



Trend Watch *Mega Cap Tech*

September 2022

A Letter From Our Founders

This month, some big names caught our eye. MEGA CAP big.

These are companies that have a market capitalization higher than \$200 billion.

Companies that are proven. Tested. Still poised for growth.

Because these are “tech” first companies. And consumer trends confirm tech isn’t going anywhere.

As fate would have it, these companies have also been beaten down in the last year – partly because of their “tech” association alongside other macro factors like inflation, global conflict, and supply chain hurdles.

Check out share performance since highs at the end of '21:

- GOOGL: -29%
- AAPL: -13%
- META: -59%
- NVDA: -59%
- NFLX: -67%

But LikeFolio data shows that *consumer demand is still growing for these names*. This is the kind of set up we dream about.

Enjoy,

Andy and Landon Swan



Mega Cap Tech – Overview

Alphabet (GOOGL)

Google is demonstrating growth in three critical consumer-facing areas: discovery, streaming, and cloud services. Its search functionality is threatening niche aggregators like Expedia and Booking, its YouTube TV live offering is besting all other players in the market, and its Cloud Platform growth shows signs of market share steal from Amazon and Microsoft.

Apple (AAPL)

Apple capped off a strong annual keynote event in early September. Each of the three product areas featured recorded higher levels of consumer enthusiasm versus 2021, a positive indicator for future growth. Apple is leveraging new devices to attract new users into its ecosystem and retain existing customers. This ecosystem approach has translated to growing services revenue.

Meta Platforms (META)

Meta Platforms, previously known as Facebook, underwent a major rebrand in 2021. The company is betting on its long-term vision of the metaverse and corresponding virtual reality investments. In the near term, data suggests Instagram is outperforming the company's namesake social platform and is well positioned to capture advertising spend.

Nvidia (NVDA)

Nvidia shares have shed value as consumer interest in gaming and cryptocurrency wanes in 2022. However, the company's vision for growth is tied to development of its AI/self driving and data center solutions. Keep an eye on government-imposed restrictions and exclusions on Nvidia's business operations in China.

Netflix (NFLX)

Netflix is making a transition in focus from new subscribers to the monetization of its subscribers. A new ad-supported tier could change the game (and the bottom line) for this streaming leader. In addition, a shift away from its binge model in favor of staggered content releases could promote user retention. LikeFolio data shows that Netflix has closed the happiness gap it once recorded versus other streaming peers, like Disney+, a positive sign for future growth.

Trend Watch



LikeFolio

Macro Trend Watch:

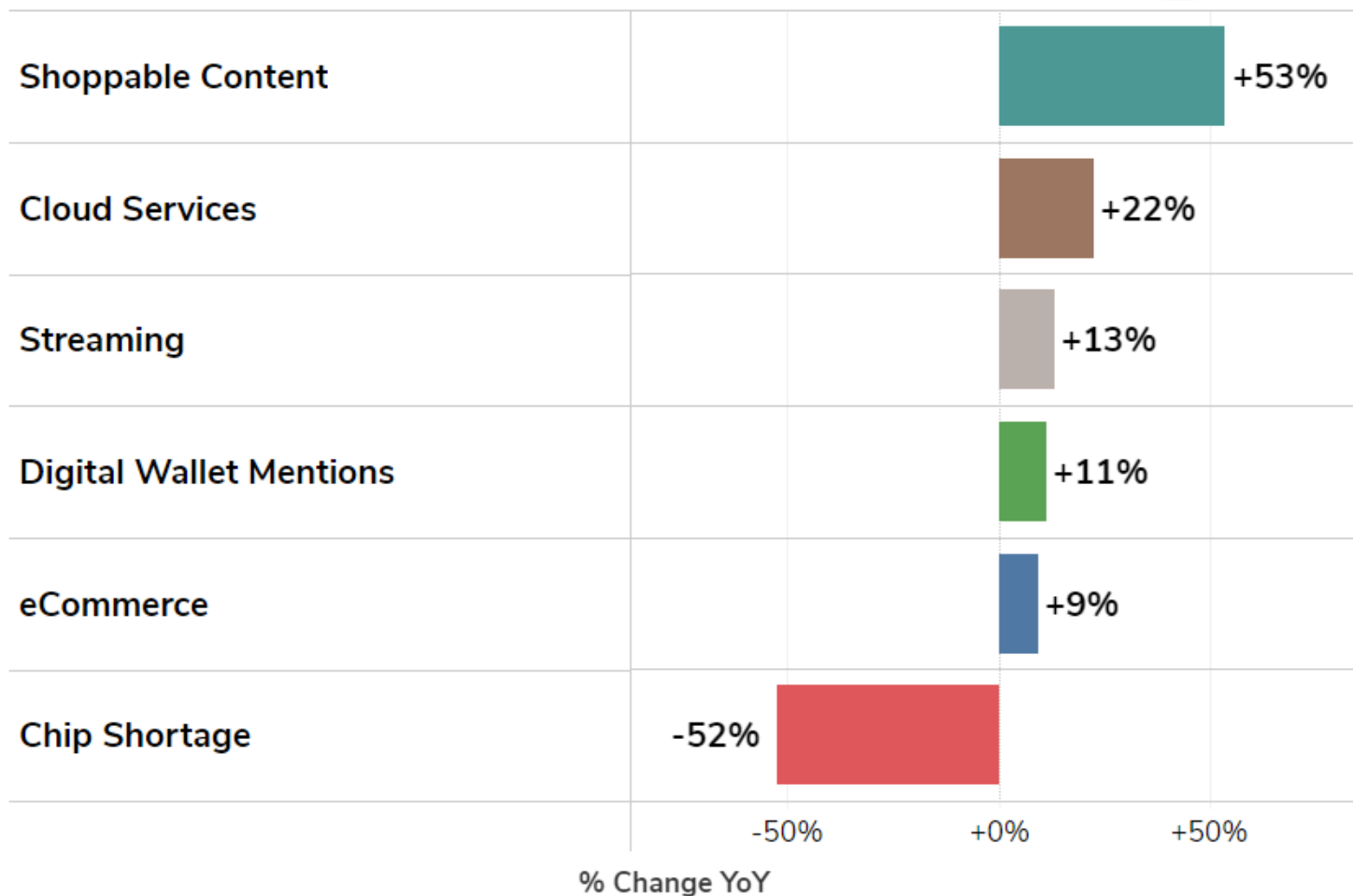
The Mega Cap Tech names featured in this report operate in at least one of the trend categories listed on the chart to the right.

As consumers continue to shift business and regular life activities online – from shopping to streaming – businesses and individuals are increasingly relying on companies that help accomplish digital goals.

In the meantime, major players in the Mega Cap Tech sectors have recorded significant drops in share value among overall market weakness.

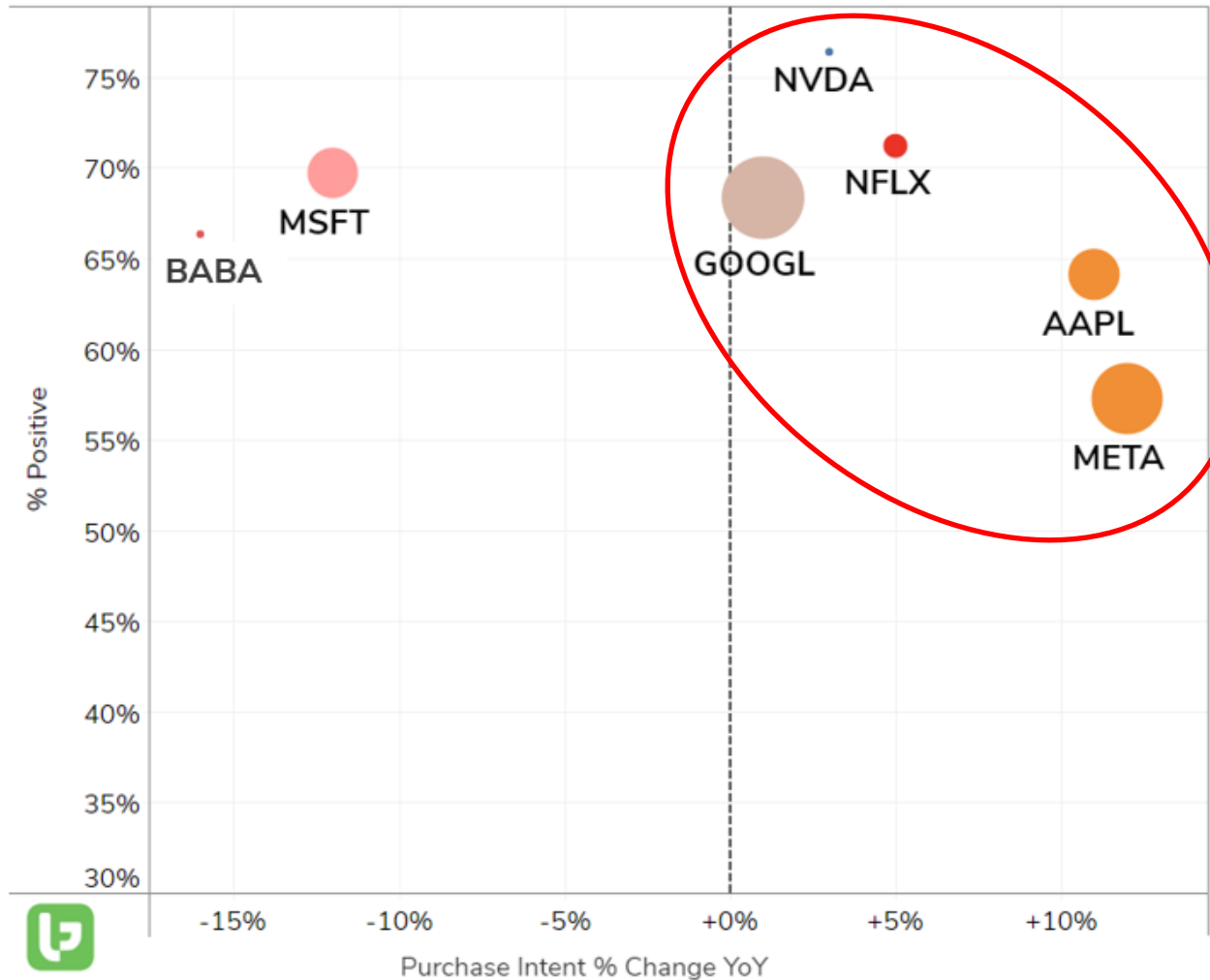
Trend Watch: Tech Services

YoY % Change, 90-day Moving Average



Mega Cap Tech: Winners vs. Losers

Purchase Intent vs. Sentiment, 90-day Moving Average





GOOGL



Key Points

GOOGL

Alphabet Inc.



Money Dial: Bullish

70



Purchase Intent:

+7 QoQ, +15% YoY

Trend Watch:

Cloud Services: +22% YoY

Sentiment:

68% Positive

Actionable Trade Ideas

Buy Alphabet Inc. (GOOGL) stock up to \$120/share**

Alternative approaches would include selling OTM put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

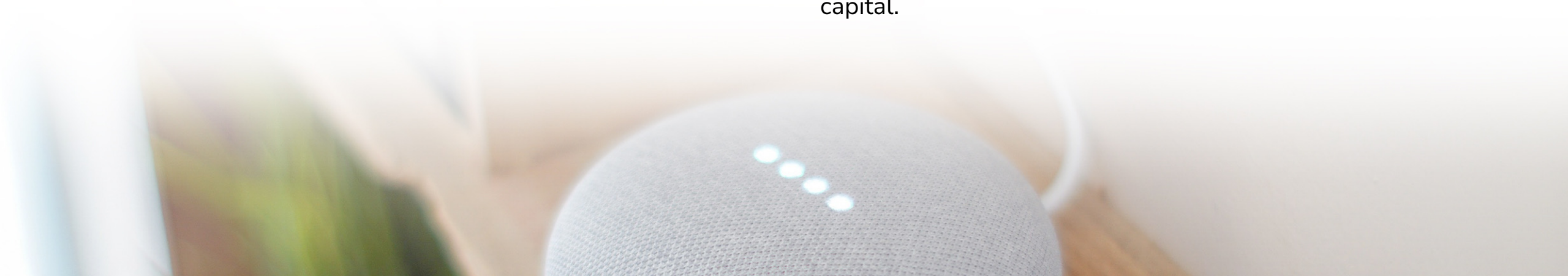
We believe this stock could gain by more than 50% within the next two years.

Buy GOOGL Sep. '23 115/125 Call Spread @ \$4.75

Max Gain: GOOGL trading above \$125 on Sep. 15, 2023:
+\$525 per contract

Max Loss: GOOGL trading below \$115 on Sep. 15, 2023:
-\$475 per contract

****ON ALL TRADES**, it is important to use proper risk management to correctly allocate and protect your capital.



Consumer Buzz:

Google Alphabet rakes in more than 160,000 mentions from consumers related to its suite of products and services every day.

Top drivers of buzz aside from Google's namesake brand:

- YouTube
- Android
- Gmail

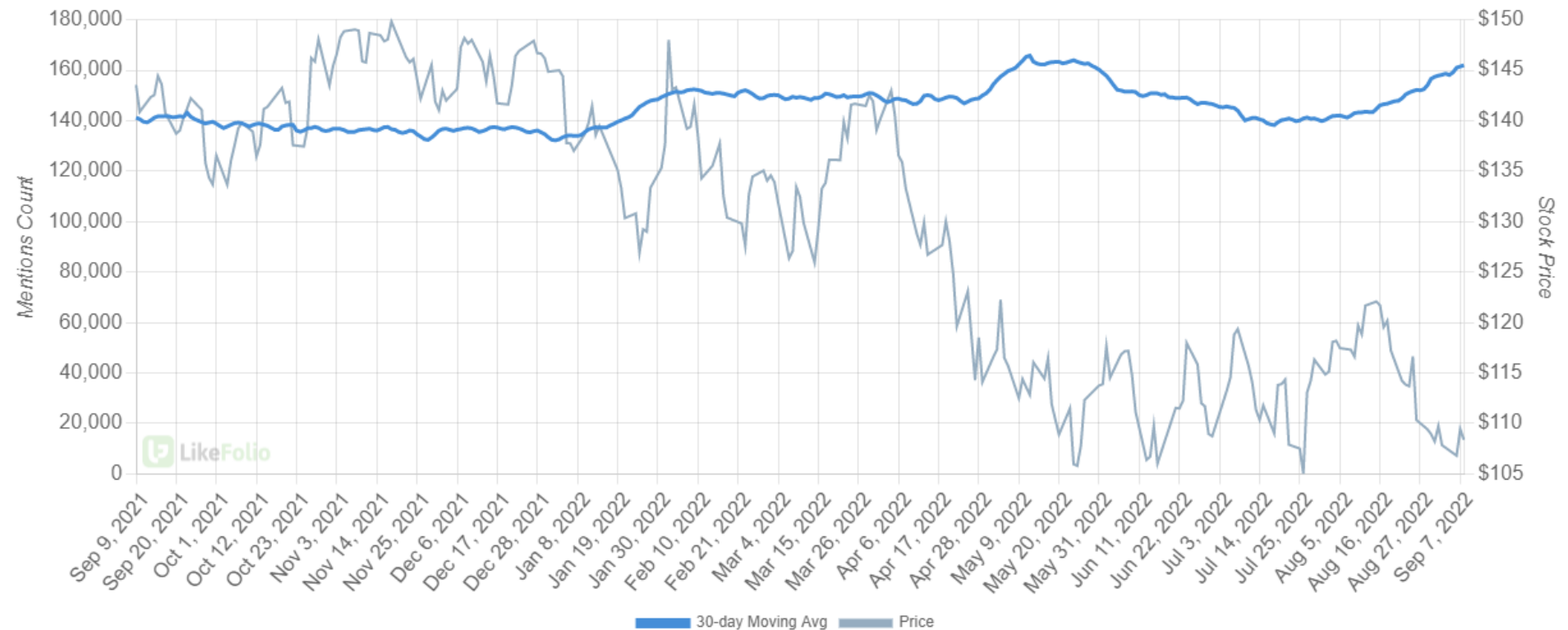
Across the board, Google Mention volume has risen by +15% YoY.

GOOGL: Brand Buzz Remains Strong

Google (GOOGL): Full Company

Mentions Count

30-day change: QoQ: +7%, YoY: +15%



Macro Trend Watch:

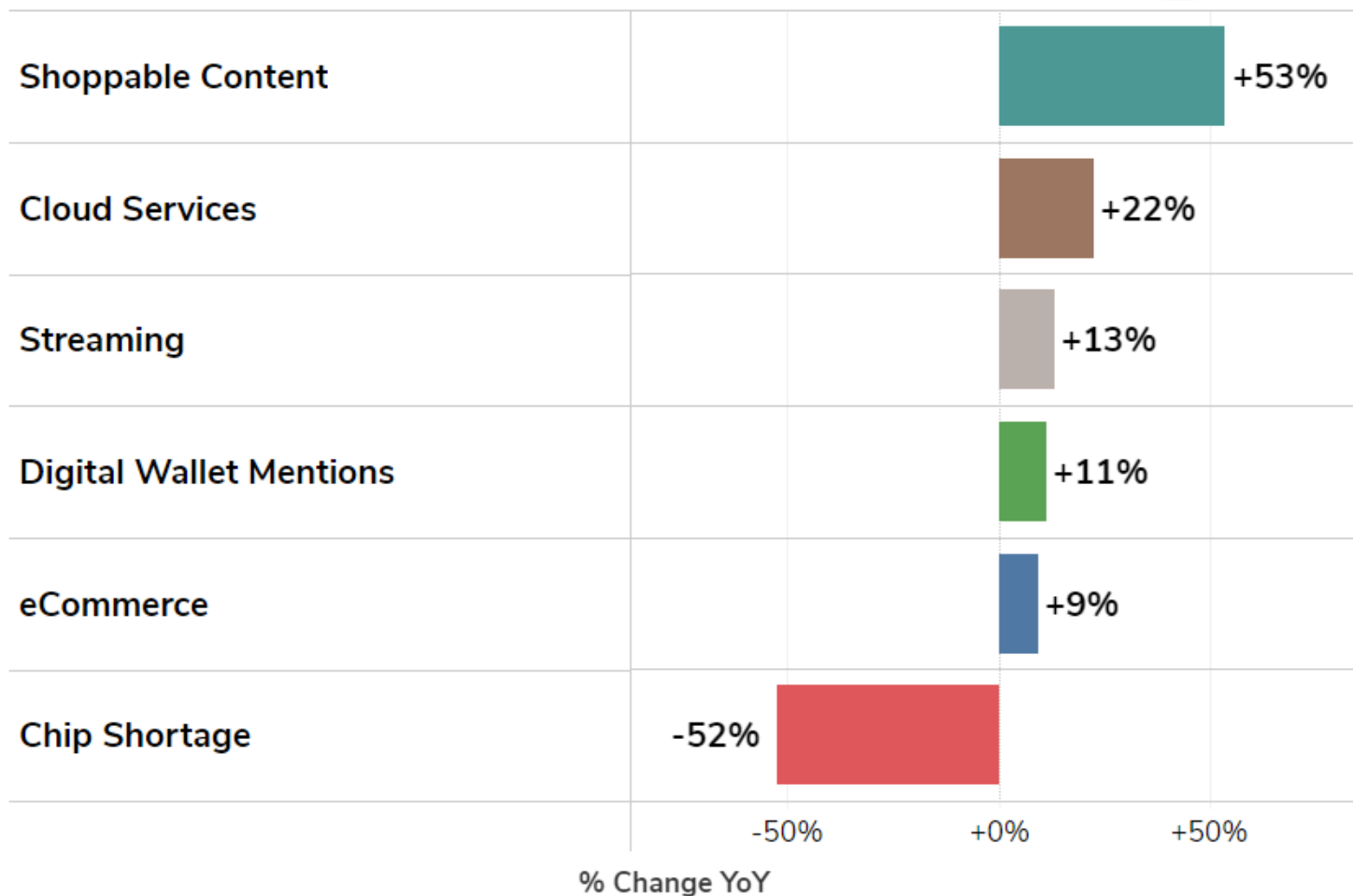
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As consumers continue to shift business and regular life activities online – from shopping to streaming – businesses and individuals are increasingly relying on companies that help accomplish digital goals.

Google's top areas of growth are propelled by these macro trend tailwinds.

Trend Watch: Tech Services

YoY % Change, 90-day Moving Average



Consumer Demand:

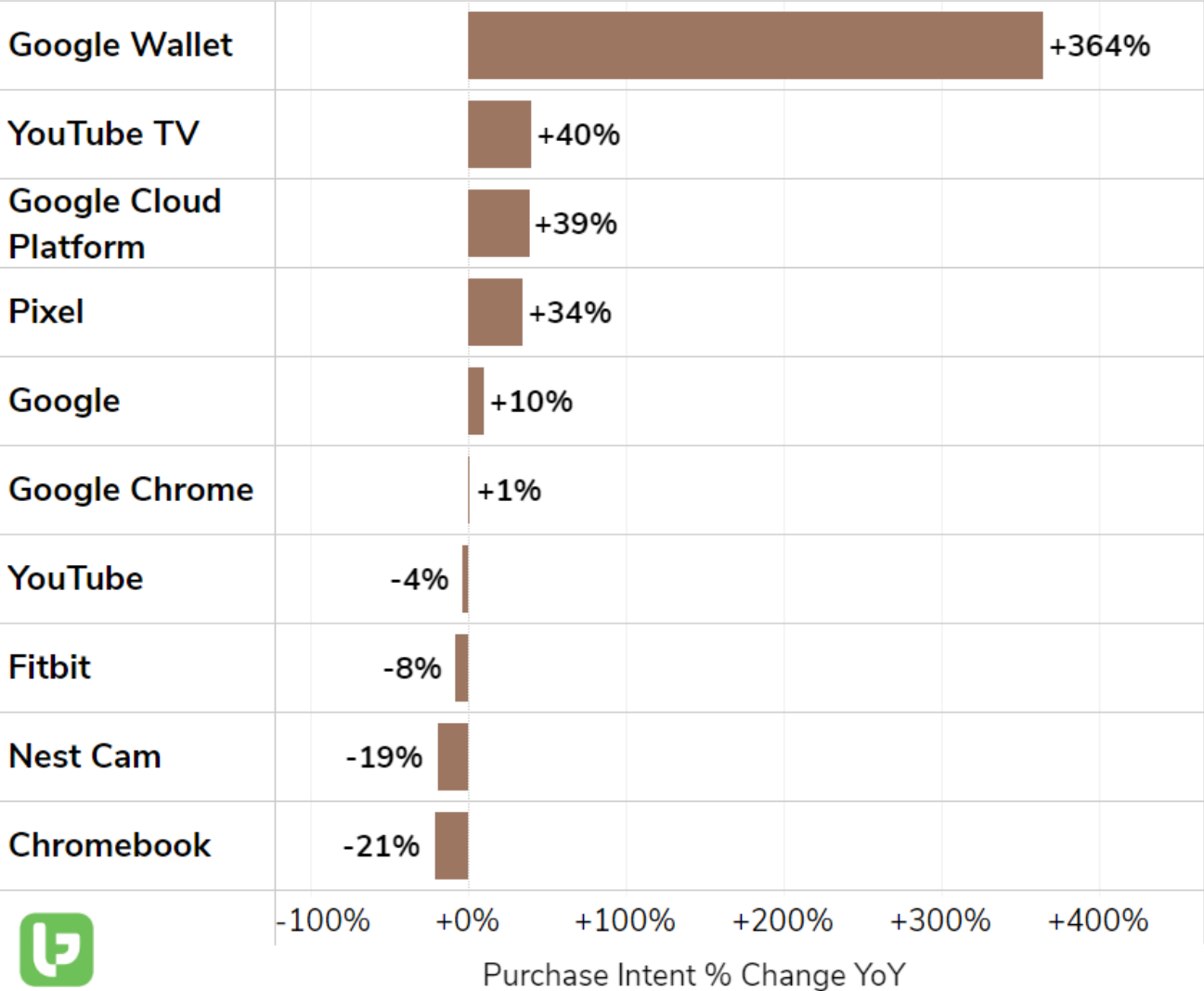
Consumer demand for Alphabet products is growing in 5 key sectors: digital wallet usage, streaming, cloud services, mobile devices, and search.

On the flipside, devices including the Fitbit, Chromebook, and Nest Cam are showing relative weakness.



GOOGL: Wallet, YouTube TV, Cloud Growth

YoY Change in Purchase Intent, 30-day Moving Average



Consumer Demand:

Google Wallet and related-but-not-the-same service Google Pay have a confusing history.

The company is rebranding both services in an attempt to model its service similar to Apple's corresponding services (Apple Pay and Apple Wallet).

After shifting Google Wallet functionality into Google Pay in 2018, the company split the services in summer 2022.

Now, Google Wallet serves as the ultimate payment housing application, allowing consumers to store credit cards, debit cards, boarding passes, car keys, etc. Google Pay will retain its name and function as a service within the Wallet app.

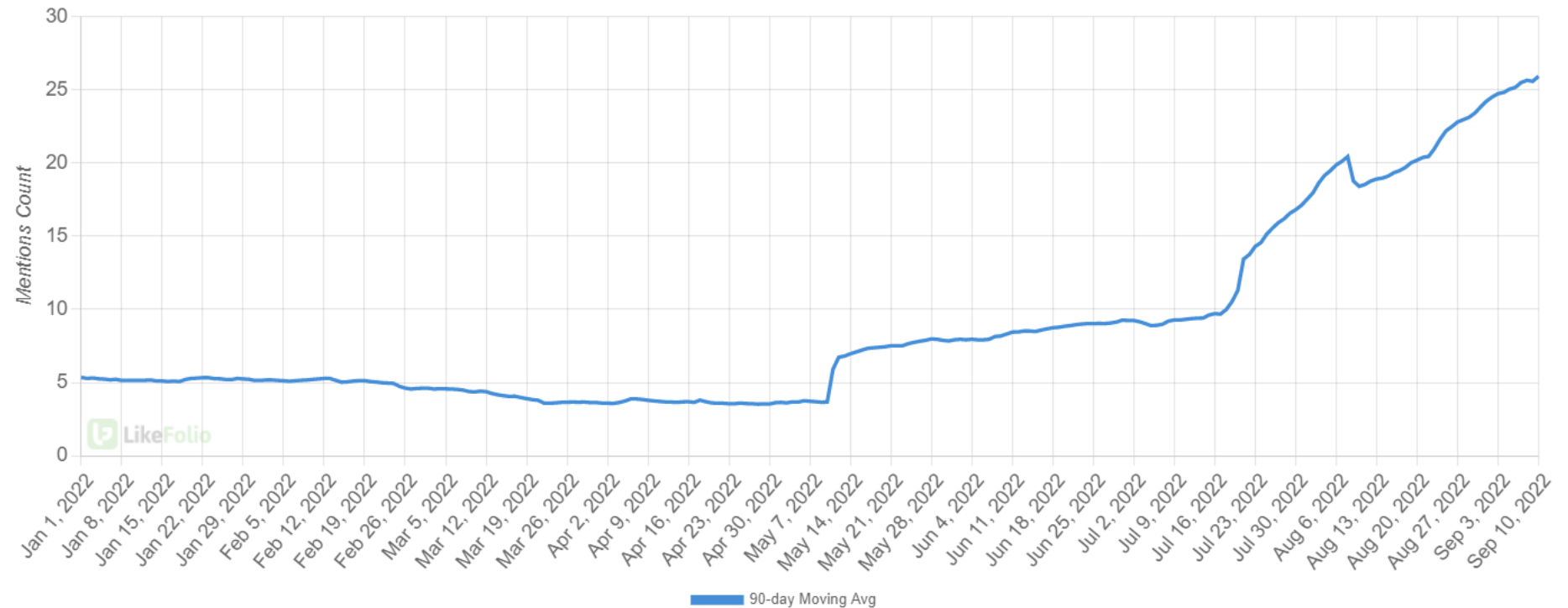


GOOGL: Google Wallet Rebrand

Google (GOOGL): Google Wallet brand

Mentions Count

90-day change: QoQ: +207%, YoY: +419%



Consumer Demand:

Collectively, Amazon Web Services (AWS), Microsoft Azure, and Google Cloud account for 65% of global cloud infrastructure services.

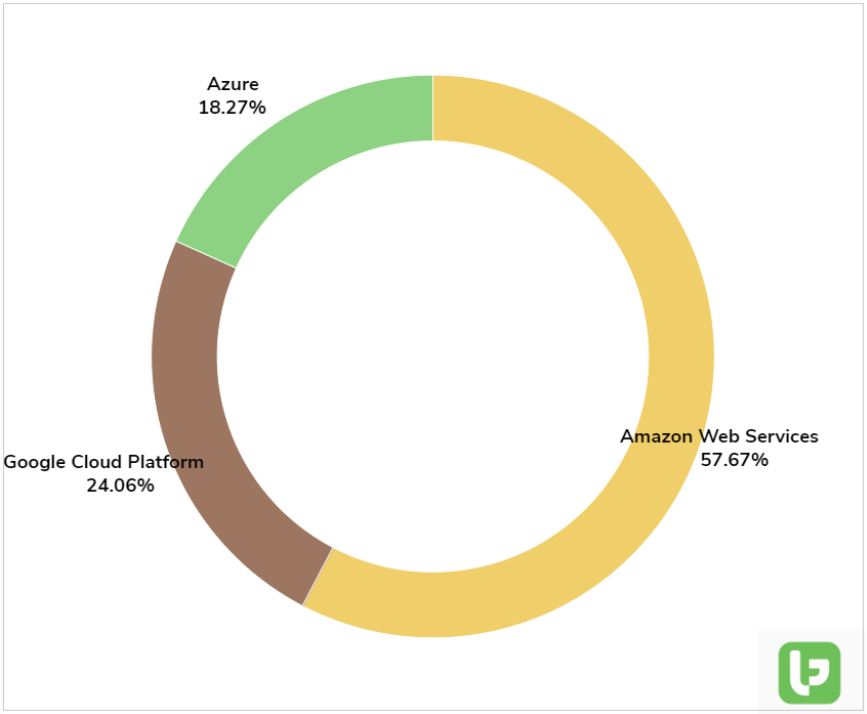
Google generated \$6.28 billion in total cloud sales in the second quarter, trailing AWS (\$19.74 billion) and Microsoft Cloud (\$25 billion), though Microsoft doesn't break out its Azure results specifically.

LikeFolio data reveals Google Cloud is growing at the fastest clip, while Amazon Web Services holds the majority of consumer mind share.

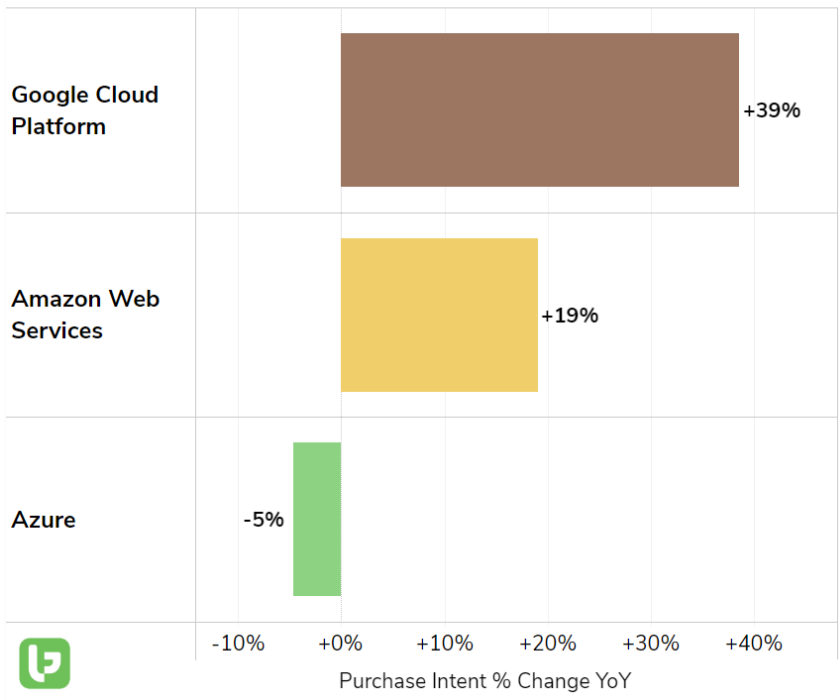


GOOGL: Google Cloud Expansion

Purchase Intent Volume Comparison, Past 90 Days



YoY Change in Purchase Intent, 30-day Moving Average



GOOGL: YouTube TV Winning Live Stream



Consumer Happiness:

Consumer Happiness with Google products and services is high: 68% positive.

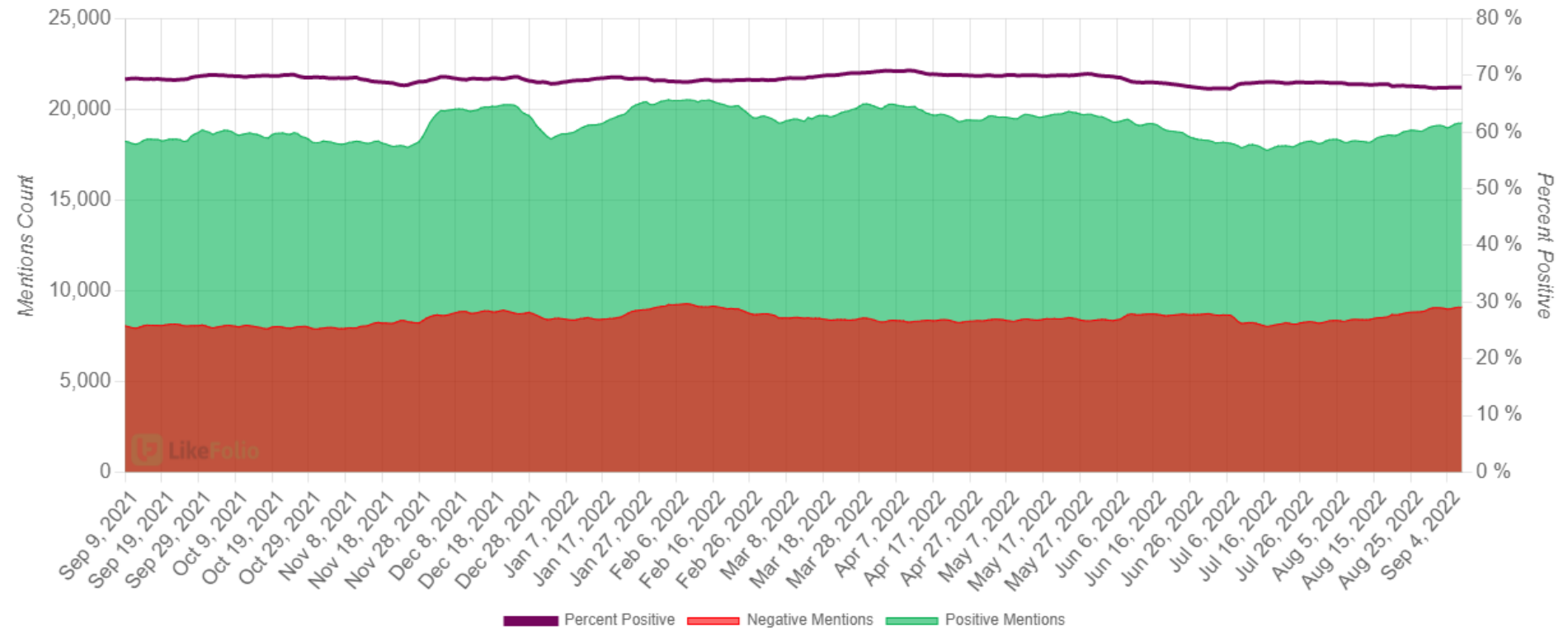
These levels have remained consistent over time.

GOOGL: Happiness Is Stable

Google (GOOGL): Full Company

Consumer Happiness Mentions

30-day change: QoQ: -1%, YoY: -1%



Consumer Happiness:

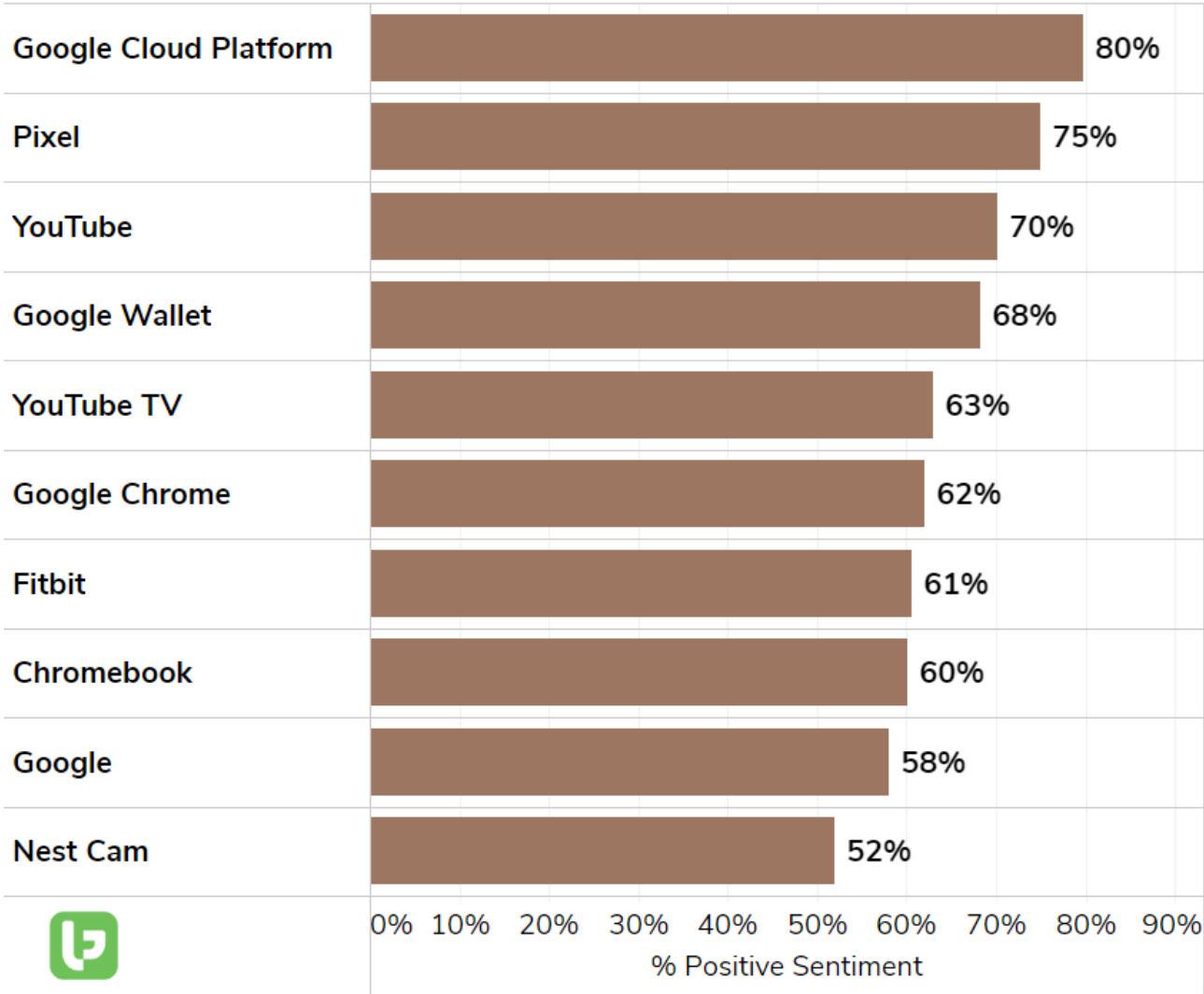
More than 350 brands are housed under Google’s ownership umbrella.

Considering the most consumer-facing brands, happiness levels are driven higher by its Cloud Platform, Pixel mobile devices, and YouTube offerings.



GOOGL: Cloud Platform Drives Happiness

Consumer Happiness Comparison, 30-day Moving Average



Reports and Business Updates

Alphabet [reported](#) weaker-than-expected second-quarter revenue and earnings.

- Slower revenue growth: +13% YoY vs. +62% YoY in '21 when it benefited from pandemic reopening and elevated spending
- Ad revenue growth slowed to +12% (\$56.3 billion) as marketers dialed back spending to manage inflation
- YouTube ad revenue grew +5% YoY to \$7.34 billion vs. +84% growth a year ago
- Facing competition from TikTok in short-form video
- Search and Other revenue grew +14% thanks to travel and retail queries
- Google Cloud revenue was \$6.28 billion (9% of total), but recorded an operating loss of \$858 million
- Battling AWS and Microsoft Azure for market share
- Other Bets segment (includes self-driving unit Waymo, health-tech, venture arms) revenue was up slightly but lost \$1.69 billion

Amid ad spending slowdown and macro uncertainty, CEO Sundar Pichai plans to make the company run “on fewer resources,” hopes to [improve efficiency](#) by 20% in part by reducing headcount of certain teams and merging two products into one. The company launched a “[Simplicity Sprint](#),” an internal project intended to “get results faster” through employee productivity and focus initiatives whereby the company solicits ideas from its 174,000 employees.

Alphabet’s [increased spending](#) on capital projects despite the near-term macro headwinds can be considered a positive signal for investors. Q2 capital spending rose from \$5.5 billion to \$6.8 billion. It is spending on technical infrastructure, particularly servers. The strategy is to invest in deep technology and computer science to build helpful products for the long term.

GOOGL will hold its fall hardware [event on Oct. 6](#) to showcase new phones and its first watch. Event highlights include:

- Pixel 7 and Pixel 7 Pro phones
- First ever smartwatch, the Pixel Watch
- All available for order on the same day
- Also updates to its Nest products (home speakers, networking products, thermostats, doorbells, security cameras)





AAPL



Key Points

AAPL

Apple



Money Dial: Bullish

74



Purchase Intent:

+26% QoQ, +28% YoY

Trend Watch:

Streaming: +13% YoY

E-commerce: +9% YoY

Digital Wallet: +11% YoY

Sentiment:

65% Positive, +5% vs. 2019

Actionable Trade Ideas

Buy Apple Inc. (AAPL) stock up to \$180/share**

Alternative approaches would include selling OTM put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

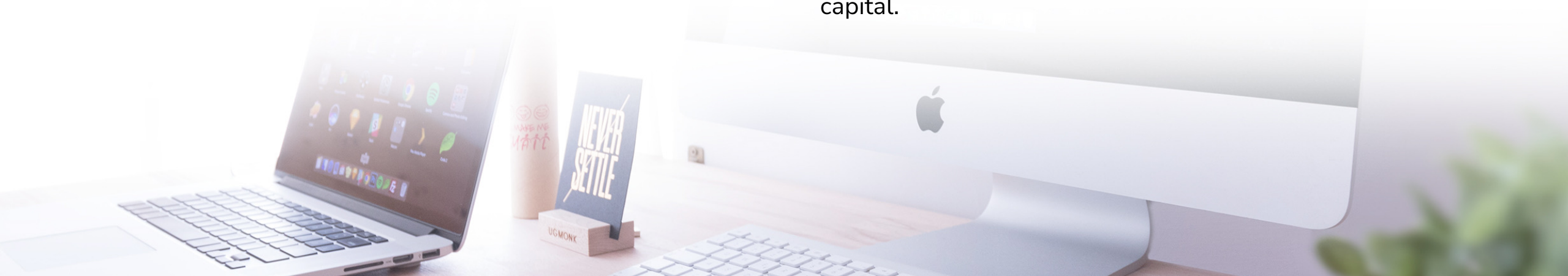
We believe this stock could gain by more than 40% within the next two years.

Buy AAPL Sep. '23 170/175 Call Spread @ \$2.30

Max Gain: AAPL trading above \$175 on Sep. 15, 2023: +\$270 per contract

Max Loss: AAPL trading below \$170 on Sep. 15, 2023: -\$230 per contract

**ON ALL TRADES, it is important to use proper risk management to correctly allocate and protect your capital.



Consumer Demand:

Apple demand volume is driven significantly by purchase intent mentions for its iPhone.

Other major drivers of demand include:

- iPad
- Apple Music
- iOS
- AirPods
- Macbook
- Apple Watch
- Apple Pay

Across the board, Apple Demand has risen by +28% YoY.

AAPL: Demand Rising Post-Keynote

Apple (AAPL): Full Company

Consumer Purchase Intent Mentions

30-day change: QoQ: +26%, YoY: +28%



Consumer Demand:

Apple devices serve as a gateway into Apple's ecosystem.

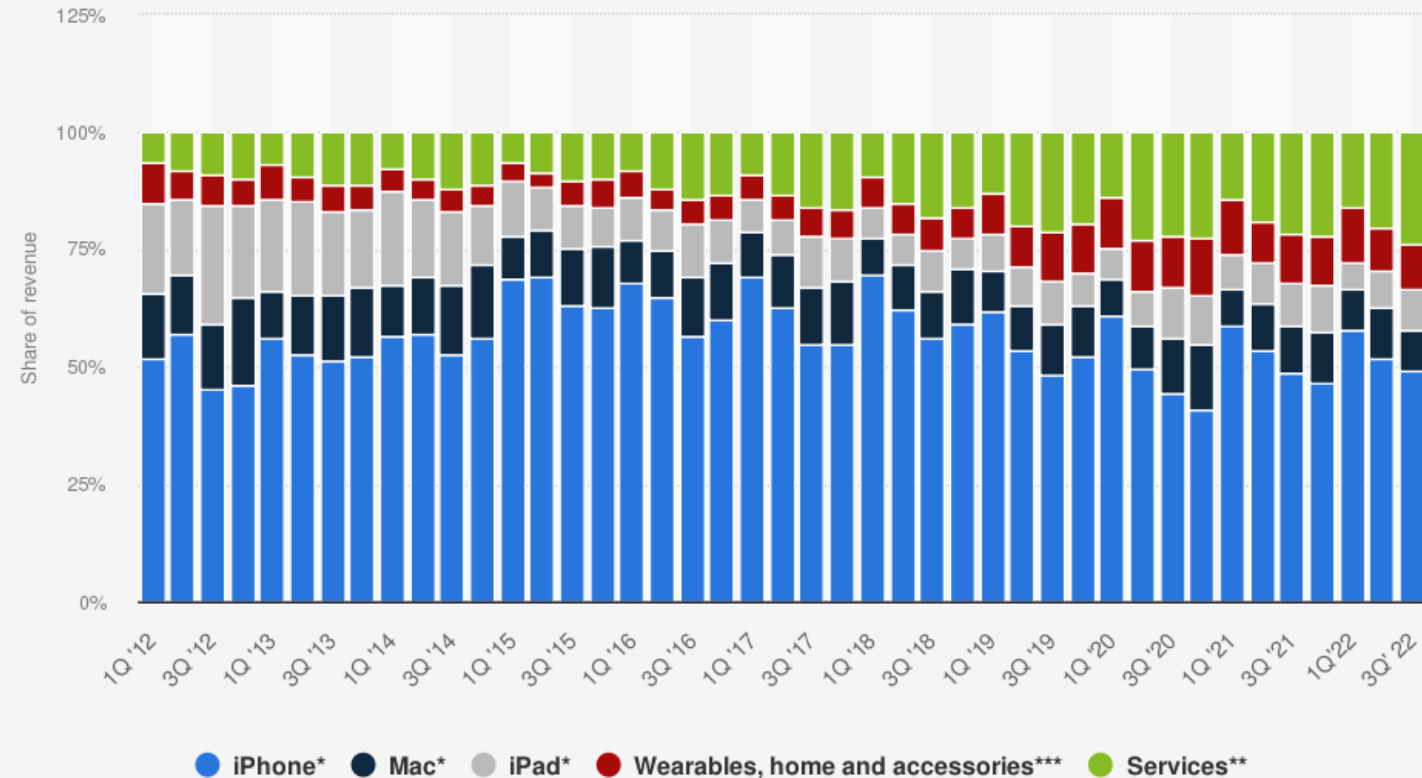
The company is increasingly utilizing this ecosystem to increase adoption of its services (from cloud storage to subscriptions).

Services now account for more than 23% of Apple revenue. A decade ago, services accounted for less than 7% of Apple revenue.



AAPL: Ecosystem Approach Drives Services

Share of Apple's revenue by product category from the 1st quarter of 2012 to the 3rd quarter of 2022



Sources
Apple; Statista
© Statista 2022

Additional Information:
Worldwide; 2012 to 2022

Macro Trend Watch:

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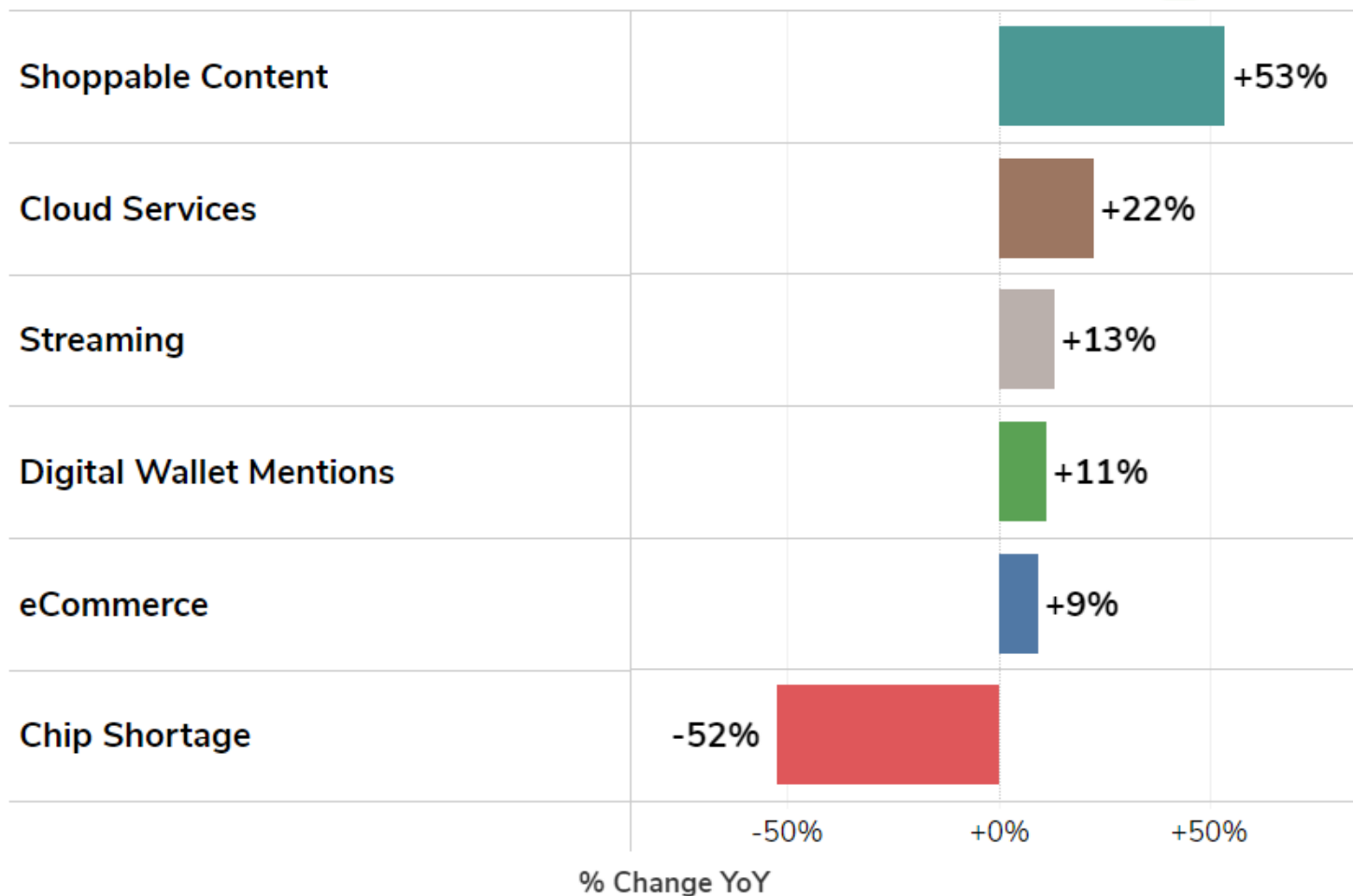
As consumers continue to shift business and regular life activities online – from shopping to streaming – businesses and individuals are increasingly relying on companies that help accomplish digital goals.

Apple's ecosystem serves consumers in nearly every tech service category listed. In addition, the company is making more of its own chips.



Trend Watch: Tech Services

YoY % Change, 90-day Moving Average



Consumer Demand:

Apple hosted its annual keynote event in early September.

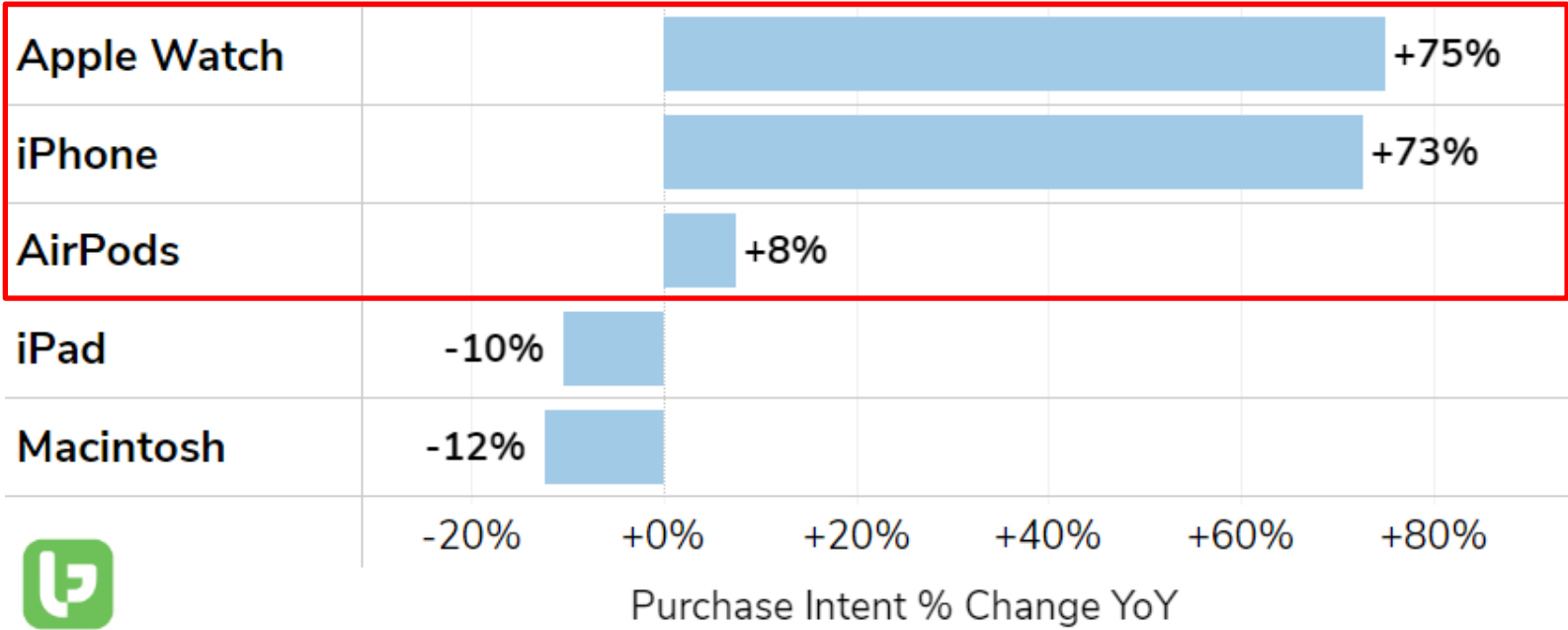
This event featured new product announcements in three device categories:

- iPhone
- Apple Watch
- AirPods

LikeFolio recorded demand growth versus the 2021 keynote in each product category featured.

AAPL: Keynote Update: Device Demand

YoY Change in Purchase Intent, 30-day Moving Average



Consumer Demand:

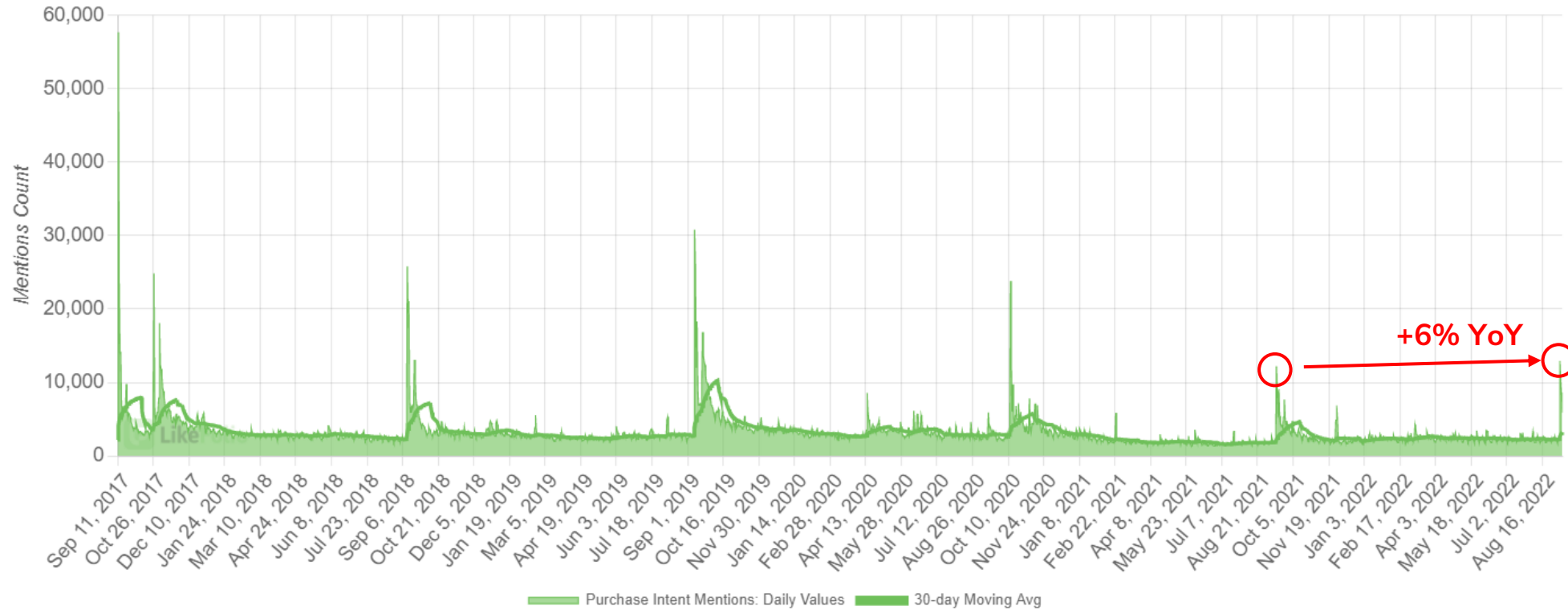
The iPhone 14 lineup was met with consumer demand chatter that was +6% above levels generated last year.

This continues a positive demand streak for Apple, with iPhone demand +44% higher versus last year on a 30-day moving average.

Although no major iPhone changes were announced, qualitative review showed a positive response to Apple's new "Dynamic Island" feature.

AAPL: iPhone Demand Gains Momentum

Apple (AAPL): iPhone brand
Consumer Purchase Intent Mentions
30-day change: QoQ: +33%, YoY: +73%



Consumer Demand:

Consumer Buzz related to Apple's new watch lineup was the highest LikeFolio has recorded in more than four years.

The last time buzz for Apple Watch was this high was in 2018 when Apple released its Apple Watch Series 4, the first Apple Watch to come equipped with an electrical heart rate sensor capable of taking an electrocardiogram (ECG).

In addition, consumer happiness for the Apple Watch jumped +9% higher on announce day, exceeding 74% positive.

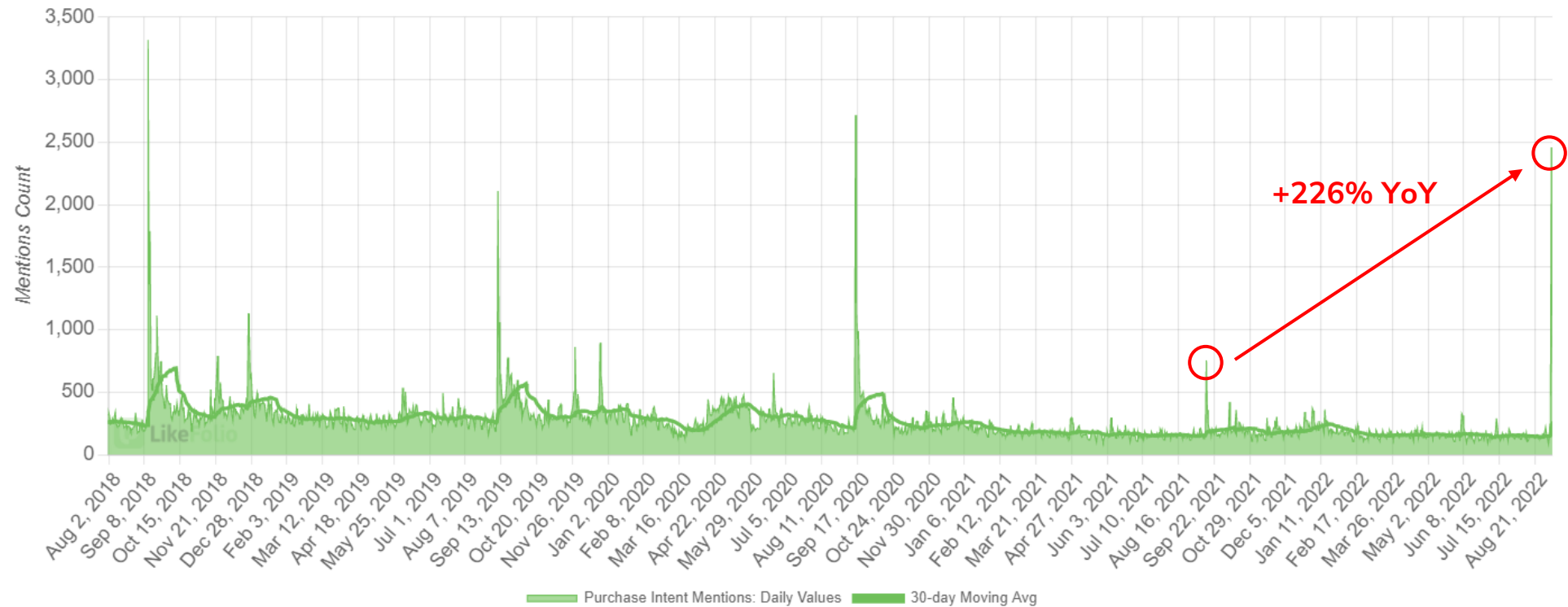


AAPL: Watch Demand Soars

Apple (AAPL): Apple Watch brand

Consumer Purchase Intent Mentions

30-day change: QoQ: +66%, YoY: +75%



Qualitative Review:

LikeFolio analyzed a sample of +1,700 tweets containing an Apple Watch and positive sentiment mention.

The Apple Watch Ultra accounted for 78% of total mention volume, followed by the Series 8 at 16% and the SE at 6%.

This is a positive indicator for Apple's bottom line because the Ultra carries the heftiest price tag of the bunch at a whopping \$799.



AAPL: Consumers Prefer Premium Watch

Quinn Nelson @SnazzyQ · 17h
My review of the keynote (not memeing anymore):

Tim Cook: human man
Apple Watch Series 8: sure, ok
Apple Watch SE: die
Apple Watch Ultra: ugly cool
Watch Ultra Product Video: **100**
AirPods Pro 2: yeeeeee boi
iPhone 14: already got that
iPhone 14 Pro: gotta get that

29 54 1,440

Brigham Yates @Brigham10
Replying to @SnazzyQ

Apple Watch Ultra is RAD! 4 either close friends or family who all wear Garmin Fénix watches are now actually interested in the Apple Watch. They have all been waiting for a bigger watch, battery, and outdoor focused. So glad we get a different design. Looks cool.

10:49 PM · Sep 7, 2022 · Twitter for iPhone

Adam Fletcher @PezRadar

I caved and preordered an Apple Watch Ultra.

I just want to be ultra.

11:29 PM · Sep 7, 2022 · Twitter Web App

Joe @newoldjoe · 1h
My first and current **Garmin**. Might be time to jump ship with the **Apple Watch Ultra** now that it can last more than 18 hours.



16:46

10:49 PM · Sep 7, 2022 · Twitter for iPhone

Thomas @0xtlt

The Apple Watch made me want to start working out, the Apple Watch ultra may make me want to do activities I would never have imagined doing before 🙄

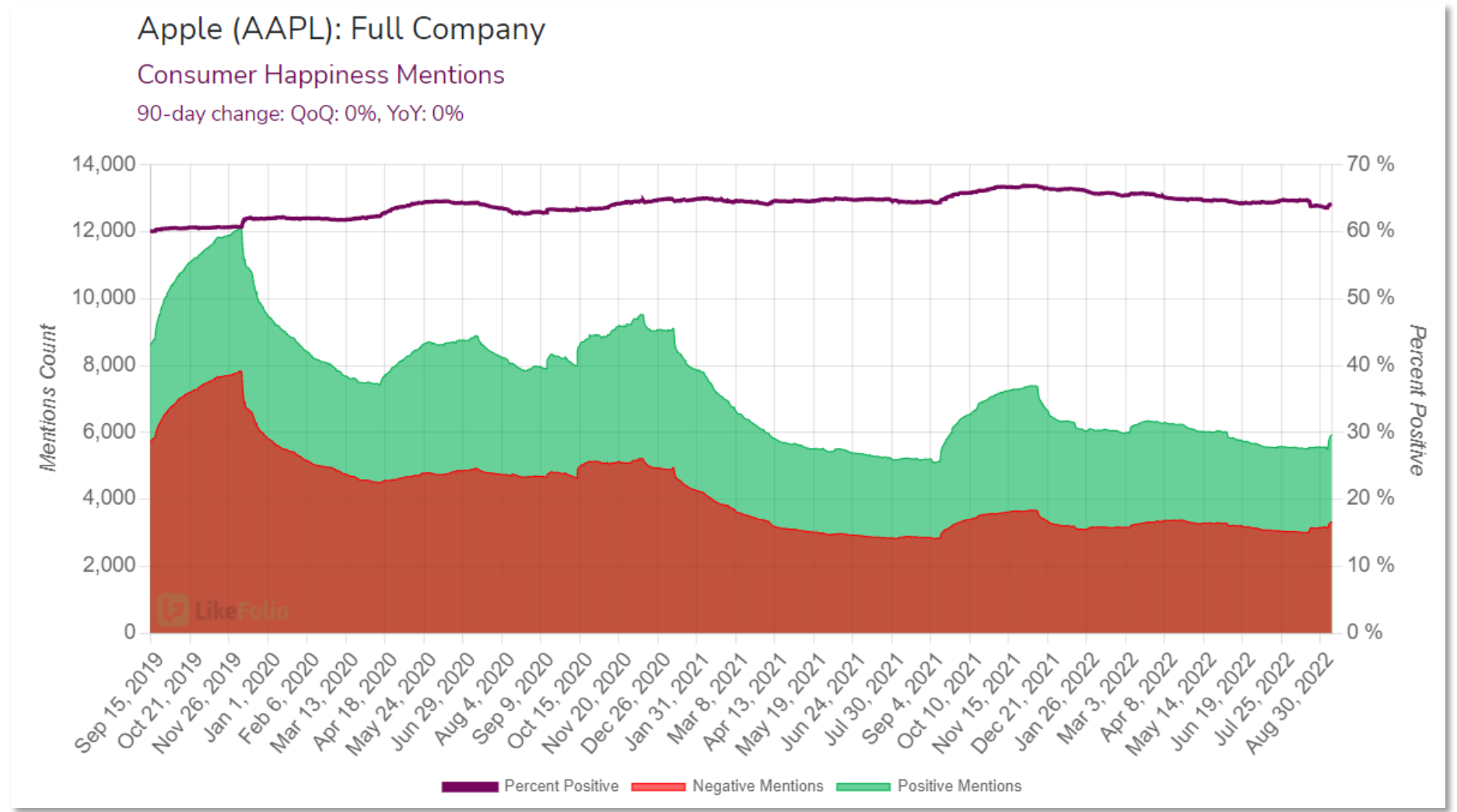
7:49 AM · Sep 8, 2022 · Tweetbot for iOS

Consumer Happiness:

Apple Consumer Sentiment has remained near 65% positive over the last year.

This represents a +5 point boost versus pre-pandemic levels, indicative of long-term consumer happiness.

AAPL: Happiness Is Rising



Reports and Business Updates

Apple hosted its annual keynote event on Wednesday, Sept. 7, and initial consumer response has proven to be a forward-looking indicator for device sales according to LikeFolio data. [Event product announcements](#):

- **iPhone: iPhone 14 and iPhone 14 Plus (standard models); iPhone 14 Pro and iPhone 14 Pro Max (high end models)**
- iPhone 14 has new 12-megapixel main camera, comes with new autofocus for front camera, equipped with emergency SOS via satellite
- iPhone 14 Plus replaces iPhone 13 mini model with larger 6.7-inch display
- iPhone 14 Pro comes with 48-megapixel camera, better low-light photography
- iPhone 14 priced at **\$799**; iPhone 14 Plus at **\$899**; Pro at **\$999**; and iPhone 14 Pro Max at **\$1,099**
- **Apple Watch: SE, Series 8, Ultra**
- SE (second generation) is [tailored to new Apple users](#), users on a budget, and younger users. The second generation is 20% faster versus the 2020 version, and pricing starts lower: **\$249** versus \$279.
- Series 8 features an added temperature sensor and Crash Detection; available in four standard colors and three stainless steel finishes; priced at \$399 for GPS edition and \$499 for GPS + Cellular edition
- Ultra is the largest and brightest Apple watch to date; three microphones for improved sound quality; extended battery life (60 hours on low-power setting; accommodating of “extreme” environments; priced at **\$799**
- **AirPods Pro** feature personalized spatial audio with touch control; added speaker to the bottom of case; priced at **\$249**

[Apple did not raise the price of its iPhone 14 lineup](#) in the U.S. and China but did raise it in other markets (U.K., Australia, Japan, Germany), likely due to the strong dollar and increased component costs, as well as the impact of lockdowns on Chinese demand. Apple held a 70% market share in the \$600-plus smartphone segment in China in Q2, up from 58% in Q1, largely because of the impact of U.S. sanctions on Huawei business.

Apple beat Wall Street expectations in third-quarter 2022 thanks to strength in iPhone demand and successful conversion of Android customers to the iPhone ecosystem.



A person is shown from the chest up, wearing a VR headset with glowing blue lights. They are looking upwards and to the left with an open mouth, suggesting immersion. The background is dark with blurred blue and red lights, possibly from a gaming or tech event. A semi-transparent dark grey bar is overlaid on the lower left, and a semi-transparent brown bar is on the lower right.

META



Key Points

META

*Meta Platforms,
Inc.*



Money Dial: Bullish

86



Purchase Intent:

+7% QoQ, +17% YoY

Trend Watch:

Shoppable Content: +53% YoY

Sentiment:

57% Positive, +6% vs. 2021 lows

Actionable Trade Ideas

**Buy Meta Platforms, Inc.
(META) stock up to
\$180/share****

Alternative approaches would include selling OTM put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

We believe this stock could gain by more than 40% within the next two years.

**Buy META Sep. '23 175/180 Call
Spread @ \$2.20**

Max Gain: META trading above \$175 on Sep. 15, 2023:
+\$280 per contract

Max Loss: META trading below \$180 on Sep. 15, 2023
-\$220 per contract

****ON ALL TRADES**, it is important to use proper risk management to correctly allocate and protect your capital.



Consumer Demand:

Consumer download and usage mentions for products and services under the META umbrella have increased by +17% YoY.

META Purchase Intent growth is driven by strength in its Instagram and WhatsApp brands.

In contrast, its Facebook namesake application is exhibiting relative weakness.

YoY Demand Growth:

- WhatsApp: +56%
- Instagram: +29%
- Facebook: -8%

META: Demand Rising after 2021 Lull

Meta (META): Full Company

Consumer Purchase Intent Mentions

30-day change: QoQ: +7%, YoY: +17%



Consumer Demand:

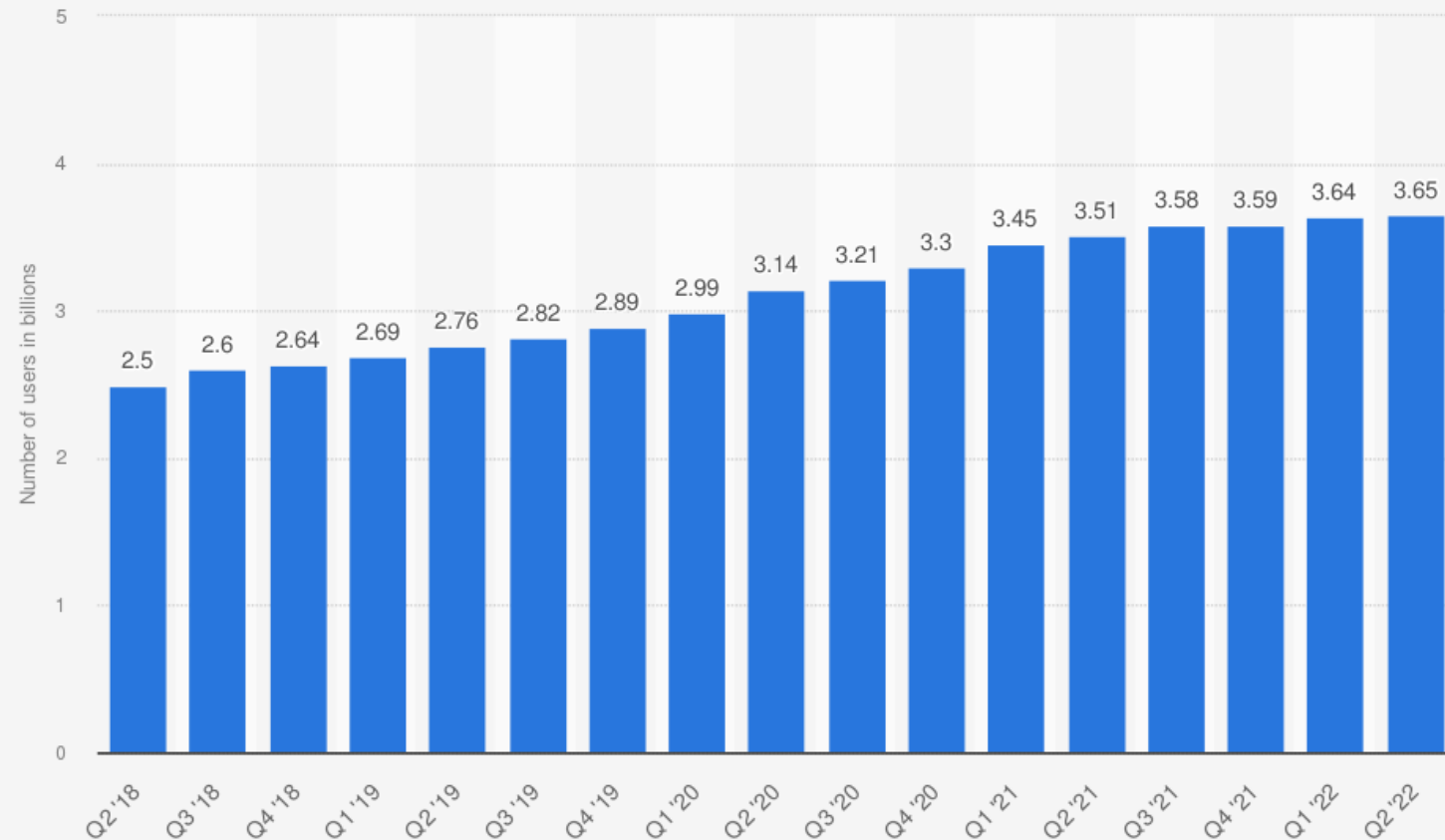
Meta Platforms boasts three of the top four most popular social networks worldwide (as ranked by number of monthly active users) in its Facebook, WhatsApp, and Instagram platforms.

The only non-META platform in the top four is Alphabet's YouTube.

In Q2, this translated to 3.65 billion monthly Meta product users.

META: Largest Social Userbase

Cumulative number of monthly Meta product users as of 2nd quarter 2022 (in billions)



Sources

Facebook; Meta Platforms
© Statista 2022

Additional Information:

Worldwide; Meta Platforms; Q2 2018 to Q2 2022; Facebook, WhatsApp, Instagram, and Messenger



Macro Trend Watch:

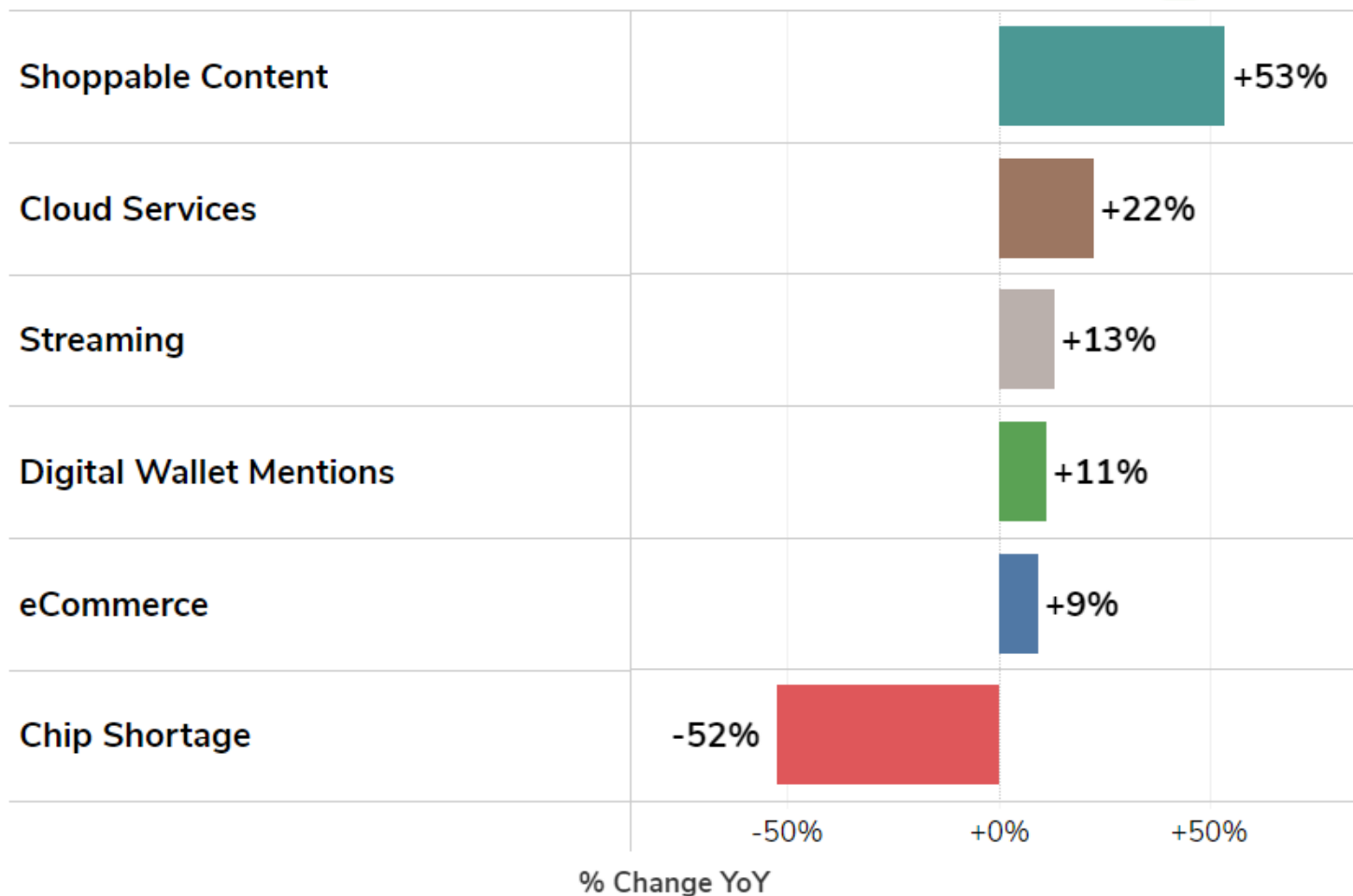
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Meta is well-positioned in the e-commerce space, especially as consumers increasingly adopt Shoppable Content.

Trend Watch: Tech Services

YoY % Change, 90-day Moving Average



Consumer Demand:

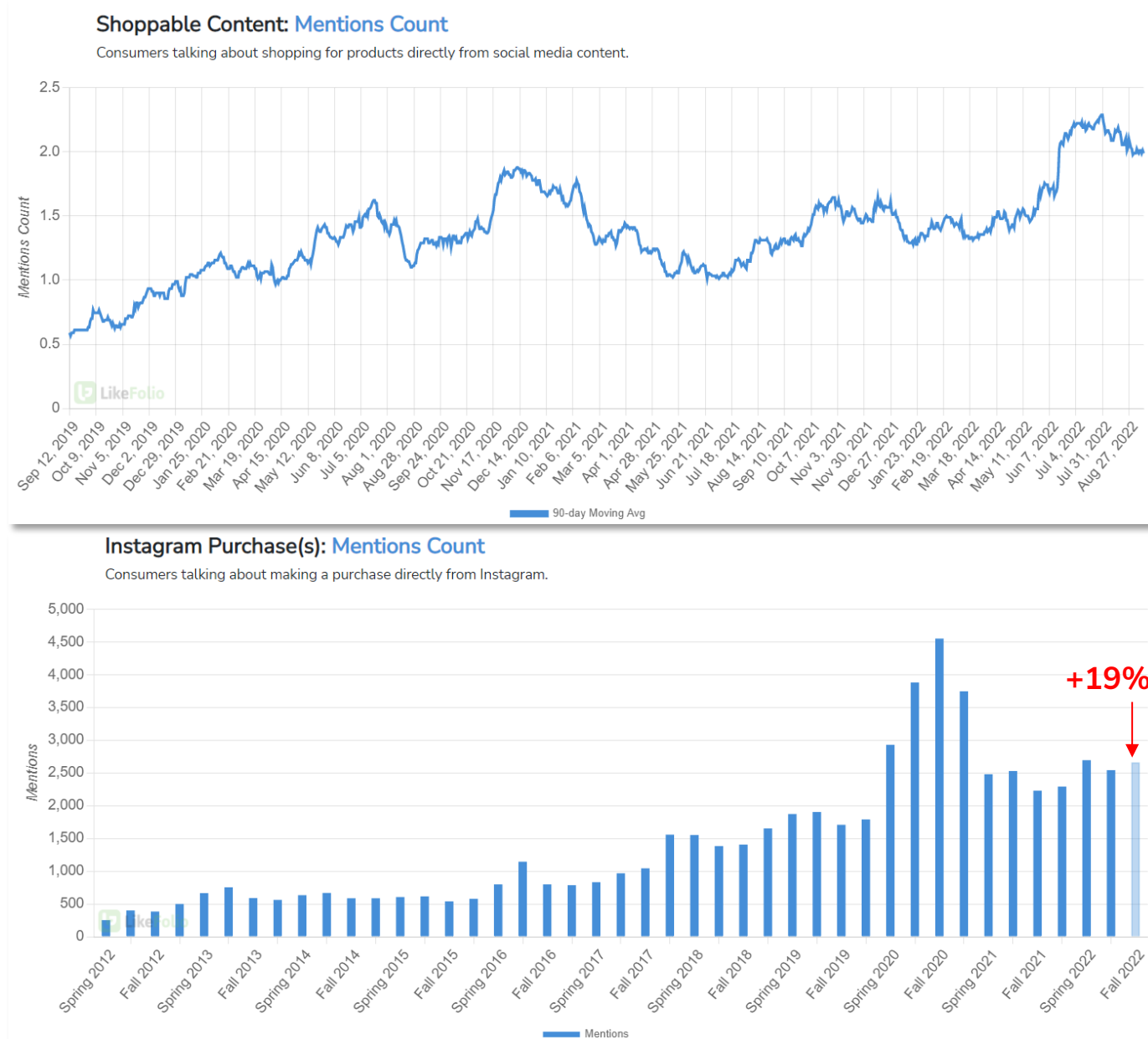
Consumers discussing shopping for products directly from social media (or social media content) reached all-time highs in 2022 after stagnant growth in 2021.

Mention volume for shopping and brand discovery on Instagram significantly outweighs generic trend volume.

Instagram purchase mentions remained relatively flat last quarter but have kicked off fall with a bang, currently trending +19% YoY.



META: Shoppable Content Drives Ad Spend



Consumer Demand:

Instagram currently holds the top spot for marketers when it comes to ad placement, though TikTok is rapidly gaining ground.

Despite this outperformance, META noted a weak advertising demand environment on its 22Q2 report.











This relative advertising weakness was reiterated by other players in the social commerce segment, including Twitter and Snapchat.

However, Meta's positioning (thanks to its Instagram prowess) suggests it may be one of the first to capture increases in ad spend.



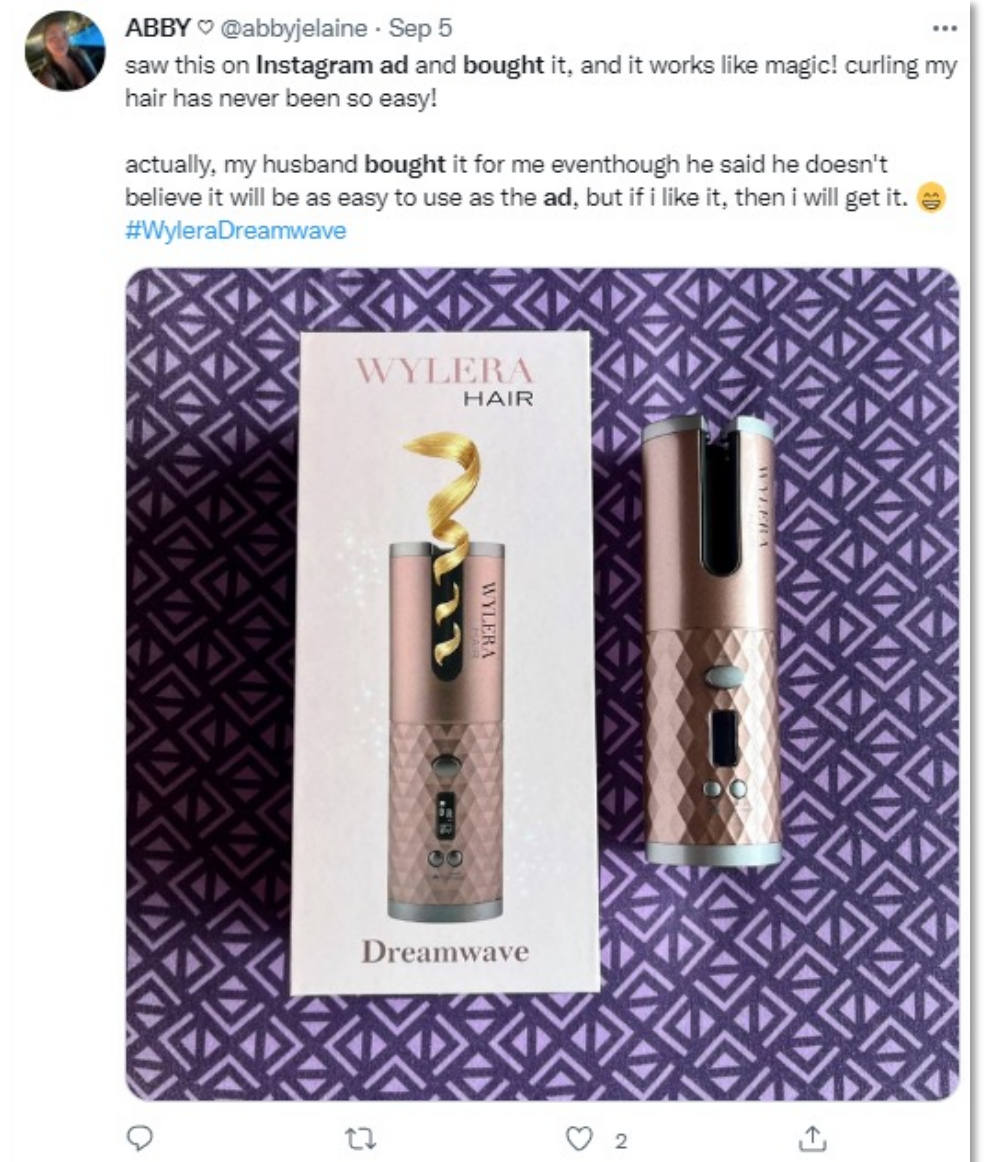
META: Instagram Preferred by Marketers

Top ranking media brands

Preference	Global consumers	Marketers
1.		
2.		
3.		
4.		
5.		

*Source: Digital Information World

META: Promoting Brand Discovery



Consumer Happiness:

META happiness slipped to multi-year lows in November 2021 as the company completed a major rebrand from Facebook (FB) to Meta Platforms (META) in an attempt to clean its slate.

Last year, META was plagued with issues ranging from whistleblower activity, prompting investigations into deceptive conduct to overall distrust in its leadership.

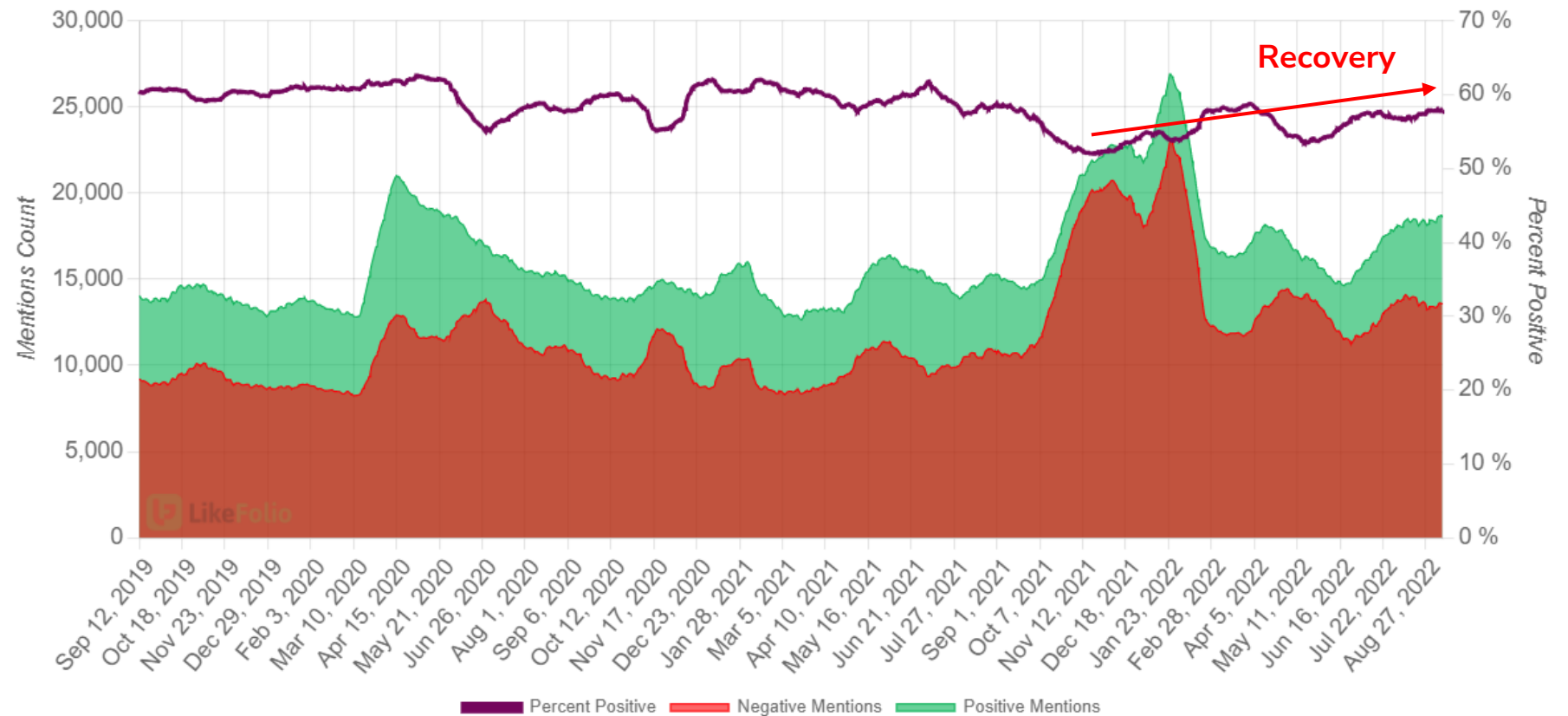
Since then, Consumer Happiness has improved by +6 points.

META: Happiness Is Recovering

Meta (META): Full Company

Consumer Happiness Mentions

30-day change: QoQ: +3%, YoY: -1%



Reports and Business Updates

META shares have been cut in half in 2022 mainly because marketers have pulled back on ad spending amid macro uncertainty, a damaging privacy update from Apple's iOS, and heavy company spending on its metaverse plans – a huge bet on where people will connect, express, and identify with each other over the next decade.

In addition to the metaverse, the company has shifted its focus toward long-term growth areas like messaging, Instagram Reels, and Artificial Intelligence. An [internal memo](#) listed the key product bets. 1) Metaverse, 2) Reels & Discovery Engine, 3) Community Messaging, 4) AI 5) Privacy, and 6) Monetization.

META is expected to introduce a new headset at its annual VR conference [Oct. 11](#) deemed Project Cambria.

- Mixed-reality headset projected to have the computing power to capture the “real world” with external cameras and display them inside the headset in real time and color.
- Expected to cost \$800, it's much more expensive than the current leading headset on the market, “Meta Quest 2,” which recently saw its price raised \$100 due to higher production/shipping costs. META is the leader in selling VR headsets.
- **Technology will eventually be used in a pair of lightweight glasses that can replace a smartphone**

META agreed to a multiyear [deal with Qualcomm](#) to make custom VR chipsets for metaverse apps. The Meta Quest 2 headset uses Qualcomm's Snapdragon XR2 chip. This move is similar to how Apple and Samsung have designed their own smartphone processors to differentiate and create better products than could be made using off-the-shelf chips.

[Last quarter, META reported](#) a steeper-than-expected drop in revenue (but less than 1% YoY) and said sales will drop again YoY in Q3. EPS was also short of the Street estimate. Other key performance indicators:

- Daily Active Users: 1.97 billion versus 1.96 billion expected
- Average Revenue Per User (ARPU): \$9.82 versus \$9.83 expected
- Headcount increased +32% YoY, but the company plans to reduce headcount growth over the next year
- Q3 revenue estimate: \$26 billion to \$28.5 billion (implies 2% to 11% YoY decline)





NVDA



Key Points

NVDA

Nvidia



Money Dial: Bullish

77



Purchase Intent:

+17% QoQ, +23% YoY

Trend Watch:

Chip Shortage: -52% YoY

Sentiment:

76% Positive, +2% YoY

Actionable Trade Ideas

Buy NVIDIA Corporation (NVDA) stock up to \$230/share**

Alternative approaches would include selling OTM put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

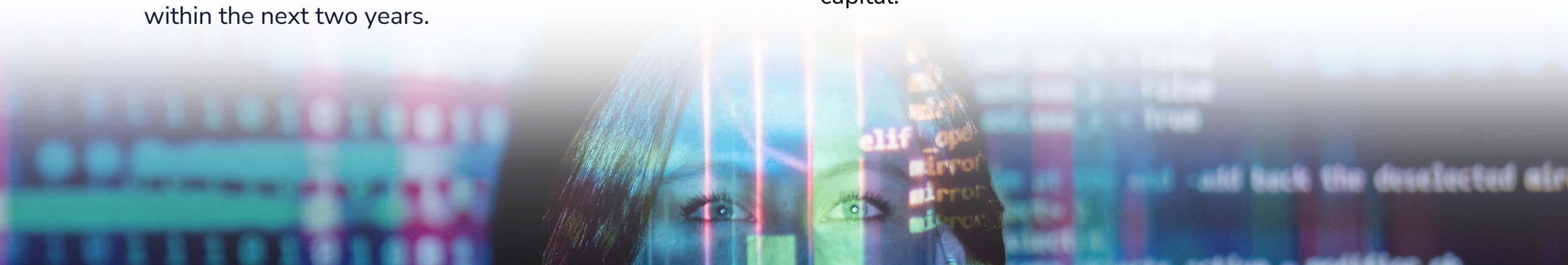
We believe this stock could gain by more than 75% within the next two years.

Buy NVDA Sep. '23 160/165 Call Spread @ \$2.40

Max Gain: \$NVDA trading above \$165 on Sep. 15, 2023:
+\$260 per contract

Max Loss: \$NVDA trading below \$160 on Sep. 15, 2023:
-\$240 per contract

**ON ALL TRADES, it is important to use proper risk management to correctly allocate and protect your capital.



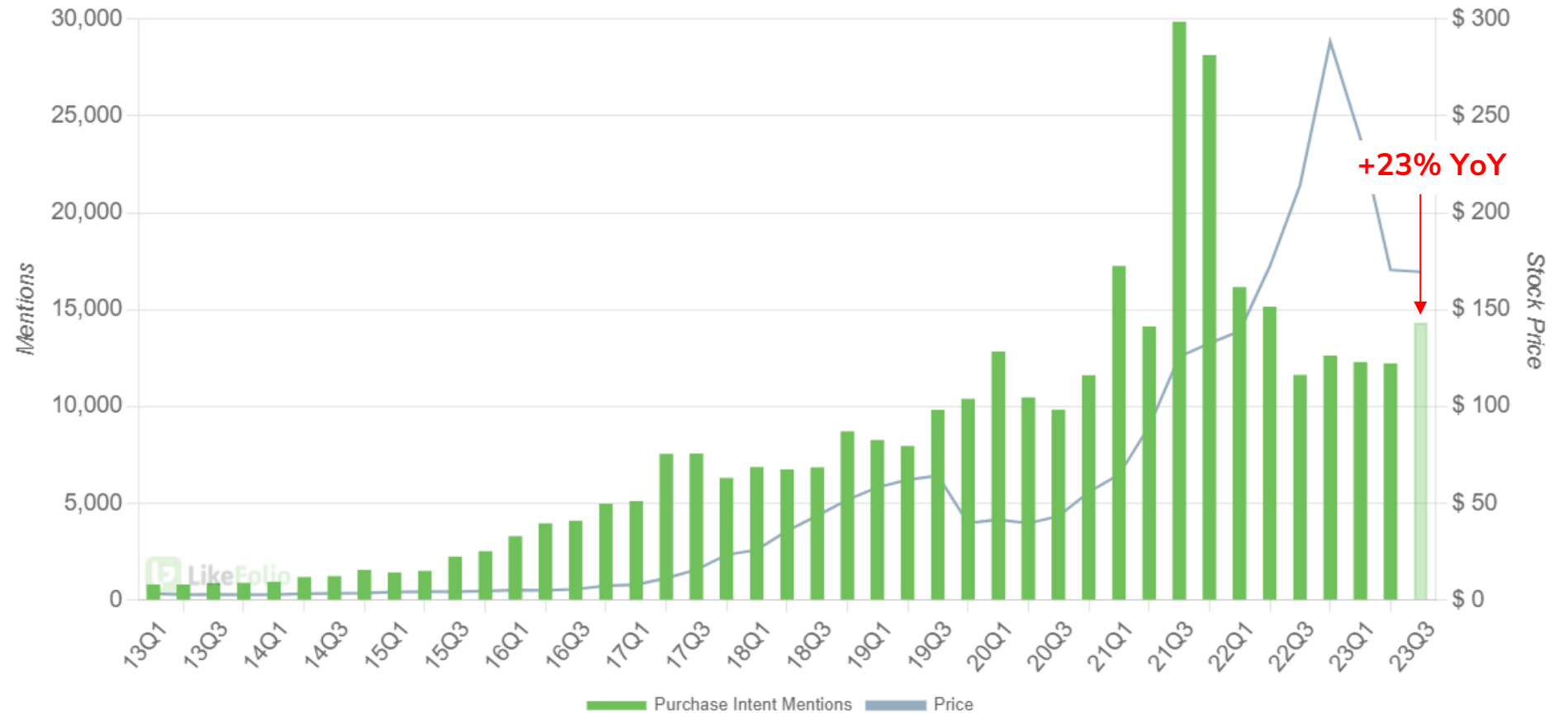
Consumer Demand:

Nvidia demand mentions are driven by consumer-facing products like its graphics processing units (GPUs).

Demand is accelerating in 23Q3, currently pacing +23% YoY for the quarter ending Oct. 30.

NVDA: Demand Rising in 23Q3

Nvidia (NVDA): Full Company
Consumer Purchase Intent Mentions



Consumer Demand:

Nvidia's next round of graphics cards (40 series) is expected to launch in October.

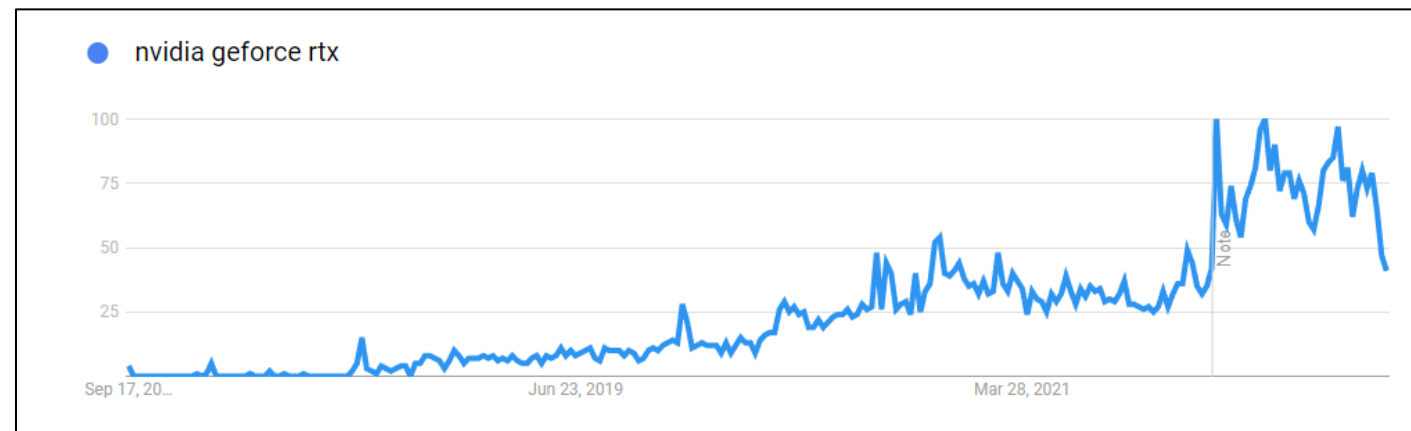
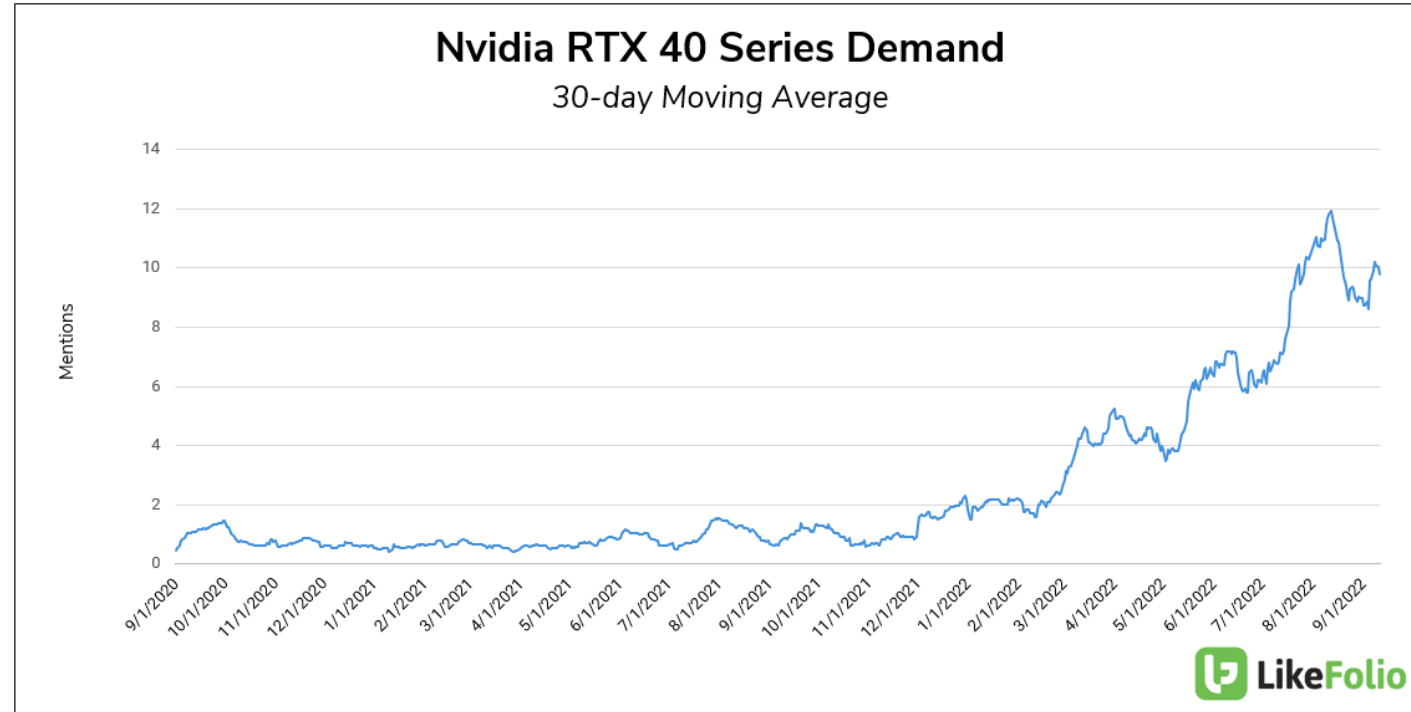
Some enthusiasts believe the release date will be pushed later in order to allow Nvidia and partners to clear out 30 series inventory.

Regardless, consumer buzz for the 40 series lineup is rising significantly ahead of official release.

Google Trends data concurs with LikeFolio findings, with RTX searches trending higher on a YoY basis in 2022.



NVDA: RTX Buzz High Ahead of Launch



Macro Trend Watch:

The Mega Cap Tech names featured in this report operate in at least one of the trend categories listed on the chart to the right.

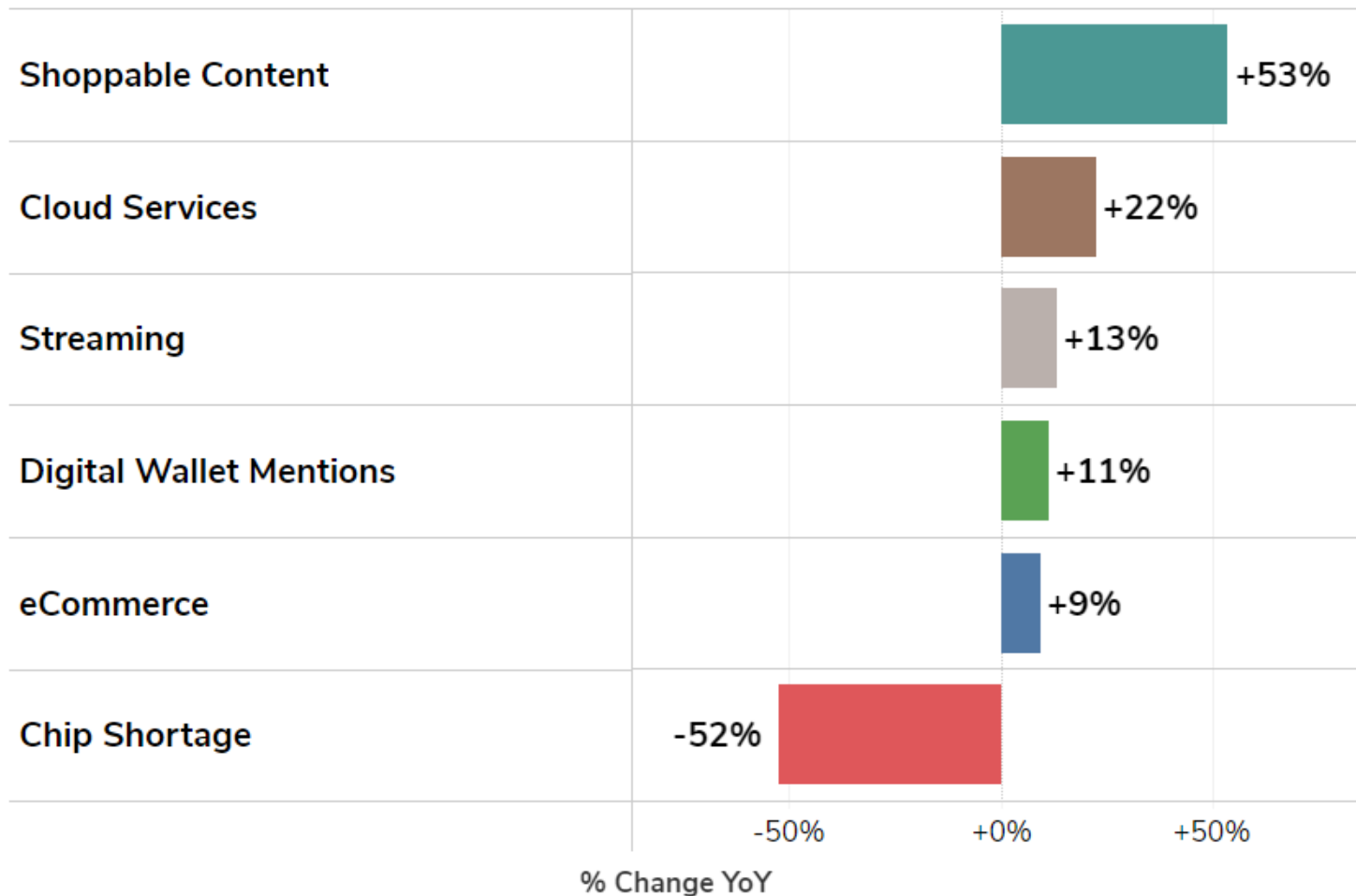
As consumers continue to shift business and regular life activities online – from shopping to streaming – businesses and individuals are increasingly relying on companies that help accomplish digital goals.

Nvidia noted chip supply was nearly caught up to consumer demand on its last earnings call, a positive nod to a resolution of a lingering chip shortage.



Trend Watch: Tech Services

YoY % Change, 90-day Moving Average

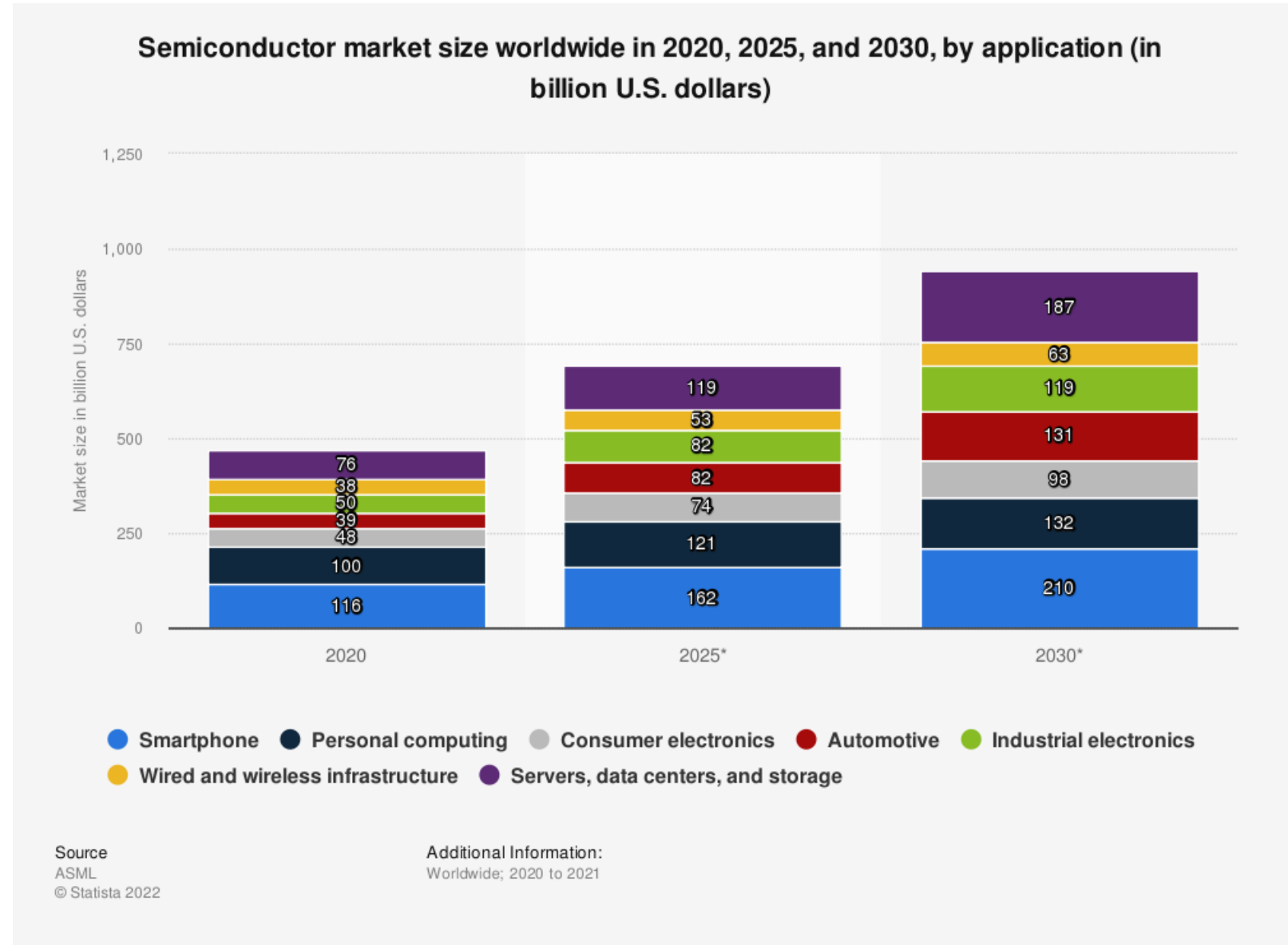


Consumer Demand:

Nvidia provides solutions in multiple areas of the semiconductor market, from personal computing to its expanding array of data center solutions.

All areas of the semiconductor market are expected to log significant growth through 2030.

NVDA: Diverse Applications



Consumer Happiness:

Nvidia consumer happiness is improving as consumers report the ability to get their hands on graphics cards.

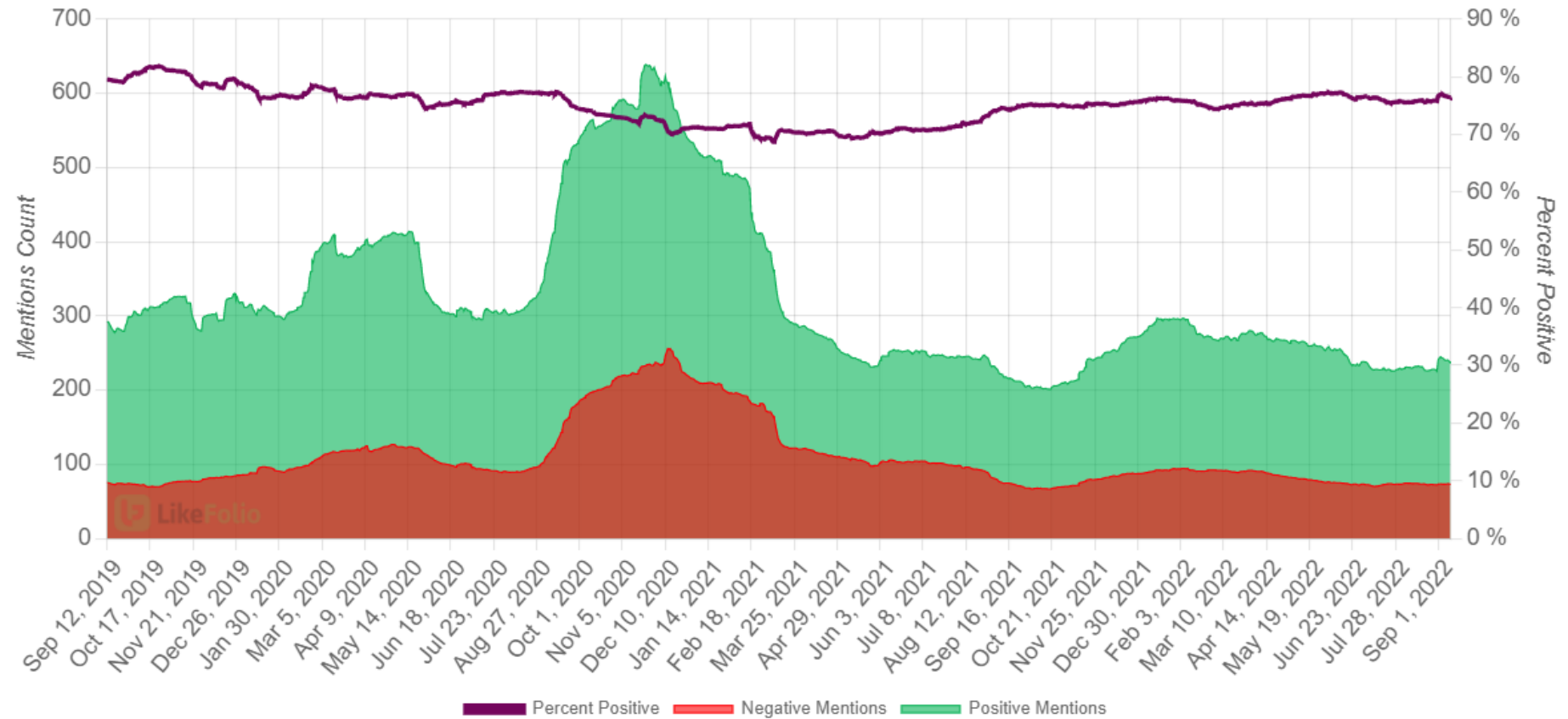
Sentiment has risen by +2 points YoY to 76% positive.

NVDA: Happiness Is Improving

Nvidia (NVDA): Full Company

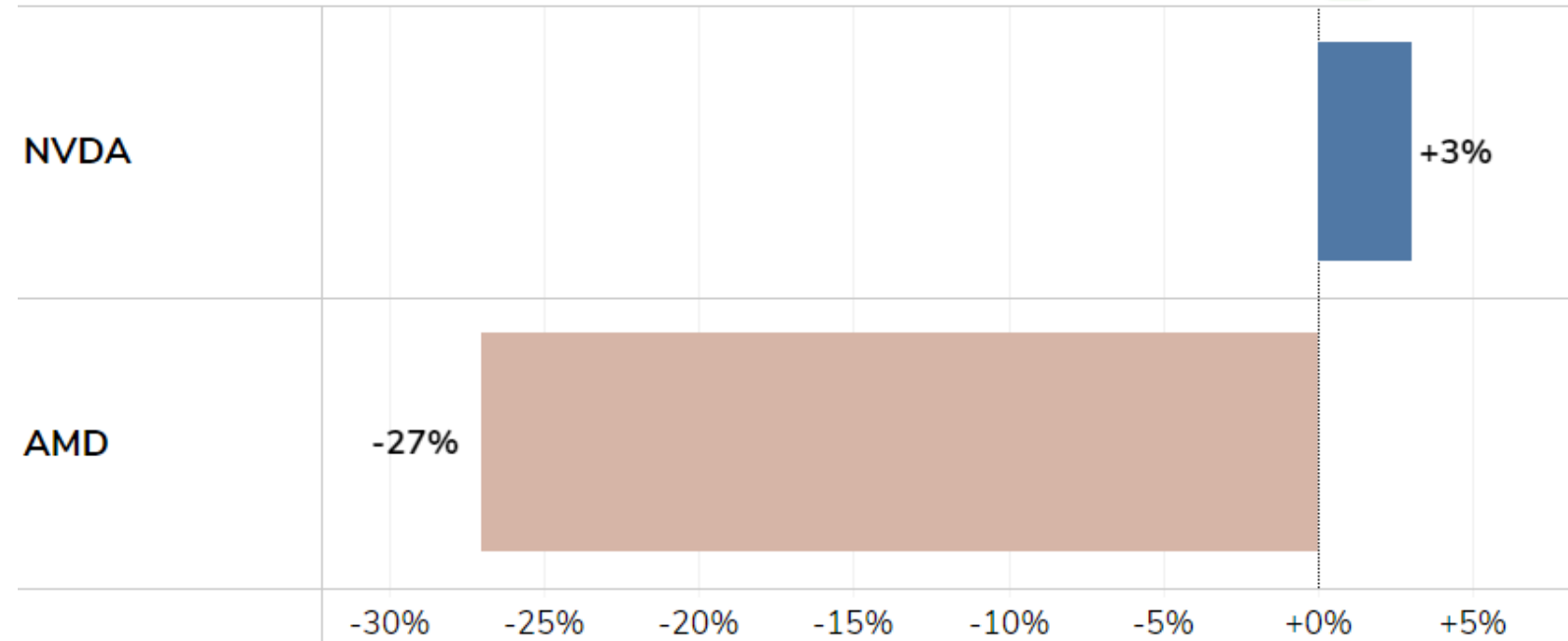
Consumer Happiness Mentions

90-day change: QoQ: -1%, YoY: +2%



NVDA: Maintaining an Edge vs. AMD

YoY Change in Purchase Intent, 90-day Moving Average



 **MarketCream**
@market_cream

Replying to @hamids and @GerberKawasaki

The customer loyalty to Nvidia is by far the greatest in the industry. I've purchased an amd card once and would never again. Drivers and control panel apps are far superior than that of amd's

7:32 AM · Sep 2, 2022 · Twitter for Android

 **ThirstyNaruto**
@GIF73940300

Replying to @Dante_Afton and @TheSphereHunter

Dont go with amd, thier software experience and ray tracing performance is trash. With nvidia you also get way better productivity performance and Dlls.

4:08 PM · Sep 11, 2022 · Twitter for iPhone



Reports and Business Updates

NVDA shares have continued to shed value over the last month due to weak earnings/outlook tied to gaming slowdown and increased regulatory scrutiny on products sent to China. LikeFolio's gaming mentions have dropped -28% versus 2020 levels. Nvidia gaming segment revenue accounts for ~30% of total revenue. In addition, a cool down in cryptocurrency mining (using Nvidia's gaming cards) has also contributed to weakened demand.

Nvidia [disclosed](#) that the U.S. will require that it obtain a license for certain China exports to reduce the risk that they are used by China's military. The new restrictions target NVDA's A100 and H100 graphic processors for Artificial Intelligence sold to businesses, which are a relatively small part of its data center business. NVDA said it could lose \$400 million in sales this quarter (out of \$5.9 billion in forecasted revenue). The company can apply for a license to continue some exports and it is pending approval from the U.S. government.

Nvidia's [data center](#) business is outshining other segments (like gaming). Data center business revenue increased +61% YoY and accounted for 57% of total revenue, driven by growth in cloud computing customers.

Looking past gaming and crypto, Nvidia's biggest long-term growth opportunity may be tied to the rise of [AI/self-driving cars](#) and the adoption of virtual reality, both of which require significant processing power. Last quarter, automotive revenue increased +45% YoY. The company noted: "We believe Q2 was an inflection point for our Automotive revenue as NVIDIA Orin has great momentum. During the quarter, we announced rollout plans of new vehicles from OEM partners, NIO, Li Auto, JIDU and Human Horizons, as well as Pony.ai's line of self-driving trucks and robotaxis, all built on NVIDIA DRIVE. Looking forward, we expect our \$11 billion Automotive design win pipeline to translate to continued growth."

Nvidia commands supercomputing dominance. 357 of the top 500 "supercomputers" (71%) are powered by NVDA. NVDA's Selene supercomputer is No. 8 and the world's fastest enterprise supercomputer. [Supercomputing](#) has widespread application for solving the world's most complex challenges, like cancer research, disease patterns, and next-gen materials.



A hand holding a black remote control is positioned in the foreground, pointing towards a television screen. The television screen displays the word "NETFLIX" in large, bold, orange capital letters against a dark background. The scene is set in a room with a light-colored wall and a wooden surface. A small potted plant is visible on the left, and a larger potted plant is on the right. A dark blue semi-transparent banner is overlaid at the bottom of the image.

NETFLIX

NFLX



LikeFolio

Key Points

NFLX

Netflix



Money Dial: Bullish

73

NETFLIX

Purchase Intent:

+5% YoY

Trend Watch:

Streaming: +13% YoY

Sentiment:

73% Positive

Actionable Trade Ideas

Buy Netflix, Inc. (NFLX) stock up to \$250/share**

Alternative approaches would include selling OTM put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

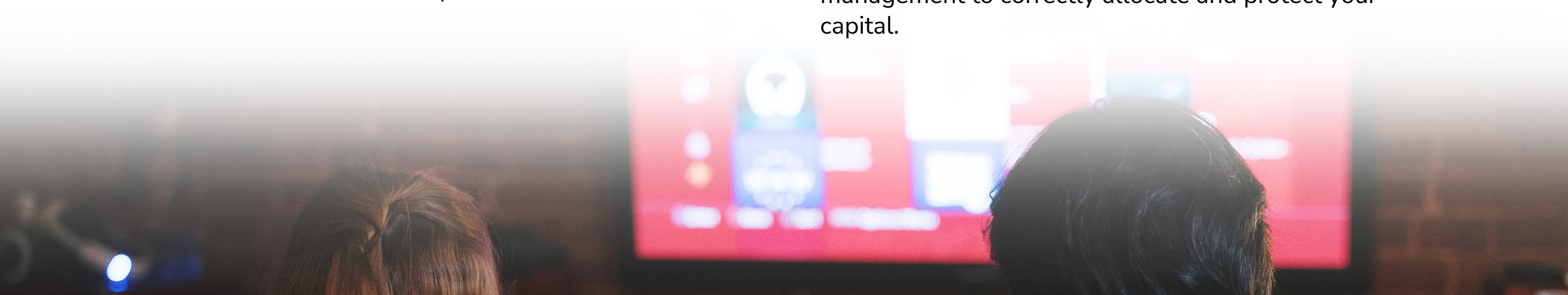
We believe this stock could gain by more than 100% within the next two years.

Buy NFLX Jun. '24 320/330 Call Spread @ \$2.60

Max Gain: NFLX trading above \$330 on Jun. 21, 2024: +\$740 per contract

Max Loss: NFLX trading below \$320 on Jun. 21, 2024: -\$260 per contract

**ON ALL TRADES, it is important to use proper risk management to correctly allocate and protect your capital.



Consumer Demand:

Consumer mentions of streaming or signing up for Netflix are rising again after a steep post-pandemic drop-off.

Netflix demand (including subscription growth and viewership mentions) has risen +5% YoY.

Viewership among existing users is bolstering this demand growth, offsetting stagnation in new subscription mentions among English speakers. Netflix viewership mentions have increased +9% YoY, while new subscription mentions remain flat.

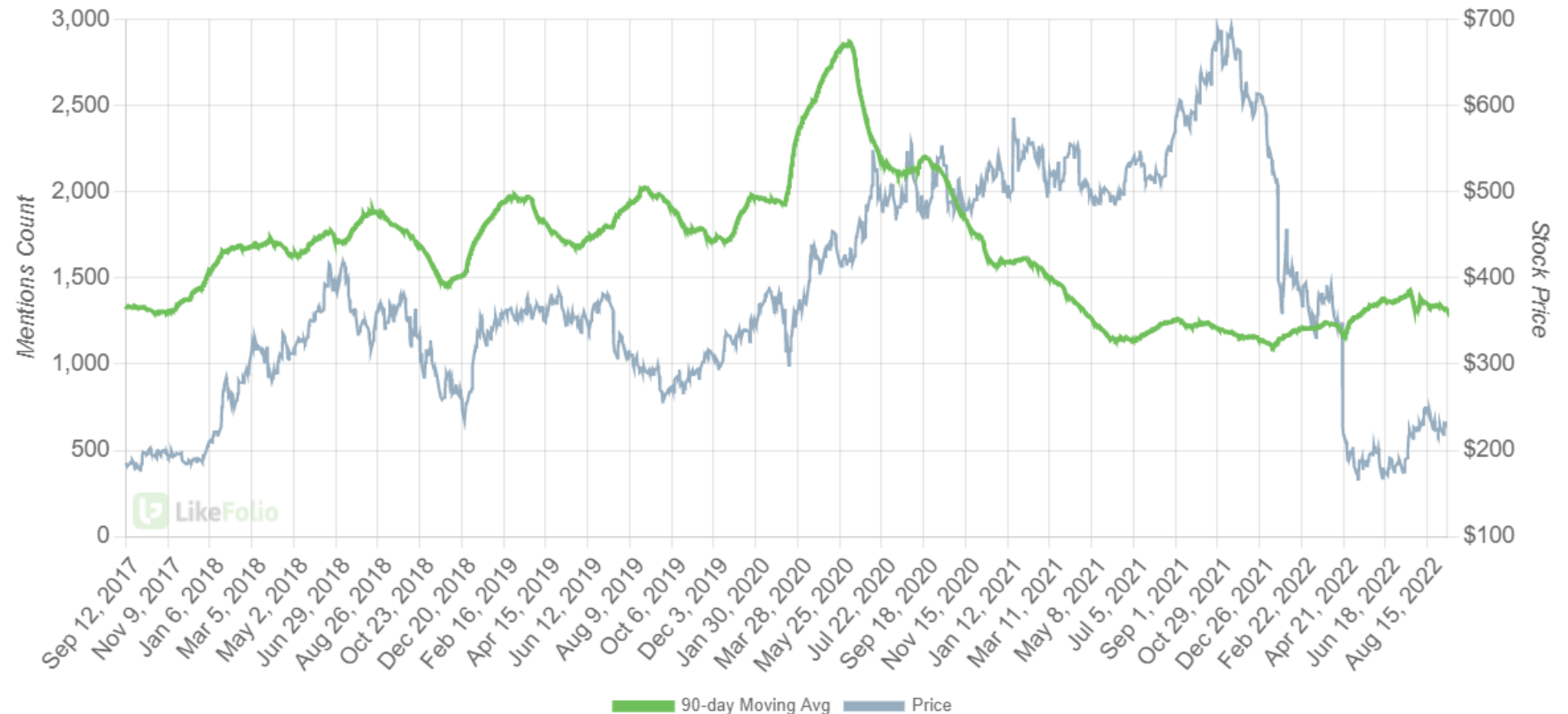


NFLX: Engagement Rising in 2022

Netflix (NFLX): Full Company

Consumer Purchase Intent Mentions

90-day change: QoQ: -5%, YoY: +5%



Macro Trend Watch:

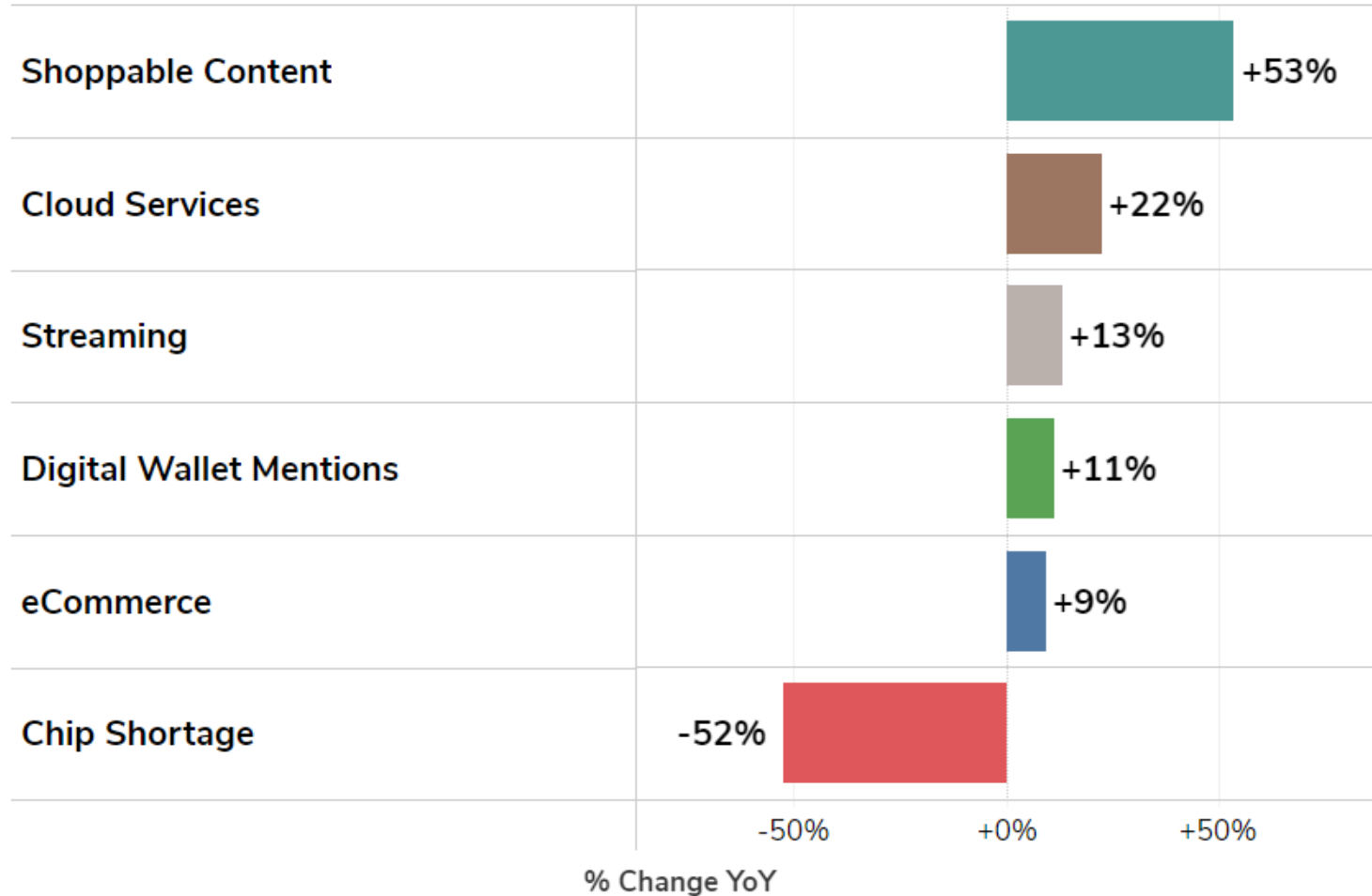
The Mega Cap Tech names featured in this report operate in at least one of the trend categories listed on the chart to the right.

As consumers continue to shift business and regular life activities online – from shopping to streaming – businesses and individuals are increasingly relying on companies that help accomplish digital goals.



Trend Watch: Tech Services

YoY % Change, 90-day Moving Average

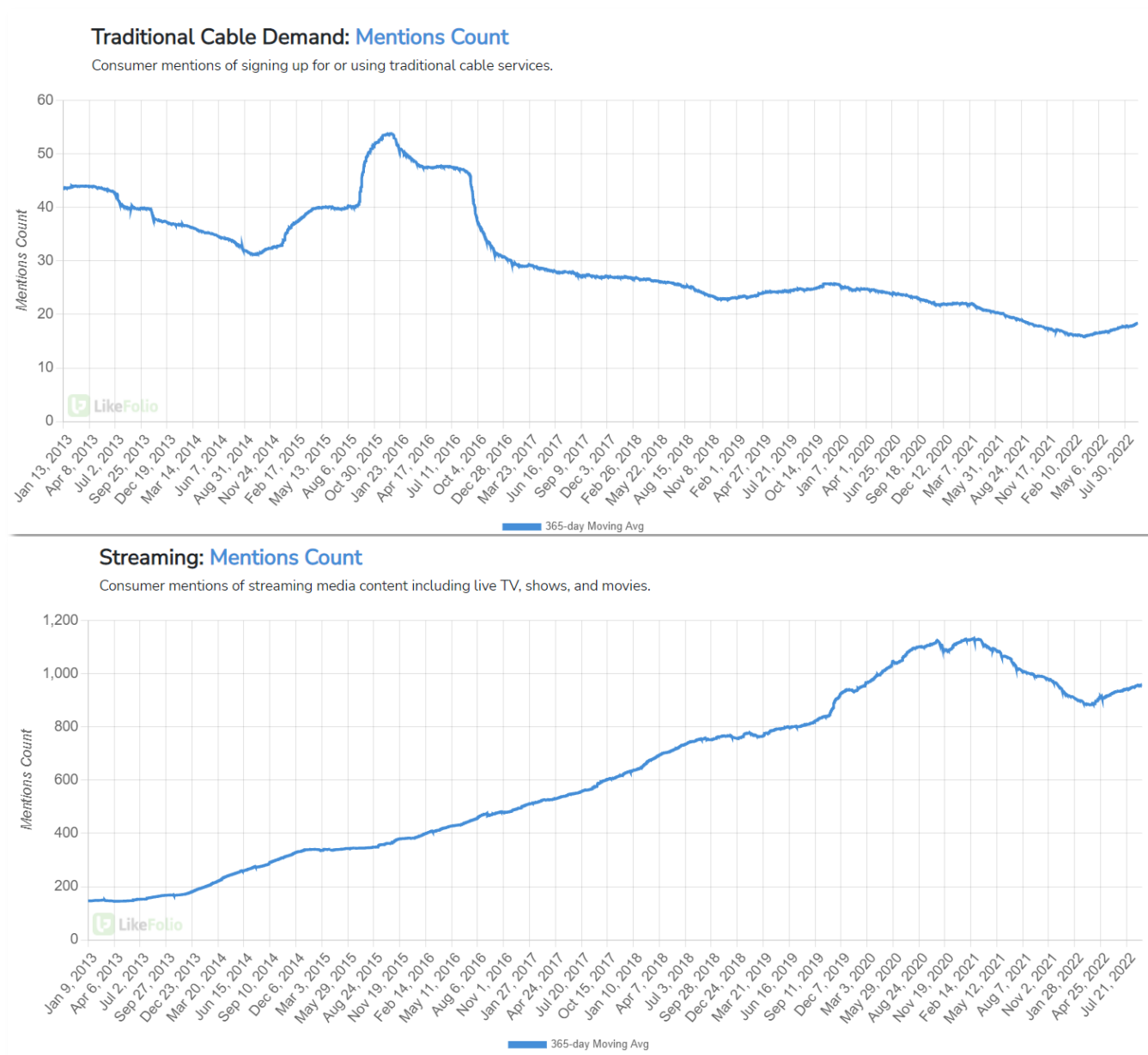


Macro Trend Watch:

Netflix benefits from a multi-year consumer shift away from traditional cable services in favor of over-the-top streaming.

Streaming mentions remain +16% higher versus 2019, while traditional cable demand has slipped -25% in the same time frame.

Trend Watch: Dismissing Traditional Cable

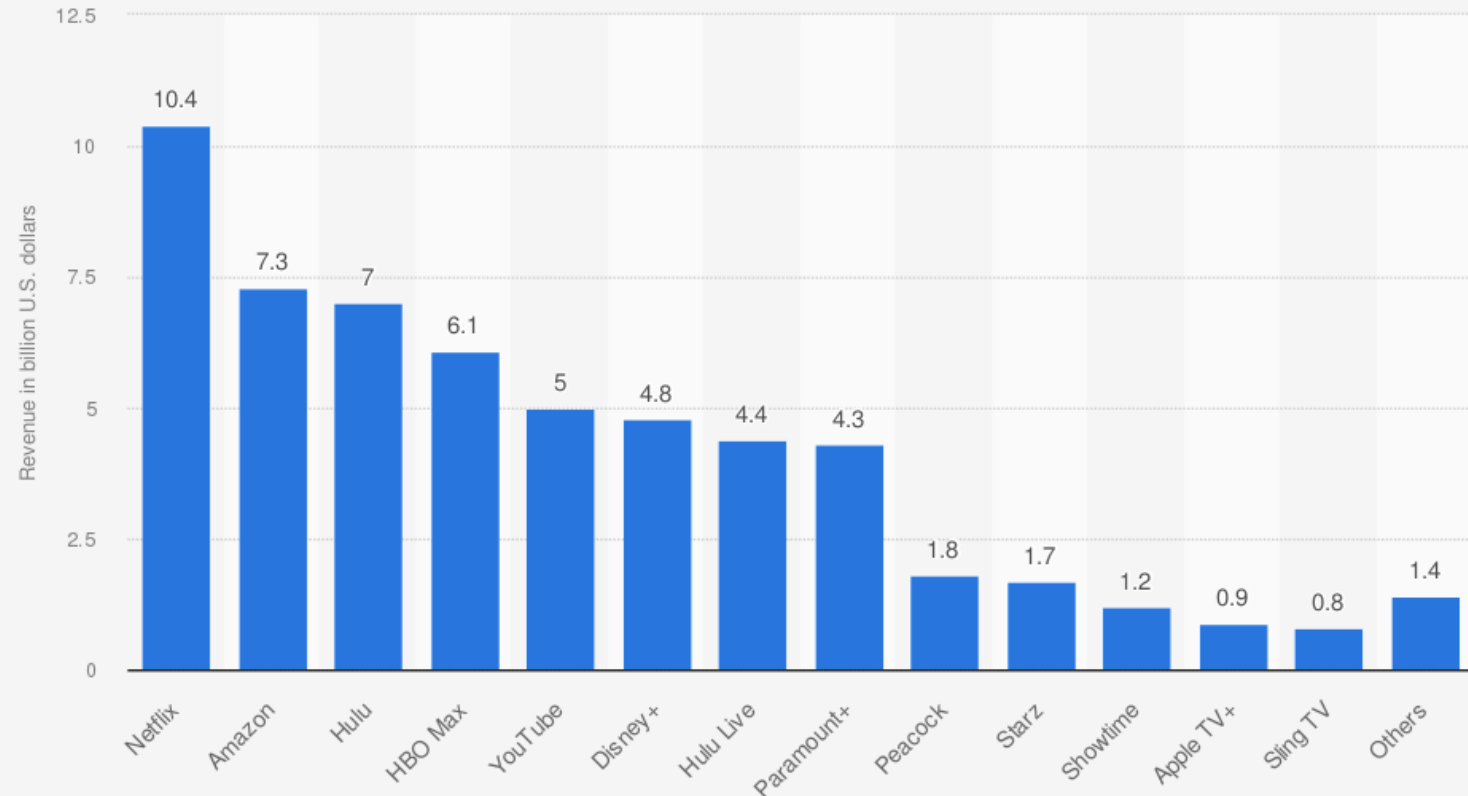


External Research:

Netflix is expected to hold its market leadership position through 2027, based on growth projections forecast from June 2022 results.

NFLX: Expected Market Leader through 2027

Revenue of selected subscription video-on-demand (SVOD) services in the United States in 2027 (in billion U.S. dollars)



Source
Digital TV Research
© Statista 2022

Additional Information:
United States; June 2022



Consumer Happiness:

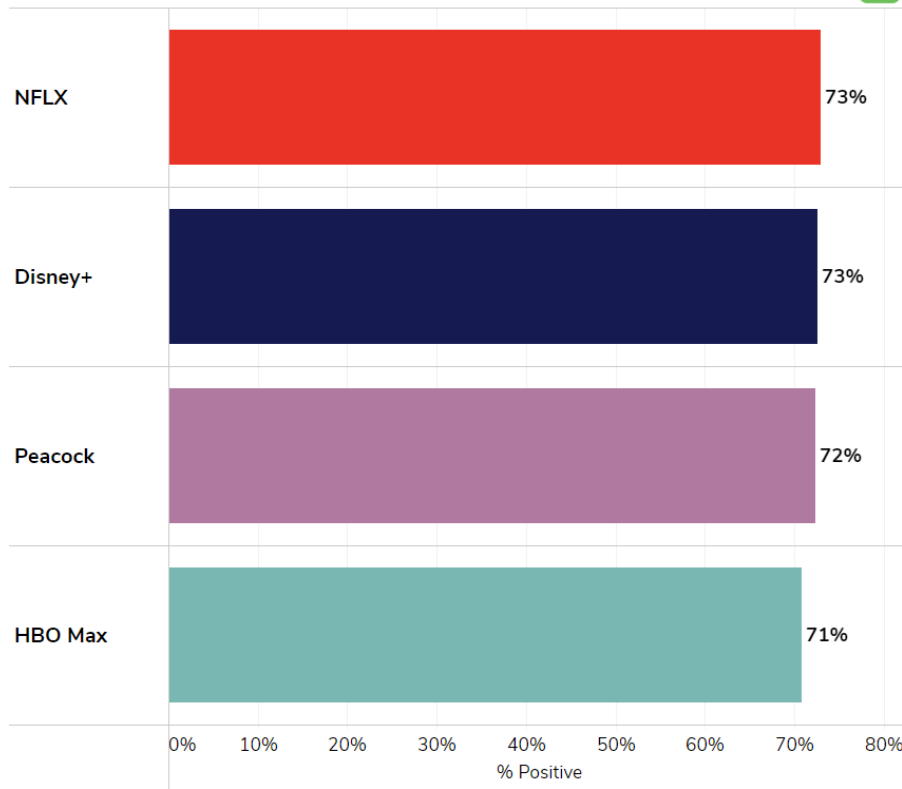
Historically, Disney+ has led streaming peers consumer happiness levels.

However, Netflix is now tied with the mouse at 73% positive.

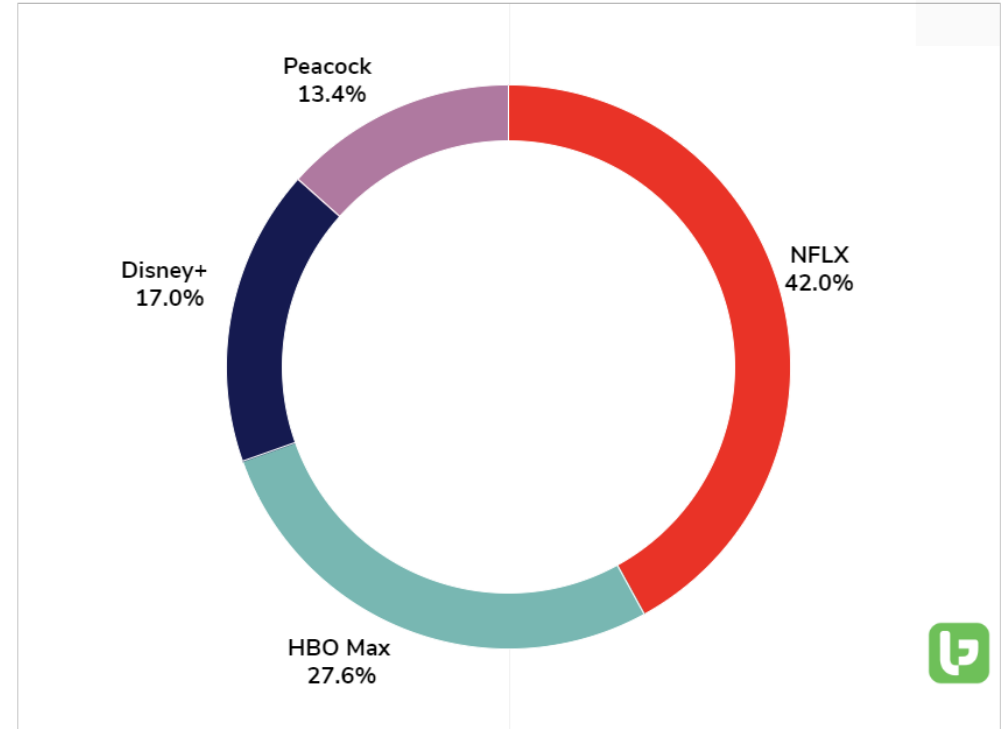
It's also worth noting Netflix commands the majority of non-live TV streaming market share versus other competitors, at 42%.

NFLX: Closing the Happiness Gap

Consumer Happiness Comparison, Past 30 Days



Purchase Intent Volume Compare, Past 30 Days



NFLX: Original Content Retains Users



BRI @LailaMonroe1

Ugh ig I'll keep Netflix

BB @BrittanyMarie_ · Sep 3
Ginny & Georgia is back in November 🥰👩🏻

2:03 PM · Sep 4, 2022 · Twitter for iPhone



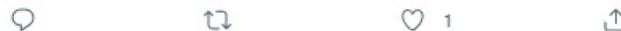
Sarah @redheadmermaid · Sep 8

They really found a way to convince me to **keep Netflix** just a little longer

R Rian Johnson @rianjohnson · Sep 8

Aaaand here it is! The first teaser trailer for the follow up to Knives Out, GLASS ONION! I promise no spoilers, but if you want to come in totally cold, last chance to keep scrolling... #GlassOnion 🔍

[Show this thread](#)



mike@mikereidphotography.com
@SeatownNative

To me, this is the only reason I keep .@netflix.

The Great British Baking Show; Returns to Netflix this Month with 12 New Bakers

foodandwine.com/news/great-bri... via .
[@foodandwine](#)



foodandwine.com

The 'Great British Baking Show' Returns to Netflix this Month with 12 New Bak...
The show's tenth season will be followed by another holiday-themed special.

7:02 PM · Sep 7, 2022 · Twitter Web App



Reports and Business Updates

[Netflix reported](#) mixed Q2 results: missed on revenue, beat on earnings. Despite a net subscriber decline, recorded losses (970,000) were smaller than the 2 million it expected.

Reaccelerating revenue growth is NFLX management's top priority. To that end, it is planning major strategic changes, including the introduction of ad-based subscriber plans and ways to monetize password sharing. This marks a shift from the company's previous reliance on subscriber growth to drive top-line growth as it now faces subscriber losses in developed markets.

The streaming giant plans to launch a [lower-priced ad tier in early November](#), one month ahead of competitor Disney+. Netflix is partnering with Microsoft on the offering and plans to roll out the plan strategically in markets where ad spending is stronger. The subscription is expected to cost between \$7 and \$9 per month.

Even though the streaming segment is becoming more crowded, Netflix remains the top player in domestic TV viewing. In the U.S., [NFLX drew more TV viewing time](#) (1.33 trillion hours!) than any other outlet during the 2021-22 TV season, nearly matching the next two largest combined (CBS and NBC). NFLX share of TV viewing reached an all-time high of 7.7% in June 2022 (versus 6.6% in June 2021), which shows an ability to grow engagement despite subscriber losses.

Looking ahead, Netflix plans to continue to refine its content offerings and content discovery process. It will continue to focus on content that appeals to specific countries and broader international audiences, release big-budget films on NFLX versus theaters, and [may be open to shifting its binge-watching model in favor of staggered drops](#). It has already experimented with this in its two-part "Stranger Things" season 4 split. Netflix is also working to improve the "content discovery process," i.e., making the subscriber searching and viewing experience better.

NFLX currently boasts 220.7 million subscribers in 190+ countries that consume TV series, documentaries, feature films, and mobile games. It expects to add about 1 million net new subscribers in the third quarter.



MegaTrend Summary: Mega Cap Tech

Mega Cap Stocks are defined as companies with a market capitalization higher than \$200 billion.

These are some of the largest names in LikeFolio's universe, in terms of total mention volume and market cap.

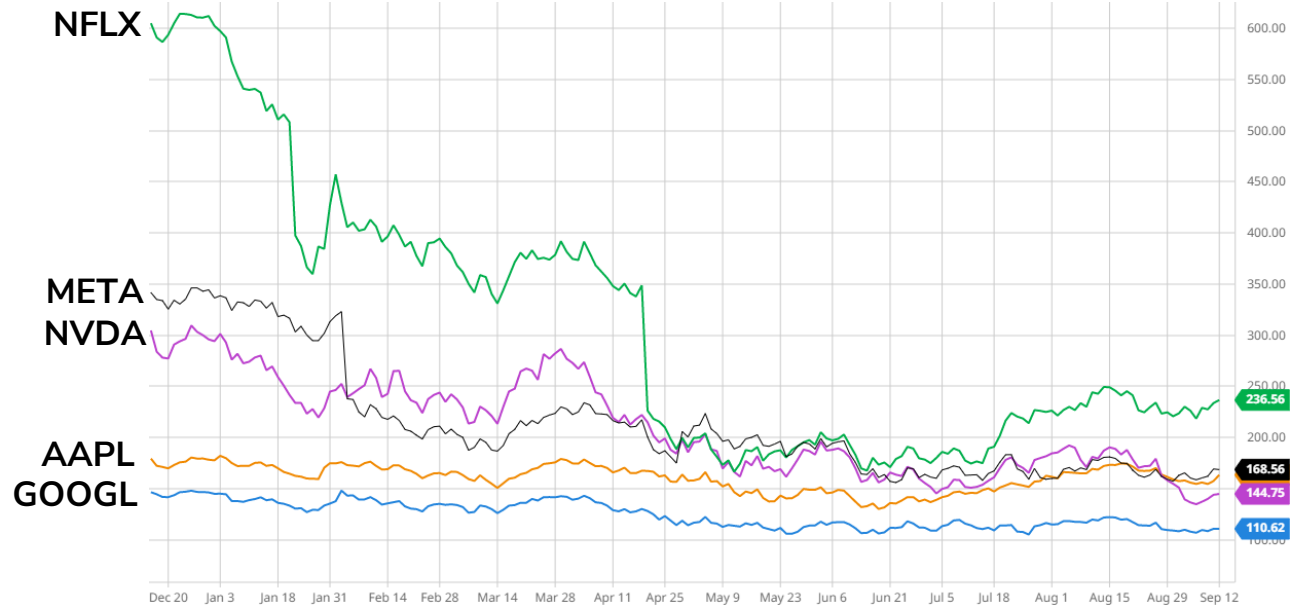
Many Mega Cap Tech stocks have shed significant value or stagnated in the past 9 months alongside the market rejection of tech names.

However, LikeFolio data shows that many of these companies are holding high levels of consumer demand and happiness.

Five names featured in this report are continuing to post YoY demand growth despite worsening macro conditions including inflation and rising interest rates.

Could the companies in this report be poised for a rebound as the macro headwinds ease? Here's what we're watching...

Mega Cap Tech Stock Compare: 9-Month Range



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Before investing in any strategy, consider your investment objectives and speak with a professional.

Past performance does not guarantee future results, and the likelihood of investment outcomes is hypothetical.





LikeFolio

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