Weekly Highlights

A weekly summary of stock ideas and developments in the companies we cover.

Nov. 2-6, 2026

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Read the Full Report: Eli Lilly's Exemplary Capital Allocation Is Building on GLP-1 Success

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Corrections and Clarifications
Correction issued Nov. 13, 2026



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Eli Lilly's Exemplary Capital Allocation Is Building on GLP-1 Success

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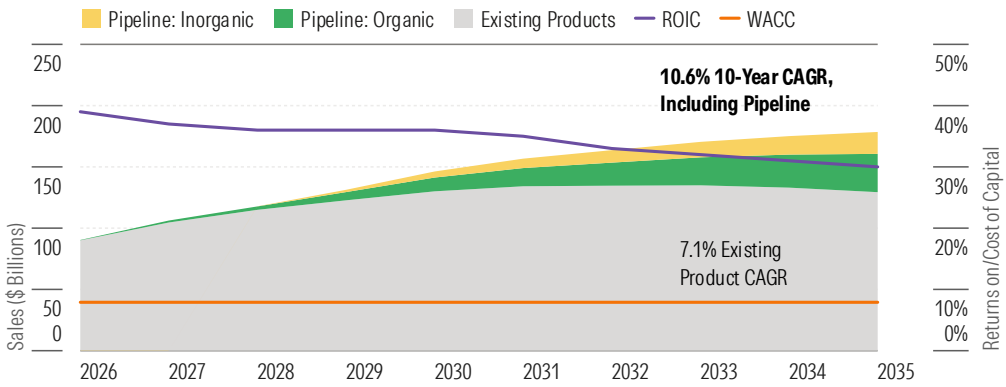
As the first pharmaceutical firm with a market capitalization above $1 trillion, Eli Lilly has transitioned from one of the smaller Big Pharma companies known for its insulin business into the dominant, wide-moat business in the industry. Our assessment of Lilly's sound balance sheet, exceptional investments, and appropriate distributions results in an Exemplary Morningstar Capital Allocation Rating and positions the company as a key holding in the Morningstar US Capital Allocation Leaders Index.

Faced with the enviable problem of deciding where to invest the billions of dollars in annual cash flows from tirzepatide (Mounjaro/Zepbound), Lilly is taking calculated risks and using time as an asset. By diversifying into therapeutic areas outside its cardiometabolic stronghold and making a variety of bets at different stages of development and risk levels, Lilly is seeking to soften long-term exposure to obesity market competition and tirzepatide's patent expiration. It is also building on potential adjacent benefits to drugs like tirzepatide, which could serve as a foundation for a consumer-focused platform.

Key Takeaways

- Despite a wave of acquisitions in 2026, Lilly's balance sheet still appears sound, and the firm's track record of internal and external investments to support its pipeline has been exceptional. Given its growth profile and further opportunities, we think its distributions look appropriate.
- The shares trade at a premium to our $980 fair value estimate, but we are watching for potential buying opportunities if short-term risks arise and are ready to adjust our pipeline valuation for new data.

Exhibit 1 Exceptional Investments Support Growth and ROICs Well Above WACC Despite GLP-1 Competition



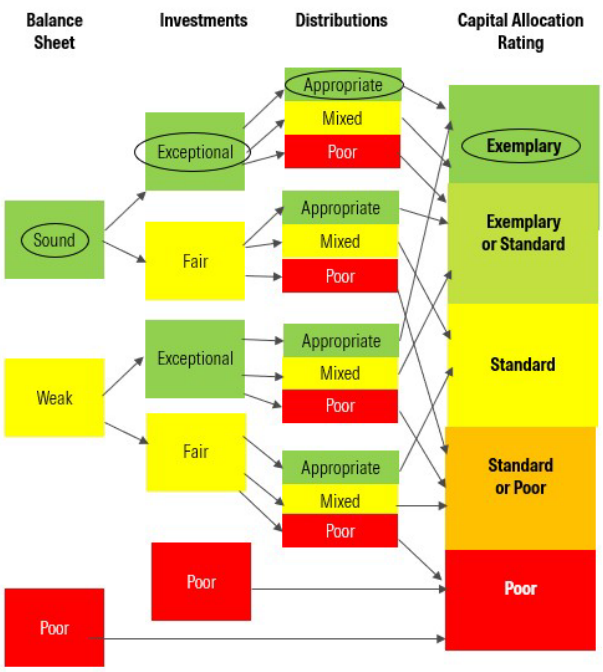
Source: Morningstar. Data as of Oct. 15, 2026.

Lilly's Smart Track Record of Investment Is Foundation of Exemplary Rating

Our Exemplary Morningstar Capital Allocation Rating for Lilly reflects our belief that the company possesses a sound balance sheet, an exceptional record and outlook on the investment front, and appropriate shareholder distributions.

Exhibit 2 Lilly's Exemplary Capital Allocation Rating: Scoring Methodology

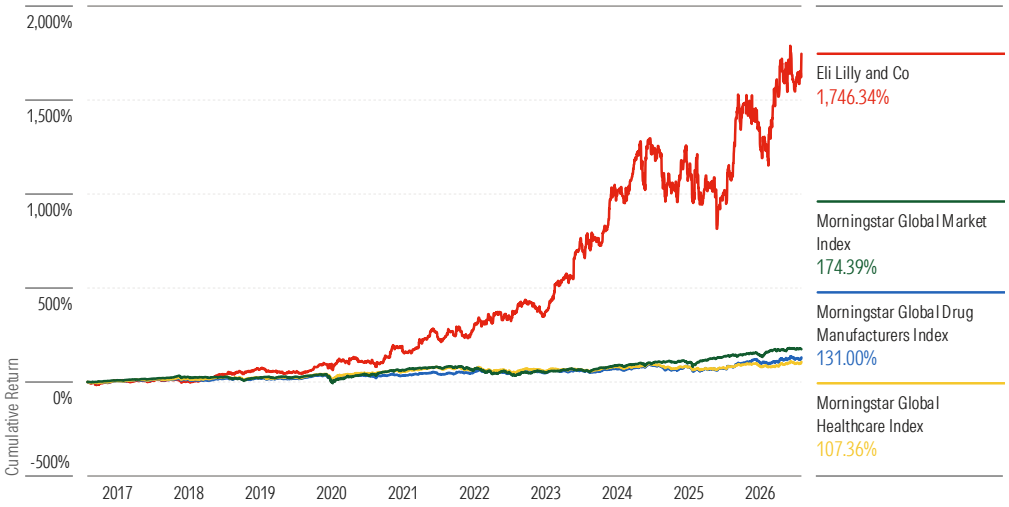
Balance Sheet	**Sound**
Revenue Cyclicality	Low
Operating Leverage	Low
Unleveraged Business Risk	**Low**
Net Debt/EBITDA	<1 - Very Low
Debt Maturities	<25% - Very Low
Net Debt / Enterprise Value	<25% - Very Low
Balance Sheet Risk	**Low**
Investments	**Exceptional**
Strategy	Positive
Price	Positive
Execution	Positive
Underinvestment	Neutral
Shareholder Distributions	**Appropriate**
Amount	About Right
Share Repurchases	Neutral
Initial rating	**Exemplary**
Deciding Factor	Investments
Capital Allocation Rating	**Exemplary**



Source: Morningstar. Data as of Oct. 15, 2026.

The firm has also generated undeniable value for shareholders, as shown in Exhibit 3. Market returns for Lilly shareholders are impressive against any of the comparators we found, including returns for the pharma industry, the healthcare sector, and the global market.

Exhibit 3 Eli Lilly's 10-Year Market Returns Impressively Outpace Pharma, Healthcare, and Global Market



Source: Morningstar Direct. Data as of Oct. 15, 2026. Eli Lilly's market return and index price returns both exclude dividends.

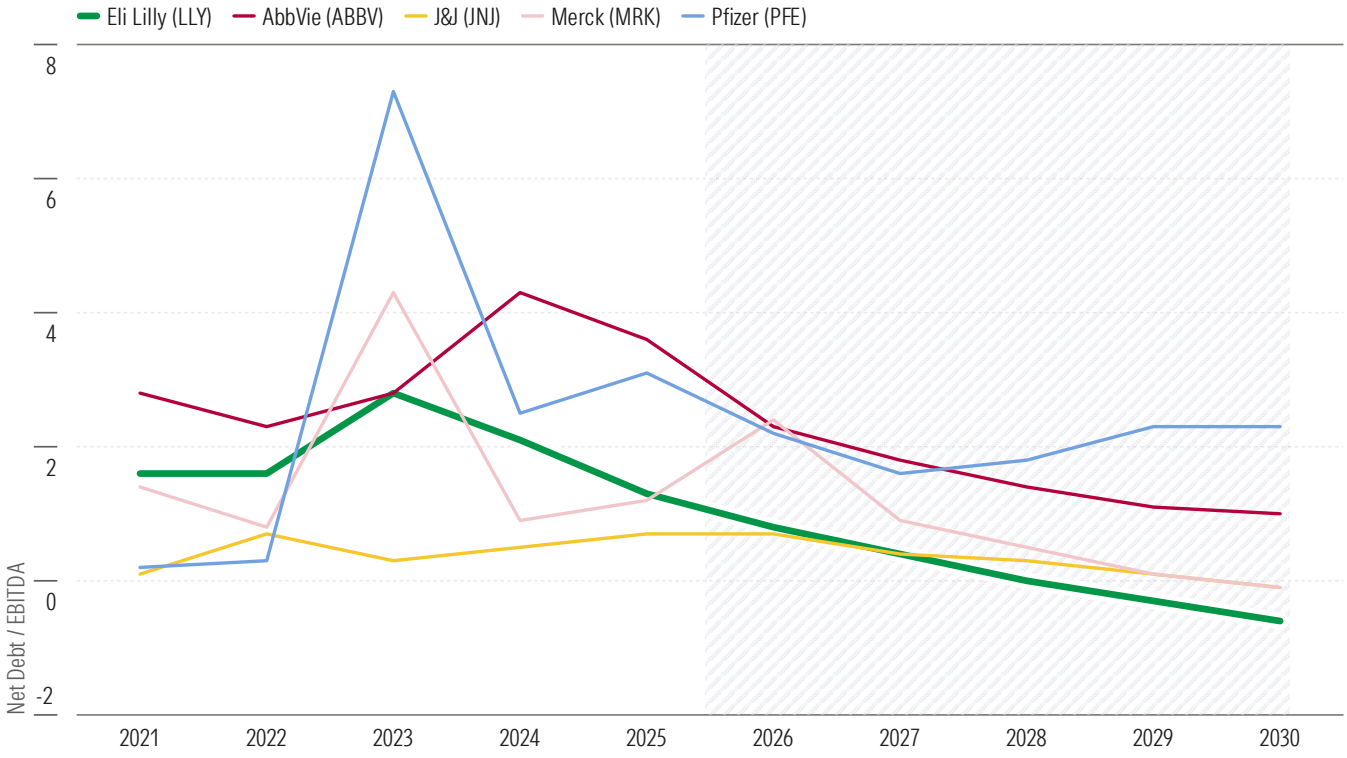
Pillar 1: Balance Sheet Health

Lilly's Balance Sheet Remains Sound Despite Added Debt

We believe Eli Lilly has a sound balance sheet with low levels of risk related to the size of the debt carried, business cyclicality facing the firm, and the debt maturity schedule. An argument could be made for increasing leverage to be more aggressive on the investment front. However, we believe Lilly, along with most firms in the large-cap biopharma industry, should protect balance sheet strength to enable opportunistic acquisitions as dynamic scientific data emerges that might require relatively quick investment action. Also, a strong balance sheet can help a biopharma company navigate product litigation challenges without triggering investor concern.

As shown in Exhibit 4, Lilly's net debt/EBITDA has rarely exceeded 2 times this decade, except in 2023, when the firm was funding a massive expansion of its manufacturing capacity as well as bolt-on acquisitions. This 2.8 times peak is still well below the peaks for US pharma peers AbbVie, Merck, and Pfizer, exceeding only Johnson & Johnson. In our forecast, we assume all of these firms (except narrow-moat Pfizer, a more growth-challenged, acquisition-driven firm) will move to or remain below 2 times through the end of the decade, as profit growth counters any debt issuance. Also, given its strong equity performance, Lilly has plenty of cushion beneath its debt in its capital structure, suggesting that debt refinancing or even new debt issuance should not be a concern.

Exhibit 4 Lilly's Debt Levels Remain Reasonable Despite Funding Manufacturing and Acquisitions



Source: Morningstar projections 2026-30, company reports through 2025.

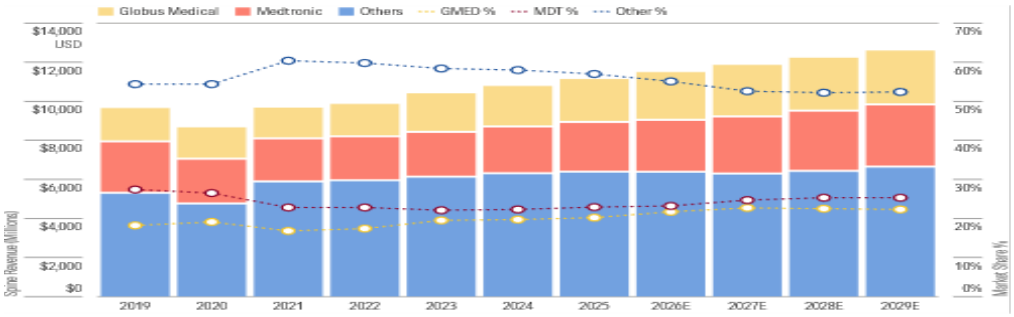
In the Spine Market, New Enabling Technologies Are the Real Stars

Read the Full Report: In the Spine Market, New Emerging Technologies Are the Real Stars

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The spine device market is well past its double-digit growth phase (fueled by the introduction of bone morphogenetic compounds, expandable cages, and new minimally invasive surgical techniques in the early 2000s) and has settled into low-single-digit annual gains. Notably, spine surgery still has room for improvement, with historically spotty patient outcomes and relatively high patient dissatisfaction compared with large-joint replacement. We think this creates opportunities for innovation, and we estimate the global spine market could reach $13 billion by 2030. We anticipate the latest round of innovation, focused on enabling technologies such as intraoperative imaging, navigation, and robotic platforms, will widen the competitive gap between Medtronic and Globus Medical, both of which offer comprehensive enabling ecosystems, and the rest of the field, which comprises much smaller, peripheral rivals

Exhibit 1 Globus Medical and Medtronic Share of Spine Market

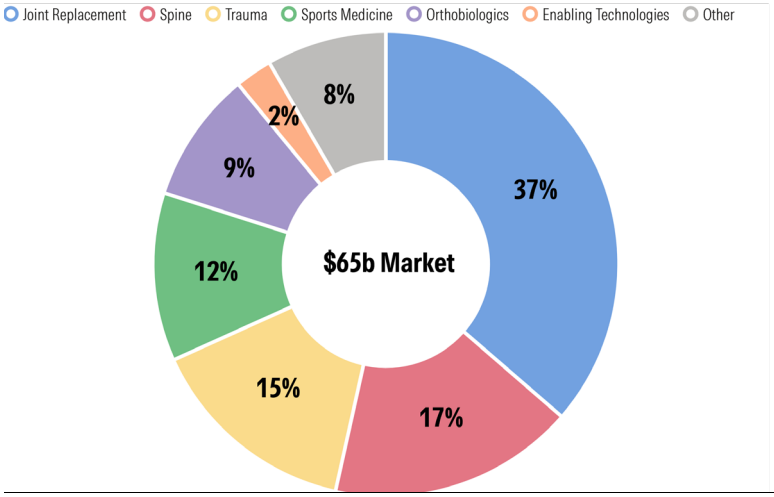


Source: Orthoworld. Data as of Dec. 31, 2025. Note: earlier years for Globus Medical include NuVasive revenue prior to their merger. Medtronic's fiscal year does not fully overlap with Globus Medical's calendar year.

Spine Robots Have Stabilized Spine Implant Market, but Enablement Systems Are the Real Star

As orthopedic robots have driven widespread adoption in large joint replacement, spine robots have recently become a growth driver for the spinal device market—another segment of the larger orthopedic market that includes hip and knee reconstruction, trauma, and sports medicine. However, we think the spine device market's days of double-digit growth are more than a decade old, and we don't think advances in spine robots will be enough to return the market to that level of robust growth.

Exhibit 2 Spine Remains Second-Largest Share of Orthopedic Market



Source: Orthoworld. Data as of Dec. 31, 2025.

Nonetheless, spine remains the second-largest market within orthopedics, after joint replacement, which means it remains consequential within the larger category.

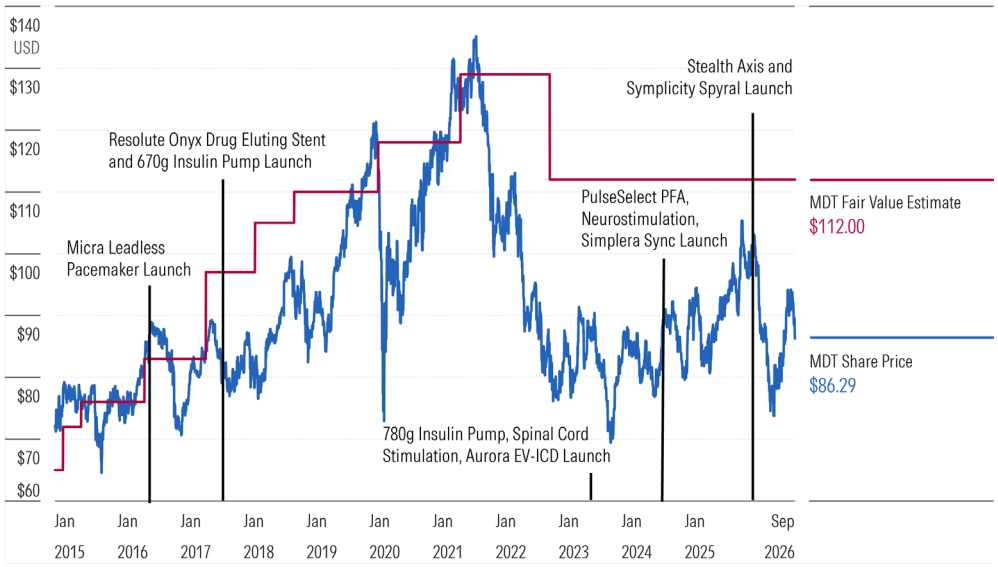
Medtronic Snapshot

We will focus on Medtronic and Globus Medical, as these two competitors dominate the spine robot market. Both Zimmer Biomet and Stryker have recently sold their spine implant businesses to focus on large joints and extremities. Their main exposure to the spine market is now generally limited to adapting their Rosa and Mako joint replacement robots for new spinal applications. As a result, these key competitors in hips and knees have a small presence in the spine market, and their spinal businesses do not materially drive growth.

Nonetheless, we think Medtronic will likely expand its spine footprint in fiscal 2027 and 2028 as it rolls out its Stealth Axis robot alongside its extensive installed base of Mazor spine robots. Medtronic offers a wide range of spine hardware, including pedicle screws, rods, and interbody cages. According to Orthoworld, Medtronic is the largest spine competitor with approximately 23% global market share in 2025.

We peg our fair value estimate for Medtronic at $112 per share. For spine specifically, we expect the integrated Stealth Axis system and pull-through of its associated spine devices to support 5% average annual cranial/spinal growth from fiscal 2027 through 2031. We project the strongest growth in 2027 and 2028 as customers adopt the Stealth Axis platform, and then moderating in the 3% to 4% range in subsequent years. However, our valuation relies more heavily on high single-digit growth in electrophysiology (especially PFA) and peripheral vascular (driven by Symplicity Spryal). Given Medtronic's steady profitability, we expect the firm to improve operating margin by 220 basis points by 2032, primarily through the spinoff of MiniMed—its lower-margin diabetes business—and secondarily through portfolio simplification and supply-chain initiatives.

Exhibit 3 Medtronic Price History



Source: Morningstar Direct. Data as of Sept. 30, 2026.

Globus Medical Snapshot

Within the larger medical device coverage, spine pure-play Globus Medical is David to Medtronic's Goliath. However, in the spine device niche, Globus has given Medtronic a run for its money and is a strong number two in the segment, with a 20% global share, according to Orthoworld. In our view, Globus could overtake Medtronic in spine over time.

While narrow-moat Globus began by specializing in spinal hardware; the firm more recently bulked up its portfolio by acquiring spine rival NuVasive and Nevro's neuromodulation business, which is in the adjacent niche of spinal cord stimulation. This means Globus can now offer its ExcelsiusGPS robot, spine implants, and navigation and imaging platforms. In particular, NuVasive came with differentiated navigation capabilities that work with proprietary nerve monitoring for surgeons. Globus' internal innovation and the recent acquisitions have allowed the firm to break out of the fragmented spine device market and become a serious and sizable competitor.

We recently initiated coverage on Globus with a fair value estimate of $89 per share and a narrow economic moat reflecting the firm's intangible assets and switching costs. We project Globus can increase revenue by 5% annually through 2035, driven by its enabling technologies platform, associated product pull-through, and expansion into international markets

Our Pfizer Pipeline Perspective Is Incrementally Positive

Read the Full Report: Pfizer Earnings: Our Pipeline View Is Incrementally Positive, Maintaining Fair Value Estimate

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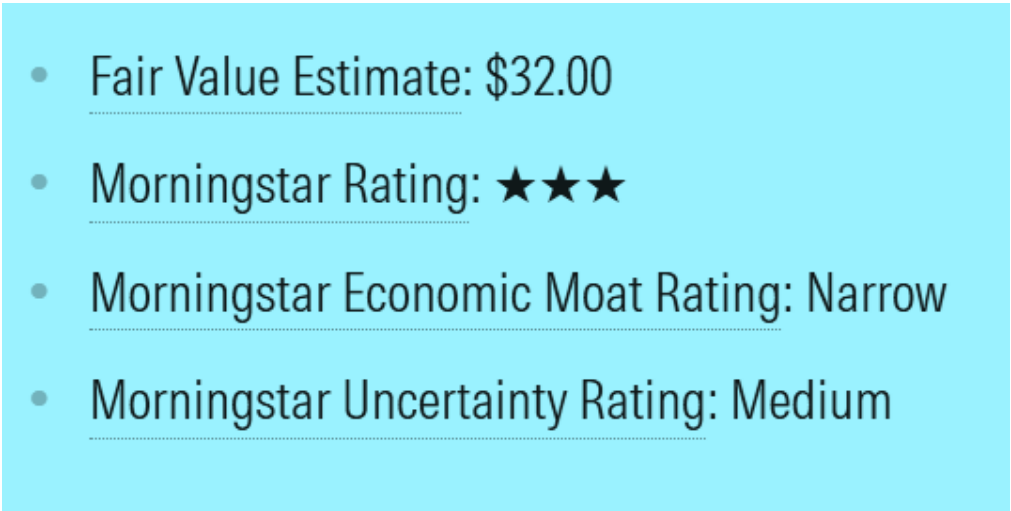
Pfizer reported flat revenue (up 7% excluding covid products) and flat earnings in the third quarter. Management raised the midpoints of its 2026 guidance for sales (to $63 billion from $61.5 billion) and adjusted diluted earnings per share (to $3.00 from $2.90). Shares fell 1% intraday on Nov. 3.

What We Thought of Pfizer's Earnings

Milder covid cases and a late updated vaccine launch weighed on sales of Paxlovid and Comirnaty, and pneumococcal vaccine Prevnar sales fell partly due to vaccine hesitancy. But most of Pfizer's remaining therapies (83% of sales in the quarter) saw solid results.

- In oncology, Padcev (55% growth) and Lorbrena (44% growth) are gaining share as first-line options in bladder and lung cancers, and Padcev is expanding into earlier-stage, muscle-invasive bladder cancer.
- Cardiovascular drug Eliquis (25% growth) was the biggest growth driver, but cardiovascular drug Vyndamax (11% growth) and migraine drug Nurtec (33% growth) were also significant contributors.

Exhibit 1 Key Morningstar Metrics for Pfizer



Source: Morningstar Direct. Data as of Nov. 6, 2026.

We're maintaining our $32 fair value estimate for narrow-moat Pfizer; the shares look fairly valued to us. We think recent pipeline progress will help offset coming patent expirations for Eliquis (2028) and Vyndamax (2031).

- We see room for Pfizer to differentiate with a monthly option in obesity, although this will depend on tolerability. GLP-1 berobenatide is in phase 3 trials and could launch in 2028, and the GLP-1/amylin combination should have phase 2b efficacy data in the second half of 2027.
- Tivunatamig (PF'4404) in oncology and tilrekimig in immunology are moving into multiple phase 3 studies and stand out as potential multibillion-dollar annual sales opportunities. We model at least $2 billion in probability-adjusted annual sales for each by 2035.

Exhibit 2 Financial Summary and Key Statistics

	Actual		Forecast	
	2024	2025	2026	2027
Revenue (USD Mil)	63,627	62,579	62,353	62,284
Revenue Growth %	6.8	-1.7	-0.4	-0.1
Operating Income (Mil)	14,938	17,407	16,914	18,522
Operating Margin %	23.5	27.8	27.1	29.7
Adjusted EBITDA (Mil)	17,582	16,180	20,914	25,064
Adjusted EBITDA Margin %	27.6	25.9	33.5	40.2
Earnings Per Share (Diluted) (USD)	1.41	1.36	1.77	2.41
Adjusted Earnings Per Share (Diluted) (USD)	3.11	3.22	2.96	2.94
Adjusted EPS Growth %	68.9	3.7	-8.3	-0.5
Price/Earnings	8.5	7.7	8.5	8.5
Price/Book	1.7	1.6	1.6	1.6
EV/EBITDA	11.8	11.6	—	—
Free Cash Flow Yield %	—	—	—	—

Source: Morningstar Direct. Data as of Nov. 6, 2026.

Our updated model points to likely revenue declines in 2028 and 2029 and a return to low-single-digit growth in the early 2030s, so we need more pipeline data to align with Pfizer's goal of high-single-digit growth over 2028-33.

Business Strategy and Outlook

Pfizer sees steady cash flows from a basket of diverse drugs, and the company's large size confers significant competitive advantages in developing new drugs. This heft, combined with a broad portfolio of patent-protected drugs, has helped Pfizer build an economic moat around its business. In addition, Pfizer's 2020 divestment of its off-patent division Upjohn to create a new company (Viatris) in combination with Mylan, as well as its consumer business spinoff (Haleon) in 2022, should help focus the remaining innovative business. However, we think high price tags for acquisitions have kept ROICs at Pfizer lower than at many large-pharma peers.

Pfizer has the financial resources and the established research power to support the development of new drugs. Covid vaccine Comirnaty and covid treatment Paxlovid generated roughly $90 billion in revenue in 2021-22, supporting Pfizer's ability to invest in new internal and external pipeline initiatives like the 2023 acquisition of oncology-focused biotech Seagen and 2025 acquisition of Metsera and its obesity pipeline.

Pfizer supports an industry-leading salesforce, which has helped the firm execute on launches across a range of therapeutic areas and also gives the firm a good position to benefit from increasing wealth and

access to healthcare in emerging markets. Following the 2009 merger with Wyeth, Pfizer also has a much stronger position in the vaccine industry with pneumococcal vaccine Prevnar. Vaccines tend to be more resistant to generic competition because of their manufacturing complexity and relatively lower prices, making them attractive components of Big Pharma portfolios despite near-term vaccine landscape uncertainty.

We think Pfizer is poised to return to growth after near-term headwinds. Key patent losses are approaching for cardiology drugs, including Eliquis in 2028 and Vyndamax in 2031. Oncology programs like bladder cancer drug Padcev (Seagen) and lung and colorectal cancer drug candidate PF-4404 (3SBio) should support Pfizer's rebound, although competition is fierce. In addition, Metsera drug candidates could position Pfizer as a strong challenger in the obesity market by the end of the decade.

Stocks on Sale: Wide-Moat Stocks Trading at 4 and 5 Stars

Company Name	Star Rating	Fair Value Estimate	Current Price	Price/ Fair Value	Uncertainty Rating	Moat Rating	Market Cap (B)
Rheinmetall RHM	★★★★★	EUR 1900	EUR 812.70	0.43	Medium	Wide	42.6
Broadcom AVGO	★★★★★	USD 650	USD 293.69	0.45	High	Wide	1,402.0
Disco 6146	★★★★★	JPY 84000	JPY 40,860.00	0.49	High	Wide	28.1
Kokusai Electric 6525	★★★★★	JPY 10000	JPY 5,057.00	0.51	High	Wide	7.5
Prosus PRX	★★★★★	EUR 72	EUR 37.56	0.52	High	Wide	88.1
Alibaba Group 09988	★★★★★	HKD 201	HKD 104.90	0.52	High	Wide	266.3
Tencent Holdings 00700	★★★★★	HKD 780	HKD 419.80	0.54	High	Wide	482.2
BE Semiconductor Industries BESI	★★★★★	EUR 265	EUR 143.40	0.54	High	Wide	12.7
Murata Manufacturing Company 6981	★★★★★	JPY 9000	JPY 4,882.00	0.54	Medium	Wide	56.1
Tokyo Electron 8035	★★★★★	JPY 15000	JPY 8,263.00	0.55	High	Wide	118.7
The Campbell's CPB	★★★★★	USD 41.5	USD 23.13	0.56	Medium	Wide	6.9
Advantest 6857	★★★★★	JPY 50000	JPY 28,015.00	0.56	High	Wide	128.4
Melrose Industries MRO	★★★★★	GBX 800	GBP 4.65	0.58	Medium	Wide	7.8
Honeywell Aerospace HONA	★★★★★	USD 261	USD 152.92	0.59	Medium	Wide	48.5
LPL Financial Holdings LPLA	★★★★★	USD 500	USD 295.41	0.59	High	Wide	23.0

Source: Morningstar. As of Nov. 6, 2026.

Stocks on Sale: Wide-Moat Stocks Trading at 4 and 5 Stars

Company Name	Star Rating	Fair Value Estimate	Current Price	Price/ Fair Value	Uncertainty Rating	Moat Rating	Market Cap (B)
NVIDIA NVDA	★★★★	USD 310	USD 186.64	0.60	Very High	Wide	4,506.8
Taiwan Semiconductor Manufacturing Company 2330	★★★★★	TWD 3440	TWD 2,135.00	0.62	Medium	Wide	1,670.7
Teradyne TER	★★★★	USD 350	USD 218.22	0.62	High	Wide	34.1
Arista Networks ANET	★★★★	USD 270	USD 170.80	0.63	High	Wide	215.8
Alphabet GOOGL	★★★★★	USD 450	USD 284.78	0.63	Medium	Wide	3,496.3
Adyen ADYEN	★★★★	EUR 1420	EUR 901.20	0.63	High	Wide	31.9
Applied Materials AMAT	★★★★	USD 520	USD 332.72	0.64	High	Wide	264.0
Lasertec (Electrical Equipment) 6920	★★★★	JPY 50000	JPY 32,040.00	0.64	High	Wide	18.2
Lam Research LRCX	★★★★	USD 310	USD 200.44	0.65	High	Wide	250.4
The Clorox Company CLX	★★★★★	USD 154	USD 99.96	0.65	Medium	Wide	12.1
Hoya 7741	★★★★	JPY 34000	JPY 22,395.00	0.66	High	Wide	47.3
Ferrovial FER	★★★★★	USD 89	USD 58.70	0.66	Medium	Wide	42.2
Edenred Group EDEN	★★★★	EUR 37	EUR 24.60	0.66	High	Wide	6.3
Monolithic Power Systems MPWR	★★★★	USD 1750	USD 1,190.44	0.68	High	Wide	58.1
Nintendo 7974	★★★★	JPY 12000	JPY 8,178.00	0.68	Medium	Wide	59.9

Source: Morningstar. As of Nov. 6, 2026.

Stocks on Sale: Wide-Moat Stocks Trading at 4 and 5 Stars

Company Name	Star Rating	Fair Value Estimate	Current Price	Price/ Fair Value	Uncertainty Rating	Moat Rating	Market Cap (B)
Asm International ASM	★★★★	EUR 950	EUR 651.00	0.69	High	Wide	35.7
LVMH Moët Hennessy Louis Vuitton MC	★★★★★	EUR 590	EUR 408.75	0.69	Medium	Wide	225.2
Pexa Group PXA	★★★★	AUD 10.5	AUD 7.35	0.70	High	Wide	0.9
Endeavour Group EDV	★★★★★	AUD 5.1	AUD 3.60	0.71	Low	Wide	4.5
Shin-Etsu Chemical 4063	★★★★	JPY 7500	JPY 5,312.00	0.71	Medium	Wide	61.2
MercadoLibre MELI	★★★★	USD 2130	USD 1,510.00	0.71	High	Wide	76.6
BAE Systems BA.	★★★★	GBX 2600	GBP 18.46	0.71	Medium	Wide	72.6
Ajinomoto 2802	★★★★	JPY 6000	JPY 4,268.00	0.71	Medium	Wide	25.8
Axon Enterprise AXON	★★★★	USD 440	USD 313.00	0.71	High	Wide	25.5
ASML Holding ASML	★★★★	EUR 1800	EUR 1,283.60	0.71	High	Wide	555.5
Boeing BA	★★★★	USD 242	USD 173.40	0.72	High	Wide	137.4
Meta Platforms META	★★★★	USD 850	USD 610.15	0.72	High	Wide	1,560.1
RELX REL	★★★★	GBX 4200	GBP 30.16	0.72	Medium	Wide	70.4
Thales HO	★★★★	EUR 306	EUR 221.70	0.72	Medium	Wide	51.2
IHI 7013	★★★★	JPY 3160	JPY 2,292.00	0.73	High	Wide	15.4

Source: Morningstar. As of Nov. 6, 2026.

Stocks on Sale: Wide-Moat Stocks Trading at 4 and 5 Stars

Company Name	Star Rating	Fair Value Estimate	Current Price	Price/ Fair Value	Uncertainty Rating	Moat Rating	Market Cap (B)
KLA KLAC	★★★★	USD 190	USD 138.49	0.73	High	Wide	180.4
Microchip Technology MCHP	★★★★	USD 80	USD 58.35	0.73	High	Wide	31.8
Caterpillar CAT	★★★★	USD 760	USD 558.63	0.74	Medium	Wide	255.6
Booking Holdings BKNG	★★★★	USD 217	USD 160.67	0.74	High	Wide	119.5
The Charles Schwab SCHW	★★★★	USD 123	USD 91.49	0.74	Medium	Wide	157.9
McCormick & Company MKC	★★★★	USD 65	USD 48.40	0.74	Medium	Wide	13.0
Amphenol APH	★★★★	USD 100	USD 74.59	0.75	High	Wide	184.2
Huntington Ingalls Industries HII	★★★★	USD 382	USD 288.74	0.76	High	Wide	11.4
Fanuc 6954	★★★★	JPY 7000	JPY 5,312.00	0.76	High	Wide	31.2
Singapore Exchange S68	★★★★	SGD 27	SGD 20.49	0.76	Medium	Wide	17.2
Elekta EKTA B	★★★★	SEK 80	SEK 60.75	0.76	Medium	Wide	2.4
Sony 6758	★★★★	JPY 5400	JPY 4,142.00	0.77	Medium	Wide	153.3
The Hershey HSY	★★★★★	USD 230	USD 178.08	0.77	Low	Wide	35.8
HENSOLDT HAG	★★★★	EUR 100	EUR 77.44	0.77	Medium	Wide	10.0
Japan Exchange Group 8697	★★★★	JPY 2670	JPY 2,069.50	0.78	High	Wide	13.4

Source: Morningstar. As of Nov. 6, 2026.

Stocks on Sale: Wide-Moat Stocks Trading at 4 and 5 Stars

Company Name	Star Rating	Fair Value Estimate	Current Price	Price/ Fair Value	Uncertainty Rating	Moat Rating	Market Cap (B)
Kweichow Moutai 600519	★★★★	CNY 1580	CNY 1,237.00	0.78	Low	Wide	230.4
Dassault Aviation AM	★★★★	EUR 372	EUR 291.80	0.78	Medium	Wide	25.6
Shin-Etsu Chemical 4063	★★★★	JPY 7500	JPY 5,903.00	0.79	Medium	Wide	67.7
Domino's Pizza DPZ	★★★★	USD 372	USD 293.03	0.79	Medium	Wide	9.7
Autodesk ADSK	★★★★	USD 268	USD 211.35	0.79	Medium	Wide	44.2
Mondelez International MDLZ	★★★★	USD 77	USD 60.86	0.79	Low	Wide	77.7
Alphabet GOOGL	★★★★	USD 433	USD 342.36	0.79	Medium	Wide	4,168.5
Inner Mongolia Yili Industrial Group 600887	★★★★	CNY 34	CNY 26.90	0.79	Medium	Wide	25.4
Corteva CTVA	★★★★	USD 100	USD 79.45	0.79	Medium	Wide	53.0
Blackstone BX	★★★★	USD 147	USD 117.21	0.80	High	Wide	93.5
Bureau Veritas BVI	★★★★	EUR 33.5	USD 30.46	0.80	Medium	Wide	13.5
Boeing BA	★★★★	USD 246	USD 196.80	0.80	High	Wide	155.5
Copart CPRT	★★★★	USD 35	USD 28.04	0.80	Medium	Wide	26.0
A. O. Smith AOS	★★★★	USD 72	USD 57.70	0.80	Medium	Wide	7.8
McDonald's MCD	★★★★	USD 295	USD 237.02	0.80	Low	Wide	167.7

Source: Morningstar. As of Nov. 6, 2026.

Stocks on Sale: Wide-Moat Stocks Trading at 4 and 5 Stars

Company Name	Star Rating	Fair Value Estimate	Current Price	Price/ Fair Value	Uncertainty Rating	Moat Rating	Market Cap (B)
Dassault Aviation AM	★★★★	EUR 372	EUR 301.00	0.81	Medium	Wide	25.8
Blackstone BX	★★★★	USD 147	USD 119.50	0.81	High	Wide	94.5
Cisco Systems CSCO	★★★★	USD 115	USD 93.85	0.82	High	Wide	370.0
Analog Devices ADI	★★★★	USD 445	USD 363.56	0.82	High	Wide	176.2
Ambev ABEV3	★★★★	BRL 18.9	BRL 15.48	0.82	Medium	Wide	43.3
Constellation Brands STZ	★★★★	USD 173	USD 141.97	0.82	High	Wide	24.0
Rollins (Other Commercial Services) ROL	★★★★	USD 46	USD 37.95	0.83	Medium	Wide	18.3
Otis Worldwide OTIS	★★★★	USD 95	USD 78.96	0.83	Low	Wide	30.1
Northrop Grumman NOC	★★★★	USD 630	USD 525.01	0.83	Medium	Wide	74.6
Lockheed Martin LMT	★★★★	USD 680	USD 567.08	0.83	Medium	Wide	131.0
RTX RTX	★★★★	USD 227	USD 189.53	0.83	Medium	Wide	255.8
Pepsico PEP	★★★★	USD 169	USD 141.34	0.84	Low	Wide	192.6
Daifuku 6383	★★★★	JPY 5400	JPY 4,556.00	0.84	Medium	Wide	10.8
Sysco SYY	★★★★	USD 91	USD 76.86	0.84	Medium	Wide	37.8
Graco GGG	★★★★	USD 80	USD 67.86	0.85	Medium	Wide	10.9

Source: Morningstar. As of Nov. 6, 2026.

Stocks on Sale: Wide-Moat Stocks Trading at 4 and 5 Stars

Company Name	Star Rating	Fair Value Estimate	Current Price	Price/ Fair Value	Uncertainty Rating	Moat Rating	Market Cap (B)
Kongsberg Gruppen KOG	★★★★	NOK 395	NOK 335.40	0.85	Medium	Wide	31.7
SF Express 002352	★★★★	CNY 40.5	CNY 34.54	0.85	High	Wide	25.8
Hubbell HUBB	★★★★	USD 502	USD 429.45	0.86	Medium	Wide	22.7
Mondelez International MDLZ	★★★★	USD 77	USD 66.02	0.86	Low	Wide	83.6
Siemens Healthineers SHL	★★★★	EUR 52	EUR 44.66	0.86	Medium	Wide	56.1
Keyence 6861	★★★★	JPY 81200	JPY 69,750.00	0.86	Medium	Wide	107.4
GSK GSK	★★★★	GBX 2200	GBP 18.90	0.86	Medium	Wide	101.9
Tractor Supply TSCO	★★★★	USD 42	USD 36.35	0.87	Medium	Wide	18.9
Aristocrat Leisure ALL	★★★★	AUD 76	AUD 65.86	0.87	Medium	Wide	27.0
Shanxi Xinghuacun Fen Wine Factory 600809	★★★★	CNY 152	CNY 132.00	0.87	Medium	Wide	24.1
Landstar System LSTR	★★★★	USD 165	USD 143.29	0.87	Medium	Wide	4.8
AutoZone AZO	★★★★	USD 3700	USD 3,216.35	0.87	Medium	Wide	51.8
Schneider Electric SU	★★★★	EUR 262	EUR 228.65	0.87	Medium	Wide	150.9
Reckitt Benckiser Group RKT	★★★★	GBX 6400	GBP 55.90	0.87	Medium	Wide	47.6
Imperial Brands IMB	★★★★	GBX 3400	GBP 29.73	0.87	Medium	Wide	29.9

Source: Morningstar. As of Nov. 6, 2026.

Stocks on Sale: Wide-Moat Stocks Trading at 4 and 5 Stars

Company Name	Star Rating	Fair Value Estimate	Current Price	Price/ Fair Value	Uncertainty Rating	Moat Rating	Market Cap (B)
Lowe's Companies LOW	★★★★	USD 255	USD 224.55	0.88	Medium	Wide	126.0
Bristol-Myers Squibb BMY	★★★★	USD 70	USD 62.14	0.89	Medium	Wide	127.0
Deterra Royalties DRR	★★★★	AUD 4.4	AUD 3.91	0.89	Medium	Wide	1.4
S&P Global SPGI	★★★★	USD 525	USD 467.80	0.89	Medium	Wide	135.6
Bureau Veritas BVI	★★★★	EUR 33.5	EUR 29.95	0.89	Medium	Wide	14.9
Broadridge Financial Solutions BR	★★★★	USD 212	USD 190.40	0.90	Medium	Wide	21.5
Symrise SY1	★★★★	EUR 107	EUR 96.34	0.90	Low	Wide	14.8
Haleon HLN	★★★★	GBX 372	GBP 3.39	0.91	Medium	Wide	40.1
Compagnie Financiere Richemont CFR	★★★★	CHF 186	CHF 169.65	0.91	Medium	Wide	122.3
Kweichow Moutai 600519	★★★★	CNY 1580	CNY 1,453.00	0.92	Low	Wide	271.5
Auckland International Airport AIA	★★★★	NZD 9.5	NZD 8.78	0.92	Low	Wide	8.4
Brambles BXB	★★★★	AUD 24	AUD 22.20	0.93	Medium	Wide	20.4
Intercontinental Exchange ICE	★★★★	USD 183	USD 172.27	0.94	Low	Wide	96.3
Lindt & Sprüngli LISN	★★★★	CHF 94500	CHF 89,200.00	0.94	Low	Wide	24.6
Linde LIN	★★★★	USD 542	USD 515.25	0.95	Low	Wide	236.5

Source: Morningstar. As of Nov. 6, 2026.

Highlighted Companies

	Cushman & Wakefield CWK	**Americold Realty Trust** COLD	**UL Solutions Class A** ULS
Morningstar Rating	★★★	★★★★	★★★
Currency	USD	USD	USD
Fair Value Estimate	16.00	19.00	84.00
Current Price	13.96	16.01	78.65
Price/Fair Value	0.87	0.84	0.94
Moat Rating	None	None	Narrow
Uncertainty	High	High	Medium
Capital Allocation	Standard	Standard	Standard
Sector	Real Estate	Real Estate	Industrials
Analyst	Austin Taggart	Austin Taggart	Joshua Aguilar

Source: Morningstar. Data as of Nov. 6, 2026. * Indicates new Morningstar coverage.

Cushman & Wakefield Earnings: Positive Operating Leverage Drives Solid Results; Shares Attractive

Cushman & Wakefield reported strong third-quarter results, highlighted by adjusted EBITDA and adjusted earnings per share growth of 16% and 28%, respectively, from a year ago, outpacing our estimates of 11% and 22%, driven predominantly by strong positive operating leverage.

Why it matters: After materially raising 2026 adjusted earnings per share guidance last quarter, in tandem with a minimal raise in revenue growth, we initially shared the market's skepticism toward the implied operating margin expansion, though this quarter's results indicated we were likely too pessimistic about the firm's positive operating leverage potential.

- With stronger growth in the higher-margin capital markets and leasing businesses, up 18% and 15%, respectively, relative to the lower-margin services business, up only 5%, which were all largely in line with our estimates, the incremental adjusted EBITDA margins of 11.9% vastly exceeded our forecasts of 7.6%.
- The firm's medium-term target for 150 basis points in margin expansion over the next three years now looks more attainable than we initially pegged, though we believe the stronger litmus test will occur after 2027, when the tailwinds associated with the impending maturity wall of commercial leases abate.

The bottom line: After digesting results, we are raising our fair value estimate for no-moat Cushman & Wakefield to $16 per share, up from $15, driven by an improved operating margin profile. We view shares as modestly attractive, trading at roughly a 10% discount to our fair value estimate.

- While we ultimately view the firm as less attractively positioned over the long term than its chief competitors, narrow-moat CBRE and narrow-moat Jones Lang LaSalle, particularly in the more resilient services business, we believe that current share prices provide investors with a margin of safety that more than compensates.

Americold Earnings: Strong Quarter In Line With Our Expectations; Shares Attractive

Americold reported third-quarter results that exceeded market expectations but were largely in line with our estimates, highlighted by same-store net operating income growth of 6.0% and raised 2026 adjusted funds from operations guidance, at the midpoint, to $1.32, up from $1.29.

Why it matters: After the cold storage industry aggregated overbuilt capacity in recent years, operating performance meaningfully suffered, yet the improved trajectory in occupancy and per-pallet revenue growth supports an emergence from the trough.

- Same-store economic and physical occupancy improved 210 basis points and 460 basis points from a year ago, respectively, to 78.5% and 70.0%, indicating the industry is making incremental progress in working through the excess capacity, supporting our midcycle forecast for economic occupancy improving to 84.0%.
- Same-store rent and storage revenue per economic occupied pallet and services revenue per throughput pallet improved from a year ago by 1.5% and 2.9%, respectively, with the latter particularly notable as throughput pallets also increased by 4.1%, corroborating our thesis for stronger growth ahead due to a continued shift toward quick-service restaurants and retail grocers, who require more add-on services.

The bottom line: After digesting results, we are maintaining our $19 fair value estimate for no-moat Americold, still viewing shares as attractive even after the mid-single-digit percentage rally on a day when the broader market declined materially.
Between the lines: The firm's joint venture with EQT, closed late last quarter, provided the firm with $1.1 billion in cash, which it used to retire approximately 25% of its debt stack, all of it floating-rate term loans that became more expensive as interest rates rose.

- With a lower interest burden and 86.6% of outstanding debt now fixed-rate, up from 64.8%, the firm is now better positioned for downturns, and shareholders will enjoy a higher percentage of cash generated.

UL Solutions Earnings: Very Strong Organic Top-Line Results, but Risk/Reward Is Less Attractive Now

UL Solutions posted solid third-quarter results, with revenue of $823 million up 7% organically, while adjusted EBITDA margin expanded 90 basis points to 28.6%. Management raised its full-year organic top-line guidance to 6.5% from a mid-single-digit percentage, inclusive of divestitures.

Why it matters: UL Solutions is a premium player in the testing, inspection, and certification market that we'd contend is a high-quality compounder, so its organic growth runway and its long-term entitlement are key to the debate. We think UL Solutions performed very strongly here.

- UL Solutions' best business is its industrial segment, and continued momentum in certification services and testing drove organic revenue 9% higher, when excluding the impact from its advisory segment reorganization. We think growth fundamentals remain strong.

- Operating leverage is also a strong tailwind for UL Solutions. Despite higher revenue expectations, management maintained its full-year EBITDA margin guidance, mostly due to a 90-basis-point headwind tied to transaction costs. Still, long-term incremental margins should remain strong.

The bottom line: We raise our fair value estimate for narrow-moat-rated UL Solutions to $84 from $79, mostly as we incorporate the benefits of stronger guidance. The stock now trades in 3-star territory, relatively in line with its stock price.

- Long term, we continue to model 6% organic growth and continued margin expansion of over 100 basis points a year during our explicit forecast. Operating leverage is the chief driver of margin expansion, but higher employee productivity also drives our forecast.
- Strength in industrial supports our moat rating, particularly as certifications in mission-critical end markets like power, automation, and fire safety, with a high cost of failure, drive activity there. Still, we like the consumer-focused Eurofins acquisition for its long-term cross-selling opportunities.

Corrections and Clarifications

In an earlier version of this Weekly Highlights, the spine robot article inadvertently included text from an unrelated article in the paragraph immediately before Exhibit 2. We have removed the extraneous text and are now republishing the Weekly Highlights.

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (mines, for example), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss short-term market-price movements), but we believe these negatives are mitigated by deep analysis and our long-term approach.

Morningstar's Equity Research Group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating:

- our assessment of the firm's economic moat.
- our estimate of the stock's fair value.
- our uncertainty around that fair value estimate.
- the current market price.

This process ultimately culminates in our single-point star rating.

Economic Moat

The Morningstar Economic Moat Rating is a structural feature that Morningstar believes positions a firm to earn durable excess profits over a long period of time, with excess profits defined as returns on invested capital above our estimate of a firm's cost of capital. The economic moat rating is not an indicator of the investment performance of the investment highlighted in this report. Narrow-moat companies are those that Morningstar believes are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those that Morningstar believes will earn excess returns for 10 years, with excess returns more likely than not to remain for at least 20 years. Firms without a moat, including those that have a substantial threat of value destruction-related risks related to environmental, social, and governance; industry disruption; financial health; or other idiosyncratic issues, are more susceptible to competition. Morningstar has identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Fair Value Estimate

Each stock's fair value is estimated by using a proprietary discounted cash flow model, which assumes that the stock's value is equal to the total of the free cash flows of the company is expected to generate in the future, discounted back to the present at the rate commensurate with the riskiness of the cash flows. As with any DCF model, the ending value is highly sensitive to Morningstar's projections of future growth.

Fair Value Uncertainty

The Morningstar Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the fair value estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors. Based on these factors, analysts classify the stock into one of several uncertainty levels: Low, Medium, High, Very High, or Extreme. Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases.

Market Price

The market prices used in this analysis and noted in the report come from exchanges on which the stock is listed, which we believe is a reliable source.

Morningstar Rating for Stocks

The Morningstar Rating for Stocks is a forward-looking, analyst-driven measure of a stock's current price relative to the analyst's estimate of what the shares are worth. Stock star ratings indicate whether a stock, in the equity analyst's educated opinion, is

cheap, expensive, or fairly priced. To rate a stock, analysts estimate what they think it is worth (its "fair value"), using a detailed, long-term cash flow forecast for the company. A stock's star rating depends on whether its current market price is above or below the fair value estimate. Those stocks trading at large discounts to their fair values receive the highest ratings (4 or 5 stars). Stocks trading at large premiums to their fair values receive lower ratings (1 or 2 stars). A 3-star rating means the current stock price is close to the analyst's fair value estimate.

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