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**From:** Richard Kahn <[REDACTED]>  
**Sent:** Monday, June 5, 2017 11:51 PM  
**To:** Jeffrey Epstein  
**Subject:** Fwd: Apple, Inc.: WWDC Highlights Expansion into AI and AR

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue, 4th Floor  
New York, NY 10022  
[REDACTED]

Begin forwarded message:

From: =/b>"Morgan Stanley" <ms-wmir@morganstanley.com>

Subject: =/b>Apple, Inc.: WWDC Highlights Expansion into AI and AR

Date: =/b>June 5, 2017 at 7:50:44 PM =DT

To: =/b>[REDACTED]

Reply-To: =/b><mswmir-cie-feedback@morganstanley.com>

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Apple, Inc.: WWDC Highlights Expansion into AI and AR

June 5, =017 11:45 PM GMT

Apple's WWDC Keynote focused =n expanding and enhancing AI/ML and AR/VR capabilities which can become =iller apps across the Apple ecosystem, in our view. Key to HomePod =doption will be AI capabilities vs. peers. We remain bullish ahead of =he iPhone Supercycle in FY18.

Machine learning and AR =ntegration key to OS updates. Apple announced updates to tvOS, watchOS =WatchOS 4), MacOS (High Sierra) and iOS (iOS 11) during the WWDC =eynote and the key to many of the software updates was increased AI/ML =ntegration and AR/VR functionality. For example, with WatchOS 4, Apple =ntroduced the Siri Watch Face, which Apple refers to as the =Intelligent Proactive Assistant" and features AI capabilities that =utomatically display data that is most relevant to the user. With MacOS =igh Sierra, Apple has integrated improved AI capabilities in the Photos =pp to improve facial recognition and selective color modification. And =astly, in iOS 11, Apple introduced a new Siri visual interface and =pdated SiriKit, which uses on-device learning to understand the context =or the apps you use and suggest future use cases or topics that might =e of interest to you, and then syncs these findings across all of your =pple devices. Ultimately, Apple wants to make these (and other) AI/ML =apabilities easy to incorporate into new apps, and therefore introduced =ore ML, which is a machine learning framework that app developers will =e able to use to enhance other AI/ML capabilities in iOS 11. On the AR =ront, Apple introduced and gave live demos of the new ARKit, a tool =hat will give app developers the capability to create new AR/VR-focused =pps in the future. Ultimately, we believe the heightened AI/ML and =R/VR focus of the new operating systems will help the 16M strong =eveloper community drive greater app development ahead of the =nticipated 10th anniversary iPhone, which will expand iPhone user =pend, improve customer stickiness and drive the 19% Y/Y services growth =equired to hit the

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