

## US Equity Strategy

September 6, 2022

### Strategy Data Pack – September 2022

#### Key Points:

- **Fire and Ice has proven to be an effective way to describe the first half of this year.**
  - Fed tightening in response to historically high inflation, the Fire, has weighed heavily on valuations for all asset markets.
  - Meanwhile, growth has also disappointed, the Ice, in line with our forecasts at the beginning of the year..
  - We see the Ice, or slowing growth, as the bigger concern for stocks rather than inflation and the Fed
- **We think the lows for this bear market will arrive in the fourth quarter with 3400 the minimum downside and 3000 if a recession arrives.**
  - Our leading indicators and models suggest earnings forecasts have significant downside and this will drive the next leg of this bear market
  - From there, prices will recover to our Base (3900) or Bear (3350) case June 2023 targets

#### Michael Wilson

*Chief US Equity Strategist & CIO of Morgan Stanley*

M.Wilson@morganstanley.com

+1 212 761-2532

#### Andrew Pauker

*Equity Strategist*

Andrew.Pauker@morganstanley.com

+1 212 761-1330

#### Michelle M. Weaver, CFA

*Equity Strategist*

Michelle.M.Weaver@morganstanley.com

+1 212 296- 5254

#### Diane Ding, Ph.D.

*Quantitative Strategist*

Qian.Ding@morganstanley.com

+1 212 761-6758

#### Nicholas J. Lentini, CFA

*Research Associate*

Nick.Lentini@morganstanley.com

+1 212 761-5863

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

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

## In Case You Missed It – Last Month's Publications

---

### Weekly Warm Ups

- [US Equity Strategy: Weekly Warm-up: Fed Hits Stocks but the Larger Risk Remains Earnings, Not Rates \(29 Aug 2022\)](#)
- [US Equity Strategy: Weekly Warm-up: The Challenge with Front-Running a Fed Put \(15 Aug 2022\)](#)
- [US Equity Strategy: Weekly Warm-up: Operating Leverage Cuts Both Ways as Inflation Peak Signals Margin Risk \(8 Aug 2022\)](#)

### Special Reports

- [Vintage Values: Vintage Values 2023 \(24 Aug 2022\)](#)
- [Sunday Start | What's Next in Global Macro: Be Careful What You Wish For \(7 Aug 2022\)](#)

### Podcasts & Videos

- [Podcast | Thoughts on the Market: Mike Wilson: The Increasing Risks to Earnings \(29 Aug 2022\)](#)
- [Podcast: Equities Unplugged with Michael Wilson and Andrew Pauker: Earnings Headwinds Mount | Ep. 13 \(25 Aug 2022\)](#)
- [Podcast | Thoughts on the Market: Mike Wilson: Will the Bear Market Rebound Last? \(22 Aug 2022\)](#)
- [Podcast: Equities Unplugged with Michael Wilson and Andrew Pauker: Navigating the Bear Market Rally; Ep. 12 \(5 Aug 2022\)](#)

## Outline

---

Pg. 3

### Highlights

Pg. 17

### Earnings

Pg. 26

### Valuation & Fundamentals

Pg. 32

### Sector Views

Pg. 41

### Quant Charts & Misc.

## Year Ahead Price Targets and Sector Preferences

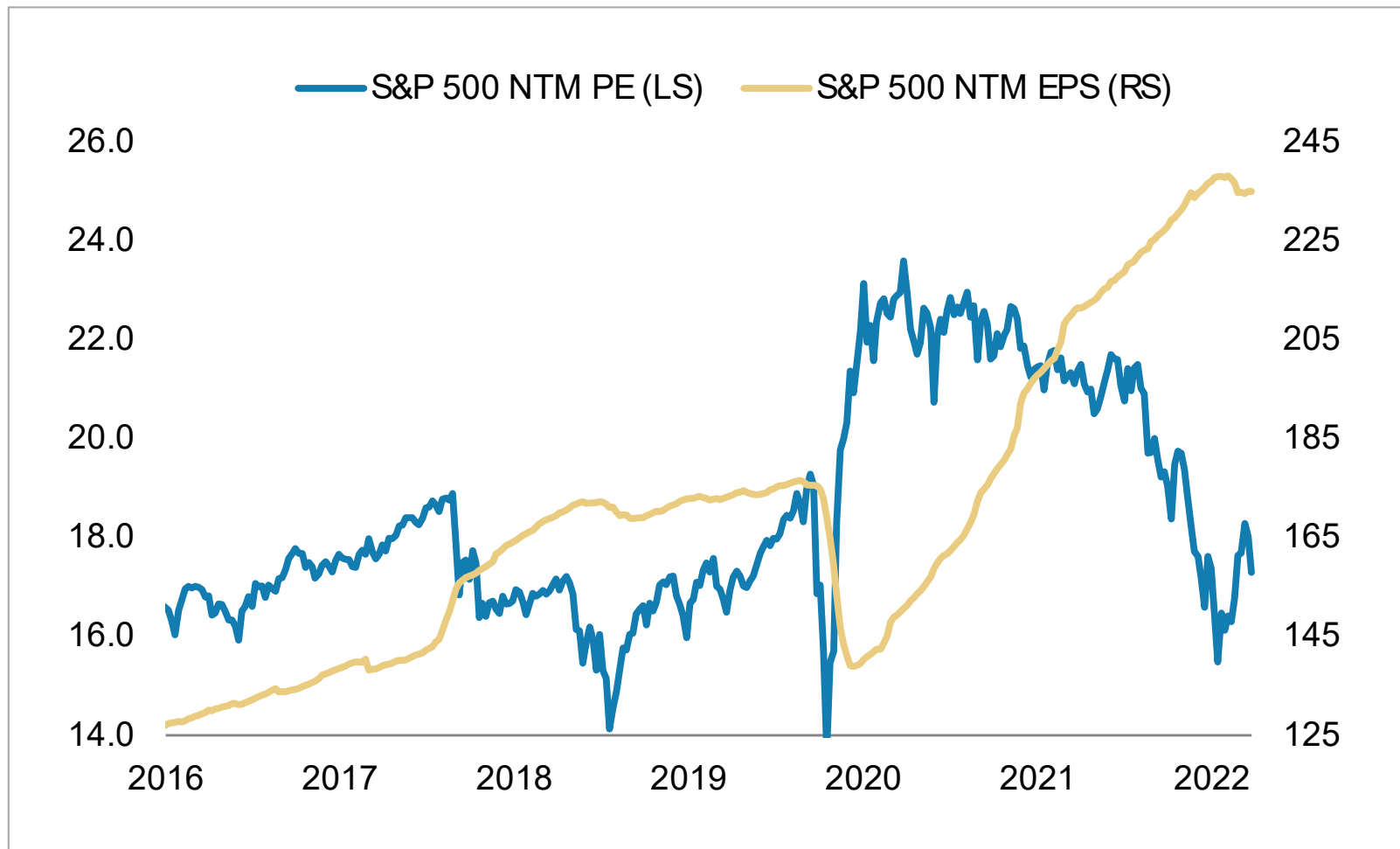
### Our S&P 500 Targets

Morgan Stanley S&P 500 June 2023 Price Target				
Landscape	Earnings	Multiple	Price Target	Upside / Downside
Bull Case	\$244	18.20x	4,450	13.4%
Base Case	\$219	17.80x	3,900	-0.6%
Bear Case	\$205	16.30x	3,350	-14.6%
Current S&P 500 Price as of: 9/2/2022			3,924	

### Our Sector Recommendations Reflect Mid Cycle Leadership

Morgan Stanley Sector Recommendations			
Overweight	Utilities	Health Care	Real Estate
Neutral	Comm. Services	Energy	Industrials
	Materials	Staples	Tech ex Hardware
	Financials		
Underweight	Discretionary	Tech Hardware	

## Valuations Rebound as Earnings Show First Cuts



Source: FactSet, Morgan Stanley Research as of August 31, 2022

## Equal Weight S&P 500 is Outperforming Cap Weight by 5% in 2022

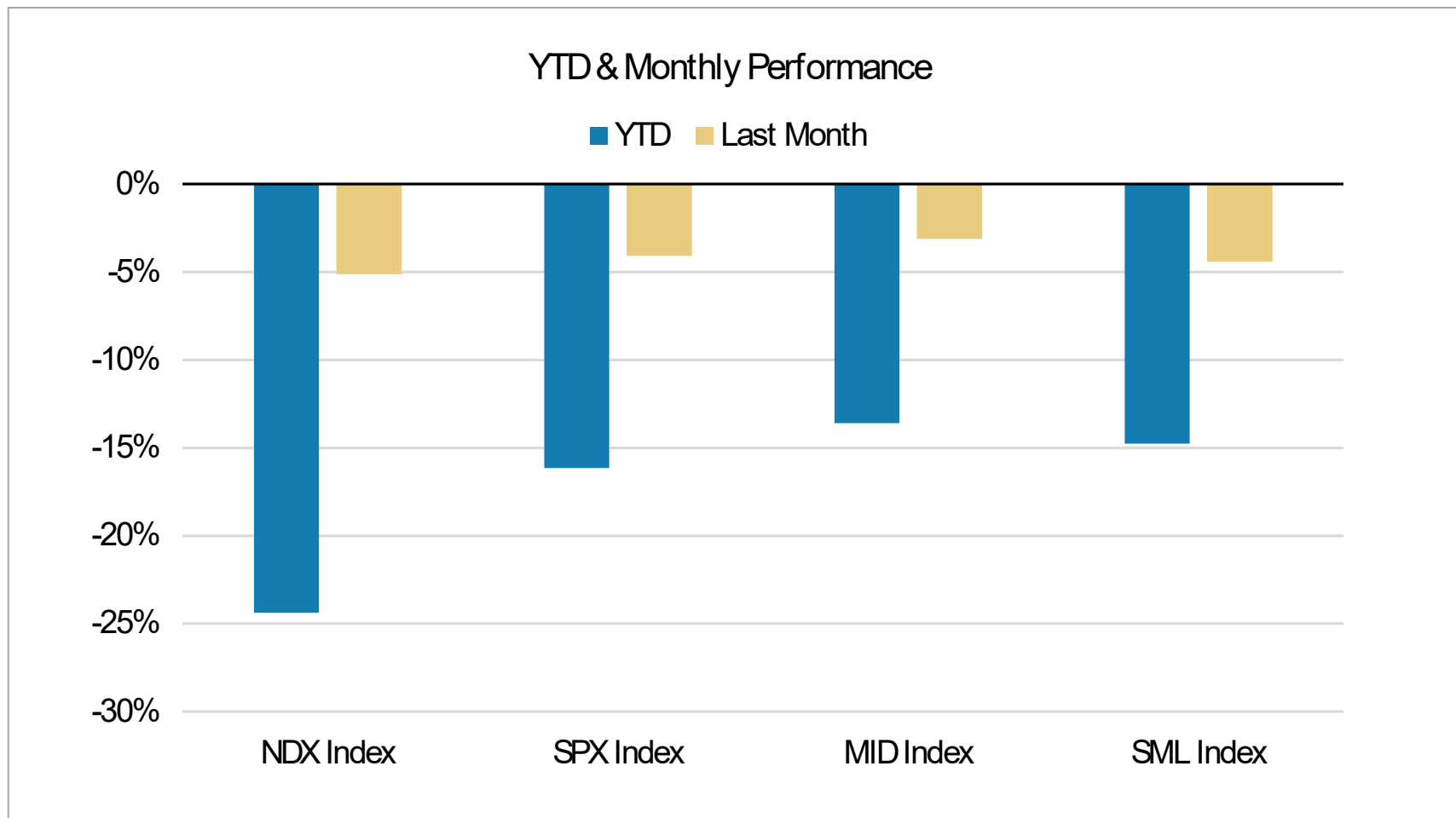
### Cap Weight vs Equal Weight 12-Month Total Return

S&P 500 12-Month Total Return			
Cap Weight		Equal Weight	
Energy	72%	Energy	72%
Utilities	16%	Utilities	15%
Consumer Staples	6%	Consumer Staples	7%
Health Care	-4%	Materials	0%
Real Estate	-7%	Financials	-3%
Financials	-8%	S&P 500	-4%
Materials	-8%	Real Estate	-7%
S&P 500	-9%	Industrials	-9%
Industrials	-9%	Health Care	-11%
Information Technology	-11%	Information Technology	-15%
Consumer Discretionary	-14%	Consumer Discretionary	-19%
Communication Services	-32%	Communication Services	-22%

### Cap Weight vs Equal Weight Performance YTD

S&P 500 Total Return YTD			
Cap Weight		Equal Weight	
Energy	49%	Energy	46%
Utilities	5%	Utilities	6%
Consumer Staples	-4%	Consumer Staples	-1%
Health Care	-11%	Materials	-9%
Industrials	-11%	Financials	-11%
Financials	-15%	S&P 500	-11%
Materials	-16%	Industrials	-12%
S&P 500	-16%	Health Care	-14%
Real Estate	-18%	Real Estate	-17%
Information Technology	-22%	Communication Services	-18%
Consumer Discretionary	-24%	Information Technology	-22%
Communication Services	-31%	Consumer Discretionary	-23%

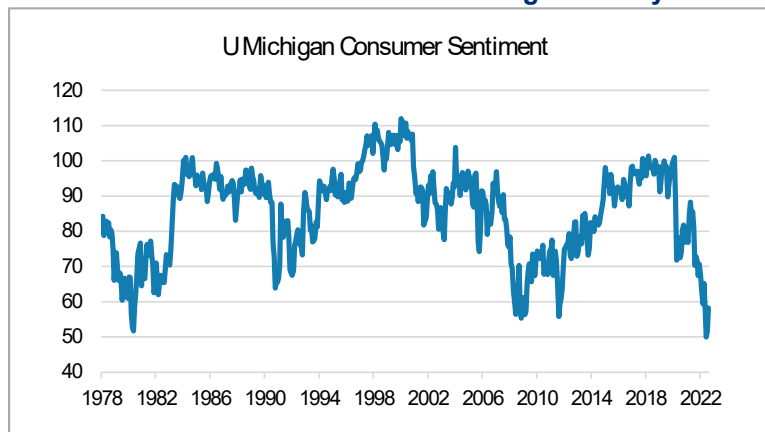
## US Equities Fell in August



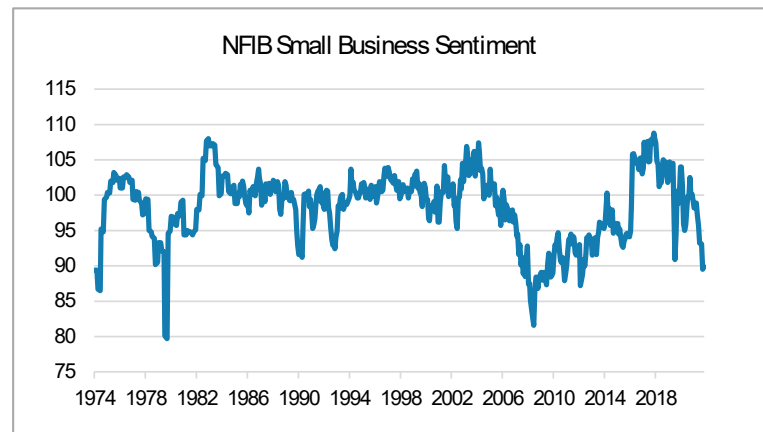
Source: Bloomberg, Morgan Stanley Research; As of August 31, 2022.

## Sentiment Snapshot

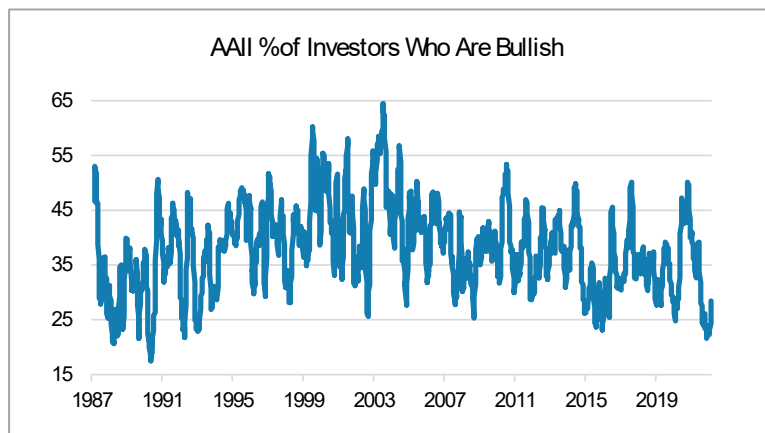
**US Consumer Sentiment: Univ. of Michigan Survey**



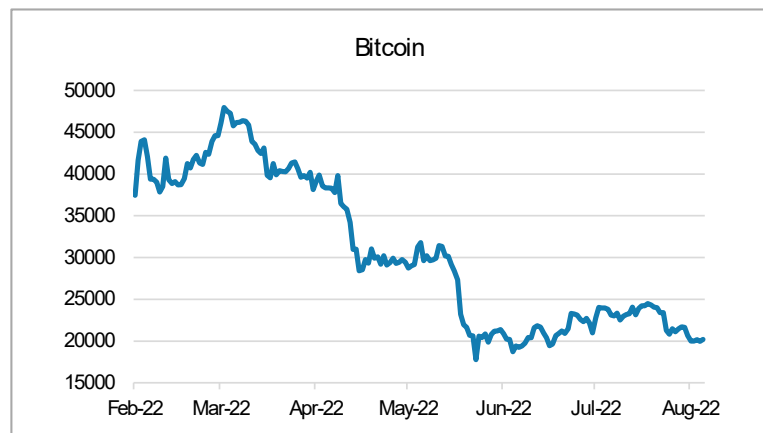
**Small Business Sentiment: NFIB Survey**



**Investor Sentiment: AAI Bulls Survey**



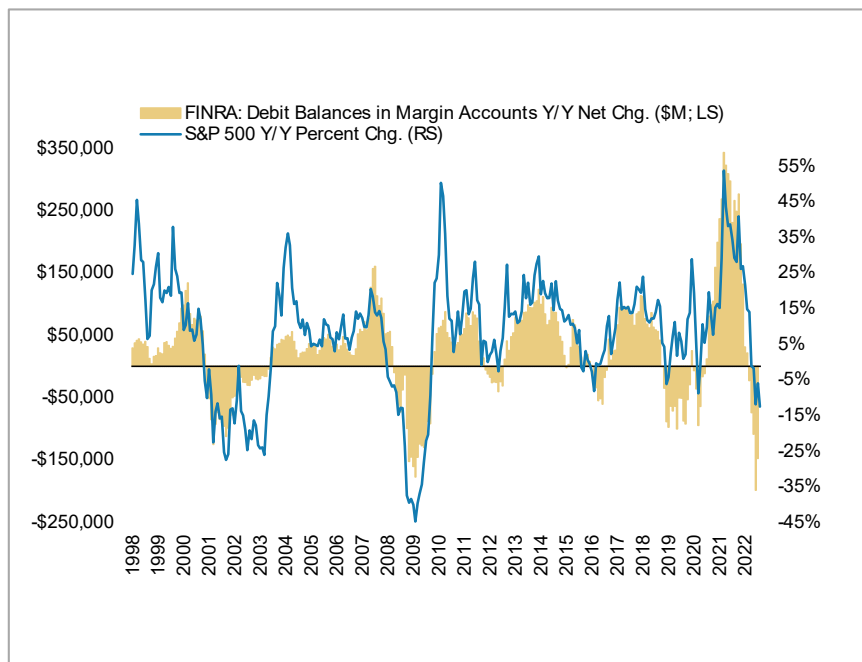
**Speculative Sentiment: Bitcoin**



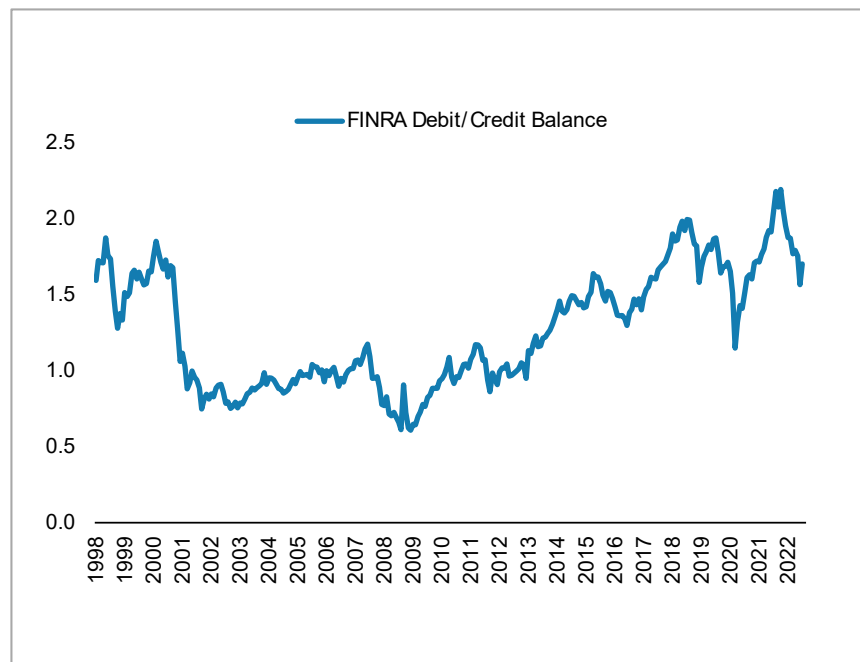


## Investor Leverage Snapshot

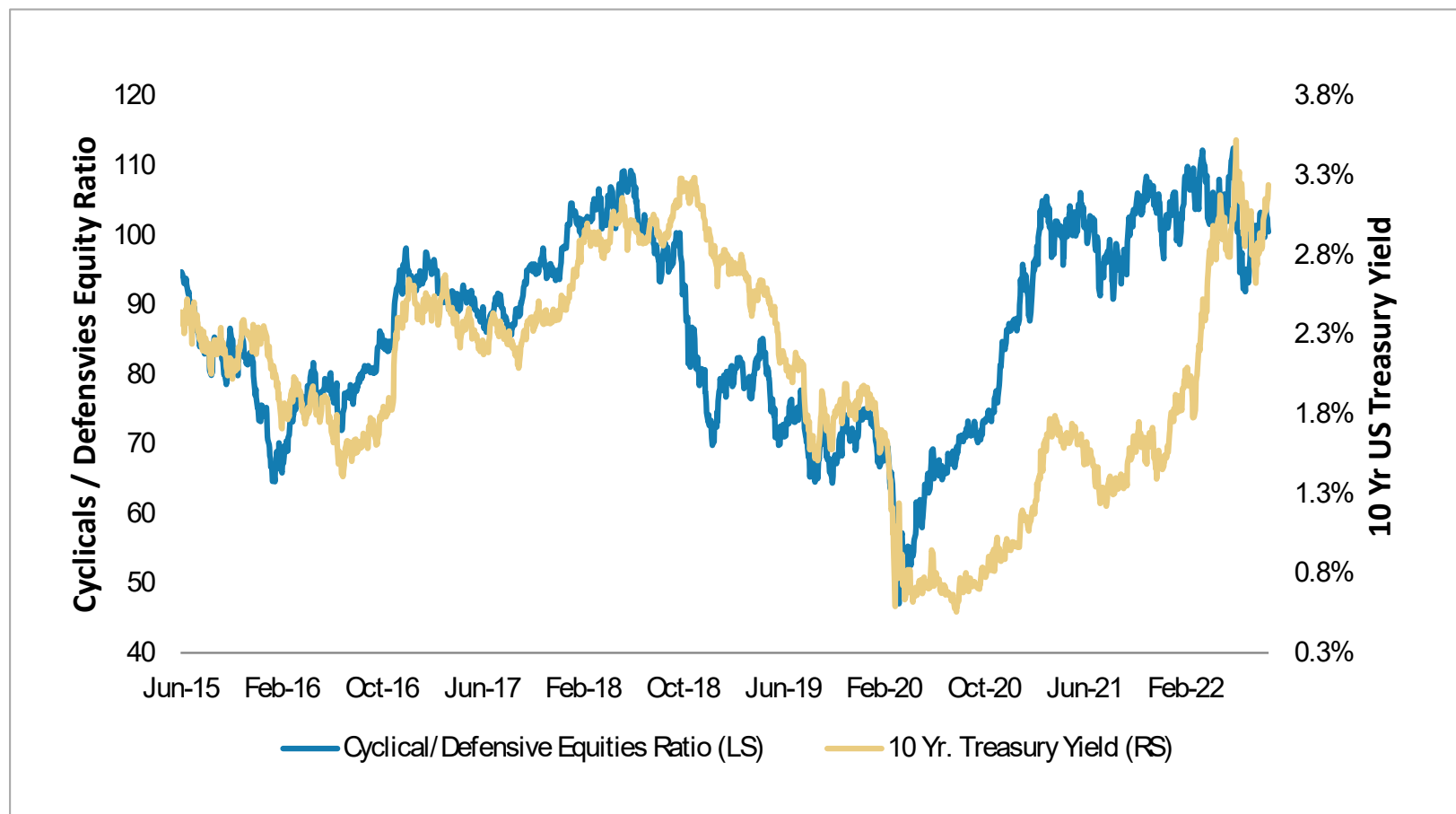
FINRA Margin Debt



FINRA Debit/Credit Balance



## Gap Between Cyclical and Rates Closed After Two Years

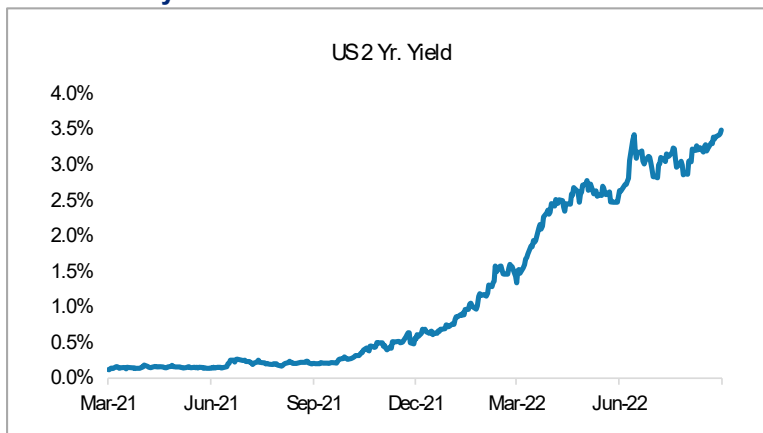


Source: Bloomberg, Morgan Stanley Research. As of August 31, 2022

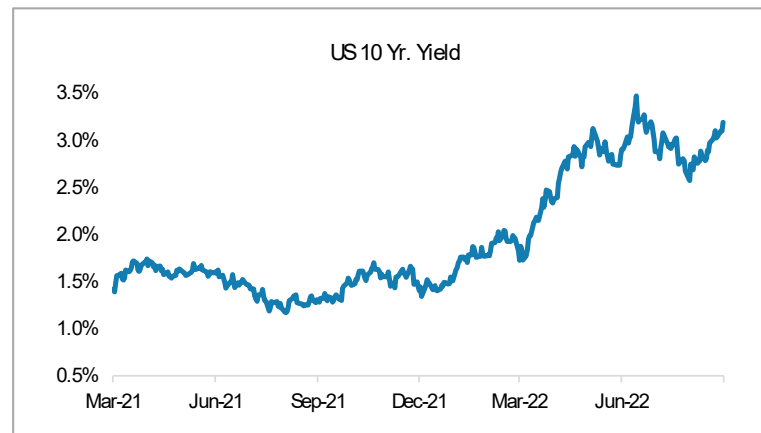
Note: The index above represents an equal notional pair trade of going long a group of higher beta cyclicals from the Discretionary, Energy, Industrials, Materials, and Technology sectors vs short a group of stocks from more defensive sectors – Health Care, Consumer Staples, Telco Services, and Utilities. The long and short sides are rebalanced to equal notional amounts at the start of each day.

## Interest Rate Backdrop

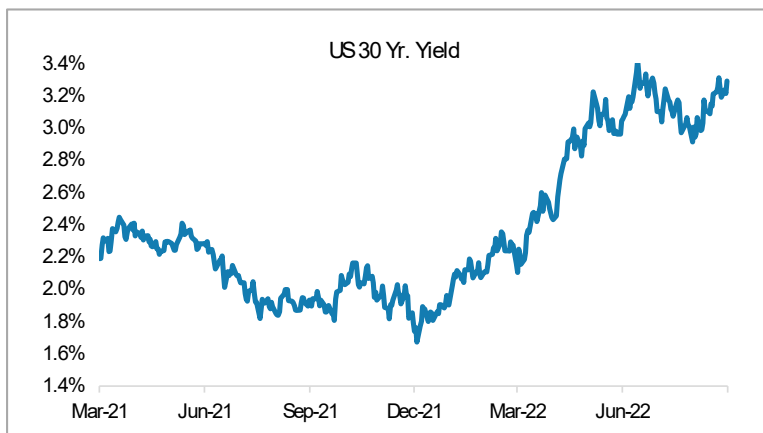
US Treasury 2 Yr. Yield



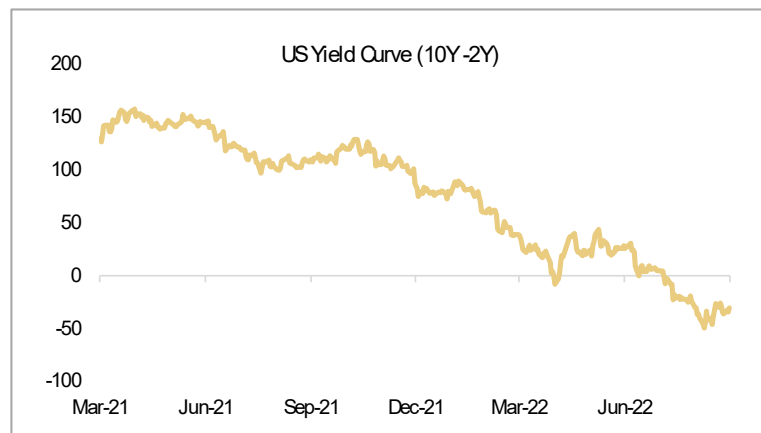
US Treasury 10 Yr. Yield



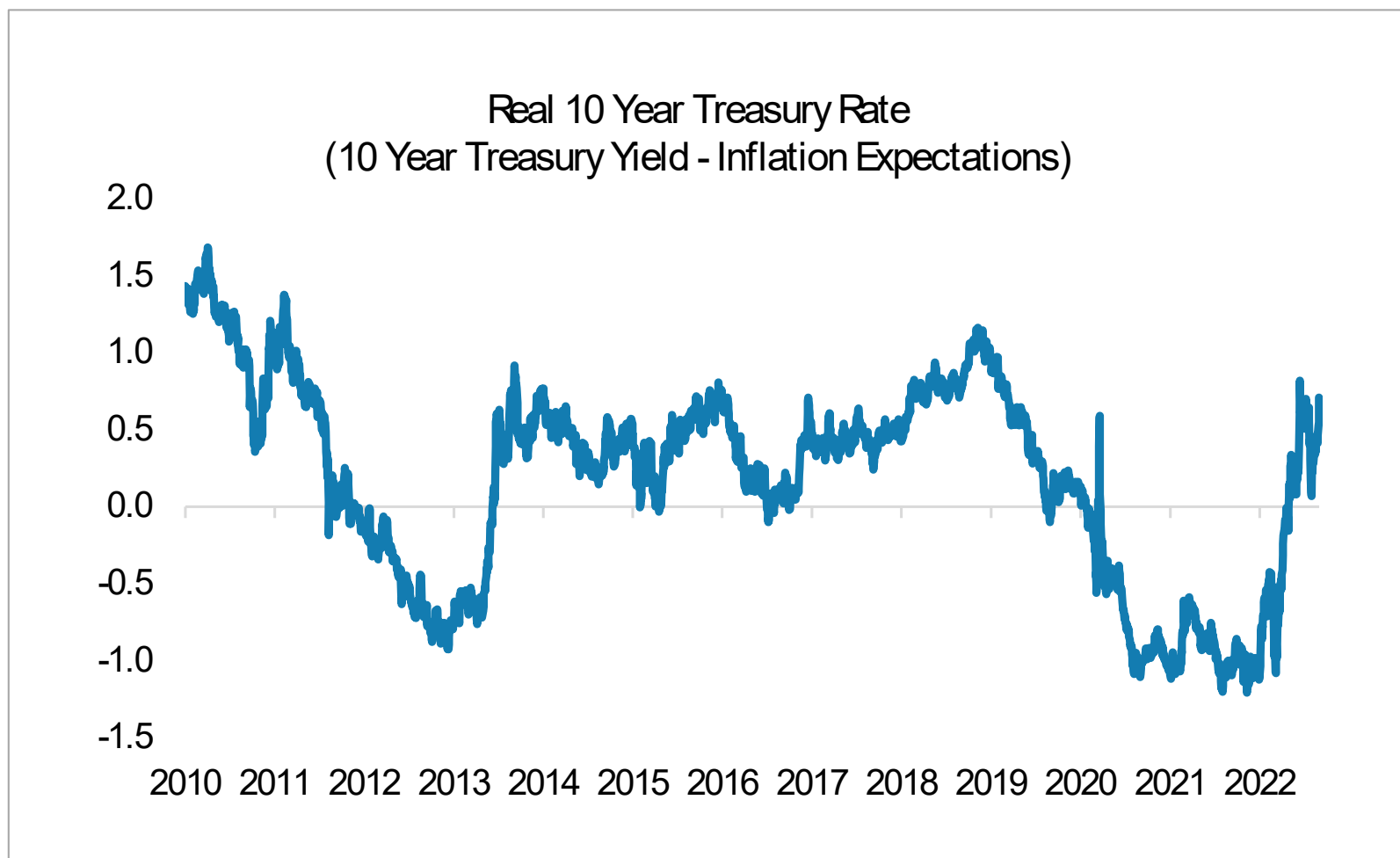
US Treasury 30 Yr. Yield



US Yield Curve (10 Yr. – 2Yr.)



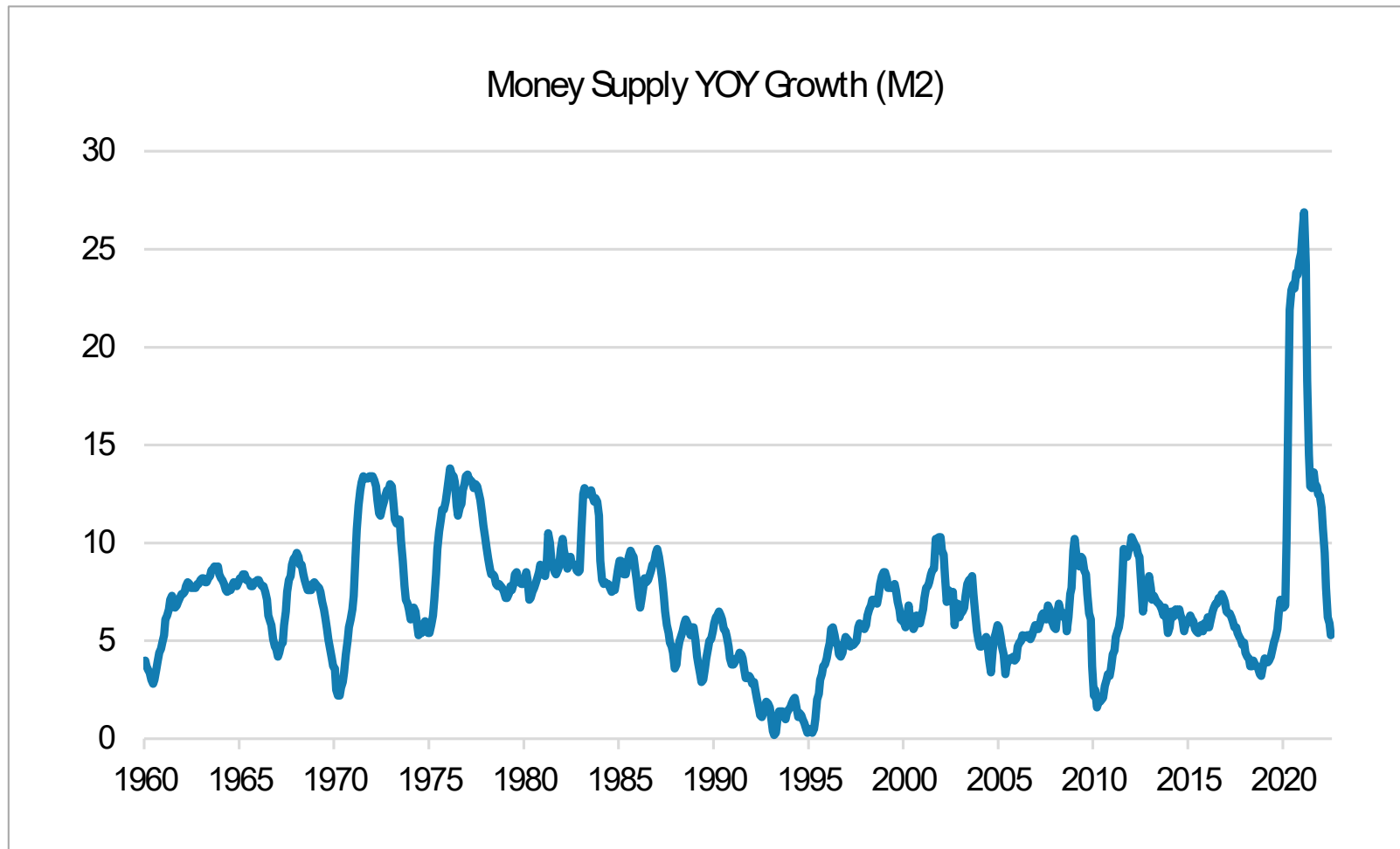
## Real Rates Turn Positive on Hawkish Fed



Source: Bloomberg, Morgan Stanley Research as of August 31, 2022

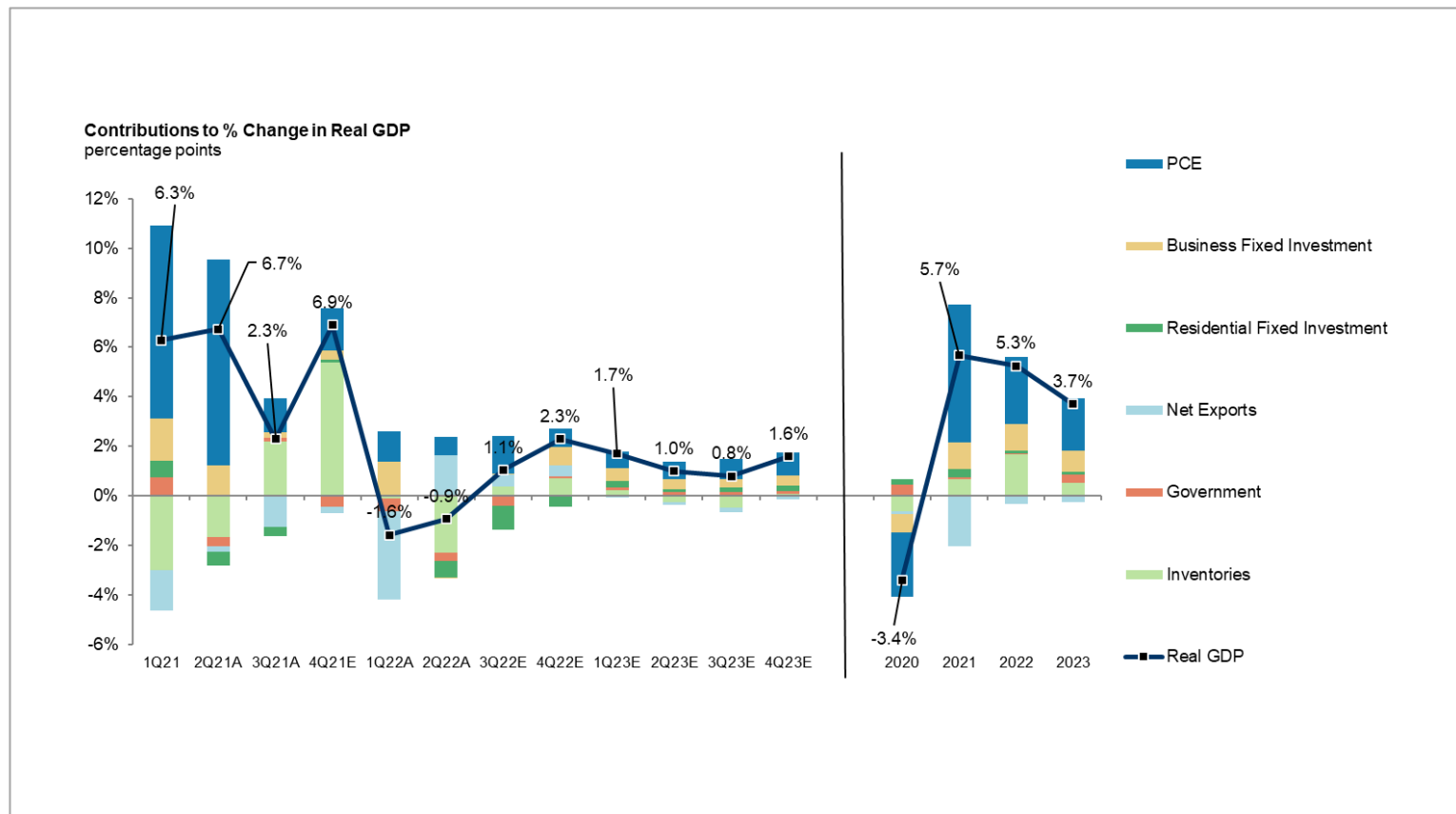
Note: Inflation expectations measured by breakevens

## Money Supply Growth Rate Has Rolled Over Sharply



Source: Bloomberg, Morgan Stanley Research as of July 31, 2022 (1 Month Lag in Data)

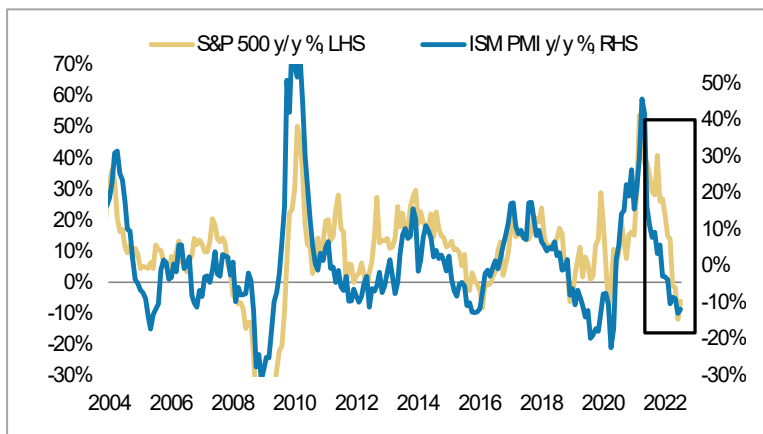
## Our Economics Team is Forecasting Slower GDP Growth in '22



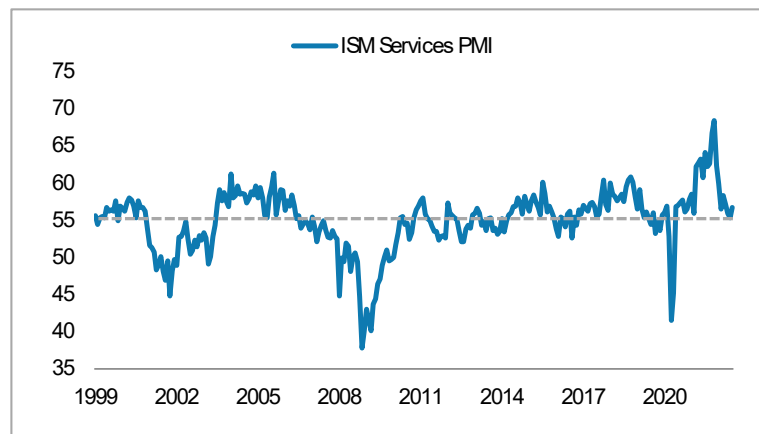
Source: Morgan Stanley US Economics Research; As of August 31, 2022.

## US PMI Snapshot

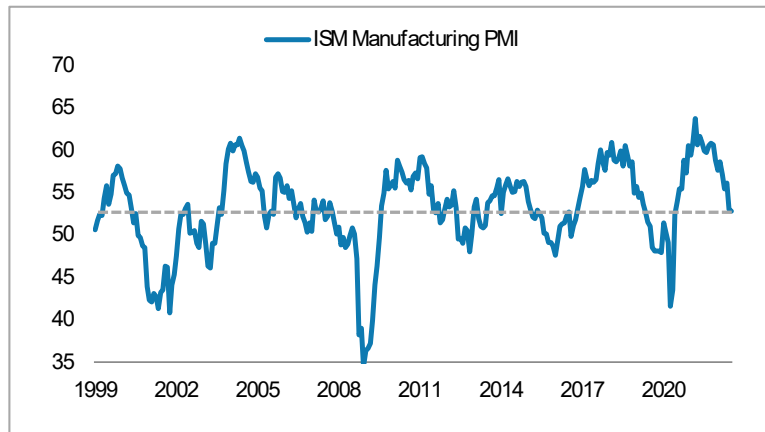
YOY PMIs vs YOY S&P 500



ISM Services PMI



ISM Manufacturing PMI

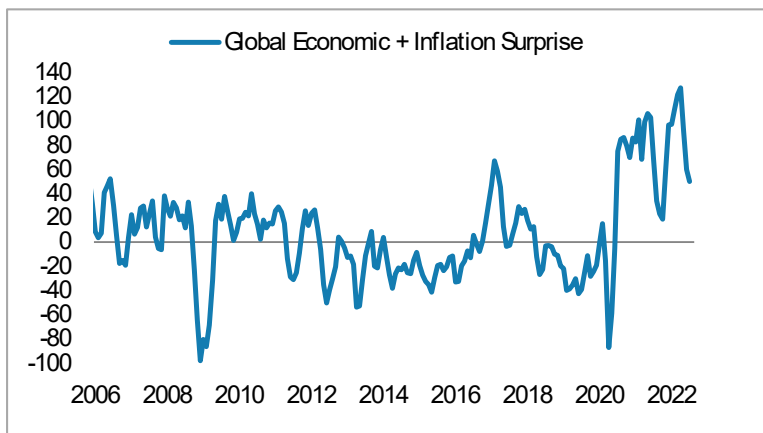


ISM Manufacturing PMI – New Orders

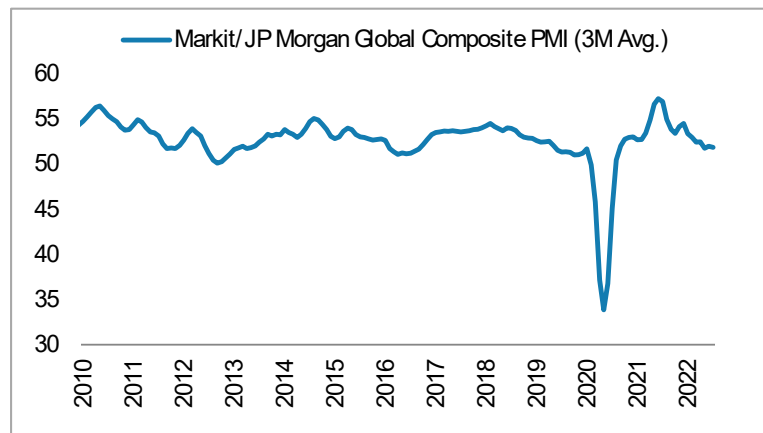


## Global Macro Backdrop

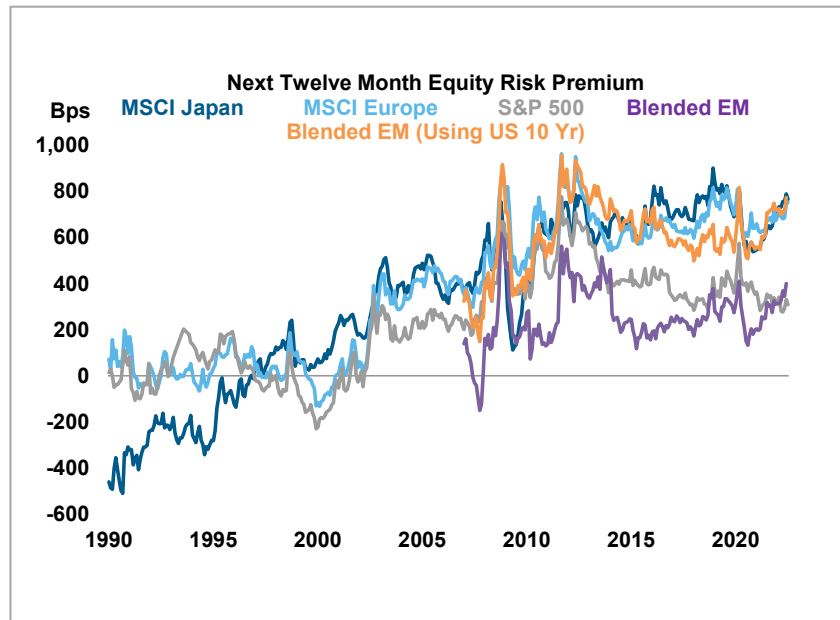
### G10 Economic Surprises + Inflation Have Plummeted



### Global Composite PMI's Have Peaked



### Global Equity Risk Premiums



Source: Citi (economic surprise), Bloomberg, Haver Analytics, Morgan Stanley Research. Top and right charts as of August 31, 2022. Global PMI as of July 30, 2022.

Note: Blended EM ERP is average ERP of India, China, Brazil, Korea



## Outline

---

Pg. 3

### Highlights

Pg. 17

### Earnings

Pg. 26

### Valuation & Fundamentals

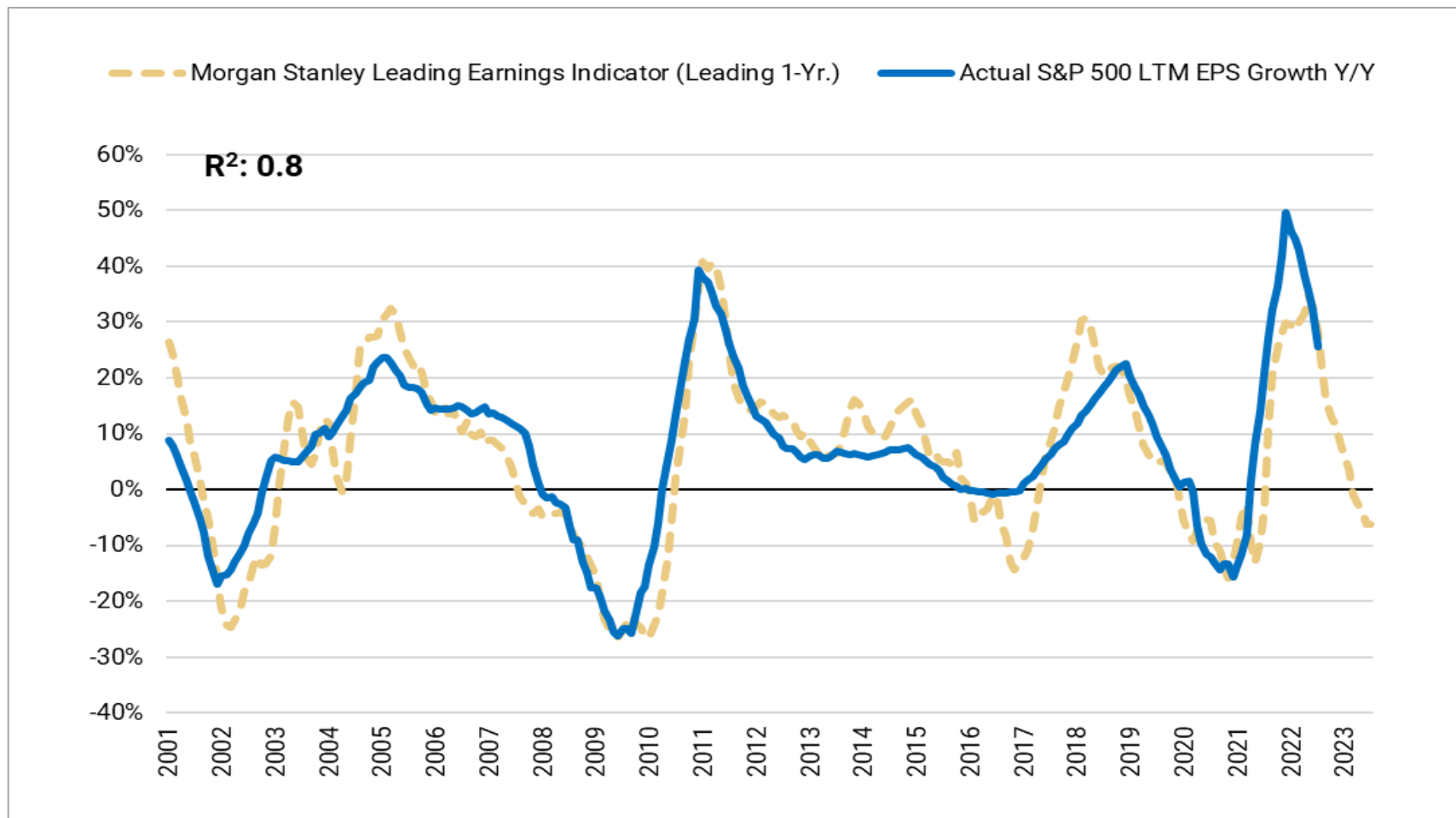
Pg. 32

### Sector Views

Pg. 41

### Quant Charts & Misc.

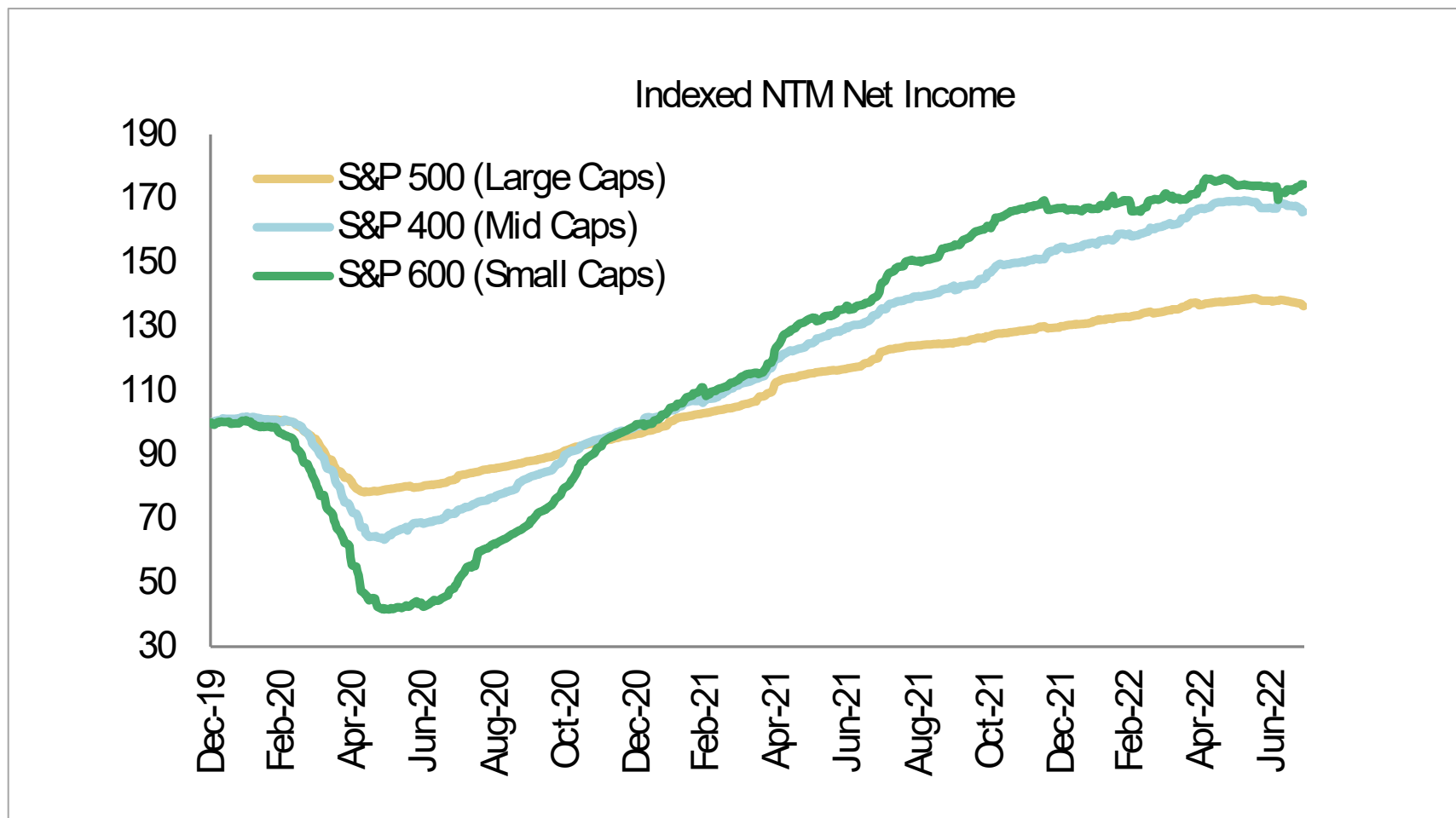
## Earnings Leading Indicator Now in Negative Territory



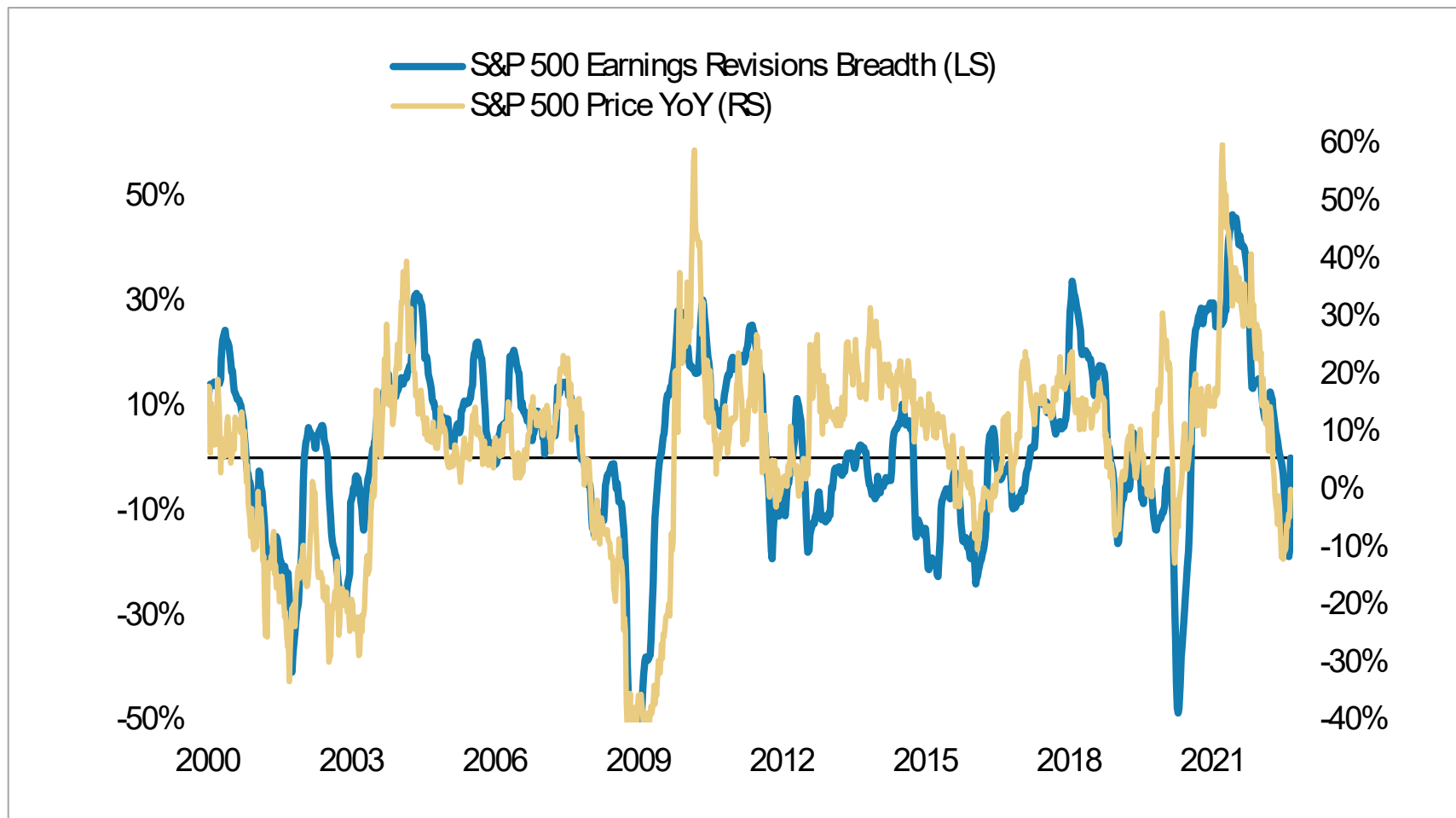
Source: FactSet, Bloomberg, Morgan Stanley Research as of July 1, 2022.

Note: The LEI is a top down macro indicator consisting of the dollar, manufacturing PMI survey data, consumer confidence, housing related data, and credit spreads.

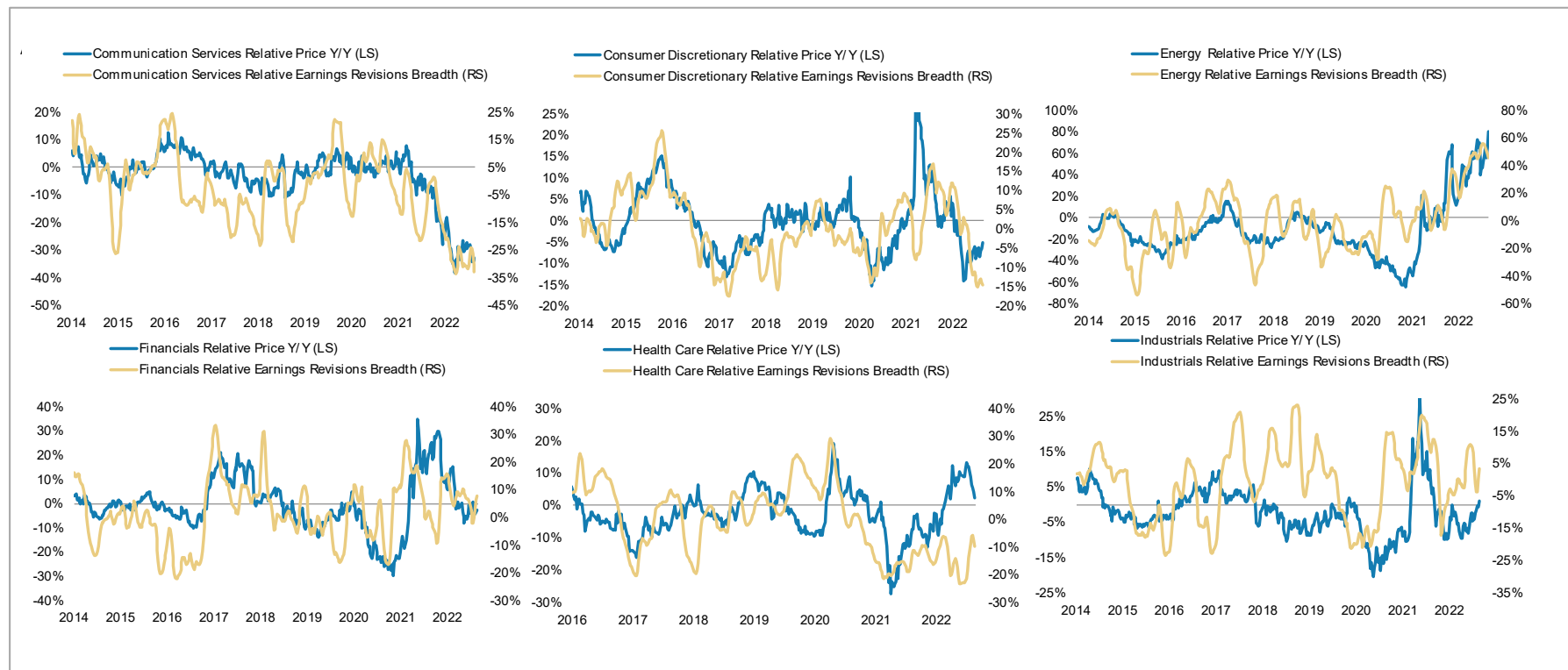
## Small Cap Earnings Are Losing Momentum



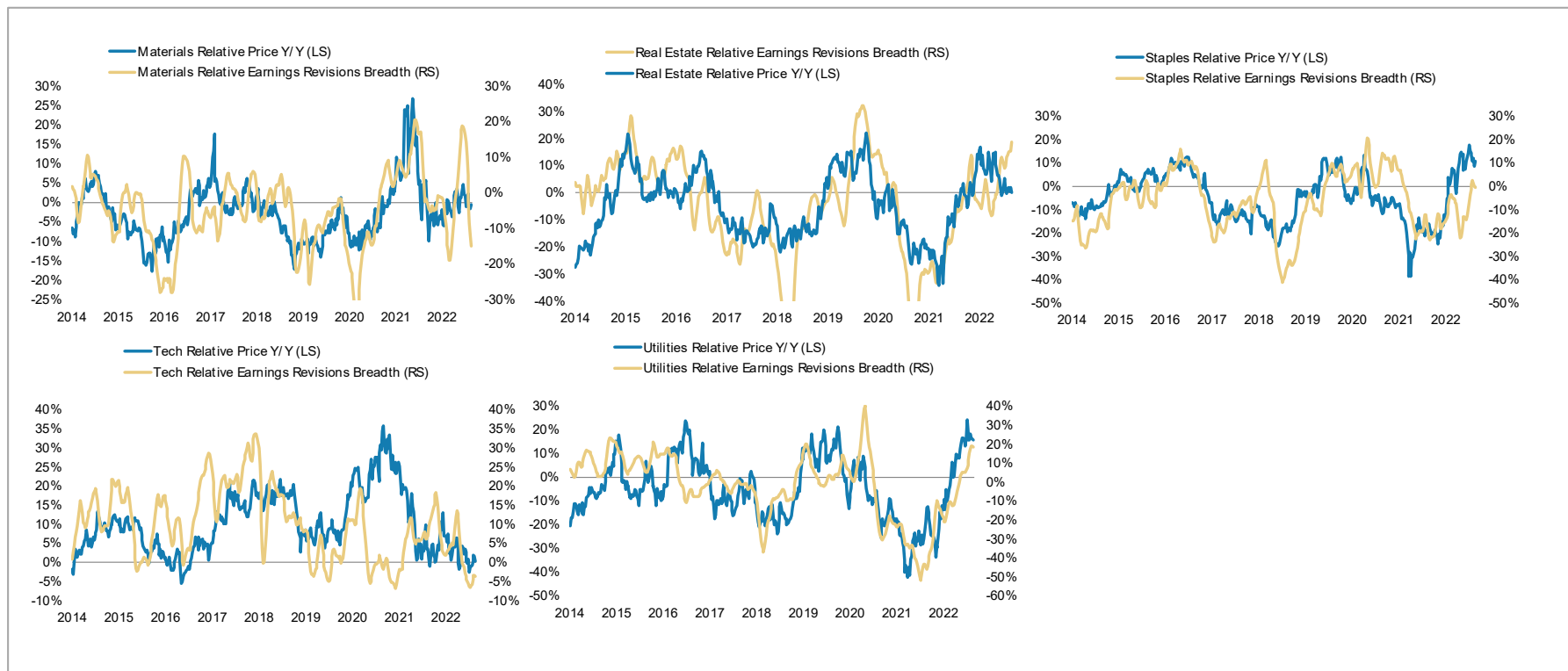
## Earnings Revisions Breadth Continues to Trend Lower



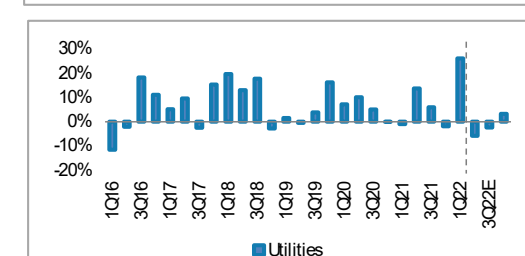
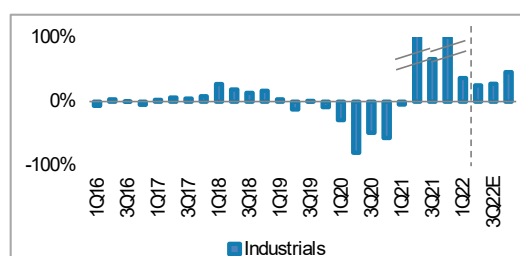
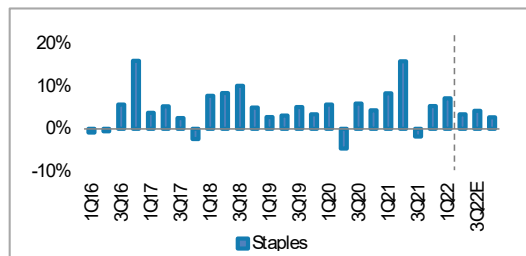
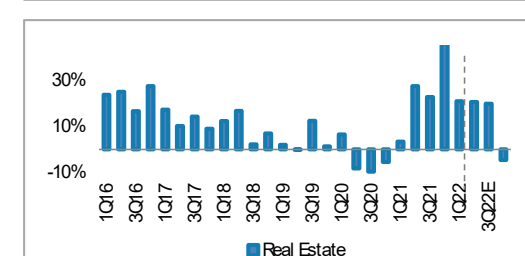
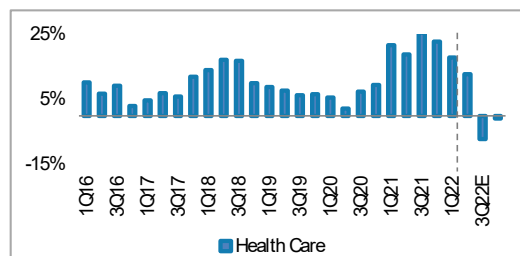
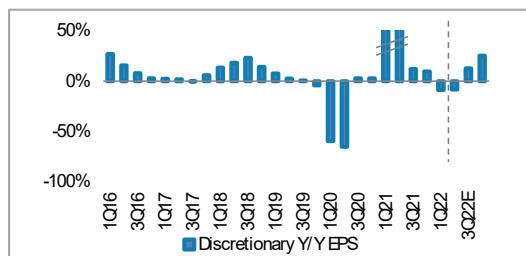
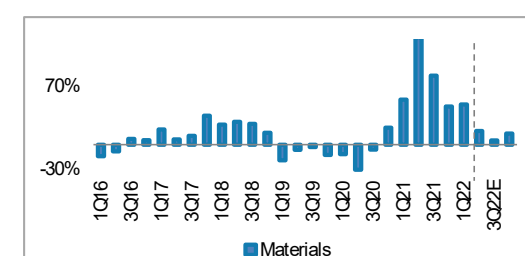
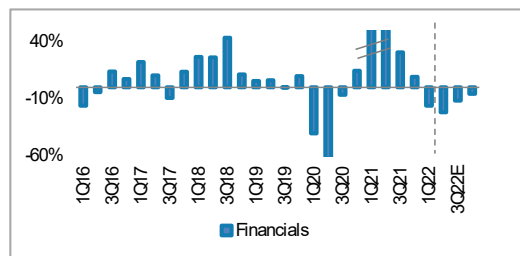
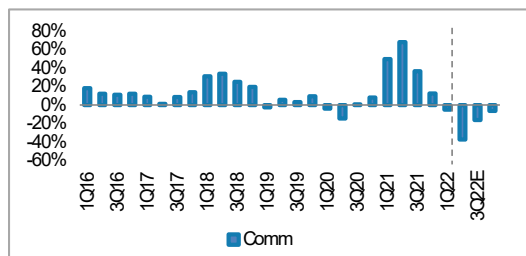
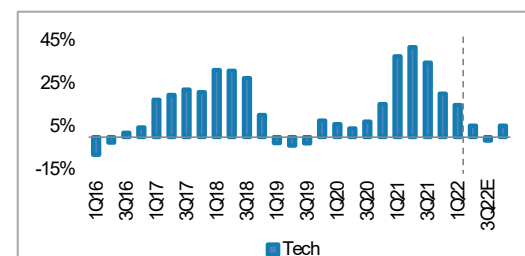
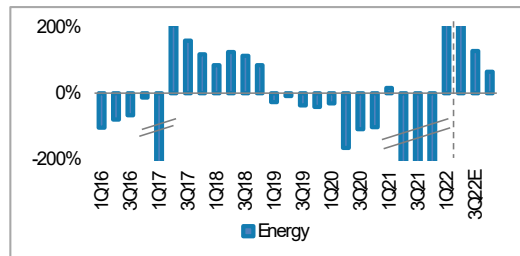
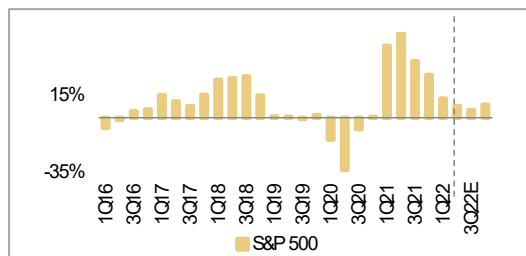
## S&P 500 Sector Level Earnings Revisions Breadth – Pt. 1



## S&P 500 Sector Level Earnings Revisions Breadth – Pt. 2

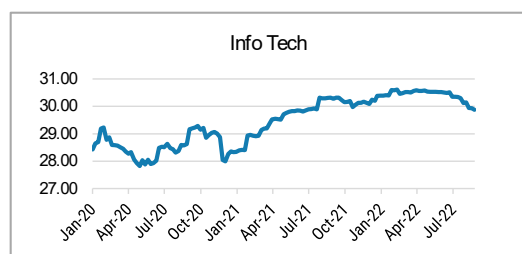
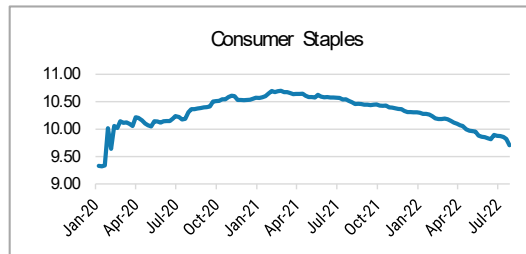
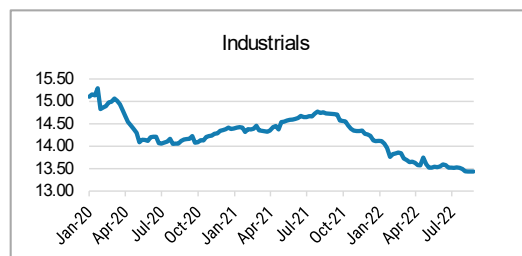
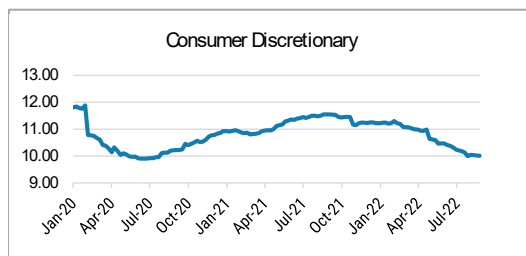
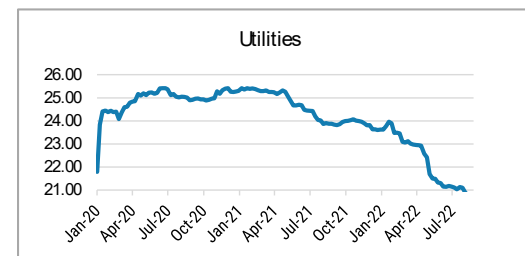
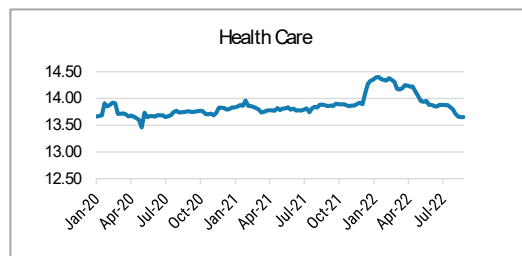
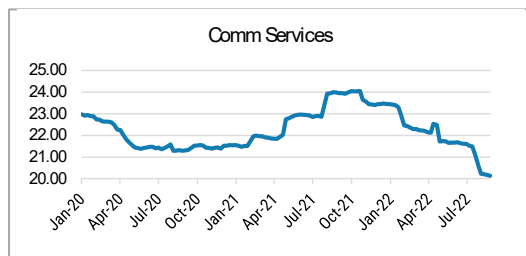
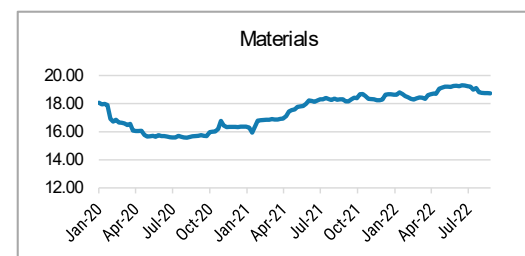
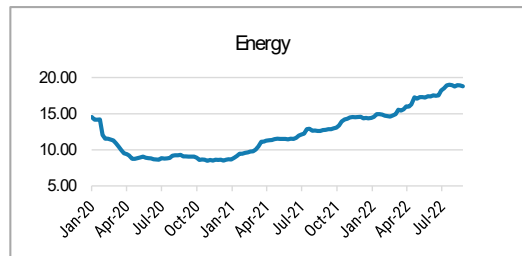
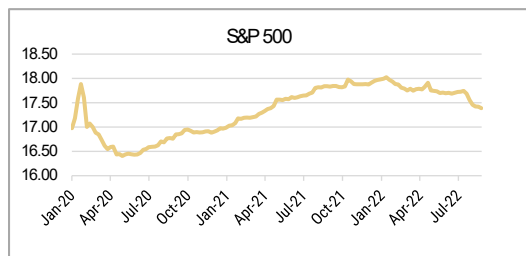


# S&P 500 Sector Level Quarterly Consensus EPS Growth Projections



Source: Refinitiv, Morgan Stanley Research as of August 31, 2022. Grey strikes indicate the bar is truncated.

## S&P 500 Sector Level Consensus Est. 2022 EBIT Margins





## Earnings Revisions by Size and Sector – 2022 Estimates

% Change to 2022 Earnings Estimates Over the Last 12 Months & Year to Date

Large Caps - S&P 500			Mid Caps - MID			Small Caps - SML		
Sector	LTM	YTD	Sector	LTM	YTD	Sector	LTM	YTD
Comm	-17%	-15%	Comm	6%	1%	Comm	-43%	-50%
Discretionary	-24%	-22%	Discretionary	10%	5%	Discretionary	-6%	-12%
Energy	157%	104%	Energy	123%	119%	Energy	139%	56%
Financials	-2%	-3%	Financials	15%	2%	Financials	-6%	-6%
Health Care	5%	-1%	Health Care	-14%	-12%	Health Care	-33%	-26%
Industrials	-5%	-3%	Industrials	19%	14%	Industrials	35%	30%
Materials	21%	12%	Materials	58%	21%	Materials	26%	19%
Real Estate	8%	4%	Real Estate	13%	9%	Real Estate	2%	4%
Staples	-3%	-3%	Staples	-10%	-9%	Staples	6%	5%
Tech	0%	-1%	Tech	10%	6%	Tech	6%	0%
Utilities	2%	3%	Utilities	-6%	-6%	Utilities	-2%	-2%
S&P 500	3%	1%	S&P 400	18%	10%	S&P 600	7%	3%

## Outline

---

Pg. 3

### Highlights

Pg. 17

### Earnings

Pg. 26

### Valuation & Fundamentals

Pg. 32

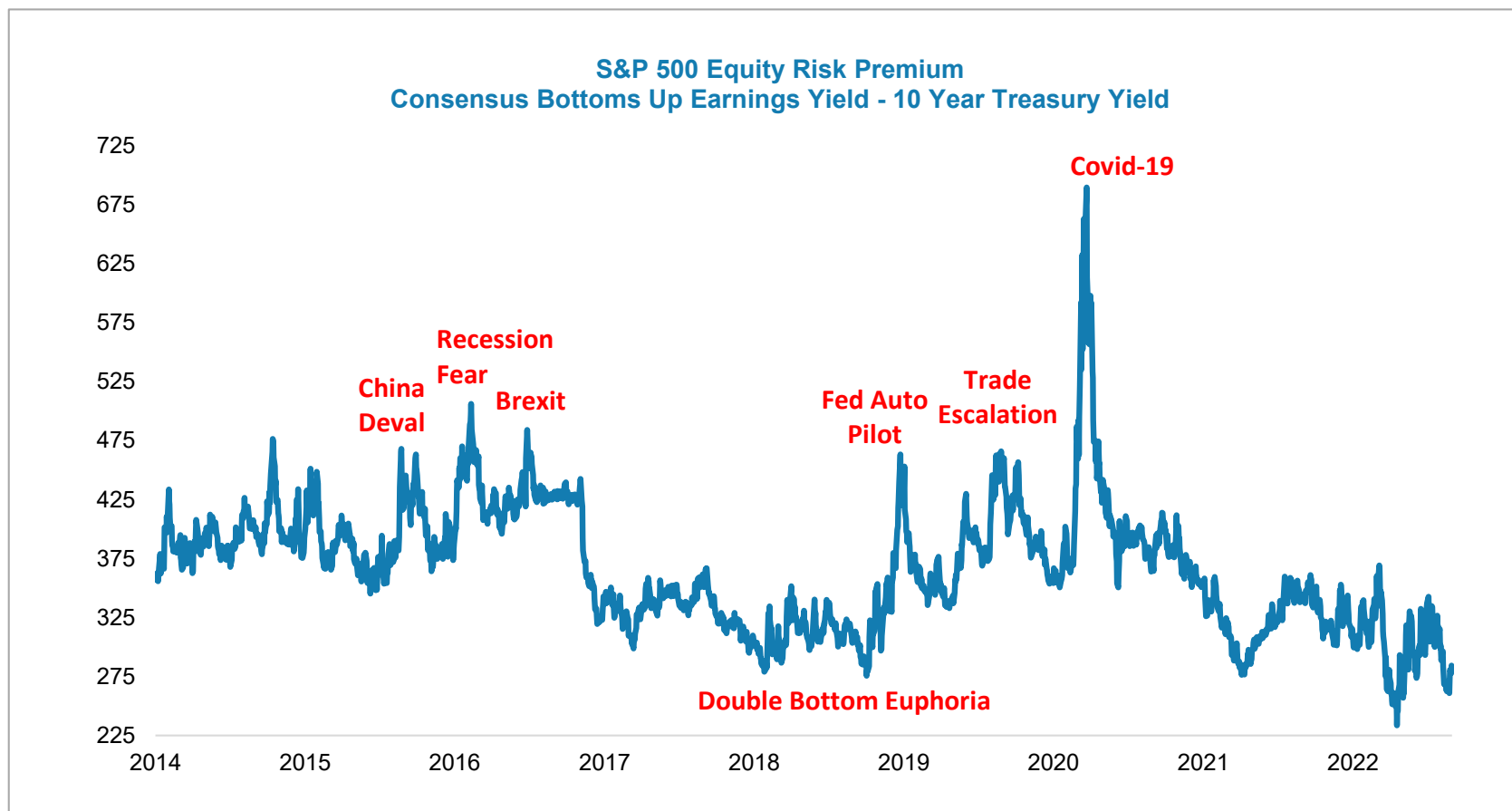
### Sector Views

Pg. 41

### Quant Charts & Misc.

## US Equity Risk Premium Near Post GFC Lows

### S&P 500 Next Twelve Month Equity Risk Premium

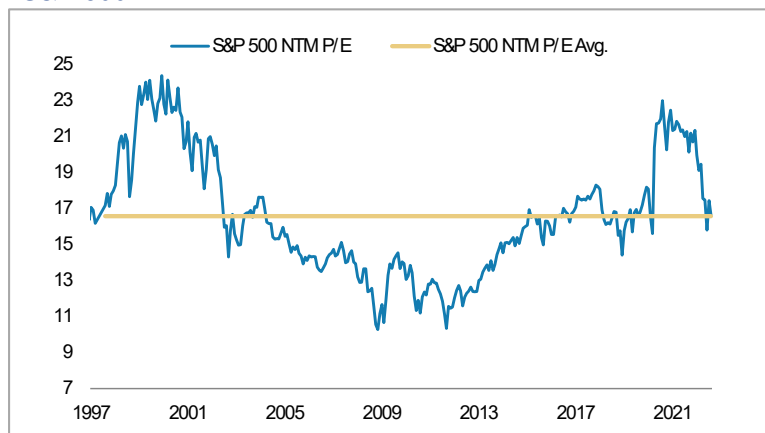


Source: FactSet, Bloomberg, Morgan Stanley Research as of August 31, 2022.

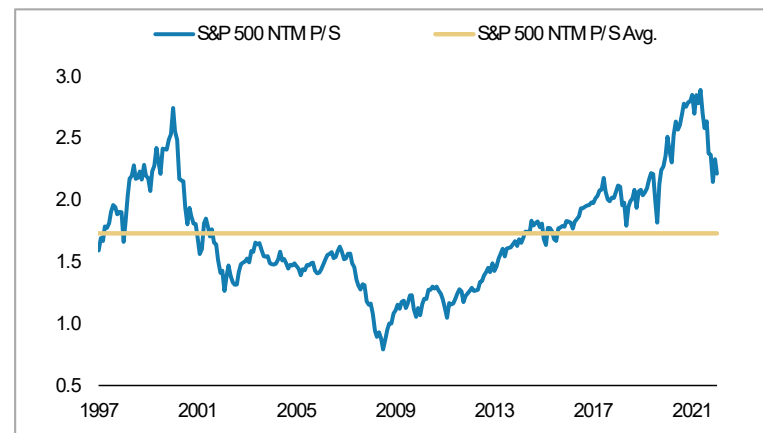
Note: ERP based on forward earnings yield and 10-year Treasury Yield.

## US Equity Market Traditional Valuation Measures

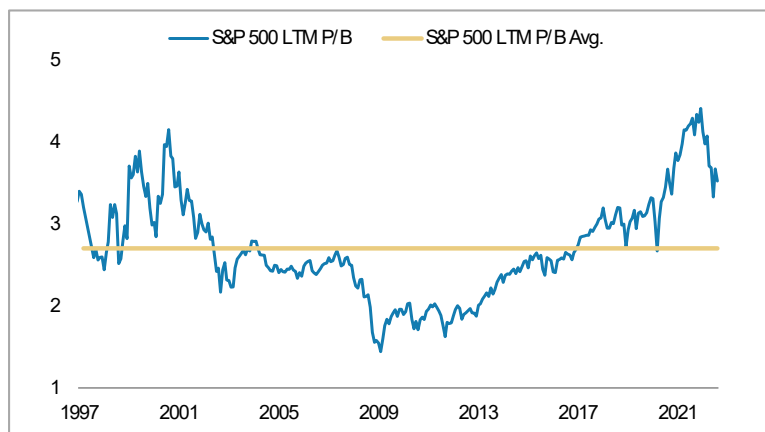
**S&P 500 NTM P/E**



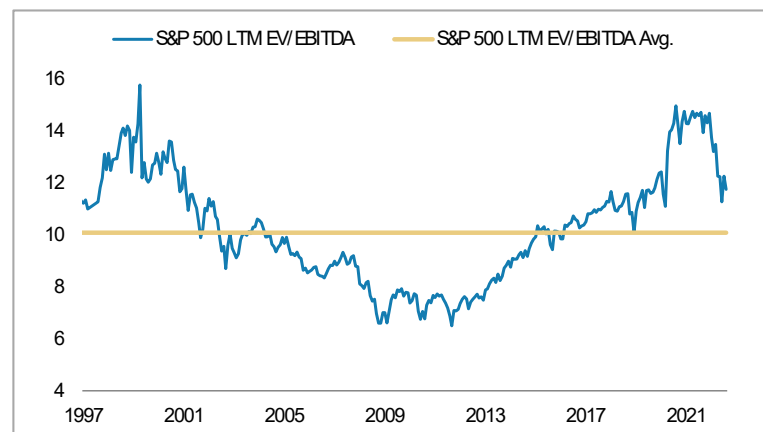
**S&P 500 NTM P/S**



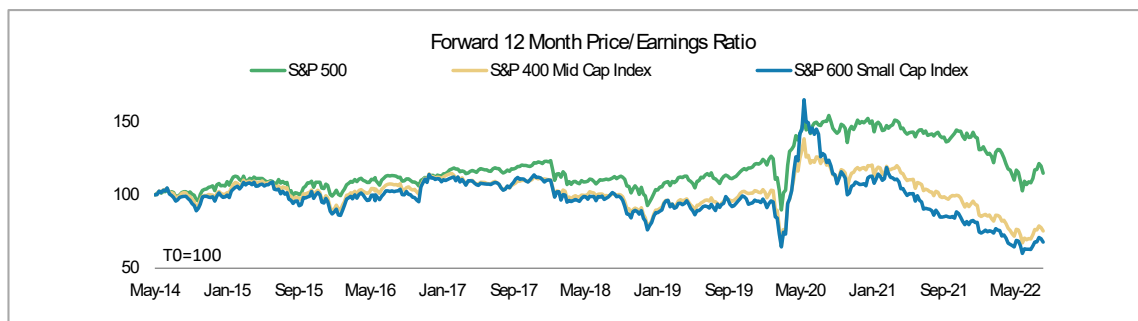
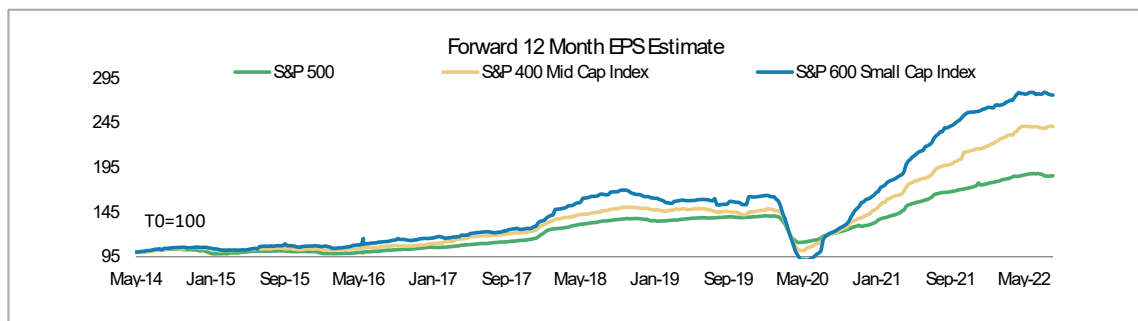
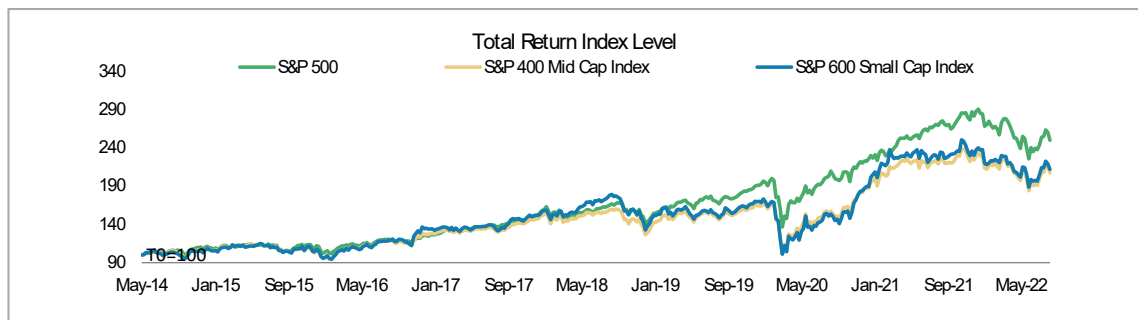
**S&P 500 NTM P/B**



**S&P 500 NTM EV/EBITDA**



## Small, Mid, and Large Cap Equity Fundamentals and Valuation



## Valuation by Size and Sector – Current FWD P/E vs 4 Yr. Median

Large Caps - S&P 500				Mid Caps - MID				Small Caps - SML			
Sector	Fwd PE	Median	Delta	Sector	Fwd PE	Median	Delta	Sector	Fwd PE	Median	Delta
Comm*	15.3	18.1	-15%	Comm*	17.6	21.1	-17%	Comm*	21.0	71.2	-70%
Discretionary*	25.3	22.4	13%	Discretionary*	10.1	14.2	-29%	Discretionary*	8.0	15.2	-48%
Energy	8.8	16.9	-48%	Energy	7.0	34.2	-79%	Energy	6.1	15.7	-61%
Financials	11.9	12.6	-6%	Financials	9.5	13.6	-30%	Financials	10.6	14.6	-27%
Health Care	15.5	16.3	-4%	Health Care	22.1	21.8	1%	Health Care	32.7	36.2	-10%
Industrials	16.9	16.4	3%	Industrials	14.3	17.1	-16%	Industrials	11.8	19.4	-39%
Materials	13.5	15.3	-12%	Materials	9.1	12.1	-25%	Materials	11.3	15.7	-28%
Real Estate	18.3	17.9	2%	Real Estate	12.0	14.8	-19%	Real Estate	10.6	12.2	-13%
Staples	20.5	17.8	15%	Staples	17.2	19.2	-10%	Staples	16.9	22.4	-24%
Tech*	21.0	18.3	15%	Tech*	16.2	18.3	-12%	Tech*	15.0	17.1	-13%
Utilities	20.4	16.7	22%	Utilities	17.6	20.0	-12%	Utilities	22.9	23.9	-4%
S&P 500	16.8	16.8	0%	S&P 400	12.1	16.6	-27%	S&P 600	11.8	18.2	-36%

Source: FactSet, Morgan Stanley Research as of August 31, 2022.

## Valuation by Size and Sector – Current FWD P/Sales vs 4 Yr. Median

Large Caps - S&P 500				Mid Caps - MID				Small Caps - SML			
Sector	Fwd PS	Median	Delta	Sector	Fwd PS	Median	Delta	Sector	Fwd PS	Median	Delta
Comm*	2.6	3.0	-14%	Comm*	2.6	1.7	52%	Comm*	0.9	1.0	-14%
Discretionary*	1.9	1.8	6%	Discretionary*	0.7	0.9	-20%	Discretionary*	0.5	0.5	0%
Energy	1.1	1.1	0%	Energy	1.1	0.6	83%	Energy	0.3	0.5	-36%
Financials	2.3	2.3	1%	Financials	1.7	2.0	-14%	Financials	2.1	2.5	-15%
Health Care	1.8	1.7	3%	Health Care	2.3	1.9	21%	Health Care	1.4	1.3	9%
Industrials	1.8	1.8	1%	Industrials	1.1	1.1	1%	Industrials	0.8	0.8	-8%
Materials	1.8	1.9	-4%	Materials	0.9	0.9	-4%	Materials	0.7	0.7	-4%
Real Estate	7.1	7.0	2%	Real Estate	3.9	4.6	-15%	Real Estate	2.6	3.1	-16%
Staples	1.5	1.5	2%	Staples	0.5	0.9	-39%	Staples	0.5	0.4	18%
Tech*	5.5	5.3	4%	Tech*	1.1	1.3	-14%	Tech*	1.4	1.2	10%
Utilities	2.8	2.6	7%	Utilities	2.1	2.0	6%	Utilities	2.9	2.6	10%
S&P 500	2.3	2.3	3%	S&P 400	1.2	1.3	-9%	S&P 600	0.9	0.9	-4%

Source: FactSet, Morgan Stanley Research as of August 31, 2022.

## Outline

---

Pg. 3

### Highlights

Pg. 17

### Earnings

Pg. 26

### Valuation & Fundamentals

Pg. 32

### Sector Views

Pg. 41

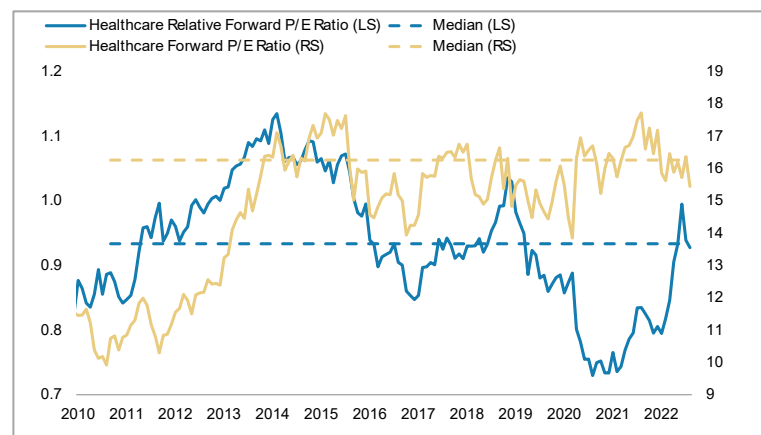
### Quant Charts & Misc.



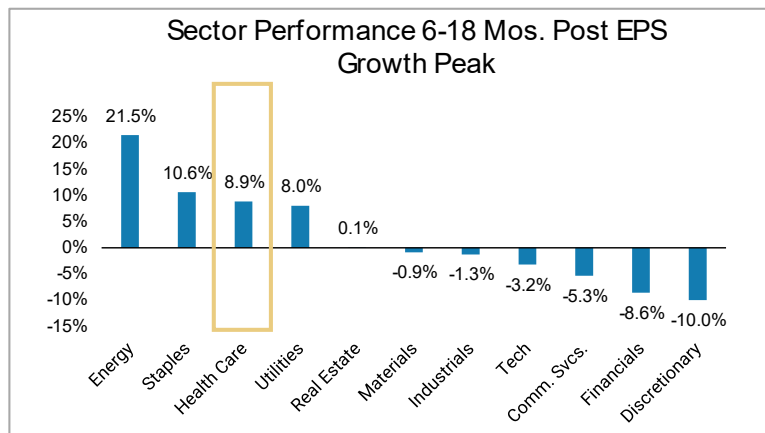
## Overweight: Health Care

- We are overweight Healthcare for defensive exposure at a reasonable price. We hold a preference towards large cap Pharma/Biotech on a relatively attractive valuation profile and more defensive exposure.
- Relative earnings revisions breadth has been negative for most of 2021 and 2022, providing potential price upside from newly reset expectations. Health Care also contributes an outsized share of S&P 500 earnings for its market cap.
- Preference for Pharma, Biotech which show outperformance during elevated and decelerating PMI regimes. Further, Pharma and Biotech offer attractive earnings yields, ERPs, and dividend yields.

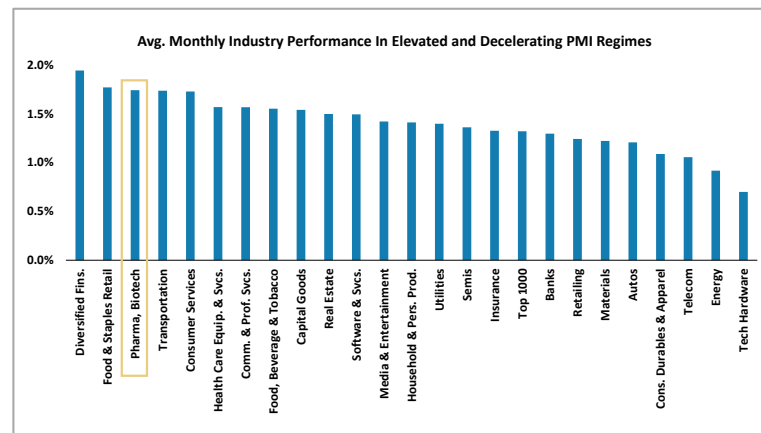
### Valuation Back to Long-Term Averages



### Health Care Performs Well 6-18 Months Post EPS Growth Peaks



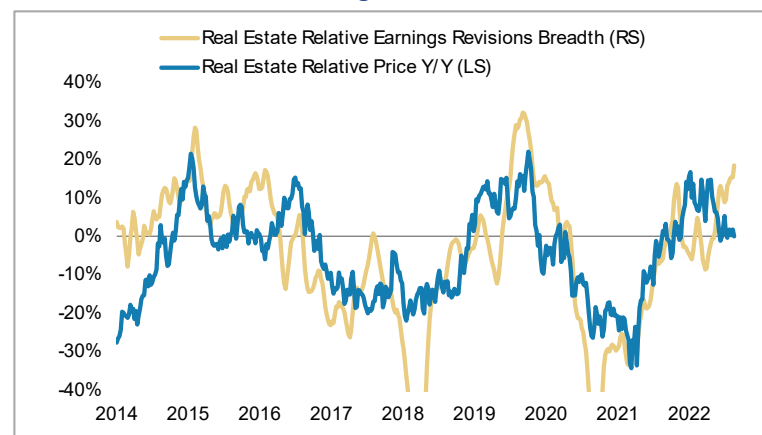
### Pharma, Biotech Attractive through PMI Regime Work



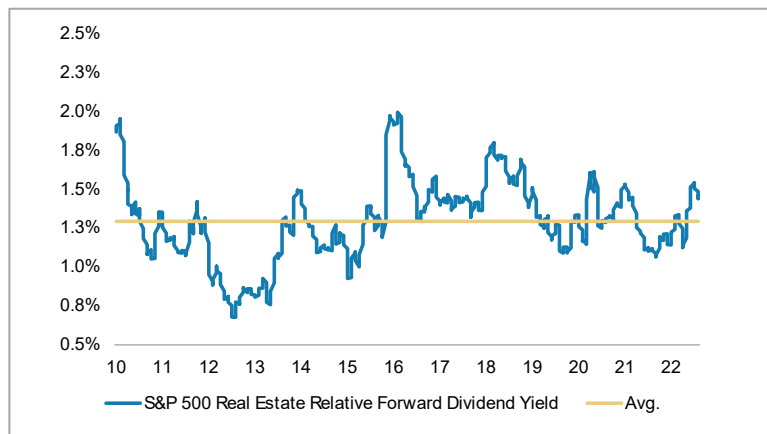
## Overweight: Real Estate

- We are overweight Real Estate for earnings stability and dividend income. With long end rates projected to remain more range-bound, headwinds to the sector could abate.
- Defensive exposure with inflation protection. REITS offer built-in inflation protection through lease agreements, rent hikes, and property appreciation that should weather the inflationary environment relatively better than other sectors.
- High dividends provide stable returns and the sector currently offers a 1.5% premium over the S&P 500.

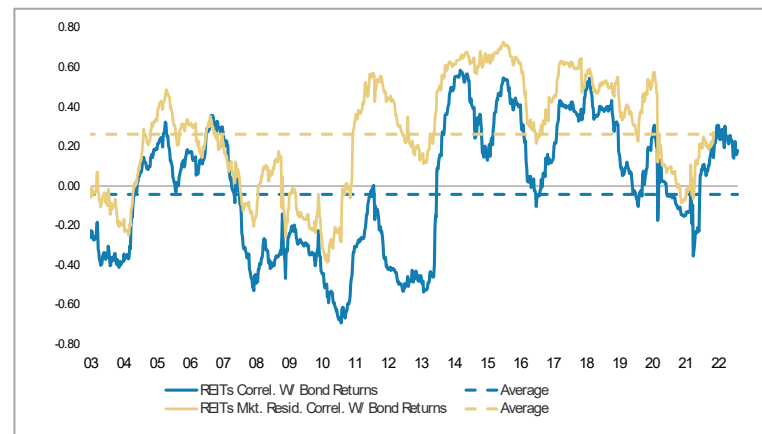
### Real Estate Relative Earnings Revision Breadth



### Dividend Yields Offer a 1.3% Premium Yield to S&P 500



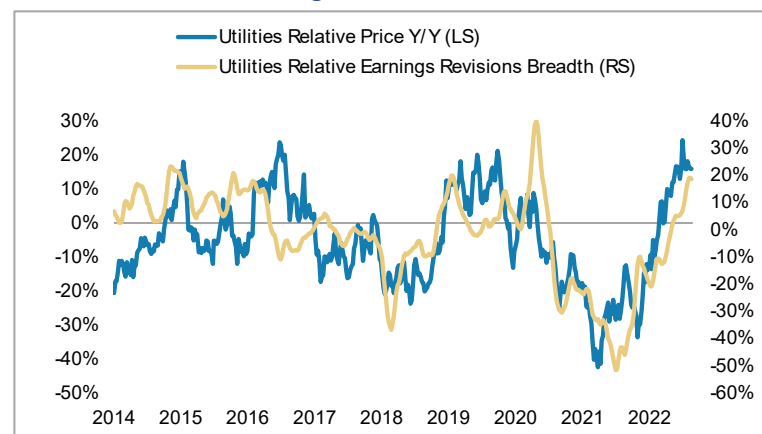
### REITS Correlation Moving in Conjunction with Bonds



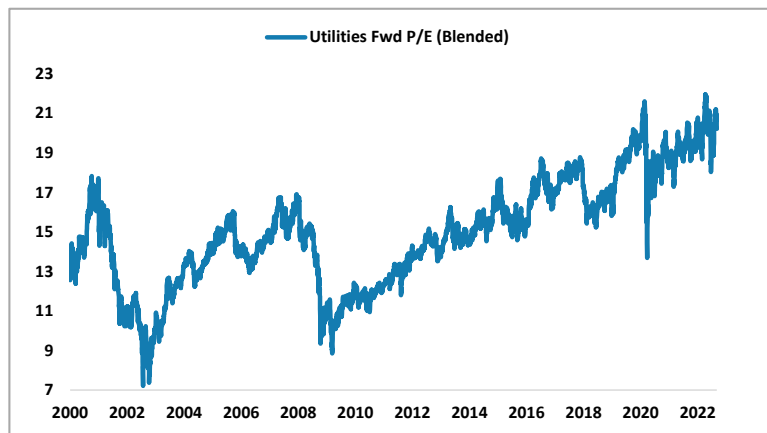
## Overweight: Utilities

- We are overweight Utilities for their earnings stability and defensive exposure. Pricing structures should relatively protect Utilities in a high cost environment.
- Global energy focus could catalyze investment in utilities. Higher energy prices could fuel both traditional and renewable energy capex.
- Relative earnings revisions breadth still improving as the broad index earnings revisions breadth deteriorate.
- We are overweight defensives broadly for their relative downside protection rather than their absolute upside.

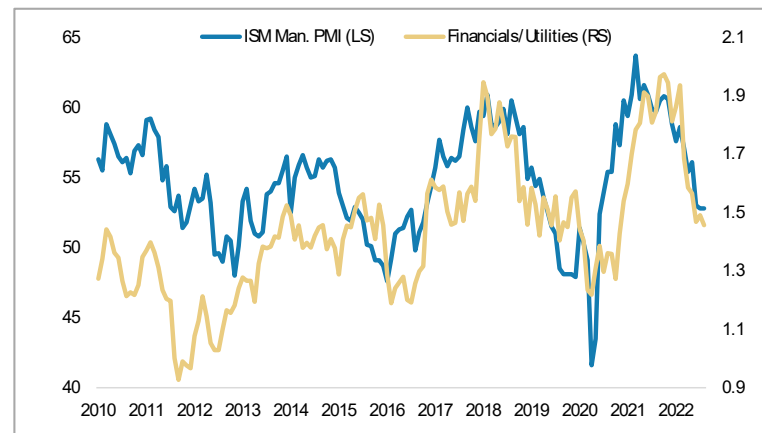
### Utilities Relative Earnings Revision Breadth



### Dividend Yields Offer a 1.3% Premium Yield to S&P 500



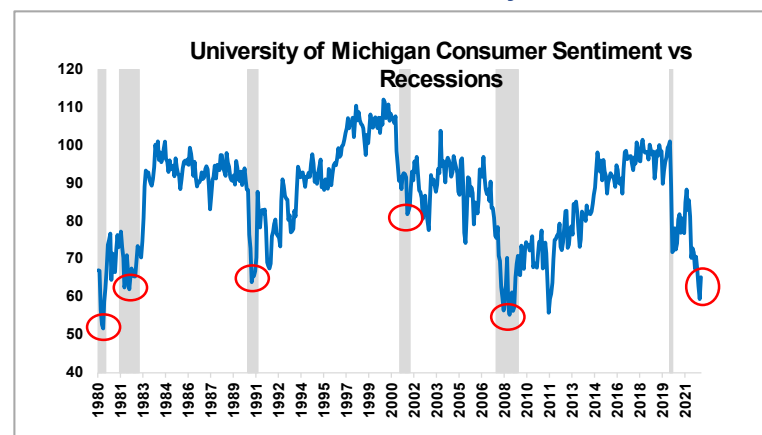
### Preference for Utilities as PMIs Roll Over



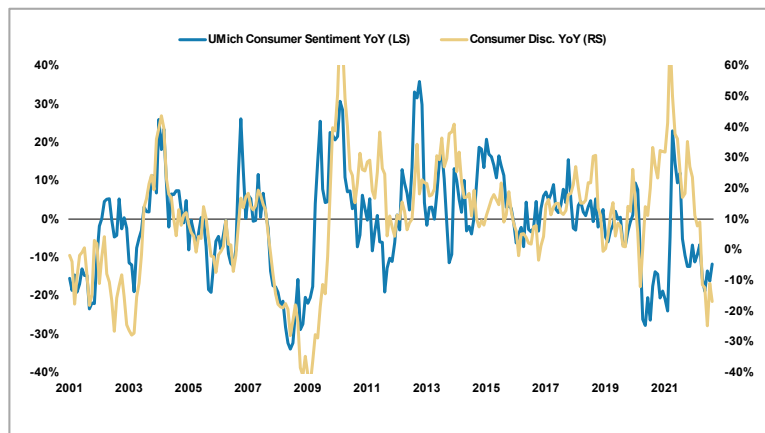
## Underweight: Consumer Discretionary

- We are underweight the Consumer Discretionary sector as we expect demand payback from overconsumption to play out this year. We hold a preference for consumer services vs goods but goods make up the majority Consumer Discretionary market cap.
- High inflation weighs on consumer sentiment which is now at recessionary levels.
- Rising inventory-to-sales ratios are a cautionary sign as companies seek to restock inventories at higher prices during a time that consumers plan to reduce spending

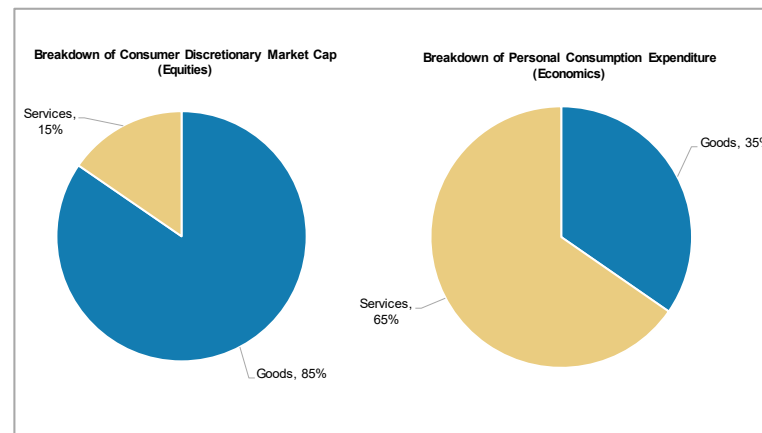
### Consumer Sentiment is at Recessionary Levels



### Lower Sentiment Weighs on Discretionary Equities



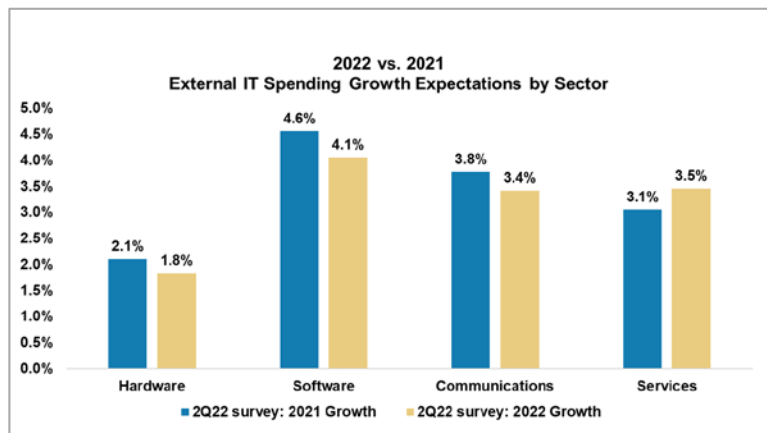
### Goods Hold a Higher Weight in Markets vs the Economy



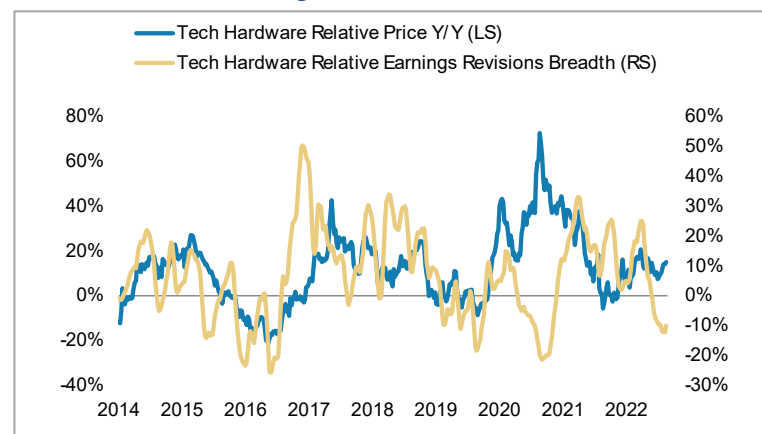
## Underweight: Tech Hardware

- We are underweight Tech Hardware as products were overconsumed during Covid lockdowns and business and personal spending is set to pull back. We are equal-weight Technology ex Hardware as the sector's high profitability is countered by still elevated valuations and underappreciated cyclicality.
- Within the sector, we have a preference for software and services. We have a less constructive view on cyclically oriented semiconductors given our broader call for macro/PMI deceleration.
- Our CIO survey data shows that spending growth is the least focused on Tech Hardware and budgets have deprioritized Hardware relative to other Tech spend.

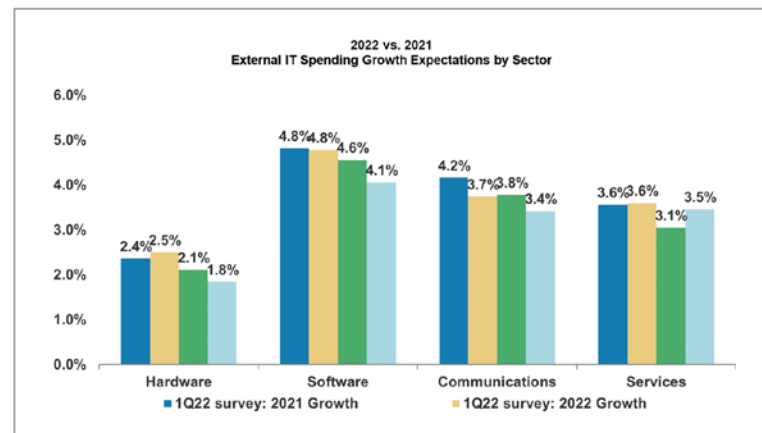
### CIO Spending Intentions Focus on Software > Hardware...



### Tech Hardware Earnings Revision Breadth



### ...And Budgets for Hardware Have Been Revised Lower

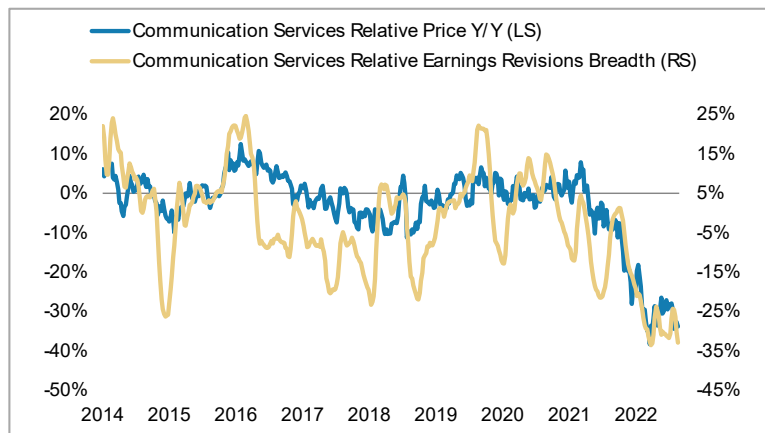


## Equal Weights

### Communication Services

- Communication Services is one of the worst performing sectors year-to-date and we have yet to see a bottom in negative earnings revisions. Although the sector trades at pre-Covid levels, the sector is dominated by a few megacap names that will likely be the last hold outs from the 2021 high liquidity environment before resetting to lower expectations.
- Technology spend and media advertising are both cyclical metrics and we remain in a late cycle environment. We prefer more defensive names within the sector but withhold further interest until we see a definitive bottom.

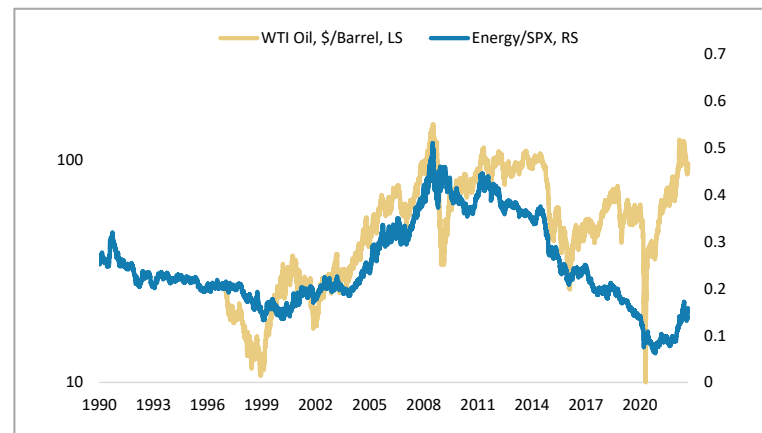
#### Communication Services ERB Have Yet to Bottom



### Energy

- We hold Energy as an Equal Weight despite the sector being the clear winner in 2021 and 2022. While the sector offers an attractive hedge to inflation on the upside and remains cheap, demand destruction has begun to creep into prices.
- Late cycles typically starts with spikes in Energy costs but end with a collapse in spending, thus resetting the price of oil. Although we do not forecast a recession in our base case, we remain cautious on an earnings and consumer slowdown.

#### Energy's Historic Run Comes Alongside \$100 Oil

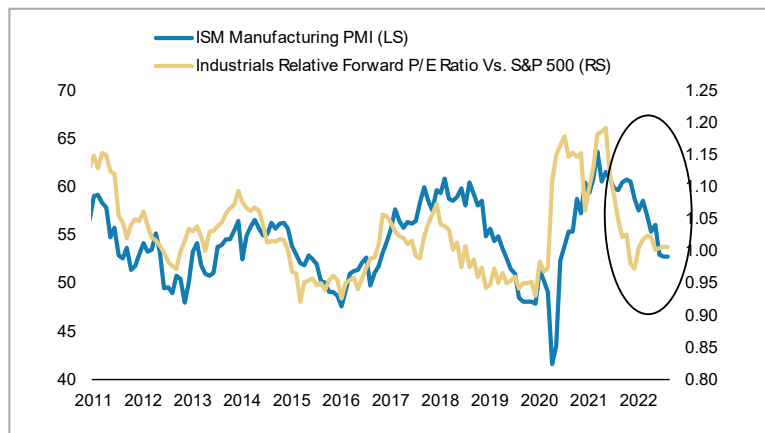


## Equal Weights

### Industrials

- Industrials are a classic cyclical sector and we remain in an elevated and decelerating PMI regime. The sector valuation trade in-line with the S&P 500 where we continue to target lower forward multiples near 14-16x on a P/E basis.
- The start of the next capex cycle provides the potential for EPS upside as government spending is set to start towards the end of 2022 and capex intentions remain high. However, current capex expectation may need to reset lower if we see an earnings slowdown as we forecast.

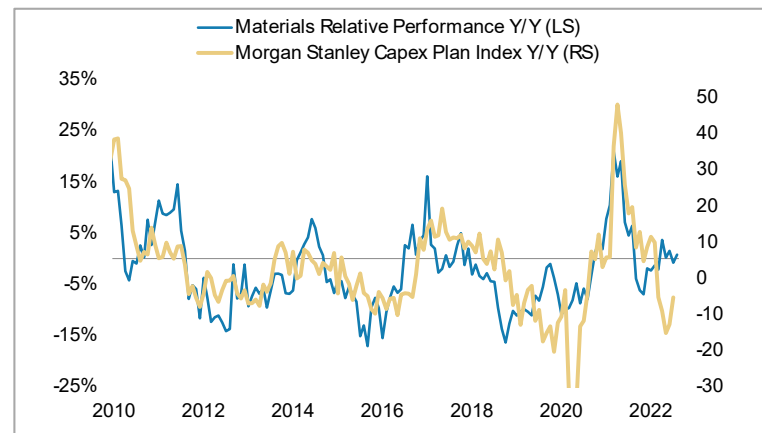
**Industrials Relative P/E Lags as ISM PMI Trends Lower**



### Materials

- Materials are also a cyclical sector and trade cheap relative to the broader index. The sector benefitted from the commodity boom but Materials have been rangebound for more than a year, suggesting other catalysts are needed for investor conviction.
- Increased capex remains a catalyst for materials and the sector could benefit from the start of a new capex cycle. However, we remain equal weight on the sector as much of this is likely priced already and we remain in a decelerating PMI environment.

**Materials Relative Performance Maps Closely to Capex Plans**

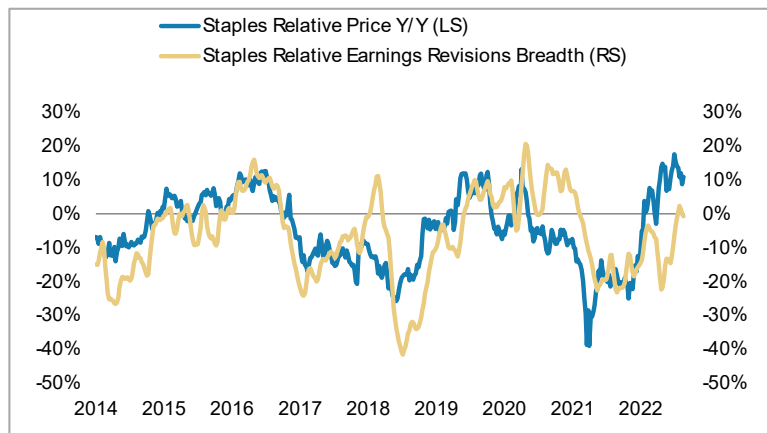


## Equal Weights

### Consumer Staples

- Consumer Staples are defensive in nature but are the only defensive sector sitting outside of our overweights. While we like their defensive characteristics, inflationary concerns and higher input costs put downward pressure on margins.
- Price has also traded ahead of earnings revision breadth as investors look for defensive stocks. While there is potential price upside if revisions start to improve from negative levels, high valuations limit the sector and make it a market performer in our view.

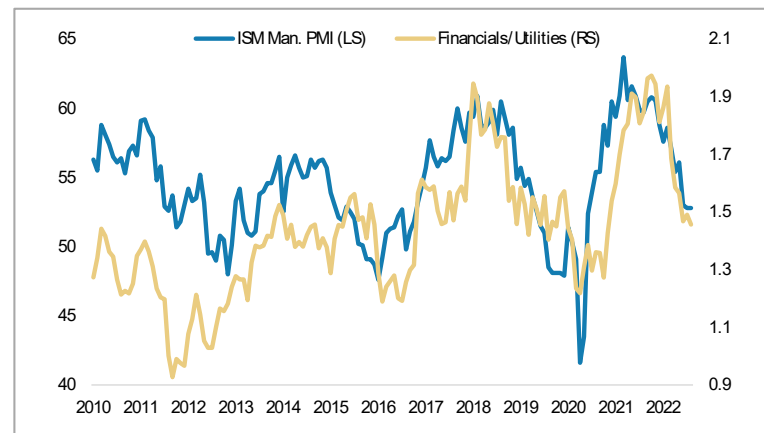
#### Staples See Rising Input Costs Weighing on Margins



### Financials

- Financials were one of the major beneficiaries from the rate selloff but with rates peaking just north of 3%, the upside catalyst is likely gone with our rates team suggesting a more rangebound environment ahead.
- As consumer credit rebounds, banks are likely to benefit from increased loan growth.
- Lower PMIs hurt the upside potential for Financials and was one of the drivers behind our downgrade to Equal Weight in March.

#### Peaking Rates and Falling PMIs Hurt the Case for Financials





## Outline

---

Pg. 3

### Highlights

Pg. 17

### Earnings

Pg. 26

### Valuation & Fundamentals

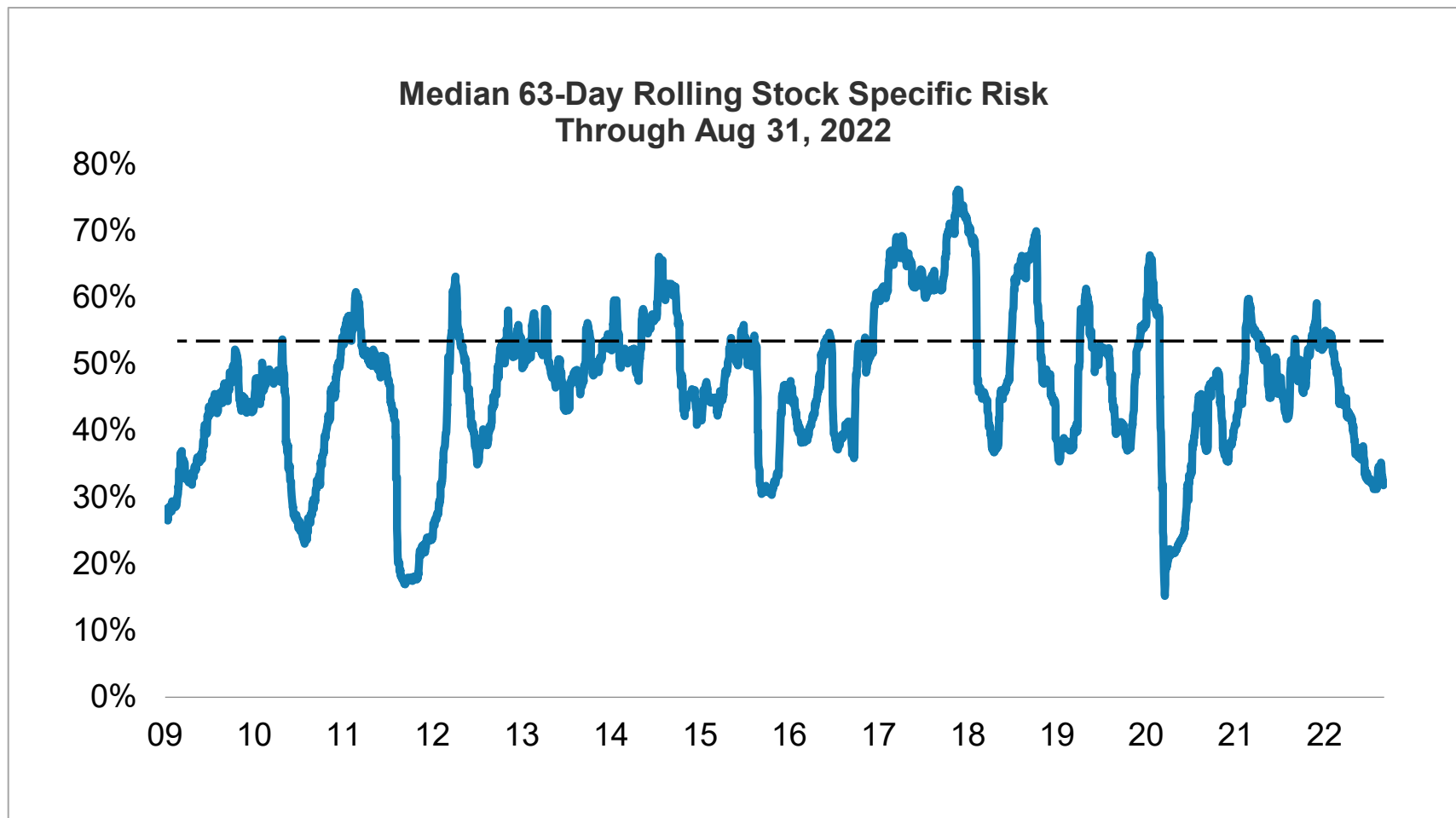
Pg. 32

### Sector Views

Pg. 41

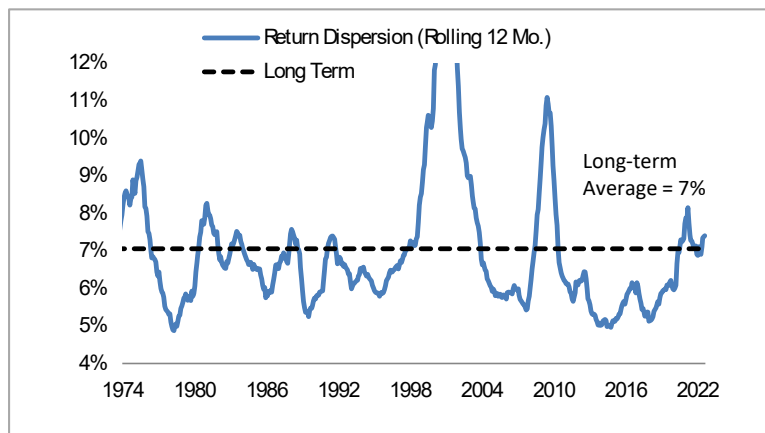
### Quant Charts & Misc.

## Stock Specific Risk Is Below Median Levels

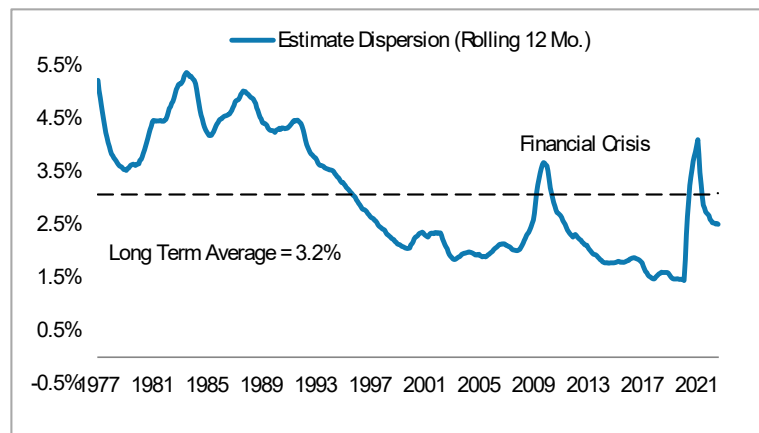


## Dispersion Has Rolled Over

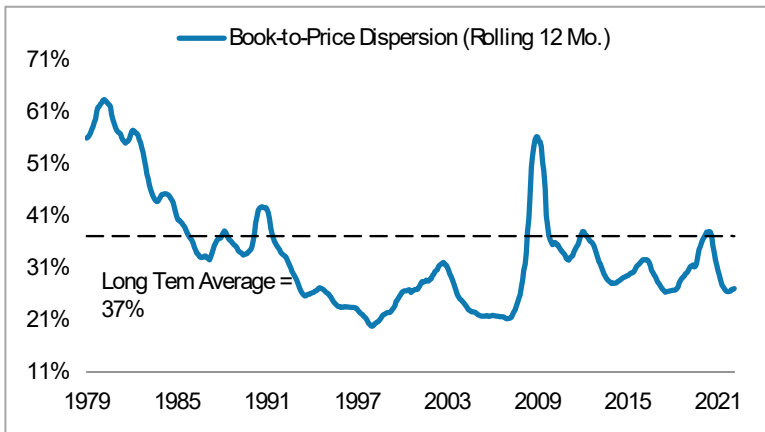
Return Dispersion Has Returned to Median Levels



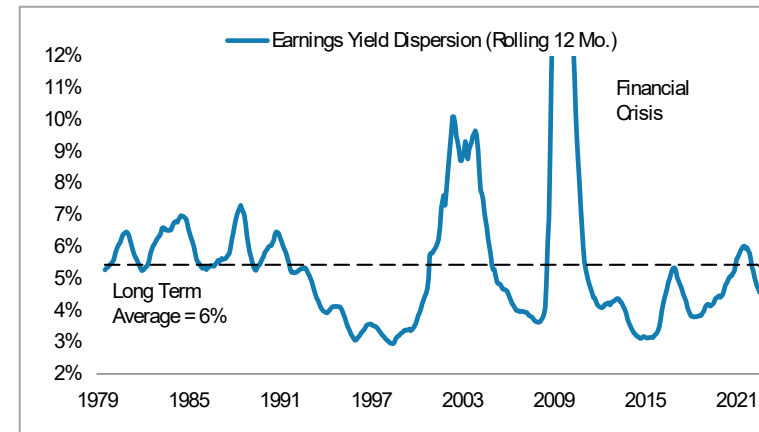
Estimate Dispersion Has Rolled Over Sharply



Book-to-Price Dispersion Falling

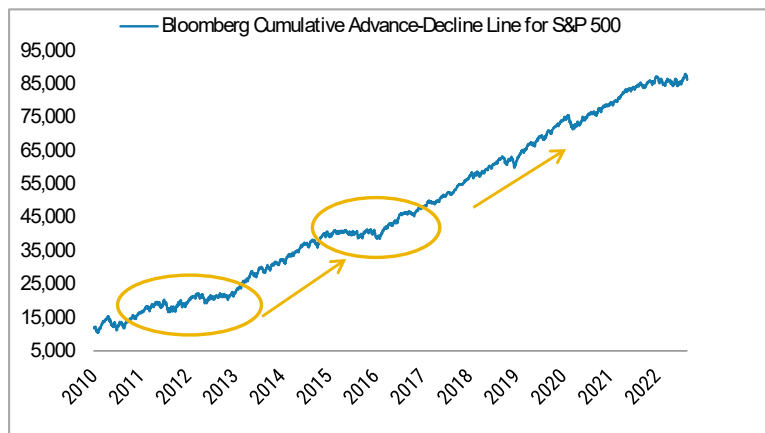


Earnings Yield Dispersion is Leveling Off

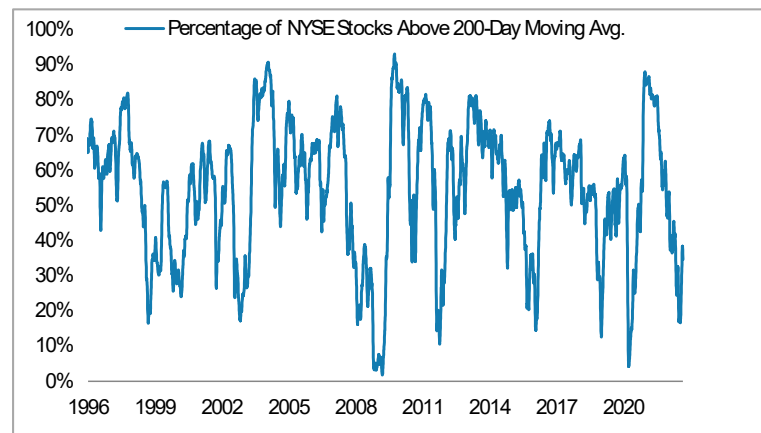


## US Equity Market Technicals and Financial Conditions

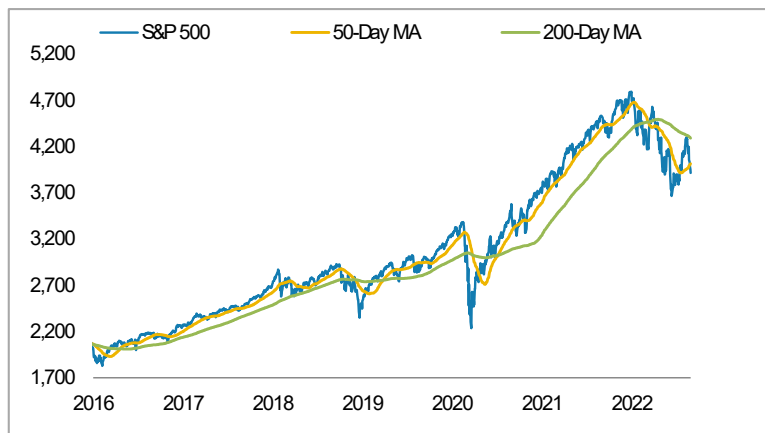
**S&P 500 Cumulative Advance Decline**



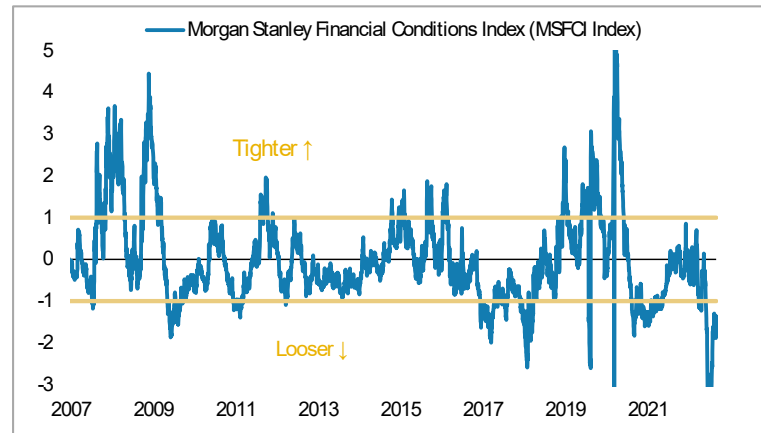
**S&P 500 Percent Members Above 200-Day Moving Average**



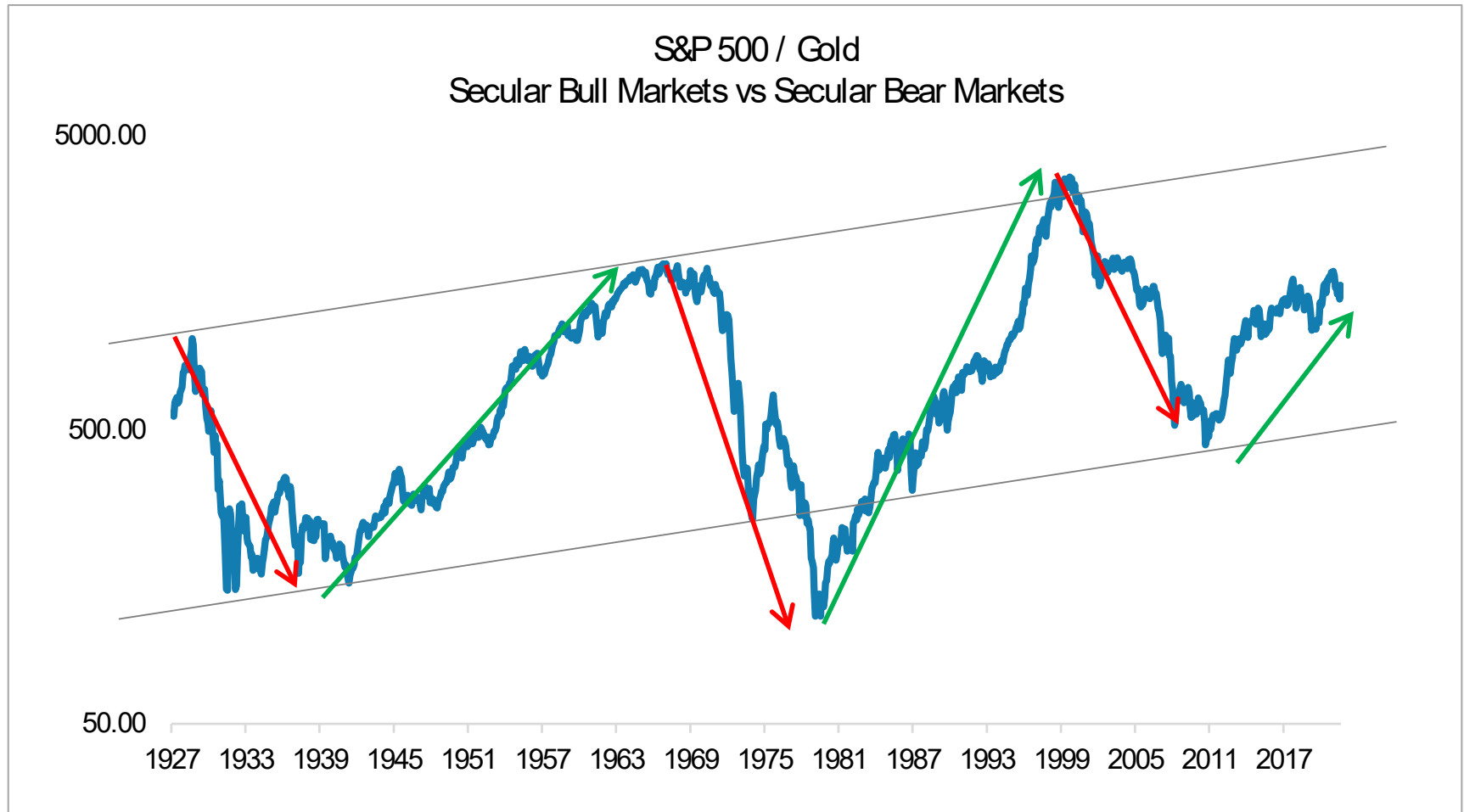
**S&P 500 with Moving Averages**



**Morgan Stanley Financial Conditions Index**



## S&P 500 Adjusted for Inflation – We Are in a Secular Bull Market



Source: Bloomberg, Morgan Stanley Equity Research; As of: August 31, 2022.

## Fresh Money Buy List

Company Name	Ticker	MS Rating	Sector	Market Cap (\$Bn)	Price	MS PT	% to MS PT	MS Analyst	Date Added	Total Return Since Inclusion	
										Absolute	Rel. to S&P
AT&T, Inc.	T	Overweight	Communication Services	\$125.2	\$17.57	22.00	25.2%	Flannery, Simon	12/20/2021	2.6%	16.8%
CenterPoint Energy Inc	CNP	Overweight	Utilities	\$20.0	\$31.75	34.00	7.1%	Byrd, Stephen	3/21/2022	10.5%	22.1%
Coca-Cola Co.	KO	Overweight	Consumer Staples	\$267.1	\$61.76	74.00	19.8%	Mohsenian, Dara	3/28/2022	1.1%	14.2%
Exxon Mobil Corporation	XOM	Overweight	Energy	\$393.0	\$94.29	107.00	13.5%	McDermott, Devin	2/22/2021	93.8%	91.2%
Humana Inc	HUM	Equal-Weight	Health Care	\$61.6	\$486.81	494.00	1.5%	Ha, Michael	7/19/2018	57.9%	8.4%
McDonald's Corporation	MCD	Overweight	Consumer Discretionary	\$187.8	\$255.32	285.00	11.6%	Glass, John	10/18/2021	7.8%	19.0%
Mondelez International Inc	MDLZ	Overweight	Consumer Staples	\$84.2	\$61.46	70.00	13.9%	Kaufman, Pamela	7/19/2021	(2.2%)	5.7%
SBA Communications	SBAC	Overweight	Real Estate	\$34.9	\$323.55	361.00	11.6%	Flannery, Simon	6/7/2021	4.5%	10.1%
Simon Property Group Inc	SPG	Overweight	Real Estate	\$32.6	\$99.67	131.00	31.4%	Kamdem, Ronald	2/16/2021	(2.0%)	(3.9%)
<b>Current List Performance</b>											
Average (Eq. Weight)				\$134.0			15.1%			19.3%	20.4%
Median				\$84.2			13.5%			4.5%	14.2%
% Positive Returns (Abs. / Rel.)										78%	89%
% Negative Returns (Abs. / Rel.)										22%	11%
Avg. Hold Period (Months)											16.2
<b>All Time List Performance</b>											
Average (Eq. Weight)										31.0%	16.4%
Median										15.1%	12.1%
% Positive Returns (Abs. / Rel.)										76%	62%
% Negative Returns (Abs. / Rel.)										24%	38%
Avg. Hold Period (Months)											14.4

Performance returns shown above and below represent local currency total returns, including dividends and excluding brokerage commission. Returns are calculated using the closing price on the last trading day before the date shown in the "Date Added" column through close on the last trading day prior to publication of this report for stocks currently on the list and through close on the day of removal for stocks formerly on the list. These figures are not audited. Past performance is no guarantee of future results.

++ Rating and other information has been removed from consideration in this report because, under applicable law and/or Morgan Stanley policy, Morgan Stanley may be precluded from issuing such information with respect to this company at this time.

## Disclosures

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

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

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

### Analyst Certification

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

### Global Research Conflict Management Policy

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

### Important Regulatory Disclosures on Subject Companies

The analyst or strategist (or a household member) identified below owns the following securities (or related derivatives): Diane Ding, Ph.D. - Simon Property Group Inc (common or preferred stock). As of July 29, 2022, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: AT&T, Inc., CenterPoint Energy Inc, Coca-Cola Co., Exxon Mobil Corporation, Humana Inc, McDonald's Corporation, Mondelez International Inc, SBA Communications, Simon Property Group Inc. Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of CenterPoint Energy Inc, Humana Inc, McDonald's Corporation, Mondelez International Inc. Within the last 12 months, Morgan Stanley has received compensation for investment banking services from CenterPoint Energy Inc, Coca-Cola Co., Humana Inc, McDonald's Corporation, Mondelez International Inc, Simon Property Group Inc. In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from AT&T, Inc., CenterPoint Energy Inc, Coca-Cola Co., Exxon Mobil Corporation, Humana Inc, McDonald's Corporation, Mondelez International Inc, SBA Communications, Simon Property Group Inc. Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from AT&T, Inc., CenterPoint Energy Inc, Coca-Cola Co., Exxon Mobil Corporation, Humana Inc, McDonald's Corporation, Mondelez International Inc, Simon Property Group Inc.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: AT&T, Inc., CenterPoint Energy Inc, Coca-Cola Co., Exxon Mobil Corporation, Humana Inc, McDonald's Corporation, Mondelez International Inc, SBA Communications, Simon Property Group Inc. Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: AT&T, Inc., CenterPoint Energy Inc, Coca-Cola Co., Exxon Mobil Corporation, Humana Inc, McDonald's Corporation, Mondelez International Inc, Simon Property Group Inc. An employee, director or consultant of Morgan Stanley is a director of AT&T, Inc.. This person is not a research analyst or a member of a research analyst's household.

## Disclosures

Morgan Stanley & Co. LLC makes a market in the securities of AT&T, Inc., CenterPoint Energy Inc, Coca-Cola Co., Exxon Mobil Corporation, McDonald's Corporation, Mondelez International Inc, SBA Communications, Simon Property Group Inc, Welltower Inc.. The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks. Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report. Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

### STOCK RATINGS

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

Global Stock Ratings Distribution (as of August 31, 2022)

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

STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	1356	38%	304	41%	22%	596	39%
Equal-weight/Hold	1589	45%	349	47%	22%	716	47%
Not-Rated/Hold	0	0%	0	0%	0%	0	0%
Underweight/Sell	610	17%	90	12%	15%	225	15%
<b>TOTAL</b>	<b>3,555</b>		<b>743</b>			<b>1537</b>	



## Disclosures

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

### Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months. Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months. Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months. Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months. Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

### Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below. In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below. Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below. Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

### Important Disclosures for Morgan Stanley Smith Barney LLC & E\*TRADE Securities LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at [www.morganstanley.com/online/researchdisclosures](http://www.morganstanley.com/online/researchdisclosures). For Morgan Stanley specific disclosures, you may refer to [www.morganstanley.com/researchdisclosures](http://www.morganstanley.com/researchdisclosures). Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC and E\*TRADE Securities LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

### Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of AT&T, Inc., CenterPoint Energy Inc, CocaCola Co., Exxon Mobil Corporation, Humana Inc, McDonald's Corporation, Mondelez International Inc, SBA Communications, Welltower Inc.. Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions. Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>. Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

## Disclosures

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (<http://www.morganstanley.com/terms.html>). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (<http://www.morganstanley.com/terms.html>). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy ([http://www.morganstanley.com/privacy\\_pledge.html](http://www.morganstanley.com/privacy_pledge.html)), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy ([http://www.morganstanley.com/privacy\\_pledge.html](http://www.morganstanley.com/privacy_pledge.html)).

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

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

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

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

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel. Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management. Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

## Disclosures

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments. Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

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

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comisión Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Asia International Limited, Hong Kong Branch; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Asia International Limited, Singapore Branch (Registration number T11FC0207F); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X(Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia, and is directed at Sophisticated investors only.

## Disclosures

---

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client. The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations. The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P. Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley. Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.

The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.

Morgan Stanley may hold, from time to time, material financial and commercial interests regarding the company subject to the Research report.

© 2022 Morgan Stanley

**The Americas**

1585 Broadway  
New York, NY 10036-8293  
United States  
+1 212 761 4000

**Europe**

20 Bank Street, Canary Wharf  
London E14 4AD  
United Kingdom  
+44 (0)20 7425 8000

**Japan**

1-9-7 Otemachi, Chiyoda-ku  
Tokyo 100-8104  
Japan  
+81 (0) 3 6836 5000

**Asia/Pacific**

1 Austin Road West  
Kowloon  
Hong Kong  
+852 2848 5200