

We invest in winners. That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

Microsoft Corporation


Microsoft is the world's most important producer of software. On 24th April 2019, 44 years after its foundation and after presentation of the quarterly figures, the corporation reached a symbolic milestone: the stock market valuation rose briefly to more than 1 trillion USD. This enabled Microsoft to reclaim its status as the world's most valuable company. This was the outcome of an earlier remarkable resurgence. For a long time, the corporation's strategy had focused on maintaining Office and Windows, its well established and successful products. It missed out on new trends and had to face charges of having lost its touch compared with technology leaders such as Apple or Google. And yet for a long time, Microsoft's ability to establish itself, again and again, in new markets through robust investments was underestimated, as we have already stated in our March 2011 investment report. Under Satya Nadella, whose tenure as head of Microsoft began in 2014, the group was able to re-emerge as a top player in this field of technology with future-orientated products such as Cloud Computing and Artificial Intelligence. The cutting edge product in the field of cloud computing is the Azure platform. This helps companies to shift parts of their information technology on to the Internet. Nadella counts on benefitting from Microsoft's many years of relations with companies as it competes with Amazon Web Services. And he

sets himself apart from the rest with an approach known as 'Hybrid Cloud', which enables customers to keep a flexible part of their infrastructure on site, instead of having to locate it externally. Success is proving him right. Recently, a number of prominent companies - including some DAX groups - have again signed Azure contracts. "Leading organisations of all sizes and in all industries trust Microsoft," said Nadella, when presenting the current quarterly figures. This trust, combined with maximum customer benefit, is the basis of Nadella's success. The past quarter saw sales rise by 14%, with profit rising by even 19%. Azure was the star with 73% growth, followed by Office 365 with 30%. Marketing software Dynamics 365, Microsoft's answer to Salesforce, grew by 43%. Career networking tool LinkedIn grew by 27%, tablets and laptops under the 'Surface' brand enjoyed a 21% increase in sales. Even the Windows operating system, which in recent years had suffered through the decline in the market for personal computers, grew again by 9%. All this underpins the massive effect of networking, which Microsoft benefits from. The cost of switching suppliers is high, the whole ecosystem becomes more valuable and the group is focused on even more growth. A two-figure increase in sales is anticipated for the 2019/2020 financial year. In addition, there will be an attractive distribution yield from dividends and share buybacks amounting to around 4%. This means that for us Microsoft is still a core investment in our fund.

Sincerely yours



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