TAIWAN STRATEGY

Apple Suppliers: Dual Tailwinds from AI and Apple's Upgrade Cycle

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Major Product Upgrade Supports Apple Ecosystem Demand: During Apple's "Surprise and Shine" event, Apple unveiled its latest product lineup, including the iPhone Duo, its first foldable iPhone. While announcements were largely in line with expectations, they reinforce our Technology analysts' constructive demand outlook. The iPhone Duo combines a consumer-friendly design, latest technology with new form factor, and competitive pricing, while continued premiumization through higher-end storage options and Pro-model price increases should support ASP growth and product mix.

Apple Remains a Key Driver of Taiwan Equities: Apple suppliers account for 55% of Taiwan market cap, 36% of ADVT, and 50% of aggregate sales, equivalent to ~13% effective market cap exposure and 14% sales exposure to Apple (Exhibit 1). Our Technology analysts continue to expect premium smartphones to gain share of both industry shipments and revenue (Exhibit 2), while the new product cycle could support a recovery in Apple revenue growth and iPhone shipments in 2027 amid a subdued consumer demand environment, providing an additional earnings tailwind for suppliers alongside continued AI-related demand (Exhibit 3).

AI and Product Innovation Provide Dual Growth Drivers: Taiwan Apple suppliers have significantly outperformed historical seasonality on AI-driven gains YTD. Historically, major Apple product upgrade cycles have been associated with stronger supplier performance (Exhibit 4), and the current cycle could see further upside amid an ongoing earnings upgrade trend (Exhibit 6).

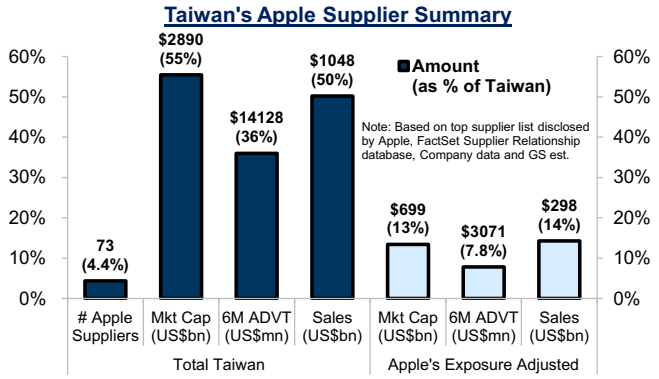
The Asian "Apple Trade": We highlight our rebalanced **Taiwan Apple Suppliers basket** <GSSZAPPL>, comprising 25 stocks with at least 10% revenue exposure to Apple (37% weighted average) and strong empirical linkages to Apple's earnings, sales, and share-price performance (Exhibit 9). The basket trades at 15x forward 24-month P/E with 59%/47% consensus EPS growth for 2026/27E, compared with Apple's 30x P/E on 16%/10% growth (Exhibit 7).

Constructive Taiwan Market View: We remain Overweight Taiwan in our Asia market allocation and recently raised our TAIEX target to 54,000, implying 17% upside, supported by stronger tech-led earnings expectations and attractive PEG-based valuations.



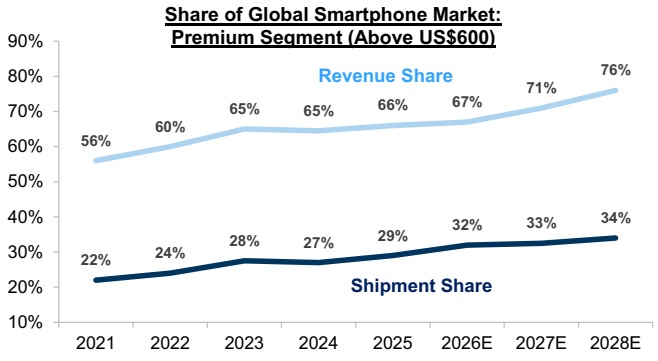
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www.gs.com/research/hedge.html.

Exhibit 1: Apple suppliers account for 55% of Taiwan market cap, 36% of ADVT, and 50% of aggregate sales, equivalent to ~13% effective market cap exposure and 14% sales exposure to Apple



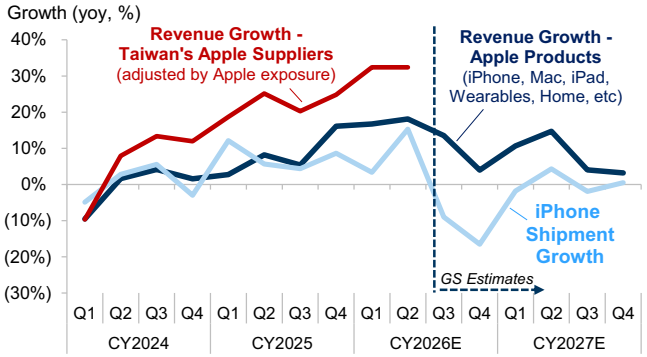
Source: Company Data, FactSet, Goldman Sachs Global Investment Research

Exhibit 2: Our Technology analysts continue to expect premium smartphones to gain share of both industry shipments and revenue...



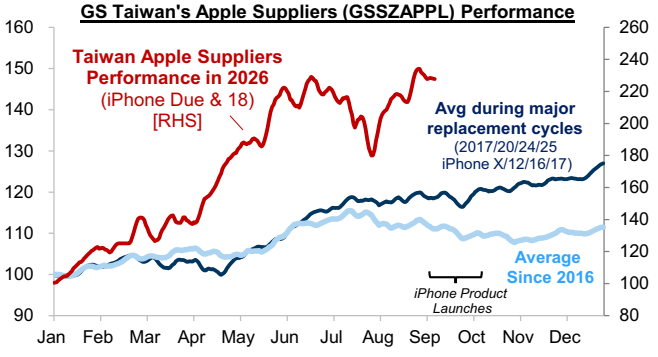
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: ...while a forecast recovery in Apple revenue growth and iPhone shipments in 2027 could provide an additional earnings tailwind for Taiwan Apple suppliers alongside continued AI-related demand



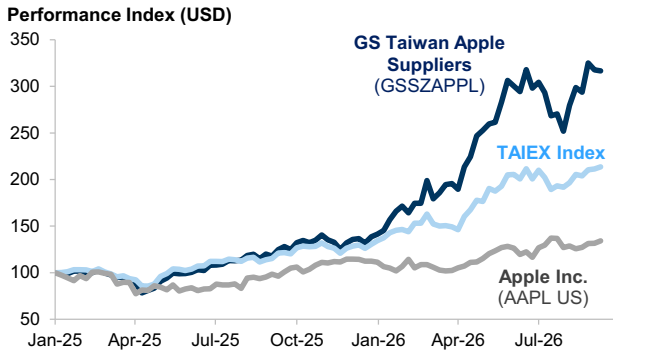
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: Taiwan Apple suppliers have significantly outperformed historical seasonality on AI-driven gains YTD; historically, major Apple product upgrade cycles have been associated with stronger supplier performance



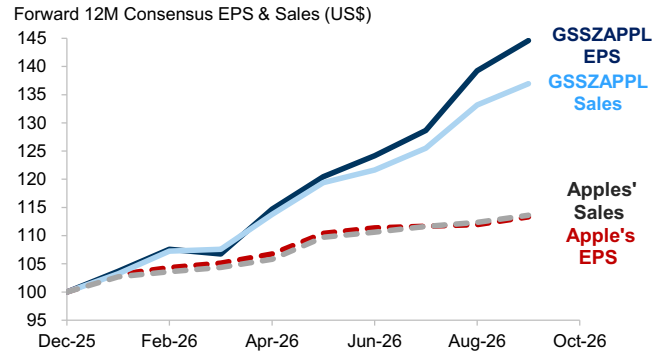
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 5: Taiwan Apple suppliers have outperformed both Apple and the TAIEX by a wide margin YTD ...



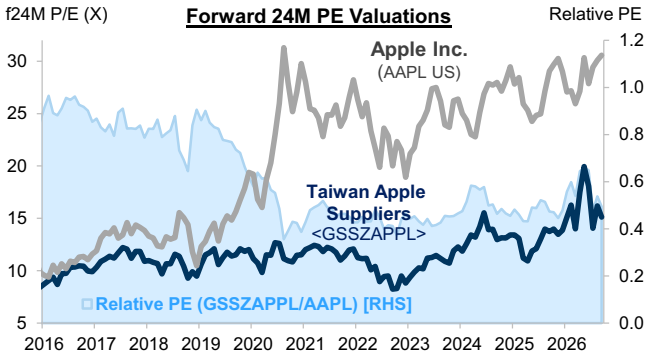
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 6: ... supported by strong EPS/sales growth and positive consensus revisions



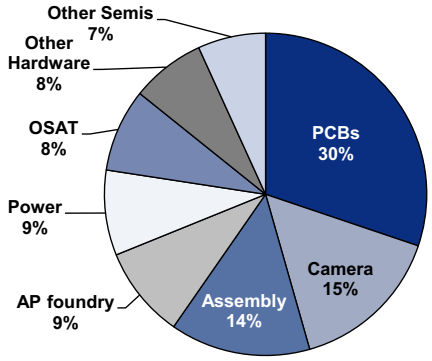
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 7: Taiwan Apple suppliers appear attractively priced at close to 50% valuation discounts to Apple



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 8: Our Taiwan Apple Suppliers basket (GSSZAPPL) covers a diverse range of products and businesses within Apple's supply chain



Source: Goldman Sachs Global Investment Research

Exhibit 9: We highlight our rebalanced Taiwan Apple Suppliers basket <GSSZAPPL> , comprising 25 stocks with at least 10% revenue exposure to Apple (37% weighted average) and strong empirical linkages to Apple's earnings, sales, and share-price performance

Criteria: Top 25 stocks, with at least 10% sales exposure to Apple, having the highest correlations with Apple's share price and revenue/earnings revisions over the past 36 months. The stocks are free float market cap weighted, adjusted by sales exposure and past 36M return/earnings/sales correlations with Apple, with a 10% cap applied.

			Size and Liquidity		Apple Exposure / Correlation				Growth and Valuations					Basket
BBG Ticker	Company Name	Product / Business	Listed Market Cap (US$mn)	6M ADVT (US$mn)	Sales exposure to Apple (%)	Return Correl. (36M)	Net Inc Chg Correl. (36M)	Sales Chg Correl. (36M)	Forward 12M P/E (X)	Trailing P/B (X)	Trailing D/Y (%)	2026E EPS Growth (%)	2027E EPS Growth (%)	Weight (%)
Taiwan Apple Suppliers <GSSZAPPL>			>$500mn	>$5mn	>10%									
3406 TT	GeniuS Electronic Optical	Camera Lens/Module, AR/VR	3,822	71	80%	31%	32%	19%	27.3	4.3	1.6	13	9	5.4%
3376 TT	Shin Zu Shing	Peripheral Components	1,175	39	80%	27%	44%	18%	16.5	2.1	2.8	320	98	3.5%
6269 TT	Flexium Interconnect	PCB	683	16	75%	18%	1%	38%	-	1.0	0.9	-	-	1.8%
4958 TT	Zhen Ding Technology	PCB	17,508	574	65%	34%	36%	53%	22.4	3.9	1.1	102	89	10.0%
4938 TT	Pegatron	ODM / iPhone Assembly	7,714	45	60%	15%	4%	26%	13.5	1.2	4.4	7	26	2.7%
3008 TT	LARGAN Precision	Camera Lens/Module	27,847	318	45%	44%	7%	-4%	33.7	4.5	1.3	18	11	6.0%
2313 TT	Compeq Manufacturing	PCB	8,815	470	40%	4%	34%	25%	18.5	5.2	1.5	40	86	3.8%
3105 TT	Win Semiconductors	PA, VCSEL	6,198	422	40%	17%	35%	33%	47.8	4.7	0.5	85	44	4.6%
2317 TT	Hon Hai Precision	EMS, Metal Middle Frame	111,930	527	35%	40%	51%	51%	11.9	1.9	3.5	35	22	10.0%
2354 TT	Foxconn Technology	Metal Casing	2,913	23	35%	31%	7%	-23%	16.5	0.9	-	70	-	0.9%
2439 TT	Merry Electronics	Acoustic	608	6	35%	21%	16%	5%	13.9	1.2	6.6	-13	39	0.8%
6278 TT	Taiwan Surface Mounting Tech.	Display (Mini LED)	1,774	61	30%	31%	-4%	14%	11.1	2.3	2.5	19	81	1.2%
6176 TT	Radiant Opto-Electronics	LED/ Back Light Units	985	21	30%	14%	37%	10%	8.1	0.8	8.4	-3	-13	0.8%
3037 TT	Unimicron Technology	PCB / BT (AiP) / ABF	51,686	729	25%	15%	38%	59%	29.9	13.0	0.6	375	88	5.2%
3189 TT	Kinsus Interconnect Tech	PCB / BT (AiP)	13,805	435	25%	23%	57%	62%	38.8	10.1	0.5	228	137	4.4%
4966 TT	Parade Technologies	Timing Controller	1,351	44	25%	56%	11%	-5%	13.4	1.9	3.2	-1	26	1.4%
2330 TT	TSMC	Logic Foundry	2,012,841	2,454	22%	35%	55%	52%	18.7	9.1	1.0	63	31	9.2%
3711 TT	ASE Technology	OSAT, IC Packaging	92,061	426	20%	36%	45%	50%	25.4	7.4	1.4	109	54	6.0%
6147 TT	Chipbond Technology	OSAT	4,494	243	20%	28%	33%	42%	26.6	2.9	1.7	41	56	2.3%
8046 TT	Nan Ya PCB	PCB / BT (SiP)	21,904	518	18%	18%	58%	74%	28.8	13.2	0.7	485	160	3.7%
2308 TT	Delta Electronics	Power, Inductor	137,841	739	15%	45%	69%	80%	29.5	13.3	1.0	76	58	8.6%
2301 TT	Lite-On Technology	Power line, camera module	21,353	231	15%	59%	19%	58%	22.8	6.6	2.2	58	32	4.0%
2324 TT	Compal Electronics	ODM / iPad Assembly	5,396	101	15%	44%	0%	27%	14.8	1.3	3.1	53	35	1.4%
3042 TT	TXC	Peripheral Components	1,961	124	13%	29%	22%	16%	21.3	3.9	2.9	38	24	1.0%
3044 TT	Tripod Technology	PCB	8,376	64	12%	29%	19%	59%	13.4	4.3	3.6	61	29	1.3%
Basket Aggregate <GSSZAPPL>			2,565,041	8,703	37%				21.6	3.5	1.7	59	47	100%
Basket Median			7,714	231	30%	29%	33%	33%	21.3	3.9	1.7	53	37	

Note: Valuations and earnings growth forecasts are based on I/B/E/S estimates. Pricing as of Sep 10, 2026.

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