EONVERA CAPITAL

EONVERA CAPITAL



Audrey 1

Dear investor friends, good Friday morning, everyone!

I'm Audrey Lim, the person you all know as "The Golden Envoy."

Friday is finally here again! This week in the market has been anything but calm, especially for tech stocks. As soon as a few big companies reported earnings, their stock prices clearly diverged.

Some companies' businesses are growing fast, yet their stock prices fell. Some stocks surged the day before, only to pull back the next day. I'm sure many of you are wondering too: what exactly is the market looking at?

Today, I'd like to go through what's happened over the past few days together with you, and learn something useful from real stock performance.

Investing isn't just about looking for opportunities for prices to rise. It's also about learning to understand why the market changes its view.

I hope you'll all join the discussion in a relaxed way and head into the weekend with a few new takeaways!

Audrey 2

Friends, let's start with the U.S. stock market on October 29. The Nasdaq fell 1.38%, the S&P 500 fell 0.30%, and the Dow Jones Industrial Average fell 0.25%. But the Russell 2000 actually rose 1.01%, and that's an interesting set of numbers. If all stocks were falling together, we might worry more about a broad-based sell-off. But right now, different indexes are performing differently.

The Nasdaq was more clearly affected by the decline in the tech sector. The rise in the small-cap index, meanwhile, shows that investors within the market are still making different choices about where their money goes.

So a falling index doesn't mean all stocks are falling, and it certainly doesn't mean investment opportunities in every sector have disappeared.

We need to look further: is risk appetite across the whole market falling, or is capital shifting from some high-valuation tech stocks into other sectors?

Audrey 3

You may have noticed over the last few days that the performance of the Magnificent Seven tech giants has clearly diverged.

Alphabet fell sharply after its earnings report. Microsoft reported strong Azure growth, yet its stock didn't fully reflect that good news. Stocks of companies such as Meta, Apple, and Tesla, meanwhile, held up relatively well to varying degrees.

Why is that?

That's because investors aren't buying what a company has already achieved. They're buying expectations for how its business will perform in the future.

Even if a company's results grow quickly, its stock can still fall if the market had been expecting higher growth.

Conversely, if a company announces news that's better than the market expected, it can draw a positive reaction even if its growth isn't all that dramatic.

A stock price reflects not only a company's performance, but also the gap between that performance and market

expectations.

That's also why, when we read earnings reports, we have to watch actual results, analyst expectations, and management's forward guidance at the same time.

Audrey 4

Friends, Oracle is a case well worth watching these past few days.

On October 28, Oracle's stock rose sharply after it announced new AI investment and financing plans. But on October 29, the stock pulled back again.

This isn't actually uncommon.

After good news comes out, investors may raise their expectations for the company's future growth again. But when the market starts to reassess capex, financing costs, and cash flow, some people may also choose to take profits, or scale back earlier judgments that were too optimistic.

We can't decide that risk has disappeared just because Oracle rose, and we can't simply conclude that its AI business outlook has deteriorated just because it pulled back the next

day.

What's truly worth watching is whether the company's customer contracts, data center construction schedules, and future cash flow can support the market's long-term expectations for it.

A single day's moves can be sharp, but a company's value takes more time to verify.

Audrey 5

Now let's look at Alphabet, the parent company of Google. After this earnings report, the market's reaction to it was quite strong, and the stock closed down 12.64% yesterday.

It's worth noting that Google Cloud's business grew very fast, but the company's overall revenue and some profitability metrics fell short of market expectations. At the same time, AI infrastructure capex was enormous, and free cash flow also came under pressure.

That tells us something very important.

A company can have a fast-growing business, but if its other businesses don't perform well enough, or if investors start to

worry whether huge investments can earn a reasonable return, the stock can still fall.

Especially in the AI industry, the market no longer asks only whether a company has increased its investment. It's also pressing the question: when will these investments actually produce enough profit and cash flow?

So Alphabet's decline this time shouldn't be read simply as the market no longer being bullish on AI.

More precisely, the market is raising the bar for returns on AI investment.

Audrey 6

Microsoft's case forms an interesting contrast with Alphabet's.

Microsoft reported strong Azure revenue growth, which shows that demand for cloud computing is still robust. But at the same time, the company also needs to invest large amounts of money to expand its computing capacity and AI infrastructure.

For a company like this, we should focus on two things.

The first is whether cloud business growth can continue.
The second is whether the additional infrastructure investment can turn into enough profit and cash flow.
If revenue keeps growing, equipment utilization improves, and the profitability of the new business stays strong, then enormous capex may gradually show its value.
But if spending keeps climbing while returns are slow to keep pace, the market may reassess the company's valuation.
Strong results are a good thing, but investors also need to know how much a company has had to pay to achieve its growth.

Audrey 7

Friends, Amazon's earnings report, released after the close yesterday, is well worth studying.
Q3 revenue reached $201.94 billion, up 12% YoY, but slightly below market expectations. EPS was $1.89, also below the expected $1.96.
But the real highlight is the AWS cloud business: revenue reached $45.98 billion, up 39.3% YoY, its fastest growth in

nearly five years. The company's operating income also rose to $28.1 billion, and its operating margin reached 13.9%.

So why did Amazon's stock actually fall sharply after the earnings report?

The problem is that strong business growth didn't fully dispel the market's concerns about capex and cash flow.

Amazon expects full-year 2026 capex of about $220 billion, and its free cash flow over the past 12 months has already fallen to negative $42.36 billion. At the same time, its Q4 revenue guidance range was also slightly below market expectations.

Here's my view: AWS's growth is indeed strong, but investors still need to watch when these enormous investments will turn into sustainable cash returns.

That's also an important principle for ADI when studying earnings reports: we can't just look at revenue growth. We also have to look at whether earnings quality, capital investment, and cash flow line up with each other.

Audrey 8

Friends, yesterday the semiconductor sector came under clear pressure. The Philadelphia Semiconductor Index (SOX) fell 1.42%, ending four straight trading days of gains.

The divergence among individual stocks was also clear: MRVL fell 13.24% and INTC fell about 3.62%, but QCOM bucked the trend and rose about 1.3%.

Why did stocks in the same sector perform so differently?

Marvell's sharp drop was also affected by news that it may acquire Lumentum, so we can't attribute its entire decline to weakening AI demand.

We need to remember that the semiconductor industry includes different segments, such as GPUs, storage, network connectivity, and communications chips, and each company's customer mix, orders, and valuation are different too.

A sector pullback doesn't mean the fundamentals of every company are deteriorating.

What really matters is telling apart the reasons a stock fell: Was it a change in industry demand, company-specific news, or an adjustment in valuation and capital flows?

That’s also what ADI research needs to do: not treat the whole industry as one, but test the evidence company by company.

Audrey 9

The U.S. Bureau of Labor Statistics reported this morning that the Employment Cost Index (ECI) rose 0.8% quarter over quarter in the third quarter, in line with market expectations and slightly slower than the previous quarter’s 0.9% increase.nnThe ECI is regarded by the Federal Reserve as one of the most comprehensive and objective measures of wage inflation in the labor market. The latest reading suggests that wage inflation pressures remain broadly under control and are gradually moderating.

This indicator mainly measures changes in the wage and benefit costs that employers pay. Unlike the number of people employed, it focuses more on changes in businesses’ labor costs.

Why do investors need to care about it?

Because wages and benefits are a major operating cost for

many companies.

If labor costs keep rising and companies can't offset the cost pressure by improving efficiency or adjusting prices, margins could be affected.

On the other hand, if wage growth moderates, it could also ease cost pressure for some service-sector companies.

So we need to combine the actual reported figure with market expectations to watch which way labor costs are heading.

For investors, jobs data isn't only about job opportunities. It also bears on business costs, inflation, and future earnings.

Audrey 10

Friends, there's another important economic indicator to watch today!

The Chicago PMI fell to 37.9 in October, well below the market expectation of 42.1 and the previous reading of 40.5.

Remember, a PMI below 50 indicates contracting business activity. A reading of 37.9 points to significant weakness in regional manufacturing.

Combined with the ECI data, we are seeing slower labor cost

growth alongside weakening manufacturing activity.

My view is that the U.S. economy remains resilient, but parts of the real economy are already facing weaker demand.

However, one regional indicator alone does not mean the entire U.S. economy is entering a recession.

We should continue watching business orders, profit margins, and broader market conditions.

Audrey 11

Why Do Some Sectors Rise While Others Fall?

Friends, as we saw earlier, while tech stocks were under pressure, the rest of the market didn't fall completely in sync.

That's why market structure matters.

Capital doesn't necessarily all leave the stock market when risk rises.

Sometimes, investors reduce their allocations to some high-valuation growth stocks while paying more attention to other sectors or different types of assets.

The sources of demand for health care companies, the earnings structure of financial companies, and the revenue

drivers of energy companies are all different from those of AI infrastructure companies.

But we can't simply say that because a sector rose, capital has definitively moved into that sector.

What needs to be watched is not just one day's gain, but also relative performance over several consecutive days, market breadth, trading volume, and whether corporate earnings expectations are changing.

The current market divergence means investors need to choose what to research more carefully, rather than looking only at whether the indexes rose or fell to decide the direction of all stocks.

Audrey 12

I'm sure many of you have the same thought when you see a stock fall: Is it cheaper now? Should I consider buying?

There's no need to rush to answer that.

A stock's price falling could be the market temporarily overreacting, or it could be that the company's earnings expectations have genuinely changed.

If a stock falls only because of swings in market sentiment, but the company's revenue, profit, and long-term competitive advantages haven't clearly changed, investors can keep researching its valuation.

But if the stock falls because the company lowers its guidance, its cash flow deteriorates, or customer demand weakens, then buying simply because the price is lower could overlook the real risk.

I hope everyone will remember one simple distinction:

A falling price doesn't necessarily mean value has gone up.

And a rising price doesn't mean the investment opportunity has disappeared, either.

We need to combine price changes with a company's fundamentals to judge whether the current valuation is reasonable.

Audrey 13

Friends, the cases we've seen today show exactly why researching the market can't rely on a single indicator.

Within the research framework of EONVERA ADI, we put

macroeconomics, industry demand, company earnings reports, valuation, and technical structure side by side for comparison.

For example, when we study Alphabet, we need to look at Google Cloud's growth, and also watch its search business performance, capex, and free cash flow.

When we study Oracle, we need to analyze demand for AI infrastructure, and also check its financing arrangements and future cash returns.

When we study semiconductor stocks, we need to go a step further and distinguish among different products, customer mixes, and earnings cycles.

ADI's value isn't in making every conclusion sound certain. It's in helping us systematically test supporting evidence, opposing evidence, and risk conditions.

That also means that when new earnings reports or economic data come out, we should be willing to reassess our original judgments, rather than only looking for information that supports our own views.

Audrey 14

It’s Friday, and today is actually a great day to do something simple but valuable: look back on the stocks you’ve followed this week.

You don’t need to write a long report, and you don’t have to explain every day’s ups and downs in a very complicated way.

You can start by asking yourself three questions:

First, has this company released any important new information this week?

Second, is the change in the stock price related to changes in the company’s fundamentals or in market expectations?

Third, if my original judgment has changed, what evidence made me change my mind?

It’s okay if you can’t answer them right away. You can write the questions down and keep researching next week.

I think the most valuable progress in learning to invest isn’t guessing the market right every time, but gradually coming to know why you made a particular judgment, and which pieces of information are worth continuing to watch.

A simple, honest review is often more valuable than chasing

the market's moves all day long.

Audrey 15

Dear friends,

Before today ends, let's briefly sort through a few directions worth continuing to watch next week.

First, Apple and Nvidia, which haven't yet reported earnings. We should look not only at revenue and profit, but also at product demand, AI-related businesses, forward guidance, and how much growth the market had already priced in.

Second, AI giants' capex. Microsoft, Alphabet, Amazon, and Meta are all putting large amounts of resources into developing AI. What's worth watching next is whether these investments can keep turning into revenue, profit, and cash flow.

Finally, don't forget that the market isn't only tech stocks. Sectors such as financials, health care, industrials, and energy may also offer different opportunities because of changes in the economic environment and capital flows.

Within the research framework of EONVERA ADI, we will keep

comparing company fundamentals, valuation, market performance, and risk scenarios.

We don't need to find a stock worth buying every day. What matters more is knowing why we're watching it, and what changes would make us reconsider.

Friends, we'll keep watching the market next week, and you're welcome to bring the questions that interest you to the group.

Audrey 16

Dear investor friends,

Looking back on this week, we saw the pleasant surprises that AI companies' earnings reports brought, and we also saw the pressure when stock prices suddenly fell.

Sometimes, even though a company reports good results, its stock doesn't rise. Sometimes a company jumps sharply one day and then clearly falls back the next.

That's just how the market is. It doesn't always move in the direction we expect.

But I want to tell you that learning to invest isn't about guessing right every time. It's about still being able to think

and make judgments on solid grounds when things are uncertain.

At Eonvera Capital, we hope to use EONVERA ADI to connect market data, company research, valuation analysis, and risk management, to help everyone gradually build a more systematic investment mindset.

Of course, no model or research method can guarantee a correct judgment every time. Staying curious, being willing to learn, and being willing to adjust your views when new evidence appears are just as important.

If there's anything you still haven't figured out today, or you have your own observations and questions, feel free to talk with me in the group anytime. You can also reach me through the following:

The weekend is here. I hope everyone can set aside the tense market for a while, spend good time with family, enjoy life, and give yourselves a little time to rest and gather your thoughts. 🌷

May we, while pursuing investment opportunities, always keep patience, discipline, and the ability to think independently.

Wishing everyone a happy weekend and a relaxed body and mind,

See you Sunday