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Investor Presentation | Asia Pacific

Asia Equity Strategy and Thematic Research: Opportunities in the Collision of Themes

The competitive reinvention of Asia and global thematic drivers have set up an investment super-cycle across AI Infra, Energy/Economic Security and Defence. We continue to prefer upstream sectors and Financials vs. consumer/services, but highlight potential opportunities to broaden out from Compute.

Asia and EM equities provide an array of thematic opportunities, with strongest concentrations in Japan, Korea and Taiwan, underpinned by a broadening reform agenda that also includes Singapore and China.

A super-cycle of investment in Security (Energy, Economic and Military) and AI Compute are driving a strong outlook for the Industrials, Materials and Energy sectors, while we expect Consumer/Services to lag.

Across Economic Exposure Groups, we note that Commodities have lagged and are UW-positioned versus Compute and Capital Goods, presenting opportunities for broadening exposure beyond Tech.

Our Focus Lists are concentrated in capital goods players across Renewable Energy and ESS, Semi Localization, AI Compute Infrastructure, Defence and Electrical Equipment.

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Higher Targets at Mid-Year – Still Seeking a Robust Approach for an Uncertain World

- **We view the current environment as exceptionally uncertain due to the combined effect of the global energy shock and impact of AI capex and disruption**. We continue to set unusually wide bear to bull target price spreads.
- **Our Focus Lists are geared to core MS research themes and are centered on a preference for Goods over Services and concentrated in Energy, Materials, Industrials and Semis / Memory**. We are negative on Autos, Consumer & IT services including E-commerce, and downstream industries impacted by higher commodity prices.
- Japan has broader estimate revisions than EM with multiple sectors/stocks exposed to core MS themes and leveraged to PM Takaichi's agenda. We would invest on an unhedged basis anticipating moderate JPY strength.
- We are constructive on North Asia versus South Asia & Australia, prefer Brazil versus the rest of Latin America, and prefer Greece, Hungary and Saudi Arabia versus the rest of EEMEA.
- In general, we view the rally in EM as cyclical rather than the start of a new secular bull market. Multipolar World trends are also seeing dispersion in country development strategies.
- China remains in deflation with weak aggregate earnings revisions due to continued deflationary forces and AI disruption. We prefer A-shares to H-shares and emphasize capex over consumption.

Targets Moving Higher, But We Retain Wide Bull/Bear Spreads Given Potential Scenarios Ahead

Market/Region (Index)	MS Rating	Latest Price	June 2027 Index Target					
			Bear Case (%)		Base Case (%)		Bull Case (%)	
MSCI Emerging Markets	**EW**	**1,759**	**1,100**	-37.5%	**1,800**	2.3%	**2,100**	19.4%
MSCI Asia Pac ex Japan	**-**	**907**	**590**	-34.9%	**900**	-0.7%	**1,080**	19.1%
Japan (TOPIX)	OW	3,952	2,600	-34.2%	4,300	8.8%	4,900	24.0%
China (MSCI China)	EW	77	60	-22.1%	91	17.5%	103	33.7%
China A-Shares (CSI 300)	-	4,905	3,550	-27.6%	5,400	10.1%	6,090	24.2%
Hong Kong (Hang Seng)	EW	25,253	18,000	-28.7%	28,400	12.5%	32,400	28.3%
Australia (S&P/ASX 200)	EW	8,686	6,850	-21.1%	9,250	6.5%	10,325	18.9%
India (SENSEX)	EW	74,360	66,000	-11.2%	89,000	19.7%	100,000	34.5%
South Korea (KOSPI)	EW	8,639	6,000	-30.6%	8,500	-1.6%	10,000	15.7%
Latin America (MSCI LatAm)	-	2,953	2,300	-22.1%	3,600	21.9%	4,700	59.2%
Brazil (Bovespa)	OW	170,331	145,000	-14.9%	240,000	40.9%	280,000	64.4%
Mexico (MEXBOL)	**EW**	67,392	62,000	-8.0%	80,000	18.7%	90,000	33.5%
USA (S&P 500)	-	7,584	5,900	-22.2%	8,300	9.4%	9,400	23.9%
Europe (MSCI Europe)	-	2,483	1,820	-26.7%	2,700	8.7%	3,020	21.6%

Source: FactSet, Morgan Stanley Research forecasts; Data as of June 4,2026

Morgan Stanley Base-case Earnings, Valuations and Targets for June 2027 — We Continue to Prefer Japan Within Our Coverage Universe

Index	Current Price	MS Target Price Jun-27	Prior MS Target Dec - 26	MS Top-Down EPS			Consensus EPS			MS Target Fwd P/E Jun-27	MS Target P/E 10yr Hist. %ile	Consensus Fwd P/E Current
				Dec-25	Dec-26	Dec-27	Dec-25	Dec-26	Dec-27			
TOPIX	3,952	4,300 *9%*	4,250 *8%*	198 *8%*	216 *9%*	235 *9%*	225 *13%*	251 *11%*	276 *10%*	17.5x	95%	16.8x
MSCI EM	1,759	1,800 *2%*	1,700 *-3%*	89 *13%*	125 *40%*	136 *9%*	86 *9%*	134 *56%*	160 *20%*	13.0x	82%	12.2x
MSCI APxJ	907	900 *-1%*	870 *-4%*	42 *11%*	59 *40%*	64 *8%*	40 *6%*	63 *57%*	76 *20%*	14.0x	74%	13.3x
Hang Seng	25,253	28,400 *12%*	27,500 *9%*	2,100 *4%*	2,254 *7%*	2,408 *7%*	2,053 *-2%*	2,304 *12%*	2,538 *10%*	11.4x	66%	10.6x
HSCEI	8,502	9,900 *16%*	9,700 *14%*	897 *2%*	939 *5%*	993 *6%*	879 *0%*	923 *5%*	984 *7%*	9.7x	86%	9.4x
MSCI China	77	91 *18%*	90 *17%*	6.2 *5%*	6.6 *7%*	7.2 *10%*	5.8 *-2%*	6.6 *14%*	7.6 *15%*	12.2x	62%	11.1x
CSI300	4,905	5,400 *10%*	4,840 *-1%*	286 *6%*	315 *10%*	347 *10%*	298 *9%*	356 *19%*	406 *14%*	14.8x	95%	14.6x

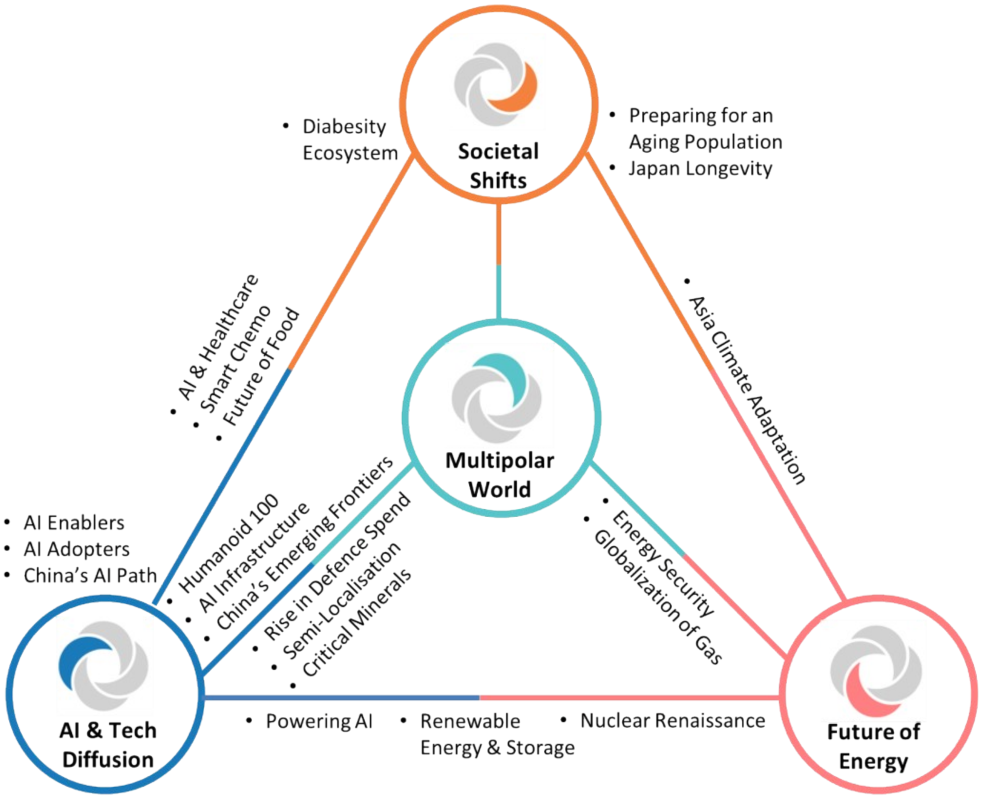
Source: MSCI, IBES, FactSet, Morgan Stanley Research. Note: Data as of Jun 4, 2026. Our top-down fiscal year TOPIX EPS for F3/26, F3/27 and F3/28 are ¥203 (+8%), ¥221 (+9%), and ¥240 (+9%), Bottom-up Consensus EPS for F3/26, F3/27 and F3/28 are ¥210(+11%), ¥231(+10%) and ¥257(+12%).

Asia/EM Equity Markets: Morgan Stanley Bull- and Bear-case Earnings, Valuations and Index Targets for June 2027

	Index	Current Price	MS Target Price (Jun-2027)	MS Top-Down EPS YoY %				Consensus EPS Forecast YoY %			MS Target Fwd P/E Jun - 2027	Consensus 12m Fwd P/E Current
				Dec-25	Dec-26	Dec-27	Dec-28	Dec-26	Dec-27	Dec-28		
Base Case	TOPIX	3,952	**4,300** *9%*	198 *8%*	216 *9%*	235 *9%*	263 *12%*	251 *11%*	276 *10%*	276 *0%*	17.5x	16.8x
	MSCI EM	1,759	**1,800** *2%*	89 *13%*	125 *40%*	136 *9%*	141 *4%*	134 *56%*	160 *20%*	178 *11%*	13.0x	12.2x
	MSCI APxJ	907	**900** *-1%*	42 *11%*	59 *40%*	64 *8%*	65 *2%*	63 *57%*	76 *20%*	84 *11%*	14.0x	13.3x
	Hang Seng	25,253	**28,400** *12%*	2,100 *4%*	2,254 *7%*	2,408 *7%*	2,557 *6%*	2,304 *12%*	2,538 *10%*	2,794 *10%*	11.4x	10.6x
	HSCEI	8,502	**9,900** *16%*	897 *2%*	939 *5%*	993 *6%*	1050 *6%*	923 *5%*	984 *7%*	1,052 *7%*	9.7x	9.4x
	MSCI China	77	**91** *18%*	6.2 *5%*	6.6 *7%*	7.2 *10%*	7.7 *7%*	6.6 *14%*	7.6 *15%*	8.6 *14%*	12.2x	11.1x
	CSI300	4,905	**5,400** *10%*	286 *6%*	315 *10%*	347 *10%*	378 *9%*	356 *19%*	406 *14%*	454 *12%*	14.8x	14.6x
Bull Case	TOPIX	3,952	**4,900** *24%*	198 *8%*	224 *13%*	255 *14%*	290 *14%*	251 *11%*	276 *10%*	276 *0%*	18.0x	16.8x
	MSCI EM	1,759	**2,100** *19%*	90 *14%*	135 *50%*	147 *9%*	154 *5%*	134 *56%*	160 *20%*	178 *11%*	14.0x	12.2x
	MSCI APxJ	907	**1,080** *19%*	42 *12%*	65 *53%*	72 *10%*	73 *2%*	63 *57%*	76 *20%*	84 *11%*	15.0x	13.3x
	Hang Seng	25,253	**32,400** *28%*	2,121 *4%*	2,299 *8%*	2,504 *9%*	2,675 *7%*	2,304 *12%*	2,538 *10%*	2,794 *10%*	12.5x	10.6x
	HSCEI	8,502	**11,000** *29%*	906 *2%*	958 *6%*	1,013 *6%*	1,079 *7%*	923 *5%*	984 *7%*	1,052 *7%*	10.6x	9.4x
	MSCI China	77	**103** *34%*	6.2 *6%*	6.7 *8%*	7.4 *11%*	8.0 *8%*	6.6 *14%*	7.6 *15%*	8.6 *14%*	13.3x	11.1x
	CSI300	4,905	**6,090** *24%*	289 *6%*	321 *11%*	361 *12%*	401 *11%*	356 *19%*	406 *14%*	454 *12%*	16.0x	14.6x
Bear Case	TOPIX	3,952	**2,600** *-34%*	198 *8%*	202 *2%*	209 *4%*	222 *6%*	251 *11%*	276 *10%*	276 *0%*	12.0x	16.8x
	MSCI EM	1,759	**1,100** *-37%*	88 *12%*	103 *16%*	101 *-2%*	99 *-2%*	134 *56%*	160 *20%*	178 *11%*	11.0x	12.2x
	MSCI APxJ	907	**590** *-35%*	42 *10%*	50 *21%*	51 *2%*	51 *0%*	63 *57%*	76 *20%*	84 *11%*	11.5x	12.9x
	Hang Seng	25,253	**18,000** *-29%*	2,058 *3%*	2,141 *4%*	2,239 *5%*	2,378 *6%*	2,304 *12%*	2,538 *10%*	2,794 *10%*	7.8x	10.6x
	HSCEI	8,502	**6,200** *-27%*	870 *0%*	892 *3%*	923 *4%*	945 *2%*	923 *5%*	984 *7%*	1052 *7%*	6.7x	9.4x
	MSCI China	77	**60** *-22%*	5.9 *2%*	6.1 *3%*	6.4 *5%*	6.7 *5%*	6.6 *14%*	7.6 *15%*	8.6 *14%*	9.1x	11.1x
	CSI300	4,905	**3,550** *-28%*	283 *4%*	304 *7%*	319 *5%*	333 *4%*	356 *19%*	406 *14%*	454 *12%*	10.9x	14.6x

Source: MSCI, IBES, FactSet, Morgan Stanley Research. Note: Data as of Jun 4, 2026. Our top-down fiscal year TOPIX EPS for F3/26, F3/27 and F3/28 are ¥203 (+8%), ¥221 (+9%), and ¥240 (+9%), Bottom-up Consensus EPS for F3/26, F3/27 and F3/28 are ¥210(+11%), ¥231(+10%) and ¥257(+12%).

Asia's Competitive Reinvention – Morgan Stanley's Core Themes Are Driving Transformation and Thematic Opportunity



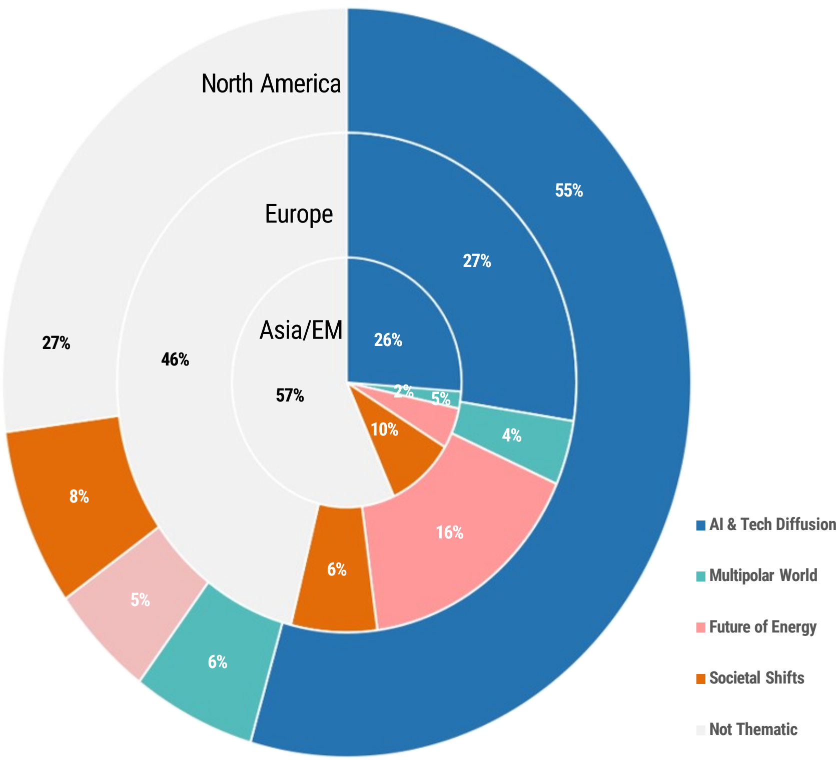
Asia's Capital Market and Governance Reforms

- Japan ROE & Productivity Journey
- Korea Reform Renaissance
- China Anti-Involution Initiative
- Singapore Capital Market Reforms
- New India and IndiaStack
- Asia Financial Acceleration

Source: Morgan Stanley Research

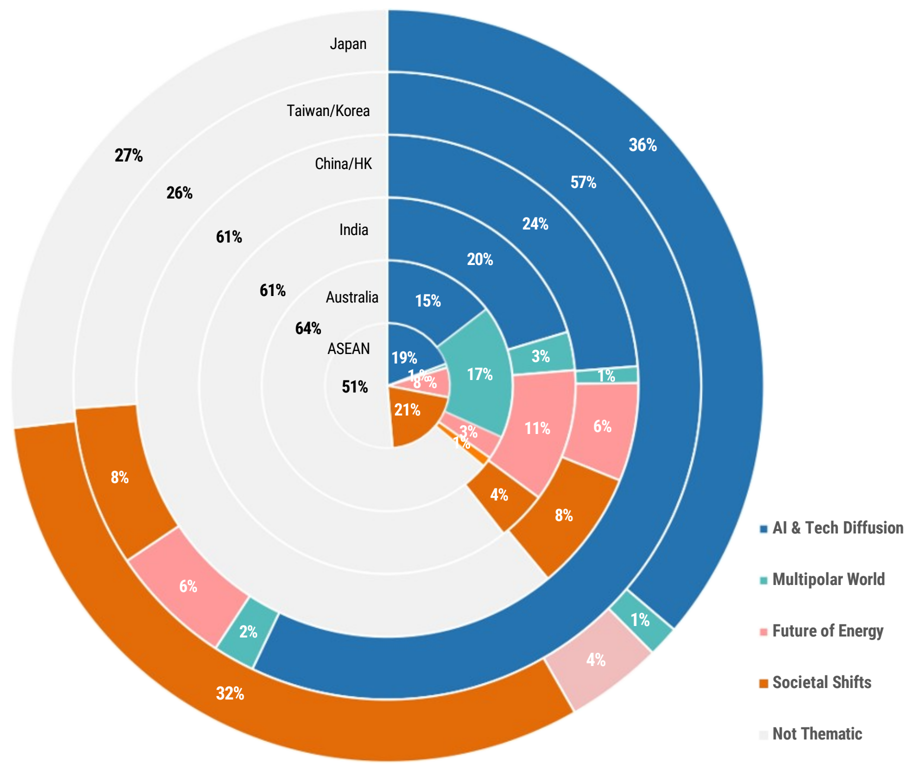
Global Thematic Equity Exposure – Assessing Relative Breadth Across Regions/Markets

Thematic Exposure by Region – North America has significant exposure to AI & Tech Diffusion



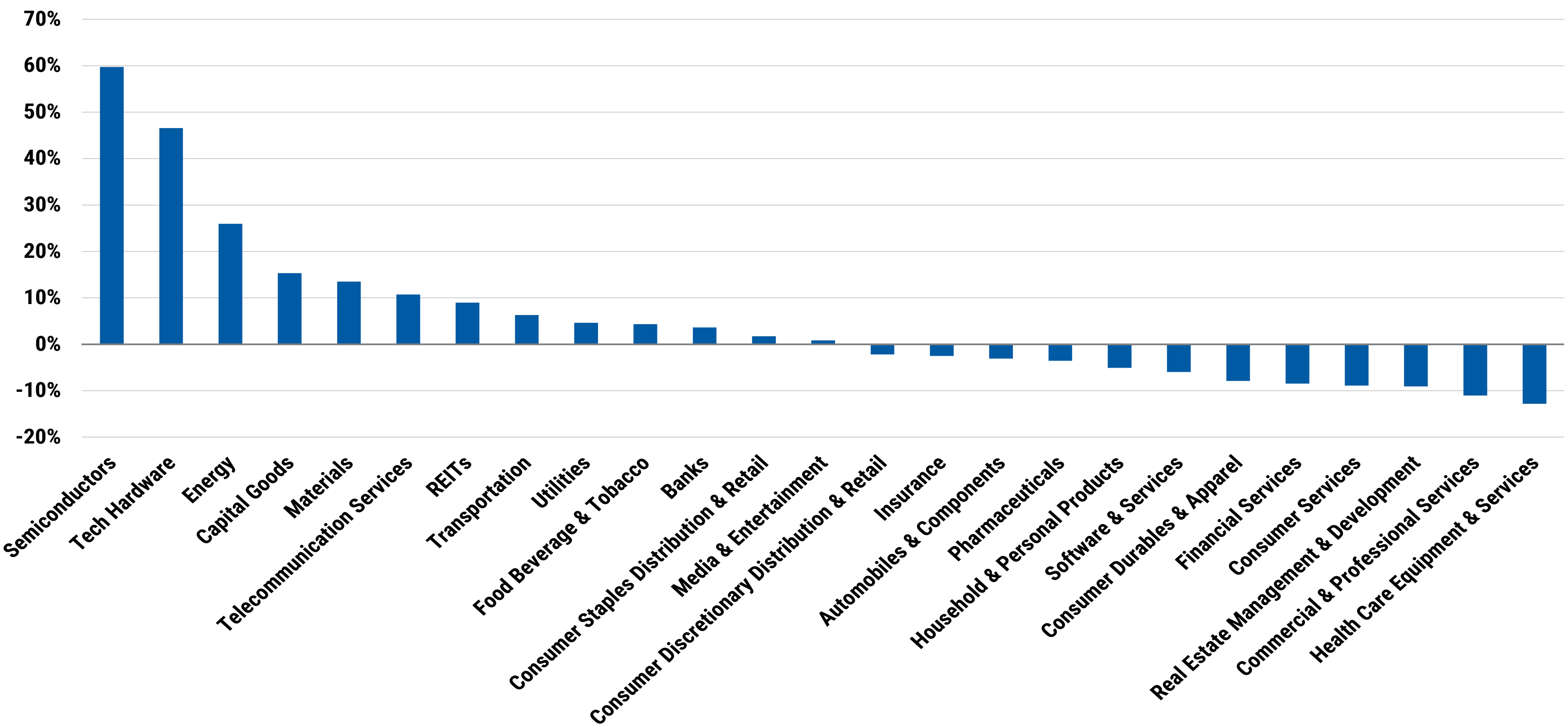
Source: Morgan Stanley Research. Note: Stocks mapped to multiple themes have a pro-rated share assigned to each

Thematic Exposure in Asia Pacific – Japan, Taiwan and Korea have the highest concentration of opportunity



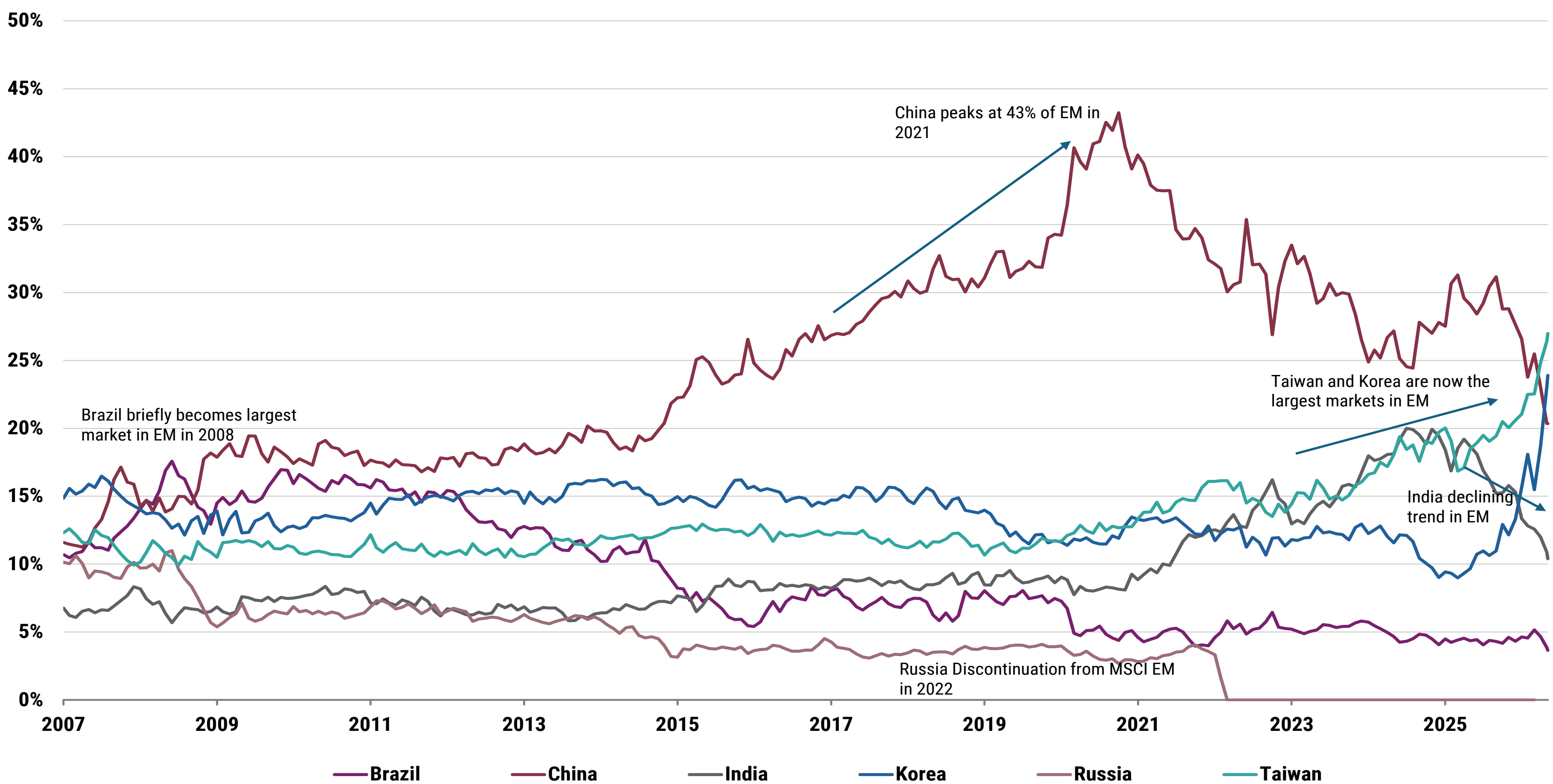
Source: Morgan Stanley Research; Note stocks mapped to multiple themes have a pro-rated share assigned to each. We include Corporate Reform sub-themes in Asia/EM

Global Equities Industry Group Performance Year to Date – Major Dispersion in Performance Between Goods & Services Producing Firms



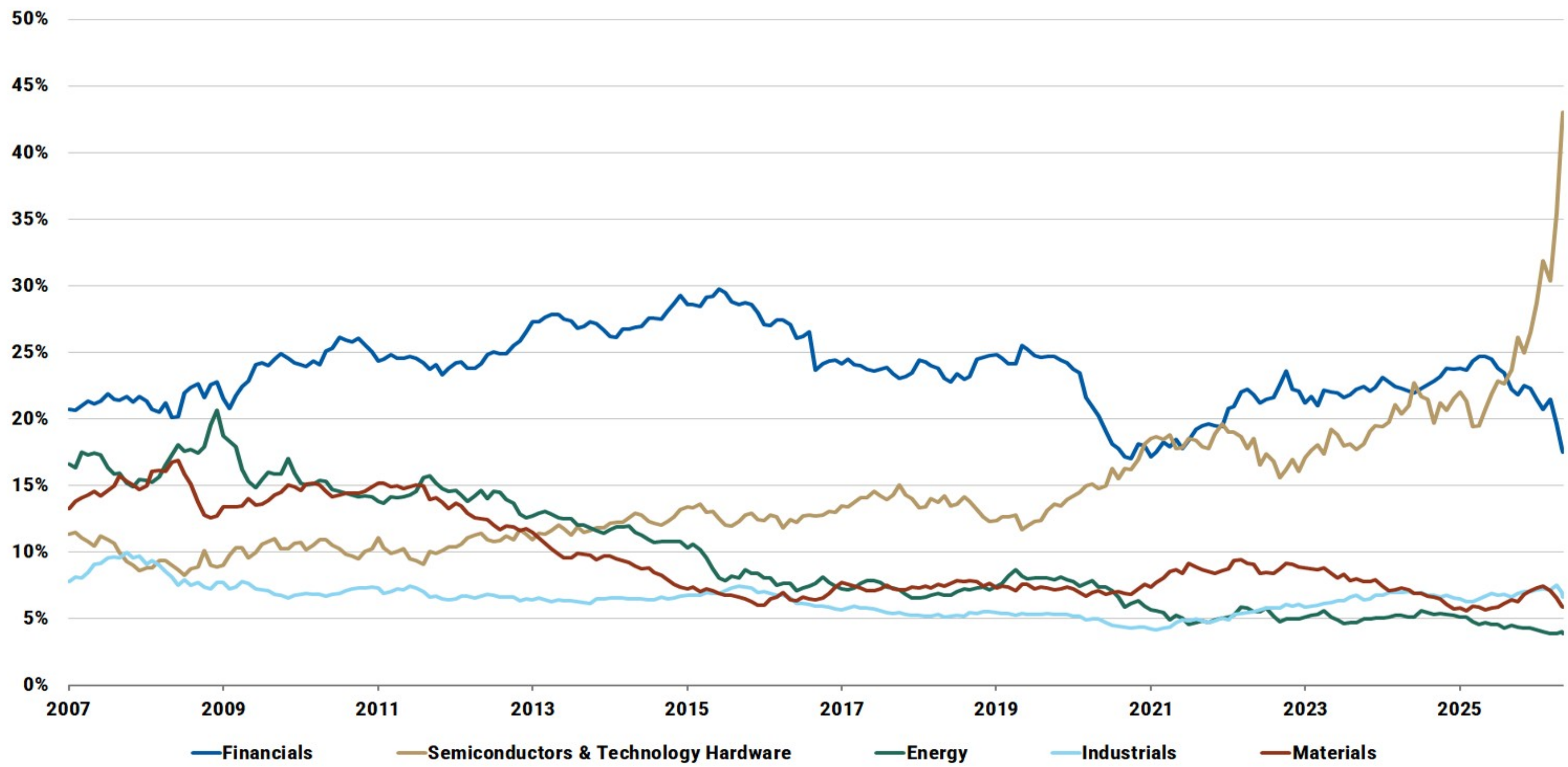
Source: Bloomberg, Morgan Stanley Research. Note: Data as of Jun 2, 2026. *Universe is MSCI All Country World index.

Thematics Driving MSCI EM Shifts in Index Weight – Taiwan & Korea > China & India



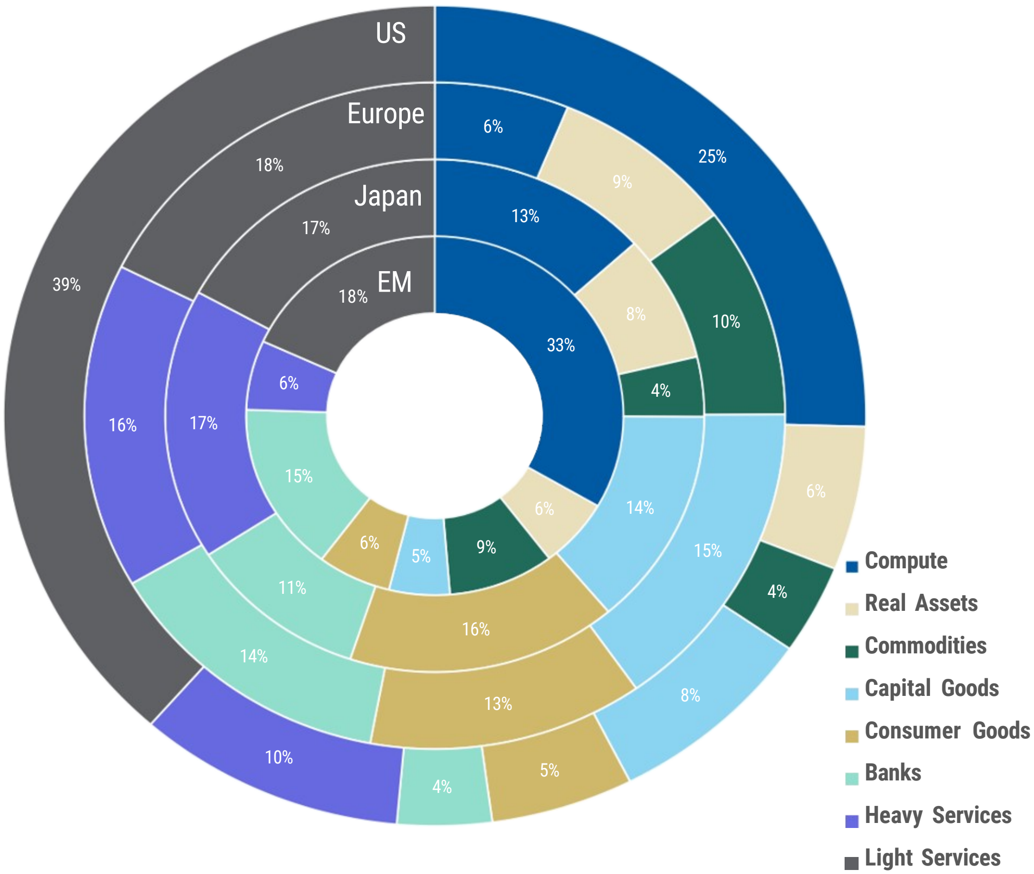
Source: Factset, Morgan Stanley Research Data as of June 3, 2026.

Top 5 Industry Groups' Contribution to MSCI EM Index Weight Historically – Heavily Skewed to Semis/Tech Hardware and Financials



Source: Factset, Morgan Stanley Research Data as of June 2, 2026.

MSCI Index Breakdown by Economic Exposure – Thematic Forces Driving Major Shifts



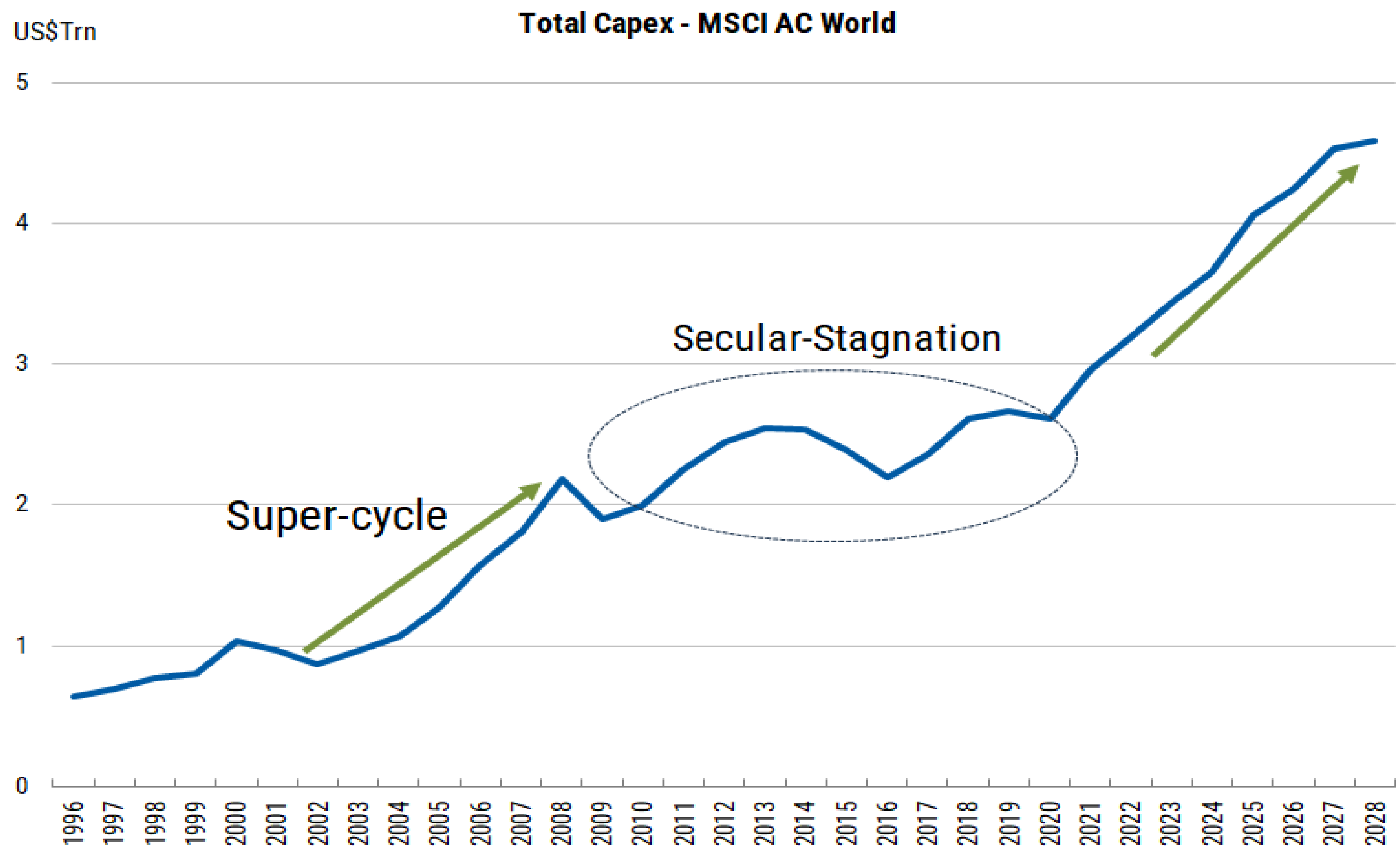
Source: Factset, Morgan Stanley Research Data as of April 2026.

Thematic forces are driving major shifts across the underlying economic exposure of companies, driving index shifts.

Our Economic Exposure breakdown highlights the following relative concentrations:

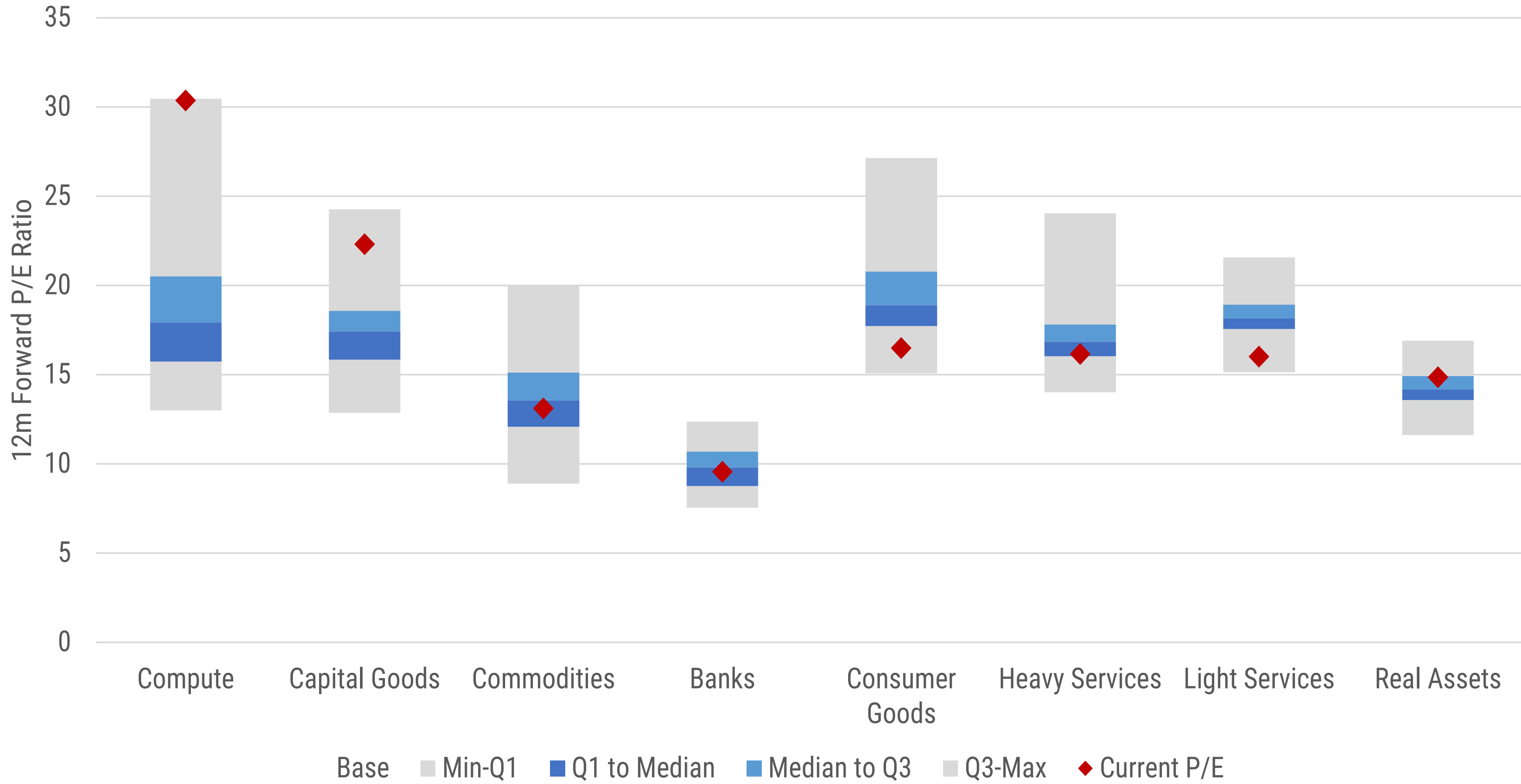
Region	Skewed to	Less Exposed to
US	Compute, Light Services	Banks
Europe	Commodities, Cap Goods, Heavy Services	Compute
Japan	Cap Goods, Heavy Services, Consumer Gds	-
EM	Compute, Commodities	Capital Goods, Light Services

Total Capex – MSCI ACWI Constituents



Source: FactSet, Morgan Stanley Research.

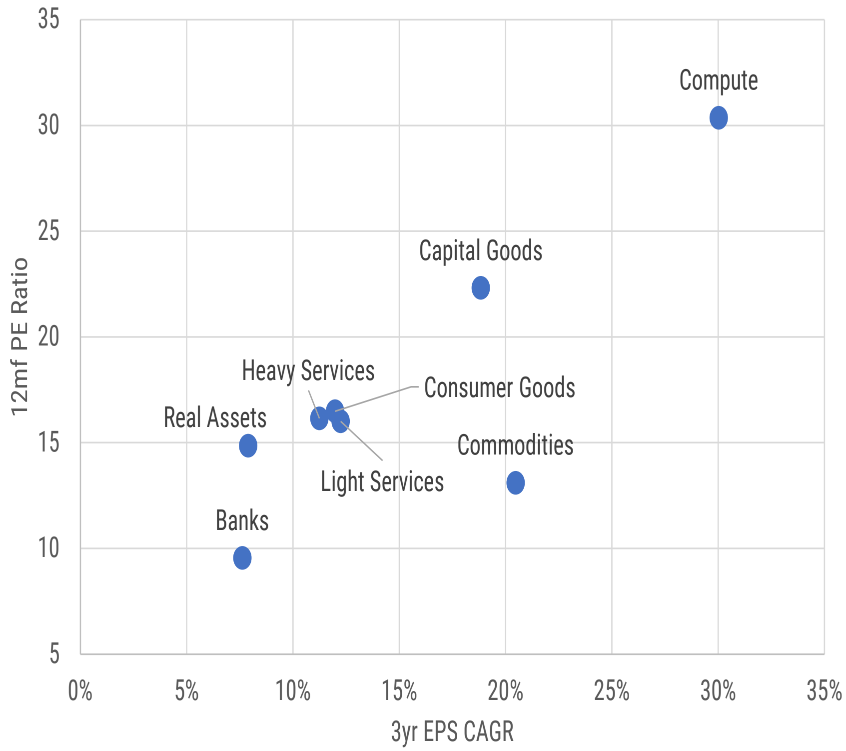
Compute and Capital Goods Are Expensive are Crowded but Offer Growth; Commodities Are Trading at 10-year Average Valuations and Investors Are Underweight



Source: FactSet, Morgan Stanley Research, Data as of June 2, 2026.

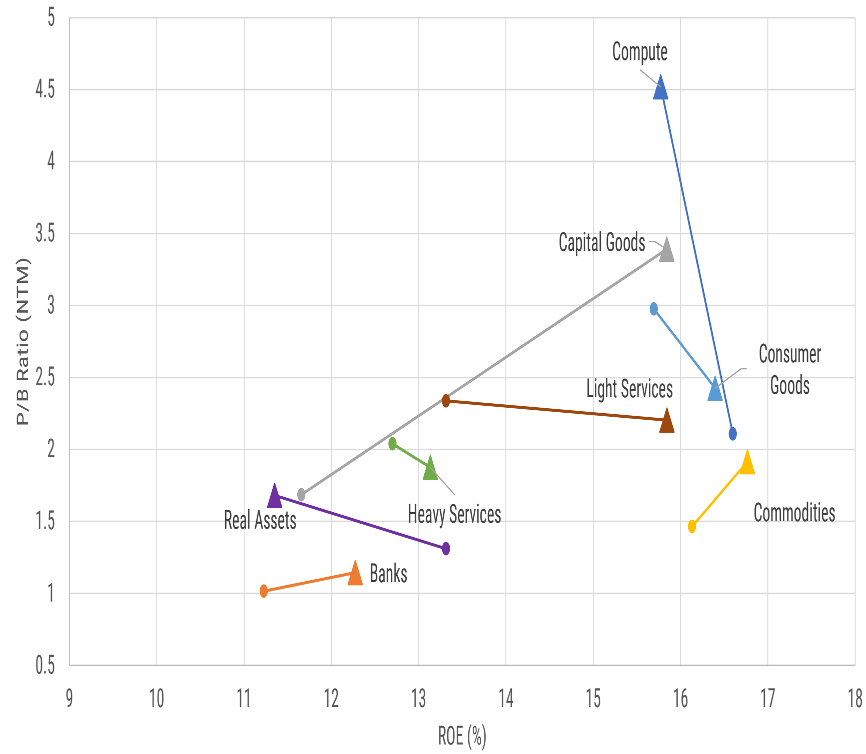
Assessing the Valuation, Profitability and Growth of Thematic Groups

Asia-EM Economic Exposure Categories Valuation vs. Prospective EPS growth – Compute priced for strong growth, while Commodities may be overlooked



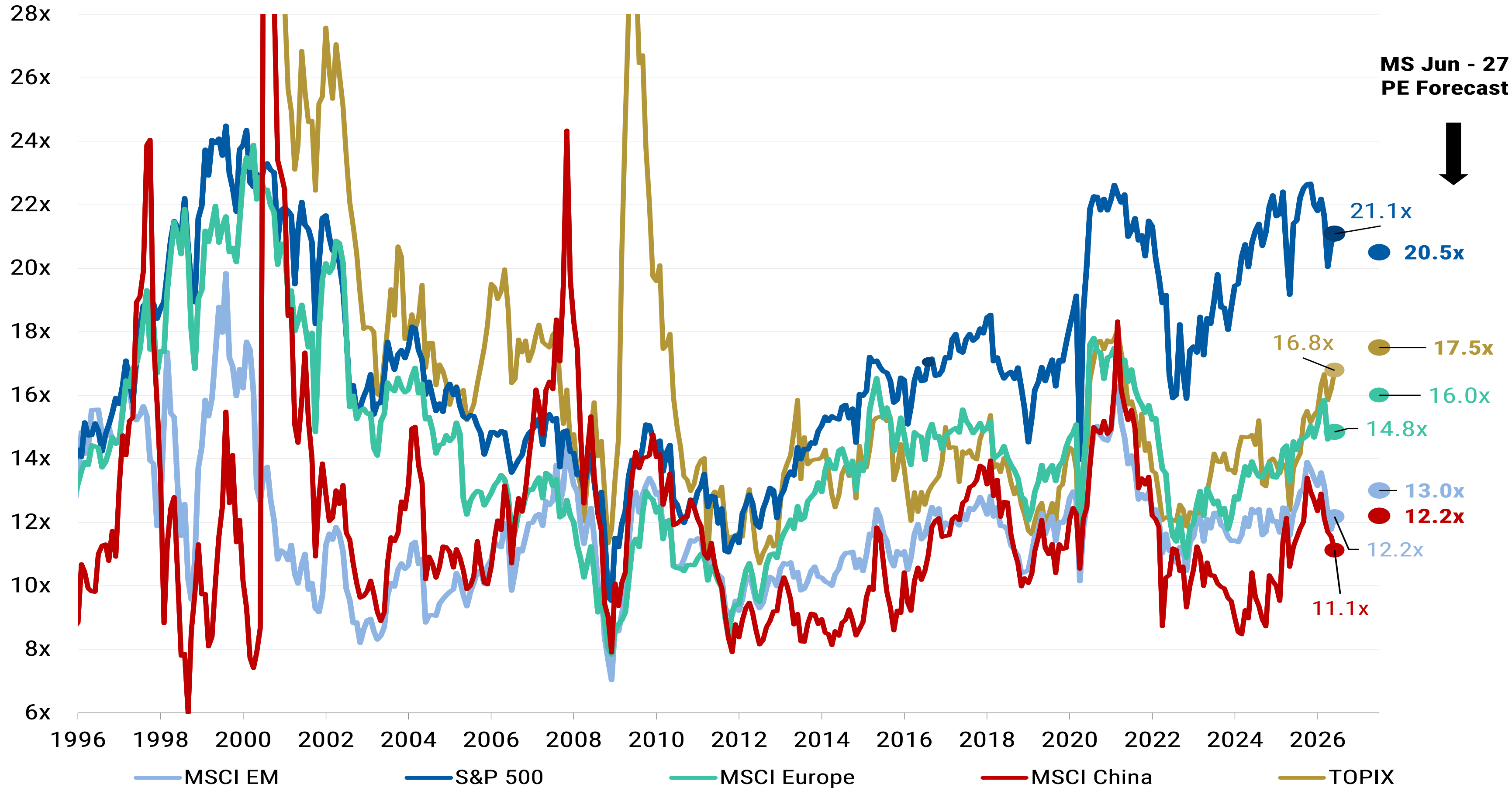
Source: FactSet, Morgan Stanley Research; Data as of June 2, 2026

Asia-EM P/B vs. Trailing ROE – Comparison vs. end-2022, showing strong uplift in profitability for Capital Goods, Commodities, Banks and Light Services



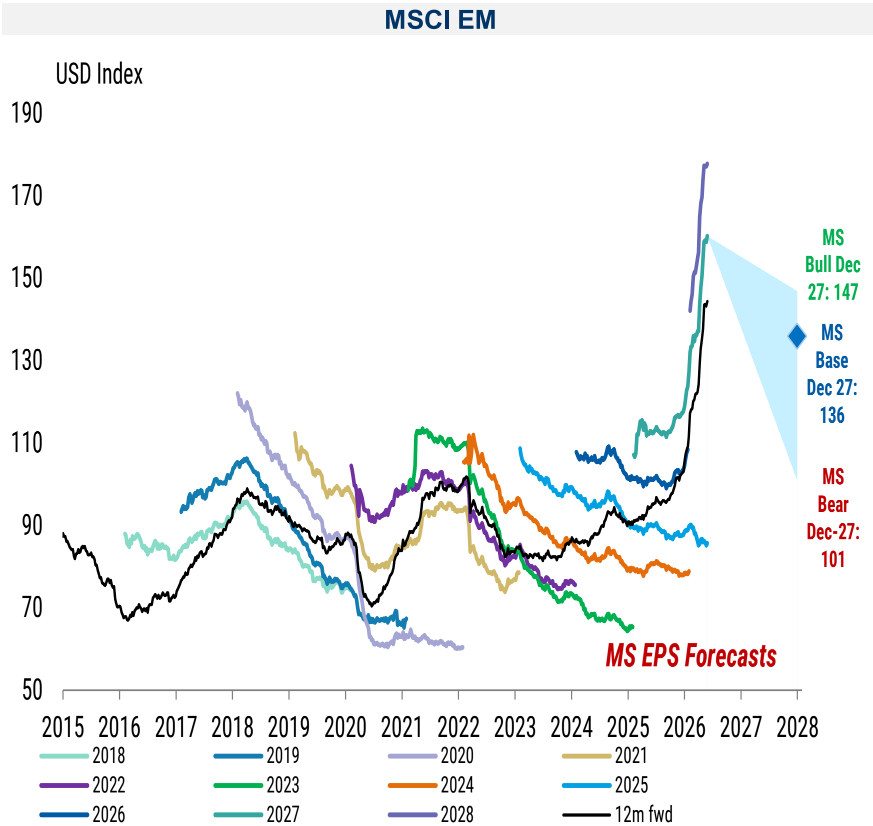
Source: FactSet, Morgan Stanley Research; Data as of June 2, 2026

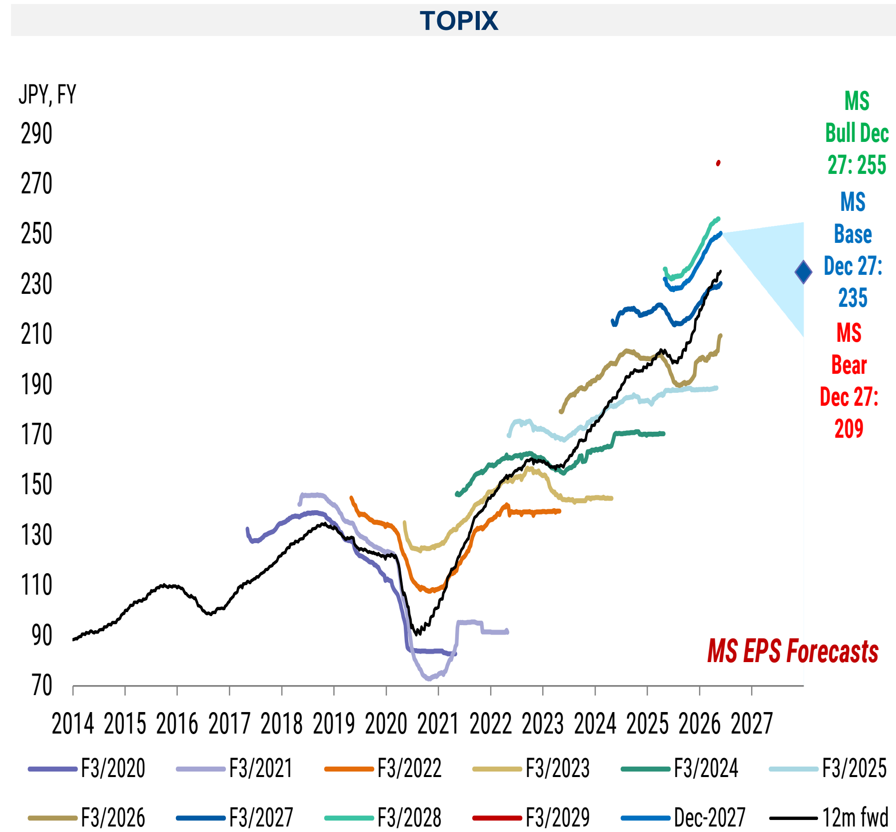
Consensus 12-month Forward P/E by Region



Source: IBES, MSCI, FactSet, Morgan Stanley Research. Note: Data as of June 4, 2026.

Consensus EPS Forecast History– Japan Has Delivered Consistent Upgrades; MSCI EM Has Seen Significant Upgrades, Driven by Korea and Taiwan





Source: IBES consensus, Datastream, Morgan Stanley Research. Note: Weekly data as of May 28, 2026.

Asia and EM Market Estimate Revisions Breadth (3mma) and Consensus EPS Growth

	MSCI Asia/EM Market Breakdown 12mf 3MMA Earnings Revisions Breadth																	EPS Growth		
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	CY2026E	CY2027E	CY2028E
MSCI Japan	**1.2%**	**3.1%**	**3.1%**	**1.1%**	**-4.0%**	**-7.1%**	**-6.0%**	**-1.6%**	**3.3%**	**5.7%**	**8.2%**	**9.0%**	**9.6%**	**10.4%**	**9.9%**	**8.4%**	**5.5%**	**9.9%**	**11.7%**	**11.0%**
MSCI EM	**-5.1%**	**-4.3%**	**-4.6%**	**-6.0%**	**-6.9%**	**-7.4%**	**-5.6%**	**-2.8%**	**-1.8%**	**-0.6%**	**0.7%**	**0.9%**	**0.8%**	**0.5%**	**0.7%**	**-1.3%**	**-1.8%**	**56.2%**	**19.7%**	**10.9%**
MSCI APxJ	**-4.9%**	**-4.3%**	**-4.5%**	**-6.3%**	**-7.3%**	**-8.1%**	**-6.0%**	**-3.2%**	**-2.0%**	**-0.8%**	**0.6%**	**0.7%**	**0.6%**	**0.5%**	**1.0%**	**-0.9%**	**-1.6%**	**56.5%**	**20.1%**	**11.0%**
Australia	-0.2%	0.1%	-2.5%	-5.8%	-8.4%	-10.3%	-10.3%	-8.2%	-6.7%	-1.1%	-0.3%	1.6%	-2.3%	1.6%	2.4%	3.6%	-4.6%	-1.1%	9.5%	6.5%
China	-3.0%	-1.1%	-1.0%	-3.5%	-7.2%	-7.8%	-5.1%	0.1%	0.8%	1.6%	0.7%	0.1%	-0.5%	-1.0%	-0.8%	-3.7%	-4.8%	13.6%	15.0%	13.7%
Hong Kong	0.8%	-4.2%	-4.7%	-5.5%	-4.6%	-1.6%	3.1%	3.5%	3.8%	1.0%	5.5%	1.0%	3.7%	1.2%	4.3%	2.2%	1.4%	16.4%	5.3%	8.4%
India	-11.2%	-12.1%	-11.8%	-13.3%	-8.8%	-10.6%	-7.8%	-8.2%	-6.1%	-5.2%	-1.7%	-1.5%	-0.7%	-1.1%	-1.5%	-3.9%	-6.0%	12.8%	17.1%	14.0%
Indonesia	-3.2%	-11.1%	-15.0%	-16.1%	-16.6%	-12.6%	-12.9%	-8.8%	-11.5%	-12.0%	-6.5%	-3.8%	-2.4%	-2.5%	-1.0%	-1.9%	-7.5%	0.1%	9.5%	9.7%
Korea	-7.9%	-7.6%	-7.5%	-5.9%	-2.8%	-2.2%	-1.5%	0.0%	0.1%	1.9%	5.4%	6.1%	5.6%	5.1%	6.2%	6.0%	7.3%	270.4%	27.5%	5.4%
Malaysia	-1.6%	-2.2%	-2.5%	-4.2%	-4.6%	-11.8%	-11.0%	-9.7%	-2.6%	-2.0%	0.3%	2.4%	2.1%	-0.4%	-0.8%	-0.2%	0.6%	10.1%	6.2%	6.7%
Singapore	6.5%	4.6%	9.4%	5.7%	-0.4%	-4.9%	-2.1%	-1.2%	0.1%	-1.7%	-2.6%	-4.2%	-3.8%	-0.1%	-2.0%	-1.7%	-1.4%	7.6%	10.7%	9.7%
Taiwan	-3.5%	1.6%	-3.7%	-6.0%	-10.2%	-8.4%	-8.3%	-6.6%	-5.0%	-1.5%	2.2%	4.7%	5.6%	8.9%	13.0%	14.1%	21.9%	39.3%	26.7%	23.2%
Thailand	-6.3%	-6.2%	-4.6%	-3.8%	-9.2%	-11.0%	-12.6%	-6.9%	-5.3%	-2.9%	-1.7%	0.0%	1.5%	-0.2%	-0.2%	-3.3%	2.0%	9.0%	7.3%	7.5%
MSCI EM EMEA	**-2.0%**	**-0.8%**	**-0.4%**	**-0.4%**	**-1.1%**	**0.8%**	**0.4%**	**2.1%**	**0.5%**	**2.4%**	**2.1%**	**3.1%**	**1.6%**	**1.9%**	**0.1%**	**-2.0%**	**-4.4%**	**22.1%**	**12.8%**	**6.3%**
Czech Republic	-1.0%	3.9%	6.0%	4.7%	6.2%	11.0%	11.0%	8.3%	1.9%	9.3%	11.1%	7.3%	-0.1%	-3.9%	-0.2%	-2.0%	-7.8%	7.4%	-2.1%	-0.9%
Egypt	0.0%	5.6%	-2.8%	0.9%	0.0%	6.7%	3.0%	6.7%	0.0%	3.3%	3.3%	5.9%	2.6%	8.6%	9.1%	9.1%	10.4%	2.9%	11.8%	11.2%
Greece	1.1%	3.2%	4.5%	5.1%	6.9%	7.0%	6.9%	11.6%	13.8%	14.0%	12.2%	9.0%	7.1%	-0.8%	-6.0%	-7.3%	-3.8%	12.5%	11.9%	10.3%
Hungary	7.6%	8.8%	7.3%	4.7%	14.1%	12.1%	12.1%	3.0%	6.1%	10.1%	12.4%	9.2%	3.6%	5.8%	-0.9%	2.3%	-3.7%	7.5%	10.4%	8.8%
Poland	-0.3%	0.6%	4.5%	9.9%	8.9%	5.7%	-0.2%	0.5%	-3.2%	-3.1%	-6.1%	-1.6%	0.6%	2.5%	1.9%	2.1%	2.4%	29.9%	7.9%	3.0%
Qatar	-0.1%	-5.3%	-9.5%	-9.7%	-6.9%	-6.2%	-1.8%	-0.1%	-0.1%	0.0%	4.2%	3.4%	0.4%	-4.6%	-7.8%	-13.8%	-17.4%	0.7%	12.2%	8.9%
Saudi Arabia	-4.1%	-4.0%	-3.2%	-7.4%	-10.0%	-9.3%	-5.5%	-5.3%	-7.0%	-4.3%	-2.9%	-0.8%	-2.2%	-0.4%	-2.4%	-2.8%	-4.3%	13.9%	8.3%	7.0%
South Africa	-4.4%	-2.5%	-3.7%	0.8%	-0.9%	6.7%	0.0%	1.4%	0.1%	6.0%	7.2%	8.0%	4.3%	6.5%	5.2%	1.8%	-2.4%	52.3%	13.5%	1.8%
Turkey	-9.8%	-8.4%	-7.9%	-11.0%	-7.9%	-6.5%	-5.1%	-2.9%	-1.8%	-3.9%	-8.2%	-10.6%	-10.6%	-10.7%	-8.8%	-9.9%	-4.5%	17.3%	38.5%	20.0%
United Arab Emirates	6.7%	8.4%	7.6%	6.2%	4.0%	6.2%	9.7%	16.0%	13.0%	11.2%	7.9%	8.9%	8.6%	7.4%	4.0%	-1.5%	-9.7%	-0.7%	12.6%	9.6%
MSCI LatAM	**-3.2%**	**-4.6%**	**-6.3%**	**-6.0%**	**-6.4%**	**-4.7%**	**-4.7%**	**-4.7%**	**-4.7%**	**-3.6%**	**-0.7%**	**0.8%**	**1.1%**	**-0.2%**	**-1.2%**	**-1.6%**	**-2.8%**	**28.2%**	**6.0%**	**6.6%**
Brazil	-7.1%	-9.3%	-11.4%	-10.1%	-10.0%	-7.5%	-6.2%	-4.3%	-3.3%	-1.7%	2.0%	4.6%	4.3%	1.9%	0.0%	0.5%	-1.2%	34.7%	5.5%	5.6%
Chile	2.7%	7.7%	8.4%	7.2%	2.0%	6.3%	4.3%	3.1%	-0.2%	1.3%	6.3%	5.7%	5.3%	-0.4%	-0.5%	1.0%	3.5%	-0.8%	7.9%	-4.8%
Colombia	4.8%	14.3%	14.3%	7.6%	-1.1%	-1.1%	11.1%	5.6%	5.6%	0.0%	0.0%	11.1%	19.4%	19.4%	13.1%	4.8%	4.8%	68.8%	10.5%	NA
Mexico	-1.6%	-3.4%	-5.8%	-5.8%	-5.8%	-6.5%	-8.3%	-10.9%	-11.2%	-12.3%	-11.9%	-12.5%	-10.5%	-9.2%	-8.5%	-11.0%	-11.3%	15.1%	7.3%	9.3%
Peru	24.7%	7.6%	3.6%	-2.6%	3.6%	5.7%	5.7%	6.9%	10.9%	20.5%	26.4%	32.1%	27.7%	32.5%	28.3%	24.4%	11.5%	23.5%	3.8%	4.6%
S&P 500	**-4.2%**	**-8.1%**	**-9.6%**	**-13.2%**	**-10.8%**	**-7.7%**	**-0.3%**	**9.1%**	**10.2%**	**9.3%**	**6.3%**	**5.6%**	**5.2%**	**3.2%**	**3.5%**	**2.9%**	**9.5%**	**24.0%**	**17.3%**	**14.0%**
MSCI Europe	**-5.1%**	**-0.7%**	**-0.8%**	**-7.6%**	**-13.9%**	**-14.5%**	**-11.9%**	**-7.0%**	**-6.4%**	**-4.2%**	**-3.3%**	**-3.0%**	**-2.8%**	**-4.6%**	**-4.9%**	**-3.9%**	**-0.9%**	**17.1%**	**10.4%**	**10.1%**

Source: FactSet, IBES consensus, Morgan Stanley Research. Note: Monthly data as of May 2026. Earnings revision breadth is calculated using the 3-month moving average of upgrades less downgrades divided by the total universe of forward earnings estimates.

Asia and EM Industry Estimate Revisions Breadth (3mma) and Consensus EPS Growth

	MSCI EM Industry Group 12mf 3MMA Earnings Revisions Breadth Breakdown																	Consensus EPS Growth		
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	CY2026E	CY2027E	CY2028E
MSCI EM	**-5.1%**	**-4.3%**	**-4.6%**	**-6.0%**	**-6.9%**	**-7.4%**	**-5.6%**	**-2.8%**	**-1.8%**	**-0.6%**	**0.7%**	**0.9%**	**0.8%**	**0.5%**	**0.7%**	**-1.3%**	**-1.8%**	**56.2%**	**19.7%**	**10.9%**
Banks	-1.0%	-2.5%	-2.4%	-3.0%	-4.5%	-5.2%	-3.8%	-1.3%	-1.9%	-2.4%	-0.2%	1.3%	2.1%	2.2%	2.8%	0.9%	-0.8%	8.0%	9.8%	9.5%
Diversified Financials	3.0%	-0.1%	-0.8%	-1.0%	-0.9%	1.2%	1.7%	5.2%	8.0%	8.5%	11.3%	6.6%	6.7%	3.4%	4.6%	2.2%	1.6%	15.2%	11.9%	13.7%
Insurance	8.0%	3.7%	-2.1%	-4.2%	-5.8%	-2.7%	-0.4%	4.3%	7.1%	9.0%	11.6%	9.1%	10.1%	4.5%	3.2%	-3.8%	-4.1%	-2.3%	7.4%	5.0%
Real Estate	8.1%	8.1%	2.6%	8.3%	10.7%	10.7%	2.4%	9.5%	-0.3%	-4.2%	-15.7%	-5.9%	-7.8%	-5.9%	-8.3%	2.7%	-2.8%	-39.6%	11.0%	7.4%
Energy	-12.2%	-6.8%	-7.0%	-10.6%	-14.2%	-15.6%	-10.0%	-4.7%	-2.2%	-0.9%	2.9%	4.0%	3.4%	0.8%	4.1%	8.8%	10.3%	31.6%	-2.7%	-0.5%
Materials	-11.9%	-10.4%	-10.2%	-9.2%	-6.5%	-6.4%	-4.9%	-1.4%	1.2%	2.4%	3.5%	3.0%	3.2%	3.1%	3.7%	3.9%	3.8%	101.0%	10.2%	3.1%
Capital Goods	-7.0%	-5.1%	-4.3%	-6.7%	-6.0%	-7.1%	-3.3%	-1.9%	0.0%	-0.4%	3.5%	3.1%	3.1%	0.6%	0.7%	-1.4%	-2.3%	61.0%	22.0%	11.0%
Commercial & Prof. Services	-13.6%	-3.0%	0.1%	-9.7%	-16.5%	-24.4%	-14.7%	-6.3%	10.0%	13.6%	15.9%	4.6%	1.1%	2.5%	-2.2%	0.3%	-0.7%	12.1%	15.3%	12.5%
Transportation	-2.2%	-1.8%	-4.6%	-5.6%	-6.1%	-5.2%	-3.9%	-1.4%	-2.7%	-4.3%	-6.0%	-3.9%	-3.2%	-1.1%	0.1%	-2.6%	-6.7%	-5.1%	13.8%	8.3%
Utilities	-5.5%	-9.4%	-9.2%	-11.7%	-9.7%	-10.7%	-7.1%	-3.8%	-5.9%	-4.2%	-5.0%	-2.5%	-3.6%	-6.3%	-5.9%	-8.4%	-8.1%	11.9%	12.7%	4.7%
Automobiles & Components	0.1%	-1.9%	-2.5%	-3.0%	-6.7%	-8.0%	-8.8%	-5.1%	-2.5%	0.9%	3.6%	1.9%	0.7%	-2.3%	-4.0%	-10.6%	-15.4%	23.5%	22.3%	15.9%
Consumer Durables & Apparel	-4.9%	-3.3%	-5.4%	-7.5%	-7.0%	-7.7%	-6.9%	-7.0%	-4.1%	-1.1%	-1.6%	-2.3%	-2.7%	-2.5%	-3.4%	-3.9%	-4.7%	20.8%	12.5%	10.4%
Consumer Services	4.6%	0.8%	-5.8%	-9.0%	-12.8%	-15.2%	-13.6%	-11.8%	-10.6%	-9.2%	-6.8%	-5.4%	-6.1%	-4.4%	-2.3%	-7.6%	-6.8%	11.6%	84.9%	29.1%
Food & Staples Retailing	-9.5%	-5.4%	-7.9%	-7.3%	-12.0%	-10.8%	-13.7%	-12.4%	-9.7%	-6.8%	-6.5%	-6.1%	-4.6%	-6.9%	-11.3%	-12.0%	-9.5%	15.4%	12.5%	16.6%
Food Beverage & Tobacco	-9.8%	-5.3%	-5.1%	-4.2%	-3.4%	-4.1%	-5.8%	-6.3%	-8.5%	-7.7%	-9.6%	-7.3%	-7.5%	-3.4%	-3.6%	-5.7%	-7.0%	11.6%	11.8%	10.8%
Household & Personal Products	-24.6%	-23.9%	-21.2%	-23.0%	-12.0%	-15.1%	-11.6%	-14.3%	-12.5%	-13.7%	-16.5%	-15.1%	-13.0%	-6.7%	-4.9%	-8.5%	-5.2%	1.2%	12.1%	11.4%
Retailing	-4.7%	-4.6%	-1.7%	-4.2%	-3.5%	-8.2%	-8.4%	-8.1%	-1.5%	1.2%	3.2%	0.6%	-1.7%	-2.8%	-2.7%	-7.0%	-8.3%	33.6%	27.4%	20.9%
Health Care Equip. & Services	-14.1%	-7.3%	-7.7%	-11.0%	-16.2%	-15.1%	-11.7%	-4.0%	-10.2%	-9.1%	-15.7%	-8.1%	-9.4%	-4.7%	-7.1%	-11.1%	-14.7%	11.5%	14.4%	10.5%
Pharma, Biotech & Life Sciences	-2.7%	-2.9%	-0.7%	-2.4%	-0.7%	-4.0%	-3.6%	-2.6%	1.1%	1.4%	0.2%	-1.3%	-1.6%	-0.3%	-0.3%	-1.2%	-2.1%	14.2%	23.0%	25.1%
Media & Entertainment	0.2%	0.7%	3.7%	2.7%	2.1%	2.3%	2.7%	5.8%	5.3%	6.3%	3.7%	-0.2%	-1.2%	-2.3%	-5.6%	-11.1%	-12.5%	8.5%	12.5%	10.2%
Semis & Semi Equipment	-7.0%	-4.1%	-4.7%	-4.1%	-10.8%	-11.6%	-11.7%	-7.7%	-7.6%	-3.7%	2.1%	5.4%	4.9%	6.4%	7.7%	5.8%	7.5%	131.7%	30.6%	16.1%
Software & Services	-5.2%	-4.4%	-5.5%	-14.8%	-24.7%	-23.6%	-12.8%	-2.9%	-4.1%	1.8%	2.6%	4.8%	8.0%	12.7%	9.9%	7.6%	0.7%	16.9%	12.4%	12.1%
Tech. Hardware & Equipment	-5.6%	-2.7%	-3.9%	-5.5%	-7.6%	-6.4%	-3.1%	1.7%	4.7%	6.8%	8.6%	7.4%	5.9%	5.7%	8.5%	9.3%	14.4%	278.8%	29.0%	5.1%
Telecommunication Services	2.3%	1.0%	2.0%	1.7%	1.0%	-0.5%	-0.5%	-1.3%	-1.1%	-2.3%	1.2%	2.1%	2.2%	-1.6%	-2.3%	-4.1%	-4.1%	18.7%	16.7%	13.3%

Source: FactSet, IBES consensus, Morgan Stanley Research. Note: Monthly data as of May 2026. Earnings revision breadth is calculated using the 3-month moving average of upgrades less downgrades divided by the total universe of forward earnings estimates.

Asia EM Market Valuation Dashboard

	MSCI Indices	Japan	China	Hong Kong	Taiwan	Korea	India	Australia	Singapore	Malaysia	Thailand	Indonesia	Philippines	Brazil	Mexico	South Africa	Saudi Arabia	UAE	MSCI EM	MSCI APxJ	USA	Europe
MS Rating	vs Asia/EM	OW	EW	EW	EW	EW	EW	EW	OW	EW	EW	UW	UW	OW	EW	EW	OW	EW	EW	-	-	-
Index Weight	% of APAC-EM	25.1%	13.0%	2.2%	16.8%	14.7%	6.9%	7.0%	1.8%	0.6%	0.6%	0.4%	0.2%	2.5%	1.1%	1.9%	1.5%	0.7%	12.1% (ACWI)	12.2% (ACWI)	63.6% (ACWI)	13.8% (ACWI)
Earnings Revisions & Growth	CY2 EPS Rev Breadth (3ma)	18%	-7%	-6%	51%	20%	-9%	-7%	1%	1%	5%	-17%	-12%	-3%	-17%	-6%	-4%	-14%	-1%	-1%	18%	0%
	3m Δ of 12mf EPS	3%	0%	0%	12%	56%	1%	2%	1%	2%	5%	-4%	-1%	9%	1%	3%	3%	-1%	18%	18%	7%	6%
	12mf EPS growth	9%	15%	11%	32%	92%	15%	9%	9%	9%	8%	4%	5%	21%	11%	29%	12%	5%	36%	37%	20%	14%
ROE	Level	9.4%	10.6%	7.3%	18.1%	15.0%	13.9%	12.8%	11.6%	10.2%	10.9%	14.5%	15.0%	18.6%	16.5%	18.1%	13.7%	19.2%	13.8%	12.6%	20.7%	14.0%
	10yr %'ile	*61%*	*23%*	*57%*	*89%*	*99%*	*42%*	*69%*	*85%*	*89%*	*61%*	*47%*	*99%*	*69%*	*99%*	*93%*	*90%*	*99%*	*99%*	*99%*	*99%*	*98%*
12mf PE	Level	17.5x	10.9x	14.6x	22.7x	8.5x	20.3x	17.8x	15.9x	14.2x	18.2x	9.0x	9.5x	8.2x	12.9x	8.6x	13.8x	8.7x	12.2x	13.3x	21.8x	14.8x
	10yr %'ile	*93%*	*35%*	*54%*	*99%*	*16%*	*48%*	*74%*	*93%*	*42%*	*87%*	*1%*	*2%*	*40%*	*42%*	*6%*	*1%*	*9%*	*59%*	*47%*	*74%*	*66%*
P/Book	Level	2.0x	1.4x	1.3x	5.8x	3.3x	3.4x	2.6x	2.1x	1.6x	2.2x	1.7x	1.5x	1.8x	2.4x	2.4x	2.1x	1.7x	2.6x	2.6x	5.9x	2.5x
	10yr %'ile	*98%*	*27%*	*61%*	*99%*	*99%*	*50%*	*97%*	*96%*	*58%*	*88%*	*1%*	*2%*	*61%*	*82%*	*82%*	*46%*	*79%*	*99%*	*99%*	*99%*	*98%*
P/Sales	Level	1.6x	1.4x	2.7x	3.6x	3.0x	2.4x	2.4x	2.9x	2.1x	1.4x	1.7x	1.8x	1.1x	1.2x	1.8x	3.1x	2.3x	2.2x	2.4x	3.7x	1.7x
	10yr %'ile	*98%*	*58%*	*56%*	*99%*	*99%*	*64%*	*78%*	*93%*	*38%*	*86%*	*1%*	*6%*	*41%*	*69%*	*55%*	*24%*	*13%*	*99%*	*99%*	*99%*	*99%*
Div Yield	Level	1.8%	2.3%	3.5%	1.4%	0.7%	1.2%	3.4%	3.4%	4.0%	3.1%	6.9%	3.6%	5.8%	3.8%	3.4%	3.7%	5.1%	1.9%	1.8%	1.1%	2.9%
	10yr %'ile	*2%*	*68%*	*69%*	*1%*	*1%*	*42%*	*15%*	*17%*	*73%*	*73%*	*99%*	*99%*	*57%*	*83%*	*73%*	*72%*	*77%*	*6%*	*1%*	*1%*	*21%*
Technicals	30 day RSI	59	36	45	72	76	47	42	53	50	61	15	40	22	49	42	28	39	67	67	72	53
	50/200d MA	8%	-6%	5%	25%	43%	-4%	0%	0%	3%	13%	-16%	-1%	9%	6%	2%	2%	-5%	10%	10%	3%	3%
Rel. Pos.	vs MSCI EM	NA	-0.3%	0.1%	-1.2%	1.0%	-1.2%	-1.0%	-0.1%	-0.4%	0.1%	0.3%	0.0%	2.3%	0.7%	-0.4%	-1.0%	NA	NA	NA	NA	NA
Perf.	Since Feb 28	0%	-8%	-6%	28%	39%	-8%	-4%	-1%	-3%	-3%	-34%	-18%	-8%	-4%	-16%	2%	-15%	9%	9%	10%	-2%
	3m	0%	-8%	-6%	28%	39%	-8%	-4%	-1%	-3%	-3%	-34%	-18%	-8%	-4%	-16%	2%	-15%	9%	9%	10%	-2%
	YTD	15%	-9%	6%	60%	117%	-11%	10%	4%	3%	24%	-38%	-8%	12%	13%	0%	6%	-6%	25%	25%	11%	5%

Source: FactSet, Morgan Stanley Research. Note: Data as of May 29, 2026.

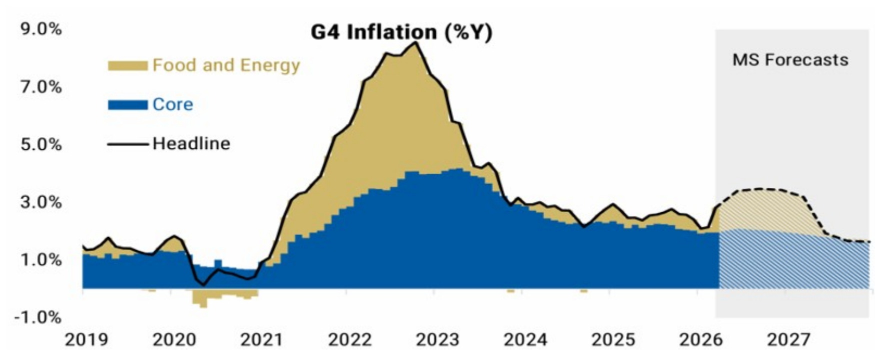
EM Macro, Fiscal, External and Structural Features – Considerable Heterogeneity Across Multiple Dimensions Argues Against the Concept of EM Convergence

	Macro Indicators			Fiscal Indicators				External Indicators			Structural Features	
Market	GDP per capita, 2025	GDP vol, 10y	CPI vol, 10y	Govt. debt, 2025	Govt. ext debt, 2025	Fiscal balance, 2025	Interest/revenues, 2025	CAB+FDI, 2025	Liquidity ratio, 2025	Reserves / CXP 2025	Corrupt. Percept. Index	V-Dem Democracy Score
Brazil	10,386	2.1	2.4	79	9	-8.0	20.0	-1.0	123	8.3	35	0.8
Chile	17,953	4.2	2.9	42	16	-2.4	5.1	-0.7	78	4.1	63	0.8
China	13,852	1.9	1.0	69	3	-8.4	5.2	2.8	211	11.9	43	0.1
Colombia	8,554	4.6	3.1	59	24	-5.5	12.9	-0.2	102	7.0	37	0.7
Egypt	3,227	1.2	9.6	81	38	-6.6	62.6	-1.0	98	4.5	30	0.2
Hungary	25,284	3.5	5.6	74	35	-5.0	10.7	-1.9	131	3.4	40	0.5
India	2,843	4.4	1.3	81	4	-7.3	23.4	-0.7	218	7.4	39	0.5
Indonesia	5,002	2.2	0.9	41	17	-2.8	17.1	0.6	106	5.1	34	0.6
Mexico	14,263	3.8	1.5	53	13	-4.7	17.4	1.7	140	3.8	27	0.6
Peru	9,514	5.9	2.2	30	22	-2.3	8.6	5.2	259	10.6	30	0.7
Philippines	4,275	5.0	1.7	55	18	-4.2	12.8	-1.4	261	7.1	32	0.5
Poland	28,559	2.7	4.3	59	17	-7.1	6.6	1.0	159	5.6	53	0.7
Qatar	67,930	2.4	2.2	48	18	2.6	5.7	12.8	64	6.1	58	0.1
Saudi Arabia	35,188	4.2	1.8	31	17	-5.1	4.9	-2.8	200	12.8	57	0.0
South Africa	6,764	2.8	1.3	79	20	-4.8	19.3	0.0	100	5.6	41	0.7

Source: Fitch, OECD, V-Dem Democracy Score - see https://www.v-dem.net/), Corruption Perception Index - see https://www.transparency.org/, Morgan Stanley Research forecasts

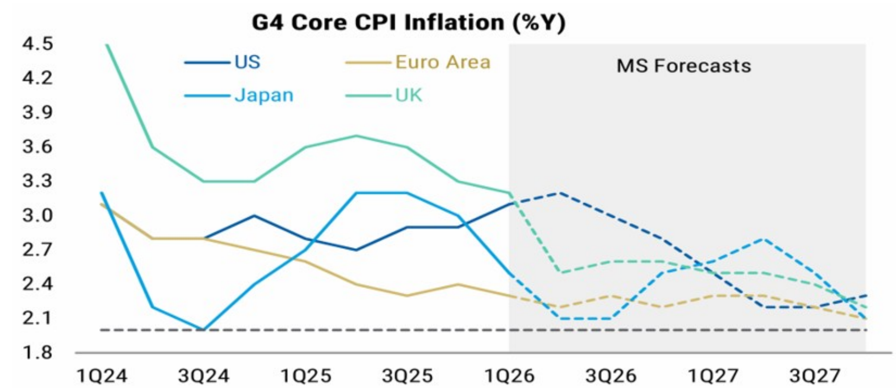
Global Inflation and Policy Outlook

DMs have a sharp pickup in headline inflation that turns disinflationary in 2027



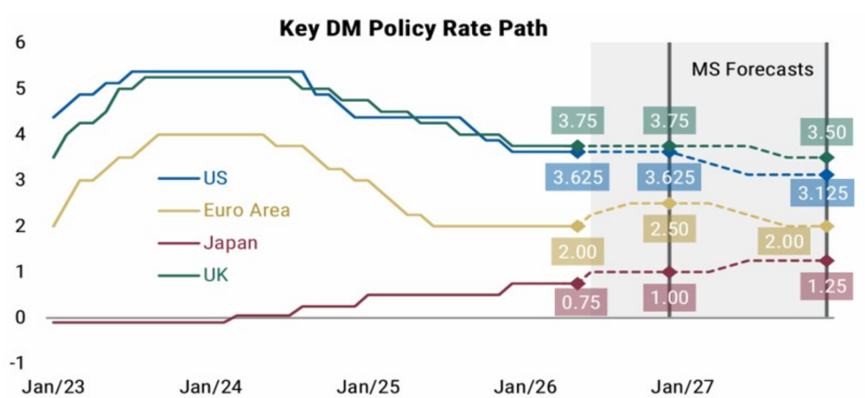
Source: Haver Analytics, Morgan Stanley Research forecasts; Note: G4 includes the US, euro area, Japan, and UK. US core inflation is core PCE inflation. ^Japan's core CPI is excluding energy and fresh food, and ex VAT and free child education impact.

The pass through to core inflation is heterogeneous across DM, and Europe could see stickier core pressures



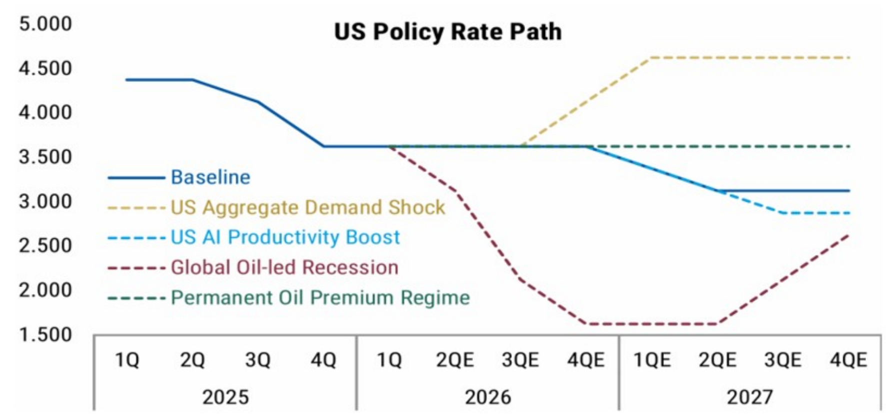
Source: National statistical agencies, Haver Analytics, Morgan Stanley Research forecasts

Monetary policy diverges among DMs in 2026, before converging to neutral later in 2027



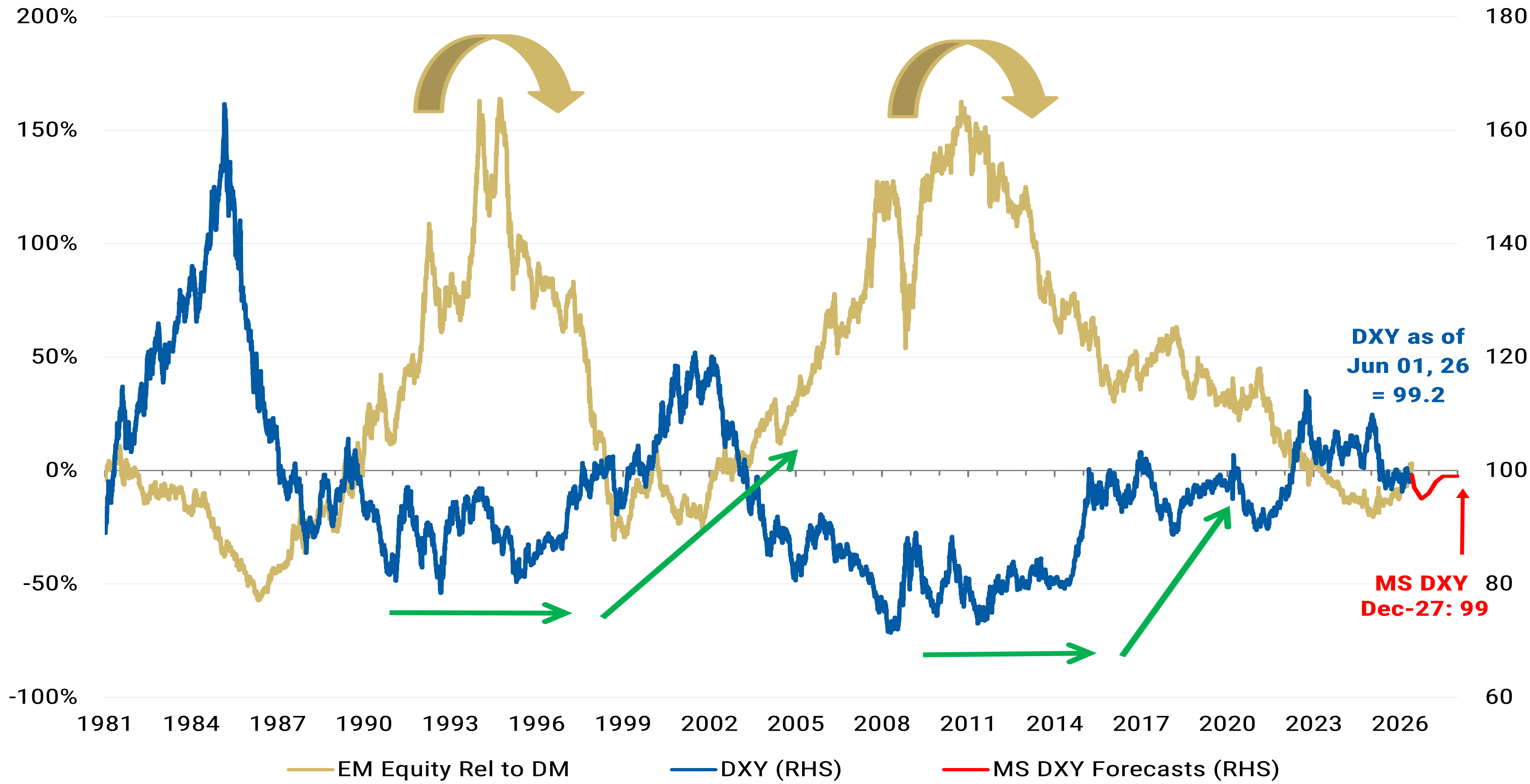
Source: National central banks, Morgan Stanley Research forecasts

In an oil-led recession scenario, the Fed would likely deliver deep cuts, but in the demand-led scenario would hike modestly



Source: National Statistical Agencies, Morgan Stanley Research forecasts

EM vs. DM Equity Relative Performance vs. DXY – A Stronger Dollar Would Generate a Headwind to EM Performance Relative to DM



Source: Datastream, FactSet, Morgan Stanley Research forecasts. Note: Data as of June 1, 2026.

Morgan Stanley Asia Pacific ex Japan Focus List

Company Name	Ticker	Rating	Market	GICS Sector	Mkt Cap (US$bn)	Date Added	Total US$ Returns Since Added	12M Total Return Perf.		Last Price	Upside to Target Price	MS P/E 2026E	MS P/E 2027E	MS P/Book 2026E	MS ROE 2026E	MS Div. Yld 2026E	MS P/Sales 2026E	Analyst
Aluminum Corp of China	601600.SS	OW	China	Materials	27.5	4-Feb-26	-17.0%	78.8%		10.9	60.6%	7.5x	8.7x	2.1x	27.3%	4.9%	0.7x	Zhang, Rachel
BHP Group	BHP.AX	OW	Australia	Materials	227.8	29-Jan-26	27.1%	89.3%	✓	62.8	7.5%	17.0x	16.7x	4.1x	24.1%	3.5%	3.9x	Anand, Rahul
Contemporary Amperex Technology	300750.SZ	OW	China	Industrials	276.8	25-Mar-26	6.1%	75.9%		408.2	45.8%	19.9x	14.7x	-	NA	2.5%	3.2x	Lu, Jack
DBS Group Holdings	DBSM.SI	EW	Singapore	Financials	142.0	4-May-26	10.3%	51.0%	✓	64.1	-10.0%	16.5x	15.0x	2.6x	15.8%	4.2%	7.8x	Lord, Nick
Delta Electronics	2308.TW	OW	Taiwan	Information Technology	200.2	26-Mar-25	550.6%	504.4%	✓	2,425.0	11.3%	58.4x	37.3x	14.3x	24.5%	0.5%	7.9x	Shih, Sharon
Fositek	6805.TW	OW	Taiwan	Information Technology	4.3	29-May-26	2.4%	200.1%	✓	1,985.0	22.2%	29.4x	21.6x	12.3x	41.7%	0.5%	7.1x	Shih, Sharon
Hana Financial Group	086790.KS	OW	S. Korea	Financials	20.9	21-Jul-25	24.0%	50.9%		120,600.0	24.4%	7.2x	6.6x	0.7x	9.4%	4.2%	2.4x	Seok, Joon
Hanwha Aerospace	012450.KS	OW	S. Korea	Industrials	35.9	26-Sep-25	-4.9%	14.0%		1,068,000.0	68.5%	21.6x	16.5x	4.5x	20.6%	0.7%	1.8x	Seok, Joon
HD Hyundai	267260.KS	OW	S. Korea	Industrials	23.5	11-Feb-26	-4.3%	136.4%		999,000.0	50.2%	35.7x	26.4x	13.7x	38.4%	1.1%	7.3x	Kim, Ryan
ICICI Bank	ICBK.NS	OW	India	Financials	93.7	11-May-22	45.8%	-20.9%		1,252.3	36.1%	16.7x	14.6x	2.4x	14.4%	1.0%	6.9x	Iyer, Subramanian
Larsen & Toubro	LART.NS	OW	India	Industrials	56.6	15-Apr-26	-4.9%	-1.6%		3,939.5	26.1%	25.6x	21.4x	4.6x	18.0%	1.7%	1.7x	Achhipalia, Girish
Lynas Rare Earths	LYC.AX	EW	Australia	Materials	13.4	4-Feb-26	19.2%	149.7%	✓	18.7	9.3%	39.5x	26.8x	4.8x	12.2%	0.0%	13.7x	Anand, Rahul
PTT Exploration & Prod	PTTEP.BK	OW	Thailand	Energy	17.5	24-Feb-26	0.2%	57.9%		144.0	13.2%	10.5x	10.2x	1.1x	10.1%	5.4%	2.0x	Maheshwari, Mayank
Reliance Industries	RELI.NS	OW	India	Energy	184.2	20-Dec-24	-3.6%	-17.5%		1,304.2	38.2%	21.2x	18.8x	1.8x	8.5%	0.5%	1.8x	Maheshwari, Mayank
Samsung Electronics	005930.KS	OW	S. Korea	Information Technology	1498.0	21-Jul-25	375.6%	453.9%	✓	351,500.0	8.4%	6.5x	4.7x	3.5x	53.7%	1.2%	3.1x	Kim, Shawn
Singapore Exchange	SGXL.SI	OW	Singapore	Financials	18.2	18-Nov-24	99.2%	60.8%	✓	21.9	-8.6%	32.9x	30.3x	9.7x	29.4%	2.1%	16.1x	Lord, Nick
SK hynix	000660.KS	OW	S. Korea	Information Technology	1063.7	19-May-26	29.8%	849.6%	✓	2,298,000.0	13.1%	7.2x	5.0x	4.8x	67.0%	0.1%	4.7x	Kim, Shawn
Wiwynn	6669.TW	OW	Taiwan	Information Technology	32.9	19-May-26	14.6%	115.5%	✓	5,570.0	34.6%	15.6x	11.9x	6.3x	40.5%	2.6%	0.8x	Kao, Howard
Zijin Mining Group	2899.HK	OW	China	Materials	112.8	26-Mar-25	84.4%	85.1%	✓	33.3	65.1%	9.6x	9.4x	3.0x	31.7%	2.7%	1.5x	Zhang, Rachel

Source: ModelWare, RIMES, FactSet, Morgan Stanley Research. Note: OW = Overweight, Data as of June 4, 2026. The US$ total return of the Morgan Stanley Asia Pacific ex Japan Equity Strategy Focus List since inception on April 23, 2009, is 677.22% (MSCI APxJ Index total return is 479.90%). This assumes the Focus List constitutes an equal-weighted portfolio, rebalanced whenever positions are added or subtracted. Results shown represent total absolute return (including dividends) and exclude brokerage commissions. These figures are not audited. Past performance is no guarantee of future results. The tick mark indicates the stock has outperformed MSCI Asia Pacific ex Japan Index since inclusion in the Focus List. For important disclosures regarding companies that are the subject of this screen, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures.

Morgan Stanley GEM Focus List

Company Name	Ticker	Rating	Market	GICS Sector	Mkt Cap (US$bn)	Date Added	Total US$ Returns Since Added	12M Total Return Perf.		Last Price	Upside to Target Price	MS P/E 2026E	MS P/E 2027E	MS P/Book 2026E	MS ROE 2026E	MS Div. Yld 2026E	MS P/Sales 2026E	Analyst
Aluminum Corp of China	601600.SS	OW	China	Materials	27.5	4-Feb-26	-17.0%	78.8%		10.90	60.6%	7.5x	8.7x	2.1x	27.3%	4.9%	0.7x	Zhang, Rachel
Compania de Minas Buenaventura	BVN.N	OW	Peru	Materials	8.7	30-May-25	137.0%	119.5%	✓	34.27	24.0%	7.6x	8.8x	1.9x	25.2%	4.9%	3.5x	De Alba, Carlos
Contemporary Amperex Technology	300750.SZ	OW	China	Industrials	276.8	25-Mar-26	6.1%	75.9%		408.20	45.8%	19.9x	14.7x	-	NA	2.5%	3.2x	Lu, Jack
Delta Electronics	2308.TW	OW	Taiwan	Information Technology	200.2	26-Mar-25	550.6%	504.4%	✓	2,425.00	11.3%	58.4x	37.3x	14.3x	24.5%	0.5%	7.9x	Shih, Sharon
Embraer	EMBJ.N	OW	Brazil	Industrials	10.1	5-Mar-26	-15.0%	18.9%		56.51	59.3%	20.3x	15.9x	2.7x	13.2%	0.1%	1.2x	Liwag, Kristine
Fositek	6805.TW	OW	Taiwan	Information Technology	4.3	29-May-26	2.4%	200.1%	✓	1,985.00	22.2%	29.4x	21.6x	12.3x	41.7%	0.5%	7.1x	Shih, Sharon
Hana Financial Group	086790.KS	OW	S. Korea	Financials	20.9	21-Jul-25	24.0%	50.9%		120,600.00	24.4%	7.2x	6.6x	0.7x	9.4%	4.2%	2.4x	Seok, Joon
Hanwha Aerospace	012450.KS	OW	S. Korea	Industrials	35.9	26-Sep-25	-4.9%	14.0%		1,068,000.00	68.5%	21.6x	16.5x	4.5x	20.6%	0.7%	1.8x	Seok, Joon
ICICI Bank	ICBK.NS	OW	India	Financials	93.7	15-Sep-22	16.4%	-20.9%		1,252.30	36.1%	16.7x	14.6x	2.4x	14.4%	1.0%	6.9x	Iyer, Subramanian
Larsen & Toubro	LART.NS	OW	India	Industrials	56.6	15-Apr-26	-4.9%	-1.6%		3,939.50	26.1%	25.6x	21.4x	4.6x	18.0%	1.7%	1.7x	Achhipalia, Girish
Ping An Insurance Group	2318.HK	OW	China	Financials	131.9	5-Mar-26	-8.0%	31.4%		57.05	61.3%	5.9x	5.4x	-	NA	5.8%	0.8x	Xu, Richard
Prologis Property Mexico	FIBRAPL14.MX	OW	Mexico	Real Estate	7.7	28-Aug-25	31.1%	37.4%		79.85	12.7%	16.3x	12.7x	1.0x	6.2%	6.7%	10.9x	Obregon, Alejandra
PTT Exploration & Prod	PTTEP.BK	OW	Thailand	Energy	17.5	24-Feb-26	0.2%	57.9%		144.00	13.2%	10.5x	10.2x	1.1x	10.1%	5.4%	2.0x	Maheshwari, Mayank
Reliance Industries	RELI.NS	OW	India	Energy	184.2	20-Dec-24	-3.6%	-17.5%		1,304.20	38.2%	21.2x	18.8x	1.8x	8.5%	0.5%	1.8x	Maheshwari, Mayank
Samsung Electronics	005930.KS	OW	S. Korea	Information Technology	1498.0	21-Jul-25	375.6%	453.9%	✓	351,500.00	8.4%	6.5x	4.7x	3.5x	53.7%	1.2%	3.1x	Kim, Shawn
SK hynix	000660.KS	OW	S. Korea	Information Technology	1063.7	19-May-26	29.8%	849.6%	✓	2,298,000.00	13.1%	7.2x	5.0x	4.8x	67.0%	0.1%	4.7x	Kim, Shawn
Wiwynn	6669.TW	OW	Taiwan	Information Technology	32.9	19-May-26	14.6%	115.5%	✓	5,570.00	34.6%	15.6x	11.9x	6.3x	40.5%	2.6%	0.8x	Kao, Howard
XP	XP.O	OW	Brazil	Financials	8.1	24-Oct-25	-10.1%	-19.3%		15.64	66.2%	7.5x	6.5x	1.5x	20.4%	4.0%	2.0x	Kuri, Jorge
Zijin Mining Group	2899.HK	OW	China	Materials	112.8	26-Mar-25	84.4%	85.1%	✓	33.32	65.1%	9.6x	9.4x	3.0x	31.7%	2.7%	1.5x	Zhang, Rachel

Source: ModelWare, RIMES, FactSet, Morgan Stanley Research. Note: OW = Overweight. Data as of Jun 4, 2026. The US$ total return of the Morgan Stanley EM Equity Strategy Focus List since inception on December 11, 2006, is 452.89% (MSCI EM Index total return is 241.29%). This assumes the Focus List constitutes an equal-weighted portfolio, rebalanced whenever positions are added or subtracted. Results shown represent total absolute return (including dividends) and exclude brokerage commissions. These figures are not audited. Past performance is no guarantee of future results. The tick mark indicates stock has outperformed MSCI EM Index since inclusion in the Focus List. For important disclosures regarding companies that are the subject of this screen, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures.

Morgan Stanley Asia Pacific Thematic Focus List – Highest Conviction Opportunities

Ticker	Company Name	Industry Group	Analyst	Market	MC US$bn	Last Price (LCY)	Upside to Base	Upside to Bull	Bull / Bear	Thematic Materiality			
										AI & Tech Diffusion	Multipolar World	Future of Energy	Societal Shifts
2330.TW	TSMC	Semiconductors	Chan, Charlie	Taiwan	1949.3	2365.0	9%	32%	0.80	Core	Signif.	Signif.	
005930.KS	Samsung Electronics	Tech. Hardware & Equipment	Kim, Shawn	S. Korea	1530.4	329000.0	16%	31%	0.48	Core	Signif.	Core	Moderate
0700.HK	Tencent Holdings Ltd.	Media & Entertainment	Yu, Gary	China	543.5	459.0	42%	74%	-16.24	Core			
300750.SZ	Contemporary Amperex Technology Co. Ltd.	Capital Goods	Lu, Jack	China	287.9	403.0	48%	67%	1.67	Signif.		Core	
2308.TW	Delta Electronics Inc.	Tech. Hardware & Equipment	Shih, Sharon	Taiwan	189.9	2300.0	17%	44%	1.02	Core	Signif.	Core	
1299.HK	AIA Group Ltd	Insurance	Xu, Richard	Hong Kong	103.4	76.7	42%	71%	3.25	Signif.			Core
7011.T	Mitsubishi Heavy Industries	Capital Goods	Kitaura, Takeshi	Japan	79.6	3790.0	50%	98%	41.22	Signif.	Core	Core	
002371.SZ	NAURA Technology Group Co Ltd	Semiconductors	Chan, Charlie	China	64.5	603.4	36%	92%	3.80	Signif.	Signif.		
LART.NS	Larsen & Toubro Ltd	Capital Goods	Achhipalia, Girish	India	56.6	3942.1	26%	73%	3.48		Signif.	Signif.	
6954.T	Fanuc	Capital Goods	Jiang, Lisa	Japan	44.6	7648.0	-8%	18%	0.36	Moderate	Signif.		
2359.HK	WuXi AppTec Co Ltd	Pharma, Biotech & Life Sciences	Tam, Laurence	China	41.7	123.5	26%	70%	1.18	Moderate	Signif.		Core
034020.KS	Doosan Enerbility	Capital Goods	Choi, Heewon	S. Korea	40.0	95600.0	15%	62%	1.27	Signif.	Signif.	Core	
012450.KS	Hanwha Aerospace	Capital Goods	Seok, Joon	S. Korea	34.8	1049000.0	72%	110%	-22.57		Signif.		
GULF.BK	Gulf Development PCL	Utilities	Maheshwari, Mayank	Thailand	30.8	67.3	13%	34%	0.83	Moderate	Moderate	Signif.	
6669.TW	Wiwynn Corp	Tech. Hardware & Equipment	Kao, Howard	Taiwan	30.5	5660.0	33%	69%	3.07	Core			
STEG.SI	ST Engineering	Capital Goods	Lee, Da Wei	Singapore	27.0	11.0	12%	71%	2.34		Core		
267260.KS	HD Hyundai Electric Co Ltd	Capital Goods	Kim, Ryan	S. Korea	22.5	956000.0	57%	88%	3.73	Signif.		Signif.	
5801.T	Furukawa Electric	Capital Goods	Shirakawa, Yu	Japan	21.6	49050.0	35%	65%	1.59	Core			
002028.SZ	Sieyuan Electric Co.Ltd.	Capital Goods	Hou, Eva	China	20.5	177.5	61%	107%	-14.19	Signif.		Core	
1801.T	Taisei	Capital Goods	Yagi, Ryo	Japan	13.8	13275.0	70%	109%	2.68		Moderate		Signif.
LYC.AX	Lynas Rare Earths	Materials	Anand, Rahul	Australia	12.8	18.2	13%	68%	3.01		Signif.		
2768.T	Sojitz	Capital Goods	Shirakawa, Yu	Japan	6.8	5191.0	-2%	44%	1.82		Moderate	Moderate	
6674.T	GS Yuasa Corporation	Automobiles & Components	Kakiuchi, Shinji	Japan	4.6	7280.0	13%	58%	2.31		Moderate	Core	
GLF.AX	GemLife Communities Group	Real Estate	Berry, Lauren	Australia	1.3	4.8	13%	63%	1.18				Core

Source: FactSet, Morgan Stanley Research. Note: Data as of June 4, 2026

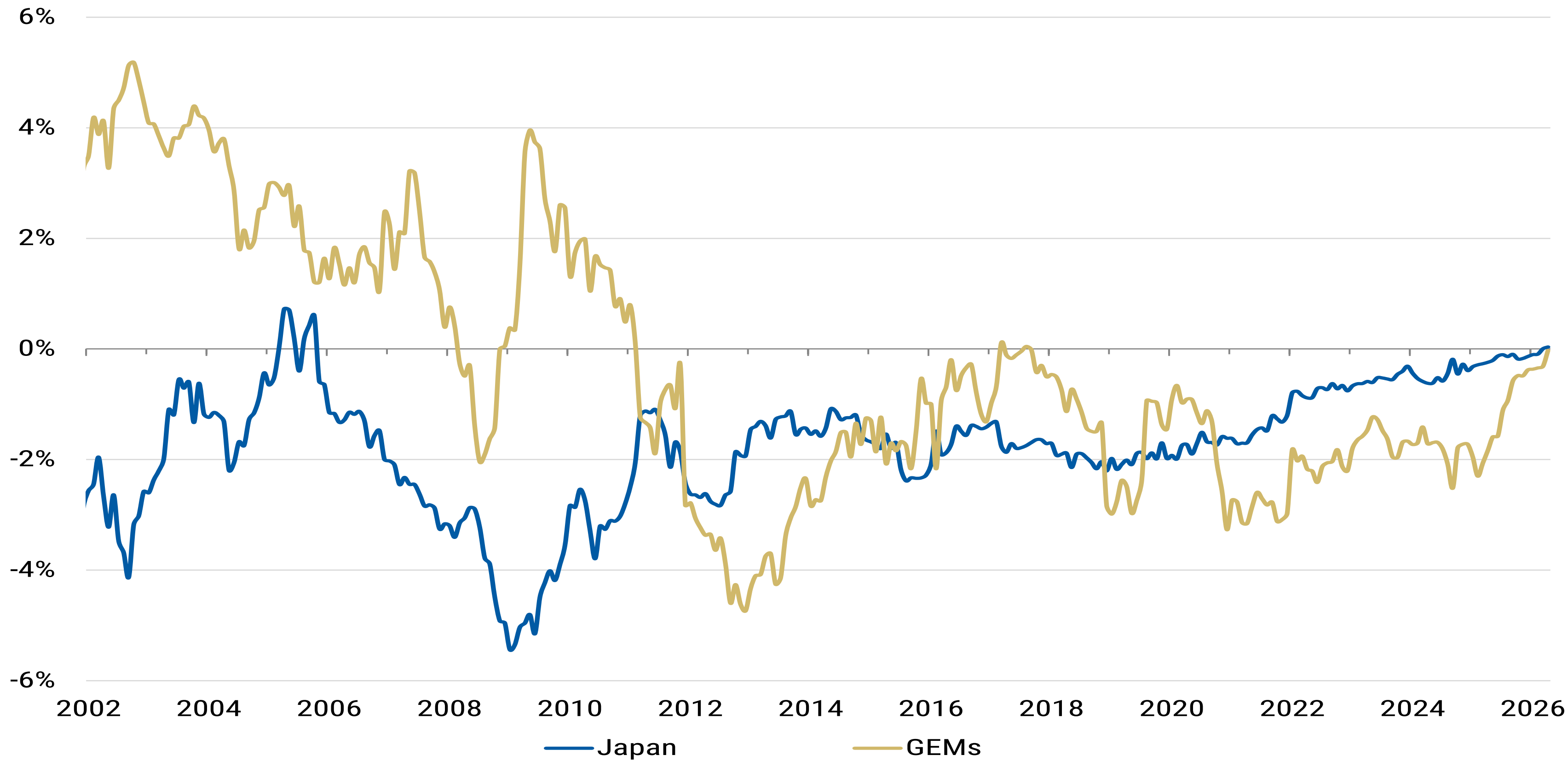
Morgan Stanley APxJ and GEM Focus Lists – Cumulative Total Returns Since Inception

APxJ Focus List Performance

GEM Focus List Performance

Source: Bloomberg, MSCI, Morgan Stanley Research. Note: MS APxJ Focus List delivered a Sharpe Ratio of 1.78 in the last 12 months, with a CAGR of 12.7% since its inception on May 23, 2009; MS GEM Focus List delivered a Sharpe Ratio of 1.61 in the last 12 months, with a CAGR of 9.2% since its inception on December 11, 2006. Data as of Jun 4, 2026; Past performance is no guarantee of future results.

Global Equity Funds Positioning – Structural Allocation to Japan; Recent Surge in Interest in EM



Source: EPFR Global, Country Allocation Database, Morgan Stanley Research. Note: Fund Weights as of April end 2026. Global long-only funds sample benchmarked to MSCI World, MSCI ACWI ex-USA and MSCI EAFE.

Active Fund Positions in EM Equities by Market and Changes QTD

Market	International & US Funds				International Funds - UCITS			US Funds		
	Portfolio Composite Weight	MSCI EM Index Weight	Active Weight	Active Weight Change QTD	Portfolio Composite Weight	Active Weight	Active Weight Change QTD	Portfolio Composite Weight	Active Weight	Active Weight Change QTD
Brazil	**8.6%**	4.7%	4.0%	-0.5%	7.4%	2.8%	-0.6%	9.1%	4.4%	-0.4%
Mexico	**2.8%**	1.9%	1.0%	-0.2%	2.5%	0.6%	-0.2%	3.0%	1.1%	-0.2%
Hungary	**1.0%**	0.4%	0.7%	0.0%	1.1%	0.8%	0.1%	1.0%	0.6%	0.0%
Korea	**19.3%**	18.7%	0.6%	0.1%	20.4%	1.7%	0.1%	18.9%	0.2%	0.0%
Peru	**0.9%**	0.4%	0.5%	-0.1%	0.8%	0.4%	-0.1%	0.9%	0.5%	-0.1%
Turkey	**0.9%**	0.5%	0.5%	0.0%	0.8%	0.3%	0.0%	1.0%	0.6%	0.0%
United Arab Emirates	**1.6%**	1.2%	0.4%	-0.1%	1.3%	0.1%	0.0%	1.8%	0.6%	-0.1%
Greece	**0.9%**	0.5%	0.4%	-0.1%	0.8%	0.4%	0.0%	0.9%	0.4%	-0.1%
Indonesia	**1.1%**	0.7%	0.4%	-0.1%	1.1%	0.3%	-0.1%	1.1%	0.4%	-0.2%
Philippines	**0.6%**	0.3%	0.3%	-0.1%	0.4%	0.1%	0.0%	0.7%	0.4%	-0.1%
Thailand	**1.0%**	1.0%	0.0%	-0.1%	1.0%	0.0%	-0.1%	1.0%	0.0%	-0.1%
Egypt	**0.1%**	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Czech Republic	**0.0%**	0.1%	-0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	-0.1%	0.0%
Colombia	**0.0%**	0.1%	-0.1%	0.0%	0.1%	-0.1%	0.0%	0.0%	-0.1%	0.0%
South Africa	**3.1%**	3.3%	-0.2%	0.0%	3.3%	0.1%	0.0%	3.0%	-0.3%	0.0%
Poland	**0.8%**	1.1%	-0.3%	0.0%	1.3%	0.2%	0.0%	0.6%	-0.4%	0.0%
Chile	**0.2%**	0.5%	-0.3%	0.0%	0.4%	-0.1%	0.0%	0.2%	-0.3%	0.0%
India	**11.6%**	11.9%	-0.4%	-0.2%	10.2%	-1.8%	-0.2%	12.1%	0.2%	-0.1%
Qatar	**0.1%**	0.5%	-0.4%	0.1%	0.1%	-0.4%	0.0%	0.1%	-0.4%	0.1%
Kuwait	**0.1%**	0.6%	-0.5%	0.1%	0.1%	-0.5%	0.0%	0.1%	-0.5%	0.1%
Malaysia	**0.3%**	1.1%	-0.8%	0.1%	0.6%	-0.5%	0.0%	0.2%	-0.9%	0.1%
Saudi Arabia	**1.4%**	2.6%	-1.2%	0.1%	1.1%	-1.6%	0.2%	1.5%	-1.1%	0.1%
Taiwan	**23.2%**	24.8%	-1.7%	0.4%	24.0%	-0.8%	0.3%	22.8%	-2.0%	0.4%
China	**20.3%**	23.0%	-2.7%	0.5%	21.2%	-1.8%	0.5%	20.0%	-3.0%	0.5%

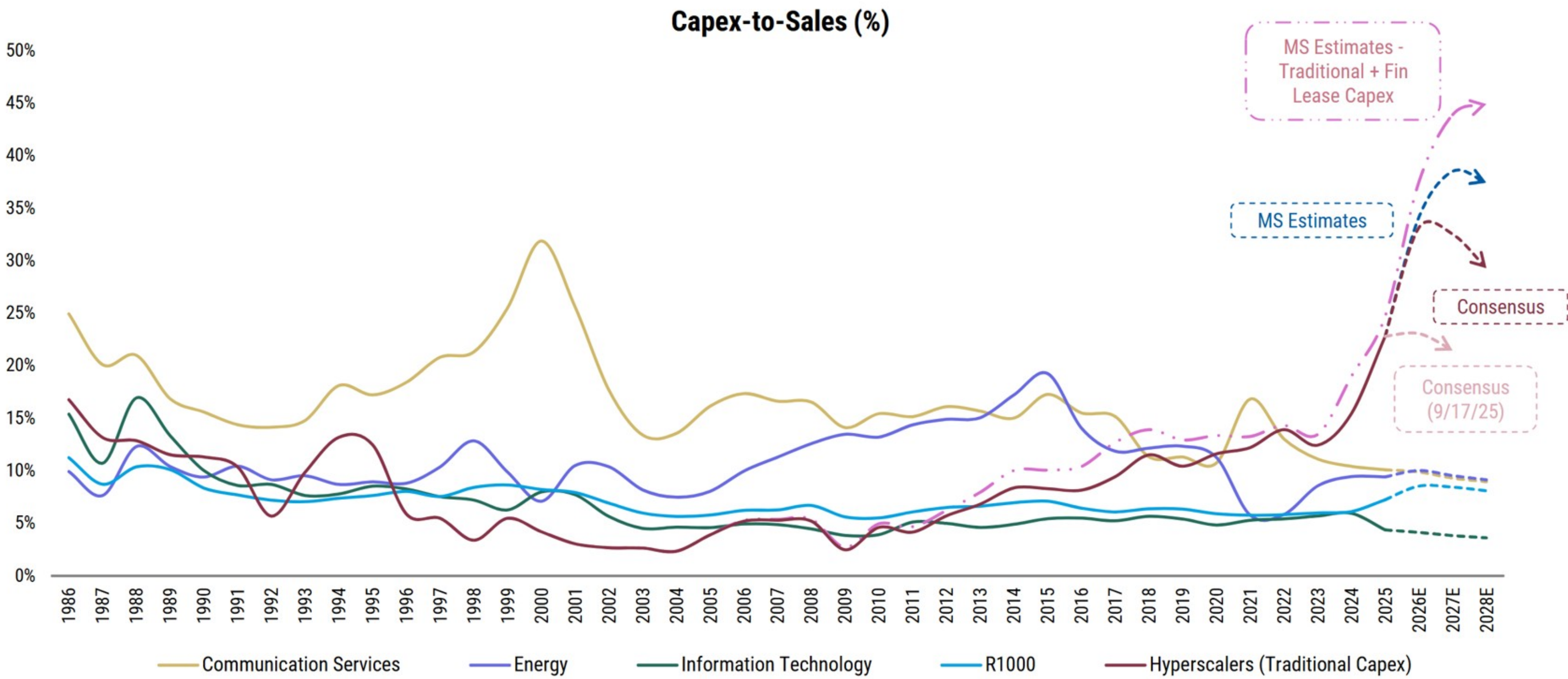
Source: FactSet, Morningstar, Morgan Stanley Research. Note: Data as of April 30, 2026. Please contact us if you would like to receive the full table. For more details see Asia EM Equity Strategy: Flows & Positioning Guide (6 May 2026).

Active Fund Positions in EM Equities by GICS Industry Group and Changes QTD

	International & US Funds				International Funds - UCITS			US Funds		
GICS Industry Group	Portfolio Composite Weight	MSCI EM Index Weight	Active Weight	Active Weight Change QTD	Portfolio Composite Weight	Active Weight	Active Weight Change QTD	Portfolio Composite Weight	Active Weight	Active Weight Change QTD
Capital Goods	**8.2%**	6.0%	2.1%	0.1%	7.8%	1.7%	-0.3%	8.3%	2.3%	0.2%
Semiconductors & Semiconductor Equipment	**23.0%**	21.6%	1.4%	0.3%	20.6%	-1.0%	-0.1%	23.9%	2.3%	0.4%
Financial Services	**2.9%**	2.5%	0.5%	-0.1%	3.1%	0.7%	0.0%	2.9%	0.4%	-0.2%
Consumer Durables & Apparel	**1.2%**	0.7%	0.4%	-0.1%	1.4%	0.6%	0.0%	1.1%	0.4%	-0.1%
Food Beverage & Tobacco	**2.4%**	2.0%	0.4%	0.0%	1.7%	-0.3%	0.1%	2.7%	0.7%	0.0%
Consumer Staples Distribution & Retail	**1.0%**	0.8%	0.3%	-0.1%	1.1%	0.3%	-0.1%	1.0%	0.2%	-0.1%
Transportation	**1.7%**	1.4%	0.3%	-0.1%	1.3%	-0.1%	0.0%	1.8%	0.4%	-0.1%
Media & Entertainment	**4.9%**	4.7%	0.2%	-0.1%	4.5%	-0.2%	0.0%	5.0%	0.3%	-0.1%
Health Care Equipment & Services	**0.7%**	0.6%	0.2%	0.0%	0.6%	0.1%	0.0%	0.7%	0.2%	0.0%
Telecommunication Services	**2.4%**	2.2%	0.1%	-0.1%	2.1%	-0.1%	-0.1%	2.5%	0.2%	-0.1%
Commercial & Professional Services	**0.1%**	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%
Equity Real Estate Investment Trusts (REITs)	**0.1%**	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%
Energy	**3.9%**	4.0%	0.0%	0.0%	2.7%	-1.3%	0.0%	4.4%	0.5%	0.0%
Real Estate Management & Development	**1.0%**	1.0%	0.0%	0.0%	1.2%	0.2%	0.1%	0.9%	-0.1%	0.0%
Insurance	**2.5%**	2.5%	0.0%	0.0%	2.6%	0.1%	-0.1%	2.4%	-0.1%	0.0%
Banks	**14.6%**	14.7%	-0.1%	-0.1%	15.1%	0.4%	-0.4%	14.4%	-0.2%	0.0%
Utilities	**2.1%**	2.2%	-0.1%	0.1%	1.4%	-0.9%	0.1%	2.4%	0.2%	0.2%
Household & Personal Products	**0.3%**	0.4%	-0.1%	0.0%	0.3%	-0.1%	0.0%	0.3%	-0.1%	0.0%
Pharmaceuticals Biotechnology & Life Sciences	**2.0%**	2.2%	-0.2%	0.0%	1.9%	-0.3%	0.0%	2.0%	-0.2%	0.0%
Consumer Services	**1.0%**	1.4%	-0.4%	-0.1%	1.1%	-0.2%	0.0%	1.0%	-0.4%	-0.1%
Automobiles & Components	**2.4%**	2.9%	-0.6%	0.0%	3.2%	0.2%	0.0%	2.1%	-0.9%	0.0%
Consumer Discretionary Distribution & Retail	**3.7%**	4.4%	-0.6%	0.0%	4.4%	0.0%	-0.1%	3.5%	-0.9%	0.0%
Software & Services	**0.6%**	1.3%	-0.6%	0.1%	0.8%	-0.5%	0.1%	0.6%	-0.7%	0.1%
Technology Hardware & Equipment	**12.7%**	13.9%	-1.2%	0.0%	16.5%	2.7%	0.8%	11.2%	-2.7%	-0.3%
Materials	**4.6%**	6.5%	-1.9%	0.1%	4.4%	-2.2%	0.1%	4.7%	-1.8%	0.1%

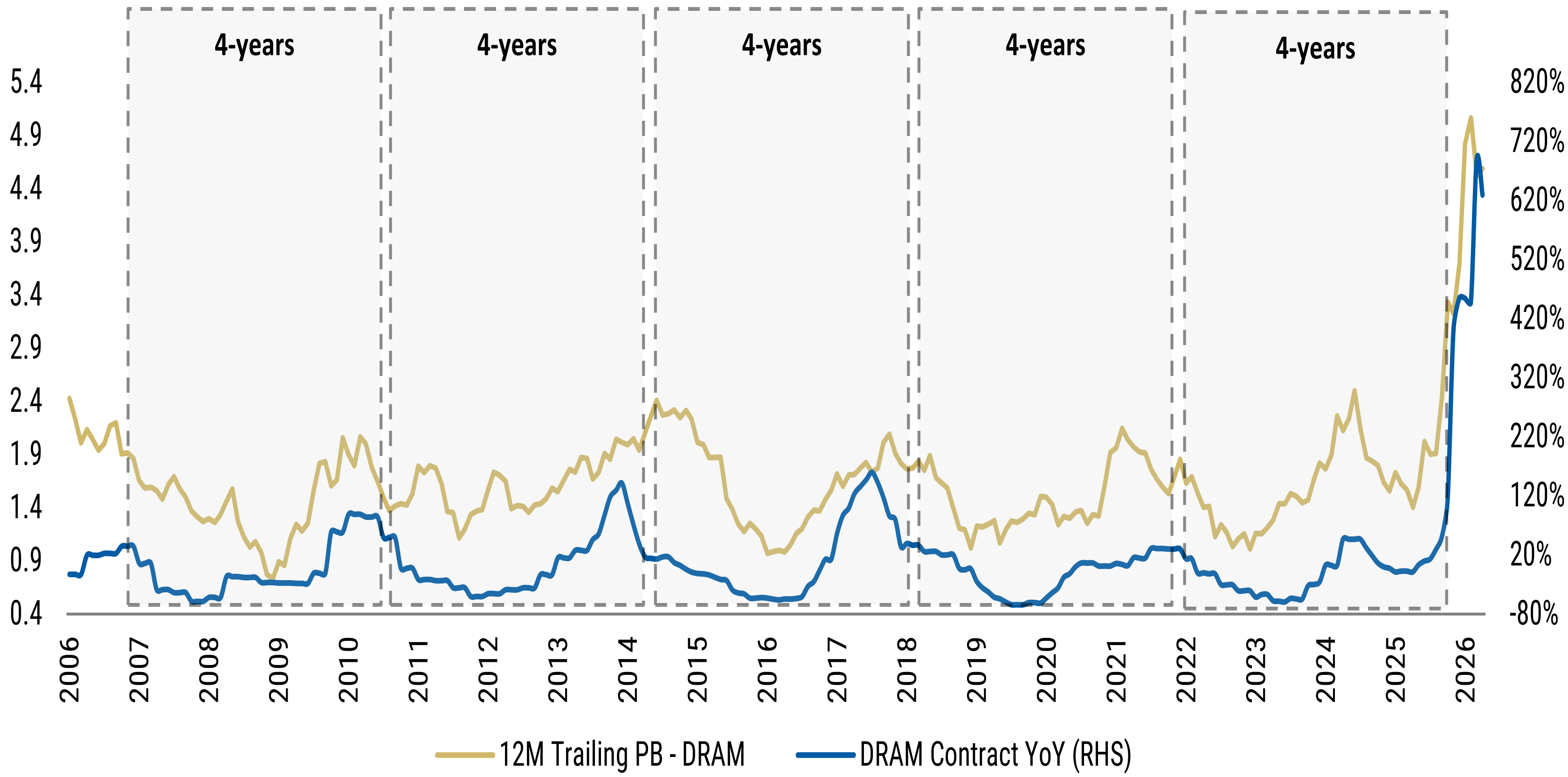
Source: FactSet, Morningstar, Morgan Stanley Research. Note: Data as of April 30, 2026. Please contact us if you would like to receive the full table. For more details see Asia EM Equity Strategy: Flows & Positioning Guide (6 May 2026).

Capital Intensity — Hyperscaler Capex Spending Poised to Overtake Dot-Com Peak, Based on MSe, Particularly Factoring in Widespread Lease Utilisation



Source: The hyperscalers group includes AMZN, GOOGL, META, MSFT, & ORCL and are excluded from the other sector groups. Only MSFT and ORCL finance lease estimates are included. R1000 excludes Real Estate and Financials. Source: Morgan Stanley Estimates and FactSet

12-Month Trailing P/B – DRAM vs DRAM Contract Price YoY (RHS) – Contract Prices Have Surged, But Valuations Tend to Peak Before Fundamentals



Source: DRAMxChange, TrendForce, Morgan Stanley Asia Technology Research, Data as of April 30, 2026.

EM Sector Valuation Dashboard

	MSCI EM Sectors & Industry Groups	Automobiles & Components	Cons. Discret. Retailing	Durables & Apparel	Consumer Staples	Consumer Services	Telecoms	Media & Entertainment	Software & Services	Semiconductors & Equipment	Tech Hardware & Equipment	Financials	Real Estate	Health Care	Utilities	Energy	Materials	Industrials
MS Rating		UW	EW	UW	UW	UW	EW	EW	UW	EW	OW	EW	EW	EW	EW	OW	OW	OW
Index Weight	% of MSCI EM	2.8%	3.6%	0.8%	2.7%	1.1%	2.0%	4.0%	1.1%	25.7%	17.6%	17.5%	1.0%	2.3%	1.9%	3.3%	5.8%	6.8%
Earnings Revisions & Growth	CY2 EPS Revision Breadth (3ma)	-18%	-13%	4%	-10%	-19%	-9%	-21%	-16%	30%	43%	-1%	-9%	-12%	-15%	14%	13%	-3%
	3m Δ of 12mf EPS	-2%	-5%	-1%	-1%	-5%	1%	-1%	-10%	19%	54%	1%	0%	1%	-1%	22%	9%	9%
	12mf EPS growth	25%	26%	18%	13%	43%	18%	10%	16%	62%	101%	8%	6%	15%	14%	14%	102%	27%
ROE	Level	8.7%	10.6%	14.5%	15.9%	4.9%	14.9%	15.1%	15.0%	32.4%	15.7%	12.4%	8.9%	11.0%	11.2%	12.6%	11.1%	13.6%
	10yr %'ile	*54%*	*45%*	*58%*	*94%*	*31%*	*96%*	*90%*	*2%*	*98%*	*88%*	*88%*	*34%*	*64%*	*89%*	*65%*	*62%*	*88%*
12mf PE	Level	15.7x	12.0x	16.9x	17.8x	19.2x	16.0x	12.6x	21.5x	15.3x	11.1x	9.0x	10.2x	25.4x	12.0x	9.0x	11.2x	16.1x
	10yr %'ile	*79%*	*22%*	*69%*	*2%*	*23%*	*69%*	*2%*	*20%*	*49%*	*35%*	*69%*	*72%*	*30%*	*76%*	*69%*	*44%*	*95%*
P/Book	Level	2.0x	1.8x	2.8x	3.4x	2.2x	2.9x	2.4x	4.2x	10.0x	4.6x	1.2x	1.1x	3.8x	1.5x	1.4x	2.1x	2.7x
	10yr %'ile	*94%*	*3%*	*50%*	*11%*	*16%*	*88%*	*3%*	*4%*	*98%*	*98%*	*74%*	*49%*	*55%*	*91%*	*95%*	*93%*	*98%*
P/Sales	Level	1.0x	1.1x	1.2x	1.1x	1.8x	2.3x	4.0x	3.0x	12.8x	2.5x	1.7x	1.7x	3.3x	1.3x	0.9x	1.7x	1.8x
	10yr %'ile	*83%*	*18%*	*78%*	*3%*	*2%*	*93%*	*18%*	*4%*	*99%*	*99%*	*93%*	*76%*	*79%*	*88%*	*90%*	*96%*	*99%*
Div Yield	Level	1.5%	1.2%	2.4%	3.2%	1.2%	3.3%	1.2%	3.1%	0.8%	0.8%	3.9%	3.9%	1.1%	3.4%	4.1%	2.6%	1.6%
	10yr %'ile	*21%*	*70%*	*80%*	*98%*	*85%*	*41%*	*98%*	*98%*	*1%*	*1%*	*64%*	*50%*	*81%*	*61%*	*41%*	*15%*	*9%*
Technicals	30 day RSI	53	38	67	28	31	47	36	42	81	79	34	46	31	28	43	35	58
	50dma / 200 dma	5%	-11%	0%	-2%	-11%	2%	-16%	-14%	34%	39%	2%	-5%	-3%	4%	9%	7%	13%
Perf.	1m	7%	-4%	16%	-4%	-8%	0%	-3%	3%	29%	40%	-1%	1%	-4%	-5%	-7%	-2%	1%
	3m	-4%	-12%	8%	-8%	-11%	-4%	-14%	-9%	42%	54%	-7%	-11%	-10%	-3%	0%	-14%	3%
	YTD	10%	-14%	15%	-4%	-22%	2%	-24%	-23%	91%	121%	-1%	-3%	-4%	6%	9%	4%	22%

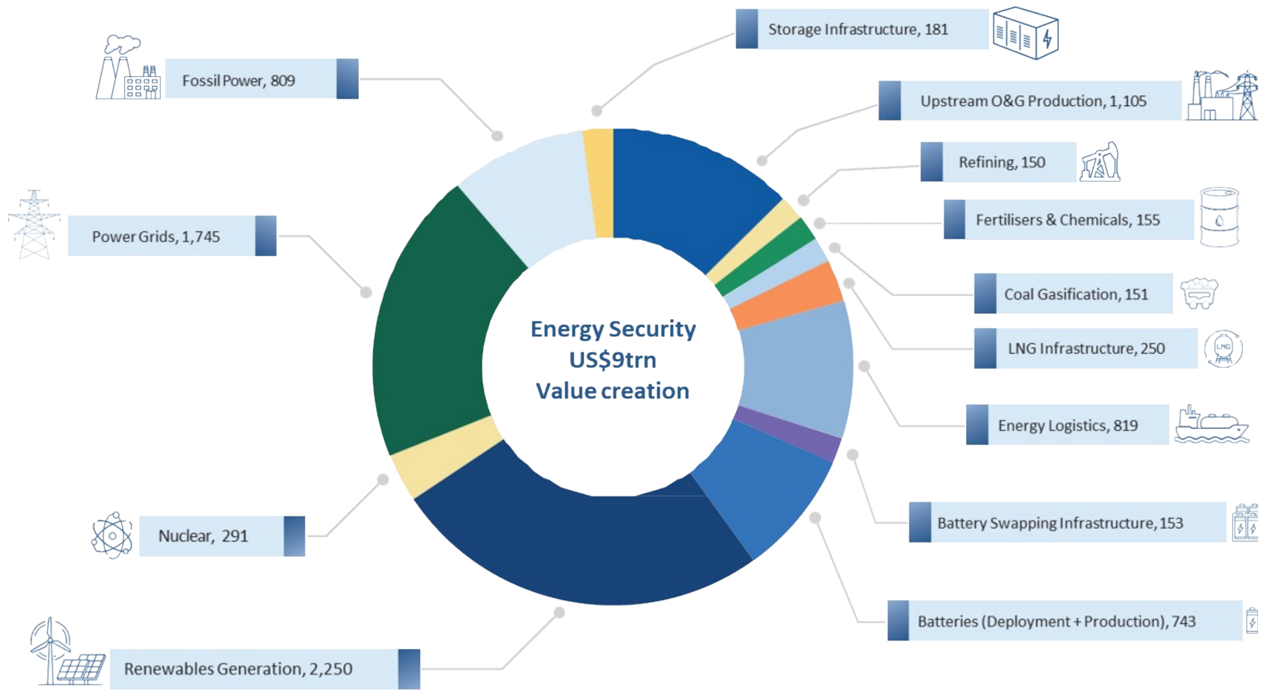
Source: Factset, Morgan Stanley Research, Data as of Jun 1, 2026

Asia's Import Dependence on Middle East (as % of Domestic Consumption)

Economy	Crude Oil*	Petroleum Products	Natural Gas	Propane	Fertilizers
China	43%	4%	6%	13%	1%
India	42%	13%	31%	32%	9%
Japan	93%	8%	11%	3%	11%
South Korea	67%	3%	30%	11%	19%
Taiwan	36%	10%	28%	6%	19%
Thailand	55%	9%	8%	15%	12%
Indonesia	NA	17%	Net Exporter	31%	6%
Malaysia	NA	18%	Net Exporter	7%	13%
Philippines	34%	34%	40%	14%	24%
Singapore	58%	21%	16%	NA	NA
Australia	4%	2%	Net Exporter	NA	37%
Asia Average Exposure	**48%**	**13%**	**21%**	**15%**	**15%**

Source: Ministry of Energy, EPPO Thailand, ESDM, PPAC, Customs, IEA, Statistical Review of World Energy, Bloomberg, Refinitiv, Argus, Reuters, Morgan Stanley Research estimates
Note: *Crude oil imports from Middle East as a percentage of refining throughput

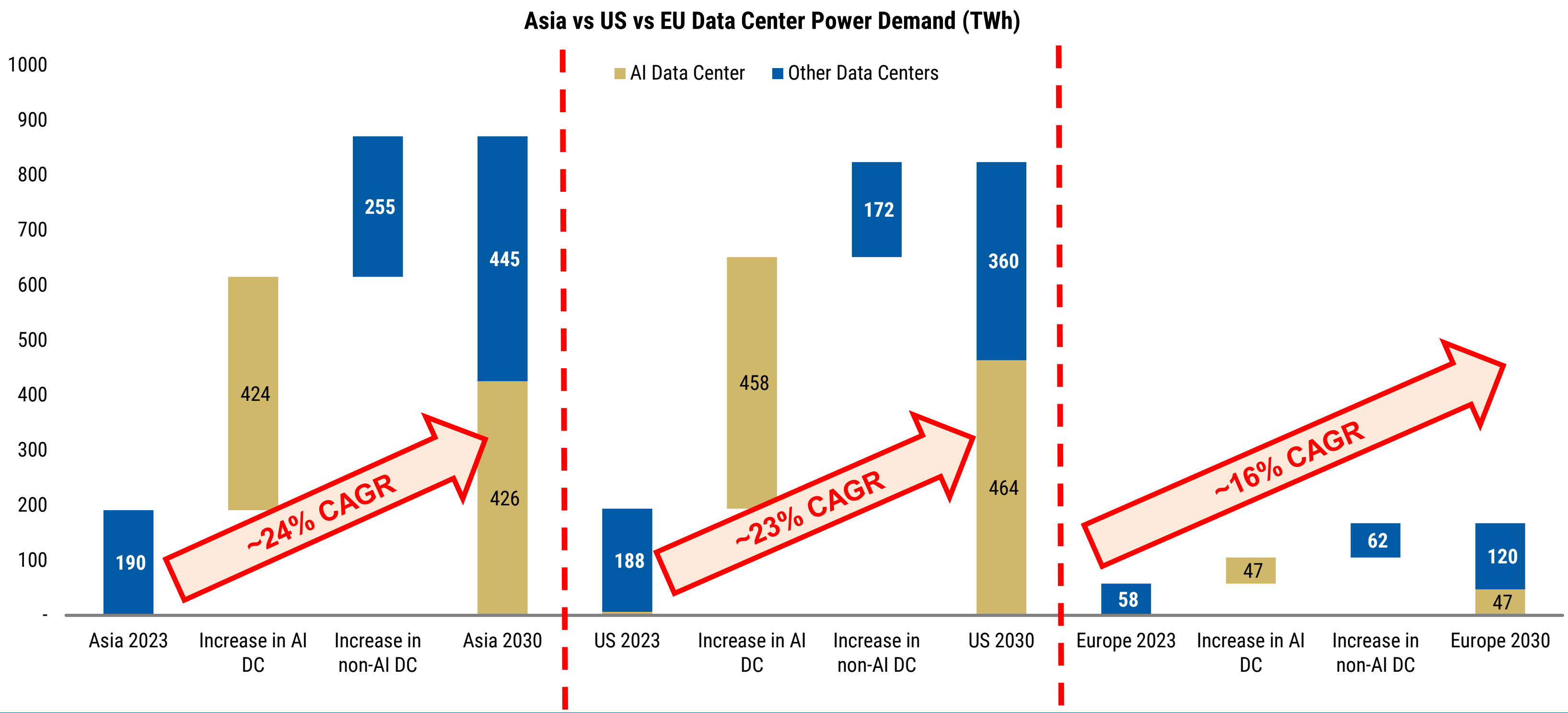
Energy Security & AI: The US$9trn Value Creation Opportunity in Asia



We see a nearly 1.6x torque to the value creation as US$5trn+ in investments across the region to ensure security of tech, AI, food, and energy supply chains, unlocking US$9trn in value.

Source: Morgan Stanley Research estimates.

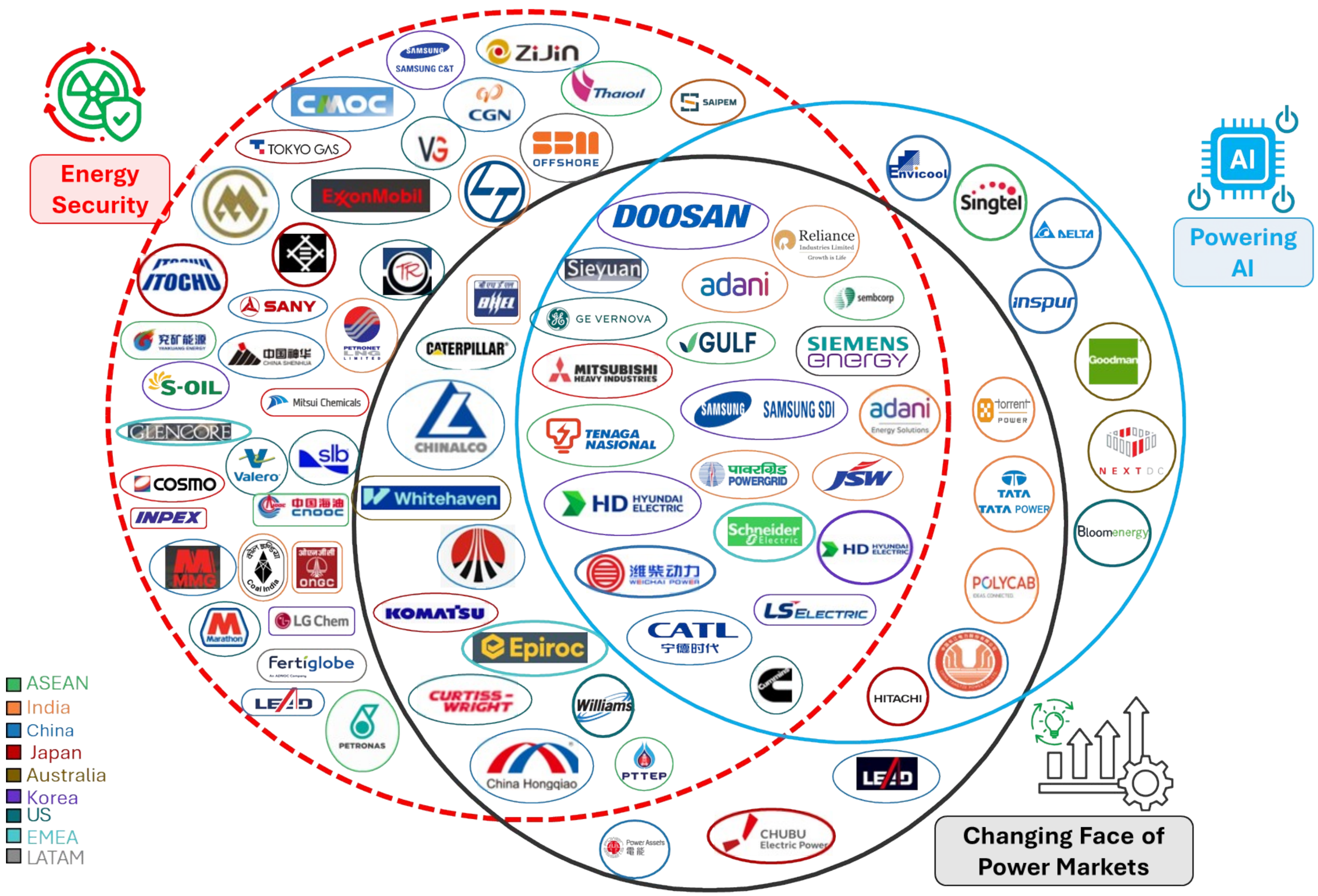
Powering AI: Asia vs. US vs. Europe Data Center Power Demand



We estimate Asia's DC power demand CAGR to be ~24% over 2023-30, exceeding that of the US and Europe, driven by faster AI inference demand and more investments committed to the region

Source: Morgan Stanley Research estimates.

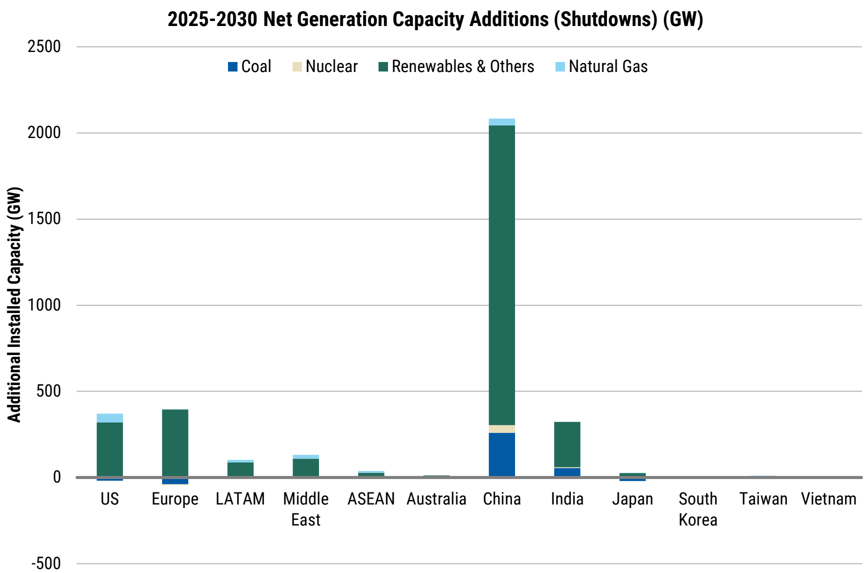
Buy "Dependable" Energy Supply Chain



Source: Morgan Stanley Research.

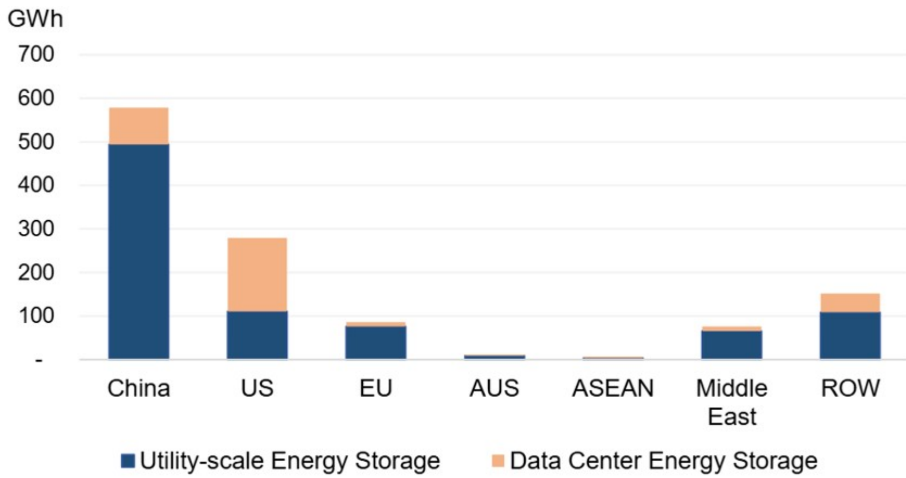
Renewables, Gas Turbines and Energy Storage Solutions the Key Beneficiaries

Renewables and gas generation assets are being added globally, but China investment dwarfs peers



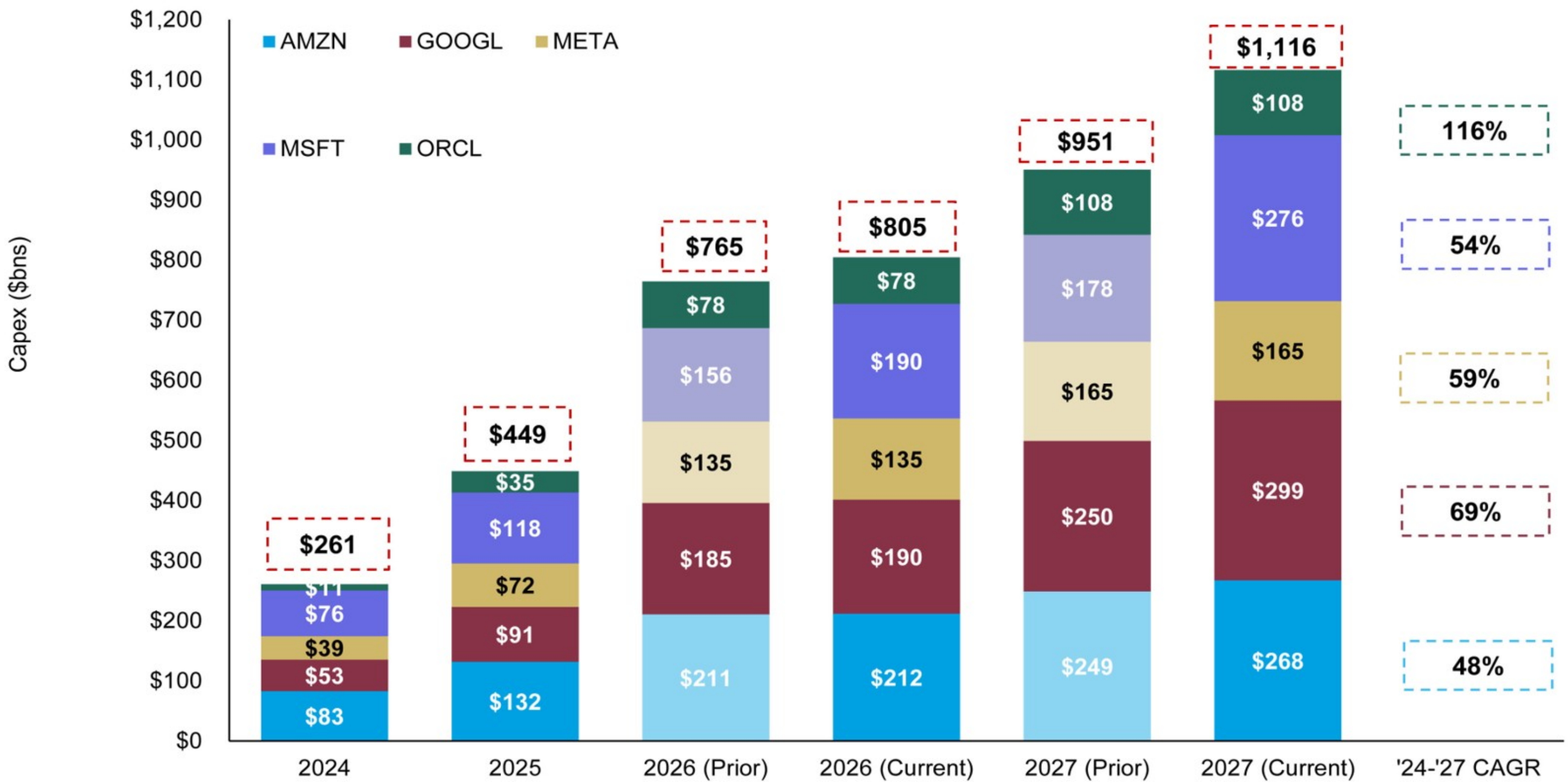
Source: Morgan Stanley Research estimates

Global ESS battery sales forecast for 2030 and geographic breakdown



Source: Morgan Stanley estimates

Cumulatively, Morgan Stanley Now Estimates the Top 5 Cloud Players Will Spend US$805bn on Cash Capex in 2026



Source: Factset, Company data, Morgan Stanley Research estimates..

Mapping Out Morgan Stanley's Four Global Themes and Investible Sub-Themes

Multipolar World (MSRSTMPW)	AI & Tech Diffusion (MSRSTATD)	Future of Energy (MSRSTFOE)	Societal Shifts (MSRSTLGT)
The Rise in Defense Spending (MSRSTDFN)	AI Enablers (MSRSTAIE)	Powering AI (MSRSTPAI)	Diabesity Ecosystem (MSRSTDSE)
Semiconductor Localization (MSRSTASR)	AI Adopters (MSRSTAIA)	Nuclear Renaissance (MSRSTNUC)	AI & Health Care (MSRSTAIH)
Critical Minerals (MSRSTCRM)	AI Infrastructure (MSRSTAII)	Europe's 'Low Decarb Diet' (MSRSTELC)	Smart Chemo (MSRSTSMC)
	Humanoids (MSRSTHUM)	Power Grid Growth & Evolution (MSRSTPGE)	Preparing for an Aging Pop'n (MSRSTPAP)
	China's AI Path	Clean Energy & Storage (MSRSTEST)	Japan Longevity (MSRSTJPL)
	China's Emerging Frontiers	Energy Security (MSRSTENS)	Future of Food & Beverages (MSRSTFFB)
	Asia AI Adoption Leaders	Globalization of Natural Gas (MSRSTGNS)	AI Job Displacement & Re-Skilling
		Asia Climate Adaptation	

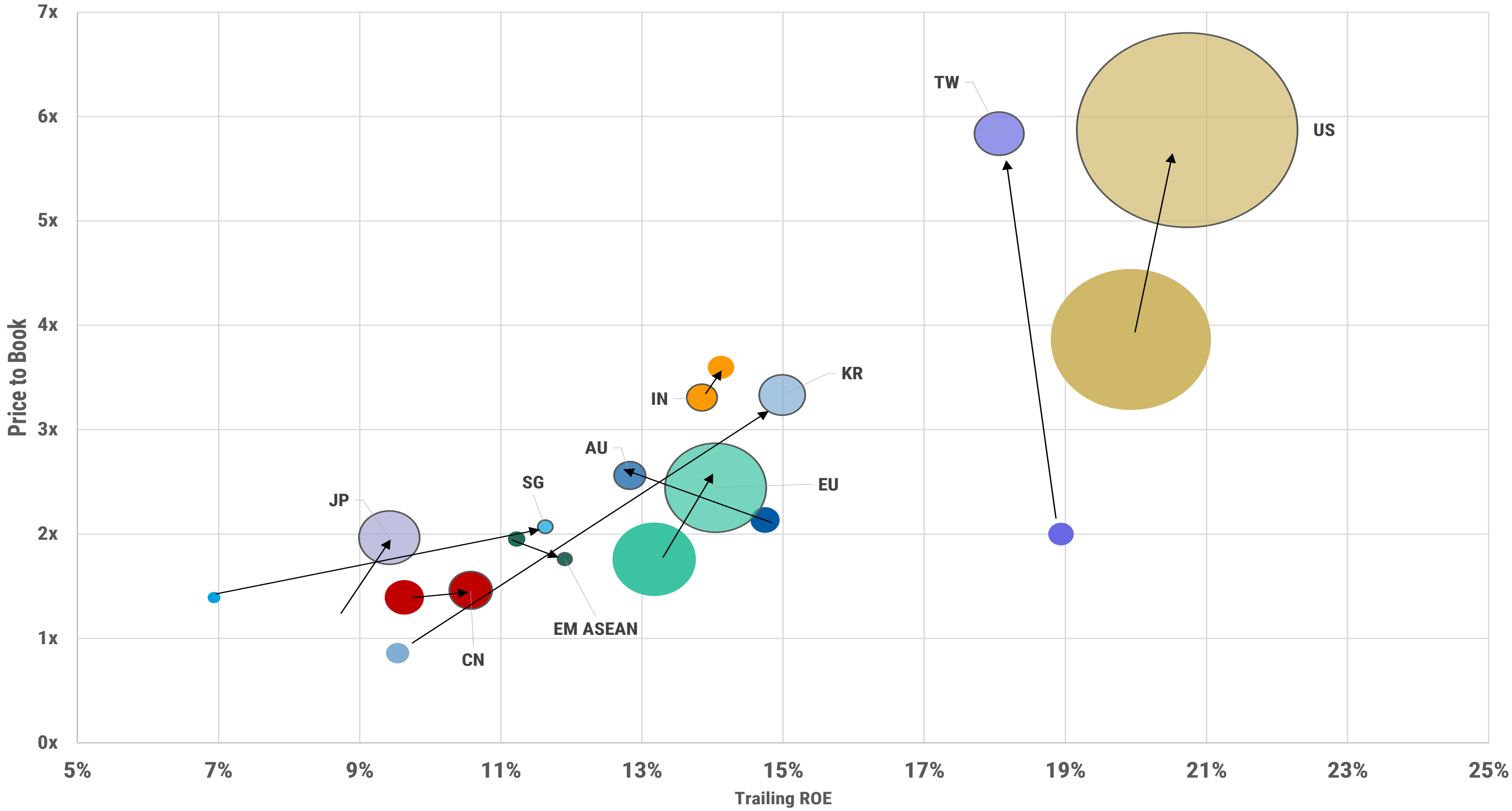
Source: Morgan Stanley Research.

Ranking Morgan Stanley's Sub-themes by Growth, Valuation and Reward/Risk

Theme	Sub-Theme	Avg Rank	Sales Growth CAGR	EPS Growth CAGR	P/E vs Themes	P/Sales vs Themes	EV/EBITDA vs Themes	P/E vs History	P/Sales vs History	EV/EBITDA vs History	Upside to Base TP	Upside to Bull TP	Bull-Bear Skew
Societal Shifts	AI & Healthcare	1	14	15	16	15	13	1	2	1	5	1	1
AI/TD	China's AI Path	2	5	4	24	16	21	8	4	5	2	3	2
AI/TD	Asian AI Adoption Leaders	3	8	9	28	21	25	6	3	6	4	5	3
Societal Shifts	China's SOE Reform	4	29	32	1	2	1	16	18	13	3	4	6
Societal Shifts	Diabesity Ecosystem	5	26	25	15	13	22	2	1	2	14	18	15
AI/TD	Asia's Technology Advances	6	4	5	29	28	32	18	12	15	7	8	8
MPW	Critical Minerals	7	16	21	11	20	6	21	10	19	24	9	12
AI/TD	AI Adopters	8	19	14	17	24	11	5	13	7	19	23	20
Societal Shifts	Japan Longevity	8	33	28	20	11	23	3	11	9	10	15	9
FoE	Globalization of Natural Gas	10	34	35	3	5	3	9	6	10	21	25	28
Societal Shifts	Future of Food and Beverages	10	32	27	21	17	11	7	7	4	18	19	16
Societal Shifts	Smart Chemo	12	24	22	10	32	17	15	14	8	9	13	18
Societal Shifts	Preparing for an Aging Population	13	22	18	6	29	28	11	16	11	17	16	17
Societal Shifts	Japan's Corporate Reform	14	31	33	8	6	9	17	23	17	20	22	10
FoE	Asia's Climate Adaptation	15	20	16	12	9	15	12	35	34	11	12	25
MPW	The Rise in Defense Spending	16	12	12	30	19	29	33	25	23	13	11	7
FoE	**Future of Energy - Asia Pacific**	17	23	23	14	10	7	23	23	28	26	21	22
AI/TD	**AI & Tech Diffusion - Asia Pacific**	18	10	10	26	25	26	24	18	20	27	20	23
MPW	**Multipolar World - Asia Pacific**	18	3	3	34	30	34	28	29	29	16	10	13
FoE	Europe's Low Decarb Diet	20	35	34	5	1	5	19	22	25	31	29	27
FoE	Energy Security	21	36	36	2	12	4	14	27	14	29	31	29
Societal Shifts	Asia's Financial Acceleration	22	25	26	13	33	19	30	30	12	12	24	11
FoE	Power Grid Growth & Evolution	23	9	8	32	22	31	34	26	31	15	14	19
Societal Shifts	Korea Reform Renaissance	24	30	29	4	3	2	35	32	16	25	35	34
AI/TD	China's Emerging Frontiers	25	2	2	35	35	35	25	9	18	30	26	33
FoE	Clean Energy & Storage	26	17	13	23	14	20	22	15	21	36	36	36
AI/TD	AI Enablers	27	11	11	27	27	27	27	20	24	32	28	31
AI/TD	Humanoid 100	28	7	7	33	31	33	26	17	22	35	33	32
FoE	Powering AI	28	18	19	25	26	24	32	28	26	22	32	24
FoE	Nuclear Renaissance	28	28	31	18	18	18	29	31	27	28	27	21
MPW	Semiconductor Localisation	31	1	1	36	36	36	31	35	36	34	17	30
AI/TD	AI infrastructure	32	6	6	31	34	30	35	33	32	33	34	35

Source: FactSet, Morgan Stanley Research. Note: Data as of Jun 3, 2026.

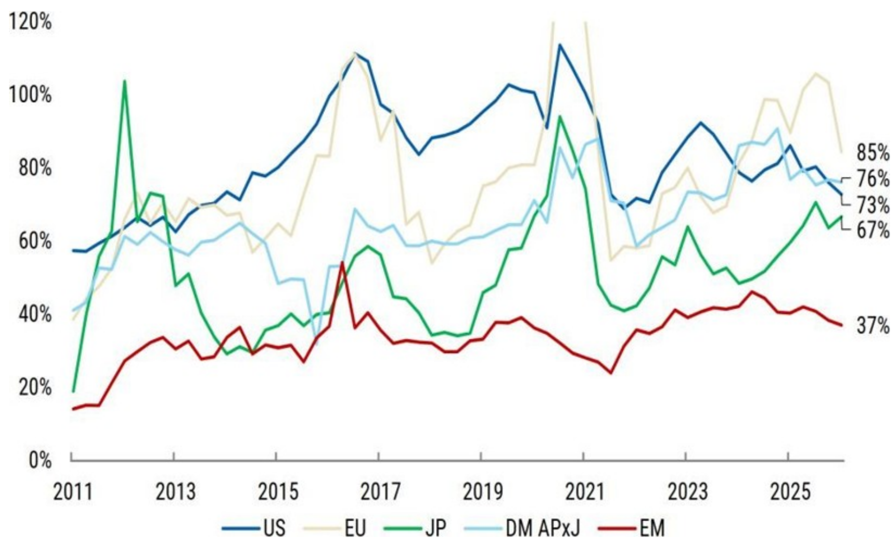
Changes from End-2022 on Price/Book vs. ROE Scatterplot – Capital Market Reform Programs Supporting a Recovery on ROE and Re-rating of Asia's Leading Markets



Source: FactSet, MSCI, Morgan Stanley Research. Note: Data as of Jun 4, 2026. Bubble size represents free float market capitalization.

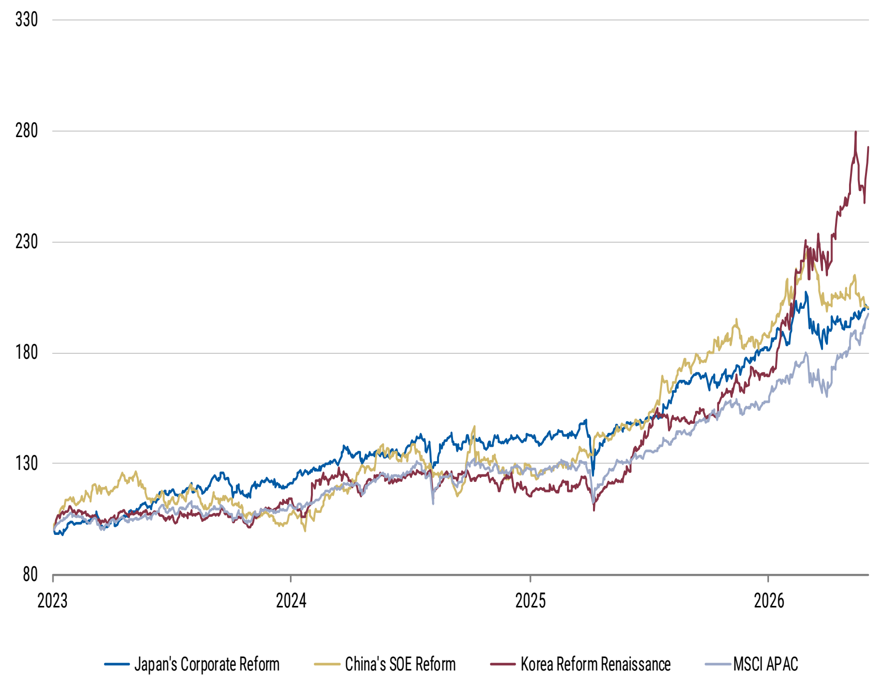
Asia's Competitive Reinvention and Reform Beneficiaries

Total payout ratio trends (dividends + net buybacks) - Japan has more than doubled since Abenomics; EM continues to lag at 37% given high investment



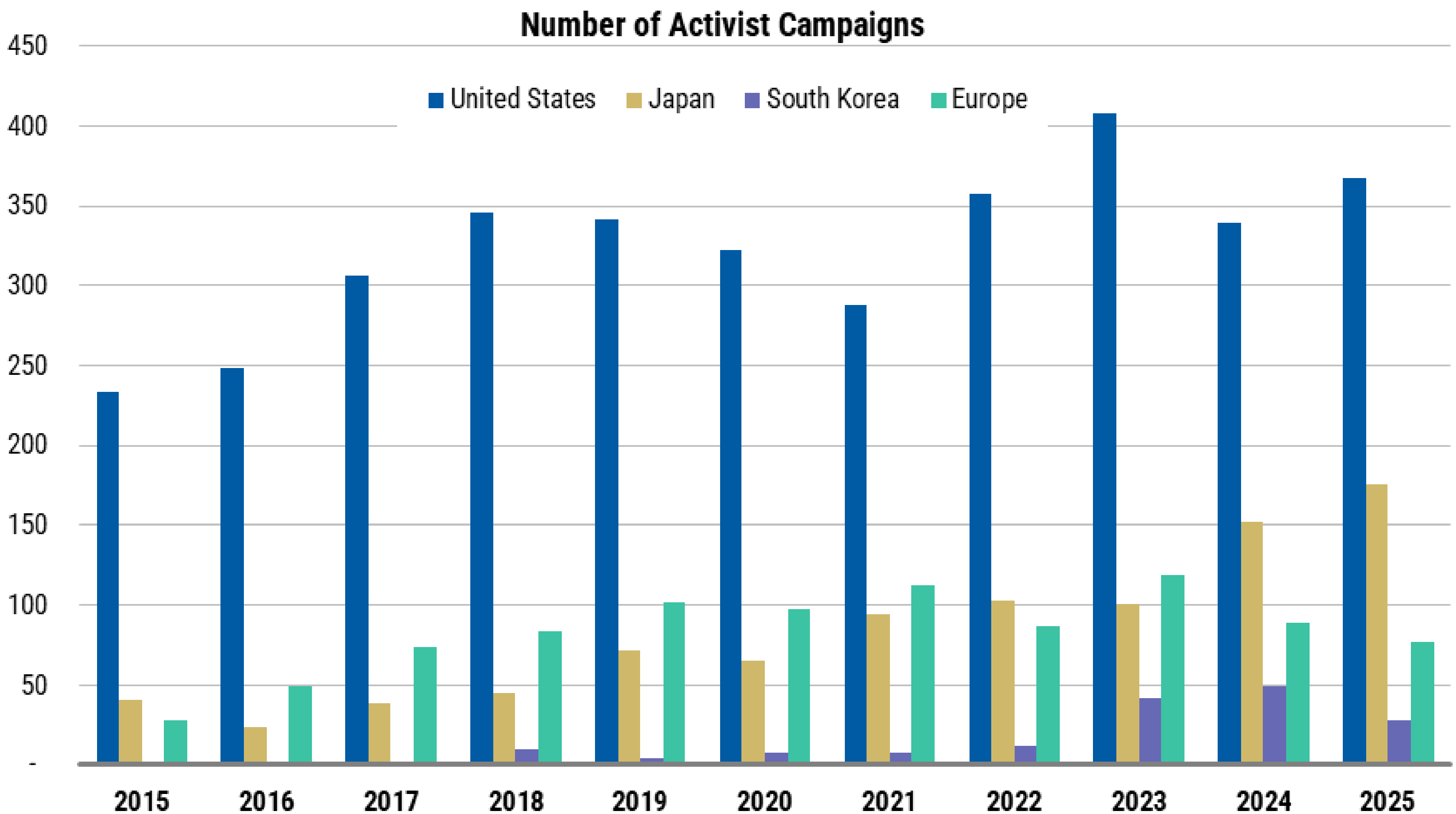
Source: Bloomberg, Morgan Stanley Research. Quarterly data as at September end, 2025.

Corporate reform opportunities have been outperforming across Asia, even in a strong market



Source: FactSet, Morgan Stanley Research; Data as of June 2, 2026.

Strong Momentum in Activism/Engagement in Japan, but Korea Attracting Attention



Source: Bloomberg, Morgan Stanley Research; Data as of March 2026

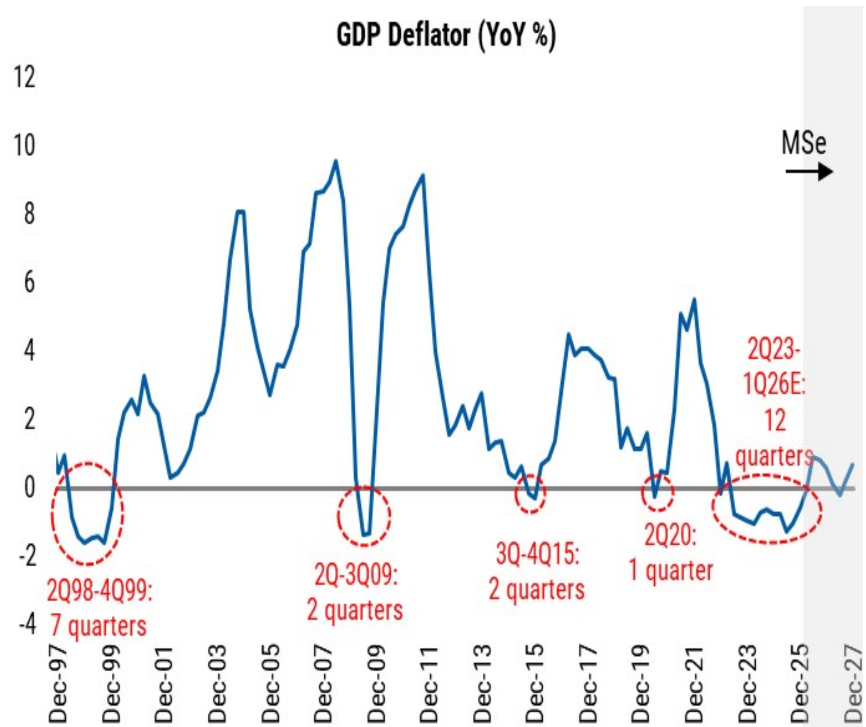
Korea – Reform Expected to Continue

Measures/Events	Remarks	Timeline
2025		
Commercial Code 1.0 amendment	The National Assembly passed the Commercial Code amendment bill on July 3. Key revisions include: (1) expanding directors' fiduciary duties to shareholders (effective immediately upon promulgation), (2) auditor appointment rules and (3) electronic general meetings for large listed companies.	Promulgated on July 15, 2025
Additional Commercial Code 2.0 amendment	The finalized Commercial Code amendment excluded the measures, including: (1) cumulative voting and (2) separate elections for audit committee which were included in the initial draft. The ruling party plans to push for the follow-up amendment to the Commercial Code, which will include omitted items. The bill was passed by the National Assembly on August 25, 2025 and promulgated by the State Council and the President on September 9.	Promulgated on September 9, 2025
Tax proposal linked to shareholders' dividend tax	MoEF announced the draft for 2025 tax proposal on July 31, 2025. The final version of the bill includes: dividend income from high-dividend-paying companies will be taxed separately at 14-30%, where the listed companies which meet the following requirements will be eligible: 1) Maintain or increase dividend amount Y/Y, and either 2) dividend payout ratio at 40%+, or 3) dividend payout ratio at 25%+ with annual dividend increasing 10% or more from the previous year. Compared to the initial proposal, requirements for minimum payout ratio and highest tax rate have been changed. The bill was submitted on November 28, 2025 and was passed by the National Assembly on December 2, 2025. To be implemented from 2026 applying FY2025 dividends.	Promulgated on December 16, 2025
2026		
Commercial Code 3.0 - Mandatory treasury cancellation measures	Lawmakers from the ruling party (DPK) proposed multiple amendment proposals to the Commercial Code, which stipulates the mandatory cancellation of treasury shares within a diverse range of periods, but finally the final bill was confirmed. The ruling party's KOSPI 5000 Committee submitted a bill to amend the rules in the Commercial Code related to treasury shares on November 24, 2025.The bill was passed by the National Assembly on February 25, 2026 with the key rules being treasury shares need to be cancelled within 1 year but for existing treasury shares an additional grace period of 6 months will be provided, and exceptions are provided but shareholder approval is needed. Passed by the National Assembly on February 25, 2026.	Promulgated on March 5, 2026
Capital market rule framework upgrade	The previous government announced a proposal for amendments to the Capital Market Act on December 2, 2024 with a focus on changing rules related to M&A and business restructuring transactions to make it less unfavorable for minority shareholders. The new administration also wants to make revisions to the Capital Market Act but we need to wait for confirmation of a comprehensive proposal or it could be a case of more piecemeal amendments.	1H26
Initiatives to incentivize KOSDAQ market investment	On Dec 19, 2025, the FSC announced measures to revitalize the KOSDAQ market, including: (1) Improvement of listing and delisting requirements to enhance market dynamism by facilitating entry for promising firms and ensuring the timely exit of underperforming or non-compliant companies; (2) Improving market credibility through greater institutional investor participation; (3) Clarifying review standards for key market issues and strengthening investor protection; and (4) Enhancing the independence and operational autonomy of the KOSDAQ market department within KRX (Korea Exchange) to encourage proactive efforts.	2026~
Launching of Sovereign Wealth Fund	The government has been discussing the launching of a state-backed strategic investment entity, often referred to as a "Korean version of Temasek (Singapore)", aimed at providing long-term capital to strategic sectors. Compared to KIC - an existing SWF in Korea - the new SWF would likely be more focused on strategic and domestic investment, rather than purely financial or global portfolio diversification. According to the MOEF, initial funding sources might include public funds, government owned assets, or policy finance institutions, rather than foreign exchange reserves. Key sectors/themes in focus would include semiconductors, AI-related sectors, energy transition, healthcare, space, defense and other strategic industries.	2026
Anti-Stock Suppression Act / Inheritance Tax	The so-called Anti-Stock Suppression Law refers to a proposed amendment to the Inheritance and Gift Tax Act, which was first introduced in May 2025 by DPK policymaker So Young Lee. The purpose of the proposal is to prevent controlling shareholders from intentionally suppressing a company’s stock price ahead of succession in order to lower inheritance or gift taxes. Under the bill, if a listed company’s PBR is below 0.8x, the stock would not be valued at market price for inheritance tax purposes but instead be assessed using a method similar to unlisted companies, with a minimum valuation floor at 0.8x PBR to eliminate incentives for artificial price suppression.	2026

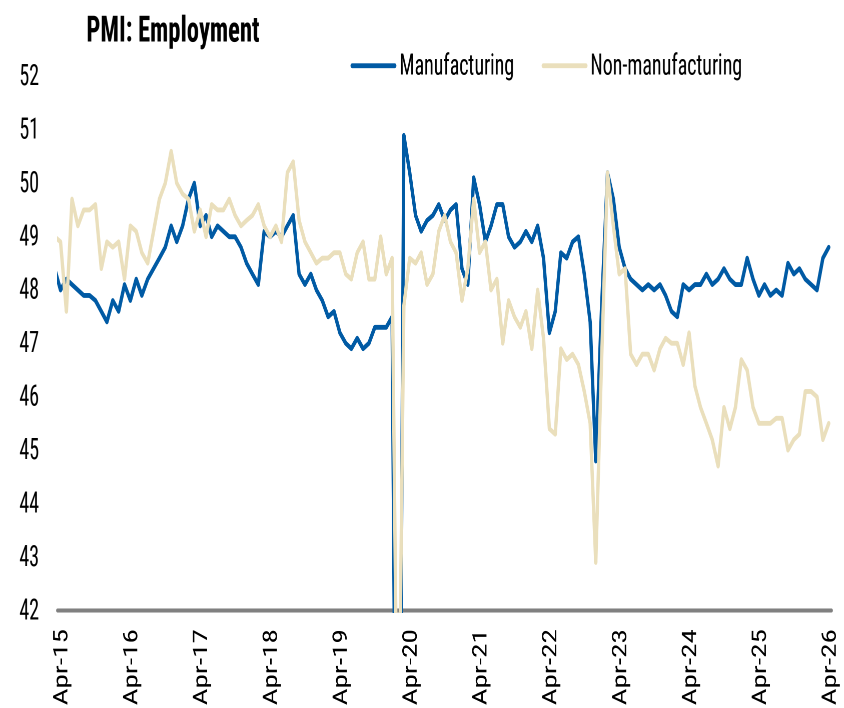
Source: Morgan Stanley Research

China — Imported Inflation, Not Sustained Reflation

GDP deflator steps out of deflation, but not out of the woods



Labor Market remained subdued, led by the service sector



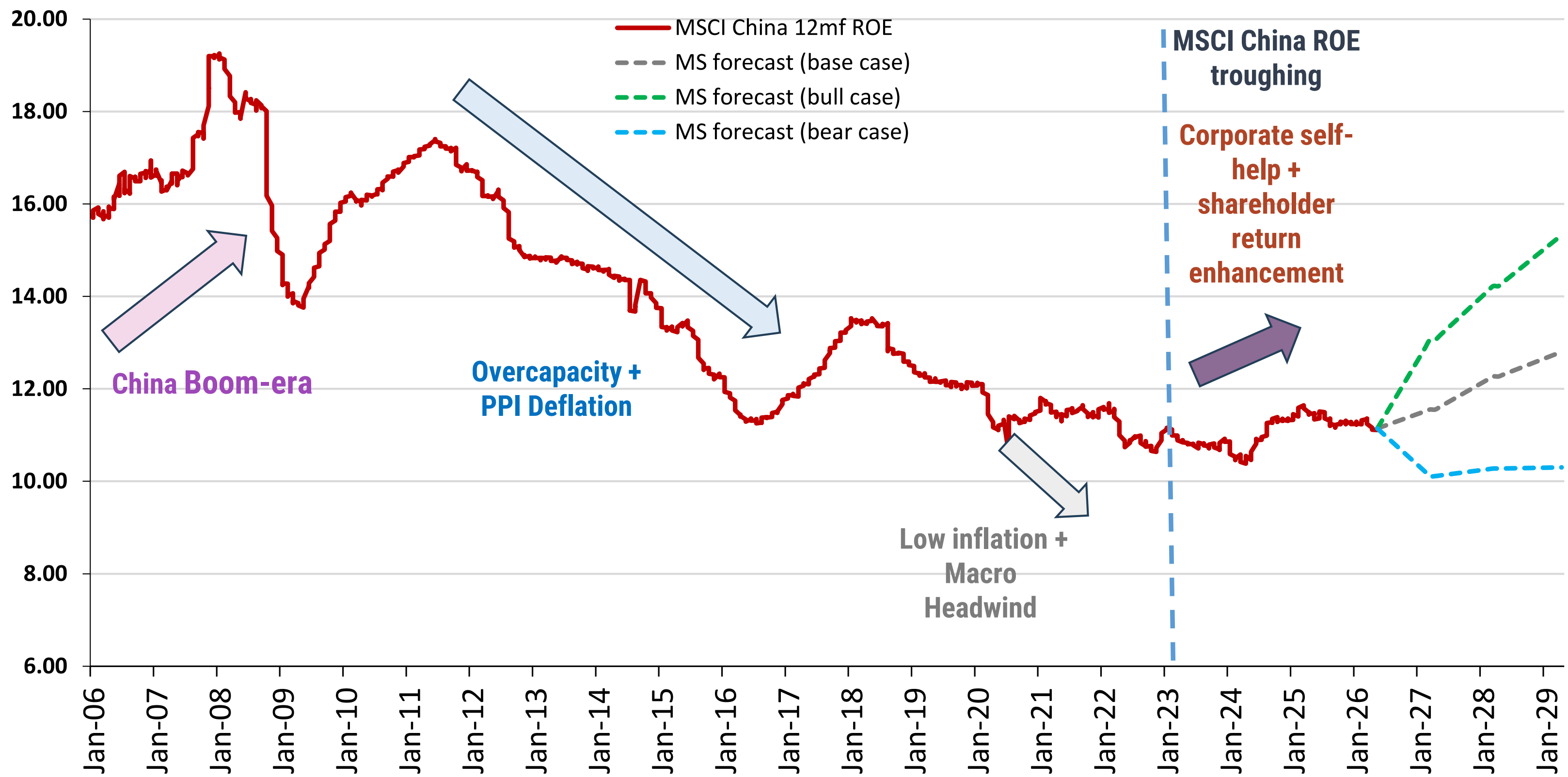
Source: CEIC, Morgan Stanley Research.

China – Reflation Midway: “5R” Reflation Strategy

Progress by End-2025	Policy Measures	Best Scenario
Reflation (20-25%)	• 1.1ppt of GDP **widening in the augmented fiscal deficit** in 2025 • PBoC cut policy rate by 10bp and RRR by 50bp in 2025.	• A consumption-focused Rmb10trn fiscal package over the next two years. • More meaningful monetary easing measures to lower elevated real interest rates.
Rebalancing (25-30%)	• **Consumption support**: consumer goods trade-in; wage hike for civil servants. • **Social welfare**: national fertility subsidies; free pre-school education. • **Anti-involution**: current measures mainly center around capacity consolidation and verbal guidance.	• Meaningful rise in social welfare spending to unleash elevated household savings for consumption. • Launch of “Structural Reform 2.0” to reform supply-centric incentives and curb inefficient manufacturing capacity.
Restructuring (60-80%)	• A 5-year Rmb10trn **local government debt swap program.** • Wider government bond usage for **land and housing inventory buyback.** • Rmb300bn in PBoC relending for **converting housing inventory to social housing.**	• Rmb3-4trn central government/quasi-fiscal funding to help digest housing inventory. • A comprehensive LGFV debt resolution plan to evenly share the burden among central government, local governments, PBoC and banks.
Reform (25%)	• Start of equity market reforms with “**Nine-Point Guideline”** to promote investment returns.	• SOE reforms to improve public sector productivity. • Fiscal and tax reforms revamp local government incentives and improve the efficiency of resource allocation.
Rekindle (60-70%)	• President Xi held a **symposium with private firms**, with **Jack Ma included.** • New **swap and relending facilities** to support stock market.	• Clearer signals to end the regulatory reset since 2021. • More efforts to invigorate the capital markets. • Further service sector opening up.

Source: Government websites, Morgan Stanley Research.

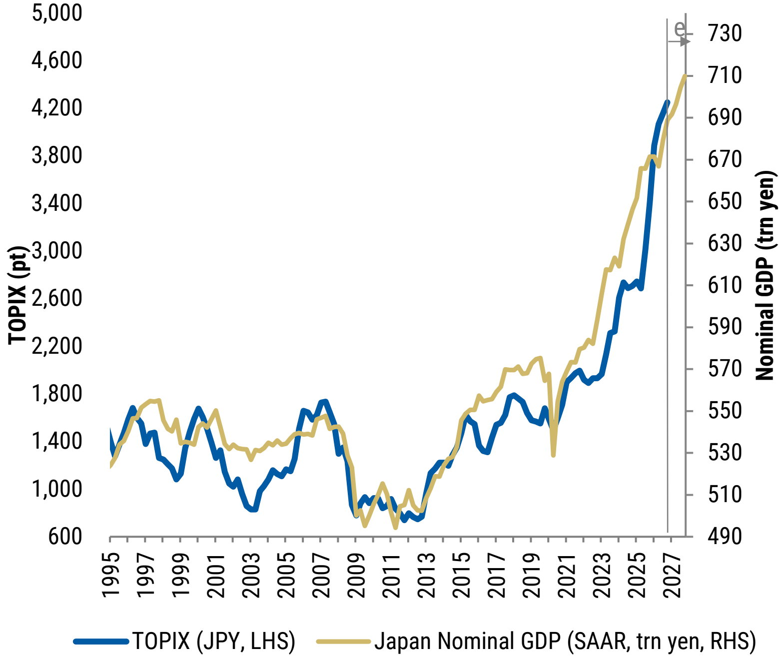
MSCI China ROE May Have Troughed Given Bottom-up Progress



Source: Bloomberg, Morgan Stanley Research. Note: Historical data are weekly as of May 8, 2026.

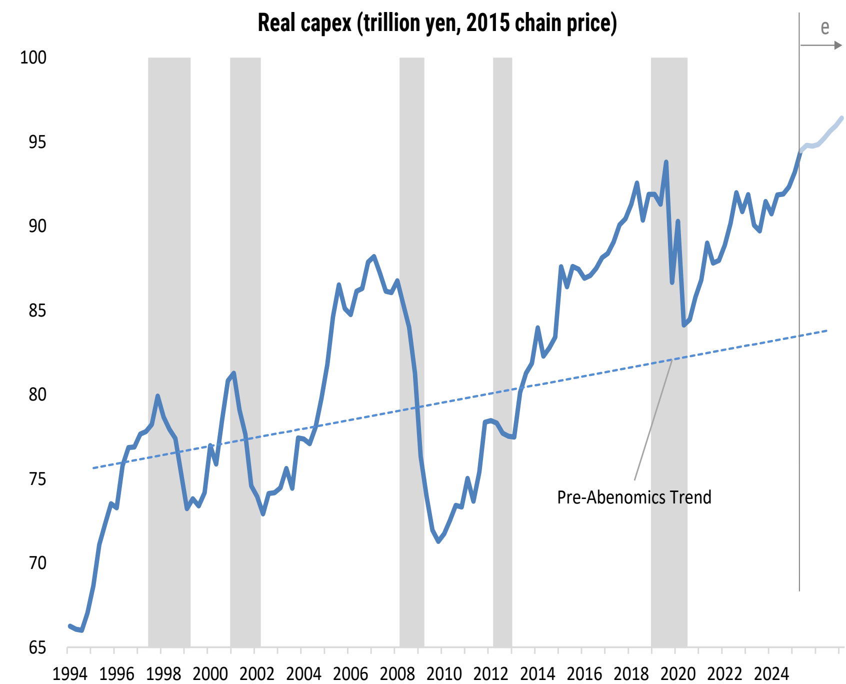
Japan — A Momentous Shift to Sustained Nominal Growth

Japan's Nominal GDP (trn yen) and TOPIX



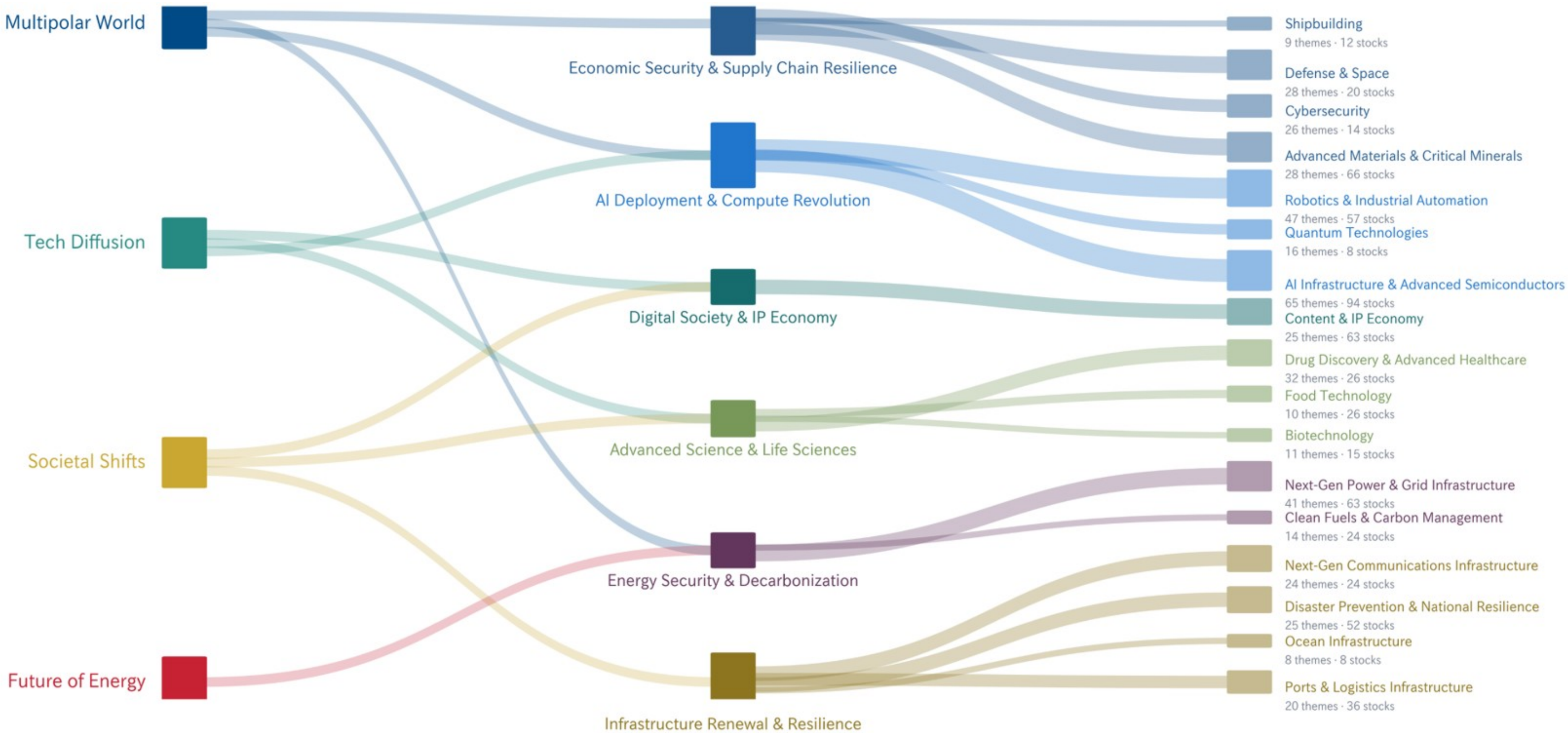
Source: FAME, Morgan Stanley Japan Economics Research. Note: Nominal GDP from 4Q2025 and beyond shows our forecast.

Real Capex and Our Forecasts (2015 chain price, trn yen) – Capex Trend has Shifted up Even on an Inflation-adjusted Basis



e=Morgan Stanley Research estimates. Shaded bars indicate recession periods. Source: Cabinet Office, Morgan Stanley Japan Economics Research.

Japan — PM Takaichi's 17 Strategic Domains Converge into a Set of Concepts



Note: MS's four Big Themes are defined as the top-level investment concepts (L0). L1 comprises six investment narratives derived from L0. L2 is defined as the 17 strategic domains under the Takaichi administration (Defense and Space" are consolidated into single category. "Energy security and GX" are split into "Next-Gen Power & Grid Infra" and "Clean Fuels & Carbon Management," with fusion energy included in the former. Robotics is treated as a standalone theme.). L3 contains L4, the stock-selection categories. The universe is Prime-listed companies plus Astroscale.
Source: Morgan Stanley Research

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Global Stock Ratings Distribution

(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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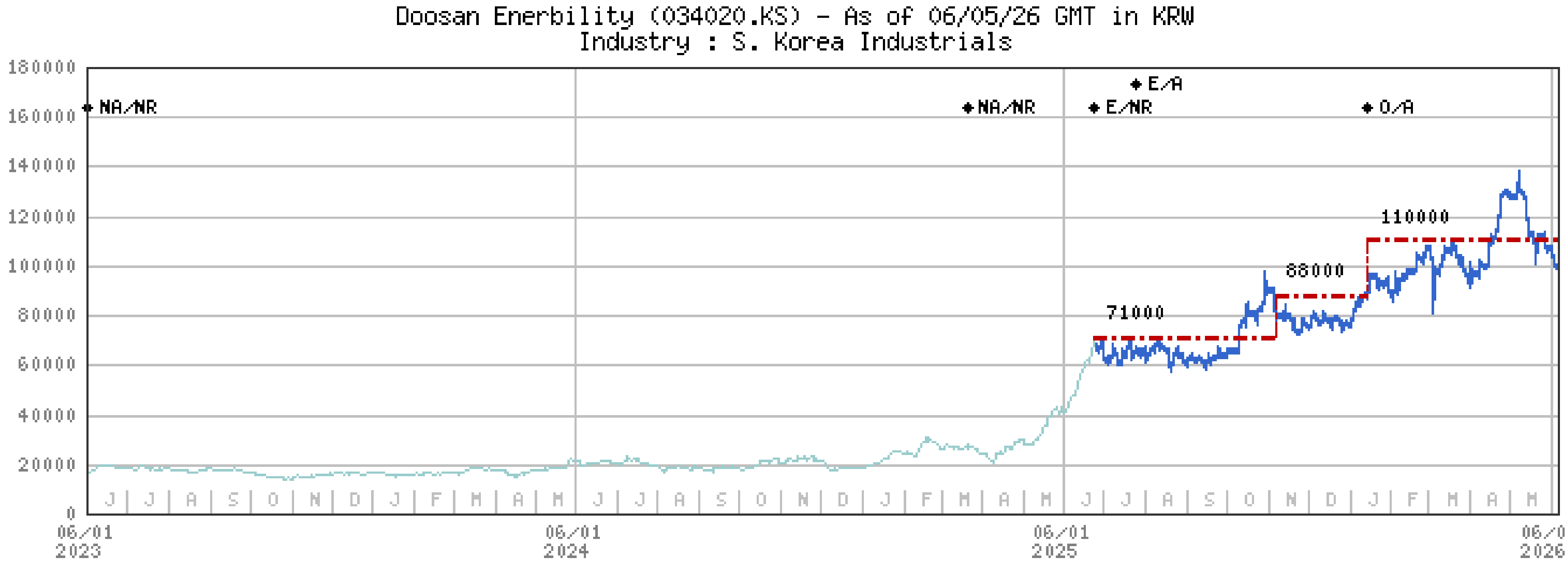
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 6/1/21 : NA/NR; 3/20/25 : NA/NR; 6/24/25 : E/NR; 7/25/25 : E/A; 1/14/26 : O/A

Price Target History: 12/11/20 : NA; 6/24/25 : 71000; 11/6/25 : 88000; 1/14/26 : 110000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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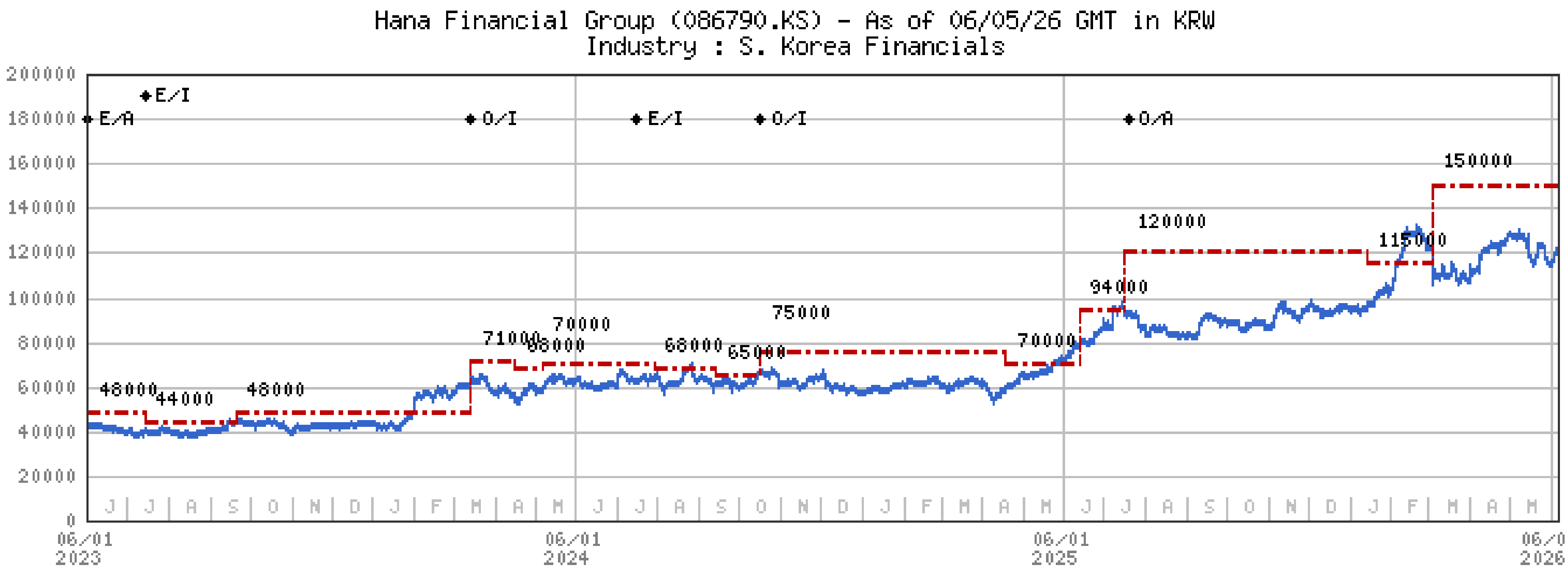
Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.



Stock Rating History: 6/1/21 : O/A; 5/16/23 : E/A; 7/14/23 : E/I; 3/14/24 : O/I; 7/16/24 : E/I; 10/16/24 : O/I; 7/19/25 : O/A

Price Target History: 5/26/21 : 56000; 11/5/21 : 58000; 2/28/22 : 62000; 7/4/22 : 50000; 5/16/23 : 48000; 7/14/23 : 44000; 9/20/23 : 48000; 3/14/24 : 71000; 4/16/24 : 68000; 5/6/24 : 70000; 7/29/24 : 68000; 9/13/24 : 65000; 10/16/24 : 75000; 4/18/25 : 70000; 6/12/25 : 94000; 7/16/25 : 120000; 1/13/26 : 115000; 3/3/26 : 150000

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target   No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst)   Stock Price (Covered by Current Analyst)

Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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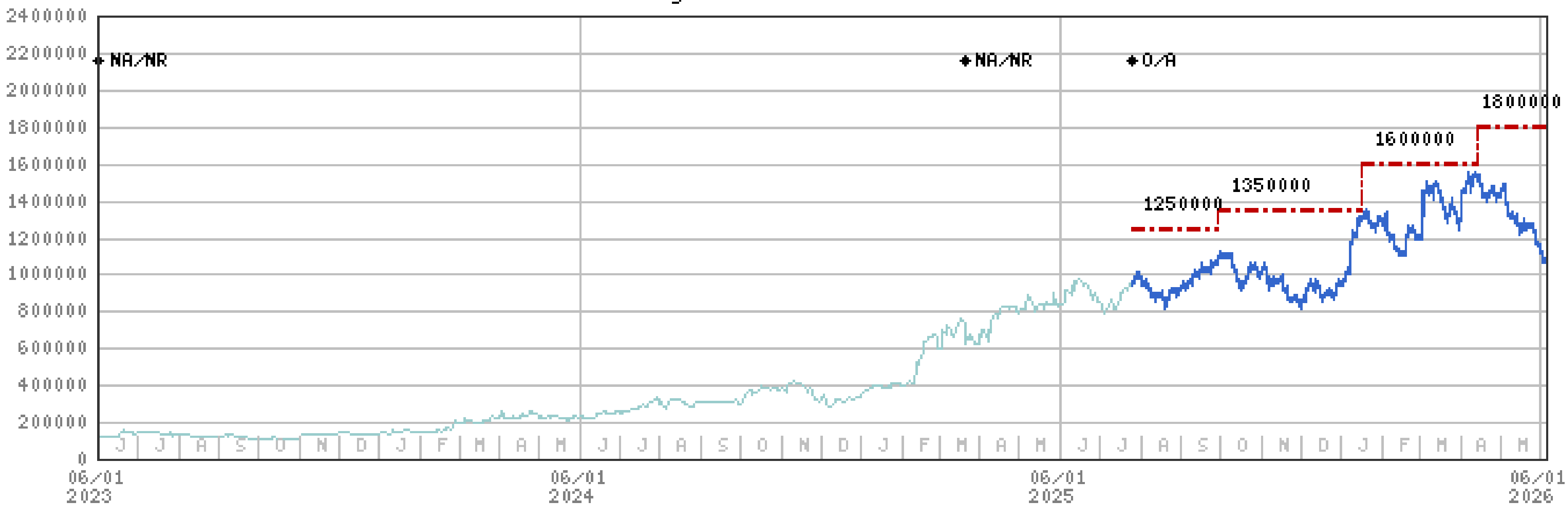
Hanwha Aerospace (012450.KS) - As of 06/05/26 GMT in KRW
Industry : S. Korea Industrials



Stock Rating History: 6/1/21 : NA/NR; 3/20/25 : NA/NR; 7/25/25 : O/A

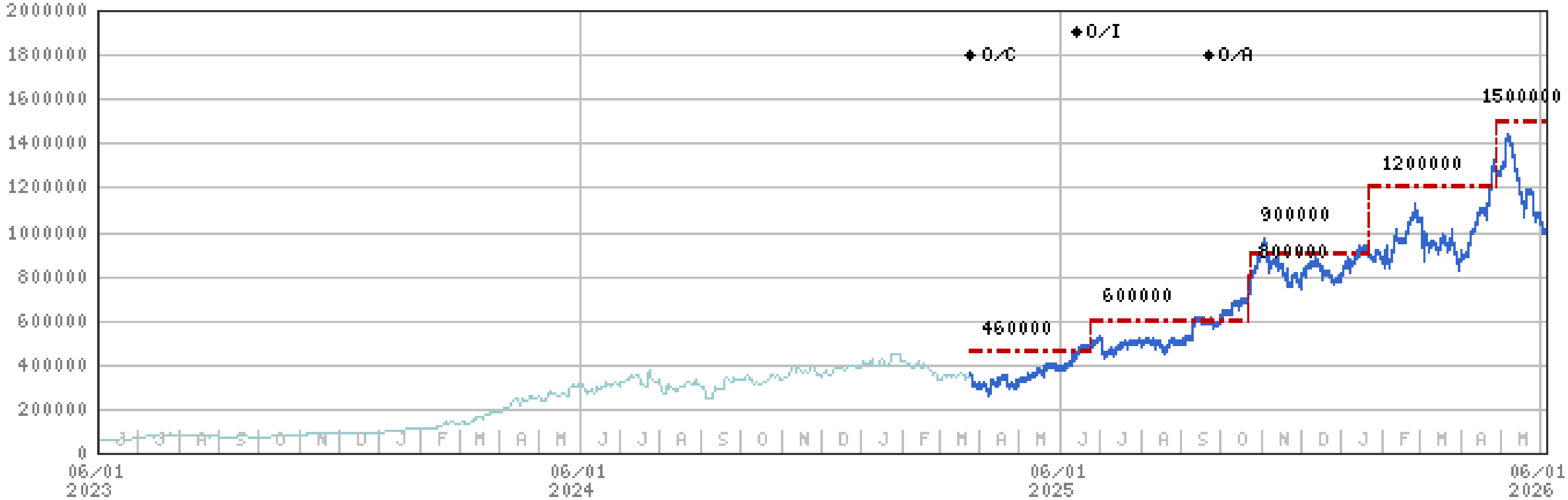
Price Target History: 7/25/25 : 1250000; 9/29/25 : 1350000; 1/16/26 : 1600000; 4/14/26 : 1800000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

HD Hyundai Electric Co Ltd (267260.KS) - As of 06/05/26 GMT in KRW
Industry : S. Korea Technology



Stock Rating History: 3/25/25 : O/C; 6/13/25 : O/I; 9/21/25 : O/A

Price Target History: 3/25/25 : 460000; 6/24/25 : 600000; 10/21/25 : 800000; 10/23/25 : 900000; 1/22/26 : 1200000; 4/28/26 : 1500000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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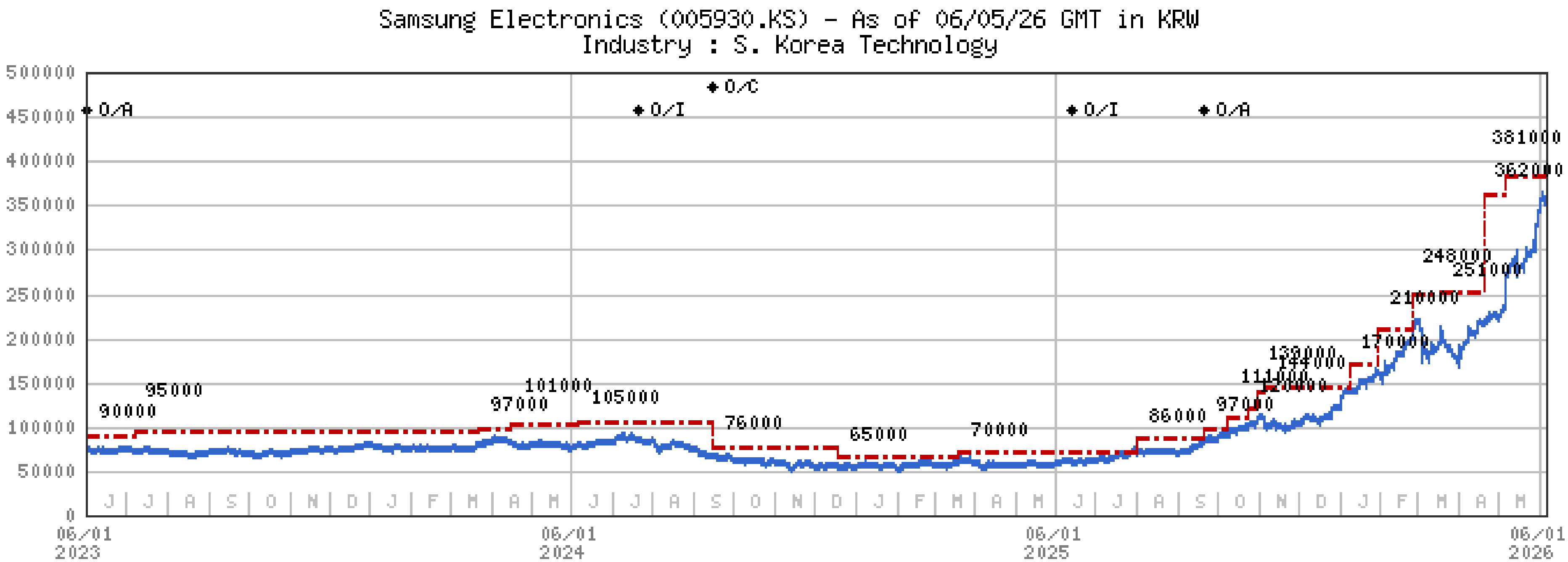

Stock Rating History: 6/1/21 : O/A; 7/19/21 : O/I; 8/12/21 : O/C; 10/4/22 : O/A; 7/21/24 : O/I; 9/15/24 : O/C; 6/13/25 : O/I; 9/21/25 : O/A

Price Target History: 5/18/21 : 93000; 6/8/21 : 98000; 8/12/21 : 89000; 9/15/21 : 95000; 12/3/21 : 97000; 3/18/22 : 95000; 4/28/22 : 85000; 6/10/22 : 80000; 7/5/22 : 75000; 7/22/22 : 70000; 9/17/22 : 68000; 3/21/23 : 70000; 5/30/23 : 90000; 7/7/23 : 95000; 3/22/24 : 97000; 4/16/24 : 101000; 6/6/24 : 105000; 9/15/24 : 76000; 12/18/24 : 65000; 3/19/25 : 70000; 8/1/25 : 86000; 9/21/25 : 97000; 10/8/25 : 111000; 10/23/25 : 120000; 10/30/25 : 139000; 11/5/25 : 144000; 1/8/26 : 170000; 1/30/26 : 210000; 2/24/26 : 248000; 3/18/26 : 251000; 4/19/26 : 362000; 5/6/26 : 381000

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target   No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst)   Stock Price (Covered by Current Analyst)

Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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