



CIO Office

Global Markets Weekly Kickstart

Build Ladders, Hike Safely

26 October 2026

01 Market Recap

U.S.-Iran Tensions and Earnings Drive Volatile Equity Gains
Weak Treasury Demand Adds Volatility; Geopolitical Risks Lift Oil



02 What's Trending

Fed Meeting Ahead: Rate Uncertainty in Focus
Tesla Meets Earnings Expectations; Flying Roadster Revenue Remains Limited



03 In Focus

Rate Volatility Persists; Bond Ladders Help Navigate Uncertainty



04 Strategic Viewpoint

Stay Defensive Until Uncertainty Eases, Then Rotate Back to Growth



05 Product Spotlight

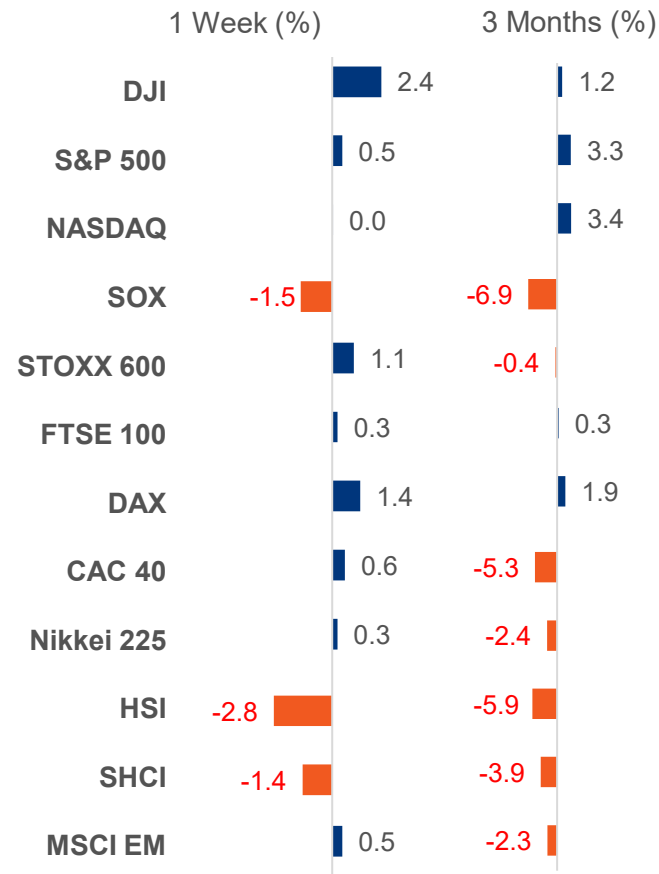
Selection of Equities, Bonds, Funds/ETFs

Market Recap

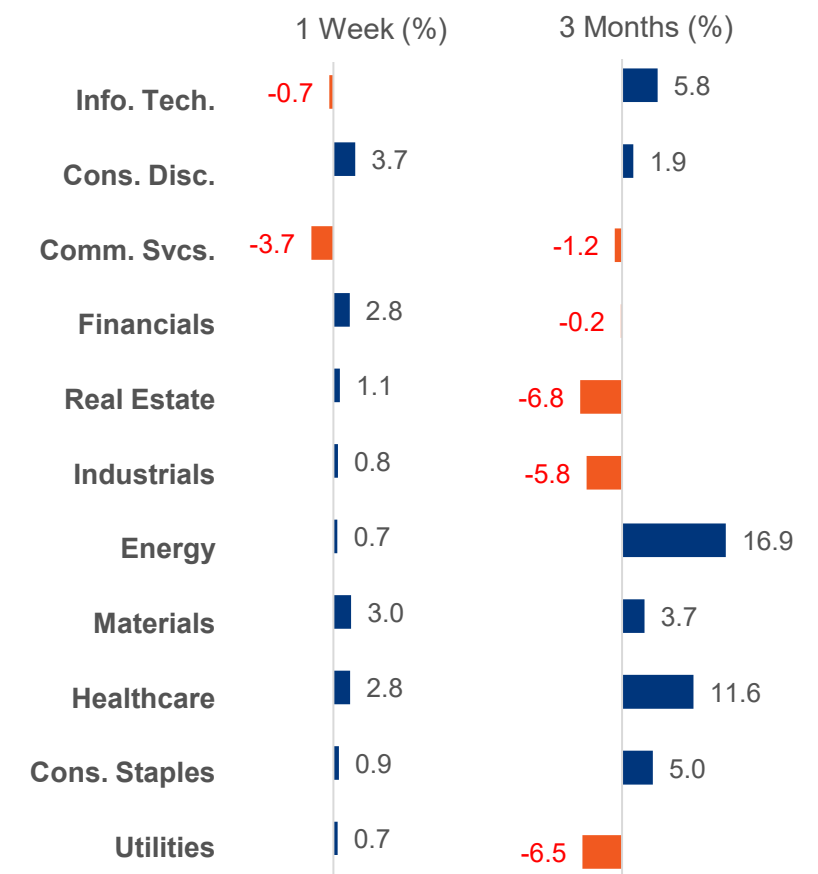
U.S.-Iran Tensions and Mixed Earnings Drive Volatile Equity Gains

- U.S.-Iran diplomatic efforts continue, with compromise proposals from Qatar and Pakistan briefly raising hopes of a breakthrough. However, differences over nuclear issues persist, while U.S. and Israeli military preparations raise concerns over intensified strikes on Iran after the midterm elections, adding to Middle East uncertainty and market volatility. Markets remain focused on U.S. earnings. Strong initial results from financials provide downside support, while Thermo Fisher Scientific and other healthcare firms beat revenue, earnings and outlook expectations, lifting healthcare stocks.
- Rising financing costs at CoreWeave have heightened AI sector concerns, weighing on semiconductor and tech stocks. Meta kicked off AI giants' earnings, beating revenue and outlook expectations on AI-driven advertising efficiency while raising the lower end of its full-year capex guidance. SpaceX swung to profitability, beating consensus and supporting its share price. Tesla reported mixed results, with limited near-term revenue contribution from its flying Roadster; attention now turns to geopolitical risks surrounding a potential merger. In communications, AT&T and Netflix beat earnings expectations, but concerns over satellite communications competition and a weaker-than-expected 4Q outlook added pressure on communication services stocks.

Regional Index Performance (%)



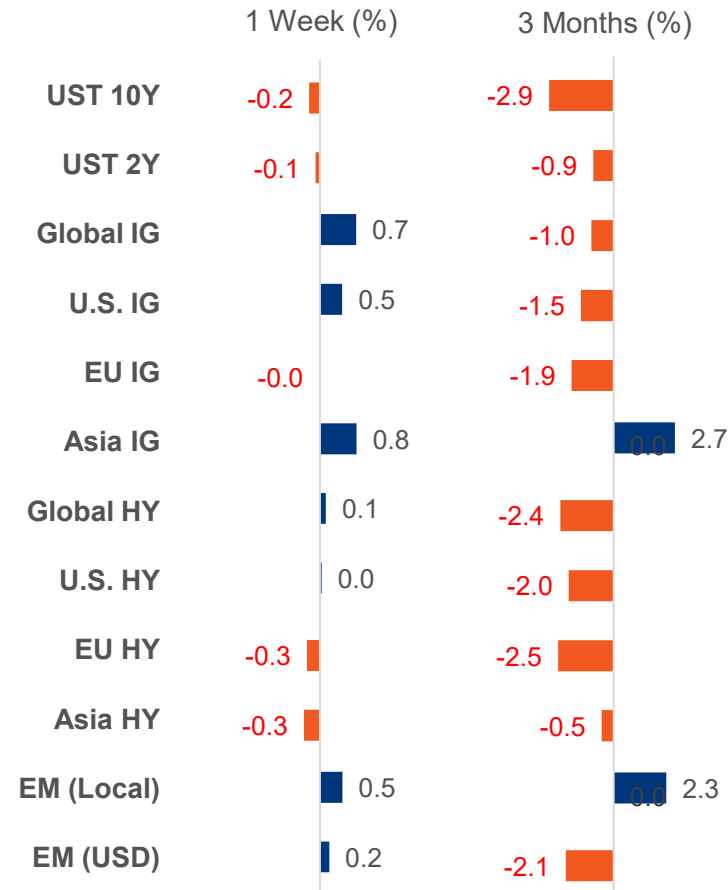
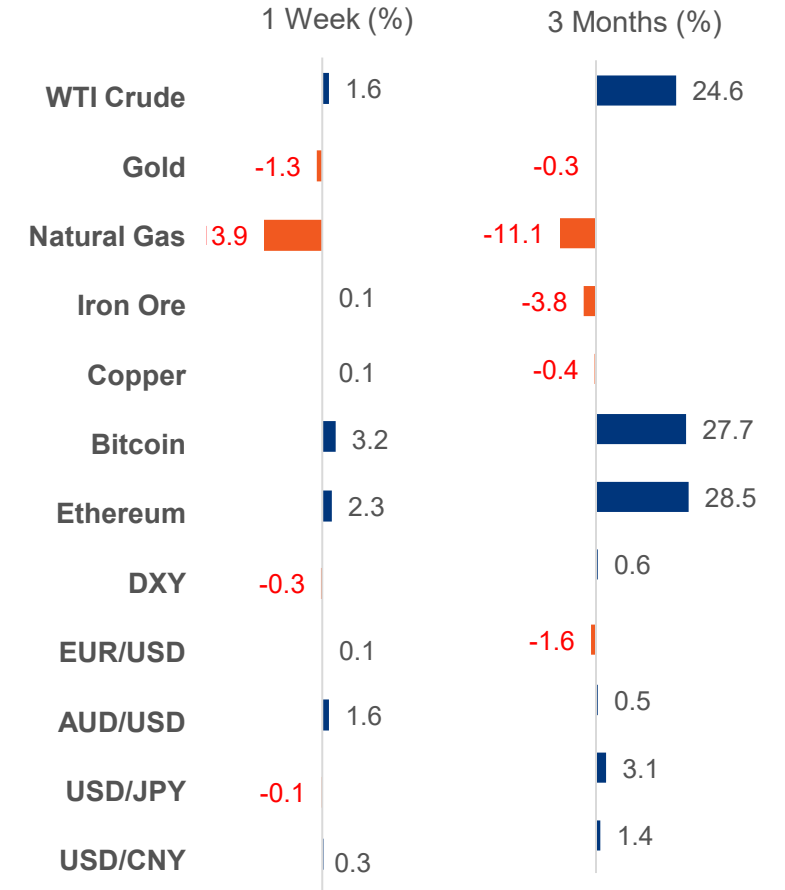
U.S. Sector Index Performance (%)



Source: Bloomberg

Market Recap**Weak Treasury Demand Fuels Bond Volatility; Oil and Commodities Show Resilience**

- ▶ Weak demand at the U.S. Treasury's \$13bn 20-year bond auction pushed the high yield to 5.469%, the highest auction rate since January 1986, highlighting persistent weakness in long-duration Treasury demand. Credit spreads briefly widened amid concerns over heavy AI-related debt issuance and investment payback. As earnings season began, investors shifted toward defensive, high-quality bonds, with U.S. and Asian investment-grade bonds showing relative resilience.
- ▶ Risks of escalating U.S.-Iran tensions persist. U.S. crude inventories fell 3.1mn barrels last week, exceeding expectations, while geopolitical risks and supply-demand imbalances drove oil prices higher amid volatility. Cryptocurrencies also rebounded after the U.S. Office of the Comptroller of the Currency (OCC) finalized implementation rules for the GENIUS Act, supported by growing institutional adoption. In FX markets, U.S.-Iran tensions added inflation uncertainty, while investors awaited next week's Fed rate decision, weighing on the USD.

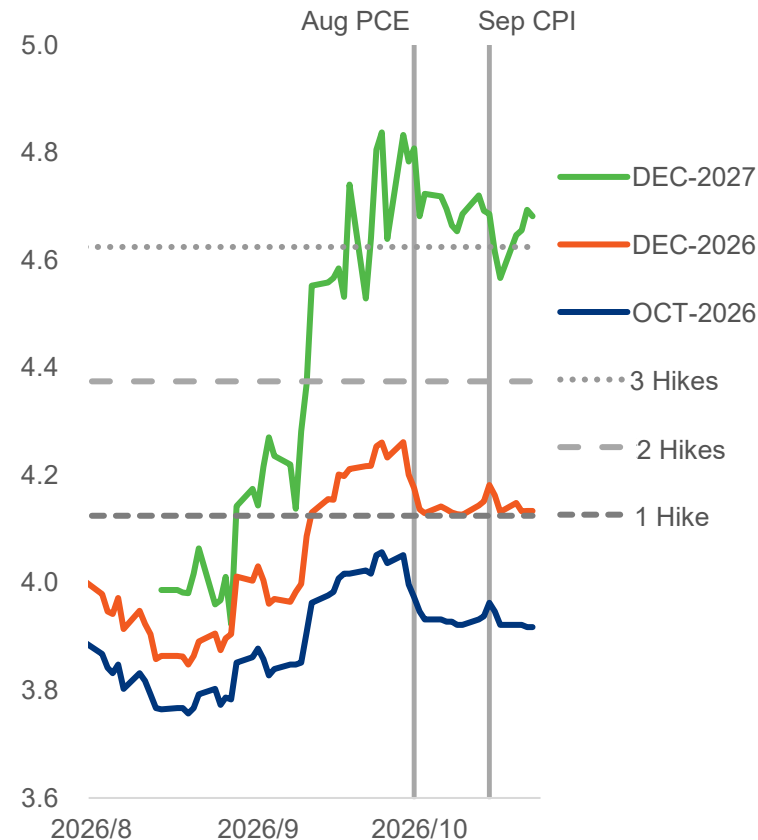
Performance of Bonds (%)**Performance of Commodities and Currencies (%)**

Rising Rate Expectations Lift Treasury Yields; Liquidity Remains Ample

- Persistent U.S.-Iran tensions and elevated oil prices have prompted the Fed to resume rate hikes, lifting expectations for further tightening. While some Fed officials remain cautious, rate futures imply another 25 bps hike, potentially in December, and three additional hikes over the next year. With geopolitical tensions likely to persist, we expect the Fed to maintain a hawkish stance in 2027 if inflation remains above target. However, the U.S. 2Y Treasury yield has largely priced in future hikes, with its direction dependent on core inflation trends.
- Despite sharply higher global rates, overall financial conditions remain largely unaffected, as reflected in low equity and credit market volatility. Real policy rates remain below restrictive levels, while the Bloomberg Financial Conditions Index has changed little, suggesting U.S. monetary conditions and market liquidity remain relatively accommodative. If geopolitical tensions keep inflation elevated, Fed hike expectations could rise further. Combined with fiscal risks and reduced monetary policy transparency, this could increase upside risks to long-term Treasury yields. We therefore favor trading long-duration bonds rather than holding them long term.

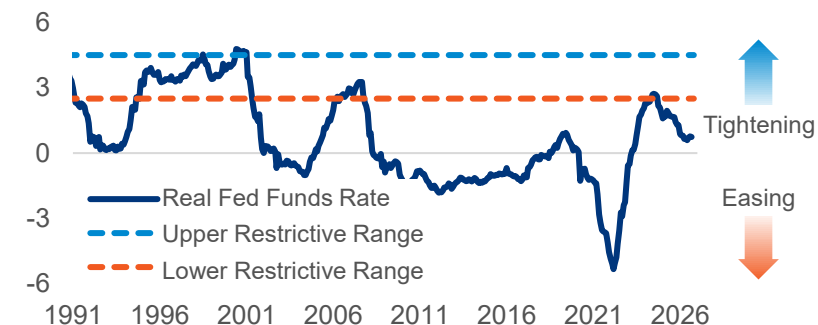
Market Expects One More Fed Hike by Year-End

Rate Futures-Implied Fed Policy Rate (%)

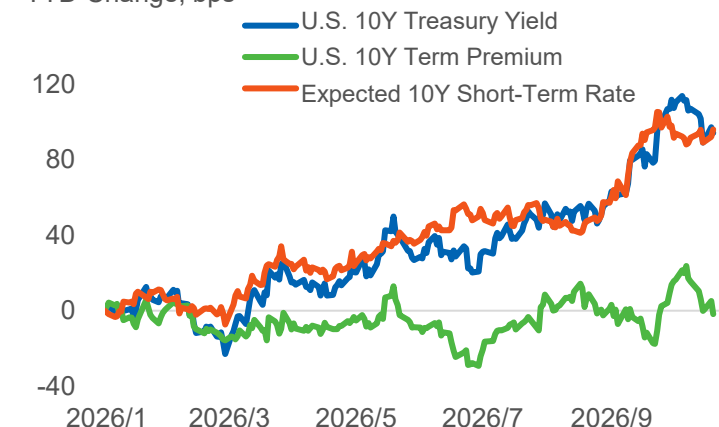


Despite Fed Rate Hikes, Market Liquidity Remains Ample

Real Fed Funds Rate (Fed Funds Rate Minus U.S. Core PCE, %)



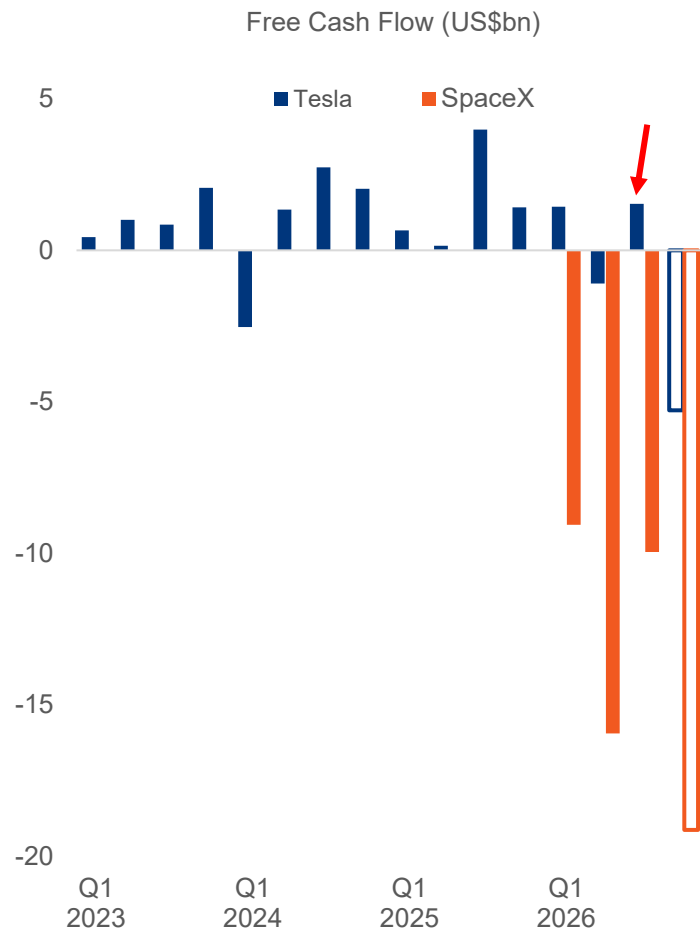
YTD Change, bps



Tesla Reports Mixed Earnings; Roadster Contribution Limited, Potential Merger Faces Geopolitical Risks

- ▶ Tesla's 3Q26 results were mixed. Gross margin and deliveries beat expectations, revenue was broadly in line, and operating profit missed. The biggest surprise was free cash flow of US\$1.5bn versus consensus of negative US\$4.3bn, while lower capex guidance raised concerns.
- ▶ Tesla recently showcased its next-generation Roadster, essentially a halo car with a high price and limited target market. Production is not expected until 2028, implying limited earnings contribution. Meanwhile, the Model 3/Y have become mass-market products, facing intense competition and margin pressure. Much like traditional automakers using motorsports to showcase technology, the "flying" Roadster aims to demonstrate Tesla's unique cross-industry integration capabilities and sustain its brand premium.
- ▶ A potential Tesla-SpaceX merger would aim to integrate multiple businesses, improve capital efficiency and share costs such as Terafab investment. Their combined market capitalization currently stands at approximately US\$3.5tn. Beyond the exceptionally high shareholder approval threshold, the deal faces major geopolitical conflicts: SpaceX has sensitive U.S. defense and NASA partnerships, while Tesla relies on its Shanghai Gigafactory for over 20% of its business. We expect Musk to accelerate a Tesla-SpaceX merger before Trump leaves office.

Tesla's Free Cash Flow Unexpectedly Turns Positive in 3Q26



Tesla and SpaceX Both Trade at Elevated Valuations

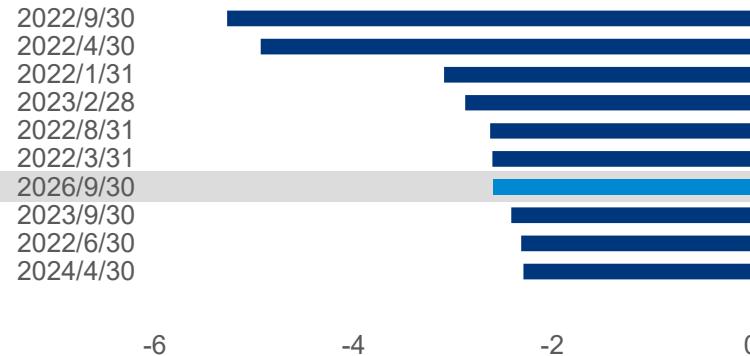


Time Is on Investors' Side: Worst Monthly Bond Losses Create Future Return Opportunities

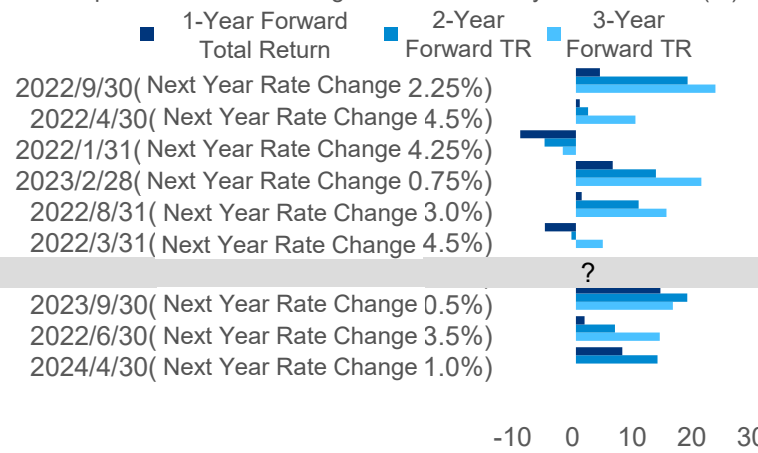
- In September, persistent geopolitical tensions drove oil prices higher, while renewed Fed rate hikes and heavy Treasury and corporate bond issuance contributed to the bond market's worst monthly performance this year. Among the 10 worst monthly total returns for U.S. investment-grade bonds since 2021, more than half occurred in 2022, when the Fed began hiking rates in March, highlighting interest rate risk as the bond market's biggest challenge over the past five years. However, subsequent returns following these weak months were mostly positive over the following year, except for January and March 2022, immediately before and during the Fed's initial hikes. Higher yields enhanced carry income and improved long-term bond return potential.
- Interest rate volatility has driven credit spreads wider this year, with lower-rated bonds seeing the largest increases. Since September, rate-sensitive and AI-related corporate bonds have also experienced significant spread widening, reflecting investors' preference for reducing exposure to market uncertainty. Following the selloff driven by rising rates, wider credit spreads have created attractive income opportunities. Investors can capitalize on higher yields from fundamentally sound corporate issuers, allowing compounding over time to enhance returns.

September Marks Worst Monthly Return for U.S. Investment-Grade Bonds This Year

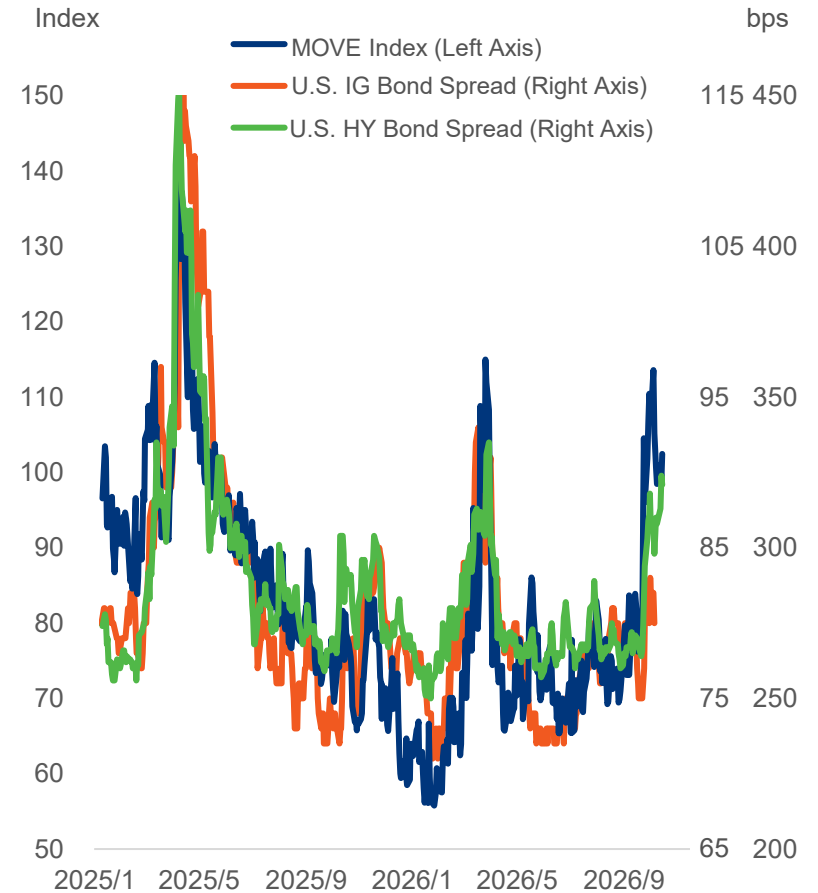
10 Worst Monthly Total Returns for U.S. IG Bonds Since 2021 (%)



Subsequent Returns Following the Worst Monthly Total Returns (%)



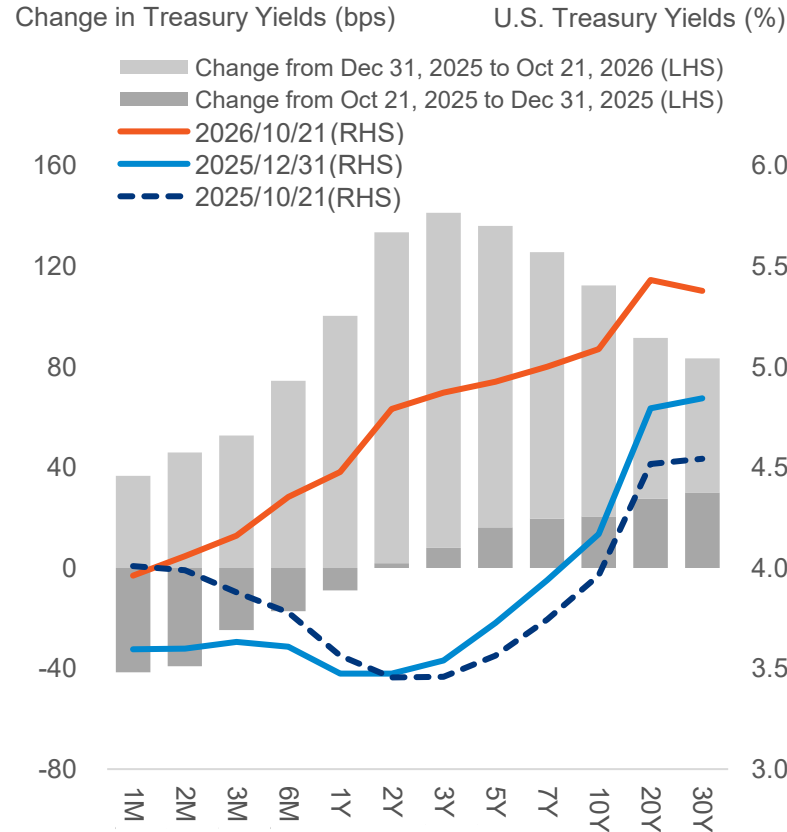
Rising Rate Volatility Drives Wider Spreads, Particularly for Lower-Rated Bonds



Persistent Rate Volatility Calls for Strategies to Navigate Market Uncertainty

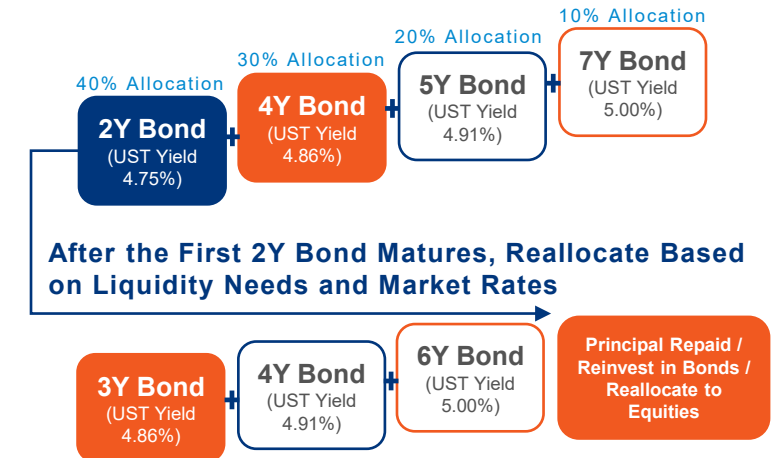
- ▶ The Fed's renewed rate hikes have steepened the U.S. Treasury yield curve over the past year, with the largest yield increases concentrated in the 2Y–3Y segment. Resilient U.S. core inflation and employment suggest the Fed will maintain restrictive monetary policy to combat elevated inflation. With high inflation and interest rates unlikely to ease near term, shortening bond duration and dynamically adjusting allocations offer effective ways to manage rate uncertainty.
- ▶ To navigate rate uncertainty, investors can adopt a bond ladder strategy, combining bonds of different maturities and types. The key is to structure maturity ladders based on the yield curve and interest rate trends. When rates are rising and the yield curve is upward-sloping, a short-duration bond ladder can reduce interest rate risk while providing stable yield income for investors with idle short-term funds or income needs. If liquidity needs arise, investors can use proceeds from maturing short-term bonds, reducing the liquidity risk of holding a single bond to maturity or selling it prematurely.

U.S. Treasury Yield Curve Remains Upward-Sloping



Build a Short-Duration Bond Ladder to Diversify Risk and Stabilize Cash Flow

Short-Duration Bond Ladder: Allocate Across 2Y, 3Y, 4Y, 5Y and 7Y Bonds for Stable Income



- ▶ A bond ladder diversifies investments across bonds of different maturities and types, offering:

- 1) Interest Rate Risk Diversification:** Spread investments across maturities to reduce rate risk.
- 2) Credit Risk Diversification:** Invest across issuers to avoid concentration in a single bond and diversify credit risk.
- 3) Lower Liquidity Risk:** Proceeds from maturing short-term bonds can meet liquidity needs, reducing the risk of holding a single bond to maturity or selling prematurely.

Stay Defensive, Then Rotate Back to Growth as Volatility Eases

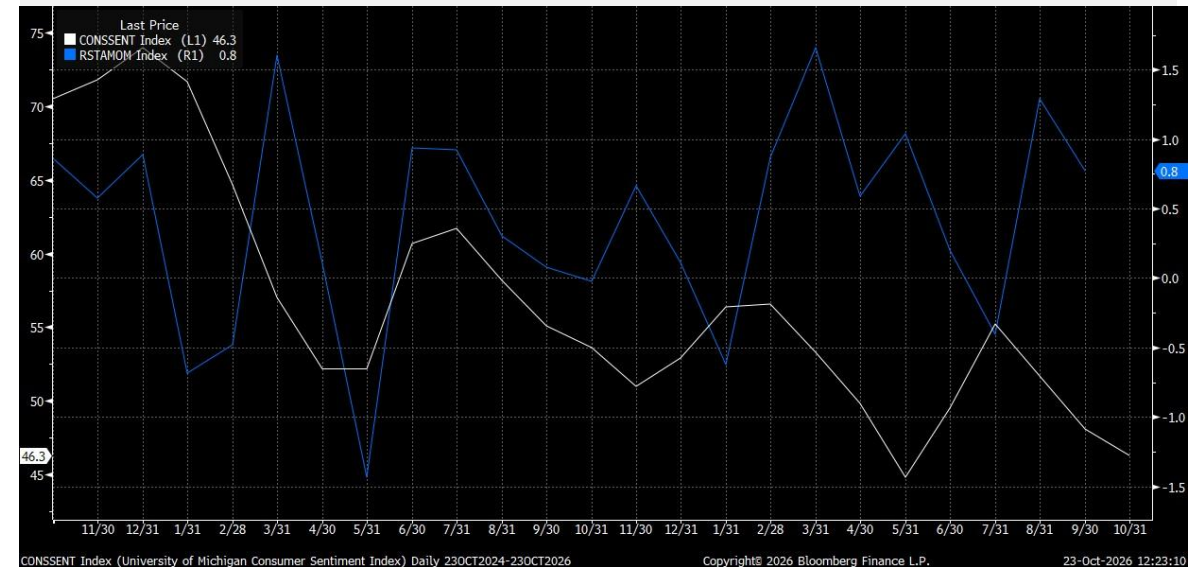
Asset Type	Market View	Preferred Assets
Equities	◆ U.S. corporate earnings are expected to deliver double-digit growth for a third consecutive quarter. Markets await earnings results and guidance to assess returns on AI capex. Geopolitical tensions, elevated interest rates, valuation pressure and the approaching U.S. midterm elections may sustain near-term volatility. Increase defensive equity exposure while maintaining a positive long-term outlook for AI and tech. Diversify across countries and sectors to reduce volatility, balancing defensive and growth strategies. ◆ European and Japanese equities offer diversification, while elevated global rates favor banking stocks. European defense remains an attractive investment theme amid persistent geopolitical tensions.	Strategy: Increase defensive exposure; favor AI-related tech and semiconductors over the medium to long term; focus on fundamentally sound non-AI sectors Regions: Japanese banks, European defense
Bonds	◆ Global government bond yields have risen, with major economies expected to retain room for further rate hikes before year-end. Elevated yields make short- to intermediate-duration bonds attractive for locking in income. High-quality bonds offer stronger credit profiles, stable cash flows and repayment capacity. Focus on sectors with attractive spreads following risk repricing, including financials, communications and utilities.	Bond Types: Short- to intermediate-duration, high-quality bonds, particularly financials, communications and utilities
Forex	◆ Rising European political risks and near-term EUR weakness support the USD at elevated levels. ◆ Uncertainty over the timing of further BOJ rate hikes keeps the JPY volatile.	USD, supported at elevated levels
Commodity	◆ Middle East geopolitical tensions have eased temporarily, but oil prices remain elevated amid intensifying underlying risks. ◆ Rising U.S. short-term yields weigh on gold near term. However, U.S. fiscal deficit pressures and de-dollarization support continued central-bank and long-term investor purchases, providing medium- to long-term support.	Gold faces near-term pressure; medium- to long-term outlook remains positive.



U.S. Consumer Sector Rebounds: Focusing on Value Retailers to Capture Defensive and Growth Opportunities

- ▶ The S&P Global U.S. Manufacturing PMI rose to 56.0 in October, exceeding market expectations of 55.5 and the previous reading of 55.9.
- ▶ The S&P Global U.S. Services PMI fell to 57.9 in October, below market expectations of 58.0 and down from 58.8 in the previous month.
- ▶ The U.S. consumer sector continues to exhibit resilient spending despite weakening consumer confidence and increasingly divergent retail performance. September CPI rose 3.7% YoY, while the Federal Reserve raised its policy rate to 3.75%-4.00%, with higher prices and borrowing costs continuing to pressure household purchasing power. Although September retail and food services sales increased 6.3% YoY, the figures were not adjusted for inflation. Meanwhile, the preliminary University of Michigan Consumer Sentiment Index fell to 46.3 in October, reflecting ongoing concerns over living costs. Looking ahead, geopolitical uncertainty and risk-off sentiment may highlight the defensive appeal of consumer staples retailers, while the growing consumer focus on value and affordability should continue to benefit retailers with scale advantages and strong pricing competitiveness.

U.S. Michigan Consumer Sentiment & Retail Sales MoM Growth



White Line: Michigan Consumer Sentiment Index
Blue Line: Retail Sales MoM Growth

Walmart (WMT US)

Closing Price	US\$119.89	Target Price	US\$135		
---------------	------------	--------------	---------	--	--

Walmart Inc. is one of the world's largest retailers, operating across grocery, consumer staples, apparel, and electronics. The company operates through Walmart, Sam's Club, and international retail businesses, while driving diversified growth through e-commerce, advertising, and membership services.

Low-Price Strategy Strengthens Market Position, While Omnichannel Expansion Continues

Leveraging its extensive purchasing scale and low-price strategy, Walmart continues to strengthen its competitive position in retail. In 2Q FY2027, revenue increased 5.9% YoY to US\$187.9 billion, while U.S. comparable sales grew 2.6% and transaction volume rose 1.5%. As consumers remain focused on value and convenience, Walmart's integrated store and e-commerce network is expected to support further market share gains.

Rapid Growth in E-Commerce and Advertising Enhances Profitability

Walmart continues to expand its e-commerce, digital advertising, and membership businesses. In 2Q FY2027, global e-commerce sales increased 23% YoY, advertising revenue grew 38%, and membership income rose 17%. Walmart Connect advertising revenue in the U.S. increased 43%, highlighting the growing contribution from higher-margin digital businesses and helping diversify earnings beyond traditional retail operations.

Raised FY2027 Guidance Reflects Improving Operating Efficiency

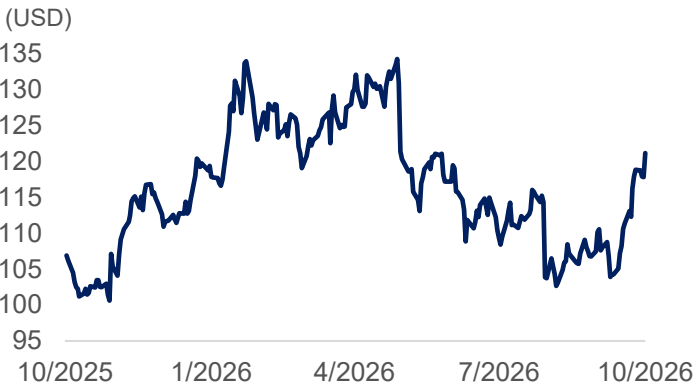
Management raised FY2027 guidance and now expects constant-currency revenue growth of 4.0%-5.0%, adjusted operating income growth of 7.0%-8.5%, and adjusted EPS of US\$2.80-2.87, up from the previous range of US\$2.75-2.85. In 2Q FY2027, adjusted EPS increased 19.1% YoY to US\$0.81. While part of the earnings uplift was supported by one-off tariff-related refunds, investors should continue to monitor the impact of tariff policies and price investments on margins.

Valuation Consensus

Bloomberg consensus implies an average 12-month target price of US\$127.35, with a high target price of US\$155 and a low target price of US\$81.

Source: Bloomberg, Company

1-Year Price



Raised FY2027 Guidance

Fiscal year 2027

The Company's fiscal year guidance is based on the following FY26 figures: Net sales: \$706.4 billion, adjusted operating income¹: \$31.0 billion, and adjusted EPS¹: \$2.64.

Consolidated metric	Original from 2.19.2026	As of 5.21.2026	As of 8.20.2026
Net sales (cc)	Increase 3.5% to 4.5%	Unchanged	Increase 4.0% to 5.0%
Adj. operating income (cc)	Increase 6.0% to 8.0%	Unchanged	Increase 7.0% to 8.5%
Adj. interest, net ²	Increase approximately \$200M to \$300M	Unchanged	Unchanged
Effective tax rate	Approximately 23.5% to 24.5%	Unchanged	Unchanged
Adj. EPS	\$2.75 to \$2.85	Unchanged	\$2.80 to \$2.87
Capital expenditures	Approximately 3.5% of net sales	Unchanged	Approximately 4.0% of net sales

Financials

	2024	2025	2026	2027F	2028F
Revenue Growth(%)	6.0	5.1	4.7	5.5	4.4
EBITDA ratio (%)	6.4	6.6	6.7	6.6	6.8
EPS (USD)	2.21	2.51	2.64	2.89	3.22
Net Profit Margin(%)	2.8	3.0	3.0	3.1	3.2

Source: Bloomberg

PE & PB



Costco (COST US)

Closing Price	US\$1,003.32	Target Price	US\$1,100
---------------	--------------	--------------	-----------

Costco Wholesale Corporation is one of the world's leading membership-based warehouse retailers. The company primarily sells groceries, household products, consumer electronics, and everyday essentials. Its competitive advantages are built on membership fees, a low-margin pricing strategy, and large-scale purchasing power, while continued expansion of its international footprint and digital retail capabilities supports long-term growth.

Growing Membership Base and High Renewal Rates Support Earnings Stability

Costco's membership model and value-oriented product offerings continue to support a loyal customer base. In FY2026, paid memberships reached 84.1 million, up 3.8% YoY, while renewal rates remained strong at 92.3% in the U.S. and Canada and 89.8% globally. Fourth-quarter membership fee income increased 7.3% YoY to US\$1.849 billion. Rising penetration of executive memberships is expected to further strengthen recurring revenue and long-term profitability.

Strong Comparable Sales and Digital Growth Drive Performance

Supported by consumer demand for value-priced products, Costco reported 4Q FY2026 net sales of US\$93.9 billion, up 11.2% YoY. Excluding the impact of foreign exchange and gasoline prices, comparable sales increased 6.7%, while e-commerce sales grew 19.8%. September 2026 net sales further increased 13.0% YoY, with adjusted comparable sales growth of 7.6%, indicating continued resilience in core retail demand.

Double-Digit Earnings Growth and International Expansion Support Long-Term Growth

For FY2026, net sales increased 10.1% YoY to US\$297.2 billion, while net income rose 13.9% YoY to US\$9.226 billion. EPS increased from US\$18.21 to US\$20.76. Continued warehouse expansion, growth of the Kirkland private-label brand, and increasing executive membership penetration are expected to support future growth. However, investors should note that 4Q EPS included a one-time tariff-related benefit of US\$0.15 per share, while the company's elevated valuation may limit near-term share price upside.

Valuation Consensus

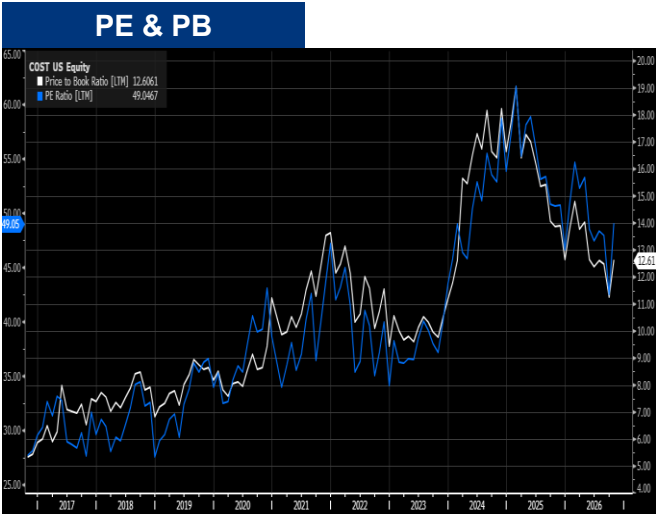
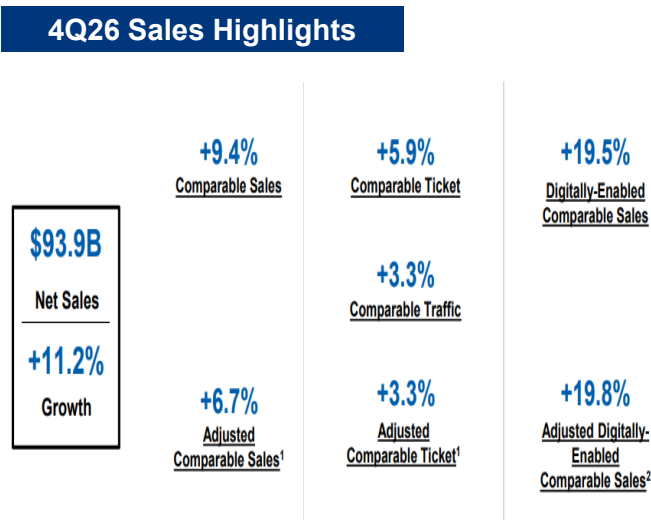
Bloomberg consensus estimates imply an average 12-month target price of US\$1,066, with a high target price of US\$1,315 and a low target price of US\$770.



Financials

	2024	2025	2026	2027F	2028F
Revenue Growth(%)	5.0	8.2	10.1	8.4	7.6
EBITDA ratio (%)	4.6	4.7	4.8	4.8	4.9
EPS (USD)	16.54	18.00	20.76	22.78	25.02
Net Profit Margin(%)	2.9	2.9	3.0	3.1	3.1

Source: Bloomberg; 2027/28F are market estimates



Source: Bloomberg, Company



Taiwan Equities Face Near-Term Pressure, While Strong Export Momentum Supports AI Supply Chain Opportunities

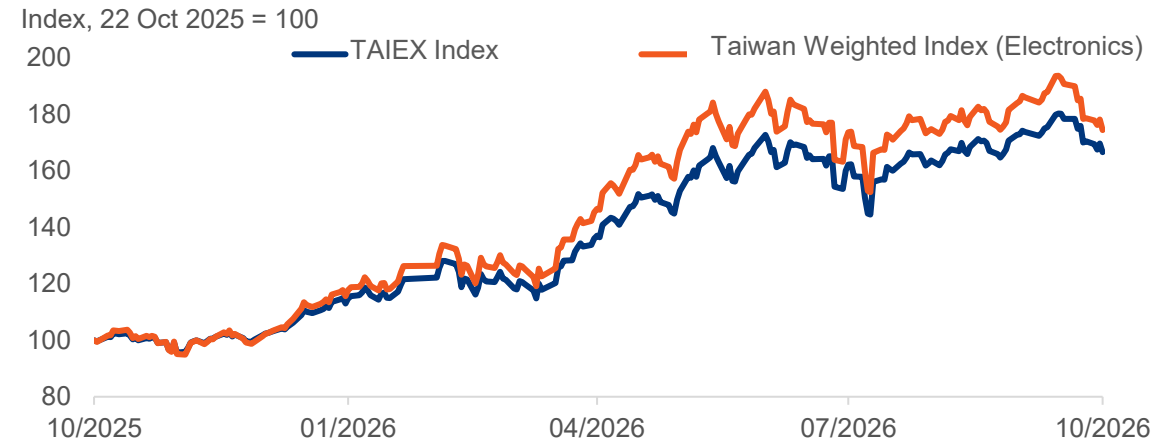
Heavy Selling in Technology Stocks Weighs on Taiwan Equities

Taiwan equities remained under pressure last week. Although the market briefly rebounded on stronger U.S. corporate earnings and lower oil prices, heavy selling at higher levels pushed the index lower again, suggesting a continued near-term consolidation trend. On the sector front, technology stocks faced the strongest selling pressure, with many large-cap names falling below key technical support levels. Financials were relatively resilient. Investors may focus on companies that reported solid September revenue growth, maintain positive 4Q operating outlooks, and have stabilized above key support levels following recent pullbacks.

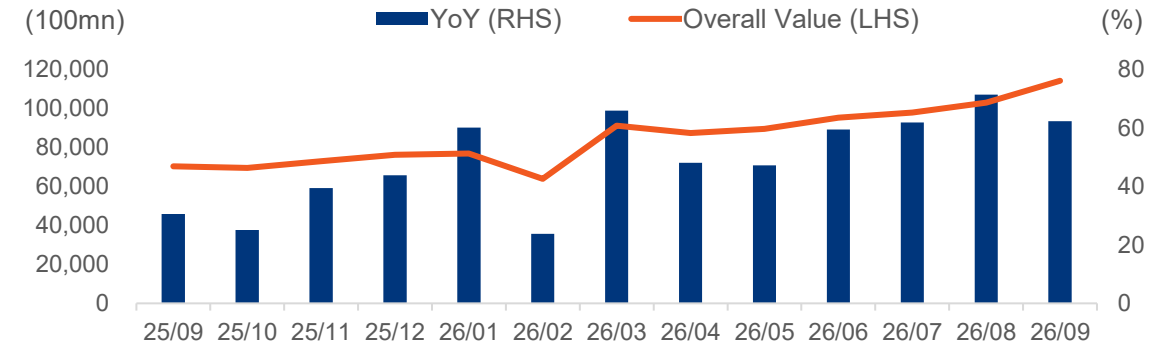
Strong Export Orders Reflect Unabated AI Demand, Supporting AI Supply Chain Opportunities

Taiwan's September export orders rose 62.4% YoY, exceeding market expectations and highlighting continued strength in AI-related demand. Orders for information and communication products increased 87.3% YoY, while electronics orders grew 71.0%, supported by ongoing investment in AI, cloud computing, and data center infrastructure. Demand for servers, networking equipment, IC design services, and memory products remained strong. The spillover effects of AI are also expanding into traditional industries, with export orders for basic metals, plastic and rubber products, and chemicals rising 29.7%, 11.4%, and 22.8% YoY, respectively. This suggests AI-driven demand is extending beyond semiconductors and electronics into upstream materials and industrial supply chains. Looking ahead, KGI Securities forecasts October export orders to grow a further 63% YoY. With AI demand showing no signs of slowing and continuing to broaden across industries, AI-related supply chains should remain a key investment theme, including AI servers, semiconductors, thermal solutions, power supplies, PCB/CCL, substrates, and advanced packaging..

TAIEX Index and Taiwan Electronics Sector Trends



Taiwan Export Orders and YoY Growth



Zhen Ding Technology Holding Limited (4958 TT)

Zhen Ding Technology Holding Limited is Taiwan's leading flexible printed circuit board (FPCB) supplier. The company's major products include rigid PCB, FPCB, high-density interconnect (HDI) boards, IC substrates, substrate-like PCBs (SLP), rigid-flex boards, and chip-on-film (COF) products.

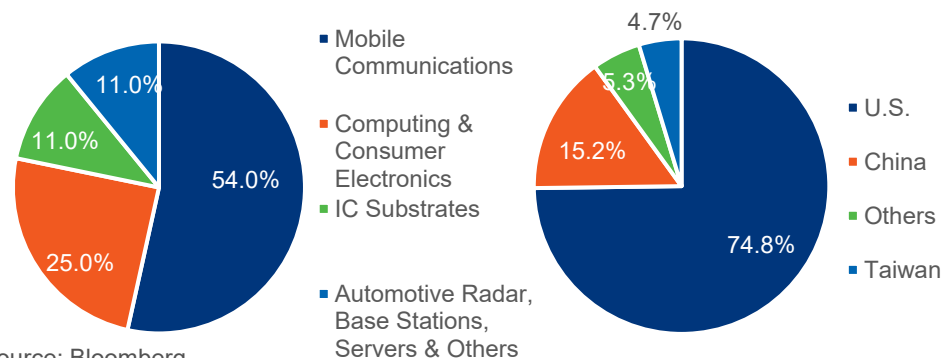
ABF Substrates Drive Product Mix Upgrade

Zhen Ding reported 3Q26 revenue of NT\$64.62 billion, up 36.4% YoY and broadly in line with market expectations. According to us, ABF substrate revenue exceeded expectations, supported by new capacity additions and favorable pricing. Substrates accounted for 12% of 3Q26 revenue, with ABF substrates expected to gradually overtake BT substrates as the primary contributor. Reflecting continued product mix improvement, the company raised its substrate revenue contribution forecasts to 11.2% and 16.9% for 2026 and 2027, respectively, highlighting high-end substrates as a key future growth driver.

Accelerating High-End HDI Expansion Supports AI Growth

The company continues to expand high-end HDI and substrate capacity while increasing exposure to next-generation AI server supply chains. A total of 22 facilities are currently under development and are expected to gradually enter pilot production and mass production from 2027 onward. Supported by rising HDI shipments, increasing AI server market share, and growing demand for optical communications, AI-related applications are expected to account for 42% of revenue in 2027, up from 25% in 2026, providing an important driver for future revenue and earnings growth.

Revenue Sources and Regions



Source: Bloomberg

Financials

	2023	2024	2025	2026F	2027F
EPS (NTD)	6.55	9.67	6.91	14.98	29.80
EPS Growth (%)	-56.4	47.6	-28.6	116.9	98.9
P/E Ratio	83.5	56.6	79.2	36.5	18.4
ROE (%)	6.4	9.0	5.8	11.6	19.1

Source: Company data, estimates of KGI analyst

Valuations

		5Y Avg.	Current	
Price	85.80			646.00
P/E	6.71			86.37
P/B	0.76			5.46

1-Year Price



As of 22 October 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	9.25	15.95	1.43	80.00	299.30	250.00

Jentech Precision Industrial Co., Ltd. (3653 TT)

Jentech Precision primarily manufactures vapor chambers and LED lead frames. In recent years, the company has adopted a vertically integrated strategy and expanded into liquid-cooling module manufacturing, offering customized one-stop thermal solutions that integrate fasteners, vapor chambers, and liquid-cooling cold plates.

Upgraded Vapor Chamber Specifications Drive 2027 Growth Momentum

Jentech reported 3Q26 revenue of NT\$9.49 billion, up 87% YoY, with vapor chamber products continuing to deliver strong growth and accounting for approximately 80% of revenue. According to us, the mass production ramp of NVIDIA's Vera Rubin platform in 4Q26 and ongoing upgrades in next-generation GPU thermal specifications are expected to increase the content value of vapor chamber solutions. Benefiting from rising demand for high-end thermal products, the company's 2027 revenue growth forecast has been raised from 88% to 147%, making vapor chambers a key growth driver.

Product Mix Improvement Supports Further Margin Expansion

Vapor chambers and other high-end thermal products are expected to remain the company's core growth engines. As the contribution from higher-margin products increases, gross margin is projected to exceed 50% in 2027. In addition, growing demand from AMD GPUs, AI ASICs, CPO thermal solutions, as well as Intel CPU sockets and carriers, is expected to further support earnings growth. KGI Securities forecasts 2027 EPS to increase by approximately 185% YoY.

Financials

	2024	2025	2026F	2027F	2028F
EPS (NTD)	24.15	36.75	68.78	196.23	303.81
EPS Growth (%)	45.5	52.2	87.2	185.3	54.8
P/E Ratio	281.8	185.2	98.9	34.3	17.9
ROE (%)	26.4	28.3	40.6	88.5	94.7

Source: Company data, estimates of KGI analyst

Valuations

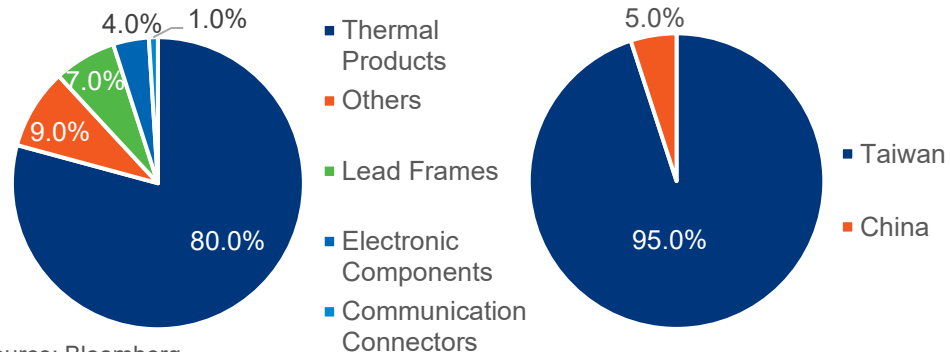
		5Y Avg.	Current	
Price	250.01			7,205
P/E	18.20			161.00
P/B	4.55			44.83

1-Year Price



As of 22 October 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-10.27	4.12	73.43	12.20	121.13	171.59

Revenue Sources and Regions



Source: Bloomberg

**Mutual Funds/
ETFs**

Capture Attractive Income Opportunities in a High-Yield Environment

► KGI Diversified Growth Income Fund

- KGI and Loomis Sayles combine their investment expertise to enhance asset allocation and risk management. Founded in 1926, Loomis Sayles employs in-depth research, disciplined risk control, and a collaborative investment process to identify long-term opportunities.
- The strategy balances growth and defense by seeking returns through equities and high-yield bonds, while using investment-grade bonds and equity options to help mitigate downside risks.
- Dynamic asset allocation enables the portfolio to adapt across market cycles. For example, the strategy reduced equity exposure and increased cash positions ahead of the U.S. market correction in early 2025, before gradually rebuilding exposure to technology stocks, non-U.S. markets, and gold ETFs as market conditions improved.
- The multi-asset strategy has delivered strong performance since its launch in November 2019, outperforming peers across multiple periods of market volatility.
- The fund is a Hong Kong OFC public fund and is eligible under the CIES framework.
- Monthly distributions are available, with a target annualized distribution rate of 8%.

Product	KGI Diversified Growth Income Fund	
Features	■ Globally diversified strategy combining growth opportunities with downside protection through investment-grade bonds and options ■ Leverages the combined expertise of KGI Group and Loomis Sayles to enhance asset allocation and risk management	
AUM	USD 33.51 million	
3M/YTD Return	0.53% / -	
Top 5 Sector Allocation(%)	Information Technology	30.10
	Communication Services	14.40
	Consumer Staples	4.50
	Energy	6.90
	Industrials	5.70
Top 5 Holdings (%)	Invesco QQQ Trust Series 1	4.5
	Nvidia Corporation	3.5
	Alphabet Inc.	3.2
	US Treasury Notes 4.625% 15/08/2036	3.0
	Amazon.com, Inc.	3.0

Source: Bloomberg, KGI

KGI Diversified Growth Income Fund

Profile

The fund invests at least 70% of its net asset value in global assets, including equities and equity-related securities (such as common stocks, preferred shares, and depositary receipts), as well as debt securities.

Globally Diversified Asset Allocation

A balanced global strategy that seeks returns through equities and high-yield bonds, while enhancing downside protection with investment-grade bonds and options. Dynamic asset allocation helps capture opportunities and manage risks across different market environments.

Experienced Investment Team

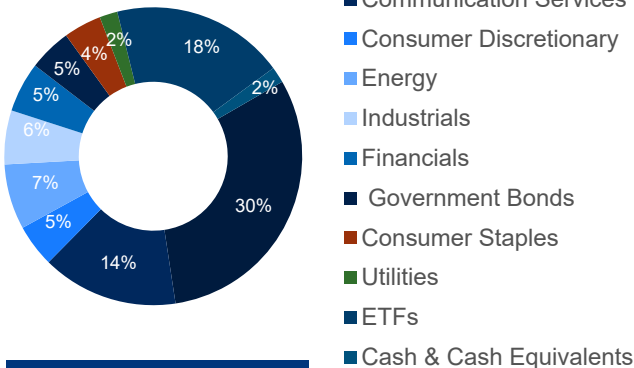
The fund combines the expertise of KGI Group and Loomis Sayles to enhance asset allocation and risk management. Founded in 1926, Loomis Sayles manages approximately US\$425.5bn in assets and leverages in-depth research and disciplined risk management to identify long-term investment opportunities.

Monthly Distribution Feature

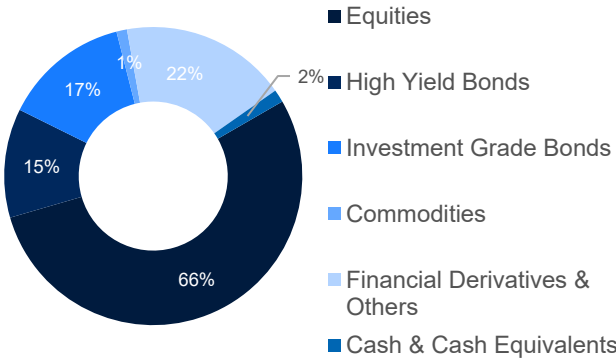
The fund offers a monthly distribution share class with a target annualized distribution rate of 8%.

Inception	2026/03/09	AUM	USD 33.51 million
Morningstar Category	Asset Allocation	Fund Type	Balanced
Morningstar Rating	-	3Y SD (Ann.)	-

Sectors



Asset Allocation



Top-5 Holdings (%)

Invesco QQQ Trust Series 1	4.5
Nvidia Corporation	3.5
Alphabet Inc.	3.2
US Treasury Notes 4.625% 15/08/2036	3.0
Amazon.com, Inc.	3.0

NAV Since Inception



As of 20 October 2026	1M	3M	YTD	1Y	2Y	3Y
Cumulative Return(%)	-1.03	0.53	-	-	-	-

Sources: Fund Monthly Report, KGI. Performance data as of 20 October 2026; monthly report as of 30 September 2026. Data share class: A USD (Acc.)



**Mutual Funds/
ETFs**

Capture Attractive Income Opportunities in a High-Yield Environment

► Fidelity Funds – US Dollar Bond Fund

- The fund adopts an active, flexible, and contrarian investment approach, seeking to identify opportunities and economic turning points ahead of the market while delivering high-quality and attractive income.
- The portfolio primarily invests in developed-market credit and government bonds, with a preference for high-quality securities. Currently, 96.28% of assets are allocated to investment-grade bonds, with an average credit rating of AA-.
- The fund maintains a long-duration positioning to lock in attractive yield levels and potentially generate stronger returns than traditional bond funds when interest rates decline. The portfolio currently has an effective duration of 6.4 years and a yield to maturity of 5.45%.
- The fund offers multiple share classes, including USD, HKD, RMB-hedged, GBP-hedged, and AUD-hedged share classes.
- Monthly distribution share classes are available. The latest distribution yields for the USD A-MCDIST (G) and HKD A-MCDIST (G) share classes are 6.20% and 6.19%.

Product	Fidelity Funds – US Dollar Bond Fund	
Features	■ Long-Duration Positioning Enhances Income Potential ■ Active Portfolio Management in a Higher-for-Longer Rate Environment	
AUM	USD 3,092 mn	
3M/YTD Return	-2.01% / -3.00%	
Top 5 Credit Rating Distribution (%)	AAA / Aaa	2.70
	AA / Aa	66.43
	A	13.20
	BBB / Baa	13.95
	BB / Ba	2.47
Top 5 Regions (%)	United States	83.33
	United Kingdom	2.49
	Ireland	2.42
	Netherlands	1.73
	Norway	1.04
Top 5 Holdings (%)	USTN 4.375% 01/31/32	9.66
	USTB 4.5% 11/15/54	9.08
	USTN 4.375% 05/15/36	8.57
	USTN 4% 07/31/29	7.91
	USTN 4.875% 10/31/28	7.87

Source: Bloomberg, KGI

Fidelity Funds – US Dollar Bond Fund

Profile

The fund invests at least 70% (and normally 75%) of its assets, in US dollar denominated debt securities. The fund may also invest in money market instruments on an ancillary basis

■ Focus on High-Quality U.S. Dollar Bonds

The fund primarily invests in developed-market credit and government bonds, with a preference for high-quality securities. Approximately 96.28% of the portfolio is allocated to investment-grade bonds, with an average credit rating of AA-, balancing income opportunities with credit quality.

■ Long-Duration Strategy Enhances Income Potential

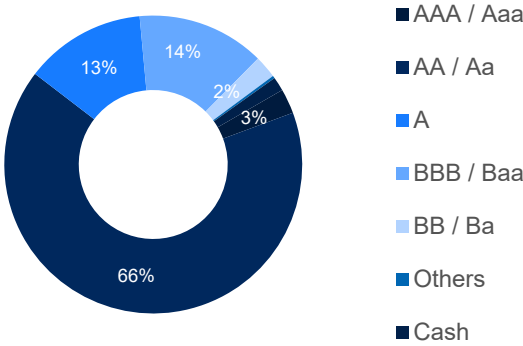
The fund adopts a long-duration strategy, with an effective duration of approximately 6.4 years and a yield to maturity of around 5.45%. In the current environment of attractive yields, longer-duration positioning helps enhance income generation potential.

■ Active Multi-Strategy Approach Captures Fixed Income Opportunities

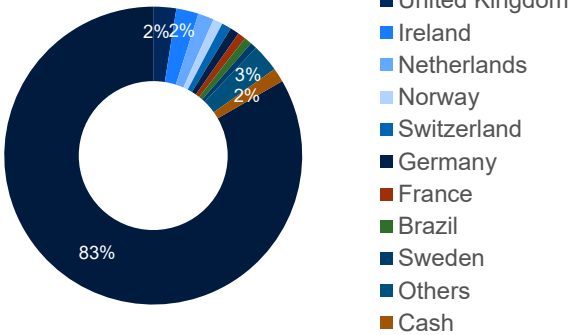
In a higher-for-longer rate environment, Fidelity's global research team seeks to generate returns through yield curve positioning, sector allocation, security selection, and asset allocation, while incorporating credit analysis and market insights to actively manage portfolio positioning.

Inception	1990/12/11	AUM	USD 3,092 mn
Morningstar Category	USD Diversified Bond	Fund Type	Bonds
Morningstar Rating	★★★	3Y SD (Ann.)	5.83%

Credits



Regions



Top-5 Holdings (%)

USTN 4.375% 01/31/32	9.66
USTB 4.5% 11/15/54	9.08
USTN 4.375% 05/15/36	8.57
USTN 4% 07/31/29	7.91
USTN 4.875% 10/31/28	7.87

3Y NAV



As of 20 October 2026	1M	3M	YTD	1Y	2Y	3Y
Cumulative Return(%)	-0.38	-2.01	-3.00	-3.30	0.97	12.61
Ranking	2	2	4	4	4	3

Sources: Fund Monthly Report, Morningstar. Performance data as of October 20, 2026; monthly report as of September 31, 2026. Data share class: A USD.

Bonds

Diversified Business Portfolio Supports Credit Quality, While Leverage Continues to Improve

► CKHH 5.5 04/26/34 (CK Hutchison) (USD)

- CK Hutchison Holdings Limited is a Hong Kong-based diversified conglomerate with operations spanning ports and related services, retail, infrastructure, utilities, energy, and telecommunications across approximately 50 countries.
- CK Hutchison reported solid 1H26 results, with underlying profit excluding its UK telecommunications business increasing 7% YoY to HK\$12.58 billion, demonstrating the resilience of its highly diversified business portfolio. Following the recent disposal of interests in UK Rails and UK Power Networks by CK Infrastructure, the group's net debt-to-net total capital ratio declined to a record low of 8.1%. In addition, leverage is expected to decline further upon completion of the disposal of its remaining 49% interest in VodafoneThree, which is expected to generate an additional GBP4.3 billion in proceeds.
- The group's retail businesses in Europe and Southeast Asia are expected to maintain solid growth momentum and offset weaker performance in Greater China, while EBITDA contributions from the ports and infrastructure segments are expected to remain stable.
- CK Hutchison's leverage profile is also expected to continue improving. Its debt-to-EBITDA ratio improved from 3.5x in 2023 to 3.4x in 2024 and is projected to decline further to 3.2x-3.3x during 2026-2027, supported by gradual debt reduction and a stable EBITDA margin of approximately 30%.
- CK Hutchison received an A2 credit rating from Moody's in 2017 and an A credit rating from S&P in 2018, both with stable outlooks.

Bond	CKHH 5.5 04/26/34 (CK Hutchison) (USD)
ISIN	USG2176UAB64
Features	The group's ports and infrastructure businesses continue to provide stable EBITDA contributions and predictable cash flows, forming an important foundation for its long-term operational stability.
Maturity	2034/4/26
Next Call Date	2034/1/26
Coupon(%)	Fixed/5.5/Semi-annual
Currency	USD
Years to Maturity	7.51
Credit Rating (Moody's/Fitch/S&P)	A2/A/A
Seniority	Senior Unsecured
YTM/YTC (%)	5.64/5.65

Source: Bloomberg

CKHH 5.5 04/26/34 (CK Hutchison) (USD)

CK Hutchison Holdings Limited is a Hong Kong-based diversified conglomerate with operations spanning ports and related services, retail, infrastructure, utilities, energy, and telecommunications across approximately 50 countries.

- CK Hutchison reported solid 1H26 results, with underlying profit excluding its UK telecommunications business increasing 7% YoY to HK\$12.58 billion, demonstrating the resilience of its highly diversified business portfolio. Following the recent disposal of interests in UK Rails and UK Power Networks by CK Infrastructure, the group's net debt-to-net total capital ratio declined to a record low of 8.1%. In addition, leverage is expected to decline further upon completion of the disposal of its remaining 49% interest in VodafoneThree, which is expected to generate an additional GBP4.3 billion in proceeds.
- The group's retail businesses in Europe and Southeast Asia are expected to maintain solid growth momentum and offset weaker performance in Greater China, while EBITDA contributions from the ports and infrastructure segments are expected to remain stable.
- CK Hutchison's leverage profile is also expected to continue improving. Its debt-to-EBITDA ratio improved from 3.5x in 2023 to 3.4x in 2024 and is projected to decline further to 3.2x-3.3x during 2026-2027, supported by gradual debt reduction and a stable EBITDA margin of approximately 30%.
- CK Hutchison received an A2 credit rating from Moody's in 2017 and an A credit rating from S&P in 2018, both with stable outlooks.

Financials	2023	2024	2025
Free Cash Flow (US\$ 100mn)	29.82	26.39	34.15
EBITDA Margin (%)	24.43	23.19	20.13
Interest Coverage Ratio	5.57	4.86	4.56

Source: Bloomberg, October 22, 2026.

Overview			
Name	CKHH 5.5 04/26/34	ISIN	USG2176UAB64
Maturity Date	2034/4/26	Remaining Maturity	7.51
Coupon(%)	Fixed/5.5/Semi-annual	YTM/YTC(%)	5.64/5.65
Currency	USD	Min. Subscription/Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/A/A	Seniority	Senior Unsecured



Appendix

Key Economic Data / Events

► Oct 2026

19

Monday

- China Q3 GDP YoY (Act:4.5% Est:4.4% Prev:4.3%)
- China Sep Retail Sales YoY (Act:1.1% Est:0.5% Prev:0.4%)
- China Sep Industrial Production YoY (Act:5.5% Est:5.5% Prev:5.2%)

20

Tuesday

- Taiwan Sep Export Orders YoY (Act:62.4% Est:61.7% Prev:71.4%)

21

Wednesday

22

Thursday

- U.S. Initial Jobless Claims (Act:194k Est:200k Prev:200k)

23

Friday

- U.S. Oct S&P Global Manufacturing PMI (Prelim) (Est:55.5 Prev:55.9)
- U.S. Oct Michigan Consumer Sentiment (Final) (Est:46.3 Prev:48.1)
- Japan Oct S&P Global Manufacturing PMI (Prelim) (Act:53.3 Prev:54.1)
- Japan Sep CPI YoY (Act:2.1% Est:2.1% Prev:1.9%)
- Eurozone Oct S&P Global Manufacturing PMI (Prelim) (Est:52.8 Prev:52.9)

26

Monday

- Earnings: VZ

27

Tuesday

- U.S. Sep Durable Goods Orders MoM (Prelim) (Est:1.4% Prev:-0.1%)
- U.S. Oct Conference Board Consumer Confidence (Est:80.4 Prev:81.9)
- Earnings: WELL, BA, KO, GLW, SPGI

28

Wednesday

- Earnings: V, STX, APH, GEV

29

Thursday

- U.S. Oct Fed Funds Rate (Est:4.00% Prev:4.00%)
- U.S. Sep PCE YoY (Est:3.6% Prev:3.4%)
- U.S. Sep Core PCE YoY (Est:3.1% Prev:3.0%)
- U.S. Q3 GDP Annualized QoQ (Prelim) (Est:3.0% Prev:2.2%)
- Eurozone Oct ECB Main Refinancing Rate (Est:2.65% Prev:2.65%)
- Earnings: GOOGL US, MSFT, NOW, LLY

30

Friday

- Japan Oct BoJ Uncollateralized Overnight Call Rate (Est:1.25% Prev:1.25%)
- Eurozone Q3 GDP QoQ (Prelim) (Est:0.2% Prev:0.6%)
- Earnings: SYK, SBUX, SNDK, INTC, AMZN, GILD, CVX, XOM

Source: Bloomberg

Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	EPS
2026/10/20	GE Aerospace (GE US)	12.86B	13.29B	2.01	2.25	V	V
2026/10/20	RTX Corporation (RTX US)	24.08B	24.97B	1.79	2.26	V	V
2026/10/21	Netflix, Inc. (NFLX US)	12.87B	12.87B	0.83	0.87	V	V
2026/10/21	Capital One Financial Corporation (COF US)	16.25B	16.34B	5.43	6.69	V	V
2026/10/21	Intuitive Surgical, Inc. (ISRG US)	2.9B	3.05B	2.64	3.00	V	V
2026/10/21	Chubb Limited (CB US)	16.02B	16.72B	6.79	7.66	V	V
2026/10/21	Danaher Corporation (DHR US)	6.56B	6.55B	1.93	2.11		V
2026/10/21	Thermo Fisher Scientific Inc. (TMO US)	11.96B	12.14B	6.41	6.68	V	V
2026/10/21	Philip Morris International Inc. (PM US)	11.3B	11.44B	2.30	2.36	V	V
2026/10/21	AT&T Inc. (T US)	31.7B	32.32B	0.60	0.65	V	V
2026/10/21	Abbott Laboratories (ABT US)	13B	13.01B	1.42	1.42	V	
2026/10/21	NextEra Energy, Inc. (NEE US)	8.5B	8.09B	1.20	1.24		V
2026/10/22	Meta Platforms, Inc. (META US)	63.33B	64.6B	8.31	3.83	V	
2026/10/22	Texas Instruments Incorporated (TXN US)	5.93B	6.06B	2.44	2.62	V	V

Source: Investing.com

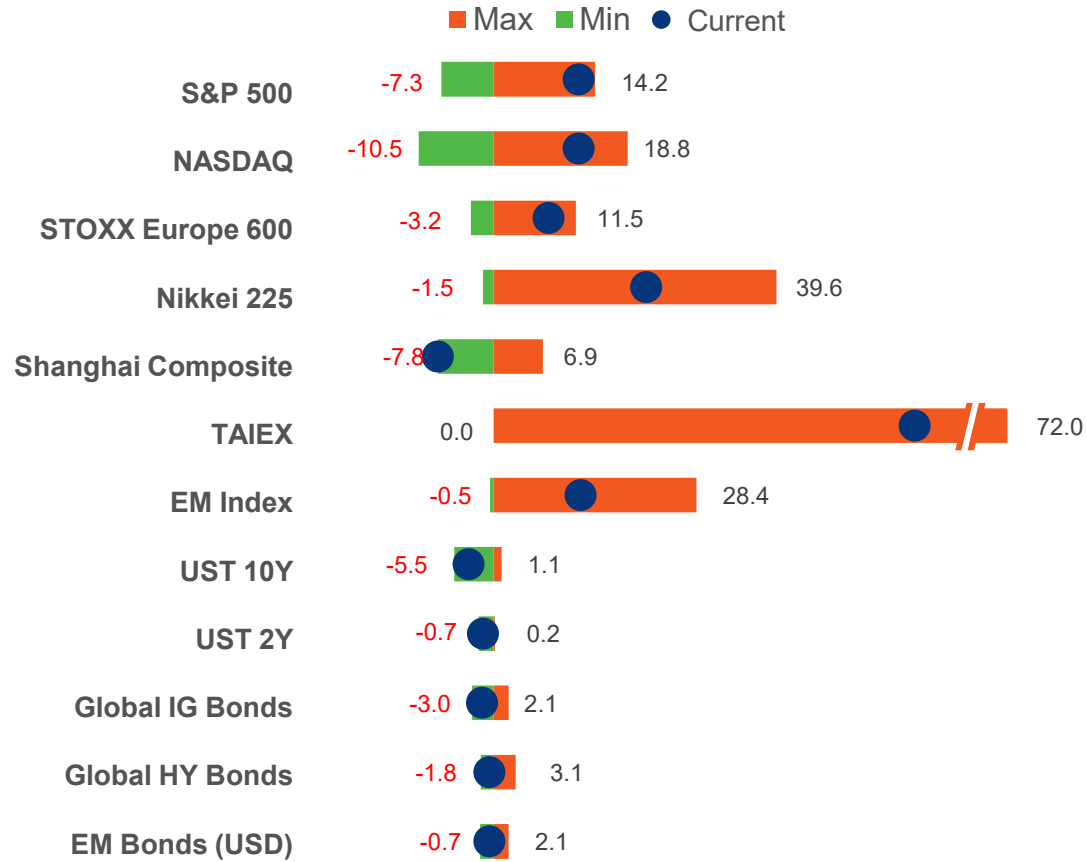
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	EPS
2026/10/22	Lam Research Corporation (LRCX US)	8.13B	8.22B	2.19	2.19	V	
2026/10/22	Tesla, Inc. (TSLA US)	28.13B	28.05B	0.44	0.48		V
2026/10/22	International Business Machines Corporation (IBM US)	16.83B	17.1B	2.86	2.95	V	V

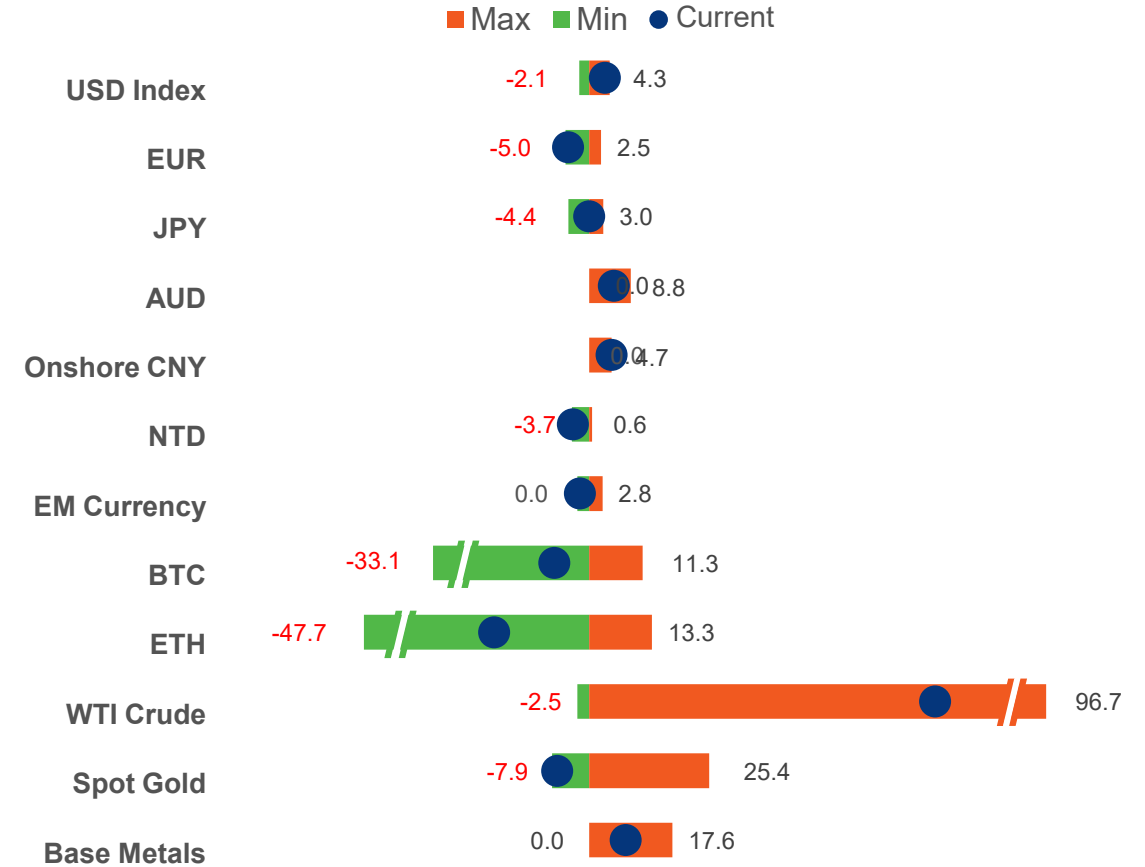
Source: Investing.com

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)

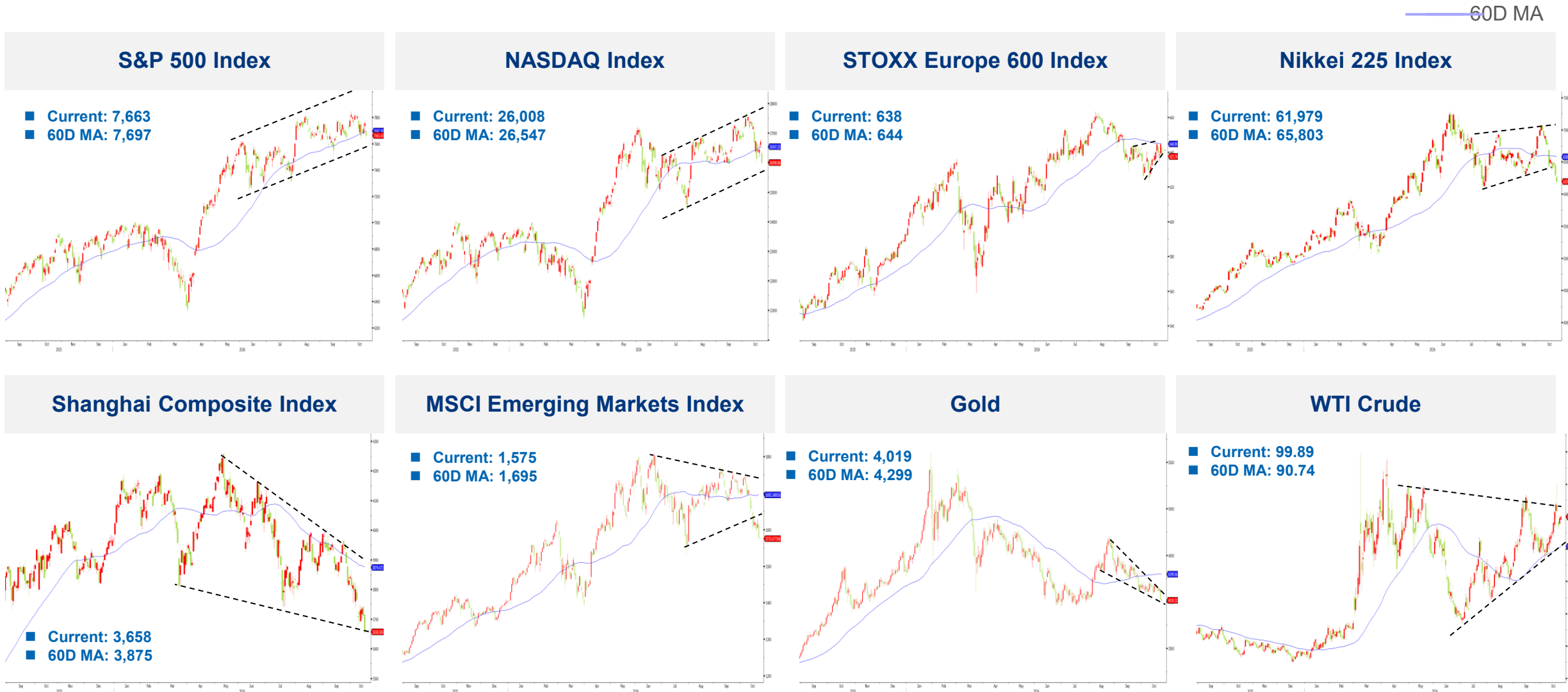


Currencies and Commodities Market YTD Performance (%)



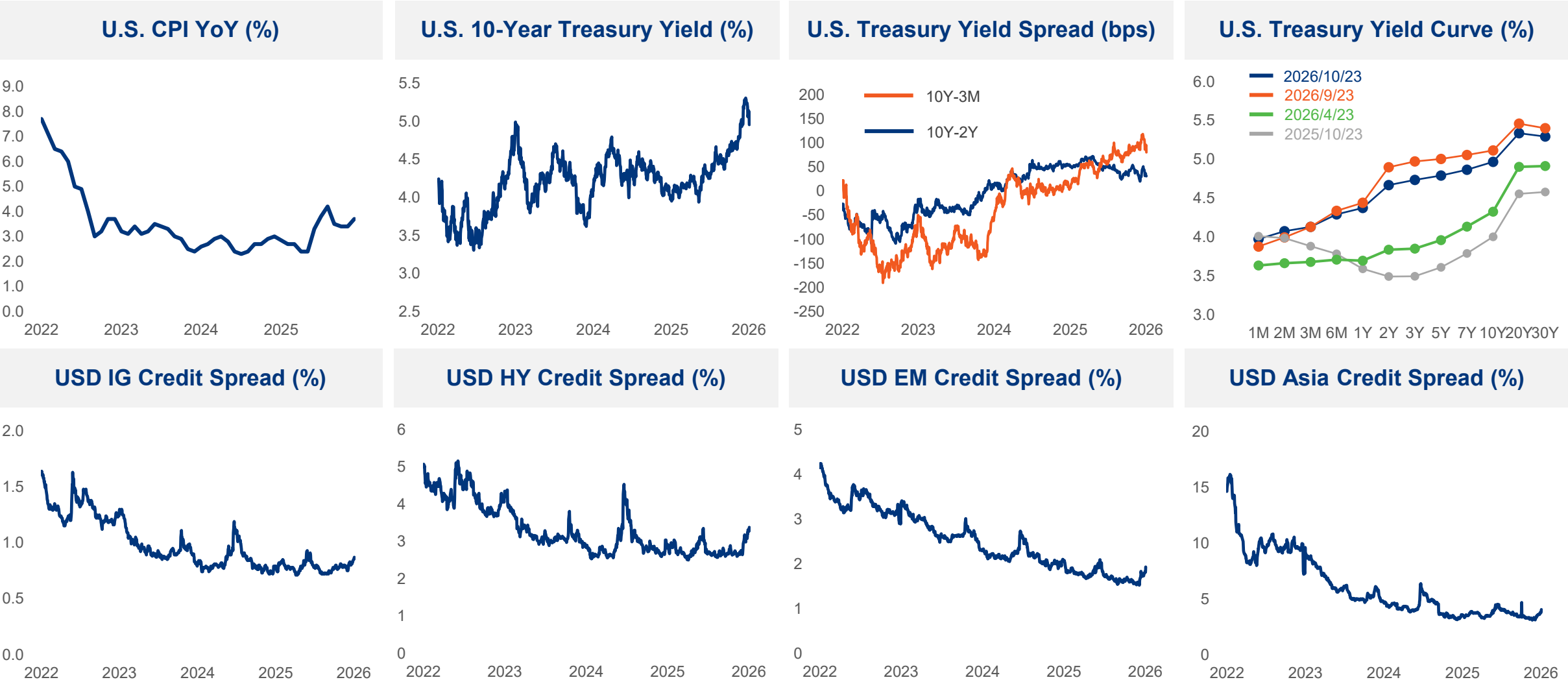
Source: Bloomberg, 23 Oct 2026

Technical Analysis



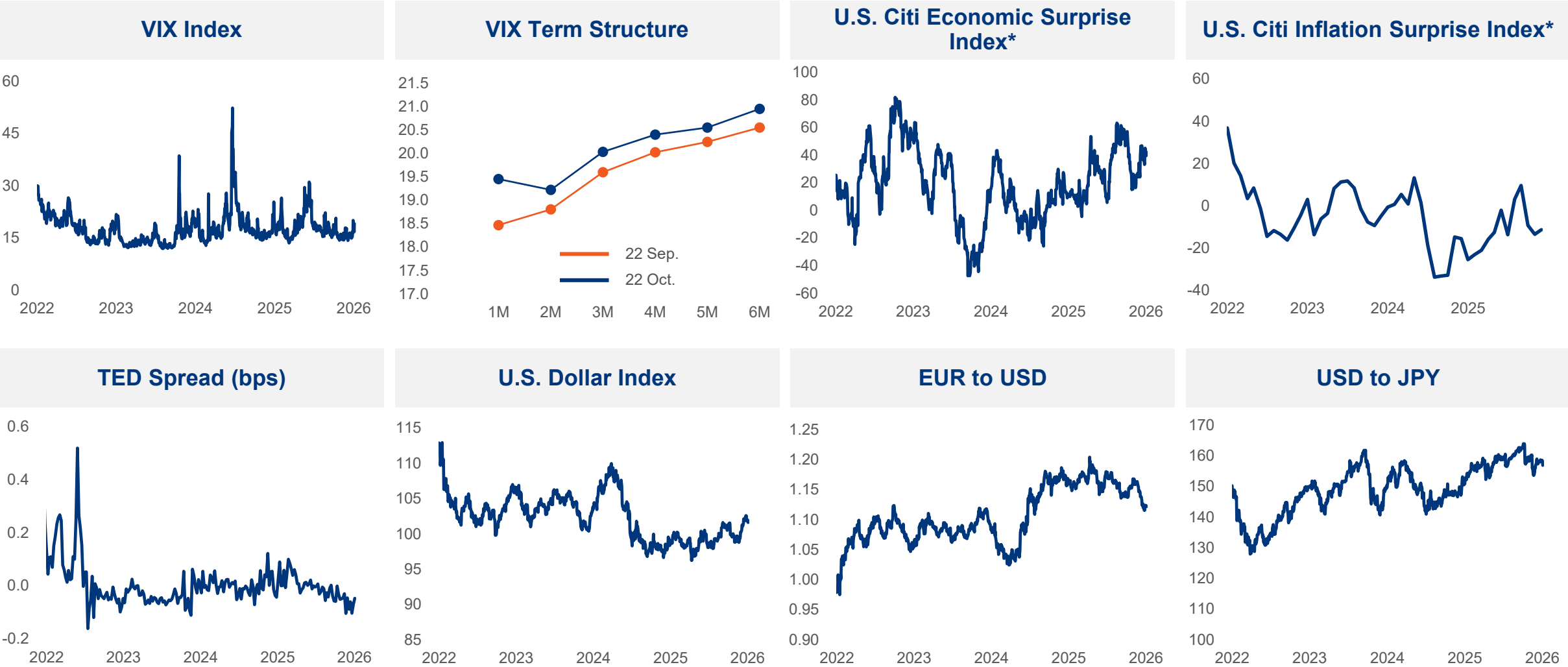
Source: Bloomberg, 23 Oct 2026

Market Monitor



Source: Bloomberg, 23 Oct 2026

Market Monitor



Source: Bloomberg, 23 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.