Morgan Stanley (MS)

Updated January 18th, 2026 by Nikolaos Sismanis

Key Metrics

Current Price:	$189	**5 Year Annual Expected Total Return:**	10.3%	**Market Cap:**	$299 B
Fair Value Price:	$184	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	01/30/2026
% Fair Value:	103%	**5 Year Valuation Multiple Estimate:**	-0.5%	**Dividend Payment Date:**	02/13/2026
Dividend Yield:	2.1%	**5 Year Price Target**	$283	**Years Of Dividend Growth:**	12
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Hold

Morgan Stanley is a financial holding company that provides various financial products and services to corporations, governments, financial institutions, and individuals worldwide. The company operates through Institutional Securities, Wealth Management, and Investment Management segments, including offering capital raising and financial advisory services, underwriting of debt, equity, and other securities, as well as advice on mergers and acquisitions. Morgan Stanley is headquartered in New York, New York.

On January 15th, 2026, Morgan Stanley posted its Q4 results for the period ending December 31st, 2025. The company delivered another strong quarter with higher year-over-year revenues and solid performance across most business lines. The Investment Banking segment's revenues grew 47% year over year, supported by higher advisory from increased completed M&A transactions across regions, as well as stronger equity and fixed income underwriting on higher convertibles, IPOs, and event-related issuance. The Equities division continued to perform well, with net revenues up 10% on strong client activity and higher financing revenues in prime brokerage. Fixed Income net revenues declined 9%, mainly due to lower results in commodities and foreign exchange on fewer structured transactions and lower volatility.

Earnings-per-share for the quarter came in at $2.68, up from $2.22 in the prior-year period. The company repurchased about $1.5 billion of stock in Q4, with period-end shares outstanding roughly 1% lower year over year. For FY2025, EPS reached a record $10.21. We now expect EPS of $11.50 for fiscal 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.98	$3.14	$4.81	$5.26	$6.46	$8.03	$6.15	$5.18	$7.95	$10.21	***$11.50***	***$17.69***
DPS	$0.75	$0.95	$1.15	$1.35	$1.40	$2.10	$2.95	$3.25	$3.55	$3.85	***$4.00***	***$6.15***
Shares[1]	1887	1821	1738	1640	1624	1814	1713	1646	1611	1592	***1592***	***1500***

Coming out of the Great Financials Crisis, Morgan Stanley's profitability surged. Earnings growth has lagged in 2022 and 2023. This was due a tough macroeconomic landscape that persisted at the time. Interest rates continue to remain high to this date. However, with inflation easing and rates likely to see cuts this year, financial deal making has already risen, driving EPS growth for the company this year.

In general, though, Morgan Stanley earnings continue to benefit from the acquisitions of E-Trade and Eaton Vance that took place back in 2021. The company's cash flow is now more stable, thanks to a shift in its revenue stream. Instead of relying on interest rates and market activity, the acquisitions allowed Morgan Stanley to generate steady management fees from E-Trade and Eaton Vance's recurring customer charges. Additionally, the focus on buybacks has contributed to the boost in EPS and shareholder value creation, with the company retiring about 16% of its shares since 2016, despite a 14% increase in share count to fund the acquisitions.

To generously reward shareholders, Morgan Stanley's board has approved notable dividend increases in recent years. A notable 100% surge took place in 2021 and subsequent hikes of 10.7%, 9.7%, 8.8%, and 8.1% in 2022, 2023, 2024, and 2025, along with strong buybacks, showcases their intent for maintaining robust shareholder returns.

[1] Share count is in millions.

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Backed by favorable growth catalysts, including ongoing buybacks, improving conditions in the capital markets, as well as various efficiencies AI is bringing in the world of finance, we forecast 9% growth in both EPS and DPS through 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	11.3	15.9	9.7	8.5	12.0	11.2	13.8	16.2	12.1	13.7	***16.4***	***16.0***
Avg. Yld.	2.2%	1.9%	2.5%	3.0%	2.4%	1.8%	3.5%	3.9%	3.7%	2.8%	***2.1%***	***2.2%***

Morgan Stanley's valuation has hovered at quite reasonable levels throughout the decade. The stock is now trading at 16.4 times our expected FY2026 earnings. While this is above the stock's historical average, we believe AI-driven growth in financials can lead to a re-rating. Thus, we have set our fair multiple at 16x, although this still implies a soft valuation headwind. The 2.1% yield is below its decade-average, but this is likely due to investors expecting above-average EPS and DPS growth in the coming years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	25%	30%	24%	26%	22%	26%	48%	63%	45%	38%	***35%***	***35%***

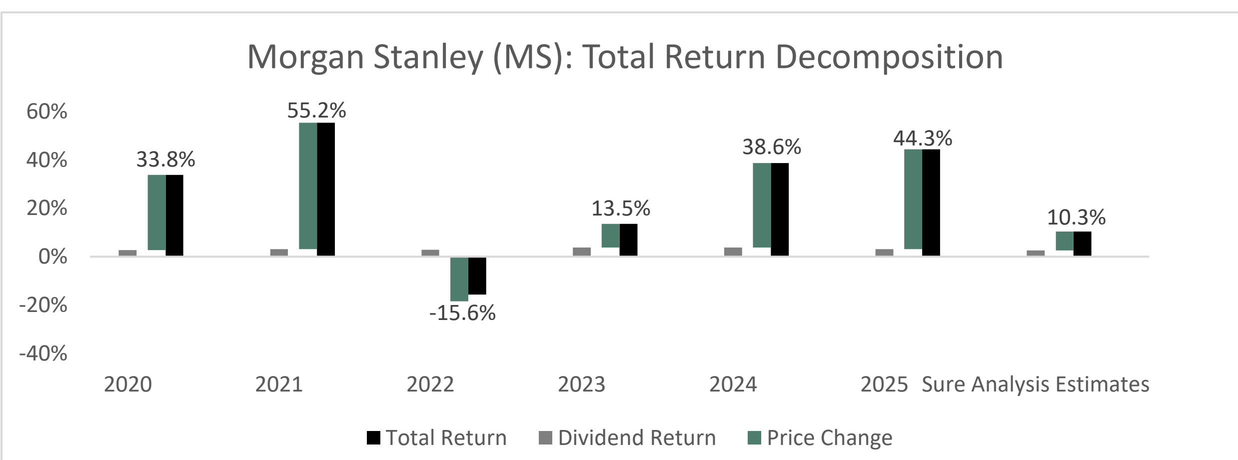
Morgan Stanley's current dividend should be quite safe. The company was previously forced to cut its dividend during the Great Financial Crisis. However, as its revenues have been transitioning continuously to the asset management side, we believe that the bank's performance should be able to come out solid in a potential future recession. Its resiliency was demonstrated during the pandemic, when it produced strong financial results and executed major acquisitions with confidence.

In addition, Morgan Stanley's competitive advantage is rooted in its scale and influence. As the second-largest wealth management firm in the U.S., behind only Bank of America, Morgan Stanley enjoys a rather extensive client base and the associated benefits of size, such as economies of scale and extensive resources to attract and retain clients. That said, Interest rates remaining elevated and the fact that Morgan Stanley operates in a massively competitive industry with consistently declining expense rates (e.g., near-zero fee ETFs) are two risks to keep in mind.

Final Thoughts & Recommendation

Morgan Stanley's results continue to benefit from an increasingly favorable capital markets landscape. We now forecast annualized returns of 10.3% from the stock through 2030, stemming from our estimated growth, the 2.1% yield, and the possibility of a valuation headwind. We rate MS as a hold.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	33,263	32,711	35,852	37,714	38,926	45,270	56,410	50,210	50,670	57,620
SG&A Exp.	18,464	18,252	19,566	20,339	21,691	23,750	25,170	23,920	25,100	27,140
D&A Exp.	1,433	1,736	1,753	1,844	2,643	---	---	3,998	4,256	47.1%
Net Profit	6,127	5,979	6,111	8,748	9,042	11,000	15,030	11,030	9,087	13,390
Net Margin	18.4%	18.3%	17.0%	23.2%	23.2%	24.3%	26.6%	22.0%	17.9%	23.2%
Free Cash Flow	(5,836)	4,107	(6,134)	5,440	38,947	---	31660	(9,475)	(36,950)	(2,100)
Income Tax	2,200	2,726	4,168	2,350	2,064	3,239	45,48	2,910	2,583	4,067

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	787	815	852	854	895	---	1,188	1,180	1,194	1,215
Cash & Equiv.	54,083	43,381	46,164	51,840	49,659	---	86,840	92,750	58,660	75,740
Accounts Rec	45,407	46,460	56,187	53,298	55,646	---	96,020	78,540	80,100	86,160
Goodwill & Int.	9,568	9,298	9,045	8,851	9,250	---	25,198	24,270	23,760	23,160
Total Liab ($B)	711	738	773	772	813	---	243	1,079	1,094	1,110
Accounts Pay ($B)	187	191	191	180	198	---	228	216	208.2	175.9
LT Debt ($B)	156	166	193	190	193	---	243	246	276.4	310
Book Value	67,662	68,530	68,871	71,726	73,029	---	97,969	91,390	90,290	94,760
LTD/E Ratio	2.07	2.18	2.49	2.36	2.36	---	2.31	2.46	2.79	2.97

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.4%	0.8%	0.7%	0.7%	1.0%	1.0%	1.3%	0.9%	0.8%	1.1%
Return on Equity	5.4%	9.2%	8.8%	8.9%	12.4%	12.5%	15.8%	11.7%	9.0%	13.0%
ROIC	1.5%	2.7%	2.5%	2.4%	3.2%	3.3%	4.4%	3.2%	2.5%	3.4%
Shares Out.	1,924	1,909	1,849	1,780	1,708	1,617	1,814	1,713	1,646	1,611
Revenue/Share	16.47	17.03	17.33	19.69	21.70	23.74	31.10	29.31	30.78	35.77
FCF/Share	0.05	(2.99)	2.18	(3.37)	3.13	23.75	17.45	(5.53)	(22.45)	(1.30)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.