoY), with server revenue share climbing to 85%.

Revenue Sources and Regions



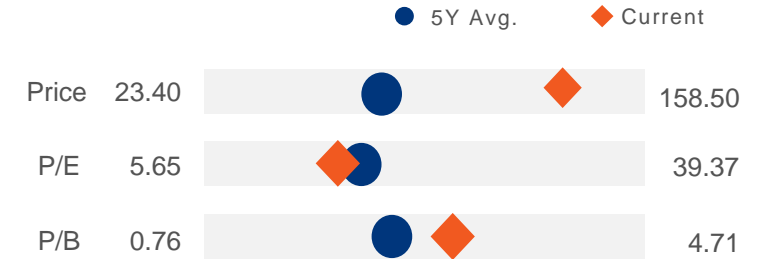
Source: Bloomberg

Financials

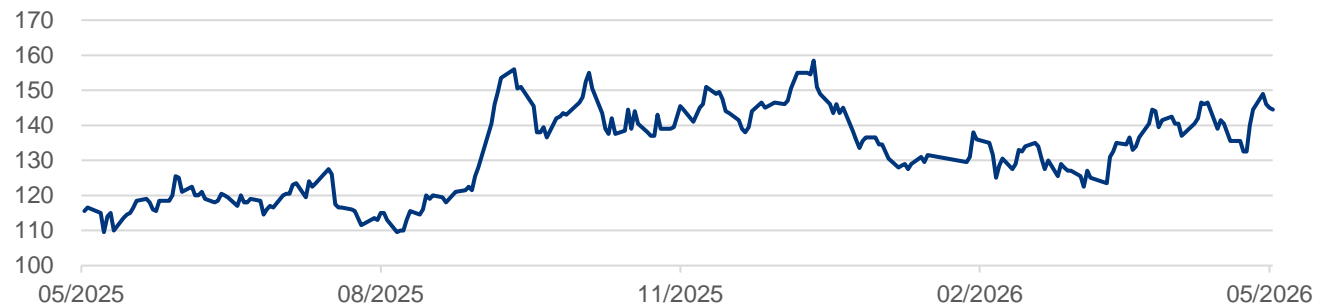
| | 2023 | 2024 | 2025F | 2026F | 2027F |
|----------------|------|------|-------|-------|-------|
| EPS (NTD) | 4.08 | 6.11 | 9.04 | 13.96 | 18.29 |
| EPS Growth (%) | 1.7 | 49.8 | 47.9 | 54.4 | 31.0 |
| P/E Ratio | 35.9 | 24.0 | 16.2 | 10.5 | 8.0 |
| ROE (%) | 11.4 | 14.7 | 17.7 | 22.6 | 25.1 |

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



| As of 28 May 2026 | 1Wk | 1M | 3M | 6M | YTD | 1Y |
|-------------------|------|------|------|------|-------|-------|
| Return (%) | 3.21 | 2.85 | 6.25 | 0.00 | -3.99 | 25.11 |

Diversified Portfolio Mitigates Concentration Risk

► KGI Diversified Growth & Income Fund

- **Strategic Collaboration:** Combines the strengths of KGI Group and renowned asset manager Loomis Sayles to enhance asset allocation precision and strengthen short-term volatility management. Established in 1926, Loomis Sayles identifies long-term value opportunities through deep research and risk control, managing US\$425.5B in assets.
- **Balanced Strategy:** Pursues returns through growth stocks and high-yield bonds while mitigating downside risk with investment-grade bonds and equity options.
- **Dynamic Adjustments:** Captures opportunities while reducing risk via active rebalancing. For instance, in early 2025, the fund proactively reduced equity exposure and increased cash to avoid U.S. market downturns, subsequently adding to Tech, non-U.S. markets, and Gold ETFs to capture rallies.
- **Strong Performance:** Since its inception in late Nov 2019, this multi-asset strategy has outperformed peers through various market cycles.
- **Structure:** Public fund under the Hong Kong OFC framework; CIES (Capital Investment Entrant Scheme) eligible.
- **Distribution:** Monthly dividend payout with a target annualized yield of 8%.

| | | |
|------------------------------------|---|------|
| Product | KGI Diversified Growth & Income Fund | |
| Features | <ul style="list-style-type: none"> ■ Adopts a global multi-asset allocation to balance growth and defense, seeking returns via large-cap growth stocks and high-yield bonds while enhancing protection with investment-grade bonds and options. ■ Leverages the combined expertise of KGI Group and renowned asset manager Loomis Sayles to improve asset allocation precision and strengthen short-term volatility management. | |
| Currency | USD | |
| Fund Type | Asset Allocation | |
| Top 5 Sector Allocation (%) | Information Technology | 22.3 |
| | Communication Services | 16.1 |
| | Consumer Discretionary | 8.9 |
| | Energy | 6.9 |
| | Industrials | 6.8 |
| Top 5 Asset Allocation (%) | Equities | 55.5 |
| | Non-IG Bonds | 17.9 |
| | IG Bonds | 20.0 |
| | Derivatives & Others | 6.6 |
| Top 5 Holdings (%) | Invesco QQQ Trust Series 1 | 3.6 |
| | Apple Inc. | 3.5 |
| | Amazon.com, Inc. | 3.5 |
| | NVIDIA Corp. | 3.4 |
| | Microsoft Corp. | 3.1 |

Source: Bloomberg, KGI

KGI Diversified Growth & Income Fund

Profile

The fund invests at least 70% of its net asset value (NAV) directly or indirectly in global assets, including equity and equity-related securities (such as stocks, preferred stocks, and depository receipts) and debt securities.

Global Diversified Allocation

Adopting a globally diversified approach to balance growth and defense, the fund pursues returns through large-cap growth stocks and high-yield bonds while enhancing defensive capabilities via investment-grade bonds and options. Credit quality is primarily concentrated in the BBB+ to BB range, with a duration of under 2 years to provide moderate interest rate and credit risk management.

Professional Management Team

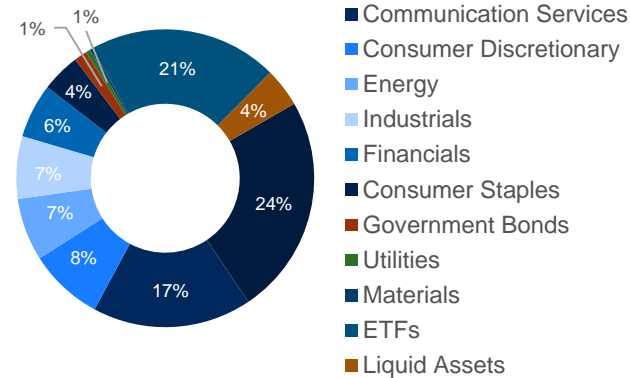
The fund leverages the combined expertise of KGI Group and renowned asset manager Loomis Sayles to improve asset allocation precision and manage short-term volatility. Founded in 1926 and managing US\$425.5B in assets, Loomis Sayles identifies long-term value through rigorous research, risk control, and team collaboration.

Monthly Dividend Payout

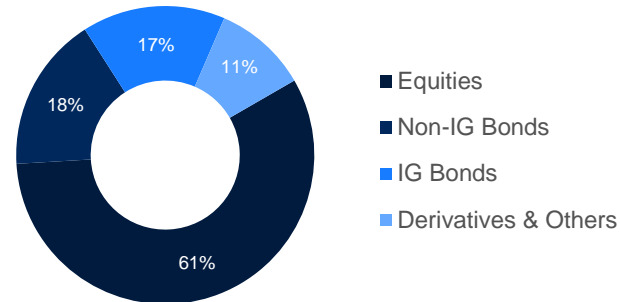
The fund offers a monthly distribution share class with a target annualized payout rate of 8%.

| | | | |
|-----------------------------|------------------|---------------------|----------|
| Inception | 2026/3/9 | Currency | USD |
| Morningstar Category | Asset Allocation | Fund Type | Balanced |
| Morningstar Rating | - | 3Y SD (Ann.) | - |

Sectors



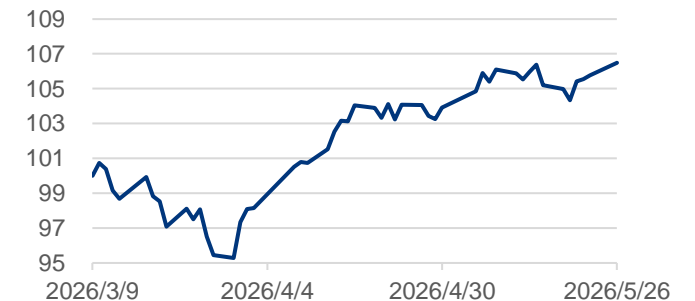
Asset



Top-5 Holdings (%)

| | |
|-----------------------------------|-----|
| Invesco QQQ Trust Series 1 | 3.6 |
| Apple Inc. | 3.5 |
| Amazon.com, Inc. | 3.5 |
| NVIDIA Corp. | 3.4 |
| Microsoft Corp. | 3.1 |

NAV (Since Inception)



| As of 26 May 2026 | 1M | 3M | YTD | 1Y | 3Y | 5Y |
|-----------------------------|------|----|-----|----|----|----|
| Cumulative Return(%) | 2.32 | - | - | - | - | - |

Source: Morningstar

ChiNext Seeks China Hardware Opportunities

► Global X China Semiconductor ETF (3191.HK)

- This ETF aims to track the performance of the FactSet China Semiconductor Index.
- It primarily invests in companies engaged in semiconductor production in China, including IC design (fabless), manufacturing (foundry), packaging and testing (outsourced), and semiconductor equipment.
- China's semiconductor market is vast, with significant room for localization: Chinese brands account for 35% of global demand but only 7% of capacity supply. Through a single trade, investors can gain exposure to dozens of companies whose core business is China's semiconductor industry, capturing high growth potential.

| Product | Global X China Semiconductor ETF (3191.HK) | |
|----------------------------|---|-------|
| Features | This ETF provides comprehensive exposure to China's semiconductor industry chain. With significant room for localization, investors can capture high growth potential through a single ETF trade. | |
| AUM | HK\$30.01 billion | |
| Tracking Index | FactSet China Semiconductor Index | |
| Exchange | HKEX | |
| Currency | HKD | |
| Holdings | 20 | |
| Expense Ratio | 0.68% | |
| 3M/YTD Reutr | 40.30/63.84 | |
| Top Sector Allocations (%) | Semiconductors | 60.74 |
| | Cash & Others | 19.95 |
| | Software | 14.01 |
| | Hardware | 3.11 |
| | Automotive Industry | 2.20 |
| Holdings (%) | Cambricon Technologies | 11.18 |
| | GigaDevice Semiconductor | 9.95 |
| | Semiconductor Manufacturing International Corp. | 9.85 |
| | Hygon Information Technology | 8.92 |
| | Montage Technology | 8.70 |

Source: Bloomberg

Global X China Semiconductor ETF (3191.HK)

Profile

This ETF tracks the FactSet China Semiconductor Index, aiming to replicate the performance of its constituent stocks and deliver returns corresponding to the index.

Comprehensive Industry Coverage

The ETF invests across China's semiconductor industry chain, including IC design (fabless), manufacturing (foundry), packaging and testing (OSAT), and semiconductor equipment, while also capturing upstream and downstream supply chain opportunities.

Concentration Control

The index applies float-adjusted market-cap weighting with a 10% cap on single constituents to avoid over-concentration. Quarterly rebalancing ensures weights and constituents reflect the latest market cap and liquidity.

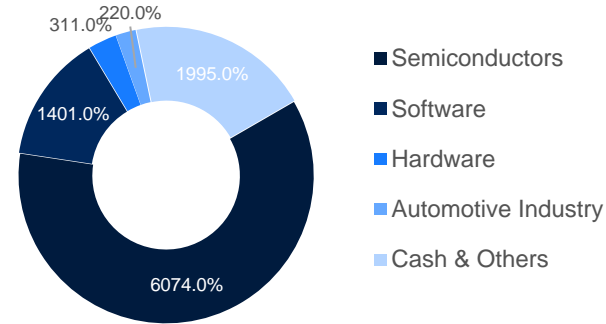
Fast IPO Inclusion

New IPOs can be added within five days of listing if they meet minimum liquidity and RBICS sub-industry classification standards, and rank above the 50th percentile of existing constituents by float-adjusted market cap.

| | | | |
|----------------------|----------|---------------------|-------------------|
| Inception | 2020/8/6 | AUM | HK\$30.01 billion |
| ETF Category | Equities | Holdings | 20 |
| Expense Ratio | 0.68% | 3Y SD (Ann.) | 39.34% |

Source: Bloomberg

Sectors



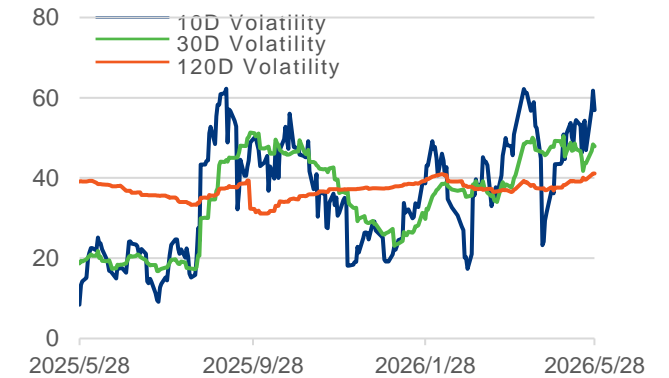
Top-5 Holdings (%)

| | |
|--|-------|
| Cambricon Technologies | 11.18 |
| GigaDevice Semiconductor | 9.95 |
| Semiconductor Manufacturing International Corp. | 9.85 |
| Hygon Information Technology | 8.92 |
| Montage Technology | 8.7 |

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 27 May 2026

Cumulative Return(%)

1M

3M

YTD

1Y

3Y

5Y

33.31

40.30

63.84

139.10

33.20

10.49

Strategic Transformation and Financial Resilience

► NANFUN 5.75 05/21/36 (Nan Fung Group) (USD)

- Nan Fung Group is a long-established Hong Kong family enterprise. Anchored by Nan Fung Properties, the Group's businesses span property development, investment, management, financial investments, hotels, life sciences, and innovation.
- Nan Fung Properties serves as the core pillar, covering residential, commercial, mixed-use, and hotel projects, with a strong presence in prime Hong Kong districts and Tier-1 mainland cities. Nan Fung Property Management provides vertically integrated services, currently overseeing more than 30 million square feet of properties across Greater China. NF Trinity, the Group's global investment platform, focuses on diversified asset allocation, with recent emphasis on life sciences and frontier innovation.
- As of March 2025, Nan Fung Group's total assets stood at approximately HK\$110–114 billion, comprising investment properties, physical assets, and a substantial liquid investment portfolio. The Group maintains a very low net debt-to-equity ratio, with S&P reporting debt-to-capital consistently at 27–28%.
- With flagship projects such as AIRSIDE in Kai Tak and major developments in Shanghai entering mature operation, rental income continues to grow steadily. FY2024 rental income exceeded HK\$2.5 billion, with FY2025 projected at HK\$2.6–2.9 billion. Recurring rental income now accounts for over 60% of EBITDA, providing highly predictable and high-quality cash flow.
- Nan Fung International Holdings Limited maintains solid investment-grade credit ratings: Moody's Baa3 (Stable) and S&P BBB- (Stable). S&P highlights the Group's high proportion of recurring rental income and defensive capital structure as strong support for its investment-grade status.

Source: Bloomberg

| Products | NANFUN 5.75 05/21/36 (Nan Fung Group) (USD) |
|-----------------------------------|--|
| ISIN | XS3314987184 |
| Features | The proportion of recurring rental income to EBITDA has risen above 60%. This high share of stable rental revenue provides the Group with highly predictable and high-quality cash flow. |
| Maturity Date | 2036/5/21 |
| Next Call Date | 2035/11/21 |
| Coupon (%) | Fixed/5.75/Semi-annual |
| Currency | USD |
| Years to Maturity | 9.99 |
| Credit Rating (Moody's/Fitch/S&P) | Baa3/-/- |
| Seniority | Senior Unsecured |
| YTM/YTC (%) | 5.63/5.62 |

NANFUN 5.75 05/21/36 (Nan Fung Group) (USD)

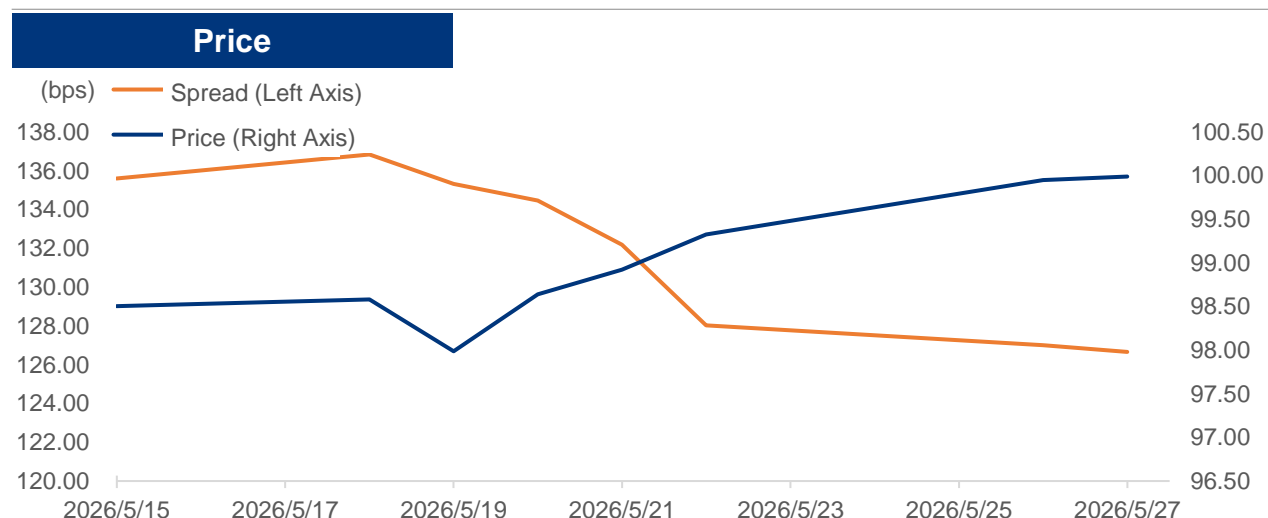
Nan Fung Group is a long-established Hong Kong family enterprise. Anchored by Nan Fung Properties, the Group's businesses span property development, investment, management, financial investments, hotels, life sciences, and innovation.

- As of March 2025, Nan Fung Group's total assets stood at approximately HK\$110–114 billion, comprising investment properties, physical assets, and a substantial liquid investment portfolio. The Group maintains a very low net debt-to-equity ratio, with S&P reporting debt-to-capital consistently at 27–28%.
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- Nan Fung International Holdings Limited maintains solid investment-grade credit ratings: Moody's Baa3 (Stable) and S&P BBB- (Stable).

| Financials | 2023 | 2024 | 2025 |
|---------------------------|------|---------|--------|
| Free Cash Flow (USD 100M) | 1.85 | 1.50 | -1.79 |
| EBITDA Margin (%) | 2.93 | -115.71 | -37.63 |
| Net Debt-to-Equity Ratio | 7.08 | 3.69 | 3.45 |

Source: Bloomberg

| Overview | | | |
|-----------------------------|------------------------|------------------------------|------------------|
| Name | NANFUN 5.75 05/21/36 | ISIN | XS3314987184 |
| Maturity Date | 2036/5/21 | Remaining Maturity | 9.99 |
| Coupon(%) | Fixed/5.75/Semi-annual | YTM/YTC(%) | 5.63/5.62 |
| Currency | USD | Min. Subscription/ Increment | 200,000/1,000 |
| Ratings (Moody's/Fitch/S&P) | Baa3/-/- | Seniority | Senior Unsecured |



Key Economic Data / Events

► MAY 2026

25

Monday

26

Tuesday

- U.S. May 2026 Consumer Confidence Index (Act:93.1 Est:92.0 Prev:93.8)

27

Wednesday

28

Thursday

- U.S. initial jobless claims (Act:215k Est:211k Prev:210k)
- U.S. Apr PCE YoY (Act:3.8% Est:3.8% Prev:3.5%)
- U.S. Apr Core PCE YoY (Act:3.3% Est:3.3% Prev:3.2%)
- U.S. Q1 GDP Annualized QoQ Revised (Act:1.6% Est:2.0% Prev:0.5%)

29

Friday

- Japan Apr Unemployment Rate (Act:2.5% Est:2.7% Prev:2.7%)
- Japan Apr Retail Sales MoM (Act:1.3% Est:0.4% Prev:1.0%)

1

Monday

- U.S. May S&P Global Manufacturing PMI Final (Est:55.3 Prev:54.5)
- U.S. May ISM Manufacturing Index (Est:53.2 Prev:52.7)
- Japan May S&P Global Manufacturing PMI Final (Prev:55.1)
- Eurozone May S&P Global Manufacturing PMI Final (Est:51.4 Prev:52.2)

2

Tuesday

- U.S. Apr JOLTS Job Openings (Est:6,890k Prev:6,866k)
- COMPUTEX Taipei (2~5 Jun.)

3

Wednesday

- U.S. May ADP Employment Change (Est:120k Prev:109k)
- U.S. May S&P Global Services PMI Final (Prev:51.0)
- U.S. May ISM Services PMI (Est:53.7 Prev:53.6)
- Japan May S&P Global Services PMI Final (Prev:51.0)
- Eurozone Apr PPI YoY (Prev:2.1%)

4

Thursday

- U.S. initial jobless claims (Prev:215k)
- Eurozone Apr Retail Sales MoM (Prev:-0.1%)

5

Friday

- U.S. May Nonfarm Payrolls (Est:93k Prev:115k)
- U.S. May Unemployment Rate (Est:4.3% Prev:4.3%)
- Eurozone Q1 GDP YoY Final (Est:0.8% Prev:1.2%)
- Earnings: AVGO

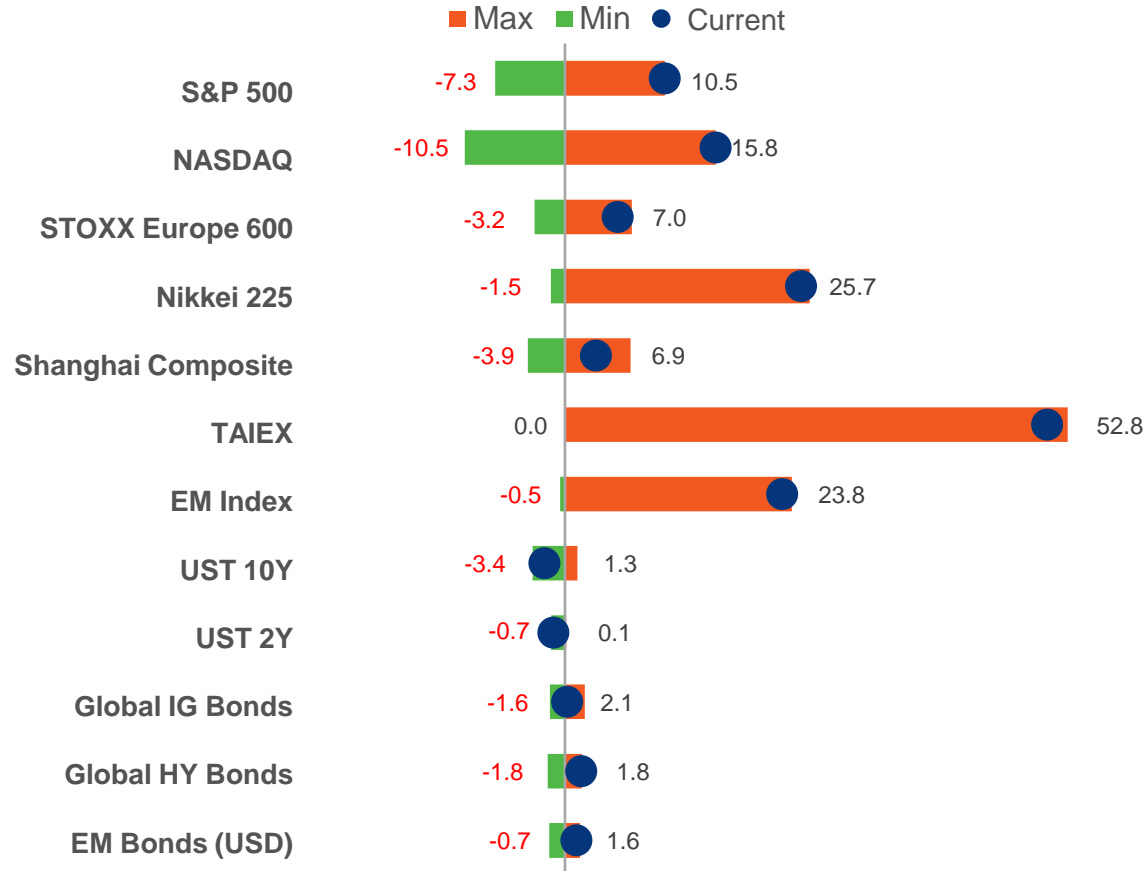
Source: Bloomberg

Key Earnings Releases

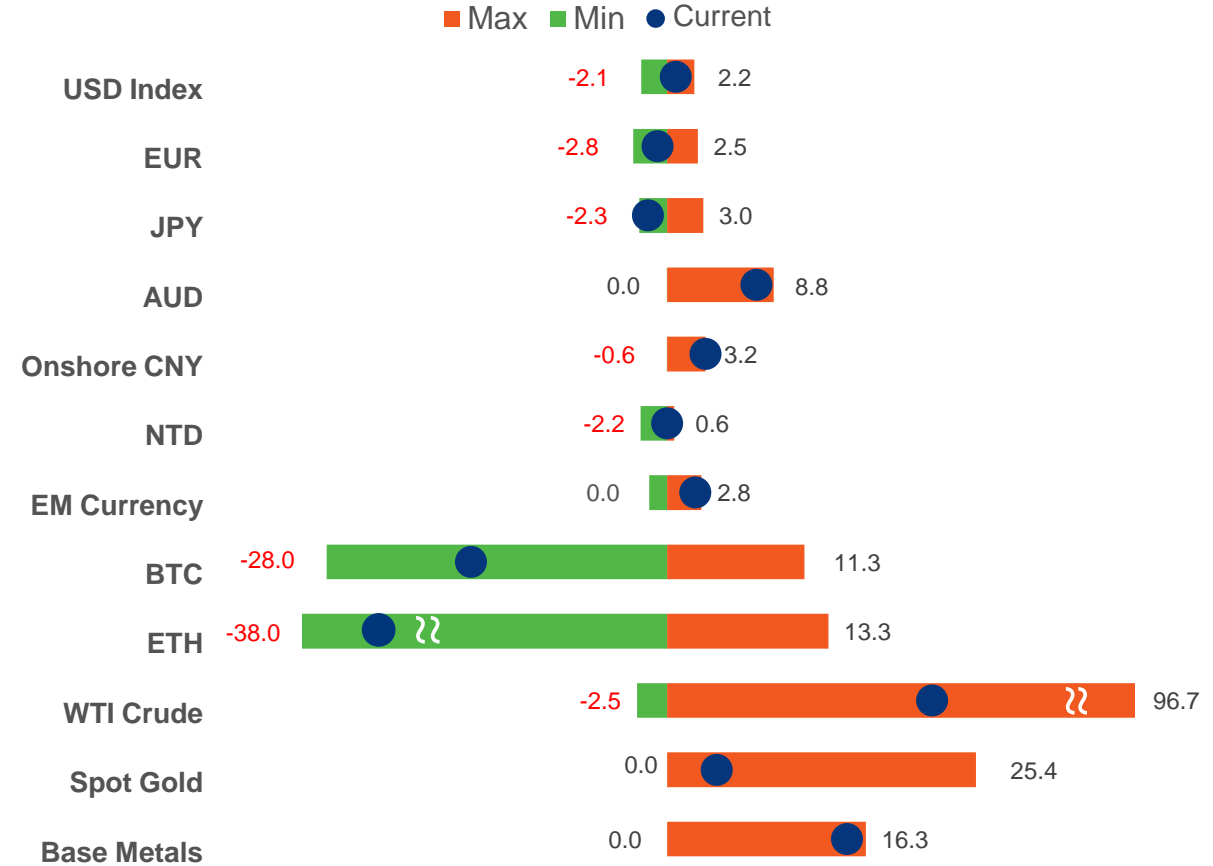
| Date | Name | Revenue (F) (USD) | Actual Revenue (USD) | EPS (F) (USD) | Actual EPS (USD) | Exceed Expectation Revenue | Exceed Expectation EPS |
|-----------|------------------|----------------------|-------------------------|------------------|---------------------|-------------------------------|---------------------------|
| 2026/5/28 | Costco (COST) | 69.73B | 70.53B | 4.93 | 4.93 | V | |
| 2026/5/28 | Salesforce (CRM) | 11.05B | 11.13B | 3.13 | 3.88 | V | V |
| 2026/5/29 | Dell (DELL) | 35.52B | 43.84B | 2.99 | 4.86 | V | V |

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)

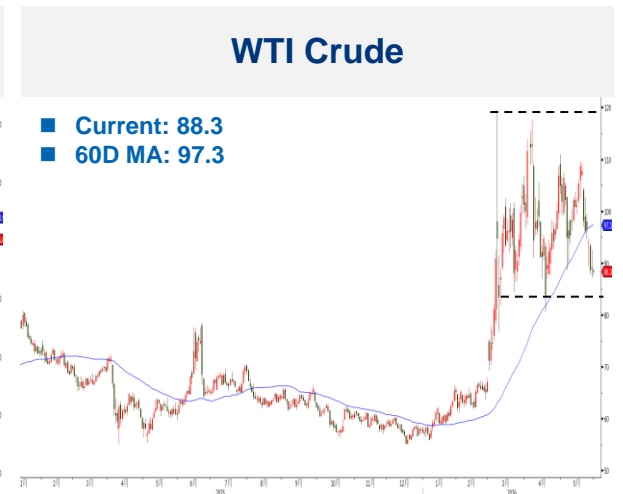
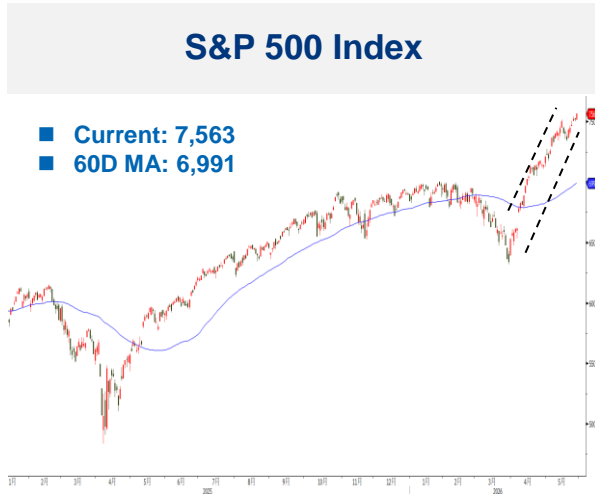


Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

Technical Analysis



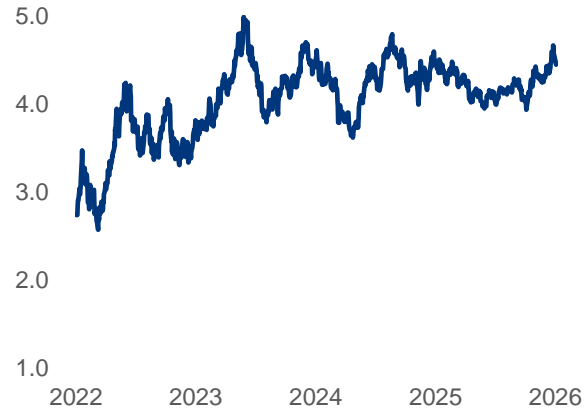
Source: Bloomberg

Market Monitor

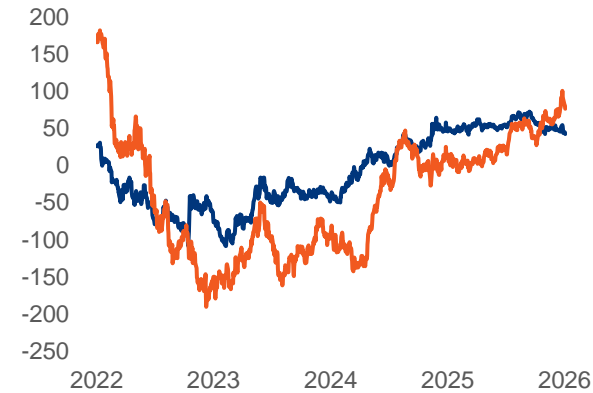
U.S. CPI YoY (%)



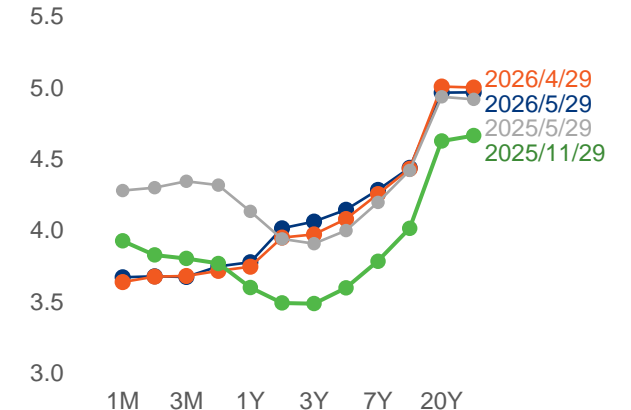
U.S. 10-Year Treasury Yield (%)



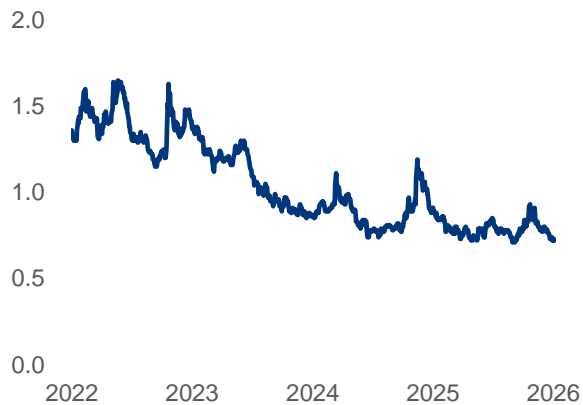
U.S. Treasury Yield Spread (bps)



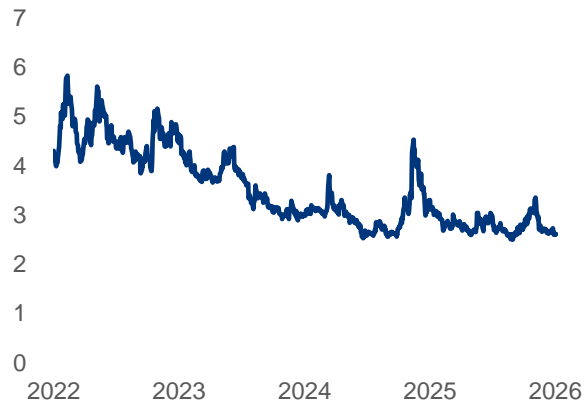
U.S. Treasury Yield Curve (%)



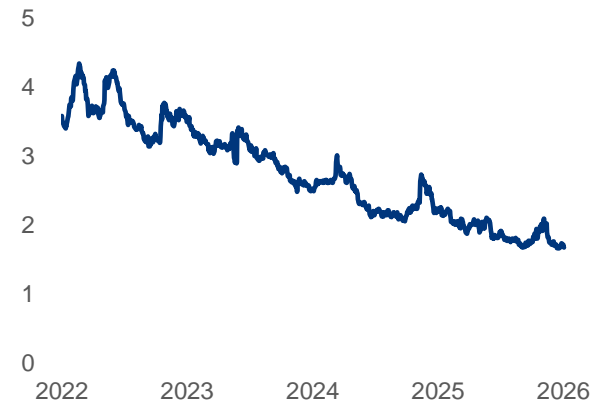
USD IG Credit Spread (%)



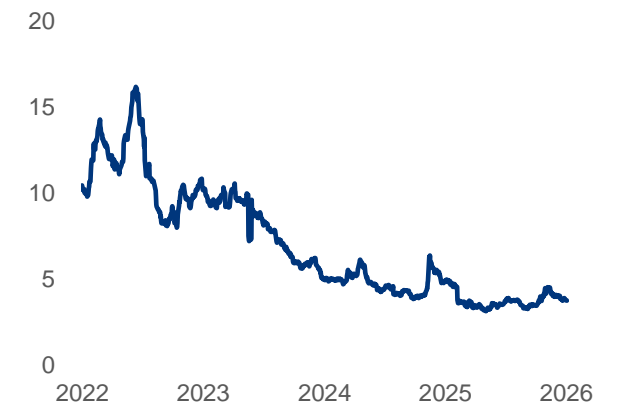
USD HY Credit Spread (%)



USD EM Credit Spread (%)



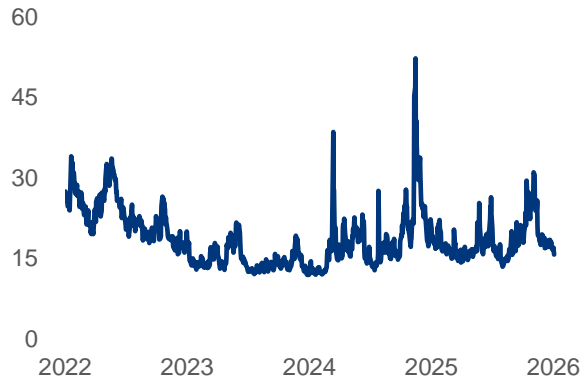
USD Asia Credit Spread (%)



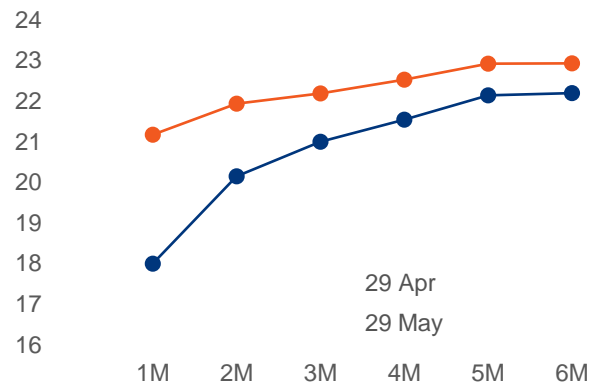
Source: Bloomberg

Market Monitor

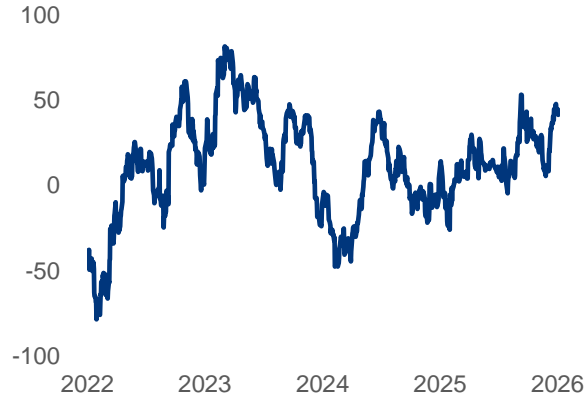
VIX Index



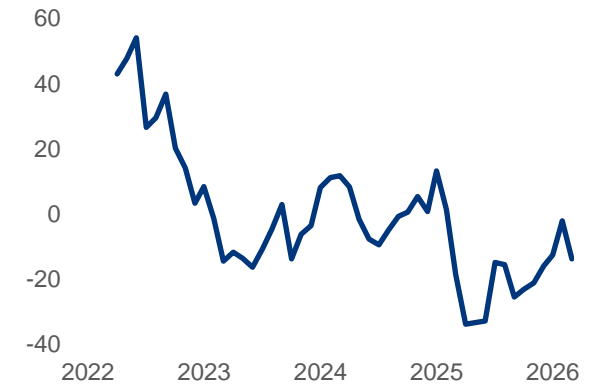
VIX Term Structure



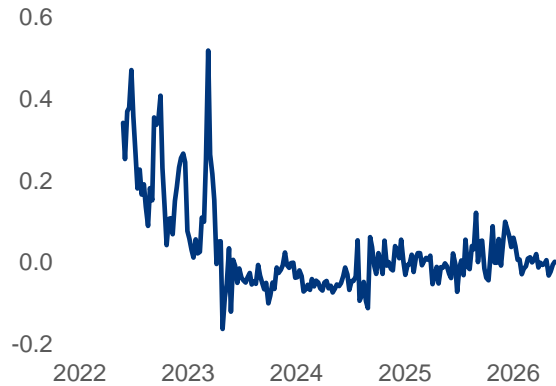
U.S. Citi Economic Surprise Index*



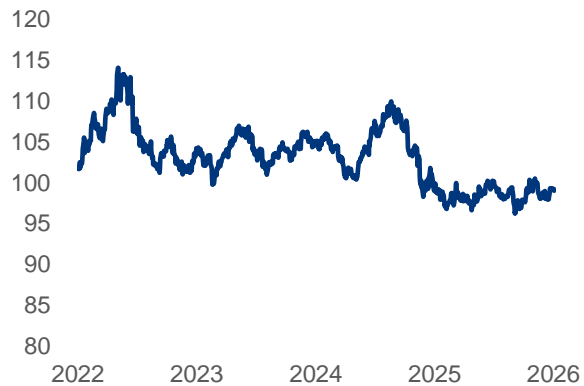
U.S. Citi Inflation Surprise Index*



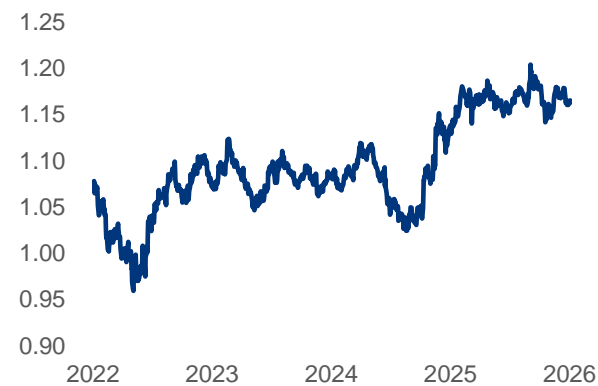
TED Spread (bps)



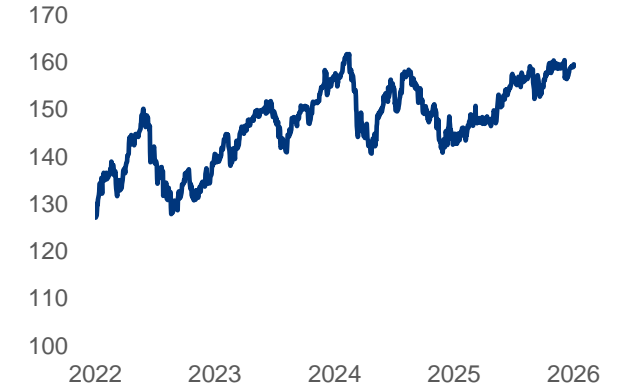
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg

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

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