



## US Utilities: 2025 Q4

Utilities close 2025 with another market-beating performance and tailwinds for 2026



## Table of Contents

---

<b>Executive Summary:</b> Utilities' Fundamental Growth Opportunities Could Extend Stock Rally	3
<b>Rates, ROE, and Inflation:</b> Utilities' Fundamentals Ease Concerns About Interest Rates, Inflation	6
<b>Growth Opportunities:</b> Renewable Energy and Electricity Demand Require Large Investments	10
<b>Top Picks and Coverage:</b> Several Utilities With Attractive Combinations of Value and Growth	17

## Morningstar Equity Research

---

**Travis Miller**  
Senior Equity Analyst, Utilities

**Andrew Bischof, CFA, CPA**  
Senior Equity Analyst, Utilities

**Important Disclosure**  
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: <http://global.morningstar.com/equitydisclosures>

# Executive Summary

Utilities' fundamental growth opportunities could extend stock rally.

# US Utilities Record-Setting Stock Rally Stretches Into Third Year

Utilities have matched technology stocks as the top-performing sector in 2025, even after a drop from their October peak. As of mid-December, the Morningstar US Utilities Index is up 22% in 2025 and 76% from its October 2023 low, including dividends. This is utilities' best two-year performance in more than 20 years.

- Utilities' earnings growth outlooks suggest their rally could extend into 2026. Valuations remain far from peak levels.
- Dividend yields remain well below interest rates, suggesting investors are assuming utilities' earnings will grow much faster than historically. This focus on growth means lower interest rates are unlikely to have a major impact on utilities' stock prices.
- Customer bill affordability is a significant issue for many utilities. Regulatory support for utilities' large investment growth plans is critical to realize the earnings growth that investors expect.

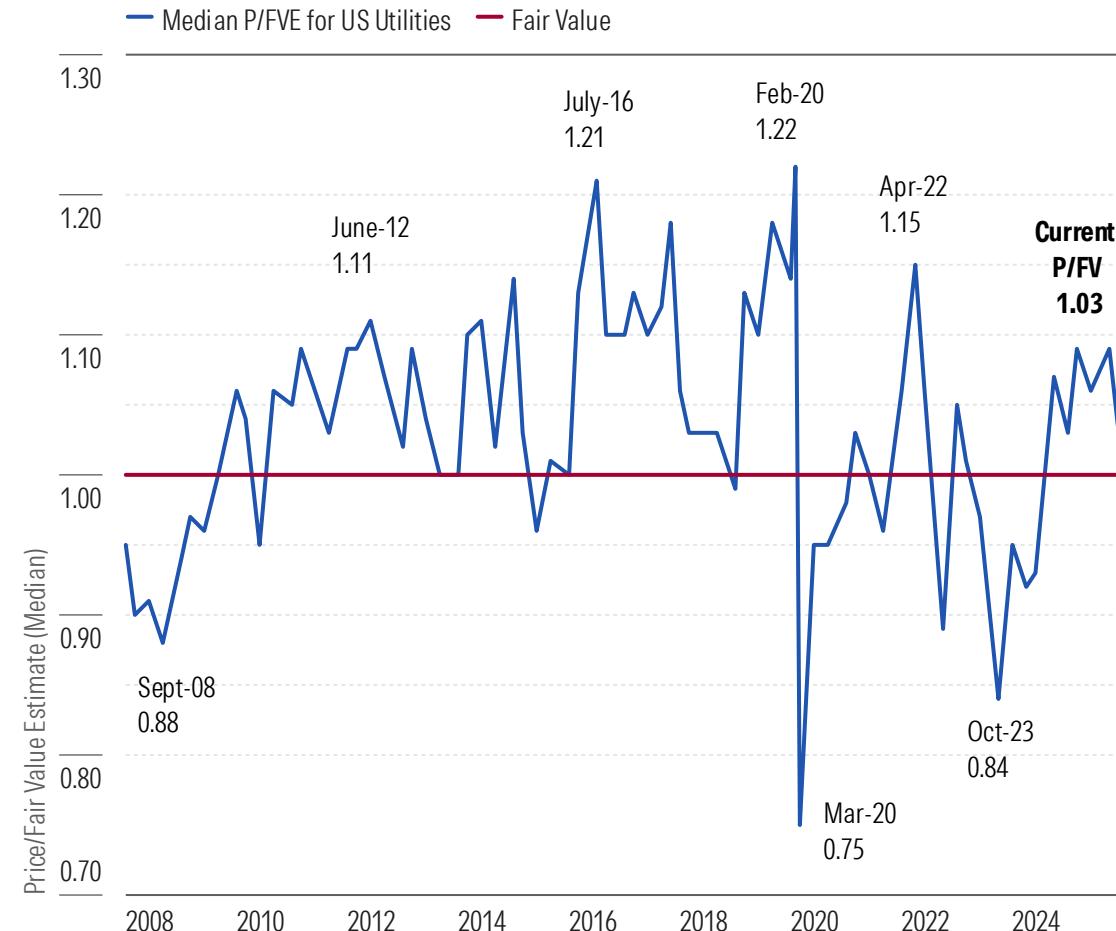
## Utilities' Returns Since Late 2023 Handily Beat the Market Even After Recent Retreat

Utilities set to outperform the US market for the second consecutive year in 2025.

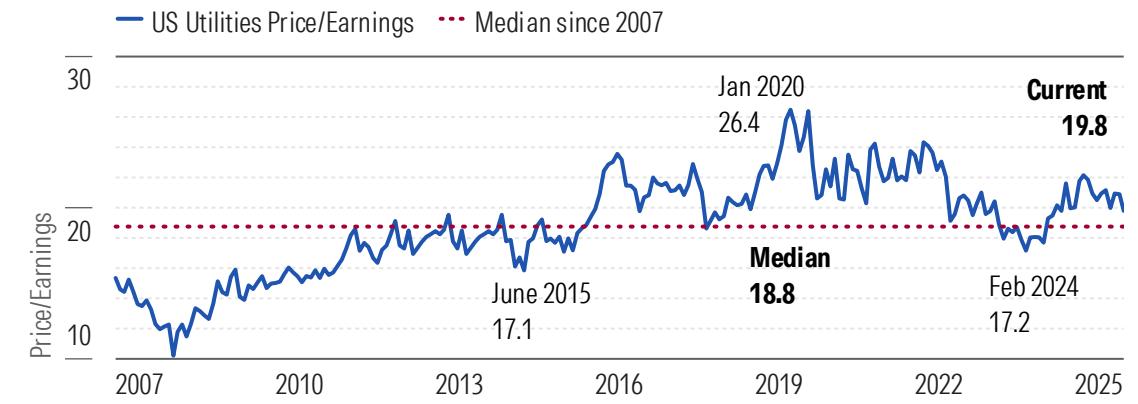


# Utilities' Valuations Historically Rich but Far From Peak Levels

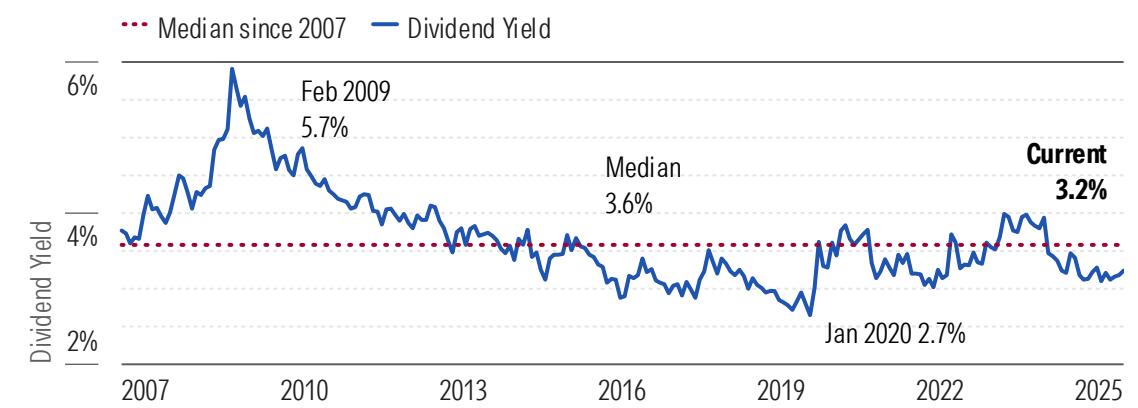
## Utilities Back Near Fair Value After Sell-Off in Late 2025



## Utilities Sector 20 P/E Only Slightly Above Long-Term Average



## Dividend Yields Historically Low Even After Recent Dividend Increases



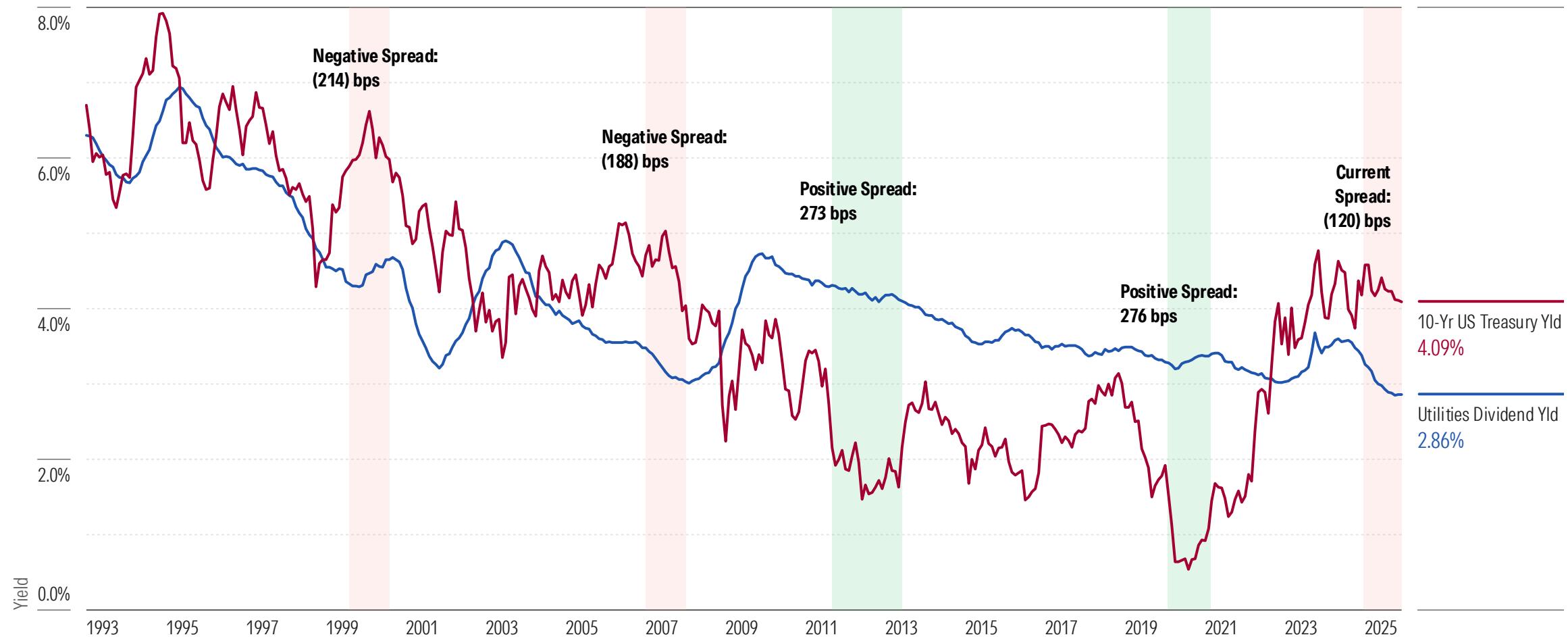
# Rates, ROE, and Inflation

Utilities' strong fundamentals ease concerns about interest rates and inflation.

# Utilities' Dividend Yields Remain Well Below Interest Rates

## Utilities Index Dividend Yield Falls Below 3% For First Time in More Than 30 Years, While Interest Rates Remain Near 20-Year High

Utilities stocks will have to fall to offer more attractive yields relative to current fixed-income investments.



# Utilities' Growth Investment Plans Need Regulatory and Policy Support

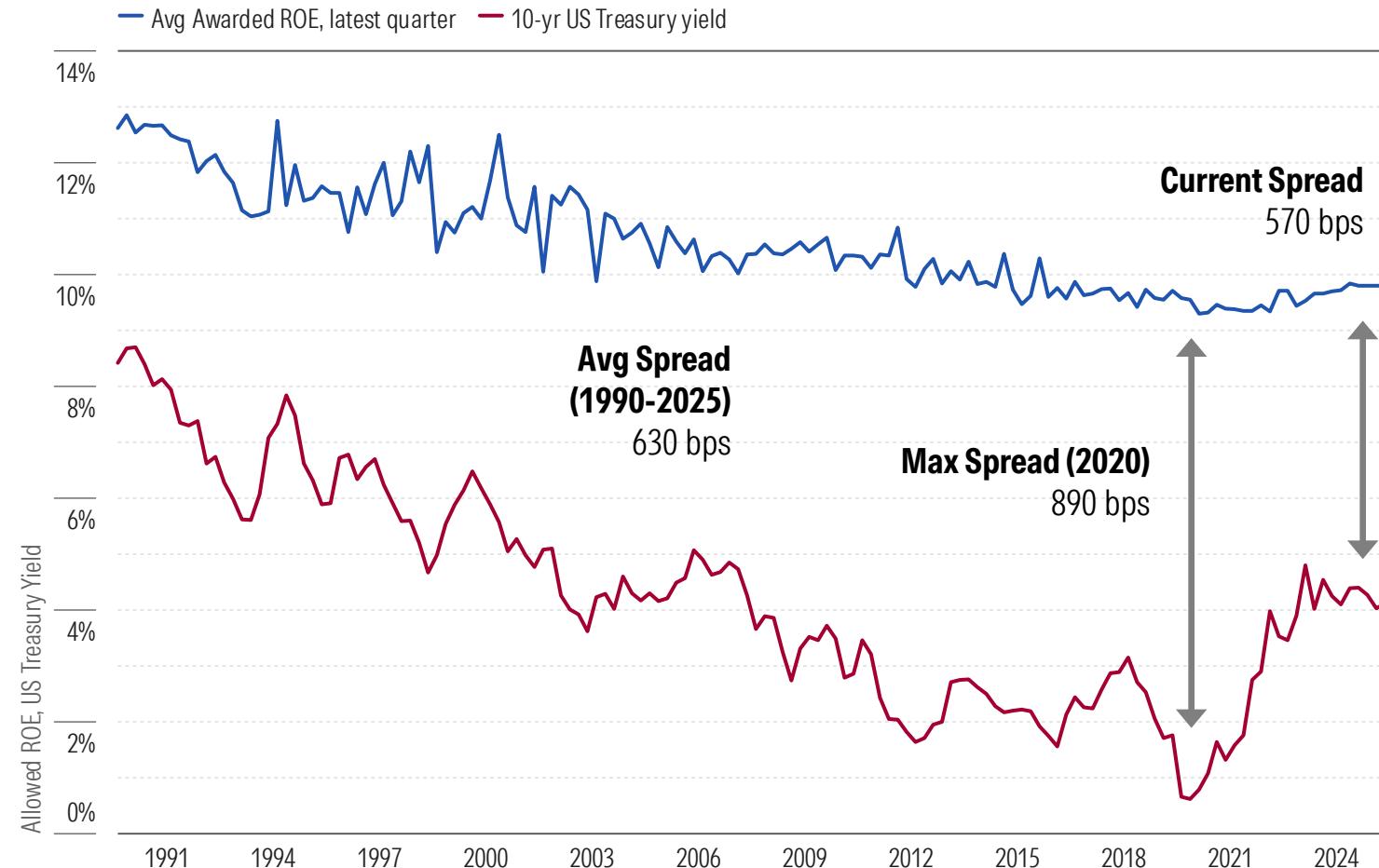
The biggest challenge for utilities with significant growth opportunities is ensuring that customer benefits outweigh the higher rates customers pay to fund those investments. Earnings and dividend growth will slow if utilities face resistance from regulators and policymakers. One common approach utilities are taking involves allocating more costs to new customers, like data centers that require the largest infrastructure investments.

## Key Regulatory Activity

- Alliant Energy: Subsidiary WPL's 2026-27 rate outcome includes a 9.8% allowed return on equity, in line with our expectations and reinforcing our constructive view of Wisconsin regulation.
- NextEra Energy: FP&L's approved settlement includes a 10.95% allowed ROE and 100-basis-point ROE band. The ROE is among the highest in the sector.
- NiSource: Indiana regulators approved a new subsidiary to support data center development while minimizing customer rate impacts.
- Con Ed: New York settlement implies 9% annual growth in 2026-28 with a 9.4% ROE, up from 9.25%.

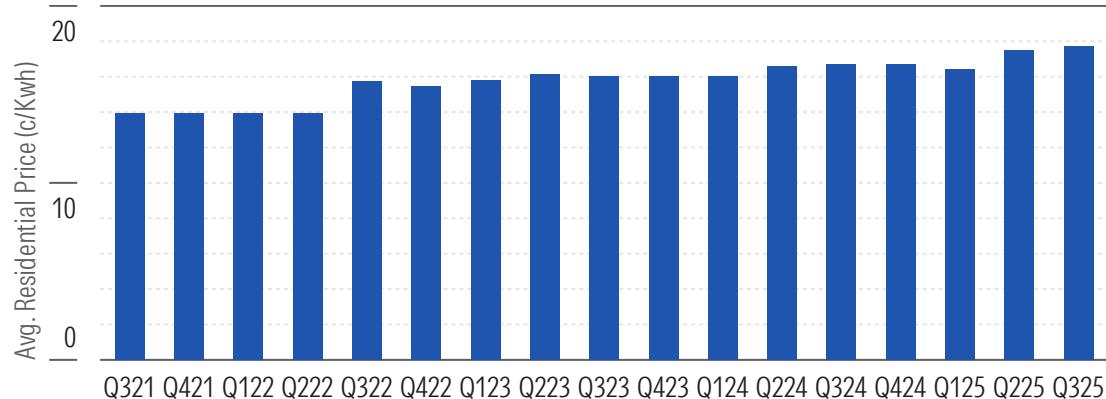
## Higher Financing Costs, Affordability Concerns Squeeze Profitability of Growth Investments

Creative rate structures can ensure utilities' investors and customers realize benefits from growth plans.

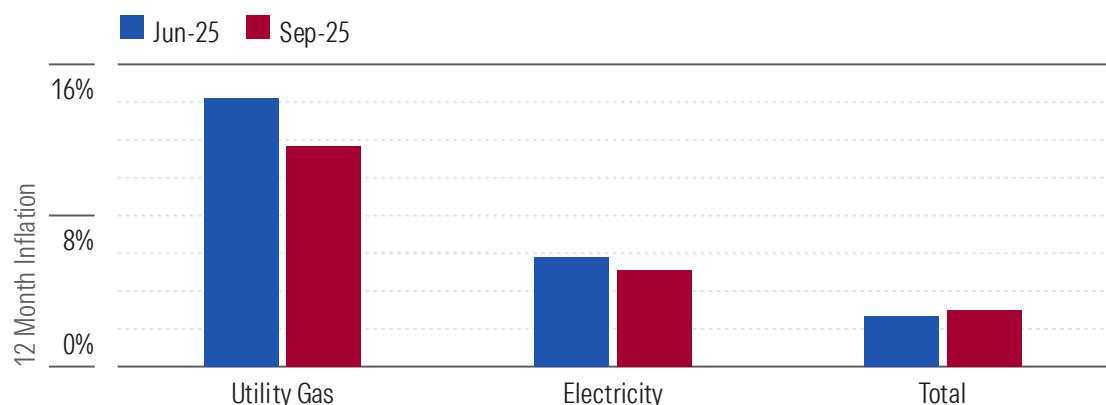


# Residential Electricity Inflation Remains Concern for Customers

## Electricity Prices Plateau, Easing Pressure on Consumers



## Electricity, Gas Inflation Remain Elevated Relative to All Other Items



- After rising quickly through mid-2022, average US residential electricity prices plateaued starting in 2023. However, prices have increased faster than inflation recently, up 6% year-to-date, given higher commodity prices and rate increases to fund utilities' growth investments.
- About half of an average customer's bill includes energy costs, taxes, and other fees that utilities incur and pass through to customers with no markup.
- Most state regulators have allowed utilities to raise base rates during the last two years. We expect a pickup in the number of utilities that request rate increases in 2026-27 to cover higher operating costs and infrastructure investment.
- Utilities bills continue climbing faster than other consumer costs. Electricity (5.1%) and utility gas (11.7%) were among the largest contributors to annual inflation in the US Bureau of Labor Statistics' Consumer Price Index report in September.
- Customer bill inflation could make it more difficult for utilities to receive regulatory approval for investment plans.
- Natural gas utility prices were up sharply in early 2025, according to CPI reports. This could in part reflect a return to normal winter weather in 2025 after an historically warm 2024 winter. Normal 2026 weather should ease bill increases.

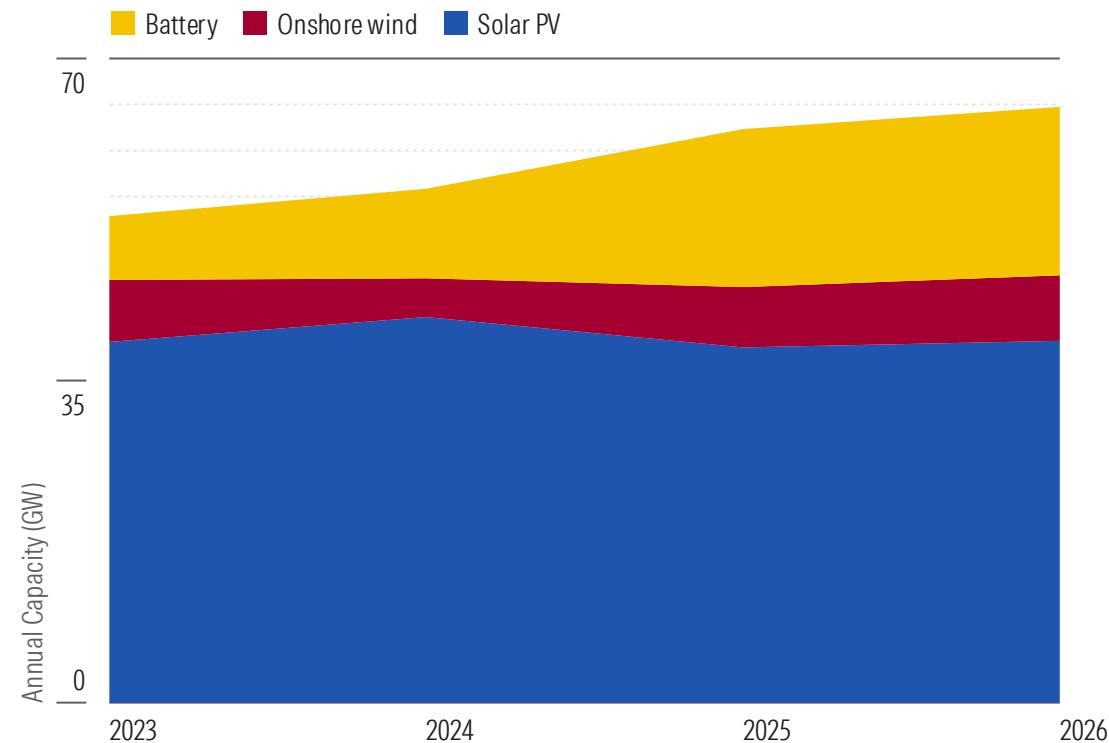
# Growth Opportunities

Renewable energy mandates and electricity demand growth require large infrastructure investments.

# Power Generation: Macroeconomic Concerns Not Slowing US Renewable Energy Buildout

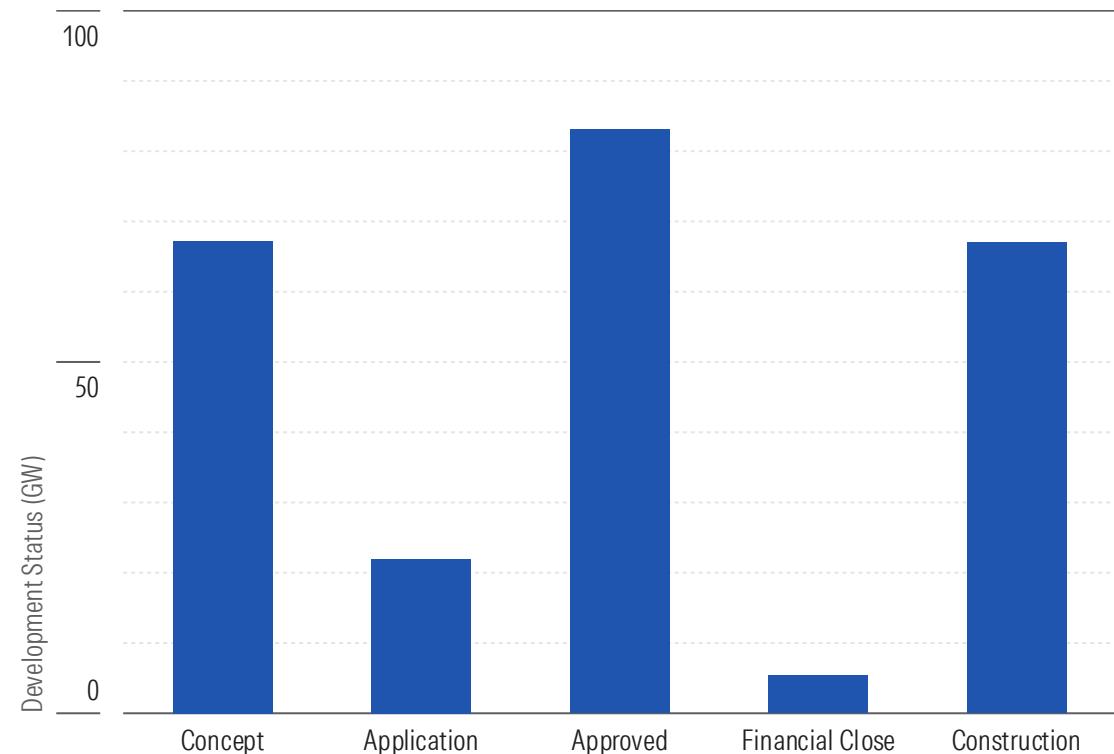
Federal policy uncertainty has not slowed solar or battery storage investment. Battery storage demand has accelerated, as the technology is often paired with solar. Wind capacity additions grew slightly in 2025 after falling nearly 50% from 2023 levels in 2024.

## Battery Adoption Accelerates as Wind Stagnates



Initial and approved applications for new renewable energy projects remain robust through 2030, supporting utilities' long-term growth plans. Higher equipment costs and higher interest rates have increased power prices consistently since 2019.

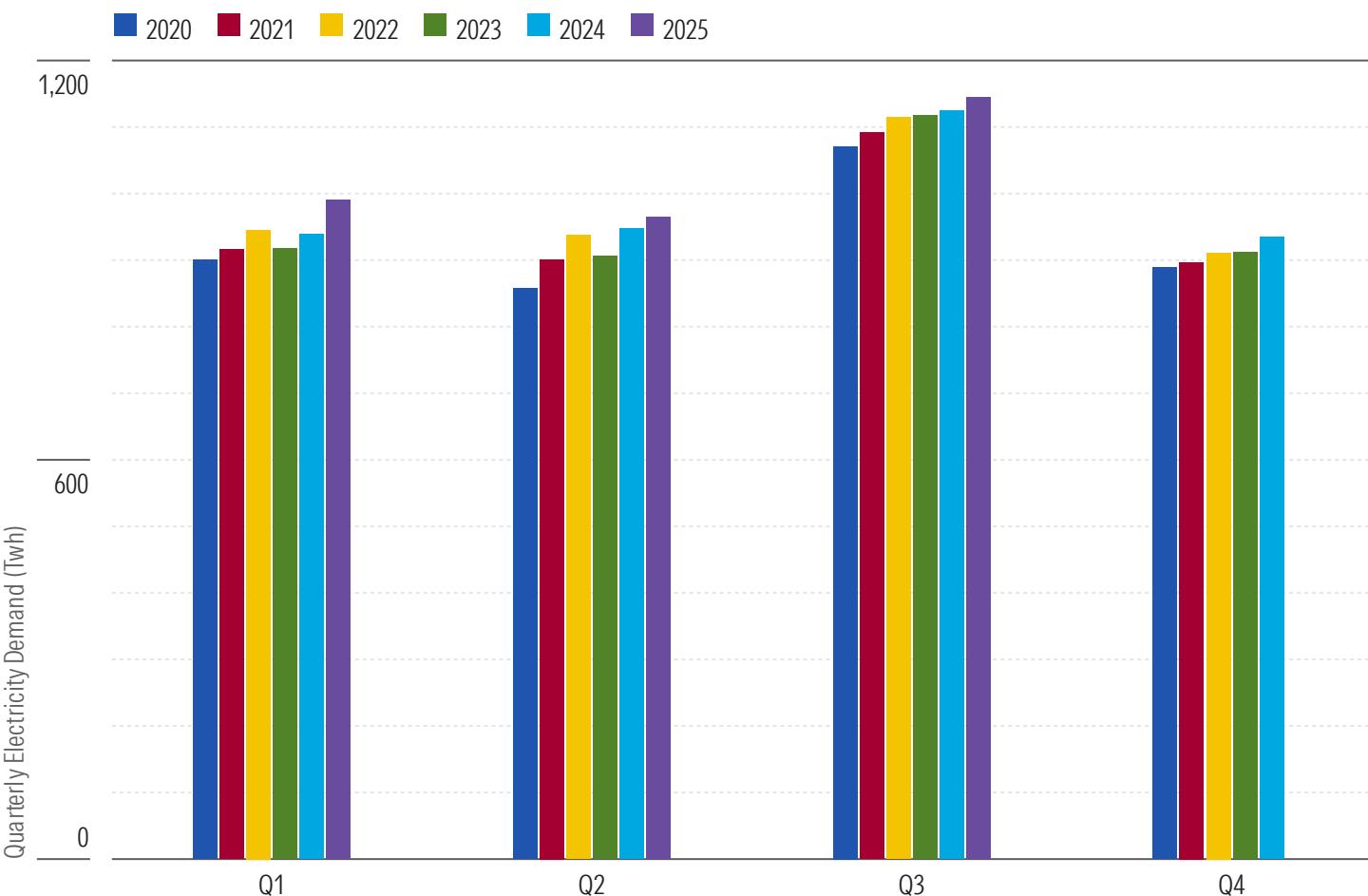
## Renewable Energy Development Supports Long-Term Growth



# Growth Picks Up as Data Center Buildout Begins

## US Electricity Demand Growth Driven by Commercial Strength

Data center demand drives 4.5% commercial growth.



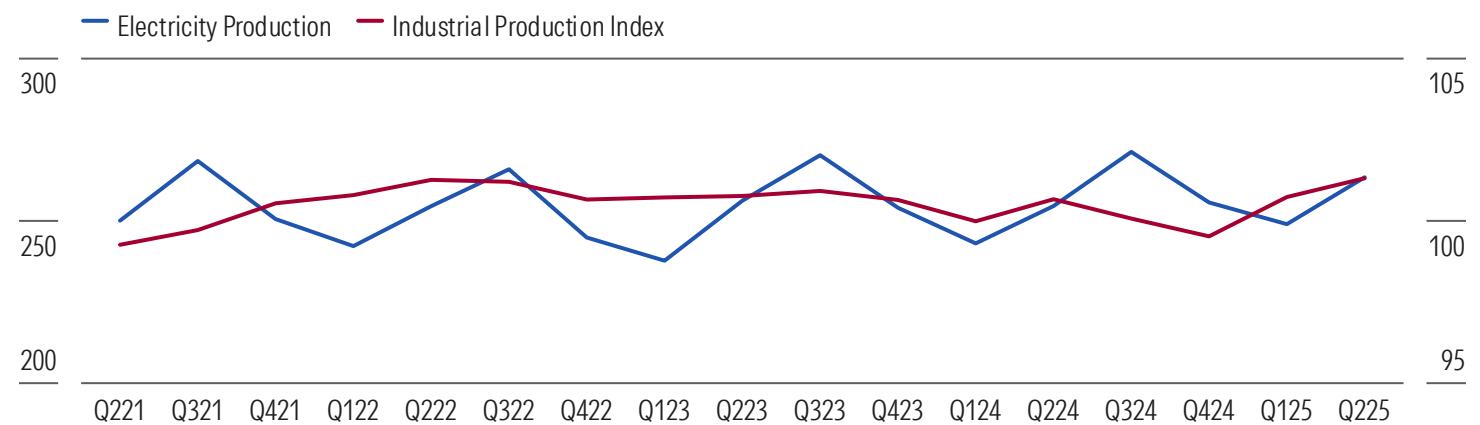
## Total US Electricity Demand

- Total US electricity demand is up 3% year-to-date as robust underlying customer growth, particularly new energy-intensive data center and manufacturing customers, continues to drive energy demand growth.
- After more than a decade of little electricity demand growth in the US, we estimate annual electricity demand will average 1.4% through 2030. This is below the 2.7% average annual growth rate before 2010.
- Electric vehicles, data centers, and building electrification support our long-term electricity demand growth outlook.

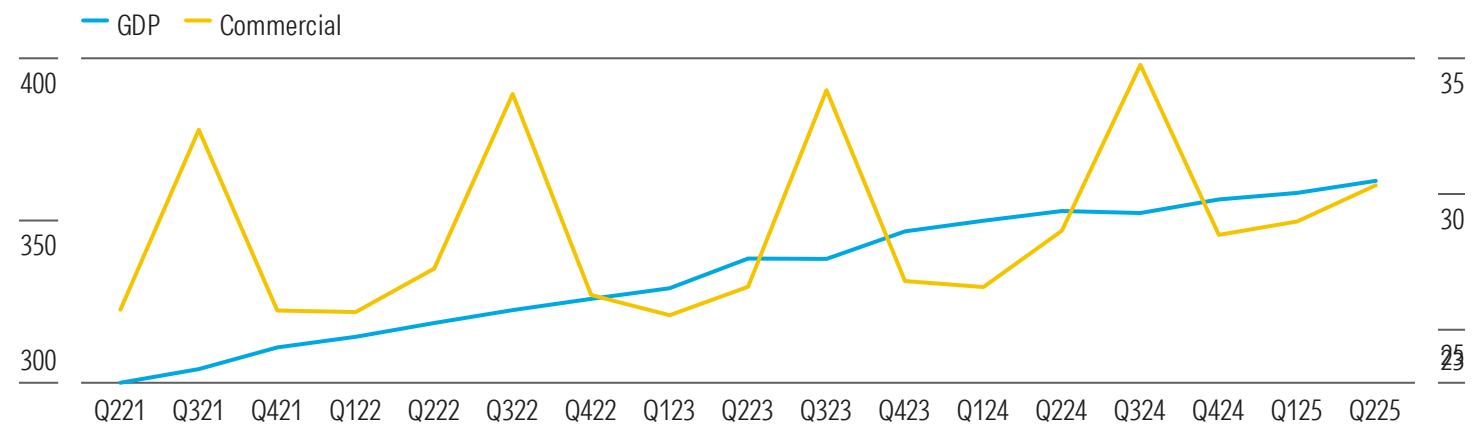
# Commercial Demand Accelerates While Industrial Is Steady

- Industrial electricity demand increased from the prior-year quarter, coinciding with continued strength in the Industrial Production Index.
- We expect industrial electricity demand to continue to increase or decrease in line with industrial production.

## Industrial Sector Production Keeps Pace With Industrial Production Index



## Commercial Demand Driven by Data Center Demand Growth Tailwind For Utilities



# Step-Up in Utilities' Capital Expenditure Plans Supports Long-Term Growth

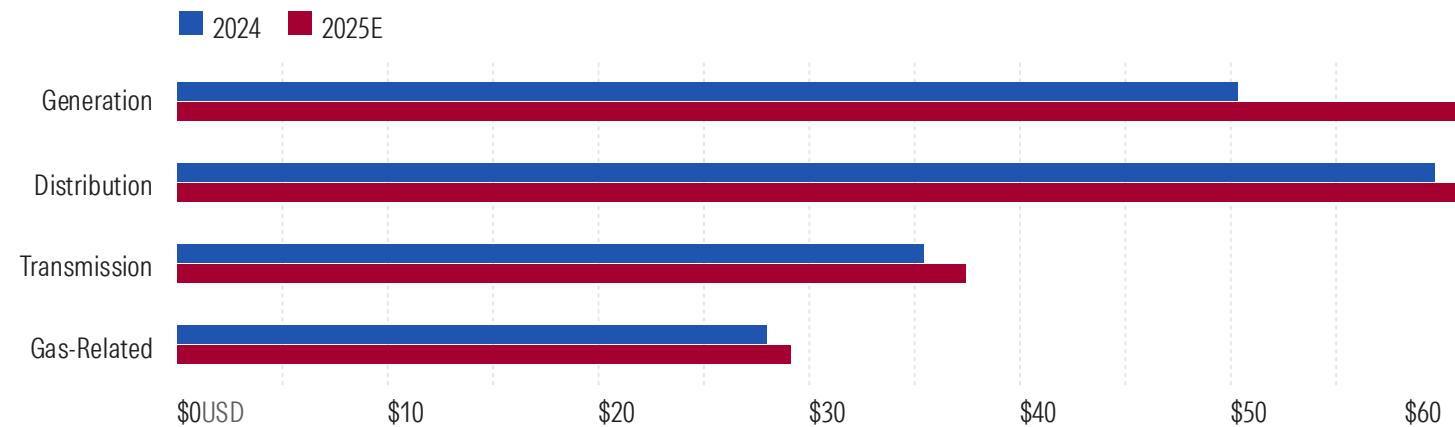
## Data Centers Support Best Growth Environment in Decades

- Utilities sector capital investment is set to climb 6% in 2026 from 2025, on top of a 12% increase in 2025, supporting a median 6.8% growth.
- EEI estimates utilities will invest \$1.1 trillion from 2025-29, compared with \$1.3 trillion invested in the prior decade, as utility investment has accelerated.
- Generation, distribution, and transmission investments are all expected to be higher in 2025 versus 2024, as utilities ramp up investments for new data centers and manufacturing.

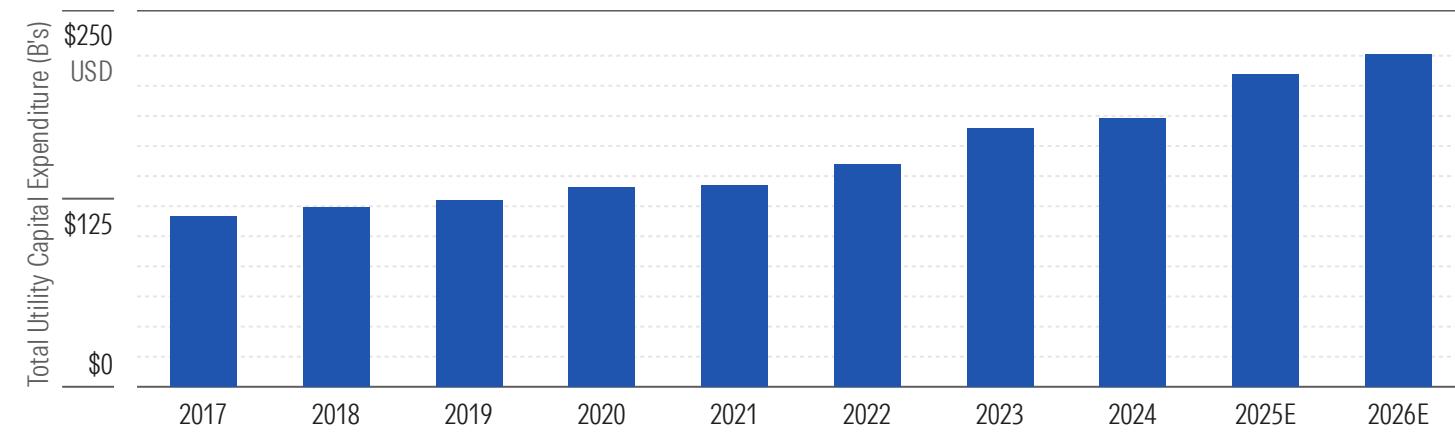
## Utilities Highlight Significant Incremental Capex Needs

- Alliant Energy: 17% increase to \$13.4 billion over 2026-29 to support estimated 12% load growth.
- American Electric Power: Capital plan increased to \$72 billion from \$54 billion, on top of a 30% increase last year.
- Xcel Energy: Management's \$60 billion investment plan for 2026-30 is up \$15 billion from its previous five-year plan.
- DTE Energy: \$36.5 billion investment plan for 2026-30 is up \$6.5 billion from management's previous five-year plan, primarily to serve new data center customers.

## Capex Breakdown by Function Highlights Increased Investment in Grid



## Utilities Accelerating Investment to Support Electricity Demand Growth



# Data Centers Set to Be a Demand Tailwind for Utilities

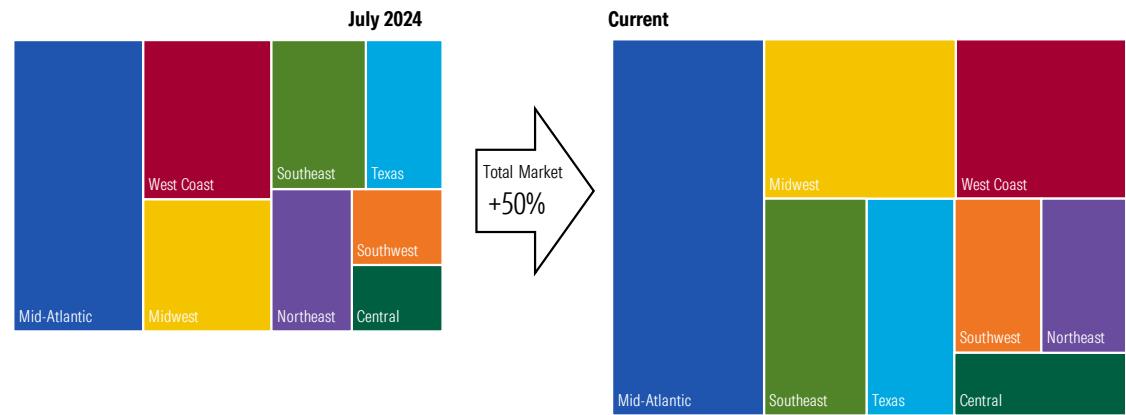
## Data Centers Likely Materially Positive for Electricity Demand

- The commercialization of artificial intelligence engines represents a transformational source of new electricity demand growth. We assume US data center electricity demand triples between 2024 and 2030, reaching 10% of total US electricity demand in 2030, up from 3% today.
- Beyond 2030, we expect AI-related energy use to continue to grow but at a slower rate due to energy efficiency gains and a shift to AI model inference, or prediction, from AI model training.
- We expect demand to be spread across regions, with the largest immediate impact in the mid-Atlantic states and California. Expect more investment in the Midwest, Southeast, and Texas.

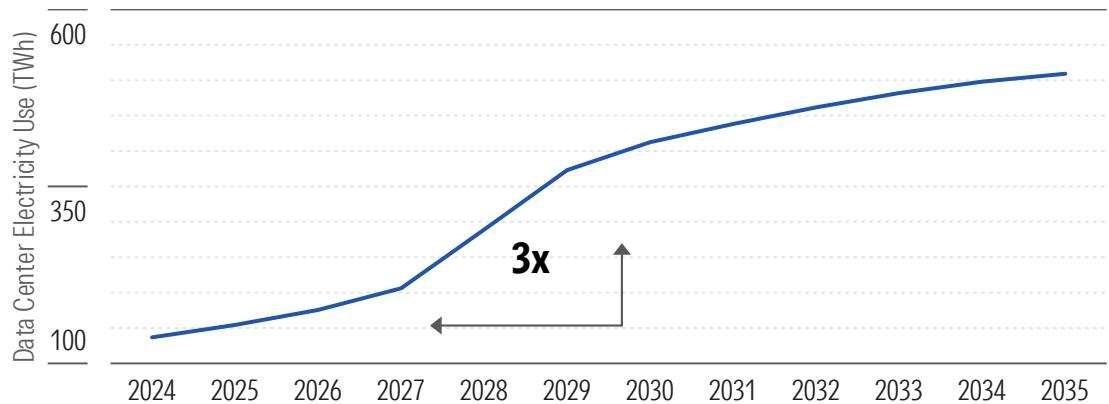
## Utilities Highlighting Significant Data Center Demand

- Dominion (D): New data centers are a primary reason why electricity demand is growing 5.5% annually in PJM's Dominion Zone. Since 2013, Dominion has averaged 15 data center connections annually.
- Entergy (ETR): Has secured equipment to develop 19 GW of new systemwide capacity, much of which will be committed to support new data centers.
- PPL (PPL): Data centers in advanced stages totaling 20.5 GW, with 5 GW under construction.
- Southern Company (SO): Data centers totaling 7 GW under construction and expected online by 2029. Total data center pipeline 50 GW through mid-2030s.

## US Data Center Market Has Grown 50% in 18 Months



## Morningstar Forecast: Data Center Electricity Demand to Triple by 2030



# Data Center Growth Will Require Accelerated Utility Investment

## Data Center Developers Seeking Areas With Low-Cost Energy, Grid Access, and Constructive Regulation

### West Coast

Tech capital but above-average energy prices; inconsistent regulation; grid strained to meet renewable energy targets.

Regulatory Rank

Grid Capacity

Energy Prices

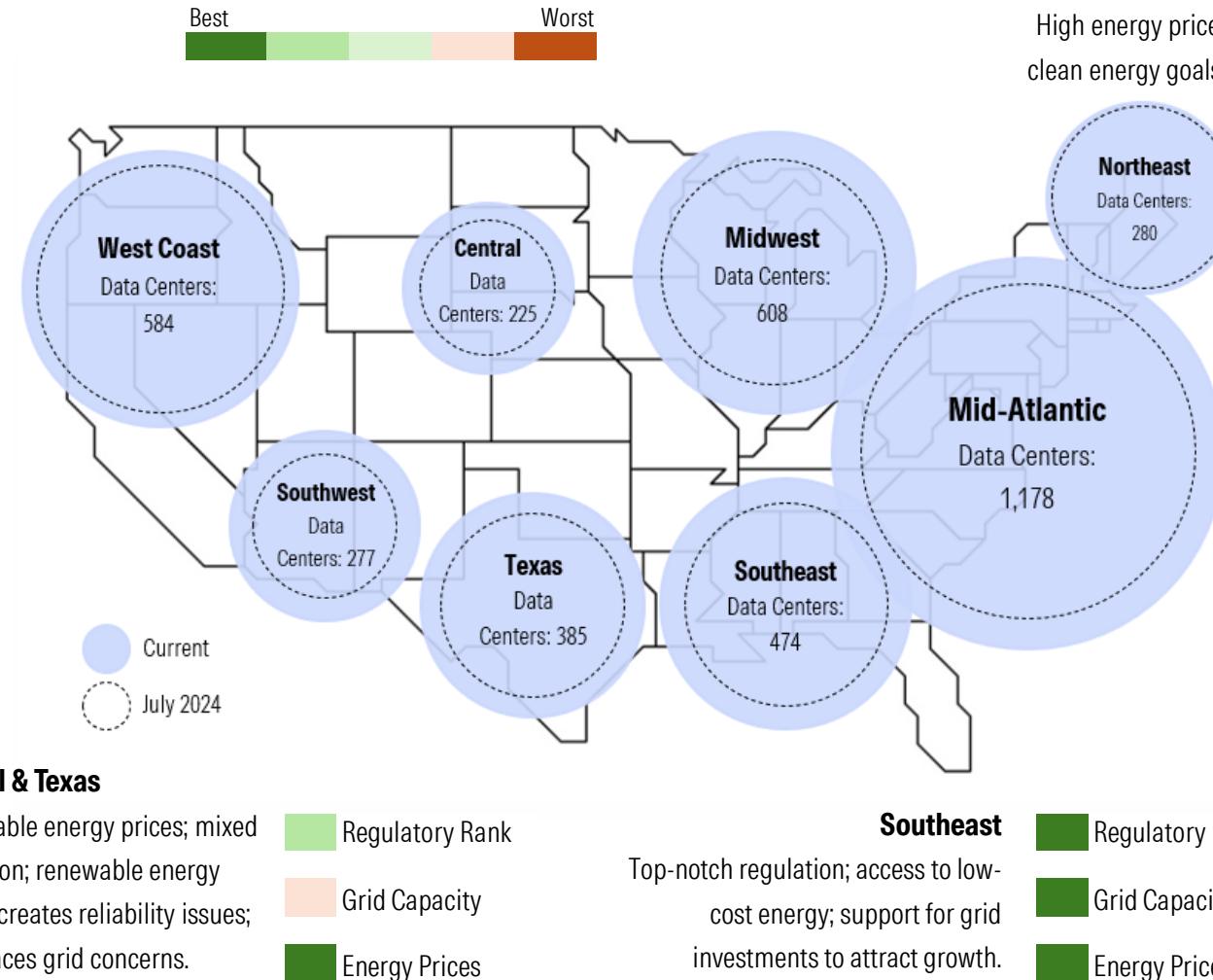
### Southwest

Low energy prices but inconsistent regulation slows grid expansion for demand growth and clean energy.

Regulatory Rank

Grid Capacity

Energy Prices



**Northeast**

- Regulatory Rank
- Grid Capacity
- Energy Prices

High energy prices; history of tough regulation; clean energy goals stretching already tight grid.

### Midwest

Surging data center interest due to low energy prices, temperate climate. Regulation improving.

Regulatory Rank

Grid Capacity

Energy Prices

### Mid-Atlantic

Mostly constructive regulation; home to data center alley; robust grid planning; access to shale gas.

Regulatory Rank

Grid Capacity

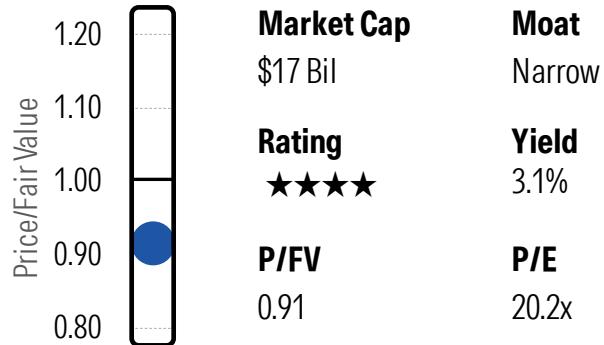
Energy Prices

# Top Picks and Coverage

Several utilities with attractive combinations of value and growth.

# Utilities Sector Top Picks

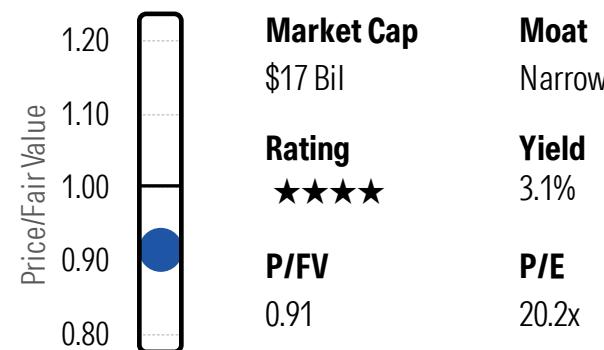
## Alliant Energy (LNT)



## Alliant Energy Well-Positioned for Data Center Expansion in Iowa and Wisconsin

- We estimate Alliant's annual earnings growth at the high end of management's 5%-7% guidance through 2027, and more than 7%-plus growth in 2027 and beyond.
- The company's four-year \$13.4 billion capital investment plan supports our growth estimate, which is up 24% from its prior capital plan.
- Alliant Energy has four data center customers supporting 3 gigawatts of peak demand, driving 12% annual sales growth from 2025-30. Three data center campuses have started construction, and the fourth has a signed electric service agreement. Negotiations for an additional 2-4 GW could materialize beyond 2028. This plan is supported by constructive regulation across its operating subsidiaries.
- We expect management to continue to update and execute on the 2-4 GW of additional data center backlog throughout 2026.

## American Electric Power (AEP)

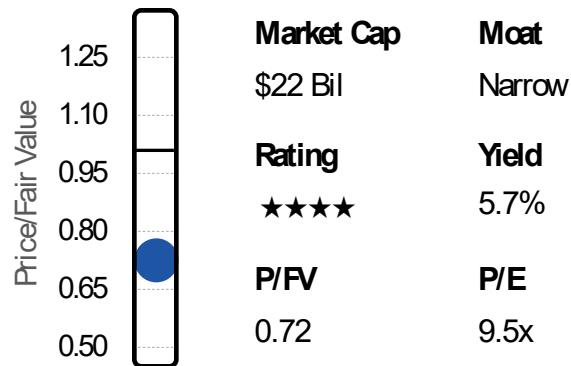


## AEP's Largest Distribution and Transmission Network Well-Positioned for Growth

- AEP benefits from being the largest transmission and distribution company in the US, positioning it well to capitalize on investment needs to support accelerating electricity demand growth.
- AEP increased its 2026-2030 capital plan to \$72 billion, up from the company's current \$54 billion capital plan, supporting 10% rate base growth. Management increased its long-term earnings guidance to 7% to 9% from 2026-30, with expectations to be at or above the range from 2028-2030, in line with our updated estimates.
- AEP's expected system peak is expected to increase to 65 GW by year-end 2030, up from 37 GW currently, with 80% attributed to growing data center demand. The incremental demand is backed by either signed Energy Service Agreements or Letters of Agreement, giving us confidence in the company's capital needs.

# Utilities Sector Top Picks

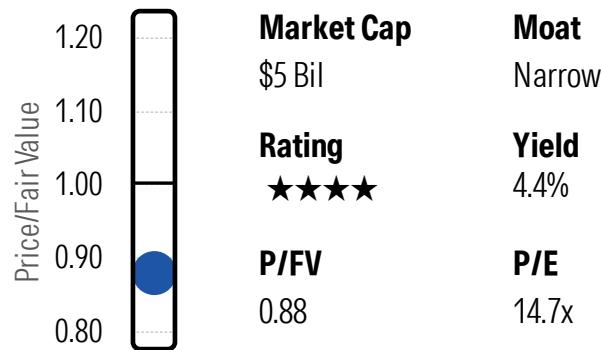
## Edison International (EIX)



### Constructive Regulatory Outcomes Support Growth; Wildfire Concerns Remain an Overhang

- Although management has said material losses from the Eaton fire in January are "probable," we think California's AB 1054 legislation will minimize shareholder losses.
- Edison's stock is down \$22 per share since the January fires. We estimate the worst-case scenario under AB 1054 is \$4.4 billion, or \$8 per share after tax. We believe Edison will qualify for AB 1054 insurance fund proceeds, which cover nearly all shareholder liabilities.
- We assume Edison invests more than \$7 billion annually during the next four years. Regulators signed off on most of that investment with approval of Edison's 2025-28 general rate-case settlement. This should support an average annual earnings growth rate of 7%, at the high end of management's 5%-7% target.
- Interest expense tied to 2017-18 disaster liabilities should ease as Edison implements regulatory approval to securitize those costs.

## Portland General Electric (POR)



### Investors Ignoring Fast-Paced Renewable Energy, Electricity Demand Growth

- We think investors are overestimating the impact of regulatory and policy uncertainties in Oregon. Recent constructive regulatory outcomes support long-term infrastructure growth investment.
- Oregon's renewable energy mandates offer upside to management's \$6.4 billion investment plan in 2025-29, pushing annual earnings growth to the high end of management's 5%-7%. Winning bids for another 4 GW of projects would be incremental to PGE's current growth plan.
- Electricity demand around Portland is set to grow 4% annually, among the top in the sector. Technology manufacturing and data center expansions are driving 8% annual growth in industrial demand. Higher electricity prices for data center customers should boost earnings in late 2026.
- Portland General's wildfire risk is minimal given its urban service territory and temperate climate.

# North American Utilities Coverage List

## Morningstar Covers 39 Utilities in the US and Canada

Company (Ticker)	Market Cap (Billions)	Fair Value						1-Year Return		
		Moat Rating	Uncertainty Rating	Last Close	Estimate	Star Rating	P/FVE	P/E	Yield	
Edison International (EIX)	22 USD	Narrow	Medium	57.93	80.00	★★★★	0.72	9.5x	5.7%	-24.9%
PG&E (PCG)	33 USD	None	Medium	14.83	19.50	★★★★	0.76	9.9x	0.7%	-24.6%
Portland General Electric (POR)	5 USD	Narrow	Low	47.52	54.00	★★★★	0.88	14.7x	4.4%	+9.8%
Essential Utilities (WTRG)	11 USD	Narrow	Low	37.67	42.00	★★★★	0.90	17.7x	3.6%	+1.0%
American Electric Power Company (AEP)	61 USD	Narrow	Low	114.26	127.00	★★★★	0.90	19.3x	3.3%	+26.0%
New Jersey Resources (NJR)	5 USD	Narrow	Low	45.91	51.00	★★★★	0.90	14.7x	4.1%	-0.3%
Alliant Energy (LNT)	17 USD	Narrow	Low	64.93	71.00	★★★★	0.91	20.2x	3.1%	+10.8%
FirstEnergy (FE)	25 USD	Narrow	Low	60.79	48.00	★★★★	0.92	17.3x	4.0%	+14.3%
Duke Energy (DUK)	89 USD	Narrow	Low	114.39	124.00	★★★★	0.92	18.1x	3.7%	+8.2%
Eversource Energy (ES)	25 USD	None	Low	67.50	73.00	★★★★	0.92	14.2x	4.5%	+17.5%
American Water Works Company (AWK)	25 USD	Narrow	Low	130.09	140.00	★★★★	0.93	22.7x	2.5%	+2.3%
DTE Energy (NYS:DTE)	27 USD	Narrow	Low	180.31	139.00	★★★	0.94	18.1x	3.3%	+11.7%
Evergy (EVRG)	17 USD	Narrow	Low	73.37	78.00	★★★	0.94	18.4x	3.8%	+22.2%
WEC Energy Group (WEC)	34 USD	Narrow	Low	103.48	110.00	★★★	0.94	19.8x	3.7%	+12.0%
Mge Energy (MGEE)	3 USD	Narrow	Low	79.30	83.00	★★★	0.96	21.6x	2.4%	-19.9%
Exelon (EXC)	43 USD	Narrow	Low	43.09	45.00	★★★	0.96	16.0x	3.7%	+21.6%
CenterPoint Energy (CNP)	24 USD	Narrow	Low	37.33	38.00	★★★	0.98	21.2x	2.4%	+21.6%
PPL (Allentown) (NYS:PPL)	25 USD	Narrow	Low	33.46	34.00	★★★	0.98	18.5x	3.3%	+5.6%
Ameren (AEE)	26 USD	Narrow	Low	97.25	98.00	★★★	0.99	19.5x	2.9%	+12.1%
Consolidated Edison (ED)	35 USD	None	Low	95.64	95.00	★★★	1.01	16.9x	3.6%	+6.8%
<b>Utilities (Median)</b>							<b>1.01</b>	<b>19.3x</b>	<b>3.3%</b>	

# North American Utilities Coverage List

## Morningstar Covers 39 Utilities in the US and Canada

Company (Ticker)	Market Cap (Billions)		Moat Rating	Uncertainty Rating	Last Close	Fair Value Estimate			P/E	Yield	1-Year Return
						Star Rating	P/FVE				
Atmos Energy (NYS:ATO)	27	USD	Narrow	Low	167.09	165.00	★★★	1.01	20.6x	2.4%	+21.9%
NiSource (NI)	20	USD	Narrow	Low	41.69	41.00	★★★	1.02	22.1x	2.7%	+16.5%
Fortis (Electric Utility) (TSE:FTS)	35	CAD	Narrow	Low	50.21	68.00	★★★	1.02	19.9x	3.6%	+20.8%
Sempra (SRE)	58	USD	Narrow	Medium	88.97	87.00	★★★	1.02	19.5x	2.9%	+4.7%
Pinnacle West Capital (PNW)	10	USD	None	Low	86.75	83.00	★★	1.05	18.2x	4.2%	+1.6%
OGE Energy (OGE)	9	USD	Narrow	Low	42.62	40.00	★★	1.07	18.6x	4.0%	+5.4%
Dominion Energy (D)	50	USD	Narrow	Medium	58.17	54.00	★★	1.08	17.0x	4.6%	+12.1%
NextEra Energy (NEE)	169	USD	Narrow	Medium	81.21	75.00	★★★	1.08	22.0x	2.8%	+12.8%
Entergy (ETR)	42	USD	Narrow	Low	93.32	86.00	★★	1.09	23.9x	2.7%	+29.5%
Hawaiian Electric Industries (HE)	2	USD	None	High	16.07	10.50	★★★	1.11	11.8x	0.0%	+14.0%
Public Service Enterprise Group (PEG)	39	USD	Narrow	Low	78.96	71.00	★★	1.11	19.6x	3.2%	-4.8%
Emera (TSE:EMA)	20	CAD	Narrow	Low	47.30	58.00	★★	1.12	18.4x	4.5%	+28.7%
Southern Company (SO)	93	USD	Narrow	Low	84.73	75.00	★★	1.13	19.8x	3.5%	+5.3%
CMS Energy (CMS)	21	USD	Narrow	Low	69.74	61.00	★★	1.14	19.4x	3.1%	+7.6%
Xcel Energy (XEL)	44	USD	Narrow	Low	74.68	65.00	★★	1.15	19.6x	3.1%	+12.5%
Hydro One Networks (TSE:H)	31	CAD	None	Low	38.04	45.00	★★	1.17	24.4x	2.5%	+24.9%
AES (AES)	10	USD	None	High	14.00	12.00	★★	1.17	6.5x	5.0%	+8.2%
NRG Energy (NRG)	33	USD	None	High	170.64	96.00	★	1.78	21.3x	1.0%	+80.6%
Vistra Energy (VST)	59	USD	None	High	174.60	86.00	★	2.03	32.8x	0.5%	+20.2%
<b>Utilities (Median)</b>								<b>1.01</b>	<b>19.3x</b>	<b>3.3%</b>	

## General Disclosure

"Morningstar" is used throughout this section to refer to Morningstar, Inc., and/or its affiliates, as applicable. Unless otherwise provided in a separate agreement, recipients of this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a USA-domiciled financial institution.

This report is for informational purposes only, should not be the sole piece of information used in making an investment decision, and has no regard to the specific investment objectives, financial situation, or particular needs of any specific recipient. This publication is intended to provide information to assist investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors; recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status, and financial position.

The information, data, analyses, and opinions presented herein are not warranted to be accurate, correct, complete, or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc., nor the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc., and the Equity Research Group and their officers, directors, and employees shall not be responsible or liable for any trading decisions, damages, or other losses resulting from, or related to, the information, data, analyses, or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents—a prospectus, for example) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability, or use would be contrary to law or regulation or that would subject Morningstar, Inc., or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., nor the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries, and/or jurisdictions ("territories") by independent third parties or independent intermediaries and/or distributors ("distributors"). Such distributors are not acting as agents or representatives of

the analyst, Morningstar, Inc., or the Equity Research Group. In territories where a distributor distributes our report, the distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes, and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution of third-party research reports.

## Conflicts of Interest

- No material interests are held by the analyst or their immediate family with respect to the securities subject of this investment research report.
- Morningstar, Inc., may hold a long position in the securities subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click <https://www.morningstar.com/company/disclosures/holdings>.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus, and in some cases restricted stock.
- Morningstar's overall earnings are generated in part by the activities of the Investment Management and Research groups, and other affiliates, that provide services to product issuers.
- Neither Morningstar, Inc., nor the Equity Research Group receives commissions, compensation, or other material benefits in connection with providing research, nor do they charge companies to be rated.
- Morningstar employees may not pursue business or employment opportunities outside Morningstar within the investment industry (including, but not limited to, working as a financial planner, an investment professional or investment professional representative, a broker/dealer or broker/dealer agent, a financial writer, reporter, or analyst) without the approval of Morningstar's Legal and if applicable, Compliance teams.
- Neither Morningstar, Inc., nor the Equity Research Group is a market maker or a liquidity provider of the securities noted within this report.
- Neither Morningstar, Inc., nor the Equity Research Group has been a lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s Investment Management group has arrangements with financial institutions to provide portfolio management/investment advice, some of which an analyst may issue investment research reports on. In addition, the Investment Management group creates and maintains model portfolios whose underlying holdings can include financial products, including securities that may be the subject of this report. However, analysts do not have authority over Morningstar's Investment Management group's business arrangements or allow employees from the Investment Management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc., is a publicly traded company (ticker: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section at <https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx>.

Morningstar may provide the product issuer or its related entities with services or products for a fee and on an arm's-length basis, including software products and licenses, research

and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship, and website advertising.

Further information on Morningstar's conflict-of-interest policies is available at <http://global.morningstar.com/equitydisclosures>. Please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities the Equity Research Group currently covers and provides written analysis on, or for historical analysis of covered securities, including fair value estimates, please contact your local Morningstar office. Morningstar Equity Research methodologies can be found at [Investor Relations | Morningstar, Inc.](#)

**For recipients in Australia:** This report has been issued and distributed in Australia by Morningstar Australasia Pty. Ltd. (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty. Ltd. is the provider of the general advice ("the service") and takes responsibility for the production of this report. The service is provided through the research of investment products. To the extent the report contains general advice, it has been prepared without reference to an investor's objectives, financial situation, or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide, or FSG, for more information at <http://www.morningstar.com.au/s/fsg.pdf>.

**For recipients in New Zealand:** This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together "Morningstar"). This report has been prepared and is intended for distribution in New Zealand to wholesale clients only and has not been prepared for use by New Zealand retail clients (as those terms are defined in the Financial Markets Conduct Act 2013).

The information, views and any recommendations in this material are provided for general information purposes only, and solely relate to the companies and investment opportunities specified within. Our reports do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product mentioned for any particular investor. We recommend seeking financial advice before making any investment decision.

**For recipients in Canada:** This research is not prepared subject to Canadian disclosure requirements.

**For recipients in Europe:** This report is distributed by Morningstar Holland B.V., a wholly-owned subsidiary of Morningstar, Inc. Morningstar Holland B.V. is not required to be regulated by the European Securities and Markets Authority for the provision of investment research data. The analyst/s involved in the creation of the report do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product mentioned for any particular investor. Registered address: Haaksbergweg 58, 9th Floor, 1101 BZ Amsterdam, North Holland, Netherlands.

## General Disclosure Continued

**For recipients in Hong Kong:** The report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide investment research and investment advisory services to professional investors only. Neither Morningstar Investment Management Asia Limited nor its representatives are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited.

**For recipients in India:** Morningstar Investment Research India Private Limited (registered with SEBI as a research analyst, registration number INH000008686) does not engage in research services on securities listed or proposed to be listed on stock exchanges in India.

**For recipients in Japan:** The report is distributed by Morningstar Japan, Inc. for informational purposes only. Neither Morningstar Japan, Inc. nor its representatives are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

**For recipients in Korea:** This report is distributed by Morningstar Korea Ltd., which has filed to the Financial Services Committee, for informational purposes only. Neither Morningstar Korea Ltd. nor its representatives are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

**For recipients in Singapore:** The Report is intended for Institutional Investor audiences and is distributed by Morningstar Investment Adviser Singapore Pte. Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Morningstar Investment Adviser Singapore Pte. Limited is the entity responsible for the creation and distribution of the research services described in this Report. This content is provided for informational purposes only and may be shared or redistributed by Institutional Investors to their clients or other permitted persons, subject to obtaining the appropriate license from Morningstar. Redistribution of this content is subject to any applicable conditions or limitations, including those agreed commercially or contractually with Morningstar. The person who shares or redistributes this content shall be solely responsible for compliance with all relevant legal and regulatory obligations in the jurisdictions in which the material is made available. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decision. Morningstar, Inc., and its affiliates rely on certain exemptions (Financial Advisers Regulations, Section 27(1)(e), Section 32B and 32C) to provide its investment research to recipients in Singapore.

**For recipients in the United Kingdom:** This report is distributed by Morningstar UK Ltd, a wholly-owned subsidiary of Morningstar, Inc. Morningstar UK Ltd. is not required to be registered nor authorized by the Financial Conduct Authority for the distribution of investment research data. The analyst/s involved in the creation of the report do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product

mentioned for any particular investor. There are information barriers in place between Morningstar UK Ltd and Morningstar regulated entities based in the UK. Registered address: 1 Oliver's Yard 55-71 City Road London EC1Y 1HQ.



22 West Washington Street  
Chicago, IL 60602 USA

**About Morningstar® Equity Research™**

Morningstar Equity Research provides independent, fundamental equity research differentiated by a consistent focus on durable competitive advantages, or economic moats.

©2025 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses, and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete, or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, the information, data, analyses, or opinions or their use. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with the U.S. Securities and Exchange Commission. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. To license the research, call +1 312 696-6869.