

Equity Research

WELLS
FARGO

Price Target Change — October 20, 2021

Autos and Auto Parts

Tesla, Inc. (TSLA)

TSLA: Outruns Rising Commodity Costs Again

Our Call

Tesla Q3 EPS of \$1.86 beat consensus of \$1.66 (see our [flash](#)). The \$0.20 beat vs. consensus was largely driven by auto gross margins (+\$0.21). Auto gross margin ex EV credits of 28.8% was better than consensus of 26.6%. Margins improved despite ASPs falling 6% y/y due to the shift to lower-priced vehicles. TSLA also reached GAAP op margins of 14.6% already exceeding their mid-term op margin target of low teen's. CEO Elon Musk was not on the Q3 call; rather the CFO & VP of Engineering answered investor questions. His absence could raise concerns about his focus on TSLA vs. his other ventures like SpaceX. TSLA was reluctant to guide margins higher in the near term given expected launch inefficiencies as Austin & Berlin ramp and cost uncertainty. Consistent with the cost concerns, we expect auto margins to moderate in 2022 as BEV raw mat contracts roll off or reset. The stock is trading down slightly post market possibly reflect cost concerns.

We are raising our 2021 EPS estimate from \$5.30 to \$6.10 to reflect the Q3 beat (\$0.39) & higher Q4 margins (\$0.41). We are raising our 2022E EPS from \$5.70 to \$6.25 given the stronger underlying margin performance. We also raise our 2023 EPS estimate from \$5.35 to \$5.75, our 2024E EPS from \$5.35 to \$5.60, & our 2025E EPS from \$6.80 to \$7.00. We are raising our price target from \$660 to \$860 to reflect a higher long-term op margin (14% vs. 12% prior) in our DCF model. We maintain our Equal Weight rating.

Raw material headwinds likely delayed not canceled

TSLA's strong Q3 auto margin was impressive in the face of rising battery raw material costs (see Exhibits 1 & 2). Key commodities like lithium, cobalt, and aluminum are up over 50% y/y. TSLA indicated the raw material cost increases have already had a substantial impact on results; however, the company has many long-term contracts that helped mitigate the full impact. As these long-term contracts expire, the pricing will likely rise. Significant cost-cutting would be needed to offset these headwinds. The shift to iron phosphate based batteries would help manage this risk and likely helped in China in Q3; however, it will take time to shift to this chemistry globally.

TSLA puts positive spin in NHTSA investigation, but risks remain

When asked about the NHTSA investigation, TSLA said it was excited to partner with the regulatory body to help them understand a software-oriented vehicle. However, the [NHTSA's investigation](#) into TSLA continues to expand, and NHTSA is reportedly nominating [a senior advisor](#) who has previously commented on the need for better regulatory oversight of new technology. We highlighted in our [initiation](#) that we see rising risk of regulation of Autopilot and FSD, particularly following the letter from the [Chairman of the NTSB](#). This risk continues to rise.

US BEV credits legislation still in the air

TSLA remains one of the largest beneficiaries of the proposed US EV tax credits. The credits were originally included in the US infrastructure bill; however, they were removed when the size of the bill was reduced. Democrats subsequently reintroduced the EV credits as part of the broader budget plan. The new proposed credits would allow [up to](#)

Equity Analyst(s)

Colin M. Langan

Senior Equity Analyst | Wells Fargo Securities, LLC
Colin.Langan@wellsfargo.com | 212-214-8228

Rating	Equal Weight
Ticker	TSLA
Price Target/Prior:	\$860.00/\$660.00
Upside/(Downside) to Target	(0.7)%
Price (10/20/2021)	\$865.80
52 Week Range	\$379.11 - 900.40
Shares Outstanding	990,015,158
Market Cap (MM)	\$857,155
Enterprise Value (MM)	\$850,886
Average Daily Volume	19,690,014
Average Daily Value (MM)	\$17,048
Dividend (NTM)	\$0.00
Dividend Yield	0.0%
Net Debt (MM) - last reported	\$(6,269)
ROIC - Current year est.	23%
3 Yr EPS CAGR from current year (unless otherwise noted)	37%

	2020A	2021E	2021E	2022E	2022E
		Curr.	Prior	Curr.	Prior
\$ EPS					
Q1 (Mar)	0.23 A	0.93 A	NC	1.40 E	1.13 E
Q2 (Jun)	0.44 A	1.45 A	NC	1.49 E	1.32 E
Q3 (Sep)	0.76 A	1.86 A	1.47 E	1.64 E	1.56 E
Q4 (Dec)	0.80 A	1.85 E	1.45 E	1.72 E	1.68 E
FY	2.24 A	6.10 E	5.30 E	6.25 E	5.70 E
P/E	NM	NM		NM	

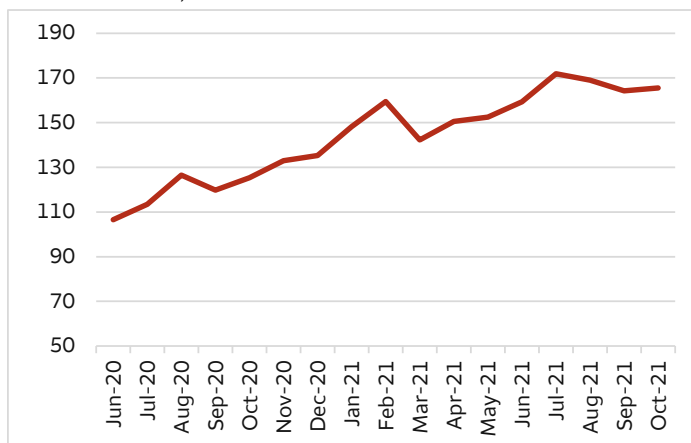
After hours price (10/20/21): \$851.59 Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
NA = Not Available, Volatility = Historical trading volatility

[\\$12,500 in credits](#) to buy an EV depending on if the vehicle was made in the US and was made with a labor union.

TSLA insurance soft launch

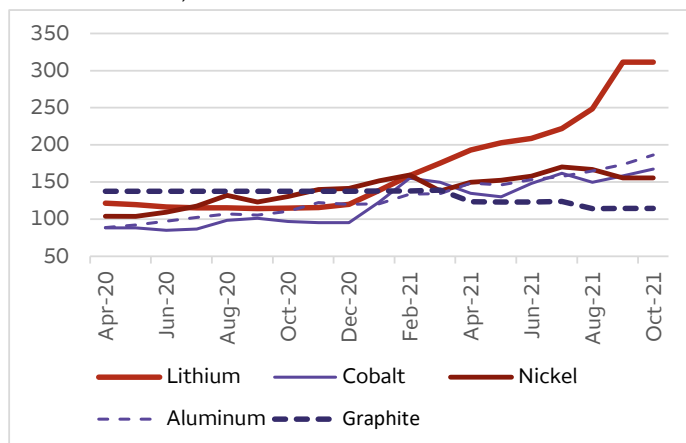
The company also announced that it started to roll out its TSLA insurance product last week in Texas. This product will enable good drivers to qualify for lower cost insurance. The company is finding a strong correlation between its driver safety rating and accident risk.

Exhibit 1 - Weighted EV Battery Raw Material Index 2020-2021E
Index Base Jan 1, 2015



Source: Bloomberg; Factset; Wells Fargo Securities LLC estimates

Exhibit 2 - EV Battery Raw Material Index 2020-2021E
Index Base Jan 1, 2015



Source: Bloomberg; Factset; Wells Fargo Securities LLC estimates

Financials

Exhibit 3 - TSLA Financials

\$ millions, except per share amounts

INCOME STATEMENT	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Net Sales	21,461	24,578	31,536	50,144	62,978	63,461	65,298	72,336
Cost of Sales	-17,310	-20,381	-24,625	-37,150	-48,074	-48,403	-50,639	-54,796
Gross Profit	4,151	4,197	6,911	12,995	14,904	15,058	14,660	17,540
Selling, General & Admin.	-3,790	-3,368	-3,183	-5,052	-5,918	-5,553	-5,224	-5,715
% of Sales	17.7%	13.7%	10.1%	10.1%	9.4%	8.8%	8.0%	7.9%
Operating Income	361	829	3,728	7,942	8,986	9,505	9,436	11,825
% Margin	1.7%	3.4%	11.8%	15.8%	14.3%	15.0%	14.5%	16.3%
Interest Income	25	44	30	41	40	40	40	40
Interest Expense	-663	-684	-748	-425	-500	-500	-500	-500
Other Income	22	45	-122	67	0	0	0	0
Pretax Income	-256	233	2,888	7,625	8,526	9,045	8,976	11,365
Income Taxes	-58	-110	-292	-642	-1,279	-2,261	-2,244	-2,841
Tax Rate	-22.6%	47.3%	10.1%	8.4%	15.0%	25.0%	25.0%	25.0%
Non Controlling Interest	86	-96	-172	-133	-120	-120	-120	-120
Convert/Prd Add Back	0	0	0	12	4	4	4	4
Net Income	-227	28	2,424	6,862	7,131	6,668	6,616	8,408
Basic Shares	853	886	951	1,062	1,073	1,073	1,073	1,073
Diluted Shares	853	901	1,083	1,126	1,141	1,161	1,181	1,201
Diluted EPS	(\$0.27)	\$0.03	\$2.24	\$6.10	\$6.25	\$5.75	\$5.60	\$7.00
Dividends	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

BALANCE SHEET	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
ASSETS								
Cash and Cash Equivalents	3,686	6,268	19,384	15,309	15,690	18,723	22,267	27,915
Receivables	949	1,324	1,886	2,465	2,990	2,778	3,186	3,174
Inventory	3,113	3,552	4,101	4,494	5,787	5,266	6,253	6,055
Other Noncurrent Assets	558	959	1,346	1,865	2,402	2,185	2,595	2,513
Total Current Assets	8,306	12,103	26,717	24,133	26,868	28,952	34,300	39,657
Net Property, Plant & Equipment	11,330	10,396	12,747	18,765	25,403	28,658	31,788	35,282
Operating lease vehicles, net	2,090	2,447	3,091	4,387	5,695	6,237	6,255	6,057
Goodwill	351	537	520	470	470	470	470	470
Solar energy systems, leased, net	6,271	6,138	5,979	5,821	5,821	5,821	5,821	5,821
Other Noncurrent Assets	1,391	2,688	3,094	4,920	6,179	6,226	6,406	7,097
Total Assets	29,740	34,309	52,148	58,495	70,435	76,365	85,041	94,385
LIABILITIES AND STOCKHOLDERS' EQUITY								
Short Term Debt	2,568	1,785	2,132	1,716	1,716	1,716	1,716	1,716
Accounts Payable	3,404	3,771	6,051	7,161	9,221	8,391	9,963	9,649
Other Liabilities & Deferred Revenue	2,094	2,905	3,855	5,201	6,730	6,776	7,089	7,672
Customer Deposits	793	726	752	831	831	831	831	831
Other Current Liabilities	1,133	1,480	1,458	1,801	1,801	1,801	1,801	1,801
Total Current Liabilities	9,992	10,667	14,248	16,710	20,300	19,515	21,401	21,668
Long-term Debt	9,404	11,634	9,556	6,438	6,438	6,438	6,438	6,438
Other Long Term Liabilities	4,030	3,898	4,614	4,764	5,983	6,029	6,203	6,872
Total Liabilities	23,426	26,199	28,418	27,911	32,720	31,982	34,042	34,978
Noncontrolling Interests	1,390	1,492	1,505	1,441	1,441	1,441	1,441	1,441
Total Stockholders' Equity	4,923	6,618	22,225	29,143	36,274	42,942	49,558	57,965
Total Liabilities and Stockholders' Equity	29,740	34,309	52,148	58,495	70,435	76,365	85,041	94,385
Check	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CASH FLOW	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Net Income	-1,063	-775	862	5,391	7,131	6,668	6,616	8,408
Depreciation & Amortization	1,901	2,154	2,322	2,554	2,810	3,091	3,400	3,740
Stock Comp	749	898	1,734	1,563	0	0	0	0
Other Non-Cash Charges	452	477	841	322	0	0	0	0
Net Earnings Adjusted for Non-cash Charges	2,040	2,754	5,759	9,830	9,941	9,758	10,015	12,147
Working Capital Adjustment	58	-349	184	-1,745	-114	-379	58	734
Cash Flow from Operating Activities	2,098	2,405	5,943	8,085	9,827	9,380	10,074	12,881
Capital Expenditures	-2,101	-1,327	-3,157	-6,778	-9,447	-6,346	-6,530	-7,234
Solar & grants	-219	-59	48	-22	0	0	0	0
Net Sales & Acquisitions	-18	-50	-23	-1,258	0	0	0	0
Other	0	0	0	0	0	0	0	0
Cash Flows from Investing Activities	-2,337	-1,436	-3,132	-8,058	-9,447	-6,346	-6,530	-7,234
Collateralized lease borrowings / repayments	-559	-389	-240	-9	0	0	0	0
Common share issuance	0	848	12,269	0	0	0	0	0
Changes in Debt	929	1,508	-1,910	-4,637	0	0	0	0
Proceeds from Stock Options Exercised	296	263	417	253	0	0	0	0
Principal payments on finance leases	-181	-321	-338	-196	0	0	0	0
Distributions paid to noncontrolling interests in sub	-227	-311	-208	0	0	0	0	0
Other	416	-69	-17	81	0	0	0	0
Cash Flow from Financing Activities	574	1,529	9,973	-4,018	0	0	0	0
FX	-23	8	334	-221	0	0	0	0
Increase (Decrease) in Total Cash	311	2,506	13,118	-4,212	380	3,033	3,544	5,648
Free Cash Flow	(3)	1,078	2,786	1,307	380	3,033	3,544	5,648

Source: Wells Fargo Securities, LLC estimates

Price Target Basis and Risk

Price Target for TSLA: \$860.00 from \$660.00

Our \$860 price target reflects the output of our 3-stage DCF analysis of the core auto business assuming an 11.5% WACC, 20% 5-10 year growth, 15% 11-15 year growth, and a 10.25% terminal growth rate. We also include \$28bn in value associated with solar/storage, insurance, and an option on the autonomous ride-share business.

Risk for TSLA

Downside Risks: New EV competition and regulatory risk associated with Autopilot remains a key risk for Tesla in our view. Commodity inflation and increases in tension in China could also negatively impact the stock. Like all automakers, any costly product recalls could also impact TSLA's brand.

Upside Risks: Any positive news around new capacity additions, the positive reviews of the FSD update, the addition of a US EV credit within the proposed stimulus bill, and a decline in commodity prices would benefit the shares. In addition, the announcement of new market expansion like solar or storage in the past could be a positive catalyst.

Investment Thesis

TSLA

We have an Equal Weight rating on TSLA. We see modest upside near term from deliveries and likely benefits from added US EV credits. However, we see near-term risks around rising raw material costs and possible increased US regulation on Autopilot. Mid-term we are cautious TSLA will have sufficient Model 3/Y demand to meet the large amount of added capacity.

Required Disclosures

I, Colin M. Langan, certify that:

- 1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and
- 2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request



Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Tesla, Inc. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Tesla, Inc..

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public offering of securities for an affiliate of Tesla, Inc. within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Tesla, Inc..

Tesla, Inc. currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-investment banking securities-related services to Tesla, Inc..

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Tesla, Inc. in the next three months.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Tesla, Inc. in the past 12 months.

Tesla, Inc. currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Tesla, Inc..

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Tesla, Inc..

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Tesla, Inc. in the past 12 months.

STOCK RATING

1=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

2=Equal Weight: Total return on stock expected to be 0-10% over the next 12 months. HOLD

3=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of October 20, 2021

55.7% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.

34.4% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.

9.9% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.

Wells Fargo Securities, LLC has provided investment banking services for 55.9% of its Equity Research Overweight-rated companies.

Wells Fargo Securities, LLC has provided investment banking services for 44.9% of its Equity Research Equal Weight-rated companies.

Wells Fargo Securities, LLC has provided investment banking services for 36.9% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities and Structured Asset Investors, LLC ("SAI"), an investment adviser subsidiary of Wells Fargo & Co. If you are paying directly for this research, it is being provided by SAI. For all other recipients in the U.S. this report is being provided by Wells Fargo Securities.

Wells Fargo Securities' research department may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in Wells Fargo Securities research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC, Wells Fargo Securities International Limited and Wells Fargo Securities Asia Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States, Wells Fargo Securities International Limited is regulated under laws of the United Kingdom, and Wells Fargo Securities Asia Limited is regulated under the laws of Hong Kong. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC, Wells Fargo Securities International Limited or Wells Fargo Securities Asia Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States, United Kingdom or Hong Kong and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

Hong Kong – This report is issued and distributed in Hong Kong by Wells Fargo Securities Asia Limited ("WFSAL"), a Hong Kong incorporated investment firm licensed and regulated by the Securities and Futures Commission to carry on types 1, 4, 6 and 9 regulated activities (as defined in the Securities and Futures Ordinance (Cap. 571 The Laws of Hong Kong), "the SFO"). This report is not intended for, and should not be relied on by, any person other than professional investors (as defined in the SFO). Any securities and related financial instruments described herein are not intended for sale, nor will be sold, to any person other than professional investors (as defined in the SFO). The author or authors of this report is or are not licensed by the Securities and Futures Commission. Professional investors who receive this report should direct any queries regarding its contents to Kelly Chiang and Mandy Wan at WFSAL (email: wfsalresearch@wellsfargo.com).

Japan – This report is distributed in Japan by Wells Fargo Securities (Japan) Co., Ltd, registered with the Kanto Local Finance Bureau to conduct broking and dealing of type 1 and type 2 financial instruments and agency or intermediary service for entry into investment advisory or discretionary investment contracts. This report is intended for distribution only to professional investors (Tokutei Touseika) and is not intended for, and should not be relied upon by, ordinary customers (Ippan Touseika).

The ratings stated on the document are not provided by rating agencies registered with the Financial Services Agency of Japan (JFSA) but by group companies of JFSA-registered rating agencies. These group companies may include Moody's Investors Services Inc., Standard & Poor's Rating Services and/or Fitch Ratings. Any decisions to invest in securities or transactions should be made after reviewing policies and methodologies used for assigning credit ratings and assumptions, significance and limitations of the credit ratings stated on the respective rating agencies' websites.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, should not be considered a recommendation tailored to a particular investor with respect to (i) the security or securities or (ii) any investment strategy or strategies discussed in the report. Interested parties are advised to contact the entity with which they deal, or the entity that provided this report to them, if they desire further information or they wish to effect transactions in the securities discussed in this report. The information in this report has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at this time, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities and SAI research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Additional distribution may be effected via email, fax or regular mail. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to <http://research.wellsfargosecurities.com>. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research. Each of Wells Fargo Securities, LLC, Wells Fargo Securities International Limited and Wells Fargo Securities Europe S.A. is a separate legal entity and distinct from affiliated banks. Copyright © 2021 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE