



Healthcare Embraces New Momentum

Global Markets Weekly Kickstart

13 January 2025



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Leading Indicators Show U.S. Market and Employment Resilience



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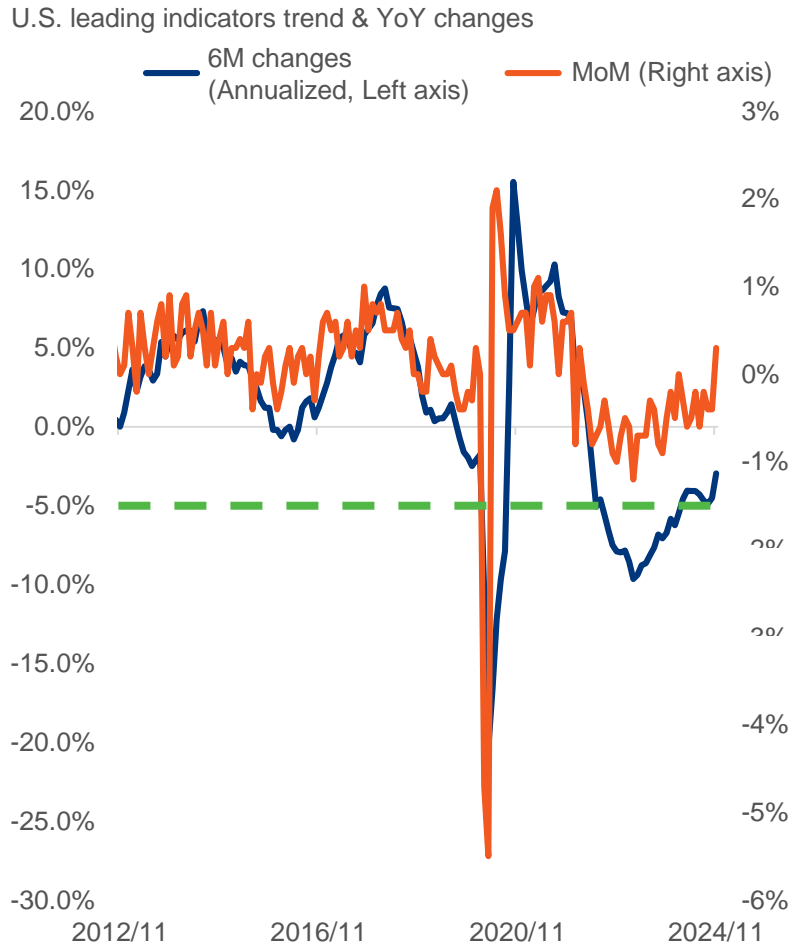
Selection of Equities, Bonds and Funds/ETFs



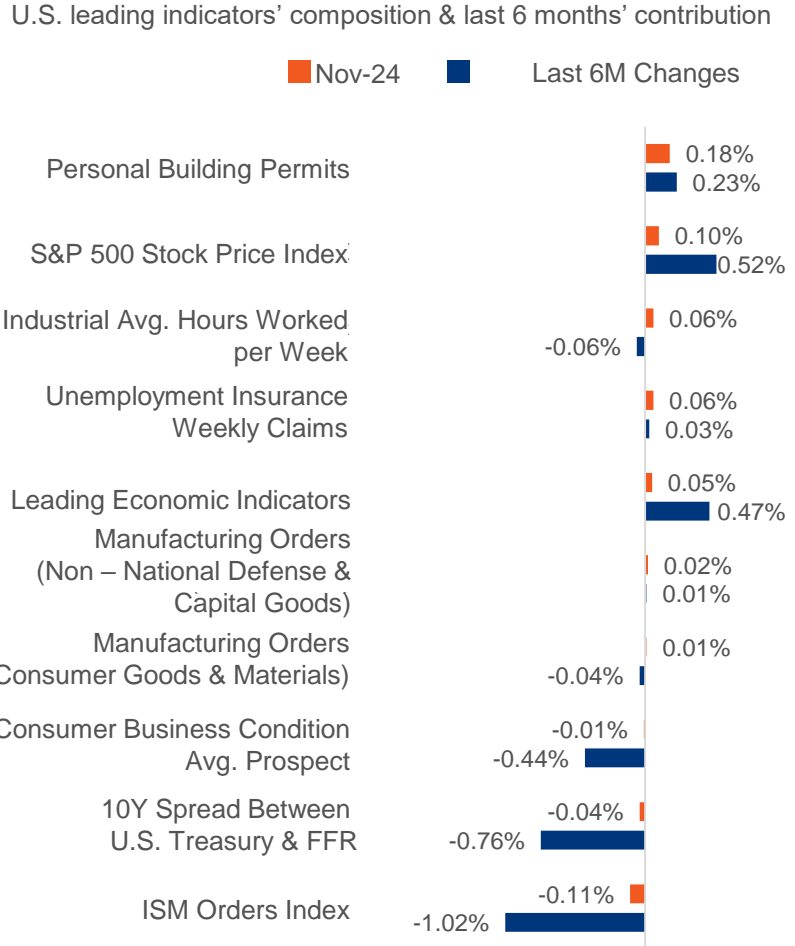
Leading Indicators Show Continued Resilience in U.S. Market and Employment

- ▶ U.S. November leading indicators rose 0.3%, reversing October's 0.4% decline and marking the first positive growth since February 2022. The 6-month annualized decline from May to November 2024 was 3.0%, an improvement from the previous period's 4.1% drop, above the -5% recession warning. Officials view the rebound as a positive sign for future U.S. economic activity.
- ▶ The November leading index rebound was driven by building permits, strong stock performance, improved manufacturing hours, and fewer jobless claims. The ISM new orders index was the main negative contributor. Recent data, including the January 2 and 3, 2025 S&P PMI and ISM Manufacturing Index, shows signs of improvement, suggesting further gains in leading indicators.

U.S. Leading Indicator Moves Above -5%, Potential Recession Signal Lessens



7 of 10 Components of the U.S. November Leading Indicator Show Positive Contribution



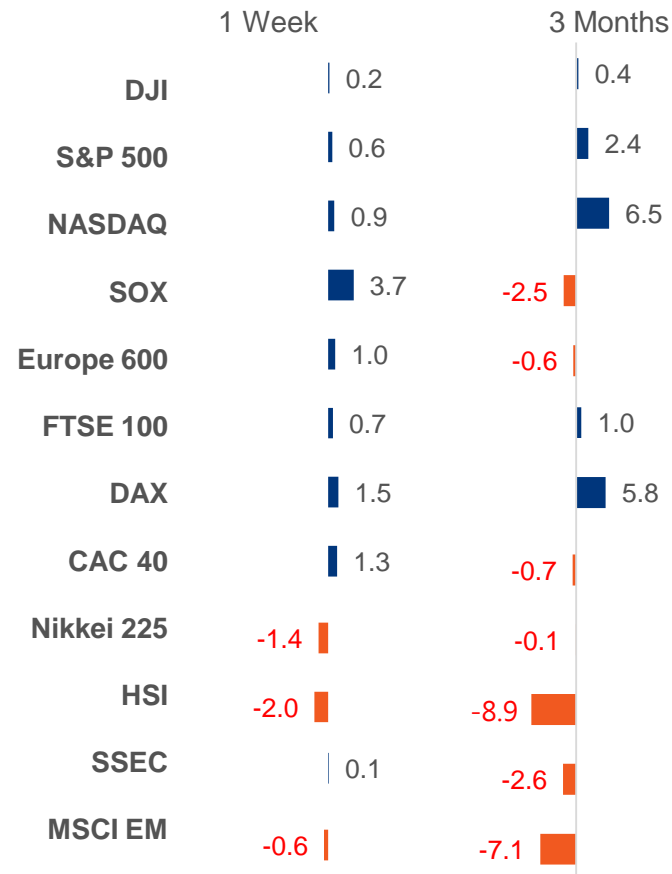
Source: Bloomberg, The Conference Board

Market Recap

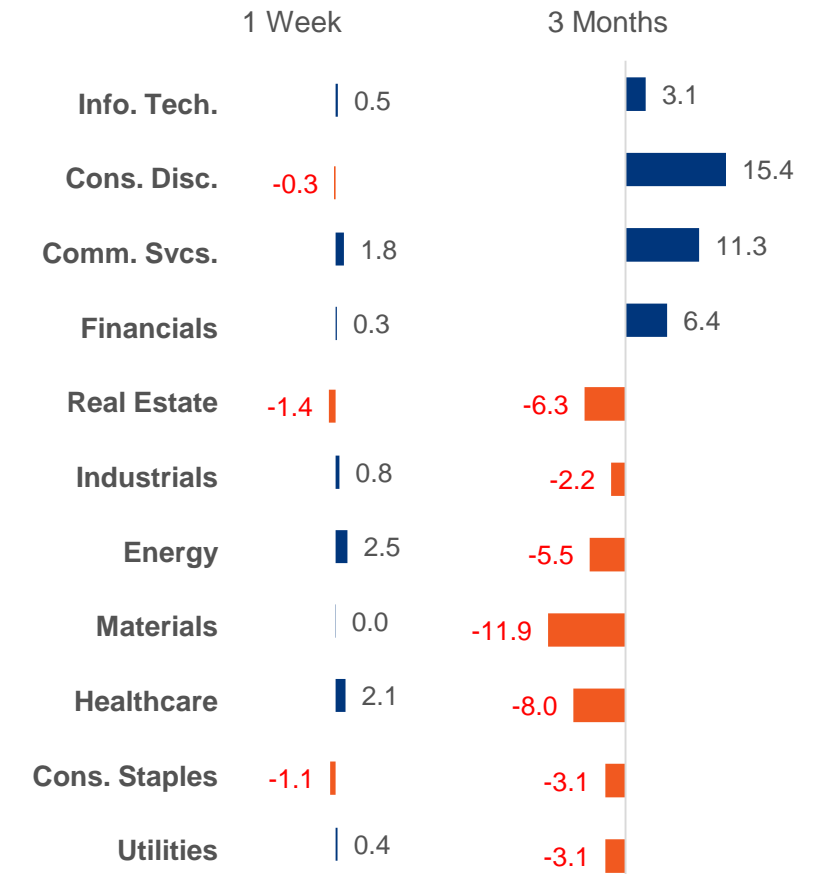
Global Stock Markets Mixed Post-New Year, Focus on U.S. Corporate Earnings

- ▶ U.S. stocks performed well, boosted by strong tech and semiconductor stocks, with the semiconductor index standing out due to optimism around CES product showcases. Europe recently rebounded after a pullback driven by the narrowing of U.S. rate cuts. European rate cuts are expected to continue into 2025, with performance dependent on inflation and economic developments.
- ▶ U.S. Q4 2024 earnings reports are being released, with strong semiconductor performance led by Broadcom's better-than-expected results. Investors are focusing on the new tech giants "BATMMAAN" (Broadcom, Apple, Tesla, Microsoft, Meta, Amazon, Alphabet, Nvidia), which span technology, consumer discretionary, and communication services sectors. These industries have outperformed in the last three months, making them key for investors to watch.

Major Stock Indices Performance by Region (%)



US Stock Performance by Sector (%)



U.S. 10-Year Treasury Yields Remain High, Bond and Bitcoin Pull Back, Natural Gas Rising

- ▶ The 10-year U.S. Treasury yield rose from 4.60% to 4.65%-4.70%, driven by the stronger-than-expected December ISM Services PMI of 54.1, signaling expansion in services demand. The services price index surged to 64.4, pointing to persistent inflationary pressures. Additionally, November job openings hit a six-month high, raising concerns about a tight labor market and potential inflation, which could slow down Fed rate cuts.
- ▶ Natural gas prices rose due to the polar vortex impacting U.S. temperatures, boosting demand for heating. Bitcoin pulled back after Elon Musk warned that his "Government Efficiency Department" could lower inflation and Bitcoin prices. Investors should be cautious of Bitcoin's price volatility due to market and supply-demand shifts.

Performance of Bonds (%)

	1 Week	3 Months
UST 10Y	-0.4	-3.5
UST 2Y	0.0	-0.6
Global IG	-0.6	-3.8
U.S. IG	-0.5	-2.1
EU IG	-0.9	-0.3
Asia IG	-0.6	-4.0
Global HY	0.2	0.5
U.S. HY	0.2	1.0
EU HY	-0.4	1.7
Asia HY	0.0	0.9
EM (Local)	-0.1	-1.6
EM (USD)	-0.2	-0.8

Performance of Commodities and Currencies (%)

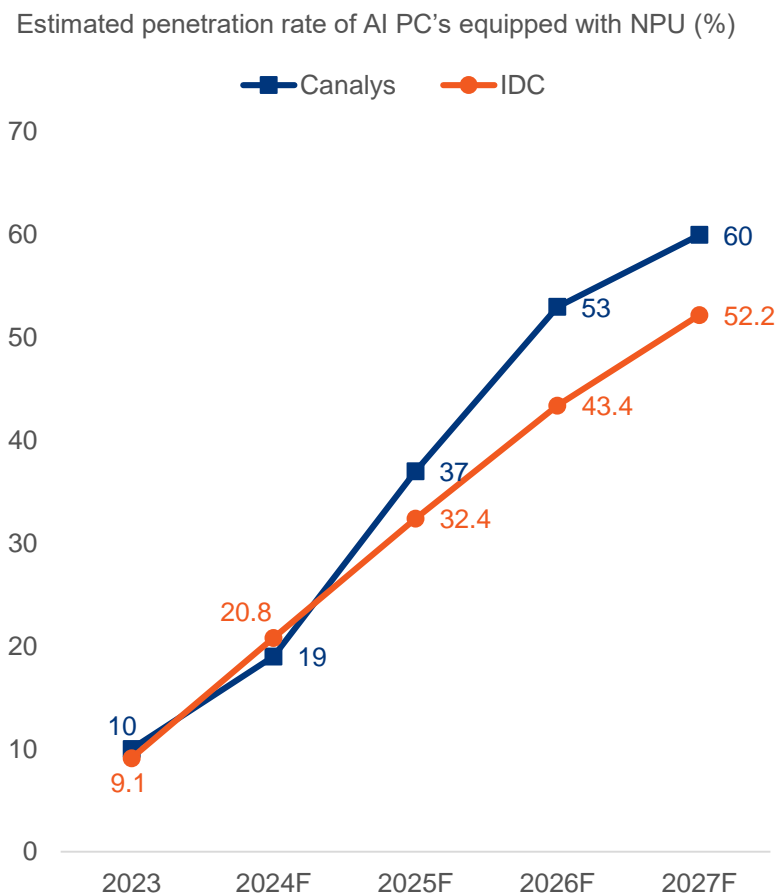
	1 Week	3 Months
WTI Crude	0.3	0.2
Gold	1.1	1.5
Natural Gas	10.1	13.6
Iron Ore	-0.5	-0.1
Copper	6.4	-3.0
Agriculture	0.7	-0.7
Bitcoin	-5.7	55.6
DXY	0.2	6.0
EUR	0.0	-5.8
AUD	-0.2	-8.0
JPY	-0.6	-6.1
CNY	-0.1	-3.5

Source: Bloomberg, 9 Jan. 2025

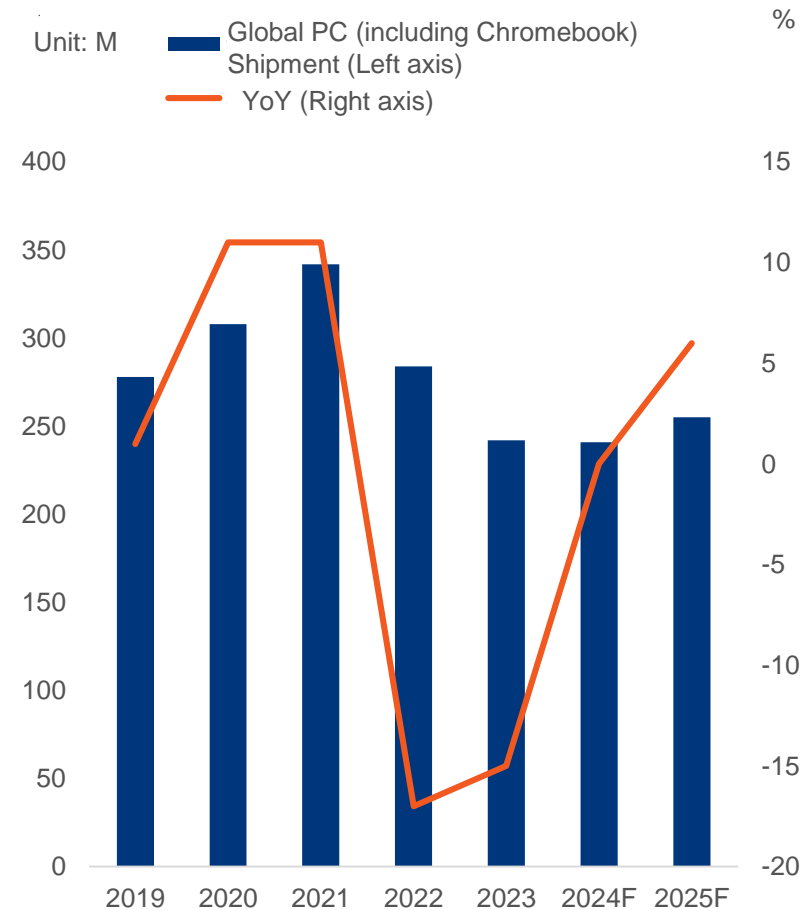
CES Highlights Tech Future, AI Opportunities Abound

- ▶ At CES, Nvidia and AMD unveiled new gaming GPUs, likely boosting 2025 graphics card, motherboard, and gaming PC shipments. Intel and AMD also introduced more affordable AI PCs with NPUs, driving AI PC adoption. With rising demand for gaming and business upgrades, and the end of Windows 10 support, global PC shipments are projected to grow 6% in 2025.
- ▶ Nvidia launched the RTX 50 series GPUs and Cosmos AI platform for autonomous vehicles and robotics, with projections for its automotive business to hit \$5 billion by 2026. Despite the long-term potential, short-term revenue growth is uncertain, leading to a post-CES stock drop. High valuations and short-term profitability are key to stock support, indicating volatility but a long-term positive trend.

Research Forecasts AI PCs with NPU Will Exceed 50% Penetration by 2027



PC Shipment Volume Expected to Remain Flat in 2024, but Projected to Grow 6% in 2025



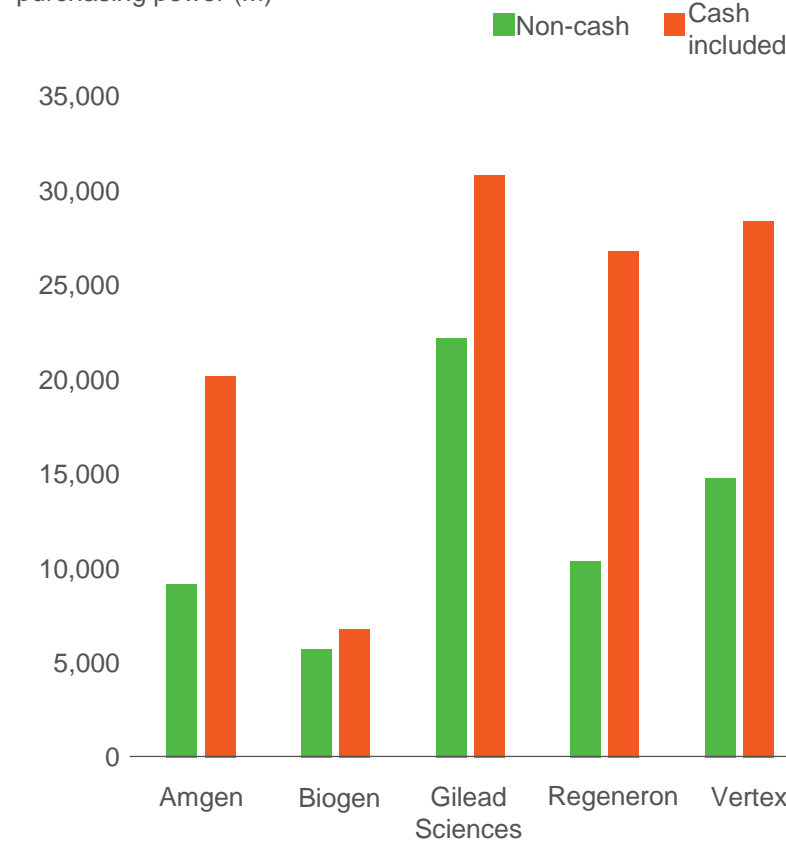
Source: Canalys, IDC

Large Pharmaceutical Companies May Enhance Competitiveness Through Mergers, Acquisitions, and Drug Licensing

- ▶ U.S. biotech giants, with over \$100 billion for mergers and acquisitions, may expand product lines through acquisitions or licensing to reduce reliance on flagship products. This can boost growth stability and lower operational pressure. Additionally, the rise of blockbuster drugs like obesity treatments could drive further drug development and licensing, enhancing competitiveness and revenue stability.
- ▶ Healthcare companies may face increased mergers and acquisitions due to patent cliffs. Around 170 drugs losing patent protection from 2024 to 2030 could lead to a decline in sales of over \$360 billion for U.S. and EU pharmaceutical firms. Bloomberg analysts predict a drop in revenue to \$140 billion by 2030, with flagship products potentially facing risks as early as 2025.

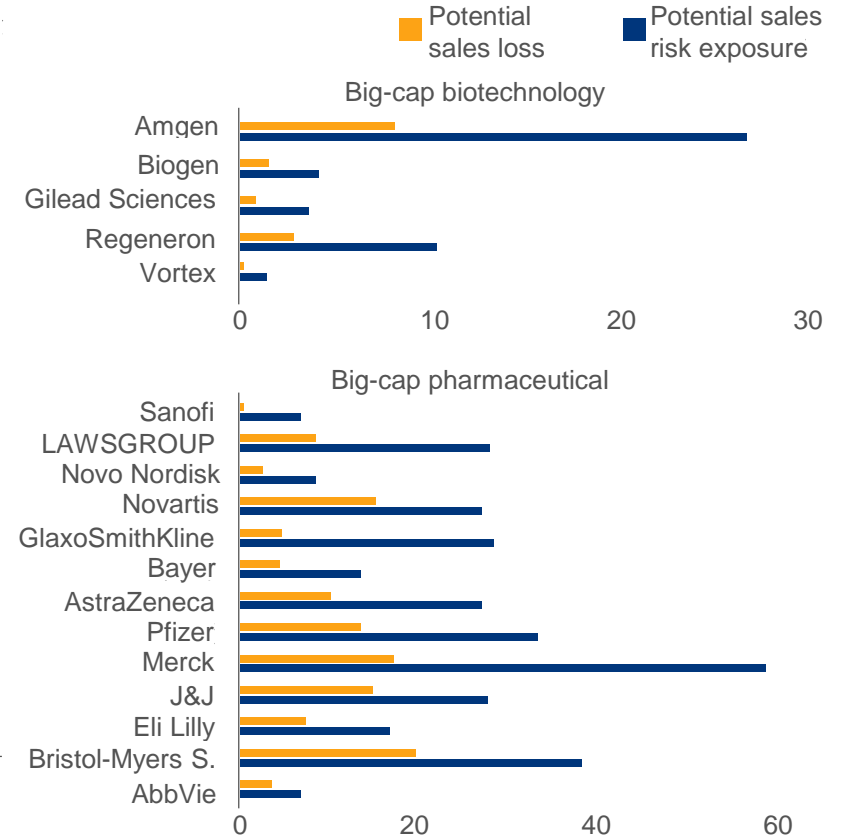
U.S. Large Biotech Companies Have M&A Capacity Exceeding \$100 Billion

U.S. biotechnology big-cap companies potential M&A purchasing power (M)



Numerous Patents Expiring, Increasing the Likelihood of Mergers and Licensing Deals

The impact of patent expiration on the potential revenue of large companies 2024-2030 (Unit: B)



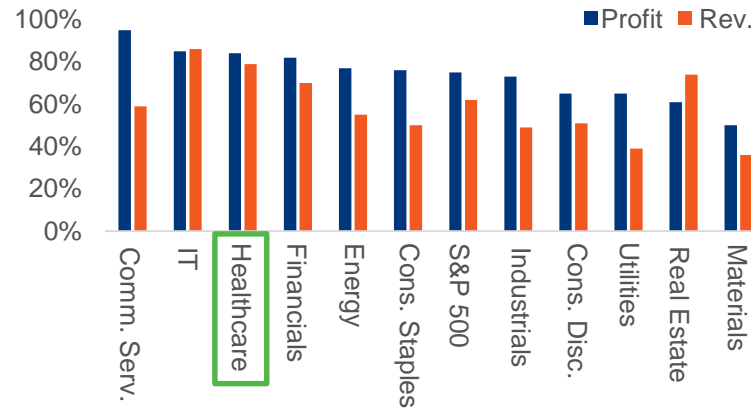
Source: Bloomberg

Healthcare Strong Performance Likely to Continue, Driven by Real Growth and Sector Potential

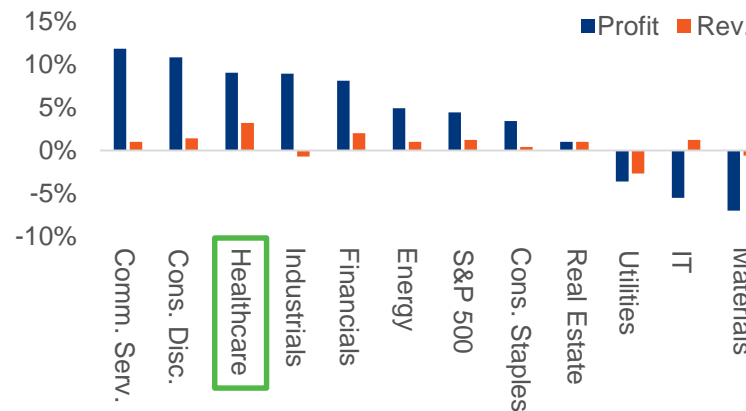
- ▶ In Q3 2024, healthcare sector performance exceeded expectations, with revenue (79%) and profit (84%) outperforming other industries. Revenue exceeded forecasts by 3.2%, while profit rose by 9.0%. This robust growth supports further industry valuation expansion. Additionally, the research firm's analysis reveals a 23% potential upside for undervalued healthcare stocks.
- ▶ In Q4 2024, healthcare sector performance will be evaluated mainly by revenue growth, due to profit growth being affected by last year's accounting adjustments. Compared to Q3, only financials, real estate, healthcare, and communication services have seen upward revisions in revenue growth forecasts. This shows continued positive sentiment for healthcare, suggesting it remains a strong sector for investors to consider.

Healthcare's Strong Performance in Q3 2024

Proportion of S&P 500 Q3 2024 Estimation Beater by Sector

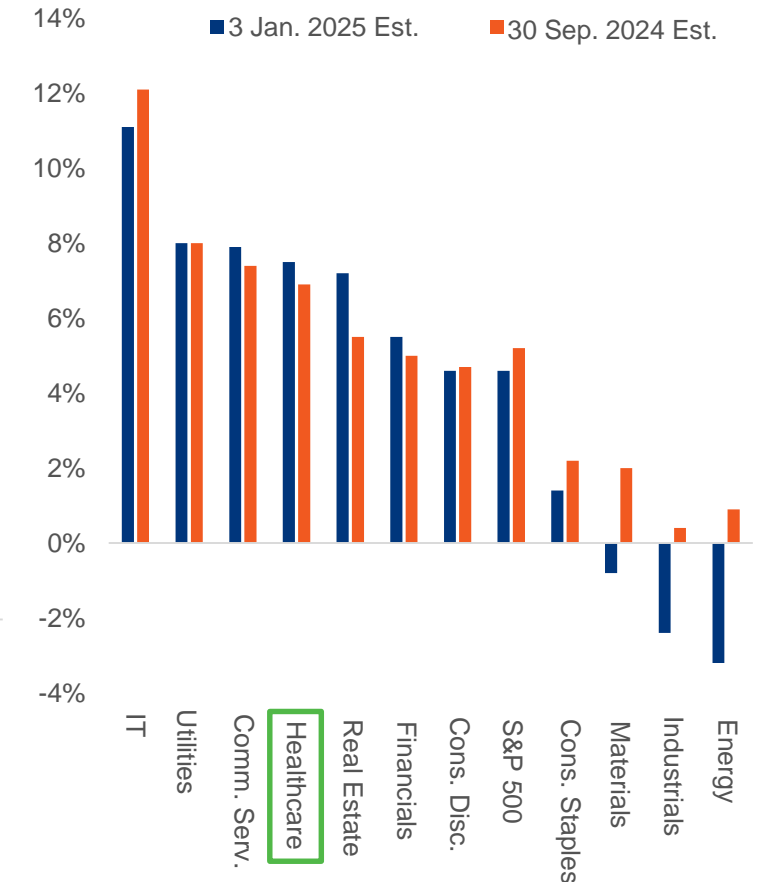


Outperformance of S&P 500 Q3 2024 Estimation



Significant Upward Revision in Q4 2024 Revenue Forecast

Estimated YoY revenue growth rate for each sector of the S&P 500 in Q4 2024.



Source: FactSet

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ Trump's return to office brings uncertainty, but markets will focus on U.S. corporate earnings. A soft economic landing is expected, with strong consumer performance potentially driving valuation growth. Sectors like finance, industrials, and defense are set to benefit from Trump's policies. The positive outlook for AI ensures tech stocks will maintain a long-term growth trend. ◆ Rising tariffs will limit China's external demand. Europe's weak economy, trade uncertainties, and rising military spending lead to a neutral outlook. Japan, with growing wages and improving consumer power, is viewed more positively. 	<p>Style: Large-cap stocks, Financials, Industrials, Defense, AI, and Tech</p> <p>Regions: U.S., Japan, India (Satellite)</p>
Bonds	<ul style="list-style-type: none"> ◆ Recent services index stays high, manufacturing improves, and job openings rise. Economic resilience has tempered rate cut expectations. Treasury yields remain elevated, and fiscal/monetary policy uncertainty may drive volatility. Consider locking in returns with short-term treasuries and investment-grade bonds as yields rise. ◆ Longer-duration bonds remain volatile, so investors should allocate based on risk tolerance. Unless a hard landing is expected, consider waiting for signs of a slowdown in employment data before investing in longer-term bonds. 	<p>Duration: Short-term bonds lock in yields, while medium and long-term bonds have higher volatility, depending on risk tolerance.</p> <p>Types: For bonds, large enterprises are preferred, and financial bonds with potential upside are recommended.</p>
Forex	<ul style="list-style-type: none"> ◆ Trump's policies after taking office could raise inflation and boost U.S. bond yields. With slower Fed rate cuts, the dollar is likely to stay strong short-term, but may weaken as the economy soft-lands and rate cuts continue. ◆ Trade tariffs risk slowing non-U.S. economies, driving larger rate cuts and widening spreads, weakening non-U.S. currencies. The yen, pressured by the Bank of Japan's steady rates, trends weaker. USD/JPY surpasses November highs, with rate decisions steering yen direction. 	<p>The U.S. dollar remains supported at elevated levels in the short term.</p> <p>The Japanese yen is expected to depreciate in the short term but gradually appreciate over the long term.</p>

Funding Scale for 2025 Expected to Increase Significantly

China's Inflation in 2025 Expected to Exceed 2024 Levels

► The National Bureau of Statistics reported that China's December CPI rose 0.1% year-on-year, slightly below the previous month's 0.2%. Core CPI increased to 0.4% from 0.3%. Annual CPI growth for 2024 was 0.2%, with core CPI at 0.5%. Food prices dropped 0.6%, while service inflation grew 0.7%. Inflation in 2025 is projected to rise to 0.6%, depending on stronger demand, stable commodity prices, and a recovering housing market.

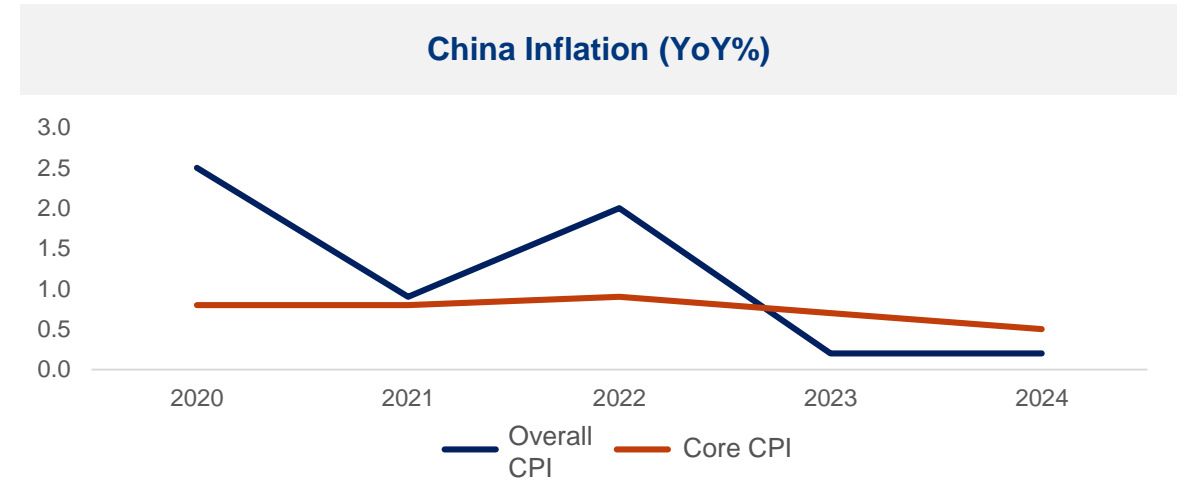
The Scope of Consumer Goods Trade-in Programs is Expected to Expand

► December's Non-Manufacturing PMI rose to 52.2, above expectations. The construction index surged to 53.2, while services rose to 52, driven by transportation, communication, and financial services. Transportation services benefitted from the early Lunar New Year, with record rail and air passenger volume expected. Overall, the economy shows marginal recovery, but liquidity tightening may prompt a rate cut before the Spring Festival.

National Development and Reform Commission (NDRC) States 2025 Support for "Two New" Will Significantly Increase

► Digital product subsidies are 15% of the sales price, capped at 500 RMB, favoring mid-to low-priced items. Domestic smartphones may see the most benefit. For home appliances, the subsidy structure mirrors last year, with a cap of one product per category per consumer. However, air conditioners have a special allowance of three units, up to 6,000 RMB. Companies with significant air conditioner sales could see gains. The NDRC also confirmed a major increase in this year's "Two New" funding, potentially doubling to 600 billion RMB from 2024, with final details expected post-"Two Sessions."

Source: National Bureau of Statistics of China, Bloomberg



Applicable Scope		Subsidy Scheme
Home Appliances	A total of 12 items, with 4 additional items added earlier (microwave ovens, water purifiers, dishwashers, rice cookers).	<ul style="list-style-type: none"> ■ The subsidy standard is 15% of the product's selling price. ■ For products meeting level 1 energy efficiency or water efficiency standards, the subsidy standard is 20% of the product's selling price. ■ Air conditioning products are eligible for a maximum subsidy of 3 units. ■ The subsidy per unit does not exceed \$2,000.
Digital Products	Mobile phones, tablets, smartwatches, and fitness bands.	<ul style="list-style-type: none"> ■ The selling price per unit should not exceed \$6,000. ■ A subsidy of 15% of the product's selling price will be granted. ■ The subsidy per unit does not exceed \$500.

China Railway Group Limited (390 HK)

Closing Price HK \$3.68

Target Price HK \$4.1

Profile

China Railway Group Limited offers transportation facility construction services. It builds railways, roads, tunnels, bridges and conducts engineering survey, equipment manufacturing, real estate development, and investment businesses.

Highlights

■ Geopolitical Risks Remain Relatively Low for Non-Listed Assets

The U.S. added Tencent and CATL to the 1260H list while removing six companies like China Railway and China State Construction. This has sparked fears of further pressure on Chinese firms, prompting funds to shift from high-risk to lower-risk stocks. China Railway is no longer on any list, reducing its geopolitical risk.

■ Benefit from Localization of Bonds

China's large-scale local government debt program, aimed at settling debts and funding new projects, will boost the infrastructure sector. Recent policy updates from the NDRC and Ministry of Finance highlight continued support for key areas, including industrial equipment, energy, and transportation, benefiting the sector.

■ High Dividends Attractive in Low-Interest Environment

The company saw a net cash outflow of 71.25 billion RMB in the first three quarters, double that of 2023. However, Q3 2024 showed improvement, with outflows reduced to 1.92 billion RMB. Supported by the local government debt program, cash flow is expected to improve. With a dividend yield over 6%, the company remains attractive in China's low-interest environment.

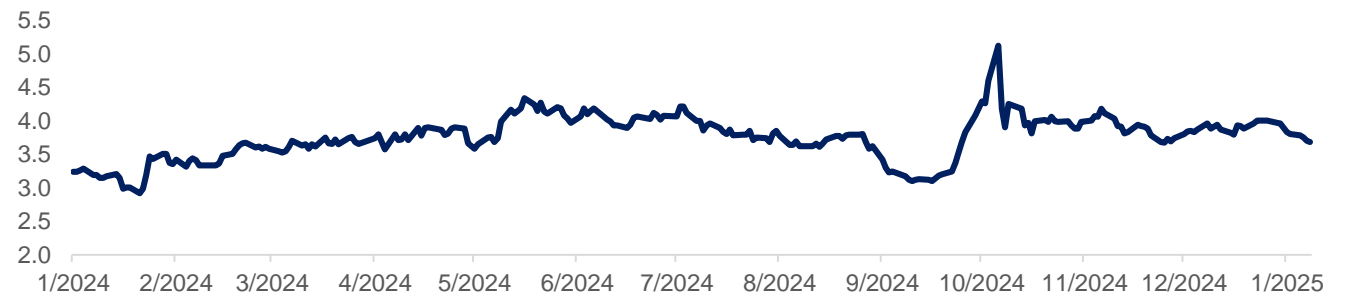
Source: Bloomberg

Financials

	2021	2022	2023	2024F	2025F
Net Income (100M HKD)	276	312	334	303	320
NI YoY(%)	9.6	13.2	7.0	-9.3	5.6
EPS(CNY)	1.04	1.20	1.29	1.22	1.29
DPS(CNY)	0.20	0.20	0.21	0.21	0.21
P/E	3.3	2.9	2.7	2.8	2.7
Dividend Yield(%)	5.77%	5.77%	6.05%	6.05%	6.05%

Source: Bloomberg; 2024/25F are market estimates

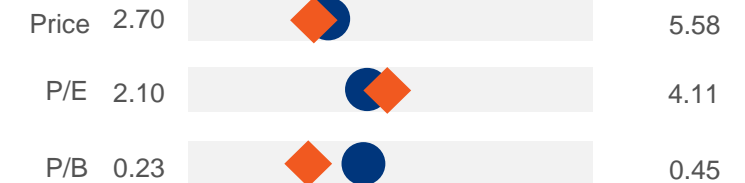
YTD Performance



As of 9 Jan. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-7.07	-5.64	-7.07	17.01	-3.22	-2.56

Valuations

● 5Y Average ◆ Current



CRRC Corporation Limited (1766 HK)

Closing Price HK \$4.79

Target Price HK \$5.3

Profile

CRRC Corporation Limited manufactures rolling stock products. The Company produces locomotives, passenger carriages, freight wagons, vehicles key components, and other products.

Highlights

Conditional Dividend Increase Possible

Since 2018, CRRC has raised dividends every two years. With a net cash position, it has the capacity to increase dividends. In Q3, operating cash flow turned positive at 7.62 billion RMB, compared to a negative 3.99 billion RMB last year, driven by higher cash receipts. The local government debt program is expected to boost the infrastructure sector, supporting the company's outlook.

Rail Investment Set for Breakthrough in Final Year

Railway investment is expected to surpass 900 billion RMB in 2025, with a 13.4% YoY increase, higher than 2024's 11.2%. The China National Railway Group plans to leverage national policies to accelerate key projects, including major routes to Tibet, Xinjiang, and coastal areas, to meet 14th Five-Year Plan goals.

Equipment Upgrades and Advanced Repair Demand to Surge

CRRC, a global rail leader, saw its high-speed train additions double from 2007-2009 to 2010-2014. With the 2010 fleet driving an increase in after-sales maintenance, and the "old-for-new" policy boosting equipment upgrades, the pace of railway equipment replacement is set to accelerate, supporting revenue growth for CRRC's rail business.

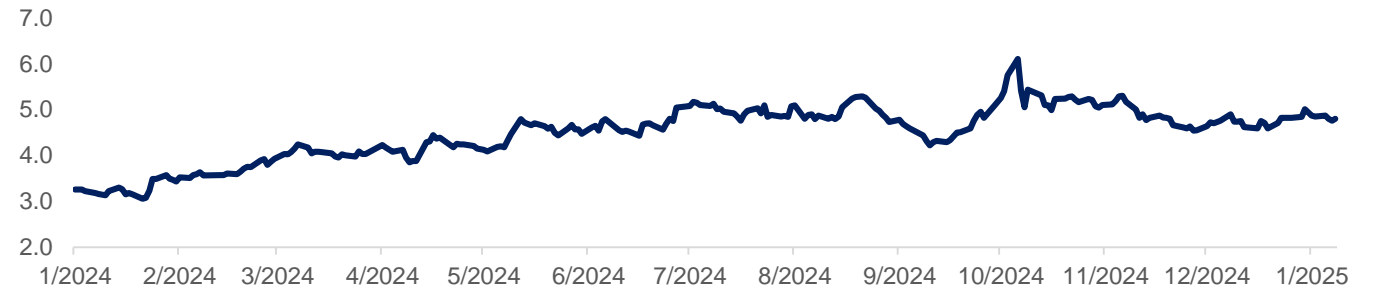
Source: Bloomberg

Financials

	2021	2022	2023	2024F	2025F
Net Income (100M CNY)	103	116	117	134	148
NI YoY(%)	-9.08	13.11	0.50	14.50	10.50
EPS(CNY)	0.36	0.41	0.41	0.47	0.52
DPS(CNY)	0.18	0.20	0.20	0.22	0.24
P/E	12.6	11.0	11.0	9.6	8.7
Dividend Yield(%)	3.98%	4.42%	4.42%	4.86%	5.31%

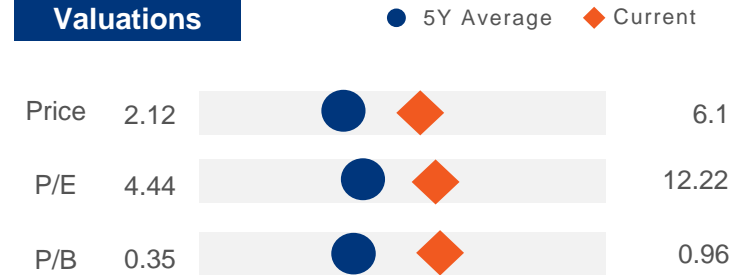
Source: Bloomberg; 2024/25F are market estimates

YTD Performance



As of 9 Jan. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-2.24	-5.14	-4.39	52.26	61.27	7.39

Valuations

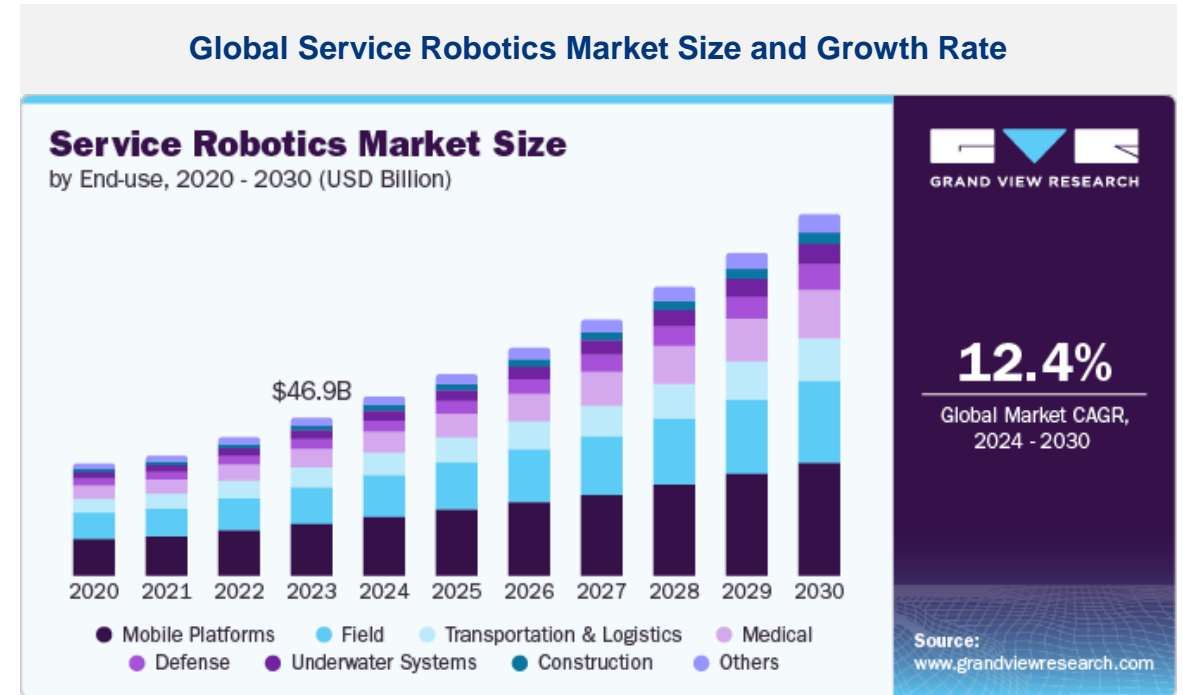




CES Sparks New Tech Developments, Focus on Robotics

- ▶ In December, the U.S. added 256,000 jobs in non-farm payrolls, the highest in nine months, surpassing the revised November figure of 212,000 and the market expectation of 165,000. The unemployment rate decreased to 4.1%, lower than the expected 4.2%.
- ▶ The ISM services PMI for December rose 2.0 points to 54.1, above the forecast of 53.5.
- ▶ The ADP report showed 122,000 new jobs in December, the lowest in four months, below the November number of 146,000 and the expected 140,000.
- ▶ Job vacancies in November increased by 259,000 to 8.098 million, higher than the revised October number of 7.839 million and exceeding the market forecast of 7.74 million.
- ▶ The January consumer confidence index from the University of Michigan fell to 73.2, below the previous month's 74 and the expected 74.0.
- ▶ The December FOMC minutes highlighted concerns over inflation risks due to stronger-than-expected data and potential changes in trade and immigration policies. The Fed members acknowledged inflation might take longer to reach the 2% target, with some worrying about delays in the process.
- ▶ At CES, companies like NVIDIA and Samsung revealed their robotics strategies, showcasing a growing field in AI applications.
- ▶ AI and emerging technologies are expected to continue driving economic growth, while political uncertainty surrounding Trump's policies has increased volatility in U.S. stock markets.

Source: Bloomberg



GE HealthCare (GEHC)

Closing Price US \$84.76

Target Price US \$100

Profile

GE HealthCare Technologies Inc. provides medical technology, pharmaceutical diagnostics, and digital solutions. The Company offers imaging, ultrasound, maternal, ventilator, and patient monitoring equipment.

Highlights

Robot Industry Set for Further Growth in 2025

With rising demand for automation, tech giants like Nvidia and Samsung are increasingly focusing on robotics. At CES 2025, they showcased their strategies, highlighting the sector's growth. In healthcare, GE HealthCare integrates robotics and AI with products like Allia IGS 7. These innovations aim to improve precision and efficiency, allowing healthcare workers to focus more on patient care.

AI Drives Business and Sales Growth

The company is actively expanding in artificial intelligence, integrating AI into healthcare services through platforms like Edison, AI ultrasound segmentation, and smart imaging. These AI solutions streamline medical workflows, enhancing diagnostic speed and accuracy. AI-powered analysis is also embedded in devices such as enhanced X-ray systems. Boosted by AI, demand for its medical products and services has surged. By Q3 FY24, total orders hit \$19.6 billion, up \$1.2 billion year-on-year, slightly exceeding FY23 revenue.

Valuation Consensus

The Bloomberg 12-month average target price is \$97.35, with a high of \$110 and a low of \$83.

Source: Bloomberg

Financials

	2021	2022	2023	2024F	2025F
Revenue Growth(%)	2.5	4.3	6.6	0.6	3.7
EBITDA (%)	21.0	18.6	17.8	18.5	19.1
EPS	5.17	4.45	3.57	4.3	4.66
Net Profit Margin(%)	13.4	11.1	8.3	10.0	10.5

Source: Bloomberg; 2024/25F are market estimates

1-Year Performance



As of 8 Jan. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	5.3	-5.0	10.3	12.5	NA	NA

Valuations

● 5Y Average ◆ Current



Intuitive Surgical, Inc. (ISRG)

Closing Price US \$547.47

Target Price US \$600

Profile

Intuitive Surgical, Inc. design, manufactures, and markets surgical systems. It offers endoscopes, endoscopic retractors and dissectors, scissors, scalpels, forceps, needle holders, electrocautery, ultrasonic cutters, and accessories during surgical procedures.

Highlights

■ Global Leader in Robotic Surgical Systems

The da Vinci Surgical System is widely used in urology, gynecology, and general surgery, with over 8,200 systems installed globally. The company uses a razor-and-blade model, earning recurring revenue from consumables, services, and maintenance, in addition to system sales.

■ Vast Market Growth Potential

The total addressable market (TAM) for soft tissue surgeries is 6 million, with the company holding about 30% market share. With a projected long-term TAM of 20 million, there is significant room for growth. The da Vinci system's sales continue to rise, with 379 units sold in the first three quarters of FY24, up 22% year-over-year. The company expects 14.8% revenue growth in 2024, surpassing the industry's 14.5% and leading competitors.

■ Valuation Consensus

The Bloomberg 12-month average target price is \$565.42, with a high of \$655 and a low of \$265.

Source: Bloomberg

Financials

	2021	2022	2023	2024F	2025F
Revenue Growth(%)	31.0	9.0	14.5	14.3	17.0
EBITDA (%)	38.3	32.3	31.5	40.0	40.7
EPS (USD)	4.70	3.76	5.09	6.87	7.72
Net Profit Margin(%)	30.1	21.9	25.5	30.6	29.8

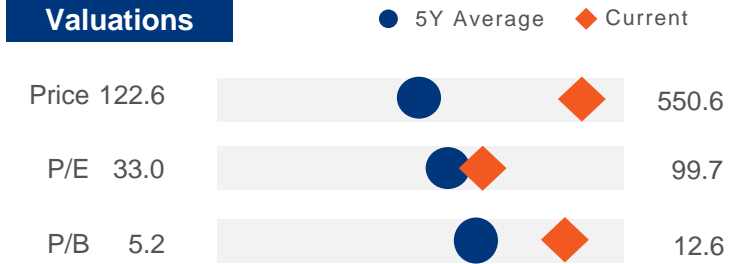
Source: Bloomberg; 2024/25F are market estimates

1-Year Performance



As of 8 Jan. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	1.0	10.9	4.2	64.6	18.8	22.9

Valuations





Taiwan Stock Market Adjusts, Key Electronics Stocks Move, Moving Averages May Offer Support

► Bullish Trend Disrupted, Mid- to Long-term Moving Averages May Provide Support

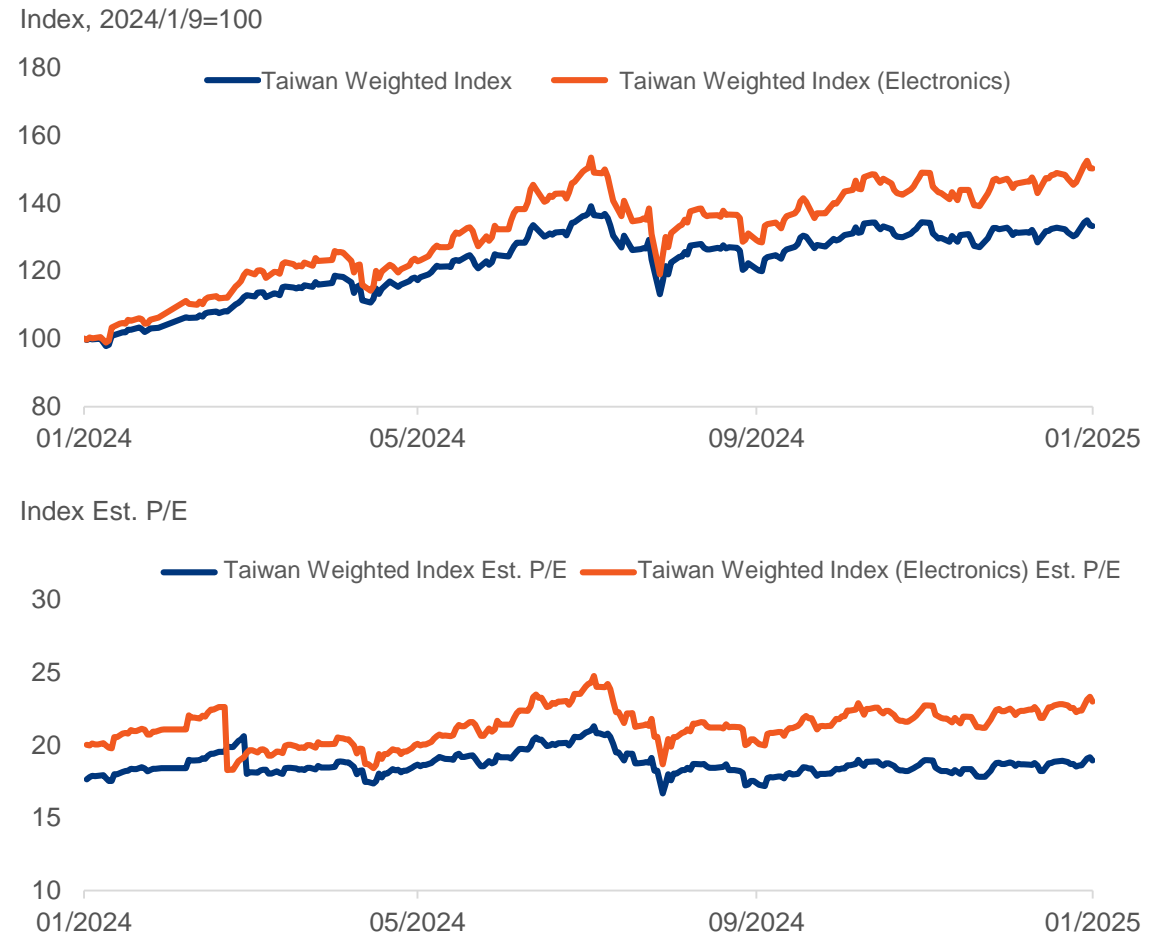
After a strong rally last Monday, the Taiwan stock market hit 23,943 on Tuesday, nearing the 24,000 level. However, selling pressure led to a pullback, causing the rally to lose momentum. Technically, the market is in a short-term correction, with a sharp drop on Thursday that broke below key moving averages and filled Monday's gap (23,092–23,131 points). The bullish trend has been disrupted, and the market may seek support at 23,905 or 22,713 points.

► Watch for Recent Volatility in Taiwan Stocks, Focus on Earnings Growth-driven Sectors

Recently, the market shifted from a sharp rise to a decline, with Thursday's close near last week's low. Large-cap electronics and AI servers are consolidating, while sectors like boards, BBU, and semiconductor testing are focused on December revenue growth. Financial stocks are steady, offering potential opportunities. Until volatility decreases, avoid adding too many positions. Focus on stocks with earnings growth and short-term support, buying on dips and taking profits during rebounds..

Source: Bloomberg

Taiwan Weighted Index and Taiwan Electronics Sector Trends & Est. P/E



TSMC (2330 TT)

Profile

TSMC manufactures and markets integrated circuits. The Company provides the following services: wafer manufacturing, wafer probing, assembly and testing, mask production, and design services.

Highlights

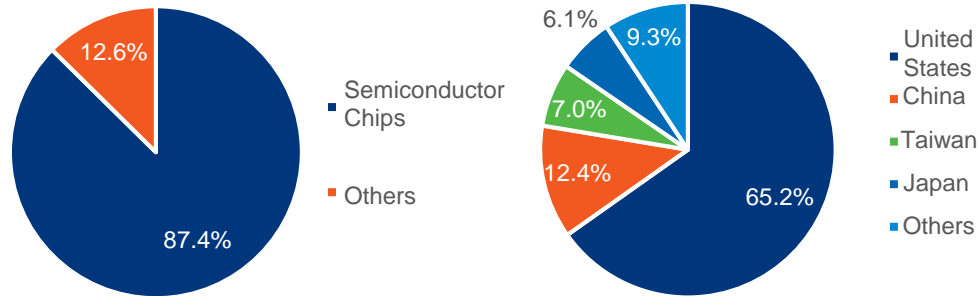
4Q24 Performance Expected to Slightly Exceed Company Outlook

We expect 4Q24 revenue to grow 13.4% quarter-on-quarter, slightly above the company's forecast of 10-13%, driven by AI demand and iPhone 16. Key points from the earnings call include AI demand (GPU vs. ASIC), CoWoS capacity expansion, 2025 capital expenditure and revenue outlook, semiconductor cycle, non-AI demand, and N2 progress.

1Q25 Revenue Expected to Remain Flat Quarter-on-Quarter

Due to higher prices for N3/N4/N5 and CoWoS, we expect TSMC to forecast flat 1Q25 revenue, within a $\pm 2\%$ range. Capacity utilization for N4 and N5 is expected to rise further in 1Q25, driven by strong AI demand and new modem business from Apple (US).

Revenue Sources and Regions



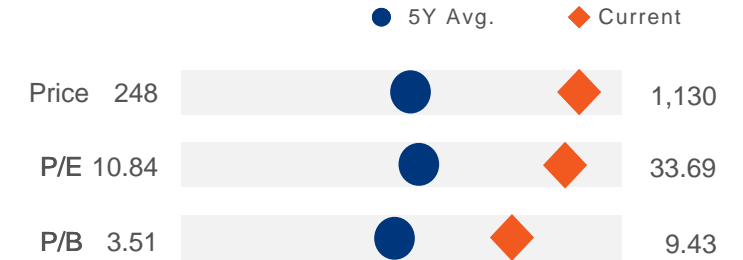
Source: Bloomberg

Financials

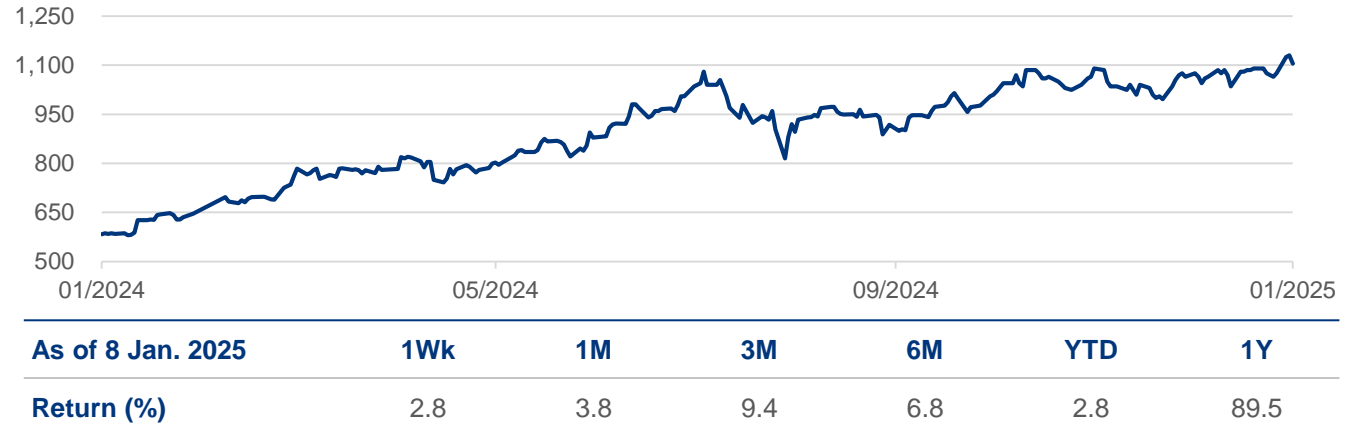
	2021	2022	2023	2024F	2025F
EPS (NTD)	39.20	32.34	45.48	60.12	71.49
EPS Growth (%)	70.4	-17.5	40.6	32.2	18.9
P/E Ratio	28.7	34.8	24.7	18.7	15.7
ROE (%)	39.8	26.2	30.7	32.7	30.9

Source: Company data, estimates of KGI analyst

Valuations



1-Year Performance



Gold Circuit Electronics Ltd. (2368 TT)

Profile

Gold Circuit Electronics Ltd. manufactures and markets double-sided and multi-layer printed circuit boards.

Highlights

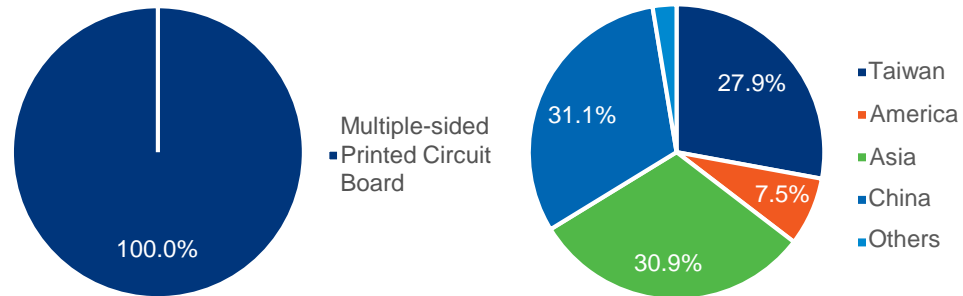
■ 1Q25 Revenue Revised Upward Due to Trainium2 Server Demand

The company benefits from increased demand for Amazon's Trainium2 AI servers, leading us to raise its 1Q25 revenue forecast by 6.9% to NT\$10.36 billion. Gross margin is expected to increase by 0.5 percentage points to 32.8%, with earnings per share revised up by 10% to NT\$3.50.

■ UBB Order Visibility Extended to 3Q25, 2025 Operations Revised Up

The company is a key supplier of Compute tray UBB for Trainium2 servers. We forecast PCB shipments from 4Q24 to 3Q25 to grow from 50,000–60,000 units to 180,000–200,000 units, and then to 250,000–300,000 units. By 1Q25, Trainium2 server shipments are expected to contribute a double-digit percentage to Jentech's quarterly revenue.

Revenue Sources and Regions



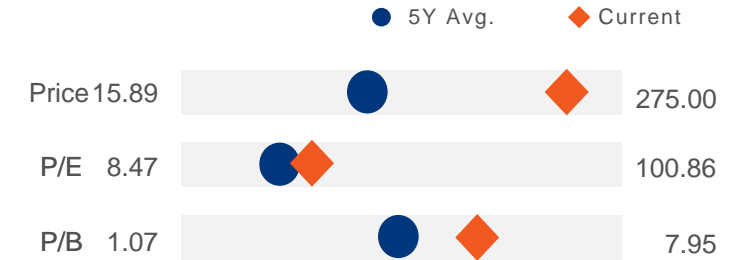
Source: Bloomberg

Financials

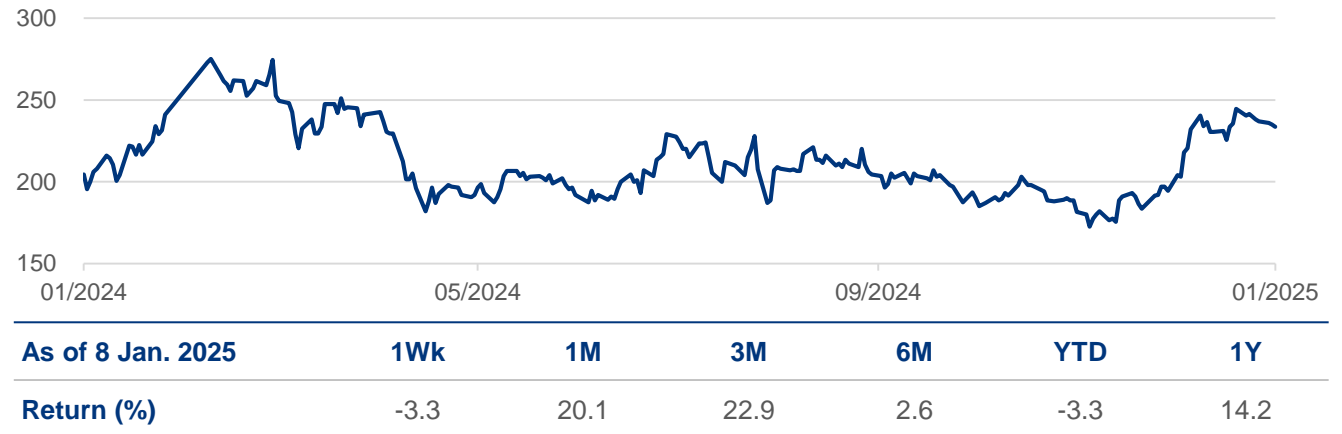
	2021	2022	2023	2024F	2025F
EPS (NTD)	5.41	8.86	7.25	12.03	16.58
EPS Growth (%)	41.6	63.7	-18.2	66.0	37.7
P/E Ratio	44.0	26.9	32.8	19.8	14.4
ROE (%)	28.3	35.5	22.7	34.7	42.7

Source: Company data, estimates of KGI analyst

Valuations



1-Year Performance



Harnessing 3 Major Asset Classes to Capture U.S. Opportunities

Leading indicators show signs of stabilization and recovery, suggesting that the U.S. stock market rally may continue. Investors can capture potential gains in U.S. equities while diversifying through multi-asset U.S. funds.

► Allianz Income and Growth Fund

- Combines three asset classes to deliver high monthly income potential, capital appreciation, and lower volatility compared to pure equity funds.
- Primarily invests in the U.S. capital markets, with a balanced allocation of one-third each in high-yield bonds, convertible bonds, and equities.
- Diversified across over 400 holdings to help reduce portfolio risk.
- Offers monthly dividends, with an average annualized dividend yield of approximately 8.3% over the past 12 months.
- Rated 5 stars by Morningstar, demonstrating stable medium- to long-term performance.

Return (%)	YTD	1Y	3Y	5Y	10Y
Allianz Income and Growth Fund	0.16	11.96	2.04	6.88	6.73
Balanced Fund (USD)	-0.03	9.01	1.26	3.51	3.86
Morningstar EAA USD Mod Tgt Alloc NR USD	0.05	9.81	2.82	4.95	5.39
Quartile Ranking	2	1	2	1	1

Source: Bloomberg, 8 Jan. 2025

Product	Allianz Income and Growth Fund	
Features	<ul style="list-style-type: none"> ■ Primarily Invests in High-Yield Bonds, Convertible Bonds, and Stocks ■ Offers Dividend Payouts 	
AUM	USD 50.622 B	
Tracking Index	-	
Holdings	442	
3M/YTD Returns	2.1% / 0.16%	
Top-5 Sectors (%)	Information Technology Consumer Disc. Financials Communication Services Industrials	19.40 15.10 13.10 11.30 10.10
Top-5 Holdings (%)	Apple Inc. NVIDIA Corp. Microsoft Corp. Amazon Inc. META Inc.- Class A	2.1 2.1 2.0 1.5 1.1

Allianz Income and Growth Fund

Profile

The Fund aims at long-term capital growth and income by investing in US and/or Canadian corporate debt securities and equities.

Invests in Three Major Assets

Invests in U.S. high-yield bonds for strong returns with lower rate sensitivity, convertible bonds for stock market upside with reduced risk, and stocks to capture capital growth.

Diversified Investment Portfolio

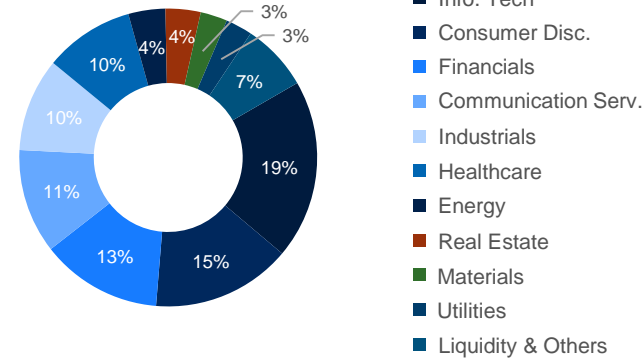
Holds over 400 investments, ensuring diversification and reducing individual stock risk, which helps lower overall portfolio risk.

Dividend Yield

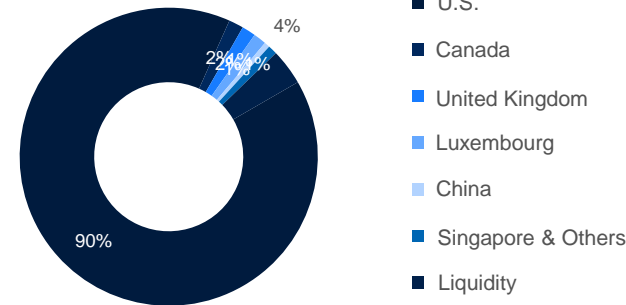
Offers monthly dividends, with the AM Class (USD) shares yielding an average annualized dividend of approximately 8.3% over the past 12 months.

Inception Date	16 Oct. 2012	AUM	USD 50.622 B
Morningstar Category	Balanced	Category	Asset Allocation
Morningstar Rating	★★★★★	3Y Stand. Dev. (Ann.)	13.24%

Sectors



Regions



Top-5 Holdings (%)

Apple Inc.	2.1
NVIDIA Corp.	2.1
Microsoft Corp.	2.0
Amazon Inc.	1.5
META Inc.- Class A	1.1

3 Year Performance



As of 8 Jan. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (USD, %)	-1.80	2.1	0.16	11.96	28.52	6.32
Quartile Ranking	2	1	1	1	1	2

Source: Allianz, 31 Dec. 2024; MorningStar, 8 Jan. 2025

Healthcare And Pharmaceuticals Poised for a New Era

► VanEck Pharmaceutical ETF (PPH.US)

- Tracks the MVIS US Listed Pharmaceutical 25 Index.
- Focuses on pharmaceutical R&D, production, sales, and marketing.
- Focuses on large-cap stocks, holding 25 positions, with the top 10 comprising 64%.

► Health Care Select Sector SPDR Fund (XLV.US)

- Aims to track the performance of the Health Care Select Sector Index.
- Covers sectors like pharmaceuticals, medical devices, healthcare services, and biotechnology.
- Top three sectors: Pharmaceuticals (43.09%), Healthcare Products (29.65%), Healthcare Services (17.14%).
- Top 10 holdings account for over 55% of the 61 positions.

Product	VanEck Pharmaceutical ETF (PPH.US)	Health Care Select Sector SPDR Fund (XLV.US)
Features	<ul style="list-style-type: none"> ■ Investing in Pharmaceutical Companies Globally ■ Holdings Concentrated in Top 10 Companies 	<ul style="list-style-type: none"> ■ Largest U.S. Healthcare ETF ■ Expense Ratio as Low as 0.09%
AUM	USD 0.569 B	USD 37.73 B
Tracking Index	MVIS US Listed Pharmaceutical 25 Index	Health Care Select Sector Index
Holdings	25	61
3M/YTD Returns	-7.26% / 0.92%	-8.01% / 2.08%
Top-5 Sectors (%)	Pharmaceuticals 94.81 Cosmetics/ Personal Care 5.19	Pharmaceuticals 43.09 Healthcare-Products 29.65 Healthcare-Services 17.14 Biotechnology 9.51 Electronics & Others 0.58
Top-5 Holdings (%)	Eli Lilly & Co 13.28 Johnson & Johnson 7.01 AbbVie Inc 6.80 Novo Nordisk A/S 6.42 Merck & Co Inc 5.42	Eli Lilly & Co 11.93 UnitedHealth Group Inc 9.26 Johnson & Johnson 6.89 AbbVie Inc 6.21 Merck & Co Inc 5.00

Source: Bloomberg, 8 Jan. 2025

VanEck Pharmaceutical ETF (PPH)

Profile

VanEck Pharmaceutical ETF is an exchange-traded fund incorporated in the USA. The Fund seeks to track the performance of the US Listed Pharmaceutical 25 Index. The Pharmaceutical Index is comprised of equities of U.S. listed companies in the pharmaceutical sector.

Investing in the Pharmaceutical Industry

Targets pharmaceutical stocks, covering R&D, production, marketing, and sales. Ideal for investors seeking tactical tilts or sector rotation without selecting individual stocks.

Top 10 Holdings Dominate the Portfolio

The portfolio holds stocks of major industry players, including Eli Lilly, Johnson & Johnson, AbbVie, Novo Nordisk, and Merck. The top 10 holdings make up 63.7% of the portfolio.

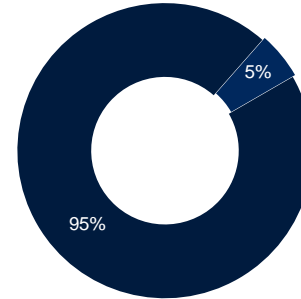
Global Investment

This ETF invests globally in pharmaceutical companies, with 60.66% in the U.S. and exposure to Europe and Japan, offering diversified access to the global sector.

Inception Date	21 Dec. 2011	AUM	USD 0.569 B
ETF Category	Equities	Holdings	25
Expense Ratio	0.36%	3Y Stand. Dev. (Ann.)	13.62%

Source: Bloomberg, 8 Jan. 2025

Sectors



- Pharmaceuticals
- Cosmetics/Personal Care

1-Year Performance



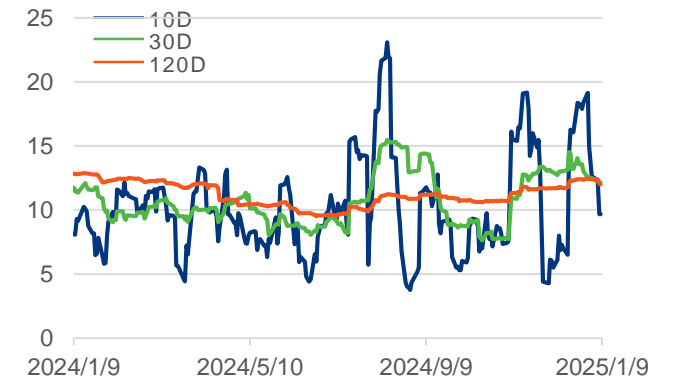
As of 8 Jan. 2025

	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-2.78	-7.26	0.92	4.37	20.47	49.16

Top-5 Holdings (%)

Eli Lilly & Co	13.28
Johnson & Johnson	7.01
AbbVie Inc	6.80
Novo Nordisk A/S	6.42
Merck & Co Inc	5.42

1-Year Volatility



Health Care Select Sector SPDR Fund (XLV)

Profile

Health Care Select Sector SPDR Fund tracks the Health Care Select Sector Index. The Index includes companies involved in health care equipment and supplies, health care providers and services, biotechnology & pharmaceuticals.

■ Largest U.S. Healthcare ETF

Largest U.S. healthcare ETF by asset size, broadly investing in healthcare-related sectors within the S&P 500, including pharmaceuticals, medical devices and supplies, biotechnology, healthcare providers, and life sciences tools and services, with strong liquidity.

■ Diversified Investment

The pharmaceutical industry offers relatively stable demand, with growth potential fueled by increasing focus on health and healthcare. The tracked index covers multiple sectors, including pharmaceuticals, medical devices and supplies, healthcare services, and biotechnology.

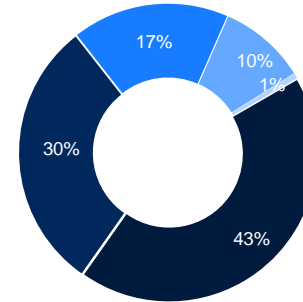
■ Low Expense Ratio

This ETF has an expense ratio of 0.09%, making it cost-effective and helping investors reduce investment costs.

Inception Date	22 Dec. 1998	AUM	USD 37.73 B
ETF Category	Equities	Holdings	61
Expense Ratio	0.09%	3Y Stand. Dev. (Ann.)	14.12%

Source: Bloomberg, 8 Jan. 2025

Sectors



- Pharmaceuticals
- Healthcare-Products
- Healthcare-Serv.
- Biotechnology
- Electronics & Others

1-Year Performance



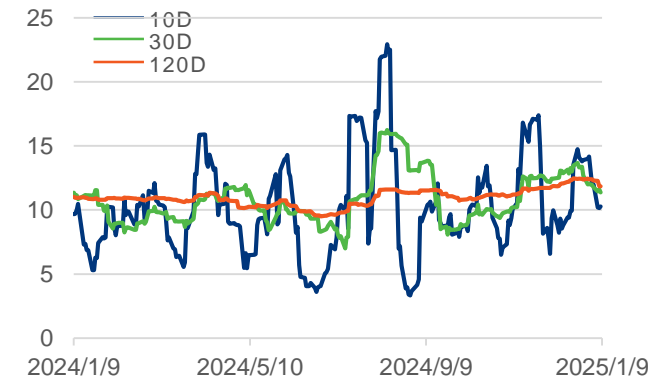
As of 8 Jan. 2025

	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-2.52	-8.01	2.08	1.65	9.62	48.00

Top-5 Holdings (%)

Eli Lilly & Co	11.93
UnitedHealth Group Inc	9.26
Johnson & Johnson	6.89
AbbVie Inc	6.21
Merck & Co Inc	5.00

1-Year Volatility



Global Demand for Generative AI Drives Power Consumption Growth, Benefiting Leading Energy Companies

► EDF 5.65 04/22/29

- EDF (Électricité de France) is the world's second-largest and Europe's largest integrated power company, holding a dominant position in France and strong market presence in the UK and Italy. EDF accounts for 70-75% of France's electricity production, with a 70% residential and 50% non-residential market share. Through the construction of new nuclear plants, EDF plays a pivotal role in France's energy transition. As of 2023, 90% of its electricity generation came from low-carbon sources, with nuclear power contributing 78% and hydropower 9%, giving it a clear advantage in the low-carbon energy era.
- In June 2023, EDF was fully renationalized and is now 100% owned by the French government. Nuclear energy remains a top priority across nearly all French political parties. As the cornerstone of France's energy policy, EDF is expected to continue receiving robust government support.
- EDF demonstrated strong performance throughout 2023 and the first half of 2024. Despite a decline in energy prices, EDF raised its 2024 nuclear output forecasts twice, in September and December, providing profit support. In June 2024, S&P revised EDF's outlook to positive, and we anticipate a potential rating upgrade in 2025.

Source: Bloomberg

Products	EDF 5.65 04/22/29 (EDF Renewables, Inc.)
ISIN	USF2893TBD75
Highlight	Europe's largest power company, producing 70-75% of France's electricity. In June 2024, S&P revised EDF's outlook to positive, a potential rating upgrade in 2025 is anticipated.
Maturity Date	22 Apr. 2029
Coupon (%)	Fixed/5.65/Semi-annual
Currency	USD
Years to Maturity	4.28
Rating (Moody's/Fitch/S&P)	Baa1/BBB+/BBB
Seniority	Senior Unsecured
YTM/YTC (%)	5.19/5.18

EDF 5.65 04/22/29

Profile

EDF is Europe's largest power company, producing 70-75% of France's electricity. It holds 70% of the residential and 50% of the non-residential market. In 2023, 90% of its power came from low-carbon sources, with 78% from nuclear and 9% from hydropower, driving its energy transition leadership.

Highlights

- EDF was renationalized in June 2023 and is fully owned by the French government. Nuclear energy is a priority for most political parties, ensuring EDF continues to receive strong support.
- In 2023 and early 2024, EDF saw solid growth. Despite lower energy prices, it raised nuclear output forecasts in September and December, boosting profits. S&P revised its outlook to positive in June 2024, with a potential upgrade in 2025.
- The Fed's rate cuts offer a chance to secure yields from low-risk bonds, providing a hedge against volatility as rates rebound.

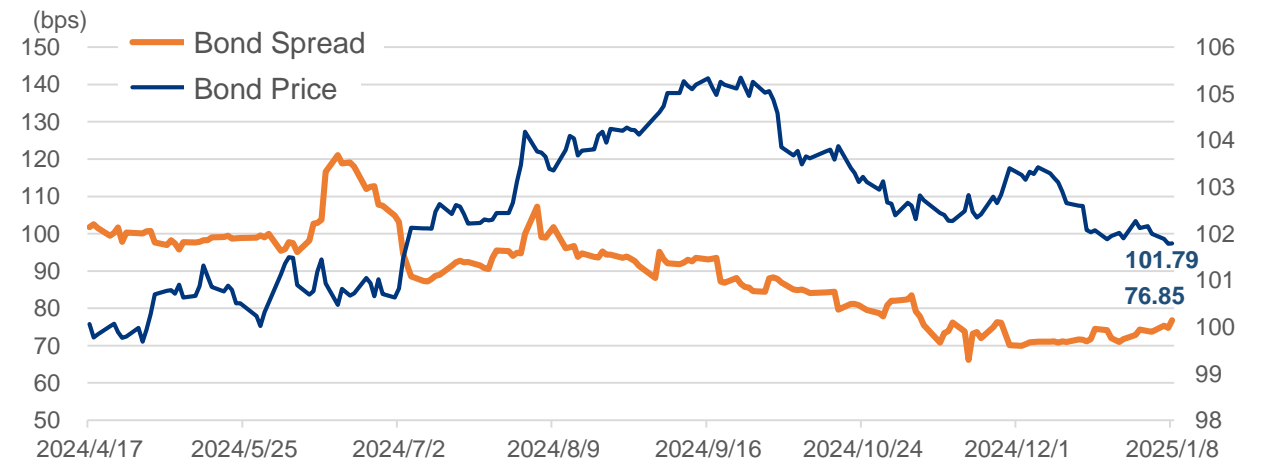
Financials	2021	2022	2023
Free Cash Flow (FCF)	-58.64	-256.46	109.67
Return on Assets (ROA)	1.53	-4.79	2.66
Interest Coverage Ratio	3.33	-9.60	3.27

Source: Bloomberg, 9 Jan. 2025

Overview

Name	EDF 5.65 04/22/29	ISIN	USF2893TBD75
Maturity Date	22 Apr. 2029	Remaining Maturity	4.28
Coupon(%)	Fixed/5.65/Semi-annual	YTM/YTC(%)	5.19/5.18
Currency	USD	Min. Subscription/Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa1/BBB+/BBB	Seniority	Senior Unsecured

Price Since Issuance



Appendix

Key Economic Data / Events

▶ JAN 2025

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Monday

- U.S. Dec. S&P Global Services PMI (Act:56.8 Est:58.5 Prev:56.1)
- U.S. Nov. Durable Goods Orders MoM Final Value (Act:-1.2% Est:-0.5% Prev:-1.1%)
- Eurozone Jan. Sentix Investor Confidence (Act:-17.7 Est:-17.9 Prev:-17.5)
- Eurozone Dec. HCOB Services PMI (Act:51.6 Est:51.4 Prev:49.5)
- China Dec. Caixin PMI Composite (Act:52.2 Est:51.4 Prev:51.5)

7

Tuesday

- U.S. Nov. JOLTS Job Openings (Act:8,098k Est:7,740k Prev:7,839k)
- U.S. Dec. ISM Services Index PMI (Act:54.1 Est:53.5 Prev:52.1)
- Eurozone Dec. CPI MoM Initial Value (Act:0.4% Est:0.4% Prev:-0.3%)
- Eurozone Nov. Unemployment Rate (Act:6.3% Est:6.3% Prev:6.3%)

8

Wednesday

- U.S. Last Week's Initial Jobless Claims (Act:201k Est:215k Prev:211k)
- U.S. Dec. ADP Employment Change (Act:122k Est:140k Prev:146k)
- Eurozone Nov. PPI YoY (Act:-1.2% Est:-1.4% Prev:-3.3%)
- Eurzone Dec. Consumer Confidence Final Value (Act:-14.5 Prev:-14.5)

9

Thursday

- Eurozone Nov. Retail Sales MoM (Act:0.1% Est:0.3% Prev:-0.3%)
- China Dec. CPI YoY (Act:0.1% Est:0.1% Prev:0.2%)
- China Dec. PPI YoY (Act:-2.3% Est:-2.4% Prev:-2.5%)

10

Friday

- U.S. Dec. Change in Nonfarm Payrolls (Est:165k Prev:227k)
- U.S. Dec. Unemployment Rate (Est:4.2% Prev:4.2%)
- U.S. Jan. U. of Mich. Sentiment Initial Value (Est:74.0 Prev:74.0)

13

Monday

- China Dec. Exports YoY (Est:7.4% Prev:6.7%)

14

Tuesday

- U.S. Dec. PPI YoY (Prev:3.0%)

15

Wednesday

- U.S. Dec. CPI YoY (Est:2.9% Prev:2.7%)
- U.S. Dec. Core CPI YoY (Est:3.3% Prev:3.3%)
- Japan Dec. Machine Tool Orders YoY Initial Value (Prev:3.0%)
- Eurozone Nov. Industrial Production Growth YoY (Est:-1.9% Prev:-1.2%)

16

Thursday

- U.S. Last Week's Initial Jobless Claims (Prev:201k)
- U.S. Dec. Retail Sales Advance MoM (Est:0.5% Prev:0.7%)
- Japan Dec. PPI YoY (Est:3.8% Prev:3.7%)

17

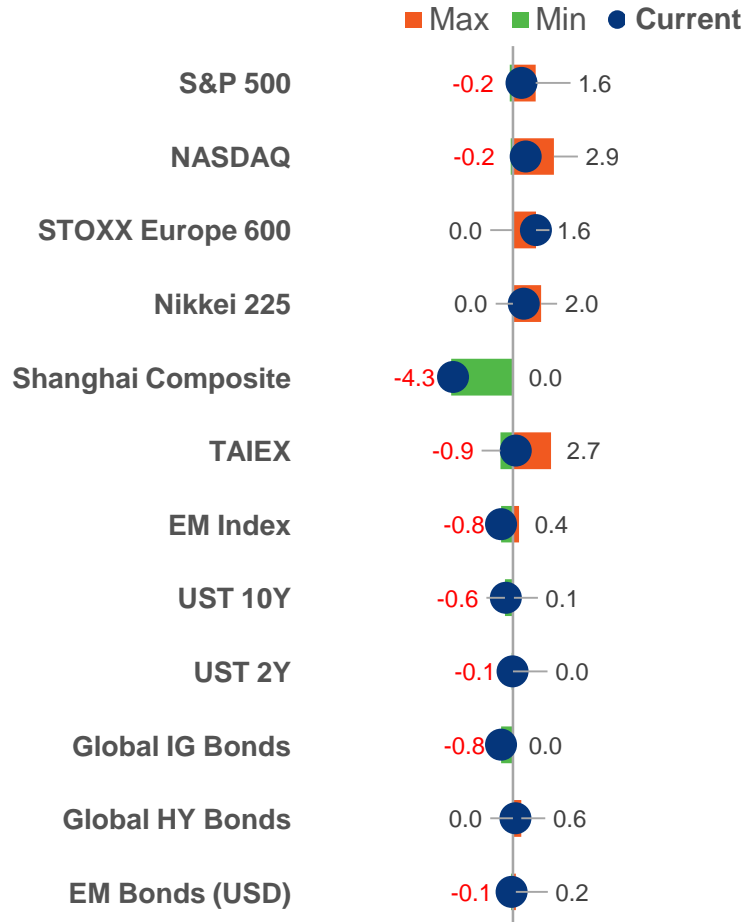
Friday

- U.S. Dec. Industrial Production MoM (Est:0.3% Prev:-0.1%)
- U.S. Dec. Housing Starts MoM (Est:2.0% Prev:-1.8%)
- China Q4 GDP YoY (Est:5.0% Prev:4.6%)
- China Dec. Industrial Production YoY (Est:5.4% Prev:5.4%)
- China Dec. Retail Sales YoY (Est:3.5% Prev:3.0%)
- Eurozone Dec. CPI YoY Final Value (Est:2.4% Prev:2.2%)

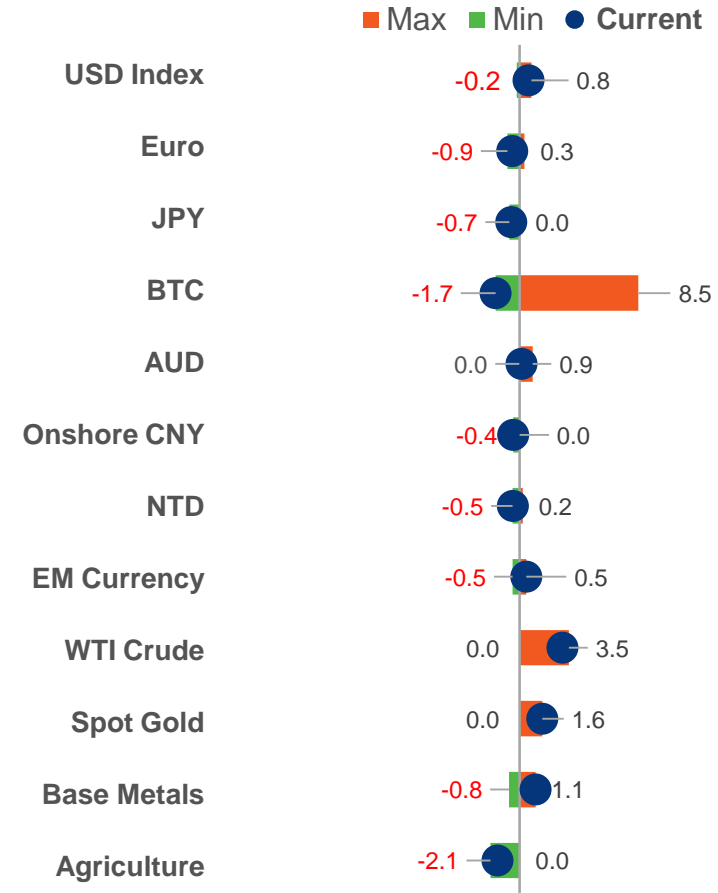
Source: Bloomberg

YTD Major Market / Asset Performance

Stock and Bond Market YTD Performance (%)



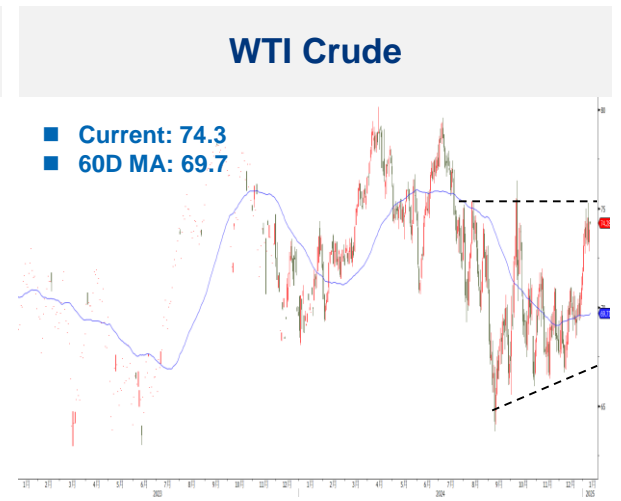
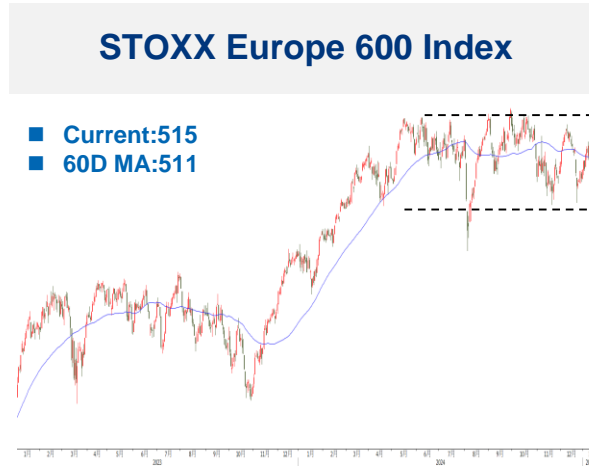
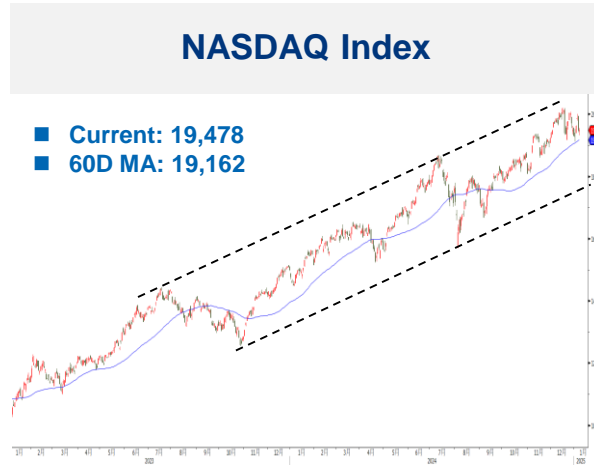
Currencies and Futures Market YTD Performance (%)



Source: Bloomberg, 10 Jan. 2025

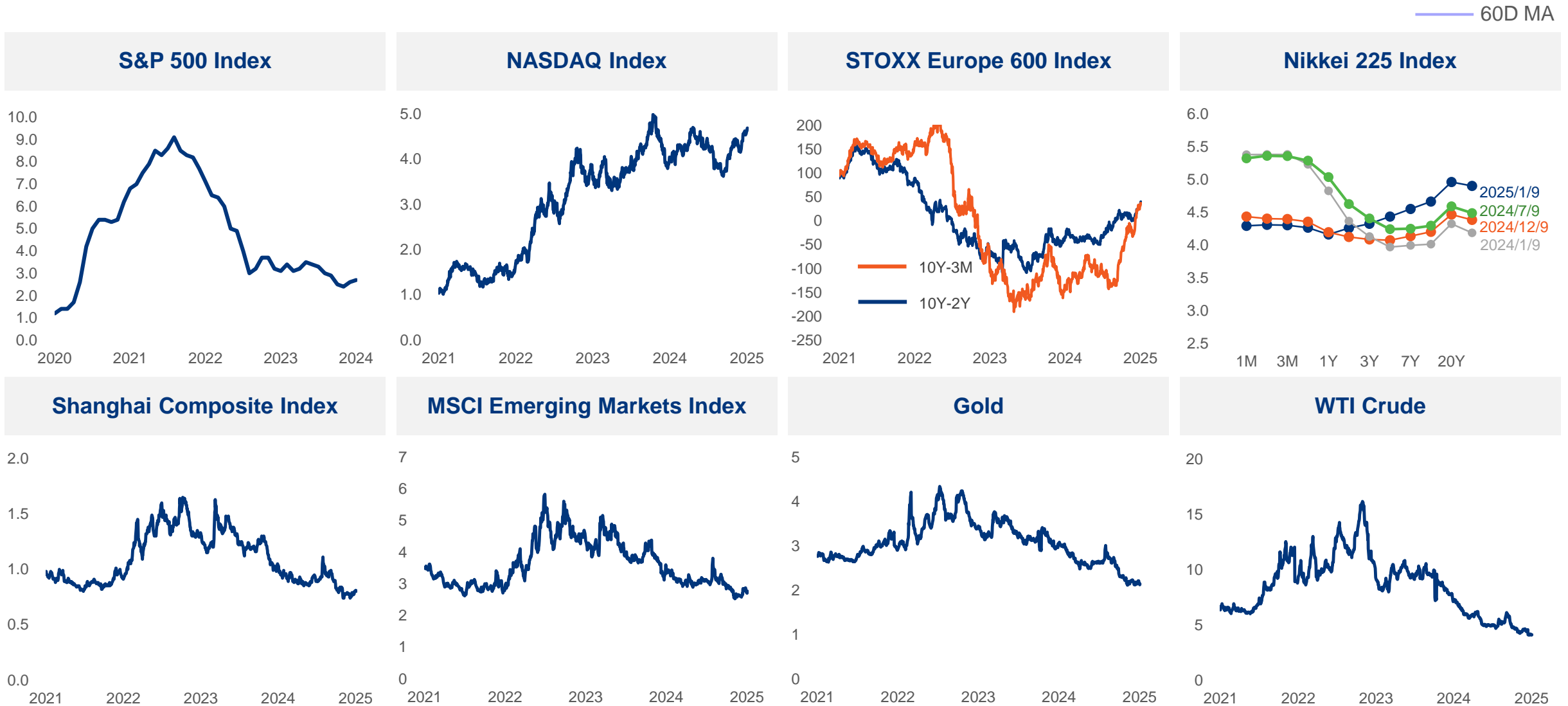
Technical Analysis

— 60D MA



Source: Bloomberg, 10 Jan. 2025

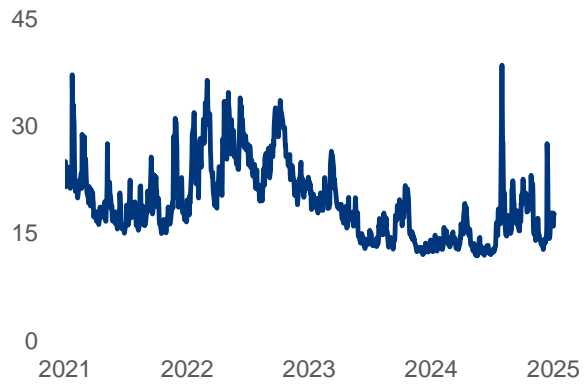
Technical Analysis



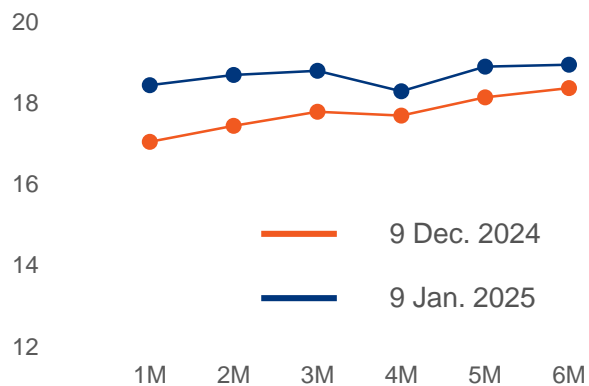
Source: Bloomberg, 9 Jan. 2025

Market Monitor

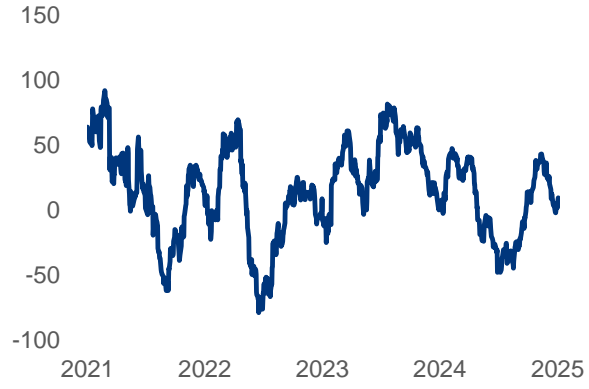
VIX Index



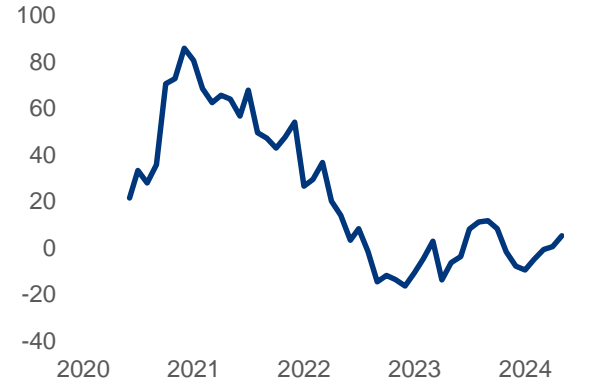
VIX Term Structure



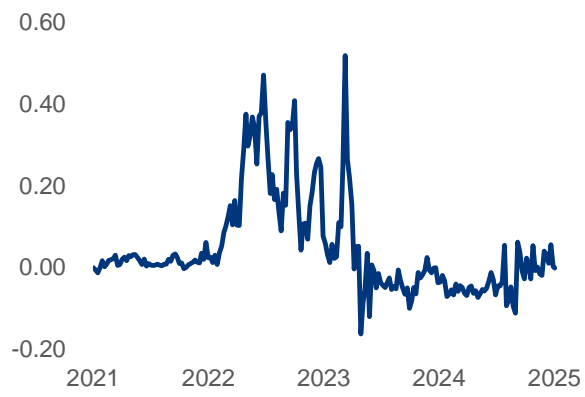
U.S. Citi Economic Surprise Index*



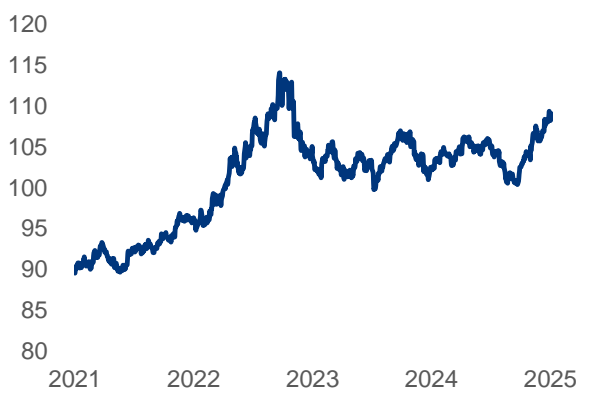
U.S. Citi Inflation Surprise Index*



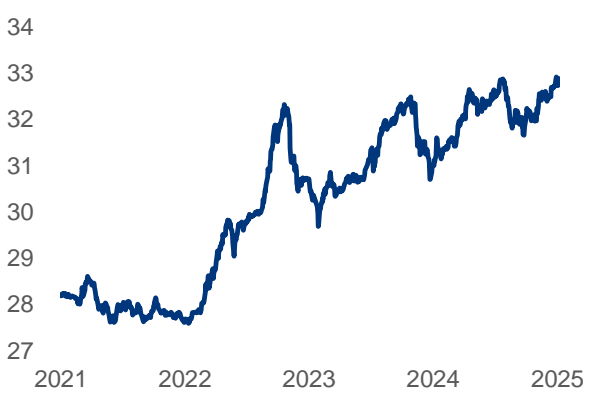
TED Spread (bps)



U.S. Dollar Index



USD to TWD



USD to JPY



Source: Bloomberg, 9 Jan. 2025; *The Citi Economic/Inflation Surprise Index measures the deviation between economic data/actual inflation and market expectations. A rising index indicates economic improvement/inflation exceeding market expectations.

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