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US Public Policy | Asia Pacific

US-China Summit: What to Expect

President Xi is set to visit the US on September 24. We see an extension of "managed competition" as the approach, with a muted market impact given low expectations. AI competition runs on a separate escalation track, and we see AI Sovereignty & Semi Localization and Economic Security as thematic opportunities.

Key Takeaways

- We think managed competition holds near term, while competitive confrontation remains the longer-term trend, with Iran a clear variable
- The real focal point is November 10, when the BIS Affiliates Rule suspension, China's rare-earth pause, and the 178-item Section 301 exclusion list expire
- On AI, we see the US seeking cooperation on monitoring AI-directed cyber attacks and a "middle path" on restrictions that leaves below-frontier intact

US Policy: We expect "managed competition" to remain the near-term approach, with the summit focused on extending the rare-earths/trade truce rather than delivering a broader reset. But competitive confrontation remains the longer-term structure. AI is increasingly on a separate escalation track – there is much to discuss at the AI dialogue, but we only expect agreement to talk further.

China Economics: The Washington summit is primarily a test of whether the existing trade truce can survive targeted escalation and extend beyond the November 10 expiry, rather than a route to a grand agreement. Targeted tariff relief and a modest commercial package could reinforce "constructive strategic stability," but core disputes over advanced technology and critical minerals remain unresolved and constrain the economic upside.

China Equity Strategy: Low expectations imply a limited index-level reaction to a trade truce extension, while macro weakness, regulatory concerns and liquidity headwinds remain more important near-term constraints on China equities. The clearer implication is beneath the surface - AI sovereignty and localization remain structural opportunities across scenarios, while AI/datacenter, biopharma and other cross-border exposures carry greater downside if geopolitical tensions re-escalate.

Asia Thematic & Equity Strategy: For Asia, managed US-China competition preserves economic optionality but does not slow the multi-year effort to reduce strategic supply-chain dependencies across the region. That reinforces the Investment Super-Cycle and opportunities in *Economic Security & Reindustrialization* and *AI Sovereignty & Semi Localization*, where earnings revisions remain supportive despite the recent valuation/performance reset.

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Exhibit 1 : US-China Relations Framework, based on scenarios for US policy approach (offense = proactive investments and incentives, defense = security related policies)



Source: Morgan Stanley Research

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US Policy: Setting Expectations & Broader Framework

Managed competition or competitive confrontation...defining the relationship: We think the overall US-China relationship will continue to be characterized by mutual dependencies underpinning a "managed competition" dynamic in the near term. That does not preclude the broader backdrop of competitive confrontation (that we discuss in more detail below), but we think reflects the nearer-term incentive to not dislodge the equilibrium that governs both sides' decision-making. Simply put, the US maintains a dependence on China for certain rare earths, while China continues to depend on the US for some of its chip exports. At the same time, both are slowly de-risking and building two distinct tech ecosystems (the "Two Worlds" divergence) that we discuss here and here, with important implications for AI sovereignty as we detail later in this section. That means we can continue to see tactical escalation within the broader pre-existing boundaries, as evidenced by recent policy actions (MOFCOM's June 22 rare-earth listings, the FCC humanoid-robot and inverter ban, and more). **Hence, the goal heading into the summit we think is managed competition as a tactic, with competitive confrontation as a longer-term structure.** That reflects the outcome of the May summit ("Limited Truce +"), which saw selective cooperation in lower-sensitivity areas, incremental trade, and investment commitments well short of comprehensive agreements, with harder issues either deferred to a later date or narrowly managed rather than fully resolved. We think this upcoming meeting will be more of a follow-up to those commitments than the introduction of many new deliverables.

To that point, we see fewer deliverables outside of traditional trade commitments & the rare-earths truce extension (see more detail in the next section). The focal point for us is November 10, when three measures all expire simultaneously: 1) the BIS Affiliates Rule suspension, the pause on Chinese rare earths controls, and the 178 item Sec 301 exclusion list. We expect both sides to prioritize rolling the deadline forward. On tariffs, we think the US likely prioritizes keeping China's effective rate above other trading partners (which is a strategic imperative, as we've argued in the past).

Tail risks into the summit, outside of tactical escalation: Iran is the clearest variable, in our view. Treasury launched Operation Economic Outcast on August 24, threatening secondary sanctions on Iran's enablers (and laying out a clear escalation ladder), as Secretary Bessent explicitly declined to exempt China and later warned that Chinese banks intermediating Iranian oil revenue would be in scope. In our view (and as our China equity strategists describe below), the greatest tail risk would be the US targeting non-USD based transactions. This is not our base case before the summit or in the immediate aftermath, absent a material change in the US-Iran conflict dynamics.

AI policy is on the agenda, but efforts are nascent. Institutional progress could be plausible because the dialogue itself was a deliverable from May. **What does the US want?** In this context, we see the US asking for cooperation on monitoring AI-directed cyber attacks and has floated asking US/Chinese labs to self-regulate and share threat information. The administration has also flagged concerns around Chinese distillation of proprietary US models (see more here) via a public advisory. In that vein, we see the US prioritizing a "middle path" for restrictions that basically leaves the below-frontier

universe as is in the near term while controlling frontier capabilities and/or restricting certain models via a mix of authorities: As we detail here, several tools are available to the administration and Congress, and Sec. Bessent has indicated he could sanction developers using stolen US technology. **What does China want?** We think visibility into how Washington will regulate the release of future frontier models. Chinese officials have repeatedly stressed the importance of the AI talks in preparatory meetings with US counterparts and view them as a major deliverable of the summit.

Two Worlds & AI Sovereignty

Our thesis, in short, is that as AI progresses into the national security arena, we see an increasing probability of both US and Chinese AI policy intervention, which could lead to a greater bifurcation of the global market. US restrictions likely lean toward controls over advanced chips and semi equipment as well as limits on cloud, compute access, procurement, and distribution, while we think Chinese areas of focus are more likely to be around regulation and local model integration/platform and app store access, for example. From a US perspective, we see a middle path that seeks to balance two objectives: 1) permitting a certain degree of open-weight models (for a discussion of the merits of open vs. closed weight, see here) to facilitate proliferation, model development, and access; and 2) safeguarding US frontier LLM IP. In our view, that could be potentially be achieved, for example, by prohibiting usage of certain Chinese AI model developers' models by US firms. Although technology restrictions and geopolitical tensions may create benefits for some companies to the detriment of others across the technology stack, duplicating AI capacity across the stack leads to a larger and longer-lasting global AI capex cycle. The biggest beneficiaries are likely to be infrastructure providers and companies that can enable localized AI deployment while maintaining compliance, security, and governance requirements.

See: US Public Policy & Global Thematics: AI Sovereignty: Policy, Market, and Economic Implications (19 Aug 2026)

China Economics: Deliverables & The Trade Relationship

The US-China relation has underdone another round of escalation/de-escalation cycle since 2025. The pivotal moment was the October 2025 Busan meeting, which arrested an escalation cycle involving triple-digit tariff threats, US technology restrictions and increasingly expansive Chinese rare-earth export controls. The outcome was essentially a one-year stalemate: Washington reduced some tariffs and suspended its penetrating Entity List rules, while Beijing suspended its second wave of rare-earth controls and other retaliatory measures. The May 2026 Beijing summit moved the relationship toward what we described as a "Limited Truce+": the two sides established Trade and Investment Boards, announced some agricultural and aerospace purchases, and established a broader concept of "constructive strategic stability.". On the other hand, little progress was made on the core strategic disputes around advanced semiconductors and critical minerals.

The consensus has largely held since Beijing, though interspersed with targeted escalations. China has further strengthened its strategic-mineral framework, and used entity listings and export controls against US defense, rare-earth and drone companies. The US has tightened restrictions around robotics, inverters and drones. That said, the agreement achieved in Busan remained intact. We think the relationship is increasingly characterized by sector-specific competition inside a broader understanding, echoing the mutual dependence embedded in the "chips-for-rare-earths" equilibrium. Both sides have a strong incentive to prevent narrow disputes from escalating into an economy-wide conflict.

The upcoming Washington summit may be a first attempt to validate and substantiate the "constructive strategic stability": Our base case for Washington is therefore an extension of managed competition rather than a grand agreement.

- **Some form of extension of the Busan consensus:** Three key components of the Busan deal will expire on November 10: 178 US Section 301 tariff exclusions on Chinese imports, the suspension of the BIS Affiliates Rule, and China's suspension of its second-wave rare-earth controls. As November 10 falls ahead of the 2026 APEC Summit on Nov 18-19, when the two Presidents will likely meet again, we think both sides have incentives to work towards more clarity on such an extension at the Washington Summit. As a result, we would view a rollover, potentially with some modifications, as a base case.
- **On tariffs, we expect some targeted rollback, but broad tariff framework remains intact for now.** The US tariff structure has already shifted from the legally challenged IEEPA regime toward more durable Section 301 and Section 232 authorities, while China may tolerate certain US tariff levels [illegible] broadly consistent with the existing framework. Consequent[illegible] deliverable is targeted reciprocal relief under the Board of T[illegible] teams are currently negotiating a framework covering rough[illegible] sensitive trade on each side. This would be economically mo[illegible] bilateral trade, but politically useful as it cements the "const[illegible] strategic stability, where tangible (albeit modest) results can[illegible] touching strategically sensitive areas. That said, potential Se[illegible]



tariffs should be an overhang, even beyond the summit.

- **We expect a modest "commercial package":** We see scope for additional agricultural market-access measures, purchase commitments, and possibly further implementation of the Boeing and aviation agreements reached in May. Regarding the Board of Investment - with some hope in light of potentially a large Chinese business delegation visiting DC alongside President Xi - we think meaningful liberalization of US national-security investment restrictions looks much less likely. Discussions around selective commercial openings in non-sensitive sectors may take place, yet we do not look for immediate concrete steps.

The main risks to the current understanding, and potentially to the Washington summit itself, would arise if either side viewed the other's measures as broadening beyond the implicit boundaries of managed competition. US arms sales have been established by Beijing as a clear red line. Should current non-tariff and technology restrictions broaden significantly, the current equilibrium would be more difficult to sustain. For example, the FCC has increasingly moved from restrictions on individual Chinese companies toward category-wide and component-level controls covering drones, routers, robotics and power inverters, while reportedly considering further restrictions on Chinese optical transceivers used in AI data centers. A further expansion into foundational technology and digital infrastructure supply chains could be viewed by Beijing as a broader tightening of US technology restrictions, potentially prompting reciprocal measures on rare earths, critical minerals, dual-use goods or other supply-chain chokepoints. This could test the current equilibrium.

Bottom line: Washington summit is a test of durability of current trade truce. Busan arrested further escalation; Beijing added a light layer of institutions and a modest commercial agenda; Washington needs to show the framework can survive despite targeted escalations and move beyond the original one-year expiry.

China Equity Strategy: Scenarios & Market Implications

Laura Wang, Chloe Liu

The current trade truce expires on Nov 10. Both sides are reportedly treating an extension as "almost certain" but disagree on scope/duration. We believe that likely base-case deliverables include a rollover of China's rare-earth export restriction pause, continued US tariff suspension, more purchases on agricultural/aircraft/energy sides, and further US tech-export approvals — assuming no serious trade disagreement occurs beforehand. That said, the latest cycle (FCC bans/forced-labor listings vs. Chinese export controls/ blacklists) illustrates how vulnerable the trade truce might be, which makes us believe that a scenario analysis of potential different outcomes and the implications on the market would be helpful for risk-reward analysis.

We leverage the framework we designed in March ahead of the first Trump-Xi meeting during President Trump's second term (China Equity Strategy: US-China Presidential Summit: Scenario Framework & Investment Implications (15 Mar 2026)).

What's changed vs. the original March (rescheduled to May) backdrop

- **New sector in scope:** Grid/power equipment. EO 14420 (Aug 26) adds a fifth "swing" sector alongside Semiconductors, Internet/Datacenters, Healthcare, and Materials — DOE's 120-day implementation window (~late Dec 2026) is a key signpost independent of the summit outcome itself.
- **Iran-linked secondary sanctions risk is now a distinct escalation lever** not present in the March framework, given China's role as the largest importer of Iranian crude and Treasury's explicit warnings about bank-level sanctions.
- **AI competition is running on its own track and has become a headline summit topic, not just an economic afterthought** — Trump has said AI will be discussed, while a first-ever official US-China AI safety dialogue (led by Treasury Secretary Bessent) is being arranged around mid-September.
- **Possible deliverables** as the Bessent–He Lifeng pre-summit meeting confirmed: Treasury Secretary Bessent testified (Sep 15) he will meet Vice Premier He Lifeng this weekend (Sep 19–20) to discuss Iran sanctions, continuing their multi-city working-level channel (Davos, Paris, London, Seoul, Geneva). Bloomberg reports the two sides are discussing tariff cuts on ~US$30bn of goods (including US energy/agricultural exports and Chinese manufacturing inputs), pointing toward an extension of the truce rather than a breakage. AI cooperation could very well be another focal point.

Our newly revised scenario framework

Exhibit 2: Mapping potential market implications under four scenarios

China–US Summit Scenario Summary	
A. Truce Extended — Broader Deal (bull case)	**B. Truce Extended — Limited/Symbolic (base case, higher likelihood)**
Likely trigger / signpost • Large-scale Chinese ag/energy purchases; formal tariff rollbacks; reciprocal market access; clearer investment-screening framework; stable rare-earth exports	**Likely trigger / signpost** • Incremental purchases (soybeans, aircraft, energy); modest tariff exemptions/delays; no structural change — resembles "Phase One" playbook
Market-level (MSCI China) • +~5% upside, similar to the May 2025 Geneva-talk playbook (MSCI China +6.5% in ~2 weeks then), though smaller magnitude given current truce is already more stabilized than a year ago	**Market-level (MSCI China)** • Limited/muted index impact — "good enough" for markets already holding low expectations; earnings trajectory stays moderate given domestic macro pressure
Sector beneficiaries • AI/semiconductor supply chain (relaxed export controls improve domestic AI chip supply); Healthcare/biopharma (stronger cross-border BD deal flow); Transportation (recovery in China-US air/trade traffic); tariff-sensitive industrials, chemicals, batteries	**Sector beneficiaries** • Selective TMT upside (AI models/datacenters) on reduced tail risk; modest tailwinds for materials/transport from smoother trade flows; tariff-sensitive sectors (utilities, chemicals, batteries) get short-term demand-visibility support
Sector at risk • Materials/rare earth producers face limited direct fundamental impact, though sentiment could turn negative for names previously re-rated on strategic scarcity value (e.g., magnet producers)	**Sector at risk** • Broader market largely unaffected; no meaningful lift to 2026 export growth trajectory
C. Summit Proceeds but Yields Little / Post-Summit Escalation Risk	**D. Summit Cancelled/Postponed or Active Escalation (tail risk)**
Likely trigger / signpost • Vague dialogue statements, no concrete deliverables; diverging readouts; renewed tension if domestic politics (pre-midterm pressure through Nov 3) dominates	**Likely trigger / signpost** • Escalation in Iran-related secondary sanctions on Chinese banks [cnbc.com]; new Section 301 overcapacity findings; further grid/tech entity-list actions; Congressional sanctions legislation (Taiwan-related S.4065) gaining traction
Market-level (MSCI China) • Mostly sideways, limited downside — expectations already low, limited positioning to unwind; mutual leverage (China's rare-earth card vs. US tech dependency) discourages a major blowup	**Market-level (MSCI China)** • Correction, but muted vs. April 2025 — we would not expect more than a ~10% index-level correction on China's side, with buy-the-dip potential depending on postponement vs. outright cancellation framing
Sector beneficiaries • Localization plays benefit (grid equipment/WFE, EDA, rare earths) as policy uncertainty reinforces domestic self-sufficiency push	**Sector beneficiaries** • Defensives and localization-linked names (domestic semis, capital goods, utilities) remain relatively resilient
Sector at risk • AI/datacenter names, biopharma BD, and airlines weigh on renewed policy/geopolitical risk; grid equipment exporters (e.g., Sieyuan) face continued overhang pending DOE's 120-day implementation rules under EO 14420	**Sector at risk** • AI/datacenter capex plans, biopharma cross-border deals, financials/brokerages (further crackdown risk), and airlines/aircraft orders most exposed; grid-equipment and rare-earth-linked names see renewed volatility

Source: Morgan Stanley Research

Bottom line - Base case likelihood still skews toward the "middle" scenarios (B/C above) rather than a full deal or full breakdown — Consistent with our March note's view that the administration on either side is "averse to re-engaging" in a costly reset, while a full breakdown remains diplomatically costly for both sides.

The balance of pre-summit signals (Bessent-He Lifeng meeting confirmed, tariff-cut talks "solidifying," potential CEO delegation) skews toward Scenario B, with meaningful AI-specific escalation risk (Scenario C) running in parallel — the trade truce and the AI rivalry increasingly look like they are on separate tracks that could diverge even if the broader summit outcome is positive.

Domestic AI supply chain opportunity intact: Independent of which summit scenario plays out, AI sovereignty is "moving up the stack" — from compute/export-control localization into model-access bifurcation (which foreign models/APIs/agents get embedded in enterprise and public-sector workflows). This makes domestic AI infrastructure, cloud, governance/security tooling, and compute-plus-energy beneficiaries a structural buy across nearly all scenarios above, while pure-play Chinese LLMs face a

more nuanced setup — protected domestic usage doesn't necessarily translate into unconstrained global TAM or durable pricing power. Chinese LLM progress is both a competitive threat and a Jevons-Paradox accelerant for global compute demand — this reinforces a "own the bottleneck assets" stance regardless of summit outcome.

China equity market still faces serious challenges in the near-term despite a likely US-China trade truce extension: Macro conditions remain under pressure while private consumption momentum stays lackluster throughout this year (China Equity Strategy: China Five-factor Consumer Activity Z-Score vs. MSCI China (26 Aug 2026)). Moreover the incremental government regulatory and taxation measures are triggering a new round of global investor concerns regarding potential regulatory tightening and reduced capital flow exchange, etc. which could still dampen investor sentiment and liquidity in the near term. Please see our latest report for more details (China Market-Wise: Cutting Index Targets amid Macro and Liquidity Headwinds (3 Sep 2026)).

Asia Thematic and Equity Strategy

Daniel Blake

Key Points

- From a Multipolar World perspective, the ongoing interdependence of the US and China economies helps preserve the current paradigm of managed competition.
- The likelihood of either a grand agreement or a re-escalation look limited, given structural constraints and differing objectives.
- However, US and China efforts to reduce chokepoint dependence will continue for years, underpinning our Investment Super-Cycle outlook, alongside AI Capex and Defence Modernization.
- Other Asia Pacific nations are generally looking to maintain economic optionality, pursuing opportunities in global value chains while strengthening national resilience.
- We highlight opportunities in our global sub-themes of *Economic Security & Reindustrialization* and *AI Sovereignty & Semi Localization*. Our *Critical Minerals* sub-theme ranks less well on growth/valuations for the listed cohort, but we expect ongoing strategic support.
- Key supply chains in focus - Rare earth elements and processing equipment, Indium phosphide & optical transceivers, High-performance computing & AI accelerators, High-bandwidth memory.

Stability Management, Steady De-Risking

Managed Competition the Default Option

Heading into a string of Presidential bilateral meetings through year-end (DC, Shenzhen, Miami), investors remain focused on how the US-China relationship may evolve. But increasingly, there is attention paid to the implications for the region, for example in the Takaichi Grand Strategy or Korea's Mega Projects.

On US-China, we think the default option of stability management will prove the most likely outcome. Two rounds of escalation in 2025 demonstrated the leverage available to both sides, with discretion ultimately proving the better part of valor on both occasions.

As a result, we expect the US and China will bring limited ambitions to the September summit and subsequent meetings. Instead, relatively limited transactional wins in areas less sensitive to national security may be pursued through the forthcoming Board of Trade (eg agriculture, energy and commercial aircraft).

On the AI competition and safety debate, we think the time is not ripe for exploring a deep partnership. Recent warnings of existential AI risks to humanity should ensure AI safety is

at least discussed, but we do not yet see appetite at the leadership level to move towards a global (or US-China) governance framework. In the wake of high profile calls for improved AI safety governance, Asia Society President Kevin Rudd laid out areas of US-China agreement and a path to a risk reduction framework here.

As a result, the broader struggle over technology leadership and economic security will continue apace. In the context of our prior relationship matrix, we can introduce a middle ground called "managed competition".

Exhibit 3: US China Relations Framework, based on scenarios for US policy approach (offense = proactive investments and incentives, defense = security related policies)



Source: Morgan Stanley Research; Samaya's synthesis (Aug 2026); layered onto the original MS framework

Still Racing to De-Risk

A paradigm of managed competition does not mean any let-up in moves to reduce supply chain dependencies. Our global research team continue to map out opportunities associated with:

- **Critical Minerals** - Critical Minerals Back in the Spotlight Ahead of US-China Talks (4 Sep 2026), EU's Critical Raw Materials Security in a Multipolar World (5 Jun 2026) and Mapping a Potential ex-China Rare Earths Supply Chain (25 Jun 2025)
- **China's Semi Localization** - Tracking China's Semi Localization: Raising China AI GPU TAM on recent geopolitical dynamics (22 Jun 2026)
- **China's AI Path** - China AI 2.0 – Entering a New Phase (10 May 2026), From Rmb8.5tr Capex to 3x Compute (13 Sep 2026) and China's AI Path: Owning the Full AI Stack via In-house Chips (11 Mar 2026)
- **Economic Security** - Reshoring? Not Quite Yet (9 Jun 2026), Supply Chain Reconfiguration — China, Tariffs, and AI One Year On (4 May 2026), STAR Board IPO Scan 2026: What's Different? (28 Aug 2026)

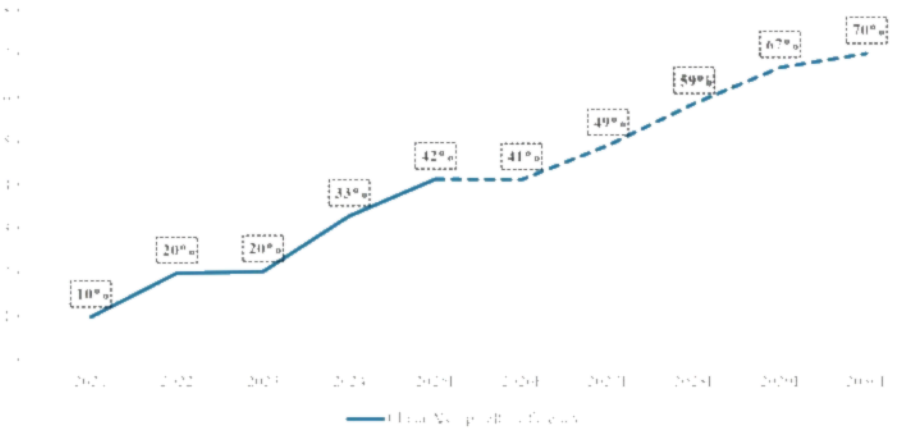
Exhibit 4: Mapping a potential ex China Rare Earths Supply Chain



*Denotes projects that only plan to produce REE concentrate and not separated oxides

** Carina project plans to produce concentrate and ship to an Aclara separation facility in the US

Exhibit 5: Our analysts expect China's AI chip self-sufficiency to reach 70% by 2030

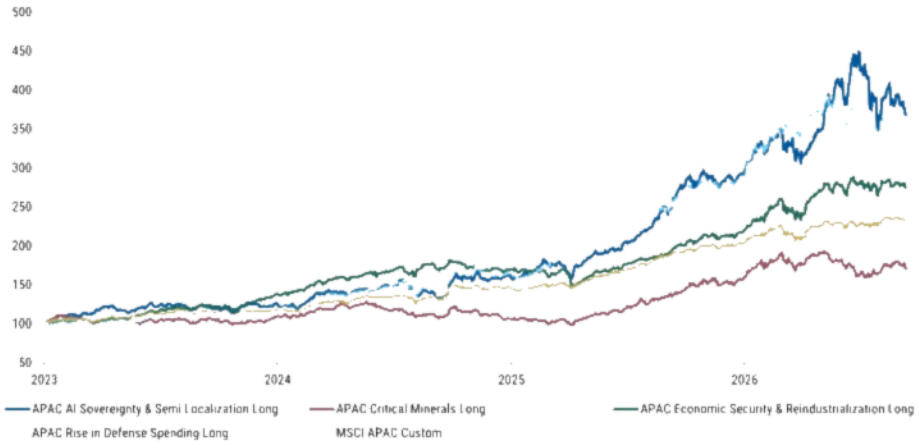


Asia Pacific and Thematic Opportunities

Amid the backdrop of US-China competition, we continue to see regional policy focus and corporate investment plans centered on economic security and AI sovereignty (see US Public Policy & Global Thematics: AI Sovereignty: Policy, Market, and Economic Implications, 19 Aug 2026). Our recently launched Thematic Map captures these trends, with our global equity coverage assessed for materiality to both of these themes.

Narrowing down to the constituents in the Asia Pacific region, we have seen a pullback in performance and valuations for the upstream AI thematics in general, including companies exposed to key bottlenecks in the supply chain.

Exhibit 6: Performance of APAC Core/Significant exposures to Multipolar World sub-themes



This has impacted our AI Sovereignty sub-theme as a group, although we note that within this category, the evolving emphasis on sovereign cloud and cybersecurity has seen the Telecoms, Infrastructure and software names prove more resilient.

Looking ahead, we note that sales and earnings revisions remain strong in the upstream AI related sub-themes, including AI Sovereignty & Semi Localization. Meanwhile, Economic Security & Reindustrialization has become an increasing focus as earnings revisions have improved, while key industrial and energy security plays offer a value-oriented, low correlation hedge.

Exhibit 7: Asia Pacific Thematic Ranking - Economic Security & AI Sovereignty rank 6th and 7th, respectively, supported by strong revisions, expected growth and technicals

Asia-Pacific Sub-Themes (Core/Significant Materiality)	Rank	Growth 2yr CAGR		Revisions (FY2)			ROE	12m Forward Valuations				Target Prices			Technical	Average Rank
		Sales	EPS	Sales 3m % Δ	Net Inc 3m % Δ	ERB 3mma	2028	P/E	P/Sales	P/E 10y %ile	P/Sales 10y %ile	Upside to Base	Upside to Bull	Bull Bear Skew	13w/52w	
AI Compute Infrastructure	1	18.4%	27.6%	6.9%	10.0%	14.3%	24.2%	19.4x	3.1x	81%	94%	34%	88%	2.8	29.7%	5.9
AI Enablers	2	17.4%	25.6%	5.8%	7.2%	9.9%	21.0%	20.9x	2.7x	83%	94%	29%	79%	2.7	21.5%	6.7
China's AI Path	3	14.8%	21.8%	0.3%	0.2%	-3.6%	19.6%	16.2x	1.5x	1%	2%	31%	89%	2.9	2.3%	7.1
Powering AI	4	11.6%	21.3%	2.6%	4.2%	7.5%	18.4%	17.9x	2.2x	76%	90%	38%	88%	2.8	20.6%	7.1
AI Adopters	5	10.1%	16.9%	2.4%	2.5%	2.1%	16.8%	16.7x	1.8x	7%	15%	20%	68%	2.2	0.1%	7.9
Economic Security & Reindustrialization	6	8.9%	16.5%	3.3%	5.5%	6.3%	15.5%	16.2x	1.7x	76%	85%	23%	61%	2.6	14.3%	8.1
AI Sovereignty & Semi Localization	7	16.7%	25.7%	6.7%	9.5%	9.2%	16.3%	23.6x	3.5x	94%	97%	24%	79%	2.8	20.3%	8.2
Korea Reform Renaissance	8	5.0%	10.6%	1.7%	4.2%	8.8%	10.2%	9.8x	1.1x	40%	97%	21%	51%	2.3	16.6%	8.6
Humanoid & Embodied AI	9	13.9%	19.8%	-0.2%	-1.9%	-2.4%	15.5%	14.7x	1.3x	31%	34%	36%	79%	2.5	2.1%	9.1
Japan's Corporate Reform	10	4.4%	9.0%	1.9%	3.7%	11.8%	11.0%	13.7x	1.3x	37%	97%	5%	43%	1.4	9.9%	9.3
Renewable Energy & Storage	11	10.1%	18.5%	0.4%	-3.1%	-0.5%	13.8%	14.1x	1.5x	39%	76%	29%	73%	2.2	3.2%	9.6
Diabesity and Nutrition	12	9.5%	15.2%	1.3%	1.5%	-0.2%	15.8%	18.9x	2.8x	5%	83%	17%	56%	2.2	3.0%	9.7
Rise in Defense Spending	13	8.5%	15.4%	1.0%	2.1%	7.9%	17.2%	19.2x	2.0x	84%	91%	30%	79%	3.2	10.4%	10.1
Globalization of Natural Gas	14	3.3%	7.2%	1.1%	2.2%	8.6%	9.4%	13.9x	1.0x	75%	93%	10%	54%	1.6	7.6%	10.5
Nuclear Renaissance	15	8.7%	19.2%	2.6%	5.5%	3.5%	14.8%	18.5x	2.3x	87%	97%	21%	94%	2.1	1.8%	10.6
Critical Minerals	15	3.5%	7.5%	0.4%	2.5%	-0.1%	14.1%	11.6x	1.4x	47%	85%	12%	52%	1.7	1.9%	10.6
Preparing for an Aging Population	15	8.3%	12.9%	-0.1%	0.5%	-0.6%	13.7%	15.4x	1.7x	0%	2%	23%	68%	2.6	-4.6%	10.6
Asian AI Adoption Leaders	18	9.0%	16.5%	-0.1%	-4.4%	6.8%	19.0%	19.2x	2.2x	19%	8%	24%	67%	1.6	1.7%	10.6
Asia Climate Adaption	19	6.5%	14.6%	-1.1%	-1.2%	-4.7%	13.7%	13.7x	1.2x	10%	89%	29%	69%	2.1	3.0%	10.9
AI & Smart Health Care	20	12.0%	19.0%	-1.0%	-0.1%	2.3%	13.9%	21.5x	2.7x	25%	60%	24%	76%	3.0	-7.6%	11.1
AI & the Future of Work	20	11.1%	20.9%	0.2%	-0.6%	-7.9%	18.3%	26.9x	6.1x	13%	29%	17%	42%	1.6	-2.1%	11.1
China's SOE Reform	22	4.0%	13.5%	-1.6%	-2.9%	-1.4%	12.2%	9.8x	1.1x	52%	86%	30%	78%	2.6	-2.4%	12.1

Source: Factset, Morgan Stanley Research

Disclaimers

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