ASIAN EQUITY PERSPECTIVES

2H playbook - stick with the winners

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Strong tech-led 1H north Asian market performance prompts queries on whether this will persist in 2H or if leadership will rotate to other markets or sectors. Earnings are the key factor driving markets, so we favor the markets and themes where growth is best. These include north Asia markets, the AI infrastructure hardware supply chain, and high capital intensity areas such as power demand and defense. We expect mid-teens MXAPJ index 2H returns fueled by 60%/22% 2026/27 earnings growth. To hedge pullback risk, we prefer put spread collars and screen tech hardware subsectors for valuation outliers.

- **Strong, concentrated 1H performance:** MXAPJ +21%, but -9% ex-Korea and Taiwan. Tech hardware (+91%) was the key sector, which also drove Nikkei's outperformance (+38% vs Topix +16%).
- **Reflationary macro backdrop** is supportive for equities.
- **Stick with core themes:** AI infrastructure supply chain, power demand, capital intensity, US-reindustrialization, defense, China opportunities, earnings revisions, and emerging themes including Asia space economy.
- **Earnings are paramount**: Markets are trading earnings to a greater extent than before; good 1H returns and positive earnings revisions have positive implications for 2H performance.
- **Stay OW north Asia and tech:** Our 1,080 MXAPJ 12m target implies 23% USD price return and mid-teens 2H performance. OW Korea, Taiwan, Japan, and China A. Favor tech hardware, capital goods, and banks.
- **Risks (and opportunity):** Narrow breadth, retail speculation, tech optimism, primary market supply. Within tech hardware, we screen for top quartile (expensive) and bottom quartile (cheap) names to identify alpha opportunities and manage risk.
- **Derivative hedges:** Put spread collars on KOSPI200 and TWSE indices; Nikkei put spread.
- **Catalysts:** Earnings results, central bank policy meetings, geopolitics, elections, and capital market activity.

Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html.

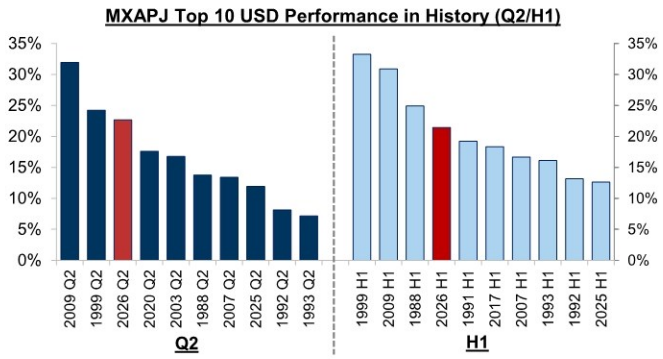
1. Strong, concentrated 1H performance

Asian equities have delivered strong returns in the first half of 2026. The MXAPJ index gained 21%, the 4th best 1H and 3rd best 2Q in its 39-year history. However, the gains were driven by the tech hardware-heavy north Asian markets of Korea (+119%) and Taiwan (+56%). Ex-these markets, the rest of the region declined 9%, with Indonesia (-40%), offshore China (-18%) and India (-10%) falling most.

Japan also posted a strong 1H but with similar technology leadership. Topix gained a commendable 16%, but the more tech-focused Nikkei index rose 38%, its third best 1H and best quarterly performance (in 2Q) ever.

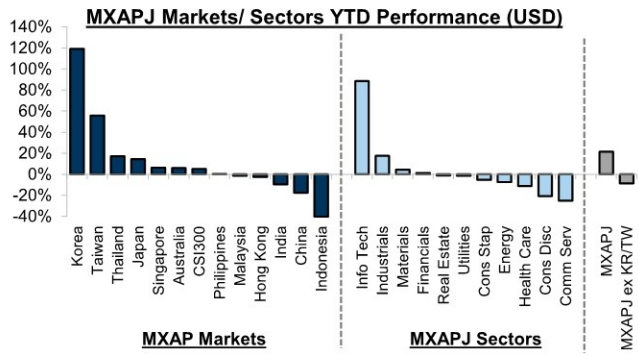
This backdrop prompts queries on whether tech-led momentum will persist in the second half of 2026 or if there will be a rotation in leadership to other markets or sectors. Our view is that north Asian markets will continue to lead given the strength of their underlying thematic drivers and the strong earnings they are delivering. These center on tech hardware but also include adjacent areas such as power and defense. We summarize our views and highlight risks investors should monitor in the points that follow.

Exhibit 1: MXAPJ posted its 4th strongest 1H and 3rd strongest single quarter (Q2) ever



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 2: Korea, Taiwan, and tech hardware drove 21% 1H gains; ex-these markets, the region was down 9%



Source: FactSet, Goldman Sachs Global Investment Research

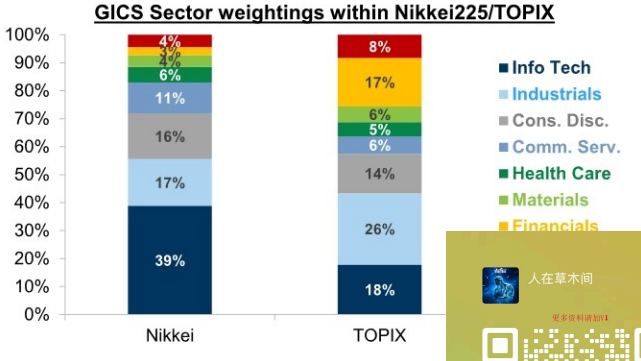
Exhibit 3: Japan's Nikkei index logged its third best ever 1H and best quarter (Q2); Topix performed strongly but not as distinctively

Historical Performance (LOC) of Nikkei225/ TOPIX

Rank	Nikkei225				TOPIX	
	Quarter	Perf	Semi-Annual	Perf	Annual	Perf
1	2026 Q2	36%	1972 H2	40%	1972	101%
2	1995 Q3	23%	2005 H2	39%	1999	58%
3	2009 Q2	23%	2026 H1	38%	2013	51%
4	1988 Q1	22%	1995 H2	37%	1986	49%
5	1986 Q1	21%	1972 H1	37%	2005	44%
...						
16	2012 Q4	17%	2013 H2	19%	1976	19%
17	2005 Q3	17%	1994 H1	19%	2012	18%
18	1975 Q1	17%	2024 H1	18%	2024	18%
19	1972 Q3	16%	1975 H1	18%	2026 YTD	16%
20	1972 Q2	16%	1989 H2	18%	1981	16%

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 4: Sector weighting differences explain the Nikkei/Topix performance gap



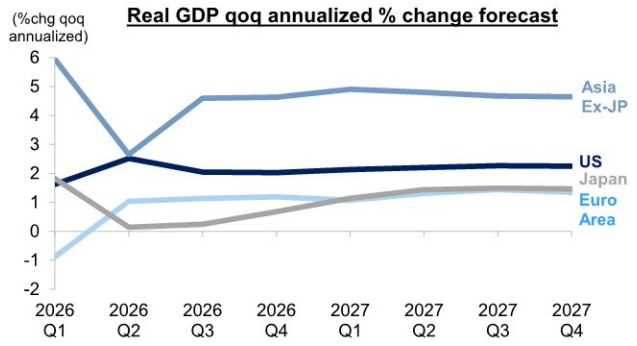
Source: FactSet, Goldman Sachs Global Investment Res

2. Macro: Reflationary backdrop is supportive for equities

The macro set-up at the start of the year was favorable for Asian equities, given steady economic growth, policy easing, and a softer dollar. With the onset of the Iran war, the macro outlook deteriorated due to the impact of the energy supply shock on growth and inflation together with a firmer dollar. Following the Islamabad Memorandum of Understanding, which is a framework agreement providing for, inter alia, an extension of the ceasefire and a reopening of the Strait of Hormuz, oil prices have dropped sharply. The macro environment looking into 2H26 now appears broadly reflationary and therefore constructive for regional equities. In particular:

- **Moderate pick-up in global GDP growth**: Our economists expect QoQ annualized real global GDP growth to rebound to about 2.6% in 2H, with the US at 2.0%, the Euro Area 1.1%, Japan 0.5%, China 4.7%, and the rest of the Asian region growing close to 4.5%.
- **Selective policy tightening**: Following a hawkish surprise at the June FOMC meeting, the market is pricing one hike in 2H. Our economists expect unchanged policy rates prior to two rate cuts in June and December next year. After a widespread series of policy cuts last year, roughly half the region's central banks have either raised policy rates or are likely to tighten moderately in 2H, generally in response to currency pressure, firmer inflation prints, and reduced concerns over slowing growth.
- **Firm dollar near-term before subsequent easing**: A more hawkish Fed and solid US growth argue for a firm dollar in the near term (after recently appreciating 4%) with a subsequent moderate dollar decline driven by structural factors including overvaluation and persistent high budget deficits. Many Asian currencies are sharply undervalued, and our currency strategists expect mid-single digit appreciation on a 12m view.
- **Lower oil prices bolster the macro outlook**: Our commodity strategists have reduced our oil price forecast following the deal to reopen the Strait of Hormuz. We now expect Brent pricing of $80/bbl in 4Q26 (vs. $90 previously) and $75 on average for 2027 (vs. $80 prior). Since most Asian economies are energy importers, this improves both the growth and inflation outlook, which in turn is supportive for equity markets.

Exhibit 5: Growth remains firm



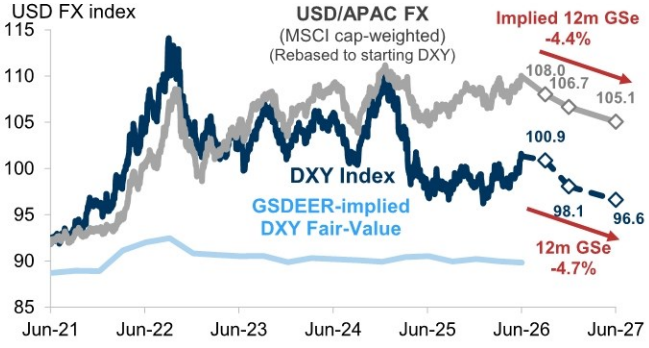
Source: Goldman Sachs Global Investment Research

Exhibit 6: Policy has shifted towards tightening

Markets	GS Monetary policy outlook for US, EU and APAC markets							
	2025				2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3F	Q4F
US			-25 bps	-50 bps				
Euro area	-50 bps	-50 bps				+25 bps	+25 bps	
Japan	+25 bps			+25 bps		+25 bps		
China		-10 bps						
India	-25 bps	-75 bps		-25 bps				+50 bps
Korea	-25 bps	-25 bps					+25 bps	+25 bps
Taiwan								
Indonesia	-25 bps	-25 bps	-75 bps			+100 bps		
Malaysia			-25 bps					
Thailand	-25 bps	-25 bps	-25 bps	-25 bps	-25 bps			
Philippines		-50 bps	-25 bps	-50 bps	-25 bps	+50 bps	+25 bps	+50 bps
Australia	-25 bps	-25 bps	-25 bps		+50 bps	+25 bps	+25 bps	

Source: Goldman Sachs Global Investment Research

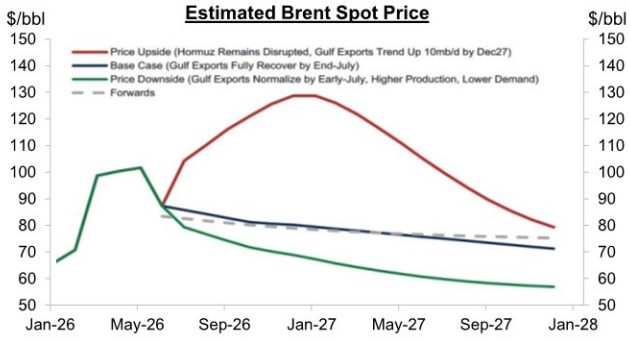
Exhibit 7: Firm dollar near-term before subsequent weakening



Note: USD/APAC FX weights are based on MSCI market cap with a 0.5 factor applied to Japan

Source: Goldman Sachs Global Investment Research

Exhibit 8: Lower oil prices bolster the macro outlook



Source: Goldman Sachs Global Investment Research

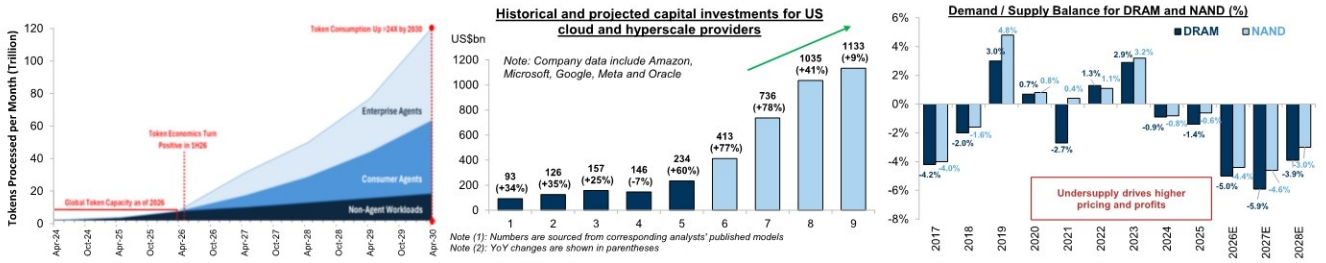
3. Stick with core themes

Our strongest view throughout the uncertainty and capricious newsflow of the Iran war has been to focus on structural themes that are unlikely to be affected by near-term events. Following strong performance of many of these themes, there is a temptation to rotate towards areas that have underperformed. We favor remaining aligned with core themes, recognizing that there may be some temporary corrective phases. In brief, our favored themes are:

- **AI beneficiaries: Infrastructure supply chain**. The semiconductor memory supercycle is one of the most powerful and prominent themes that is still not fully priced. Accelerating agentic AI-driven demand for compute, which our semiconductor analysts estimate at 24x growth in global token demand by 2030, is outstripping memory supply: this year's record DRAM and NAND supply shortfall is likely to increase further in 2027 and remain deeply negative in 2028 and possibly into 2029-30. This is driving sharp increases in memory prices which flow to outsized bottom line gains for memory producers given the industry's high operating leverage. In turn, this shortage is rippling through the hardware supply chain. Our AIGC Hardware (GSSZAIHW) and Semiconductor (GSSZAISM) baskets offer broad exposure to this dynamic.

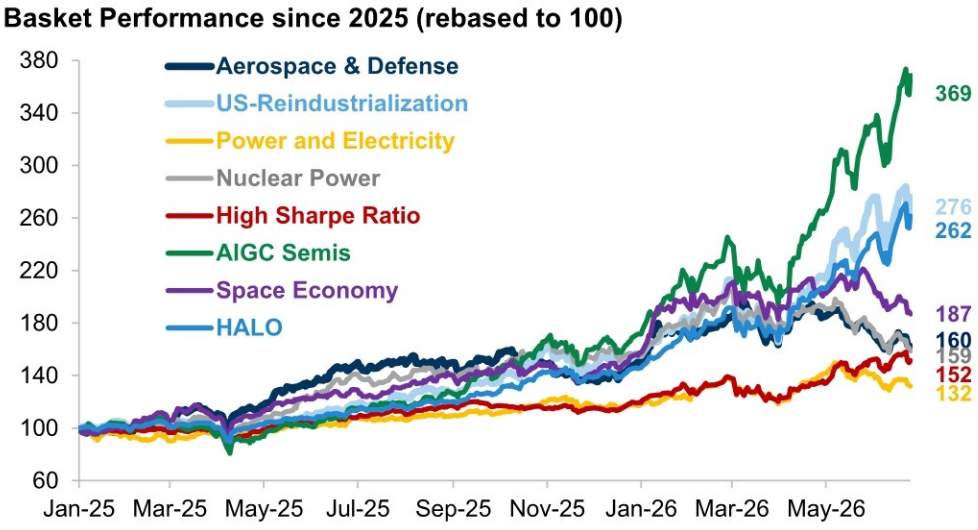
- **Power demand/energy security**. The power theme is driven by the rapid scaling of AI-driven compute demand which requires sustained investment in power generation. Our Power & Electricity (GSSZPOWE), Renewables (GSSZEVMT), and Nuclear (GSSZNUCL) baskets all offer exposure to this structural theme which now has added tailwinds from policy-makers emphasizing energy security and self-sufficiency following the Iran war energy supply shock.
- **Capital intensity**. Market concerns over AI disruption have pressured capital light, software intensive sectors and focused attention on heavy asset/low obsolescence (HALO) stocks levered to scarce, hard-to-replicate physical capacity (networks, infrastructure and long-cycle industrial assets) with exposure extending beyond AI into broader strategic capex (including defense, power/grid upgrades, and industrial supply chains such as shipbuilding). Our GS Asia Capital Intensive basket (GSSZHALO) focuses on this theme.
- **Geopolitics**: Geopolitics is a continuing risk for markets, but also provides investment opportunities. The theme of **US re-industrialization** recognizes that strategic competition between the US and China is forcing US policy-makers on the need to reindustrialize, notably in three key areas of production (e.g., semiconductor manufacturing), projection (shipbuilding), and power (electricity generation supply chain). The **defense** theme rests on the thesis that higher geopolitical tension and changes to battlefield tactics will drive increased defense spending, particularly given an extended period of relatively low levels of spending relative to GDP. Our baskets offer direct exposure to defense spending (GSSZADEF) and non-core defense suppliers (GSSZDEFS).
- **China opportunities**. Although offshore China has disappointed this year, onshore A shares have performed better, most notably tech hardware-intensive indices such as STAR50 (+51% ytd). The alpha themes within China we favor include our Select AI Portfolio, 15th FYP Portfolio, Shareholders Return theme**,** and our recently rebalanced China Growth Portfolio.
- **Earnings**. Earnings remain the principal driver of returns and even more so currently as we show in the next section. Earnings revisions continue to be one of the most consistent alpha-generating factors as shown by our strong vs. weak earnings revision baskets (GSSZSERV vs. GSSZWERV).
- **Emerging themes**: We see compelling relative risk/reward in **Asia Space Economy** stocks, supported by structural demand, measurable earnings delivery, policy support, and under-positioned thematic flows. Our newly introduced Asia Space Economy basket (GSSZSPCE) focuses on companies with direct or supply chain exposure across four categories: (1) Upstream — Launch & Propulsion, (2) Satellite Manufacturing & Components, (3) Ground Segment & Downstream Applications, and (4) Space-Grade Materials & Electronics. Other themes we are tracking include quantum computing, China biotech, and the ocean economy.

Exhibit 9: Rapidly growing compute demand is driving outsized hyperscaler investment resulting in record memory chip supply shortfall and super-normal chip manufacturer profitability



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 10: Our top regional themes continue to perform well



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

4. Earnings are driving returns

Earnings growth is the principal fundamental driver of our market and thematic views. Earnings are, of course, always important for equities, but the earnings context for Asian markets is especially so at present for four reasons.

First, the rate of earnings growth and the disparity between different parts of the region is at record levels. We expect 60% and 22% EPS growth for the MXAPJ index in 2026 and 2027, led by Korea (320% and 35% this year and next) and Taiwan (48% and 30%, respectively). In contrast, the ASEAN markets and Australia should post only mid-single digit earnings CAGRs this year and next, with China offshore and India in low double digits.

Second, earnings growth explains much of the wide disparity in market performance. Cross-sectional regressions show close to 80% of the ytd performance of regional markets can be explained by earnings growth or revisions to earnings growth forecasts.

Third, markets are trading earnings to a greater extent than before. We run cross-sectional regressions of quarterly changes in forward 12m earnings and price for

all MXAPJ markets over more than a decade. The r-square of earnings changes vs. index returns is currently close to 90% and meaningfully higher than it has been in recent years. We test this with a time series analysis of the cross-sectional results which shows that the r-square has shown a statistically significant upward trend over the past year, indicating that earnings currently have increasing explanatory power for equity market performance.

Fourth, this year's combination of good 1H returns and positive earnings revisions has positive implications for 2H performance. In a review of the last 30 years of 1H performance and ensuing 2H returns, we observe that there are only 5 episodes when the MXAPJ index gained at least 10% in the first half and also had positive earnings revisions during that period. For this group, the median return in 2H was 13% with the best year (2003) delivering 26% and the worst year (1999) gaining 9%. The rest of the years delivered median 2H returns of 2% with a wide +27%/-43% spread. This exercise shows that the current combination of improving earnings forecasts and good returns is uncommon and may bode well for 2H returns, recognizing the number of past comparable episodes is limited.

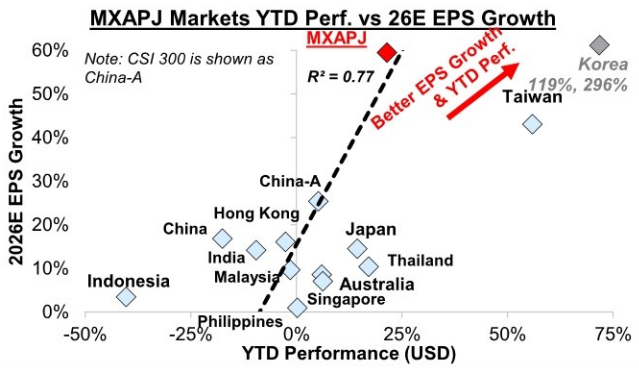
Exhibit 11: The rate of earnings growth and the disparity between different parts of the region is at record levels

EPS Growth	Consensus			GS	
Markets	**2025**	**2026E**	**2027E**	**2026E**	**2027E**
Australia	4%	9%	7%	6%	5%
China	-1%	17%	18%	8%	12%
China-A	5%	25%	15%	20%	13%
Hong Kong	1%	16%	6%	16%	7%
India	11%	14%	16%	10%	13%
Indonesia	-4%	3%	9%	1%	8%
Korea	35%	296%	37%	320%	35%
Malaysia	0%	10%	6%	8%	8%
Philippines	13%	1%	11%	0%	8%
Singapore	0%	7%	10%	6%	8%
Taiwan	23%	43%	26%	48%	30%
Thailand	12%	10%	5%	8%	6%
MXAPJ	**9%**	**59%**	**24%**	**60%**	**22%**
Japan* (CY)	**11%**	**14%**	**11%**	**11%**	**11%**

Note: Light blue (vs. grey) shaded numbers indicate upward (vs. downward) revisions vs. GS OLD (as of Jun 2)

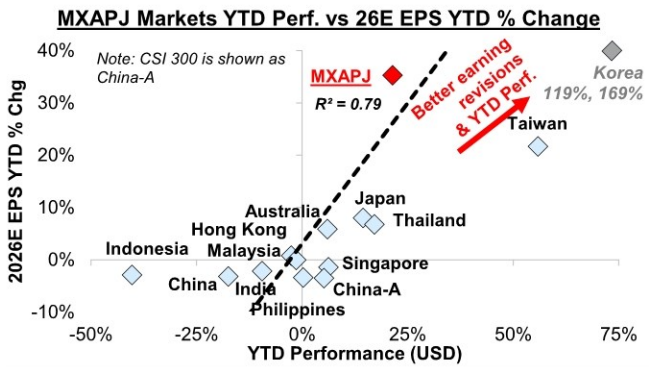
Source: FactSet, I/B/E/S, Goldman Sachs Global Investment Research

Exhibit 12: The wide disparity in market performance is mostly explained by the level of earnings growth...



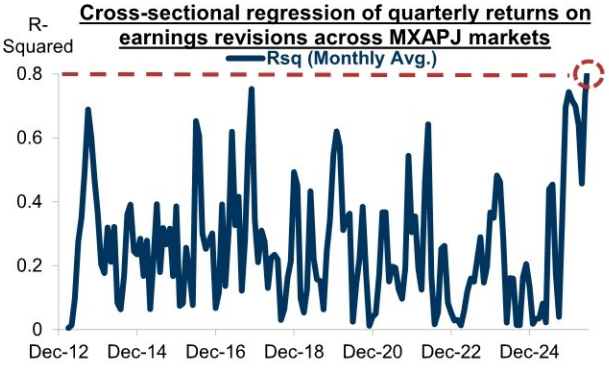
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 13: ... and revisions to consensus growth expectations



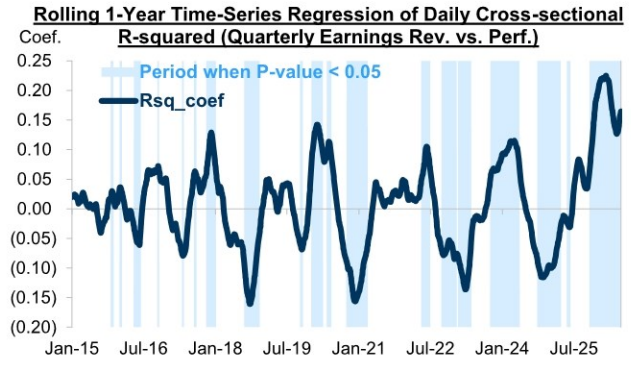
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 14: Markets are trading earnings more closely than usual...



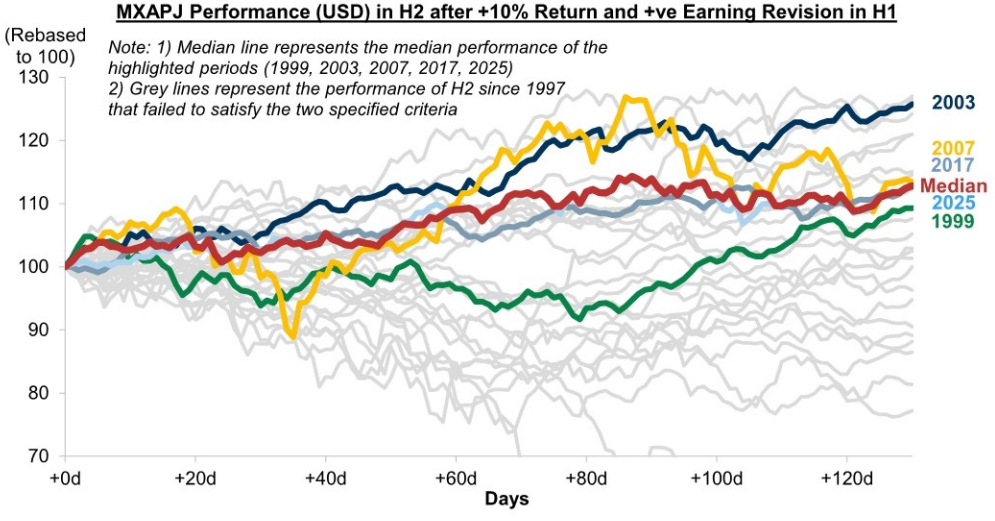
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 15: ... and the tighter linkage between earnings and market performance is statistically significant



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 16: The current combination of good 1H returns with positive earnings revisions is uncommon: past episodes indicate 2H returns are favorable for this group

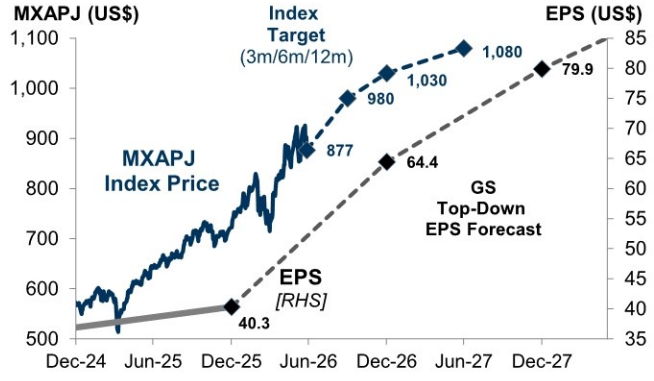


Source: FactSet, Goldman Sachs Global Investment Resarch

5. Stay OW north Asia and tech

The preceding analysis drives our view to remain overweight north Asia and the technology hardware area. Earnings growth is strongest there and is likely to continue to lead the region in 2H26 and 2027. Moreover, many of the themes we favor are more prominent in these markets. We maintain our MXAPJ 12m target of 1,080, which implies 23%/25% USD price/total return. Our overweight markets are Korea, Taiwan, Japan, and China A, funded by Australia and parts of ASEAN. Key market weights are China offshore and India: we are monitoring the earnings outlook to determine when/whether to turn more constructive. By sector, we stay OW tech hardware and capital goods, and recently upgraded banks.

Exhibit 17: Our 1,080 12m MXAPJ target implies 23% USD price return, driven by continuing strong earnings growth



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 18: We remain overweight north Asia and underweight Australia and much of ASEAN

GS Strategy APxJ Market Allocation

	Market	Index	Index Level	GS 12m Target	Target fPE	z-score (10yr)	Chg to Target	USD Total Return
OW	Korea	KOSPI	8,411	12,000	7.9x	-1.3	43%	46%
	Taiwan	TWSE	44,572	51,000	18.8x	+1.7	14%	18%
	China A	CSI300	4,868	5,500	15.4x	+1.8	13%	18%
	Japan	TPX	3,938	4,400	17.6x	+2.6	12%	17%
MW	China	MXCN	70	85	12.4x	+0.2	22%	25%
	Hong Kong	MXHK	14,653	17,600	14.9x	+0.2	20%	25%
	Malaysia	FBMKLCI	1,668	1,820	13.7x	-0.9	9%	15%
	Singapore	FSSTI	5,189	5,400	16.2x	+1.7	4%	11%
	India	NIFTY	24,056	26,500	19.0x	-0.5	10%	9%
UW	Indonesia	JCI	5,896	6,300	8.2x	-2.9	7%	14%
	Australia	AS51	8,764	9,200	18.0x	+0.9	5%	12%
	Thailand	SET	1,542	1,650	17.8x	+1.0	7%	11%
	Philippines	PCOMP	6,072	6,200	9.5x	-1.7	2%	5%
	MXAPJ (USD)		877	1,080	12.4x	-1.0	23%	25%

Note (1): 12m index targets are as of Jun-2027; Return for MXAPJ is in USD terms

Source: Goldman Sachs Global Investment Research

Exhibit 19: We favor north Asia and tech hardware AI exposure, and recently raised banks to OW; key themes include HALO, energy security, defense, and US reindustrialization

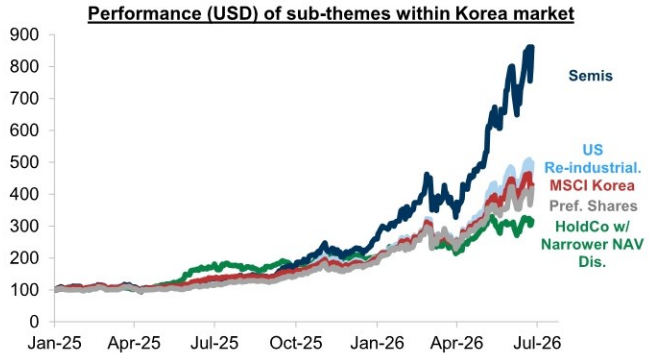
Summary Views		
Returns & Growth (MXAPJ)		12m index target: 1080, implying 23%/25% USD price/total return; GSe path (3/6/12m): 980/1030/1080; 60%/22% EPSg in 2026/27
Markets	**OW**	Japan, Korea, China A, Taiwan
	MW	Singapore, Hong Kong, Malaysia, India, China Offshore
	UW	Australia, Thailand, Indonesia, Philippines
Sectors	**OW**	Tech H/W & Semis, Capital Goods, Health Care, **Ex-AU/CN Banks▲**
	MW	Internet/Media/Entertainment, Insurance & Other Fins, Property, Chemicals, Metals & Mining, Telecom Services, Consumer Retail & Durables, AU/CN Banks, **Energy▼**
	UW	Transportation, Software & Services, Utilities, Autos, Consumer Staples
Themes & Implement-ation Ideas	**AI Beneficiaries:** Infrastructure (Servers, Hardware, Semis)	
	HALO (Heavy Assets, Low Obsolescence): Capital Intensive vs. Light	
	Power Demand: Nuclear Power, Renewables, Power & Electricity	
	Geopolitics: U.S. Reindustrialization, Aerospace & Defense	
	Space Economy: Asia Space Opportunities	
	Revision Momentum: Consensus Revision Winners, Strong EPS Revisions	
	China Opportunities: 15th FYP Portfolio, Going Global, China AI, China Growth	

Note: All sector recommendation changes were made effective June 20, 2026.

Source: Goldman Sachs Global Investment Research

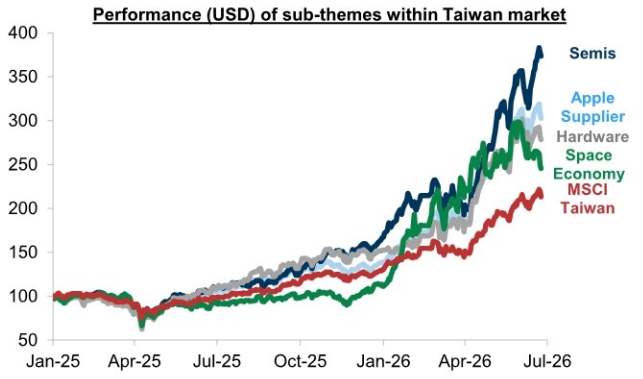
For our more detailed views on key regional markets, see Korea/Taiwan, China, India, and Japan. Below, we show how key themes we favor in each market are performing.

Exhibit 20: Korea themes include AI hardware, US re-industrialization, and Value-Up plays



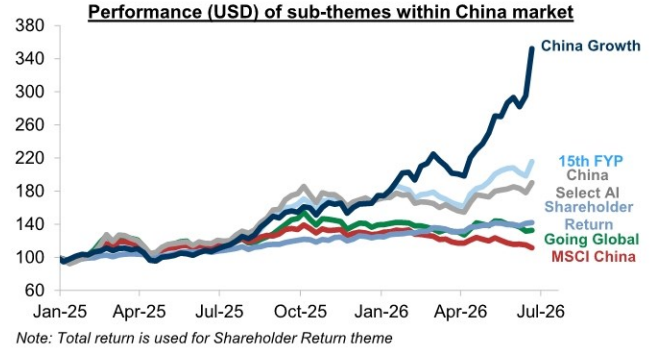
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 21: Taiwan themes cluster in tech hardware and the emerging space economy



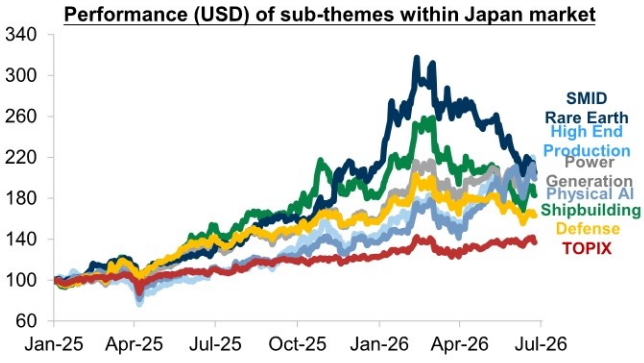
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 22: China themes focus on areas most likely to deliver earnings growth



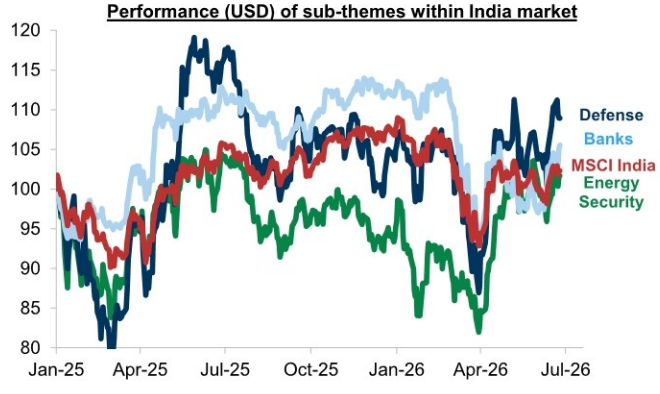
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 23: Japan themes broadly focus on tech and hard assets



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 24: India themes include defense, energy security, and banks



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

6. Risks (and opportunity): narrow breadth, retail speculation, over-optimism, primary market supply

Our core view on regional equities remains constructive, driven by a supportive macro backdrop, rapid earnings growth, and mid-cycle valuations. However, there are several risks that warrant close monitoring.

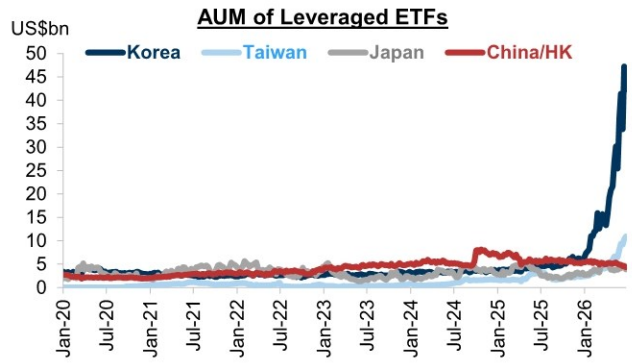
First, market leadership has been very narrow. 8 stocks account for 96% of the MXAPJ index's ytd gains, with heavyweight semiconductors stocks contributing a majority of the region's performance. Changes in the outlook for this cohort will have an outsized impact on the aggregate index.

Second, retail speculation has increased, notably in Korea where index and single stock leveraged ETF assets under management have risen from $5bn at the start of the year to over $40bn at present. Pro-cyclical dealer gamma hedging of these funds intensifies index volatility, which has recently risen to ~80% on a trailing 30-day basis. We estimate that a 5% KOSPI move will require nearly $6bn of same-direction rebalancing flows, which is equivalent to 16% of 1m ADVT. For individual stocks, the rebalancing flows are even higher relative to average trading values.

Third, optimism on tech hardware has risen as the theme has performed, leading to concerns that stocks may be discounting earnings farther ahead and therefore may be at greater risk of pullbacks. To evaluate this, we examine 11 subsectors in the AI hardware supply chain consisting of stocks in Korea, Taiwan, Japan, and China (both A and H) and compare ytd performance with their price earnings to growth (PEG) ratios. While gains have generally been very strong, valuation relative to growth is reasonable both in absolute terms and relative to each sub-sector's historical range (z-scores). However, valuations can vary within each sub-sector, so **we screen for bottom quartile (cheap) and top quartile (expensive) names in each sub-sector and suggest investors can use this to identify alpha opportunities and manage risk**. Encouragingly, the market has recently been favoring the lower PEG group, which has more attractive STM growth (26% vs. 21%) and lower NTM P/Es (15x vs. 36x).

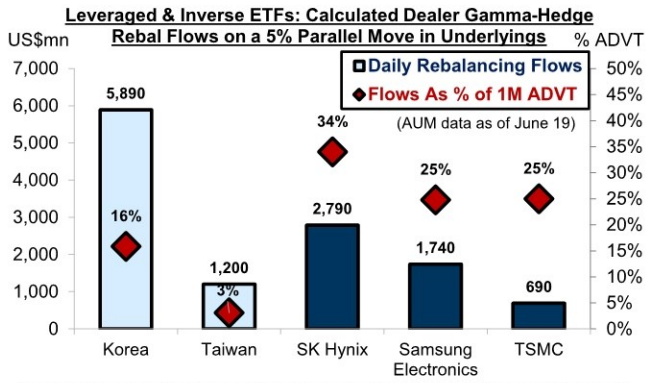
Fourth, primary market issuance has increased, raising concerns this could impact secondary market performance. Our US, Europe, and China strategists have each examined primary issuance and compared this to market capitalization and demand from stock buybacks and other sources. The conclusion in each region is that absolute levels of issuance have risen but are reasonable relative to market cap (about 1.0-1.5%) and historical ranges. However, the risks are a) concentrated issuance could temporarily impact secondary performance, and b) subsequent lockup expiry could result in larger selling volumes later this year and in 2027.

Exhibit 25: The rapid rise of leveraged ETFs in Korea shows retail speculation has increased



Source: EPFR, Goldman Sachs Global Investment Research

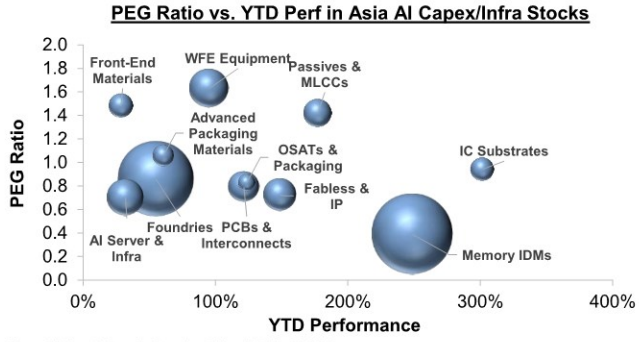
Exhibit 26: Pro-cyclical dealer gamma hedging of leveraged ETFs intensifies market volatility



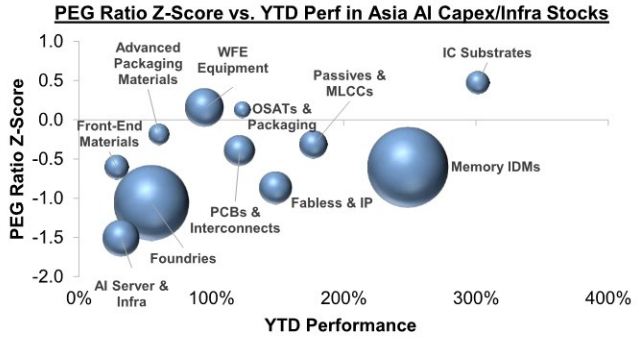
Note: Dealers trade with the daily market move to restore target exposure for each leveraged/inverse ETF; delta rebalancing flows are estimated by $(L^2 - L) \times NAV \times$ daily return (e.g. a 2× fund trades ~2× its return). We aggregate across all products, weighted by AUM and index constituent weights

Source: Bloomberg, EPFR, Refinitiv, Goldman Sachs Global Investment Research

Exhibit 27: The AI hardware supply chain universe has performed strongly, but PEG ratios are generally reasonable in absolute and z-score terms



Note: PEG ratio is calculated as f12m PE / f24M EPSg



Note: PEG ratio is calculated as f12m PE / f24M EPSg; z-score is based on 10-year horizon

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 28: We screen for bottom quartile (cheap) PEG ratio stocks in the tech hardware sector to identify alpha opportunities

				>US$1bn	>US$5mn						Bottom 33%ile within AI peer group
				Size and Liquidity		Valuations					
BBG Ticker	Company Name	Market	AI-related Business	Listed Market Cap (US$mn)	6M ADVT (US$mn)	2027E P/E (X)	2026E P/B (X)	2026E EPS Growth (%)	2027E EPS Growth (%)	2027E ROE (%)	PEG Ratio (NTM PE / STM EPSg)
Asia AI Capex / Infrastructure Stocks with Lower PEG Ratio among AI Business Peer Group											
2344 TT	Winbond Electronics	Taiwan	Memory IDMs	29,015	804	6	4.4	2,559	40	53	**0.18**
3231 TT	Wistron	Taiwan	AI Server Systems & Infrastructure	15,755	222	9	2.4	58	34	25	**0.36**
1303 TT	Nan Ya Plastics	Taiwan	Advanced Packaging Materials & Films	38,913	283	16	3.2	1,439	11	20	**0.43**
6274 TT	Taiwan Union Technology	Taiwan	High-Speed PCBs & Interconnects	16,031	231	29	21.5	178	80	60	**0.43**
6669 TT	Wiwynn	Taiwan	AI Server Systems & Infrastructure	26,917	294	10	5.4	30	35	46	**0.45**
2368 TT	Gold Circuit Electronics	Taiwan	High-Speed PCBs & Interconnects	20,409	253	20	14.5	99	64	57	**0.46**
8046 TT	Nan Ya PCB	Taiwan	Substrate & Carrier Manufacturers	19,409	371	34	11.8	313	129	32	**0.47**
3665 TT	BizLink	Taiwan	High-Speed PCBs & Interconnects	12,302	222	18	7.3	46	63	34	**0.48**
3653 TT	Jentech Precision	Taiwan	AI Server Systems & Infrastructure	16,799	195	31	21.7	54	110	57	**0.50**
3044 TT	Tripod Technology	Taiwan	High-Speed PCBs & Interconnects	8,696	65	14	4.4	46	30	29	**0.51**
1815 TT	Fulltech Fiber Glass	Taiwan	Substrate & Carrier Manufacturers	1,961	191	12	-	184	84	-	**0.53**
8996 TT	Kaori Heat Treatment	Taiwan	AI Server Systems & Infrastructure	4,259	107	34	24.4	158	84	58	**0.53**
2454 TT	MediaTek	Taiwan	Fabless & IP Designers	216,163	1,005	37	16.2	1	75	39	**0.55**
3706 TT	MiTAC Holdings	Taiwan	AI Server Systems & Infrastructure	3,619	48	9	1.5	36	33	16	**0.60**
7769 TT	Hon. Precision	Taiwan	Wafer Fab Equipment (WFE) OEMs	38,228	185	32	17.5	65	69	45	**0.60**
3037 TT	Unimicron Technology	Taiwan	Substrate & Carrier Manufacturers	46,526	608	34	12.0	234	91	31	**0.61**
2313 TT	Compeq Manufacturing	Taiwan	High-Speed PCBs & Interconnects	9,250	627	19	5.4	46	58	25	**0.61**
2345 TT	Accton Technology	Taiwan	High-Speed PCBs & Interconnects	41,915	275	21	14.9	61	50	56	**0.61**
2449 TT	King Yuan Electronics	Taiwan	OSAT & Packaging Specialists	12,826	289	23	6.9	51	50	28	**0.62**
2383 TT	Elite Material	Taiwan	High-Speed PCBs & Interconnects	62,662	344	32	28.6	127	85	69	**0.65**
4966 TT	Parade Technologies	Taiwan	Fabless & IP Designers	1,649	45	16	2.2	0	23	14	**0.65**
2308 TT	Delta Electronics	Taiwan	AI Server Systems & Infrastructure	163,398	678	31	14.2	80	56	40	**0.65**
6805 TT	Fositek	Taiwan	AI Server Systems & Infrastructure	3,892	118	19	11.3	114	44	49	**0.67**
6187 TT	All Ring Tech	Taiwan	Wafer Fab Equipment (WFE) OEMs	3,251	95	27	12.4	48	73	41	**0.69**
6515 TT	WinWay Technology	Taiwan	OSAT & Packaging Specialists	10,768	106	46	41.4	115	108	75	**0.70**
2317 TT	Hon Hai Precision	Taiwan	AI Server Systems & Infrastructure	112,956	571	12	1.9	29	22	15	**0.70**
3324 TT	AURAS Technology	Taiwan	AI Server Systems & Infrastructure	3,089	150	14	6.7	102	33	41	**0.72**
3661 TT	Alchip Technologies	Taiwan	Fabless & IP Designers	11,192	259	24	7.3	95	36	29	**0.83**
2330 TT	TSMC	Taiwan	Pure-Play Foundries	1,949,373	2,546	19	8.3	49	26	37	**0.85**
6223 TT	MPI	Taiwan	Wafer Fab Equipment (WFE) OEMs	22,112	194	64	42.4	80	85	51	**0.88**
2327 TT	Yageo Corporation	Taiwan	Passive Components & MLCCs	68,410	643	40	10.9	55	46	24	**1.13**
489790 KP	Hanwha Vision	Korea	Wafer Fab Equipment (WFE) OEMs	1,791	54	12	2.8	214	57	20	**0.34**
000660 KP	SK Hynix	Korea	Memory IDMs	1,192,266	4,560	6	5.5	410	46	67	**0.36**
222800 KQ	Simmtech	Korea	Substrate & Carrier Manufacturers	2,859	48	21	6.3	-	57	26	**0.57**
031980 KQ	PSK Holdings	Korea	Wafer Fab Equipment (WFE) OEMs	1,718	19	16	4.5	14	55	24	**0.79**
078600 KQ	Daejoo Electronic Materials	Korea	Passive Components & MLCCs	1,025	33	37	5.7	78	86	14	**0.79**
403870 KQ	HPSP	Korea	Wafer Fab Equipment (WFE) OEMs	2,700	141	29	10.9	63	21	32	**0.87**
3436 JT	SUMCO	Japan	Front-End Materials & Chemicals	8,031	183	59	2.4	-	-	4	**0.35**
4188 JT	Mitsubishi Chemical	Japan	Advanced Packaging Materials & Films	9,675	47	13	0.8	310	47	6	**0.64**
4061 JT	Denka	Japan	Advanced Packaging Materials & Films	2,391	23	17	1.2	105	25	7	**0.95**
4004 JT	Resonac Holdings	Japan	Advanced Packaging Materials & Films	20,284	285	24	4.1	229	41	16	**0.96**
4901 JT	FUJIFILM	Japan	Front-End Materials & Chemicals	25,622	112	13	1.0	4	11	8	**1.02**
6590 JT	Shibaura Mechatronics	Japan	Wafer Fab Equipment (WFE) OEMs	1,908	67	19	4.5	20	18	21	**1.10**
6976 JT	Taiyo Yuden	Japan	Passive Components & MLCCs	13,631	637	56	6.0	96	63	10	**1.12**
992 HK	Lenovo	China H	AI Server Systems & Infrastructure	36,264	256	14	4.1	28	25	27	**0.66**
300476 C2	Victory Giant Technology (A)	China A	High-Speed PCBs & Interconnects	43,590	1,846	19	9.5	82	102	41	**0.46**
300602 C2	Shenzhen FRD Science & Technology (A)	China A	AI Server Systems & Infrastructure	4,207	171	24	-	75	90	-	**0.51**
300308 C2	Zhongji Innolight (A)	China A	Fabless & IP Designers	214,683	3,496	27	24.0	214	57	62	**0.75**
300502 C2	Eoptolink Technology (A)	China A	Fabless & IP Designers	113,582	3,043	26	21.8	111	47	59	**0.80**
688099 C1	Amlogic (Shanghai) (A)	China A	Fabless & IP Designers	6,422	203	23	5.0	57	39	20	**0.84**
Median				**14,693**	**222**	**21.0**	**6.8**	**79**	**50**	**31**	**0.6**
Screen Aggregate				**4,709,089**	**27,468**						

Note: Valuations and earnings growth forecasts are based on I/B/E/S estimates. Pricing as of Jun 24, 2026.

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 29: We screen for top quartile (expensive) PEG ratio stocks in the tech hardware sector to manage risk

				>US$1bn	>US$5mn						Top 33%ile within AI peer group
				Size and Liquidity		Valuations					
BBG Ticker	Company Name	Market	AI-related Business	Listed Market Cap (US$mn)	6M ADVT (US$mn)	2027E P/E (X)	2026E P/B (X)	2026E EPS Growth (%)	2027E EPS Growth (%)	2027E ROE (%)	PEG Ratio (NTM PE / STM EPSg)
Asia AI Capex / Infrastructure Stocks with Higher PEG Ratio among AI Business Peer Group											
2376 TT	Gigabyte Technology	Taiwan	AI Server Systems & Infrastructure	7,143	96	11	3.3	67	11	29	**1.98**
3529 TT	eMemory Technology	Taiwan	Fabless & IP Designers	7,447	97	64	46.7	38	41	63	**1.55**
6412 TT	Chicony Power Technology	Taiwan	AI Server Systems & Infrastructure	1,174	8	13	2.3	11	26	18	**1.35**
2356 TT	Inventec	Taiwan	AI Server Systems & Infrastructure	7,492	84	17	3.1	27	26	18	**1.26**
2303 TT	United Microelectronics	Taiwan	Pure-Play Foundries	70,413	674	32	5.5	36	22	17	**1.24**
4938 TT	Pegatron	Taiwan	AI Server Systems & Infrastructure	7,086	41	13	1.1	9	15	8	**0.94**
039030 KQ	EO Technics	Korea	Wafer Fab Equipment (WFE) OEMs	3,886	42	40	7.6	102	30	18	**1.74**
058470 KQ	Leeno Industrial	Korea	OSAT & Packaging Specialists	4,210	80	29	7.6	21	20	24	**1.37**
009150 KP	Samsung Electro-Mechanics	Korea	Substrate & Carrier Manufacturers	95,120	623	62	14.1	88	81	21	**1.23**
4021 JT	Nissan Chemical	Japan	Front-End Materials & Chemicals	6,867	30	20	4.2	8	8	20	**2.85**
6146 JT	Disco	Japan	Wafer Fab Equipment (WFE) OEMs	53,462	1,047	43	12.9	24	23	27	**2.67**
5016 JT	JX Advanced Metals	Japan	Advanced Packaging Materials & Films	27,293	857	26	5.4	43	22	20	**2.48**
7741 JT	HOYA	Japan	Front-End Materials & Chemicals	54,528	190	30	8.6	11	11	28	**2.45**
4971 JT	MEC Company	Japan	Front-End Materials & Chemicals	1,315	17	33	5.9	12	8	17	**2.41**
5706 JT	Mitsui Mining and Smelting	Japan	Passive Components & MLCCs	16,337	527	28	5.7	7	4	19	**2.18**
6857 JT	Advantest	Japan	Wafer Fab Equipment (WFE) OEMs	141,148	1,631	37	22.3	47	30	50	**2.12**
2802 JT	Ajinomoto	Japan	Advanced Packaging Materials & Films	33,114	142	34	7.1	17	13	21	**1.99**
6323 JT	Rorze Corporation	Japan	Wafer Fab Equipment (WFE) OEMs	4,855	49	23	5.1	43	20	21	**1.86**
6971 JT	Kyocera	Japan	Passive Components & MLCCs	30,846	109	30	1.5	30	10	5	**1.82**
4062 JT	IBIDEN	Japan	Substrate & Carrier Manufacturers	43,154	610	67	11.6	18	55	16	**1.82**
5384 JT	Fujimi Incorporated	Japan	Front-End Materials & Chemicals	2,242	9	26	3.9	18	19	14	**1.73**
6723 JT	Renesas Electronics	Japan	Fabless & IP Designers	54,371	307	22	3.0	-	28	13	**1.69**
7729 JT	Tokyo Seimitsu	Japan	Wafer Fab Equipment (WFE) OEMs	4,895	42	23	3.7	13	20	16	**1.66**
5803 JT	Fujikura	Japan	High-Speed PCBs & Interconnects	69,261	1,819	43	16.1	43	21	33	**1.66**
4203 JT	Sumitomo Bakelite	Japan	Advanced Packaging Materials & Films	3,970	21	20	1.8	11	10	9	**1.55**
5214 JT	Nippon Electric Glass Co., Ltd.	Japan	Substrate & Carrier Manufacturers	3,602	33	17	1.0	(13)	17	6	**1.42**
5344 JT	MARUWA	Japan	AI Server Systems & Infrastructure	5,281	69	30	5.1	27	19	16	**1.36**
5802 JT	Sumitomo Electric	Japan	High-Speed PCBs & Interconnects	59,985	505	25	3.3	6	12	13	**1.28**
6702 JT	Fujitsu	Japan	AI Server Systems & Infrastructure	34,751	219	16	2.7	(10)	(1)	16	**1.13**
3110 JT	Nitto Boseki	Japan	Substrate & Carrier Manufacturers	4,665	340	30	4.0	(28)	(1)	13	**1.09**
763 HK	ZTE (H)	China H	AI Server Systems & Infrastructure	2,309	63	12	1.2	36	16	10	**0.97**
603986 C1	Giga Device Semiconductor (A)	China A	Memory IDMs	69,148	2,159	74	19.0	249	11	23	**3.54**
002156 C2	TongFu Microelectronics (A)	China A	OSAT & Packaging Specialists	16,616	983	56	6.7	31	27	11	**3.23**
300223 C2	Ingenic Semiconductor (A)	China A	Fabless & IP Designers	12,204	640	38	6.7	380	38	16	**2.97**
600584 C1	JCET Group (A)	China A	OSAT & Packaging Specialists	24,860	1,184	61	5.6	37	31	9	**2.75**
002436 C2	Shenzhen Fastprint Circuit Tech (A)	China A	High-Speed PCBs & Interconnects	12,547	573	96	15.3	348	46	15	**2.26**
300394 C2	Suzhou TFC Optical Communication (A)	China A	Fabless & IP Designers	52,054	2,077	74	42.4	74	37	47	**1.98**
002281 C2	Accelink Technologies (A)	China A	Fabless & IP Designers	32,338	1,176	102	18.8	59	37	17	**1.65**
600183 C1	Shengyi Technology (A)	China A	High-Speed PCBs & Interconnects	63,182	833	55	20.5	72	35	35	**1.63**
002916 C2	Shennan Circuits (A)	China A	High-Speed PCBs & Interconnects	43,159	527	41	14.0	51	43	31	**1.43**
600160 C1	Zhejiang Juhua (A)	China A	AI Server Systems & Infrastructure	20,092	269	21	5.6	54	14	25	**1.22**
600522 C1	Jiangsu Zhongtian Tech (A)	China A	High-Speed PCBs & Interconnects	30,998	1,203	24	5.0	147	22	19	**1.13**
Median				**18,354**	**288**	**30.3**	**5.6**	**31**	**20**	**18**	**1.7**
Screen Aggregate				**1,239,419**	**22,004**						

Note: Valuations and earnings growth forecasts are based on I/B/E/S estimates. Pricing as of Jun 24, 2026.

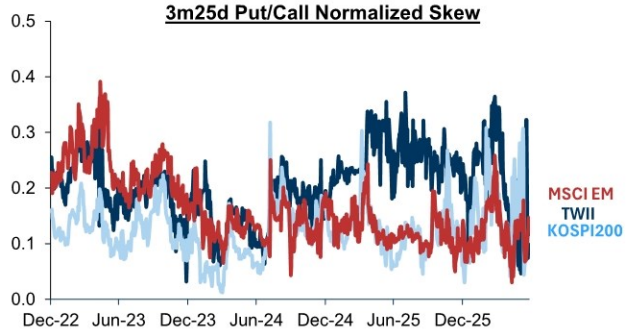
Source: FactSet, Goldman Sachs Global Investment Research

7. Derivative hedges to navigate correction risk

The strong 1H performance of Korea and Taiwan raises the risk of a sharp pullback, particularly given high market concentration, increases in retail speculative positioning, and greater optimism regarding the AI tech hardware theme. We remain strategically positive on both markets as noted above but recognize they are extended and vulnerable to profit taking, as our refreshed Regional Asia Drawdown Risk model (RADaR) indicates. We therefore view derivative overlays as attractive ways to cushion downside risk and shape positively skewed outcomes.

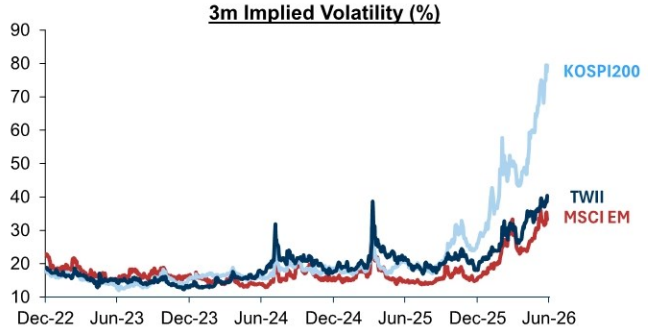
We favor put spread collars on KOSPI200 and TWSE indices at zero cost. The combination of increased volatility and a reduction in put/call skew results in attractive structures to hedge downside risk without giving up too much upside. For example, selling a 132% Dec call on KOSPI2 can fund a 90%/70% put spread, with broadly comparable pricing for TWSE. Given the 6m duration of this structure, theta decay will not build until later in the year, whereas a pullback in markets would likely result in rising vega and gamma, suggesting investors would be protected at least partially even if the index does not fall 10% to the 90% put strike level. Alternatively, **a simple 95%/85% Dec put spread on the Nikkei index** is indicatively priced at 3.35%, which would also provide protection against a pullback in Korea and Taiwan given the 70% correlation with these indices.

Exhibit 30: Put/call skew has decreased as markets have rallied, increasing the attractiveness of selling calls to fund put spreads



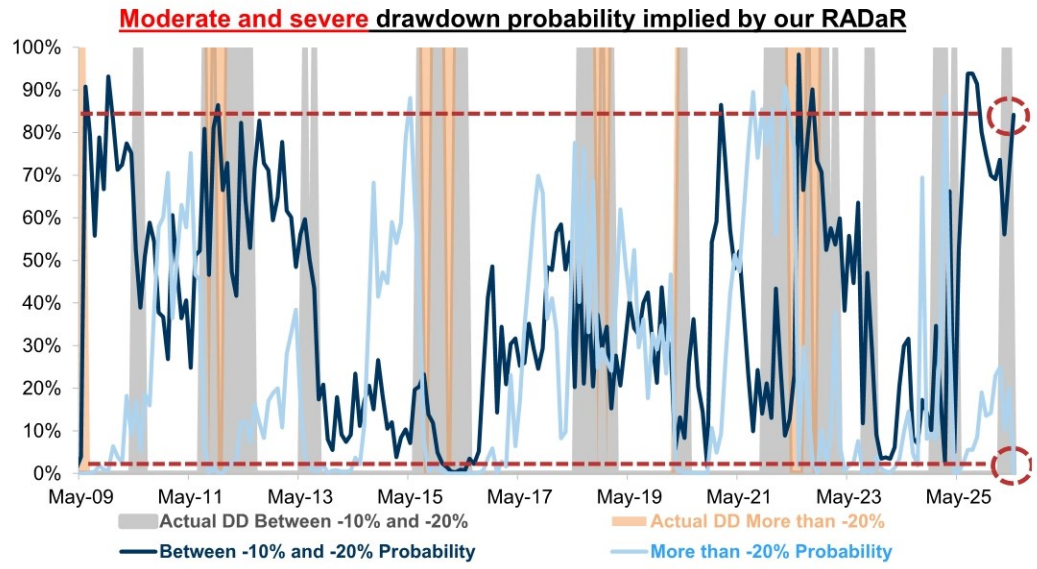
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 31: Higher volatility also increases the attraction of put spread collars, which are net sellers of vol



Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 32: Our Regional Asia Drawdown Risk model (RADaR) suggests moderate drawdown risk has risen following recent strong market performance



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

8. Catalysts

While the second half may have its share of surprises, there are several categories of events that investors can anticipate which will likely impact market performance. First, **2Q earnings results**, which occur during July-August, will help investors gauge the extent to which current positive momentum can continue. Second, **central bank policy meetings** will show whether the shift towards tightening will extend. Third, **geopolitics** will remain influential, notably how the US/Iran negotiations unfold and President Xi's planned state visit to the US. Fourth, the **US midterm elections** may influence the US equity market's performance leading into and post the event, which may have spillover effects into Asian markets. Last, **capital market activity** may impact performance, in terms of the primary issuance calendar and the timing of when stakeholder selling restrictions expire.

Exhibit 33: 2H events to monitor include earnings results, central bank policy meetings, geopolitics, elections, and capital market activity

Calendar

Month	Market	Local or multinational events/Elections/Government changes and meetings
		2026 H2
Jul - Sep		
Jul 28 - 29	USA	FOMC Meeting
Jul 31	Japan	BOJ Meeting
Jul	China	Politburo meeting on economic policies
Jul - Aug	Asia Pacific	2Q earnings reporting season
Aug	Global	Jackson Hole Economic Policy Symposium
Sep 12-13	India	18th BRICS Summit (India)
Sep 15 - 16	USA	FOMC Meeting with Summary of Economic Projections
Sep 18	Japan	BOJ Meeting
Sep 24	China/USA	President Xi's planned state visit to the USA (Trump-Xi Summit)
Oct - Dec		
Oct 12	Global	2026 IMF/World Bank Group Annual Meetings (Thailand)
Oct 27 - 28	USA	FOMC Meeting
Oct 30	Japan	BOJ Meeting
Nov 3	USA	2026 United States State Legislative Election
Nov 3	USA	2026 United States Senate Elections
Nov 3	USA	2026 United States House of Representatives Elections
Nov 3	USA	2026 United States Gubernatorial Elections
Nov 11	USA	Expiration of tariff/rare earth control pause agreed at Trump-Xi meeting in South Korea
Nov 28	Taiwan	2026 Taiwan Local Election
Dec 8 - 9	USA	FOMC Meeting with Summary of Economic Projections
Dec 14 - 15	Global	21st G20 Summit (Miami)
Dec 18	Japan	BOJ Meeting
Dec	China	Central Economic Work Conference
Dec	China	Politburo meeting on economic policies

Note: Elections related to changes in government are shaded in blue.

Source: Respective Central Banks & Government Offices, various media sources, compiled by Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

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