

January 15, 2021 09:00 AM GMT



Global Insights Day 2021

January 13, 2021

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Top Ideas for 2021

Andrew Sheets, Cross-Asset Strategist/Strategist

January 6, 2021

Morgan Stanley & Co. International plc+

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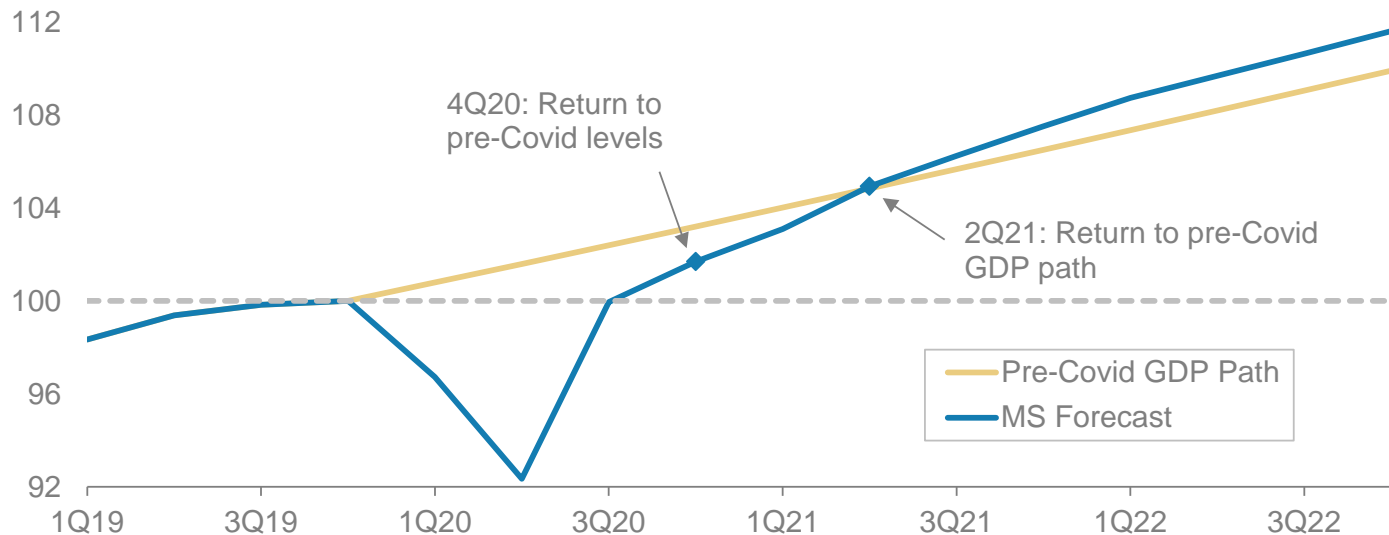
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A Global Synchronous Recovery

V-shaped recovery intact – global economy returns to pre-COVID-19 path (i.e., where it would have been absent the COVID-19 shock) by 2Q21

We expect a recovery to the pre-COVID-19 path by 2Q21

Global GDP Level (4Q19=100)



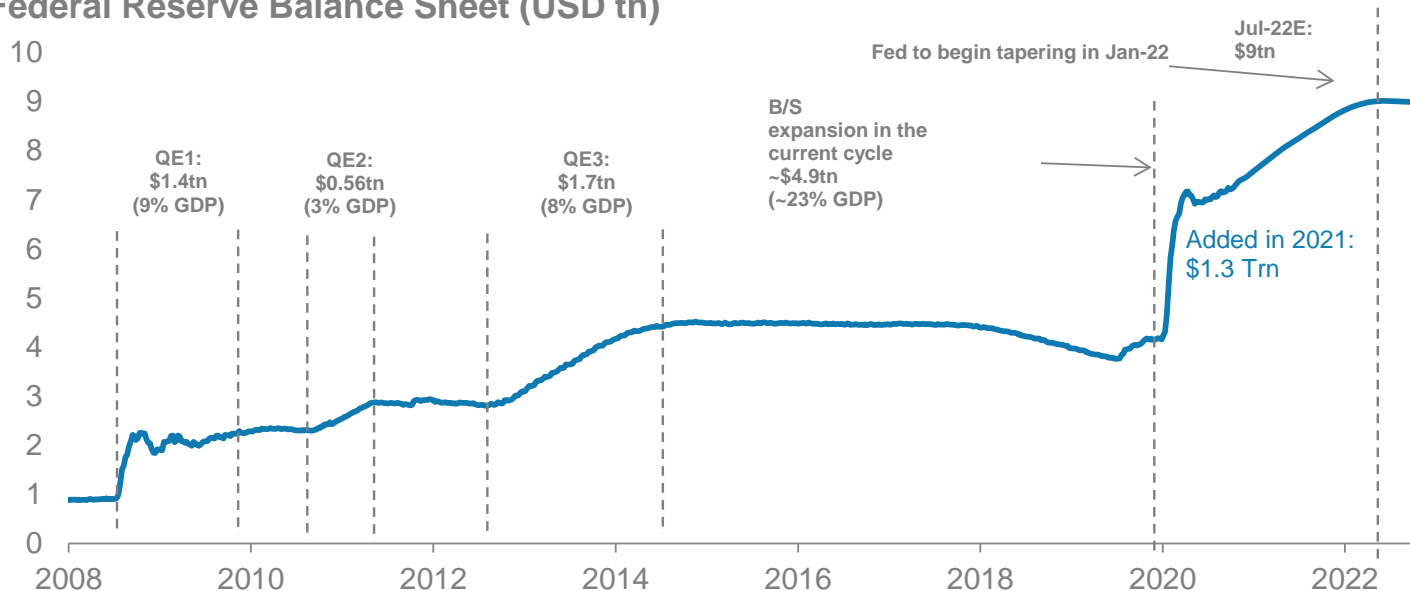
Source: Haver Analytics, IMF, national sources, Morgan Stanley Research forecasts; Note: The pre-COVID-19 GDP path refers to the trajectory that global GDP would have followed prior to the COVID-19 shock.

Liquidity Remains Ample...

Monetary policy will likely be kept reflationary for longer

Federal Reserve balance sheet expected to expand by a further US\$1.3trn

Federal Reserve Balance Sheet (USD tn)

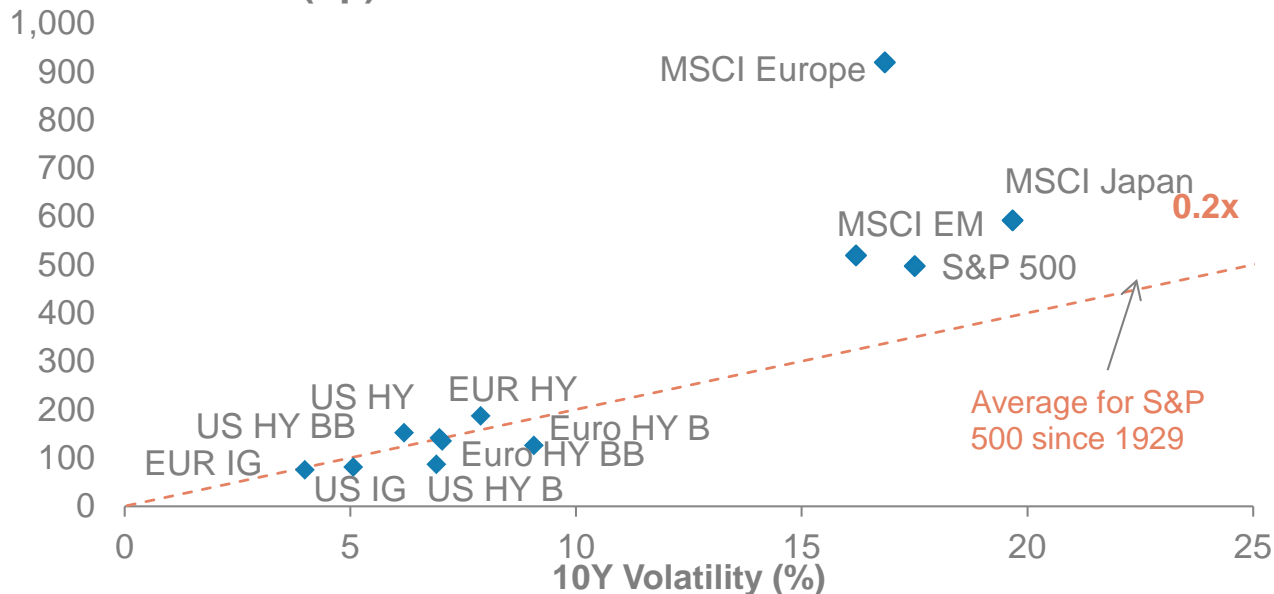


Source: Federal Reserve, BEA, Haver Analytics, Morgan Stanley Research forecasts

Risk Asset Valuations Are 'Fine', and the Cycle Should Help

More broadly, **we see a constructive story for markets in the year ahead, and are overweight equities and credit against underweights in government bond and cash.** Risk-adjusted valuations are still reasonable, and have historically benefited from tailwinds in an *early-cycle environment*.

Risk Premium (bp)



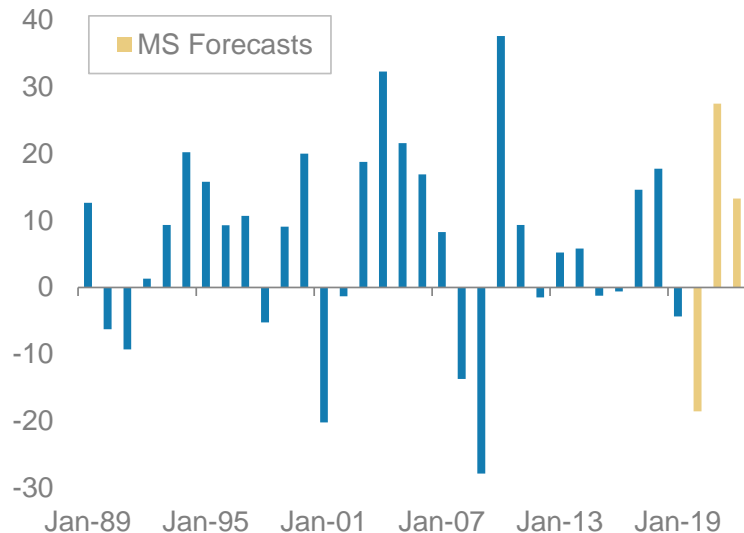
Source: Bloomberg, Morgan Stanley Research; Note: For equities we show our long-term expected risk premium forecasts, and for credit we show loss-adjusted spread. 10Y vol is realized vol of monthly returns. The dotted line shows the annualized return for S&P 500 versus UST 10Y since 1929 relative to realized vol of monthly returns over the same period.

Global Equities – Strong Growth, Strong Returns

We are overweight global equities

20%+ global EPS growth in 2021 and 2022

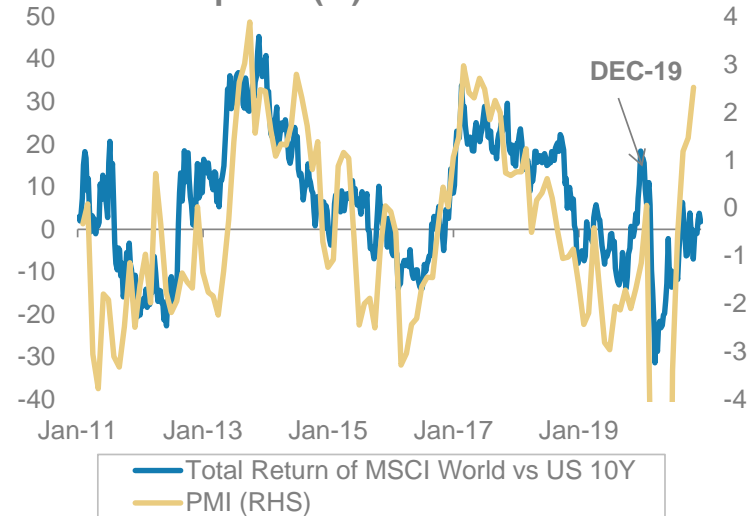
MSCI ACWI EPS Growth (%)



Source: Datastream, Morgan Stanley Research forecasts; Note: ACWI EPS forecasts are earnings weighted US, Europe, Japan and EM forecasts.

Stocks vs. bonds performance lagging PMI

Stocks vs. Bonds Relative Return vs. Global Comp PMI (%)



Source: MSCI, Markit, Morgan Stanley Research

Global Rates – Market Underpricing Chances of Reflation

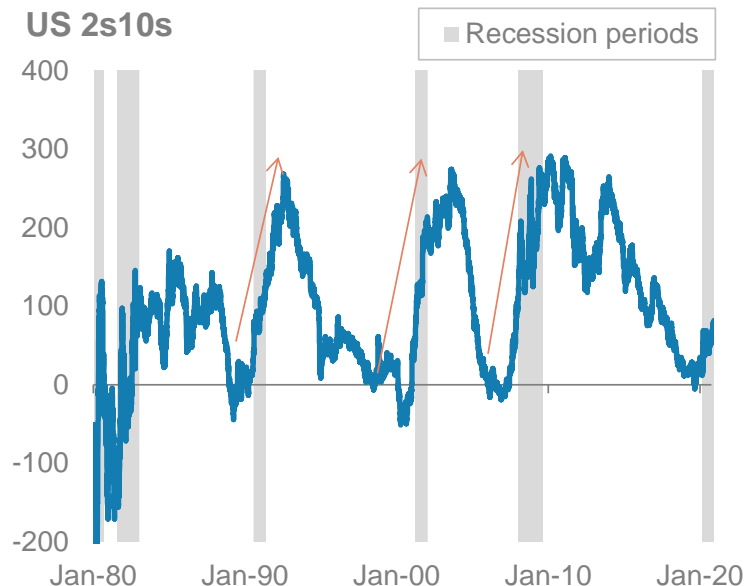
We are underweight global rates, UST in particular

Equity market internals point to higher rates



Source: Bloomberg, Morgan Stanley Research; Note: For equity ratio see MSZZCYDE Index.

Yield curves often steepen after recessions

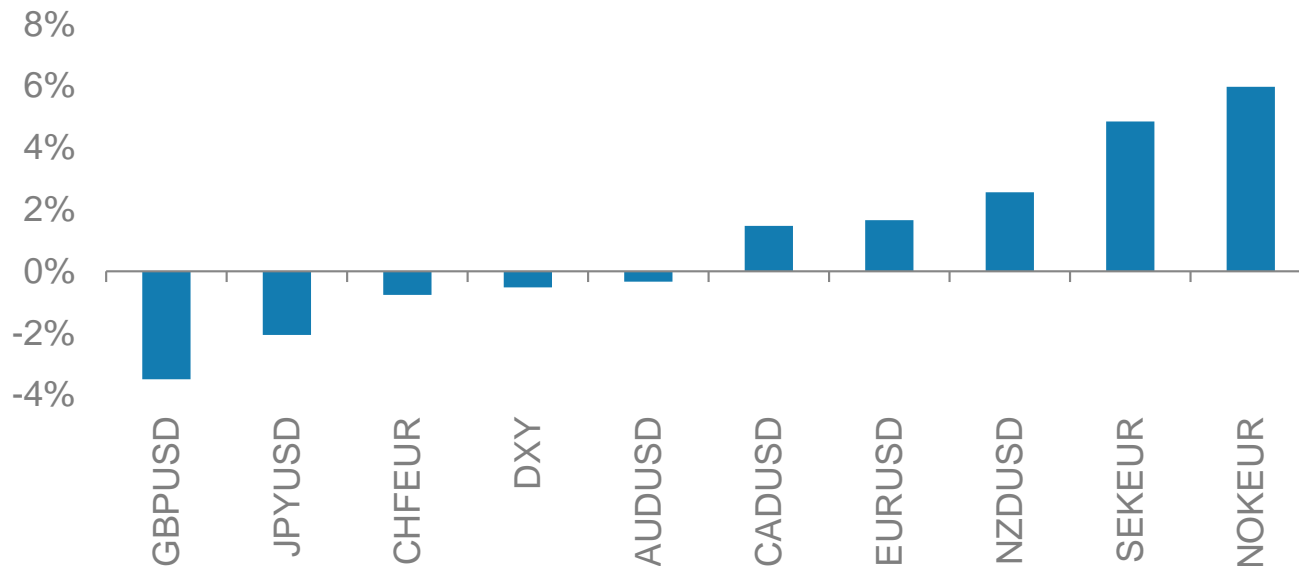


Source: Bloomberg, Morgan Stanley Research

Cyclical Currencies to Outperform

In global rates and FX, we see **US yields underperforming, the curve steepening and USD weaker**. Just as we think cyclical stocks outperform in equities, we think cyclical currencies outperform in FX.

Morgan Stanley 4Q21 Price Return Forecasts

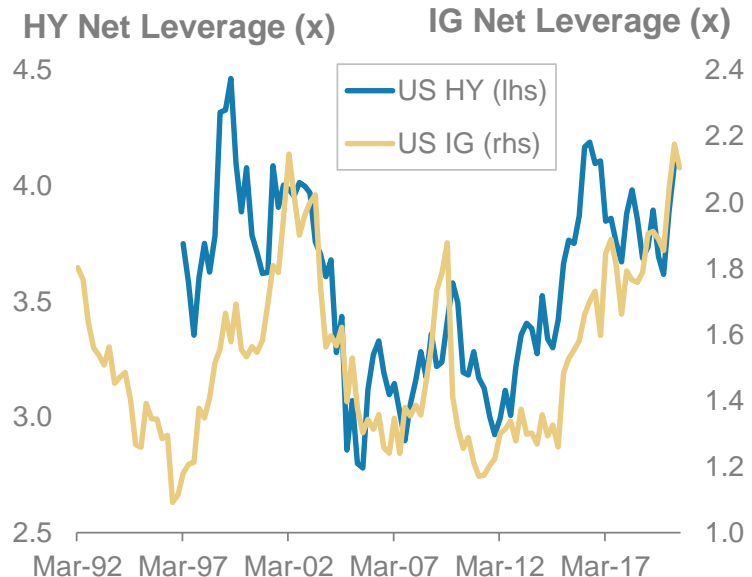


Source: Morgan Stanley Research forecasts

Global Credit – Early-Cycle Backdrop Remains Supportive

We are overweight global credit

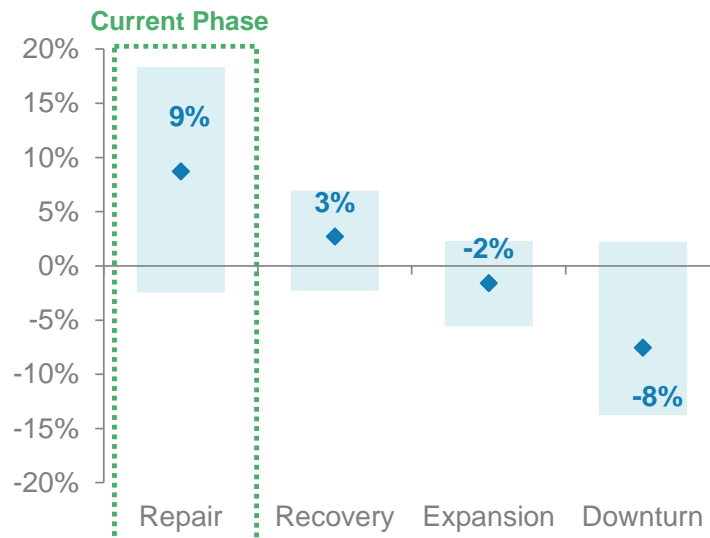
US credit leverage remains elevated...



Source: Morgan Stanley Research, Bloomberg Finance LP, Citigroup Index LLC, Thomson Financial, company data

...but cycle remains supportive

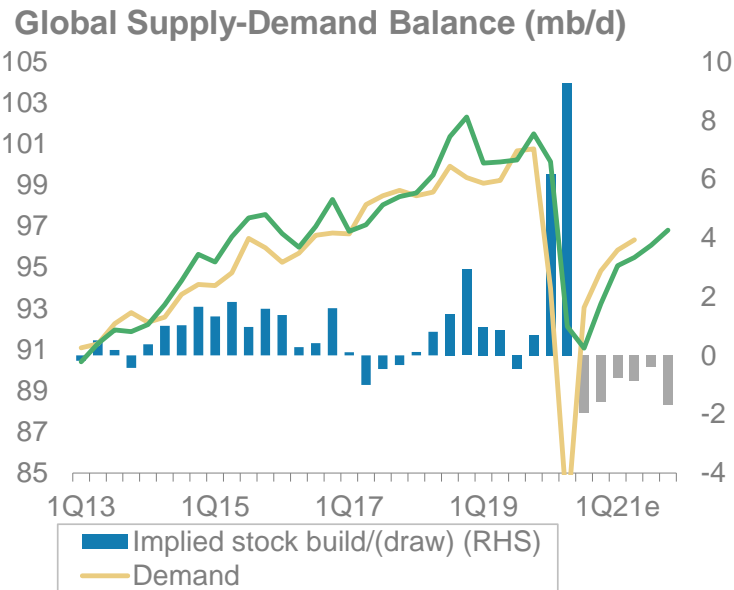
US HY XS 12M Fwd Rtns vs LT Avg



Source: Bloomberg, Haver Analytics, Morgan Stanley Research; Note: Data from 1985 or where available. Blue bars show 1Q-3Q range.

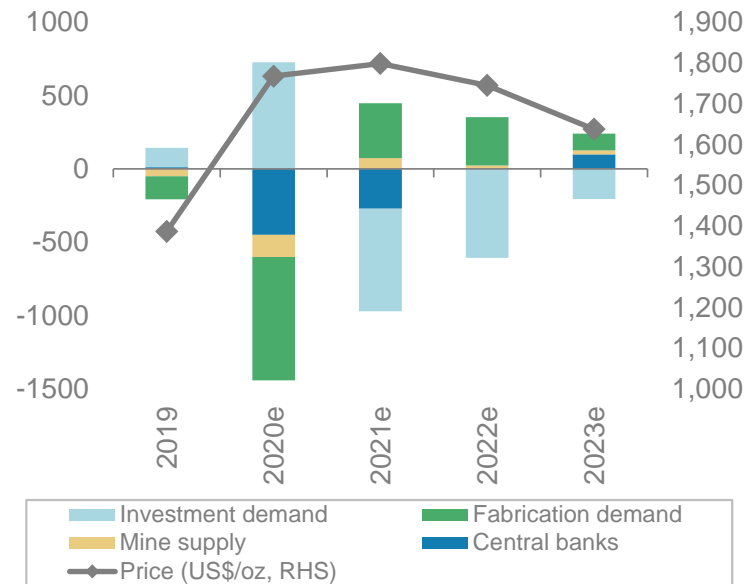
Commodities – Macro vs. Micro

Tighter balance leaves moderate upside in oil



Source: EIA, IEA, Rystad, Morgan Stanley Research estimates (e)

Falling demand weighs on gold price forecast



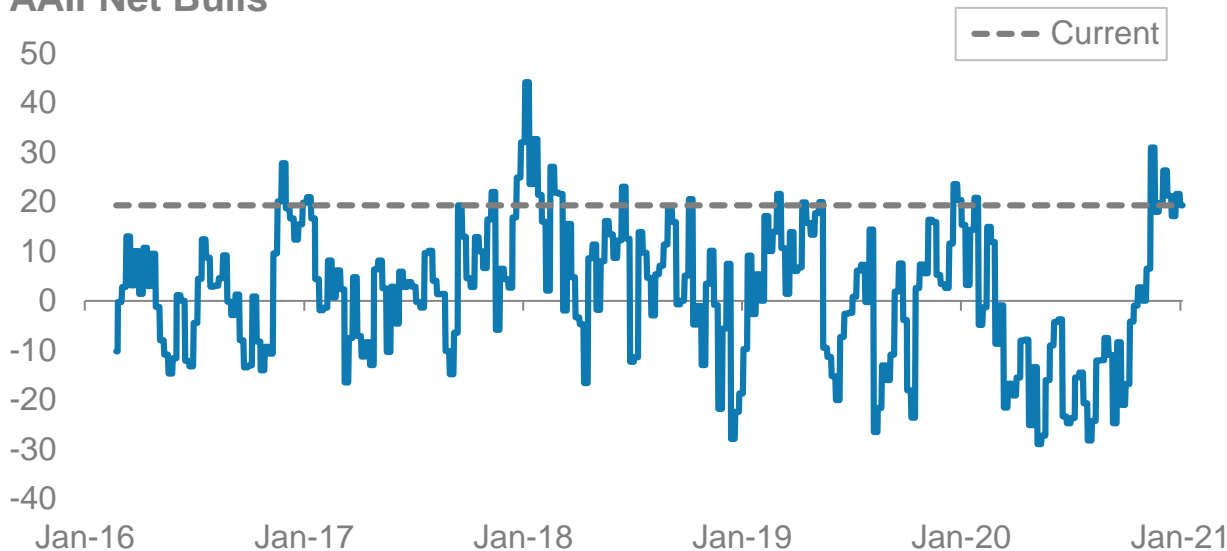
Source: Bloomberg, Morgan Stanley Research estimates (e)

The Risks: Sentiment, Future Fiscal/Monetary Tightening

What about the risks?

The outlooks discuss these in detail, especially how stimulus and the coronavirus impact our assumptions for economic growth (see pages 5-6 of the Global Macro Outlook). From a *markets* standpoint, a near-term risk is that sentiment has become much more positive post-election (see below). But we don't think this optimism changes the broader year-ahead story.

AAll Net Bulls



“Reflation and a Multi Polar World”

Chetan Ahya, Chief Economist and Global Head of Economics, Morgan Stanley

Matthew Hornbach, Global Head of Macro Strategy, Morgan Stanley

Jonathan Garner, Chief Asian and Emerging Market Strategist, Morgan Stanley



Panel - Reflation and a Multi Polar World



Morgan Stanley Global Insights Day

Global Economics

Chetan Ahya – Chief Economist and Global Head of Economics

January 13, 2021

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The next phase of the V

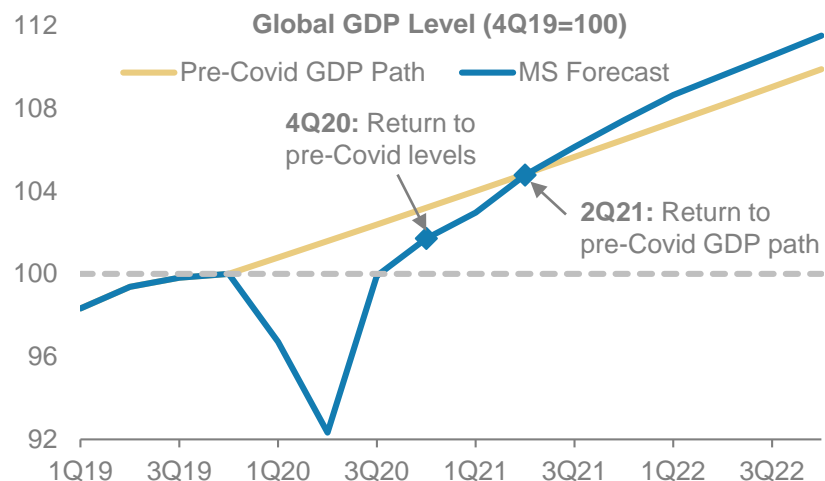
Our three key macro calls for 2021:

- **The return to the pre-Covid growth path**
- **The return of the EM growth story**
- **The return of inflation**

#1: The return to the pre-Covid growth path

- **Consensus expects a slow, drawn-out recovery** because of lasting economic impairment and risk aversion
- **We see a rapid return to the pre-Covid growth path**, especially from March/April onwards, reflecting limited scarring, strong private sector risk appetite, and lower drag from elevated unemployment

Global GDP: Pre-COVID-19 levels achieved in 4Q20, back to pre-COVID-19 path by 2Q21



A global synchronous recovery from 2Q21

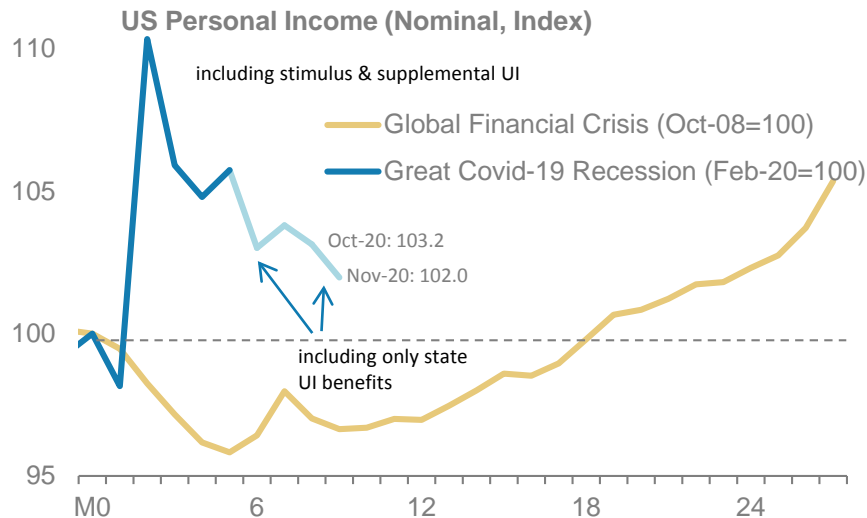
	2020E		2021E		2022E	
	MS	MS	Cons.	MS	Cons.	
GLOBAL	-3.4	6.4	5.4	4.4	4.0	
DM	-5.3	5.0	4.1	4.0	3.3	
US	-3.5	5.9	3.9	4.1	3.1	
Euro Area	-7.2	5.0	4.6	3.9	3.7	
Japan	-5.2	2.4	2.7	2.4	2.0	
UK	-10.5	2.1	5.3	6.8	4.5	
EM	-1.8	7.4	6.5	4.7	4.6	
China	2.3	9.0	8.3	5.4	5.5	
India	-6.1	9.8	8.9	6.0	5.6	
Brazil	-4.0	4.3	3.5	2.7	2.5	
Russia	-3.7	3.4	3.0	3.2	2.5	

Source: Haver Analytics, IMF, national sources, Morgan Stanley Research forecasts; Note: The pre-COVID-19 GDP path refers to the trajectory that global GDP would have followed prior to the COVID-19 shock and is calculated using Morgan Stanley Research forecasts as of January 21, 2020.

Private sector risk appetite to drive growth acceleration in 2021

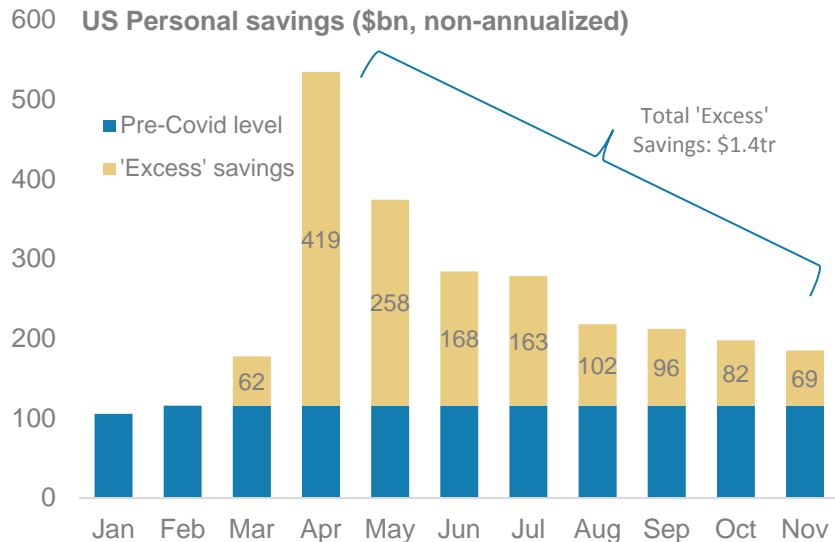
- **Policymakers have underwritten private sector losses.** In the US, transfers to households have substantially exceeded actual income losses, and wage income has already almost returned to pre-Covid levels
- **US households have accumulated large excess savings** due to large transfers and inability to spend, providing plenty of dry powder for when the economy reopens

US total personal income has been above pre-Covid levels since April



Source: BEA, Haver Analytics, Morgan Stanley Research.

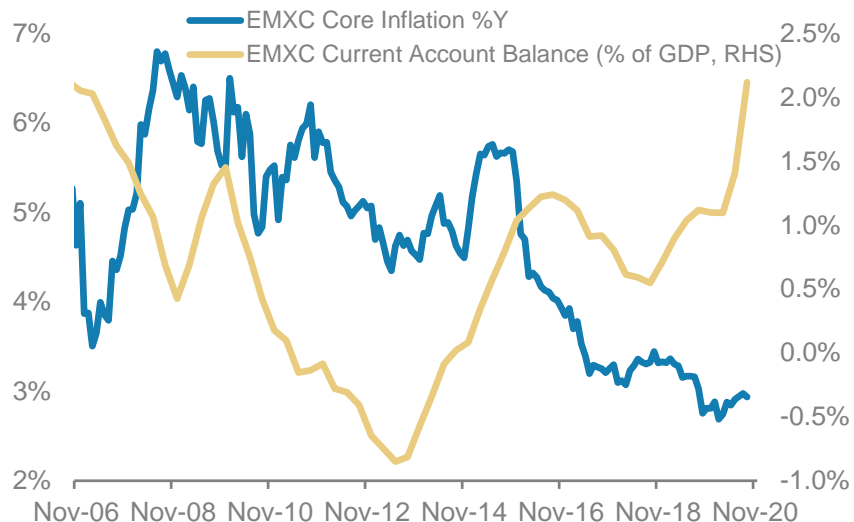
US households currently hold \$1.4tr in excess saving



#2: The return of the EM growth cycle

- We think the last decade reflects more of cyclical challenges and exogenous shocks, which will reverse going forward
- EM macro-stability indicators are now much improved

Macro stability in EMs ex China is healthy



Source: IMF, Haver Analytics, Morgan Stanley Research

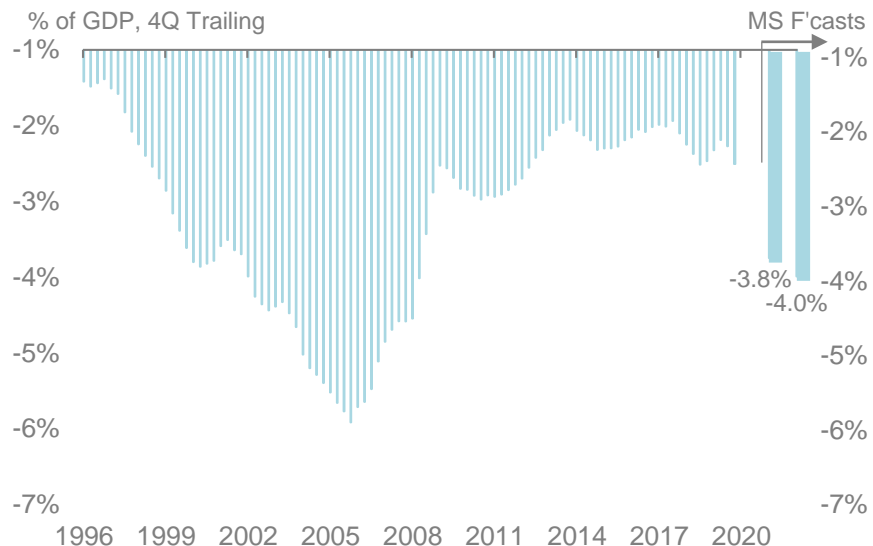
EMs ex China have gone through a deep cyclical downturn



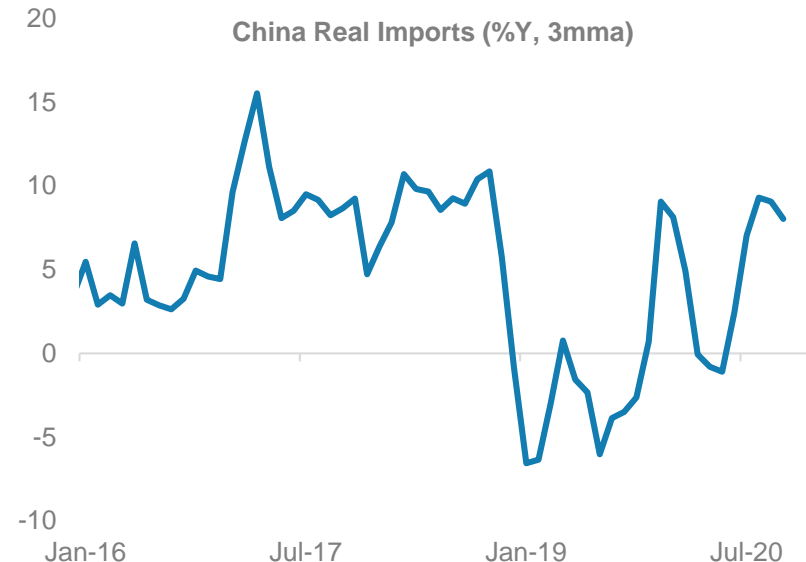
External demand tailwinds will provide strong support to EM growth

- **US reflationary policies will widen the current account deficit**, keep the USD weak, ease EM financial conditions
- **Strong China growth impulse will bring improved external demand environment** for EMXC
- Cyclical strength can help heal some structural issues, such as fiscal dynamics

US current account deficit set to widen



China's growth impulse bolsters demand for imports

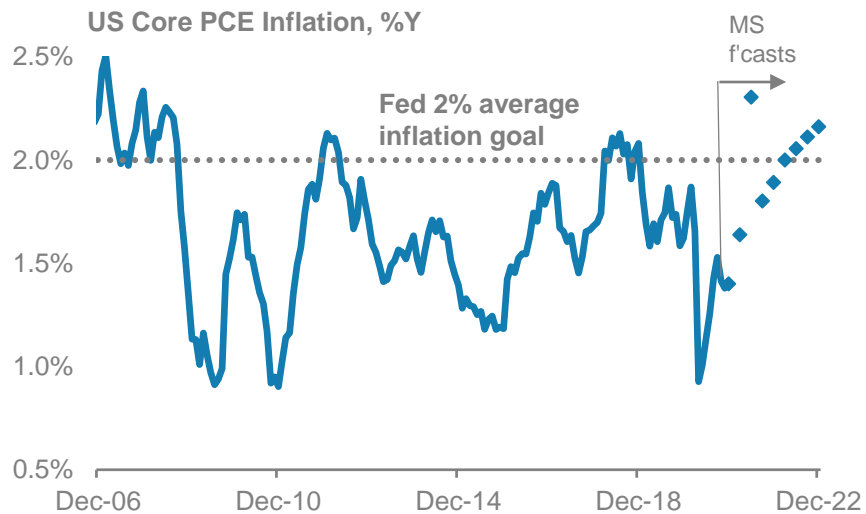


Source: CEIC, Markit, IMF, Haver Analytics, Morgan Stanley Research estimates

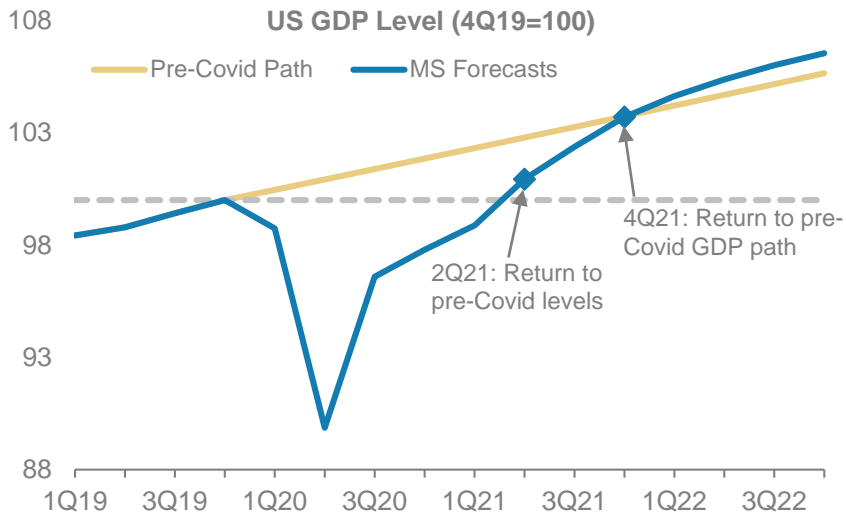
#3: The return of inflation

- **Consensus expects a gradual recovery of inflation** over multiple years to the 2% target
- We think that the speed of the recovery brings **US core PCE back to 2% by end-2021, and above target in 2022** on a sustained basis
- Growth recovery will bring output back to trend and unemployment down fast while policy remains reflationary

US core PCE inflation to reach 2% by end 2021, rise sustainably above 2% in 2022



US GDP to return to its pre-Covid levels by 2Q21 and to return to its pre-Covid path by 4Q21

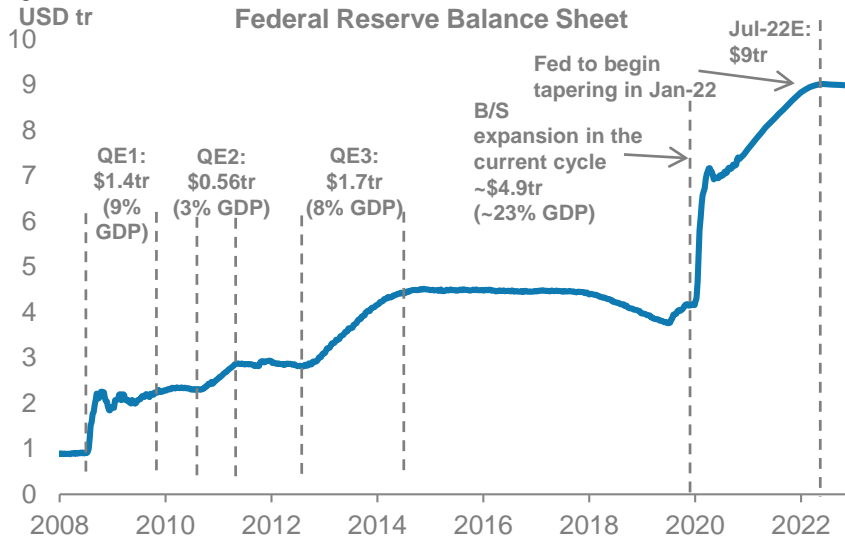


Source: BEA, Haver Analytics, Morgan Stanley Research forecasts.

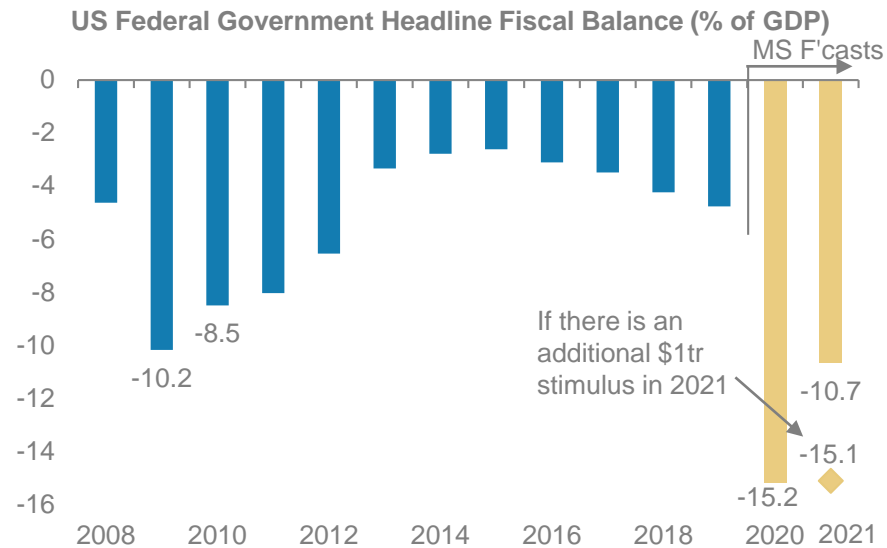
Policy support to remain reflationary much longer into recovery

- New Fed policy framework means that **accommodation will remain much longer into the recovery**
- **Fiscal policy to remain reflationary to support the unemployed, even as output has already recovered**
- Policy makers aim for a quick return to pre-Covid unemployment levels, but accelerated restructuring means that workers need time for retraining, leading to earlier pressure on wages than in the previous cycle

Fed's balance sheet to expand by 23% of GDP through 2022



US fiscal deficit remain wide in 2021



Source: Fed, Department of Treasury, Haver Analytics, Morgan Stanley Research forecasts.



Global Insights Day

Matt Hornbach – Global Head of Macro Strategy/Strategist

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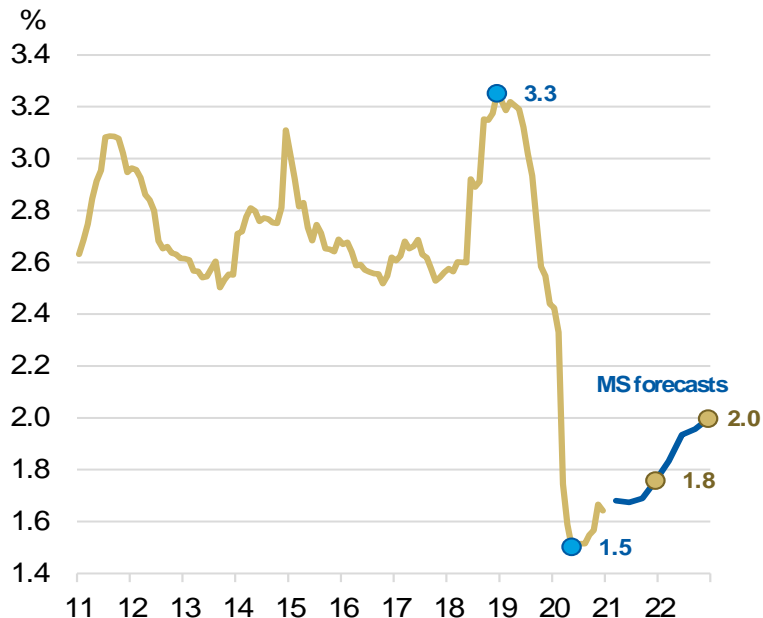
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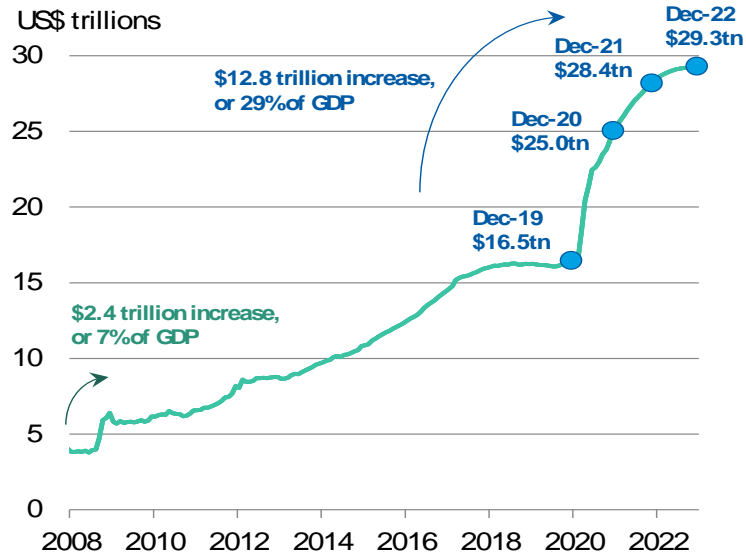
Unprecedented accommodative policies from central banks

The global central bank policy rate fell almost 2pp since the end of 2019, and is only expected to rise 0.1pp in 2021

Global central bank policy rate, PPP-weighted



G4 central bank balance sheet and Morgan Stanley forecast

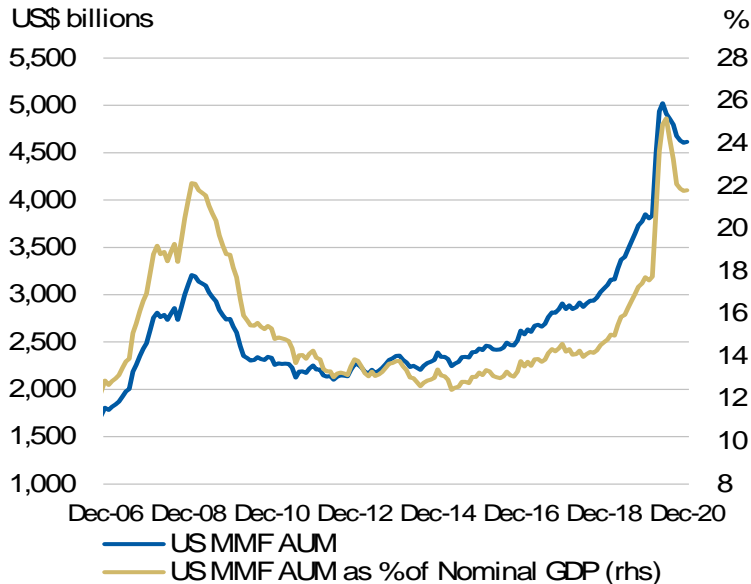


Source: IMF, Haver Analytics, national central banks, Morgan Stanley Research forecasts

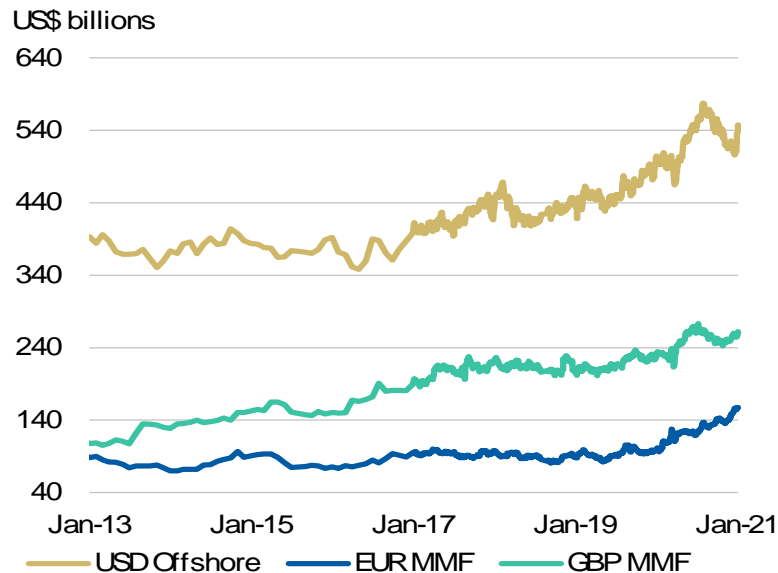
Liquidity already provided remains pent-up

Liquidity that central banks provided in 2020 has supported markets, of course, but some of it remains pent-up in money market funds

US money market fund AUM for both prime and government-only funds



European money market fund AUM in GBP, EUR, and offshore USD

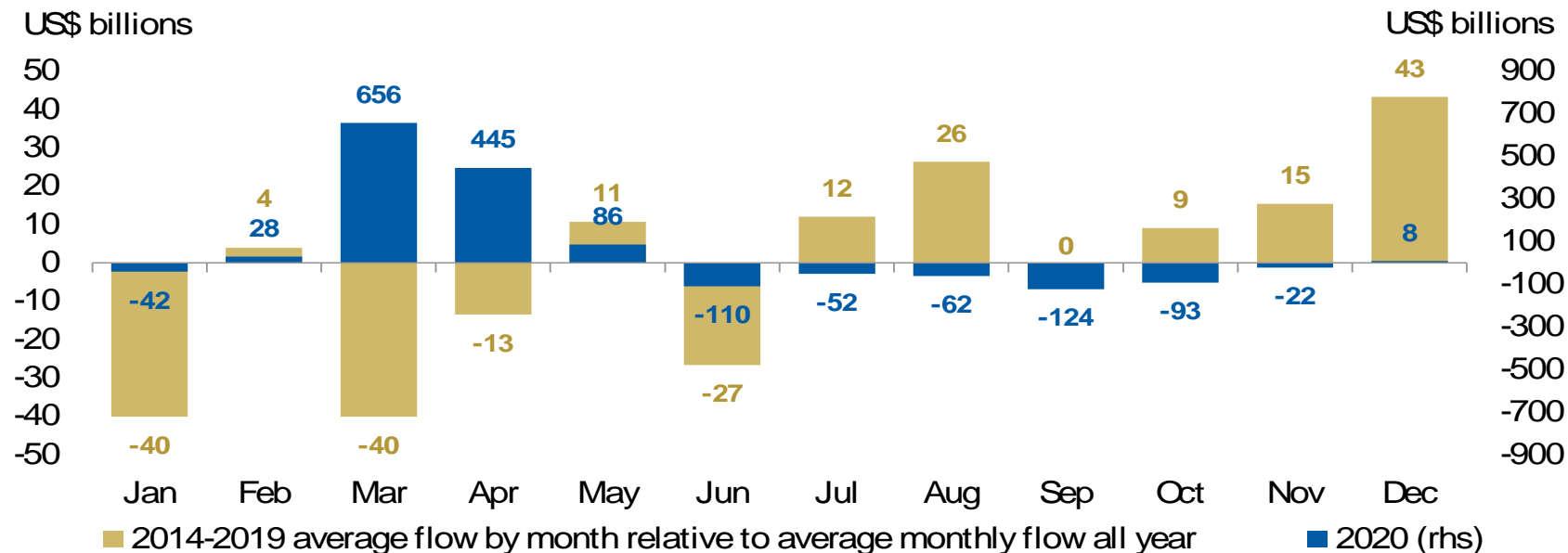


Source: Crane Data, BEA, Morgan Stanley Research

Liquidity flows into risky assets in January, and generally in 1H

Monthly data from 2014-19 suggest that, on average, US MMFs take in \$21bn each month. The chart below shows the monthly seasonality of those flows relative to the average monthly inflow from 2014-19

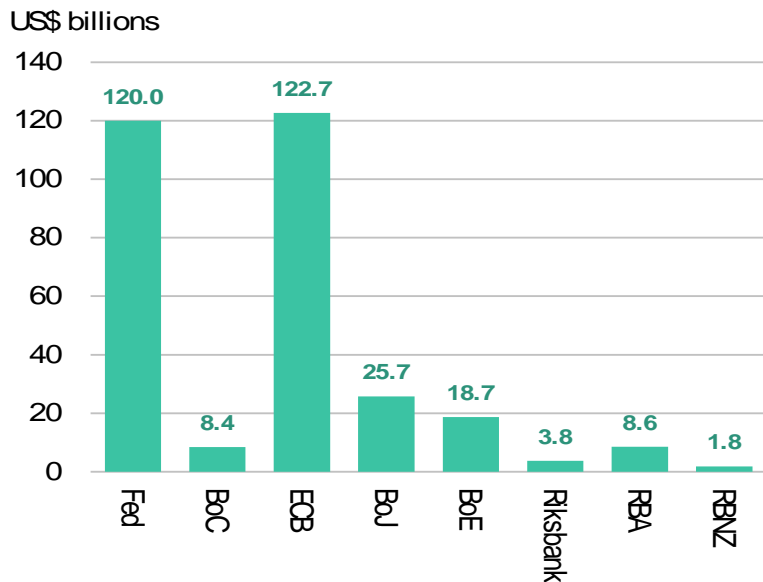
US money market fund (prime and gov't-only) monthly flows



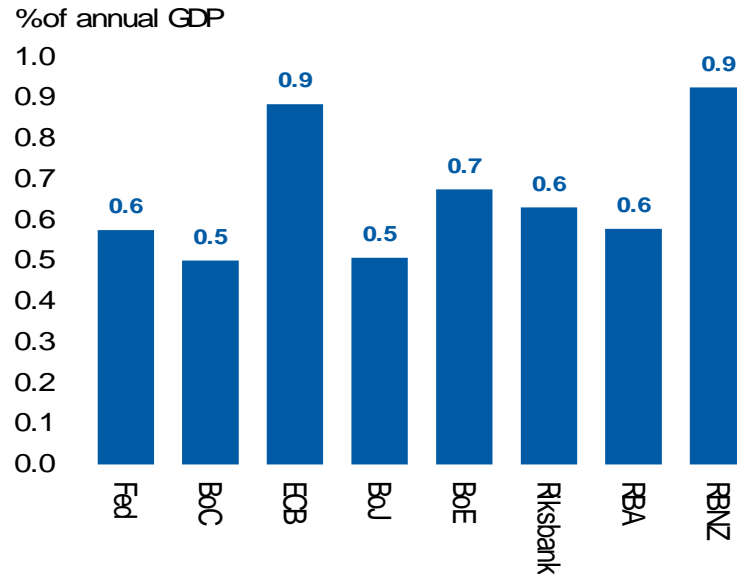
Unprecedented liquidity provision will continue in 2021

We expect G10 central banks to remove \$304bn of securities (\$238bn of which is sovereign bonds), on average, from private markets every month in 2021

G10 central bank expected average monthly QE pace in 2021, in USD



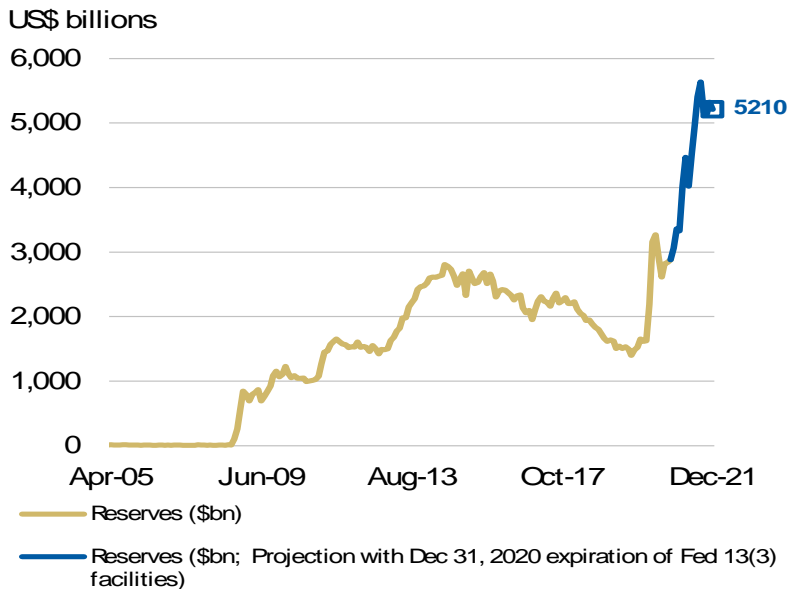
G10 central bank expected average monthly QE pace in 2021, as % of annual nominal GDP



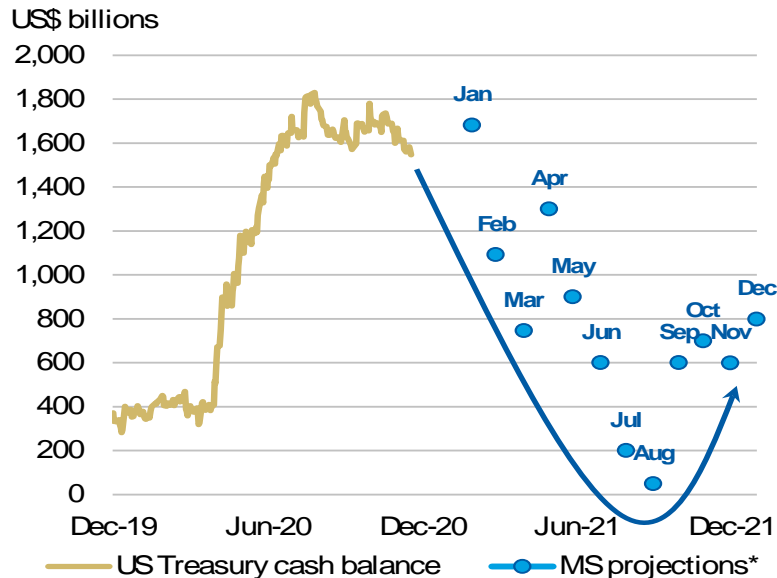
Liquidity will come from the US Treasury as well

The gargantuan build-up in the US Treasury's cash balance held in the Treasury General Account (TGA) should fall this year into the debt ceiling date in August

Reserves held at the Federal Reserve and Morgan Stanley projection for 2021



US Treasury General Account balance and Morgan Stanley projection for 2021

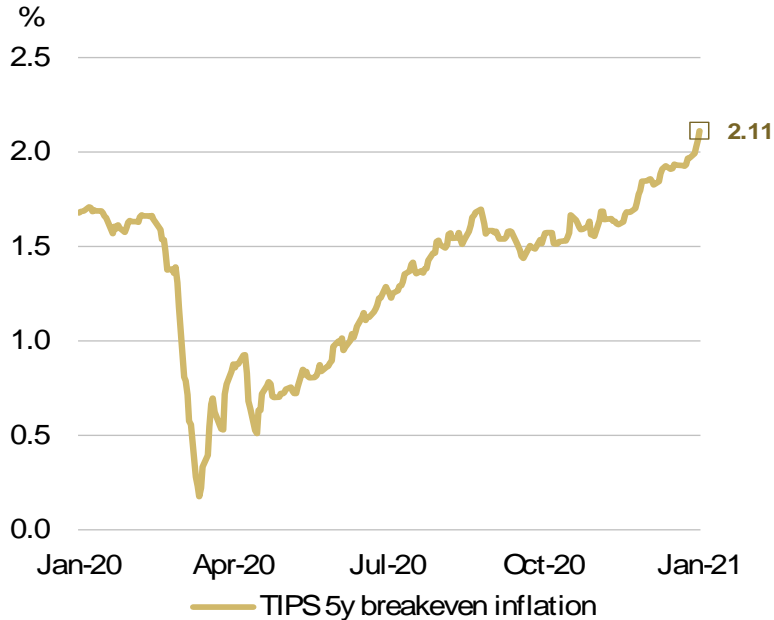


Source: US Treasury, Federal Reserve, Morgan Stanley Research forecasts; *Projection with December 31, 2020 expiration of Fed 13(3) facilities.

Reflationary pricing evident in curve shape, breakevens

Liquidity and fiscal stimulus-related reflationary trends are evident in breakeven inflation markets and the shape of sovereign yield curves

5-year TIPS breakeven inflation rate



US Treasury 5s/30s yield curve

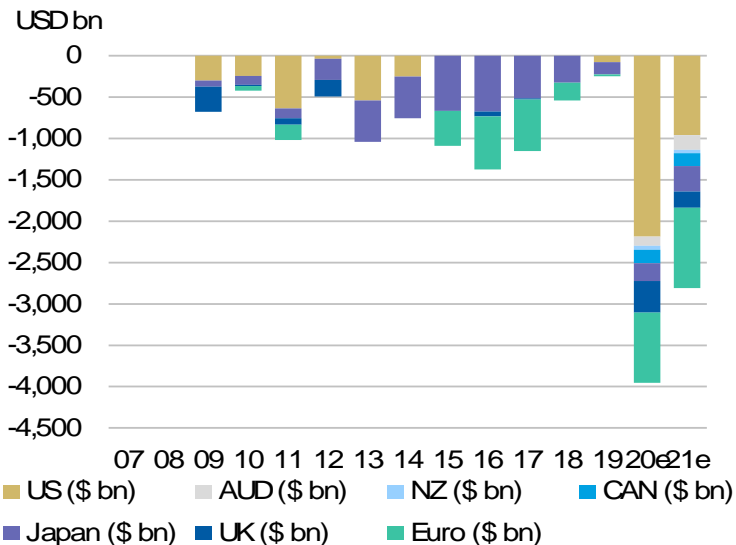


Source: Bloomberg, Morgan Stanley Research

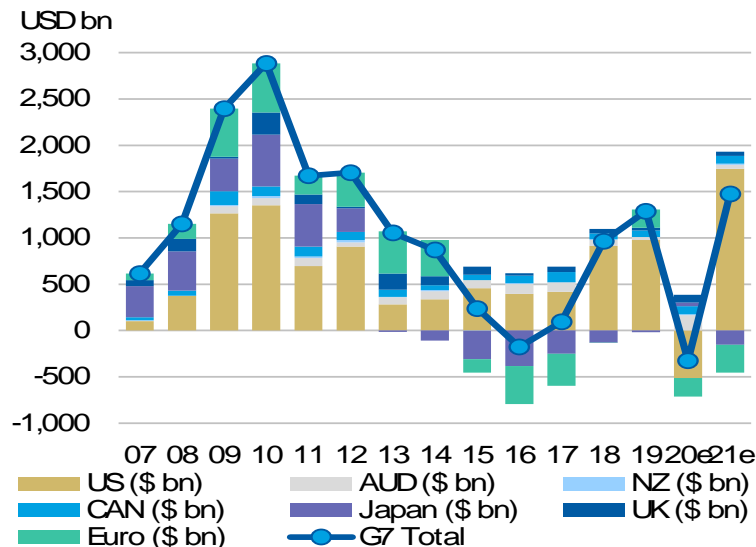
Investors will have more sovereign supply to buy

After accounting for the impact of central bank purchases, the public will have \$1.8trn more in coupon-bearing government bonds to buy in 2021 than 2020

Central bank impact on net coupon bond supply, notional in USD, 2007-19 actual, 2020-21 expected



Gross coupon bond issuance net of redemptions and central bank purchases, notional in USD, 2007-19 actual, 2020-21 expected

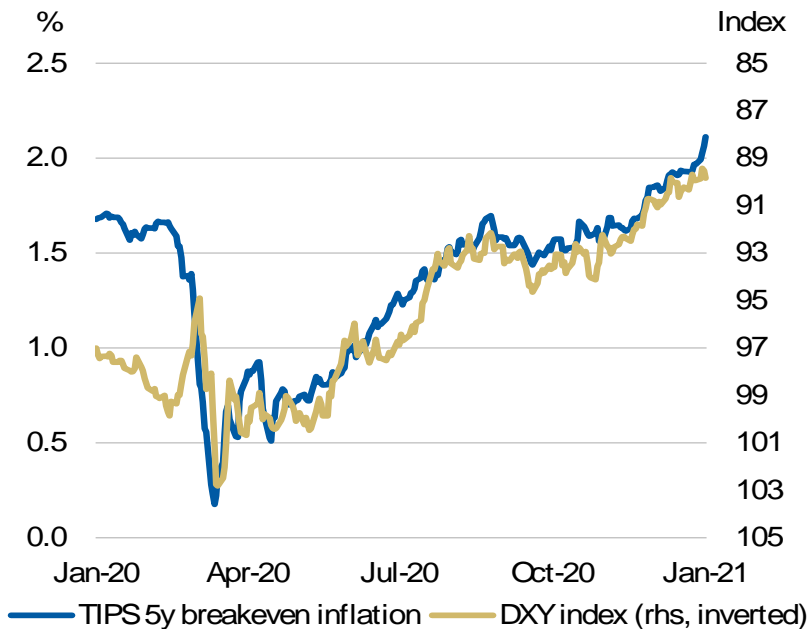


Source: National Treasuries, National central banks, Morgan Stanley Research estimates

USD has traded with US real yields, breakevens

Fed policy and fiscal policy placed increasing downward pressure on US real yields, upward pressure on breakeven inflation rates, and downward pressure on USD

TIPS 5y breakeven inflation rate vs. DXY index



TIPS 5y real yield vs. DXY index

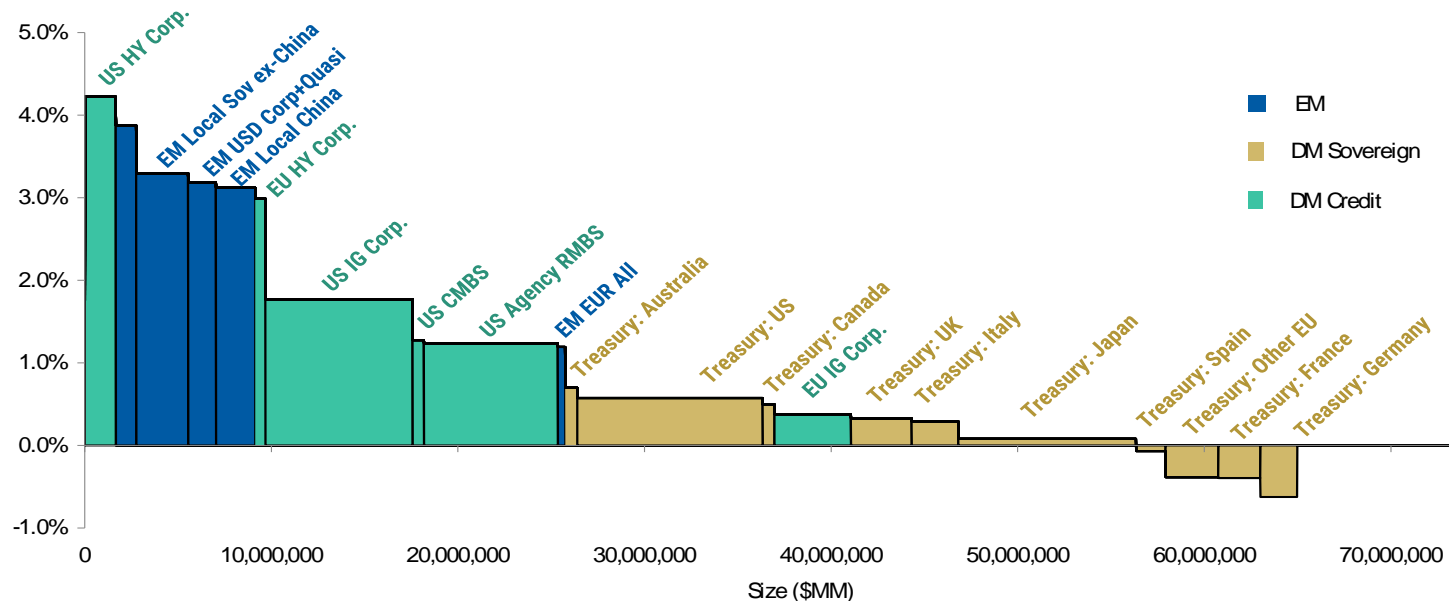


Source: Bloomberg, Morgan Stanley Research

EM hard currency and local bonds should benefit

Picking up yield requires extending out the risk spectrum – far out the risk spectrum – into asset classes, like EM debt, that offer far fewer bonds to buy

Yield vs. market size across global fixed income



Source: Bloomberg, Morgan Stanley Research



Global Insights Day 2021 Investor Presentation

2021 Asia EM Equity Strategy Outlook: Sorting the Structural from the Cyclical

Jonathan Garner, Chief Asian and Emerging Market Strategist

January 11, 2021

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Equity Strategy

Your guide to Morgan Stanley's Asia Pacific Institutional Investor poll candidates

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Chris Nicol



Antony Conte



Chris Read



Daniel Blake



Laura Wang



Gilbert Wong



Yinan Zhang



Crystal Ng



Tim Chan



Ridham Desai



Sheela Rathi



Mulya Chandra



Wilson Ng



Joon Seok



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Antony Conte
Chris Read
Paul Basha

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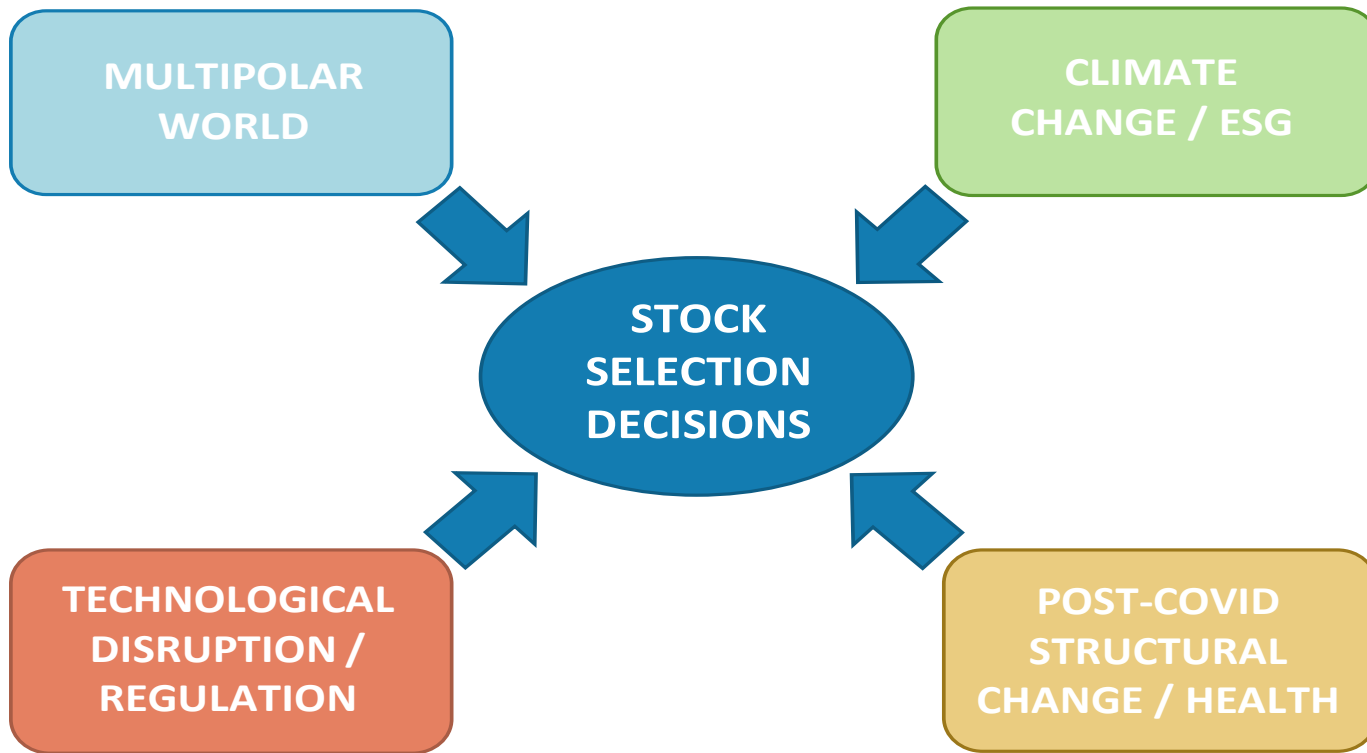
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2021 Asia EM Equity Strategy Outlook Overview

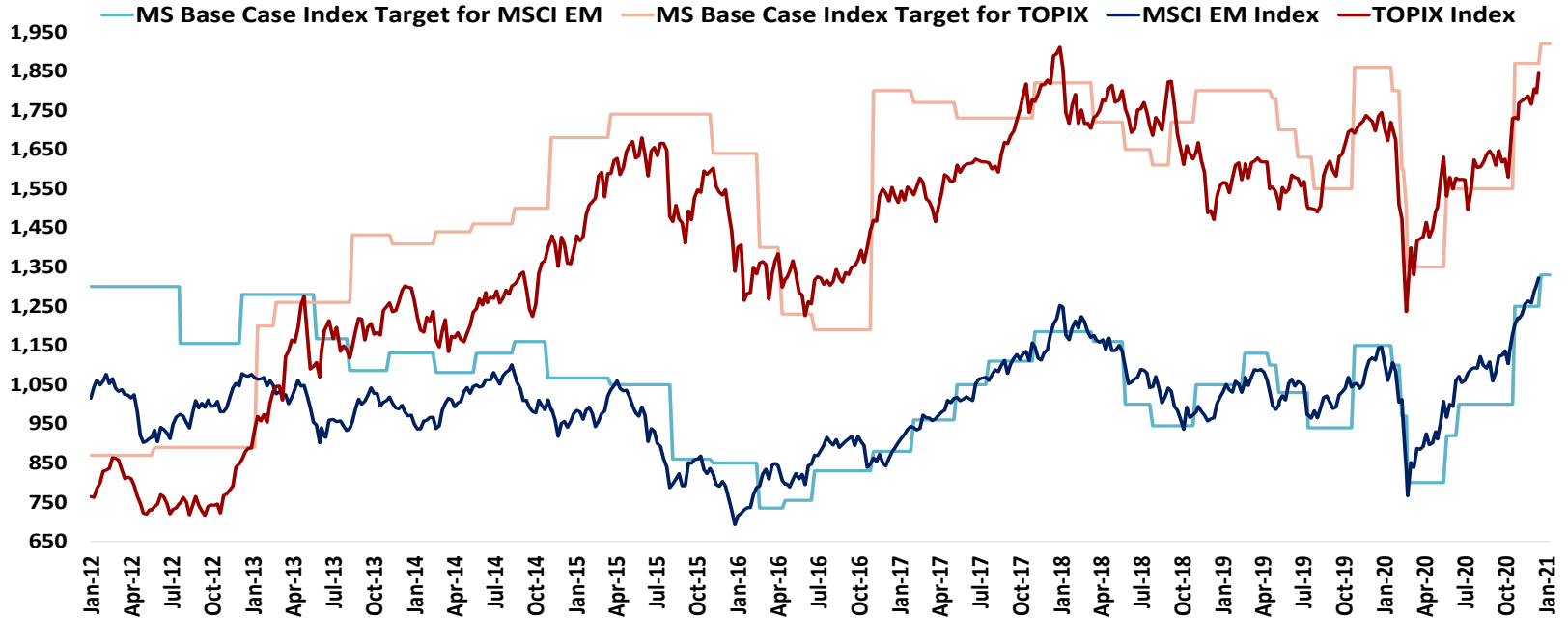
Key Views

- 1) **Downgraded China to EW on policy tightening, domestic internet regulation and US investor restrictions. Prefer A shares versus offshore China.**
- 2) **Upgraded India to OW given structural reforms and our above-consensus view on the growth recovery in 2021.**
- 3) **Stay OW Australia, Korea and Brazil within general value cyclicals approach.**
- 4) **Downgrade IT (hardware and software) to EW preferring Cons Discretionary, Materials and Industrials. Less bearish Energy & Financials but still UW.**
- 7) **Maintain a balanced Growth/Value position but favour selective Cyclical exposures via FCF yield and Earnings revision.**
- 8) **We launch our APxJ-EM Best Business Models v8 list and generally favour Quality as a through-the-cycle style preference.**
- 9) **In Japan, we reiterate our focus on Productivity and Innovation Leaders v2 launched in October.**

Our Structural Themes for Stock Selection Decisions

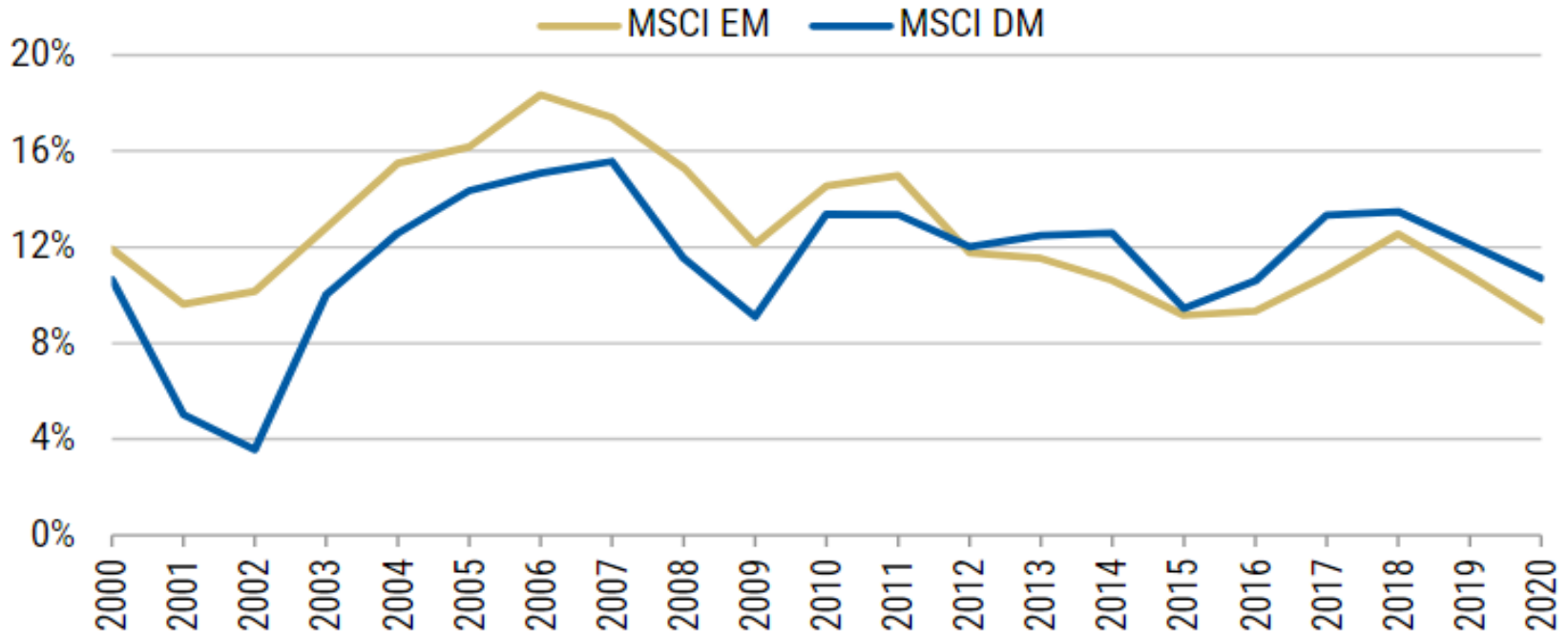


Our MSCI EM and TOPIX Index Target History since Initiating Targets for TOPIX in 2012 - We further increase our targets, factoring in expectations of more stimulus



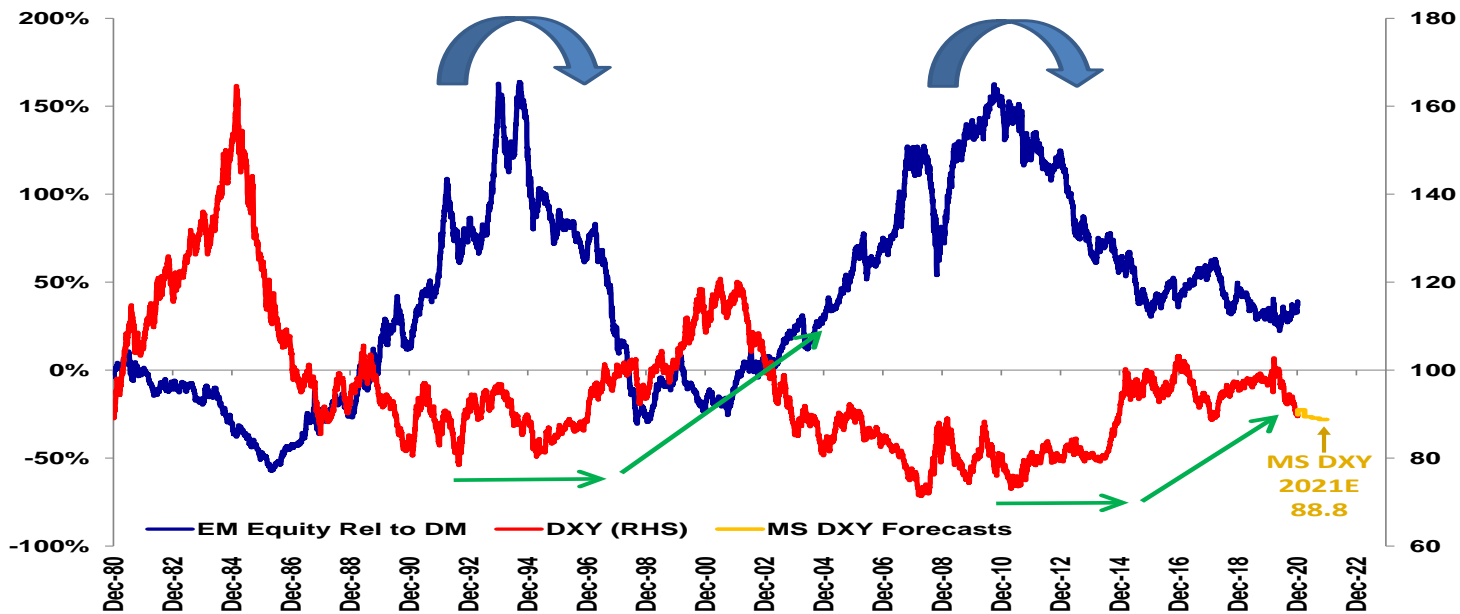
Source: MSCI, FactSet, Morgan Stanley Research Index level data as of Jan 07, 2021

Return on Equity (ex-Financials) for MSCI EM vs MSCI DM: Post GFC, EM companies have consistently generated low ROE than their DM counterparts



Source: Factset, MSCI, RIMES, Morgan Stanley Research. Data as of November 2020

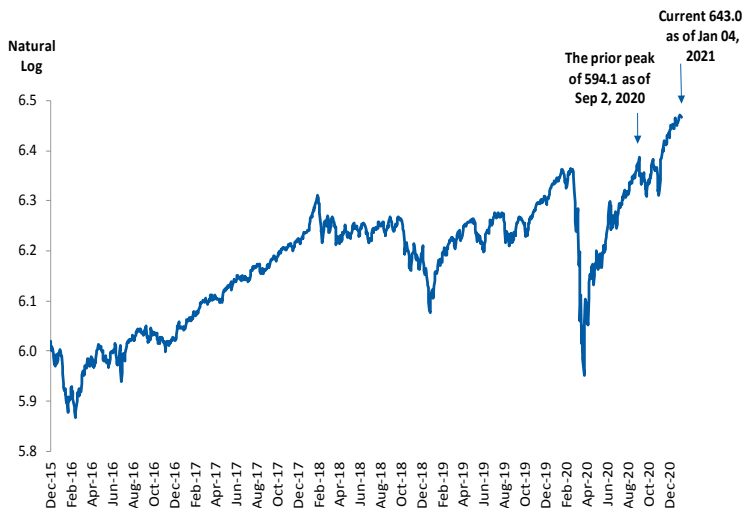
DXY vs. EM equity performance relative to DM – Our FX strategy team has called the USD weaker, but the move has been faster than expected, supporting EM equities



Source: Bloomberg, MSCI, DataStream, Morgan Stanley Research. Data as of Jan 07, 2021. *EM equity performance from 1981 to 1987 is based on equity weighted performance of Korea, Malaysia, South Africa and Thailand. Performance since 1988 is based on MSCI EM Index

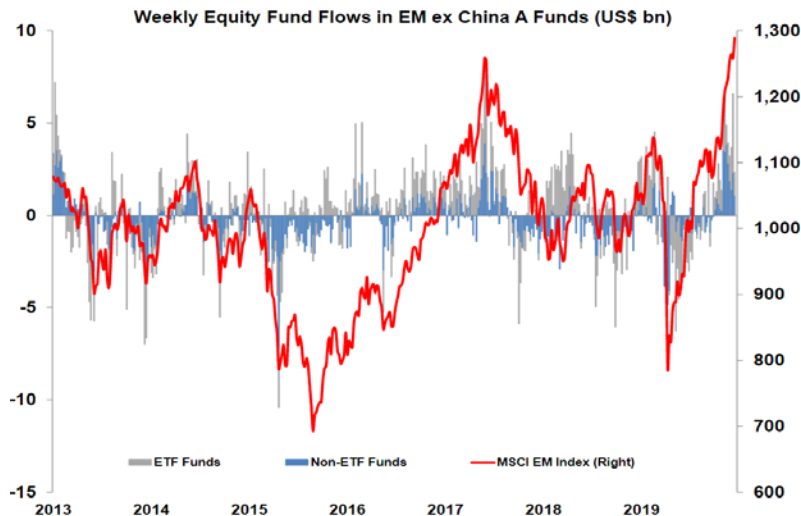
MSCI AC World Index Performance and Dedicated EM Equity Fund Flows (ex-China A-share funds)

Global equities broke above the prior high and made a new record high currently



Source: MSCI, Morgan Stanley Research Data as of Jan 04, 2021

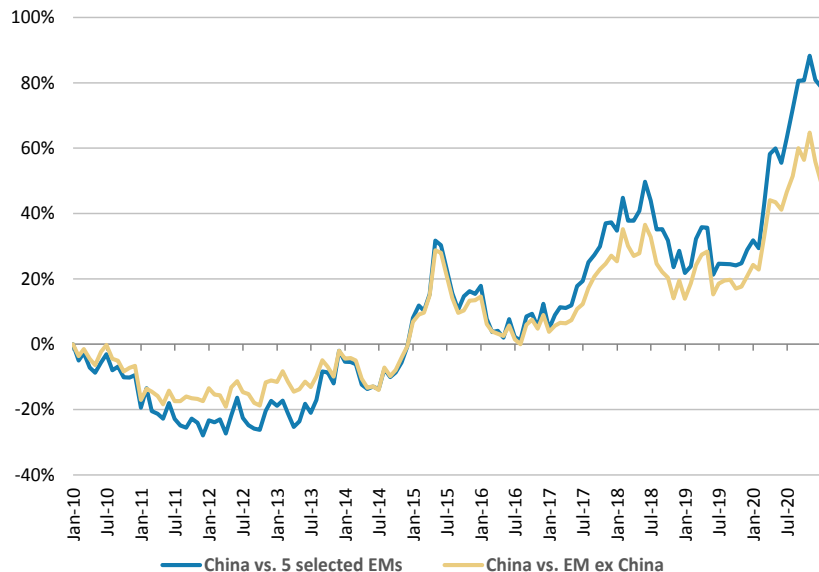
Cumulative 2020 EM outflows came in at US\$6.2bn, marking a strong recovery from a trough of US\$47.6bn at end-August



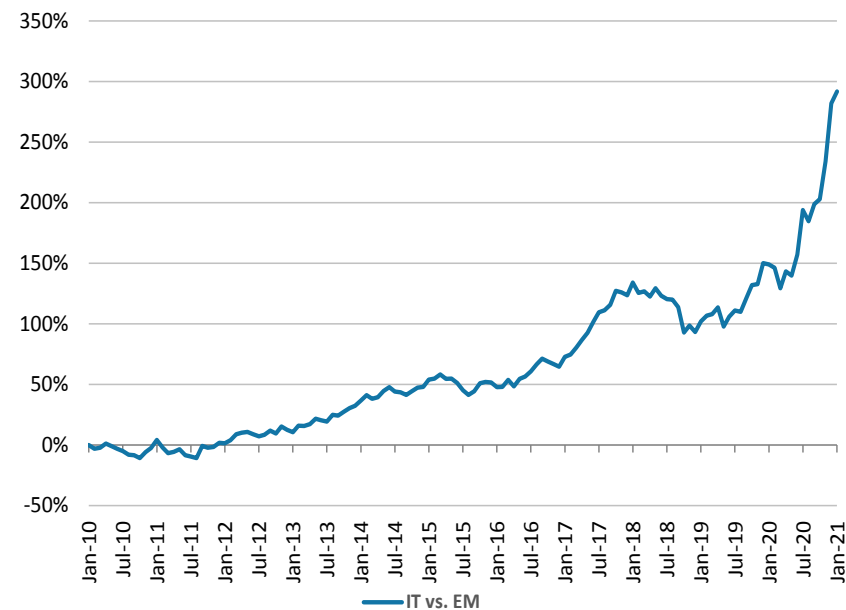
Source: EPFR Global, Equity Fund Flows Database, Morgan Stanley Research. Data as of December 30, 2020

Performance of MSCI China vs. Five selected larger EMs* and EM ex China, and Relative performance of IT (Tech Hardware & Semis) vs. MSCI EM

We downgrade China to EW



We downgrade IT to EW

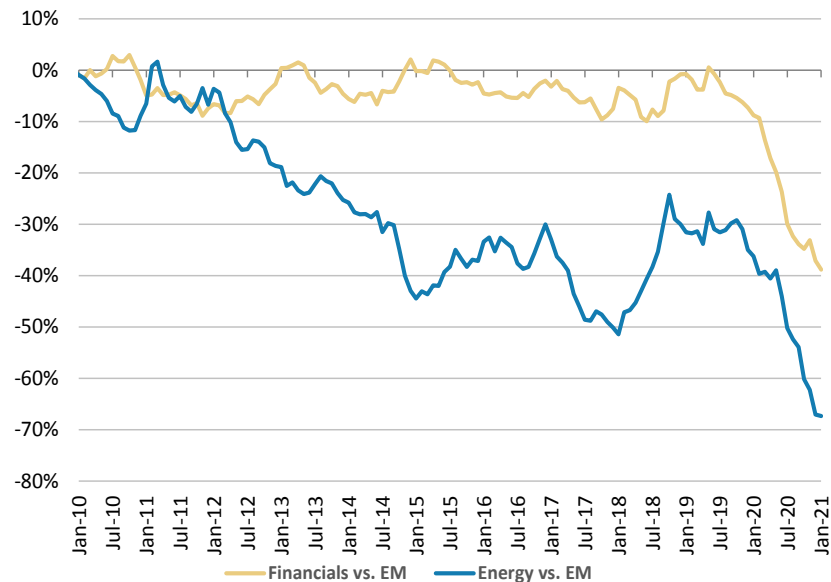


Source: RIMES, MSCI, Morgan Stanley Research. Data as of Dec 31, 2020.
 * 5 selected EMs refer to Brazil, Indonesia, Russia, South Africa, and Mexico, on equal-weighted basis. EM ex China is compiled on market-cap weighted basis.

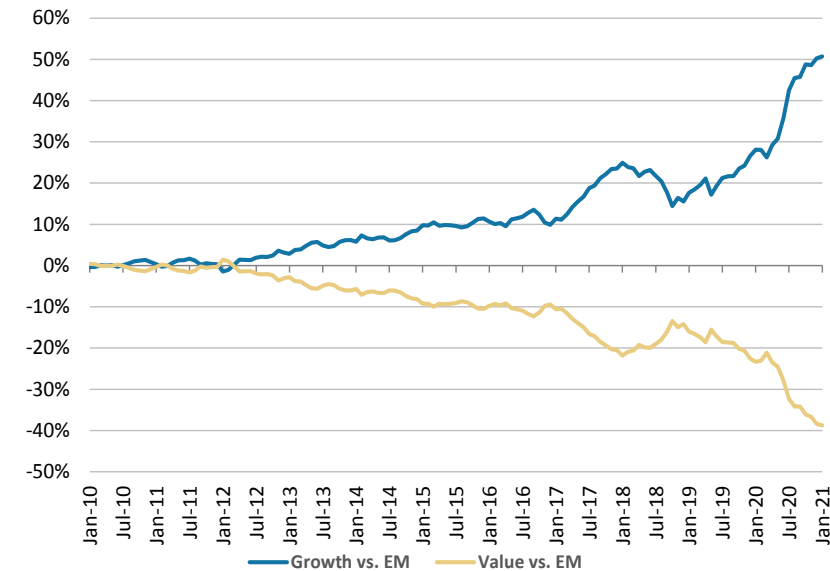
Source: RIMES, MSCI, Morgan Stanley Research. Data as of Jan 04, 2021

Performance of Financials and Energy vs. MSCI EM and Relative performance of Growth and Value vs. MSCI EM

We stay UW Energy and Financials although they are unlikely to underperform as much in 2021 as they did in 2020



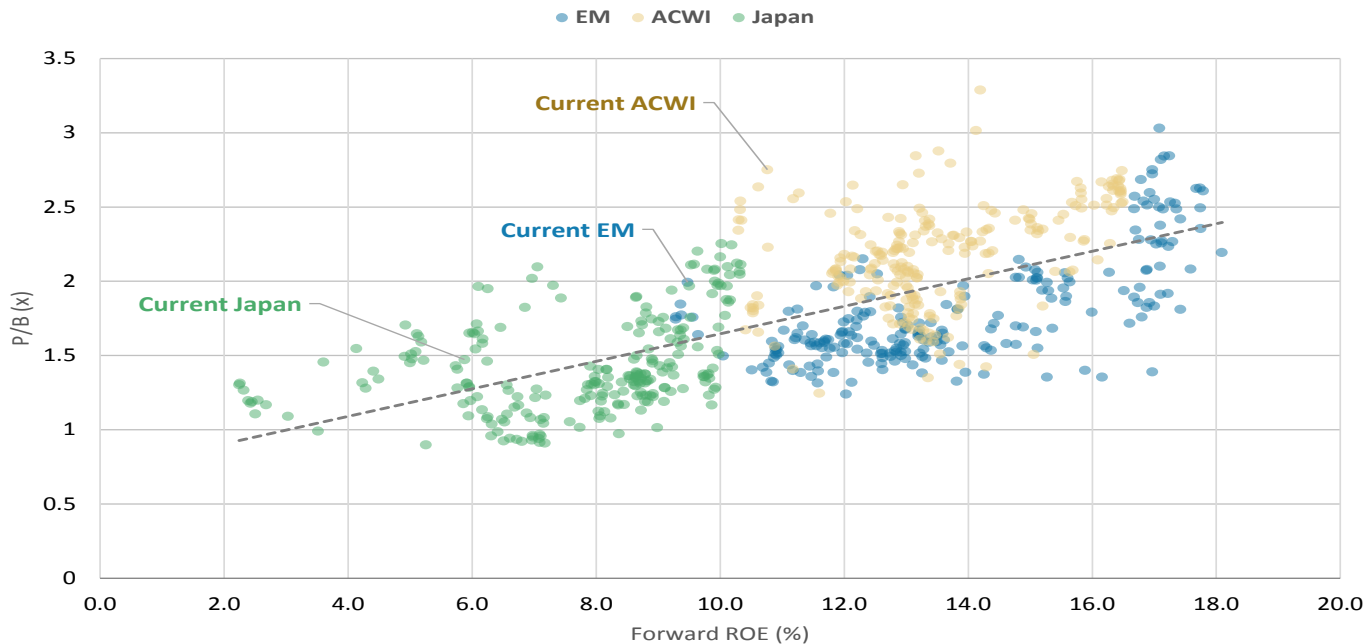
We are balanced Growth vs. Value with a structural preference for Quality through the cycle



Source: RIMES, MSCI, Morgan Stanley Research. Data as of Jan 04, 2021

Source: RIMES, MSCI, Morgan Stanley Research. Data as of Jan 04, 2021

P/B vs. forward ROE for MSCI EM, ACWI and Japan over Last 20 Years – Japan is trading at less-expensive valuation on long-term relationship of P/B vs forward ROE than EM



Source: FactSet, RIMES, MSCI, Morgan Stanley Research. Data as of January 04, 2021.

Where our 35 global/regional sector teams fit in the four quadrants of Slowbalization

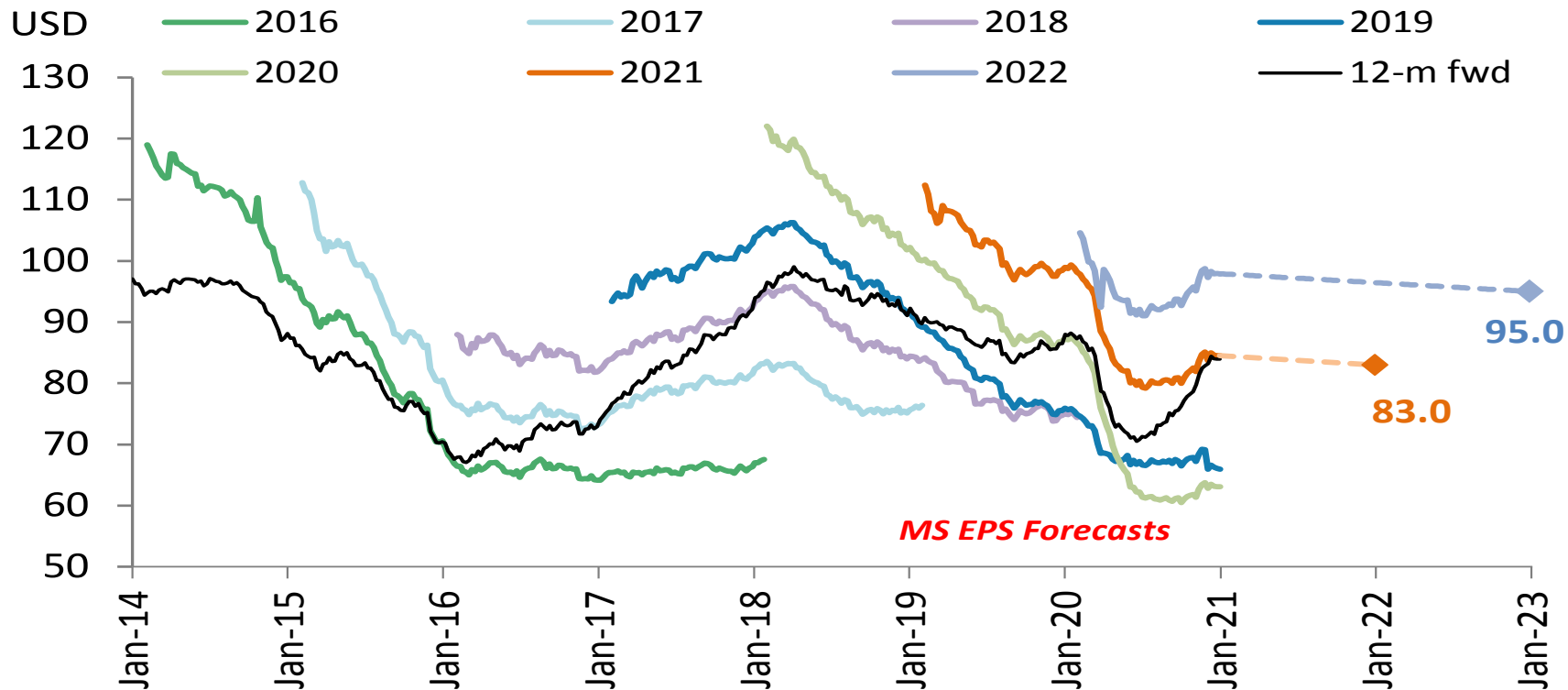


Environmental and social scores - New Zealand and Singapore rank highest, while South Africa and Pakistan rank lowest. We encourage investors to look beyond the overall scores

Country	Overall Score	Overall Environment	Overall Social	Environment			Social		
				Physical Hazard Score	CO2 per Capita Score	Share of Renewable in Power Supply Score	WHO Health System Score	Human Development Index Score	Notre Dame Social Readiness Score
New Zealand	8.2	7.7	8.8	4.9	8.2	9.9	7.8	9.5	9.0
Singapore	7.8	5.9	9.6	10.0	7.5	0.2	10.0	9.9	9.0
Greece	7.0	6.0	8.0	5.5	8.4	4.1	9.4	8.2	6.3
Chile	6.5	6.5	6.5	5.1	8.8	5.5	8.4	7.6	3.4
Colombia	6.3	7.3	5.3	3.3	9.8	8.9	9.0	5.3	1.5
Czech Republic	6.3	5.5	7.1	7.8	7.2	1.3	7.4	8.7	5.2
Poland	6.2	5.4	7.0	7.2	7.7	1.5	7.2	8.2	5.6
Brazil	6.1	8.5	3.7	5.9	9.7	10.0	3.9	5.3	1.8
Korea	6.0	3.4	8.6	3.1	6.4	0.6	6.7	9.1	10.0
Australia	5.9	3.3	8.5	2.3	5.3	2.4	8.5	10.0	7.1
Argentina	5.9	6.3	5.5	6.7	9.0	3.0	6.2	7.1	3.2
Hungary	5.8	5.6	6.0	6.4	8.8	1.7	6.5	7.5	4.0
Turkey	5.8	6.3	5.3	5.0	8.8	5.1	6.3	6.5	3.0
Saudi Arabia	5.5	4.2	6.7	7.2	5.5	0.0	8.8	7.8	3.5
Peru	5.2	6.8	3.5	3.4	9.8	7.3	3.5	5.3	1.9
Malaysia	4.9	4.5	5.3	3.6	7.9	2.1	7.4	6.4	2.2
Thailand	4.6	4.2	5.1	1.3	9.2	2.1	7.5	5.4	2.4
Egypt	4.6	4.9	4.3	4.3	9.6	1.0	6.6	3.7	2.5
United Arab Emirates	4.5	2.7	6.4	4.3	3.7	0.1	8.7	8.1	2.3
Russia	4.5	3.3	5.8	2.2	6.7	1.0	3.4	7.0	6.9
Mexico	4.5	4.4	4.6	1.9	9.1	2.1	6.7	5.5	1.7
Philippines	4.1	4.2	4.0	0.2	9.9	2.4	6.7	4.0	1.4
China	4.1	3.6	4.6	0.1	8.0	2.7	2.5	5.2	5.9
Qatar	4.0	2.8	5.3	8.3	0.0	0.0	7.5	7.6	0.6
Indonesia	3.9	4.2	3.6	1.1	9.6	2.0	5.2	3.9	1.7
India	3.5	4.1	2.9	0.0	9.7	2.6	4.6	2.3	1.8
Pakistan	3.5	5.2	1.7	2.0	10.0	3.5	4.0	0.0	1.1
South Africa	2.7	4.1	1.3	3.8	7.9	0.6	0.0	3.8	0.0

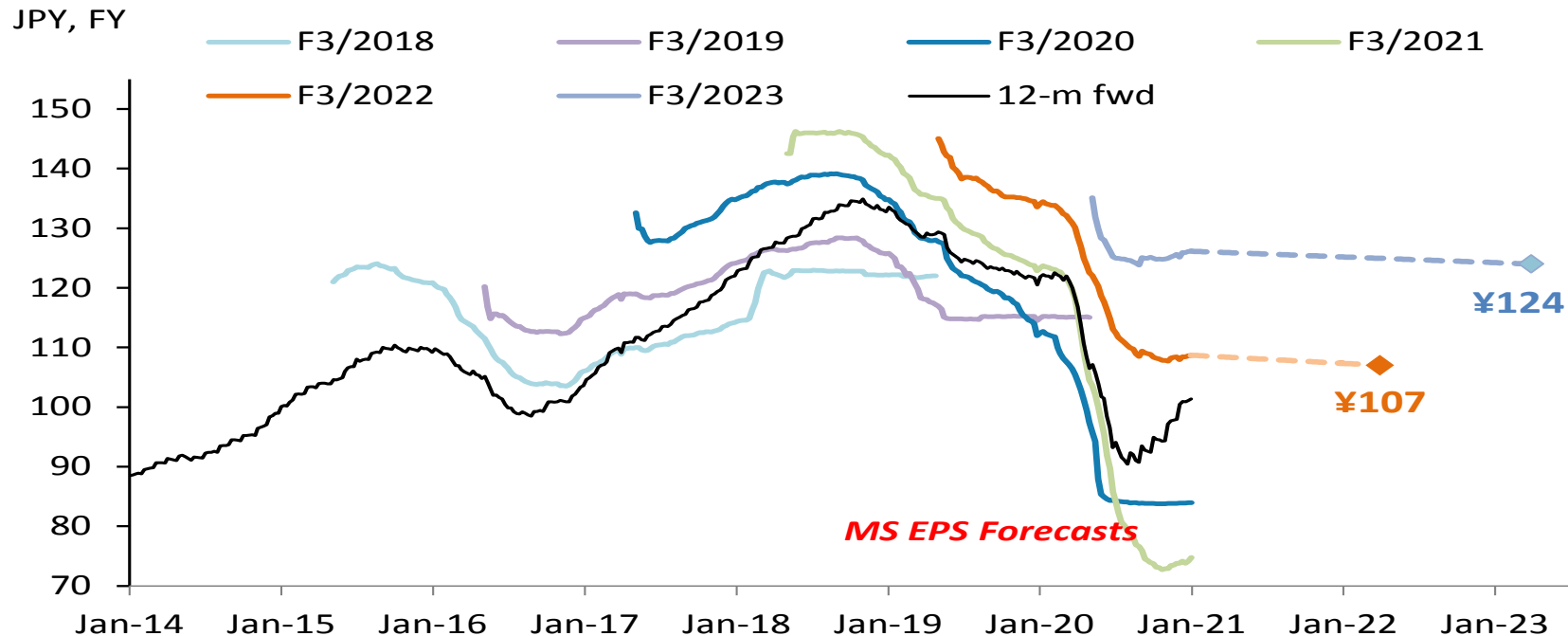
Source: INFORM, IEA, WHO, United Nations, Notre Dame Global Adaptation Initiative, Morgan Stanley Research. The scores shown here are based on the raw data from the sources mentioned above, and normalised by the relative performance within the selected countries here from a scale of 0-10 (higher is better). The scores are not the raw data extracted from the sources, and cannot be used to imply future performance. We omit Hong Kong and Taiwan because of data unavailability of some data points

MSCI EM Consensus EPS trend with MS Dec-21 and Dec-22 forecasts



Source: IBES Consensus, Datastream, Morgan Stanley Research. Data as of December 31, 2020

TOPIX Consensus EPS Trend with MS forecasts on Japanese fiscal year basis



Source: IBES Consensus, Datastream, Morgan Stanley Research. Data as of December 31, 2020

Selection Process for APxJ-EM Best Business Model v8

Selection Process for APxJ-EM BBM

Systematic Quality/Value Assessment

Apply Global Quant BBM methodology (Quality+Value Factors) to assess 1000+ stocks in APxJ-EM universe



Preliminary Rank Ordering of Stocks by Custom Industry Group



Fundamentals & ESG

Assess Sustainability of Competitive Advantage, Management Strength and ESG with Morgan Stanley's Global Research and Sustainability Teams



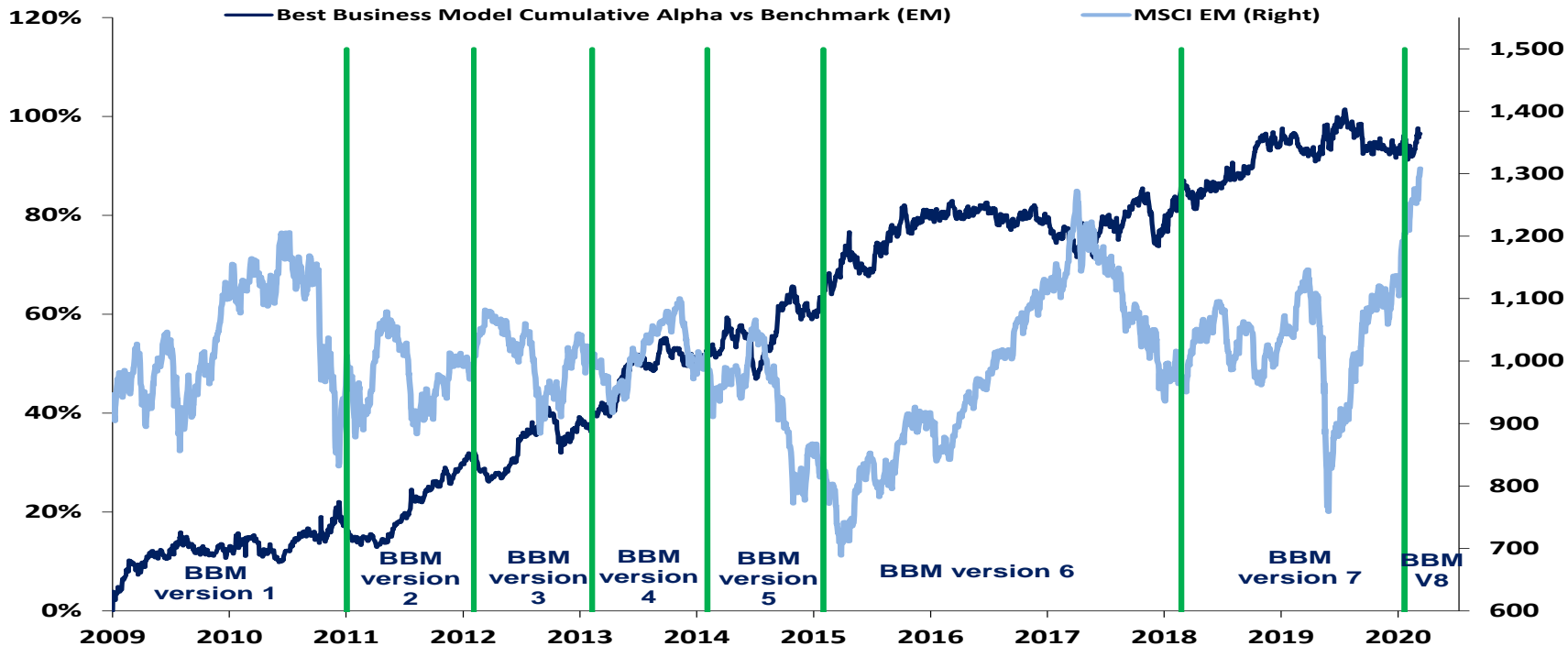
Final APxJ-EM BBM Version 8

APxJ-EM Best Business Models v8 - Our 32-stock list focused on sustainable competitive advantage, management quality with a valuation/ESG overlay

Company Name	Ticker	Market	Industry Group	Mkt Cap (US\$bn)	Last Price (LC)	Upside to Target Price	MS CY P/E		MS CY P/Book		MS CY Div. Yld		MS CY ROE		MS Analyst
							2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E	
AIA Group	1299.HK	Hong Kong	Insurance	153	99	-9.7%	25.4x	22.8x	2.7x	2.5x	1.3%	1.5%	11.0%	11.6%	Jiang, Jenny
AngloGold Ashanti	ANGJ.J	South Africa	Metals & Mining	11	36831	23.3%	9.6x	9.0x	3.0x	2.4x	2.0%	2.1%	41.3%	33.8%	Hoover, Jared
Bajaj Auto	BAJA.NS	India	Automobiles & Components	14	3522	10.7%	23.5x	25.2x	4.8x	4.4x	2.3%	2.5%	21.2%	24.3%	Singh, Binay
Bank Central Asia	BBCA.JK	Indonesia	Banks	61	34175	25.9%	33.2x	28.2x	4.6x	4.2x	1.4%	1.6%	14.6%	16.4%	Chandra, Mulya
CICC	3908.HK	China	Diversified Financials	12	22	15.2%	12.4x	10.4x	1.3x	1.2x	1.6%	1.8%	14.1%	12.5%	Liu, Katherine
China Merchants Bank	3968.HK	China	Banks	163	47	18.5%	10.5x	9.3x	1.5x	1.3x	2.9%	3.2%	15.5%	15.7%	Xu, Richard
CLP Holdings	0002.HK	Hong Kong	Utilities	24	73	30.0%	16.7x	15.5x	1.7x	1.6x	4.3%	4.4%	10.5%	11.0%	Lee, Simon
Country Garden Svcs	6098.HK	China	Transport and Comm & Prof Svcs.	18	51	20.8%	51.2x	36.0x	16.4x	11.7x	0.5%	0.7%	47.7%	46.9%	Liu, Chloe
Delta Electronics	2308.TW	Taiwan	Tech Hardware	26	265	5.7%	27.5x	23.6x	3.4x	3.2x	1.9%	2.4%	14.4%	15.7%	Shih, Sharon
Dino Polska	DNP.WA	Poland	HH Products and Staples Retailing	8	294	7.6%	45.8x	34.6x	13.8x	11.0x	0.0%	0.0%	38.7%	39.9%	Herbst, Henrik
Feng Tay	9910.TW	Taiwan	Durables, Apparel & Services	5	197	11.7%	32.3x	23.3x	9.5x	7.8x	1.7%	1.9%	32.3%	40.8%	Cheng, Terence
HDFC Bank	HDBK.NS	India	Banks	106	1416	20.1%	27.6x	27.0x	4.0x	3.4x	0.6%	1.0%	17.1%	18.0%	Kariwala, Sumeet
HKT Trust and HKT Ltd.	6823.HK	Hong Kong	Telecommunications	10	10	39.7%	15.1x	14.6x	2.0x	2.0x	7.0%	7.2%	13.2%	13.9%	Wang, Sara
James Hardie	JHX.AX	Australia	Materials-ex-Metals & Mining	13	39	8.4%	31.1x	28.2x	9.7x	8.4x	1.2%	1.7%	39.4%	36.3%	Scott, Andrew
Lojas Renner	LREN3.SA	Brazil	Retailing	6	42	30.3%	28.3x	31.8x	5.9x	5.5x	0.8%	2.1%	25.3%	18.5%	Ruben, Andrew
Longfor Group Holdings	0960.HK	China	Real Estate	34	44	19.3%	11.9x	9.9x	2.1x	1.6x	3.8%	4.6%	19.9%	20.7%	Chen, Elly
Macquarie Group Limited	MQG.AX	Australia	Diversified Financials	42	140	5.7%	21.5x	18.9x	2.4x	2.3x	2.8%	3.6%	11.9%	12.9%	Stadnik, Andrei
MediaTek	2454.TW	Taiwan	Semiconductor	44	792	12.4%	31.5x	20.5x	3.6x	3.3x	2.4%	3.7%	12.6%	17.6%	Chan, Charlie
NCSoft Corp	036570.KS	S. Korea	Media & Entertainment	19	978000	-22.3%	31.9x	25.0x	6.7x	5.5x	0.5%	0.9%	25.3%	26.7%	Park, Seyon
NetEase	NTESE.O	China	Media & Entertainment	66	97	16.8%	32.3x	23.6x	3.9x	3.4x	0.1%	0.2%	18.2%	16.2%	Poon, Alex
Notre Dame Intermedica	GNDI3.SA	Brazil	Health Care Equipment & Services	9	77	-1.6%	54.6x	47.5x	6.6x	6.1x	0.0%	0.8%	13.5%	14.0%	Martinez de Olcoz Cerdan, Javier
REA Group Limited	REA.AX	Australia	Durables, Apparel & Services	16	154	-2.7%	75.2x	61.5x	23.5x	19.3x	0.7%	0.8%	29.9%	38.3%	McLeod, Andrew
Reliance Industries	RELI.NS	India	Energy	173	1991	12.9%	30.2x	30.8x	2.3x	1.9x	0.3%	0.5%	10.1%	10.7%	Maheshwari, Mayank
Samsung Electronics	005930.KS	S. Korea	Tech Hardware	462	83000	6.0%	19.5x	12.4x	1.8x	1.7x	1.7%	1.8%	9.7%	14.5%	Kim, Shawn
Sonic Healthcare Limited	SHLAX	Australia	Health Care Equipment & Services	12	33	22.9%	17.6x	15.4x	2.7x	2.6x	4.3%	4.9%	16.2%	17.9%	Laaman, Sean
Tata Consultancy Services	TCS.NS	India	Software & Services	156	3039	-6.2%	34.5x	34.2x	13.0x	12.4x	1.5%	2.4%	37.4%	41.3%	Gupta, Parag
Tencent Holdings	0700.HK	China	Media & Entertainment	712	573	13.5%	35.3x	30.0x	8.7x	7.1x	0.3%	0.4%	30.4%	28.6%	Yu, Gary
TSMC	2330.TW	Taiwan	Semiconductor	501	536	4.1%	26.7x	23.7x	7.4x	6.6x	2.4%	2.8%	32.1%	31.4%	Chan, Charlie
Wal-Mart de Mexico	WALMEX.MX	Mexico	HH Products and Staples Retailing	50	57	18.8%	29.2x	22.2x	5.7x	5.3x	3.6%	3.3%	20.3%	25.6%	Ruben, Andrew
Wuliangye Yibin Company Ltd.	000858.SZ	China	Food, Beverage & Tobacco	192	298	10.7%	57.0x	45.3x	13.4x	11.4x	0.7%	0.9%	27.3%	29.7%	Lou, Lillian
WuXi Biologics Cayman	2269.HK	China	Pharmaceuticals	51	103	-11.3%	278.8x	162.8x	24.2x	20.9x	0.0%	0.0%	9.7%	15.0%	Wu, Sean
Yandex	YNDX.O	Russia	Media & Entertainment	23	70	-9.7%	74.2x	45.8x	8.6x	7.3x	0.0%	0.0%	11.9%	19.5%	Adisa, Miriam

Source: Modelware, Morgan Stanley Research. Data as of January 4, 2021. Note the final selection process did not rely on standard valuation factors and upside to price target.

APxJ-EM Best Business Model v8 and its Version 1 to Version 8 Performance - The model has generated a cumulative alpha of +9655bp since launch in 2009*



Source: Factset, MSCI, Morgan Stanley Research. Data as January 4, 2020. *Past performance is not a guarantee of future results. APxJ/EM BBM v8 performance is calculated using USD total return while version 1 to 7 use only USD price returns. The benchmark for APxJ/EM BBM v8 is combined MSCI APxJ/EM index while it is MSCI EM for v1 to v7. Performance figures exclude transaction costs. These figures are not audited. A historical record of selections and deletions is available upon request



Panel - Europe – Recovery and Opportunity



Slump, Rebound, Recovery

Jacob Nell, Head of European Economics & Chief UK Economist

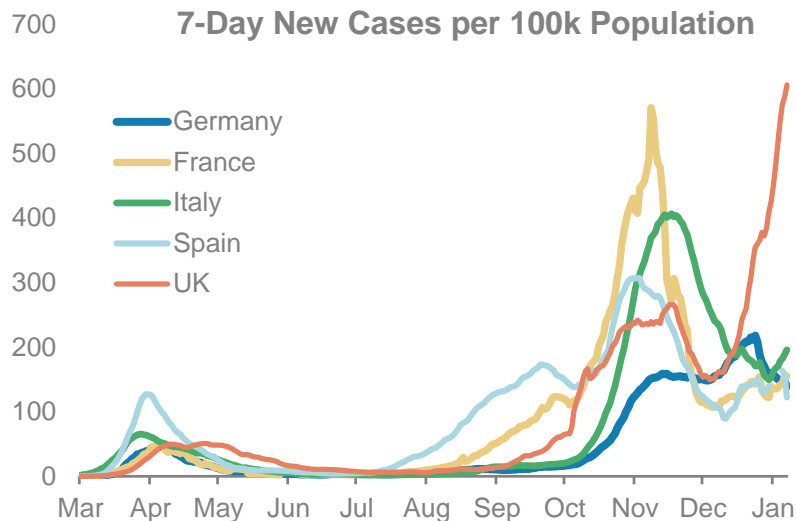
January 13, 2021

Morgan Stanley & Co. International plc

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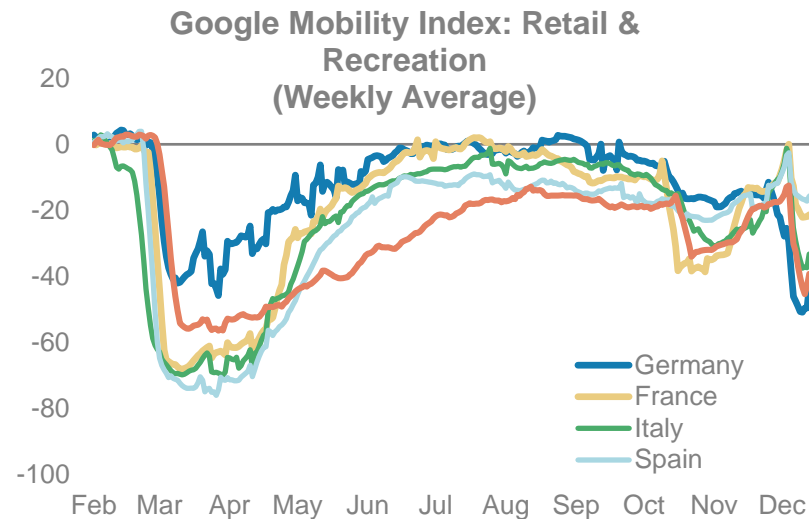
Covid: Longer and more stringent restrictions highlight downside growth risks

With cases remaining persistently high in the euro area, we now expect more protracted lockdowns well into 2021. Following the UK, Germany recently tightened restrictions and extended them to end January



Source: WHO, Morgan Stanley Research

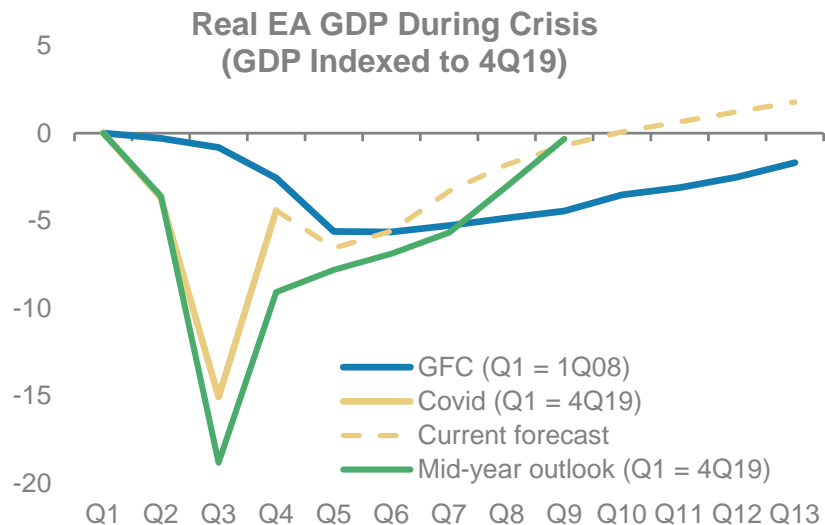
With more restrictions expected to stay in place for longer, we now see downside risk to our 1.0% 1Q21 growth projections, also reflected in lower mobility indicators



Source: Google, Morgan Stanley Research

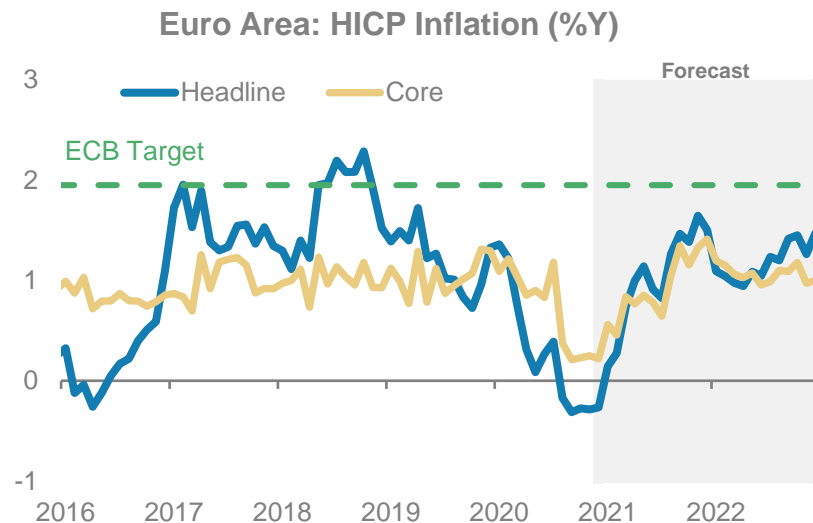
Growth rebound likely in 2Q21; Inflation snaps back, but stays subpar

Despite the downside risk to 1Q21 growth, we continue to expect a strong rebound in 2Q, as reduced transmission on warmer weather and vaccine rollout should allow for a re-opening of the economy



Source: Eurostat, Morgan Stanley Research

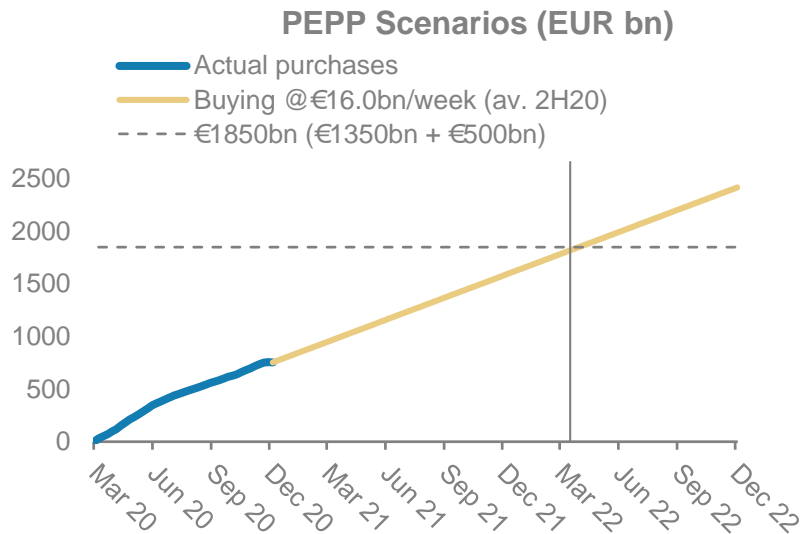
Inflation is meanwhile expected to rebound to around 1% in 1Q21, but remain well below target, only reaching 1.2%Y in 2022 on our latest projections



Source: Eurostat, Morgan Stanley Research

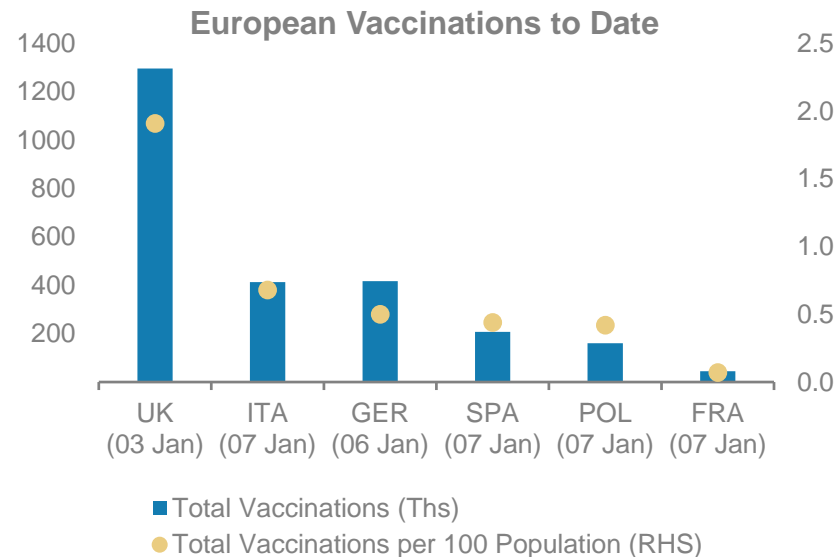
Policy: Policy support now in place, vaccine rollout key risk

Following December's €500bn PEPP top up, we think that the ECB is set for 2021. Recovery fund disbursements should start supporting the recovery from 2H21.



Source: ECB, Morgan Stanley Research

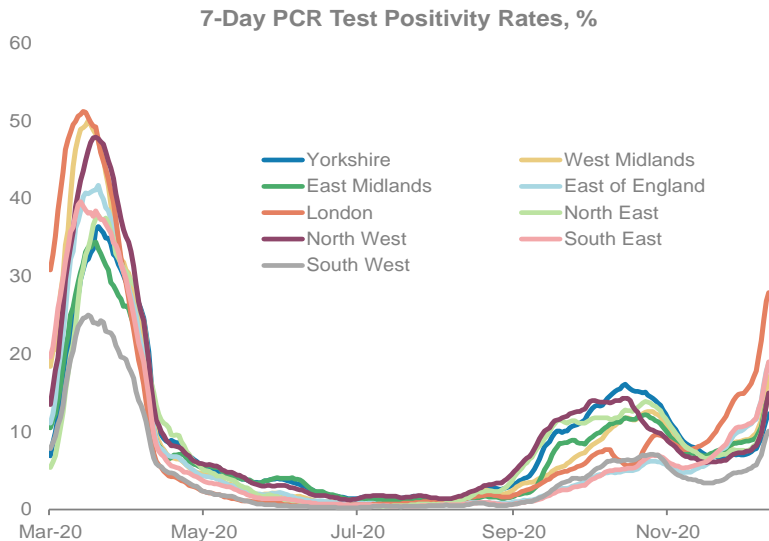
The European vaccination campaign has been off to a slow start, and we now see a risk that delays will lead to a slower lifting of restrictions and a weaker rebound in 2Q21



Source: Our World in Data, Morgan Stanley Research

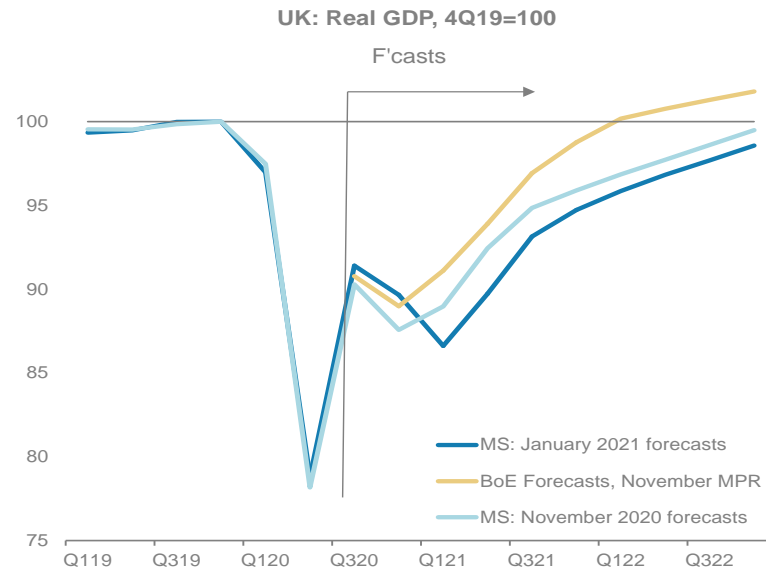
UK: New Year, New Lockdown

Due to another sharp increase in cases, the UK has been placed under lockdown#3...



Source: UK Government, PHE, Morgan Stanley Research

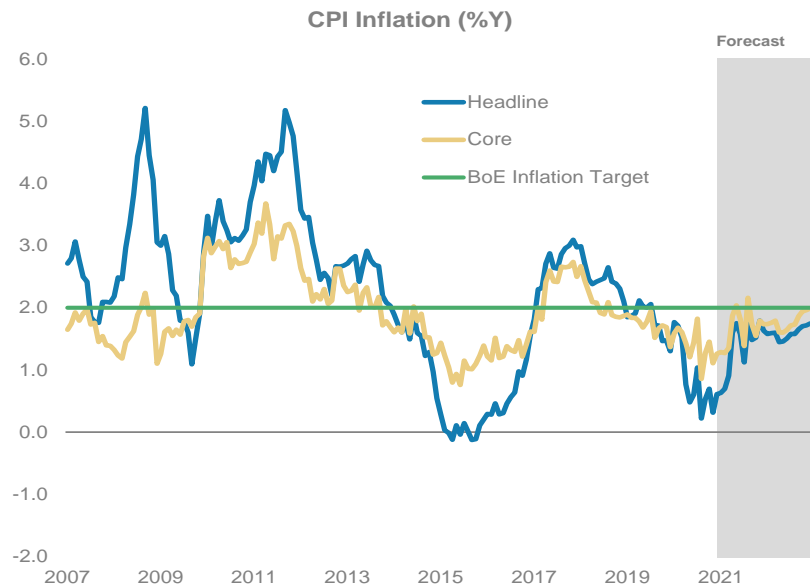
...leading to a more pronounced W-shaped GDP trajectory and a contraction in 1Q21 as well



Source: ONS, BoE, Morgan Stanley Research forecasts

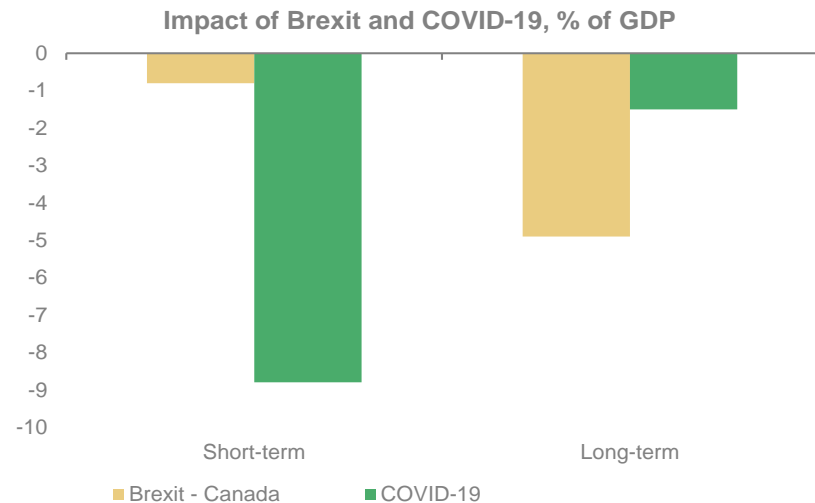
UK: A DM Underperformer on Covid and Brexit

BoE will cut rates in February, we think, to 0%, but will shy away from going negative as inflation picks up



Source: ONS, Morgan Stanley Research estimates

COVID-19 is a larger drag in the short term, but Brexit is a bigger hit over the long run



Source: MS Research, HMT, BoE; Morgan Stanley Research; short-term Brexit hit = MS estimate of 4-quarter hit to GDP; long-term Brexit hit: 15-year hit as estimated by the Treasury; short-term COVID-19 hit = MS estimate of 4-quarter hit to GDP; long-term COVID-19 hit = BoE's estimate of the supply side hit



Global Insights Day

Graham Secker, Chief European Equity Strategist

January 2021

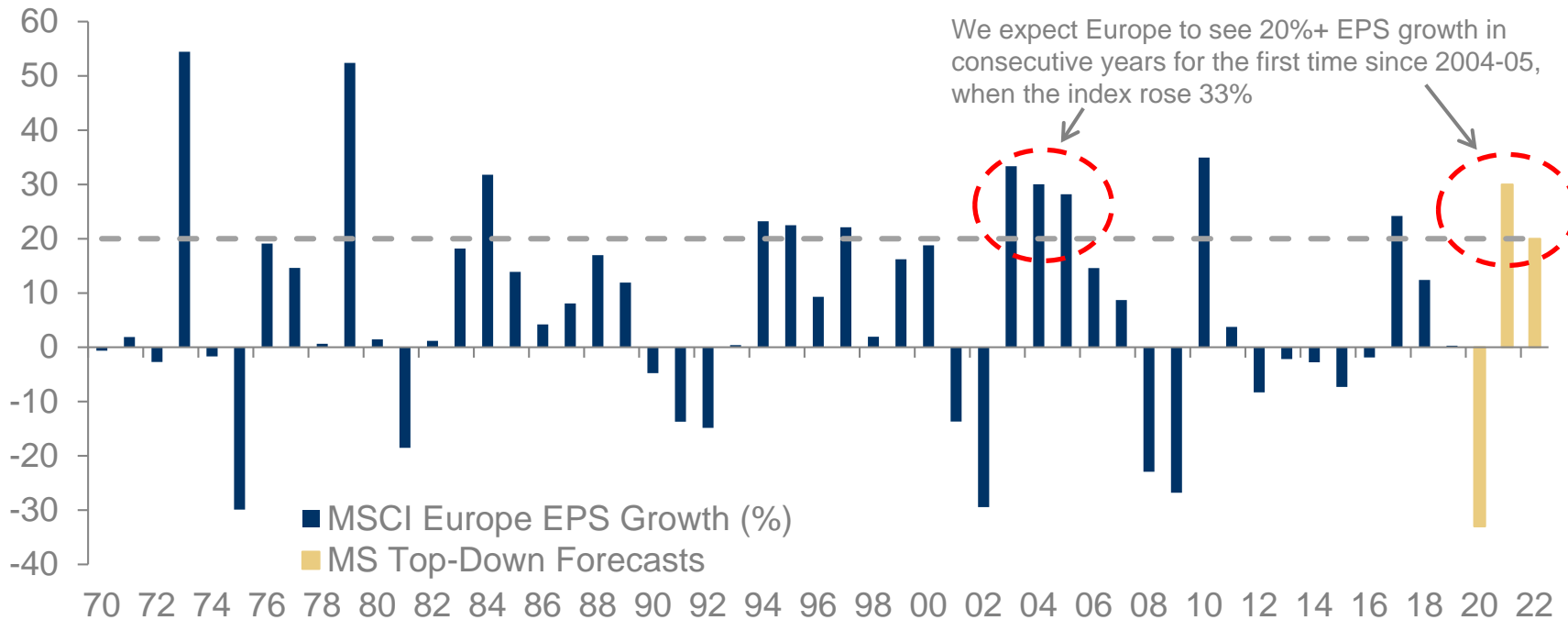
Morgan Stanley & Co. International plc+

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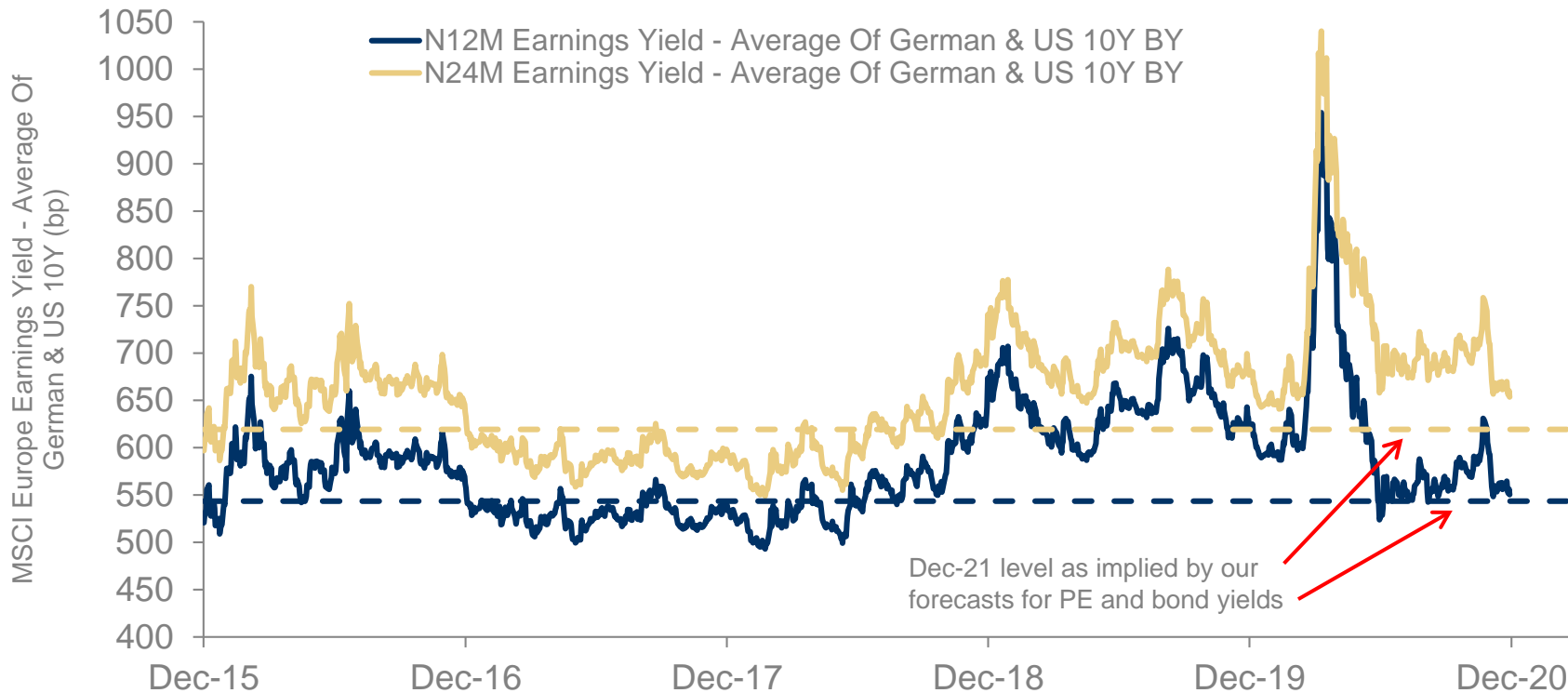
+ = Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to FINRA restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

We forecast 2+ years of 20%+ EPS growth for the first time since 2004-05



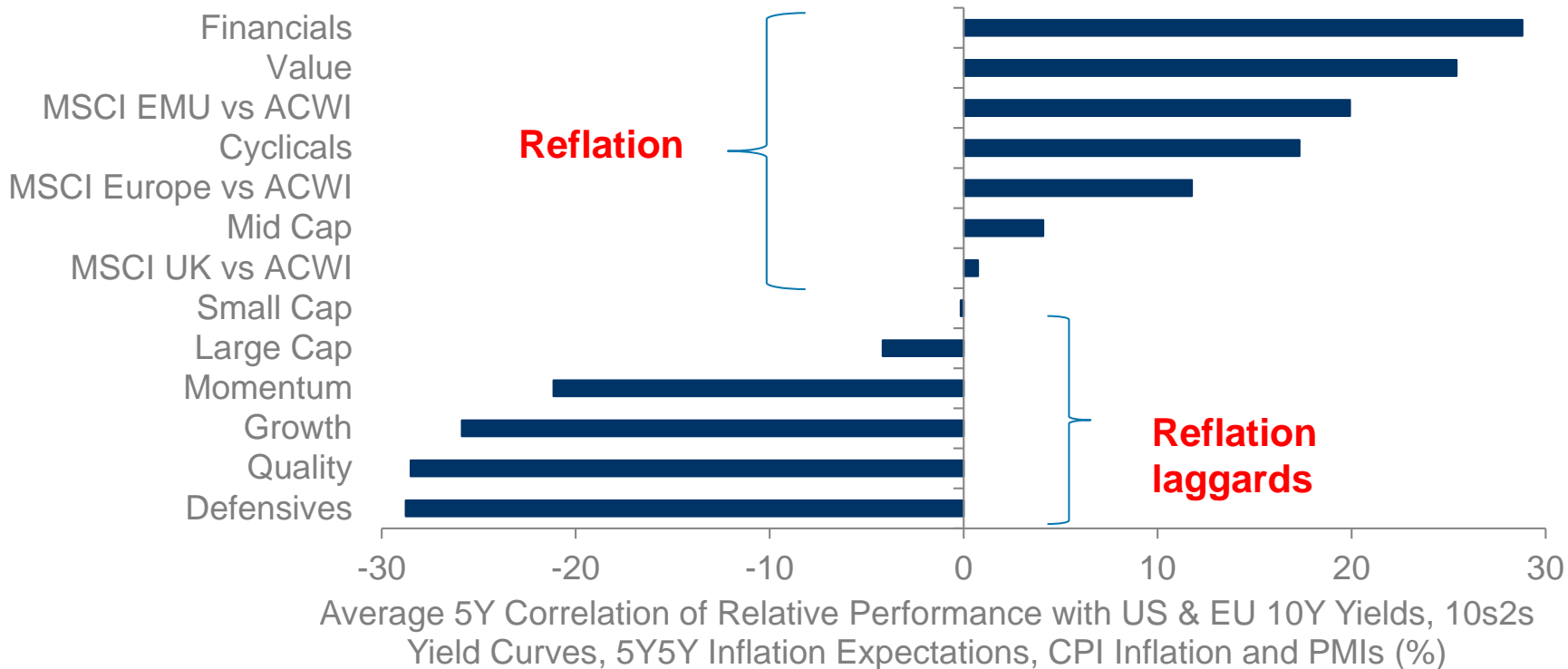
Source: MSCI, Morgan Stanley Research Estimates

European equity valuations look undemanding vs bonds



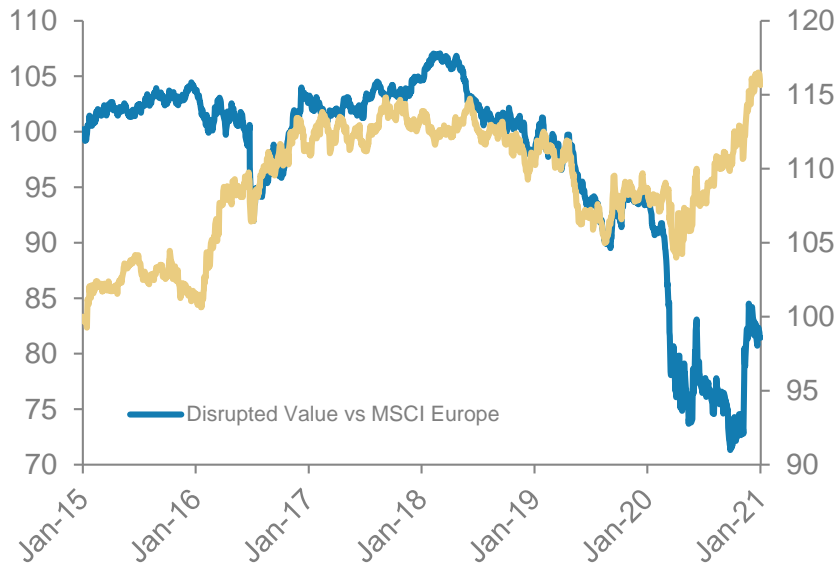
Source: MSCI, IBES, Refinitiv, Morgan Stanley Research

Sector and style consequences of reflation

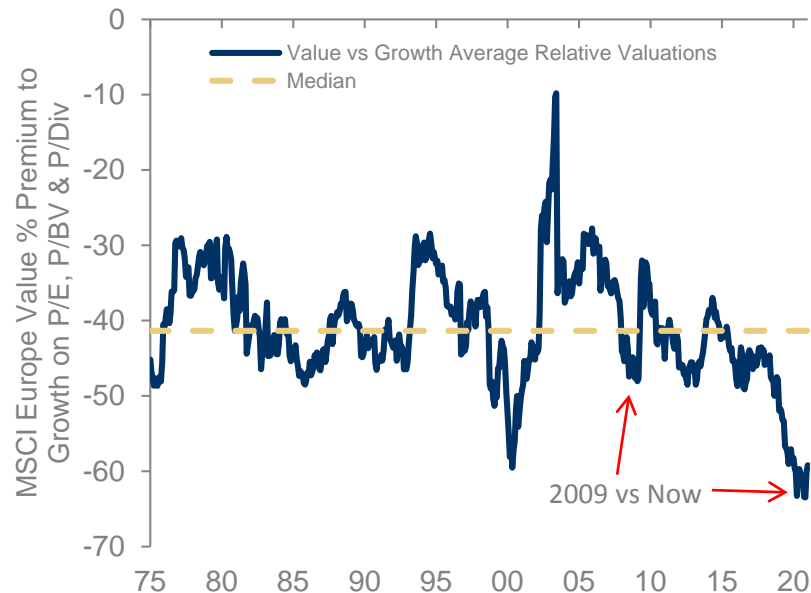


Value rotation has further to go in 2021

'Undisrupted Value' has outperformed persistently since April



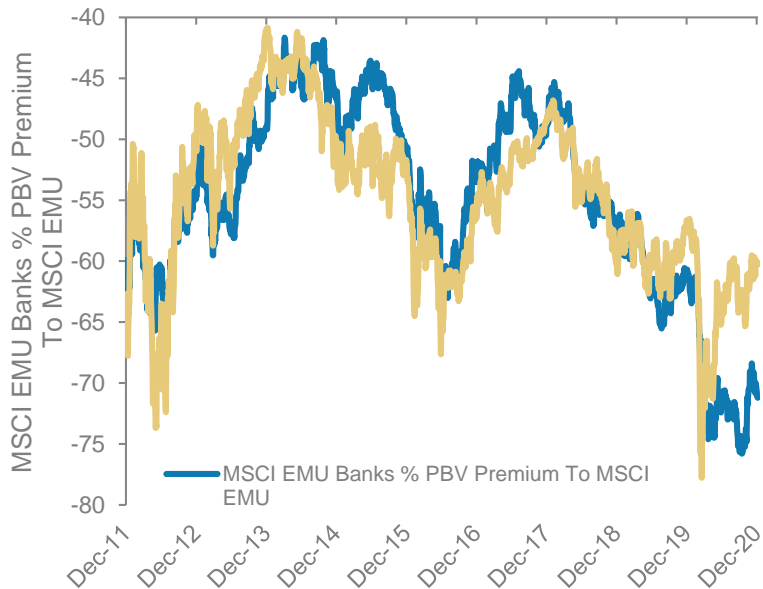
Value still trades at a bigger relative valuation discount now than in 2009



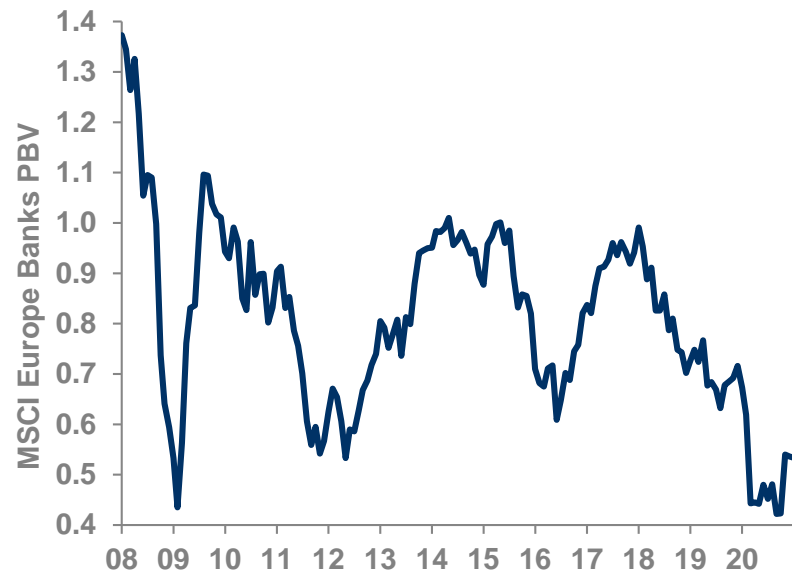
Source: MSCI, IBES, Morgan Stanley Research

European banks still look cheap

24% outperformance for Banks to reconnect with fixed income trends

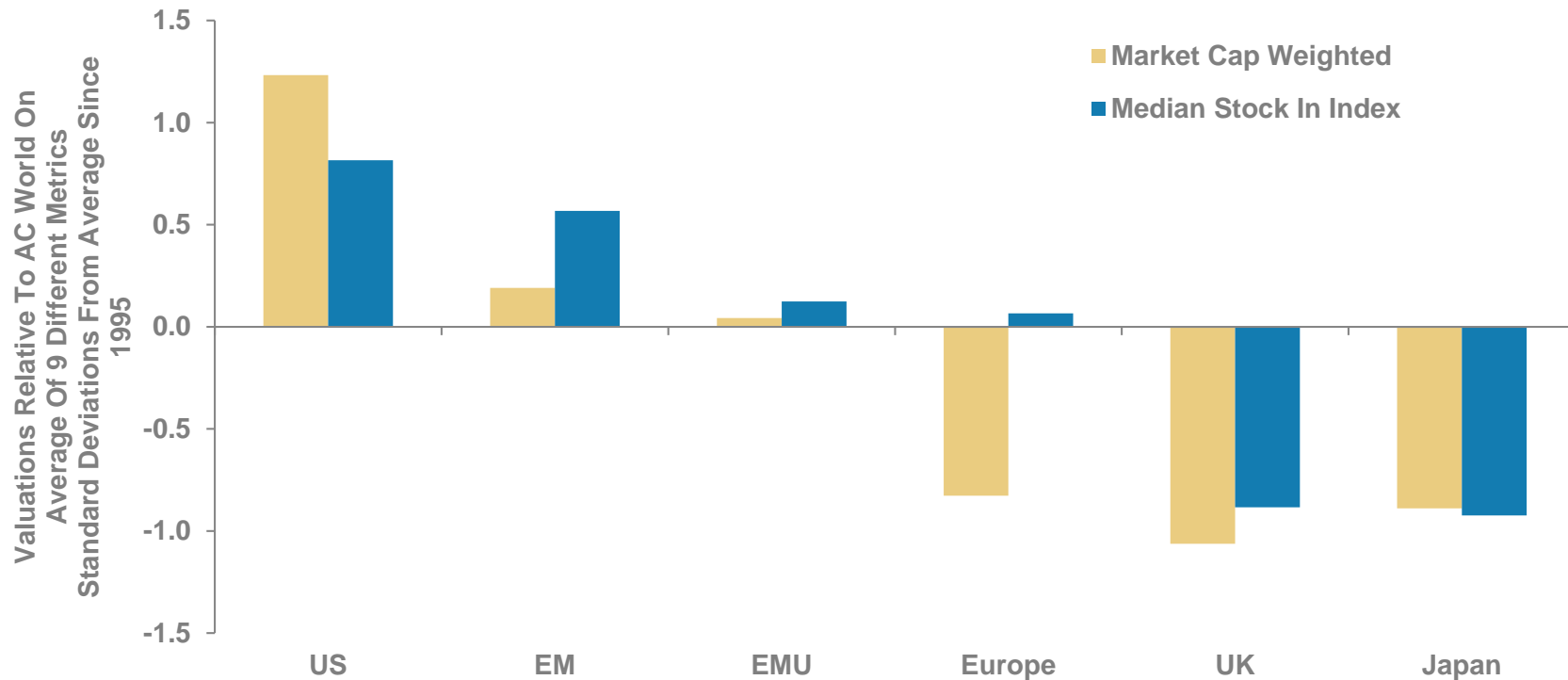


European bank valuations are still low



Source: MSCI, Bloomberg, Refinitiv, Morgan Stanley Research

The UK is the cheapest global region on a median stock basis





Panel - US – The Next Four Years



Global Insights Day

US – The Next Four Years

Michael Zexas – Strategist

January 13, 2021

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2021 Policy Paths | Fiscal Policy

Democrat-Held Senate

Fiscal expansion, led by proactive fiscal stimulus.

- Democratic leadership and President-elect Biden have indicated they plan to pursue more aggressive Covid stimulus efforts in 2021. A 50/50 Senate would give them the opportunity to execute.
- Leadership has indicated that any future package under unified government control would include aid to state & local governments.
- Overall, we think legislative priorities (like infrastructure spending) are far more likely to be financed by deficit expansion rather than substantial tax increases.

Market Impacts

- Democratic control of the Senate could cause **yields to rise more than currently forecast**, driven by a greater possibility of expansive fiscal stimulus in 1Q21.
- Proactive stimulus in 1Q21 could also lead the **USD to weaken further** than our FX team currently projects.
- Uncertainty on fiscal policy leading up to the Georgia Senate runoffs introduced **volatility into the equity markets**.

Source: Morgan Stanley Research, FAQs Into Year End (12/11/2020). Note: although Senate control is known at this point, we believe illustration and consideration of the divergent policy paths is relevant as a relative benchmark.

2021 Policy Paths | Infrastructure

Democrat-Held Senate

Large-scale infrastructure package paired with insufficient tax increases.

- President-elect Biden made infrastructure – including climate-focused initiatives – a key promise of his campaign (\$2tr+).
- We believe any infrastructure package would have to be deficit-financed, as there is not currently consensus within the Democratic party for sufficient tax hikes to match the spending ambition.
- Our economics team notes that infrastructure would be an attractive investment in 2021, given that it comes with a high economic multiplier.

2021 Policy Paths | Healthcare

Democrat-Held Senate

Moderate expansion of Medicare and bolstering of the ACA.

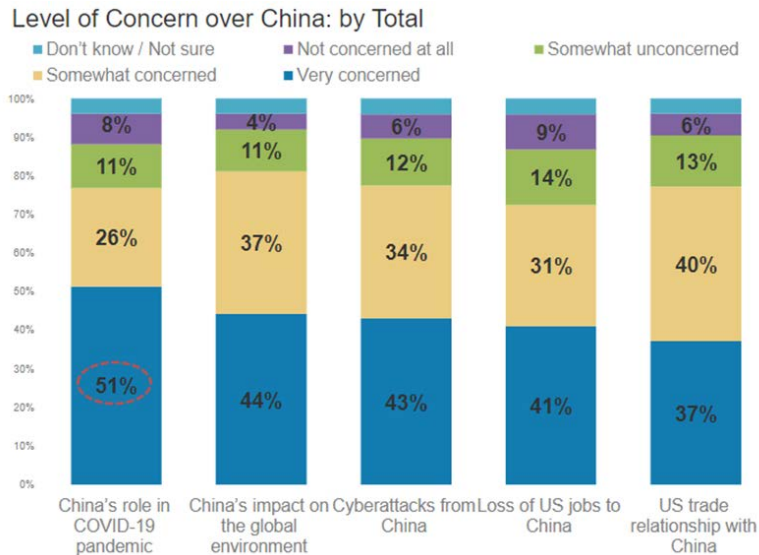
- There is not sufficient consensus in the Democratic party for a substantial overhaul of the US healthcare system or implementation of more progressive ambitions like Medicare-for-All.
- There is sufficient appetite to expand Medicare – in particular reducing the eligibility age to 60 – through a potential reconciliation or standalone bill.

Scenario	Legislative Impact	Regulatory/ Executive Impact	Exposure	
			Positive	Negative
R Senate	Unchanged	Executive action remains sole policy variable		
D Senate	Medicare expansion	Expect efforts to strengthen ACA	<u>ACA Expansion:</u> CNC, MOH, ANTM <u>Medicare Expansion:</u> HUM, UNH, CVS	

Source: Morgan Stanley Research, [FAQs Into Year End \(12/11/2020\)](#) and [Unity Task Force HC Policy Skews Toward Biden's Primary Position \(7/10/2020\)](#). CNC, MOH, ANTM, HUM, UNH, and CVS covered by Ricky Goldwasser.

2021 Policy Paths | US/China Relations

We believe US/China relations will not deviate significantly from the current trajectory. Perhaps a prospective Biden administration would take a different tone or approach in handling relations with China, but we'd expect the policy direction to remain the same – the continued implementation of non-tariff barriers around critical technologies and processes, and ongoing, possibly even escalation, of rhetoric. Hawkishness on China has become increasingly bipartisan, as wariness is increasing among respondents across the political spectrum:



Source: Morgan Stanley Research, Put Georgia on Your Mind (11/6/2020)



Global Insights Day

Ellen Zentner – Managing Director

Chief U.S. Economist/Economist

January 13, 2021

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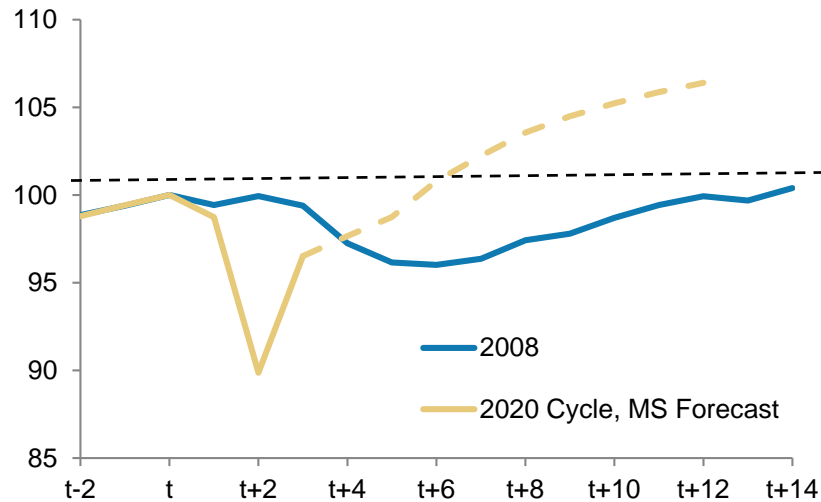
All information as of January 6, 2021, unless otherwise stated.

Recovering Rapidly from a Deep Downturn

Decisive, early action in fiscal and monetary policy helped lessen the economic pain and push the economy into a V-shaped recovery. Leadership shifts from goods-producing sectors in 2020 to service-producing sectors in 2021.

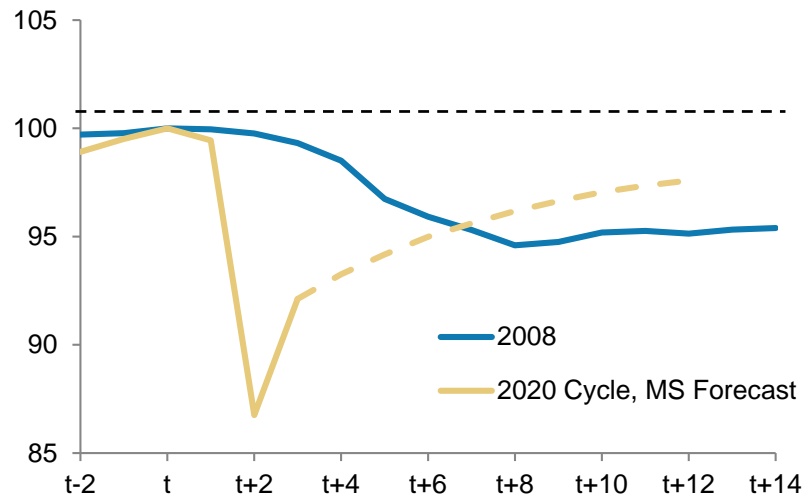
Real GDP Compared to the Post-GFC Recovery

Real GDP,
Index, Quarter Before Recession = 0



Jobs Compared to the Post-GFC Recovery

Number of Employed Persons,
Index, Quarter Before Recession = 0



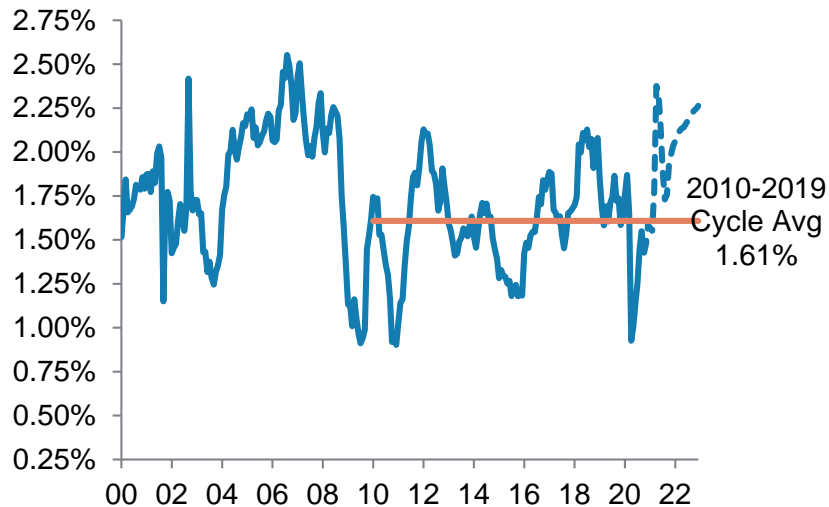
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Morgan Stanley Research forecasts

Core PCE Inflation Rises

Inflation in 2021 is likely to be marked by divergent trends in core goods versus core services prices. After rising rapidly over summer 2020, core goods inflation should moderate sequentially throughout 2021, but we expect that will be offset by a gradual firming in core services prices over the course of this year.

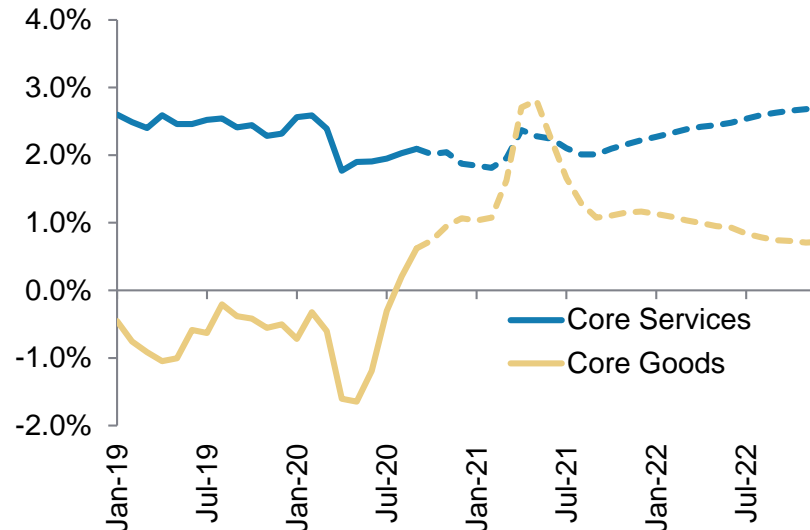
Core PCE Inflation Forecast

Core PCE Inflation (%Y)



Components of Core PCE Inflation

Core PCE Inflation by Component, %Y



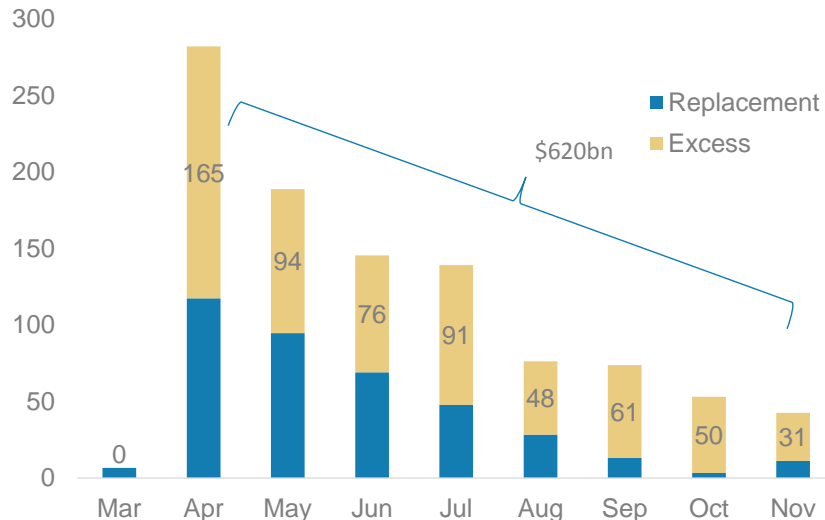
Source: Bureau of Economic Analysis, Morgan Stanley Research forecasts

Households Are Sitting on Excess Income and Savings

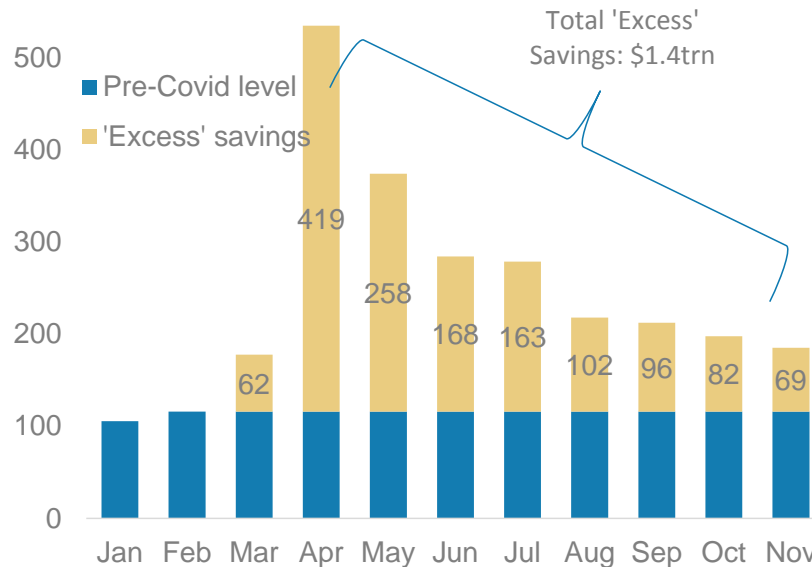
US government transfers to households have exceeded income losses by \$620bn. We estimate households have excess savings of around \$1.4tn. This “savings float” has provided an important cushion.

The income replacement rate from CARES 2 reached as high as 120%

Transfer payments in replacement and excess of personal income loss relative to Feb-20 (\$bn, not annualized)



600 US Personal savings (\$bn, non-annualized)



Note: These figures are de-annualized (divided by 12). We calculate excess savings by taking the cumulative difference in personal saving from April to September compared to the 12-month average personal saving level from March 2019 to February 2020.

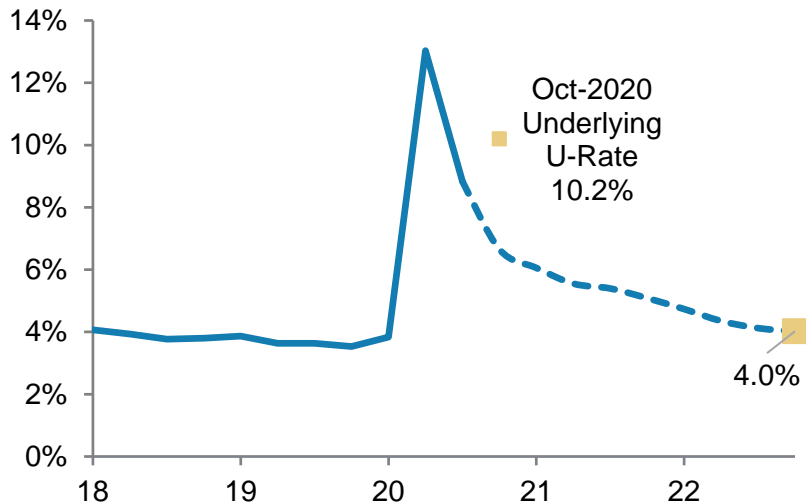
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Morgan Stanley Research estimates

Solid Labor Market Recovery

Above-trend economic growth and vaccine availability drive our expectation that the labor market recovery will continue in 2021. We see nonfarm payroll growth averaging around a 460,000/month pace through the first half of the year, and a roughly 310,000/month trend in 2H21. The unemployment rate falls to 5.1% in 4Q21 and 4.0% in 4Q22.

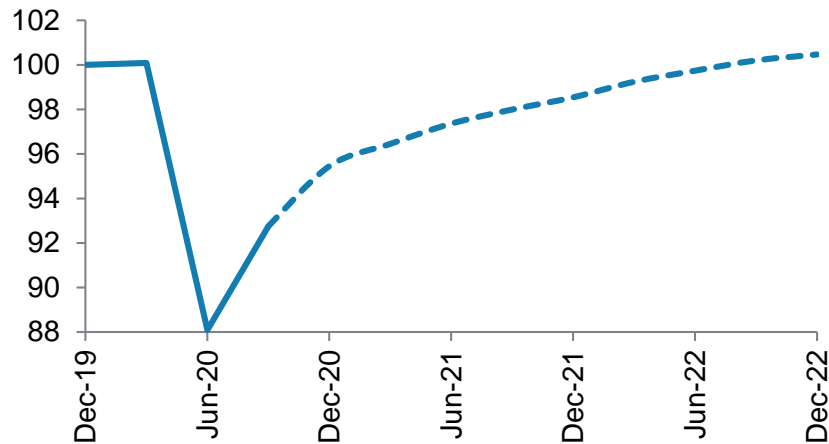
A Lower U-3, but Further Scope for Improvement in Underlying Unemployment

Unemployment Rate

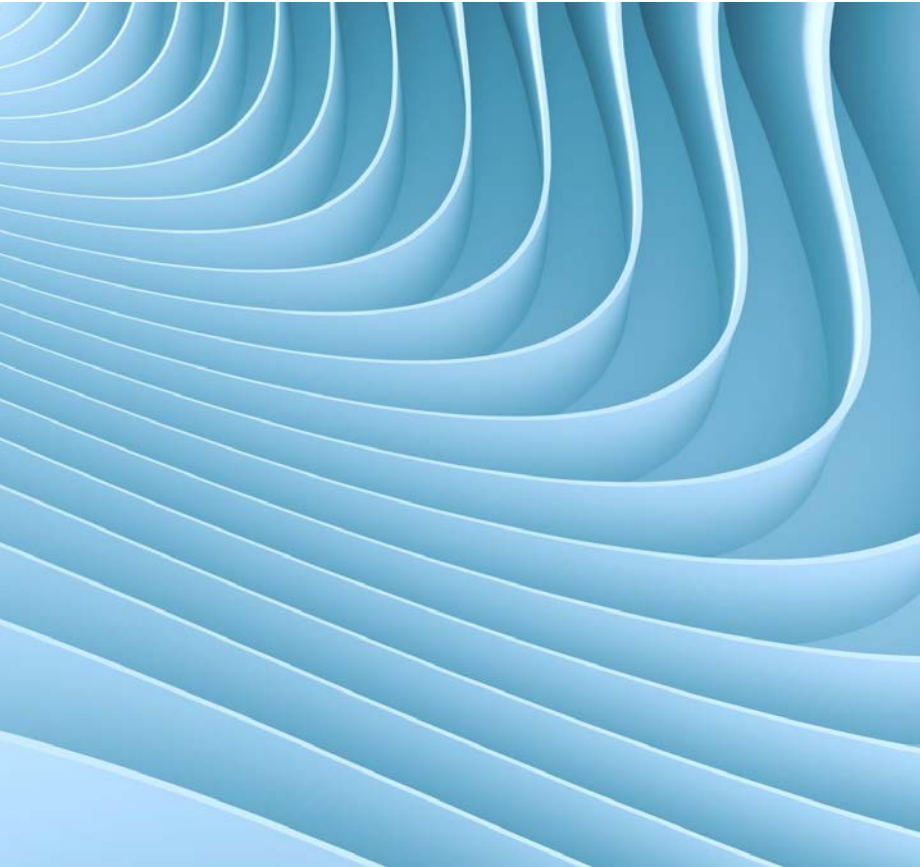


Above-Trend Economic Growth and Vaccine Availability to Drive the Labor Recovery Further

Nonfarm Payrolls Index, 4Q19=100



Source: Bureau of Labor Statistics, Morgan Stanley Research forecasts



Monetary Policy – Fed Takes Its Foot Off the Gas Pedal

Interest Rate Policy: With above-trend growth, improving labor market conditions, and inflation sustaining above 2% we see the Fed on track to deliver a first rate hike in 3Q23.

Thereafter, the pace of hikes may set a new standard for “gradual”. The September FOMC meeting next year is key.

Balance Sheet Policy: Chair Powell indicates tapering is coming at the June FOMC meeting. We expect tapering to begin in January 2022 at a \$10bn Treasury/\$5bn MBS monthly pace. Similar to the 2013-14 gradual pace.

On this schedule, the size of the balance sheet is \$8.7tr by end-2021 and \$9.0tr by end-2022.



Global Insights Day

Michael Wilson – CIO and US Equity Strategist

January 11, 2021

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Bull Market Likely Has Long Way to Run but Focus on Stocks Rather than the Index

Bullish over the next 12 months: (1) New Bull markets begin with a recession and typically run for years not months. (2) The health crisis has brought unprecedented monetary and fiscal stimulus that is likely to become structural. (3) Economic data surprises and earnings revisions support our V-Shaped recovery and higher equity prices. (4) Operating leverage should drive meaningful upside to consensus earnings next year.

But, markets are very extended near term and vulnerable to a correction (1) Second Wave of virus could lead to greater lockdowns in the US once Biden is inaugurated. (2) Interest rate risk has increased with Dems' win in Georgia and push for more stimulus. (3) Institutional positioning is full and Retail Sentiment is now extreme with signs of speculation in some assets (Bitcoin).

Operating leverage is still under-appreciated. Speed and depth of unemployment cycle and cost cutting should drive unprecedented operating leverage next year. *Average* stock should outperform index by 2:1. Equal Weight S&P 500 should outperform the Market Cap Weighted Index.

Fed's ability and willingness to pin long end Rates is over-appreciated. Average inflation targeting without Yield Curve Control should lead to higher back end rates once the markets appreciates this strategy. It represents "peak Fed" in our view and means valuations have peaked for this cycle. Earnings should drive stocks higher from here as multiples compress. Expect S&P NTM EPS to rise 20% and P/E's to fall 10% over the next year.

Barbell of GARP and Cyclical with a skew toward Small/Mid Caps. In line with our recession playbook, we continue to recommend a mix of reasonably priced growth stocks (GARP) with the biggest potential beneficiaries of a continued recovery—i.e. cyclicals. Focus on companies that are likely to deliver the greatest operating leverage as business returns. This is likely to include some lower quality stocks that will be survivors of the recession. Our US style and sector recommendations reflect this view. Overweight small/mid over large, Financials, Consumer Cyclical/Services, Materials, Industrials, Semiconductors and Healthcare. Underweight Utilities, and Consumer Staples.

Inflation is coming. After failing to get inflation for the past 20 years, the Fed is now "all in" suggesting they will hold rates lower for as long as it takes and directly fund any deficits Congress is willing to pass (debt monetization). The combination of massive fiscal with monetary this time is different (aka Helicopter Money). Combined with other factors like de-globalization, populism, infrastructure spend, and wealth redistribution programs via MMT, and the chance for higher inflation has rarely been greater. We expect the long end of the curve to move significantly once the second wave case count has peaked and additional fiscal stimulus takes shape. Such a move could be the single most important factor for equity portfolio positioning and asset allocation.

New Bull Market Confirmed. Very Different than Past Few Years



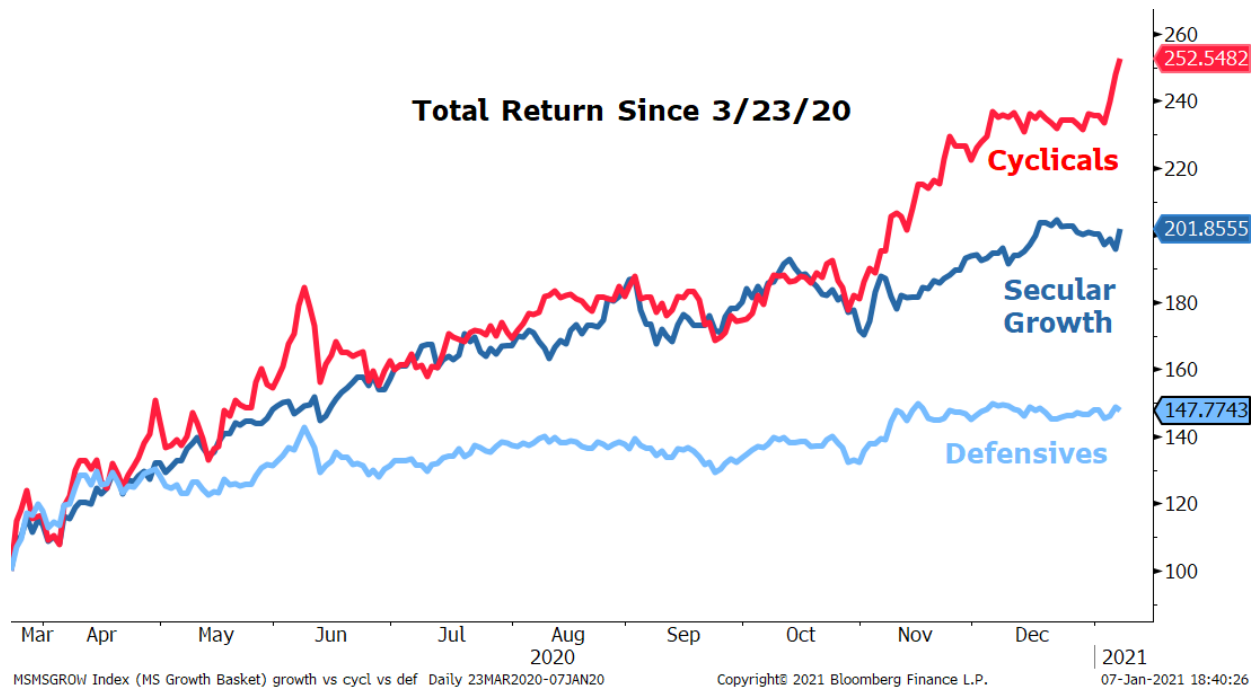
Source: Bloomberg, Morgan Stanley Research;

New Leadership Is Pro-Cyclical, Right in-line With Our Recession Playbook

S&P 500 Total Return Since March 23, 2020 Low			
Cap Weight		Equal Weight	
Materials	102%	Materials	123%
Industrials	86%	Consumer Discretionary	118%
Consumer Discretionary	84%	Energy	105%
Information Technology	81%	Industrials	97%
Energy	78%	Financials	95%
Financials	76%	S&P 500	86%
S&P 500	70%	Information Technology	82%
Communication Services	59%	Communication Services	81%
Health Care	56%	Health Care	75%
Utilities	44%	Real Estate	49%
Real Estate	42%	Consumer Staples	44%
Consumer Staples	41%	Utilities	42%

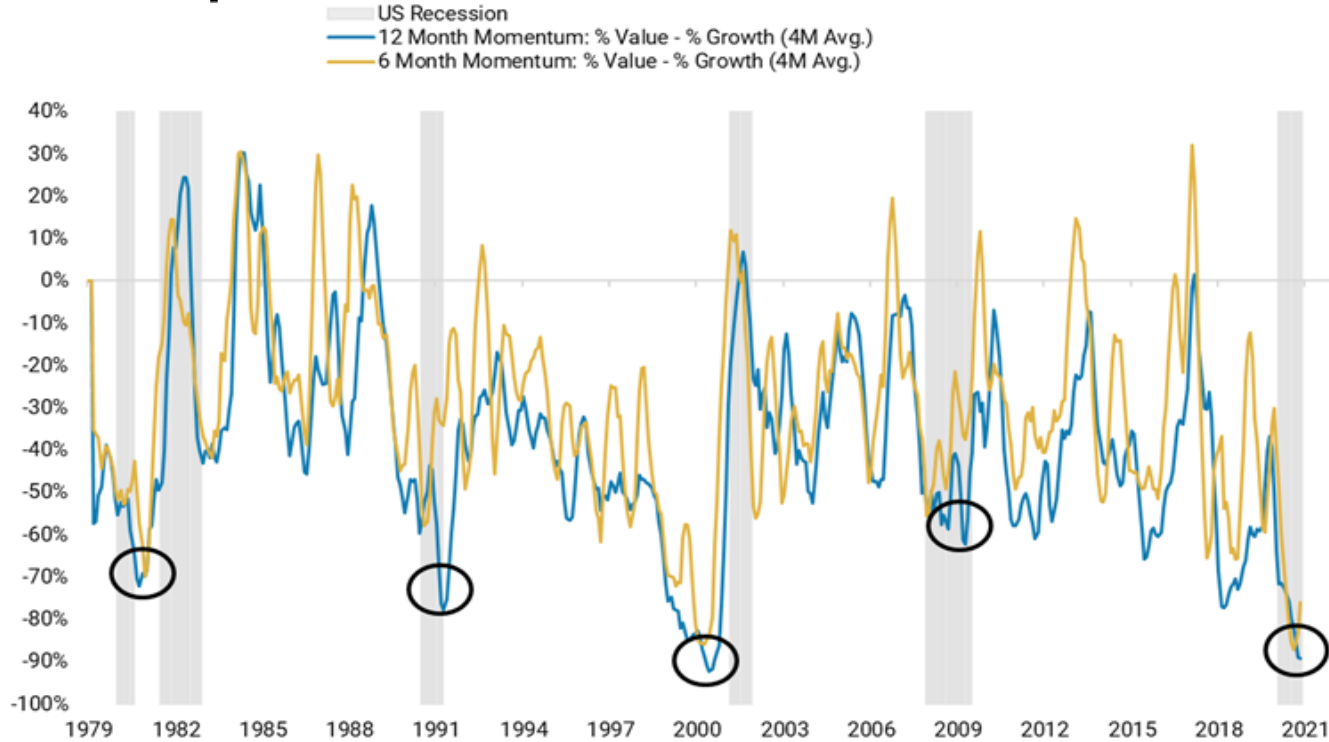
Source: Bloomberg, Morgan Stanley Research;

The New Leadership Is Clear—It's Cyclical, Not Growth Stocks



Source: Bloomberg, Morgan Stanley Research;

Top/Bottom Momentum Quintiles Changes Could Drive Flows and Style Leadership



Source: Bloomberg, Morgan Stanley Research;

10 Year Treasuries Very Mispriced and Distorting Asset Prices



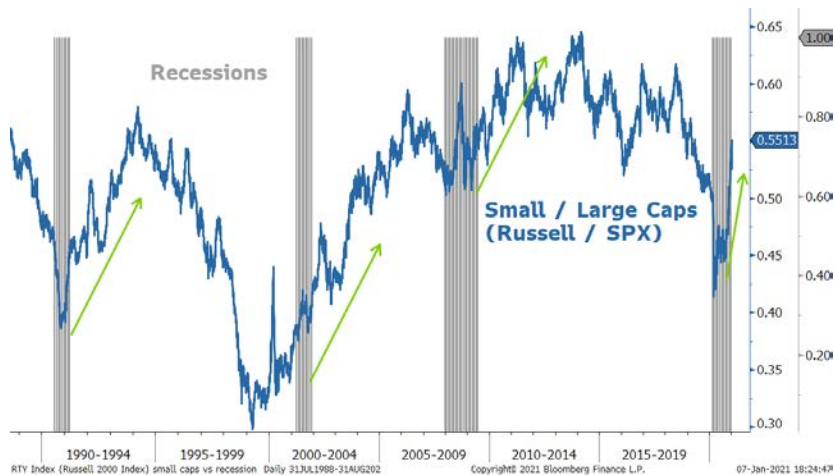
Source: Bloomberg, Morgan Stanley Research;

Banks Are Still Cheap and the Best Way to Play a Move Higher in Rates



Source: Bloomberg, Morgan Stanley Research;

Small over Large and Equal over Market cap Weight S&P 500 Remain Good Ideas

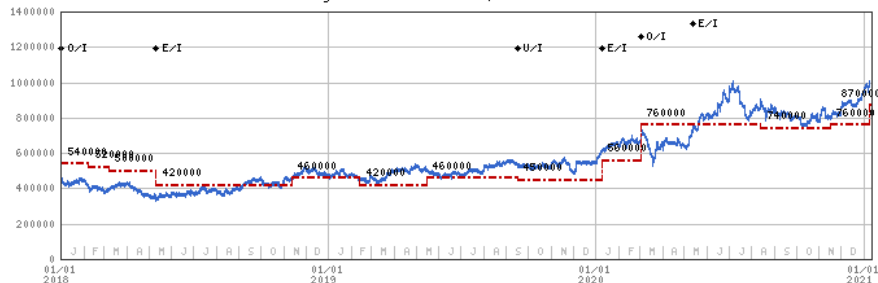


Source: Bloomberg, Morgan Stanley Research;

Stock Price, Price Target, and Ratings History

(See Rating Definitions)

NCSOFT Corp (036570.KS) - As of 1/10/21 in KRW
Industry : S. Korea Telecoms, Media & Internet



Stock Rating History: 1/1/16 : O/A; 5/13/17 : NR/A; 8/10/17 : NR/I; 9/23/17 : O/I; 5/11/18 : E/I; 9/16/19 : U/I; 1/9/20 : E/I; 3/2/20 : O/I; 5/12/20 : E/I
Price Target History: 1/27/15 : 290000; 5/16/16 : 350000; 11/15/16 : 370000; 5/13/17 : NR; 9/23/17 : 600000; 11/9/17 : 540000; 2/7/18 : 520000; 3/7/18 : 500000; 5/11/18 : 420000; 11/12/18 : 460000; 2/13/19 : 420000; 5/15/19 : 460000; 9/16/19 : 450000; 1/9/20 : 560000; 3/2/20 : 760000; 8/13/20 : 740000; 11/16/20 : 760000; 1/8/21 : 870000

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

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

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

Samsung Electronics (005930.KS) - As of 1/10/21 in KRW
Industry : S. Korea Technology



Stock Rating History: 1/1/16 : O/I; 11/26/17 : E/C; 7/30/19 : E/I; 11/18/19 : O/A
Price Target History: 10/30/15 : 32000; 1/29/16 : 30000; 6/6/16 : 32000; 7/3/16 : 36000; 12/12/16 : 40000; 1/25/17 : 44000; 3/8/17 : 46000; 4/28/17 : 52000; 8/15/17 : 54000; 9/7/17 : 56000; 9/22/17 : 58000; 11/26/17 : 56000; 6/28/18 : 54000; 11/4/18 : 50000; 11/21/18 : 47000; 12/14/18 : 42000; 1/15/19 : 40000; 7/30/19 : 53000; 8/16/19 : 48000; 9/10/19 : 50000; 11/15/19 : 60000; 1/19/20 : 72000; 2/26/20 : 75000; 3/19/20 : 68000; 4/29/20 : 65000; 7/12/20 : 70000; 9/11/20 : 73000; 11/27/20 : 88000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target ■ No Price Target Assigned (NR)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ■ No Price Target Assigned (NR)
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(as of December 31, 2020)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1450	42%	378	47%	26%	64	42%
Equal-weight/Hold	1449	42%	347	43%	24%	646	43%
Not-Rated/Hold	5	0%	1	0%	20%	4	0%
Underweight/Sell	521	15%	81	10%	16%	223	15%
Total	3,425		807			1521	

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

Analyst Stock Ratings

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

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

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

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

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

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

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

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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