



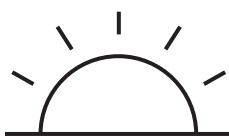
### Mitigating Short-Term Risks While Capturing AI Opportunities

According to Bloomberg, the Federal Reserve lowered the federal funds rate to the 3.75%-4% range during its October interest rate meeting, aligning with market expectations. However, Chair Powell emphasized that the US economy has demonstrated greater stability than anticipated in recent periods, and decisions on further rate cuts will hinge on incoming economic data. Additionally, the balance sheet reduction program is set to conclude in December, which will enhance market liquidity. As such, another rate cut in December is not guaranteed.

We anticipate that the Federal Reserve’s future rate cut decisions will proceed with heightened caution, as articulated by Powell, given the ongoing economic stability and inflation levels that remain above target. This dynamic renders rate-cutting choices more complex. Should the eventual actions fall short of full market expectations, it could amplify market volatility and adversely impact investment returns. Consequently, investors may wish to consider securing profits in advance to mitigate short-term fluctuations. Looking further ahead, artificial intelligence has already begun integrating into everyday life, with expansive applications across various sectors. Its rapid adaptability and monetization potential are expected to persist, propelling enterprises to enhance productivity and profitability, thereby presenting medium- to long-term investment opportunities. Investors could employ dollar-cost averaging to accumulate positions incrementally, fostering long-term value growth for retirement portfolios.

Source: Bloomberg

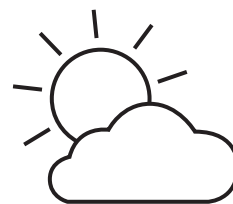
### 12-Month Outlook



Positive



ESG (Low Carbon)



Neutral



Global Equity



Global Bond



Asian Equity



Cash



Hong Kong Equity



**No Change**

- Continue to favor Tech as it continues to demonstrate better revenue and earnings growth trajectory over next few quarters. US corporates remain healthy, but tariff risk add uncertainty to earnings expectations
- Going forward, how the global economy being impacted by tariffs would be in the spotlight, we expect the market is sensitive to the related news and would be volatile
- Valuation of global equity is much higher than the level of the announcement of reciprocal tariffs. Given that the economy is much more resilient than the earlier expectation, we are cautious to sudden market fluctuation triggered by trade negotiations and geopolitical events



**No Change**

- Bonds provide attractive carry, recession concerns have been eased as the economic data is still strong amid trade tensions. Hard economic data remains strong, and long-end of the yield curve is steepening
- Whilst valuations have improved and the liquidity environment remains stable, the uncertain macro outlook poses a risk. European credit has experienced a slightly slower recovery and remains attractive relative to the US
- We kept a cautious view on global bonds and remained quite selective, favoring investment-grade credit and believing the asset class helps strengthening risk management for portfolios



**No Change**

- Cash is a residual (or balance) of our stance in terms of equities and fixed income. We are slightly cautious to equities (neutral) and selectively positive to bonds (positive), cash as a balance was upgraded to neutral
- With expectation of market jitters continuing in the near term, cash remains as a defensive asset to decrease portfolio beta



**No Change**

- Chinese CSPs recorded capex despite chip constraints, while government commitment to accelerating AI adoption across economic and social sectors creates substantial opportunities
- Earnings revision breadth continues to improve in Tech sectors. China Semis benefiting from AI Capex and underpinned by rising domestic substitution
- China's trade truce with the US dials down geopolitical risk. Liquidity injection positive. Still economy remain harpere by malaise in property sector and lack of consumer confidence



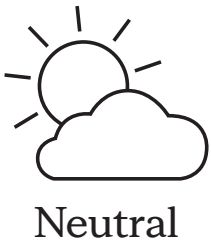
**No Change**

- Trump's tariff is an obvious downside risk for export-driven economies like ASIAN countries
- India Foreign flows turned positive in Oct for the first time since Jun. RBI keeps rate unchanged in Oct, as prefers to wait and see the effect of the GST cut
- Both Korea and Taiwan experienced sharp corrections in early Nov with foreign outflow due to concerns on AI bubble. However, we continue to like the tech exposure in the region due to strong corporate fundamentals due to the re-rating potential and more favorable political environment



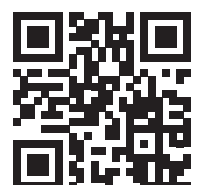
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- Governments reached a consensus at the meeting and pledged to significantly increase investment in clean energy and a low-carbon economy. According to the International Energy Agency (IEA), the total global investment in energy transformation in the future is expected to be calculated in tens of trillions dollars, which will greatly promote the development of industries such as renewable energy, energy storage technology and electric vehicles
- Investors are increasingly prioritizing Environmental, Social, and Governance (ESG) factors. Companies that emphasize ESG and carbon emission considerations tend to exhibit more resilient financial performance
- With increasing volatility in the investment environment, low-carbon strategies provide higher downside protection and relatively better returns compared to traditional stock strategies



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