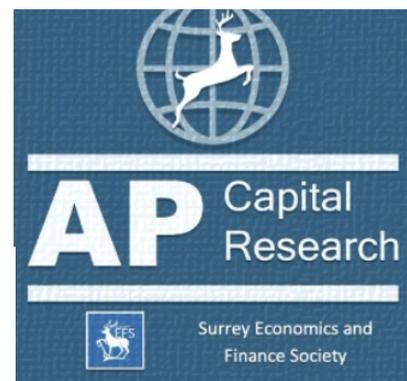


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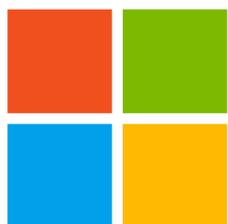
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**DATE**  
6TH JULY 2021

# MICROSOFT STOCK REPORT



**TICKER : MSFT**



# Microsoft



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# SUMMARY

Microsoft (MSFT) is one of the world's most valued companies and a leader within the computer technology corporation. It was founded by Bill Gates and Paul Allen on 4th April 1975.

Microsoft operated in three segments:

## 1. Productivity and Business Processes

- Office commercial/ Consumer - Microsoft derives their revenue through their subscription service to their Office software products such as Word, Excel, and Teams etc
- LinkedIn - The social network platform provides the opportunity to connect with professionals around the world and work together to market product and learn from other's insights and achievements. They generate their revenue by offering monetized solutions such as: talent solution, marketing solution, Sales solution and premium subscription
- Dynamics - This business provides cloud-based and on-premises business solutions for business applications. Dynamics revenue is driven by the number of users licensed, expansion of average revenue per user, and the continued shift to Dynamics 365, a unified set of cloud-based intelligent business applications.

## 2. Intelligent Cloud

The Intelligent Cloud segment provides public, private, and hybrid server products and cloud services, such as SQL Server, Windows Server, Visual Studio, System Centre, and related CALs, GitHub, and Azure, as well as Premier Support and Microsoft Consulting Services.

## 3. More Personal Computing

- Windows
- Devices
- Gaming
- Search e.g. Bing and Microsoft Edge

The More Personal Computing segment specializes in Windows licensing, Windows cloud services and IoT, and MSN advertising; devices, including Surface and PC accessories; gaming including Xbox hardware, content, and services, video games, and third-party video game royalties; and search solutions.

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# MANAGEMENT TEAM



**SATYA NADELLA**

Satya Nadella is Chief Executive Officer of Microsoft. Originally from Hyderabad, India, Nadella lives in Bellevue, Washington. He earned a bachelor's degree in electrical engineering from Mangalore University, a master's degree in computer science from the University of Wisconsin - Milwaukee and a master's degree in business administration from the University of Chicago.



**AMY HOOD**

Amy Hood is the Executive Vice President and Chief Financial Officer at Microsoft. Hood is responsible for leading the company's worldwide finance organization. Hood earned a bachelor's degree in economics from Duke University and a master's degree in business administration from Harvard University.



**BRAD SMITH**

As Microsoft's President, Brad Smith leads a team of more than 1,500 business, legal and corporate affairs professionals located in 54 countries and operating in more than 120 nations. Smith grew up in Appleton, Wisconsin, where Green Bay was the big city next door. He attended Princeton University. He earned his J.D. from Columbia University Law School and studied international law and economics at the Graduate Institute in Geneva, Switzerland.



**BILL GATES**

Bill Gates cofounded Microsoft. He attended Harvard University, however, dropped out in his junior year to found Microsoft alongside Paul Allen.

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# INSTITUTIONS

Based on data from Q4, we can see that 4,094 institutions hold shares of Microsoft with the largest shareholder being Vanguard Group holding 610,849,992 shares. The second biggest holder is BlackRock Inc. holding 518,649,291. The total institutional holding of Microsoft is 70.73%.

Below is a table of the top 5 institutions holding Microsoft:

Holder	Shares Held	Value (in 1000s)
Vanguard Group, Inc	610,849,992	\$169,602,500
Blackrock Inc.	518,649,291	\$144,002,976
State Street Corporation	292,575,655	\$81,233,631
FMR, LLC	217,585,928	\$60,412,733
Price (T.Rowe) Associates Inc	178,824,616	\$49,650,655

## Analyst's Ratings:

Rated: **BUY**

Average Price: \$294.45

High Price: \$340.00

Low Price: \$256.70

Based on 38 Wall Street analysts in the last 3 months, offering their 12 month price targets.

34 analysts rate this as a **buy**, 4 as overweight and 2 analysts rate Microsoft as a hold.

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# CATALYSTS

## **Microsoft Seeks to expand its services**

Last year Microsoft acquired Affirmed Networks for about \$1.35 billion. Affirmed Networks is a 5G software maker. They provide fully virtualized, cloud-native mobile network solutions to enable operators (such as Verizon and AT&T) to simplify network operations.

Microsoft also announced they have a definitive agreement to acquire Metaswitch networks. It has been rumoured that the acquisition was about \$270 million. Metaswitch is a leading provider of virtualized network software and voice, data and communication solutions for operators.

Microsoft intends to empower the telecommunications industry as it continues to move to 5G by supporting both network equipment manufacturers and operators in their efforts to find solutions that are faster, easier and cost effective.

Microsoft believes that the next generation of wireless networks, or "5G," will enable a host of new opportunities for businesses and society, including autonomous vehicles, smart cities, virtual reality and a range of other smart industry use cases and services. These next-generation networks will create new capabilities, new markets and help advance local economies.

These acquisitions will allow Microsoft to evolve their work with the telecommunications industry, building on their secure and trusted cloud platform for operators. With Affirmed Networks and Metaswitch Networks, they will be able to offer new and innovative solutions tailored to the unique needs of operators, including managing their network workloads in the cloud. At the same time providing new revenue-generating services.

Moving away from 5G, Microsoft announced in April this year that they will be buying speech-recognition company Nuance communications, for about \$16 billion making the acquisition Microsoft's second-biggest after its buyout of LinkedIn in 2016.

Nuance is best-known for creating the voice-recognition technology that went into Apple's Siri, but it's since narrowed its focus to tools that transcribe doctor-patient discussions, integrate them into their health records, and help predict those patients' future needs.

Nuance would be aligned with the part of Microsoft's business that serves businesses and governments. Nuance derives revenue by selling tools for recognizing and transcribing speech in doctor office visits, customer-service calls and voicemails. In its announcement, Microsoft said Nuance's technology will be used to augment Microsoft's cloud products for health care, which were launched last year.

## **Microsoft and the Gaming Industry**

Microsoft has made its biggest gaming acquisition ever by buying ZeniMax Media. ZeniMax Media is the owner of the video game publisher Bethesda, maker of hit games such as Fallout, for \$7.5 billion. This enables Microsoft to have exclusive triple-A games for its next-gen console, the Xbox Series X, and get an edge over its rivals at Sony and Nintendo.

They also have acquired the esports organization tool Smash.GG, although the amount was undisclosed. Smash.GG bills itself as a self-service esports platform, offered as a free service to the owners and organizers behind gaming tournaments worldwide. It offers an easy way for fans and players to find, enter, and follow gaming competitions, along with software that automatically generates competitive brackets.

Microsoft is reportedly in talks to buy video game chat platform Discord. Discord has been the go-to for gamers everywhere during the pandemic. It now has 140 million users to its name, twice as many as in 2019. That's caught the eye of Microsoft, which reckons Discord would make a good fit for its gaming segment. It is reportedly that Microsoft is willing to pay more than \$10 billion for the company - a nice bump from the \$7 billion it was worth in December.

All these moves to expand Microsoft's gaming segment comes due to the pandemic. This comes after global video game revenue is expected to surge 20% to \$179.7 billion in 2020, according to IDC data, making the video game industry a bigger moneymaker than the global movie and North American sports industries combined. The global film industry reached \$100 billion in revenue for the first time in 2019, according to the Motion Picture Association, while PwC estimated North American sports would bring in more than \$75 billion in 2020. Microsoft believes by expanding its gaming segment it would lead to greater revenues.

# TECHNICAL ANALYSIS



Microsoft's share price has seen consistent growth over the years. The company is a well-established blue-chip company which makes this stock is a defensive choice. The company's chart shows the price consistently respecting the 50EMA by frequently testing it and the price continuing to rally from this area of value. The general trend of this stock is bullish. .

The market has recently created a new high after breaking the previous swing high. We may see the price continue higher to \$270 to reach a Fibonacci level of 1.272 indicate a new swing high. Regardless of whether the price hits this level or not, a new high has been created; we can expect a pullback from the recent rally. As price continues to reach new prices, we could see the RSI creating bearish divergence if the stock prints a double top, as two higher highs will form to coincide with two higher lows on the RSI. If the price hits \$270, retraces to roughly \$263-\$258 and continues the bullish rally, we could see a strong continuation in the trend. If the price retraces deeper, the strength of the rally will weaken. How far price retraces will be dependent on where price pullbacks relative to the Fibonacci levels.

Overall, from Microsoft creating an all-time high, we can expect a retracement from current highs and test the moving averages to continue moving bullish.

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# OUR THOUGHTS

**Amiin Barkhadle:**

Microsoft seeks to expand its scope of services, by increasing its foothold in the gaming industry, providing bespoke services to telecommunication operators and building upon services to governments and business. I recommend Microsoft is a buy, considering their diversified and growing portfolio of services and ventures that will lead to greater revenues and profitability.

**Hrishta Sajwan:**

I would recommend buying Microsoft as it has a strong enough platform and is continues to invest in other areas within the industry. Many businesses rely on this brand and are very reliable and trustworthy. Even though the business has seen some fluctuations it is still gradually rising overall, throughout the years.

**Mark Kostin:**

I would recommend buying Microsoft for value investors as well as for those who are looking for long-term gains, as this is one of the most stable tech companies in the world. Almost every industry relies on Microsoft products and I don't see any good alternatives.

**Dylan Wright:**

Microsoft is a well known company with its products and services used worldwide. For the long term I recommend this stock as a buy, and if you were to enter now I am confident it would be profitable. However, after its rally in June I would wait for a pullback for a better entry point.

**Avish Patel:**

would recommend buying Microsoft as the company is well established and there is a high probability the company will not go bust. The blue chip stock is recommended to any beginner investor as a basis for their long term portfolio as they are fundamentally a sound company who will continue to innovate and expand thus appreciating their share price.



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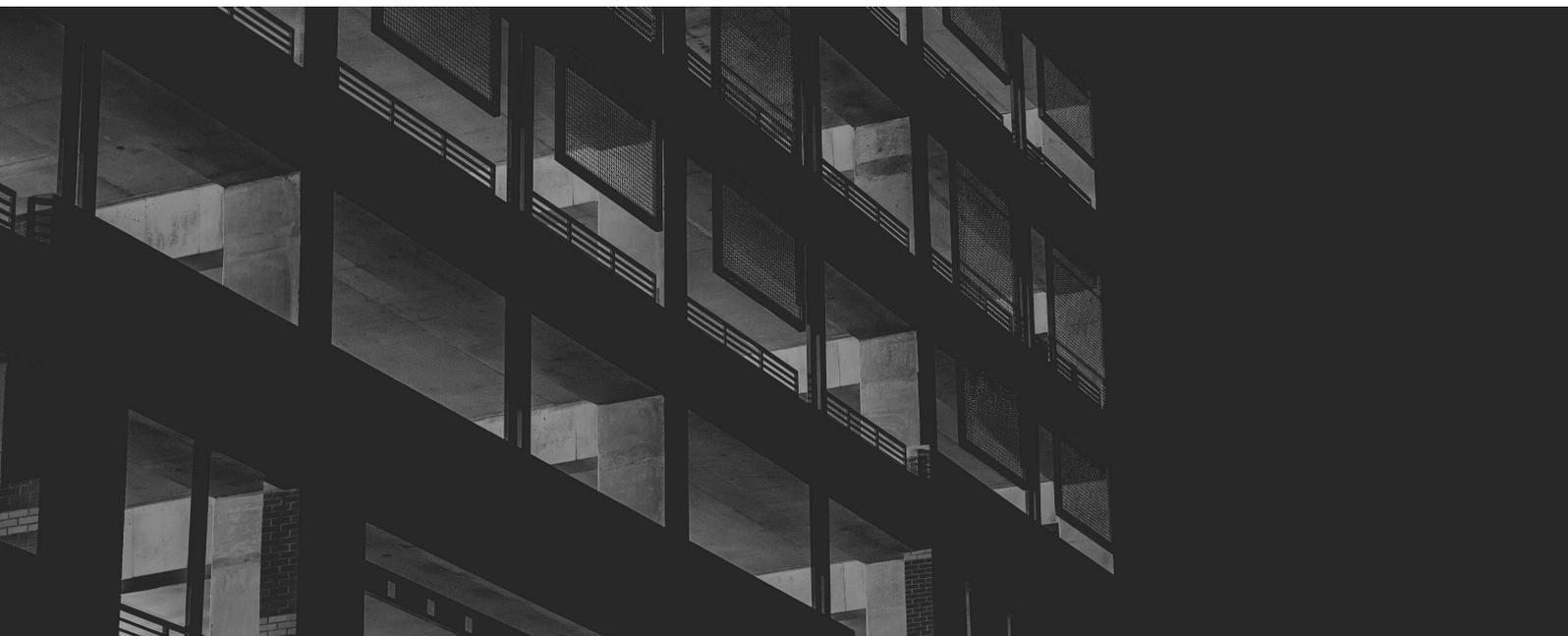
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