

Research Summary Early 6:05 EDT — October 25, 2023

Recently Published Research EQ

Summary

This is a compilation of our latest research changes and publications

Coverage Initiations

none

Rating Changes

Consumer

[GPS \(Overweight\) GPS: Turnaround Story Gaining Traction; Upgrading to OW, PT to \\$16](#)

Energy

[Energy: Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading](#)

[ENB](#)

[Energy: Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings](#)

Health Care

[VEEV \(Overweight\) VEEV: CRM & Data Potential Coming Into View, Upside Catalysts on the Horizon; PT to \\$229; Upgrade to Overweight](#)

Price Target Revisions

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[KMB \(Equal Weight\) KMB: The Next Act Is Less Clear](#)

[KO \(Overweight\) KO: Storm Chasing](#)

[MUSA \(Overweight\) MUSA Preview: Stock Looking More Gassed Up, but Likely Grinds](#)

[Higher on Solid Q3 Update](#)

Energy

[Energy: Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading](#)

[ENB](#)

Financial Services

[ARCC \(Equal Weight\) ARCC: Pull to Par, Incumbency Drive Results](#)

[BRO \(Equal Weight\) BRO: Brings Up 2023 Margin Guide; Conference Call Roundup](#)

[V \(Overweight\) V: FYQ4 Results—2024 Guidance & Buyback Authorization](#)

Health Care

[DHR \(Overweight\) DHR: 3Q23 Beat More than Offsets 4Q Downside; FY24 Trajectory](#)

[Not Addressed](#)

Industrials

[DOW \(Overweight\) DOW: Wading in the Velvet Sea; Maintain OW as Fundamentals](#)

[Moving Off Trough](#)

[GE \(Equal Weight\) GE: Shine on Aero Got Even Brighter](#)

[GM \(Underweight\) GM: Everything Started Great This Morning Then...](#)

[HRI \(Overweight\) HRI: Healthy Demand with Fleet in Better Balance](#)

[HXL \(Equal Weight\) HXL: Q3 Missed Expectations, but Selloff Looks Overdone—Remain](#)

[Equal Weight](#)

[MMM \(Equal Weight\) MMM: Margins Drive 3Q Beat as Demand Trends Sideways](#)

[PKG \(Equal Weight\) PKG: Seamlessly Maneuvering Wallula Restart; Outlook Cadence](#)

[Improving](#)

[SHW \(Equal Weight\) SHW: Shades of Gray — Maintain EW Rating on New Residential &](#)

[DIY Headwinds](#)

Media & Telecommunications

[Media & Telecommunications: Broadcast: 3Q23 Preview — Bullish on Setup for NXST,](#)

[TGNA](#)

[SPOT \(Overweight\) SPOT: Margin Story Intact](#)

[VZ \(Equal Weight\) VZ: Cash Is King! +\\$1B 2023 FCF Guide Lift Highlights Solid Q3 for Big](#)

[Red; PT now \\$35](#)

Technology & Services

[GOOGL \(Equal Weight\) GOOGL 3Q23 Review: Puts & Takes But FY24 EPS Largely](#)

[Unchanged](#)

Equity Analyst(s)

Equity Research Department

[MSFT \(Overweight\) MSFT: FQ1 Results—Azure Reacceleration + Best Margin in 20+ Yrs...in an Investment Cycle](#)
[Technology & Services: 3Q23 \(Sep\) Preview: NET Best House in a Bad Neighborhood; Be Vigilant Heading into Q3 Earnings](#)

Earnings Estimate Revised Up

Consumer

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[MUSA \(Overweight\) MUSA Preview: Stock Looking More Gassed Up, but Likely Grinds Higher on Solid Q3 Update](#)

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Health Care

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[GOOGL \(Equal Weight\) GOOGL 3Q23 Review: Puts & Takes But FY24 EPS Largely Unchanged](#)

[MSFT \(Overweight\) MSFT: FQ1 Results—Azure Reacceleration + Best Margin in 20+ Yrs...in an Investment Cycle](#)

[Technology & Services: 3Q23 \(Sep\) Preview: NET Best House in a Bad Neighborhood; Be Vigilant Heading into Q3 Earnings](#)

Earnings Estimate Revised Down

Consumer

[BYD \(Overweight\) BYD: 3Q23 Takeaways; Margins Bite Again on Higher Opex; Stay OW, PT \\$81 \(-\\$4\)](#)

[FND \(Overweight\) FND: Re-Thinking FY24 Downside as EHS Deteriorate; Not Ready to Underwrite Draconian Scenario](#)

Energy

[Energy: Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB](#)

Financial Services

[BANC \(Equal Weight\) BANC: Deal Closing Date Helps Mitigate Sector Overhang](#)

[KREF \(Overweight\) KREF: Q3 Results—Potential Trough in Office Loan Pain](#)

Health Care

[DGX \(Equal Weight\) DGX: 3Q23 Beat on EPS and Base Revenue Growth, Margin Improvement on Track, FY23 Guide Updated](#)

[DHR \(Overweight\) DHR: 3Q23 Beat More than Offsets 4Q Downside; FY24 Trajectory Not Addressed](#)

Industrials

[CCK \(Equal Weight\) CCK: NA Volumes Moving In line with Expectations; Tweaking PT Slightly Higher](#)

[CNI \(Equal Weight\) CNI: Ready to Rebound](#)

[DOV \(Equal Weight\) DOV: Post Destock Demand Is Key; Inventory Right-sizing Expected by Year-end](#)

[HRI \(Overweight\) HRI: Healthy Demand with Fleet in Better Balance](#)

[HXL \(Equal Weight\) HXL: Q3 Missed Expectations, but Selloff Looks Overdone—Remain Equal Weight](#)

[ITW \(Equal Weight\) ITW: Managing Through Several Revenue Headwinds—Destock, UAW, Interest Rates / Capex, Consumer](#)

[RTX \(Equal Weight\) RTX: Engine Recall Costs Stable, but Sets Up Tough Q4 — Remain Equal Weight](#)

[TFII \(Overweight\) TFII: Another Transition Year](#)

Media & Telecommunications

[Media & Telecommunications: Broadcast: 3Q23 Preview — Bullish on Setup for NXST, TGNA](#)

[VZ \(Equal Weight\) VZ: Cash Is King! +\\$1B 2023 FCF Guide Lift Highlights Solid Q3 for Big Red; PT now \\$35](#)

Technology & Services

[SNAP \(Equal Weight\) SNAP 3Q23 Review: Progress but One Quarter Doesn't Make a Trend, Remain E/W](#)

[Technology & Services: 3Q23 \(Sep\) Preview: NET Best House in a Bad Neighborhood; Be Vigilant Heading into Q3 Earnings](#)

[TRU \(Overweight\) TRU: Resetting the Bar While Navigating Softening Macro](#)

Company Research Notes*Consumer*

[FND \(Overweight\) FND: Re-Thinking FY24 Downside as EHS Deteriorate; Not Ready to Underwrite Draconian Scenario](#)

[MUSA \(Overweight\) MUSA Preview: Stock Looking More Gassed Up, but Likely Grinds Higher on Solid Q3 Update](#)

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[ARCC \(Equal Weight\) ARCC: Pull to Par, Incumbency Drive Results](#)

[IVZ \(Overweight\) IVZ: 3Q Recap—A Solid Quarter for Expense Control; Flow Prospects Remain Above Average](#)

[BRO \(Equal Weight\) BRO: Brings Up 2023 Margin Guide; Conference Call Roundup](#)

[KREF \(Overweight\) KREF: Q3 Results—Potential Trough in Office Loan Pain](#)

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[SNAP \(Equal Weight\) SNAP 3Q23 Review: Progress but One Quarter Doesn't Make a Trend, Remain E/W](#)

[TRU \(Overweight\) TRU: Resetting the Bar While Navigating Softening Macro](#)

Sector Research Notes

Energy

[Energy: Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings](#)

[Energy: Utility and Infrastructure Daily](#)

[Energy: Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB](#)

[Energy: NEE/NEP: Q3 Brings Some Much Needed Relief; Reiterate OW on NEE](#)

Health Care

[Health Care: EW/MDT: TAVR Low Risk Trials a Draw](#)

[Health Care: Exchanges: Competition Generally Stable in 2024, OSCR / ELV / UNH Appear Positioned for Market Share Gains](#)

Media & Telecommunications

[Media & Telecommunications: Broadcast: 3Q23 Preview — Bullish on Setup for NXST, TGNA](#)

Real Estate

[Real Estate: Q3 Contractor Survey the Step Down We've Been Waiting For](#)

Technology & Services

[Technology & Services: 3Q23 \(Sep\) Preview: NET Best House in a Bad Neighborhood; Be Vigilant Heading into Q3 Earnings](#)

[Technology & Services: MSFT & GOOGL Capex + Cloud \(AI\) Demand—Semi & Hardware Lateral Thoughts \(ANET & NVDA in Focus\)](#)

Flash Notes

Energy

[RRC \(Overweight\) RRC: Q3 2023 First Look—Positive](#)

Financial Services

[CB \(Overweight\) CB: Q3 Misses Us On Higher Cats; Focus on NA Premium Growth](#)

Health Care

[TDOC \(Equal Weight\) TDOC: 3Q23 Results & 2023 Guidance Mixed: Margins Improve but Top-Line Trajectory Disappoints](#)

[TSHA \(Overweight\) TSHA: Incremental Details on Patient #1 Clinical History and Outcomes Presented at ESGCT](#)

Real Estate

[ROIC \(Equal Weight\) ROIC: Q3 Inline, Midpoint of FFO/sh Guide Reduced but Inline with Consensus](#)

[HIW \(Equal Weight\) HIW: Q3 In Line, Guidance Tightened—Outlook for Occupancy Trend, Development Leasing, & Asset Recycling in Focus](#)

[ADC \(Overweight\) ADC: Generating Accretion at the Cost of Higher Leverage, Equity Overhang in Focus](#)

[EGP \(Equal Weight\) EGP: Q3 Beat and Guidance Raised—Operations Generally Solid & Steady](#)

Technology & Services

[AAPL \(Overweight\) AAPL: A Quick Reminder - Google TAC vs. Apple Services Growth](#)

Rating Change/Coverage Initiations

Consumer

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>		<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
			<u>From</u>	<u>To</u>			
The Gap, Inc. (GPS)	\$12.41	\$4,590	EW	OW	GPS: Turnaround Story Gaining Traction; Upgrading to OW, PT to \$16	\$16.00	Boruchow/Retailing, Specialty Softlines, and E-commerce

Energy

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>		<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
			<u>From</u>	<u>To</u>			
California Water Service (CWT)	\$47.06	\$2,715	EW	UW	Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings	\$47.00	Reeder/Water Utilities
SJW Group (SJW)	\$58.35	\$1,854	UW	EW	Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings	\$61.00	Reeder/Water Utilities
Enbridge Inc. (ENB)	C\$44.14	C\$93,823	EW	UW	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	C\$43.00	Satish/Midstream Energy
TC Energy Corp. (TRP)	C\$46.73	C\$48,482	EW	OW	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	C\$54.00	Satish/Midstream Energy

Health Care

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>		<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
			<u>From</u>	<u>To</u>			
Veeva Systems Inc. (VEEV)	\$197.19	\$34,539	EW	OW	VEEV: CRM & Data Potential Coming Into View, Upside Catalysts on the Horizon; PT to \$229; Upgrade to Overweight	\$229.00	Berenshteyn/Digital Health

Price Target Change

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<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Price Target</u>		<u>Title</u>	<u>Rating</u>	<u>Analyst /Industry</u>
			<u>From</u>	<u>To</u>			
The Gap, Inc. (GPS)	\$12.41	\$4,590	\$11.00	\$16.00	GPS: Turnaround Story Gaining Traction; Upgrading to OW, PT to \$16	OW	Boruchow/Retailing, Specialty Softlines, and E-commerce
The Coca-Cola Company (KO)	\$55.64	\$240,607	\$60.00	\$62.00	KO: Storm Chasing	OW	Carey/Beverages
Floor & Decor Holdings, Inc. (FND)	\$80.76	\$8,596	\$115.00	\$95.00	FND: Re-Thinking FY24 Downside as EHS Deteriorate; Not Ready to Underwrite Draconian Scenario	OW	Fadem/Home Improvement
Boyd Gaming Corporation (BYD)	\$61.03	\$6,104	\$85.00	\$81.00	BYD: 3Q23 Takeaways; Margins Bite Again on Higher Opex; Stay OW, PT \$81 (-\$4)	OW	Politzer/Gaming

Energy

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Price Target</u>		<u>Title</u>	<u>Rating</u>	<u>Analyst /Industry</u>
			<u>From</u>	<u>To</u>			
Antero Midstream Corporation (AM)	\$12.15	\$5,828	\$13.00	\$14.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Baramov/Midstream Energy
Sunoco LP (SUN)	\$50.98	\$5,122	\$48.00	\$52.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Baramov/Midstream Energy
Western Midstream Partners, LP (WES)	\$27.63	\$10,627	\$30.00	\$31.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Baramov/Midstream Energy
Cheniere Energy, Inc. (LNG)	\$168.29	\$40,494	\$222.00	\$217.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
DT Midstream, Inc. (DTM)	\$53.97	\$5,230	\$55.00	\$59.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Blum/Midstream Energy

Energy

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			<u>From</u>	<u>To</u>			
Energy Transfer LP (ET)	\$13.75	\$43,219	\$16.00	\$17.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
Enterprise Products Partners L.P. (EPD)	\$27.55	\$59,832	\$30.00	\$32.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
Excelerate Energy, Inc. (EE)	\$15.44	\$1,672	\$28.00	\$18.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
Genesis Energy, L.P. (GEL)	\$11.38	\$1,395	\$11.00	\$13.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Blum/Midstream Energy
Kinder Morgan, Inc. (KMI)	\$16.85	\$37,454	\$18.00	\$17.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Blum/Midstream Energy
Kinetik Holdings Inc. (KNTK)	\$35.32	\$5,159	\$38.00	\$39.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Blum/Midstream Energy
MPLX LP (MPLX)	\$36.04	\$36,084	\$41.00	\$44.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
NGL Energy Partners LP (NGL)	\$4.08	\$538	\$4.00	\$5.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Blum/Midstream Energy
NuStar Energy L.P. (NS)	\$17.34	\$1,923	\$17.00	\$18.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	UW	Blum/Midstream Energy
ONEOK, Inc. (OKE)	\$66.60	\$38,793	\$73.00	\$77.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
Plains All American Pipeline, L.P. (PAA)	\$15.58	\$10,934	\$17.00	\$18.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
Plains GP Holdings, L.P. (PAGP)	\$16.03	\$12,335	\$17.00	\$18.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
Targa Resources Corp. (TRGP)	\$85.49	\$19,125	\$90.00	\$105.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Blum/Midstream Energy
American States Water Company (AWR)	\$77.56	\$2,868	\$89.00	\$77.00	Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings	UW	Reeder/Water Utilities
American Water Works Company, Inc. (AWK)	\$117.77	\$22,926	\$154.00	\$126.00	Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings	EW	Reeder/Water Utilities
California Water Service (CWT)	\$47.06	\$2,715	\$56.00	\$47.00	Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings	UW	Reeder/Water Utilities
Essential Utilities, Inc. (WTRG)	\$33.24	\$8,792	\$47.00	\$39.00	Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings	OW	Reeder/Water Utilities
SJW Group (SJW)	\$58.35	\$1,854	\$67.00	\$61.00	Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings	EW	Reeder/Water Utilities
Aris Water Solutions, Inc. (ARIS)	\$8.21	\$473	\$11.00	\$9.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Satish/Midstream Energy
EnLink Midstream, LLC (ENLC)	\$12.36	\$5,704	\$12.00	\$13.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Satish/Midstream Energy
Enbridge Inc. (ENB)	C\$44.14	C\$93,823	C\$50.00	C\$43.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	UW	Satish/Midstream Energy
Hess Midstream Operations LP (HESM)	\$30.32	\$7,064	\$32.00	\$31.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	EW	Satish/Midstream Energy
Pembina Pipeline Corporation (PPL-TSE)	C\$42.13	C\$23,139	C\$53.00	C\$52.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Satish/Midstream Energy
TC Energy Corp. (TRP)	C\$46.73	C\$48,482	C\$47.00	C\$54.00	Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	OW	Satish/Midstream Energy

Financial Services

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Price Target</u>		<u>Title</u>	<u>Rating</u>	<u>Analyst /Industry</u>
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KKR Real Estate Finance Trust, Inc. (KREF)	\$10.36	\$716	\$13.00	\$12.00	KREF: Q3 Results—Potential Trough in Office Loan Pain	OW	Fandetti/Specialty Finance
Brown & Brown, Inc. (BRO)	\$69.71	\$19,771	\$70.00	\$73.00	BRO: Brings Up 2023 Margin Guide; Conference Call Roundup	EW	Greenspan/Insurance Brokers

Health Care

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Veeva Systems Inc. (VEEV)	\$197.19	\$34,539	\$211.00	\$229.00	VEEV: CRM & Data Potential Coming Into View, Upside Catalysts on the Horizon; PT to \$229; Upgrade to Overweight	OW	Berenshteyn/Digital Health
Quest Diagnostics Incorporated (DGX)	\$123.58	\$13,870	\$140.00	\$135.00	DGX: 3Q23 Beat on EPS and Base Revenue Growth, Margin Improvement on Track, FY23 Guide Updated	EW	Daley/Pharma Services

Industrials

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Hexcel Corporation (HXL)	\$59.93	\$5,040	\$77.00	\$64.00	HXL: Q3 Missed Expectations, but Selloff Looks Overdone—Remain Equal Weight	EW	Akers/Aerospace & Defense
Raytheon Technologies Corporation (RTX)	\$78.38	\$114,083	\$78.00	\$82.00	RTX: Engine Recall Costs Stable, but Sets Up Tough Q4 — Remain Equal Weight	EW	Akers/Aerospace & Defense
Crown Holdings, Inc. (CCK)	\$81.60	\$9,845	\$74.00	\$75.00	CCK: NA Volumes Moving In line with Expectations; Tweaking PT Slightly Higher	EW	Hajde/Containers & Packaging
Packaging Corporation of America (PKG)	\$148.93	\$13,391	\$137.00	\$147.00	PKG: Seamlessly Maneuvering Wallula Restart; Outlook Cadence Improving	EW	Hajde/Containers & Packaging
General Motors Co. (GM)	\$28.56	\$39,296	\$29.00	\$26.00	GM: Everything Started Great This Morning Then...	UW	Langan/Autos and Auto Parts
TFI International Inc. (TFII)	\$106.76	\$9,234	\$160.00	\$130.00	TFII: Another Transition Year	OW	Monigan/Airfreight & Surface Transportation
3M Company (MMM)	\$90.12	\$49,746	\$93.00	\$100.00	MMM: Margins Drive 3Q Beat as Demand Trends Sideways	EW	O'Dea/Electrical Equipment & Multi-Industry
Illinois Tool Works Inc. (ITW)	\$223.06	\$67,453	\$235.00	\$220.00	ITW: Managing Through Several Revenue Headwinds—Destock, UAW, Interest Rates / Capex, Consumer	EW	O'Dea/Electrical Equipment & Multi-Industry
The Sherwin-Williams Company (SHW)	\$234.98	\$60,413	\$271.00	\$245.00	SHW: Shades of Gray — Maintain EW Rating on New Residential & DIY Headwinds	EW	Sison/Chemicals
Herc Holdings, Inc. (HRI)	\$105.80	\$2,993	\$165.00	\$150.00	HRI: Healthy Demand with Fleet in Better Balance	OW	Weber/Machinery

Media & Telecommunications

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Price Target</u>		<u>Title</u>	<u>Rating</u>	<u>Analyst /Industry</u>
			<u>From</u>	<u>To</u>			
Verizon Communications Inc. (VZ)	\$34.30	\$144,199	\$33.00	\$35.00	VZ: Cash Is King! +\$1B 2023 FCF Guide Lift Highlights Solid Q3 for Big Red; PT now \$35	EW	Luebchow/Wireless Carriers

Technology & Services

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Price Target</u>		<u>Title</u>	<u>Rating</u>	<u>Analyst /Industry</u>
			<u>From</u>	<u>To</u>			
Fortinet, Inc. (FTNT)	\$57.54	\$45,188	\$85.00	\$70.00	3Q23 (Sep) Preview: NET Best House in a Bad Neighborhood; Be Vigilant Heading into Q3 Earnings	OW	Nowinski/Software
Microsoft Corporation (MSFT)	\$330.53	\$2,455,517	\$400.00	\$410.00	MSFT: FQ1 Results—Azure Reacceleration + Best Margin in 20+ Yrs...in an Investment Cycle	OW	Turrin/U.S. Software
TransUnion (TRU)	\$49.74	\$9,615	\$94.00	\$67.00	TRU: Resetting the Bar While Navigating Softening Macro	OW	Weber/Business & Information Services

Earnings Estimate Revised Up

Consumer

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Murphy USA Inc. (MUSA)	\$353.33	\$7,580	OW	23.50	23.80	26.75	27.00	\$385.00	Bonadio/Convenience Stores
The Coca-Cola Company (KO)	\$55.64	\$240,607	OW	2.61	2.67	2.75	2.81	\$62.00	Carey/Beverages
Kimberly-Clark Corporation (KMB)	\$120.50	\$40,751	EW	6.32	6.55	6.70	6.90	\$125.00	Carey/Household & Personal Care

Energy

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Crestwood Equity Partners LP (CEQP)	\$27.82	\$2,928	EW	798.8	799.5	888.2	887.3	\$29.00	Baramov/Midstream Energy
Western Midstream Partners, LP (WES)	\$27.63	\$10,627	EW	1.96B	1.98B	2.13B	2.23B	\$31.00	Baramov/Midstream Energy
Cheniere Energy Partners, L.P. (CQP)	\$55.64	\$26,932	UW	3.67B	3.68B	3.85B	3.85B	\$48.00	Blum/Midstream Energy
Cheniere Energy, Inc. (LNG)	\$168.29	\$40,494	OW	8.68B	8.69B	5.85B	5.82B	\$217.00	Blum/Midstream Energy
Energy Transfer LP (ET)	\$13.75	\$43,219	OW	13.30B	13.37B	14.64B	14.67B	\$17.00	Blum/Midstream Energy
NGL Energy Partners LP (NGL)	\$4.08	\$538	EW		632.7	645.1	655.6	\$5.00	Blum/Midstream Energy
Enbridge Inc. (ENB)	C\$44.14	C\$93,823	UW	16.31B	16.31B	17.07B	17.07B	C\$43.00	Satish/Midstream Energy
Keyera Corp. (KEY-TSE)	C\$32.23	C\$7,386	EW	1.10B	1.08B	1.16B	1.16B	C\$33.00	Satish/Midstream Energy
TC Energy Corp. (TRP)	C\$46.73	C\$48,482	OW	10.44B	10.50B	10.70B	10.81B	C\$54.00	Satish/Midstream Energy

Financial Services

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Visa, Inc. (V)	\$234.65	\$477,598	OW	8.68	8.77	9.80	9.95	\$270.00	Fandetti/Consumer Finance
Brown & Brown, Inc. (BRO)	\$69.71	\$19,771	EW	2.63	2.73	2.85	3.00	\$73.00	Greenspan/Insurance Brokers
Ares Capital Corporation (ARCC)	\$18.99	\$10,585	EW	2.25	2.33	2.07	2.26	\$19.00	O'Shea/BDC

Health Care

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Danaher Corporation (DHR)	\$196.84	\$145,337	OW	8.21	8.30	7.82	7.76	\$247.00	Daley/Tools & Diagnostics

Industrials

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Hexcel Corporation (HXL)	\$59.93	\$5,040	EW	1.94	1.91	2.40	2.41	\$64.00	Akers/Aerospace & Defense
Packaging Corporation of America (PKG)	\$148.93	\$13,391	EW	8.10	8.35	7.55	7.95	\$147.00	Hajde/Containers & Packaging
General Motors Co. (GM)	\$28.56	\$39,296	UW	4.65	6.00	3.50	3.70	\$26.00	Langan/Autos and Auto Parts
3M Company (MMM)	\$90.12	\$49,746	EW	8.83	9.09	9.40	9.56	\$100.00	O'Dea/Electrical Equipment & Multi-Industry
General Electric Company (GE)	\$113.62	\$123,662	EW	2.30	2.64	4.34	4.47	\$115.00	O'Dea/Electrical Equipment & Multi-Industry
Dow Inc. (DOW)	\$49.24	\$34,619	OW	1.88	2.16		3.20	\$59.00	Sison/Chemicals
The Sherwin-Williams Company (SHW)	\$234.98	\$60,413	EW	9.75	10.20		10.40	\$245.00	Sison/Chemicals
Herc Holdings, Inc. (HRI)	\$105.80	\$2,993	OW	1.45B	1.45B	1.58B	1.58B	\$150.00	Weber/Machinery

Media & Telecommunications

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>FY2023E</u>		<u>FY2024E</u>		<u>Price Target</u>	<u>Analyst /Industry</u>
				<u>Old</u>	<u>New</u>	<u>Old</u>	<u>New</u>		
Spotify Technology S.A. (SPOT)	\$170.63	\$32,982	OW	13,222.5	13,275.8	15,626.5	15,648.3	\$250.00	Cahall/Audio
Gray Television, Inc. (GTN)	\$6.32	\$603	UW	817.4	822.1	1.30B	1.30B	\$7.00	Cahall/TV Broadcasting
Sinclair Broadcast Group, Inc. (SBGI)	\$10.34	\$656	UW	493.9	500.9	915.7	813.3	\$13.00	Cahall/TV Broadcasting
TEGNA Inc. (TGNA)	\$14.10	\$2,841	EW	786.5	798.2	1.09B	1.11B	\$19.00	Cahall/TV Broadcasting
The E.W. Scripps Co. (SSP)	\$6.10	\$515	EW	422.7	421.2	676.6	698.9	\$11.00	Cahall/TV Broadcasting
Verizon Communications Inc. (VZ)	\$34.30	\$144,199	EW	4.62	4.70	4.62	4.58	\$35.00	Luebchow/Wireless Carriers

Technology & Services

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>FY2023E</u>		<u>FY2024E</u>		<u>Price Target</u>	<u>Analyst /Industry</u>
				<u>Old</u>	<u>New</u>	<u>Old</u>	<u>New</u>		
Alphabet Inc. (GOOGL)	\$138.81	\$1,750,255	EW	5.75	5.81	6.98	7.01	\$126.00	Gawrelski/Internet
Check Point Software Technologies Ltd. (CHKP)	\$136.28	\$16,457	EW	1,058.0	1,066.1	1,129.4	1,119.9	\$132.00	Nowinski/Software
Microsoft Corporation (MSFT)	\$330.53	\$2,455,517	OW		9.68	10.82	11.03	\$410.00	Turrin/U.S. Software

Earnings Estimate Revised Down**Consumer**

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>FY2023E</u>		<u>FY2024E</u>		<u>Price Target</u>	<u>Analyst /Industry</u>
				<u>Old</u>	<u>New</u>	<u>Old</u>	<u>New</u>		
Floor & Decor Holdings, Inc. (FND)	\$80.76	\$8,596	OW	2.40	2.35	2.95	2.60	\$95.00	Fadem/Home Improvement
Boyd Gaming Corporation (BYD)	\$61.03	\$6,104	OW	1.28B	1.26B	1.27B	1.21B	\$81.00	Politzer/Gaming

Energy

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>FY2023E</u>		<u>FY2024E</u>		<u>Price Target</u>	<u>Analyst /Industry</u>
				<u>Old</u>	<u>New</u>	<u>Old</u>	<u>New</u>		
Antero Midstream Corporation (AM)	\$12.15	\$5,828	OW	969.7	950.7	1.04B	998.8	\$14.00	Baramov/Midstream Energy
Crestwood Equity Partners LP (CEQP)	\$27.82	\$2,928	EW	798.8	799.5	888.2	887.3	\$29.00	Baramov/Midstream Energy
Suburban Propane Partners, L.P. (SPH)	\$16.91	\$1,074	EW		278.1	304.2	290.2	\$17.00	Baramov/Midstream Energy
Cheniere Energy Partners, L.P. (CQP)	\$55.64	\$26,932	UW	3.67B	3.68B	3.85B	3.85B	\$48.00	Blum/Midstream Energy
Cheniere Energy, Inc. (LNG)	\$168.29	\$40,494	OW	8.68B	8.69B	5.85B	5.82B	\$217.00	Blum/Midstream Energy
Equitrans Midstream Corporation (ETRN)	\$8.82	\$3,821	EW		1.02B	1.36B	1.30B	\$9.00	Blum/Midstream Energy
Kinder Morgan, Inc. (KMI)	\$16.85	\$37,454	EW		7.61B	7.86B	7.76B	\$17.00	Blum/Midstream Energy
ONEOK, Inc. (OKE)	\$66.60	\$38,793	OW	5.11B	5.05B		6.05B	\$77.00	Blum/Midstream Energy
Keyera Corp. (KEY-TSE)	C\$32.23	C\$7,386	EW	1.10B	1.08B	1.16B	1.16B	C\$33.00	Satish/Midstream Energy

Financial Services

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>FY2023E</u>		<u>FY2024E</u>		<u>Price Target</u>	<u>Analyst /Industry</u>
				<u>Old</u>	<u>New</u>	<u>Old</u>	<u>New</u>		
Banc of California, Inc. (BANC)	\$10.88	\$625	EW	1.29	1.11	1.55	1.45	\$13.50	Brazilier/Mid-Cap Banks
KKR Real Estate Finance Trust, Inc. (KREF)	\$10.36	\$716	OW	1.88	1.66		1.73	\$12.00	Fandetti/Specialty Finance

Health Care

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Quest Diagnostics Incorporated (DGX)	\$123.58	\$13,870	EW	8.72	8.70		9.00	\$135.00	Daley/Pharma Services
Danaher Corporation (DHR)	\$196.84	\$145,337	OW	8.21	8.30	7.82	7.76	\$247.00	Daley/Tools & Diagnostics

Industrials

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Hexcel Corporation (HXL)	\$59.93	\$5,040	EW	1.94	1.91	2.40	2.41	\$64.00	Akers/Aerospace & Defense
Raytheon Technologies Corporation (RTX)	\$78.38	\$114,083	EW	5.04	5.02	5.86	5.31	\$82.00	Akers/Aerospace & Defense
Crown Holdings, Inc. (CCK)	\$81.60	\$9,845	EW	5.00	4.95	5.55	5.35	\$75.00	Hajde/Containers & Packaging
TFI International Inc. (TFII)	\$106.76	\$9,234	OW	6.60	6.10	8.80	7.50	\$130.00	Monigan/Airfreight & Surface Transportation
Dover Corporation (DOV)	\$132.33	\$18,510	EW	8.82	8.78	9.51	9.30	\$140.00	O'Dea/Electrical Equipment & Multi-Industry
Illinois Tool Works Inc. (ITW)	\$223.06	\$67,453	EW	9.85	9.75	10.27	10.26	\$220.00	O'Dea/Electrical Equipment & Multi-Industry
Canadian National Railway Company (CNI)	\$105.67	\$69,066	EW	7.25	7.20		8.00	\$110.00	Poliniak-Cusic/Railroads
Herc Holdings, Inc. (HRI)	\$105.80	\$2,993	OW	1.45B	1.45B	1.58B	1.58B	\$150.00	Weber/Machinery

Media & Telecommunications

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Nexstar Broadcasting Group, Inc. (NXST)	\$140.79	\$4,939	EW	1.53B	1.50B	2.37B	2.25B	\$175.00	Cahall/TV Broadcasting
Sinclair Broadcast Group, Inc. (SBGI)	\$10.34	\$656	UW	493.9	500.9	915.7	813.3	\$13.00	Cahall/TV Broadcasting
The E.W. Scripps Co. (SSP)	\$6.10	\$515	EW	422.7	421.2	676.6	698.9	\$11.00	Cahall/TV Broadcasting
Verizon Communications Inc. (VZ)	\$34.30	\$144,199	EW	4.62	4.70	4.62	4.58	\$35.00	Luebchow/Wireless Carriers

Technology & Services

Company	Price	M.Cap (MMs)	Rating	FY2023E		FY2024E		Price Target	Analyst /Industry
				Old	New	Old	New		
Snap, Inc. (SNAP)	\$9.71	\$15,757	EW	(0.84)	(0.90)	(0.75)	(0.84)	\$8.00	Gawrelski/Internet
Check Point Software Technologies Ltd. (CHKP)	\$136.28	\$16,457	EW	1,058.0	1,066.1	1,129.4	1,119.9	\$132.00	Nowinski/Software
Fortinet, Inc. (FTNT)	\$57.54	\$45,188	OW		1,823.0	2,307.2	2,028.0	\$70.00	Nowinski/Software
TransUnion (TRU)	\$49.74	\$9,615	OW	3.61	3.27	4.30	3.80	\$67.00	Weber/Business & Information Services

Company Research Notes

Consumer

Company	Price	M.Cap (MMs)	Rating	Title	Price Target	Analyst /Industry
Murphy USA Inc. (MUSA)	\$353.33	\$7,580	OW	MUSA Preview: Stock Looking More Gassed Up, but Likely Grinds Higher on Solid Q3 Update	\$385.00	Bonadio/Convenience Stores
The Gap, Inc. (GPS)	\$12.41	\$4,590	OW	GPS: Turnaround Story Gaining Traction; Upgrading to OW, PT to \$16	\$16.00	Boruchow/Retailing, Specialty Softlines, and E-commerce
The Coca-Cola Company (KO)	\$55.64	\$240,607	OW	KO: Storm Chasing	\$62.00	Carey/Beverages
Kimberly-Clark Corporation (KMB)	\$120.50	\$40,751	EW	KMB: The Next Act Is Less Clear	\$125.00	Carey/Household & Personal Care
Floor & Decor Holdings, Inc. (FND)	\$80.76	\$8,596	OW	FND: Re-Thinking FY24 Downside as EHS Deteriorate; Not Ready to Underwrite Draconian Scenario	\$95.00	Fadem/Home Improvement

Consumer						
<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Boyd Gaming Corporation (BYD)	\$61.03	\$6,104	OW	BYD: 3Q23 Takeaways; Margins Bite Again on Higher Opex; Stay OW, PT \$81 (-\$4)	\$81.00	Politzer/Gaming
Financial Services						
<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Banc of California, Inc. (BANC)	\$10.88	\$625	EW	BANC: Deal Closing Date Helps Mitigate Sector Overhang	\$13.50	Braziler/Mid-Cap Banks
Visa, Inc. (V)	\$234.65	\$477,598	OW	V: FYQ4 Results—2024 Guidance & Buyback Authorization	\$270.00	Fandetti/Consumer Finance
KKR Real Estate Finance Trust, Inc. (KREF)	\$10.36	\$716	OW	KREF: Q3 Results—Potential Trough in Office Loan Pain	\$12.00	Fandetti/Specialty Finance
Brown & Brown, Inc. (BRO)	\$69.71	\$19,771	EW	BRO: Brings Up 2023 Margin Guide; Conference Call Roundup	\$73.00	Greenspan/Insurance Brokers
Invesco Ltd. (IVZ)	\$13.03	\$5,846	OW	IVZ: 3Q Recap—A Solid Quarter for Expense Control; Flow Prospects Remain Above Average	\$16.00	O'Shea/Asset Managers
Ares Capital Corporation (ARCC)	\$18.99	\$10,585	EW	ARCC: Pull to Par, Incumbency Drive Results	\$19.00	O'Shea/BDC
Health Care						
<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Veeva Systems Inc. (VEEV)	\$197.19	\$34,539	OW	VEEV: CRM & Data Potential Coming Into View, Upside Catalysts on the Horizon; PT to \$229; Upgrade to Overweight	\$229.00	Berenshteyn/Digital Health
Quest Diagnostics Incorporated (DGX)	\$123.58	\$13,870	EW	DGX: 3Q23 Beat on EPS and Base Revenue Growth, Margin Improvement on Track, FY23 Guide Updated	\$135.00	Daley/Pharma Services
Danaher Corporation (DHR)	\$196.84	\$145,337	OW	DHR: 3Q23 Beat More than Offsets 4Q Downside; FY24 Trajectory Not Addressed	\$247.00	Daley/Tools & Diagnostics
Industrials						
<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Hexcel Corporation (HXL)	\$59.93	\$5,040	EW	HXL: Q3 Missed Expectations, but Selloff Looks Overdone—Remain Equal Weight	\$64.00	Akers/Aerospace & Defense
Raytheon Technologies Corporation (RTX)	\$78.38	\$114,083	EW	RTX: Engine Recall Costs Stable, but Sets Up Tough Q4 — Remain Equal Weight	\$82.00	Akers/Aerospace & Defense
Crown Holdings, Inc. (CCK)	\$81.60	\$9,845	EW	CCK: NA Volumes Moving In line with Expectations; Tweaking PT Slightly Higher	\$75.00	Hajde/Containers & Packaging
Packaging Corporation of America (PKG)	\$148.93	\$13,391	EW	PKG: Seamlessly Maneuvering Wallula Restart; Outlook Cadence Improving	\$147.00	Hajde/Containers & Packaging
General Motors Co. (GM)	\$28.56	\$39,296	UW	GM: Everything Started Great This Morning Then...	\$26.00	Langan/Autos and Auto Parts
TFI International Inc. (TFII)	\$106.76	\$9,234	OW	TFII: Another Transition Year	\$130.00	Monigan/Airfreight & Surface Transportation
3M Company (MMM)	\$90.12	\$49,746	EW	MMM: Margins Drive 3Q Beat as Demand Trends Sideways	\$100.00	O'Dea/Electrical Equipment & Multi-Industry
Dover Corporation (DOV)	\$132.33	\$18,510	EW	DOV: Post Destock Demand Is Key; Inventory Right-sizing Expected by Year-end	\$140.00	O'Dea/Electrical Equipment & Multi-Industry
General Electric Company (GE)	\$113.62	\$123,662	EW	GE: Shine on Aero Got Even Brighter	\$115.00	O'Dea/Electrical Equipment & Multi-Industry
Illinois Tool Works Inc. (ITW)	\$223.06	\$67,453	EW	ITW: Managing Through Several Revenue Headwinds—Destock, UAW, Interest Rates / Capex, Consumer	\$220.00	O'Dea/Electrical Equipment & Multi-Industry
GATX Corporation (GATX)	\$103.28	\$3,661	OW	GATX: Strong Leasing Fundamentals to Drive Core Growth	\$130.00	Poliniak-Cusic/Rail Supply
Canadian National Railway Company (CNI)	\$105.67	\$69,066	EW	CNI: Ready to Rebound	\$110.00	Poliniak-Cusic/Railroads
Dow Inc. (DOW)	\$49.24	\$34,619	OW	DOW: Wading in the Velvet Sea; Maintain OW as Fundamentals Moving Off Trough	\$59.00	Sison/Chemicals
The Sherwin-Williams Company (SHW)	\$234.98	\$60,413	EW	SHW: Shades of Gray — Maintain EW Rating on New Residential & DIY Headwinds	\$245.00	Sison/Chemicals
Herc Holdings, Inc. (HRI)	\$105.80	\$2,993	OW	HRI: Healthy Demand with Fleet in Better Balance	\$150.00	Weber/Machinery

Media & Telecommunications

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Spotify Technology S.A. (SPOT)	\$170.63	\$32,982	OW	SPOT: Margin Story Intact	\$250.00	Cahall/Audio
Verizon Communications Inc. (VZ)	\$34.30	\$144,199	EW	VZ: Cash Is King! +\$1B 2023 FCF Guide Lift Highlights Solid Q3 for Big Red; PT now \$35	\$35.00	Luebchow/Wireless Carriers

Technology & Services

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Alphabet Inc. (GOOGL)	\$138.81	\$1,750,255	EW	GOOGL 3Q23 Review: Puts & Takes But FY24 EPS Largely Unchanged	\$126.00	Gawrelski/Internet
Snap, Inc. (SNAP)	\$9.71	\$15,757	EW	SNAP 3Q23 Review: Progress but One Quarter Doesn't Make a Trend, Remain E/W	\$8.00	Gawrelski/Internet
Microsoft Corporation (MSFT)	\$330.53	\$2,455,517	OW	MSFT: FQ1 Results—Azure Reacceleration + Best Margin in 20+ Yrs...in an Investment Cycle	\$410.00	Turrin/U.S. Software
TransUnion (TRU)	\$49.74	\$9,615	OW	TRU: Resetting the Bar While Navigating Softening Macro	\$67.00	Weber/Business & Information Services

Company Flash Notes

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Range Resources Corporation (RRC)	\$34.48	\$8,322	OW	RRC: Q3 2023 First Look—Positive	\$40.00	Read/Exploration & Production

Financial Services

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Chubb Limited (CB)	\$211.44	\$86,846	OW	CB: Q3 Misses Us On Higher Cats; Focus on NA Premium Growth	\$249.00	Greenspan/Commercial Lines Insurance

Health Care

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Teladoc Health, Inc. (TDOC)	\$18.12	\$2,989	EW	TDOC: 3Q23 Results & 2023 Guidance Mixed: Margins Improve but Top-Line Trajectory Disappoints	\$26.00	Berenshteyn/Digital Health
Taysha Gene Therapies, Inc. (TSHA)	\$2.25	\$421	OW	TSHA: Incremental Details on Patient #1 Clinical History and Outcomes Presented at ESGCT	\$7.50	Zhu/Biotechnology

Real Estate

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
EastGroup Properties, Inc. (EGP)	\$156.81	\$7,119	EW	EGP: Q3 Beat and Guidance Raised—Operations Generally Solid & Steady	\$179.00	Heck/Industrial REITs
Highwoods Properties, Inc. (HIW)	\$18.47	\$1,952	EW	HIW: Q3 In Line, Guidance Tightened—Outlook for Occupancy Trend, Development Leasing, & Asset Recycling in Focus	\$22.00	Heck/Office REITs
Retail Opportunity Investments Corp. (ROIC)	\$11.73	\$1,478	EW	ROIC: Q3 Inline, Midpoint of FFO/sh Guide Reduced but Inline with Consensus	\$15.00	Kesten/Retail REITs
Agree Realty Corporation (ADC)	\$54.52	\$5,249	OW	ADC: Generating Accretion at the Cost of Higher Leverage, Equity Overhang in Focus	\$70.00	Siversky/Net Lease REITs

Technology & Services

<u>Company</u>	<u>Price</u>	<u>M.Cap (MMs)</u>	<u>Rating</u>	<u>Title</u>	<u>Price Target</u>	<u>Analyst /Industry</u>
Apple Inc. (AAPL)	\$173.44	\$2,711,601	OW	AAPL: A Quick Reminder - Google TAC vs. Apple Services Growth	\$225.00	Rakers/IT Hardware & Communications Networking

Sector Research Notes

<u>Sector</u>	<u>Subject Companies</u>	<u>Title</u>	<u>Analyst</u>
Consumer Housing	Prologis, Inc. (PLD)	Q3 Contractor Survey the Step Down We've Been Waiting For	Fadem

Consumer <u>Sector</u> REITs Retail Hardlines	<u>Subject Companies</u> Rexford Industrial Realty, Inc. (REXR) Lowe's Companies, Inc. (LOW) The Home Depot, Inc. (HD) Floor & Decor Holdings, Inc. (FND)	<u>Title</u>	<u>Analyst</u>
Energy <u>Sector</u> Midstream Energy	<u>Subject Companies</u> Antero Midstream Corporation (AM) Aris Water Solutions, Inc. (ARIS) Cheniere Energy, Inc. (LNG) Cheniere Energy Partners, L.P. (CQP) Crestwood Equity Partners LP (CEQP) DT Midstream, Inc. (DTM) Enbridge Inc. (ENB) Energy Transfer LP (ET) EnLink Midstream, LLC (ENLC) Enterprise Products Partners L.P. (EPD) Equitrans Midstream Corporation (ETRN) Excelerate Energy, Inc. (EE) Genesis Energy, L.P. (GEL) Gibson Energy, Inc. (GEI) Hess Midstream Operations LP (HESM) Keyera Corp. (KEY-TSE) Kinder Morgan, Inc. (KMI) Kinetik Holdings Inc. (KNTK) MPLX LP (MPLX) NGL Energy Partners LP (NGL) NuStar Energy L.P. (NS) ONEOK, Inc. (OKE) Pembina Pipeline Corporation (PPL-TSE) Plains All American Pipeline, L.P. (PAA) Plains GP Holdings, L.P. (PAGP) Suburban Propane Partners, L.P. (SPH) Sunoco LP (SUN) Targa Resources Corp. (TRGP) TC Energy Corp. (TRP) The Williams Companies, Inc. (WMB) Western Midstream Partners, LP (WES)	<u>Title</u> Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB	<u>Analyst</u> Blum
Diversified Electric UtilitiesIndependent Power Producers	NextEra Energy, Inc. (NEE) NextEra Energy Partners, LP (NEP)	NEE/NEP: Q3 Brings Some Much Needed Relief; Reiterate OW on NEE	Kalton
Utilities	NorthWestern Energy Group, Inc. (NWE)	Utility and Infrastructure Daily	Reeder
Water Utilities	American States Water Company (AWR) American Water Works Company, Inc. (AWK) California Water Service (CWT) SJW Group (SJW) Essential Utilities, Inc. (WTRG)	Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings	Reeder
Health Care <u>Sector</u> Health Care Services	<u>Subject Companies</u>	<u>Title</u> Exchanges: Competition Generally Stable in 2024, OSCR / ELV / UNH Appear Positioned for Market Share Gains	<u>Analyst</u> Baxter
Med Tech - Cardiovascular	Edwards Lifesciences Corporation (EW) Medtronic plc (MDT)	EW/MDT: TAVR Low Risk Trials a Draw	Biegelsen

Industrials <u>Sector</u> Housing REITs Retail Hardlines	<u>Subject Companies</u> Prologis, Inc. (PLD) Rexford Industrial Realty, Inc. (REXR) Lowe's Companies, Inc. (LOW) The Home Depot, Inc. (HD) Floor & Decor Holdings, Inc. (FND)	<u>Title</u> Q3 Contractor Survey the Step Down We've Been Waiting For	<u>Analyst</u> Fadem
Media & Telecommunications <u>Sector</u> TV Broadcasting	<u>Subject Companies</u> Gray Television, Inc. (GTN) Nexstar Broadcasting Group, Inc. (NXST) Sinclair Broadcast Group, Inc. (SBGI) The E.W. Scripps Co. (SSP) TEGNA Inc. (TGNA)	<u>Title</u> Broadcast: 3Q23 Preview — Bullish on Setup for NXST, TGNA	<u>Analyst</u> Cahall
Real Estate <u>Sector</u> Housing REITs Retail Hardlines	<u>Subject Companies</u> Prologis, Inc. (PLD) Rexford Industrial Realty, Inc. (REXR) Lowe's Companies, Inc. (LOW) The Home Depot, Inc. (HD) Floor & Decor Holdings, Inc. (FND)	<u>Title</u> Q3 Contractor Survey the Step Down We've Been Waiting For	<u>Analyst</u> Fadem
Technology & Services <u>Sector</u> Software	<u>Subject Companies</u> Tenable Holdings, Inc. (TENB) CyberArk Software Ltd. (CYBR) Fortinet, Inc. (FTNT) Cloudflare Inc. (NET) Check Point Software Technologies Ltd. (CHKP) Varonis Systems, Inc. (VRNS)	<u>Title</u> 3Q23 (Sep) Preview: NET Best House in a Bad Neighborhood; Be Vigilant Heading into Q3 Earnings	<u>Analyst</u> Nowinski
IT Hardware & Communications Networking Semiconductors		MSFT & GOOGL Capex + Cloud (AI) Demand—Semi & Hardware Lateral Thoughts (ANET & NVDA in Focus)	Rakers

Published Reports

Industry Industrials
Electrical Equipment & Multi-Industry

	Analyst	Price	Price Target	FY	FY23E	FY24E	Rating	M. Cap (MMs)
3M Company (MMM)	O'Dea	\$90.12	\$100.00	DEC.	9.09	9.56	EW	\$49,746

[MMM: Margins Drive 3Q Beat as Demand Trends Sideways](#)

Price Target Basis & Risks

- Our \$100 target is roughly 10x our 2024 EPS estimate. We value MMM at an ~40% discount to our EEMI group, close to the current discount based on consensus 2024 estimates. Our discount factors in litigation uncertainty.
- Risks to the upside:**
- Favorable news flow and litigation outcomes related to remaining PFAS liabilities could lead to a higher multiple for the stock.
 - Slowing consumer headwinds and easing destock pressure.

Risks to the downside:

- Combat Arms settlement does not reach necessary claimant participation levels
- Consumer headwinds increase

Industry Real Estate

[ADC: Generating Accretion at the Cost of Higher Leverage, Equity Overhang in Focus](#)

Price Target Basis & Risks

- We derive our \$70 price target using a combination of our estimate of what we think is ADC's warranted NTM AFFO multiple (75% weighting; 17.8x, \$71.85) and NAV/share estimate (25%; 6.26% cap rate, \$64.00). Our AFFO multiple target of 17.8x is based on ADC's average position to the 2-year treasury over the last year.
- **Macro-economic Risk:** External conditions may impact tenant performance to the downside, negatively impacting tenant credit metrics.
 - **Interest Rate Risk:** Unforeseen increases in interest rates may negatively impact a REIT's cost of capital.
 - **Tenant Risk:** Disruptions to tenant's businesses may impact a REIT's ability to collect rents.
 - **REIT requirements:** Failure to satisfy the REIT requirements may lead to a loss of REIT status and important tax advantages.

Industry Technology & Services
Internet

	Analyst	Price	Price Target	FY	FY23E	FY24E	Rating	M. Cap (MMs)
Alphabet Inc. (GOOGL)	Gawrelski	\$138.81	\$126.00	DEC.	5.81	7.01	EW	\$1,750,255

[GOOGL 3Q23 Review: Puts & Takes But FY24 EPS Largely Unchanged](#)

Price Target Basis & Risks

- Our PT of \$126 is based on an 18x multiple on our 2024 EPS estimate.
- Our multiple assumption is in line with the median multiple for GOOGL since 4Q21, as well as the company's median trading premium versus the S&P 500 during the same period.
- For reference, the median multiple during the same period for S&P 500 was ~17x.

Upside risks: 1) Better-than-expected adoption and advancement of Google's conversational search products; 2) Minimal pricing headwinds associated with the new conversational search product.

Downside risks: 1) major distribution partners (MDPs) significantly increase the contractual rev share % in their agreements with Google; 2) MDPs decline to renew existing agreements with Google; 3) rising efficiency of conversational searches drastically decreases the # of Google's traditional search queries

Industry Energy
Water Utilities

	Analyst	Price	Price Target	FY	FY23E	FY24E	Rating	M. Cap (MMs)
American States Water Company (AWR)	Reeder	\$77.56	\$77.00	DEC.	2.83	3.02	UW	\$2,868
American Water Works Company, Inc. (AWK)	Reeder	\$117.77	\$126.00	DEC.	4.85	5.15	EW	\$22,926

California Water Service (CWT)	Reeder	\$47.06	\$47.00	DEC.	2.03	2.25	UW	\$2,715
Essential Utilities, Inc. (WTRG)	Reeder	\$33.24	\$39.00	DEC.	1.85	1.98	OW	\$8,792
SJW Group (SJW)	Reeder	\$58.35	\$61.00	DEC.	2.45	2.80	EW	\$1,854

[*Quick Water Utility Update Heading into Q3—Swapping Our CWT & SJW Ratings*](#)

Industry	Energy							
Midstream Energy								
	Analyst	Price	Price Target	FY	FY23E	FY24E	Rating	M. Cap (MMs)
Antero Midstream Corporation (AM)	Baramov	\$12.15	\$14.00	DEC.	950.7	998.8	OW	\$5,828
Aris Water Solutions, Inc. (ARIS)	Satish	\$8.21	\$9.00	DEC.	167.6	194.3	EW	\$473
Cheniere Energy Partners, L.P. (CQP)	Blum	\$55.64	\$48.00	DEC.	3.68B	3.85B	UW	\$26,932
Cheniere Energy, Inc. (LNG)	Blum	\$168.29	\$217.00	DEC.	8.69B	5.82B	OW	\$40,494
Crestwood Equity Partners LP (CEQP)	Baramov	\$27.82	\$29.00	DEC.	799.5	887.3	EW	\$2,928
DT Midstream, Inc. (DTM)	Blum	\$53.97	\$59.00	DEC.	905.2	966.2	EW	\$5,230
EnLink Midstream, LLC (ENLC)	Satish	\$12.36	\$13.00	DEC.	1.35B	1.36B	EW	\$5,704
Enbridge Inc. (ENB)	Satish	C\$44.14	C\$43.00	DEC.	16.31B	17.07B	UW	C\$93,823
Energy Transfer LP (ET)	Blum	\$13.75	\$17.00	DEC.	13.37B	14.67B	OW	\$43,219
Enterprise Products Partners L.P. (EPD)	Blum	\$27.55	\$32.00	DEC.	9.26B	9.62B	OW	\$59,832
Equitrans Midstream Corporation (ETRN)	Blum	\$8.82	\$9.00	DEC.	1.02B	1.30B	EW	\$3,821
Excelerate Energy, Inc. (EE)	Blum	\$15.44	\$18.00	DEC.	334.3	341.4	OW	\$1,672
Genesis Energy, L.P. (GEL)	Blum	\$11.38	\$13.00	DEC.	737.4	760.1	EW	\$1,395
Gibson Energy, Inc. (GEI)	Satish	C\$20.81	C\$21.00	DEC.	582.8	675.4	UW	C\$2,947
Hess Midstream Operations LP (HESM)	Satish	\$30.32	\$31.00	DEC.	1.01B	1.11B	EW	\$7,064
Keyera Corp. (KEY-TSE)	Satish	C\$32.23	C\$33.00	DEC.	1.08B	1.16B	EW	C\$7,386
Kinder Morgan, Inc. (KMI)	Blum	\$16.85	\$17.00	DEC.	7.61B	7.76B	EW	\$37,454
Kinetik Holdings Inc. (KNTK)	Blum	\$35.32	\$39.00	DEC.	843.4	978.2	EW	\$5,159
MPLX LP (MPLX)	Blum	\$36.04	\$44.00	DEC.	6.13B	6.30B	OW	\$36,084
NGL Energy Partners LP (NGL)	Blum	\$4.08	\$5.00	MAR.	632.7	655.6	EW	\$538
NuStar Energy L.P. (NS)	Blum	\$17.34	\$18.00	DEC.	719.1	754.1	UW	\$1,923
ONEOK, Inc. (OKE)	Blum	\$66.60	\$77.00	DEC.	5.05B	6.05B	OW	\$38,793
Pembina Pipeline Corporation (PPL-TSE)	Satish	C\$42.13	C\$52.00	DEC.	3.65B	3.86B	OW	C\$23,139
Plains All American Pipeline, L.P. (PAA)	Blum	\$15.58	\$18.00	DEC.	2.55B	2.54B	OW	\$10,934
Plains GP Holdings, L.P. (PAGP)	Blum	\$16.03	\$18.00	DEC.	2.55B	2.54B	OW	\$12,335
Suburban Propane Partners, L.P. (SPH)	Baramov	\$16.91	\$17.00	SEP.	278.1	290.2	EW	\$1,074
Sunoco LP (SUN)	Baramov	\$50.98	\$52.00	DEC.	921.9	926.2	EW	\$5,122
TC Energy Corp. (TRP)	Satish	C\$46.73	C\$54.00	DEC.	10.50B	10.81B	OW	C\$48,482
Targa Resources Corp. (TRGP)	Blum	\$85.49	\$105.00	DEC.	3.57B	3.83B	OW	\$19,125
The Williams Companies, Inc. (WMB)	Satish	\$34.46	\$36.00	DEC.	6.70B	6.69B	EW	\$41,918
Western Midstream Partners, LP (WES)	Baramov	\$27.63	\$31.00	DEC.	1.98B	2.23B	EW	\$10,627

[*Midstream: TRP Exits the Storm as ENB Enters—Upgrading TRP & Downgrading ENB*](#)

Industry Technology & Services
[*AAPL: A Quick Reminder - Google TAC vs. Apple Services Growth*](#)

Price Target Basis & Risks

Our \$225 price target reflects ~31x P/E on our C2025 estimate; we believe Apple's expanding subscription customer base can sustain a higher multiple (vs. 5-year median at 20x)

Risks include: (1) Reinventing product momentum—can Apple sustain current level of product innovation? (2) Emerging competition; pricing pressure; (3) Component pricing volatility and gross margin impacts; (4) Supply chain disruptions; (5) Legal disputes; and (6) Execution missteps.

Industry Financial Services
BDC

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Ares Capital Corporation (ARCC)	O'Shea	\$18.99	\$19.00	DEC.	2.33	2.26	EW	\$10,585

[*ARCC: Pull to Par, Incumbency Drive Results*](#)

Price Target Basis & Risks

Based on our Quartile 1 ranking and ARCC's impressive credit performance over multiple cycles, but with more Effective Leverage and more subordinated assets (second liens and control equity), we believe ARCC should trade to our \$19.00 price target, which reflects an 12% yield on our forward NOI estimates.

Risks to the downside include capital markets illiquidity, declining base rates, and credit losses. Risks to the upside include a rebound in private equity activity, and uplift in refinancing, and higher fee income from rising portfolio velocity.

Industry Financial Services
Mid-Cap Banks

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Banc of California, Inc. (BANC)	Brazilier	\$10.88	\$13.50	DEC.	1.11	1.45	EW	\$625

[*BANC: Deal Closing Date Helps Mitigate Sector Overhang*](#)

Price Target Basis & Risks

Our \$13.50 price target represents 9.3x our current FY24 estimate, a premium to the group, and 85% of NTM TBVe, which is a discount to peers but warranted given the near-term deal uncertainty.

Downside risks include: 1) credit deterioration, 2) deposit pressure and noninterest bearing demand deposit outflows, 3) delays in deal closing. Upside risks include: 1) deal clarity comes sooner than expected, 2) outperformance on deposit growth makes restructuring goal easier to achieve, 3) larger balance sheet drives accelerated growth opportunities.

Industry Consumer
Gaming

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Boyd Gaming Corporation (BYD)	Politzer	\$61.03	\$81.00	DEC.	1.26B	1.21B	OW	\$6,104

[*BYD: 3Q23 Takeaways; Margins Bite Again on Higher Opex; Stay OW, PT \\$81 \(-\\$4\)*](#)

Price Target Basis & Risks

Our price target is based on 2025E EBITDA multiples of 8.0x BYD's LV Locals operations, 7.0x Downtown LV, and 7.0x to MW&S, 9.0x to Online and 7.0x to Managed and Other, less capitalized corp. expense and lease-adj. net debt for a core BYD equity value of ~\$75/sh. We then add ~\$6/sh for BYD's 5% FanDuel stake.

Downside risks: (1) the US gaming industry relies on consumer discretionary spend, and is thus subject to economic downturns; (2) the US gaming industry is heavily regulated, and BYD is subject to adverse legislation/expansion in states where it has operations; (3) weather, localized recessions, and other idiosyncratic factors could cause a downturn in performance, with greater exposure to LV Locals, LA, and MO markets; (4) equity market volatility, may result in lower equity multiples.

Industry Financial Services
Insurance Brokers

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Brown & Brown, Inc. (BRO)	Greenspan	\$69.71	\$73.00	DEC.	2.73	3.00	EW	\$19,771

[*BRO: Brings Up 2023 Margin Guide; Conference Call Roundup*](#)

Price Target Basis & Risks

- **Our price target of \$73** is based on a 21x multiple of our adjusted cash EPS estimate (which excludes intangibles) or around 24.5x our projected 2024E EPS estimate.
- The 24x time multiple is between its 10-Year average and peak multiples, which we believe is fair given the good organic growth and margin environment.

Risks include tough economic conditions, which would pressure organic growth, a slowdown and leveling off of the P&C rating improvement, and the completion and successful integration of its recent large international acquisitions. Risks to the upside include organic growth and its margins coming in better than expected, as well as completing the integration of its large deals quicker than they expect.

<u>Industry</u>	Industrials								
Railroads									
		<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Canadian National Railway Company (CNI)		Poliniak-Cusic	\$105.67	\$110.00	DEC.	7.20	8.00	EW	\$69,066

[*CNI: Ready to Rebound*](#)

Price Target Basis & Risks

Our \$110 price target is based on applying ~19x P/E multiple to our FY24E EPS, with an FX reflecting the spot rate of 1.37 CAD/USD. We view a ~19x P/E multiple as appropriate given the corresponding EPS yield is ~50 bps below S&P 500's, which is supportive of CN's history of HSD+ EPS growth.

Baseline Assumptions for FY24E:

- ~3.7% volume growth
- ~1% yield growth
- ~59.9% OR

Downside risks to our thesis include: (1) Potential trade issues; (2) Volumes negatively impacted by macro; (3) Future productivity improvements limited; (4) Modal shift to Truck, as CNI derives 26% of its operating revenue from Intermodal. Risk to the upside includes an accelerated level of market share gains.

<u>Industry</u>	Financial Services								
<i>CB: Q3 Misses Us On Higher Cats; Focus on NA Premium Growth</i>									

Price Target Basis & Risks

Our price target of \$249 is based on a ~1.7x price to book multiple extended against our 2024 GAAP book value estimate (of \$149). Our price target also equates to 11.6x our 2024 EPS estimate, which is still below its 5-year and 10-year peak of 14.5x, and right around its average multiple.

Risks to achieving the price target include a deceleration in the firming pricing conditions, large catastrophe losses, increased competition from new entries to the insurance sector, and a deterioration in loss cost trends.

<u>Industry</u>	Industrials								
Containers & Packaging									
		<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Crown Holdings, Inc. (CCK)		Hajde	\$81.60	\$75.00	DEC.	4.95	5.35	EW	\$9,845

[*CCK: NA Volumes Moving In line with Expectations; Tweaking PT Slightly Higher*](#)

Price Target Basis & Risks

During 2005-2022, CCK traded at an average P/E multiple of 14.2x, an average EV/EBITDA multiple of 8.8x and an average FCF yield of 6.9%. Using our 2024 estimates, CCK is currently trading at 14.6x on a P/E basis, 8.5x on an EV/EBITDA basis, and a 6.3% FCF yield. We view a normalized valuation multiple for CCK as 8.2x forward EBITDA, implying a price target of \$75 using our 2024 estimate or an 8.0% FCF yield.

Risks include material shifts in currency or pricing of metal raw materials, to the extent not hedged or offset. In addition, financial leverage and cyclical risk associated with the Transit Packaging business. Additionally, any startup or higher associated costs with the company's beverage can expansion program could result in slower-than-expected earnings growth.

<u>Industry</u>	Health Care								
Tools & Diagnostics									
		<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Danaher Corporation (DHR)		Daley	\$196.84	\$247.00	DEC.	8.30	7.76	OW	\$145,337

[*DHR: 3Q23 Beat More than Offsets 4Q Downside; FY24 Trajectory Not Addressed*](#)

Price Target Basis & Risks

Our \$247 price target is based on a ~20.5x F2Y EV/EBITDA multiple and mean reversion to legacy DHR historical relative multiples of peers and S&P500 plus a 1.5x turn premium for post-spin DHR's ~250bps structurally faster growth profile. We arrive at this premium based on a regression analysis of LS Tools/Industrials stocks multiple premium for incremental growth.

Downside risks include, but are not limited to, the following factors. First, given the scale of their recent deal flow, acquisition target selection and integration risk stands to be a potential headwind on investor interest in the story. Second, significant global exposure leads to the risk of negative impacts from global macro deterioration in general as well as China headwinds more specifically. Finally, competitive pressures, especially in diagnostics, could weigh on future profitability.

Industry	Industrials							
Electrical Equipment & Multi-Industry								
	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Dover Corporation (DOV)	O'Dea	\$132.33	\$140.00	DEC.	8.78	9.30	EW	\$18,510

[DOV: Post Destock Demand Is Key; Inventory Right-sizing Expected by Year-end](#)

Price Target Basis & Risks

- Our price target is \$140, ~15x 2024 EPS estimate that factors in FW Murphy. It's a mid-teens discount to our 2024 EEMI P/E.
- That's slightly better than the current ~20% discount based on consensus estimates. Since 2021, DOV has traded at a mid-teens discount to our EEMI group based on P/E.

Risks to the upside include:

- Cost-saving initiatives could prove more significant than expected.
- The company has a strong balance sheet, and has been active on M&A.
- End of destock could drive higher-than-expected organic growth given backlog strength.

Risks to the downside include:

- Macro uneasiness drives orders lower.
- Anticipated margin expansion falls short on supply chain, cost-out missteps, and / or demand surprises.

Industry	Industrials							
Chemicals								
	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Dow Inc. (DOW)	Sison	\$49.24	\$59.00	DEC.	2.16	3.20	OW	\$34,619

[DOW: Wading in the Velvet Sea; Maintain OW as Fundamentals Moving Off Trough](#)

Price Target Basis & Risks

Our 12-month price target is \$59 based on a 2024E EV/EBITDA of ~8x, or 6.0x mid-cycle EBITDA of \$8.5B. Since new Dow was spun on 4/1/19, the company has traded in an EV/EBITDA range of ~6.0x to ~9.0x, which we believe is an appropriate range for a chemical company with a portfolio of upstream commodity and downstream more differentiated chemicals.

Risks include: a global economic downturn; unfavorable supply-demand dynamics for polyethylene, oxyfuels, styrene, acetyls; exchange rate fluctuations; raw material costs exceeding price increases; and substantial competition in the industries in which it operates.

Industry	Real Estate							
EGP: Q3 Beat and Guidance Raised—Operations Generally Solid & Steady								
Price Target Basis & Risks								

Our \$179 PT is based on a multiple of 27.5x our FY'24 AFFO estimate—a 15% premium to the peer group based on the company's solid balance sheet and investment acumen as well as strong value creation potential via developments, somewhat offset by higher supply in the Sun Belt markets which could moderate rent growth in the future.

Upside risks to our Equal Weight rating include a significant increase in target market rents, and downside risks include broad-based oversupply concerns in Sun Belt markets.

Industry	Health Care							
Med Tech - Cardiovascular								
	Analyst	Price	Price Target	FY	FY23E	FY24E	Rating	M. Cap (MMs)
Edwards Lifesciences Corporation (EW)	Biegelsen	\$70.49	\$88.00	DEC.	2.51	2.78	EW	\$42,852

Medtronic plc (MDT)	Biegelsen	\$71.96	\$102.00	APR.	5.29	5.12	OW	\$95,745
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[EW/MDT: TAVR Low Risk Trials a Draw](#)

Industry Consumer
Home Improvement

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Floor & Decor Holdings, Inc. (FND)	Fadem	\$80.76	\$95.00	DEC.	2.35	2.60	OW	\$8,596

[FND: Re-Thinking FY24 Downside as EHS Deteriorate; Not Ready to Underwrite Draconian Scenario](#)

Price Target Basis & Risks

Our \$95 price target is based on DCF analysis (+4% terminal growth), which implies ~36x P/E, which conservatively represents a -40% discount to FND's peak P/E.

Risks to our thesis include competitive factors, heightened expectations, sensitivity to economic and housing trends, and execution risks.

Industry Industrials
Rail Supply

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
GATX Corporation (GATX)	Poliniak-Cusic	\$103.28	\$130.00	DEC.	6.95	7.05	OW	\$3,661

[GATX: Strong Leasing Fundamentals to Drive Core Growth](#)

Price Target Basis & Risks

- Our \$130 PT is based on our SOTP analysis of GATX's lease portfolios
 - NA Rail: near-peak ~1.25x BV multiple on our FY24 est., given strong demand and diversification of fleet
 - Rail Int.: near-peak ~1.15x BV multiple on our FY24 est., given emerging growth locals (india/europe)
 - Portfolio Mgmt: median ~1.05x BV multiple on our FY24 est, given improving airline outlook offset by weaker shipping
 - TriFeet: median ~1.0x BV multiple on our FY24 est., due uncertain growth in tank container market

Risks to the downside include:

- Lower rail traffic demand,
- Softer-than-expected re-marketing activity,
- Greater-than-expected tank car regulations,
- Accessibility to financing

Industry Industrials
Electrical Equipment & Multi-Industry

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
General Electric Company (GE)	O'Dea	\$113.62	\$115.00	DEC.	2.64	4.47	EW	\$123,662

[GE: Shine on Aero Got Even Brighter](#)

Price Target Basis & Risks

- Our price target is \$115.
- It's equal to ~25x our 2024 adj EPS estimate, which puts GE at ~50% premium to the EEMI average P/E based on consensus estimates.
- The premium reflects the highest Aero exposure in our group and compelling earnings growth potential from execution and cost out in Vernova.

Risks to the upside:

- Improving supply chain drives revenue growth acceleration and margin ramp.
- Renewables revenue growth and profit improvement beats expectations.
- Aero recovery materializes faster than anticipated.

Risks to the downside:

- Mix headwinds surprise negatively on Aero margins.
- Shortfalls in onshore wind growth expectations.

- Offshore wind margin improvement takes longer to play out.

Industry Industrials
Autos and Auto Parts

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
General Motors Co. (GM)	Langan	\$28.56	\$26.00	DEC.	6.00	3.70	UW	\$39,296

[*GM: Everything Started Great This Morning Then...*](#)

Price Target Basis & Risks

Our \$26 price target is based on 1.5x 2024E core EBITDA and \$6B for its Cruise stake. Our base case reflects a ~2% y/y increase in FY 2024E global production (11% N America, -3% Europe, & 4% China).

Notable upside risks to our price target and rating include:

1. A meaningful decline in battery raw material prices.
2. Faster-than-expected easing of semiconductor and supply chain challenges.
3. New vehicle pricing sustaining its current record strength for longer than expected.
4. The successful launch of key EV products
5. Successful expansion of Cruise's autonomous rideshare technology across the US.

Industry Media & Telecommunications
TV Broadcasting

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Gray Television, Inc. (GTN)	Cahall	\$6.32	\$7.00	DEC.	822.1	1.30B	UW	\$603
Nexstar Broadcasting Group, Inc. (NXST)	Cahall	\$140.79	\$175.00	DEC.	1.50B	2.25B	EW	\$4,939
Sinclair Broadcast Group, Inc. (SBGI)	Cahall	\$10.34	\$13.00	DEC.	500.9	813.3	UW	\$656
TEGNA Inc. (TGNA)	Cahall	\$14.10	\$19.00	DEC.	798.2	1.11B	EW	\$2,841
The E.W. Scripps Co. (SSP)	Cahall	\$6.10	\$11.00	DEC.	421.2	698.9	EW	\$515

[*Broadcast: 3Q23 Preview — Bullish on Setup for NXST, TGNA*](#)

Industry Industrials
Machinery

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Herc Holdings, Inc. (HRI)	Weber	\$105.80	\$150.00	DEC.	1.45B	1.58B	OW	\$2,993

[*HRI: Healthy Demand with Fleet in Better Balance*](#)

Price Target Basis & Risks

Our \$150 price target is ~5x our FY24 EBITDA estimate. Our target multiple is roughly the midpoint of the traditional rental company range.

Risks include 1) A weaker-than-expected ramp in project activity; 2) A reversion to less disciplined rental industry operator habits (i.e., oversupply the market); 3) Potential challenges with urban density strategy; 4) Ramping M&A strategy —either overpaying for assets, or challenges with integration; 5) Potential overhang from large shareholder (Icahn Associates owns ~12.6% as of Dec 2022).

Industry Industrials
Aerospace & Defense

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Hexcel Corporation (HXL)	Akers	\$59.93	\$64.00	DEC.	1.91	2.41	EW	\$5,040

[*HXL: Q3 Missed Expectations, but Selloff Looks Overdone—Remain Equal Weight*](#)

Price Target Basis & Risks

Our price target is \$64, based on a 13x multiple on our 2024 EBITDA estimate. This is roughly HXL's historical average multiple.

As with any industrial stock, there are certain risks associated with HXL shares. Downside risks include, but are not limited to, a global economic slowdown, rapidly rising raw material costs, ongoing downturn in commercial aerospace markets and the loss of a key customer. Upside risks to the shares are a faster-than-expected recovery in airline travel, which would lead to increased demand for aerospace and rising production rates from the company's customers.

Industry Real Estate

[*HIW: Q3 In Line, Guidance Tightened—Outlook for Occupancy Trend, Development Leasing, & Asset Recycling in Focus*](#)

Price Target Basis & Risks

Our \$22 PT is based on a 9.75x multiple applied to 2024 AFFOe, representing a 20% discount to the peer group largely driven by major upcoming expirations over the next couple of years.

Downside risks to our Equal Weight rating include a deterioration of Sun Belt office fundamentals and a slower than anticipated backfill of known vacancies. Upside risks to our rating include sizable lease announcements in core portfolio and development projects.

Industry IT Hardware & Communications Networking Semiconductors

[*MSFT & GOOGL Capex + Cloud \(AI\) Demand—Semi & Hardware Lateral Thoughts \(ANET & NVDA in Focus\)*](#)

Industry Industrials Electrical Equipment & Multi-Industry

	Analyst	Price	Price Target	FY	FY23E	FY24E	Rating	M. Cap (MMs)
Illinois Tool Works Inc. (ITW)	O'Dea	\$223.06	\$220.00	DEC.	9.75	10.26	EW	\$67,453

[*ITW: Managing Through Several Revenue Headwinds—Destock, UAW, Interest Rates / Capex, Consumer*](#)

Price Target Basis & Risks

- Our \$220 price target is based on ~21x our 2024 EPS estimate.
- This is a ~25% premium to our EEMI group's P/E, based on 2024 consensus estimates.
- The premium reflects best in class margins, recent outgrowth, and overall high quality.

Upside

- Continued outgrowth, strengthening the case that portfolio changes and increased ability to focus on outgrowth are succeeding.
- Enterprise Initiatives and/or price/cost tailwinds could exceed expectations, leading to more significant margin expansion.

Downside

- A sharper slowdown than anticipated in short-cycle markets.
- Improving supply chain enables competitors to better supply the market and compete on price.
- Inflationary pressure drives deeper weakness across consumer exposure.

Industry Building Products Home Improvement Homebuilding Industrial REITs Multifamily REITs Retail Hardlines Single-Family Rental REITs

[*Q3 Contractor Survey the Step Down We've Been Waiting For*](#)

Industry Financial Services Asset Managers

	Analyst	Price	Price Target	FY	FY23E	FY24E	Rating	M. Cap (MMs)
Invesco Ltd. (IVZ)	O'Shea	\$13.03	\$16.00	DEC.	1.45	1.65	OW	\$5,846

[*IVZ: 3Q Recap—A Solid Quarter for Expense Control; Flow Prospects Remain Above Average*](#)

Price Target Basis & Risks

- Our 12-month price target of \$16 is based on a 9.5x multiple applied to our 2024 EPS estimate.

- The applied multiple is the lowest among those we use for our traditional asset manager coverage.
- This reflects the stock's valuation ranking in recent years and ongoing implications from the company's worse-than-average financial strength and continuing net outflows for active equity products.

Risks include, but are not limited to, weakening capital market values, negative sentiment toward financial services stocks in general, material deterioration in the firm's investment fund performance and/or client net fund flows, execution missteps on organizational streamlining and technological improvement projects, a market- and revenue-led reversal from the firm's recent trend of improving balance sheet strength, and further escalation of geo-political tensions involving China.

Industry Financial Services
Specialty Finance

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
KKR Real Estate Finance Trust, Inc. (KREF)	Fandetti	\$10.36	\$12.00	DEC.	1.66	1.73	OW	\$716

[*KREF: Q3 Results—Potential Trough in Office Loan Pain*](#)

Price Target Basis & Risks

- Our price target is \$12, based on ~0.75x Q3'23 BV of \$16.29.
- The CRE market has become more volatile as the macro environment has softened and rates have risen, therefore we believe KREF will trade at a discount to book value until the market believes there is less risk in their office loan portfolio. We do believe potential Fed rate cuts next year could be a catalyst for a better multiple for the stock.

We believe credit risk is the greatest risk to the company over time, particularly if the US goes into a recession. The office sector is facing pressure from post-pandemic work from home/hybrid. KREF makes higher risk, transitional commercial real estate loans. Any deterioration in the credit quality of the loan portfolio would hurt earnings and the dividend. Other risks include increased competition and funding risk.

Industry Consumer
Household & Personal Care

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Kimberly-Clark Corporation (KMB)	Carey	\$120.50	\$125.00	DEC.	6.55	6.90	EW	\$40,751

[*KMB: The Next Act Is Less Clear*](#)

Price Target Basis & Risks

Our \$125 price target is based on an 18x P/E multiple to our CY24 EPS estimate. This is the midpoint of KMB's past averages, reflecting some potential benefit from easing commodities, balanced by recent pressure on market shares. This compares to past 17/12/5yr of 17/18/19.5x.

Downside risks include (1) share losses in key categories namely Personal Care, which has higher margins and faster growth vs. KMB's tissue categories; (2) birth rates impacting diaper volumes; (3) worsening inflation. Upside risks include: (1) more aggressive pricing actions; (2) more deceleration in inflation.

Industry Managed Care

[*Exchanges: Competition Generally Stable in 2024, OSCR / ELV / UNH Appear Positioned for Market Share Gains*](#)

Industry Technology & Services
U.S. Software

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Microsoft Corporation (MSFT)	Turrin	\$330.53	\$410.00	JUN.	9.68	11.03	OW	\$2,455,517

[*MSFT: FQ1 Results—Azure Reacceleration + Best Margin in 20+ Yrs...in an Investment Cycle*](#)

Price Target Basis & Risks

Our \$410 PT is derived from 31.5x P/E on our Fwd NTM estimates, an admitted premium, but one we feel is warranted given the unprecedented scale + durability of this biz and series of favorable LT tailwinds still ahead. The current AI-focused capex build cycle continues to impact FCF multiples, therefore we remain focused on P/E multiples in the interim.

Downside risks to our price target include: (1) Competition—Increasing competition particularly from large tech vendors such as Google, Facebook, Amazon, among others; (2) Increasing regulatory scrutiny—Technology companies have increasingly seen scrutiny from regulatory agencies and governments globally over the past several years, specifically, anti-trust concerns; (3) Cybersecurity Risks; and (4) Margin compression—from Azure/OpenAI investments.

Industry Consumer
Convenience Stores

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Murphy USA Inc. (MUSA)	Bonadio	\$353.33	\$385.00	DEC.	23.80	27.00	OW	\$7,580

[MUSA Preview: Stock Looking More Gassed Up, but Likely Grinds Higher on Solid Q3 Update](#)

Price Target Basis & Risks

Our \$385 price target is based on 15x our above-consensus NTM EPS estimate 9.5x EBITDA. This represents a modest discount on P/E vs. historical average levels and ATD given higher exposure to fuel and longer-term concerns around the model.

Downside risks include 1) a meaningful shift in fuel margin downward given exposure to fuel (60%+ of gross profit), 2) challenges layering QuickChek into the company's growth strategy and applying food service learnings to other parts of the chain, 3) greater-than-expected share reversal following last year's gains on fuel price volatility.

Industry Energy
Diversified Electric Utilities

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
NextEra Energy, Inc. (NEE)	Kalton	\$55.12	\$84.00	DEC.	3.12	3.38	OW	\$111,547

Independent Power Producers

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
NextEra Energy Partners, LP (NEP)	Kalton	\$25.77	\$33.00	DEC.	3.60	3.93	EW	\$2,408

[NEE/NEP: Q3 Brings Some Much Needed Relief; Reiterate OW on NEE](#)

Industry Industrials
Containers & Packaging

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Packaging Corporation of America (PKG)	Hajde	\$148.93	\$147.00	DEC.	8.35	7.95	EW	\$13,391

[PKG: Seamlessly Maneuvering Wallula Restart; Outlook Cadence Improving](#)

Price Target Basis & Risks

During 2006-2022, PKG traded at an average P/E multiple of 15.6x and an average EV/EBITDA multiple of 7.9x. Historical FCF yield over the same time frame averaged 6.2%. Using our 2024 estimates, PKG is currently trading at 18.7x on a P/E basis, 10.0x on an EV/EBITDA basis, and a 5.9% FCF yield. We view a normalized valuation multiple for PKG as 10.0x EBITDA or a 6.0% FCF yield, implying a price target of \$147 using our 2024 estimates.

Risks that could cause the stock to move away from our price target include significant shifts in raw material pricing & demand for corrugated products. On the other hand, downside risk is present as the company operates a significant portion of containerboard capacity within the Gulf Coast (DeRidder Mill), adding potential hurricanes/storms as a hindrance to operations.

Industry Health Care
Pharma Services

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Quest Diagnostics Incorporated (DGX)	Daley	\$123.58	\$135.00	DEC.	8.70	9.00	EW	\$13,870

[DGX: 3Q23 Beat on EPS and Base Revenue Growth, Margin Improvement on Track, FY23 Guide Updated](#)

Price Target Basis & Risks

Our \$135 price target for DGX reflects an enterprise value, using projected levels of debt and cash, that is ~10x our FY2 (Sept '25 LTM) EBITDA (ex options). Our price target corresponds to EV, based on Sept '24 projected cash & debt levels. This multiple is a slight discount to its justified relative valuation multiple based on mean reversion to the L5Y average vs. peers and the broader market.

Upside risks include: further and faster share gain, better execution on cost efficiency programs to offset price pressures, M&A upside, favorable resolution of PAMA data collection process, and views of industry participants in attractiveness of DGX assets. Downside risks include further pricing pressure in diagnostics above/beyond what has already contemplated, share loss or slowdown in outsourcing trends from hospital-affiliated labs, and potential acquisition integration issues.

Industry Energy

[RRC: Q3 2023 First Look—Positive](#)

Price Target Basis & Risks

- Our price target for RRC is \$40 per share using 90% of our NAV.
- Our NAV estimates credit RRC with ~\$30/sh of proved developed producing value, which is supplemented by ~\$21/sh of future undeveloped exploitation value and other assets (value of contingent liabilities). We then remove ~\$8/sh when combining debt and working capital deficits, and the company's hedge book.

Downside risks:

- We note the company's access to premium propane export markets relies heavily on the Mariner East pipeline. Any operational disruptions would be a significant headwind to the company's cash flows, in our view.
- Given RRC's production profile (~29% of production is NGLs), the company has relatively outsized exposure to NGL prices, and propane in particular

Industry Industrials
Aerospace & Defense

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Raytheon Technologies Corporation (RTX)	Akers	\$78.38	\$82.00	DEC.	5.02	5.31	EW	\$114,083

[*RTX: Engine Recall Costs Stable, but Sets Up Tough Q4 — Remain Equal Weight*](#)

Price Target Basis & Risks

Our \$82 price target is based on a 6% FCF yield on our 2025 estimate, roughly RTX's historical FCF yield.

Air traffic volumes could take longer than expected to recover, resulting in lower aircraft production rates and less demand for spare parts, which would negatively affect RTX's sales.

Any reduction in funding for key government programs could affect RTX financial results.

Changes in interest rates and asset returns can have a significant impact on earnings for the defense companies due to their sizable pension liabilities.

Industry Real Estate

[*ROIC: Q3 Inline, Midpoint of FFO/sh Guide Reduced but Inline with Consensus*](#)

Price Target Basis & Risks

Our price target for ROIC is \$15/sh, utilizing a blended NAV/sh and AFFO multiple methodology, with an applied cap rate of 6.4% and an AFFO multiple of 16.9x our FTM AFFO/sh.

Our applied cap rate is based on transactions, adjusted for our assessment of how cap rates should rise as a result of higher interest rates. Our AFFO multiple is based on the historical multiple on our Wells Fargo AFFO, adjusted for a company's ranking on our proprietary Wells Fargo Shopping Center REIT heatmap.

Downside risks to our price target include threats/acts of terrorism, a deeper recession than currently contemplated, a decline in retail sales within key shopping center categories, expansion in e-commerce penetration, higher-than-expected tenant bankruptcies, store closures, a deteriorating Wells Fargo Retailer Attraction Score, unexpected increases in interest rates, and/or a lack of a reduction in inflation from its elevated level.

Upside risks include a more mild-than-expected recession in the U.S. or no recession, a re-acceleration in retail sales within key shopping center categories, e-commerce penetration declining, fewer-than-expected retail tenant bankruptcies, few to no store closures, an improving Wells Fargo Retailer Attraction Score, a greater-than- or faster-than-expected deceleration in interest rates, and/or materially lower inflation.

Industry Technology & Services
Internet

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Snap, Inc. (SNAP)	Gawrelski	\$9.71	\$8.00	DEC.	(0.90)	(0.84)	EW	\$15,757

[*SNAP 3Q23 Review: Progress but One Quarter Doesn't Make a Trend, Remain E/W*](#)

Price Target Basis & Risks

- Our PT of \$8 is based on a 25x EV/EBITDA multiple on our 2025 EBITDA estimate.
- Our multiple implies a slight discount to the average multiple for SNAP since 4Q21.

Upside: a faster-than-expected macro rebound, improving market share dynamics, faster audience and engagement growth, improved revenue diversification, growth of subscription products or other monetization opportunities, and reduced competition.

Downside: slowing user growth, a relatively young audience that could limit appeal to important advertiser categories, an uncertain long-term profitability profile, competition, macroeconomic risk, ad platform risk, and limited shareholder rights.

Industry Media & Telecommunications
Audio

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Spotify Technology S.A. (SPOT)	Cahall	\$170.63	\$250.00	DEC.	13,275.8	15,648.3	OW	\$32,982

[SPOT: Margin Story Intact](#)

[Price Target Basis & Risks](#)

In the case of SPOT, we're using customer lifetime value as a basis of our PT, which uses our model to 2030E and goes beyond to get a multi-decade view. Our valuation is based on ending CY24E MAUs of ~693mm X our base case €63 CLV, which is a blend of ad-supported and premium subscribers. This implies a target EV of €43bn. We then apply SPOT's interest in TME and deduct accrued liabilities from net cash. The result is a price target of \$250, which supports our Overweight rating.

- **Margins take longer to improve.** SPOT will work if margins improve, but investor patience is thin. If margins don't show steady improvement, we expect SPOT's valuation to suffer.
- **Podcasting margins take longer to inflect.** If margins don't accelerate as expected, then pursuit of the podcast TAM will be called into question.
- **Competitors could press.** Apple, Google, Amazon and a plethora of smaller companies make up SPOT's competition.
- **Labels push up royalties or don't relent.**

Industry Industrials
Airfreight & Surface Transportation

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
TFI International Inc. (TFII)	Monigan	\$106.76	\$130.00	DEC.	6.10	7.50	OW	\$9,234

[TFII: Another Transition Year](#)

[Price Target Basis & Risks](#)

Our price target of \$130 is based on ~17x our 2024E EPS of \$7.50. Our target multiple reflects a valuation improvement relative to LTL peers and KNX.

Risks include: 1) transportation is economically sensitive. Rates & margins through the cycle could move meaningfully lower. 2) Shifting regulatory environments or mandated investments could meaningfully affect cash flow. 3) transportation networks require substantial ongoing investment. Chronic underinvestment can lead to catch-up capex and greater cyclicity investment. Investors have previously viewed the associated CF cyclicity unfavorably.

Industry Health Care

[TSHA: Incremental Details on Patient #1 Clinical History and Outcomes Presented at ESGCT](#)

[Price Target Basis & Risks](#)

Our \$7.50 price target is based on a DCF model driven by probability-adjusted NPV of TSHA's pipeline, including TSHA-120 in giant axonal neuropathy (GAN) and TSHA-102 in Rett syndrome, with a discount rate of 10% and assuming no terminal growth.

Risks to our OW rating and to achieving our PT include failure to achieve proof-of-concept for TSHA-102, unexpected safety signals, failure to advance TSHA-102 into pivotal study, failure to obtain regulatory approval, failure to achieve reimbursement coverage, poor commercial performance on the market, failure to meet manufacturing standards, and financing risks.

Industry Health Care

[TDOC: 3Q23 Results & 2023 Guidance Mixed: Margins Improve but Top-Line Trajectory Disappoints](#)

[Price Target Basis & Risks](#)

Our \$26 price target is a 50/50 weight between our DCF and EV/EBITDA valuation methods. Our EV/EBITDA valuation is \$23, reflecting 12x our 2025 adjusted EBITDA estimate, which is a 1-turn discount to MSD-HSD top-line growers within the XLV ETF, we believe justified by Teladoc's inferior combo of growth/margins. Our DCF-based valuation, which factors an 8.2% discount rate and assumed 3% terminal growth, produces a \$29 valuation.

Risks

Upside Risks

- Smaller point solutions may lack the runway to compete on price, leading to industry consolidation that could benefit larger vendors like Teladoc.
- Customer acquisition costs within the direct to consumer behavioral health business come back down to prior year's levels.
- The company may see acceleration in nascent solutions like Virtual Primary Care
- Expansion into adjacent chronic care markets may help revitalize growth within the Livongo asset
- Wage-related pressures within product & development may abate, leading to improvement in operating leverage

Downside Risks

- Execution on multi-product sales
- Increasing competition from traditional in-person care, pure-play tech-enabled solutions, new entrants offering similar or adjacent services, and competing solutions from large retailers like Amazon and Walmart
- Margin improvement and fixed cost leverage could be less meaningful than we estimate given spending on research & development and sales & marketing to maintain product competitiveness and strong growth
- Repricing of valuation multiples for companies that benefited significantly from COVID-19 dynamics as the environment normalized
- Health plans could insource certain telehealth functionality or migrate members to internally developed programs in areas like chronic care

<u>Industry</u>	Technology & Services							
Software								
	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Check Point Software Technologies Ltd. (CHKP)	Nowinski	\$136.28	\$132.00	DEC.	1,066.1	1,119.9	EW	\$16,457
Cloudflare Inc. (NET)	Nowinski	\$59.63	\$80.00	DEC.	1,285.0	1,700.0	OW	\$19,929
CyberArk Software Ltd. (CYBR)	Nowinski	\$167.15	\$155.00	DEC.	731.0	904.8	EW	\$6,981
Fortinet, Inc. (FTNT)	Nowinski	\$57.54	\$70.00	DEC.	1,823.0	2,028.0	OW	\$45,188
Tenable Holdings, Inc. (TENB)	Nowinski	\$43.20	\$60.00	DEC.	787.0	920.5	OW	\$4,996
Varonis Systems, Inc. (VRNS)	Nowinski	\$32.54	\$29.00	DEC.	500.0	556.9	EW	\$3,568

[*3Q23 \(Sep\) Preview: NET Best House in a Bad Neighborhood; Be Vigilant Heading into Q3 Earnings*](#)

<u>Industry</u>	Consumer							
Beverages								
	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
The Coca-Cola Company (KO)	Carey	\$55.64	\$62.00	DEC.	2.67	2.81	OW	\$240,607

[*KO: Storm Chasing*](#)

Price Target Basis & Risks

Our \$62 price target is based on 21x our CY24E EPS. This compares to KO's 3/5yr NTM P/E avg 24/24x and the 12/17yr 21/20x. KO has momentum, and is one of the few companies sustaining (and expected to sustain) underlying volume growth despite above average pricing. This makes it unique amongst peers.

Risks include (1) the global recovery may be slower than we expect; (2) margin improvement could stall; and (3) the dividend could suffer.

<u>Industry</u>	Consumer							
Retailing, Specialty Softlines, and E-commerce								
	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
The Gap, Inc. (GPS)	Boruchow	\$12.41	\$16.00	JAN.	0.80	1.15	OW	\$4,590

[*GPS: Turnaround Story Gaining Traction; Upgrading to OW, PT to \\$16*](#)

Price Target Basis & Risks

Our \$16 price target reflects a ~14x FY24E P/E (~5.5x EV/EBITDA). Given the turnaround opportunity present today, we believe GPS should trade closer to the industry-standard multiple (~15x) as the market eventually sees that margin consensus is too low and will move materially higher over the next 12 months.

If new management is unable to fix operational challenges to reach lofty near-term goals, or if the Gap, Old Navy or Banana Republic continue to decline materially and management is unable to execute on their growth and profitability initiatives, or if Athleta does not recover its topline momentum in a post-COVID environment.

<u>Industry</u>	Industrials							
Chemicals								
	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
The Sherwin-Williams Company (SHW)	Sison	\$234.98	\$245.00	DEC.	10.20	10.40	EW	\$60,413

[*SHW: Shades of Gray — Maintain EW Rating on New Residential & DIY Headwinds*](#)

Price Target Basis & Risks

Our 12-month price target of \$245 is based on a 2024E EV/EBITDA of ~17.0x, which represents a significant premium to its primary coatings peers (PPG, RPM). Based on our Bull/Base/Bear Cases, we believe the risk/reward remains balanced on SHW, trading at the midpoint of its historical average of 14-21x EV/EBITDA.

Primary downside risks include: rising interest rates, raw material cost volatility & availability issues; risks associated with an active M&A strategy; a sustained downturn in global economic conditions; pandemic shutdowns and/or litigation risks. Upside risks include better-than-expected raw material pricing and availability, the pandemic receding sooner than expected, stronger end demand.

Industry Technology & Services
Business & Information Services

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
TransUnion (TRU)	Weber	\$49.74	\$67.00	DEC.	3.27	3.80	OW	\$9,615

[*TRU: Resetting the Bar While Navigating Softening Macro*](#)

Price Target Basis & Risks

- Our \$67 price target reflects a blend of ~12x our 2024 EBITDA and ~21x FY24 FCF per share estimates.
- The multiples are based on where TRU shares have traded relative to a peer group of info service companies over the past five years.
- We base our framework on FY24 as we believe it will represent a relatively more normalized operating environment.

Downside risks include sustained slowing in the US economy and/or a deeper-than-expected recession with related impact on consumer sentiment and demand for credit; big exposure to several developing economies (e.g., India), where economic conditions could be more challenging than expected for longer than expected; risks related to integrating multiple large acquisitions completed over the last year; net leverage over 3x and some floating-rate debt within a rising interest rate environment.

Industry Utilities
[*Utility and Infrastructure Daily*](#)

Industry Health Care
Digital Health

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Veeva Systems Inc. (VEEV)	Berenshteyn	\$197.19	\$229.00	JAN.	2,155.1	2,368.5	OW	\$34,539

[*VEEV: CRM & Data Potential Coming Into View, Upside Catalysts on the Horizon; PT to \\$229; Upgrade to Overweight*](#)

Price Target Basis & Risks

Our base scenario produces a \$229 price target. It is based on a 50/50 weighting of an EV/FCF multiple and a DCF-based methodology. We apply a 32.0x EV/FCF multiple to our F2025 FCF estimate (2-turn premium to peer group, justified by anticipated revenue acceleration & upcoming \$80M/yr in license fee savings), which implies a valuation of \$215. Our DCF-based methodology produces a \$243 valuation, reflecting a 3% terminal growth assumption and 7.3% required return.

Downside Risks:

Client concentration: Top 10 clients made up 29% of revenue in F2023.

FDA drug approvals: Decrease in pacing of drug approvals could limit demand for Commercial cloud solutions.

CRM Replatforming: VEEV no longer will have a non-compete with Salesforce beyond 2025, which may create incremental competitive risks.

Veeva is a controlled company: CEO Peter Gassner holds over 51% of the voting power between Class A & Class B share ownership.

Industry Media & Telecommunications
Wireless Carriers

	<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Verizon Communications Inc. (VZ)	Luebchow	\$34.30	\$35.00	DEC.	4.70	4.58	EW	\$144,199

[*VZ: Cash Is King! +\\$1B 2023 FCF Guide Lift Highlights Solid Q3 for Big Red; PT now \\$35*](#)

Price Target Basis & Risks

Our \$35 price target is based on a 7-year DCF with a WACC of 9.0% and a terminal value EBITDA multiple of ~6.0x, which is a modest discount to VZ's historical +7.5x EBITDA multiple, which accounts for a slower growth outlook in the next 3-5 years ahead.

Downside risks to our price target include lack of mid-band spectrum assets vs. peers, limited visibility into 5G growth adjacencies, and regulatory risks from a new administration. Upside risks include faster-than-anticipated roll-out of its premium Ultra Wideband 5G network; market share gains in the competitive wireless sector; margin expansion from cost-cutting initiatives; unknown liability for lead cable remediation.

<u>Industry</u>		Financial Services							
Consumer Finance									
		<u>Analyst</u>	<u>Price</u>	<u>Price Target</u>	<u>FY</u>	<u>FY23E</u>	<u>FY24E</u>	<u>Rating</u>	<u>M. Cap (MMs)</u>
Visa, Inc. (V)		Fandetti	\$234.65	\$270.00	SEP.	8.77	9.95	OW	\$477,598

[V: FYQ4 Results—2024 Guidance & Buyback Authorization](#)

Price Target Basis & Risks

- Our price target is \$270, based on ~26.5x our CY24 estimate.
 - Our 26.5x P/E is a discount to the low-30's P/E the stock traded at pre-pandemic. We believe the multiple is warranted given the less certain macro environment, geopolitical risk and low-teens EPS guidance for FY24.
- The primary risks include heightened regulatory scrutiny, litigation, disintermediation from banks and emerging payment types, and adverse currency movements, along with the macro-economic & geopolitical environment.

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