AI's New Roadblocks: Politics, Power & Financing

- **Macro:** The correction has improved valuations. We are waiting for a recovery signal.
- **Tech:** Local opposition and tighter financing could slow the AI buildout.
- **Pick:** BUY META80, TP THB 3.58 (META at $855, USD/THB at 33.5).

Attractive Risk/Reward, but Recovery Remains Unconfirmed

We remain constructive on US equities following the recent market correction, as we believe valuations now offer a **more attractive risk/reward profile** relative to the fundamentals. Nevertheless, we have yet to see convincing signs of a sustained recovery and therefore maintain **our short-term wait-and-see view**. More importantly, we believe the US midterm election results may have greater implications for AI infrastructure development than we expected. While AI demand remains strong, political opposition, rising financing costs, and execution risks could delay the sector's recovery.

Midterm Elections: A New Obstacle for AI Infrastructure

The election results suggest growing public resistance to data-center expansion, particularly over **electricity costs**, water consumption, and local economic benefits. In Texas, newly elected Democratic Governor Gina Hinojosa has proposed suspending new data-center approvals until stronger regulations are established, removing tax incentives, and requiring union labor. Meanwhile, voters favored restrictions on data-center development in 40 of 41 local ballot measures across the US on 3-Nov-26. We believe these developments could delay infrastructure construction and potentially affect the entire AI supply chain, from GPUs, HBM, and advanced packaging to power and cooling equipment. However, given AI's strategic importance in the US-China technology race, we expect the eventual outcome to involve **negotiations over costs and benefits** rather than a permanent nationwide halt to development. Nevertheless, near-term uncertainty could remain an overhang for AI-related equities.

Leadership Uncertainty Meets an Expanding Financing Role

NVIDIA's board opened an independent inquiry after reports that CEO Jensen Huang was targeted by a foreign intelligence effort. The board expressed confidence in Huang. We expect him to stay as CEO. NVIDIA's partnerships aim to mobilize over $500b of third-party capital over time. Separately, SpaceX has a commitment for a GPU lease worth about $40b from an Apollo-managed entity, subject to closing conditions. Helping independent cloud providers fund purchases can protect NVIDIA's customer base as large cloud providers develop their own chips. NVIDIA may cover part of any shortfall in equipment resale value on selected projects.

Marvell–Lumentum: Strategic Opportunity, but a Long Road Ahead.

For the Marvell-Lumentum deal, we view the transaction positively from a long-term strategic perspective, as it strengthens Marvell's optical connectivity capabilities and competitive position against Broadcom. However, the substantial share issuance, high acquisition valuation, regulatory uncertainty, and expected closing in 1H28 could weigh on MRVL's near-term performance. Although management anticipates significant synergies, execution and integration risks remain important. We therefore see stronger long-term strategic potential than immediate share-price catalysts.

DR Pick: META80, TP THB 3.58 (META at $855, USD/THB at 33.5)

We pick META80 as our weekly pick. Meta's ad revenue grew 26% y-y in 3Q26, supported by AI-driven improvements in recommendations and user engagement. With $32.8b in operating cash flow, Meta remains well-positioned to fund its growing AI investments despite negative FCF. For more details, see our hyperscalers report (here).

Analyst

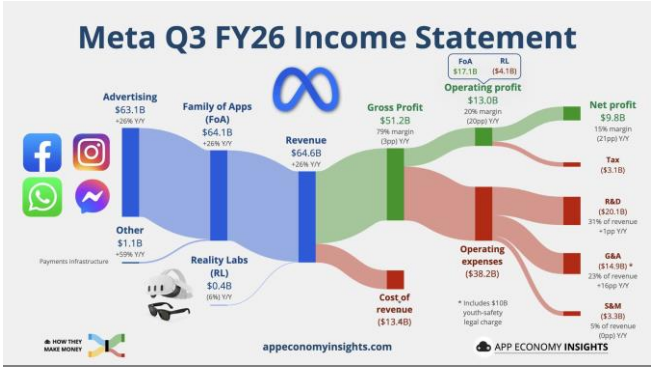
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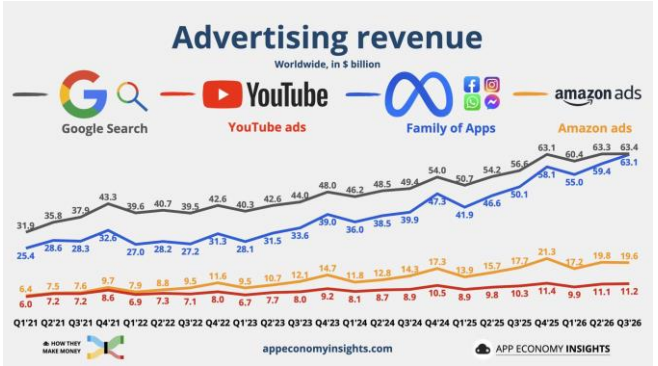
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Exhibit 1: META 3Q26 Income Statement



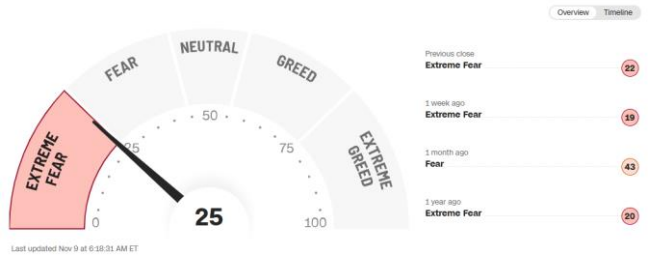
Sources: App Economic Insights

Exhibit 2: Advertising Revenue



Sources: App Economic Insights

Exhibit 3: Fear & Greed Index (9 Nov 26)



Sources: CNN

Exhibit 4: Market Momentum, S&P500 vs 125 days MA



Sources: CNN

Exhibit 5: Most Anticipated Earnings Releases (9 Nov – 13 Nov)



Sources: Earnings Whispers

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.