

Events

Calendar of Upcoming Events

Focus Research

FINANCIAL INSTITUTIONS

Axos Financial (AX)

Rating: NEUTRAL, 12-Month Price Target: \$41.00, Price: \$37.83

In-line Quarter and Guidance Reiterated; Exited Digital Asset Business

Axos reported an in-line quarter and reiterated its previously provided guidance. Deposit growth was better than expected on an end of period basis. Noninterest bearing deposits declined, but when excluding the planned exit of the digital asset business, NIB deposits would've been up sequentially. Loan growth was roughly in-line with our expectations, but average earning asset growth was modestly lower than expected. This offset the positive impact from a better than expected net interest margin and led to in-line net interest income with our forecast. Credit quality saw some negative migration in the quarter with a sequential increase in nonperforming assets driven by the jumbo and CRE portfolios; there was negative credit migration in special mention and substandard categories as well. However, these loans were indicated to be well secured given low LTVs. Net charge-offs were lower sequentially.

Guidance reiterated but overall trends positive. Loan growth guidance for fiscal 2024 was reiterated at high-single to low-teens growth Y/Y. The loan growth outlook assumes broad-based increases in asset-based lending, lender finance and capital call lines, partially offset by declines in single family warehouse, multifamily, small balance, commercial, auto and personal unsecured loan balances. Net interest margin guidance for fiscal 2024 was reiterated at 4.25% - 4.35%. NIM guidance reflects higher yields from new loans replacing lower yielding hybrid loans with an offset from rising deposit costs. It also assumes that Axos Advisor Services (AAS) deposit balances bottom at current levels and grow gradually. Non-interest expenses were guided to grow sequentially at their historical average growth rate as AX continues to invest in the business. The efficiency ratio was guided to trend between 48.5% to 50.0%.

Digital asset business exited in August. The company executed on its previously announced exit of \$235 million of digital asset related deposits and also exited its small business incubator deposit gathering business that focused on digital asset companies. The company also confirmed that it only held limited purpose accounts for Binance US earlier this year. Activity in these accounts was limited to operational activities such as payroll, and AX no longer has any relationship with Binance US since August 10.

Estimate updates and recommendation. We're increasing our fiscal 2024/2025 core EPS estimates to \$5.55/\$5.80 from \$5.40/\$5.65 owing to higher NIM/NII and lower share count assumptions. We believe AX's outlook is appropriately reflected in its current valuation; we maintain our NEUTRAL rating.

First Foundation (FFWM)

Rating: OUTPERFORM, 12-Month Price Target: \$7.00, Price: \$5.35

Better than Feared 3Q Results; But Funding Pressure Could Weigh on NIM in 4Q

First Foundation reported a mixed quarter highlighted by better than expected NIM expansion, following four consecutive quarters of NIM declines, leading to a net interest income beat. However, period end deposits came in well below our prior estimate and noninterest expenses were higher than expected. Noninterest bearing deposits on an average basis as a % of total deposits increased to 24% in 3Q compared to 23% in 2Q. Noninterest bearing deposits increased \$261 million sequentially due

Wedbush Securities does and seeks to do business with companies covered in its research reports. Thus, 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. Please see pages 12–14 of this report for analyst certification and important disclosure information.

www.wedbush.com

to seasonal growth and management expects the seasonal benefit in 3Q to reverse in 4Q with NIB outflows in 4Q. FFWM plans to replace these outflows with higher-cost deposits which could weigh on NIM in 4Q, according to management. Credit quality improved sequentially with nonperforming assets and net charge offs declining. FFWM has very low exposure to construction, hotels, and commercial office loans, and the company's strong credit performance remains a cornerstone of the bank. The bank plans on reducing its exposure in commercial real estate loans and have a greater balance between fixed and variable rate loans moving forward.

Guidance updates mixed. Loan growth guidance was not specifically given, however management continues to focus on lowering its loan to deposit ratio which we interpret as loans to be strategically tempered in 4Q. Management noted that it expects a pickup in payoff requests in 4Q for loans. In addition, FFWM expects an 8%-10% decline in its multifamily book through 2024, but efforts are being made to keep relationships and migrate them to market rates as they reset. Deposit pipelines remain robust heading into 4Q and FFWM is increasing efforts to gain deposits in its physical retail branch network in which it expects a deposit increase from in 1Q24. A portion of the noninterest bearing deposit portfolio is from relationships receiving compensation through customer service costs, which management anticipates will decline. Management indicated that they will try to replace runoff in these deposit balances which could weigh on 4Q NIM. Assuming a stable, short-term rate environment management expects customer service costs would come down in lockstep with lower NIB deposit balances. Noninterest expenses excluding customer service costs were guided to remain fairly stable in 4Q from 3Q levels, in-line with our prior estimates.

Estimate changes and recommendation. We're lowering our 2023 core EPS estimate to \$0.29 from \$0.35 owing mainly to lower NIM assumptions. We're lowering our 2024 core EPS estimate to \$0.60 from \$0.75 owing mainly to lower average earning asset assumptions. There is no change to our 2025 core EPS estimate of \$1.20. We maintain our OUTPERFORM rating as we expect FFWM to manage through the challenging backdrop and could be an attractive acquisition target given it's trading at a significant discount to tangible book value at 0.3x.

Cullen/Frost Bankers (CFR)

Rating: NEUTRAL, 12-Month Price Target: \$100.00, Price: \$92.09

Strong Quarter; NIM & Credit Quality Holding Up Well in Challenging Environment

Cullen Frost reported a strong quarter highlighted by better than expected net interest income results and improving credit quality in a challenging macro backdrop. Deposits increased 3% annualized driven by a \$565 million increase in interest-bearing deposits, partially offset by a \$273 million decrease in NIB deposits, lowering the ratio of NIB deposits to total deposits to 36% in 3Q from 37% in 2Q. Net interest income decreased \$1 million to \$374 million and was above our forecast driven by a greater than expected increase in average earning assets and less than expected net interest margin contraction. Credit quality improved with delinquencies stable Q/Q at 80 bp, NCOs decreasing \$5 million to \$5 million or 11 bp of total loans, and NPAs decreasing marginally to \$67 million or 37 bp of total loans. The company has a CRE reserve of 1.45% and an office reserve of 2.20%.

Guidance update net positive. Management stated that it believes the consensus EPS estimate for 2023 of \$9.22 is "too low" vs. prior guidance from July where management said that consensus EPS of \$9.63 was "a little high," (in-line our prior forecast of \$9.40); net interest margin in 4Q was guided to be flat to down relative to the 3Q level of 3.44% (in-line with our prior forecast of 3.41%); noninterest expense growth guidance was reiterated at mid-teens and excludes the FDIC special assessment; tax rate guidance was increased to 16.5%-17% vs. prior guidance from July of 16%. Guidance assumes no more rate increases.

Estimate changes and recommendation. We're raising our 2023/2024/2025 EPS estimates to \$9.57/\$8.70/\$8.80 from \$9.38/\$8.60/\$8.75 owing mainly to higher NIM and average earning asset assumptions. We believe CFR's outlook is appropriately reflected in its premium valuation; we maintain our NEUTRAL rating.

Customers Bancorp Inc. (CUBI)

Rating: OUTPERFORM, 12-Month Price Target: \$45.00, Price: \$33.75

Strong Quarter Led by Outsized NIM Expansion from Acquired Venture Portfolio

Customers reported a strong quarter highlighted by outsized NIM expansion that was well above our forecast calling for a contraction, leading to a strong beat on NII. CUBI continued to buck the industry trend and saw an increase in NIB deposits in this difficult deposit backdrop for the industry. NIB deposits increased to 26% of total deposits in 3Q, up from 25% in 2Q, and 10% at 12/31, as NIB deposits increased \$268 million sequentially in 3Q after increasing \$1.0 billion in 2Q. CUBI paid down \$937 million in wholesale CDs and redeemed \$510 million of callable FHLB advances in the quarter given the growth in core deposits. Credit quality was mostly stable as NCOs increased \$1 million to \$17 million or 50 bp of total loans and NPAs increased \$2 million to \$30 million or 24 bp of total loans.

Guidance updates all positive. Core EPS guidance for FY2023 was increased to >\$6.00 which is above prior guidance from July of ~\$6.00 (and above our prior forecast of \$6.03); loan guidance for FY2023 was reiterated at flat-to-down (in-line with our prior forecast); net interest margin for 4Q was guided to 3.20%-3.25% (above our prior forecast of 3.05%); deposit guidance for FY2023 was reiterated to be flat with a focus on reducing high-cost deposits; core noninterest expense growth guidance for FY2023 was reiterated at up 15% driven by the impact of the FDIC special assessment and the newly recruited venture banking team; tax rate guidance was reiterated at 22%-24%; core ROE guidance was reiterated at 15%+; CET1 ratio guidance was reiterated at 11%-11.5%; tangible book value per share guidance was reiterated at \$45+, which was already achieved in 3Q (\$45.36 in 3Q).

Estimate changes and recommendation. We're raising our 2023/2024/2025 core EPS estimates to \$7.46/\$6.90/\$6.95 from \$6.03/\$6.30/\$6.20 owing mainly to higher NIM and AEA assumptions. We maintain our OUTPERFORM rating on CUBI based on its strong deposit remixing and high growth potential as it evolves into a fintech-oriented, digital-forward bank.

Rithm Capital Corp. (RITM)

Rating: OUTPERFORM, 12-Month Price Target: \$12.00, Price: \$9.19

Solid Results On Strong Core Servicing Performance

3Q23. RITM reported 3Q23 earnings available for distribution (EAD) of \$0.58 per share, above our estimate of \$0.36 and consensus estimates of \$0.39. EAD of \$0.58 included a realized gain of \$0.15 related to the sale of excess MSRs in the quarter. Relative to our estimate, servicing revenue was lower than expected, but was more than offset by higher than expected gain on sale income and lower than expected amortization. G&A expense was also higher than expected. Book value increased to \$12.32 from \$12.16 in 2Q23, and is modestly in October with higher rates. Please see the attached variance table for details.

Servicing/origination segment trends. MSR portfolio UPB declined to \$595 from \$598 on 6/30. The MSR multiple increased to 5.1x, up from 5.0x in 2Q23, and the average CPR was flat at 6% sequentially. There was \$11.1 billion of funded volume in the quarter, and 4Q origination volume is expected to be between \$7 to \$9 billion. The gain on sale margin increased from 1.25% to 1.28% sequentially. During the quarter, the company announced the acquisition of SLS, which is a mortgage company with \$135 billion of servicing, \$85 billion of which is third party servicing. Upon the closing of his deal (anticipated 1Q24), servicing UPB will grow to an estimated \$840 billion.

Other business line trends. The Sculptor deal remains ongoing, but RITM is also working on another acquisition that would grow its asset management business to an estimated \$50 billion of AUM. Commercial real estate remains an attractive opportunity, especially on the debt side, and RITM will likely allocate more capital to this sector going forward. There was \$625 million of production from the Gensis business during the quarter, and the average portfolio yield was over 11.5% as of 10/1. ~2% of the portfolio is 60+ days delinquent. In the single family rental business, the company closed on the first few tranches of the 400+ properties added to the pipeline last quarter. <1% of the portfolio is 60+ days delinquent, and the rented population is expected to tick up through the end of the year.

PennyMac Financial Services (PFSI)

Rating: OUTPERFORM, 12-Month Price Target: \$85.00, Price: \$64.09

Solid Results and Book Value Growth; Growing Market Share

PFSI reported operating EPS that beat our and consensus estimates, and book value increased to \$71.56 from \$69.77 at the end of June. We expect the company to continue to increase market share in the correspondent and broker channels, and grow its ROE higher over time with support from solid servicing profitability.

3Q23. PFSI reported GAAP EPS of \$1.77 vs the \$1.11 reported in 2Q23. Normalized operating results, which exclude the loss of ~\$0.34 per share in net mortgage servicing right (MSRs) fair value gains (plus hedge losses), of \$2.11 were above our estimate of \$1.54 per share and consensus estimates of \$1.60. Relative to our estimate, total mortgage production revenue was lower than expected, but gross servicing fees were higher than expected and amortization was lower than expected. Operating expenses were also lower than expected. Please see the attached variance table for details.

Earnings Outlook & Price Target. We are raising our 2023/2024/2025 EPS estimates to \$5.30/\$9.20/\$10.75 from \$5.05/\$8.50/\$9.90 driven by higher production revenue assumptions (market share gains & higher GOS margins). We expect that ROEs will work their way back towards pre-pandemic levels over time, and we anticipate that 1Q23 represented an ROE trough in the

current cycle, which we believe justifies shares trading at a premium to book value. We are lowering our price target to \$85 from \$95, which is based on our future book and ROE model.

HEALTHCARE

MoonLake Immunotherapeutics (MLTX)

Rating: OUTPERFORM, 12-Month Price Target: \$86.00, Price: \$51.25

KOL Call Invite: SLK's Foray into PsA

Please join us on a **Wedbush Advisor Conference Call** featuring:

Dr. Mark Lebwohl

Dean of Clinical Therapeutics and Chairman Emeritus of the Kimberly and Eric J. Waldman Department of Dermatology, The Icahn School of Medicine at Mount Sinai

Hosted by:

Andreas Argyrides, Vice President, Wedbush Emerging Pharmaceuticals Equity Research

Date: Thursday, November 9, 2023 at 2:30PM ET

Location: Virtual - Please contact your Wedbush salesperson to register

Description: Please join us for a discussion on the results from the Ph2 ARGO trial of SLK in psoriatic arthritis (PsA) expected in the first half of November (**ACR Convergence Nov. 10-15, 2023; San Diego, CA abstracts expected to be released on Nov. 7 at 10AM ET**). We also aim to gain greater insights into the evolving competitive landscape for the treatment of psoriatic arthritis (PsA) a multi-billion dollar market that is currently dominated by biologics such as Skyrizi, Taltz, Cosentyx and Humira. Given that bimekizumab targets IL-17A and IL-17F and izokibep targets IL-17A, has a small size, and is albumin-binding, we see a high likelihood of a positive readout. In a recent proprietary investor survey we conducted, a wider range of expected outcomes in PsA appear to give less credit to a positive outcome which could again provide meaningful upside. If SLK exceeds the bar set by izokibep/BKZ on ACR50 (+37-39% delta over placebo at 16wk) and PASI90 (+62% delta over placebo at 16wk) at 12wk which we see as likely outcome, we would expect the stock to be up as much as +50% with mixed results (SLK hits on either ACR50 or PASI90 at 12wk) resulting in shares being flat to down by at least +10%.

Relevant for investors who care on: ABBV, ACRS, AMGN, JNJ, LLY, MLTX, PFE, SLRN, UCB

Discussion topics to include:

- Expert review of the 12wk Ph2 ARGO results
- Overview of the competitive landscape (IL-17, JAK, TNF α , MK2) in PsA
- Assessment of the market opportunity and commercial potential for new entrants

Speaker bio can be found on the next page.

RETAIL AND CONSUMER

Chipotle Mexican Grill (CMG)

Rating: OUTPERFORM, 12-Month Price Target: \$2,200.00, Price: \$1,806.47

Transaction-Led Comp Beat and Higher Q4 SSS Growth Guidance; Reiterate OP

- Q3 EPS above expectations on better-than-expected SSS growth and UL margin
- Solid Q4 SSS growth guidance, as the Carne Asada LTO sustains transaction growth
- Q4 margin commentary could prove conservative again
- '24 unit growth guidance in line with consensus
- We increase our 2023 EPS estimate to \$44.11 from \$43.39
- Maintain OUTPERFORM and \$2,200 PT

BJ's Restaurants (BJRI)

Rating: OUTPERFORM, 12-Month Price Target: \$33.00, Price: \$23.57

October SSS Growth Acceleration Puts 14%+ 2024 UL Margin Well Within Reach

- Q3 largely in line with our below-consensus estimates
- We are confident that +LSD Q4 SSS growth guidance means at least 3% in October
- Q4 margin guidance above consensus, with commentary pointing to 2024 upside versus consensus

- Unit growth guidance reiterated
- Repurchase program resumed
- We lower our 2023 EPS estimate to \$0.80 from \$0.86 given the Q3 miss
- Reiterate OUTPERFORM and increase PT to \$33 from \$32 PT

Skechers USA (SKX)

Rating: OUTPERFORM, 12-Month Price Target: \$59.00, Price: \$46.78

S-K-X Gon' Give It To Ya; Strong Q3 Print with Conservative Q4 Guidance

What Happened? SKX reported Q3 results that were better than expectations, as revenues grew 7% constant-FX (vs. guidance up 4-6%) and EPS of \$0.93 was well above guidance \$0.70-\$0.75. For the full-year, the revenue outlook was narrowed to 7-8% growth (vs. 7-9% growth prior), and the EPS was raised slightly to \$3.33-\$3.43 (vs. \$3.25-\$3.40 prior).

What Did We Learn? Key takeaways include: **1) DTC trends remain strong, demonstrating brand momentum.** DTC grew +24% YoY globally, with 14% domestic growth (on top of 15% a year ago) and International +33% (Asia +24%, Latin America +32% and EMEA +61%). **2) U.S. Wholesale surprisingly turns positive.** Following a 21% YoY decline in 1H, this segment was marginally positive in Q3 (+0.3%). While management highlighted a pull-forward of shipments into Q3 (so Q4 guidance assumes U.S. wholesale is negative again), they also noted that upside is certainly possible. They remain encouraged by sell-through trends, which are much better than sell-in revenues. On the flip side, EMEA wholesale slowed significantly to -8% (vs. +20% in Q1 and +7% in Q2), which was due to a combination of difficult compares (EMEA wholesale grew +59% in 3Q22) and more cautious ordering patterns. The declines were particularly pronounced in distributors, which declined 30% YoY (vs. +86% growth last year). **3) China exceeding expectations.** Despite some investor concerns that China could reverse trend in Q3, the region grew +18% (essentially the same growth rate as Q2). They're taking a cautious approach to planning Q4 given the uncertainty around Singles Day and the broader macro environment, but all in all, China seems to be recovering nicely. **4) Strong margin expansion amid lower inventories.** Gross margin increased 590bps YoY, including 780bps of expansion in the wholesale channel (partially offset by a modest 80bps decline in DTC). Inventories declined 22% YoY, and they were down 33% in North America and EMEA. With lean inventories and continued freight tailwinds, we would expect gross margin to remain strong in Q4 and into early-2024. **5) Push into performance categories could be a long-term growth driver.** Intra-quarter, the company announced its entry to two of the world's biggest sports: soccer/football (via the signing of English superstar Harry Kane) and basketball (Julius Randle and Terrance Mann). This gives them access to two incremental categories, which increases the TAM and could give them new distribution opportunities.

What Do We Think From Here? We believe SKX continues to exhibit strong brand momentum, the China recovery is on-track, wholesale sell-in is poised to improve, inventory/margin dynamics are favorable, and they have over \$800 million of net cash. Furthermore, we think Q4 guidance is highly conservative, as it implies EPS down YoY at the midpoint (vs. almost 70% growth in both Q2 and Q3). We're raising our FY23/24 EPS forecasts to \$3.42/\$3.84 (from \$3.33/\$3.70 prior), and we believe that there remains meaningful upside potential to our forecasts if SKX continues to execute at a high level.

MDC Holdings, Inc. (MDC)

Rating: NEUTRAL, 12-Month Price Target: \$51.00, Price: \$36.90

F3Q23 Recap: Increasing our Conservatism Due to Higher Rates

While we do not have a formal rate forecast, we think investors have to either assume 30-year mortgage rates are flat to down versus current, ~8% levels, or are flat to higher. If rates are stable to higher in FY24 versus current levels, we believe the costs of selling the same volume of homes in FY24 versus FY23 may be more expensive due to the rising cost of mortgage rate buydowns. We would also note current mortgage rates are higher than the levels seen in January to August 2023 which may imply higher buydown expenses for the same timeframe in 2024 if rates are static to higher. We revised our MDC model to reflect a flat to up rate environment in FY24 as we have not seen a catalyst for lower rates.

Texas Roadhouse Inc. (TXRH)

Rating: OUTPERFORM, 12-Month Price Target: \$110.00, Price: \$94.63

Transactions Continue to Fuel Comp Upside; Reiterate OUTPERFORM

- Q3 EPS below expectations despite better-than-expected SSS growth
- October SSS growth commentary well above expectations
- We remain cautious with respect to COGS and labor expense through 2024
- CapEx step-up aims to accelerate unit openings
- We increase our 2023 EPS estimate to \$4.56 from \$4.55

- Maintain OUTPERFORM and \$110 PT

Deckers Outdoor Corp (DECK)

Rating: OUTPERFORM, 12-Month Price Target: \$650.00, Price: \$484.58

Rumors of Hoka's Demise Have Been Greatly Exaggerated, And UGG Is On Fire Too

What Happened? DECK reported fiscal 2Q24 results that were way better than expectations, with revenues +24% constant-FX (vs. consensus +10%), and EPS of \$6.82 well above the Street's \$4.39. For FY24, they now expect revenue growth of 11% (vs. +10% prior) and EPS of \$22.90-\$23.25 (vs. \$21.75-\$22.25 prior).

What Did We Learn? Key takeaways include: **1) Hoka more resilient than expected, near-term trends to be volatile due to launch timing.** Hoka grew 27% in fiscal Q2, unchanged vs. Q1's growth rate. Importantly, DTC growth remained strong (+46%), and surprisingly, wholesale growth actually reaccelerated (+18% vs. Q1 +12%). That said, they expect growth to moderate in Q3 (Dec), as they've pushed some launches of new styles out to fiscal Q4 (Mar), which is the start of the Spring running season. In addition, they noted an entry to some additional wholesale doors late in Q4. Thus, it sounds like management expects a dip in Q3 (sub-20%) and a reacceleration in fiscal Q4 (though it could remain below 20%). **2) If you thought Hoka growth was strong, wait 'til you see UGG.** For the first time since DECK acquired Hoka more than 10 years ago, UGG outgrew Hoka, generating 28% growth in the quarter. Notably the strength was driven by both channels, with wholesale +25% and DTC up 38%. Management believe some of this was a pull-forward of demand, as wholesale partners and DTC shoppers alike remember last year's inventory shortages on key styles, resulting in increased urgency to buy products early. Management does believe that this will siphon some revenue out of fiscal Q3 (the brand's seasonal peak), and as a result they only expect the brand to grow +MSD this year, implying 2H flattish to slightly down. **3) Margins moving higher even with heavy investment.** Gross margin increased 520bps YoY due to momentum in the brands coupled with lower freight costs. Even with a heavy level of SG&A investment (+22% YoY), they still leveraged SG&A 80bps, resulting in EBIT margin up ~600bps YoY. They raised FY gross margin guidance by 50-100bps to 52.5%-53.0%, and raised the EBIT margin outlook by 50bps to 18.5%. **4) Divesting Sanuk to focus more on the 2 big brands.** Sanuk generated less than \$40 million of revenues in FY23, and is on pace to do less than \$30 million this year. With UGG and Hoka both in the vicinity of \$2 billion, Sanuk doesn't really move the needle, so management is looking for a more appropriate owner for the brand.

What Do We Think From Here? The two big brands are performing extremely well, and they continue to manage Hoka's normalizing growth extremely well. We're also encouraged that they telegraphed the timing shifts that will impact fiscal Q3. Furthermore, even though they raised the high end of EPS guidance by \$1.00, it still appears beatable, as it implies significantly slower growth at both big brands, EBIT margins down YoY, and no buyback. Thus, DECK continues to screen as a high-quality beat-and-raise story, particularly now that some of the slowing-growth concerns at Hoka have been alleviated. We raise our FY24/25 EPS forecasts to \$23.25/\$27.10 (from \$22.14/\$25.60) and our PT increases to \$650 (from \$614).

Tractor Supply Company (TSCO)

Rating: NEUTRAL, 12-Month Price Target: \$200.00, Price: \$188.79

3Q23 Review: Pressures Mounting despite Resilient Business Model

The Wedbush View

TSCO reported 3Q23 results that were below consensus' forecasts on the top line but slightly better on the bottom line, and it lowered its full-year guidance. The company reported comps of -0.4% (vs. consensus' +1.3%), operating margins of 10.0% (+60 bps y/y) vs. consensus' 9.8% and EPS of \$2.33 vs. consensus' \$2.29. TSCO is operating in a tougher environment with consumers pulling back on discretionary purchases and limiting basket sizes while spending continues to shift back to services. At the same time, unfavorable weather negatively weighed on seasonal sales and this is expected to persist into 4Q23 especially with still-warm weather in key areas of the country. We remain concerned by macro pressures driving lower discretionary consumer spending and trade-down in staples (particularly for the lower-end consumer), and we expect these pressures to negatively weigh on comps into 2024. However, the company's 50%+ needs-based sales mix makes it resilient and we still see positive comps in 2024 vs. a long-term comp algorithm of +4%-5% (driven by growth in customer demand, TAM expansion, and long-term initiatives including Side Lot and Project Fusion). Despite challenges into next year and continued spending on its long-term initiatives, gross margin expansion led by lower transportation costs and supply chain efficiencies and offsets in SG&A from its sale-leaseback program (15 stores planned, similar to 2023) should keep 2024 operating margins within its long-term

range of 10.1%-10.6% (flat to up +50 bps vs. 2023 guided levels), but likely toward the lower end. Based on our view for a pressured macro environment into 2024, we remain NEUTRAL on TSCO but reduce our price target to \$200 from \$230.

TMT

Seagate Technology Holdings PLC (STX)

Rating: NEUTRAL, 12-Month Price Target: \$70.00, Price: \$66.65

FQ1'24 Review - An Improving Industry Outlook with HAMR on the Horizon

STX results were somewhat below consensus, albeit in-line with the company's revised guide. The primary deltas vs. our model were lighter legacy HDD and systems revenues.

Forecasts in turn were also somewhat below prior Street estimates. In part the difference is tied to STX's outlook for systems sales to remain subdued vs. prior typical revenue levels. In part, however, we believe Seagate management is setting the company up to exceed estimates following a string of quarters where STX has underperformed or guided forward quarters lower.

Specifically, we continue to believe STX nearline volumes are set to rebound in CQ4 helped by a large CSP purchase order that we think should yield incremental units beyond the additional 500K units we have modeled Q/Q. In addition, we would expect some bump in certain legacy businesses areas (e.g., an end of year lift in retail - as we've seen in other segments - and enterprise HDDs -as businesses spend their remaining IT budget), which currently neither our model (nor STX's guidance) anticipates.

Moreover, we believe in the intermediate to longer-term, STX's leadership in HAMR will create incremental value for STX (and its shareholders). And while we are somewhat more cautious around the timing of HAMR's ramp vs. STX's outlook, we still believe management's positive commentary around product development and customer engagement should be viewed in a positive light.

Our only significant reservation regarding STX as an investment is tied to valuation. Specifically, while we believe: 1) the industry will recover (and that new longer-term data growth estimates if anything are overly conservative), and 2) that STX's leadership with HAMR will yield both share and margin benefits, we also see the timing around both these shifts as taking place in FY'25 and potentially even towards the end of the STX's fiscal year. As such, the benefits of these shifts are beyond the 12 - 24 month time frame we tend to use to value companies, leaving STX trading at multiples well above what we typically use to value commodity technology companies.

Net, we are retaining our NEUTRAL outlook on the name as STX's high valuation and the timing of larger improvements moderate our enthusiasm for the company's potential technology advantage and what we believe will be a likely recovery for the HDD industry.

WDC: We see limited ramifications for WDC from STX's results; we continue to believe WDC's results and outlook will be more dictated by NAND conditions and the significant improvement in that market that has occurred over the past 3 months.

Outlook & Valuation: We are maintaining our NEUTRAL rating, but raising our target price to \$70 (from \$60). We arrive at our target price by applying a ~18X multiple (net debt) to our current FY2025 expectations.

Amazon.com (AMZN)

Rating: OUTPERFORM, 12-Month Price Target: \$180.00, Price: \$119.57

Don't Stop Believin' When Margins Are Rising; Best Idea, Outperform, \$180 TP

Amazon reported strong 3Q23 results as revenue of \$143.08B beat estimates by 1.1% and operating income of \$11.19B was well above consensus of \$7.69B. We come away from 3Q results with increased conviction in Amazon's intermediate-term margin trajectory. The company's cost optimizations across the business and shift to regional fulfillment in the US is driving incremental margin gains as North America segment margin grew 542bps Y/Y to 4.9%, while International margin increased 860bps Y/Y to reach roughly breakeven. **Supporting the retail margin expansion is an advertising business that likely operates at 60%+ EBIT margins,** is on pace to generate \$46.5B of revenue this year, and is accelerating with growth of 26% Y/Y (up from 22% last quarter).

While AWS growth of 12.3% was just below Street estimates, we view AWS stability in 3Q as a better-than-feared outcome and believe investor expectations had migrated below consensus ahead of results. Management commentary regarding AWS was upbeat in our view and suggested a strong customer pipeline ahead in addition to \$10B+ of potential AWS revenue stemming from AI over the next several years.

Guidance for 4Q operating income was 5.5% above consensus at the midpoint, and we think the outlook is conservative as the high-end of guidance (\$11B) implies a sequential decline in quarterly operating income of ~\$1.2B. Operating income has only declined sequentially from 3Q to 4Q twice in the past 25 years of Amazon's history as a public company; once in 2000 during the height of the internet bubble and again in 2021 during the pandemic. We are raising our 4Q operating income estimate by 21% to the high-end of management's range, and we see upside potential from there as margins are likely to benefit from seasonally high retail volume and ad revenue in 4Q. Further, our 4Q estimate implies only modest sequential margin expansion in North America (~35bps Q/Q), a step back in profitability in the International segment (-95bps), and a reversion in AWS margins to 25% (-528bps). We believe the company is early in the current margin cycle and now expect 2024 operating income of \$44.75B, implying a 7.0% margin and Y/Y growth of 29%. **We reiterate our Outperform rating and \$180 target price and continue to view Amazon as our best idea across our coverage group.**

(Continued on page 2)

Pegasystems (PEGA)

Rating: OUTPERFORM, 12-Month Price Target: \$58.00, Price: \$40.81

Major Step in the Right Direction; Turnaround Story in Progress

Pega delivered a very strong FY3Q23 quarter that featured large beats on the top and bottom line as the company continues to navigate the speed bumps in this business model transition with generative AI further enabling enterprises to become autonomous as Pega is well on its way to becoming a Rule of 40 company. Total ACV of \$1.17 billion (up 12% y/y) came in line with the Street's estimate of \$1.17 billion and at the midpoint of the company's guidance of 11% to 13% growth y/y with the important Cloud ACV coming in at \$494.6 million below the Street's estimate of \$515.3 million this quarter as the company continues to navigate the speed bumps with more existing clients switching to Pega Cloud while integrating generative AI into customer's data. Total revenue of \$334.6 million came in well above the Street's estimate of \$296.7 million while EPS of \$0.44 was also well above the Street's estimate of \$0.01 driven by increased scaling of Pega Cloud and further automation in the cloud leading to expanding gross margins that are expected to grow to 80+% in the near term.

Free cash flow through the first three quarters was \$124.0 million while raising FY23 guidance to \$200.0 million (up from previous guidance of \$180.0 million) is well above the year-ago figure of (\$36.0) million as the company continues to focus on further monetizing its existing customers rather than adding new logos. While coming to the end of its subscription transition, Pega now has the opportunity to further accelerate its profitable growth profile with free cash flow expected to reach \$500+ million over the next 3-5 years pointing to strength in its ACV growth drivers. Subscription revenue of \$275.9 million came in significantly above the Street's estimate of \$226.7 million now representing ~82% of total revenue (up from ~80% in the prior period) as the company's plans to complete its subscription transition are in the final stages.

On the call, management continued to highlight Pega's use of generative AI automating processes for enterprises driving faster time-to-value, reduced implementation times, and improved sales cycles. The company continues to increase value with existing customers while Pega's model further stabilizes with increased recurring revenue and improved gross margins as the company progresses towards 2024 which is an inflection year to becoming a rule of 40 company. We maintain our OUTPERFORM rating while lowering our price target from \$65 to \$58 price target reflecting a lower multiple.

Ubisoft Entertainment (UBI)

Rating: OUTPERFORM, 12-Month Price Target: €34.50, Price: €25.94

Positive Momentum into 2H from Catalog, New Games, and (Largely) Intact Slate

Ubisoft delivered significant Q2 net bookings upside, driven by catalog strength (most notably for *Rainbow Six Siege*), a successful debut for *The Crew Motorfest*, partnerships, and, *Assassin's Creed Mirage* pre-shipments. The scale of the upside was large enough that the company was able to slip an unidentified large game into FY:25 and maintain its FY:24 guidance. The FY:24 release slate, apart from the large game, remained intact, suggesting that Ubisoft is moving past the slowdown to development caused by work-from-home. The company disclosed that the one-off payment for Activision Blizzard's cloud streaming rights was well ahead of €50 million, but it expects those rights to be profitable for Ubisoft eventually. We continue to view Ubisoft shares as a compelling investment proposition, with the shares trading at around 13x the consensus FY:26 EPS figure of €2.01. Our conviction has been strengthened by the largely intact FY:24 slate, the upside delivered on Thursday, and the strength seen for new releases and catalog content.

Ubisoft delivered 1H and Q2 results well above guidance and expectations.

Q2 net bookings were €555 million, compared with our estimate of €360 million, consensus of €395 million, guidance of around €350 million, and the Q2:23 figure of €406 million. Around half of the outperformance came from partnerships surrounding

the company's back-catalog titles. The other half was the result of strong back-catalog performance, new release performance, and pre-shipments of *Assassin's Creed Mirage*. Regarding Ubisoft's recently acquired Activision Blizzard cloud streaming rights, the company noted that its first plan of action will be to add Activision's games to its own subscription platform.

Maintaining our OUTPERFORM rating and 12-month price target of €34.50.

Our price target reflects 16x our revised FY:26 EPS estimate of €2.08.

Overstock.com, Inc. (OSTK)

Rating: OUTPERFORM, 12-Month Price Target: \$25.00, Price: \$15.40

Growth Potential, but With Risks; Reiterate OP, PT to \$25

The Wedbush View

Overstock is well-positioned among home goods retailers with an assortment of unbranded products in its "inventory light" business, and as home goods ecommerce retailers continue to take market share from brick-and-mortar stores. That said, Overstock continues to be impacted by lower discretionary spending on home categories as macroeconomic pressures persist. Additionally, as Overstock transitions to the well-known Bed Bath & Beyond name, its newly acquired customers are not yet accustomed to large ticket purchases like furniture. In our view, the primary risk is Overstock's ability to convert Bed Bath & Beyond customers to furniture buyers. If it is unable to convert a large portion of these customers to more than accessories buyers, then it could take several years to reach ROI on this acquisition. If it can convert these customers, the investment should pay off in 2 – 5 years. With significant investment and likely EBITDA losses for the next several quarters, and with some risk to ROI on this investment, we lower our price target to \$25 from \$43. This is based on a 9x EV/EBITDA multiple (from 16x prior), plus \$8 per share for Overstock's Medici assets, and based on our new, more conservative forward estimates. Still, with shares trading at roughly 2x Overstock's available cash per share, we remain OUTPERFORM.

Overstock announced a full rebrand to "Beyond" effective November 6.

On October 24, Overstock.com, Inc, announced it will change its corporate name to Beyond, Inc, transfer common stock listing from NASDAQ to NYSE, and change its ticker to BYON from OSTK, effective November 6. Also plans to create a standalone Overstock Liquidation website for discounted products by the end of 2024.

Q3:23 results show Beyond brand implementation is still in the first inning.

Revenue was \$373 million (down 19% YoY), after guidance for a decline in the mid-teens vs. our estimate of \$395 million and consensus of \$396 million. Active customers fell 15% YoY, although sequentially rose over 6%, and average order value fell 21% YoY on promotional activity and product mix shift related to the Beyond rebrand efforts (more accessories, less furniture). Total orders delivered were up 3% YoY for the first time in two years. Overstock purchased Bed Bath & Beyond rights for \$25 million and plans to invest another \$150 million over the next 15 months to fully launch the rebrand and new business strategies, with a combination of heavy marketing spend and promotions. Looking ahead of 2024, we think Beyond is unlikely to continue heavy promotional activity without a revenue increase resulting in gross profit expansion. We expect Beyond to be gross profit neutral in 2024 with 2023 as the company builds out the brand and expands awareness of its important furniture business. As revenue and basket size (average order value) rise, we expect to see gross margins rebounding back toward the company's low-20's target range. Beyond is first focusing on expanding its customer base, then on driving higher basket size, then finally shifting focus to re-expanding gross margin.

Payments

Money2020 (2023) Recap: All About Monetization; Data Points On SQ, FIS, PYPL

This year's Money2020 gathering provided an extensive number of events, focusing on multiple relevant topics, including regulation, digital assets, AI, monetization (embedded finance), real time payments (RTP), financial inclusion (FedNow) and disintermediation. As we expected, from a company-specific perspective, conference attendees provided interesting insights on some of the more controversial names in the space, including: Block (Square merchant segment's ongoing restructuring

given share losses and leadership vacuum), Adyen (recent margin compression from US launch), Paypal (a variety of opinions on new CEO's qualifications) and FIS (GTCR's WorldPay repositioning). Our top Payments defensive picks include: V, FI and GPN.

TMT

Private Software Company Weekly Spotlight: Huntress



Huntress, a Managed Security Platform. Huntress is a cybersecurity partner for small and mid-sized businesses and the managed service providers supporting them by providing technology, services, education, and expertise needed to help SMBs overcome cybersecurity challenges and protect critical business assets. Founded in 2015 by a group of former National Security Administration (NSA) operators supporting 4.3k partners and more than 115k organizations securing over 2 million endpoints, the company delivers a suite of purpose-built solutions that meet budget, security, and peace-of-mind requirements while defending against cyberattacks. Customers can secure endpoints, email, and employees by deploying managed detection and response for endpoints and cloud in minutes all powered by custom-built technology for SMBs and expert analysts in its Security Operations Center. With hackers constantly evolving to better attack small and mid-size businesses, Huntress allows SMBs and managed service providers to stay ahead with managed cybersecurity solutions for endpoints, email, and identity. Given substantial hurdles for small to mid-sized organizations to manage their environments, Huntress provides tools to properly navigate the cybersecurity pain points, such as greater attack surfaces, scarce resources and expertise, and increasing regulatory requirements.

Intel Corp (INTC)

Rating: NEUTRAL, 12-Month Price Target: \$35.00, Price: \$32.52

Is an Intel Core in the Hand Worth Two Gaudis in the Bush?

Intel's revenue results and guide were better than expected with upside driven almost exclusively by stronger PC mechanics. In turn, better loading helped lift GMs, which in tandem with continued opex cost controls led to unexpected earnings strength. And the meaningful upside vs. expectations in turn drove Intel's stock higher after hours.

While we indeed agree Intel's results (i.e., a Core in the Hand) were impressive, we also believe the value of the company is really predicated upon its ability to execute to its roadmap, particularly in enterprise and manufacturing (i.e., a Gaudi in the Bush).

On the roadmap front, management certainly talked to a variety of milestones that they suggest signal even better times are ahead including:

Intel's Manufacturing Process Achievements:

- Intel 4 is now in mass production, with Intel 3 expected to be manufacturing ready by year end.
- Intel has signed 2 new 18A customers with another customer expected to be added before the close of CQ4.
- Intel has released the 0.9 PDKs for 18A with availability imminent for customers.

Enterprise Product Progress:

- Intel's accelerator pipeline has doubled over the last 90 days.
- Emerald Rapids is in production and ramping. Sierra Forest, Intel's future high core count SKU is in customer validation as is Granite Rapids which will deliver 2 to 3x the performance of Intel's 4th gen Xeon.

Having said this, at the same time, questions around Intel's future have necessary proliferated in recent months given:

- QCOM's debut of its Arm processor for PCs, alongside news that both NVDA and AMD are planning their own Arm based products, creating a potentially meaningful threat to the dominance in PCs that is currently lifting Intel's financials, and
- NVDA's outlook for AI to displace traditional compute, a threat made more stark by Intel's less apparent (in our view) success in penetrating the AI market.
- TSMC's recent comments around its view of future process technology, which leave no doubt as to its opinion that it remains head and shoulders ahead of Intel.

Our view remains that it is the last factor that is most integral to Intel's future success as there will be demand for Intel's fab services and Intel will necessarily have a meaningful silicon cost or performance advantage vs. its peers, if it can get its process technology right. But, again, we continue to wait for more clarity around this point (with INTC's products based on next generation nodes still yet to ship) before we are willing to take a more definite stance on Intel's likely future success. Net, we remain NEUTRAL on INTC for now.

Valuation: Our target price remains at \$35. We base our price target on a PE multiple of 13X (net \$4.29/share of debt), applied to our 2025 earnings, the point at which we model Intel returning to its targeted financial metrics.

Analyst Certification

As to each company covered, the respective research analyst (or analysts) certifies that the views expressed in the research report accurately reflect such research analyst's personal views about the subject securities and companies, and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in the research report.

Mentioned Companies

Company	Rating	Price	Target
United Microelectronics	OUTPERFORM	TWD48.30	TWD57.00
Taiwan Semiconductor	OUTPERFORM	TWD547.00	TWD700.00
Apple	OUTPERFORM	\$173.93	\$240.00
Advanced Micro Devices Inc	OUTPERFORM	\$117.60	\$155.00
Amazon.com	OUTPERFORM	\$119.57	\$180.00
Axos Financial	NEUTRAL	\$37.83	\$41.00
AXT Inc.	OUTPERFORM	\$2.96	\$6.00
BJ's Restaurants	OUTPERFORM	\$23.57	\$33.00
Cullen/Frost Bankers	NEUTRAL	\$92.09	\$100.00
Chipotle Mexican Grill	OUTPERFORM	\$1,806.47	\$2,200.00
Customers Bancorp Inc.	OUTPERFORM	\$33.75	\$45.00
Deckers Outdoor Corp	OUTPERFORM	\$484.58	\$650.00
East West Bancorp Inc	NEUTRAL	\$52.98	\$57.00
First Foundation	OUTPERFORM	\$5.35	\$7.00
Fiserv	OUTPERFORM	\$130.06	\$150.00
Fidelity National Information Services	OUTPERFORM	\$59.80	\$75.00
GlobalFoundries Inc.	OUTPERFORM	\$60.13	\$70.00
Global Payments	OUTPERFORM	\$112.71	\$130.00
International Business Machines	NEUTRAL	\$135.36	\$140.00
Intel Corp	NEUTRAL	\$32.52	\$35.00
MDC Holdings, Inc.	NEUTRAL	\$36.90	\$51.00
MoonLake Immunotherapeutics	OUTPERFORM	\$51.25	\$86.00
Microsoft	OUTPERFORM	\$330.54	\$400.00
Micron Technology Inc	OUTPERFORM	\$68.21	\$80.00
NetApp Inc.	NEUTRAL	\$76.53	\$75.00
Nvidia	OUTPERFORM	\$471.16	\$600.00
Overstock.com, Inc.	OUTPERFORM	\$15.40	\$25.00
Pegasystems	OUTPERFORM	\$40.81	\$58.00
PennyMac Financial Services	OUTPERFORM	\$64.09	\$85.00
PennyMac Mortgage Investment Trust	NEUTRAL	\$12.93	\$13.00
Pure Storage Inc.	OUTPERFORM	\$36.48	\$45.00
PayPal	OUTPERFORM	\$65.02	\$85.00
Rithm Capital Corp.	OUTPERFORM	\$9.19	\$12.00
Silicon Motion Technology Corp	OUTPERFORM	\$53.79	\$85.00
Skechers USA	OUTPERFORM	\$46.78	\$59.00
Super Micro Computer, Inc.	NEUTRAL	\$258.09	\$250.00
Block Inc.	NEUTRAL	\$51.25	\$70.00
Seagate Technology Holdings PLC	NEUTRAL	\$66.65	\$70.00
Tractor Supply Company	NEUTRAL	\$188.79	\$200.00
Texas Roadhouse Inc.	OUTPERFORM	\$94.63	\$110.00
Ubisoft Entertainment	OUTPERFORM	€25.94	€34.50
Visa	OUTPERFORM	\$232.76	\$270.00
Western Digital	OUTPERFORM	\$36.54	\$60.00

Investment Rating System:

OUTPERFORM: Expect the total return of the stock to outperform relative to the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

NEUTRAL: Expect the total return of the stock to perform in-line with the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

UNDERPERFORM: Expect the total return of the stock to underperform relative to the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

The Investment Ratings are based on the expected performance of a stock (based on anticipated total return to price target) relative to the other stocks in the analyst's coverage universe (or the analyst's team coverage).*

Rating distribution (as of October 27, 2023)	Investment Banking Relationships (as of October 27, 2023)
OUTPERFORM: 60.84%	OUTPERFORM: 4.21%
NEUTRAL: 37.30%	NEUTRAL: 1.25%
UNDERPERFORM: 1.86%	UNDERPERFORM: 0.00%

The Distribution of Ratings is required by FINRA rules; however, WS' stock ratings of Outperform, Neutral, and Underperform most closely conform to Buy, Hold, and Sell, respectively. Please note, however, the definitions are not the same as WS' stock ratings are on a relative basis.

The analysts responsible for preparing research reports do not receive compensation based on specific investment banking activity. The analysts receive compensation that is based upon various factors including WS' total revenues, a portion of which are generated by WS' investment banking activities.

Company Specific Disclosures

This information is subject to change at any time.

1. WS makes a market in the securities of First Foundation, Axos Financial, Cullen/Frost Bankers, Customers Bancorp Inc., Chipotle Mexican Grill, BJ's Restaurants, Texas Roadhouse Inc., Seagate Technology Holdings PLC, Intel Corp, Amazon.com, Pegasystems, Skechers USA, Rithm Capital Corp., Deckers Outdoor Corp, Ubisoft Entertainment, MDC Holdings, Inc., Overstock.com, Inc., PennyMac Financial Services, MoonLake Immunotherapeutics, Tractor Supply Company, United Microelectronics, Taiwan Semiconductor, Apple, Advanced Micro Devices Inc, AXT Inc., East West Bancorp Inc, Fiserv, Fidelity National Information Services, GlobalFoundries Inc., Global Payments, International Business Machines, Marvell Technology Group Ltd, Microsoft, Micron Technology Inc, NetApp Inc., Nvidia, PennyMac Mortgage Investment Trust, Pure Storage Inc., PayPal, Silicon Motion Technology Corp, Super Micro Computer, Inc., Block Inc., Visa and Western Digital.

4. WS has received compensation for investment banking services from Rithm Capital Corp. within the last 12 months.

10. The research analyst, a member of the research analyst's household, any associate of the research analyst, or any individual directly involved in the preparation of this report has a long position in the common stocks of Amazon.com.

12. Wedbush Securities Inc. has a banking relationship with East West Bancorp Inc.

Price Charts

Wedbush disclosure price charts are updated within the first fifteen days of each new calendar quarter per FINRA regulations. Price charts for companies initiated upon in the current quarter, and rating and target price changes occurring in the current quarter, will not be displayed until the following quarter. Additional information on recommended securities is available on request.

Disclosure information regarding historical ratings and price targets is available: [Research Disclosures](#)

*WS changed its rating system from (Strong Buy/ Buy/ Hold/ Sell) to (Outperform/ Neutral/ Underperform) on July 14, 2009.

Applicable disclosure information is also available upon request by contacting the Research Department at (212) 833-1375, by email to leslie.lippai@wedbush.com. You may also submit a written request to the following: Wedbush Securities, Attn: Research Department, 142 W 57th Street, New York, NY 10019.

OTHER DISCLOSURES

The information herein is based on sources that we consider reliable, but its accuracy is not guaranteed. The information contained herein is not a representation by this corporation, nor is any recommendation made herein based on any privileged information. This

information is not intended to be nor should it be relied upon as a complete record or analysis: neither is it an offer nor a solicitation of an offer to sell or buy any security mentioned herein. This firm, Wedbush Securities, its officers, employees, and members of their families, or any one or more of them, and its discretionary and advisory accounts, may have a position in any security discussed herein or in related securities and may make, from time to time, purchases or sales thereof in the open market or otherwise. The information and expressions of opinion contained herein are subject to change without further notice. The herein mentioned securities may be sold to or bought from customers on a principal basis by this firm. Additional information with respect to the information contained herein may be obtained upon request.

Wedbush Securities does and seeks to do business with companies covered in its research reports. Thus, 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. Please see pages 3–7 of this report for analyst certification and important disclosure information.

Retail Investors

The information provided is for general informational purposes only and should not be considered an individual recommendation or personalized investment advice. The companies/investments mentioned may not be suitable for everyone. Each investor needs to review their own respective situation(s) before making any investment decisions. All expressions of opinion are subject to change without notice due to shifting market(s), economic or political conditions. Investment involves risks including the risk of principal. Past performance is no guarantee of future results and the opinions presented cannot be viewed as an indicator of future performance.

Equity Research			
CONSUMER AND RETAIL			TMT
Beverages/Cannabis			
Gerald Pascarelli, CFA	(646) 860-7585	gerald.pascarelli@wedbush.com	
Footware & Apparel			
Tom Nikic	(212) 938-9932	tom.nikic@wedbush.com	
Hardlines Retail			
Seth Basham	(212) 938-9954	seth.basham@wedbush.com	
Restaurants			
Nick Setyan	(213) 688-4519	nick.setyan@wedbush.com	
HEALTHCARE			FINANCIAL INSTITUTIONS GROUP
Biotechnology			
David Nierengarten, Ph.D.	(415) 274-6862	david.nierengarten@wedbush.com	
Biotechnology			
Robert Driscoll, Ph.D.	(415) 274-6863	robert.driscoll@wedbush.com	
Emerging Pharmaceuticals			
Liana Moussatos, Ph.D.	(415) 263-6626	liana.moussatos@wedbush.com	
Emerging Pharmaceuticals			
Andreas Argyrides	(212) 833-1399	andreas.argyrides@wedbush.com	
Biotechnology			
Laura Chico, Ph.D.	(212) 668-9868	laura.chico@wedbush.com	
RESEARCH MANAGEMENT			
Kevin Merritt, CFA		Kirsten Fraunces	
Director of Research		EVP, Head of Capital Markets	
kevin.merritt@wedbush.com		kirsten.fraunces@wedbush.com	
(212) 938-9949		(213) 688-4404	
COMMODITY AGRICULTURE RESEARCH			
Al Kluis			
Kluis Commodity Advisors			
info@kluiscommodityadvisors.com			
(888) 345-2855			
FIXED INCOME FUTURE & RATES RESEARCH			
Arthur Bass			
Managing Director			
Arthur.Bass@Wedbush.com			
(212) 259-6582			
CORPORATE ACCESS			
Avishai Kantor		Sophia Dao	
Vice President, Corporate Access		Associate, Corporate Access	
Avishai.Kantor@wedbush.com		Sophia.Dao@wedbush.com	
(212) 259-6589		(213) 688-4380	
TRADING			
Consumer/Financials/TMT		TMT	
Bryan Lonsinger	(212) 938-9925	bryan.lonsinger@wedbush.com	Matthew Croglio (212) 931-7071 matthew.croglio@wedbush.com
Healthcare/TMT			
Sahak Manualian	(213) 688-4533	sahak.manuelian@wedbush.com	
WEDBUSH OFFICES			
Los Angeles		San Francisco	
1000 Wilshire Boulevard		600 Montgomery Street	
Los Angeles, CA 90017		San Francisco, CA 94111	
(213) 688-8000		(415) 273-7300	
		Chicago	
		141 W. Jackson Boulevard, Suite 1710A	
		Chicago, IL 60604	
		(312) 786-1930	