Meditations on Being Greedy When Others are Fearful

Summary

This note is written on Monday, November 23, after a day on which most of what was bought on Friday (Broadcom and AMD the exceptions) more than recovered its Friday losses, and it is a record of trades already made rather than a call on what happens next. On Friday, November 20, roughly 27.5% of the fund's cash went to work, about 10% of NAV, taking cash from roughly 36% of the portfolio to 26.3%. In the days before Friday we were in direct contact with many of you who follow these trades, and suggested you watch the trading activity because a lot of value was presenting itself in semiconductors and large-cap tech.

What follows covers the lead-up, the buys themselves, the reasoning, and why nobody should read today as proof the bottom is in.

The short version is that the market spent a week pricing the AI complex as though its fundamentals had broken, during the same week Nvidia reported revenue up 103% and raised its outlook. We don't think those two things can both be right for long. Whether today's rally is the start of a recovery or a relief bounce inside a longer drawdown is unknowable today, and Friday's buying was sized with that in mind. On our outlook for each of the seven single-name semiconductor adds, the DCFs imply 9.1%-16.2% a year from what we paid on Friday, against 6.9%-11.0% at the October-November highs.

None of this is a change in approach. We try to be aggressive when others are fearful and extra diligent, even skeptical, when others are over-exuberant, and the way we act on that is to buy high-quality, durable compounders when their prices are dislocated and to run a concentrated portfolio in the names we believe in most strongly. Last week was the first half of that sentence in practice: the fear was obvious on the tape, and the businesses on sale were ones we already owned and had already done the work on.

The cash we spent on Friday came from the second half of that sentence. Earlier this year we sold out of FICO, Booking and Intuit as our view of each business's outlook changed, including FICO, which we had written up as a long in April, and we cut them from this portfolio rather than hold names we no longer believed in. We also sold down most of our semiconductor exposure as valuations reached levels we could no longer justify holding through (SMH's monthly close peaked at $656 in June). That left the account with an unusually large cash position going into November. Last week was the chance to put that capital back to work and rebuild positions in companies we love at more rational valuations; the same quality, at prices that look more sensible than they did a few months ago, and in several cases the same names we had sold.

How we got here

The selling did not start last week, since chip and AI stocks had been under pressure since the sweeping midterm result in early November, and ASML alone fell about 19% in the week after the election, which is what prompted the November 7 note on re-entering ASML. Coverage since then has tied part of the weakness to post-election political and regulatory risk for the sector, mainly scrutiny of data center buildouts and export rules. Then, on November 12, Jensen Huang resigned as Nvidia's CEO, with CFO Colette Kress stepping in as interim CEO. For a company whose identity has been so bound up with its founder, that alone was enough to unsettle holders, and the stock drifted lower into its earnings report on November 17, closing that day at $155.46.

The numbers themselves were very strong. Third-quarter FY2027 revenue came in at $115.8B, up 103% year over year, data center revenue was $107.6B (up 110% year over year and 21% sequentially), and fourth-quarter guidance of roughly $130B was ahead of the Street. Management also raised its FY2028 revenue growth outlook to 75% from 70% three months earlier. None of it held, and a roughly 4% premarket gain on November 18 turned into a loss of about 3.5% by midday, as the call focused on succession and new chair Harvey Jones drew criticism from analysts for his handling of the timeline for naming a permanent CEO; Seaport's Jay Goldberg argued there was no internal candidate who could run the whole company.

Friday is when it broke, with the Nasdaq Composite falling 5.28% to 22,617.73, the S&P 500 losing 3.70% to 6,910.39, and the VIX closing at 35.89, which left the S&P 500 and the Dow both in correction. The Philadelphia Semiconductor Index fell about 10.7% on the day and about 17% on the week. Nvidia fell 14% to $125.53, capping a 23% week. AMD was down about 11% by midday on firmware security concerns and alleged ties to blacklisted Chinese companies, and Micron lost about 12% by the same point. By the close, about 58% of Nasdaq-100 companies were 20% or more below their highs.

There were also reports that the SEC was examining potential accounting issues at Nvidia, which remain unconfirmed: the coverage cited no filing or named source.

Broadcom had its own headline the same morning. TF International's Ming-Chi Kuo said a supply-chain survey showed Google trimming 2027 shipments of the Broadcom-designed TPU 8i by about 1 million units, roughly 20%, with most of the cut in the higher-priced 8i Max, and shipping more of the MediaTek-designed TPU 8t instead, though he said the details were not final. What circulated as Google "canceling" Broadcom orders was, on the actual report, a reduction to one product line a year out, sourced to a survey, and neither Google nor Broadcom has confirmed or commented on it. Broadcom still closed down 12.2% at $304.41, from $346.65 on Thursday, which 24/7 Wall St. put at about $191B of market value by early afternoon.

Not everyone blamed the report: Trefis tied the drop to the sector selloff and to Broadcom's Anthropic exposure.

That exposure points to the other thing that took fuel out of the fire last week, which was a lackluster debut for Anthropic. The company priced its IPO at $83 a share on November 19, raising about $81.3B, and the stock traded as high as $115.10 in its first session before closing at $97.17; on Friday it fell another 9.1% to about $88.30, giving back most of the day-one pop, and it was slightly lower again on Monday while the chip stocks rallied. We can't prove the link, but we think a flagship AI listing fading that quickly, while soaking up $81.3B of fresh capital, did nothing for sentiment toward the companies that sell it compute, and it probably added to the pressure on semis into Friday's close.

Alphabet, the supposed source of the bad news, fell only 2.7%.

Selling that broad and that fast usually has a mechanical element (volatility-targeting funds cutting exposure, margin calls, options hedging), and commentators raised all three as plausible amplifiers on Friday, though nobody has shown which, if any, did the damage. What was plain on the screen was that names with very different businesses (a lithography monopoly, a foundry, an equipment maker selling into memory and logic, two ad-funded platforms) were all falling about the same amount at the same time.

What we bought on Friday

The activity log shows 60 buy tickets on Friday and no sales, every one of them an add to a position we already held.

The buying was scaled in through the day instead of aimed at a single print, partly because there was no way to know where the intraday low would be, and partly because it had already started earlier in the week with small adds to Nvidia and TSMC on November 17 and to SMH, QQQ, Alphabet, Nvidia, TSMC, SPMO and Netflix on November 19. The fills show what scaling in costs on a day that closes on its lows: Nvidia was bought in six tickets between $127.56 and $141.57 for an average of $135.16, about 8% above the $125.53 close, and almost every name's average cost sits a few percent above where it finished the day. We did not catch the low and did not try to. By dollars spent, the day broke down like this:

1. Index and factor exposure was about half of it (50.9%): QQQ 29.8% at an average $619.10, SMH 15.4% at $414.16 and the S&P 500 Momentum ETF (SPMO) 5.7% at $119.56. On a day when single-name news (a CEO departure, an unconfirmed SEC report, a firmware story at AMD) was driving prices, we preferred adding broad exposure we didn't have to defend company by company.
2. AI compute and foundry, 18.8%: Nvidia 7.4% at $135.16, TSMC 5.8% at $331.13, Broadcom 4.7% at $307.53 and one share of AMD at $425.78. The Broadcom buying was done on the day of the Kuo report, which we read as a trim to one customer's 2027 mix rather than a broken relationship (Goldman, for what it is worth, had cut its target to $460 from $540 two days earlier on a lower multiple while leaving its earnings view unchanged).
3. Semiconductor equipment, 21.7%: ASML 8.5% at $1,292.84, Lam Research 5.7% at $186.17, KLA 4.8% at $129.35, Applied Materials 1.4% at $318.00 and Advantest 1.3% at $149.59. We think

equipment orders depend on wafer capacity spending across logic and memory far more than on who runs Nvidia, yet these names fell right alongside the chip designers.

4. Platforms, 8.6%: Alphabet 4.8% at $272.46 and Meta 3.8% at $584.28, against October-November highs of $353.78 and $762.50.

The size of the markdown by Friday's close is what prompted the buying. Against their October-November closing highs, SMH was down 37% ($400.06 vs $633.90), Nvidia 48% ($125.53 vs $239.24), Lam 47%, Applied Materials 44%, KLA 39%, TSMC 34%, ASML 32% and QQQ 20%. For Nvidia specifically, the stock had roughly halved while the company guided its next quarter to about $130B of revenue, a quarterly run rate that annualizes to something like $520B. We are not claiming that run rate is a floor, but a 48% drawdown alongside an upward revision to guidance is the kind of gap between price and reported business worth leaning into, provided the position is sized so that being early doesn't do real damage. As we write on Monday afternoon, every Friday purchase is showing a gain on its average cost, from +0.4% on Broadcom to +23% on Nvidia.

The platforms: Meta, Netflix and Alphabet

The semiconductor buying gets most of the attention in this note, but the three consumer internet platforms were bought the same way, in small steps over several weeks as their prices fell, and all three are adds to long-standing positions. The prices below are each stock's close on the day we bought, except Friday's, which are our fills.

Alphabet was the most active. We added on October 29, the day the stock fell from $324.89 to $283.82, and the add increased the position by about 75%; we added again on October 30 at a $279.84 close, on November 4 at $288.93, on November 19 at $272.66, and on Friday in three tickets averaging $272.46 (between $266.53 and $282.90). That took the average cost of the whole position to $277.15. Our view is that Alphabet sits on both sides of last week's chip story, as the customer reportedly trimming Broadcom TPU volume and as one of the few companies that can design its own accelerators, and that the market paid little attention to the second point while the stock traded 25% below its $353.78 October high.

Meta is the larger position, about 9.8% of the portfolio before Monday's rally. We added on November 4, when it closed at $630.00, and again on Friday in two fills averaging $584.28 against a $560.84 close and a $762.50 October high. The average cost of the whole position is $540.10, so even after a 26% drawdown from the high the position was still above water on Friday.

Netflix is the one platform position that is under water, which we accept: the average cost is $73.41 against a $56.73 Friday close. We added on October 27 (close $62.52), twice on November 4 ($66.39), on November 9 ($63.95) and, on a small scale, on November 19 ($58.46). Readers of our November 14 writeup already know we are bullish on Netflix at these prices, so we won't repeat the case here. Our outlook, in which advertising and international compound the way management describes, is worth $101.10 a share. Nothing in last week's semiconductor selloff touched that analysis; the stock fell with

everything else. When the business case is unchanged, each leg down simply adds expected return. Against the $62 price in that writeup our outlook value was 63% higher; against the $58.46 close on November 19, when we last added, 73%; and against Friday's $56.73, 78%. In annual terms that is 12.2% a year from $62, 12.7% from $58.46 and 12.9% from $56.73. That is why we kept buying on the way down, and why we would keep adding in small steps if it fell further.

The same discipline applies to the platforms as to the semis: a DCF of our outlook for each (the tables are in the appendix) and the annual return it implies from what we paid. Alphabet and Meta are in the middle of the heaviest capex cycle either has run. Alphabet's capex was $51.4B in the third quarter alone, with 2026 guided to $195-205B, and its free cash flow was negative $9.1B in the quarter. Meta's capex was $34.9B including finance leases, against a 2026 guide of $135-145B, and its free cash flow was negative $2.1B. Our outlook is that the spending earns its return: revenue grows 22% in 2027 at both companies (Google Cloud grew 103% in the third quarter, and Meta guided the fourth quarter to $73-76B and expects strong growth through 2027), and free cash flow margins recover from near zero to 28% at Alphabet and 32% at Meta by 2031.

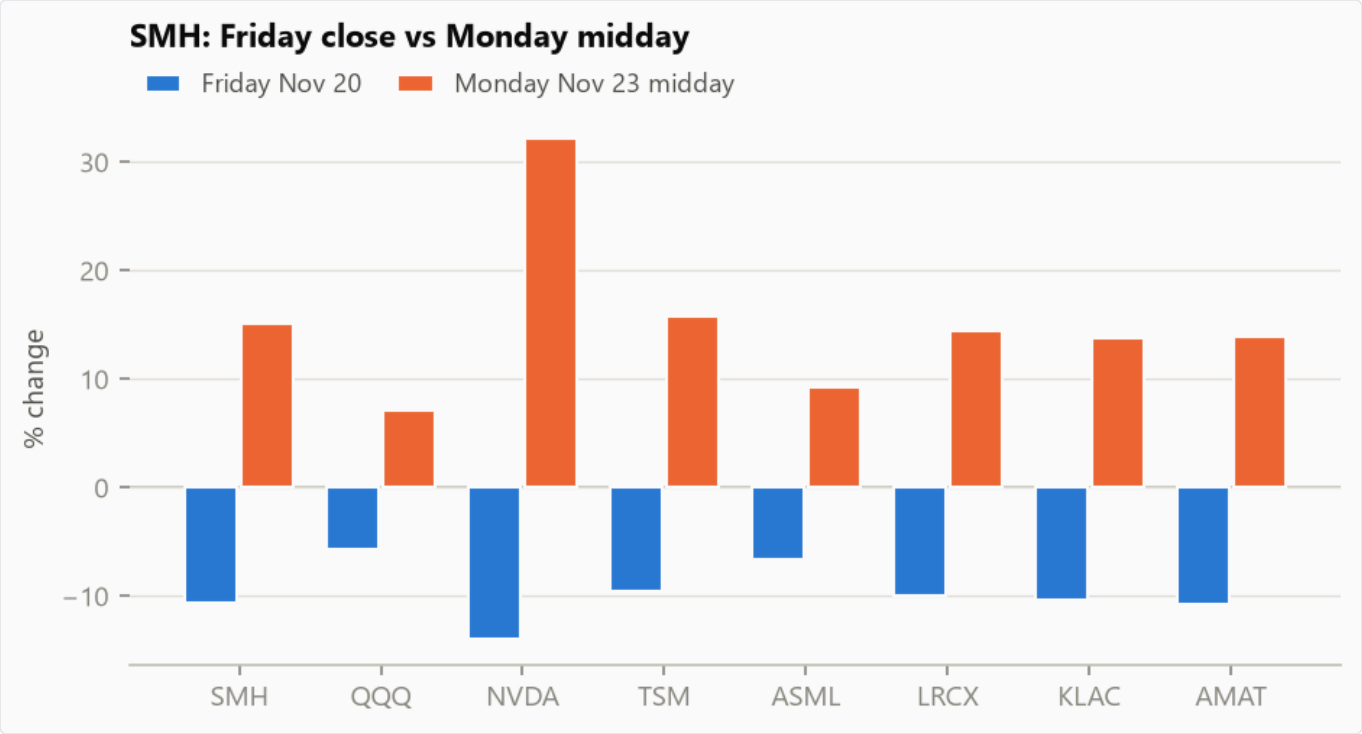
Name	Fri avg cost	Position avg cost	Our outlook value	vs Fri cost	Return at Fri cost	at position cost	at October high
Alphabet	$272.46	$277.15	$336.49	+23%	10.3%	10.1%	8.7%
Meta	$584.28	$540.10	$912.84	+56%	11.8%	12.4%	10.0%
Netflix	(none; $56.73 Fri close)	$73.41	$101.10	+78%	12.9%	11.0%	12.2% (at $62)

Alphabet's fourth quarter is our estimate (the company gives no guidance); Meta's uses the midpoint of its guide. Meta's per-share value is before the one-for-one Class C stock dividend it plans for early 2027. Netflix is the outlook from our November 14 writeup, unchanged.

On our outlook Meta is worth $912.84, +56% above our Friday cost and 11.8% a year, and Alphabet $336.49, +23% above cost and 10.3% a year; at the October highs the same outlooks implied 10.0% and 8.7%. Netflix offers the highest implied return of the three, 12.9% a year at Friday's close, with no capex cycle to wait out.

Today's bounce

On Monday morning, Nvidia's board reinstated Jensen Huang as CEO, which removed the main company-specific overhang of the week. The terms of his return have not been disclosed. By early Monday afternoon, when we took the prices used throughout this note, Nvidia was at $166.01, up 32% on the day, and the rest of the group had followed: the SOX was up 13.8% at 9,567.51, the Nasdaq Composite up 6.8% at 24,149.75 and the S&P 500 up 4.9% at 7,248.72. The session was still running as we wrote, so the closing figures will differ.

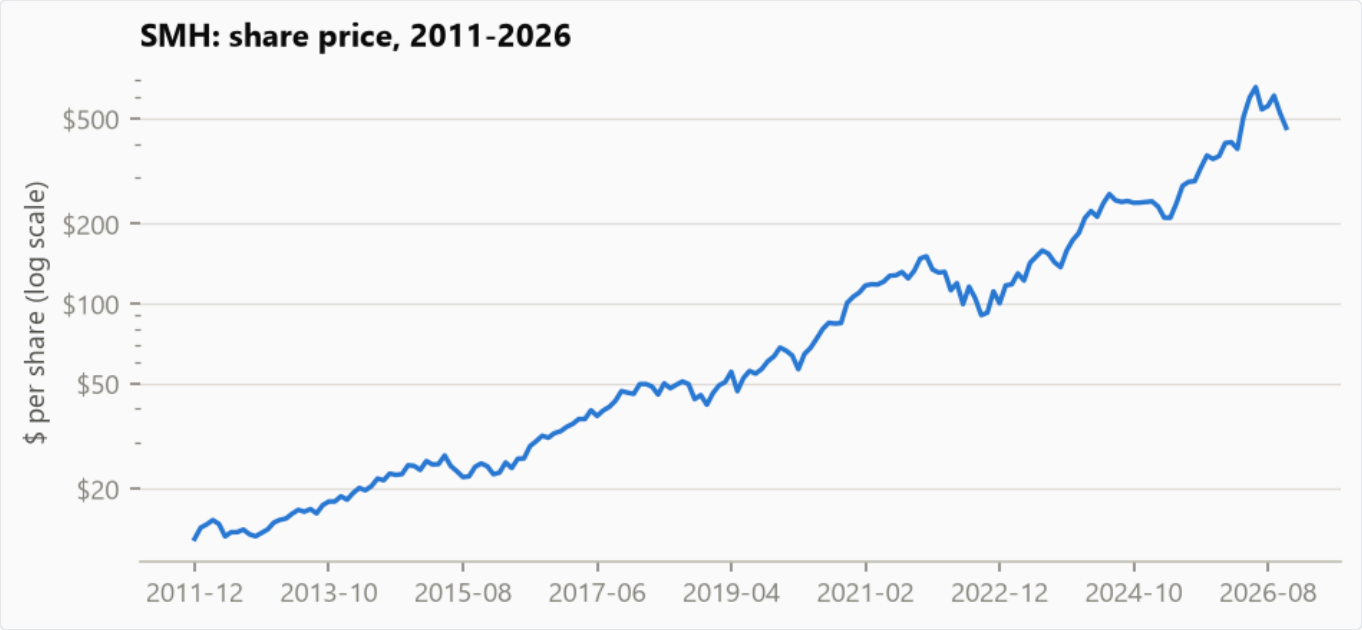


Every name below recovered more on Monday than it lost on Friday, with Nvidia's 32% rebound the outlier on the Huang news; Broadcom, not shown, managed only 1.4%. Source: Yahoo Finance.

That chart flatters Friday's entries, and we'd keep some perspective: SMH at $460.46 is still 27% below its $633.90 high, and Nvidia at $166.01 is still 31% below its own. A single day doesn't reverse a drawdown of this size, and the VIX still at 27.67 on a 5% up day in the S&P tells you how nervous the tape remains. Analysts quoted this morning were reluctant to call it a recovery, and we agree with them.

Valuation

There is no DCF of the basket here, and no price target for the ETFs, because a target on a basket assembled over one day would not mean much; the portfolio's risk is managed through sizing. Friday's buying was about 10% of NAV spread over 14 tickers and 60 tickets, nearly all of it adds to positions we already held, and it left about a quarter of the portfolio in cash. For the semiconductor sleeve as a whole, SMH trades at about 24.9x trailing earnings at $460, inside a 52-week range of $327-$672.



SMH monthly closes on a log scale: even after Monday, the price sits well below the June 2026 peak. Source: Yahoo Finance.

The seven single-name semiconductor adds each get a DCF of our outlook for the business (the platforms are covered above), and the year-by-year tables for all ten names are in the appendix. Every model is built the same way. The next quarter the company has guided is a stub period at its own cash margin, the base for growth is the four quarters ending with that guided quarter (reported results plus guidance), nine explicit years follow, and the terminal value grows at 3%. Equity value is enterprise value plus net cash (or minus net debt), divided by today's diluted share count. We discount at 10% for Nvidia and TSMC (the most cyclical demand and, for TSMC, Taiwan risk), 9% for ASML and 9.5% for the rest. Because we bought these on Friday, the table also shows the annual return each outlook implies from our average cost, which is the discount rate at which its cash flows are worth exactly what we paid, next to the same figure at the October-November highs.

Name	Avg cost Fri	Mon midday	Our outlook value	vs cost	vs Mon price	Return at cost	at Oct-Nov high
Nvidia	$135.16	$166.01	$264.55	+96%	+59%	16.2%	10.7%
Broadcom	$307.53	$308.61	$467.81	+52%	+52%	12.6%	11.0%
TSMC (ADR)	$331.13	$368.98	$411.87	+24%	+12%	11.6%	9.0%
Applied Materials	$318.00	$344.75	$367.20	+15%	+7%	10.5%	7.5%
Lam Research	$186.17	$209.63	$206.14	+11%	-2%	10.2%	6.9%
ASML (ADR)	$1,292.84	$1,384.52	$1,429.41	+11%	+3%	9.6%	7.6%
KLA	$129.35	$144.43	$121.14	-6%	-16%	9.1%	6.9%

Monday prices are intraday, about 12:30pm ET. Values are per share on today's diluted shares; returns assume our outlook's cash flows and 3% terminal growth.

These values are our outlook for each business, the case in which the theses in this note play out: management's targets are met, demand stays ahead of supply, and margins hold or expand. They are not a midpoint of possible outcomes, and if the AI buildout slows the values would be materially lower. On that outlook, the selloff changed the return on offer: at the October-November highs the same cash flows implied 6.9%-11.0% a year, and at our Friday costs they imply 9.1%-16.2%, between 1.6 and 5.5 points more a year for owning the same businesses.

Nvidia carries the highest return. Fiscal 2027 is mostly reported ($293.7B through October plus the $130.0B fourth-quarter guide), and our outlook takes management's 75% fiscal 2028 growth outlook at face value, then has demand broadening to sovereign and enterprise buyers (25% and 15% growth in the following two years) with the FCF margin held near 40%. That is worth $264.55 a share, +96% above our $135.16 average cost.

Broadcom's outlook of $467.81 follows the roughly $115B and $230B of AI revenue management gave for fiscal 2027 and 2028 on the third-quarter call, on top of fiscal 2026 revenue of $105.9B including the $34.8B fourth-quarter guide, at FCF margins in the mid-40s and after $35.4B of net debt. It is +52% above our cost. The Google TPU report is the obvious risk to it.

TSMC (modelled in NT dollars and converted at NT$32.80 per US dollar, five shares per ADR) starts from 2026 revenue of NT$5,594B, three reported quarters plus the US$52.3-54.3B fourth-quarter guide. Our outlook has revenue growing 32% in 2027 and 20% in 2028, with free cash flow rising from about 28% of revenue, where heavy capex holds it this year, toward 42% as capex intensity eases. That gives $411.87 per ADR, +24% versus our cost.

The equipment makers offer the thinnest margins on our numbers. Applied Materials (our outlook $367.20) starts from $38.5B over the four quarters to January 2027, including the $11.1B first-quarter guide; Lam ($206.14) from $29.4B including the $8.6B December-quarter guide at a 40.5% operating margin; and KLA ($121.14) from $15.9B including its $4.7B December guide. Each outlook assumes a longer upcycle, with 25-28% growth in 2027 and FCF margins lifted toward net margins. Applied and Lam come out +15% and +11% versus our cost. KLA comes out -6%, below what we paid even on our outlook. At a 9.1% implied return it has the thinnest margin of safety of anything we bought, and we would want lower prices before adding more.

ASML's outlook of $1,429.41 per ADR is +11% versus our $1,292.84 cost. It is modelled in euros from fiscal 2026 guidance of EUR 44-45B, with management saying planned 2027 and 2028 supply will not fully meet demand and some customers already asking to order for 2029-2030, which our outlook turns into 25% and 20% growth in 2027 and 2028. Even so it only just covers today's price, and we are paying for the scarcity of the business with some patience about returns.

What could go wrong

Whether the bounce holds, we don't know, and there are at least five things that could take the group lower from here.

Rates come first, because CME FedWatch put the odds of a 25bp hike at the December meeting at about 96% this morning, October PCE is due Wednesday, and the 10-year was near 4.95% on Friday. Higher financing costs were one of the stated reasons for the selloff, and a hot PCE print would give the market another excuse to cut long-duration tech exposure.

Second, the Nvidia questions are not fully settled: Huang is back on undisclosed terms, and a board that let its founder go and then brought him back eleven days later has some explaining to do. The SEC report remains unconfirmed, and if it turned out to be real it would matter far more than anything in the quarter.

Third, Broadcom is the one Friday add where the bad news was company-specific and Monday did little to repair it. If the Kuo survey is right, Google's 2027 TPU volume shifts partly to MediaTek, and the market will ask whether other hyperscalers follow; Redburn had already downgraded the stock to Neutral with a $398 target. We'd want to hear management address it before adding more.

Fourth is policy, where post-election scrutiny of data center buildouts and export rules is real, Nvidia's fourth-quarter guide already assumes no China data center compute revenue, and AMD's firmware and China story is a reminder that a single headline can take 11% off a large-cap chip stock in a morning.

Fifth is our own concentration, since Friday's buying was almost entirely semis and tech, added to a book that already holds Microsoft, Amazon, Meta, Netflix and Alphabet as its largest positions along with a semiconductor sleeve. Concentration in names we believe in strongly is a deliberate part of how we invest, but anyone following these trades should not copy it blindly: a portfolio with less cash would feel another leg down far more.

Admittedly, the macro bear case has serious backing. Citi cut US equities and global tech to neutral this month, and Goldman expects S&P 500 earnings growth to slow to about 11% in 2027 from about 30% in 2026. If earnings growth halves, multiples on the AI names probably don't recover to where they were in October, and the Friday entry would look early.

What we are watching

The near-term calendar is short and thin: PCE comes out Wednesday, the market is closed Thursday for Thanksgiving and closes at 1pm on Friday, so price moves this week will come on light volume and shouldn't be over-read in either direction. After that, the December FOMC decision, any detail on the terms of Huang's return, and Nvidia's next report (likely late February) against its guidance of $127.4B-$132.6B are the events that will show whether the reported fundamentals or last week's panic

was the better guide. Broadcom's fiscal fourth-quarter report, expected December 9, is the first chance for management to speak to Google's 2027 plans. Nvidia also has $227.3B of buyback authorization remaining, which gives it room to support the stock if it wants to use it.

Conclusion

We're comfortable with what we did on Friday.

About 27.5% of cash, roughly 10% of NAV, went into names already owned at prices well below where they were happily held a month ago, and about a quarter of the portfolio stayed in cash because more downside is entirely possible. After today's rally, the equipment names and ASML trade close to or above our outlook values, so they are not names we would chase from here; Nvidia, Broadcom and the platforms still have room to our outlook. If the bounce fails and the group retests Friday's lows, there is dry powder to add again, in steps, the same way as last week.

If it holds, the gains are a bonus, not a vindication.

For those of you who follow these trades: the positions are sized for this portfolio and its tolerance for drawdowns, and nothing here is a recommendation to buy any of them at today's prices.

Appendix: DCF detail

Each table is our outlook for the business and starts with the company's next guided quarter (the stub) and runs nine years; growth applies to the four quarters ending with that guided quarter. Terminal value is the final year's FCF x 1.03 / (discount rate - 3%), discounted with the final year's factor.

Nvidia

Fiscal years end in January. Net cash $21.1B at Oct 25, 2026 ($29.1B cash and $24.4B marketable debt securities less $32.4B long-term debt), excluding $44.2B of public equity stakes and $65.5B of private investments; 24,186M diluted shares; 10% discount rate.

Our outlook:

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
Q4 FY27 (guide)	130.0		39%	50.3	0.982	49.4
FY28	741.4	+75%	41%	304.0	0.893	271.4
FY29	926.8	+25%	41%	380.0	0.812	308.4
FY30	1,065.8	+15%	41%	437.0	0.738	322.4
FY31	1,172.4	+10%	40%	469.0	0.671	314.6

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
FY32	1,266.2	+8%	40%	506.5	0.610	308.8
FY33	1,342.2	+6%	40%	536.9	0.554	297.6
FY34	1,409.3	+5%	40%	563.7	0.504	284.1
FY35	1,465.6	+4%	40%	586.3	0.458	268.6

Terminal value $586.3B x 1.03 / (10.0% - 3%) = $8,626.4B, PV $3,952.1B. Adding the PV of FCF of $2,425.3B gives an EV of $6,377.4B. Adding net cash of $21.1B leaves equity of $6,398.5B. Divided by 24,186.0M shares, that is $264.55 per share. That is +59% versus $166.01 and +96% versus our $135.16 average cost.

Broadcom

Fiscal years end around November 1. Net debt $35.4B at Aug 2, 2026 ($59.4B debt less $24.0B cash); 4,887M diluted shares; 9.5% discount rate.

Our outlook:

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
Q4 FY26 (guide)	34.8		45%	15.7	0.995	15.6
FY27	165.2	+56%	46%	76.0	0.909	69.1
FY28	282.5	+71%	46%	129.9	0.830	107.9
FY29	316.4	+12%	45%	142.4	0.758	107.9
FY30	348.0	+10%	45%	156.6	0.692	108.4
FY31	375.8	+8%	45%	169.1	0.632	107.0
FY32	398.4	+6%	45%	179.3	0.577	103.5
FY33	418.3	+5%	45%	188.2	0.527	99.3
FY34	435.1	+4%	45%	195.8	0.482	94.3
FY35	452.5	+4%	45%	203.6	0.440	89.6

Terminal value $203.6B x 1.03 / (9.5% - 3%) = $3,226.4B, PV $1,419.1B. Adding the PV of FCF of $902.5B gives an EV of $2,321.6B. Subtracting net debt of $35.4B leaves equity of $2,286.2B. Divided by 4,887.0M shares, that is $467.81 per share. That is +52% versus $308.61 and +52% versus our $307.53 average cost.

TSMC (ADR)

Calendar years, NT$. Net cash NT$3,028.7B at Sep 30, 2026 (cash and short-term investments NT$4,094.7B less NT$1,066.0B debt, Yahoo balance sheet); 25,932M shares, 5,186.4M ADR equivalents; NT$32.80 per US dollar; 10% discount rate.

Our outlook:

Period	Revenue (NT$B)	Growth	FCF margin	FCF (NT$B)	Discount factor	PV (NT$B)
Q4 2026 (guide)	1,694.9		28%	474.6	0.991	470.1
2027	7,383.6	+32%	32%	2,362.8	0.900	2,127.6
2028	8,860.4	+20%	35%	3,101.1	0.819	2,538.6
2029	10,189.4	+15%	38%	3,872.0	0.744	2,881.5
2030	11,412.1	+12%	40%	4,564.9	0.677	3,088.3
2031	12,553.4	+10%	42%	5,272.4	0.615	3,242.7
2032	13,557.6	+8%	42%	5,694.2	0.559	3,183.7
2033	14,371.1	+6%	42%	6,035.9	0.508	3,068.0
2034	15,089.6	+5%	42%	6,337.6	0.462	2,928.5
2035	15,693.2	+4%	42%	6,591.2	0.420	2,768.8

Terminal value NT$6,591.2B x 1.03 / (10.0% - 3%) = NT$96,984.1B, PV NT$40,740.6B. Adding the PV of FCF of NT$26,297.7B gives an EV of NT$67,038.3B. Adding net cash of NT$3,028.7B leaves equity of NT$70,067.0B (converted at 32.801 per US dollar). Divided by 5,186.4M shares, that is $411.87 per share. That is +12% versus $368.98 and +24% versus our $331.13 average cost.

Applied Materials

Periods are years from February. Net cash $2.8B at Oct 25, 2026 ($7.2B cash and $2.1B short-term investments less $6.5B debt; $4.8B of long-term investments excluded); 798M diluted shares; 9.5% discount rate.

Our outlook:

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
Q1 FY27 (guide)	11.1		24%	2.7	0.984	2.6
2027	48.2	+25%	26%	12.5	0.898	11.3
2028	54.9	+14%	27%	14.8	0.820	12.2
2029	60.4	+10%	28%	16.9	0.749	12.7
2030	65.8	+9%	29%	19.1	0.684	13.1
2031	71.1	+8%	30%	21.3	0.625	13.3
2032	75.4	+6%	30%	22.6	0.571	12.9
2033	79.2	+5%	30%	23.7	0.521	12.4
2034	82.3	+4%	30%	24.7	0.476	11.8
2035	85.6	+4%	30%	25.7	0.435	11.2

Terminal value $25.7B x 1.03 / (9.5% - 3%) = $407.0B, PV $176.9B. Adding the PV of FCF of $113.3B gives an EV of $290.2B. Adding net cash of $2.8B leaves equity of $293.0B. Divided by 798.0M shares, that is $367.20 per share. That is +7% versus $344.75 and +15% versus our $318.00 average cost.

Lam Research

Periods are calendar years. Net cash $3.7B at Sep 27, 2026 ($7.4B cash less $3.7B debt); 1,255.8M diluted shares; 9.5% discount rate.

Our outlook:

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
Dec 2026 qtr (guide)	8.6		30%	2.6	0.991	2.6
2027	37.6	+28%	30%	11.3	0.905	10.2
2028	43.2	+15%	31%	13.4	0.826	11.1
2029	47.6	+10%	32%	15.2	0.755	11.5
2030	51.9	+9%	33%	17.1	0.689	11.8
2031	56.0	+8%	33%	18.5	0.629	11.6
2032	59.4	+6%	33%	19.6	0.575	11.3
2033	62.3	+5%	33%	20.6	0.525	10.8
2034	64.8	+4%	33%	21.4	0.479	10.3
2035	67.4	+4%	33%	22.2	0.438	9.7

Terminal value $22.2B x 1.03 / (9.5% - 3%) = $352.5B, PV $154.4B. Adding the PV of FCF of $100.8B gives an EV of $255.2B. Adding net cash of $3.7B leaves equity of $258.9B. Divided by 1,255.8M shares, that is $206.14 per share. That is -2% versus $209.63 and +11% versus our $186.17 average cost.

ASML (ADR)

Calendar years, euros. Net cash EUR 10.8B at Sep 27, 2026 (EUR 12.7B cash and short-term investments less about EUR 2.0B debt); 385.4M shares, one ADR per share; $1.089 per euro; 9% discount rate.

Our outlook:

Period	Revenue (EUR B)	Growth	FCF margin	FCF (EUR B)	Discount factor	PV (EUR B)
Q4 2026 (guide)	14.7		30%	4.4	0.991	4.4
2027	55.6	+25%	33%	18.3	0.910	16.7
2028	66.7	+20%	34%	22.7	0.834	18.9
2029	74.7	+12%	35%	26.1	0.766	20.0
2030	82.2	+10%	35%	28.8	0.702	20.2

Period	Revenue (EUR B)	Growth	FCF margin	FCF (EUR B)	Discount factor	PV (EUR B)
2031	89.6	+9%	36%	32.2	0.644	20.8
2032	96.7	+8%	36%	34.8	0.591	20.6
2033	102.5	+6%	36%	36.9	0.542	20.0
2034	107.7	+5%	36%	38.8	0.498	19.3
2035	112.0	+4%	36%	40.3	0.456	18.4

Terminal value EUR 40.3B x 1.03 / (9.0% - 3%) = EUR 691.9B, PV EUR 315.8B. Adding the PV of FCF of EUR 179.2B gives an EV of EUR 495.1B. Adding net cash of EUR 10.8B leaves equity of EUR 505.9B (converted at $1.089 per euro). Divided by 385.4M shares, that is $1,429.41 per share. That is +3% versus $1,384.52 and +11% versus our $1,292.84 average cost.

KLA

Periods are calendar years. Net debt about $1.0B at Sep 30, 2026 ($5.7B long-term debt less $4.7B cash and securities); 1,311.1M diluted shares; 9.5% discount rate.

Our outlook:

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
Dec 2026 qtr (guide)	4.7		32%	1.5	0.991	1.5
2027	20.4	+28%	36%	7.3	0.905	6.6
2028	23.4	+15%	37%	8.7	0.826	7.2
2029	25.8	+10%	38%	9.8	0.755	7.4
2030	28.1	+9%	38%	10.7	0.689	7.4
2031	30.3	+8%	38%	11.5	0.629	7.3
2032	32.2	+6%	38%	12.2	0.575	7.0
2033	33.8	+5%	38%	12.8	0.525	6.7
2034	35.1	+4%	38%	13.3	0.479	6.4
2035	36.5	+4%	38%	13.9	0.438	6.1

Terminal value $13.9B x 1.03 / (9.5% - 3%) = $219.9B, PV $96.3B. Adding the PV of FCF of $63.5B gives an EV of $159.8B. Subtracting net debt of $1.0B leaves equity of $158.8B. Divided by 1,311.1M shares, that is $121.14 per share. That is -16% versus $144.43 and -6% versus our $129.35 average cost.

Alphabet

Calendar years. Revenue base: 2026 = Q1-Q3 reported ($357.3B) plus our Q4 estimate of $141.8B (Q4 2025 grown at Q3's 24.6%), since Alphabet gives no guidance. Net cash $105.2B at Sep 30, 2026

($265.1B cash and marketable securities less $141.9B debt and $18.0B of mandatory convertible preferred); non-marketable investments excluded. 12,370M diluted shares; 9% discount rate.

Our outlook:

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
Q4 2026 (est.)	141.8		-10%	-14.2	0.991	-14.1
2027	608.9	+22%	2%	12.2	0.910	11.1
2028	718.5	+18%	14%	100.6	0.834	83.9
2029	826.3	+15%	22%	181.8	0.766	139.2
2030	925.5	+12%	26%	240.6	0.702	169.0
2031	1,018.0	+10%	28%	285.0	0.644	183.7
2032	1,099.4	+8%	28%	307.8	0.591	182.0
2033	1,165.4	+6%	28%	326.3	0.542	177.0
2034	1,223.7	+5%	28%	342.6	0.498	170.5
2035	1,272.6	+4%	28%	356.3	0.456	162.7

Terminal value $356.3B x 1.03 / (9.0% - 3%) = $6,117.1B, PV $2,792.3B. Adding the PV of FCF of $1,264.9B gives an EV of $4,057.2B. Adding net cash of $105.2B leaves equity of $4,162.3B. Divided by 12,370M shares, that is $336.49 per share. That is +19% versus $283.81 and +23% versus our $272.46 Friday cost.

Meta

Calendar years. Revenue base: 2026 = Q1-Q3 reported plus the $74.5B midpoint of the Q4 guide. Net cash $1.5B at Sep 30, 2026 ($82.5B cash and marketable securities less $80.9B long-term debt; finance leases excluded). 2,573M diluted shares, before the planned Class C stock dividend; 9% discount rate.

Our outlook:

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
Q4 2026 (guide)	74.5		-25%	-18.6	0.991	-18.5
2027	312.6	+22%	5%	15.6	0.910	14.2
2028	365.7	+17%	18%	65.8	0.834	54.9
2029	416.9	+14%	26%	108.4	0.766	83.0
2030	466.9	+12%	30%	140.1	0.702	98.4
2031	513.6	+10%	32%	164.4	0.644	105.9
2032	554.7	+8%	32%	177.5	0.591	104.9
2033	588.0	+6%	32%	188.2	0.542	102.0

Period	Revenue ($B)	Growth	FCF margin	FCF ($B)	Discount factor	PV ($B)
2034	617.4	+5%	32%	197.6	0.498	98.3
2035	642.1	+4%	32%	205.5	0.456	93.8

Terminal value $205.5B x 1.03 / (9.0% - 3%) = $3,527.3B, PV $1,610.1B. Adding the PV of FCF of $737.0B gives an EV of $2,347.2B. Adding net cash of $1.5B leaves equity of $2,348.7B. Divided by 2,573M shares, that is $912.84 per share. That is +53% versus $595.49 and +56% versus our $584.28 Friday cost.

Netflix

The model from our November 14 writeup, unchanged and valued as of year-end 2026. 2026 is treated as known ($51.1B revenue, 31.5% operating margin) and not counted; FCF is operating income times a cash conversion ratio. Net debt $7.1B at Sep 30, 2026; 4,195M diluted shares; 9% discount rate. Rebuilt from the rounded inputs below, the per-share value lands within $0.25 of the published $101.10, which is the figure we use.

Our outlook:

Year	Revenue ($B)	Growth	Op margin	FCF / op income	FCF ($B)	Discount factor	PV ($B)
2027	57.5	+12.5%	33.5%	68%	13.1	0.917	12.0
2028	64.4	+12.0%	35.5%	70%	16.0	0.842	13.5
2029	71.5	+11.0%	37.5%	72%	19.3	0.772	14.9
2030	78.6	+10.0%	39.5%	74%	23.0	0.708	16.3
2031	85.7	+9.0%	41.0%	75%	26.3	0.650	17.1
2032	92.5	+8.0%	42.0%	75%	29.2	0.596	17.4
2033	99.0	+7.0%	43.0%	75%	31.9	0.547	17.5
2034	105.0	+6.0%	44.0%	75%	34.6	0.502	17.4
2035	110.2	+5.0%	44.0%	75%	36.4	0.460	16.7

Terminal value $36.4B x 1.03 / (9.0% - 3%) = $624.4B, PV $287.5B. Adding the PV of FCF of $142.8B gives an EV of $430.2B. Subtracting net debt of $7.1B leaves equity of $423.1B. Divided by 4,195M shares, that is $101.10 per share. That is +74% versus $58.13 and +38% versus our $73.41 position cost.