

Legendary Investors

Ken Fisher's Picks

Filtered by risk

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Investment strategy and key holdings

AUM \$148 bn

- Ken Fisher is the CEO and CIO of Fisher Investments. He is the son of legendary investor, Philip Fisher.
- He has been writing Forbes' prestigious "Portfolio Strategy" column for over two decades.
- During his many years of money management and market commentary, Ken has distinguished himself by making numerous, accurate market calls, often in direct opposition to Wall Street's consensus forecast
- He believes that all widely known information has already been priced into the market. The way to add value is to identify information not widely known, or to interpret widely known information differently and correctly from other market participants.

| Company Name | % of Portfolio | Value | Average Buy Price |
|--------------------------|----------------|----------|---------------------------|
| Apple Inc | 5.26% | \$ 7.78B | <u>\$41.42</u> (+254.2%) |
| Microsoft Corp | 4.57% | \$ 6.76B | <u>\$99.49</u> (+150.5%) |
| Vanguard Scottsdale Fds | 2.94% | \$ 4.35B | <u>\$88.58</u> (-12.1%) |
| Amazon Com Inc | 2.87% | \$ 4.25B | <u>\$52.03</u> (+79.7%) |
| Alphabet Inc | 2.48% | \$ 3.68B | <u>\$61.76</u> (+44.3%) |
| Home Depot Inc | 1.77% | \$ 2.62B | <u>\$137.02</u> (+116.5%) |
| Asml Holding NV | 1.74% | \$ 2.58B | <u>\$246.8</u> (+150.6%) |
| American Express Co | 1.45% | \$ 2.14B | <u>\$86.74</u> (+100.9%) |
| Freeport-mcmoran Inc | 1.37% | \$ 2.03B | <u>\$18.74</u> (+112.9%) |
| Netflix Inc | 1.28% | \$ 1.90B | <u>\$423.64</u> (-25.1%) |
| Salesforce Inc | 1.24% | \$ 1.84B | <u>\$168.15</u> (-3.5%) |
| Taiwan Semiconductor Mfg | 1.23% | \$ 1.82B | <u>\$25.41</u> (+246.8%) |

Source:
SEC 13F
filing

Adobe

Consensus target
\$381 (+19%)

Portfolio weight: 1.15%

Market price: \$321

Investment : \$1.71 bn

Fisher's fund average cost: \$328

Profile: Adobe is the largest provider of visual content applications used by a diverse set creative professionals. Digital media and digital experience are its two main segments that accounted for 73% and 25% of its revenue in FY 2022. Under digital media, Creative Cloud (Photoshop, Lightroom, Illustrator apps) posted a growth of 13% YoY while Document Cloud (Acrobat) revenue grew 19% YoY in FY 2022. Digital experience serves B2B and B2C clients through its Adobe Experience platform.

| Fundamentals | | Outlook |
|-----------------------------------|--------------|--|
| Mcap | \$147 bn | Adobe has a strong competitive advantage in digital media and digital experience serving Enterprises and Small Business Owners around the World. The company has guided a 9% YoY growth in revenue and a 12% YoY growth in EPS in FY 2023 (excluding its announced Figma acquisition). |
| P/E (2023E) | 20.9x | |
| Year end | November | |
| EPS 2024E | \$17.51 | Adobe wants to acquire Figma which it believes will perfectly complement its current products but it faces a potential regulatory block and there is uncertainty at this point on receiving deal clearance though the management hopes it will go through. |
| EPS 2023E | \$15.31 | |
| Next earnings day | Mar 15, 2023 | Creative and Document cloud enjoy a 90% gross margin while for Experience it is in the mid – 60's. As Creative and Document are growing faster than Experience, gross and operating margins should expand in the near-term. |
| Div yield (Excl. withholding tax) | | |
| ROE | 33% | The company is expected to continue its return of share capital to investors through buybacks. The stock currently trades at an attractive level. |
| Institutional holding | 86% | |

AMD

Consensus target
\$93 (+19%)

Portfolio weight: 1.13%

Market price: \$78

Investment :\$1.68 bn

Fisher's fund average cost: \$84

Profile: AMD is a leading supplier of microprocessors and graphics semiconductors. It has four business segments – Data Centers (servers), Client (PC, notebook), Gaming and Embedded. Data Center and Embedded revenue are its key growth drivers while Client and Gaming segments were weak in 2022 due to weak PC and gaming demand .

| Fundamentals | | Outlook |
|-----------------------------------|--------------|--|
| Mcap | \$126 bn | The company reported a 20% YoY growth in operating income in its data center segment on a 42% YoY growth in revenue. This was due to robust sales of its EPYC server processors and its acquisition of Xilinx . Xilinx boosted sales of its Embedded segment primarily through automobile and medical imaging clients. |
| P/E (2023E) | 25.6x | |
| Year end | December | |
| EPS 2024E | \$4.33 | The chip industry is planning to investing heavily into Generative AI tools after the success of ChatGPT. Nvidia is currently the market leader in AI processors commanding an 80% share. |
| EPS 2023E | \$3.05 | |
| Next earnings day | May 01, 2023 | Bank of America expects that by 2027, Generative AI could add \$20 bn annually to AI chip sales. AMD expects its AI investments to grow from 2024. Microsoft, Alphabet, Baidu are all developing AI capabilities for their search engines. |
| Div yield (Excl. withholding tax) | | |
| ROE | 4% | AMD has a strong balance sheet and is expected to deliver healthy free cash flow over the next two years that can support its buybacks. |
| Institutional holding | 72% | |

BlackRock

Consensus target
\$784 (+14%)

Portfolio weight: 0.85%

Market price: \$683

Investment :\$1.26 bn

Fisher's fund average cost: \$573

Profile: BlackRock is the world's largest asset manager managing around \$8.6 T of assets at the end of 2022. Equity products accounted for 51%, fixed income around 30%, cash management and multi-asset class around 8% each of its AUM. Its iShares segment is the largest ETF provider in the world. It is a tech enabled asset manager serving both institutional and retail investors.

| Fundamentals | | Outlook |
|-----------------------------------|--------------|---|
| Mcap | \$102 bn | Despite poor equity and fixed income market performance in 2022, BlackRock attracted \$307 bn of total net flows with Q4 2022 attracting a net flow of \$146 bn. Revenue decreased 8% YoY in 2022 due to lower fees and strength in dollar. |
| P/E (2023E) | 19.5x | |
| Year end | December | |
| EPS 2024E | \$39.90 | Active strategies accounted for 61% of its base fees in 2022 while passive ETFs accounted for the balance. In terms of region, Americas account for 65%, EMEA 29% and Asia Pacific 6% of its base fees. |
| EPS 2023E | \$35.04 | |
| Next earnings day | Apr 11, 2023 | BlackRock enjoys a dominant position in ETFs along with Vanguard and State Street and differentiates itself from competition in terms of product range, technology enabled solutions for asset managers. |
| Div yield (Excl. withholding tax) | 2.4% | |
| ROE | 14% | The company has returned \$4.9 bn to its shareholders in 2022 through cash dividends and share buyback. It has a robust well diversified platform that can hold through very rough market conditions. |
| Institutional holding | 81% | |

Veracyte

Consensus target
\$32 (+33%)

Portfolio weight: 0.03%

Market price: \$24

Investment :\$50 mn

Fisher's fund average cost:

Profile: Veracyte is a diagnostics company that assists clinicians in early detection and prognosis of various types of cancer. The company's tests use innovations in genomic technology and machine learning to provide the most accurate diagnoses in treating prostate, thyroid, lung and breast cancer.

| Fundamentals | | Outlook |
|-----------------------------------|--------------|--|
| Mcap | \$1.7 bn | Revenue from tests grew 33% YoY in 2022 while total revenue was higher by 35% . Q4 2022 total revenue rose 19% YoY . Operating loss fell nearly 50% to \$41 mn which is a healthy sign. This was significantly above consensus estimate. |
| P/E (2023E) | Negative | |
| Year end | December | |
| EPS 2024E | -\$0.31 | The company generated an operating cash flow of \$9.7 mn in Q4 2022 recording its best ever till date largely due to their prostate and thyroid diagnostic tests. The Company has guided a revenue of around \$330 mn in 2023, around 11% higher at constant currency. |
| EPS 2023E | -\$0.48 | |
| Next earnings day | May 01, 2023 | Veracyte has submitted Envisia, genomic classifier for lung cancer to regulators in Europe in Dec 2022. If approved, this can be a major catalyst for the company as it has a large addressable market. |
| Div yield (Excl. withholding tax) | - | |
| ROE | Negative | |
| Institutional holding | 105% | |