HOLT APAC

Tech Bytes - Memory and logic lead CFROI revisions in September

Equities

Asia Pacific

Technology

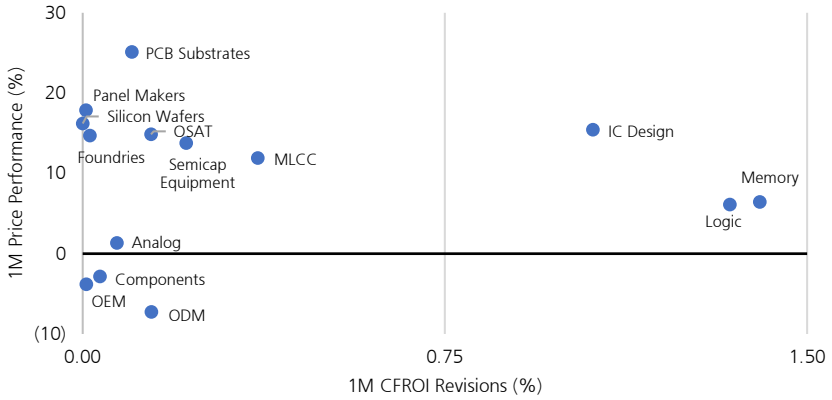
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Memory and logic lead CFROI revisions in September

Asian tech gains remained concentrated in AI segments, led by PCB substrates, advanced packaging, foundries, and semiconductor equipment. CFROI momentum was strongest in memory and logic, while ODM and OEM names such as Accton and Hon Hai lagged despite stable revisions, underscoring investor preference for direct AI exposure.

Figure 1: Asia tech - 1-month CFROI revisions vs. price performance by subsector

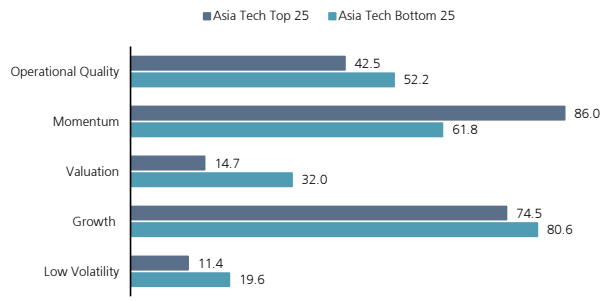


Source: UBS HOLT. CFROI revisions and price performance are presented on an average basis.

Tech leadership remains momentum-led

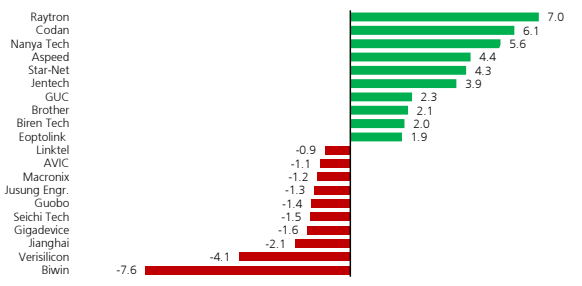
Against muted APAC style leadership, valuation-supported styles remained relatively resilient, while tech continued to be momentum-led (Figure 2). The top 25 performers were generally more expensive, lower quality, and more volatile than the bottom 25, indicating that leadership remains driven by risk appetite and AI expectations rather than broad-based fundamental improvement.

Figure 2: HOLT factor exposure - Top 25 vs. bottom 25 1-month price performers



Source: UBS HOLT. Top and bottom-25 performers based on 1-month price return for Asia tech hardware and semiconductor stocks with market capitalization above US$5bn.

Figure 3: Tech stocks with the best / worst 1-month CFROI revisions



Source: UBS HOLT. Data as of 6 October 2026. Cl
hardware and semiconductor stocks with market capit
$5bn only.

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HOLT screen for tech stocks with strong momentum and where valuations are not stretched

With tech leadership focused on higher risk appetite and AI expectations, the HOLT screens this month focus on stocks with strong momentum, fundamental CFROI improvement and where valuations are not overly stretched. For the full list of 91 stocks, click here.

Figure 4: Asia tech stocks momentum and value screen

Name	Ticker	Market	Market Cap. US$ bn	Industry Grp	CFROI Change Peer Rank	Momentum Peer Rank	Valuation Factor Relative to History	Investment Style	UBS Quant Research Crowding Factor
Kioxia	285A	JPN	186.7	Semis	100	100	52	Style Neutral	17.6
Yuanjie Semi	688498	CHN	30.0	Semis	99	99	64	Momentum Trap	3.1
Advantest	6857	JPN	189.8	Semis	99	98	90	Quality at any Price	5.7
Nanya Tech	2408	TWN	55.6	Semis	100	95	90	Restructuring	-0.5
SK Hynix	000660	KOR	895.4	Semis	98	88	56	Style Neutral	16.3
Winbond	2344	TWN	25.3	Semis	99	75	87	Restructuring	0.9
Gigadevice	603986	CHN	37.0	Semis	97	74	100	Restructuring	-1.5
Honprecision	7769	TWN	33.2	Semis	97	74	70	Quality at any Price	-2.9
Cambricon	688256	CHN	94.5	Semis	99	72	97	Style Neutral	12.5
AMEC	688012	CHN	45.5	Semis	76	64	76	Quality at any Price	11.1
Yangtze Optical Fibre & Cable	601869	CHN	50.8	Tech Hardware	97	99	56	Restructuring	-2.8
King Slide	2059	TWN	35.2	Tech Hardware	99	98	83	Style Neutral	0.1
Zhongji Innolight	300308	CHN	134.5	Tech Hardware	96	91	82	Best in Class	-0.9
Eoptolink	300502	CHN	80.9	Tech Hardware	79	83	79	Best in Class	6.2
Keyence	6861	JPN	125.3	Tech Hardware	79	79	90	Quality at any Price	1.5
Longsys	301308	CHN	18.9	Tech Hardware	96	79	99	Restructuring	-2.4
Accton	2345	TWN	35.3	Tech Hardware	89	78	93	Best in Class	2.7
Samsung Electronics	005930	KOR	1,305.8	Tech Hardware	98	76	98	Restructuring	13.7
WUS Printed Circuit	002463	CHN	33.3	Tech Hardware	84	76	71	Style Neutral	5.6
Semight Industries	688808	CHN	35.1	Tech Hardware	98	71	96	Style Neutral	n.a.

Source: UBS HOLT and Quant Research[1] Data as of 8 October 2026. Screen criteria: APAC semiconductor and tech hardware stocks with market cap. above US$1 bn, CFROI Change Peer Rank > 60, Momentum Peer Rank > 60, Valuation Factor Relative to History > 50 (Factor Peer Ranks are region, sector and size relative). Table shows the 10-largest stocks by market cap. for each industry group, sorted by Momentum Peer Rank.

Kioxia (285A)

Kioxia ranks highly on CFROI Change and Momentum, with CFROI forecast to reach 89% this year amid continued positive revisions. Despite the rally, the current price implies EBITDA margins normalising to 35% (below historical median levels) and revenue declining 8% p.a. in 2029–30E, based on a 5.5% discount rate (5-year median).

Figure 5: Kioxia - Market implied CFROI (%)



Source: UBS HOLT

Figure 6: Kioxia - Market implied asset growth (%)



Source: UBS HOLT

Recently published HOLT reports on APAC tech

APxJ Tech: Assessing growth expectations in a higher-rate world

Following the AI Infrastructure Spend: Opportunities and Risks Across the Data Centre Supply Chain

Tech Bytes - Rounding up earnings season with positive CFROI revisions sentiment

1. The UBS Quant Composite Crowding Factor is based on a proprietary combination of multiple data sets. It provides a good overall lens for positioning information, and a dynamic daily score. Our approach encompasses information on both the long and short sides and is a more stable and reliable path than attempting to define crowding through incomplete data sets or secondary approaches such as price movements, factor spreads, or various correlations. More critically, it has higher informational content. If you'd like to receive more information on these data sets, please visit our Quant Research Neo page or contact the team directly at ubs-quant-answers@ubs.com.

Valuation Method and Risk Statement

The HOLT methodology does not assign ratings or a target price to a security. It is an analytical tool that involves use of a set of proprietary quantitative algorithms and warranted value calculations, collectively called the HOLT valuation model, that are consistently applied to all the companies included in its database. The HOLT valuation model is a discounted cash flow model. Third-party data (including consensus earnings estimates) are systematically translated into a number of default variables and incorporated into the algorithms available in the HOLT valuation model. The source financial statement, pricing, and earnings data provided by outside data vendors are subject to quality control and may also be adjusted to more closely measure the underlying economics of firm performance. These adjustments provide consistency when analyzing a single company across time, or analyzing multiple companies across industries or national borders.

The default scenario that is produced by the HOLT valuation model establishes a warranted price that represents the expected mean value for a security based upon empirically derived fade algorithms that forecast a firm's future return on capital and growth rates over an extended period of time. As the third-party data are updated, the warranted price updates automatically. A company's future achieved return on capital or growth rate may differ from HOLT default forecast. Additional information about the HOLT methodology is available upon request.

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