



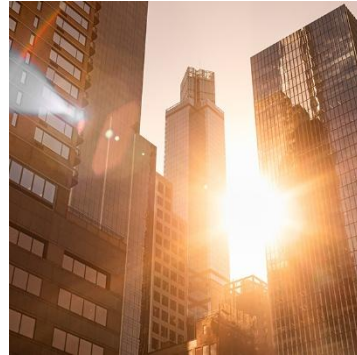
CIO Office **Global Markets Weekly Kickstart**

Investment Strategies for Rising Yields

15 June 2026

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Higher CPI and Strong Payrolls Lift Yields, Creating Buying Opportunities on Pullbacks



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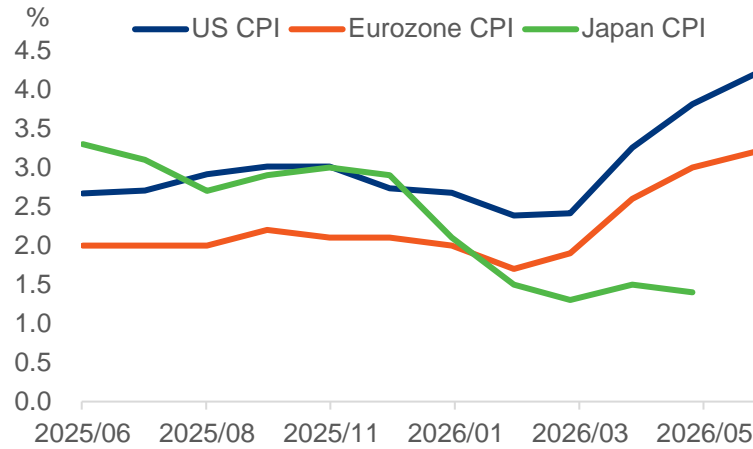
Selection of Equities, Bonds, Funds/ETFs

Chart of the Week

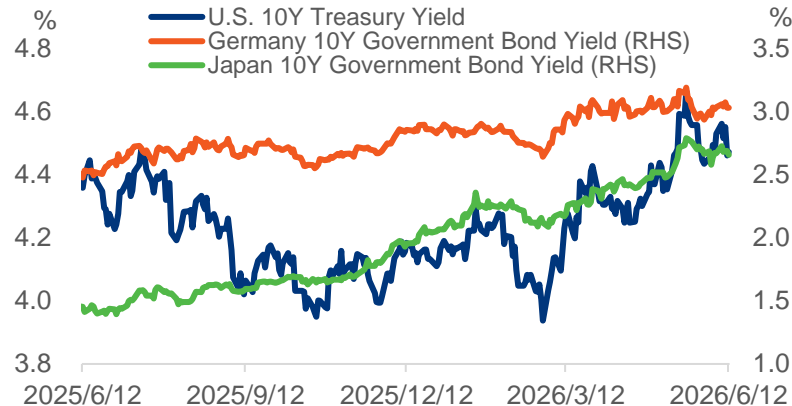
Higher CPI and Strong Payrolls Lift Yields, Creating Buying Opportunities on Pullbacks

- ▶ U.S. May CPI rose to 4.2% YoY from 3.8%, highlighting persistent inflation pressure amid elevated oil prices. Inflation has also turned higher in both the U.S. and Europe, while stronger-than-expected payrolls and upward revisions to prior months have reinforced concerns that the Fed could shift toward rate hikes in 2026, pushing U.S. 10Y Treasury yields above 4.5% and weighing on global bond markets.
- ▶ Historically, commodities perform best during periods of rising inflation, while equities tend to outperform when inflation remains elevated but starts to ease. Supported by AI-driven investment, resilient U.S. growth, and rising corporate margins, equities remain well-positioned. Beyond technology, improving profitability among cyclical sectors suggests AI spillover effects are broadening, making cyclicals a potential beneficiary of sector rotation during tech-led pullbacks.

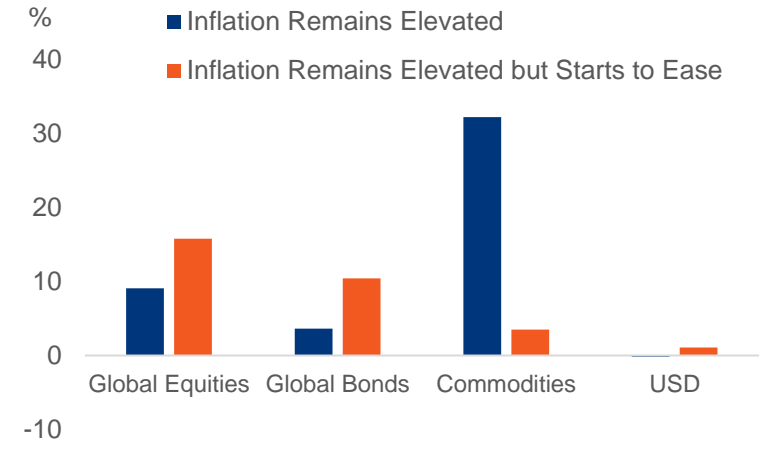
U.S. and Eurozone CPI Resume Uptrend, While Japan's Subsidies Temporarily Stabilize Inflation



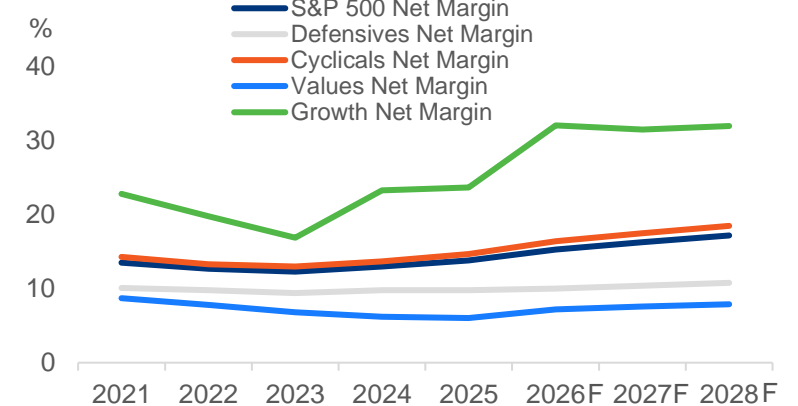
Long-Term Government Bond Yields Continue to Rise Across Major Markets



Diverging Inflation Trends Drive Divergent Asset Performance



Growth Sectors Deliver Strongest Margins, While Cyclical Continue to Improve



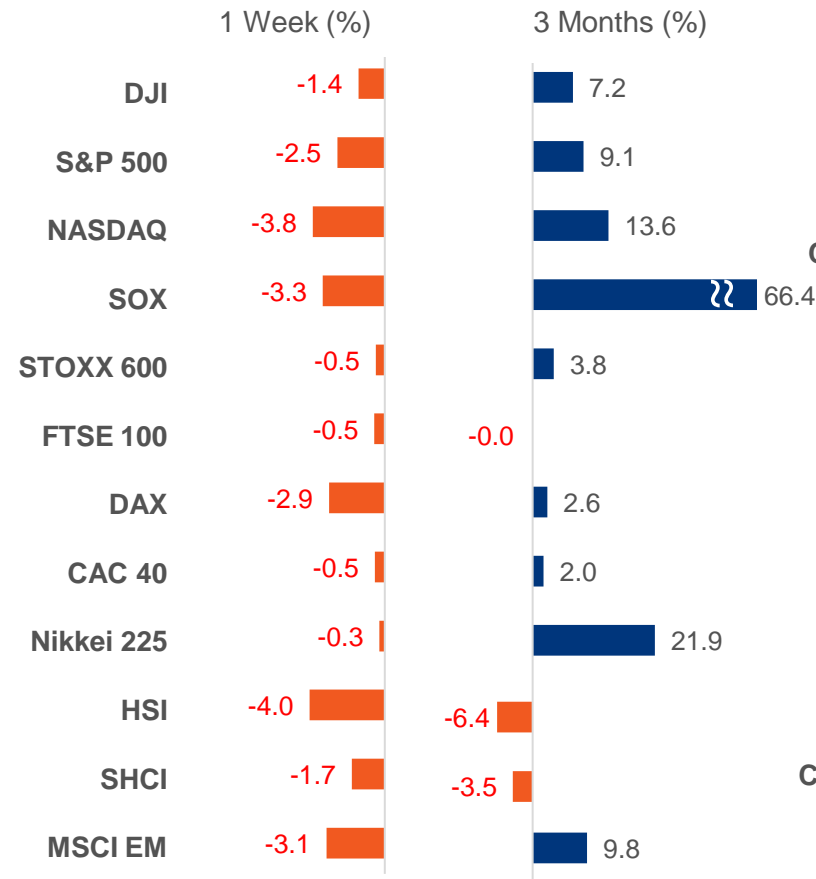
Source: Bloomberg, KGI

Market Recap

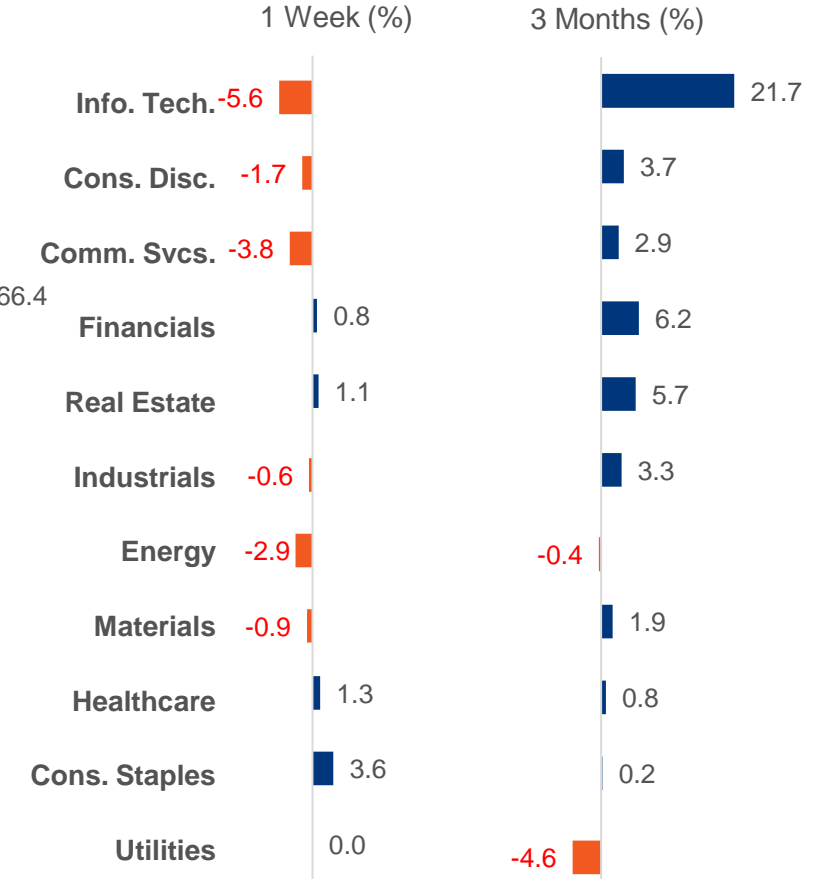
Inflation Rises Further; U.S.-Iran Talks Keep Markets Volatile

- ▶ Stronger-than-expected payrolls reinforced expectations of further Fed tightening, triggering profit-taking in semiconductor stocks after a strong rally. Meanwhile, May CPI matched expectations but rose further from April, underscoring persistent inflation pressure. Uncertainty surrounding U.S.-Iran negotiations also weighed on sentiment, as conflicting signals from both sides kept hopes for a peace deal in doubt and left U.S. equities unable to recover weekly losses.
- ▶ European equities were relatively resilient given their lower exposure to technology and semiconductors. However, the ECB's rate hike signals mounting inflation pressure and a shift toward tighter policy, limiting upside for the region's equity markets.
- ▶ At the sector level, volatility increased ahead of the SpaceX IPO. Although Oracle reported stronger-than-expected revenue and backlog growth, investors focused on rising AI data-center capex and future funding needs, weighing on broader technology stocks. Other sectors delivered mixed performance as investors remained cautious.

Regional Index Performance (%)



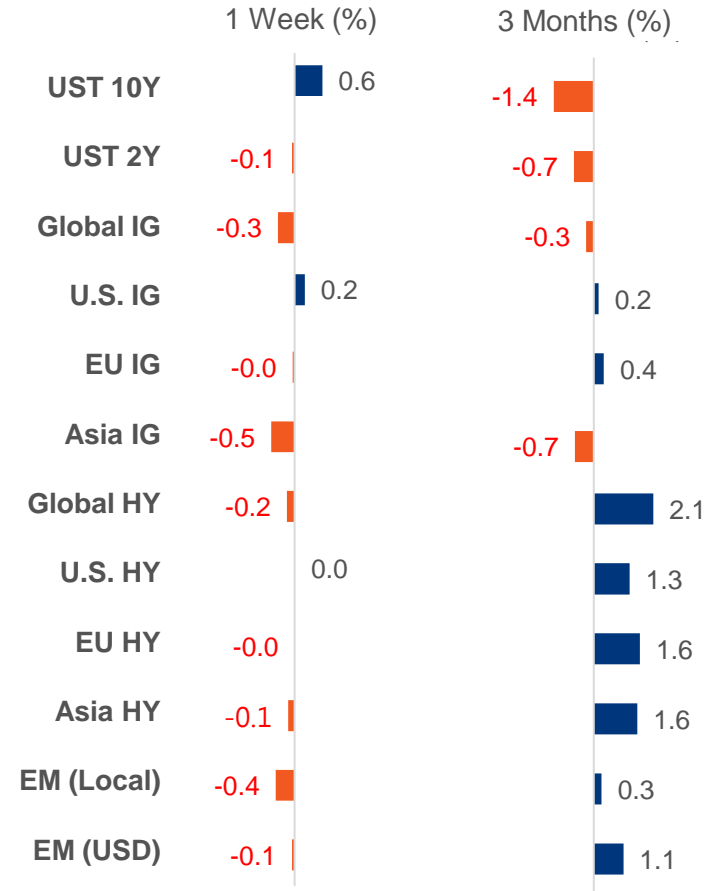
U.S. Sector Index Performance (%)



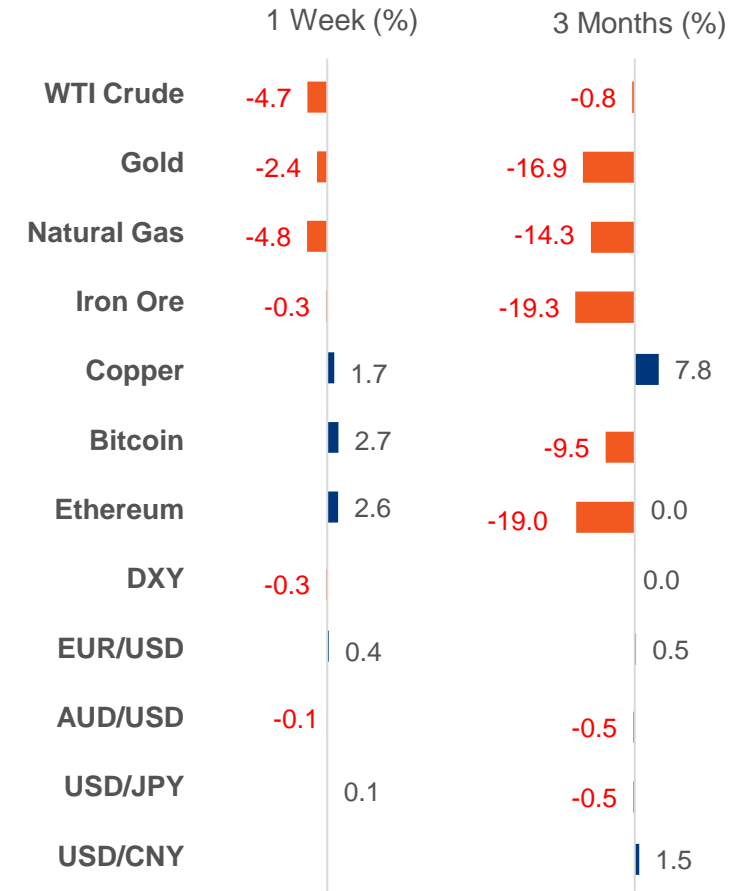
Bond Yields Fluctuate; USD Range-Bound as Oil Prices Ease

- ▶ Stronger U.S. inflation and employment data boosted expectations of Fed rate hikes and pushed Treasury yields higher. However, yields later retraced after President Trump suggested a U.S.-Iran agreement could be near. Despite higher sovereign yields, investment-grade bonds remained relatively stable, reflecting stronger confidence in corporate balance sheets than in increasingly indebted governments. High-yield bonds were also relatively resilient, supported by higher coupons and shorter duration. Overall, bond markets may remain volatile if government bond yields resume their upward trend.
- ▶ Oil prices retreated after renewed optimism over a potential U.S.-Iran agreement, while gold remained pressured by elevated Treasury yields. In FX markets, the USD traded in a narrow range, leaving most non-USD currencies slightly weaker. The euro found support from the ECB's 25 bps rate hike, with markets pricing in roughly 50 bps of additional tightening by year-end. The yen also strengthened modestly as markets continued to expect a 25 bps BOJ hike in June.

Performance of Bonds (%)

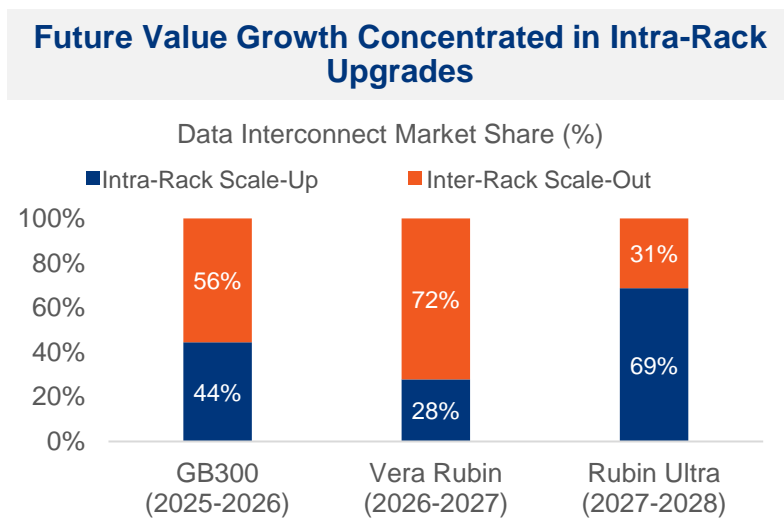
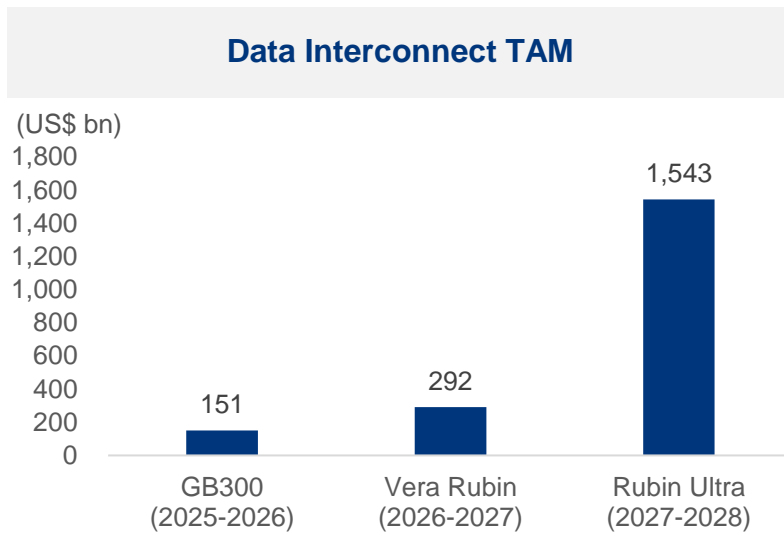


Performance of Commodities and Currencies (%)



Optical Networking Emerges as the Next AI Infrastructure Growth Driver

- ▶ As AI models become more complex, AI servers increasingly rely on cross-rack collaboration. Beyond computing power, higher-bandwidth connectivity is required to support massive data transfers, with transmission standards gradually upgrading from 800G to 1.6T. Traditional copper interconnects face signal degradation and heat-dissipation challenges at higher speeds, making optical networking the preferred solution for low-latency, high-performance connectivity.
- ▶ The shift toward optical networking is also driving rapid market expansion. Goldman Sachs estimates total addressable market (TAM) for AI data interconnects will grow from US\$15.1bn in 2026 to US\$154.3bn in 2028. Notably, 69% of demand is expected to come from within-rack connectivity, suggesting future growth will be driven more by scale-up upgrades inside server racks than by cross-rack deployment.
- ▶ Optical transceivers are evolving from pluggable modules toward silicon photonics and co-packaged optics (CPO), both designed to reduce transmission losses at higher speeds. As optical networking adoption accelerates alongside Nvidia's GPU roadmap upgrades, investors may look to beneficiaries across the optical communications supply chain.



Evolution of AI Server Interconnect Technologies

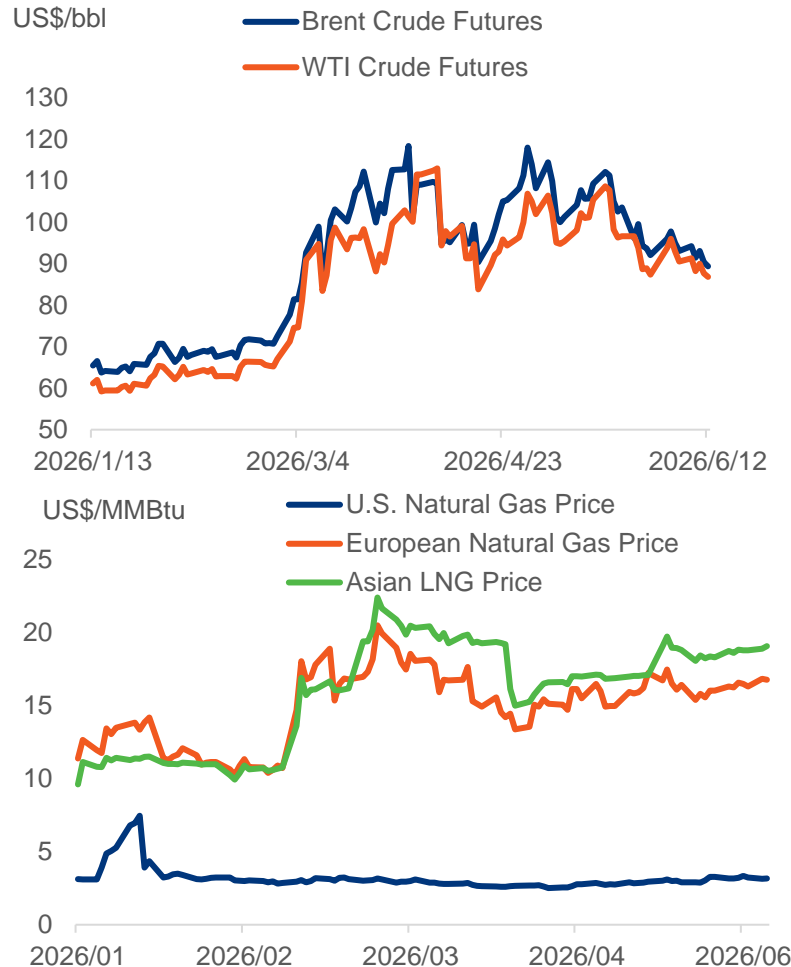
Evolution Stage	Transmission Standard	Key Technology	Bottlenecks Addressed / Applications
Stage 1: Traditional Architecture	400G / 800G	Copper Interconnects	Constrained by physical limits. Copper remains cost-effective, but higher speeds result in greater signal loss, power consumption, and thermal challenges.
Stage 2: Current Mainstream Upgrade	800G->1.6T	Pluggable Optical Transceivers	Inter-rack connectivity (Scale-Out). Replaces copper with optical transmission to address long-distance data transfer bottlenecks and has become the core technology for AI server interconnects.
Stage 3: Future Core Architecture (2026-2028)	1.6T->3.2T	Co-Packaged Optics (CPO) / Silicon Photonics	Intra-rack connectivity (Scale-Up). Integrates optical components with compute chips, significantly shortening transmission distance and addressing power and thermal constraints.

Source: Bloomberg, Goldman Sachs

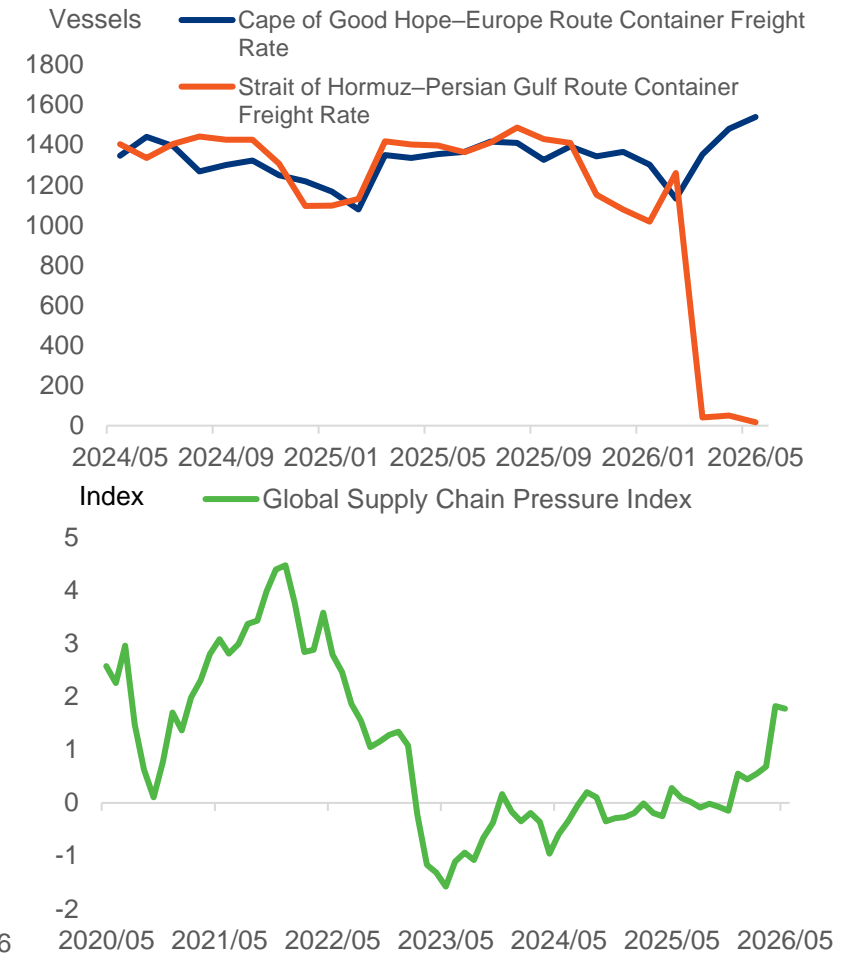
Elevated Energy Prices and Higher Shipping Costs Increase Supply Chain Pressure

- ▶ The Middle East ceasefire remains fragile, while U.S.-Iran peace talks have yet to reach a consensus. Restoring supply and rebuilding damaged infrastructure will take time. Although Saudi Arabia and the UAE can partially bypass the Strait of Hormuz through alternative pipelines, capacity remains limited, keeping oil prices elevated and volatile. Natural gas prices in Europe and Asia also remain well above U.S. levels. Given the region's longstanding religious, ethnic, and geopolitical tensions, market concerns are unlikely to disappear even if the Strait of Hormuz fully reopens.
- ▶ Disruptions in the Strait of Hormuz have forced some vessels to reroute around the Cape of Good Hope, lengthening transit times and raising both insurance and fuel costs. Freight rates remain well above pre-disruption levels, highlighting how geopolitical risks are increasing not only energy costs but also global shipping expenses, adding pressure to corporate manufacturing and logistics costs.
- ▶ The Fed's Global Supply Chain Pressure Index has risen notably, reflecting continued strain across global logistics and energy markets. With geopolitical tensions and structural energy-market challenges persisting, supply chain pressures may remain elevated for an extended period.

Oil Prices Remain Elevated, While U.S. Natural Gas Retains a Clear Cost Advantage



Higher Shipping Costs Increase Global Supply Chain Pressure

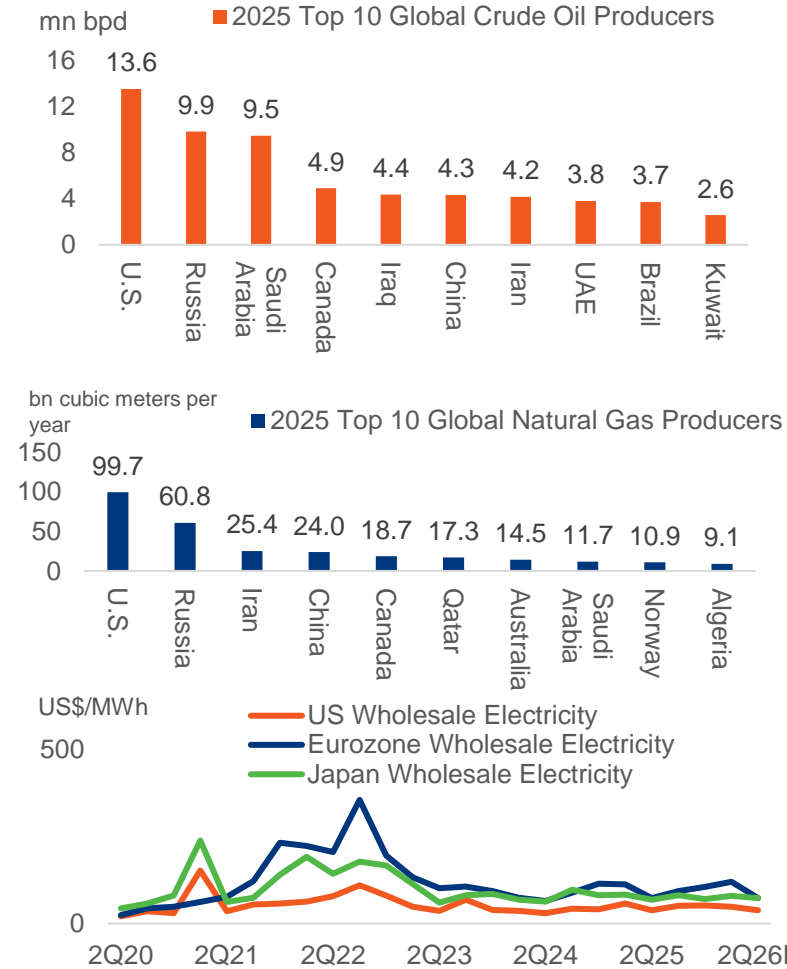


Source: Bloomberg

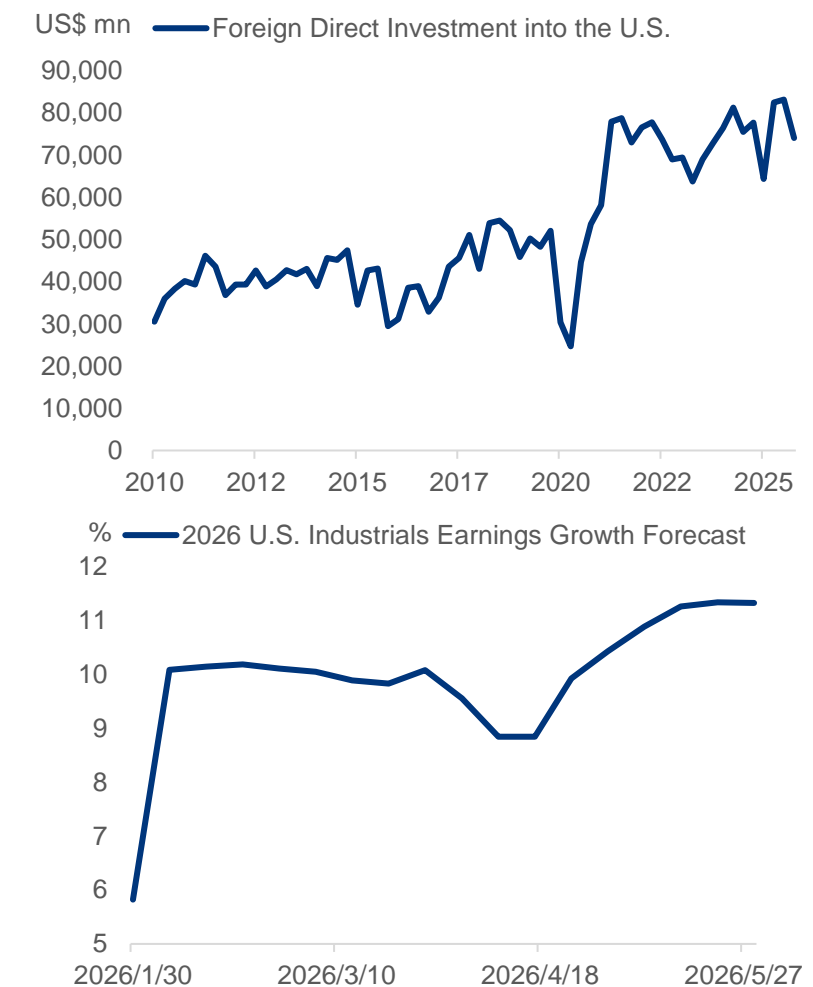
U.S. Energy Advantage, AI Investment, and Policy Support Drive Industrial Revival

- ▶ The U.S. has become a leading global producer of oil and natural gas following the shale revolution. Crude oil output exceeded 13.6mn bpd in 2025, while abundant supply and extensive pipeline infrastructure have kept U.S. natural gas prices well below those in Europe and Asia. High energy self-sufficiency and stable domestic supply give the U.S. a structural cost advantage, making it an attractive destination for corporate investment and supply-chain reallocation.
- ▶ Meanwhile, rapid AI adoption is driving demand for data centers, power infrastructure, servers, and cooling systems. Government policies, including tariffs and the One Big Beautiful Bill Act, are also encouraging onshore investment. Together, energy competitiveness, AI-led capex, and policy support are attracting capital back to the U.S., creating a favorable backdrop for industrial-sector earnings and equity performance.

U.S. Leads Global Oil and Natural Gas Production, Maintaining Low Power Costs



Rising FDI Supports Earnings Growth in U.S. Industrials



Source: Bloomberg

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ Renewed U.S.-Iran conflict and uncertain negotiations keep oil prices elevated and markets volatile. Strong corporate earnings support equities, but short-term profit-taking pressure is rising after recent gains. Favor quality growth themes, particularly AI and semiconductors, while maintaining diversified country and sector exposure. ◆ Europe and Japan remain key diversification markets. Japan offers greater technology exposure and earnings upside, with higher rates supporting bank stocks. In Europe, defense remains a key pillar, while UK equities may help reduce portfolio volatility. 	<p>Strategy: AI, technology, semiconductors; defense</p> <p>Regions: Japanese banks, Japanese semiconductor stocks, UK equities, European defense</p>
Bonds	<ul style="list-style-type: none"> ◆ Elevated oil prices have pushed the U.S. 30Y Treasury yield above 5% and kept yields high. Avoid excessive duration exposure and focus on short- to intermediate-duration bonds. Investment-grade credit remains relatively resilient and offers attractive opportunities after spread widening, particularly in financials, communications, utilities, and energy. ◆ A stronger USD supports diversification into non-USD bonds, including EUR- and AUD-denominated investment-grade credit. 	<p>Types: Intermediate-duration IG credit, especially financials, communications, utilities, and energy</p> <p>Satellite : Non-USD bonds for diversification.</p>
Forex	<ul style="list-style-type: none"> ◆ The June FOMC meeting will mark Warsh's first appearance as Fed Chair. Markets will focus on his comments and policy outlook. Persistent inflation should keep the Fed on hold, supporting the USD. ◆ A stronger USD may pressure most non-USD currencies, with the RMB among the few exceptions supported by policy. 	<p>USD: Near-term strength remains supported.</p> <p>Most non-USD currencies remain under pressure; RMB relatively firm</p>
Commodity	<ul style="list-style-type: none"> ◆ Energy markets remain tight, keeping oil prices elevated and volatile. ◆ Higher U.S. yields and a stronger USD may pressure gold near term. However, rising sovereign debt and ongoing central-bank purchases should support long-term gold demand, making pullbacks buying opportunities. 	<p>Gold: retains long-term upside potential; accumulate on weakness</p>

Shift Toward Defensive Stocks as Risk Appetite Fades

► **Capital Concentration in AI, Defensive Value of High CET1**

Market funds are overly concentrated in AI and other hot tech sectors, with valuation and volatility risks building. By contrast, Chinese banks show improving asset quality as NPL ratios decline alongside economic recovery. In a shift of risk appetite, state-owned banks with high CET1 ratios stand out for strong defensive capacity, ample buffers against cycles, and solid support for expansion and stable dividends.

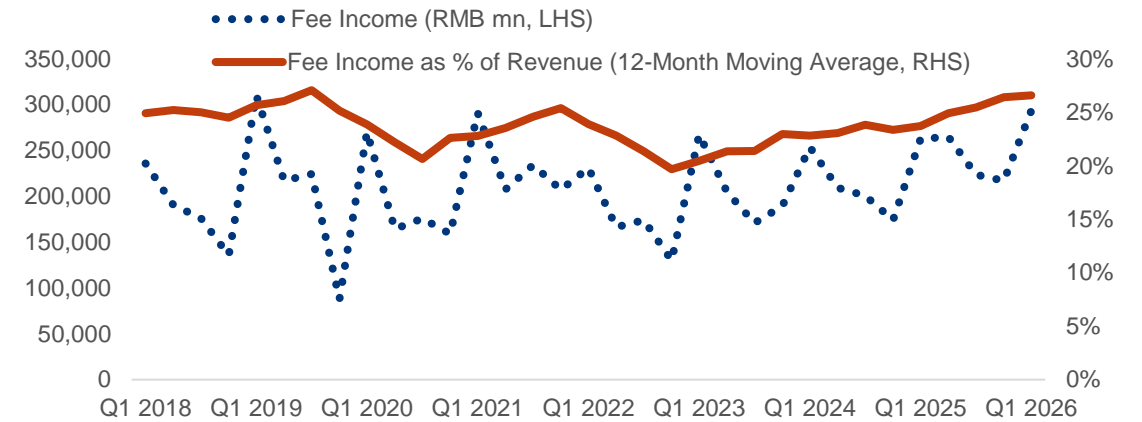
► **Slower PBoC Easing, NIM Pressure Eases**

China’s central bank has slowed its rate-cut pace, giving banks breathing room. With easing expectations cooling, large banks face reduced NIM compression. Low funding costs ease liability pressure, and some state-owned banks with superior liability management may even see quarterly NIM expansion, offsetting yield declines and reinforcing core profitability.

► **Earnings Mix Transformation, Non-Interest Income as Growth Driver**

With traditional loan-deposit spreads constrained, stock selection should favor banks actively boosting non-interest income. Service fees are rising, driving PPOP growth back on track. By expanding wealth management, custody, and cross-border trade services, these banks reduce reliance on spreads. In a low-rate cycle, robust non-interest income growth becomes a new revenue engine, showcasing resilience and structural strength.

Service Fee Share Rising at China’s Big Six Banks



Pre-Provision Operating Profit Growth (YoY) at China’s Six Major Banks



Construction Bank (939 HK)

Closing Price HK \$8.69

Target Price HK \$10.4

Construction Bank is one of the four major state-owned banks, its operations span both developed regions and rural areas. CCB leverages a coordinated nationwide service network to secure large corporate clients, while its extensive branch presence strengthens its retail customer base.

Net Interest Margin Rebound, Strong NII Growth

China Construction Bank delivered a surprising NIM expansion of about 7–8 bps in Q1, the best among large state-owned banks. This was driven by significant liability cost improvement, fueling a robust 8.1% YoY increase in net interest income. With continued deposit repricing optimization, downside pressure on NIM is expected to ease, providing a solid foundation for stable core revenue growth.

Explosive Non-Interest Income, Strong Fee and Trading Gains

CCB showed powerful momentum in non-interest income, underscoring its focus on diversification. Trading and investment gains surged over 90% YoY, while net fees and commissions rose 6.7%, supported by expanding wealth management, settlement, and custody businesses, alongside higher agency fees from revived capital market activity. This diversified income mix reduces reliance on interest income and enhances revenue resilience.

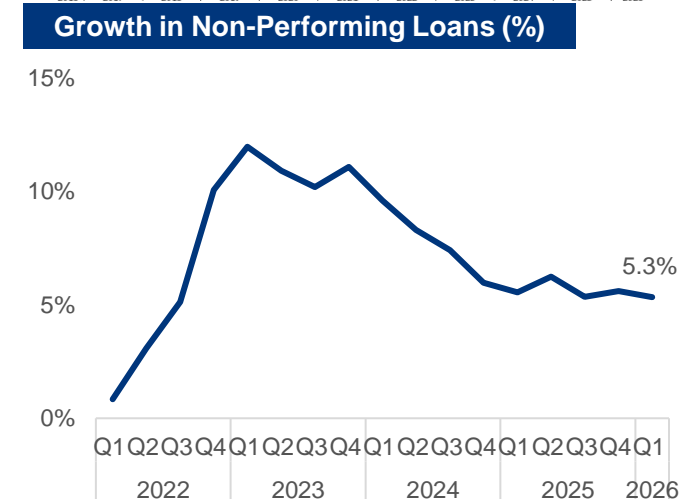
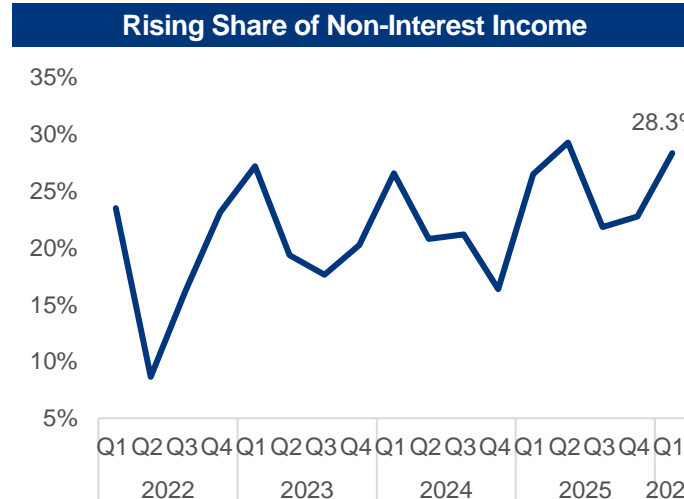
Stable Asset Quality, Ample Risk Buffer

Despite macro challenges, asset quality remained solid. Q1 NPL ratio held steady at 1.31%, with provision coverage around 234%, reflecting prudent risk management. Among state-owned peers, CCB maintains one of the highest CET1 ratios, reinforcing its defensive strength.

Defensive Appeal and Dividend Attractiveness

CCB offers strong defensive characteristics and investment appeal, with a dividend yield above 5% providing a reliable cushion. Its high CET1 ratio further supports stability, making it a quality choice for investors seeking certainty and sustainable payouts.

Financials	2023	2024	2025	2026F	2027F
Revenue (CNY b)	745	728	740	780	823
Revenue YoY	-1.6	-2.3	-1.7	5.4	5.4
Adj. EBITDA (CNY b)	1.29	1.29	1.28	1.33	1.39
EBITDA YoY	0.7	0	-0.8	3.6	5.2
Asset Depre (CNY b)	1.37	1.34	1.31	1.31	1.28



Source: Bloomberg

Bank of China (3988 HK)

Closing Price HK \$5.37

Target Price HK \$6.7

Bank of China is one of China's largest state-owned banking groups, ranking among the top domestically in deposits, loans, and total assets. Bank of China operates overseas through branches, subsidiaries, and representative offices in 27 countries, underscoring its global footprint and diversified presence.

Strong Non-Interest Income Growth, Cross-Border Settlement Advantage

Bank of China's non-interest income surged nearly 12.9% YoY, in line with the sector's push to diversify revenue. Net fees and commissions rose 5.6%, lifting their share of total revenue, supported by strengths in cross-border wealth management, agency commissions, and international trade settlement. With China's export momentum recovering and RMB internationalization accelerating, demand for cross-border RMB settlement and FX services continues to rise. Investment gains also jumped over 50% YoY, further boosting overall revenue and highlighting strong growth potential in non-interest businesses.

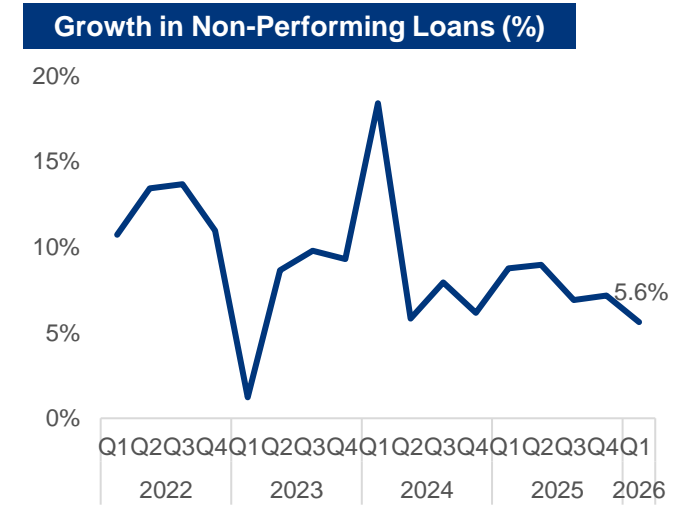
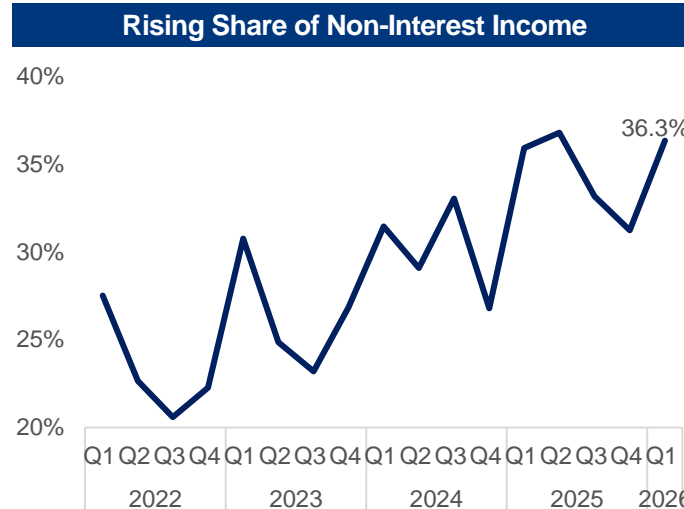
Robust Corporate Loan Growth Driving Core Revenue

BOC demonstrated strong credit expansion, with total loans up 8.1% YoY and 4.5% QoQ. Growth was driven mainly by corporate loans, which rose about 12% YoY, offsetting weaker retail lending. Overseas loan growth also accelerated. This expanding loan base, combined with a stabilizing NIM, supported a solid 7.8% YoY increase in net interest income. The dual engines of corporate lending and overseas expansion underpin resilient core profitability.

Non-Interest Income and Overseas Lending Support Stability

By actively growing non-interest income and overseas lending, BOC strengthens its defensive profile. With an expected dividend yield of 4.8%–5.0%, the bank offers attractive stability and income appeal.

Financials	2023	2024	2025	2026F	2027F
Revenue (CNY b)	624	632	659	699	745
Revenue YoY	6.4	1.4	4.3	6.0	6.6
Adj. EBITDA (CNY b)	0.74	0.75	0.74	0.75	0.79
EBITDA YoY	2.8	1.4	-1.3	1.4	4.7
Asset Depre (CNY b)	1.27	1.25	1.23	1.22	1.21



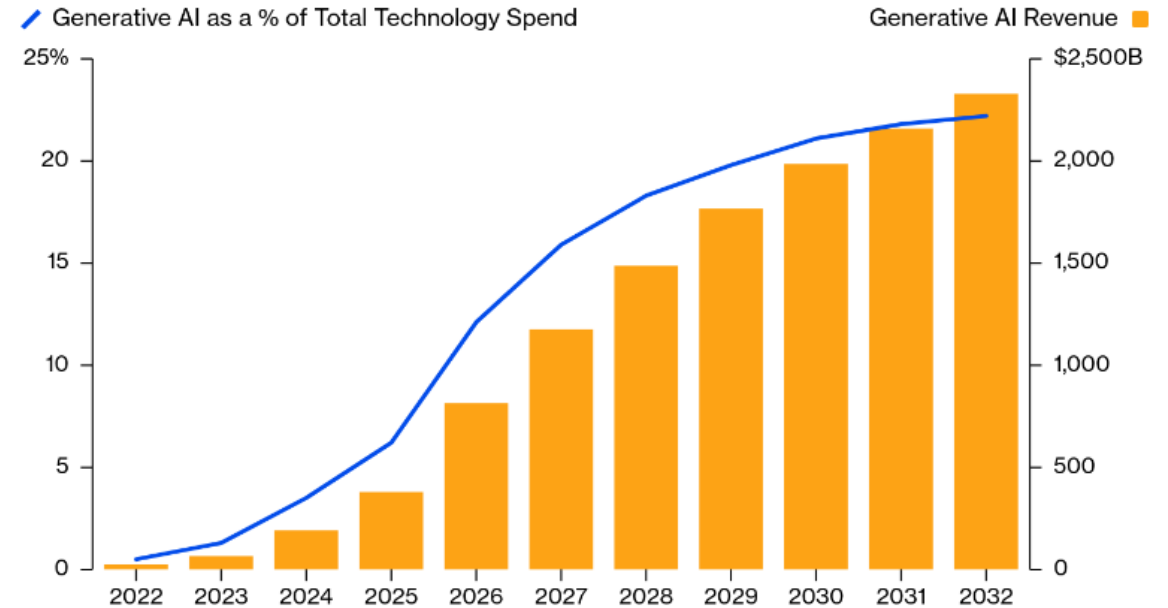
Source: Bloomberg



Positive Outlook for U.S. Magnificent Seven , Valuation Recovery Expected

- ▶ May CPI rose 0.5% MoM, lower than April's 0.6% and in line with expectations. Core CPI increased 0.2%, below April's 0.4% and slightly under the 0.3% forecast.
- ▶ May PPI climbed 1.1% MoM, matching the revised prior figure and above the 0.7% consensus. Core PPI rose 0.4%, lower than the revised 0.7% and below the 0.5% estimate.
- ▶ June preliminary University of Michigan consumer sentiment came in at 48.9, stronger than expectations of 46.0 and the prior 44.8.
- ▶ The Magnificent Seven outlook remains broadly positive, though investment differentiation is increasing. AI continues as the core growth driver: Microsoft, Amazon, Alphabet, and Meta are expanding cloud and data center capex, while Nvidia remains the most direct beneficiary of AI infrastructure demand. Market focus is shifting toward cash-flow returns and monetization, as heavy capex may constrain free cash flow and buyback capacity.

Generative AI Spending and Revenue



Source: Source: Bloomberg Intelligence, IDC, eMarketer



Meta (META US)

Closing Price US \$566.98

Target Price US \$700

Meta Platforms, Inc. is a social technology company that builds apps and tools for community connection, business growth, and immersive tech like advertising, AR, and VR.

AI Enhancing Ad Monetization, Meta Exploring New Revenue Streams

Meta's core value remains its resilient advertising business. AI enhances recommendation systems, targeting, user engagement, and campaign efficiency across Facebook, Instagram, and WhatsApp. Beyond ads, Meta is testing paid subscriptions for core apps and AI services, while investing heavily in AI infrastructure to expand monetization channels.

Meta Actively Securing AI Infrastructure Capacity

Meta is aggressively building data center capacity and clean energy supply to meet surging AI demand. It recently leased a 168MW AI-oriented data center from India's Reliance, with expansion rights, and procured nearly 1GW of renewable energy. These moves strengthen its long-term AI backbone and ability to serve fast-growing digital markets.

Strong Q1 FY2026 Results, Capital Expenditure Set to Rise

Revenue reached USD 56.31B (+33.1% YoY), beating estimates by USD 760M. GAAP EPS was USD 10.44, exceeding forecasts by USD 3.78. Q2 revenue guidance: USD 58–61B. FY2026 total expenses projected at USD 162–169B, with capex at USD 125–145B.

Valuation Consensus

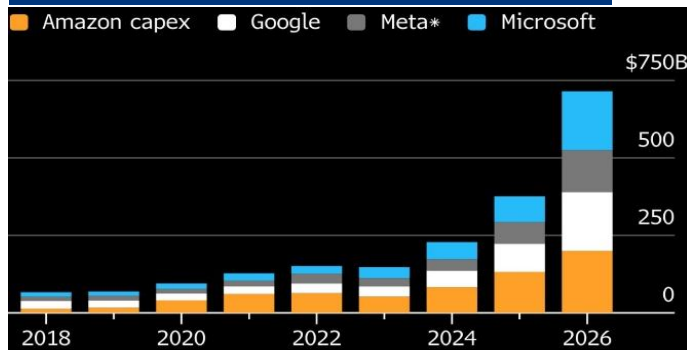
Bloomberg's 12-month average target price: USD 820.76 (high: USD 1,015; low: USD 700).

Source: Bloomberg, Company

1-Year Price



2026 Projected Capital Expenditure



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

Source: Bloomberg, company filings

Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	15.7	21.9	22.2	25.9	19.2
EBITDA (%)	50.1	53.3	52.1	49.1	50.7
EPS(USD)	17.13	23.98	29.33	35.38	38.54
Net Profit Margin(%)	33.4	38.1	37.6	37.8	34.9

Source: Bloomberg; 2026/27F are market estimates

P/E & P/B



Nvidia (NVDA US)

Closing Price US \$205.19

Target Price US \$250

A technology company providing platforms for scientific computing, artificial intelligence, data science, autonomous vehicles, robotics, the metaverse, and 3D internet applications. It also maintains a strong focus on PC graphics and serves customers worldwide.

NVIDIA Expanding into Full AI Factory Systems

NVIDIA is evolving beyond GPU chips into a comprehensive AI factory ecosystem, spanning accelerated computing, networking, software, memory, and data center reference architectures. Two landmark collaborations reinforce its leadership: with SK Telecom to build gigawatt-scale AI factories using the DGX platform, and with SK Hynix to co-develop next-gen high-bandwidth memory aligned with the Vera Rubin blueprint.

AI Data Center Demand Outstripping Supply

Current AI infrastructure demand exceeds existing data center, power, and memory capacity. Newmark estimates global AI adoption could require an additional 250GW of data center capacity. U.S. hyperscalers are projected to spend nearly USD 700B in 2026 on AI infrastructure. This capital wave underpins long-term demand for NVIDIA's GPUs, networking, memory ecosystem, and AI factory architecture, especially as AI shifts from training to inference, agents, and embodied intelligence.

Q1 FY2027 Results Beat Expectations

Revenue reached USD 81.62B (+85.2% YoY), exceeding estimates by USD 2.65B. Non-GAAP EPS was USD 1.87, beating forecasts by USD 0.10. Q2 revenue guidance: USD 91B \pm 2%, excluding China data center compute. GAAP and Non-GAAP gross margins are guided at \sim 74.9–75.0% \pm 50bps.

Valuation Consensus

Bloomberg 12-month average target price: USD 301.72 (high: USD 425; low: USD 180).

Source: Bloomberg, Company

1-Year Price



Q2 FY2027 Outlook

	Q2 FY27
Revenue	\$91.0 billion*
Gross Margin %	75.0%
Operating Expenses	\$8.3 billion

Financials

	2024	2025	2026	2027F	2028F
Revenue Growth(%)	125.9	114.2	65.5	79.5	41.2
EBITDA (%)	58.1	64.6	62.1	66.4	66.1
EPS(USD)	1.20	2.93	4.36	8.94	12.56
Net Profit Margin(%)	49.3	55.7	49.5	56.0	56.1

Source: Bloomberg; 2027/28F are market estimates

P/E & P/B





Taiwan Stocks Enter Short-Term Volatility, Focus on Server Upgrade Supply Chain

Taiwan Stocks: Short-Term Volatility with Sector Divergence

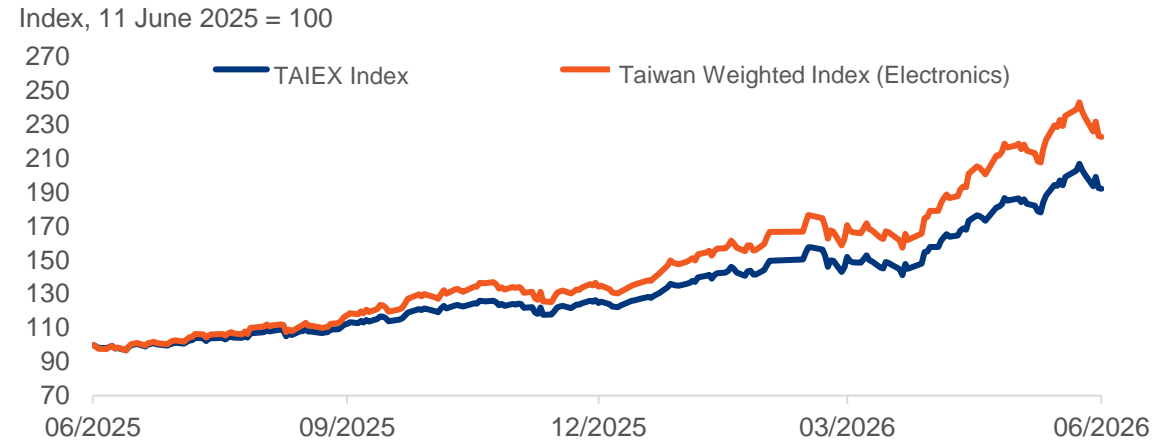
Recent weakness in electronics weighed on the TAIEX, while financials and traditional industries showed relative resilience. Until leading tech names recover above short-term averages, the market remains in a consolidation phase. Watch opticals and passive components as strength indicators; focus trading on memory, substrates, CCL, test interfaces, and low-orbit satellites.

Vera Rubin Platform Mass Production: Capturing New AI Application Upside

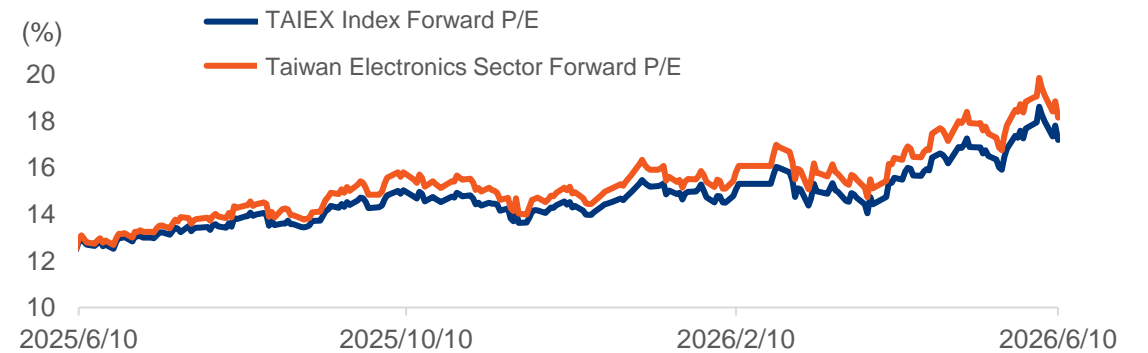
Despite near-term correction, the AI investment cycle remains intact. Taiwan’s layout should emphasize: Server infrastructure upgrades – Vera Rubin supply chain (advanced packaging, liquid cooling, power, CCL/PCB, high-speed transmission, memory). Emerging AI applications – AI glasses and humanoid robots. KGI maintains a 2026 target of 50,000 points, with upside as earnings revisions continue. At ~19x 2027E P/E versus historical peak of 21x, valuation still has room. Strategy: prioritize Vera Rubin upgrade beneficiaries, while tracking AI end-application opportunities to capture growth from infrastructure to consumer adoption.

Source: Bloomberg

TAIEX Index and Taiwan Electronics Sector Trends



TAIEX Index and Taiwan Electronics Sector Forward P/E Trends



Zhen Ding Technology Holding Limited (4958 TT)

The company manufactures printed circuit boards. Its product portfolio includes high-density interconnect boards, flexible PCBs, rigid PCBs, and other related offerings, serving a broad range of global customers.

Key Features

TSMC 3D Fabric Supply Chain Inclusion

The company has been listed among six substrate suppliers in TSMC's advanced packaging 3D Fabric alliance. Beyond supplying BT substrates for Apple's baseband in CSP packaging, it will begin shipping CoWoS ABF substrates from its Kaohsiung advanced plant in 3Q26, with Shenzhen joining later. KGI expects revenue contribution to reach low single digits in 4Q26 and double by 2027.

2026: Start of a New High-Growth Cycle

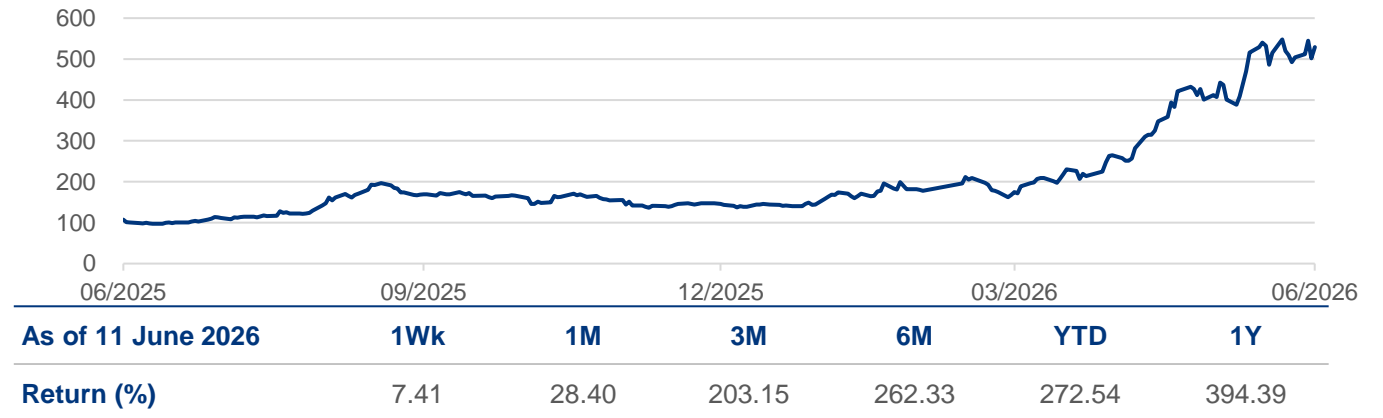
Management sees high-end AI applications (substrates, optical modules, AI servers) rising from 20% to 25% of revenue in 2026. KGI projects contributions of ~9.8% from substrates, 10.5% from AI servers, and 4.7% from optical modules (800GbE and 1.6TbE).

Financials					
	2023	2024	2025F	2026F	2027F
EPS (NTD)	6.55	9.67	6.91	16.92	26.71
EPS Growth (%)	-56.4	47.6	-28.6	144.9	57.9
P/E Ratio	76.7	51.9	72.7	29.7	18.8
ROE (%)	6.4	9.0	5.8	13.8	19.3

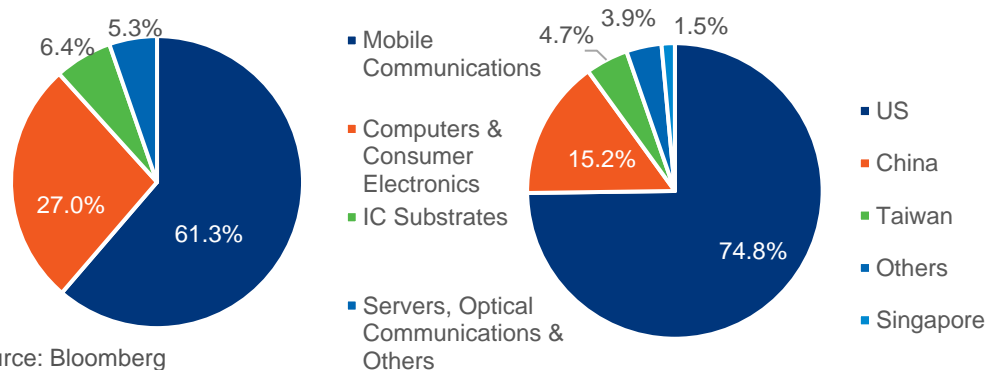
Source: Company data, estimates of KGI analyst

Valuations		5Y Avg.	Current
Price	117.00		1,280
P/E	7.02		61.15
P/B	1.87		11.22

1-Year Price



Revenue Sources and Regions



Source: Bloomberg

ASPEED Technology Inc. (5274 TT)

A fabless IC design company specializing in server management controllers, PC/AV remote extension solutions, desktop virtualization, and security enhancement technologies.

Key Features

Q3 2026 Operations Remain Strong

Guided gross margin of 67–68% reflects the company’s strategy of prioritizing customer demand amid supply chain tightness, even at the expense of short-term cost increases. By fully meeting client needs during shortages, ASPEED builds durable competitive barriers. Revenue acceleration will hinge on tangible easing of supply bottlenecks.

Supply Chain Constraints Easing in 2H26

The company has completed validation of electronic-grade glass fabric, which should ease substrate bottlenecks once applied across product lines. The company is also qualifying alternative packaging/testing sources to reduce back-end capacity risk, while front-end wafer supply is set to expand in 4Q26. Together, these measures position ASPEED to overcome capacity constraints and prepare for 2027 order conversion. With bottlenecks resolved, growth will shift toward higher per-server value content, leveraging strengths in server management ICs, optical modules, and AI server integration, marking the start of a new structural cycle.

Financials

	2024	2025	2026F	2027F	2028F
EPS (NTD)	68.0	103.9	191.6	334.6	510.6
EPS Growth (%)	155.2	52.7	84.4	74.6	52.6
P/E Ratio	257.6	168.6	91.5	52.4	34.3
ROE (%)	54.3	59.5	88.7	102.5	93.0

Source: Company data, estimates of KGI analyst

Valuations

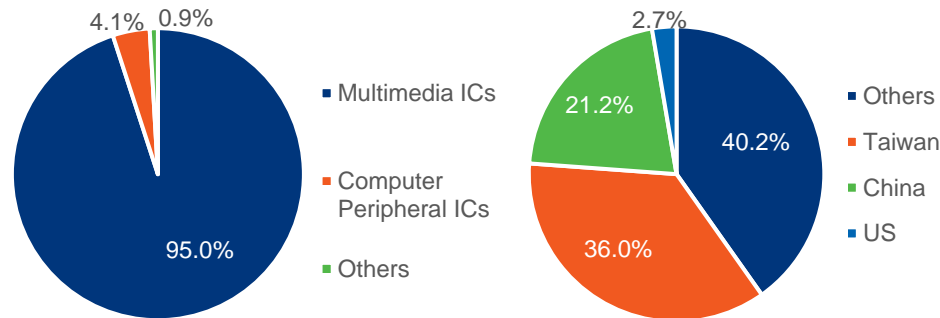
	Value	5Y Avg.	Current	Value
Price	1,465			18,950
P/E	27.00			160.77
P/B	13.45			120.18

1-Year Price



As of 11 June 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-3.64	-1.26	75.04	158.82	142.42	277.68

Revenue Sources and Regions



Source: Bloomberg

Market Correction, Multi-Asset Portfolios Buffer Volatility

► KGI Diversified Growth & Income Fund

- KGI Group has partnered with century-old asset manager Loomis Sayles to enhance asset allocation precision and strengthen short-term volatility management.
- Founded in 1926, Loomis Sayles manages USD 425.5 billion and is a subsidiary of Natixis under France's BPCE Group, which oversees USD 1.008 trillion — reinforcing reliability and professional strength as KGI's long-term partner.
- Over six years of collaboration, the multi-asset strategy has consistently outperformed peers through multiple market shocks.
- The fund balances growth equities and high-yield bonds with investment-grade debt and equity options to mitigate downside risk, with bond ratings concentrated in the BBB+ to BB range.
- 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.
- 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	24.7
	Communication Services	15.9
	Consumer Discretionary	9.2
	Energy	6.8
	Industrials	6.8
Top 5 Asset Allocation (%)	Equities	62.6
	Non-IG Bonds	17.1
	IG Bonds	15.3
	Derivatives & Others	21.4
Top 5 Holdings (%)	Invesco QQQ Trust Series 1	4.6
	Alphabet Inc.	3.6
	Microsoft Corporation	3.5
	Apple Inc.	3.4
	Amazon.com, Inc.	3.2

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

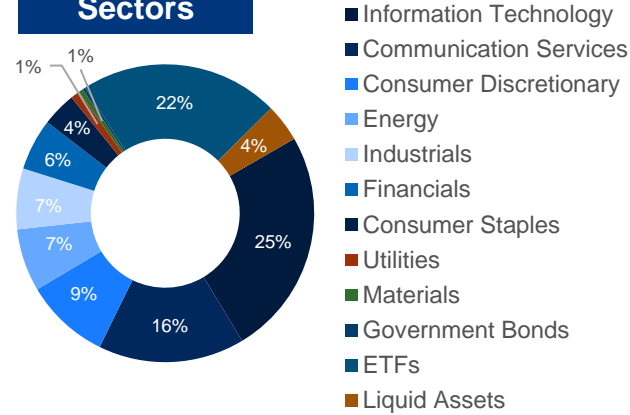
The fund leverages the combined expertise of KGI Group and renowned asset manager Loomis Sayles to improve asset allocation precision and manage short-term volatility. Founded in 1926 and managing US\$425.5B in assets, Loomis Sayles identifies long-term value through rigorous research, risk control,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

Monthly Dividend Payout

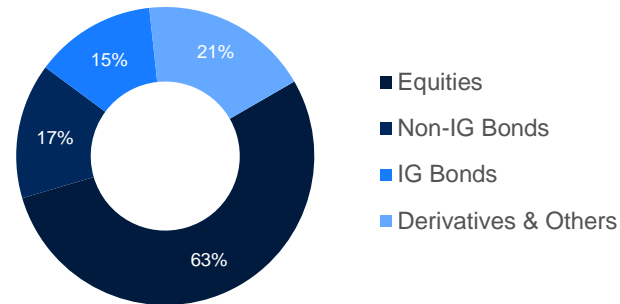
The fund offers a monthly distribution share class with a target annualized payout rate of 8%.

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

Sectors



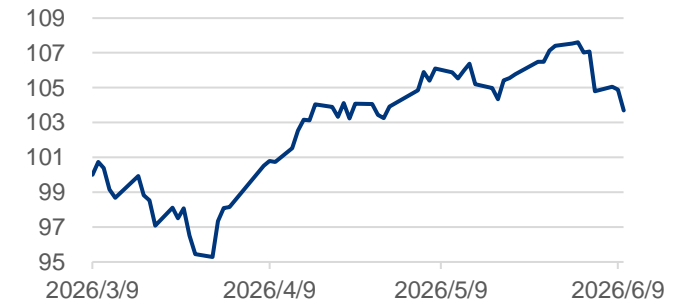
Asset



Top-5 Holdings (%)

Invesco QQQ Trust Series 1	4.6
Alphabet Inc.	3.6
Microsoft Corporation	3.5
Apple Inc.	3.4
Amazon.com, Inc.	3.2

NAV (Since Inception)



As of 9 June 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-1.13	4.89	-	-	-	-

Source: Morningstar

Oil Prices Stay Elevated, Supporting U.S. Manufacturing Reshoring Trend

► First Trust RBA American Industrial Renaissance ETF (AIRR)

- Tracks the Richard Bernstein Advisors American Industrial Renaissance Index.
- Focuses on companies in infrastructure, manufacturing, transportation, and related services (including banking), selecting mid- and small-cap firms with at least 75% of revenue from the U.S. domestic market.
- Highly concentrated in industrial stocks, with sector weight exceeding 90%.
- Holds a Morningstar 5-star rating, with standout performance — 3-year annualized return of 35%.

► iShares U.S. Manufacturing ETF (MADE)

- Tracks the S&P U.S. Manufacturing Select Index.
- Invests in companies engaged in manufacturing and related industries, generating significant revenue in the U.S..
- Concentrates on large-cap blue-chip leaders, with top holdings including Eaton, Caterpillar, Deere, and Honeywell.
- More diversified than AIRR, holding 114 stocks, with the largest single position accounting for less than 5%.

Product	First Trust RBA American Industrial Renaissance ETF (AIRR)	iShares U.S. Manufacturing ETF (MADE)
Features	<ul style="list-style-type: none"> ■ Focused on Domestic Demand, Pure Mid-Cap Industrials ■ Unique Allocation to Community Banks, Single Holding Cap at 4% 	<ul style="list-style-type: none"> ■ U.S. Reshoring Focus, Industrial & Infrastructure Leaders ■ Blending Traditional + Tech Hardware for Automated Manufacturing
AUM	USD 10.618 billion	USD 56.46 million
Tracking Index	Richard Bernstein Advisors American Industrial Renaissance Index	S&P U.S. Manufacturing Select Index
Exchange	NASDAQ	NYSE
Holdings	52	114
Expense Ratio	0.69%	0.40%
3M/YTD Reutrnr	9.43% / 24.94%	3.47% / 15.56%
Top Sector Allocations (%)	Construction & Engineering 33.35 Transport & Logistics 14.34 Aerospace & Defense 9.60 Electrical Equipment 8.80 Banking 7.52	Electrical Equipment 37.71 Machinery 16.14 Aerospace & Defense 12.41 Diversified Industrials 8.00 Transportation Equipment 7.74
Holdings (%)	Sterling Infrastructure Inc 7.77 CH Robinson Worldwide Inc 7.42 Saia Inc 7.29 Comfort Systems USA Inc 4.97 EMCOR Group Inc 4.68	Caterpillar Inc 4.68 Amphenol Corp 4.29 Cummins Inc 4.24 Eaton Corp PLC 4.08 Vertiv Holdings Co 4.02

Source: Bloomberg

First Trust RBA American Industrial Renaissance ETF (AIRR)

Profile

The ETF tracks the Richard Bernstein Advisors American Industrial Renaissance Index, aiming to replicate the performance of its constituent stocks and deliver returns aligned with the index.

Focus on U.S. Domestic Mid-Cap Industrials

Tracks an index excluding firms with over 25% overseas revenue, concentrating on Russell 2500 industrials to ensure portfolio growth reflects U.S. capital spending and domestic demand rather than multinational exposure.

Dual Themes: Industrials + Community Banks

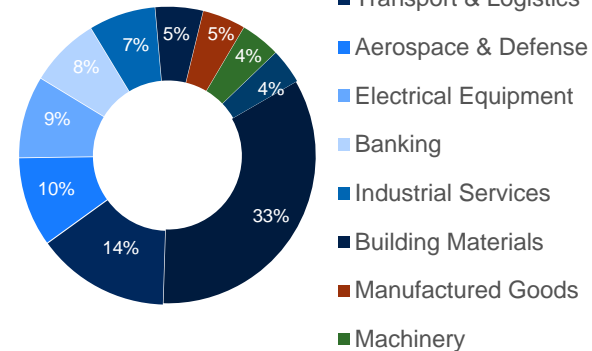
Index constituents include mid-cap industrials (infrastructure, engineering, machinery, electrical equipment) alongside community banks from traditional manufacturing states, forming a “manufacturing revival + financial support” dual-engine structure.

Fundamentals & Risk Control

Requires companies to have positive 12-month forward earnings expectations. Single stock weight capped at 4%, with quarterly rebalancing for dynamic adjustment and concentration risk management.

Inception	2014/3/10	AUM	USD 10.618 bln
ETF Category	Equities	Holdings	52
Expense Ratio	0.69%	3Y SD (Ann.)	25.39

Sectors



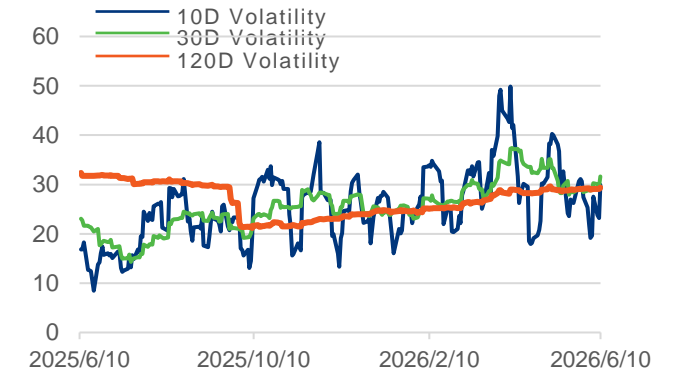
Top-5 Holdings (%)

Sterling Infrastructure Inc	7.77
CH Robinson Worldwide Inc	7.42
Saia Inc	7.29
Comfort Systems USA Inc	4.97
EMCOR Group Inc	4.68

Price Since Inception



Volatility Since Inception



As of 10 June 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-5.28	9.43	24.94	56.49	33.43	24.29

Source: Bloomberg

iShares U.S. Manufacturing ETF (MADE)

Profile

The ETF tracks the S&P U.S. Manufacturing Select Index, aiming to replicate the performance of its constituent stocks and deliver returns aligned with the index.

Benefiting from U.S. Manufacturing Reshoring

Focuses on large-cap blue-chip leaders such as Eaton, Caterpillar, Deere, and Honeywell. Constituents are primarily companies with high U.S. domestic revenue, directly reflecting U.S. manufacturing conditions.

Beyond Traditional Industrials

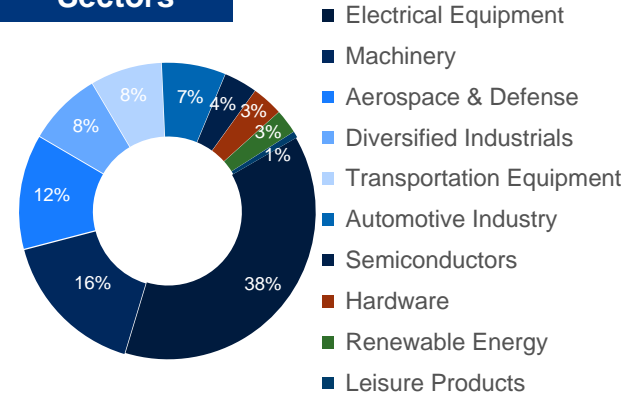
Unlike ETFs limited to conventional industrials, this portfolio also includes tech hardware, autos & components, and selected semiconductor equipment — benefiting from both heavy machinery demand and high-tech automation upgrades.

Diversified Holdings, Lower Concentration Risk

Holds 114 stocks with broad diversification. Largest single position is under 5%, reducing the impact of any one company.

Inception	2024/7/17	AUM	USD 56.46 mln
ETF Category	Equities	Holdings	114
Expense Ratio	0.40%	3Y SD (Ann.)	-

Sectors



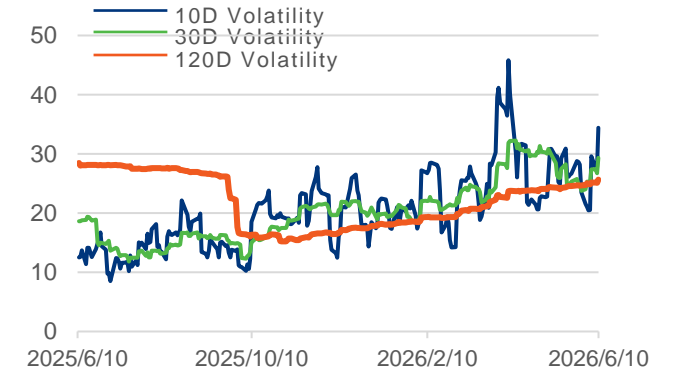
Top-5 Holdings (%)

Caterpillar Inc	4.68
Amphenol Corp	4.29
Cummins Inc	4.24
Eaton Corp PLC	4.08
Vertiv Holdings Co	4.02

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 10 June 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-1.96	3.47	15.56	39.39	-	-

Source: Bloomberg

Bonds

Standard Chartered Q1 Strong, Non-Interest Income Beats, Portfolio Allocation to Boost Returns

► **STANLN 7 PERP (Standard Chartered) (USD)**

- Strong Q1 Results: Operating income USD 5.9bn (+9% YoY); adjusted PBT USD 2.45bn (+17% YoY); RoTE 17.4%. Wealth Solutions (+32%) and Global Banking (+19%) outperformed expectations.
- Key Metrics: CET1 ratio 13.4% (within 13–14% target). Moody's outlook upgraded to Positive (Sep 2024).
- Profitability & Liquidity: Sustained profit improvement driven by recurring income growth and cost optimization. Newly issued product offers better liquidity, next call date in 2033, with 7% annual coupon until redemption.

Bond	STANLN 7 PERP (Standard Chartered) (USD)
ISIN	USG84228HJ04
Features	Standard Chartered's profits have steadily improved in recent years, driven mainly by recurring income growth in key business segments and the Group's cost optimization initiatives.
Maturity	Perpetual
Next Call Date	2033/6/8
Coupon(%)	Float/7.0/Semi-Annual
Currency	USD
Years to Maturity	-
Credit Rating (Moody's/Fitch/S&P)	Ba1/BBB-/BB+
Seniority	Subordinated
YTM/YTC (%)	6.85/6.84

Source: Bloomberg

STANLN 7 PERP (Standard Chartered) (USD)

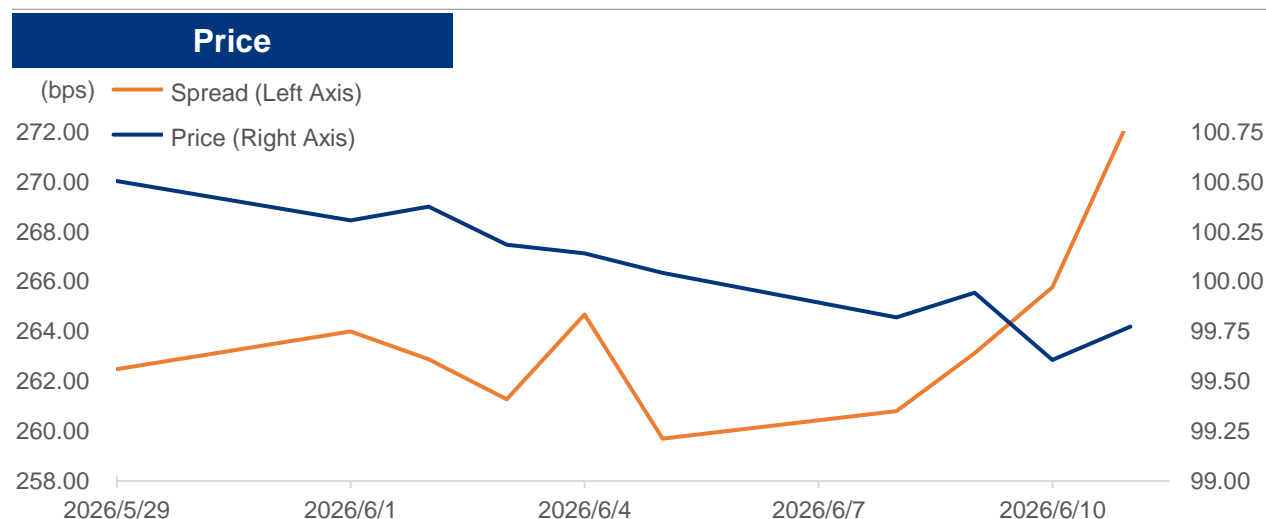
Standard Chartered Group Limited, as an international banking group focused on Asia, Africa, and the Middle East, has in recent years continued to strengthen its cross-border business and wealth management presence, while simultaneously advancing digital finance and strategic transformation.

- Strong Q1 Results: Operating income USD 5.9bn (+9% YoY); adjusted PBT USD 2.45bn (+17% YoY); RoTE 17.4%. Wealth Solutions (+32%) and Global Banking (+19%) outperformed expectations.
- Key Metrics: CET1 ratio 13.4% (within 13–14% target). Moody's outlook upgraded to Positive (Sep 2024).
- Profitability & Liquidity: Sustained profit improvement driven by recurring income growth and cost optimization. Newly issued product offers better liquidity, next call date in 2033, with 7% annual coupon until redemption.

Financials	2023	2024	2025
CET1 Ratio (%)	14.10	14.20	14.10
Return on Assets (ROA) (%)	0.42	0.48	0.57
Liquidity Coverage Ratio (LCR) (%)	160.40	150.30	155.00

Source: Bloomberg

Overview			
Name	STANLN 7 PERP	ISIN	USG84228HJ04
Maturity Date	Perpetual	Remaining Maturity	-
Coupon(%)	Float/7.0/Semi-Annual	YTM/YTC(%)	6.85/6.84
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Ba1/BBB-/BB+	Seniority	Subordinated



Appendix

Key Economic Data / Events

► JUNE 2026

8

Monday

- Japan Q1 GDP Annualized QoQ (Final)
(Act:1.8% Est:1.4% Prev:0.7%)
- Eurozone Jun Sentix Investor Confidence Index
(Act:-13.4 Est:-14.0 Prev:-16.4)

9

Tuesday

- U.S. May Existing Home Sales
(Act:4.17m Est:4.07m Prev:4.04m)
- China May Exports YoY
(Act:19.4% Est:15.0% Prev:14.1%)
- Apple Worldwide Developers Conference – WWDC

10

Wednesday

- U.S. May CPI YoY
(Act:4.2% Est:4.2% Prev:3.8%)
- U.S. May Core CPI YoY
(Act:2.9% Est:2.9% Prev:2.8%)
- Japan May PPI YoY
(Act:6.3% Est:5.6% Prev:5.3%)
- China May CPI YoY
(Act:1.2% Est:1.3% Prev:1.2%)
- China May PPI YoY
(Act:3.9% Est:3.9% Prev:2.8%)

11

Thursday

- U.S. Weekly Initial Jobless Claims
(Act:229k Est:220k Prev:225k)
- U.S. May PPI YoY
(Act:6.5% Est:6.4% Prev:5.7%)
- Eurozone Jun ECB Main Refinancing Rate
(Act:2.40% Est:2.40% Prev:2.15%)

12

Friday

- U.S. Jun University of Michigan Consumer Sentiment Index (Preliminary)
(Est:46.0 Prev:44.8)
- Japan Apr Industrial Production MoM (Final)
(Prev:-0.4%)
- Space X IPO

15

Monday

- U.S. May Industrial Production MoM
(Est:0.2% Prev:0.7%)
- Eurozone April Industrial Production MoM
(Est:0.3% Prev:0.2%)

16

Tuesday

- U.S. May Housing Starts
(Est:1,430k Prev:1,465k)
- Japan Jun BoJ Uncollateralized Overnight Call Rate
(Est:1.00% Prev:0.75%)
- China May Retail Sales YoY
(Est:0.0% Prev:0.2%)
- China May Industrial Production YoY
(Est:4.3% Prev:4.1%)

17

Wednesday

- U.S. May Retail Sales MoM
(Est:0.5% Prev:0.5%)
- Japan Apr Core Machinery Orders MoM
(Est:-0.3% Prev:-9.4%)
- Eurozone May CPI YoY (Final)
(Est:3.2% Prev:3.0%)

18

Thursday

- U.S. Weekly Initial Jobless Claims
(Prev:229k)
- U.S. Jun Federal Funds Rate
(Est:3.75% Prev:3.75%)

19

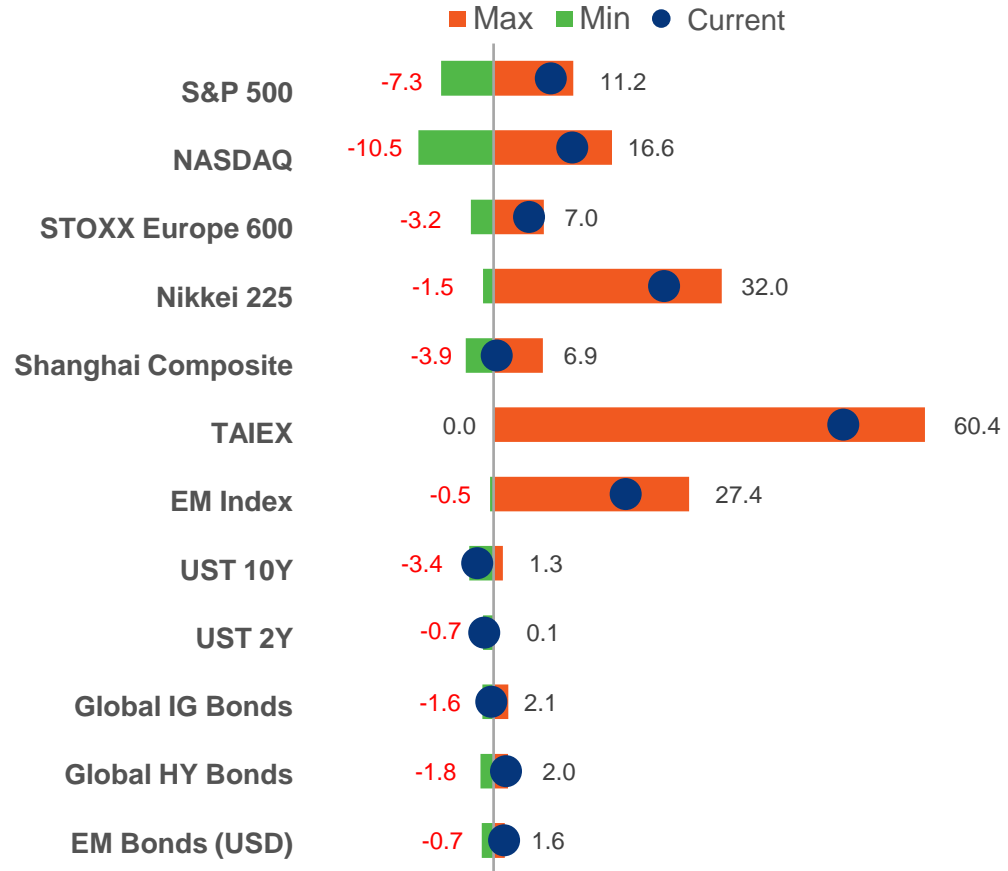
Friday

- Japan May Nationwide CPI YoY
(Est:1.5% Prev:1.4%)

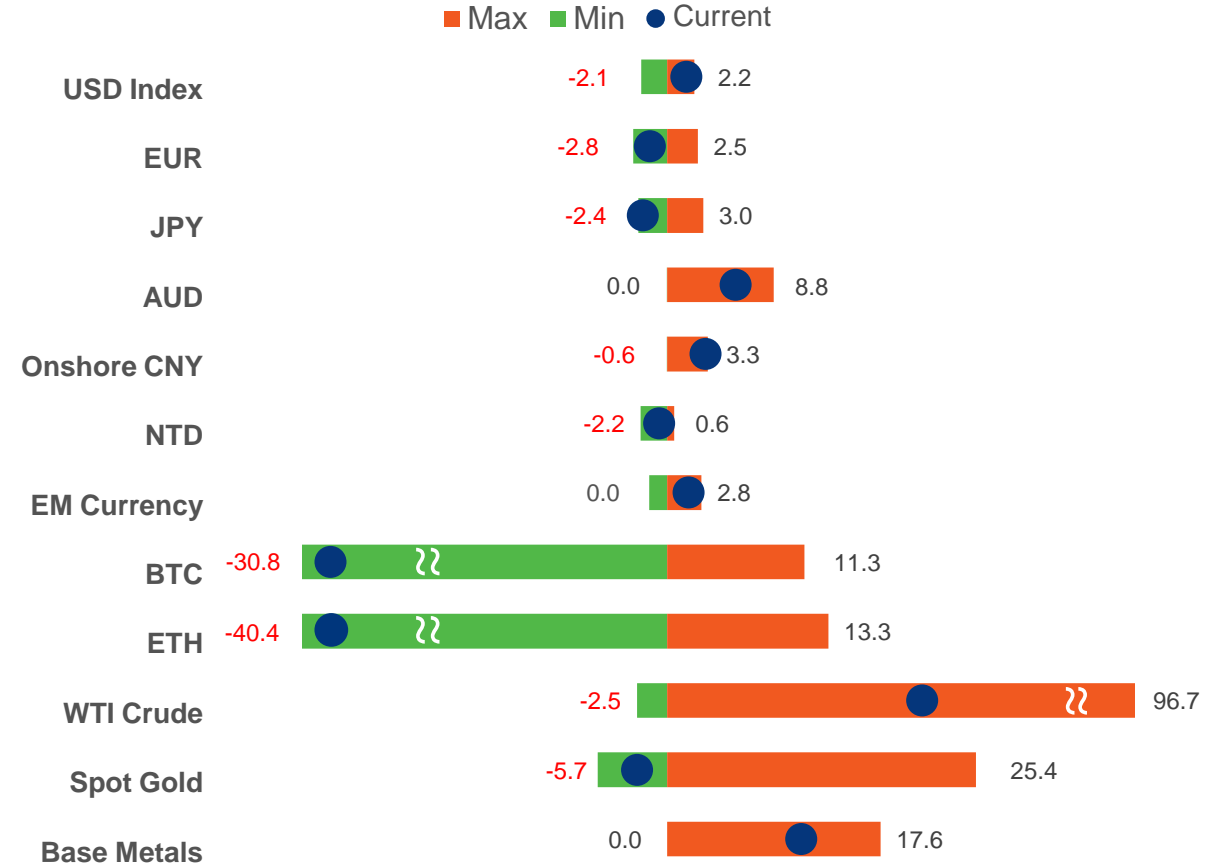
Source: Bloomberg

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)



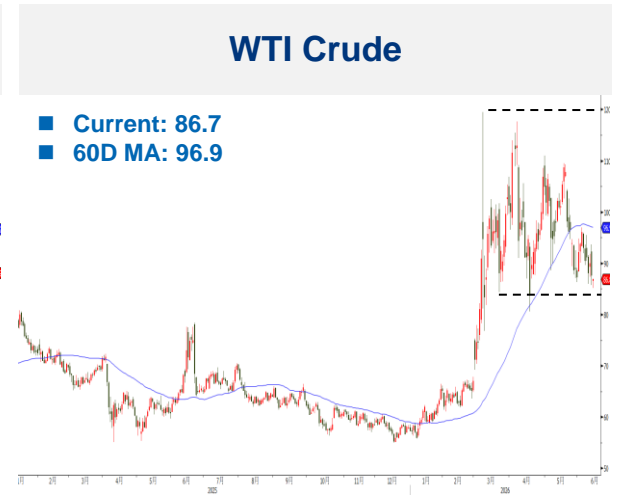
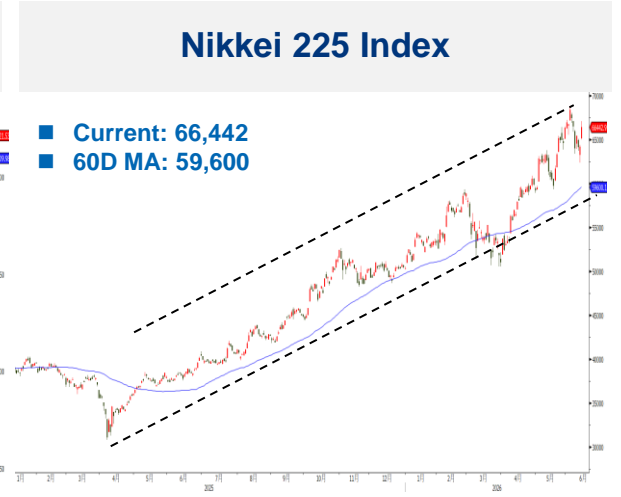
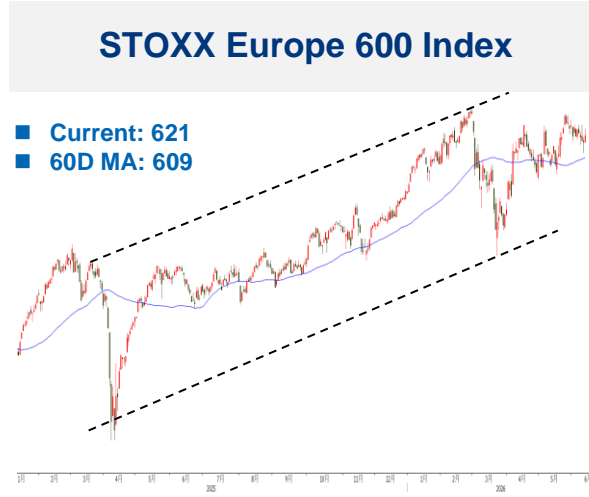
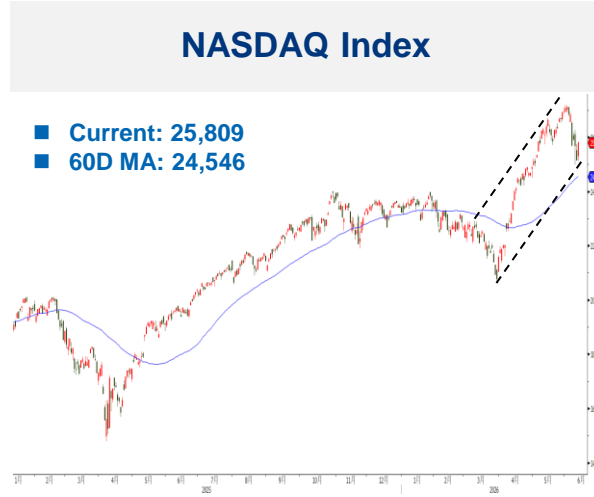
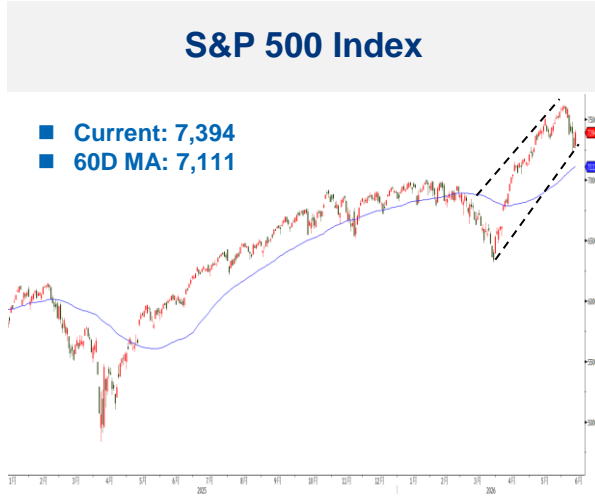
Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

Technical Analysis

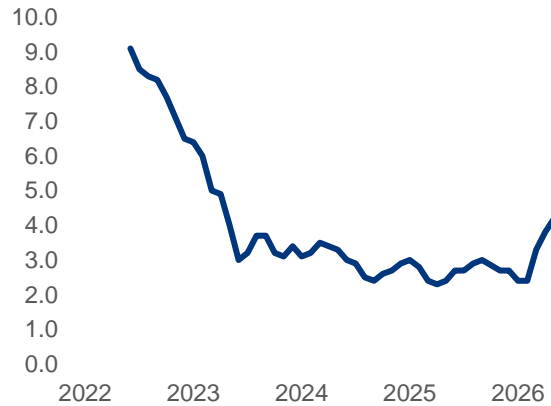
60D MA線



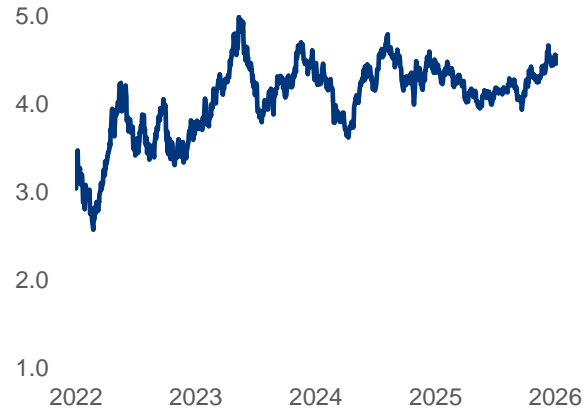
Source: Bloomberg

Market Monitor

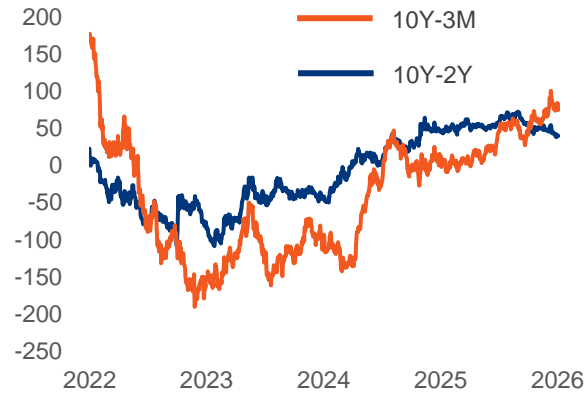
U.S. CPI YoY (%)



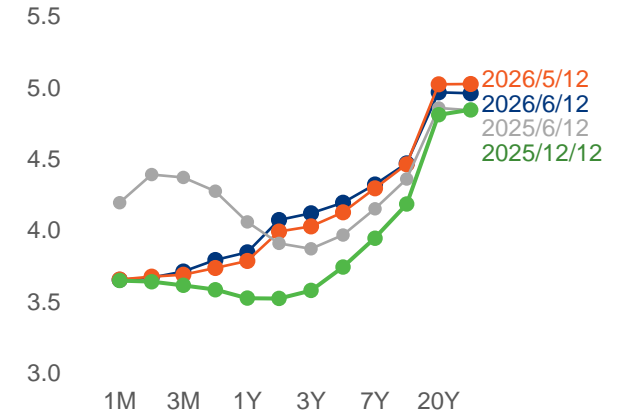
U.S. 10-Year Treasury Yield (%)



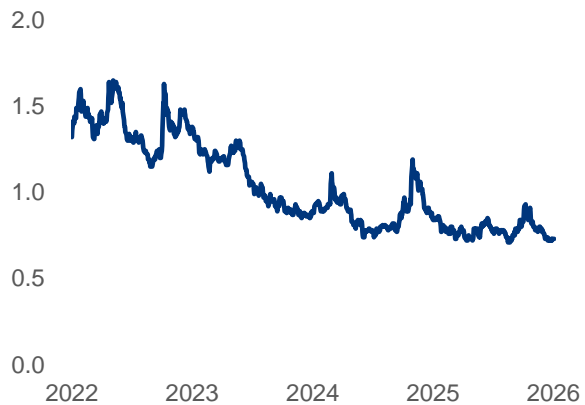
U.S. Treasury Yield Spread (bps)



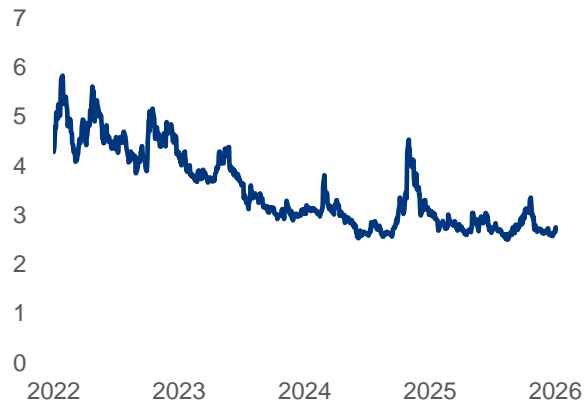
U.S. Treasury Yield Curve (%)



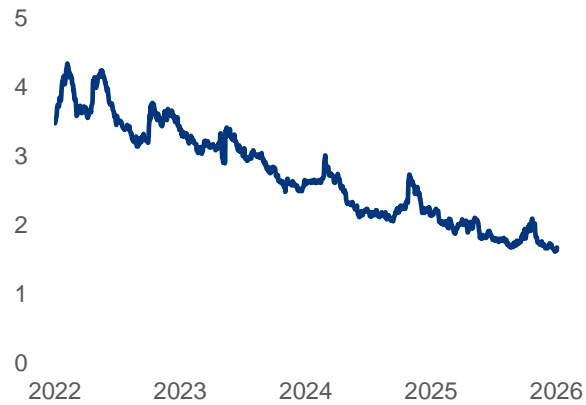
USD IG Credit Spread (%)



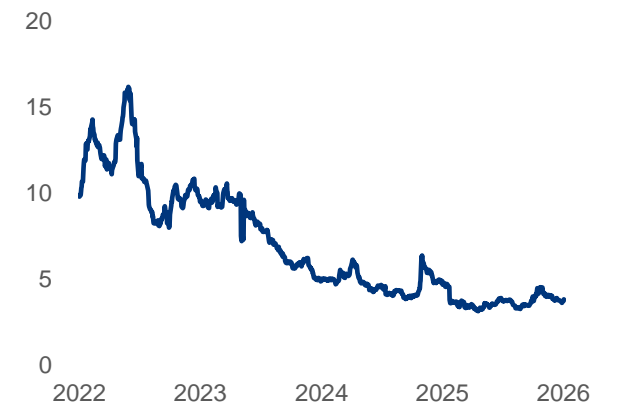
USD HY Credit Spread (%)



USD EM Credit Spread (%)



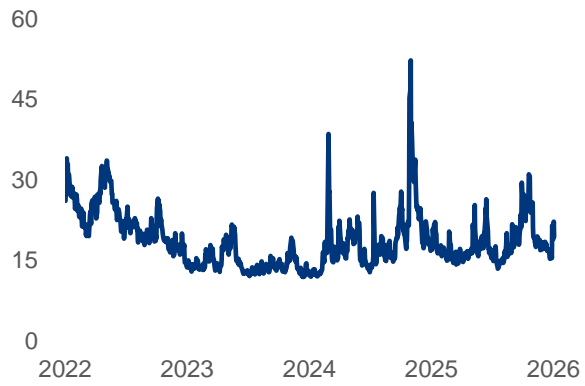
USD Asia Credit Spread (%)



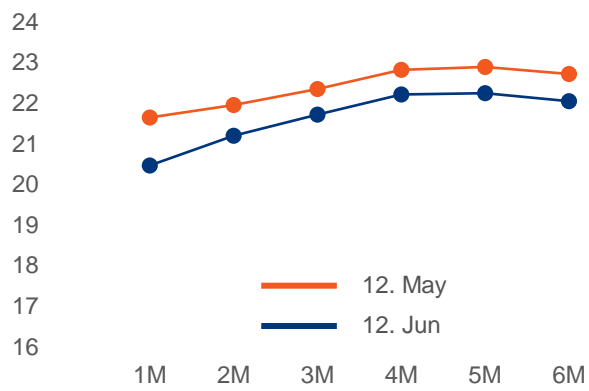
Source: Bloomberg

Market Monitor

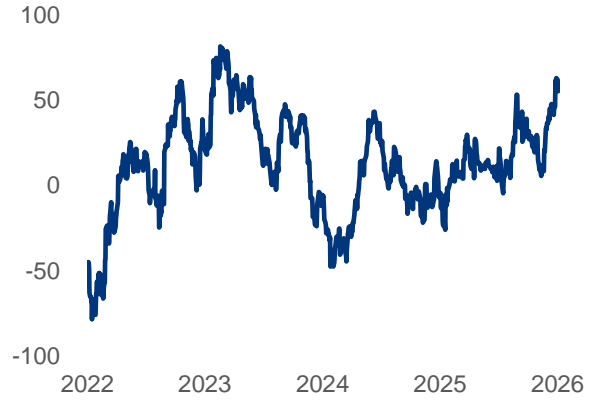
VIX Index



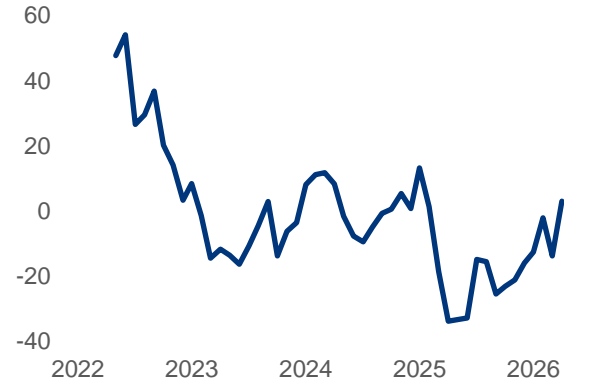
VIX Term Structure



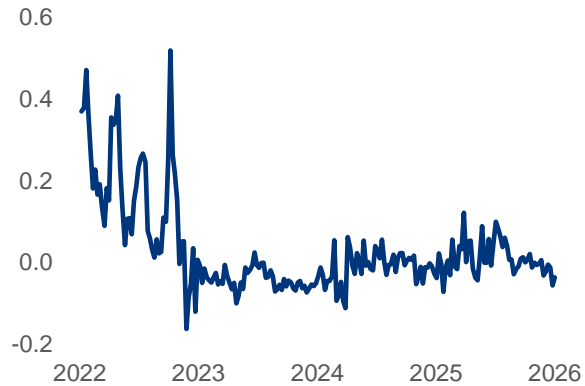
U.S. Citi Economic Surprise Index*



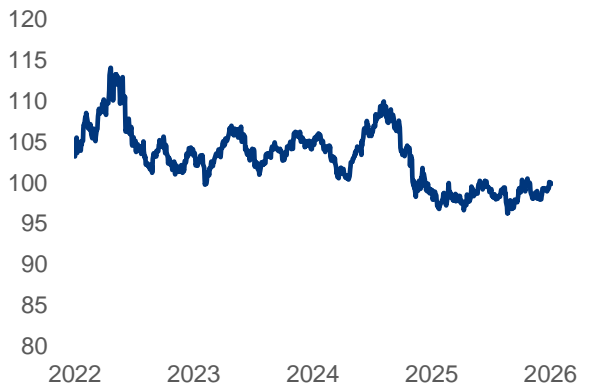
U.S. Citi Inflation Surprise Index*



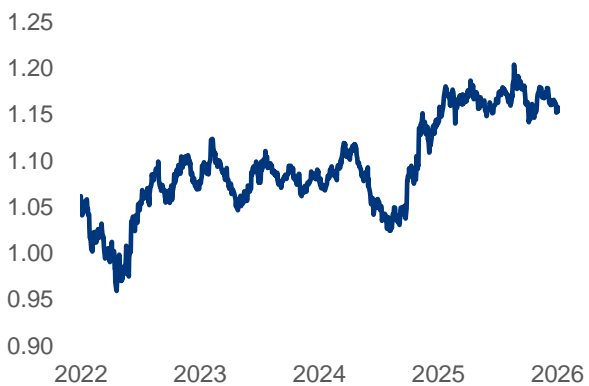
TED Spread (bps)



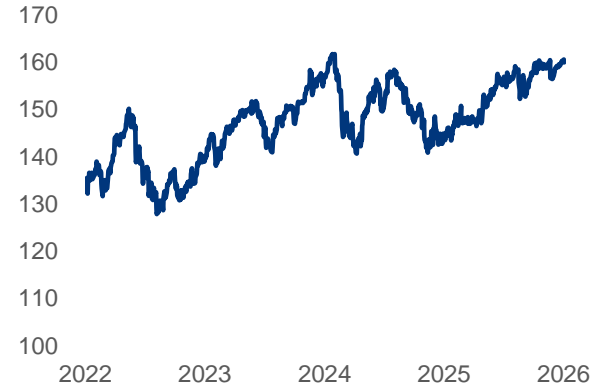
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg

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