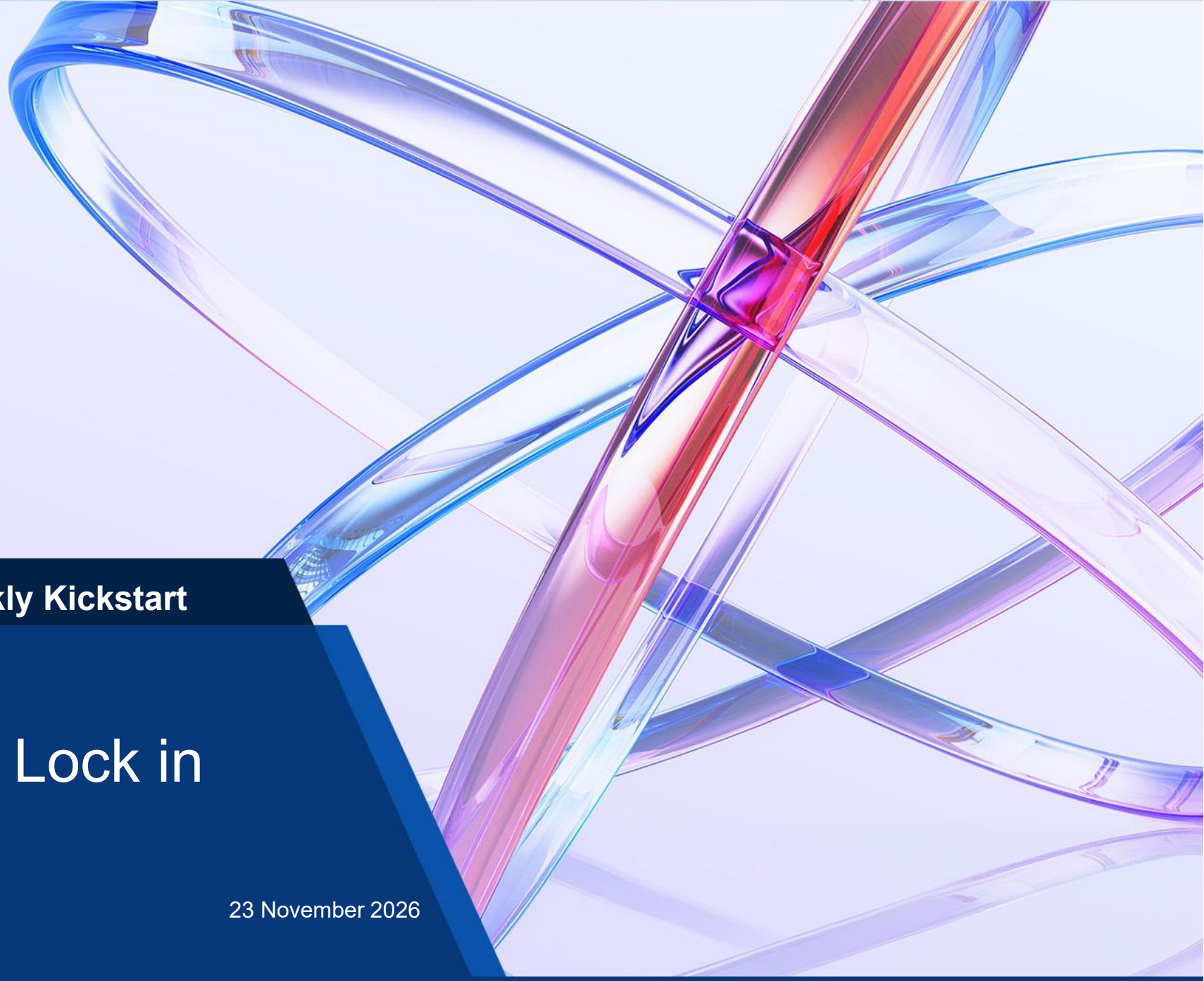
KGI

CIO Office | Global Markets Weekly Kickstart

Smart Bond Plays to Lock in Gains

23 November 2026



01 Market Recap

High Rates and Ongoing Disruptions Keep Market Volatility Elevated



02 What's Trending

NVIDIA's Results Show Resilience; Focus Shifts to Supply-Chain Outlook

Anthropic's IPO Sparks a Rush for Trillion-Dollar Valuations



03 In Focus

Fed Confirms Higher-for-Longer Rates; Lock in Yields with Shorter Rather Than Longer Duration



04 Strategic Viewpoint

Raise Defensive Exposure Near Term; Favor Large Caps over Small Caps



05 Product Spotlight

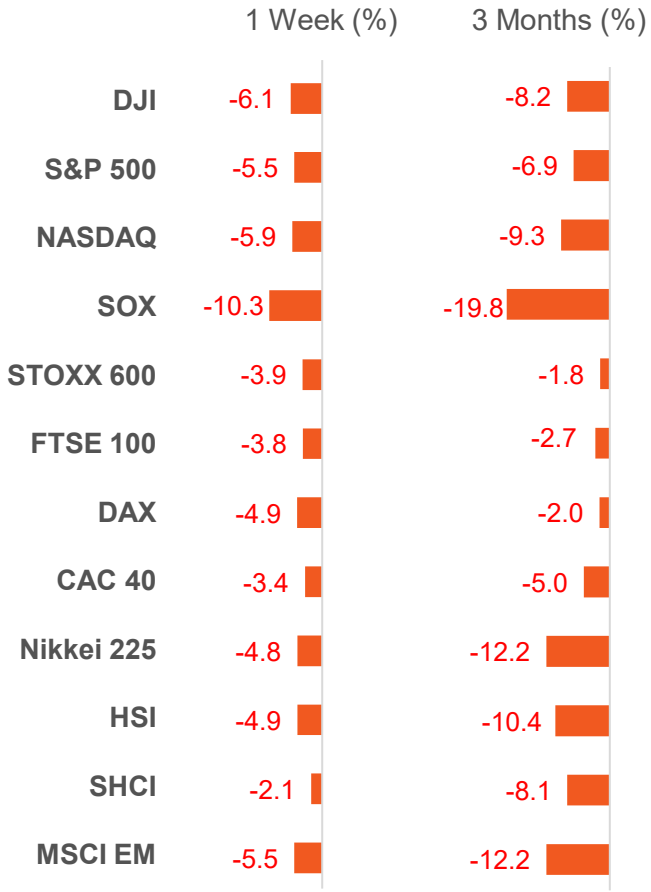
Selection of Equities, Bonds, Funds/ETFs

Market Recap

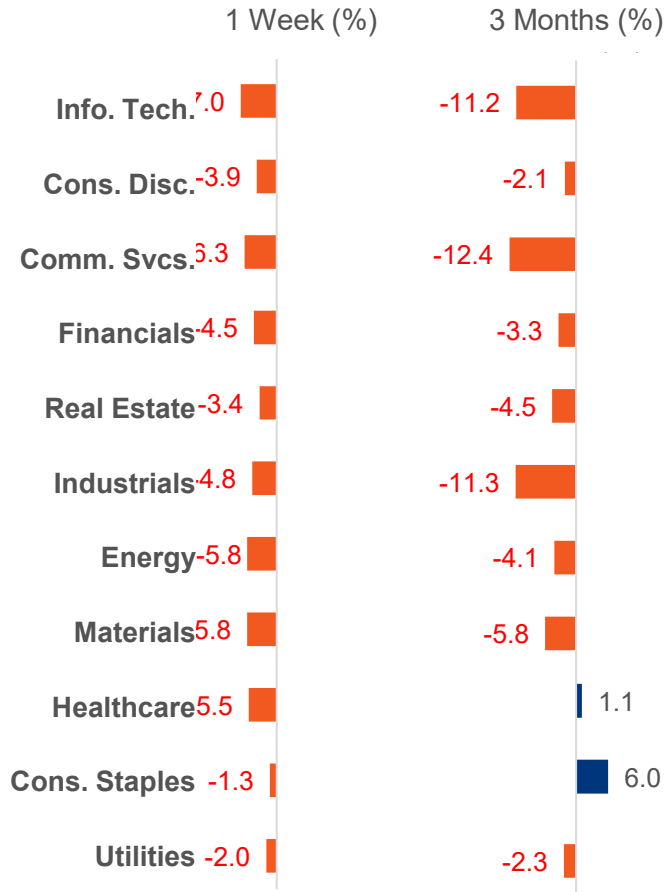
Tech Outlook Concerns Keep Tech Stocks Falling, with Non-AI Sectors Also Dragged Lower

- Investors remain worried about the outlook for AI. NVIDIA's results beat expectations, but its acting CEO stressed capital allocation discipline. Since then, market focus has turned to the risk of lower AI capex and slower earnings growth over the next few years. Anthropic's share price after its large IPO fundraising is also driving shifts in AI valuations. Growing market anxiety deepened the correction in tech-related stocks and the Philadelphia SOX. The sell-off also spread to non-tech sectors, and only some defensive sectors, such as Consumer Staples and Utilities, posted smaller declines.
- Trump attended the APEC summit and met with Chinese President Xi Jinping and Russian President Vladimir Putin. China announced a US$20mn contribution to APEC and emphasized building an Asia-Pacific community. Earlier, however, the U.S. Commerce Department's BIS announced new remote-access security rules for advanced semiconductors. These rules restrict Chinese companies from accessing advanced computing resources through overseas cloud services in third countries. U.S.-China competition in AI is intensifying, and tighter export controls on advanced chips add to potential disruption for tech stocks. Together with uncertainty over the Fed's tightening path and geopolitical conflicts, market volatility is likely to persist.

Regional Index Performance (%)



U.S. Sector Index Performance (%)



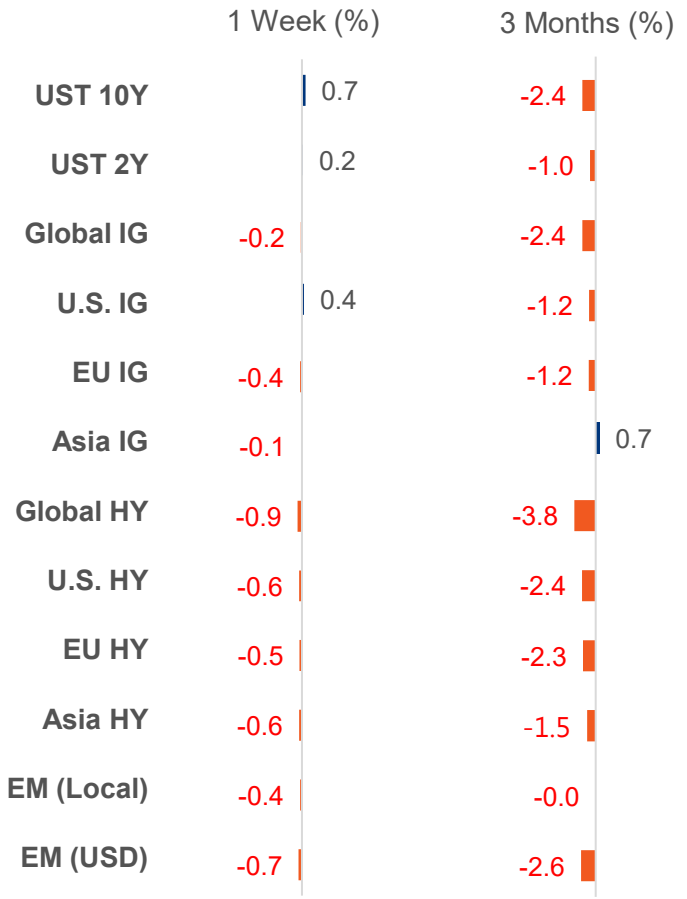
Source: Bloomberg

Market Recap

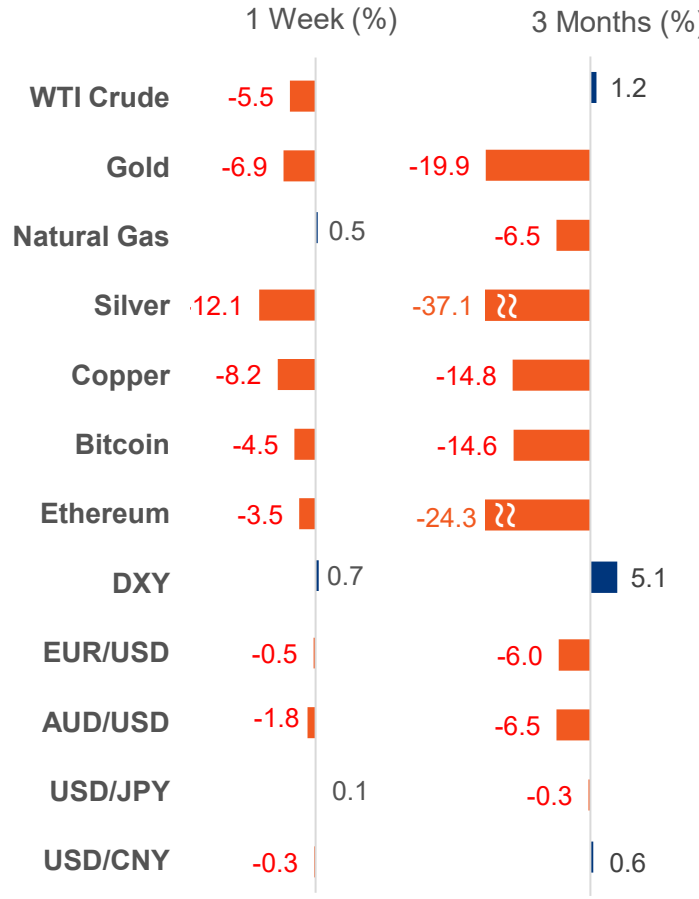
Hawkish Fed Minutes Lift the USD Further; Oil and Gold Weaken

- The Fed's meeting minutes remained hawkish. Some officials said a 50bp hike in December could not be ruled out if high inflation persists and shows signs of picking up. However, falling oil prices helped lower inflation expectations, and the 20-year Treasury auction went smoothly. Treasury yields fell across most maturities. Credit spreads still widened amid market volatility. For U.S. investment-grade bonds, though, spreads widened by less than Treasury yields fell, so IG bonds have recently held up better than high-yield bonds.
- The hawkish tone of the minutes reinforced expectations for further Fed hikes next year. Together with uncertainty over AI investment and geopolitical risks, this is supporting the U.S. Dollar Index in the near term and weighing on major non-USD currencies.
- Middle East tensions flared again. Iran launched drone attacks on U.S. military radar systems, and a vessel was attacked in the Strait of Hormuz. However, the U.S. EIA reported that commercial crude inventories rose 3.4mn barrels last week, more than expected. Oversupply concerns and weaker risk appetite pushed oil prices lower. Meanwhile, Fed rate-hike expectations and a stronger USD also put some pressure on gold prices.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



Source: Bloomberg

What's Trending

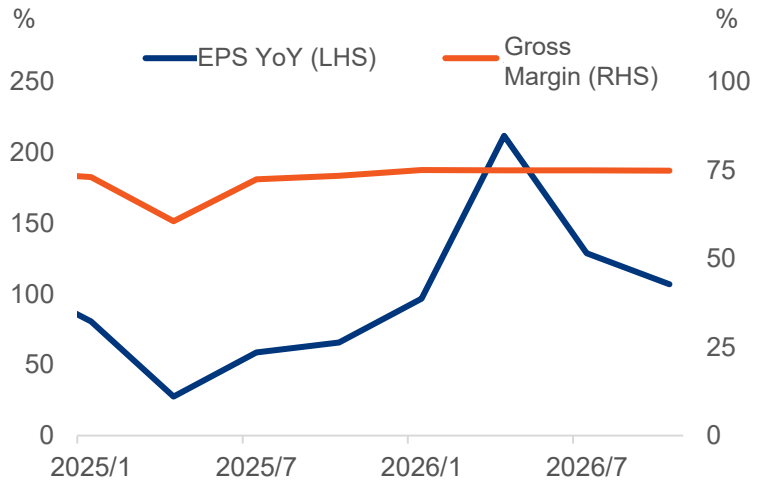
NVIDIA's Results Stay Resilient, but Leadership Transition Adds Uncertainty as Markets Hesitate to Pay Higher Multiples

- NVIDIA's 3Q FY2027 results beat expectations on revenue, EPS, and data center sales. Revenue more than doubled YoY and rose 20% QoQ. Data center revenue grew 21% QoQ to US$107.6bn, with hyperscalers contributing US$60bn.
- The board said Jensen Huang has resigned and will not return, leaving uncertainty around the leadership transition. This creates two potential risks: (1) Funding support for the AI industry: NVIDIA has used its strong profitability to support the AI ecosystem, but markets are questioning how sustainable its revenue is. Until a successor is named, its financing strategy may become more conservative. (2) Export controls: The events have raised concerns about tighter export controls. New management may lack the same ability to lobby the government, and tighter restrictions could hit shipments to Asia and weigh on earnings.
- NVIDIA's EPS doubled YoY with a 75% gross margin, yet its forward P/E has fallen from 40x in 2024 to under 11x. Valuations were already near 15x before the leadership change. Its AI leadership and secured capacity remain strengths, but share losses to custom chips and Democratic efforts to slow AI development could weigh on future demand.

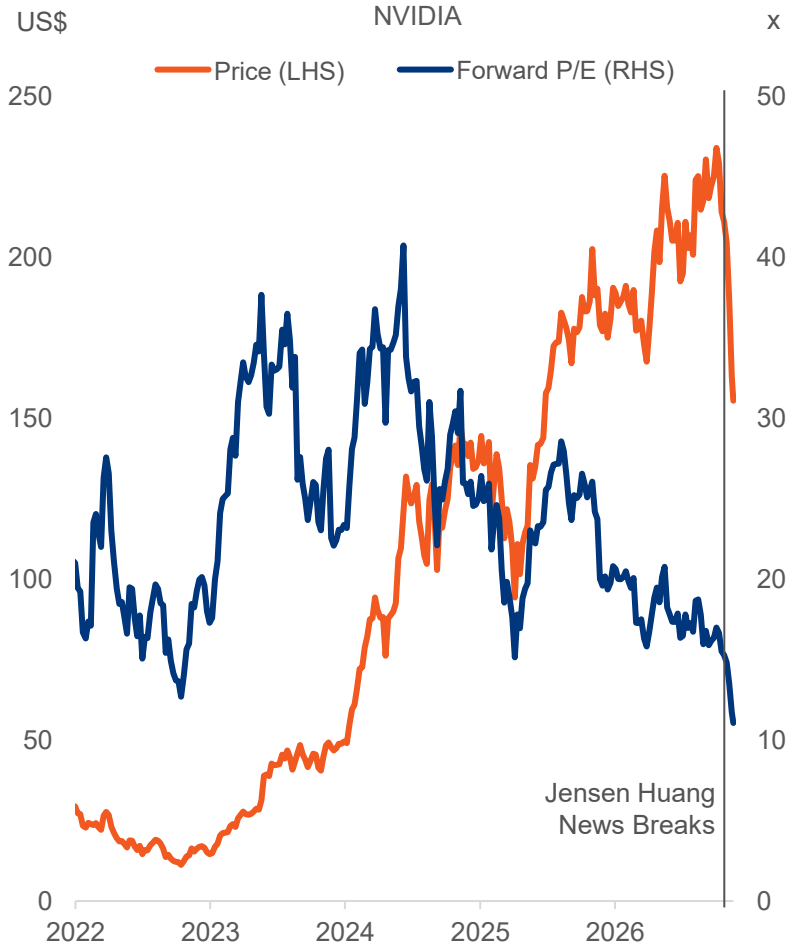
Source: Bloomberg

NVIDIA's Results Beat Expectations

3Q FY27 Financial Metrics	Actual	Consensus	Beat / Miss vs. Consensus
Total Revenue	US$115.8bn	US$109.3bn	Beat +5.9%
EPS	US$2.68	US$2.47	Beat +8.5%
Gross Margin	74.9%	74.0%	Beat +90 bps
Data Center Revenue	US$107.6bn	US$101.9bn	Beat +5.6%



Sustained High Growth Should Warrant a Higher Valuation

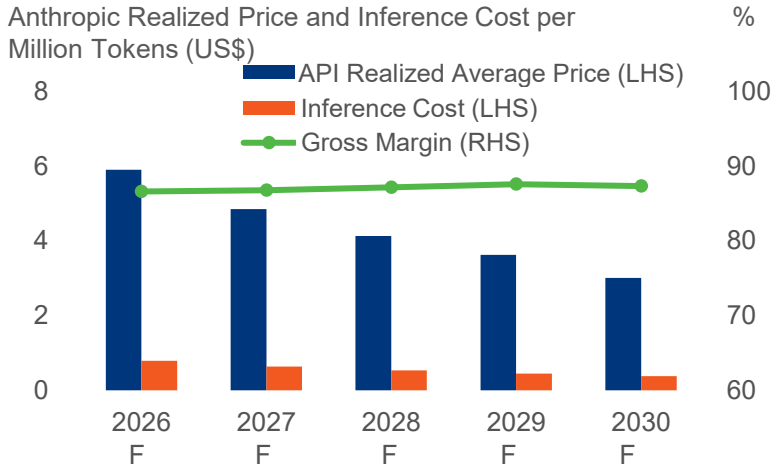


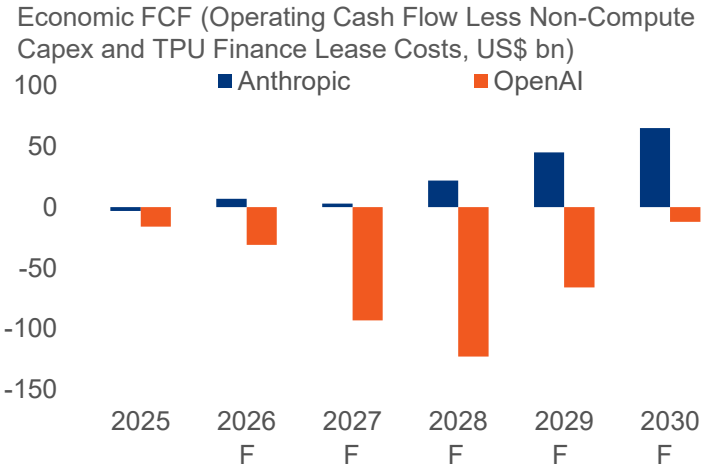
What's Trending

Anthropic's Listing Sparks a Wave of Capital Inflows; Focus on AI Model Market Growth

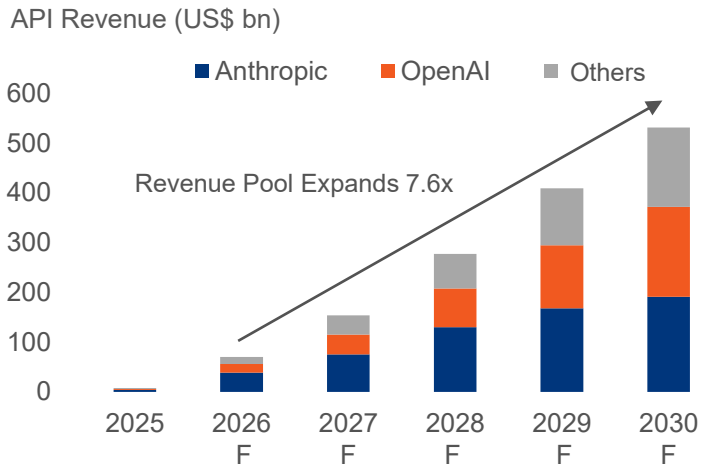
- Anthropic, the developer of the Claude AI models, has gone public. Its IPO was priced at US$83 per share, above the earlier target range. Together with US$26bn in private placements, total fundraising exceeded US$100bn, surpassing SpaceX's IPO record. KGI expects Anthropic's growth to be driven by three factors: (1) Subscription and usage-based pricing: These models should lift revenue at a CAGR of nearly 40% through 2030. (2) Strong demand for compute: Markets are worried about price cuts, but compute supply remains tight. Anthropic's share of tier-1 paid tokens is also well above that of other AI model developers. (3) Improving profitability: Compute costs are recognized before the related revenue. KGI expects earnings to bottom in 1Q27, while economic free cash flow turns positive in 2026 and grows each year after that.
- Anthropic's enterprise NRR of 9x highlights strong business demand, with future growth driven more by companies shifting work to AI than by new subscribers. Recent tech disruptions remain a near-term headwind. Key risks include lower corporate AI budgets, a rapid drop in its tier-1 paid token share, and price cuts outpacing inference cost declines for two straight years.

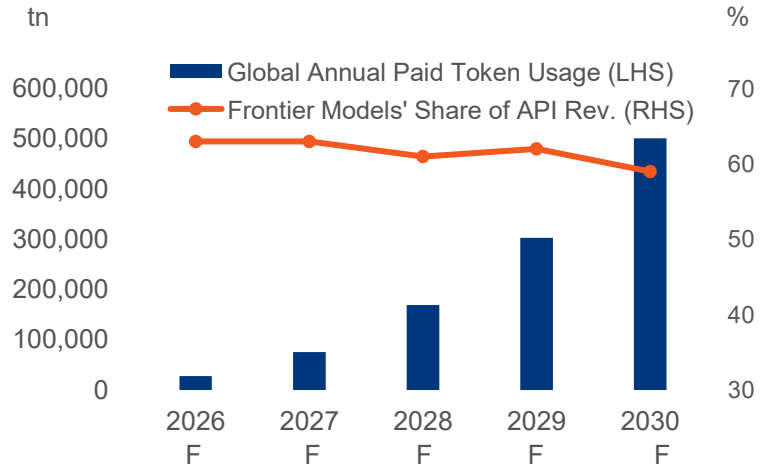
Anthropic's Price Cuts Reflect Volume Leverage, Not Margin Sacrifice





AI Model Market Expected to Keep Expanding





Source: Bloomberg

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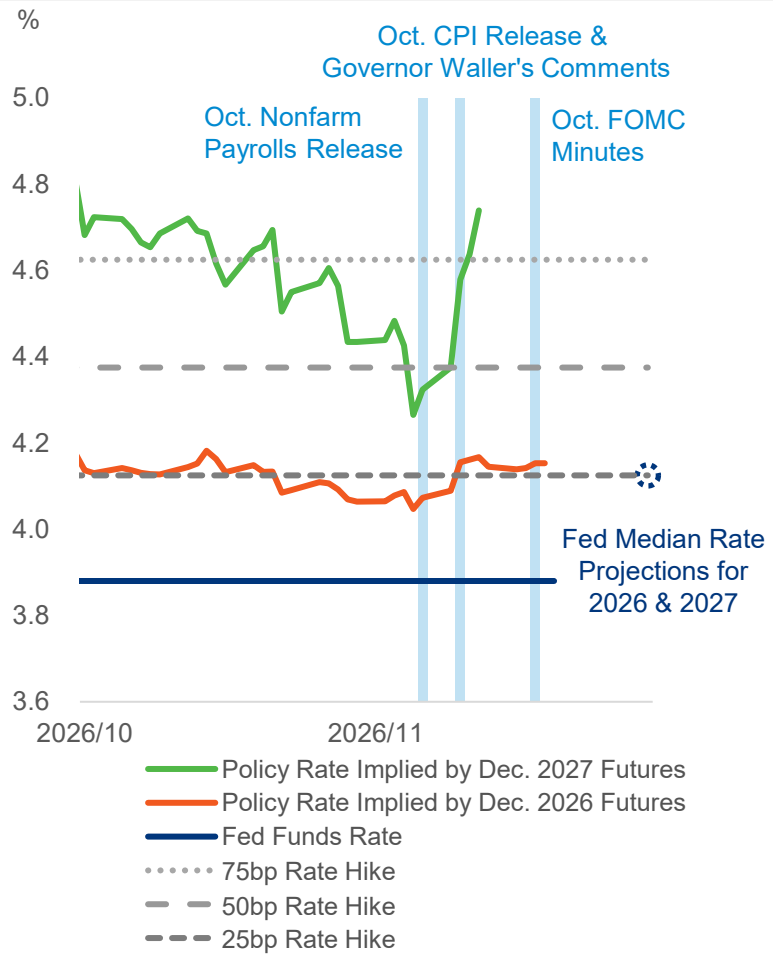
In Focus

Fed Confirms a Steady Economy; High Rates Likely to Persist into the First Half of Next Year

- The Fed's meeting minutes showed that all officials see further rate hikes as necessary if the economy develops as expected. Some officials worried that inflation has become more persistent than previously thought and called for a faster pace of tightening. Two officials also said a 50bp hike may be needed if inflation moves in an unfavorable direction. Rate markets continue to price in a more hawkish policy path.
- On the fiscal deficit, Democratic control of both chambers of Congress creates a divided government, which may block Republicans from passing more spending bills. However, mandatory spending accounts for about 60% of total federal outlays, and that share is set to keep rising. Mandatory spending can only be cut through legislation. Because Democrats hold less than a two-thirds majority in Congress, any bill they pass remains subject to a presidential veto. As a result, a clear improvement in U.S. fiscal discipline looks unlikely.
- Fed hike expectations, rising debt and interest costs, next year's debt ceiling talks, heavy AI bond issuance, and Trump policy uncertainty remain near-term headwinds for Treasuries. We would add Treasury exposure only after the Fed ends its hiking cycle, possibly in 1H next year, and rates peak.

Source: Bloomberg

Markets Still Price In 75bp of Fed Hikes Next Year



Most Fed Officials Maintain a Hawkish Tone

Policy Stance	FOMC Members	2026 Voting Members	Recent Remarks
Dovish	**Warsh (Chair & Governor)**	Permanent Voters	**AI may lift long-term growth, but risks include job displacement, weak returns, and lower valuations.**
	Bowman (Vice Chair for Supervision & Governor)	Permanent Voters	No need to act now; the Fed has time to assess conditions.
	Cook (Governor)	Permanent Voters	Supply shocks are lasting longer and becoming more frequent.
Neutral	Jefferson (Vice Chair & Governor)	Permanent Voters	Policy changes need careful data review; more time is needed to assess risks.
	Powell (Governor)	Permanent Voters	
Hawkish	Williams (New York Fed)	Permanent Voters	Strong economy, high inflation; no need for aggressive tightening, but inflation is moving the wrong way.
	Paulson (Philadelphia Fed)	Rotating Voters	Supports gradual hikes to cool inflation.
	Barr (Governor)	Permanent Voters	Further policy adjustments may be needed to address inflation risks.
	Kashkari (Minneapolis Fed)	Rotating Voters	Will do whatever it takes to return inflation to target.
	Hammack (Cleveland Fed)	Rotating Voters	Prefers steady hikes, but may speed up if inflation worsens.
	Waller (Governor)	Permanent Voters	Inflation spreading to services; backs a 50bp December hike if core CPI stays at 0.3%+ MoM.
	Logan (Dallas Fed)	Rotating Voters	Faster hikes likely in winter; at least two more needed.

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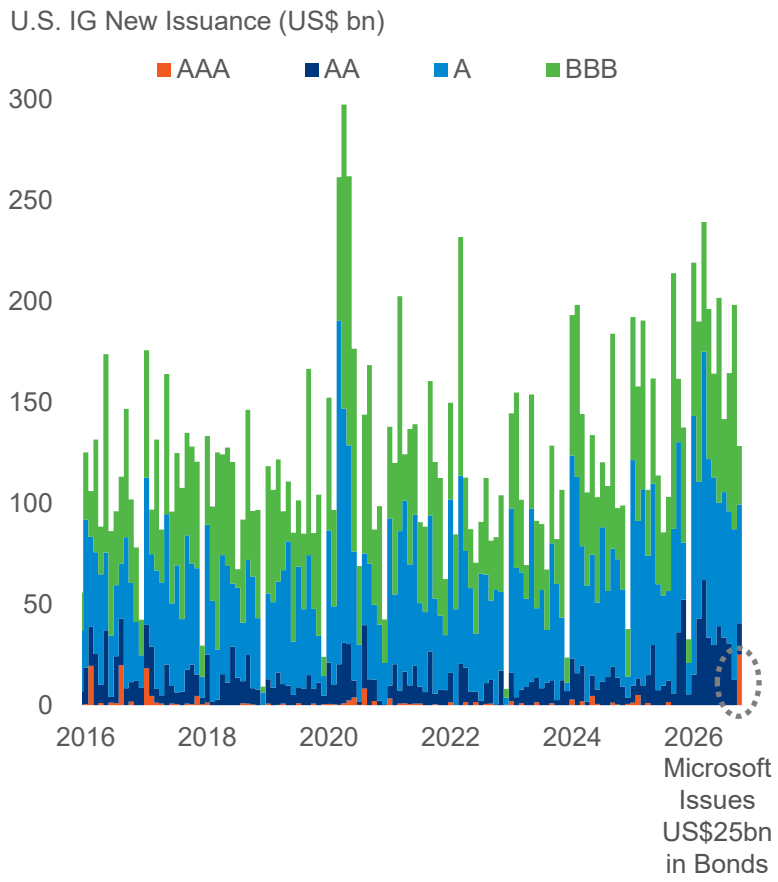
In Focus

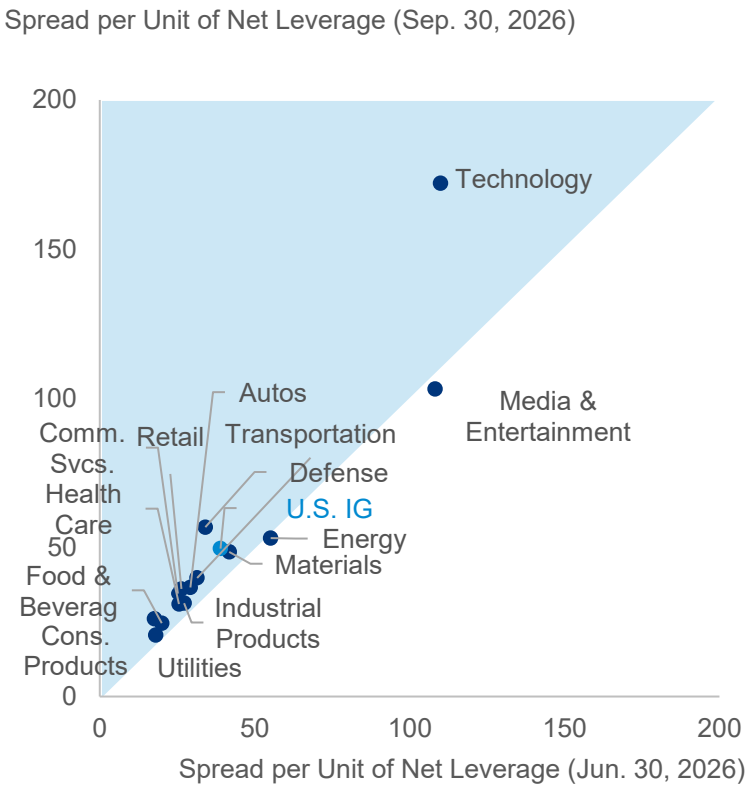
Corporate Bond Issuance to Continue; Lock In Quality Bonds When Rates Rise

- The Fed has confirmed that the economy remains strong. In recent months, major U.S. tech companies such as Apple and Microsoft have both issued bonds. Heavy bond supply and weaker risk appetite have pushed U.S. investment-grade bond yields steadily higher. With AI capex expected to continue next year, overall U.S. investment-grade corporate issuance should stay near historical highs. Short- and intermediate-duration investment-grade bonds remain our preferred choice. Investors can gradually add intermediate- and long-duration bonds once rates peak in the first half of next year.
- Large U.S. companies continue to post strong earnings growth. IG issuer leverage has held steady this year while spreads widened only slightly, and solid credit fundamentals should limit further widening. We favor A- to BBB-rated corporate bonds in sectors with positive risk-adjusted spreads, such as Banks, Cons. Disc., Utilities, and Communications, to lock in attractive yields. Sectors with low correlation to tech, such as Energy, Cons. Staples, Utilities, and Capital Goods, can help diversify risk. Tech IG bonds have solid credit quality and limited default risk, but given heavy issuance, we suggest holding them to maturity rather than trading them.

Continued AI Financing Adds to Credit Market Volatility



Stable Leverage and Slightly Wider Spreads Reflected in Credit Metrics



Source: Bloomberg, Note: Spread per unit of net leverage is a credit metric calculated as the average credit spread divided by net leverage

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. CPI also came in above expectations, strengthening market expectations for further Fed hikes, and Fed officials remain inclined to keep 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, Consumer Discretionary, Communications, and Utilities sectors.	**Bond Types:** Short- to intermediate-term investment-grade bonds to lock in yields, with a focus on Financials, Consumer Discretionary, Communications, and Utilities
Forex	◆ 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.	Bargain Hunting Supports Gold; Bullish Medium to Long Term

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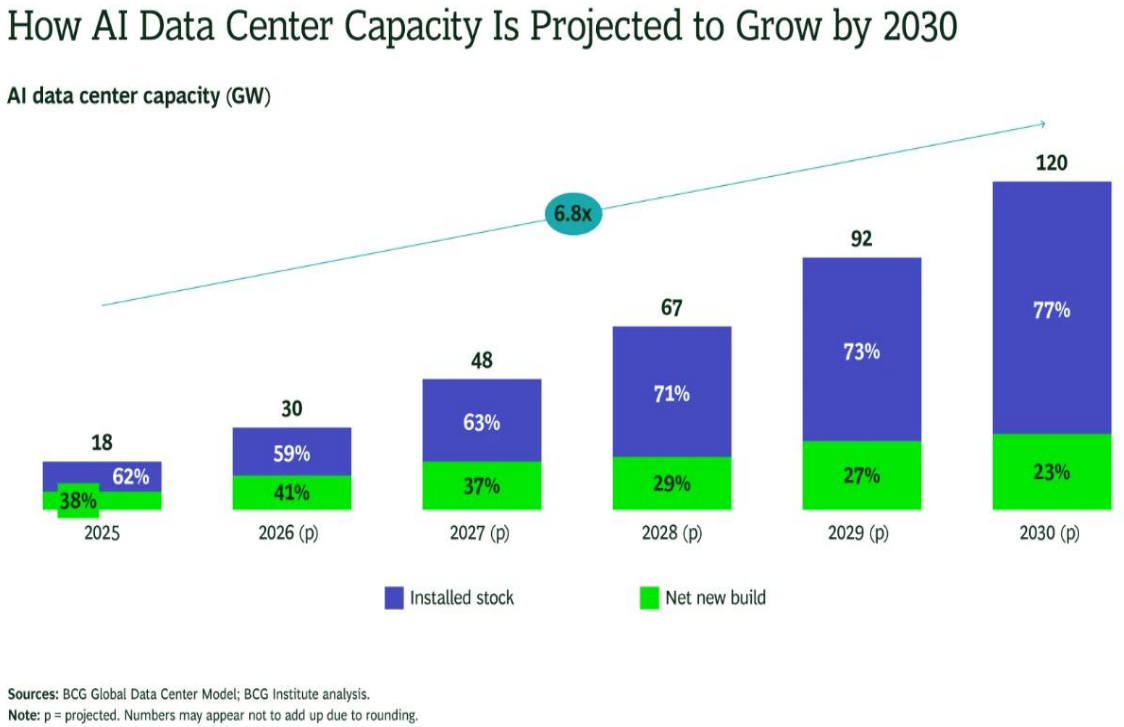
US Equities

Investment Opportunities Amid Expanding AI Compute Demand and Supply Chain Diversification

- U.S. retail sales rose 0.2% MoM in October, exceeding market expectations of 0.1%, although slowing from 0.8% in the prior month.
- The minutes of the October FOMC meeting conveyed an overall hawkish tone. Although the Committee voted 10-2 to maintain the federal funds target range at 3.75%-4.00%, nearly all participants believed that further rate hikes could be appropriate, with differences centering on the timing and magnitude of additional tightening. Policymakers continued to cite inflationary pressures stemming from energy prices, tariffs, and AI-related investment demand, while resilient consumption, investment, and labor market conditions provided scope for maintaining a restrictive policy stance. Officials also highlighted concerns over AI-related debt growth and valuation risks. The Fed emphasized that its December policy decision will depend on incoming inflation, employment, and financial market data, and that the October pause should be viewed as an opportunity to assess conditions rather than a signal that tightening has ended.
- The final University of Michigan Consumer Sentiment Index rose to 51.5 in November, slightly below market expectations of 51.6 but above the previous reading of 48.0.
- As generative AI, intelligent agents, and enterprise AI applications continue to gain adoption, demand for computing power is expected to expand further, supporting investment in data centers, high-performance semiconductors, and high-speed networking infrastructure. U.S. tax incentives for equipment investment also provide support for related capital expenditures. Meanwhile, strategic uncertainty following Jensen Huang's departure from NVIDIA could accelerate supplier diversification among major cloud providers, creating additional opportunities for alternative GPU platforms, custom AI chips, and networking solutions. Although the sector continues to face risks from interest rates, export controls, and market sentiment, companies with technological leadership, strong execution capabilities, and healthy cash flow generation are well positioned to benefit from expanding AI infrastructure demand and supply chain diversification, supporting their medium- to long-term investment appeal.

Projected AI Data Center Capacity Growth



Sources: BCG Global Data Center Model; BCG Institute analysis.
Note: p = projected. Numbers may appear not to add up due to rounding.

Source: Bloomberg

Advanced Micro Devices, Inc. (AMD US)

Closing Price	US$424.39	Target Price	US$640

Advanced Micro Devices, Inc. (AMD) develops microprocessors, embedded processors, chipsets, graphics processors, and multimedia products. The company outsources wafer fabrication to third-party foundries and provides assembly, testing, and packaging services worldwide.

AI Infrastructure Spending and Supplier Diversification Expand AMD's Opportunity

Global investment in AI infrastructure continues to expand rapidly. IDC forecasts AI-related spending to reach US$521 billion in 2026, up approximately 63% YoY, surpass US$1 trillion in 2029, and rising to US$1.33 trillion by 2030. Following Jensen Huang's departure, uncertainty surrounding NVIDIA's leadership transition could encourage hyperscale cloud providers to diversify GPU procurement and reduce reliance on a single platform, creating opportunities for AMD.

MI450 and Helios Adoption Accelerates, While AI Enhances Development Efficiency

AMD continues to advance its AI product portfolio. Following the launch of the Instinct MI450 series, Anthropic, Meta, Microsoft, OpenAI, and Oracle have begun running workloads on initial Helios rack-scale systems, supporting future growth. AMD has also leveraged OpenAI models to optimize its flagship GPU IP designs, achieving up to 14% improvements in power, performance, and area (PPA) while shortening development cycles from roughly one year to less than five months. Some enhancements have already been incorporated into production designs, improving efficiency and accelerating time-to-market.

Data Center Revenue Nearly Doubles as 4Q Growth Expected to Accelerate

In 3Q FY2026, AMD reported revenue of US$13.38 billion, up approximately 45% YoY and US$290 million above consensus. Non-GAAP EPS reached US$2.09, up 74% YoY and US$0.15 above expectations. Data Center revenue rose 97% YoY to a record US$8.5 billion, driven by EPYC processors and the Instinct MI450 launch. Management expects 4Q FY2026 revenue of approximately US$17.0 billion, plus or minus 3%, implying roughly 66% YoY and 27% QoQ growth at the midpoint. Non-GAAP gross margin is expected to be 55%, compared with 56% in 3Q.

Valuation Consensus

Bloomberg consensus estimates imply an average 12-month target price of US$658.29, with a high target price of US$1,250 and a low target price of US$490.

Source: Bloomberg, Company

1-Year Price



Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-3.9	13.7	34.3	50.7	85.2
EBITDA ratio (%)	18.6	21.1	20.4	30.2	35.5
EPS (USD)	0.64	1.18	2.51	8.12	17.84
Net Profit Margin(%)	4.6	7.5	11.8	25.8	31.4

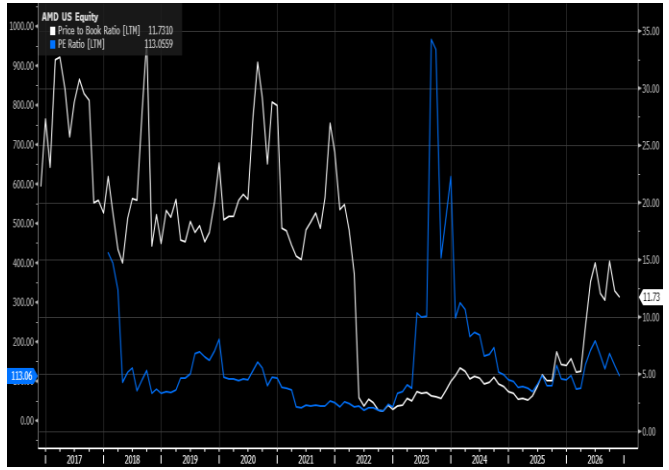
Source: Bloomberg; 2026/27F are market estimates

4Q FY2026 Guidance

Financial Outlook – NON-GAAP(1)

	Q4'26
Revenue	~$17 Billion +/- 3%
Gross Margin	~55%
Operating Expenses	~$3.75 Billion
Other Income (Expense) net of Interest Expense	~$4 Million
Effective Tax Rate	13% of pre-tax income
Diluted Share Count(2)	~1.67 Billion shares

PE & PB



Broadcom Inc. (AVGO US)

Closing Price	US$304.41	Target Price	US$400

Broadcom Inc. designs, develops, and supplies semiconductor and infrastructure software solutions. Its products include digital and mixed-signal CMOS devices and analog III-V components for enterprise and data center networking, home connectivity, broadband access, and telecommunications equipment.

AI Infrastructure Capex and Diversified Architectures Support ASIC Demand

Global AI infrastructure spending continues to expand rapidly. IDC forecasts the market to grow from US$521 billion in 2026 to US$1.33 trillion by 2030. Meanwhile, hyperscale cloud providers are increasingly adopting architectures that combine GPUs, custom accelerators, and high-speed networking to improve performance-per-dollar, reduce power consumption, and diversify supplier exposure. Jensen Huang's departure could further reinforce this trend. As cloud providers increase investments in custom XPUs, TPUs, and Ethernet networking, Broadcom is well positioned to benefit.

Custom Accelerators and Networking Scale to Multi-Gigawatt Deployments

Broadcom continues to gain from the adoption of custom AI architectures. In 3Q FY2026, AI semiconductor revenue rose 221% YoY to US$16.7 billion, with management expecting a further increase to US$21.7 billion in 4Q. Long-term visibility has improved through major deployment projects, including Anthropic's multi-gigawatt rollout of Google/Broadcom TPUs starting in 2027 and a US$63 billion financing framework supporting Broadcom's XPU accelerators and networking equipment. Broadcom's jointly developed Jalapeño inference accelerator with OpenAI has also demonstrated superior performance-per-watt and been incorporated into a 10GW multi-year accelerator and networking deployment plan, further strengthening its position within hyperscale AI infrastructure.

AI Growth Drives Earnings Beat, While 4Q Guidance Slightly Misses Expectations

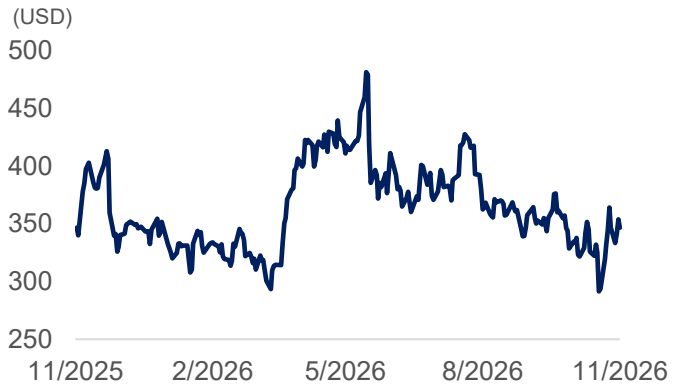
In 3Q FY2026, Broadcom reported revenue of US$29.59 billion, up 85.5% YoY and approximately US$160 million above consensus. Non-GAAP EPS reached US$3.32, up 96% YoY and US$0.08 above expectations. Management expects 4Q revenue of approximately US$34.8 billion, implying 93% YoY growth but slightly below market forecasts, while Non-GAAP operating margin is projected at roughly 66%. Looking ahead to FY2027, management expects AI semiconductor revenue to reach approximately US$115 billion, underscoring AI as the company's primary growth driver.

Valuation Consensus

Bloomberg consensus estimates imply an average 12-month target price of US$518.83, with a high target price of US$630 and a low target price of US$215.88.

Source: Bloomberg, Company

1-Year Price

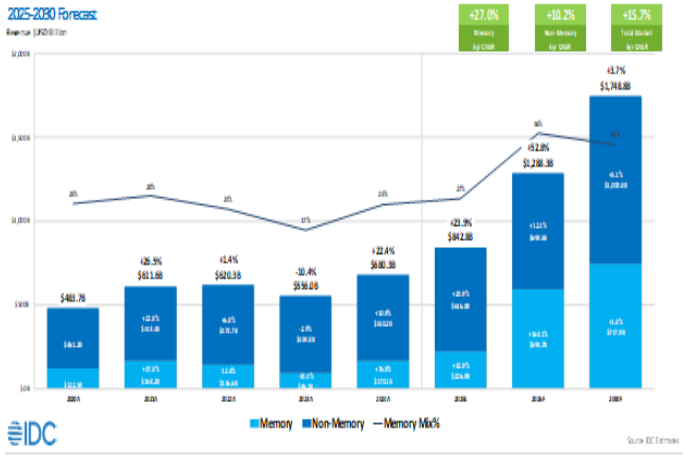


Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	7.9	44.0	23.9	65.8	65.20
EBITDA ratio (%)	57.6	50.4	55.0	68.2	66.6
EPS (USD)	3.38	2.62	5.29	11.67	19.28
Net Profit Margin(%)	40.3	24.3	40.2	54.4	53.9

Source: Bloomberg; 2026/27F are market estimates

Global Semiconductor Market Size



PE & PB



TW Equities

Safe-Haven Demand Drives Rotation into Defensive Sectors; Focus on Non-AI Opportunities in TW

NVIDIA Earnings Fail to Reverse Selling Pressure, While Taiwan Equities Remain Under Pressure

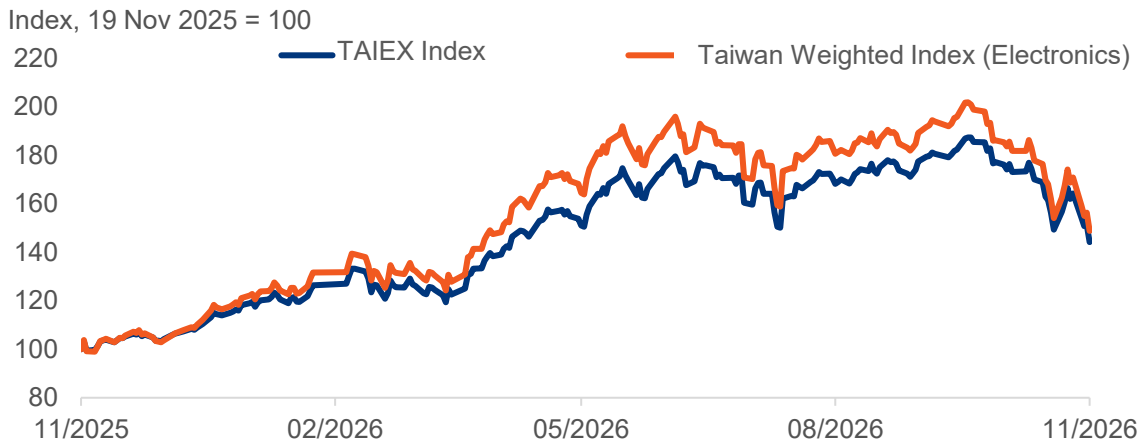
Despite NVIDIA's strong earnings results, concerns surrounding Jensen Huang's resignation continued to weigh on investor sentiment. Combined with signals from the October FOMC minutes that further rate hikes remain possible, Taiwan equities remained weak. AI supply chain heavyweights came under broad selling pressure, highlighting ongoing valuation concerns, while defensive sectors such as financials, telecommunications, and food outperformed amid rising demand for safe-haven assets. Until clearer signs of market stabilization emerge, investors may favor high-dividend and defensive sectors, including financials, telecoms, shipping, software security, and domestic demand-oriented industries.

Earnings Upgrade Cycle Continues; Opportunities Emerging Beyond AI

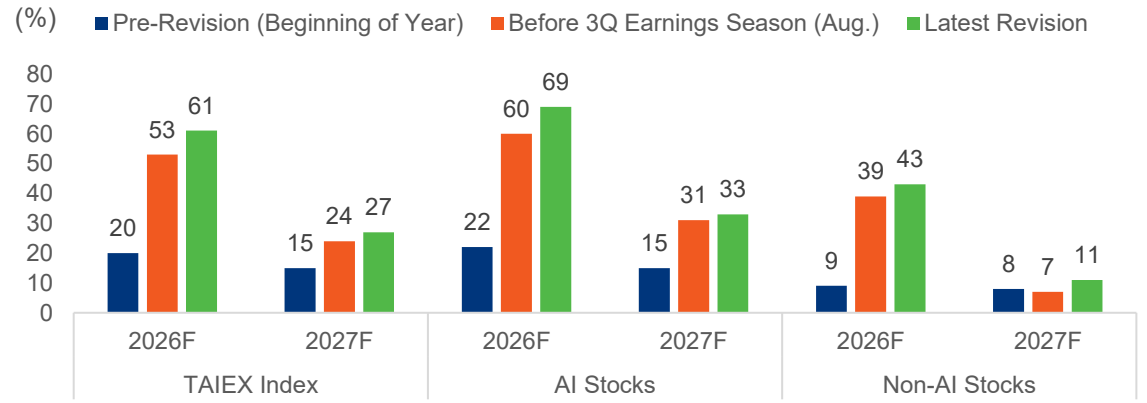
The latest earnings season reinforced Taiwan's ongoing earnings upgrade cycle, with 2026 and 2027 earnings growth forecasts for the TAIEX revised higher to 61% and 27%, respectively. While AI-related companies continue to benefit from strong demand for data centers, advanced manufacturing, and AI servers, earnings upgrades have also broadened across non-AI sectors, indicating that underlying corporate fundamentals remain healthy.

As investors increasingly focus on AI investment returns, capital efficiency, and regulatory risks, capital is gradually rotating toward non-technology sectors with attractive growth prospects. We believes the contact lens industry offers compelling opportunities, supported by rising penetration of silicone hydrogel and cosmetic contact lenses, as well as strong demand from Japan and China. Beyond cyclical consumer trends, the sector benefits from structural drivers including rising myopia rates, increased use of digital devices, population aging, and ongoing product innovation. These characteristics could position contact lens manufacturers as key beneficiaries of any rotation away from AI-related stocks.

TAIEX Index and Taiwan Electronics Sector Trends



Taiwan Equities and Subsector Earnings Growth (YoY)



Source: Bloomberg

KGI

Visco Vision Inc. (6782 TT)

Visco Vision Inc. manufactures and distributes ophthalmic products. The company produces spherical lenses, silicone hydrogel lenses, disposable contact lenses, and other related products.

Order Visibility Remains Strong Amid Supply-Demand Imbalance

Supported by strong demand for cosmetic contact lenses in Japan and China, as well as rising penetration of silicone hydrogel lenses across Asia, Visco Vision continues to face demand that exceeds supply. Management indicated that customer orders remain above current production capacity, with the supply-demand gap likely to persist through 1Q27. The company also expects revenue growth to continue through year-end.

Capacity Expansion and Product Upgrades Support Margin Upside

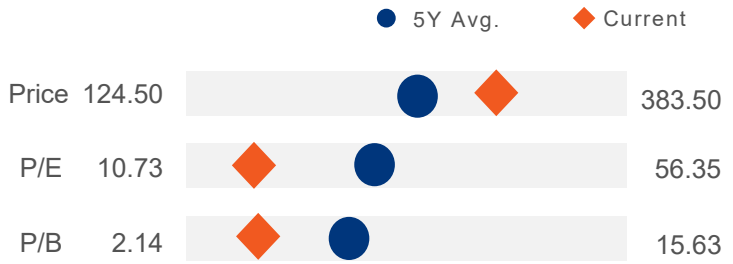
To meet robust demand, Visco Vision continues to expand production capacity, with monthly capacity expected to increase from 55 million lenses in 2Q26 to 63 million by year-end and further to 75 million in 1Q27. Economies of scale and an improved product mix should support further margin expansion, with cosmetic contact lenses expected to increase from 30% of revenue last year to around 40% by year-end. Supported by capacity expansion and the ongoing upgrade toward silicone hydrogel lenses, earnings growth visibility is expected to remain strong into 2027.

Financials

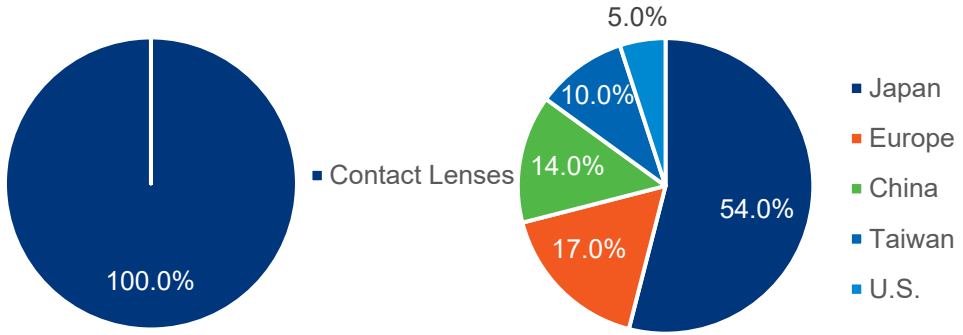
	2024	2025	2026F	2027F	2028F
EPS (NTD)	10.10	14.08	19.93	23.15	25.98
EPS Growth (%)	111.0	39.4	41.6	16.1	12.3
P/E Ratio	26.4	18.9	13.4	11.5	10.3
ROE (%)	19.1	21.9	26.7	27.4	27.2

Source: Company data, estimates of KGI analyst

Valuations



Revenue Sources and Regions



Source: Bloomberg

1-Year Price



As of 19 November 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	4.12	14.37	43.10	50.52	66.48	-13.38

Pegavision Corporation (6491 TT)

Pegavision Corporation is Taiwan's largest contact lens manufacturer by market capitalization and production capacity. The company produces disposable soft contact lenses, including hydrogel, silicone hydrogel, cosmetic, toric, and multifocal lenses.

Benefiting from the Outsourcing Trend in Contact Lens Manufacturing

We believe Pegavision is a key beneficiary of the growing outsourcing trend in the global contact lens industry. As brand owners increasingly focus on branding and channel expansion, manufacturing and product development are being outsourced to specialized suppliers. This trend is particularly evident in cosmetic contact lenses, which feature shorter product cycles and more complex product portfolios. Supported by ongoing capacity expansion, a comprehensive product offering, and regulatory approvals across major markets, Pegavision is well positioned to capture additional outsourcing opportunities.

Rising Penetration of Premium Lenses Supports Earnings Growth

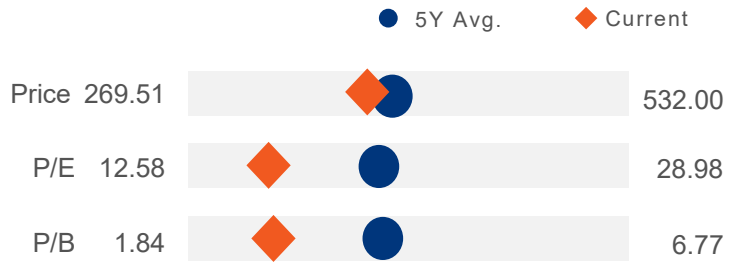
Beyond the outsourcing trend, continued capacity expansion and deeper global market penetration should support long-term growth. Increased production capacity in China and the gradual ramp-up of the new Vietnam facility are expected to improve delivery efficiency and cost structure, supporting margin expansion. We forecast earnings to grow at a CAGR of 14% over 2026-2028, driven by multiple growth catalysts and supported by rising adoption of premium contact lens products, positioning the company for a new earnings growth cycle.

Financials

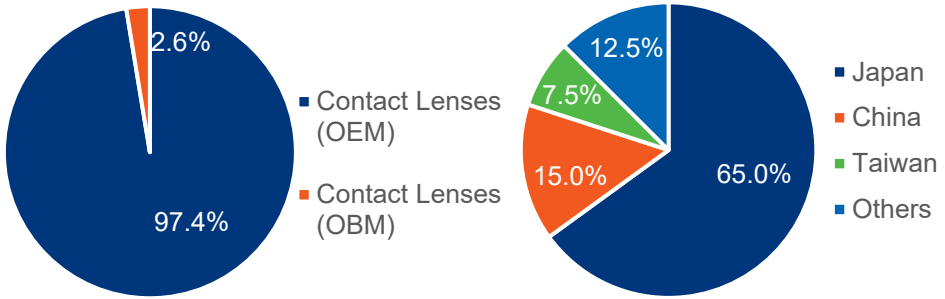
	2023	2024	2025	2026F	2027F
EPS (NTD)	23.47	20.87	26.88	30.71	34.91
EPS Growth (%)	2.8	-11.1	28.8	14.3	13.7
P/E Ratio	17.3	19.5	15.1	13.2	11.6
ROE (%)	17.5	14.4	17.1	17.6	17.7

Source: Company data, estimates of KGI analyst

Valuations



Revenue Sources and Regions



Source: Bloomberg

1-Year Price



As of 19 November 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-4.93	-10.28	-2.40	19.97	28.60	18.04

Mutual Funds/ ETFs

Fed Reinforces a Higher-for-Longer Rate Environment, Supporting Yield Lock-In Opportunities

► PIMCO GIS Income Fund

- One of the world's largest actively managed income funds, with a proven ability to navigate market volatility and capitalize on opportunities created by market dislocations. The fund declined 8.79% in 2020 before rebounding 10.63% over the following six months.
- Actively manages duration, typically within a 0-8 year range, to navigate changing growth and interest rate environments. The investment team adjusts duration positioning dynamically as market conditions evolve.
- Recognized for its long-term track record, including the Lipper Fund Awards Hong Kong 2023 for Best Global Bond USD Fund (10-Year).
- Managed by an award-winning investment team led by Dan Ivascyn, Alfred Murata, and Josh Anderson, with nearly 30 years of average investment experience and supported by more than 80 global credit analysts.
- Duration: 7.09 years; Estimated Yield to Maturity: 7.96%; Average Credit Rating: AA-.
- Latest annualized distribution yield: 6.58% (Class E USD).

Product	PIMCO GIS Income Fund	
Features	■ Global Diversified Allocation Helps Mitigate Risk and Capture Income Opportunities ■ Fund size is substantial, with an average credit rating of AA- and a Morningstar 4-Star rating.	
AUM	USD 115.0 billion	
3M/YTD Return	-2.69% / -2.53%	
Allocation(%)	Mortgage-Backed Securities (MBS) Corporate Bonds Government Treasuries Cash and Others	52.45 21.12 21.30 5.13
Maturity(%)	Under 3 years 3–5 years 5–10 years 10–20 years Over 20 years	0.10 8.20 74.60 11.50 5.60
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

KGI

PIMCO GIS Income Fund

Profile

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

■ Global Diversification

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

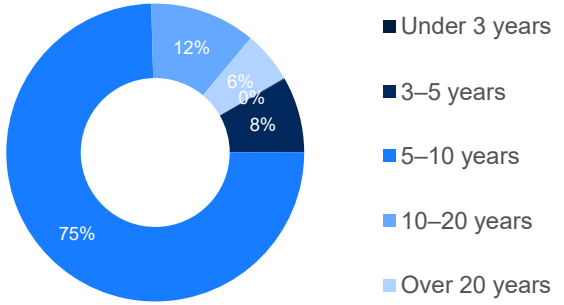
■ Professional Management

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

■ Morningstar Rating

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

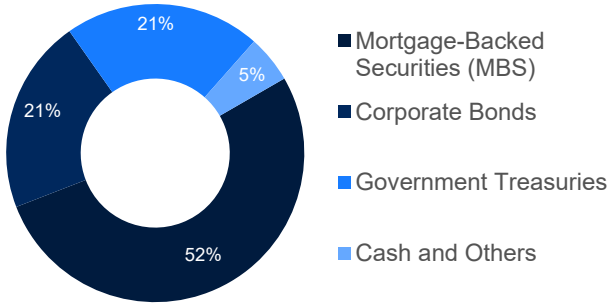
Maturity



Top-5 Holdings (%)

FNMA TBA 6.0% SEP 30YR	6.10
FNMA TBA 6.5% AUG 30YR	4.50
FNMA TBA 5.0% AUG 30YR	2.90
FNMA TBA 5.5% SEP 30YR	1.70
FNMA TBA 5.5% AUG 30YR	1.60

Asset



3Y NAV



Inception	2012/11/30	**AUM**	USD 115.0 bn
Morningstar Category	Global Bonds	**Fund Type**	Fixed Income
Morningstar Rating	★★★★	**3Y SD (Ann.)**	5.00%

As of 17 November 2026	1M	3M	YTD	1Y	2Y	3Y
Cumulative Return(%)	-0.40	-2.69	-2.53	-1.53	7.23	15.74
Ranking	4	4	4	4	3	3

Sources: PIMCO Asset Management Fund Monthly Report, Morningstar, Bloomberg; monthly report as of October 31, 2026; data class used: Class E USD Accumulation

Mutual Funds/ ETFs

Fed Reinforces a Higher-for-Longer Rate Environment, Supporting Yield Lock-In Opportunities

► Fidelity Funds – US Dollar Bond Fund

- Adopts an active, flexible, and contrarian investment approach, seeking to identify opportunities and economic turning points early while delivering high-quality and attractive income.
- Primarily invests in developed-market credit and government bonds, with a preference for high-quality securities. Investment-grade bonds account for approximately 95.50% of the portfolio, with an average credit rating of AA-.
- Employs a long-duration strategy to lock in attractive yield levels and potentially deliver stronger returns when interest rates decline. Current effective duration is 6.40 years, with a yield to maturity of 5.18%.
- Offers multiple share classes, including USD, HKD, RMB-hedged, GBP-hedged, and AUD-hedged classes.
- Monthly distribution share classes are available. The latest distribution yields for the A-MCDIST (G) USD and HKD 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 3,040 mn	
3M/YTD Return	-1.34% / -2.74%	
Top 5 Credit Rating Distribution (%)	AAA / Aaa AA / Aa A BBB / Baa BB / Ba	2.70 68.59 11.71 12.50 2.95
Top 5 Regions (%)	United States United Kingdom Ireland Switzerland Norway	83.93 2.44 2.41 1.05 0.96
Top 5 Holdings (%)	USTN 4.375% 05/15/36 USTN 4.375% 01/31/32 USTB 4.5% 11/15/54 USTN 4.875% 10/31/28 USTN 4% 07/31/29	10.22 9.38 9.34 8.80 8.37

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 95.50% 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

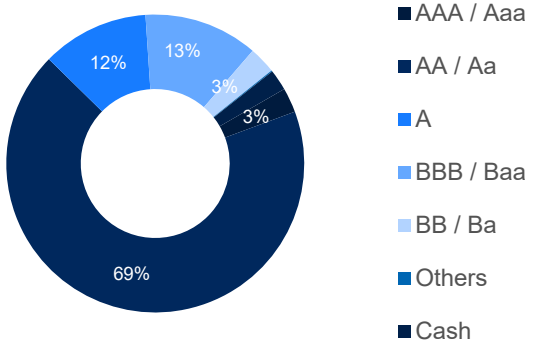
The fund adopts a long-duration strategy, with an effective duration of approximately 6.40 years and a yield to maturity of around 5.18%. In the current environment of attractive yields, longer-duration positioning helps enhance income generation potential.

■ Active Multi-Strategy Approach Captures Fixed Income Opportunities

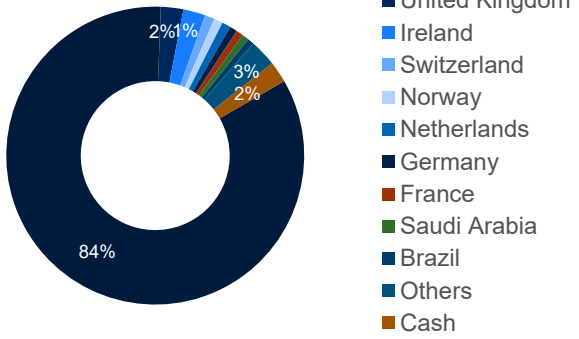
In a higher-for-longer rate environment, Fidelity's global research team seeks to generate returns through yield curve positioning, sector allocation, security selection, and asset allocation, while incorporating credit analysis and market insights to actively manage portfolio positioning.

Inception	1990/12/11	**AUM**	USD 3,040 mn
Morningstar Category	USD Diversified Bond	**Fund Type**	Bonds
Morningstar Rating	★★★	**3Y SD (Ann.)**	5.84%

Credits



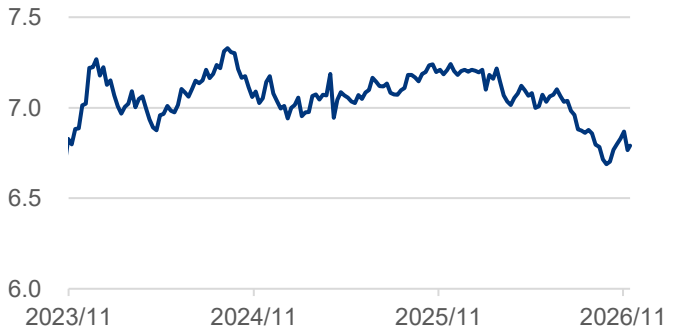
Regions



Top-5 Holdings (%)

USTN 4.375% 05/15/36	10.22
USTN 4.375% 01/31/32	9.38
USTB 4.5% 11/15/54	9.34
USTN 4.875% 10/31/28	8.80
USTN 4% 07/31/29	8.37

3Y NAV



As of 17 November 2026	1M	3M	YTD	1Y	2Y	3Y
Cumulative Return(%)	0.10	-1.34	-2.74	-2.36	3.39	9.04
Ranking	2	2	4	4	4	4

Sources: Fund Monthly Report, Bloomberg. Monthly report as of October 31, 2026. Data share class: A USD.

Bonds

Accelerating AI Investment While Maintaining Strong Financial Flexibility

- **GOOGL 4.35 11/19/28 (Alphabet) (HKD)**
- **GOOGL 4.7 11/19/31 (Alphabet) (HKD)**

  - Alphabet Inc. provides digital advertising services and a broad range of technology products and services to advertisers, consumers, content creators, and enterprises. Its core products and platforms include Android, Chrome, Gmail, Google Cloud, Google Drive, Google Search, and YouTube.
  - As of September 30, 2026, Alphabet generated approximately US$471 billion of revenue over the past 12 months. Revenue sources are well diversified, with Google Search contributing approximately 55% of total revenue through desktop search, mobile search, and other Google advertising platforms. YouTube advertising accounts for approximately 10% of revenue, Google Network advertising contributes around 7%, while Google Cloud represents approximately 20% and has become an increasingly important growth driver.
  - Alphabet maintains a strong liquidity position. As of 3Q26, the company held approximately US$265.1 billion in cash, cash equivalents, and marketable securities. In addition, Google Cloud's remaining performance obligations (RPO) increased to US$561 billion from US$514 billion in 2Q26. Management expects more than 55% of these contracted revenues to be recognized over the next two years, providing solid support for future growth.
  - Alphabet continues to accelerate investment in AI infrastructure, driving substantial growth in capital expenditures. Despite this investment cycle, the company's financial profile remains robust. As of 3Q26, interest coverage remained strong at approximately 52x, providing ample debt-servicing capacity even as borrowing levels increase. Alphabet also maintains a net cash position. Moody's affirmed its Aa2 rating with a stable outlook, reflecting the company's financial strength and credit quality.

Bond	GOOGL 4.35 11/19/28 (Alphabet) (HKD)	GOOGL 4.7 11/19/31 (Alphabet) (HKD)
ISIN	HK0001376661	HK0001376679
Features	Financial profile remains strong, with interest coverage maintained at approximately 52x and ample debt-servicing capacity. Moody's continues to assign an Aa2 credit rating with a stable outlook.	
Maturity	2028/11/19	2031/11/19
Next Call Date	-	-
Coupon(%)	Fixed/4.35/Semi-annual	Fixed/4.7/Semi-annual
Currency	HKD	HKD
Years to Maturity	2.00	5.00
Credit Rating (Moody's/ Fitch/S&P)	Aa2/-/-	Aa2/-/-
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	4.00/4.00	4.51/4.51

Source: Bloomberg

KGI

GOOGL 4.35 11/19/28 (Alphabet) (HKD)

Alphabet Inc. provides digital advertising services and a broad range of technology products and services to advertisers, consumers, content creators, and enterprises. Its core products and platforms include Android, Chrome, Gmail, Google Cloud, Google Drive, Google Search, and YouTube.

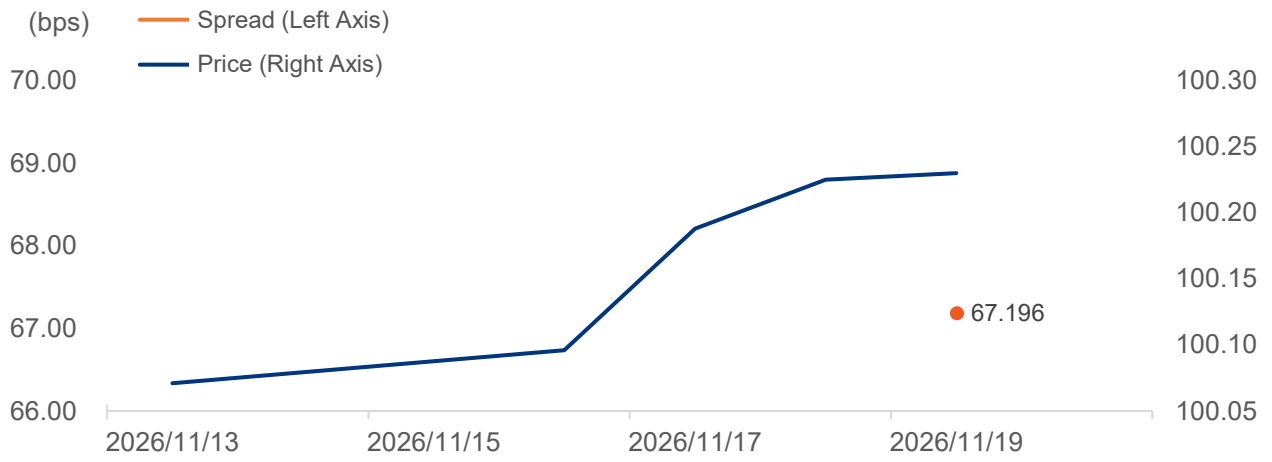
- Over the past 12 months ended September 30, 2026, Alphabet generated approximately US$471 billion of revenue. Revenue is well diversified, with Google Search contributing approximately 55% of total revenue, YouTube advertising around 10%, Google Network advertising approximately 7%, and Google Cloud about 20%, making it an increasingly important growth driver.
- Alphabet maintains substantial liquidity. As of 3Q26, the company held approximately US$265.1 billion in cash, cash equivalents, and marketable securities. Google Cloud's remaining performance obligations (RPO) increased to US$561 billion from US$514 billion in 2Q26, with management expecting more than 55% to be recognized as revenue over the next two years.
- Alphabet continues to accelerate AI infrastructure investment, driving significant growth in capital expenditures. Despite this investment cycle, the company's financial profile remains strong, with interest coverage of approximately 52x and ample debt-servicing capacity. Alphabet also maintains a net cash position, while Moody's Aa2 rating with a stable outlook reflects its solid financial strength and credit quality.

Financials	2026Q1	2026Q2	2026Q3
Free Cash Flow (US$ 100mn)	101.16	-58.55	-90.65
EBITDA Margin (%)	42.38	40.75	39.23
Interest Coverage Ratio	88.31	38.20	51.76

Overview

Name	GOOGL 4.35 11/19/28	**ISIN**	HK0001376661
Maturity Date	2028/11/19	**Remaining Maturity**	2.00
Coupon(%)	Fixed/4.35/Semi-annual	**YTM/YTC(%)**	4.00/4.00
Currency	HKD	**Min. Subscription/Increment**	1,000,000/500,000
Ratings (Moody's/Fitch/S&P)	Aa2/-/-	**Seniority**	Senior Unsecured

Price



Source: Bloomberg, November 19, 2026

GOOGL 4.7 11/19/31 (Alphabet) (HKD)

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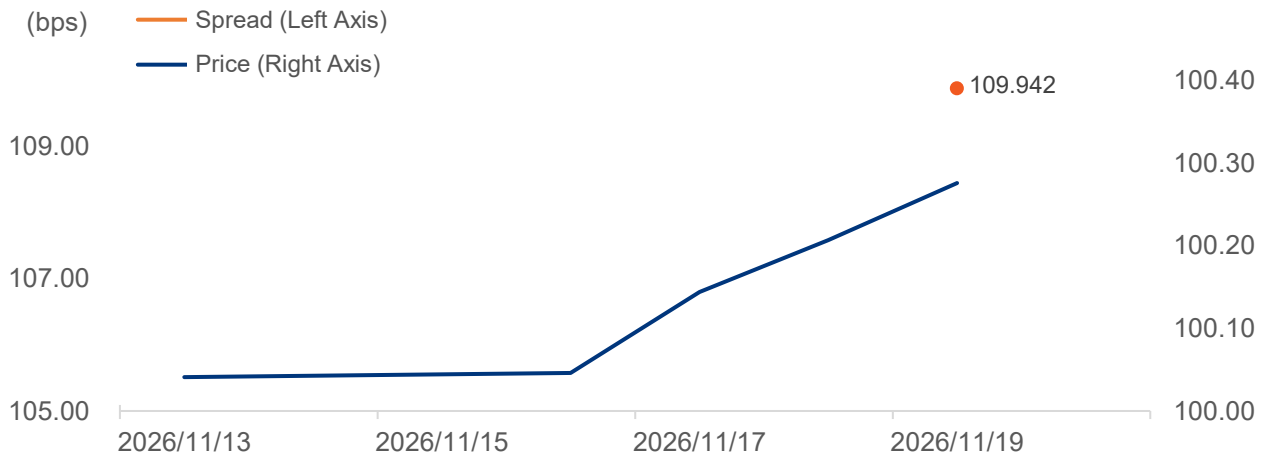
EBITDA Margin (%)	42.38	40.75	39.23
Interest Coverage Ratio	88.31	38.20	51.76

Overview

Name	GOOGL 4.7 11/19/31	**ISIN**	HK0001376679
Maturity Date	2031/11/19	**Remaining Maturity**	5.00
Coupon(%)	Fixed/4.7/Semi-annual	**YTM/YTC(%)**	4.51/4.51
Currency	HKD	**Min. Subscription/Increment**	1,000,000/500,000
Ratings (Moody's/Fitch/ S&P)	Aa2/-/-	**Seniority**	Senior Unsecured

Price



Source: Bloomberg, November 19, 2026

Appendix Key Economic Data / Events

► Nov 2026

16 Monday
- Japan Q3 GDP Annualized QoQ Prelim (Act:-0.1% Est:0.2% Prev:1.7%)
- Japan Sep Industrial Production MoM Final (Act:2.0% Prev:-2.4%)
- Eurozone Sep Industrial Production YoY (Act:-1.5% Est:-0.2% Prev:-1.1%)
- China Oct Retail Sales YoY (Act:0.4% Est:0.8% Prev:1.1%)
- China Oct Industrial Production YoY (Act:4.8% Est:5.3% Prev:5.5%)

17 Tuesday
- U.S. Oct Retail Sales MoM (Act:0.2% Est:0.1% Prev:0.8%)
- U.S. Oct Industrial Production MoM (Act:-0.4% Est:0.1% Prev:0.7%)

18 Wednesday
- Eurozone Oct CPI YoY Final (Act:4.0% Est:4.0% Prev:3.8%)

19 Thursday
- U.S. Weekly Initial Jobless Claims (Act:203k Est:198k Prev:202k)
- U.S. Oct FOMC Minutes
- Japan Sep Core Machine Orders MoM (Act:-0.3% Est:1.5% Prev:5.2%)

20 Friday
- U.S. Nov U. of Mich. Sentiment Final (Est:51.6 Prev:48.0)
- Japan Oct CPI YoY (Act:2.3% Est:2.5% Prev:2.1%)
- Taiwan Oct Export Orders YoY (Est:64.6% Prev:62.4%)

23 Monday
- U.S. Nov S&P Global Manufacturing PMI Prelim (Est:54.5 Prev:54.9)
- U.S. Nov S&P Global Services PMI Prelim (Est:55.7 Prev:56.1)
- Eurozone Nov S&P Global Manufacturing PMI Prelim (Prev:52.7)
- Eurozone Nov S&P Global Services PMI Prelim (Prev:51.4)

24 Tuesday
- U.S. Nov Conf. Board Consumer Confidence (Est:92.1 Prev:91.7)
- Japan Nov S&P Global Manufacturing PMI Prelim (Prev:53.3)
- Japan Nov S&P Global Services PMI Prelim (Prev:51.7)
- Earnings: MDT US, ADI US

25 Wednesday
- U.S. Weekly Initial Jobless Claims (Est:200k Prev:203k)
- U.S. Oct PCE YoY (Est:3.8% Prev:3.6%)
- U.S. Oct Core PCE YoY (Est:3.2% Prev:3.1%)
- U.S. Q3 GDP Annualized QoQ, Revised (Est:3.5% Prev:2.2%)
- Earnings: DELL US, DE US

26 Thursday

27 Friday

Source: Bloomberg

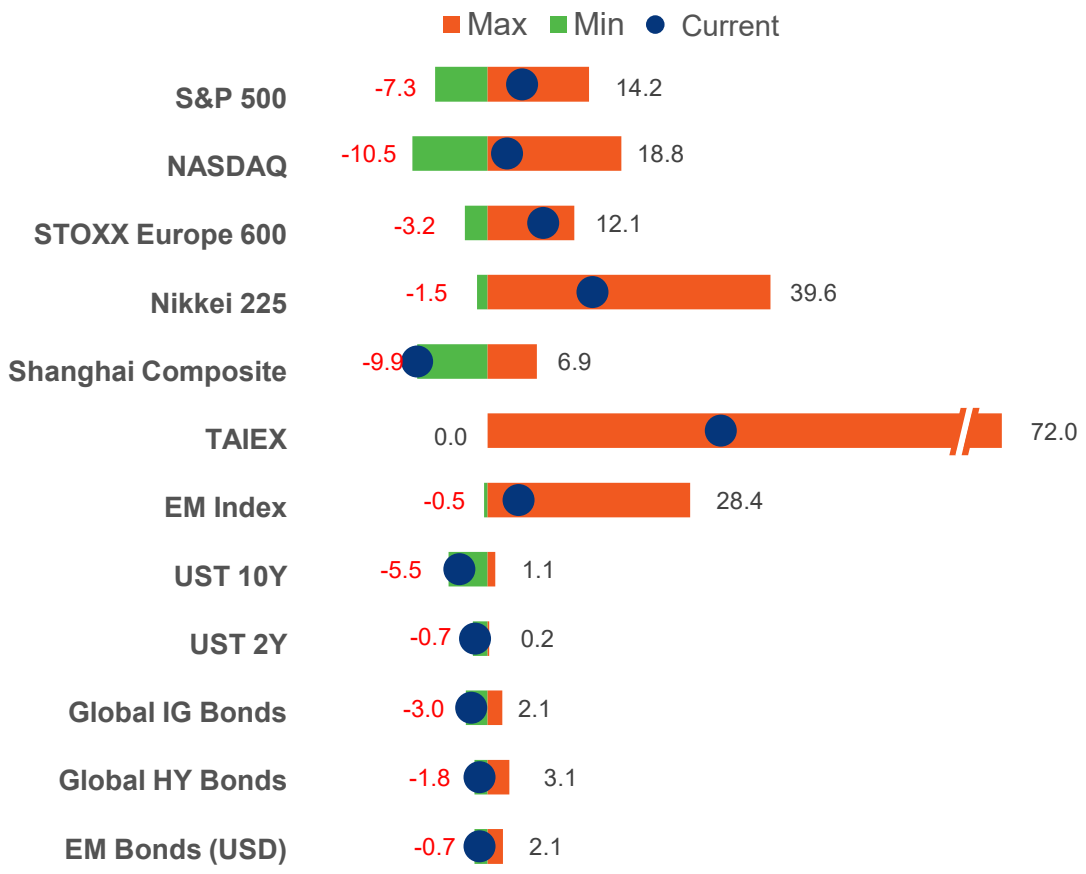
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation	
						Revenue	EPS
2026/11/17	The Home Depot, Inc. (HD US)	42.83B	43.4B	3.85	3.86	V	V
2026/11/17	The Walt Disney Company (DIS US)	25.18B	25.95B	1.66	1.77	V	V
2026/11/18	NVIDIA Corporation (NVDA US)	109.33B	115.84B	2.47	2.68	V	V
2026/11/18	The TJX Companies, Inc. (TJX US)	15.84B	15.95B	1.36	1.34	V	
2026/11/19	Palo Alto Networks Inc. (PANW US)	3.31B	3.45B	0.97	1.05	V	V
2026/11/19	Walmart Inc. (WMT US)	187.17B	188.84B	0.64	0.65	V	V

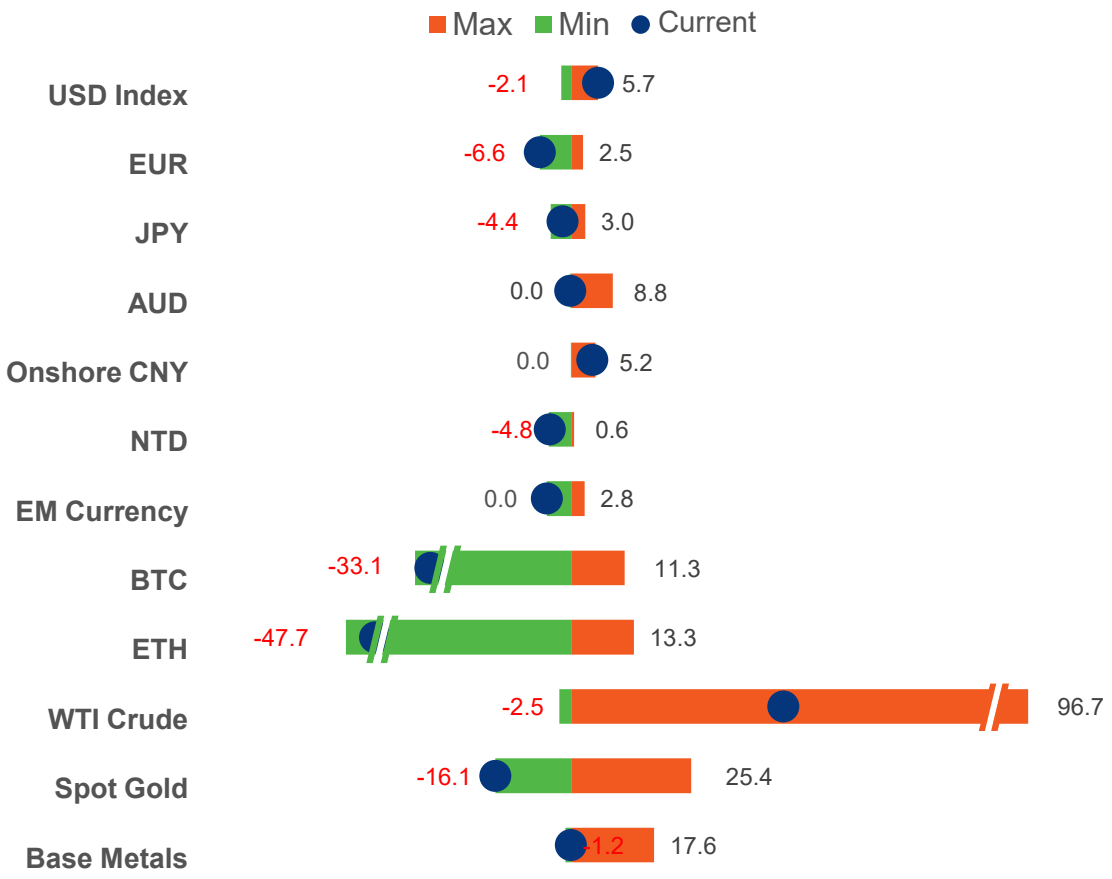
Source: Bloomberg

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



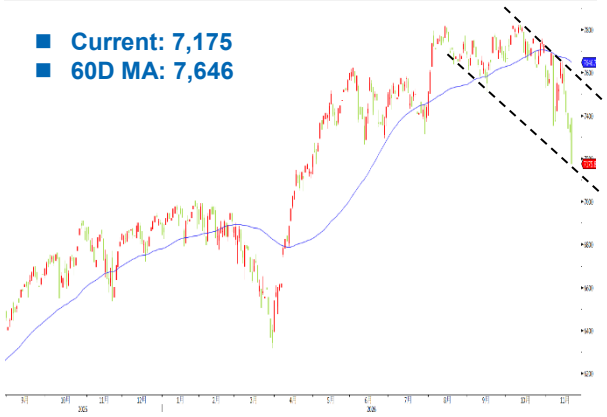
Source: Bloomberg, 20 Nov 2026

Technical Analysis

60D MA

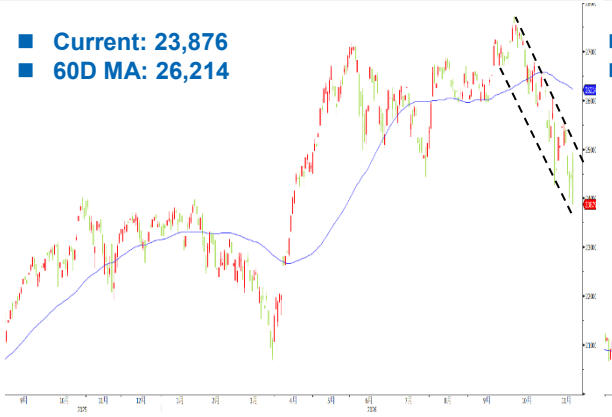
S&P 500 Index

- Current: 7,175
- 60D MA: 7,646



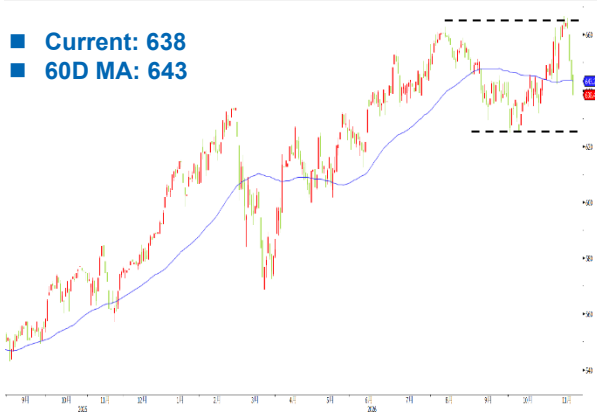
NASDAQ Index

- Current: 23,876
- 60D MA: 26,214



STOXX Europe 600 Index

- Current: 638
- 60D MA: 643



Nikkei 225 Index

- Current: 56,890
- 60D MA: 64,339



Shanghai Composite Index

- Current: 3,510
- 60D MA: 3,787



MSCI Emerging Markets Index

- Current: 1,465
- 60D MA: 1,648



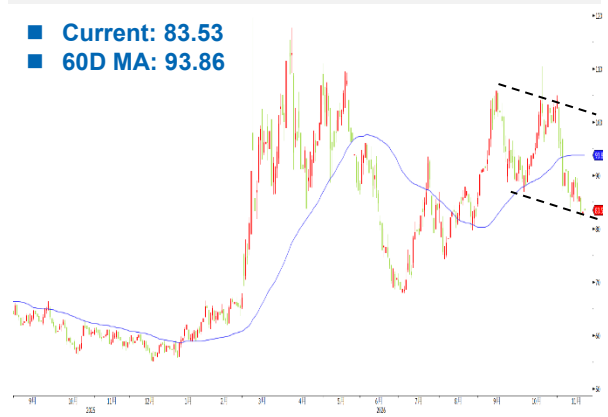
Gold

- Current: 3,542
- 60D MA: 4,139



WTI Crude

- Current: 83.53
- 60D MA: 93.86



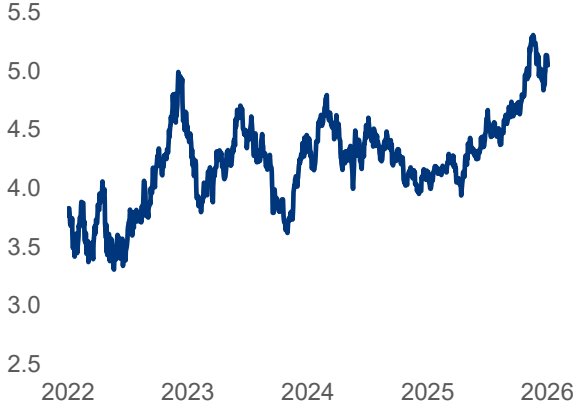
Source: Bloomberg, 20 Nov 2026

Market Monitor

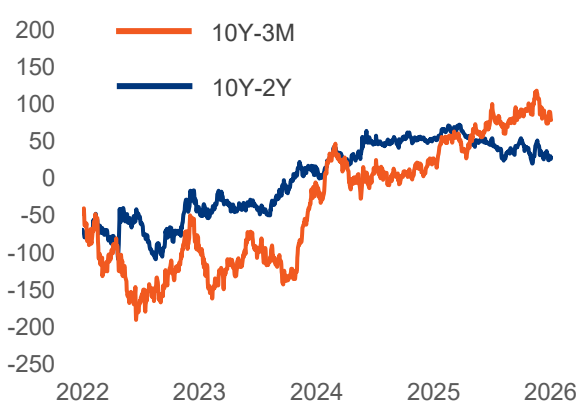
U.S. CPI YoY (%)



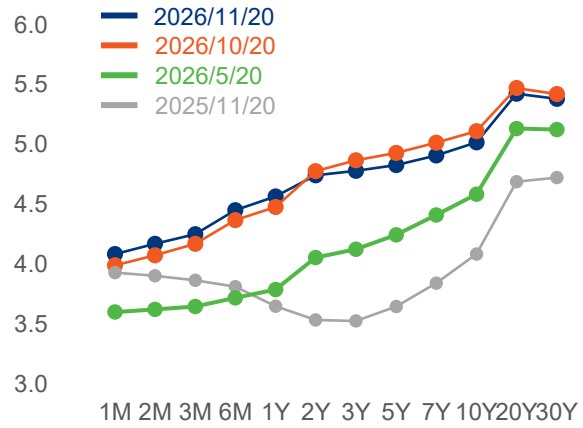
U.S. 10-Year Treasury Yield (%)



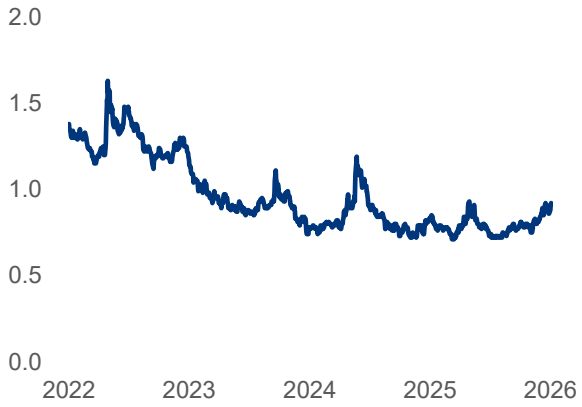
U.S. Treasury Yield Spread (bps)



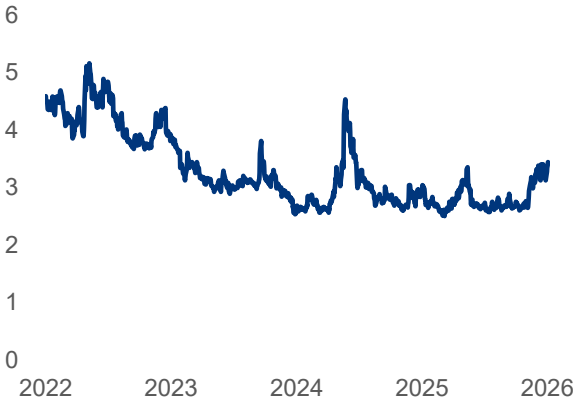
U.S. Treasury Yield Curve (%)



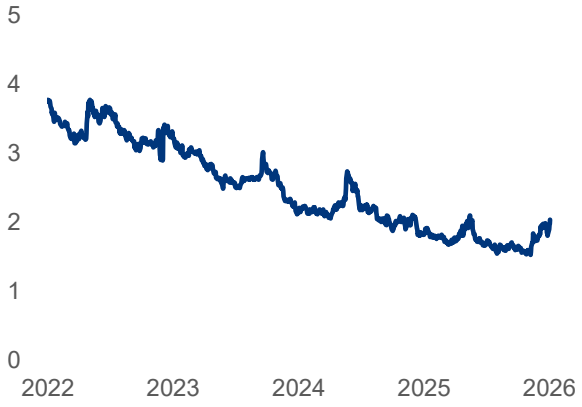
USD IG Credit Spread (%)



USD HY Credit Spread (%)



USD EM Credit Spread (%)



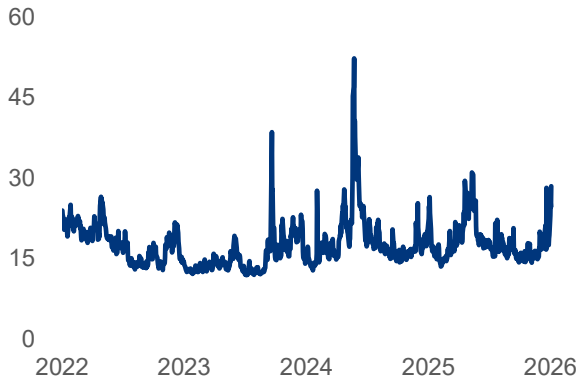
USD Asia Credit Spread (%)



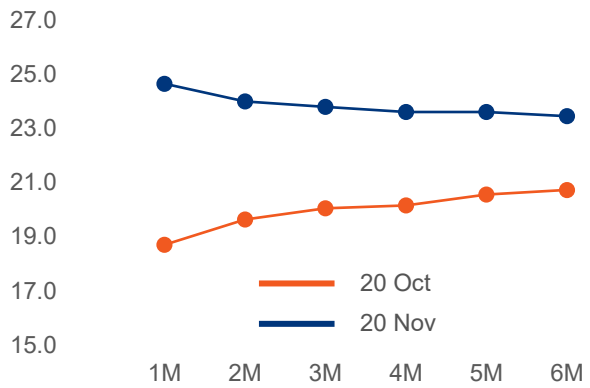
Source: Bloomberg, 20 Nov 2026

Market Monitor

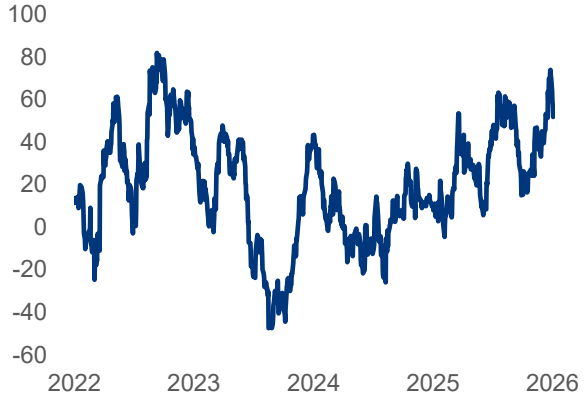
VIX Index



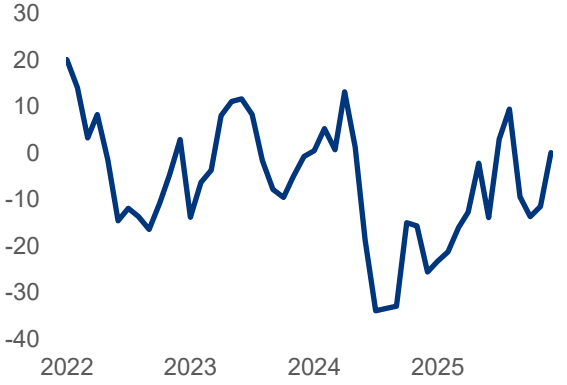
VIX Term Structure



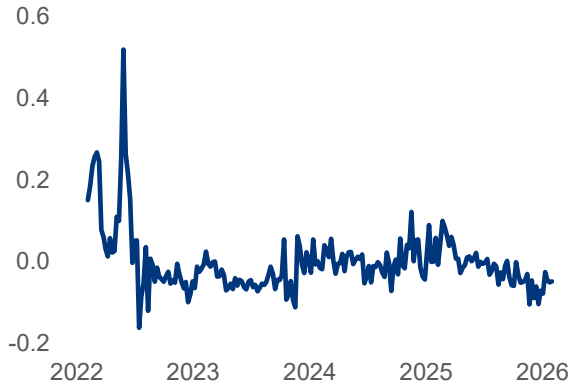
U.S. Citi Economic Surprise Index*



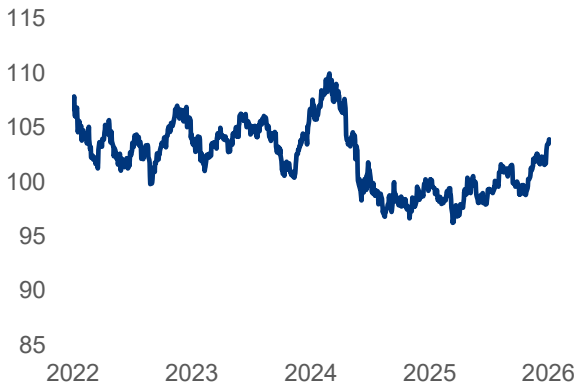
U.S. Citi Inflation Surprise Index*



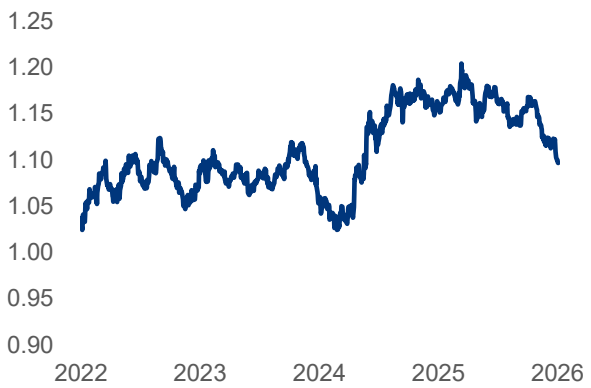
TED Spread (%)



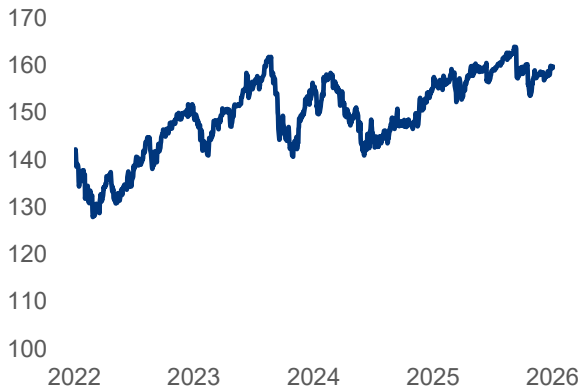
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, 20 Nov 2026

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