The 720: Korea Strategy, Taiwan Tech, SMIC, AU Strategy, Australia Banks, China Mobility Tech, Zijin Mining, Fanuc, Hana Financial

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In Focus | Korea Strategy, Asia Strategy Baskets

Asia-Pacific Portfolio Strategy – Korea: Favorable risk/reward. We lower our 12m TP for the KOSPI index from 12000 to 9000 and for the regional MXAPJ index from 1120 to 1040 to incorporate more conservative assumptions regarding elevated market volatility and slowing earnings momentum. The recent sharp market decline was driven by retail derisking and concerns over the heavyweight memory sector, which we believe is now pricing in an overly pessimistic 65% drop in 2027 consensus earnings. These concerns have spilled over into non-memory sectors, leaving the broader Korean equity market deeply undervalued despite robust corporate profits and ongoing corporate governance reforms. We continue to see highly attractive risk/reward at current levels and strategically emphasize themes across power equipment, industrials, corporate governance, reflation, and K-culture. *Timothy Moe*

Asia Strategy Baskets – Positioning for Higher Rates and a More Differentiated Asia. We rebalance our 55 Asia strategy baskets for 4Q2026, favoring earnings-backed structural growth, high quality, and valuation discipline over broad market beta amid elevated rates and energy prices. Across macro and factor exposures, we prefer short duration and GARP over pure growth, resilient balance sheets with secure dividend yields, and value within global cyclicals and rate-sensitive financials over domestic consumption. Thematically, we highlight AI infrastructure names offering clear earnings visibility, capital-intensive productive capex beneficiaries, and our "Power Up Asia" segments—including grid equipment and nuclear—to capture structural electrification bottlenecks. *Alvin So*

Listen Up - GS Webcasts on the Agenda

China in Motion: Macro & Strategy | 10am HK | Global Macro, GDP, PBOC Monetary Policy, Consumption, Market Views | Access Webinar | with Lisheng Wang, Xinquan Chen, Yuting Yang, Kinger Lau, Si Fu & Kevin Wang (in Mandarin)

New | Ola Electric downgrade

Ola Electric – Path to sustainable free cash flow less clear – Downgrade to Sell. We downgrade Ola Electric to Sell from Neutral and lower our 12m TP to Rs23 from Rs39.28, cutting FY27–FY29 revenue estimates by up to 10% to reflect a more challenging market share environment versus peers. We see a tougher path to free cash flow generation given the elevated interest and capex needs of the cell and electric two-wheeler businesses, alongside an extended period of operational losses.

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Insufficient service center capacity, a limited new product pipeline, and significant senior management turnover—including the recent exit of the battery cell head—further cloud the operational outlook and make a swift recovery less likely. *Chandramouli Muthiah*

US Macro | FOMC

US Macro – October FOMC Preview: Hiking at a Slower Pace. We expect the FOMC to skip a rate increase at this week's October meeting and deliver a second, final hike in December, establishing an every-other-meeting pace. We do not anticipate a subsequent hike in March, as we project the inflation trend to improve once the core PCE impacts of tariffs, energy shocks, and AI price pressures diminish. Our baseline Fed forecast remains considerably less hawkish than the four total hikes peaking around 4.55% currently priced by the market, though higher oil futures represent the clearest upside risk to our inflation trajectory. *David Mericle*

Themes in Play | Taiwan Tech Components, InnoScience, SMIC, Australia Strategy

Taiwan Technology – PCB/CCL Tour Key Takeaways. Following our supply chain tour, we see a solid multi-year demand and profitability uptrend for high-end PCB, CCL, and substrate suppliers, driven by accelerating specification upgrades and direct customer capacity investments. We expect a faster transition to next-generation M10/M11 solutions starting in late 2027, alongside a rapidly expanding ABF substrate CCL total addressable market that we estimate will grow from US$0.8bn–US$1.2bn in 2026 to US$4.0bn–US$4.5bn by 2028 as customers diversify supply away from Japan. Consequently, we highlight Buy-rated Elite Material, Taiwan Union Technology, Co-Tech, and Zhen Ding Technology as key beneficiaries positioned to capture structural volume growth, significant ASP premiums, and gross margin expansion across the AI hardware supply chain. *Chao Wang*

InnoScience – Rising GaN adoption in data centers and automotive – Buy. We maintain our Buy rating but lower our 12m TP to HK$111 from HK$114, remaining constructive on the company's position as a leading GaN IDM in China. We view rising GaN penetration in data center power supplies as a key growth driver, supported by ecosystem expansion for 800 VDC platforms that require ultra-high power density and efficiency. While the company has started mass production of comprehensive GaN solutions and completed customer sampling for its 15V DrGaN products for AI GPUs, we widen our 2026 net loss estimate to Rmb455m and revise down 2027-32E earnings by 2%-3% to reflect a longer timeline for data center production scale-up. *Allen Chang*

SMIC – AI Demand to Support Advanced and Mature Nodes – Buy. We maintain our Buy ratings and 12m TPs of HK$153 for H-shares and Rmb257.9 for A-shares, as we expect China's growing generative AI trend to drive robust demand across the company's advanced and mature nodes. We believe high utilization, the ongoing localization trend, and steady capacity expansion will help offset rising depreciation costs, especially as global peers reallocate capacity to leading-edge processes and open up non-AI mature-node opportunities for domestic foundries. While our 2026 and 2027 estimates remain unchanged, we lower our 2028 and 2029 net income forecasts b respectively, reflecting more conservative advanced-node pricing assur slightly lower gross margins as new incremental capacity ramps up. *Alle*

Australia Strategy – Trading Very Bad News. Following recent severe sing reactions, we analyze 25 years of historical data and find that the long-



of buying ASX 200 stocks after a greater than 10% daily drop is very poor. A simple buy-and-hold strategy historically generates a median alpha of -10% over the subsequent 12 months, with underperformance expanding to -24% over the following year for stocks that initially fall more than 30%. We note a pronounced negative skew, particularly for Small Caps, tech, and stocks with high pre-event valuations or consensus Buy ratings, whereas Banks are historically the only sector to offer a reliable value opportunity post-drawdown. *Matt Ross*

Previews | Australia Banks, China Mobility Tech

Australia Banks – Majors' November Reporting Season Preview. Ahead of full-year results, we reiterate our cautious stance on the major banks, as elevated trading multiples offer an inadequate valuation buffer against emerging macroeconomic headwinds despite resilient near-term domestic earnings. We make modest earnings adjustments driven by our higher cash rate forecast and lower near-term credit costs, forecasting sector cash earnings growth to rebound to a cyclical high of 6.5% in FY26 before moderating. Robust lending momentum continues to outpace expectations, while expanding liability spreads from rising swap rates should neutralize asset-side competition and keep underlying net interest margins broadly flat into the first half of FY27. Among the majors, we maintain our Neutral views on NAB, WBC, and ANZ, and reiterate our Sell stance on CBA given its vulnerability to a multiple de-rating. *Brendan Sproules*

China Mobility Tech – 3Q26 ADRs Preview. We anticipate volume pressure and lower earnings across our covered ADR companies in 3Q26 due to worsening domestic demand and higher expected costs from upcoming battery and EV export taxes. We revise our industry model to reflect weaker domestic sales alongside stronger export trends, expecting divergent gross margin profiles with year-over-year expansions for BYD and Nio on better product mix, but contractions for XPeng and Li Auto. Consequently, we cut our 2026 to 2028 earnings estimates and lower our 12m TPs for Buy-rated Nio (NIO/9866.HK) to US$5.6/HK$44, XPeng (XPEV/9868.HK) to US$16/HK$61, and Hesai (HSAI/2525.HK) to US$28/HK$27, as well as for Neutral-rated Li Auto (LI/2015.HK) to US$13/HK$51. *Tina Hou*

Results | Zijin Mining, Fanuc, Hana Financial, Cambricon, DISCO, Asymchem, Keppel DC Reit, JSW Steel

Zijin Mining – 3Q26 mostly inline; earnings revised on updated commodity forecasts – Buy (on CL). We revise our 2026–2028E earnings estimates by -2%/+1%/-5% and adjust our 12m TPs for Zijin-H/A to HK$48/Rmb46 following 3Q26 recurring net profit of Rmb18.0bn, which came in largely in line with expectations. These revisions reflect updated global commodity price assumptions—including higher copper forecasts (+1% to +14% for 2026–2028E) and slightly lower near-term gold forecasts—alongside lower joint venture income and higher unit costs for gold. We expect Zijin to maintain strong earnings momentum with a 22% recurring profit CAGR from 2026–2028E, benefiting from constructive copper supply and pricing dynamics as well as an expected re-acceleration of copper volume growth to 9% year-over-year in 2027E. *Joy Zhang*

Fanuc – 2Q beat driven by advance orders; expecting pullback – Sell. While 2Q operating profits of ¥63.2 bn and full-year guidance of ¥240.7 bn beat expectations, we believe the strong order growth includes a considerable amount of advance orders driven by

component procurement constraints. With the company absorbing higher costs to recapture market share and backlog building, we raise our operating profit estimates by 6%, 15%, and 6% for FY3/27, FY3/28, and FY3/29, and increase our 12m TP to ¥4,900 from ¥4,600. We view this surge in pre-emptive orders as a sign of a cyclical peak, maintaining our expectation that orders and earnings will pull back in FY3/28. *Yuichiro Isayama*

Hana Financial Group – 3Q26 NIM trough with 4Q recovery ahead – Buy. We maintain our W148,000 12m TP following a resilient 3Q26 net profit of W1,221bn, up 8% yoy, as a normalized cost base offset softer fee income and a 5bp qoq group NIM compression. Management expects 3Q to mark the NIM trough with an asset repricing-driven recovery in 4Q, alongside a further W250bn buyback and a planned 10% dividend increase supported by stable CET1. We fine-tune our 2026E-28E earnings estimates by 0.8% on average, as we believe non-bank earnings normalization and a supportive rate cycle provide a clear operational path toward sustainable ROE expansion and robust capital generation. *Sinyoung Park*

Cambricon – 3Q26 sequential increase continues; revenues to grow at triple digits through 2028 – Buy. We lower our 12m TP to Rmb1,680 (from Rmb1,841) but maintain our Buy rating as the company continues to deliver sequential revenue growth (+13% QoQ) and gross margin expansion (59%) despite tight raw material supply. We revise our 2026-2030E net income estimates by -11%/-3%/0%/0%/+7% to reflect 3Q26 results and customer procurement timelines, while reducing our target EV/EBITDA multiple to 23x (from 27x) to account for recent sector de-rating. We remain positive on the company's longer-term trajectory supported by strong Chinese AI computing demand, localization trends, and continuous specification upgrades, with revenues expected to maintain triple-digit growth through 2028. *Verena Jeng*

DISCO – Broadening demand base and no materials concerns – Buy. In the 2Q briefing, management reaffirmed strong HBM equipment demand and a widening base of OSAT investments. Management noted that despite investor concerns over HBM layer count changes, customers continue to actively purchase equipment due to meaningfully higher overall wafer volumes. Furthermore, high-value-added consumables are driving ASP and profitability gains, and management does not expect materials sourcing or the recent increase in junior production support personnel to limit future capacity expansion. Given robust generative AI-related demand trends across memory, logic, and peripheral devices, we see a high likelihood of consensus earnings expectations rising going forward. 12m TP of ¥105,000. *Shuhei Nakamura*

Asymchem – 3Q26 Miss on Shipment Timing, FY27 Acceleration Intact – Buy H. We view 4Q execution as critical to restoring near-term visibility after 3Q26 revenue missed our estimates due to shipment timing, though adjusted earnings beat consensus by 11% on resilient cost control. Management maintained FY26 revenue guidance, expecting strong 4Q deliveries and an acceleration in FY27 driven by capacity additions and commercial conversions in peptides and ADCs. We revise our FY26–28E adjusted net profit down by 1.5%–4.4% to reflect slower gross margin expansion, lowering our 12m TPs to HK$180.2 for H-shares and Rmb198.4 for A-shares. *Chris Pan*

Keppel DC REIT – 3Q26 in-line; anticipating stronger leasing cycle in 2028 – Buy. We raise our 12m TP to S$2.75 following in-line 3Q26 results, where DPU grew 12.6% YoY on stronger portfolio performance and acquisitions. Operating metrics improved during the

quarter, with portfolio occupancy increasing 50bps QoQ to 93% and a strong 16% rent reversion driven by renewals and new contracts at Gore Hill. Looking ahead, management expects FY27 rent reversions to remain roughly in-line with FY26 before a stronger leasing cycle begins in FY28, which should coincide with the completion of two sponsor developments in Singapore and potential third-party acquisitions across Korea, Japan, and Europe. *Xuan Tan*

JSW Steel – Sustained focus on capacity growth – Buy. We maintain our Buy rating and raise our 12m TP to INR 1,545 following strong Q2FY27 results, where EBITDA of INR 101.2bn beat consensus by 8% driven by a better product mix and record auto sector sales. We raise our FY27 and FY28 EBITDA estimates by 2.5% and 1.2%, respectively, as recovering flat steel prices are expected to offset a guided USD 20-25/t increase in Q3 coking coal costs. Management announced INR 290bn in incremental capex, including a 5mtpa expansion at JSW Utkal, which we believe reinforces the company's competitive advantage in capacity growth and raw material security while being sustainably funded through internal accruals. *Amit Dixit*

GS Event | China Value Retailers

China Consumer Staples – Value Retailers: Expert Call Takeaways. The expert believes China's F&B value-retailer sector remains in a strong expansion phase, benefiting from structural channel shifts, a competitive business model, and ample regional whitespace with a potential for over 100k stores longer-term versus roughly 60k today. Mature store unit economics remain resilient, with all pre-2024 stores in the expert's portfolio profitable year-to-date and larger store formats helping to offset manageable pressure on same-store sales growth. Despite slightly longer payback periods of around three years for recent openings, franchisee willingness to expand remains high, driven by significant pricing advantages of 15-35% over traditional channels and ongoing market consolidation by leading brands. *Leaf Liu*

Connections | Oil Products

Oil Products Tracker – Supply Weakness Likely to Linger into 2027. Amid a highly uncertain supply outlook, we reiterate our recommendation to be long 2027 European summer gasoline to hedge further geopolitical escalation. High-frequency refined product inventories remain low across major hubs, with Middle East and Russian outages sitting 1.6mb/d and 4.2mb/d above seasonal norms, respectively. We expect product supply weakness to linger into 2027 as deferred fall maintenance—down 1.7mb/d year-over-year globally—shifts heavy planned turnarounds to 2027Q2, particularly in India and South Korea. This tight fundamental backdrop keeps global average retail fuel prices elevated at roughly $223/bbl, which is weighing on consumption and leaving our nowcasts for European oil and US gasoline demand down 2% year-over-year. *Filippo Cuscito*

Asia Macro | China Headwinds, Taiwan Growth, Japan Monetary Policy

Asia in Focus – China: Property Downturn Deeper Than Anticipated. We update our estimates for China's property sector, as year-to-date activity indicators have been weaker than expected and the recent policy shift from presales to completed-home sales implies tighter developer funding. We now estimate the sector will subtract a larger 1.8pp from real GDP growth in 2026, though we expect this drag to narrow to 1.3pp in 2027 and largely fade by 2030 as the property market's share of GDP declines to 8%.

While home prices in low-inventory top-tier cities may soon recover, persistent overhangs in lower-tier regions and a projected 90% drop in residential land sales volume from 2025 to 2035 point to sustained local government financing pressures. *Yuting Yang*

Taiwan – AI-Boom Boosts Broad Activity. We revise our Taiwan monetary policy call from an extended hold to the start of a rate hike cycle in December 2026, raising our end-2026 and end-2027 policy rate forecasts to 2.125% and 2.375% respectively (from 2.0%). Driven by the AI boom's rapid spillovers into local tech supply chains and broadly strengthening domestic demand, we upgrade our 2026/2027 real GDP growth forecasts to 11.7%/3.3% yoy (from 11.4%/2.9%) and our Q3 estimate to 0.8% qoq sa. Robust wage growth, record corporate credit expansion, and strong current account surpluses reinforce economic resilience and support our bullish view on the TWD, leading us to adjust our 3M/6M/12M USD/TWD forecasts to 32.0/31.50/31.0. *Goohoon Kwon*

Japan Economic Flash – Expect Status Quo at October BOJ Meeting. We expect the BOJ to maintain the policy rate at 1.25% at its October 29-30 meeting, seeing no need for consecutive hikes without a rapid rise in long-term inflation expectations. We anticipate no substantial changes to the core economic and price assessments in the Outlook Report, though we expect a slight upward revision to FY2026 GDP growth to +0.8%, alongside a lowered FY2026 new core CPI forecast of 2.3% and a raised FY2027 core CPI forecast of 2.7% driven by crude oil prices. With inflation expectation gauges slightly down in the third quarter, we expect the language regarding upside risk to underlying inflation to be maintained exactly as in July. At the press conference, we will focus on the Governor's views regarding yen depreciation risks to inflation, tighter financial conditions, and the neutral interest rate. *Tomohiro Ota*

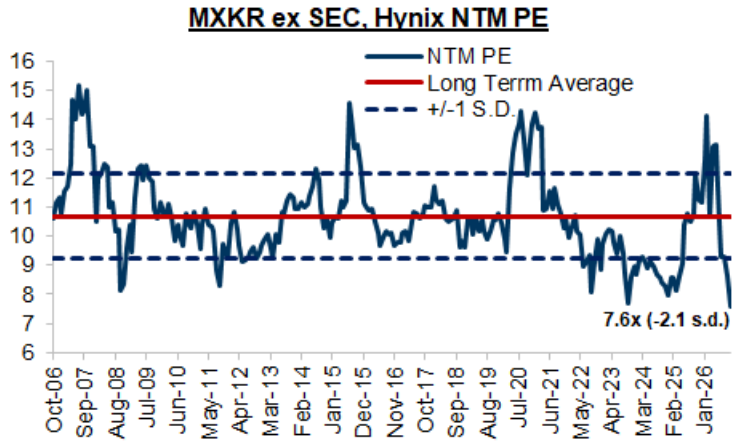
Around the world | Global Rates & FX, EU Telcos

Global Rates Trader – AI Volatility Disrupts Energy Risks. We maintain a constructive tilt on global duration, anchoring a long bias in the belly of the curve as a hedge against AI-related volatility and persistent energy risks. Fading inflation pressures make US real rate longs attractive versus nominals, while in Europe, we prefer 2s5s flatteners heading into winter and favor 10-year UK Gilts on asset swap ahead of a likely shorter-skewed Autumn Budget remit. With French yields dislocated from fundamentals but lacking near-term positive catalysts, we raise our mid-2027 10-year spread forecasts for OAT-Bund to 130bps, BTP-Bund to 105bps, and Bonos-Bund to 55bps. Additionally, our economists now expect near-term hikes from the BoC, RBA, and RBNZ, leading us to favor Australian front-end flatteners and remain underweight the 5-year sector of the JGB curve. *William Marshall*

Global FX Trader – For Whom Tech Tolls. We expect a continued low-volatility environment with a slightly weaker US Dollar, favoring emerging market currencies with high carry offerings or firm management. We view the Yen as an attractive hedge against broad AI or growth shocks, favor short EUR/JPY, and now prefer the South African Rand over the Mexican Peso due to diverging monetary policy signals. For Asian FX, we maintain our USD/CNY 12m TP of 6.4 driven by historic current account surpluses and deep undervaluation, and we tweak our 3m and 6m USD/TWD forecasts to 32 and 31.5 while holding the 12m TP at 31 to reflect recent equity outflows before sustainable macroeconomic tailwinds resume. *Kamakshya Trivedi*

European telecoms – SpaceX's US cell-site ambitions continue to raise US competition concerns, but spectrum sovereignty should leave Europe more insulated. Press reports suggesting SpaceX is in discussions to secure 80,000 US cell sites to potentially enter as a fourth nationwide mobile player may weigh on European telco shares, but we argue Europe remains highly insulated from large-scale satellite entrant risks. This insulation is largely driven by spectrum sovereignty concerns and regulations, as European lawmakers recently confirmed strict resilience criteria for pan-European mobile spectrum licenses within the draft Digital Networks Act. While Switzerland, Germany, and the UK face the most headline risk from satellite competition due to upcoming auctions and mandated MVNO availability, we highlight SES and Eutelsat as key beneficiaries of Europe's increasing focus on secure sovereign government communications. *Andrew Lee*

Graphic language | Korea ex-memory stocks currently trade at a record low 7x NTM P/E



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

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GS Events (Home Page here)

- **China Next-Gen Power & Mobility Day | Shenzhen** | 2-4 Nov
- **APAC Healthcare Corporate Day 2026 - Part I | Hong Kong** | 3-6 Nov
- **Korea KRX Kosdaq Corporate Day | Hong Kong & Singapore** | 24-25 Nov
- **India Corporate Day | Hong Kong** | 30 Nov - 1 Dec
- **Japan Conference | Tokyo |** 30 Nov - 4 Dec