



CIO Office

Global Markets Weekly Kickstart

Backbone of the AI Era

5 October 2026

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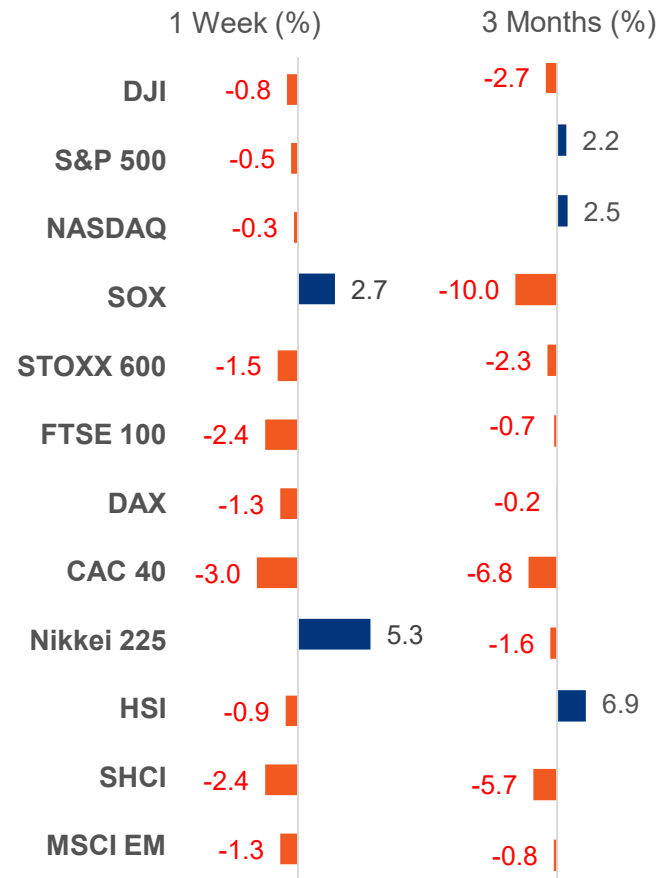
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Market Recap

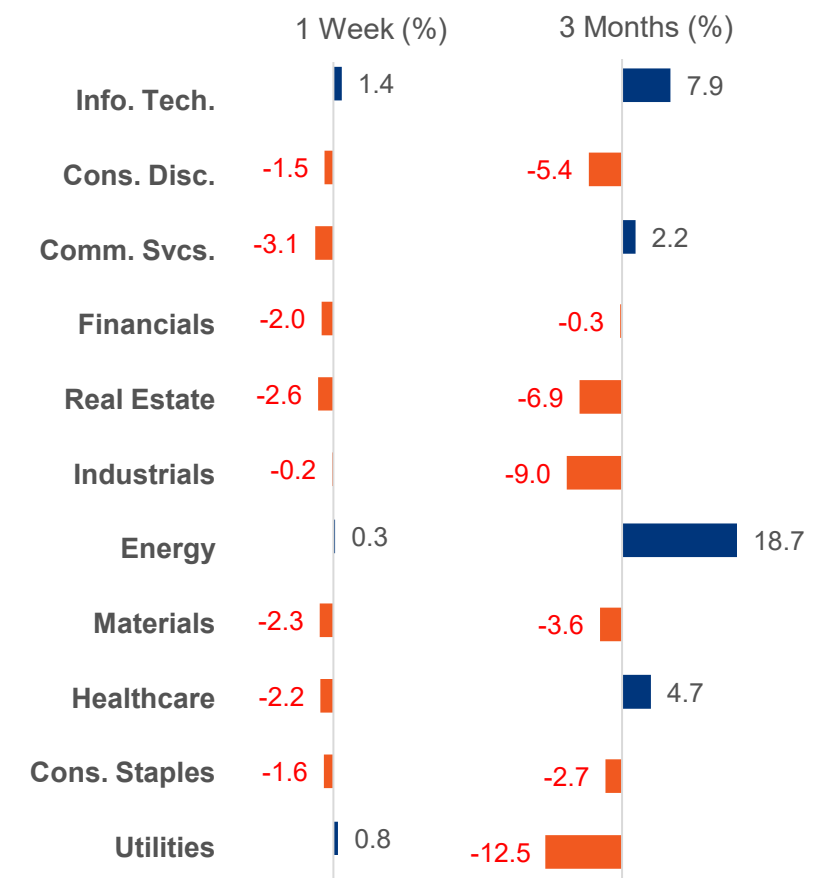
Rising Bond Yields Weigh on Major Global Indices

- Major global indices broadly declined as bond yields rose. Strength in semiconductor and AI-related indices and markets helped limit equity losses. Trump said he would not rule out stepping up attacks on Iran after the midterm elections, and U.S. officials indicated that another aircraft carrier and 10,000 troops may soon be sent to the Middle East. Renewed escalation in Middle East tensions supported energy stocks.
- Broadcom has agreed to provide Anthropic with up to US\$42bn in loans to fund its computing infrastructure spending. Anthropic's IPO filing shows that the potential financing could cover about one-third of its US\$125.2bn, five-year TPU compute lease commitment. Broadcom may designate financing partners, and the related debt instruments may be converted into Anthropic shares. Markets remain focused on potential conflicts of interest, as Broadcom acts as both a key hardware supplier and a major creditor, raising broader concerns about how AI development is being funded.

Regional Index Performance (%)



U.S. Sector Index Performance (%)



Source: Bloomberg

Market Recap**Long-End Yields Surge; Bond Yield Rally Eases After Inflation Data**

- ▶ Bond markets this week focused on a sharp rise in long-end yields. The 10-year U.S. Treasury yield briefly climbed to its highest level in more than 20 years before giving back some of its gains.
- ▶ U.S. PCE data released midweek showed the price index rose 0.3% MoM, below the consensus forecast of 0.4%. July's reading was revised down from 0.2% to 0.1% following the annual revision. Headline PCE rose 3.4% YoY, unchanged from July on a revised basis, while core PCE increased 0.2% MoM and 3.0% YoY. The slightly softer-than-expected inflation data lifted expectations that the Fed will hold rates in October, helping slow the rise in bond yields.
- ▶ Gold fell early in the week before stabilizing, with bond yields remaining the key driver. On Monday, a global bond sell-off and rising long-end yields briefly pushed gold below US\$4,150/oz. Milder inflation data later in the week helped support prices.
- ▶ Energy markets remained highly volatile and driven by supply risks, with spillover effects across global assets. China's suspension of refined oil product exports for October and renewed Middle East tensions kept markets on alert. Oil prices still edged lower over the week.

Performance of Bonds (%)

	1 Week (%)	3 Months (%)
UST 10Y	-0.2	-4.8
UST 2Y	-0.1	-1.3
Global IG	-0.4	-2.7
U.S. IG	-0.2	-3.3
EU IG	-0.2	-3.9
Asia IG	0.2	1.6
Global HY	-1.4	-2.7
U.S. HY	-1.0	-2.0
EU HY	-0.7	-1.8
Asia HY	-0.6	-0.3
EM (Local)	-0.4	0.9
EM (USD)	-1.4	-3.8

Performance of Commodities and Currencies (%)

	1 Week (%)	3 Months (%)
WTI Crude	-1.8	35.2
Gold	-2.3	4.2
Natural Gas	12.0	-12.6
Iron Ore	-1.6	-4.7
Copper	-3.7	3.2
Bitcoin	0.3	44.3
Ethereum	0.4	71.4
DX	0.8	
EUR/USD	-1.2	-1.6
AUD/USD	-1.2	0.2
USD/JPY	0.5	2.8
USD/CNY	-0.1	-1.3

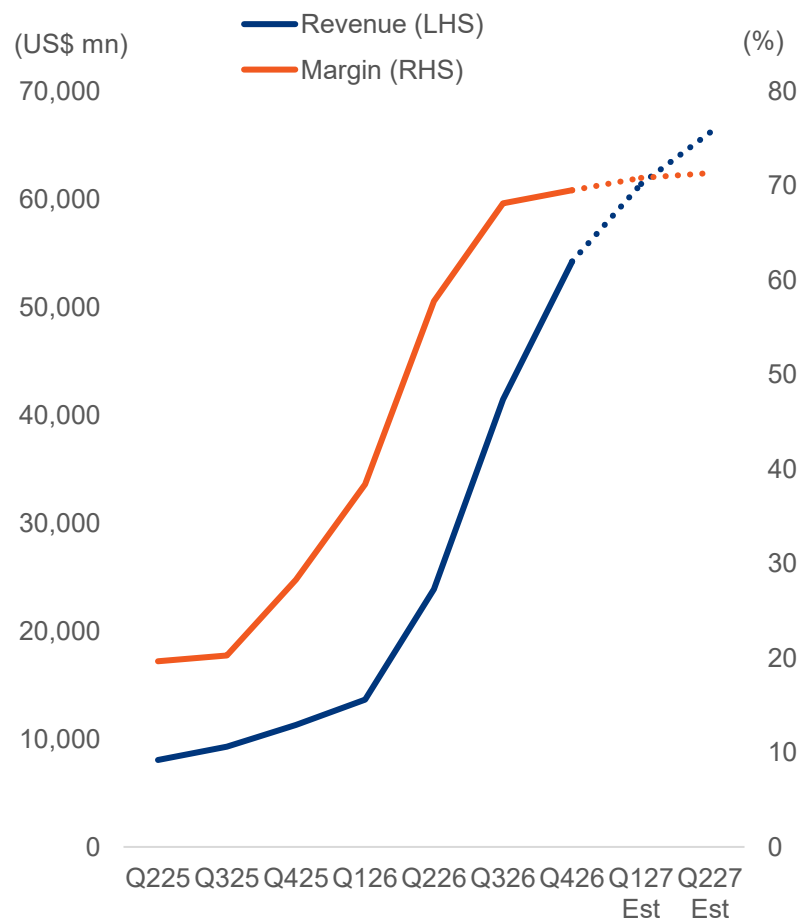
Source: Bloomberg

What's Trending

Micron's 4Q Results Beat Expectations; Outlook Remains Strong

- ▶ Micron reported 4Q revenue of US\$54.23bn (+31% QoQ, +379% YoY) and EPS of US\$33.42, both above consensus. Guidance for next quarter also remained strong, with revenue projected at US\$61.5bn and EPS at US\$38.15, both above expectations.
- ▶ Management expects the memory market to be even tighter in 2027 and 2028 than this year. Industry DRAM supply growth is projected to slow to 20% in 2027, with no signs of acceleration in 2028.
- ▶ Micron has signed 26 strategic customer agreements (SCAs), with terms extending as far as 2031. More than 75% of FY27 capacity is already booked, and 75% of these orders include contractual price floors. Gross margins are expected to stay at or above peak levels, and the long-term agreements improve earnings visibility.
- ▶ Share buyback restrictions will lift when the CHIPS Act reaches its two-year mark on Dec. 9, 2026. Management plans to return excess free cash flow to shareholders after that.
- ▶ Micron has several near-term catalysts but still faces the risk of capacity expansion by peers. If Korean competitors keep fitting out new cleanroom capacity, the memory market could move from shortage to oversupply in 2028.

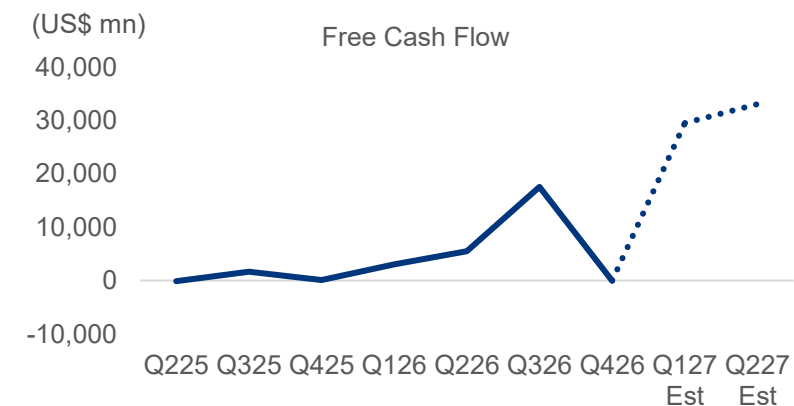
Results and Outlook Remain Robust



Capacity Expansion by Peers Remains a Key Risk

Product Category	2024	2025	2026E	2027E
HBM (High-Bandwidth Memory)	7%	16%	21-24%	21-24%
Conventional DRAM (Excl. HBM)	23%	22%	24%	23-24%

Lifting of Buyback Restrictions Adds Flexibility to Cash Flow Deployment



The Strategic Playbook Series: Generics Trade Price for Volume amid Structural Upgrades; Set to Benefit from Record Patent Cliff

- Generics account for 70-80% of global pharmaceutical sales volume, but only 25-30% of sales value.
- Generics are identical to originator drugs in active ingredients, dosage form, strength, route of administration, and indications.
- Generics can reference the originator's existing clinical data without repeating Phase I-III trials, so development costs are only about US\$1-5mn.
- Generics are priced at around 20-30% of originator drugs. Once multiple generics enter the market, originator drugs quickly lose 70-90% of their mass-market share.
- Growth Drivers for the Generics Industry:
 - Patent cliff: From 2025 to 2030, branded drugs with an estimated US\$200-230bn in annual revenue are expected to lose patent protection, opening up a market opportunity of about US\$236bn for generic drugmakers.
 - Healthcare cost-containment pressure: Governments continue to promote generic substitution policies to reduce healthcare spending.
 - Rising prevalence of chronic diseases: Conditions such as cardiovascular disease, diabetes, and cancer are driving long-term demand for medication.
 - Higher penetration in emerging markets: Strong growth in emerging economies is mainly driven by expanding healthcare coverage and government policies promoting generic substitution.
 - Advances in manufacturing technology: These are enabling mass production of more complex formulations, including injectables, extended-release drugs, and biosimilars.

Source: RBC, IFR, KGIS

Leading Generics and Biosimilars Companies

Key Industry Leaders

1. Sandoz Group (Switzerland; SDZ.SW)

A global pure-play leader in generics and biosimilars, independently listed after its spin-off from Novartis.

2. Teva Pharmaceutical (Israel; TEVA.US)

One of the world's longest-established generics leaders, Teva has in recent years been shifting toward higher-margin specialty drugs, including CNS treatments such as Austedo.

3. Viatris (U.S.; VTRS.US)

A global healthcare company formed through the combination of Pfizer's Upjohn established-brands business and Mylan's generics business.

4. Sun Pharma (India; SUNPHARMA.NS)

India's largest drugmaker by market value and a global leader in generics and active pharmaceutical ingredients (APIs).

5. Fosun Pharma (China; 2196.HK)

A leading Chinese integrated pharmaceutical company with businesses spanning generics, biosimilars, medical devices, and the licensing of innovative drugs in and out of the company.

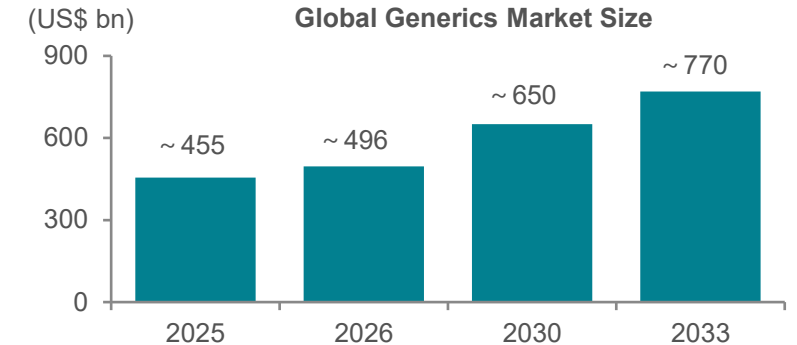
6. Samsung Biologics (Korea; 207940.KS)

One of the world's leading biologics CDMOs (contract development and manufacturing organizations), with a presence in biosimilars through Samsung Bioepis.

7. Celltrion (Korea; 068270.KS)

A biosimilars pioneer with integrated R&D, manufacturing, and sales, now shifting toward innovative biologics such as ADCs and obesity drugs.

Generics Market Continues to Grow



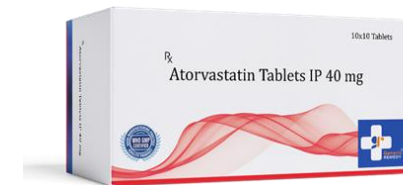
Originator Brand: Lipitor

Originator Brand: Lipitor Patent expired in Nov. 2011; peak annual sales of US\$12.9bn 2026 cash retail price: US\$576



Generic Name: Atorvastatin

(Lipitor's active ingredient)
2026 cash retail price: US\$16.5



Irreplaceable Physical Backbone: Taiwan Equities' Cross-Cycle Moat in the AI Era

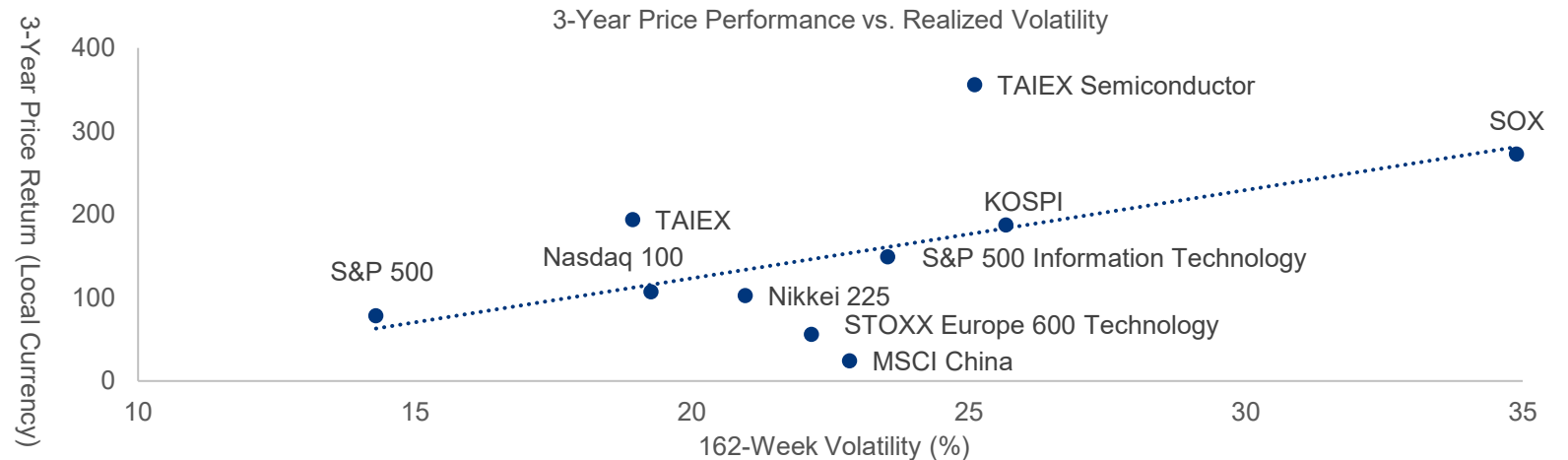
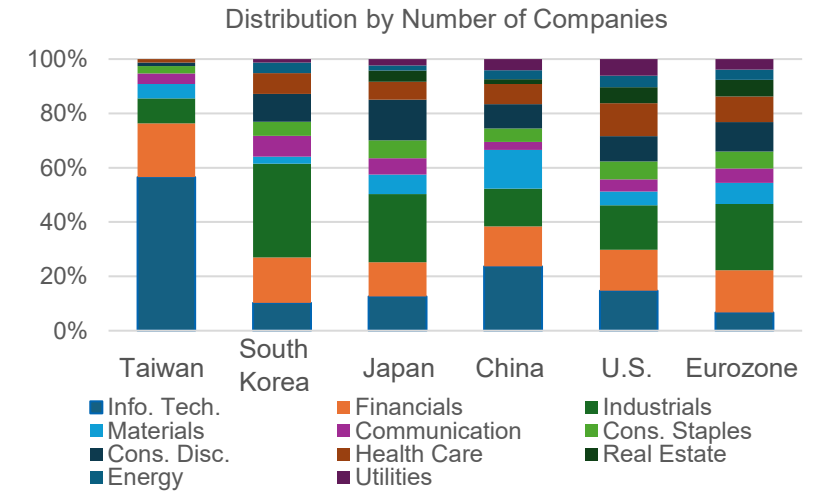
- ▶ Taiwan is the physical integration hub for global AI computing. It leads in advanced process technology and CoWoS packaging, and handles more than 80% of server rack assembly. This advantage is architecture-neutral, so Taiwan benefits from both mainstream Nvidia GPUs and custom ASICs designed by cloud giants. That makes it an indispensable physical bottleneck in AI development.
- ▶ The Taiwan market is concentrated in technology. Tech stocks make up more than half of the constituents in major indices, and the financial sector also supports tech development and benefits from AI expansion. Nearly 80% of leading tech companies were founded between 1971 and 2000. They have come through multiple cycles, including the PC era, the dot-com boom, and mobile communications, giving them three decades of cross-cycle experience and solid business models.
- ▶ Taiwan's tech leaders span foundry, in-house chip design, server manufacturing, and advanced packaging. Their 2027E EPS growth generally outpaces that of U.S. and European peers, yet they still trade at a valuation discount. With advanced-process visibility extending to 2030, Taiwan offers long-term structural earnings growth and re-rating potential. Over the past three years, the TAIEX has delivered a Sharpe ratio of 2.0.

Source: Bloomberg · MSCI

Taiwan's Tech Leaders Have Weathered Multiple Cycles, from PCs to the Internet

Generation	Period	JP	SK	TW
Legacy Industrials & Foundations	1970 or Earlier	17	2	0
The PC & Fabless Revolution	1971-1990	1	5	23
The Internet & Dot-Com Boom	1991-2000	0	0	10
Mobile & Consumer Electronics Super-Cycle	2001-2014	1	0	8
Advanced Semi & AI	2015-Present	2	0	1
		21	7	42

Taiwan Equities Are Highly Concentrated in the AI Supply Chain



Elevated Yields Add Uncertainty; Stay Diversified and Defensive, Accumulate Tech on Dips

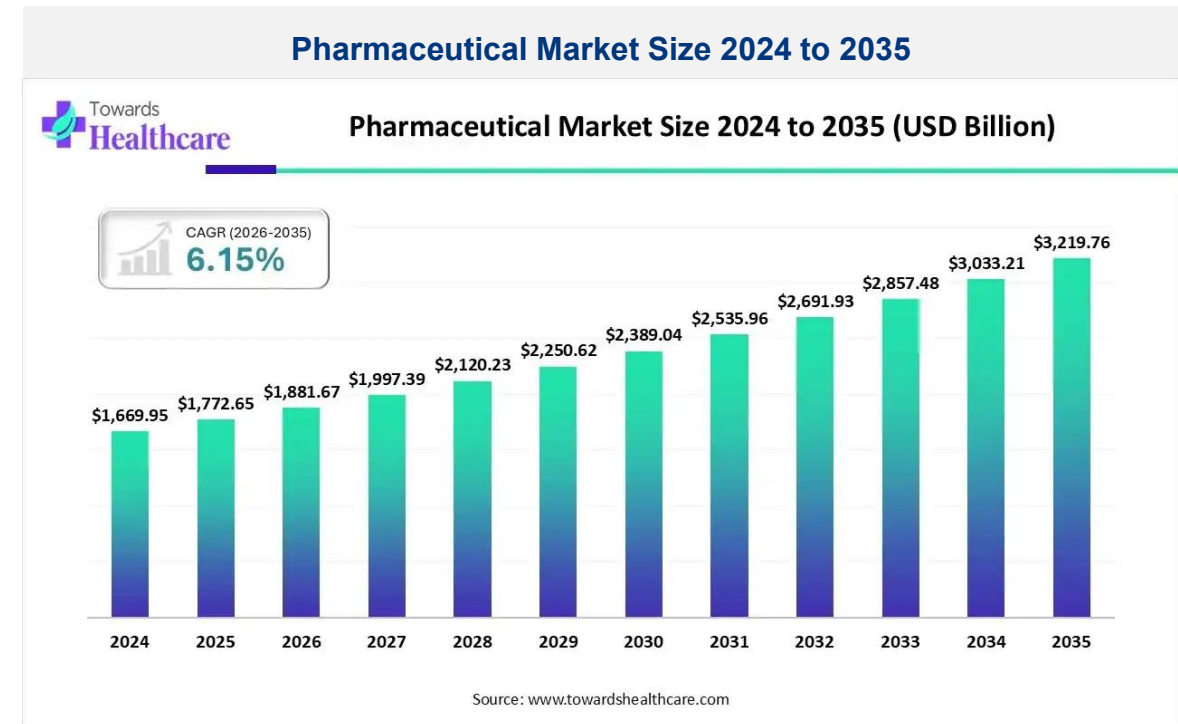
Asset Type	Market View	Preferred Assets
Equities	◆ Rate hikes by the Fed, ECB, and BOJ to curb inflation have pushed government bond yields higher, weighing on recent momentum in both equities and bonds. However, U.S. third-quarter earnings are still growing at a double-digit pace YoY, which may support equities. Markets remain focused on whether AI capex will translate into earnings growth, and valuation pressure may add to near-term volatility. Diversifying across regions and sectors can help reduce the impact of market swings. Overall, geopolitical conflicts, elevated yields, and valuation pressure remain headwinds, so defensive stocks can help cushion volatility. Over the long term, the growth trend in technology and AI semiconductors remains intact and fundamentals are solid, supporting phased accumulation on pullbacks. ◆ European and Japanese equities remain key diversification plays, and rising global interest rates support bank stocks. With geopolitical conflicts flaring up frequently, European defense remains an attractive investment theme.	Strategy: Add defensive exposure in the near term. Stay positive on AI themes such as technology and semiconductors over the medium to long term, and look to Financials and Health Care for non-AI opportunities Regions: Japanese Banks, European Financials, European Defense
Bonds	◆ Global government bond yields are rising, and the Fed's latest dot plot shows officials expect room for one more 25bp hike before year-end. The Fed is leaning toward keeping rates higher to curb inflation, and September manufacturing and services PMIs also beat expectations. With yields staying high, investors should focus on short- and intermediate-duration bonds and use rate spikes to lock in yields and income. High-quality issuers have stronger fundamentals, stable cash flows, and solid repayment capacity. The focus should be on those offering attractive risk-adjusted spreads, including the Financials, Technology, Communications, and Utilities sectors. ◆ Non-USD investment-grade bonds, such as EUR- or AUD-denominated issues, can help diversify single-currency risk.	Core Allocation: Short- to Intermediate-Term IG Bonds (Financials, Technology, Communications, Utilities) Satellite Allocation: Non-USD Bonds for Currency Diversification
Forex	◆ The Fed's rate-hike expectations remain intact, keeping the USD consolidating at elevated levels. ◆ The BOJ raised rates in September, but its forward guidance was more neutral and less hawkish than markets had expected, leaving the JPY range-bound.	USD Consolidates at High Levels; JPY Range-Bound
Commodity	◆ Escalating Middle East conflict has pushed oil prices higher, and the tensions are unlikely to ease soon. Elevated oil prices may weigh on inflation and the real economy. ◆ Rising U.S. yields and a stronger USD are pressuring gold in the near term. However, fiscal deficit pressures in the U.S. and Japan and the de-dollarization trend continue to support central bank buying worldwide, giving gold stable support over the medium to long term.	Gold: Under Pressure Near Term, Bullish Medium to Long Term



Defensive Strengths and AI Innovation Supporting Long-Term Growth in Healthcare

- ▶ U.S. nonfarm payrolls increased by 29,000 in September, below market expectations of 90,000 and the revised prior reading of 133,000. The unemployment rate rose to 4.2%, above both market expectations and the previous reading of 4.1%. Average hourly earnings increased 0.1% MoM, below the consensus forecast of 0.3% and the prior reading of 0.3%.
- ▶ U.S. core PCE rose 0.2% MoM in August, below market expectations of 0.3% but above the revised prior reading of 0.1%.
- ▶ U.S. ADP employment increased by 90,000 in September, exceeding market expectations of 75,000 and the revised prior reading of 36,000.
- ▶ U.S. ISM Manufacturing PMI came in at 54.5 in September, below market expectations of 55.0 and slightly lower than the prior reading of 54.6.
- ▶ The U.S. economy grew at an annualized quarterly rate of 2.2% in 2Q, above market expectations of 1.5% but below the previous reading of 2.5%.
- ▶ Elevated U.S. Treasury yields and lingering expectations for additional Fed rate hikes continue to support the defensive appeal of large-cap pharmaceutical companies, given their stable cash flows, solid balance sheets, and sustainable dividend-paying capacity. As the November midterm elections approach, greater clarity on healthcare policy and drug pricing could improve visibility for corporate planning and investment decisions. Meanwhile, continued approvals of innovative therapies, along with ongoing M&A and licensing activities, are creating commercialization opportunities for biotechnology companies. At the same time, generative and agentic AI are increasingly being applied to drug discovery and development, helping improve R&D efficiency and support long-term sector growth. We favor companies with differentiated products, strong financial resources, and identifiable commercialization catalysts.

Source: Bloomberg



Pfizer Inc. (PFE US)

Closing Price	US\$27.8	Target Price	US\$32		
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Pfizer Inc. is a global biopharmaceutical company engaged in the research, development, manufacture, and commercialization of medicines and vaccines. Its product portfolio spans multiple therapeutic areas, including oncology, inflammation, cardiovascular disease, and other specialty treatments. The company serves patients and healthcare providers worldwide.

Continued Oncology Innovation Supporting Demand for Next-Gen Cancer Therapies

Oncology remains the largest pharmaceutical market globally, with an estimated size of approximately US\$291 billion in 2025. IQVIA forecasts a CAGR of around 10% between 2026 and 2030. As innovative therapies continue to reshape the treatment landscape, antibody-drug conjugates (ADCs) and bispecific antibodies are expected to account for a growing share of oncology spending. This trend should benefit Pfizer's oncology franchise following the Seagen acquisition and support long-term growth opportunities for PADCEV and other next-generation cancer therapies.

PADCEV Growth and ESMO Catalysts Strengthen the Post-COVID Portfolio

Pfizer's core business continues to improve, with growth from newer products offsetting declining COVID-related revenue. In 2Q26, revenue excluding Comirnaty and Paxlovid increased 5% YoY on an operational basis, while revenue from newly launched and acquired products rose 18%. PADCEV revenue grew 23% YoY and remains a key growth driver. The drug received an expanded FDA label in July for the perioperative treatment of muscle-invasive bladder cancer, further enlarging its addressable patient population. Pfizer will also present 45 oncology abstracts, including 11 oral presentations, at the 2026 ESMO Congress. Data from PADCEV and late-stage pipeline assets such as atimociclib and tivunatamig could serve as potential near-term catalysts.

2Q26 Results Beat Expectations; Full-Year Guidance Raised

Pfizer reported 2Q26 revenue of US\$15.03 billion, up 2.6% YoY and US\$640 million above consensus estimates. Non-GAAP EPS came in at US\$0.77, exceeding expectations by US\$0.09. The company also announced an additional US\$2.5 billion in cost savings initiatives expected to be realized between 2027 and 2029. Management raised the midpoint of full-year revenue guidance by US\$500 million to US\$60.5-62.5 billion and reaffirmed adjusted diluted EPS guidance of US\$2.80-3.00.

Valuation Consensus

Bloomberg consensus estimates imply an average 12-month target price of US\$28.88, with a high target price of US\$35.75 and a low target price of US\$25.00.

Source: Bloomberg, Company



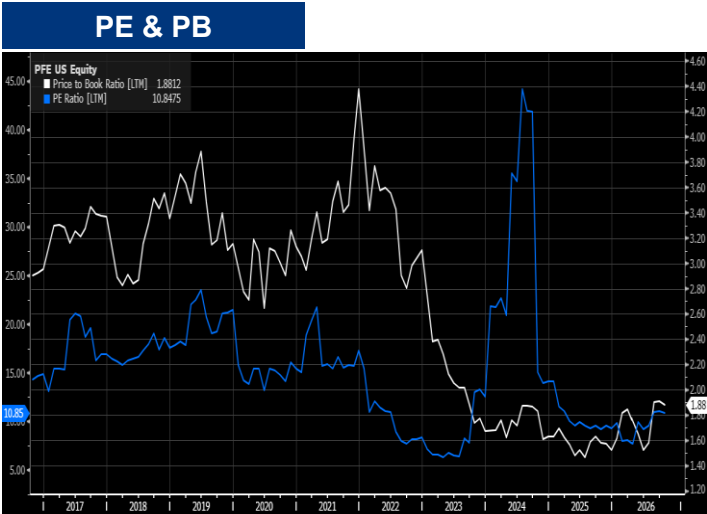
Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-40.6	6.8	-1.6	-0.4	-3.8
EBITDA (%)	21.6	38.3	40.6	36.2	40.2
EPS (USD)	1.22	2.30	3.49	2.98	2.89
Net Profit Margin(%)	11.8	20.6	31.8	27.3	27.5

Source: Bloomberg; 2026/27F are market estimates

Revised 2026FY Guidance

	Previous 2026 Financial Guidance¹	Anticipated Impact of Non COVID-19 Portfolio	Anticipated Impact of COVID-19 Portfolio	Anticipated Impact of Innovent Biologics, Inc. Transaction	Revised 2026 Financial Guidance¹
Revenues (\$ in billions) Midpoint	\$59.5 to \$62.5 \$61.0	+\$1.5	\$(1.0)	—	\$60.5 to \$62.5 \$61.5
Adjusted¹ S&A Expenses (\$ in billions)	\$12.5 to \$13.5				\$12.5 to \$13.5
Adjusted¹ R&D Expenses (\$ in billions)	\$10.5 to \$11.5				\$10.5 to \$11.5
Effective Tax Rate on Adjusted¹ Income	~15.0%				~15.0%
Adjusted¹ Diluted EPS	\$2.80 to \$3.00	+\$0.10		\$(0.10)	\$2.80 to \$3.00



Amgen Inc. (AMGN US)

Closing Price	US\$403.04	Target Price	US\$450		
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Amgen Inc. is an independent biotechnology company engaged in the discovery, development, manufacturing, and marketing of medicines for serious diseases. The company focuses on human therapeutics and applies expertise in cellular and molecular biology to develop innovative therapies for patients worldwide.

Expansion of the Obesity Market Creates a Significant New Growth Opportunity

More than one billion people worldwide are living with obesity, and as treatment penetration increases and next-generation therapies compete on efficacy and dosing convenience, the obesity drug market is expected to exceed US\$100 billion annually over the next decade. Amgen's MariTide has advanced into multiple Phase III clinical programs, including obesity, diabetes, cardiovascular outcomes, and obstructive sleep apnea. Its long-acting profile, which supports monthly or potentially less frequent dosing, provides Amgen with differentiated exposure to one of the fastest-growing segments of the pharmaceutical industry.

Diversified Growth Drivers Offset Competitive Pressure on Mature Products

Amgen's growth profile is becoming increasingly diversified. In 2Q26, revenue increased 10% YoY to US\$10.1 billion, while revenue from its six key growth products rose 26% and accounted for nearly 70% of total product sales. Among them, Repatha and EVENITY recorded revenue growth of 37% and 38%, respectively, while small-cell lung cancer therapy IMDELLTRA generated revenue of US\$288 million, up 115% YoY. As IMDELLTRA continues to advance development programs aimed at extending dosing intervals and introducing a subcutaneous formulation, treatment convenience and clinical adoption could improve further, providing additional growth momentum and helping offset biosimilar competition facing mature products such as Prolia and XGEVA.

2Q26 Results Beat Expectations; Full-Year Outlook Raised

Amgen reported 2Q26 revenue of US\$10.1 billion, up 10% YoY and US\$680 million above consensus expectations. Non-GAAP EPS came in at US\$6.29, exceeding consensus estimates by US\$0.67. The company raised its full-year outlook and now expects total revenue of US\$38.2-39.4 billion and EPS of US\$22.30-23.50.

Valuation Consensus

Bloomberg's average 12-month target price is US\$398.69, with a high target price of US\$500 and a low target price of US\$230.

Source: Company



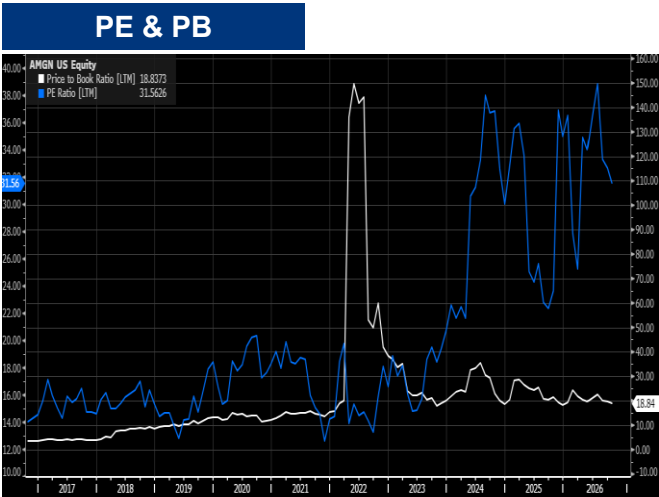
Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	7.1	18.6	10.0	5.8	3.4
EBITDA (%)	48.9	41.0	43.3	52.5	52.4
EPS (YEN)	12.65	8.66	13.93	23.03	24.37
Net Profit Margin(%)	24.1	14.0	20.5	32.1	32.8

Source: Bloomberg; 2026/27F are market estimates

Revised 2026FY Guidance

	Current Guidance	Previous Guidance
Revenues	\$38.2B – \$39.4B	\$37.1B – \$38.5B
Non-GAAP EPS*	\$22.30 – \$23.50	\$21.70 – \$23.10
Non-GAAP Tax Rate*	15.0% – 16.5%	15.0% – 16.5%
Capital Expenditures	~\$2.6B	~\$2.6B





Taiwan Equities Remain on an Upward Trajectory; ASIC and CPU Demand Offer New Opportunities

New High Followed by Consolidation; Bullish Momentum in Taiwan Equities Remains Intact

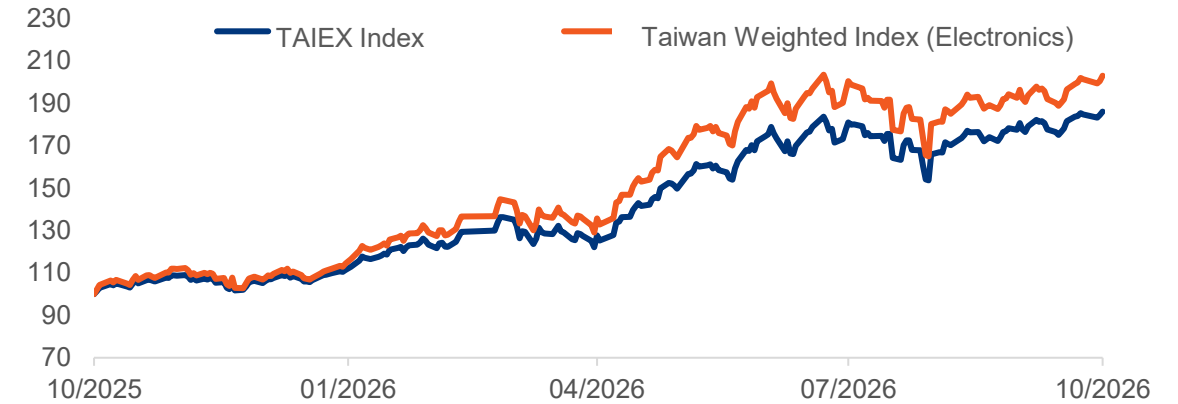
Taiwan equities broke above previous highs and reached new record levels. However, volatility in global oil prices and rising long-term U.S. Treasury yields have tempered investors' willingness to chase the market higher, leading to consolidation at elevated levels. Despite the pullback, trading volume has remained orderly and key support levels have held, suggesting that the broader bullish trend remains intact. On the sector front, technology stocks continued to lead the market, with capital concentrated in design IP, semiconductor equipment, silicon wafers, IC substrates, and copper-clad laminate names. Within traditional sectors, petrochemical, stainless steel, and cement stocks outperformed.

AI ASIC and CPU Demand Emerging as the Next Growth Engine of the AI Industry

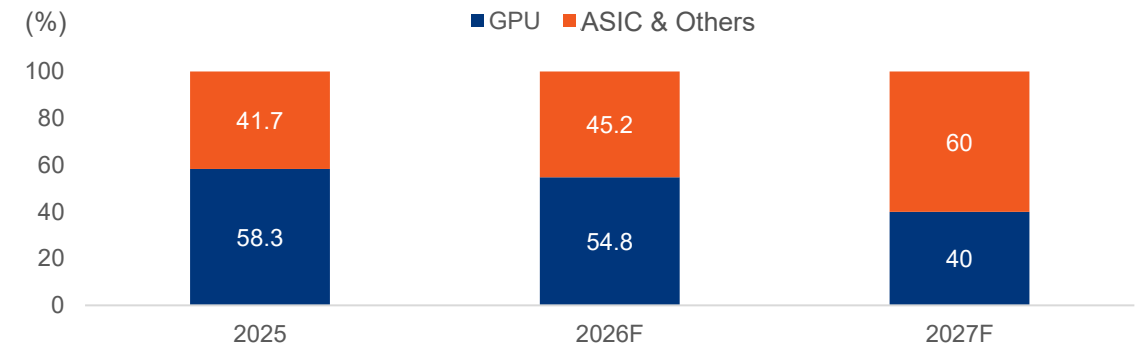
We believe the AI industry is transitioning from a GPU-led growth phase into a new cycle driven by the rapid expansion of AI ASICs. Based on industry trends, AI ASIC shipments are expected to surpass GPU shipments for the first time in 2027, primarily supported by growing demand for in-house chips developed by cloud service providers such as Google TPU and AWS Trainium. Meanwhile, the development of Agentic AI continues to drive higher computing requirements, supporting further growth in CPU demand. As GPUs, AI ASICs, and CPUs increasingly compete for advanced packaging capacity such as CoWoS, supply-side constraints are expected to remain a key industry variable. With rising AI ASIC penetration and expanding CPU demand, growth opportunities across the AI value chain are likely to broaden beyond GPUs into the AI ASIC and CPU segments, benefiting related Taiwan supply chain companies.

TAIEX Index and Taiwan Electronics Sector Trends

Index, 1 Oct 2025 = 100



AI Chip Shipment Distribution



Taiwan Semiconductor Manufacturing Co., Ltd. (2330 TT)

TSMC is principally engaged in the manufacture and sale of integrated circuits. The company also provides wafer fabrication and photomask production and design services, as well as integrated circuit testing and packaging services.

3Q26 Results Likely to Exceed Market Expectations

Supported by robust AI computing demand and seasonal iPhone inventory build-up, we expect TSMC's 3Q26 revenue to increase 16.2% QoQ to NT\$1.48 trillion, slightly above the high end of the company's guidance. On the margin front, high capacity utilization and a more favorable product mix are expected to offset cost pressure from N2 ramp-up and overseas capacity expansion. As a result, 3Q26 gross margin is projected to reach 68%, exceeding the company's guided range of 65%-67%.

Strong Advanced-Node Demand Keeping N3 Capacity Tight

We expect TSMC to raise advanced-node pricing by 5%-10% in 2027, with the scope of price increases potentially expanding from N3, N4, and N5 to all advanced process technologies. The pricing outlook is primarily supported by rapidly growing demand for AI ASICs, CPUs, and customized base dies for HBM4e. Meanwhile, despite ongoing capacity expansion efforts, demand from Nvidia's Rubin platform, AI ASICs, and next-generation CPUs is expected to keep N3 capacity utilization at a highly loaded level through the end of 2028. This should provide continued support for TSMC's revenue growth and profitability over the medium term.

Financials

	2024	2026	2026F	2027F	2028F
EPS (NTD)	45.25	66.26	109.12	141.18	182.83
EPS Growth (%)	39.9	46.4	64.7	29.4	29.5
P/E Ratio	55.5	37.9	23.0	17.8	13.7
ROE (%)	30.3	35.4	43.3	40.3	38.1

Source: Company data, estimates of KGI analyst

Valuations

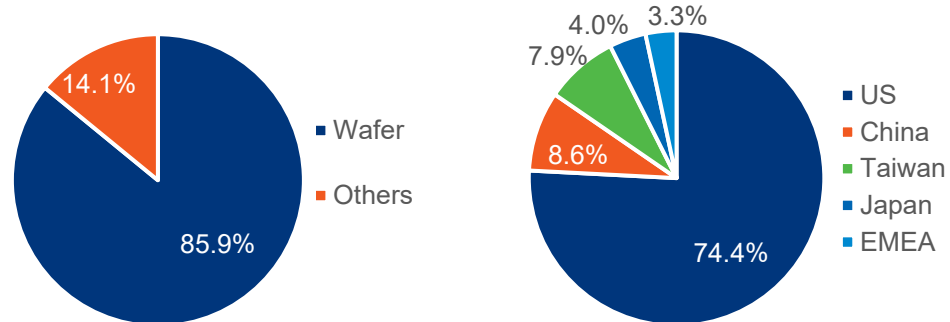
		5Y Avg.	Current	
Price	371.00			2,510
P/E	10.84			33.74
P/B	3.51			11.04

1-Year Price



As of 1 October 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	2.03	2.87	0.20	35.31	61.94	89.43

Revenue Sources and Regions



Source: Bloomberg

MediaTek Inc. (2454 TT)

MediaTek is a leading fabless IC design company focused on system-on-chip (SoC) solutions for wireless communications and digital multimedia.

Partnership Strengthens AI Positioning and Enhances Strategic Role

MediaTek and Nvidia have announced expanded cooperation across AI infrastructure, edge AI computing, and AI automotive applications, while further extending the NVLink Fusion ecosystem. We believes the partnership not only helps secure access to critical supply chain resources, but also highlights MediaTek's strategic importance within the global AI value chain. With Google TPU entering a capacity expansion cycle and deeper collaboration with Nvidia, MediaTek's AI business is expected to become increasingly diversified, further strengthening its position in the AI ASIC market.

TPU Business Set to Reshape MediaTek's Revenue Structure

We expects strong growth in MediaTek's TPU business to significantly transform the company's revenue mix. Google 8t (Zebrafish) is projected to contribute revenue of US\$2.4 billion and US\$15.6 billion in 2026 and 2027, respectively, accounting for 11% and 40% of total revenue. With the volume production of v9 (Humufish) expected in 2028-2029, KGI estimates MediaTek's share of TPU production could reach 50%, while AI ASIC revenue may climb to US\$50 billion in 2028, representing approximately 67% of total revenue.

Financials

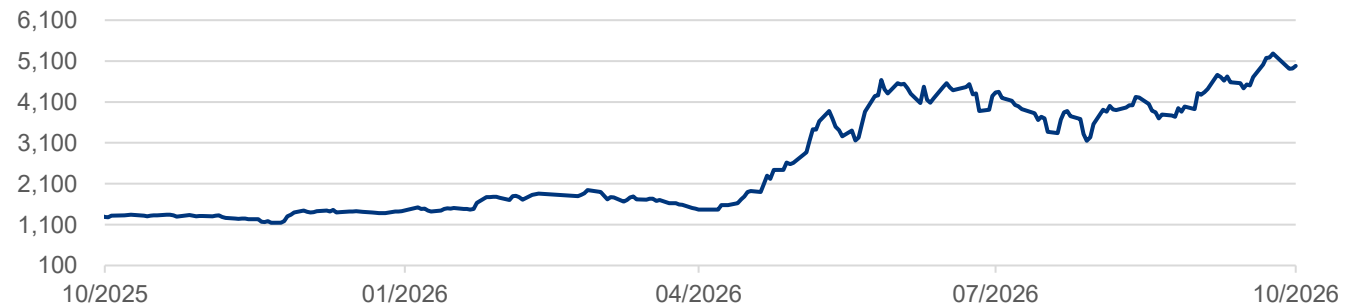
	2024	2025	2026F	2027F	2028F
EPS (NTD)	66.92	66.16	71.34	123.26	264.49
EPS Growth (%)	38.0	-1.1	7.8	72.8	114.6
P/E Ratio	64.5	65.2	60.5	35.0	16.3
ROE (%)	27.8	26.4	28.7	46.3	66.9

Source: Company data, estimates of KGI analyst

Valuations

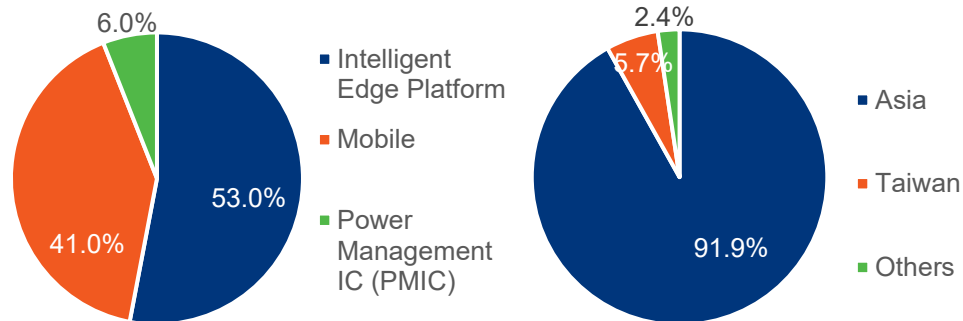
		5Y Avg.	Current	
Price	543.00			5,285
P/E	6.64			87.13
P/B	2.03			19.88

1-Year Price



As of 1 October 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-3.86	15.41	14.88	239.93	248.25	287.55

Revenue Sources and Regions



Source: Bloomberg



Well Positioned for Long-Term Structural Growth Driven by AI Adoption

► **KGI Taiwan TOP 50 ETF (009816 TW)**

- Focused on Taiwan's 50 leading companies, the portfolio has consistently outperformed the Taiwan Weighted Index over the long term while exhibiting lower annualized volatility and smaller maximum drawdowns.
- The strategy extends beyond TSMC to provide broader exposure across the AI ecosystem, capturing investment opportunities throughout the AI value chain.
- Performance has significantly outpaced the market, delivering a 65% gain since March 2026 and outperforming TSMC, highlighting the benefits of a diversified investment approach.

Product	KGI Taiwan TOP 50 ETF (009816 TW)	
Features	■ Exposure to Taiwan's critical role in the global AI supply chain ■ Non-distributing structure supports long-term returns	
AUM	198.839 billion	
Underlying Index	TIP Customized Taiwan TOP 50 Index	
Exchange	TWSE	
Holdings	50	
Expense Ratio	0.097%	
3M/YTD Reutrn	5.37% / -	
Sectors (%)	Information Technology	72.75
	Financials	19.71
	Communication Services	2.60
	Materials	1.29
	Industrials	0.85
Holdings (%)	TSMC	40.64
	MediaTek	6.48
	Delta Electronics	3.50
	Taishin Financial	2.94
	Hon Hai Precision	2.73

Source: Bloomberg, KGI



KGI Taiwan TOP 50 ETF (009816 TW)

Profile

The ETF adopts a full replication indexing strategy and seeks to closely track the performance of its benchmark, the Taiwan Index Plus Taiwan TOP 50 Index, after deducting necessary fees and expenses. The investment objective is to achieve benchmark-like returns while maintaining effective control of tracking error.

■ Focus on Taiwan’s Top 50 Listed Companies

The ETF invests in 50 leading Taiwanese companies by market capitalization, covering key sectors such as semiconductors, technology, and financials. It offers a representative way to gain broad exposure to the Taiwan equity market.

■ Accumulation Structure Enhances Long-Term Growth Potential

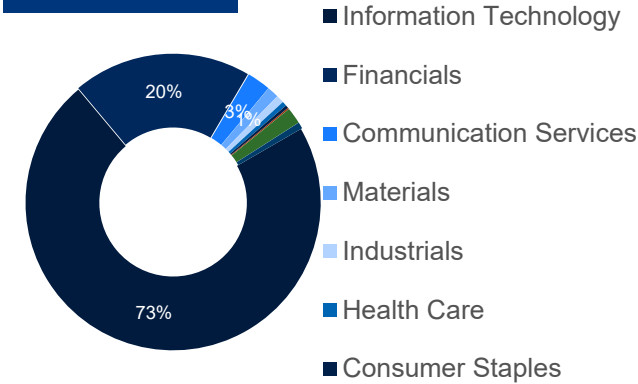
The ETF adopts a non-distributing structure, allowing capital gains to be reinvested within the fund. By avoiding cash distributions and the associated costs, the fund aims to enhance long-term compounding returns.

■ Capture Long-Term AI Growth Opportunities Through Taiwan Equities

Taiwan plays a vital role in the global AI supply chain, with industry-leading strengths spanning chip design, advanced semiconductor manufacturing, and critical electronic components. Through a single ETF investment, investors can gain diversified exposure to Taiwan’s core companies and participate in the long-term growth of the AI industry.

Inception	2026/1/22	AUM	198.839 bn NTD
ETF Category	Equities	Holdings	50
Expense Ratio	0.097%	3Y SD (Ann.)	-

Sectors



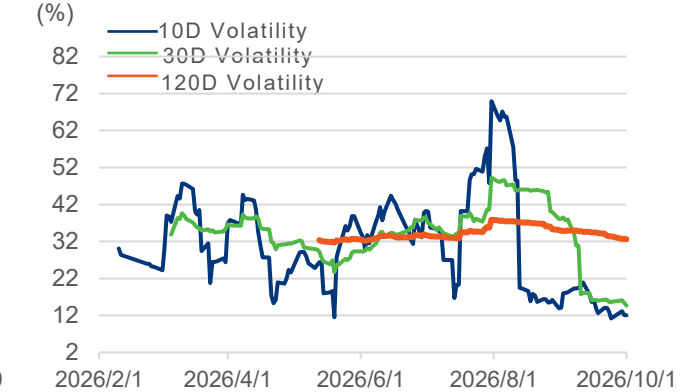
Top-5 Holdings (%)

TSMC	40.64
MediaTek	6.48
Delta Electronics	3.50
Taishin Financial	2.94
Hon Hai Precision	2.73

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 30 September 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	5.98	5.37	-	-	-	-

Source: ETF Monthly Report, Bloomberg; Performance data as of September 30, 2026. Monthly report data as of August 31, 2026

Bonds

Franchise Model Demonstrates Resilience, While Market Share Gains Support Credit Improvement

► **MCD 4.95 08/14/33 (McDonald's Corporation) (USD)**

- McDonald's is the world's largest restaurant company by revenue, generating US\$27.4 billion in revenue over the trailing twelve months ended March 31, 2026. The company operates and franchises more than 45,000 restaurants worldwide, with approximately 95% of its locations owned and operated by independent franchisees. Its highly franchised business model, combined with the successful execution of strategic growth initiatives, has enabled the company to deliver resilient earnings growth and strong free cash flow generation despite a challenging macroeconomic environment.
- Amid ongoing economic headwinds, McDonald's has continued to gain market share. While lower-income consumers, a key customer segment, have reduced dining-out spending due to financial pressures, the company has demonstrated resilience through its focus on value offerings, marketing initiatives, and menu innovation, helping attract a greater proportion of higher-income customers.
- Strong cash flow generation continues to support solid credit fundamentals. According to S&P Global Ratings, annual free operating cash flow (FOCF) is expected to increase from approximately US\$7.3 billion in 2026 to US\$7.7 billion in 2027, providing sufficient capacity to fund rising dividend payments and the majority of share repurchases.
- Meanwhile, net leverage has improved significantly over the past three years, declining from 5.34x in 3Q23 to 3.57x in 2Q26, the lowest level in recent years. This improvement has been driven primarily by EBITDA growth rather than debt reduction, underscoring the earnings strength of the company's franchise-based business model. Interest coverage has remained broadly stable, fluctuating between 8.4x and 10.9x in recent years. After reaching a relative low of 8.43x in 1Q25, reflecting higher interest expense associated with debt refinancing at elevated rates, the ratio recovered to 9.54x in 2Q26, remaining comfortably above investment-grade thresholds.

Bond	MCD 4.95 08/14/33 (McDonald's Corporation) (USD)
ISIN	US58013MFV19
Features	McDonald's is the world's largest restaurant company by revenue, operating and franchising more than 45,000 restaurants worldwide, with a business model primarily driven by franchising.
Maturity	2033/8/14
Next Call Date	2033/5/14
Coupon(%)	Fixed/4.95/Semi-annual
Currency	USD
Years to Maturity	6.87
Credit Rating (Moody's/Fitch/S&P)	Baa1/-/BBB+
Seniority	Senior Unsecured
YTM/YTC (%)	5.46/5.48

Source: Bloomberg

MCD 4.95 08/14/33 (McDonald's Corporation) (USD)

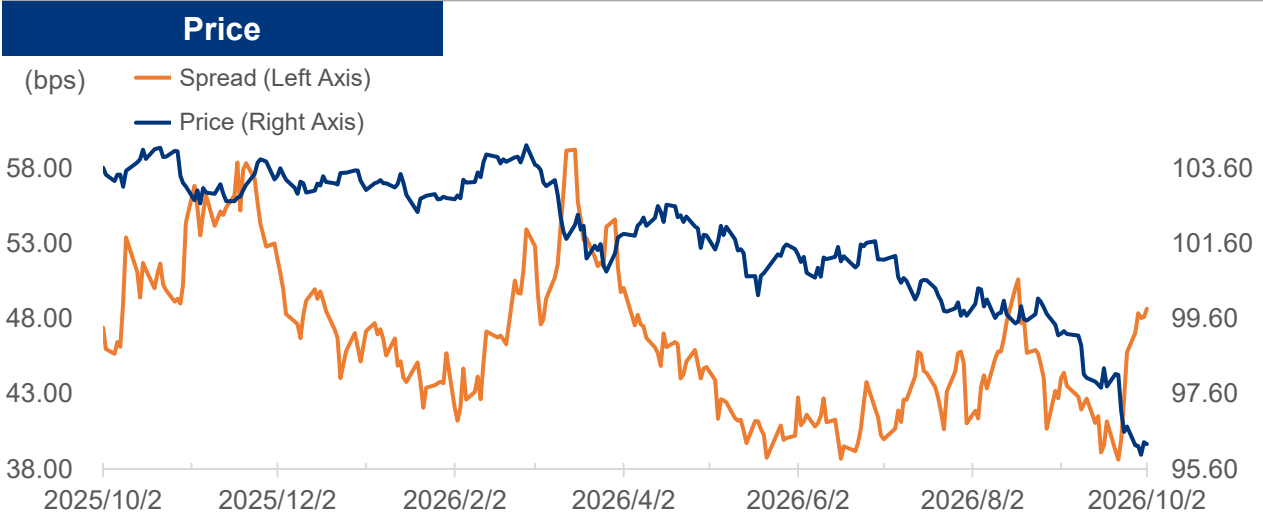
McDonald's is the world's largest restaurant company by revenue, operating and franchising more than 45,000 restaurants globally. Approximately 95% of its locations are owned and operated by independent franchisees. For the trailing twelve months ended March 31, 2026, the company generated revenue of US\$27.4 billion.

- Despite macroeconomic challenges, McDonald's has continued to expand its market share. While financial pressures have weighed on dining-out spending among its core lower-income customer base, the company's focus on value offerings, marketing initiatives, and menu innovation has demonstrated business resilience and helped increase its share of higher-income consumers.
- Strong cash flow generation continues to support stable credit metrics. S&P Global Ratings expects free operating cash flow (FOCF) to increase from approximately US\$7.3 billion in 2026 to around US\$7.7 billion in 2027, providing sufficient capacity to fund growing dividend payments and the majority of share repurchases.
- Meanwhile, net leverage has improved significantly over the past three years, declining from 5.34x in 3Q23 to 3.57x in 2Q26, the lowest level in recent years. The improvement has been driven primarily by EBITDA growth rather than debt reduction, highlighting the earnings strength of the company's franchise-driven business model. Interest coverage has remained relatively stable, fluctuating between 8.4x and 10.9x in recent years. After reaching a relative low of 8.43x in 1Q25 due to higher interest expenses from debt refinancing at elevated rates, the ratio recovered to 9.54x in 2Q26 and remains comfortably above investment-grade thresholds.

Financials	2025Q4	2026Q1	2026Q2
Free Cash Flow (100mn)	16.38	17.30	19.76
EBITDA Margin (%)	53.25	54.00	54.98
Interest Coverage Ratio (%)	9.10	8.80	9.54

Source: Bloomberg. September 23, 2026.

Overview			
Name	MCD 4.95 08/14/33	ISIN	US58013MFV19
Maturity Date	2033/8/14	Remaining Maturity	6.87
Coupon(%)	Fixed/4.95/Semi-annual	YTM/YTC(%)	5.46/5.48
Currency	USD	Min. Subscription/Increment	1,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa1/-/BBB+	Seniority	Senior Unsecured



Appendix

Key Economic Data / Events

► Sep 2026

28

Monday

29

Tuesday

- U.S. Sep Conf. Board Consumer Confidence (Act:81.9 Est:89.0 Prev:88.6)
- U.S. Aug JOLTS Job Openings (Act:7,079k Est:7,228k Prev:7,335k)

30

Wednesday

- U.S. Sep ADP Employment Change (Act:90k Est:75k Prev:36k)
- U.S. Aug PCE YoY (Act:3.4% Est:3.7% Prev:3.4%)
- U.S. Aug Core PCE YoY (Act:3.0% Est:3.3% Prev:3.0%)
- U.S. Q2 GDP Annualized QoQ (Final) (Act:2.2% Est:1.5% Prev:2.5%)
- China Sep Manufacturing PMI (Act:50.1 Est:50.1 Prev:49.8)
- China Sep Non-manufacturing PMI (Act:50.2 Est:49.2 Prev:49.0)

1

Thursday

- U.S. Weekly Initial Jobless Claims (Act:197k Est:200k Prev:198k)
- U.S. Sep S&P Global Manufacturing PMI (Final) (Act:55.9 Est:57.0 Prev:53.9)
- U.S. Sep ISM Manufacturing PMI (Act:54.5 Est:55.0 Prev:54.6)
- Japan Sep S&P Global Manufacturing PMI (Final) (Act:54.1 Prev:54.9)
- Eurozone Sep S&P Global Manufacturing PMI (Final) (Act:52.9 Est:52.7 Prev:52.7)

2

Friday

- U.S. Sep Change in Nonfarm Payrolls (Est:90k Prev:162k)
- U.S. Sep Unemployment Rate (Est:4.1% Prev:4.1%)
- U.S. Aug Durable Goods Orders MoM (Final) (Est:0.0% Prev:0.9%)
- Japan Aug Unemployment Rate (Act:2.5% Est:2.4% Prev:2.4%)

5

Monday

- U.S. Sep ISM Services PMI (Est:55.2 Prev:55.4)
- U.S. Sep S&P Global Services PMI (Final) (Est:58.7 Prev:56.5)
- Japan Sep S&P Global Services PMI (Final) (Prev:52.5)
- Eurozone Sep S&P Global Services PMI (Final) (Prev:51.6)

6

Tuesday

- Eurozone Aug Retail Sales Advance MoM (Prev:-0.6%)

7

Wednesday

8

Thursday

- U.S. Weekly Initial Jobless Claims (Prev:197k)
- U.S. Sep FOMC Meeting Minutes

9

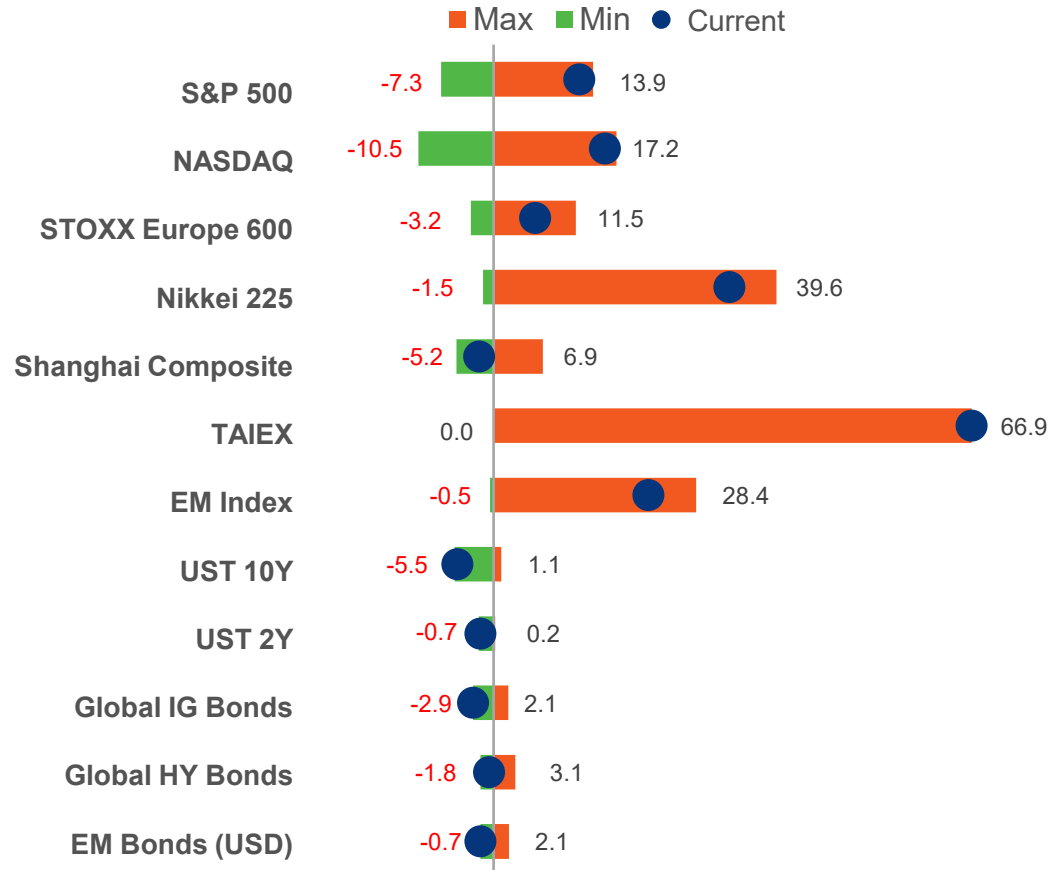
Friday

- U.S. Oct U. of Mich. Sentiment (Prelim) (Est:48.0 Prev:48.1)

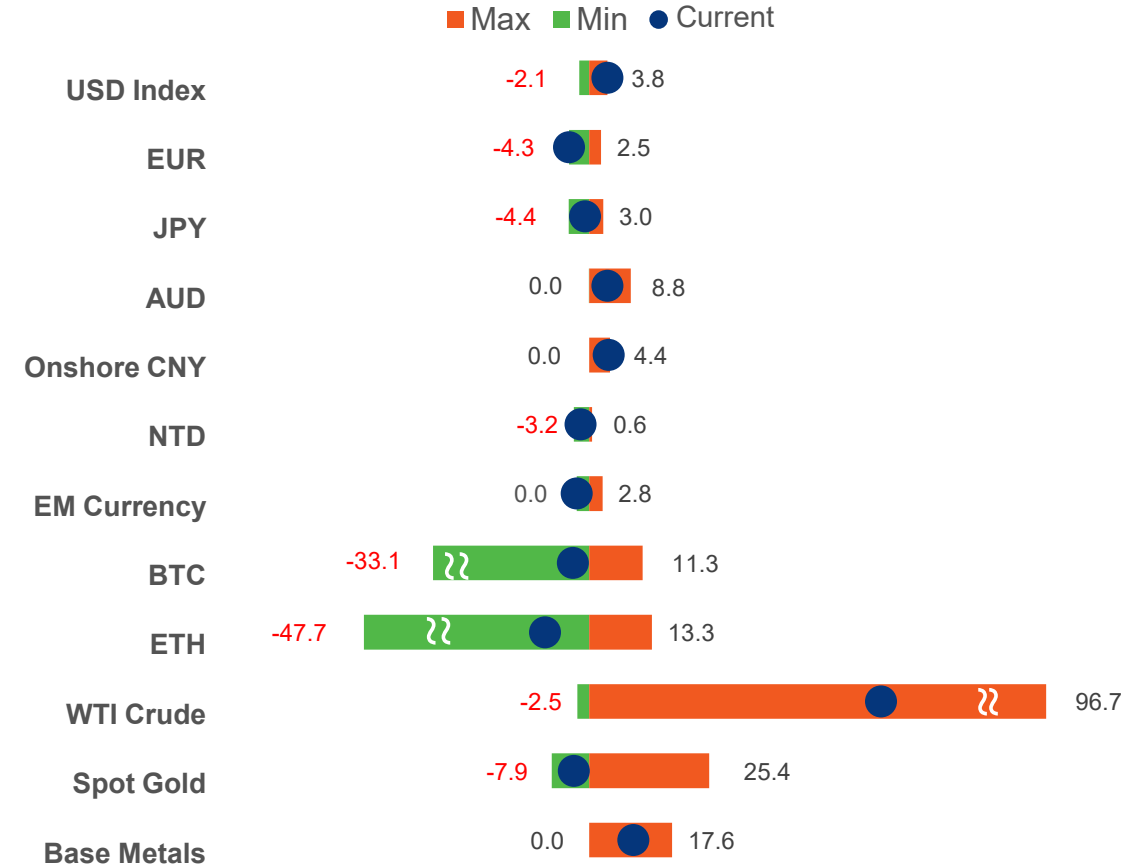
Source: Bloomberg

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)

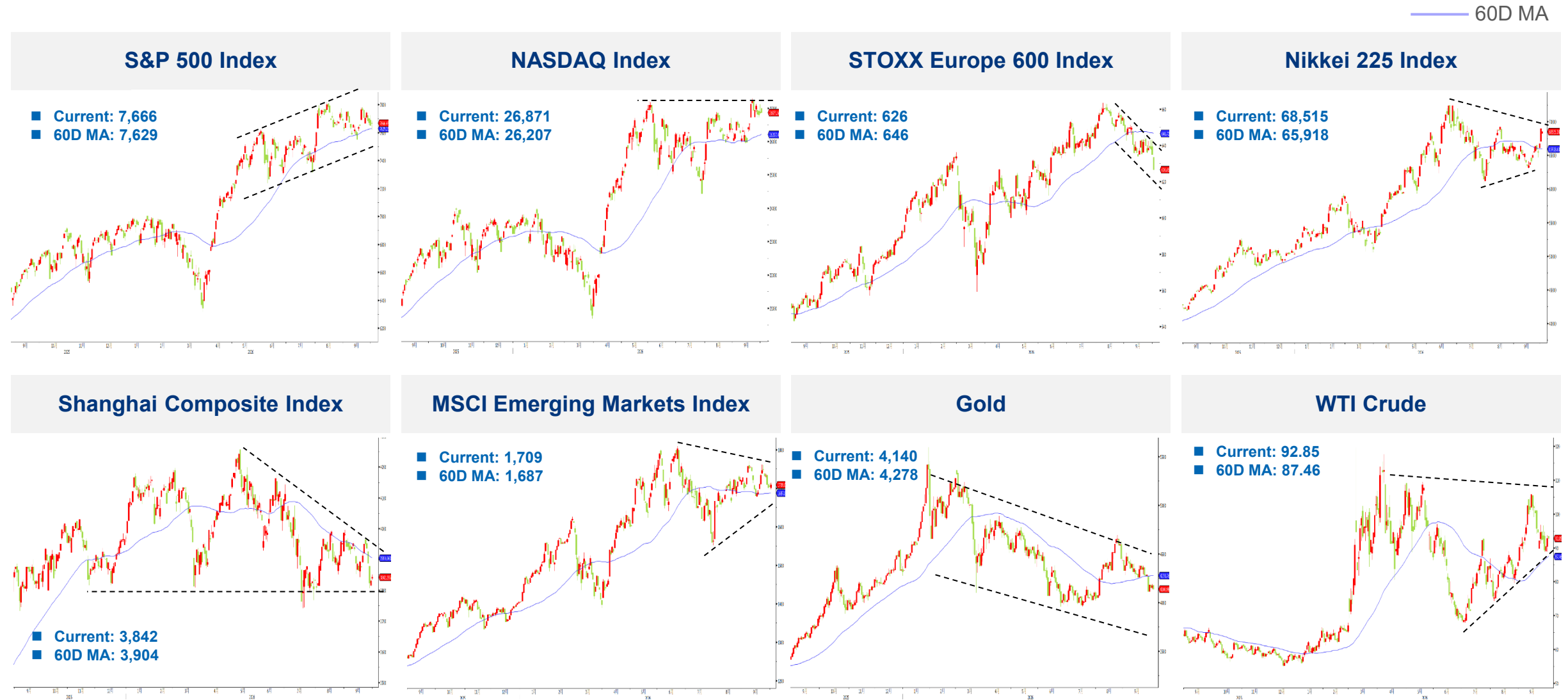


Currencies and Commodities Market YTD Performance (%)



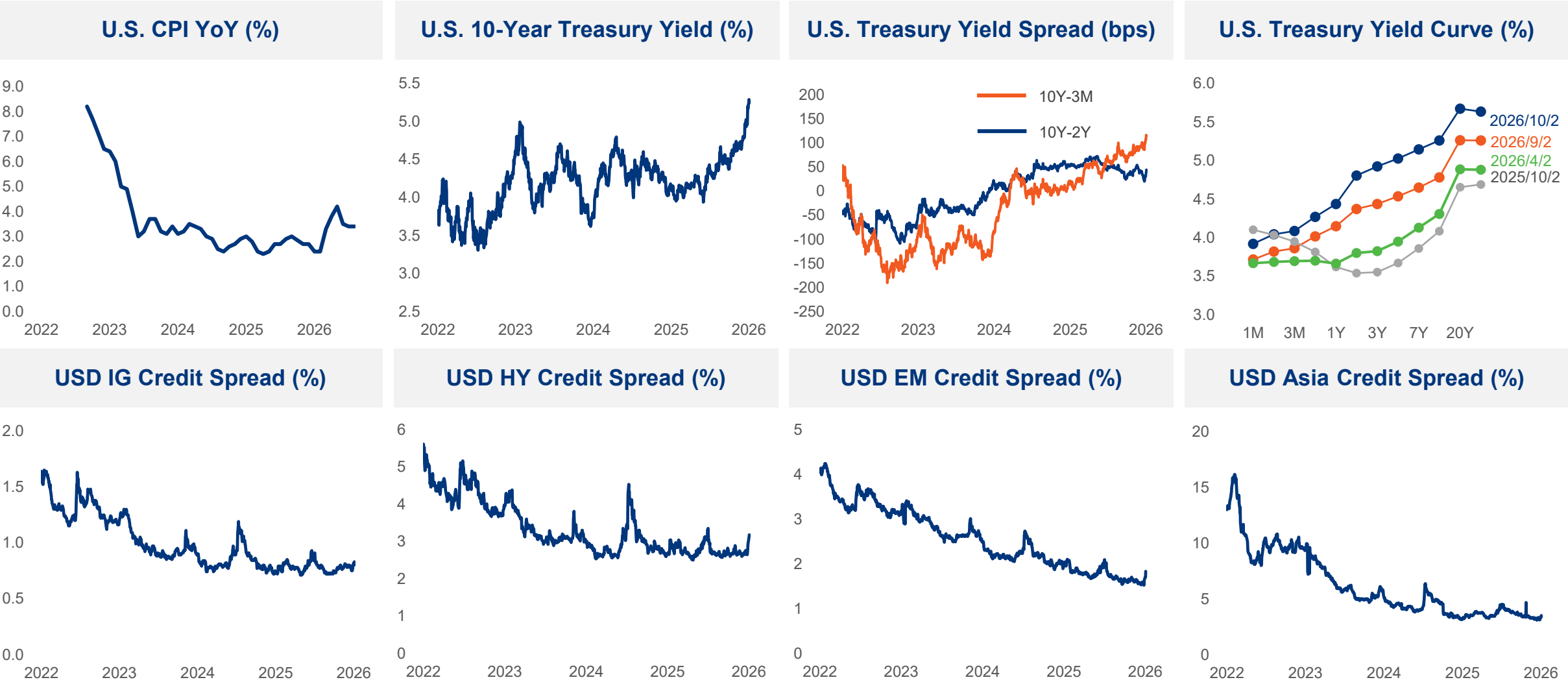
Source: Bloomberg, 2 Oct 2026

Technical Analysis



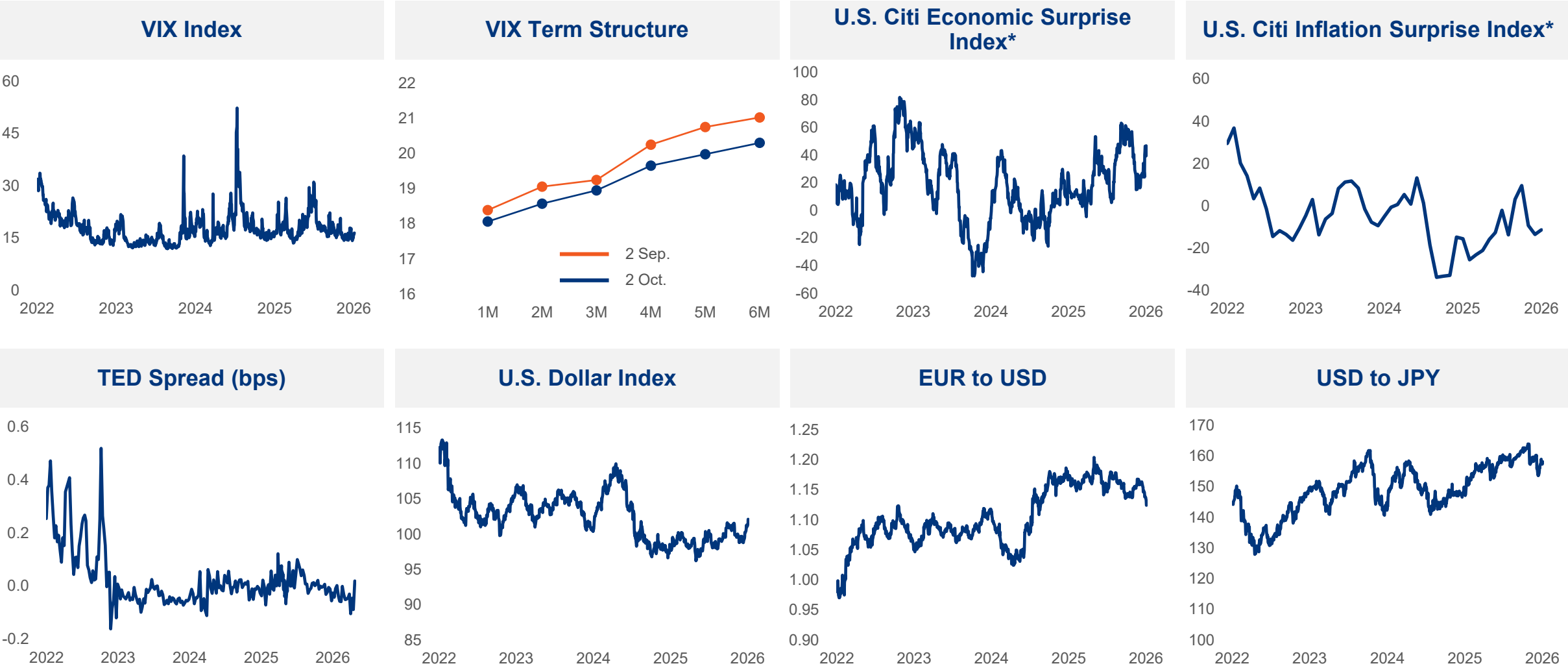
Source: Bloomberg, 2 Oct 2026

Market Monitor



Source: Bloomberg, 2 Oct 2026

Market Monitor



Source: Bloomberg, 2 Oct 2026

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