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161 AI plays you haven't heard about!

The "NEW" AI opportunity is SMid...

Small/Mid-Cap Strategy

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At the time of writing this report, investors seem torn about whether or not to chase the AI theme anymore. Indeed, the AI trade has stalled since May with most tech indices flat to down since then. In this report, we explore the AI theme from a SMid-Cap point of view. To do this, we have spent months analyzing all the stocks in traded AI ETFs in the market, as well as those in any AI basket ever published by JPM, their suppliers, and the suppliers of these. The result is a long list of names (2,636 to be precise) 73% of which are "NEW" AI plays (i.e. not in any ETF or JPM Basket). We then narrowed that list down to those stocks in the top quintile of revenues exposure to the theme and run that list by all our covering analysts worldwide which left us with 672 SMid and 265 Large-Cap stocks, 24% of which (or 225) being "NEW" AI plays. In short, we believe the AI capex supercycle is likely to continue, and so we expect AI to remain a winning theme globally. Contrary to what consensus believes, it is SMid that offers the most attractive AI opportunities at this juncture. In this report, we provide several screens with which to navigate the SMid AI opportunity; we profile 24 SMid top picks from our covering analysts; and we are adding 8 of them to our SMid Strategy Model Portfolio.

- **AI has been a winning trade YTD… and we think it will remain so**.
- **Is the AI capex cycle sustainable? You can bet it is…** 1) 189 companies around the world account for 90% of all AI related capex done over the last 3 years; and these 189 companies alone could easily afford 508% of the total AI Capex projected by consensus for 2027.
- **Are valuations overdone?** Even when taking tech bubble multiples as a reference (not a wise thing to do in my opinion), today's AI universe is not cheap when accounting for its growth (i.e. PEG multiples are too high).
- **Think outside the box… think wholistically about AI!** 1) There are many more AI exposed stocks than the market seems to be recognizing (our analysis yielded 2,136 SMid and 500 Large-Cap AI exposed stocks worldwide); 2) The bulk of the traded AI universe is SMid (81% of all AI exposed names).
- **Defining the AI Opportunity —** we have narrowed down the list to 937 stocks (672 SMid & 265 Large), 225 of which are "New". The AI opportunity is mainly Asia ex-J & US, but there are some stocks to buy in Japan/Europe. And the best part is that SMid AI is plenty liquid (85% of stocks trade >$5 M / day).
- **Getting down to stocks:** We have 10 screens to help you navigate the 672 SMid stocks in our SMid opportunity set (all can be found in the excel file we also published today titled "AI SMid Screens" — CLICK HERE to access it).
- **Top picks**: Starting on Page 46 you will find one pagers on the 24 top ideas highlighted by our sector analysts worldwide. We are adding the following 8 to our SMid Strategy Model portfolio (Pattern Group, Dycom Industries, Tenable Holdings, GoDaddy, ISU Petasys, ESCO Technologies, Sanmina and Q2 Holdings), which already includes 14 AI exposed stocks (CCC LN, REY IM, APPF US, CACI US, DT US, EXLS US, OKTA US, VVX US, 3017 TT, FPT VN, 4684 JP, 7735 JP, 3044 TT, 6669 TT).

See page 70 for analyst certification and important disclosures, including non-US analyst disclosures.

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The "NEW" AI opportunity is SMid...

At the time of writing this report, investors seem torn about whether or not to chase the AI theme anymore. Indeed, the AI trade has stalled since May with most tech indices flat to down since then. In this report, we explore the AI theme from a SMid-Cap point of view. To do this, we have spent months analyzing all the stocks in traded AI ETFs in the market, as well as those in any AI basket ever published by JPM, their suppliers, and the suppliers of these. The result is a long list of names (2,636 to be precise) 73% of which are "NEW" AI plays (i.e. not in any ETF or JPM Basket). We then narrowed that list down to those stocks in the top quintile of revenues exposure to the theme and run that list by all our covering analysts worldwide which left us with 672 SMid and 265 Large-Cap stocks, 24% of which (or 225) being "NEW" AI plays. In short, we believe the AI capex supercycle is likely to continue, and so we expect AI to remain a winning theme globally. Contrary to what consensus believes, it is SMid that offers the most attractive AI opportunities at this juncture. In this report, we provide several screens with which to navigate the SMid AI opportunity; we profile 24 SMid top picks from our covering analysts; and we are adding 8 of them to our SMid Strategy Model Portfolio.

AI has been a winning trade for SMid Investors YTD… and we think it will remain so.

This year has been particularly tough for active managers with 60% of SMid investors having underperformed their benchmark YTD (with this being worse among Large-Cap investors, 66% of whom are under water). This has been in part due to the fact that 2026 has been a year driven by unknowns like the Iran conflict, tweets hinting to an immediate end to the war, oil suddenly dropping to near $70 in June, and all of it falling apart since then. What has made this year even tougher is the fact that it has been dominated by three themes which, if missed, made it almost impossible to beat the broader market: geo-politics (i.e. Energy); interest rates (i.e. Banks); and AI (i.e. Tech, Industrials, and Materials). As we can see in the table below, it is these 5 sectors that have delivered alpha among SMid-Caps in each region of the world YTD.

Figure 1: YTD SMid Performance by Sector — Equal Weighted Averages ex-outliers

Performance by Sector (Ranks & formatting run across rows) — Global SMid

	Energy	Rank	Materials	Rank	Industrials	Rank	Cons. Disc.	Rank	Cons. Staples	Rank	Healthcare	Rank	Financials	Rank	Tech	Rank	Comm. Svcs.	Rank	Utilities	Rank	Real Estate	Rank
YTD																						
UK	41%	1	8%	5	14%	3	3%	7	11%	4	-3%	10	5%	6	16%	2	3%	8	-2%	9	-8%	11
Cont. Europe	27%	1	3%	4	5%	3	-5%	9	3%	6	-10%	11	3%	5	10%	2	-3%	8	1%	7	-8%	10
US/Can	31%	1	4%	5	6%	4	-4%	10	-6%	11	11%	3	4%	6	15%	2	2%	7	-1%	9	0%	8
Australia/NZ	-2%	2	-6%	3	5%	1	-23%	11	-13%	8	-9%	5	-10%	7	-9%	6	-17%	10	-6%	4	-15%	9
Japan	8%	6	22%	2	12%	4	7%	7	3%	8	1%	9	42%	1	21%	3	0%	10	10%	5	-7%	11
China	4%	1	-1%	3	-7%	6	-15%	11	-14%	10	-6%	5	-8%	8	4%	2	-13%	9	-2%	4	-7%	7
Asia ex-J & C	16%	2	9%	3	7%	4	-1%	7	-3%	9	-2%	8	0%	6	40%	1	-16%	11	2%	5	-9%	10
CEEMEA	23%	1	2%	6	-1%	8	-5%	11	-1%	9	3%	5	12%	2	0%	7	9%	3	8%	4	-4%	10
LatAm	-2%	6	13%	1	4%	4	-5%	9	-3%	7	-11%	11	8%	2	-4%	8	5%	3	-6%	10	-1%	5

Source: Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations.

As we approach 2027, we find it hard to buy into Energy (given how difficult it is to find any conviction on what the price of oil will be). SMid banks face their own challenges: they have rallied, are no longer as cheap, are a leveraged play to the cycle which is something we would prefer to avoid given our cautious stance on the health of the consumer, and belong to one of the few industries where we believe SMid is at a clear disadvantage to Large. We certainly don't want exposure to the consumer (i.e. Cons. Discretionary and Real Estate) as we believe consumers are facing clear headwinds — headline inflation is above wage inflation with food and gasoline up double digits YTD (with el Super El Niño likely to keep this going through 2Q27); interest rates are edging higher; and all of it already delivering an equation that cannot continue indefinitely (savings rates falling while borrowing rates increase). Nor do we want to buy yield given the move and trajectory we have witnessed YTD and over the last 3 years in 30-yr bond yields. **All this leaves us searching for stocks with visibility, achievable estimates and a rerating story among Staples, Healthcare, Defense, and Infrastructure… as well as, yes, you guessed it, AI plays** that still offer an attractive growth/value proposition.

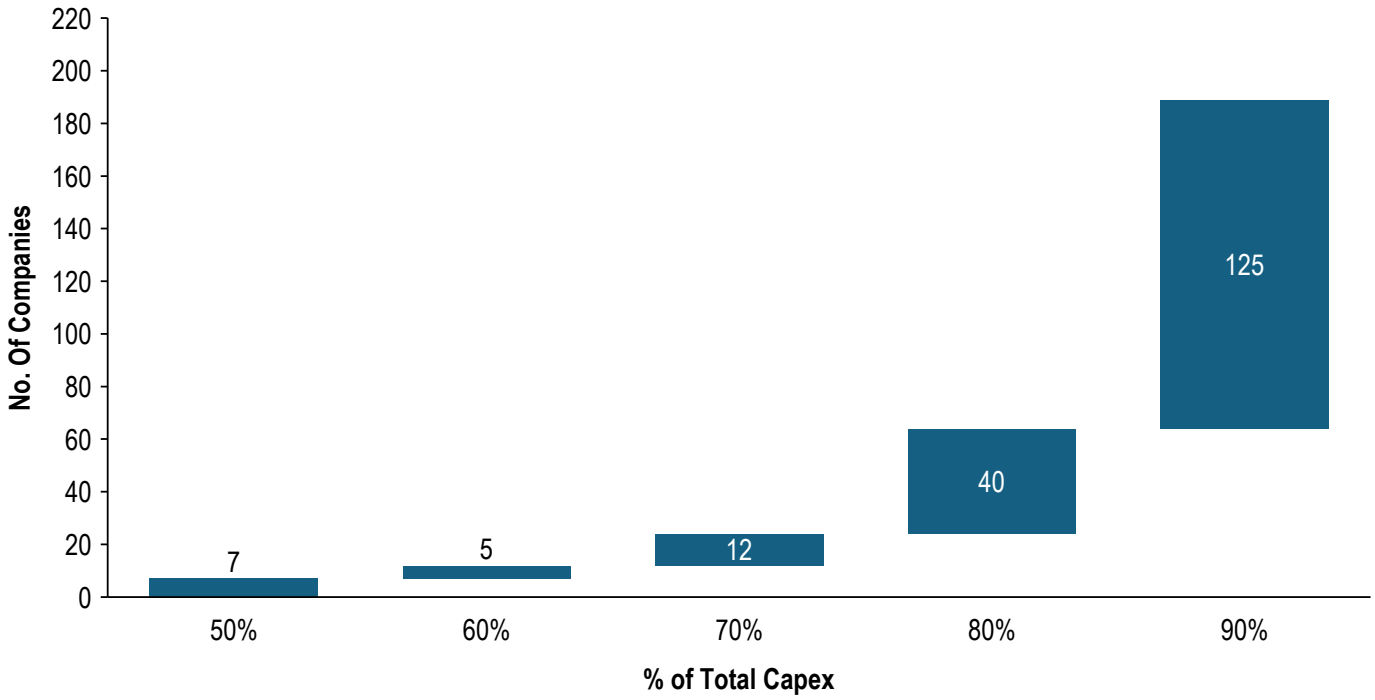
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Is the AI capex cycle sustainable? You can bet it is...

Investors are facing rising worries about whether the AI capex supercycle is sustainable given a) what many believe to be circular financing of such capex; b) questionable ROIC; c) the need to slow/regulate AI development to limit potential risks to humanity as highlighted by a growing number of pundits; d) potentially cheaper alternatives that could undermine the value of current investments; and e) cannibalization risks from what could be to some degree a zero sum game with other tech companies at risk of becoming less relevant (software companies and IT services providers for example).

To assess whether or not the AI capex supercycle is at risk, we looked at the total global capex done by all tech stocks and all stocks present in any JPM AI basket published thus far (to account for those companies such as Amazon that are not classified as Tech). As we can see in the chart below, **189 companies around the world account for 90% of all AI related capex done over the last 3 years**.

Figure 2: # of Companies per Incremental 10% of Global AI Capex Spent from 2023 to 2026E



Source: Bloomberg Finance L.P., Factset and J.P. Morgan Calculations.

Figure 3 to Figure 6 show the FCF and ND/EBITDA reality of these 189 companies that have been responsible for 90% of all global AI Capex since 2023. As we can see in these charts, 77% of all capex has been done by companies that are FCF positive even after footing such a capex bill and their combined FCF amounted to 115% of the global AI capex spent during that time. In other words, **these FCF positive players, on their own, had the means to afford 192% of the AI capex done in 23-26 without even having to raise any capital!** Moreover, close to 80% of all the capex has been done by companies that still have an average ND/EBITDA of just 0.13x which means the borrowing capacity of this universe of stocks is still significant.

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Figure 3: AI Capex Spenders 23-26 — by FCF Yld

Company Name	% of AI Capex	FCF/ Capex
Cos with positive FCF	**77%**	**115%***
Amazon.com, Inc.	13.2%	9.0%
Alphabet Inc. Class A	10.2%	54.6%
Microsoft Corporation	8.8%	76.9%
Meta Platforms Inc Class A	7.4%	50.6%
Samsung Electronics Co., Ltd.	4.6%	129.5%
Taiwan Semiconductor Manufacturing Co., Ltd.	4.4%	74.2%
Micron Technology, Inc.	2.0%	109.9%
SK hynix Inc.	1.9%	210.6%
NTT Inc	1.6%	8.2%
Tesla, Inc.	1.5%	16.2%
Apple Inc.	1.2%	1032.4%
Hon Hai Precision Industry Co., Ltd.	0.5%	57.2%
NVIDIA Corporation	0.5%	1994.6%
BOE Technology Group Co., Ltd. Class A	0.5%	33.0%
Texas Instruments Incorporated	0.5%	87.4%
SoftBank Corp.	0.5%	91.6%
Panasonic Holdings Corporation	0.4%	38.4%
Sony Group Corporation	0.4%	195.8%
Lumen Technologies, Inc.	0.4%	15.3%
KDDI Corporation	0.4%	172.8%
TCL Technology Group Corporation Class A	0.4%	39.5%
Dell Technologies, Inc. Class C	0.3%	258.3%
cs NV	0.3%	18.3%
Infineon Technologies AG	0.3%	37.8%
Shin-Etsu Chemical Co Ltd	0.3%	87.4%
Others	14.8%	195.1%
Cos with negative FCF	**23%**	**Neg**
Oracle Corporation	3.4%	Neg
Intel Corporation	2.3%	Neg
CoreWeave, Inc. Class A	1.6%	Neg
Luxshare Precision Industry Co. Ltd. Class A	1.0%	Neg
Semiconductor Manufacturing International Corp.	0.9%	Neg
Nebius Group N.V. Class A	0.8%	Neg
SoftBank Group Corp.	0.7%	Neg
ASE Technology Holding Co., Ltd.	0.5%	Neg
Hua Hong Grace Semiconductor Limited Class A	0.2%	Neg
Digital Realty Trust, Inc.	0.4%	Neg
Constellation Energy Corporation	0.3%	Neg
Tongwei Co. Ltd. Class A	0.3%	Neg
Samsung SDI Co., Ltd	0.3%	Neg
FUJIFILM Holdings Corp	0.3%	Neg
IREN Limited	0.4%	Neg
Others	9.5%	Neg

Source: Bloomberg Finance L.P. and J.P. Morgan. *Calculated as the sum of AI capex spenders with positive FCF, divided by total AI capex. ^Refers to avgs

Figure 4: AI Capex Spenders 23-26 — by ND/EBITDA

Company Name	% of AI Capex	Trailing ND/ EBITDA
Cos with ND/EBITDA < 2x	**80%**	**0.13x^**
Amazon.com, Inc.	13.2%	0.4x
Alphabet Inc. Class A	10.2%	-0.4x
Microsoft Corporation	8.8%	-0.3x
Meta Platforms Inc Class A	7.4%	-0.2x
Samsung Electronics Co., Ltd.	4.6%	-1.2x
Taiwan Semiconductor Manufacturing Co., Ltd.	4.4%	-0.7x
Intel Corporation	2.3%	-0.4x
Micron Technology, Inc.	2.0%	0.1x
SK hynix Inc.	1.9%	-0.1x
Tesla, Inc.	1.5%	-2.7x
Apple Inc.	1.2%	-0.3x
Luxshare Precision Industry Co. Ltd. Class A	1.0%	1.2x
Semiconductor Manufacturing International Corp.	0.9%	1.7x
Hon Hai Precision Industry Co., Ltd.	0.5%	-0.5x
ASE Technology Holding Co., Ltd.	0.5%	1.7x
Hua Hong Grace Semiconductor Limited Class A	0.2%	-1.1x
NVIDIA Corporation	0.5%	-0.6x
BOE Technology Group Co., Ltd. Class A	0.5%	0.6x
Texas Instruments Incorporated	0.5%	1.2x
Panasonic Holdings Corporation	0.4%	0.9x
Sony Group Corporation	0.4%	0.5x
KDDI Corporation	0.4%	1.4x
Constellation Energy Corporation	0.3%	1.3x
FUJIFILM Holdings Corp	0.3%	1.3x
Dell Technologies, Inc. Class C	0.3%	1.7x
IREN Limited	0.4%	1.8x
cs NV	0.3%	-1.2x
Infineon Technologies AG	0.3%	0.9x
Shin-Etsu Chemical Co Ltd	0.3%	-1.5x
Others	14.2%	-1.9x
Cos with ND/EBITDA > 2x	**14%**	**7.32x^**
Oracle Corporation	3.4%	2.7x
NTT Inc	1.6%	3.5x
CoreWeave, Inc. Class A	1.6%	5.3x
Nebius Group N.V. Class A	0.8%	NA
SoftBank Group Corp.	0.7%	11.3x
SoftBank Corp.	0.5%	2.5x
Digital Realty Trust, Inc.	0.4%	4.8x
Lumen Technologies, Inc.	0.4%	4.7x
TCL Technology Group Corporation Class A	0.4%	4.2x
Tongwei Co. Ltd. Class A	0.3%	8.8x
Samsung SDI Co., Ltd	0.3%	21.5x
Others	4.1%	11.1x

Source: Bloomberg Finance L.P. and J.P. Morgan. 94% of spenders have reported trailing ND/ EBITDA and are included in the table. ^Refers to avgs

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But capex figures have been increasing year after year, so we repeated the analysis, this time looking solely at 2026 consensus estimates. Even then, we believe the ability of the current AI spenders to keep investing in capex is undeniable — **40% of the Global AI Capex bill expected for 2026 is being financed by companies that are FCF positive, with FCF worth another 105% of the Global capex bill even after such expenditure**; **while 82% of the bill will be paid by companies with plenty of borrowing capacity** (i.e. an avg ND/EBITDA of just 0.13x).

Figure 5: AI Capex Spenders 26E — by FCF Yld

Company Name	% of AI Capex	FCF/ Capex 26E
Cos with positive FCF	**40%**	**105%***
Microsoft Corporation	10.4%	24%
Samsung Electronics Co., Ltd.	3.8%	336%
Taiwan Semiconductor Manufacturing Co., Ltd.	4.0%	78%
Intel Corporation	1.3%	4%
Micron Technology, Inc.	2.7%	201%
SK hynix Inc.	2.4%	357%
NTT Inc	1.0%	23%
Apple Inc.	0.8%	1250%
Luxshare Precision Industry Co. Ltd. Class A	0.2%	88%
NVIDIA Corporation	0.6%	2056%
BOE Technology Group Co., Ltd. Class A	0.3%	66%
Texas Instruments Incorporated	0.2%	386%
SoftBank Corp.	0.3%	63%
Panasonic Holdings Corporation	0.2%	103%
Sony Group Corporation	0.2%	170%
Lumen Technologies, Inc.	0.2%	47%
KDDI Corporation	0.2%	134%
TCL Technology Group Corporation Class A	0.3%	60%
Constellation Energy Corporation	0.3%	79%
Tongwei Co. Ltd. Class A	0.1%	33%
FUJIFILM Holdings Corp	0.2%	16%
Dell Technologies, Inc. Class C	0.3%	345%
cs NV	0.1%	27%
Infineon Technologies AG	0.2%	42%
Shin-Etsu Chemical Co Ltd	0.1%	119%
Others	10.0%	1382%
Cos with negative FCF	**60%**	**Neg**
Amazon.com, Inc.	15.0%	Neg
Alphabet Inc. Class A	13.7%	Neg
Meta Platforms Inc Class A	9.5%	Neg
Oracle Corporation	5.7%	Neg
CoreWeave, Inc. Class A	2.4%	Neg
Tesla, Inc.	1.4%	Neg
Semiconductor Manufacturing International Corp.	0.5%	Neg
Nebius Group N.V. Class A	1.7%	Neg
SoftBank Group Corp.	1.2%	Neg
Hon Hai Precision Industry Co., Ltd.	0.4%	Neg
ASE Technology Holding Co., Ltd.	0.7%	Neg
Hua Hong Grace Semiconductor Limited Class A	0.1%	Neg
Digital Realty Trust, Inc.	0.3%	Neg
Samsung SDI Co., Ltd	0.2%	Neg
IREN Limited	0.8%	Neg
Others	6.0%	Neg

Source: Bloomberg Finance L.P. and J.P. Morgan. *Calculated as the sum of AI capex spenders with positive FCF, divided by total AI capex. ^Refers to avgs

Figure 6: AI Capex Spenders 26E — by ND/EBITDA

Company Name	% of AI Capex	Trailing ND/ EBITDA
Cos with ND/EBITDA < 2x	**82%**	**0.13x^**
Amazon.com, Inc.	11.6%	0.4x
Alphabet Inc. Class A	10.5%	-0.4x
Microsoft Corporation	8.0%	-0.3x
Meta Platforms Inc Class A	7.3%	-0.2x
Samsung Electronics Co., Ltd.	2.9%	-1.2x
Taiwan Semiconductor Manufacturing Co., Ltd.	3.1%	-0.7x
Intel Corporation	1.0%	-0.4x
Micron Technology, Inc.	2.0%	0.1x
SK hynix Inc.	1.8%	-0.1x
Tesla, Inc.	1.1%	-2.7x
Apple Inc.	0.6%	-0.3x
Luxshare Precision Industry Co. Ltd. Class A	0.2%	1.2x
Semiconductor Manufacturing International Corp.	0.4%	1.7x
Hon Hai Precision Industry Co., Ltd.	0.3%	-0.5x
ASE Technology Holding Co., Ltd.	0.5%	1.7x
Hua Hong Grace Semiconductor Limited Class A	0.1%	-1.1x
NVIDIA Corporation	0.5%	-0.6x
BOE Technology Group Co., Ltd. Class A	0.2%	0.6x
Texas Instruments Incorporated	0.1%	1.2x
Panasonic Holdings Corporation	0.2%	0.9x
Sony Group Corporation	0.2%	0.5x
KDDI Corporation	0.2%	1.4x
Constellation Energy Corporation	0.2%	1.3x
FUJIFILM Holdings Corp	0.1%	1.3x
Dell Technologies, Inc. Class C	0.2%	1.7x
IREN Limited	0.6%	1.8x
cs NV	0.1%	-1.2x
Infineon Technologies AG	0.2%	0.9x
Shin-Etsu Chemical Co Ltd	0.1%	-1.5x
Others	27.4%	-1.9x
Cos with ND/EBITDA > 2x	**18%**	**7.32x^**
Oracle Corporation	4.4%	2.7x
NTT Inc	0.8%	3.5x
CoreWeave, Inc. Class A	1.9%	5.3x
Nebius Group N.V. Class A	1.3%	NA
SoftBank Group Corp.	0.9%	11.3x
SoftBank Corp.	0.2%	2.5x
Digital Realty Trust, Inc.	0.2%	4.8x
Lumen Technologies, Inc.	0.2%	4.7x
TCL Technology Group Corporation Class A	0.2%	4.2x
Tongwei Co. Ltd. Class A	0.1%	8.8x
Samsung SDI Co., Ltd	0.1%	21.5x
Others	8.0%	11.1x

Source: Bloomberg Finance L.P. and J.P. Morgan. 98% of spenders have reported trailing ND/EBITDA and are included in the table.^Refers to avgs

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Nevertheless, we thought we would take this analysis a step further. Assuming that the same 189 companies will continue to represent 90% of the global AI bill in 2027, we analyzed the capex, FCF and EBITDA consensus estimates for these companies in the coming year. As we can see in the chart below, **these 189 companies alone could easily afford 508% the total AI Capex projected by consensus for 2027**, by spending their FCF and leveraging up to just 2.0x ND/EBITDA levels.

Figure 7: 189 Companies that Account for 90% of Global AI Capex — Consensus Estimates ($ Bill)

Combined Capex 27E	$2,088
Combined FirePower	$10,607
FCF 27E (a)	$1,541
Borrowing Capacity to 2.0x ND/EBITDA (b) = [2- (e)]*(d)	$9,066
- ND 27E (c)	-$674
- EBITDA 27E (d)	$4,196
- ND/EBITDA 27E (e)	-0.16x
Combined FirePower as % of 27E Capex	**508%**

Source: Bloomberg Finance L.P. and J.P. Morgan Calculations.

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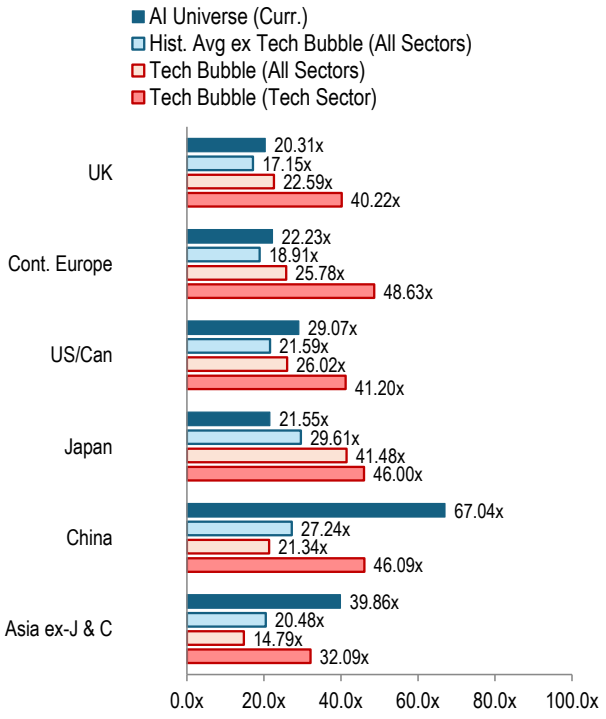
Are valuations overdone?

With renewed confidence that the current AI capex cycle can go on, the obvious question is how much is in the price already? To answer this question, we have compared the current value/growth proposition of today's AI universe to historical averages, Tech bubble ratios, and those of Tech stock during the peak of the tech bubble. We have taken the AI universe to be all Tech companies in the world plus all those in all the AI baskets JPM has published thus far.

A few take-aways from the results shown below:

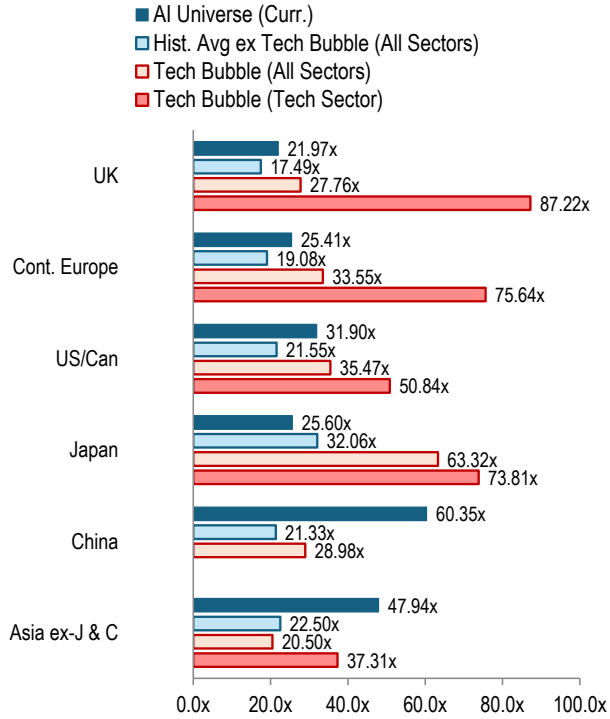
- Today's multi-sector AI universe is trading at a premium P/E vs historical average valuations, both for SMid and Large-Caps; but below tech-bubble multiples outside of Asia ex-J, and way below the multiples Tech sported back at the peak of the tech bubble.
- The problem is that EPS growth is also weaker than it was back in the tech bubble...
- So **even when taking tech bubble multiples as a reference (not a wise thing to do in my opinion), today's AI universe does not look cheap when accounting for its growth (i.e. PEG multiples are high even vs tech bubble peak levels!)**.

Figure 8: SMid-Caps Trailing P/E



Source: FactSet, Bloomberg, JP Morgan Calcs. Note: Curr. numbers are eql wtd avg ex-outlier of the AI Universe. Hist. Avg are eql wtd avg ex-outlier of the entire region.

Figure 9: Large-Caps Trailing P/E



Source: FactSet, Bloomberg, JP Morgan Calcs. Note: Curr. numbers are eql wtd avg ex-outlier of the AI Universe. Hist. Avg are eql wtd avg ex-outlier of the entire region.

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Figure 10: SMid-Caps Trailing EPS Grw

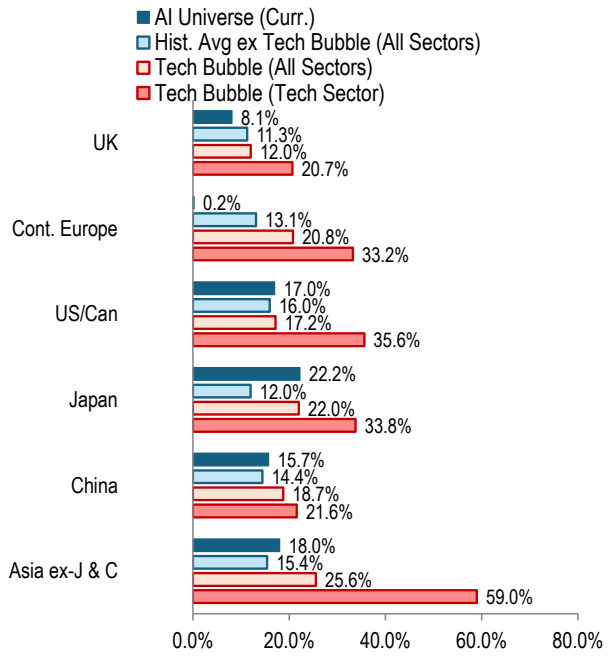


Figure 11: Large-Caps Trailing EPS Grw

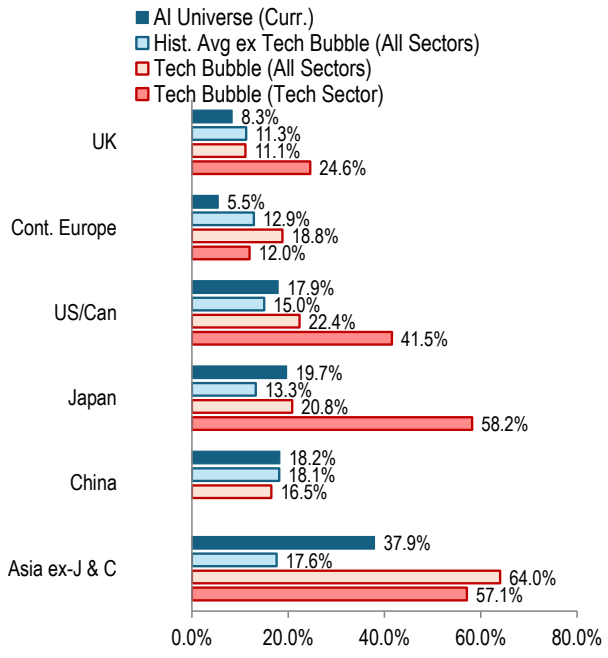


Figure 12: SMid-Caps Trailing PEG

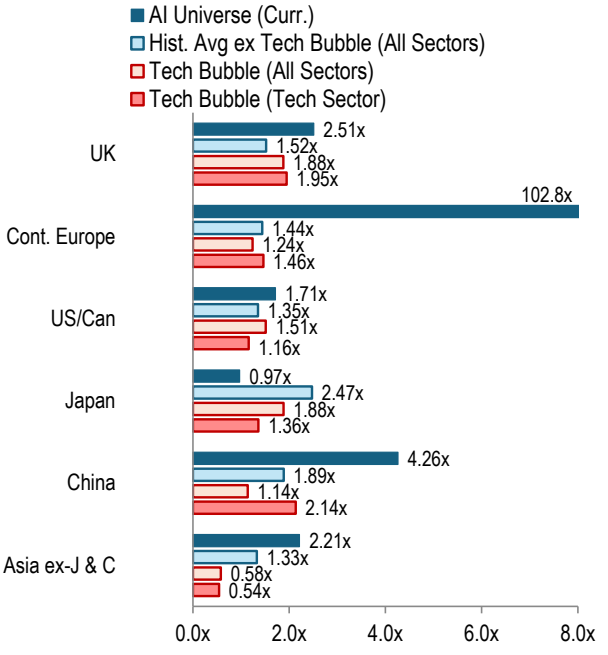
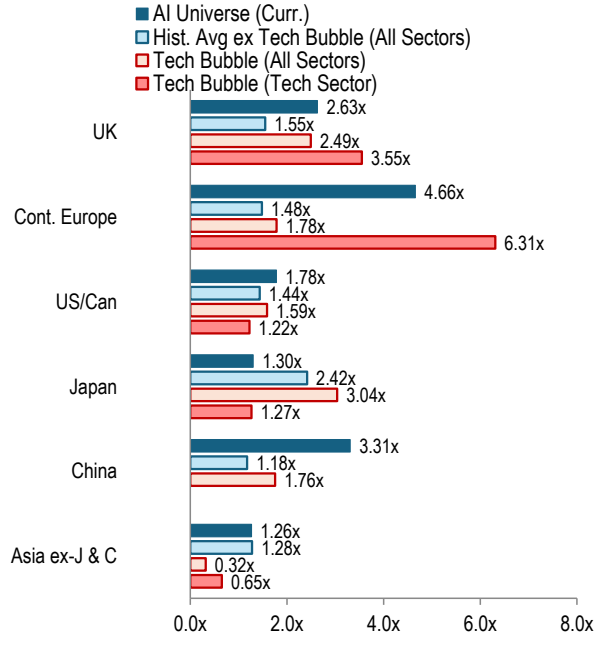


Figure 13: Large-Caps Trailing PEG



Source: FactSet, Bloomberg Finance L.P., JP Morgan Calcs. Note: Curr. numbers are eql wtd avg ex-outlier of the AI universe. Hist. Avg are eql wtd avg ex-outlier of the entire region. PEG is calculated as the ratio of the Trailing P/E by the Trailing EPS Grw

Source: FactSet, Bloomberg Finance L.P., JP Morgan Calcs. Note: Curr. numbers are eql wtd avg ex-outlier of the AI universe. Hist. Avg are eql wtd avg ex-outlier of the entire region. PEG is calculated as the ratio of the Trailing P/E by the Trailing EPS Grw

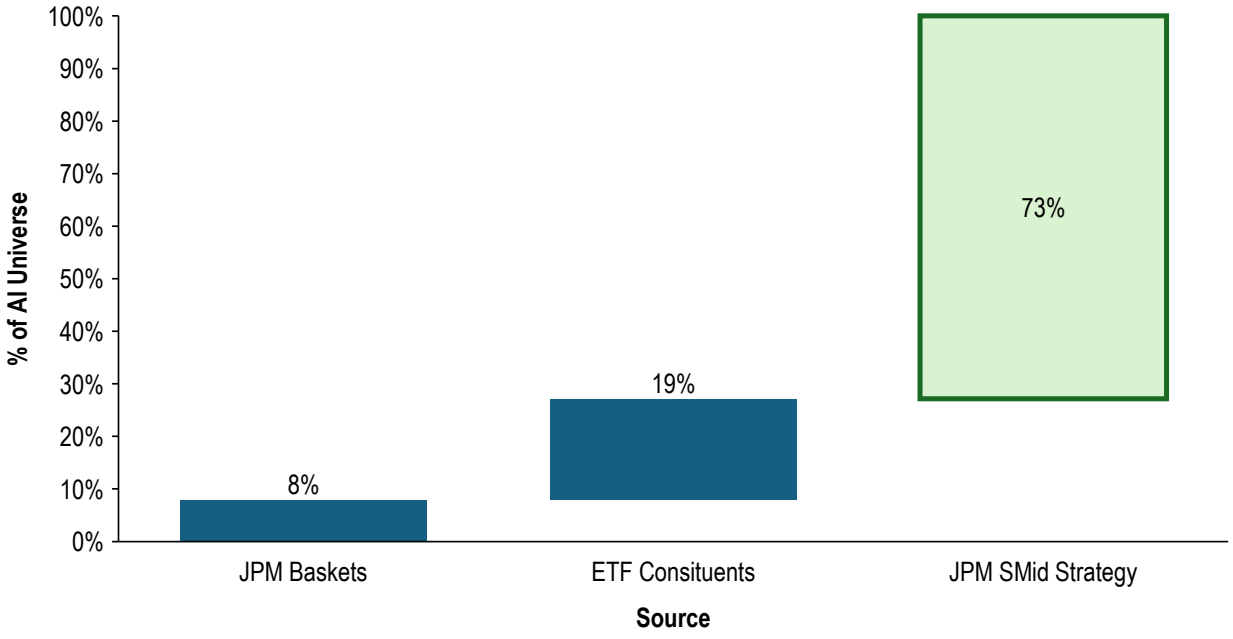
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Think outside the box… think wholistically about AI

So, AI is driving alpha, its supercycle of capex is likely to continue, but valuations are limiting upside… what to do? Think outside the box. In this report, we have tried to do just that. We started by compiling a full list of AI-exposed stocks worldwide; in other words, all AI plays that had already been well documented (i.e. all stocks in all traded AI ETFs in the market + all stocks in all AI related baskets published by JPM thus far). We then looked at the suppliers of these stocks and the suppliers of these suppliers. Analyzing this universe of stocks left us with some clear take aways:

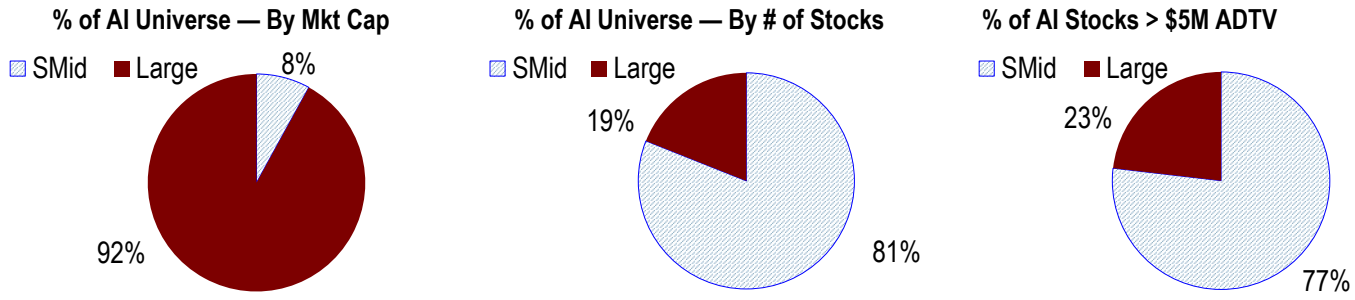
- **There are many more AI-exposed stocks than the market seems to be recognizing** — our analysis yielded 2,136 SMid-Caps and 500 Large-Cap stocks worldwide, 73% of which were "NEW" (i.e. not part of any AI ETF or Basket already published).
- **The bulk of the traded AI universe is SMid** — SMid-Caps account for 81% of all AI-exposed names according to our analysis and 77% of the liquid AI universe (i.e. stocks trading >$5M / day).
- **The SMid AI opportunity is broader in the US, Asia ex-J, or even Japan… but there are some AI plays too in Europe.**

Figure 14: % of AI Universe identified in this report that is "NEW" (i.e. not in any JPM AI Baskets, or AI ETFs in the mkt).



Source: FactSet, Bloomberg Finance L.P., MorningStar, JP Morgan Calcs.

Figure 15: AI is a SMid story too...



Source: FactSet, Bloomberg Finance L.P., MorningStar, JP Morgan Calcs.

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Figure 16: AI Universe — # of Stocks

AI Suppliers SMid-Cap Universe — by Number of Stocks

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**68**	1	9	38		1	11	7		1
Materials	**214**	1	11	20	3	40	94	45		
Industrials	**616**	11	34	118	4	64	256	125	3	1
Cons. Disc.	**1**			1						
Financials	**14**		2	5	1		1	5		
Technology	**999**	10	37	201	9	112	357	267	5	1
Comm. Svcs.	**83**	3	3	19		13	28	15	2	
Utilities	**49**		2	23	1	5	11	3	3	1
Real Estate	**92**	6	12	36	1	7	9	16	3	2
All Sectors	**2,136**	**32**	**110**	**461**	**19**	**242**	**767**	**483**	**16**	**6**

AI Suppliers SMid-Cap Universe — as % of Total Number of Stocks

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**3%**	0%	0%	2%		0%	1%	0%		0%
Materials	**10%**	0%	1%	1%	0%	2%	4%	2%		
Industrials	**29%**	1%	2%	6%	0%	3%	12%	6%	0%	0%
Cons. Disc.	**0%**			0%						
Financials	**1%**		0%	0%	0%		0%	0%		
Technology	**47%**	0%	2%	9%	0%	5%	17%	13%	0%	0%
Comm. Svcs.	**4%**	0%	0%	1%		1%	1%	1%	0%	
Utilities	**2%**		0%	1%	0%	0%	1%	0%	0%	0%
Real Estate	**4%**	0%	1%	2%	0%	0%	0%	1%	0%	0%
All Sectors	**100%**	**1%**	**5%**	**22%**	**1%**	**11%**	**36%**	**23%**	**1%**	**0%**

AI Suppliers Large-Cap Universe — by Number of Stocks

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**22**		3	14			4	1		
Materials	**31**	2	5	8	1	6	5	4		
Industrials	**127**	3	24	62		15	11	12		
Cons. Disc.	**0**									
Financials	**23**		1	17		1	1	2		1
Technology	**217**	2	11	110		17	40	37		
Comm. Svcs.	**33**	2	3	13		6	6	2		1
Utilities	**36**	1	2	30		1	2			
Real Estate	**11**			8			1	2		
All Sectors	**500**	**10**	**49**	**262**	**1**	**46**	**70**	**60**	**0**	**2**

AI Suppliers Large-Cap Universe — as % of Total Number of Stocks

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**4%**		1%	3%			1%	0%		
Materials	**6%**	0%	1%	2%	0%	1%	1%	1%		
Industrials	**25%**	1%	5%	12%		3%	2%	2%		
Cons. Disc.	**0%**									
Financials	**5%**		0%	3%		0%	0%	0%		0%
Technology	**43%**	0%	2%	22%		3%	8%	7%		
Comm. Svcs.	**7%**	0%	1%	3%		1%	1%	0%		0%
Utilities	**7%**	0%	0%	6%		0%	0%			
Real Estate	**2%**			2%			0%	0%		
All Sectors	**100%**	**2%**	**10%**	**52%**	**0%**	**9%**	**14%**	**12%**	**0%**	**0%**

Source: FactSet, Bloomberg Finance L.P., MorningStar, JP Morgan Calcs.

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Figure 17: AI Universe — by Mkt Cap ($ Bill)

AI Suppliers SMid-Cap Universe — by Mkt Cap ($ Bill)

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**171**	1	30	101		3	22	13		2
Materials	**460**	1	56	61	17	87	175	62		
Industrials	**1,479**	31	129	424	6	188	443	253	4	1
Cons. Disc.	**3**			3						
Financials	**27**		2	8	1		3	13		
Technology	**2,384**	23	80	728	27	174	840	494	15	5
Comm. Svcs.	**251**	11	6	65		25	83	50	11	
Utilities	**231**		13	126	4	25	46	2	15	0
Real Estate	**239**	13	45	99	0	14	21	40	4	3
All Sectors	**5,246**	**81**	**360**	**1,615**	**56**	**514**	**1,632**	**926**	**50**	**12**

AI Suppliers Large-Cap Universe — by Mkt Cap ($ Bill)

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**1,587**		323	973			274	18		
Materials	**1,494**	141	253	556	204	157	105	77		
Industrials	**7,017**	253	1,467	3,786		814	346	350		
Cons. Disc.	**0**									
Financials	**4,435**		39	3,617		255	429	73		23
Technology	**35,060**	31	1,250	26,247		1,011	1,330	5,191		
Comm. Svcs.	**8,597**	65	228	7,057		447	666	58		77
Utilities	**1,704**	82	228	1,338		19	36			
Real Estate	**511**			462			18	31		
All Sectors	**60,407**	**574**	**3,789**	**44,035**	**204**	**2,703**	**3,203**	**5,799**	**0**	**100**

AI Suppliers SMid-Cap Universe — as % of Total Mkt Cap

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**3%**	0%	1%	2%		0%	0%	0%		0%
Materials	**9%**	0%	1%	1%	0%	2%	3%	1%		
Industrials	**28%**	1%	2%	8%	0%	4%	8%	5%	0%	0%
Cons. Disc.	**0%**			0%						
Financials	**1%**		0%	0%	0%		0%	0%		
Technology	**45%**	0%	2%	14%	1%	3%	16%	9%	0%	0%
Comm. Svcs.	**5%**	0%	0%	1%		0%	2%	1%	0%	
Utilities	**4%**		0%	2%	0%	0%	1%	0%	0%	0%
Real Estate	**5%**	0%	1%	2%	0%	0%	0%	1%	0%	0%
All Sectors	**100%**	**2%**	**7%**	**31%**	**1%**	**10%**	**31%**	**18%**	**1%**	**0%**

AI Suppliers Large-Cap Universe — as % of Total Mkt Cap

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**3%**		1%	2%			0%	0%		
Materials	**2%**	0%	0%	1%	0%	0%	0%	0%		
Industrials	**12%**	0%	2%	6%		1%	1%	1%		
Cons. Disc.	**0%**									
Financials	**7%**		0%	6%		0%	1%	0%		0%
Technology	**58%**	0%	2%	43%		2%	2%	9%		
Comm. Svcs.	**14%**	0%	0%	12%		1%	1%	0%		0%
Utilities	**3%**	0%	0%	2%		0%	0%			
Real Estate	**1%**			1%			0%	0%		
All Sectors	**100%**	**1%**	**6%**	**73%**	**0%**	**4%**	**5%**	**10%**	**0%**	**0%**

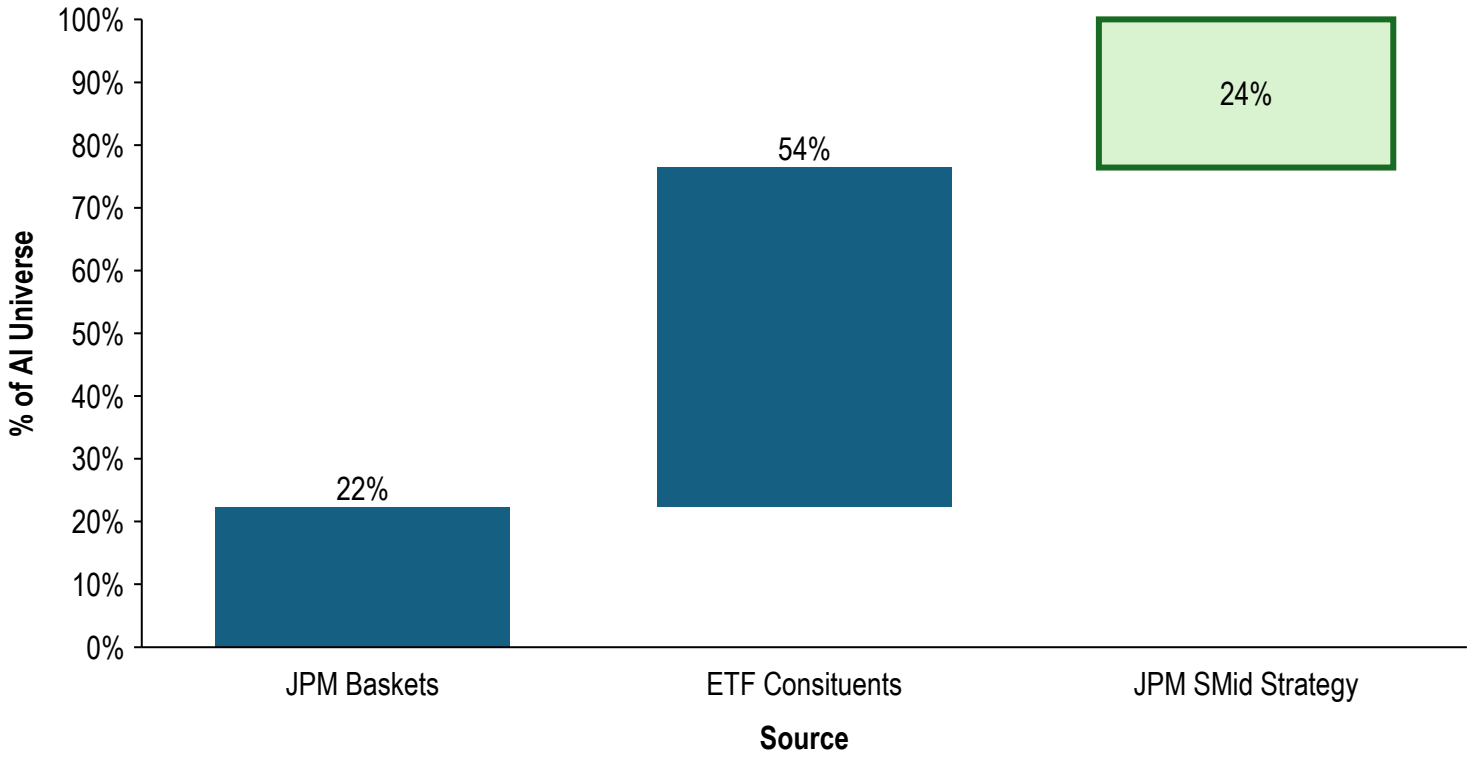
Source: FactSet, Bloomberg Finance L.P., MorningStar, JP Morgan Calcs.

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Defining the AI Opportunity

To define the true AI opportunity, we took the full list of AI names we had compiled worldwide and narrowed it down to those in the top quintile of revenue exposure to the theme. This left us with a total of **937 stocks (672 SMid and 265 Large), 24% of which (or 225) were "New"** (i.e. not in any published AI basket or traded AI ETF).

Figure 18: % of the AI Opportunity Set that is "NEW" (i.e. not in any JPM AI Baskets, or AI ETFs in the mkt)



Source: FactSet, Bloomberg Finance L.P., MorningStar, JP Morgan Calcs.

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The AI opportunity is mainly in Asia ex-J and the US, but there are some stocks in Japan and Europe too. China and Asia ex-J & C account for half of all AI-exposed names in our opportunity set; with the US making up another third… but that still leaves 65 SMid stocks in Japan and 32 in Pan-Europe.

Figure 19: AI Opportunity — # of Stocks

AI Opportunity SMid-Cap Universe — by Number of Stocks

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**15**			15						
Materials	**28**			4	1	5	8	10		
Industrials	**148**		14	55		17	35	27		
Cons. Disc.	**1**			1						
Financials	**0**									
Technology	**440**	3	15	127	5	38	120	129	2	1
Comm. Svcs.	**31**			10		5	10	6		
Utilities	**7**			4			1	1	1	
Real Estate	**2**			1				1		
All Sectors	**672**	**3**	**29**	**217**	**6**	**65**	**174**	**174**	**3**	**1**

AI Opportunity Large-Cap Universe — by Number of Stocks

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**11**			10			1			
Materials	**7**			5		2				
Industrials	**50**	1	8	28		4	5	4		
Cons. Disc.	**0**									
Financials	**1**			1						
Technology	**166**	2	5	87		17	27	28		
Comm. Svcs.	**19**	1		10		5	2	1		
Utilities	**6**			6						
Real Estate	**5**			5						
All Sectors	**265**	**4**	**13**	**152**	**0**	**28**	**35**	**33**	**0**	**0**

AI Opportunity SMid-Cap Universe — as % of Total Number of Stocks

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**2%**			2%						
Materials	**4%**			1%	0%	1%	1%	1%		
Industrials	**22%**		2%	8%		3%	5%	4%		
Cons. Disc.	**0%**			0%						
Financials	**0%**									
Technology	**65%**	0%	2%	19%	1%	6%	18%	19%	0%	0%
Comm. Svcs.	**5%**			1%		1%	1%	1%		
Utilities	**1%**			1%			0%	0%	0%	
Real Estate	**0%**			0%				0%		
All Sectors	**100%**	**0%**	**4%**	**32%**	**1%**	**10%**	**26%**	**26%**	**0%**	**0%**

AI Opportunity Large-Cap Universe — as % of Total Number of Stocks

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**4%**			4%			0%			
Materials	**3%**			2%		1%				
Industrials	**19%**	0%	3%	11%		2%	2%	2%		
Cons. Disc.	**0%**									
Financials	**0%**			0%						
Technology	**63%**	1%	2%	33%		6%	10%	11%		
Comm. Svcs.	**7%**	0%		4%		2%	1%	0%		
Utilities	**2%**			2%						
Real Estate	**2%**			2%						
All Sectors	**100%**	**2%**	**5%**	**57%**	**0%**	**11%**	**13%**	**12%**	**0%**	**0%**

Source: FactSet, Bloomberg Finance L.P., MorningStar, JP Morgan Calcs.

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Figure 20: AI Opportunity — by Mkt Cap ($Bill)

AI Opportunity SMid-Cap Universe — by Mkt Cap ($ Bill)

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**55**			55						
Materials	**51**			21	1	9	8	12		
Industrials	**457**		55	214		42	89	56		
Cons. Disc.	**3**			3						
Financials	**0**									
Technology	**1,347**	7	51	539	15	64	351	309	5	5
Comm. Svcs.	**111**			39		9	37	26		
Utilities	**26**			13			1	1	10	
Real Estate	**5**			0				4		
All Sectors	**2,054**	**7**	**107**	**883**	**17**	**125**	**486**	**409**	**15**	**5**

AI Opportunity Large-Cap Universe — by Mkt Cap ($ Bill)

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**714**			701			14			
Materials	**470**			381		88				
Industrials	**2,711**	36	557	1,396		315	225	182		
Cons. Disc.	**0**									
Financials	**38**			38						
Technology	**32,700**	31	785	25,106		1,011	930	4,838		
Comm. Svcs.	**6,651**	28		5,714		424	465	20		
Utilities	**222**			222						
Real Estate	**215**			215						
All Sectors	**43,721**	**96**	**1,341**	**33,772**	**0**	**1,838**	**1,634**	**5,040**	**0**	**0**

AI Opportunity SMid-Cap Universe — as % of Total Mkt Cap

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**3%**			3%						
Materials	**2%**			1%	0%	0%	0%	1%		
Industrials	**22%**		3%	10%		2%	4%	3%		
Cons. Disc.	**0%**			0%						
Financials	**0%**									
Technology	**66%**	0%	2%	26%	1%	3%	17%	15%	0%	0%
Comm. Svcs.	**5%**			2%		0%	2%	1%		
Utilities	**1%**			1%			0%	0%	0%	
Real Estate	**0%**			0%				0%		
All Sectors	**100%**	**0%**	**5%**	**43%**	**1%**	**6%**	**24%**	**20%**	**1%**	**0%**

AI Opportunity Large-Cap Universe — as % of Total Mkt Cap

	Global	UK	Cont. Europe	US/Can	Australia/NZ	Japan	China	Asia ex-J & C	CEEMEA	LatAm
Energy	**2%**			2%			0%			
Materials	**1%**			1%		0%				
Industrials	**6%**	0%	1%	3%		1%	1%	0%		
Cons. Disc.	**0%**									
Financials	**0%**			0%						
Technology	**75%**	0%	2%	57%		2%	2%	11%		
Comm. Svcs.	**15%**	0%		13%		1%	1%	0%		
Utilities	**1%**			1%						
Real Estate	**0%**			0%						
All Sectors	**100%**	**0%**	**3%**	**77%**	**0%**	**4%**	**4%**	**12%**	**0%**	**0%**

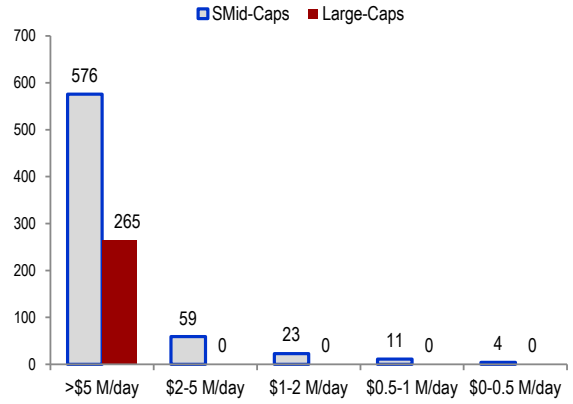
Source: FactSet, Bloomberg Finance L.P., MorningStar, JP Morgan Calcs.

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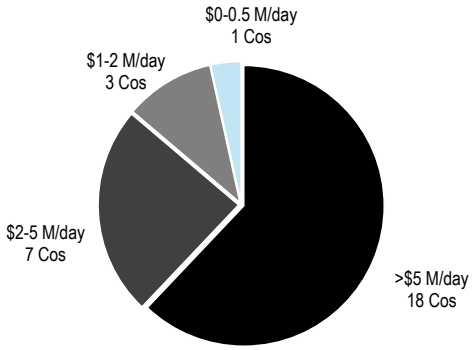
The best part is that this AI opportunity set is plenty liquid. While only 44% of all traded SMid-Caps in the world have an average daily traded volume of >$5M; 85% of those in our AI opportunity set are that liquid!

Figure 21: AI Opportunity — by Liquidity

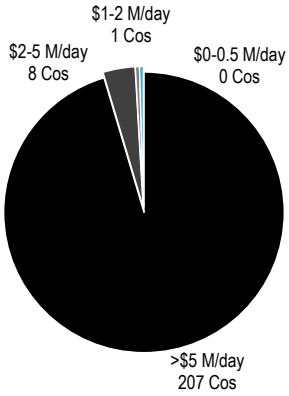
Global



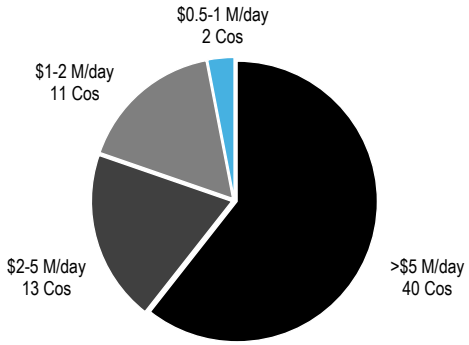
Cont. Europe - # of SMid-Caps



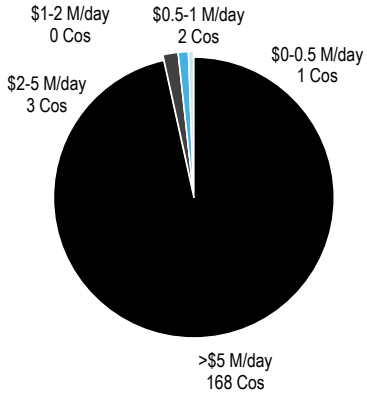
US/Can - # of SMid-Caps



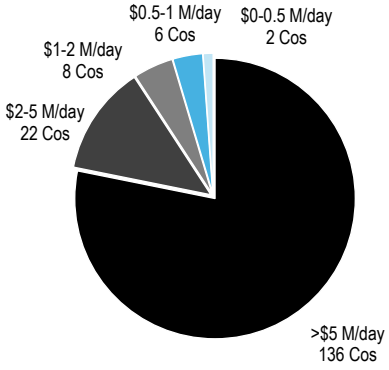
Japan - # of SMid-Caps



China - # of SMid-Caps



Asia ex-J & C - # of SMid-Caps



Source: FactSet, Bloomberg Finance L.P., MorningStar, JP Morgan Calcs.

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Getting Down to Stocks

Going through 672 SMid stocks is a task of its own. So, to facilitate your work of finding investment opportunities among them, we've created the following screens, each limiting the broader list to a manageable number of stocks with a particular appeal. Summary stats on each constituent of each of the below screens can be found in the excel file we also published today titled "AI SMid Screens". Please CLICK HERE to access it. Note that our screens are done on the whole AI opportunity set identified in this report (covered or not by our sector analysts). Starting on the following page you can find summary stats on all JPM OW rated stocks that appear in any of our screens.

SMid AI Opportunities

1. **AI with Pricing Power (104 stocks)** — AI Suppliers having >20% of Revenue Exposure to any company in an AI ETF or JPM AI Basket, but representing <5% of the cost base of such a client.
2. **JPM OWs in SMid AI Opportunities (81 stocks)** — OW-rated stocks from our sector team within our SMid AI opportunity set.
3. **GARP AI (115 stocks)** — Bottom 2 quintiles of Trailing PEG within our SMid AI opportunity set
4. **Most Exposed to AI (199 stocks)** — SMid Suppliers in Top Qtl on Revenue Exposure to AI within our SMid AI opportunity set
5. **Most Liked Consensus Plays (38 stocks)** — Top Qtl of % of Buy Recs among stocks covered by at least 10 brokers within the SMid AI opportunity set
6. **Off the Radar AI Plays (175 stocks)** — 100% of Buy Recs among stocks covered by less than 10 brokers within the SMid AI opportunity set
7. **Least Liked AI plays (46 stocks)** — Bottom Qtl of % of Buy Recs among stocks covered by at least 10 brokers within the SMid AI opportunity set
8. **Newly discovered AI plays (188 stocks)** — SMid AI Opportunities that are not part of published JPM AI Baskets and/or traded AI ETFs
9. **Affordable AI plays (190 stocks)** — stocks in our SMid AI opportunity set with P/E < Sector Hist. Avg through end of decade if earnings continue to compound at 2010-2019 EPS CAGR
10. **Priced in Suppliers (40 stocks)** — stocks in our SMid AI opportunity set with P/E > Sector Hist. Avg through end of decade even if Earnings continue to compound at 2010-2019 EPS CAGR



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Figure 22: JPM Covered stocks in SMid AI Opportunity Screens

					Summary Stats			Price Perf (%)		JPM Coverage			Long Screen									Short Screen
	Sector / Sub-Industry	Company Name	BBG	Country (Listing)	Price	Mkt Cap ($MM)	Avg Daily Vol ($MM)	From 10-Yr High	YTD	Analyst	Rec	Upside to PT	JPM OWs	AI with Pricing Power	GARP AI	Most Exposed to AI	Most Liked Consensus Plays	Off the Radar AI Plays	Least Liked AI Plays	Newly Discovered AI Plays	Affordable AI Plays	Priced In Suppliers
1	Energy	Archrock Inc.	AROC US	United States	$29.12	4,978	56.1	(31)	12	Jossen	OW	41%	✔		✔	✔		✔		✔	✔	
2	Oil & Gas Equipment & Serv	Kodiak Gas Services, Inc.	KGS US	United States	$44.31	4,456	92.6	(43)	18	Jossen	OW	76%	✔		✔		✔			✔		
3		Select Water Solutions, Inc	WTTR US	United States	$18.14	2,262	24.0	(20)	72	Jossen	OW	49%	✔		✔			✔				
4	Materials	HANWHA SOLUTIONS C(	009830 KS	South Korea	₩28,450.00	4,972	86.1	(53)	15	Ong	OW	70%	✔			✔				✔		
5	Specialty Chemicals	Tokyo Ohka Kogyo Co., Lt	4186 JP	Japan	¥7,735.00	6,361	49.2	(40)	33	Nakada	OW	62%	✔	✔	✔	✔						
6	Industrials	Nitto Boseki Co., Ltd.	3110 JP	Japan	¥2,867.00	3,563	183.7	(56)	41	Shikanai	OW	92%	✔		✔						✔	
7	Construction & Engineering	Argan, Inc.	AGX US	United States	$331.03	4,634	182.6	(59)	6	Fairbanks	OW	137%	✔		✔					✔		
8		Dycom Industries, Inc.	DY US	United States	$224.56	6,791	190.2	(60)	(34)	Choe	OW	154%	✔		✔		✔				✔	
9		Hyundai Engineering & Co	000720 KS	South Korea	₩92,500.00	7,856	104.0	(53)	32	Lee	OW	84%	✔				✔					
10		Primoris Services Corporat	PRIM US	United States	$65.03	3,604	159.2	(68)	(48)	Strouse	OW	61%	✔		✔						✔	
11		Valmont Industries, Inc.	VMI US	United States	$435.01	8,414	88.1	(26)	8	Sano	OW	43%	✔		✔						✔	
12	Electrical Components & Eq	Jiujiang Defu Technology (	301511 CH	China A	CNY72.19	4,034	332.8	(60)	102	Chan	OW	50%	✔	✔	✔	✔				✔		
13		Nextpower Inc.	NXT US	United States	$78.89	11,779	243.8	(52)	(9)	Strouse	OW	72%	✔									
14		Powell Industries, Inc.	POWL US	United States	$150.95	5,491	137.1	(54)	42	Sano	OW	66%	✔									
15		Regal Rexnord Corporatio	RRX US	United States	$147.92	9,903	195.1	(40)	5	Mitchell	OW	33%	✔								✔	
16		Shoals Technologies Grou	SHLS US	United States	$7.58	1,301	44.0	(83)	(11)	Strouse	OW	58%	✔								✔	
17	Heavy Electrical Equipment	X-Energy, Inc. Class A	XE US	United States	$10.60	3,056	124.9	(71)		Tonet	OW	258%	✔									
18	Construction Machinery & He	Atmus Filtration Technolog	ATMU US	United States	$44.61	3,651	45.6	(33)	(14)	Zakaria	OW	21%	✔			✔				✔	✔	
19		KION GROUP AG	KGX GR	Germany	€33.03	4,880	19.6	(68)	(52)	Gupta	OW	82%	✔		✔						✔	
20	Industrial Machinery & Suppl	Anhui Yingliu	08 CH	China A	CNY33.68	3,547	156.7	(60)	(19)	Qiu	OW	152%	✔				✔					
21		AutoStore Holdings Ltd.	AUTO NO	Norway	NOK14.4	5,367	6.9	(69)	22	Ogg	OW	(10%)	✔									
22		Enpro Inc.	NPO US	United States	$267.72	5,656	60.9	(31)	25	Sano	OW	61%	✔	✔		✔		✔		✔		
23		ESAB Corporation	ESAB US	United States	$66.95	4,158	66.8	(51)	(40)	Zakaria	OW	42%	✔								✔	
24		ESCO Technologies Inc.	ESE US	United States	$232.10	7,224	67.8	(36)	19	Sano	OW	51%	✔		✔			✔				
25		HIWIN Technologies Corp.	2049 TT	Taiwan	TWD299.00	3,244	42.1	(35)	54	Hariharar	N	4%										✔
26		Leader Harmonious Drive S	688017 CH	China A	CNY290.00	7,113	298.3	(41)	51	Li	OW	23%	✔									
27		Shenzhen Envicool Techn	002837 CH	China A	CNY44.38	8,334	553.6	(53)	(46)	Hon	UW	(10%)										✔
28		Standex International Corp	SXI US	United States	$240.47	2,984	43.9	(34)	11	Sano	N	33%										✔
29	Data Processing &	ice Holdings, Inc.	EXLS US	United States	$42.30	6,506	73.1	(19)	(0)	Jain	OW	13%	✔				✔				✔	

Source: Bloomberg Finance L.P., J. P. Morgan. Note: Pricing as of COB 23rd October, 2026

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Figure 23: JPM Covered stocks in SMid AI Opportunity Screens

					Summary Stats			Price Perf (%)		JPM Coverage			Long Screen									Short Screen
	Sector / Sub-Industry	Company Name	BBG	Country (Listing)	Price	Mkt Cap ($MM)	Avg Daily Vol ($MM)	From 10-Yr High	YTD	Analyst	Rec	Upside to PT	JPM OWs	AI with Pricing Power	GARP AI	Most Exposed to AI	Most Liked Consensus Plays	Off the Radar AI Plays	Least Liked AI Plays	Newly Discovered AI Plays	Affordable AI Plays	Priced In Suppliers
30	Cons. Disc.	Pattern Group, Inc. Class A	PTRN US	United States	$16.19	2,574	22.6	(46)	40	Anmuth	OW	67%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
31	Technology	Mphasis Limited	MPHL IN	India	INR2,494.90	5,044	2.6	(32)	(11)	Rudra	OW	6%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
32	IT Consulting & Other Servic	Presight AI Holding Plc	PRESIGHT U	United Arab Emira	AED3.28	5,024	3.7	(20)	0	So	OW	32%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
33	Internet Services &	g Sinnet Technology	300383 CH	China A	CNY10.50	2,714	180.1	(67)	(16)	Feng	OW	71%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
34		IONOS Group SE	IOS GR	Germany	€35.70	5,663	8.4	(17)	33	Ogg	OW	4%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
35		Kingsoft Cloud Holdings Lt	3896 HK	Hong Kong	HKD4.46	2,447	60.0	(61)	(19)	Yao	OW	124%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
36		Nextdc Limited	NXT AU	Australia	AUD5.61	3,075	26.0	(69)	(55)	Jones	OW	87%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
37	Application Software	AppFolio Inc Class A	APPF US	United States	$210.62	5,235	69.9	(35)	(9)	Gogolev	OW	23%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
38		BILL Holdings, Inc.	BILL US	United States	$50.70	4,321	107.6	(85)	(7)	Huang	OW	18%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
39		Cellebrite DI Ltd.	CLBT US	United States	$12.10	2,963	29.9	(54)	(33)	Essex	OW	32%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
40		Cipher Digital Inc.	CIFR US	United States	$7.94	3,453	583.6	(74)	(46)	Choe	OW	177%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
41		Elastic NV	ESTC US	United States	$102.43	10,408	143.2	(46)	36	Essex	OW	3%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
42		IREN Limited	IREN US	United States	$24.91	10,322	1,926.0	(68)	(34)	Choe	OW	161%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
43		Life360, Inc. Shs Chess D	360 AU	Australia	AUD21.71	3,796	21.8	(61)	(35)	Jones	OW	47%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
44		Nemetschek SE	NEM GR	Germany	€75.70	9,718	20.3	(45)	(18)	George	OW	45%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
45		Phancy Group Co Ltd Cla	6682 HK	Hong Kong	HKD22.02	971	26.8	(81)	(50)	Xu	OW	127%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
46		Q2 Holdings, Inc.	QTWO US	United States	$69.39	4,324	48.9	(53)	(4)	Smith	OW	4%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
47		Riot Platforms, Inc.	RIOT US	United States	$12.53	4,837	346.0	(84)	(1)	Choe	OW	76%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
48		SailPoint, Inc.	SAIL US	United States	$21.79	11,452	58.7	(17)	8	Essex	OW	1%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
49		Technology One Limited	TNE AU	Australia	AUD32.25	7,306	21.8	(25)	15	Jones	OW	(1%)	✔	✔	✔	✔	✔	✔	✔	✔	✔	
50		Temenos AG	TEMN SW	Switzerland	CHF74.8	6,186	17.3	(59)	(6)	Ogg	OW	20%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
51	Systems Software	JFrog Ltd.	FROG US	United States	$100.62	11,577	174.9	(5)	61	Essex	OW	14%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
52		Tenable Holdings, Inc.	TENB US	United States	$44.59	4,626	86.3	(30)	90	Essex	OW	(10%)	✔	✔	✔	✔	✔	✔	✔	✔	✔	
53		TOTVS S.A.	TOTS3 BZ	Brazil	BRL44.35	5,026	35.1	(8)	5	Santos	OW	29%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
54	Communications Equipment	ViaSat, Inc.	VSAT US	United States	$61.47	8,128	116.6	(37)	78	Petti	OW	111%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
55	Technology Hardware Stora	IEIT SYSTEMS Co., Ltd.C	000977 CH	China A	CNY58.50	12,445	621.0	(39)	(12)	Feng	OW	45%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
56		Inventec Corporation	2356 TT	Taiwan	TWD60.50	6,655	50.0	(32)	41	Hung	N	(4%)										✔
57	Electronic Equipment & Instr	Cognex Corporation	CGNX US	United States	$55.55	9,185	110.8	(45)	54	Sano	OW	35%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
58		COMET Holding AG	COTN SW	Switzerland	CHF332.2	3,142	11.9	(27)	48	McDowel	OW	73%	✔	✔	✔	✔	✔	✔	✔	✔	✔	

Source: Bloomberg Finance L.P., J. P. Morgan. Note: Pricing as of COB 23rd October, 2026

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Figure 24: JPM Covered stocks in SMid AI Opportunity Screens

					Summary Stats			Price Perf (%)		JPM Coverage			Long Screen									Short Screen
	Sector / Sub-Industry	Company Name	BBG	Country (Listing)	Price	Mkt Cap ($MM)	Avg Daily Vol ($MM)	From 10-Yr High	YTD	Analyst	Rec	Upside to PT	JPM OWs	AI with Pricing Power	GARP AI	Most Exposed to AI	Most Liked Consensus Plays	Off the Radar AI Plays	Least Liked AI Plays	Newly Discovered AI Plays	Affordable AI Plays	Priced In Suppliers
59		INFICON Holding AG	IFCN SW	Switzerland	CHF165.0	4,941	7.8	(19)	67	McDowell	OW	21%	✔	✔	✔	✔		✔	✔	✔	✔	
60		Itron, Inc.	ITRI US	United States	$87.65	3,861	79.2	(38)	(6)	Strouse	OW	22%	✔	✔	✔	✔		✔	✔	✔	✔	
61		Rigaku Holdings Corporati	268A JP	Japan	¥1,381.00	2,034	30.6	(59)	13	Shikanai	OW	81%	✔	✔	✔	✔		✔	✔	✔	✔	
62		RoboSense Technology Cı	2498 HK	Hong Kong	HKD14.10	840	19.9	(90)	(61)	Liu	OW	219%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
63	Electronic Components	Chunghwa Precision Test	6510 TT	Taiwan	WD3,065.00	3,095	71.5	(32)	34	Tsai	OW	60%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
64		GeniuS Electronic Optical	3406 TT	Taiwan	WD1,160.00	4,010	48.4	(5)	158	Yang	OW	(40%)	✔	✔	✔	✔		✔	✔	✔	✔	
65		ISU Petasys Co., Ltd.	007660 KS	South Korea	₩87,000.00	5,010	98.3	(47)	(27)	Lee	OW	90%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
66		LG Innotek Co., Ltd	011070 KS	South Korea	₩379,000.00	7,058	91.9	(79)	40	Kwon	OW	190%	✔	✔	✔	✔		✔	✔	✔	✔	
67		Lotes Co., Ltd	3533 TT	Taiwan	WD1,795.00	6,194	76.6	(39)	39	Hung	OW	39%	✔	✔	✔	✔		✔	✔	✔	✔	
68		ROBOTIS Co., Ltd.	108490 KS	South Korea	₩225,000.00	2,570	83.0	(52)	(14)	Lee	OW	91%	✔	✔	✔	✔		✔	✔	✔	✔	
69	Technology Distributors	Scientech Corporation	3583 TT	Taiwan	TWD594.00	1,527	27.4	(41)	78	Huang	OW	85%	✔	✔	✔	✔		✔	✔	✔	✔	
70	Semiconductor Materials & E	ACM Research, Inc. Class	ACMR US	United States	$50.55	3,176	84.0	(60)	28	Huang	OW	118%	✔	✔	✔	✔		✔	✔	✔	✔	
71		AIXTRON SE	AIXA GR	Germany	€28.45	3,677	32.8	(55)	64	McDowell	OW	90%	✔	✔	✔	✔		✔	✔	✔	✔	
72		Amkor Technology, Inc.	AMKR US	United States	$39.30	9,702	243.7	(59)	(0)	Ramdhan	OW	116%	✔	✔	✔	✔		✔	✔	✔	✔	
73		ISC Co., Ltd.	095340 KS	South Korea	¥148,300.00	2,463	28.9	(49)	33	Lee	OW	45%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
74		Soitec SA	SOI FP	France	€111.65	4,602	36.7	(54)	381	McDowell	OW	79%	✔	✔	✔	✔		✔	✔	✔	✔	
75	Semiconductors	Alchip Technologies Ltd.	3661 TT	Taiwan	WD3,495.00	9,249	242.9	(38)	(0)	Hariharar	OW	93%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
76		AP Memory Technology Cı	6531 TT	Taiwan	TWD795.00	3,977	102.0	(39)	77	Yang	OW	101%	✔	✔	✔	✔		✔	✔	✔	✔	
77		Asmedia Technology Inc.	5269 TT	Taiwan	WD1,465.00	3,331	44.5	(43)	21	Yang	OW	43%	✔	✔	✔	✔		✔	✔	✔	✔	
78		Macronix International Co.	2337 TT	Taiwan	TWD99.50	6,046	402.7	(48)	152	Huang	OW	106%	✔	✔	✔	✔		✔	✔	✔	✔	
79		Powerchip Semiconductor	6770 TT	Taiwan	TWD66.40	9,593	390.7	(30)	68	Hariharar	OW	51%	✔	✔	✔	✔		✔	✔	✔	✔	
80		Shanghai Iluvatar CoreX S	9903 HK	Hong Kong	HKD75.80	7,270	81.6	(74)		Feng	OW	304%	✔	✔	✔	✔		✔	✔	✔	✔	
81		Win Semiconductors Corp.	3105 TT	Taiwan	TWD486.00	6,317	275.6	(24)	166	Tsai	OW	(23%)	✔	✔	✔	✔		✔	✔	✔	✔	
82	**Comm. Services**	KT Corporation	030200 KS	South Korea	₩46,800.00	9,048	15.7	(33)	(11)	Yang	OW	60%	✔	✔	✔	✔		✔	✔	✔	✔	
83	Advertising	CyberAgent Incorporated	4751 JP	Japan	¥1,294.00	4,249	34.5	(47)	(3)	Yamamur	OW	39%	✔	✔	✔	✔		✔	✔	✔	✔	
84	**Utilities**	MDU Resources Group, In	MDU US	United States	$19.22	4,074	39.0	(45)	(2)	Kelly	OW	30%	✔	✔	✔	✔		✔	✔	✔	✔	
85	**Real Estate**	Keppel DC REIT	KDCREIT SP	Singapore	SGD2.13	4,403	19.4	(32)	(5)	Khi	OW	15%	✔	✔	✔	✔	✔	✔	✔	✔	✔	
				Median		4,880	69.9	(46)	8			51%										

Source: Bloomberg Finance L.P., J. P. Morgan. Note: Pricing as of COB 23rd October, 2026

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Regional Contributions

We have asked our regional strategists for their thoughts on how to play the AI theme within their region. The table below summarizes their take aways while their more detailed write up can be found starting on the next page.

Figure 25: Summary Table — Views from JPM Strategists around the World

Region	Analyst	Views
Western Europe	Eduardo Lecubarri	• European SMid tech is the cheapest tech universe globally, trading at 26.5x trailing P/E versus 33.7x globally, with a 6.3% FCF yield versus 2.3% globally. • Growth is the key issue, with European SMid tech earnings up just 7.7% last year versus 13.6% globally and 20.0% in the US, a gap unlikely to close given decelerating 2026 real GDP growth forecasts. • IT services stands out as a less obvious but alpha-generating AI play, with IT consulting stocks up 22% YTD on a 16.8x P/E, including two names in the SMid Strategy model portfolio. • Other AI-exposed names (Elmos Semiconductor, AT&S, Ionos Group, 2CRSI) still trade at reasonable valuations, but many AI-adjacent stocks look pricy after strong YTD rallies, with the broader opportunity instead in deeply discounted SMid-caps (40% down over 40% since 2021, over 25% trading below book value).
US/Canada	Eduardo Lecubarri	• US SMid tech looks surprisingly cheap given its outsized focus, trading at 28.4x trailing P/E versus 33.9x in Australia, 70.5x in China, and 42.7x in Asia ex-Japan & China. • Growth remains strong, with 20% earnings growth last year, in-line with Australia, Japan, and CEEMEA but well above regions like China and Asia ex-Japan & China that command much higher multiples. • The US is also the largest opportunity within the Global SMid AI set, representing 32% of identified stocks and 43% of market cap. Sector analysts have identified 35 OW-rated SMid AI plays, with average upside to price targets of 64%.
Australia and New Zealand	Don Carducci	• Direct AI exposure in SMid-Caps is limited. Dicker Data (DDR, hardware/IT wholesale) and Data#3 (DTL, software/AI implementation services) are the main plays, but neither have been able to quantify near or mid-term upside, with benefits more likely from FY27 onwards. • Investors are instead favoring the AI value chain, particularly datacentre-adjacent infrastructure such as power, connectivity, and electrical contracting, with Downer EDI (DOW) and Ventia (VNT) well placed. • Valuations across both direct and value-chain AI names look stretched after strong 12-month performance, with positioning concentrated in a handful of names. Tactical stance: prefer value-chain exposure over direct plays, favoring contracted, recurring infrastructure and services earnings.
Japan	Rie Nishihara	• Rising rates (US 10yr above 5%, JGB 10yr above 3%) pressure valuations, but Japanese equities have stayed resilient. • AI semiconductors remain the top driver of TOPIX earnings growth, though leadership is broadening to autos, financials, and trading companies, with FY2026 EPS growth forecast around 16%. • Valuations and positioning have normalized, leaving room to re-leverage into Japanese equities, especially AI-tech. • Strategist prefers a two-phase play in Japan: near-term, stay selective in AI and add to financials, IT services, and capital goods; after the New Year, expect a broader AI and semiconductor recovery alongside domestic consumption plays.
CEEMEA	David Aserkoff	• Our CEEMEA startegist is OW South Africa and Greece, Neutral MENA (UAE over Saudi), Poland, and Türkiye, with Poland cut on stretched valuations and Russia risk, Türkiye seen rebounding post-CPI, Greece aided by DM inflows and fiscal flexibility, and South Africa supported by gold and growth. • MSCI EMEA trades at 10.0x forward PE (in line with its 10-year average) and a 4.8% dividend yield (a 5% discount to average), with Saudi, South Africa, and UAE all trading below their own historical averages despite most global markets at a premium. • The AI theme is much harder to access in CEEMEA than Asia, as MSCI EMEA holds just two IT stocks (0.6% of the index, both software) versus IT's 71.4% YTD surge within EM. • Indirect AI exposure runs through utilities like Greece's PPC and Saudi's ACWA building power for data centres, while Saudi/UAE's once-strong low-cost-energy case for AI infrastructure was undercut by the Amazon data centre bombings in Bahrain and the UAE during the MENA conflict.
China	Tim Huang	• Sentiment softened on a restrictive Fed, tech trade frictions (notably potential US restrictions on China's optical transceiver exports), and soft domestic data, with China AI stocks notably failing to join the US AI rally. • A month-end silver lining emerged as the State Council signaled fresh stimulus. This was followed by Sep 29 mortgage subsidies, the first nationwide housing support since Sep 2024, which lifted property and consumption sentiment. • SMids are expected to outperform large caps on a technical recovery and structural tailwinds. These include low CGB yields, ample liquidity (ADT around Rmb2.6trn YTD), and an AI supercycle that ly benefits tech, industrials, healthcare, and materials. Policy-driven localization also supports China's AI compute capex expansion over 2026-29. • Key risks include regulatory tightening (higher margin financing requirements, potential reinstatement of securities refinancing/shorting tools), elevated volatility into mid-term elections from a hawkish Fed, and growing debates over AI capex sustainability and frontier LLM ARR trajectories.

Source: J.P. Morgan

Western Europe

The AI opportunity in Europe is limited but we wee opportunities at the stock level

Global Small/Mid-Cap Strategy
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Top Picks from Model Portfolio (Longs):

Reply and Computacenter

The AI play in Europe is somewhat limited but we see opportunities at the stock level:

1. Europe is the cheapest tech SMid universe in the world… trading on a trailing P/E of 26.5x vs the global 33.7x mark and with a FCF Yld of 6.3% vs the global 2.3% print (all metrics computed on an equal weighted ex-outliers basis).
2. Growth however is the issue… European SMid tech stocks delivered an equal weighted average earnings growth of just 7.7% last year, way below the 13.6% global mark and even weaker when compared to the US's 20.0% print. We find it hard to see this reality changing in short order given our econ team's estimates which call for real GDP growth to decelerate YoY in 2026 while other regions are seeing growth being flat (US and Australia for example).
3. While not the most sexy AI play, IT services is delivering plenty of alpha in Europe...2 such stocks are part of our SMid Strategy model portfolio (see below). The IT consulting and other services sub industry adds 17 stocks to the MSCI Small Cap Europe index and is up 22% YTD while trading on a P/E of just 16.8x.
4. Other AI exposed stocks have done well and are still trading on reasonable valuations: Elmos Semiconductor, AT&S, Ionos Group, 2CRSI.
5. But many seem pricy after having rallied strongly YTD. Keep in mind that Europe offers a lot of opportunity at the stock level so we wouldn't advice chasing stocks that have already performed and trade on demanding multiples. Indeed, 40% of Europe's SMid-Caps are down >40% since 2021 with >25% trading below replacement value at present (that is P/B < 1.0x).

Our Pan-European SMid Strat Model Portfolio includes 2 AI Plays…

- **Computacenter PLC (CCC LN / OW / £52.35 — £5.6 Bill Mkt Cap; £15.5M ADTV):** Computacenter is a UK-headquartered IT sourcing and services provider that helps large enterprises, hyperscalers and public-sector clients procure, deploy and manage technology across hardware, software and services in the UK, Germany and North America. It offers a rare combination of direct hyperscaler/AI-infrastructure monetization, a record order backlog providing elongated earnings visibility, and continued upside to consensus estimates.
- **Reply (REY IM / OW / €132.60 — €4.9 Bill Mkt Cap; €14.6M ADTV):** Reply is an Italian IT svcs firm, structured as a network of specialized boutiques, that helps large enterprises digitally transform across AI, cloud, big data, IoT and supply chain. It is now transitioning clients from experimentation to full n, embedding AI as the structural core of enterprise architectures rather than an add-on layer. Its ability to combine AI, cloud, edge and embedded systems leaves Reply well placed to capture the convergence of the digital and physical worlds, while a strengthened cyber-security offering taps a fast-growing area of client investment.

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BY SECTOR: We continue to favour the AI theme, looking for stocks with achievable expectations that are not fully priced in within Tech, Industrials, and Materials. These sectors have delivered alpha YTD among European SMid-Caps and we believe will continue to do so

Figure 26: Scorecard by Sector/Ind Group – Cont. European Equities (Lower Rankings = More Favorable Outlook; valuations are on 2025 Operating Levels unless otherwise stated)

	Revisions		Growth					Valuations — Hist Avgs since 1997 excl. Tech Bubble yrs ('00-'01)											Balance Sheet			Price Momentum			
	-3M EPS Rev's 26E	Rank	EPS Grw 25E	(1=Lowest)	EPS Grw 26E	(1=Lowest)	Avg Grw Rank	P/E 25E	vs Hist Avg	Rank	P/B	vs Hist Avg	Rank	Div Yld	vs Hist Avg	Rank	FCF Yld	vs Hist Avg	Rank	Avg Val. Rank	Net Debt/ EBITDA	vs Hist Avg	BS Rank	From 10yr High	(1=Worst Perf)	YTD	(1=Best Perf)	Avg Moment.
Energy	***-0.3%***	***4***	***2.5%***	***3***	***15.0%***	***3***	***1***	***18.1x***	***1.9x***	***10***	***2.4x***	***0.3x***	***9***	***3.3%***	***1.2%***	***2***	***6.7%***	***4.7%***	***5***	***7***	***1.0x***	***-13.4x***	***8***	***-35%***	***10***	***35.0%***	***1***	***6***
Energy Equipment & Services	-1.2%	12	10.8%	22	11.7%	7	15	17.6x	-2.8x	9	2.0x	-0.1x	13	3.7%	2.4%	1	8.8%	9.8%	4	2	0.8x	-10.9x	12	-48%	10	21.0%	3	3
Oil Gas & Consumable Fuels	0.8%	12	-11.1%	3	21.3%	19	9	18.7x	3.3x	22	2.8x	0.8x	22	3.0%	0.7%	10	4.7%	1.8%	19	20	1.2x	-13.1x	18	-22%	24	48.9%	1	11
Materials	***-2.8%***	***11***	***-13.5%***	***1***	***21.0%***	***7***	***3***	***19.1x***	***0.0x***	***6***	***1.6x***	***-0.3x***	***4***	***2.5%***	***0.6%***	***6***	***5.1%***	***3.6%***	***7***	***8***	***1.6x***	***-11.8x***	***5***	***-46%***	***4***	***0.1%***	***6***	***4***
Materials	-2.8%	24	-13.5%	2	21.0%	18	6	19.1x	-0.1x	18	1.6x	-0.3x	7	2.5%	0.6%	12	5.1%	3.7%	15	17	1.6x	-11.9x	14	-46%	11	0.1%	14	11
Industrials	***-0.9%***	***6***	***6.1%***	***5***	***22.5%***	***8***	***7***	***21.8x***	***1.3x***	***8***	***2.9x***	***0.7x***	***10***	***2.2%***	***0.3%***	***8***	***7.5%***	***6.4%***	***2***	***9***	***1.3x***	***-11.2x***	***6***	***-43%***	***7***	***4.9%***	***4***	***6***
Capital Goods	-1.0%	19	7.7%	15	25.9%	21	19	22.5x	1.9x	21	3.0x	0.9x	23	1.9%	0.0%	19	6.4%	5.7%	9	22	1.2x	-12.5x	17	-44%	14	4.6%	10	10
Commercial & Prof Svcs	-1.0%	12	6.2%	11	18.8%	13	11	18.6x	-1.2x	15	2.3x	-0.6x	3	2.9%	0.5%	14	11.2%	7.8%	7	8	1.6x	-9.3x	6	-46%	12	-1.0%	17	15
Transportation	-0.1%	7	-1.7%	6	8.7%	6	4	21.7x	1.3x	20	2.5x	0.5x	21	3.3%	1.3%	5	11.0%	8.5%	6	18	2.0x	-8.0x	2	-38%	22	11.4%	5	14
Cons. Disc.	***-2.0%***	***10***	***6.7%***	***6***	***23.2%***	***9***	***8***	***18.1x***	***-3.5x***	***3***	***2.2x***	***-0.1x***	***6***	***2.2%***	***0.3%***	***9***	***10.2%***	***8.4%***	***1***	***3***	***1.8x***	***-9.6x***	***3***	***-50%***	***2***	***-4.0%***	***10***	***8***
Automobiles & Components	-4.3%	23	-8.2%	4	28.1%	22	14	12.9x	-5.9x	3	1.2x	-1.0x	1	2.3%	0.4%	15	10.2%	9.0%	5	3	1.5x	-12.3x	10	-58%	1	-4.1%	22	8
Cons. Durables & Apparel	-4.9%	22	8.1%	17	19.8%	15	18	17.9x	-3.1x	8	2.1x	-0.1x	14	2.2%	0.3%	17	7.2%	5.4%	10	14	1.5x	-10.7x	9	-53%	5	-6.6%	24	15
Consumer Services	0.5%	10	6.9%	12	12.4%	8	6	18.7x	-7.0x	1	2.3x	-0.3x	9	2.3%	0.6%	13	15.5%	13.3%	1	1	2.3x	-8.7x	7	-39%	20	1.8%	13	20
Cons. Discretionary Dist. & Retail	1.0%	8	12.9%	23	32.3%	23	25	20.5x	-1.2x	14	2.7x	0.3x	19	1.9%	-0.1%	20	12.5%	10.0%	3	10	1.9x	-8.0x	4	-50%	9	-6.4%	23	19
Cons. Staples	***-1.9%***	***6***	***1.9%***	***2***	***15.3%***	***4***	***1***	***17.4x***	***-4.3x***	***1***	***2.1x***	***-0.4x***	***1***	***2.5%***	***0.4%***	***7***	***7.2%***	***5.2%***	***4***	***4***	***1.8x***	***-11.8x***	***4***	***-43%***	***6***	***5.8%***	***3***	***2***
Cons. Staples Dist. & Retail	-6.1%	18	2.1%	8	-4.7%	1	2	17.0x	-6.8x	2	2.1x	-1.0x	2	3.0%	0.9%	9	9.3%	7.0%	8	7	2.2x	-12.2x	7	-53%	4	6.7%	7	2
Food Beverage & Tobacco	-0.8%	8	2.2%	9	20.5%	16	13	17.0x	-3.5x	7	2.0x	-0.3x	8	2.4%	0.4%	16	7.0%	4.9%	11	13	1.8x	-10.9x	10	-41%	18	5.6%	8	13
Household & Personal Products	-4.1%	24	-3.2%	5	17.7%	11	5	22.5x	-5.7x	4	3.5x	0.1x	16	1.4%	-0.3%	22	4.3%	2.5%	18	21	1.2x	-18.6x	20	-50%	7	4.7%	9	4
Healthcare	***-2.4%***	***9***	***9.3%***	***9***	***26.5%***	***10***	***10***	***26.9x***	***1.4x***	***9***	***3.0x***	***-0.4x***	***3***	***1.1%***	***-0.2%***	***10***	***3.6%***	***3.3%***	***9***	***10***	***1.1x***	***-13.7x***	***9***	***-54%***	***1***	***-1.2%***	***8***	***2***
Health Care Equip & Svcs	-2.5%	20	10.6%	21	20.9%	17	22	23.5x	-2.3x	11	2.8x	-0.5x	4	1.6%	-0.2%	21	5.6%	4.4%	13	10	1.8x	-11.1x	14	-50%	8	1.9%	12	5
Pharma, Biotech	-2.3%	17	7.0%	13	36.3%	24	21	32.6x	7.7x	24	3.1x	-0.3x	10	0.6%	-0.5%	23	1.0%	1.0%	20	23	0.5x	-14.9x	21	-57%	2	-3.8%	21	8
Financials	***0.6%***	***2***	***11.3%***	***11***	***11.4%***	***1***	***6***	***15.3x***	***-0.8x***	***5***	***1.7x***	***0.1x***	***8***	***3.6%***	***1.5%***	***1***	***NM***	***NM***	***NM***	***6***	***NM***	***NM***	***NM***	***-32%***	***11***	***2.3%***	***5***	***9***
Banks	0.9%	3	0.9%	7	3.1%	3	3	13.7x	-0.3x	17	1.3x	-0.1x	12	4.1%	2.0%	2	NM	NM	NM	15	NM	NM	NM	-16%	25	9.1%	6	18
Financial Services	-0.1%	5	17.8%	24	18.7%	12	19	16.8x	-1.2x	16	2.0x	0.1x	17	3.3%	1.3%	6	NM	NM	NM	15	NM	NM	NM	-43%	15	-2.2%	18	20
Insurance	2.6%	1	25.4%	25	8.2%	5	17	14.8x	-4.5x	6	2.2x	0.2x	18	3.8%	1.3%	4	NM	NM	NM	4	NM	NM	NM	-24%	23	4.3%	11	22
Technology	***-0.9%***	***4***	***8.2%***	***8***	***28.3%***	***11***	***10***	***25.5x***	***5.8x***	***11***	***3.7x***	***1.3x***	***11***	***1.4%***	***-0.8%***	***11***	***6.5%***	***4.3%***	***6***	***11***	***0.5x***	***-9.0x***	***6***	***-46%***	***5***	***8.9%***	***2***	***1***
Software & Services	-0.5%	5	9.3%	18	22.6%	20	22	24.0x	-1.3x	13	3.6x	0.4x	20	1.5%	0.2%	18	7.0%	4.8%	12	18	0.6x	-14.6x	19	-46%	13	-0.8%	16	15
Tech Hardware & Equip	-0.9%	15	9.9%	20	44.0%	25	24	28.3x	10.5x	25	4.0x	1.8x	25	1.2%	-1.4%	25	5.9%	3.4%	17	25	0.4x	-7.9x	13	-42%	16	15.9%	4	5
Semis & Semi Equip	-4.7%	11	-17.7%	1	2.4%	2	1	26.2x	5.3x	23	3.7x	1.3x	24	1.1%	-0.9%	24	2.4%	0.3%	21	24	0.4x	-9.0x	16	-54%	3	42.7%	2	1
Comm. Svcs.	***-0.1%***	***1***	***5.6%***	***4***	***15.3%***	***5***	***4***	***18.4x***	***-4.3x***	***2***	***2.5x***	***-0.3x***	***5***	***2.6%***	***1.1%***	***3***	***8.4%***	***5.7%***	***3***	***1***	***1.7x***	***-7.5x***	***2***	***-49%***	***3***	***-0.9%***	***7***	***4***
Telecom Svcs	-3.1%	15	7.9%	16	5.5%	4	6	18.4x	-2.5x	10	2.7x	0.1x	15	3.8%	1.9%	3	13.7%	11.0%	2	4	2.4x	-7.7x	1	-38%	21	-3.2%	20	24
Media	0.8%	2	4.6%	10	18.9%	14	11	18.4x	-5.4x	5	2.5x	-0.5x	5	2.4%	1.0%	7	7.0%	4.2%	14	6	1.5x	-6.8x	5	-52%	6	-0.2%	15	7
Utilities	***-0.7%***	***8***	***7.2%***	***7***	***13.5%***	***2***	***4***	***17.9x***	***1.0x***	***7***	***1.8x***	***-0.1x***	***7***	***3.1%***	***0.7%***	***5***	***6.5%***	***3.6%***	***8***	***5***	***2.7x***	***-8.1x***	***1***	***-41%***	***8***	***-2.0%***	***9***	***10***
Utilities	-0.7%	20	7.2%	14	13.5%	9	10	17.9x	1.1x	19	1.7x	-0.2x	11	3.1%	0.7%	11	6.5%	3.6%	16	10	2.7x	-8.2x	2	-42%	17	-2.3%	19	23
Real Estate	***-0.6%***	***3***	***9.8%***	***10***	***17.1%***	***6***	***9***	***16.1x***	***-2.1x***	***4***	***1.2x***	***-0.4x***	***2***	***3.2%***	***0.9%***	***4***	***NM***	***NM***	***NM***	***2***	***NM***	***NM***	***NM***	***-40%***	***9***	***-7.2%***	***11***	***11***
Real Estate	-0.6%	4	9.8%	19	17.1%	10	15	16.1x	-2.1x	12	1.2x	-0.4x	6	3.2%	0.9%	8	NM	NM	NM	9	NM	NM	NM	-40%	19	-7.2%	25	25
Cont. Europe	**-1.1%**		**6.1%**		**20.5%**		**19**	**20.1x**	**0.0x**		**2.4x**	**0.2x**		**2.3%**	**0.4%**		**7.1%**	**5.5%**		**19**	**1.4x**	**-10.5x**	**19**	**-44%**		**2.5%**		

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Figure 27: Scorecard by Sector/Ind Group – UK Equities (Lower Rankings = More Favorable Outlook; valuations are on 2025 Operating Levels unless otherwise stated)

	Revisions		Growth					Valuations — Hist Avgs since 1997 excl. Tech Bubble yrs ('00-'01)												Balance Sheet			Price Momentum			
	-3M EPS Rev's 26E	Rank	EPS Grw 25E	(1=Lowest)	EPS Grw 26E	(1=Lowest)	Avg Grw Rank	P/E 25E	vs Hist Avg	Rank	P/B	vs Hist Avg	Rank	Div Yld	vs Hist Avg	Rank	FCF Yld	vs Hist Avg	Rank	Avg Val. Rank	Net Debt/ EBITDA	vs Hist Avg	BS Rank	From 10yr High	(1=Worst Perf)	YTD	(1=Best Perf)	Avg Moment.
Energy	***-8.5%***	***9***	***17.5%***	***11***	***62.7%***	***11***	***11***	***12.0x***	***-4.2x***	***5***	***2.2x***	***0.2x***	***6***	***2.8%***	***0.8%***	***6***	***6.7%***	***4.7%***	***6***	***5***	***0.7x***	***-13.6x***	***8***	***-51%***	***6***	***46.6%***	***1***	***2***
Energy Equipment & Services	-9.6%	22	-22.2%	1	38.9%	21	10	NM	NM	NM	0.8x	-1.3x	1	NM	NM	NM	NM	NM	NM	1	0.8x	-10.8x	9	-60%	3	1.8%	18	8
Oil Gas & Consumable Fuels	-8.2%	18	33.4%	24	70.6%	23	24	12.0x	-3.4x	17	2.4x	0.3x	17	2.8%	0.5%	11	6.7%	3.8%	16	16	0.7x	-13.6x	17	-50%	9	51.1%	1	1
Materials	***-2.8%***	***11***	***13.7%***	***10***	***39.4%***	***10***	***10***	***16.8x***	***-2.3x***	***8***	***2.6x***	***0.6x***	***9***	***2.8%***	***0.9%***	***4***	***6.7%***	***5.2%***	***5***	***8***	***1.1x***	***-12.3x***	***4***	***-55%***	***2***	***-1.2%***	***9***	***6***
Materials	-1.7%	18	13.7%	21	39.4%	22	22	16.8x	-2.4x	18	2.6x	0.6x	20	2.8%	0.9%	7	6.7%	5.3%	11	18	1.2x	-12.3x	15	-55%	5	-0.9%	20	11
Industrials	***-0.8%***	***9***	***4.9%***	***4***	***10.7%***	***6***	***6***	***17.0x***	***-3.6x***	***6***	***2.8x***	***0.7x***	***10***	***2.4%***	***0.5%***	***9***	***7.5%***	***6.3%***	***3***	***9***	***1.1x***	***-11.4x***	***2***	***-42%***	***8***	***12.8%***	***2***	***4***
Capital Goods	-0.6%	16	3.4%	9	12.5%	15	13	16.9x	-3.8x	15	3.0x	0.9x	22	2.4%	0.5%	13	6.3%	5.6%	9	22	1.1x	-12.6x	12	-41%	18	15.6%	6	10
Commercial & Prof Svcs	-1.0%	21	6.4%	12	7.7%	5	7	18.3x	-1.5x	20	2.8x	0.0x	14	2.7%	0.3%	14	9.7%	6.3%	6	18	1.4x	-9.5x	2	-42%	17	3.7%	14	18
Transportation	-6.9%	25	10.1%	17	7.7%	6	12	13.5x	-6.9x	8	1.5x	-0.5x	5	1.9%	0.0%	18	8.7%	6.2%	8	8	0.7x	-9.2x	3	-47%	13	20.3%	5	5
Cons. Disc.	***-1.7%***	***5***	***7.5%***	***7***	***5.1%***	***2***	***4***	***14.4x***	***-7.2x***	***2***	***2.3x***	***0.0x***	***3***	***2.5%***	***0.6%***	***7***	***9.4%***	***7.5%***	***1***	***2***	***1.7x***	***-9.7x***	***1***	***-52%***	***4***	***5.8%***	***6***	***4***
Automobiles & Components	-10.6%	15	-3.9%	5	11.1%	14	8	16.7x	-2.1x	19	2.9x	0.7x	21	0.4%	-1.5%	22	6.0%	4.8%	13	24	2.6x	-11.2x	13	-58%	4	-26.7%	24	17
Cons. Durables & Apparel	-2.9%	13	0.9%	7	1.5%	1	1	14.0x	-7.1x	7	2.1x	-0.1x	11	2.8%	0.9%	6	8.7%	6.9%	3	9	0.3x	-11.8x	13	-53%	8	-11.9%	23	18
Consumer Services	-0.5%	4	15.1%	23	3.3%	3	16	15.1x	-10.6x	3	2.4x	-0.2x	8	2.6%	0.9%	8	8.8%	6.6%	4	3	2.3x	-8.7x	3	-49%	11	14.1%	9	7
Cons. Discretionary Dist. & Retail	-0.4%	19	5.5%	11	8.7%	11	10	13.7x	-8.0x	6	2.2x	-0.2x	9	2.6%	0.5%	12	10.8%	8.3%	1	5	2.2x	-7.7x	1	-55%	6	14.9%	7	2
Cons. Staples	***2.8%***	***2***	***3.9%***	***3***	***9.3%***	***4***	***2***	***16.2x***	***-5.5x***	***3***	***2.1x***	***-0.4x***	***2***	***2.9%***	***0.8%***	***5***	***5.0%***	***3.0%***	***9***	***3***	***0.4x***	***-13.3x***	***4***	***-40%***	***9***	***12.7%***	***3***	***8***
Cons. Staples Dist. & Retail		1	1.2%	8	13.0%	16	13	14.8x	-8.9x	5	2.2x	-0.9x	3	2.4%	0.3%	15	7.4%	5.0%	12	4	3.0x	-11.3x	7	-40%	19	14.5%	8	16
Food Beverage & Tobacco	3.2%	10	8.5%	15	8.6%	9	13	16.9x	-3.5x	16	2.1x	-0.2x	7	2.7%	0.6%	10	3.8%	1.7%	17	14	-0.3x	-12.9x	18	-38%	21	11.9%	11	20
Household & Personal Products	2.0%	7	-13.0%	2	8.7%	10	3	15.3x	-12.8x	1	2.2x	-1.2x	2	4.1%	2.4%	1	5.8%	3.9%	15	2	0.3x	-19.4x	19	-46%	15	13.8%	10	11
Healthcare	***-1.1%***	***2***	***13.5%***	***9***	***9.3%***	***5***	***7***	***24.4x***	***-1.1x***	***9***	***3.8x***	***0.4x***	***7***	***1.0%***	***-0.3%***	***10***	***3.8%***	***3.4%***	***8***	***10***	***1.0x***	***-13.8x***	***8***	***-53%***	***3***	***1.8%***	***8***	***6***
Health Care Equip & Svcs	-2.5%	8	15.1%	22	9.8%	13	19	25.9x	0.2x	22	3.2x	-0.2x	6	1.0%	-0.8%	21	5.8%	4.6%	14	19	1.7x	-11.2x	11	-44%	16	1.8%	19	23
Pharma, Biotech	3.9%	2	8.8%	16	6.6%	4	9	19.3x	-5.5x	9	4.7x	1.3x	24	1.0%	-0.1%	19	-0.2%	-0.2%	18	21	0.3x	-15.1x	19	-62%	1	1.8%	17	5
Financials	***1.6%***	***4***	***10.1%***	***8***	***17.2%***	***8***	***9***	***13.6x***	***-2.5x***	***7***	***1.8x***	***0.1x***	***5***	***3.8%***	***1.7%***	***3***	***NM***	***NM***	***NM***	***6***	***NM***	***NM***	***NM***	***-35%***	***10***	***5.5%***	***7***	***9***
Banks	0.3%	8	-2.4%	6	8.0%	7	4	9.6x	-4.4x	12	1.3x	-0.2x	10	1.8%	-0.3%	20	NM	NM	NM	12	NM	NM	NM	-50%	10	2.1%	16	13
Financial Services	1.9%	10	11.8%	19	20.8%	19	21	13.9x	-4.1x	13	2.3x	0.5x	19	4.0%	1.9%	4	NM	NM	NM	15	NM	NM	NM	-39%	20	5.7%	13	21
Insurance	5.2%	3	10.9%	18	14.1%	17	19	14.7x	-4.6x	10	2.2x	0.3x	16	4.1%	1.6%	5	NM	NM	NM	7	NM	NM	NM	-22%	24	34.5%	2	13
Technology	***-0.6%***	***5***	***5.3%***	***5***	***19.3%***	***9***	***7***	***23.0x***	***3.4x***	***11***	***3.3x***	***0.9x***	***11***	***1.2%***	***-1.0%***	***11***	***6.5%***	***4.3%***	***7***	***11***	***-0.3x***	***-9.8x***	***7***	***-51%***	***5***	***12.1%***	***4***	***3***
Software & Services	-0.4%	4	4.5%	10	16.2%	18	17	21.3x	-4.0x	14	3.1x	-0.1x	12	1.4%	0.1%	17	8.6%	6.3%	5	17	-0.8x	-15.9x	21	-54%	7	2.3%	15	9
Tech Hardware & Equip	1.8%	16	6.8%	13	24.7%	20	18	26.4x	8.6x	23	3.5x	1.3x	23	0.8%	-1.8%	23	1.7%	-0.8%	19	25	0.8x	-7.5x	5	-47%	14	28.3%	3	4
Semis & Semi Equip	-26.3%	23	NM	NM	NM	NM	NM	NM	NM	NM	4.3x	1.9x	25	0.0%	-2.0%	24	-0.1%	-2.2%	20	23	-0.1x	-9.5x	5	NM	NM	NM	NM	NM
Comm. Svcs.	***0.5%***	***1***	***-2.6%***	***2***	***14.4%***	***7***	***4***	***12.9x***	***-9.8x***	***1***	***3.3x***	***0.5x***	***8***	***2.0%***	***0.5%***	***8***	***10.0%***	***7.2%***	***2***	***4***	***0.6x***	***-8.6x***	***3***	***-58%***	***1***	***8.5%***	***5***	***1***
Telecom Svcs	1.7%	14	12.7%	20	78.9%	24	23	11.5x	-9.3x	4	2.5x	-0.1x	13	2.0%	0.1%	16	8.1%	5.4%	10	11	2.1x	-7.9x	7	-35%	22	21.9%	4	13
Media	0.4%	6	-4.1%	4	9.1%	12	5	13.0x	-10.8x	2	3.3x	0.3x	18	2.0%	0.7%	9	10.1%	7.3%	2	6	0.4x	-7.9x	10	-60%	2	7.4%	12	3
Utilities	***-0.5%***	***8***	***-6.4%***	***1***	***8.4%***	***3***	***1***	***12.2x***	***-4.7x***	***4***	***2.0x***	***0.1x***	***4***	***4.5%***	***2.0%***	***2***	***9.2%***	***6.3%***	***4***	***1***	***1.1x***	***-9.7x***	***6***	***-32%***	***11***	***-1.4%***	***10***	***11***
Utilities	-0.5%	24	-6.4%	3	8.4%	8	2	12.2x	-4.6x	11	2.0x	0.1x	15	4.5%	2.0%	3	9.2%	6.3%	7	9	1.1x	-9.8x	15	-32%	23	-1.4%	21	24
Real Estate	***-3.7%***	***7***	***7.2%***	***6***	***2.6%***	***1***	***2***	***17.6x***	***-0.5x***	***10***	***1.0x***	***-0.5x***	***1***	***4.4%***	***2.2%***	***1***	***NM***	***NM***	***NM***	***7***	***NM***	***NM***	***NM***	***-47%***	***7***	***-5.5%***	***11***	***10***
Real Estate	-3.7%	12	7.2%	14	2.6%	2	5	17.6x	-0.5x	21	1.0x	-0.5x	4	4.4%	2.2%	2	NM	NM	NM	13	NM	NM	NM	-47%	12	-5.5%	22	22
United Kingdom	**-0.8%**		**6.9%**		**14.3%**		**19**	**16.4x**	**-3.7x**		**2.4x**	**0.2x**		**2.6%**	**0.7%**		**7.7%**	**6.1%**		**19**	**1.0x**	**-10.9x**	**19**	**-46%**		**8.2%**		

Source: Bloomberg Finance L.P., Datastream, Factset and J.P. Morgan Calculations. Note: Metrics are computed on an equal-wtd basis excluding outliers. Historical avgs are computed since 1997 excluding the tech bubble years (00-01).

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Figure 28: Scorecard by Market Capitalization – W. Europe (valuations are on 2025 Operating levels unless otherwise stated)

			Revisions		Growth		Growth			Valuations										B/S		Price Momentum				
W. Europe	# of Stocks	**Quantitative Rank***	-3M EPS Rev's 26E (%)	Revis. Rank	EPS Grw 25 (%)	Rank (1=Highest)	EPS Grw 26E (%)	Rank (1=Highest)	Avg Growth. Rank	P/E 25 (x)	vs Hist Avg (x)	Rank (1=Best)	P/B (x)	vs Hist Avg (x)	Rank (1=Best)	FCF Yld (%)	vs Hist Avg (x)	Rank (1=Best)	Avg Val. Rank	Net Debt/ EBITDA (x)	Balance Sheet Rank	From 10yr High	Rank (1=Worst Perf)	YTD Perf	Rank (1=Best Perf)	Avg Moment. Rank
Large-Caps	299	**2**	1.9	1	9.3	1	17.5	2	1	20.1	1.2	2	3.4	0.6	2	4%	0%	2	2	1.5	2	-26.4	2	6.5	2	2
SMid-Caps	2335	**1**	-1.0	2	6.3	2	18.8	1	1	19.1	0.5	1	2.4	0.0	1	6%	2%	1	1	1.3	1	-43.8	*1*	3.7	*1*	1
Mid-Caps	*474*	***2***	*0.5*	*1*	*6.7*	*1*	*14.9*	*2*	*1*	*19.5*	*0.5*	*2*	*2.7*	*0.1*	*2*	*6%*	*2%*	*2*	*2*	*1.5*	*2*	*-34.9*	*2*	*4.0*	*1*	*1*
Small-Caps	*1861*	***1***	*-1.6*	*2*	*6.2*	*2*	*20.4*	*1*	*1*	*19.0*	*0.5*	*1*	*2.3*	*0.0*	*1*	*6%*	*3%*	*1*	*1*	*1.2*	*1*	*-46.3*	*1*	*3.6*	*2*	*1*

Source: Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations. Note: * Equal wtd rank of Revisions, Growth, Valuations, Balance Sheet, and Price Momentum

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US/Canada

We find plenty of opportunity still within US SMid AI plays

Global Small/Mid-Cap Strategy
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Top Picks from Model Portfolio (Longs):

Pattern Group, Dycom, Tenable, GoDaddy, Esco Tech, Sanmina, Q2 Holdings, Appfolio, CACI, Dynatrace, EXL, Okta, V2X

We find plenty of opportunity still within US SMid AI plays:

1. **US SMid Tech is surprisingly cheap given the focus US tech has gotten in recent years...** US SMid tech trades on a trailing P/E of 28.4x which while demanding, is far below the 33.9x, 70.5x, and 42.7x of Australian, Chinese and Asia ex-J & C peers.
2. **...and despite the fact that growthwise, US SMid Tech is second to none compared to other regions.** US SMid tech delivered earnings growth of 20% last year, in-line with that of Australia, Japan, and CEEMEA and above regions that command much higher multiples at present (China and Asia ex-J & C).
3. **Sizewise, the US represents a key opportunity within SMid AI** — Among the Global SMid AI Opportunity set we have identified in this report, the US accounts for 32% of the stocks and 43% of the market cap.
4. **Our sector analysts have identified 35 OW-rated SMid AI plays with average upside to their PT of 64% no less!**
5. **We are adding the following stocks to our US SMid Strategy model portfolio**: Pattern Group, Dycom Industries, Tenable Holdings, GoDaddy, Esco Technologies, Sanmina Corp, Q2 Holdings

Other AI plays already in our US SMid Strategy Model Portfolio…

- **Appfolio Inc. (APPF US/OW/$210.62—$5.24 Bill Mkt Cap;$69.9 MM ADTV):** High-quality real estate software platform with a proven 25%+ revenue CAGR, deeply embedded in its customer base, and available at a reasonable valuation.
- **CACI International (CACI US/OW/$633.98—$13.76 Bill Mkt Cap;$159.33 MM ADTV):** Quality government technology play with solid organic growth, margin expansion potential, and effective capital deployment at a reasonable valuation.
- **Dynatrace Inc. (DT US/OW/$64.05—$18.32 Bill Mkt Cap;$264.07 MM ADTV):** Market-leading AI software play at a reasonable valuation, with a broadening product portfolio and strong free cash flow generation
- **ExlService Holdings(EXLS US/OW/$42.30—$6.51 Bill Mkt Cap;$73.1 MM ADTV):** Poised to deliver client-specific AI solutions (AI practice currently approx. 20% of BPO, growing at 40–50%)
- **Okta Inc (OKTA US/OW/$213.05—$33.66 Bill Mkt Cap;$384.87 MM ADTV):** High-conviction identity security software play at an undemanding valuation, with new product momentum, improving execution, and an agentic opportunity that is yet to be priced in.
- **V2X Inc (VVX US//$74.09—$2.3 Bill Mkt Cap;$36.81 MM ADTV):** Undemanding expectations. Discounted valuations. Operational visibility due to structural demand for security. Thinly covered (i.e. virtually unknown).

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BY SECTOR: We continue to favour the AI theme, looking for stocks with achievable expectations that are not fully priced in within Tech, Industrials, and Materials. These sectors have delivered alpha YTD among European SMid-Caps and we believe will continue to do so

Figure 29: Scorecard by Sector/Ind Group – US/Canada Equities (Lower Rankings = More Favorable Outlook; valuations are on 2025 Operating Levels unless otherwise stated)

	Revisions		Growth					Valuations — Hist Avgs since 1997 excl. Tech Bubble yrs ('00-'01)												Balance Sheet			Price Momentum			
	-3M EPS Rev's 26E	Rank	EPS Grw 25E	(1=Lowest)	EPS Grw 26E	(1=Lowest)	Avg Grw Rank	P/E 25E	vs Hist Avg	Rank	P/B	vs Hist Avg	Rank	Div Yld	vs Hist Avg	Rank	FCF Yld	vs Hist Avg	Rank	Avg Val. Rank	Net Debt/ EBITDA	vs Hist Avg	BS Rank	From 10yr High	(1=Worst Perf)	YTD	(1=Best Perf)	Avg Moment.
Energy	***4.5%***	***7***	***16.9%***	***7***	***41.4%***	***11***	***9***	***22.7x***	***6.5x***	***9***	***2.7x***	***0.7x***	***5***	***1.6%***	***-0.4%***	***5***	***2.0%***	***-0.1%***	***6***	***6***	***1.8x***	***-12.6x***	***6***	***-40%***	***9***	***40.3%***	***1***	***4***
Energy Equipment & Services	1.3%	24	24.6%	22	37.6%	22	24	27.6x	7.2x	22	2.1x	0.1x	6	1.2%	-0.1%	5	4.3%	5.3%	2	8	1.7x	-9.9x	6	-49%	16	29.7%	2	5
Oil Gas & Consumable Fuels	6.2%	9	13.1%	10	43.4%	24	20	20.3x	4.9x	20	2.9x	0.8x	14	1.8%	-0.5%	8	0.9%	-2.0%	19	16	1.8x	-12.5x	11	-38%	21	43.9%	1	11
Materials	***-2.9%***	***11***	***28.2%***	***11***	***38.9%***	***10***	***11***	***20.4x***	***1.3x***	***5***	***5.0x***	***3.0x***	***11***	***1.1%***	***-0.7%***	***6***	***-0.5%***	***-2.0%***	***7***	***9***	***1.4x***	***-12.0x***	***8***	***-51%***	***5***	***-2.7%***	***11***	***9***
Materials	-2.9%	24	28.2%	25	38.9%	23	24	20.4x	1.2x	12	5.0x	3.0x	25	1.1%	-0.7%	12	-0.5%	-2.0%	18	20	1.4x	-12.1x	17	-51%	12	-2.5%	20	18
Industrials	***2.3%***	***9***	***15.9%***	***6***	***20.7%***	***6***	***5***	***25.2x***	***4.7x***	***8***	***3.8x***	***1.6x***	***8***	***1.0%***	***-0.9%***	***9***	***2.6%***	***1.5%***	***4***	***10***	***1.6x***	***-10.9x***	***4***	***-49%***	***6***	***6.4%***	***6***	***5***
Capital Goods	2.6%	16	20.4%	17	22.5%	16	17	26.4x	5.7x	21	3.9x	1.8x	20	0.8%	-1.1%	20	1.9%	1.2%	12	23	1.7x	-12.0x	15	-50%	14	0.7%	19	19
Commercial & Prof Svcs	1.3%	9	13.5%	11	13.7%	8	6	22.4x	2.6x	17	4.1x	1.2x	17	1.3%	-1.1%	21	4.9%	1.5%	9	15	1.0x	-9.8x	8	-46%	19	16.7%	9	13
Transportation	2.4%	22	-4.0%	2	26.3%	19	9	24.3x	3.9x	18	2.0x	0.0x	5	1.4%	-0.5%	9	2.5%	0.0%	16	10	2.1x	-7.8x	2	-47%	18	14.0%	10	13
Cons. Disc.	***0.2%***	***4***	***8.8%***	***3***	***16.8%***	***4***	***3***	***20.0x***	***-1.5x***	***2***	***3.5x***	***1.1x***	***7***	***1.2%***	***-0.7%***	***7***	***4.0%***	***2.1%***	***3***	***4***	***1.5x***	***-9.9x***	***4***	***-55%***	***4***	***0.2%***	***10***	***6***
Automobiles & Components	-2.3%	12	13.6%	12	17.2%	11	11	13.3x	-5.5x	2	1.8x	-0.5x	1	1.2%	-0.7%	11	7.2%	6.0%	1	2	1.3x	-12.5x	12	-64%	2	-13.0%	25	12
Cons. Durables & Apparel	5.3%	2	-4.6%	1	16.2%	9	5	19.9x	-1.1x	9	2.9x	0.7x	11	1.1%	-0.8%	15	4.5%	2.7%	5	11	1.3x	-10.8x	12	-55%	9	12.4%	12	10
Consumer Services	-0.7%	19	17.9%	14	11.7%	5	6	20.8x	-4.9x	3	4.6x	2.0x	22	1.2%	-0.5%	10	2.3%	0.1%	15	9	1.9x	-9.1x	5	-49%	15	-3.0%	21	21
Cons. Discretionary Dist. & Retail	-2.1%	17	7.5%	6	22.2%	15	9	22.1x	0.4x	10	3.5x	1.1x	16	1.1%	-0.9%	17	4.5%	2.0%	7	14	1.3x	-8.6x	8	-57%	7	-3.9%	23	16
Cons. Staples	***-1.9%***	***4***	***6.9%***	***2***	***8.5%***	***2***	***2***	***18.0x***	***-3.8x***	***1***	***3.0x***	***0.4x***	***4***	***1.9%***	***-0.2%***	***4***	***4.2%***	***2.2%***	***2***	***2***	***1.4x***	***-12.2x***	***3***	***-49%***	***7***	***1.7%***	***8***	***7***
Cons. Staples Dist. & Retail	2.1%	15	10.4%	9	22.9%	17	12	22.4x	-1.3x	8	3.5x	0.4x	9	1.1%	-1.0%	19	3.8%	1.4%	10	13	1.1x	-13.3x	15	-28%	24	21.3%	4	13
Food Beverage & Tobacco	-2.5%	18	4.8%	4	5.6%	2	1	15.9x	-4.6x	4	2.7x	0.4x	8	2.3%	0.3%	3	4.1%	2.0%	8	6	1.6x	-11.1x	6	-48%	17	-3.7%	22	24
Household & Personal Products	-3.2%	12	8.9%	7	4.3%	1	3	18.6x	-9.6x	1	3.1x	-0.3x	2	1.6%	-0.1%	6	5.0%	3.1%	3	1	1.4x	-18.4x	19	-64%	4	2.9%	16	9
Healthcare	***2.2%***	***4***	***20.5%***	***8***	***22.3%***	***8***	***8***	***25.7x***	***0.2x***	***4***	***5.2x***	***1.9x***	***9***	***0.1%***	***-1.2%***	***10***	***-2.1%***	***-2.5%***	***8***	***8***	***1.4x***	***-13.5x***	***9***	***-66%***	***1***	***14.1%***	***2***	***1***
Health Care Equip & Svcs	1.8%	4	20.7%	18	20.1%	13	13	27.0x	1.3x	13	5.1x	1.7x	18	0.2%	-1.6%	23	1.5%	0.3%	14	18	1.0x	-11.8x	17	-56%	8	16.7%	8	3
Pharma, Biotech	2.7%	6	20.2%	16	26.6%	20	21	23.3x	-1.5x	7	5.2x	1.9x	21	0.1%	-1.0%	18	-4.7%	-4.7%	20	22	1.5x	-13.9x	21	-70%	1	12.7%	11	2
Financials	***1.0%***	***3***	***22.3%***	***10***	***17.3%***	***5***	***7***	***15.2x***	***-0.9x***	***3***	***1.8x***	***0.2x***	***1***	***2.0%***	***-0.1%***	***3***	***NM***	***NM***	***NM***	***1***	***NM***	***NM***	***NM***	***-26%***	***11***	***9.0%***	***4***	***7***
Banks	1.1%	12	21.9%	20	18.8%	12	16	14.6x	0.6x	11	1.4x	0.0x	4	2.2%	0.1%	4	NM	NM	NM	3	NM	NM	NM	-14%	25	21.0%	5	16
Financial Services	-0.4%	19	22.0%	21	16.6%	10	13	15.2x	-2.8x	5	2.9x	1.0x	15	1.7%	-0.3%	7	NM	NM	NM	5	NM	NM	NM	-52%	11	-5.1%	24	20
Insurance	4.3%	1	24.9%	24	13.6%	7	13	17.6x	-1.7x	6	2.8x	0.8x	13	1.7%	-0.8%	16	NM	NM	NM	7	NM	NM	NM	-29%	23	6.0%	13	21
Technology	***4.3%***	***2***	***21.3%***	***9***	***25.9%***	***9***	***9***	***28.9x***	***9.3x***	***11***	***4.7x***	***2.3x***	***10***	***0.3%***	***-1.9%***	***11***	***3.2%***	***1.0%***	***5***	***11***	***0.8x***	***-8.7x***	***6***	***-59%***	***3***	***13.8%***	***3***	***2***
Software & Services	2.7%	3	24.8%	23	21.1%	14	22	27.0x	1.7x	14	4.9x	1.8x	19	0.1%	-1.2%	22	3.6%	1.4%	11	19	1.0x	-14.2x	20	-64%	5	5.6%	14	7
Tech Hardware & Equip	4.7%	9	21.5%	19	27.2%	21	23	26.5x	8.8x	24	4.2x	2.0x	23	0.6%	-2.0%	25	4.7%	2.2%	6	24	0.8x	-7.5x	10	-50%	13	20.3%	6	7
Semis & Semi Equip	8.1%	7	9.0%	8	43.5%	25	17	42.4x	21.5x	25	5.2x	2.8x	24	0.2%	-1.9%	24	0.1%	-1.9%	17	25	0.9x	-8.5x	12	-60%	6	28.6%	3	1
Comm. Svcs.	***3.0%***	***1***	***15.7%***	***5***	***21.1%***	***7***	***5***	***25.1x***	***2.4x***	***6***	***3.0x***	***0.2x***	***2***	***0.7%***	***-0.8%***	***8***	***5.3%***	***2.6%***	***1***	***3***	***1.3x***	***-7.9x***	***2***	***-61%***	***2***	***8.8%***	***5***	***3***
Telecom Svcs	0.8%	4	3.9%	3	9.0%	4	2	23.4x	2.6x	16	3.2x	0.6x	10	1.1%	-0.8%	14	3.2%	0.5%	13	19	1.1x	-8.9x	3	-52%	10	19.0%	7	4
Media	3.6%	8	18.5%	15	23.6%	18	17	25.6x	1.7x	15	3.0x	0.0x	3	0.6%	-0.8%	13	5.8%	3.1%	4	4	1.4x	-6.9x	4	-64%	3	5.5%	15	5
Utilities	***0.8%***	***9***	***5.1%***	***1***	***8.3%***	***1***	***1***	***21.5x***	***4.6x***	***7***	***2.2x***	***0.3x***	***3***	***3.0%***	***0.6%***	***2***	***-3.5%***	***-6.4%***	***9***	***6***	***4.2x***	***-6.6x***	***1***	***-34%***	***10***	***4.1%***	***7***	***10***
Utilities	0.8%	22	5.1%	5	8.3%	3	3	21.5x	4.7x	19	2.2x	0.3x	7	3.0%	0.6%	2	-3.5%	-6.4%	21	16	4.2x	-6.7x	1	-34%	22	2.4%	17	24
Real Estate	***2.3%***	***8***	***14.3%***	***4***	***12.7%***	***3***	***3***	***26.2x***	***8.0x***	***10***	***2.3x***	***0.8x***	***6***	***3.9%***	***1.6%***	***1***	***NM***	***NM***	***NM***	***5***	***NM***	***NM***	***NM***	***-44%***	***8***	***1.3%***	***9***	***10***
Real Estate	2.3%	19	14.3%	13	12.7%	6	6	26.2x	8.0x	23	2.3x	0.8x	12	3.9%	1.6%	1	NM	NM	NM	12	NM	NM	NM	-44%	20	1.3%	18	23
US/Can	**1.5%**		**17.5%**		**21.3%**		**19**	**21.8x**	**1.7x**		**3.5x**	**1.3x**		**1.3%**	**-0.6%**		**1.6%**	**-0.1%**		**19**	**1.5x**	**-10.4x**	**19**	**-48%**		**9.2%**		

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Figure 30: Scorecard by Market Capitalization – US/Canada (valuations are on 2025 Operating levels unless otherwise stated)

			Revisions		Growth		Growth			Valuations										B/S		Price Momentum				
US/Can	# of Stocks	Quantitative Rank*	-3M EPS Rev's 26E (%)	Revis. Rank	EPS Grw 25 (%)	Rank (1=Highest)	EPS Grw 26E (%)	Rank (1=Highest)	Avg Growth. Rank	P/E 25 (x)	vs Hist Avg (x)	Rank (1=Best)	P/B (x)	vs Hist Avg (x)	Rank (1=Best)	FCF Yld (%)	vs Hist Avg (x)	Rank (1=Best)	Avg Val. Rank	Net Debt/ EBITDA (x)	Balance Sheet Rank	From 10yr High	Rank (1=Worst Perf)	YTD Perf	Rank (1=Best Perf)	Avg Moment. Rank
Large-Caps	681	**2**	2.8	1	15.1	2	22.2	1	1	26.2	4.2	2	5.7	1.9	2	3%	0%	1	2	1.6	2	-28.1	2	10.5	1	1
SMid-Caps	3733	**1**	1.5	2	17.5	1	21.3	2	1	21.8	-0.8	1	3.5	0.7	1	1%	-1%	2	1	1.5	1	-47.9	1	9.2	2	1
Mid-Caps	*1029*	***2***	*2.0*	*1*	*17.5*	*2*	*22.3*	*1*	*1*	*22.9*	*0.6*	*2*	*4.3*	*1.1*	*2*	*3%*	*0%*	*1*	*2*	*1.6*	*2*	*-38.2*	*2*	*5.1*	*2*	*2*
Small-Caps	*2704*	***1***	*1.1*	*2*	*17.6*	*1*	*20.3*	*2*	*1*	*20.8*	*-1.9*	*1*	*3.2*	*0.5*	*1*	*-1%*	*-1%*	*2*	*1*	*1.4*	*1*	*-51.9*	*1*	*10.9*	*1*	*1*

Source: Bloomberg Finance L.P., Datastream, Factset and J.P. Morgan Calculations. Note: Metrics are computed on an equal-wtd basis excluding outliers. Historical avgs are computed since 1997 excluding the tech bubble years (00-01).

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Figure 31: Recs by Conviction

Recs by Conviction

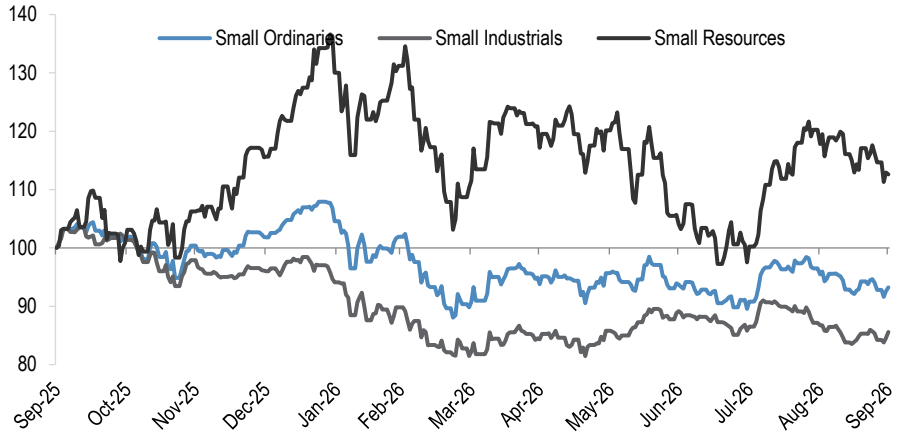
		Conviction: Med → High
By Sector...		
+ UW	Industrials	
+ OW	Tech	
+ UW	Financials	
+ N	Energy	
N	Staples	
OW	Materials	
OW	Real Estate	
– N	Telecom	
UW	Cons. Staples	
– N	Healthcare	
– N	Utilities	
By Theme...		
+ OW	Company specific catalysts	
+ OW	Interest rates, currency, macro	
+ OW	M&A activity	

Source: J.P. Morgan estimates.

Our investable SMID universe offers limited ways to get direct exposure to AI. Within our coverage, Dicker Data (DDR) and Data#3 (DTL) have some exposure to the thematic. DDR is an IT wholesaler, so it's exposed to the build-out of AI infrastructure through hardware and devices. DTL's exposure comes from software sales and AI implementation services, as customers transition from AI concept to integrating it in their operations. Both are deliberately setting themselves up to benefit from FY27 onwards. However, neither have been able to quantify the near or mid term opportunity, given a wide range of outcomes/unknowns.

- **The value chain:** With limited options, investors are favouring companies that are entrenching themselves in the AI value chain, especially those building the physical foundations datacentres require. Demand for datacentres in Australia continues to grow, also lifting demand for connectivity, power and the supporting infrastructure. We would highlight electrical contractors, transmission infrastructure providers, and infrastructure services companies like Downer EDI (DOW) and Ventia (VNT) as companies well positioned to service this value chain.
- **Valuation and performance**: AI-exposed SMID stocks, both direct and value-chain plays, have mostly performed strongly over the last 12 months. As a result, valuations look stretched across most of the group, and in many cases, share prices are already pricing in the expected earnings upside. Given the investable universe is limited, positioning is concentrated in a handful of names.
- **Tactical positioning.** We prefer exposure through the value chain over the direct plays. We particularly like companies with contracted, recurring infrastructure and services earnings.

Figure 32: Index performance – Small Ordinaries, Small Resources and Small Industrials (LTM)



Source: Bloomberg Finance L.P. (indices rebased to 100). Note: Past performance is not an indicator of future results.

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Figure 33: Scorecard by Industry – AUS/NZ (valuations are on 2025 Operating levels unless otherwise stated)

	Revisions		Growth					Valuations — Hist Avgs since 1997 excl. Tech Bubble yrs ('00-'01)													Balance Sheet			Price Momentum				
	-3M EPS Rev's 26E	Rank	EPS Grw 25E	(1=Lowest)	EPS Grw 26E	(1=Lowest)	Avg Grw Rank	P/E 25E	vs Hist Avg	Rank	P/B	vs Hist Avg	Rank	Div Yld	vs Hist Avg	Rank	FCF Yld	vs Hist Avg	Rank	Avg Val. Rank	Net Debt/ EBITDA	vs Hist Avg	BS Rank	From 10yr High	(1=Worst Perf)	YTD	(1=Best Perf)	Avg Moment.
Energy	***-2.0%***	***10***	***8.2%***	***4***	***23.7%***	***9***	***6***	***31.7x***	***15.5x***	***11***	***2.0x***	***0.0x***	***5***	***1.9%***	***-0.1%***	***9***	***2.9%***	***0.8%***	***7***	***10***	***2.0x***	***-12.4x***	***7***	***-49%***	***6***	***2.0%***	***1***	***2***
Energy Equipment & Services	NM	16	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	2	NM	NM	NM	NM	NM	NM	NM	NM
Oil Gas & Consumable Fuels	-2.0%	23	8.2%	11	23.7%	18	17	31.7x	16.3x	21	2.0x	-0.1x	9	1.9%	-0.4%	17	2.9%	0.0%	14	22	2.0x	-12.4x	14	-49%	11	2.0%	3	3
Materials	***-6.8%***	***8***	***46.9%***	***11***	***39.5%***	***11***	***11***	***20.0x***	***0.9x***	***7***	***2.9x***	***1.0x***	***8***	***0.7%***	***-1.1%***	***10***	***1.3%***	***-0.2%***	***8***	***8***	***1.7x***	***-11.6x***	***7***	***-58%***	***2***	***-17.7%***	***10***	***4***
Materials	-6.8%	16	46.9%	22	39.5%	21	20	20.0x	0.8x	14	2.9x	1.0x	16	0.7%	-1.1%	21	1.3%	-0.1%	15	20	1.7x	-11.7x	15	-58%	5	-17.7%	19	11
Industrials	***-0.7%***	***6***	***13.3%***	***8***	***16.3%***	***7***	***9***	***20.5x***	***-0.1x***	***5***	***3.3x***	***1.2x***	***10***	***2.9%***	***1.0%***	***7***	***4.4%***	***3.3%***	***4***	***7***	***1.2x***	***-11.3x***	***6***	***-40%***	***11***	***-4.7%***	***2***	***5***
Capital Goods	2.1%	9	15.5%	16	16.5%	13	17	19.7x	-1.0x	9	3.4x	1.2x	18	2.8%	0.9%	13	4.5%	3.8%	8	14	0.7x	-12.9x	15	-41%	17	-3.0%	6	10
Commercial & Prof Svcs	-6.5%	16	14.4%	14	18.6%	15	17	21.0x	1.2x	15	4.2x	1.4x	20	2.8%	0.4%	14	5.6%	2.2%	9	19	1.4x	-9.5x	3	-41%	18	-8.7%	12	19
Transportation	-3.1%	24	6.8%	8	13.6%	12	9	21.9x	1.5x	16	2.3x	0.3x	12	3.3%	1.4%	10	3.0%	0.5%	13	15	2.2x	-7.8x	1	-34%	21	-5.8%	8	17
Cons. Disc.	***-1.2%***	***6***	***6.2%***	***2***	***8.3%***	***6***	***4***	***17.3x***	***-4.2x***	***2***	***3.1x***	***0.7x***	***7***	***3.5%***	***1.6%***	***5***	***6.6%***	***4.7%***	***3***	***5***	***1.3x***	***-10.1x***	***2***	***-57%***	***4***	***-18.2%***	***11***	***9***
Automobiles & Components	1.7%	13	-7.9%	3	18.8%	16	8	11.4x	-7.4x	3	3.6x	1.3x	19	3.1%	1.2%	11	7.5%	6.3%	4	13	1.2x	-12.6x	12	-43%	16	-11.8%	14	19
Cons. Durables & Apparel	-0.4%	9	7.0%	9	7.0%	7	5	33.4x	12.4x	20	3.0x	0.8x	14	1.5%	-0.4%	19	3.3%	1.4%	12	24	0.5x	-11.7x	12	-17%	23	20.6%	1	11
Consumer Services	-5.0%	8	14.4%	15	4.5%	5	9	15.4x	-10.3x	1	2.4x	-0.2x	8	2.0%	0.3%	15	4.4%	2.2%	10	8	0.9x	-10.1x	10	-70%	2	-18.6%	20	5
Cons. Discretionary Dist. & Retail	0.0%	16	3.8%	5	8.7%	11	5	18.3x	-3.4x	4	3.5x	1.1x	17	4.7%	2.7%	5	9.1%	6.6%	3	10	1.7x	-8.2x	4	-52%	8	-21.9%	22	19
Cons. Staples	***-0.2%***	***2***	***12.4%***	***7***	***4.6%***	***2***	***5***	***16.8x***	***-4.9x***	***1***	***1.8x***	***-0.7x***	***2***	***3.3%***	***1.3%***	***6***	***7.3%***	***5.2%***	***2***	***1***	***1.8x***	***-11.8x***	***4***	***-44%***	***8***	***-8.1%***	***5***	***5***
Cons. Staples Dist. & Retail	-7.5%	11	-10.8%	2	-8.6%	1	1	14.0x	-9.7x	2	1.8x	-1.3x	1	5.1%	3.0%	2	10.7%	8.4%	2	2	3.2x	-11.2x	4	-48%	12	-6.3%	10	5
Food Beverage & Tobacco	0.4%	3	16.3%	18	7.0%	8	14	17.2x	-3.2x	5	1.8x	-0.5x	5	3.0%	1.0%	12	6.8%	4.8%	5	6	1.6x	-11.1x	6	-43%	15	-8.3%	11	14
Household & Personal Products	NM	16	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	1	NM	NM	NM	NM	NM	NM	NM	NM
Healthcare	***-2.6%***	***5***	***7.5%***	***3***	***7.5%***	***4***	***2***	***25.0x***	***-0.6x***	***4***	***4.3x***	***1.0x***	***9***	***1.4%***	***0.1%***	***8***	***3.3%***	***2.9%***	***5***	***9***	***2.5x***	***-12.3x***	***9***	***-60%***	***1***	***-7.3%***	***4***	***1***
Health Care Equip & Svcs	-2.2%	12	7.9%	10	2.3%	2	3	25.4x	-0.4x	10	3.6x	0.2x	10	2.1%	0.2%	16	5.4%	4.2%	7	18	3.1x	-9.7x	10	-55%	7	-12.9%	15	5
Pharma, Biotech	-8.5%	15	4.1%	6	25.6%	19	13	22.6x	-2.2x	7	5.1x	1.7x	22	0.2%	-1.0%	20	-0.1%	-0.1%	16	23	1.9x	-13.5x	18	-66%	3	0.2%	4	1
Financials	***-1.2%***	***4***	***16.6%***	***9***	***8.1%***	***5***	***8***	***17.0x***	***0.9x***	***6***	***2.0x***	***0.4x***	***6***	***4.8%***	***2.8%***	***2***	***NM***	***NM***	***NM***	***3***	***NM***	***NM***	***NM***	***-43%***	***9***	***-8.3%***	***6***	***9***
Banks	-1.6%	6	4.5%	7	16.7%	14	11	14.3x	0.3x	12	1.2x	-0.2x	7	4.7%	2.7%	4	NM	NM	NM	12	NM	NM	NM	-35%	20	-6.2%	9	17
Financial Services	-1.4%	14	20.1%	19	7.2%	9	16	17.0x	-1.0x	8	2.2x	0.3x	13	4.9%	2.9%	3	NM	NM	NM	5	NM	NM	NM	-50%	9	-9.9%	13	5
Insurance	0.3%	1	9.9%	13	4.4%	4	7	19.2x	-0.1x	11	2.8x	0.9x	15	4.7%	2.2%	7	NM	NM	NM	17	NM	NM	NM	-20%	22	-1.2%	5	16
Technology	***1.4%***	***1***	***21.8%***	***10***	***23.8%***	***10***	***10***	***34.4x***	***14.8x***	***10***	***3.9x***	***1.5x***	***11***	***1.0%***	***-1.2%***	***11***	***3.2%***	***1.0%***	***6***	***11***	***0.8x***	***-8.7x***	***5***	***-57%***	***3***	***-12.3%***	***7***	***3***
Software & Services	-1.1%	2	20.7%	20	19.9%	17	20	31.6x	6.3x	19	3.4x	0.3x	11	1.0%	-0.4%	18	3.7%	1.5%	11	20	0.2x	-14.9x	17	-58%	4	-15.7%	17	4
Tech Hardware & Equip	18.9%	6	29.6%	21	48.9%	22	21	51.7x	33.9x	22	5.8x	3.6x	23	1.1%	-1.5%	22	1.7%	-0.8%	17	25	3.4x	-4.9x	9	-50%	10	8.3%	2	2
Semis & Semi Equip	NM	16	NM	NM	NM	NM	NM	NM	NM	NM	4.0x	1.6x	21	NM	NM	NM	NM	NM	NM	11	NM	NM	NM	-74%	1	-53.2%	23	11
Comm. Svcs.	***-1.7%***	***3***	***8.6%***	***5***	***16.5%***	***8***	***6***	***24.0x***	***1.4x***	***8***	***1.9x***	***-0.9x***	***1***	***4.9%***	***3.4%***	***1***	***12.4%***	***9.7%***	***1***	***2***	***2.8x***	***-6.4x***	***1***	***-54%***	***5***	***-15.5%***	***8***	***5***
Telecom Svcs	0.8%	5	-12.7%	1	35.1%	20	11	23.7x	2.8x	17	2.1x	-0.5x	4	3.5%	1.6%	9	7.1%	4.4%	6	6	2.3x	-7.8x	6	-48%	13	-18.7%	21	23
Media	-3.5%	4	15.7%	17	8.2%	10	15	24.3x	0.4x	13	1.8x	-1.2x	2	5.8%	4.4%	1	15.0%	12.3%	1	4	3.2x	-5.1x	1	-58%	6	-13.4%	16	5
Utilities	***-6.7%***	***10***	***9.2%***	***6***	***3.9%***	***1***	***2***	***21.1x***	***4.2x***	***9***	***1.5x***	***-0.4x***	***4***	***4.4%***	***2.0%***	***4***	***1.5%***	***-1.5%***	***9***	***6***	***1.4x***	***-9.5x***	***2***	***-41%***	***10***	***-4.9%***	***3***	***5***
Utilities	-6.7%	25	9.2%	12	3.9%	3	4	21.1x	4.4x	18	1.5x	-0.4x	6	4.4%	2.0%	8	1.5%	-1.5%	18	15	1.4x	-9.5x	8	-41%	19	-4.9%	7	14
Real Estate	***-5.8%***	***8***	***3.7%***	***1***	***5.1%***	***3***	***1***	***15.2x***	***-3.0x***	***3***	***0.9x***	***-0.6x***	***3***	***4.5%***	***2.3%***	***3***	***NM***	***NM***	***NM***	***4***	***NM***	***NM***	***NM***	***-46%***	***7***	***-17.2%***	***9***	***11***
Real Estate	-5.8%	22	3.7%	4	5.1%	6	2	15.2x	-3.0x	6	0.9x	-0.6x	3	4.5%	2.3%	6	NM	NM	NM	9	NM	NM	NM	-46%	14	-17.2%	18	22
Australia/NZ	**-2.4%**		**15.6%**		**15.6%**		**19**	**20.3x**	**0.2x**		**2.8x**	**0.6x**		**2.6%**	**0.6%**		**4.3%**	**2.7%**		**19**	**1.6x**	**-10.3x**	**19**	**-51%**		**-12.1%**		

Source: Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations.

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Figure 34: Scorecard by Market Capitalization – AUS/NZ (valuations are on 2025 Operating levels unless otherwise stated)

			Revisions		Growth		Growth			Valuations										B/S		Price Momentum				
Australia/NZ	# of Stocks	**Quantitative Rank***	-3M EPS Rev's 26E (%)	Revis. Rank	EPS Grw 25 (%)	Rank (1=Highest)	EPS Grw 26E (%)	Rank (1=Highest)	Avg Growth. Rank	P/E 25 (x)	vs Hist Avg (x)	Rank (1=Best)	P/B (x)	vs Hist Avg (x)	Rank (1=Best)	FCF Yld (%)	vs Hist Avg (x)	Rank (1=Best)	Avg Val. Rank	Net Debt/ EBITDA (x)	Balance Sheet Rank	From 10yr High	Rank (1=Worst Perf)	YTD Perf	Rank (1=Best Perf)	Avg Moment. Rank
Large-Caps	30	**1**	-1.7	1	11.0	2	11.4	2	2	26.1	7.3	2	4.0	0.6	2	5%	2%	1	2	0.7	1	-22.5	2	4.1	1	1
SMid-Caps	516	**1**	-2.4	2	15.6	1	15.6	1	1	20.3	1.7	1	2.8	-0.2	1	1%	0%	2	1	1.6	2	-51.3	1	-12.1	2	1
Mid-Caps	*80*	***1***	*-2.6*	*2*	*22.9*	*1*	*17.1*	*1*	*1*	*23.5*	*2.5*	*2*	*2.9*	*-0.1*	*2*	*5%*	*2%*	*1*	*1*	*1.3*	*1*	*-36.1*	*2*	*-4.5*	*1*	*1*
Small-Caps	*436*	***2***	*-2.3*	*1*	*12.9*	*2*	*15.1*	*2*	*2*	*19.2*	*1.1*	*1*	*2.8*	*-0.2*	*1*	*1%*	*0%*	*2*	*1*	*1.7*	*2*	*-54.3*	*1*	*-13.5*	*2*	*1*

Source: : Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations. Note: * Equal wtd rank of Revisions, Growth, Valuations, Balance Sheet, Price Momentum

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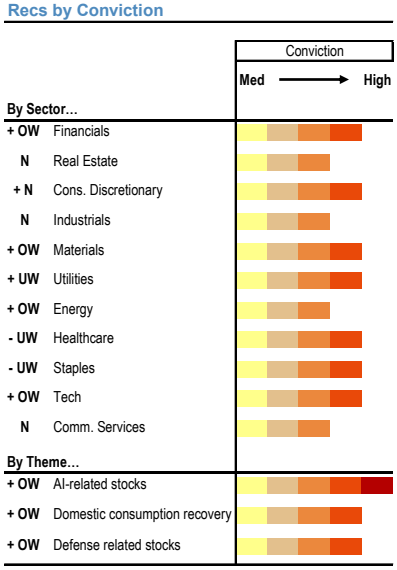
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Japan

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Figure 35: Recs by Conviction



Source: J.P. Morgan estimates.

Playing the AI theme amid 2% policy rate and over 3% long-term rates regime

Macro backdrop challenges valuation, but Japanese equities show resilience

Global rates and oil prices have moved higher, with US 10-year Treasury yields exceeding 5% and JGB 10-year yields rising above 3%, partly reflecting a challenging fiscal outlook alongside the BoJ's September "phase change" toward the neutral rate. Despite this backdrop, Japanese equities, including the tech-heavy Nikkei, have shown resilience, holding on to gains in recent months, with market sentiment cautious but not outright negative (Figure 1). We expect visibility to improve toward year-end on the FY2027 budget and the scale of new JGB issuance, which could continue to affect long-term rates, and we believe household financial assets will likely help stabilize the JGB market over time. Overall, we believe the negative impact of a policy rate increase to 2% on Japanese equities overall is manageable.

AI-tech earnings leadership broadening to a wide range of sectors

April-June results showed AI semiconductor names contributing approximately 25% of the increase in TOPIX net profit, still the single largest driver, but growth has broadened materially into other areas such as automobiles, financials, trading companies, and energy. In addition, global EPS consensus forecasts (Datastream) have continued to be revised upward (Figure 2). We forecast TOPIX FY2026 EPS growth of around 16% YoY, with FY2026-28 three-year EPS CAGR of approximately 14%, well above the 9% recorded in FY2018-25. In general, higher EPS growth should support higher valuations. In addition, the impact of rising Japanese rates on corporate fundamentals, particularly interest expense, remains limited relative to current double-digit profit growth.

Lighter positioning and reasonable valuations leave room to re-gross

Following the deleveraging in AI and semiconductor positioning over July-August, combined with continued upward earnings revisions, valuations and positioning in Japanese equities have meaningfully normalized. Current valuations across the index and major sectors have fallen back below levels seen at key points such as the LDP's decisive election win in February and the June AI/tech rally, even back toward levels seen before the new administration took office in October 2025 (Figure 3). As a result, once macro uncertainty recedes, we believe the combination of light positioning and more reasonable valuations leaves room for re-leveraging into Japanese equities, particularly AI-tech-related sectors.

Two-phase strategy to play AI in Japan: Selective AI exposure now, a broader rotation to follow

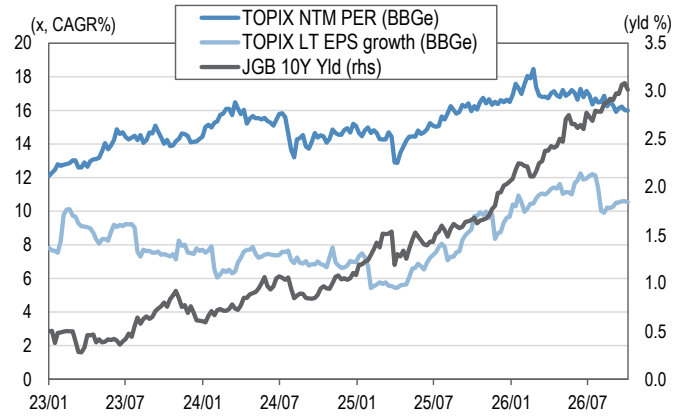
In Phase 1, through year-end and around the New Year, we expect upward pressure on interest rates to persist, while visibility on the sustainability of AI capex growth is likely to remain limited. We therefore recommend maintaining exposure to high-quality AI names while adding selectively to non-AI areas. Within non-AI, we are Overweight financials (banks and brokers), IT services/internet/gaming, and selected capital goods, including technology, machinery, and trading companies. We also expect corporate-

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reform beneficiaries to continue outperforming as long as rates remain on an upward trajectory.

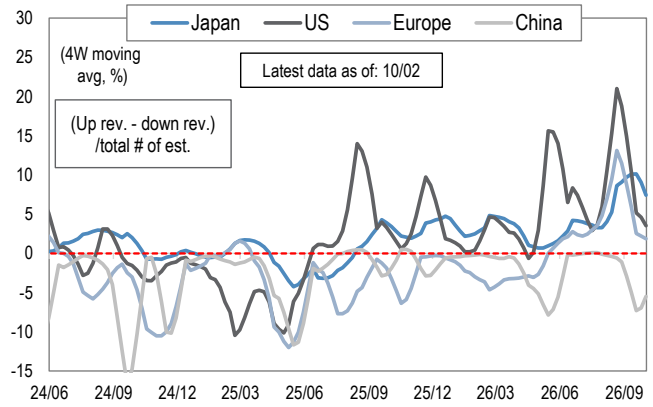
In Phase 2, after the New Year, as upward pressure on rates subsides and the FY2027/28 outlook provides greater visibility on the sustainability of AI investment growth, we expect AI and semiconductor stocks to reverse higher. Unlike the AI-dominated rally from April to June, however, we expect the next market recovery to be more balanced and broad-based. In that case, we would maintain our Overweight positions in financials and capital goods while also looking for a recovery in domestic consumption-related stocks.

Figure 36: TOPIX 12-Month Forward P/E and EPS Growth Rate



Source: Bloomberg Finance L.P., J.P. Morgan
Note: TOPIX 12-month forward P/E and the long-term EPS growth rate are Bloomberg consensus.

Figure 37: Global EPS revision index



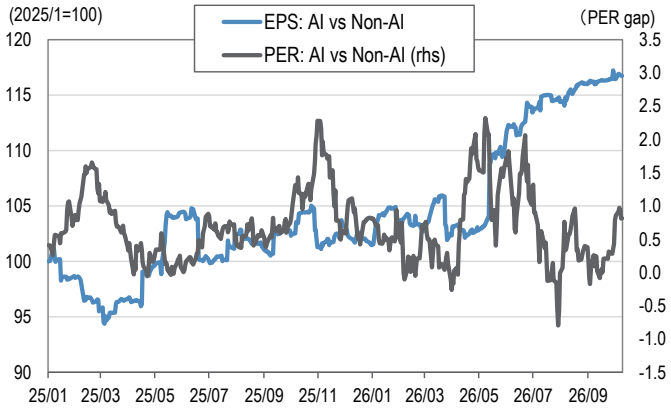
Source: Datastream, J.P. Morgan

Figure 38: TOPIX 17 sector valuation

Date	2025/10/01	2026/01/30	2026/02/27	2026/06/25	2026/10/09
TOPIX	1.21	2.72	4.63	2.70	1.45
Elec Appl. & Prec.	0.81	2.65	3.16	4.24	0.70
Autos & Tans. Equip.	1.69	1.85	2.64	0.73	0.07
Machinery	1.80	4.15	6.73	2.98	0.43
Steel & Nonfer	2.46	5.17	8.39	6.40	3.84
Raw. & Chem.	-0.30	0.58	1.94	1.96	0.98
Retail Trade	1.28	1.70	3.49	1.20	0.35
Foods	-0.23	-2.30	0.32	0.21	0.48
Transprt. & Logi.	0.26	0.58	1.12	0.10	0.11
IT & Service	1.38	-1.65	-1.07	-2.58	0.25
Const. & Mater.	1.07	3.92	6.81	3.82	-0.03
Elec. Pwr. & Gas	3.79	5.50	5.90	1.88	1.06
Pharmceutical	-1.67	-1.03	0.19	-0.96	-1.12
Energy Reso.	1.67	2.51	2.97	-1.22	-0.18
Comm. & Wholesale	1.08	4.43	7.03	1.87	2.43
Banks	0.06	3.07	3.93	3.03	2.72
Fin ex Bank	-0.17	0.45	1.86	0.14	0.77
Real Estate	1.06	2.83	5.96	0.19	-1.21

Source: Bloomberg Finance L.P., J.P. Morgan
Note: The 12-month forward P/E is based on Bloomberg consensus estimates. Z-scores are normalized using daily P/E data from Oct 2023 through end-Sep 2025.

Figure 39: Relative EPS and P/E of AI vs. Non-AI Stocks



Source: Bloomberg Finance L.P., J.P. Morgan
Note: EPS and P/E are 12-month forward Bloomberg consensus estimates. P/E is normalized using daily P/E from October 2023 through end-September 2025.

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Figure 40: Scorecard by Industry – Japan (valuations are on 2025 Operating levels unless otherwise stated)

	Revisions		Growth					Valuations — Hist Avgs since 1997 excl. Tech Bubble yrs ('00-'01)													Balance Sheet			Price Momentum				
	-3M EPS Rev's 26E	Rank	EPS Grw 25E	(1=Lowest)	EPS Grw 26E	(1=Lowest)	Avg Grw Rank	P/E 25E	vs Hist Avg	Rank	P/B	vs Hist Avg	Rank	Div Yld	vs Hist Avg	Rank	FCF Yld	vs Hist Avg	Rank	Avg Val. Rank	Net Debt/ EBITDA	vs Hist Avg	BS Rank	From 10yr High	(1=Worst Perf)	YTD	(1=Best Perf)	Avg Moment.
Energy	***3.2%***	***9***	***16.4%***	***6***	***11.5%***	***4***	***5***	***13.3x***	***-2.9x***	***6***	***1.2x***	***-0.8x***	***3***	***3.1%***	***1.1%***	***3***	***10.8%***	***8.7%***	***1***	***2***	***0.4x***	***-13.9x***	***4***	***-26%***	***10***	***4.5%***	***8***	***11***
Energy Equipment & Services	3.2%	22	19.9%	19	5.2%	2	8	10.8x	-9.6x	1	1.6x	-0.5x	16	3.4%	2.1%	2	NM	NM		1	-0.4x	-12.0x	11	-43%	5	-23.9%	25	16
Oil Gas & Consumable Fuels	NM	25	15.5%	11	14.7%	12	10	14.1x	-1.4x	20	1.1x	-0.9x	6	3.1%	0.8%	11	10.8%	7.9%	1	9	0.6x	-13.8x	8	-23%	23	9.6%	8	19
Materials	***5.4%***	***1***	***17.9%***	***7***	***21.0%***	***10***	***8***	***16.4x***	***-2.7x***	***7***	***1.3x***	***-0.7x***	***4***	***2.7%***	***0.9%***	***5***	***3.9%***	***2.4%***	***6***	***7***	***0.5x***	***-12.9x***	***2***	***-25%***	***11***	***16.5%***	***3***	***8***
Materials	5.4%	6	17.9%	15	21.0%	20	18	16.4x	-2.9x	14	1.3x	-0.7x	11	2.7%	0.9%	10	3.9%	2.4%	12	15	0.5x	-13.0x	8	-25%	21	16.5%	5	11
Industrials	***3.8%***	***6***	***18.5%***	***8***	***17.0%***	***6***	***7***	***15.9x***	***-4.6x***	***2***	***1.6x***	***-0.6x***	***5***	***2.8%***	***0.9%***	***4***	***4.2%***	***3.0%***	***5***	***3***	***-0.2x***	***-12.7x***	***8***	***-28%***	***8***	***8.2%***	***4***	***7***
Capital Goods	5.6%	10	20.0%	20	20.5%	19	20	15.7x	-5.0x	9	1.4x	-0.7x	12	2.9%	1.0%	7	4.9%	4.2%	4	6	-0.4x	-14.1x	19	-27%	20	8.7%	9	15
Commercial & Prof Svcs	0.2%	13	15.6%	12	15.8%	14	15	17.6x	-2.2x	17	2.1x	-0.7x	10	2.9%	0.5%	13	4.5%	1.0%	18	15	-0.8x	-11.7x	15	-31%	12	3.4%	19	19
Transportation	7.2%	4	14.8%	10	2.4%	1	4	14.5x	-6.0x	5	1.2x	-0.7x	9	2.5%	0.5%	12	2.9%	0.4%	19	8	2.1x	-7.9x	1	-24%	22	10.4%	6	13
Cons. Disc.	***1.8%***	***8***	***15.1%***	***5***	***18.2%***	***7***	***6***	***17.8x***	***-3.7x***	***4***	***1.9x***	***-0.5x***	***6***	***2.4%***	***0.6%***	***7***	***5.6%***	***3.8%***	***4***	***4***	***0.0x***	***-11.4x***	***2***	***-30%***	***6***	***7.4%***	***5***	***4***
Automobiles & Components	3.1%	22	20.9%	22	18.4%	17	20	14.3x	-4.5x	11	1.1x	-1.2x	4	3.2%	1.2%	4	5.8%	4.7%	3	3	-0.3x	-14.1x	15	-29%	17	6.8%	14	19
Cons. Durables & Apparel	1.5%	13	15.7%	13	21.8%	21	18	18.2x	-2.8x	15	1.4x	-0.8x	8	3.0%	1.1%	6	5.2%	3.4%	6	5	-0.6x	-12.7x	15	-30%	14	6.3%	16	16
Consumer Services	1.1%	20	13.7%	8	16.9%	15	10	22.0x	-3.7x	13	2.7x	0.2x	23	1.4%	-0.3%	25	5.6%	3.4%	7	24	0.2x	-10.8x	5	-31%	13	7.0%	13	11
Cons. Discretionary Dist. & Retail	3.3%	5	12.3%	6	17.1%	16	9	16.2x	-5.5x	7	1.8x	-0.6x	14	2.6%	0.5%	14	5.6%	3.1%	9	10	0.8x	-9.1x	3	-30%	15	9.7%	7	5
Cons. Staples	***2.1%***	***5***	***13.1%***	***4***	***10.7%***	***3***	***4***	***17.7x***	***-4.1x***	***3***	***1.5x***	***-1.0x***	***2***	***2.2%***	***0.2%***	***9***	***4.0%***	***1.9%***	***8***	***4***	***0.4x***	***-13.2x***	***5***	***-28%***	***7***	***5.1%***	***7***	***8***
Cons. Staples Dist. & Retail	3.5%	18	9.3%	2	5.6%	3	1	14.7x	-9.0x	2	1.4x	-1.7x	1	2.2%	0.0%	20	5.4%	3.1%	8	3	0.9x	-13.4x	9	-27%	19	-4.1%	22	25
Food Beverage & Tobacco	-1.4%	13	14.6%	9	13.6%	10	7	18.3x	-2.1x	18	1.4x	-0.9x	7	2.3%	0.2%	18	3.5%	1.5%	17	18	0.5x	-12.2x	5	-23%	25	7.8%	10	24
Household & Personal Products	4.0%	2	18.0%	16	12.5%	9	13	23.1x	-5.1x	8	2.4x	-1.0x	5	2.2%	0.4%	16	3.6%	1.7%	15	12	-1.3x	-21.0x	20	-50%	2	16.9%	4	1
Healthcare	***2.1%***	***1***	***8.0%***	***1***	***12.2%***	***5***	***3***	***17.9x***	***-7.6x***	***1***	***2.0x***	***-1.3x***	***1***	***2.6%***	***1.3%***	***1***	***5.1%***	***4.7%***	***2***	***1***	***0.1x***	***-14.7x***	***9***	***-42%***	***2***	***2.4%***	***9***	***4***
Health Care Equip & Svcs	1.4%	12	9.5%	3	10.5%	7	2	18.1x	-7.6x	3	2.0x	-1.4x	2	2.3%	0.5%	15	4.1%	2.8%	10	7	-0.4x	-13.2x	18	-36%	6	4.1%	18	7
Pharma, Biotech	5.2%	2	2.5%	1	15.4%	13	5	17.4x	-7.4x	4	2.0x	-1.3x	3	3.3%	2.2%	1	6.2%	6.1%	2	2	1.0x	-14.3x	12	-51%	1	-0.4%	21	5
Financials	***3.5%***	***1***	***28.0%***	***11***	***19.0%***	***8***	***9***	***16.3x***	***0.2x***	***11***	***1.5x***	***-0.2x***	***8***	***2.5%***	***0.4%***	***8***	***NM***	***NM***	***NM***	***9***	***NM***	***NM***	***NM***	***-27%***	***9***	***25.7%***	***1***	***2***
Banks	NM	21	34.7%	25	26.1%	24	25	16.3x	2.3x	24	1.0x	-0.4x	18	2.2%	0.1%	19	NM	NM	NM	19	NM	NM	NM	-23%	24	47.2%	1	10
Financial Services	3.5%	8	17.6%	14	14.5%	11	13	15.5x	-2.5x	16	1.8x	-0.1x	21	3.2%	1.1%	5	NM	NM	NM	14	NM	NM	NM	-31%	11	4.9%	17	13
Insurance	NM	1	22.4%	24	7.2%	4	16	23.0x	3.7x	25	2.4x	0.5x	24	2.5%	0.0%	21	NM	NM	NM	22	NM	NM	NM	-28%	18	7.3%	12	16
Technology	***1.4%***	***10***	***19.4%***	***9***	***23.3%***	***11***	***11***	***19.7x***	***0.0x***	***10***	***2.4x***	***0.0x***	***11***	***2.3%***	***0.1%***	***10***	***4.0%***	***1.8%***	***9***	***11***	***-1.1x***	***-10.6x***	***5***	***-34%***	***3***	***19.0%***	***2***	***1***
Software & Services	-1.7%	13	22.0%	23	19.7%	18	23	19.7x	-5.6x	6	3.1x	-0.1x	20	2.3%	0.9%	9	3.8%	1.5%	16	13	-1.8x	-17.0x	20	-35%	7	7.6%	11	3
Tech Hardware & Equip	5.7%	10	18.5%	17	22.3%	23	22	18.9x	1.1x	22	1.8x	-0.4x	17	2.4%	-0.2%	24	4.8%	2.4%	13	25	-0.4x	-8.7x	4	-29%	16	29.1%	2	3
Semis & Semi Equip	3.0%	19	11.6%	5	39.5%	25	17	22.6x	1.7x	23	2.0x	-0.5x	15	1.9%	-0.2%	23	2.2%	0.2%	20	23	-0.7x	-10.1x	12	-46%	3	28.4%	3	1
Comm. Svcs.	***0.9%***	***6***	***20.4%***	***10***	***20.2%***	***9***	***9***	***19.2x***	***-3.5x***	***5***	***2.5x***	***-0.3x***	***7***	***2.3%***	***0.8%***	***6***	***4.9%***	***2.1%***	***7***	***6***	***-1.3x***	***-10.5x***	***5***	***-43%***	***1***	***1.7%***	***10***	***4***
Telecom Svcs	-7.2%	13	19.5%	18	9.5%	5	10	16.0x	-4.9x	10	3.4x	0.8x	25	2.3%	0.4%	17	5.2%	2.5%	11	21	-0.2x	-10.3x	7	-34%	8	-4.4%	23	19
Media	3.3%	7	20.6%	21	22.1%	22	24	19.6x	-4.2x	12	2.4x	-0.6x	13	2.3%	0.9%	8	4.8%	2.1%	14	10	-1.5x	-9.8x	14	-44%	4	2.4%	20	7
Utilities	***-1.5%***	***11***	***9.8%***	***2***	***10.4%***	***1***	***1***	***15.1x***	***-1.7x***	***8***	***1.7x***	***-0.1x***	***9***	***2.4%***	***-0.1%***	***11***	***6.8%***	***3.8%***	***3***	***8***	***2.6x***	***-8.3x***	***1***	***-33%***	***4***	***6.7%***	***6***	***2***
Utilities	-1.5%	24	9.8%	4	10.4%	6	2	15.1x	-1.6x	19	1.7x	-0.1x	19	2.4%	-0.1%	22	6.8%	3.8%	5	16	2.6x	-8.3x	2	-33%	9	6.7%	15	7
Real Estate	***3.5%***	***4***	***13.1%***	***3***	***10.6%***	***2***	***2***	***16.8x***	***-1.3x***	***9***	***1.5x***	***0.0x***	***10***	***3.5%***	***1.2%***	***2***	***NM***	***NM***	***NM***	***10***	***NM***	***NM***	***NM***	***-32%***	***5***	***-9.8%***	***11***	***10***
Real Estate	3.5%	9	13.1%	7	10.6%	8	6	16.8x	-1.3x	21	1.5x	0.0x	22	3.5%	1.2%	3	NM	NM	NM	20	NM	NM	NM	-32%	10	-9.8%	24	23
Japan	**2.7%**		**17.4%**		**17.7%**		**19**	**17.3x**	**-2.8x**		**1.8x**	**-0.5x**		**2.6%**	**0.6%**		**4.5%**	**2.9%**		**18.81**	**-0.2x**	**-12.1x**	**19**	**-30%**		**9.7%**		

Source: Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations.

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Figure 41: Scorecard by Market Capitalization – Japan (valuations are on 2025 Operating levels unless otherwise stated

			Revisions		Growth		Growth			Valuations										B/S		Price Momentum				
Japan	# of Stocks	**Quantitative Rank***	-3M EPS Rev's 26E (%)	Revis. Rank	EPS Grw 25 (%)	Rank (1=Highest)	EPS Grw 26E (%)	Rank (1=Highest)	Avg Growth. Rank	P/E 25 (x)	vs Hist Avg (x)	Rank (1=Best)	P/B (x)	vs Hist Avg (x)	Rank (1=Best)	FCF Yld (%)	vs Hist Avg (x)	Rank (1=Best)	Avg Val. Rank	Net Debt/ EBITDA (x)	Balance Sheet Rank	From 10yr High	Rank (1=Worst Perf)	YTD Perf	Rank (1=Best Perf)	Avg Moment. Rank
Large-Caps	117	**1**	6.2	1	17.9	1	20.7	1	1	22.3	-2.5	2	2.3	0.4	2	3%	-1%	2	2	0.9	2	-23.2	2	15.4	1	1
SMid-Caps	2090	**1**	2.7	2	17.4	2	17.7	2	2	17.3	-4.8	1	1.8	0.3	1	4%	0%	1	1	-0.2	1	-30.4	1	9.7	2	1
Mid-Caps	*316*	***1***	*3.0*	*1*	*18.4*	*1*	*17.4*	*2*	*1*	*19.2*	*-5.5*	*1*	*1.9*	*0.2*	*1*	*4%*	*0%*	*1*	*1*	*0.5*	*2*	*-27.8*	*2*	*11.4*	*1*	*1*
Small-Caps	*1774*	***2***	*2.6*	*2*	*17.2*	*2*	*17.8*	*1*	*1*	*16.9*	*-4.6*	*2*	*1.7*	*0.3*	*2*	*4%*	*0%*	*2*	*2*	*-0.3*	*1*	*-30.8*	*1*	*9.5*	*2*	*1*

Source: Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations

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CEEMEA

Our Base Case

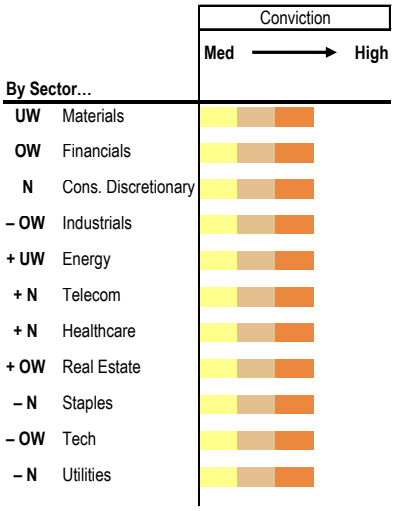
CEEMEA Equity Strategy
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The start of 4Q prompted us to reassess our CEEMEA Strategy Top 10 and our asset allocation here. **For the CEEMEA Strategy Top 10,** we added UAE exposure via **ADCB and Adnoc Gas** at the expense of *Aramco*; we added **BIM** as a short-term trade to take advantage of the recent dip in MSCI Türkiye on the back of the fund crisis; we dropped *Bank PKO* after its strong rally and downside valuation risks from its bond portfolio; we dropped *Naspers* as our bull case for re-rating did not materialise, even if its valuation and long-term story merit a place in a Top 25 list and in many CEEMEA portfolios. For the CEEMEA asset allocation, **we cut Poland from OW to N on the back of recent outperformance, high valuations v OTP and Eurozone banks, and Russia's intensifying grey-zone warfare against Europe generally and Poland specifically**. In MENA, we leave both Saudi and UAE N in the CEEMEA and EM context, but **switched our preference to MSCI UAE** over MSCI Saudi. That leaves our asset allocation: **OW South Africa and Greece;** N: MENA (UAE over Saudi), Poland and Türkiye. T

Figure 42: Recs by Conviction

Recs by Conviction



Source: J.P. Morgan estimates.

Five Key CEEMEA Asset Allocation Themes for 4Q:

1. **The economy of UAE was hit far less hard by the war than we originally thought.** We prefer it over Saudi within MENA.
2. **N Poland - taking profits after its strong YTD rally.** We see **risks** rising in **CEE** from Russian grey-zone warfare and wider intra-EU bond spreads/fiscal issues which have hurt Euro v USD. WIGBANK has outperformed other EM European banks in this correction and the YTD rally and now trade at 5-year high valuation premium over Eurostox banks and OTP. We think this is a good time to take profits on the rally in Poland and the banks stocks. We recently cut Bank PKO from Top 10.
3. **Türkiye**: We think the fund crisis passes and the downside surprise in September CPI opens the door to higher real rates and lower nominal rates. With the market at recent lows, we expect a near-term rebound even if we do not see enough in the medium-term to make us raise our N.
4. **Greece** benefits from DM inflows. Fiscal flexibility helps growth, bond yields are below France & Italy, on merit in our view. The window for **both** being EM **and** EuroStoxx should boost valuations at least through the year-end. WE would use this correction to add more banks.
5. **South Africa:** We expect gold to grind higher and SA growth to accelerate slightly in coming quarters. This should be enough for SA outperformance and we keep the OW. While locals will discuss 4 Nov local elections (at length!), we think the near-term impact on financial markets will be limited. Meanwhile, the 21 October MTBPS should reaffirm SA's fiscal repair. And we are struggling to answer why the European banks correction is hitting the SA banks so hard - we think that's one of the most obvious candidates for a reversal in CEEMEA. See our recent report here.

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What's priced in now? MSCI EMEA trades at 10.0x 12m fwd PE, in line with its 10 year avg. EMEA trades at 4.8% 12m fwd div yld, a 5% discount to its 0 year avg. **However,** Saudi, South Africa, UAE, the three largest CEEMEA markets all trade at a discount to their respective 10-year averages (Russia leaving the index skews the comps). These discounts are remarkable in the context of most major indices trading at a premium.

The AI Theme is much easier to see in Asia than in CEEMEA, sadly. Across EM which is +18.1% YTD as of 14 Oct, the only sector outperforming the index is IT which is +71.4%. And MSCI EMEA has only two IT stocks in the index, totalling 0.6% of the benchmark weight and both of them are software, not AI. In MSCI EMEA small cap, it's a little better, but only a little: four stocks and 1.5% of the index weight. When we look more widely, we can see the utilities, particularly Greece's PPC, which is promising to build data centres and Saudi's ACWA which is building renewables both in the Kingdom and globally, which are likely to feed data centres. Moreover, before the conflict, both Saudi and UAE were making the case that their low-cost energy - including both hydrocarbons and renewables (mostly solar, but also some Saudi win) - gave them structural competitive advantages in AI/data centres where much of the running cost is energy. Plus, they each have plentiful cheap land, easy permitting processes, and low-cost capital (SWFs) waiting to build. Their close relationships with the Trump Administration promised access to high-end US chips. Their case is strong, but it was collateral damage with the bombings of the Amazon data centres in Bahrain and the UAE during the MENA conflict.

Figure 43: Scorecard by Market Capitalization – CEEMEA (valuations are on 2025 Operating levels unless otherwise stated)

			Revisions		Growth		Growth			Valuations										B/S		Price Momentum				
CEEMEA	# of Stocks	Quantitative Rank*	-3M EPS Rev's 26E (%)	Revis. Rank	EPS Grw 25 (%)	Rank (1=Highest)	EPS Grw 26E (%)	Rank (1=Highest)	Avg Growth. Rank	P/E 25 (x)	vs Hist Avg (x)	Rank (1=Best)	P/B (x)	vs Hist Avg (x)	Rank (1=Best)	FCF Yld (%)	vs Hist Avg (x)	Rank (1=Best)	Avg Val. Rank	Net Debt/ EBITDA (x)	Balance Sheet Rank	From 10yr High	Rank (1=Worst Perf)	YTD Perf	Rank (1=Best Perf)	Avg Moment. Rank
Large-Caps	78	**1**	-0.1	1	21.7	1	12.7	2	1	15.2	-0.4	2	2.8	0.0	1	4%	0%	2	1	0.8	1	-29.0	2	-1.6	2	2
SMid-Caps	1999	**2**	-0.1	2	19.8	2	14.2	1	1	14.7	-0.7	1	2.3	0.1	2	4%	1%	1	1	1.3	2	-37.8	1	2.9	1	1
Mid-Caps	*249*	***1***	*0.7*	*1*	*21.7*	*1*	*12.1*	*2*	*1*	*15.1*	*-0.5*	*2*	*2.6*	*0.2*	*2*	*5%*	*1%*	*1*	*1*	*1.2*	*1*	*-31.5*	*2*	*5.8*	*1*	*1*
Small-Caps	*1750*	***2***	*-0.5*	*2*	*18.8*	*2*	*15.2*	*1*	*1*	*14.5*	*-0.8*	*1*	*2.2*	*0.1*	*1*	*3%*	*1%*	*2*	*1*	*1.3*	*2*	*-38.8*	*1*	*2.5*	*2*	*1*

Source: Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations. Note: * Equal wtd rank of Revisions, Growth, Valuations, Balance Sheet, Price Momentum.

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Figure 44: Scorecard by Industry – CEEMEA (Lower Rankings = More Favorable Outlook; valuations are on 2025 Operating levels unless otherwise stated

	Revisions		Growth					Valuations — Hist Avgs since 1997 excl. Tech Bubble yrs ('00-'01)													Balance Sheet			Price Momentum			
	-3M EPS Rev's 26E	Rank	EPS Grw 25E	(1=Lowest)	EPS Grw 26E	(1=Lowest)	Avg Grw Rank	P/E 25E	vs Hist Avg	Rank	P/B	vs Hist Avg	Rank	Div Yld	vs Hist Avg	Rank	FCF Yld	vs Hist Avg	Rank	Avg Val. Rank	Net Debt/ EBITDA	vs Hist Avg	BS Rank	From 10yr High	(1=Worst Perf)	YTD	(1=Best Perf)	Avg Moment.
Energy	***2.0%***	***2***	***17.1%***	***4***	***36.4%***	***11***	***8***	***14.6x***	***-1.6x***	***10***	***2.2x***	***0.1x***	***5***	***4.2%***	***2.2%***	***2***	***6.8%***	***4.7%***	***5***	***7***	***1.9x***	***-12.5x***	***4***	***-29%***	***11***	***23.5%***	***1***	***4***
Energy Equipment & Services	-2.2%	11	0.4%	3	24.2%	18	8	16.2x	-4.1x	18	1.7x	-0.4x	5	3.6%	2.3%	2	12.8%	13.7%	2	10	1.9x	-9.8x	4	-33%	19	-2.8%	17	25
Oil Gas & Consumable Fuels	3.6%	5	20.2%	13	38.7%	24	22	14.2x	-1.2x	23	2.3x	0.2x	14	4.4%	2.1%	5	5.0%	2.1%	17	22	1.9x	-12.5x	14	-28%	23	29.1%	1	6
Materials	***-2.0%***	***8***	***22.2%***	***8***	***18.8%***	***8***	***9***	***14.7x***	***-4.4x***	***7***	***2.3x***	***0.3x***	***8***	***3.7%***	***1.9%***	***4***	***3.6%***	***2.1%***	***9***	***6***	***1.0x***	***-12.4x***	***8***	***-47%***	***1***	***1.3%***	***6***	***1***
Materials	-2.0%	18	22.2%	15	18.8%	17	18	14.7x	-4.6x	16	2.3x	0.3x	17	3.7%	1.9%	9	3.6%	2.2%	16	16	1.0x	-12.5x	17	-47%	5	1.3%	9	1
Industrials	***1.5%***	***3***	***24.9%***	***9***	***12.3%***	***5***	***7***	***14.9x***	***-5.7x***	***4***	***2.4x***	***0.3x***	***6***	***3.8%***	***1.8%***	***5***	***6.9%***	***5.7%***	***4***	***5***	***1.3x***	***-11.2x***	***4***	***-41%***	***4***	***-1.0%***	***9***	***6***
Capital Goods	1.0%	3	31.5%	21	16.8%	15	21	14.8x	-5.9x	10	2.4x	0.3x	15	3.5%	1.6%	11	7.7%	7.0%	8	12	1.2x	-12.4x	17	-41%	7	0.0%	12	3
Commercial & Prof Svcs	1.2%	16	24.9%	16	11.1%	8	10	15.0x	-4.8x	15	3.5x	0.7x	23	4.0%	1.6%	12	2.3%	-1.2%	19	20	1.3x	-9.5x	9	-32%	20	0.0%	11	22
Transportation	2.7%	6	16.3%	10	5.7%	5	4	14.9x	-5.5x	11	2.0x	0.0x	11	4.2%	2.2%	4	7.9%	5.5%	10	8	1.4x	-8.6x	4	-41%	9	-4.5%	19	18
Cons. Disc.	***-1.2%***	***11***	***14.2%***	***2***	***12.1%***	***4***	***1***	***13.3x***	***-8.2x***	***3***	***2.3x***	***0.0x***	***4***	***3.6%***	***1.7%***	***7***	***10.7%***	***8.8%***	***1***	***4***	***1.7x***	***-9.8x***	***2***	***-41%***	***3***	***-5.2%***	***11***	***8***
Automobiles & Components	4.4%	7	11.5%	7	28.0%	21	16	10.6x	-8.2x	6	1.1x	-1.1x	1	3.5%	1.5%	13	14.7%	13.6%	3	2	1.4x	-12.4x	12	-51%	3	-14.5%	23	12
Cons. Durables & Apparel	1.0%	18	-1.8%	2	33.9%	23	11	14.4x	-6.6x	9	1.8x	-0.4x	6	4.7%	2.8%	1	21.5%	19.6%	1	1	1.1x	-11.1x	15	-44%	6	-16.0%	24	20
Consumer Services	-2.7%	21	21.1%	14	0.5%	2	5	15.2x	-10.5x	3	2.6x	0.1x	12	3.4%	1.7%	10	9.6%	7.4%	5	3	1.6x	-9.4x	9	-39%	12	-2.8%	16	18
Cons. Discretionary Dist. & Retail	-1.4%	22	13.3%	8	14.6%	12	7	11.9x	-9.7x	4	2.4x	0.0x	10	3.5%	1.5%	15	9.6%	7.1%	6	11	1.9x	-8.0x	2	-41%	10	-2.1%	14	6
Cons. Staples	***-2.0%***	***5***	***13.3%***	***1***	***14.5%***	***7***	***2***	***16.2x***	***-5.6x***	***5***	***2.9x***	***0.4x***	***9***	***3.5%***	***1.5%***	***8***	***6.4%***	***4.3%***	***7***	***9***	***1.3x***	***-12.4x***	***6***	***-39%***	***6***	***0.5%***	***8***	***8***
Cons. Staples Dist. & Retail	-1.3%	16	-4.1%	1	9.3%	6	2	18.5x	-5.3x	12	2.9x	-0.2x	7	2.5%	0.4%	23	6.0%	3.6%	13	20	1.9x	-12.4x	7	-41%	8	-2.7%	15	4
Food Beverage & Tobacco	-2.4%	11	17.8%	11	16.7%	14	11	15.5x	-4.9x	14	2.9x	0.6x	22	4.0%	1.9%	8	6.7%	4.7%	11	14	1.2x	-11.4x	15	-38%	13	0.9%	10	4
Household & Personal Products	-1.0%	23	38.1%	24	13.4%	11	20	14.9x	-13.3x	1	2.7x	-0.6x	4	3.2%	1.5%	14	NM	NM	NM	4	-0.3x	-20.1x	20	-35%	17	6.6%	8	9
Healthcare	***0.2%***	***4***	***14.7%***	***3***	***13.9%***	***6***	***4***	***17.2x***	***-8.4x***	***2***	***2.9x***	***-0.4x***	***1***	***2.2%***	***0.9%***	***9***	***4.9%***	***4.5%***	***6***	***3***	***1.2x***	***-13.6x***	***9***	***-45%***	***2***	***2.8%***	***5***	***1***
Health Care Equip & Svcs	-1.8%	14	19.1%	12	13.0%	10	9	17.1x	-8.6x	5	2.5x	-0.8x	2	2.4%	0.5%	22	4.0%	2.8%	15	9	1.5x	-11.3x	9	-49%	4	-7.6%	21	9
Pharma, Biotech	7.0%	2	0.6%	4	16.2%	13	6	17.2x	-7.6x	7	3.7x	0.4x	18	1.8%	0.7%	19	7.0%	7.0%	7	13	0.8x	-14.6x	19	-37%	16	24.2%	2	2
Financials	***0.4%***	***8***	***19.3%***	***5***	***10.8%***	***3***	***2***	***13.1x***	***-3.0x***	***8***	***2.0x***	***0.3x***	***7***	***3.9%***	***1.8%***	***6***	***NM***	***NM***	***NM***	***10***	***NM***	***NM***	***NM***	***-31%***	***10***	***9.8%***	***2***	***4***
Banks	0.7%	4	13.9%	9	5.5%	4	3	11.3x	-2.7x	20	1.7x	0.3x	16	4.1%	2.1%	6	NM	NM	NM	19	NM	NM	NM	-25%	24	18.3%	3	15
Financial Services	0.8%	7	32.0%	22	26.8%	20	24	16.6x	-1.4x	22	2.3x	0.5x	20	3.2%	1.1%	17	NM	NM	NM	23	NM	NM	NM	-38%	14	-1.6%	13	15
Insurance	-1.1%	23	25.7%	18	13.0%	9	14	14.7x	-4.6x	17	1.9x	0.0x	9	3.8%	1.3%	16	NM	NM	NM	17	NM	NM	NM	-32%	21	12.3%	6	15
Technology	***0.6%***	***5***	***20.6%***	***6***	***21.6%***	***10***	***9***	***22.2x***	***2.6x***	***11***	***3.7x***	***1.3x***	***11***	***2.4%***	***0.2%***	***11***	***5.4%***	***3.2%***	***8***	***11***	***0.3x***	***-9.2x***	***7***	***-37%***	***7***	***1.2%***	***7***	***8***
Software & Services	1.4%	10	25.1%	17	17.1%	16	19	22.2x	-3.1x	19	4.1x	0.9x	25	2.0%	0.6%	21	5.3%	3.0%	14	24	-0.1x	-15.3x	20	-38%	15	-3.9%	18	24
Tech Hardware & Equip	-1.5%	14	11.1%	6	32.6%	22	16	22.4x	4.6x	24	3.1x	0.9x	24	3.6%	1.0%	18	6.5%	4.0%	12	25	0.7x	-7.6x	7	-29%	22	18.1%	4	12
Semis & Semi Equip	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	2.9x	0.5x	19	NM	NM	NM	NM	NM	NM	6	3.4x	-6.0x	1	-70%	1	-39.7%	25	12
Comm. Svcs.	***4.7%***	***1***	***22.1%***	***7***	***20.2%***	***9***	***9***	***13.2x***	***-9.5x***	***1***	***2.6x***	***-0.2x***	***2***	***3.9%***	***2.4%***	***1***	***10.9%***	***8.2%***	***2***	***1***	***0.7x***	***-8.5x***	***3***	***-34%***	***9***	***9.2%***	***4***	***6***
Telecom Svcs	2.8%	9	25.8%	19	25.2%	19	23	13.4x	-7.4x	8	2.7x	0.1x	13	4.2%	2.3%	3	14.1%	11.4%	4	7	0.8x	-9.2x	6	-24%	25	18.0%	5	20
Media	11.8%	1	5.6%	5	-15.3%	1	1	11.3x	-12.6x	2	2.3x	-0.7x	3	1.4%	0.1%	24	2.1%	-0.6%	18	14	0.6x	-7.8x	13	-57%	2	-10.3%	22	6
Utilities	***-6.4%***	***5***	***32.4%***	***11***	***0.8%***	***1***	***5***	***15.0x***	***-1.9x***	***9***	***2.4x***	***0.5x***	***10***	***3.2%***	***0.7%***	***10***	***9.5%***	***6.5%***	***3***	***7***	***1.9x***	***-9.0x***	***1***	***-35%***	***8***	***9.4%***	***3***	***3***
Utilities	-6.4%	11	32.4%	23	0.8%	3	13	15.0x	-1.8x	21	2.4x	0.5x	21	3.2%	0.7%	20	9.5%	6.5%	9	18	1.9x	-9.0x	3	-35%	18	9.4%	7	9
Real Estate	***0.6%***	***8***	***28.4%***	***10***	***10.2%***	***2***	***5***	***13.0x***	***-5.2x***	***6***	***1.4x***	***-0.1x***	***3***	***4.3%***	***2.0%***	***3***	***NM***	***NM***	***NM***	***2***	***NM***	***NM***	***NM***	***-39%***	***5***	***-4.6%***	***10***	***11***
Real Estate	0.6%	19	28.4%	20	10.2%	7	14	13.0x	-5.2x	13	1.4x	-0.1x	8	4.3%	2.0%	7	NM	NM	NM	4	NM	***NM***	NM	-39%	11	-4.6%	20	22
CEEMEA	**-0.1%**		**19.8%**		**14.2%**		**19**	**14.7x**	**-5.4x**		**2.3x**	**0.1x**		**3.6%**	**1.7%**		**7.0%**	**5.4%**		**19**	**1.3x**	**-10.6x**	**19**	**-38%**		**2.9%**		

Source: Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations.

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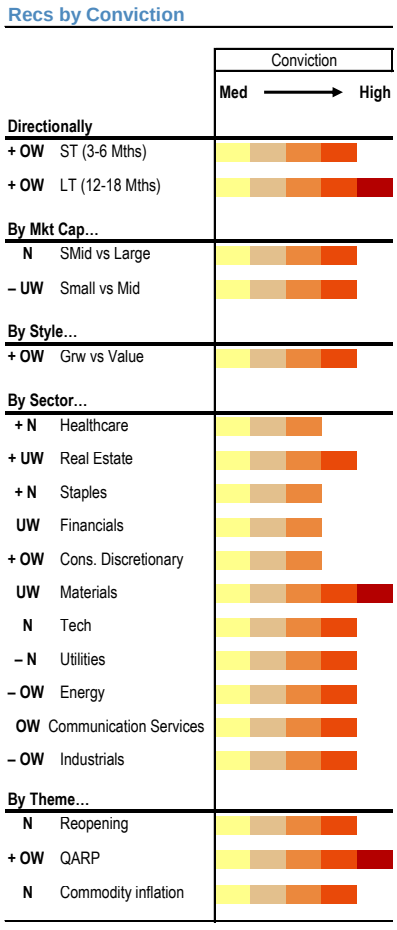
China: The strength of high-end manufacturing theme to persist

China Equity Strategy

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Figure 45: Recs by Conviction



Source: J.P. Morgan estimates.

Market sentiment softened amid a restrictive Fed backdrop, escalating tech trade frictions, and persistent domestic weakness. Notably, China AI stocks failed to participate in the US AI rally, marking a departure from the earlier pattern. Investor sentiment was weighed down by concerns over potential US restrictions on China's optical transceiver exports, a more cautious 2H earnings expectations for localization players, and still unfavorable positioning following the July sell-off. Trade-related headwinds also broadened to other advanced manufacturing exporters, including power grid equipment and NEV, while rising concerns over excess capacity in the battery sector weighed on index heavyweight CATL. Meanwhile, domestic macro indicators continued to soften, alongside the YTD lows of A-share daily turnover of ~1.8tn yuan. The key silver lining emerged at month-end when the State Council signaled a fresh round of measures to bolster economic activity and stabilize the property market. This was followed by the introduction of mortgage subsidies on Sep 29, marking the first nationwide housing support initiative since Sep 2024. The policy moves helped lift sentiment across property and consumption-related sectors, as the market anticipates a renewed round of policy easing and demand support.

We expect SMids to outperform large caps on a technical recovery, barring a further hawkish turn from the Fed. The subdued market turnover may constrain the breadth and durability of broader return leadership. If the tech momentum reaccelerates, domestic macro conditions stay soft, and global liquidity concerns ease, SMids are well positioned to extend outperformance to large-caps.

- **SMID strength set to stay as backed by ample liquidity and innovation cycle amid weak domestic demand**. We expect A-share SMIDs to retain their structural edge, underpinned by low bond yields, abundant liquidity and a powerful innovation cycle against a weak domestic-demand backdrop. Historically, SMIDs have tended to outperform when ample liquidity coincided with technological disruption, while the CSI300 has led during traditional economic upcycles marked by broad-based earnings upgrades and stronger cyclical profits. Since 2021, falling 10-year CGB yields and weakening domestic demand have laid the foundation for sustained SMID leadership (Figure 49). The surge in A-share average daily turnover to around Rmb2.6trn YTD, versus Rmb1.1trn on average in 2021-25, provides an additional liquidity tailwind. Meanwhile, the AI supercycle ly benefits SMIDs through their greater exposure to technology, industrials, healthcare and materials, although shifts in AI optimism and component shortages will remain the swing factors. More structurally, policy-driven localization is creating a domestic growth engine less dependent on global technology sentiment, supporting a substantial expansion in China's AI compute capex over 2026-29. However, contracting property investment, weak credit growth and sluggish consumption, alongside a measured policy response, point to a bumpy domestic recovery and limit the scope for sustained outperformance by value-oriented cyclical large caps.
- **Separating the wheat from the chaff**: Regulatory actions are dampening valuation premiums in thematic plays with weak revenue/earnings. On Jan 14, Chinese authorities hiked the minimum margin financing requirement from 80% to 100%, among other things. There are concerns that regulators may reinstate securities refinancing (转融券) that facilitated shorting of SMids. This tool was suspended on

11 July 2024 and contributed to SMids' impressive outperformance since then.

- **Potential risk factor to watch**. As we noted in our prior update, volatility risk may stay elevated into mid-term election, driven potentially by upside inflation surprises and a more hawkish Fed stance. That dynamic has played out: a tighter liquidity backdrop remains a recurring source of volatility, with markets pricing at least one rate hike by end-2026. We're also seeing a growing set of AI-related debates, including CSP's AI capex trends, financing burden, and frontier LLMs' ARR trajectories. As a result, the degree of market divergence and concentration could ease modestly at the margin.

Figure 46: Smallcaps, Midcaps, and Largecaps in China offshore



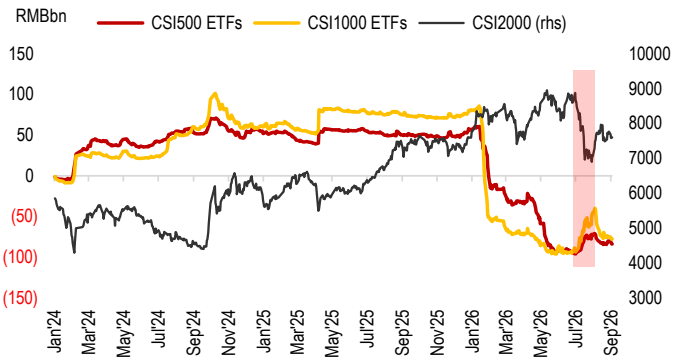
Source: Wind, J.P. Morgan.

Figure 47: Smallcaps, Midcaps, and Largecaps in China onshore



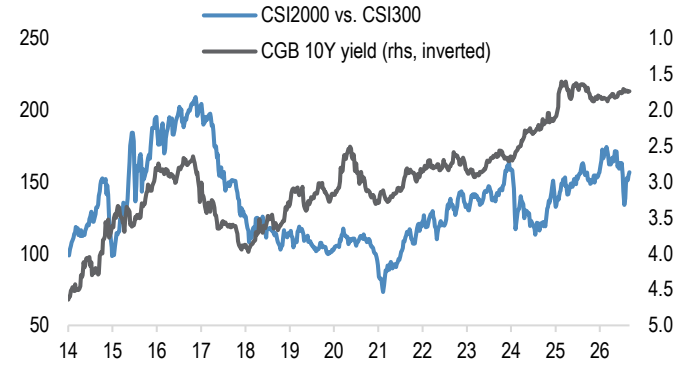
Source: MSCI, Wind, J.P. Morgan

Figure 48: Cumulative ETFs flows since 2024



Source: Wind, J.P. Morgan.

Figure 49: Low CGB yield favors SMids' outperformance



Source: Wind, J.P. Morgan

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Figure 50: Consensus EPS estimates

	EPS growth						P/E	PEG
	2021	2022	2023	2024	2025	2026E	2026	2026
CSI300	18%	6%	-1%	2%	4%	24%	14.5	3.8
CSI500	73%	3%	0%	-11%	6%	63%	21.4	3.5
CSI1000	258%	-7%	-9%	-14%	-8%	119%	26.0	-3.1
MXCN Large	-3%	-5%	5%	14%	-5%	9%	11.3	-2.3
MXCN Mid	-179%	203%	-30%	27%	4%	37%	14.7	3.6
MXCN Small	-21%	-117%	210%	80%	79%	-10%	22.3	0.3
	Net margin							
	2021	2022	2023	2024	2025	2026E		
CSI300	9.8%	9.4%	9.1%	9.1%	9.2%	10.4%		
CSI500	5.6%	5.4%	5.3%	4.6%	4.8%	7.4%		
CSI1000	5.1%	4.5%	4.1%	3.6%	3.1%	7.6%		
MXCN Large	8.9%	8.4%	9.1%	11.1%	10.6%	11.0%		
MXCN Mid	-5.6%	6.4%	4.0%	5.2%	4.8%	7.4%		
MXCN Small	3.3%	-1.3%	0.7%	0.2%	3.0%	2.2%		

Source: Bloomberg Finance L.P., Wind, IBES, J.P. Morgan.

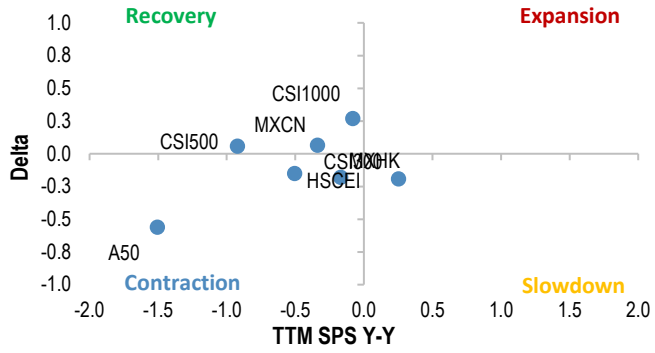
Figure 51: Sector composition

unit: %	CSI300	CSI500	CSI1000	CSI2000	MXCN Large	MXCN Mid	MXCN Small
Consumer Discretionary	7	7	8	12	12	14	16
Communication Services	2	4	4	3	6	7	1
Consumer Staples	8	3	4	4	5	7	7
Energy	2	2	1	1	1	2	3
Financials	22	9	2	0	5	5	0
Health Care	6	9	10	7	24	18	6
Industrials	17	18	23	29	13	12	23
Information Technology	23	28	28	24	12	19	8
Materials	9	17	15	15	11	9	14
Real Estate	1	2	2	2	8	2	11
Utilities	3	3	2	1	2	6	5

Source: Wind, MSCI, J.P. Morgan

Figure 52: Index business cycles (TTM SPS y-y growth): Large caps more advanced in topline recovery

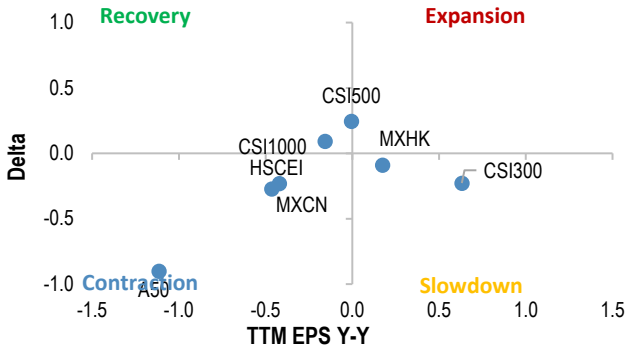
SD



Source: IBES, Wind, J.P. Morgan

Figure 53: Index business cycles (TTM EPS y-y growth): Large caps are also more advanced in earnings recovery

SD



Source: IBES, Wind, J.P. Morgan

Figure 54: SMids have tended to outperform Large-caps during market rallies over the past decade

(%)

Index	Dec-25 Jan-26	Jan-25 Sep-25	Sep-24 Dec-24	Feb-24 May-24	Apr-22 Jul-22	Mar-20 Jul-20	Jan-19 Apr-19	Feb-16 Nov-16	Sep-15 Dec-15	Jul-15 Aug-15	Nov-14 Jun-15	May-14 Oct-14	Average
Wind all A-share	11	34	36	18	24	33	40	25	42	33	143	32	**42**
CSI300	3	24	25	16	19	33	39	20	23	11	110	17	**31**
CSI500	21	38	36	21	24	32	41	18	36	34	132	34	**41**
CSI1000	16	37	45	22	34	31	42	19	51	30	142	39	**45**
CSI2000	16	40	54	18	28	24	40	31	56	33	160	55	**49**
MXCN Large-cap	5	48	9	29	15	39	26	21	1	(3)	27	5	**20**
MXCN Mid-cap	10	51	19	28	19	54	28	21	6	1	22	5	**23**
MXCN Small-cap	9	64	16	30	6	40	22	13	8	1	33	8	**22**
A-share turnover (SD)	3.1	1.6	2.0	0.3	0.2	-0.2	-0.4	-0.6	0.0	0.7	0.3	-1.2	**0.2**

Source: Wind, J.P. Morgan

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Figure 55: Scorecard by Industry – China (Lower Rankings = More Favorable Outlook; valuations are on 2025 Operating levels unless otherwise stated)

	Revisions		Growth					Valuations — Hist Avgs since 1997 excl. Tech Bubble yrs ('00-'01)													Balance Sheet			Price Momentum			
	-3M EPS Rev's 26E	Rank	EPS Grw 25E	(1=Lowest)	EPS Grw 26E	(1=Lowest)	Avg Grw Rank	P/E 25E	vs Hist Avg	Rank	P/B	vs Hist Avg	Rank	Div Yld	vs Hist Avg	Rank	FCF Yld	vs Hist Avg	Rank	Avg Val. Rank	Net Debt/ EBITDA	vs Hist Avg	BS Rank	From 10yr High	(1=Worst Perf)	YTD	(1=Best Perf)	Avg Moment.
Energy	***-2.5%***	***9***	***-13.4%***	***1***	***67.9%***	***11***	***5***	***30.4x***	***14.2x***	***8***	***2.3x***	***0.3x***	***6***	***2.2%***	***0.1%***	***7***	***3.2%***	***1.2%***	***6***	***8***	***0.7x***	***-13.6x***	***3***	***-62%***	***8***	***-12.9%***	***4***	***5***
Energy Equipment & Services	-6.6%	24	-8.1%	2	39.5%	18	10	37.7x	17.3x	19	2.9x	0.8x	23	2.1%	0.8%	5	4.2%	5.1%	3	11	-0.2x	-11.8x	4	-73%	5	-22.7%	21	13
Oil Gas & Consumable Fuels	-0.2%	17	-17.4%	1	84.2%	25	13	25.8x	10.4x	15	1.9x	-0.1x	10	2.3%	0.0%	15	2.4%	-0.5%	17	20	1.4x	-13.0x	7	-54%	23	-5.5%	4	17
Materials	***-2.6%***	***3***	***14.7%***	***10***	***55.8%***	***10***	***11***	***38.7x***	***19.6x***	***10***	***2.6x***	***0.6x***	***9***	***1.6%***	***-0.3%***	***10***	***1.6%***	***0.1%***	***8***	***10***	***1.1x***	***-12.3x***	***2***	***-59%***	***11***	***-13.4%***	***6***	***11***
Materials	-2.6%	8	14.7%	21	55.8%	23	24	38.7x	19.4x	21	2.6x	0.6x	21	1.6%	-0.3%	18	1.6%	0.1%	14	21	1.1x	-12.4x	4	-59%	20	-13.4%	12	21
Industrials	***-3.6%***	***11***	***8.8%***	***7***	***36.5%***	***7***	***7***	***36.1x***	***15.5x***	***9***	***2.8x***	***0.7x***	***10***	***1.6%***	***-0.3%***	***9***	***2.4%***	***1.3%***	***5***	***9***	***0.0x***	***-12.5x***	***6***	***-59%***	***10***	***-7.4%***	***2***	***5***
Capital Goods	-4.3%	23	10.3%	16	37.6%	17	16	40.0x	19.3x	20	2.9x	0.8x	22	1.4%	-0.5%	20	1.7%	1.0%	12	21	-0.2x	-13.8x	15	-61%	17	-10.0%	8	12
Commercial & Prof Svcs	-3.1%	22	3.1%	7	35.9%	14	11	27.7x	7.9x	11	2.7x	-0.1x	9	1.7%	-0.7%	21	3.9%	0.5%	13	14	-0.2x	-11.1x	4	-53%	25	13.8%	1	13
Transportation	0.6%	2	5.4%	11	30.7%	12	12	19.6x	-0.9x	3	1.8x	-0.2x	8	2.7%	0.7%	6	5.4%	3.0%	5	5	1.5x	-8.5x	2	-56%	21	-10.3%	9	19
Cons. Disc.	***-5.1%***	***4***	***5.4%***	***5***	***28.2%***	***5***	***4***	***28.1x***	***6.6x***	***3***	***2.6x***	***0.2x***	***5***	***2.1%***	***0.2%***	***6***	***3.6%***	***1.7%***	***3***	***4***	***-0.1x***	***-11.6x***	***3***	***-66%***	***6***	***-13.1%***	***5***	***4***
Automobiles & Components	-5.5%	16	14.3%	20	36.5%	15	18	28.6x	9.8x	13	2.7x	0.4x	19	1.5%	-0.4%	19	0.7%	-0.4%	16	19	0.2x	-13.5x	11	-66%	12	-21.4%	20	21
Cons. Durables & Apparel	-4.7%	8	-3.5%	3	24.1%	7	3	26.8x	5.7x	9	2.5x	0.3x	17	2.5%	0.7%	7	4.0%	2.2%	6	10	-0.6x	-12.8x	15	-63%	14	-6.4%	5	3
Consumer Services	-4.3%	4	5.2%	10	25.5%	8	7	31.3x	5.6x	8	2.9x	0.3x	16	2.0%	0.3%	12	5.7%	3.5%	4	16	-0.5x	-11.4x	9	-69%	8	-14.6%	14	9
Cons. Discretionary Dist. & Retail	-7.2%	25	7.3%	14	18.2%	4	7	27.8x	6.2x	10	2.1x	-0.3x	7	3.1%	1.1%	4	11.7%	9.2%	1	9	0.4x	-9.5x	3	-67%	11	-13.9%	13	11
Cons. Staples	***-5.1%***	***7***	***5.0%***	***4***	***21.6%***	***3***	***3***	***30.8x***	***9.1x***	***4***	***2.5x***	***0.0x***	***3***	***2.3%***	***0.2%***	***5***	***2.8%***	***0.7%***	***7***	***5***	***-0.4x***	***-14.0x***	***8***	***-66%***	***7***	***-14.9%***	***7***	***8***
Cons. Staples Dist. & Retail	-4.3%	20	28.1%	22	37.2%	16	19	24.7x	1.0x	4	2.7x	-0.3x	5	2.2%	0.0%	14	9.7%	7.4%	2	4	-0.7x	-15.0x	17	-84%	1	-31.5%	25	13
Food Beverage & Tobacco	-5.1%	17	1.3%	4	19.0%	5	2	31.7x	11.3x	16	2.5x	0.2x	13	2.3%	0.3%	13	1.8%	-0.2%	15	18	0.0x	-12.6x	11	-62%	16	-6.7%	6	9
Household & Personal Products	-5.7%	13	7.0%	13	20.7%	6	9	30.1x	2.0x	7	2.4x	-1.0x	1	2.0%	0.3%	11	3.2%	1.3%	10	7	-2.0x	-21.7x	21	-62%	15	-24.0%	23	24
Healthcare	***-2.1%***	***2***	***5.8%***	***6***	***28.8%***	***6***	***5***	***37.6x***	***12.1x***	***6***	***2.7x***	***-0.6x***	***1***	***1.5%***	***0.3%***	***4***	***2.2%***	***1.8%***	***2***	***3***	***-1.0x***	***-15.8x***	***9***	***-71%***	***3***	***-20.5%***	***11***	***8***
Health Care Equip & Svcs	-2.3%	6	2.8%	6	26.8%	10	6	35.8x	10.1x	14	2.5x	-0.9x	2	1.6%	-0.3%	17	2.4%	1.2%	11	11	-1.7x	-14.6x	18	-76%	2	-20.8%	19	6
Pharma, Biotech	-1.9%	15	7.9%	15	30.1%	11	13	38.7x	13.9x	18	2.8x	-0.5x	4	1.5%	0.4%	9	2.1%	2.0%	7	11	-0.6x	-16.0x	19	-69%	10	-20.3%	18	18
Financials	***2.7%***	***1***	***21.6%***	***11***	***22.8%***	***4***	***8***	***16.2x***	***0.1x***	***1***	***1.7x***	***0.1x***	***4***	***3.2%***	***1.1%***	***1***	***NM***	***NM***	***NM***	***1***	***NM***	***NM***	***NM***	***-59%***	***9***	***0.5%***	***1***	***2***
Banks	0.4%	5	6.0%	12	14.9%	1	5	8.8x	-5.2x	2	0.6x	-0.8x	3	4.4%	2.3%	2	NM	NM	NM	3	NM	NM	NM	-60%	19	5.4%	2	6
Financial Services	2.4%	3	32.6%	24	25.7%	9	16	19.6x	1.6x	6	2.0x	0.2x	12	2.4%	0.4%	10	NM	NM	NM	8	NM	NM	NM	-60%	18	2.6%	3	6
Insurance	14.2%	8	31.4%	23	39.6%	19	23	NM	NM	NM	1.6x	-0.3x	6	NM	NM	NM	NM	NM	NM	1	NM	NM	NM	-54%	24	-22.8%	22	25
Technology	***-2.4%***	***7***	***10.3%***	***8***	***52.3%***	***9***	***9***	***60.8x***	***41.2x***	***11***	***3.7x***	***1.3x***	***11***	***0.7%***	***-1.5%***	***11***	***0.0%***	***-2.2%***	***9***	***11***	***-0.9x***	***-10.5x***	***3***	***-70%***	***4***	***-14.9%***	***8***	***5***
Software & Services	-3.6%	7	3.2%	8	46.7%	21	15	63.3x	38.1x	23	3.4x	0.3x	14	0.6%	-0.8%	22	0.3%	-1.9%	18	23	-0.8x	-16.0x	20	-75%	4	-17.5%	16	4
Tech Hardware & Equip	-2.4%	13	11.6%	17	50.2%	22	22	55.6x	37.9x	22	3.8x	1.6x	25	1.0%	-1.6%	23	0.3%	-2.1%	19	24	-0.9x	-9.2x	8	-65%	13	-8.1%	7	4
Semis & Semi Equip	-1.2%	21	13.9%	19	62.2%	24	24	69.1x	48.2x	24	3.9x	1.4x	24	0.4%	-1.7%	24	-0.7%	-2.7%	20	25	-1.0x	-10.5x	9	-70%	7	-26.6%	24	20
Comm. Svcs.	***-5.2%***	***6***	***14.1%***	***9***	***41.8%***	***8***	***9***	***34.9x***	***12.3x***	***7***	***3.3x***	***0.5x***	***7***	***2.1%***	***0.6%***	***3***	***4.4%***	***1.7%***	***4***	***7***	***-1.8x***	***-11.0x***	***7***	***-72%***	***1***	***-15.6%***	***9***	***2***
Telecom Svcs	-1.0%	1	40.1%	25	34.3%	13	19	15.6x	-5.3x	1	3.0x	0.4x	18	5.6%	3.6%	1	NM	NM	NM	2	-0.5x	-10.6x	11	-54%	22	-11.9%	11	23
Media	-5.5%	12	12.8%	18	42.3%	20	19	36.1x	12.3x	17	3.3x	0.3x	15	1.8%	0.5%	8	4.4%	1.6%	9	17	-1.9x	-10.2x	14	-75%	3	-16.2%	15	2
Utilities	***-2.6%***	***9***	***3.2%***	***3***	***16.3%***	***1***	***1***	***18.2x***	***1.3x***	***2***	***1.9x***	***0.0x***	***2***	***3.6%***	***1.1%***	***2***	***4.9%***	***2.0%***	***1***	***2***	***3.8x***	***-7.0x***	***1***	***-69%***	***5***	***-20.0%***	***10***	***10***
Utilities	-2.6%	17	3.2%	9	16.3%	2	4	18.2x	1.5x	5	1.9x	0.0x	11	3.6%	1.1%	3	4.9%	2.0%	8	6	3.8x	-7.1x	1	-69%	9	-20.0%	17	13
Real Estate	***-3.5%***	***4***	***1.5%***	***2***	***17.1%***	***2***	***1***	***28.0x***	***9.8x***	***5***	***2.0x***	***0.5x***	***8***	***2.1%***	***-0.2%***	***8***	***NM***	***NM***	***NM***	***6***	***NM***	***NM***	***NM***	***-72%***	***2***	***-11.7%***	***3***	***1***
Real Estate	-3.5%	8	1.5%	5	17.1%	3	1	28.0x	9.8x	12	2.0x	0.5x	20	2.1%	-0.2%	16	NM	NM	NM	15	NM	NM	NM	-72%	6	-11.7%	10	1
China	**-3.2%**		**8.5%**		**36.7%**		**19**	**37.8x**	**17.7x**		**2.8x**	**0.6x**		**1.7%**	**-0.3%**		**2.1%**	**0.4%**		**19**	**-0.1x**	**-12.0x**	**19**	**-66%**		**-12.7%**		

Source: Bloomberg Finance L.P., Datastream, Factset, and J.P. Morgan Calculations.

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Figure 56: Regional Scorecard – China (valuations are on 2025 Operating levels unless otherwise stated)

			Revisions		Growth		Growth			Valuations									B/S		Price Momentum				
China	# of Stocks	Quantitative Rank*	-3M EPS Rev's 26E (%)	Revis. Rank	EPS Grw 25 (%)	Rank (1=Highest)	EPS Grw 26E (%)	Rank (1=Highest)	Avg Growth. Rank	P/E 25 (x)	vs Hist Avg (x)	Rank (1=Best)	P/B (x)	vs Hist Avg (x)	Rank (1=Best)	FCF Yld (%)	vs Hist Avg (x)	Rank (1=Best)	Avg Val. Rank	Net Debt/ EBITDA (x)	Balance Sheet Rank	From 10yr High	Rank (1=Worst Perf)	YTD Perf	Rank (1=Best Perf)	Avg Moment. Rank
Large-Caps	217	**2**	0.5	1	14.1	1	34.9	2	1	29.2	5.7	2	3.0	0.3	2	3%	1%	2	2	0.3	2	-47.4	2	-8.8	1	1
SMid-Caps	6017	**1**	-3.2	2	8.5	2	36.7	1	1	37.8	5.6	1	2.8	-0.1	1	1%	2%	1	1	-0.1	1	-66.1	1	-12.7	2	1
Mid-Caps	*899*	***2***	*-2.3*	*1*	*11.9*	*1*	*39.2*	*1*	*1*	*36.5*	*6.8*	*2*	*3.3*	*0.2*	*2*	*2%*	*2%*	*2*	*2*	*0.6*	*2*	*-61.2*	*2*	*-18.6*	*2*	*2*
Small-Caps	*5118*	***1***	*-3.8*	*2*	*6.4*	*2*	*35.2*	*2*	*2*	*38.4*	*5.3*	*1*	*2.8*	*-0.1*	*1*	*1%*	*2%*	*1*	*1*	*-0.2*	*1*	*-67.2*	*1*	*-11.3*	*1*	*1*

Source: Bloomberg, Datastream, Factset, and J.P. Morgan Calculations. Notes: * Equal wtd rank of Revisions, Growth, Valuations, Balance Sheet, Price Momentum.

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Stock Picks from Sector Analysts

Figure 57: Top Long and Short AI SMid Picks from our Sector Analysts

							Price Perf		JPM Coverage		Summary Stats			
Sector	Company name	BBG	Country	Price	Mkt Cap ($ MM)	Avg Daily Vol ($ MM)	P/52 Wk High	YTD Perf	Analyst	Rec	EPS Grw 25	EPS Grw 26E	P/E 25E	ND/ EBITDA
Top **LONG** Stock Picks Proposed by our Sector Analysts														
Pan- European														
Technology	COMET Holding AG	COTN SW	Switzerland	CHF332.2	3142.0	11.9	73%	48%	McDowell	OW	(65%)	440%	211.6x	(0.1x)
Technology	INFICON Holding AG	IFCN SW	Switzerland	CHF165.0	4941.3	7.8	81%	67%	McDowell	OW	(24%)	47%	NM	NM
Technology	AIXTRON SE	AIXA GR	Germany	€28.45	3677.5	32.8	45%	64%	McDowell	OW	(19%)	(3%)	37.4x	(1.9x)
Technology	Soitec SA	SOI FP	France	€111.65	4602.5	36.7	56%	381%	McDowell	OW	NM	NM	NM	0.3x
US														
Energy	Kodiak Gas Services, Inc.	KGS US	US	$44.31	4455.7	92.6	57%	18%	Jossen	OW	97%	51%	28.8x	3.6x
Industrials	Argan, Inc.	AGX US	US	$331.03	4634.1	182.6	41%	6%	Fairbanks	OW	62%	38%	35.1x	(5.6x)
Industrials	Dycom Industries, Inc.	DY US	US	$224.56	6791.0	190.2	40%	-34%	Choe	OW	40%	42%	19.2x	2.9x
Industrials	ESCO Technologies Inc.	ESE US	US	$232.10	7224.5	67.8	64%	19%	Sano	OW	42%	30%	35.1x	0.4x
Cons. Disc.	Pattern Group, Inc. Class A	PTRN US	US	$16.19	2573.7	22.6	54%	40%	Anmuth	OW	NM	NM	NM	(1.9x)
Technology	GoDaddy, Inc. Class A	GDDY US	US	$112.79	14530.3	208.8	82%	-9%	Gogolev	OW	(4%)	17%	18.1x	1.7x
Technology	AppFolio Inc Class A	APPF US	US	$210.62	5234.9	69.9	79%	-9%	Gogolev	OW	21%	30%	39.8x	(1.0x)
Technology	Q2 Holdings, Inc.	QTWO US	US	$69.39	4323.7	48.9	91%	-4%	Smith	OW	53%	14%	27.4x	(0.7x)
Technology	Tenable Holdings, Inc.	TENB US	US	$44.59	4625.9	86.3	100%	90%	Essex	OW	23%	25%	28.0x	(0.2x)
Technology	Sanmina Corporation	SANM US	US	$155.71	8279.2	153.5	54%	4%	Singh	N	38%	67%	20.6x	(0.9x)
Utilities	MDU Resources Group, Inc.	MDU US	US	$19.22	4074.5	39.0	84%	-2%	Kelly	OW	(32%)	5%	20.7x	5.3x
RoW														
Industrials	Anhui Yingliu Electromechani	603308 CH	China	CNY33.68	3546.7	156.7	40%	-19%	Qiu	OW	24%	52%	64.8x	0.4x
Technology	Presight AI Holding Plc	PRESIGHT UH	UAE	AED3.28	5023.8	3.7	84%	0%	So	OW	11%	32%	32.8x	(0.3x)
Technology	Chunghwa Precision Test Te	6510 TT	Taiwan	TWD3,065.00	3094.6	71.5	68%	34%	Tsai	OW	96%	108%	101.0x	(0.4x)
Technology	ISU Petasys Co., Ltd.	007660 KS	South Korea	₩87,000.00	5010.3	98.3	53%	-27%	Lee	OW	100%	69%	38.2x	(0.1x)
Technology	ISC Co., Ltd.	095340 KS	South Korea	₩148,300.00	2463.0	28.9	51%	33%	Lee	OW	3%	62%	55.1x	(0.5x)
Real Estate	Keppel DC REIT	KDCREIT SP	Singapore	SGD2.13	4402.8	19.4	87%	-5%	Khi	OW	12%	9%	19.4x	0.3x
Top **SHORT** Stock Picks Proposed by our Sector Analysts														
Technology	monday.com Ltd.	MNDY US	US	$106.53	4517.4	168.9	51%	-28%	Chatterjee	N	26%	25%	24.2x	(8.9x)
Technology	Wix.com Ltd.	WIX US	US	$81.94	3454.7	150.4	55%	-21%	Gogolev	UW	15%	(32%)	11.2x	NM
Technology	CCC Intelligent Solutions Hol	CCCS US	US	$7.67	4512.9	83.7	81%	-4%	Gogolev	NR	(3%)	26%	21.3x	2.8x

Source: Bloomberg Finance L.P., J. P. Morgan, Factset Note: Prices and Perf is as of COB 26th Oct'26

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Comet Holding

(COTN SW/OW/CHF332.2—$3.14 Bill Mkt Cap;$11.9 MM ADTV)

European Tech Hardware & Payments
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Investment Thesis: Comet is a supplier of components and sub-systems for semi-cap tools, with a particular focus on RF power matching and generation which is necessary for many semiconductor production processes. Comet's revenue is directly correlated to wafer fab equipment (WFE) spending, which is expected to grow significantly in response to the semiconductor upcycle being led by AI applications. Comet is adding capacity and restructuring its business in order to meet demand, and to do so more profitably than it has previously. We expect Comet to see growth ahead of consensus expectations in 2028, with our view being that the market is also underestimating the operating leverage and positive mix impact that should drive earnings ahead of consensus expectations. As well as material earnings upside, Comet trades at a material discount to peers, offering re-rating potential as upgrades come through.

Figure 58: Revenue Split

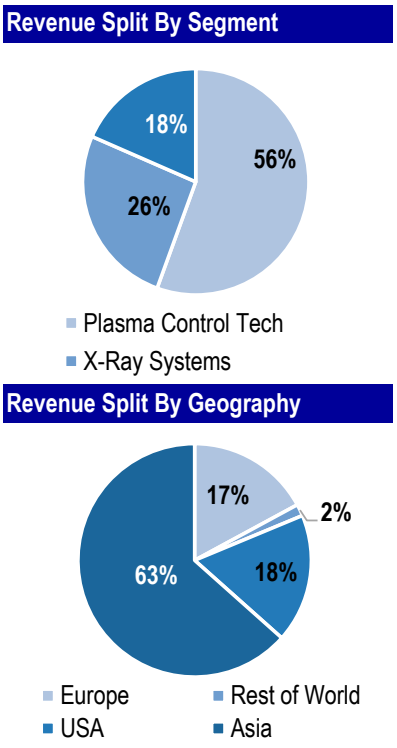
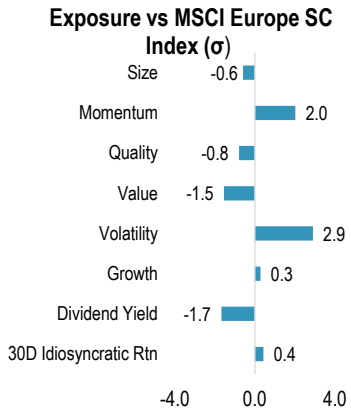


Figure 59: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 60: YTD Price Perf vs Benchmark (Rebased to 100)

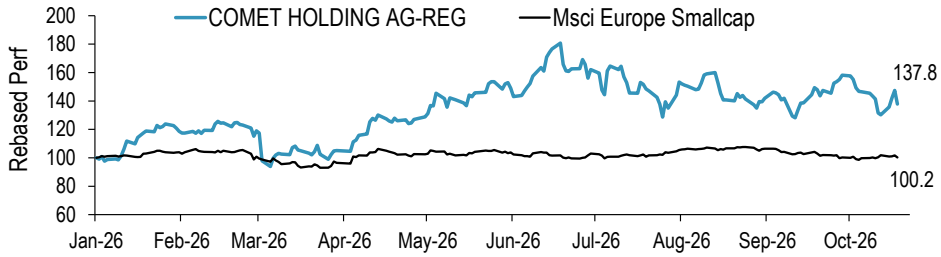
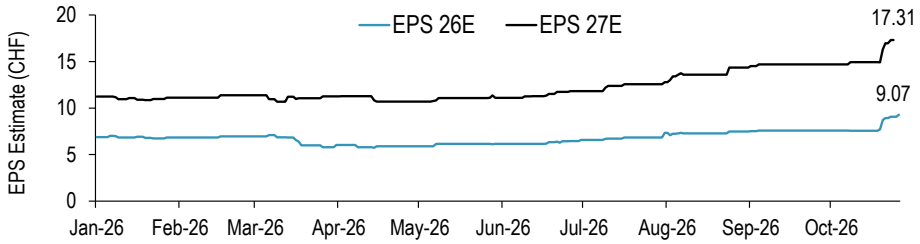


Figure 61: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 62: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Rev.FY (CHF MM)	586.4	397.5	445.4	457.0	582.6	797.3
Rev Growth	14.1%	-32.2%	12.1%	2.6%	27.5%	36.8%
EBITDA FY (CHF MM)	118.4	43.7	58.0	46.0	104.6	211.1
EBITDA Margins	20.2%	11.0%	13.0%	10.1%	18.0%	26.5%
Adj. EPS (CHF)	10.0	1.8	4.2	1.6	8.2	19.2
EPS Grw	15.8%	-82.0%	133.5%	-62.8%	419.7%	135.8%
FCF Yield	1.4%	-0.2%	1.1%	0.0%	-0.6%	3.3%
Net Debt / EBITDA	-0.6x	-0.6x	-0.9x	-0.8x	-0.2x	-0.4x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Inficon Holding

(IFCN SW/OW/CHF165.0—$4.94 Bill Mkt Cap;$7.8 MM ADTV)

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Investment Thesis: Inficon is a supplier of components and sub-systems for foundries and semicap tools, with a particular focus on vacuum gauges, gas testing and measurement which is necessary for many semiconductor production processes. Inficon is directly correlated to wafer fab equipment (WFE) spending, which is expected to grow significantly in response to the semiconductor upcycle with Inficon orders beginning to stretch through 2027. Inficon is adding capacity in order to be able to meet this rising demand. We expect that Inficon can see revenue growth ahead of consensus expectations driven by its WFE exposure with leverage down the P&L, which we expect will lead to material EPS upgrades to consensus.

Figure 63: Revenue Split

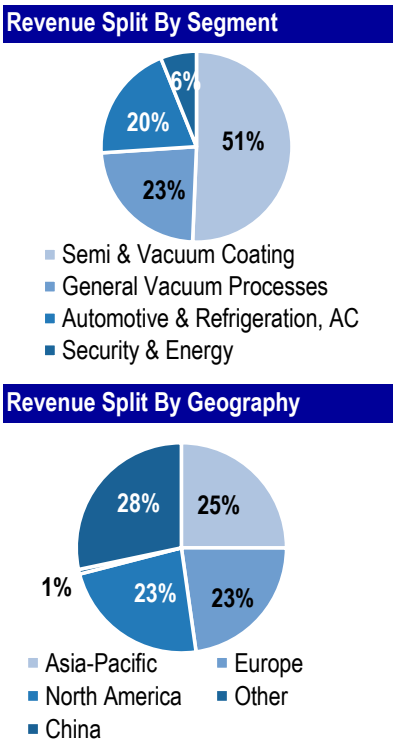
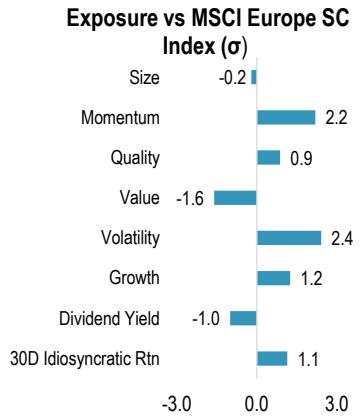


Figure 64: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 65: YTD Price Perf vs Benchmark (Rebased to 100)

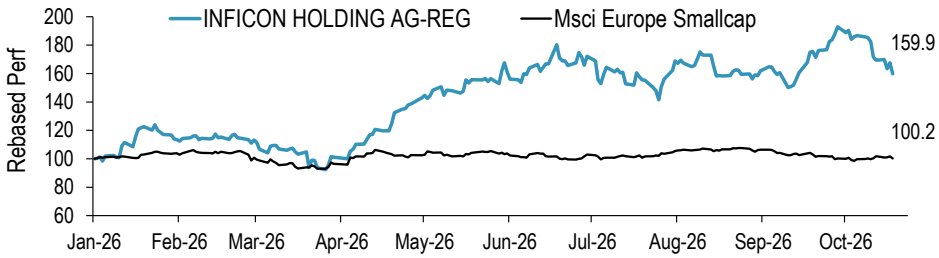
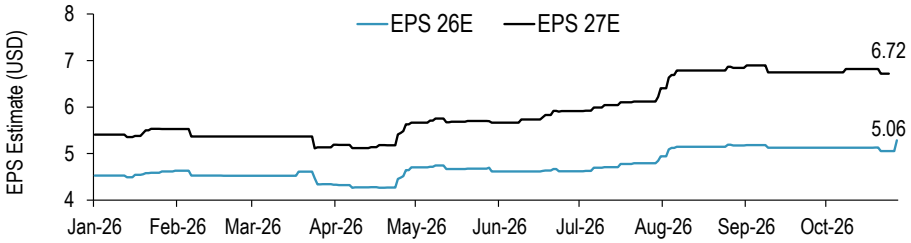


Figure 66: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 67: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	581.3	673.7	670.9	673.7	792.9	966.3
Rev Growth	12.7%	15.9%	-0.4%	0.4%	17.7%	21.9%
EBITDA FY ($MM)	126.1	152.1	155.4	133.0	185.2	261.5
EBITDA Margins	21.7%	22.6%	23.2%	19.7%	23.4%	27.1%
Adj. EPS ($)	36.2	43.2	4.6	3.5	5.5	8.1
EPS Grw	10.2%	19.4%	-89.3%	-23.9%	56.0%	47.1%
FCF Yield	2.0%	17.4%	1.6%	1.4%	1.6%	2.6%
Net Debt / EBITDA	0.0x	-0.3x	-0.5x	-0.6x	-0.6x	-0.7x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Aixtron SE

(AIXA GR/OW/€28.45—$3.68 Bill Mkt Cap;$32.8 MM ADTV)

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Investment Thesis: Aixtron is a supplier of epitaxy tools used in the production of compound semiconductors, in particular Aixtron's tools have application in the production of laser based optics (Indium Phosphide) and power management chips (Silicon Carbide / Gallium Nitride) both important parts of the data centre architecture. Aixtron has already begun to see a surge in demand for its Indium Phosphide tools – we expect this demand can be stronger for longer than the market expects; in addition, we expect Aixtron to see a meaningful upswing in demand for Power (notably Gallium Nitride) primarily from data centre power applications. As well as being ahead of consensus on revenue expectations, we expect that profitability could come in ahead of expectations, notably on gross margin where positive mix and operating leverage do not appear to be captured in consensus estimates.

Figure 68: Revenue Split

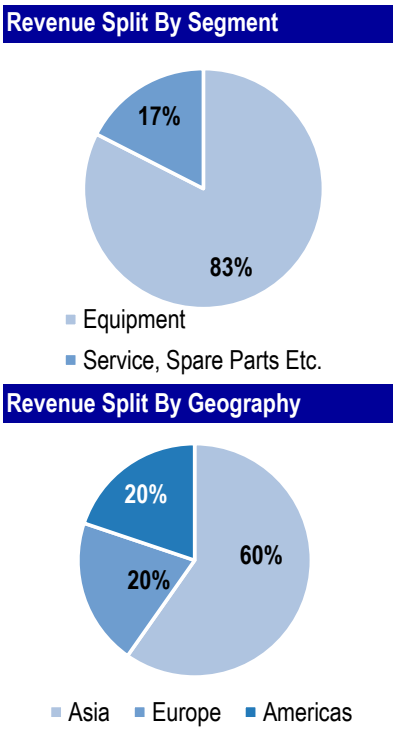
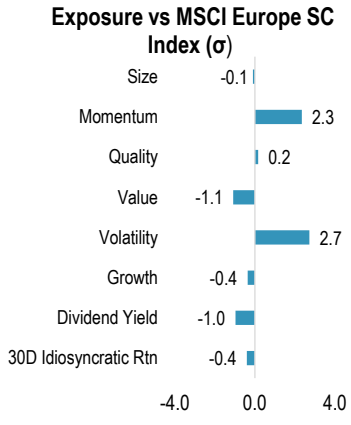


Figure 69: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 70: YTD Price Perf vs Benchmark (Rebased to 100)

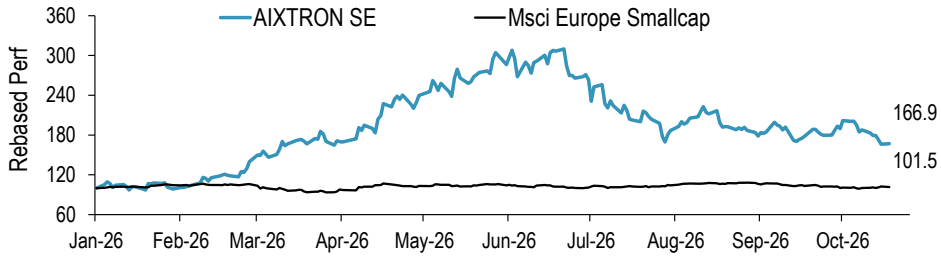
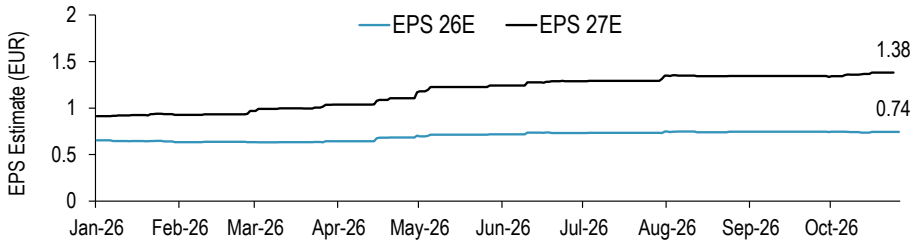


Figure 71: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 72: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY (€MM)	463.2	629.9	633.2	556.6	587.1	853.9
Rev Growth	8.0%	36.0%	0.5%	-12.1%	5.5%	45.4%
EBITDA FY (€MM)	113.6	168.4	145.5	117.0	135.3	265.5
EBITDA Margins	24.5%	26.7%	23.0%	21.0%	23.0%	31.1%
Adj. EPS (€)	0.9	1.3	0.9	0.8	0.8	1.6
EPS Grw	4.8%	44.2%	-26.9%	-19.8%	6.6%	101.1%
FCF Yield	0.1%	-2.0%	-1.3%	5.4%	6.1%	2.7%
Net Debt / EBITDA	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Soitec SA

(SOI FP/OW/€111.65—$4.60 Bill Mkt Cap;$36.7 MM ADTV)

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Investment Thesis: Soitec is a supplier of complex engineered wafers which are used as the starting point for many AI applications, in particular Silicon Photonics used in the production of optical transceivers (used in connection between and within datacentres). Soitec is the market leader in Silicon Photonics production and holds a number of patents over the technology, Soitec is adding capacity in order to meet the booming demand for their wafers. We expect that Soitec will see revenue growth ahead of consensus expectations, driven primarily by the Silicon Photonics business, but importantly the business model is such (with very high incremental margins) such that we expect earnings to come in very materially ahead of consensus expectations.

Figure 73: Revenue Split

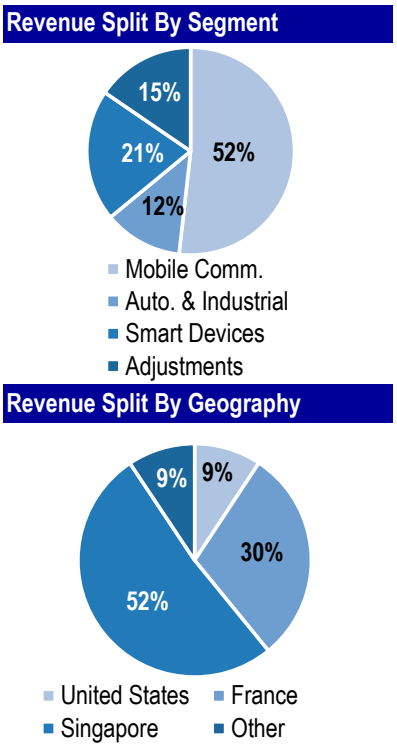
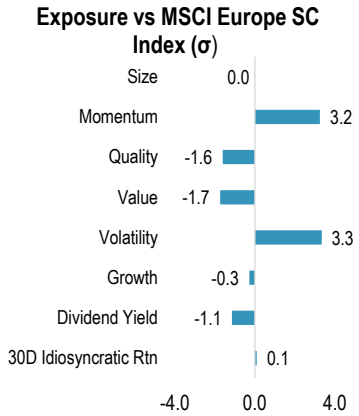


Figure 74: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 75: YTD Price Perf vs Benchmark (Rebased to 100)

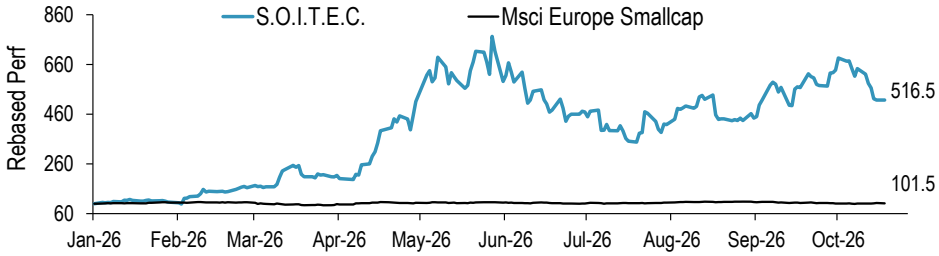
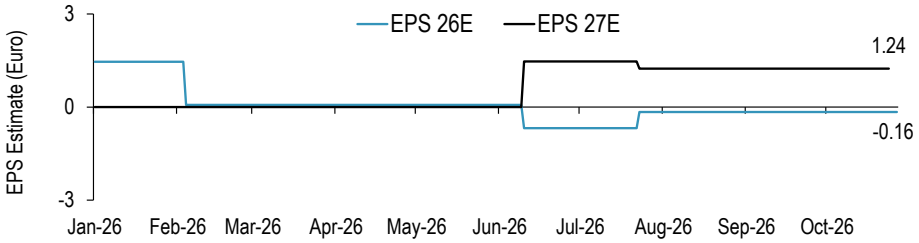


Figure 76: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 77: Key Stats

FYE Mar	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY (€MM)	863.0	1088.6	977.9	891.0	592.0	704.4
Rev Growth	47.8%	26.1%	-10.2%	-8.9%	-33.6%	19.0%
EBITDA FY (€MM)	286.0	373.6	330.9	259.0	7.0	195.6
EBITDA Margins	35.8%	35.9%	34.0%	33.4%	24.2%	28.3%
Adj. EPS (€)	6.0	6.6	5.0	2.6	(6.2)	1.2
EPS Grw	172.8%	11.2%	-24.9%	-48.3%	-339.1%	-119.7%
FCF Yield	1.2%	0.8%	-1.3%	0.1%	1.6%	5.9%
Net Debt / EBITDA	-0.5x	-0.4x	0.1x	0.3x	0.4x	-0.9x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Kodiak Gas Services Inc.

(KGS US/OW/$44.31—$4.46 Bill Mkt Cap;$92.6 MM ADTV)

North American Midstream
Eli Jossen, CFA[AC]
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Investment Thesis: KGS remains a focus name with power infrastructure contract momentum and compression pricing durability as key drivers. The recent data center announcement (76 MW, 6-year term, ~40 recip units, IG hyperscaler-backed counterparty) demonstrates initial execution on a robust commercial pipeline, and we see potential for another meaningful power contract win this year, though it could slip into early 2027. We continue to model ~400 MW of deliveries in 2027, with possible back-end loaded in-service and most turbines generating revenue in early 2028. We model higher 2027 power capex vs. 2026, reflecting BOP requirements and accelerating turbine down payments. On compression, $/HP trends flat as KGS converts operating leases to owned assets (43k HP), with lube oil a modest headwind. All in, we expect this to be a proof-of-concept quarter for the power platform, with contract execution, 2027 capex framing, and power utilization trajectory dominating airtime.

Figure 78: Revenue Split

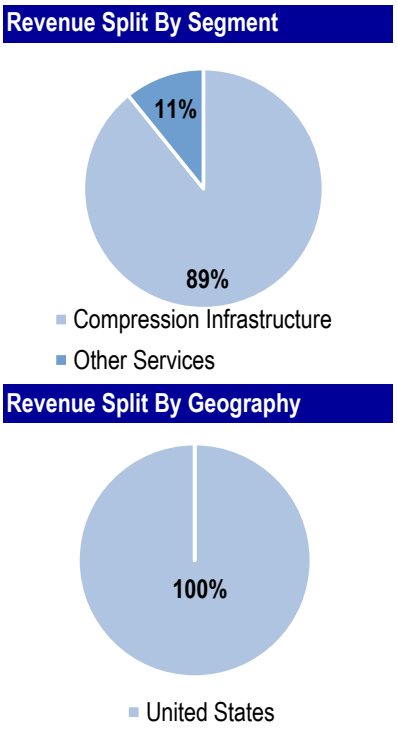
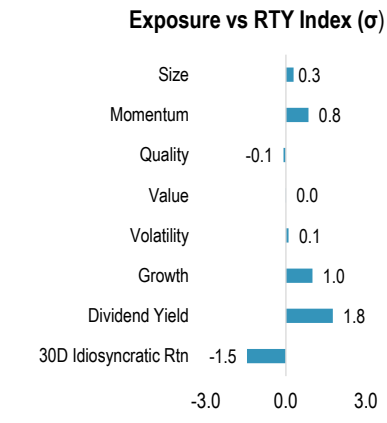


Figure 79: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 80: YTD Price Perf vs Benchmark (Rebased to 100)

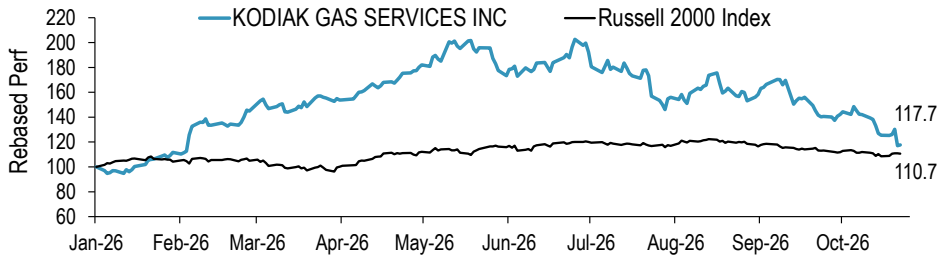
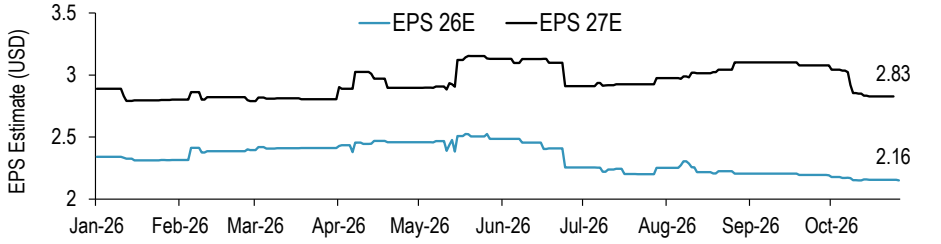


Figure 81: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 82: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	707.9	850.4	1159.3	1308.1	1518.0	1724.9
Rev Growth	16.7%	20.1%	36.3%	12.8%	16.0%	13.6%
EBITDA FY ($MM)	399.0	438.1	609.6	715.0	847.9	997.6
EBITDA Margins	56.4%	51.5%	52.6%	54.7%	55.9%	57.8%
Adj. EPS ($)	NA	0.5	1.6	2.1	2.2	2.8
EPS Grw	NA	NA	203.9%	34.8%	2.9%	30.7%
FCF Yield	NA	NA	NA	NA	NA	NA
Net Debt / EBITDA	6.8x	4.1x	4.2x	3.6x	3.4x	3.6x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Argan Inc.

(AGX US/OW/$331.03—$4.63 Bill Mkt Cap;$182.6 MM ADTV)

Investment Thesis: AGX is the only publicly traded EPC that gives investors pure play exposure to gas generation. They are one of only a handful of EPCs that have the capability to build a combined cycle project and have arguably the best track record of anyone in the industry. The company is currently building 7 power projects but has the labor and capacity to build 10-12 projects at once. Additionally, pricing has moved substantially higher on CCGT projects over the last several years, from ~$1,000/kW in 2024 to ~$3,400 in the market today. We don't think this pricing has shown up in backlog yet given the lack of project announcements YTD. We see several potential catalysts on the horizon for the stock, including CCGT project announcements, simple cycle or biofuel announcements, a potential framework agreement with a customer, and potential commentary from management on expanded project capacity as the company continues to add headcount and expertise.

Clean Energy, Power Infrastructure, and Sustainable Investing
Michael G Fairbank[AC]
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Figure 83: Revenue Split

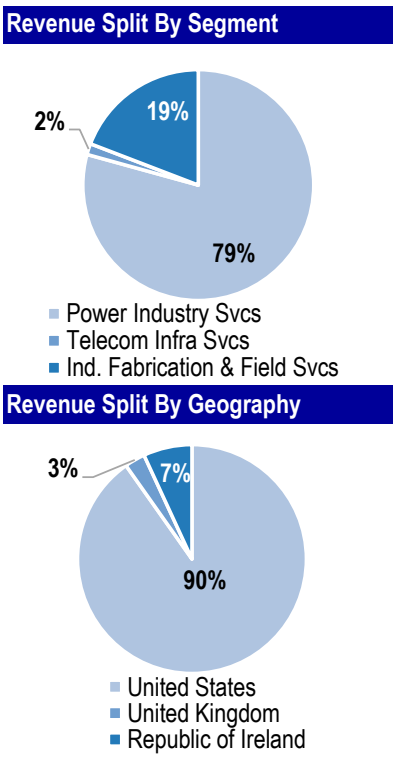
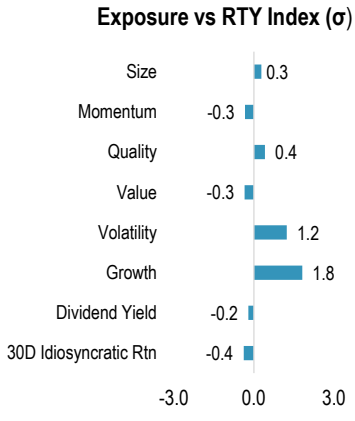


Figure 84: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 85: YTD Price Perf vs Benchmark (Rebased to 100)

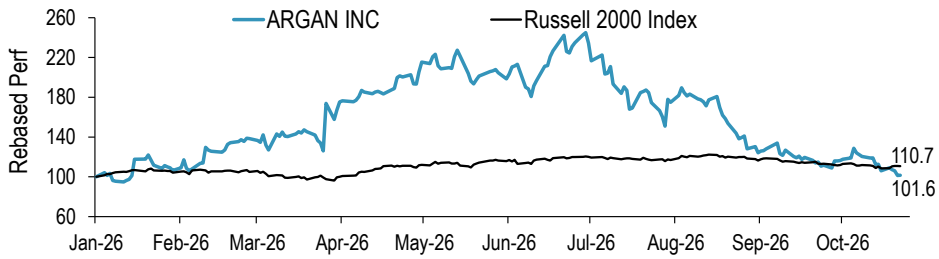
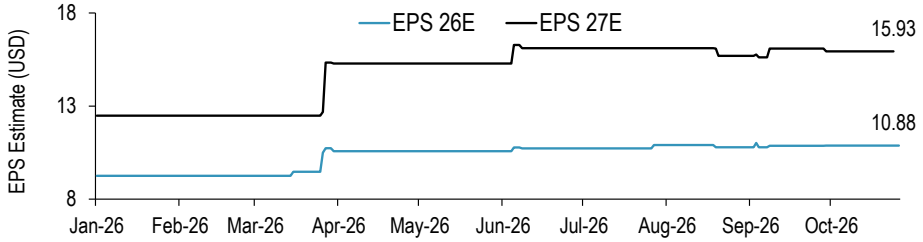


Figure 86: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 87: Key Stats

FYE Jan	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	509.4	455.0	573.3	874.2	944.6	1468.4
Rev Growth	29.9%	-10.7%	26.0%	52.5%	8.1%	55.4%
EBITDA FY ($MM)	47.9	44.7	38.5	90.1	136.6	225.2
EBITDA Margins	10.1%	10.9%	9.0%	13.0%	17.2%	18.6%
Adj. EPS ($)	2.4	2.4	2.4	6.4	10.0	14.5
EPS Grw	59.9%	-3.4%	3.0%	162.5%	57.4%	44.9%
FCF Yield	0.2%	-0.3%	1.2%	1.6%	8.8%	7.6%
Net Debt / EBITDA	12.4x	8.2x	8.6x	3.9x	4.7x	3.7x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

Dycom Industries

(DY US/OW/$224.56—$6.8 Bill Mkt Cap;$190.24 MM ADTV)

North America Equity Research - Communications Infrastructure
Richard Choe[AC]
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Investment Thesis: Dycom is seen as benefitting from network upgrade trends across the wireline landscape, with some builds taking multiple years before completion. Fiber-to-the-home deployments look to provide meaningful long-term growth as network operators execute on multi-year build plans. In addition, recent advancements in artificial intelligence have spurred investment in data centers and generated a need for increased bandwidth alongside existing routes, and for new fiber routes. The acquisition of Power Solutions expands Dycom into a new vertical, offering electrical contracting services to data center customers, which has substantial growth and high margins. The deal allows Dycom to offer a more comprehensive solution set and deepen existing customer relationships. The acquisition of National Technology Integrators adds to the company's growing portfolio of services geared to data center developers

Figure 88: Revenue Split

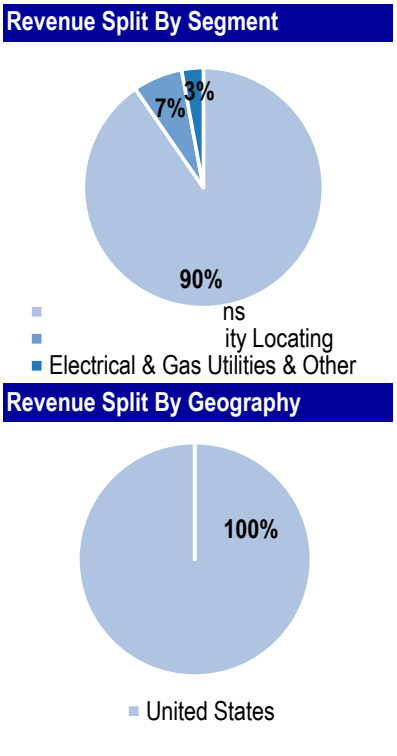
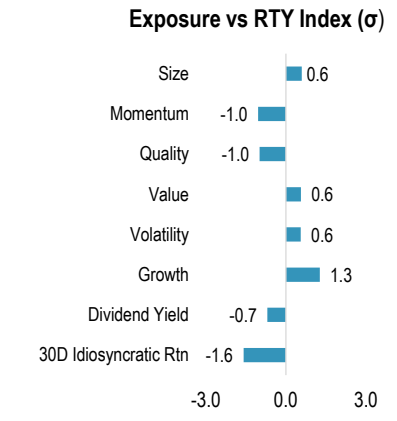


Figure 89: Style Exposure vs Benchmark

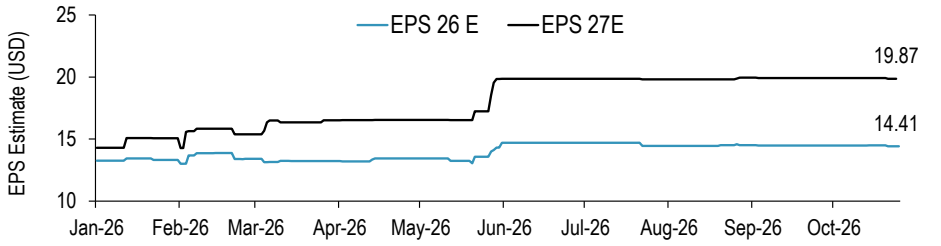


Source: J.P. Morgan, Bloomberg, FactSet

Figure 90: YTD Price Perf vs Benchmark (Rebased to 100)



Figure 91: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 92: Key Stats

FYE Jan	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	3130.5	3808.5	4175.6	4702.0	5545.9	7570.5
Rev Growth	-2.1%	21.7%	9.6%	12.6%	17.9%	36.5%
EBITDA FY ($ MM)	264.5	364.9	507.7	567.4	704.0	1021.1
EBITDA Margins	8.5%	9.6%	12.1%	12.3%	13.3%	14.0%
Adj. EPS ($)	1.6	4.8	7.5	8.0	11.2	16.5
EPS Grw	48.1%	200.7%	55.1%	7.4%	39.9%	47.2%
FCF Yield	NA	-0.3%	0.3%	0.8%	6.1%	4.9%
Net Debt / EBITDA	2.2x	1.6x	1.4x	1.5x	2.9x	2.1x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

ESCO Technologies Inc.

(ESE US/OW/$232.10—$7.22 Bill Mkt Cap;$67.76 MM ADTV)

North American Industrials - SMid-Cap
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Investment Thesis: ESCO offers a compelling three-pronged growth strategy spanning aerospace, navy, and the power grid buildout, with an additional M&A growth kicker, a combination we view as differentiated within the SMid Cap Industrials space. Backed by a track record of execution, (~9%/~15% 10Y revenue/adj. EPS CAGR) and differentiated end-market exposure, we view the company as a resilient compounder with runway ahead. With the addition of Megger, the company expands its Utility Solutions Group, positioned for the AI infrastructure buildout through diagnostic solutions, measurement equipment, and electrical test equipment, and we believe this mix supports durable above-market growth.

Figure 93: Revenue Split

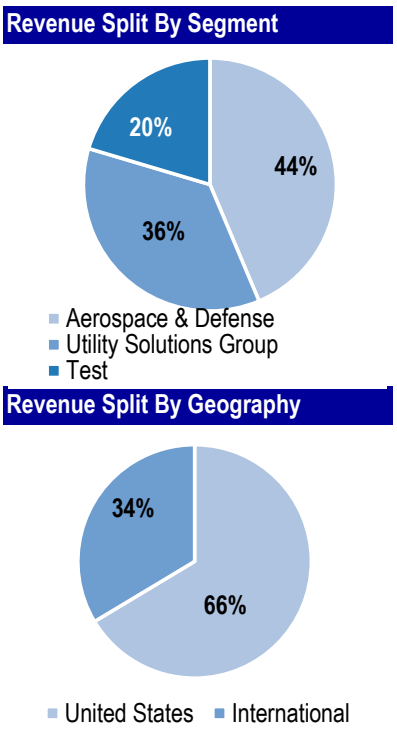
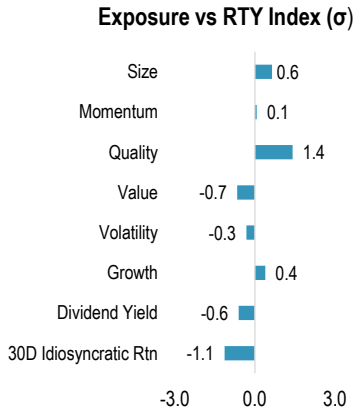


Figure 94: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 95: YTD Price Perf vs Benchmark (Rebased to 100)

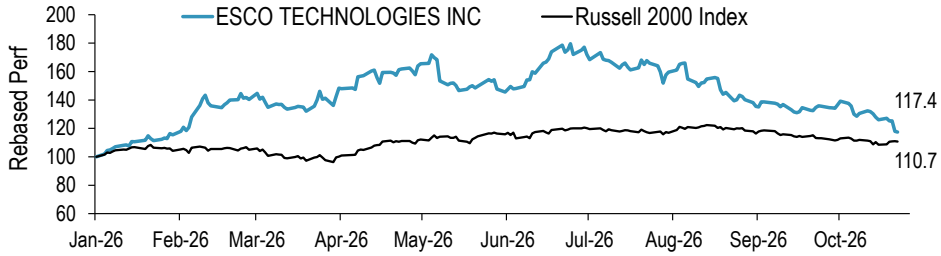
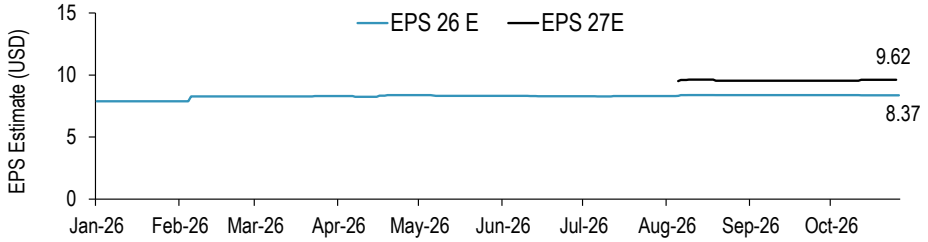


Figure 96: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 97: Key Stats

FYE Sep	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	857.5	956.0	974.5	1095.4	1310.0	1968.4
Rev Growth	19.9%	11.5%	1.9%	12.4%	19.6%	50.3%
EBITDA FY ($ MM)	0.0	177.3	204.2	248.2	316.0	445.9
EBITDA Margins	19.3%	18.8%	22.8%	23.4%	24.9%	23.4%
Adj. EPS ($)	NA	3.7	4.8	6.0	8.4	8.9
EPS Grw	NA	NA	28.8%	26.7%	38.5%	6.0%
FCF Yield	0.0%	0.7%	1.1%	2.7%	3.9%	2.4%
Net Debt / EBITDA	0.0x	0.3x	0.3x	0.3x	-0.2x	1.5x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Pattern Group Inc.

(PTRN US/OW/$16.19—$2.57 Bill Mkt Cap;$22.6 MM ADTV)

Investment Thesis: PTRN is a leading global e-commerce accelerator that combines proprietary technology, AI, and on-demand expertise to help brand partners scale profitably across 60+ online marketplaces. The company is executing against multiple durable growth levers including tech-driven optimizations, deeper assortment with current brands, continued geographic & marketplace expansion, new brand partners, and an expanding solutions portfolio. PTRN's AI-enabled solutions, including Pattern Intelligence, support pricing, traffic, conversion, and in-stock rates while also improving internal efficiencies. With ~70% of brands operating with e-commerce teams of 10 or fewer, and agentic commerce expected to increase complexity for brands, we believe PTRN is well positioned to grow & deepen relationships with brands, drive profitable share gains across channels, and deliver continued strong revenue growth with improving operating leverage over time.

Internet - Large Cap / Mid & Small Cap
Doug Anmuth [AC]
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douglas.anmuth@jpmorgan.com

Figure 98: Revenue Split

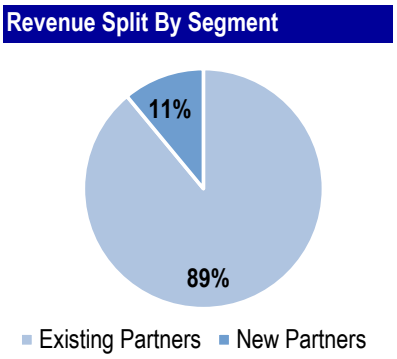
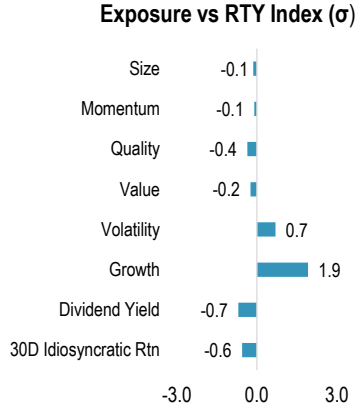


Figure 99: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 100: YTD Price Perf vs Benchmark (Rebased to 100)

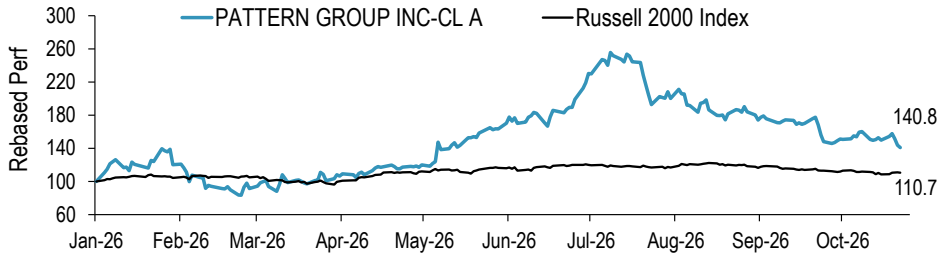
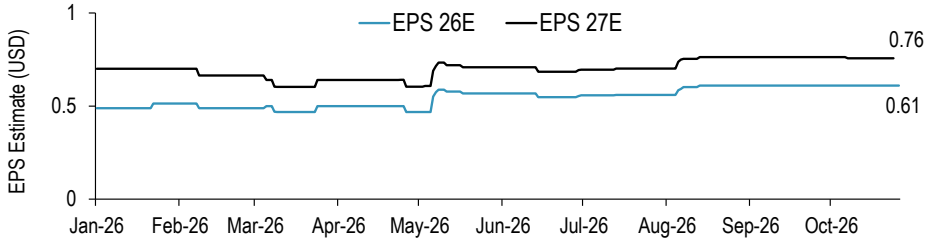


Figure 101: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 102: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	990.5	1366.4	1796.2	2501.3	3440.4	4309.9
Rev Growth	NA	37.9%	31.5%	39.3%	37.5%	25.3%
EBITDA FY ($MM)	13.7	64.9	102.0	42.2	166.5	207.8
EBITDA Margins	1.8%	4.7%	5.6%	6.1%	6.2%	6.2%
Adj. EPS ($)	(0.2)	-	0.5	(1.4)	0.6	0.8
EPS Grw	NA	NA	NA	-401.3%	NA	23.7%
FCF Yield	0.0%	1.1%	2.1%	4.2%	3.7%	4.7%
Net Debt / EBITDA	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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GoDaddy Inc.

(GDDY US/OW/$112.79—$14.53 Bill Mkt Cap;$208.8 MM ADTV)

Investment Thesis: PTRN is a leading global e-commerce accelerator that combines proprietary technology, AI, and on-demand expertise to help brand partners scale profitably across 60+ online marketplaces. The company is executing against multiple durable growth levers including tech-driven optimizations, deeper assortment with current brands, continued geographic & marketplace expansion, new brand partners, and an expanding solutions portfolio. PTRN's AI-enabled solutions, including Pattern Intelligence, support pricing, traffic, conversion, and in-stock rates while also improving internal efficiencies. With ~70% of brands operating with e-commerce teams of 10 or fewer, and agentic commerce expected to increase complexity for brands, we believe PTRN is well positioned to grow & deepen relationships with brands, drive profitable share gains across channels, and deliver continued strong revenue growth with improving operating leverage over time.

Vertical SaaS HealthTech
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Figure 103: Revenue Split

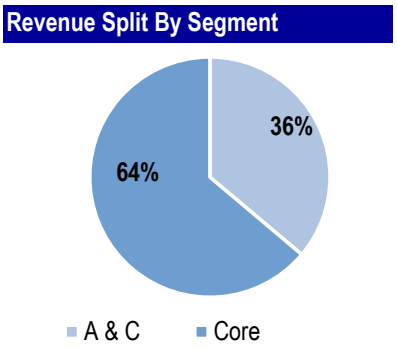
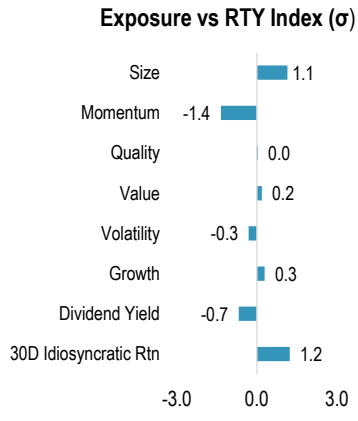


Figure 104: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 105: YTD Price Perf vs Benchmark (Rebased to 100)

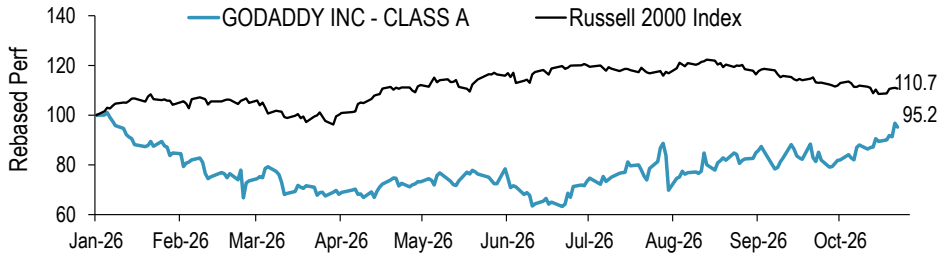
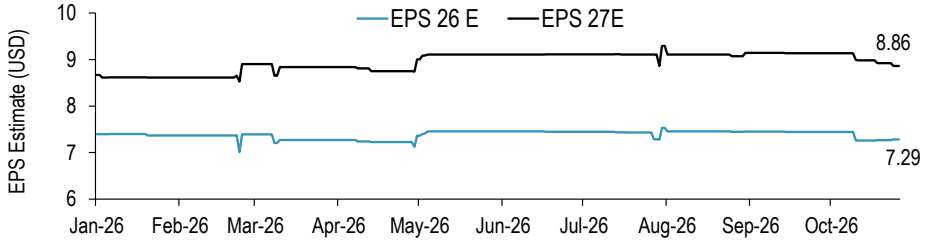


Figure 106: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 107: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	857.5	4254.1	4573.2	4951.1	5242.4	5540.5
Rev Growth	19.9%	396.1%	7.5%	8.3%	5.9%	5.7%
EBITDA FY ($MM)	1013.4	1134.7	1395.9	1585.9	1751.0	1904.8
EBITDA Margins	24.8%	26.7%	30.5%	32.0%	33.4%	34.4%
Adj. EPS ($)	2.2	9.4	6.6	6.3	7.5	10.5
EPS Grw	53.7%	322.9%	-29.5%	-4.3%	18.6%	40.1%
FCF Yield	7.7%	9.4%	11.7%	10.2%	12.2%	13.3%
Net Debt / EBITDA	3.0x	3.0x	1.9x	1.7x	1.1x	0.3x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Appfolio Inc.

(APPF US/OW/$210.62—$5.24 Bill Mkt Cap;$69.9 MM ADTV)

North America Equity Research - Vertical SaaS HealthTech
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Investment Thesis: AppFolio (APPF) is a high conviction long as it continues to evolve from a "property management" point solution into a broader "performance management" platform for the U.S. real estate ecosystem, which should sustain durable growth and premium economics. The bull case is driven by (1) successful upmarket execution into larger, more complex portfolios that is reaccelerating unit growth and revenue expansion; (2) AI-driven monetization via "agentic" Realm AI / Realm-X that automates high-cost workflows with near-universal customer adoption (over 99% of ~23k customers); and (3) increasing mix of high-margin value-added services (FolioGuard, FolioScreen, payments) now ~50% of revenue. These drivers are reinforced by meaningful workflow lock-in (and a faster-than-expected migration to higher-priced Plus/Max tiers, creating a best-in-class vertical SaaS "Rule of 40" profile alongside ongoing market share gains versus legacy/private competitors.

Figure 108: Revenue Split

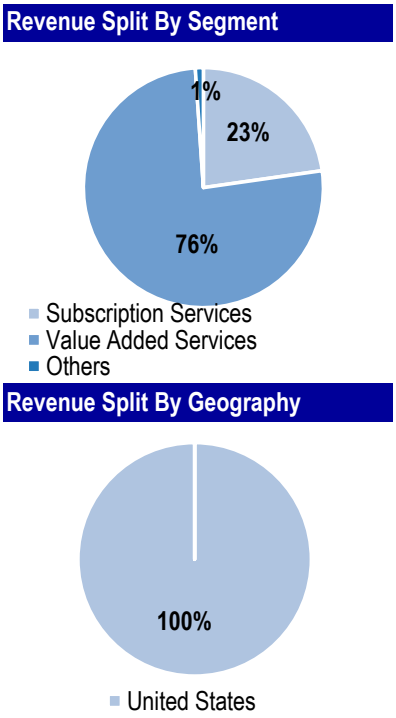
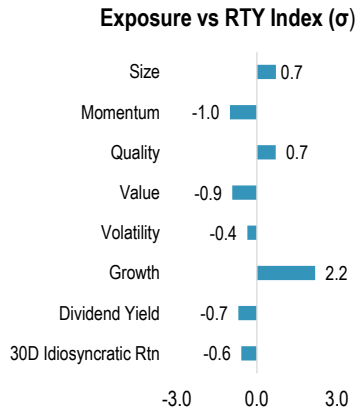


Figure 109: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 110: YTD Price Perf vs Benchmark (Rebased to 100)

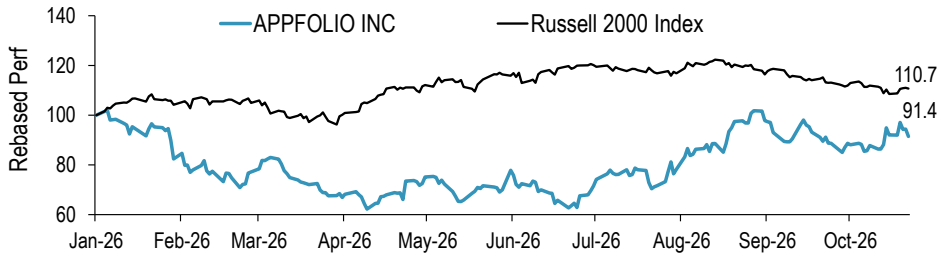
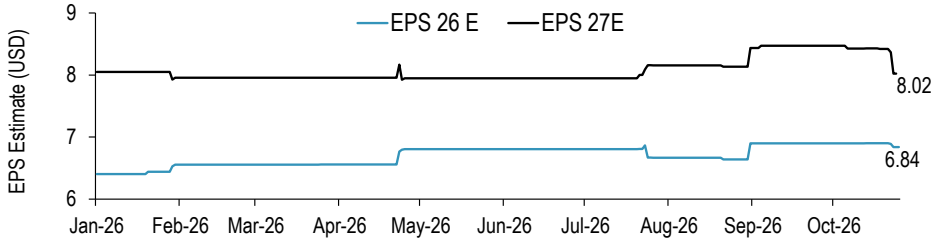


Figure 111: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 112: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	471.9	620.4	794.2	950.8	1124.4	1331.0
Rev Growth	31.3%	31.5%	28.0%	19.7%	18.3%	18.4%
EBITDA FY ($ MM)	-39.3	30.0	155.2	175.6	234.2	313.4
EBITDA Margins	4.9%	16.1%	27.1%	25.9%	27.8%	30.3%
Adj. EPS ($)	0.0	1.4	4.4	5.3	6.8	8.7
EPS Grw	-94.6%	4297.1%	206.2%	20.7%	27.8%	26.7%
FCF Yield	0.1%	1.2%	2.9%	3.1%	3.8%	4.7%
Net Debt / EBITDA	-3.0x	-0.5x	-0.2x	-0.4x	-1.0x	-1.5x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

Q2 Holdings, Inc.

(QTWO US/OW/$69.39—$4.32 Bill Mkt Cap;$48.86 MM ADTV)

Investment Thesis: QTWO offers a compelling combination of durable top-line visibility and margin upside, a setup viewed as differentiated within the fintech software space. Backed by its position as the clear leader in a duopolistic market—commanding roughly 70% share of a legacy-tech displacement opportunity—and a balance sheet defined by no debt and already >90% FCF conversion, the company is viewed as a resilient compounder with runway ahead. With 700bps of EBITDA margin expansion likely reached well before the company's 2030 target of 35%, this trajectory supports durable above-market growth, even as investors and sell-side remain skeptical that QTWO can sustain the high bar of historical beats and raises implied by its current ~11x EV/EBITDA valuation.

North American Software - Small and MidCap
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Figure 113: Revenue Split

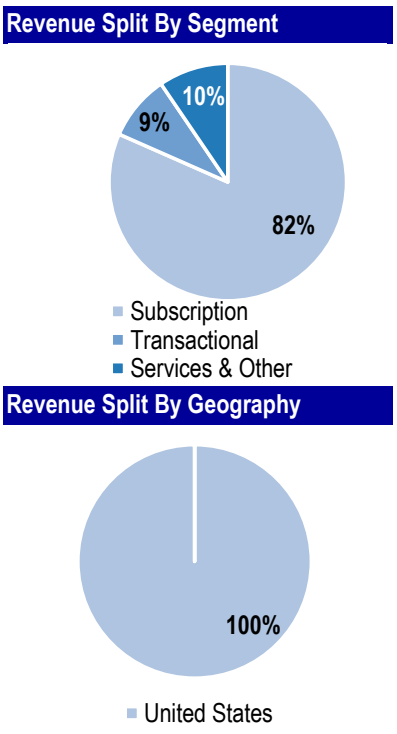
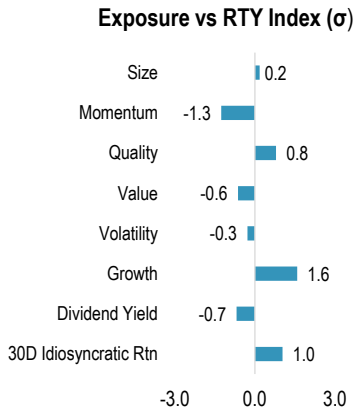


Figure 114: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 115: YTD Price Perf vs Benchmark (Rebased to 100)

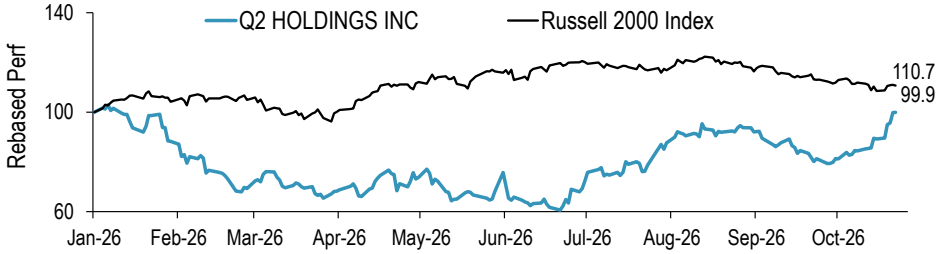
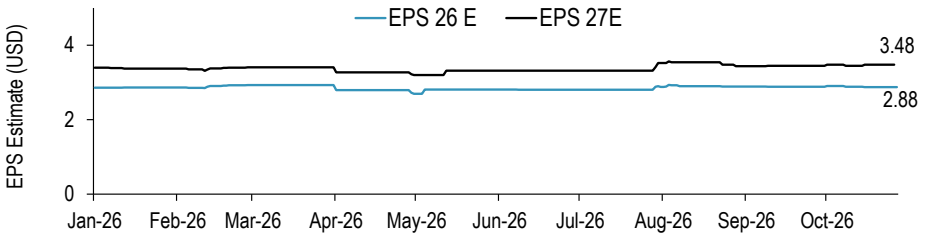


Figure 116: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 117: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	566.3	625.0	696.5	794.8	884.2	974.6
Rev Growth	13.1%	10.4%	11.4%	14.1%	11.2%	10.2%
EBITDA FY ($ MM)	78.1	121.4	164.3	207.8	265.7	311.6
EBITDA Margins	9.8%	15.7%	20.4%	23.5%	28.2%	30.2%
Adj. EPS ($)	0.3	1.2	1.7	2.7	3.4	4.1
EPS Grw	-18.9%	363.7%	36.9%	62.7%	28.4%	19.5%
FCF Yield	1.0%	2.2%	4.2%	4.1%	5.7%	6.9%
Net Debt / EBITDA	8.5x	2.7x	0.9x	-0.3x	-0.9x	-1.8x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Tenable Holdings

(TENB US/OW/$44.59—$4.63 Bill Mkt Cap;$86.27 MM ADTV)

North American Software - Large Cap / Mid Small Cap
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Investment Thesis: Tenable's reasonable growth expectations and best-of-breed exposure management positioning make it a good pick, with plenty of greenfield opportunity as enterprises shift toward formal VA/VM programs in an elevated threat environment. Over the next year or so, Tenable is expected to be a beneficiary of a vulnerability renaissance, which could drive growth acceleration. A Dec-2027 PT of $41 is set, based on a 14.5x EV/CY27E FCF multiple (FCF of $325mm), implying 11.7x EV/CY28E FCF (FCF of $373.6mm for CY28) — a discount to low-growth coverage given high-single-digit revenue growth and below-peer margins, expected to narrow as Tenable One becomes a larger share of the mix.

Figure 118: Revenue Split

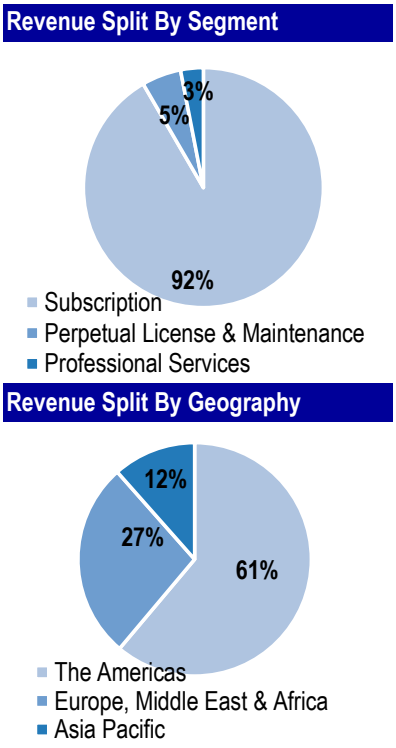


Figure 119: Style Exposure vs Benchmark

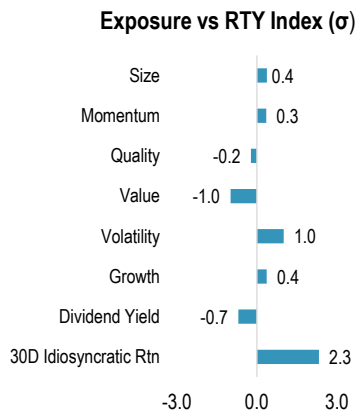


Figure 120: YTD Price Perf vs Benchmark (Rebased to 100)

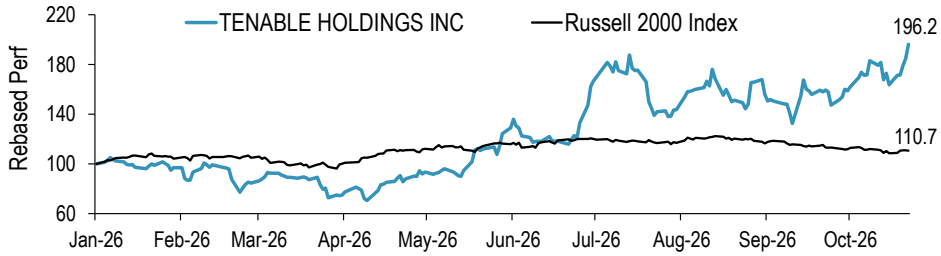
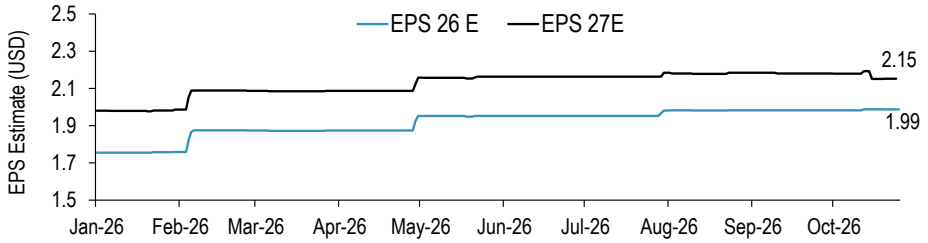


Figure 121: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 122: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	683.2	798.7	900.0	999.4	1080.3	1171.3
Rev Growth	26.3%	16.9%	12.7%	11.0%	8.1%	8.4%
EBITDA FY ($ MM)	78.5	134.2	197.9	235.0	277.2	312.0
EBITDA Margins	11.5%	16.8%	22.0%	23.5%	25.7%	26.6%
Adj. EPS ($)	0.4	0.8	1.3	1.6	2.0	2.3
EPS Grw	1.6%	126.5%	58.6%	21.2%	25.2%	15.8%
FCF Yield	2.7%	3.2%	4.5%	4.7%	5.3%	5.9%
Net Debt / EBITDA	0.8x	0.9x	0.1x	0.7x	0.6x	0.0x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Source: J.P. Morgan, Bloomberg, FactSet

Sanmina Corporation

(SANM US/N/$155.71—$8.28 Bill Mkt Cap;$153.46 MM ADTV)

Investment Thesis: Sanmina has historically been diversified across end markets, but its exposure to AI infrastructure has increased materially following recent acquisition of ZT Systems' manufacturing assets from AMD. Heading into FY27, we expect rack-integration opportunities tied to AMD's Helios platform, which could drive one of the largest organic dollar revenue ramps in the company's history in FY27 (and FY28) and lift accelerated compute (AI) mix to ~25% of total FY27 revenues. We expect FY27 guidance at the upcoming F4Q26 print to come in ahead of consensus expectations (see our detailed preview note here). Despite the robust growth outlook, we remain Neutral at this stage as we await: 1) additional proof points on execution; 2) clearer visibility on the working-capital build and FCF conversion in FY27 and FY28; and 3) additional clarity on margin trajectory.

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Figure 123: Revenue Split

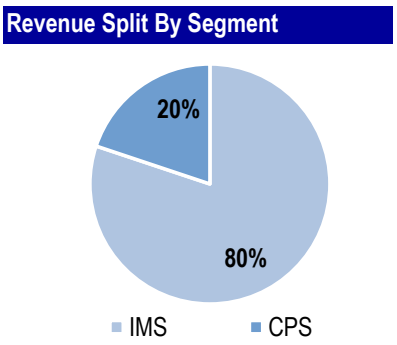
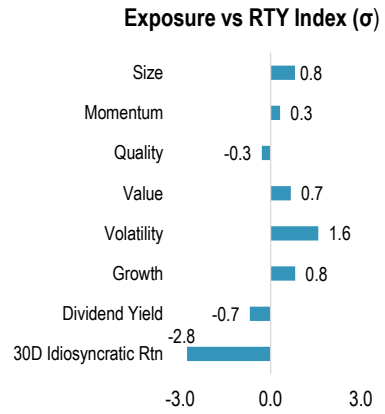


Figure 124: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 125: YTD Price Perf vs Benchmark (Rebased to 100)

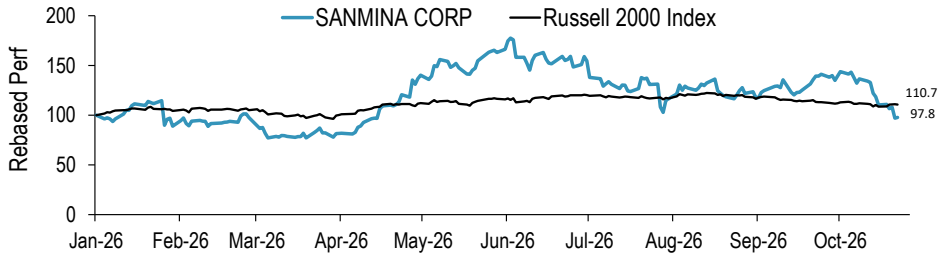
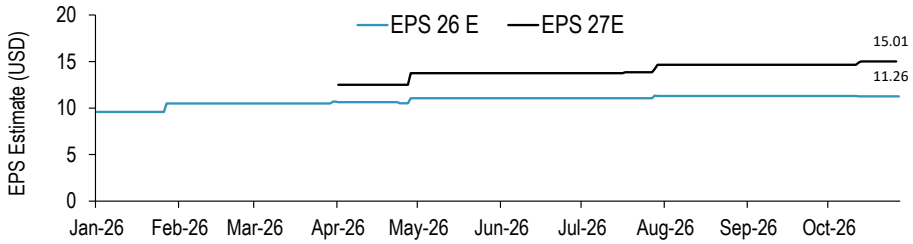


Figure 126: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 127: Key Stats

FYE Sep	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	7919.6	8935.0	7568.3	8128.4	14118.5	17636.6
Rev Growth	17.2%	12.8%	-15.3%	7.4%	73.7%	24.9%
EBITDA FY ($ MM)	507.7	638.0	528.5	584.9	1169.0	1415.5
EBITDA Margins	6.4%	7.1%	7.0%	7.2%	8.3%	8.0%
Adj. EPS ($)	4.8	6.5	5.4	6.2	12.4	15.0
EPS Grw	18.1%	34.4%	-16.3%	14.1%	100.1%	21.5%
FCF Yield	1.4%	0.3%	1.8%	5.5%	6.7%	-11.4%
Net Debt / EBITDA	-0.4x	-0.5x	-0.6x	-1.1x	0.2x	0.8x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

MDU Resources Group

(MDU US/OW/$19.22—$4.08 Bill Mkt Cap;$39.04 MM ADTV)

North American Utilities
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Investment Thesis: Following the KNF and ECG spin-offs, MDU has repositioned itself as a pure-play regulated energy delivery company with direct exposure to infrastructure-driven growth across the U.S. Northwest. Notably, MDU's Bakken East Pipeline expansion project stands out as a core growth catalyst, with disclosed capex potential that could nearly double the base capital plan. Upon successful construction and financing execution for Bakken East, we see MDU comfortably positioned to deliver double-digit EPS CAGR into the next decade before contemplating incremental data center lateral opportunities. As such, we view the current price as offering a uniquely attractive risk/reward skew into an improving growth story, with MDU exhibiting a stand-out PEGY ratio inclusive of Bakken East upside (lowest in coverage, ex-Cali). We look for finality on pipe sizing and financing terms in the coming months.

Figure 128: Revenue Split

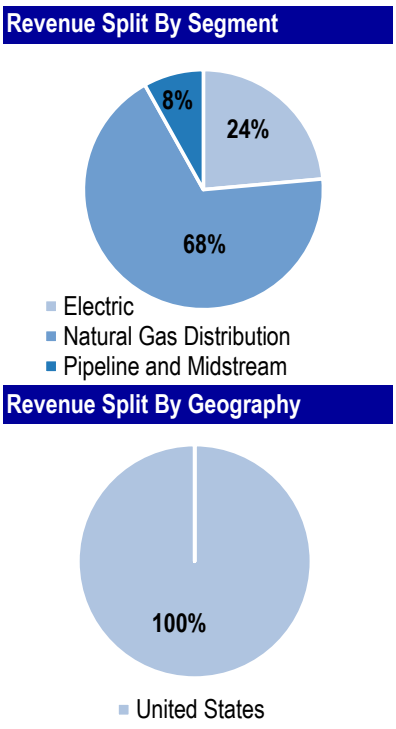
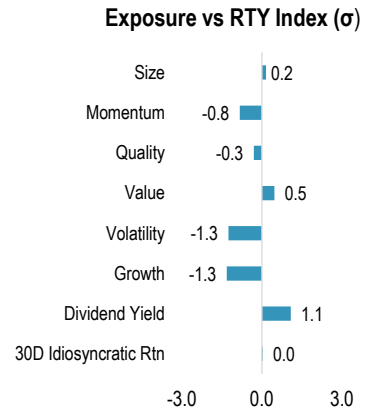


Figure 129: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 130: YTD Price Perf vs Benchmark (Rebased to 100)

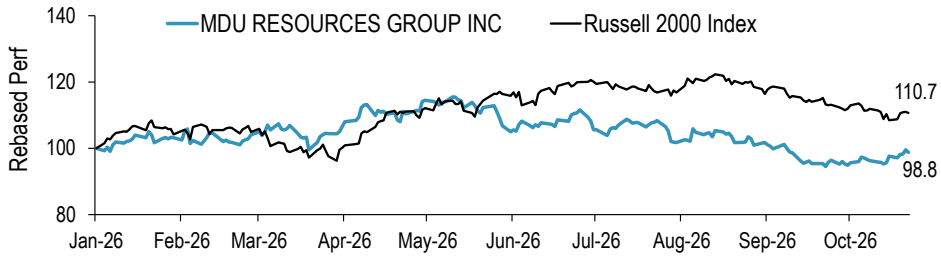
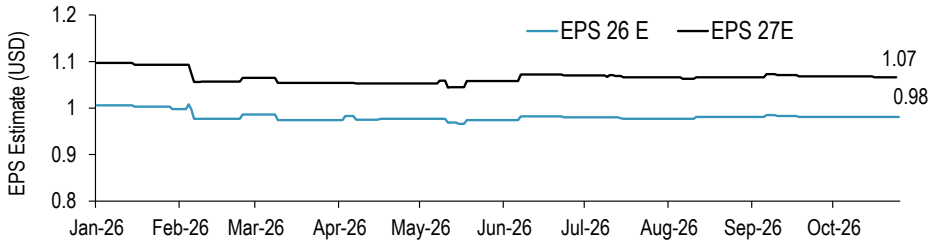


Figure 131: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 132: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	4441.8	4657.3	4865.8	1875.1	1913.9	2048.4
Rev Growth	28.6%	4.9%	4.5%	-61.5%	2.1%	7.0%
EBITDA FY ($ MM)	607.0	867.8	507.1	525.4	581.4	656.7
EBITDA Margins	NA	18.6%	10.4%	28.0%	30.4%	32.1%
Adj. EPS ($)	NA	1.5	0.9	0.9	1.0	1.1
EPS Grw	NA	NA	-39.6%	3.4%	6.1%	8.9%
FCF Yield	NA	-1.6%	1.9%	-5.1%	2.9%	-1.9%
Net Debt / EBITDA	NA	2.7x	4.4x	5.0x	4.6x	4.4x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

Anhui Yingliu l Co Ltd

(603308 CH/OW/CNY33.68—$3.55 Bill Mkt Cap;$156.69 MM ADTV)

Investment Thesis: We view Yingliu as China's largest high-temperature alloy and precision casting supplier for gas turbine and aero-engine hot-end components, with access to global OEMs. We maintain an Overweight rating with a Dec-27 price target of Rmb85, framing Yingliu's core appeal as scarcity: its FY25 gas turbine revenue was only Rmb1B, implying about 2% global blade market share, but we expect this to rise to 10% by 2030 as OEMs diversify suppliers. Gas turbines are the near-term growth engine, supported by AIDC power demand and industry undersupply, with global gas turbine demand expected to exceed 100GW annually from 2026 to 2035 versus 2026 manufacturing capacity of only 64GW; aero engines provide a second growth leg, as Yingliu is the only China-based hot-end supplier to GE Aerospace, Safran and Rolls-Royce, with long-term contracts extending to 2030–2032.

Asia Pacific Industrials
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Figure 133: Revenue Split

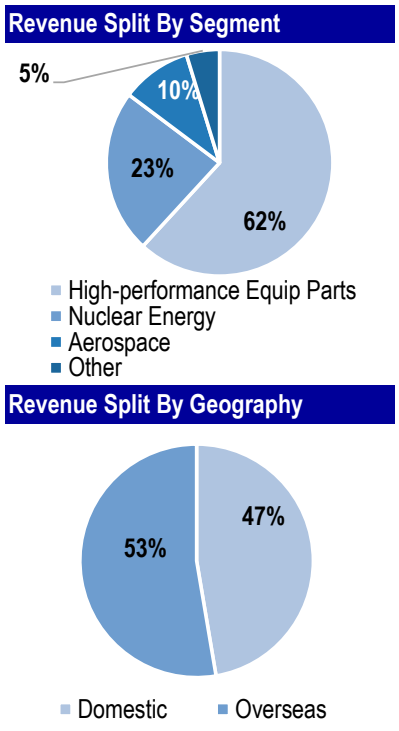


Figure 134: Style Exposure vs Benchmark

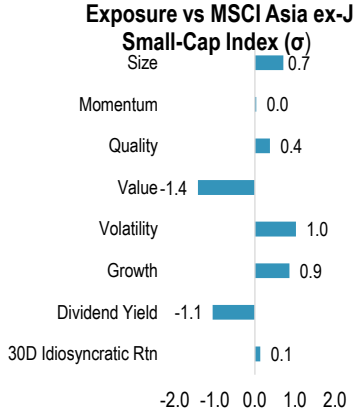


Figure 135: YTD Price Perf vs Benchmark (Rebased to 100)

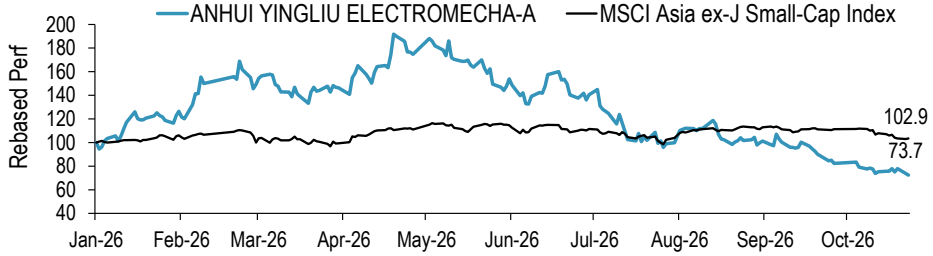
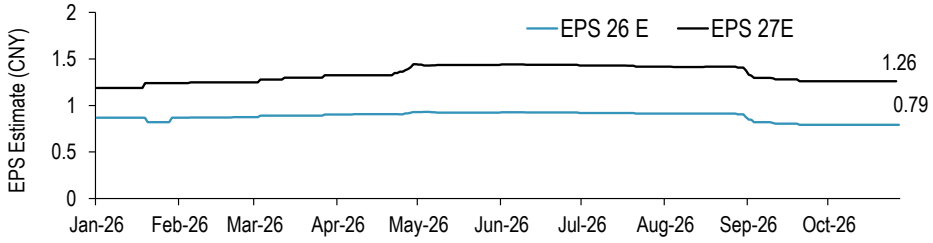


Figure 136: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 137: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY (CNY MM)	2197.7	2411.9	2513.5	2918.8	3957.4	5293.0
Rev Growth	7.7%	9.7%	4.2%	16.1%	35.6%	33.7%
EBITDA FY (CNY MM)	614.9	557.0	547.6	666.3	835.6	1189.1
EBITDA Margins	33.1%	27.5%	26.8%	27.7%	24.4%	25.2%
Adj. EPS (CNY)	0.6	0.4	0.4	0.5	0.9	1.4
EPS Grw	73.8%	(24.5%)	(5.0%)	21.7%	67.2%	59.4%
FCF Yield	(1.5%)	(0.5%)	(0.9%)	(1.1%)	(2.0%)	(1.4%)
Net Debt / EBITDA	3.9x	5.3x	6.1x	3.6x	3.8x	3.4x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

Presight AI

(Presight UH/OW/AED3.28—$5.02Bill MktCap;$3.69MM ADTV)

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Investment Thesis: It is the UAE's leading big data analytics company focused on delivering society-critical AI-driven insights and solutions. With its sovereign-aligned positioning, expanding international footprint, scalable AI-driven platform, and backing of G42, it will benefit from UAE's ambitions to become a global leader in AI. Our view is underpinned by a) strong revenue visibility; b) accelerating international momentum under a G2G go-to-market model; c) an improving medium-term margin profile as operating leverage kicks in and a larger share of contracts moves into the higher-margin analytics phase; and d) a solid net cash balance that enables continued investment and selective M&A under a broad sourcing strategy. We also see potential upside from the growing use of AI in defense following US CENTCOM's launch of its first bilateral AI task force with the UAE, which could drive incremental contracts.

Figure 138: Revenue Split

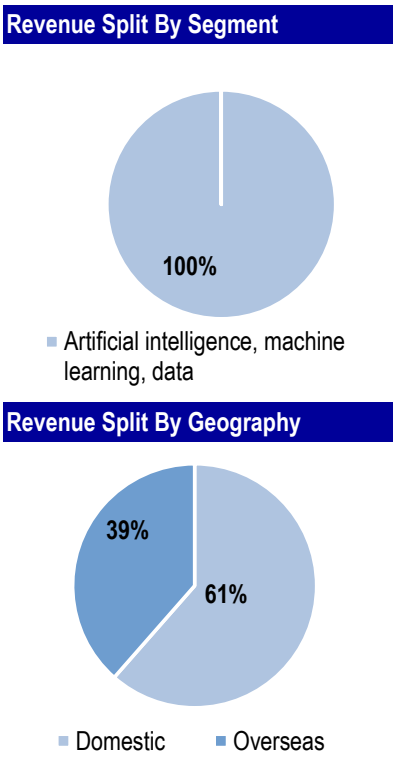


Figure 139: Style Exposure vs Benchmark

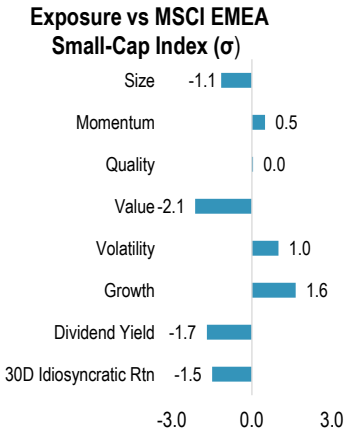


Figure 140: YTD Price Perf vs Benchmark (Rebased to 100)

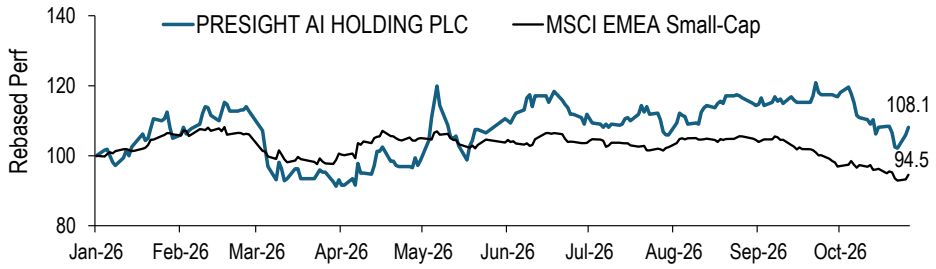
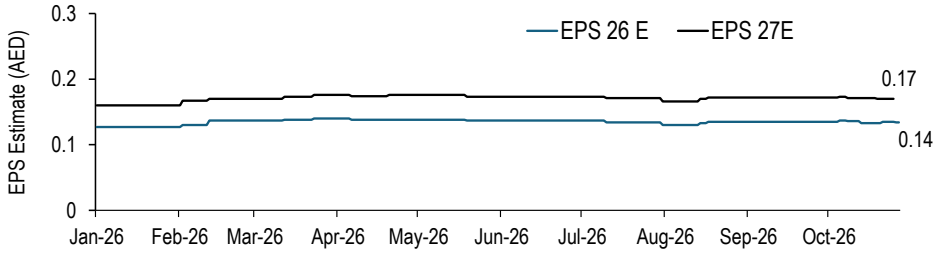


Figure 141: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 142: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY (AED MM)	1552.0	1780.6	2213.0	3029.9	3864.9	4739.6
Rev Growth	16.3%	14.7%	24.3%	36.9%	27.6%	22.6%
EBITDA FY (AED MM)	550.8	507.7	635.4	785.0	1011.3	1314.1
EBITDA Margins	35.6%	28.7%	28.9%	25.9%	26.2%	27.8%
Adj. EPS (AED)	-	0.12	0.09	0.10	0.13	0.17
EPS Grw	NA	NA	-22.0%	11.2%	29.4%	29.9%
FCF Yield	NA	2.0%	5.5%	1.0%	5.6%	5.0%
Net Debt / EBITDA	0.0x	0.1x	0.1x	0.0x	0.1x	0.1x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

Chunghwa Precision Test Tech

(6510 TT/OW/TWD3,065—$3.09 Bill Mkt Cap;$71.46 MM ADTV)

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Investment Thesis: CHPT: 28x P/E on 95%+ revenue CAGR. We expect it to emerge as clear share winner in a structurally tightening probe card PCB market, yet the stock still trades at **~28x** P/E (2027 JPMe EPS) versus peers **40x+**, despite similar EPS growth profile **(~95%** 2025–27E EPS CAGR). The key driver is that as semis get harder to test, the bottleneck is increasingly the probe card PCB, not the testing pins (valued at 40x+). Higher pin counts (moving into the tens of thousands) and multi-kilowatt power requirements are pushing PCB specifications sharply higher (more layers, finer lines, and tougher thermal/power-delivery constraints) since the board must aggregate and route all power and signals at once. As one of the very few global players specialized in advanced testing boards, CHPT is better equipped to clear this rising technology bar and is already converting the inflection into tangible revenue momentum through **market share gains (e.g., GPU programs), expansion into adjacent test boards (e.g., SLT and burn-in), and new customer wins (e.g., ASIC programs)**.

Figure 143: Revenue Split

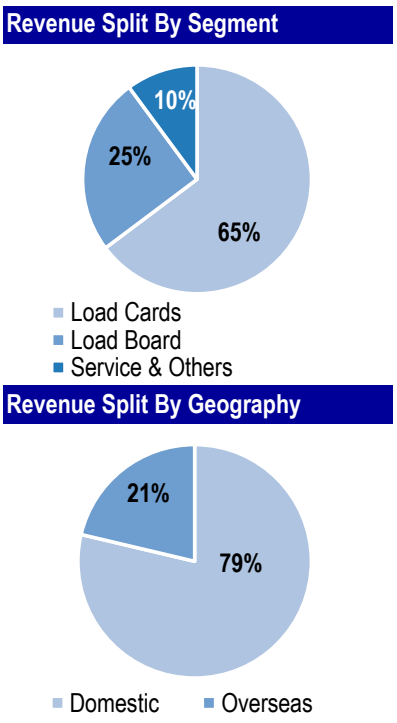
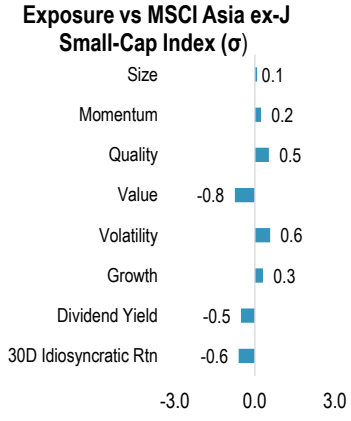


Figure 144: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 145: YTD Price Perf vs Benchmark (Rebased to 100)

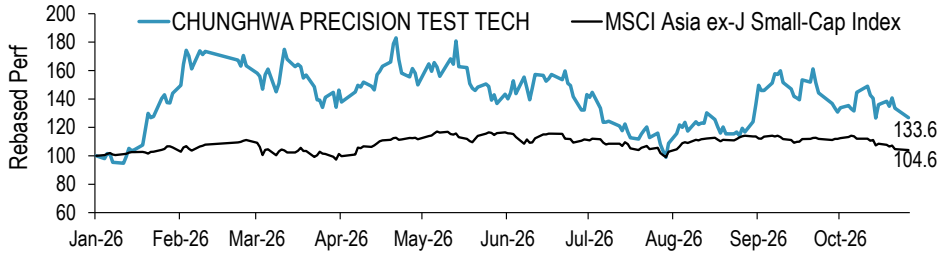
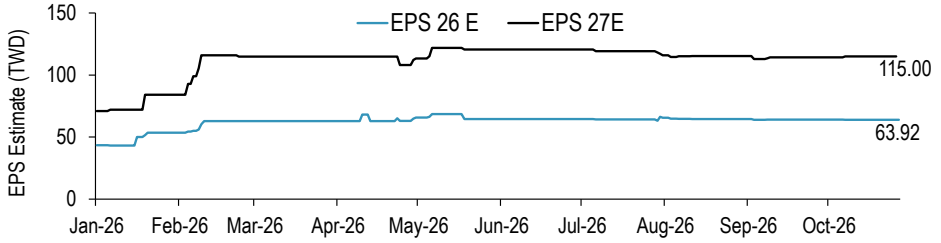


Figure 146: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 147: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY (TWD MM)	4388.5	2884.4	3604.7	4806.0	7379.5	12095.0
Rev Growth	3.5%	-34.3%	25.0%	33.3%	53.5%	63.9%
EBITDA FY (TWD MM)	1303.8	404.9	941.4	1606.1	2968.8	5050.7
EBITDA Margins	29.7%	14.0%	26.1%	33.4%	40.2%	41.8%
Adj. EPS (TWD)	23.5	1.0	15.5	30.4	65.7	116.0
EPS Grw	-13.6%	-95.8%	1463.5%	95.6%	116.2%	76.5%
FCF Yield	0.3%	0.1%	0.0%	1.3%	0.2%	2.7%
Net Debt / EBITDA	-2.3x	-5.1x	-2.4x	-2.1x	-1.6x	-1.6x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

ISU Petasys

(007660 KS/OW/₩87,000.00—$5.01 Bill Mkt Cap;$98.28 MM ADTV)

All Asia - Technology Semiconductors
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Investment Thesis: ISU Petasys offers a compelling multi-pronged setup heading into FY27, combining stabilizing wallet share with accelerating ASP growth and a medium-term HDI capacity option, a combination we view as attractive within the AI hardware supply chain and supports our Overweight rating. We expect wallet-share pressure to stabilize in 27E, with MLB ASPs accelerating to 2027 versus 2026 on improving multi-lam mix and successful pass-through of the CCL cost hike. With HDI capacity expansion providing additional medium-term optionality as the technology moves towards mainstream adoption for AI accelerators, we believe this combination supports durable earnings growth and an attractive risk/reward into 1H27.

Figure 148: Revenue Split

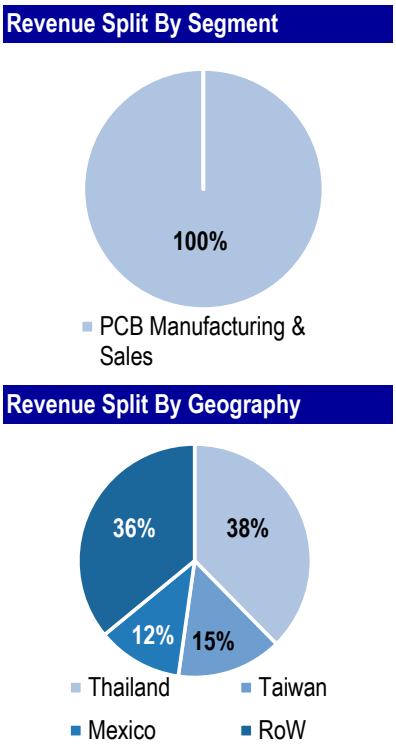


Figure 149: Style Exposure vs Benchmark

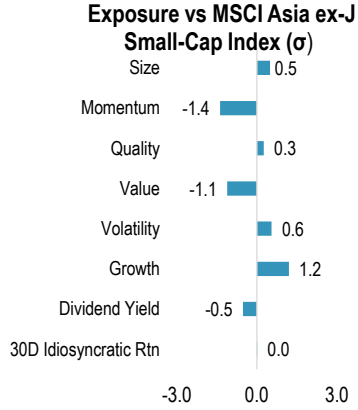


Figure 150: YTD Price Perf vs Benchmark (Rebased to 100)

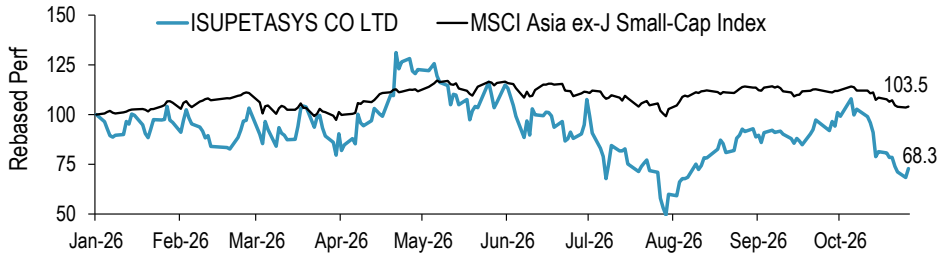
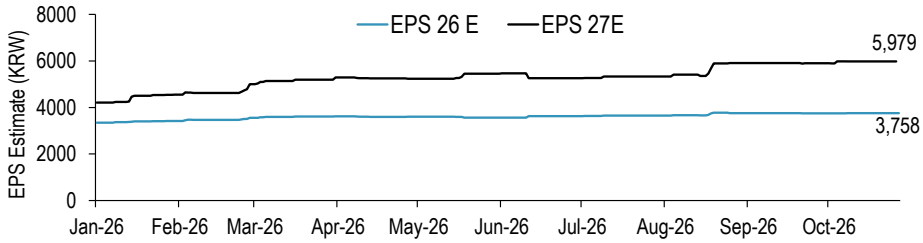


Figure 151: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 152: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY (₩ MM)	642,920.0	675,330.0	836,867.0	1,088,025.1	1,631,051.6	2,416,184.6
Rev Growth	36.9%	5.0%	23.9%	30.0%	49.9%	48.1%
EBITDA FY (₩ MM)	129,650.0	77,500.0	126,212.0	234,374.8	406,593.1	640,440.8
EBITDA Margins	20.2%	11.5%	15.1%	21.5%	24.9%	26.5%
Adj. EPS (₩)	1,586.3	754.5	1,170.6	2,264.5	4,028.5	6,687.2
EPS Grw	217.0%	-52.4%	55.1%	93.5%	77.9%	66.0%
FCF Yield	-0.1%	-0.2%	0.4%	0.3%	3.7%	4.7%
Net Debt / EBITDA	1.1x	2.3x	1.1x	0.2x	-0.6x	-0.7x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

ISC Co. Ltd

(095340 KS/OW/₩148,300.00—$2.47 Bill Mkt Cap;$28.88 MM ADTV)

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Investment Thesis: ISC's cost-efficient rubber socket solution and scale advantage make it a good pick, with market share gains across key GPU/CPU customers supported by rich customer profiles (NVDA/AMD/GOOG etc.) and undemanding valuation. Growth optionality is also seen from the growing test socket TAM on both FT/SLT needs, rubber socket share gains in Rubin GPU, and CPU demand upside. A Jun-27 PT of W215K is set, based on 27.5x FY27/28E EPS reflecting 49% EPS CAGR over the next two years, with ISC rated OW. Benefiting from growing AI unit production (GPU/CPU/ASIC units growing 35%+ CAGR from 26-28E), ISC shares are expected to gradually reattach to fundamental growth, recently detached due to index-driven passive outflow.

Figure 153: Revenue Split

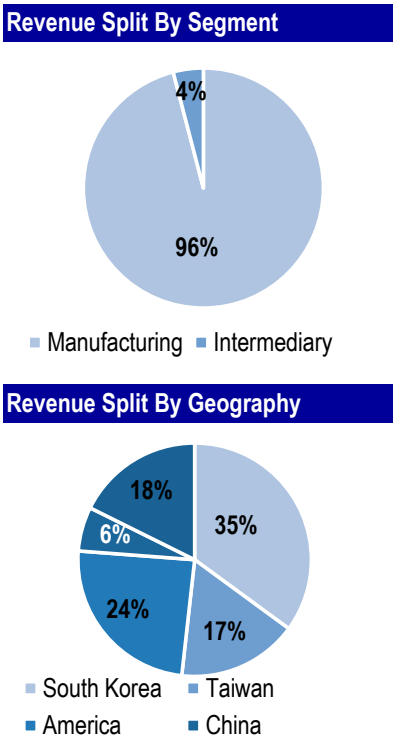


Figure 154: Style Exposure vs Benchmark

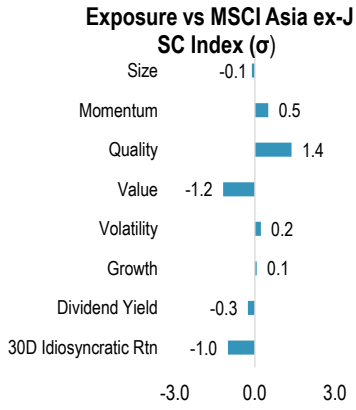


Figure 155: YTD Price Perf vs Benchmark (Rebased to 100)

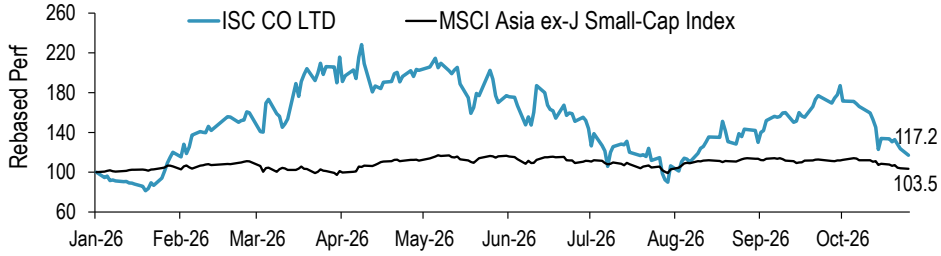
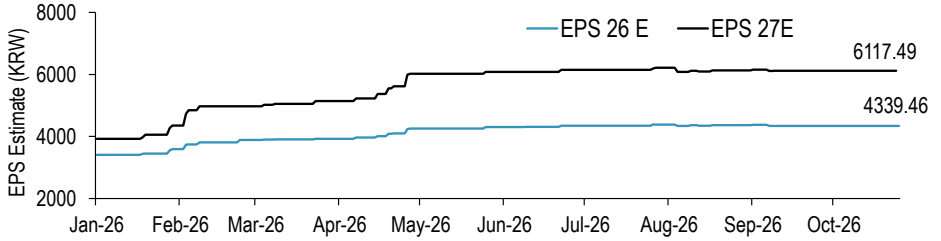


Figure 156: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 157: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY (KRW Bill)	178.9	140.2	174.5	220.2	324.9	446.0
Rev Growth	23.6%	-21.6%	24.5%	26.2%	47.5%	37.3%
EBITDA FY (KRW Bill)	69.5	19.3	54.1	70.1	119.9	175.4
EBITDA Margins	38.9%	13.8%	31.0%	31.8%	36.9%	39.3%
Adj. EPS (KRW)	NA	NA	NA	2,745.1	4,565.4	6,511.8
EPS Grw	NA	NA	NA	NA	66.3%	42.6%
FCF Yield	8.4%	0.6%	2.7%	1.2%	1.0%	2.9%
Net Debt / EBITDA	-1.0x	-14.3x	-6.0x	-4.6x	-2.8x	-2.1x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Keppel DC REIT

(KDCREIT SP/OW/SGD 2.13—$4.41 Bill Mkt Cap;$19.45 MM ADTV)

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Investment Thesis: KDCREIT's exposure to Singapore data centers makes it a good pick, one of the tightest global markets, with ~75% of FY26E NPI from Singapore and a sponsor-backed platform through Keppel, Singapore's largest co-location operator. Growth is driven by strong Singapore rental reversions, lower interest costs, acquisitions, and asset redevelopment, with ~6.4% DPU CAGR in FY26-28. Recent catalysts include the S$1.4bn Greater Tokyo hyperscale colocation acquisition, 2.6% accretive to pro-forma FY25 DPU, with escalations of 2.8% p.a., while in-place rents are 30%+ below market, creating mark-to-market upside. Optionality is also seen from the potential SGP 1 redevelopment, adding 2.9-5.0% FY28E DPU accretion, and from sponsor pipeline assets including SGP 9, SGP 10/11 and a new 50MW allocation. A Jun-27 PT of S$2.60 is set, with KDCREIT rated OW.

Figure 158: Revenue Split

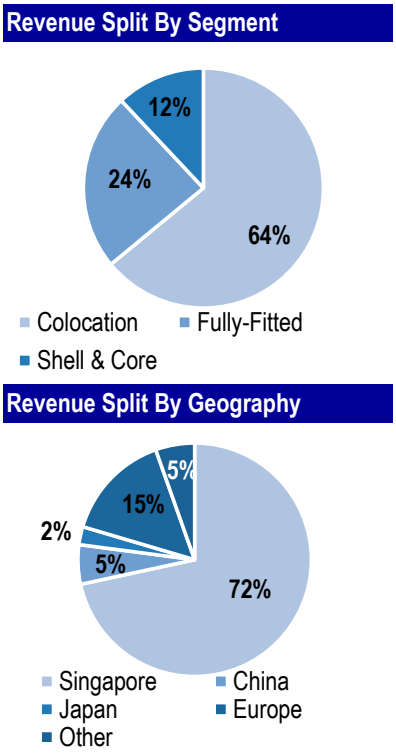


Figure 159: Style Exposure vs Benchmark

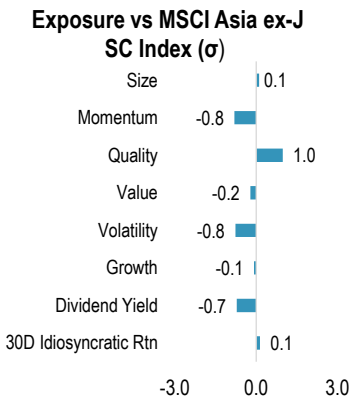


Figure 160: YTD Price Perf vs Benchmark (Rebased to 100)

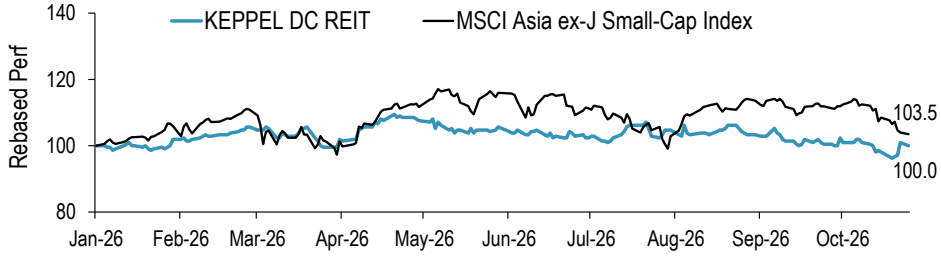
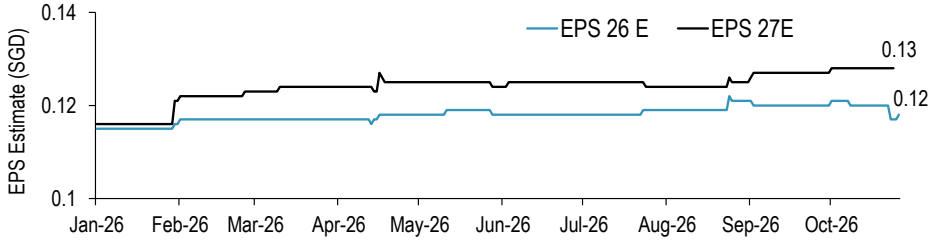


Figure 161: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 162: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY (SGD MM)	277.3	281.2	310.3	441.4	505.9	571.4
Rev Growth	2.3%	1.4%	10.3%	42.2%	14.6%	13.0%
EBITDA FY (SGD MM)	227.7	211.6	224.7	333.9	370.2	424.5
EBITDA Margins	82.1%	75.2%	72.4%	75.6%	73.2%	74.3%
Adj. EPS (SGD)	0.10	0.08	0.09	0.11	0.11	0.12
EPS Grw	-1.3%	-18.9%	4.8%	28.4%	2.3%	2.9%
FCF Yield	6.1%	6.3%	6.5%	6.1%	5.3%	7.5%
Net Debt / EBITDA	5.6x	6.3x	6.2x	6.1x	7.9x	6.9x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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J.P.Morgan

Monday.com Ltd (SHORT)

(MNDY US/N/$106.53—$4.52 Bill Mkt Cap;$168.9 MM ADTV)

Investment Thesis: We view monday.com's software surface area as at high risk of AI disruption/ n, as the core Work Management product competes in a crowded environment and is relatively vs. solutions customers can build themselves as frontier models improve. monday.com has historically relied on strong top-of-funnel traction for net-new business, which was disrupted by Google Search's AI Overview, and primarily serves SMB and commercial customers—cohorts exhibiting lengthened buying processes amid 'AI confusion'; this contributed to NDR moderating from 110% to 109% in 2Q. ARR contribution from AI products remains nascent and unlikely to reverse the total revenue growth trajectory near-to-medium term. While valuation at 8x EV/uFCF is inexpensive, we believe AI disruption risks will only intensify over time, pressuring fundamentals.

Software - Large Cap / Mid & Small Cap

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Figure 163: Revenue Split

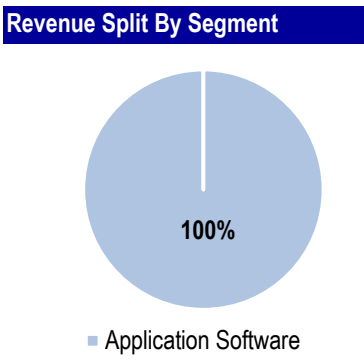
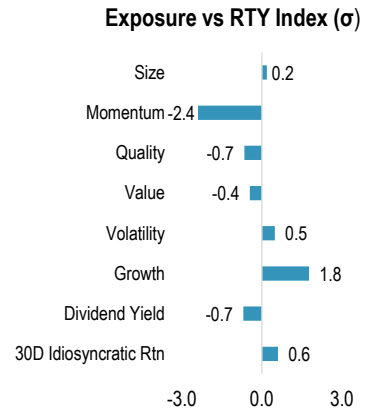


Figure 164: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 165: YTD Price Perf vs Benchmark (Rebased to 100)

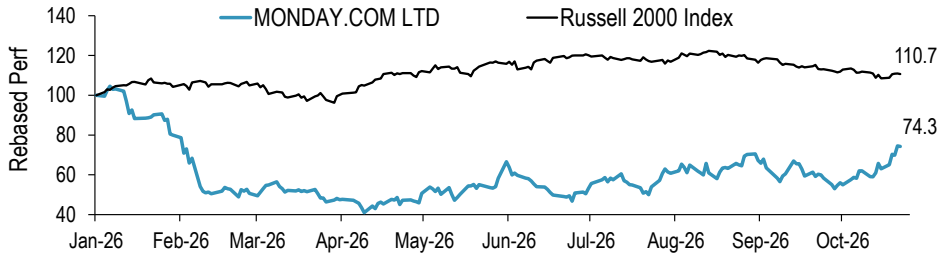
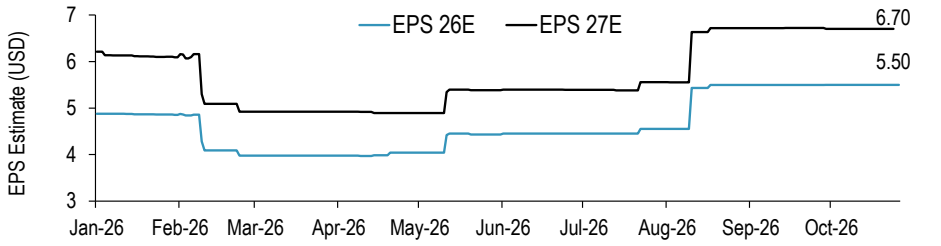


Figure 166: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 167: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	519.0	729.7	972.0	1232.0	1467.5	1662.2
Rev Growth	68.4%	40.6%	33.2%	26.7%	19.1%	13.3%
EBITDA FY ($MM)	-143.4	-29.6	-9.2	12.1	72.0	126.5
EBITDA Margins	-27.6%	-4.1%	-0.9%	1.0%	4.9%	7.6%
Adj. EPS ($)	(0.7)	2.0	3.7	5.7	5.7	6.3
EPS Grw	-46.8%	-369.3%	89.7%	54.4%	-1.1%	11.6%
FCF Yield	0.3%	5.1%	7.0%	4.4%	5.8%	6.5%
Net Debt / EBITDA	6.2x	37.8x	159.6x	-137.5x	-13.6x	-10.2x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Wix.com Ltd (SHORT)

(WIX US/UW/$81.94—$3.46 Bill Mkt Cap;$150.4 MM ADTV)

Investment Thesis: Wix appears increasingly reliant on Base44 (vibe-coding platform) to drive bookings and maintain the appearance of overall growth. With current limitations in cross-sell and no planned near-term price increases for core products, we estimate Creative Subscriptions growth will continue to decelerate. We continue to view Base44's ARR as lower quality at this stage; a small but growing piece is truly "annual" and still questionably "recurring". Base44 churn rates and monthly-to-annual contract mix is notably high relative to Wix's core business and our broader coverage universe. This dynamic is likely to persist as long as the contract mix skews toward monthly subscriptions. Monetization remains early: the current model lets users pay to build while retaining project access post-completion with minimal recurring capture.

North America Equity Research - Vertical SaaS HealthTech
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Figure 168: Revenue Split

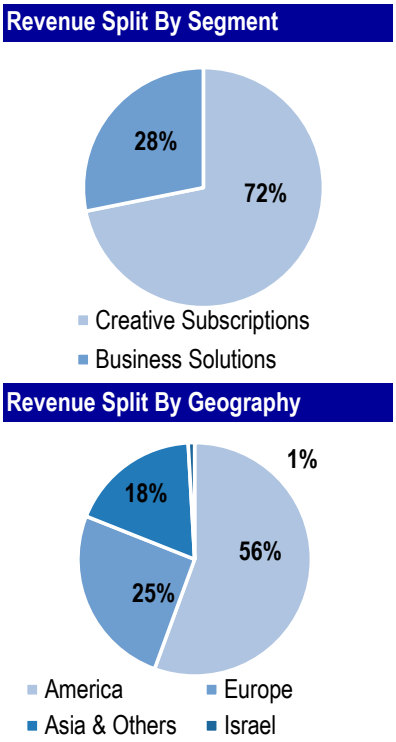


Figure 169: Style Exposure vs Benchmark

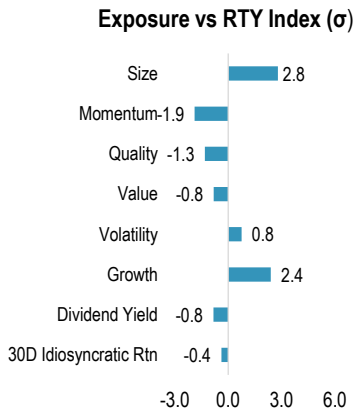


Figure 170: YTD Price Perf vs Benchmark (Rebased to 100)

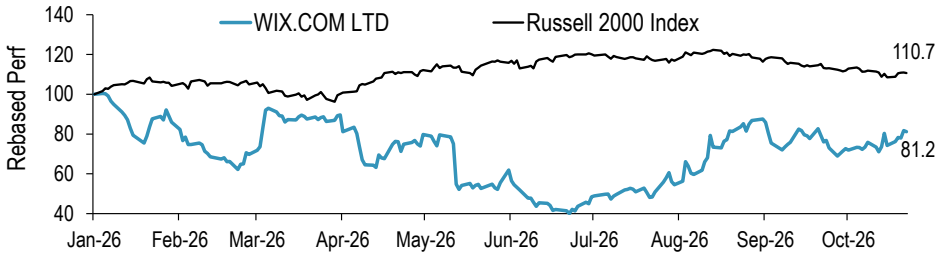
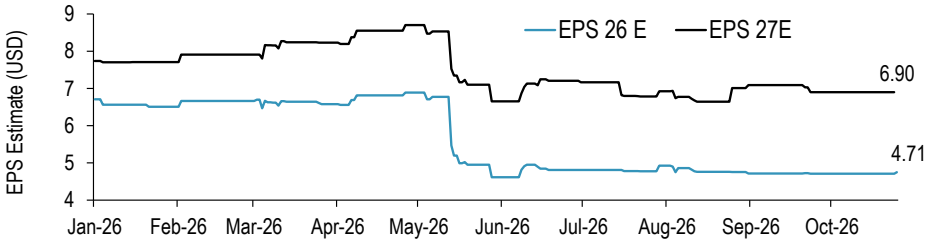


Figure 171: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 172: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	1387.7	1561.7	1760.7	1993.0	2256.9	2488.3
Rev Growth	9.3%	12.5%	12.7%	13.2%	13.2%	10.3%
EBITDA FY ($ MM)	-5.5	265.2	379.7	412.6	276.0	420.3
EBITDA Margins	-0.4%	17.0%	21.6%	20.7%	12.2%	16.9%
Adj. EPS ($)	(0.3)	4.5	6.5	7.7	4.2	7.5
EPS Grw	NM	NM	42.5%	18.1%	-44.9%	78.8%
FCF Yield	-1.2%	6.3%	16.4%	12.1%	9.1%	12.7%
Net Debt / EBITDA	-21.1x	-2.3x	-0.2x	-0.8x	-0.1x	-1.3x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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Source: J.P. Morgan, Bloomberg, FactSet

CCC Intelligent Solutions (SHORT)

(CCC US/NR/$7.67—$4.52 Bill Mkt Cap;$83.67 MM ADTV)

Investment Thesis: CCC Intelligent Solutions (CCC) is a high conviction short because the company's AI-driven growth re-acceleration is likely slower and more macro-constrained than the market is pricing, despite genuine AI traction. The bear case centers on (1) a long innovation-to-inflection timeline as carriers move from pilots to scaled deployments gradually given heavy change-management requirements, (2) persistent claim-volume headwinds pressuring the core model (claims down 6% YoY in 4Q25, 9% in 1Q25, ~1pp drag) persisting into 2026 as consumers forgo smaller claims amid higher premiums, and (3) intensifying competition and share loss risk (carrier transitions away from CCC's legacy casualty workflows toward Mitchell, cited as having more flexible pricing and user-friendly tech). Layered on top are near-term execution risks, raising disappointment risk and leaving CCC less attractive versus "cleaner" insurance software AI winners.

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Figure 173: Revenue Split

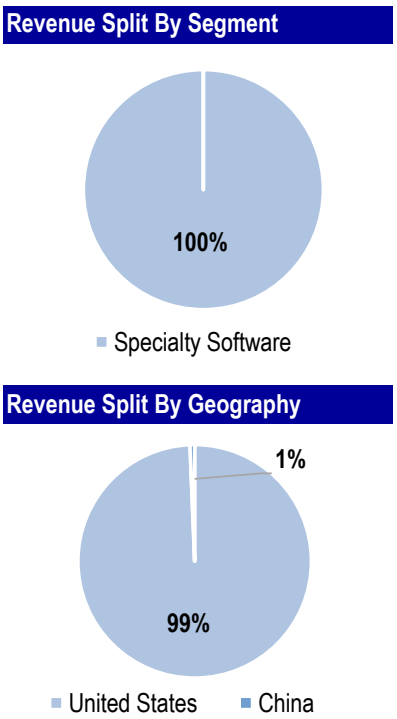
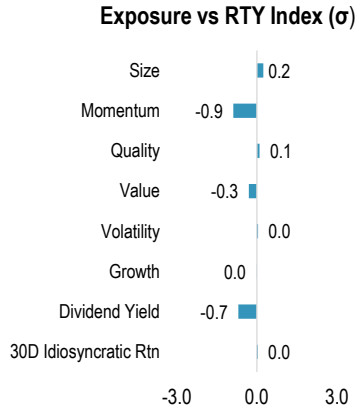


Figure 174: Style Exposure vs Benchmark



Source: J.P. Morgan, Bloomberg, FactSet

Figure 175: YTD Price Perf vs Benchmark (Rebased to 100)

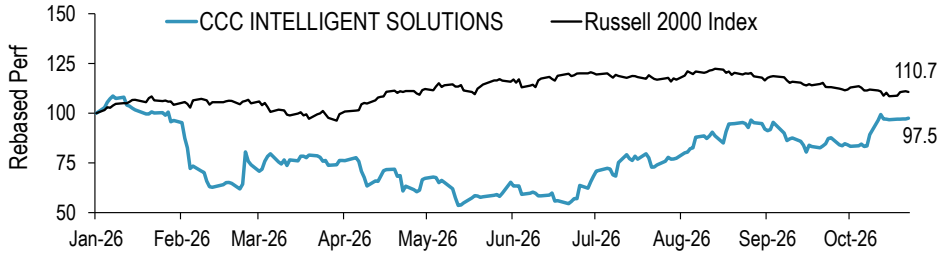
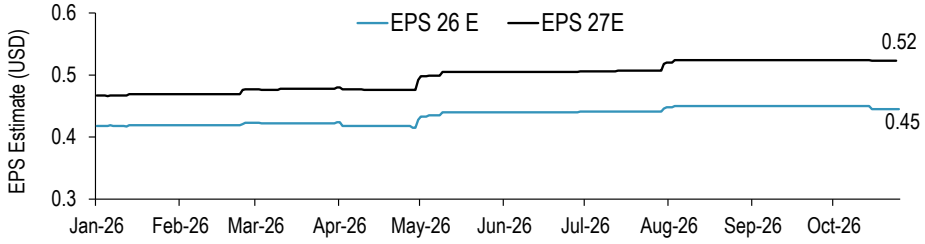


Figure 176: Revisions to Cons. EPS Estimates (Since Jan '26)



Source: J.P. Morgan estimates, Bloomberg Finance L.P., FactSet

Figure 177: Key Stats

FYE Dec	2022A	2023A	2024A	2025A	2026E	2027E
Revenue FY ($MM)	782.1	866.4	944.8	1057.2	1160.7	1259.9
Rev Growth	13.6%	10.8%	9.1%	11.9%	9.8%	8.5%
EBITDA FY ($ MM)	305.1	353.8	397.4	436.3	488.7	537.8
EBITDA Margins	39.0%	40.8%	42.1%	41.3%	42.1%	42.7%
Adj. EPS ($)	0.3	0.3	0.4	0.4	0.5	0.5
EPS Grw	24.9%	17.8%	14.2%	-3.0%	25.0%	13.1%
FCF Yield	5.0%	6.8%	7.8%	6.2%	8.0%	9.0%
Net Debt / EBITDA	1.5x	1.6x	0.9x	2.7x	2.0x	1.2x

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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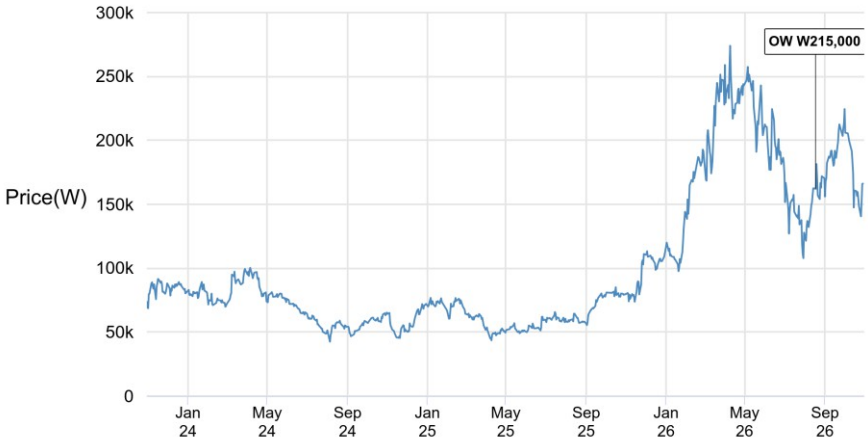
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ISC (095340.KS, 095340 KS) Price Chart



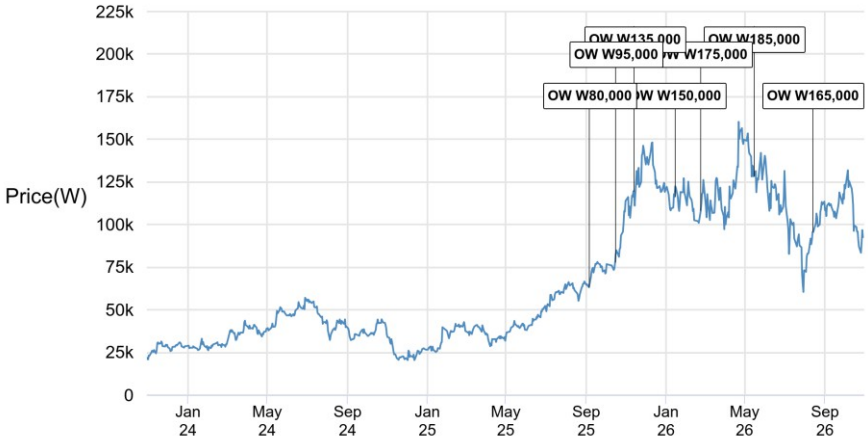
Date	Rating	Price (W)	Price Target (W)
18-Aug-26	OW	162500	215,000

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Aug 18, 2026. All share prices are as of market close on the previous business day.

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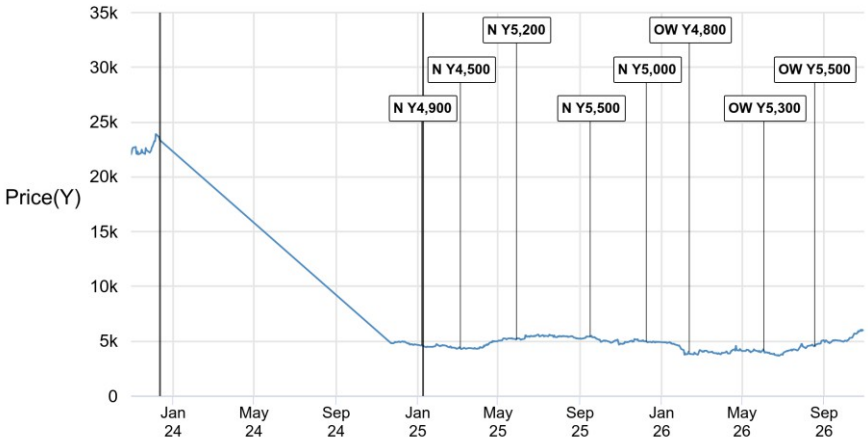
ISU Petasys (007660.KS, 007660 KS) Price Chart



Date	Rating	Price (W)	Price Target (W)
06-Sep-25	OW	63200	80,000
16-Oct-25	OW	77800	95,000
14-Nov-25	OW	119400	135,000
15-Jan-26	OW	116300	150,000
24-Feb-26	OW	108100	175,000
16-May-26	OW	128300	185,000
14-Aug-26	OW	95700	165,000

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 05, 2025. All share prices are as of market close on the previous business day.

OBIC (4684) (4684.T, 4684 JP) Price Chart



Date	Rating	Price (Y)	Price Target (Y)
08-Jan-25	N	4642	4,900
07-Mar-25	N	4354	4,500
29-May-25	N	5154	5,200
17-Sep-25	N	5425	5,500
10-Dec-25	N	4963	5,000
12-Feb-26	OW	4045	4,800
04-Jun-26	OW	4105	5,300
18-Aug-26	OW	4539	5,500

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jul 18, 2000. All share prices are as of market close on the previous business day.
Break in coverage Dec 11, 2023 - Jan 08, 2025.

SCREEN Holdings (7735) (7735.T, 7735 JP) Price Chart



Date	Rating	Price (Y)	Price Target (Y)
09-Feb-24	OW	8385	9,250
09-Jul-24	OW	8105	9,500
13-Jun-25	OW	5345	7,750
12-Sep-25	OW	6222	8,000
08-Nov-25	OW	6175	7,500
21-Jan-26	OW	8962	10,000
13-Mar-26	OW	9548	11,500
17-Jun-26	OW	14970	18,000
11-Sep-26	OW	13040	17,000

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Mar 28, 2004. All share prices are as of market close on the previous business day.

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IB clients**	83%	81%	72%
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