



CIO Office

Global Markets Weekly Kickstart

Steady Growth in Healthcare!

20 October 2026

01 CIO Insights Rising Bond Yield: Not a Crisis

02 Market Recap

Geopolitical Risks and Earnings Collide as Stocks Retreat from Highs
Surging Rates Erode Corporate Profits, Keeping Bond Markets Volatile



03 What's Trending

U.S. Inflation Rebounds; European Bond Yields Remain a Concern
Solid U.S. Corporate Earnings Provide Long-Term Support for Stocks



04 In Focus

Amid Market Volatility and High Rates, Healthcare Delivers Steady Profit Growth



05 Strategic Viewpoint

Defense First, Then Growth: A Barbell Strategy Balances Both to Reduce Volatility



06 Product Spotlight Selection of Equities, Bonds, Funds/ETFs

Rising Bond Yield: Not a Crisis

► Rising U.S. Bond Yields Alone Do Not Trigger Crises

Markets can price trends, hedge exposures, secure funding, and adapt risk rules. Crisis risk arises when unexpected events overwhelm the system's response capacity. Key warnings are rapid yield changes and forced sellers, rather than absolute yield levels. Elevated yields, an AI-capex funding gap, and market concentration therefore create vulnerability and point to higher volatility.

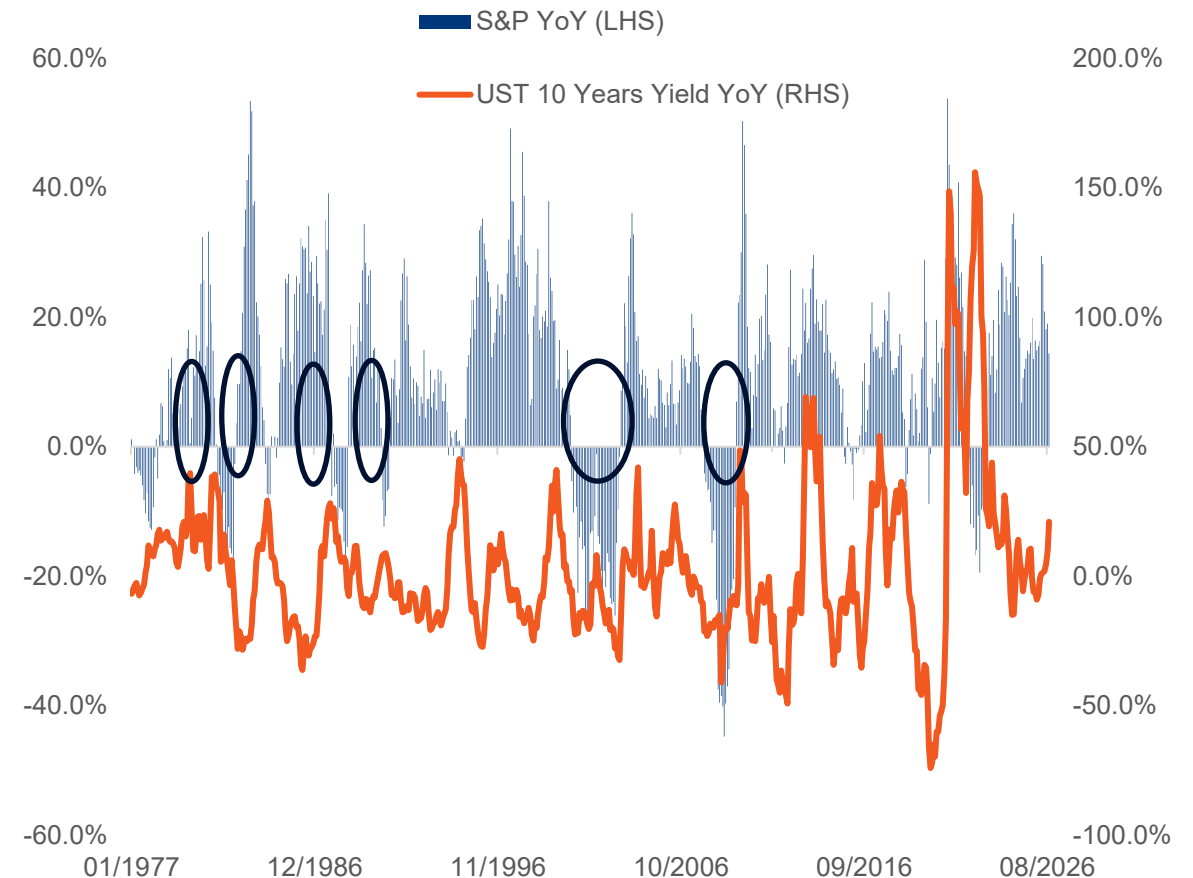
► Treasury Yields Reflect More Than Inflation

Real-growth expectations, fiscal deficits, shrinking price-insensitive demand, and competition from Bunds, gilts, and JGBs affect yields. Higher JGB yields can prompt Japanese repatriation, unwind carry trades, and reprice global duration. De-dollarisation could lift the U.S. term premium as foreign demand eases. Oil-price base effects should flatten year-on-year oil inflation from March 2027, supporting late-first-quarter rate cuts.

► Evidence Suggests a Late-Cycle Slowdown

September payroll growth was weak, prior figures revised lower, and unemployment rose as participation softened. Consumer sentiment is near recessionary levels, while AIER leading indicators weakened across housing, retail, transportation, capital goods, and the yield spread. If inflation and growth decelerate, long-bond yields could fall below 5%, benefiting investment-grade corporates and long-dated Treasuries. Lower rates should support growth-equity valuations, but uncertainty means volatility will persist, favouring put or call selling.

Could Rising Bond Yields Trigger a Crisis? Historical Market Correction Usually Was Not Caused by Rising Bond Yields

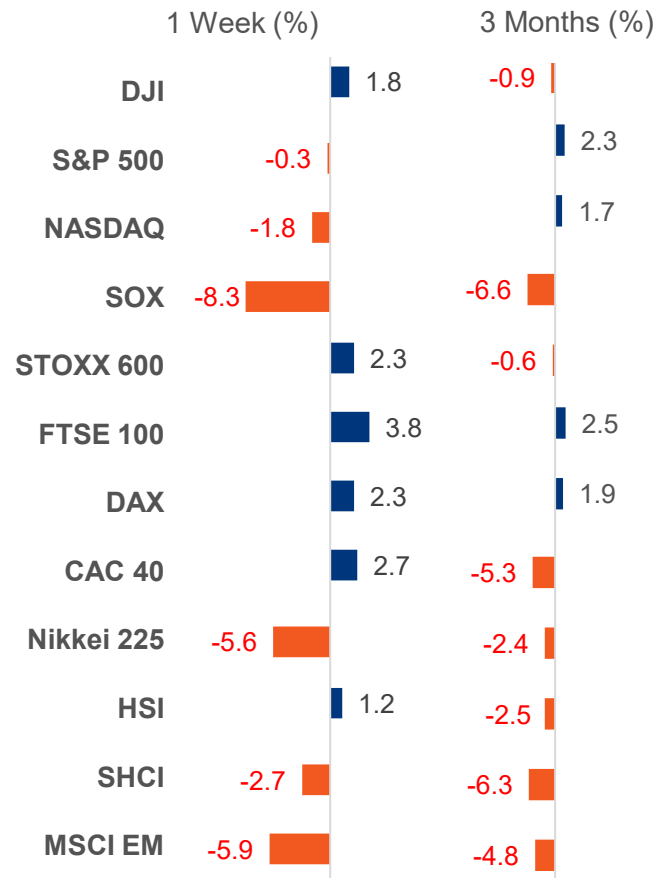


Market Recap

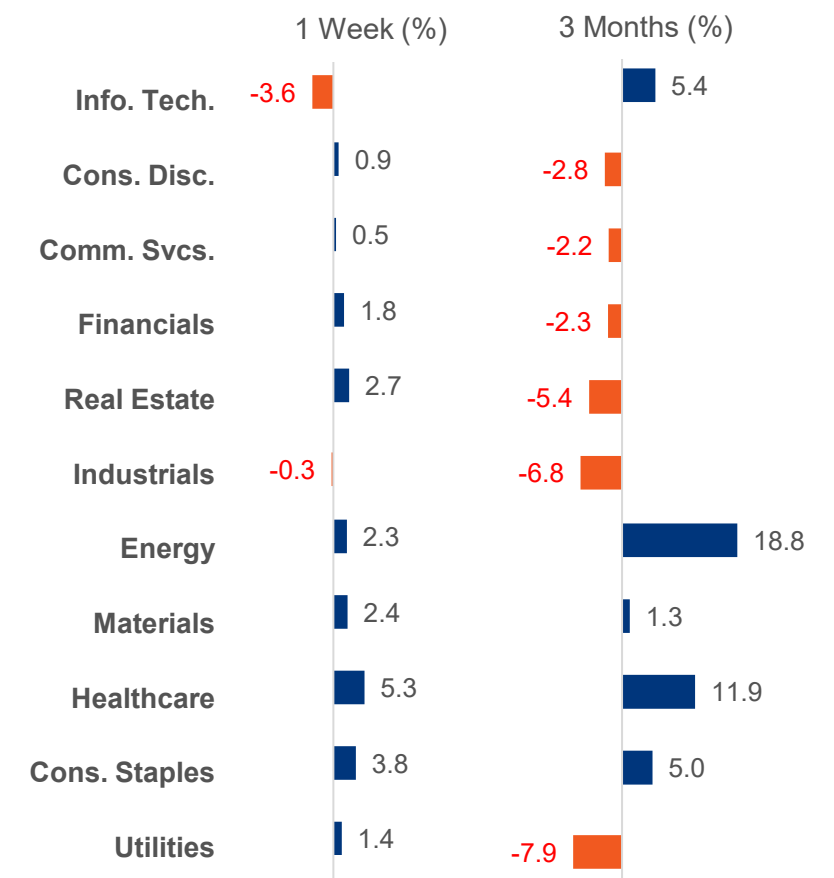
Geopolitical Risks and Earnings Collide as Stocks Retreat from Highs

- ▶ Iran-backed Houthi rebels in Yemen kept up their attacks on Saudi Arabia and on ships in the Strait of Hormuz. With the U.S. midterm elections approaching, geopolitical risks stayed high and added to selling pressure on stocks. China's CXMT reported progress in developing a new chip, which hit semiconductor stocks. Investors sold off memory makers Micron, Samsung and SK Hynix even though memory demand still exceeds supply, and South Korea's stock index fell more than 18% for the week. Broadcom's CEO said that funding is the biggest bottleneck to expanding AI infrastructure. Optical communications stocks led the decline, and tech and semiconductor stocks fell sharply.
- ▶ U.S. 3Q earnings season is underway. Citigroup and Goldman Sachs beat net income forecasts, but Wells Fargo's net interest income disappointed. JPMorgan missed profit estimates for the first time since 4Q 2023, and Bank of America also came in weak. ASML raised its full-year revenue outlook and said some customers have already asked about 2029–2030 equipment orders, a sign that chip capacity demand remains strong. TSMC's 3Q gross margin slipped slightly to 66.4%, as its fast 2nm ramp-up and overseas fab utilization weighed on margins. TSMC kept its 2026 capex guidance at US\$60–64 billion, citing strong agentic AI demand, and expects 2026–2028 capex to rise significantly from the previous three years.

Regional Index Performance (%)

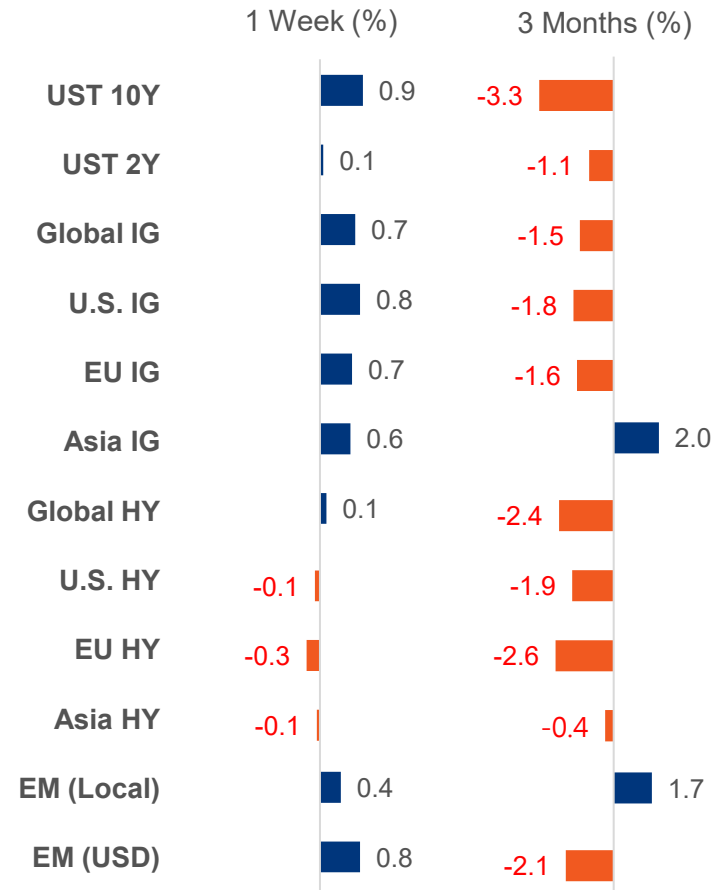
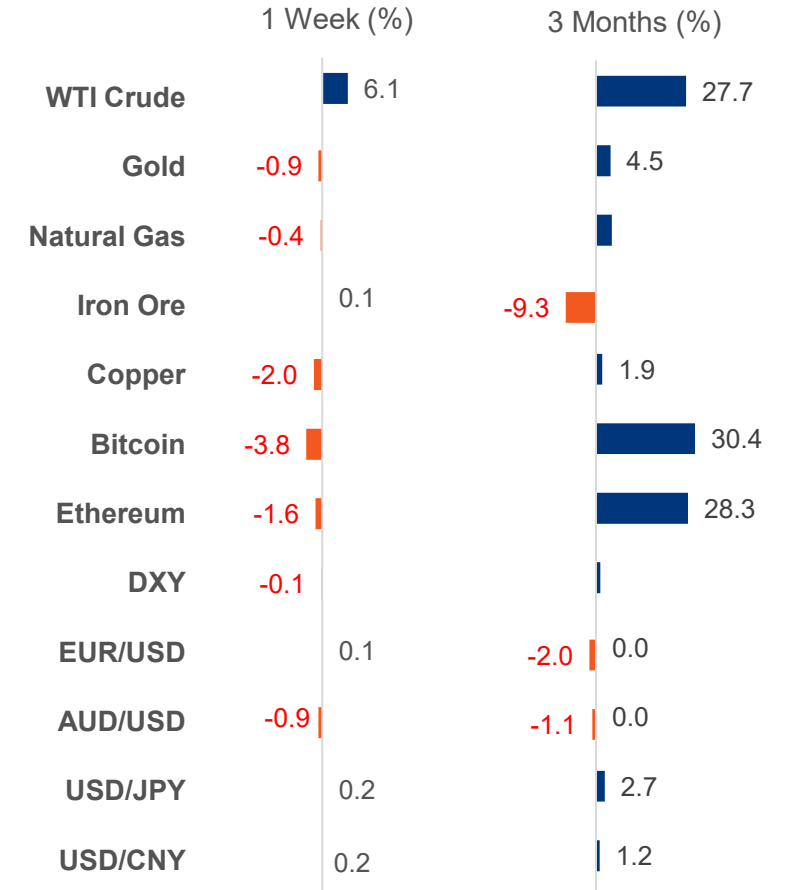


U.S. Sector Index Performance (%)



Market Recap**Surging Rates Erode Corporate Profits as Credit Bond Performance Diverges**

- ▶ U.S. September CPI and PPI both rose more than expected. PPI climbed 1.3% month-over-month, well above the 0.5% forecast and the biggest monthly increase since 2022. Year-over-year, PPI rose 6.3%, the largest gain since December 2022. This shows that inflation pressure is spreading from energy to other sectors. Because inflation is proving sticky, markets now expect high rates to last longer. U.S. Treasury yields briefly climbed, but Treasuries recovered after stocks fell sharply and investors moved into safe havens. Weaker corporate issuers are showing warning signs. CoreWeave's bond yields jumped, and the yield on its 2032 notes briefly reached 15%. The company has borrowed heavily to build data centers, and markets are worried about its debt load, interest costs and ability to refinance. Default risk is rising, and high borrowing costs are cutting into corporate profits. Both CoreWeave's stock and its bonds fell, which shows that even AI and tech credit bonds are starting to diverge.
- ▶ Geopolitical risks in the Middle East pushed oil prices higher. Trump announced a temporary easing of restrictions on Russian diesel exports, but WTI crude still held near US\$98 per barrel, which raised global inflation expectations. Bitcoin and Ether fell along with other risk assets.

Performance of Bonds (%)**Performance of Commodities and Currencies (%)**

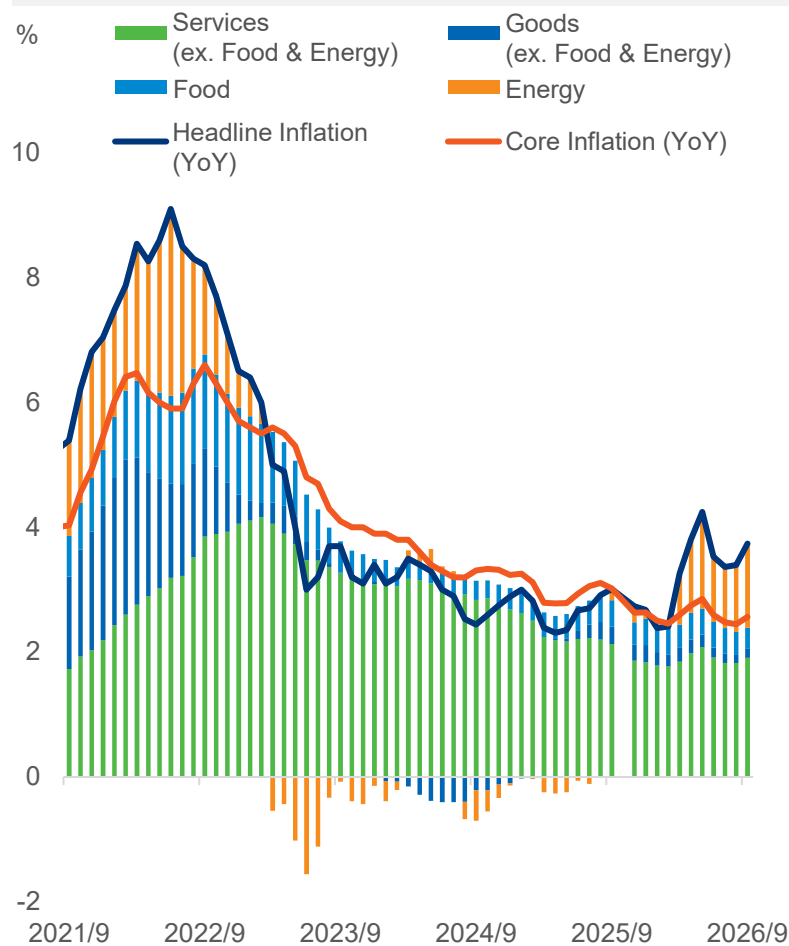
What's Trending

U.S. Inflation Rebounds; European Bond Yields Remain a Concern

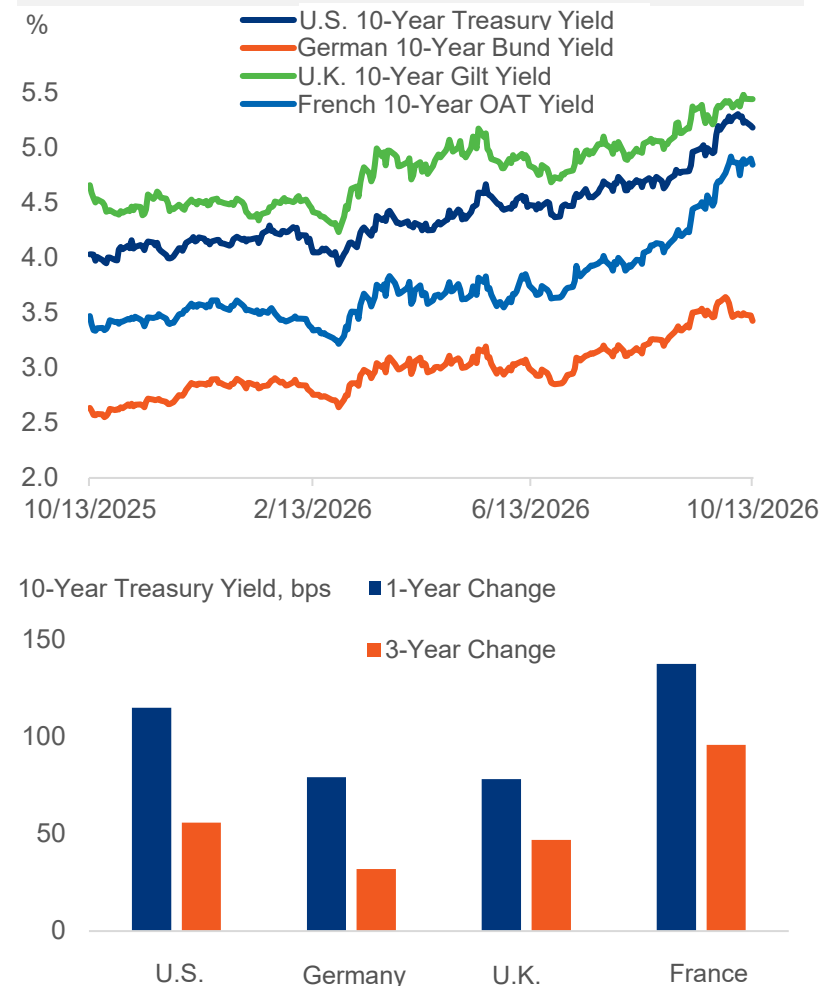
- ▶ U.S. annual CPI inflation rose to 3.7% in September. Core CPI rose from 2.4% to 2.6% year over year, and its 0.3% monthly gain was above the 0.2% forecast. Energy drove the rebound and made up more than half of the monthly rise in headline CPI. Energy was the main shock, but consumer spending held up, so companies could still pass higher costs on to customers. Housing and some service prices stayed sticky, and demand-driven inflation edged higher. Stronger corporate capital spending is also supporting the economy and corporate profits, so overall demand is unlikely to cool quickly.
- ▶ KGI expects the Fed to hike by 25 bps in December and again next March, keeping the policy rate above 4% for longer. High oil prices, sticky inflation, worsening fiscal positions and heavy government borrowing competing with corporate issuance have pushed U.S., European and Japanese government bond yields to highs. In France, proposed 2027 budget cuts to pensions and public wages sparked backlash and put pressure on its sovereign rating. French CDS and the French–German 10-year spread widened, the euro weakened and a stronger dollar weighed on commodities and gold. Political uncertainty dragged European stocks lower, with French equities the weakest. Rising developed-market yields raise borrowing costs and pressure stock valuations, so they remain a source of market volatility.

Source: Bloomberg

U.S. Inflation Remains Sticky, Driven Mainly by High Oil Prices



Government Bond Yields in the U.S., Europe and Other Developed Markets Have Rebounded Sharply



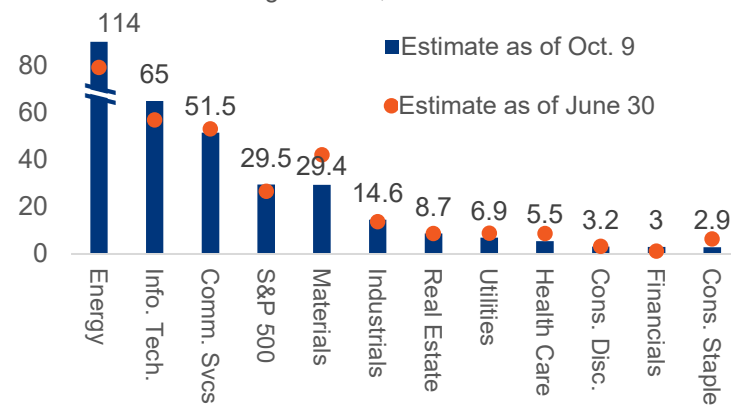
Solid U.S. Corporate Earnings Provide Medium- to Long-Term Support for Stocks

- ▶ U.S. third-quarter earnings season is underway, and markets will watch how companies perform in a high-rate environment. According to FactSet, S&P 500 earnings are expected to grow 29.5% in the third quarter, which shows that corporate fundamentals remain supportive. Tech earnings are expected to grow 65% on strong AI demand, so the sector remains a key driver of overall profit growth.
- ▶ In tech, AI capital spending is still the main driver of this earnings cycle. Goldman Sachs estimates that companies tied to AI infrastructure will account for 54% of S&P 500 earnings growth in the third quarter. Cloud revenue growth at major cloud service providers (CSPs) is also expected to accelerate as demand for AI computing and cloud services keeps rising. This should help sustain further growth in capital spending.
- ▶ Recent market volatility is still driven by high interest rates, which are weighing on investors' risk appetite and limiting room for valuation expansion. This suggests that current market pressure is coming more from valuations than from fundamentals. As more earnings results come out, the market should gradually refocus on fundamentals if companies keep beating profit expectations and maintain positive guidance. Corporate earnings growth would then increasingly support stock performance.

U.S. 3Q Earnings Growth Estimates Keep Rising, Led by Tech

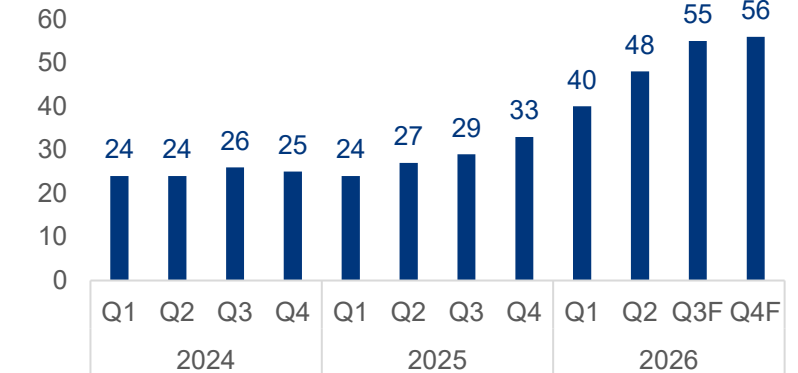


3Q Estimated Earnings Growth, %



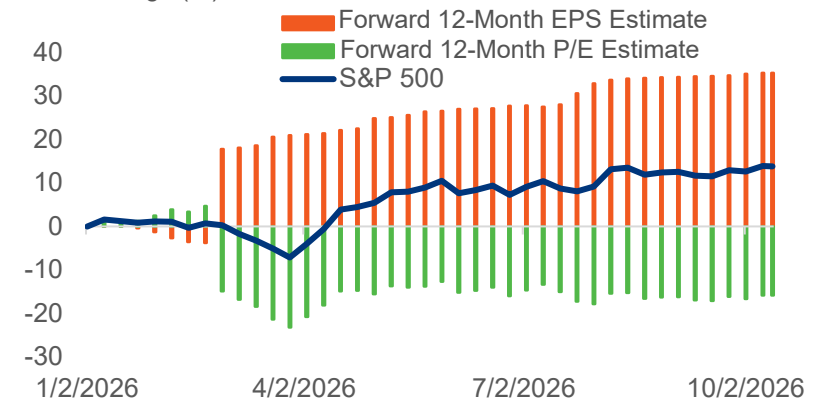
CSP Cloud Revenue Growth Is Accelerating, Further Confirming That Capex Is Paying Off

YoY Cloud Revenue Growth at Major CSPs (%)



Valuation Concerns Limit Further Stock Price Gains

YTD Change (%)

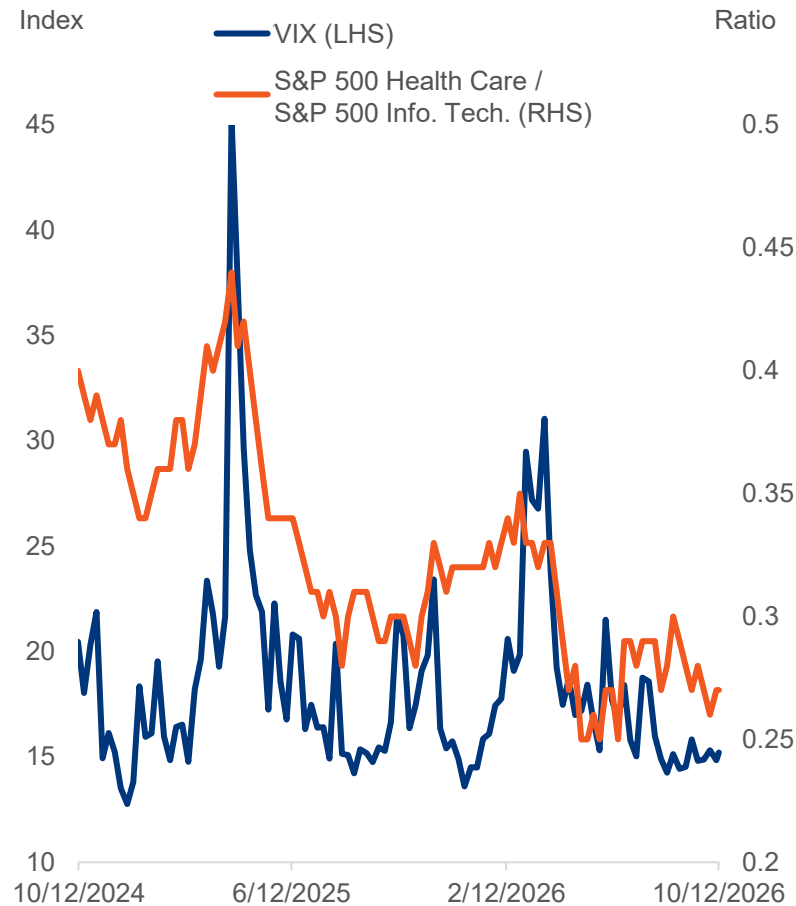


Source: Bloomberg, Factset, Goldman Sachs, KGI. Note: The major cloud service providers (CSPs) shown in the upper-right chart are Amazon, Alphabet, Microsoft and Oracle

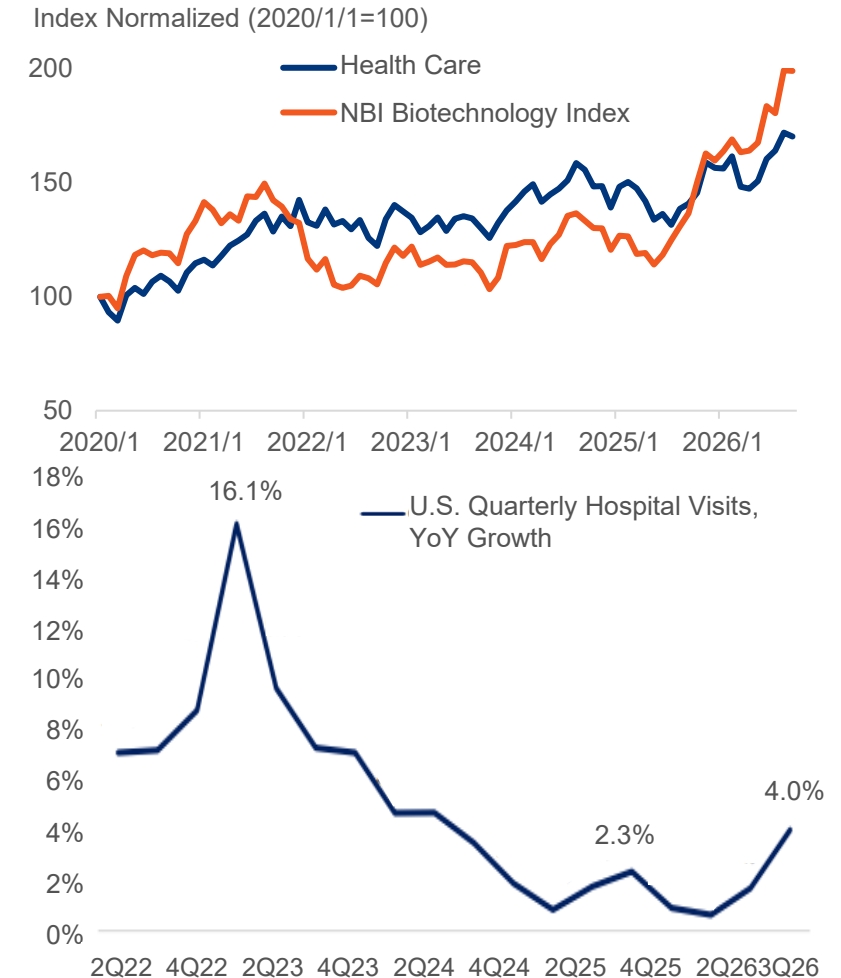
Headline Healthcare Outperforms Amid Rising Market Volatility, Delivering Steady Profit Growth

- ▶ Healthcare, healthcare services and biotechnology are traditional defensive sectors because demand for healthcare usually holds up even when the economy weakens. Interest rates remain high, and control of Congress could shift after the U.S. midterm elections in November, so the risk of stock market volatility is rising. In the past, when the VIX rose, healthcare held up better than tech stocks and proved more resilient to market swings.
- ▶ Healthcare and biotech stocks have risen sharply over the past year for three reasons: (1) High rates, funding costs and clinical trial risks left some biotech stocks undervalued. Better clinical data and AI-driven drug screening are now prompting investors to reassess their cash flows and value. (2) Facing patent expirations, big pharma is acquiring new drugs and pipelines, which makes promising biotech firms more valuable as targets and lifts sector valuations. (3) Treatments for obesity, cancer and chronic diseases create long-term demand, and innovative drugs like GLP-1 weight-loss injections mean that growth no longer depends only on an aging population. In July, Goldman Sachs raised its 2030 global weight-loss drug sales forecast by 15% to US\$114 billion.

Health Care Has Been More Resilient When the VIX Rises



Healthcare and Biotech Have Performed Well in Recent Years; 3Q Hospital Visits Estimated to Rise 4% YoY



Source: Bloomberg, Goldman Sachs Global Investment Research, GS Data Works

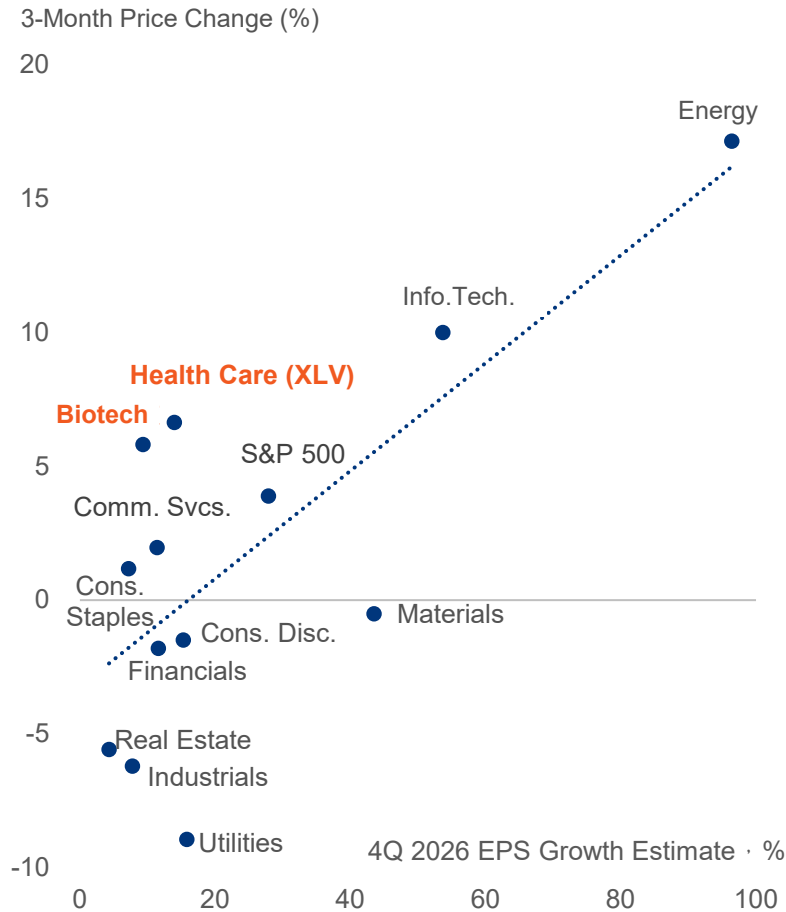
In Focus

Healthcare and Biotech Earnings Expected to Grow Significantly Next Year, Supporting Further Gains

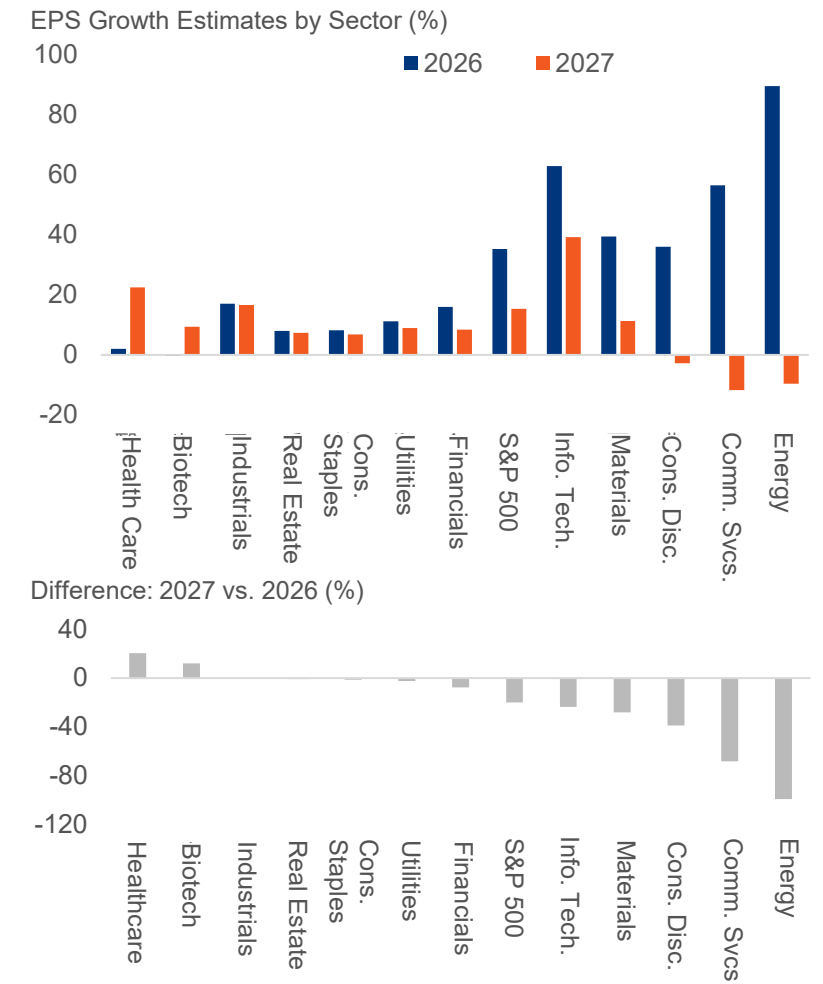
- U.S. healthcare spending is heavily shaped by regulation. Deductibles under employer-sponsored insurance (ESI) and Affordable Care Act (ACA) plans have risen, and out-of-pocket maximums are higher than a year ago. Because of these changes, U.S. hospital admissions, surgical volumes and hospital visits all improved in the third quarter. Goldman Sachs estimates that 3Q hospital visits will rise 4% year over year. Seasonal factors should also lift healthcare utilization in the second half above the first half. Fourth-quarter earnings are expected to be solid, and this strength could carry into next year. This outlook is reflected in the recent record high of the XLV ETF.
- For 2027, most health insurers plan to widen profit margins by raising member premiums and increasing cost-sharing, especially by raising out-of-pocket maximums. They will also keep refining their coverage and product mix. Premium growth for employer-sponsored insurance (ESI) is expected to accelerate next year to its fastest pace in 20 years. Refinitiv's 2027 earnings growth forecasts for U.S. sectors show healthcare and biotech earnings rising significantly from this year. By contrast, energy and communication services had very strong earnings this year, so their growth is expected to slow next year due to the high base. With volatility in the broader financial environment rising, investors may use healthcare and biotech stocks to pursue steady returns.

Source: Bloomberg

Healthcare and Biotech Stand Out with Positive 3-Month Gains and Earnings Growth Estimates



Healthcare and Biotech Expected to Post the Largest Earnings Growth Pickup from 2026 to 2027



Pairing Defensive and Tech Stocks: A Barbell Strategy for Steady Gains

Asset Type	Market View	Preferred Assets
Equities	◆ U.S. third-quarter earnings are expected to grow by double digits year over year. Markets are waiting for results, guidance and signs of how AI capital spending will pay off. Geopolitical conflicts, high yields, valuation pressure and the upcoming U.S. midterm elections are likely to keep markets volatile in the short term, so adding defensive stocks can help portfolios withstand market swings. The long-term AI and tech trend remains intact. Investors can build positions in stages during pullbacks and diversify across countries and sectors to reduce overall volatility. A barbell strategy that combines defensive and growth stocks can also help them pursue steady returns. ◆ European and Japanese stocks can play a key role in diversification, and rising global interest rates should benefit bank stocks. Frequent geopolitical conflicts also keep European defense stocks an attractive investment theme.	Strategy: Add defensive stocks; stay positive on AI themes such as tech and semiconductors over the medium to long term; outside AI, focus on healthcare and biotech Regions: Japanese banks, European financials, European defense
Bonds	◆ Global government bond yields are rising, and major central banks still have room to hike before year-end. With yields elevated, short- to medium-term bonds look attractive, so investors can lock in yields and earn income as rates climb. Investment-grade bonds come from stronger issuers with steady cash flow and repayment ability. Investors should focus on bonds with attractive risk-adjusted spreads in sectors such as financials, tech, communications and utilities.	Bond Types: Lock in yields with short- to medium-term investment-grade bonds in sectors such as financials, tech, communications and utilities
Forex	◆ Rising political risk in Europe has weakened the euro in the short term, while the U.S. dollar remains supported near highs. ◆ The timing of the Bank of Japan's next rate hike is uncertain, so the yen is likely to trade in a range.	U.S. Dollar Supported Near Highs
Commodity	◆ The Middle East conflict is unlikely to be resolved soon, so oil prices should stay high but become more volatile. ◆ Rising U.S. rates and a stronger dollar are weighing on gold in the short term. However, fiscal deficit pressures in the U.S., Europe and Japan, along with de-dollarization, keep central banks and long-term investors buying, which gives gold steady support over the medium to long term.	Gold: Under Pressure in the Short Term; Positive Over the Medium to Long Term

National HealthCare (NHC US)

Closing Price	US\$242.82	Target Price	US\$270		
---------------	------------	--------------	---------	--	--

National HealthCare Corporation operates long-term healthcare facilities and provides a range of post-acute and senior care services. The company also offers home healthcare programs, independent living communities, and assisted living centers. Additional services include managed care specialty units, Alzheimer's care units, and rehabilitation services.

Structural Demand from an Aging U.S. Population Supports Senior and Post-Acute Care Services

The aging U.S. population continues to provide a long-term demand tailwind for senior healthcare services. The U.S. Census Bureau projects that one in five Americans will be aged 65 or older by 2030. Older adults also consume substantially more healthcare services, with CMS estimating per-capita healthcare spending for those aged 65 and above at roughly 2.5 times that of working-age adults. Meanwhile, Medicare spending is projected to grow at an annual rate of 7.7% between 2025 and 2034, supporting sustained demand for NHC's skilled nursing, rehabilitation, home healthcare, and hospice services.

Higher Occupancy, Acquisitions, and Real Estate Ownership Enhance Earnings Quality

NHC continues to benefit from improving facility utilization and a growing owned-asset base. In 2Q26, skilled nursing occupancy increased from 89.4% to 90.1%, while net operating revenue grew 8.8% YoY, supported by same-facility growth and the acquisition of five skilled nursing facilities with 639 licensed beds in June. More importantly, NHC completed the US\$560 million acquisition of 32 skilled nursing properties and three independent living communities previously leased from National Health Investors. Management expects the transaction to be accretive to earnings and cash flow while providing greater long-term control over strategically important facilities.

Solid 2Q26 Results

NHC reported 2Q26 revenue of US\$408.0 million, up 8.8% YoY, while Non-GAAP EPS reached US\$1.74. The company also declared a quarterly dividend of US\$0.67 per share.

Valuation Consensus

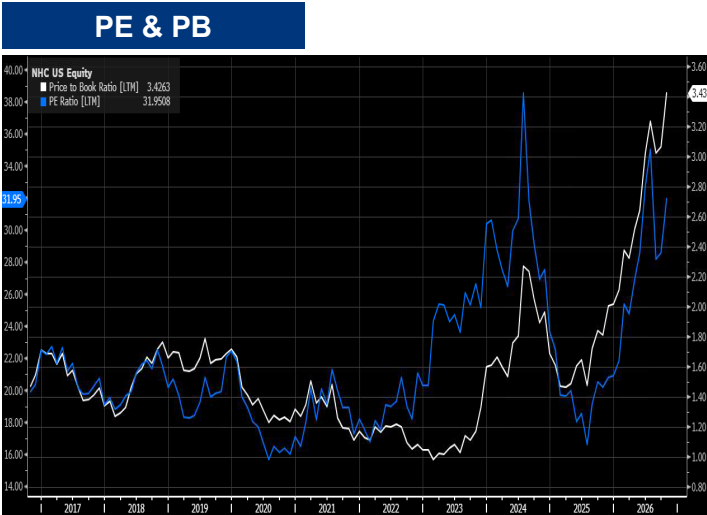
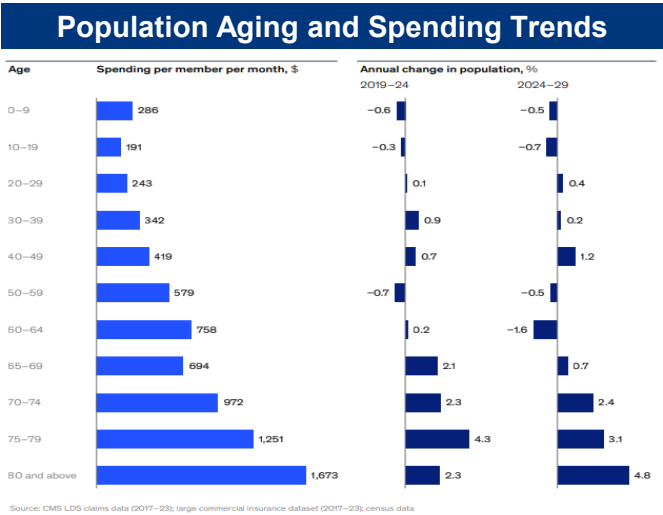
No analyst coverage is currently available for the company.



Financials

	2021	2022	2023	2024	2025
Revenue Growth(%)	4.5	1.1	5.1	14.5	16.1
Operating Margin (%)	12.8	10.2	11.4	12.3	13.6
EPS (JPY)	3.88	2.29	3.43	4.73	6.44
Net Profit Margin(%)	5.6	3.3	4.6	5.6	6.6

Source: Bloomberg



Source: Bloomberg, McKinsey & Company; closing prices as of October 16, 2026.

HCA Healthcare (HCA US)

Closing Price	US\$458.84	Target Price	US\$500		
---------------	------------	--------------	---------	--	--

HCA Healthcare, Inc. provides healthcare services. The company offers diagnostic, treatment, consulting, nursing, surgical, and other healthcare services, as well as medical education, physician resource centers, and training programs. HCA Healthcare serves patients across the United States.

Structural Growth in Spending & Shift Toward Outpatient Care Support Utilization

Structural growth in U.S. healthcare demand is expected to support HCA's hospital and outpatient network. CMS projects national healthcare expenditures to grow 5.4% annually through 2034, outpacing projected GDP growth of 4.1%, while hospital spending is expected to increase 5.2% per year. At the same time, care delivery continues to shift away from traditional inpatient settings, with outpatient volumes expected to grow by approximately 18% by 2035. This trend benefits large integrated systems such as HCA that can serve patients across hospitals, ambulatory surgery centers, emergency rooms, urgent care facilities, and physician practices.

Network Investments, Workforce Development & Repurchases Support EPS Growth

HCA continues to leverage its scale across 190 hospitals and approximately 2,600 outpatient sites. In 2Q26, revenue increased 8.7% YoY to US\$20.2 billion, same-facility admissions grew 2.5%, and adjusted EPS rose 11%. The company maintained its FY2026 capital expenditure plan of US\$5.0-5.5 billion and recently acquired the College of Health Care Professions, which serves more than 8,000 students, strengthening its internal healthcare talent pipeline. Together with US\$2.1 billion of share repurchases completed during the quarter and US\$7.2 billion of remaining authorization, these initiatives provide multiple drivers for medium-term capacity expansion and EPS growth.

Midpoint of Full-Year Guidance Remains in Line with Expectations

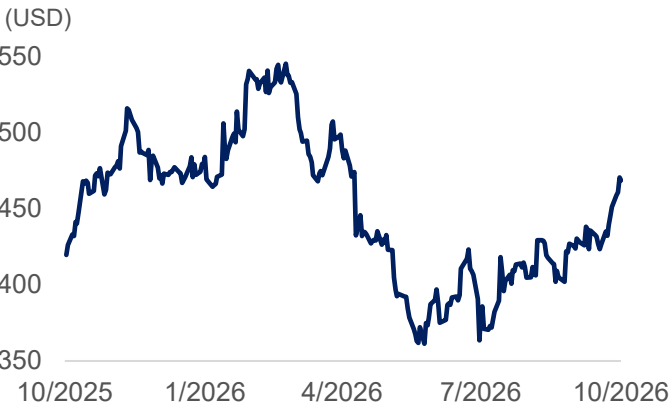
HCA reported 2Q26 revenue of US\$20.23 billion, exceeding consensus estimates by US\$490 million, while Non-GAAP EPS of US\$7.59 exceeded expectations by US\$0.09. The company expects FY2026 revenue of US\$77.0-79.5 billion and diluted EPS of US\$28.70-30.50. HCA also expects health insurance exchange impacts of negative US\$1.0-1.2 billion and net benefits from Medicaid supplemental payment programs of US\$300-500 million.

Valuation Consensus

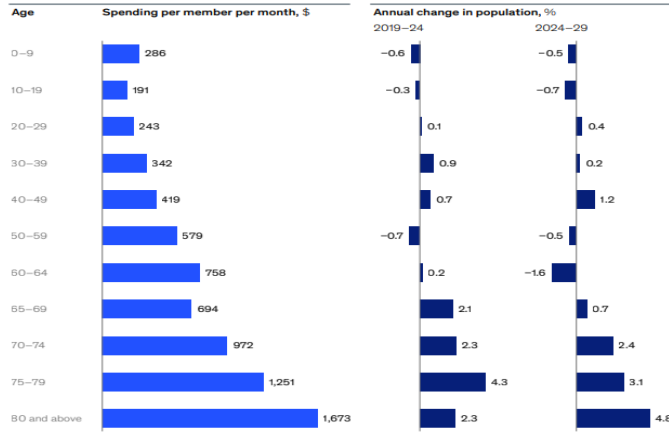
Bloomberg consensus estimates imply an average 12-month target price of US\$462.26, with a high target price of US\$579 and a low target price of US\$380.

Source: Bloomberg, McKinsey & Company; closing prices as of October 16, 2026.

1-Year Price



Population Aging and Spending Trends



Source: CMS LDS claims data (2017-23); large commercial insurance dataset (2017-23); census data

Financials

	2023	2024	2025	2026	2027F
Revenue Growth(%)	7.9	8.7	7.1	3.9	3.8
Operating Margin (%)	20.3	20.3	21.2	20.0	19.9
EPS (YEN)	19.01	21.96	28.21	29.48	32.02
Net Profit Margin(%)	8.1	8.1	8.9	8.3	8.1

Source: Bloomberg; 2027/28F are market estimates

PE & PB





Taiwan Equities Consolidate; AI Server Supply Chains Poised for 2027 Growth Opportunities

Heavy Selling in Technology Stocks Pushes Taiwan Equities Below the Monthly Moving Average

Stronger-than-expected U.S. inflation data increased expectations for further rate hikes, triggering broad-based selling in technology stocks. A sharp decline in the Philadelphia Semiconductor Index weighed on Taiwan equities, which closed lower on heavy volume and fell below the monthly moving average, signaling the start of a near-term consolidation phase. Foreign investors recorded net selling of NT\$302.5 billion, the largest single-day outflow on record. On the sector front, large-cap technology stocks led the decline, while financials, petrochemicals, and shipping stocks helped support the broader market. Investors may focus on AI-related supply chain names that reported strong September revenue growth and continue to benefit from rising product prices in 4Q..

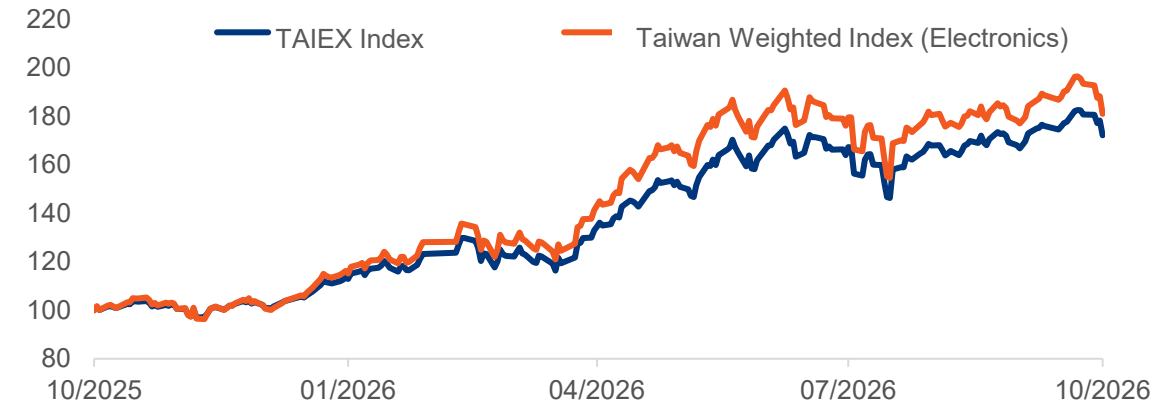
Strong 2027 AI Server Demand Outlook Supports Taiwan's AI Supply Chain

According to Gartner, global server shipments grew 22% YoY in 1H26, while AI server shipments increased 56% YoY, significantly outperforming general-purpose servers. As generative AI evolves toward Agentic AI, demand for model training, inference, and cloud computing resources is expected to remain strong, driving continued investment in AI infrastructure by cloud service providers (CSPs) and NeoCloud operators. At the same time, rising adoption of AI ASICs such as Google TPU and AWS Trainium, together with the ramp-up of next-generation AI chips, is accelerating AI server deployment. We forecast AI server shipments to increase from 3.5 million units in 2026 to 5.2 million units in 2027, while AI servers' share of total server shipments is expected to rise from 19% in 2025 to 27% in 2027. Sustained growth in AI server demand is expected to support Taiwan's AI server supply chain, including server assembly, thermal solutions, power supplies, PCB/CCL, substrates, and advanced packaging providers.

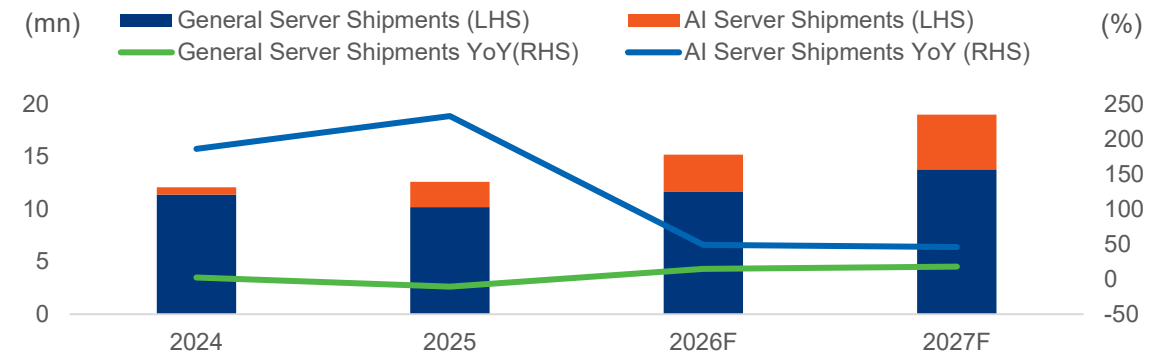
Source: Bloomberg

TAIEX Index and Taiwan Electronics Sector Trends

Index, 15 Oct 2025 = 100



Global Server Shipment Growth Forecast (2026-2027)



Wiwynn Corporation (6669 TT)

Wiwynn Corporation manufactures computer data storage equipment. The company develops and sells servers, storage devices, networking systems, and data center infrastructure products.

ASIC AI Server Ramp-Up Drives Revenue and Earnings Growth

Wiwynn's September revenue reached NT\$172.6 billion, up 20% MoM and 100% YoY, bringing 3Q26 revenue to NT\$434.6 billion, a 56% QoQ increase and above market expectations. According to KGI Securities, volume ramp-up of Trainium 3 servers has lifted ASIC AI servers to more than 50% of total revenue, making them the company's key growth driver. Continued product mix optimization and a higher contribution from AI servers are expected to further support profitability.

Expanding AI Programs Support Strong Earnings Growth in 2027

We expect Wiwynn to benefit from both AI server and general-purpose server demand growth in 2027. Revenue contributions from AWS Trainium liquid-cooled servers, Meta AI platforms, and Oracle-related AI projects are expected to increase from late 2026, while potential orders from NeoCloud customers could provide additional upside. Meanwhile, the development of Agentic AI is expected to drive higher demand for inference and cloud computing, supporting broader server demand. KGI forecasts 2027 EPS of NT\$223, representing approximately 60% YoY growth and indicating continued strong earnings momentum..

Financials

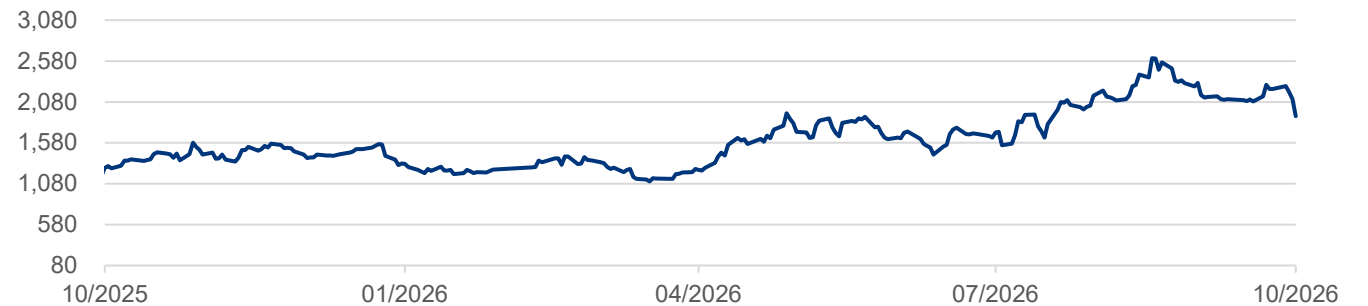
	2023	2024	2025	2026F	2027F
EPS (NTD)	68.88	126.57	275.06	139.76	223.38
EPS Growth (%)	-15.0	83.7	117.3	-49.2	59.8
P/E Ratio	32.5	17.7	8.1	16.0	10.0
ROE (%)	29.7	34.9	48.0	54.6	66.2

Source: Company data, estimates of KGI analyst

Valuations

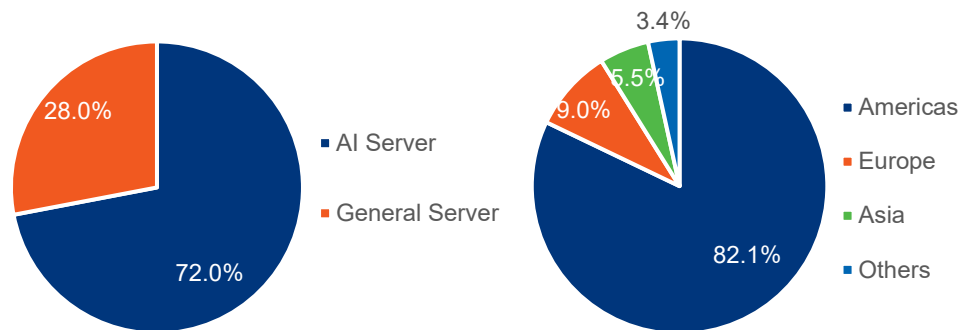
		5Y Avg.	Current	
Price	206.85			2,615
P/E	8.40			38.53
P/B	2.95			23.12

1-Year Price



As of 15 October 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-14.96	-17.71	11.53	52.75	26.69	49.73

Revenue Sources and Regions



Source: Bloomberg

Asia Vital Components Co., Ltd. (3017 TT)

Asia Vital Components Co., Ltd. manufactures heat sinks, heat spreaders, DC fans, and notebook heat pipes for thermal management applications in personal computers, notebook computers, and power supplies.

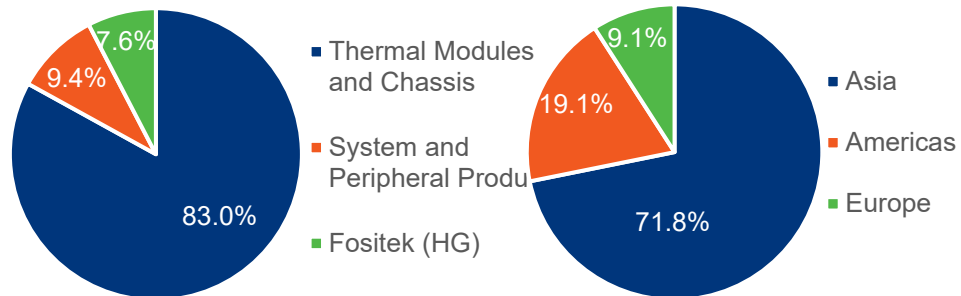
Rising Liquid-Cooling Adoption Continues to Enhance Profitability

Driven by increasing liquid-cooling adoption in AI servers and better-than-expected pricing for GPU cold plates, AVC's liquid-cooling business is expected to maintain strong growth momentum. To meet customer demand, the company continues to expand capacity for cold plates, chassis, and manifolds, with cold plate and chassis capacity expected to increase by 50% and manifold capacity set to double. A higher contribution from liquid-cooling products and an improved product mix are expected to further strengthen profitability.

Next-Generation AI Platforms Drive Liquid-Cooling Demand and 2027 Growth

As NVIDIA Vera Rubin, Google TPU v8, AWS Trainium, and AMD's next-generation AI platforms increasingly adopt liquid-cooling architectures, cold plate applications are expanding beyond processors to include power supplies, network interface cards, and optical communication components. We expect liquid-cooling solutions to contribute more than half of AVC's revenue in 2027, supported by rising content value and new project ramp-ups. Meanwhile, accelerating ASIC server deployments could drive ASIC-related revenue to surpass the company's GPU business.

Revenue Sources and Regions



Source: Bloomberg

Financials

	2023	2024	2025	2026F	2027F
EPS (NTD)	14.11	21.21	49.17	107.68	173.61
EPS Growth (%)	19.7	50.4	131.8	119.0	61.2
P/E Ratio	242.1	161.0	69.5	31.7	19.7
ROE (%)	28.3	32.1	52.2	74.5	77.3

Source: Company data, estimates of KGI analyst

Valuations

		5Y Avg.	Current	
Price	72.26			3,685
P/E	8.56			53.11
P/B	2.22			26.20

1-Year Price



As of 15 October 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-12.98	-0.96	42.64	32.82	104.51	153.12

**Mutual Funds/
ETFs**

Stable Earnings Growth Supports Healthcare Amid Market Volatility and Elevated Rates

► Wellington Global Health Care Equity Fund

- Wellington is one of the largest specialist healthcare asset managers, with a healthcare investment track record dating back to 1984 and more than US\$40 billion in healthcare assets under management.
- Portfolio Manager Rebecca Sykes is an experienced healthcare investor with more than a decade of portfolio management experience. The investment team brings expertise across drug development, clinical practice, consulting, and investment management.
- The fund primarily invests in key innovation areas, including biopharmaceuticals, medical technology, and healthcare services companies, seeking attractive risk-adjusted returns.
- Healthcare spending tends to rise with aging populations and economic development, and these long-term trends are expected to remain intact. The fund adopts a flexible investment approach across market capitalizations and global healthcare segments to capture long-term growth opportunities.

Product	Wellington Global Health Care Equity Fund	
Features	■ Capture long-term investment opportunities driven by population aging, growing healthcare demand, and continued innovation in healthcare technologies. ■ Gain comprehensive exposure to the global healthcare sector across pharmaceuticals, biotechnology, medical devices, and healthcare services.	
AUM	USD 1.1 billion	
3M/YTD Return	1.62% / 5.88%	
Top 5 Sector Allocation(%)	Biopharma Large Cap	49.70
	Biopharma Mid Cap	18.90
	Medical Technology	15.50
	Health Care Services	11.90
	Biopharma Small Cap	4.00
Top 5 Regions (%)	North America	76.10
	Developed EU & Middle East ex UK	10.00
	U.K.	8.30
	Japan	4.20
	Emerging Markets	1.50
Top 5 Holdings (%)	Eli Lilly & Co	8.5
	Merck & Co	5.5
	Johnson & Johnson	4.8
	AstraZeneca PLC	3.9
	UnitedHealth Group	2.9

Source: Bloomberg, KGI

Wellington Global Health Care Equity Fund

Profile

The fund seeks to deliver superior long-term total returns relative to the MSCI World Health Care Index through active stock selection across the global healthcare sector. Focuses on high-quality companies with strong fundamentals and long-term growth potential.

■ Focus on Global Healthcare Innovation Trends

Invests across the global healthcare sector, including pharmaceuticals, biotechnology, medical devices, and healthcare services, to capture opportunities arising from population aging, rising healthcare demand, and medical innovation.

■ Emphasis on Innovation and Growth Potential

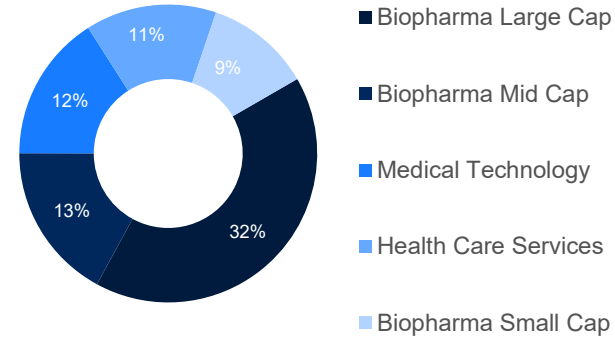
Relative to the benchmark, the fund maintains a higher allocation to mid-cap biopharma companies, targeting healthcare businesses with strong innovation capabilities and long-term growth potential through a differentiated portfolio positioning.

■ Exposure to Global Healthcare Leaders

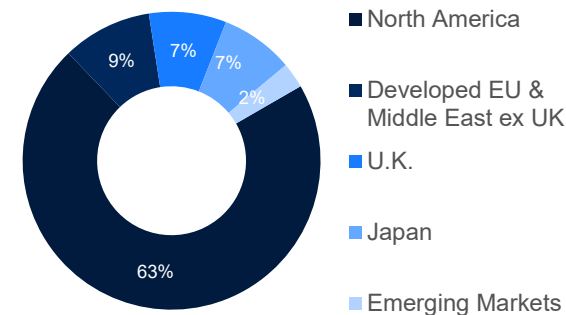
Invests across global healthcare markets without being limited to a single country or subsector, providing exposure to multinational pharmaceutical companies, innovative biotechnology firms, and leading medical device companies to build a comprehensive healthcare allocation.

Inception	2006/9/30	AUM	USD 1.1 bn
Morningstar Category	Global Equity Income	Fund Type	Equities
Morningstar Rating	★★★	3Y SD (Ann.)	14.92%

Sectors



Regions



Top-5 Holdings (%)

Eli Lilly & Co	8.5
Merck & Co	5.5
Johnson & Johnson	4.8
AstraZeneca PLC	3.9
UnitedHealth Group	2.9

3Y NAV



As of 19 October 2026	1M	3M	YTD	1Y	2Y	3Y
Cumulative Return(%)	-1.61	1.62	5.88	18.27	9.59	2.67

Sources: Fund Monthly Report, Morningstar. Performance data as of October 14, 2026; monthly report as of August 31, 2026. Data share class: D USD.

**Mutual Funds/
ETFs**

Stable Earnings Growth Supports Healthcare Amid Market Volatility and Elevated Rates

► State Street Health Care Select Sector SPDR ETF (XLV US)

- The ETF seeks to track the performance of the Health Care Select Sector Index. The index includes companies across pharmaceuticals, healthcare equipment and supplies, healthcare providers and services, biotechnology, life sciences tools and services, and healthcare technology.
- With an expense ratio of just 0.08%, the ETF offers one of the lower-cost options within the healthcare ETF universe.
- The portfolio is concentrated in large-cap healthcare and pharmaceutical companies, with the top 10 holdings accounting for approximately 60% of assets. Key holdings include Eli Lilly, Johnson & Johnson, and AbbVie.

► iShares Biotechnology ETF (IBB US)

- The ETF seeks to track the performance of the NYSE Biotechnology Index.
- It focuses on the biotechnology sector and provides diversified exposure to more than 200 biotechnology-related companies.
- The top 10 holdings account for approximately 51% of the portfolio and include Gilead Sciences, Amgen, and Vertex Pharmaceuticals.

Product	State Street Health Care Select Sector SPDR ETF (XLV US)		iShares Biotechnology ETF (IBB US)	
Features	■ Defensive Exposure to Eli Lilly, Johnson & Johnson, and AbbVie ■ Aging Population Supports Long-Term Healthcare Growth		■ One of the World's Largest Biotechnology ETFs ■ Exposure to Emerging Biotech Innovators and Growth Opportunities	
AUM	USD 45.15 billion		USD 10.53 billion	
Tracking Index	Health Care Select Sector Index		NYSE Biotechnology Index	
Currency	USD		USD	
Exchange	NYSE		NYSE	
Holdings	64		249	
Expense Ratio	0.08%		0.44%	
3M/YTD Reutr	10.32% / 13.76%		7.73% / 20.54%	
Sectors (%)	Pharmaceuticals	35.97	Biotechnology & Pharmaceuticals	84.68
	Biotechnology	19.86	Medical Equipment & Devices	12.81
	Health Care Providers & Services	17.50	Health Care Facilities & Services	2.39
	Health Care Equipment & Supplies	15.20	Others	0.14
	Life Sciences Tools & Services	10.74		
Holdings (%)	Eli Lilly & Co	15.15	Gilead Sciences Inc	8.44
	Johnson & Johnson	9.73	Amgen Inc	8.02
	AbbVie Inc	7.87	Vertex Pharmaceuticals Inc	7.44
	Merck & Co Inc	5.69	Moderna Inc	5.84
	UnitedHealth Group Inc	5.50	Regeneron Pharmaceuticals Inc	5.51

Source: Bloomberg

State Street Health Care Select Sector SPDR ETF (XLV US)

Profile

Tracks the Health Care Select Sector Index, aiming to replicate the performance of its constituent stocks.

■ Exposure to Leading Healthcare Companies with Resilient Earnings

The ETF provides exposure to leading healthcare companies, including Eli Lilly, Johnson & Johnson, and AbbVie, which have demonstrated relatively stable earnings performance.

■ Defensive Characteristics Supported by the Non-Cyclical Nature of Healthcare

Healthcare is generally considered a non-cyclical sector, with demand less sensitive to economic conditions. As a result, healthcare companies tend to exhibit greater resilience during economic downturns and periods of market volatility.

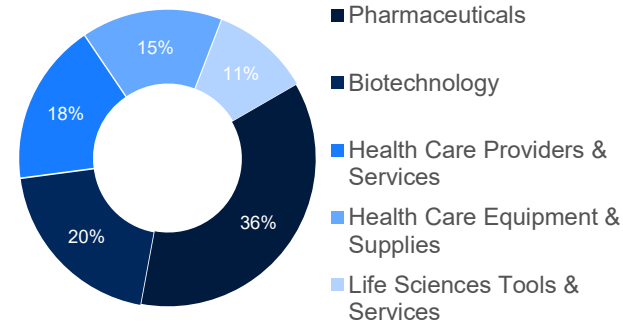
■ Long-Term Investment Opportunities Driven by Population Aging

Global population aging is expected to drive sustained growth in healthcare demand, particularly in senior care and medical services, making the healthcare sector well positioned for long-term investment opportunities.

Inception	1998/12/16	AUM	USD 45.15 bn
ETF Category	Equities	Holdings	64
Expense Ratio	0.08%	3Y SD (Ann.)	14.13%

Source: Bloomberg. Performance data as of October 14, 2026

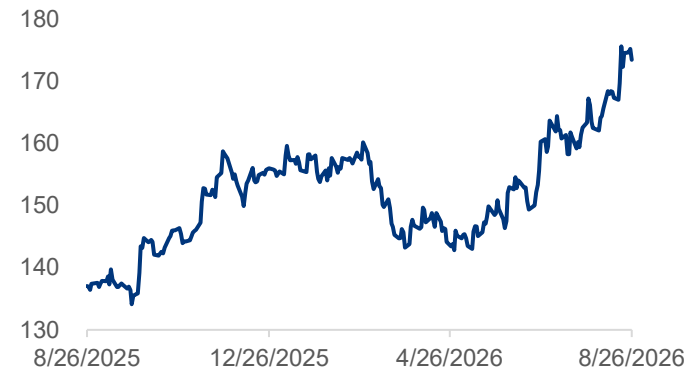
Sectors



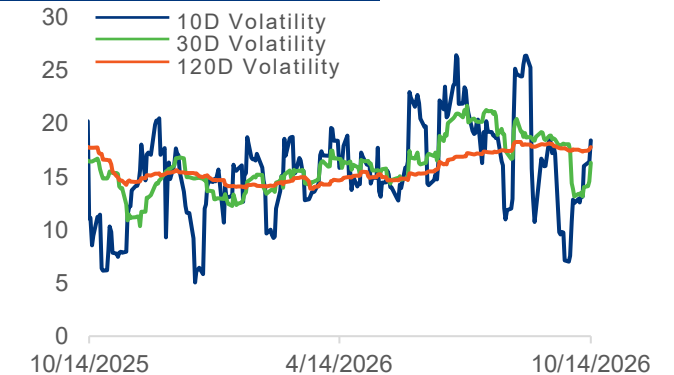
Top-5 Holdings (%)

Eli Lilly & Co	15.15
Johnson & Johnson	9.73
AbbVie Inc	7.87
Merck & Co Inc	5.69
UnitedHealth Group Inc	5.50

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 14 October 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	4.10	10.32	13.76	24.24	11.96	8.17

iShares Biotechnology ETF (IBB US)

Profile

Tracks the NYSE Biotechnology Index, aiming to replicate the performance of its constituent stocks.

Broad Exposure to the Biotechnology Industry

IBB is one of the world's largest biotechnology ETFs, tracking the U.S. biotechnology sector and providing exposure to a broad range of industry leaders and innovative companies through a single investment vehicle.

Balanced Exposure to Industry Leaders and Growth Opportunities

The ETF holds more than 200 biotechnology-related companies, including established leaders such as Gilead, Amgen, and Vertex, while also providing exposure to emerging biotechnology companies with strong growth potential and innovative pipelines.

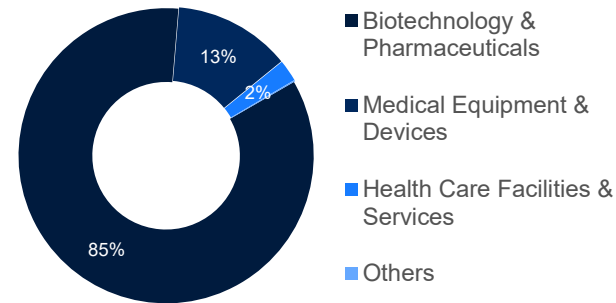
Systematic Rebalancing Captures Industry Winners

Given the long development cycles and high barriers to entry in the biotechnology industry, company performance can vary significantly. Through its market-cap-weighted methodology and periodic rebalancing process, IBB increases exposure to companies with stronger competitive positions, providing an efficient way to participate in long-term industry growth opportunities.

Inception	2001/2/9	AUM	USD 10.53 bn
ETF Category	Equities	Holdings	249
Expense Ratio	0.44%	3Y SD (Ann.)	18.59%

Source: Bloomberg. Performance data as of October 15, 2026

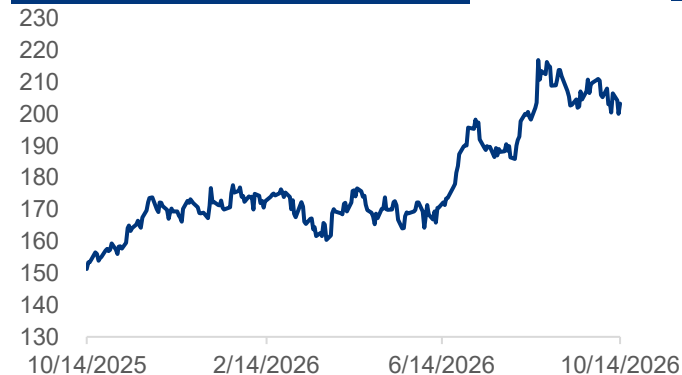
Sectors



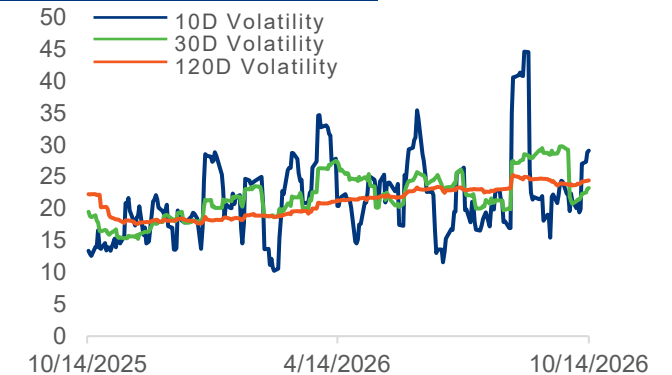
Top-5 Holdings (%)

Gilead Sciences Inc	8.44
Amgen Inc	8.02
Vertex Pharmaceuticals Inc	7.44
Moderna Inc	5.84
Regeneron Pharmaceuticals Inc	5.51

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 14 October 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-0.65	7.73	20.54	34.59	18.92	5.45

Bonds

A Leading Asian Financial Institution with Strong Fundamentals and Business Resilience

► **DBSSP 5.491 10/16/31 (DBS Group Holdings Ltd.) (USD)**

- DBS Group is a leading Asian financial services group headquartered in Singapore, with operations across 19 markets and core franchises spanning Greater China, Southeast Asia, and South Asia. Leveraging its leading market position in Singapore, extensive branch network, and strong customer franchise, DBS held loan and deposit market shares of 22.8% and 21.3%, respectively, as of December 31, 2025. Deposits grew 20% YoY in 2025 on a constant-currency basis, further strengthening its funding franchise. The group continues to expand its digital platform capabilities and fee-based businesses, including wealth management, transaction banking, and bancassurance, supporting resilient financial performance. In 1Q26, profit before tax reached a record SGD3.51 billion, while total income rose to SGD5.95 billion.
- DBS's large and stable retail deposit base, together with its strong customer relationships and market position in Singapore, continues to underpin its funding profile. Even during the market volatility seen in 2020, the bank continued to attract deposit inflows, reflecting strong customer confidence. As of March 31, 2026, customer deposits increased 12% YoY on a constant-currency basis to SGD630 billion, outpacing loan growth and supporting a healthy loan-to-deposit ratio of 71.9%. Deposit inflows have strengthened further over the past 12 months as lower interest rates reduced the attractiveness of alternative liquidity investments such as time deposits and Treasury bills.
- As of March 31, 2026, DBS reported a Common Equity Tier 1 (CET1) ratio of 16.9%, comfortably above regulatory requirements. The group is rated Aa2 by Moody's and AA- by Fitch.

Bond	DBSSP 5.491 10/16/31 (DBS Group Holdings Ltd.) (USD)
ISIN	US24023LAT35
Features	DBS continues to leverage its digital platforms to expand product offerings and broaden customer reach, particularly across Southeast Asia, while strengthening fee-based income streams through wealth management, transaction banking, and bancassurance businesses.
Maturity	2031/10/16
Next Call Date	-
Coupon(%)	Fixed/5.491/Semi-annual
Currency	USD
Years to Maturity	5.01
Credit Rating (Moody's/Fitch/S&P)	Aa2/AA-/-
Seniority	Senior Unsecured
YTM/YTC (%)	5.15/-

Source: Bloomberg

DBSSP 5.491 10/16/31 (DBS Group Holdings Ltd.) (USD)

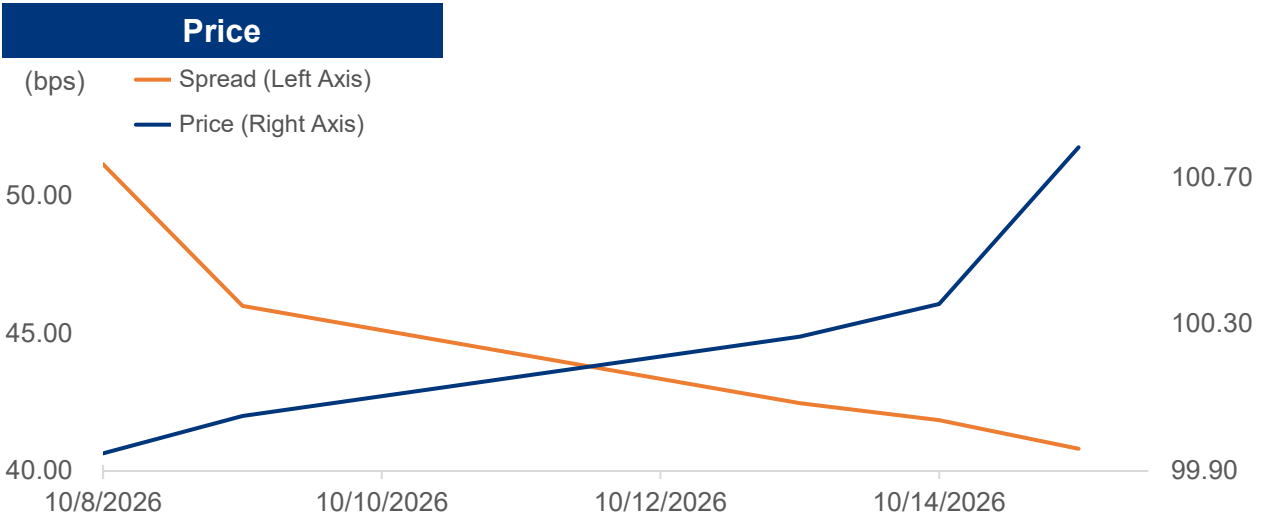
DBS Group is a leading Asian financial services group headquartered in Singapore, with operations across 19 markets and core franchises spanning Greater China, Southeast Asia, and South Asia.

- Leveraging its leading market position in Singapore, extensive branch network, and strong customer franchise, DBS held loan and deposit market shares of 22.8% and 21.3%, respectively, as of December 31, 2025. Deposits grew 20% YoY in 2025 on a constant-currency basis, further strengthening its funding franchise. The group continues to expand its digital platform capabilities and fee-based businesses, including wealth management, transaction banking, and bancassurance, supporting resilient financial performance. In 1Q26, profit before tax reached a record SGD3.51 billion, while total income rose to SGD5.95 billion.
- DBS's large and stable retail deposit base, together with its strong customer relationships and market position in Singapore, continues to support its funding profile. Even during the financial market disruption at the height of the pandemic in 2020, the bank continued to attract deposit inflows, reflecting strong customer confidence in its franchise. As of March 31, 2026, customer deposits increased 12% YoY on a constant-currency basis to SGD630 billion, outpacing loan growth and supporting a healthy loan-to-deposit ratio of 71.9%. Deposit inflows have strengthened further over the past 12 months as lower interest rates reduced the attractiveness of time deposits and Treasury bills as alternative liquidity investments.
- As of March 31, 2026, DBS reported a Common Equity Tier 1 (CET1) ratio of 16.9%, comfortably above regulatory requirements. The group is rated Aa2 by Moody's and AA- by Fitch.

Financials	2025Q4	2026Q1	2026Q2
Common Equity Tier 1 (CET1) ratio (%)	17.0	16.9	16.6
Return on Assets (ROA) (%)	1.27	1.23	1.24
Liquidity Coverage Ratio (%)	155.0	151.0	142.0

Source: Bloomberg, October 15, 2026.

Overview			
Name	DBSSP 5.491 10/16/31	ISIN	US24023LAT35
Maturity Date	2031/10/16	Remaining Maturity	5.01
Coupon(%)	Fixed/5.491/Semi-annual	YTM/YTC(%)	5.15/-
Currency	USD	Min. Subscription/Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Aa2/AA-/-	Seniority	Senior Unsecured



Appendix

Key Economic Data / Events

► Oct 2026

12

Monday

13

Tuesday

- U.S. Sep Existing Home Sales (Act:3.99m Est:3.95m Prev:3.93m)
- Japan Sep PPI YoY (Act:6.8% Est:7.6% Prev:7.6%)

14

Wednesday

- U.S. Sep CPI YoY (Act:3.7% Est:3.6% Prev:3.4%)
- U.S. Sep Core CPI YoY (Act:2.6% Est:2.5% Prev:2.4%)
- China Sep CPI YoY (Act:0.9% Est:1.0% Prev:0.8%)
- China Sep PPI YoY (Act:5.0% Est:4.4% Prev:3.8%)
- China Sep Exports YoY (Act:36.3% Est:25.4% Prev:25.0%)

15

Thursday

- U.S. Weekly Initial Jobless Claims (Act:199k Est:200k Prev:198k)
- U.S. Sep Retail Sales Advance MoM (Act:0.8% Est:0.3% Prev:1.3%)
- U.S. Sep PPI YoY (Act:6.3% Est:5.4% Prev:5.6%)
- Japan Aug Industrial Production MoM (Final) (Act:-2.4% Prev:-0.2%)

16

Friday

- U.S. Sep Industrial Production (Est:0.4% Prev:0.0%)
- Eurozone Sep CPI YoY (Final) (Est:3.8% Prev:3.2%)

19

Monday

- China Q3 GDP YoY (Est:4.4% Prev:4.3%)
- China Sep Retail Sales YoY (Est:0.5% Prev:0.4%)
- China Sep Industrial Production YoY (Est:5.4% Prev:5.2%)

20

Tuesday

- Taiwan Sep Export Orders YoY (Est:61.7% Prev:71.4%)
- Earnings: GE, RTX

21

Wednesday

- Earnings: NFLX, ISRG, PM, T, TMO, NEE, DHR, ABT

22

Thursday

- U.S. Weekly Initial Jobless Claims (Est:200k Prev:199k)
- Earnings: IBM, TXN, LRCX, TSLA, META, BX, LMT, PG, UNP

23

Friday

- U.S. Sep S&P Global Manufacturing PMI (Prelim) (Est:55.5 Prev:55.9)
- U.S. Oct U. of Mich. Sentiment (Final) (Est:46.3 Prev:48.1)
- Japan Sep S&P Global Manufacturing PMI (Prelim) (Prev:54.1)
- Japan Sep CPI YoY (Est:2.1% Prev:1.9%)
- Eurozone Sep S&P Global Manufacturing PMI (Prelim) (Prev:52.9)
- Earnings: NEM, WDC, AXP

Source: Bloomberg

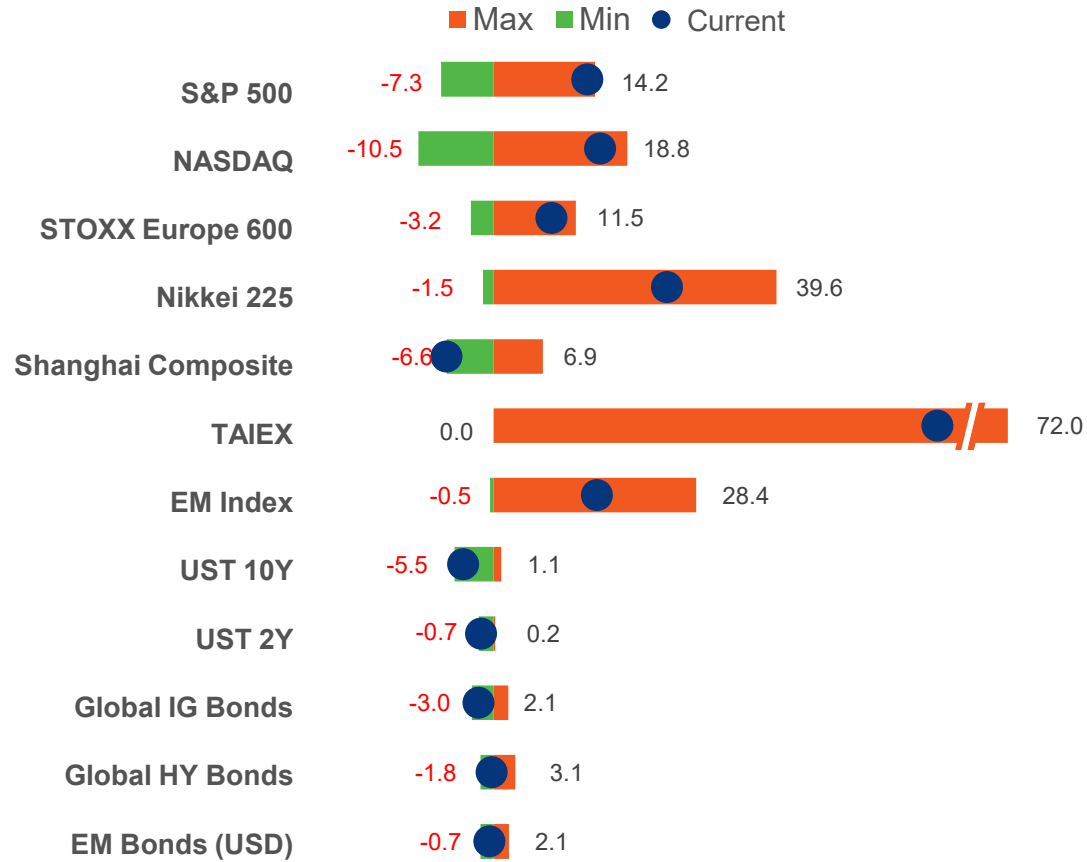
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	EPS
2026/10/13	UnitedHealth Group (UNH US)	111.03B	112.69B	4.12	4.69	V	V
2026/10/13	Johnson & Johnson (JNJ US)	25.4B	25.4B	2.52	2.59	V	V
2026/10/13	Wells Fargo (WFC US)	22.31B	21.87B	1.84	1.87		V
2026/10/13	JPMorgan Chase (JPM US)	51.37B	50.91B	5.92	5.57		
2026/10/13	Goldman Sachs Group (GS US)	16.76B	18.68B	12.82	17.01	V	V
2026/10/13	Citigroup (C US)	23.72B	23.85B	2.65	2.85	V	V
2026/10/14	BlackRock (BLK US)	7.4B	7.75B	14.15	15.93	V	V
2026/10/14	Bank of America (BAC US)	30.58B	29.96B	1.09	1.08		
2026/10/14	Morgan Stanley (MS US)	19.89B	20.34B	2.92	3.03	V	V
2026/10/14	Progressive Corp. (PGR US)	23.38B	22.3B	4.34	4.60		V
2026/10/15	Charles Schwab (SCHW US)	7.17B	7.17B	1.65	1.69		V
2026/10/15	Prologis (PLD US)	2.34B	2.39B	1.57	1.60	V	V
2026/10/16	Interactive Brokers Group (IBKR US)	1.86B	1.87B	0.66	0.67	V	V

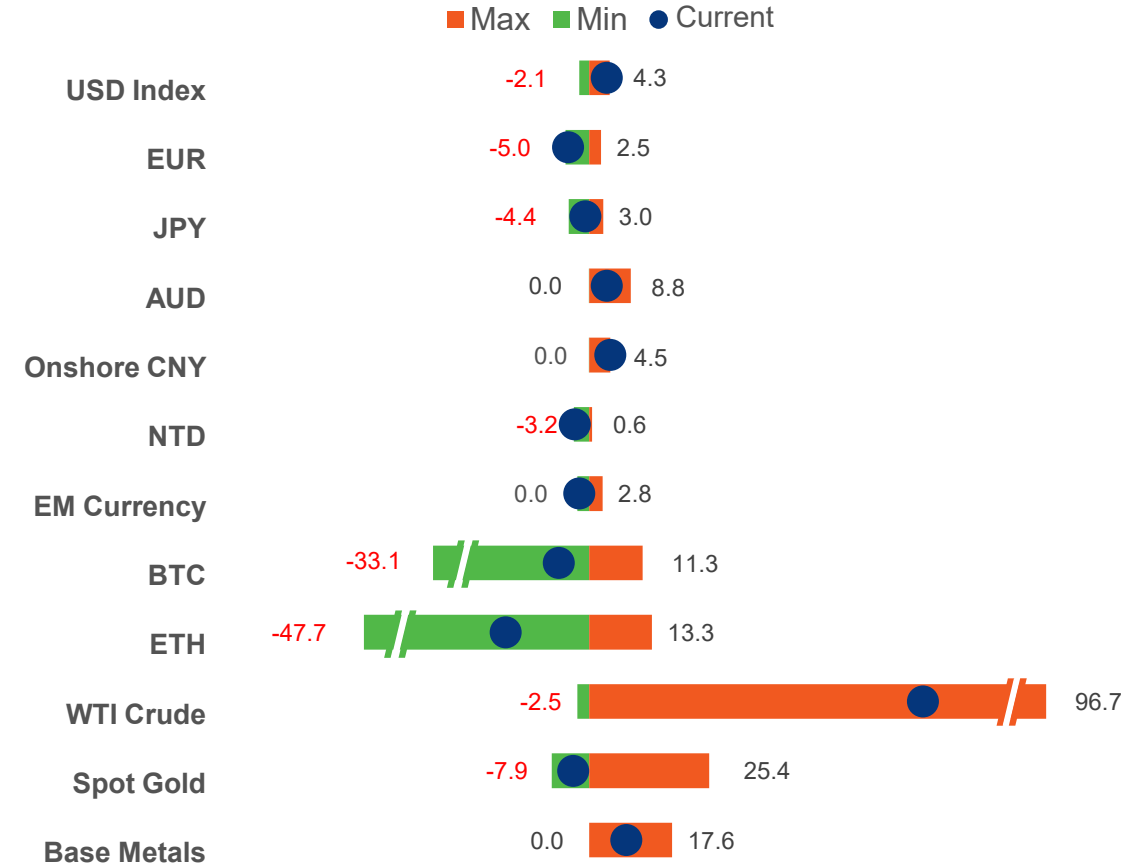
Source: Investing.com

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)

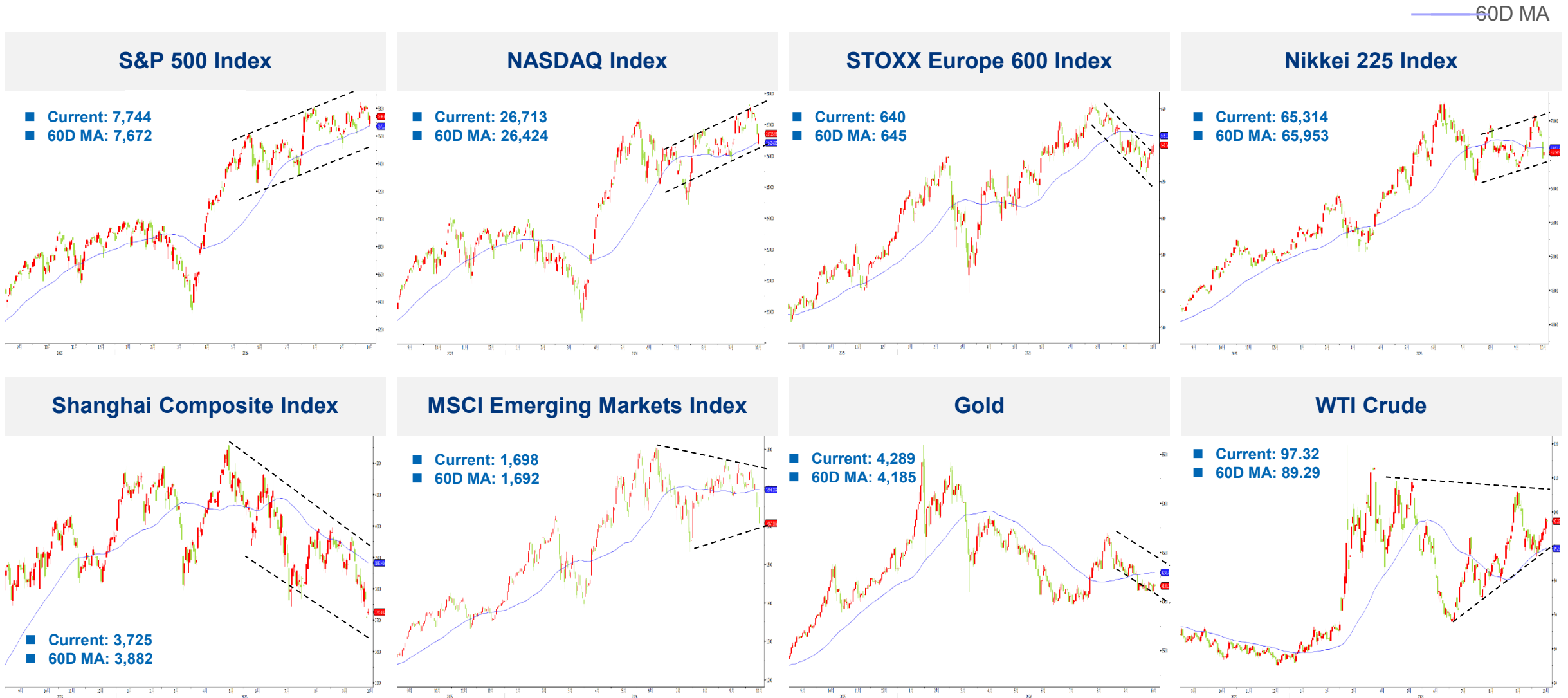


Currencies and Commodities Market YTD Performance (%)



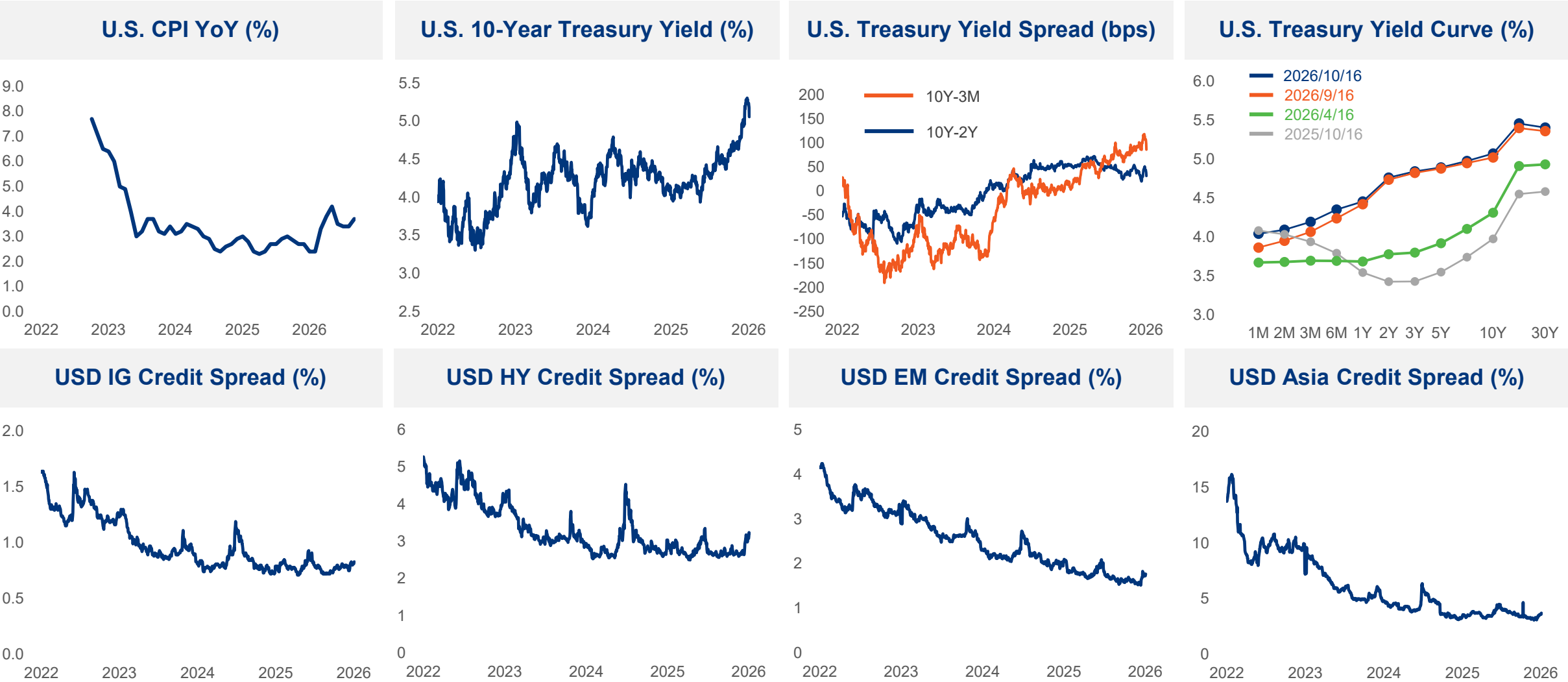
Source: Bloomberg, 16 Oct 2026

Technical Analysis



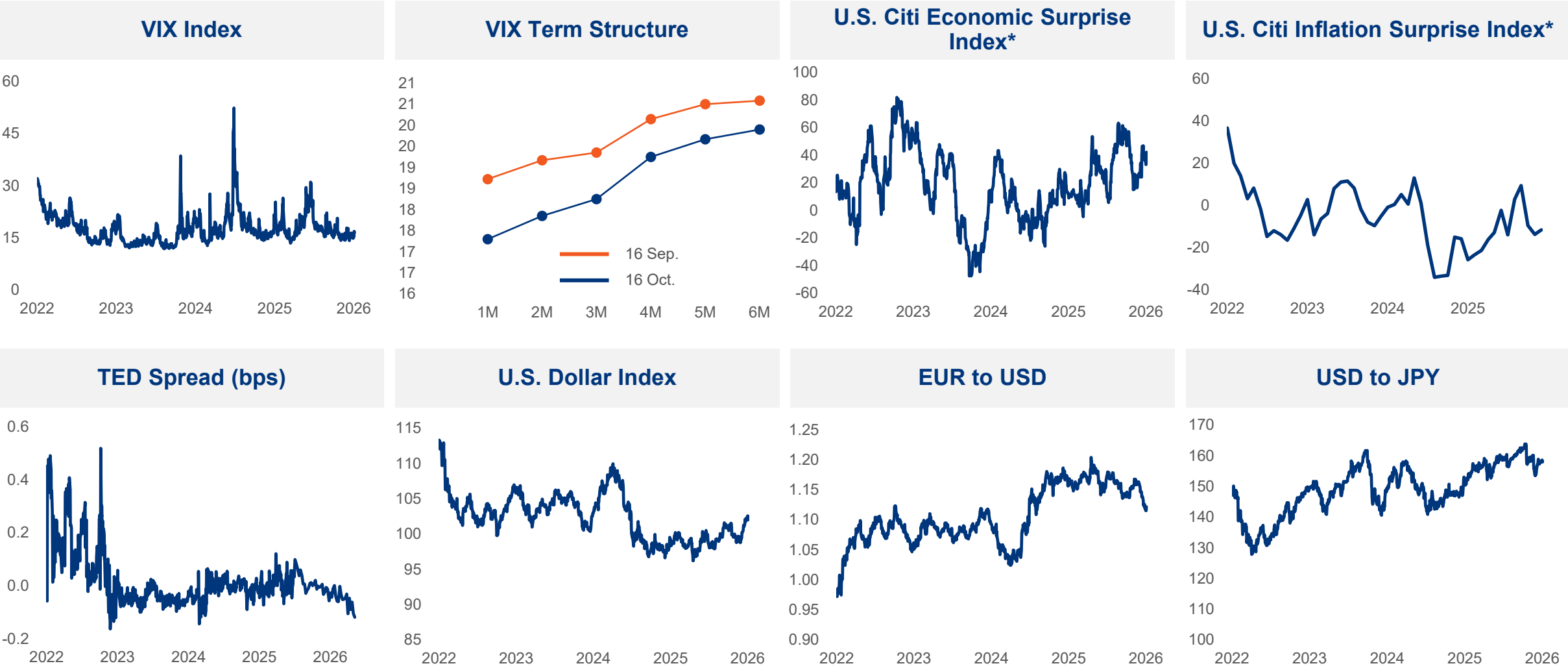
Source: Bloomberg, 16 Oct 2026

Market Monitor



Source: Bloomberg, 16 Oct 2026

Market Monitor



Source: Bloomberg, 16 Oct 2026

Disclaimer and Important Notice

Hong Kong: The information contained in the document herein is confidential and is not intended for general public distribution or for use by any person or entity located or residing in any jurisdiction which restricts the distribution of such information by KGI Asia Limited ("KGI") or any affiliate of KGI. Re-distribution of the document herein and any part thereof by any means is strictly prohibited. Such information shall not be regarded as an offer, invitation, solicitation or recommendation to invest in or sell any securities or investment products to any person or entity in any jurisdiction. The above information (including but not limited to general financial and market information, news services, market analysis and product information) is for general information and reference purpose only and may not be reproduced or published (in whole or in part) for any purpose without the prior written consent of KGI Asia Ltd. Such information is not intended to provide investment advice and should not be relied upon in that regard. You are advised to exercise caution, and if you are in any doubt about such information, you should seek independent professional advice.

You are advised to exercise caution and undertake your own independent review, and you should seek independent professional advice before making any investment decision. You should carefully consider whether investment is suitable in light of your own risk tolerance, financial situation, investment experience, investment objectives, investment horizon and investment knowledge.

No representation or warranty is given, whether express or implied, on the accuracy, adequacy or completeness of information provided herein. In all cases, anyone proposing to rely on or use the information contained herein should independently verify and check the accuracy, completeness, reliability and suitability of the information. Simulations, past and projected performance may not necessarily be indicative of future results. Information including the figures stated herein may not necessarily have been independently verified, and such information should not be relied upon in making investment decisions. None of KGI, its affiliates or their respective directors, officers, employees and representatives will be liable for any loss or damage of any kind (whether direct, indirect or consequential losses or other economic loss of any kind) suffered or incurred by any person or entity due to any omission, error, inaccuracy, incompleteness or otherwise, or any reliance on such information. Furthermore, none of KGI, its affiliates or their respective directors, officers, employees and representatives shall be liable for the content of information provided by or quoted from third parties.

Complex Products refers to an investment product whose terms, features and risks are not reasonably likely to be understood by a retail investor because of its complex structure. Investors should exercise caution in relation to complex products. Investors may lose the entire amount or more than the invested amount. For complex products with offering documents or information not reviewed by the Hong Kong Securities and Futures Commission (SFC), investors should exercise caution regarding the offer. For complex products described as SFC-approved, such approval does not imply official endorsement, and SFC recognition does not equate to a recommendation or assurance of the product's commercial viability or performance. Past performance data, if provided, is not indicative of future performance. Some complex products are only available to professional investors. Before making any investment decisions, investors should review the offering documents and other relevant information to understand the key nature, features, and risks of the complex products. Independent professional advice should be sought, and investors should have sufficient net assets to bear the potential risks and losses associated with the product. Members of the KGI group and their affiliates may provide services to any companies and affiliates of such companies mentioned herein. Members of the KGI group, their affiliates and their directors, officers, employees and representatives may from time to time have a position in any securities mentioned herein.

Bond investment is NOT equivalent to a time deposit. It is NOT protected under the Hong Kong Deposit Protection Scheme. Bondholders are exposed to a variety of risks, including but not limited to: (i) Credit risk - The issuer is responsible for payment of interest and repayment of principal of bonds. If the issuer defaults, the holder of bonds may not be able to receive interest and get back the principal. It should also be noted that credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer; (ii) Liquidity risk - some bonds may not have active secondary markets and it would be difficult or impossible for investors to sell the bond before its maturity; (iii) Interest rate risk - When the interest rate rises, the price of a fixed rate bond will normally drop, and vice versa. If you want to sell your bond before it matures, you may get less than your purchase price. Do not invest in bond unless you fully understand and are willing to assume the risks associated with it. Please seek independent advice if you are unsure.

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

Singapore: This document is provided for general information and circulation only, and is not an offer or a solicitation to deal in any securities or to enter into any legal relations, nor an advice or a recommendation with respect to any financial products mentioned herein. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should ensure that you understand the risk(s) involved and should independently evaluate particular investments and consult an independent financial adviser before making any investment decisions. All information and opinions contained herein is based on certain assumptions, information and conditions available as at the date of this document and may be subject to change at any time without notice.