中信银行(国际)
CHINA CITIC BANK INTERNATIONAL

Video subject: How to Seize Asian Opportunities in Volatile Markets?

Video highlights:

- Despite recent market volatility caused by geopolitical tensions and high interest rates, the Asian stock market remains highly attractive due to resilient corporate earnings, deep valuation discounts, and strong structural tailwinds.
- Asia dominates the technology supply chain, controlling over 90% of global wafer manufacturing and over 80% of packaging and testing capabilities.
- Surging AI data center demand is directly benefiting Asian tech companies across advanced packaging, thermal management, power supplies, and automation, with Asia currently hosting 65% of the world's industrial robots.
- Relevant Asian companies boast a 41% forecasted EPS growth rate, which is nearly double that of their US peers.
- Valuations remain highly compelling, with Asian tech and innovation companies trading at a P/E ratio of around 11x—representing a steep discount compared to the Nasdaq 100's P/E ratio of 24x.
- Driven by a regional reform wave, countries like South Korea, through its "Corporate Value-up Program," alongside Mainland China and Singapore, are actively driving initiatives to improve capital efficiency, dividend payouts, and share buybacks.
- Traditional banking and insurance sectors are being buoyed by wealth management growth and Middle East capital inflows, while Singapore and Australia REITs continue to offer defensive cash flows during market swings.
- Demonstrating exceptional stability, banking stocks in Mainland China, Hong Kong, and Singapore have steadily hit new highs with only one-fifth the volatility and one-third the maximum drawdown of South Korean tech stocks.
- Asian companies maintain significant room to increase future payouts and buybacks, given their average dividend payout ratio of 40% compared to Europe’s 60%.
- Investors could consider targeting growing dividend payers that offer both dividend yield and capital appreciation, as well as undervalued, overlooked "dark horse" firms with strong fundamentals poised for substantial capital gains once recognized by the market.
- A "dual-engine" strategy is recommended, combining exposure to long-term AI-related structural trends like semiconductors and automation with defensive allocations to high-dividend financials and REITs for stable cash flow and downside protection.

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