

September 21, 2026 04:01 AM GMT

US Equity Strategy | North America

Weekly Warm-up: Classic Mid-Cycle

In line with our long-standing views, earnings strength has offset valuation compression. This is a hallmark of a mid-cycle transition as is quality leadership, which we expect to continue. We view the Fed hike as credibility-enhancing, with energy prices still the near-term risk.

- **Strong Earnings Have Offset A Meaningful Valuation Correction.** While the S&P 500 remains near its highs, more than 40% of Russell 3000 stocks have fallen 20% or more since June, while the S&P's forward P/E has compressed to 19x—the March lows. Meanwhile, earnings remain quite strong, in line with our long-standing outlook for this year. Specifically, median stock EPS growth is in the mid-teens, and revisions breadth for the high quality S&P 500 is back near cycle highs, helping explain why the index price damage has been contained.
- **The Fed Hike Can Be Credibility-Enhancing.** With a hike largely priced into last week's FOMC meeting, the more important signal was Warsh's willingness to follow through on his prior comments around bringing inflation back to target. In our view, acting early can reduce inflation uncertainty and term premium, meaning a higher policy rate does not necessarily translate into higher long-term financing costs. The August core inflation print exceeded expectations, but the internals were not uniformly hot, giving Warsh room to deliver a credibility-enhancing hike without forcing markets to extrapolate a 2022-style tightening. The larger unanswered question and risk for markets centers on his monetarist philosophy, and how he plans to manage the Fed's balance sheet going forward, in our view.
- **Stick with Large-Cap Quality as the Mid-Cycle Rotation Plays Out.** Quality and operating-efficiency factors continue to lead, with high sales-per-employee among the strongest recent performers. This leadership aligns with our constructive view on AI adopters, where margin expectations continue to improve. Meanwhile, momentum factor composition is rotating toward quality, as well as services-oriented and asset-light industries. Our prime brokerage data shows that investors agree with our recommendation as positioning has shifted toward large cap quality in the past few weeks. As we head into earnings season, we highlight a new screen of quality stocks with improving earnings revisions.
- **Energy Prices and Mid-Terms Remain the Near-Term Risks for Equities.** Another leg higher in oil or little relief in product prices would likely pressure the expected policy path, back-end yields and bond volatility, particularly with physical markets already absorbing an unusually broad set of disruptions. The buffers that helped absorb these shocks over the last six months are also thinning as inventories have drawn, Chinese buying is picking

MORGAN STANLEY & CO. LLC

Michael J Wilson

Equity Strategist

M.Wilson@morganstanley.com

+1 212 761-2532

Andrew B Pauker

Equity Strategist

Andrew.Pauker@morganstanley.com

+1 212 761-1330

Michelle M. Weaver, CFA

Equity Strategist

Michelle.M.Weaver@morganstanley.com

+1 212 296-5254

Diane Ding, Ph.D.

Quantitative Strategist

Qian.Ding@morganstanley.com

+1 212 761-6758

Nicholas Lentini, CFA

Equity Strategist

Nick.Lentini@morganstanley.com

+1 212 761-5863

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

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

up and European product and gas stocks remain tight. We maintain our 8,000 year-end S&P 500 target driven by earnings resiliency, while acknowledging higher crude and refined product prices as the primary near-term risk along with the historical trading patterns heading into mid-term elections. We still view 7000-7100 as a tactical downside case should these risks emerge over the next 3-5 weeks, but this would not prevent the market from reaching our year-end target even in this risk scenario.

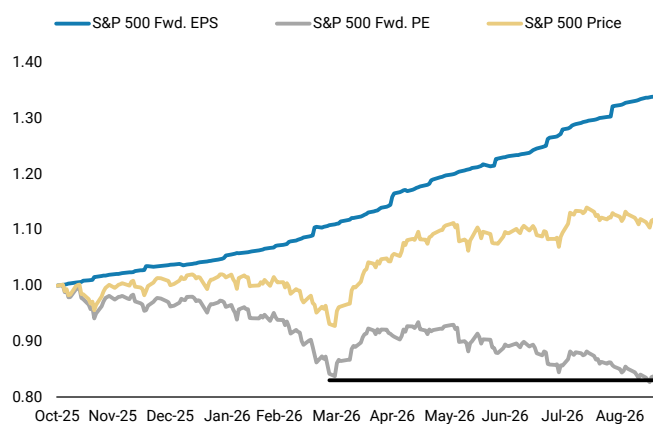
Classic Mid-Cycle

While some view the equity market as being complacent—the S&P 500 is just 2% from all-time highs despite the risks from a more hawkish Fed, elevated energy prices, and peaking Semis earnings revisions—we continue to argue a lot of damage has occurred both under the surface of the market and from a valuation perspective. For one, more than 40% of Russell 3000 members have fallen 20% or more since June. Further, the S&P 500 forward P/E ratio is now just 19x—the March low reached during the height of the Iran conflict. Strong nominal GDP and earnings growth as the Fed tightens are the primary ingredients of a classic mid-cycle investment regime.

We remind readers of our messaging from this spring, when market internals and valuation also pointed to a much more evolved correction than index-level price action suggested: *"Beneath the surface, more than half of the stocks in the Russell 3000 have dropped 20% or more. To us, that's not complacency, but a market that has appropriately and surgically discounted the risks both at the index and stock level that include private credit and AI disruption concerns as well. Importantly, earnings growth is moving in the right direction, which explains why the price damage has been contained...that combination—falling multiples with improving earnings growth—is a classic bull market correction..."*

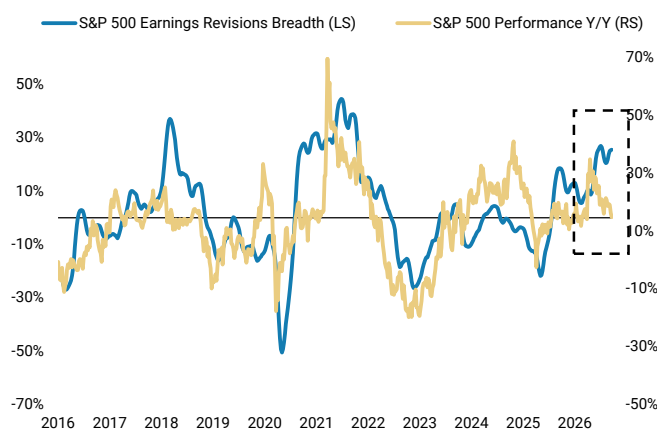
That earnings momentum has continued undeterred, with median stock EPS growth reaching the mid-teens range, and index-level EPS revisions breadth climbing toward cycle highs. This strength has almost fully offset the multiple compression we've seen since May, a sign that the discounting process for the aforementioned risks is well advanced, as it was earlier this year. While the Semis sell-off played a role in the de-rating, so did higher rates, which breached a familiar threshold. Specifically, the peak in valuation for the S&P coincided with the 10-year yield's breach of 4.50%, the threshold we have long pointed to as the level at which rate sensitivity increases meaningfully for stocks.

Exhibit 1: S&P Multiple Just Re-Tested the March Lows, While Exceptional Earnings Have Kept Index Downside Limited



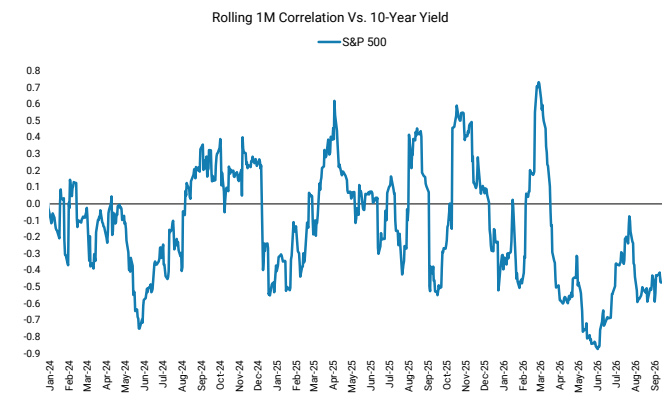
Source: FactSet, Morgan Stanley Research.

Exhibit 2: EPS Revisions Breadth Is Approaching Cycle Highs



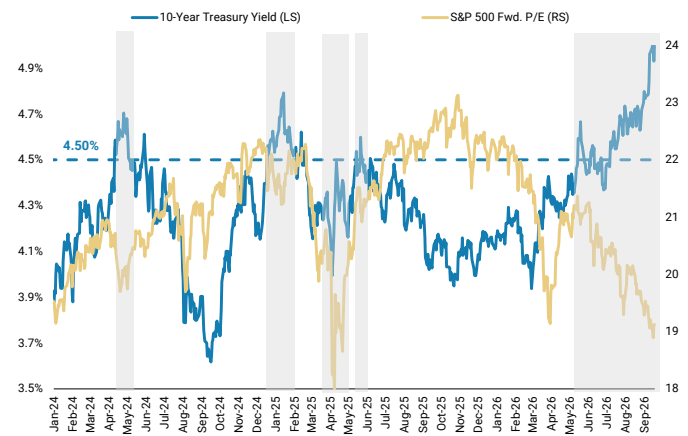
Source: FactSet, Morgan Stanley Research.

Exhibit 3: Short-Term Stock/Yield Correlation Is Negative—Rate Sensitivity High for Stocks



Source: Bloomberg, Morgan Stanley Research.

Exhibit 4: 4.50% Has Been An Important Level As A Breach Above Has Led to Multiple Compression Historically—Trend Since May Was No Different



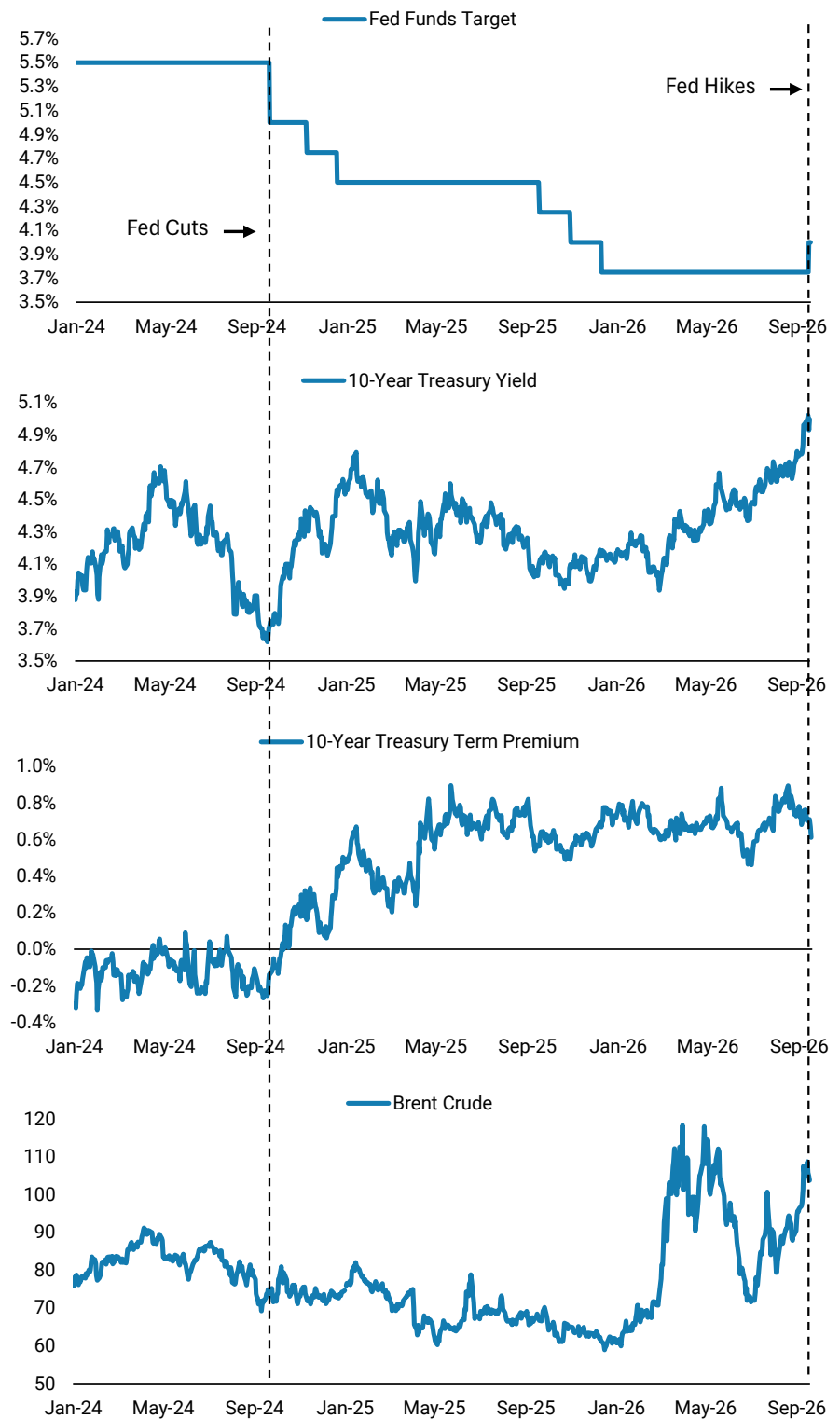
Source: Bloomberg, Morgan Stanley Research.

That brings us to last week's FOMC meeting. In our view, Warsh got the inflation data that allowed him to attempt a credibility-enhancing hike without leading markets to extrapolate a 2022-style tightening cycle. Core CPI rose 0.29% in August, but much of the upside relative to expectations was concentrated in a handful of categories, shelter remained relatively soft, and tariff pass-through appears to be fading. The data were firm enough to justify following through on the reaction function he has spent several months trying to establish, without suggesting the Fed had fallen *dramatically* behind the curve as it had in 2021; see more on this difference in [last week's note](#). With the probability of a hike already close to 90% heading into last week's FOMC meeting, the relevant information was less the 25 basis points itself than Warsh's willingness to enforce that framework. In our view, that makes the move credibility-enhancing: a higher policy rate can reduce inflation uncertainty and term premium if it convinces investors that the Fed is acting early enough to avoid a more disruptive tightening later.

Having said that, Warsh's long standing position/philosophy leans much more in the monetarist direction than prior Fed Chairs and the current members of the FOMC. Warsh has been less committal on this front, in our view, as he takes over the reigns and tries to build cohesion within the committee. As a result, we don't really know how aggressive he will be with the Fed's balance sheet going forward as he waits for important conclusions from his numerous task forces trying to determine the real causes of inflation, and why it has been so persistent since the COVID pandemic. As an aside, we have been one of the more vocal voices suggesting the inflation was quite predictable starting in the spring of 2020 due to what we cited as "helicopter money" policy used at the depths of the economic impact from the shutdowns. The point of bringing this up again today is that we think the bigger risk to financial markets from the Warsh-led Fed stems from its eventual decisions on the Fed's balance sheet and how it reacts to money supply/credit growth in the private economy. In other words, a 25 bps hike last week followed by perhaps a few more over the next 6-12 months is unlikely to end this bull market, but a more hawkish approach to money supply/credit growth is likely to be a greater risk in that regard. On this score, Warsh's resolve is less certain, and more importantly, his ability to influence the rest of the committee in this regard is even less so given the institution's history.

Crude remains the swing factor in the near-term. Another leg higher in oil and refined products would likely put renewed upward pressure on the expected policy path, back-end yields and bond volatility. The symmetry with 2024 is worth noting: cutting the policy rate then did not ensure lower long-term financing costs; today, raising it need not ensure higher long-term nominal financing costs, particularly if doing so reduces longer run inflation uncertainty. In short, stocks have valuation support here, and earnings remain strong. We remain convicted in our year-end S&P 500 target of 8,000, though we acknowledge rising crude and refined product prices as the primary near-term risk to the index. Should the correction in valuation take a turn for the worse in the near term due to a further tightening of financial conditions and/or materially higher energy prices (the near-term risk scenario), we think the S&P 500 could trade as low as 7100 before the bull market resumes into year end. Bear in mind that we remain in the middle of the mid-term election seasonality which often ends with a 5-10% correction in the index versus the current 2%.

Exhibit 5: The Fed Delivers a Credibility-Building Hike; Whether It Contains the Back-End of the Yield Curve Likely Depends on Crude Prices



Source: Bloomberg, Morgan Stanley Research.

Our preference under the surface of the market remains consistent as the mid-cycle rotation we have been focused on continues to play out (see [here](#), [here](#) and [here](#) for more on this mid-cycle rotation)—stick with large cap quality stocks. Our factor work continues

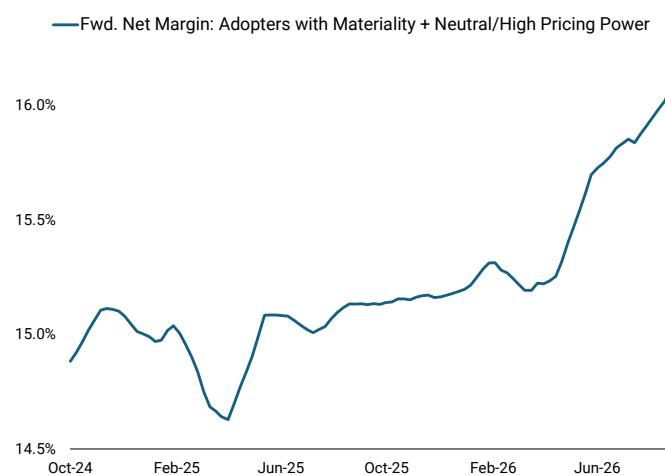
to show quality-oriented factors such as high free cash flow yield and low accruals leading the market ([Exhibit 6](#)). Interestingly, as [Exhibit 6](#) shows, factors tied to operating efficiency are also seeing clear outperformance, with the high sales-per-employee factor up 5% over the last month. In our view, this ties directly to our constructive call on AI adopters. As [Exhibit 7](#) illustrates, profit margin expectations for AI adopters continue to accelerate and are now 400 bps above those for the overall market. Consistent with this rotation, the closely followed momentum factor is also seeing its leadership shift toward quality and services-oriented, asset-light and fee-based industries. Unsurprisingly, these industry groups are also among the best-positioned areas of the market from an AI adoption perspective, based on our Research department's [AI mapping work](#). Lastly, as discussed last week, our work shows that the quality factor continues to outperform following the first rate hike of the cycle ([Exhibit 8](#)), further supporting our rationale for owning this cohort. As we head into earnings season, we recommend focusing on quality stocks with improving earnings revisions. [Exhibit 11](#) in the section below includes this screen.

Exhibit 6: Recent Factor Performance Clearly Skews Toward Quality and Operating Efficiency...

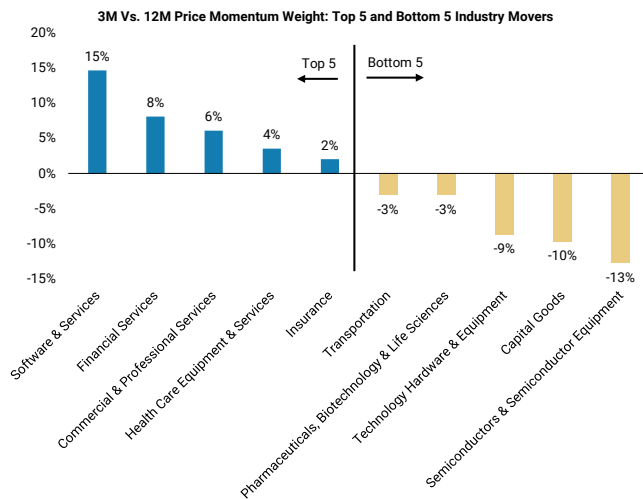
Top Factor Performance: Last 1 Month	
Total Yield (High vs Low)	5.4%
Sales per Employee (High vs Low)	4.7%
Y/Y % Change in number of employees (Low vs High)	4.3%
Receivables Turnover (High vs Low)	4.1%
Free Cash Flow Yield (High vs Low)	4.0%
Enterprise Value-to-Free Cash Flow (Low vs High)	3.9%
Composite Free Cash Flow (High vs Low)	3.8%
Inventory-to-Sales (Low vs High)	3.7%
Composite Accruals (Low vs High)	3.6%
Price-to-Sales (Cheap vs Expensive)	3.4%

Source: Compustat, Morgan Stanley Research.

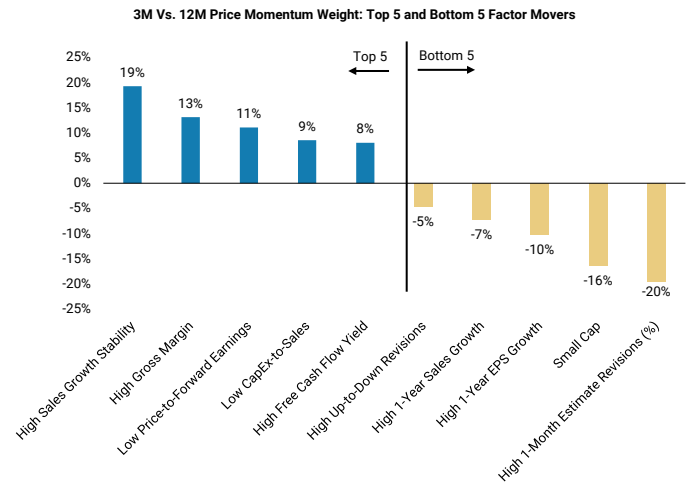
Exhibit 7: ...Which Aligns Quite Closely with Improving Fundamentals for AI Adopters



Source: Morgan Stanley Research. Based on our Thematic team's [mapping work](#). Significant or Core to Thesis Materiality. Neutral or High Pricing. Based on median stock. Smoothed 6-wks.

Exhibit 8: 3-Month Vs. 12-Month Momentum Weight: Industry Groups

Source: Compustat, Morgan Stanley Research.

Exhibit 9: 3-Month Vs. 12-Month Momentum Weight: Factors

Source: Compustat, Morgan Stanley Research.

Exhibit 10:

Industry and Factor Relative Performance Around the First Rate Hike

Top 1000 Equal Weight Industry Group Performance (Relative) Post First Rate Hike									
	Previous 12M	Previous 9M	Previous 6M	Previous 3M	Next 1M	Next 3M	Next 6M	Next 9M	Next 12M
Top 1000	14.2%	11.6%	4.1%	3.5%	-1.6%	-1.2%	-1.2%	3.7%	8.8%
Energy	1.0%	3.9%	8.9%	6.4%	3.2%	6.8%	8.1%	15.7%	14.8%
Materials	1.9%	1.2%	3.2%	5.5%	1.9%	3.4%	2.9%	3.1%	-1.0%
Capital Goods	1.4%	1.5%	1.7%	3.7%	0.9%	1.0%	-1.1%	0.6%	-0.4%
Commercial & Professional Services	1.4%	1.7%	2.3%	3.0%	-0.7%	-0.9%	-2.2%	-3.1%	-3.9%
Transportation	-5.7%	-4.5%	1.2%	0.2%	-1.7%	-4.8%	-6.3%	-9.5%	-9.1%
Automobiles & Components	3.8%	0.9%	0.2%	0.2%	-2.2%	-4.4%	-8.9%	-14.1%	-15.8%
Consumer Durables & Apparel	-10.3%	-7.2%	-6.3%	-5.0%	1.3%	1.0%	-3.0%	-7.1%	-9.3%
Consumer Services	-6.2%	-3.3%	-3.2%	-3.1%	-0.5%	-2.1%	-7.3%	-8.5%	-7.8%
Consumer Discretionary Distribution & Retail	0.7%	2.5%	-1.1%	-5.4%	-0.4%	-1.5%	-4.9%	-6.6%	-13.1%
Consumer Staples Distribution & Retail	-0.7%	-1.5%	-1.3%	0.4%	1.9%	1.5%	0.2%	-3.2%	-4.1%
Food, Beverage & Tobacco	-1.3%	-0.4%	1.8%	1.0%	2.9%	1.9%	0.3%	-2.1%	0.4%
Household & Personal Products	-0.1%	2.0%	2.0%	-0.2%	1.8%	2.1%	0.0%	-3.3%	-4.9%
Health Care Equipment & Services	-4.3%	-0.7%	-2.1%	1.0%	-0.8%	-3.3%	-3.7%	-3.8%	-1.2%
Pharmaceuticals, Biotechnology & Life Sciences	8.4%	1.1%	-1.4%	-0.4%	-1.8%	-1.2%	-1.0%	5.1%	10.0%
Banks	-4.7%	-3.6%	-5.7%	-2.4%	-2.0%	-2.1%	-5.4%	-11.2%	-11.8%
Financial Services	1.2%	1.9%	-1.2%	-2.2%	-2.6%	-3.0%	-4.0%	-5.6%	-4.6%
Insurance	-3.3%	-3.1%	-1.7%	-1.7%	-0.7%	-2.7%	-5.5%	-7.6%	-5.4%
Software & Services	-3.5%	2.9%	0.5%	1.5%	0.4%	0.8%	10.1%	13.7%	7.7%
Technology Hardware & Equipment	2.6%	7.4%	3.2%	1.5%	1.0%	2.5%	7.1%	15.7%	14.4%
Semiconductors & Semiconductor Equipment	23.3%	23.9%	7.3%	6.9%	2.3%	6.5%	11.5%	39.5%	35.2%
Telecommunication Services	7.2%	8.5%	4.5%	-0.5%	1.3%	4.4%	8.1%	7.8%	3.6%
Media & Entertainment	0.0%	1.3%	-1.8%	-2.2%	-2.6%	-3.4%	2.0%	-2.1%	-3.9%
Utilities	-1.7%	-3.7%	0.9%	-0.4%	2.5%	2.8%	-1.3%	-5.0%	0.7%
Equity Real Estate Investment Trusts (REITs)	1.0%	-4.2%	1.1%	-2.2%	2.1%	2.6%	-0.5%	-6.5%	-3.8%
Real Estate Management & Development	8.1%	-2.3%	-2.0%	1.2%	-1.0%	-2.3%	0.9%	0.2%	3.0%
Value vs Growth	0.9%	0.8%	3.5%	2.3%	0.9%	1.2%	-2.3%	-5.0%	-3.1%
Cyclical vs Defensive	1.8%	3.0%	2.3%	1.8%	-0.6%	0.2%	5.0%	8.6%	6.1%
Quality Composite (High vs Low)	4.0%	2.4%	1.6%	0.1%	2.3%	3.3%	1.9%	2.9%	4.6%
12m Momentum (High vs Low)	6.8%	4.1%	1.7%	-2.6%	0.9%	1.7%	6.6%	8.1%	4.2%
Small vs Large	-5.1%	-4.3%	-3.6%	-0.9%	-0.1%	-0.1%	-0.5%	0.5%	0.8%
Vol (Low vs High)	2.3%	2.6%	3.8%	1.3%	2.6%	3.7%	0.2%	0.6%	-1.3%

Source: Compustat, Morgan Stanley Research.

Screens

Quality + Strong EPS Revisions Screen:

- Stock is a member of top 1000 by market cap.
- Stock is in top tercile of quality composite score.
- Stock's NTM EPS has improved from 3 months ago.
- Stock is rated as Overweight by Morgan Stanley analyst.

Exhibit 11: Top 1000 High Quality + Improving EPS Revisions + MS Overweight

Ticker	Company Name	Sector	Industry Group	Market Cap (\$MM)	Price
PINS	Pinterest, Inc. Class A	Communication Services	Media & Entertainment	9,012	18.31
APP	AppLovin Corp. Class A	Communication Services	Media & Entertainment	97,909	321.60
RDDT	Reddit, Inc. Class A	Communication Services	Media & Entertainment	22,329	152.83
WMG	Warner Music Group Corp. Class A	Communication Services	Media & Entertainment	4,129	27.95
ECHO	EchoStar Corporation Class A	Communication Services	Media & Entertainment	14,972	94.08
W	Wayfair, Inc. Class A	Consumer Discretionary	Consumer Discretionary Distribution & Retail	11,889	102.50
EBAY	eBay Inc.	Consumer Discretionary	Consumer Discretionary Distribution & Retail	50,241	112.90
ULTA	Ulta Beauty Inc.	Consumer Discretionary	Consumer Discretionary Distribution & Retail	23,249	543.73
TPR	Tapestry, Inc.	Consumer Discretionary	Consumer Durables & Apparel	23,137	116.04
DKNG	DraftKings, Inc. Class A	Consumer Discretionary	Consumer Services	11,155	22.47
BKNG	Booking Holdings Inc.	Consumer Discretionary	Consumer Services	128,125	170.52
H	Hyatt Hotels Corporation Class A	Consumer Discretionary	Consumer Services	6,440	154.81
TGT	Target Corporation	Consumer Staples	Consumer Staples Distribution & Retail	72,610	159.83
COST	Costco Wholesale Corporation	Consumer Staples	Consumer Staples Distribution & Retail	396,439	893.93
KO	Coca-Cola Company	Consumer Staples	Food Beverage & Tobacco	378,862	88.06
MNST	Monster Beverage Corporation	Consumer Staples	Food Beverage & Tobacco	87,197	44.51
CL	Colgate-Palmolive Company	Consumer Staples	Household & Personal Products	69,936	87.73
BKR	Baker Hughes Company Class A	Energy	Energy	56,151	56.57
SEIC	SEI Investments Company	Financials	Financial Services	12,584	104.85
XYZ	Block, Inc. Class A	Financials	Financial Services	41,356	76.47
MA	Mastercard Incorporated Class A	Financials	Financial Services	491,882	565.73
BX	Blackstone Inc.	Financials	Financial Services	94,136	125.41
V	Visa Inc. Class A	Financials	Financial Services	630,402	369.93
CPAY	Corpay, Inc.	Financials	Financial Services	26,544	404.26
LNC	Lincoln National Corp	Financials	Insurance	8,096	42.29
GL	Globe Life Inc.	Financials	Insurance	13,238	172.26
CI	Cigna Group	Health Care	Health Care Equipment & Services	72,930	276.00
UNH	UnitedHealth Group Incorporated	Health Care	Health Care Equipment & Services	336,787	375.21
IDXX	IDEXX Laboratories, Inc.	Health Care	Health Care Equipment & Services	39,901	506.48
BTSX	BrightSpring Health Services, Inc.	Health Care	Health Care Equipment & Services	11,199	56.60
GILD	Gilead Sciences, Inc.	Health Care	Pharmaceuticals Biotechnology & Life Sciences	187,097	150.89
MIRM	Miram Pharmaceuticals, Inc.	Health Care	Pharmaceuticals Biotechnology & Life Sciences	6,417	98.82
INSM	Inmed Incorporated	Health Care	Pharmaceuticals Biotechnology & Life Sciences	27,075	123.98
HALO	Halozyne Therapeutics, Inc.	Health Care	Pharmaceuticals Biotechnology & Life Sciences	12,448	109.68
JAZZ	Jazz Pharmaceuticals Public Limited Company	Health Care	Pharmaceuticals Biotechnology & Life Sciences	15,829	243.84
GD	General Dynamics Corporation	Industrials	Capital Goods	96,305	355.95
TT	Trane Technologies plc	Industrials	Capital Goods	93,142	423.33
JCI	Johnson Controls International plc	Industrials	Capital Goods	85,446	141.06
NOC	Northrop Grumman Corp.	Industrials	Capital Goods	74,441	524.00
ROK	Rockwell Automation, Inc.	Industrials	Capital Goods	45,536	410.05
BE	Bloom Energy Corporation Class A	Industrials	Capital Goods	82,691	280.76
VRT	Vertiv Holdings Co. Class A	Industrials	Capital Goods	92,971	241.49
AYI	Acuity Inc.	Industrials	Capital Goods	8,967	299.54
LRGX	Lam Research Corporation	Information Technology	Semiconductors & Semiconductor Equipment	336,993	269.31
MU	Micron Technology, Inc.	Information Technology	Semiconductors & Semiconductor Equipment	1,103,982	977.50
NVDA	NVIDIA Corporation	Information Technology	Semiconductors & Semiconductor Equipment	5,286,094	219.34
FSLR	First Solar, Inc.	Information Technology	Semiconductors & Semiconductor Equipment	21,619	201.16
ADSK	Autodesk, Inc.	Information Technology	Software & Services	45,696	218.64
HUBS	HubSpot, Inc.	Information Technology	Software & Services	11,448	229.58
MDB	MongoDB, Inc. Class A	Information Technology	Software & Services	31,692	393.42
DOCN	DigitalOcean Holdings, Inc.	Information Technology	Software & Services	15,636	132.98
NOW	ServiceNow, Inc.	Information Technology	Software & Services	143,178	138.47
AAPL	Apple Inc.	Information Technology	Technology Hardware & Equipment	4,918,239	337.00
KEYS	Keysight Technologies Inc	Information Technology	Technology Hardware & Equipment	56,426	331.44
ANET	Arista Networks Inc	Information Technology	Technology Hardware & Equipment	251,652	199.53
SNDK	Sandisk Corporation	Information Technology	Technology Hardware & Equipment	236,377	1614.39
STX	Seagate Technology Holdings PLC	Information Technology	Technology Hardware & Equipment	182,626	803.13
ECL	Ecolab Inc.	Materials	Materials	76,160	271.68
SHW	Sherwin-Williams Company	Materials	Materials	77,911	320.94
CTVA	Corteva Inc	Materials	Materials	54,396	81.53
REG	Regency Centers Corporation	Real Estate	Equity Real Estate Investment Trusts (REITs)	13,390	73.12
FE	FirstEnergy Corp.	Utilities	Utilities	26,461	45.73
SRE	Sempra	Utilities	Utilities	53,738	82.18

Source: Compustat, Factset, Morgan Stanley Research

Given recent interest rate moves and developments, we thought it would be helpful to look at rate-sensitive equities.

Most Positively / Inversely Correlated to 10Y Yield Screens:

- Stock is member of top 1000 by market cap.
- The most positively or inversely correlated to 10y yield based on trailing 63d daily

change.

Exhibit 12: Most Positively Correlated to 10Y Yield

#	Ticker	Company Name	Sector	MS Rating	Last Price	L3M Daily Correlation to 10Y Yield	L1Y Daily Correlation to 10Y Yield
1	OXY	Occidental Petroleum Corporation	Energy	Equal-Weight	59.29	0.54	0.37
2	DVN	Devon Energy Corporation	Energy	Overweight	48.72	0.53	0.37
3	CHRD	Chord Energy Corporation	Energy	Overweight	146.27	0.51	0.39
4	COP	ConocoPhillips	Energy	Overweight	133.19	0.50	0.39
5	XOM	Exxonmobil Holdings Corporation	Energy	Overweight	163.27	0.50	0.36
6	FANG	Diamondback Energy, Inc.	Energy	Equal-Weight	196.94	0.48	0.35
7	CVX	Chevron Corporation	Energy	Overweight	211.57	0.47	0.33
8	OVV	Ovintiv Inc	Energy	NC	62.99	0.46	0.36
9	LYB	LyondellBasell Industries NV	Materials	Overweight	64.25	0.46	0.26
10	DOW	Dow, Inc.	Materials	Equal-Weight	29.49	0.46	0.22
11	EOG	EOG Resources, Inc.	Energy	Equal-Weight	145.47	0.46	0.36
12	VNOM	Viper Energy, Inc.	Energy	Overweight	42.93	0.45	0.34
13	PR	Permian Resources Corporation Class A	Energy	Overweight	23.2	0.45	0.33
14	CBOE	Cboe Global Markets Inc	Financials	Underweight	266.67	0.44	0.11
15	APA	APA Corporation	Energy	Underweight	45.46	0.43	0.32
16	LNG	Cheniere Energy, Inc.	Energy	Overweight	269.85	0.40	0.24
17	CF	CF Industries Holdings, Inc.	Materials	Equal-Weight	133.82	0.39	0.38
18	TRGP	Targa Resources Corp.	Energy	Overweight	285.07	0.38	0.25
19	FTI	TechnipFMC plc	Energy	NC	72.74	0.35	0.16
20	MUSA	Murphy USA, Inc.	Consumer Discretionary	NC	522.83	0.34	0.12
21	HAL	Halliburton Company	Energy	Overweight	34.03	0.34	0.19
22	AR	Antero Resources Corporation	Energy	Overweight	35.59	0.32	0.24
23	EXE	Expand Energy Corporation	Energy	Overweight	88.33	0.32	0.17
24	CME	CME Group Inc. Class A	Financials	Overweight	271.15	0.31	0.10
25	OKE	ONEOK, Inc.	Energy	Equal-Weight	93.22	0.30	0.23
26	DAR	Darling Ingredients Inc	Consumer Staples	NC	66.49	0.28	0.15
27	RRC	Range Resources Corporation	Energy	Equal-Weight	39.1	0.26	0.17
28	NOV	NOV Inc.	Energy	Equal-Weight	20.53	0.25	0.13
29	TW	Tradeweb Markets, Inc. Class A	Financials	Equal-Weight	102.06	0.24	0.07
30	EQT	EQT Corporation	Energy	Overweight	50.35	0.23	0.13
31	DRS	Leonardo DRS, Inc.	Industrials	Equal-Weight	37.06	0.22	-0.07
32	ELV	Elevance Health, Inc.	Health Care	Equal-Weight	414.26	0.21	0.01
33	APD	Air Products and Chemicals, Inc.	Materials	Equal-Weight	286.12	0.20	0.00
34	TIGO	Millicom International Cellular SA	Communication Services	NC	95.69	0.17	-0.12
35	LPLA	LPL Financial Holdings Inc.	Financials	Overweight	329.94	0.16	0.13
36	AM	Antero Midstream Corp.	Energy	Equal-Weight	21.25	0.15	0.17
37	FRO	Frontline Plc	Energy	NC	54.03	0.15	-0.04
38	JD	JD.com, Inc. Sponsored ADR Class A	Consumer Discretionary	NC	26.64	0.15	0.00
39	DINO	HF Sinclair Corporation	Energy	Overweight	116.62	0.14	0.26
40	APGE	Apogee Therapeutics, Inc.	Health Care	NC	135.07	0.14	-0.06

Source: Compustat, Factset, Morgan Stanley Research

Exhibit 13: Most Inversely Correlated to 10Y Yield

#	Ticker	Company Name	Sector	MS Rating	Last Price	L3M Daily Correlation to 10Y Yield	L1Y Daily Correlation to 10Y Yield
1	RKT	Rocket Companies, Inc. Class A	Financials	Overweight	12.57	-0.65	-0.49
2	TOL	Toll Brothers, Inc.	Consumer Discretionary	NC	134.32	-0.69	-0.53
3	DHI	D.R. Horton, Inc.	Consumer Discretionary	NC	140.38	-0.68	-0.50
4	BLDR	Builders FirstSource, Inc.	Industrials	NC	57.68	-0.61	-0.42
5	LEN	Lennar Corporation Class A	Consumer Discretionary	NC	79.7	-0.67	-0.47
6	QXO	QXO, Inc.	Industrials	Overweight	11.64	-0.66	-0.36
7	SHW	Sherwin-Williams Company	Materials	Overweight	320.94	-0.63	-0.47
8	HD	Home Depot, Inc.	Consumer Discretionary	Overweight	302.51	-0.62	-0.41
9	PHM	PulteGroup, Inc.	Consumer Discretionary	NC	118.84	-0.62	-0.45
10	MAS	Masco Corporation	Industrials	NC	68.23	-0.61	-0.45
11	NLY	Annaly Capital Management, Inc.	Financials	NC	21.31	-0.60	-0.43
12	WSM	Williams-Sonoma, Inc.	Consumer Discretionary	Equal-Weight	218.92	-0.59	-0.29
13	SGI	Somnigroup International Inc.	Consumer Discretionary	Overweight	65.04	-0.60	-0.44
14	AGNC	AGNC Investment Corp.	Financials	NC	9.91	-0.59	-0.44
15	PPG	PPG Industries, Inc.	Materials	Equal-Weight	105.45	-0.59	-0.44
16	WMS	Advanced Drainage Systems, Inc.	Industrials	NC	125.67	-0.56	-0.52
17	UAL	United Airlines Holdings, Inc.	Industrials	Overweight	107.64	-0.60	-0.31
18	SWK	Stanley Black & Decker, Inc.	Industrials	Equal-Weight	89.12	-0.57	-0.37
19	SSD	Simpson Manufacturing Co., Inc.	Industrials	NC	172.44	-0.58	-0.42
20	CCL	Carnival Corporation Ltd.	Consumer Discretionary	Overweight	22.17	-0.55	-0.32
21	W	Wayfair, Inc. Class A	Consumer Discretionary	Overweight	102.5	-0.54	-0.29
22	JHX	James Hardie Industries PLC	Materials	NC	25.91	-0.48	-0.41
23	LOW	Lowe's Companies, Inc.	Consumer Discretionary	Overweight	194.19	-0.55	-0.40
24	CSL	Carlisle Companies Incorporated	Industrials	NC	320.37	-0.55	-0.40
25	AFRM	Affirm Holdings, Inc. Class A	Financials	Equal-Weight	70.28	-0.52	-0.21
26	XYZ	Block, Inc. Class A	Financials	Overweight	76.47	-0.54	-0.25
27	FND	Floor & Decor Holdings, Inc. Class A	Consumer Discretionary	Equal-Weight	47.41	-0.56	-0.44
28	MHK	Mohawk Industries, Inc.	Consumer Discretionary	NC	128.39	-0.54	-0.45
29	LUV	Southwest Airlines Co.	Industrials	Overweight	40.34	-0.57	-0.37
30	NVR	NVR, Inc.	Consumer Discretionary	NC	6242.23	-0.54	-0.39
31	NCLH	Norwegian Cruise Line Holdings Ltd.	Consumer Discretionary	Equal-Weight	14.39	-0.51	-0.32
32	AAL	American Airlines Group Inc.	Industrials	Overweight	12.94	-0.54	-0.32
33	VNO	Vornado Realty Trust	Real Estate	Underweight	34.82	-0.51	-0.31
34	DAL	Delta Air Lines, Inc.	Industrials	Overweight	79.43	-0.55	-0.30
35	POOL	Pool Corporation	Consumer Discretionary	NC	167.65	-0.51	-0.30
36	CPA	Copa Holdings, S.A. Class A	Industrials	NC	131.05	-0.53	-0.28
37	Z	Zillow Group, Inc. Class C	Real Estate	Equal-Weight	30.1	-0.45	-0.22
38	SOFI	SoFi Technologies Inc	Financials	Underweight	16.73	-0.49	-0.19
39	EXP	Eagle Materials Inc.	Materials	NC	177.74	-0.48	-0.34
40	CRH	CRH public limited company	Materials	Overweight	86.7	-0.50	-0.36

Source: Compustat, Factset, Morgan Stanley Research

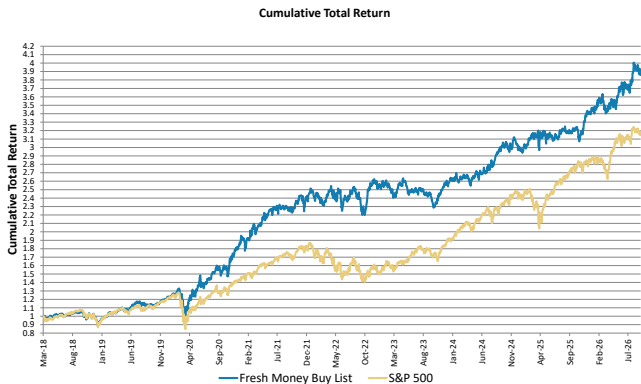
Fresh Money Buy List

Exhibit 14: Fresh Money Buy List - Stats & Performance

Company Name	Ticker	MS Rating	Sector	Market Cap (\$Bn)	Price	MS PT	% to MS PT	MS Analyst	Date Added	Total Return Since Inclusion	
										Absolute	Rel. to S&P
Abbvie Inc.	ABBV	Overweight	Health Care	\$464.0	\$262.55	296.00	12.7%	Flynn, Terence	8/12/2024	48.4%	1.4%
American Tower Corp.	AMT	Overweight	Real Estate	\$82.2	\$176.39	220.00	24.7%	McVeigh, Cameron	4/7/2025	(16.4%)	(69.8%)
CenterPoint Energy Inc.	CNP	Equal-Weight	Utilities	\$25.0	\$38.32	38.00	(0.8%)	Arcaro, David	3/21/2022	47.3%	(35.4%)
Delta Air Lines, Inc.	DAL	Overweight	Industrials	\$51.2	\$77.90	125.00	60.5%	Shanker, Ravi	11/17/2025	37.3%	22.6%
EQT Corp.	EQT	Overweight	Energy	\$31.5	\$50.40	67.00	32.9%	McDermott, Devin	11/17/2025	(15.8%)	(30.6%)
Knight-Swift Transportation Holdings Inc.	KNX	Overweight	Industrials	\$10.7	\$65.81	100.00	52.0%	Shanker, Ravi	11/17/2025	57.1%	42.3%
Northrop Grumman Corp.	NOC	Overweight	Industrials	\$75.4	\$530.98	745.00	40.3%	Liwaig, Kristine	8/12/2024	10.8%	(36.2%)
Atlassian Corporation PLC	TEAM	Overweight	Information Technology	\$48.3	\$190.28	180.00	(5.4%)	Wood, Adam	11/17/2025	26.5%	11.7%
Target Corp.	TGT	Overweight	Consumer Staples	\$70.3	\$154.67	170.00	9.9%	Gutman, Simeon	11/17/2025	80.7%	65.9%
Walmart Inc.	WMT	Overweight	Consumer Staples	\$852.9	\$107.50	125.00	16.3%	Gutman, Simeon	3/27/2023	134.7%	32.9%
Current List Performance											
Average (Eq. Weight)				\$171.2			24.3%			41.05%	0.49%
Median				\$60.7			20.5%			42.3%	6.6%
% Positive Returns (Abs. / Rel.)										60%	60%
% Negative Returns (Abs. / Rel.)										20%	40%
Avg. Hold Period (Months)											21.7
All Time List Performance											
Average (Eq. Weight)										31.0%	4.7%
Median										22.7%	(1.1%)
% Positive Returns (Abs. / Rel.)										77%	48%
% Negative Returns (Abs. / Rel.)										23%	52%
Avg. Hold Period (Months)											19.0
Performance returns shown above and below represent local currency total returns, including dividends and excluding brokerage commission. Returns are calculated using the closing price on the last trading day before the date shown in the "Date Added" column through close on the last trading day prior to publication of this report for stocks currently on the list and through close on the day of removal for stocks formerly on the list. These figures are not audited. Past performance is no guarantee of future results.											

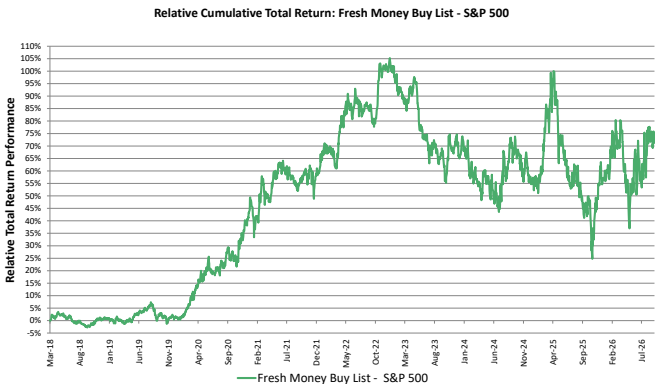
Source: Bloomberg, Morgan Stanley Research

Exhibit 15: Fresh Money Buy List & S&P 500 Cumulative Total Return



Source: Bloomberg, Morgan Stanley Research

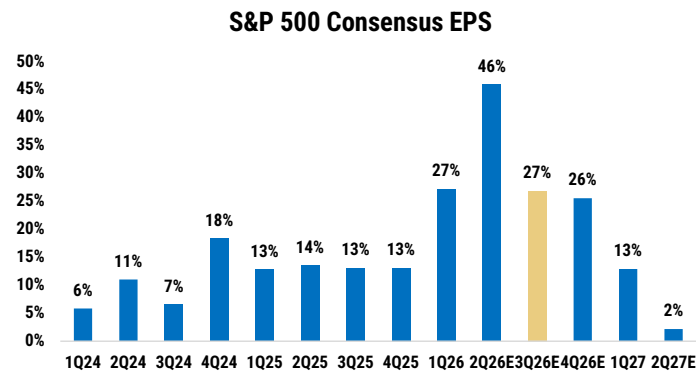
Exhibit 16: Fresh Money Buy List / S&P 500 Cumulative Relative Return



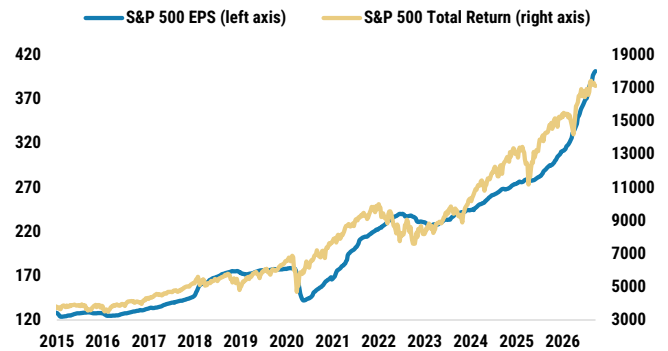
Source: Bloomberg, Morgan Stanley Research

Weekly Charts to Watch

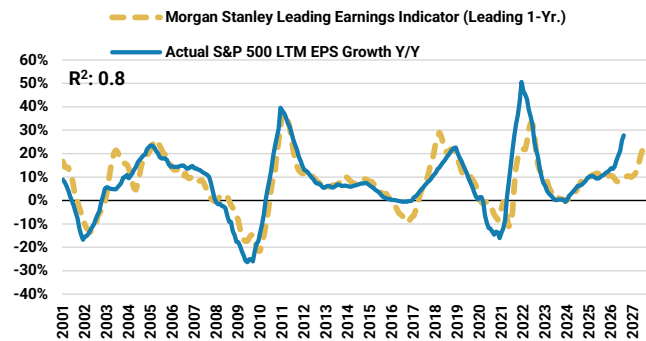
Exhibit 17: US Earnings Snapshot
S&P 500 Y/Y EPS Growth



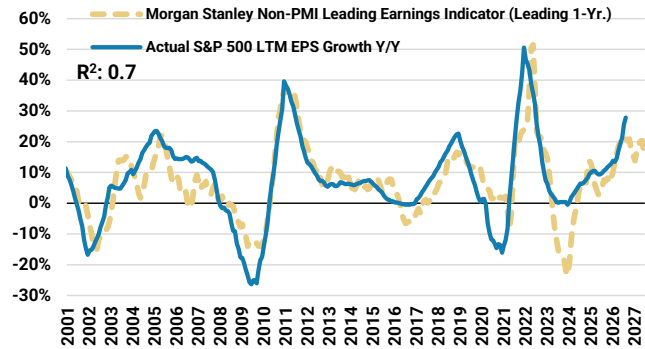
S&P 500 NTM EPS vs. Total Return Level



US Leading Earnings Indicator



US Non-PMI Leading Earnings Indicator



Source: Refinitiv, FactSet, Morgan Stanley Research. Top: As of Sept. 18, 2026. Bottom left as of Aug 31, 2026. Bottom right as of July 31, 2026. Government data has delayed further updates. Actual S&P 500 LTM EPS as of 8/31/26. The LEI is a top down macro indicator consisting of the Inventory/Sales ratio, ISM Manufacturing PMI, ISM Manufacturing Employment PMI, Consumer Confidence and credit spreads. MS Non-PMI Leading Earnings Indicator inputs: Philadelphia Fed economic activity, Creighton U. business confidence, Chicago Fed supplier deliveries, Atlanta Fed wage tracker (inverse signal), NFIB small bus. most important problem inflation (inverse signal), and Brave-Butters-Kelley cycle component of monthly GDP. Weightings are fixed over time.

Exhibit 18: Morgan Stanley US Equity Strategy Forecast Table

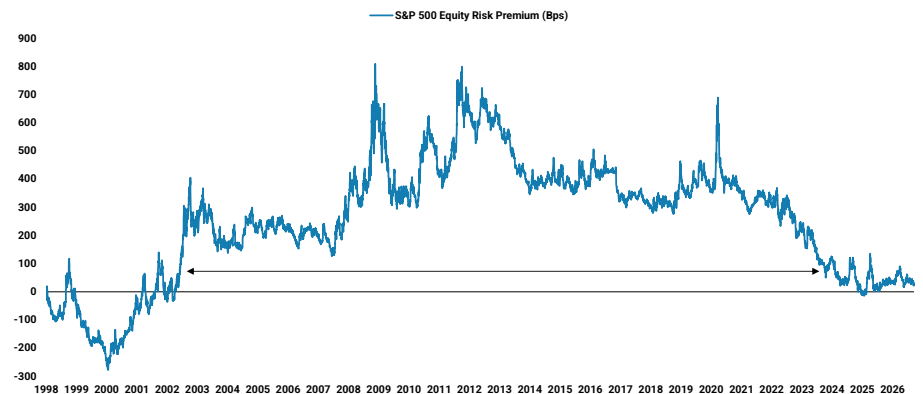
	Current Prices	MS Next 12M Price Target	Price Target % to Current	Current P/E	MS Next 12M P/E Target	MS Top Down EPS Estimates				Bottom Up Consensus EPS Estimates			
						2026	2027	June 2028	2028	2026	2027	June 2028	2028
Bear Growth	7,651	5,900	-23%	19.1x	19.0x	\$299	\$300	\$311	\$322	\$362	\$417	\$437	\$488
Base Growth	7,651	8,300	8%	19.1x	20.5x	\$339	\$380	\$404	\$429	\$362	\$417	\$437	\$488
Bull Growth	7,651	9,400	23%	19.1x	21.0x	\$352	\$416	\$446	\$480	\$362	\$417	\$437	\$488
						28%	18%	17%	16%	32%	15%	16%	17%

Source: FactSet, Morgan Stanley Research.

Exhibit 19: Sector Ratings

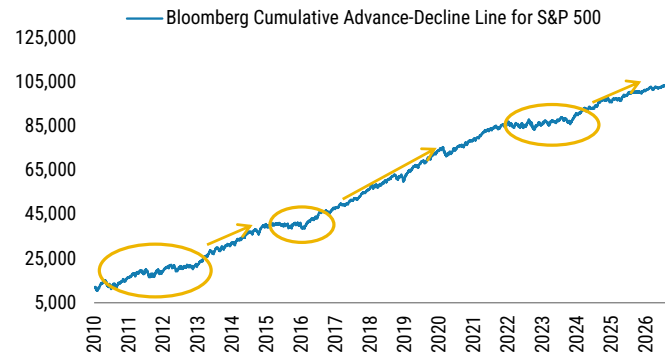
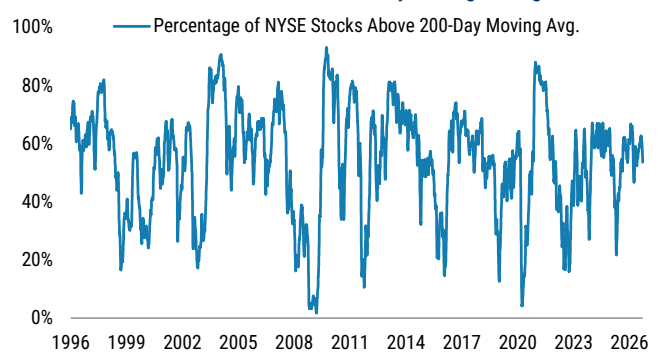
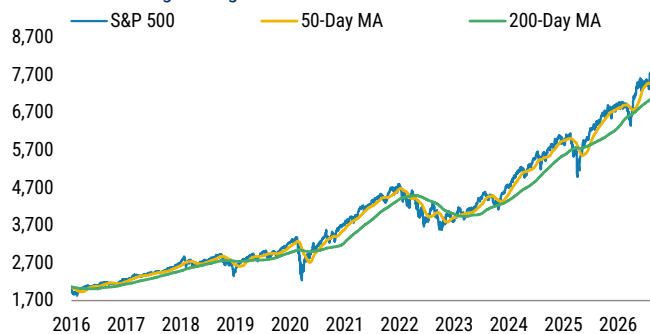
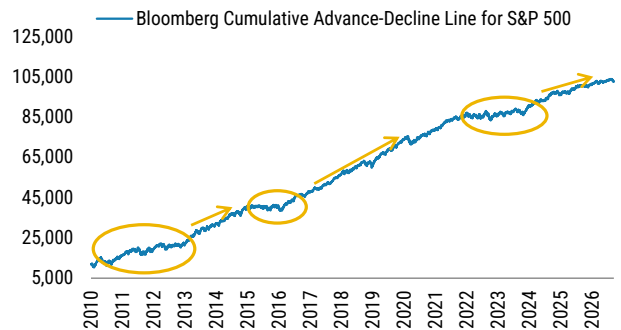
Morgan Stanley Sector Recommendations			
Overweight	Financials	Industrials	Consumer Discretionary Goods
Equal Weight	Tech	Comm. Services	Health Care
	Materials	Utilities	Consumer Services
	Energy		
Underweight	Staples	Real Estate	

Source: Morgan Stanley Research

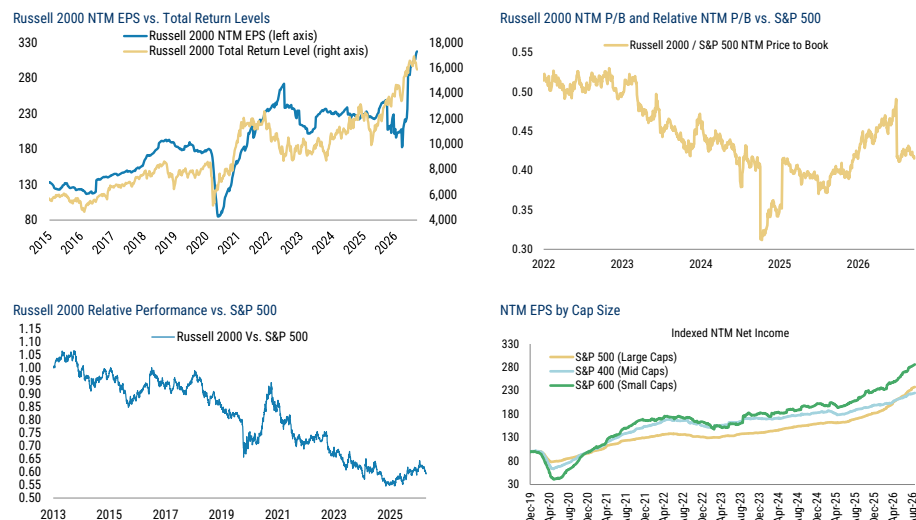
Exhibit 20: Equity Risk Premium

Note: Equity risk premium is calculated as the S&P 500 forward 12M earnings yield minus the nominal 10-Year Treasury.

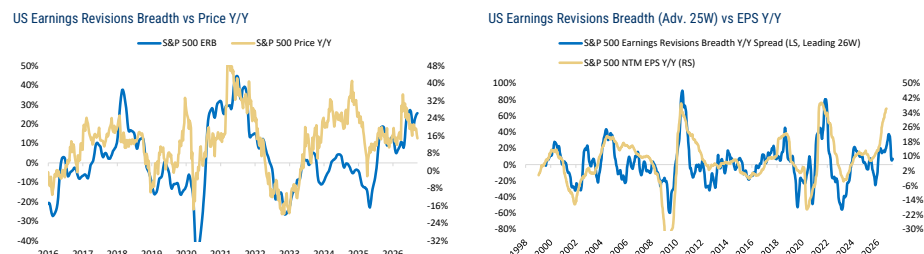
Source: As of Sept. 18, 2026. Bloomberg, Morgan Stanley Research

Exhibit 21: US Equity Market Technicals and Financial Conditions**S&P 500 Advance/Decline Line****S&P 500 Percent Members Above 200-Day Moving Average****S&P 500 with Moving Averages****S&P 500 Advance/Decline Line**

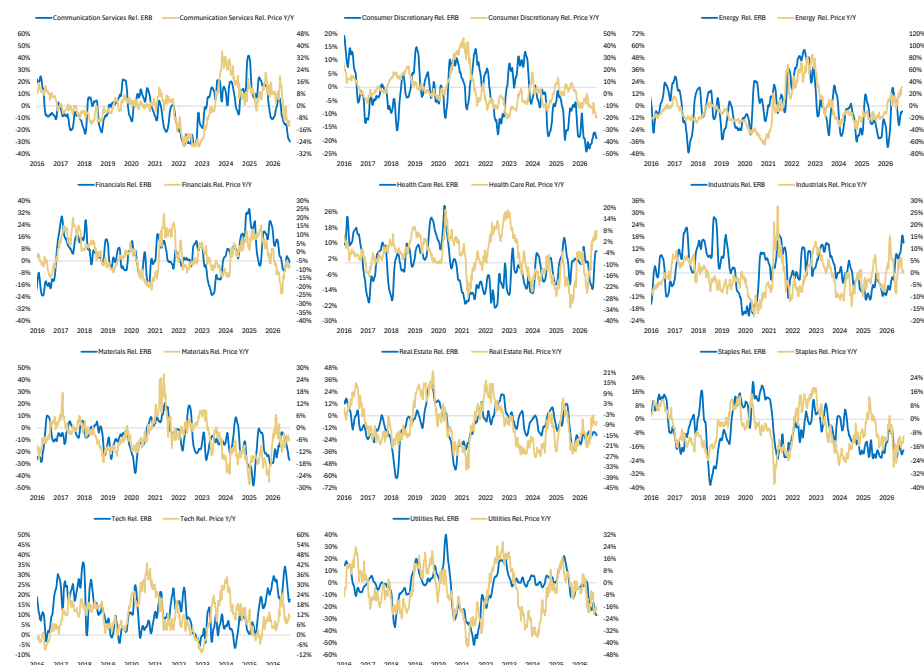
Source: Bloomberg, Morgan Stanley Research. As of Sept. 18, 2026

Exhibit 22: US Small Cap Equities

Source: FactSet, Morgan Stanley Research. As of Sept. 18, 2026

Exhibit 23: Earnings Revisions Breadth

Source: FactSet, Morgan Stanley Research

Exhibit 24: Earnings Revisions Breadth vs YoY Performance

Source: FactSet, Morgan Stanley Research. As of Sept. 18, 2026

Important note regarding economic sanctions. This report references jurisdictions which may be the subject of economic sanctions. Readers are solely responsible for ensuring that their investment activities are carried out in compliance with applicable laws.

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V. and their affiliates as necessary.

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/eqr/disclosures/webapp/generalresearch, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Diane Ding, Ph.D.; Nicholas Lentini, CFA; Andrew B Pauker; Michelle M. Weaver, CFA; Michael J Wilson.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

The analyst or strategist (or a household member) identified below owns the following securities (or related derivatives): Diane Ding, Ph.D. - Apple, Inc.(common or preferred stock), CME Group Inc.(common or preferred stock), Visa Inc.(common or preferred stock); Nicholas Lentini, CFA - Delta Air Lines, Inc.(common or preferred stock); Andrew B Pauker - Southwest Airlines Co.(common or preferred stock).

As of August 31, 2026, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Abbvie Inc., Acuity Inc., Advanced Drainage Systems Inc, Affirm Holdings Inc, Air Products and Chemicals Inc., American Airlines Group Inc, American Tower Corp., Annaly Capital Management, Inc, Antero Midstream Corp, Antero Resources Corp, APA Corp, Apple, Inc., AppLovin Corp, Arista Networks, Atlassian Corporation PLC, Autodesk, Baker Hughes Co, Blackstone Inc., Block, Inc, Bloom Energy Corp., Booking Holdings Inc, Builders FirstSource, Inc., Carlisle Companies Inc, Carnival Corp., CBOE Global Markets Inc., CenterPoint Energy Inc, CF Industries, Cheniere Energy Inc, Chevron Corporation, Chord Energy Corporation, Cigna Corp, CME Group Inc., Coca-Cola Co., Colgate-Palmolive Co, ConocoPhillips, Copa Holdings, Corpay Inc, Corteva Inc., Costco Wholesale Corp, D.R. Horton Inc, Darling International Inc., Delta Air Lines, Inc., Devon Energy Corp, Diamondback Energy Inc, Dow Inc., DraftKings Inc, Eagle Materials Inc., eBay Inc, EchoStar Corporation, Ecolab Inc., Elevance Health Inc, EOG Resources Inc, EQT Corp., Expand Energy Corp, Exxon Mobil Corporation, First Solar Inc, FirstEnergy Corp, Floor & Decor Holdings Inc, General Dynamics Corp., Gilead Sciences Inc., Globe Life Inc, Halliburton Co, Halozyme Therapeutics, Inc, HF Sinclair Corp, Home Depot Inc, HubSpot, Inc., Hyatt Hotels Corp, IDEXX Laboratories, Inc., Jazz Pharmaceuticals PLC, JD.com, Inc., Johnson Controls International Plc, Keysight Technologies Inc, Knight-Swift Transportation Holdings Inc, Lam Research Corp, Lennar Corp, Lincoln National Corp, Lowe's Companies Inc, LPL Financial Holdings Inc., LyondellBasell Industries N.V., Masco Corporation, MasterCard Inc, Micron Technology Inc., Mirum Pharmaceuticals, Mohawk Industries Inc., MongoDB Inc, Monster Beverage Corp, Murphy USA Inc, Northrop Grumman Corp., Norwegian Cruise Line Holdings Ltd, NVIDIA Corp., NVR, Inc., Occidental Petroleum Corp, Oneok Inc., Pinterest Inc, Pool Corp., PPG Industries Inc., PulteGroup Inc, QXO Inc, Range Resources Corp., Reddit Inc, Regency Centers Corp, Rocket Cos Inc, Rockwell Automation, SanDisk Corporation., Seagate Technology, SEI Investments Company, Sempra, ServiceNow Inc, Sherwin-Williams Co., Simpson Manufacturing Co, SoFi Technologies, Inc., Somnigroup International Inc, Southwest Airlines Co., Stanley Black & Decker Inc, Tapestry Inc, Targa Resources Corp., Target Corp, TechnipFMC plc, Toll Brothers Inc, Tradeweb Markets Inc, Trane Technologies PLC, Ulta Beauty Inc, United Airlines Holdings, Inc., UnitedHealth Group Inc, Vertiv Holdings Co., Viper Energy Inc, Visa Inc., Vornado Realty Trust, Walmart Inc, Warner Music Group Corp., Wayfair Inc, Williams-Sonoma Inc, Zillow Group Inc. Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Abbvie Inc., Advanced Drainage Systems Inc, Affirm Holdings Inc, American Airlines Group Inc, American Tower Corp., Annaly Capital Management, Inc, Autodesk, Baker Hughes Co, Blackstone Inc., Bloom Energy Corp., Carnival Corp., CenterPoint Energy Inc, Cheniere Energy Inc, Chevron Corporation, Colgate-Palmolive Co, Delta Air Lines, Inc., DigitalOcean Holdings Inc, eBay Inc, Ecolab Inc., EOG Resources Inc, Gilead Sciences Inc., Halozyme Therapeutics, Inc, Lincoln National Corp, LyondellBasell Industries N.V., MasterCard Inc, Mirum Pharmaceuticals, NVIDIA Corp., Permian Resources Corp, PPG Industries Inc., QXO Inc, Rocket Cos Inc, Sempra, ServiceNow Inc, Southwest Airlines Co., Targa Resources Corp., United Airlines Holdings, Inc., Vertiv Holdings Co., Vornado Realty Trust, Walmart Inc.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Abbvie Inc., Advanced Drainage Systems Inc, Affirm Holdings Inc, American Airlines Group Inc, American Tower Corp., Annaly Capital Management, Inc, Autodesk, Blackstone Inc., Block, Inc, Bloom Energy Corp., BrightSpring Health Services, Carnival Corp., CenterPoint Energy Inc, Cheniere Energy Inc, Chevron Corporation, Coca-Cola Co., Colgate-Palmolive Co, Corteva Inc., Delta Air Lines, Inc., Devon Energy Corp, Diamondback Energy Inc, DigitalOcean Holdings Inc, eBay Inc, Ecolab Inc., EOG Resources Inc, Expand Energy Corp, FirstEnergy Corp, Gilead Sciences Inc., Halozyme Therapeutics, Inc, HubSpot, Inc., Leonardo DRS Inc, Lincoln National Corp, LPL Financial Holdings Inc., LyondellBasell Industries N.V., MasterCard Inc, Micron Technology Inc., Mirum Pharmaceuticals, Norwegian Cruise Line Holdings Ltd, NVIDIA Corp., Permian Resources Corp, PPG Industries Inc., QXO Inc, Rocket Cos Inc, Rockwell Automation, Seagate Technology, Sempra, ServiceNow Inc, Southwest Airlines Co., Stanley Black & Decker Inc, Targa Resources Corp., Trane Technologies PLC, United Airlines Holdings, Inc., UnitedHealth Group Inc, Vertiv Holdings Co., Viper Energy Inc, Vornado Realty Trust, Walmart Inc.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Abbvie Inc., Acuity Inc., Advanced Drainage Systems Inc, Affirm Holdings Inc, AGNC Investment Corp, Air Products and Chemicals Inc., American Airlines Group Inc, American Tower Corp., Annaly Capital Management, Inc, Antero Midstream Corp, Antero Resources Corp, APA Corp, Apple, Inc., AppLovin Corp, Arista Networks, Atlassian Corporation PLC, Autodesk, Baker Hughes Co, Blackstone Inc., Block, Inc, Bloom Energy Corp., Booking Holdings Inc, BrightSpring Health Services, Builders FirstSource, Inc., Carlisle Companies Inc, Carnival Corp., CBOE Global Markets Inc., CenterPoint Energy Inc, Cheniere Energy Inc, Chevron Corporation, Chord Energy Corporation, Cigna Corp, CME Group Inc., Coca-Cola Co., Colgate-Palmolive Co, ConocoPhillips, Copa Holdings, Corpay Inc, Corteva Inc., Costco Wholesale Corp, Darling International Inc., Delta Air Lines, Inc., Devon Energy Corp, Diamondback Energy Inc, DigitalOcean Holdings Inc, DraftKings Inc, eBay Inc, EchoStar Corporation, Ecolab Inc., Elevance Health Inc, EOG Resources Inc, EQT Corp., Expand Energy Corp, Exxon Mobil Corporation, First Solar Inc, FirstEnergy Corp, Frontline PLC, General Dynamics Corp., Gilead Sciences Inc., Globe Life Inc, Halliburton Co, Halozyme Therapeutics, Inc, Home Depot Inc, HubSpot, Inc., Hyatt Hotels Corp, IDEXX Laboratories, Inc., Insmed Inc, Jazz Pharmaceuticals PLC, JD.com, Inc., Johnson Controls International Plc, Keysight Technologies Inc, Lam Research Corp, Leonardo DRS Inc, Lincoln National Corp, Lowe's Companies Inc, LPL Financial Holdings Inc., LyondellBasell Industries N.V., Masco Corporation, MasterCard Inc, Micron Technology Inc., Millicom International Cellular SA, Mirum Pharmaceuticals, MongoDB Inc, Monster Beverage Corp, Murphy USA Inc, Northrop Grumman

Corp., Norwegian Cruise Line Holdings Ltd, NOV Inc., NVIDIA Corp., Occidental Petroleum Corp, Oneok Inc., Permian Resources Corp, Pinterest Inc, PPG Industries Inc., QXO Inc, Range Resources Corp., Reddit Inc, Rocket Cos Inc, Rockwell Automation, SanDisk Corporation., Seagate Technology, SEI Investments Company, Sempra, ServiceNow Inc, Sherwin-Williams Co., SoFi Technologies, Inc., Somnigroup International Inc, Southwest Airlines Co., Stanley Black & Decker Inc, Tapestry Inc, Targa Resources Corp., Target Corp, TechnipFMC plc, Tradeweb Markets Inc, Trane Technologies PLC, Ultra Beauty Inc, United Airlines Holdings, Inc., UnitedHealth Group Inc, Vertiv Holdings Co., Viper Energy Inc, Visa Inc., Vornado Realty Trust, Walmart Inc, Williams-Sonoma Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from Abbvie Inc., Advanced Drainage Systems Inc, Affirm Holdings Inc, AGNC Investment Corp, American Airlines Group Inc, American Tower Corp., Annaly Capital Management, Inc, Antero Resources Corp, APA Corp, Apple, Inc., AppLovin Corp, Atlassian Corporation PLC, Autodesk, Baker Hughes Co, Blackstone Inc., Block, Inc, Bloom Energy Corp., Booking Holdings Inc, BrightSpring Health Services, Builders FirstSource, Inc., Carlisle Companies Inc, Carnival Corp., CBOE Global Markets Inc., CenterPoint Energy Inc, CF Industries, Cheniere Energy Inc, Chevron Corporation, Chord Energy Corporation, Cigna Corp, CME Group Inc., Coca-Cola Co., Colgate-Palmolive Co, ConocoPhillips, Corpay Inc, Corteva Inc., Delta Air Lines, Inc., Devon Energy Corp, Diamondback Energy Inc, DigitalOcean Holdings Inc, DraftKings Inc, eBay Inc, EchoStar Corporation, Ecolab Inc., Elevance Health Inc, EOG Resources Inc, EQT Corp., Expand Energy Corp, Exxon Mobil Corporation, First Solar Inc, FirstEnergy Corp, Gilead Sciences Inc., Halliburton Co, Halozyne Therapeutics, Inc, Home Depot Inc, HubSpot, Inc., Hyatt Hotels Corp, Inmed Inc, Jazz Pharmaceuticals PLC, Johnson Controls International Plc, Lennar Corp, Leonardo DRS Inc, Lincoln National Corp, Lowe's Companies Inc, LPL Financial Holdings Inc., LyondellBasell Industries N.V., Masco Corporation, MasterCard Inc, Micron Technology Inc., Millicom International Cellular SA, Mohawk Industries Inc., MongoDB Inc, Monster Beverage Corp, Murphy USA Inc, Northrop Grumman Corp., Norwegian Cruise Line Holdings Ltd, NVIDIA Corp., Occidental Petroleum Corp, Oneok Inc., Ovintiv Inc, Permian Resources Corp, Pinterest Inc, PPG Industries Inc., PulteGroup Inc, QXO Inc, Range Resources Corp., Reddit Inc, Rocket Cos Inc, Rockwell Automation, Seagate Technology, SEI Investments Company, Sempra, ServiceNow Inc, SoFi Technologies, Inc., Southwest Airlines Co., Stanley Black & Decker Inc, Tapestry Inc, Targa Resources Corp., Target Corp, TechnipFMC plc, Toll Brothers Inc, Tradeweb Markets Inc, United Airlines Holdings, Inc., UnitedHealth Group Inc, Vertiv Holdings Co., Viper Energy Inc, Visa Inc., Vornado Realty Trust, Walmart Inc, Warner Music Group Corp..

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Abbvie Inc., Acuity Inc., Advanced Drainage Systems Inc, Affirm Holdings Inc, AGNC Investment Corp, Air Products and Chemicals Inc., American Airlines Group Inc, American Tower Corp., Annaly Capital Management, Inc, Antero Midstream Corp, Antero Resources Corp, APA Corp, Apple, Inc., AppLovin Corp, Arista Networks, Atlassian Corporation PLC, Autodesk, Baker Hughes Co, Blackstone Inc., Block, Inc, Bloom Energy Corp., Booking Holdings Inc, BrightSpring Health Services, Builders FirstSource, Inc., Carlisle Companies Inc, Carnival Corp., CBOE Global Markets Inc., CenterPoint Energy Inc, Cheniere Energy Inc, Chevron Corporation, Chord Energy Corporation, Cigna Corp, CME Group Inc., Coca-Cola Co., Colgate-Palmolive Co, ConocoPhillips, Copa Holdings, Corpay Inc, Corteva Inc., Costco Wholesale Corp, Darling International Inc., Delta Air Lines, Inc., Devon Energy Corp, Diamondback Energy Inc, DigitalOcean Holdings Inc, DraftKings Inc, eBay Inc, EchoStar Corporation, Ecolab Inc., Elevance Health Inc, EOG Resources Inc, EQT Corp., Expand Energy Corp, Exxon Mobil Corporation, First Solar Inc, FirstEnergy Corp, Frontline PLC, General Dynamics Corp., Gilead Sciences Inc., Globe Life Inc, Halliburton Co, Halozyne Therapeutics, Inc, Home Depot Inc, HubSpot, Inc., Hyatt Hotels Corp, IDEXX Laboratories, Inc., Inmed Inc, Jazz Pharmaceuticals PLC, JD.com, Inc., Johnson Controls International Plc, Keysight Technologies Inc, Lam Research Corp, Leonardo DRS Inc, Lincoln National Corp, Lowe's Companies Inc, LPL Financial Holdings Inc., LyondellBasell Industries N.V., Masco Corporation, MasterCard Inc, Micron Technology Inc., Millicom International Cellular SA, Mirum Pharmaceuticals, MongoDB Inc, Monster Beverage Corp, Murphy USA Inc, Northrop Grumman Corp., Norwegian Cruise Line Holdings Ltd, NOV Inc., NVIDIA Corp., Occidental Petroleum Corp, Oneok Inc., Permian Resources Corp, Pinterest Inc, PPG Industries Inc., QXO Inc, Range Resources Corp., Reddit Inc, Rocket Cos Inc, Rockwell Automation, SanDisk Corporation., Seagate Technology, SEI Investments Company, Sempra, ServiceNow Inc, Sherwin-Williams Co., SoFi Technologies, Inc., Somnigroup International Inc, Southwest Airlines Co., Stanley Black & Decker Inc, Tapestry Inc, Targa Resources Corp., Target Corp, TechnipFMC plc, Tradeweb Markets Inc, Trane Technologies PLC, Ultra Beauty Inc, United Airlines Holdings, Inc., UnitedHealth Group Inc, Vertiv Holdings Co., Viper Energy Inc, Visa Inc., Vornado Realty Trust, Walmart Inc, Williams-Sonoma Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: Abbvie Inc., Advanced Drainage Systems Inc, Affirm Holdings Inc, AGNC Investment Corp, American Airlines Group Inc, American Tower Corp., Annaly Capital Management, Inc, Antero Resources Corp, APA Corp, Apple, Inc., AppLovin Corp, Atlassian Corporation PLC, Autodesk, Baker Hughes Co, Blackstone Inc., Block, Inc, Bloom Energy Corp., Booking Holdings Inc, BrightSpring Health Services, Builders FirstSource, Inc., Carlisle Companies Inc, Carnival Corp., CBOE Global Markets Inc., CenterPoint Energy Inc, CF Industries, Cheniere Energy Inc, Chevron Corporation, Chord Energy Corporation, Cigna Corp, CME Group Inc., Coca-Cola Co., Colgate-Palmolive Co, ConocoPhillips, Corpay Inc, Corteva Inc., D.R. Horton Inc, Delta Air Lines, Inc., Devon Energy Corp, Diamondback Energy Inc, DigitalOcean Holdings Inc, DraftKings Inc, eBay Inc, EchoStar Corporation, Ecolab Inc., Elevance Health Inc, EOG Resources Inc, EQT Corp., Expand Energy Corp, Exxon Mobil Corporation, First Solar Inc, FirstEnergy Corp, Gilead Sciences Inc., Globe Life Inc, Halliburton Co, Halozyne Therapeutics, Inc, Home Depot Inc, HubSpot, Inc., Hyatt Hotels Corp, Inmed Inc, Jazz Pharmaceuticals PLC, Johnson Controls International Plc, Lennar Corp, Leonardo DRS Inc, Lincoln National Corp, Lowe's Companies Inc, LPL Financial Holdings Inc., LyondellBasell Industries N.V., Masco Corporation, MasterCard Inc, Micron Technology Inc., Millicom International Cellular SA, Mirum Pharmaceuticals, Mohawk Industries Inc., MongoDB Inc, Monster Beverage Corp, Murphy USA Inc, Northrop Grumman Corp., Norwegian Cruise Line Holdings Ltd, NVIDIA Corp., NVR, Inc., Occidental Petroleum Corp, Oneok Inc., Ovintiv Inc, Permian Resources Corp, Pinterest Inc, PPG Industries Inc., PulteGroup Inc, QXO Inc, Range Resources Corp., Reddit Inc, Rocket Cos Inc, Rockwell Automation, SanDisk Corporation., Seagate Technology, SEI Investments Company, Sempra, ServiceNow Inc, Sherwin-Williams Co., SoFi Technologies, Inc., Southwest Airlines Co., Stanley Black & Decker Inc, Tapestry Inc, Targa Resources Corp., Target Corp, TechnipFMC plc, Toll Brothers Inc, Tradeweb Markets Inc, United Airlines Holdings, Inc., UnitedHealth Group Inc, Vertiv Holdings Co., Viper Energy Inc, Visa Inc., Vornado Realty Trust, Walmart Inc, Warner Music Group Corp., Wayfair Inc, Zillow Group Inc.

An employee, director or consultant of Morgan Stanley is a director of eBay Inc, Occidental Petroleum Corp, Walmart Inc. This person is not a research analyst or a member of a research analyst's household.

Morgan Stanley & Co. LLC makes a market in the securities of Acuity Inc., Advanced Drainage Systems Inc, Air Products and Chemicals Inc., Antero Midstream Corp, Autodesk, Carlisle Companies Inc, Chord Energy Corporation, Cigna Corp, Copa Holdings, Corpay Inc, Eagle Materials Inc., Ecolab Inc., EOG Resources Inc, General Dynamics Corp., Globe Life Inc, Hyatt Hotels Corp, IDEXX Laboratories, Inc., Lennar Corp, Leonardo DRS Inc, Lincoln National Corp, Millicom International Cellular SA, Mirum Pharmaceuticals, Mohawk Industries Inc., Murphy USA Inc, Northrop Grumman Corp., NVR, Inc., PPG Industries Inc., Regency Centers Corp, Rockwell Automation, Sempra, Simpson Manufacturing Co., Stanley Black & Decker Inc, Targa Resources Corp., Toll Brothers Inc, Trane Technologies PLC, Vornado Realty Trust, Williams-Sonoma Inc.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of August 31, 2026)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

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	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

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.

Analyst Industry Views

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.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Important disclosures regarding any material conflict of interest that can reasonably be expected to have influenced Morgan Stanley Smith Barney LLC's choice of a third-party research provider or the subject company of a third-party research report, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures.

For Morgan Stanley specific disclosures, you may refer to <https://www.morganstanley.com/eqr/disclosures/webapp/generalresearch>.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

A member of Research who had or could have had access to the research prior to completion owns securities (or related derivatives) in the Abbvie Inc., Air Products and Chemicals Inc., Apple, Inc., Atlassian Corporation PLC, Blackstone Inc., Booking Holdings Inc., Chevron Corporation, Cigna Corp, Coca-Cola Co., ConocoPhillips, Costco Wholesale Corp, Diamondback Energy Inc., Exxon Mobil Corporation, Gilead Sciences Inc., Home Depot Inc, LyondellBasell Industries N.V., NVIDIA Corp., Rockwell Automation, Sempra, Vertiv Holdings Co.. This person is not a research analyst or a member of research analyst's household.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the

sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (<http://www.morganstanley.com/terms.html>). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (<http://www.morganstanley.com/terms.html>). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html). Please use the provided link to review the Terms and Conditions and Most Important Terms and Conditions for Morgan Stanley India Company Private Limited (https://www.morganstanley.com/assets/pdfs/about-us-global-offices/india/Terms_and_conditions.pdf) and the following link to review the audit report (https://ny.matrix.ms.com/eqr/research/webapp/researchdocs/MSICPL_Morgan_Stanley_Research_Audit_Report.pdf).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V. which is regulated by Comisión Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Bank Asia Limited; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of

Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Bank Asia Limited, Singapore Branch (Registration number T14FCO118)); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com. Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, disseminates in the UK research that it has prepared, and research which has been prepared by any of its affiliates, only to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended) may otherwise lawfully be communicated or caused to be communicated. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. Morgan Stanley Research is disseminated in Canada by Morgan Stanley Canada Limited and Morgan Stanley Wealth Management Canada Inc., members of the Canadian Investment Regulatory Organization (CIRO). The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia, and is directed at Sophisticated investors only.

Morgan Stanley Hong Kong Securities Limited is the liquidity provider/market maker for securities of JD.com, Inc. listed on the Stock Exchange of Hong Kong Limited. An updated list can be found on HKEx website: <http://www.hkex.com.hk>.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA) or by Morgan Stanley & Co. International plc (ADGM Branch), regulated by the Financial Services Regulatory Authority Abu Dhabi (the FSRA), and is directed at Professional Clients only, as defined by the DFSA or the FSRA, respectively. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria of a Professional Client. A distribution of the different MS Research ratings or recommendations, in percentage terms for Investments in each sector covered, is available upon request from your sales representative.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The following companies do business in countries which are generally subject to comprehensive sanctions programs administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and by other countries and multi-national bodies: MasterCard Inc.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.

The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products. Morgan Stanley may hold, from time to time, material financial and commercial interests regarding the company subject to the Research report.

Registration granted by SEBI and certification from the National Institute of Securities Markets (NISM) in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

References to any prediction market or event contract do not constitute an offer, solicitation, recommendation, or endorsement to participate in any such market or contract. Morgan Stanley Research may not be distributed or made available in any jurisdiction where such distribution would be unlawful or otherwise prohibited by applicable law.