

# Bets on the Magnificent 7

# Prioritize Amazon and Microsoft based on the screening criteria

## The filter

Target market must be both:

- Mature — addressable market > \$1 trillion within 5 years
- Growing — CAGR  $\geq$  10%

*Only two markets clear the bar:*

**E-commerce**                      \$10T+ size · 11.6% CAGR

**Data centers**                      \$1–10T size · 23% CAGR

## Amazon

4% stake

The only Mag7 name with both top segments in winning markets - Online stores (e-commerce) and AWS (data centers).

## Microsoft

2.5% stake

Azure anchors the data-center market. Chosen over Alphabet which also has 1 sector that fits the filter because Enterprise SaaS growth is much faster than Ads growth (lean on growth over size)

# ROI for Amazon and Microsoft positions by Q2 earnings

Position	Shares	May'26 px	Cost basis	Stake
Amazon	430.0M	\$268.74	\$115.6B	4.0%
Microsoft	185.7M	\$417.59	\$77.6B	2.5%
Total deployed			\$193.1B	—

*Funded entirely from the fund's cash balance.*

**Method:** *forecast price = 25× median Mag7 forward P/E (Goldman) × annualized Mega-Investment-Exclusion EPS.*

**Great businesses, rich entry.** Amazon trades ~37× core earnings vs the 25× peer median, so the discipline flags downside; Microsoft (~24.6×) is roughly fair.

Amazon **-34.8%**  
-\$40.2B

Microsoft **+7.3%**  
+\$5.7B

NET FORECAST CHANGE

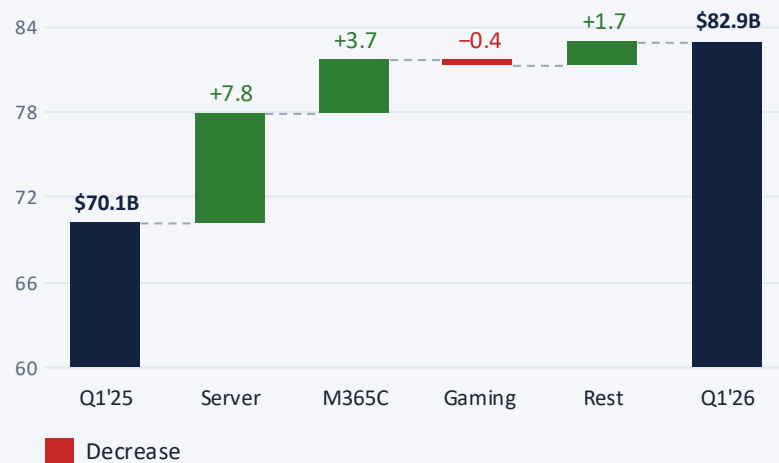
**-\$34.5B**  
to the Q2 2026 earnings dates

# Amazon and Microsoft: Where the growth comes from

Amazon • +16.6% to \$181.5B



Microsoft • +18.3% to \$82.9B



**AWS (+\$8.3B)** is Amazon's biggest contributor; **Server/cloud (+\$7.8B)** powers Microsoft. Gaming is the lone decliner.

# Private AI stakes can dwarf core EPS

## Amazon — Anthropic re-rates

Anthropic valuation

\$380B

Series G (Feb)

\$965B

Series H (May)

Amazon's ~19.5% stake: \$74B → ~\$176B

Q2 2026 EPS impact: **+\$3.06 / share** (net income)

*up to +\$7.10/sh if the full mark were recognized; the convertible-note portion sits in OCI until conversion. OpenAI stake flat at \$852B → ~\$0.*

## Microsoft — OpenAI

≈ \$0

Equity-method (~27%), not marked to valuation; flat round → no Q2 impact.

## Why it's excluded

These marks are non-cash, non-operating, and lumpy. Our valuation strips every >\$1B investment out - so the gain model isn't distorted by an AI-bubble print.

# Appendix: Methodology, assumptions & sources

## Methodology

- Mega-Investment-Exclusion EPS: strip the after-tax P&L of any single >\$1B external investment.
- Forward EPS grown 5% QoQ off the latest actual core EPS.
- Forecast price = 25× median Mag7 forward P/E (Goldman Top of Mind #143).
- Tax Uniformity: each firm's last-quarter ETR applied to all streams (AMZN 24.0%, MSFT 19.2%).
- Private stakes valued at Jun 1, 2026; public stakes appreciate 2.5%/qtr; build at May 2026 avg prices.

## Sources

- Amazon & Microsoft Form 10-Q, qtr ended 3/31/2026 (SEC EDGAR).
- Goldman Sachs, Top of Mind, Issue 143.
- Mag7 analyst-estimate & May 2026 price decks (provided).
- Anthropic Series H (\$965B, May 2026); OpenAI \$122B round (\$852B, Mar 2026).
- UniCorn Fund holdings file & Form 13-F.