

Morgan Stanley

# Morgan Stanley All-Asia Research

Your 2024 Guide to Vote For Morgan Stanley's  
Asia Pacific Research Analysts



**Institutional  
Investor**

# Message



Thank you for your support in the 2023 *Institutional Investor* All-Asia Research poll, in which your recognition of our analysts' efforts earned us rankings in all 36 categories, and first place overall. We once again look forward to your support in the 2024 poll, which starts fielding on January 9.

The proprietary insights of our highly experienced analysts are a core strength of our research offering. In this guide, we showcase some of our most important research products from the past year.

Morgan Stanley Research **Blue Papers** and **Insights** are our primary products for delivering thought leadership and actionable investment ideas. These reports focus on major market trends and debates, underpinned by rigorous analysis and featuring impactful investment conclusions.

- We published several Global Insights on AI, a theme that is on every investor's mind. Collaboration between our analyst teams globally enabled Morgan Stanley to lead the debate on potential market size, as well as analyzing the impact on the tech supply chain and many industries beyond.
- We introduced our China's 3D Journey series, as the country faced renewed headwinds from debt, demographics, and deflation. Our economics, strategy, and sector teams joined forces to track China's progress in addressing these challenges, highlighting the key implications and market opportunities.
- We highlighted how India's economic boom is set to drive a fivefold increase in the number of wealthy households over the next decade. We estimate the country's smartphone market will triple to US\$90bn by 2032, accounting for 100% of global smartphone growth. This is based on strong purchasing intentions derived from our AlphaWise Smartphone Survey.

**AlphaWise** Primary Research and **Quant** and **ESG Strategy** are disciplines embedded in our department.

- Our Asia tech analysts engaged the AlphaWise platform to measure Chinese consumer sentiment, which showed an increase in price sensitivity. Around 80% of consumers cut spending in at least one category in the prior six months. The survey helped inform our analysts' preferences in China's ecommerce space.
- Our Quant strategists launched the QuantIndia model. This is a systematic approach to achieving strategic alpha by adopting a multi-factor approach. Under this framework, they discussed how quant solutions can mitigate market and factor risks in India.
- Our global ESG and sector analysts collaborated to provide actionable insights in many areas, including assessment of the interconnected effects of climate change in Asia, factoring in the risk of damage from weather extremes, the cost and availability of food, and loss of biodiversity.

In 2023, Morgan Stanley Research published over 3,300 video and audio products, allowing our clients to quickly understand key ideas. These included 1,500 Sound Bites – brief audio recordings from our analysts easily accessible through the Morgan Stanley Research Portal and mobile app.

Morgan Stanley Research offered differentiated long shelf-life content, such as Summer School and Single-stock teach-ins, through our virtual platforms. In addition to 11am weekday sectoral regional debates in English and Mandarin, we will present "Themes for 2024" for all key industries in Asia in January.

Please note the following when participating in the poll:

To request a ballot, type the following into your internet browser:

<https://voting.institutionalinvestor.com>, and select 'Institutional Investor Research Asia (ex-Japan) Survey 2024'.

In the 2024 poll, *Institutional Investor* will require you to first choose to vote for the firm, Morgan Stanley, and provide an overall star rating (5 is the highest), before you can then nominate individual analysts (up to five).

We look forward to our continued partnership in the years ahead.



**Magdalena Stoklosa**  
Director of Pan Asia Research



**Marcus Walsh**  
Deputy Director of Asian Research

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# Morgan Stanley All-Asia Research

Support Morgan Stanley Research in the 2024 Institutional Investor All-Asia Poll

## Industry

 Tim Hsiao Autos & Auto Parts; Small- & Midcapitalization Stocks	 Richard Xu Banks and Non-bank Finance; Insurance	 Rachel Zhang Basic Materials	 Jack Lu Chemicals, Oil & Gas	 Lillian Lou Consumer Discretionary/ Staples	 Kelly Kim Consumer Discretionary/ Staples	 Praveen Choudhary Gaming & Lodging; Property	 Sean Wu Healthcare, Pharma & Biotech	 Sheng Zhong Industrials (incl. Infrastructure); Small- & Midcapitalization Stocks	 Gary Yu Internet; Tele-communications; Thematic Research	 Stephen Cheung Property	 Wilson Ng Property	
 Simon Chan Property	 Daniel Yen Small- & Midcapitalization Stocks	 Terence Cheng Small- & Midcapitalization Stocks	 James Bales Small- & Midcapitalization Stocks	 Sharon Shih Technology/ Hardware	 Yang Liu Technology/IT Services & Software	 Shawn Kim Technology/ Semiconductors; Thematic Research	 Charlie Chan Technology/ Semiconductors	 Qianlei Fan Transportation	 Eva Hou Utilities and Alternative Energy	 Andy Meng Thematic Research	 Laura Wang Thematic Research	 Eddy Wang Thematic Research

## Country/Region

 Richard Wiles Australia/ New Zealand	 Laura Wang China	 Robin Xing China; Frontier Markets	 Richard Xu China	 Lillian Lou China	 Rachel Zhang China	 Andy Meng China	 Derrick Yang Frontier Markets	 Praveen Choudhary Hong Kong; Frontier Markets	 Terence Cheng Taiwan; Frontier Markets	 Hildy Ling Hong Kong	
ASEAN countries: Indonesia; Malaysia; Philippines; Singapore; Thailand											
 Gary Yu Hong Kong	 Alex Poon Hong Kong	 Ridham Desai India	 Kelly Kim South Korea	 Sharon Shih Taiwan	 Tim Hsiao Taiwan	 Nick Lord Frontier Markets	 Wilson Ng Frontier Markets	 Divya Gangahar Kothiyal	 Mayank Maheshwari	 Da Wei Lee	 Selvie Jusman

## Macro

 Chetan Ahya Economics	 Robin Xing Economics	 Jonathan Garner Equity Strategy	 Laura Wang Equity Strategy	 Tim Chan ESG Research	 Rob Koh ESG Research	 Gilbert Wong Quantitative Research	 Crystal Ng Quantitative Research
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# Vote for our Australia Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Australia	Richard Wiles
INDUSTRY	
Autos & Auto Parts	James Bales / Chenny Wang / Tim Hsiao
Banks and Non-bank Finance	Richard Wiles / Andrei Stadnik
Basic Materials	Rahul Anand / Andrew Scott / Sara Chan
Chemicals, Oil & Gas	Rob Koh
Consumer Discretionary / Staples	Melinda Baxter / Joseph Michael
Gaming & Lodging	Melinda Baxter / Joseph Michael
Healthcare, Pharma and Biotech	Sean Laaman
Industrials (incl. Infrastructure)	Andrew Scott / Rob Koh
Insurance	Andrei Stadnik
Internet	Andrew McLeod
Property	Simon Chan / Lauren Berry
Small- & Midcapitalization Stocks	James Bales / Chenny Wang / Joseph Michael
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	James Bales / Andrew McLeod / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Andrew McLeod
Transportation	Andrew Scott / Rob Koh
Utilities and Alternative Energy	Rob Koh
MACRO	
Economics	Chris Read / Chris Nicol / Chetan Ahya
Equity Strategy	Chris Nicol
ESG Research	Rob Koh / Tim Chan
Quantitative Research	Antony Conte / Gilbert Wong / Crystal Ng
Thematic Research	Richard Wiles / Chris Nicol

# Vote for our China Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
China	Laura Wang / Robin Xing / Richard Xu / Lillian Lou / Andy Meng / Rachel Zhang
Hong Kong	Praveen Choudhary / Gary Yu / Hildy Ling / Alex Poon
Taiwan	Sharon Shih / Tim Hsiao / Terence Cheng
Frontier Markets	Derrick Yang / Robin Xing / Praveen Choudhary / Wilson Ng / Nick Lord / Terence Cheng
INDUSTRY	
Autos & Auto Parts	Tim Hsiao / Joey Xu / Shelley Wang
Banks and Non-bank Finance	Richard Xu
Basic Materials	Rachel Zhang / Hannah Yang / Sara Chan
Chemicals, Oil & Gas	Jack Lu
Consumer Discretionary / Staples	Lillian Lou / Dustin Wei / Hildy Ling / Terence Cheng
Gaming & Lodging	Praveen Choudhary / Alex Poon
Healthcare, Pharma and Biotech	Sean Wu / Alexis Yan / Laurence Tam
Industrials (incl. Infrastructure)	Sheng Zhong
Insurance	Richard Xu
Internet	Gary Yu / Alex Poon / Eddy Wang / Rebecca Xu
Property	Stephen Cheung / Cara Zhu / Chloe Liu / Praveen Choudhary / Dan Chee
Small- & Midcapitalization Stocks	Sheng Zhong / Daniel Yen / Tim Hsiao / Terence Cheng
Technology/Hardware	Sharon Shih / Andy Meng / Derrick Yang / Howard Kao
Technology/IT Services & Software	Yang Liu / Gary Yu / Sharon Shih
Technology/Semiconductors	Charlie Chan / Daniel Yen / Daisy Dai / Ray Wu / Shawn Kim
Telecommunications	Gary Yu / Yang Liu
Transportation	Qianlei Fan
Utilities and Alternative Energy	Eva Hou
MACRO	
Economics	Robin Xing / Jenny Zheng / Zhipeng Cai / Chetan Ahya / Min Dai
Equity Strategy	Laura Wang / Jonathan Garner / Kelvin Pang
ESG Research	Tim Chan / Laura Wang / Jonathan Garner
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Laura Wang / Andy Meng / Eddy Wang / Shawn Kim / Gary Yu

# Vote for our Frontier Markets Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Frontier Markets	Derrick Yang / Robin Xing / Praveen Choudhary / Wilson Ng / Nick Lord / Terence Cheng
ASEAN: Indonesia, Malaysia, Philippines, Singapore, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks and Non-bank Finance	Nick Lord / Selvie Jusman / Richard Xu
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani / Jack Lu
Consumer Discretionary / Staples	Divya Gangahar Kothiyal / Terence Cheng / Lillian Lou
Gaming & Lodging	Praveen Choudhary / Wilson Ng
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman / Richard Xu
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Stephen Cheung / Praveen Choudhary
Small- & Midcapitalization Stocks	Sheng Zhong / Daniel Yen / Tim Hsiao / Terence Cheng / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng
Technology/Hardware	Sharon Shih / Andy Meng / Derrick Yang
Technology/IT Services & Software	Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani / Eva Hou
MACRO	
Economics	Chetan Ahya / Robin Xing / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Laura Wang / Kelvin Pang
ESG Research	Wilson Ng / Tim Chan
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Gary Yu / Shawn Kim / Andy Meng / Eddy Wang / Laura Wang

# Vote for our Hong Kong Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Hong Kong	Praveen Choudhary / Gary Yu / Hildy Ling / Alex Poon
China	Laura Wang / Robin Xing / Richard Xu / Lillian Lou / Andy Meng / Rachel Zhang
Taiwan	Sharon Shih / Tim Hsiao / Terence Cheng
INDUSTRY	
Autos & Auto Parts	Tim Hsiao / Joey Xu / Shelley Wang
Banks and Non-bank Finance	Richard Xu / Nick Lord
Basic Materials	Rachel Zhang / Hannah Yang / Sara Chan
Chemicals, Oil & Gas	Jack Lu
Consumer Discretionary / Staples	Lillian Lou / Dustin Wei / Hildy Ling / Terence Cheng
Gaming & Lodging	Praveen Choudhary / Dan Chee / Alex Poon
Healthcare, Pharma and Biotech	Sean Wu / Alexis Yan / Laurence Tam
Industrials (incl. Infrastructure)	Sheng Zhong
Insurance	Richard Xu
Internet	Gary Yu / Alex Poon / Eddy Wang / Rebecca Xu
Property	Praveen Choudhary / Dan Chee / Stephen Cheung / Cara Zhu / Chloe Liu
Small- & Midcapitalization Stocks	Sheng Zhong / Daniel Yen / Tim Hsiao / Terence Cheng
Technology/Hardware	Sharon Shih / Andy Meng / Derrick Yang / Howard Kao
Technology/IT Services & Software	Yang Liu / Gary Yu / Sharon Shih
Technology/Semiconductors	Charlie Chan / Daniel Yen / Ray Wu / Daisy Dai / Shawn Kim
Telecommunications	Gary Yu / Yang Liu
Transportation	Qianlei Fan
Utilities and Alternative Energy	Eva Hou
MACRO	
Economics	Robin Xing / Jenny Zheng / Zhipeng Cai / Chetan Ahya / Min Dai
Equity Strategy	Jonathan Garner / Laura Wang / Kelvin Pang
ESG Research	Tim Chan / Jonathan Garner / Laura Wang
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Laura Wang / Andy Meng / Eddy Wang / Shawn Kim / Gary Yu



# Vote for our India Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
India	Ridham Desai
INDUSTRY	
Autos & Auto Parts	Binay Singh
Banks and Non-bank Finance	Sumeet Kariwala / Subramanian Iyer
Basic Materials	Rahul Gupta
Chemicals, Oil & Gas	Mayank Maheshwari
Consumer Discretionary / Staples	Sheela Rathi
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Binay Singh
Industrials (incl. Infrastructure)	Girish Achhipalia
Insurance	Subramanian Iyer / Sumeet Kariwala
Internet	Gaurav Rateria
Property	Praveen Choudhary
Small- & Midcapitalization Stocks	Binay Singh / Gaurav Rateria / Girish Achhipalia
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Gaurav Rateria
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Gaurav Rateria
Transportation	Binay Singh / Girish Achhipalia
Utilities and Alternative Energy	Girish Achhipalia
MACRO	
Economics	Upasana Chachra / Chetan Ahya / Derrick Kam
Equity Strategy	Ridham Desai / Sheela Rathi
ESG Research	Ridham Desai / Tim Chan
Quantitative Research	Sheela Rathi / Ridham Desai / Gilbert Wong / Crystal Ng
Thematic Research	Ridham Desai

# Vote for our Indonesia Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Indonesia	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Malaysia, Philippines, Singapore, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Derrick Yang / Robin Xing / Praveen Choudhary / Wilson Ng / Nick Lord / Terence Cheng
INDUSTRY	
Autos & Auto Parts	Divya Gangahar Kothiyal / Tim Hsiao
Banks and Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary / Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
ESG Research	Wilson Ng / Tim Chan
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

# Vote for our Malaysia Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Malaysia	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Indonesia, Philippines, Singapore, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Derrick Yang / Robin Xing / Praveen Choudhary / Wilson Ng / Nick Lord / Terence Cheng
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks and Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary / Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
ESG Research	Wilson Ng / Tim Chan
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

# Vote for our Philippines Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Philippines	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Indonesia, Malaysia, Singapore, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Derrick Yang / Robin Xing / Praveen Choudhary / Wilson Ng / Nick Lord / Terence Cheng
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks and Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary / Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Vivek Rajamani / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
ESG Research	Wilson Ng / Tim Chan
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

# Vote for our Singapore Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Singapore	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Indonesia, Malaysia, Philippines, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Derrick Yang / Robin Xing / Praveen Choudhary / Wilson Ng / Nick Lord / Terence Cheng
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks and Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary / Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Wilson Ng / Derek Chang / Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
ESG Research	Wilson Ng / Tim Chan
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake



# Vote for our South Korea Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
South Korea	Kelly Kim
INDUSTRY	
Autos & Auto Parts	Young Suk Shin / Tim Hsiao
Banks and Non-bank Finance	Joon Seok
Basic Materials	Young Suk Shin / Rachel Zhang
Chemicals, Oil & Gas	Young Suk Shin / Jack Lu
Consumer Discretionary / Staples	Kelly Kim
Gaming & Lodging	Kelly Kim
Healthcare, Pharma and Biotech	Mi Hyun Kim
Industrials (incl. Infrastructure)	Joon Seok / Young Suk Shin
Insurance	Joon Seok / Heewon Choi
Internet	Seyon Park / Gary Yu
Property	Joon Seok / Stephen Cheung / Praveen Choudhary
Small- & Midcapitalization Stocks	Kelly Kim / Young Suk Shin / Ryan Kim
Technology/Hardware	Shawn Kim / Ryan Kim
Technology/IT Services & Software	Seyon Park / Yang Liu
Technology/Semiconductors	Shawn Kim / Ryan Kim
Telecommunications	Seyon Park / Gary Yu
Transportation	Young Suk Shin
Utilities and Alternative Energy	Young Suk Shin
MACRO	
Economics	Kathleen Oh / Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Joon Seok / Kelvin Pang
ESG Research	Joon Seok / Tim Chan
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Kelly Kim / Shawn Kim / Joon Seok

# Vote for our Taiwan Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Taiwan	Sharon Shih / Tim Hsiao / Terence Cheng
Hong Kong	Praveen Choudhary / Eva Hou / Gary Yu / Hildy Ling
China	Laura Wang / Robin Xing / Richard Xu / Lillian Lou / Rachel Zhang / Andy Meng
INDUSTRY	
Autos & Auto Parts	Tim Hsiao / Joey Xu / Shelley Wang
Banks and Non-bank Finance	Peggy Shih / Richard Xu
Basic Materials	Rachel Zhang / Yujie Wang / Hannah Yang / Sara Chan
Chemicals, Oil & Gas	Peggy Shih / Jack Lu
Consumer Discretionary / Staples	Terence Cheng / Lillian Lou
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Sean Wu / Alexis Yan / Laurence Tam
Industrials (incl. Infrastructure)	Terence Cheng / Sheng Zhong
Insurance	Peggy Shih / Richard Xu
Internet	Gary Yu / Alex Poon / Eddy Wang / Rebecca Xu
Property	Stephen Cheung / Praveen Choudhary
Small- & Midcapitalization Stocks	Tim Hsiao / Terence Cheng / Sheng Zhong
Technology/Hardware	Sharon Shih / Andy Meng / Derrick Yang / Howard Kao
Technology/IT Services & Software	Yang Liu / Sharon Shih
Technology/Semiconductors	Charlie Chan / Daniel Yen / Daisy Dai / Ray Wu / Shawn Kim
Telecommunications	Gary Yu
Transportation	Qianlei Fan
Utilities and Alternative Energy	Eva Hou
MACRO	
Economics	Kathleen Oh / Chetan Ahya / Derrick Kam
Equity Strategy	Terence Cheng / Jonathan Garner / Kelvin Pang
ESG Research	Tim Chan / Terence Cheng
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Laura Wang / Andy Meng / Eddy Wang / Shawn Kim / Gary Yu

# Vote for our Thailand Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Indonesia, Malaysia, Philippines, Singapore	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Derrick Yang / Robin Xing / Praveen Choudhary / Wilson Ng / Nick Lord / Terence Cheng
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks and Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary / Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Vivek Rajamani / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
ESG Research	Wilson Ng / Tim Chan
Quantitative Research	Gilbert Wong / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

# VOTE FOR ALEX POON



- Internet
- Technology/Hardware
- Technology/IT Services & Software
- Thematic Research
- China
- Hong Kong
- Taiwan
- Frontier Markets

## KEY REPORT

**NetEase, Inc:**  
The Globalization Era  
October 17, 2023

Morgan Stanley | RESEARCH

ASIA PACIFIC INSIGHT

October 17, 2023 09:00 PM GMT

NetEase, Inc

### The Globalization Era

**WHAT'S CHANGED?**  
NetEase, Inc. (NYSE:NE) From USD151.00 To USD193.00 Price Target

After tripling its market share in China in the last decade, NetEase is emerging as a global video games content powerhouse by forming synergistic partnerships with gaming industry veterans globally that will likely drive a similar runway for its global market share.

**Going global:** In the past decade, NetEase has grown its game revenue by 10x and tripled its market share in China from 8.9% in 2013 to 26% in 2022, and the PC-to-mobile era since 2016, and its content diversification era since 2016. Now we see a globalization era approaching for NetEase that should expand its effective TAM by 5x from ~\$50B in China to ~\$250B+ globally, which we expect to drive its revenue, profit, capital returns, and market cap proportionally in future.

**IP creation and its sustainability driven by NetEase's protocols and DNA in self-development will be key to the journey:** In our last insight – *Instant Growth*, *Countering Rising Costs (3/13/2023)* – we showed how NetEase increased its share in many non-MMORPG games from almost zero to as high as 50% in China. Since 2017, NetEase has begun to expand overseas by forming synergistic partnerships with dozens of the embedded video game industry veterans, with decades of video game development experience. We estimate that these gaming industry veterans were involved in last titles (e.g., *Call of Duty* and *Cyberpunk*) with a combined cumulative grossing of over USD20B, vs. NetEase's game revenue of USD15B in 2022. We see a steeper product S-curve with top talent driving the zero-to-one creativity stage aided by NetEase's monetary and technical support, operational know-how, mobile game development, and access to the China market, which should lead to a stronger hit-rate, monetization, longevity and operating efficiency, and a broader product perspective and target audience. In March 2023, NetEase set a long-term goal to develop at least one-third of global IP in future, driving half of its game revenue from international markets, implying significant upside to its current global (vs. China) share of ~16%. NetEase expects its overseas studios to start releasing game titles from 2025.

**We forecast USD900m market cap in 12-18 months (currently USD660m)** by sustaining its double-digit game revenue growth of the last 10 years (vs. longer and stronger, that should double its profit and capital returns by 2027E, hence, 2024E P/E of 15x vs. a 7x average since 2016 and current average for USGaming peers) and ECFI and P/B look attractive, with limited respect from China's macro environment and competition risk (thus far). To add rigor to our analysis of its globalization era valuation, we run a separate DCF that assumes incremental grossing of USD15B in 2025 ramping up to USD55B by 2030, and incremental OPM of 140%, yielding a USD30/AOS – not in the price.

Market	2022E	2023E	2024E	2025E
Revenue	16.1	17.7	15.0	12.3
Profit	3.1	4.4	2.4	2.8
EPS	21.5	27.2	28.5	20.7
P/B Ratio	1.6	2.1	1.2	1.2
EV/EBITDA	0.3	0.3	0.3	0.4

ASIA PACIFIC INSIGHT

ASIA PACIFIC RESEARCH

**Alex Poon**  
Senior Analyst  
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**Gary Yu**  
Senior Analyst  
gyu@morganstanley.com

NetEase, Inc. (NYSE:NE) (USD)

China Internet and Other Services (China)

Company	Revenue	Profit	EPS	P/B
NetEase, Inc.	16.1	3.1	21.5	1.6
China Internet and Other Services	16.1	3.1	21.5	1.6

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# VOTE FOR ANDY MENG



- Technology/Hardware
- Technology/IT Services & Software
- Technology/Semiconductors
- Thematic Research
- China
- Hong Kong
- Taiwan
- Thailand

## KEY REPORT

**Global Technology:**  
Edging Into a Smartphone Upcycle  
November 9, 2023

Morgan Stanley | RESEARCH

GLOBAL INSIGHT

November 9, 2023 10:03 PM GMT

### Global Technology

## Edging Into a Smartphone Upcycle

Cloud AI burst into the mainstream in 2023 with chatGPT. We think Edge AI will be the next big thing to take hold, fueling a new product cycle for smartphones. The completion of de-stocking, rush orders, and Huawei's return to the market could also trigger a cyclical recovery.



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# VOTE FOR CHARLIE CHAN



- Technology/Semiconductors
- Technology/Hardware
- Technology/IT Services & Software
- China
- Hong Kong
- Taiwan

## KEY REPORT

**Asia Semiconductors:**  
Tech Diffusion – Fulfilling the surge in AI demand with custom chips  
June 11, 2023

Morgan Stanley | RESEARCH

ASIA PACIFIC INSIGHT

June 11, 2023 09:57 PM GMT

### Asia Semiconductors

## Tech Diffusion – Fulfilling the surge in AI demand with custom chips

We believe GP GPUs (provided by NVIDIA and AMD) demand will continue to expand in 2024e, but AI ASICs (or custom chips) may outgrow GP GPUs given lower costs reaching scale. We view TSMC, Alchip, GUC, Andes, and ASM Pacific as key enablers in Asia.



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# VOTE FOR CHETAN AHYA



- Economics
- Thematic Research
- All Countries/Regions

## KEY REPORT

**China's 3D Journey:**  
How China could avoid a 1990s Japan situation  
August 8, 2023

Morgan Stanley | RESEARCH  
August 8, 2023 08:03 PM GMT

ASIA PACIFIC INSIGHT

### China's 3D Journey

## How China could avoid a 1990s Japan situation

We think China is better-placed than Japan in the 1990s. It should be less challenging to prevent China from falling into a persistent debt-deflation loop. History from past deleveraging experiences in other economies suggests that the risks remain high.



For important disclosures, refer to the Disclosure Section, located at the end of this report.

ANALYST PROFILES

# VOTE FOR CRYSTAL NG



- Quantitative Research
- Equity Strategy
- ESG Research
- All Countries/Regions

## KEY REPORT

Crystal Ng is the Client Bespoke Request Specialist, and she works with Jonathan Garner and Daniel Blake in the Asia/GEMs Strategy team. Apart from publishing the team's thematic and regular publications, she specializes in helping clients with customized fundamental and quantitative analysis. Crystal is experienced in understanding clients' needs by discussing their investment approach and the purpose of their analyses.

# VOTE FOR DA WEI LEE



- Indonesia
- Malaysia
- Philippines
- Singapore
- Thailand
- Frontier Markets
- Telecommunications
- Internet
- Technology/IT Services & Software

## KEY REPORT

**ASEAN Telecoms and Media:**  
Indonesia - Time for Mobile to Shine  
July 30, 2023

Morgan Stanley | RESEARCH  
July 30, 2023 10:29 PM GMT

ASIA PACIFIC INSIGHT

### ASEAN Telecoms and Media

## Indonesia - Time for Mobile to Shine

Post-consolidation, we are seeing positive recovery in mobile pricing, and slowing growth in the tower segment. We expect a rational mobile competitive environment and Indonesian telcos' ROIC to rise. Growth for tower cos will likely slow due to merger impact and lack of organic opportunities.

**Indonesia is our preferred country within ASEAN Telcos.** This ranking is based on our analysis of five underlying drivers (competition, capex, regulations, capital allocation and valuation). Indonesia is one of five countries within ASEAN where we expect mobile competition to improve. We expect the mobile recovery to drive improving returns and dividends. Valuations for Indonesia telcos (ex-towers) are also relatively attractive at an average of 4x FY24 EV/EBITDA vs. the ASEAN telco average of 7.3x.

**Mobile consolidation to drive ROIC recovery.** Indonesia telcos are past the stage of aggressive competition for subscribers, in our view, and are now focused on data monetization to drive growth. We expect industry ROIC to grow 2% p.a. from 2022-25e, and mobile revenue to grow ~4% p.a. We see telcos' ROIC improving on the back of improvement in competition. In addition, we see a structural opportunity in fixed broadband, with penetration at ~38% in 2022; we forecast it to rise to 25% by 2025e.

**Slower growth ahead for tower companies.** Growth outlook for towers has slowed to single-digits, from double-digits in prior years. We believe this is due to (1) merged entities rationalizing their tower footprint, and (2) limited acquisition targets.

**Prefer mobile operators to tower companies. Stock order of preference: TLKM-SGAT-EXCL-MFSA-TOWER-TELE.** TLKM is our top pick (1) beneficiary of mobile recovery, (2) market leader in fixed broadband, and (3) attractive valuation. We upgrade SGAT to Overweight as we believe the merger benefits are not fully priced in. Tower, we like MFSA, as it is least exposed to the SGAT-EXCL merger and has the strongest balance sheet. We see underweight TOWER due to the impact from the SGAT merger, leveraged balance sheet and stretched valuations.

ASIA PACIFIC INSIGHT

DISCLOSURE STATEMENT

ASIAN TELECOMS AND MEDIA

Asia Pacific

Industry: Telecommunications

Market: Indonesia

WARRANTY CHANGED

Telekomunikasi (TLKM-JK)	From	To
Price Target	162.000	162.000

Indosat (ISAT-JK)	From	To
Rating	Equal-weight	Overweight
Price Target	162.000	162.000

Tower Revenue Infrastructure (TOWER-JK)	From	To
Price Target	162.000	162.000

Sigma Media Nusantara (SMN-JK)	From	To
Price Target	162.000	162.000

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# VOTE FOR DANIEL YEN



- ✓ Technology/Semiconductors
- ✓ Technology/Hardware
- ✓ Technology/IT Services & Software
- ✓ Small- & Midcapitalization Stocks
- ✓ China
- ✓ Hong Kong
- ✓ Taiwan

## KEY REPORT

**AP Memory Technology Corp:**  
Building the Next-gen AI; Initiate at OW  
September 3, 2023

**Morgan Stanley |** RESEARCH  
September 3, 2023 08:00 PM GMT  
AP Memory Technology Corp | Asia Pacific  
**Building the Next-gen AI; Initiate at OW**

STOCK RATING: **Overweight** INDUSTRY VIEW: **Attractive** PRICE TARGET: **NT\$500.00**

AP Memory's advanced technologies could significantly lift AI computing power. We believe adoption could start from 2025 and trigger a re-rating.

**Memory bandwidth and power consumption are the most issues to be resolved in AI computing.** Shrinking the transistor and shifting to parallel computing (e.g., GPU) have helped AI computing move a step further toward broad AI adoption. We believe the next steps to resolve memory bandwidth issues, but progress here has lagged in recent years, potentially impacting AI processing power. Power consumption presents another challenge, more power usually means more electricity – conflicting with ESG goals.

**Changing the packaging technology could be an effective solution:** Marginal gains from transistor technology migration have slowed. A more effective solution may be to change the packaging technology. Packaging connects chips with other chips or with other components, such as memory modules and substrates. In recent years, packaging technology migration has been slow, but upgrading such technology could help lift computing power significantly in our view. The current mainstream solution is high-bandwidth memory (HBM) using CuWLP packaging technology (CWL), which could enhance memory bandwidth by 3x.

**Next-gen packaging technology could lagging these bottlenecks:** We believe this technology is moving toward smaller node (SMN) packaging which could improve memory bandwidth by another 10-30x by stacking chips vertically. In 3D, adoption remains slow, constrained by production issues and the need for coordination among multiple vendors (e.g., IP provider, foundry, memory, and GPU/ASIC companies). Nonetheless, we expect these developments will materialize in 2025, propelled by the growing demand for AI computing.

**We believe AP Memory is a key enabler, with potential revenue growth of 10x over the next 5-10 years.** We expect WUV to take 2% revenue market share from high bandwidth memory (HBM) by 2027 with a +552% TAM. We expect WUV to recover for 20% of AP Memory revenue in 2025, with ongoing growth in 2025-30. The company's core business, pseudo-SRAM (PSRAM), appears to have troughed, and we now anticipate ongoing recovery. We project a 34% revenue CAGR, 2023-25, versus 15%, 2023-28. The company is currently trading at 20x 2024 EPS, we estimate, below higher growth AP peers (Umicore, GIGI at 35-7x and IP vendors (MTI, IMEC) at 18x). We derive our valuation from a residual income model, our NT \$500 P/E implies 4x-22x P/E.

**FOUNDATION**

Wenbin Chen, CFA	Analyst
Daniel Yen, CFA	Analyst
Charles Chan	Analyst
Ray Wu, CFA	Analyst
Yiwei Chen, CFA	Analyst
Danyu Du, CFA	Analyst
Tiffany Yeh	Analyst

**AP Memory Technology Corp (3023.TW) (USD)**

Stock Rating	Overweight
Industry View	Attractive
Price Target (USD)	65
Current Price (USD)	NT\$120.00
52-Week Range	NT\$85.12-127.00
Market Cap (USD)	NT\$14.2B
Analyst Trading Value (USD)	NT\$14.2B
Target Dates	10/22 10/29 10/26 10/26
Marketplace EPS (NT\$)	13.11 1.26 12.78 11.64
EPS (USD)	1.64 0.16 1.59 1.47
Revenue (NT\$)	5,806 4,796 5,389 6,055
EPS/Revenue (NT\$)	1.22 1.00 1.06 1.08
EPS/Revenue (USD)	0.62 0.12 0.63 0.71
EV/EBITDA	15.4 12.3 12.6 12.5
P/E	15.1 12.0 12.0 11.4
EV/FCF	16.2 13.2 13.1 12.1
EV/OPCF	4.9 1.7 2.4 3.4

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# VOTE FOR DERRICK YANG



- ✓ Technology/Hardware
- ✓ Technology/IT Services & Software
- ✓ Technology/Semiconductors
- ✓ China
- ✓ Frontier Markets
- ✓ Hong Kong
- ✓ Taiwan

## KEY REPORT

**Asia Primer:**  
New Opportunities Unfolding for Smartphone Display  
August 30, 2023

**Morgan Stanley |** RESEARCH  
August 30, 2023 09:00 PM GMT  
Asia Primer | Asia Pacific  
**New Opportunities Unfolding for Smartphone Display**

Foldable smartphone shipments could grow at a three-year CAGR of 45% over 2022-25, we estimate. Smartphone brands and those in the display supply chain will benefit the most from this trend.

**Foldable display – the next big thing:** Foldable display could be the next big pet project in smartphones, in our view. We undertake a detailed analysis on the value proposition in foldable display, the state of current technology for key components, cost structure, growth potential and opportunities for the relevant supply chain.

**Foldable smartphone shipments to reach 45% CAGR in 2022-25:** Smartphone display plateaued in 2018. In our view, with only modest migration and cost segregation since. We think foldable display, mostly on either book form or clamshell form (6.2-6.9/6.5-6.9 inch in 2023), could be the next major advancement in the smartphone space, since they can offer a more immersive viewing experience for entertainment, better multi-tasking setup for productivity, and a more compact form for portability. With continuous improvements in hardware performance and software optimization, we expect foldable smartphone shipments to reach 45% CAGR in 2022, implying 7% penetration to OLED smartphone display. Given its larger size and higher ASP, we estimate foldable displays will account for 9% and 16% of OLED smartphone displays on an area and revenue bases by 2025.

**Display supply chain players to be key beneficiaries of the foldable theme:** We expect display to be the component that sees the most meaningful dollar content growth in the foldable smartphone space, taking up 29% of the BOM cost for a typical book-type foldable smartphone. Flexible OLED is the only enabler of foldable smartphones at this stage and Samsung (S09DQK2) is the biggest supplier with an 83% share of the foldable display market in 2022, followed by BOE (S09DQ52) at 16%. We expect Samsung to maintain its dominant position, though other vendors could catch up gradually with the technology advancements and capacity additions. Besides OLED, we see micro-LED display playing a role when the technology matures. Larger form, we think other key factors like multiple-fold displays, reliable displays and stretchable displays could also be commercialized in the display supply chain, players in the cover lens, OLED materials, and driver IC space could benefit from the increasing penetration of foldable smartphones.

**More smartphone brands getting active on foldables:** Samsung is the pioneer of the foldable smartphone, with 79% display market share in 2022. However, Chinese smartphone brands are joining the game, launching their own foldable smartphone models, including Xiaomi (S1201K), Huawei, Honor, Oppo, and Vivo. We believe foldables will help these players differentiate themselves and burnish their brand image.

**FOUNDATION**

Wenbin Chen, CFA	Analyst
Derrick Yang	Analyst
Charles Chan	Analyst
Shawn Shih	Analyst
Anly Meng, CFA	Analyst

**ASIA PRIMER**

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Derrick Yang	Analyst
Charles Chan	Analyst
Shawn Shih	Analyst
Anly Meng, CFA	Analyst
Yiwei Chen, CFA	Analyst
Danyu Du, CFA	Analyst
Tiffany Yeh	Analyst
Ray Wu, CFA	Analyst
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Tiffany Yeh	Analyst
Ray Wu, CFA	Analyst

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# VOTE FOR DIVYA GANGAHAR KOTHIYAL



- ✓ Indonesia
- ✓ Malaysia
- ✓ Philippines
- ✓ Singapore
- ✓ Thailand
- ✓ Frontier Markets
- ✓ Consumer Discretionary
- ✓ Consumer Staples
- ✓ Health Care & Pharmaceuticals
- ✓ Internet

## KEY REPORT

**ASEAN Internet:**  
Time to transition  
August 1, 2023

**Morgan Stanley |** RESEARCH  
August 1, 2023 03:39 PM GMT  
ASEAN Internet | Asia Pacific  
**Time to transition**

ASEAN internet companies are transitioning to being profitability-focused, but the quality of the margin upturn is in question as GTV growth has slowed. Growth expectations need to be reset, and the framework for assessing these stocks needs to be more multi-dimensional, we think. We prefer Grab.

**#1: Growth decline – down but not out:** It is tough to separate how much of the slowdown in GMV growth has been the result of incentives being lowered as macro factors and cost Covid normalization. However, ASEAN remains relatively attractive but investors need to rebalance top-line growth expectations in the context of boosted penetration rates and underlining month-over-month growth. In e-commerce, we expect the next phase of growth to be a 15% CAGR for 2022-25 (vs. 40% CAGR in 2017-22). For on-demand services (mobility + food delivery), we expect a GTV CAGR of 17% in 2022-25 (vs. 28% CAGR in 2017-22).

**#2: Competition concerns in e-commerce:** TA's Ta Ta's traction has remained on an upswing in recent months. As a time when market growth is slowing and incumbents are focusing on profitability, the ability of TA Ta to disrupt the market becomes easier as it navigates its large user base and deploys a well-trodden playbook of lower commissions and higher incentives. Low-barrier platforms in China rose from 2% of the market in 2019 to 7% in 2022. TA Ta targets low AOV and non-standardized product categories like apparel and cosmetics. Given Shopee's larger share to these categories (vs. Tokopedia and Lazada), it is more vulnerable to losing share, similar to what we saw for Lazada in China. Also, fresh investment and management changes by Alibaba in Lazada and news of Temu trading surface interest in ASEAN is likely to keep competition as a concern for EC players in the near term.

**#3: Stock assessment framework should now be multi-dimensional (beyond simply growth):** These businesses are now well funded and executing steadily on a path to profitability and eventually positive cash flow. While growth will remain an important metric, other factors that will drive stock prices include margin imp, market share trends, earnings revisions, management actions and regulations.

**Grab vs our preferred pick:** We like Grab's strengthening market leadership, (2) clearer profitability roadmap with recent cost reduction improving visibility, (3) relatively less competition concerns – a dominant play in EC, (4) strong balance sheet with cash at 30% of market cap, and (5) positive momentum in quarterly trends. Our other DCF-based pick is Lazada, which implies 2024 EBITDA of \$1.6B. **We also have SE at OW**, which reflects valuation and progress on profitability. However, concerns on competition in commerce and lackluster outlook for digital entertainment makes it second to Grab. **We are OW on We**, we expect GMV to decline in the coming quarters and market share trends are choppy. **We are OW BBLI** vs peers as it has the lowest path to profitability.

**FOUNDATION**

Wenbin Chen, CFA	Analyst
Divya Gangahar Kothiyal	Analyst
Pooja Bhata	Analyst
Marcus Liang	Analyst
Yiwei Chen, CFA	Analyst
Danyu Du, CFA	Analyst
Tiffany Yeh	Analyst
Ray Wu, CFA	Analyst

**ASEAN INTERNET**

Analyst	Rating
Grab Holdings (SEMG.O)	From To
Price Target	From To
Grab Holdings (SEMG.O)	1023.00 1023.00
Price Target	1023.00 1023.00
Grab Holdings (SEMG.O)	1023.00 1023.00
Price Target	1023.00 1023.00
Grab Holdings (SEMG.O)	1023.00 1023.00
Price Target	1023.00 1023.00

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# VOTE FOR EDDY WANG



- Internet
- Technology/Hardware
- Technology/IT Services & Software
- Thematic Research
- China
- Hong Kong
- Philippines
- Taiwan

## KEY REPORT

### PDD Holdings Inc: It's All About Temu

October 24, 2023

#### Morgan Stanley | **RESEARCH**

October 24, 2023 01:30 AM GMT

##### PDD Holdings Inc

It's All About Temu

**MARKET OVERVIEW**  
PDD Holdings Inc (NASDAQ) From To  
Price Target US\$120.00 US\$148.00

We believe Temu's strong growth in user/engagement/GMV since its debut in September 2022 marks the initial success of its 'fully-innovative' model. Despite heavy investment in the expansion stage, we expect Temu to be profitable starting 2026, and become PDD's new growth driver.

**alphawise**

**Strong momentum for the one-year-old Temu:** Since it first launched in the US in Sep. 2022, Temu has expanded its operations to 47 countries. As of Sep. 2023, the Temu app had been downloaded a total of 223m times, and the app's MAU had reached 109m globally, with 52m or 47% coming from the US. We also see Temu's strong user growth momentum and user engagement in other regions.

**Longer track record needed to gauge long-term sustainability of Temu's business model, and overseas regulation a key risk:** Leveraging Temu's innovative 'fully-innovative' model and PDD's deep understanding of high-quality supply chains in China, Temu can expect solid sales for many products at low cost. However, in the current expansion stage, Temu's expenses on logistics, fulfillment, and S&M expenses are high, incurring significant losses. Given its short operating history, we believe it needs a longer track record to demonstrate the long-term sustainability of its business model. It Temu is not able to increase AOV, order volume and take rates, and lower its logistics/fulfillment cost & S&M expenses per order, while consistently improving its user penetration/engagement, and increasing repeat purchases, it may not be able to achieve the required operating leverage and profitability in the long term (i.e., breakdown in ODS and GMV in ODS, on our forecasts).

Key concerns are around exemptions from import for IP, labor practices, IP rights, security concerns, local merchant protection, and potential restrictions or bans of the app. We highlight the regulatory risk on our base case scenario, where we apply a price value to Temu due to a potential ban in the US market.

**LPI PI to US\$140, S&P valuation suggests higher value:** We lift our DCF-implied PI to US\$140 to factor in higher top-line growth in 2023-2026, reflecting our updated forecasts for Temu. In addition, our S&P methodology suggests US\$135 for PDD (US\$53 per share value for PDD's domestic business vs. \$5x 2024a P/E, US\$43 per share value for Temu on 20x 2024a P/E and discounted back to 2024, US\$18 per share value at a 20% discount). Our S&P also suggests a full case of US\$205 (assuming stronger growth in domestic/overseas business and higher P/E) and a base case of US\$76 (assuming an extreme case of Temu failure and applying zero value for Temu).

#### ASIA PACIFIC INSIGHT

October 24, 2023 01:30 AM GMT

##### Eddy Wang, CFA

Kathy Zhu

Gary Yu

Brian Novak, CFA

Lauren Schick

Matt Bombassei

Nathan Kaufner

**PDD Holdings Inc (NASDAQ, PDD US)**  
China Internet and Other Services (China)

**Industry Index**  
Performance: 1Y, 3M, 6M, 12M, YTD, etc.

**Market Data**  
Market Cap, P/E, etc.

**Price Target**  
Base Case, Bull Case, Bear Case, etc.

**Risk Factors**  
Regulatory, Competition, etc.

**Key Takeaways**  
Investment Thesis, etc.

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# VOTE FOR EVA HOU



- Utilities and Alternative Energy
- China
- Hong Kong
- Taiwan

## KEY REPORT

### Hangzhou First Applied Material:

Sustainable earnings growth at solar film leader; initiate at OW

January 17, 2023

#### Morgan Stanley | **RESEARCH**

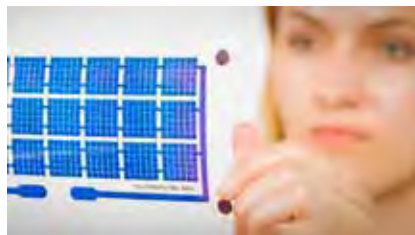
January 17, 2023 09:35 PM GMT

#### FOUNDATION

Hangzhou First Applied Material

## Sustainable earnings growth at solar film leader; initiate at OW

Hangzhou First is a leading global solar film producer, maintaining 50% market share. It offers high earnings growth visibility, supported by cost advantages and durable sustainable market share amid a promising global solar market outlook.



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# VOTE FOR GARY YU



- Telecommunications
- Internet
- Thematic Research
- China
- Hong Kong
- Taiwan

## KEY REPORT

### Asia Primer:

AI: The Internet Opportunity and Tech Diffusion

June 19, 2023

#### Morgan Stanley | **RESEARCH**

June 19, 2023 08:00 PM GMT

##### Asia Primer | Asia Pacific

## AI: The Internet Opportunity and Tech Diffusion

China's AI evolution is at the inflection point, catching up with the US despite hurdles in regulation and semi restriction. We identify potential beneficiaries, debated and challenged names amid the US\$1.7tn AI opportunity in China.

**The AI evolution is accelerating in the US, and China is catching up:** The 20+ years of AI evolution in the US, as evidenced by first adoption of OpenAI's ChatGPT, followed by new AI offerings from Microsoft (MSFT), Alibaba (BABA), and Alibaba (BABA). China is keeping in the race, but is catching up. Baidu (BIDU) and Alibaba (BABA) announced their large language models (LLMs), Ernie bot and Tongyi Qwen, respectively, in Mar and Apr, and performance of Baidu's Ernie bot has improved notably in the past three months per our own tests. We believe China's AI evolution is at an inflection point, not to slow consumer behavior change and business transformation, and more important, accelerate tech diffusion across the economy.

**Seeing the US\$1.7tn AI opportunities for Internet:** Today, there is still a sizable part of the economic access restricted, e.g. advertising, retail, food services, hotel and travel, mobility, entertainment, recruitment, enterprise IT spending, etc.) that has yet to be digitized. We see potential AI opportunities of US\$1.7tn for the Internet industry, as a mass adoption of AI applications drive further digitization of consumers. The US and businesses in AI, even without considering the second derivative benefits from productivity gains across the economy. Our AI-enabled scenario suggests higher multi-industry 2023-30 digital CAGR of 12% vs 10% under base case.

**Regulation and semi restriction are major hurdles:** As regulatory approval is required before large scale commercialization of AI-based services in China to ensure legal compliance, we see uncertainties in timing of public launches and commercialization. Meanwhile, it would also effectively raise entry barriers of AI industries in China, and thus benefit leading players with knowledge, tech and compliance. The US chip ban may cap global competitiveness of Chinese AI players, but we see strong domestic demand serving as a long-term growth engine for Chinese players given high regulatory barriers for foreign players.

**Potential AI beneficiaries, debated and challenged:** We see three types of potential AI beneficiaries: 1) AI enablers – Baidu, Alibaba, Tencent; 2) Transformation-oriented leaders with proprietary industry AI capabilities – NetEase (NETEAS), Tencent Music Entertainment (TME). We also identify some companies that may be more challenged and some companies with unrivaled AI abilities. Seeing our bull and bear scenarios and what to monitor next.

#### ASIA PACIFIC INSIGHT

June 19, 2023 08:00 PM GMT

##### Gary Yu

Chris Wang

Kevin Kenny, CFA

Matt Bombassei

Nathan Kaufner

Alan Chan

David Zhang

Jeffrey Zhang

Kevin Kenny, CFA

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Matt Bombassei

Nathan Kaufner

Alan Chan

David Zhang

Jeffrey Zhang

Kevin Kenny, CFA

Matt Bombassei

Nathan Kaufner



# VOTE FOR JAMES BALES



- ✓ Small- & Midcapitalization Stocks
- ✓ Consumer Discretionary
- ✓ Consumer Staples
- ✓ Internet
- ✓ Technology/IT Services & Software
- ✓ Australia

## KEY REPORT

### Life360:

The pay-off from pricing power

October 16, 2023

October 16, 2023 07:00 PM GMT

### Life360

The pay-off from pricing power

#### WHAT'S CHANGED

4-month low P/E

Price Target

From

To

\$110.00

\$131.50

In 2023, 360 materially raised prices in the US. Despite fears, it went to plan. We expect a similar strategy internationally. Higher prices, better GM, stronger unit economics and more attractive reinvestment opportunities, ultimately driving user and sales growth. Retrate OW, raise PT to \$131.50.

What's changed? We cut 2023-25 EBITDA-13.30% or +US\$3.7m, resulting in EPS upgrades of 3.9%. We also lift our long-term assumption on US pricing to reflect new cohorts at a US\$0.50/yr, as well as international ASPs up to 7% in FY24 as membership is rolled out in the UK and Australia. We expect higher prices mean higher GM which drive the bulk of our upgrades. We lift our PT 20% to \$131.50.

What are investors focused on? Short-term focus is clearly on sales growth, specifically getting to 700M net adds following the disruption of iOS and then Android price rises. However, we feel there is value precision in linking sales growth up the funnel to Mkt growth (vs announcement) and back to downloads. We believe Lk360 has levers to manage both top of funnel and conversion, but quarterly net adds are hard to forecast.

Why do we feel there is a still upside in pricing? These cohorts in the US at US\$60/yr are becoming a larger part of the base, and E! ASPU growth in older cohorts is continuing. A key takeaway is that the US could support a materially higher average revenue per paying unit (ARPPU). Lk360 achieved 300% growth in new cohort ARPPU, and grew revenue 72% while still growing total sales 10% yr. Assuming a similar pricing strategy in the UK and Australia, ARPPU compounds to be 70% higher in FY24 than our prior estimate.

What are the implications of higher prices? Lk360 has already achieved significant GM improvement in 2023. This implies higher GM on higher ASP, upgrades, and more capacity for operating leverage or to reinvest back into growth. We see forecast more operating leverage, but point out that management may opt to reinvest back into customer acquisition and/or product with more attractive unit economics than they anticipated prior price rises.

Bullcase OW - \$131.50 PT: We use Lk360 as a differentiated asset within the ex-ASX100 space. With >50% Monthly Active Users (MAU), or US\$10 Misp per user, it has consistently delivered strong growth at scale, whilst demonstrating the pricing power of being clear the bulk of its customer base of needs and wants, namely family safety. We see the November 15 3Q results and UK Membership launch as the next major catalysts.

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Life360 (NASDAQ: LK36O)
Stock Rating: Buy
Price Target: \$131.50
Dividend Yield: 0.8%
Market Cap: \$1.2B
Enterprise Value: \$1.1B
Operating Margin: 11.5%
Free Cash Flow Yield: 12.5%

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# VOTE FOR JONATHAN GARNER



- ✓ Equity Strategy
- ✓ ESG Research
- ✓ Quantitative Research
- ✓ Thematic Research
- ✓ All Countries/Regions

## KEY REPORT

### Asia EM Equity Mid-Year Outlook:

Most Bullish Japan, then Korea and Taiwan; Reduce China OW

June 4, 2023

June 4, 2023 09:00 PM GMT

### Asia EM Equity Mid-Year Outlook | Asia Pacific

Most Bullish Japan, then Korea and Taiwan; Reduce China OW

Japan is our top pick with increased conviction on its ROE and governance turnaround, EPS revisions and valuation re-rating. We maintain large OWs on Korea and Taiwan and Semi/Hardware expecting a more up-cycle but reduce our China OW amid Multipolar World dynamics and need for more stimulus.

Raising TOPIC target: Our latest saw TOPIC target for June 2023 moves up 10% to 2062.01 from 1872.99. Our multiple moves up to 13x and we are 4% ahead of consensus. EPS given 3 drivers: 1) Macro: Corporate reform and capital returns are accelerating as regulatory scrutiny on non-ROE companies eases and a renaissance of engagement, stewardship and governance. 2) Multipolar: Global equity share-denoting revenues demand for Japanese capital goods, precision instruments and WFE, while its deep capital markets are benefiting from investors' shift to focus away from China.

ESG and (S)G on hold rather than on: Since January, MSCI EM has been moving sideways as investors debate the ESG related recovery that sums up our Global Strategy Outlook narrative. We now expect a deeper earnings trough in the near term (Risks 2S) and will no longer have our target of 1.00x (P/E) by June 2024, maintaining a 1.5x valuation target with an average recovery in 2024-25 (175%/17x) and have some challenges include ESG (especially in OW) and a slow recovery in China.

Key 2024 OW both Korea/Taiwan and Semi/Hardware as we transition into mid-cycle: We raise our technology OW: given supply chain and a structural recovery from AI-related demand. Trading TB for semiconductor has moved toward its 50-year average, but we expect further outperformance into a likely strong 2024 earnings rebound. We use the Multipolar World transition as a tailwind for India and Indonesia, but retain EW recommendations given high valuations, focusing instead on financials and single-stock fundamentals.

China outlook: challenging, but we see catalysts for recovery: China's initial recovery momentum waned early in April and May with services contributing to outperforming manufacturing and limited recovery in the property sector. Our latest now expects a weaker CNY profile through 2023, which will add to a delayed earnings recovery for MSCI China. But there are some catalysts for a recovery: 1) A large degree of MSCI China de-rating back to -0.3x forward P/E (-20% discount to world EME) has maintained our EW recommendation in anticipation of further policy easing and help from SOE reforms, but further reduce our active position to +20bp.

June 4, 2023 09:00 PM GMT

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# VOTE FOR KELLY KIM



- ✓ Consumer Discretionary
- ✓ Consumer Staples
- ✓ ESG Research
- ✓ Gaming & Lodging
- ✓ South Korea

## KEY REPORT

### China – Beauty Products:

Bumpy Downhill

July 6, 2023

July 6, 2023 09:34 PM GMT

China – Beauty Products

### Bumpy Downhill

After analyzing the state of channels for prestige cosmetics, we think an industry overhaul is needed for growth to pick up and margins to improve. Weak growth stems from years of excessive promotions, and overreliance on resale market. Key hurdles to performance: inventory and overconsumption.

alphawise



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# VOTE FOR LAURA WANG



- ✔ Equity Strategy
- ✔ ESG Research
- ✔ Quantitative Research
- ✔ Thematic Research
- ✔ China
- ✔ Frontier Markets
- ✔ Hong Kong
- ✔ Taiwan

## KEY REPORT

**China Equity Strategy:**  
Cut Price Targets for China / HK with flow through to EM / APX  
August 24, 2023

Morgan Stanley | RESEARCH

August 24, 2023 09:00 PM GMT

China Equity Strategy | Asia Pacific

### Cut Price Targets for China / HK with flow through to EM / APX

Our new MSCI China target is 60 (+4% versus spot). Our deflationary pressures are intensifying and our economies have materially reduced their GDP growth forecasts for 2023 and 2024. For MSCI China we are now 17% below consensus for December 2024 EPS. We also cut our multiple assumption.

Following our downgrade in stance on China to EW versus EM / APX in early August, we make our second round of target price reductions for China / HK indices in three months. For MSCI China, our June 2024 target comes down by 14% from 70 to 60 (+4% versus August 23 price close). We now anticipate 2023 US EPS growth of only 2% (off a depressed base in 2022) with a recovery to 5% EPS growth in 2024. This change is related to the significantly lower GDP growth profile envisaged by our China Economic team who cut their forecasts for GDP growth significantly on August 17 – see China Economic Macro Webcast: Lowering GDP on Rising Deflation Risk (17 Aug 2023). We are now 17% below 2024 consensus EPS and we therefore expect the pattern of substantial earnings misses versus consensus to continue in the current deflationary macro-economic environment.

On the valuation side we also cut our 12-month forward P/E assumption from 11.0x to 10.0x versus 11.5x for MSCI EM. On consensus China trades at 9x currently. This re-establishes the framework we had for much of last year that China is likely to trade at a significant valuation discount (around 50%) to EM and also gives the higher degree of policy uncertainty and adverse multipolar world dynamics, particularly vis-à-vis the US.

Given China's circa 30% weight in MSCI EM and MSCI APX there is also flow through to our targets for these indices. Our June 2024 target price for MSCI EM falls by 5% to US\$0 (+8% versus spot) from US\$0 previously.

Signposts to watch: Prompt easing measures to step up demand and stabilize the property market, a systematic approach to address the GDP situation without being overly austere, structural reform announcements targeting 3rd demographic, debt, deflation) around or below the 3rd Plan; capital market reform/initiatives; geopolitical developments.

Within the China equity market we continue to prefer Consumer Discretionary given private consumption's lower exposure to the debt and deflationary issue, and corporate bottom-up will help to improve earnings. We move Utilities from LW to EW for its deflationary during a volatile market. We cut exposure to IT given macro slowdown and geopolitical uncertainty. We move Property to LW on a disappointing sales outlook and housing developer default risk.

IDEA

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**Exhibit 1: June 2024 Full/Pulse/Basis Index targets for Morgan Stanley Asia/EM coverage equity indices** – Significant cut to price targets for Chinese indices and strong EM/APX

Index	Current Price	Target Price	Delta
MSCI China	70	60	-10
MSCI EM	US\$0	US\$0	-5
MSCI APX	US\$0	US\$0	-5

Source: Morgan Stanley, as of August 24, 2023

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# VOTE FOR LILLIAN LOU



- ✔ Consumer Discretionary
- ✔ Consumer Staples
- ✔ Thematic Research
- ✔ China
- ✔ Hong Kong
- ✔ Taiwan

## KEY REPORT

**Global Consumer:**  
How to Play China's Recovery  
May 28, 2023

Morgan Stanley | RESEARCH

May 28, 2023 09:00 PM GMT

GLOBAL INSIGHT

Global Consumer

### How to Play China's Recovery

China will drive 60-70% of global consumption growth through 2024, we estimate. In this report, we address the current market debate around the Chinese consumer's recovery and identify 21 global and domestic stock ideas leveraged to the country's consumption trends.



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# VOTE FOR MAYANK MAHESHWARI



- ✔ Chemicals
- ✔ Oil & Gas
- ✔ Basic Materials
- ✔ Industrials (incl. Infrastructure)
- ✔ Utilities and Alternative Energy
- ✔ Transportation

## KEY REPORT

**Clean Power:**  
Deflation Path Supercharges Adoption  
July 19, 2023

Morgan Stanley | RESEARCH

July 19, 2023 09:00 PM GMT

BLUEPAPER

Clean Power

### Deflation Path Supercharges Adoption

The world of electricity is transforming. Green generation costs will fall rapidly through 2030, accelerating adoption and reshaping the world's energy consumption mix as renewables meet most electrification needs through the end of the decade. Technology gains and government support will bolster, and alter, clean power supply chains and bring US\$0.5trn in cumulative savings by 2030 – more than the entire annual investment in renewable power in 2022.



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# VOTE FOR NICK LORD



- ✓ Indonesia
- ✓ Malaysia
- ✓ Philippines
- ✓ Singapore
- ✓ Thailand
- ✓ Frontier Markets
- ✓ Banks and Non-bank Finance
- ✓ Insurance

## KEY REPORT

### Hang Seng Bank:

Improving, but not enough – stay UW

January 15, 2023

Morgan Stanley | RESEARCH

January 15, 2023 04:00 PM GMT

Hang Seng Bank | Asia Pacific

Improving, but not enough – stay UW

8-Bank Rating

1-Industry View

1-HSBC Target

Underweight

HK\$32.00

We lower estimates and forecast 2022 ROE of 4.9% and a 32% 'YoY fall in dividend. Higher NIM and wealth management revenues plus lower credit charges should drive operational improvement in 2022b, but we see medium-term ROE recovering to only ~11%, capping further upside. Retain UW.

Our lower 2022-24 estimates reflect higher funding cost expectations, only partly offset by better volume. The larger cut for 2022a reflects higher credit charges for commercial real estate (CRE) in China. As a result, we see a 33% ROE for 2022a and a 32% YoY drop in dividend. Our estimates are below consensus. Despite this, we think 2022 represents the bottom with higher NIM, improved wealth management revenues, and falling loan loss charges supporting ROE of close to 10% in 2022b and 11% by 2024.

17% ROE will still below historical levels. Our outlook for future ROE of 11% is below pre-Covid levels of 15-16%. This is entirely driven by lower income yields. Despite higher rates, we expect subdued mortgage pricing to keep NIM closer to 2% rather than the 2.8% pre-Covid level, despite higher rates. We also see some interest income yields suppressed by changes to insurance accounting. We expect lower margins due to keep valuation depressed relative to history.

Valuation fairly reflects longer term returns. Our probability-weighted three-stage Gordon Growth model suggests a value of HK\$28.3. This implies a P/B of 1.3x, in line with the average between 2009-2017, and a dividend yield of 3.1%, just ahead of recent history, but far from higher rates. We see greater upside potential here, but expect our 10% target.

Where are we different, where could we be wrong. We have below-consensus 2022b earnings estimates, but are more in line by 2024. Higher credit costs are the main driver of lower estimates, largely driven by CRE in China. Our price target is 15% below consensus, and we are one of very few US coverage firms still ROE remaining below historical levels. The prospect of long-term ROE above 11% is lower. Our requirements are the main risks to our UWI call.

Morgan Stanley | RESEARCH

January 15, 2023 04:00 PM GMT

Hang Seng Bank | Asia Pacific

Improving, but not enough – stay UW

8-Bank Rating

1-Industry View

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# VOTE FOR PRAVEEN CHOUDHARY



- ✓ Gaming & Lodging
- ✓ Property
- ✓ China
- ✓ Frontier Markets
- ✓ Hong Kong
- ✓ India
- ✓ Philippines
- ✓ Taiwan

## KEY REPORT

### Global Gaming:

Prefer Macau to the US, Galaxy to Sands, Mid Cap to Large Cap

September 11, 2023

Morgan Stanley | RESEARCH

September 11, 2023 01:01 PM GMT

Global Gaming

Prefer Macau to the US, Galaxy to Sands, Mid Cap to Large Cap

Mass revenue is back to pre-Covid levels. Outperformance from here, we think, will depend on (1) mass revenue reaching 120% of 2019, (2) mass market gaming share, partly driven by supply increase, (3) ops discipline, and (4) financial leverage.

Macau stocks (US YTD) have performed in line with the Hang Seng index (8% YTD), but better than several Chinese consumer stocks. During this time, EBTTDA remains strong (revenue and EBTTDA growth of more than 50% QOQ).

Stock ideas: (1) we prefer Macau names (Sands/Wynn) over US ones (LVS/Wynn). Per share stub values are rich vs historical levels. Better EBTTDA growth and downleveraging could lead to Macau outperformance. (2) We continue to prefer mid cap (MGM, Wynn and MGM) over large cap (Galaxy and Sands) due to cheaper valuation (8x vs 10x over 2023 estimated EBTTDA) and higher financial leverage. (3) We prefer Galaxy over Sands for (1) no increase in interest expense, (2) largely additions should help market share gains throughout 2023-25, and (3) we are unsure of grand mass recovery where Sands has more exposure.

What's changed? (1) Industry EBTTDA estimates. We lower 2022a by 9% and 2%, respectively. (2) Valuation methodology. We still use target ECF, yield (6.8%) vs 2024a FCF, but we have removed the 10% discount (for time value of money). In addition, we adjust the entire non-gaming component commitment from our full value, assuming it to be a license fee. (3) We upgrade Galaxy to OW (from SW) and downgrade Sands to EW (from OW). We tweak our P/Bs for each of the companies based on our new methodologies. We now use 8.5x ECF yield for MGM (previously 8.5x), same as Wynn and MGM, to reflect much lower ADR delisting risk now.

Estimate/PT changes for US parents. Separately, M&S US Gaming team is adjusting estimates/PT for the Macau focused stocks (LVS, MGM, Wynn) to account for a lower market multiple (hang Seng) broader economic uncertainty around China and other estimate changes in Valuations/Opinions. For more detail on the changes see the 'What's Changed' section.

On Jan 3, we address seven key questions from investors, including what level of recovery is currently priced in, why Macau names have not outperformed US parents YTD, and who has been most impacted by non-gaming investment.

Morgan Stanley | RESEARCH

September 11, 2023 01:01 PM GMT

Global Gaming

Prefer Macau to the US, Galaxy to Sands, Mid Cap to Large Cap

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# VOTE FOR QIANLEI FAN



- ✓ Transportation
- ✓ Autos & Auto Parts
- ✓ Industrials (incl. Infrastructure)
- ✓ China
- ✓ Hong Kong
- ✓ Taiwan

## KEY REPORT

### Tanker Shipping:

Strong Rates Rally Post CNY, Reiterate our Bullish View

February 27, 2023

Morgan Stanley | RESEARCH

February 27, 2023 09:00 PM GMT

Tanker Shipping | Asia Pacific

Strong Rates Rally Post CNY, Reiterate our Bullish View

Post-CNY spot market performance has been stronger vs. seasonally. We raise our price targets by 27%, 25% and 24% for CSE, H, CSE-A, and CMES, respectively, and reiterate our bullish view on the tanker outlook.

Stronger-than-expected spot market post CNY. VLCC spot earnings on the Arab Gulf to China route have rallied after the Chinese New Year, to US\$49.5/30-day (as of 24 Feb 2023), much stronger vs. seasonally, due to tight supply and the resumption of shipment demand. 5-year and 10-year VLCC secondhand prices have also reached new highs since Jan-2009. CSE-A, CSE-H and CMES's share prices have outperformed their respective indexes by 21%, 31% and 24%, respectively, YTD (as of 24 Feb 2023).

Rational supply + a solid foundation to the up-cycle. Tanker effective supply growth in 2022 rose 26% vs. we expect effective capacity to grow by 20% and 10% in 2023 and 2024, respectively, with a low orderbook to further rise. In addition, stronging and impact of environmental regulations could further help remove effective capacity. We think supply side stabilization can support a 12-24 month up-cycle, even without aggressive demand assumptions.

Demand to be supported by global reopening. Transportation demand rebounded over half of all demand globally before Covid. We believe China's reopening, together with a sustained recovery in global mobility, will bring solid demand growth in 2023-2024. Our confidence in shipment demand has increased, following a more optimistic oil demand forecast by our Global Commodities team. We see further upside risk from a potential shift in global refinery capacity, as well as more SPR releases from the US, both of which could bring ton-mile contributions to global oil shipment demand.

Rethink our CSE and CMES. We expect CSE and CMES to report ROE of 12.8% and 14% respectively in 2023. Earnings/EBITDA rose 20% for both companies. We raise our price targets for both companies, reflecting higher earnings forecasts for 2024, and higher valuations driven by tanker asset price appreciation.

Morgan Stanley | RESEARCH

February 27, 2023 09:00 PM GMT

Tanker Shipping | Asia Pacific

Strong Rates Rally Post CNY, Reiterate our Bullish View

Post-CNY spot market performance has been stronger vs. seasonally. We raise our price targets by 27%, 25% and 24% for CSE, H, CSE-A, and CMES, respectively, and reiterate our bullish view on the tanker outlook.

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# VOTE FOR RACHEL ZHANG



- Basic Materials
- China
- Hong Kong
- Taiwan
- Australia

## KEY REPORT

### Asia Primer:

China Materials: Tapping into African Lithium

June 14, 2023

Morgan Stanley | RESEARCH

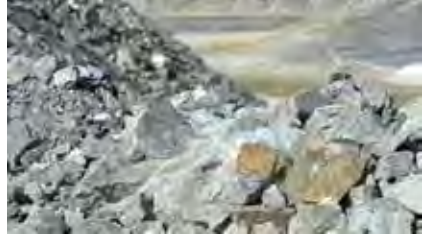
ASIA PACIFIC INSIGHT

June 14, 2023 10:41 PM GMT

### Asia Primer

## China Materials: Tapping into African Lithium

Chinese companies have been actively investing in Africa hardrock lithium resources. Upstream lithium supply in Africa could reach as much as 76kt LCE in 2023 and exceed 200ktpa LCE in 2024-2025, or 15-35% of global new supply.



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# VOTE FOR RICHARD WILES



- Banks and Non-bank Finance
- Insurance
- Thematic Research
- Australia

## KEY REPORT

### Australia Banks: No More Tailwinds

March 5, 2023

Morgan Stanley | RESEARCH

ASIA

March 5, 2023 08:58 PM GMT

### Australia Banks | Asia Pacific

## No More Tailwinds

We believe the tailwinds that drove the EPS upgrade cycle over the past year have run their course. This makes it more likely that the major banks will underperform the ASX200 in 2023.

**Margin now peaking:** Mortgage refinancing and discounting have picked up, while deposit pricing benefits are moderating. This increases the likelihood that major bank margins peak earlier and at a lower level. We estimate that the average major bank margin expanded by +80bp q-o-q to 1.95% in the December quarter, but we forecast it to be flat in the March quarter.

**Margin decline in FY24E:** Rising rates and a more fluid competitive environment are driving greater volatility in margins. We forecast major bank margins to increase +70bp q-o-q in FY23E but to fall -180bp q-o-q to 1.95% in FY24E. Key headwinds include ongoing home loan discounting and refinancing, mortgage cash-back and broker commissions, increasing deposit competition, an unfavorable mix shift, and TIF maturities. These are likely to offset the tailwind from replicating portfolio and the fading benefit from RBA rate hikes.

**No near-term catalysts for better loan growth:** Business loan growth was strong in 2022 and housing loan growth has been resilient. However, the combination of an economic slowdown, ongoing rate hikes, falling house prices and higher mortgage affordability hurdles is likely to weigh on loan growth. We see little prospect of upside to our forecast of +1% in FY23E.

**No change in major banks' approach to costs:** Aside from WBC's Cost Review plan, there is little to suggest that the banks are fundamentally changing their approach to cost control or accelerating productivity realisation. Excluding WBC, we forecast underlying expense growth of +0.5% this year.

**Rising loan losses:** While credit quality is still sound and our base case for a soft landing in Australia, we think it's increasingly likely that loan losses have bottomed. We forecast loss ratios to rise to +180bp of loans in FY23E and +290bp in FY24E, resulting in a double-digit earnings headwind to each year.

**Little scope for meaningful capital management:** We estimate an average 'new' profit as a dividend C1E1 ratio of +14% in 2023E. This implies 'new' capital of only +0.4% or +0.2% across the four majors, and means large buybacks are unlikely. We also think hopes for an increase to profit rates are premature, given the uncertain outlook. We forecast dividends to grow by an average of +0.5% this year, but we think they will fall in next year.

**Peak earnings in FY23E:** The RBA's hawk and aggressive tightening cycle has driven good earnings growth in FY23E, but we think cash profit (ex notional items) will fall by an average of +0.5% in FY24E.

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# VOTE FOR RICHARD XU



- Banks and Non-bank Finance
- Insurance
- China
- Hong Kong
- Taiwan

## KEY REPORT

### China Financials:

Where will household deposits go in 2023?

January 11, 2023

Morgan Stanley | RESEARCH

ASIA

January 11, 2023 03:36 PM GMT

### China Financials | Asia Pacific

## Where will household deposits go in 2023?

Higher household deposit growth in 2022 was largely due to lower returns from other fixed-income products, while the savings rate remained steady. We do not believe deposits will automatically flow back to investments or consumption and will hinge more on rebound in rates and income.

**What's been driving the notable pickup in household deposit growth? Here a higher savings rate.** Household deposit growth picked up to 16.7% in Nov 2022, vs. 12.8% in June 2022 and 10.7% in Dec 2021. The main driver was household financial assets shifting to deposits. From other fixed-income products, but the savings rate was largely stable. Notably, Chinese Hk financial assets have been increasing by +160b20y per year since 2016, but the rate of investment products with implicit guarantees, such as trust and wealth management products (WMPs), supported deposits before 2020. The financial cleanup and lower returns from bank WMPs and money market funds due to declining market rates and rising bond market volatility have pushed more AUM back to deposits.

**Household financial allocation will hinge on performance of other fixed-income investment products depending on the rate market.** Hk financial assets shifting back to deposits shows the conservative nature of Chinese Hk investments, we think. While a small portion of such funds could flow to equities, if future performance improves, we believe higher, steadier returns from other fixed-income products are needed for any major shift in Hk financial assets to occur. Steady, higher market rates will likely be key to attract deposits back to bank WMPs and AUM funds, and this should support bank's NM and fee income, though it may take time. Wealth managers with strong research education and comprehensive products will be better placed to retain AUM, we believe.

**Household balance sheets have improved, but rebound in bank fee income to be gradual.** While Hk balance sheets have improved in recent years, we expect Chinese households to maintain a steady savings rate due to insufficient stock market wealth. Hence, we foresee a gradual recovery in fee income growth from consumption payments and credit card fees, as the sustained rebound in consumption growth will bring more on Hk income growth, given uncertainties from financial markets. While the improvement in Hk balance sheets could be partly offset by lower housing prices in some regions, Chinese households' lower debt to financial assets ratios should still improve their liquidity conditions, and there are more important indicators of near-term consumer credit risks. We continue to prefer leading retail banks such as China Merchants Bank (CMB) and Bank of Hengde that should gain market share with above-peer NPL coverage, given the outlook for gradual recovery.

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# VOTE FOR RIDHAM DESAI



- ✔ Equity Strategy
- ✔ ESG Research
- ✔ Quantitative Research
- ✔ Thematic Research
- ✔ India

## KEY REPORT

**India Equity Strategy:**  
One Billion Voters: Will They Please the Market?  
September 3, 2023

Morgan Stanley | **RESEARCH**

September 3, 2023 09:00 PM GMT

India Equity Strategy | Asia Pacific

## One Billion Voters: Will They Please the Market?

We expect the market to rise ~10% to the election date in anticipation of continuity and a majority. Post election, we see potential for the market to swing in a wide range, depending on the outcome.

**The biggest investor debate is whether India will vote for continuity and a majority.** Voting in the world's biggest democratic election (one billion voters) will likely commence in April 2024, with counting and the release of results to occur on a single day in late May. This assumes that the election date is not advanced, which is a possibility.

**In our base case, the equity market rises by ~10% to May-24.** Historically, the Indian market approaches elections with optimism. We expect it to follow a similar pattern this time around, i.e., prices in a crash that forces continuity in government with a majority. However, this is contingent upon how successfully the opposition shows the state that poses a threat to the incumbent. Advancing the election date could concentrate the market move into a shorter period.

**Do not ignore non-political factors.** The US stock market, interest rates, growth, crude oil prices, inflation will all be in the mix when it comes to share prices.

**Three factors could be critical to the usually hard-to-predict outcome:** 1) How numerous voters feel, 2) how the culture of stock market investors, social media users and first-time voters vote given their increasing numbers; and 3) what the opposition does. Besides, the defying moment could be 4) and when the 20-party opposition alliance, known as INDIA, is able to strike a seat-sharing deal. This is something we will know only closer to the election date.

**Brief for volatility post election:** If we are right about the pre-election market move, then depending on what the election result is, we believe the market has the potential to swing between +5% and -40% - a wide range underpinning how important the elections could be to the market in the short run. The wild swing has historical precedence although we think it could be more acute this time around.

**Portfolio construction:** Those investors whose mandates allow hedging can simply use options to tackle the impending volatility. For others, our recommended sector allocation is a barbell portfolio that is overweight domestic cyclical, rate sensitive and technology.

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FOUNDATION

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September 3, 2023 09:00 PM GMT

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# VOTE FOR ROB KOH



- ✔ Utilities and Alternative Energy
- ✔ ESG Research
- ✔ Industrials (incl. Infrastructure)
- ✔ Chemicals
- ✔ Oil & Gas
- ✔ Transportation
- ✔ Australia

## KEY REPORT

**Australia Utilities:**  
Capital & Capability  
January 15, 2023

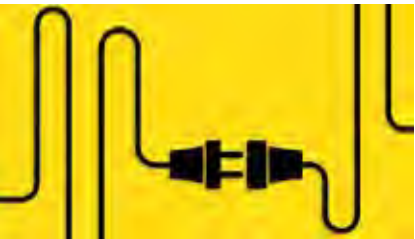
Morgan Stanley | **RESEARCH**

January 15, 2023 07:30 PM GMT

Australia Utilities

## Capital & Capability

Australia utility markets remain in volatile transition. We analyse near-term energy markets, medium-term firming markets, and long-term behind-the-meter economics. We upgrade ORG to OW in view of improved access to capital and leverage to the energy transition.



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FOUNDATION

# VOTE FOR ROBIN XING



- ✔ Economics
- ✔ China
- ✔ Frontier Markets
- ✔ Hong Kong
- ✔ Taiwan

## KEY REPORT

**China's 3D Journey:**  
Resolving China's LGFV Problem  
August 28, 2023

Morgan Stanley | **RESEARCH**

August 28, 2023 10:30 PM GMT

China's 3D Journey

## Resolving China's LGFV Problem

China's local government debt burden has ballooned to 72% of GDP in 2022 from just 39% in 2015. At the same time, falling revenues from land auctions have compromised local governments' ability to both service and refinance debt. As China's economy tackles the '3D' challenges of debt, demographics and deflation, we think the central government will need to partially underwrite local government debt and roll out sufficient fiscal easing to facilitate LGFV deleveraging and help the economy grow out of debt. Absent such a systemic resolution, China could fall into a debt-deflation loop, putting the growth and inflation outlook at risk.

**Local government debt resolution enters a critical phase.** Since the 2008 Global Financial Crisis, local government financing vehicles have mediated investment-led growth through successive rounds of public case stimulus. However, LGFV debt reached Rmb60-70tn in 2022, we estimate. As China's economy struggles and deflationary pressures loom, how policymakers deal with the local debt problem is likely to shape the growth and inflation outlook.

**At the core of LGFV debt risk are duration mismatches and vulnerability around refinancing.** Infrastructure investments tend to yield low direct returns that take years to materialize but are funded by shorter-duration, higher-interest LGFV debt. Land sold in 2023, LGFVs were able to refinance through local land sales. However, both the property markets' troubles and the pandemic have compromised their capacity to refinance, exposing debt service burdens.

**Debt resolution amid rising risk of a debt-deflation loop.** While local governments have accumulated sizable assets to support debt repayment via spending cuts and asset transfers/sales, the asset/liability mismatch problem could be difficult to manage in some regions amid mounting liquidity pressures. Moreover, over-reliance on such a contractionary approach may worsen China's 3D challenges (debt, demographics and deflation) and end up increasing the local debt burden.

**Central government could take on a larger share of the fiscal burden.** The official stance on local debt has shifted from "tighter control" in April to "systemic resolution" at the July Politburo meeting. Policymakers are reportedly mulling an Rmb1.5tn bond issue to mitigate near-term liquidity risks, utilizing the remaining room in the local debt ceiling. But a more comprehensive, central government-

backed solution may be forthcoming to fend off a debt-deflation loop, including an expanded bond swap program and fiscal stimulus possibly around "urban village redevelopment". These efforts could inject refractory impulses into the economy.

**The fundamental debate on China's long-term growth outlook continues to center around the perceived change in Beijing's policy objectives.** We think the government will dynamically assess multiple policy objectives, as without economic growth, social stability and long-term development targets face greater uncertainty. As such, we think the current economic challenges may pave the way for a more resolute policy response, and signs of debt-deflation spillover and/or social instability will likely expedite policy execution.

**For important disclosures, refer to the Disclosure Section, located at the end of this report.**

ASIA PACIFIC INSIGHT

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August 28, 2023 10:30 PM GMT

August 28, 2023 10:30 PM GMT

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# VOTE FOR SEAN WU



- ✔️ Healthcare
- ✔️ Pharma and Biotech
- ✔️ Small- & Midcapitalization Stocks
- ✔️ China
- ✔️ Hong Kong
- ✔️ Taiwan

## KEY REPORT

**China Healthcare:**  
Order of Preference Reshuffled Amid Sector Volatility  
September 25, 2023

Morgan Stanley | RESEARCH

September 25, 2023 09:30 AM GMT

China Healthcare | Asia Pacific

### Order of Preference Reshuffled Amid Sector Volatility

China's anti-corruption campaign on hospitals has introduced uncertainties to sector growth and prospects. As sentiment remains subdued, the globally-positioned CDMOs will be least pressured and pharma-oriented TCM & Consumer Healthcare group stocks could serve as safe havens for capital.

**A framework for understanding the impact of China's anti-corruption campaign (ACC):** China's anti-corruption campaign on the healthcare sector kicked off in mid-July with an initial focus on the sales practices of manufacturers and procurement practices of hospitals. Preliminary investigations resulted in the probes and arrests of some hospital chiefs and party secretaries (Covis). Subsequent comments from the government have made clear its objective of cleaning up the sector with an exercise that could last a year and encompass all parts of the healthcare value chain. During the end-of-August earnings season, company commentaries on the potential impact of the campaign included: industry growth (especially in hospital) slowing down. Channel participants had noted a sequential slowdown of outpatients, surgeries, and drug dispensing in August, and ZJ sales expenses being cut as selling activities are expected to be curtailed.

**Rebuffing our order of preference as the campaign will likely go on for another 2-3 quarters:** For the rest of 2023, let's be positive, we use the biopharmaceutical and medical device groups as the most exposed to the campaign. Both rely heavily on physician demand by large sales forces, and allocate significant budgets to academic conferences and seminars. Similarly, we lower our preference for biotech names due to off-label sales exposure and pending commercial launches, while noting all biotechs are not made equal. Primary distributors, as intermediaries mainly engaged in the wholesaling function, are less exposed, though more sales & marketing is being encouraged by manufacturers to them. Pharma and OTC-oriented TCM manufacturers have more leeway to tweak their product mix. In fact, a tougher hospital environment may speed up prescription outflow from public hospitals. Private, or for-profit, healthcare service providers are somewhat less dependent on public insurance, and hence are less exposed. Finally, CDMOs and MR manufacturers, by nature of their export focus and contracting management, will likely be less impacted by lower domestic demand. Our revised order of preference is: CDMOs > Pharmas > Distributors > TCM & Consumer Healthcare > Service > Biotech > Biotech > MR > Hospital Health > Device > General.

**Calling the bottom:** Although ACC will likely continue for a few more quarters, we believe it is already priced in. Valuations, both onshore and offshore, are rated for mid-July when the campaign started to the last week of August (Conclusion of earnings season and management commentaries). Since then, valuations have edged back up gradually, which suggests to us that investment interest is coming back.

IDEA

September 25, 2023 09:30 AM GMT

China Healthcare | Asia Pacific

### Order of Preference Reshuffled Amid Sector Volatility

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# VOTE FOR SELVIE JUSMAN



- ✔️ Indonesia
- ✔️ Malaysia
- ✔️ Philippines
- ✔️ Singapore
- ✔️ Thailand
- ✔️ Frontier Markets
- ✔️ Banks and Non-bank Finance
- ✔️ Insurance

## KEY REPORT

**ASEAN Financials:**  
Where are we in Indonesia?  
June 9, 2023

Morgan Stanley | RESEARCH

June 9, 2023 08:50 PM GMT

ASEAN Financials | Asia Pacific

### Where are we in Indonesia?

Despite share price outperformance and high levels of institutional positioning, we remain constructive. Our recent trip to Indonesia reinforces our optimism.

**Indonesia remains our most preferred market despite outperformance:** The bank valuations have risen but are still below the previous peaks - BBCA and BBNB are trading between their 30-year long-term average PE and 1SD above their long-term average. Mandiri and BNNB still look relatively cheaper, with PDB still below their long-term average. High valuations for BBNB are supported by an intact structural story, clear indicators of healthy macro conditions, and potential upside from election spending. Banks have also raised their dividend payments and after 2023a yields up to 5.7%. We remain constructive on Indonesian banks and Indonesia is still our most preferred market in ASEAN.

**April data were seasonally soft but growth should pick up into the year and our recent visit to Indonesia reinforces our optimism:** April bank only data shows soft with moderating NIMF and loan growth compared to 2022. We attribute this to 1) Covid-related recovery and pent-up demand in 2022, and 2) labor and the holiday season in April 2023. Our recent trip to Indonesia reinforces our optimism on growth. Although there is commentary on the pace of government spending, which has been slower than anticipated, market participant sentiment and macro data do not point towards a slowdown in the economy. Furthermore, election spending in 2023 and 2024 should lead to more broad-based growth in the domestic economy. Our economic and strategic calls also reiterated their positive views of sustained strength in consumption and business investment in Indonesia in their recent outlook reports.

**Linked risks from concerns about SOE exposure and liquidity:** Concerns have emerged around bank exposure to SOE exposure companies. Our view is that banks should be able to manage the risks, although it would mean that credit costs might trend towards the upper end of guidance. Furthermore, most banks have created a buffer from Covid-related provision. There is commentary around higher liquidity, which also partly drove higher funding costs for the banks. However, IDR is still at a lower level for the system and expectations of rate cuts in 2024 and possibly RRR cuts will ease liquidity. We have taken this into account in our NIM forecasts. Finally, we think bank rates will have a limited impact on bank NIMs given banks have not fully passed on the impact of higher rates to borrowers on the way, due to loan competition.

**We reiterate our constructive view on the Indonesian bank group:** within the broader ASEAN Financials industry, with OW on BBNS, BBNS and ARTO, BBCA remains EW. As we approach mid-2023, we will see valuations trend to P/Bs, but we make no change to our estimates, and the exception of BBNS where we adjust our payout forecast and also see how our probability weights for full/balanced case valuations for BBCA to be in line with its peers.

IDEA

June 9, 2023 08:50 PM GMT

ASEAN Financials | Asia Pacific

### Where are we in Indonesia?

Despite share price outperformance and high levels of institutional positioning, we remain constructive. Our recent trip to Indonesia reinforces our optimism.

**Indonesia remains our most preferred market despite outperformance:** The bank valuations have risen but are still below the previous peaks - BBCA and BBNB are trading between their 30-year long-term average PE and 1SD above their long-term average. Mandiri and BNNB still look relatively cheaper, with PDB still below their long-term average. High valuations for BBNB are supported by an intact structural story, clear indicators of healthy macro conditions, and potential upside from election spending. Banks have also raised their dividend payments and after 2023a yields up to 5.7%. We remain constructive on Indonesian banks and Indonesia is still our most preferred market in ASEAN.

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# VOTE FOR SHARON SHIH



- ✔️ Technology/Hardware
- ✔️ Technology/IT Services & Software
- ✔️ Technology/Semiconductors
- ✔️ China
- ✔️ Hong Kong
- ✔️ Taiwan

## KEY REPORT

**Asia Technology:**  
AI Hardware Supply Chain – The Value of STEAM Power  
October 16, 2023

Morgan Stanley | RESEARCH

October 16, 2023 09:00 PM GMT

Asia Technology | Asia Pacific

### AI Hardware Supply Chain – The Value of STEAM Power

We have undertaken a deep dive analysis to examine the value proposition and growth potential across the AI hardware supply chain amid AI demand growth. We also introduce our proprietary STEAM framework to identify respective long-term beneficiaries. We see us technology strength, product upgrade potential, business strategy for capacity expansion, and product innovation for AI-related contributions to revenue and profit. Our key conclusion is that power supply, testing equipment and thermal solutions run top for potential to substantially increase value in a low-competition landscape. We use the framework to identify long-term beneficiaries amid the AI demand boom - Chroma (2362.TW, OW), Delta (2308.TW, OW), Imagination (230306.SZ, OW) and Quantec (2382.TW, OW) stand out in the US, DELL remains a high-conviction OW and Top Pick.

**AI server hardware TAM to grow at 36% CAGR to reach US\$6.4bn in 2025e,** assuming AI hardware makes up ~56% of AI server bill of materials (BOM) cost. This is based on our estimate that the top 7 hyperscalers globally will raise cloud capex to US\$200bn in 2024e from US\$160bn in 2023e, and we expect will rise to US\$230bn (+49% YoY) next year. We estimate AI server OXK-DODD shipments ramp up to 46M units in 2025e vs 25K units this year. We also include AI server manufacturing flow and supplier dynamics details in this note.

**PCB, networking and assembly/testing grows along with GPU computing power:** We estimate PCB, networking, and assembly/testing value will outpace AI hardware TAM in 2025e, given the high correlation between design complexity with GPU processing power in AI servers, such as PCB layer count increase, 800G transceiver adoption and manufacturing/testing complexity. The other key enablers include thermal solutions (from air to liquid cooling), power supply (PAC equipment) and AIB substrate (large complexity).

**Our STEAM framework identifies long-term competitive supply chain beneficiaries:** Our new and proprietary STEAM framework analysis (L1-L11) focuses on long-term competitiveness across the AI hardware supply chain and related suppliers. We focus on technology strength, product upgrade potential, business strategy for capacity expansion, and product innovation for AI-related contributions to revenue and profit. Our key conclusion is that power supply, testing equipment and thermal solutions run top for potential to substantially increase value in a low-competition landscape. We use the framework to identify long-term beneficiaries amid the AI demand boom - Chroma (2362.TW, OW), Delta (2308.TW, OW), Imagination (230306.SZ, OW) and Quantec (2382.TW, OW) stand out in the US, DELL remains a high-conviction OW and Top Pick.

**NIM re-rating to be sustained:** A key market debate has been, what is the right valuation multiple for AI hardware stocks, especially as many have nearly doubled. Our view is that secular multi-year AI demand growth will continue to drive P/E multiple expansion, and this will be supported by ongoing consensus earnings upgrades, increased fund flows into the tech hardware space and healthy competitive dynamics.

FOUNDATION

October 16, 2023 09:00 PM GMT

Asia Technology | Asia Pacific

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# VOTE FOR SHAWN KIM



- Technology/Semiconductors
- Technology/Hardware
- Thematic Research
- China
- Hong Kong
- South Korea
- Taiwan

## KEY REPORT

**Global Technology:**  
AI – Golden Age of Technology  
July 6, 2023

Morgan Stanley | RESEARCH

GLOBAL INSIGHT

July 6, 2023 09:40 PM GMT

Global Technology

## AI – Golden Age of Technology

The pace of technological change in AI is breathtaking. For investors, this is one of the most important themes of the next decade, still at an early stage but tricky to navigate. In the semis and hardware value chain, we highlight 37 leaders and 8 least preferred stocks in this transition.



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ANALYST PROFILES

# VOTE FOR SHENG ZHONG



- Industrials (incl. Infrastructure)
- Small- & Midcapitalization Stocks
- Autos & Auto Parts
- Transportation
- China
- Hong Kong
- Taiwan

## KEY REPORT

**China Industrials Strategy:**  
Investing in Equipment Localization  
March 16, 2023

Morgan Stanley | RESEARCH

ASIA PACIFIC INSIGHT

March 16, 2023 09:13 PM GMT

China Industrials Strategy

## Investing in Equipment Localization

As global supply chains diversify, we expect the localization of industrial equipment to accelerate. We lay out a framework to identify who will benefit from this ongoing trend.



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# VOTE FOR SIMON CHAN



- Property
- Thematic Research
- Australia

## KEY REPORT

**Australia Property:**  
When Cap Rates Revert  
March 28, 2023

Morgan Stanley | RESEARCH

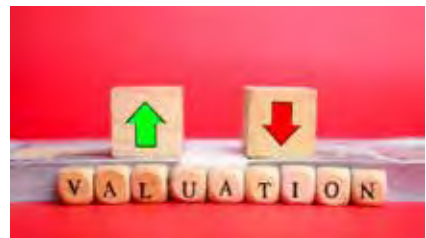
FOUNDATION

March 28, 2023 07:01 PM GMT

Australia Property

## When Cap Rates Revert

REITs seemingly offer good value at present, trading at 0.78x P/NTA, with DXS the cheapest large cap at 0.65x. If cap rates were to increase such that the spread over bond yields was in line with the long-term average, we estimate book values would decline by 5-19%, taking P-to-adj. NTA to 0.92x.



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# VOTE FOR STEPHEN CHEUNG



- ✓ Property
- ✓ China
- ✓ Hong Kong
- ✓ Taiwan

## KEY REPORT

**China's 3D Journey:**  
The Home Price Headwind  
August 31, 2023

Morgan Stanley | **RESEARCH**

ASIA PACIFIC INSIGHT

August 31, 2023 09:00 PM GMT

China's 3D Journey

## The Home Price Headwind

China's housing prices have dropped ~20% after peaking in 2021 amid significant sales volume declines following the regulatory reset. At the same time, rapid expansion of the secondary housing market along with normalizing housing demand is fueling concerns about further sharp declines in primary sales and home prices, potentially triggering more developer defaults. As China's economy tackles the '3D' challenges of debt, demographics and deflation, we think more timely policy easing on both demand and supply sides is needed to rebuild home buyers' confidence, and avoid a prolonged housing downcycle that would put GDP growth at risk.



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# VOTE FOR TERENCE CHENG



- ✓ Small- & Midcapitalization Stocks
- ✓ Consumer Discretionary
- ✓ Consumer Staples
- ✓ China
- ✓ Frontier Markets
- ✓ Hong Kong
- ✓ Taiwan

## KEY REPORT

**Fulgent Sun International:**  
A Step Ahead of Footwear Megatrends; Initiate at OW  
October 4, 2023

Morgan Stanley | **RESEARCH**

FOUNDATION

October 4, 2023 09:00 PM GMT

Fulgent Sun International | Asia Pacific

## A Step Ahead of Footwear Megatrends; Initiate at OW

Fulgent Sun is our preferred name among covered footwear OEMs. We expect market share gains, driven by its diversified brand portfolio and product category expansion, to revitalize revenue growth from 2024, propel a margin recovery, and sustain multyear earnings growth.

**Structural tailwinds to support secular top-line growth.** Fulgent Sun Greater China's sixth-largest listed footwear OEM by production volume, focusing on mid-to-premium shoes, to top three customers. Foot of more than \$20 accounted for 39% of 2022 sales. We believe its ability to produce complex leathers and multifunctional footwear, on top of its ability to handle small-batch, wider SKU orders and a diversified customer base, will further its share gains at existing customers and help attract new ones, driven by three footwear megatrends: 1) a rising need for brand diversification, supporting its multibrand focus; 2) consumer adoption of different functional categories for daily wear, suiting its expertise well; and 3) global supply chain realignment to benefit its multi-location capacity setup. We forecast 20% annual revenue growth, 2023-25.

**...driving operating leverage and an earnings upcycle in 2024-25.** Fulgent Sun achieved a 23.1% GPM in 2022 (vs. peers at 18.5-25.9%) and a 55.9% CFM (vs. peers at 51-20.1%), demonstrating good execution and production efficiency in an upcycle. Although GPM/CFM will be constrained this year by end-market inventory delevering, prompting operating leverage, we expect its GPM to recover from 2024 as orders rebound, propelled by the industry's megatrends. This, along with the company's proven execution capability, should lift GPM to 23.1%, and CFM to 16.3% by 2025, contributing to a 23% net income CAGR, 2023-25.

**We are the first non-domestic broker to cover Fulgent Sun.** Our NTSE35 price target is based on the 2023 30x P/E, which we consider reasonable relative to Feng Tai's and Yue Yuen's and Stella's 3x to 5x P/E range since its 2022 IPO has been on-site. **Key catalysts:** 1) Q2 revenue solidified (operating leverage driven), and 2) customer's results (e.g., VFC, Dickies, On Running). **Key risks:** 1) Emerging weakness in macro conditions and uncertainty around regulatory and efficiency dynamics; 2) emerging brands losing their appeal; 3) change in brand strategy of focusing on complex shoe development; 4) operating shortfalls to customers, and 5) market share loss.

Company	Market Cap (USD Bn)	Revenue (USD Bn)	EPS (USD)	P/E Ratio
Fulgent Sun International	1,100	1,100	1.30	17.0x
Yue Yuen	1,100	1,100	1.30	17.0x
Feng Tai	1,100	1,100	1.30	17.0x
Stella	1,100	1,100	1.30	17.0x

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# VOTE FOR TIM CHAN



- ✓ ESG Research
- ✓ Thematic Research
- ✓ All Countries/Regions

## KEY REPORT

**Sustainability and Equity Strategy:**  
Japan's Governance Journey: Alpha Opportunities Awaiting Discovery  
September 13, 2023

Morgan Stanley | **MUFG**

JAPAN INSIGHT

September 13, 2023 09:00 PM GMT

Sustainability and Equity Strategy

## Japan's Governance Journey: Alpha Opportunities Awaiting Discovery

We see a journey of progress when benchmarking Japan's governance against the US and Europe. We reviewed which governance metrics have driven valuation and return in all three regions, which informs our selection of governance champions and improvers in Japan.

**Why are we writing now?** Historically, Japan's corporate governance has been a key reason for investor underweight status. However, recent years have witnessed a transformation in governance regulations and policies. Japan is making strides on the front and remains our most preferred equity market globally, in a comparison with the governance standards of the US and the Europe is valuable. Our report aims to answer three critical questions: 1) How significant is the governance gap between Japan, the US and Europe? 2) What governance factors have driven valuation and return in all three regions? 3) Where are the alpha opportunities?

**What we found from the analysis on valuation and return:** On the valuation front, our analysis suggested that European companies with better governance metrics have been rewarded with a multiple premium, while Japanese companies have not. However, we believe this trend for Japan will change under serious governance drivers. On the return front, overall, many governance metrics only have limited linkage to excess returns on a 1-year, 3-year and 5-year basis (with correlation below 20% in most cases). Just focusing on Japan and on a 3-year basis, we found relatively stronger positive correlation in 1) % of board independence, 2) having a government/public company or individual as a dominant shareholder, and 3) having executive retention policies.

**Alpha opportunities awaiting discovery:** We see significant alpha potential from emerging companies with leading governance metrics and those that may improve their governance practices over time. From a valuation perspective, the median P/BV ratio of MSCI Japan constituents came in 1.5x, 25% lower than that of Europe and 52% lower than that of the US. There is a very large valuation gap between Japanese companies and counterparts in the US and Europe, and we are bullish that this gap can be narrowed significantly as governance metrics in Japan improve. This is particularly evident among the 20% of MSCI Japan and 50% of TOP3 constituents will trade below book value, which greater regulatory scrutiny on those companies not meeting their cost of capital.

**Stock opportunities:** Our selections of "champions" and "improvers" are based on 1)

Company	Market Cap (USD Bn)	Revenue (USD Bn)	EPS (USD)	P/E Ratio
Yan Chao	1,100	1,100	1.30	17.0x
David C. Blake	1,100	1,100	1.30	17.0x
Stephen C. Byrd	1,100	1,100	1.30	17.0x
Elihu Fu	1,100	1,100	1.30	17.0x
Naruko Kubo	1,100	1,100	1.30	17.0x
Jonathan F. Garner	1,100	1,100	1.30	17.0x

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# VOTE FOR TIM HSIAO



- Autos & Auto Parts
- Small- & Midcapitalization Stocks
- Industrials (incl. Infrastructure)
- Transportation
- China
- Hong Kong
- Taiwan

## KEY REPORT

**Global Autos & Shared Mobility:**  
At First, A Trickle...: How China EVs Will Reshape Autos  
July 5, 2023

Morgan Stanley | RESEARCH  
July 5, 2023 09:00 PM GMT

REGULATORY INSIGHT

Global Autos & Shared Mobility

## At First, A Trickle...: How China EVs Will Reshape Autos

China-made EVs are infiltrating DMs, rivaling global peers with superior affordability, variety and quality. By 2030, we expect them to have a 30% EV share outside China. The investment implications and protectionism they ultimately face will vary by region. We map out three possible outcomes.



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# VOTE FOR WILSON NG



- Indonesia
- Malaysia
- Philippines
- Singapore
- Thailand
- Frontier Markets
- Property
- Gaming & Lodging
- Equity Strategy
- ESG Research

## KEY REPORT

**Singapore Equity Mid-Year Outlook:**  
Keep calm and get dividends  
June 5, 2023

Morgan Stanley | RESEARCH  
June 5, 2023 10:36 PM GMT

FOUNDATION

Singapore Equity Mid-Year Outlook

## Keep calm and get dividends

Singapore equities offer earnings growth and sustainable dividends in a low return environment amid an uncertain global macro outlook. We see alpha opportunities in selected high-yielding blue chip stocks and stocks levered to ongoing recovery in China.



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# VOTE FOR YANG LIU



- Technology/IT Services & Software
- Internet
- Telecommunications
- China
- Hong Kong
- Taiwan

## KEY REPORT

**Kingsoft Corp and Kingsoft Office:**  
Stars Aligning; Upgrade Parentco to OW  
January 29, 2023

Morgan Stanley | RESEARCH  
January 29, 2023 04:49 PM GMT

Kingsoft Corp and Kingsoft Office | Asia Pacific

## Stars Aligning; Upgrade Parentco to OW

We see positive catalysts for Kingsoft Corp, including WPS subscription plan restructuring, fast office software localization and new game launches, all likely in 2023.

**We see three key catalysts for Kingsoft Corp by 2023:**

- **WPS membership pricing plan restructuring:** WPS currently offers three annual subscription choices, including WPS membership (Downd8), Office (Downd8) and Super (Downd8), which provide limited flexibility to customers and low demand for value-added services (VAS). Kingsoft plans to restructure and offer more options at different price levels, which could increase the pricing rate. Moreover, we expect Kingsoft to hike the effective price after restructuring membership plans, after offering a flat for ~10 years while MSFT had Office 365 prices by 10-20% last year.
- **Clearer roadmap for software localization with document software as a pioneer:** SSE (through its related planned initiatives was delayed due to Covid in 2022). We expect the SSE to finalize budget plans by Q2, which should provide better visibility on the roadmap and related budget support. We foresee the replacement of document software will be front-and-loaded in the 5-year Xinchuang program, given strong technology performance and low risk. We think Kingsoft's Windows/Linux dual OS Office version should meet customer demand, with a chance of higher pricing. We believe 2023 will be the first tender peak season.
- **New game launches:** With Kingsoft receiving game licenses for two key titles - *Bejean* and *Chen Baijin Qi*, we expect them to launch by 2023, bringing upside to game revenue growth after 2022 was slightly off guidance. A stable regulatory environment and easing cost pressure present a path to growth acceleration and margin expansion.

**Valuation finds support:** Kingsoft is currently trading at a 16.0x discount of 58% (vs. historical average of 52%). We think the big impairment loss from KC has been well digested. In addition, the secondary listing of KC-Kingsoft Cloud by introduction removes the short-term risk of the parent's existing cash, which justifies a narrower holiday discount. From the core asset perspective, the current holiday discount implies buying Kingsoft Office (KSO) at 10x-2023 EV/Value.

**Upgrade Kingsoft Corp to OW, preferred name among H-shares:** In our SOTP valuation, we raise our DCF valuation for KS Corp on a faster WPS pricing rate increase, and also the targeted 2023 PE multiple (to 70x) for gaming on the back of stabilizing regulation. Our new PT is HK\$36 with 20% upside. We keep KSO UOW on stretched valuation.

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Company	Price Target	Upside/Downside	Outlook
Kingsoft Corp Ltd (2382.HK)	HK\$36.00	+20%	Overweight

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Debate the investment implications of systemic industry shifts or emerging major macro themes.

### **INSIGHT**

Offer deep, proprietary analysis on topics ranging from single stocks to macroeconomics.

### **IDEA**

Showcase high-conviction calls with forward-looking stock/industry/asset class/macro analyses.

### **UPDATE**

Analyze news, events, and data points that are relevant to investment debates.

### **FOUNDATION**

Distill in-depth knowledge of company, industry, asset class, and macro fundamentals.

# Thematic

AI

**Morgan Stanley |** GLOBAL INSIGHT

November 9, 2023 10:02 PM GMT

**Global Technology**

## Edging Into a Smartphone Upcycle

Cloud AI bursts into the mainstream in 2023 with ChatGPT. We think Edge AI will be the next big thing to take hold, fueling a new product cycle for smartphones. The completion of de-stocking, cash orders, and Huawei's return to the market could also trigger a cyclical recovery.



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Andy Meng, CFA | November 9, 2023

AI


**Morgan Stanley |** GLOBAL INSIGHT

July 6, 2023 03:40 PM GMT

**Global Technology**

## AI – Golden Age of Technology

The pace of technological change in AI is breathtaking. For investors, this is one of the most important themes of the next decade, and it is an early stage but tricky to navigate. In the semis and hardware value chain, we highlight 37 leaders and 8 least preferred stocks in this transition.



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Shawn Kim | July 6, 2023

Clean Power


**Morgan Stanley |** BLUEPAPER

July 19, 2023 09:00 PM GMT

**Clean Power**

## Deflation Path Supercharges Adoption

The world of electricity is transforming. Green generation costs will fall rapidly through 2030, accelerating adoption and reshaping the world's energy consumption mix as renewables meet most electrification needs through the end of the decade. Technology gains and government support will bolster, and alter, clean power supply chains and bring US\$50.5bn in cumulative savings by 2030 – more than the entire annual investment in renewable power in 2022.



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Mayank Maheshwari | July 19, 2023

## China's 3D Journey

**Morgan Stanley |** GLOBAL INSIGHT

November 9, 2023 09:00 PM GMT

**China's 3D Journey | Global Equity Research**

## Global Equity Implications of China's Debt-Deflation Risk

China risks slipping into a debt-deflation loop as it re-engineers its growth model. As earnings miss for China exposed companies rears, we explore the global sector and stock implications of a prolonged deflation scenario.

**Global Implications of China's Debt-Deflation Risk: Debt Challenge** China's strategy to grow through credit-fueled expansion is facing a structural challenge as part of Morgan Stanley's China 3D Journey which has led to a loss of the general availability of global equity markets. In response, our analysts estimate and assess various implications of a prolonged deflation scenario over our baseline of gradual recovery.

**Macroeconomic Outlook** Macroeconomic expectations for China have come down through the year, but a debt-deflation scenario is not the only risk to the economy. China's nominal GDP growth slowed to just 1% from 2022-27 and even lower in USD terms, implying that a path closer to the global average. The rate of global inflation would also see a fundamental shift from growth mode emerging since the 1970s to a slower, steady state of disinflation and deflationary competition in the long run. China's competitive cost factor on the value-added curve.

**Strategic Implications** In a high-tech, both the home and overseas markets, the competitive advantage of Chinese companies (and investors) will not depend on growth in total stocks, but on those meeting their own deflationary, CAGR criteria. Companies competing against Chinese vendors are being hit by their own market expectations.

**Who's most exposed?** Most exposed markets to debt-deflation and Taiwan, South Korea, South Africa, Australia and Russia. Asian leveraged companies with high China exposure have experienced their own 2023 but are expected to see significant earnings declines. Globally, we highlight 20 companies that we are being highly negatively impacted by China's debt-deflation scenario (see table).

**Factor Perspectives** Our global equity strategy team and 10 global sector teams have reviewed the implications of how and where have seen exposure to China's economy in debt-deflation. Debt-deflation would be particularly negative for Basic Metals and Chemicals, Global Energy, Transportation and IT Hardware, Materials and Transportation and Materials like in Chemicals, Consumer Services, Digital and Energy Automation, and Housing which have all been challenging.

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Daniel K Blake | November 9, 2023

## The New India

**Morgan Stanley |** FOUNDATION

May 24, 2023 03:00 PM GMT

**India Economics & Equity Strategy**

## How India has Transformed in Less than a Decade

This India is different from what it was in 2013. In a short span of ten years, India has gained positions in the world order with significant positive consequences for the macro and market outlook. We present a snapshot of these changes and their implications.



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Upasana Chchra | May 24, 2023

## Investing for a Multipolar World

**Morgan Stanley |** BLUEPAPER

June 13, 2023 03:00 PM GMT

**Thematics**

## Practical Guide to a Multipolar World

Multipolarity is now entrenched, but it will take trillions of capex and a decade to reshape commerce. We provide a framework to orient investors in our 'de-risking' base case and outline the 'bouncing back' base case. The most impacted sectors are Tech, Industrials and EV Batteries.



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Daniel K Blake | June 13, 2023

PRODUCT

# Quant Strategy & Sustainability Research

## China Quantitative Strategy

**Morgan Stanley |** ASIA SPECIFIC INSIGHT

February 19, 2023 03:00 PM GMT

**China Quantitative Strategy**

## QuantChina: A/H Premium Strategy

A/H premium has narrowed by 12% since Nov-22 as China offshore equities outperformed onshore. We discuss alpha implications of A/H premium and how to monetize it. In the upcoming market cycle, we expect A/H premium to widen following float listing issuers with low A/H premium vs peers.



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Gilbert Wong, CFA | February 19, 2023

## India Quantitative Strategy

**Morgan Stanley |** ASIA SPECIFIC INSIGHT

May 15, 2023 03:00 PM GMT

**India Quantitative Strategy**

## Launching QuantIndia: Exploring Strategic Alpha In India

India equity is the most positively skewed market in Asia, offering an unique opportunity to achieve strategic alpha via adopting a multi-factor approach. We launch QuantIndia composite factor to improve selection alpha, and discuss how a trend following strategy helps hedge market volatility.



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Gilbert Wong, CFA | May 15, 2023

## Sustainability

**Morgan Stanley MUG**

September 13, 2023 03:00 PM GMT

**Sustainability and Equity Strategy**

## Japan's Governance Journey: Alpha Opportunities Awaiting Discovery

We see a journey of progress when benchmarking Japan's governance metrics have driven valuation and returns in all three regions, which informs our selection of governance champions and improves in Japan.

**What we see** While the world's major economies continue to grapple with inflation, Japan has achieved a remarkable feat of economic expansion and stability. In contrast to other major economies, Japan's growth has been resilient, supported by a strong manufacturing base and a robust service sector. Our reports also assess three critical questions: 1) How significant is the governance gap between stock and bond? 2) How significant is the governance gap between stock and bond? 3) How significant is the governance gap between stock and bond in all three regions? 3) Where are the alpha opportunities?

**What we found** From the analysis on valuation and returns: On the valuation front, our analysis suggested that European companies with better governance metrics have been rewarded with a multiple premium, while Japanese companies have not. However, we believe this trend for Japan will change under various governance drivers. On the return front, overall, our governance metrics only have modestly stronger returns relative to a 1-year, 3-year and 5-year base (with correlation below 10% in most cases). Just focusing on Japan and 3-year base, we found relatively stronger positive correlation in 1% of board independence. 2) Having a governance public company or subsidiary in a government portfolio and 3) Being a resource sector company.

**Alpha opportunities awaiting discovery** We see significant alpha potential from earning companies with leading governance metrics and those that may improve their governance practices over time. From a relative perspective, the leading 10% of ESG (with composite score in a 1st 20% lower than that of Europe and US) have the best of the US. There is a very high relative gap between Japanese relative to counterparts in the US and Europe, and we are certain that this gap can be narrowed significantly as governance metrics continue to improve. The performance differential between the 20% of ESG Japan and 20% of ESG counterparts will likely be narrowed as a result of government regulatory scrutiny in these companies not meeting their cost of capital.

**Stock opportunities** Our selection of "outperform" and "improve" are based on 1)

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Tim Chan, CFA | September 13, 2023

# Topical Commentaries

## China Musings

**Morgan Stanley** | **ASIA PACIFIC INSIGHT**  
October 26, 2023 09:00 AM GMT  
China Musings | Asia Pacific

### Is China Reaching a Turning Point?

Beijing's rare budget expansion marks a critical step in a reflation. We expect growth and inflation to improve but in a subtle fashion. More stimulus and reforms are likely needed and setting deflation could be a 2-year journey. The market will likely need more sentiment support measures until fundamentals catch up.

**Key Takeaways**

- The 2023-24 budget expansion marks a critical step in Beijing's reflation. We expect growth and inflation to improve but in a subtle fashion. More stimulus and reforms are likely needed and setting deflation could be a 2-year journey. The market will likely need more sentiment support measures until fundamentals catch up.
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Robin Xing | October 25, 2023

## Tech Bytes

**Morgan Stanley** | **ASIA PACIFIC INSIGHT**  
June 7, 2023 10:00 AM GMT  
Tech Bytes | Asia Pacific

### HBM and Advanced Packaging – We Enable AI Too

AI's huge outperformance will likely continue as demand for HBM (high bandwidth memory) is set to accelerate as in coming quarters with the broader adoption of generative AI. Advanced packaging is another promising area where commodity and chip-level design enable massive computing needs for AI.

**AI's huge outperformance**... The memory chip is not being concentrated as there is a variety of use cases that have been able to monetize, and a possible point to consider for the time being. The HBM market is getting very hot, but we have not seen the potential of AI and we expect continued momentum. We have the potential growth from all these technological advances and what is being done in semiconductors. For the first time, we have these needs.

**Advanced packaging**... The large in-line orders for HBM (high bandwidth memory) are not just for AI. It is a strategic move to enable high-density, high-performance computing for AI applications, which is a key driver for the AI market. The AI market is not just about AI, it is about the broader AI ecosystem. The AI ecosystem is not just about AI, it is about the broader AI ecosystem. The AI ecosystem is not just about AI, it is about the broader AI ecosystem.

Shawn Kim | June 7, 2023

## The Viewpoint

**Morgan Stanley** | **ASIA PACIFIC INSIGHT**  
November 5, 2023 09:00 AM GMT  
Asia Economics | Asia Pacific

### The Viewpoint: Debating the view on India

India's economy and markets are going from strength to strength. Investors are using the debate to see whether this strong case can continue. We think it can. We address the common points of debate and the risks around the base case.

**Key Takeaways**

- India has a constructive view on India for some time, highlighting that India offers the best domestic alpha opportunity within Asia.
- The economic data along with the strong fundamentals is solid.
- Despite this backing, the debate view remains around whether this strong case can be sustained when the AI bubble risks are taken into account.
- In this case, we are addressing the AI bubble and the risks around the base case.

Chetan Ahya | November 5, 2023

# Virtual Events

## Daily Asia Webcasts 11AM HKT



## Asia Summer School 2023



## Single Stock Teach-ins



PRODUCT

# AlphaWise

AlphaWise Primary Research gathers alternative data and generates unique insights via an innovative analytical and visualization platform. Our analysts leverage this global platform to generate high-impact investment conclusions and analyze major trends.

**Morgan Stanley** | **ASIA PACIFIC INSIGHT**  
November 3, 2023 09:00 AM GMT  
China's 3D Journey | China Software and IT Services

### China 2H23 CIO Survey: Linking Macro 3D Issues to Industry Growth

As China's 3D issues are likely to take time to be resolved, investment/IT investment will be more affected by cyclical issues than secular growth. We see a large gap between macro demand and consumption, and see a period of digestion ahead. Downgrade industry view to Cautious.

Yang Liu | November 7, 2023

**Morgan Stanley** | **ASIA PACIFIC INSIGHT**  
October 26, 2023 09:00 AM GMT

### PDD Holdings Inc It's All About Temu

We believe Temu's strong growth in using generative AI (GenAI) since its debut in September 2022 marks the initial success of 'fully automated' model. Despite heavy investment in the expansion stage, we expect Temu to be profitable starting 2025, and become PDD's new growth driver.

**Key Takeaways**

- We believe Temu's strong growth in using generative AI (GenAI) since its debut in September 2022 marks the initial success of 'fully automated' model. Despite heavy investment in the expansion stage, we expect Temu to be profitable starting 2025, and become PDD's new growth driver.

Company	Revenue	Profit
PDD Holdings Inc	1,100.00	100.00
Alibaba Group	800.00	80.00
JD.com	600.00	60.00

Eddy Wang, CFA | October 24, 2023

**Morgan Stanley** | **ASIA PACIFIC INSIGHT**  
August 13, 2023 09:00 AM GMT

### Global Semiconductors MCLU – The proxy to play RISC-V and AIOT

Besides China's ongoing semiconductor localization, our AlphaWise survey shows faster RISC-V adoption and stronger AIOT demand in China. We believe Equinor in China will be the largest beneficiary. Globally, we like Texas Instruments, given sustained share in China and ongoing constraints in auto.

**Key Takeaways**

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Company	Revenue	Profit
Global Semiconductors	1,200.00	120.00
Equinor	900.00	90.00
Texas Instruments	700.00	70.00

Daniel Yen, CFA | August 13, 2023





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