SWAN CAPITAL SOLUTIONS

Weekly Market Commentary (20.02.2026)

Local Highlights

The **SEMDEX** was up by 0.18% over the week despite a decrease of 34.0% w/w in the total market turnover (TMT), following the market closure on 17 February for the Chinese New Year. Overall, foreigners were **net seller** to the tune of Rs 15.0m. Accounting only for SEMDEX constituents, foreigners were net seller to the tune of Rs 16.0m, with **MCBG** being the main driver of foreign sale, registering a net outflow of Rs 8.9m. Trading activity on the equity board was geared towards **MCBG**, which made up 38.2% of TMT, followed by **SBMH** (3.5%) and **ENLG** (2.7%).

On the banking front, **MCBG** gained 0.70% to Rs 433.00. Alternatively, **SBMH** closed the week unchanged at Rs 6.60.

Within the conglomerate space, **ERL** closed the week lower by 4.31% to Rs 20.00. **CIEL** also fell by 2.12% to Rs 8.32.

Amid sugar conglomerates, **ALTG** gained 0.42% to Rs 12.00. Contrastingly **MTMD** fell by 2.82%, closing at Rs 18.95.

The property sector closed in the mix. **BLL** fell by 1.45% to Rs 0.68. Contrastingly, **ASCE** gained 6.74% to Rs 18.20.

Regarding hotels, **RIVO** (+0.45%), **SUN** (+0.23%) and **NMHL** (+1.82%) closed the week higher at Rs 22.30, Rs 43.60 and Rs 13.95, respectively.

On the commodities side, **NewGold-MUR** closed the week lower by 0.07% to Rs 2,200.00.

Top Performers	
Ascencia	+ 6.74%
NMH	+ 1.82%
PAD	+ 1.10%
Policy	+ 0.84%
Almarys	+ 0.71%

Main Detractors	
NIT	- 6.67%
ER Group	- 4.31%
Omnicane	- 2.82%
Ciel	- 2.12%
BMH	- 1.59%

Most Traded Stocks	% of TMT
MCB Group	38.2%
SBM Holdings	3.5%
Almarys	2.7%
ER Group	2.7%
CIM	2.6%

Result Announcement

ER Group Limited (ERL)- QE Dec 2025

- Revenue declined by 1.9% to Rs 13,089.0m in QE Dec-25 (Pro forma QE Dec-24: Rs 13,337.1m), reflecting mixed segmental performance, with improvement in the clusters Agribusiness (+25.3%), Finance (+15.1%) and Hospitality & Travel (+12.1%) and declines in the Real Estate (-31.5%) and Commerce & Manufacturing (-30.0%) clusters. The Hospitality & Travel cluster contributed around 63.1% of the Group's total revenue.
- Operating profit increased by 13.7% to Rs 4,071.4m (QE Dec-24: Rs 3,580.8m). Consequently, operating margin expanded to 31.1% from 26.9%.
- Finance costs increased modestly by 0.9% to Rs 856.7m (QE Dec-24: Rs 849.5m). Despite the slight increase, stronger operating profitability resulted in improved interest cover of 4.8x, compared to 4.2x last year.
- Profit after tax increased by 10.3% to Rs 2,216.6m (QE Dec-24: Rs 2,010.4m), supported primarily by Hospitality & Travel segment. Accordingly, PAT margin improved to 16.9% from 15.1%.

Alteo Limited (ALTG)- QE Dec 2025

- Revenue increased by 13.4% to Rs 1,419.0m (QE Dec-25) from Rs 1,251.3m (QE Dec-24), supported primarily by improved harvest and higher sugar production within Agro-business.
- EBIT increased by 26.3% to Rs 499.0m (QE Dec-24: Rs 395.2m), reflecting stronger operational leverage in Agro and improved Energy profitability on the back of a more favourable production mix and lower coal input costs. As a result, operating profit margin improved to 35.2% from 31.6%.
- Finance costs declined by 23.9% to Rs 9.3m (QE Dec-24: Rs 12.3m). Accordingly, interest cover strengthened significantly to 53.4x from 32.2x last year.
- PAT rose by 22.7% to Rs 484.0m (QE Dec-24: Rs 394.5m), as such PAT margin improved to 34.1% from 31.5% in the corresponding quarter last year.

International News – US Market

U.S. equity markets navigated a volatile, data-heavy and holiday-shortened week, ultimately closing higher as investors balanced AI-related developments, Federal Reserve signals and geopolitical tensions. Markets were closed on Monday for a U.S. holiday.

On Tuesday, stocks ended modestly higher in choppy trading, with the Dow, S&P 500 and Nasdaq each edging up 0.1%. Investors remained cautious ahead of key economic data releases, including inflation readings and the Fed minutes. Technology shares initially weighed on sentiment amid concerns over AI investment returns and competitive disruption. Housing sentiment also deteriorated, with the NAHB Housing Market Index falling to 36, its lowest level since September. Airline stocks outperformed, while computer hardware and gold stocks declined sharply.

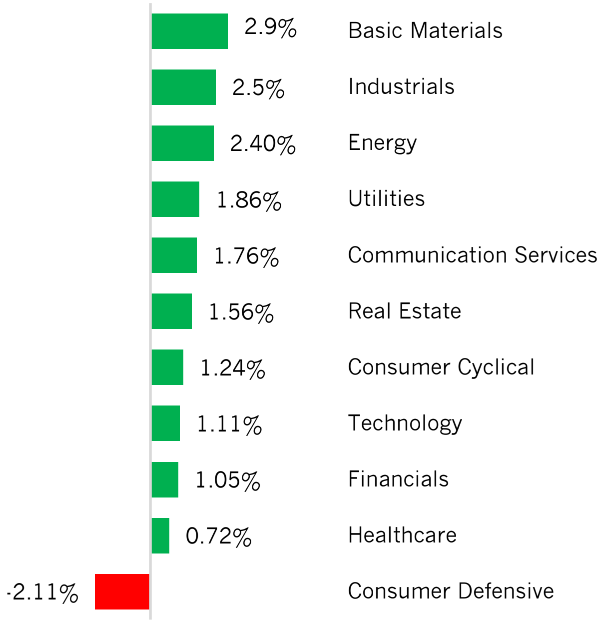
Wednesday saw stronger gains, led by technology. The Nasdaq rose 0.8%, the S&P 500 gained 0.6% and the Dow added 0.3%. Semiconductor stocks rallied after NVIDIA Corporation announced a multi-year strategic AI partnership with Meta Platforms, while Micron Technology surged following increased hedge fund ownership. Industrial production data came in stronger than expected, supporting early gains. However, markets pared intraday highs after the Fed minutes revealed divisions among policymakers, with some favouring eventual rate cuts while others preferred maintaining rates amid persistent inflation risks. Oil service and gold stocks outperformed, while rate-sensitive utilities and commercial real estate lagged.

On Thursday, equities pulled back as disappointing forward guidance from Walmart Inc. weighed on sentiment, despite its earnings beat. Geopolitical tensions, particularly concerns surrounding a potential U.S.–Iran conflict, drove crude oil prices higher and supported energy stocks. The Dow fell 0.5%, while the S&P 500 and Nasdaq declined 0.3% each. Airline and housing stocks underperformed, whereas computer hardware and oil service names posted gains.

Friday markets rebounded, with the Nasdaq rising 0.9%, the S&P 500 gaining 0.7% and the Dow advancing 0.5%. Sentiment improved after the U.S. Supreme Court struck down most of President Donald Trump's sweeping global tariffs, though uncertainty remains regarding implementation of a proposed new 10% global tariff. Earlier in the session, weaker-than-expected Q4 GDP growth (1.4% vs. 2.8% expected) and a slight uptick in consumer price inflation reinforced expectations that the Federal Reserve may keep rates on hold. Transportation, networking, gold, retail and semiconductor stocks led gains.

For the week, the Nasdaq climbed 1.5%, the S&P 500 rose 1.1% and the Dow gained 0.3%, reflecting resilience in technology and AI-linked sectors despite macroeconomic uncertainty and policy volatility.

1 Week Performance



Valuation

	Forward P/E	PEG	P/FCF
Basic Materials	16.04	1.60	32.64
Communication Services	30.06	2.62	31.97
Consumer Cyclical	21.79	1.82	43.56
Consumer Defensive	21.23	3.17	26.90
Energy	15.41	1.64	16.12
Financial	14.46	1.57	11.50
Healthcare	18.18	2.33	24.56
Industrials	24.07	2.00	33.26
Real Estate	30.51	3.06	23.93
Technology	22.30	1.34	36.48
Utilities	17.13	1.92	118.32

Earnings Calendar

	Time (GMT+4)	Ticker	Company	Estimate EPS (USD)
23.02.2026	-	BABA	Alibaba Group Holding Limited	1.66
24.02.2026	15.00	HD	Home Depot, Inc.	2.53
25.02.2026	08.00	HSBC	HSBC Holdings, plc.	1.60
26.02.2026	01.20	NVDA	NVIDIA Corporation	1.53
-	10.00	DTEGY	Deutsche Telekom AG	0.49

The Week's Defining Stocks

NVIDIA Corporation (NVDA)

Nvidia is reportedly in discussions to invest up to $30 billion in OpenAI as part of a broader funding round that could value the artificial intelligence startup at a $730 billion pre-money valuation, according to CNBC. The potential investment is separate from the previously announced $100 billion infrastructure agreement between the two companies and is not tied to any deployment milestones. Discussions remain confidential and the deal is not yet final, with details subject to change. Questions had emerged earlier this year regarding the status of the infrastructure agreement, particularly following reports that it was "on ice," though both Nvidia CEO Jensen Huang and OpenAI CEO Sam Altman have publicly downplayed concerns. OpenAI is also engaging in fundraising discussions with other investors, and the total round could close at around $100 billion, as CNBC previously reported. The talks have accelerated in recent weeks, but they have not been finalised.

NVIDIA Corporation

Closing Price (20.02.2026)	$189.82
Performance	
5 Day	+ 3.83%
1 Month	+ 1.80%
YTD	+ 1.78%
Analyst Estimates	
Average Recommendation	Buy
Median Target Price	$260.26

Walmart Inc. (WMT)

Shares of Walmart Inc. (WMT) declined 1.4% on Thursday despite the company reporting better-than-expected fiscal Q4 2026 results, as weaker-than-anticipated FY2027 EPS guidance weighed on sentiment. Adjusted EPS beat estimates by 1.4%, while revenue exceeded expectations by 0.3%, with mid-single digit top-line growth and double-digit bottom-line expansion year-on-year. E-commerce sales grew in double digits, advertising revenue surged 37%, and consolidated membership income rose over 15%, supported by strong performance at Sam's Club China. Adjusted operating income increased in double digits, driven by sales growth, higher gross margins, expense leverage and improved e-commerce economics. However, sales growth was largely driven by lower-margin grocery items, reflecting shifting consumer spending patterns. For FY2027, management expects EPS of $2.75–$2.85, below the consensus estimate of $2.93, despite anticipating continued e-commerce-led growth and margin expansion.

Walmart Inc.

Closing Price (20.02.2026)	$122.99
Performance	
5 Day	- 8.14%
1 Month	+ 4.55%
YTD	+ 10.39%
Analyst Estimates	
Average Recommendation	Buy
Median Target Price	$136.03

Micron Technology Inc. (MU)

Shares of Micron Technology (MU) declined 2.9% to $399.78 on Tuesday, marking a second consecutive day of losses and leaving the stock roughly 12% below its late-January 52-week high. Investor attention has turned to capacity expansion plans, with reports indicating Micron is allocating $200bn to expand U.S. semiconductor production, including two new fabs in Boise and a $100bn campus in Syracuse, New York, where high-bandwidth memory (HBM) production is expected to begin in 2027. Separately, India is set to see Micron launch commercial chip production before month-end. While memory-related stocks such as Sandisk, Western Digital and Seagate have posted strong gains year-to-date, Micron remains slightly behind sector leaders. Risks persist, including potential memory price volatility and valuation compression, with the upcoming Fed minutes representing a key near-term catalyst for AI-linked chip stocks.

Micron Technology Inc.

Closing Price (20.02.2026)	$428.17
Performance	
5 Day	+ 4.01%
1 Month	+ 10.04%
YTD	+ 50.02%
Analyst Estimates	
Average Recommendation	Overweight
Median Target Price	$392.45

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