



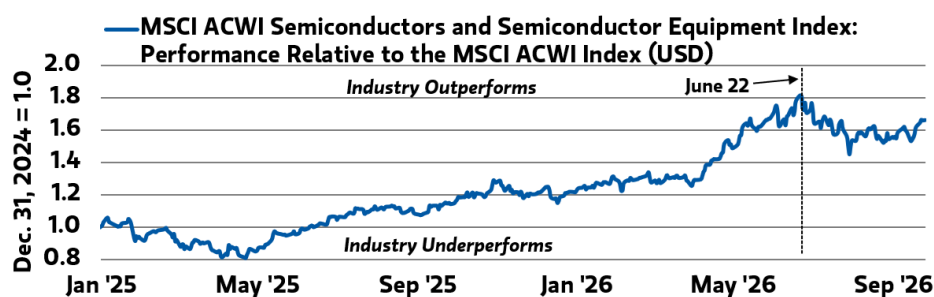
Global Investment Office | September 30, 2026

Global Insights Focus

Tracking Signals from the Semiconductor Rotation

In this edition, we focus on the global semiconductor rotation that began on June 22, assessing potential drivers, the market leadership tentatively emerging in its wake and its durability.

- On June 22, global semiconductor equities peaked relative to the broader market. Since then, those with the strongest earnings revisions have lost momentum, despite rising hyperscaler capex guidance and continued earnings upgrades. The rotation matters: Semiconductors represent nearly 15% of the MSCI ACWI Index's market capitalization—versus 4% when ChatGPT launched in November 2022. Meanwhile, software and services, health care and financials have emerged as additional leaders, with AI adoption a potential common thread.
- Semiconductor companies have delivered exceptional operating leverage since early 2025, with gross profits growing more than 60% year over year versus roughly 37% revenue growth. Yet, forward price/earnings (P/E) multiples trade at a 44% discount to trailing P/E ratios, the widest in at least two decades. While falling token prices support AI compute demand, memory export growth has slowed and graphics processing unit (GPU) rental rates have cooled.
- Health care and financials have behaved as tentative hedges to the semiconductor trade, with correlations near their most negative levels in 20 years, while those for software and services have fallen to zero. The three sectors could benefit from greater AI adoption and easing semiconductor scarcity. The Morgan Stanley Wealth Management Global Investment Committee supports broader AI exposure into financials, health care and cloud-dominant hyperscalers, and selectivity in semiconductors, where the consensus for earnings growth is 60% in 2027, about 20 percentage points above its historical average.



Source: Morgan Stanley Wealth Management Global Investment Office (GIO), FactSet as of Sept. 25, 2026

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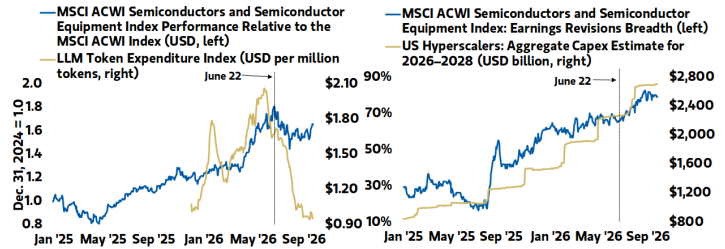
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FUNDAMENTALS AND QUANTITATIVE

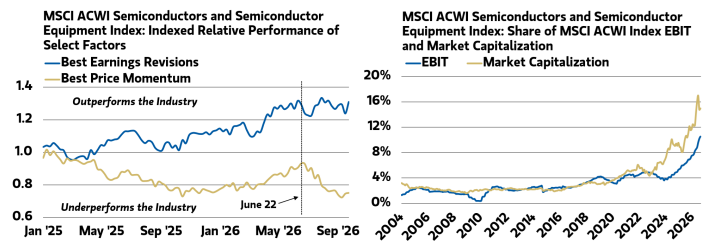
Semiconductor Leadership May Have Reached a Crescendo in June

Semiconductor equities paused in June, despite rising AI capex and continued earnings upgrades.

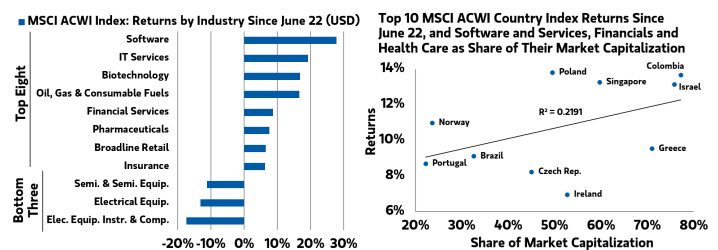
The MSCI ACWI Semiconductors and Semiconductor Equipment Index (USD), with US constituents representing 71% of market capitalization, peaked relative to the MSCI ACWI Index on June 22 after outperforming the broader benchmark by 112% since May 2025. That relative peak followed the late-May peak in the Silicon Data LLM (Large Language Model) Token Expenditure Index, a usage-weighted benchmark of dollars spent per inference token—the process of using trained AI models to generate output from new input data—across economically relevant LLMs. A declining token-expenditure index points to falling inference costs and potentially lower monetization for model providers like OpenAI and Anthropic. This could eventually weigh on AI infrastructure capex if lower compute costs fail to generate a commensurate increase in AI demand. For now, inference volumes have continued to show robust increases, US hyperscaler capex guidance remains strong following second-quarter earnings and analysts continue to revise earnings estimates higher for global semiconductor companies. The resulting divergence—semiconductor equities losing relative momentum, even as capex guidance and earnings revisions improve—is notable and worth monitoring.

**Semiconductor earnings upgrades are less rewarding.**

Factor performance within the MSCI ACWI Semiconductors and Semiconductor Equipment Index points to some modest cooling in investor enthusiasm: The companies with the best earnings revisions have stagnated relative to the industry since the group's relative peak on June 22, suggesting investors are placing somewhat less emphasis on upgrades, despite robust AI capex expectations. At the same time, the best price-momentum semiconductor stocks have underperformed since June, suggesting some moderation in the group's leadership. The stakes have become increasingly significant: Semiconductors and semiconductor equipment companies now account for roughly 11% of MSCI ACWI Index earnings before interest and taxes (EBIT), having risen sharply in recent years, while representing about 15% of index market capitalization. With the industry carrying such a large share of both profits and market value, any definitive peaking in semiconductor-equity leadership could have important implications for broader global equity performance.

**AI adoption is shaping the new leadership.**

Since global semiconductor equities peaked relative to the market on June 22, leadership has broadened toward software and services, health care, financials and energy stocks, albeit with some reversal in recent weeks. Outside energy, which largely reflects geopolitical tailwinds from the US-Iran conflict, these sectors could count as downstream AI-adoption beneficiaries. Banks and insurance, for example, could gain from productivity improvements in their high-overhead businesses, while financial services include many data-rich, transaction-heavy and software-intensive models—like payments, exchanges, data providers, custody and asset servicing—where AI could lower costs and boost transaction volumes. By contrast, several AI capex-related industries have ranked among the weakest performers. Country leadership has also broadened, in some cases consistent with favorable exposure to potential AI-adoption beneficiaries, particularly financials, while countries outside the Middle East with large energy sectors have also benefited from the geopolitical backdrop. Meanwhile, AI capex beneficiaries like South Korea and The Netherlands have lagged.

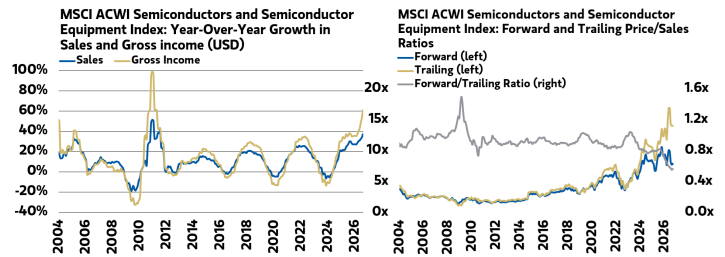


VALUATIONS AND MACRO

AI Demand Remains Strong, But the Scarcity Premium Has Cooled

Markets are questioning the durability of semiconductors' operating leverage.

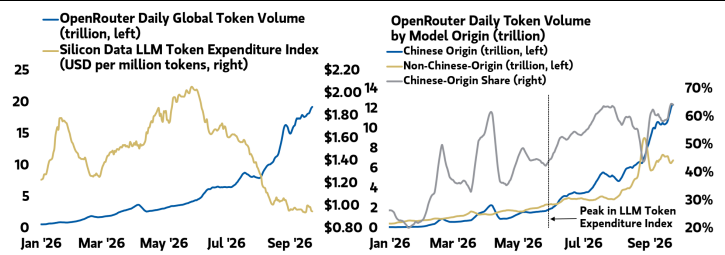
Revenue growth for the MSCI ACWI Semiconductors and Semiconductor Equipment Index is running near 37% year over year in US dollar terms, while gross income growth is approaching 60%, producing a degree of operating leverage not seen since the post-Great Financial Crisis recovery. Yet, valuations suggest some reservations over how long the semiconductor earnings cycle can last. The index's 12-month trailing price/sales ratio stands near 14 times, close to a record high, while the forward price/sales ratio trades at roughly eight times. That implies a forward price/sales discount of about 44% to the trailing multiple, the widest in the index's history. That gap reflects strong expected revenue growth, but the absence of a corresponding rerating in the forward multiple suggests investors may be questioning how much of that growth will translate into durable margins and profit in an industry with a history of boom-bust cycles.



Source: Morgan Stanley Wealth Management GIO, FactSet as of Sept. 25, 2026

As AI token prices have fallen in 2026, AI compute demand has expanded.

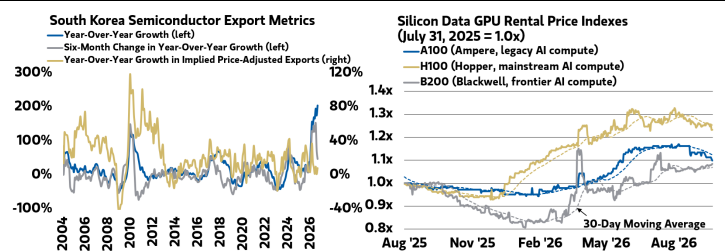
AI token volumes are an imperfect proxy for compute demand because computational intensity varies across models and workloads. Nevertheless, real-time token usage remains a useful AI compute demand indicator. OpenRouter, which routes developer requests across multiple AI models and providers, shows token volumes rising sharply in 2026. Chinese-origin models from DeepSeek, Tencent, Z.ai, Xiaomi, MiniMax and Moonshot AI, among others, have supported that growth. Their share of tokens routed through OpenRouter has risen from 27% at the start of the year to 64%, potentially reflecting improving capabilities, attractive pricing, openness and strong agentic/coding performance. The bullish case is consistent with Jevons paradox: Cheaper inference stimulates greater AI usage, supporting compute demand. This outcome could support utilization of widely deployed NVIDIA accelerators like the A100 (Ampere) and H100 (Hopper), even as newer architectures like the B200 (Blackwell) gain share. While the ultimate outcome remains uncertain, the data so far are broadly consistent with this narrative.



Note: OpenRouter captures only traffic through its application programming interface (API) and excludes ChatGPT, Claude and Gemini chatbot activity and direct provider API traffic. Model origin refers to the developer of the underlying model and does not indicate the location of the user or where inference occurs.
Source: Morgan Stanley Wealth Management GIO, OpenRouter as of Sept. 25, 2026

Semiconductors' scarcity premium has cooled recently.

In August, South Korean semiconductor exports reached 200% year-over-year growth, the fastest pace in more than 20 years. Export prices rose nearly 180%, suggesting much of the surge reflected a scarcity premium and strong pricing power for memory manufacturers. Yet, momentum shows signs of cooling: The six-month change in year-over-year export growth fell from a peak of 153 percentage points in June to 48 points in August. Moreover, after adjusting for price changes, export growth measured at a much more modest 9%—potentially reflecting capacity constraints amid strong demand—placing it in the 22nd percentile since 2001 (100 = fastest growth). Silicon Data's GPU rental indexes also show legacy and mainstream AI compute pricing peaking over the summer, while frontier compute rents have yet to make new highs since March 2026. Together, these signals suggest that the relative peak in semiconductor equity performance may partly reflect easing scarcity pressures. Persistent supply bottlenecks could coexist with softer rental pricing if improving utilization and newer architectures expand effective compute capacity faster than demand at the margin.



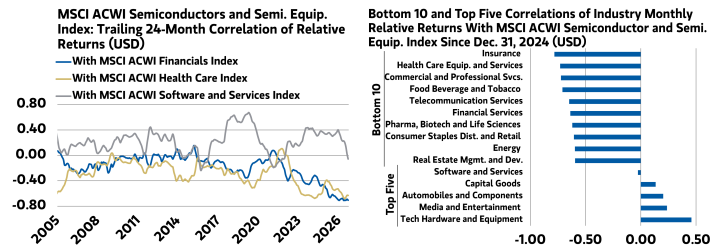
Source: Morgan Stanley Wealth Management GIO, FactSet, Silicon Data as of Sept. 25, 2026

QUANTITATIVE AND FUNDAMENTALS

The Semiconductor Rotation Has Breathed Life Into AI Adopters

Financials and health care have emerged as semiconductor hedges.

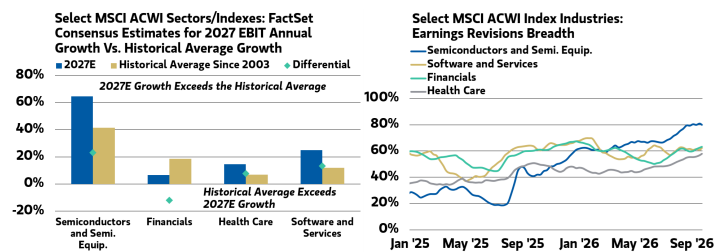
In the post-COVID period, the correlations between the relative returns of global semiconductor equities and financials and health care have fallen to their most negative levels in roughly two decades. The drivers are difficult to isolate, but one plausible explanation involves the runway for AI adoption and resulting productivity gains. The banking and insurance industries could benefit from productivity-driven cost cutting given their high overhead levels, including through automation of underwriting, compliance and claims processing. Financial services, including payment processors, exchanges and other data-rich businesses, could similarly deploy AI to lower processing costs, improve fraud detection and enhance customer targeting. In health care, pharmaceutical and biotechnology companies may leverage AI to accelerate drug discovery, improve clinical-trial design and reduce research and development costs, while broader health care businesses may benefit from administrative automation. Meanwhile, software and services now exhibit near-zero correlation with semiconductor equities, near the bottom of their 20-year range, offering diversification potential within the AI investment landscape.



Source: Morgan Stanley Wealth Management GIO, FactSet as of Sept. 25, 2026

The 2027 earnings bar is set high for semiconductors—and much lower for financials.

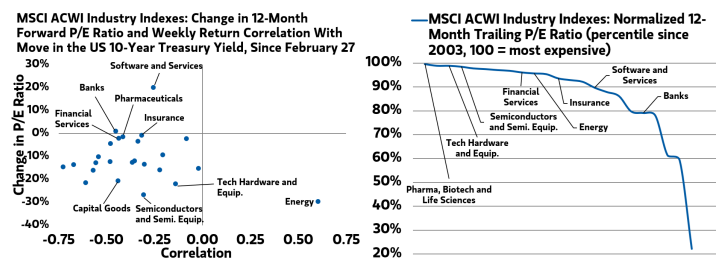
Consensus expectations compiled by FactSet suggest a much higher 2027 earnings hurdle for the MSCI ACWI Semiconductors and Semiconductor Equipment Index than for several emerging leadership sectors. EBIT growth for the former is expected to exceed 60% in 2027, nearly 20 percentage points above its annual average since 2003. By contrast, expectations for the MSCI ACWI Financials, Health Care and Software and Services indexes look more subdued, leaving greater scope for positive surprises. Financials stand out: EBIT growth in 2027 is projected at just 7%, well below the historical average of nearly 19%. Earnings revisions breadth, which tracks the share of index constituents experiencing analyst earnings upgrades over the coming year, also remains less elevated across these emerging leaders than in semiconductors. That gap suggests expectations are already more demanding for semiconductors, while financials and other potential AI adopters may have more room for upward revisions if AI-related productivity benefits translate more clearly into earnings.



Source: Morgan Stanley Wealth Management GIO, FactSet, as of Sept. 25, 2026

AI adopters have offered macro resilience in 2026, with banks a standout.

Across MSCI ACWI industry indexes, valuations of software and services, banks, financial services, insurance and pharmaceuticals have been among the most resilient to macro pressures in 2026, potentially reflecting AI-adoption optimism as a common thread. Using the US 10-year Treasury yield as a proxy for wider term premiums, higher real yields, Fed tightening expectations, debt issuance and oil prices, their forward multiples have held up better than those of AI capex industries such as semiconductors, tech hardware and capital goods. Banks stand out for their valuation runway despite negative return correlations with rising yields: Their normalized 12-month trailing P/E ratio—which adjusts for the stage of the earnings cycle by recalculating net income as current book equity multiplied by the historical median return on equity (ROE)—is 16.2 times, in the 79th percentile since 2003. By contrast, pharmaceuticals, biotechnology, financial services and software and services trade in the most expensive decile of their respective histories.

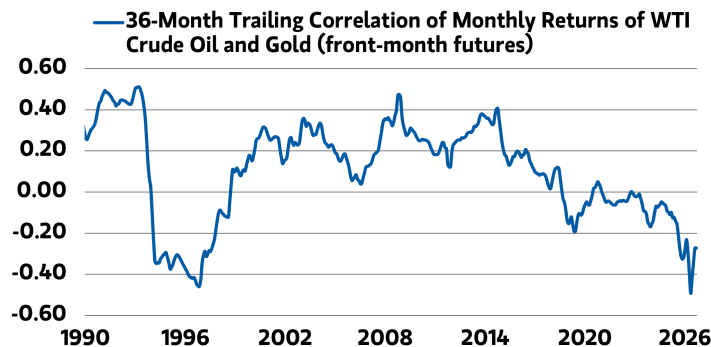


Note: Normalized trailing P/E ratio adjusts for the stage of the earnings cycle by using the historical median net-income margin or ROE (for banks and insurance) when deriving normalized net income.

Source: Morgan Stanley Wealth Management GIO, FactSet, as of Sept. 25, 2026

CHARTS YOU CAN'T MISS

Gold: The precious metal's correlation with oil has turned sharply negative ...



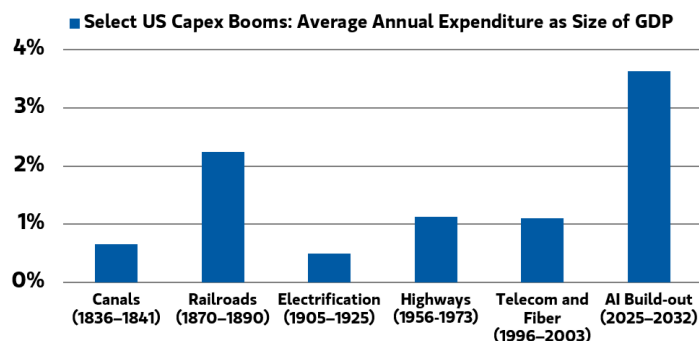
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

... while retail investors have reduced their gold ETF exposures this year.



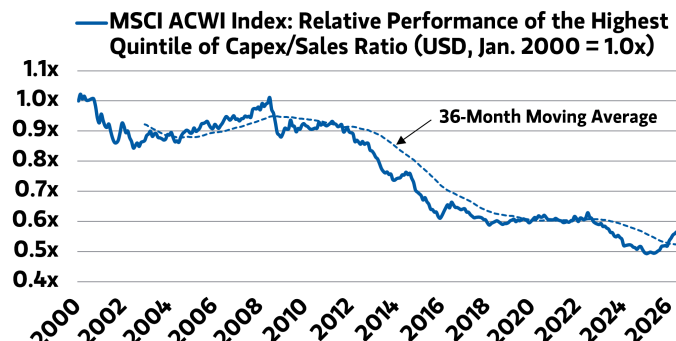
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

AI Capex Cycle: The AI build-out is on track to become the largest capex boom in US history ...



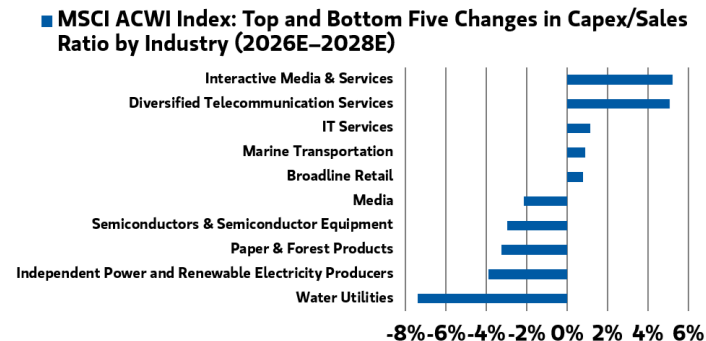
Source: Morgan Stanley Wealth Management GIO, Stijn Van Nieuwerburgh, "Financing the AI Buildout," Brookings Papers on Economic Activity, Fall 2026

... and high-capex-intensity companies have been rewarded globally over the past year—a rarity.



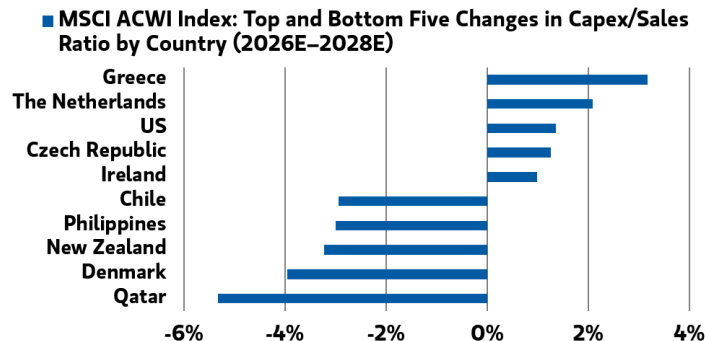
Source: Morgan Stanley Wealth Management GIO, FactSet as of Sept. 25, 2026

Capital Intensity: Interactive media and telecom appear likely to boost their capital intensity ...



Source: Morgan Stanley Wealth Management GIO, FactSet as of Sept. 25, 2026

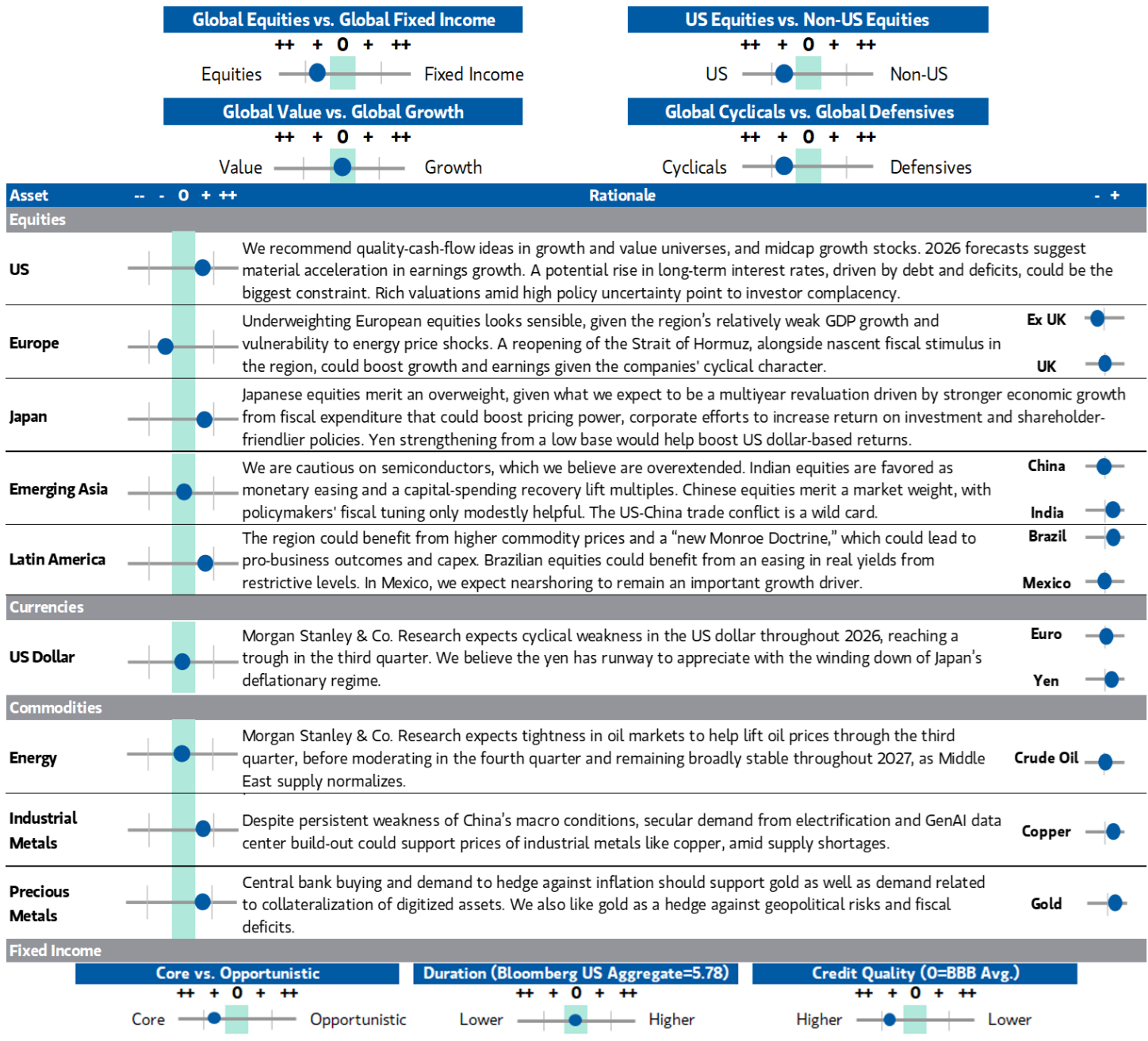
... with Greece, The Netherlands and the US leading country-level increases.



Source: Morgan Stanley Wealth Management GIO, FactSet as of Sept. 25, 2026

GLOBAL PORTFOLIO STRATEGY

- US equities hold an edge over global peers, given stronger earnings growth and higher free-cash-flow margins. Japanese and Latin American equities represent attractive sources of diversification.
- Rising term premiums are helping to keep long-term government interest rates higher for longer and steepening yield curves. Inflation risks remain elevated, with oil and AI-related demand as drivers.
- Gold remains an attractive hedge against fiscal largesse, geopolitics and US dollar debasement. Industrial metals like copper stand to benefit from electrification and AI infrastructure despite China's macro weakness.
- The US dollar will likely see cyclical weakness in 2026, bottoming in the third quarter. The Japanese yen has runway to appreciate, given that Japan's deflationary period is likely ending.



Note: 12-month investment horizon. ++ most attractive, + moderately attractive, 0 neutral, - moderately unattractive, -- most unattractive.
Source: Morgan Stanley Wealth Management GIO as of Sept. 25, 2026

MACRO

GLOBAL ECONOMIC GROWTH

MANUFACTURING PURCHASING MANAGER INDICES (PMI)												
	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Jul'26	Aug'26
DEVELOPED MARKETS												
US	52.5	52.2	51.8	52.4	51.6	52.3	54.5	55.1	53.9	53.9	53.9	57.0
Japan	48.2	48.7	50.0	51.5	53.0	51.6	55.1	54.5	54.8	54.5	54.9	54.1
Canada	47.7	49.6	48.4	48.6	50.4	51.0	50.0	53.3	52.9	53.0	53.5	53.0
UK	49.7	50.2	50.6	51.8	51.7	51.0	53.7	53.9	52.5	51.9	51.7	52.0
France	48.8	47.8	50.7	51.2	50.1	50.0	52.8	49.7	51.2	49.8	51.1	50.3
Germany	49.6	48.2	47.0	49.1	50.9	52.2	51.4	50.1	50.3	52.2	54.3	53.8
EMERGING MARKETS												
China	51.2	50.6	49.9	50.1	50.3	52.1	50.8	52.2	51.8	51.7	50.9	51.5
India	59.2	56.6	55.0	55.4	56.9	53.9	54.7	55.0	54.2	53.5	52.8	55.7
Taiwan	46.8	47.7	48.8	50.9	51.7	55.2	53.3	55.3	56.1	55.2	55.1	54.7
Korea	50.7	49.4	49.4	50.1	51.2	51.1	52.6	53.6	54.8	52.1	53.1	52.3
Brazil	46.5	48.2	48.8	47.6	47.0	47.3	49.0	52.6	49.1	50.8	47.5	46.3
Mexico	49.6	49.5	47.3	46.1	46.3	47.1	48.9	47.7	49.6	51.3	51.3	49.8

REAL GDP GROWTH (%)		
COUNTRY	QoQ	YoY
DEVELOPED MARKETS		
US	1.5	2.1
Japan	0.4	0.9
Canada	3.3	2.0
UK	0.4	1.2
France	0.0	0.5
Germany	0.3	1.0
EMERGING MARKETS		
China	0.9	5.0
India	1.8	7.8
Taiwan	2.5	12.9
Korea	0.6	3.7
Brazil	0.5	2.0
Mexico	1.4	2.1

Note: PMI readings above 50 indicate expansion; while readings below 50 suggest contraction.

Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

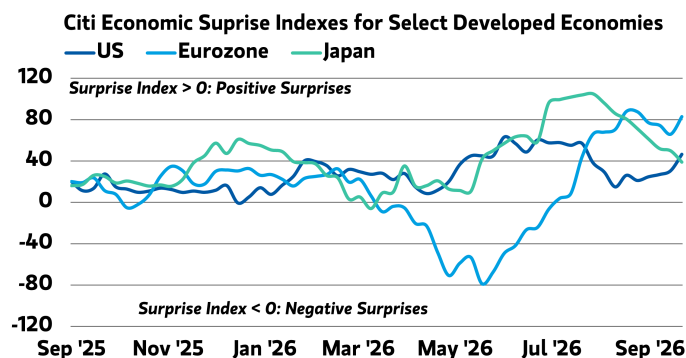
INFLATION, INTEREST RATES, UNEMPLOYMENT AND FX

	YOY INFLATION (%)		10-YR GOVT. BOND YIELD (%)		UNEMPLOYMENT RATE (%)		USD EXCHANGE RATE			CENTRAL BANK
	COUNTRY	CURRENT	YEAR AGO	CURRENT	YEAR AGO	CURRENT	YEAR AGO	CURRENT	YOY (%)	POLICY PHASE
DEVELOPED MARKETS										
US		3.4	2.9	5.2	4.1	4.1	4.3			Tightening
Japan		1.9	2.5	3.1	1.6	2.4	2.4	JPY	157.25	5.5
Canada		3.0	1.9	4.0	3.2	6.4	7.1	CAD	1.42	1.9
UK		3.1	3.8	5.4	4.7	4.9	4.7	GBP	0.75	-1.4
France		2.4	0.9	4.8	3.6	7.9	7.2			
Germany		2.9	2.2	3.6	2.7	6.4	6.3	EUR	0.88	-3.2
EMERGING MARKETS										
China		0.8	-0.4	1.7	1.9	4.0	4.2	CNY	6.71	-6.1
India		4.8	2.0	7.2	6.5	7.7	7.1	INR	95.99	7.5
Taiwan		2.0	1.6	1.9	1.4	3.3	3.3	TWD	31.82	4.0
Korea		3.1	1.7	4.5	2.9	2.7	2.8	KRW	1361	-2.9
Brazil		4.2	5.1	14.1	13.7	5.3	5.6	BRL	5.22	-1.9
Mexico		3.3	3.6	9.6	8.8	3.0	2.9	MXN	17.98	-2.1

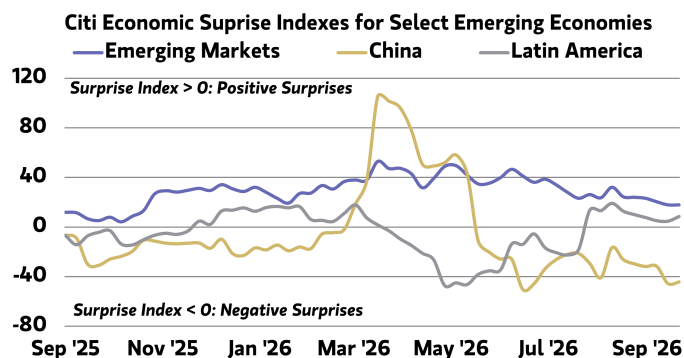
Note: Central bank policy phase is based on the market's forward six-month implied change in policy rate.

Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

ECONOMIC SURPRISE INDEXES



Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

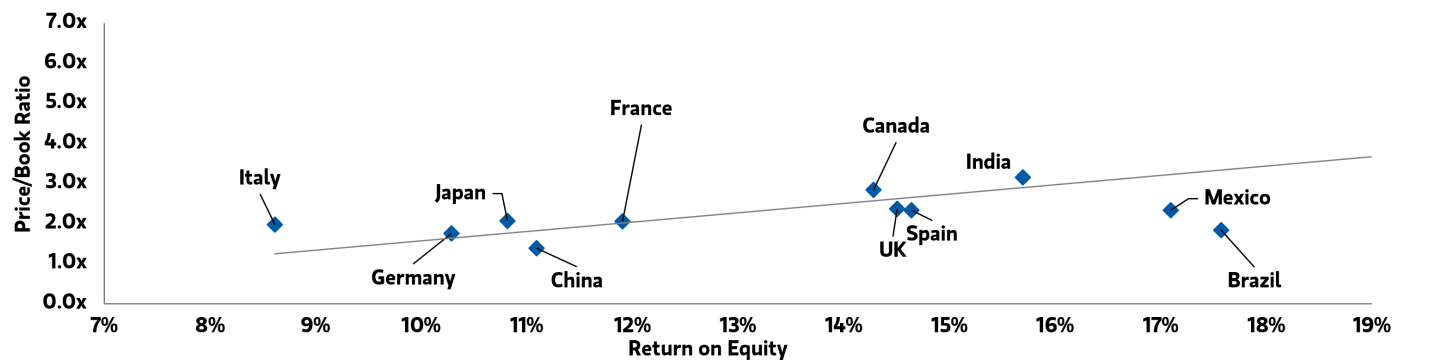
GLOBAL EQUITY MARKET FUNDAMENTALS

GLOBAL EQUITY MARKET VALUATIONS AND EARNINGS

	MSCI INDEX	12-MONTH FORWARD P/E	12-MONTH FORWARD P/E RELATIVE TO:		TRAILING 3-YEAR	12-MONTH FORWARD EPS	
		CURRENT (x)	HISTORY (x)	MSCI ACWI (x)	EPS GROWTH (%)	EST. GROWTH (%)	REVISIONS (%)
DEVELOPED MARKETS	USA	19.4	1.2	1.2	14.3	18.5	1.7
	Japan	16.0	1.0	1.0	13.3	15.0	4.5
	Canada	16.3	1.1	1.0	9.5	10.7	-0.6
	UK	12.4	1.0	0.8	0.1	2.5	-1.0
	Europe ex UK	15.4	1.1	0.9	2.5	9.0	-3.6
EMERGING MARKETS	China	10.1	0.9	0.6	6.8	5.1	0.4
	India	18.7	1.1	1.1	15.6	17.4	-1.4
	Taiwan	18.7	1.3	1.1	25.5	32.7	4.8
	Korea	4.8	0.5	0.3	74.7	38.0	1.4
	Latin America	9.6	0.8	0.6	-4.2	4.6	-0.7

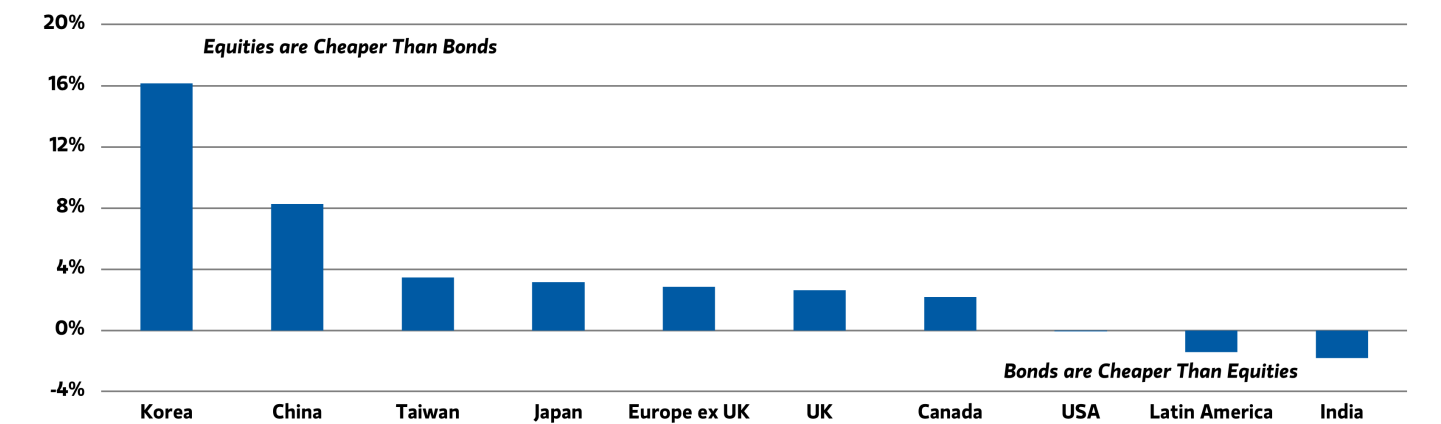
Note: History is based on MSCI data since 2006. Revisions are changes in consensus estimates over the prior month.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

GLOBAL PRICE-TO-BOOK RATIOS AND ROE



Note: Based on MSCI indexes.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

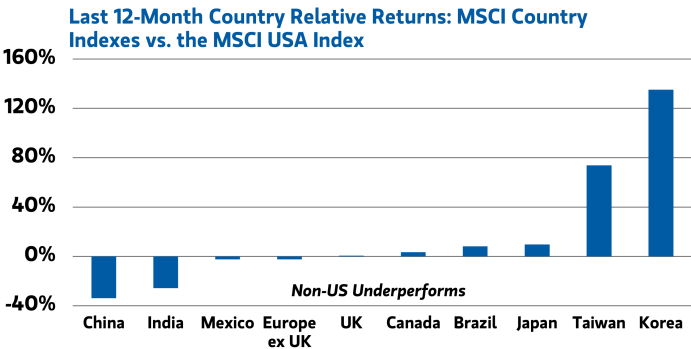
GLOBAL EQUITY RISK PREMIUMS



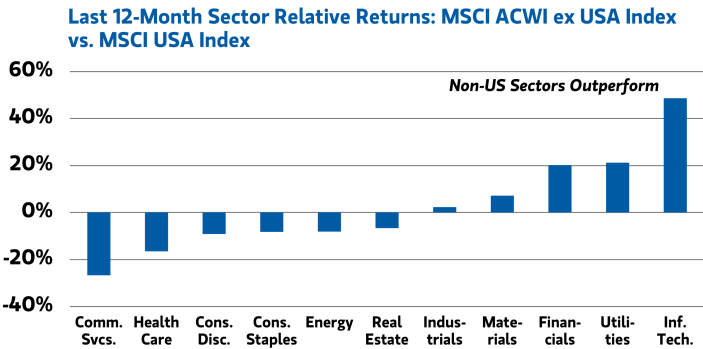
Note: Equity risk premium is the forward 12-month earnings yield less the 10-year govt. bond yield.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

ASSET CLASS PERFORMANCE

EQUITIES

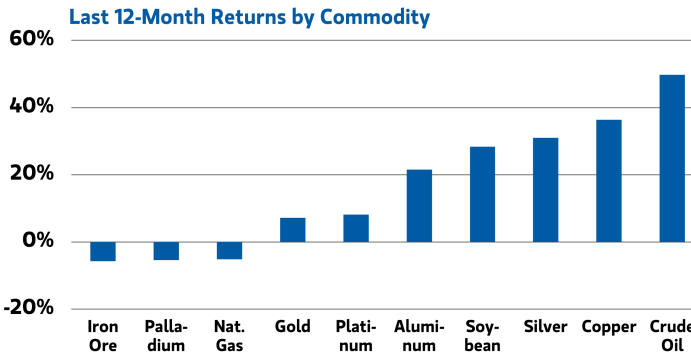


Note: Total returns on a US dollar basis based on MSCI indexes.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026



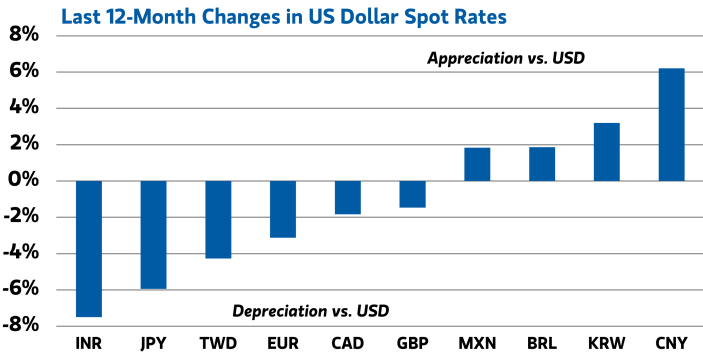
Note: Total returns on a US dollar basis.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

COMMODITIES



Note: US dollar returns.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

CURRENCIES



Note: BRL=Brazilian Real, MXN=Mexican Peso, KRW=Korean Won, INR=Indian Rupee, CAD=Canadian Dollar, JPY=Japanese Yen, TWD=Taiwanese Dollar, EUR=Euro, CNY=Chinese Yuan, GBP=British Pound.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

GLOBAL GOVERNMENT BONDS

	COUNTRY	12-MONTH TOTAL RETURNS (%)	YIELDS		SPREADS TO US YIELDS (BP)	
			CURRENT (%)	12-MONTH CHANGE (BP)	CURRENT	12-MONTH CHANGE
DEVELOPED MARKETS	US	-3.1	5.2	109		
	Japan	-11.9	3.1	146	-213	37
	Canada	-3.2	4.0	74	-126	-35
	UK	-0.5	5.4	68	20	-41
	France	-7.2	4.8	120	-46	11
EMERGING MARKETS	Germany	-6.5	3.6	90	-158	-19
	China	-4.3	1.7	-22	-355	-131
	India	3.4	7.2	66	196	-43
	Taiwan	0.0	1.9	53	-333	-56
	Korea	-3.9	4.5	159	-70	51
	Brazil	14.8	14.1	43	891	-66
	Mexico	8.4	9.6	81	441	-28

Note: Total US dollar returns are for 7-10 year duration govt.; local currency returns used for Brazil and India.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Sept. 25, 2026

Disclosure Section

Index Definitions

MSCI ACWI Banks Index tracks developed- and emerging-market companies classified in the Banks industry group within Financials.

MSCI ACWI Energy Index tracks large- and mid-cap companies across developed and emerging markets classified in the Energy sector.

MSCI ACWI Financials Index tracks large- and mid-cap companies across developed and emerging markets classified in the Financials sector.

MSCI ACWI Financial Services Index tracks developed- and emerging-market companies classified in the Financial Services industry group within Financials.

MSCI ACWI Health Care Index tracks large- and mid-cap companies across developed and emerging markets classified in the Health Care sector.

MSCI ACWI Insurance Index tracks developed- and emerging-market companies classified in the Insurance industry group within Financials.

MSCI ACWI Pharmaceuticals Index tracks developed- and emerging-market companies classified in the Pharmaceuticals industry within Health Care.

MSCI ACWI Pharmaceuticals, Biotechnology and Life Sciences Index tracks developed- and emerging-market companies classified in the Pharmaceuticals, Biotechnology & Life Sciences industry group within Health Care.

MSCI ACWI Semiconductors and Semiconductor Equipment Index tracks large- and mid-cap companies across developed and emerging markets classified in the Semiconductors & Semiconductor Equipment industry group.

MSCI ACWI Software and Services Index tracks developed- and emerging-market companies classified in the Software & Services industry group within Information Technology.

MSCI ACWI Technology Hardware and Equipment Index tracks developed- and emerging-market companies classified in the Technology Hardware & Equipment industry group within Information Technology.

MSCI Brazil Index measures the performance of the large- and mid-cap segments of the Brazilian equity market and covers approximately 85% of the Brazilian equity universe.

MSCI Colombia Index measures the performance of the large- and mid-cap segments of the Colombian equity market and covers approximately 85% of the Colombian equity universe.

MSCI Czech Republic Index measures the performance of the large- and mid-cap segments of the Czech Republic equity market and covers approximately 85% of the country's free float-adjusted market capitalization.

MSCI Greece Index measures the performance of the large- and mid-cap segments of the Greek equity market and covers approximately 85% of the Greek equity universe.

MSCI Ireland Index measures the performance of the large- and mid-cap segments of the Irish equity market and covers approximately 85% of Ireland's free float-adjusted market capitalization.

MSCI Israel Index measures the performance of the large- and mid-cap segments of the Israeli equity market and covers approximately 85% of Israel's free float-adjusted market capitalization.

MSCI Norway Index measures the performance of the large- and mid-cap segments of the Norwegian equity market and covers approximately 85% of Norway's free float-adjusted market capitalization.

MSCI Poland Index measures the performance of the large- and mid-cap segments of the Polish equity market and covers approximately 85% of the Polish equity universe.

MSCI Portugal Index measures the performance of the large- and mid-cap segments of the Portuguese equity market and covers approximately 85% of Portugal's free float-adjusted market capitalization.

MSCI Singapore Index measures the performance of the large- and mid-cap segments of the Singapore equity market and covers approximately 85% of Singapore's free float-adjusted market capitalization.

Silicon Data A100 Rental Price Index tracks prevailing cloud rental prices for NVIDIA A100 GPUs, providing a measure of the cost of renting A100 compute capacity.

Silicon Data B200 Rental Price Index tracks prevailing cloud rental prices for NVIDIA B200 GPUs, providing a measure of the cost of renting B200 compute capacity.

Silicon Data H100 Rental Price Index tracks prevailing cloud rental prices for NVIDIA H100 GPUs, providing a measure of the cost of renting H100 compute capacity.

Silicon Data LLM Token Expenditure Index tracks estimated expenditure on LLM inference tokens, providing an indicator of spending associated with large-language-model usage.

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For other index, indicator and survey definitions referenced in this report please visit the following: <https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

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Glossary

Artificial Intelligence (AI) A field of study that seeks to train computers to process large amounts of unstructured information in a manner similar to human intelligence, capable of performing tasks such as learning and problem solving.

Correlation This is a statistical measure of how two securities move in relation to each other. This measure is often converted into what is known as correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation coefficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random. A correlation greater than 0.8 is generally described as strong, whereas a correlation less than 0.5 is generally described as weak.

Equity risk premium is the excess return that an individual stock or the overall stock market provides over a risk-free rate. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time.

Nominal Gross Domestic Product (GDP) is the GDP of the country measured at current market prices and not adjusted for inflation or deflation.

Price to book value (P/B) ratio is used to compare a stock's market value to its book value.

Price to forward earnings calculates the price-to-earnings ratio that uses projected future earnings.

Real Gross Domestic Product (GDP) is the GDP of the country measured at current market prices and adjusted for inflation or deflation.

Return on Equity (ROE) amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Term premium is the excess yield that investors require to commit to holding a long-term bond instead of a series of shorter-term bonds.

Risk Considerations

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the scheduled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bonds are also subject to reinvestment risk, which is the risk that principal and/or interest payments from a given investment may be reinvested at a lower interest rate.

Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. High yield bonds should comprise only a limited portion of a balanced portfolio.

Alternative investments may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. The risks of traditional alternative investments may include: can be highly illiquid, speculative and not appropriate for all investors, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than open-end mutual funds, and risks associated with the operations, personnel and processes of the manager. Non-traditional alternative strategy products may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. These investments are subject to the risks normally associated with debt instruments and also carry substantial additional risks. Investors could lose all or a substantial amount of their investment. These investments typically have higher fees or expenses than traditional investments.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.

Investing in foreign markets entails greater risks than those normally associated with domestic markets, such as political, currency, economic and market risks. **Investing in currency** involves additional special risks such as credit, interest rate fluctuations, derivative investment risk, and domestic and foreign inflation rates, which can be volatile and may be less liquid than other securities and more sensitive to the effect of varied

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economic conditions. In addition, international investing entails greater risk, as well as greater potential rewards compared to U.S. investing. These risks include political and economic uncertainties of foreign countries as well as the risk of currency fluctuations. These risks are magnified in countries with **emerging markets and frontier markets**, since these countries may have relatively unstable governments and less established markets and economies. Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention.

Physical precious metals are non-regulated products. Precious metals are speculative investments, which may experience short-term and long-term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. If sold in a declining market, the price you receive may be less than your original investment. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be appropriate for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. The Securities Investor Protection Corporation ("SIPC") provides certain protection for customers' cash and securities in the event of a brokerage firm's bankruptcy, other financial difficulties, or if customers' assets are missing. SIPC insurance does not apply to precious metals or other commodities.

Companies paying **dividends** can reduce or cut payouts at any time.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Technology stocks** may be especially volatile. Risks applicable to companies in the **energy and natural resources sectors** include commodity pricing risk, supply and demand risk, depletion risk and exploration risk. **Health care sector stocks** are subject to government regulation, as well as government approval of products and services, which can significantly impact price and availability, and which can also be significantly affected by rapid obsolescence and patent expirations.

REITs investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions.

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Credit ratings are subject to change.

Environmental, Social and Governance ("ESG") investments in a portfolio may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There are inconsistent ESG definitions and criteria within the industry, as well as multiple ESG ratings providers that provide ESG ratings of the same subject companies and/or securities that vary among the providers. Certain issuers of investments may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. ESG designations are as of the date of this material, and no assurance is provided that the underlying assets have maintained or will maintain and such designation or any stated ESG compliance. As a result, it is difficult to compare ESG investment products or to evaluate an ESG investment product in comparison to one that does not focus on ESG. Investors should also independently consider whether the ESG investment product meets their own ESG objectives or criteria. There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results.

Duration, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. Generally, if interest rates rise, bond prices fall and vice versa. Longer-term bonds carry a longer or higher duration than shorter-term bonds; as such, they would be affected by changing interest rates for a greater period of time if interest rates were to increase. Consequently, the price of a long-term bond would drop significantly as compared to the price of a short-term bond.

The **indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. The indices are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Comparing an investment to a particular index may be of limited use.

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