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Economics

Special Report on Liberation Day Tariff Announcements

The big day finally arrived, though it may not have been quite the degree of liberation desired by financial market participants, the domestic corporate sector, and foreign trading partners. The scale of the tariff increases was much worse than feared, with the result being a mixed approach of a baseline 10% tariff on all countries coupled with bilateral reciprocal tariffs ranging from 10% to 50% on countries deemed the most discriminatory against U.S. exports.

The baseline tariffs will begin on April 5, while the reciprocal tariffs will start on April 9. These tariffs will be in addition to existing tariffs already imposed on steel and aluminum and other tariffs already imposed. For example, China is now subjected to 34% reciprocal tariffs on top of the 20% tariffs already in place. Importantly, President Trump signed an executive order yesterday that eliminates the de minimus exemption on goods from China and Hong Kong valued at less than $800.

The message from the corporate and financial sectors has been that they can deal with tariffs as long as they know what those rates will be and for how long—as they say, it's just the not knowing.

In this special report on tariffs, we discuss the current tariff situation, what the Trump administration is hoping to achieve, and the potential impacts on growth and inflation. We also include thoughts from our research analysts whose companies are most directly impacted by President Trump's announcements.

Please refer to important disclosures on pages 20 – 21. Analyst certification is on page 20.
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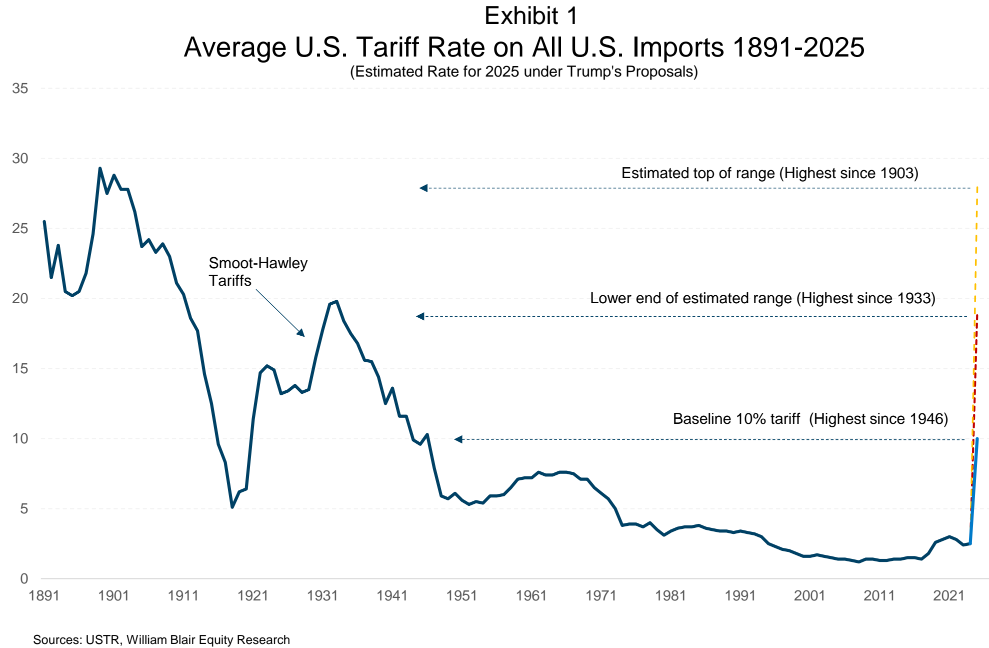
The Main Goals of the Liberation Day Tariffs

President Trump has announced that the U.S. will be adopting trade tariffs on foreign goods, which are high enough to bring the average tariff rate up from 2.5% in 2024 to an estimated range of 19%-28% in 2025. This would be the highest rate since 1933 or possibly 1903 (exhibit 1).



The question is, what exactly does the president want to achieve with these tariffs? Judging by his discourse in the Rose Garden and previous rhetoric over the last few months, he is seeking to use tariffs to accomplish five main objectives:

1. **Negotiating Tool** – Treasury Secretary Scott Bessent early on referred to tariffs as just a negotiating tool, the so-called "loaded gun on the table." The administration sees tariffs as the stick to bring foreign trading partners to the table and be able to extract concessions from them. Under this premise, *The Art of the Deal* would suggest you should start negotiations by anchoring an aggressive price point, then scale it back to what you might actually be happy with following multiple rounds of discussions. The aggressive nature of these tariffs implies that an element of this was in yesterday's announcement. However, the president and other members of the administration have cautioned countries to let the dust settle first.

2. **Level the Playing Field** – There is a strong bipartisan view that many countries have not been playing on a level playing field when it comes to trading with the U.S., and this administration wants to rectify that by reordering the global trading system. While China is seen as the main antagonist here—using an undervalued exchange rate, onerous regulations and other non-tariff barriers, the forced transfer of IP, and heavy government subsidies to promote domestic companies over foreign ones—the president does not see China as the only offender. For example, Europe and all NATO countries that have not fulfilled their defense spending requirements are included. In fact, Treasury Secretary Bessent had previously talked about "the dirty 15," referring to 15 countries with the largest trade surpluses with the U.S. over the last calendar year. Yesterday's wide-ranging tariffs would imply that this is now more like a dirty 60.

3. **National Security** – The pandemic was a wake-up call to many countries that it is essential for national security that the production of some critically important goods remains within domestic borders—most prominent of these being semiconductors, health-related items, and various other commodities and minerals. Notably, important commodities, such as copper, lumber, energy, and other minerals not produced in the U.S.; semiconductors; and pharmaceuticals are not currently subjected to these tariffs, though this may change in the future.

The president is also citing national security around the border frontiers with Canada and Mexico with regard to immigration and fentanyl importation to impose 25% tariffs on all non-USMC-compliant goods, with only 10% tariffs on energy.

4. **Reshore Manufacturing** – Another key goal is to reshore lost manufacturing capabilities. The objective here is to provide not only high-paying employment to workers, but also a way to help reduce the trade deficit and reliance on foreign competitors. The scale of the announced tariffs also suggests that this goes beyond just punishing China; by also including high reciprocal tariffs on countries such as Vietnam (46%), Indonesia (32%), and Cambodia (49%), the president is making clear that this production needs to return to the U.S. and not just be transferred to other low-cost manufacturing countries.

5. **Raise Revenue to Reorder the U.S. Tax Code** – The Trump administration is also very keen on using the tax revenues generated from tariffs to extend the 2017 tax cuts and perhaps lower the corporate tax rate or individual tax rates even further. Administration members have said, "Tariffs equal tax cuts." The attempt is to replace income tax with a tariff as a consumption tax. The administration believes these tariffs will go a long way toward helping reduce the budget deficit and the national debt.

Implementation? Trump's Three Choices

President Trump has at different times suggested using each of these three types of tariffs:

1. **Bilateral reciprocal tariffs on individual countries** – Customized country-by-country tariff rates structured to reflect what the U.S. Trade Representative (USTR) and the Treasury Department's investigation deems to be the full rate of discriminatory tariffs placed on the U.S. Yesterday's announcement shows that the U.S. is now taking into account not just official tariffs rates but also other non-tariff barriers, including VATs (supplemental goods and services taxes placed on everything sold regardless of its origin).

2. **Across-the-board 10%-25% tariffs against all countries** – The beauty of this is that these tariffs are much easier to implement and provide both visibility and a steady stream of revenue. The downside is there is no room for the type of negotiation and flexibility that President Trump is often keen on pursuing to extract concessions from foreign trading partners. Such a policy change would also need to be ratified in Congress if not imposed for emergency purposes.

3. **Tiered individual tariffs on both countries and sectors** – While the president has at various times over the last few weeks talked about imposing options 1 or 2, given his personality and his tendency to alter course at a moment's notice, this more flexible, tiered and customized approach was always the one that Trump seemed destined to head toward, in our view.

Trump Opts for Door No. 3
The president ultimately decided to go for option 3—a baseline 10% tariff on all countries with customized tariffs on those with the largest trade surpluses against the U.S. This is a choice that gives him maximum discretion in their implementation while also ensuring a baseline level of revenue.

The president remarked that the size of the announced tariffs (e.g., 20% tariffs on the EU, which are far higher than the average EU tariff rate on the U.S.) came about from the USTR estimating the gross tariff rate accounting for the estimated cost of all tariff and non-tariff barriers, and then the U.S. halving that amount as the official U.S. tariff rate on that country. In which case, the USTR estimates the total discriminatory EU tariffs on U.S. goods amount to 40%.

These tariffs will also be stacked and added on top of any already announced tariffs; for example, the Section 232 tariffs of 25% on steel and aluminum and 20% tariffs on China.

There were only a handful of exemptions. The existing 25% tariffs on autos will be maintained but are not stacked on top of other tariffs. Meanwhile, Canada and Mexico will only be subjected to 25% tariffs on goods that are non-compliant with the USMC trade accord.

The president also exempted bullion, minerals, and energy that are not found in the U.S. And while reciprocal tariffs are not being placed on copper, semiconductors, lumber, and pharmaceuticals, the USTR has been instructed to pursue investigations into pharmaceuticals and semiconductors with a view to potentially addressing those later.

Many countries and lobby groups are now busy asking for specific exemptions and carveouts for what they consider critical inputs needed for their domestic U.S. production. Some of the largest American retailers—the ones with clout—are also going back to their suppliers and demanding price reductions.

A Little More Clarity, A Little Less Ambiguity?

The big hope for the tariff announcement was that the president would give us clarity.

The main headwind for companies, investors, and foreign economies up to now has been the uncertainty concerning these tariffs, including not only the exact tariff rate, but also their permanency, the timing of their implementation, and against whom or what.

What we got was clarity on the timing (April 5 for the 10% baseline tariff and April 9 for the reciprocal tariffs) and on the amount of tariffs per country. We also got clarity that at a minimum there will be a 10% baseline tariff on all countries, which looks like it will be in place at least as long as the president remains in office.

There is, however, still plenty of uncertainty concerning reciprocal tariffs. We do not yet know how flexible the President will be in negotiations with foreign trading partners, how long he intends to keep these in place, or what specific measures might appease him. The clear message from the tariffs, however, is that the president is very serious about bringing back manufacturing to the U.S., and the very high reciprocal tariffs on the likes of Vietnam, Cambodia, and Indonesia indicate that this is not just about punishing China; he is closing the door on other low-cost foreign manufacturing.

The hope by many countries now is that if the reciprocal part of these tariffs truly is reciprocal, they will necessarily be used as more of a negotiating tool, which can be reduced if those foreign economies start to lower their tariffs. This will undoubtedly be tested in the coming days, with a parade of dignitaries beating their way to the White House front door.

Economic Impact

Retaliation
The question of retaliation now looms.

The exemptions for both Canada and Mexico mean that they will now refrain from retaliation.

The EU has already announced it is preparing a package of short-term support measures to help those countries and industries most affected. Like most other countries, however, it is still considering what other retaliatory measures it will take. So far it has stated that it will refrain from retaliation as long as President Trump is willing to negotiate; if that proves not to be the case, however, it will be forced to retaliate.

During Trump's first term, the retaliation from Europe and other countries mostly took the form of tariffs placed on iconic American brands, such as bourbon whiskey, Harley Davidson motorcycles, and a large number of agricultural products in a bid to upset the powerful and vocal farm lobby.

The EU has also recently been mentioning the potential use of its Anti-Coercion Instrument (ACI). This has never yet been used, but it allows the EU to adopt response measures to trade tariffs or quotas as retaliation to coercive actions taken by third countries. The two main hurdles to its use are: 1) it will be hard for all member states to reach a

consensus on what retaliatory measures to take and 2) the president is already threatening aggressive tit-for-tat tariff escalation against any countries that try to respond in an aggressive manner.

Two other avenues being touted by some foreign countries are for them to rally together in a united front as trading blocks to elicit concessions, or simply to shift focus away from the U.S. and to start to strengthen relationships with major trading blocks.

Inflation and the Dollar

If there is one upside on the inflation front from the imposition of these tariffs, it is that they are (mostly) being implemented all at once and not trickled out over months and quarters. Had these taxes been implemented as a slow and steady trickle, as some in the administration had previously suggested would be the case so as not to shock consumers, this approach would have ultimately kept inflation higher for longer by extending that 12-month window of higher prices.

Given that tariffs are one-off price-level increases, this will cause a sharp initial jump in prices over the coming months, but given that this is not a monetary phenomenon and also a relative price change, this price spike should dissipate as we move out past the 12-month rate of change window (indeed, we will be watching 3- and 6-month rates of change now even more closely).

The change in prices will also depend on the response from the corporate sector, including how much they feel they can push through price increases, and the extent to which uncertainty and higher costs depress investment growth and pull down consumer spending.

The inflationary impact will also depend on the response of foreign companies and how much margin they are willing to squeeze to continue to supply U.S. consumers. Many of the largest retailers have already announced they are speaking with their suppliers to ask for pricing concessions.

The strength of the dollar will also be a significant contributing factor. A stronger dollar acts as a pressure release valve for tariff increases on goods priced in dollars, and the dollar had been strengthening on the news of a Trump election victory and right up to the inauguration. It has since been depreciating and, indeed, tumbled following the tariff announcements.

Dollar strength would be the normal response to tariffs, both from the safe-haven perspective and the shift in domestic consumption patterns as a result of the tariffs. The recent weakness in the currency, however, coupled with the surge in gold, suggests investors this time around are a little more concerned about the geopolitical implications of these changes and may be starting to see events here as a shifting away from the dollar as the world's reserve currency of choice. Even if that is the case, we would still view that as being a long way off; for the time being, there is still no viable alternative to the dollar.

Economic Growth

The tariff shock and the uncertainty around it will slow economic growth, which is what we have already been witnessing in the softer survey-based economic data, and clearly, the risks of a recession this year have increased. Nevertheless, this is not our base-case scenario.

Private sector balance sheets are in relatively good shape, having transferred all the debt imbalance back onto the balance sheet of the public sector following the GFC.

It is also notable that the labor market is structurally tight, as economies are faced with declining birth rates, aging populations, less immigration, and increased demand from reshoring. From that perspective, we believe there will be reluctance by the corporate sector to preemptively engage in mass layoffs in the same way this was the case in past economic cycles. Furthermore, coming out of the pandemic, many companies are aware of how hard it was to hire these workers and then train them and will be reluctant to lose them unless absolutely necessary.

Fed Easing Will Come but the Bond Market Is Preempting It

The current environment has a very definite stagflationary whiff to it. As the Fed made clear during the pandemic (but admittedly somewhat belatedly), its priority will be to get inflation down. However, it cannot afford to act preemptively this time around. As we have been discussing in recent notes, the inflation dynamics have shifted from a

demand-driven inflationary environment to a supply shock–driven one. Furthermore, we are also now in a world of fiscal policy dominance, which is a structural regime change from the pre-COVID world of monetary policy dominance. Both of these mean that the Fed can no longer act preemptively but must be reactive to the economic data.

The futures market has shifted from wavering between two or three rate cuts this year, to now fully pricing in three cuts by October. However, the Fed will no doubt be very happy to at least see the bond market starting to do some of the heavy lifting for it, with 10-year yields dropping from 4.36% just ahead of Liberation Day to their current 4.02% today.

Conclusion

The market has been craving clarity into tariffs, and it was hoped that Liberation Day would be the day to provide such clarity. As it turned out, we got some but not as much as the markets would have liked.

We now know the U.S. will impose a 10% baseline tariff across all countries excluding Canada and Mexico on April 5. These tariffs appear to be sticky and durable and are likely what this administration is counting on as an important revenue raiser to help to pay for the extension of the 2017 tax cuts. Further goals of restructuring the entire tax code to replace income taxes with tariffs does not look in any way realistic.

The reciprocal tariffs, meanwhile, which range from 10% to 49% and will be implemented on April 9, appear to be more useful as a negotiation tool to extract concessions from foreign trading partners. Though how willing the president will be to make concessions and over what time period is still a great unknown. What we can say is that the president's message was very clear, and he is very determined to achieve his goals, even at the risk of what will be a near-term slowdown in growth (and potentially even recession) and a near-term bump in inflation.

For the moment, 10-year U.S. Treasury note yields are doing the heavy lifting for the Fed and achieving one of Treasury Secretary Bessent's main goals of lowering longer-term interest rates, which could help ignite some demand in the housing market and support some corporate reshoring efforts. The Fed, meanwhile, is facing stagflation risk and will be reluctant to lower interest rates until it is confident that longer-term inflationary expectations are starting to come back down.

Sector Impact

Consumer

Automotive Parts and Services, Home and Outdoor, Discount and Convenience – Phillip Blee
The Liberation Day tariffs will likely impact our coverage in two ways: 1) higher product costs and potential for significant gross margin deterioration on the inability to take price against an already elevated promotional environment, and 2) associated drag on consumer confidence and appetite for discretionary spend, particularly as companies pull back on new product launches running at higher costs.

Our **home and outdoor** coverage will likely face the most significant headwinds, given its elevated sourcing exposure to high tariffs implemented across Asia, the large-ticket, discretionary nature of the offering, and the correlation to the already distressed housing market. The high tariffs on countries throughout southeast Asia could be particularly impactful after much of the industry invested significant capital and absorbed lower productivity to diversify sourcing outside of China over the past few years. We believe ***Somnigroup*** could be one of the few outperformers in the space if tariffs stick given its mattresses sold in the U.S. are all domestically manufactured, although demand could face some additional pressures on a more cautious consumer.

Our **value and convenience** coverage could be a beneficiary from a trade-down across the higher-income cohorts that have been particularly resilient over the past few years but may start to feel some constraints on the wealth-effect from the declining stock market. We believe ***BJ's Wholesale Club*** and ***Costco*** are both well positioned on a strong value offering, with BJ's potentially better suited to outperform given its more significant exposure to groceries and

other necessities (about 85% of in-store sales) compared to Costco (roughly 65%). While ***Five Below's*** value proposition could become increasingly appealing, the company's significant sourcing exposure to China and India will likely require mitigating price increases, with potential for additional top-line pressures related to the discretionary nature of its assortment and exposure to lower income consumers.

We believe our **auto parts and services** coverage is likely the most immune from the incremental tariffs, where we are most confident in the outperformance of ***O'Reilly, AutoZone,*** and ***Mister Car Wash.*** In our view, the aftermarket auto parts retailers remain the best positioned stocks to weather any tariff-related noise given the defensive nature of the offering, particularly as consumers increasingly look to extend the life of their existing vehicles, as well as the industry's historical ability to take price. We also like Mister Car Wash here given the resiliency of the company's membership base (the recurring revenue stream contributes 75% of sales), where we expect first-quarter comps to exceed expectations on strong new member additions and healthy gains in average ticket.

E-commerce, Specialty Retail – Dylan Carden
The April 2 tariffs seem purpose-built to hobble the apparel industry, with the highest tariffs targeting regions that in aggregate make up 50% of apparel imports and a weighted average tariff of some 32% now levied against countries that make up close to 85% of apparel imports. Companies had a relatively uniform lack of clarity and therefore strategy into this event, while the clear consensus is that the new tariffs are well above what most envisioned. In response, there is uncertain share of cost to be spread between suppliers, companies, and customers. We believe apparel companies have less capacity to take price than they had coming out of 2020. There was a clear benefit during this period from stimulus, forced savings, and real wage growth, which allowed for a combined increase in price of more than 10% over three years, versus average inflation of -50 basis points going back to the mid-1990s. We think in a category where price has historically been harder won, passing through price after a period of outsized increases is less of an option. Suppliers are likely going to be expected to make up most of the shortfall, where we have less visibility. This all mostly then points to companies having to take a very real, very uncertain margin hit that is to remain an overhang on the group into first-quarter earnings season staring in early May. Whether companies will have much clarity a month in could still prove overly optimistic. ***We believe that the aggregate increase in merchandise cost is likely to be in the magnitude of 30%, where it is safe to assume companies will have to eat a fair share. Assuming these companies eat 25% of the impact here (at 75% COGS being product cost) suggests an EPS hit of some 15%-20% depending on country exposure.***

- We reiterate our top pick for the year, ***Chewy,*** which has some China exposure in its private-label hard goods business (at an estimated sub-10% of sales), but on the whole product favors domestic production. We believe the pet space is still stabilizing against years of easier comparisons, while online migration is normalizing, being the most impactful driver of Chewy's top line. We see the largest risks as unchecked negativity and potential for deflation more broadly across the CPG universe.

- ***National Vision*** and ***Warby Parker*** remain good options against this current backdrop. Both are likely to see a tailwind from a normalizing repurchase cycle in the eyewear space, being a relatively insulated low-cost medical necessity, and have limited China exposure (National Vision at sub-10% and Warby around 20% of COGS), while most lenses are produced in the U.S. (being most of the cost of a pair of glasses).

- We expect ***thredUP*** can likely attract more attention here as well, with goods sourced entirely from U.S. consumers' closets and a value proposition that will increasingly look attractive as some price increases are likely inevitable. The company's competition also includes low-price Chinese retailers such as Shein, who are now competitively disadvantaged following the closure of the de minimis rule.

- Last, the off-price channel is likely to be a relative haven in this environment, with a more opportunistic inventory model that benefits in periods of dislocation. Within this group we favor ***Ross Stores*** given the valuation discount to peers that we believe is out of step with fundamental reality, and an overly cautious view of new management.

Lifestyle and Leisure Brands, Restaurants, Automotive/E-commerce – Sharon Zackfia

lululemon athletica inc. (LULU)

- As the bulk of lululemon's products are sourced from countries that are set to be targeted with outsized tariffs, we estimate the subsequent blended tariff rate for lululemon's products at roughly 39%. With just over 60% of sales in the U.S. and an assumed 70% merchandise margin, the implied unmitigated tariff headwind to margins stands at over 700 basis points.

- While lululemon's margins are strong enough to fully absorb the impact (previous guidance for operating margin of roughly 22.7% this fiscal year), we expect mitigation efforts will somewhat blunt the penalty to lululemon's bottom line, including vendor negotiations, incremental efficiencies/cost savings, and price increases. On the latter, we estimate an 11% to 12% across-the-board price increase in the U.S. would fully protect dollar profit (albeit diluting margins), although we expect any price increases will likely be more surgical than an across-the-board hike. In recent history, lululemon took a more cautious approach to price increases in 2021/2022 in the face of historically high freight prices and benefited from outsized share gains relative to peers that were more aggressive with price. Assuming the full margin hit with no mitigating factors translates to a 25%-plus headwind to our current 2026 EPS estimate.

- Lululemon's shares are already discounting nearly half of the unmitigated tariff profit impact, declining about 11% to an EV/EBITDA of about 8.6 times our 2026 estimate—or just 11 times a fully tariff-impacted 2026 EBITDA estimate with no mitigation. While it is clearly going to take the Street some time to digest today's tariff news, we reiterate our Outperform rating on lululemon given a compelling valuation, the strength of the brand, pricing power afforded by a customer base that skews more affluent, international momentum, and significant opportunity to grow domestic brand awareness (36% versus peers in the 80%-plus range). Risks include lululemon's ability to maintain and evolve a strong brand image and product portfolio in an industry with intense competition, current and future brand extensions into unproven areas, and difficult double-digit same-store sales comparisons.

Birkenstock Holding plc (BIRK)

- With product fully made in the EU, Birkenstock will be subject to 20% tariffs on goods imported to the U.S. (Americas accounted for 52% of sales last year). As a result, we estimate the effective tariff rate for Birkenstock at roughly 10%, which is relatively low compared to the vast majority of footwear which is made in Southeast Asia and subject to much higher tariffs. Assuming merchandise margins of roughly 70%, we estimate the unmitigated margin impact to Birkenstock at about 300 basis points.

- We remain enthusiastic about the prospects for Birkenstock given the strength of the brand and healthy sales growth and reiterate our Outperform rating on the stock at an enterprise value of 12 times our calendar 2025 EBITDA estimate. We believe clarity remains good on annual sales growth in the mid- to high teens over the next few years on ramping production, DTC expansion, white-space categories/geographies, and favorable product mix on premiumization and an expanded closed-toe assortment. Ultimately, we see the opportunity for Birkenstock to generate at least €10 billion in sales with consistent 30%-plus adjusted EBITDA margins. Key risks include the potential for higher markdowns should Birkenstock's brand soften in key markets (albeit mitigated by the option to send product to underserved regions like APAC) and an intense competitive environment with copycat products (often at lower prices).

Energy and Sustainability

Generation, Efficiency, Storage – Jed Dorsheimer

The new tariffs announced by President Trump excluded energy commodities (i.e., crude oil, natural gas, and refined products), which was a strategic exemption to limit the immediate economic stress on Americans by attempting to keep energy costs low. The administration's tariffs targeted foreign companies, signaling President Trump's ongoing frustration with globalization and reiterated his adamancy about strengthening the American economy by supporting domestic manufacturing instead of relying on low-cost, offshore alternatives that have been subject to supply chain bottlenecks. The transition to return production to the U.S. will not be seamless, and tariffs are expected to worsen

supply shortages and increase infrastructure costs in the short term. These immediate implications will exacerbate cost pressures on the domestic energy industry that is struggling to absorb existing supply issues for componentry (e.g., circuit breakers, switchgear, transformers, turbines, and steel). Shortages of essential electrical components can slow the integration of new generation capacity into the electric grid, limiting the ability to fulfill significant energy demand, which may delay the realization of AI-data center load growth. However, if the administration's tariff policy is a true, long-term strategy and not a negotiating tactic to advance U.S. foreign policy, then it will likely spur investment in reshoring over the duration of President Trump's remaining term in office, which will lead to a long-term, positive impact on domestic infrastructure manufacturing and energy generation.

- President Trump mentioned that his administration expects approximately $6 trillion of investment dedicated to domestic manufacturing, which will precipitate significant domestic energy load growth, further straining the grid in its current state. GE Vernova (GEV) is well positioned to benefit from an increase in demand for domestic energy manufacturing capacity to alleviate the componentry supply chain issues, which is necessary to strengthen the electric grid and accommodate increasing domestic energy load growth. We view GEV as a resilient name that provides a hedge to the new U.S. tariff policy.

- Domestic automotive manufacturers are expected to benefit from the Trump administrations' tariff policy. Tesla's (TSLA) demand and brand sentiment remain weak, but speculations about Elon Musk stepping away from DOGE, coupled with the economic benefits that Tesla will realize from the new tariff policy, could signal a bottom in the shares, which we believe presents a buying opportunity.

Financial Services and Technology

Fintech – Andrew Jeffrey and Cristopher Kennedy
The new trade policy will likely have wide-ranging impacts on the economy, which requires a different analysis; however, the direct impact of tariffs should prove manageable for most of our coverage list. In our view, the most direct implications include:

- Fintechs/merchant acquirers that sell hardware (e.g., point-of-sale devices, card readers) may experience margin compression; however, this generally represents a small percentage of revenues.

- Fintech providers serving international SMB customers (e.g., PayPal and Payoneer) could be pressured by reduced volumes, and we believe B2B payment volume may soften as businesses adapt to the new environment.

- We believe infrastructure/technology costs could increase for all providers.

That said, we believe core holdings including Visa, Mastercard, and Fiserv should navigate the uncertain environment. These companies benefit from multiple secular tailwinds, have broad exposure to consumer spending categories, have little direct exposure to new tariff policies, take little credit risk, and generally benefit from inflation. Separately, we believe the banktech providers should prove resilient, thus we highlight Jack Henry as a company with defensive business characteristics (long-term contracts, broad product suite, diverse revenue mix).

Financial Analytic Service Providers, Insurance Brokers, P&C Insurance – Adam Klauber
The P&C sector has indirect exposure to tariffs. The main possible impact would be if tariffs result in higher inflation—this would benefit U.S. insurance brokers. Commercial insurance essentially acts like a pass-through, as rising inflation results in elevated insurance premiums, which push commissions higher. Higher inflation should help organic growth stay in the 5% to 7% range—this would be a positive for brokers. Two stocks with favorable exposure are Arthur J. Gallagher and Ryan Specialty, as they are mainly U.S.-based brokers.

Tariffs could increase used car prices. This could be a long-term negative for auto insurers, but not likely actionable in the near term. Used cars prices are one of a number of factors that impact underwriting margins and should take time to work into loss costs. In addition, trend factors are currently positive—pricing is at the highest level in years, frequency has been relatively benign, and insurers have favorably re-underwritten their in-force books. Toward the latter part of the year if competition picks up, adverse impact of newer policies rises, and higher used car prices are sticky, loss ratios could begin to rise. However, frequency could also be a mitigating factor if the economy slows. We remain positive on Allstate and Progressive.

Wealthtech, Wealth Management, Capital Markets Technology – Jeff Schmitt
The most impacted companies in our coverage universe are the warranty providers, Assurant and Frontdoor.

For Assurant, its greatest exposure is from higher parts costs in Global Automotive, although this is muted as it only takes underwriting risk on roughly one-third of that business at most. Claims costs are split roughly evenly between labor and parts, and of the parts costs, around 30%-40% are sourced from countries impacted by the tariffs. Offsetting factors include potential pricing increases, higher new car sales as demand for current dealer inventories rises, and lower GAP insurance claims as used car values increase. We would not expect to see attachment rates impacted much as the value proposition becomes more attractive. Global Housing should also be impacted due to increasing lumber prices. However, the company has an inflation guard in place that can be adjusted quarterly by state, which means it will be able to react fairly quickly. The mobile business should also be impacted to a lesser degree by higher parts costs, although it has a large inventory of parts that will take time to deplete. On a net basis, we believe Assurant could see EBITDA decline $20 million-$25 million from the tariffs, which is less than 2% of total EBITDA. Key risks include the loss of a major client/distribution partner, elevated catastrophe activity, higher competitive levels, and a major breach of data security.

For Frontdoor, it should be impacted to a greater degree as parts and equipment costs are a larger part of the overall cost mix. We note that management assumes midsingle-digit cost inflation in its 2025 guidance, which includes potential impacts from tariffs, although we suspect the current tariff regime is higher than expected. In addition, to the extent that the tariffs lead to a longer period of higher volatility, companies in our coverage that should benefit the most include Cboe, MarketAxess, Tradeweb, and StoneX. Key risks include mortgage rates remaining elevated for an extended period, inflation reemerging, an increase in competitive levels on the pricing front, and integration and execution risks related to the 2-10 deal.

After the recent sell-off, Assurant trades at 10-11 times our 2026 adjusted EPS estimate, versus a long-term average of 12 times, while Frontdoor trades at 12 times our 2026 adjusted EPS estimate, which is well below its historical average of 20 times since going public.

Global Services

Commercial and Residential Services – Tim Mulrooney
Services companies are inherently less exposed to tariffs, with solutions being primarily service-based rather than product-based. However, there are three main areas to consider as it relates to tariff exposure. The first area is materials and supplies, which typically represent 8%-10% of COGS for most services companies, some of which are sourced from international markets. This exposure can be higher for certain companies such as Ecolab (raw materials = about 45% of COGS) and the uniform rental companies (merchandise = about 35% of COGS). The second area is vehicles, given that many service models are distributed networks with large fleets. This could drive an increase in capital expenditures. The third area, and the most significant in terms of impact, comprises the second-derivative ramifications associated with consumer spending patterns. Should the tariffs have a negative impact on the wealth effect (e.g., 401(k)s and home values) or interest rates (higher for longer), commercial and residential services companies may experience an overall decrease in demand.

Consulting, HR Technology, Information Services – Andrew Nicholas
We believe the primary effects to the information services, consulting, and HR technology sectors will be dependent on the macroeconomic impacts of these measures; more specifically, how tariffs will impact U.S. consumer health, inflation, interest rates, employment, M&A, bankruptcies, and IT spending. A weaker U.S. consumer is undoubtedly negative for the credit bureaus we cover (i.e., Equifax and TransUnion), though a subsequent decline in interest rates could act as a buffer to mortgage activity trends and debt issuance (relevant to S&P Global and Moody's). Inflation could be a modest positive for Verisk, who has portions of its contracts tied to net premium growth for the insurance industry, though we believe it would still be a broadly negative development for companies with macroeconomic sensitivity. Pressures on employment are obvious headwinds to most of our HR technology names (i.e., Paychex, TriNet, Insperity, and First Advantage) as well, though the magnitude of impact is hard to discern so early in the process. Tariffs and overall market uncertainty are also likely to damper M&A trends in the near term, at a minimum, which is negative for consulting firms with transactionally oriented businesses (e.g., FTI Consulting and Charles River Associates), information services providers selling into investment banks (e.g., S&P Global and FactSet), and credit

ratings agencies who benefit from the debt issued alongside such deals (i.e., S&P Global and Moody's). On the other side of the coin is the potential for increased bankruptcy activity, with FTI Consulting an obvious beneficiary. Companies and/or technology departments being more careful with IT spend could also be a headwind for Gartner and Forrester.

The testing, inspection, and certification (TIC) industry, which includes UL Solutions within our coverage list, is likely to see a more direct impact. We believe it is fair to assume that disruptions to trade and supply chains could have a dampening impact on certification volumes in the near term, with companies reevaluating the optimal point(s) of production across their respective product portfolio, though we believe this could be partly offset by the retesting/recertification of products that are immediately retooled in response to tariffs (as discussed in our November note, Highlights From Our Visit to UL Solutions' Headquarters; Product and Regulatory Complexity Rules the Day). Over the medium to long term, we are more optimistic; we believe UL Solutions' scale and global footprint will allow it to move wherever its clients decide to move, and that movement tends to result in the re-testing and/or re-certification of products.

Staffing, Waste and Recycling – Trevor Romeo

We believe our ***waste and recycling*** coverage is well positioned to outperform in a choppy macro environment fueled by tariff uncertainty. While there may be some marginal impact on input costs (e.g., auto parts on collection vehicles), solid waste companies have a strong historical track record of recapturing cost increases through price increases. Further, while economic uncertainty may have a negative impact on some categories of waste volumes (e.g., manufacturing, construction/disposal), waste and recycling services are essential and unlikely to be cut meaningfully in an economic downturn.

For our ***staffing and human capital services*** coverage, we would not expect a direct impact on input costs. However, business confidence, the largest driver of changes in demand for many talent acquisition services, is likely to take another leg lower and postpone a potential recovery for the industry. Most of our companies operate primarily in the United States, but international exposure is about 85% of revenue for ManpowerGroup, 45% for Korn Ferry, and 22% for Robert Half.

Healthcare

Medical Technology – Margaret Kaczor Andrew
Given many medical technology companies treat chronic and/or acute conditions—making them more or less non-discretionary—the immediate impact of the Trump tariffs will likely stem from COGS headwinds and earnings. The extent of the impact will vary by company, with some more likely to face headwinds than others, particularly into 2026 as tenders and upstream and downstream purchasing contracts reset. The majority of our covered companies (CBLL, COO, CVRX, EW, INGN, IRTC, MDT, PODD, PEN, and RMD) have already started to provide details on the impact of tariffs at public conferences before yesterday's announcement. Most teams to date suggest a minimal or immaterial impact, with the tariffs more likely to blunt margin expansion or serve as a small headwind.

We expect more specifics to come as first-quarter earnings calls begin later this month, with companies likely to estimate the impact of tariffs to COGS and the net effect on EPS. These are more easily calculable, whereas comments around demand and inventory dynamics are more likely kept at a higher level but important as we look over a 12–24-month time period. Given the latter, we expect the outlook to remain difficult to predict with questions over: 1) how long will the tariffs be sustained and are there any future exclusions for names in healthcare, 2) what is the pricing power of the companies in their respective end markets, and 3) what will the impact of the tariffs be on customers (patients, countries, service providers, and payers), which may impact demand trends.

Stocks that are best positioned, in our view, are those with 1) fewer elective procedures, 2) predictable recurring revenue business models treating chronic conditions, 3) relatively low tariff exposure (more U.S.-manufacturing and sales), 4) new products to drive growth and upside to models, and 5) pricing power/higher gross margins. In sum, names we believe are most insulated across our coverage include: ABT, EW, GKOS, IRTC, PODD, and PEN.

Pharmaceutical Outsourcing and Services – Max Smock
Pharmaceuticals were excluded from the reciprocal tariffs rolled out by President Trump on Wednesday, April 2, but his recent threat of 25% or higher pharma-specific tariffs in the very near future suggests the industry's relief will be short-lived. If—or perhaps more appropriately, when—pharma-specific tariffs are rolled out, there will not be a material direct impact on most pharmaceutical outsourcing and services companies. That said, since tariffs would pressure margins for commercial drugs and likely make developing drugs more expensive, the taxes could potentially discourage investments in research and development, which in turn would lead to a more challenging demand environment for our coverage list. In our view, the brunt of the tariff impact would likely be felt by large pharma, but it would also add to a large pile of unsettling news creating uncertainty around biotech funding and ultimately demand from smaller innovators. From our CRO and tech-enabled services coverage list, Charles River has the most direct exposure, with roughly 18% of revenue tied to non-pharmaceutical product sales. Similar to CROs and tech-enabled services companies, Lonza would also be negatively impacted by a slowdown in research-and-development spend, but to a lesser extent than the rest of our coverage list, in our view, given it generates 70% of its CDMO revenue from Phase III and commercial drugs. However, the company also has some direct exposure to tariffs through its capsules and health ingredients (CHI) segment, which accounted for 16% of 2024 revenue. On the bright side, we believe Lonza is extremely well positioned to benefit from increased demand for U.S. manufacturing capacity following its recent acquisition of Roche's large-scale mammalian drug substance biologics facility in Vacaville, California.

Dental, Animal Health – Brandon Vazquez
At a high level, we believe most global companies in our list likely have some exposure given the breadth of tariff coverage. We likely need more time and management commentary to better understand these headwinds, but in the meantime, we think it's helpful to comment on potential derivative impacts of the tariffs. Namely, we focus on 1) how durable are the end-markets our names operate in, especially in weak macro periods, and 2) which companies have pricing power to help offset tariff headwinds.

- ***Durable end-markets in worsening macro and high pricing power:*** This category includes names that operate in end-markets that are well-regulated/required regardless of macro conditions or healthcare-related exposure that leads to prioritized spend in poor macro periods. Making this group arguably even more powerful is strong competitive positioning that likely gives them power to push tariff headwinds to end-users. In this group, we highlight names like: ***ISRG, ZTS, PRCT,*** and ***NEOG.***

- ***Somewhere in the middle:*** These names are somewhat mixed with exposure to both resilient markets and consumer-tied markets. They also might have some segments with pricing power but other areas of their businesses are more commoditized, which somewhat weakens their ability to pass pricing on to customers. This group includes names like: ***MDT, IDXX, STMN, ELAN, TRUP, ENOV,*** and ***FNA.***

- ***Weaker end-markets in worsening macro and low pricing power:*** This category includes names that are more susceptible to weakening consumer or might see fundamental weakness simply due to lower consumer spending. What makes this group more exposed is that they also have relatively less pricing power compared to other names in our coverage so they cannot pass much of the tariff headwinds to end-users. This includes names like: ***ALGN, HSIC, XRAY, NVST,*** and ***PDCO.***

Biotechnology – Matt Phipps, Sami Corwin, Lachlan Hanbury-Brown, Andy Hsieh, Myles Minter, and Sarah Schram
In relation to the biopharma sector, we highlight that pharmaceuticals are specifically mentioned as being excluded from reciprocal tariffs, and President Trump reiterated the importance of maintaining resilient pharmaceutical domestic manufacturing capacity. The full list of products subject excluded from reciprocal tariffs includes many products that are likely utilized in biopharma production capacities, and specifically excludes vaccines, antibiotics, and blood products, for example (see list here). While this may mitigate the short-term tariff risk to the biopharma sector, there are numerous media reports of discussions for separate tariffs imposed specifically on pharmaceuticals. We will continue to monitor the situation and expect the tariff-associated volatility to continue to present as an overhang on the sector.

A major outstanding question is whether any future pharmaceutical-focused tariffs will be specifically on finished product or include internationally sourced precursors of active pharmaceutical ingredients (APIs). Multinational biopharmaceutical companies typically utilize a web of manufacturing facilities to produce the range of medicines in

their portfolio, and this can often require the use of multiple facilities to go from starting material all the way to fill finish, which may be spread out across geographies. In addition, several companies have announced plans for new manufacturing facilities across the United States over the past 12 months, including Amgen, Pfizer, Eli Lilly, Novo Nordisk, and Johnson & Johnson, signaling a continued goal of globalized infrastructure that could help offset longer-term tariff risks.

Industrials

Aerospace and Defense, Smart Transportation, Government Technology – Louie DiPalma

Aerospace: Aerospace aftermarket providers were able to raise prices over the past several years due to robust demand related to Boeing's struggles, and strong travel volumes. There is the potential that sustained price increases cause higher airline ticket prices. The combination of higher airline ticket prices and weaker consumer spending could cause travel volumes to decline, and less demand for aftermarket parts. Aircraft manufacturers may also be impacted by supply chain disruptions for critical components.

Government tech services: We are incrementally positive on the group following the tariffs. There will be minimal impact on government tech services given how nearly all revenue and the entire supply chain is from the United States. In theory, the U.S. federal government raising money via tariffs is positive for defense spending because it reduces the deficit, thereby decreasing the need for material cuts to the defense budget.

Public safety tech: We expect the public safety tech group to be resilient. During the COVID-induced supply-chain inflation during 2022 and 2023, the hardware vendors were able to raise prices with minimal impact on demand. Software and services vendors will likely see minimal impact.

Satellite communications: Higher component costs may impact margins on the hardware side. A recession would decrease demand for satellite communication services for aviation, maritime, and consumer.

Advanced Manufacturing, Industrial Technology – Brian Drab

Industrial Technology: The new tariff regime creates a number of challenges for companies across our coverage, including increased cost of goods and likely decreased demand in the United States and abroad, a function of a general slowdown in economic uncertainty and likely retaliatory tariffs. For example, the irrigation companies we cover, Lindsay and Valmont, will not only experience higher manufacturing costs, but will also attempt to sell higher-priced product (to pass on increased costs) to growers operating in an environment of uncertainty. Retaliatory tariffs on grain exports would put pressure on demand for U.S. grain, leaving growers with less income to spend on new equipment. We expect similar dynamics—higher costs and diminished demand—to weigh on various industries within our coverage. Companies under coverage that we believe are best positioned to weather increased tariffs and an escalating trade war are Protolabs and Xometry, given these companies offer customer essentially infinite U.S.-based manufacturing capacity. We continue to be most concerned about Zebra in this environment, given the company has outsourced most of its manufacturing to suppliers in China, Malaysia, Vietnam, and Mexico.

Building Products, Specialty Distribution – Ryan Merkel
We believe distributors are better positioned to manage tariffs than OEM suppliers because distributors are pass-through business models and have flexibility to shift purchasing to suppliers with more favorable cost positions. Some distributors could enjoy inventory profits on rising prices. We believe that FAST, GWW, and WSO will outperform as safety stocks. For building products, our biggest concern was companies with significant Mexico production, but lighting (AYI) and HVAC (LII) are exempt under the USMCA. We see AAON and TREX as beneficiaries of 100% U.S.-based manufacturing. AYI is competitively advantaged as most competitors import from China/Asia where tariffs could significantly raise prices. Slower consumer spending, reduced capex budgets, and housing market pullback is likely if tariffs remain in place.

Diversified Industrials, Robotics, and Automation – Ross Sparenblek
The latest round of tariffs will likely cause some disruption across the diversified industrial landscape; however, we believe our coverage is largely insulated from long-term disruption, due to the: 1) high degree of vertical integration, 2) largely U.S.-based manufacturing footprints, and 3) focus on "local-for-local" international production. In addition,

the targeted expansion of the U.S. manufacturing base over the next few years will likely put pressure on an already tight labor market. As a result, we believe a pull-forward in capital investment related to automation and robotic technology (which has seen major commercial improvement over the past few years) is likely as companies look to replace lower-cost international production. Within our coverage, we believe a handful of companies are positioned to structurally benefit from tariffs including RBC, as tariffs enable share gains from competitors who rely more heavily on international supply chains, and MEC, as OEMs look for U.S.-based manufacturing partners. Conversely, we would highlight JBTM as being particularly exposed to tariffs following the acquisition of Marel. Of note, roughly 40% of Marel's revenue is generated within the Americas (predominantly the U.S.), while only 20% of its manufacturing capacity located within the U.S. Across the rest of our coverage, we expect any disruptions will be manageable, as companies had already begun to identify and mitigate their potential exposure to tariffs prior to yesterday's announcement.

Technology, Media, and Communications

Software/Infrastructure Software – Jason Ader, Arjun Bhatia, Dylan Becker, Jake Roberge, Stephen Sheldon

Budget impact: Software is unlikely to be directly tariffed as software is delivered digitally (we saw no specific mention of software tariffs in Trump's announcement). However, there are indirect impacts that would be incrementally negative to the sector, with the primary one being a souring of the enterprise spending environment as businesses and consumers tighten budgets. In this case, tech/software spending would not be immune despite favorable secular trends around AI and digitization. While these headwinds are likely be temporary given the long-term secular need for technology, the duration and magnitude of headwinds is hard to determine at this point.

Industry exposure: Software businesses that serve certain sectors are likely to see a bigger impact than others, for example, those with outsized exposure to retail/CPG/commerce (such as Amazon, Shopify, Klaviyo, Braze, Zeta, Manhattan Associates, SPS Commerce), real estate (DocuSign, AppFolio, CoStar, Alarm.com, Blend Labs), construction (Procore, Autodesk), travel/restaurants/hospitality (Toast, PAR, Agilysys), and automotive. Subsegments that we believe are likely to be more resilient include security software, HCM, insurance tech, and education tech.

Revenue models: Subscription models in software should drive a delayed impact to revenue, with the initial impact likely to be on bookings (though full year guidance revisions are possible in coming quarters). Companies with transactional models, or transactional components to their model, however, should see a more immediate and sharper impact to fundamentals (such as those tied to commerce, payments, observability, advertising).

Cost and compute infrastructure: We see minimal impact to the cost structure as the biggest expense for software companies is typically headcount. However, tariffs are likely to impact hardware used in data centers, which could directly (for those that have their own infrastructure) and indirectly (for those on public cloud) drive costs higher for compute capacity and pressure gross margins if not passed on. Cloud service providers (like Microsoft, Oracle, Google, Amazon, Digital Ocean) will need to decide whether to raise prices as their hardware costs will rise commensurate with the tariffs. Lastly, storage systems companies (NetApp, Pure Storage) import most of their components from Asia (NAND in particular from Korea) and may use Mexico for assembly, which is likely to result in price hikes for customers as vendors pass through much of the increased costs (what we saw during the last round of tariffs).

Cybersecurity, Security Technology – Jonathan Ho
We see very moderate impact overall to cybersecurity vendors due to the critical nature of the products and concentration of value in software. Cybersecurity companies with more hardware content such as firewall vendors (Fortinet, Palo Alto Networks, Check Point) in cybersecurity face more exposure. However, many have flexible supply chain agreements that can adjust to the new tariff environment over time. Existing customers will face higher costs, which could lead to delays in refresh cycles, more modest upsells or push for more adoption of virtual or cloud-based network security services.

Infrastructure Software, Semiconductor and Infrastructure Systems – Sebastien Naji
For the semiconductor space, the announced tariffs will complicate supply chain management across Asia, though the extent of the negative impact remains somewhat of an open question. Importantly, despite the 32% tariff announced for Taiwan, semiconductors were notably excluded from this rate. This exclusion is seemingly good news for semiconductor leaders like Nvidia, Broadcom, and Marvell, which are entirely reliant on fab capacity in Taiwan to

build their most advanced AI chips. Despite this seeming reprieve, it does not eliminate the possibility for additional tariffs down the road on the semiconductors. Here we see the recent commitment by TSMC to invest more than $100 billion additional U.S. capacity, including a critical research facility (the first outside of Taiwan), as a strong step in the right direction to appease the Trump administration's desire to bring more of the critical chip supply chain onshore. Elsewhere, second order impacts of weaker global end-demand caused by increase trade friction, tariff retaliation, and higher prices for consumer items, like smartphones, laptops, and autos, could weigh on non-AI growth for semi companies under coverage. While these are relatively small revenue buckets for vendors like Broadcom and Nvidia, Arm has high exposure to non-AI demand and could see royalty revenue impacted as weaker global demand reduces volumes of Arm-based chips shipped.

IT Services – Maggie Nolan
Many IT hardware products—such as servers or networking equipment—sold or distributed by CDW, ePlus, and Ingram Micro within our coverage are manufactured overseas. To maintain margins, VARs will pass higher costs for these products on to customers, potentially reducing demand or shifting purchasing preferences toward domestically produced alternatives, if available.

The other IT services companies in our coverage would be indirectly affected by tariffs if clients cut back on IT spending. Companies may cut back due to higher costs for hardware and other inputs to their own businesses or an overall decline in confidence in the economy or their businesses. On the flip side, some IT services firms or BPO companies could benefit by helping companies optimize their supply chains, find alternative sourcing strategies, or navigate tariff-related compliance issues, but impacts to spending patterns and budget-holders' confidence at clients are likely to be the more material factor.

The prices of the common stock of other public companies mentioned in this report follow:

AAON, Inc.	Outperform	$82.72
Acuity Brands, Inc.	Outperform	$266.40
Agilysys, Inc.	Outperform	$74.64
Alarm.com Holdings, Inc.	Market Perform	$55.75
Align Technology, Inc.	Outperform	$163.98
Alphabet, Inc.	Outperform	$158.86
Amgen Inc.	Outperform	$305.70
AppFolio, Inc.	Outperform	$227.63
Arm Holdings plc	Outperform	$108.14
Arthur J. Gallagher & Co.	Outperform	$344.07
Assurant, Inc.	Outperform	$210.77
Autodesk, Inc.	Outperform	$267.93
AutoZone, Inc.	Outperform	$3,809.26
Birkenstock Holding plc	Outperform	$47.20
BJ's Wholesale Club Holdings	Outperform	$114.97
Blend Labs, Inc.	Outperform	$3.52
Braze, Inc.	Outperform	$36.30
Broadcom Inc.	Outperform	$172.09
Cboe Global Markets, Inc.	Market Perform	$224.48
CDW Corporation	Outperform	$164.47
CeriBell, Inc.	Outperform	$19.24
Charles River Associates	Market Perform	$176.62
Charles River Laboratories	Market Perform	$149.28
Check Point Software	Outperform	$228.01
Chewy, Inc.	Outperform	$34.00
CoStar Group, Inc.	Outperform	$79.92
Costco Wholesale Corporation	Outperform	$965.08
CVRx, Inc.	Outperform	$12.98
Dentsply Sirona Inc.	Outperform	$14.87
DigitalOcean Holdings, Inc.	Outperform	$35.19
DocuSign, Inc.	Outperform	$83.40
Edwards Lifesciences	Outperform	$72.05
Elanco Animal Health	Market Perform	$10.77
Enovis Corporation	Outperform	$36.98
Envista Holdings Corporation	Market Perform	$17.51
ePlus inc.	Outperform	$62.09
Equifax Inc.	Outperform	$247.57
FactSet Research Systems Inc.	Market Perform	$451.72
Fastenal Company	Outperform	$78.01
First Advantage Corporation	Outperform	$14.87
Fiserv, Inc.	Outperform	$226.15
Five Below, Inc.	Market Perform	$81.49
Forrester Research, Inc.	Market Perform	$9.45
Fortinet, Inc.	Market Perform	$98.08
Frontdoor, Inc.	Outperform	$39.67
FTI Consulting, Inc.	Outperform	$161.27
Gartner, Inc.	Outperform	$424.37
GE Vernova Inc.	Outperform	$330.80
Henry Schein, Inc.	Market Perform	$69.25
IDEXX Laboratories, Inc.	Outperform	$426.25
Ingram Micro Holding	Outperform	$18.28
Inogen, Inc.	Outperform	$7.20
Insperity, Inc.	Market Perform	$89.28
Insulet Corporation	Outperform	$269.13
Intuitive Surgical, Inc.	Outperform	$507.05

iRhythm Technologies, Inc.	Outperform	$108.33
Jack Henry & Associates	Outperform	$184.11
JBT Marel Corporation	Market Perform	$125.32
Johnson & Johnson	Not Covered	$155.36
Klaviyo, Inc.	Outperform	$31.37
Korn Ferry	Outperform	$68.87
Lindsay Corporation	Market Perform	$130.45
Lonza Group AG	Outperform	CHF532.36
lululemon athletica inc.	Outperform	$282.75
Manhattan Associates, Inc.	Outperform	$178.89
MarketAxess Holdings Inc.	Outperform	$210.83
Marvell Technology, Inc.	Outperform	$63.23
Mastercard Incorporated	Outperform	$547.38
Mayville Engineering Company	Outperform	$13.75
Medtronic plc	Market Perform	$88.86
Meta Platforms, Inc.	Outperform	$583.93
Microsoft Corporation	Outperform	$382.14
Mister Car Wash, Inc.	Outperform	$8.06
Moody's Corporation	Outperform	$470.89
National Vision Holdings, Inc.	Outperform	$12.88
Neogen Corporation	Outperform	$8.59
NetApp, Inc.	Market Perform	$90.49
Novo Nordisk	Not Covered	$68.24
NVIDIA Corporation	Outperform	$110.42
O'Reilly Automotive, Inc.	Outperform	$1,417.01
Oracle Corporation	Outperform	$145.86
Palo Alto Networks, Inc.	Outperform	$173.18
PAR Technology Corporation	Outperform	$61.05
Paragon 28, Inc.	Market Perform	$13.08
Patterson Companies, Inc.	Market Perform	$31.28
Paychex, Inc.	Market Perform	$154.94
Payoneer Global Inc.	Outperform	$7.55
PayPal Holdings Inc.	Market Perform	$67.15
Penumbra, Inc.	Outperform	$277.35
Pfizer Inc.	Not Covered	$24.70
PROCEPT BioRobotics	Outperform	$57.74
Procore Technologies, Inc.	Outperform	$68.97
Proto Labs, Inc.	Market Perform	$36.29
Pure Storage, Inc.	Outperform	$46.01
RBC Bearings Incorporated	Outperform	$336.99
ResMed	Outperform	$223.00
Robert Half Inc.	Market Perform	$54.71
Ryan Specialty Holdings, Inc.	Outperform	$75.06
S&P Global Inc.	Outperform	$513.98
Shopify Inc.	Outperform	$100.65
Somnigroup International Inc.	Outperform	$62.48
StoneX Group Inc.	Outperform	$78.81
Straumann Holding AG	Outperform	CHF102.19
Tesla, Inc.	Outperform	$282.76
The Allstate Corporation	Outperform	$205.43
The Beauty Health Company	Market Perform	$1.48
The Boeing Company	Outperform	$168.56
The Cooper Companies, Inc.	Outperform	$81.23
The Progressive Corporation	Outperform	$281.23
thredUP, Inc.	Outperform	$2.54
Toast, Inc.	Outperform	$35.68
Tradeweb Markets Inc.	Outperform	$148.49

TransUnion	Outperform	$85.73
Trex Company, Inc.	Outperform	$59.99
TriNet Group, Inc.	Outperform	$79.54
Trupanion, Inc.	Outperform	$37.26
UL Solutions Inc.	Outperform	$57.11
Valmont Industries, Inc.	Market Perform	$296.54
Visa Inc.	Outperform	$346.33
W.W. Grainger, Inc.	Outperform	$1,004.92
Warby Parker, Inc.	Outperform	$18.40
Watsco, Inc.	Outperform	$520.66
Xometry, Inc.	Outperform	$25.13
Zoetis Inc.	Outperform	$163.50

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DOW JONES: 40545.90
S&P 500: 5396.52
NASDAQ: 16550.60

Additional information is available upon request.

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Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	71	Outperform (Buy)	10
Market Perform (Hold)	29	Market Perform (Hold)	1
Underperform (Sell)	1	Underperform (Sell)	0

*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

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