

IT Hardware Industry

Dell storage VAR survey indicates improving trends

Industry Overview

C4Q tracking better than C3Q; prices stabilizing

In our C4Q23 VAR survey, 55% of VARs indicated that their sales tracked above plan. The weighted score for respondents was +2%, which was better than the +0.7% score in the prior survey. 55% of the VARs noted that Dell discounting is accelerating (vs. 80% in the previous survey), while 45% said discounting by Dell was unchanged (which was significantly higher than prior quarter). This suggests to us that pricing is stabilizing. Component shortages appear to be easing as 90% of VARs do not expect it to meaningfully impact Dell sales (vs 85% in the last survey). Reiterate Buy on DELL on higher capital returns, AI tailwinds, and improving FCF benefiting from negative cash conversion cycle as PC revenue continues to grow.

Less cautious on demand; backlog, lead times lower

A meaningfully high percentage of respondents felt that the pipeline has both long and short-term deals and that storage demand should sustain (only 60% of the respondents noted that the storage order pipeline has mostly short-term deals and were unclear if storage demand will sustain through CY24, which is meaningfully lower than the 85% in the previous survey observing the same for CY23 demand). Further, order rates appear to be improving with 4Q orders better than 3Q and January orders were better than December. Backlog for the VARs reduced while lead times came down.

Dell's mid-range storage continued to gain traction

Dell's new mid-range storage products continued to gain traction, with approx. 18% of respondents' customers expected to purchase PowerStore and PowerScale products in 2024, up from 15% in the previous survey. A majority of the respondents (75%) do not expect HCI to outgrow or displace midrange storage in the near term (an increase from 70% last quarter).

Dell's flash deployment near record high

Dell's flash mindshare declined slightly with 32% of the participants' customers currently deploying Dell's flash solutions for their flash needs (down from 33% last qtr). Dell and Pure Storage remain the two vendors with the largest Flash Wallet share, with Pure increasing its wallet share somewhat vs Dell in the most recent survey. Dell and Nutanix continue to have the highest wallet shares in HCI.

22 February 2024

Equity
United States
IT Hardware

Wamsi Mohan
Research Analyst
BofAS
+1 646 855 3854
wamsi.mohan@bofa.com

Ruplu Bhattacharya
Research Analyst
BofAS
+1 646 855 0315
ruplu.bhattacharya@bofa.com

Joseph Leeman
Research Analyst
BofAS
+1 646 855 1262
joseph.leeman@bofa.com

Nathawan Asdornwised
Research Analyst
BofAS
+1 646 855 1848
nathawan.asdornwised@bofa.com

Abbreviations:

AFA: All Flash Arrays
FCF: Free cashflow
HCI: Hyper-converged Infrastructure
L/T: Long-Term
S/T: Short-Term
aaS: as-a-Service
PCS: Public Cloud Services
VAR: Value Added Reseller

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 10 to 13. Analyst Certification on page 9. Price Objective Basis/Risk on page 9.

12662919

Timestamp: 22 February 2024 06:23PM EST

VAR survey takeaways

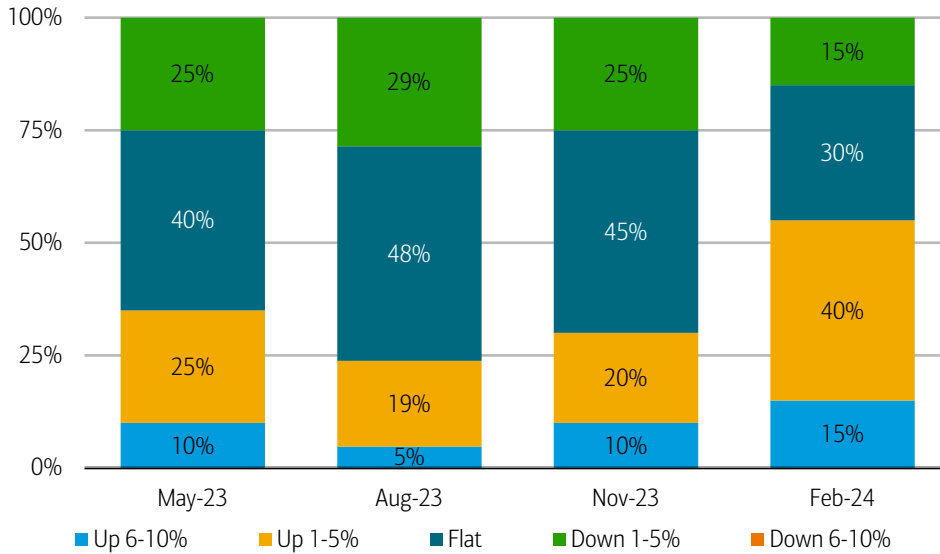
Our quarterly survey of VARs is designed to provide a closer look at storage channel dynamics. For C4Q23, we surveyed 20 VARs, which ranged in size and scope from approx. \$64mn to \$10bn in annual sales, with total annual revenue of roughly \$15.3bn. Our main takeaways include:

- In our C4Q23 survey, 55% of the VARs indicated that their sales tracked above plan. The weighted score for respondents was +2%, which was better than the +0.7% noted in the previous survey.
- 75% of VARs indicated that their backlog was lower than last quarter while 25% observed no change to their backlog. Lead times were roughly lower with 60% of VARs seeing lead times trending lower compared to three months ago while 40% of respondents reported no change to lead times.
- 4Q orders rates showed an improvement compared to 3Q with 50% of VARs noting an increase in orders, 40% of VARs observed no change, and 10% noted a decrease in orders. January order rates were higher compared to December.
- 90% of VARs observed no meaningful negative impact from component shortages, up sequentially from 85% in C3Q23.
- Respondents were less cautious on storage demand outlook with 60% of the respondents noting that the storage order pipeline has mostly short-term deals and were unclear if storage demand will sustain through CY24, lower than the 85% in the previous survey.
- 55% of the respondents stated Dell's storage discounting has accelerated (i.e. pricing is lower), down from 80% in the previous survey while 45% of respondents observed no change in discounting. No respondent noted that discounting has come down.
- Adoption of Dell's new mid-range products (PowerStore and PowerScale) improved, with approx. 18% of respondents' customers expected to purchase the new products in 2024, up from 15% in the previous survey.
- Approx. 32% of the participants' customers currently deploy Dell's flash solutions for their flash needs, slightly down from 33% in the previous survey.
- Dell Apex and HPE GreenLake uptake, 55% of respondents observing no significant customer demand for either offering, 10% of the VARs customers prefer Dell Apex over HPE GreenLake (inline with the previous survey), while 20% prefer GreenLake over Apex (vs 15% in the prior survey). Respondents expect 20% of their customers to deploy Pure-as-a-Service in the next 12 months (up from 19% in the previous survey).
- The Broadcom-VMWare deal is not materially impacting Dell storage demand as 80% of the respondents saw no change to demand for Dell storage while 5% see higher demand for Dell storage.

Survey Details

Figure 1: What % above or below plan did the last quarter track?

In the January 2024 survey, the weighted score was +2% compared to +0.7% in the previous survey

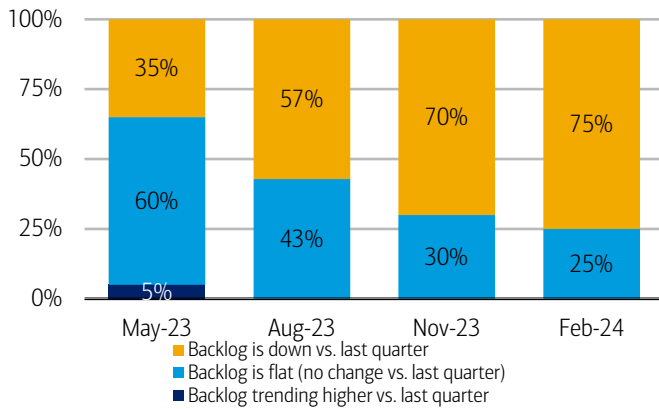


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 2: How is your own backlog trending?

Backlog is trending lower vs. last quarter

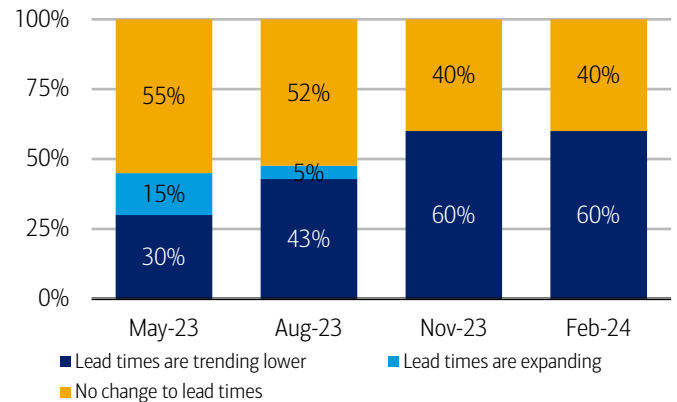


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 3: Relative to 3 months ago how are lead times trending?

Lead times are trending down compared to three months ago

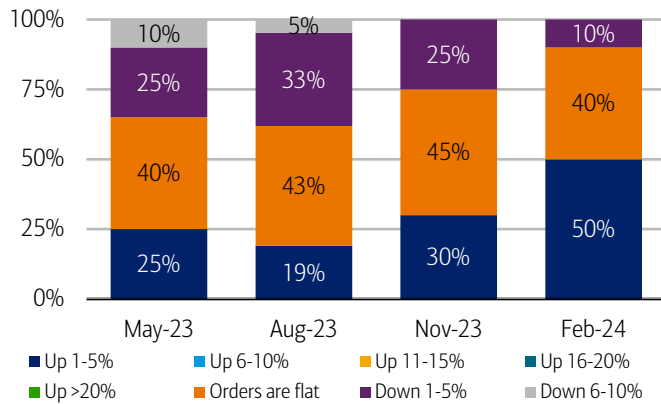


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 4: How did order rates trend in C4Q vs C3Q?

Order rates trend in 4Q were better than 3Q

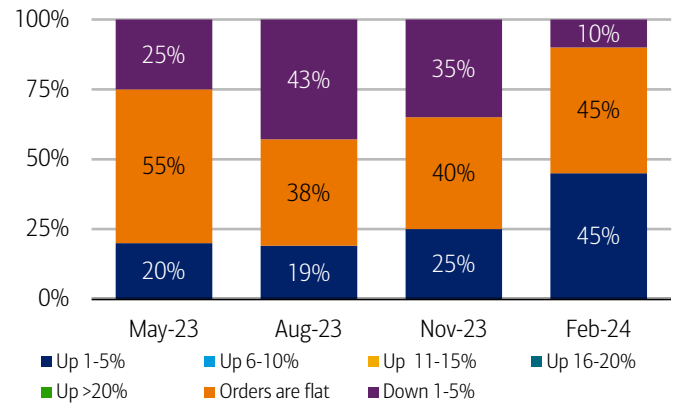


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 5: How did order rates trend in Jan vs. Dec?

January orders were higher than December

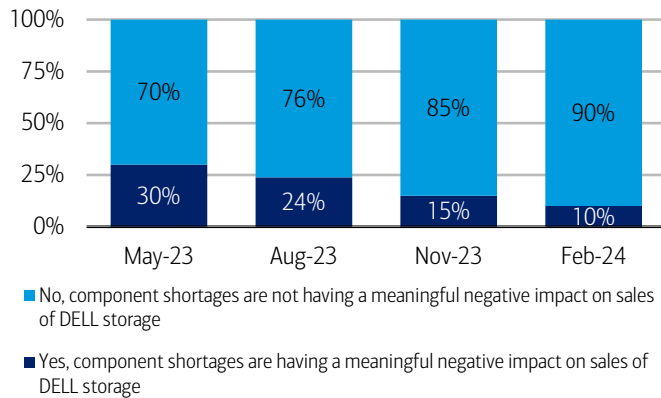


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 6: Are component shortages negatively impacting storage sales for DELL?

90% of VARs noted that component shortages are not having a meaningful negative impact on Dell storage sales

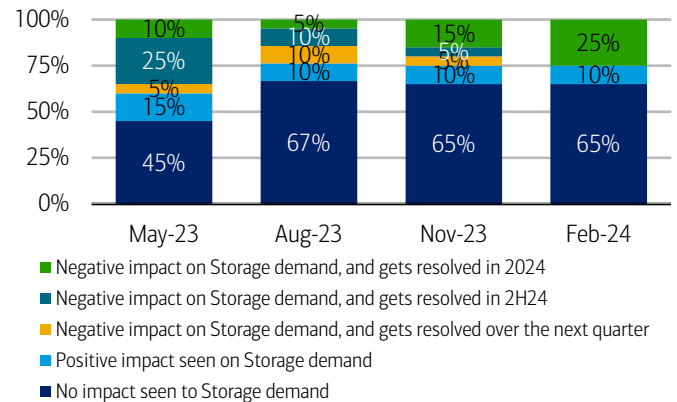


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 7: Is Storage demand impacted by hard to procure networking gear and when does it get resolved?

25% of VARs see some negative impact to storage demand due to the shortage of networking components

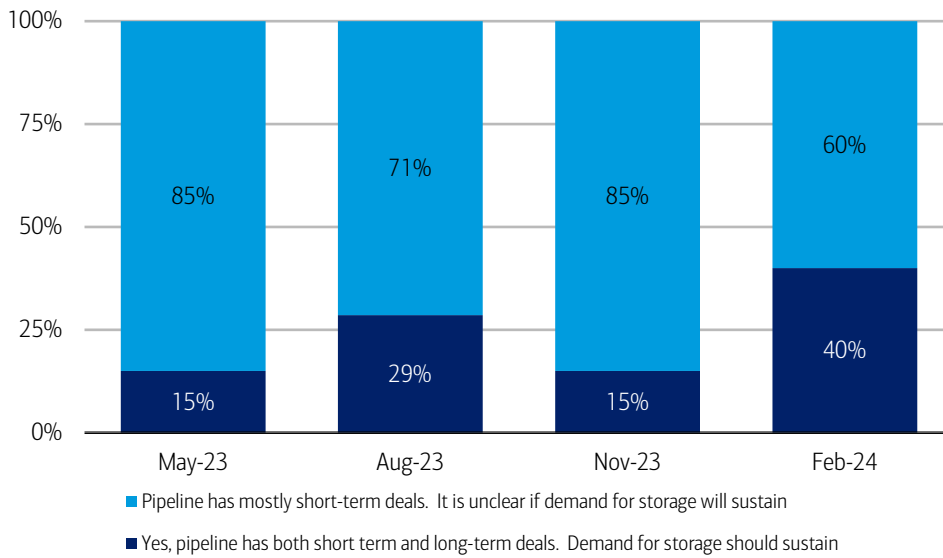


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 8: Looking at pipeline of storage orders, is it a short-term pipeline, or will storage demand sustain throughout CY24?

60% of the respondents were unclear if storage demand will sustain through CY24

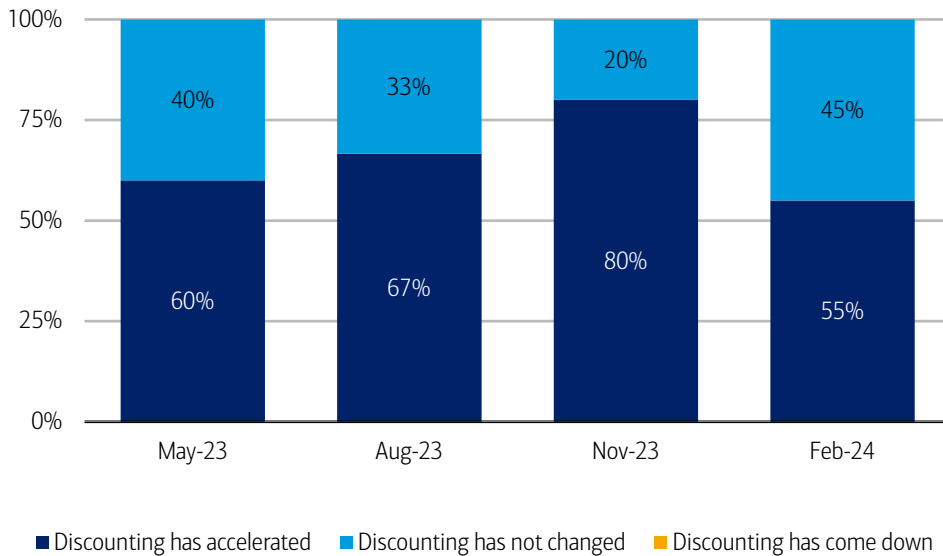


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 9: Has Dell Storage discounting changed this quarter versus prior quarters?

Dell storage discounting continued during the quarter although less respondents noted that discounting has accelerated

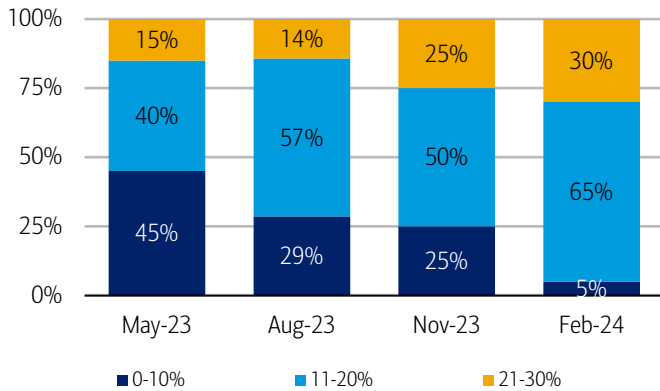


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 10: What percent of customers do you expect will purchase Dell's new mid-range products (Powerstore and Powerscale) in 2024?

Respondents on average expect 18% percent of their customers to purchase the new products in 2024

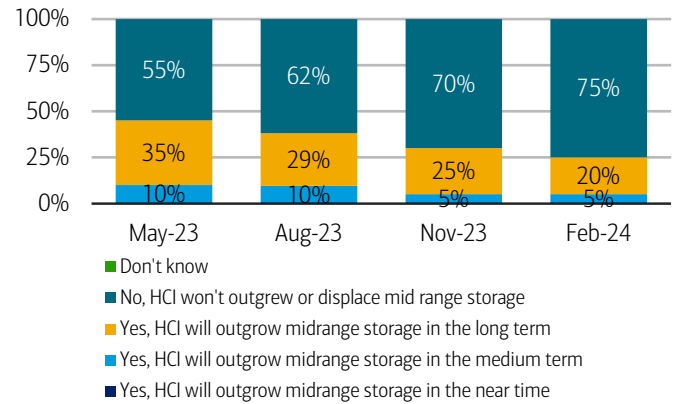


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 11: Will Hyperconverged (HCI) outgrow/displace midrange storage?

75% of respondents do not expect HCI to outgrow or displace midrange storage

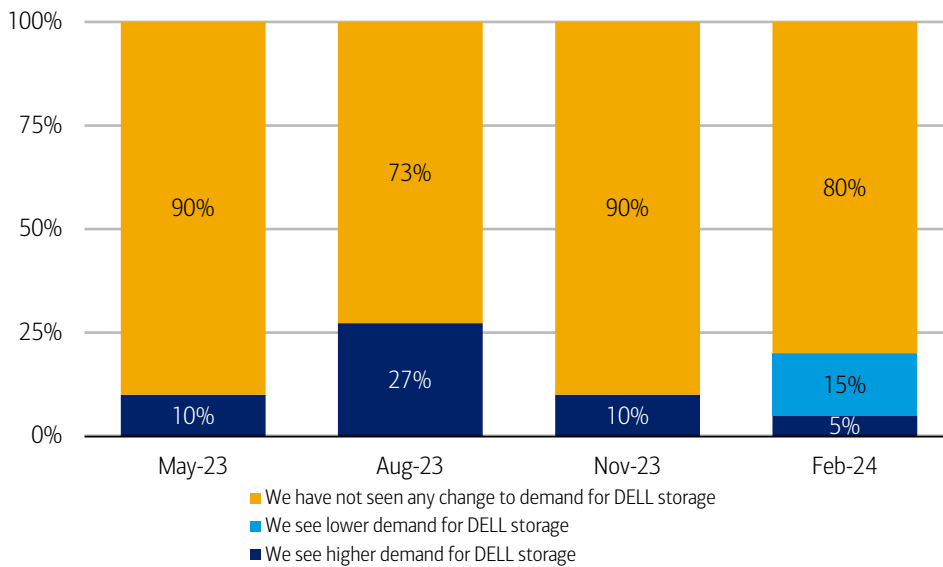


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 12: Any impact of Broadcom-VMWare deal on Dell storage demand?

80% of respondents saw no change to Dell storage demand

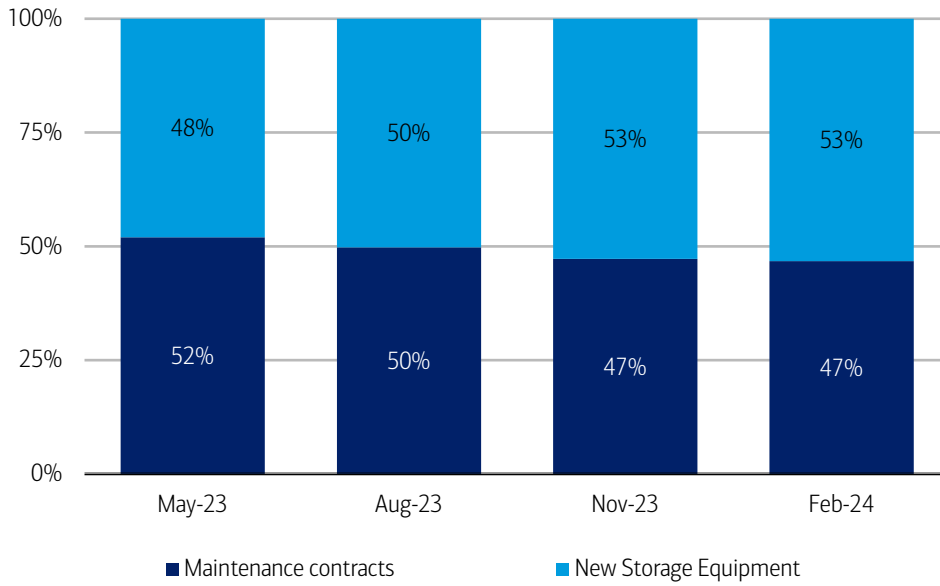


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 13: % of customers renewing maintenance contracts vs purchasing new storage equipment

53% of customers purchased new storage equipment and 47% renewed maintenance contracts

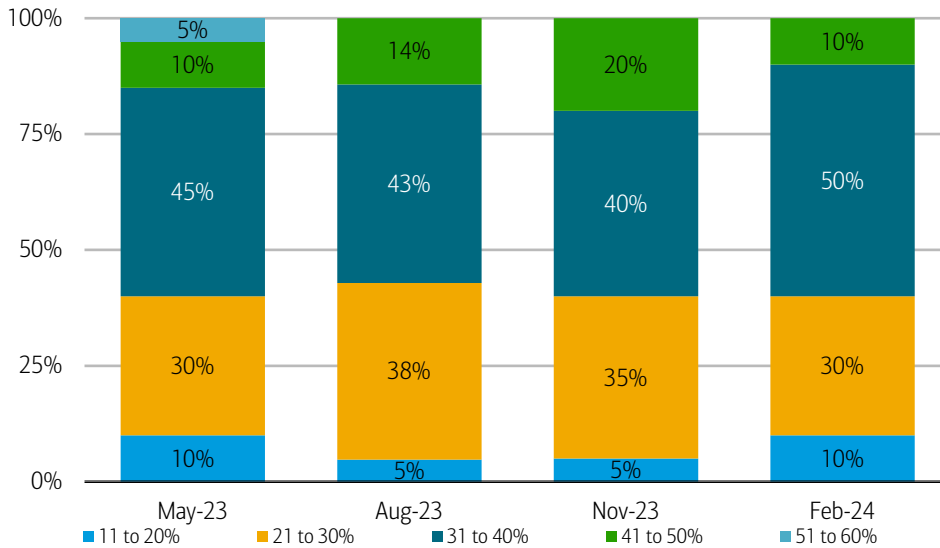


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 14: What % of your customers currently deploy DELL's flash solutions for their Flash needs

Dell's flash market share was high with an average of 32% of the survey participants' customers currently deploying Dell's flash solutions

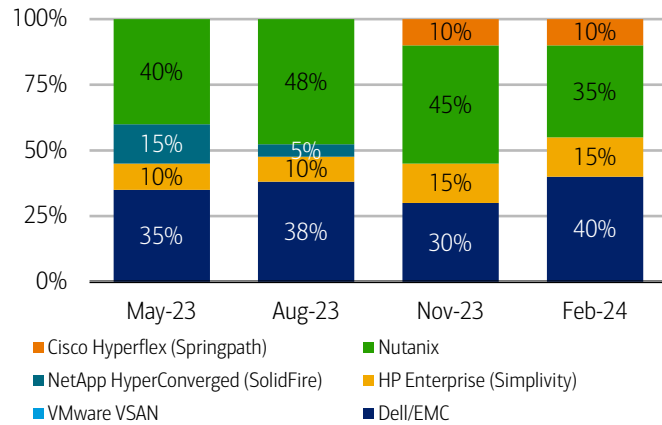


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 15: Which vendor has the biggest wallet share of HyperConverged (HCI) storage spend among your customers?

Dell had the largest wallet-share in HyperConverged storage, followed by Nutanix

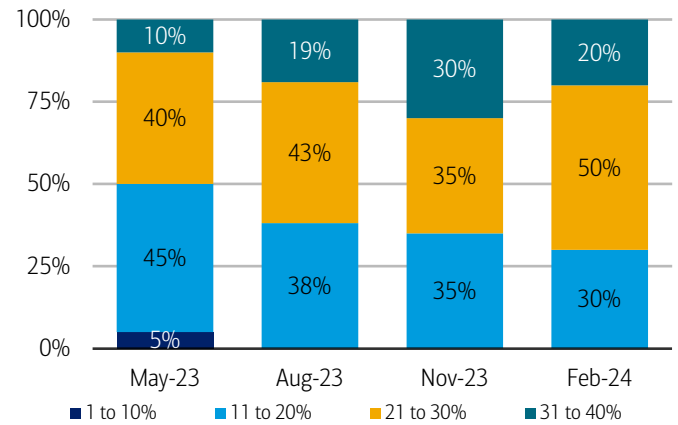


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 16: What % of your customers plan to deploy Nutanix HyperConverged Storage in the next 12 months?

24% of customers on average plan to deploy NTNIX HCI in the next 12 months

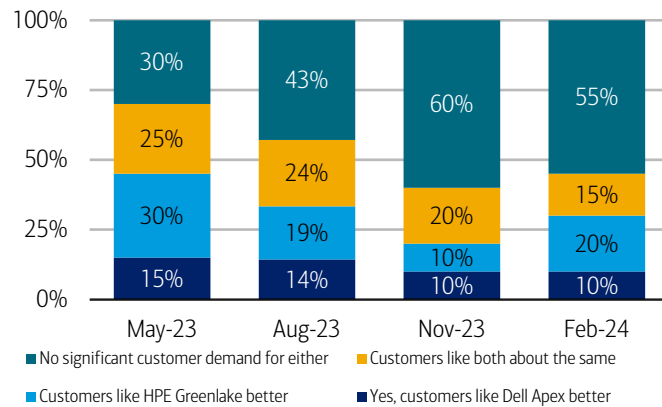


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 17: Do your customers prefer Dell Apex vs. HPE Greenlake?

55% of respondents observed no significant customer demand for Dell Apex or HPE GreenLake

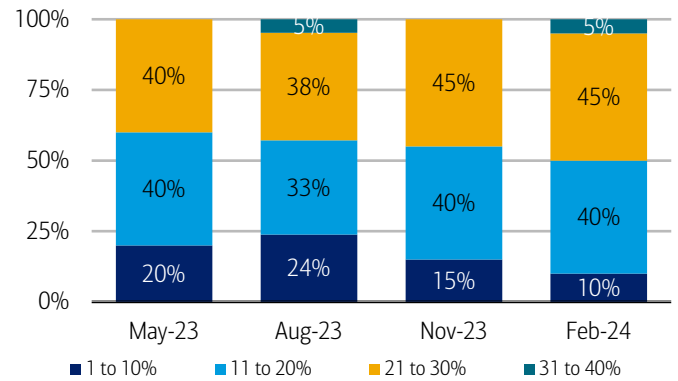


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 18: % of customers planning to deploy Pure Storage's subscription offering "Pure as-a-Service" in the next 12 months?

An average 20% of the respondents' customers plan to deploy Pure-as-a-Service in the next 12 months

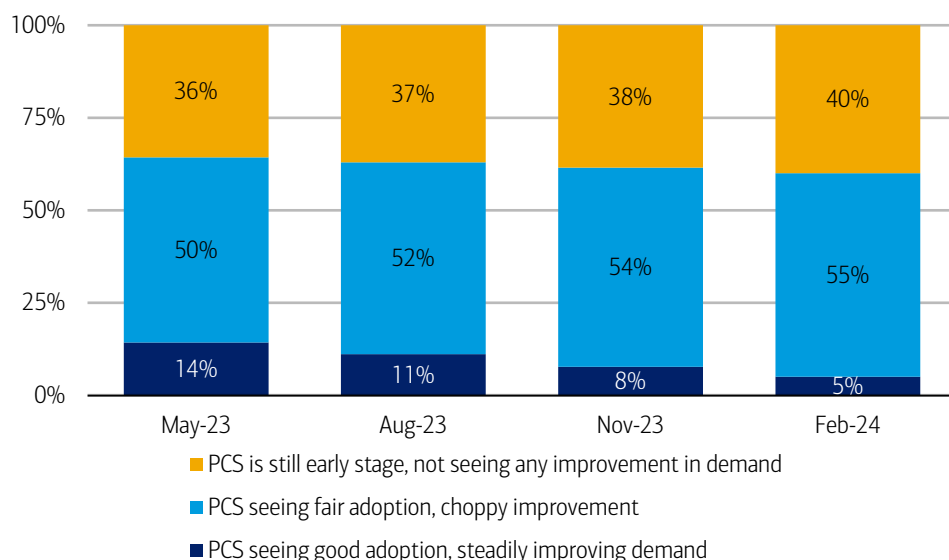


Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Figure 19: Is NetApp public cloud services (PCS) seeing good traction with customers and providing a meaningful advantage to NTAP?

60% of respondents noted good or fair adoption of PCS, slightly below the 62% in the previous survey



Source: BofA Global Research survey

BofA GLOBAL RESEARCH

Stocks mentioned

DELL US – Rating: BUY (B-1-7) | PO: 98.00 USD | Price: 87.79 USD

Price objective basis & risk

Dell Technologies Inc. (DELL)

Our PO of \$98 is based on approximately 12x our C25 EPS estimate of \$7.85. Our target multiple compares to median 5x of historical range 3x-8x for Dell since it returned to the public markets in 2019. Dell went private in 2013 and prior to that the company had a very different structure. As such, we do not believe earlier historical trading multiples are meaningful. In our opinion, a multiple higher than the historical range is warranted given improved storage portfolio, lower financial leverage and it balances opportunities to invest in core areas of growth, with ongoing weak macro and component shortages.

Downside risks: faster-than-expected slowdown in the global economy, which could prove to be a headwind to revenue growth, faster-than-expected strengthening of the U.S. dollar, trade war with China, and higher-than-expected tariffs, Dell not being able to source needed processors from Intel, new sales teams not being able to ramp as expected, and unexpected share loss to competitors.

Upside risks: faster-than-expected revenue growth and market share gain, faster mix shift to storage and premium PC and server configurations, which can drive upside to margins, faster-than-expected ramp of new sales teams, and component shortages normalizing more quickly than expected, which can drive upside to cash flow.

Analyst Certification

I, Wamsi Mohan, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

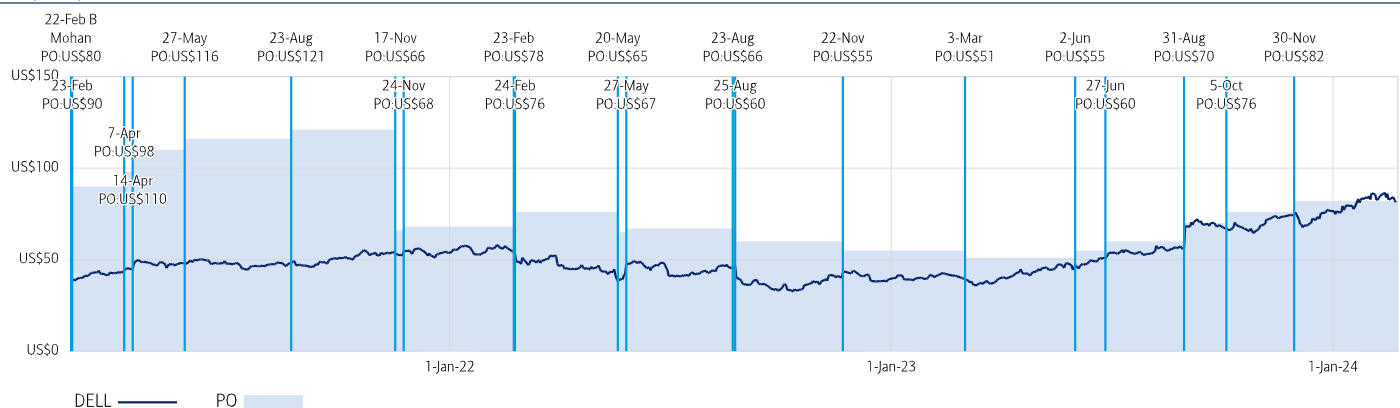
US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Roku, Inc.	ROKU	ROKU US	Ruplu Bhattacharya
	Seagate Technology	STX	STX US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Ltd.	TEL	TEL US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Pure Storage	PSTG	PSTG US	Wamsi Mohan
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
UNDERPERFORM				
	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya
RSTR				
	Super Micro Computer Inc.	SMCI	SMCI US	Ruplu Bhattacharya

Disclosures

Important Disclosures

Dell Inc. (DELL) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Dell Inc.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Dell Technologies.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Dell Technologies.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Dell Technologies.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Dell Technologies.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: Dell Technologies.

BofAS together with its affiliates beneficially owns one percent or more of the common stock of this issuer. If this report was issued on or after the 9th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 9th day of a month reflect the ownership position at the end of the second month preceding the date of the report: Dell Technologies.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Dell Inc.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: Dell Technologies.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore)



(Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities. This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any

securities. None of BofAS any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.