

Weigh to Go: Assessing the Wider Implications of a Slimmer Society

The public enthusiasm for GLP-1 use as a weight loss treatment has yet to lose steam. Our healthcare teams forecast this could be a >\$100B global market, with uptake rapidly rising through the end of the decade. Jefferies' Global Research teams detail the possible implications for a slimmer consumer, with sticky behavioral changes, across 7 sectors. They identify ~80 companies that could benefit and ~80 that may find this a structural headwind.

A Revolution 20 Years in the Making. Glucagon-like peptide-1 receptor agonists (or GLP-1s) were originally approved for use in 2005 as a treatment for Type 2 diabetes. By increasing the amount of insulin secreted by the pancreas (which lowers blood sugar) and suppressing the release of glucagon (which causes the liver to produce sugars), these drugs have proven to help manage Type 2 diabetes and functionally reduce appetites. The potential weight loss implications were not lost on the medical community. However, it wasn't until semaglutide was approved in 2017, with an indication for weight loss specifically approved in 2021, and subsequent study showing CV risk improvement, that it properly captured the attention of the masses. Meanwhile, despite initial stock reactions suggesting these drugs will wipe out obesity and Type 2 diabetes, our teams would point out a few items. First, GLP-1s remain underpenetrated despite being available for ~20Y. Second, bringing patients down to healthy weights could actually increase eligibility for other procedures. We summarize the thoughts of our respective healthcare teams [herein](#).

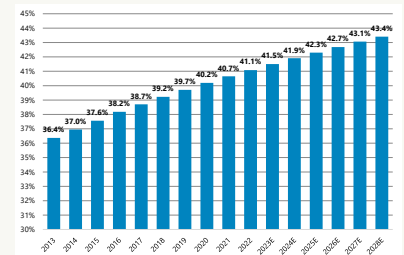
A Designer (Clothes) Drug. The advent of semaglutide brought the first FDA-approved weight management drug to market. Looking further out, the prospect of oral drugs (instead of injectables) and payor coverage suggest a large potential market and significant uptake. Given the WHO [estimates](#) that >40% of global adults are overweight, widespread adoption could cause substantial changes in consumption patterns. As our [food & restaurant](#) teams showed via their survey work, consumers taking these GLP-1s indicate they are filling their grocery basket with healthier items. We suspect the implications don't just stop at the calorie level.

Healthier Choices Leading to Healthier Fundamentals. Starting with the consumer sector, our teams call out potential tailwinds for apparel retailers – to revamp closets – but particularly those with athletic offerings. Similarly, health & wellness products could see a boost. In addition, beauty cos could see a tailwind as more consumers look to combat facial changes. Within financials, although better health could lead to lower premiums for insurance cos, delayed mortality should more than offset that through greater investment returns. Meanwhile, lighter load factors could lead to better fuel efficiency for airlines, and increased focus on wellbeing could mean more sales of fitness related devices and the chips that go into them.

Belt-tightening from Tighter Belts. Restaurants and certain food products appear to be some of the most at-risk industries as we look longer term. The teams' survey work suggests this will impact certain beverage cos as well, particularly on the alcohol side. Downstream from them, we anticipate this could have negative implications for the packaging space & food retailers, as volume trends for certain products flatten or decline. Agriculture-levered firms, such as farm equipment, may also contend with mix headwinds. And while many consumers are currently able to at least partially offset the cost of the drugs, they remain quite expensive, which could put a damper on bigger ticket purchases. Our teams specifically call out items like furniture and travel spend.



The Proportion of Overweight People Continues to Trend Toward Majority
 Share of Worldwide Population Considered Overweight



Source: WHO, Jefferies

Links to Relevant Research:

- [LLY – Upgrade to Buy, PT to \\$615](#)
- [Slim Risk From Semaglutide Patent Dispute but Headline Worry](#)
- [Medtech – GLP-1 Fears Likely Overdone](#)
- [GLP-1 Survey: Impact on Food Preferences](#)
- [GLP-1 Survey: Food Behaviors](#)
- [GLP-1 Survey: Impact on Alcohol](#)
- [How a Lighter/Healthier Population Could Change Real Estate](#)

Links to:

- [Healthcare](#) | [ESG](#) | [Consumer](#) | [Financials](#)
- [Industrials](#) | [Materials](#) | [Real Estate](#) | [Tech](#)

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GLP-1 Class Catalyst Calendar				
Ticker	Injectable/Oral	Drug	Phase	Timing
LLY	Injectable	Mounjaro	additional SURMOUNT-4 data at EASD	Oct '23 (2-6)
NOVOB DC	Injectable	Wegovy	detailed SELECT CVOT data at AHA	Nov '23 (11-13)
NOVOB DC	Oral	oral GLP-1/GIP	Ph I results	2H23
NOVOB DC	Oral	oral Amycretin	Ph I results	4Q23
NOVOB DC	Oral	HD Rybelsus	US/EU filings in T2D and obesity	3Q/4Q '23
VKTX	Oral	VK2735	initial Ph I results	4Q23
ALT	Injectable	Pemvidutide	Ph II MOMENTUM topline 48-week data	4Q23
GPCR	Oral	G5BR-1290	Ph Ib and Ph IIa in obese pts	2nd half of 4Q23
1801-HK	Injectable	Mazdutide(9mg)	Ph III begins w/ launch plan for '26	YE23
PFE	Oral	Danuglipron	Ph IIb updated data	YE23
LLY	Injectable	Tirzepatide	SURMOUNT-OSA primary completion in obese OSA pts	Mar '24 (1st)
LLY	Injectable	Tirzepatide	Ph III SUMMIT results in obese pts w/ HFpEF	Jun '24 (30th)
1801-HK	Injectable	Mazdutide(6mg)	Ph III NDA submission	1H24
AMGN	Oral	AMG-786	Ph I data	1H24
ZEAL DC	Injectable	ZP8396	Ph I Part 2 16-week dose titration data	1H24
LLY	Injectable	Mounjaro	Ph III SURMOUNT-OSA data obese pts w OSA	1H24
1801-HK	Injectable	Mazdutide(6mg)	T2DM DREAMS-1 and DREAMS-2 NDA submission	2024
TERN	Oral	TERN-601	Ph I HV data	2024
VKTX	Oral/Injectable	VK2735	Ph II obesity data	2024
AZN	Injectable	AZD6234	listed as NME to Ph I	2Q24
AMGN	Injectable	AMG-133	Ph II data	2H24
LLY	Injectable	Tirzepatide	Ph III SURPASS CVOT vs dulaglutide in overweight pts. w/ T2DM and CVD	Oct '24 (17th)
LLY	Injectable	Tirzepatide	TREASURE-CK in overweight/obese pts w/ kidney disease	Oct '25 (10th)
LLY	Injectable	Tirzepatide	Ph III SURMOUNT-MMO obesity outcomes study	Oct '27 (7th)

Source: Company Data, Jefferies

Healthcare

Pharmaceuticals – Akash Tewari (US), Peter Welford (EU) and Stephen Barker (AP)

Akash believes that recent data readouts – particularly relating to a 20% CV risk reduction – should help enable widespread uptake of semaglutide and other GLP-1s across the broader populace. While he believes it's likely that the price of GLP-1s will gradually decline, a negative for the pharma cos., this fundamentally changes the number of patients that can be reached and the duration of treatment. As a result, he forecasts ~\$70B in peak sales for Lilly's (LLY, Buy, PT: \$615) Mounjaro and ~\$8.5B for oral GLP-1 orforglipron.

Peter forecasts a >\$150B worldwide GLP-1 market by 2031 with obesity driving >\$100B. In the US alone he models >50% of the potential 30-35M obese patients will seek GLP-1 therapies, which represents >15% of the country's obese population. Significant penetration should also be seen in the type 2 diabetes population of roughly 20-30M US patients. He sees the incumbents **Novo Nordisk (NOVOB DC, Underperform, PT: DKK425)** and LLY retaining ~40% market share each while newcomers including **Pfizer (PFE, Hold, PT: \$38)** Boehringer Ingelheim (private), **Zealand (ZEAL DC, Buy, PT: DKK380)** and **AMGN** share the remaining 20%.

In addition to NOVOB DC's existing GLP-1 portfolio, Peter called out three additional programs in the pipeline including: 1) high-dose oral semaglutide with a \$8B forecasted peak sales expected to be approved 2H23; 2) CagriSema with \$20B peak sales for obesity and \$10B for type 2 diabetes with a ph.III readout in '24 and 3) high-dose Wegovy which has a ph.IIIb readout by YE24. Elsewhere, Peter is excited for ZEAL DC's obesity assets. The co's survodutide is expected to start ph.III by YE23 and the long acting amylin program has part 2 of its ph.Ib study results coming in 1H24. The estimated peak sales for these programs are \$4.5B and \$2.5B, respectively.

Steven pointed out that **Chugai (4519 JP, Buy, PT: ¥5,200)** is poised to see royalty payments from LLY if the co can successfully develop its oral GLP-1 inhibitor into a commercial weight loss drug. He is optimistic that this scenario will unfold following the encouraging ph.II data presented at the American Diabetes Association meeting in June '23.

Biotechnology – Michael Yee (US), Roger Song (US), Kelly Shi (US) and Christopher Liu (AP)

Mike is bullish on **AMGEN (AMGN, Buy, PT: \$310)** as it's a likely 3rd player in the obesity space after LLY and NOVOB DC. He continues to be optimistic into the cos. potentially differentiated once a month injectable ph.II data with AMG133 coming in 2H24. This ph.II data will likely be in-line or better than LLY's tirzepatide and move into a ph.III. He believes AMG133 could be 25% earnings accretive over time with \$5B+ in sales

This market has the potential to be >\$100B. More drugs are in development, but these should not eliminate the demand in medtech. Payers may consider covering GLP-1s at the right price.

potential. AMGN also has a 2nd obesity drug that is an oral (AMG786). Though early, the drug has the opportunity to play in the oral market where LLY is the leader. Orals have the chance to take 30% of the total obesity market share.

Roger highlighted the promising GLP-1 programs of **Structure Therapeutics (GPCR, Buy, PT: \$50)** and **Altimune (ALT, Buy, PT: \$35)**. GPCR's lead asset is an oral GLP-1 agonist in ph.Ib/IIa for obesity and diabetes with data expected in the second half of 4Q23. Roger believes a strong read could position the drug to be a best-in-class oral small molecule. The co also plans to further build its GLP-1 franchise by adding relevant MOA, with a GLP-1R/GIPR candidate in '24. ALT's GLP-1 candidate in development is a GLP-1/GCG dual agonist targeting obesity and NASH. It has already had promising ph.II clinical data and is positioned to move into late-stage development.

Kelly pointed out that **I-Mab (IMAB, Buy, PT: \$18)** has licensed the Chinese rights of a long-acting GLP-1/Fc fusion protein from Genexine (095700 KS, Not Covered). The co also granted an exclusive license to **CSPC Pharmaceutical (1093 HK, Buy, PT: HK\$10.60)** to develop the program in China. A ph.II study in type 2 diabetes patients has been planned, but enrollment has not begun.

Christopher estimates that there are 400M overweight people in China and 200M obese, with the latter expected to climb to 300M by 2035. Additionally, he estimates that obesity alone drove hospital spending 24% higher (\$25B) in '22 with the potential to increase \$100B by 2035. He sees the GLP-1 market for obesity/weight loss reaching \$32B in China by 2035, but the market could head towards \$70B if more affordable options are made available. He sees these drugs overall benefiting the China healthcare system, enabling the sector to focus on additional unmet needs and further drug innovation while also leading to higher birth rates, lower death rates and longer lifespans.

Christopher's top picks are **Wuxi Aptec (2359 HK, Buy, PT: HK\$127)** which has 11 GLP-1 projects including CMO contracts for tirzepatide and **Innovent (1801 HK, Buy, PT: HK\$72)** which is expected to launch its 6mg GLP-1/GCGR drug, mazdutide, in '25 and 9mg in '26. Other beneficiaries include **United Labs (3933 HK, Buy, PT: HK\$10.80)** which is expecting to launch a semaglutide biosimilar in 2027, **Weigao (1066 HK, Buy, PT: HK\$17)** for its manufacturing capabilities of disposable injectors and **By-health (300146 CH, Buy, PT: RMB31)** which is the country's health supplement leader.

Medtech – Matt Taylor (US), James Vane-Tempest (EU) and Stephen Barker (AP)

In the wake of positive data readouts and increasing GLP-1 adoption, Matt noted that stocks with leverage to obesity and diabetes have languished. He believes that investors have anticipated that lowering obesity and diabetes burden could impact the growth curves for these companies, at least longer term. Most notably, there have been dislocations in **DexCom (DXCM, Buy, PT: \$155)**, **Insulet (PODD, Hold, PT: \$260)**, **ResMed (RMD, Hold, PT: \$240)**, **Intuitive Surgical (ISRG, Hold, PT: \$325)** and Inspire Medical Systems (INSP, Not Covered). However, Matt believes that the markets served by cos perceived to be exposed to GLP-1s remain very large and underpenetrated. In addition, weight loss may actually increase some procedure volumes. For example, bringing patients down to a healthy weight whereby they could be eligible to receive a knee replacement, or helping patients live longer to a point where they might need more care causing them to engage with their health more.

James sees a greater use of obesity drugs as likely to increase demand across all areas of the obesity-related supply chain, notably pens/autoinjectors and pre-filled syringes which would benefit **Gerresheimer (GXI GR, Buy, PT: €143)**. Additionally, increasing use of weight-loss drugs could lower the incidence of addiction and mental health disorders, then the funnel of patients would narrow over time impacting **Indivior (INDV LN, Buy, PT: 2,555p)** and **Gedeon Richter (RICHT HB, Buy, PT: HUF11,700)**. That said, in his view the use of fentanyl and other disorders are a greater driver of growth for these indications vs. obesity levels.

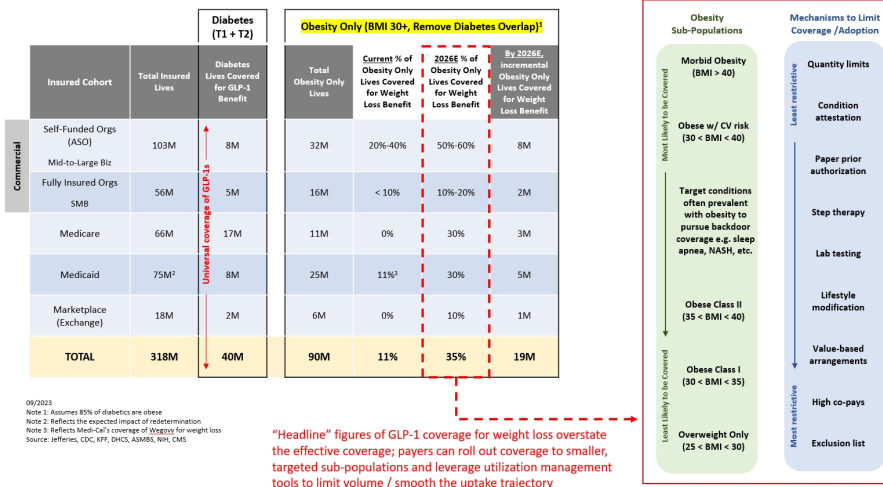
Regarding discretionary spending with other levels of healthcare such as vitamins, James sees minimal tail risk that increasing out-of-pocket spending and improving health levels as a result of using weight-

loss drugs causes an impact. Over time if health populations improve it could lower incidence rates and hospitalizations which could dampen growth in some HC services (e.g. dialysis impacting **Fresenius MedicalCare (FME GR, Underperform, PT: €29)** and Medtech subsectors (orthopedics), but in his view this is an unlikely outcome over the medium-term.

On the other hand, Stephen believes there could be a decline in demand for diabetes management and cardiovascular devices. This would negatively impact **Terumo (4543 JP, Hold, PT: ¥4,500)** and **Asahi Intecc (7747 JP, Buy, PT: ¥3,400)**. Looking long term, however, he thinks a population that lives longer will eventually develop another condition which would increase the need for medical care and subsequent products.

Managed Care – David Windley (US)

Dave agrees that the addressable market in the US is significant. His estimate of covered lives includes ~40M people with Type 1 or 2 diabetes with potential additional coverage in: 1) commercial ASO (32M); 2) Medicaid (25M); 3) commercial fully insured (16M); 4) Medicare (11M) and 5) marketplace (6M) (shown below). He highlighted that commercial plans were caught flat-footed by the volume of off-label prescribing in early '23 whereby a doctor gets a GLP-1 script covered (for weight loss) by signaling that the patient is diabetic. Since then, the commercial plans have countered by adding tighter utilization management to curb off-label prescribing. Meanwhile, NOVOB DC's SELECT trial results in Aug. have increased pressure for broader commercial coverage. Dave doesn't expect a step change up in commercial coverage for '24, but thinks many payers would consider covering GLP-1s for weight loss at a certain price point. That point is significantly lower than the current net cost of 600-\$800/mo. In fact, **UnitedHealth Group (UNH, Hold, PT: \$529)** recently stated that more of its self-insured employer clients were evaluating ways to slow adoption, whether through utilization management or by dropping coverage for weight loss altogether. Medicare coverage is the grand prize, but experts call that very unlikely at present.



Healthcare IT – Glen Santangelo (US)

In August, **Hims & Hers (HIMS, Buy, PT: \$12)**, a DTC healthcare company that has products spanning from ED, birth control, and acne to hair loss and aging, announced plans to launch a weight management offering by January '24. That said, they do not expect to offer GLP-1 at the time of launch. While there are somewhat limited details around what the offering will look like, Glen believes this could also benefit the business outside of weight loss – in areas like hair loss and sexual health that could be directly impacted by rapid weight change. He noted that ED and hair loss represent more than half of HIMS' total business, so increased prevalence of either condition could provide meaningful upside. Additionally, given HIMS' increasing emphasis on subscription revenue (vs transactional), Glen believes there could be a longer-term

impact from any incremental customer additions. The co has been adjusted EBITDA profitable in each of the last three quarters and is on pace to generate >\$850M in revenue in FY23 as margins continue to ramp.

ESG

Aniket Shah (US)

Three of the six sectors most dependent on nature, particularly water-related ecosystem services, are agriculture, fishery & aquaculture and food/beverages/tobacco. As the climate continues to change and the global population grows at an exponential rate, the food supply faces enormous pressure. In the next 50 years, more food will have to be produced than has been produced over the last 10K years combined. This, coupled with the evolving preference consumers have to be more aware of the nutritional content of their food choices, is driving innovation to address these multifaceted needs. Changes seen already include but are not limited to: 1) innovations in regenerative agriculture, which focuses on soil health and natural capital and has proven to increase yields; 2) the creation of technology to aid in pollination and 3) a rise in meat alternative products, which have a significantly lower environmental footprint and are cheaper to produce. The success of these will depend on increased and continuous education for producers and consumers, lifestyle changes, and the preservation of product-quality to make healthy, sustainable choices a habit rather than a one-off. Aniket recommends staying attuned to these themes, particularly within the private markets and what is coming through the pipeline to the public markets.

Food supply is under pressure, lifestyle changes may be one piece of the puzzle to help. Increased consumer awareness could help drive the needed innovation.

Consumer

Restaurants and Catering – Andy Barish (US), Alex Slagle (US), Lisa Liao (AP) and Michael Simotas (AU)

The US restaurant teams' survey takes of consumers taking GLP-1s showed that 42% of respondents noted a reduction in visiting restaurants and 44% reported eating/ordering less when going out. That said, the change in habits leans heavier towards fast food, pizza and delivery/takeout. They highlighted, however, that a small percentage of the U.S. population has access to GLP-1s and believe food demand will endure in the long run. To this point, similar fears were in the space when calories were made more visible to consumers, but the demand concerns never came to fruition. The team maintains a positive view on the full service segment and called out **Bloomin' Brands (BLMN, Buy, PT: \$35)**, **Cheesecake Factory (CAKE, Buy, PT: \$43)**, **Dave & Buster's Entertainment (PLAY, Buy, PT: \$55)** and **First Watch Restaurant Group (FWRG, Buy, PT: \$24)** as top ideas.

Our survey of GLP-1 users shows some dining out, eating less, consuming less alcohol and being more aware of nutritional impacts. Weight changes potentially grow demand for retail, apparel, travel, beauty.

Lisa also believes the effects of weight loss will lower food consumption as people's appetite can be subdued while using GLP-1 drugs. She called out condiment consumption as a space where she would expect to see volume pullback highlighting **Foshan Haitian (603288 CH, Hold, PT: Rmb45.50)**, **YUM China (9987 HK, Buy, PT: HK\$557.66)** and **Jiumaojiu (9922 HK, Buy, PT: HK\$17.10)** as those impacted within her coverage. Michael highlighted **Domino's (DMP AU, Hold, PT: AUD47)** as a restaurant that would have the most adverse impact within his coverage. He believes that consumers may order less frequently and consume a smaller basket of high caloric foods.

Food – Rob Dickerson (US) and Michael Simotas (AU)

Rob's takes from the survey of consumers' taking GLP-1s showed that ~70% of respondents are eating less and feeling more full quickly regardless if they are using the drug for medical or cosmetic purposes. Additionally, ~70% of respondents reported increased awareness of nutritional benefits for foods. Specifically, an increase in healthy snacking, protein and fresh fruits/vegetables was reported as was a decrease in salty, sweet and carb-heavy premade foods across all age/income groups. Meanwhile, ~60% of respondents intend to stop using GLP-1s once they reach their target weight, so the question remains if the new eating habits will continue once the drug usage fades. Rob believes we are not yet at a point to quantify the volume shift but will continue to monitor for consumption dislocations for those with the most exposure including: **Campbell Soup (CPB, Hold, PT: \$46)**, **Flowers Foods (FLO, Hold, PT: \$26)**, **General Mills (GIS, Hold, PT: \$72)**, **Hershey (HSY, Hold, PT: \$260)**, **Kellogg (K, Hold, PT: \$72)**, **Mondelez**

(MDLZ, Buy, PT: \$87), Post Holdings (POST, Buy, PT: \$111), Smucker (SJM, Hold, PT: \$142) and Hostess Brands (TWNK, Hold, PT: \$34).

Michael also sees potential for supermarkets to see reduced volumes. He called out the more elastic snacking categories and tobacco as areas where there may be pullback which is notable since each hold a meaningful portion of supermarket sales. **Woolworths (WOW AU, Hold, PT: AUD40), Coles (COL AU, Hold, PT: AUD17.50) and Metcash (MTS AU, Hold, PT: AUD3.80)** are among those that could be impacted within his coverage. Further, he pointed out that convenience operators would not be immune to this consumption shift since these stores also rely heavily on snack and tobacco sales. **Ampol (ALD AU, Buy, PT: AUD37) and Viva Energy (VEA AU, Buy, PT: AUD3.50)** stand out here.

Beverages – Ed Mundy (EU), John Chou (AP) and Michael Simotas (AU)

Based on the survey, a quarter of respondents drank less when taking medication, with little differentiation between beer/spirits/wine. That said, roughly a third of respondents appeared to be already abstaining given health reasons; if they are unwell they are probably already not drinking. This could potentially dilute the adverse impact on alcohol consumption from the drugs. It is too early to draw firm conclusions on whether this represents a step change in consumption, however we see the debate more focused on US vs global. Among Ed's coverage, those with the most US rev. exposure include **Diageo (DGE LN, Hold, PT: 3,500p), Rémy Cointreau (RCO FP, Buy, PT: €190) and Anheuser-Busch InBev (ABI BB, Hold, PT: €57).**

Early "back of the beer mat" maths indicates a potential -4% hit to alcohol consumption by 2031 however sensitivities indicate a range of 1-10% impact depending on proportion of users who are already abstaining through duration of treatment. At the margin, respondents reporting less consumption with wine and hard seltzers (26%) fared better than spirits (27%) with beer most impacted (28%). Ed believes, these differences are marginal and inconclusive. If there is an impact on total consumption of alcohol, this should not interrupt the existing trend of spirits tailwinds gaining share of throat and premiumization.

Regarding China baijiu, John thinks the impacts would be mixed. He highlighted the belief that obesity may have resulted in greater consumption of hard liquor since it can typically reduce one's dating activities which increases the time spent consuming hard liquor alone. This could help the consumption of mid-end baijiu in China. On the other hand, a less-obese population may see increased social/outdoor activities, positively benefiting alcohol related to social activities such as premium baiju. John highlighted **Laojiu (000568 CH, Buy, PT: Rmb280)** as a beneficiary given its comprehensive portfolio of low-end to premium baijiu. Meanwhile, Michael sees alcohol retailer volumes at risk as GLP-1 has the potential to reduce alcohol consumption. Within his coverage he called out **Endeavour Group (EDV AU, Hold, PT: AUD6) and MTS AU** as those impacted. EDV AU may see additional impacts from its exposure to pubs and gambling.

Retail & Apparel – Randy Konik (US), Corey Tarlowe (US) and John Chou (AP)

Given the increased focus on overall wellness going forward, Randy believes individuals could allocate additional spending toward cardio/outdoor-related shoes as well as apparel. He thinks a primary beneficiary of this trend would be **NIKE (NKE, Hold, PT: \$100)** while other athletic apparel retailers such as **Lululemon Athletica (LULU, Underperform, PT: \$250) and Under Armour (UAA, Hold, PT: \$8)** could also experience tailwinds to their business.

Corey believes value retailers with a large pharmacy presence such as **Walmart (WMT, Buy, PT: \$190) and Costco (COST, Buy, PT: \$640)** could witness a benefit to traffic from filling prescriptions for anti-obesity drugs. Notably, WMT said on its recent earnings call that it expects increased sales penetration from the health & wellness category in 2H23, primarily due to the popularity of some GLP-1 drugs. He thinks each are likely to benefit from the ongoing consumer shift to value and witness share gains ahead.

Corey also argues that GLP-1 users could engage in a cycle of apparel replacement. He believes specialty apparel retailers and certain internet retail names could witness meaningful tailwinds from apparel replacement as the consumer undergoes a closet refresh due to the impact of GLP-1 drugs, particularly

those retailers that provide a fashion destination such as **Abercrombie & Fitch (ANF, Buy, PT: \$65)**, **Urban Outfitters (URBN, Hold, PT: \$31)** and **Revolve Group (RVLV, Buy, PT: \$22)**. Additionally, Value Retailers such as **TJX (TJX, Buy, PT: \$110)**, **Ross Stores (ROST, Hold, PT: \$120)** and **Burlington Stores (BURL, Buy, PT: \$190)** are also likely to benefit from a closet refresh trend and could witness significant increases in supply availability in apparel and accessories as consumer shopping trends shift, driving improved execution and better sales trends. He believes TJX is best positioned among the Off-Price space to capitalize on these potential trends.

John also sees a substantial impact on sportswear apparel from the proliferation of anti-obesity drugs. He noted that An XL-sized T-shirt has an area size of around 2.4 (square meter) while L-sized is 2. If consumers shift from XL-sized to L-sized this represents 17% less fabric and 20-25% less fabric weight. In Asia, there are ~10M people employed in fabric mills meaning a 20% decline in fabric demand could cause 20%+ job losses. He believes ~2M in job losses could significantly destabilize societies that employ a large amount of textile workers.

Travel & Leisure – Randy Konik (US), Boya Zhen (AP) and John Campbell (AU)

Adoption of GLP-1 drugs could be a double-edged sword for the fitness industry. On one end, Randy believes GLP-1 users will likely have an increased focus on overall wellness going forward, potentially leading to a rise in gym memberships and overall workouts. On the other end, an increase in the number of individuals that adopt these weight-loss drugs could result in increased membership cancellations (given the incremental \$1,000+/month of spend) and overall workouts. In his view, the former is more likely as he believes the combination of the GLP-1 drugs with a consistent fitness routine provides a near guarantee the individual will lose weight. Additionally, this approach could maintain their weight should they decide to no longer utilize the drug and still continue their healthy lifestyle (and spend less money while doing it). As it pertains to Randy's coverage, it's possible both **Planet Fitness (PLNT Hold, PT: \$56)** and **Xponential Fitness (XPOF, Buy, PT: \$45)** could be impacted from increased adoption of these drugs. However, he noted that 53% of PLNT's members make between \$50K-\$100K, suggesting the monthly cost of these drugs may not be within their typical members' budget, in his view. Given XPOF's skew towards a higher-income consumer (avg. customer makes ~\$160K annually), he thinks a material uptick in usage could impact the number of members/studio and overall utilization. That said, mgmt. has yet to witness these trends.

Boya believes the side effects of quick weight loss including muscle loss, metabolic changes, nutrient deficiencies, electrolyte imbalance, discomfort, fatigue and headaches will benefit spa services. In her view, spa service merchants will provide more services in tension relief, tissue massage and aromatherapy treatments to help combat these side effects. The increase of consumers' disposable income and wellness awareness will also affect spa services including Beauty Farm Medical and Health (2373 HK, Not Covered).

John argues that obesity may currently constrain certain individuals from traveling. Weight loss drugs could make more people inclined to travel, which he sees as a LT benefit for leisure and business focused travel agents. Beneficiaries he called out include **Webjet (WEB AU, Hold, PT: AUD7)**, **Corporate Travel Management (CTD AU, Hold, PT: AUD20.50)** and **Flight Centre (FLT AU, Underperform, PT: AUD18)**.

Beauty, Household & Personal Care – Ashley Helgans (US) and Molly Wylenzek (EU)

When considering the lasting impacts of Ozempic and other GLP-1 drugs on the ~\$20B beauty industry, Ashley predicts three main trends: 1) Consumers will shift to minimal cosmetic treatments such as injectables or microneedling to restore facial volume. This trend is already growing with the rise of "tweakments" and would further bifurcate the beauty wallet as shoppers trade services for products. 2) Contouring to either mimic or conceal the effects of Ozempic (coined "Ozempic Face") should grow noticeably. 3) Hair loss-focused products should gain momentum to counteract hair thinning side effects from the use of GLP-1 drugs. The top beneficiary within her coverage would be **Beauty Health (SKIN, Buy,**

PT: \$11). Co's. Keravive treatment targets hair re-growth, and Hydrafacials are frequently used prior to other cosmetic treatments such as fillers & Botox.

Though already well underway in European Food, Molly expects an acceleration of portfolio rotation as companies seek exposure to healthier eating trends or more 'neutral' categories like coffee or pet. Broadening the scope from volume headwinds and category choices, she sees more mixed trends for the rest of Food/HPC, especially Beauty. Only 16% of respondents to the consumer survey stated taking the drug for cosmetic reasons, and nearly 50% are spending \$100 or less a month. While the share of wallet devoted to beauty and wellness may need to stretch to accommodate more substantial spending for some consumers, we've seen beauty category growth remain resilient in the face of a rise in spending on other cosmetic procedures in recent years. The consumer seems to be shifting the spend from other parts of the wallet, while beauty growth has actually accelerated into a HSD-LDD range.

Gaming – Simon Thackray (AU)

Simon called out that an increased allocation of household dollars towards weight loss drugs could shift spend away from lodging and gaming expenditures. Those impacted include **Aristocrat Leisure (ALL AU, Hold, PT: AUD39.48)**, **Lottery Corp (TLC AU, Hold, PT: AUD5.12)**, **Star Entertainment Group (SGR AU, Buy, PT: AUD1.23)** and **Tabcorp Holdings (TAH AU, Buy, PT: AUD1.52)**.

Hardlines – Jonathan Matuszewski (US)

Given the relatively discretionary nature of furniture and home furnishings, an incremental \$1,000/month of spend allocated towards weight-loss would most likely put pressure on the category. Jonathan presumes those willing to pay this expense out-of-pocket have above-average household incomes, so it's possible that **Williams-Sonoma (WSM, Underperform, PT: \$116)**, **RH (RH, HOLD, PT: \$345)**, and **Arhaus (ARHS, Buy, PT: \$15)** would be more impacted than the likes of **Wayfair (W, Hold, PT: \$83)** and **Overstock (OSTK, Hold, PT: \$23)**. If the uptake of GLP-1 drugs tends to concentrate around very high-earners, it's possible the substitution goods effect is minimal.

Regarding pool supplies, a healthier, wellness-focused consumer bodes well for the industry. Approximately 25.6M people swim annually for fitness purposes, which could rise as GLP-1 users embrace more physical activity to remain toned. This has the potential to catalyze demand for discretionary items (e.g., water-based workout suppliers, like pool weights) for existing pool owners and introduce the idea of a backyard pool for homeowners without one. This latter dynamic would elevate demand for pool chemicals and equipment sold by retailers like **Leslie's (LESL, Hold, PT: \$7)**.

As consumers put more emphasis on wellness, they will look for new convenient technology-driven ways to track their progress. This will increasingly drive consumer trade up while also introducing a cohort of customers to small wearable technology devices. Theoretically, this should benefit the likes of consumer electronics player **Best Buy (BBY, Hold, PT: \$82)** as they offer customers the ability to test out multiple different brands and products in-person.

Of all the verticals within home we cover, we see the implications of rising GLP-1 utilization rather limited for national home centers like **Home Depot (HD, Buy, PT: \$384)** and **Lowe's (LOW, Buy, PT: \$261)** (majority of spend is linked to break & fix repair & remodel projects). That said, there's potential for elevated demand for certain wellness-linked items like air purifiers.

Financials

Diversified Financials – Tom Mills (EU)

Tom has identified that healthcare-focused asset managers including **DWS Group (DWS GR, Buy, PT: €39)** healthcare fund, **Amundi (AMUN FP, Buy, PT: €70)** ETF MSCI Europe Healthcare UCITS ETF and **Schroders (SDR LN, Hold, PT: 450p)** healthcare fund have among its major holdings Eli Lilly and Novo Nordisk, the two main developers of anti-obesity drugs. The share price of these two companies has substantially

A healthier, longer living population may allow insurers to earn add'l investment income while lowering claim costs in some products.

increased YTD, leading to an increase in performance for funds with exposures to these names, leading to potential increases in AUM and management fees that could be followed by investor inflows if this positive performance is sustained. Alternative asset managers have recently been acquiring several companies in the healthcare sector, and among this **EQT AB (EQT SS, Buy, PT: SEK280)** specifically stands out. EQT is exposed to companies that manage clinical trials, produce injections and manufacture drugs. Tom believes that a re-rating of the overall sector is possible as new entrants try to develop their own obesity drugs, leading to higher portfolio company valuations and potentially higher exit values that translate into carried interest.

Insurance — Suneet Kamath (US), Philip Kett (EU), Sam Wong (AP) and Prakhar Sharma (AP)

Suneet feels that a lighter, healthier population would be a net positive for the US life insurance sector, with the caveat that trends in the insured population mirror trends in the overall population. On the one hand, improved health would likely lead to lower premiums, as more buyers of life insurance would qualify for better (i.e., lower cost) underwriting classes, but this impact would only be seen on new business. On in-force business, cos would benefit from delayed mortality, allowing life insurers to earn more investment income on reserves for longer periods of time. He would also expect a healthier population to drive improvements in morbidity, which could lower claims costs in products such as a disability and long-term care, directly benefiting top pick **Unum (UNM, Buy, PT: \$59)**. Improvements in morbidity would ultimately get reflected in pricing, though this impact would occur over time. Going the other way, however, increases in longevity from improved health could increase claims costs in products such as pension risk transfer and income annuities. That said, given Suneet's view that the life insurance sector has greater overall exposure to mortality/morbidity risk relative to longevity risk, the net impact across these various businesses / exposures would likely be positive.

Similarly, Philip expects GLP-1 drugs to positively impact the life insurance space. He believes a continued lowering of death rates will improve profitability and thinks demand is unlikely to change as it is driven by growth in liabilities that need coverage. Additionally, prices are unlikely to fall as this remains a push rather than pull product, meaning distribution costs are driving price. However, the impacts to health insurance are mixed. A healthier population should have a reduced claims burden by reducing hospital visits, but this means lower premium rates to compensate the lower risk. That said, health insurance affordability has been an issue so there could be an offsetting effect through increased demand. Furthermore, lower obesity rates will reduce the strain on the NHS, limiting the need for private coverage. Annuities should be negatively impacted according to Philip as longer life spans will lift the cost of providing LT pensions. Additionally, liabilities with a longer duration than available assets carry a hefty capital charge. Insurers impacted by this dynamic include **Aviva (AV/LN, Hold, PT: 445p), Legal & General (LGEN LN, Buy, PT: 335p), Just (JUST LN, Buy, PT: 140p), M&G (MNG LN, Buy, PT: 235p), Prudential (PRU LN, Buy, PT: 1,955p)** and **AIA Group (1299 HK, Buy, PT: HK\$102)** while reinsurers impacted include **Munich Re (MUV2 GR, Buy, PT: €320), Swiss Re (SREN SW, Hold, PT: CHF75), Hannover Re (HNR1 GR, Buy, PT: €185)** and **SCOR (SCR FP, Hold, PT: €23.50)**.

Sam thinks the impact for China and onshore insurers is relatively limited since obesity in China is not as severe when compared to the US. Additionally, insurers in China are more savings-product driven so a healthier population could help life and protection products, but would also inflate savings liability costs. That said, he thinks the change in risk parameters could at least partly pass through to policy buyers. Sam's preferred names are **Ping An Insurance (2318 HK, Buy, PT: HK\$63)** and **PICC Group (1339 HK, Buy, PT: HK\$3.20)**

For India, Prakhar highlighted that ~1/4 of women and slightly more than 1/5 of men are above normal body weight. He sees health and life insurers benefiting from lower claims as more and more people become aware of the risks associated with obesity. Some of this may be passed in the form of lower premiums but would still lead to higher growth and profitability for insurers. Prakhar sees **ICICI Lombard (ICICIGI IN, Buy, PT: INR1,630)** as one of beneficiaries to this dynamic.

Industrials

Airlines – Sheila Kahyaoglu (US), Andrew Lee (AP) and Anthony Moulder (AU)

Weight is a crucial element for fuel efficiency. The OEs such as **Boeing (BA, Buy, PT: \$275)** consistently look for ways to take weight out of the airframe as weight equals fuel consumption. The heavier an airplane is the harder the engines have to work to create the needed thrust. When Boeing delivers an airplane, there is the empty weight vs. the max takeoff weight (MTOW) with the difference between the two allowing for payload capacity which can include cargo, passengers and their baggage. Airlines have been famous for looking for ways to eliminate weight and costs given the correlation of the weight of an aircraft and the required fuel to support flights. Efforts to take weight out of an aircraft have included everything from carrying less water, to cutting olives from salad, to moving to lower weight beverage carts and shifting to lower weight plates and utensils.

Airlines biggest expense is fuel, which has been exacerbated as jet fuel prices have rebounded. With 2/3rds of adults overweight, and 1/3 obese Sheila looked at the potential implications of shrinking waistlines. Her scenario assumes the impact of the average passenger weight dropping by 10 lbs. Looking at **United Airlines (UAL, Hold, PT: \$65)** she estimates a weight savings of 1,790 lbs per flight, a noticeable impact to the \$12B of spend on fuel (22.6% of revenues). She pointed to a prior example to extrapolate the potential savings. In '18, United started printing its Hemisphere magazine on light paper, which cut an ounce from each magazine. This weight was expected to save 170,000 gallons of fuel, or \$290K in fuel costs a year. Removing 1,790 lbs per flight (rounded given widebodies carry more passengers and larger fleet today) today implies a fuel savings of over 27.6M gallons per year. This example is simplified, but at an average '23 fuel price of \$2.89 this equates to a \$80M a year savings or 0.7% of overall fuel expenses. This is worth about \$0.20 to EPS or 2% of Sheila's '23 estimate of \$10.75. This benefit should be recognized similarly across airlines.

While Andrew agrees that lighter planes will equate to lower fuel consumption, he believes the impacts will be relatively limited. Even if passenger weight declines there are other factors to a plane load that would not change such as cargo carried. Anthony argues that a lower passenger weight may enable airlines to handle greater freight loads especially for international travel. He thinks a 10% reduction in passenger weight could lower take off weight by 1.3% for planes like the 787 which is immaterial in his view unless the difference can be sold in higher freight volumes. That said, he also highlighted that a healthier population may increase the propensity to travel. **Qantas (QAN AU, Buy, PT: AUD7.79)** would be the most impacted within his coverage.

Agriculture – Stephen Volkmann (US) and John Campbell (AU)

Steve sees widespread adoption of GLP-1 drugs driving headwinds for food consumption, driving lower crop commodity prices and farmer income. Lower income would likely drive lower sales of farm equipment, impacting **Deere (DE, Buy, PT: \$510)**, **AGCO (AGCO, Buy, PT: \$185)** and CNH Industrial (CNHI, Not Covered). While wheat, corn and soy are most of the volume for US crop farmers he pointed out that these are a relatively small portion of overall demand and the more important factor is meat demand which has a multiplier effect on feed demand. Data suggests that production of one pound of chicken takes 1.6 lbs of animal feed, one pound of pork takes 3.3 lbs of feed, and a pound of beef requires 6 lbs of feed which puts substantially more pressure on row crop farmers.

Reductions in demand for meats would drive higher ending stocks for commodities assuming other demand is unchanged, but Steve highlighted that the growth in biofuel demand could offset this situation. Ending stocks for the three key row crop commodities have been near historical lows of late (except corn) but assuming a 10% reduction in row crop demand would push these commodities back to historical highs. Given the correlation between ending stocks and crop prices he would expect prices to trend back toward

A slimmer population can save fuel costs for airlines, grow non-residential construction, save firms on HC costs and redirect gov't spend towards infrastructure. Industrial cos. exposed to farming, food production and waste could be the most prone to negative impacts.

cash break even in this scenario. With farmer profitability back toward historical lows, Steve could see as much as ~25% downside to high horsepower ag equipment in the US.

John thinks the impact of GLP-1 drugs could drive lower consumption of food products, particularly grain-based in the medium term. He sees this dynamic impacting grain producers and agriculture-input stocks, notably **GrainCorp (GNC AU, Hold, PT: AUD9.15)** and Elders (ELD AU, Not Covered).

Building Construction – Glynis Johnson (EU) and Priyal Woolf (EU)

Glynis and Priyal expect limited impact to the sector overall. The main mechanism via which their stocks may be impacted is consumer budgets shifting towards anti-obesity drugs away from home purchases, impacting home builders, or discretionary renovation maintenance improvement (RMI) impacting **Geberit (GEBN SW, Underperform, PT: CHF313)** and **Travis Perkins (TPK LN, Hold, PT: 922p)**. They see a very marginal risk that spending on these drugs is added to mortgage criteria, but if so, this could also impact home builder demand.

Kingspan (KSP ID, Underperform, PT: €56) stands out as a co with potential positive implications given its exposure to high non-residential construction. This type of building could see growth from a healthier population going out more or going into the office more often. Fewer obese people may also lead to an uptick in demand for more healthy or active pastimes – this could lead to higher DIY demand, but increased spend on exercise (e.g. gym membership) could have an offsetting impact as consumer budgets are further diverted away from home-buying or discretionary RMI spending.

To date, building standards have not included additional strength or safety requirements for obese people, so there would be no change here to drive a subsequent shift in building product demand. Fewer obese people may drive a shift to smaller buildings and homes, which could reduce demand for construction materials overall, but they see this as a very negligible risk.

Capital Goods – Rizk Maida (EU)

Wide consumer adoption of anti-obesity drugs could impact Capital Goods companies who produce equipment for Food, Beverage, and Grocery industries. Within Rizk's coverage, he sees **GEA Group (G1A GR, Hold, PT: €45)**, one of the world's largest Food & Beverage equipment manufacturers, as most exposed. Around 75% of its revenues are geared to food & beverage capex, producing equipment such as process lines for dairy, and meat & poultry treatment. If anti-obesity drugs were widely deployed and lowering food consumption on a large scale, GEA's revenues could take a hit. **AutoStore (AUTO NO, Hold, PT: NOK25)** is also exposed with 10% of its rev geared to grocery & food through MFCs and automation technology such as robots. Lower food consumption could mean lower food revenues, while grocery revenues could see an uplift in sales of products that treat the side-effects of the drugs.

Commercial & Professional Services – Kean Marden (EU) and Anthony Moulder (AU)

The main tailwind in support service is likely to emerge in companies with large US workforces earning around minimum wage because non-wage costs are disproportionately significant. This includes **Securitas (SECUB SS, Underperform, PT: SEK70)**, **ISS (ISS DC, Underperform, PT: DKK105)** and, to a lesser degree, **Compass (CPG LN, Hold, PT: 2,000p)**, **Sodexo (SW FP, Hold, PT: €96)** and **Serco (SRP LN, Buy, PT: 205p)**. Anti-obesity drugs could potentially reduce healthcare and sickness costs, which typically account for ~5% of total employment costs, and consequently provide a modest gross margin tailwind for Compass and Sodexo. That said, reduced frequency/size of restaurant visits could create volume headwinds albeit for a very small percentage of the population today.

With food being a fast moving consumer good lower consumption would lower volumes and hurt the top and bottom lines for pallet cos especially those operating in the retailer supply chain. That said, Anthony argues that more compression will be seen on earnings relative to rev. due to the interconnected nature of

supply chain networks. He called our **Brambles (BXB AU, Hold, PT: AUD14.28)** as a name in his coverage that would be impacted.

Infrastructure – Graham Hunt (EU)

If government healthcare budgets fall with lower cost associated with obesity, this could free up capital for other infrastructure projects. For example, the UK government estimates obesity costs the NHS £6B annually and is expected to increase close to £10B by 2050. Anti-obesity drugs offer a pathway to transfer a proportion of this cost away from the public sector budget into private sector profits. On the other hand, the cost of paying for those drugs could drive healthcare spend higher and squeeze infrastructure spending.

A secondary consideration would be consumer behavior, in terms of propensity to travel via plane or by car. If the health benefits from weight loss (improved mobility and longer life expectancies) outweigh any impact on personal budgets, this could lead to an overall uptick in activity in terms of travel and consumption, benefiting owners of travel infrastructure assets.

Paper & Packaging – Phil Ng (US), Cole Hathorn (EU) and Richard Johnson (AU)

The ripple effects from the rising popularity of GLP-1 agonists from US consumers could have mixed results for Phil's paper & packaging coverage. He sees cos that are more concentrated in the center of the grocery store such as **Graphic Packaging (GPK, Hold, PT: \$26)** (56% of sales are in food and beverage end markets) and **WestRock (WRK, Hold, PT: \$37)** (43% of sales) at potential risk of volume pressure if these drugs become more prevalent. Packaging for foodservice end-markets could see headwinds as well further impacting GPK (20%) and WRK (5%) sales volumes. Boxboard manufacturers (GPK & WRK) appear to be at the most risk from consumers eating out less. However, packagers with sales skewed more towards fresh foods, like **Sealed Air (SEE, Buy, PT: \$53)** which has >30% of sales tied to packaging for fresh meat, may disproportionately benefit from a wider consumption of GLP-1 drugs. The question of the rebound once consumers stop taking these appetite suppressants, as well as access/affordability of these drugs, will be the key debates to the longer term paper & packaging implications.

Across paper & packaging Cole sees potential for: 1) packaging demand reduction for food & beverage volumes and 2) shift to healthier food/consumption (which often involves more premium paper base vs plastic packaging). In corrugated (boxes), processed food accounts for ~24% EU box volumes. Whilst there may be marginal reduction in box vols, he sees overall impact to EU containerboard (paper) and box makers **Smurfit Kappa (SKG LN, Buy, PT: 3,750p)**, **DS Smith (SMDS LN, Buy, PT: 400p)**, **Mondi (MNDI LN, Buy, PT: 1,600p)** and **Svenska Cellulose (SCAB SS, Hold, PT: SEK152)** as more limited. On the other hand, there is potential impact on away from home consumption, impacting cartonboard for food & beverage packaging demand. This could be seen via lower cartonboard demand for F&B, impacting **Stora Enso (STERV FH, Buy, PT: €15)**, **Billerud (BILL SS, Buy, PT: SEK105)**, **Holmen (HOLMB SS, Hold, PT: SEK400)**, Metsa Board OYK (METSB FH, Not Covered) and Mayr Melnhof Karton (MMK AV, Not Covered) for upstream cartonboard demand and **Huhtamaki (HUH1V FH, Buy, PT: €41)** on converting side (uses cartonboard in its F&B packaging). However, partially offsetting this headwind will be the thematic of shifting from plastic to paper and more premium mix sustainable packaging solutions supporting demand for HUH1V FH, STERV FH, BILL SS, METSB FH and MMK AV. Price & packaging mix remain more important to earnings than volumes.

Richard believes there could be a decrease in demand for unhealthy food & beverages which would negatively impact packaging demand for these products. That said, he argues that any negative impacts would be offset by a substitution towards healthier food & beverage options. These products should use similar packaging leading him to think the end result is an offsetting impact.

Textiles – David Farrell (EU)

The UK Industrials operate, largely, in a B2B environment so changes in consumer activity and spending patterns resulting from wide adoption of anti-obesity drugs are likely to be felt as a second, rather than

primary order. The most consumer exposed name in David's coverage universe is **Coats (COA LN, Buy, PT: 97p)**, the world's leading supplier of thread and footwear components to the apparel & footwear market. These two end markets constitute ~75% of group revenue. The impact of a healthier consumer base could cut both ways according to David. On the one hand, he could envisage a pick-up in sales as lifestyles become more active, boosting further purchases of athleisure products which are a significant proportion of the group's production base. And, at least for some period of time, there would be a positive benefit as wardrobes are resized. On the other hand, there could be individuals who, because of the benefits of the drug, don't feel compelled to exercise as much and therefore reduce athleisure demand. Undeniably though, further constrained consumer budgets would be a negative for apparel & footwear demand.

Waste — Amit Kanwatia (AU)

Within waste, Amit highlighted that a lower consumption of food products would be expected to lower wasted volume. The space most impacted, in his view, would be municipal waste streams. He called out **Cleanaway (CWY AU, Buy, PT: AUD3.08)** as a name impacted within his coverage.

Materials

Chemicals — Laurence Alexander (US)

Given inequalities in access to food across the global population, to the extent widespread adoption of GLP-1 drugs reduces food demand in Europe and North America, Laurence expects emerging market demand growth to offset, suggesting a net neutral impact for grain producers and agriculture inputs such as crop chemicals and fertilizers, such as **Corteva (CTVA, Buy, PT: \$68)**, **FMC (FMC, Buy, PT: \$120)** and **LSB Industries (LXU, Hold, PT: \$12)**. That said, studies appear to suggest a reasonable benchmark of a 10-12% reduction in food intake, at least initially, when taking GLP-1 drugs.

Reduced food demand in EU and NA may be offset by EM demand, a net neutral for grain producers, crop chemicals and fertilizers.

Real Estate

Jonathan Petersen (US)

A lighter population has the potential to drive fewer doctor visits which would reduce demand for medical office space, impacting **Healthpeak (PEAK, Buy, PT: \$25)**, **Healthcare Realty Trust (HR, Buy, PT: \$22)** and **Physicians Realty Trust (DOC, Buy, PT: \$16)**. Additionally, Jon and the US REIT team expects there to be incrementally more demand for lab space as pharma firms increase investment into the area, benefiting **Alexandria Real Estate (ARE, Buy, PT: \$144)** and **PEAK**. A healthier population may lead to a longer living population which will also support private pay senior housing names **Welltower (WELL, Hold, PT: \$80)**, **Ventas (VTR, Buy, PT: \$53)** and **Sabra Health Care REIT (SBRA, Buy, PT: \$15)**.

A healthier population may not need to visit the Dr. as often, but longer lives supports senior housing and shopping centers.

For Retail REITS there is the potential to see increased foot traffic to malls and shopping centers which may increase conversions and drive higher rents. Notable beneficiaries include **Simon Property Group (SPG, Hold, PT: \$119)** and **Macerich (MAC, Hold, PT: \$12)**. Additionally, demand for traditional and medical spas could increase, benefiting **Kimco Realty (KIM, Buy, PT: \$24)**, **Spirit Realty (SRC, Hold, PT: \$40)** and **Brixmor Property Group (BRX, Hold, PT: \$23)** while REITs with restaurant exposure like **Retail Opportunity Investments (ROIC, Hold, PT: \$15)** may experience lower traffic.

Looking at residential REITs, longer lifespans would further weigh on housing supply and aide residential landlord pricing power which aids **Apartment Income (AIRC, Hold, PT: \$37)**, **AvalonBay Communities (AVB, Hold, PT: \$204)**, **Essex Property Trust (ESS, Hold, PT: \$245)** and **UDR (UDR, Buy, PT: \$49)**. Further, a more active population supports demand for amenitized apartments which benefits **Equity Residential (EQR, Hold, PT: \$70)**, **AVB**, **AIRC**, **Mid America Apartment Communities (MAA, Buy, PT: \$182)** and **UDR**.

Technology

Internet — Hiroko Sato (AP)

Weight loss may increase confidence that the clothes you buy online will fit. Greater willingness to monitor health bodes well for the semis powering medtech.

Hiroko believes more obese people tend to prefer offline fashion to ensure the clothing fits and reduce the burden of handling a return. If a percentage of this group lose weight, however, they could be more inclined to buy clothes online as the fit concern fades. She flagged **Z Holdings (4689 JP, Buy, PT: ¥480)**, **ZOZO (3092 JP, Buy, PT: ¥3,350)** and **Rakuten (4755 JP, Hold, PT: ¥705)** as beneficiaries to this dynamic.

Semiconductors – Masahiro Nakanomyo (AP)

Masahiro believes a growing use of GLP-1 drugs represents an increased willingness to monitor health conditions. This will drive demand for healthcare devices and semiconductors/production equipment that power them. He also sees the potential for an increase use of cloud data link services. Notable beneficiaries include **Omron (6645 JP, Buy, PT: ¥11,000)** since it could see increased demand for its body weight scale.

Stocks Mentioned in this Report

Name	Ticker	Analyst	Mkt Cap (\$M)	Rating	Curr.	Target	Current Price	2FY Jef EPS	FY Cons EPS
ABERCROMBIE & FI	ANF	Corey Tarlowe	2,803	Buy	USD	65.00	55.66	2.60	4.24
AGCO CORP	AGCO	Stephen Volkmann	9,072	Buy	USD	185.00	121.15	16.00	14.99
AIA	1299 HK	Philip Kett	92,538	Buy	HKD	102.00	62.90	71.76	0.63
ALEXANDRIA REAL	ARE	Peter Abramowitz	17,215	Buy	USD	144.00	99.49	4.09	3.87
ALTIMMUNE INC	ALT	Roger Song	130	Buy	USD	35.00	2.47	-1.87	-2.02
AMGEN INC	AMGN	Michael Yee	144,603	Buy	USD	310.00	270.34	19.22	19.76
AMPOL LTD	ALD AU	Michael Simotas	5,213	Buy	AUD	37.00	34.06	2.53	2.76
AMUNDI SA	AMUN FP	Tom Mills	11,387	Buy	EUR	70.00	52.70	6.18	6.31
ANHEUSER-BUSCH I	ABI BB	Edward Mundy	108,302	Hold	EUR	57.00	50.80	3.45	3.55
APARTMENT INCOME	AIRC	Linda Tsai	4,583	Hold	USD	37.00	30.71	0.40	0.62
ARHAUS INC	ARHS	Jonathan Matuszewski	1,310	Buy	USD	15.00	9.34	0.80	0.83
ARISTOCRAT LEISU	ALL AU	Simon Thackray	16,929	Hold	AUD	39.48	40.64	2.17	2.13
ASAHI INTECC CO	7747 JP	Stephen Barker	4,784	Buy	JPY	3400.00	2629.50	71.21	67.75
AUTOSTORE HOLDIN	AUTO NO	Lucas Ferhani	4,755	Hold	NOK	25.00	14.87	0.08	0.07
AVALONBAY COMMUN	AVB	Linda Tsai	24,481	Hold	USD	204.00	172.39	4.62	5.77
AVIVA PLC	AV/ LN	James Pearse	13,036	Hold	GBp	445.00	390.20	-	0.45
BEAUTY HEALTH CO	SKIN	Ashley Helgans	785	Buy	USD	11.00	5.90	0.27	0.52
BEST BUY CO INC	BBY	Jonathan Matuszewski	14,975	Hold	USD	82.00	68.81	6.70	6.71
BILLERUD AB	BILL SS	Cole Hathorn	2,247	Buy	SEK	105.00	98.52	4.49	6.85
BLOOMIN' BRANDS	BLMN	Alexander Slagle	2,154	Buy	USD	35.00	24.73	3.05	2.88
BOEING CO/THE	BA	Sheila Kahyaoglu	115,272	Buy	USD	275.00	191.10	5.90	5.43
BRAMBLES LTD	BXB AU	Anthony Moulder	12,806	Hold	AUD	14.28	14.35	0.58	0.59
BRIXMOR PROPERTY	BRX	Jonathan Petersen	6,315	Hold	USD	23.00	21.01	0.88	0.91
BURLINGTON STORE	BURL	Corey Tarlowe	8,669	Buy	USD	190.00	133.68	7.70	7.44
BY-HEALTH CO L-A	300146 CH	Christopher Lui	4,425	Buy	CNY	31.00	18.99	1.26	1.27
CAMPBELL SOUP CO	CPB	Rob Dickerson	12,277	Hold	USD	46.00	41.21	3.30	3.24
CHEESECAKE FACTO	CAKE	Andrew Barish	1,545	Buy	USD	43.00	30.14	3.50	3.24
CHUGAI PHARMA CO	4519 JP	Stephen Barker	51,927	Buy	JPY	5200.00	4617.00	184.02	196.63
CLEANAWAY WASTE	CWY AU	Amit Kanwatia	3,448	Buy	AUD	3.08	2.41	0.10	0.10
CNH INDUSTRIAL N	CNHI	Not Covered	16,413	-	USD	-	12.30	-	1.78
COATS GROUP PLC	COA LN	David Farrell	1,386	Buy	GBp	97.00	71.10	0.10	0.10
COLES GROUP LTD	COL AU	Michael Simotas	13,411	Hold	AUD	17.50	15.60	0.81	0.81
COMPASS GROUP	CPG LN	Kean Marden	42,003	Hold	GBp	2000.00	2006.00	1.01	0.99
CORPORATE TRAVEL	CTD AU	John Campbell	1,559	Hold	AUD	20.50	16.59	1.18	1.23
CORTEVA INC	CTVA	Laurence Alexander	36,097	Buy	USD	68.00	50.88	3.40	3.32
COSTCO WHOLESALE	COST	Corey Tarlowe	251,540	Buy	USD	640.00	568.08	18.00	17.08
CSPC PHARMACEUTI	1093 HK	Christopher Lui	8,651	Buy	HKD	10.60	5.69	0.59	0.57
DAVE & BUSTER'S	PLAY	Andrew Barish	1,595	Buy	USD	55.00	37.13	3.32	3.99
DEERE & CO	DE	Stephen Volkmann	111,237	Buy	USD	510.00	386.24	35.40	32.94
DEXCOM	DXCM	Matthew Taylor	36,836	Buy	USD	155.00	94.97	1.57	1.59
DIAGEO PLC	DGE LN	Edward Mundy	83,287	Hold	GBp	3500.00	3038.00	1.80	1.82
DOMINO'S PIZZA E	DMP AU	Michael Simotas	3,038	Hold	AUD	47.00	52.67	1.82	2.11
DS SMITH PLC	SMDS LN	Cole Hathorn	4,752	Buy	GBp	400.00	282.80	0.29	0.34

DWS GROUP GMBH &	DWS GR	Tom Mills	6,728	Buy	EUR	39.00	31.86	3.62	3.61
ELDERS LTD	ELD AU	Not Covered	573	-	AUD	-	5.70	-	0.63
ELI LILLY & CO	LLY	Akash Tewari	515,401	Buy	USD	615.00	542.93	13.31	12.63
ENDEAVOUR GROUP	EDV AU	Michael Simotas	6,062	Hold	AUD	6.00	5.27	0.31	0.31
EQT AB	EQT SS	Tom Mills	22,890	Buy	SEK	280.00	211.10	1.25	1.28
EQUITY RESIDENTI	EQR	Linda Tsai	22,317	Hold	USD	70.00	58.88	1.70	1.68
ESSEX PROPERTY	ESS	Linda Tsai	13,554	Hold	USD	245.00	211.18	6.12	6.18
FIRST WATCH REST	FWRG	Andrew Barish	1,037	Buy	USD	24.00	17.42	0.40	0.45
FLIGHT CENTRE TR	FLT AU	Michael Simotas	2,710	Underperform	AUD	18.00	19.23	1.24	1.37
FLOWERS FOODS	FLO	Rob Dickerson	4,711	Hold	USD	26.00	22.30	1.30	1.31
FMC CORP	FMC	Laurence Alexander	8,207	Buy	USD	120.00	65.80	7.50	7.20
FOSHAN HAITIAN-A	603288 CH	Lisa Liao	28,946	Hold	CNY	45.50	37.99	1.22	1.33
FRESENIUS MEDICA	FME GR	James Vane-Tempest	12,707	Underperform	EUR	29.00	41.02	2.69	2.86
GEA GROUP AG	G1A GR	Rizk Maidi	6,649	Hold	EUR	45.00	34.89	2.54	2.56
GEBERIT AG-REG	GEBN SW	Priyal Woolf	17,383	Underperform	CHF	313.00	452.70	17.68	18.73
GENERAL MILLS IN	GIS	Rob Dickerson	37,118	Hold	USD	72.00	63.86	4.75	4.72
GENEXINE CO LTD	095700 KS	Not Covered	272	-	KRW	-	8840.00	-	-
GERRESHEIMER AG	GXI GR	James Vane-Tempest	3,643	Buy	EUR	143.00	99.90	6.37	5.64
GRAINCORP LTD-A	GNC AU	John Campbell	1,022	Hold	AUD	9.15	7.09	0.45	0.47
GRAPHIC PACKAGIN	GPK	Philip Ng	6,834	Hold	USD	26.00	22.25	2.99	2.87
HANNOVER RUECK S	HNR1 GR	Philip Kett	26,560	Buy	EUR	185.00	208.60	17.12	17.29
HEALTHCARE REALT	HR	Jonathan Petersen	5,734	Buy	USD	22.00	15.06	-0.39	-0.25
HEALTHPEAK PROPE	PEAK	Jonathan Petersen	9,929	Buy	USD	25.00	18.15	0.37	0.37
HERSHEY CO/THE	HSY	Rob Dickerson	41,253	Hold	USD	260.00	201.76	10.25	10.30
HIMS & HERS HEAL	HIMS	Glen Santangelo	1,324	Buy	USD	12.00	6.27	0.35	0.09
HOLMEN AB-B SHS	HOLMB SS	Cole Hathorn	6,257	Hold	SEK	400.00	420.30	19.30	20.38
HOME DEPOT INC	HD	Jonathan Matuszewski	303,950	Buy	USD	384.00	303.93	16.65	16.24
HOSTESS BRANDS	TWPK	Rob Dickerson	4,440	Hold	USD	34.00	33.42	1.20	1.23
HUHTAMAKI OYJ	HUHTV FH	Cole Hathorn	3,462	Buy	EUR	41.00	30.43	2.52	2.48
ICICI LOMBARD GE	ICICIGI IN	Prakhar Sharma	7,531	Buy	INR	1630.00	1274.25	-	49.20
I-MAB-ADR	IMAB	Kelly Shi	104	Buy	USD	18.00	1.26	-20.36	-11.22
INDIVIOR PLC	INDV LN	James Vane-Tempest	2,967	Buy	Gbp	2555.00	1763.00	1.76	1.79
INNOVENT BIOLOGI	1801 HK	Christopher Lui	8,207	Buy	HKD	72.00	39.90	-0.97	-0.44
INSPIRE MEDICAL	INSP	Not Covered	5,816	-	USD	-	198.25	-	-0.69
INSULET CORP	PODD	Matthew Taylor	11,407	Hold	USD	260.00	163.38	2.06	2.23
INTUITIVE SURGIC	ISRG	Matthew Taylor	103,899	Hold	USD	325.00	295.71	6.42	6.40
ISS A/S	ISS DC	Allen Wells	2,840	Underperform	DKK	105.00	108.05	13.39	14.49
JIUMAOJIU INTERN	9922 HK	Lisa Liao	1,902	Buy	HKD	17.10	10.24	0.56	0.60
JM SMUCKER CO	SJM	Rob Dickerson	12,724	Hold	USD	142.00	124.57	10.10	10.31
JUST GROUP PLC	JUST LN	James Pearse	890	Buy	Gbp	140.00	70.20	0.26	0.21
KELLOGG CO	K	Rob Dickerson	20,209	Hold	USD	72.00	59.03	4.30	4.27
KIMCO REALTY	KIM	Linda Tsai	10,950	Buy	USD	24.00	17.67	0.11	0.64
KINGSPAN GROUP	KSP ID	Priyal Woolf	13,518	Underperform	EUR	56.00	70.36	3.39	3.75
LEGAL & GEN GRP	LGEN LN	James Pearse	16,177	Buy	Gbp	335.00	221.80	0.38	0.29
LESLIE'S INC	LESL	Jonathan Matuszewski	1,014	Hold	USD	7.00	5.51	0.60	0.47

LOTTERY CORP LTD	TLC AU	Simon Thackray	6,748	Hold	AUD	5.12	4.72	0.18	0.19
LOWE'S COS INC	LOW	Jonathan Matuszewski	120,473	Buy	USD	261.00	208.75	14.95	14.63
LSB INDUS INC	LXU	Laurence Alexander	766	Hold	USD	12.00	10.31	1.10	0.81
LULULEMON ATH	LULU	Randal Konik	47,891	Underperform	USD	250.00	378.47	12.95	14.00
LUZHOU LAOJIAO-A	000568 CH	John Chou	43,698	Buy	CNY	280.00	216.65	10.38	10.89
M&G PLC	MNG LN	James Pearse	5,661	Buy	GBp	235.00	196.50	0.18	0.23
MACERICH CO	MAC	Linda Tsai	2,427	Hold	USD	12.00	11.28	-0.12	-0.08
MAYR-MELNHOF KAR	MMK AV	Not Covered	2,694	-	EUR	-	127.60	-	12.28
METCASH LTD	MTS AU	Michael Simotas	2,341	Hold	AUD	3.80	3.73	0.29	0.30
METSA BOARD OYJ	METSB FH	Not Covered	2,846	-	EUR	-	7.46	-	0.55
MID-AMERICA APAR	MAA	Linda Tsai	15,045	Buy	USD	182.00	128.95	4.75	4.86
MONDELEZ INTER-A	MDLZ	Rob Dickerson	94,542	Buy	USD	87.00	69.50	3.55	3.54
MONDI PLC	MNDI LN	Cole Hathorn	8,083	Buy	GBp	1600.00	1364.50	0.94	1.20
MUENCHENER RUE-R	MUV2 GR	Philip Kett	53,901	Buy	EUR	320.00	374.10	33.57	36.25
NIKE INC -CL B	NKE	Randal Konik	136,451	Hold	USD	100.00	89.19	3.90	4.34
NOVO NORDISK-B	NOVOB DC	Peter Welford	415,996	Underperform	DKK	425.00	651.50	20.41	21.48
OMRON CORP	6645 JP	Masahiro Nakanomyo	9,158	Buy	JPY	11000.00	6629.00	380.50	359.69
OVERSTOCK.COM	OSTK	Jonathan Matuszewski	722	Hold	USD	23.00	15.98	-1.72	-1.57
PFIZER INC	PFE	Akash Tewari	181,207	Hold	USD	38.00	32.10	3.10	3.37
PHYSICIANS REALT	DOC	Jonathan Petersen	2,884	Buy	USD	16.00	12.10	0.22	0.32
PICC GROUP-H	1339 HK	Sam Wong	31,851	Buy	HKD	3.20	2.83	0.81	0.73
PING AN	2318 HK	Sam Wong	113,085	Buy	HKD	63.00	44.00	8.38	8.43
PLANET FITNESS-A	PLNT	Randal Konik	4,138	Hold	USD	56.00	46.95	2.57	2.49
POST HOLDINGS IN	POST	Rob Dickerson	5,244	Buy	USD	111.00	85.67	4.60	4.94
PRUDENTIAL PLC	PRU LN	Philip Kett	29,626	Buy	GBp	1955.00	882.00	1.33	1.10
QANTAS AIRWAYS	QAN AU	Anthony Moulder	5,737	Buy	AUD	7.79	5.18	1.03	1.06
RAKUTEN GROUP IN	4755 JP	Hiroko Sato	8,741	Hold	JPY	705.00	609.90	-1.40	-37.56
REMY COINTREAU	RCO FP	Edward Mundy	6,073	Buy	EUR	190.00	113.10	6.05	6.05
RESMED INC	RMD	Matthew Taylor	21,931	Hold	USD	240.00	149.12	7.90	7.98
RETAIL OPPORTUNI	ROIC	Linda Tsai	1,569	Hold	USD	15.00	12.45	0.34	0.32
REVOLVE GROUP IN	RVLV	Randal Konik	973	Buy	USD	22.00	13.25	0.70	0.65
RH	RH	Jonathan Matuszewski	4,761	Hold	USD	345.00	258.73	15.90	15.18
RICHTER GEDEON N	RICHT HB	James Vane-Tempest	4,502	Buy	HUF	11700.00	8975.00	1383.33	1332.19
ROSS STORES INC	ROST	Corey Tarlowe	37,751	Hold	USD	120.00	111.48	5.70	5.72
SABRA HEALTH CAR	SBRA	Joe Dickstein	3,237	Buy	USD	15.00	14.00	0.62	0.70
SCHRODERS PLC	SDR LN	Tom Mills	7,946	Hold	GBp	450.00	404.00	0.33	0.35
SCOR SE	SCR FP	Philip Kett	5,624	Hold	EUR	23.50	29.68	4.42	4.58
SEALED AIR CORP	SEE	Philip Ng	4,693	Buy	USD	53.00	32.50	3.42	3.24
SECURITAS AB-B	SECUB SS	Allen Wells	4,387	Underperform	SEK	70.00	83.72	10.19	11.24
SERCO GROUP	SRP LN	Kean Marden	1,983	Buy	GBp	205.00	147.30	0.15	0.15
SHANDONG WEIG-H	1066 HK	Christopher Lui	4,038	Buy	HKD	17.00	6.99	0.64	0.64
SIMON PROPERTY	SPG	Linda Tsai	35,460	Hold	USD	119.00	108.38	6.49	6.33
SMURFIT KAPPA GR	SKG LN	Cole Hathorn	8,665	Buy	GBp	3750.00	2730.00	2.71	3.25
SODEXO SA	SW FP	Kean Marden	15,120	Hold	EUR	96.00	97.12	6.39	6.52
SPIRIT REALTY	SRC	Linda Tsai	4,716	Hold	USD	40.00	33.37	1.48	1.64

STAR ENTERTAINME	SGR AU	Simon Thackray	624	Buy	AUD	1.23	0.60	0.00	0.02
STORA ENSO OYJ-R	STERV FH	Cole Hathorn	9,905	Buy	EUR	15.00	11.77	0.57	0.69
STRUCTURE THERAP	GPCR	Roger Song	1,422	Buy	USD	50.00	37.17	-0.64	-0.94
SVENSKA CELL-B	SCAB SS	Cole Hathorn	9,451	Hold	SEK	152.00	147.20	5.19	5.83
SWISS RE AG	SREN SW	Philip Kett	32,914	Hold	CHF	75.00	95.00	17.81	12.25
TABCORP HLDGS	TAH AU	Simon Thackray	1,415	Buy	AUD	1.52	0.97	0.07	0.06
TERUMO CORP	4543 JP	Stephen Barker	19,672	Hold	JPY	4500.00	3928.00	151.01	159.78
THE UNITED LABOR	3933 HK	Christopher Lui	1,845	Buy	HKD	10.80	7.95	0.95	1.10
TJX COS INC	TJX	Corey Tarlowe	101,949	Buy	USD	110.00	89.11	4.16	4.07
TRAVIS PERKINS	TPK LN	Priyal Woolf	2,133	Hold	Gbp	922.00	822.60	0.65	0.79
UDR INC	UDR	Linda Tsai	11,772	Buy	USD	49.00	35.73	0.56	0.50
UNDER ARMOUR-A	UAA	Randal Konik	2,815	Hold	USD	8.00	6.57	0.68	0.62
UNITED AIRLINES	UAL	Sheila Kahyaoglu	13,938	Hold	USD	48.00	42.66	10.65	10.54
UNITEDHEALTH GRP	UNH	David Windley	473,027	Hold	USD	529.00	510.66	27.83	27.87
UNUM GROUP	UNM	Suneet Kamath	9,768	Buy	USD	59.00	49.93	8.00	7.93
URBAN OUTFITTER	URBN	Corey Tarlowe	2,992	Hold	USD	31.00	32.25	3.10	3.36
VENTAS INC	VTR	Jonathan Petersen	17,033	Buy	USD	53.00	42.33	0.20	0.17
VIVA ENERGY GROU	VEA AU	Michael Simotas	2,975	Buy	AUD	3.50	3.00	0.25	0.26
WALMART INC	WMT	Corey Tarlowe	437,352	Buy	USD	190.00	162.49	7.15	7.12
WAYFAIR INC- A	W	Jonathan Matuszewski	6,870	Hold	USD	83.00	59.25	0.13	-0.24
WEBJET LTD	WEB AU	John Campbell	1,652	Hold	AUD	7.00	6.67	0.36	0.38
WELLTOWER INC	WELL	Jonathan Petersen	41,820	Hold	USD	80.00	80.62	1.16	1.13
WESTROCK CO	WRK	Philip Ng	9,284	Hold	USD	37.00	36.21	2.68	2.69
WILLIAMS-SONOMA	WSM	Jonathan Matuszewski	9,865	Underperform	USD	116.00	153.80	13.85	14.38
WOOLWORTHS GROUP	WOW AU	Michael Simotas	29,243	Hold	AUD	40.00	37.27	1.55	1.64
WUAPPTEC CO LT-H	2359 HK	Christopher Lui	35,082	Buy	HKD	127.00	93.00	4.16	4.19
XPONENTIAL FIT-A	XPOF	Randal Konik	777	Buy	USD	45.00	15.56	2.35	1.30
YUM CHINA HOLDIN	9987 HK	Anne Ling	22,971	Buy	HKD	557.66	433.60	2.49	2.62
Z HOLDINGS CORP	4689 JP	Hiroko Sato	20,865	Buy	JPY	480.00	408.00	18.50	16.14
ZEALAND PHARMA A	ZEAL DC	Lucy Codrington	2,492	Buy	DKK	380.00	300.00	-14.16	-0.96
ZOZO INC	3092 JP	Hiroko Sato	5,783	Buy	JPY	3350.00	2770.50	153.40	152.28

Source: Bloomberg, Jefferies

Company Valuation/Risks

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Investment Recommendation Record

(Article 3(1)e and Article 7 of MAR)

Recommendation Published	September 28, 2023 , 18:00 ET.
Recommendation Distributed	September 28, 2023 , 18:00 ET.

Company Specific Disclosures

Steven DeSanctis owns shares of Eli Lilly & Company common shares.

Jefferies Group LLC makes a market in the securities or ADRs of Yum China Holdings Inc.

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Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Essex Property Trust, Inc..

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Within the past twelve months, First Watch Restaurant Group, Inc. has been a client of Jefferies LLC and investment banking services are being or have been provided.

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Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Structure Therapeutics.

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Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Healthcare Realty Trust, Inc..

Jefferies Group LLC, its affiliates or subsidiaries is acting as a manager or co-manager in the underwriting or placement of securities for Healthcare Realty Trust, Inc. or one of its affiliates.

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Jefferies Group LLC, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from Indivior PLC within the next three months.

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Within the past twelve months, Indivior PLC has been a client of Jefferies LLC and investment banking services are being or have been provided.

Jefferies Hoare Govett a division of Jefferies International Limited acts as a corporate broker for Indivior PLC.

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Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Kimco Realty Corp..

Jefferies Group LLC, its affiliates or subsidiaries is acting as a manager or co-manager in the underwriting or placement of securities for Kimco Realty Corp. or one of its affiliates.

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Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Mid-America Apartment Communities, Inc..

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Jefferies Group LLC, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from Healthpeak within the next three months.

Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Healthpeak.

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Jefferies Group LLC, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from Retail Opportunity Investments Corp. within the next three months.

Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Retail Opportunity Investments Corp..

Jefferies Group LLC, its affiliates or subsidiaries is acting as a manager or co-manager in the underwriting or placement of securities for Retail Opportunity Investments Corp. or one of its affiliates.

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Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Sabra Health Care REIT, Inc..

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Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from UDR, Inc..

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Buy - Describes securities that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

Hold - Describes securities that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated securities with an average security price consistently below \$10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.

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CS - Coverage Suspended. Jefferies has suspended coverage of this company.

NC - Not covered. Jefferies does not cover this company.

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Monitor - Describes securities whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

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Jefferies Franchise Picks include stock selections from among the best stock ideas from our equity analysts over a 12 month period. Stock selection is based on fundamental analysis and may take into account other factors such as analyst conviction, differentiated analysis, a favorable risk/reward ratio and investment

themes that Jefferies analysts are recommending. Jefferies Franchise Picks will include only Buy rated stocks and the number can vary depending on analyst recommendations for inclusion. Stocks will be added as new opportunities arise and removed when the reason for inclusion changes, the stock has met its desired return, if it is no longer rated Buy and/or if it triggers a stop loss. Stocks having 120 day volatility in the bottom quartile of S&P stocks will continue to have a 15% stop loss, and the remainder will have a 20% stop. Franchise Picks are not intended to represent a recommended portfolio of stocks and is not sector based, but we may note where we believe a Pick falls within an investment style such as growth or value.

Risks which may impede the achievement of our Price Target

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Other Companies Mentioned in This Report

- Abercrombie & Fitch (ANF: \$56.05, BUY)
- AGCO (AGCO: \$120.82, BUY)
- AIA Group Limited (1299 HK: HK\$62.90, BUY)
- Alexandria Real Estate Equities (ARE: \$99.31, BUY)
- Altimmune, Inc. (ALT: \$2.50, BUY)
- Amgen, Inc. (AMGN: \$270.82, BUY)
- Ampol Limited (ALD AU: AUD34.06, BUY)
- Amundi SA (AMUN FP: €52.70, BUY)
- Anheuser-Busch InBev (ABI BB: €50.80, HOLD)
- Apartment Income REIT Corp. (AIRC: \$30.64, HOLD)
- Arhaus (ARHS: \$9.32, BUY)
- Aristocrat Leisure Limited (ALL AU: AUD40.64, HOLD)
- Asahi Intecc (7747 JP: ¥2,630, BUY)
- AutoStore Holdings Ltd. (AUTO NO: NOK14.87, HOLD)
- AvalonBay Communities, Inc. (AVB: \$171.29, HOLD)
- Aviva Plc (AV/ LN: p390.20, HOLD)
- Best Buy Company, Inc. (BBY: \$68.90, HOLD)
- Billerud (BILL SS: SEK98.52, BUY)
- Bloomin' Brands (BLMN: \$24.58, BUY)
- Brambles Limited (BXB AU: AUD14.35, HOLD)
- Brixmor Property Group, Inc. (BRX: \$20.89, HOLD)
- Burlington Stores Inc (BURL: \$134.26, BUY)
- By-health (300146 CH: CNY18.99, BUY)
- Campbell Soup Company (CPB: \$41.26, HOLD)
- Chugai (4519 JP: ¥4,617, BUY)
- Cleanaway Waste Management Limited (CWY AU: AUD2.41, BUY)
- CNH Industrial (CNHI: \$12.27, NOT COVERED)
- Coats Group plc (COA LN: p71.10, BUY)
- Coles Group Ltd (COL AU: AUD15.60, HOLD)
- Compass Group (CPG LN: p2,006.00, HOLD)
- Comscore, Inc (SCOR: \$0.60, HOLD)
- Corporate Travel Management Limited (CTD AU: AUD16.59, HOLD)
- Corteva, Inc. (CTVA: \$50.91, BUY)
- Costco Wholesale Corp. (COST: \$568.63, BUY)
- CSPC Pharmaceutical (1093 HK: HK\$5.69, BUY)
- Dave & Buster's Entertainment, Inc. (PLAY: \$37.01, BUY)
- Deere & Company (DE: \$384.73, BUY)
- DexCom, Inc (DXCM: \$95.46, BUY)
- Diageo (DGE LN: p3,038.00, HOLD)
- Domino's Pizza Enterprises (DMP AU: AUD52.67, HOLD)

- DS Smith plc (SMDS LN: p282.80, BUY)
- DWS Group GmbH & Co. KGaA (DWS GR: €31.84, BUY)
- Eli Lilly & Co (LLY: \$544.45, BUY)
- Endeavour Group Limited (EDV AU: AUD5.27, HOLD)
- EQT AB (EQT SS: SEK211.10, BUY)
- Equity Residential (EQR: \$58.77, HOLD)
- Essex Property Trust, Inc. (ESS: \$210.75, HOLD)
- First Watch Restaurant Group, Inc. (FWRG: \$17.39, BUY)
- Flight Centre (FLT AU: AUD19.23, UNDERPERFORM)
- Flowers Foods, Inc. (FLO: \$22.26, HOLD)
- FMC Corp. (FMC: \$65.91, BUY)
- Foshan Haitian Flavouring and Food Company Ltd. (603288 CH: CNY37.99, HOLD)
- Fresenius Medical Care (FME GR: €41.00, UNDERPERFORM)
- GEA Group AG (G1A GR: €34.98, HOLD)
- Geberit (GEBN SW: CHF452.70, UNDERPERFORM)
- Gedeon Richter Plc. (RICHT HB: HUF8,975, BUY)
- General Mills, Inc. (GIS: \$64.11, HOLD)
- Gerresheimer AG (GXI GR: €99.95, BUY)
- GrainCorp Ltd (GNC AU: AUD7.09, HOLD)
- Graphic Packaging Holding Company (GPK: \$22.25, HOLD)
- Hannover Rueck SE (HNR1 GR: €209.00, BUY)
- Healthcare Realty Trust, Inc. (HR: \$15.06, BUY)
- Healthpeak (PEAK: \$18.06, BUY)
- Hims & Hers Health, Inc. (HIMS: \$6.36, BUY)
- Holmen AB (HOLMB SS: SEK420.30, HOLD)
- Hostess Brands, Inc. (TWNK: \$33.40, HOLD)
- Huhtamaki Oyj (HUH1V FH: €30.43, BUY)
- ICICI Lombard General Insurance Company Limited (ICICIGI IN: INR1,274.10, BUY)
- I-Mab (IMAB: \$1.27, BUY)
- Indivior PLC (INDV LN: p1,763.00, BUY)
- Innovent Biologics Inc (1801 HK: HK\$39.90, BUY)
- Insulet Corp (PODD: \$163.86, HOLD)
- Intuitive Surgical Inc (ISRG: \$296.15, HOLD)
- ISS (ISS DC: DKK108.05, UNDERPERFORM)
- Jiumaojiu International Holdings Limited (9922 HK: HK\$10.24, BUY)
- Just Group plc (JUST LN: p70.20, BUY)
- Kellanova (K: \$59.20, HOLD)
- Kimco Realty Corp. (KIM: \$17.63, BUY)
- Kingspan (KSP ID: €70.26, UNDERPERFORM)
- Legal & General (LGEN LN: p221.80, BUY)
- Leslie's, Inc. (LESL: \$5.49, HOLD)
- Lottery Corporation (TLC AU: AUD4.72, HOLD)
- Lowe's Companies, Inc. (LOW: \$207.78, BUY)
- LSB Industries Inc (LXU: \$10.26, HOLD)
- Lululemon Athletica (LULU: \$379.00, UNDERPERFORM)
- Luzhou Laojiao Co Ltd (000568 CH: CNY216.65, BUY)
- M&G PLC (MNG LN: p196.50, BUY)
- Macerich Co. (MAC: \$11.35, HOLD)
- Metcash Limited (MTS AU: AUD3.73, HOLD)
- Mid-America Apartment Communities, Inc. (MAA: \$128.94, BUY)
- Mondelez International, Inc. (MDLZ: \$69.39, BUY)
- Mondy plc (MNDI LN: p1,364.50, BUY)
- Munich Re (MUV2 GR: €374.30, BUY)
- Nike (NKE: \$89.63, HOLD)
- Novo Nordisk (NOVOB DC: DKK651.50, UNDERPERFORM)
- Omron (6645 JP: ¥6,629, BUY)
- Overstock.com, Inc. (OSTK: \$15.91, HOLD)
- Pfizer Inc (PFE: \$32.09, HOLD)

- Physicians Realty Trust (DOC: \$12.07, BUY)
- PICC Group (1339 HK: HK\$2.83, BUY)
- Ping An Insurance Group (2318 HK: HK\$44.00, BUY)
- Planet Fitness, Inc. (PLNT: \$46.95, HOLD)
- Post Holdings, Inc. (POST: \$85.45, BUY)
- Prudential Plc (PRU LN: p882.00, BUY)
- Qantas Airways Limited (QAN AU: AUD5.18, BUY)
- Rakuten Group, Inc (4755 JP: ¥610, HOLD)
- Rémy Cointreau (RCO FP: €113.10, BUY)
- ResMed Inc (RMD: \$150.05, HOLD)
- Retail Opportunity Investments Corp. (ROIC: \$12.41, HOLD)
- Revolve Group, Inc. (RVLV: \$13.35, BUY)
- RH (RH: \$259.13, HOLD)
- Ross Stores, Inc. (ROST: \$111.81, HOLD)
- Sabra Health Care REIT, Inc. (SBRA: \$14.00, BUY)
- Schroders (SDR LN: p404.00, HOLD)
- SCOR SE (SCR FP: €29.68, HOLD)
- Sealed Air Corp (SEE: \$32.52, BUY)
- Securitas AB (SECUB SS: SEK83.72, UNDERPERFORM)
- Serco Group PLC (SRP LN: p147.30, BUY)
- Shandong Weigao Group Medical Polymer Co (1066 HK: HK\$6.99, BUY)
- Simon Property Group, Inc. (SPG: \$108.83, HOLD)
- Smurfit Kappa Group plc (SKG LN: £27.30, BUY)
- Sodexo (SW FP: €97.12, HOLD)
- Spirit Realty Capital, Inc. (SRC: \$33.30, HOLD)
- Stora Enso Oyj (STERV FH: €11.77, BUY)
- Structure Therapeutics (GPCR: \$37.47, BUY)
- Svenska Cellulosa Aktiebolaget (SCA) (SCAB SS: SEK147.20, HOLD)
- Swiss Re (SREN SW: CHF95.00, HOLD)
- Tabcorp Holdings Ltd (TAH AU: AUD0.97, BUY)
- Terns Pharmaceuticals Inc (TERN: \$4.70, BUY)
- Terumo (4543 JP: ¥3,928, HOLD)
- The Beauty Health Co (SKIN: \$5.92, BUY)
- The Boeing Company (BA: \$190.43, BUY)
- The Cheesecake Factory, Inc. (CAKE: \$30.23, BUY)
- The Hershey Company (HSY: \$201.84, HOLD)
- The Home Depot, Inc. (HD: \$303.49, BUY)
- The J. M. Smucker Company (SJM: \$124.61, HOLD)
- The Star Entertainment Group Limited (SGR AU: AUD0.60, BUY)
- The TJX Companies, Inc. (TJX: \$89.58, BUY)
- Travis Perkins (TPK LN: p822.60, HOLD)
- UDR, Inc. (UDR: \$35.67, BUY)
- Under Armour (UAA: \$6.55, HOLD)
- United Airlines Holdings, Inc. (UAL: \$42.31, HOLD)
- UnitedHealth Group Incorporated (UNH: \$510.10, HOLD)
- United Laboratories International Holdings Ltd (3933 HK: HK\$7.95, BUY)
- Unum Group (UNM: \$49.90, BUY)
- Urban Outfitters, Inc. (URBN: \$32.28, HOLD)
- Ventas, Inc. (VTR: \$42.20, BUY)
- Viva Energy Group (VEA AU: AUD3.00, BUY)
- Walmart Inc. (WMT: \$162.54, BUY)
- Wayfair (W: \$59.70, HOLD)
- Webjet Limited (WEB AU: AUD6.67, HOLD)
- Welltower, Inc. (WELL: \$80.46, HOLD)
- WestRock Company (WRK: \$36.19, HOLD)
- Williams-Sonoma, Inc. (WSM: \$154.41, UNDERPERFORM)
- Woolworths Group Ltd (WOW AU: AUD37.27, HOLD)
- Wuxi Aptec (2359 HK: HK\$93.00, BUY)

- Xponential Fitness, Inc. (XPOF: \$15.52, BUY)
- Yum China Holdings Inc (9987 HK: HK\$433.60, BUY)
- Zealand Pharma A/S (ZEAL DC: DKK300.00, BUY)
- Z Holdings Corporation (4689 JP: ¥408, BUY)
- ZOZO (3092 JP: ¥2,771, BUY)

Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	1854	58.17%	309	16.67%	108	5.83%
HOLD	1179	36.99%	111	9.41%	15	1.27%
UNDERPERFORM	154	4.83%	5	3.25%	3	1.95%

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