CIO Office

Global Markets Weekly Kickstart

Finding Resilience in U.S. Stocks

16 November 2026

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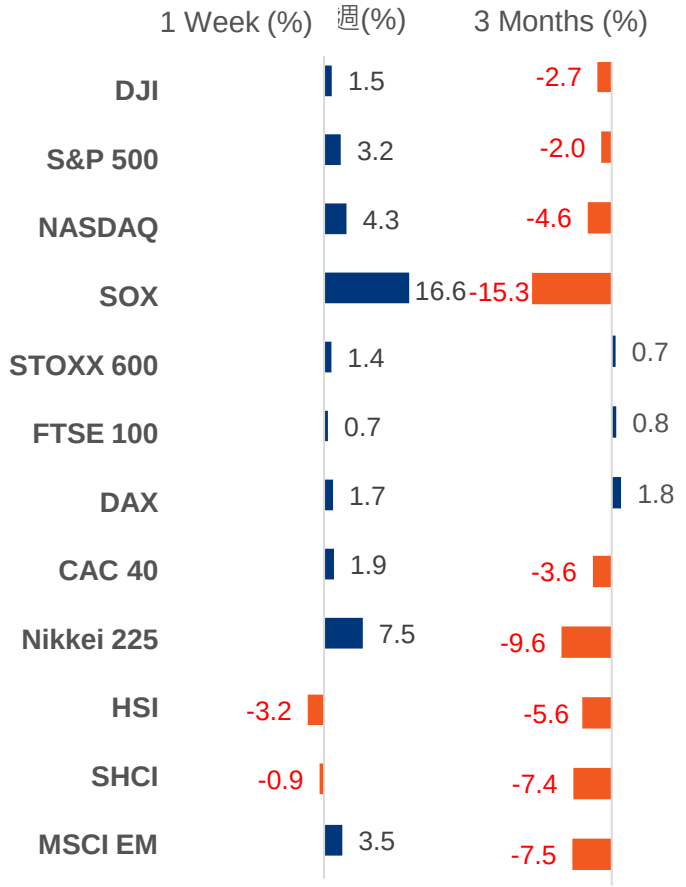
Selection of Equities, Bonds, Funds/ETFs

Market Recap

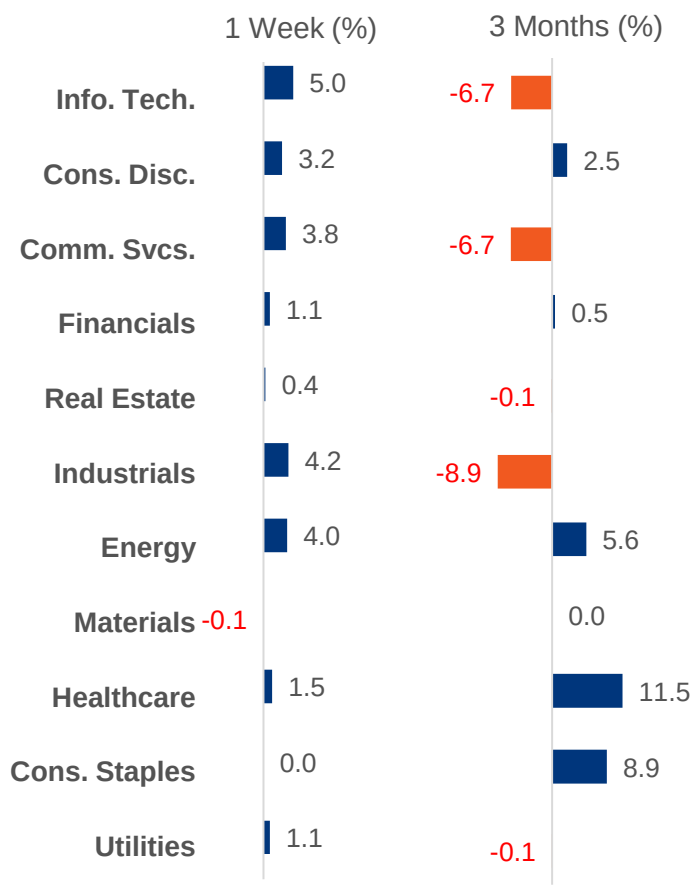
Tech Stocks Drive U.S. Rebound; Watch Key Factors Affecting Sustainability

- U.S. equities rebounded from last week's lows, led by the SOX, which had suffered the steepest decline. The rebound suggests easing near-term market anxiety, although AI-related concerns remain. While Texas governor-elect Gina Hinojosa said she does not broadly oppose data center development, concerns over tighter regulation persist. Hotter-than-expected October CPI and stronger payrolls also reinforced expectations for a 25bp Fed hike in December. Together with developments surrounding Nvidia CEO Jensen Huang, these remain key variables for the sustainability of the market rebound.
- Sector-wise, CoreWeave's results and outlook beat expectations, while greater clarity on backlog, customer commitments, and financing plans supported semiconductors, servers, memory, and data center-related stocks. Nvidia shares, however, fell on news surrounding CEO Jensen Huang, offsetting part of the tech sector's gains. Most other sectors also advanced, though defensive sectors such as Health Care and Consumer Staples lagged growth sectors as risk aversion eased.

Regional Index Performance (%)



U.S. Sector Index Performance (%)



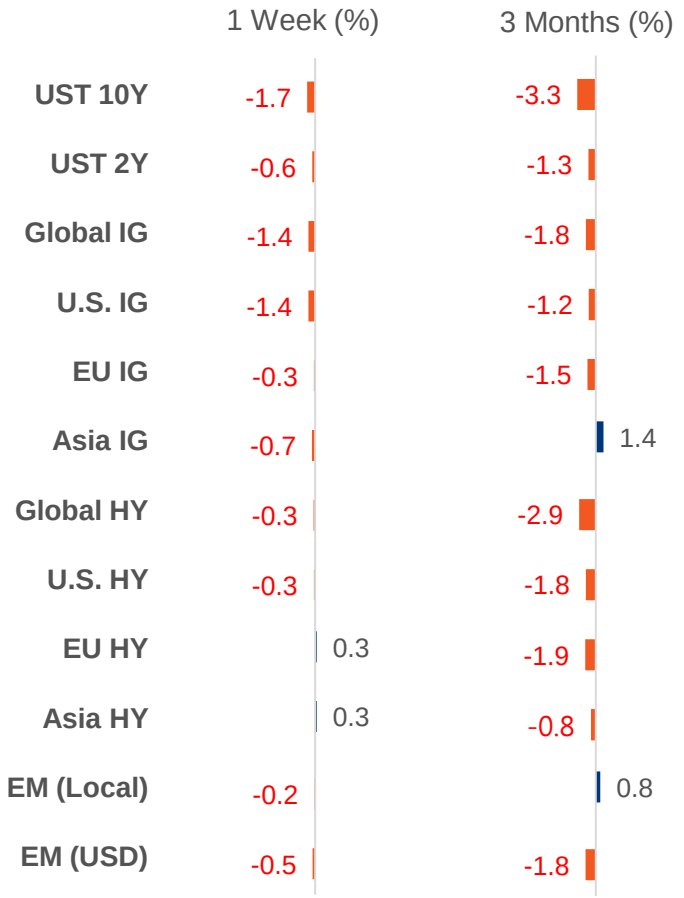
Source: Bloomberg

Market Recap

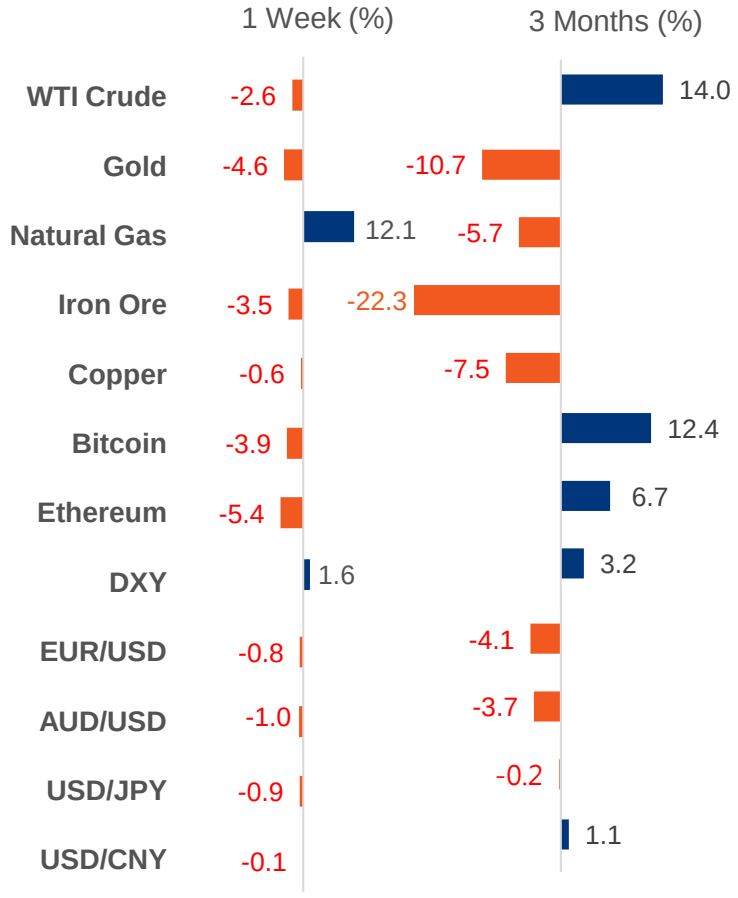
U.S. Treasury Yields Rise Again; Stronger USD Pressures Non-U.S. Currencies

- October headline and core CPI both rose more than expected MoM, reinforcing expectations for further Fed tightening. Fed Governor Waller also noted that a 50bp hike in December should be considered if monthly core CPI remains at 0.3% or above. The hawkish signals pushed U.S. Treasury yields higher, weighing on the broader bond market.
- Markets initially feared renewed U.S.-Iran tensions after the midterms, but Trump's recent comments downplaying the likelihood of further military action reduced the geopolitical risk premium, sending Brent crude back toward US$90/bbl. However, Trump's subsequent comment that an agreement with Iran may not be necessary renewed uncertainty over U.S.-Iran negotiations, suggesting oil prices may remain range-bound and volatile in the near term.
- Stronger expectations for further Fed tightening drove the U.S. Dollar Index sharply higher, putting significant pressure on the EUR and JPY. USD/JPY is approaching the key 160 level, raising expectations of potential FX intervention and suggesting a more volatile, range-bound near-term outlook.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



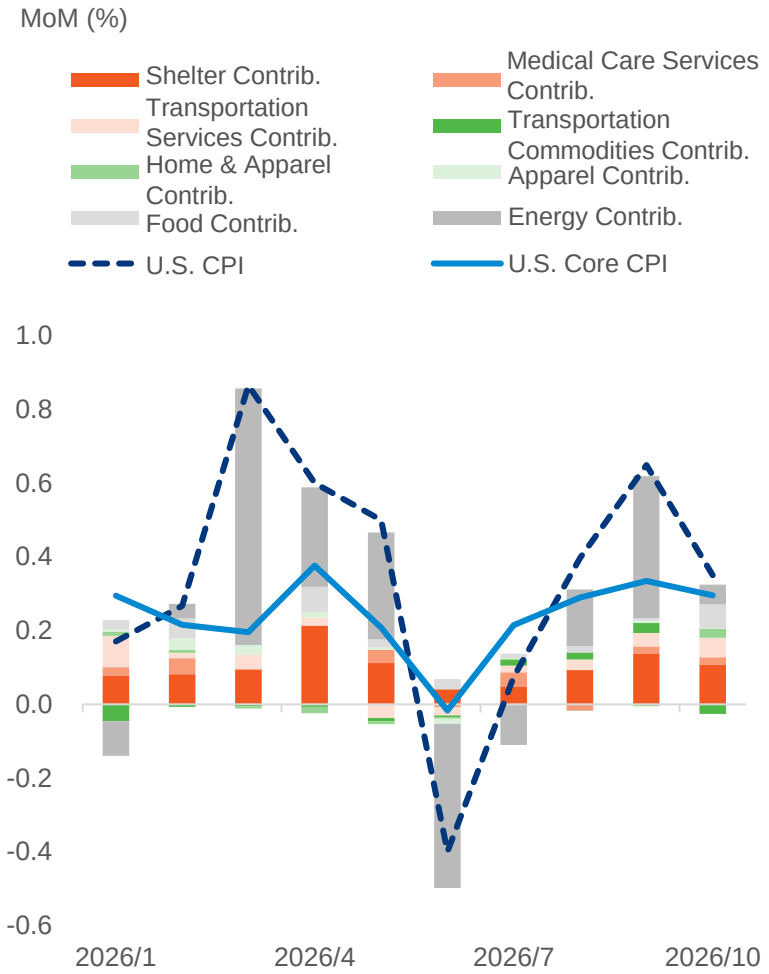
Source: Bloomberg

What's Trending

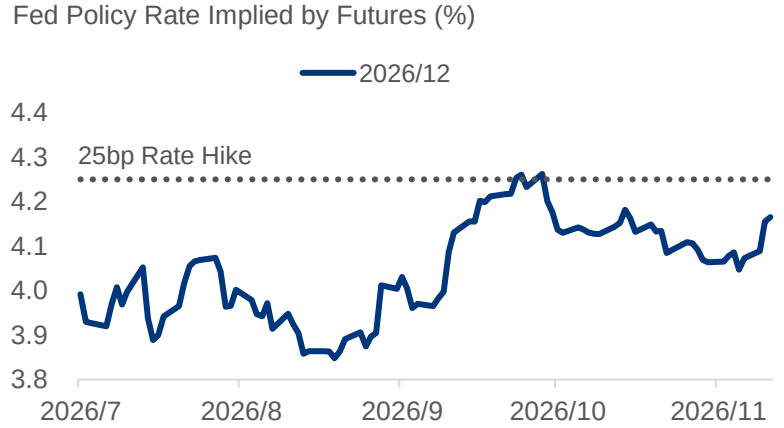
U.S. Inflation Cools Less Than Expected; Focus on Oil Supply-Demand and Rate-Hike Path

- U.S. October CPI growth slowed to 0.4% MoM from 0.6%, mainly due to slower energy price gains, while core CPI held at 0.3%. Both readings came in above expectations, with food, housing, and transportation services continuing to rise, signaling sticky underlying inflation. YoY figures were not released due to data gaps caused by last year's federal government shutdown. With the U.S. labor market remaining strong, inflation cooling less than expected, and recent Fed comments turning more hawkish, markets have strengthened expectations for another 25bp rate hike by year-end.
- With Democrats winning both chambers of Congress, signs of renewed U.S.-Iran talks have raised hopes for easing tensions, pulling oil prices back from recent highs. Given the high base for oil prices in 2026, YoY oil price growth could moderate in 2027 unless prices surge again, easing their contribution to inflation. U.S. crude production is also expected to keep rising, supported by improving shale productivity and new offshore projects in the Gulf of Mexico coming online.

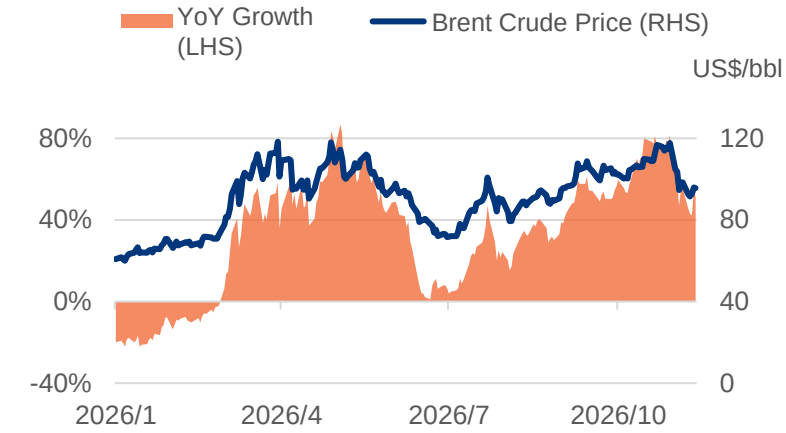
Energy Price Growth Slows, but Core Inflation Pressures Persist



Inflation Remains Elevated, Reinforcing Year-End Rate-Hike Expectations



High Base Effect Expected to Slow Oil Price Growth



Source: Bloomberg

KGI

In Focus

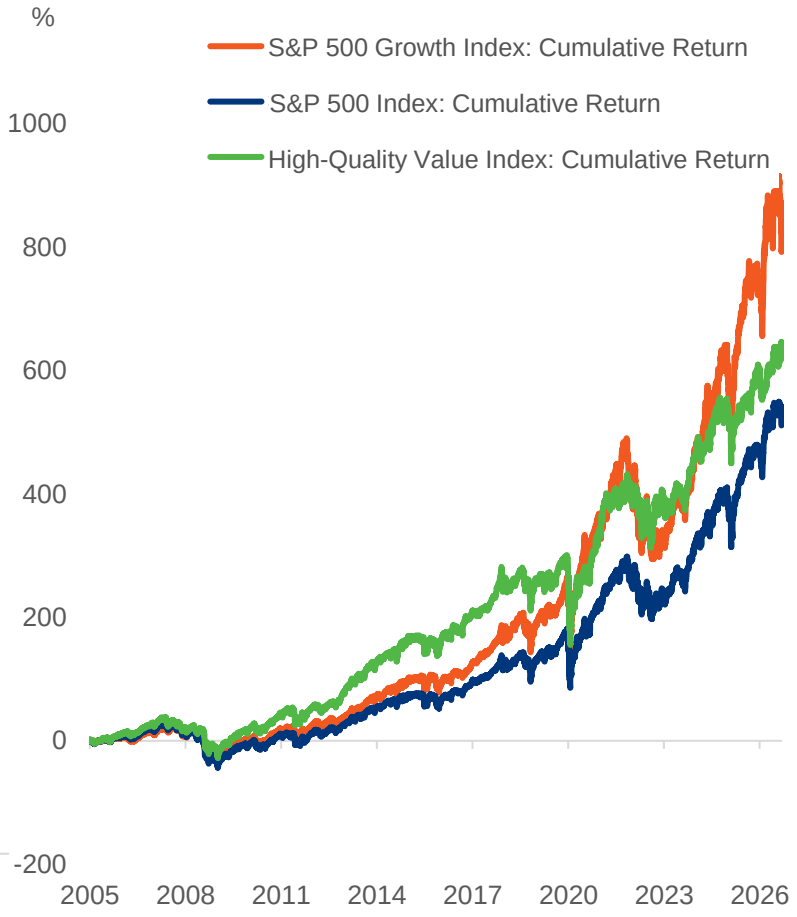
Growth Stocks Turn Volatile Near Term; Value Stocks Offer Opportunities

- U.S. equity style rotation has accelerated recently. As investors focus more on AI monetization and investment returns, volatility in richly valued growth stocks has risen sharply. Value stocks are gaining favor, especially high-quality value stocks with stable cash flows, healthy balance sheets, and higher shareholder returns. On top of their valuation advantage, these stocks offer stronger defensive characteristics and resilience to market swings.
- Risk metrics tell the same story. The stock market has been through three rate-hike cycles in the past 10 years, starting in 2016, 2022, and September 2026. In each one, the average 90-day volatility of the high-quality value index was lower than that of both growth stocks and the broader market. Adding high-quality value stocks with steady earnings, free cash flow, and low leverage can help reduce volatility during market corrections.
- Over the long term, high-quality value stocks may not match the explosive gains of growth stocks during economic expansions, but they still have the potential to outperform the broader market on a cumulative basis. In a market with rising volatility and higher interest rates, their combination of defensive strength and long-term compounding makes them a key part of long-term portfolios.

Value Stocks Gain Favor over Growth, with Lower Volatility



High-Quality Value Beats the Market Long Term



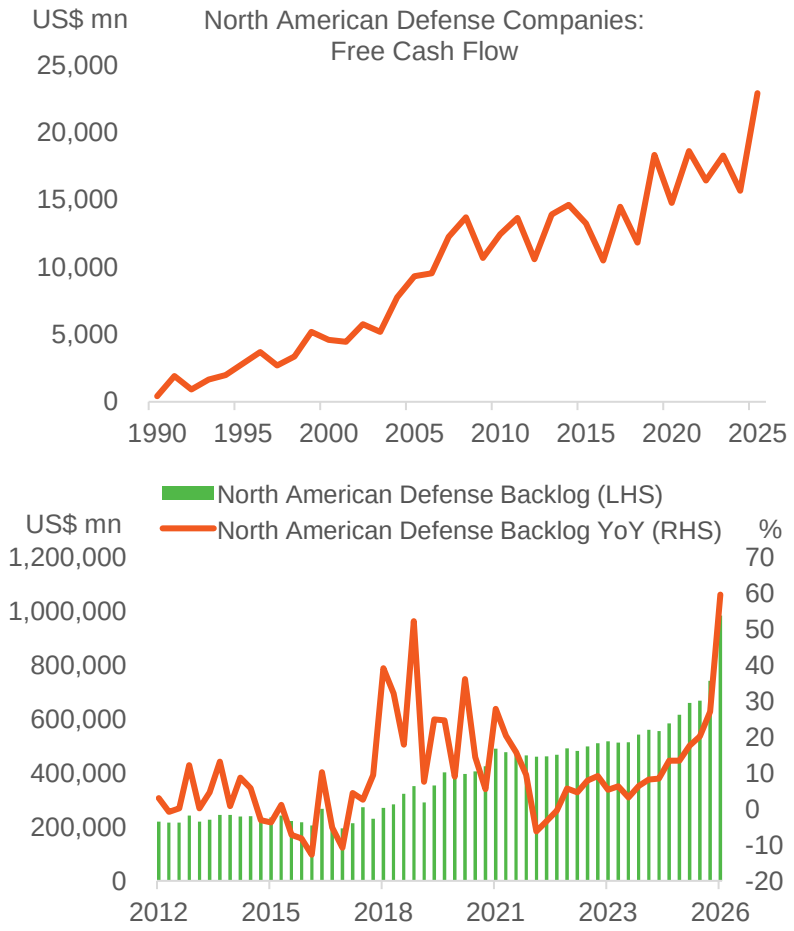
Source: Bloomberg

In Focus

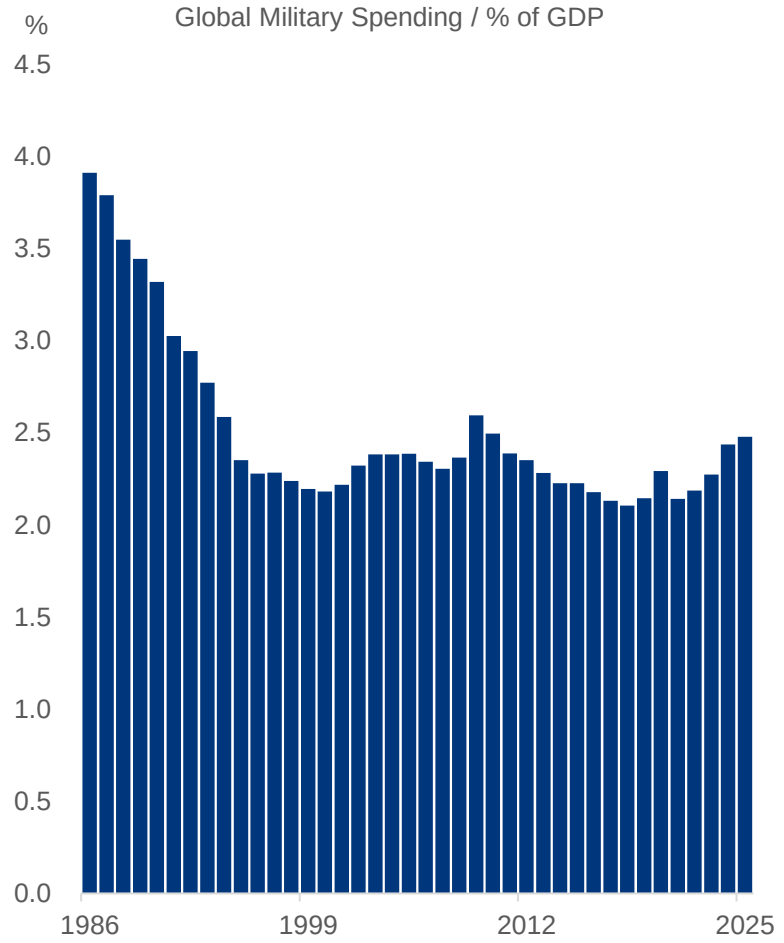
Stable Cash Flows and Restocking Outlook Support Defense Stocks

- Defense stocks typically generate steadily rising free cash flow, supported by long-term government contracts and high barriers to entry. Compared with cyclical stocks, the defense industry has less volatile earnings and cash flows. This gives the sector some defensive qualities while also making it attractive for long-term value investors.
- North American defense companies have seen order visibility improve markedly in recent years, driven by rising geopolitical risk and military restocking demand. Demand for key equipment such as missiles, air defense systems, military aircraft, and submarines is helping keep backlogs near record highs. These large backlogs should support revenue growth for years to come and help shield company fundamentals from short-term economic swings.
- According to SIPRI, global military spending reached US$2.89tn in 2025, rising for the 11th consecutive year. Military spending climbed to 2.5% of global GDP, the highest level since 2009. Spending rose 14% YoY in Europe and 8.1% YoY in Asia and Oceania. The U.S.-Iran conflict, regional security risks, and NATO's higher defense spending targets should keep military modernization demand strong, providing long-term structural growth for the defense industry.

Defense Cash Flows Rise Steadily as Backlogs Grow Strongly



Unresolved Geopolitical Tensions Keep Global Military Spending Rising



Source: Bloomberg

Strategic Viewpoint

AI Uncertainties Persist Near Term; High-Quality Value Stocks May Gain Favor

Asset Type	Market View	Preferred Assets
Equities	◆ Developments surrounding Jensen Huang could gradually lead to tighter U.S. export controls on AI chips, while tighter state government policies could slow AI data center build-out. Both could add valuation pressure and stock price volatility. In the near term, investors can look to defensive stocks to strengthen resilience against market swings. Over the long term, the AI approach is shifting from broad optimism to selective stock picking, with large caps preferred over small caps. The industry's positive long-term trend remains intact once the volatility passes. For now, investors can build positions in financially strong, high-quality value stocks to earn steady returns and reduce the impact of market volatility. ◆ European and Japanese equities offer diversification, and rising interest rates support bank stocks. Backed by fiscal policy support, European defense also remains an attractive investment theme.	**Strategy:** Defensive near term; selective, large-cap AI exposure; build positions in financially strong, high-quality value stocks **Regions**: Japan Banks, European Defense
Bonds	◆ Uncertainty over U.S.-Iran talks is keeping oil prices high and volatile. October CPI also came in above expectations, strengthening market expectations for further Fed hikes, and Fed officials are leaning toward keeping rates higher to curb inflation. We recommend focusing on short- and intermediate-duration bonds and using rate spikes to lock in yields and income. High-quality issuers have stronger fundamentals, stable cash flows, and solid repayment capacity. The focus should be on those offering attractive risk-adjusted spreads, including the Financials, Communications, and Utilities sectors.	**Bond Types:** Short- to intermediate-term investment-grade bonds to lock in yields, with a focus on Financials, Communications, and Utilities
Forex	◆ October CPI data reinforced rate-hike expectations, keeping the USD on a firm footing. ◆ The BOJ raised rates in September, but its forward guidance was more neutral and less hawkish than markets had expected, so the JPY remains weak and range-bound.	USD Consolidates at High Levels
Commodity	◆ Shifting signals on U.S.-Iran talks sent oil prices lower before they rebounded, and prices are likely to stay volatile in the near term. ◆ De-dollarization continues to drive central bank buying worldwide, giving gold stable support over the medium to long term.	Gold Rebounds from Lows on Bargain Hunting; Bullish Medium to Long Term

KGI

HK Equities

Full Shareholder Payout Plan Builds High-Yield Defensive Value

- **High Cash Flow and Defensive Assets Gain Favor amid Rising Macro Volatility**

  Amid global macro volatility and a shifting rate environment, investors have become more cautious. Defensive sectors with stable cash flows and high shareholder returns are gaining favor. Rather than rewarding pure expansion, investors now place more weight on a company's ability to generate free cash flow and the certainty of its dividends. Companies that deliver a high total shareholder yield can provide solid downside protection for portfolios. They also stand out for their defensive value and long-term appeal in volatile markets.

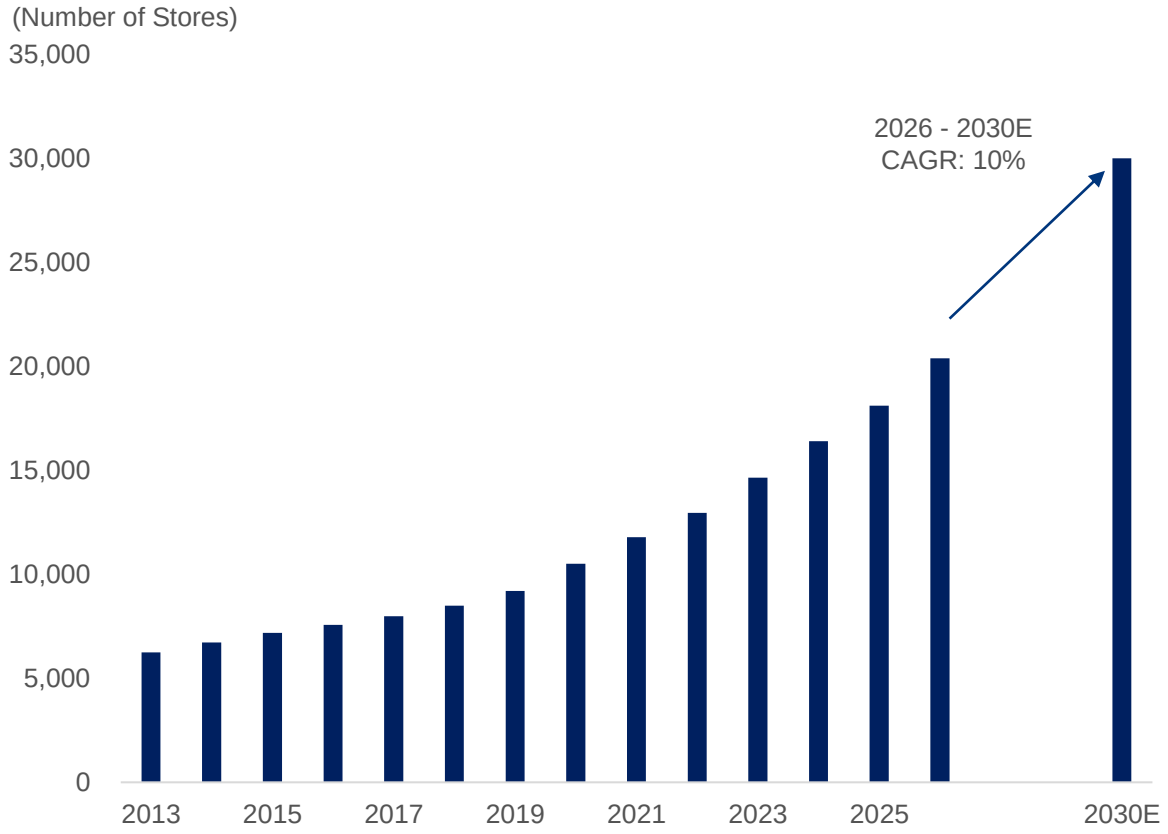
- **Consumer Sector Shifts to Asset-Light Models as Lower Capex Frees Up Cash**

  China's restaurant and retail sectors are entering a mature consolidation phase. Industry leaders are broadly moving from asset-heavy, company-operated stores to asset-light models such as franchising, and are expanding faster into lower-tier markets. With major spending on acquisitions and supply-chain build-out largely complete, earnings quality across the sector continues to improve. Asset-light operations lower store opening costs and shorten payback periods, sharply improving operating cash flow conversion. This gives companies a solid financial base for high dividend payouts and share buybacks.

- **Stronger Capital Allocation Discipline: Dividends and Buybacks Drive Valuation Recovery**

  Chinese consumer stocks have broadly traded near historical valuation lows in recent years, and better capital allocation by management has become a key catalyst for a valuation recovery. More cash-rich companies are setting out clear shareholder return roadmaps and committing to return a set share of free cash flow through dividends and buybacks. This "cash cow" approach shrinks the share count and lifts EPS. It also signals strong management confidence, which can help high-quality consumer leaders re-rate.

Yum China Store Openings



Source: Yum China 3Q26 Earnings Presentation

Yum China Holdings, Inc. (9987 HK)

Closing Price	HK $388.8	Target Price	HK $470

Yum China is the largest restaurant company in China. It was spun off from Yum! Brands and listed as an independent company in 2016. It holds the exclusive rights to operate KFC, Pizza Hut, and Taco Bell in mainland China, and also runs brands such as Little Sheep.

Faster Store Expansion; Lower-Tier Markets and Franchising Broaden Growth Runway

Yum China raised its 2026 net new store guidance to more than 2,400, with 1,888 added in the first three quarters. Franchising, now about 45-47% of new KFC and Pizza Hut openings, and new formats such as KCOFFEE are driving expansion into lower-tier markets. Its 2030 target of 30,000 stores exceeds market expectations of 28,000.

Pizza Hut Integration Complete; Diversified Innovation Unlocks Earnings Momentum

Yum China completed its acquisition of Pizza Hut China in August 2026. This removes franchise fees and frees the brand from headquarters menu restrictions, allowing the company to launch Pizza Hut WOW and a smaller-store format. Because franchisees cover store opening costs, payback periods are shorter, which supports fast, asset-light expansion into lower-tier markets. The move lifted restaurant margin to 15.3% in 3Q and is expected to add more than 50bps in 4Q. Integration benefits should boost EPS in 2027 and help margins reach a mature level of 17% by 2028.

Management's 100% Payout Plan Highlights Defensive Value

With acquisition spending now largely complete, the company has ample liquidity and strong capacity to return cash to shareholders. Free cash flow to equity (FCFE) is expected to turn positive again from 2027. Management also reiterated that it will return 100% of free cash flow to shareholders through dividends and buybacks starting in 2027. This implies a shareholder yield of more than 6%, highlighting the company's defensive value.

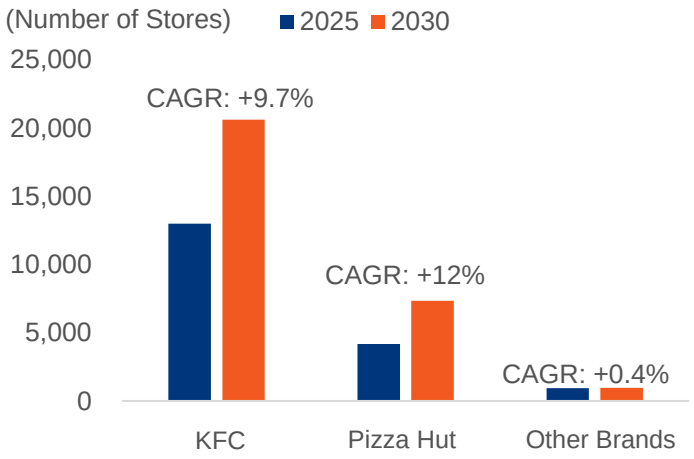
Source: Bloomberg

Financials

	2024	2025	2026F	2027F	2028F
Revenue (USD bn)	11.30	11.80	12.84	13.67	14.45
YoY Growth (%)	3.0	4.4	8.9	6.4	5.7
EPS (USD)	2.33	2.51	2.95	3.37	3.73
YoY Growth (%)	16.5	7.7	17.5	14.3	10.6
RoE (%)	16.7	18.7	19.9	20.2	20.0

Source : Bloomberg

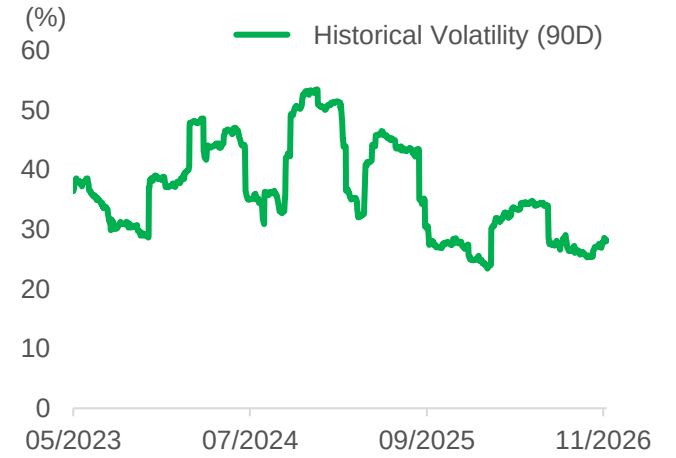
Store Count and CAGR



Forward P/E



Historical Volatility



US Equities

Sector Rotation and Sticky Inflation Highlight Opportunities in High-Quality Value Stocks

- U.S. October core CPI rose 0.3% MoM, above the 0.2% consensus and unchanged from the prior month. Headline CPI rose 0.4% MoM, above the 0.3% consensus but down from 0.6% the prior month.
- U.S. October core PPI rose 0.3% MoM, in line with expectations and down from an upwardly revised 0.8%. Headline PPI rose 0.3% MoM, below the 0.4% consensus and down from an upwardly revised 1.4%.
- Growing concerns over high tech valuations and returns on AI investment have driven rotation into value and defensive sectors such as Energy and Consumer Staples. Persistently high inflation and rising rate-hike expectations have also pushed investors to focus more on current earnings, stable cash flows, and reasonable valuations. This makes companies with pricing power and financial resilience relatively more attractive. Meanwhile, a resilient U.S. economy and labor market, along with tax incentives for equipment investment, should support demand for industrials and machinery. This creates opportunities for earnings growth and valuation recovery in high-quality value stocks.

S&P 500 Growth vs. Value Index Performance



Source: Bloomberg

General Electric Company (GE US)

Closing Price	US$331.81	Target Price	US$380

General Electric Company, operating as GE Aerospace, supplies aircraft engines. The company makes jet and turboprop engines, Colibrium Additive additive manufacturing products, and propellers. It also provides integrated systems for commercial, military, business, and general aviation aircraft, and serves customers worldwide.

Aircraft Shortages and High Utilization Support Multi-Year Aftermarket Demand

Aircraft and engine supply constraints are extending fleet lives, driving demand for engine maintenance, spare parts, and long-term service agreements. GE Aerospace's large CFM56, LEAP, GEnx, and GE90 installed base positions it to benefit, while defense spending adds support for military engines and services.

Major Engine Orders and Services Backlog Lift Earnings Visibility

GE Aerospace signed a record US$12.9bn in sales and service agreements at the 2026 China International Import Expo, including China Eastern's order for 202 LEAP-1A engines for 101 A320neo family aircraft. A commercial services backlog of over US$170bn, rising deliveries, and capacity expansion improve visibility on recurring service revenue and cash flow.

Strong Demand Drives Earnings Growth; Full-Year Outlook Raised

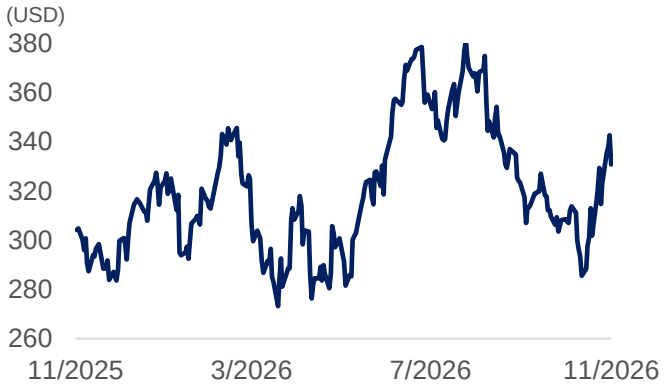
GE Aerospace's 3Q FY2026 adjusted EPS rose 36% YoY to US$2.25, beating consensus by US$0.24. Adjusted revenue grew about 18% YoY to US$13.29bn, US$410mn above expectations. Strong demand and operating performance led management to raise its FY2026 adjusted EPS guidance from US$7.65-7.85 to US$8.00-8.10. It also lifted its adjusted revenue growth outlook from the mid-teens to about 19%-20%.

Valuation Consensus

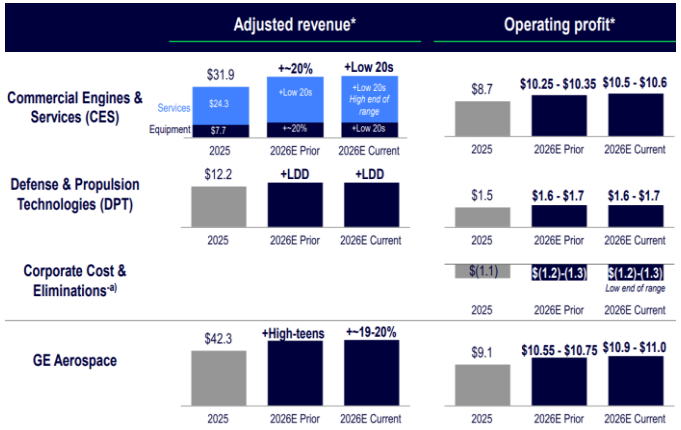
Bloomberg consensus estimates imply an average 12-month target price of US$378.87, with a high target price of US$431 and a low target price of US$280.

Source: Bloomberg, Company

1-Year Price



FY2026 Guidance Raised



Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-53.8	9.5	18.5	11.1	11.9
Operating Margin(%)	19.6	18.2	20.1	24.0	24.3
EPS (USD)	3.35	4.60	6.31	8.16	9.32
Net Profit Margin(%)	10.6	13.0	14.7	16.8	16.9

Source: Bloomberg; 2026/27F are market estimates

PE & PB



Deere & Company (DE US)

Closing Price	US$673.54	Target Price	US$720

Deere & Company manufactures and distributes a range of agricultural, construction, forestry, and commercial and consumer equipment. The company supplies replacement parts for its own products and for those of other manufacturers, and also provides financing for products and parts. It serves customers worldwide.

Replacement Demand and Infrastructure Spending Support Machinery Recovery

As inventories gradually normalize and replacement demand improves, the agricultural equipment cycle is showing signs of nearing a bottom. Tax incentives for equipment investment also lower farmers' after-tax cost of buying new equipment. Beyond agriculture, ongoing infrastructure and data center construction provides extra demand for Deere's construction and forestry business. This gives the company another growth driver while it waits for the agricultural equipment market to recover.

Production Optimization and Precision Ag Lift Recovery Earnings Potential

Deere is cutting excess capacity to manage the downturn while continuing to invest in precision agriculture technology and production efficiency. The company recently announced plans to close its plants in Ottumwa and Clarion, Iowa. Windrower and round baler production will move to Des Moines, and Hagie sprayer production will move to Louisiana, to better match customer demand and improve operating efficiency. Used equipment inventories are improving and precision agriculture is being adopted more widely. Together with disciplined cost and capacity management, this should give Deere operating leverage and earnings growth when demand recovers.

Strong Construction Business Drives Earnings Beat and Full-Year Outlook Raised

3Q FY2026 diluted EPS rose about 7% to US$5.10, and net equipment sales grew 6.2% to US$11.0bn, both above expectations. Management raised the low end of its full-year net income guidance to US$4.75-5.0bn. It still expects 2026 to mark the farm cycle bottom, with U.S. and Canada large ag equipment sales down 15%-20%.

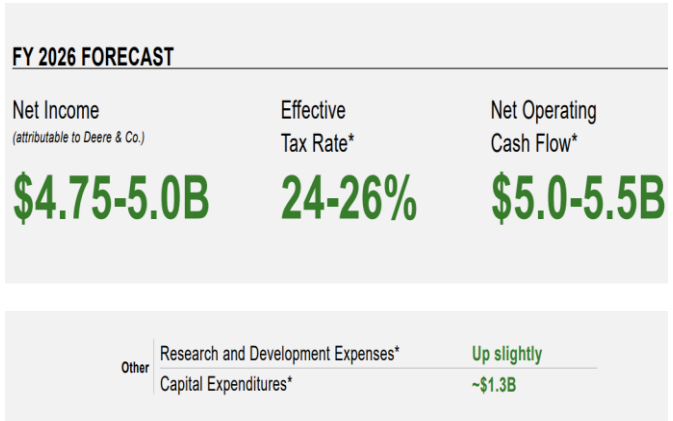
Valuation Consensus

Bloomberg consensus estimates imply an average 12-month target price of US$700.09, with a high target price of US$813 and a low target price of US$580.

1-Year Price



FY2026 Guidance Raised

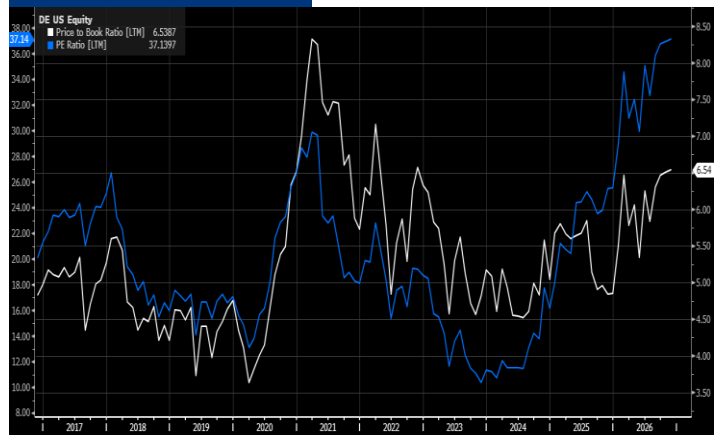


Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	16.5	-15.6	-11.7	-9.9	8.6
EBITDA ratio (%)	29.1	29.1	26.1	18.1	20.0
EPS (USD)	35.14	26.22	18.24	18.09	22.81
Net Profit Margin(%)	16.8	14.0	10.8	11.9	13.63

Source: Bloomberg; 2026/27F are market estimates

PE & PB



Source: Bloomberg, Company

TW Equities

Risk Appetite Recovers; Watch for Valuation Recovery in Taiwan's Sportswear and Leisure Sector

National Stabilization Fund Steps In; Taiwan Equities Halt Declines and Rebound Sharply

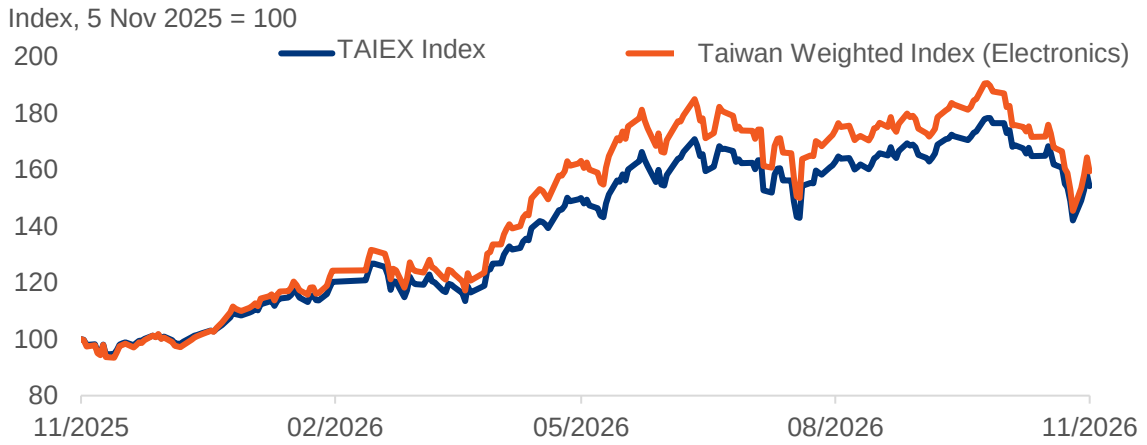
Taiwan equities rebounded sharply this week. The National Stabilization Fund announced its 10th market intervention in history, short-selling restrictions took effect at the same time, and U.S. tech stocks rebounded strongly. Electronics stocks remain the main driver of Taiwan's short-term upside, with heavyweight tech names continuing to gain. It remains to be seen whether the short-term uptrend can be sustained. Within electronics, investors are focusing on 3Q results and October revenue. Rallies look most sustainable in high-end glass fiber fabric, high-end PCBs, thermal management, graphics cards, IP design, test interfaces, and robotics. Financials joined the rotation as the index moved higher, while airline stocks benefited from the pullback in oil prices.

Policy Shift After U.S. Midterms Opens a Valuation Recovery Window for Sportswear and Leisure

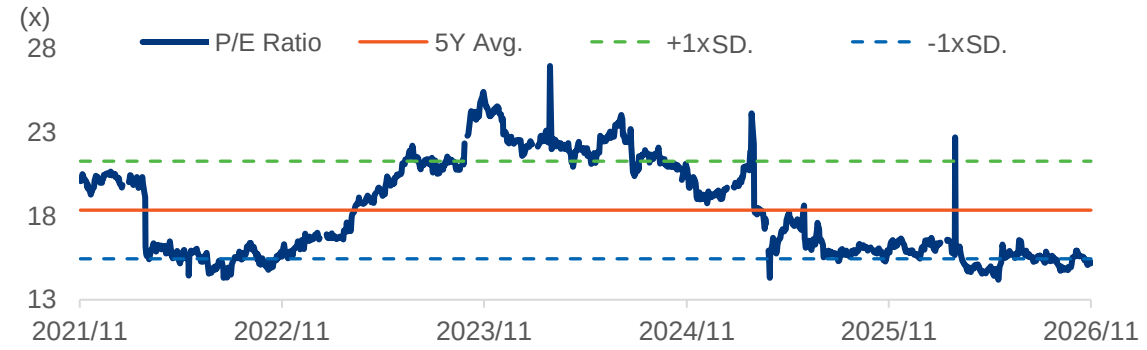
The U.S. midterm results reflected voter frustration with inflation and the high cost of living, with tariffs and rising energy prices as major concerns. With the U.S. now under a divided government, improving household affordability and the consumer environment may be one of the few areas where both parties agree over the next year. That could help stabilize consumer confidence and improve demand. Taiwan's sportswear and leisure supply chain relies heavily on the U.S. market for revenue, so shifts in end demand and brand orders will directly shape the pace of its recovery.

KGI expects industry fundamentals to start improving as early as 3Q27. The sector still faces high inventories, heavier promotional competition, and limited earnings visibility, so near-term fundamentals have not fully recovered. However, most of these negatives are already priced into valuations. Over the next six months, market focus is likely to shift from near-term results to oil prices, consumer confidence, and inventory destocking. With valuations near historical lows and the risk-reward profile improving, Taiwan's sportswear and leisure sector has room for a valuation recovery.

TAIEX Index and Taiwan Electronics Sector Trends



Historical Volatility of Taiwan Sector Indices



Source: Bloomberg

KGI

Eclat Textile Co., Ltd. (1476 TT)

Eclat Textile Co., Ltd. knits, dyes, finishes, and sells fabrics. The company makes functional fabrics, sportswear, and other products, and sells them worldwide.

Solid Order Visibility as Tariff Uncertainty Gradually Fades

Eclat's order visibility remains at about six months, and 4Q26 revenue is expected to keep growing on seasonal strength. There has been no clear pickup in new orders since the U.S. midterms. Even so, management expects brand customers to become less cautious as tariff policy becomes clearer and inflation-control measures take effect. Customers could start adjusting their ordering strategies as early as 1Q27.

Full Capacity and Ongoing Expansion Support a Positive 2027 Growth Outlook

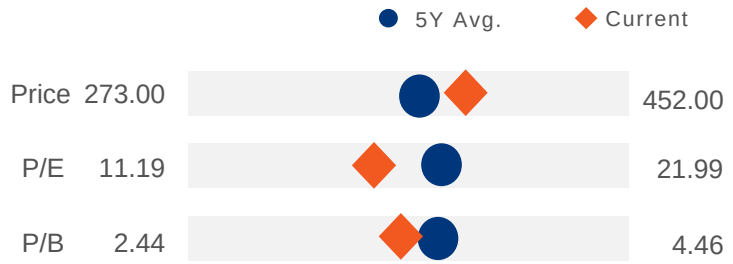
Eclat's capacity remains fully utilized, and the third phase of its Indonesia expansion is on schedule. Capex is expected at NT$600-800mn in 2026, rising to NT$1.0-1.2bn in 2027. The spending will go mainly to the new Indonesia plant and to automation upgrades at the company's Vietnam and Cambodia facilities. KGI expects revenue growth to continue into 2027, supported by new customer wins, higher penetration of new products, and gradual inventory destocking at brands. Together with a steady dividend policy, this keeps the long-term outlook positive.

Financials

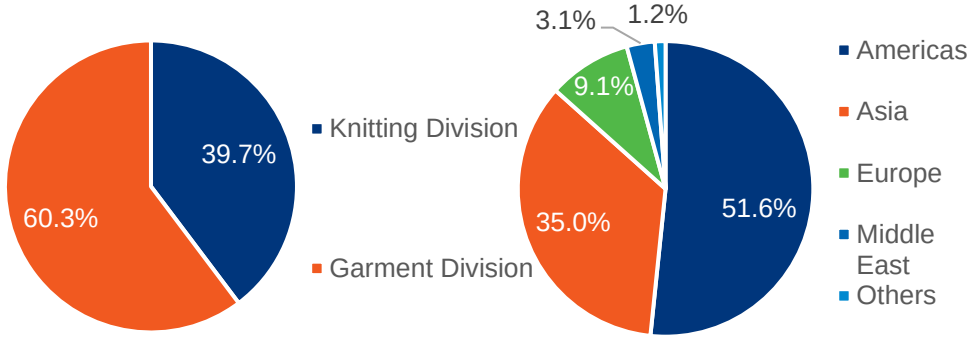
	2024	2025	2026F	2027F	2028F
EPS (NTD)	24.20	20.10	24.45	27.00	30.56
EPS Growth (%)	28.3	-17.0	21.6	10.4	13.2
P/E Ratio	12.8	15.4	12.7	11.5	10.2
ROE (%)	24.3	18.8	22.0	22.9	24.5

Source: Company data, estimates of KGI analyst

Valuations

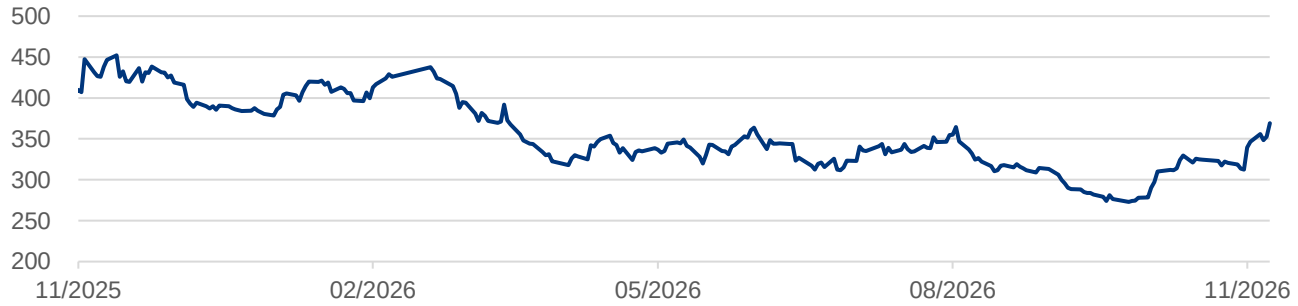


Revenue Sources and Regions



Source: Bloomberg

1-Year Price



As of 12 November 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	8.69	18.27	13.71	7.11	-4.03	-13.38

Makalot Industrial Co., Ltd. (1477 TT)

Makalot Industrial Co., Ltd. mainly makes garments, including underwear, sleepwear, skirts, dresses, shirts, and trousers and shorts. Most of its products are exported to the U.S.

Rising Share of Short Lead-Time Orders Drives Better-Than-Expected Earnings Growth

Makalot's 4Q26 outlook beat market expectations, supported by rising demand for short lead-time orders and a better product mix. The company expects product ASP to rise 5-7% YoY, with gross margin holding at its 26% target. Management said short lead-time orders could account for 15-20% of 4Q26 orders, up steadily since the start of the year. These orders carry gross margins about 3ppts higher than regular orders, which should lift profitability. The company's guidance implies 4Q26 earnings growth of nearly 20%, well above the market consensus of 5-10%.

Tariff Pressure Eases as Supply-Chain Advantages Keep Widening

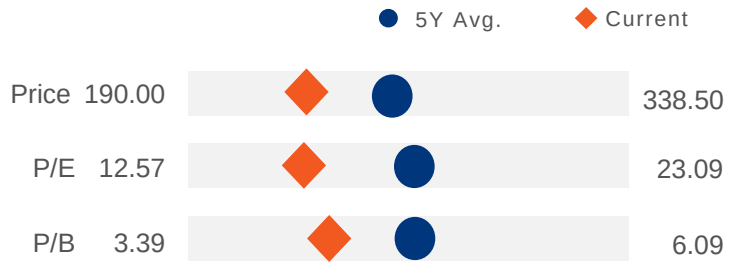
Since March 2026, Makalot no longer needs to share tariff costs with its brand customers, and it expects to gradually recover tariffs it paid earlier. The company is also expanding capacity in Indonesia and Bangladesh. Its long-built supply-chain management capabilities, quick-response production model, and short lead times position it to keep benefiting as brand customers work to cut inventories and improve supply-chain efficiency.

Financials

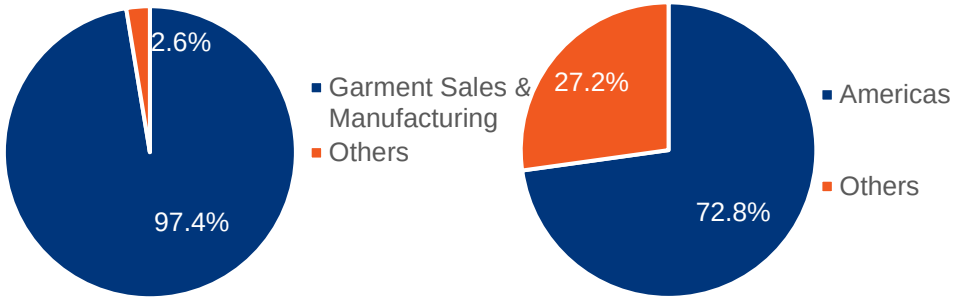
	2023	2024	2025	2026F	2027F
EPS (NTD)	16.50	16.68	14.65	16.51	18.11
EPS Growth (%)	13.6	1.1	-12.2	12.7	9.6
P/E Ratio	19.6	19.4	22.1	19.6	17.9
ROE (%)	25.6	27.0	24.7	27.8	30.5

Source: Company data, estimates of KGI analyst

Valuations



Revenue Sources and Regions



Source: Bloomberg

1-Year Price



As of 12 November 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	0.47	4.87	-1.60	-5.69	-25.30	-25.69

Mutual Funds/ ETFs

Growth Stocks Turn Volatile Near Term; Value Stocks Offer Opportunities

► BlackRock U.S. Value Fund

- Established in January 1997, the fund has a long track record and is one of the few funds focused on U.S. large-cap value stocks.
- A disciplined value-investing approach seeks out undervalued U.S. large-cap companies with untapped potential.
- Adding a value allocation in volatile markets can help balance the risks of growth-oriented assets.
- Apart from Information Technology, the fund's top three sectors lean toward defensive areas such as Health Care.

Product	BlackRock U.S. Value Fund	
Features	■ Focused on a value-investing strategy, targeting companies with attractive valuations and strong intrinsic value ■ Well-diversified portfolio, with no single sector exceeding 25% of total holdings	
AUM	USD 1.023 billion	
3M/YTD Return	1.51% / 17.28%	
Top 5 Sector Allocation (%)	Information Technology Financials Health Care Consumer Discretionary Industrials	19.80 14.70 14.35 12.49 10.66
Top 5 Holdings (%)	Microsoft Amazon.com, Inc. Apple Inc. Merck & Co., Inc. Chevron	8.66 6.88 5.69 2.89 2.59

Source: Bloomberg, KGI

BlackRock U.S. Value Fund

Profile

The fund seeks to maximize total return by investing at least 70% of its total assets in equity securities of companies that are incorporated in, or conduct the majority of their economic activities in, the United States.

Value Investing Strategy

The fund follows a value-investing approach, focusing on undervalued companies with strong intrinsic value. By buying shares of high-quality, stable businesses at attractive valuations, the strategy suits investors seeking stable long-term returns.

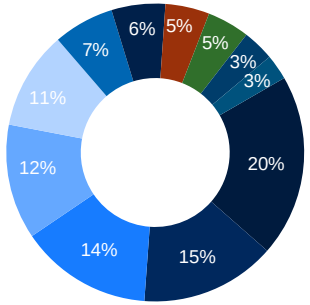
Investment in Large, High-Quality Stocks Across Industries

Apart from the technology sector, the fund's top three sector exposures are relatively concentrated in defensive sectors, such as healthcare.

Diversified Investments

No single sector accounts for more than 25% of the fund's portfolio, while the top 10 holdings represent approximately 38.80% of the portfolio.

Sectors



- Information Technology
- Financials
- Health Care
- Consumer Discretionary
- Industrials
- Consumer Staples
- Energy
- Communication Services
- Other
- Materials
- Utilities

Top-5 Holdings (%)

Microsoft	8.66
Amazon.com, Inc.	6.88
Apple Inc.	5.69
Merck & Co., Inc.	2.89
Chevron	2.59

3Y NAV



Inception	1997/01/08	**AUM**	USD 1.023 bn
Morningstar Category	U.S. Large-Cap Value Stocks	**Fund Type**	Equities
Morningstar Rating	★★★	**3Y SD (Ann.)**	11.30%

As of 11 November 2026	1M	3M	YTD	1Y	2Y	3Y
Cumulative Return(%)	3.66	1.51	17.28	22.68	35.26	66.90
Ranking	3	2	2	1	1	1

Sources: Fund Monthly Report, Morningstar. Monthly report data as of September 30, 2026; share class: A2 USD

Mutual Funds/ ETFs

Short-Term Volatility in Growth Stocks Remains Elevated; Opportunities in Value Stocks Worth Watching

► Wellington Global Health Care Equity Fund

- Wellington is one of the largest asset managers specializing in health care, with a track record dating back to 1984 and more than US$40 billion in assets under management.
- Portfolio Manager Rebecca Sykes is a highly experienced health care investor with more than a decade of asset management experience. The investment team brings expertise across drug development, clinical practice, consulting, and fund management.
- The fund primarily invests in key areas of innovation, including biopharmaceuticals, medical technology, and health care services, seeking attractive risk-adjusted returns.
- Health care spending tends to increase with aging populations and economic development, and these strong secular trends are expected to continue. The fund seeks to capture long-term investment opportunities through flexible allocations across market capitalizations and global health care segments.

Product	Wellington Global Health Care Equity Fund	
Features	■ Capture long-term investment opportunities arising from population aging, growing health care demand, and medical technology innovation ■ Exposure across pharmaceuticals, biotechnology, medical devices, and health care services provides comprehensive diversification across the global health care sector	
AUM	USD 1.1 billion	
3M/YTD Return	6.48% / 15.43%	
Top 5 Sector Allocation(%)	Large-Cap Biopharmaceuticals Mid-Cap Biopharmaceuticals Medical Technology Health Care Services Small-Cap Biopharmaceuticals	52.46 21.31 21.13 5.10
Top 5 Region Allocation(%)	North America Middle East & Europe (ex-UK) UK Japan Emerging Markets	0.10 9.40 73.30 11.90 5.30
Top 5 Holdings (%)	FNMA TBA 6.0% SEP 30YR FNMA TBA 6.5% AUG 30YR FNMA TBA 5.0% AUG 30YR FNMA TBA 5.5% SEP 30YR FNMA TBA 5.5% AUG 30YR	6.10 4.50 2.90 1.70 1.60

Source: Bloomberg, KGI

Invesco Aerospace & Defense ETF (PPA US)

Profile

The ETF tracks the SPADE Defense Index, seeking to deliver investment results that correspond to the performance of the index.

Focused Sector Exposure

The ETF invests in companies involved in the development, manufacturing, operations, and support of the U.S. defense, homeland security, and aerospace industries, offering targeted exposure to these sectors.

Relatively Diversified Holdings

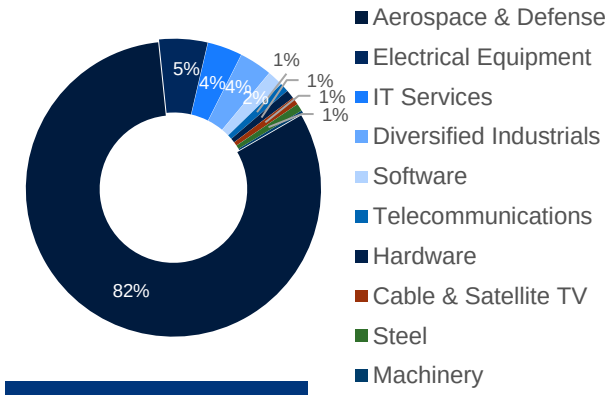
Compared with similar ETFs, the portfolio is relatively diversified, with around 70 holdings and each capped at 10%. Major holdings include General Electric Co., RTX Corp., Boeing Co., and Lockheed Martin Corp., with the top 10 accounting for approximately 62.09%.

Capturing Long-Term Growth in Defense Spending

Focused on the U.S. aerospace and defense industry, the ETF is positioned to benefit from rising geopolitical risks, higher defense budgets, and military modernization, providing exposure to the industry's long-term growth potential.

Inception	2005/10/26	**AUM**	USD 7.61 bn
ETF Category	Equities	**Holdings**	70
Expense Ratio	0.58%	**3Y SD (Ann.)**	16.13%

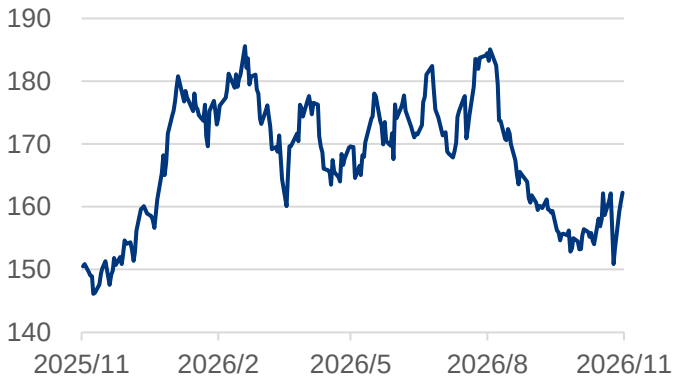
Sectors



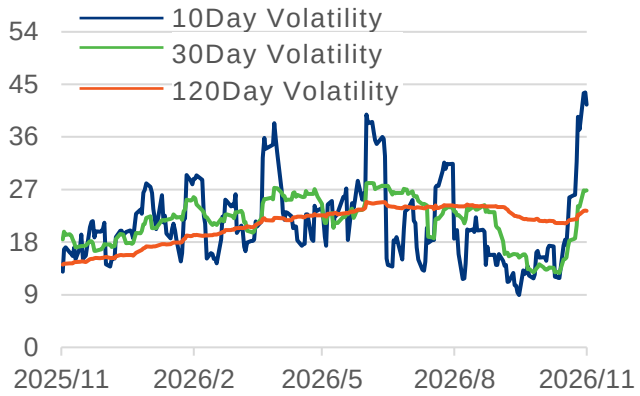
Top-5 Holdings (%)

General Electric Co	9.49
RTX Corp	9.31
Lockheed Martin Corp	9.12
Boeing Co	7.80
General Dynamics Corp	5.47

1-Year Price



1-Year Volatility



As of 11 November 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	4.64	-11.61	3.99	5.21	24.81	17.78

Sources: Bloomberg, November 11, 2026

iShares U.S. Aerospace & Defense ETF (ITA US)

Profile

The ETF tracks the Dow Jones U.S. Select Aerospace & Defense Index, seeking to deliver investment results that correspond to the performance of the index.

■ Focused on U.S. Aerospace & Defense Leaders

The ETF invests primarily in leading U.S. aerospace and defense companies, providing exposure to opportunities driven by rising global defense spending, military modernization, and recovering aviation demand.

■ More Focused Aerospace & Defense Exposure

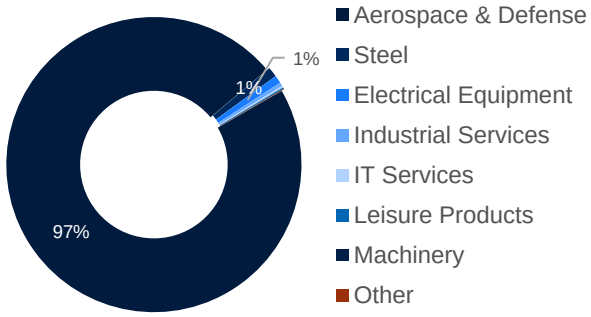
Compared with similar ETFs, ITA has greater exposure to aerospace and defense stocks, which account for approximately 97% of its portfolio. Major holdings such as General Electric Co. and RTX Corp. provide more direct exposure to industry leaders.

■ Low Expense Ratio

The ETF has an expense ratio of 0.37%, relatively low among comparable ETFs, helping investors reduce investment costs.

Inception	2005/05/01	**AUM**	USD 12.45 bn
ETF Category	Equities	**Holdings**	52
Expense Ratio	0.37%	**3Y SD (Ann.)**	18.57%

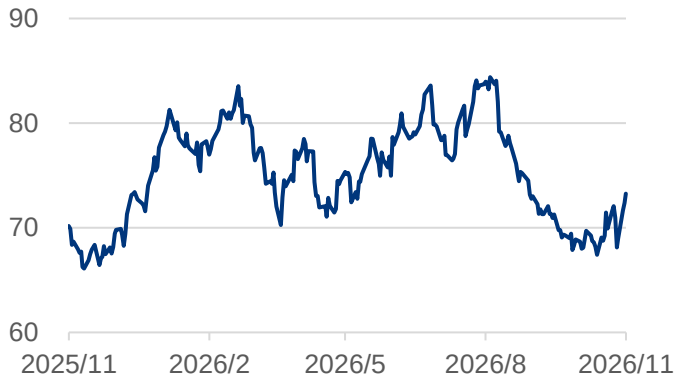
Sectors



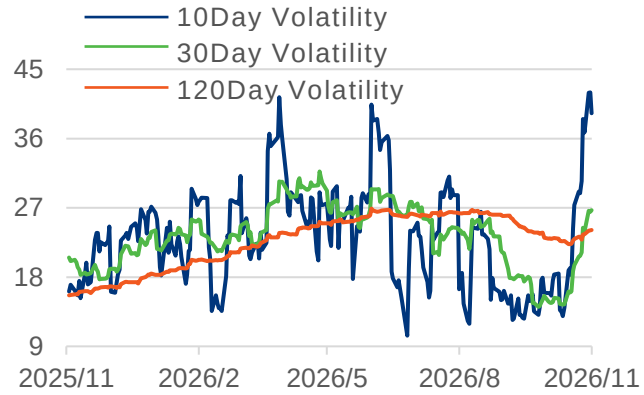
Top-5 Holdings (%)

General Electric Co	21.64
RTX Corp	16.62
Boeing Co	6.66
Lockheed Martin Corp	5.20
TransDigm Group Inc	4.92

1-Year Price



1-Year Volatility



As of 11 November 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	6.32	-12.67	2.60	4.64	25.29	16.46

Sources: Bloomberg, November 11, 2026

Bonds

Strong Fundamentals Provide a Buffer Against Budget Headwinds

► LMT 4.5 05/15/36 (Lockheed Martin) (USD)

- Lockheed Martin is the world's largest defense contractor, providing aerospace, defense, and security solutions. Key products include the F-35 and F-16 fighter jets, C-130J military transport aircraft, Black Hawk helicopters, missile defense systems, and military and commercial satellites. Its four core segments cover Aeronautics, Missiles and Fire Control, Space, and Rotary and Mission Systems.
- 3Q26 results exceeded expectations, with revenue of US$20.7 billion, up 11% YoY, and free cash flow of US$3.0 billion. Supported by solid operating performance, the company raised its full-year guidance to US$80–82 billion in revenue, US$8.575–8.675 billion in operating profit, US$7.8–8.0 billion in free cash flow, and US$10.0–10.2 billion in operating cash flow.
- The company maintains a solid credit profile, supported by a record US$292 billion backlog, stable free cash flow, and declining net leverage. While a Democratic congressional majority could create near-term uncertainty for defense spending, bipartisan support for munitions and readiness programs, together with US$11.25 billion of liquidity, should help cushion the potential impact.
- Credit metrics continue to improve, with net debt/EBITDA declining from around 2.0x in 4Q25 to 1.3x in 3Q26. The sizable backlog provides strong revenue visibility and helps mitigate refinancing risk, while free cash flow remains well above interest expense. As of 3Q26, the company held US$6.0 billion in cash and US$5.25 billion in undrawn revolving credit facilities. S&P upgraded Lockheed Martin's rating outlook from Stable to Positive in May.

Bond	LMT 4.5 05/15/36 (Lockheed Martin) (USD)
ISIN	US539830BK40
Features	Credit metrics continue to improve, supported by a sizable backlog that provides long-term revenue visibility, while free cash flow remains well above interest expense. S&P upgraded Lockheed Martin's rating outlook from Stable to Positive in May.
Maturity	2036/05/15
Next Call Date	2035/11/15
Coupon(%)	Fixed/4.5/Semi-annual
Currency	USD
Years to Maturity	9.51
Credit Rating (Moody's/Fitch/S&P)	A2/A/A-
Seniority	Senior Unsecured
YTM/YTC (%)	5.44/5.48

Source: Bloomberg

LMT 4.5 05/15/36 (Lockheed Martin) (USD)

Lockheed Martin is the world's largest defense contractor, providing aerospace, defense, and security solutions. Its flagship products include the F-35 and F-16 fighter jets, C-130J military transport aircraft, Black Hawk helicopters, missile defense systems, and a broad portfolio of military and commercial satellites.

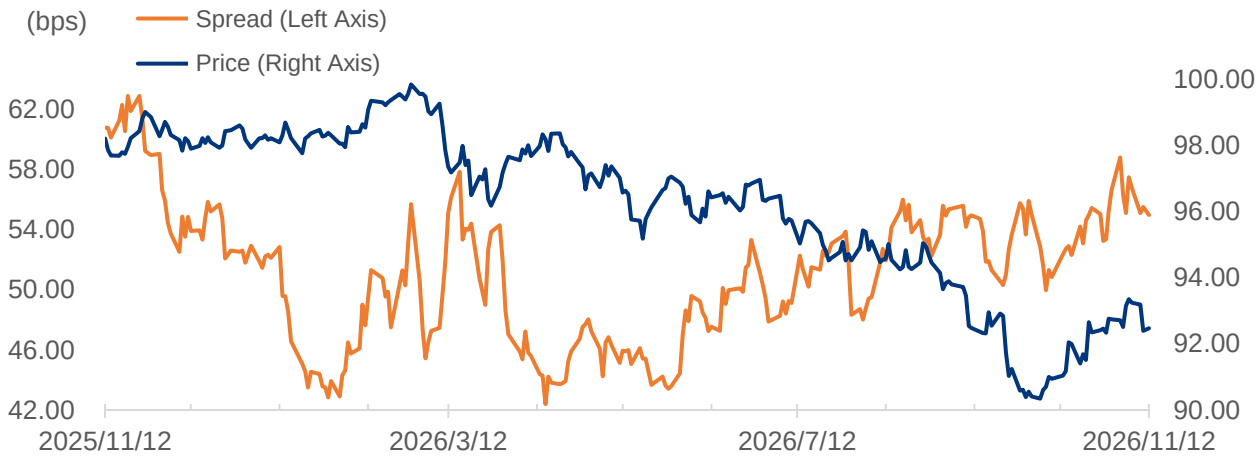
- 3Q26 results exceeded expectations, with revenue of US$20.7 billion (+11% YoY) and free cash flow of US$3.0 billion. Supported by solid performance, the company raised its full-year guidance to US$80–82 billion in revenue, US$8.575–8.675 billion in operating profit, US$7.8–8.0 billion in free cash flow, and US$10.0–10.2 billion in operating cash flow.
- The company maintains a solid credit profile, supported by a record US$292 billion backlog, stable free cash flow, and declining net leverage. Despite near-term defense budget uncertainty, bipartisan support for munitions and readiness programs, together with US$11.25 billion in liquidity, should help cushion the potential impact.
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Financials	2026Q1	2026Q2	2026Q3
Free Cash Flow (US$ 100mn)	-2.91	29.17	29.99
EBITDA Margin (%)	13.66	14.35	13.85
Interest Coverage Ratio	9.15	10.82	10.86

Overview

Name	LMT 4.5 05/15/36	**ISIN**	US539830BK40
Maturity Date	2036/05/15	**Remaining Maturity**	9.51
Coupon(%)	Fixed/4.5/Semi-annual	**YTM/YTC(%)**	5.44/5.48
Currency	USD	**Min. Subscription/Increment**	2,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/A/A-	**Seniority**	Senior Unsecured

Price



Source: Bloomberg, November 12, 2026

Appendix Key Economic Data / Events

► Nov 2026

9 Monday
- China Oct CPI YoY (Act:0.7% Est:0.8% Prev:0.9%)
- China Oct PPI YoY (Act:5.7% Est:5.3% Prev:5.0%)

10 Tuesday
- US Oct CPI MoM (Act:0.4% Est:0.3% Prev:0.6%)
- China Oct Exports YoY (Act:35.2% Est:36.3% Prev:36.3%)

11 Wednesday
- Japan Oct Machine Tool Orders YoY Prelim (Act:42.5% Prev:60.4%)

12 Thursday
- US Weekly Initial Jobless Claims (Act:200k Est:194k Prev:191k)
- US Oct Existing Home Sales (Act:3.75m Est:3.85m Prev:3.97m)
- Japan Oct PPI YoY (Act:7.1% Est:6.5% Prev:6.8%)

13 Friday
- US Oct PPI YoY (Est:6.6% Prev:6.3%)
- Eurozone Q3 GDP YoY Rev (Est:1.3% Prev:1.2%)

16 Monday
- Japan Q3 GDP QoQ Ann (Est:0.2% Prev:1.4%)
- Japan Sep Industrial Prod. MoM Final (Prev:-2.4%)
- Eurozone Sep Industrial Prod YoY (Est:0.4% Prev:-1.1%)
- China Oct Retail Sales YoY (Est:0.8% Prev:1.1%)
- China Oct Industrial Prod. YoY (Est:5.3% Prev:5.5%)

17 Tuesday
- US Oct Retail Sales MoM (Est:0.2% Prev:0.8%)
- US Oct Industrial Prod. MoM (Est:0.1% Prev:0.7%)
- Earnings: HD US、DIS US

18 Wednesday
- Eurozone Oct CPI YoY Final (Est:4.0% Prev:3.8%)
- Earnings: NVDA US、TJX US

19 Thursday
- US Weekly Initial Jobless Claims (Est:197k Prev:200k)
- US Oct FOMC Minutes
- Japan Sep Core Machine Orders MoM (Est:1.7% Prev:5.2%)
- Earnings: PANW US、WMT US

20 Friday
- US Nov U-Mich Sentiment Final (Est:53.3 Prev:48.0)
- Japan Oct CPI YoY (Est:2.5% Prev:2.1%)
- Taiwan Oct Export Orders YoY (Est:62.9% Prev:62.4%)

Source: Bloomberg

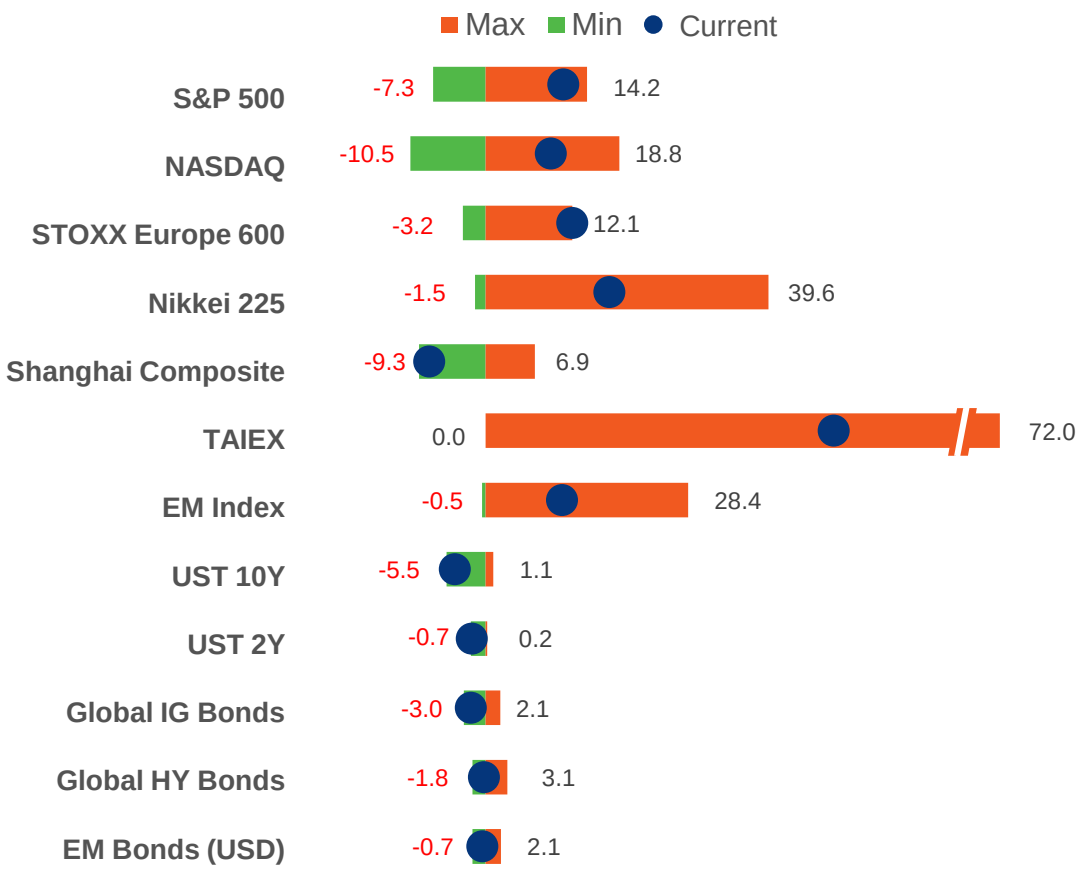
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation	
						Revenue	EPS
2026/11/9	Constellation Energy Corp (CEG US)	9.4B	9.55B	3.86	5.06	V	V
2026/11/9	NRG Energy Inc (NRG US)	9.04B	9.47B	3.38	4.68	V	V
2026/11/10	Occidental Petroleum Corp (OXY US)	6.79B	6.77B	1.45	1.91		V
2026/11/13	Applied Materials, Inc (AMAT US)	10.27B	10.41B	4.06	4.16	V	V
2026/11/13	Cisco Systems, Inc (CSCO US)	18.13B	18.52B	1.32	1.40	V	V

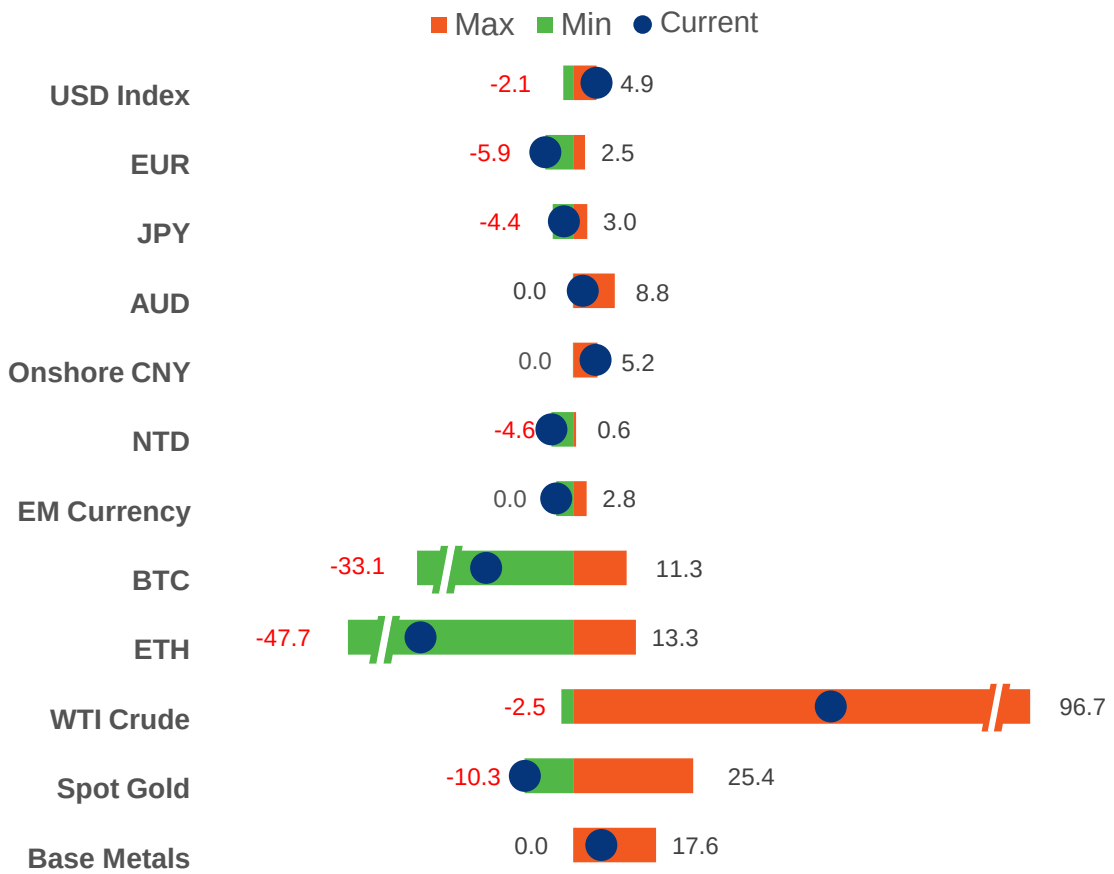
Source: Investing.com

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg, 13 Nov 2026

Technical Analysis

60D MA

S&P 500 Index

- Current: 7,592
- 60MA: 7,671



NASDAQ Index

- Current: 25,366
- 60MA: 26,351



STOXX Europe 600 Index

- Current: 664
- 60MA: 643



Nikkei 225 Index

- Current: 61,821
- 60MA: 65,023



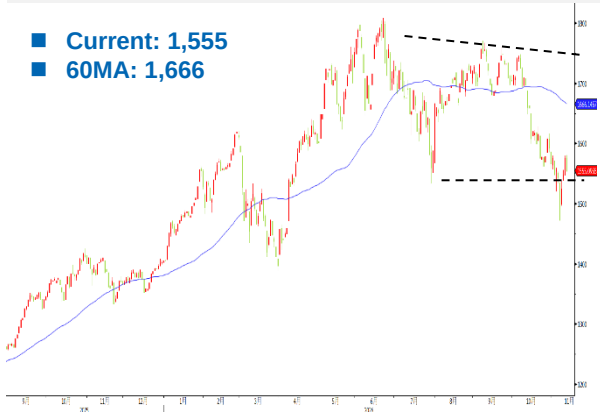
Shanghai Composite Index

- Current: 3,664
- 60MA: 3,818



MSCI Emerging Markets Index

- Current: 1,555
- 60MA: 1,666



Gold

- Current: 3,911
- 60MA: 4,212



WTI Crude

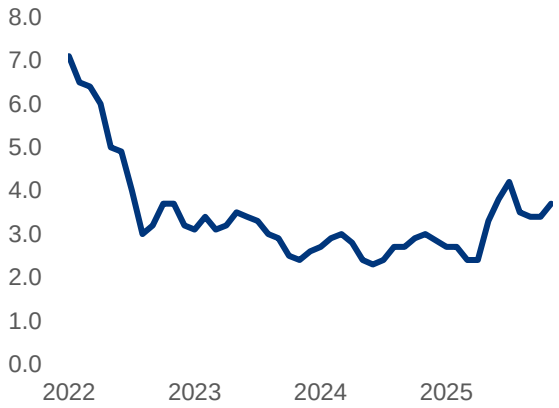
- Current: 88.14
- 60MA: 93.83



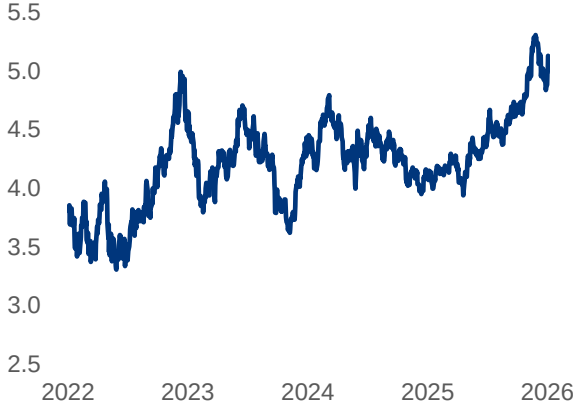
Source: Bloomberg, 13 Nov 2026

Market Monitor

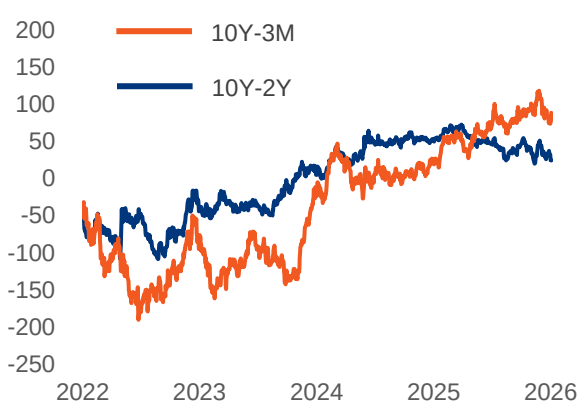
U.S. CPI YoY (%)



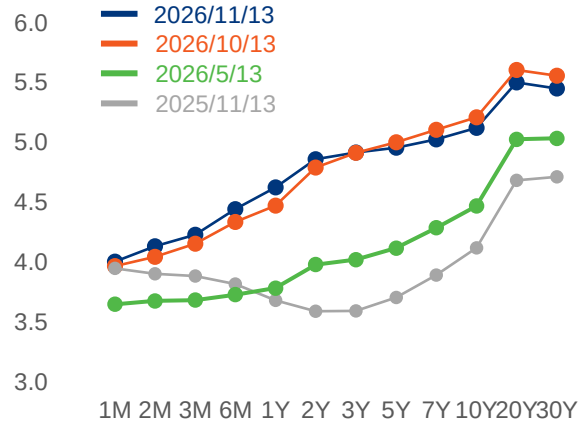
U.S. 10-Year Treasury Yield (%)



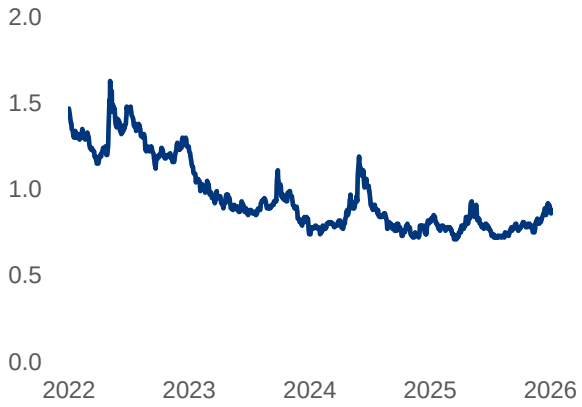
U.S. Treasury Yield Spread (bps)



U.S. Treasury Yield Curve (%)



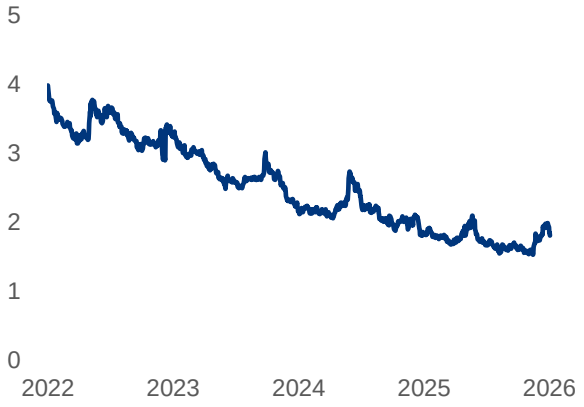
USD IG Credit Spread (%)



USD HY Credit Spread (%)



USD EM Credit Spread (%)



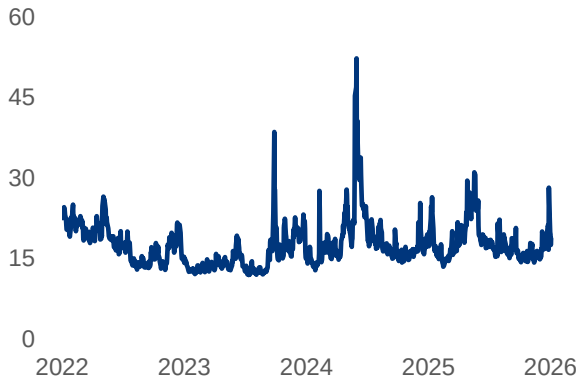
USD Asia Credit Spread (%)



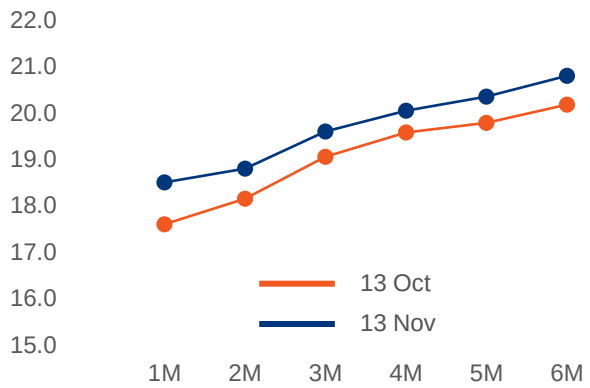
Source: Bloomberg, 13 Nov 2026

Market Monitor

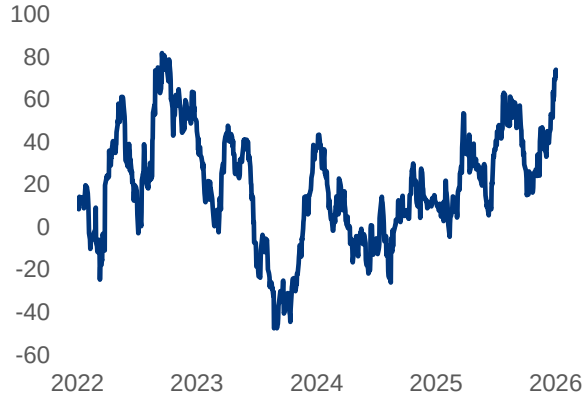
VIX Index



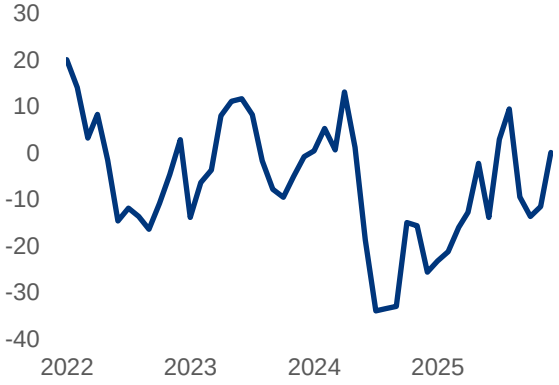
VIX Term Structure



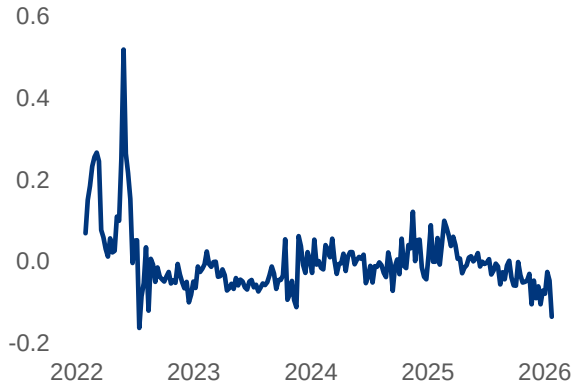
U.S. Citi Economic Surprise Index*



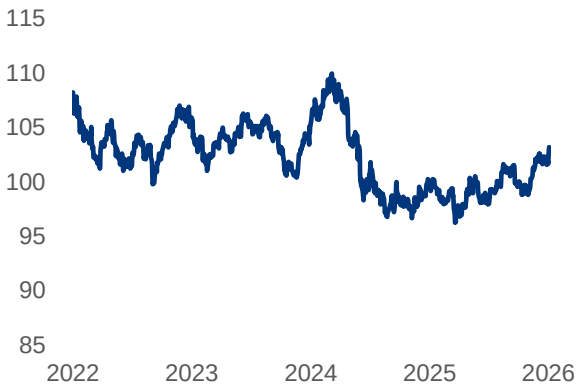
U.S. Citi Inflation Surprise Index*



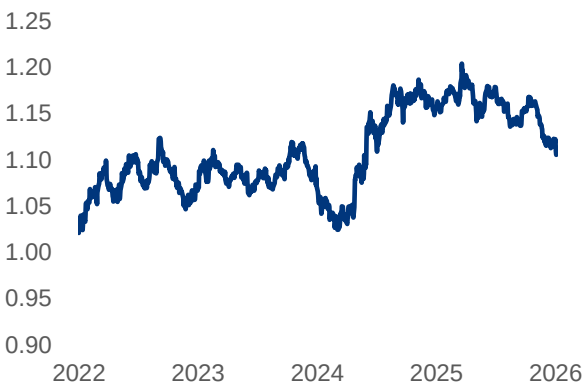
TED Spread (bps)



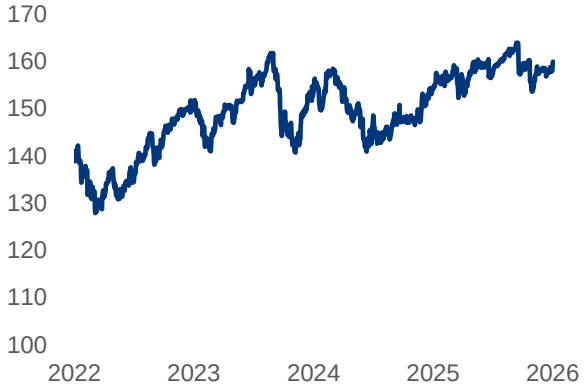
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, 13 Nov 2026

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