

February 18, 2026 04:00 AM GMT

US Technology | North America

Large-Cap Institutional Ownership 4Q25: NVDA Still the Most Under-Owned Mega-Cap Tech Stock

Mega-cap tech stocks are the most under-owned in 17 years, w/ the gap vs. S&P widening to -155bps exiting 4Q25 vs. -148bps exiting 3Q25. The rest of large-cap tech is modestly over-owned at +32bps. NVDA remains the most under-owned large-cap tech stock, followed by AAPL, MSFT, AMZN and AVGO.

Mega-cap Tech stocks are more under-owned vs. the S&P 500 exiting 4Q25 than at any point in the last 17 years; NVDA remains the most "under-owned" large-cap tech stock, while SNDK is the most "over-owned" (Exhibit1). Leveraging 13Fs filed for the end of 4Q25, most mega-cap technology stocks remain under-owned relative to their weighting in the S&P 500, with NVDA (-2.57%), AAPL (-2.16%), MSFT (-2.13%) and AMZN (-1.37%) the most under-owned of the mega-cap tech stocks we track. Conversely, SNDK (+1.58%), KLAC (+0.80%) and CRM (+0.68%), are the most over-owned technology stocks we track relative to their weighting in the S&P 500. On average, the spread between active institutional ownership and S&P 500 weighting for the largest technology companies in the US by market cap - NVDA, AAPL, MSFT, AMZN, GOOGL and META - was -155bps exiting 4Q25 (Exhibit 2), vs. -148bps at the end of 3Q25, showing a modest widening of mega-cap under-ownership over the last 90 days. For the remaining 21 large-cap tech stocks we track, the spread between institutional ownership and S&P 500 weighting exiting 4Q25 was +32bps, slightly above 3Q25 (at +29bps).

MORGAN STANLEY & CO. LLC

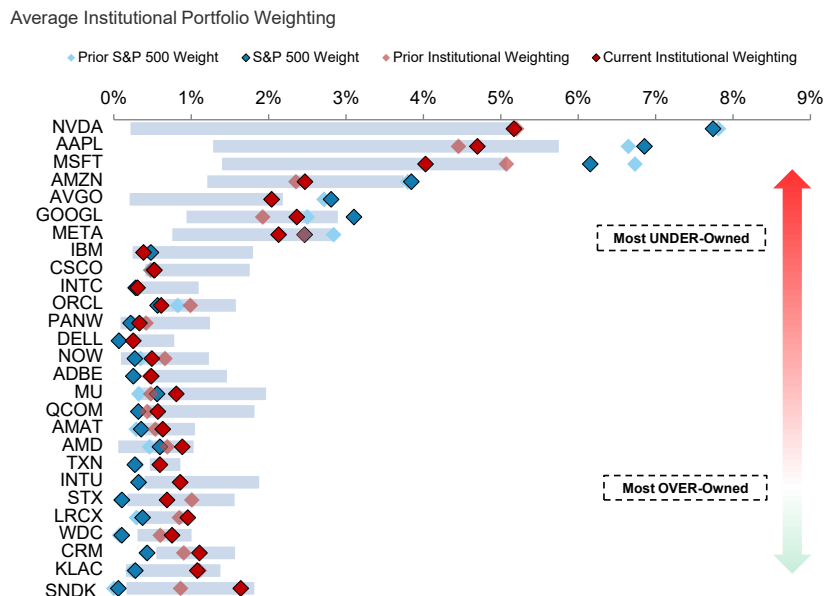
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IT HARDWARE	
North America	
Industry View	Cautious

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

Exhibit 1: The gap between mega-cap tech's institutional weighting and its S&P 500 weighting widened in 4Q25.



Note: Based on 13-F filings for the period from 1Q09 to 4Q25. Google historical time period begins in 1Q14 and reflects only GOOGL share class, which has a directionally similar dynamic as GOOG. Source: Factset, Morgan Stanley Research.

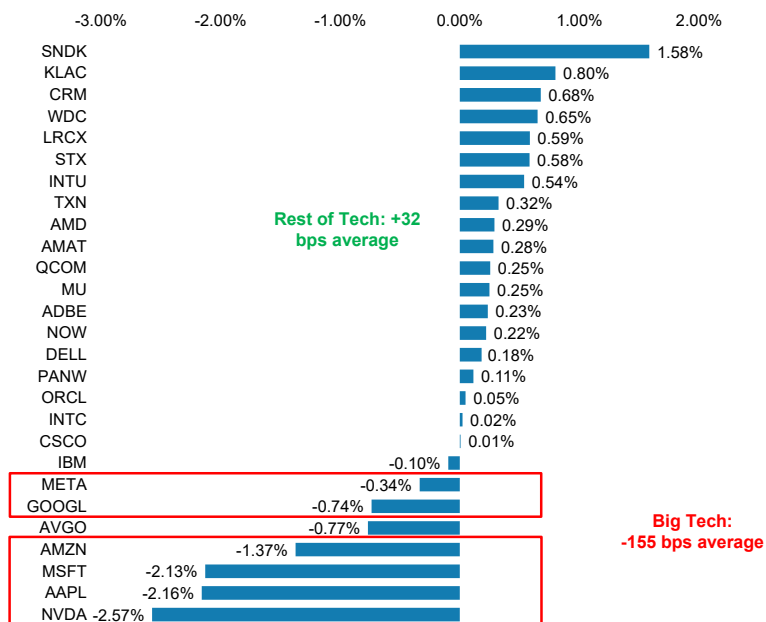
At the stock level, there are three key observations from the 4Q25 13-F data.

First, NVDA remains the most under-owned large-cap tech stock we track as of 4Q25 (Exhibit 2), and the gap between NVDA's S&P 500 weighting and institutional ownership was effectively unchanged Q/Q, ending 4Q25 at -2.57%.

Second, exiting 2025, institutional active manager ownership was notably high (vs. the S&P 500) in semi/hardware stocks SNDK, KLAC, WDC, LRCX, and STX, but notably low in software stocks IBM, ORCL, PANW, NOW and ADBE, illustrating a clear institutional bias towards AI 'picks and shovels' entering 2026. **Finally,** we'd highlight that SNDK's institutional ownership has been steadily increasing since its re-listing in 1Q25, and upon inclusion into the S&P 500 in 4Q25, it had the widest gap between institutional ownership and S&P 500 weighting among any other large-cap tech stock we track, with the "over-ownership" gap exiting 4Q25 at +1.58%.

Exhibit 2: Of the large cap stocks we evaluate, NVDA, AAPL, MSFT, AMZN, and GOOGL are currently the most under-owned in actively managed portfolios vs. the S&P 500, while SNDK, KLAC, CRM, and WDC are the most over-owned.

Average Active Ownership Portfolio Weighting vs. S&P 500 Weighting



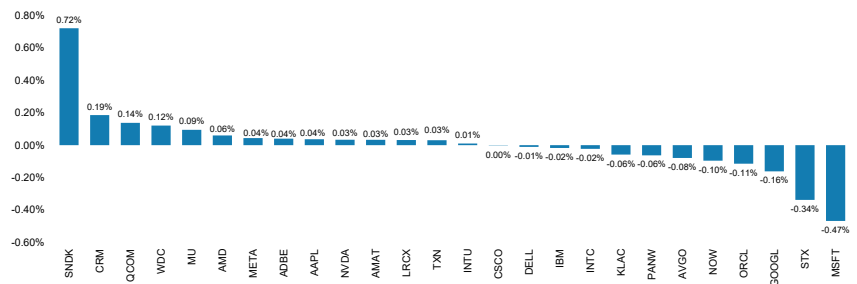
Source: Based on 13-F filings for the period from 1Q09 to 4Q25. Factset, Morgan Stanley Research.

Why does this data matter? Each quarter, we track ownership data for 27 of the largest cap tech companies across Morgan Stanley's US technology equity research coverage, which is based on each company's average weighting within the top 100 actively managed institutional portfolios relative to that same company's weighting in the S&P 500. A quant analysis of this historical ownership data indicates that, on average, after adjusting for market cap and earnings beats, there is a statistically significant relationship between low active ownership relative to the S&P 500 and future stock performance. This indicates that on average, stocks appear to experience a technical pull higher when active ownership is much lower than the market, and vice versa.

Key Exhibits

Exhibit 3: Of the large cap stocks we evaluate, CRM saw the gap between its institutional ownership and S&P 500 weighting increase the most by 19bps in 4Q (vs. 3Q; excluding SNDK as it was not in the S&P 500 in 3Q), while MSFT saw the gap narrow by 47bps.

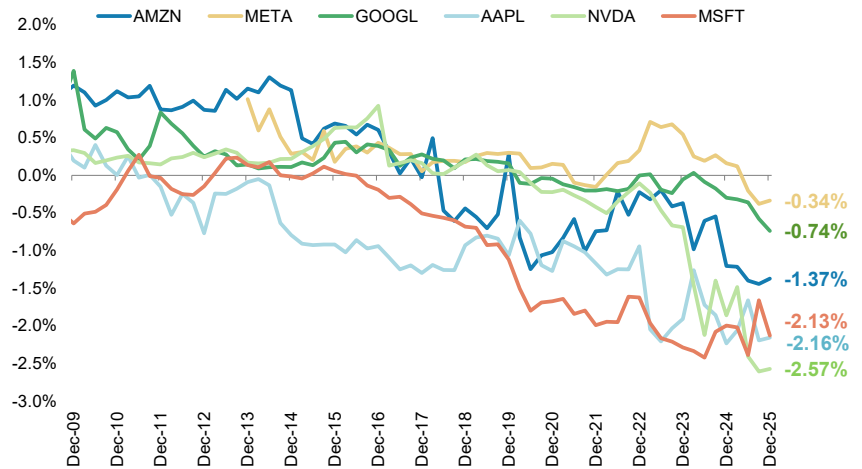
Q/Q Change in Gap of Active Ownership Portfolio Weighting vs. S&P 500 Weighting



Source: Based on 13-F filings for the period from 1Q09 to 4Q25. Factset, Morgan Stanley Research.

Exhibit 4: The spread between the average active portfolio weighting vs. the S&P 500 widened Q/Q for GOOGL, MSFT, but narrowed for META, AMZN, AAPL, NVDA.

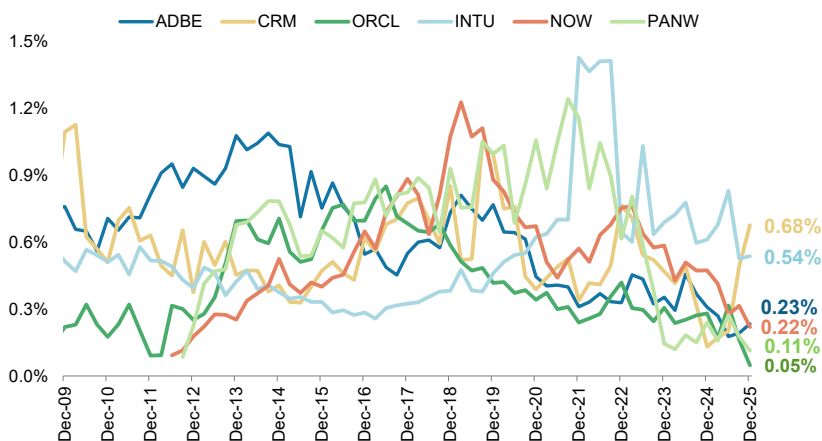
"Mag 6" Average Active Portfolio Weighting vs. S&P 500 Weighting



Source: Based on 13-F filings for the period from 1Q09 to 4Q25. Google historical time period begins in 1Q14 and reflects only GOOGL share class, which has a directionally similar dynamic as GOOG. Source: Factset, Morgan Stanley Research.

Exhibit 5: For the rest of Software ex-MSFT, average active ownership weighting vs. the S&P 500 (0.30%) decreased by 1bp Q/Q.

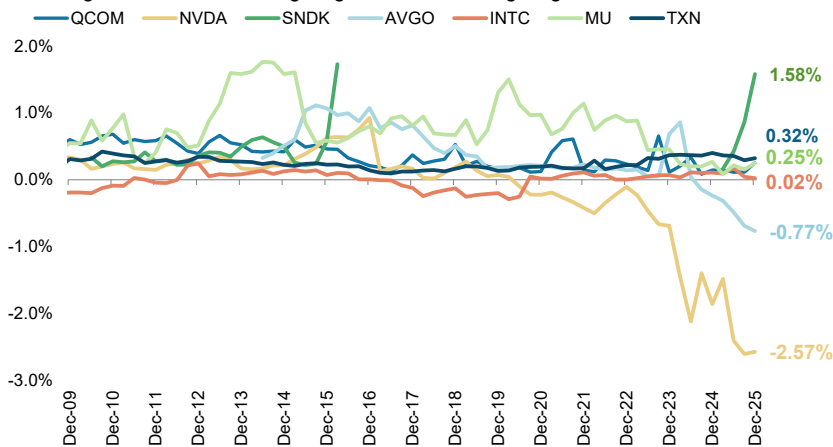
Software Average Active Portfolio Weighting vs. S&P 500 Weighting



Source: Based on 13-F filings for the period from 1Q09 to 4Q25. Google historical time period begins in 1Q14 and reflects only GOOGL share class, which has a directionally similar dynamic as GOOG. Source: Factset, Morgan Stanley Research.

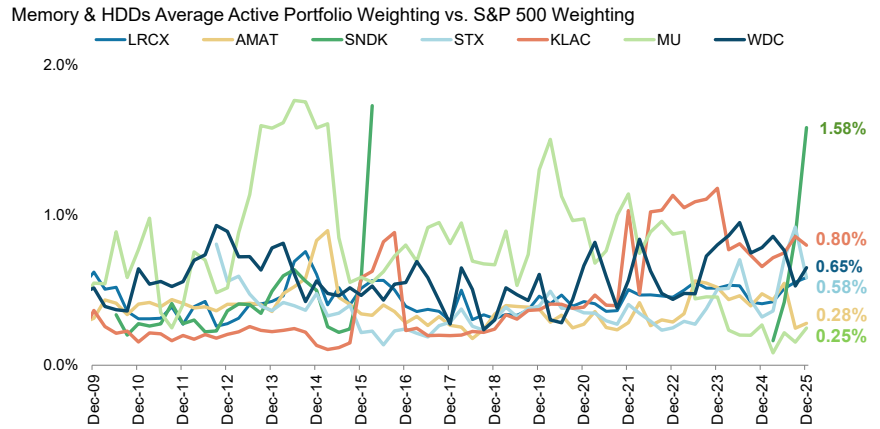
Exhibit 6: In semis, AVGO saw the largest decrease in the spread between the average active vs. passive ownership Q/Q.

Semis Average Active Portfolio Weighting vs. S&P 500 Weighting



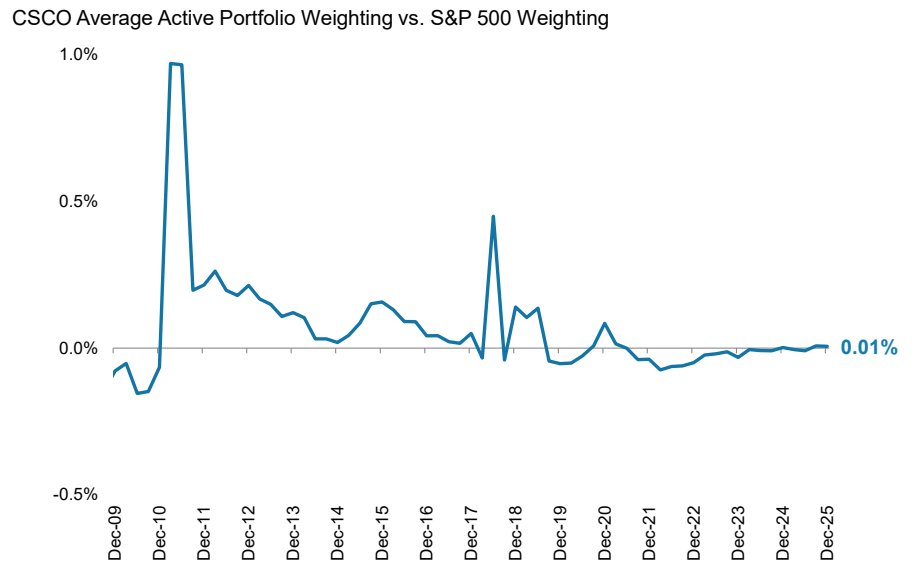
Source: Based on 13-F filings for the period from 1Q09 to 4Q25. Factset, Morgan Stanley Research.

Exhibit 7: Across and HDDs, average active ownership weighting vs. the S&P 500 (0.52%) decreased by 2 bps Q/Q, excluding SNDK.



Source: Based on 13-F filings for the period from 1Q09 to 4Q25. Factset, Morgan Stanley Research

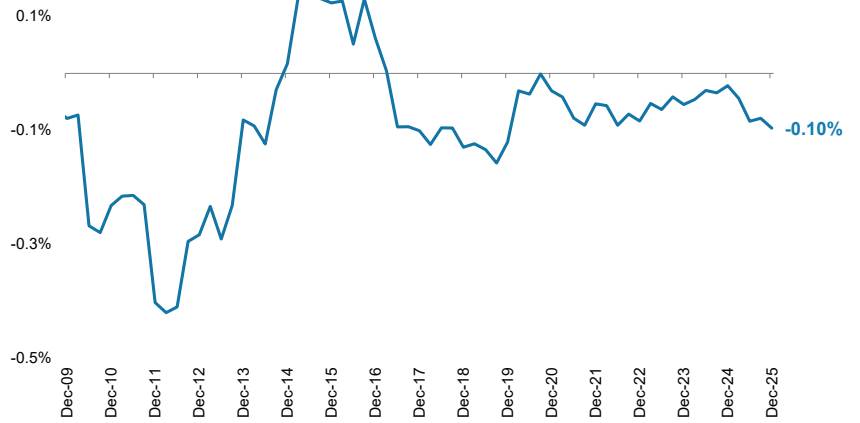
Exhibit 8: CSCO active institutional ownership weighting has remained relatively in-line with the S&P 500 over the last 5 years.



Source: Based on 13-F filings for the period from 1Q09 to 4Q25. Factset, Morgan Stanley Research.

Exhibit 9: IBM's S&P 500 weighting vs active ownership downticked slightly by 2bps in 4Q25 from 3Q25.

IBM Average Active Portfolio Weighting vs. S&P 500 Weighting



Source: Based on 13-F filings for the period from 1Q09 to 4Q25

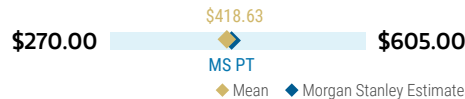
Risk Reward – Adobe Inc. (ADBE.O)

Pools of Limited Visibility Obfuscate Path to Growth Reacceleration

PRICE TARGET **\$425.00**

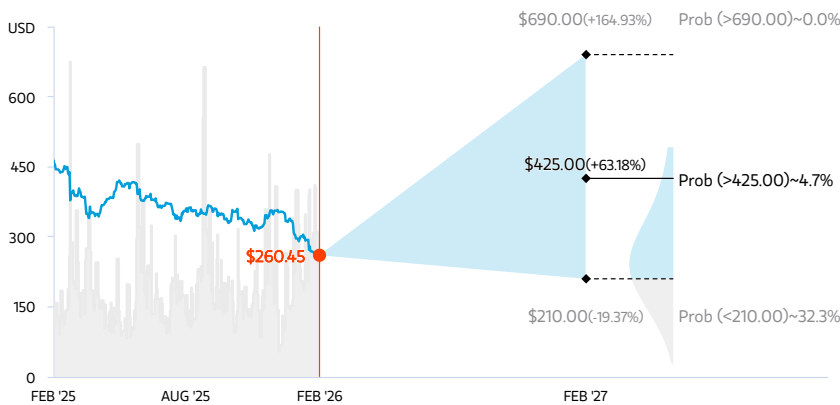
Our \$425 PT is based on a 16x Base Case 2027e EPS of \$26.67 as Generative AI sustains durable growth in Creative Cloud. The 16x EPS multiple in FY27e implies a ~1.2x PEG, a discount to ADBE's historical average.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



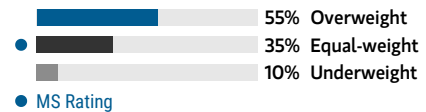
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

- Remain constructive on Adobe's competitive moat, particularly among complex, multi-channel marketers that lean on Adobe as: 1) an integrated 'system of record' across content creation (Digital Media) and content distribution (Digital Experience); 2) a deliverer of Gen AI functionality that should enhance and accelerate content supply chains; and 3) enabling strict compliance & protection related to IP rights
- Limited visibility into the size and magnitude of AI disruption headwinds with Consumers, simple marketers, and business users lowers our conviction in the net AI impact to Creative Cloud and Digital Media growth
- \$425 PT is based on a 16x 2027e EPS of \$26.67, which implies a ~1.2x PEG

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

- New Data Era:** Positive
- Secular Growth:** Positive
- Technology Diffusion:** Positive

View descriptions of Risk Rewards Themes [here](#)

BULL CASE **\$690.00**

24x Bull Case 2027e EPS of \$28.75

Creative Cloud + GenAI expands the user base and pushes pricing higher, supporting a total revenue CAGR of 13%. Operating margin of 45.7% results in FY27 EPS of \$28.75. ADBE trades at 24x EPS, largely inline with large-cap peers, supported by a strong 16% EPS CAGR, yielding \$690/share.

BASE CASE **\$425.00**

16x Base Case 2027e EPS of \$26.67

Total revenue grows at 10% CAGR from FY24-FY27. Operating margin of 45.5% results in FY27 EPS of \$26.67 and a FY24-FY27 EPS CAGR of 13%. At a 16x EPS multiple in FY27e, yielding \$425/share, ADBE trades at ~1.2x PEG, a modest discount to its historical average.

BEAR CASE **\$210.00**

9x Bear Case 2027e EPS of \$23.22

Generative AI adds little upside to the existing user or revenue base as competition is fierce. A worsening macro environment negatively impacts a growing base of cyclically sensitive consumers. Margins remain 45.5% in FY27, resulting in FY27e EPS of \$23.22. The stock trades at 9x FY27e EPS, which yields \$210/share.

Risk Reward – Adobe Inc. (ADBE.O)

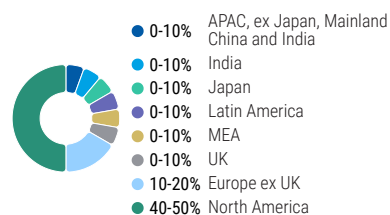
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Net New Digital Media ARR YoY (%)	13.1	11.5	10.3	9.6
EPS YoY (%)	14.7	13.6	12.2	12.2
Digital Experience Revenue YoY (%)	9.4	9.0	9.6	10.1
Total Revenue YoY (%)	10.8	10.5	9.4	9.9
Operating Margin (%)	46.6	46.2	45.1	45.5

INVESTMENT DRIVERS

- Increased customer lifetime value and TAM expansion opportunity
- Growing the customer base through freemium offerings
- Secular data trends around first party data
- Operating leverage and share buybacks

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

1/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- GenAI pricing closer to peers
- Expand the addressable customer base
- Added GenAI functionality to the Digital Experience product portfolio
- Faster transition to margin expansion out of investment mode

RISKS TO DOWNSIDE

- Timing of releases / AI availability
- Pricing on Firefly / ETLA / Creative Cloud uplift
- Lower margins from GenAI investment
- Cannibalization of the subscriber base / increased competition

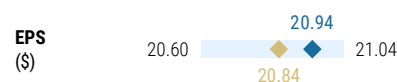
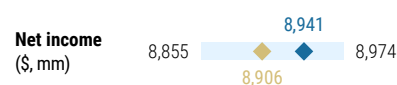
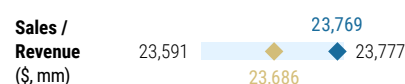
OWNERSHIP POSITIONING

Inst. Owners, % Active	47.2%	<div style="width: 47.2%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



Source: Refinitiv, Morgan Stanley Research

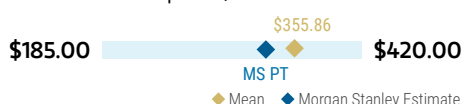
Risk Reward – Alphabet Inc. (GOOGL.O)

Alphabet Inc.

PRICE TARGET \$330.00

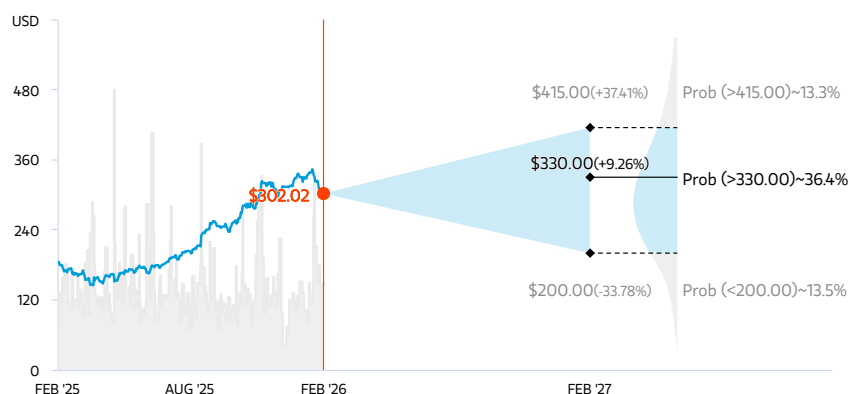
Our price target is determined using a discounted cash flow/discount to long-term EBITDA multiple. It implies a ~24X '27 P/E Multiple. Our DCF uses a ~8% WACC and a ~3% terminal growth rate (in line with other growth-oriented internet companies)

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



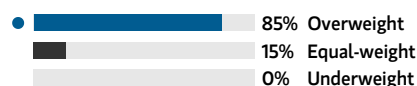
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

- Continued AI-driven platform-level innovation on Search, YouTube, Cloud, and with other offerings improve confidence in the durability of long term growth.
- Continued expense discipline leads to operating leverage and upward revisions on EPS and FCF estimates.

Consensus Rating Distribution



● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
New Data Era: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$415.00

Implied ~16X '27 bull case EBITDA.

Faster innovation and Search/GCP acceleration lead to multiple expansion and higher earnings power. Search revenue accelerates as AI-driven innovation delivers meaningful upside to engagement. New AI offerings prove incremental to the top and bottom line and don't cannibalize core Search. YouTube and Cloud become even bigger contributors to top-line growth, and operate at a higher margin than in our base case.

BASE CASE

\$330.00

Implied ~14X '27 base case EBITDA.

Assumes pragmatic search revenue growth in '26, continued incremental platform monetization and Google Cloud acceleration in '26. As GOOGL continues platform-level innovation on Search and other categories, we assume pragmatic revenue/EBITDA growth. GOOGL introduces new AI offerings which increase confidence in the durability of long term growth and calm fears around competition. Google Cloud accelerates driven by new partnerships and growing backlog.

BEAR CASE

\$200.00

Implied ~8X '27 bear case EBITDA.

Global ad growth slows further and margins face pressure. Assumes slower search advertising growth, and that ad spending slows further. Expense discipline fails to materialize leading to lower than expected margin expansion and adj. EBITDA. New AI products create greater than expected margin pressure due to lower monetization rates and increased compute intensity.

Risk Reward – Alphabet Inc. (GOOGL.O)

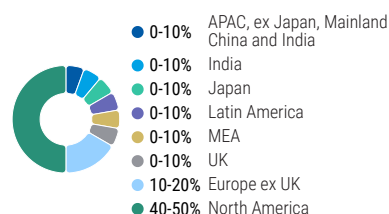
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Total operating income (GAAP) (\$, mm)	112,390	129,039	174,398	201,244
GAAP Operating Income (Loss) (\$, mm)	117,334	137,054	181,398	208,444

INVESTMENT DRIVERS

- Search advertising spend continues to gain share of global advertising budgets.
- Mobile search advertising continues to take share of online budgets.
- Investments in video driving longer-term monetization at YouTube.
- Moderation of expense growth.

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- New products generate higher than expected top line contribution.
- Capital returns through greater share buybacks.
- Hiring and/or spend per headcount is lower than expected.

RISKS TO DOWNSIDE

- High exposure to SMB and travel could pressure ad revenue in a recession
- Improved disclosure around the Google and Other Alphabet segments may not decrease the overall investment activity of the business.

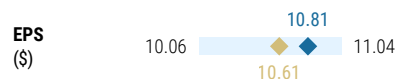
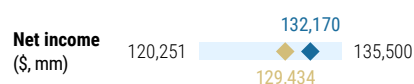
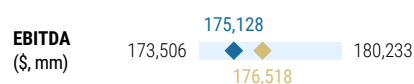
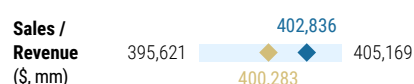
OWNERSHIP POSITIONING

Inst. Owners, % Active	57.1%	<div style="width: 57.1%;"></div>
HF Sector Long/Short Ratio	2.8x	<div style="width: 2.8;"></div>
HF Sector Net Exposure	13.9%	<div style="width: 13.9%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

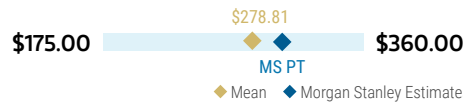
Risk Reward – Amazon.com Inc (AMZN.O) Top Pick

AMZN Risk Reward

PRICE TARGET **\$300.00**

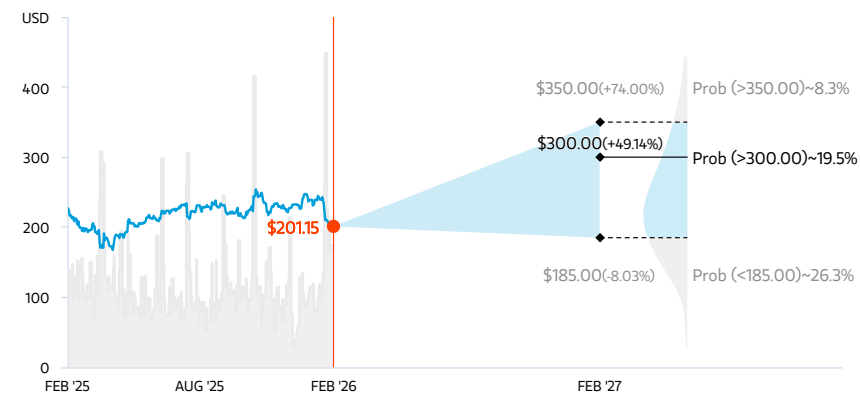
Our \$300 PT is based on applying a ~29X P/E multiple to our \$10.4 of '27 EPS and implies paying ~1.2X PEG, a ~20% discount to AMZN's peer median.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

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BULL CASE **\$350.00**

~31X bull case '27 EPS of \$11.14

Our Bull case is derived from higher Revenue and EBIT margin assumptions than in our base case

BASE CASE **\$300.00**

~29X base case '27 EPS of \$10.41

Our \$300 PT is based on applying a ~29X P/E multiple to our \$10.4 of '27 EPS and implies paying ~1.2X PEG, a ~20% discount to AMZN's peer median.

BEAR CASE **\$185.00**

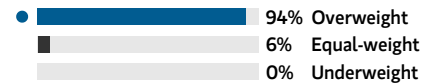
~19X bear case '27 EPS of \$9.77

Our Bear case is derived from lower Revenue and EBIT margin assumptions than in our base case

OVERWEIGHT THESIS

- Amazon's high-margin businesses continue to allow Amazon to drive greater profitability while still continuing to invest (last mile delivery, fulfillment, Prime Now, Fresh, Prime digital content, Alexa/Echo, India, AWS, etc).
- Amazon Prime membership growth drives recurring revenue and positive mix shift.
- Cloud adoption hitting an inflection point.
- Advertising serves as a key area for both further growth potential and profitability flow-through.

Consensus Rating Distribution



● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
 New Data Era: *Positive*
 Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Risk Reward – Amazon.com Inc (AMZN.O)

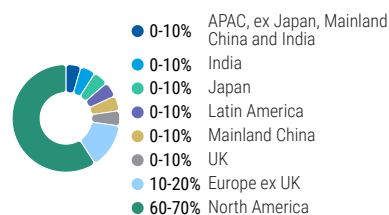
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Revenue (\$, mm)	716,924	809,414	909,363	1,019,376
Gross Profit (\$, mm)	361,287	416,532	484,187	562,692
GAAP EBIT (\$, mm)	79,975	107,695	136,112	173,457
Paid Unit Growth (y/y) (%)	10.8	8.9	8.9	8.8
AWS Revenue Growth (%)	19.7	25.8	24.7	24.0

INVESTMENT DRIVERS

- Amazon's high-margin businesses continue to allow Amazon to drive greater profitability while still continuing to invest
- Cloud is in a multi-decade secular adoption cycle
- Amazon is gaining share in eCommerce/retail and share of consumers' wallets

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected AWS rev growth and stable margin expansion
- Faster than expected Retail rev growth, stable to expanding 1P Merch Margins
- Greater than expected shipping and fulfillment leverage

RISKS TO DOWNSIDE

- Investments step up and continue for longer than expected
- Merch margins worse than expected
- AWS revenue decelerates and/or margins decline

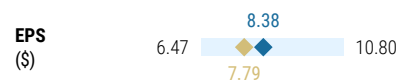
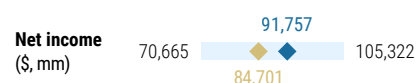
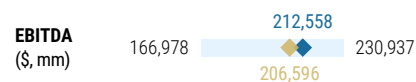
OWNERSHIP POSITIONING

Inst. Owners, % Active	55.7%	
HF Sector Long/Short Ratio	1.8x	
HF Sector Net Exposure	12.8%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

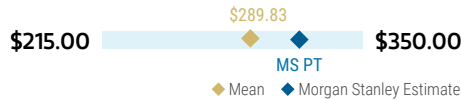
Risk Reward – Apple, Inc. (AAPL.O)

More Near-Term Cost Uncertainties Before a Catalyst-Laden 2H

PRICE TARGET \$315.00

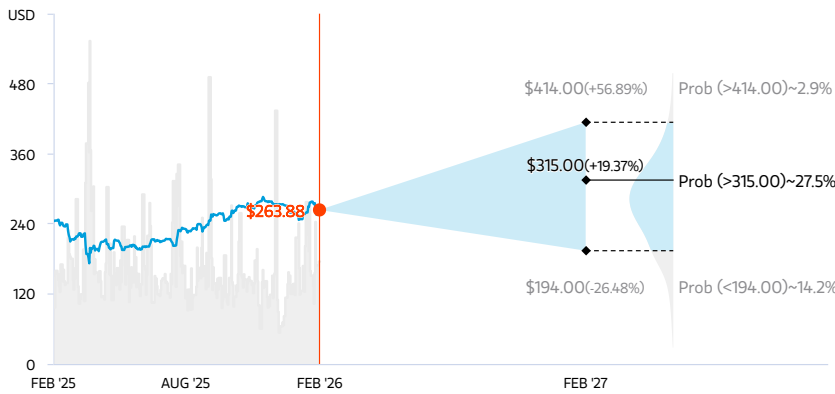
Our \$315 PT is based a 8.5x EV/Sales FY27 multiple, which is derived from a regression of tech and consumer platform peers. Our price target implies ~32x P/E on \$9.75 FY27 EPS.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



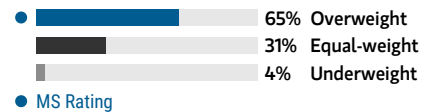
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

With the most elongated iPhone replacement cycles, new AI features rolling out around the world, and a renewed focus on device form factor changes, we believe Apple can accelerate iPhone growth starting in FY26, with replacement cycles peaking as aged installed base starts to upgrade. When combined with consistent, double digit services growth and moderate operating leverage, we believe Apple can earn \$8.53 in FY26 and \$9.75 by FY27. Memory cost dynamic could create uncertainties in the near term. Longer-term, investments in AI, payments, cloud, health, and home, and long runway to grow spend per user from \$1/day today are key arguments for sustained long-term growth and value creation.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Disruption: Positive
 New Data Era: Positive
 Pricing Power: Positive

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$414.00

10.9x EV/Sales FY27; 39.1x Bull FY27 P/E of \$10.60

iPhone replacement cycles accelerate in FY26/FY27 with Robotics as a long-term upside. Consumer demand returns, and stronger than expected iPhone 17 upgrade intentions + mix shift to higher end iPhones drives mid-teens Y/Y iPhone revenue growth, while rising component costs are mitigated given Apple's bargaining power against consumers and the supply chain. Our bull case valuation implies a 39.1x P/E multiple on FY27 Bull EPS, which embeds \$22 per share of upside from its Robotics efforts.

BASE CASE

\$315.00

8.5x EV/Sales FY27 or ~32x FY27 EPS of \$9.75

Services and margins remain resilient, while investors start to expect stronger iPhone cycles ahead. Revenue grows 14% Y/Y in FY26, driven by 10%+ Services growth and mid-teens % Products growth. GM may flattish Y/Y in FY26 driven by strong flagship iPhone demand, offset by higher Product revenue mix and memory costs, while Apple leverages the supply chain and repricing to mitigate the cost impact. The iPhone replacement cycle may be peaking and create pent up demand for upgrades in FY27.

BEAR CASE

\$194.00

6.3x EV/Sales FY27; 24.6x FY27 Bear EPS of \$7.89

iPhone 17 cycle disappoints as consumer spending weakens more than expected amidst synthetic price increases. Growth slows further across the portfolio as discretionary income is pressured by hard landing, leading to just LSD of Product rev growth and decelerating Services rev growth in FY26. With revenue slightly growing but margin contracting, FY26 EPS will only grow MSD to ~\$7.36. Our bear case valuation implies a 24.6x FY27 P/E, below T5Y avg of 26.0x due to plateauing Services profit mix.

Risk Reward – Apple, Inc. (AAPL.O)

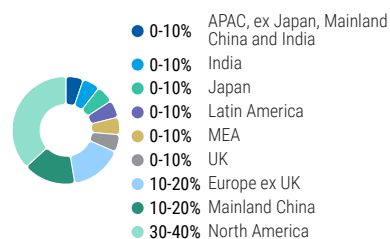
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Total Revenue Growth (Y/Y) (%)	6.4	15.5	10.3	6.6
iPhone Revenue Growth (Y/Y) (%)	4.2	22.1	12.5	6.1
Services Revenue Growth (Y/Y) (%)	13.5	13.3	11.5	10.0
Gross Margin (%)	46.9	47.0	47.4	48.3
EPS Growth (Y/Y) (%)	10.6	14.3	14.3	10.7

INVESTMENT DRIVERS

- Positive iPhone build revisions / clearer signs of accelerating replacement cycles
- Services revenue growth reacceleration
- Apple Intelligence feature and distribution expansion
- New product launches in home, health and AI

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- iPhone 17 outperforms expectations
- Apple Intelligence adoption surprises to the upside
- Apple pulls forward form factor changes
- Services growth re-accelerates despite tougher compares
- Gross margins surprise positively

RISKS TO DOWNSIDE

- Weak consumer spending limits iPhone upgrade rates
- Higher memory input costs
- Limited progress on AI features
- Geopolitical tensions
- Increased regulation, particularly with App Store

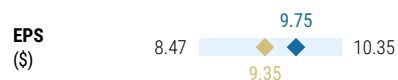
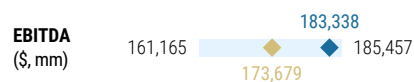
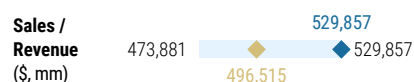
OWNERSHIP POSITIONING

Inst. Owners, % Active	47.3%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Sep 2027e



Source: Refinitiv, Morgan Stanley Research

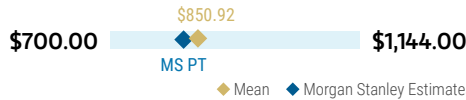
Risk Reward – Meta Platforms Inc (META.O)

The Age of Efficiency

PRICE TARGET \$825.00

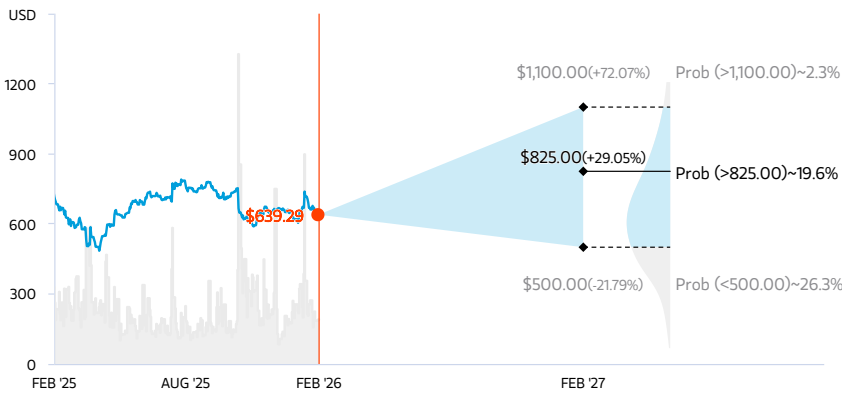
Our price target is determined using a discounted cash flow/long-term EBITDA multiple. It implies a ~23x '27 P/E Multiple. Our DCF uses an ~8% WACC and a ~3% terminal growth rate

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



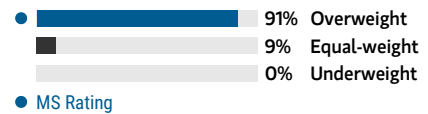
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

- **A Structural Pivot to Focus on Multi-Year Efficiency, Productivity and Leaner Operations...** We think META's "year of efficiency" is more than just a 365 day change...but rather a structural and cultural pivot to operate leaner and with a greater focus on investor returns...even through investment.
- **Importantly, Revenue and Engagement Trends Are Also Improving Across META's Platform...** our industry and company conversations speak to progress driving incremental Reels engagement and monetization...and traction improving ad measurement/attribution in the post IDFA world.
- **3 Underappreciated "Call Options"** including 1) further AI driven upside, 2) subscription adoption and 3) click-to-message.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

- New Data Era: *Positive*
- Self-help: *Positive*
- Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$1,100.00	BASE CASE	\$825.00	BEAR CASE	\$500.00
Implied ~29x '27 P/E		Implied ~23X base case '27 P/E		Implied ~17x '27 P/E	
All investments drive increased engagement and lead to new products/tools, which supports outsized ad monetization and revenue growth. Execution on newer offerings (like click to message) could also contribute to higher than expected growth. META could also drive further efficiency gains and be more successful in closing the Reels monetization gap. Reality Labs losses moderate and macro environment is better than expected.		Ad revenue grows ~29.5% in '26 as META's AI investments drive incremental Reels engagement/monetization and support improved performance and ad measurement/attribution across the Family of Apps. We also see META continuing to focus on efficiency and improving productivity.		Declines in engagement and/or evidence of Reels monetization ramping more slowly than expected could lead to lower growth and greater uncertainty. We also watch for any macro uncertainty, regulation that limits META's ability to target ads, Reality Labs losses widen more materially than expected, and higher capital intensity from mis-execution around the data center build. Any additional opex and capex could weigh on operating income growth and FCF.	

Risk Reward – Meta Platforms Inc (META.O)

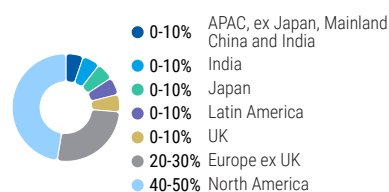
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Constant Currency % Growth (%)	22.5	27.4	20.5	19.4
Operating income (GAAP) (\$, mm)	83,276	94,994	109,832	126,954
Consolidated Total Daily Active Users (mm)	2,239.9	2,293.7	2,343.6	2,389.1

INVESTMENT DRIVERS

- We are positive on META's structural pivot towards efficiency and improving revenue, engagement and Reels. We continue to monitor META's progress on call options (AI, subscriptions, click-to-message) and further investment in AI/data centers.

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
-----------------	------------------	-----------------	-----------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected Reels monetization & higher engagement growth
- Increased benefit from AI investment
- Revenue driven by subscriptions and/or click-to-message ads
- Further efficiency improvements drive outsized FCF growth

RISKS TO DOWNSIDE

- Macro pressures/weaker consumer spend
- Regulation impacts ability to target ads
- Reality labs losses widen further
- Mis-execution risk could result in higher LT capital intensity

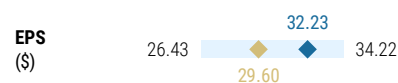
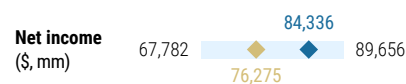
OWNERSHIP POSITIONING

Inst. Owners, % Active	57.1%	
HF Sector Long/Short Ratio	2.8x	
HF Sector Net Exposure	13.9%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research
◆ Mean ◆ Morgan Stanley Estimates

Risk Reward – IBM (IBM.N)

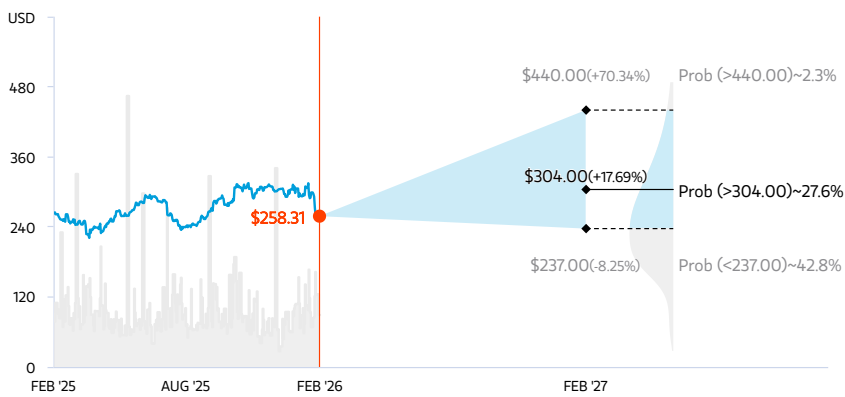
Equal-Weight Rating Balances All-Time High Valuation With Quantum Optionality

PRICE TARGET \$304.00

Our \$304 price target reflects a 18.5x P/FCF 2026 multiple of \$16.44 FCF/share, and implies IBM trades in-line with software and consulting peers on a growth adjusted basis.



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



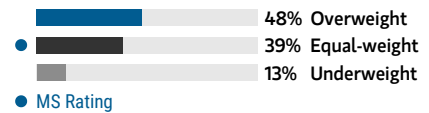
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

IBM has gained credit for driving more consistent performance in recent years and shifting its portfolio to more recurring Software and Services. The acquisition HashiCorp combined with a mainframe/ELA cycle is resulting in growth accelerating in 2025, but also creates risk of a deceleration in 2026, with a stock trading near all-time highs. This risk is what supports our \$304 price target. Yet, the market is clearly also focused on Quantum, and given the re-rating we have seen from pure-play quantum stocks, IBM's early Quantum leadership has upside optionality. Balancing these facts is what drives our EW-rating, with mis-execution the key bear case risk.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
 Pricing Power: *Positive*
 Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$440.00

23.1x P/FCFe of CY26 \$17.09/share (ex-receivables)

IBM Quantum becomes more material to the model. General consensus is that IBM has a seat at the gen-AI and Quantum table, and customer wins/revenue outpaces expectations. IBM accelerates Consulting & Software growth, as competitive positioning improves on the core business. Additionally, quantum adds \$180B in Enterprise Value on top of our base case valuation, and as a result, shares re-rate to 23.1x P/FCFe 2026 on \$17.09/share.

BASE CASE

\$304.00

18.5x P/FCFe of CY26 \$16.44/share (ex-receivables)

Stable fundamentals drives 5.3% Y/Y revenue growth at CC and 7% Y/Y FCF growth in CY26. Consulting grows 2.6% Y/Y at CC due to green shoots in IT services and easy comps, Software grows 10.6% Y/Y at CC due to extended ELA cycle renewal in 2026, Infrastructure declines 1.3% Y/Y at CC. AI Consulting bookings gradually become additive to Consulting revenue growth. We forecast 5.3% Y/Y revenue growth at CC. We value IBM at 18.5x P/FCF 2026 of \$16.44/shr.

BEAR CASE

\$237.00

14.9x P/FCFe of CY26 \$15.94/share (ex-receivables)

Tough macro environment leads to budget cuts, and IBM FCF grows 4% Y/Y CC in CY26. RHT growth slows due to share loss, and acquisitions in Software fail to increase portfolio relevancy, driving core growth to decelerate faster than expected. ELA cycle in 2026 also fails to materialize. IT Services spend does not rebound due to mis-execution, causing Consulting revenue to decline. Spend on mainframe is significantly cut due to irrelevancy of new mainframe launch to enterprises.

Risk Reward – IBM (IBM.N)

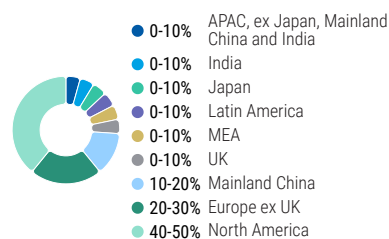
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Constant Currency Revenue Growth (Y/Y) (%)	6.1	5.3	4.5	6.2
Software CC Revenue Growth (Y/Y) (%)	9.1	10.6	9.1	0.0
PTI Margins (Y/Y) (%)	18.823	19.569	20.310	0.000
FCF Growth (Y/Y) (%)	15.6	7.1	7.7	11.1

INVESTMENT DRIVERS

- (+) Sustained/multi-year topline growth
- (+) Strategic divestitures and/or acquisitions
- (+) Positive FCF surprises
- (-) Decelerating SW/Consulting growth below medium-term model
- (-) Margins pressure earnings and FCF

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Strength in Gen AI adds incremental growth to SW and Consulting
- Consulting growth surprises positively
- Incremental M&A accelerates growth
- IBM upsides on FCF
- Demonstrated commercial success in Quantum

RISKS TO DOWNSIDE

- Macro disruption leads to deal elongation
- Accelerated cannibalization of on-prem software
- AI cannibalizes/disrupts core Consulting
- Organic SW growth undergrows 7% target
- Lack of M&A contribution

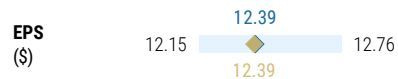
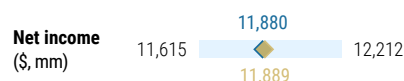
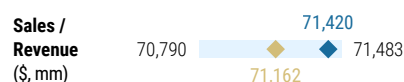
OWNERSHIP POSITIONING

Inst. Owners, % Active	40.9%	<div style="width: 40.9%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

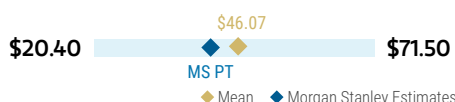
Risk Reward – Intel Corporation (INTC.O)

EW as CPU roadmap and foundry strategy remain uncertain

PRICE TARGET \$41.00

~42x EPS CY2027 EPS of \$0.97, 42x is above the high end of the large cap logic semi peer group, reflecting high leverage potential on numbers that are still depressed, and foundry optionality, despite our longer term skepticism

Consensus Price Target Distribution

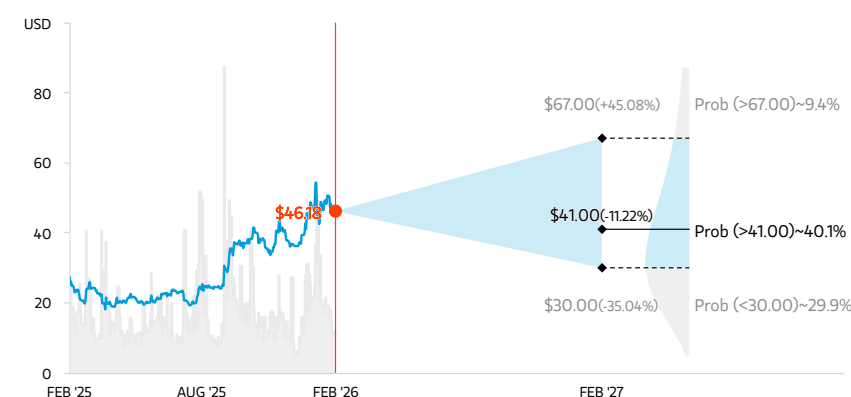


Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

We are skeptical on the reasons the stock has rerated (USG involvement, Nvidia partnership) but remain convinced execution can unlock value in the core business. But for us to get more constructive we need (1) clarity on strategic direction given foundry uncertainty and (2) evidence that Intel can regain performance leadership in servers

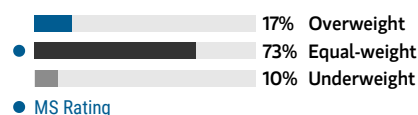
RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$67.00	BASE CASE	\$41.00	BEAR CASE	\$30.00
50x CY2027 EPS of \$1.35		~42x CY2026 EPS of \$0.97		1.5x Tangible book value	
Intel clearly addresses issues with the pipeline and roadmap delivers competitive performance that stabilizes share		Server CPU shortages prove to be manageable, and AMD continues to be in a share gain position.		PC TAM shrinks in 2026, Intel share losses continue. Data-centric revenue underwhelms due to lackluster product roadmap.	
- Management executes on product roadmaps helping investor sentiment and the multiple		Given Intel's historic roadmap issues in server; even the foundry successes could prove a distraction relative to the purer goal of making the world's best microprocessors. For us to turn more constructive we would need to see evidence that Intel can regain performance leadership in servers.		- AMD continues to take share in consumer and cloud segments, with delays in the Intel product portfolio that create risk of erosion in the previously protected enterprise space	
- Revenues reach \$60bn in CY27, with 44% gross margins				- Multiple compresses as Intel is not able to secure meaningful foundry relationships	

Risk Reward – Intel Corporation (INTC.O)

KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
GAAP Revenue (\$, mm)	53,101	52,853	53,097	55,864
MW Gross Margin (%)	36.0	36.7	39.0	42.7
MW EPS (\$)	(1.04)	(0.05)	0.38	0.91
Inventory (\$, mm)	12,198	11,618	10,319	11,045
DOI	124.5	123.0	113.1	122.4

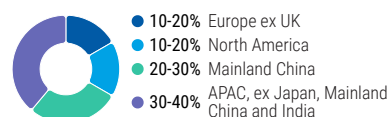
CATALYST CALENDAR

Date	Event	Source: Refinitiv, Morgan Stanley
06 May 2026 - 10 May 2026	Intel Corp Annual Shareholders Meeting	

INVESTMENT DRIVERS

- PC and server units and ASPs
- AMD competition in server
- End market growth in data centers, particularly the cloud, enterprise & government, and telco segments

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Foundry partnerships de-risk the story and further improve the multiple
- The company regains lost share in desktop and server following CPU shortages

RISKS TO DOWNSIDE

- AMD competition increasingly becomes more significant, which could lead to further share losses in processors and pressure on ASPs
- Minimal success in foundry leads to an inflated cost structure

OWNERSHIP POSITIONING

Inst. Owners, % Active	39.9%	<div style="width: 39.9%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e

Sales / Revenue (\$, mm) ◆ 52,853
Note: There are not sufficient brokers supplying consensus data for this metric

EBITDA (\$, mm) ◆ 14,622
Note: There are not sufficient brokers supplying consensus data for this metric

Net income (\$, mm) ◆ (505)
Note: There are not sufficient brokers supplying consensus data for this metric

EPS (\$) ◆ 0.43
Note: There are not sufficient brokers supplying consensus data for this metric

◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

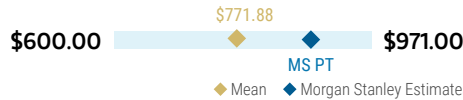
Risk Reward – Intuit (INTU.O)

Durable EPS Grower Showing Macro Resiliency

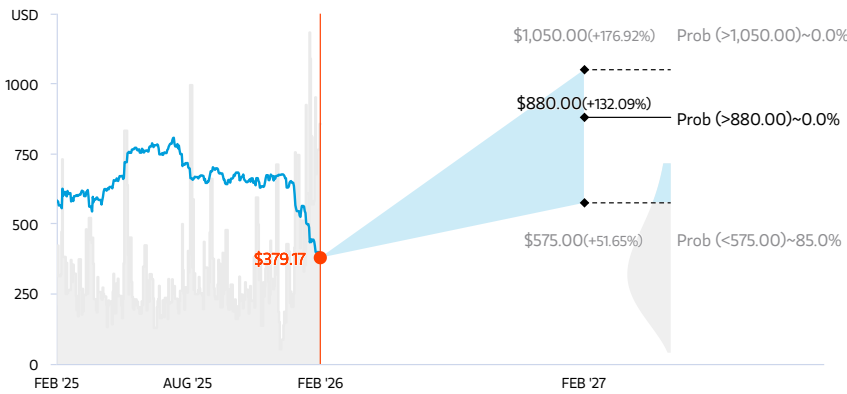
PRICE TARGET \$880.00

~31x Base Case CY27e EPS of \$28.86, implying a PEG ratio of 1.9x, in-line with Intuit's historical average PEG ratio but slightly below large cap software peers at 2.0x.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

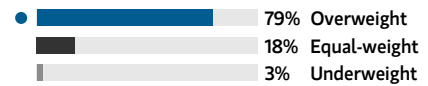


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

Intuit is in the early days of two compelling product cycles: 1) Mid-Market Accounting and 2) Assisted Tax. These product cycles combined with solid yields on efficiency initiatives drive durable high-teens EPS growth, putting Intuit in rarified air among large-cap software peers. Durable mid-teens revenue and high-teens EPS growth are not priced in with the stock trading well below historical PEG ratio of 1.8X and below large cap software average of 1.7x.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$1,050.00

~35x Bull Case CY27e EPS of \$30.27

Monetizing the Platform.

Intuit is able to monetize the QBO platform as well as sustain rapid sub growth, resulting in Quickbooks Online growth of 23% through CY27. TurboTax grows 11% annually through CY27 by gaining share in the Assisted Category, alongside beneficial pricing trends. Total Revenue grows at a CAGR of ~15% while margins expand due to improved monetization, lifting CY27 EPS to \$30.27. Stock trades to ~35x CY27e EPS, or ~2.0x PEG.

BASE CASE

\$880.00

~31x Base Case CY27e EPS of \$28.86

Focus on Higher Value Solutions Drives Faster Margin Expansion.

QBO add-ons and other high value solutions gain traction alongside new sub adds, bolstering Global Business Solutions Group Revenue to 16% growth through CY27. Consumer grows ~9% annually through CY27. Margins improve to 41.5% in CY27, resulting in EPS of \$28.86. Stock trades to ~31x CY27 EPS estimate, implying a PEG of ~1.9x, in-line with large cap software peers.

BEAR CASE

\$575.00

~21x Bear Case CY27e EPS of \$24.55

Competition heats up and QBO falls short of expectations.

Online proves to be a more competitive market for both tax and small business resulting in price and market share pressure. Competition constrains pricing and units while investments in int'l expansion fail to pay off. Top-line growth of 11% embeds Consumer growth of 6% and SMB growth of 14% thru CY27. Margin expansion is constrained, resulting in CY27e EPS of \$24.55. The stock trades at 24x CY27e EPS.

Risk Reward – Intuit (INTU.O)

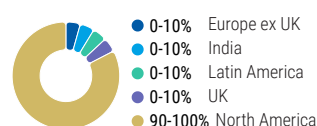
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Online Ecosystem Revenue YoY Growth (%)	24.8	21.5	22.1	22.2
Small Business Segment Revenue YoY Growth (%)	18.5	16.1	16.3	17.0
Operating Margin (%)	40.2	40.9	41.8	42.4
QBO Subscriber Growth (%)	5.7	5.3	3.9	4.0

INVESTMENT DRIVERS

- Quarterly earnings
- Pricing actions
- Cross-selling of newer, higher value products
- Penetration of International markets
- FY Tax Season Results

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Accelerating growth at TurboTax Live and Full Assist
- Greater adoption of QBO Advanced and IES
- Further efficiencies lead to greater margin expansion

RISKS TO DOWNSIDE

- Competitive pressures intensify, leading to further share losses at TurboTax
- QBO growth disappoints as adoption of Advanced slows
- A slowing macro environment negatively impacts the more macro sensitive Credit Karma and Mailchimp businesses

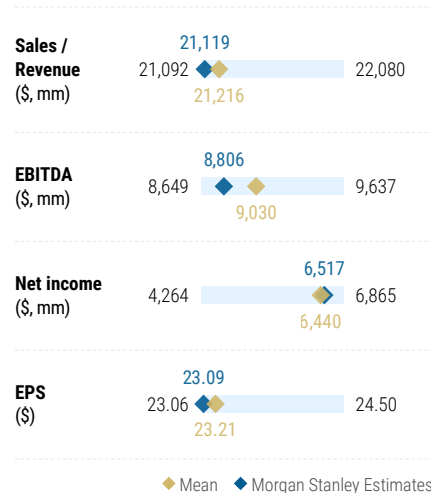
OWNERSHIP POSITIONING

Inst. Owners, % Active	55.2%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jul 2026e



Source: Refinitiv, Morgan Stanley Research

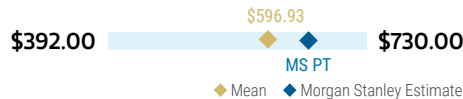
Risk Reward – Microsoft (MSFT.O)

Durability of Earnings Growth & AI Leadership Not Priced-In

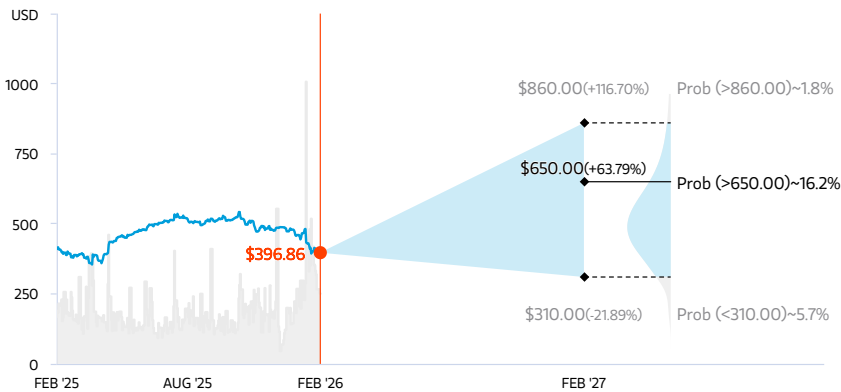
PRICE TARGET \$650.00

31x Base Case CY27e EPS of \$21.17. 31x PE is in line with large cap software peers, 1.6x PEG is relatively in line with MSFT historical PEG while a premium to peers, justified by Microsoft's strong positioning and strong execution.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

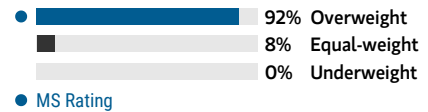


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

- Strong positioning for public cloud adoption & AI, large distribution channels and installed customer base, and expanding margins supports EPS growth. Weaker cyclical environment improves as cloud optimizations complete - LT trends remain durable.
- Teens revenue growth, opex discipline and strong capital return lead to durable mid- to high-teens total return profile long term.
- At ~31x CY27e GAAP EPS, the durability of Microsoft's earnings growth and the company's premium return profile remains underpriced. Multiple expansion and positive estimate revisions will come from greater than expected strength in commercial businesses including Azure.

Consensus Rating Distribution



Risk Reward Themes

- New Data Era:** Positive
- Pricing Power:** Positive
- Secular Growth:** Positive

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$860.00	BASE CASE	\$650.00	BEAR CASE	\$310.00
~36x Bull Case CY27e EPS: \$23.76		~31x Base Case CY27e EPS of \$21.17		~16x Bear Case CY27e EPS: \$19.17	
Azure, O365 & Robust Contribution from AI Drive Top-Line Growth. Acceleration in Azure growth, adoption of higher priced M365 Commercial SKUs and continued seat growth, and robust adoption of Azure AI services and Microsoft AI Copilots across business lines drive mid-teens revenue CAGR in the coming years. Operating margins expand to ~49.6% by CY27 and CY27e EPS is \$23.76. ~36x PE represents a premium to large cap software peers, but roughly in line with Hist Avg PEG at ~1.5x given >20% EPS CAGR.		Azure, M365 & Ramping Contribution from AI Drive Top-Line Growth. Durability of Azure growth, adoption of higher priced M365 Commercial SKUs and continued seat growth, and ramping adoption of Azure AI services & Microsoft AI Copilots across business lines drive low-teens rev CAGR ahead. Operating margins expand beyond ~47.6% by CY27 and CY27e EPS is \$21.17. 31x PE is a slight premium to large cap software peers, given strong positioning and execution. 1.6x PEG is inline with MSFT historical PEG.		Macro, Scale & Limited AI Adoption Drives Top-Line Growth Deceleration. Azure growth continues deceleration given scale, while M365 reaches penetration and adoption of Azure AI services & Microsoft AI Copilots across business lines remains limited. This drives low double-digit rev CAGR. Operating margins only expand to ~45.6% by CY27 from gross margin pressure and CY27e EPS is \$19.17. ~16x PE is a discount to large cap software peers and a discount on a PEG.	

Risk Reward – Microsoft (MSFT.O)

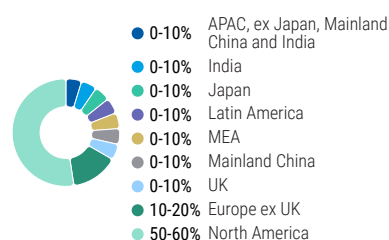
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Azure Revenue Growth (%)	29.7	30.2	26.4	22.4
Server Products On-Prem Growth (%)	(2.0)	(1.0)	(1.0)	(1.0)
Gross Margins (%)	68.8	67.6	66.9	66.6
Operating Margins (%)	45.6	46.2	46.9	47.3
GAAP EPS Growth (%)	15.6	26.0	13.5	18.3

INVESTMENT DRIVERS

- Sustainability of commercial growth, cloud momentum, improving cloud margins
- Improving PC data points

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Cloud adoption accelerates, with Azure as convincing winner
- AI leadership results in substantial revenue contribution over-time
- Operational efficiencies leading to greater than anticipated economies of scale and margin expansion

RISKS TO DOWNSIDE

- Weak macro impacting IT spending
- On-premises cannibalization by Cloud
- Increased investments hurt margin expansion
- AI adoption proves limited

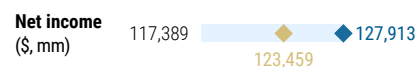
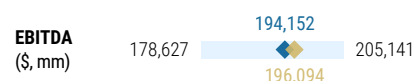
OWNERSHIP POSITIONING

Inst. Owners, % Active	54.4%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2026e



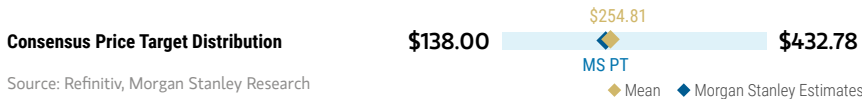
Source: Refinitiv, Morgan Stanley Research

Risk Reward – NVIDIA Corp. (NVDA.O)

OW as large language model enthusiasm is transforming cloud capex

PRICE TARGET \$250.00

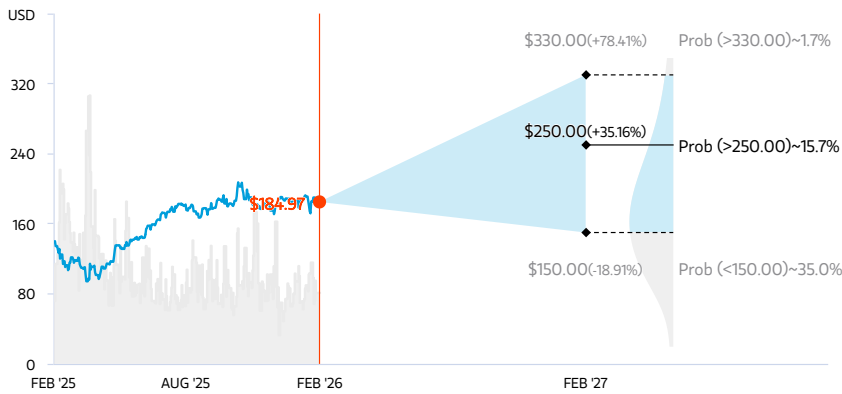
~26x our MW CY27 EPS estimate of \$9.57, a discount to large cap AI peer AVGO, and a premium to semis overall. Reflecting our higher conviction in upward revisions to estimates, and premium margin/ growth profile within the space



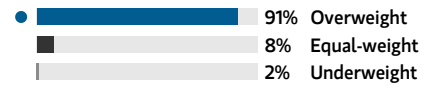
OVERWEIGHT THESIS

- Blackwell remains the premiere solution for gen-AI workloads, where compute demand continues to outstrip supply
- We see continued upward pressure to estimates as demand strength continues, with Rubin expected to maintain Nvidia's performance leadership position

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

- New Data Era: *Positive*
- Pricing Power: *Positive*
- Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$330.00	BASE CASE	\$250.00	BEAR CASE	\$150.00
~30x bull case MW CY27 EPS of \$11		~26x our MW CY27 EPS of \$9.57		~20x bear case MW CY26 EPS of \$8.25	
Bull case has DC revenues continuing to grow through 2027. Upside from networking, GB300 based systems, networking, and software create potential for a full stack AI computing company worthy of an even greater valuation premium		~26x valuation is a premium to the semis group, but a discount to large cap AI peer AVGO. reflecting the expansion in all AI names as well as our higher conviction in estimates given NVIDIA's higher AI exposure. We believe that NVIDIA should trade at a premium given its higher probability of upward revisions in the near term.		Two key debates both go the wrong direction, causing investors to question future prospects for growth	
- Higher margin data center and AI-focused software and services growth accelerates		- Revenue grows by 63.4% in 2025 and 54.7% in 2026		- Growth in DC slows substantially as supply catches up to demand faster than anticipated	
- GPU based AI PC gains traction, widely increasing the client TAM		- Datacenter continues to grow significantly in 2026 as supply remains constrained		- AI development costs come down materially, a strong competitor enters the market to take market share, or customers begin insourcing custom hardware solutions	
- Automotive opportunity takes off, allowing the company to earn recurring, per-car licensing revenue				- Greater than expected impact from tariff headwinds and export controls	

Risk Reward – NVIDIA Corp. (NVDA.O)

KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	130,497	213,214	329,829	429,406
MW Gross Margin (%)	75.4	71.2	74.5	73.7
MW EPS (\$)	2.92	4.50	7.56	9.57
Inventory (\$, mm)	10,080	20,144	31,021	34,300
DOI	111.2	117.1	132.1	108.8

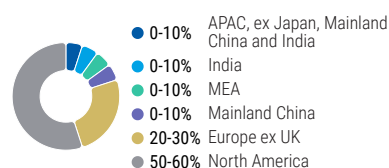
CATALYST CALENDAR

Date	Event	Source: Refinitiv, Morgan Stanley
25 Jun 2026 - 29 Jun 2026	NVIDIA Corp Annual Shareholders Meeting	

INVESTMENT DRIVERS

- Growth in AI capex from customers
- Next gen GPUs continue to outpace the competition
- Systems approach allows for higher monetization over time
- New drivers emerge for Nvidia such as AI PCs, autonomous vehicles, robotics, and software

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Growth in training and inference propel data center revenue
- Gaming sales accelerate as GPU based AI PCs gain traction
- Nvidia can recapture lost revenue in China

RISKS TO DOWNSIDE

- AI end markets don't materialize as expected, customers sharply reduce GPU purchases
- AMD reemerges as a viable GPU competitor
- Cloud customers outside of Google are able to develop competitive custom hardware

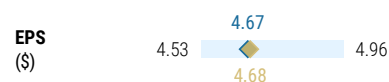
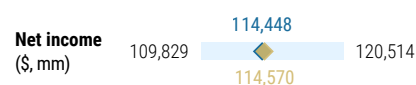
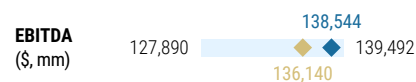
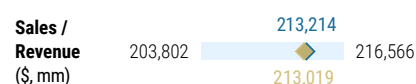
OWNERSHIP POSITIONING

Inst. Owners, % Active	51.1%	<div style="width: 51.1%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1x;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jan 2026e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

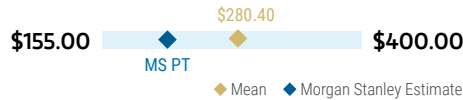
Risk Reward – Oracle Corporation (ORCL.N)

Big Opportunity, Little Room For Error

PRICE TARGET \$213.00

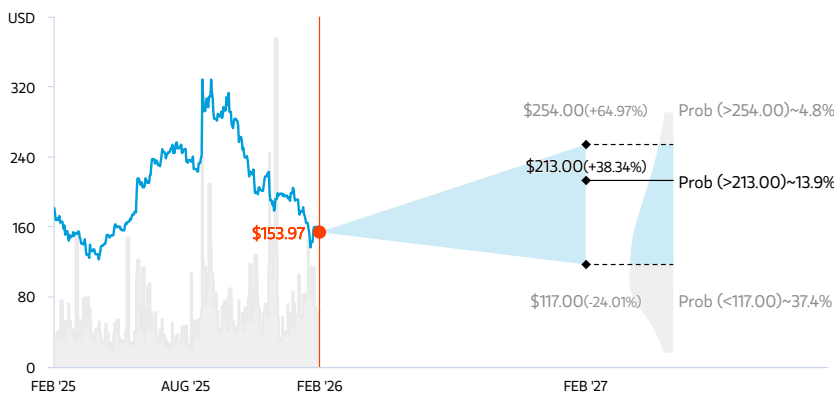
Derived from ~25x FY28e base case EPS of \$8.51. Our 25x multiple reflects a premium to ORCL's 5Y average (~20x), given potential for accelerated earnings growth FY29/FY30.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



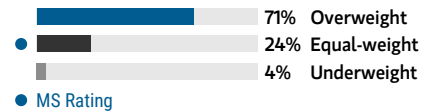
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

- Our assessment of the underlying drivers within Oracle's FY30 targets suggest a) acceleration is expected in other areas of the business (e.g. SaaS, core OCI) b) substantial operating leverage and c) favorable outcomes in financing its infrastructure build out.
- While robust RPO provides visibility towards achievement of \$225 billion of FY30 revenue, magnitude and duration of GPUaaS investment cycle remain highly uncertain, as do longer term economics -- particularly given mounting balance sheet obligations.
- Given the importance of execution across numerous vectors, we see a balanced risk reward on shares at current levels.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$254.00

~30x FY30e SOTP EPS of \$10.02 (disc. back)

30x FY30 SOTP EPS of ~\$10.02, discounted back to FY28 at an 8.7% WACC. Our Bull Case FY30 EPS contemplates ~\$8.50 of core earnings power, and ~\$1.51 of EPS contribution from GPUaaS. On core earnings power, our FY30 EPS estimate assumes a) revenues of \$80 billion, NGAAP gross margins of 72.0%, and c) NGAAP operating margins of 46.9%. For GPUaaS, our ~\$1.51 EPS estimate assumes that GPUaaS revenue scales to \$117 billion by FY30, with NGAAP gross margins scaling to ~26%.

BASE CASE

\$213.00

~25x FY28e Base Case EPS of \$8.51

25x Base Case FY28 EPS of \$8.51. Our base case contemplates topline performance closer to Analyst Day targets (~\$122.3 billion vs. ~\$130 billion target), though also reflects meaningful underperformance on EPS (vs. \$10.65 target). This is driven by estimated impact of incremental interest expense associated with debt issuance and lease obligations, partially offset by strong opex discipline (NGAAP opex % of FY28 revenue of 14.0%, vs. 24.7% in FY26e).

BEAR CASE

\$117.00

~16x FY28e Core EPS of \$7.33

16x FY28 Core earnings power (ex-GPUaaS) of \$7.33. Our bear case assumes Oracle trades towards the lower end of historical averages given lack of confidence towards accelerating EPS growth in the out years as GPUaaS opportunity falls meaningfully short of expectations. Our Bear Case EPS of \$7.33 assumes a) FY28 revenues of \$66.8 billion, b) NGAAP gross margins of ~73.9%, and c) NGAAP operating margins of 47.3%.

Risk Reward – Oracle Corporation (ORCL.N)

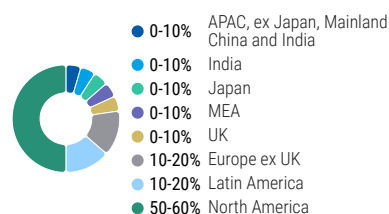
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Cloud Services and License Support YoY Growth (%)	11.8	21.6	39.5	46.9
Total Revenue YoY Growth (%)	8.4	16.3	31.2	39.6
Operating Margin % (%)	43.6	42.6	42.1	41.0
Earnings Per Share YoY Growth (%)	8.4	19.7	1.2	16.6

INVESTMENT DRIVERS

- Additional share repurchases
- Accretive acquisitions

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected OCI capacity ramps
- Stronger than expected OCI gross margins
- Accelerated adoption of Fusion Apps and Cloud Database across the installed base
- Accelerated market share gains in non-AI Cloud

RISKS TO DOWNSIDE

- Challenges in ramping OCI capacity
- Weaker than expect OCI gross margins
- GPUaaS capacity investments drive substantial leverage.
- Disruptive technologies in the data management market

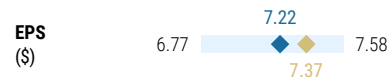
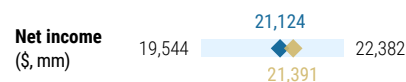
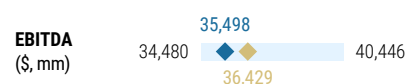
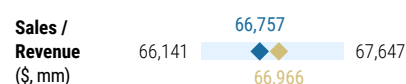
OWNERSHIP POSITIONING

Inst. Owners, % Active	54.1%	<div style="width: 54.1%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY May 2026e



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Broadcom Inc. (AVGO.O)

Overweight on growth in AI, recovery in core semis, and potential VMW upside.

PRICE TARGET \$462.00

We value AVGO at 35X CY2027e ModelWare EPS of \$13.19. This is roughly 31x non-GAAP EPS of \$15.01, and reflects a premium over AI peers that accounts for their outsized AI growth potential and long-term prospects in ASICs.

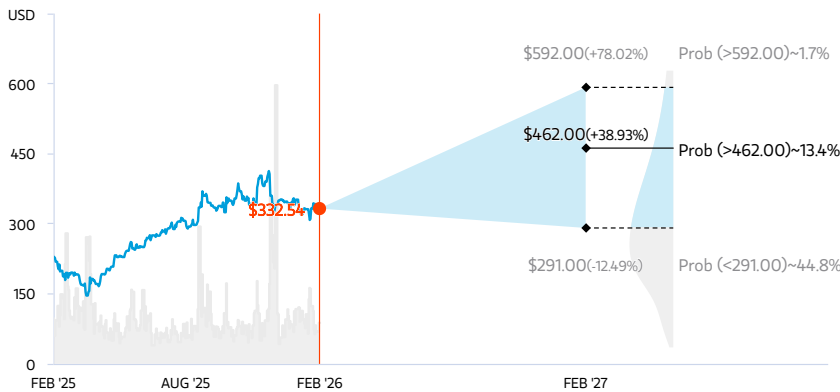
Consensus Price Target Distribution

\$335.00 \$453.89 \$535.00

MS PT
◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



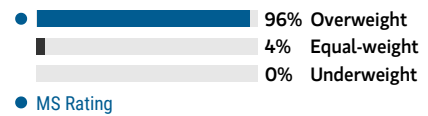
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

- AVGO has the second largest AI exposure (in absolute dollars) in our coverage and is poised to grow as hyperscale capex increases. We see the company maintaining their premium multiple as networking and ASIC businesses continue to grow.
- We expect non-AI semis to have a cyclical rebound late next year after a period of high excess inventory in the networking and storage markets.
- We expect VMware to successfully integrate into the portfolio and focus operations, cut costs, and drive stable cash flows.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
Pricing Power: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$592.00	BASE CASE	\$462.00	BEAR CASE	\$291.00
48X 2027e ModelWare Bull EPS of \$12.61		35X 2027e ModelWare Base EPS of \$13.19		26X 2027e ModelWare Bear EPS of \$11.27	
Revenue growth surprises to the upside and AI revenues grow from ramp of new xPU customers, continued networking strength, and VMware synergies. The stock's valuation multiple expands as investors gain confidence in its AI and M&A strategy.		Posts strong revenue growth in CY26 CY27 driven by strong AI revenues from xPU and Networking, and software growth.		Revenue growth disappoints and synergies underwhelm. New customer engagements fail to reach production The stock's valuation multiple falls to 31X	

Risk Reward – Broadcom Inc. (AVGO.O)

KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	63,887	100,327	132,442	160,314
MW Gross Margin (%)	77.3	71.8	69.7	69.5
MW EPS (\$)	5.39	9.00	12.41	15.47
Inventory (\$, mm)	2,270	7,101	8,278	9,437
DOI	57.2	91.5	75.2	70.3

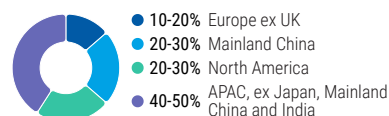
CATALYST CALENDAR

Date	Event	Source: Refinitiv, Morgan Stanley
22 Apr 2026 - 26 Apr 2026	Broadcom Inc Annual Shareholders Meeting	

INVESTMENT DRIVERS

- Dominant position in the data center with merchant silicon and ASICs
- Increasing adoption of carrier aggregation, antenna filtering in RF and 5G adoption
- Potential for better than expected accretion from the Symantec deal

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger AI revenues
- Faster recovery in core semis businesses
- Realized VMware synergies

RISKS TO DOWNSIDE

- Lose networking share to Nvidia (Mellanox)
- ASIC chips are uncompetitive; lose customers to competitors
- Execution on VMware acquisition

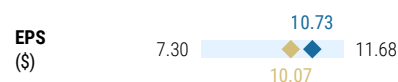
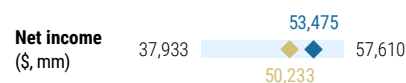
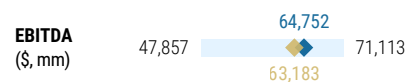
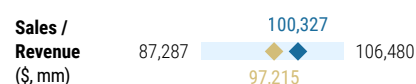
OWNERSHIP POSITIONING

Inst. Owners, % Active	53.5%	<div style="width: 53.5%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1x;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Oct 2026e



Source: Refinitiv, Morgan Stanley Research

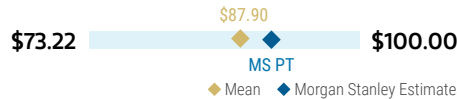
Risk Reward – Cisco Systems Inc (CSCO.O)

Stock Can See Further Multiple Expansion from Cat 9K Refresh or Cloud AI Growth

PRICE TARGET \$91.00

20-21x CY27e EPS, upper end of historical trading range

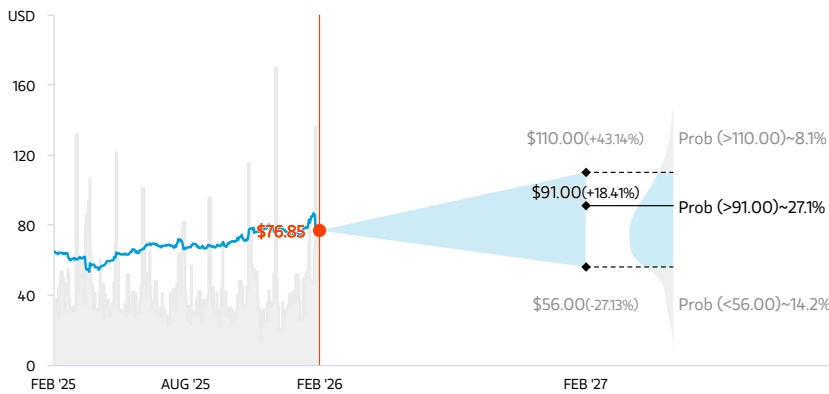
Consensus Price Target Distribution



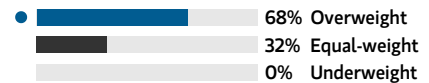
OVERWEIGHT THESIS

- Networking has positive market growth dynamics, like the Cat 9K refresh, which helps offset headwinds from share losses.
- Splunk acquisition offers meaningful opportunities for bull case eventually, but minimal expectations for the near term.
- Cloud AI business could help multiple if contribute meaningfully to growth.

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Consensus Rating Distribution



MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$110.00	BASE CASE	\$91.00	BEAR CASE	\$56.00
22x FY27 bull case EPS (\$5)		20-21x FY27e EPS		14x FY27 bear case EPS (\$4)	
See more benefit from AI / Cat 9K refresh / Splunk. Splunk integration helps stem share losses and security business reaccelerates meaningfully. See upside from strong Cat9K refresh and Cisco able to gain share in cloud AI that contributes to multiple expansion. Able to get some share gains from JNPR. Trades towards historical 10-year average peak multiple.		Campus refresh and AI contribute more meaningfully to growth. Campus refresh a benefit and Splunk integration does not cause a headwind in near term. Trades at 20-21x on FY27, upper end of historical trading range.		Share losses accelerate; Splunk integration goes poorly. Our bear case \$4 FY27 EPS assume Security business growth remains muted. Share losses accelerate past 150bps a year and cause meaningful headwind to growth. Splunk integration goes poorly, limiting ability of Cisco to explore alternatives. Trades closer to 10 year historical average.	

Risk Reward – Cisco Systems Inc (CSCO.O)

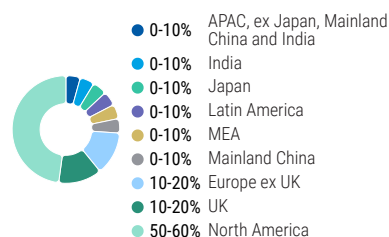
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Revenue Growth Y/Y (%)	5.3	8.4	4.8	3.7
Operating Margin (%)	34.4	34.3	34.6	35.0
EPS Growth Y/Y (%)	1.9	9.2	6.8	5.8
FCF Growth Y/Y (%)	30.1	10.2	11.5	20.1

INVESTMENT DRIVERS

- Can CSCO successfully transition to a software and services oriented business?
- Does the move to the cloud adversely impact CSCO's traditional enterprise market?
- Can it achieve incremental margin improvement as business turns more software & services?

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Security portfolio reaccelerates.
- Recurring portion of business causes more meaningful mix shift.
- Cat 9K refresh contributes meaningfully to growth.
- Hyperscale wins.
- Splunk integration success.

RISKS TO DOWNSIDE

- Prolonged macro slowdown dampens networking recovery post inventory digestion.
- Share losses accelerate.
- Difficulty seeing continued operating leverage.
- Splunk integration challenges.

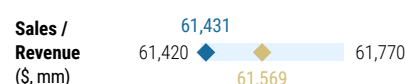
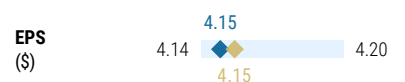
OWNERSHIP POSITIONING

Inst. Owners, % Active	44%	<div style="width: 44%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jul 2026e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – Dell Technologies Inc. (DELL.N)

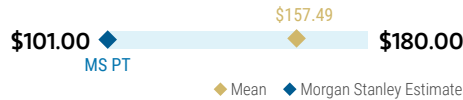
Underweight As Margin Pressure Offsets AI Momentum

PRICE TARGET \$101.00

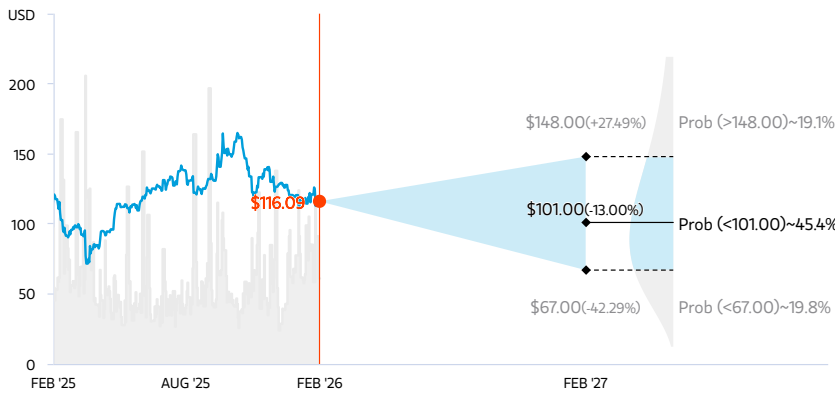
Our \$101 PT is based on a 10x P/E multiple on FY27 (CY26) EPS of \$10.11. This implies a 16.5x multiple on DELL's AI server business & 9x multiple on DELL's traditional HW business.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



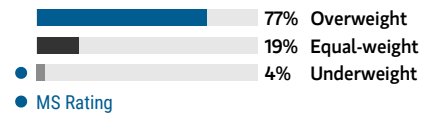
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

UNDERWEIGHT THESIS

DELL is a full stack technology provider managing more data than any other IT provider, which positions the company well to capitalize on the 'Data Era'. Despite the challenging Hardware spending environment, we see a long runway for growth as DELL capitalizes on rapidly accelerating AI Server demand. However, in the near-term, we believe margin pressure from a stronger AI server mix coupled with memory cost inflation will limit multiple expansion and positive estimate revisions from here.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Contrarian: *Negative*
 New Data Era: *Positive*
 Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$148.00

13x FY27 bull case EPS of \$11.40

Demand exceeds expectations in FY27. PC and enterprise infrastructure demand rebounds quicker than expected, driven by a better macro & prolonged Win 11 refresh activity. DELL gains share across PCs, servers, & storage. CSG grows LSD-MSD Y/Y in FY27 as DELL gains gains share. ISG grows 50%+ in FY27 driven by demand for AI servers, greater compute needs & software defined storage, with revenue exceeding the COVID period. Cap returns accelerate.

BASE CASE

\$101.00

10x FY27 base case EPS of \$10.11

Strong demand for AI Servers, PC market refresh, and accelerating shareholder returns unlocks value.

CSG revenue inflects to 3% Y/Y declines in FY27, a function of HSD Y/Y unit declines, partially offset by MSD-HSD Y/Y ASP growth as higher prices from memory inflation weigh on demand. Traditional infrastructure growth also decelerates Y/Y, to +1% Y/Y on demand challenges and tough comps Y/Y. On the other hand, AI server demand continues to accelerate, growing 80%+ Y/Y in FY27.

BEAR CASE

\$67.00

8x FY27 bear case EPS of \$8.39

Demand deteriorates meaningfully and DELL is unable to mitigate margin pressure. DELL tried to raise prices to offset component cost inflation, and as a result demand deteriorates meaningfully. DELL is only able to mitigate ~25% of the headwind from higher memory costs vs. ~70% in our base case. Furthermore, broader macro uncertainty drives a slowdown in AI capex spend. Revenue declines LSD Y/Y and EPS declines MSD Y/Y in FY27. Stock trades to 8x P/E.

Risk Reward – Dell Technologies Inc. (DELL.N)

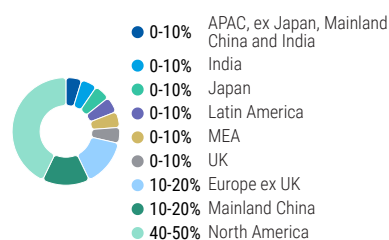
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Revenue Growth (Y/Y) (%)	8.1	18.1	15.5	6.5
Non-GAAP Gross Margin (%)	22.8	20.2	17.3	17.4
Non-GAAP Operating Margin (%)	8.9	8.7	7.4	7.2
FCF (\$M) (\$, mm)	1,869	7,504	6,671	7,691

INVESTMENT DRIVERS

- AI Server wins/backlog growth
- PC's inflect to growth
- Capital return commitment exceeds expectations
- Continued share gains in Servers, Storage and PCs
- Mix shift to storage benefits gross margin

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

1/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- ISG accelerates due to pent up refresh demand & datacenter modernization
- Commercial PC refresh ahead of Win 10 EOL in Oct '25
- AI Server demand drives Server ASPs materially higher

RISKS TO DOWNSIDE

- The hardware downcycle elongates as recession constrains spending through 2025 and into 2026
- PC share losses
- AI capex slows materially
- Enterprise IT demand cannibalized by cloud workload migration

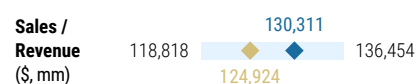
OWNERSHIP POSITIONING

Inst. Owners, % Active	49%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jan 2027e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – Salesforce, Inc. (CRM.N)

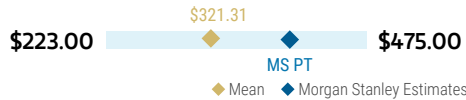
Underappreciated Topline Durability, More Room for Margin Expansion

PRICE TARGET \$398.00

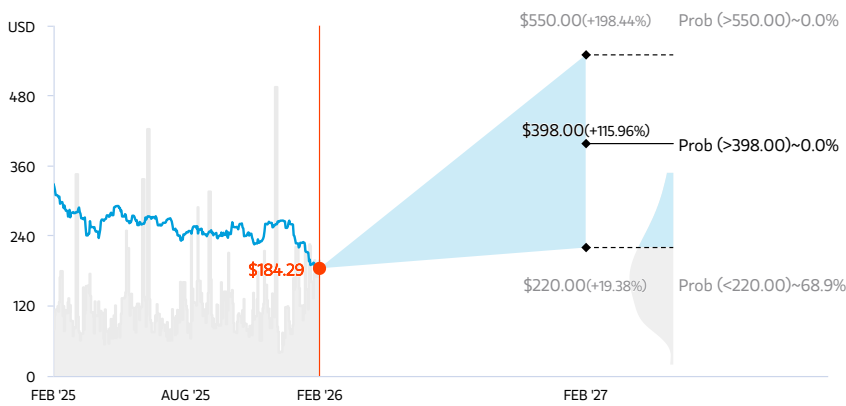
Based on a 20x multiple applied to our FY28e FCF per share of ~\$18, discounted back at ~10%, adding back ~\$29 net cash per share.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



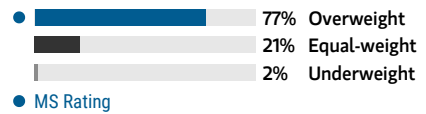
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

- Salesforce remains one of the best secularly positioned names within Software, as the global incumbent for front-office applications and a platform squarely addressing many of enterprises' top digital transformation needs.
- Low investor expectations vs potential topline upside drivers in price increases, product bundling and Data Cloud adoption frame an attractive risk/reward. The ramp in GenAI apps may still be >12 months away; however, Data Cloud likely proves a bridge to better growth.
- Shares continue to trade at a discount to large cap Software peers on a GAAP PEG basis, a gap we expect to narrow as Salesforce continues to display above consensus top & bottom line growth.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

- New Data Era: Positive
- Pricing Power: Positive
- Secular Growth: Positive

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$550.00	BASE CASE	\$405.00	BEAR CASE	\$220.00
23x FY28e FCF of ~\$22B		20x FY28e FCF of ~\$18B		13x FY28e FCF of ~\$15B	
~15% FY25-28 revenue CAGR, on the back of strong customer growth and additions, rapid adoption of Agentforce and Data Cloud, and improved renewal rates as CRM becomes more of a strategic tech provider for customers. A larger base of high margin renewal business drives op. margins to ~39% by FY28. A ~20% FCF growth CAGR supports CRM's multiple at 23x EV/FCF in FY28, yielding a forward twelve month \$550 valuation, assuming a ~10% discount rate.		Sustainable teens revenue CAGR, benefited by recent M&A. Seat counts expand in Sales & Service Clouds, while Platform & Data Clouds become material. Revenue grows at a ~10% CAGR from FY25-28 & FCF benefits as op margins grow to ~36% by FY28. We value shares at 20x EV/FCF in FY28 discounted at a ~10% WACC. Our PT implies 20x CY27 FCF, a discount to the large-cap software average.		Prolonged macro downturn drives high single digit revenue growth. A tepid spending environment amid macro weakness and increasing attrition pressures topline growth well-below pre-Covid levels over the next 3 years. Incremental investments limit margin expansion potential despite increasing opex discipline, limiting the ability to achieve >34% op. margins by FY28. CRM trades at 13x EV/FCF in FY28, yielding a forward twelve month \$220 valuation, assuming a ~10% discount rate.	

Risk Reward – Salesforce, Inc. (CRM.N)

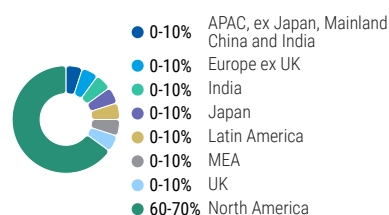
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Total Billings YoY Growth (%)	8.6	11.7	8.5	0.0
Current Remaining Performance Obligations YoY (%)	9.4	15.0	10.4	0.0
Current RPO-Base Bookings YoY (%)	7.0	13.6	8.1	0.0
Operating Margin % (%)	33.0	34.1	34.9	36.0

INVESTMENT DRIVERS

- Organic revenue growth sustains near high-teens CAGR
- Balanced revenue growth and margin framework following recent M&A

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Quicker than expected ramp in Generative AI products
- Announcements of significant new cost cutting initiatives
- Larger buyback authorizations & faster deployment of buybacks

RISKS TO DOWNSIDE

- Data Cloud uptake slows
- Go-to-market improvements stall
- GenAI investments could weigh on margins
- Demand for new CRM front-office solutions crowded out as enterprises utilize alternative platforms

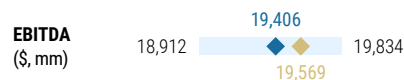
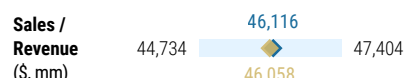
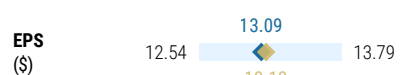
OWNERSHIP POSITIONING

Inst. Owners, % Active	54.8%	<div style="width: 54.8%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1x;"></div>
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MS ESTIMATES VS. CONSENSUS

FY Jan 2027e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

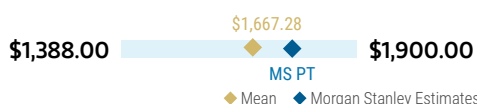
Risk Reward – KLA Corp (KLAC.O)

OW on structural and idiosyncratic drivers

PRICE TARGET \$1,751.00

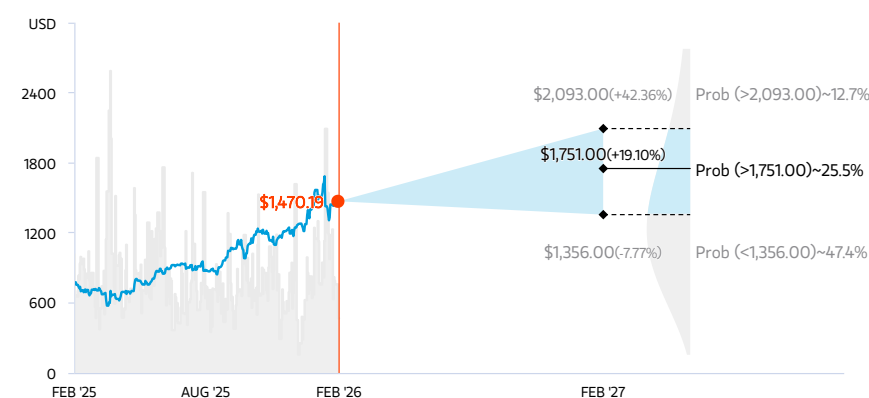
33x CY27e EPS of \$53.05, a 15% premium to US SPE peers LAM & AMAT to reflect growth prospects in foundry logic and DRAM.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



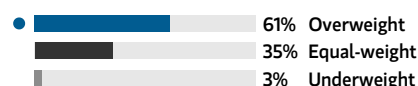
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

- KLA's fundamental story has gone from strength to strength: 1) Process control intensity: to structurally increase going forward due to larger die sizes and increased design starts, both causes of lower yield. 2) Share increase: KLA should continue to gain market share in process control given the company is first to inflections and has the fundamental technology to enable that.
- We believe a premium multiple to SPE peers is justified given KLA's growth prospects (outperformance vs WFE) as well as its superior gross margin.

Consensus Rating Distribution



● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

- New Data Era: *Positive*
- Pricing Power: *Positive*
- Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$2,093.00	BASE CASE	\$1,751.00	BEAR CASE	\$1,356.00
35x CY27e EPS of \$59.79		33x CY27e EPS of \$53.05		28x CY27e EPS of \$48.43	
KLA gains more market share than expected on the back of leading edge logic spending accelerating and process control intensity in DRAM increasing greater than expected.		KLA grows ahead of WFE in 2026-2027 due to increased process control intensity in leading edge logic and DRAM.		KLA's market share contracts due to leading edge logic and DRAM investment slowing down. KLA faces increasing competition in mask inspection, pressuring valuation multiple.	
- In this scenario we assume a considerable premium to US SPE peers (AMAT/LAM) as KLA's growth prospects are more appreciated.		- In this scenario we assume a premium to US SPE peers (AMAT/LAM) that is slightly higher than historic due to KLA's growth prospects.		- In this scenario we assume multiple in-line with US SPE peers (AMAT/LAM)	
- Revenue grows 33% in CY27 as KLAC sees outsized growth due to increased market share.		- Revenue grows 21% in CY27 and KLA slightly increases market share.		- Revenue growth of 11.7% in CY27 as leading edge logic growth is limited.	
- GM expands to 63.2% and EPS grows to \$59.79 in 2027.		- GM expands to 62.4% and EPS grows to \$53.05 in 2027		- GM declines to 61.4% and EPS slightly increases to \$48.43 in 2027	

Risk Reward – KLA Corp (KLAC.O)

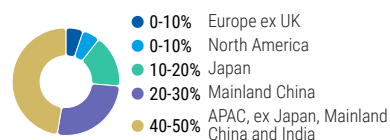
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	12,156	13,413	16,572	18,738
MW Gross Margin (%)	62.3	62.2	62.3	62.4
MW EPS (\$)	33.29	36.65	48.38	55.96
Inventory (\$, mm)	3,212	3,613	4,422	4,749
DOI	246.7	252.6	252.5	241.3

INVESTMENT DRIVERS

- WFE market growth, specifically in leading edge logic where KLA has outsized exposure.
- Process control intensity and KLA's market share within process control.

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Foundries (TSMC, Intel, Samsung) pull forward their logic roadmaps
- Design starts in leading edge nodes increase
- Process control intensity increases in DRAM due to HBM

RISKS TO DOWNSIDE

- Certain foundries (Intel, Samsung) scale back their aspirations
- Market share loss in mask inspection to Lasertec or in e-beam to AMAT or ASML
- China restrictions

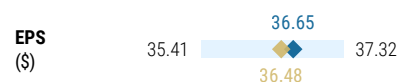
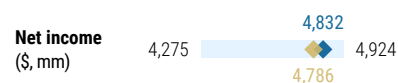
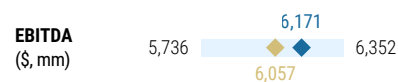
OWNERSHIP POSITIONING

Inst. Owners, % Active	52.5%	<div style="width: 52.5%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2026e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

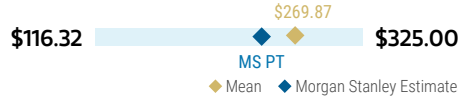
Risk Reward – Lam Research Corp (LRCX.O)

WFE outperformance intact with NAND & Logic

PRICE TARGET **\$244.00**

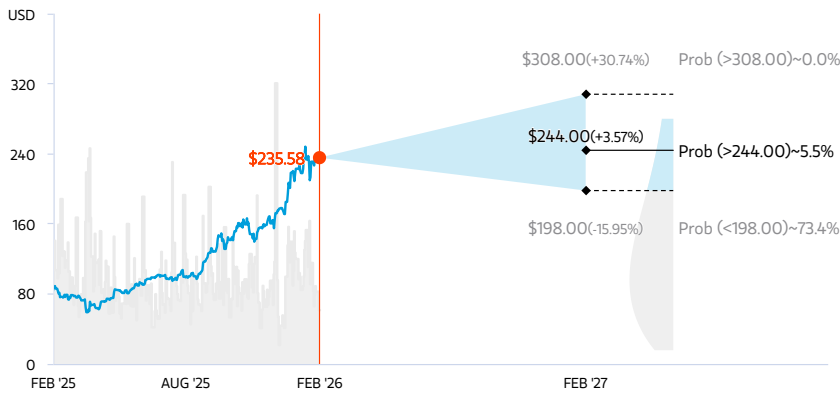
31x CY27 non-GAAP EPS of \$7.86, multiple reflects a 2-turns discount to KLA to reflect gross margin differences (KLA 60%+ vs LAM 50%) and market dynamics (KLA near oligopoly).

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



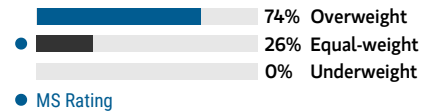
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

- After shipments underperformed WFE by 33ppt in 2023 due to a cyclical decline in NAND and China entity list impact, LAM outperformed WFE by 8ppt in 2024 and we estimate another 27ppt outperformance in 2025 driven by NAND, China, and TSMC. We model LAM's 2026 system shipments to outperform WFE for the 3rd consecutive year as NAND and non-China foundry logic continues to strengthen.
- LAM has unique drivers supporting the long-term growth story as the company is seeing gross margin expansion from shifting manufacturing to Malaysia, is positioned well to gain share with the 4F2 transition in DRAM, and has unique advanced packaging growth drivers.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
 Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$308.00	BASE CASE	\$244.00	BEAR CASE	\$198.00
~34x CY27 non-GAAP EPS \$9.07		~31x CY27 non-GAAP EPS of \$7.86		~28x CY27 non-GAAP EPS of \$7.05	
DRAM and NAND pricing and utilization improve further than expected, and LAM sees record revenue in CY27. The company sees revenue growth exceed WFE on the back of market share gains in leading edge nodes.		We expect LAM to outperform in 2026-27 on the back of NAND and foundry logic strength.		Memory markets turn weaker and LAM loses share to competitors.	
- Revenue growth of 34.3% in CY27 as LAM benefits from NAND WFE growth and market share gains		- Revenue growth of 21.0% in CY27 driven by NAND and foundry logic		- Revenue growth of 11.9% in CY26 as memory recovery more muted than expected	
- GM expands to 51.1% and EPS to \$9.07 in CY27		- CY27 GM of 50.1% as regional mix deterioration is offset by top-line growth		- GM declines to 49.3% and EPS comes in at \$7.05 in CY27	
		- EPS of \$7.86 in CY27			

Risk Reward – Lam Research Corp (LRCX.O)

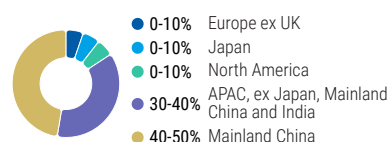
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	18,436	22,644	28,293	32,525
MW Gross Margin (%)	48.8	49.8	49.8	50.3
Non-GAAP EPS (\$)	4.13	5.38	7.04	8.50
Inventory (\$, mm)	4,308	5,149	6,195	6,528
DOI	164.0	163.0	157.1	145.2

INVESTMENT DRIVERS

- NAND WFE market trends (LAM has outsized share)
- Market share gains from new logic architectures (GAA, backside power)

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Market share gains in new logic architectures (GAA, backside power)
- NAND capex recovers to new highs
- Continued share gains in China

RISKS TO DOWNSIDE

- NAND WFE weaker than expected
- Widespread export restrictions to China
- Market share loss to competitors in etch

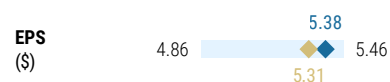
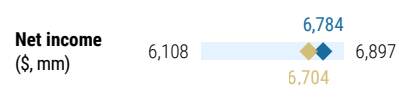
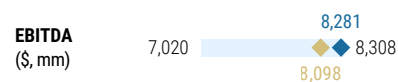
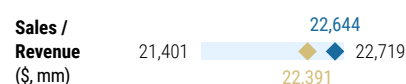
OWNERSHIP POSITIONING

Inst. Owners, % Active	49.5%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2026e



Source: Refinitiv, Morgan Stanley Research

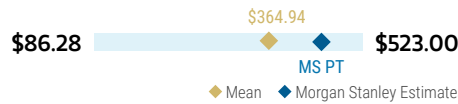
Risk Reward – Micron Technology Inc. (MU.O) Top Pick

See multiple quarters of upward revisions, with AI driving a higher multiple

PRICE TARGET **\$450.00**

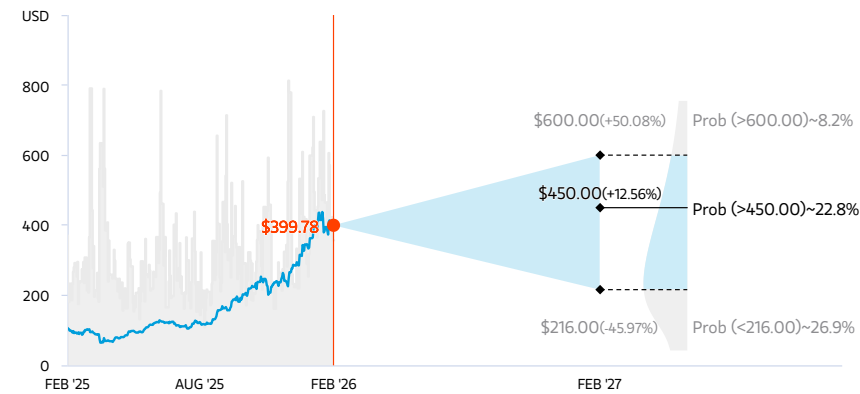
25x through-cycle earnings of US \$18.00, a premium to history reflecting new opportunities in AI, At the high end of broader semis.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE **\$600.00**

30x through-cycle earnings of US\$20.00

Gross margin improvement continues, driven by scale, AI mix, and cost improvements in new products. Pricing pressure alleviates as demand sustainably moves above supply driven by HBM's wafer intensity, a product category where MU cements performance leadership on future products.

BASE CASE **\$450.00**

25x through-cycle earnings of US\$18.00

Our through-cycle earnings estimate of US\$18.00 is a premium to average earnings over the last 8 years due mostly to HBM. Our 25x multiple reflects the market's enthusiasm for the HBM opportunity, and at the high end of the broader semi group.

BEAR CASE **\$216.00**

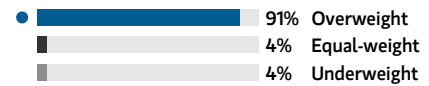
16x through-cycle earnings of US\$13.50

Memory begins to enter a downturn in late 2026. As the strength attributed to demand in the early part of the year ended up being inventory build at customers. Multiple compresses severely after an underwhelming peak

OVERWEIGHT THESIS

- DRAM fundamentals are in uncharted territory, and should continue to improve as datacenter/AI continue their upward trajectory
- Execution on AI is underappreciated, and we expect Micron to maintain share in CY26 vs the competition. Supporting margins and driving a higher multiple than prior cycles
- Cycle longevity will be key, and S/D may stay tight for 2-3 more years

Consensus Rating Distribution



MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
 Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Risk Reward – Micron Technology Inc. (MU.O)

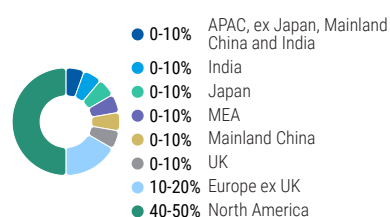
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	37,378	86,084	112,175	106,474
Non Gaap Gross Margin (%)	40.9	72.3	76.7	72.2
Non-GAAP EPS (\$)	8.29	41.89	55.90	50.31
Inventory (\$, mm)	8,355	7,693	8,944	10,327
DOI	133.7	114.3	121.0	123.7

INVESTMENT DRIVERS

- Improved pricing and demand strength drive earnings growth

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Customers continue to demonstrate an appetite to take on inventory around macroeconomic uncertainty
- Additional wafer intensity of HBM further improves overall supply and demand
- Micron's HBM share surpasses expectations

RISKS TO DOWNSIDE

- Pricing can turn quickly; a falter in end demand with inventories elevated could lead to a swift price reduction
- HBM demand falters and competition intensifies, pressuring pricing

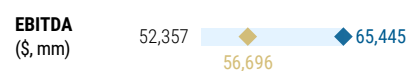
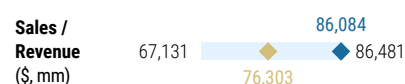
OWNERSHIP POSITIONING

Inst. Owners, % Active	50.4%	<div style="width: 50.4%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Oct 2026e



Source: Refinitiv, Morgan Stanley Research

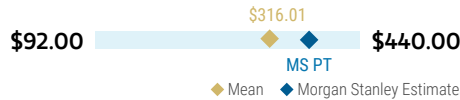
Risk Reward – Western Digital (WDC.O) Top Pick

An Undervalued Special Sit Tied To Once In a Generation Data Center Buildout

PRICE TARGET **\$369.00**

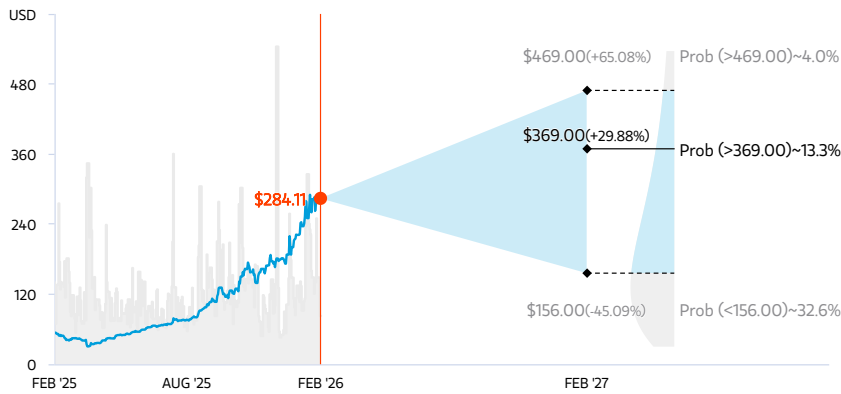
Our PT implies 18.0x CY27 EPS of \$20.50, as we expect earnings upward revisions by the Street with shares trading on par with STX at 4.0x turns above the peak multiples (14.0x) in the previous industry upcycle.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$469.00	BASE CASE	\$369.00	BEAR CASE	\$156.00
------------------	-----------------	------------------	-----------------	------------------	-----------------

19.0x CY27 Bull-case EPS of \$24.70

Cloud storage demand surprises positively, gross margins expand more quickly due to much higher high-capacity mix, and WDC sees a greater AI-driven demand uplift.

Gross margins approaching 60% range in FY27-28. Incremental HDD demand from AI in CY26 is more material than expected. Pricing environment remains healthy into FY27, driving MSD-HSD% Y/Y price per EB growth. HAMR timeline accelerates, with earlier-than-expected qualification completion and volume shipment timing.

18.0x CY27 EPS of \$20.50

GMs approach 50% range and AI drives HDD demand, creating a compelling EPS story in FY26-27. The HDD market remains healthy in CY26, and AI drives a HDD demand uplift in FY26-28. Increase in high-capacity drive mix expand GMs to 50%+ levels, and continued opex discipline supports EPS. Our PT assumes 18.0x - in line with our target multiple for STX - which is 4.0x turns above where STX stock multiples traded up to during the previous HDD industry upcycle in 2021-22.

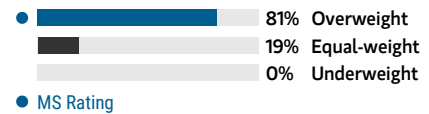
12.0x CY27 Bear-case EPS of \$13.00

HDD growth decelerates, gross margins struggle to further expand, and AI-driven demand doesn't materialize. Our bear case assumes the HDD demand growth turns out to be milder than expected. Despite market share leadership in high-capacity drives, headwinds such as underutilization, production charges, and tariffs keep GM depressed and lead to fixed cost deleverage. Our bear case assumes shares trade at 12.0x on our CY27 bear-case EPS of \$13.00.

OVERWEIGHT THESIS

WDC benefits from accelerating data growth, which drives storage demand in the cloud and on-prem. We believe that the HDD cycle is 'Stronger for Longer' – demand outstrips supply with continued upward pressure in HDD pricing – and entering a period of AI-driven storage demand growth, which will benefit both HDDs and SSDs shipments. While WDC is behind STX in HAMR timeline, we believe WDC will retain its leading HDD revenue and profits market share in the near term with its competitive UltraSMR solutions for high-capacity drives before the industry shifts to wider adoption of HAMR. Accelerated mix shift toward higher-capacity drives lowers cost per TB, supporting continued margin expansion.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: Positive
Pricing Power: Positive
Secular Growth: Positive

View descriptions of Risk Rewards Themes [here](#)

Risk Reward – Western Digital (WDC.O)

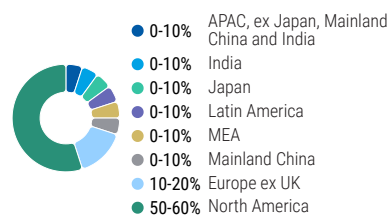
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Revenue Growth (Y/Y) (%)	50.7	31.6	33.4	21.6
HDD Exabyte Growth (Y/Y) (%)	57.8	26.4	26.6	17.7
Nearline HDD Exabyte Growth (Y/Y) (%)	72.2	30.2	29.7	19.4
Non-GAAP Gross Margin (%)	39.4	47.0	55.0	61.2
Non-GAAP Operating Margin (%)	24.4	34.8	45.3	52.8

INVESTMENT DRIVERS

- Positive EPS revisions as cycle strength surprises to upside
- Gross margins approaching mid-50s %
- CSPs qualify on HAMR platform, signaling imminent volume shipments
- Further de-leveraging
- Dividend increase / acceleration of buybacks

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Demand accelerates
- AI drives incremental HDD demand
- Smoother cloud cycles drive multiple expansion
- WDC exhibits more pricing power
- HAMR qualification/volume shipment timeline earlier than expected

RISKS TO DOWNSIDE

- GM doesn't further expand
- Pricing normalizes more than expected
- Geopolitical tensions & tariff impacts
- Competitive pressures & HAMR timeline delays
- Dilution from converts more significant than expected

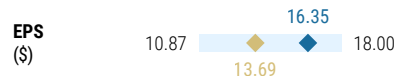
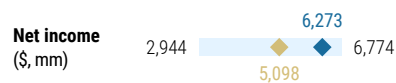
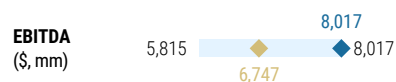
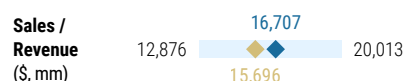
OWNERSHIP POSITIONING

Inst. Owners, % Active	52%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2027e



Source: Refinitiv, Morgan Stanley Research

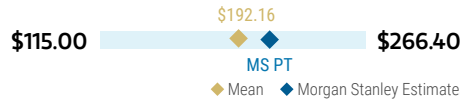
Risk Reward – ServiceNow Inc (NOW.N)

Seeing the Forest For the Trees

PRICE TARGET \$210.00

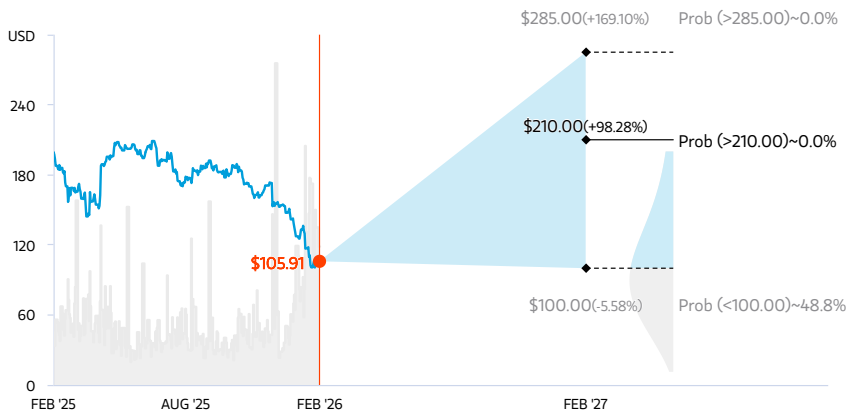
Discount of 24x Base Case CY30e FCF of ~\$12.4B, discounted back at 11.9% WACC, plus \$13 in CY26 net cash per share. 24x multiple supported by 22% 2-yr FCF CAGR in CY28-CY30.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



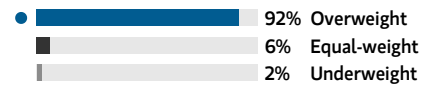
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

ServiceNow's strong network of system integrations and cohesive data fabric position the company well to serve as the go-to workflow automation and agentic orchestration platform. The company has generated 20%+ subscription revenue and free cash flow growth and believe it is well-positioned to achieve a similar growth profile supported by expansion into new workflows and Now Assist/new product adoption.

Consensus Rating Distribution



● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
 Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$285.00

Discount of ~29x Bull Case CY30e FCF of ~\$13.8B

New Markets Take Off. Demand for NOW's core ITSM offering holds strong, demand for non-core IT workflows takes off. Sub Revenue grows '25-'30 at a 21% CAGR, while margins expand to 37% in FY30 from 10% in FY15. NOW trades at 29x our CY30 FCFe of \$13.8B discounted back at 11.9% WACC + \$14 in CY26 net cash/share.

BASE CASE

\$210.00

Discount of ~24x Base Case CY30e FCF of ~\$12.4B

Steady Investment in Expanding Market Oppty With Premier Unit Economics Drives Durable FCF CAGR. NOW delivers solid growth through a combination of success in core ITSM and an increasing revenue contribution from new product areas like Now Assist. Sub Revenue grows '25-'30 at a 19% CAGR, while margins expand to 36% in FY30 from 10% in FY15. NOW trades at 24x our CY30 FCFe of \$12.4B discounted back at 11.9% WACC + \$13 in CY26 net cash/share.

BEAR CASE

\$100.00

Discount of ~11x Bear Case CY30e FCF of ~\$11.9B

TAM Expansion Stalls. NOW continues to see adoption in ITSM, but the revenue generated from new product areas is less than hoped, weighing on forward revenue growth. Sub Revenue grows '25-'30 at a 18% CAGR, while margins expand to 35% in FY30 from 10% in FY15. NOW trades at 11x our CY30 FCFe of \$11.9B discounted back at 11.9% WACC + \$13 in CY26 net cash/share.

Risk Reward – ServiceNow Inc (NOW.N)

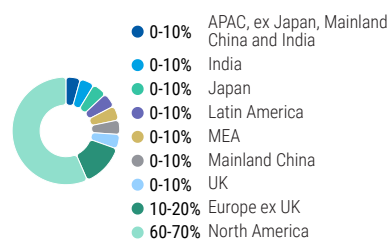
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Con. Duration, CC Subscription Billings YoY Growth (%)	0.0	0.0	0.0	0.0
Subscription Revenue YoY Growth (%)	21.0	20.7	19.3	19.1
Total Revenue YoY Growth (%)	20.9	20.6	19.2	19.0
Operating Margin % (%)	31.2	32.0	33.0	34.0
FCF YoY Growth (%)	34.2	24.3	20.8	20.6

INVESTMENT DRIVERS

- Stable levels of sales productivity with sales headcount growing ~30% annually.
- Growth in ACV in enterprise customers from seat growth + adoption of new use cases.
- Growing share in \$6B TAM for ITSM plus \$54B of additional TAM with newer products.

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Greater than expected share gains in new markets as upsell and cross-sell motion takes hold;
- Superior unit economics drive faster than expected FCF growth;
- Improving traction with Federal Government

RISKS TO DOWNSIDE

- Tougher competition from low-end vendors and SaaS peers;
- Sales productivity may decline as with growth if new markets prove challenging;
- Seat-based pricing proves more difficult amidst GenAI disruption

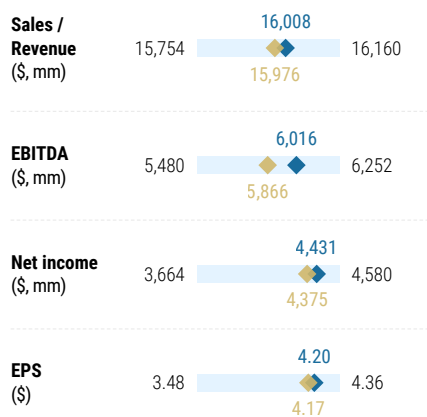
OWNERSHIP POSITIONING

Inst. Owners, % Active	59.9%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Seagate Technology (STX.O)

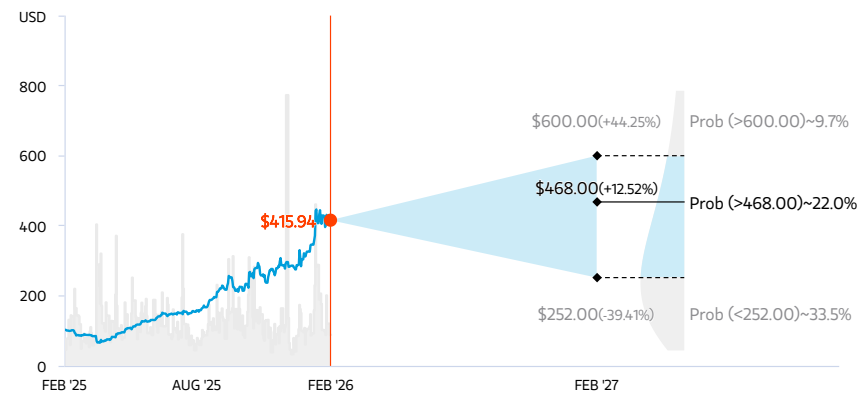
Once in a Generation Data Center Buildout and Tech Leadership Supports OW Rating

PRICE TARGET \$468.00

Our PT implies 18.0x our FY27 EPS of \$26.00, as we expect earnings upward revisions by the Street with shares trading 4.0x turns above the peak multiples in the previous industry upcycle.



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

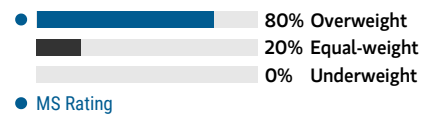


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

STX benefits from accelerating data growth, which drives storage demand in the cloud and on-prem. We believe we are still in the middle of the cycle upturn - where STX share price performs along with EB shipments historically - and entering a period of AI-driven storage demand growth, which will benefit both HDDs and flash shipments. We believe the HDD industry supply discipline has made the industry more profitable, and that HAMR and STX's cost/pricing actions will provide a tailwind to the company's gross margin profile in the long term. Combined with opex discipline, we expect a decent multi-year earnings story ahead. As a result, we are Overweight rated on STX.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: Positive
Pricing Power: Positive
Technology Diffusion: Positive

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$600.00	BASE CASE	\$468.00	BEAR CASE	\$252.00
20.0x FY27 Bull-case EPS of \$30.00		18.0x FY27 EPS of \$26.00		14.0x FY27 Bear-case EPS of \$18.00	
Cloud storage demand surprises positively, gross margins expand more quickly due to HAMR mix, and STX sees a greater AI-driven demand uplift. Cloud demand further accelerates into CY26, and HAMR's launch is successful, putting upward pressure on margins amidst market share gain. Gross margins approaching high-50% levels in FY26-27. STX sees incremental HDD demand from AI in FY26 and it is more material than expected. \$600 represents 20.0x P/E on FY27 bull-case EPS of \$30.00.		Gross margins expand to 50%+ and AI drives HDD demand, creating a compelling EPS story in FY26-28. The HDD market remains healthy in CY26, and AI drives a modest HDD demand uplift in FY26-28. HAMR drives gross margins to 50%+ levels and continued opex discipline, along with share buybacks, supports EPS. Our PT assumes 18.0x FY27 EPS of \$26.00, with STX stock multiples trading 4.0x turns above the peak of previous HDD industry upcycle in 2021-22.		HDD growth decelerates, gross margins struggle to further expand, and AI-driven demand doesn't materialize. HDD demand growth turns out to be milder than expected, keeping gross margins from further expanding. eSSD starts to replace some of the HDD demand in cloud storage environments for cold data, while the HDD industry becomes less irrational and starts expanding capacity, which weigh on valuation multiples. Our bear case assumes shares trade at 14.0x on FY27 bear-case EPS of \$18.00.	

Risk Reward – Seagate Technology (STX.O)

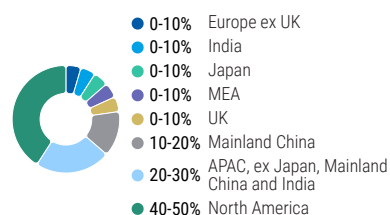
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Revenue Growth (Y/Y) (%)	38.9	27.0	33.0	16.7
HDD Exabyte Growth (Y/Y) (%)	49.5	30.6	26.0	12.8
Capacity Optimized Revenue Growth (Y/Y) (%)	57.4	0.0	0.0	0.0
Non-GAAP Gross Margin (%)	35.8	43.6	55.0	60.9
Non-GAAP Operating Margin (%)	23.4	33.6	47.1	53.7

INVESTMENT DRIVERS

- Positive EPS revisions as cycle strength persists and margins ramp to high-40%
- Stronger for longer cloud capex growth
- New CSP qualifications on HAMR platform
- Management accelerates buybacks

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Demand accelerates
- AI drives incremental HDD demand
- GM expands to 50% range
- Smoother/stronger cloud cycles drive multiple expansion
- STX exhibits more pricing power
- HAMR drives share gains

RISKS TO DOWNSIDE

- Qualifications for high-capacity drives take longer than expected
- Steeper declines from cyclical markets
- GM doesn't further expand
- Pricing normalizes more than expected
- Geopolitical tensions & tariff costs

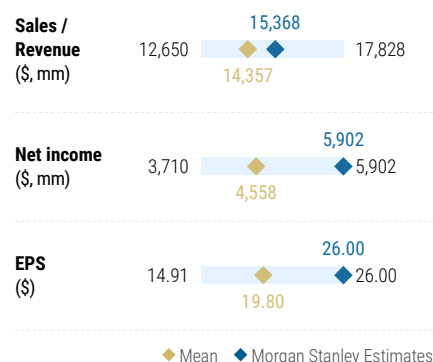
OWNERSHIP POSITIONING

Inst. Owners, % Active	53.6%	<div style="width: 53.6%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1x;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2027e



Source: Refinitiv, Morgan Stanley Research

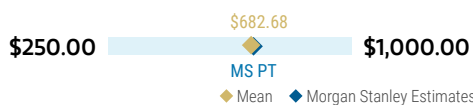
Risk Reward – SanDisk Corporation. (SNDK.O)

NAND improving quickly on the back of accelerating cloud demand

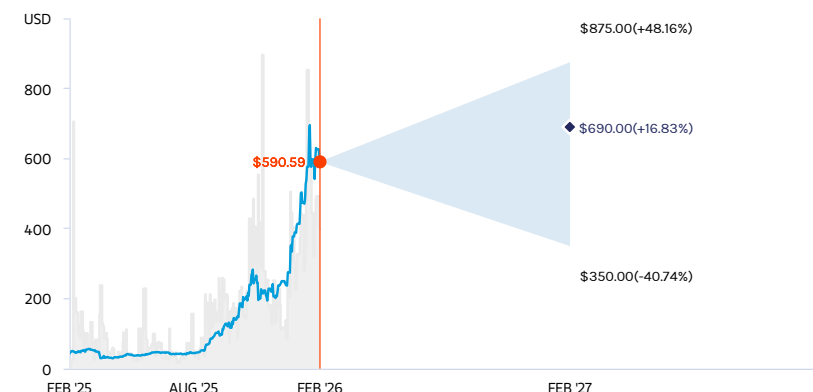
PRICE TARGET \$690.00

We assume 23x through-cycle EPS of \$30.00 (vs. our estimate of the trailing 9-year average of \$6.33). As improving industry dynamics as well as eSSD demand lead to higher levels of profitability than we have seen over the last few years, 23x is a discount to our through-cycle multiple target for MU (25x) as the lower AI exposure is offset by historically higher FCF conversion

Consensus Price Target Distribution



RISK REWARD CHART



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$875.00

25x through-cycle EPS of \$35

Our bull case of \$800 per share represents 25x a higher through-cycle EPS of \$32.00. Here earnings sustain above to prior peak cycles (\$20+ per share) and more like the current environment. As well as with more mild downturns, higher levels of profitability supporting a higher multiple.

BASE CASE

\$690.00

23x through-cycle EPS of \$30.00

Our base case of \$690 is based on 23x through-cycle EPS of \$30.00 (vs our estimate of the trailing 9-year average of \$6.33). As improving industry dynamics as well as eSSD demand lead to higher levels of profitability than we have seen over the last few years, 23x is a discount to our through-cycle multiple target for MU (25x) as the lack of direct AI is offset by historically higher FCF conversion.

BEAR CASE

\$350.00

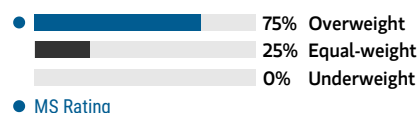
~16x through-cycle EPS of \$22.

We think Sandisk can avoid much of the pain of the last downturn (\$13 per share loss), and with a better upcycle, with the multiple at the low end of the semis group where more capital-intensive cyclical companies tend to trade.

OVERWEIGHT THESIS

AI demand is in the process of transforming the NAND market, and driving peak cycle EPS to multiples of what we have seen in the past. With still minimal new investment in capacity and evolving AI demand drivers we see a long runway for upward revisions.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Risk Reward – SanDisk Corporation. (SNDK.O)

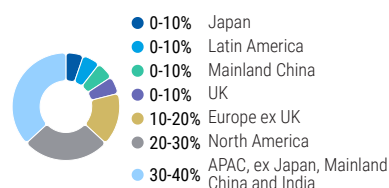
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	7,355	15,499	24,989	24,456
Non-GAAP Gross Margin (%)	30.3	60.2	73.4	70.8
Non-GAAP EPS (\$)	2.74	41.09	82.73	71.92
Inventory (\$, mm)	2,079	1,991	2,182	2,335
DOI	145.5	115.9	117.7	117.5

INVESTMENT DRIVERS

- Improved pricing and demand strength drive earnings growth
- Position in DC SSD market improves

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Higher NAND content growth from edge AI applications
- Quicker eSSD penetration in the datacenter
- Sandisk's investments in advanced memory technologies such as HBF (high Bandwidth Flash) pay dividends

RISKS TO DOWNSIDE

- NAND industry growth disappoints
- Capex growth returns as industry participants invest to gain share
- Sandisk loses market share as they fail to gain traction in datacenter
- China continues to gain share

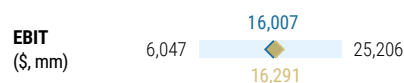
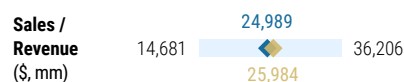
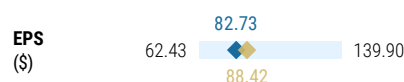
OWNERSHIP POSITIONING

Inst. Owners, % Active	53.7%	<div style="width: 53.7%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1x;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2027e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

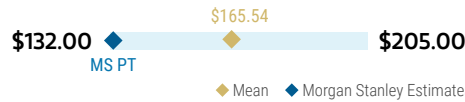
Risk Reward – Qualcomm Inc. (QCOM.O)

Key edge AI enabler, but wide range of outcomes with smartphone share and AI PC

PRICE TARGET \$132.00

We use a 15x MW PE multiple on \$8.77 in CY2027 earnings (includes stock based compensation). This is roughly 11.5x Non-GAAP EPS of \$11.51. This is on the lower end of their historical range, but is appropriate for our expectations of a muted smartphone cycle.

Consensus Price Target Distribution

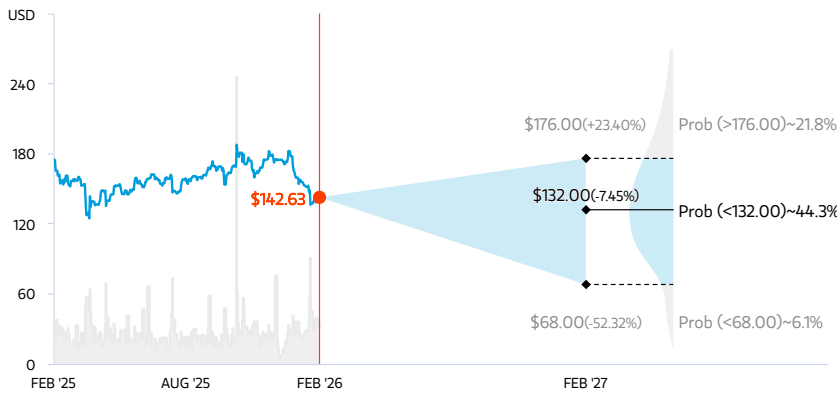


Source: Refinitiv, Morgan Stanley Research

UNDERWEIGHT THESIS

- Handset volumes seem likely to be pressured by severe memory shortage, starting at the low end and becoming more pervasive as the year goes on
- Diversification into automotive has been very strong, but compute and data center initiatives will take time and investment to generate traction
- We see the stock in a holding pattern waiting for the diversification to play out, with modest downward pressure in the interim

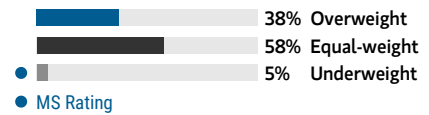
RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE	\$176.00	BASE CASE	\$132.00	BEAR CASE	\$68.00
19X Base Case CY26 MW EPS of \$9.26		15x CY27 MW EPS of \$8.77		12X Bear Case CY26 MW EPS of \$6.17	
Exposure to premium market shields QCOM from most of memory headwinds. Autos, IoT, and Data Center scale quickly to diversify away from the smartphone market.		We are expecting a muted smartphone cycle from memory constraints and valuing QCOM on the low-end of their PE range.		Memory constraints worse than expected, smartphone is pressured even at the high end. Diversification story fails to develop.	

Risk Reward – Qualcomm Inc. (QCOM.O)

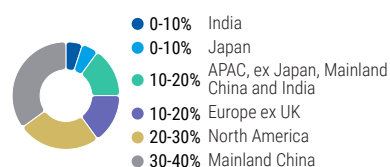
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	44,283	43,528	43,333	45,492
Non-GAAP Gross Margin (%)	55.9	55.2	55.7	56.1
Non-GAAP EPS (\$)	12.05	10.98	10.95	12.26
Inventory (\$, mm)	6,526	6,490	6,535	6,640
DOI (\$)	122.3	121.5	124.2	121.3

INVESTMENT DRIVERS

- Smartphone market growth and Qualcomm's share in chipsets
- Revenue diversification (automotive & IoT) beyond handsets

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Memory constraints ease faster than expected
- Android market is more resilient
- Apple transition is slow
- Non-handset business scales faster than expected

RISKS TO DOWNSIDE

- Smartphone memory headwinds worse than expected
- Apple internal silicon timeline brought forward
- Share loss to competitors
- Diversification story fails to develop

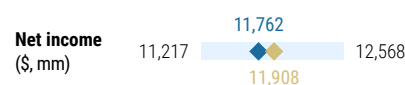
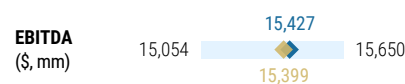
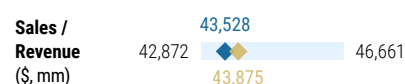
OWNERSHIP POSITIONING

Inst. Owners, % Active	44.3%	<div style="width: 44.3%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1x;"></div>
HF Sector Net Exposure	26.4%	<div style="width: 26.4%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Sep 2026e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

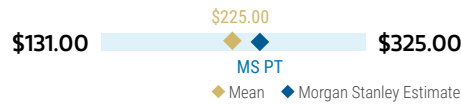
Risk Reward – Palo Alto Networks Inc (PANW.O) Top Pick

Security Platform Consolidator

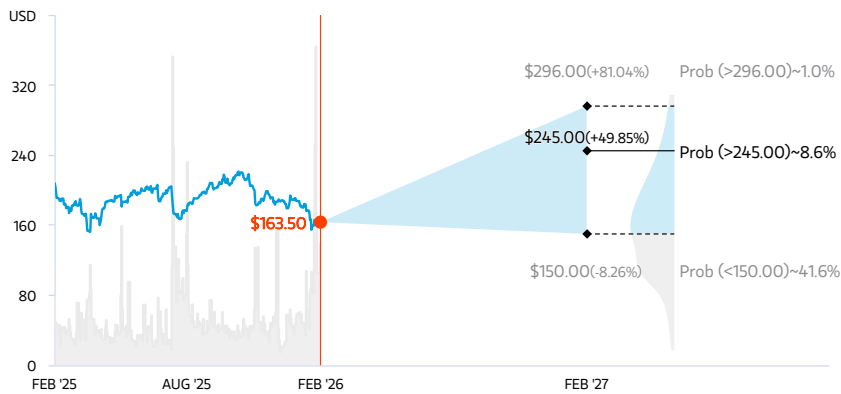
PRICE TARGET **\$245.00**

Based on 32x Base Case 2027e FCF per share of \$6.88; this multiple is relatively in line with similarly growing large cap software peers.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE **\$296.00**

35x Bull Case 2027e FCF per share of \$7.71
Consolidating the Broader Security Market. Total revenue grows at a 16% CAGR over the next 2 years and reaches ~\$13.7B by CY27 on stronger Next-Gen Security sales and firewall refresh. Operating margins move to ~33% by CY27 with FCF margin of >40%. PANW trades at a 35x EV/FCF multiple in CY27.

BASE CASE **\$245.00**

32x Base Case 2027e FCF per share of \$6.88
Sustaining Above Market Growth. PANW sustains mid-teens topline CAGR, with revenue reaching ~\$12.6B by CY27. Operating margins improve to ~32% by CY27 through higher gross margin and S&M leverage and FCF margin is 39%+ in CY27. PANW sustains 32x EV/FCF in CY27, a multiple relatively in line with similarly growing large cap software peers.

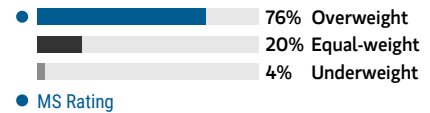
BEAR CASE **\$150.00**

19x Bear Case 2027e FCF per share of \$6.54
Slowing Growth. Prolonged macro slowdown and slower firewall demand persists, while new product traction stalls. Total revenue growth slows with limited operating leverage and duration headwinds driving FCF margin down. PANW trades at 19x EV/FCF on CY27.

OVERWEIGHT THESIS

- Palo Alto Networks offers a disruptive platform, well positioned to address the evolving threat landscape and consolidate a fragmented security market. We believe Palo Alto Networks will continue to differentiate itself from its peers as it proves out a broader TAM around a Next-Gen Security Platform (and executing to that opportunity).
- With strong secular positioning and the drive towards higher operating margins, we remain confident in the company's ability to sustain durable FCF growth over the next 3 years.

Consensus Rating Distribution



Risk Reward Themes

Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Risk Reward – Palo Alto Networks Inc (PANW.O)

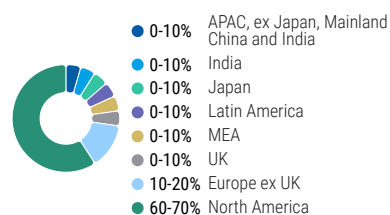
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Product & Licensing Revenue YoY Growth (%)	12.4	12.0	5.0	5.0
Total Billings YoY Growth (%)	2.8	6.4	5.0	5.0
Non Firewall Billings YoY Growth (%)	23.2	22.8	18.6	16.3
Free Cash Flow Margin (%)	37.6	38.5	38.5	20.6

INVESTMENT DRIVERS

- Firewall refresh picks up in 2025/26
- New product introductions and greater subscription attach
- Faster adoption of next-gen security offerings (Prisma Cloud, Prisma SASE, Cortex)

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger firewall refresh cycle and higher subscription attach rates
- Faster uptake of new Cloud-based Next-Gen Security solutions such as Cortex (AI-Powered Security Analytics) and Prisma SASE

RISKS TO DOWNSIDE

- Slowing firewall refreshes could drive a greater than expected impact to PANW's top line growth
- An increasingly competitive environment could necessitate additional S&M spending, limiting margin leverage.

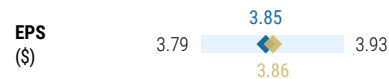
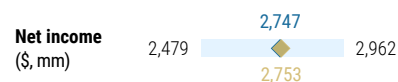
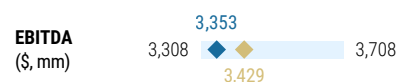
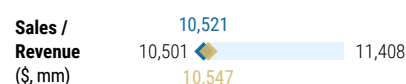
OWNERSHIP POSITIONING

Inst. Owners, % Active	48.7%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jul 2026e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

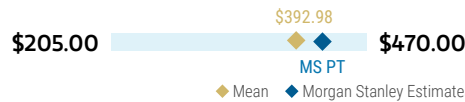
Risk Reward – Applied Materials Inc. (AMAT.O)

DRAM/Leading Logic upside & China/ICAPS derisked

PRICE TARGET \$420.00

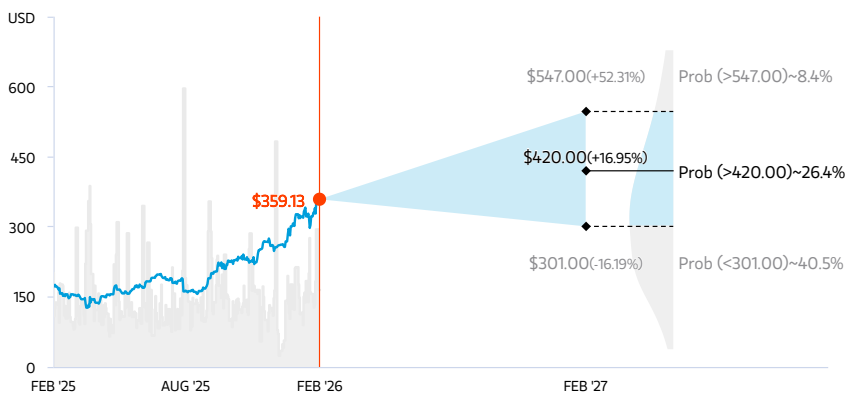
~28x CY27e EPS of \$15.00, a 3-turn discount to LAM and 5-turns to KLA to reflect growth prospects in DRAM but concerns around market share loss in China.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



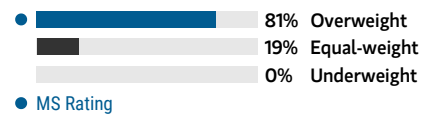
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

- AMAT has the highest DRAM mix in their portfolio (CY26 31% vs LAM 20%, KLA 28%) and is most levered to greenfield wafer additions. AMAT has traded at a material valuation discount vs LAM & KLA given execution and concerns around market share loss in China, but we think the risk reward is skewed to the upside.
- We think China & ICAPS are derisked. Barring a further tightening of China export restrictions, we think the steepest y/y decline is behind us and the outlook is derisked.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$547.00	BASE CASE	\$420.00	BEAR CASE	\$301.00
~32x CY27 EPS of \$17.09		~28x CY27 EPS of \$15.00		~23x CY27 EPS of \$13.08	
DRAM & ICAPS remain strong and AMAT's margin expansion accelerates.		AMAT grows in-line with WFE with DRAM growth slightly offset by China/ICAPS		DRAM WFE remains weak in 2026 and leading edge logic sees headwinds from foundries scaling back their aspirations.	
- Revenue grows 31.4% in CY27 as AMAT outperforms WFE		- Revenue growth of 19.4% in CY27		- Revenue increases 9.9% in CY27 as WFE recovery is subdued.	
- Gross margin expands to 50.7% in CY27		- Non-GAAP gross margin slightly increases to 50.2% in CY27		- Gross margin slightly increases to 49.5% in CY27	
- Multiples expand to 32x PE, as equipment is perceived as a growth sector within semis		- Multiple at a premium to AMAT's historical average		- Multiple contracts to a 23x PE, 1 standard deviation premium to historical levels	

Risk Reward – Applied Materials Inc. (AMAT.O)

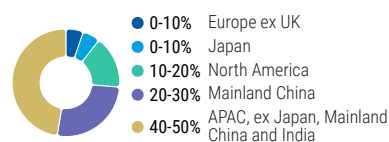
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	28,368	31,367	38,328	42,491
MW Gross Margin (%)	48.8	49.5	50.2	50.3
Non-GAAP EPS (\$)	9.42	11.10	14.30	16.40
Inventory (\$, mm)	5,915	7,216	8,454	9,021
DOI	146.2	163.7	159.2	153.5

INVESTMENT DRIVERS

- DRAM WFE outpaces overall WFE growth
- AMAT capitalizes on logic growth opportunities (GAA, back-side power)

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Market share gains as DRAM outpaces WFE
- AMAT captures market share in logic architecture inflections (backside power)

RISKS TO DOWNSIDE

- Widespread restrictions on equipment shipments and services to China
- AMAT loses market share with key customers (Samsung, TSMC)

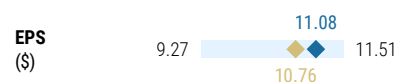
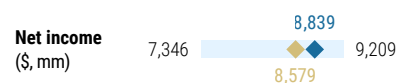
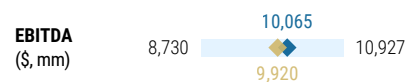
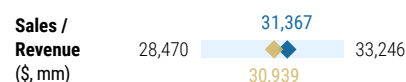
OWNERSHIP POSITIONING

Inst. Owners, % Active	50%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Oct 2026e



Source: Refinitiv, Morgan Stanley Research

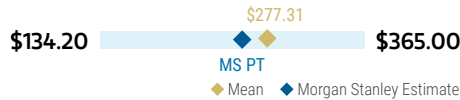
Risk Reward – Advanced Micro Devices (AMD.O)

EW as high AI expectations leave limited room for upside

PRICE TARGET \$255.00

Our \$255 PT for AMD equals ~27x base case FY2027e MWEPS of \$9.46, reflecting further share gains at the expense of Intel, and 43% y/y growth in datacenter (~80% in AI)

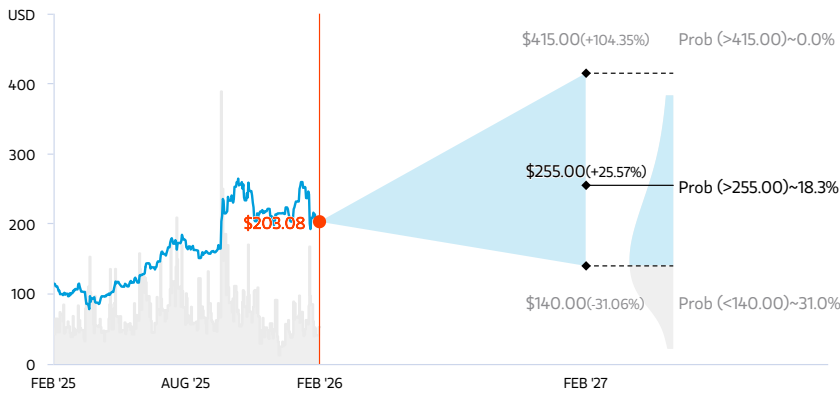
Consensus Price Target Distribution



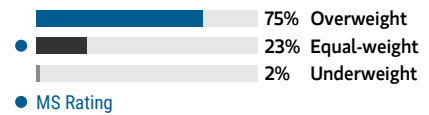
EQUAL-WEIGHT THESIS

We see continued share gains in notebook and server processors in 2026 and 2027 as AMD continues to execute on its product roadmap. AMD's AI story should gain momentum later this year with MI400 products, but performance leadership will be key. An area where AMD will need to prove they can deliver competitive ROI vs incumbents

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Consensus Rating Distribution



Risk Reward Themes

New Data Era: *Positive*
 Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Feb 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE

\$415.00

~37x bull case FY2025e MW EPS of \$10.94

Bull case assumes further execution for AMD. In computing and graphics, AMD continues to gain material market share, while both CPU and GPU markets remain healthier than forecasted. AMD solidifies a #2 position in the datacenter GPU market

BASE CASE

\$255.00

~27x base case FY2027e MW EPS of \$9.46

Further share gains for AMD in server compute and notebook continue to drive growth, further supported by a strengthening AI story

BEAR CASE

\$140.00

~20x bear case FY2027e MW EPS of \$7.00

AMD loses momentum in AI, and Intel shows signs it's beginning to regain its footing in server. The multiple compresses as they are unable to drive meaningful revenues in AI markets beyond one or two customers

Risk Reward – Advanced Micro Devices (AMD.O)

KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue (\$, mm)	34,639	45,430	59,078	77,579
Non-GAAP Gross Margin (%)	52.4	55.4	56.7	56.9
Non-GAAP EPS (\$)	4.23	6.63	10.31	14.99
Inventory (\$, mm)	7,920	12,599	13,449	16,648
DOI	165.3	215.7	184.5	178.2

CATALYST CALENDAR

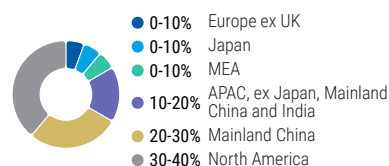
Date	Event
14 May 2026 - 18 May 2026	Advanced Micro Devices Inc Annual Shareholders Meeting

Source: Refinitiv, Morgan Stanley

INVESTMENT DRIVERS

- AMD continues to execute to its product roadmaps, enabling it to gain share on a smaller R&D budget than INTC
- AI ecosystem adoption takes time, and we see AMD's early success as more of a testament to the strength of the overall market thus far

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Datacenter GPU outperforms expectations, closing the gap with Nvidia
- PC and Zen server share gain accelerates; Intel's competitive response is less impressive than expected
- Server refresh drives datacenter revenue above expectations

RISKS TO DOWNSIDE

- Intel's server CPUs in 2027 stifle AMD's momentum and allow it to regain share
- AMD loses graphics share to NVIDIA
- Datacenter GPU underperforms expectations

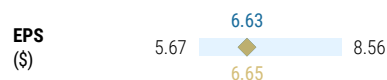
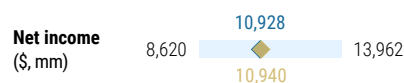
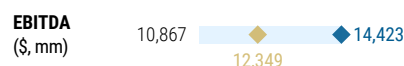
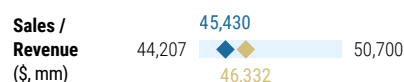
OWNERSHIP POSITIONING

Inst. Owners, % Active	41.4%	
HF Sector Long/Short Ratio	2.1x	
HF Sector Net Exposure	26.4%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Morgan Stanley is acting as financial advisor to Wiz, Inc. (“Wiz”) in connection with its definitive agreement to be acquired by Google LLC, as announced on March 18, 2025. The proposed transaction is subject to customary closing conditions including regulatory approvals. Wiz has agreed to pay fees to Morgan Stanley for its financial services, including fees that are contingent upon the consummation of the transaction. Please refer to the notes at the end of this report

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Risk Reward Reference links

1. View explanation of Options Probabilities methodology - [Options_Probabilities_Exhibit_Link.pdf](#)
2. View descriptions of Risk Rewards Themes - [RR_Themes_Exhibit_Link.pdf](#)
3. View explanation of regional hierarchies - [GEG_Exhibit_Link.pdf](#)
4. View explanation of Theme/Exposure methodology - [ESG_Sustainable_Solutions_External_Link.pdf](#)
5. View explanation of HERS methodology - [ESG_HERS_External_Link.pdf](#)

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(as of January 31, 2026)

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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	1520	41%	425	48%	28%	685	42%
Equal-weight/Hold	1579	43%	375	42%	24%	713	44%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	592	16%	89	10%	15%	232	14%
Total	3,695		890			1631	

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.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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CDW Corporation (CDW.O)	E (01/20/2026)	\$125.15
Cricut Inc (CRCT.O)	U (08/12/2021)	\$4.58
Dell Technologies Inc. (DELL.N)	U (11/16/2025)	\$116.09

Garmin Ltd (GRMN.N)	U (10/07/2024)	\$216.98
GoPro Inc (GPRO.O)	U (12/12/2023)	\$0.81
Hewlett Packard Enterprise (HPE.N)	E (11/16/2025)	\$21.97
HP Inc. (HPQ.N)	U (11/16/2025)	\$18.49
IBM (IBM.N)	E (01/18/2023)	\$258.31
Ingram Micro (INGM.N)	E (06/11/2025)	\$21.41
Kornit Digital Ltd. (KRNT.O)	E (11/06/2025)	\$15.70
Logitech International SA (LOGI.O)	U (01/20/2026)	\$89.94
NetApp Inc (NTAP.O)	U (01/20/2026)	\$101.07
Pure Storage Inc (PSTG.N)	E (06/11/2024)	\$72.69
Resideo Technologies Inc (REZI.N)	O (08/11/2025)	\$36.42
Seagate Technology (STX.O)	O (03/26/2024)	\$415.94
SmartRent, Inc. (SMRT.N)	++	\$1.61
Sonos Inc. (SONO.O)	E (11/06/2025)	\$15.60
TD Synnex Corporation (SNX.N)	O (06/11/2025)	\$159.86
Teradata (TDC.N)	O (04/08/2025)	\$32.60
Western Digital (WDC.O)	O (04/16/2025)	\$284.11
Xerox Corp (XRX.O)		\$2.04

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Nutanix Inc (NTNX.O)	E (01/12/2026)	\$40.95
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INDUSTRY COVERAGE: Telecom & Networking Equipment

COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/17/2026)
Meta A Marshall		
Arista Networks (ANET.N)	O (10/31/2023)	\$142.58
Axon Enterprise Inc (AXON.O)	O (12/03/2024)	\$431.94
Ciena Corporation (CIEN.N)	E (10/10/2025)	\$302.33
Cisco Systems Inc (CSCO.O)	O (04/08/2024)	\$76.85
Coherent Corp (COHR.N)	E (12/13/2023)	\$219.96
Corning Inc (GLW.N)	E (06/13/2024)	\$130.52
F5 Inc (FFIV.O)	E (04/12/2022)	\$270.58
Keysight Technologies Inc (KEYS.N)	E (10/10/2025)	\$234.39
Lumentum Holdings Inc (LITE.O)	E (05/12/2021)	\$600.42
Motorola Solutions Inc (MSI.N)	O (12/17/2025)	\$457.76
Zebra Technologies Corporation (ZBRA.O)	E (12/02/2024)	\$260.76

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INDUSTRY COVERAGE: Semiconductor Capital Equipment

COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/17/2026)
Shane Brett		
Applied Materials Inc. (AMAT.O)	O (09/22/2025)	\$359.13
Camtek (CAMT.O)	E (12/01/2025)	\$157.00
KLA Corp (KLAC.O)	O (01/15/2026)	\$1,470.19
Lam Research Corp (LRCX.O)	E (09/22/2025)	\$235.58
MKS Inc. (MKSI.O)	O (08/04/2024)	\$262.94
Nova Ltd (NVMI.O)	E (12/01/2025)	\$442.31
Teradyne Inc (TER.O)	E (07/30/2025)	\$305.53

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INDUSTRY COVERAGE: Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/17/2026)
Joseph Moore		
Advanced Micro Devices (AMD.O)	E (06/09/2024)	\$203.08
Aeva Technologies Inc (AEVA.O)	E (07/19/2021)	\$12.90
Allegro Microsystems Inc (ALGM.O)	O (02/13/2026)	\$41.69
Ambarella Inc (AMBA.O)	O (03/29/2016)	\$65.79
Amkor Technology Inc (AMKR.O)	E (11/08/2023)	\$46.84
Analog Devices Inc. (ADI.O)	O (11/16/2023)	\$337.51
Astera Labs Inc (ALAB.O)	O (05/11/2025)	\$123.69
Broadcom Inc. (AVGO.O)	O (06/09/2024)	\$332.54
GlobalFoundries Inc (GFS.O)	E (10/28/2024)	\$48.22
Intel Corporation (INTC.O)	E (02/22/2023)	\$46.18
IonQ Inc (IONQ.N)	E (04/25/2023)	\$33.18
Marvell Technology Group Ltd (MRVL.O)	E (09/14/2015)	\$79.01
Microchip Technology Inc. (MCHP.O)	E (07/10/2024)	\$78.94
Micron Technology Inc. (MU.O)	O (10/06/2025)	\$399.78
Navitas Semiconductor Corp (NVTS.O)	U (04/06/2025)	\$8.22
NVIDIA Corp. (NVDA.O)	O (03/16/2023)	\$184.97
NXP Semiconductor NV (NXPI.O)	O (02/11/2025)	\$245.09
ON Semiconductor Corp. (ON.O)	E (05/11/2025)	\$71.96
Qorvo Inc (QRVO.O)	E (10/28/2025)	\$84.29
Qualcomm Inc. (QCOM.O)	U (02/10/2026)	\$142.63
SanDisk Corporation. (SNDK.O)	O (03/03/2025)	\$590.59
Semtech Corp. (SMTC.O)	E (04/06/2025)	\$87.66
Silicon Laboratories Inc. (SLAB.O)	E (01/19/2021)	\$205.69
Skyworks Solutions Inc (SWKS.O)	E (11/28/2018)	\$62.16
Texas Instruments (TXN.O)	U (04/13/2020)	\$225.69
Wolfspeed, INC (WOLF.N)	NR (04/06/2025)	\$19.12
Lee Simpson		
Arm Holdings plc (ARM.O)	O (07/19/2024)	\$126.89
Cadence Design Systems Inc (CDNS.O)	O (02/14/2024)	\$283.46
Synopsys Inc. (SNPS.O)	O (11/10/2023)	\$421.95

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INDUSTRY COVERAGE: Software

COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/17/2026)
Chris Quintero		
BILL Holdings Inc (BILL.N)	E (06/10/2025)	\$45.12
Blackline Inc (BL.O)	O (09/29/2024)	\$37.34
Descartes Systems Group Inc (DSGX.O)	O (01/15/2026)	\$65.22
Manhattan Associates Inc. (MANH.O)	E (10/21/2025)	\$141.63
Navan Inc (NAVN.O)	O (11/24/2025)	\$9.97
OneStream Inc (OS.O)	E (01/06/2026)	\$23.39
SPS Commerce Inc (SPSC.O)	E (11/11/2025)	\$60.06
Vertex Inc. (VERX.O)	O (01/17/2024)	\$12.34
Elizabeth Porter, CFA		
Amplitude Inc. (AMPL.O)	O (01/15/2026)	\$6.34
Autodesk (ADSK.O)	O (08/23/2024)	\$225.32
Figma Inc (FIG.N)	E (08/25/2025)	\$23.10
Five9 Inc (FIVN.O)	E (10/10/2022)	\$16.33
Freshworks Inc (FRSH.O)	E (10/18/2021)	\$7.29

GoDaddy Inc (GDDY.N)	E (07/19/2021)	\$91.20
HubSpot, Inc. (HUBS.N)	O (03/21/2023)	\$247.31
Klaviyo, Inc (KVYO.N)	O (09/19/2025)	\$17.77
LegalZoom.com Inc (LZ.O)	U (07/28/2022)	\$6.86
Liveramp Holdings Inc (RAMP.N)	E (01/13/2025)	\$24.55
NICE Ltd. (NICE.O)	O (10/16/2023)	\$95.31
RingCentral Inc (RNG.N)	E (08/08/2023)	\$29.00
Semrush Holdings Inc -A (SEMR.N)	E (08/05/2025)	\$11.81
Sprinklr Inc (CXM.N)	E (07/19/2021)	\$5.57
Sprout Social Inc (SPT.O)	E (11/17/2020)	\$6.99
Twilio Inc (TWLO.N)	O (02/24/2025)	\$108.49
Wix.Com Ltd (WIX.O)	O (01/13/2025)	\$68.07
Zeta Global Holdings Corp (ZETA.N)	E (08/01/2024)	\$15.31
ZoomInfo Technologies Inc (GTM.O)	E (02/01/2024)	\$6.49
Josh Baer, CFA		
Asana Inc (ASAN.N)	U (05/20/2025)	\$7.36
Box Inc (BOX.N)	E (05/21/2024)	\$22.68
CCC Intelligent Solutions Holdings Inc (CCC.O)	O (11/13/2024)	\$5.04
Commerce.com Inc. (CMRC.O)	U (01/20/2026)	\$2.91
Coursera, Inc. (COUR.N)	++	\$6.13
DigitalOcean Holdings Inc (DOCN.N)	O (01/16/2025)	\$67.66
Docebo Inc. (DCBO.O)	E (05/12/2025)	\$18.80
DocuSign Inc (DOCU.O)	E (01/16/2024)	\$45.21
Lightspeed POS Inc. (LSPD.N)	E (02/18/2021)	\$9.10
monday.com Ltd (MNDY.O)	O (08/12/2025)	\$74.34
Nebius Group NV (NBIS.O)	E (01/15/2026)	\$97.52
Sabre Corp (SABR.O)	E (03/16/2021)	\$0.94
ServiceTitan Inc (TTAN.O)	O (01/20/2026)	\$61.00
Toast, Inc. (TOST.N)	O (12/16/2021)	\$27.66
Udemy Inc (UDMY.O)	++	\$4.85
Via Transportation Inc (VIA.N)	O (01/20/2026)	\$16.78
Zoom Communications (ZM.O)	E (10/11/2022)	\$88.65
Keith Weiss, CFA		
Adobe Inc. (ADBE.O)	E (09/24/2025)	\$260.45
Atlassian Corporation PLC (TEAM.O)	O (01/13/2020)	\$82.15
Cloudflare Inc (NET.N)	O (12/02/2024)	\$193.68
CoreWeave (CRWV.O)	E (04/22/2025)	\$91.00
Intuit (INTU.O)	O (02/26/2025)	\$379.17
Microsoft (MSFT.O)	O (01/13/2016)	\$396.86
Oracle Corporation (ORCL.N)	E (01/15/2019)	\$153.97
Salesforce, Inc. (CRM.N)	O (12/21/2023)	\$184.29
Samsara Inc (IOT.N)	E (03/23/2023)	\$26.16
ServiceNow Inc (NOW.N)	O (09/24/2025)	\$105.91
Shopify Inc (SHOP.O)	O (04/19/2024)	\$113.54
Workday Inc (WDAY.O)	E (02/19/2025)	\$143.12
Meta A Marshall		
Check Point Software Technologies Ltd. (CHKP.O)	E (10/16/2023)	\$165.02
CrowdStrike Holdings Inc (CRWD.O)	E (07/14/2025)	\$414.29
Fortinet Inc. (FTNT.O)	U (09/02/2025)	\$81.69
Gen Digital Inc. (GEN.O)	E (06/07/2024)	\$22.81
Netskope, Inc. (NTSK.O)	O (10/13/2025)	\$11.32
Okta, Inc. (OKTA.O)	O (12/02/2024)	\$82.46
Palo Alto Networks Inc (PANW.O)	O (10/10/2017)	\$163.50
Qualys Inc (QLYS.O)	U (02/09/2021)	\$103.91
Rapid7 Inc (RPD.O)	E (08/11/2015)	\$7.07

SailPoint Inc (SAIL.O)	O (09/02/2025)	\$15.65
SentinelOne, Inc. (S.N)	E (12/02/2024)	\$13.40
Tenable Holdings Inc (TENB.O)	E (12/02/2024)	\$22.10
Varonis Systems, Inc. (VRNS.O)	E (01/26/2026)	\$25.32
Zscaler Inc (ZS.O)	O (09/02/2025)	\$172.59

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Akamai Technologies, Inc. (AKAM.O)	O (01/12/2026)	\$108.42
Appian Corp (APPN.O)	O (01/12/2026)	\$23.04
C3.ai (AI.N)	U (01/04/2021)	\$10.40
Confluent, Inc. (CFLT.O)	++	\$30.70
Datadog, Inc. (DDOG.O)	O (01/12/2026)	\$122.56
Dynatrace Inc (DT.N)	E (02/13/2024)	\$36.63
Elastic NV (ESTC.N)	O (12/16/2024)	\$60.44
GitLab Inc (GTLB.O)	E (01/12/2026)	\$28.42
JFrog Ltd. (FROG.O)	O (12/21/2023)	\$47.57
MongoDB Inc (MDB.O)	O (04/12/2023)	\$354.36
PagerDuty, Inc. (PD.N)	E (01/24/2024)	\$6.86
Palantir Technologies Inc. (PLTR.O)	E (02/04/2025)	\$133.02
Snowflake Inc. (SNOW.N)	O (06/24/2025)	\$177.10
UiPath Inc (PATH.N)	E (09/07/2022)	\$10.94

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INDUSTRY COVERAGE: Internet

COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/17/2026)
Brian Nowak, CFA		
Airbnb Inc (ABNB.O)	U (12/06/2022)	\$124.23
Alphabet Inc. (GOOGL.O)	O (08/11/2015)	\$302.02
Amazon.com Inc (AMZN.O)	O (04/24/2015)	\$201.15
Booking Holdings Inc (BKNG.O)	E (01/09/2019)	\$4,140.15
DoorDash Inc (DASH.O)	O (02/21/2024)	\$162.34
Expedia Inc. (EXPE.O)	E (01/09/2019)	\$200.42
Instacart (CART.O)	E (01/29/2024)	\$36.72
Lyft Inc (LYFT.O)	E (10/24/2019)	\$13.30
Meta Platforms Inc (META.O)	O (03/20/2023)	\$639.29
Pinterest Inc (PINS.N)	O (07/20/2025)	\$15.51
Reddit Inc (RDDT.N)	O (12/08/2024)	\$139.23
Snap Inc. (SNAP.N)	E (07/22/2024)	\$4.73
Uber Technologies Inc (UBER.N)	O (06/04/2019)	\$70.53
Matthew Cost		
AppLovin Corp (APP.O)	O (04/10/2025)	\$376.38
Compass, Inc. (COMP.N)	E (01/12/2026)	\$10.10
Criteo SA (CRTO.O)	E (01/26/2016)	\$17.05
DoubleVerify Holdings Inc (DV.N)	E (06/25/2024)	\$9.32
Electronic Arts Inc (EA.O)	E (08/04/2021)	\$199.53
MNTN Inc (MNTN.N)	E (06/16/2025)	\$10.39
Opendoor Technologies Inc (OPEN.O)	E (07/24/2023)	\$4.33
Playtika Holding Corp (PLTK.O)	E (11/27/2022)	\$3.41
Roblox Corporation (RBLX.N)	O (11/04/2024)	\$63.00
Shutterstock Inc (SSTK.N)	E (07/28/2022)	\$15.21
Take-Two Interactive Software (TTWO.O)	O (02/01/2018)	\$193.87
Trade Desk Inc (TTD.O)	E (09/10/2025)	\$25.26
Unity Software Inc (U.N)	O (09/02/2024)	\$18.36
Webtoon Entertainment Inc (WBTN.O)	E (07/22/2024)	\$11.13

Yelp Inc (YELP.N)	U (01/10/2019)	\$20.68
Zillow Group Inc (Z.O)	E (04/18/2018)	\$43.97
Nathan Feather		
Bumble Inc. (BMBL.O)	E (03/08/2021)	\$2.74
Chewy Inc (CHWY.N)	O (10/31/2023)	\$23.80
Duolingo Inc (DUOL.O)	O (04/23/2025)	\$112.08
eBay Inc (EBAY.O)	O (04/18/2024)	\$79.95
Etsy Inc (ETSY.N)	E (07/20/2025)	\$44.36
FIGS, Inc. (FIGS.N)	E (02/29/2024)	\$10.25
Match Group Inc (MTCH.O)	E (04/18/2024)	\$30.18
Peloton Interactive, Inc. (PTON.O)	E (03/14/2022)	\$4.19
Revolve Group Inc (RVLV.N)	E (10/20/2024)	\$24.63
WW International Inc (WW.O)	E (08/01/2025)	\$22.06

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