

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Net Revenue	\$20.34 billion	\$19.89 billion	+2.3%
Diluted EPS (vs. Year Ago)	\$3.03	\$2.80	+8.2%
Wealth Management Revenue	\$9.07 billion	\$9.11 billion	-0.4%
Equities Sales and Trading	\$5.80 billion	\$4.90 billion	+18.4%
FICC Sales and Trading	\$2.01 billion	\$2.22 billion	-9.5%
Advisory Revenue	\$887 million	\$794 million	+11.7%
FIRM AND SEGMENT DETAIL			
Net Interest Income	\$3.25 billion	\$2.78 billion	+16.9%
Provision for Credit Losses	\$148 million	\$84 million	+76.2%
Return on Tangible Equity	22.6%	21.9%	+0.7pt
Standardized CET1 Ratio	14.9%	14.6%	+0.3pt

2 | GUIDANCE AND OUTLOOK

Management again guided to modest sequential Wealth Management net interest income growth in Q4 2026, after Q3 fell short of that same guide, and confirmed NII should expand in 2027, largely on loan growth. Bank funding benefits are expected during 2027, not immediately. The tax outlook was maintained: Q3's rate was 23.3%, Q4 is expected slightly higher, and the full-year range stays 22% to 23%. Strategic objectives were not raised: 20% ROTCE, a 30% Wealth Management pre-tax margin, and a 70% efficiency ratio.

3 | EARNINGS ANALYSIS

A BEAT WITH CONCENTRATED COMPOSITION. Revenue of \$20.338 billion rose 11.6% year over year but fell 4.7% sequentially, and EPS of \$3.03 rose 8.2% while falling 12.4% from Q2's \$3.46. Equities revenue increased \$1.683 billion year over year, about 80% of the firm's total revenue increase, and Asia revenue rose 55% to \$4.066 billion, about 68% of consolidated growth. ROTCE of 22.6% stayed above the 20% objective but fell from 26.6% in Q2.

RECORD FLOWS, WITH CONCENTRATION INSIDE THEM. Wealth Management net new assets were \$232.4 billion, up 57% sequentially and 187% year over year, and fee-based flows were \$80.5 billion. Slightly more than 50% of net new assets were IPO-related, and nearly 50% of fee-based flows came from a single corporate retirement mandate; excluding it, fee-based flows of roughly \$40 billion to \$45 billion were comparable with recent quarters. Client assets reached \$8.433 trillion and fee-based assets \$3.155 trillion.

MARGIN EXPANSION IS NOT YET VISIBLE. Wealth Management's pre-tax margin was 30.4%, about 95 basis points below the roughly 31.3% implied after removing the prior-year deferred compensation items, as compensation rose about 16.7% on that basis against revenue growth of about 12.9%. Asset management revenue rose 15.8% to \$5.544 billion. Firmwide efficiency deteriorated to about 67.4% from 65.1% in Q2, and Institutional Securities' margin fell to 34.6% from 38.6%.

THE NII GUIDE MISS IS THE CAUTION. Wealth Management net interest income fell 1.2% sequentially to \$2.228 billion, against prior guidance for a modest increase, even as deposits rose about \$29 billion to \$465 billion. Sweeps rose only \$1 billion; other deposits rose \$28 billion. The period-end deposit cost rose to 2.85% from 2.60%, so the full funding-cost effect lands after Q3. Wealth Management loans rose \$5.4 billion to \$201.1 billion.

INSTITUTIONAL MIX IS MIXED UNDER THE HEADLINE. Equities revenue of \$5.799 billion rose 40.9% year over year but fell 8.0% sequentially, after September volumes weakened. Fixed income trading fell 18.1% sequentially to \$2.011 billion. Advisory rose 29.7% to \$887 million while equity underwriting fell 19.5% to \$525 million, against consensus of \$620.1 million. Investment Management revenue fell 11.6% to \$1.459 billion, with performance income of negative \$106 million on carried-interest reversals in two investments.

4 | KEY READ-THROUGHS

PRIVATE AI FINANCING EXPANDS THE OPPORTUNITY FOR CREDIT STRUCTURERS
Apollo Global Management (APO), Goldman Sachs (GS) | Positive | Potentially substantial for Apollo; more diluted for Goldman
Pick described Morgan Stanley's role across public and private solutions, advising companies through financings. Larger deals require structuring, placement, and syndication. Apollo can earn origination and management economics; Goldman, advisory and financing revenue. The June 2026 \$35 billion Broadcom AI financing named Apollo and Blackstone as capital partners and Goldman as advisor.

POWER AND COOLING BOTTLENECKS HAVE A MORE DIRECT CLAIM
GE Vernova (GEV), Vertiv (VRT), Eaton (ETN) | Positive | Potentially substantial for exposed product lines
Pick identified power as a deployment bottleneck. Compute cannot generate revenue without electricity delivery, power conditioning, and thermal management, so that spending can persist if accelerator growth moderates. GE Vernova's data-center Electrification orders exceeded \$5 billion in the first half of 2026, more than double its full-year 2025 total.

SPONSOR EXIT RECOVERY REMAINS LESS RELIABLE THAN PRIVATE CAPITAL DEPLOYMENT
Carlyle Group (CG), Blackstone (BX) | Negative | Potentially substantial for affected funds; moderate at the manager level
Pick said sponsors are holding assets at valuations that may not clear under the current cost of capital, and strategic corporates, not sponsors, are leading the cycle. Higher financing costs delay exits, postponing carried interest and distributions that fund successor commitments. Longer holds preserve management fees, but unrealized appreciation is not cash earnings.

HIGHER REAL RATES DIFFERENTIATE AI DEMAND FROM AI EQUITY RETURNS
CoreWeave (CRWV) | Negative | Potentially substantial; Microsoft (MSFT), Alphabet (GOOGL) | Positive relative
Pick emphasized higher real rates and warned an underwritten bridge loan can become an equity-like exposure requiring provisioning. CoreWeave's Q2 net interest expense was \$640 million, about 25% of its \$2.575 billion of revenue, against a \$104 billion backlog subject to delivery requirements. Microsoft and Alphabet hold an advantage from internal cash flow.