



CIO Office

Global Markets Weekly Kickstart

# Central Banks Ignite: Risk On / Risk Off?

22 June 2026

## 01 Chart of the Week

Central Banks Take Center Stage as Policy Signals Shift



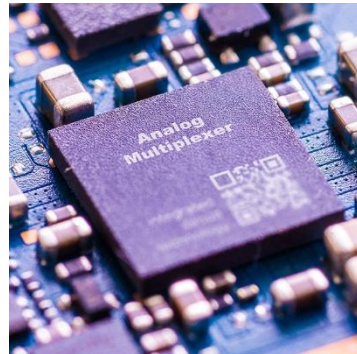
## 02 Market Recap

Quadruple Witching Sets the Stage for a Mid-Year Bull-Bear Showdown



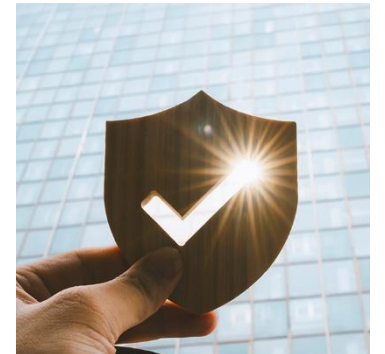
## 03 What's Trending

Data Center Demand Signals an Early Recovery for Analog Chips



## 04 In Focus

Lock In 5% Stable Income to Build a Resilient Portfolio



## 05 Product Spotlight

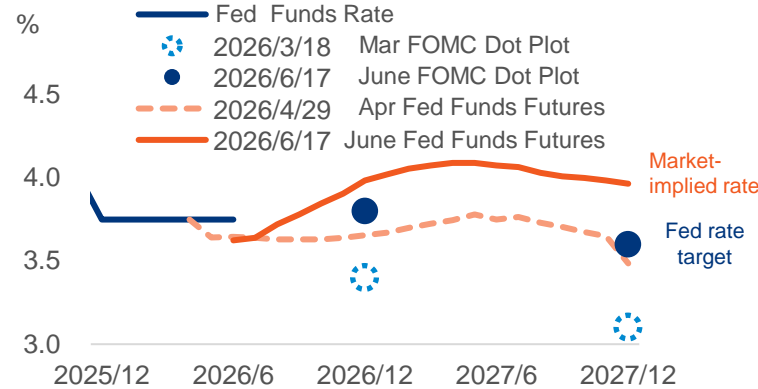
Selection of Equities, Bonds, Funds/ETFs

# Fed Turns More Hawkish as Japan Rates Hit Decade Highs, Signaling a New Era

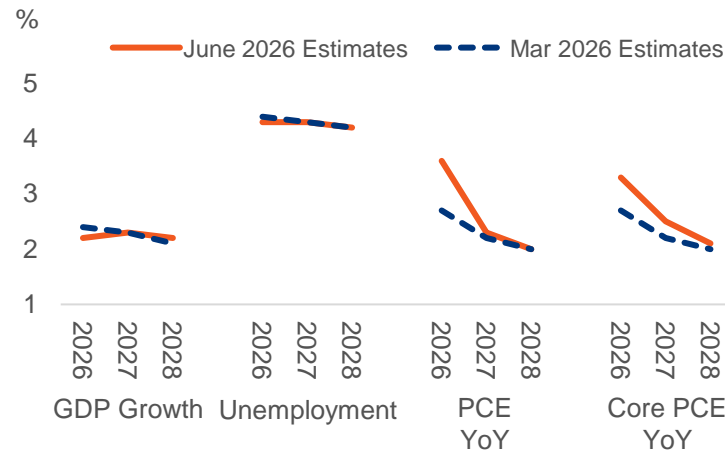
▶ The Fed left rates unchanged at 3.5%-3.75%, while updated projections showed resilient employment, sticky inflation, and higher rate expectations versus March. The dot plot signaled a more hawkish stance. New Fed Chair Waller also announced a streamlined policy framework, the end of forward guidance, and a reform task force. Markets see a potential rate hike risk as early as September, though falling U.S. one-year inflation swaps suggest rates are likely to remain on hold this year. With AI-driven earnings momentum intact, we remain positive on technology, AI semiconductors, and both growth and cyclical stocks.

▶ The BOJ raised rates by 25 bps to 1.0%, as expected. To address surging JGB yields, it will halt further bond-purchase reductions from Apr-2027, supporting market liquidity. The next rate hike is now likely pushed beyond year-end. Japan's economic fundamentals remain solid, while equity valuations are only slightly above the 10-year average. We remain constructive on banks benefiting from higher rates and semiconductor leaders in equipment and materials.

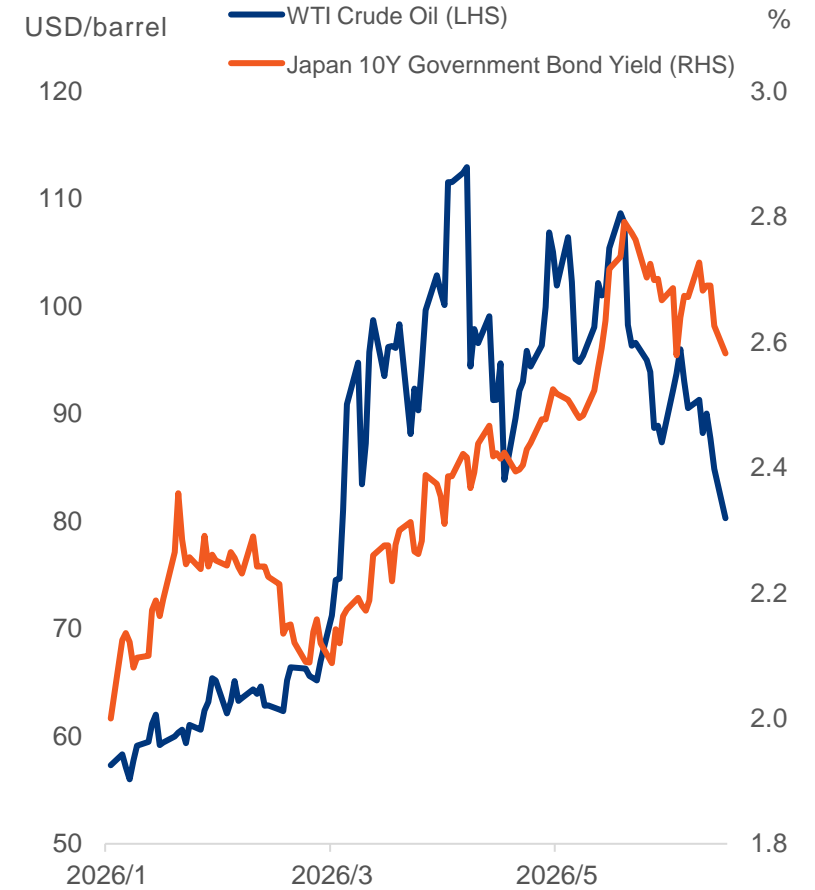
**Fed Rate Path Shifts More Hawkish in Latest Projections**



**Fed Forecasts Point to Sticky Inflation and Resilient Employment**



**Oil Prices Fall as Japanese Government Bond Yields Retreat**

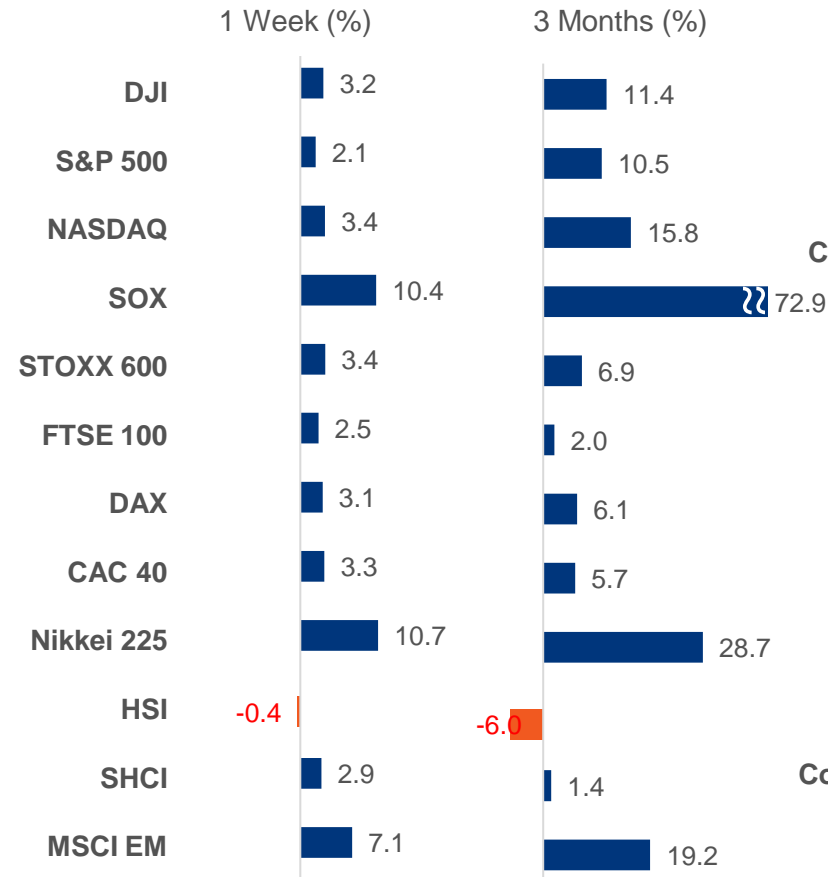


## Market Recap

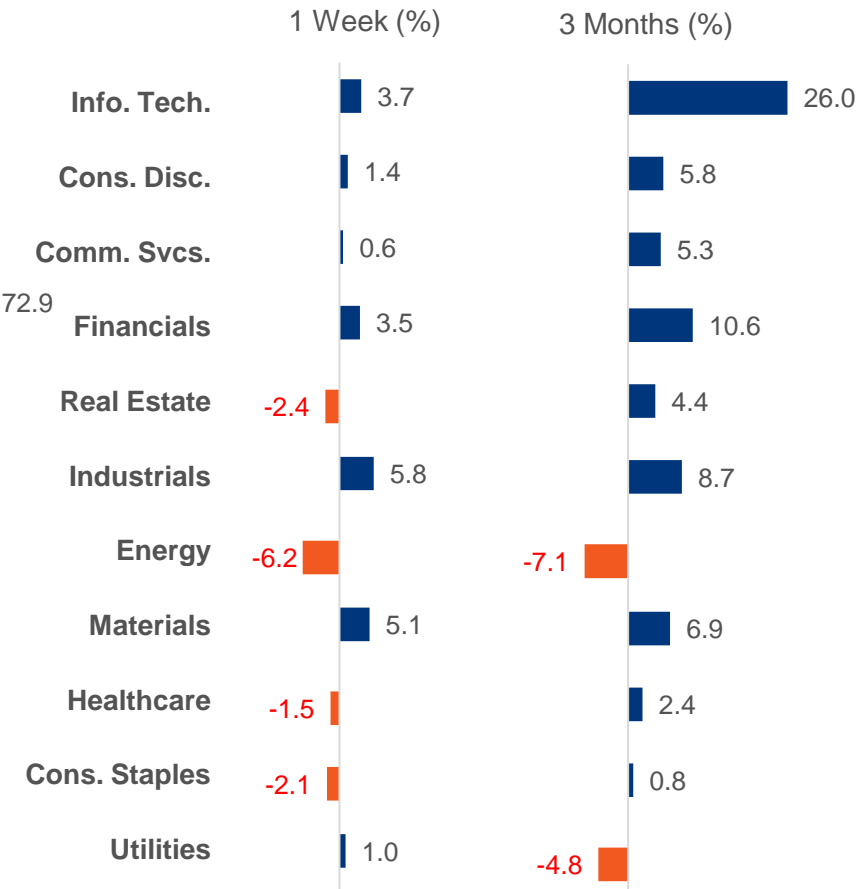
## U.S.-Iran Peace Breakthrough Eases Inflation Fears, Lifting Tech and Cyclical Stocks

- ▶ The U.S. and Iran announced a 14-point memorandum and agreed to 60 days of ceasefire negotiations, sending WTI crude below US\$80/bbl. Lower energy cost expectations boosted risk appetite and supported global equities, with AI, technology, and semiconductor stocks leading gains. However, the Fed's increasingly hawkish stance could drive Treasury yields higher and pressure equity valuations. Investors should also watch for heightened volatility around June 18 quadruple witching.
- ▶ As a major energy importer, Japan stands to benefit from easing Middle East tensions and lower imported inflation. The BOJ raised rates by 25 bps as expected, reinforcing confidence in Japan's economic outlook. AI supply-chain names, particularly semiconductor equipment stocks, helped drive the Nikkei above 71,000.
- ▶ Beyond technology, falling oil prices improved the outlook for manufacturing costs and supported cyclical sectors such as industrials and materials. Energy stocks lagged sharply, while higher Treasury yields and resilient U.S. growth weighed on defensive sectors, including healthcare and consumer staples.

## Regional Index Performance (%)



## U.S. Sector Index Performance (%)

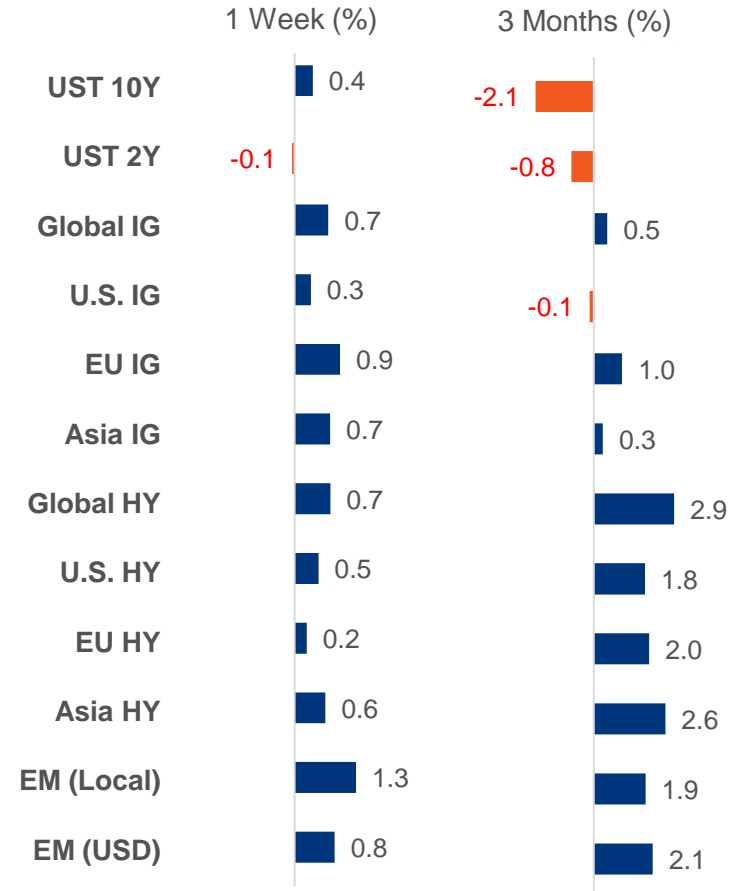


Source: Bloomberg

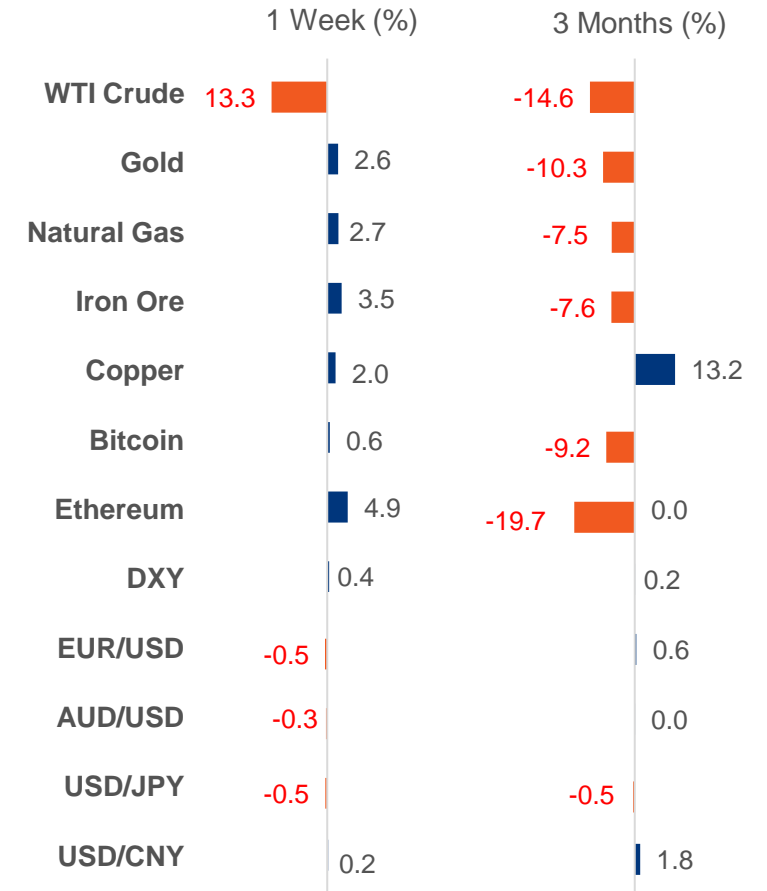
## Hawkish Signals From New Fed Chair Boost Dollar, Weigh on Oil Prices

- ▶ The Fed delivered a hawkish policy outcome, with officials raising their dot-plot projections closer to market rate-hike expectations. Economic forecasts continued to reflect solid fundamentals, reinforcing expectations for tighter policy. The U.S. Treasury yield curve flattened further, with the 10Y-2Y spread narrowing to 29 bps, near this year's lows. In credit markets, both IG and HY spreads tightened, with HY outperforming on attractive carry. Easing Middle East tensions also supported inflows into EM bonds.
- ▶ News of a U.S.-Iran ceasefire memorandum and expectations for the full reopening of the Strait of Hormuz triggered a sharp decline in oil prices. Meanwhile, a World Gold Council survey showing nearly half of central banks plan to increase gold reserves over the next year supported gold and base metals.
- ▶ In FX markets, rising Fed rate-hike expectations lifted the U.S. dollar, weighing on major non-dollar currencies. Although the BOJ raised rates as expected, its decision to pause further bond-purchase reductions signaled a preference to maintain accommodative financial conditions. The U.S.-Japan real rate differential continues to support carry trades, leaving the yen under pressure.

### Performance of Bonds (%)



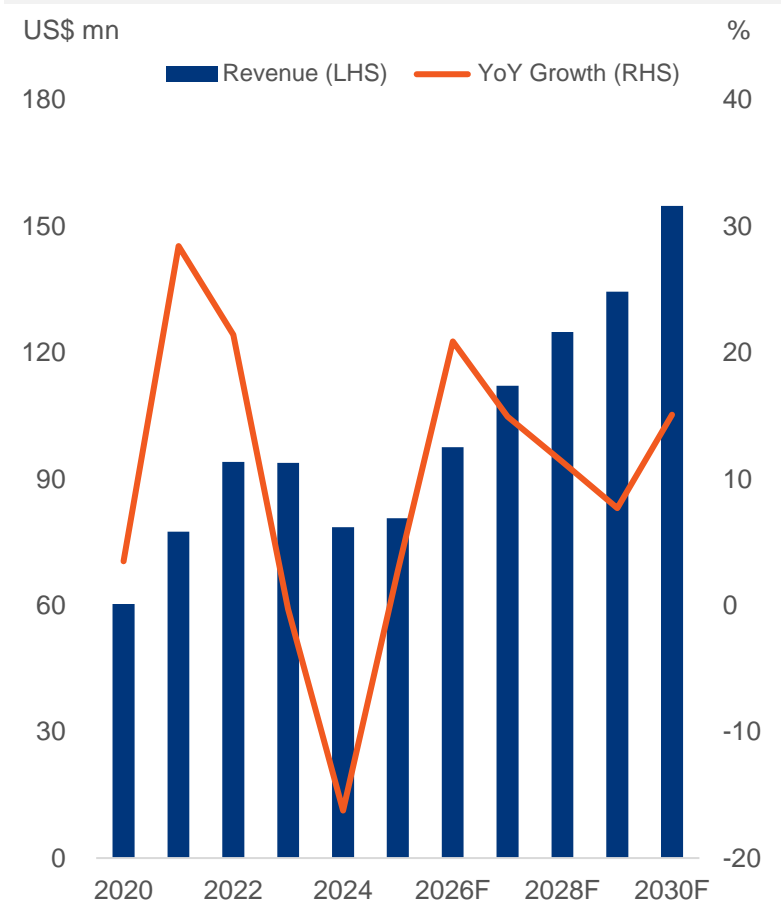
### Performance of Commodities and Currencies (%)



# Data Center Demand Signals a New Growth Cycle for Analog Semiconductors

- ▶ Explosive growth in data center demand is driving server rack power consumption above 100kW. As high-voltage power requires conversion and power management within servers, analog chip content is set to rise significantly. We expect the analog semiconductor market to deliver a 13.9% CAGR over 2025–2030. Unlike traditional industrial, automotive, and consumer applications that face pricing pressure from Chinese competitors, AI-driven data center demand should provide a longer-lasting growth tailwind for analog chipmakers across the U.S., Europe, and Japan.
- ▶ Analog semiconductors are key beneficiaries of AI infrastructure expansion, supporting a sector-wide re-rating. Key drivers include: (1) expanding data center demand increasing market size; (2) ongoing price hikes across the supply chain supporting revenue growth; (3) a richer mix of AI and automotive applications lifting margins; and (4) evolving server architectures increasing both analog chip content and value per rack.
- ▶ Meanwhile, industrial and automotive markets are entering a recovery phase after the pandemic-era boom and subsequent inventory correction. As channel inventories normalize, business conditions and capacity utilization should improve, providing further support for industry profitability.

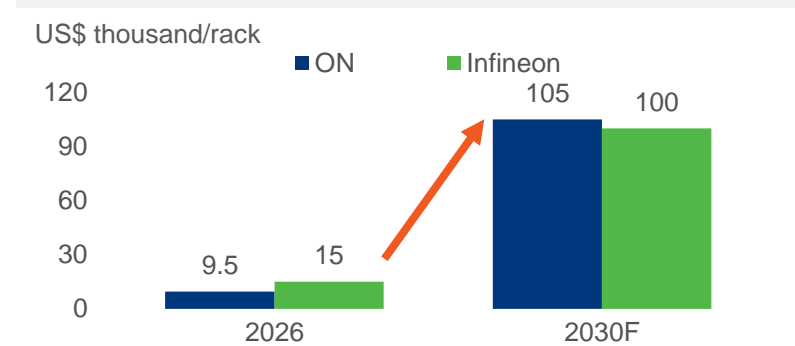
**Analog Semiconductor Industry Set for a New Upcycle Through 2030**



**Leading Analog Chipmakers Expected to See Sharp Growth in Data Center Exposure**

Company	2025	2026F	Commentary
MPWR	25	32	Data center revenue reached 32.7% in 1Q26; FY26 growth forecast raised from 50% to 85%
ADI	17	22	ATE and data center businesses expected to deliver double-digit growth
IFX	9	14	AI power revenue projected to reach €1.5bn/€2.5bn in 2026/2027, accounting for ~9.3%/13.6% of sales
TXN	9	11	AI power demand expected to accelerate from 2H26 through 2027
ON	4	6	AI data center revenue expected to double in 2026; data center TAM CAGR projected at ~40%

**Analog Chip Content per Server Rack**

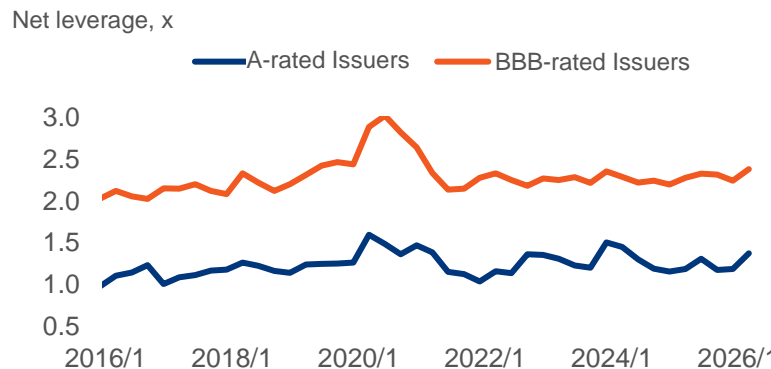
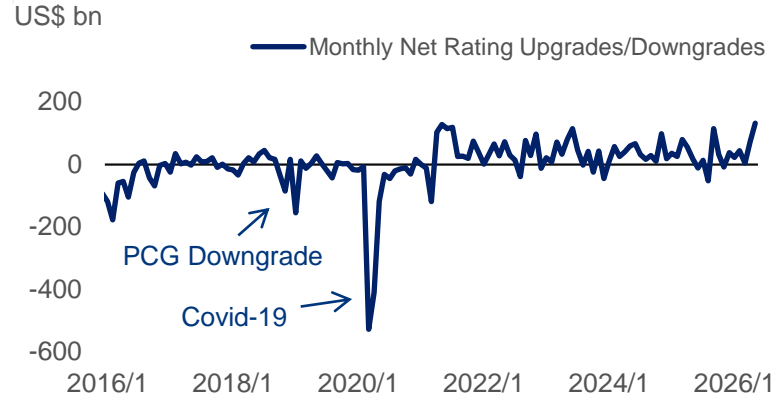


Source: Bloomberg, Citi

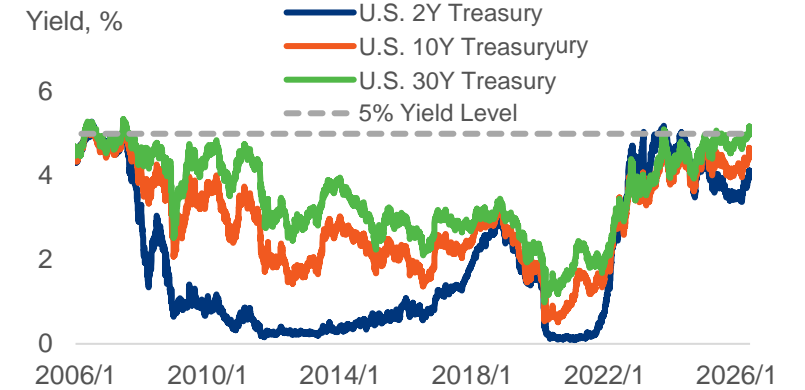
# High Rates Here to Stay; Prioritize Yield Lock-In as Credit Fundamentals Remain Solid

- ▶ A review of U.S. investment-grade (IG) credit conditions in May showed: (1) net rating upgrades rose to US\$142bn from US\$77bn in the prior month, while the share of issuers with positive outlooks remained above historical averages; and (2) although higher capex and debt issuance by technology firms reduced cash balances and lifted leverage, 1Q gross margins improved to 37.3%, underscoring the strength of IG credit fundamentals. This was also reflected in modest credit spread tightening.
- ▶ Elevated oil prices have lifted near-term inflation expectations, while a resilient labor market has fueled expectations of Fed rate hikes next year. As a result, short-end Treasury yields have risen faster than long-end yields, leading to a flatter and partially inverted yield curve. However, with U.S.-Iran tensions showing signs of easing and no clear deterioration in economic fundamentals, high-quality credit remains our preferred fixed-income allocation. Should bond yields rise further due to oil prices or rate-hike expectations, investors may view this as an opportunity to lock in attractive yields in fundamentally sound credit bonds.

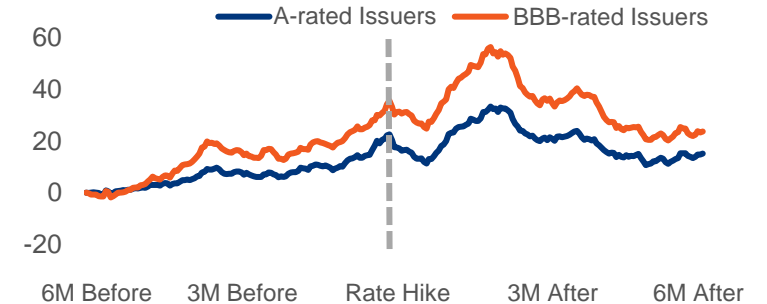
**U.S. Large-Cap Corporate Credit Fundamentals Remain Resilient**



**Treasury Yields Revisit 2007 Highs, Creating Income Opportunities**



**Average Change in U.S. IG Credit Spreads Following Fed Rate Hikes Since 2000**

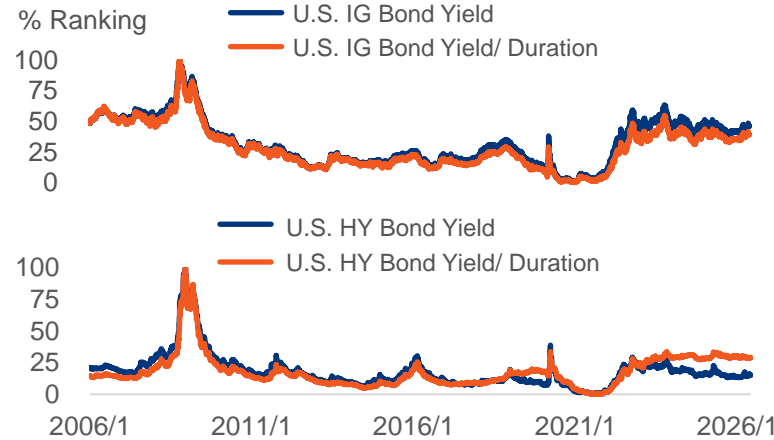


Source: Bloomberg; Note: Monthly net rating changes capture actions by Moody's, S&P, and Fitch. Changes are measured as bond amount × rating weight (±1 notch=1; CreditWatch=2/3; outlook=1/3) to indicate overall credit trends (upgrade vs. downgrade).

# Credit Spreads Remain Reasonable; Favor High-Yield, Low-Duration Portfolios for Stable Income

- ▶ While U.S. credit spreads remain near historical lows, yield-to-duration ratios for both IG and HY bonds are still around the upper end of historical ranges, suggesting valuations are not overly stretched. Compared with credit bonds, longer-duration Treasuries remain more sensitive to interest-rate movements. Absent a severe demand shock or recession, long-duration government bonds are unlikely to provide meaningful diversification benefits.
- ▶ With inflation likely to remain elevated and rates staying higher for longer, credit bonds offer more attractive risk-reward profiles than Treasuries amid supply-side risks such as tariffs, supply-chain disruptions, and commodity volatility. Given persistent market uncertainty, investors may consider portfolios with higher income and lower rate sensitivity, such as IG bonds yielding 5%-6% and HY bonds yielding 7%-8%, to generate stable income during periods of equity market volatility.

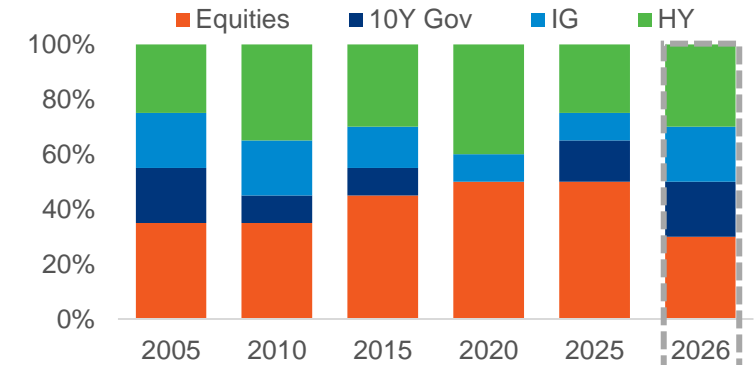
## Rate-Hike Expectations Rise; Credit Spreads May Widen Before Tightening



	Global Gov. Bonds	Global IG	Global HY
YTM(%)	3.73	4.65	6.69
Credit Spread(bps)	8	75	278
Effective Duration (Years)	6.75	5.87	3.14

## Core Diversification Can Enhance Portfolio Returns

Model Portfolio Allocation Targeting 7.5% Annual Return



Expected Return	7.7	7.8	7.7	7.8	7.5	7.7
Volatility	9.2	9.7	10.4	11.3	10.6	8.9

Source: Bloomberg, Barings; Note: RHS assumes 10% earnings growth and a 3.7% equity risk premium.

# Asset Strategy

Asset Type	Market View	Preferred Assets
<b>Equities</b>	<ul style="list-style-type: none"> <li>◆ U.S.-Iran peace prospects and easing oil prices support risk assets. Strong U.S. earnings continue to underpin equities, though near-term profit-taking may increase volatility. Favor buying pullbacks in growth sectors, particularly AI-related themes.</li> <li>◆ Europe and Japan remain key diversification markets. Japan offers greater technology exposure, with banks benefiting from higher rates and semiconductors supported by solid fundamentals. European defense remains a structural theme, while UK equities offer defensive characteristics.</li> </ul>	<p><b>Strategy:</b> AI, technology, semiconductors; defense</p> <p><b>Regions:</b> Japanese banks, Japanese semiconductor stocks, UK equities, European defense</p>
<b>Bonds</b>	<ul style="list-style-type: none"> <li>◆ Despite a pullback in oil prices and long-end Treasury yields, yields remain elevated. Favor short- to intermediate-duration bonds over long-duration exposure. High-quality corporate bonds offer relatively strong downside protection, particularly in financials, technology, telecoms, and utilities.</li> <li>◆ A stronger U.S. dollar supports diversification into non-USD investment-grade bonds, including EUR- and AUD-denominated issues.</li> </ul>	<p><b>Types:</b> Short- to intermediate-duration IG bonds, with a preference for financials, technology, telecoms, and utilities.</p> <p><b>Satellite :</b> Non-USD bonds for diversification.</p>
<b>Forex</b>	<ul style="list-style-type: none"> <li>◆ The new Fed Chair's debut at the June FOMC reinforced a hawkish policy stance, supporting the U.S. dollar through higher rate expectations.</li> <li>◆ Dollar strength remains a headwind for most major currencies, while the RMB is supported by policy intervention.</li> </ul>	<p><b>USD:</b> Near-term strength remains supported.</p> <p>Most non-USD currencies remain under pressure; RMB relatively firm</p>
<b>Commodity</b>	<ul style="list-style-type: none"> <li>◆ News of a U.S.-Iran ceasefire framework and the expected reopening of the Strait of Hormuz have pressured oil prices and increased volatility.</li> <li>◆ Higher U.S. yields and a stronger dollar weigh on gold near term. However, rising sovereign debt levels and continued central bank demand support a constructive long-term outlook.</li> </ul>	<p><b>Gold:</b> retains long-term upside potential; accumulate on weakness</p>



# Policy Dividend & Global Edge : Embodied Intelligence Enters Golden Era

► **Policy Dividend Strong, Mass Deployment Opens New Chapter**

National policy is injecting powerful momentum into the embodied intelligence industry. The Ministry of Industry and Information Technology and the State-owned Assets Supervision and Administration Commission recently issued a joint notice, officially launching the “2026 Humanoid Robot & Embodied Intelligence Real-World Training Initiative.” The plan clearly states that by the end of 2026, humanoid robots will shift from demonstration and verification to real-world “operational modes,” driving applications at the scale of 10,000 units. This national-level policy directly addresses the pain points of data scarcity and asymmetric scenarios. As core leaders in the sector, companies will benefit directly from large-scale scenario opening and targeted funding subsidies, ushering in explosive opportunities.

► **Policy-Led Industrial Training, Accelerated Ecosystem Formation**

With policy guidance emphasizing “real-world training,” industry leaders are accelerating humanoid robot deployment in key industrial scenarios such as automotive manufacturing. At the same time, policy support for independent control of critical technologies is prompting firms to extend upstream and downstream into the chip segment, forming deep joint ventures with domestic computing chip makers to co-develop dedicated embodied intelligence chips. Moreover, policy direction is gradually tilting toward livelihood scenarios such as smart healthcare and elderly care, guiding capital and technology into vertical service domains. This dual support from policy and industry chain lays a solid foundation for long-term earnings growth of related companies.

► **Patent Strength & Supply Chain Integration Drive Global Industrialization Wave**

In the global landscape of embodied intelligence and humanoid robots, China has already built a strong leading edge through full supply-chain vertical integration and patent accumulation. Data show that in 2025, of roughly 15,000 humanoid robots deployed worldwide, Chinese companies accounted for over 80% of deliveries. Behind this is not only nearly 75% of global humanoid robot patent applications, but also independent control over key components such as rare earths, batteries, and motor actuators. Against the backdrop of high overseas R&D and supply chain costs, domestic leaders—leveraging economies of scale and rapid product iteration—are becoming the absolute dominant force in global embodied intelligence industrialization.

2026 Humanoid Robot & Embodied Intelligence Real-World Training Initiative	
<b>Policy Objectives</b>	Reject robots remaining only at the demonstration stage. By end-2026, drive 10,000-unit deployment so robots formally enter “operational mode” and become real productive assets.
<b>Implementation Targets</b>	Focus on 10 key provinces and cities including Guangdong, Shanghai, Beijing, Jiangsu, and Zhejiang, with central SOEs taking the lead in opening application scenarios.
<b>Three Priority Areas</b>	<ol style="list-style-type: none"> <li>1. Industrial manufacturing (production, inspection, maintenance)</li> <li>2. Public services (healthcare &amp; elderly care, food &amp; retail)</li> <li>3. Special operations (emergency rescue, workplace safety)</li> </ol>
<b>Policy Support Measures</b>	<p>Funding incentives: Local governments and SOEs provide dedicated funds to subsidize scenario opening and technology promotion.</p> <p>Financial innovation: Full-chain equity and debt support, with pioneering mechanisms such as “humanoid robot insurance” to share corporate trial-and-error risks.</p>

# Ubtech Robotics (9880 HK)

**Closing Price** HK \$108.2

**Target Price** HK \$200

Ubtech Robotics focuses on the R&D and commercialization of intelligent service robots, with products spanning industrial manufacturing, commercial logistics, and consumer companionship. It is now accelerating efforts to achieve global deployment.

### Overseas Trial Runs with Global Giants, Internationalization Accelerates

Ubtech is actively replicating its “industrial deployment” success abroad. The company has entered the supply chains of Honda Trading and Hitachi, launching trial runs with these industrial and logistics leaders. This marks a shift from domestic pilots to global applications in new energy vehicles, high-end logistics, and electronics manufacturing. Overseas deployment focuses on high-repeatability, high-ROI workflows such as material handling and sorting, validating system stability in multinational factory environments. With intensive overseas trials in 2H 2026, Ubtech is expected to accelerate the transition from proof-of-concept to bulk orders, a key milestone for long-term valuation re-rating.

### Launch of Walker U1 Consumer Humanoid, Strong Pre-Sales

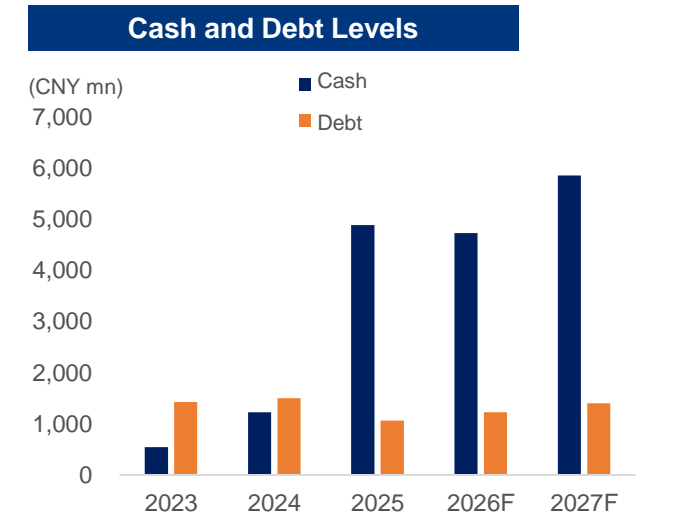
Beyond industry, Ubtech is expanding into the consumer market. Its newly launched Walker U1 humanoid robot has achieved strong pre-sales, with over 4,500 pre-orders. Featuring 88 degrees of freedom concentrated in facial expression, the product emphasizes personal “emotional value.” Compared with the stable industrial base, this first consumer release is essentially a market demand test for household companionship. With official pricing to be announced on June 30, the market potential of consumer robots will become clearer, offering a new growth driver for Ubtech’s consumer hardware business.

### Competitive Pricing & Technology in Industrial Robots

Ubtech’s upgraded Walker S series offers lighter weight, lower cost, and higher computing power, making it more attractive for overseas trial runs. Compared with domestic and international peers, Ubtech’s industrial robots hold clear advantages in both pricing and technology. Maintains a Buy rating.

Source: Bloomberg

Financials					
	2023	2024	2025	2026F	2027F
Revenue (CNY b)	1.0	1.3	2.0	3.6	5.7
Revenue YoY	4.7	23.6	53.3	80.5	57.9
Adj. EBITDA (CNY b)	-3.05	-2.67	-1.55	-0.59	0.24
EBITDA YoY	-22	12.5	41.9	92.2	140.7
Net Profit Margin (%)	-116.9	-86.1	-35.1	-8.9	4.7



## Fed Turns Hawkish, Semiconductor Trends Diverge

- ▶ The latest Fed rate decision, under new Chair Kevin Warsh, was unanimously passed 12-0, keeping the federal funds rate at 3.50%–3.75%. The dot plot shows 9 of 18 officials expect at least one more hike in 2026, with 6 anticipating multiple hikes. The median projection no longer supports rate-cut expectations, instead pointing to rates staying flat or edging higher. Warsh avoided strong forward guidance, stressing focus on macro trends rather than monthly swings. He expressed optimism about labor market structure and noted AI technologies could boost productivity, ease costs, and help lower inflation over the long term.
- ▶ U.S. May housing starts were 1.177M, below consensus (1.43M) and prior revised 1.392M.
- ▶ Building permits fell 0.7% QoQ, better than –0.9% expected but below prior +4.4%; seasonally adjusted at 1.413M vs 1.418M expected and 1.423M prior. Retail sales rose 0.9% MoM, above consensus (+0.6%) and prior revised (+0.4%).
- ▶ The analog semiconductor market is showing recovery after prolonged inventory adjustment, driven by demand in industrial, automotive, and AI data centers. While overall momentum is led by logic and memory chips, analog makers benefit from order rebound, normalized channel inventories, and rising content in power management, sensors, signal chain, and connectivity. Looking ahead, growth drivers include electrification, factory automation, software-defined vehicles, and AI servers requiring high-density, high-efficiency power solutions.

### Global Semiconductor Revenue Growth Forecast by Region and Type

Spring 2026	Amounts in US\$M			Year on Year Growth in %		
	2025	2026	2027	2025	2026	2027
<b>Americas</b>	256,476	543,654	701,439	31.4	112.0	29.0
<b>Europe</b>	54,694	86,643	101,587	6.7	58.4	17.2
<b>Japan</b>	44,723	57,050	67,332	-4.3	27.6	18.0
<b>Asia Pacific</b>	439,747	823,900	1,043,326	30.3	87.4	26.6
<b>Total World - \$M</b>	795,640	1,511,248	1,913,683	26.2	89.9	26.6
<b>Discrete Semiconductors</b>	30,728	33,188	35,712	-1.0	8.0	7.6
<b>Optoelectronics</b>	43,042	44,218	46,436	4.7	2.7	5.0
<b>Sensors</b>	20,894	21,516	23,002	10.4	3.0	6.9
<b>Integrated Circuits</b>	700,975	1,412,326	1,808,533	29.9	101.5	28.1
Analog	86,519	95,358	101,662	8.7	10.2	6.6
Micro	84,867	101,655	121,966	7.9	19.8	20.0
Logic	299,547	411,371	522,820	38.8	37.3	27.1
Memory	230,042	803,941	1,062,085	39.0	249.5	32.1
<b>Total Products - \$M</b>	795,640	1,511,248	1,913,683	26.2	89.9	26.6

*Note: Numbers in the table are rounded to whole millions of dollars, which may cause totals by region and totals by product group to differ slightly.*

# Analog Devices (ADI US)

**Closing Price** US \$434.46

**Target Price** US \$500

Analog Devices designs, manufactures, and sells integrated circuits for analog and digital signal processing. The company's products are applied across communications, computers, industrial, instrumentation, military, aerospace, automotive, and high-performance consumer electronics. Analog Devices distributes its products worldwide.

## AI Infrastructure Expands Analog Content Beyond GPUs

AI infrastructure is extending analog content beyond GPUs. While AI demand is typically linked to GPUs and memory, data centers also require higher-density power management, optical connectivity, and signal chain solutions — all core product areas for Analog Devices (ADI). According to WSTS, driven by AI infrastructure, HBM, and accelerated computing, the global semiconductor market is projected to reach USD 1.51 trillion in 2026, giving ADI broader advantages in AI infrastructure.

## Leading Analog Chipmaker, Benefiting from AI Power Upgrades

ADI combines semiconductor recovery, strong profitability, and AI infrastructure growth. The latest quarter delivered record revenue, improving gross margin, robust free cash flow, and recovering demand across industrial, automotive, and communications. Order momentum remains healthy, supported by strong B2B demand and favorable revenue guidance. Beyond traditional analog recovery, ADI is increasingly benefiting from AI data center power bottlenecks, with its acquisition of Empower Semiconductor further strengthening its high-density power management portfolio. Overall, ADI offers stable cash flow, improving earnings visibility, and a new AI-driven growth curve.

## Q2 Results Beat Expectations, Strong Momentum Ahead

In fiscal Q2 2026 (fiscal year ending November), revenue reached USD 3.62 billion, up 37.1% YoY, exceeding estimates by USD 100 million. Non-GAAP EPS was USD 3.09, beating by USD 0.18. Guidance for fiscal Q3 calls for revenue of USD 3.9 billion ( $\pm$ USD 100M), EPS of USD 2.60 ( $\pm$ USD 0.15), and adjusted EPS of USD 3.30 ( $\pm$ USD 0.15).

## Valuation Consensus

Bloomberg's 12-month average target price is USD 455.94, with a high of USD 515 and a low of USD 365.

Source: Bloomberg, World Semiconductor Trade Statistics (WSTS)

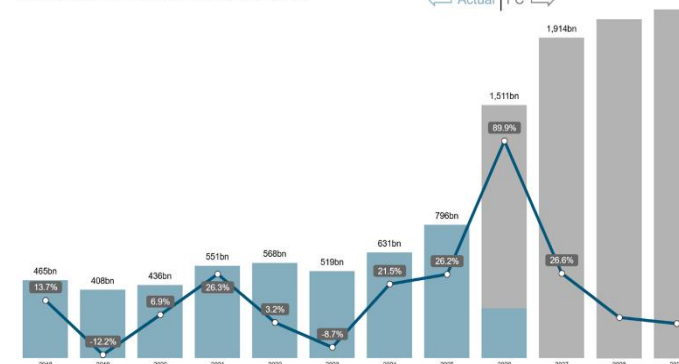
## 1-Year Price



## Global Semiconductor Market

### Global semiconductor market (billion US\$)

Actual & Forecast in billion US\$, YoY growth in percent



## Financials

	2023	2024	2025	2026F	2027F
<b>Revenue Growth(%)</b>	2.4	-23.4	16.9	33.9	15.3
<b>EBITDA (%)</b>	68.1	63.9	60.7	55.1	55.1
<b>EPS(USD)</b>	10.09	6.38	7.23	12.40	14.91
<b>Net Profit Margin(%)</b>	41.5	33.7	32.6	41.3	41.7

Source: Bloomberg; 2026/27F are market estimates

## P/E & P/B



# STMicroelectronics N.V. (STM)

**Closing Price** US \$78.39

**Target Price** US \$90

STMicroelectronics N.V. designs, develops, manufactures, and sells semiconductor integrated circuits and discrete devices. The company's products are widely used in telecommunications, consumer electronics, automotive, computers, and industrial applications. Its customer base spans North America, Europe, and the Asia-Pacific region.

### AI Infrastructure Recovery Supports Power, Control, and Photonics Demand

STM is positioned to benefit from the overall semiconductor industry recovery and the rise of AI data center infrastructure, particularly in power semiconductors, microcontrollers, sensors, silicon photonics, and control chips. As AI data centers increasingly demand more efficient power management and optical connectivity, STM can leverage the recovery in industrial/automotive sectors and sustained AI infrastructure growth to gain operational advantages.

### AI Data Center Demand Continues to Outpace Supply

With distribution inventories normalizing and management observing strong order growth in certain end markets, STM is benefiting from improved demand visibility. A key positive driver is its raised data center revenue target. STM now expects 2026 data center revenue to reach about USD 1 billion, up from the previous USD 500 million forecast, with potential to double again in 2027 if current momentum continues.

### Q1 Results Beat Expectations, Strong Guidance Ahead

In fiscal Q1 2026, revenue reached USD 3.1 billion, up 23% YoY, exceeding estimates by USD 50 million. Non-GAAP EPS was USD 0.13, missing by USD 0.05. For fiscal Q2 2026, STM guides for median net revenue of USD 3.45 billion, gross margin around 34.8%, and non-GAAP gross margin of 35.2%. The company expects its data center business revenue to exceed USD 500 million in 2026 and far surpass USD 1 billion in 2027.

### Valuation Consensus

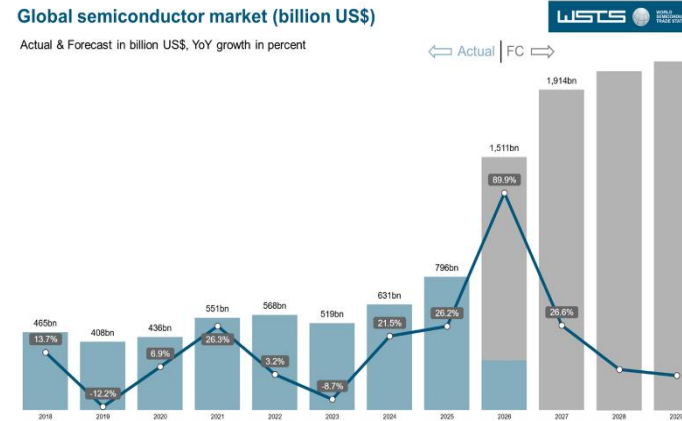
Bloomberg's 12-month average target price is USD 68.3, with a high of USD 90 and a low of USD 32.8.

Source: Bloomberg, World Semiconductor Trade Statistics (WSTS)

### 1-Year Price



### Global Semiconductor Market



### Financials

	2024	2025	2026	2027F	2028F
<b>Revenue Growth(%)</b>	7.2	-23.2	-11.1	21.0	17.0
<b>EBITDA (%)</b>	36.9	26.9	20.9	23.1	29.3
<b>EPS(USD)</b>	4.58	1.72	0.51	1.30	2.63
<b>Net Profit Margin(%)</b>	25.0	12.1	4.0	7.6	13.4

Source: Bloomberg; 2027/28F are market estimates

### P/E & P/B





# US–Iran Reach Preliminary Peace Deal, Blue-Chip Stocks Lead Taiwan Market Rebound

## US–Iran Reach Peace Deal, Blue-Chip Stocks Lead Taiwan Market Rebound

US and Iran announced a peace agreement, aiming to end Middle East conflict and reopen the Strait of Hormuz. Asian equities rallied, with Taiwan stocks opening higher last week and closing strong. Although turnover shrank again ahead of the Dragon Boat Festival, falling below the 20-day average, if short-term moving averages hold and volume recovers, the market could challenge previous highs. Sector performance saw optical lenses and silicon wafers extend gains, while IC substrates, discrete devices, and some passive components also rebounded. Panel stocks turned stronger and warrant attention. Strategy: avoid names breaking below short-term averages or showing weak patterns; short-term buyers should not chase intraday spikes but accumulate on dips.

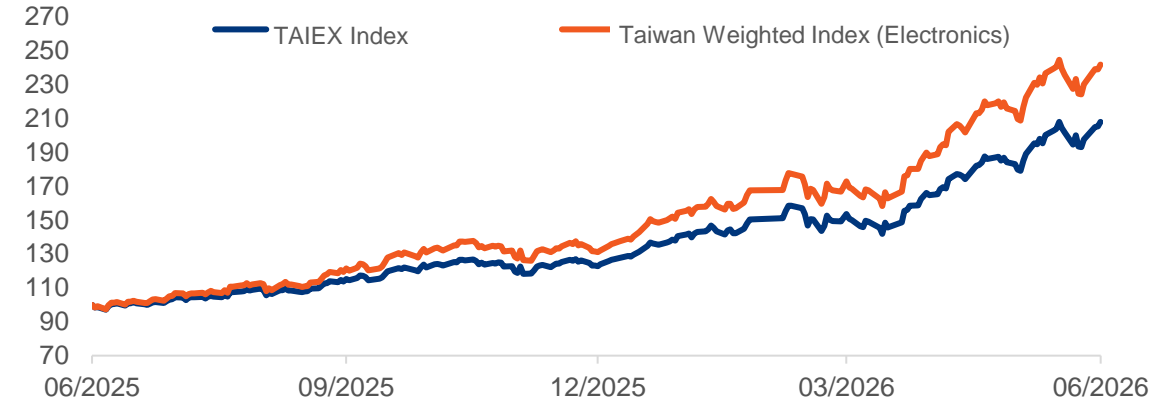
## Advanced Packaging Market Upgrades, Equipment Makers Gain Opportunity

AI/HPC chips feature low output and high unit value, where minor defects can cause major losses. This drives semiconductor firms to shift from traditional sampling to 100% inspection, pushing the global Automated Optical Inspection (AOI) market from USD 15.8B in 2025 to USD 25B in 2030, a CAGR of 9.6%. With advances in 2.5D/3D stacking, CPO, and large panel-level packaging, demand rises for 3D inspection, optoelectronic hybrid inspection, and substrate warpage solutions, boosting both equipment volume and ASP. Front-end inspection is led by KLA, while advanced packaging is dominated by Onto and Camtek. Under supply-chain localization, Taiwanese equipment and software vendors with AI algorithm upgrades and panel-level substrate expertise are seizing major opportunities in advanced packaging.

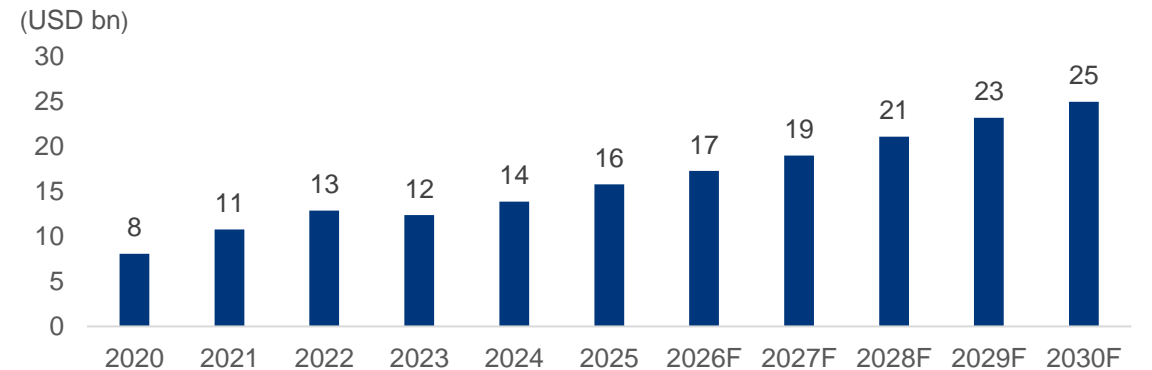
Source: Bloomberg

## TAIEX Index and Taiwan Electronics Sector Trends

Index, 18 June 2025 = 100



## Global Automated Optical Inspection (AOI) Market Size



# MPI Corporation (6223 TT)

The company provides probe cards, optoelectronic automation, advanced semiconductor testing, and thermal solutions. Its probe card solutions include Vertical Probe Cards (VPC) and MEMS-based Probe Cards, designed for wafer-level electrical testing in advanced semiconductor applications.

## Key Features

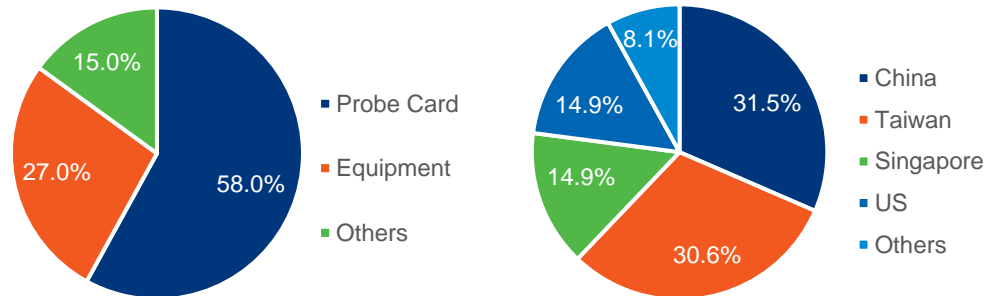
### CPU Order Spillover as Short-Term Stock Catalyst

Recent CPU demand has strengthened significantly, driving a supply shortage in the server CPU probe card supply chain. KGI Securities believes that with existing suppliers facing tight capacity and extended lead times, customers will actively seek secondary sources. MPI leveraging its accumulated expertise in high-end probe cards and AI/HPC applications, is well positioned to capture part of this spillover demand..

### Expanding into More AI/HPC Applications, Long-Term Growth Potential

KGI incorporates 2028 financial forecasts into its valuation basis, noting that MPI's major customers include global technology and AI leaders — U.S. ASIC design service providers, leading GPU manufacturers, and server CPU giants. These customers are expected to maintain strong growth momentum in AI ASICs, GPUs, and server CPUs through 2028. Beyond benefiting from robust AI ASIC demand, MPI is also poised to expand market share in CPU, GPU, and networking chips, strengthening its role in advanced computing applications.

## Revenue Sources and Regions



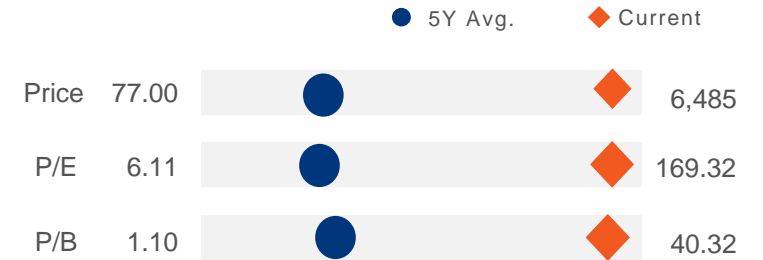
Source: Bloomberg

## Financials

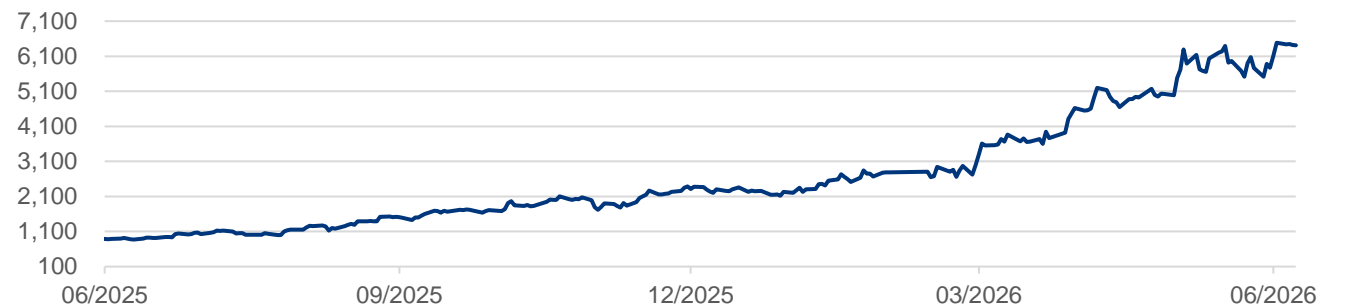
	2024	2025	2026F	2027F	2028F
EPS (NTD)	24.42	33.49	65.35	111.48	160.27
EPS Growth (%)	75.4	37.1	95.1	70.6	43.8
P/E Ratio	204.1	148.9	76.3	44.7	31.1
ROE (%)	27.2	26.6	39.6	57.1	54.3

Source: Company data, estimates of KGI analyst

## Valuations



## 1-Year Price



As of 18 June 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	5.34	4.56	71.75	190.93	185.11	618.37

# WinWay Technology (6515 TT)

WinWay Technology is a Taiwanese supplier of semiconductor test interface solutions for wafer probing (CP), system-level testing (SLT), final testing (FT), and burn-in testing. The company has established relationships with leading global IC design houses, wafer foundries, and packaging/testing providers. Its product portfolio includes test sockets and wafer probe cards, with test sockets being the firm's core product since its founding.

## Key Features

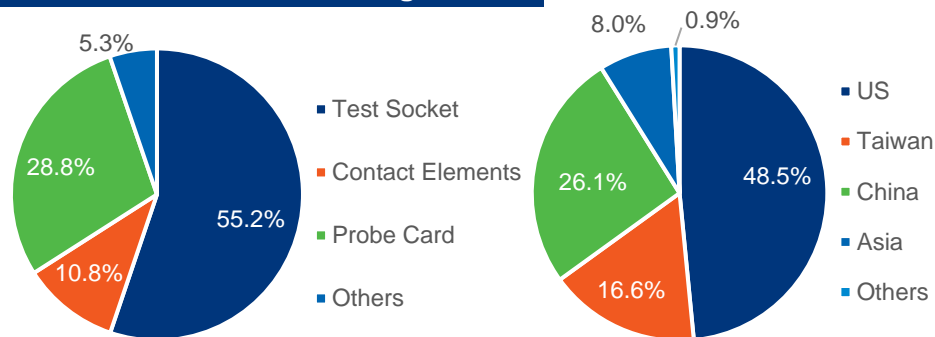
### AI Momentum Continues

Benefiting from the rise of Agentic AI, U.S. server CPU customers have raised order volumes for the second time this year, nearly doubling prior estimates. According to supply chain checks, the next-generation AI GPU has entered engineering development, with pin count expected to increase by 20–30% compared to the previous generation. This specification upgrade will further increase the complexity of test sockets, boosting WinWay Technology's ASP and gross margin performance.

### Test Socket Market Share Expansion, Probe Card Potential

With new capacity actively coming online, WinWay's market share in ASICs and smartphones is set to expand further. KGI Securities believes the market currently underestimates the company's growth potential in probe cards. Beyond existing businesses in networking ICs, CPUs, and gaming GPUs, WinWay's deep cooperation with a leading U.S. GPU company positions it to successfully enter the AI GPU probe card market and become a major supplier.

## Revenue Sources and Regions



Source: Bloomberg

## Financials

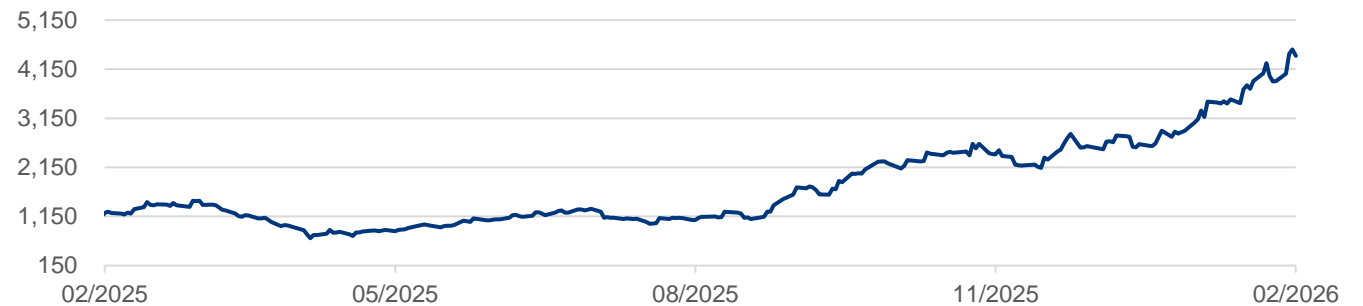
	2024	2025	2026F	2027F	2028F
EPS (NTD)	34.31	46.93	91.71	169.35	268.63
EPS Growth (%)	153.7	36.8	95.4	84.7	58.6
P/E Ratio	311.9	228.0	116.7	63.2	39.8
ROE (%)	26.3	27.9	45.2	63.9	61.1

Source: Company data, estimates of KGI analyst

## Valuations

	5Y Avg.	Current
Price	234.50	10,795
P/E	11.07	219.67
P/B	2.97	59.88

## 1-Year Price



As of 18 June 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	8.37	-7.71	30.89	269.14	232.75	665.18

## Yield Spread Not Excessively Costly, Building an Income Portfolio

### ► PIMCO GIS Income Fund

- One of the World's Largest Actively Managed Funds
- Despite multiple market swings, the fund has consistently captured opportunities after shocks. For example, it fell 8.79% in 2020, then rebounded 10.63% within six months.
- Attractive Yield Advantage Estimated yield-to-maturity is 7%, offering competitive returns.
- The fund dynamically manages duration (generally 0–8 years) to address economic uncertainty. Recent tactical positioning favors U.S. rates, focusing on short- and medium-term bonds with compelling opportunities.
- Proven Long-Term Performance Awarded the Lipper Fund Awards Hong Kong 2023 – Best Global Bond USD Fund (10 Years).
- Experienced Management Team Led by Group CIO Dan Ivascyn, alongside Alfred Murata and Josh Anderson, with nearly 30 years of average investment experience. Supported by a global credit research team of 80+ analysts.
- Duration: 5.86 years; Average credit rating: AA-
- Latest annualized distribution yield: 6.29% (Class E-USD)

Product	PIMCO GIS Income Fund	
<b>Features</b>	<ul style="list-style-type: none"> <li>■ Global Diversified Allocation Helps Mitigate Risk and Capture Income Opportunities</li> <li>■ Fund size is substantial, with an average credit rating of AA- and a Morningstar 4-Star rating.</li> </ul>	
<b>AUM</b>	USD 126.5 billion	
<b>3M/YTD Return</b>	1.52% / 1.07%	
<b>Allocation(%)</b>	Mortgage-Backed Securities (MBS)	50.32%
	Corporate Bonds	18.00%
	Government Treasuries	17.64%
	Cash and Others	13.71%
<b>Maturity(%)</b>	Under 3 years	21.00
	3–5 years	12.30
	5–10 years	41.80
	10–20 years	26.50
	Over 20 years	-1.70
<b>Holdings (%)</b>	FNMA TBA 6.5% JUN 30YR	4.9
	FNMA TBA 6.0% JUN 30YR	4.3
	FNMA TBA 5.0% MAY 30YR	2.8
	FNMA TBA 6.0% JUL 30YR	2.3
	FNMA TBA 5.5% MAY 30YR	1.8

# PIMCO GIS Income Fund

## Profile

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

### Global Diversification

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

### Professional Management

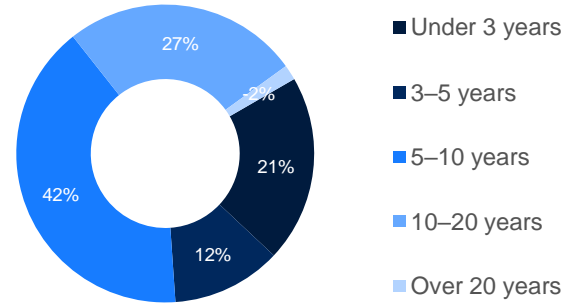
Actively managed by PIMCO, with flexible asset allocation to adapt to market conditions, delivering relatively stable long-term performance.

### Morningstar Rating

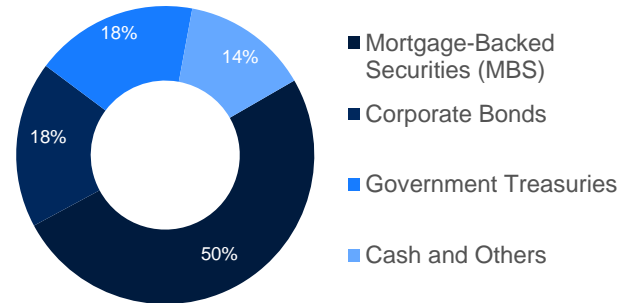
Large fund size, average credit rating AA-, rated 4 stars by Morningstar.

<b>Inception</b>	2012/11/30	<b>AUM</b>	USD 126.5 bn
<b>Morningstar Category</b>	Global Bonds	<b>Fund Type</b>	Fixed Income
<b>Morningstar Rating</b>	★★★★	<b>3Y SD (Ann.)</b>	4.45%

## Sectors



## Asset



## Top-5 Holdings (%)

<b>FNMA TBA 6.5% JUN 30YR</b>	4.9
<b>FNMA TBA 6.0% JUN 30YR</b>	4.3
<b>FNMA TBA 5.0% MAY 30YR</b>	2.8
<b>FNMA TBA 6.0% JUL 30YR</b>	2.3
<b>FNMA TBA 5.5% MAY 30YR</b>	1.8

## 1Y NAV



As of 16 June 2026	1M	3M	YTD	1Y	2Y	3Y
<b>Cumulative Return(%)</b>	2.04	1.52	1.07	7.08	13.72	21.31
<b>Ranking</b>	1	2	4	1	2	2

Source: Bloomberg, Morningstar

## Yield Spread Not Excessively Costly, Building an Income Portfolio

### ► Vanguard Intermediate-Term Corporate Bond ETF (VCIT.US)

- Tracks the performance of the Bloomberg U.S. 5–10 Year Corporate Bond Index.
- The index includes USD-denominated, investment-grade, fixed-rate taxable bonds issued by U.S. and non-U.S. industrial, utility, and financial companies, with maturities between five and ten years.
- The portfolio is highly diversified, holding over 2,300 bonds, with the top 10 positions accounting for only 2.73%.
- Its expense ratio is 0.03%, relatively low.

Product	Vanguard Intermediate-Term Corporate Bond ETF (VCIT.US)	
Features	<ul style="list-style-type: none"> <li>■ Focus on medium-term corporate bonds rated BBB or above</li> <li>■ Holding over 2,000 bonds</li> </ul>	
AUM	USD 66.91 billion	
Tracking Index	Bloomberg U.S. 5-10 Year Corporate Bond Index	
Exchange	NASDAQ	
Currency	USD	
Expense Ratio	0.06% / 0.13%	
Credit Ratings (%)	BBB	46.13
	A	45.71
	AA	6.02
	BB	1.70
	AAA	0.34
Holdings (%)	AMZN 4 7/8 03/13/36	0.31
	BA 6.528 05/01/34	0.28
	META 4 7/8 11/15/35	0.28
	BAC 5.015 07/22/33	0.27
	PFE 4 3/4 05/19/33	0.27

Source: Bloomberg

# Vanguard Intermediate-Term Corporate Bond ETF (VCIT.US)

## Profile

This ETF tracks the Bloomberg U.S. 5–10 Year Corporate Bond Index, seeking to replicate the performance of its constituent securities.

### Focus on High-Quality Intermediate Corporate Bonds

The index mainly invests in USD-denominated corporate bonds with maturities of 5–10 years and an average duration of about six years. Sector exposure is concentrated in financials and industrials, with most holdings rated BBB or higher, providing moderate interest rate and credit risk.

### Diversified Portfolio

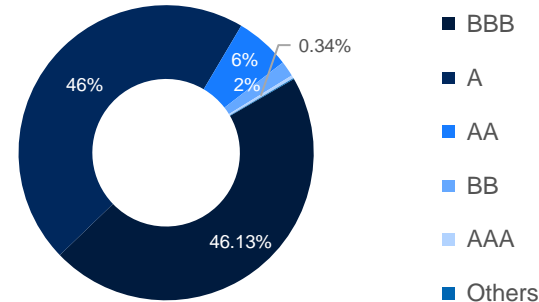
The ETF holds more than 2,000 bonds, with the top 10 positions accounting for only about 2.49% of the portfolio, helping reduce concentration risk.

### Low Expense Ratio

The fund's expense ratio is 0.03%, relatively low among comparable ETFs, offering strong cost efficiency for investors.

<b>Inception</b>	2009/11/19	<b>AUM</b>	USD 66.91 bn
<b>ETF Category</b>	Bonds	<b>Holdings</b>	2,345
<b>Expense Ratio</b>	0.03%	<b>3Y SD (Ann.)</b>	6.08%

## Sectors



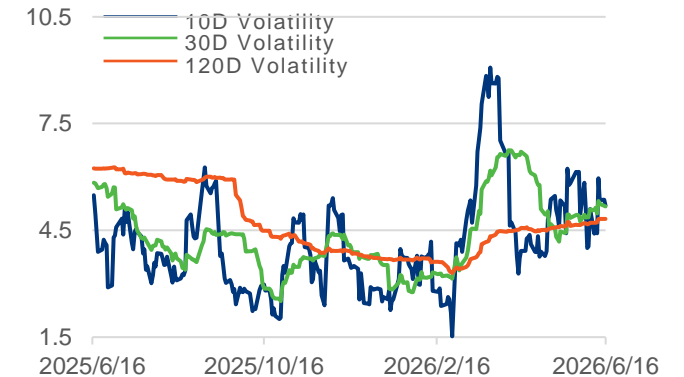
## Top-5 Holdings (%)

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<b>BAC 5.015 07/22/33</b>	0.27
<b>PFE 4 3/4 05/19/33</b>	0.27

## Price Trend (Past 1 Year)



## Volatility (Past 1 Year)



As of 17 June 2026	1M	3M	YTD	1Y	3Y	5Y
<b>Cumulative Return(%)</b>	0.68	0.06	0.13	5.51	6.03	1.13

Source: Bloomberg

## Dell Q1 Earnings Beat and Credit Upgrade Strengthened by AI Growth

### ▶ DELL 4.75 07/15/2031 (Dell) (USD)

### ▶ DELL 5.25 02/15/37 (Dell) (USD)

- Dell Technologies Inc. is a global leader in personal computing systems and data center equipment, with revenue of USD 134B over the past 12 months, up 38.6% YoY, of which 56% comes from the U.S. The company operates two synergistic segments: CSG (Client Solutions Group — PCs and consumer tech) and ISG (Infrastructure Solutions Group — servers, storage, and data center solutions).
- Strong AI demand has driven growth across product lines. In Q1 FY2026, revenue surged 88% YoY to USD 43.8B, beating consensus of USD 35.7B. Segment growth: ISG +181%, CSG +17%. Key drivers include rising demand for AI-optimized servers, as second-tier cloud providers, enterprises, and sovereign clients expand data centers for AI model training and inference. Traditional servers and networking gear are also being upgraded for AI inference and Agentic workloads, while large AI models generate massive unstructured data, fueling high-margin storage business growth. PC sales benefited from demand for high-end devices with local AI compute capabilities.
- On credit, S&P upgraded Dell's rating from BBB to BBB+ in June 2026, outlook stable. The upgrade reflects Dell's strong AI-driven momentum, especially in servers and data center equipment. Credit metrics improved: EBITDA/interest coverage rose from 5.87x (end-2024) to 6.92x, while adjusted leverage fell to 0.7x, expected to decline further to 0.2x by year-end, well below the 2x downgrade threshold.

Bond	DELL 4.75 07/15/2031 (Dell) (USD)	DELL 5.25 02/15/37 (Dell) (USD)
ISIN	US24703DBV29	US24703DBX84
Features	Strong AI demand drove Dell's product lines higher, delivering a standout Q1 performance. S&P upgraded Dell's credit rating from BBB to BBB+ in June 2026.	
Maturity	2031/7/15	2037/2/15
Next Call Date	2031/6/15	2036/11/15
Coupon(%)	Fixed/4.75/Semi-Annual	Fixed/5.25/Semi-Annual
Currency	USD	USD
Years to Maturity	5.07	10.67
Credit Rating (Moody's/ Fitch/S&P)	Baa2/BBB+/BBB+	Baa2/BBB+/BBB+
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	4.61/4.61	5.23/5.24

## DELL 4.75 07/15/2031 (Dell) (USD)

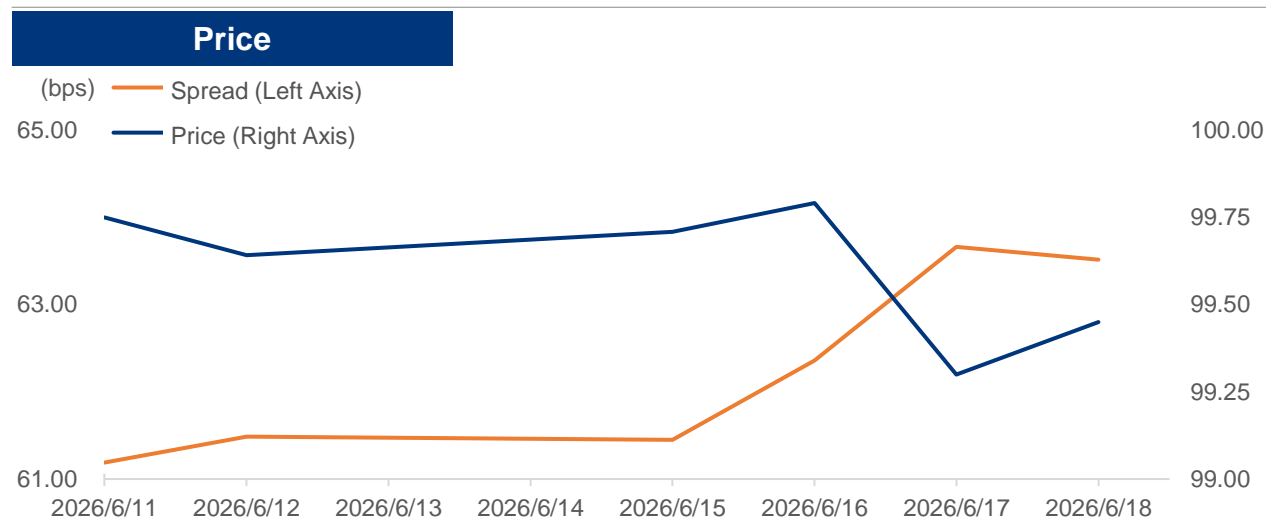
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- Credit metrics improved: EBITDA/interest coverage rose from 5.87x (end-2024) to 6.92x, while adjusted leverage fell to 0.7x, expected to decline further to 0.2x by year-end, well below the 2x downgrade threshold.

Financials	2023	2024	2025
Free Cash Flow (USD 100 mn)	5.62	59.20	18.69
EBITDA Margin (%)	9.00	9.96	10.10
EBITDA / Interest Expense	7.54	5.87	6.92

Source: Bloomberg

Overview			
Name	DELL 4.75 07/15/31	ISIN	US24703DBV29
Maturity Date	2031/7/15	Remaining Maturity	5.07
Coupon(%)	Fixed/4.75/Semi-Annual	YTM/YTC(%)	4.61/4.61
Currency	USD	Min. Subscription/ Increment	2,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa2/BBB+/BBB+	Seniority	Senior Unsecured



## DELL 5.25 02/15/37 (Dell) (USD)

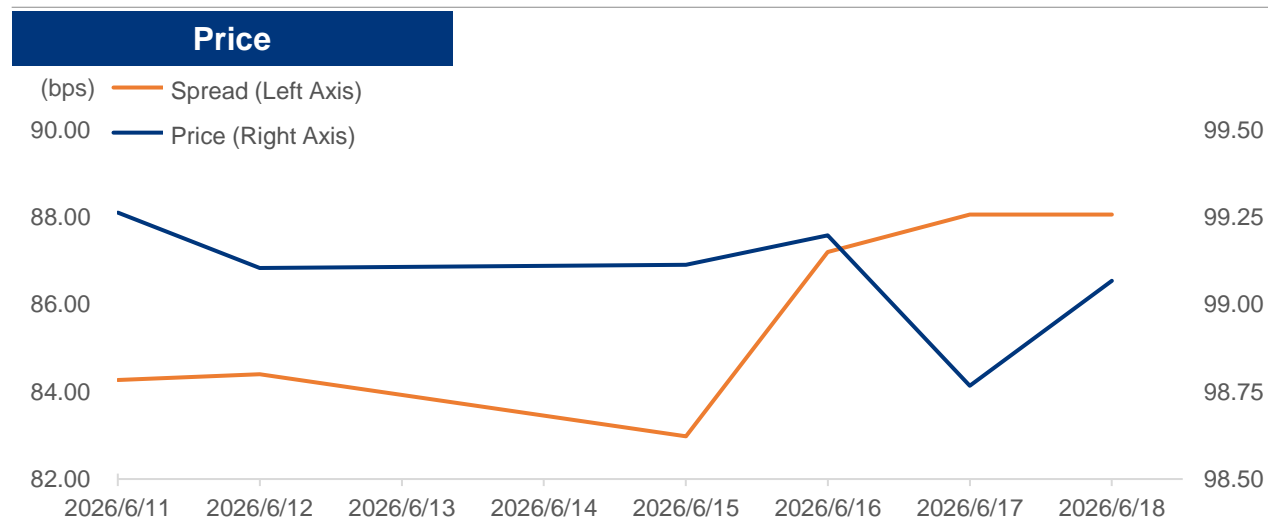
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EBITDA / Interest Expense	7.54	5.87	6.92

Source: Bloomberg

Overview			
Name	DELL 5.25 02/15/37	ISIN	US24703DBX84
Maturity Date	2037/2/15	Remaining Maturity	10.67
Coupon(%)	Fixed/5.25/Semi-Annual	YTM/YTC(%)	5.23/5.24
Currency	USD	Min. Subscription/ Increment	2,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa2/BBB+/BBB+	Seniority	Senior Unsecured



## Key Economic Data / Events

## ► JUNE 2026

15

Monday

- U.S. May Industrial Production MoM (Act:0.1% Est:0.3% Prev:0.9%)
- Eurozone April Industrial (Act:0.1% Est:0.1% Prev:0.4%)

16

Tuesday

- U.S. May Housing Starts (Act:1,177k Est:1,430k Prev:1,392k)
- Japan Jun BoJ Uncollateralized Overnight Call Rate (Act:1.00% Est:1.00% Prev:0.75%)
- China May Retail Sales YoY (Act:-0.6% Est:-0.2% Prev:0.2%)
- China May Industrial Production YoY (Act:4.5% Est:4.4% Prev:4.1%)

17

Wednesday

- U.S. May Retail Sales MoM (Act:0.9% Est:0.6% Prev:0.4%)
- Japan Apr Core Machinery Orders MoM (Act:8.7% Est:0.5% Prev:-9.4%)
- Eurozone May CPI YoY (Final) (Act:3.2% Est:3.2% Prev:3.0%)

18

Thursday

- U.S. Weekly Initial Jobless Claims (Act:226k Est:225k Prev:230k)
- U.S. Jun Federal Funds Rate (Act:3.75% Est:3.75% Prev:3.75%)

19

Friday

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

22

Monday

23

Tuesday

- U.S. Jun S&P Global Manufacturing PMI (Prelim) (Est:54.5 Prev:55.1)
- U.S. Jun S&P Global Services PMI (Prelim) (Est:51.0 Prev:50.7)
- Japan June S&P Global Manufacturing PMI (Prelim) (Prev:54.5)
- Eurozone June S&P Global Manufacturing PMI (Prelim) (Est:51.6 Prev:51.6)
- Taiwan May Export Orders YoY (Est:48.9% Prev:48.1%)

24

Wednesday

25

Thursday

- U.S. Weekly Initial Jobless Claims (Prev:226k)
- U.S. May PCE YoY (Est:4.1% Prev:3.8%)
- U.S. May Core PCE YoY (Est:3.4% Prev:3.3%)
- U.S. Q1 GDP QoQ Annualized (Final) (Est:1.6% Prev:0.5%)

26

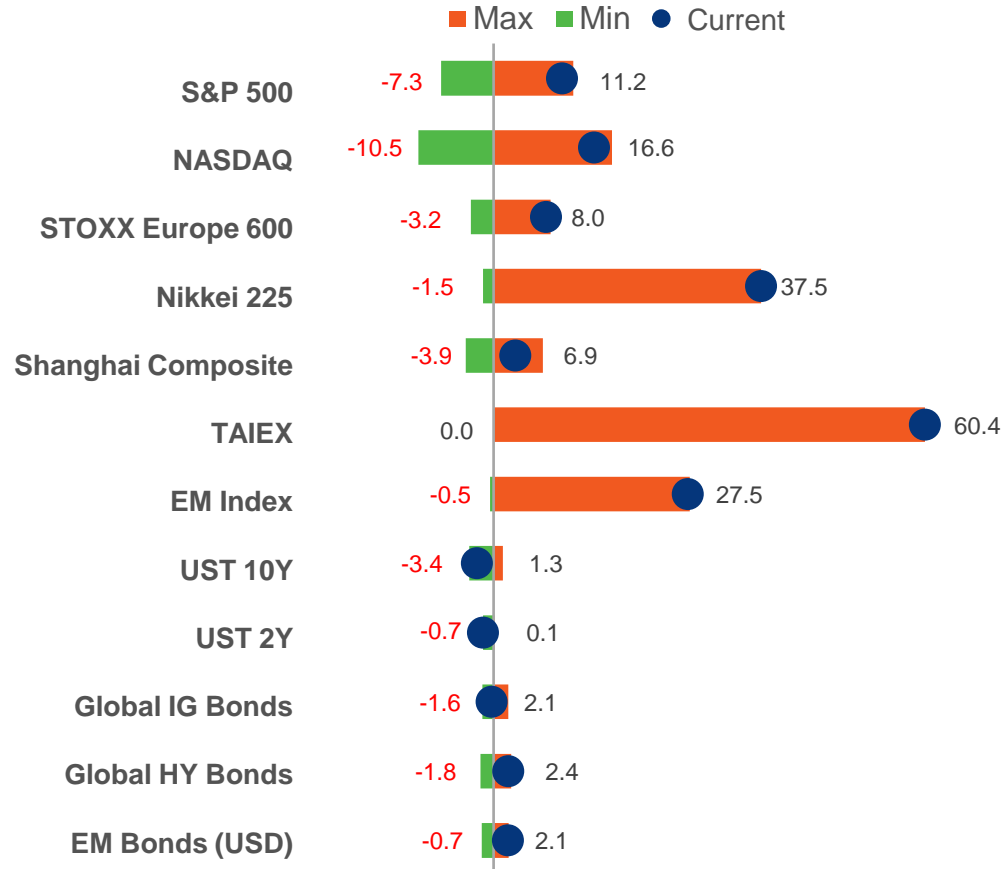
Friday

- U.S. Jun University of Michigan Consumer Sentiment Index (Final) (Est:50.0 Prev:44.8)
- Japan Jun Tokyo CPI YoY (Est:1.6% Prev:1.4%)

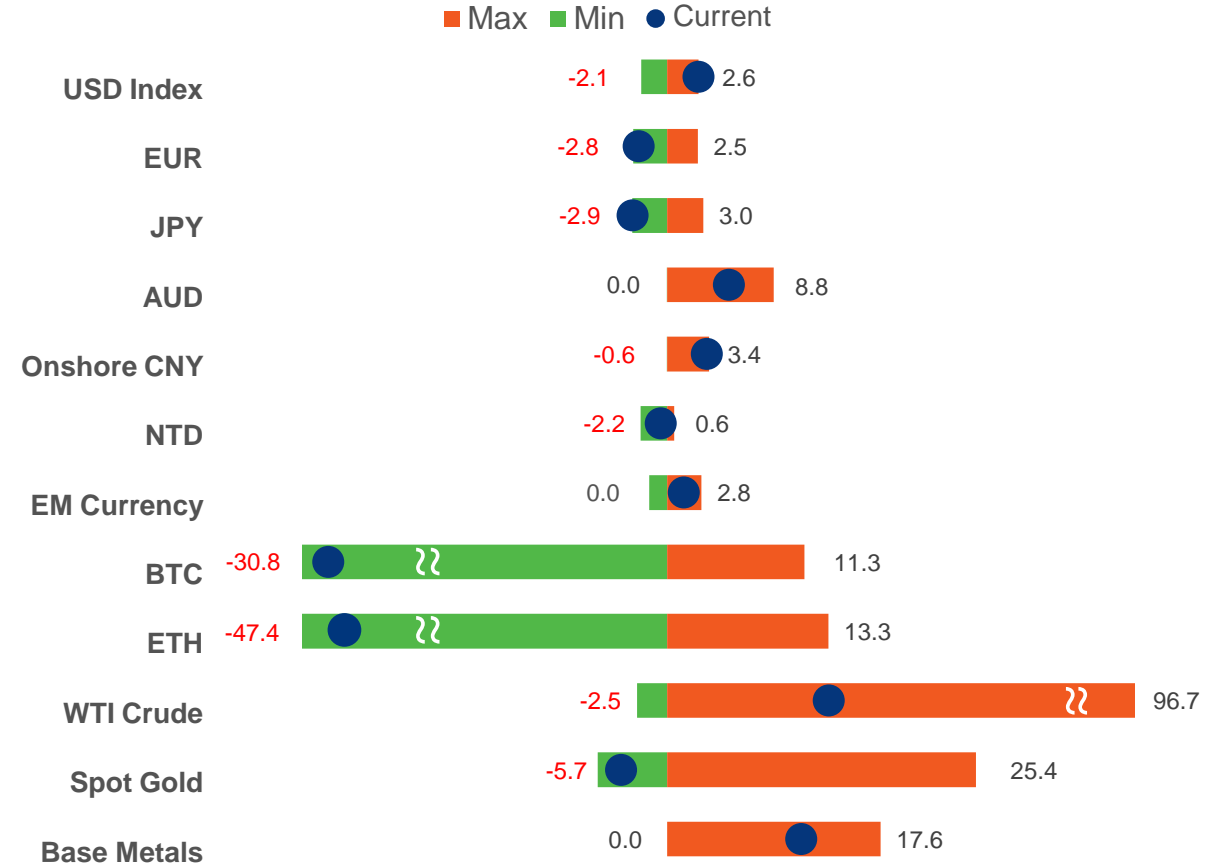
Source: Bloomberg

# Major Market / Asset YTD Performance

## Equities & Bond Markets YTD Performance (%)



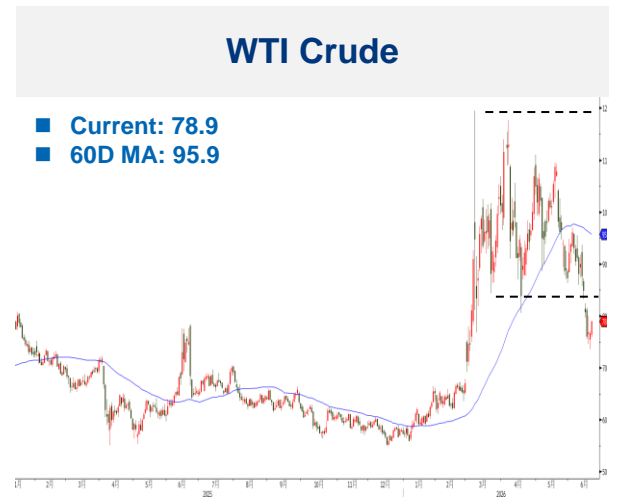
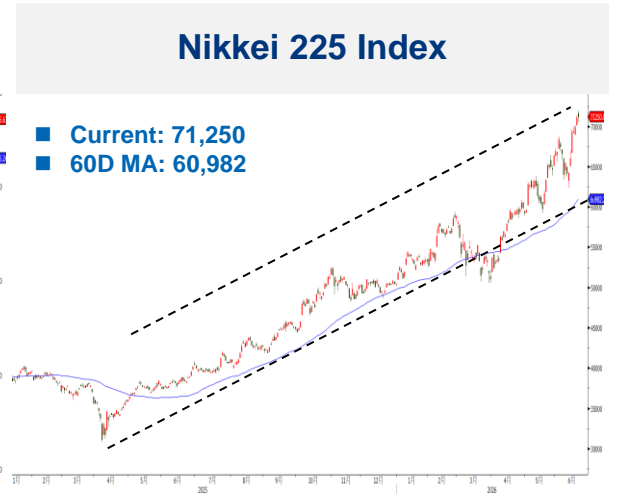
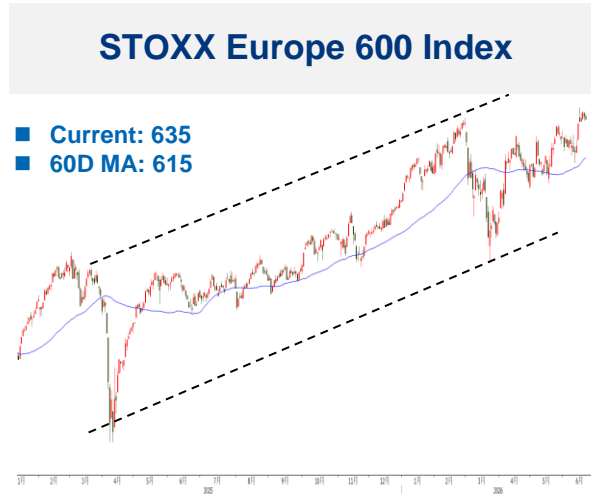
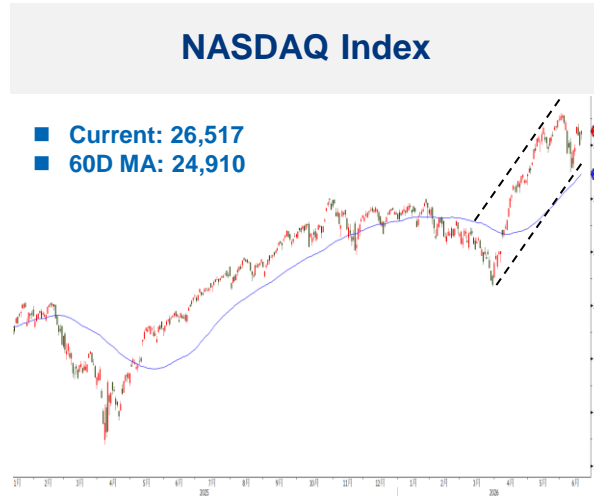
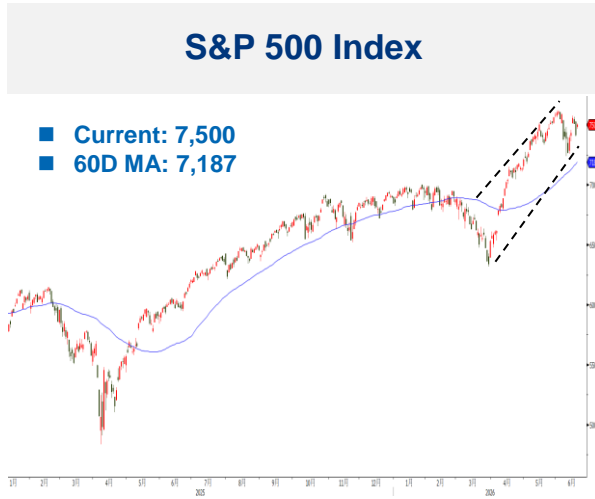
## Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

# Technical Analysis

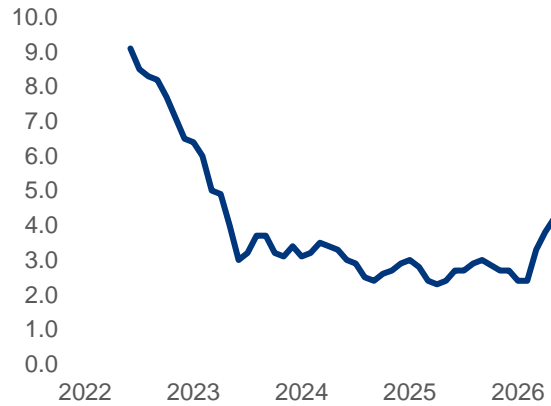
— 60D MA



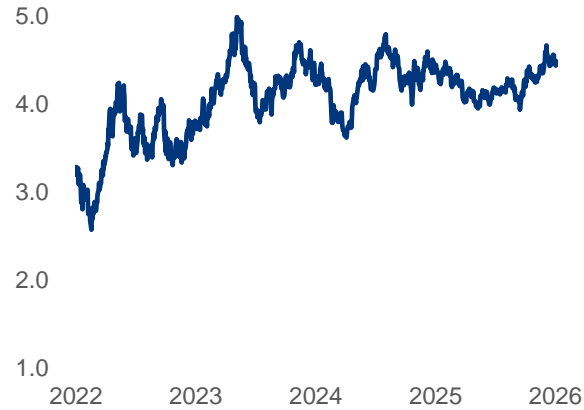
Source: Bloomberg

# Market Monitor

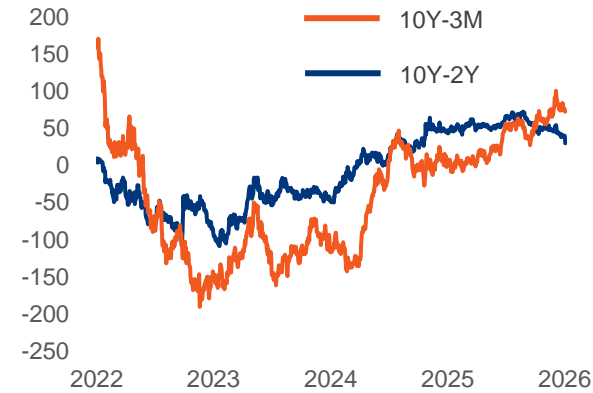
**U.S. CPI YoY (%)**



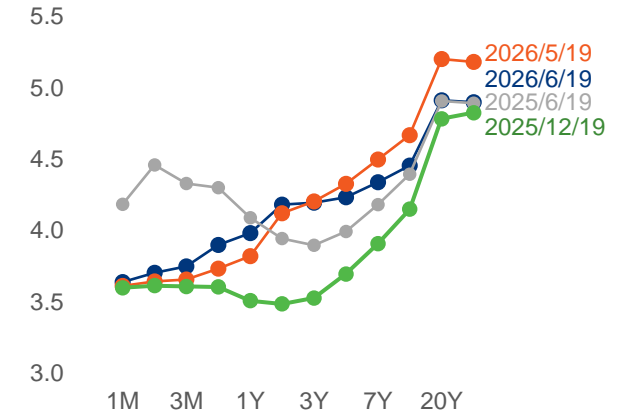
**U.S. 10-Year Treasury Yield (%)**



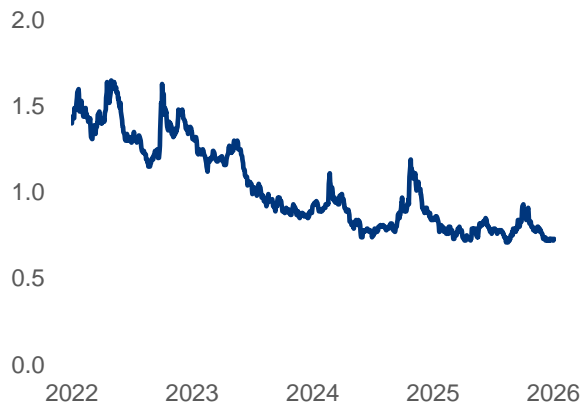
**U.S. Treasury Yield Spread (bps)**



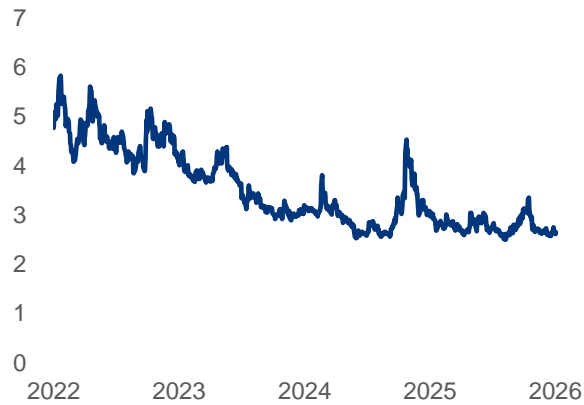
**U.S. Treasury Yield Curve (%)**



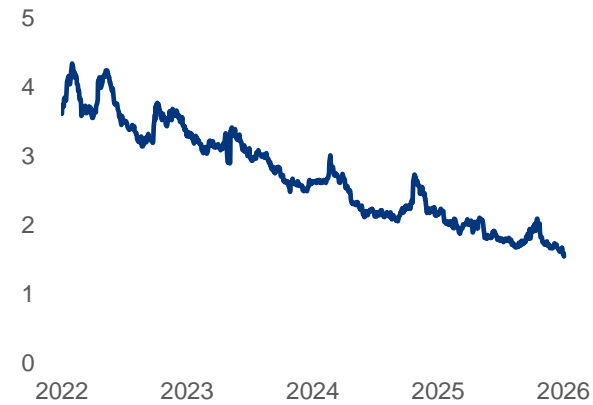
**USD IG Credit Spread (%)**



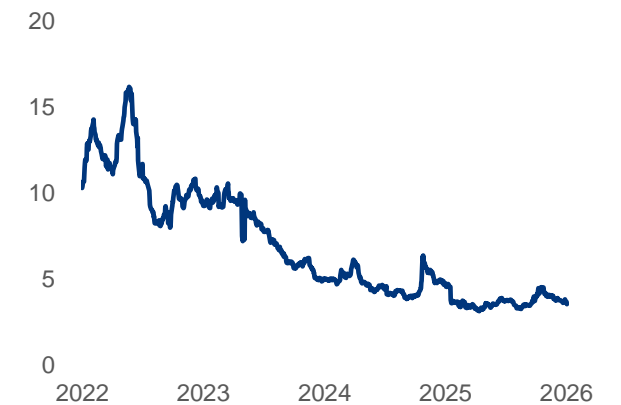
**USD HY Credit Spread (%)**



**USD EM Credit Spread (%)**



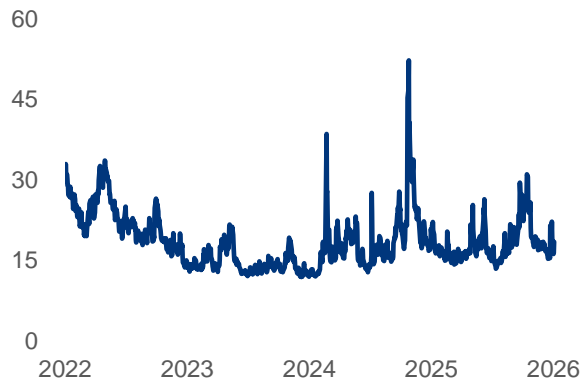
**USD Asia Credit Spread (%)**



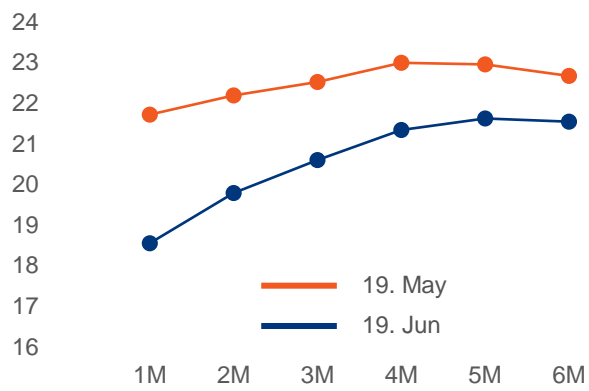
Source: Bloomberg

# Market Monitor

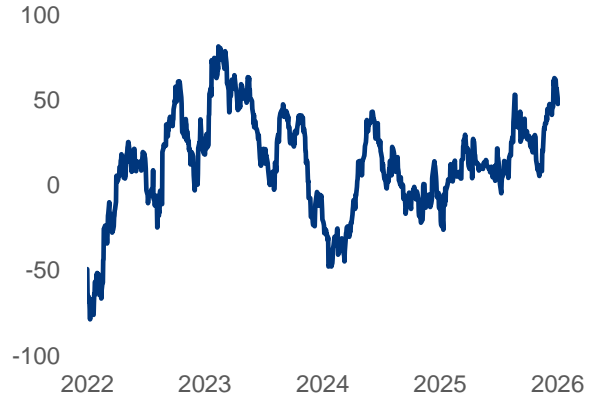
**VIX Index**



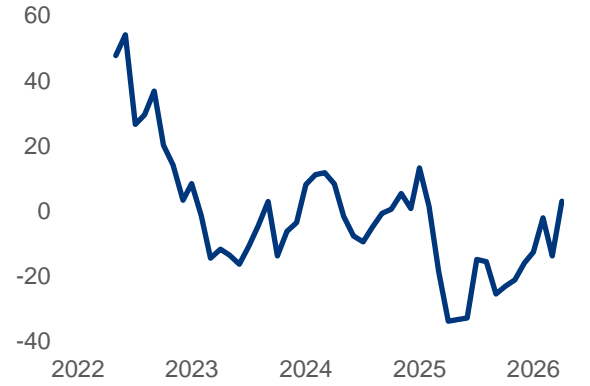
**VIX Term Structure**



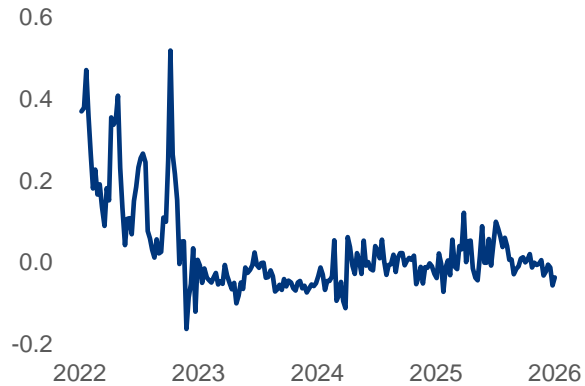
**U.S. Citi Economic Surprise Index\***



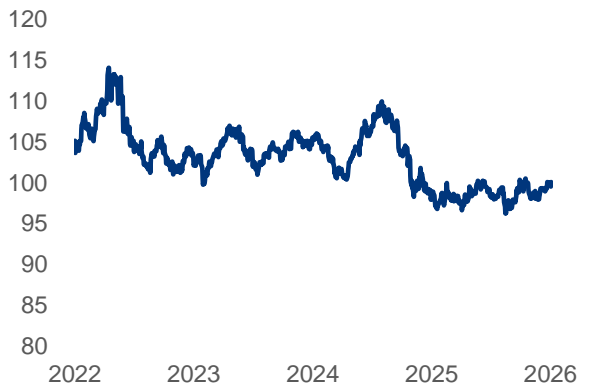
**U.S. Citi Inflation Surprise Index\***



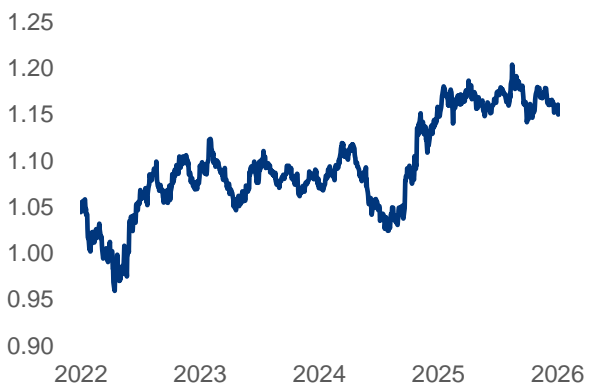
**TED Spread (bps)**



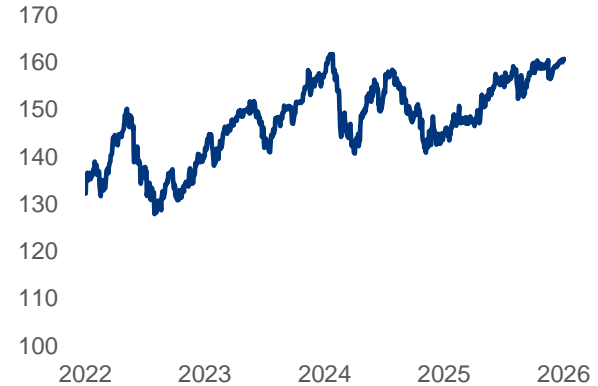
**U.S. Dollar Index**



**EUR to USD**



**USD to JPY**



Source: Bloomberg

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