

Q4 U.S. Stock Market Outlook



Delta Delays, But Doesn't Derail
October 2021

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Agenda

- U.S. Stock Market Outlook
- U.S. Economic Outlook
- Highlights across the Communications Services Sector
- Questions

Our Stock Market Outlook

3Q 2021 U.S. Market Action

- Economic normalization versus the Delta variant
 - Investors entered 2021 with high hopes as pandemic on downward trend
 - Value outperformed early in year, but Growth saw a summer surge
 - Tech earnings drove valuation increases across Growth
 - Delta drove investors back to their 2020 pandemic playbook
- Concern that contagion spreads from Chinese market weakness

Source: Morningstar. Data as of September 24, 2021. Estimates/forecasts are indicative and for illustrative purposes only.

Market Returns

	2019	2020	1Q2021	2Q2021	July	Aug	Sept	3Q2021	YTD 2021
Morningstar US Market Index	31.22	20.90	6.01	8.37	1.89	2.89	(4.58)	0.03	14.92
Morningstar Wide Moat Focus	35.65	15.09	12.33	7.45	1.99	1.43	(4.17)	(0.87)	18.74
Morningstar US Growth Index	34.90	44.65	0.61	13.90	2.86	4.75	(5.80)	1.50	16.32
Morningstar US Core Index	33.07	18.15	5.55	7.20	2.87	1.89	(4.72)	(0.13)	13.00
Morningstar US Value Index	25.09	(1.31)	12.49	4.03	(0.14)	1.83	(3.00)	(1.36)	15.44
Morningstar US Large Cap Index	21.72	21.72	4.83	9.20	2.61	3.00	(4.90)	0.51	15.05
Large Cap Growth	33.81	38.86	(1.66)	15.42	4.03	4.19	(5.57)	2.35	17.26
Large Cap Core	33.05	19.66	4.93	7.86	3.52	1.62	(5.04)	(0.11)	12.83
Large Cap Value	25.70	(0.62)	10.99	3.82	0.47	1.68	(3.35)	(1.26)	12.89
Morningstar US Mid Cap Index	31.10	18.41	8.01	7.17	0.77	2.72	(3.86)	(0.48)	15.20
Mid Cap Growth	36.01	46.17	(2.37)	11.33	2.04	3.57	(5.19)	0.20	9.74
Mid Cap Core	31.92	13.53	9.29	6.75	1.81	2.21	(4.03)	(0.13)	16.00
Mid Cap Value	24.81	(3.76)	18.31	4.19	(1.49)	2.34	(2.28)	(1.49)	20.30
Morningstar US Small Cap Index	25.96	16.41	11.62	4.23	(2.53)	2.12	(3.22)	(3.67)	12.06
Small Cap Growth	27.60	43.52	(1.23)	4.79	(2.75)	2.82	(4.49)	(4.50)	(0.35)
Small Cap Core	29.63	6.18	15.79	2.52	(2.16)	1.57	(3.38)	(3.97)	12.98
Small Cap Value	19.96	1.01	21.99	5.41	(2.56)	1.95	(1.41)	(2.06)	25.35

Source: Morningstar. Data as of September 30, 2021. Past performance is not a reliable indicator of future results and data is presented for illustrative purposes.

Market Returns

	2019	2020	1Q2021	2Q2021	July	Aug	Sept	3Q2021	YTD 2021
Morningstar US Market Index	31.22	20.90	6.01	8.37	1.89	2.89	(4.58)	0.03	14.92
Morningstar US Market Sector Returns									
Basic Materials	26.44	19.34	11.27	4.95	2.31	0.82	(6.75)	(3.82)	12.32
Consumer Cyclical	27.25	49.07	5.16	5.79	0.31	2.36	(2.73)	(0.13)	11.11
Consumer Defensive	27.51	14.28	2.43	4.24	2.50	0.54	(4.15)	(1.22)	5.46
Communication Services	33.56	26.11	7.01	11.03	2.33	3.80	(6.44)	(0.63)	18.06
Energy	10.03	(33.05)	30.77	11.91	(8.27)	(1.75)	9.77	(1.06)	44.79
Financial Services	33.37	4.02	13.01	8.46	0.13	3.40	(2.24)	1.21	24.06
Healthcare	21.77	17.41	2.47	8.48	3.79	2.38	(5.54)	0.37	11.57
Industrials	31.40	11.44	11.19	4.41	0.84	1.03	(5.78)	(4.01)	11.43
Real Estate	28.53	(4.20)	7.50	11.21	4.37	2.09	(5.50)	0.69	20.39
Technology	46.66	48.04	1.94	11.33	3.44	4.59	(5.77)	1.95	15.71
Utilities	25.12	(0.59)	2.80	(0.44)	3.94	3.73	(6.16)	1.17	3.54

Source: Morningstar. Data as of September 30, 2021. Past performance is not a reliable indicator of future results and data is presented for illustrative purposes.

Our Market Outlook

- At a 4% premium to our intrinsic valuations, the market is at the high end of fairly valued range
 - Similar overall characteristics, but more attractive opportunities available
 - Value category most attractive and has economic tailwinds behind it
 - Energy sector still most undervalued, Consumer Cyclical second most
 - Basic Mats., Communications, Cons. Defensive & Utilities fairly valued
 - Healthcare & Real Estate most overvalued

Source: Morningstar. Data as of September 24, 2021. Estimates/forecasts are indicative and for illustrative purposes only.

Our Market Outlook

- US economic outlook:
 - 2021 GDP forecast 6.0%; 2022 – 4.3%; 2023 – 2.9%
- Interest rates: Federal funds to stay at zero through 2023
 - Longer rates likely to continue to drift upwards
- Corporate Credit Markets: credit spreads tight
- Vaccine: 84% of > 65 y.o. fully vaccinated; 94% at least one shot
67% of > 18 y.o. fully vaccinated; 78% at least one shot

Source: GDP Forecast from Morningstar as of August 20, 2021. Vaccination data from CDC as of October 2, 2021. Estimates/forecasts are indicative and for illustrative purposes only.

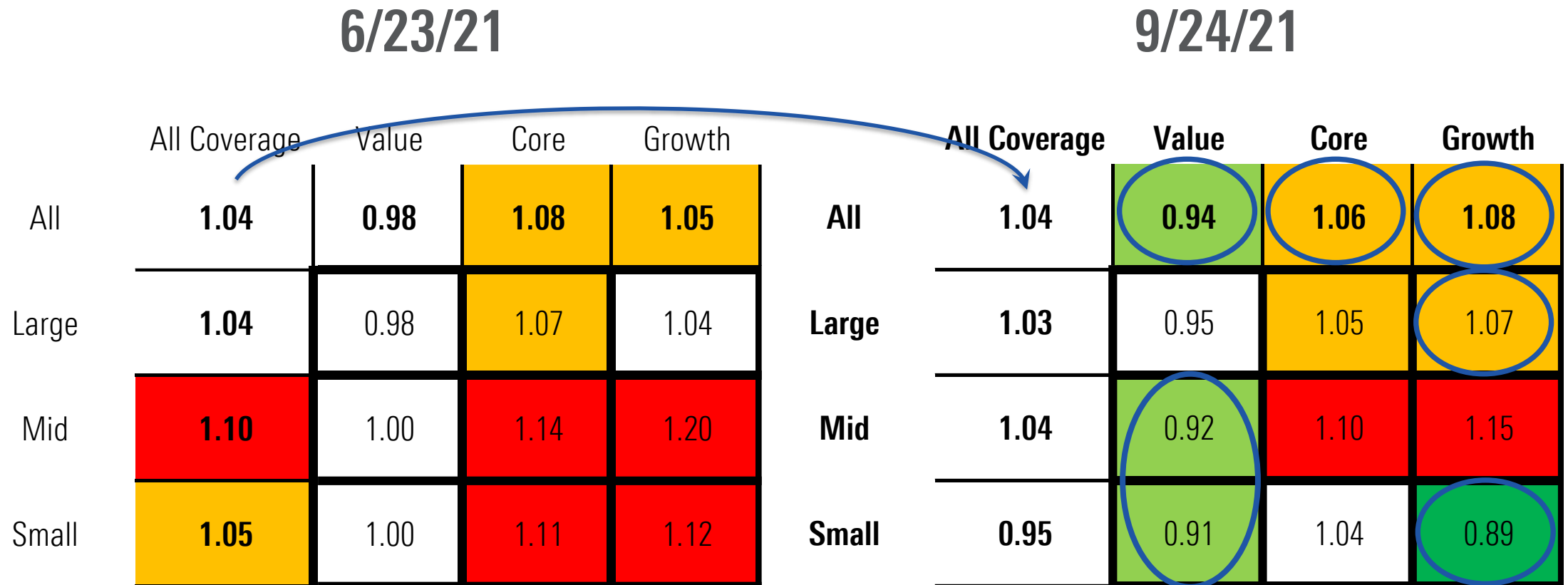
U.S. Equity Market 4% Overvalued

Morningstar U.S Price to Intrinsic Value (P/FV Metric) Heatmap

	All Coverage	Value	Core	Growth
All	1.04	0.94	1.06	1.08
Large	1.03	0.95	1.05	1.07
Mid	1.04	0.92	1.10	1.15
Small	0.95	0.91	1.04	0.89

Source: Morningstar. Data shown is the price to fair value metric as of September 24, 2021. Past performance is not a reliable indicator of future results and data is presented for illustrative purposes.

U.S. Equity Market: U.S Price to Intrinsic Value (P/FV Metric) Heatmap



Source: Morningstar. Data shown is the price to fair value metric as labeled. Past performance is not a reliable indicator of future results and data is presented for illustrative purposes.

Most Overvalued Mega-Caps ID'd at YE2020 Down or Lagging in 2021

Company Name	Ticker	Star Rating	Star Rating	Stock Price	Stock Price	Change (%)	Fair Value	Fair Value	Change (%)	Price/Fair Value	Price/Fair Value
		12/31/20	9/30/21	12/31/20	9/30/21		12/31/20	9/30/21		12/31/20	9/30/21
Apple	AAPL	★	★★	132.69	141.50	6.6%	85.00	124.00	45.9%	1.56	1.14
Tesla	TSLA	★	★★	705.67	775.48	9.9%	306.00	600.00	96.1%	2.31	1.29
Visa	V	★★	★★★★	218.73	222.75	1.8%	186.00	215.00	15.6%	1.18	1.04
Walmart	WMT	★★	★★★★	144.15	139.38	-3.3%	124.00	136.00	9.7%	1.16	1.02
MasterCard	MA	★★	★★★★	356.94	347.68	-2.6%	291.00	337.00	15.8%	1.23	1.03
The Walt Disney Company	DIS	★★	★★★★	181.18	169.17	-6.6%	140.00	170.00	21.4%	1.29	1.00
Procter & Gamble	PG	★★	★★	139.14	139.80	0.5%	113.00	118.00	4.4%	1.23	1.18
The Home Depot	HD	★★	★	265.62	328.26	23.6%	210.00	225.00	7.1%	1.26	1.46
Nvidia	NVDA	★★	★★	130.55	207.16	58.7%	85.00	138.00	62.4%	1.54	1.50
PayPal Holdings	PYPL	★	★	234.20	260.21	11.1%	124.00	147.00	18.5%	1.89	1.77
Netflix	NFLX	★	★	540.73	610.34	12.9%	200.00	250.00	25.0%	2.70	2.44
Nike	NKE	★★	★★	141.47	145.23	2.7%	107.00	128.00	19.6%	1.32	1.13

Morningstar US Market Index

14.9%

Source: Morningstar. Latest prices, fair values and ratings shown are current as of 30 September 2021 and subject to change. Further information including analyst names, the dates and times ratings were published and historical ratings, is available on request from your local Morningstar office. Data presented is indicative and past performance is not a reliable indicator of future results.

Updated List of Overvalued Mega-Caps

- Apple, Tesla, and JPMorgan all made a return appearance to our list.
- Visa, Mastercard, Oracle, Nike, and AbbVie have dropped off the list.

Company Name	Ticker	Star Rating	Price/Fair Value	Market Cap (\$B)	Moat	Style Box	Sector
Apple	AAPL	★★	1.18	2,429	Narrow	Large Growth	Technology
Tesla	TSLA	★★	1.29	776	Narrow	Large Growth	Consumer Cyclical
Nvidia	NVDA	★★	1.60	552	Wide	Large Growth	Technology
J.P. Morgan	JPM	★★	1.14	487	Wide	Large Value	Financial Services
UnitedHealth Group	UNH	★★	1.16	384	Narrow	Large Core	Healthcare
The Home Depot	HD	★	1.50	356	Wide	Large Core	Consumer Cyclical
Bank of America	BAC	★★	1.20	355	Wide	Large Value	Financial Services
Procter & Gamble	PG	★★	1.22	349	Wide	Large Core	Consumer Defensive
PayPal Holdings	PYPL	★	1.89	327	Narrow	Large Growth	Financial Services
Netflix	NFLX	★	2.37	262	Narrow	Large Growth	Communication Services

Source: Morningstar. Latest prices, fair values and ratings shown are current as of 30 September 2021 and subject to change. Further information including analyst names, the dates and times ratings were published and historical ratings, is available on request from your local Morningstar office. Data presented is indicative and past performance is not a reliable indicator of future results.

Trade Up In Quality: Wide Moat Companies Remain Attractive

- Wide-Moat Stocks undervalued relative to No Moat and Narrow Moat

6/23/21

	All	Large	Mid	Small	Value	Core	Growth
None	1.07	1.06	1.10	1.13	1.00	1.15	1.22
Narrow	1.11	1.12	1.08	1.00	0.96	1.12	1.34
Wide	0.99	0.99	1.16	1.04	0.98	1.03	0.96

9/24/21

	All	Large	Mid	Small	Value	Core	Growth
None	1.06	1.07	1.04	0.94	0.93	1.07	1.41
Narrow	1.11	1.14	1.04	0.96	0.93	1.12	1.26
Wide	0.98	0.98	1.08	0.97	0.96	1.02	0.96

Source: Morningstar. Data shown is the price to fair value metric as labeled.

Selected Stocks: Wide Moat Large-Cap & Small-Cap

Company Name	Ticker	Star Rating	Stock Price	Fair Value	Price/Fair Value	Moat	Style Box	Sector
Yum China	YUMC	★★★★★	58.14	86.00	0.68	Wide	Large Core	Consumer Cyclical
Biogen	BIIB	★★★★	291.71	391.00	0.75	Wide	Large Value	Healthcare
Merck & Co.	MRK	★★★★	73.61	94.00	0.78	Wide	Large Value	Healthcare
Amazon.com	AMZN	★★★★	3,425.52	4,200.00	0.82	Wide	Large Growth	Consumer Cyclical
Lockheed Martin	LMT	★★★★	349.52	425.00	0.82	Wide	Large Value	Industrials
Intel	INTC	★★★★	54.22	65.00	0.83	Wide	Large Value	Technology
Enterprise Products Partners	EPD	★★★★	21.45	25.50	0.84	Wide	Large Value	Energy
Constellation Brands	STZ	★★★★	212.62	252.00	0.84	Wide	Large Core	Consumer Defensive
Berkshire Hathaway	BRK.A	★★★★	418,101	480,000	0.87	Wide	Large Growth	Financial Services
Wells Fargo	WFC	★★★★	47.92	55.00	0.87	Wide	Large Value	Financial Services
Gilead Sciences	GILD	★★★★	71.19	81.00	0.88	Wide	Large Value	Healthcare
Salesforce.com	CRM	★★★★	285.63	312.00	0.92	Wide	Large Growth	Technology
Dominion Energy	D	★★★★	74.58	81.00	0.92	Wide	Large Value	Utilities
Core Laboratories	CLB	★★★★	27.19	44.00	0.62	Wide	Small Growth	Energy
Compass Minerals	CMP	★★★★	62.75	85.00	0.74	Wide	Small Core	Basic Materials
Blackbaud	BLKB	★★★	72.47	77.00	0.94	Wide	Small Core	Technology

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China's Common Prosperity Push

- Chinese stocks have declined based on combination of slowing economic growth and rising concerns that [China's Common Prosperity Push](#) will reduce corporate profitability
- Jacky Tsang, a Hong Kong-based Morningstar equity analyst, explains:
 - *"The ultimate goal is to form a more oval-shaped income distribution for the country that increases the proportion of the middle class and decreases the size of the upper and lower classes. By doing so, the greater consumption power of a larger-sized middle class would enhance the self-sufficiency of the economy by supporting local manufacturing and reducing the reliance on external demand and mitigate geopolitical risks."*

Source: Morningstar. As of September 13, 2021. Estimates/forecasts are indicative and for illustrative purposes only.

Undervalued Chinese ADRs

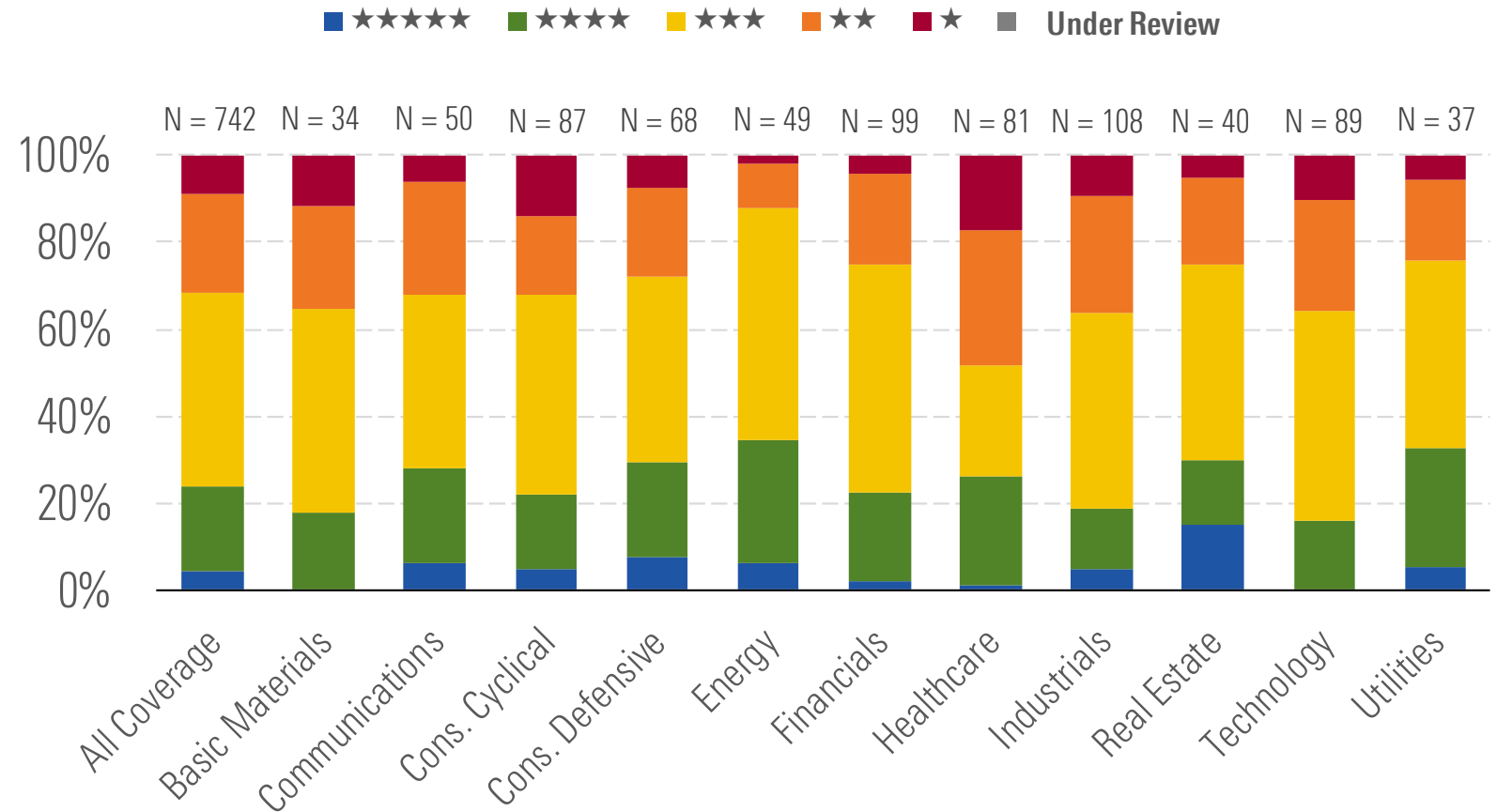
- Uncertainty about further policy actions remains, but we think margin of safety in these Chinese ADRs compensates investors for added risks

Company Name	Ticker	Star Rating	Stock Price	Fair Value	Price/Fair Value	Moat	Style Box	Sector
Alibaba Group	BABA	★★★★★	145.08	302.00	0.48	Wide	Large Core	Consumer Cyclical
Tencent Holdings	TCEHY	★★★★★	58.27	100.00	0.58	Wide	Large Growth	Communication Services
NetEase	NTES	★★★★★	81.34	139.00	0.59	Narrow	Large Core	Communication Services
Sinopec	SNP	★★★★★	49.32	75.00	0.66	None	Large Value	Energy
Yum China	YUMC	★★★★★	58.14	86.00	0.68	Wide	Large Core	Consumer Cyclical
JD.com	JD	★★★★★	73.98	106.00	0.70	None	Large Core	Consumer Cyclical
I-Mab Biopharma	IMAB	★★★★★	68.00	95.00	0.72	None	Not Rated	Healthcare
Trip.com Group	TCOM	★★★★★	29.07	39.00	0.75	Narrow	Large Value	Consumer Cyclical
Baidu	BIDU	★★★★★	156.57	207.00	0.76	Wide	Large Core	Communication Services

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Rising Stocks Prices Leave Even Fewer Opportunities Behind

- September swoon has led to more undervalued opportunities than last quarter



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Valuation Heatmap by Sector

- At a P/FV of 0.85, Energy remains the most undervalued; Consumer Cyclical touches undervalued territory
- Basic Materials, Consumer Defensive, & Utilities drop to fair value
- Remaining sectors less overvalued

	Sector	Value	Core	Growth	Large	Mid	Small
	Basic Materials	1.02	0.91	1.13	1.02	0.99	1.19
	Communications	0.95	0.85	0.94	0.95	0.94	0.98
	Consumer Cyclical	0.94	0.90	0.89	0.92	1.12	0.96
	Consumer Defensive	1.04	0.95	1.11	1.06	1.13	0.92
	Energy	0.85	0.86	0.84	0.85	0.84	0.90
	Financial Services	1.09	1.06	1.10	1.08	1.11	1.04
	Healthcare	1.10	0.92	1.11	1.10	1.06	0.83
	Industrials	1.09	0.92	1.16	1.08	1.11	1.03
	Real Estate	1.16	0.98	1.10	1.25	1.09	0.92
	Technology	1.09	0.97	1.07	1.08	1.09	1.00
	Utilities	1.01	0.97	1.09	0.99	1.02	0.99

Source: Morningstar. Data shown is the price to fair value metric as of September 24, 2020. Past performance is not a reliable indicator of future results and data is presented for illustrative purposes.

Selected Undervalued Stocks by Sector - Energy

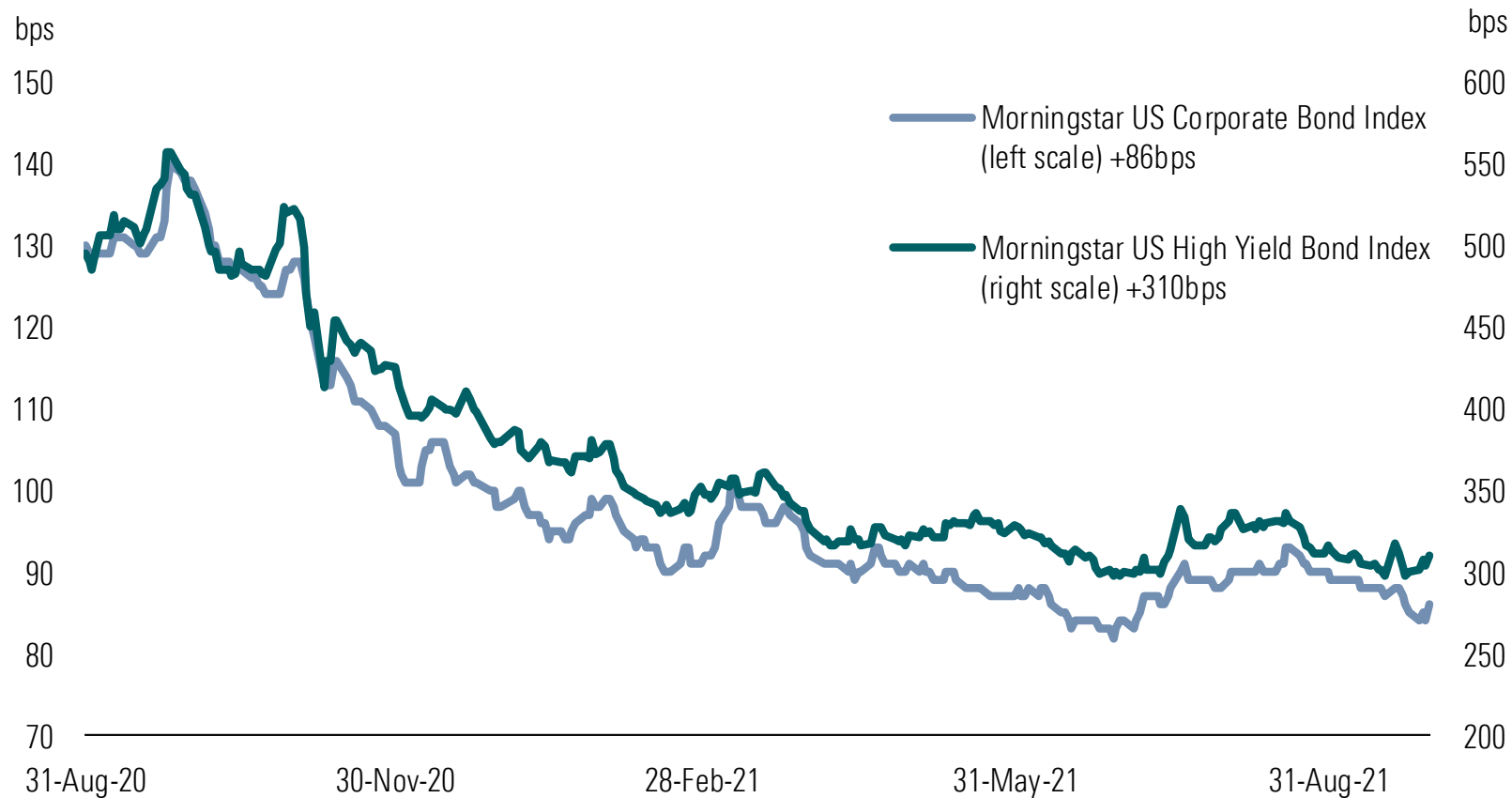
- Morningstar tools to screen for undervalued stocks by Moat, sector, or style

Company Name	Ticker	Star Rating	Stock Price	Fair Value	Price/Fair Value	Moat	Style Box
National Oilwell Varco	NOV	★★★★★	12.96	28.00	0.46	None	Small Value
Energy Transfer	ET	★★★★★	9.28	18.50	0.50	None	Mid Value
Frank's International	FI	★★★★★	17.34	5.00	3.47	Narrow	Small Value
Schlumberger	SLB	★★★★★	29.01	47.00	0.62	Narrow	Mid Growth
Core Laboratories	CLB	★★★★★	27.19	44.00	0.62	Wide	Small Growth
Equitrans Midstream	ETRN	★★★★★	10.00	15.00	0.67	Narrow	Small Value
Diamondback Energy	FANG	★★★★★	88.72	119.00	0.75	Narrow	Mid Value
Halliburton	HAL	★★★★★	21.00	28.00	0.75	Narrow	Mid Growth
Plains All American Pipeline	PAA	★★★★★	10.03	13.00	0.77	Narrow	Small Value
ExxonMobil	XOM	★★★★★	57.59	74.00	0.78	Narrow	Large Value
HollyFrontier	HFC	★★★★★	32.31	40.00	0.81	Narrow	Small Value
Plains Gp Holdings	PAGP	★★★★★	10.66	13.00	0.82	Narrow	Small Value
Pioneer Natural Resources	PXD	★★★★★	162.03	197.00	0.82	Narrow	Mid Value
Phillips 66	PSX	★★★★★	68.04	82.00	0.83	Narrow	Mid Value
Chevron	CVX	★★★★★	100.60	115.00	0.87	Narrow	Large Value

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Corporate Credit Spreads Remain Tight

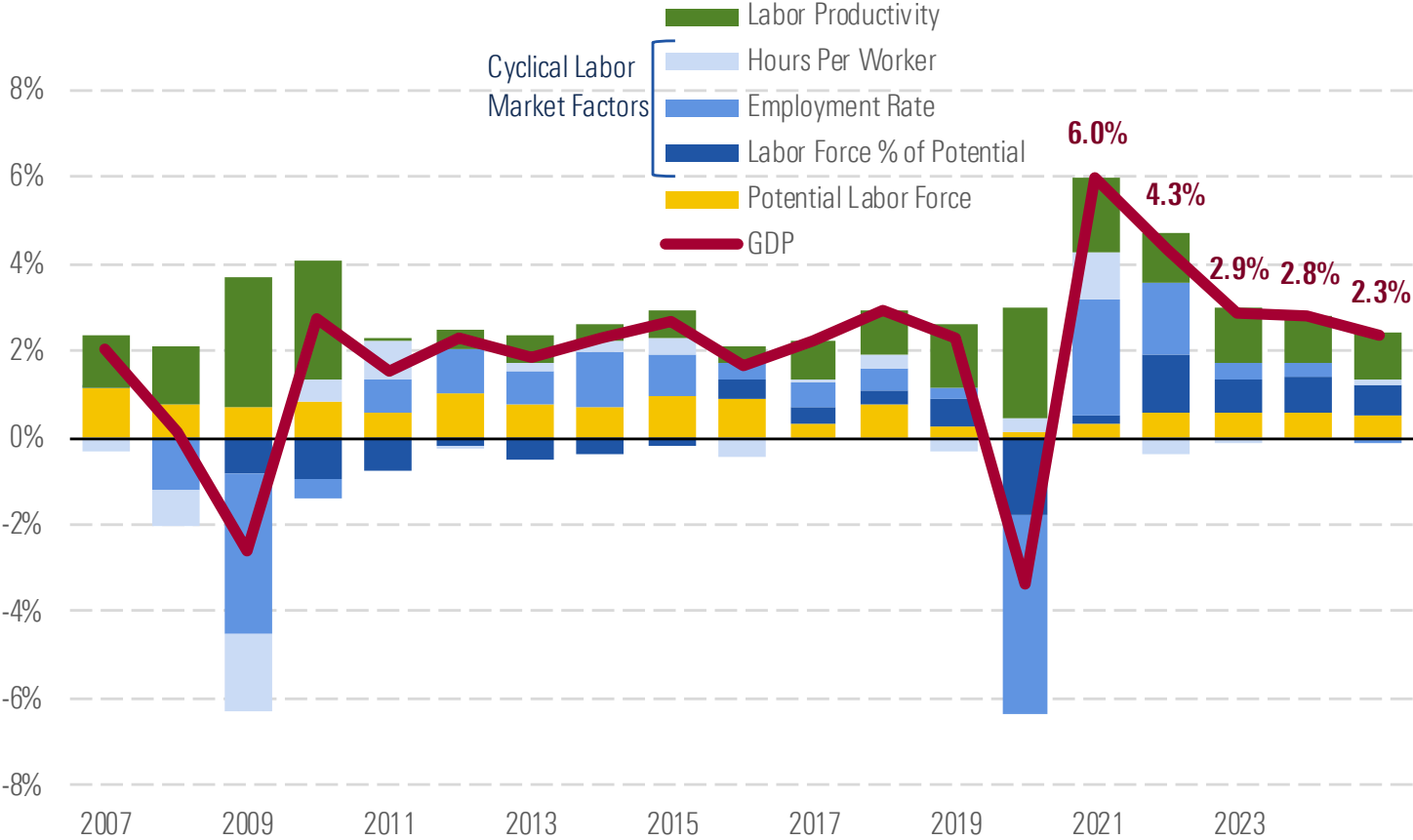
- Strong economy: limit defaults, constrain downgrades and prompt upgrades



Source: Morningstar. Data as of September 30, 2021. Past performance is not a reliable indicator of future results and data is presented for illustrative purposes.

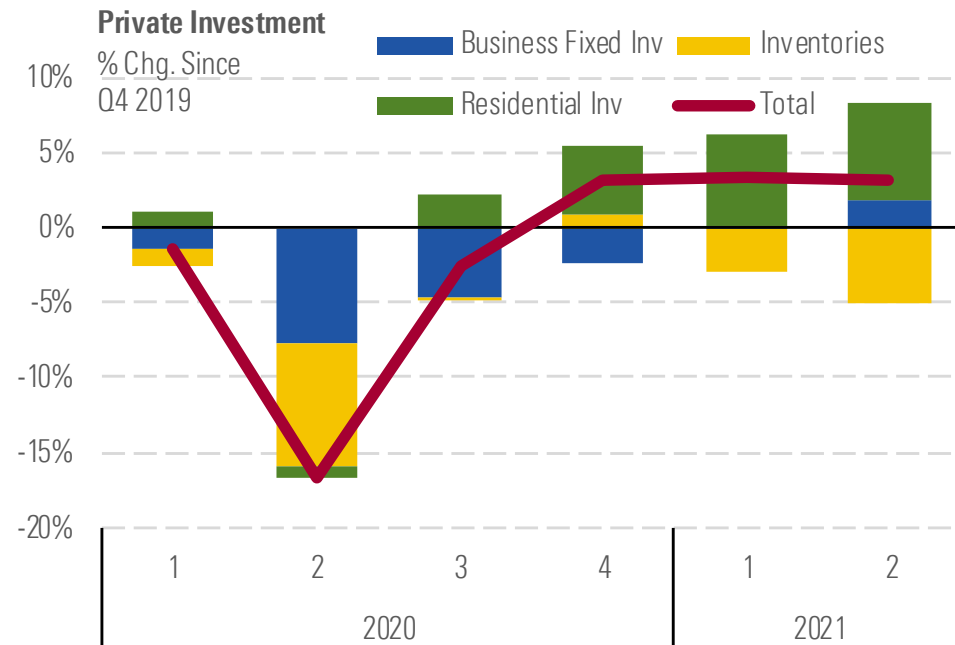
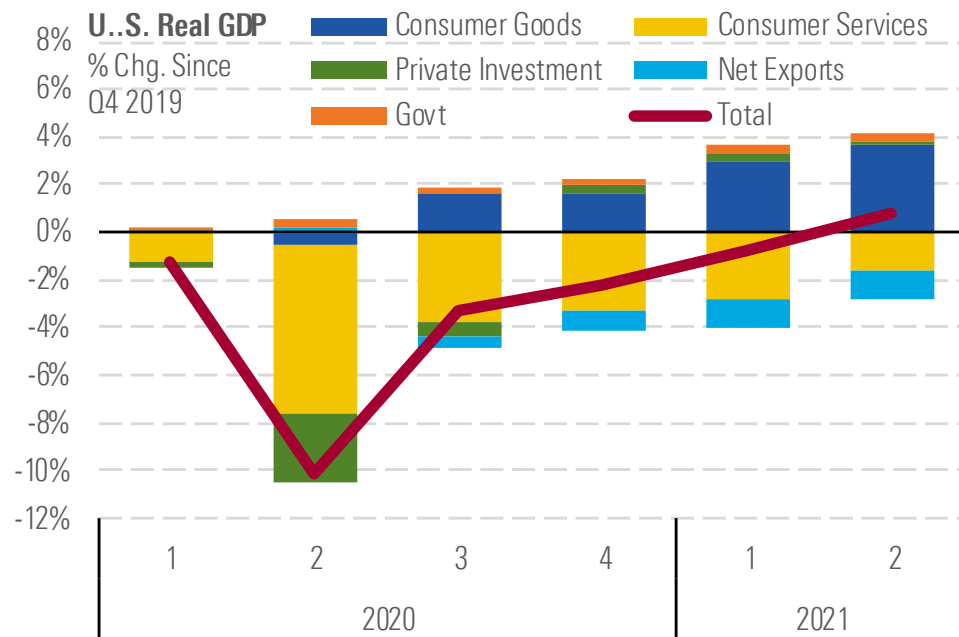
Our U.S. Economic Outlook

We Expect a Strong Recovery in U.S. GDP



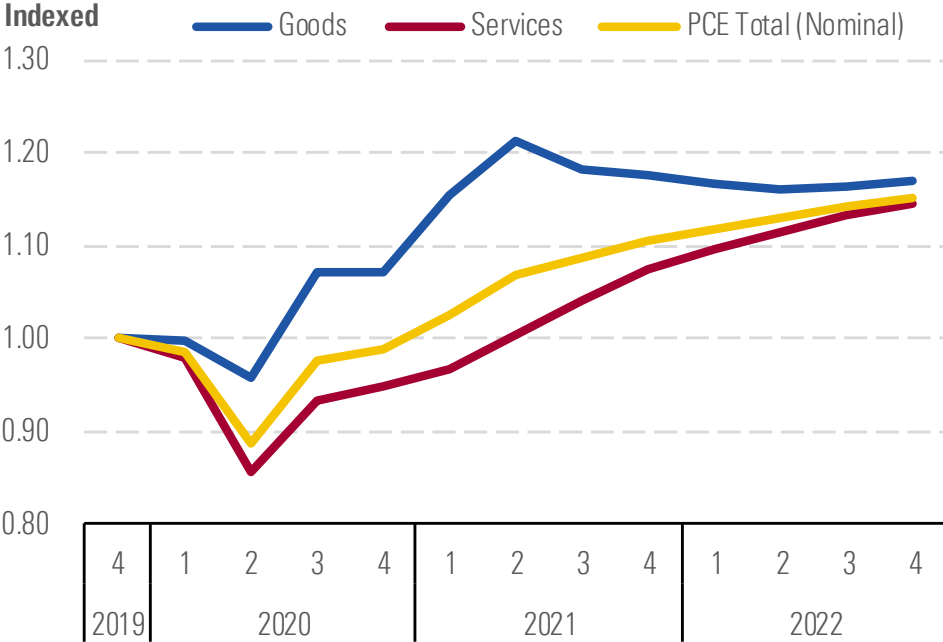
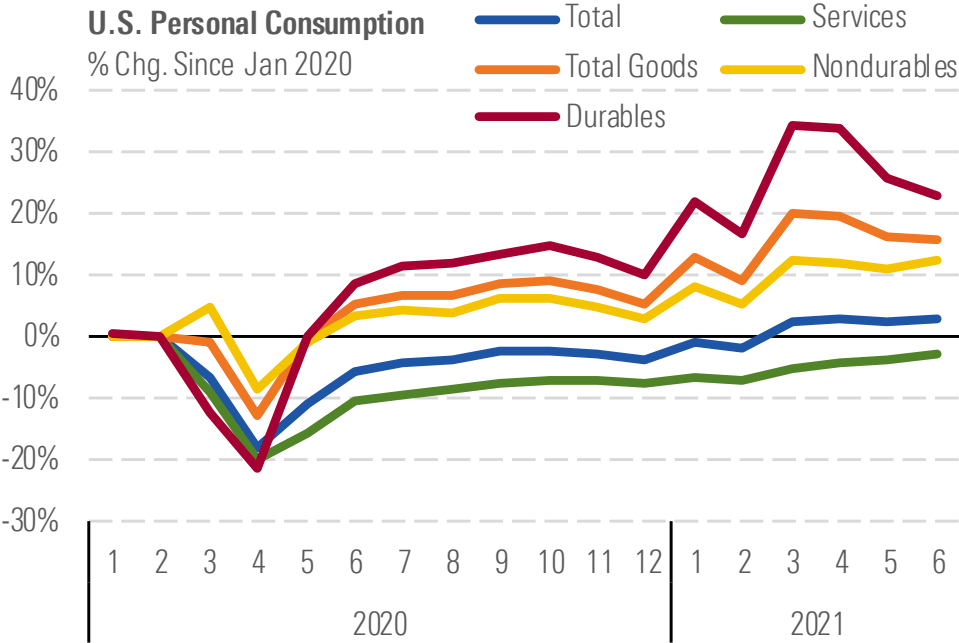
Sources: U.S. Bureau of Economic Analysis, Morningstar (As of 8/1/2021)

U.S. Real GDP Surpassed Its Prepandemic Peak in 2Q 2021



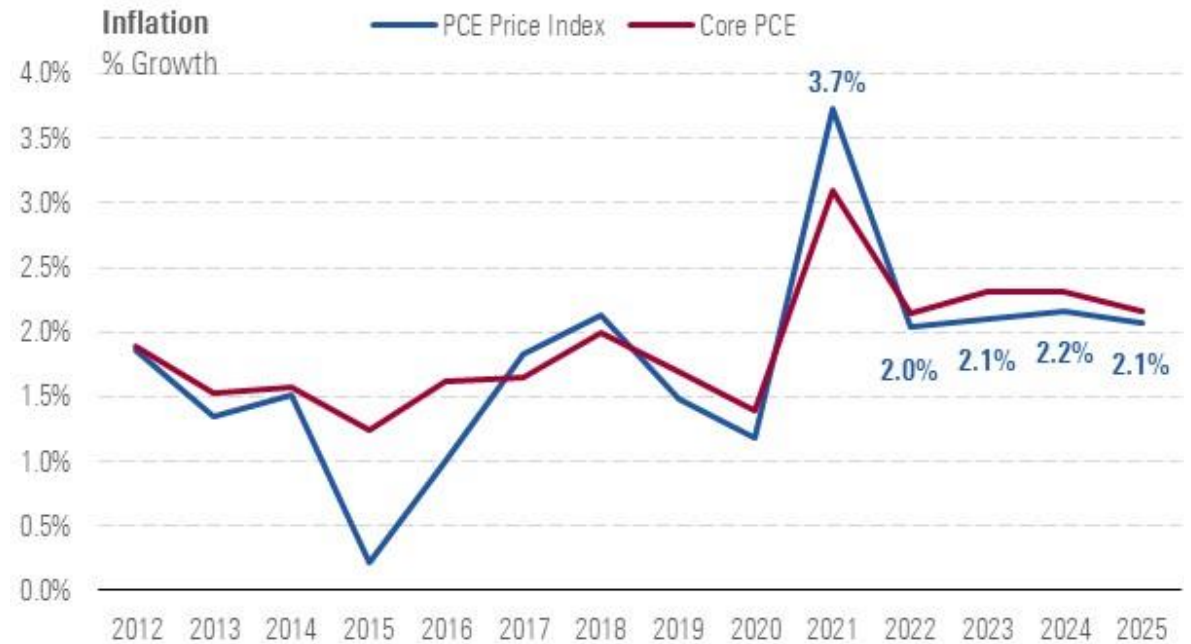
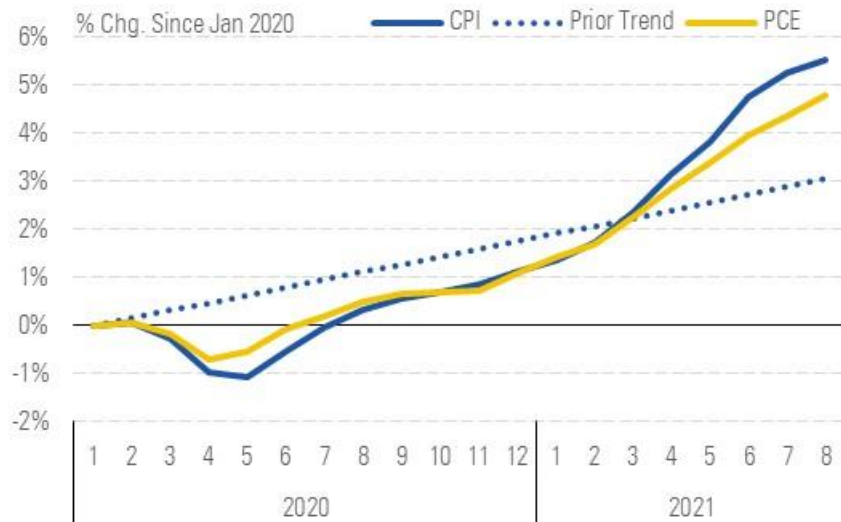
Sources: U.S. Bureau of Economic Analysis, Morningstar (As of 8/1/2021)

We Expect Consumer Spending to Gradually Normalize



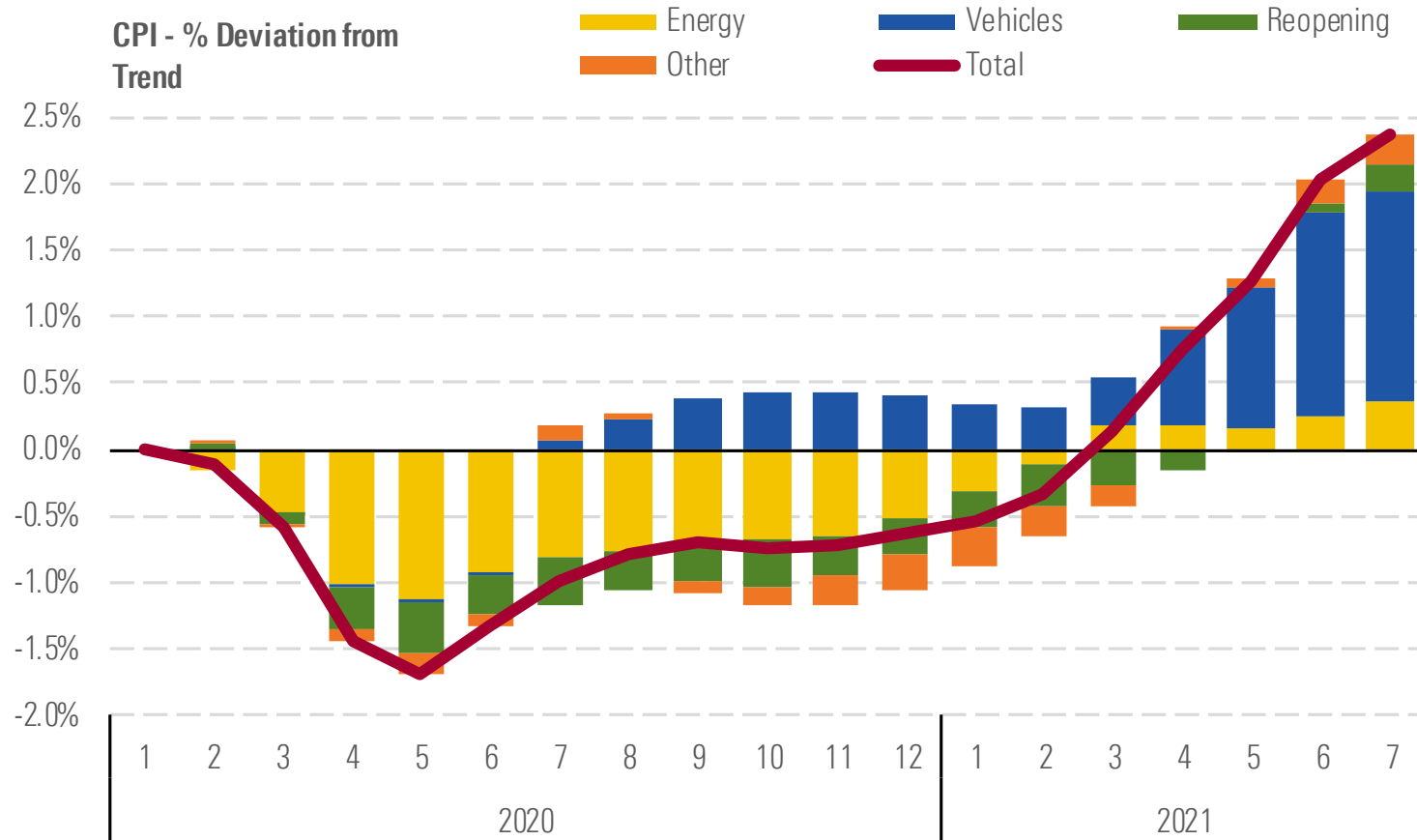
Sources: U.S. Bureau of Economic Analysis, Morningstar (As of 8/1/2021)

High Inflation Will Likely be Temporary



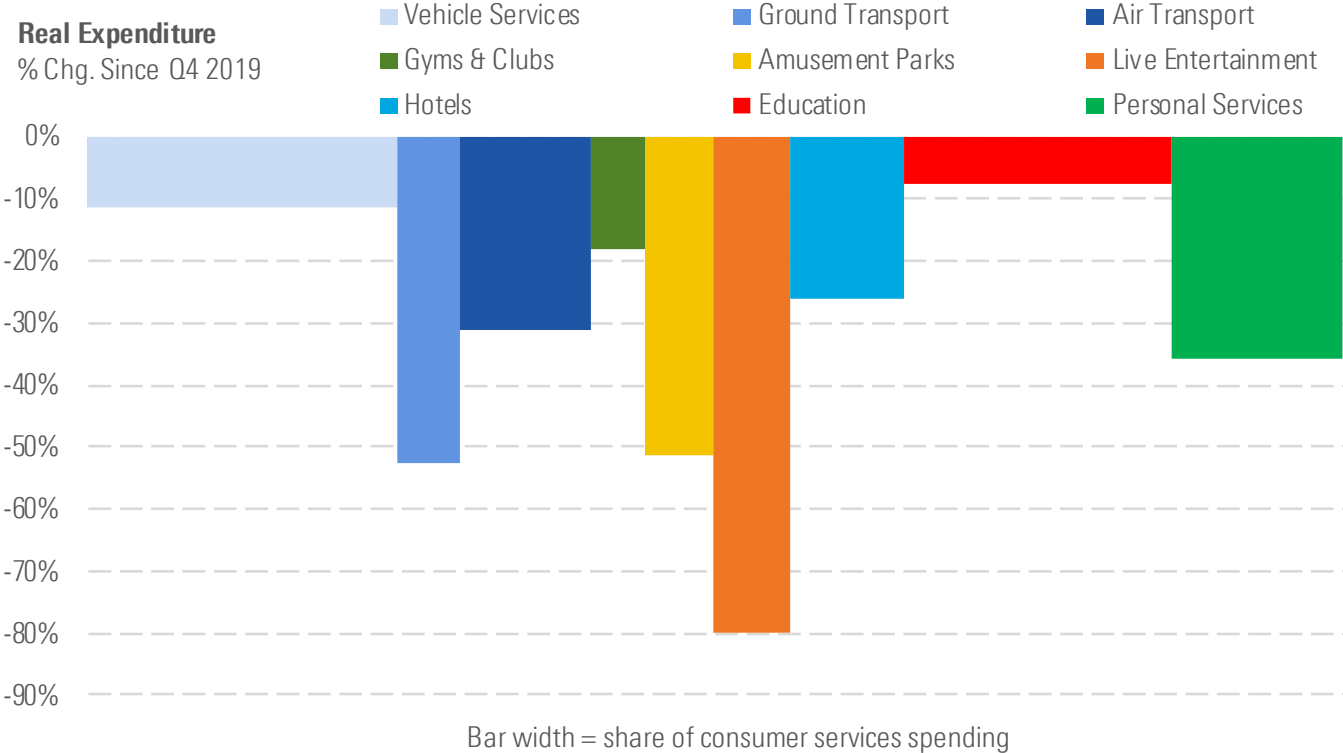
Sources: U.S. Bureau of Economic Analysis, Morningstar (As of 8/1/2021)

High Inflation Will Likely be Temporary



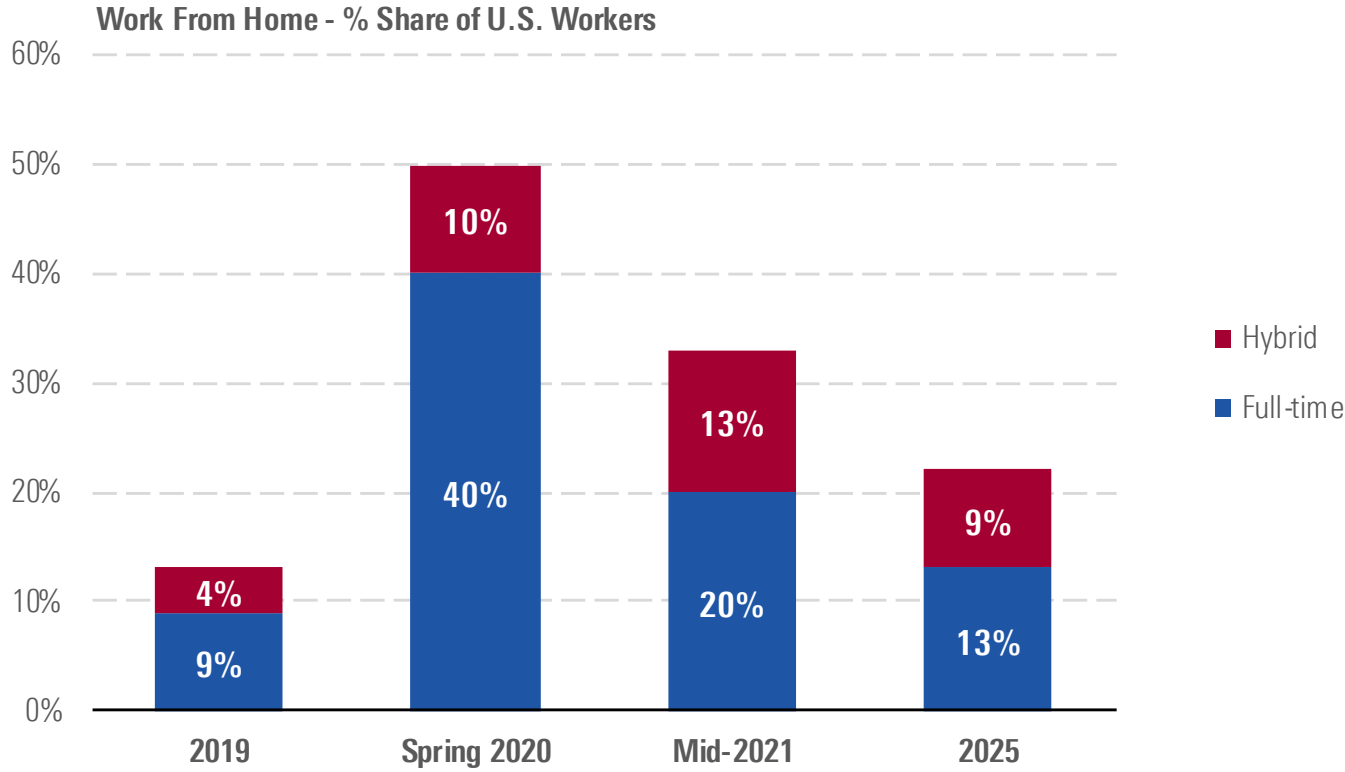
Sources: U.S. Bureau of Economic Analysis, Morningstar (As of 8/1/2021)

Which Consumer Activities Have Yet to Return to Normal?



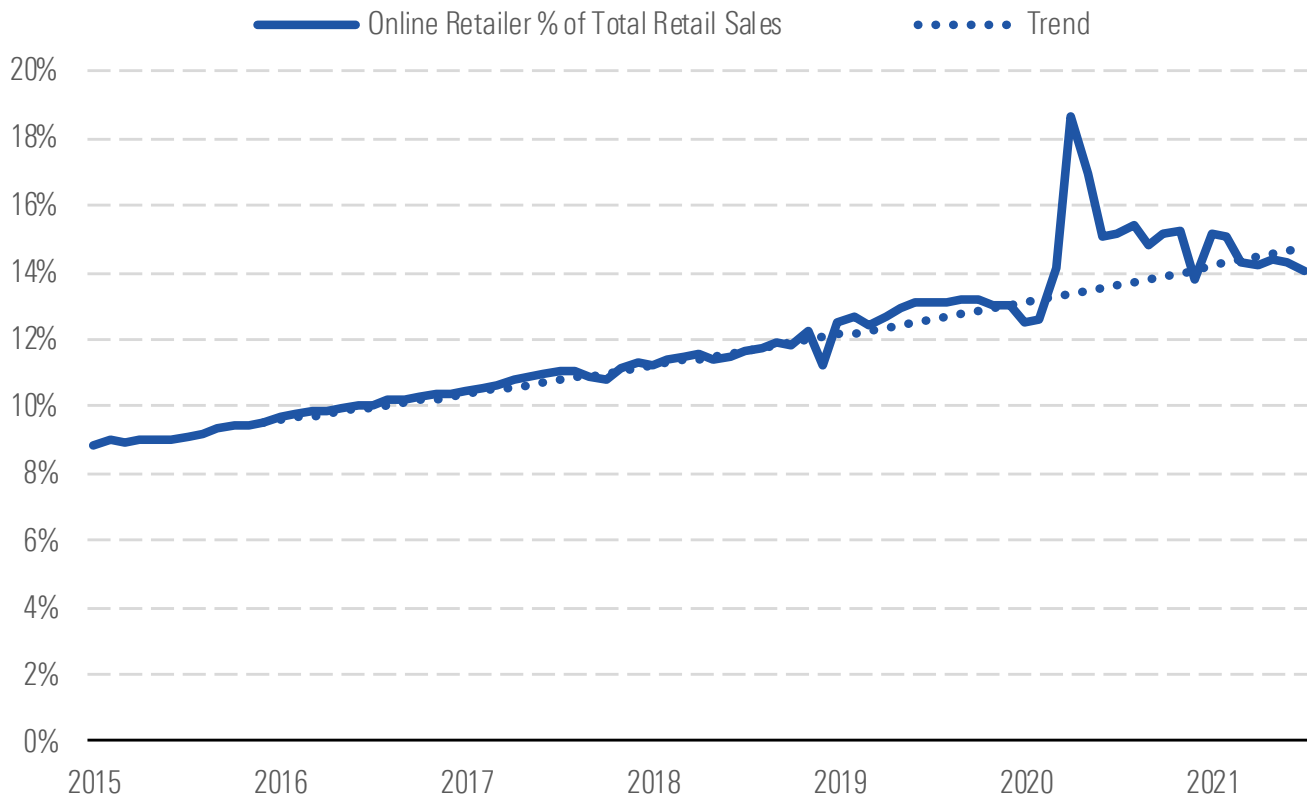
Sources: U.S. Bureau of Economic Analysis, Morningstar (As of 8/1/2021)

Remote Work: We Expect Most Workers to Return to the Office



Sources: U.S. Bureau of Economic Analysis, Morningstar (As of 8/1/2021)

E-Commerce Impact of Pandemic Has Faded Away

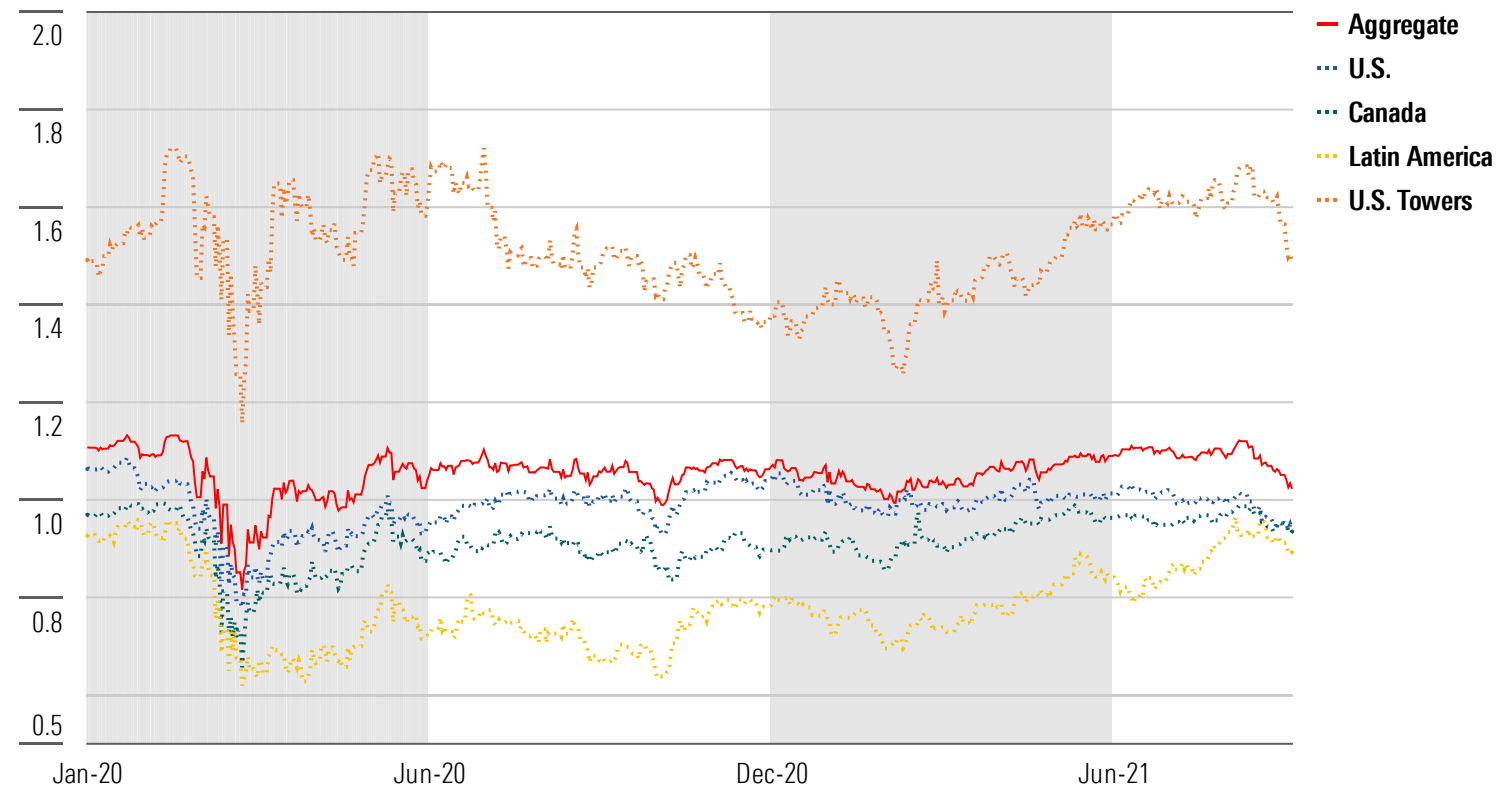


Sources: U.S. Bureau of Economic Analysis, Morningstar (As of 8/1/2021)

Communications Services

Telecom valuations have drifted modestly lower; We like AT&T

Americas Telecom - Market Capitalization Weighted Price/Fair Value Estimate

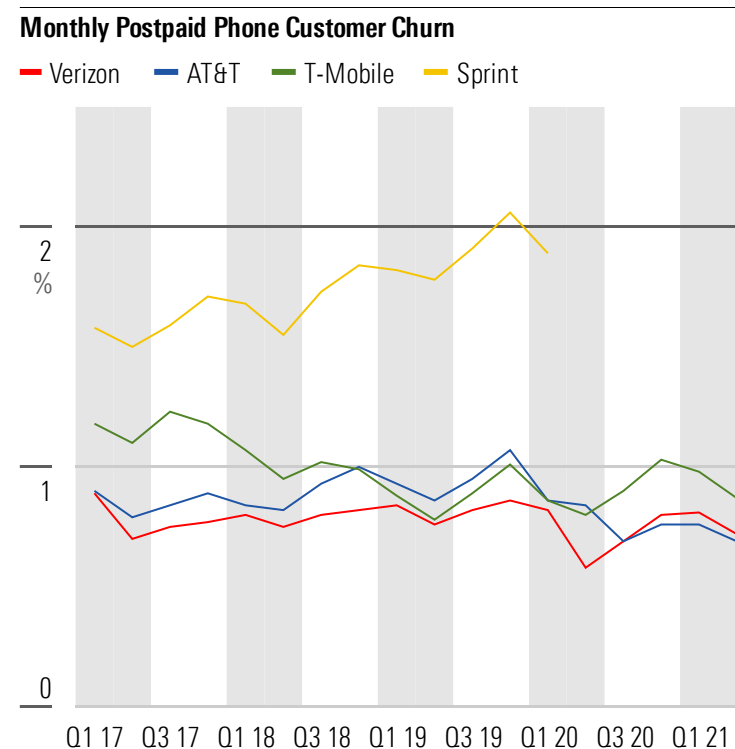
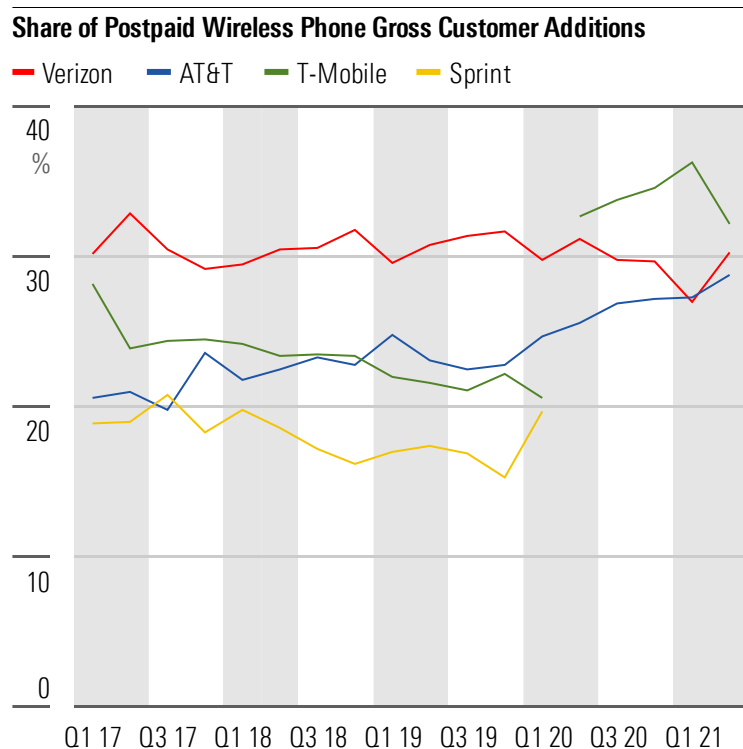


- U.S. telecom valuations have become moderately more attractive in recent weeks as cable stocks, in particular, have traded lower.
- Altice USA has been the hardest hit and now looks attractive to us, but it carries heavy debt leverage and will likely remain volatile.
- AT&T remains our favorite large-cap telecom stock in North America.
- Tower stocks still look materially overvalued to us; yields are simply too low in our view.
- BCE isn't the cheapest Canadian telecom stock, but valuations are close enough that we would take it over peers.
- Latin American shares have performed well this year. America Movil is a solid holding; Millicom for the more intrepid.

Source: Morningstar (as of 9/30/2021)

A three-player U.S. wireless market is poised for stability

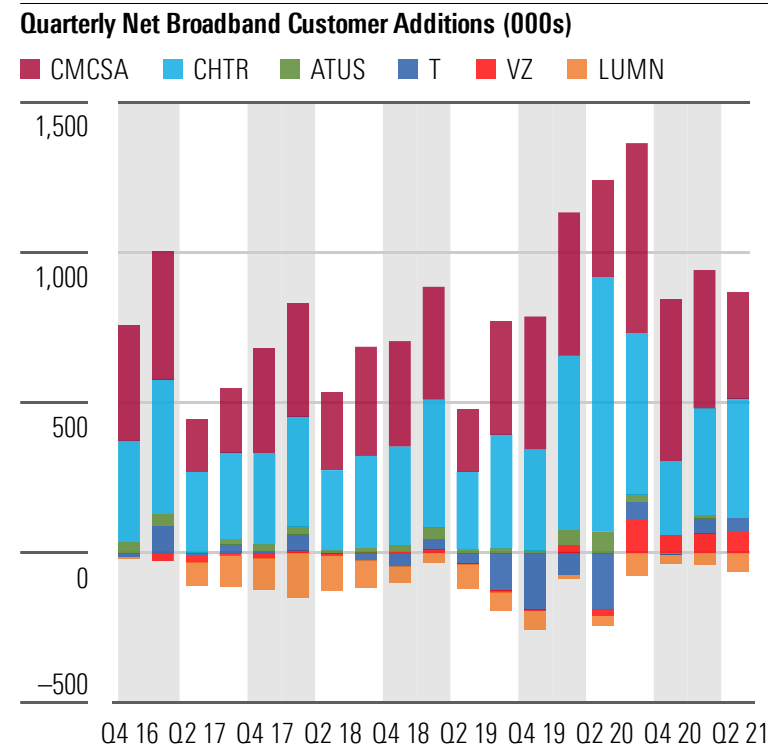
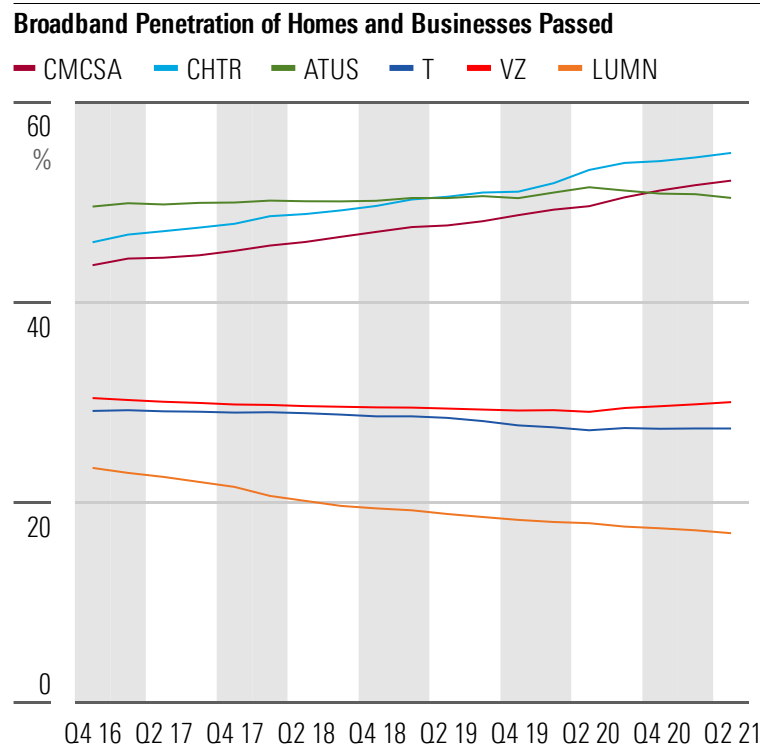
- No carrier has an incentive to promote overly aggressively; AT&T has battled to regain ground
- The C-band auction was costly, but it kept a huge chunk of spectrum away from entrants



Source: Company reports, Morningstar (as of 9/30/2021)

Cable has won the broadband battle, but the war isn't quite over

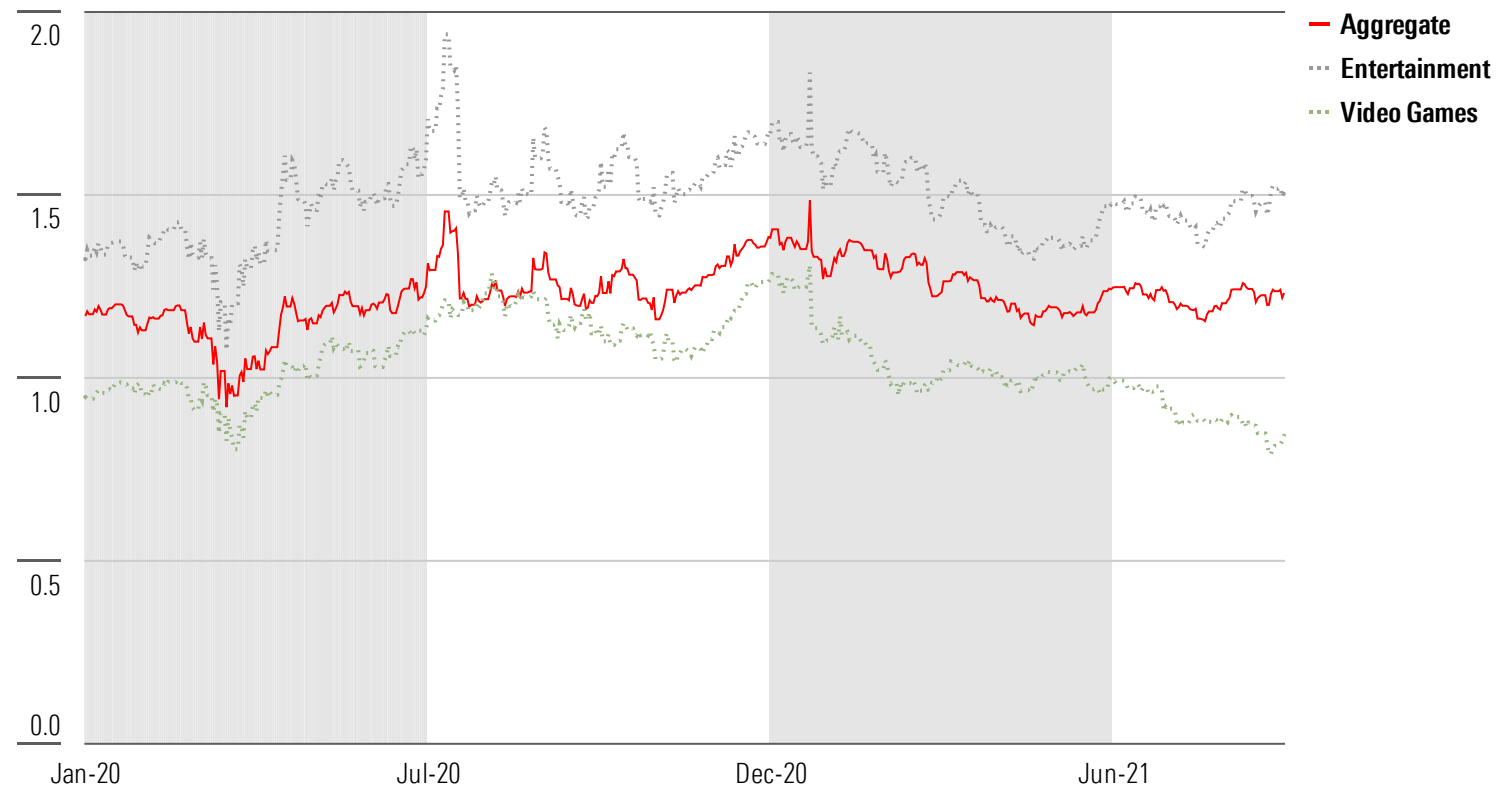
- Cable broadband market share outstrips the phone companies 2:1 in aggregate
- But, AT&T, Lumen, and Frontier all have plans to aggressively deploy fiber



Source: Company reports, U.S. Census Bureau, Morningstar (as of 9/30/2021)

Smaller firms will steal part of Netflix's audience... and market value

Media/Entertainment: Market-Capitalization-Weighted Price/Fair Value Estimate

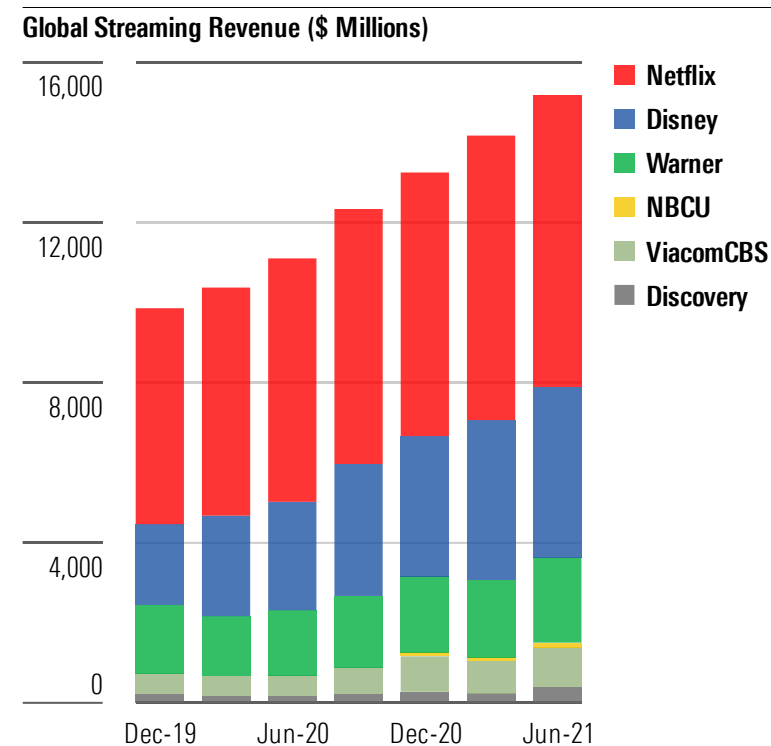
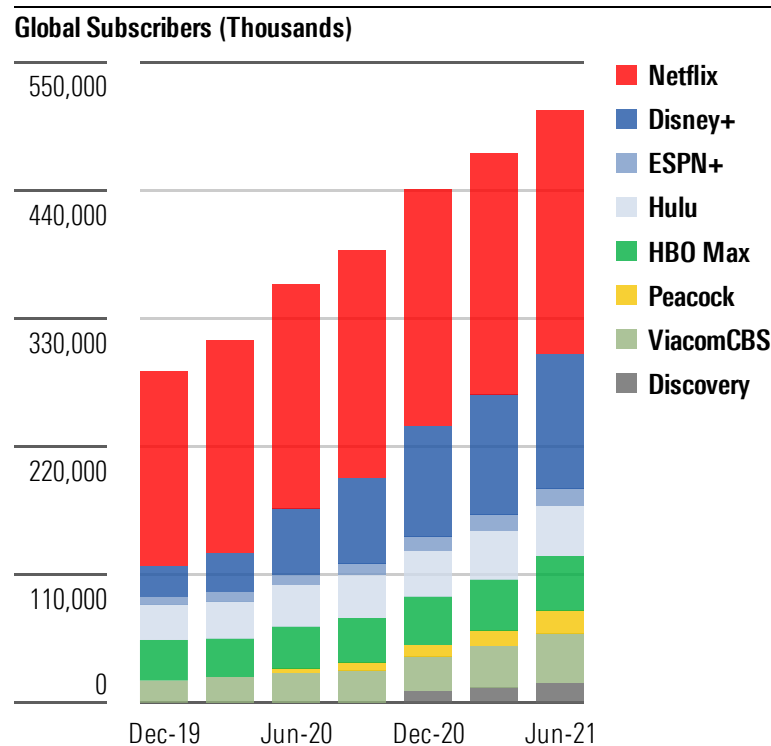


Source: Morningstar (as of 9/30/2021)

- Netflix and Roku account for most of the valuation premium in the entertainment industry. Only Disney has a larger market capitalization among our coverage.
- While we fully believe streaming is the long-term future for all forms of content, we believe the market fails to appreciate the valuable libraries smaller firms possess. ViacomCBS is our favorite in the industry.
- We also like Discovery. We expect the combination with AT&T's WarnerMedia will prove successful.
- Video game stocks have taken it on the chin in 2021 as the stay-at-home trade has waned. We believe now is the time to buy shares; Take-Two Interactive is our favorite.

Netflix is massive, but other streamers are catching up

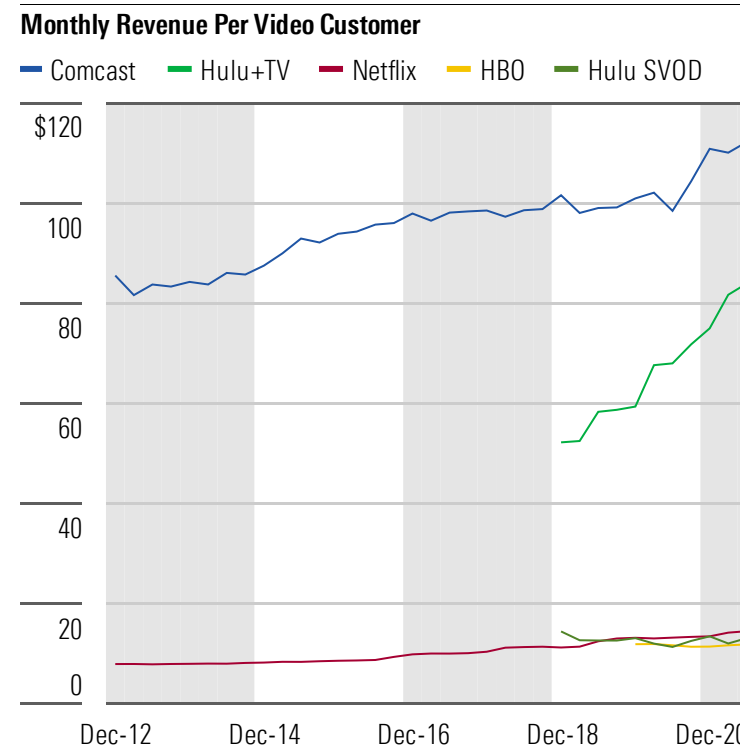
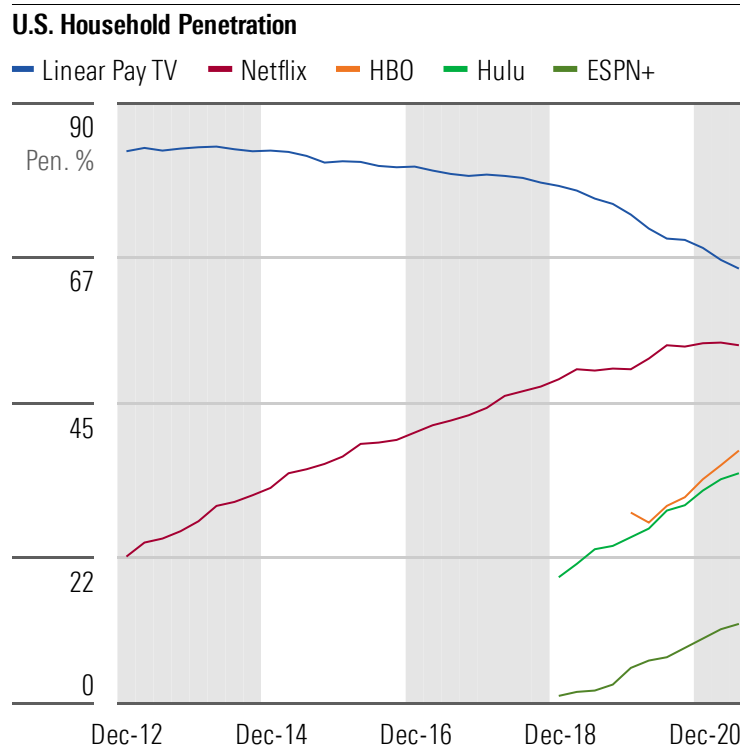
- Disney has quickly grabbed mindshare with its wide variety of offerings
- Warner has done well with HBO Max thus far in the U.S.; International just getting going



Source: Company reports, Morningstar (as of 9/30/2021)

While in decline, traditional television remains really important

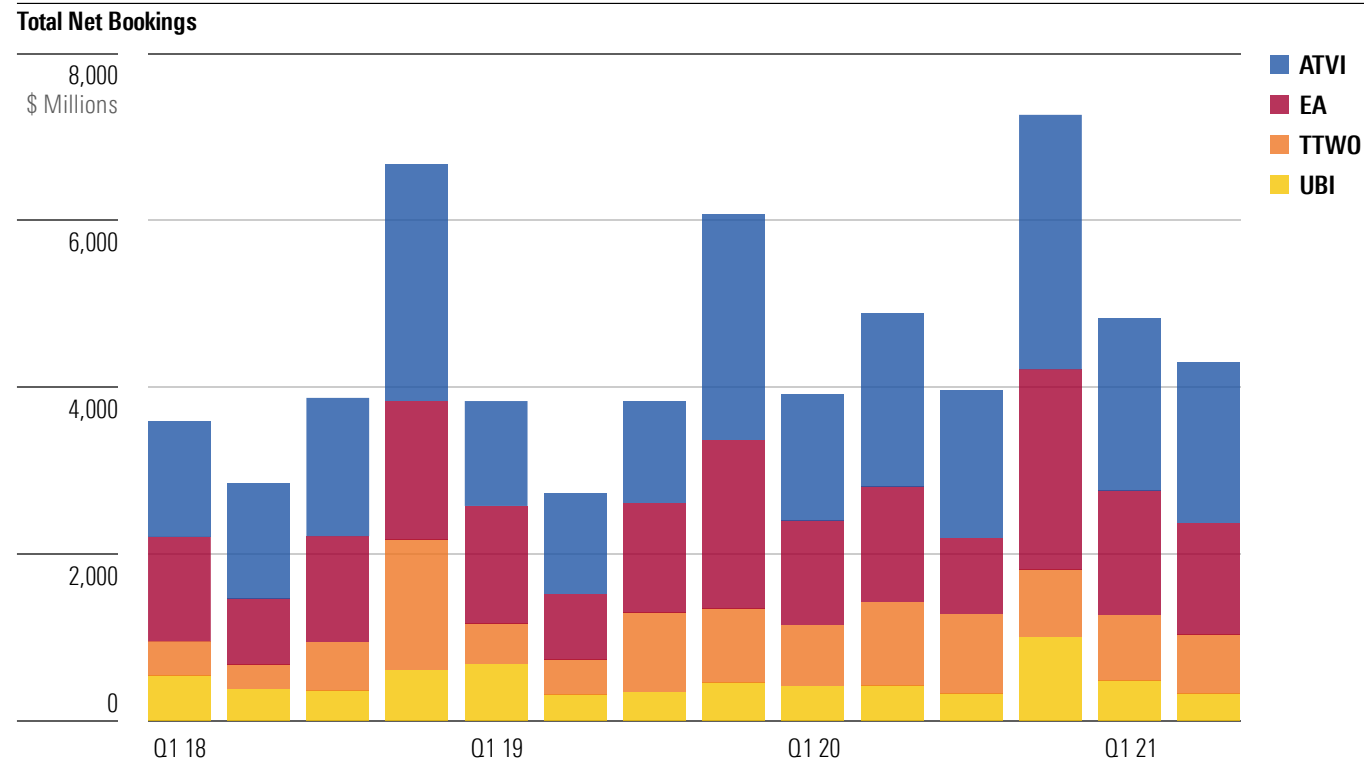
- Around two-thirds of U.S. homes still subscribe to traditional television at very high monthly price points; cord cutting isn't accelerating
- Thoughtfully migrating customer spending to new platforms is the key



Source: Company reports, U.S. Census Bureau, Morningstar (as of 9/30/2021)

Easing lockdowns have cut into video game play

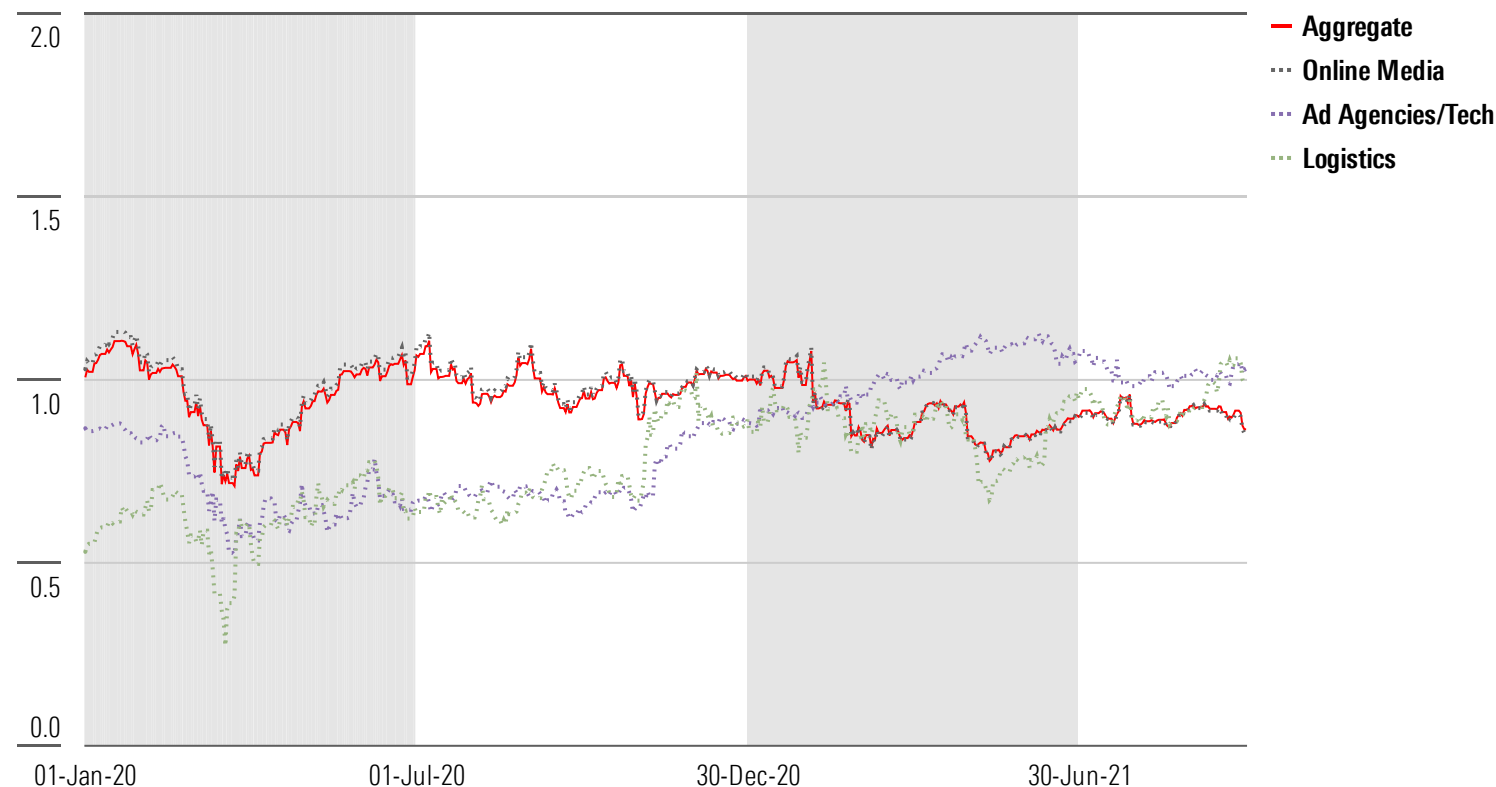
- While revenue growth across the video game publishers we cover has stalled, trends remain favorable as an increasing share of sales are generated in-game.



Source: Company reports, Morningstar (as of 9/30/2021)

Advertising has far surpassed expectations; Valuations have caught up

Online/Advertising: Market-Capitalization-Weighted Price/Fair Value Estimate

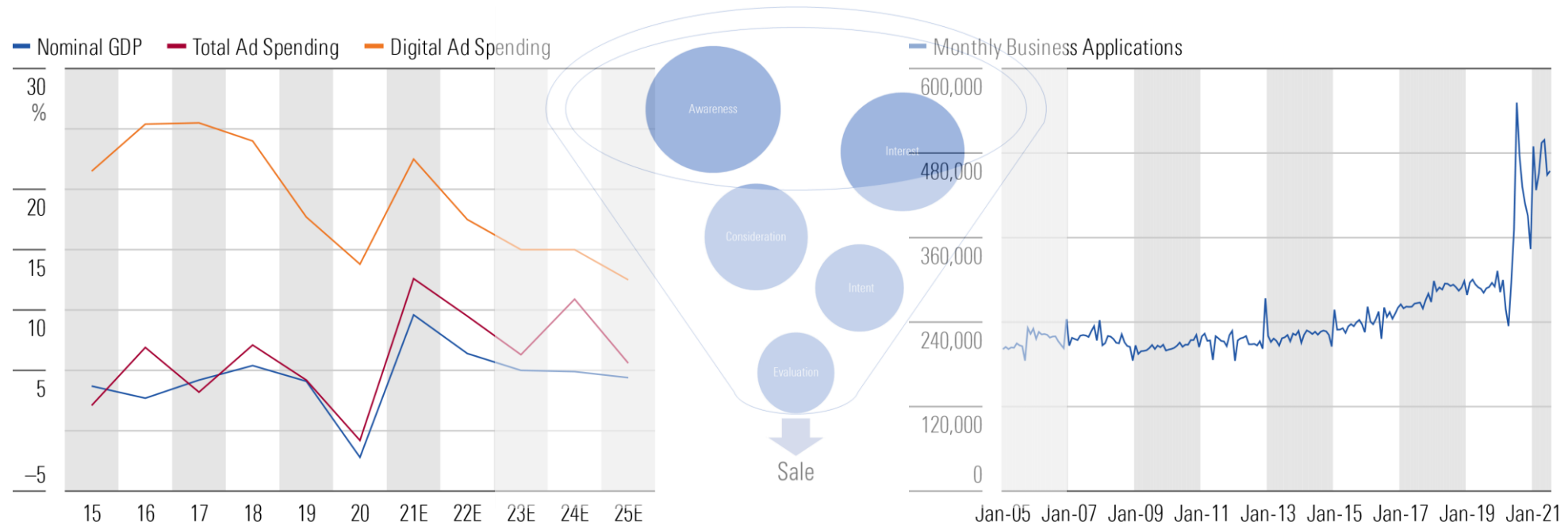


Source: Morningstar (as of 9/30/2021)

- Online advertising has rebounded more sharply than we had expected in late 2021. As the economic rebound continues and consumers move more activities online, we expect growth will remain strong.
- Online media stocks have performed extremely well against this backdrop. We believe Google and Facebook are solid holdings, but we think Pinterest offers more upside.
- The market seems to now recognize the role ad agencies will play in managing marketing data as several firms have made acquisitions to bolster their capabilities. But we believe WPP remains undervalued.
- We believe Uber is better positioned than Lyft or DoorDash, yet it trades at a much cheaper valuation in our view.

Digital advertising growth has rebounded sharply

- Direct-response advertising held up well during the pandemic thanks to measurable ROI
- Brand-based advertising should steadily return as companies try to build awareness



Source: Company reports, U.S. Census Bureau, Bureau of Economic Analysis, GroupM, eMarketer, Morningstar (as of 9/30/2021)

Regulation is always a threat, but we believe this risk is manageable

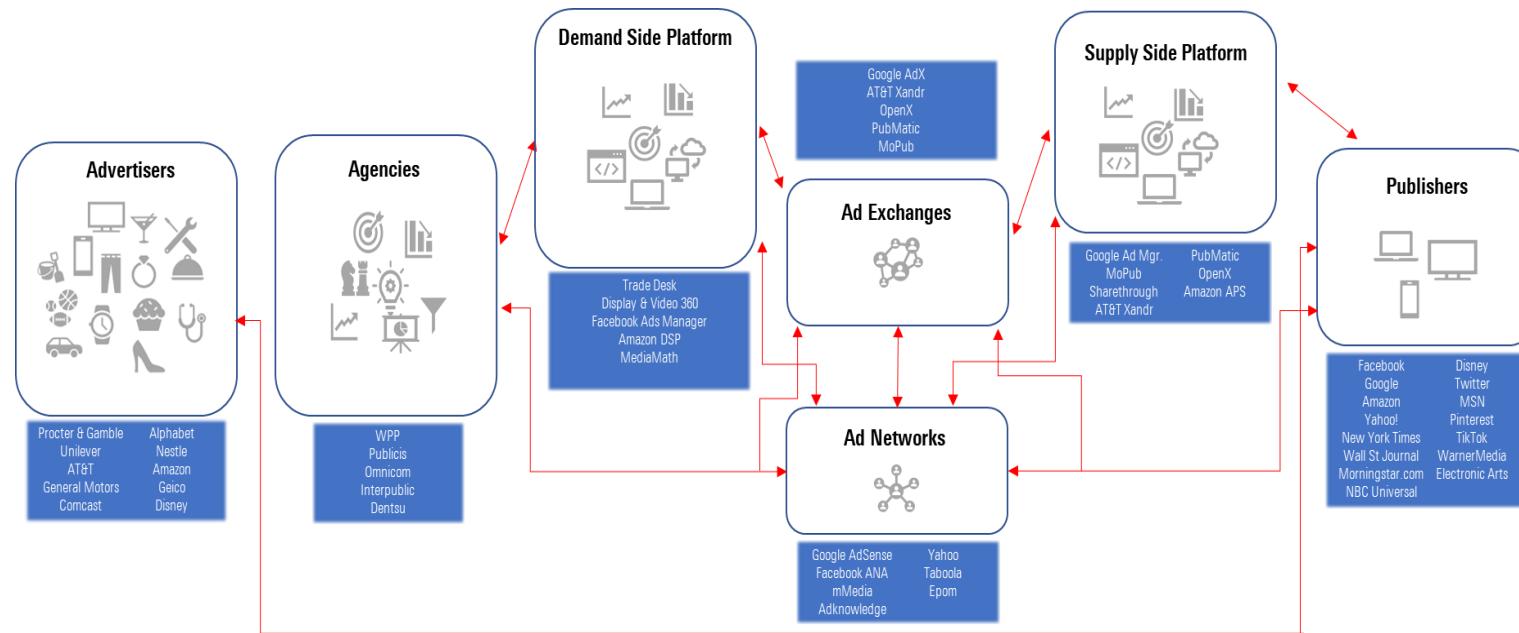
Bill	Bill Name	Description
H.R. 3460	State Antitrust Enforcement Venue Act of 2021	Allow the state attorneys general decide which federal courts the cases can be heard at, instead of allowing the defendants to decide.
H.R. 3843	Merger Filing Fee Modernization Act of 2021	Increase M&A filing fees
H.R. 3849	Augmenting Compatibility and Competition by Enabling Service Switching Act of 2021 (ACCESS)	Transparency; data accessibility to users and businesses; data portability
H.R. 3826	Platform Competition and Opportunity Act of 2021	Give more discretion to the agencies and increase M&A limitations for larger companies
H.R. 3816	American Choice Innovation Online Act	Prevent companies from imposing policies, or rules and regulations that put third-parties at a disadvantage when they have their products on the same platform
H.R. 3825	Ending Platform Monopolies Act	Assure no conflict of interest when online platforms own not only the large platform but also other businesses

Source: Congress.gov, Morningstar (as of 9/30/2021)

- We think digital advertising remains competitive as Amazon and smaller firms continue to prosper in this market.
- In addition to ad tech firms like Criteo, The Trade Desk, Pubmatic, and Magnite, retailers like Walmart and Target have entered the market.
- Data usage restrictions may hurt advertiser ROI but spending will still go where the eyeballs are.
- Firms are already preparing for data privacy changes.

In a highly complex ecosystem, agencies are as important as ever

- Integrating first-party and third-party data has become critical
- The agencies have built out data platforms to assist clients



Source: Morningstar (as of 9/30/2021)



Questions?

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