



# Alphabet: GOOGL US

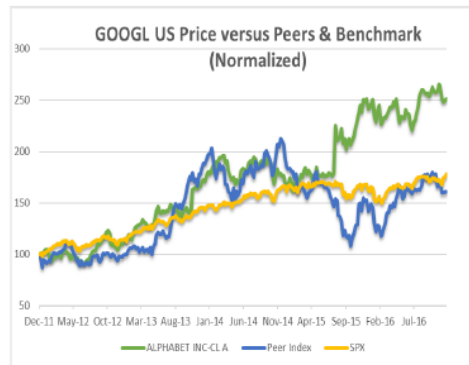
QUMMIF Investment Fund | Equity | 27<sup>th</sup>, Nov, 2016

## Equity Research Alphabet (GOOGL US)

Continue Increase in Advertising, Diversification

### Recommendation:

• We are recommending to buy the stock of Alphabet at \$785.79, and the price target is \$1029. We believe that Alphabet in the search engine (Google) and video services (YouTube) occupies a high market share, which bring it to continued stable and sustained growth in advertising revenue. Also, it will promote Alphabet's stock price continued to grow. At the same time, after the restructuring, Alphabet after has a number of other businesses, these businesses will provide the potential capability for future development.



\*Peer Index Constituted by the Stock Price of Yahoo, Baidu and Yandex

| Valuation Ratios | Fiscal Year | 12/12    | 12/13    | 12/14    | 12/15    | 12/16E   |
|------------------|-------------|----------|----------|----------|----------|----------|
| P/E              |             | 21.65404 | 28.38921 | 26.78462 | 33.57462 | 22.91    |
| EV/EBIT          |             | 14.8433  | 20.83512 | 18.01283 | 23.48442 | 14.94857 |
| EV/EBITDA        |             | 12.04685 | 16.59205 | 13.83654 | 18.61599 | 12.67537 |
| P/S              |             | 4.613133 | 6.71887  | 5.43464  | 7.102987 | 7.353808 |
| P/B              |             | 3.254836 | 4.310797 | 3.475256 | 4.444105 | 3.883839 |

### Recommendation: BUY

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### IMPORTANT DETAILS:

Current Price (\$): 785.79

Data of Price: 27, Nov, 2016

Market Cap (\$): 595,118.7M

52-Week Range (\$): 672.66-839

BPS (\$): 109.53

T12M EPS (\$): 27.79

ISIN: US02079K3059

Current Ratio: 4.67

Quick Ratio: 4.38

EBIT/Interest: 186.15

Debt/Capital: 0.04

Total Debt/Equity: 0.04

### FUTURE PERFORMANCE:

Recommended Buy Price (\$): 785.79

Recommended Target Price (\$): \$1029

Stop Lost Price (\$): 740

Holding Target Length: 1Y

### PAST PERFORMANCE:

1M Return: -0.041

6M Return: 0.05

52 WK Return: 0.02



# QUMMIF | Investment Fund

# J.P.Morgan

North America Equity Research  
28 July 2019

## Alphabet Inc.

Revenue Trajectory Restored at 20%+ w/Incremental Disclosures & Bigger Buyback; Raising PT to \$1,420

### Key Takeaways from Alphabet Earnings & Call w/Management:

1) **Revenue Growth Returns to 20%+.** Following a few months of consternation around Alphabet's revenue growth, including fears of further deceleration, FXHN revenue reaccelerated to 22% growth, essentially in-line w/the levels of 2018. Mobile search, YouTube, and Cloud were the primary Alphabet drivers, w/acceleration across all regions. Google Properties specifically saw ~21% FXHN revenue growth led by mobile search, YouTube, & desktop search. Yes, desktop search continues to grow. The Google Segment's 'Other Revenue' also came in 9% above our estimate driven by Cloud, Google Play, & hardware. Management did not provide more detail on product changes or other factors that may have pressured 1Q growth & subsided in 2Q, but continued to emphasize that ad products roll out in stages & Google makes 100+ ad changes every quarter. Management also confirmed strong YouTube growth & that removal of YouTube content has had virtually no impact on revenue.

2) **Heavy Investment in Cloud Continues.** Google revealed that Cloud is on an \$8B run-rate, up from \$4B at 4Q17. We believe the trajectory is in-line w/our previously published estimate (link) for Google Cloud revenue of \$8.5B-\$10B in 2019. Cloud was the largest driver of Google 'Other Revenue' & the 3<sup>rd</sup> largest for Alphabet overall. For comparison, AWS is on a \$33B run-rate, 4x the size of Google Cloud, & Azure is on a ~\$17B run-rate. Google continues to invest aggressively into Cloud, w/particular emphasis on the go-to-market strategy including sales, service, partnerships, & ops teams. Cloud is the biggest area of hiring for Google & mgmt. expects to triple the sales force over the next few years. We'd also note that on its conference call Amazon highlighted increased sales & mktg hiring for AWS as well, suggesting the competition for enterprise talent is ratcheting up.

3) **Better Disclosure + Bigger Buyback = A Bit More Shareholder-Friendly.** We are encouraged to see GOOGL mgmt provide some incremental disclosures & color around the business. Beyond the Cloud run-rate, which hadn't been disclosed since 4Q17, we believe mgmt. provided more detail around the drivers within Cloud, greater Play & hardware disclosure, more granularity on capex breakdown, & slightly

### Alphabet Inc. (Class A) (GOOGL:GOOGL US)

| Year-end Dec (\$) | FY17A  | FY18A   | FY19E   | FY19E   | FY20E   | FY20E   | FY21E  | FY21E   |
|-------------------|--------|---------|---------|---------|---------|---------|--------|---------|
|                   | (Prev) | (Curr)  | (Prev)  | (Curr)  | (Prev)  | (Curr)  | (Prev) | (Curr)  |
| Revenue (\$ mn)   | 89,183 | 110,093 | 129,889 | 132,125 | 152,040 | 155,787 | -      | 180,127 |
| Adj. EBIT (\$ mn) | 36,561 | 41,753  | 47,427  | 48,180  | 54,704  | 56,045  | -      | 64,846  |
| EBIT margin       | 41.0%  | 37.8%   | 36.5%   | 36.5%   | 36.0%   | 36.0%   | -      | 36.0%   |
| EBITDA margin     | 48.7%  | 46.1%   | 44.9%   | 44.8%   | 43.9%   | 43.9%   | -      | 43.0%   |
| Adj. EPS (\$)     | 45.09  | 55.14   | 59.71   | 60.85   | 69.02   | 71.98   | -      | 84.34   |
| BBG EPS (\$)      | 43.16  | 54.19   | -       | 57.18   | -       | 63.50   | -      | 75.96   |
| Reported EPS (\$) | 18.00  | 43.70   | 45.44   | 49.26   | 53.15   | 55.40   | -      | 64.94   |
| Dividend yield    | -      | -       | -       | -       | -       | -       | -      | -       |
| Adj. P/E          | 25.2   | 20.6    | 19.0    | 18.7    | 16.5    | 15.8    | -      | 13.5    |
| P/B               | 5.2    | 4.5     | 3.9     | 3.9     | 3.4     | 3.3     | -      | 2.9     |

Source: Company data, Bloomberg, J.P. Morgan estimates.

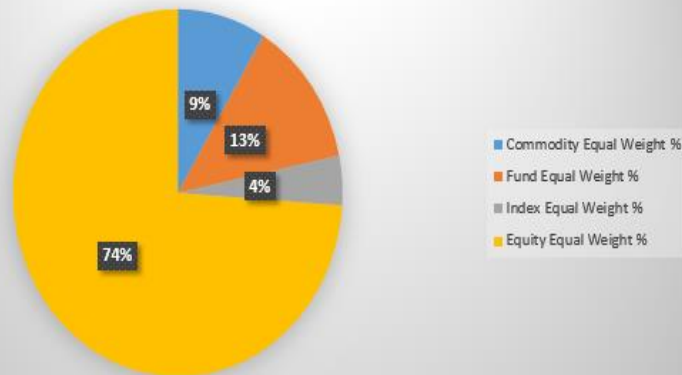
| Company Data               | 700        |
|----------------------------|------------|
| Shares O/S (mn)            | 1,206.97   |
| 52-week range (\$)         | 977.86     |
| Market cap (\$ mn)         | 785,105.70 |
| Exchange rate              | 1.00       |
| Free float(%)              | 99.9%      |
| 3M - Avg daily vol (mn)    | 1.70       |
| 3M - Avg daily val (\$ mn) | 1,828.3    |
| Volatility (90 Day)        | 25         |
| Index                      | S&P 500    |
| BBG BUY/HOLD/SELL          | 3717.0     |

See page 13 for analyst certification and important disclosures, including non-US analyst disclosures. J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

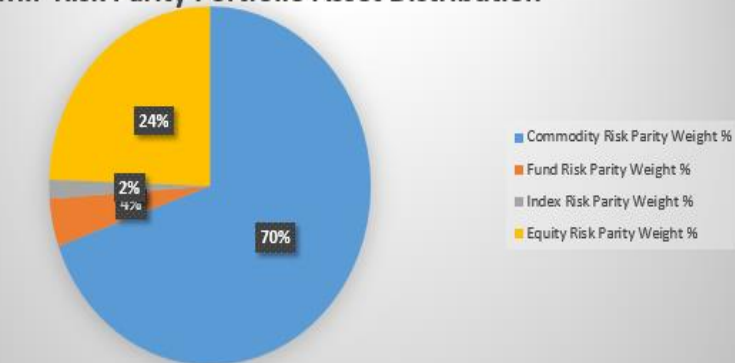
# QUMMIF Example Reports

# Portfolio Optimisation

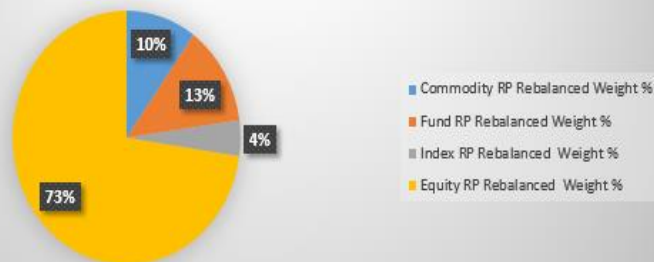
### QUMMIF Portfolio Equal Weight Distribution



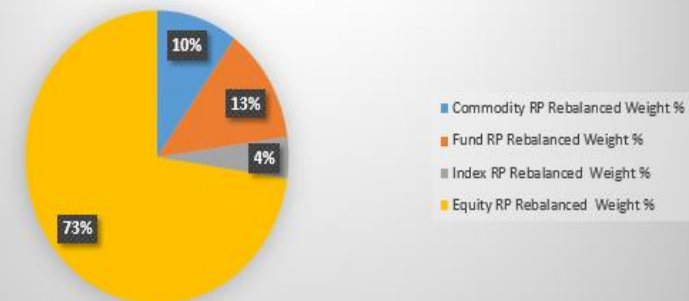
### QUMMIF Risk Parity Portfolio Asset Distribution



### QUMMIF RP Rebalanced Portfolio Asset Distribution

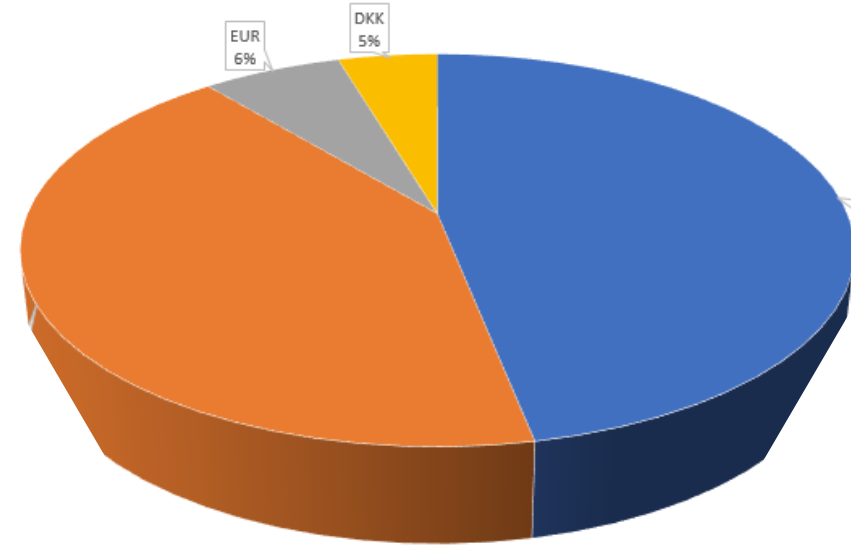


### QUMMIF Actual FINAL Portfolio Asset Distribution

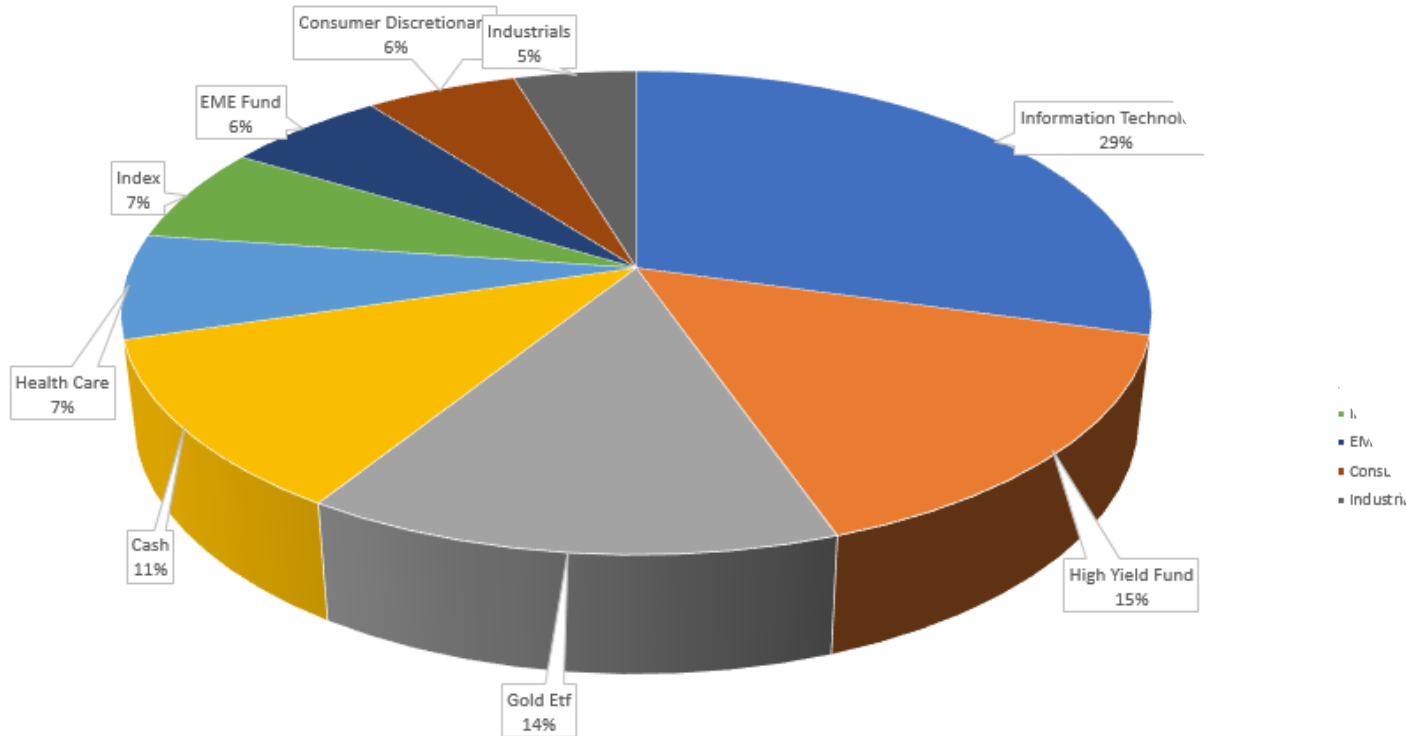


QUMMIF | Investment Fund

CURRENCY EXPOSURE



SECTOR ALLOCATION



# Portfolio Live Monitoring

# QUEEN MARY MASTER INVESTMENT FUND PLC INVESTMENTS 2018-2019

|    |  |                  |
|----|--|------------------|
| 1  |  | Novartis         |
| 2  |  | Iberdrola        |
| 3  |  | Orsted           |
| 4  |  | Microfocus       |
| 5  |  | Deutsche Telecom |
| 6  |  | Bayer AG         |
| 7  |  | Halma            |
| 8  |  | Experian         |
| 9  |  | United Utilities |
| 10 |  | AstraZeneca      |
| 11 |  | Allianz          |
| 12 |  | Imperial Brands  |
| 13 |  | ROG              |
| 14 |  | Anglo-American   |
| 15 |  | B&M              |
| 16 |  | Smith Group      |
| 17 |  | Vodafone         |
| 18 |  | National Grid    |
| 19 |  | Adidas           |
| 20 |  | Renault          |
| 21 |  | Rekitt Bensecker |
| 22 |  | Wirecard         |
| 23 |  | Mycronic         |
| 24 |  | Dunelm           |
| 25 |  | Volkswagen       |
| 26 |  | CAN              |
| 27 |  | GSK              |
| 28 |  | GLEN             |
| 29 |  | Enel             |



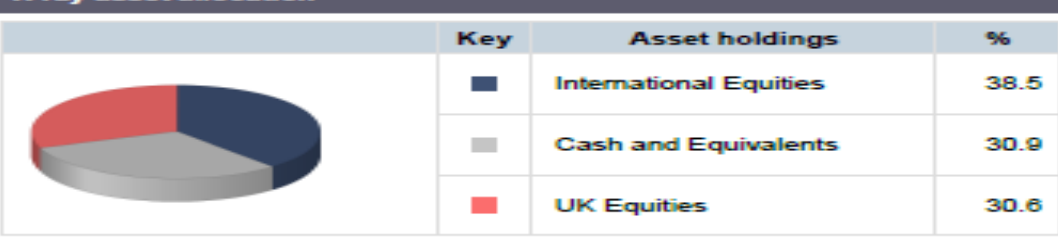
### X-ray Analysis Overview

This X-ray analysis enables you to look through funds, so you can review the underlying holdings alongside any direct shares and bonds. Fund managers update the details of their underlying holdings at different points therefore please remember it may not represent the investments they hold today.

For details of when your fund manager last updated details of their underlying investments please see our website, [www.hl.co.uk](http://www.hl.co.uk).

Please note we cannot currently X-ray Investment Trusts, Absolute Return funds or Exchange Traded Funds.

### X-ray asset allocation



### X-ray geographical breakdown



### X-ray breakdown by country

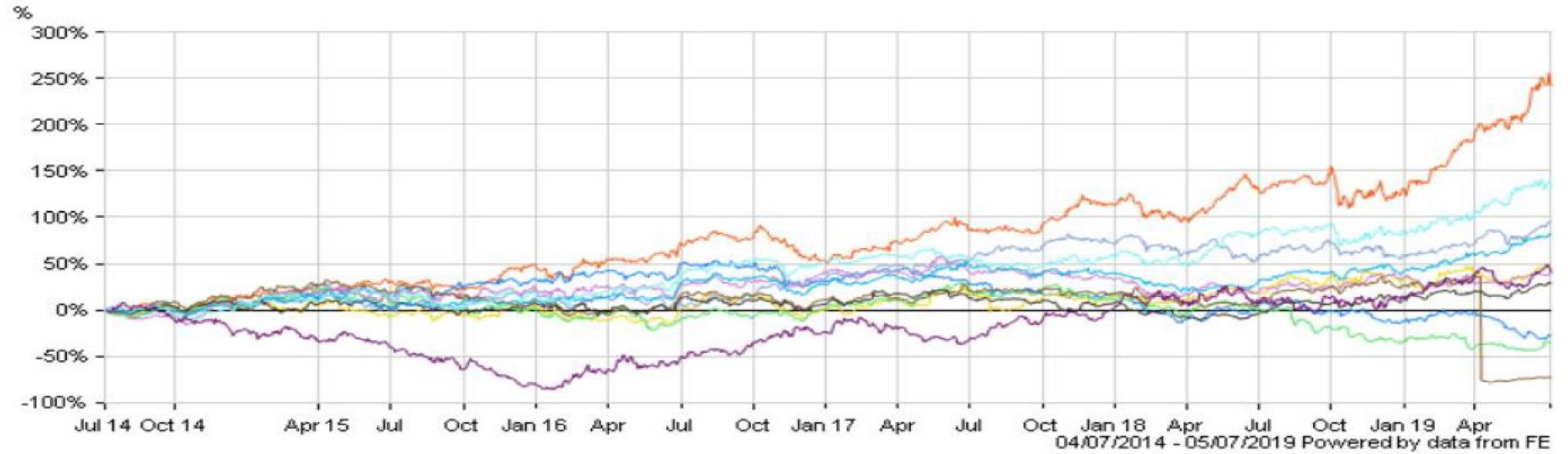
| Key | Country              | %    |
|-----|----------------------|------|
| ES€ | Cash and Equivalents | 30.9 |
| 🇬🇧  | United Kingdom       | 30.6 |
| 🇨🇭  | Switzerland          | 13.1 |
| 🇩🇪  | Germany              | 10.7 |
| 🇩🇰  | Denmark              | 10.1 |
| 🇪🇸  | Spain                | 4.6  |

### X-ray top holdings

|    | Stock name             | %    | Country        | Sector                      |
|----|------------------------|------|----------------|-----------------------------|
| 1  | ORSTED A/S             | 10.1 | Denmark        | Utilities                   |
| 2  | ANGLO AMERICAN         | 6.7  | United Kingdom | Basic Resources             |
| 3  | ASTRAZENECA            | 5.4  | United Kingdom | Health Care                 |
| 4  | EXPERIAN               | 5.1  | United Kingdom | Industrial Goods & Services |
| 5  | NOVARTIS AG            | 4.8  | Switzerland    | Health Care                 |
| 6  | IBERDROLA SA           | 4.6  | Spain          | Utilities                   |
| 7  | HALMA                  | 4.5  | United Kingdom | Industrial Goods & Services |
| 8  | UNITED UTILITIES GROUP | 4.4  | United Kingdom | Utilities                   |
| 9  | NESTLE SA              | 4.2  | Switzerland    | Food, Beverage & Tobacco    |
| 10 | ROCHE HLDG AG          | 4.1  | Switzerland    | Health Care                 |



How some of our investments have performed over time.



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