Seeking Shelter

Global Markets Weekly Kickstart

14 April 2025

01 Chart of the Week

Trump's Policy Reversal: Could the Fed Step In as Saviour?

02 Market Recap

Ongoing Tariff Disputes Show No Quick Resolution;
Market Volatility Persists

03 What's Trending

U.S.-China Tariff War Escalates;
Global Inflation Storm May Resurface

04 In Focus

Tariff Pressure Hits Extreme;
Market Crash Looms as Defensives Show Relative Resilience

05 Product Spotlight

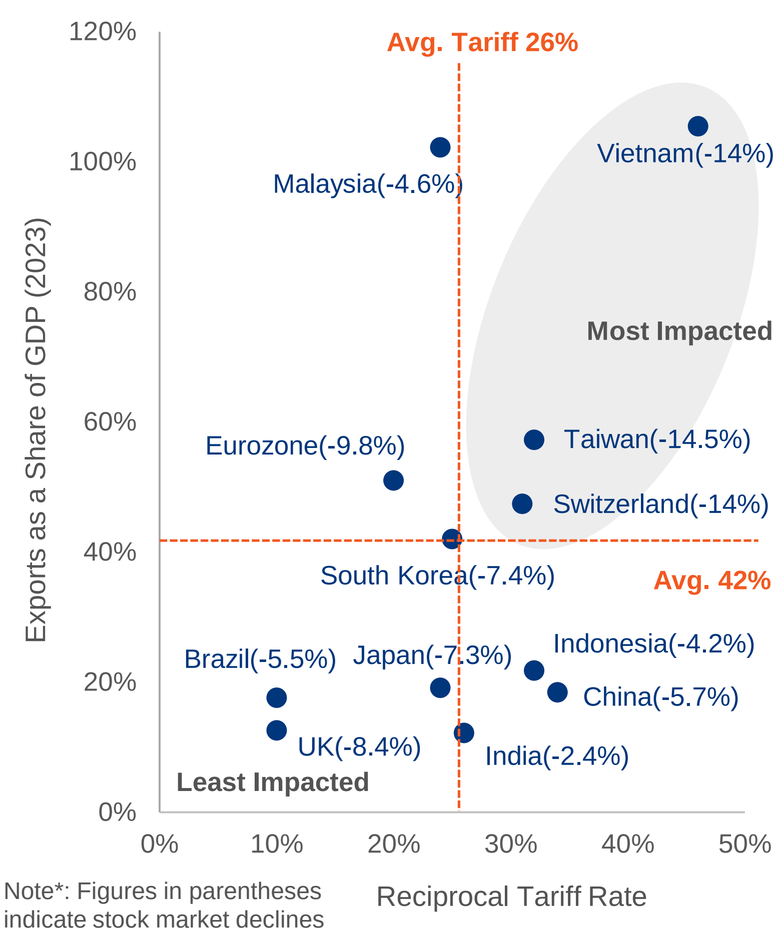
Selection of HK, U.S., Taiwan Equities, Bonds and Funds/ETFs

Chart of the Week Trump's Policy Reversal: Could the Fed Step In as Saviour?

- U.S. initially announced steep reciprocal tariffs on all major debtor nations, but quickly reversed course—now limiting the 125% tariff hike solely to China. Other countries have been granted a 90-day delay, during which reciprocal tariffs have been slashed to just 10%. Certain goods from Canada and Mexico that comply with the North American trade agreement are exempted entirely. This policy shift sparked a sharp rebound in global equities following several days of steep declines, though markets have since given back some gains. The VIX volatility index surged and retreated, highlighting intensified fluctuations in risk assets. Trump's original tariff plan primarily targeted nations with which the U.S. runs trade deficits—heavily affecting Asian markets. Countries with export-driven economies were hit hardest, with markets like Taiwan, Vietnam, and Switzerland suffering losses of over 10% in the past week before the policy pivot. Investors will closely watch how Trump's evolving trade stance and global reactions continue to shape market dynamics.
- U.S. Treasury yields initially declined and then rebounded, as sharp losses in the equity market led to a shift in sentiment toward caution, prompting a flight to safety into the bond market. Market expectations for Fed rate cuts by year-end have risen, with rate futures pricing in a potential 100 bps of cuts, driving Treasury yields lower. However, following a shift in Trump-era policy direction, Treasury yields bounced back. The market now expects the Fed to adjust its rate-cut pace based on economic data rather than equity performance. The first rate cut is anticipated as early as June. From a diversification perspective, investors may consider increasing bond allocations when yields rise.

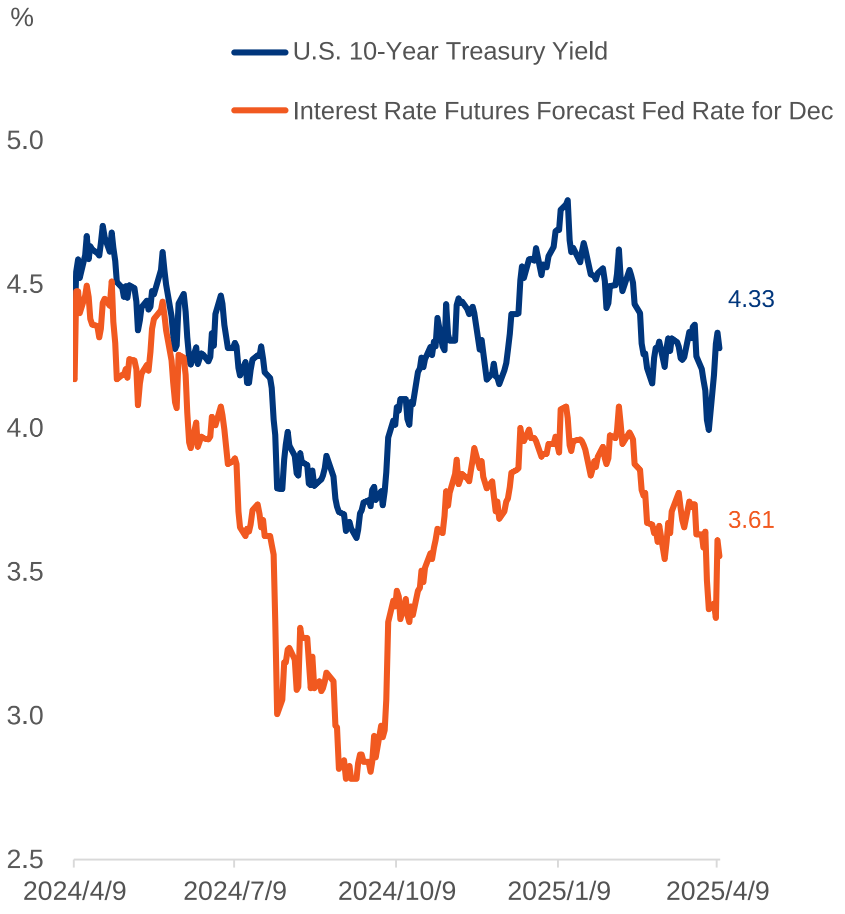
Source: Bloomberg

The Higher the Tariff Exposure, the Sharper the Stock Market Decline in Export-Oriented Economies



Note*: Figures in parentheses indicate stock market declines during the week of April 2–8

Market Expectations of Increased Fed Rate Cuts Drive Treasury Yields

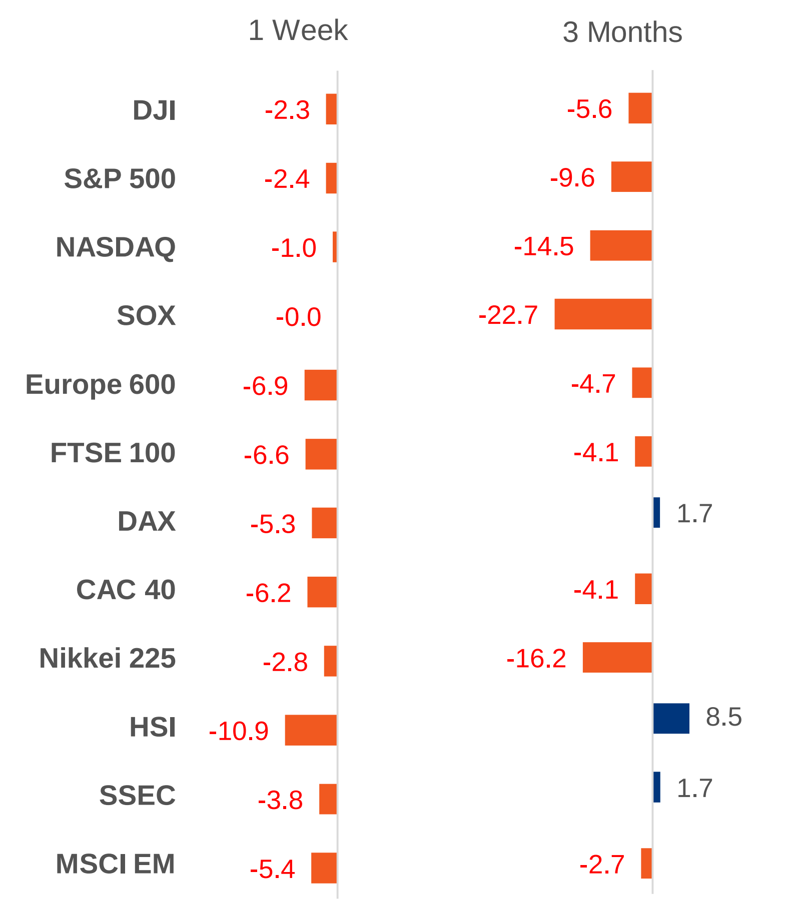


Market Recap

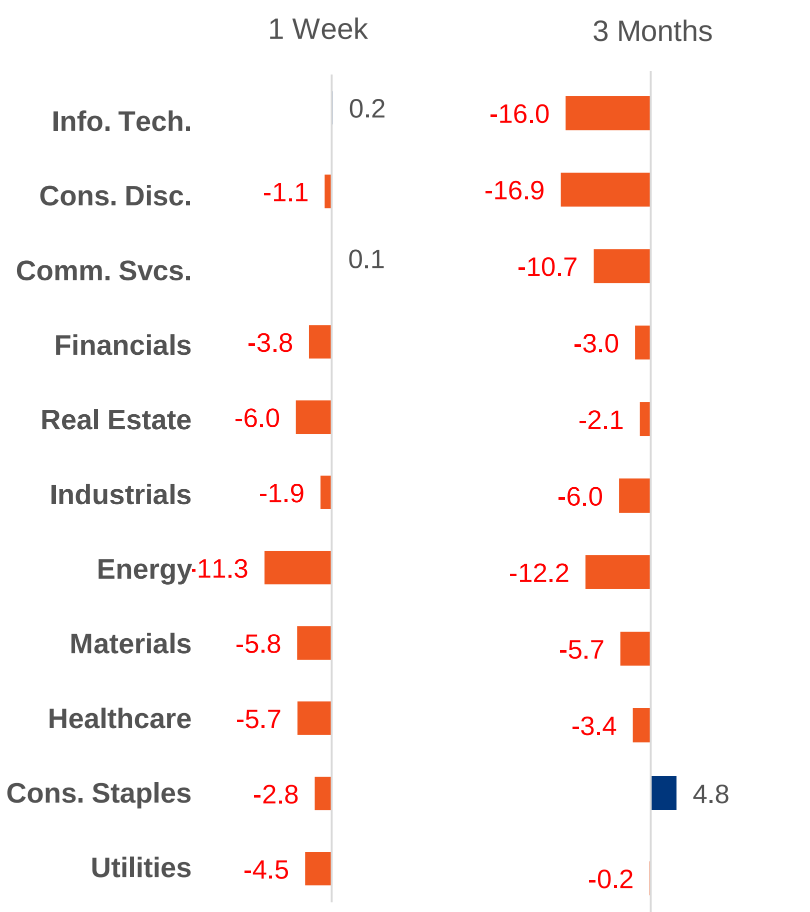
U.S.-China Tariff Standoff Unlikely to Resolve Soon; Market Volatility Persists

- On April 2, President Trump announced sweeping tariffs on major global trading partners. However, in a sharp policy reversal on April 9, the administration delayed implementation by 90 days and reduced reciprocal tariffs on most countries to 10%. Only China was singled out, with an executive order raising tariffs on Chinese imports from 84% to 125%. Including the previous 25% tariff hike, the cumulative tariff burden on Chinese goods now reaches 145%. This abrupt shift in trade policy, coupled with ongoing uncertainty, triggered wild swings in U.S. equities. While the temporary tariff delay may ease short-term pressure, the broader impact of these adjustments—slower economic growth and rising inflation—has led to more cautious corporate outlooks. As a result, U.S. stocks remain vulnerable to further corrections.
- Growing concerns over global supply chain disruptions and rising costs have intensified fears of an economic slowdown. Equity markets faced significant selling pressure, with WTI crude plunging 7.3% over the week, dragging energy stocks lower. Materials stocks also declined, while financials showed continued weakness. On Friday, major U.S. corporations are set to begin reporting Q1 earnings, with J.P.Morgan, Morgan Stanley, and Wells Fargo leading the lineup. Investors will closely monitor how recent disruptions from Trump's trade policies are impacting corporate profitability and forward guidance. With the U.S.-China tariff conflict showing no signs of a near-term resolution, market volatility is expected to persist.

Major Stock Indices Performance by Region (%)



US Stock Performance by Sector (%)

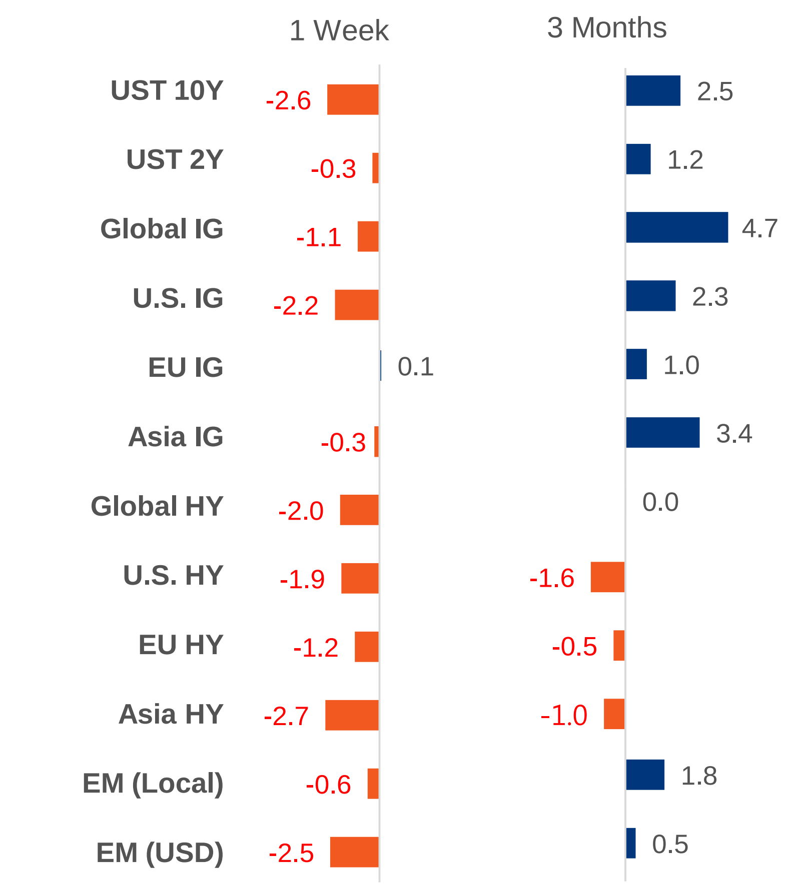


Source: Bloomberg, 11 Apr. 2025

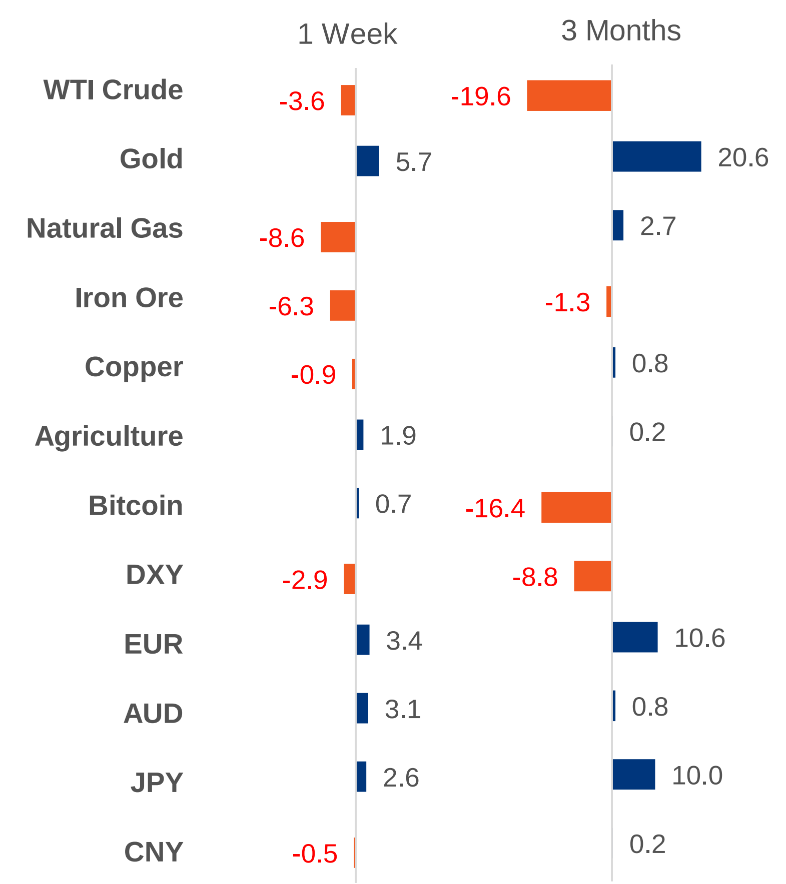
U.S. Treasury Yield Volatility Surges; Dollar Drops Sharply as Gold Hits New Highs

- U.S. Treasury yields rose despite a sharp sell-off in equities, signaling that yields were not reflecting typical safe-haven demand. This anomaly was largely attributed to hedge funds unwinding risk exposures and closing out "basis trades," coupled with some investors liquidating bonds to raise cash—amplifying bond market volatility. Analysts view this as a short-term liquidity and positioning issue, rather than a fundamental shift. Meanwhile, March U.S. CPI came in below expectations. Headline inflation declined 0.1% MoM, versus the forecasted 0.1% increase. The YoY rate fell from 2.8% to 2.4%, undershooting the expected 2.5%. Excluding volatile food and energy components, core CPI rose just 0.1% from Feb. - the smallest monthly increase in 9 months. The data suggests that escalating tariffs are weighing on the economy, weakening consumer demand and easing upward pressure on inflation. Markets are now pricing in the possibility of up to 100 bps by the Fed this year.
- With inflation remaining mild and signs of economic weakness emerging, expectations are rising that the Fed may deliver larger rate cuts this year. Coupled with a sharp correction in U.S. equities, capital outflows from U.S. markets have increased. The DXY fell around 3% over the week, sliding to near 100.2—testing a key psychological support level and marking its lowest point since July 2023. Non-dollar currencies surged, with traditional safe-haven currencies such as the Japanese yen and Swiss franc posting strong gains. Meanwhile, gold continued its historic rally, reaching a new all-time high of $3,220 per ounce.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



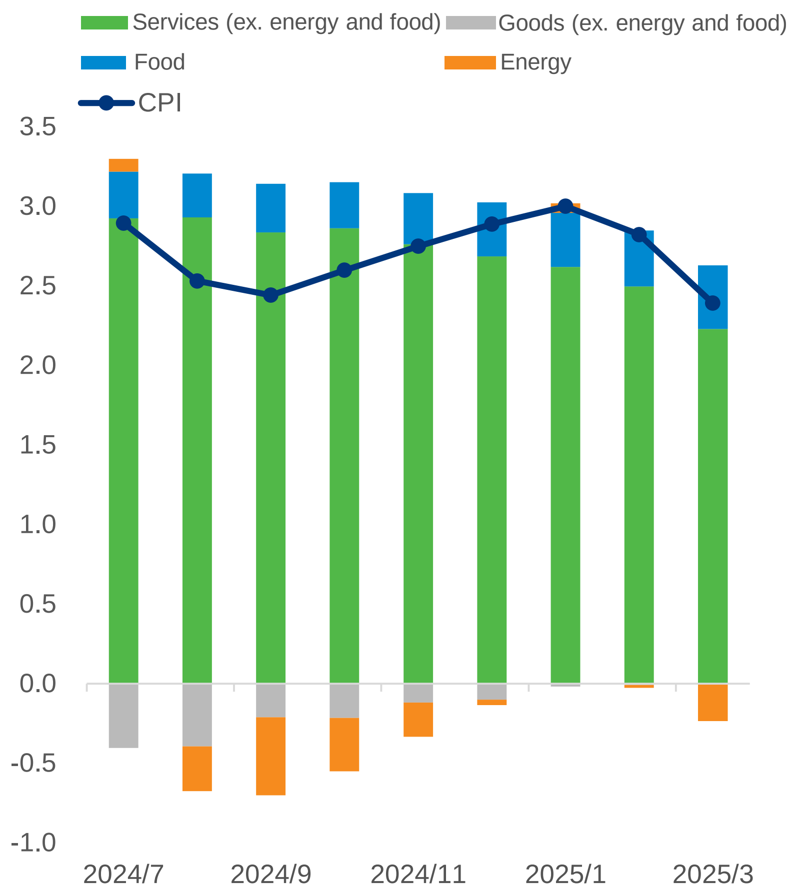
Source: Bloomberg, 11 Apr. 2025. Note: "Basis trades" involve arbitraging the spread between spot and futures prices. Under volatile market conditions, these leveraged strategies can experience rapid risk amplification

What’s Trending U.S.-China Tariff War Escalates, Global Inflation Storm May Resurface

- The U.S. CPI rose 2.4% YoY in March (vs. expected 2.5%), while the monthly figure unexpectedly declined by 0.1% (vs. expected +0.1%), primarily due to falling energy prices. This suggests that inflation was already on a downward trajectory even before the tariff war erupted, with notable slowdowns in core goods, services, and housing inflation. This easing in inflation largely reflects the impact of previous high interest rate policies dampening demand. However, it is still insufficient to give the Fed confidence to initiate rate cuts, as the risk of inflation reaccelerating remains elevated. Notably, 1-year inflation expectations have risen to 3.43%, up from 2.52% at the start of the year—highlighting growing market concerns that tariffs may reignite inflationary pressures. While current inflation appears to be moderating, the underlying risks ahead should not be overlooked.
- The U.S.-China trade war has escalated rapidly, with the cumulative tariff rate on Chinese imports now reaching as high as 145%. This latest round of tariff hikes has heightened global concerns over supply chain disruptions, rising inflation, and economic slowdown, further amplifying geopolitical risk. According to Bank of America, following the announcement of reciprocal tariffs, inflation is expected to increase by 1 to 1.5 percentage points. As a result, the U.S. CPI for 2025 is now projected to rise from the original estimate of 3.0% to between 4.0% and 4.5%. This reflects the adverse impact of tariffs on both prices and economic momentum. In light of these developments, investors may consider allocating to defensive assets to mitigate potential risks.

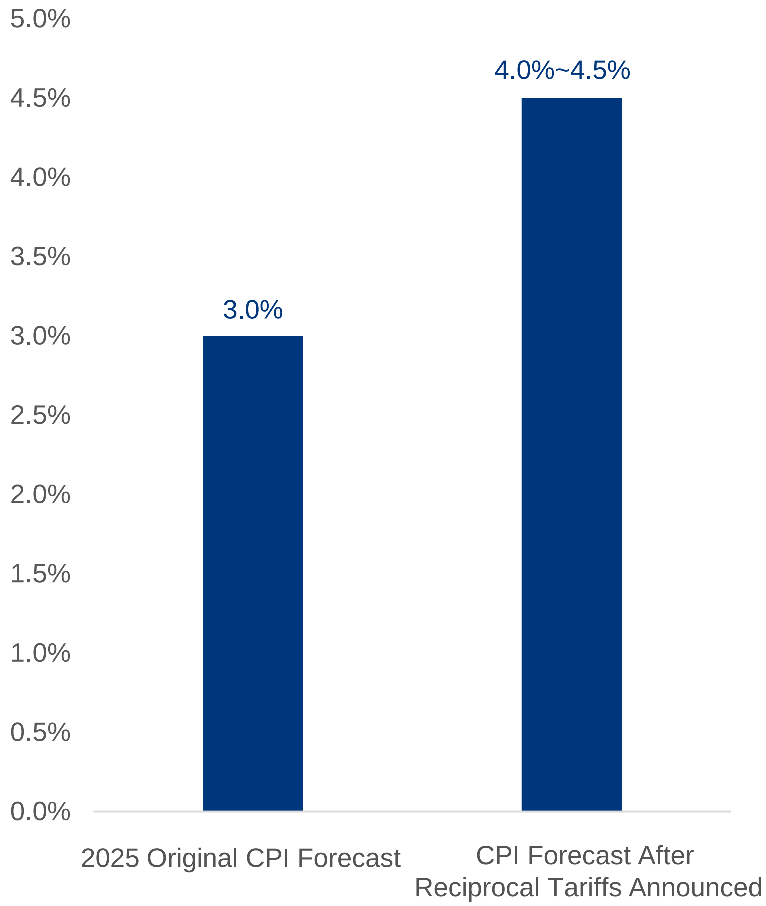
U.S. March Inflation Pressure Eases, But Tariffs Yet to Be Priced In

YoY change in U.S. Consumer Price Index, July 2024 – March 2025 (%)



Bank of America Forecasts Inflation Could Rise to 4.5% Following Reciprocal Tariff Announcement

Bank of America’s 2025 Original vs. Post-Tariff CPI Forecast (%)

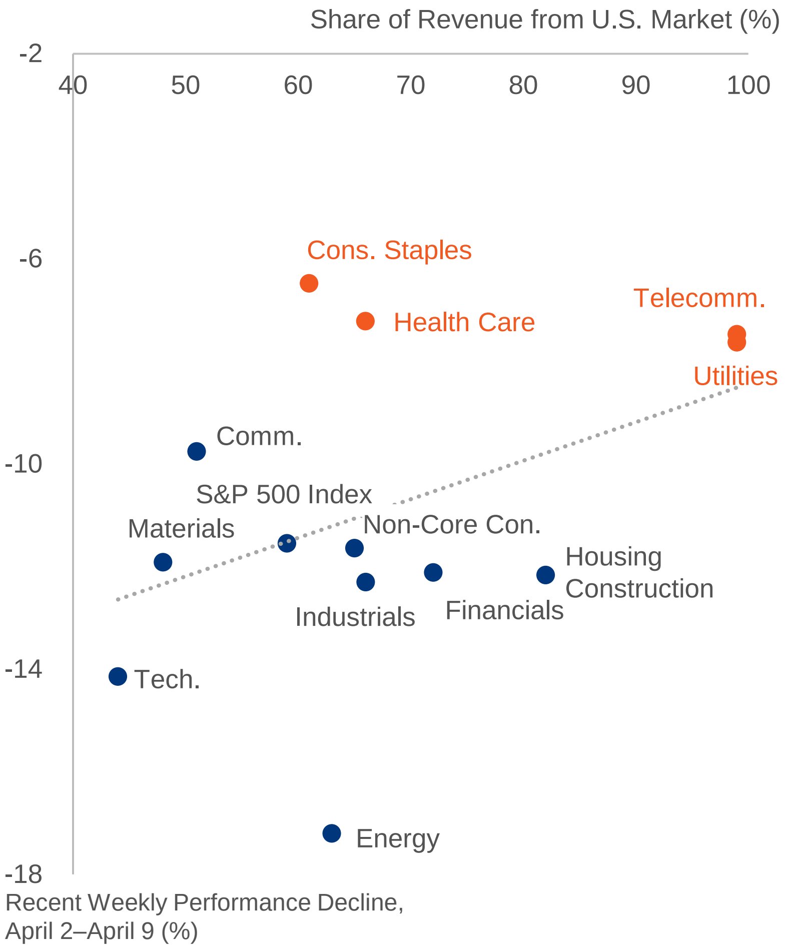


Source: Bloomberg, BofA Global Research

In Focus | Market Crash Strikes – Defensive Stocks Show Relative Resilience

- Trump announced the implementation of reciprocal tariffs globally. Although later revised to delay enforcement by three months—with only Chinese imports seeing an increase to 125%—policy uncertainty remains high. Once the short-term front-loading of goods by manufacturers fades, global trade volume is expected to contract again. Amid this sharp U.S. stock market correction, domestically driven sectors with higher revenue exposure within the U.S.—such as utilities and telecommunications—have shown relative resilience. These industries generate most of their profits domestically and are thus less affected by the trade war, a trend reflected in their more limited share price declines. Additionally, essential sectors like consumer staples and healthcare—both of which derive over 60% of their revenue from the domestic market—are also less exposed to overseas risks. As a result, they've faced milder impacts during this round of trade tensions.
- Amid the recent stock market plunge, the VIX volatility index surged to 54—its highest level in nearly five years—signaling widespread market panic. In response, investors have flocked to safe-haven assets, driving the yield on the U.S. 10-year Treasury below 4%. Historically, during periods of economic slowdown or recession, when equity markets experience sharp declines, defensive sectors—such as telecommunications, utilities, and consumer staples—have consistently outperformed growth stocks. Given the unpredictability of Trump's policy decisions, heightened market volatility is likely to remain the norm. In such an environment, investors are advised to increase their allocation to defensive holdings.

U.S. Domestically Driven Assets Show Relative Resilience This Year



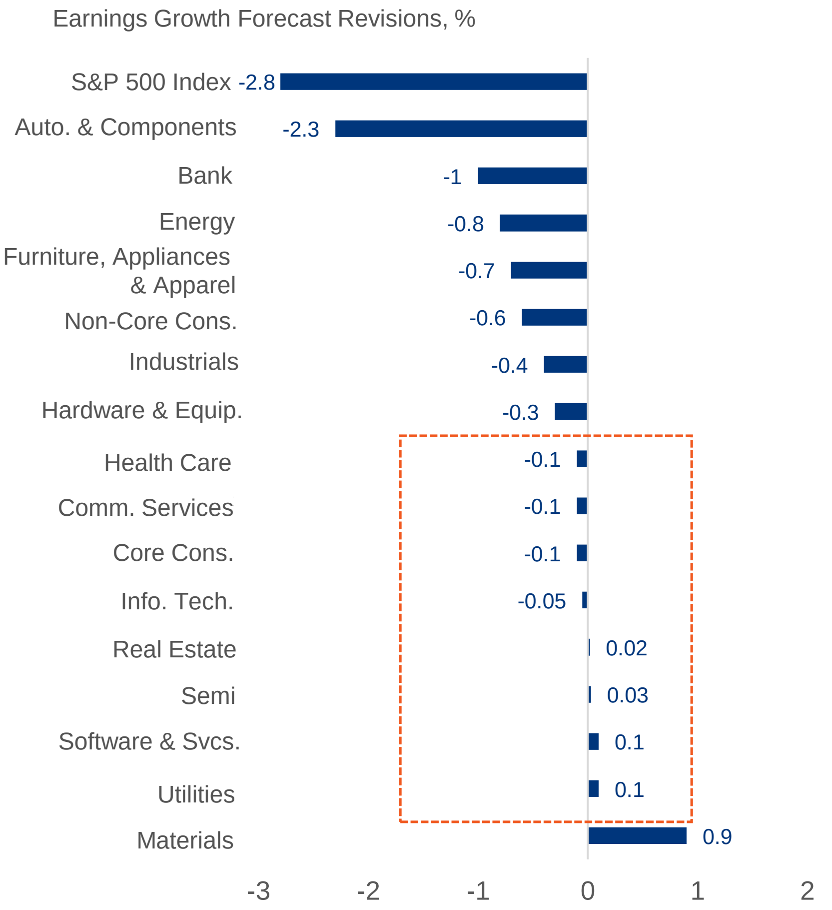
Defensive Stocks Tend to Outperform During Economic Slowdowns and Rising Demand for Safe Havens

Source: Source: Bloomberg. In the right chart, defensive stocks are calculated as an equal-weighted composite of Telecom, Utilities, and Consumer Staples

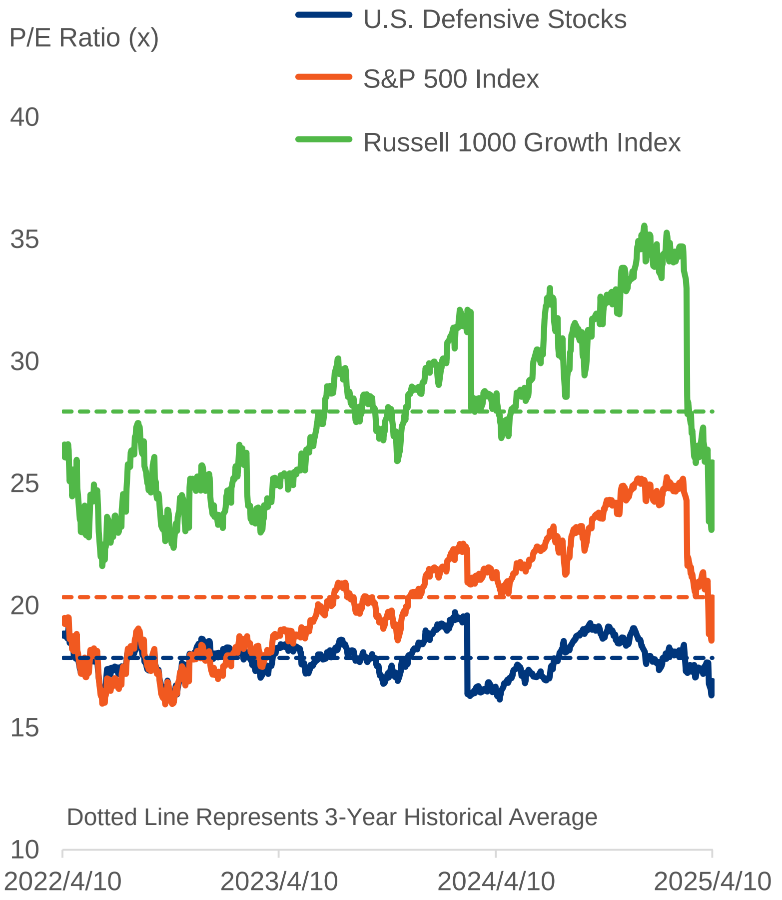
Domestic Defensive Stocks Show More Stable Earnings, Valuation Advantage Emerging

- Earnings growth forecasts for the S&P 500 have been significantly revised downward. Among sectors, non-U.S. auto parts manufacturers saw the steepest cuts, as sharply higher tariffs on Vietnam, Thailand, Indonesia, and Malaysia weighed on profitability in the apparel industry. Within the tech sector, hardware and equipment companies experienced downgrades due to their reliance on supply chains based in China and SEA for the assembly of consumer electronics. Banks and energy companies, more closely tied to U.S. economic conditions, also saw earnings estimates lowered amid concerns that tariffs could tip the economy into recession. At a more granular level, domestically oriented defensive stocks showed the smallest downward revisions. Sectors such as healthcare and core consumer staples maintained relatively stable earnings outlooks, while utilities even received upward revisions, driven by expectations of potential reshoring of manufacturing activity to the U.S.
- Over the past two years, U.S. equity market gains have been largely driven by growth stocks—particularly in the AI and semiconductor sectors. Valuations in these areas have become relatively elevated. However, with the rise of China's tech sector and renewed trade tensions under Trump triggering a broad market correction, highly valued growth stocks are now facing mounting downside pressure. Going forward, corporate earnings performance will be critical to watch. In contrast, defensive stocks—previously overlooked by investors—now trade at P/E ratios below their three-year averages, signaling emerging valuation appeal. Given expectations for continued market volatility and persistent concerns over an economic slowdown, defensive sectors are likely to remain a safe haven for capital allocation.

Following the Tariff Announcement, Earnings Downgrades Were Milder for Domestic Defensive Stocks



Growth Stocks Face Valuation Pressures, While Defensive Stocks Retain Valuation Advantage



Source: Bloomberg, U.S. Defensive Stocks based on Defensives Index

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ Trump's abrupt policy reversal on reciprocal tariffs has significantly heightened the risk of a U.S. economic recession. As economic momentum weakens, corporate earnings may face downward revisions. A cautious outlook is recommended for U.S. equities in Q2, with investors advised to adopt a defensive positioning. Gradual allocation into sectors such as consumer staples, utilities, and telecommunications is suggested—particularly within domestically driven U.S. industries, which are seen as more resilient. ◆ In contrast, U.K. equities—less directly impacted by tariffs—have shown relative strength. With potential tailwinds from a Russia-Ukraine ceasefire and Germany's fiscal expansion, European markets may initially react negatively to tariff-related concerns but could offer buying opportunities on pullbacks through staggered positioning. Meanwhile, Japan's ongoing economic recovery supports selective buying on weakness in Japanese bank stocks and domestic demand-driven sectors.	**Strategy**: Preference for Large-Cap Stocks; Tilt Toward Defensive Sectors Such as Utilities, Telecom, and Consumer Staples **Regions**: Japanese Domestic Demand, Japanese Banks, U.K. Equities
Bonds	◆ Given the rising risk of economic recession and potential for long-term interest rates to decline, we recommend moderately increasing exposure to long-duration U.S. Treasuries. Investors should note that while longer duration offers higher capital gains potential, it also comes with increased volatility. In the credit market, focus should be placed on higher-rated investment-grade bonds, particularly in sectors with lower exposure to overseas risk such as banking, utilities, and insurance. Short- to medium-term bonds continue to offer attractive yields; investors may consider locking in rates during periods of upward movements in U.S. Treasury yields. ◆ Within credit, allocations should favor investment-grade bonds with strong risk-adjusted spreads—targeting sectors such as financials, industrials, energy, utilities, and telecommunications.	**Duration**: Focus on long-duration U.S. Treasuries and lock in yields with high-quality short- to medium-term corporate bonds **Types**: Within investment-grade credit, prioritize Large-Cap issuers, with a sector focus on financial bonds that may benefit from potential tailwinds
Forex	◆ The Fed may implement larger-than-expected rate cuts, while the Trump administration appears to favor a weaker U.S. dollar policy—diminishing the export competitiveness of other nations and adding to downward pressure on the dollar. ◆ As a result, non-U.S. currencies such as the euro and Japanese yen are expected to appreciate in the near term, supported by the weaker dollar outlook.	**USD**: Mild Depreciation Bias **Euro & JPY**: Short-Term Appreciation Expected
Commodity	◆ Trump's unpredictable tariff policies are fueling risk-off sentiment, heightening concerns over economic slowdown, inflationary pressures, and fiscal deficits. Coupled with ongoing central bank gold purchases, these factors provide strong tailwinds for gold prices.	**Gold**: Bullish Bias

Product Spotlight | HK Equities

U.S.-China Tensions Escalate — Favor Companies Focused on Domestic Markets

Escalation of the U.S.-China Trade War

- Since President Trump's announcement on April 2, 2025, to impose reciprocal tariffs on global trade partners, tensions have continued to escalate. The U.S. has raised tariffs on Chinese imports to 125%, while China has responded with 84% tariffs on U.S. goods. The two sides remain locked in a stalemate. As the world's two largest economies engage in tit-for-tat tariff measures, the resulting disruption is expected to undermine global trade balance. These effects will likely manifest in upcoming economic data—including weaker growth and rising inflation.

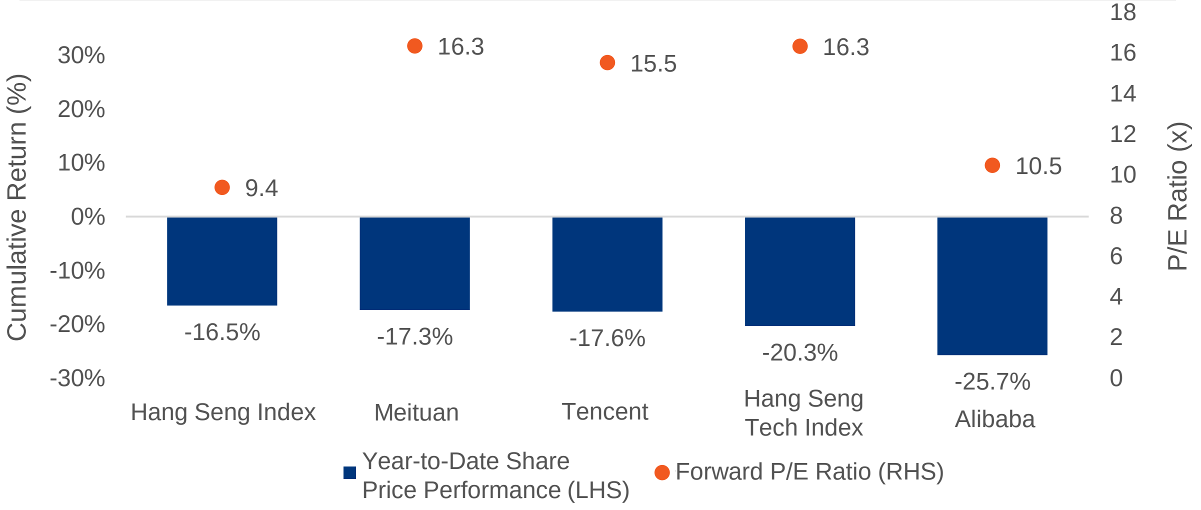
Economic Impact of Trade War Already Reflected in Equity Markets

- Against this backdrop, the Hong Kong stock market has come under noticeable pressure. Since reaching a recent high of 24,874 on March 19, 2025, the Hang Seng Index has declined approximately 17%, with the market's P/E ratio falling back to 9.4x. Investor sentiment has turned increasingly cautious, with many adopting a wait-and-see approach regarding the near-term outlook.

Valuation Pullback in Hong Kong Tech Stocks May Present Buying Opportunity

- We recommend that investors avoid companies with excessive revenue exposure to the U.S. market and instead prioritize domestic brands focused on local operations, in order to reduce export-related risks. Within the Hong Kong market, the three heavyweight Chinese tech stocks—Tencent (700), Alibaba (9988), and Meituan (3690)—are all primarily focused on the mainland China market. While their share prices have declined in tandem with the broader market, Alibaba's drop has been particularly pronounced. Given the earnings growth potential of these companies over the next three years and the fact that valuations have retreated to recent lows, we believe this may present an opportune entry point for long-term investors.

Alibaba's Decline Has Been Particularly Sharp



Valuation Pullback Significant Among Major Chinese Tech Stocks

	Forward P/E Ratio	+1 Standard Deviation (Year-to-Date)	–1 Standard Deviation (Year-to-Date)	3-Year Forward Revenue CAGR	3-Year Forward Earnings CAGR
Tencent	15.5x	18.6x	14.8x	8.9%	12.2%
Alibaba	10.5x	15.8x	10.4x	7.7%	17.3%
Meituan	15.3x	18.4x	16.0x	15.2%	19.8%

Source: Bloomberg

Meituan (3690)

Closing Price HK $145.4	Target Price HK $174

Meituan operates as a web based shopping platform for locally found consumer products and retail services. It offers deals of the day by selling vouchers on local services and entertainment, dining, delivery, and other services.

- **Actively Expanding into the Middle East**

  Meituan's subsidiary Keeta is set to further expand its pilot operations in cities across Saudi Arabia. The company sees strong potential in the Saudi market, citing robust consumer purchasing power, lower labor costs, and a higher GTV profit margin relative to peers as key advantages for accelerating growth in the Middle East. Given these favorable factors, market expectations suggest that Keeta's breakeven market share threshold in Saudi Arabia is lower than in Hong Kong. Moreover, management emphasized that Keeta's international expansion will not be limited to food delivery. In the long term, it aims to evolve into a super app offering a broader range of services.

- **Limited Impact from Social Security Measures**

  It has announced that starting in Q2 2025, it will begin offering social security coverage to its full-time and consistently part-time delivery riders. This includes occupational injury insurance and pension insurance. Occupational injury insurance has been piloted in seven provinces since mid-2022 and is expected to expand to more regions in 2025, with potential nationwide implementation by 2026. Pension insurance will begin phased trials in select cities from Q2 2025, though full nationwide rollout may take several years. Currently, rider participation in the social security program is voluntary and contingent upon meeting certain income thresholds, with Meituan subsidizing 50% of the contribution. Given that implementation will be staggered over several years, the market expects the associated costs to be manageable and absorbed through operational efficiency improvements.

- **Valuation**

  It is currently trading at a 2025 forecasted P/E ratio of 15.5x, which is below one standard deviation from its historical average. The company's adjusted EPS CAGR over the next three years is projected at 19.8%. Applying a target P/E of 19.8x implies a target price of HKD 174.

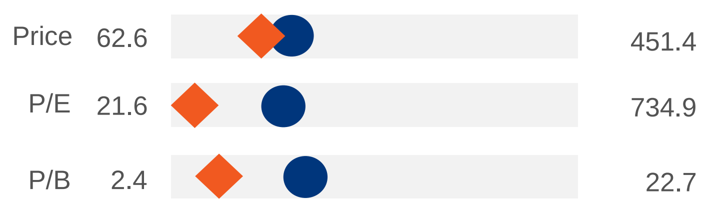
Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Net Income (100M CNY)	2.8	23.3	43.8	50.9	63.2
NI YoY(%)	NA	722%	88%	16%	24%
EPS(CNY)	0.5	3.7	7.3	8.3	10.2
DPS(CNY)	0	0	0	0	0
P/E	274.3	37.1	18.8	16.5	13.4
Dividend Yield	0%	0%	0%	0%	0%

Source: Bloomberg; 2025/26F are market estimates

Valuations



1-Year Price

As of 10 April 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	16.9	3.8	-4.2	39.1	-2.0	48.7

Tencent Holdings Ltd. (700)

Closing Price HK $444.8 **Target Price** HK $520

Provides services including social network, music, gateway websites, e-commerce, mobile gaming, payment system, entertainment, artificial intelligence and technology solutions through its subsidiaries.

- **Core Business Focused on China, Shielded from Tariff Impact**

  Core operations are primarily focused on the domestic Chinese market, which helps insulate the company from tariff-related risks. Its exposure to overseas markets—particularly the U.S.—is limited to its international gaming segment. According to 2024 data, revenue from its international gaming accounted for 9.7% of total revenue, with the U.S. contributing only around 3%. Furthermore, current tariffs do not apply to software and services, indicating that the company's core business faces minimal direct impact from trade measures.

- **AI Technology Enhances User Engagement in Gaming**

  Its gaming business will continue to follow a dual-engine strategy in 2025, advancing both its domestic and international market presence. On the domestic front, deferred revenue is expected to gradually be recognized throughout 2025, with some extending into 2026. Flagship upcoming titles such as The Hidden Ones and Valorant Mobile will further strengthen the company's product portfolio. AI technology is set to improve the efficiency of content updates for evergreen titles. Management anticipates that AI-powered 3D content creation tools and in-game chatbots will significantly enhance user engagement.

- **Tencent's Earnings Remain a Valuation Anchor Amid Rising U.S.-China Tensions**

  One of the key risks facing China and Hong Kong equities is the potential decoupling of U.S.-China relations, which could lead to a sharp slowdown in China's economic growth and weigh on its earnings. In a worst-case scenario—where an economic contraction drives its P/E ratio back to its five-year historical average, it could imply a nearly 23% earnings decline for the year. However, looking back to 2022, when China faced extended lockdowns due to COVID-19, its earnings per share declined by only 7%. Given the company's core businesses are deeply embedded in the daily lives of Chinese consumers, its earnings are seen as relatively defensive. Its target price is set at HKD 520, implying an 18.5x forward P/E and projected earnings growth of 12.5% for the year.

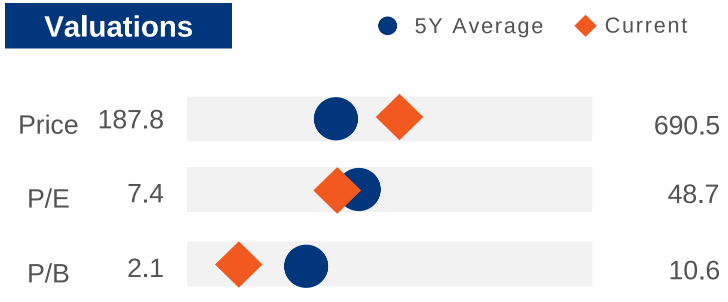
Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Net Income (100M CNY)	115.6	157.7	222.7	245.0	271.9
NI YoY(%)	-6.6	36.4	41.2	10.0	11.0
EPS(CNY)	11.8	16.3	23.5	26.5	29.4
DPS(CNY)	2.1	3.1	4.2	4.5	5.3
P/E	35.4	25.7	17.8	15.9	14.3
Dividend Yield	0.5%	0.7%	1.0%	1.1%	1.3%

Source: Bloomberg; 2025/26F are market estimates

Valuations



1-Year Price

As of 10 April 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-14.1	20.4	6.7	41.2	32.4	23.3

Alibaba Group Holding Ltd. (9988)

Closing Price HK $104.8	**Target Price** HK $127

Alibaba Group Holding Ltd. operates as a holding company. It, through its subsidiaries, provides internet infrastructure, electronic commerce, online financial, e-commerce, retail, and internet content services via global marketplaces, as well as offers digital media, entertainment, logistics, and cloud computing solutions.

- **Diversified International E-Commerce Markets Mitigate Tariff Impact**

  Its share price has declined by 21% since April 2 (as of April 9), underperforming the Hang Seng Tech Index's 15.8% drop. This sharper decline reflects market concerns over the potential impact of tariffs on Alibaba's international e-commerce operations. However, we believe the actual impact of U.S. tariffs on Alibaba is relatively limited. This is due to the group's diversified business structure and the modest short-term financial exposure to U.S. tariffs. Moreover, its international e-commerce business spans Southeast Asia and the Middle East—markets that help buffer against disruptions from the U.S. market.

- **AI and Cloud Computing Drive Growth**

  It has demonstrated a strong outlook in AI development and cloud computing, with expectations of robust performance driven by technological innovation and rising market demand. Its self-developed Qwen large language model has delivered outstanding results in multimodal benchmark testing, and the company is actively promoting commercial AI applications through enterprise partnerships. In cloud computing, revenue for the March 2025 quarter is expected to grow by 15%, with a significant improvement in profitability—underscoring strong growth momentum. Full-year cloud revenue is projected to increase by 20% YoY.

- **Valuation Rebound Potential Looks Promising**

  Its international business accounts for approximately 11% of its total revenue and is still expected to operate at a segment loss. In an extreme scenario where all international revenue is lost, we believe the sharp decline in its share price has already priced in much of the market's concern over earnings setbacks due to U.S.-China decoupling. Looking ahead, China's stimulus policies are expected to boost domestic consumption, and Alibaba's leadership in AI development positions it well for a recovery. We see meaningful upside potential in its valuation. Our target price for Alibaba is HKD 127, implying a 13x forward P/E, with projected earnings growth of 12% in fiscal year 2026.

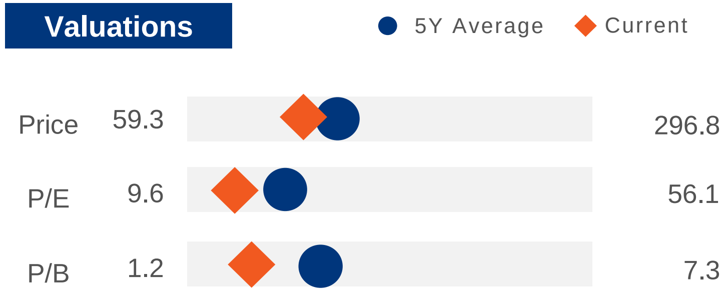
Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Net Income (100M CNY)	119.7	107.5	130.2	153.8	170.6
NI YoY(%)	58.2	-10.2	21.1	18.2	10.9
EPS(CNY)	6.6	6.8	7.8	8.2	9.2
DPS(CNY)	0.0	0.9	0.9	3.5	3.6
P/E	15.0	14.5	12.7	12.1	10.7
Dividend Yield	0.0%	0.9%	0.9%	3.5%	3.6%

Source: Bloomberg; 2025/26F are market estimates

Valuations



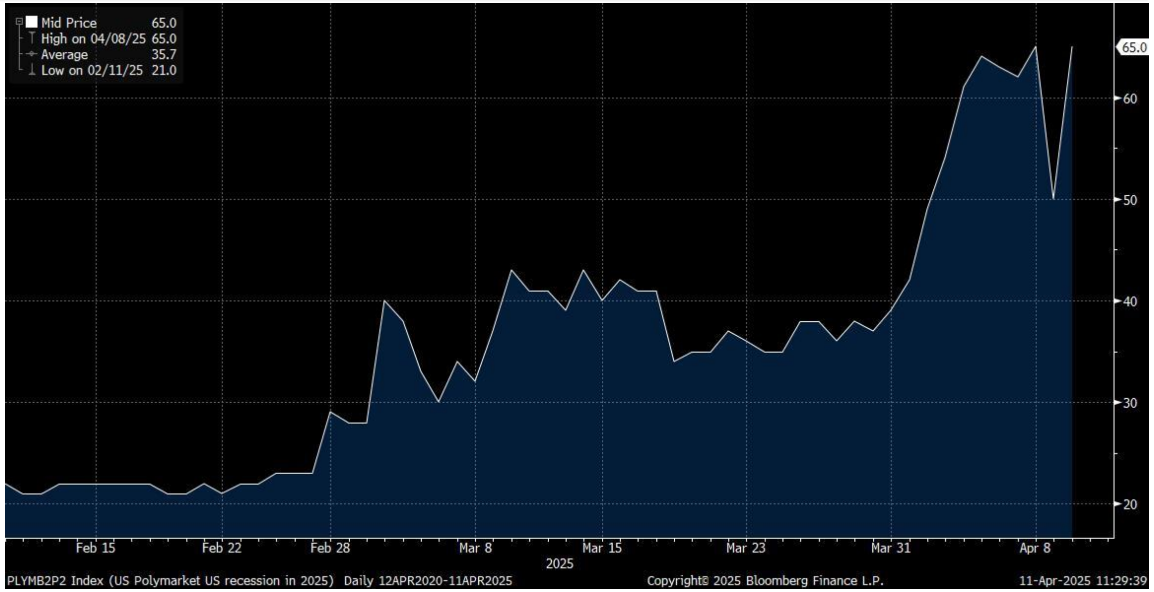
1-Year Price

As of 10 April 2025	**1M**	**3M**	**YTD**	**1Y**	**3Y**	**5Y**
Return (%)	-21.6	31.7	27.2	41.2	6.4	-45.3

US Equities U.S. Enters Bear Market; Defensive Sectors Show Relative Stability

- According to the minutes from the March 2025 FOMC meeting, Fed policymakers anticipate that rising tariffs will further intensify inflationary pressures this year. However, they acknowledged that the magnitude and duration of these effects remain highly uncertain. Most participants noted that inflationary pressures from various sources may prove more persistent than previously expected. Nearly all attendees viewed the risks to inflation as tilted to the upside, while risks to the labor market were seen as skewed to the downside. Against this backdrop, the Fed left the federal funds rate unchanged at 4.25%–4.5% during the March meeting, continuing the pause in rate cuts that began in January—aligned with market expectations. Additionally, the Fed revised its inflation forecasts higher for both 2025 and 2026, while lowering its growth forecast for 2025. Nonetheless, the committee still expects to reduce rates by approximately 50 basis points this year, in line with its December 2024 projection.
- In March, the U.S. core CPI rose 2.8% YoY, down from 3.1% in February and below the market expectation of 3.0%. On a monthly basis, core CPI increased by 0.1%, also lower than February's 0.2% and the expected 0.3%.
- In March, the U.S. PPI rose 2.7% YoY, lower than February's 3.2% increase and below the market expectation of 3.3%. On a monthly basis, the PPI declined by 0.4% in March, compared to the expected increase of 0.2%; by contrast, February's figure was revised up to a 0.1% gain.
- In April, the University of Michigan Consumer Sentiment Index is estimated to have dropped sharply to 50.8, well below the market forecast of 53.8 and down from 57 in March.
- As the U.S.-China trade war escalates, equity, bond, and currency markets have experienced heightened volatility. U.S. equities have officially entered a technical bear market, with sharp rallies and steep declines—a hallmark of bear market behavior. With elevated tariffs and a prolonged trade conflict, the probability of a U.S. recession has risen significantly. Risk-off sentiment remains high, and defensive sectors continue to show relative resilience.

2025 U.S. Recession Estimation



Source: Bloomberg

KGI

UnitedHealth Group Inc. (UNH)

Closing Price	US $599.47	Target Price	US $630

UnitedHealth Group Inc. owns and manages organized health systems. The Company provides employers products and resources to plan and administer employee benefit programs.

Positive Outlook for Medicare Advantage Subsidies

The U.S. government has decided to raise the subsidy rate for the 2026 Medicare Advantage program by 5.06%—double the initially proposed increase—delivering a significant boost to health insurers such as UnitedHealth Group. This adjustment provides much-needed relief following a challenging environment in 2024, helping to offset rising medical costs and improve profit margins. The upward revision, based on updated claims and cost data, also signals a potentially more supportive regulatory environment for insurers primarily focused on Medicare-related plans.

Defensive Strength of Essential Healthcare Services

As the largest provider of essential healthcare services in the U.S., UnitedHealth Group benefits from stable demand across economic cycles. The indispensable nature of medical care—combined with high treatment costs and the widespread provision of employer-sponsored health insurance—enables the company to build a predictable revenue base through steady premium income. This defensive market positioning enhances UnitedHealth's resilience amid macroeconomic headwinds, supporting both income stability and long-term growth potential.

Valuation Consensus

The 12-month average target price on Bloomberg is USD 626.73, with a high estimate of USD 700 and a low of USD 590.

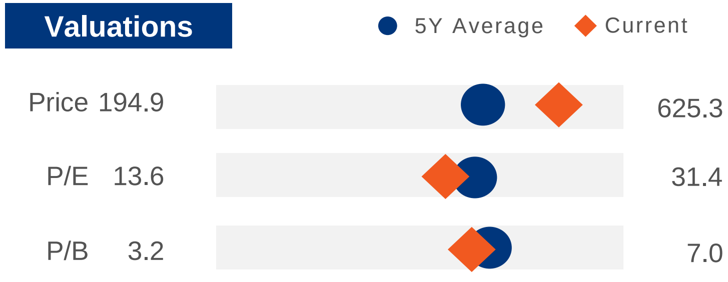
Source: Bloomberg

Financials

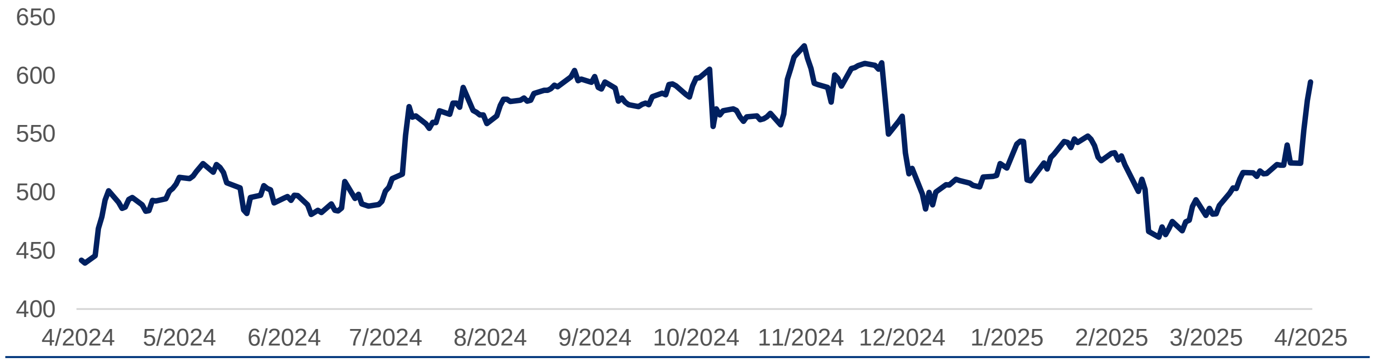
	2022	2023	2024	2025F	2026F
Revenue Growth(%)	12.7	14.6	7.7	13.0	8.2
EBITDA (%)	10.2	10.2	9.4	9.3	9.5
EPS(USD)	21.2	23.9	33.4	29.73	33.5
Net Profit Margin(%)	6.2	6.0	7.7	6.0	6.2

Source: Bloomberg; 2025/26F are market estimates

Valuations



1-Year Price



As of 9 Apr. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	22.3	14.2	17.5	34.6	3.5	18.7

KGI

Costco Wholesale Corp. (COST)

Closing Price	US $963.41	Target Price	US $1150

Costco Wholesale Corp. is a membership warehouse club. It sells all kinds of food, automotive supplies, toys, hardware, sporting goods, jewelry, electronics, apparel, health, and beauty aids, as well as other goods.

- **Tariff Implementation Drives Short-Term Surge in Demand for Cons. Staples**
  As of April 10, the U.S. has imposed a 10% tariff on global imports and a 145% tariff specifically on imports from China. In 2024, the U.S. imported $438.9 billion worth of goods from China, the majority of which were essential consumer products. Following the announcement of the tariff policy, a wave of panic buying emerged in the U.S., leading to a sharp short-term increase in demand for consumer staples.
- **March Sales Maintain Steady Growth**
  In March, comparable sales rose 6.4% YoY, with the U.S. market up 7.5%, Canada increasing 4.1%, and other international markets growing 2.9%. In e-commerce, comparable sales saw an even stronger performance, rising 16.2% during the quarter. Excluding the impact of currency fluctuations and fuel prices, total comparable sales grew 9.1% YoY, with the U.S. market maintaining solid momentum at 8.7% growth.
- **Combining Defensive and Growth Characteristics**
  Unlike traditional large-format retailers that rely on low margins and high turnover, Costco operates with ultra-low wholesale prices and generates most of its profits from membership fees. Membership growth and fee increases are key long-term drivers. As of December 2024, Costco had 77.4 million paid household members, representing approximately 8% YoY growth, with a total cardholder base of 138.8 million. The global membership renewal rate stood at 90.4%. In addition, effective September 1, 2024, Costco raised membership fees in the U.S. and Canada, increasing the annual fee for basic members from $60 to $65, and for executive members from $120 to $130. In Korea, membership fees will rise by 7.5% to 15.2% in May 2025. The company currently operates 897 warehouses across 13 countries and plans to open 29 new locations in 2025, including 12 outside the U.S.
- **Valuation Consensus**
  The 12-month average target price on Bloomberg is USD 1,057.50, with a high estimate of USD 1,195 and a low of USD 610.

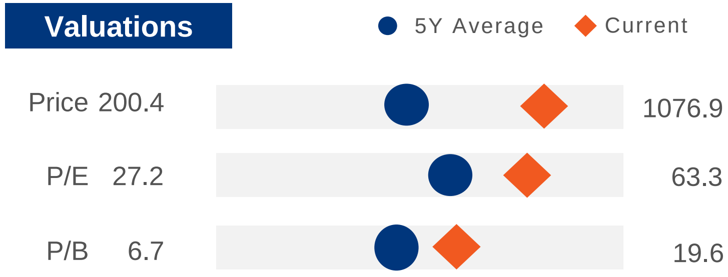
Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	15.8	6.8	5.0	7.9	7.0
EBITDA (%)	4.5	4.5	4.6	4.7	4.8
EPS (USD)	13.5	14.9	16.5	18.1	20.0
Net Profit Margin(%)	2.6	2.7	2.9	2.9	3.0

Source: Bloomberg; 2025/26F are market estimates

Valuations



1-Year Price

As of 9 Apr. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	3.6	2.9	5.2	31.7	18.8	28.4

KGI

TW Equities

National Stabilization Fund Steps In; Trump Delays Tariff Hike—Taiwan Stocks Rebound Sharply

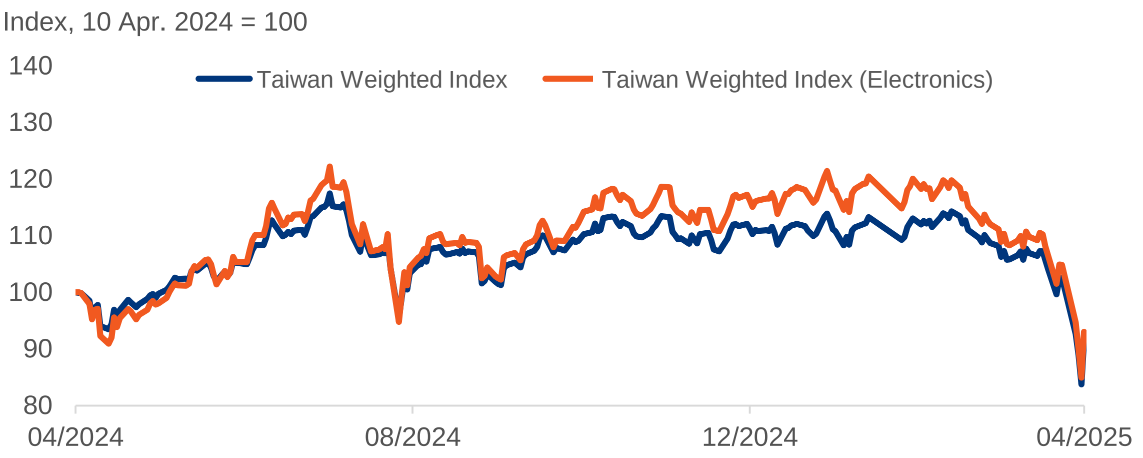
► Forced Liquidation Pressure Eases; Positive News Triggers V-Shaped Rebound in Taiwan Market

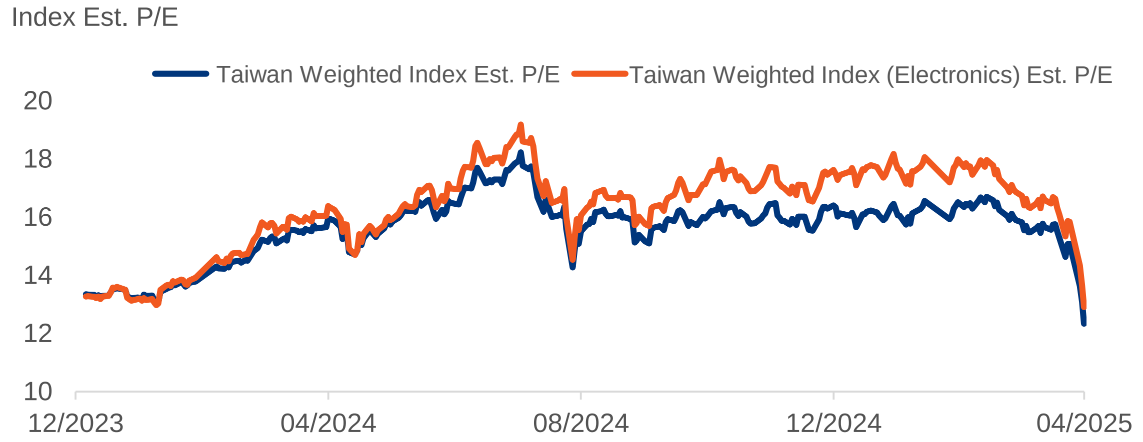
On Wednesday, margin financing balances for listed stocks plunged by NT$33 billion—the largest single-day drop on record. Over the past three trading days, combined margin reductions for TWSE and OTC stocks totaled approximately NT$98.9 billion, indicating that forced liquidation pressure has largely been released. This cleared the way for a technical rebound, with sentiment further boosted by Trump's announcement to delay the reciprocal tariff hike on 75 countries for 90 days. As a result, the Taiwan Index Futures hit the upper limit in Wednesday's night session, fueling a sharp rebound in the spot market on Thursday. The TAIEX surged past Wednesday's black candlestick high of 18,371, forming a short-term technical bottom. Going forward, attention will turn to whether the index can break above the 5-day moving average to sustain the rebound momentum.

► National Stabilization Fund Enters Market; Focus on Intervention-Linked Stocks and Rebounding Small- and Mid-Caps

Despite the entry of Taiwan's National Stabilization Fund on Wednesday, the market failed to respond positively, and intervention-themed stocks closed broadly lower. However, Thursday saw a strong V-shaped rebound in the broader market, with stabilization fund-linked stocks surging across the board and serving as key leaders in the rally. Meanwhile, sectors such as IC design, design IP, container shipping, and aircraft components experienced healthy turnover and posted notable gains on Thursday. Given that technical conditions now support a rebound from oversold levels, investors may no longer need to aggressively cut positions. Instead, they can wait for the rally to unfold before making portfolio adjustments. In terms of trading strategy, short-term opportunities may arise, particularly by focusing on large-cap stocks supported by the stabilization fund and small- to mid-cap names that have shown strong price action following sharp declines in margin financing.

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





Source: Bloomberg

KGI

Realtek Semiconductor Corp. (2379 TT)

Realtek Semiconductor Corp. designs, tests, and distributes integrated circuits which are used in consumer electronics, computer systems and peripherals, and communication network hardware. It also provides technical counseling and systems software services.

- **Upward Revision to 1Q25 Revenue Forecast**

  Amid uncertainty surrounding U.S. tariffs on China and the boost from China's economic stimulus policies, Realtek's customers have shown stronger-than-expected momentum in pulling forward orders. We revised its 1Q25 revenue forecast to NT$34.4 billion, representing a 30.6% QoQ and 34.3% YoY growth.

- **Maintaining Full-Year 2025 Revenue Growth Forecast at Midpoint of 10–20% Range**

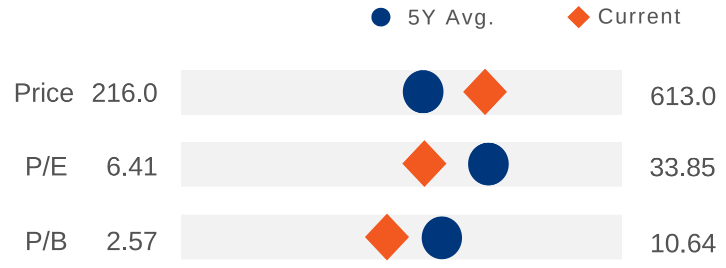
  Realtek has made progress in the smart glasses market. We estimate that its solutions—which likely include chips supporting Wi-Fi, Bluetooth, IoT, and camera functions—could begin mass production as early as 2H25. However, short-term revenue contribution is expected to be limited. Given the still-low visibility for 2H25 demand and the lack of further improvement in end-market consumption, we maintain its full-year 2025 revenue growth forecast at 10–20%.

Financials

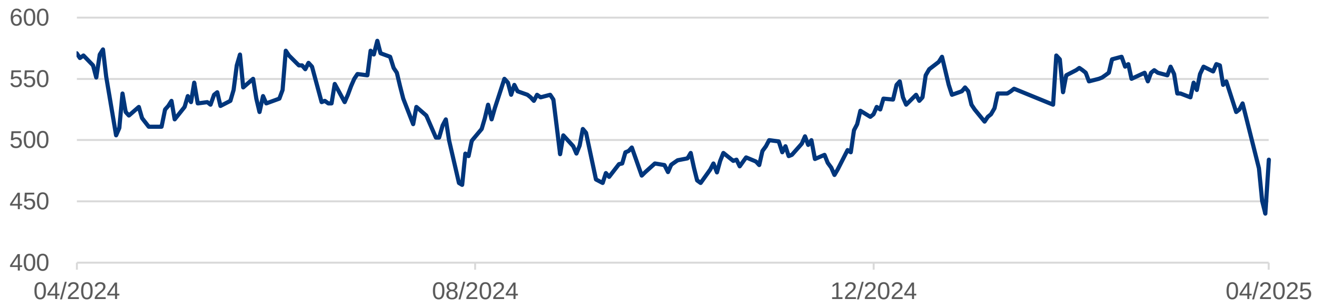
	2021	2022	2023	2024F	2025F
EPS (NTD)	31.62	17.85	29.82	33.76	36.94
EPS Growth (%)	-4.2	-43.6	67.1	13.2	9.4
P/E Ratio	16.8	29.7	17.8	15.7	14.3
ROE (%)	37.8	20.6	32.1	31.4	31.9

Source: Company data, estimates of KGI analyst

Valuations

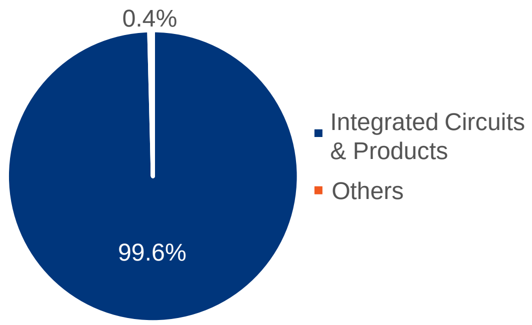


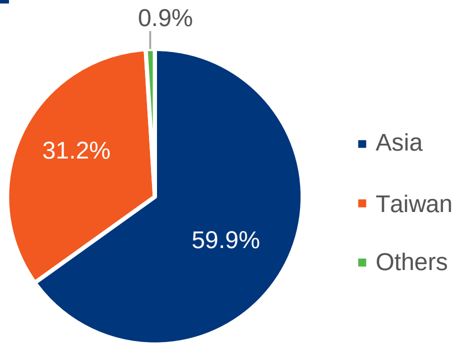
1-Year Price



As of 10 Apr. 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-7.8	-12.5	-7.8	0.8	-14.8	-15.2

Revenue Sources and Regions





Source: Bloomberg

Boretech Resource Recovery Engineering Co Ltd. (6887 TT)

Boretech Resource Recovery Engineering Co Ltd operates recycling facilities. It focuses on producing plastic recycled raw materials such as pellets and recycled polyester fiber. It serves customers in Taiwan and China.

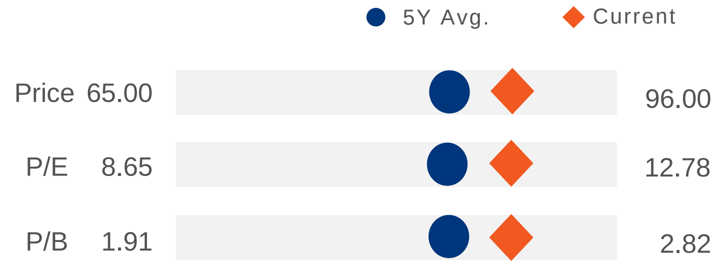
- **Integrated Technical Services Drive Competitive Advantage**
  Boretech-KY specializes in the development of PET recycling and regeneration technologies and is also capable of providing turnkey plant design and engineering integration services. This not only resolves equipment compatibility issues but also helps clients reduce costs and enhance operational efficiency. In addition, the company's food-grade rPET products have obtained FDA certification in the U.S. We believe that Boretech's strong track record in rPET production will serve as a key advantage in attracting new customers.
- **2024–2026 Earnings to Grow at a 24% CAGR**
  Driven by a favorable product mix from increased revenue in equipment engineering, we estimate that earnings will grow by 11% and 40% in 2025 and 2026, respectively, reaching EPS of NT$7.32 and NT$10.26 (based on post-IPO shares outstanding). This implies a CAGR of 24% for earnings from 2024 to 2026.

Financials

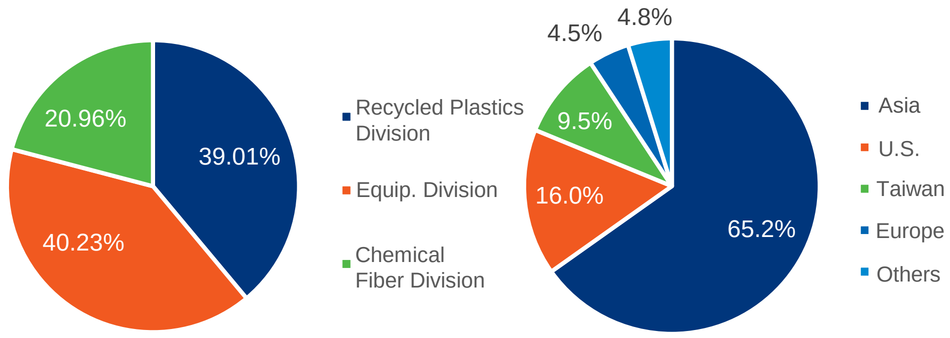
	2021	2022	2023	2024F	2025F
EPS (NTD)	N.A.	7.02	7.51	7.49	10.26
EPS Growth (%)	0.0	0.0	7.0	-0.3	37.0
P/E Ratio	N.A.	13.5	12.6	12.7	9.3
ROE (%)	14.6	25.2	23.5	23.3	29.4

Source: Company data, estimates of KGI analyst

Valuations

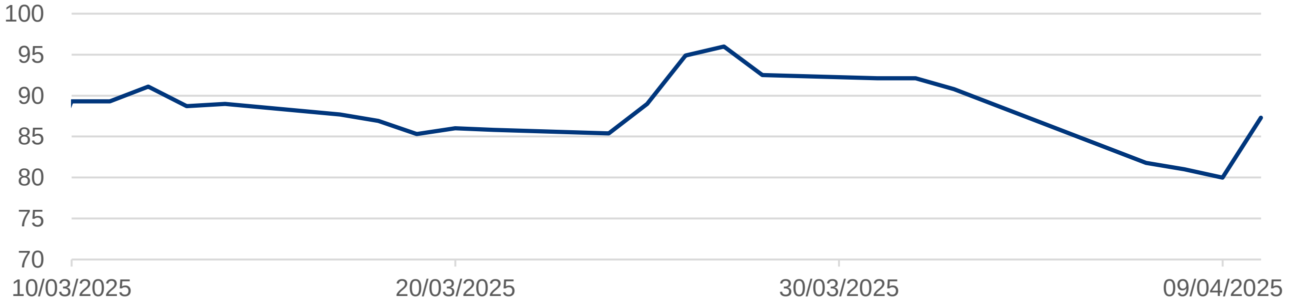


Revenue Sources and Regions



Source: Bloomberg

1-Year Price



As of 10 Apr. 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-5.2	-2.2	-.	-	-	-

Mutual Funds/ ETFs

Maximum Tariff Pressure Triggers Market Crash; Defensive Stocks Show Relative Resilience

► **SPDR Utilities Select Sector ETF (XLU)**

- Aims to track the performance of the Utilities Select Sector Index (before fees and expenses).
- The index is designed to efficiently represent the utilities sector within the S&P 500 Index, covering companies involved in electricity, multi-utilities, independent power, energy, natural gas, and other utility-related businesses.
- Holdings are concentrated, with the top 10 positions accounting for over 56% of the overall portfolio.

► **iShares U.S. Telecommunications ETF (IYZ)**

- Seeks to track the investment results of the Russell 1000 Telecomm. RIC 22.5/45 Capped Index.
- The index is designed to measure the performance of the telecomm. sector of the U.S. equity market as defined by FTSE Russell.
- Holdings are highly concentrated, with the top 10 positions accounting for over 70% of the overall portfolio.

► **SPDR Consumer Staples Select Sector ETF (XLP)**

- Seeks to track the Cons. Staples Select Sector Index, investing more than 95% of its assets in the index constituents. These include companies primarily involved in food and drug retailing, beverages, food products, tobacco, household goods, and personal care products.
- The fund mainly invests in large-cap value stocks. As consumer staples—also known as non-cyclical goods—are less sensitive to economic cycles, the ETF helps enhance portfolio defensiveness.
- The fund is relatively concentrated, with the top 10 holdings accounting for over 60% of total assets. These include well-known brands with broad market reach.

Product	SPDR Utilities Sector ETF (XLU)		iShares U.S. Telecomm. ETF (IYZ)		SPDR Cons. Staples Select Sector ETF (XLP)	
Features	■ This ETF primarily holds U.S. utility sector stocks. ■ Expense ratio of 0.08%, among the lower levels within its ETF category.		■ Suitable for investors optimistic about emerging tech. applications in the U.S. telecomm. Sector. ■ The portfolio is highly concentrated, with the top 10 holdings accounting for over 70% of total assets.		■ Focused on the cons. staples sector, offering stable and defensive investment characteristics. ■ Expense ratio of 0.08%, among the lower levels within its ETF category.	
AUM	USD 17 B		USD 337 million		USD 16 B	
Tracking Index	Utilities Select Sector Index		Russell 1000 Telecommunications RIC 22.5/45 Capped Index		Consumer Staples Select Sector Index	
Holdings	31		19		38	
Exp. Ratio	0.08%		0.4%		0.08%	
3M/YTD Returns	1.23% / 1.08%		-1.15% / -2.29%		4.44% / 1.42%	
Top-5 Sectors (%)	Electricity Natural Gas Water & Others	93.68 3.56 2.76	Telecomm. Media Computers Internet & Others	76.45 15.87 3.55 4.13	Retail Food Beverages Cosmetics / Personal Care Agriculture	24.79 21.21 19.12 11.92 6.04
Top-5 Holdings (%)	NextEra Energy Southern Company Duke Energy Constellation Energy American Electric Power	11.89 8.23 7.73 5.77 4.67	Cisco AT&T Inc. Verizon Communications Inc. Comcast Corp. T-Mobile US Inc.	17.40 14.36 13.62 4.59 4.51	Costco Wholesale Corp. Walmart Inc. Procter & Gamble Co. Coca-Cola Co. Philip Morris International Inc.	10.19 9.24 9.05 6.44 5.61

Source: Bloomberg, 9 Apr. 2025

SPDR Utilities Select Sector ETF (XLU)

Profile

This ETF tracks the Utilities Select Sector Index and seeks to replicate the performance of the underlying index constituents.

- **Investing in the U.S. Utilities Sector**

This index-tracking fund primarily holds stocks from the U.S. utilities sector, including water utilities, independent power producers, renewable energy providers, and natural gas utility companies.

- **Low Volatility**

Utilities tend to maintain stable operations and earnings during economic downturns or periods of inflation, exhibiting lower volatility compared to other equity sectors. This ETF is well-suited for investors seeking to reduce overall portfolio volatility while gaining exposure to the U.S. utilities sector.

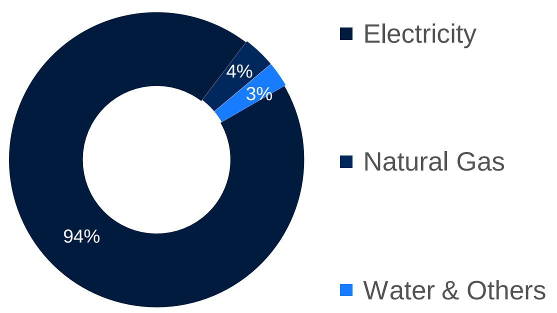
- **Lower Expense Ratio**

This ETF has an expense ratio of 0.08%, placing it among the lower end within its category. Its cost efficiency helps investors reduce overall investment expenses.

Inception Date	16 Dec 1998	**AUM**	USD 17 B
ETF Category	Equities	**Holdings**	31
Expense Ratio	0.08%	**3Y Stand. Dev. (Ann.)**	16.99%

Source: Bloomberg, 9 Apr. 2025

Sectors

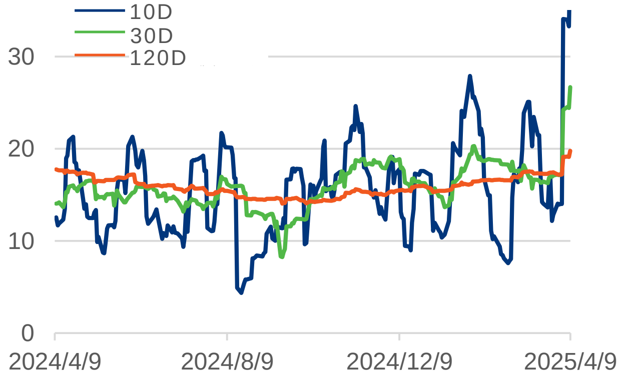


Top-5 Holdings (%)

NextEra Energy	11.89
Southern Company	8.23
Duke Energy	7.73
Constellation Energy	5.77
American Electric Power	4.67

1-Year Performance

1-Year Volatility



As of 9 April 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-2.09	1.23	1.08	20.76	8.40	45.98

iShares U.S. Telecommunications ETF (IYZ)

Profile

This ETF tracks the Russell 1000 Telecommunications RIC 22.5/45 Capped Index and aims to deliver investment performance in line with the index components.

■ Focused on the U.S. Telecommunications Sector

This index-tracking fund primarily holds shares of U.S. companies that provide telephone and internet products, services, and technologies. It is well-suited for investors optimistic about the widespread adoption of 5G, the future development of 6G, and emerging technology applications such as the Internet of Things (IoT), Virtual Reality (VR), and Augmented Reality (AR).

■ Concentrated Holdings

The portfolio is highly concentrated, with the top 10 holdings accounting for over 70% of total assets. It focuses on a select group of major telecomm. companies, including Cisco, AT&T Inc., Verizon Communications Inc., Comcast Corp., and T-Mobile US Inc.

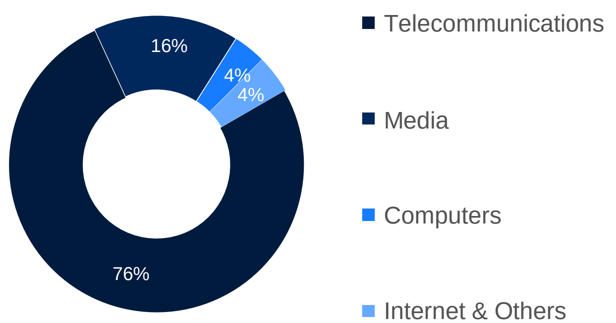
■ Moderate Expense Ratio

This ETF has an expense ratio of 0.4%, which is considered moderate relative to other ETFs in the same category.

Inception Date	22 May 2000	**AUM**	USD 337 million
ETF Category	Equities	**Holdings**	19
Expense Ratio	0.4%	**3Y Stand. Dev. (Ann.)**	20.57%

Source: Bloomberg, 9 Apr. 2025

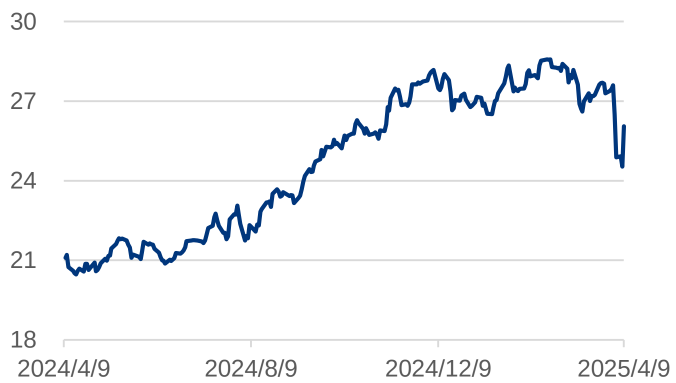
Sectors



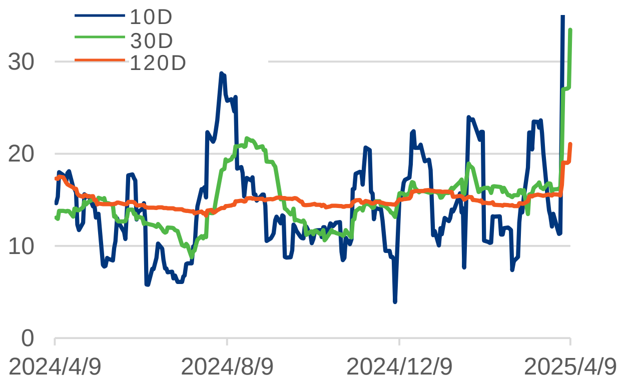
Top-5 Holdings (%)

Cisco	17.40
AT&T Inc.	14.36
Verizon Communications Inc.	13.62
Comcast Corp.	4.59
T-Mobile US Inc.	4.51

1-Year Price



1-Year Volatility



As of 9 April 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-5.09	-1.15	-2.29	26.25	-5.93	9.07

SPDR Consumer Staples Select Sector ETF (XLP)

Profile

This ETF tracks the Consumer Staples Select Sector Index and is designed to mirror the performance of the index constituents.

Largest Consumer Staples ETF by Assets

This ETF is the largest consumer staples ETF by assets under management, with concentrated investments in consumer staples sector stocks within the S&P 500 Index. It offers strong liquidity.

Stable and Defensive Investment Characteristics

The fund holds stocks across industries such as household products, beverages, food, tobacco, and food retail. Compared to other sectors, consumer staples typically maintain steady demand even during economic downturns, giving the sector index stable and defensive investment characteristics.

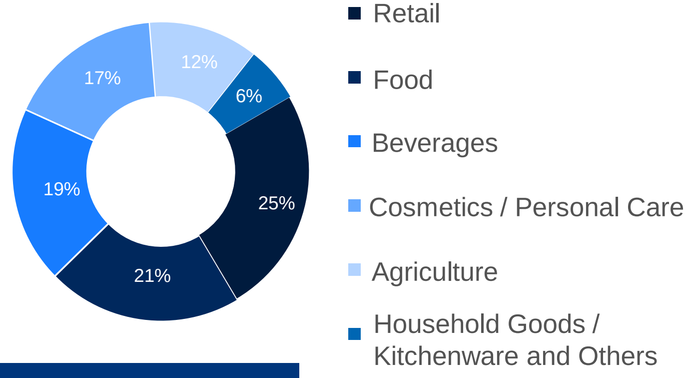
Low Expense Ratio

This ETF has an expense ratio of 0.08%, which is considered low among similar ETFs. It is cost-effective and helps investors reduce overall investment costs.

Inception Date	16 Dec 1998	**AUM**	USD 16 B
ETF Category	Equities	**Holdings**	38
Expense Ratio	0.08%	**3Y Stand. Dev. (Ann.)**	13.35%

Source: Bloomberg, 9 Apr. 2025

Sectors

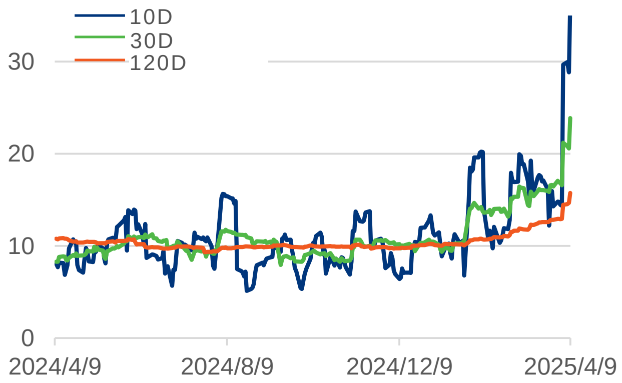


Top-5 Holdings (%)

Costco Wholesale Corp.	10.19
Walmart Inc.	9.24
Procter & Gamble Co.	9.05
Coca-Cola Co.	6.44
Philip Morris International Inc.	5.61

1-Year Price

1-Year Volatility



As of 9 April 2025	**1M**	**3M**	**YTD**	**1Y**	**3Y**	**5Y**
Return (%)	-3.57	4.44	1.42	9.49	9.12	55.59

Bonds Investment-Grade Utility Bonds Offer Stronger Downside Resilience

► **DUK 5.05 03/15/35 (Duke Energy Progress LLC)**

- Duke Energy (DUK) is one of the largest utility holding companies in the United States, operating primarily through its electric utilities and infrastructure, as well as its natural gas utility segment. The company maintains a highly diversified geographic footprint, with operations across seven states in three U.S. regions. Its electric utility segment serves nearly 8.2 million retail electricity customers across six states in the Southeast and Midwest, with approximately 49,870 megawatts of generating capacity—accounting for about 89% of Duke's 2023 rate base. DUK's natural gas utilities and infrastructure business serves approximately 1.7 million customers across five states.
- All of DUK's current cash flows are derived from its regulated utility business, which provides a stable foundation. The regulatory environments in its operating regions are generally supportive of credit quality, with most jurisdictions having rate agreements that allow for the recovery of costs and capital expenditures.
- DUK maintains relatively stable consolidated financial credit metrics. The company has stated a target of maintaining a CFO pre-working capital to debt ratio at 14%. From 2019 to 2023, this ratio hovered around that level—except for 2022, when it dropped to 11.4%—and stood at 14.3% at the end of 2023. Over the same period, operating cash flow remained around USD 10 billion.

Products	DUK 5.05 03/15/35 (Duke Energy Progress LLC)
ISIN	US26442UAU88
Highlight	Duke Energy is one of the largest utility holding companies in the U.S., with relatively stable consolidated financial credit metrics
Maturity Date	2035/3/15
Next Redemption Day	2034/12/15
Coupon (%)	Fixed/5.05/Semi-annual
Currency	USD
Years to Maturity	9.93
Rating (Moody's/ Fitch/S&P)	Aa3/-/A
Seniority	First Mortgage Bonds
YTM/YTC (%)	5.43/5.44

Source: Bloomberg

DUK 5.05 03/15/35 (Duke Energy Progress LLC)

Profile

Duke Energy (DUK) is one of the largest utility holding companies in the United States, primarily operating through its Electric Utilities & Infrastructure and Gas Utilities segments. The company has a highly diversified geographic footprint, providing services across seven states in three distinct U.S. regions.

- Currently, all of DUK's cash flow is derived from its regulated utility operations, providing a stable source of income. The regulatory environment for these utilities also supports DUK's credit profile. Most of the jurisdictions in which it operates have rate agreements that facilitate the recovery of costs, including capital expenditures.
- DUK maintains relatively stable consolidated financial credit metrics. The company has stated that one of its balance sheet targets is to maintain a CFO pre-working capital to debt ratio of 14%. From 2019 to 2023, this ratio remained around that level—except for 2022, when it dipped to 11.4%—and stood at 14.3% at the end of 2023. Over the same period, operating cash flow remained around USD 10 billion.
- With the Fed beginning a rate-cutting cycle, this presents an opportunity to lock in yields on high-quality bonds. Given the issuer's relatively low credit risk, increasing exposure to quality bonds could help cushion against market volatility as rates adjust.

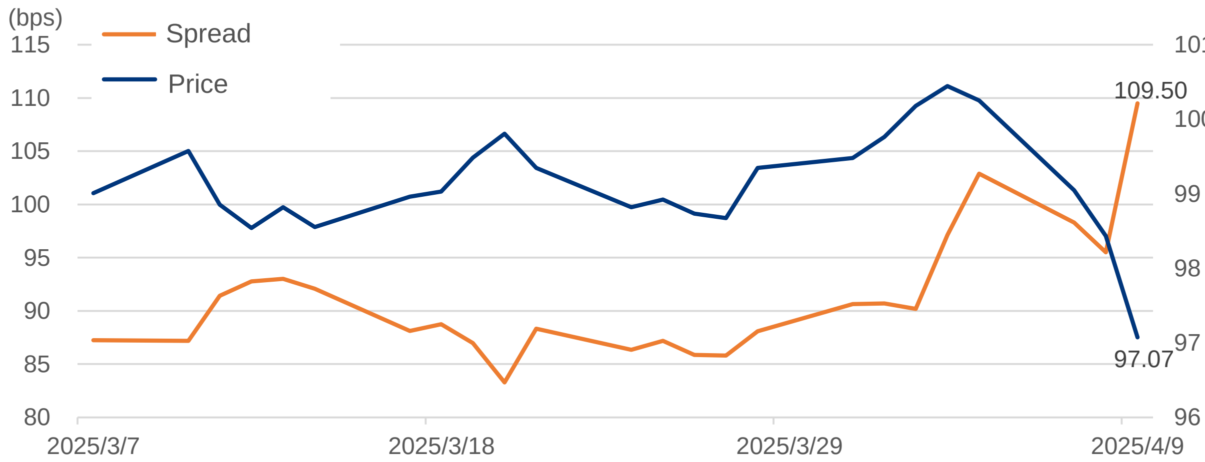
Financials	2022	2023	2024
EBITDA Margin	42.35	46.09	47.10
Return on Assets (ROA)	2.79	2.71	3.05
Operating Cash/ Total Debt	13%	13%	18%

Source: Bloomberg, 10 Apr. 2025

Overview

Name	DUK 5.05 03/15/35	ISIN	US26442UAU88
Maturity Date	15 Mar 2035	Remaining Maturity	9.93
Coupon(%)	Fixed/5.05/Semi-annual	YTM/YTC(%)	5.43/5.44
Currency	USD	Min. Subscription/ Increment	2,000/1,000
Ratings (Moody's/Fitch/S&P)	Aa3/-/A	Seniority	First Mortgage Bonds

Price Since Issuance



Appendix Key Economic Data / Events

▸ APR 2025

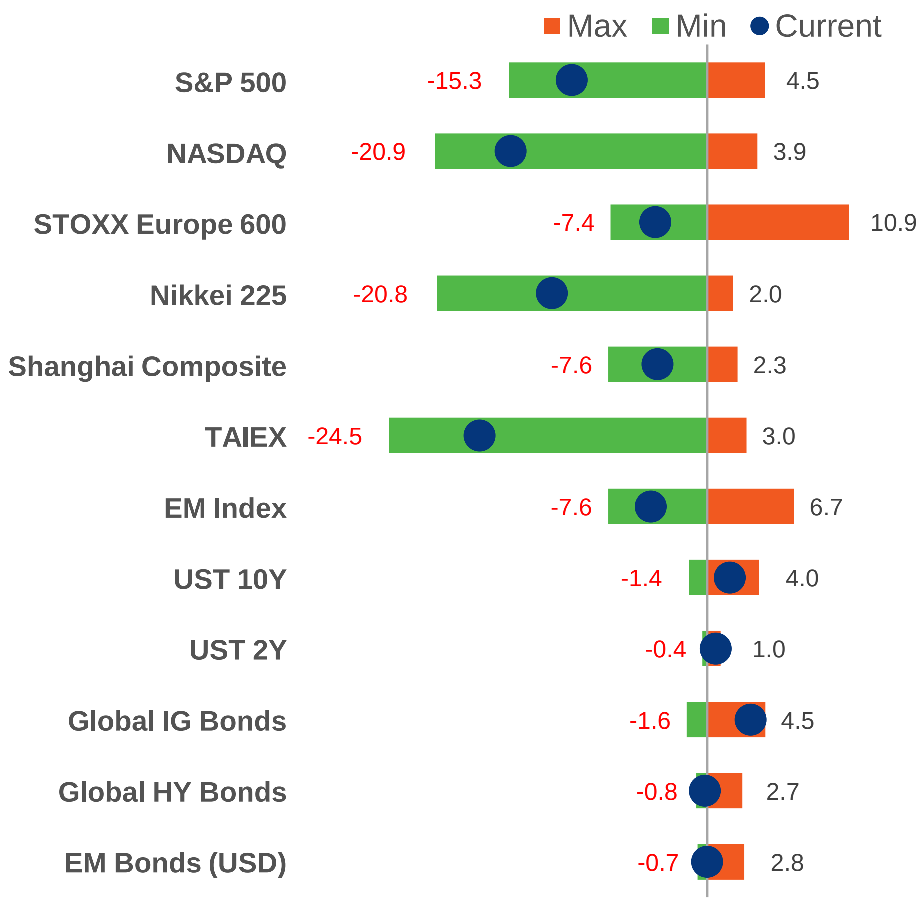
7 Monday	8 Tuesday	9 Wednesday	10 Thursday	11 Friday
• Eurozone Apr. Sentix Investor Confidence (Actual:-19.5 Est:-9.0 Prev:-2.9) • Eurozone Feb. Retail Sales MoM (Actual:0.3% Est:0.5% Prev:0.0%)	• Taiwan Mar. CPI YoY (Actual:2.29% Est:2.20% Prev:1.58%)	• Japan Mar. Machine Tool Orders YoY Initial Value (Actual:11.4% Prev:3.5%)	• U.S. Last Week's Initial Jobless Claims (Actual:223k Est:223k Prev:219k) • U.S. Mar. CPI YoY (Actual:2.4% Est:2.5% Prev:2.8%) • U.S. Mar. Core CPI YoY (Actual:2.8% Est:3.0% Prev:3.1%) • Japan Mar. PPI YoY (Actual:4.2% Est:3.9% Prev:4.1%) • China Mar. CPI YoY (Actual:-0.1% Est:0.0% Prev:-0.7%)	• U.S. Apr. U. of Mich. Sentiment Initial Value (Est:53.5 Prev:57.0) • U.S. Mar. PPI YoY (Est:3.3% Prev:3.2%)

14 Monday	15 Tuesday	16 Wednesday	17 Thursday	18 Friday
• Japan Feb. Industrial Production MoM Final Value (Prev:2.5%) • China Mar. Exports YoY (Est:4.4 % Prev:-3.0%)	• Eurozone Feb Industrial Production YoY (Est:-1.3% Prev:0.0%)	• U.S. Mar. Retail Sales MoM (Est:1.4% Prev:0.2%) • U.S. Mar. Industrial Production MoM (Est:-0.3% Prev:0.7%) • Japan Feb. Core Machine Orders MoM (Est:-0.5% Prev:-3.5%) • Eurozone Mar. CPI YoY Final Value (Est:2.2% Prev:2.3) • China Q1 GDP YoY (Est:5.2% Prev:5.4%) • China Mar. Retail Sales YoY (Est:4.2% Prev:4.0)	• U.S. Last Week's Initial Jobless Claims (Prev:223k) • U.S. Mar. New Home Sales (Est:1,410k Prev:1,501k) • U.S. Mar. Building Permits Initial Value (Est:1,450k Prev:1,459k) • Japan Mar. Exports YoY (Est:0.9% Prev:11.4%) • Eirozone Apr. ECB Main Refinancing Rate (Est:2.40% Prev:2.65%)	• Japan Mar. Natl CPI YoY (Prev:3.7%)

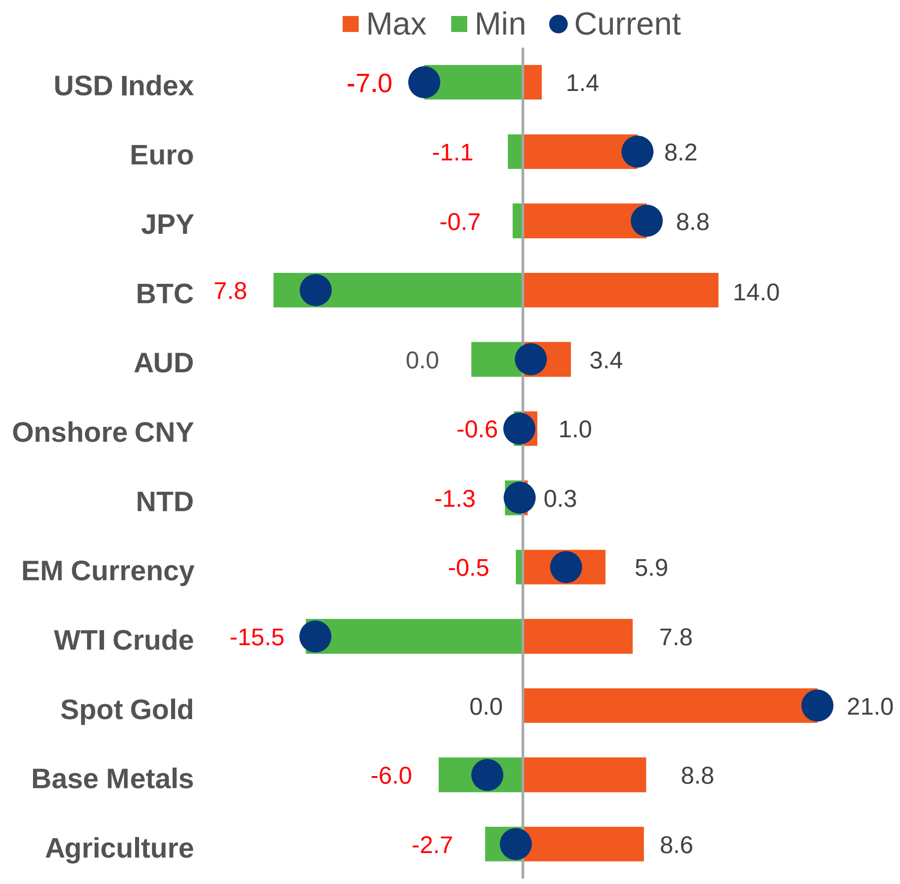
Source: Bloomberg

YTD Major Market / Asset Performance

Stock and Bond Market YTD Performance (%)



Currencies and Futures Market YTD Performance (%)



Source: Bloomberg, 11 Apr. 2025

Technical Analysis

60D MA

S&P 500 Index

NASDAQ Index

STOXX Europe 600 Index

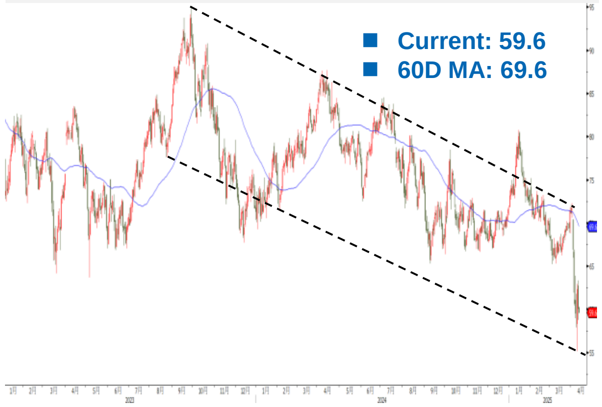
Nikkei 225 Index

Shanghai Composite Index

MSCI Emerging Markets Index

Gold

WTI Crude



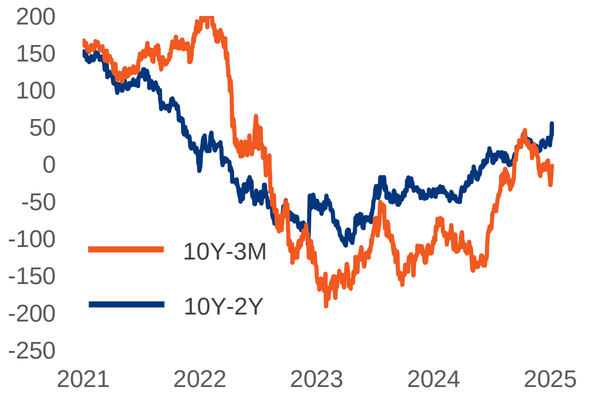
Source: Bloomberg, 11 Apr. 2025

Market Monitor

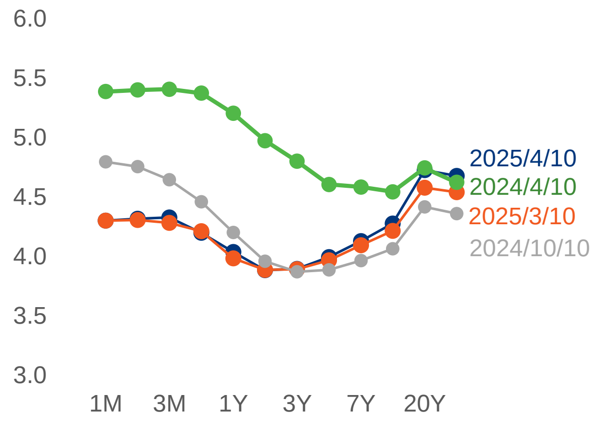
U.S. CPI YoY (%)

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

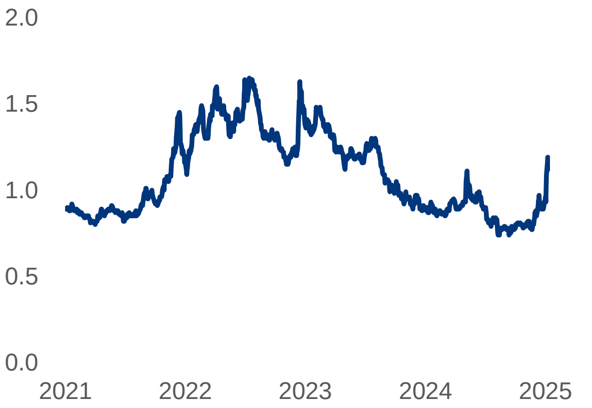
U.S. Treasury Yield Spread (bps)



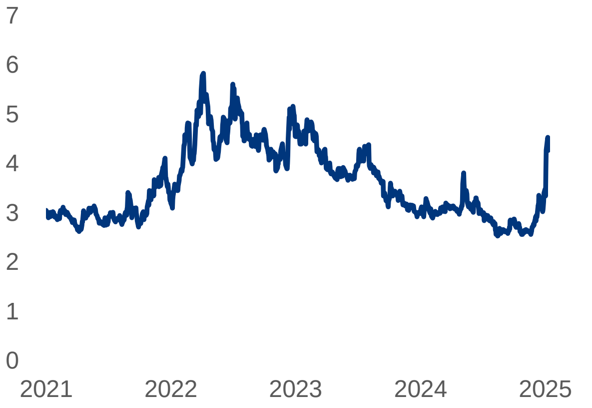
U.S. Treasury Yield Curve (%)



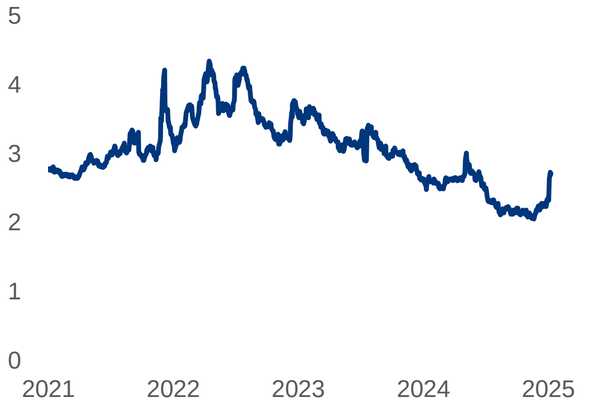
USD IG Credit Spread (%)



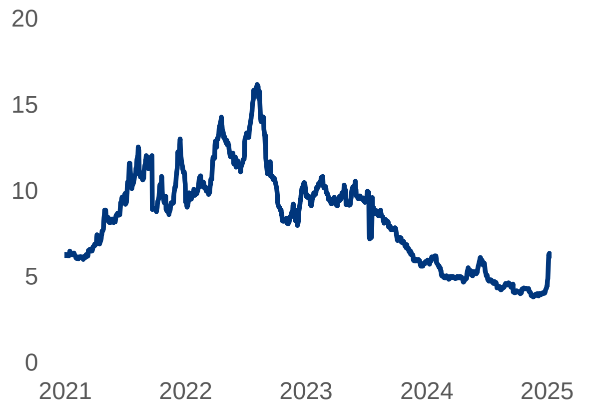
USD HY Credit Spread (%)



USD EM Credit Spread (%)



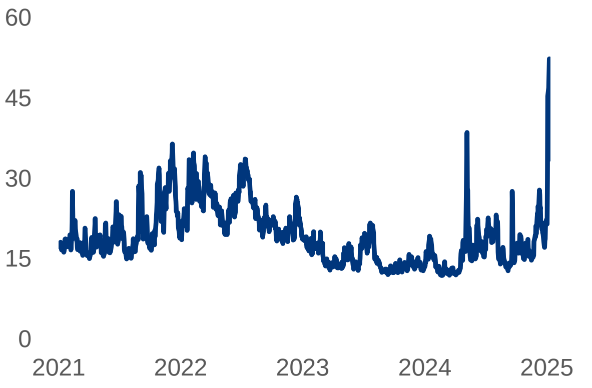
USD Asia Credit Spread (%)



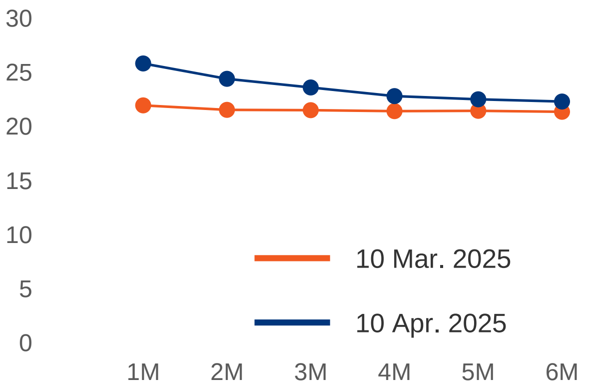
Source: Bloomberg, 10 Apr. 2025

Market Monitor

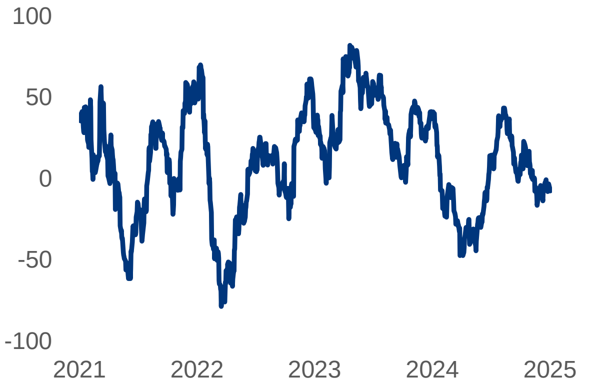
VIX Index



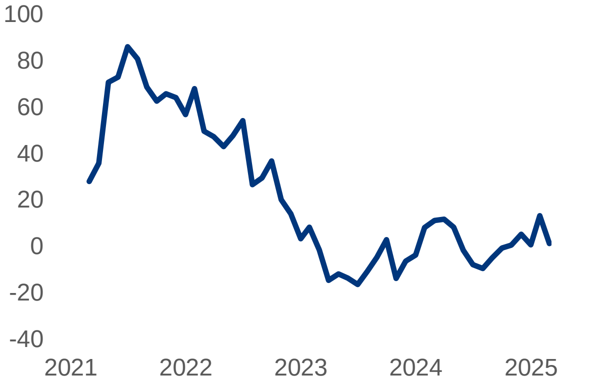
VIX Term Structure



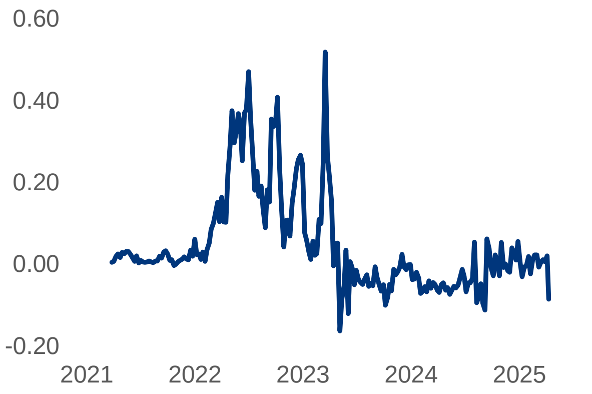
U.S. Citi Economic Surprise Index*



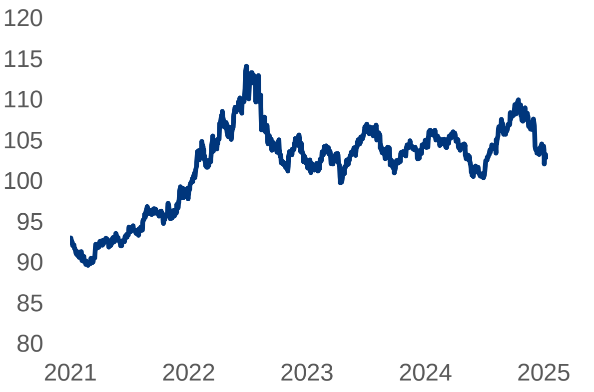
U.S. Citi Inflation Surprise Index*



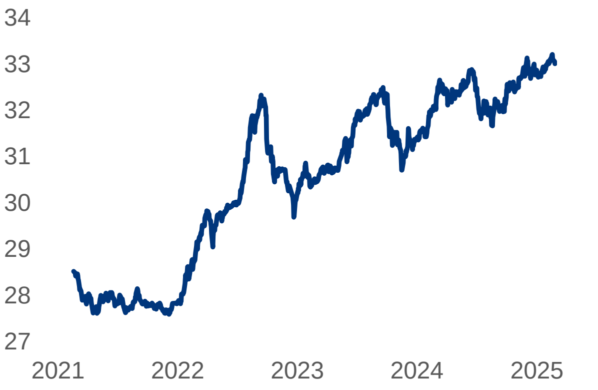
TED Spread (bps)



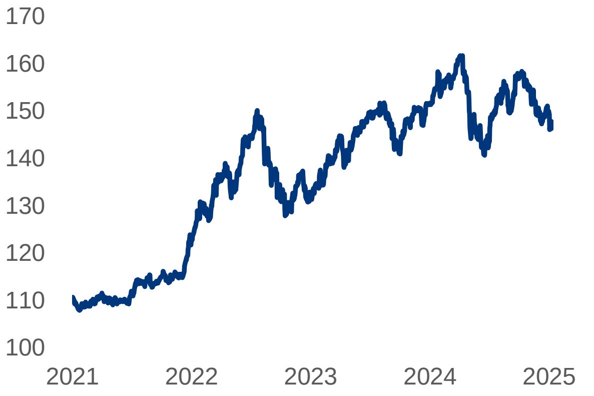
U.S. Dollar Index



USD to TWD



USD to JPY



Source: Bloomberg,10 Apr. 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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