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Adobe Systems | North America

2Q24 Results – Taking on the Bears, and Emboldening the Bulls

Reaction to earnings

Strengthens our investment thesis ↑ **Meaningful upside** ↑ **Modest revision higher**

Impact to our investment thesis Financial results versus consensus Impact to next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

A solid beat and raise, with a notable 11% beat in Digital Media NNARR, fights back against increasingly negative investor sentiment and rising competitive concerns. The rubber hits the road in 2H, as ADBE targets a return to growth in Creative Cloud NNARR, which should further catalyze shares. OW.

Key Takeaways

- Q2 results beat consensus across all metrics, and the magnitude of the Digital Media Net New ARR beat increased markedly from to 5% in Q1 to 11% in Q2.
- The initial guide for Q3 Digital Media Net New ARR at \$460 million came in well ahead of consensus at \$438 million...
- ... and the stronger Q3 guide now suggests a 2H ramp necessary to hit the increased FY24 target of \$1.95 billion in DM NNARR inline with historical seasonality.
- Adobe brought up full year targets across Digital Media, Digital Experience and EPS, and now look for non-GAAP EPS of \$18.00-18.20 growing ~13% YoY.
- Shares trading at ~25X CY25 non-GAAP EPS after hours (after printing 15% EPS growth) presents an attractive risk/reward, in our view.

Taking Back the Narrative with Solid Fundamentals. Adobe again beat consensus revenue expectations across every line item, saw an 11% beat in the ever important Digital Media Net New Annual Recurring Revenue (NNARR) metric (up from 5% last quarter), up-sided on operating margins (46.0% versus consensus at 45.5%), grew EPS 15% YoY to \$4.48 (\$0.10 ahead of consensus) and raised the full year guidance across Digital Media NNARR, Digital Experience revenues and EPS. Against a backdrop of weak software prints generally in CYQ1 and rising competitive concerns around Adobe specifically, a solid set of fundamentals should put wind back in ADBE's sails. Even further than that, Adobe management is laying the groundwork to take on the bear case concerns head-on and further embolden the bulls.

Taking on the Bear Cases:

- **Increasing Competitive Pressure from Canva in the Enterprise:** Coming out

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Adobe Systems (ADBE.O, ADBE US)

Software | United States of America

Stock Rating **Overweight**
Industry View **Attractive**
Price target **\$660.00**
Shr price, close (Jun 13, 2024) \$458.74
Mkt cap, curr (mm) \$206,892
52-Week Range \$638.25-433.97

Fiscal Year Ending	12/23	12/24e	12/25e	12/26e
EPS (\$)***	16.06	18.20	20.66	24.17
Prior EPS (\$)***	-	18.02	20.05	22.92
P/E	46.3	31.1	29.8	25.6
EPS (\$)§	15.94	18.02	20.35	23.32
Div yld (%)	0.0	0.0	0.0	0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
 ** = Based on consensus methodology
 § = Consensus data is provided by Refinitiv Estimates
 e = Morgan Stanley Research estimates

QUARTERLY EPS (\$)

Quarter	2023	2024e Prior	2024e Current	2025e Prior	2025e Current
Q1	3.80	-	4.49a	5.05	5.22
Q2	3.91	-	4.49a	4.86	5.09
Q3	4.09	4.49	4.52	4.99	5.11
Q4	4.27	4.65	4.71	5.15	5.23

e = Morgan Stanley Research estimates, a = Actual Company reported data

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of the recent Canva Create conference, investor concerns mounted on Canva's entry in the enterprise market (see our note, "[Canva Create' Read Through, 05/28/24](#)") and the potential for rising competitive pressure on Adobe's Creative Cloud business. On the Q2 conference call, Adobe management spoke to strong initial traction in their recently launched Express for Business solutions, which targets the same business user Canva looks to court.

- **Increasing Competition in the Consumer Segment:** Management spoke to a strong start of the new Express application on iOS and Android released in the quarter, doubling the monthly active users count in the mobile offering quarter over quarter. On the Document Cloud side of the equation, free monthly active users (MAU) of Acrobat Web grew over 60% year over year.
- **Increasing Competitive Pressure from Diffusion Engines:** During the quarter Adobe released the Firefly Image 3 Foundational Model and talked to good customer reception to their updated diffusion model. Management stated May was the strongest quarter yet of image generation, bringing the total to 9 billion images generated. Equally important, the company spoke to good early monetization of AI, in free-to-paid conversion, upgrades to higher level SKUs, expanding ETLAs and better retention. Additionally, Adobe announcing integrations to popular diffusion engines outside of Firefly, further reinforces the idea Creative Cloud is a complementary functionality to raw image creation.

Emboldening the Bulls:

- **Leveraging Large Customer Base:** As Adobe utilizes GenAI innovations to drive new solutions, they are able to leverage large installed customer bases. A great example is the recently launched AI Assistant for Document Cloud, which helps users query data from the approximately 3 trillion PDFs in the world.
- **Owning the Data:** A primary vector of differentiation versus stand-alone diffusion models or marketing point solutions is the deep data sets Adobe manages for their customers, specifically customer data help in the Adobe Experience Platform (AEP) and the content libraries contained in Adobe Experience Manager Assets (AEM). This data enables Adobe to offer image generations through Custom Services, Firefly Services and AEM variant generation which align to the customers current brand controls. Adobe spoke to AEP and native applications subscription revenue growing 60% YoY in Q2, putting the solution on target to be the next >\$1 billion product within Digital Experience.
- **Pulling Together Content Creation and Content Activation.** Adobe now has multiple solutions pulling together the workflows across content creation (Digital Media) and content activation (Digital Experience), including Express for Business and GenStudio. This expanse of workflow is another strong differentiator for Adobe and one that we believe becomes even stronger as GenAI solutions continue to evolve.

The next step for Adobe is to show the innovations and competitive strengths listed above bending the growth curve for Creative Cloud NNARR (which is expected to return to growth in 2H) and Digital Experience (where guidance implies growth deceleration). Adobe breaking out of the 9-11% growth band seen over the past 6 quarters and trending back towards mid-teens growth could be the next big catalyst for the shares. **Bottom-line, Adobe remains a great software franchise, with a compelling innovation cycle ahead, which can even better monetize their large installed base and expand their opportunity further. Investors now have an opportunity to get onboard with the stock at the bottom end of historical PEG range.** Remain Overweight.

What We Liked:

- **Beats Across Q2 Topline Metrics, Solid FY24 Raise...** Adobe reported Digital Media net new ARR (NNARR) of \$487 million, beating guidance of \$440 million by 11% and well above the 5% beat in the prior quarter. Upside was supported by Document Cloud NN ARR which grew 42% YoY, while Creative Cloud NN ARR declined 9% YoY as year-ago price increases continue to be a headwind. Management expects Creative Cloud NN ARR to inflect to YoY growth in Q3 and Q4, as pricing headwinds fade and the ramp of new products provides a tailwind to growth. This supports management's guidance for Digital Media NN ARR of \$460 million in Q3 (ahead of the Street) and a raise to the full year at \$1.95 billion, up from \$1.9 billion prior. FY24 revenue was also raised at the mid-point of the range of \$21.4-\$21.5 billion (from \$21.3-\$21.5 billion provided on the 4Q23 call). Strong revenue flowed through to better profitability with Q2 operating margin of 46.0% beating Street's 45.5% estimate and EPS of \$4.48 beating Street at \$4.38. Full year EPS was similarly raised at the mid-point to \$18.10 from \$17.80 prior.
- **Innovation Engine Alive and Well.** Adobe announced new features and integrations providing a tailwind to Digital Media Net New ARR growth. Acrobat AI Assistant was launched in April and is off to a strong start. An all-new Express for Mobile was introduced in the quarter which, along with Express for Web, is benefiting new user acquisition at Adobe. Enterprises are expanding engagement and upgrading to higher tier products for access to new products like Express for Business and more advanced Firefly capabilities. More broadly, management highlighted that generations on Firefly hit a new monthly record in May. Success in 1) new user acquisition and retention, 2) faster pace of upgrades and 3) adoption of new offerings like Firefly Services underpins management's confidence to raise full year Digital Media NN ARR amid a background of choppy results from the broader software ecosystem.
- **No Macro Slowdown Here.** Following multiple weeks of software prints pointing to a slower macro, it was surprising to hear Adobe speak to durability in the demand environment. Enterprise demand continues to perform well, similar to Q1, while SMB and direct traffic to Adobe.com supported upside to results. Management spoke to diversity in the mission-critical product portfolio coupled with strong execution and converting a pipeline of AI interest into monetization as drivers of the strong demand.

What We're Watching:

- **Steepening Decline in Creative Cloud NN ARR in Q2 + Ramp in 2H.** Creative Cloud net new ARR (NN ARR) declined 9% YoY in Q2, an acceleration from -6% in Q1 despite a 2 point easier compare. Pricing continues to be a headwind, where management quantified last quarter that NN ARR was up >20% YoY in Q1 excluding price, but fell short of quantifying in Q2. However, pricing should turn to a modest tailwind in 2H which, along with ramping monetization of new features, supports CC NN ARR turning to positive reported growth YoY.
- **Guidance Implies Decelerating DX Subscription Revenues.** Digital Experience subscription revenue accelerated to 13% YoY, from 12% in Q1. Looking ahead, Q3 guidance implies growth slows to 10% and full year guidance suggest Q4 growth slows to 9% YoY. We expect management is likely setting a comfortable bar given comments on strong retention rates and early strength for new products including AEP AI Assistant and GenStudio.
- **Still Not Enforcing Generation Limits.** Generation limits are not yet enforced in flagship apps for paid users, generations are only enforced for free to paid users and volume bands in ETLAs. Bears look to the lack of enforcement on generation limits as a sign that adoption may be less than expected and the need to drive free usage longer to support adoption. We side with bulls who highlight May being the highest month for Firefly generation and upcoming tailwinds to growth as limits are enforced.

Risk Reward – Adobe Inc. (ADBE.O)

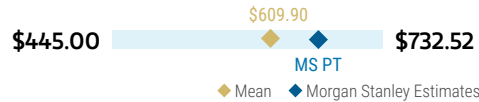
Generative AI Accelerates Growth in Creative Cloud

PRICE TARGET \$660.00

Our \$660 PT is based on a 33x Base Case 2025e EPS of \$20.05 as Generative AI accelerates Creative Cloud growth. The 33x EPS multiple in FY25e implies a ~2.6x PEG, slightly above ADBE's historical average.

Consensus Price Target Distribution

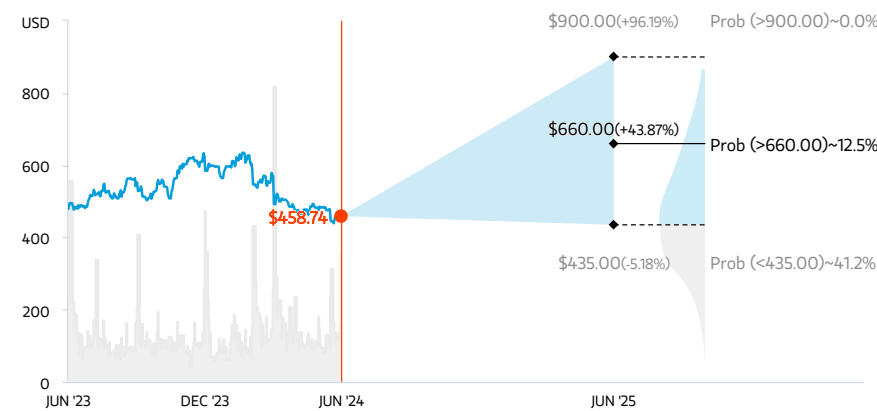
Source: Refinitiv, Morgan Stanley Research



OVERWEIGHT THESIS

- Generative AI capabilities accelerate Creative Cloud growth as Adobe is able to realize incremental revenue from five distinct opportunities. Adobe is well positioned to integrate Generative AI functionality into existing workflows of a broad base of subscribers, enabling stickier customer engagement and opportunity to monetize incremental productivity provided to users.
- The incremental GenAI revenue accelerates EPS growth back to mid/high-teens growth, which we believe warrants a premium multiple.
- \$660 PT is based on 32x FY25e EPS of \$20.66, which implies ~2.3x PEG on ~14% FY23-26 EPS Growth.

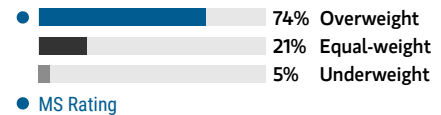
RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 13 Jun 2024. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

- New Data Era: *Positive*
- Secular Growth: *Positive*
- Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$900.00

40x Bull Case 2025e EPS of \$22.48

Creative Cloud + GenAI expands the user base and pushes pricing higher, delivering Digital Media revenue CAGR of 17% from FY23-FY26, and improved integration and execution in Digital Experience delivers 14% revenue CAGR from FY23-FY26, resulting in total revenue CAGR of 16%. Operating margin of ~46% results in FY25 EPS of \$22.48. ADBE trades at 40x EPS, a premium to other large-cap peers and justified by a strong ~19% EPS CAGR, yielding \$900/share.

BASE CASE

\$660.00

32x Base Case 2025e EPS of \$20.66

Digital Media delivers ~12% revenue CAGR from FY23-FY26 as Generative AI accelerates growth while Digital Experience delivers ~11% revenue CAGR from FY23-FY26. Total revenue grows at ~11% CAGR from FY23-FY26. Operating margin of ~46% results in FY25 EPS of \$20.66 and a FY23-FY26 EPS CAGR of ~14%. At a ~32x EPS multiple in FY25e, yielding \$660/share, ADBE trades at ~2.3x PEG, at a premium to historical average.

BEAR CASE

\$435.00

22x Bear Case 2025e EPS of \$19.81

Generative AI adds little upside to the existing user or revenue base as competition is fierce. Digital Experience lags as ADBE struggles to differentiate in a competitive market. A worsening macro environment negatively impacts a growing base of cyclically sensitive consumers. Margins come down to ~46% in FY25, resulting in FY25e EPS of \$19.81. The stock trades at 22x FY25e EPS, which yields \$435/share.

Risk Reward – Adobe Inc. (ADBE.O)

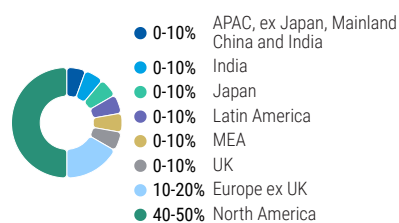
KEY EARNINGS INPUTS

Drivers	2023	2024e	2025e	2026e
Net New Digital Media ARR YoY (%)	14.4	12.7	12.2	12.0
EPS YoY (%)	17.1	13.3	13.5	17.0
Digital Experience Revenue YoY (%)	10.0	9.0	10.8	13.2
Total Revenue YoY (%)	10.2	10.5	11.0	12.4
Operating Margin (%)	45.9	46.0	46.1	46.3

INVESTMENT DRIVERS

- Increased customer lifetime value and TAM expansion opportunity
- Growing the customer base through freemium offerings
- Secular data trends around first party data
- Operating leverage and share buybacks

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- GenAI pricing closer to peers
- Expand the addressable customer base
- Figma acquisition closes
- Added GenAI functionality to the Digital Experience product portfolio

RISKS TO DOWNSIDE

- Timing of releases / AI availability
- Pricing on Firefly / ETLA / Creative Cloud uplift
- Lower margins from GenAI
- Cannibalization of the subscriber base / increased competition

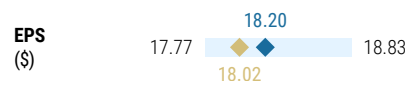
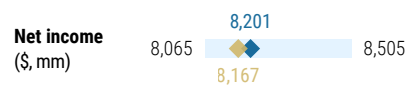
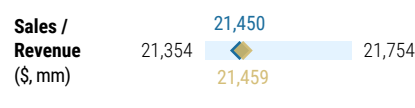
OWNERSHIP POSITIONING

Inst. Owners, % Active	58.3%	<div style="width: 58.3%;"></div>
HF Sector Long/Short Ratio	2.1x	<div style="width: 2.1;"></div>
HF Sector Net Exposure	25.3%	<div style="width: 25.3%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2024e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Model Changes

Exhibit 1: Model Changes

	FY23	2/24	5/24	8/24E	11/24E	FY24E	FY25E	FY26E
New Total Rev.	\$19,409M	\$5,182M	\$5,309M	\$5,360M	\$5,598M	\$21,450M	\$23,814M	\$26,771M
YoY Change	10.2%	11.3%	10.2%	9.6%	10.9%	10.5%	11.0%	12.4%
Old Total Rev.	\$19,409M	\$5,182M	\$5,291M	\$5,380M	\$5,554M	\$21,407M	\$23,771M	\$26,739M
YoY Change	10.2%	11.3%	9.9%	10.0%	10.0%	10.3%	11.0%	12.5%
% Change	0.0%	0.0%	0.3%	-0.4%	0.8%	0.2%	0.2%	0.1%
New Creative ARR	\$12,367M	\$12,783M	\$13,105M	\$13,443M	\$13,891M	\$13,891M	\$15,456M	\$17,210M
Old Creative ARR	\$12,367M	\$12,783M	\$13,114M	\$13,432M	\$13,880M	\$13,880M	\$15,454M	\$17,207M
% Change	0.0%	0.0%	-0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
New Total ARR	\$15,172M	\$15,764M	\$16,251M	\$16,711M	\$17,282M	\$17,282M	\$19,394M	\$21,729M
Old Total ARR	\$15,172M	\$15,764M	\$16,204M	\$16,638M	\$17,246M	\$17,246M	\$19,366M	\$21,700M
% Change	0.0%	0.0%	0.3%	0.4%	0.2%	0.2%	0.1%	0.1%
New Op. Income	\$8,918M	\$2,467M	\$2,441M	\$2,436M	\$2,521M	\$9,865M	\$10,969M	\$12,405M
New Op. Margin	45.9%	47.6%	46.0%	45.4%	45.0%	46.0%	46.1%	46.3%
Old Op. Income	\$8,918M	\$2,467M	\$2,401M	\$2,459M	\$2,543M	\$9,869M	\$10,976M	\$12,414M
Old Op. Margin	45.9%	47.6%	45.4%	45.7%	45.8%	46.1%	46.2%	46.4%
% Change	0.0%	0.0%	1.7%	-0.9%	-0.9%	0.0%	-0.1%	-0.1%
New FCF	\$6,942M	\$1,137M	\$1,899M	\$2,249M	\$2,620M	\$7,905M	\$9,731M	\$11,132M
New FCF Margins	35.8%	21.9%	35.8%	42.0%	46.8%	36.9%	40.9%	41.6%
YoY Change	-6.1%	-28.6%	-5.9%	26.2%	69.0%	13.9%	23.1%	14.4%
Old FCF	\$6,942M	\$1,137M	\$1,805M	\$2,086M	\$2,519M	\$7,547M	\$9,216M	\$10,648M
Old FCF Margins	35.8%	21.9%	34.1%	38.8%	45.4%	35.3%	38.8%	39.8%
% Change	0.0%	0.0%	5.2%	7.8%	4.0%	4.7%	5.6%	4.5%
New EPS	\$16.06	\$4.49	\$4.49	\$4.52	\$4.71	\$18.20	\$20.66	\$24.17
YoY Change	17.1%	18.2%	14.8%	10.5%	10.4%	13.3%	13.5%	17.0%
Old EPS	\$16.06	\$4.49	\$4.40	\$4.49	\$4.65	\$18.02	\$20.05	\$22.92
YoY Change	17.1%	18.2%	12.5%	9.7%	9.0%	12.2%	11.3%	14.3%
% Change	0.0%	0.0%	2.0%	0.8%	1.3%	1.0%	3.0%	5.5%

Source: Company data, Morgan Stanley Research estimates

Financials

Exhibit 2: ADBE ARR Model

(\$ Millions, Except Per-Share Data)	FY21	FY22	2/23	5/23	8/23	11/23	FY24	2/24	5/24	8/24E	11/24E	FY24E	2/25E	5/25E	8/25E	11/25E	FY25E	FY26E	
ARR Metrics																			
Total Digital Media																			
Total Digital Media ARR	\$12,237	\$13,071	\$13,559	\$14,130	\$14,603	\$15,172	\$15,712	\$16,704	\$16,251	\$16,711	\$17,282	\$17,282	\$17,504	\$18,320	\$18,833	\$19,394	\$19,394	\$21,729	
YoY Growth	20%	15%	10%	9%	9%	9%	14%	19%	15%	14%	14%	13%	13%	13%	13%	12%	12%	12%	
QoQ Growth	-	-	-2.2%	3.4%	3.3%	3.9%	-	3.9%	3.3%	2.8%	3.4%	-	3.2%	2.9%	2.8%	3.0%	-	-	
Net New Digital Media ARR																			
Net New Digital Media ARR	\$1,979	\$1,907	\$410	\$470	\$464	\$569	\$1,919	\$432	\$487	\$460	\$571	\$1,960	\$522	\$517	\$512	\$561	\$2,112	\$2,335	
YoY Growth	7%	-4%	-2%	1%	3%	-1%	0%	6%	4%	-1%	0%	2%	21%	6%	11%	2%	8%	11%	
QoQ Growth	-	-	-20%	15%	-1%	23%	-	-24%	13%	-6%	24%	-	8%	1%	-1%	9%	-	-	
Historic Seasonality (3-year average)	-	-	-24%	14%	-4%	24%	-	-25%	15%	6%	25%	-	-27%	13%	-3%	25%	-	-	
+ FX ARR Adjustment	88	88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
+ Other One-Time Items	\$14,051	-	-	-	-	\$15,332	-	-	-	-	-	-	-	-	-	-	-	-	
+ Adjusted ARR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Price Increase Uplift	\$200	\$209	\$199	\$131	\$63	\$602	\$76	\$92	\$90	\$60	\$60	\$326	\$34	\$18	\$2	\$1	\$55	\$51	
Adjusted Net New DM ARR	\$1,707	\$201	\$271	\$333	\$506	\$1,211	\$356	\$395	\$370	\$500	\$1,624	\$1,624	\$488	\$498	\$511	\$560	\$2,056	\$2,331	
YoY Growth	-	-81%	-40%	-20%	21%	-23.2%	-	81%	46%	11%	-1%	-	37%	28%	38%	11%	26.6%	13.3%	
Document Services																			
Document Services ARR	\$1,880	\$2,272	\$2,396	\$2,250	\$2,034	\$2,800	\$2,805	\$2,281	\$3,140	\$2,260	\$3,291	\$3,291	\$3,538	\$3,696	\$3,817	\$3,937	\$3,297	\$4,200	
YoY Growth	32%	23%	18%	17%	17%	18%	23%	2%	26%	24%	21%	19%	19%	17%	17%	16%	16%	15%	
QoQ Growth	-	-	0%	8%	11%	3%	-	6%	5%	3.9%	3.8%	-	4.3%	4.0%	3.9%	3.2%	-	-	
Net New Document Services ARR																			
Net New Document Services ARR	\$471	\$402	\$103	\$116	\$132	\$171	\$522	\$143	\$165	\$122	\$125	\$503	\$146	\$160	\$121	\$121	\$547	\$582	
YoY Growth	28%	-4%	0%	8%	11%	3%	15%	20%	42%	8%	20%	6%	1%	2%	-1%	2%	1%	8%	
QoQ Growth	-	-	34%	30%	-16%	13%	14%	30%	24%	-16%	15%	-20%	1%	21%	18%	11%	-25%	0%	
Historic Seasonality (3-year average)	-	-	-24%	16%	9%	20%	-	-21%	11%	7%	22%	-	-20%	11%	0%	11%	-	-	
+ FX ARR Adjustment	58	58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
+ Adjusted ARR	\$529	\$460	\$103	\$116	\$132	\$171	\$570	\$143	\$165	\$122	\$125	\$503	\$146	\$160	\$121	\$121	\$547	\$582	
Price Increase Uplift	\$222	\$22	\$35	\$45	\$141	\$141	\$448	\$122	\$122	\$118	\$122	\$527	\$144	\$159	\$120	\$120	\$644	\$665	
Adjusted Net New DC ARR	\$307	\$1	\$68	\$71	\$91	\$30	\$122	\$21	\$43	\$10	\$3	\$122	\$122	\$141	\$103	\$103	\$3,211	\$3,211	
YoY Growth	-	-99%	-88%	-62%	-11%	-23.5%	-	85%	346%	161%	14%	-	8%	2%	1%	1%	3.2%	1%	
Document Services as a % of Digital Media ARR	16%	17%	17%	18%	18%	18%	18%	19%	19%	20%	20%	20%	20%	20%	20%	20%	20%	21%	
Creative Cloud																			
Paid Subscriptions	23,443,423	26,163,423	26,988,572	26,944,658	27,343,839	27,801,422	27,801,422	28,843,134	29,560,394	30,508,358	31,610,555	31,610,555	31,149,935	30,606,549	31,319,526	40,256,803	50,450,802	50,450,802	
YoY Growth	14%	11%	11%	0%	1%	1%	0%	4%	3%	3%	3%	0%	-1%	-1%	2%	23%	20%	20%	
Net New Added Subscribers QoQ	2,964,790	2,519,968	425,140	356,086	399,181	457,552	1,637,999	361,370	917,261	947,964	1,102,197	3,328,799	1,539,380	856,613	2,312,978	2,976,338	8,685,307	10,159,999	
YoY Growth	48%	-15%	-39%	-30%	-30%	-30%	-26%	-10%	153.8%	137%	147%	109%	39%	20.6%	24.6%	28.7%	79%	17%	
QoQ Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Average Revenue Per User Per Month	\$31.8	\$32.5	\$31.0	\$31.6	\$32.1	\$32.1	\$32.7	\$32.8	\$32.7	\$32.5	\$32.6	\$32.6	\$31.8	\$31.0	\$29.9	\$28.6	\$28.6	\$25.5	
YoY Growth	5%	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	-1%	
ARR of ET/Las	\$1,265	\$1,409	\$1,388	\$1,407	\$1,428	\$1,452	\$1,452	\$1,506	\$1,518	\$1,529	\$1,541	\$1,541	\$1,559	\$1,611	\$1,623	\$1,635	\$1,635	\$1,735	
YoY Growth	7%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
% of Creative ARR	16%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
Creative ARR	\$10,280	\$11,599	\$11,330	\$11,637	\$11,960	\$12,262	\$12,262	\$12,750	\$13,150	\$13,440	\$13,891	\$13,891	\$14,268	\$14,625	\$15,016	\$15,446	\$15,446	\$17,216	
YoY Growth	18%	13%	13%	8%	7%	7%	13%	13%	13%	12%	12%	11%	11%	12%	12%	11%	11%	11%	
QoQ Growth	-	-	-2.7%	3.1%	2.9%	3.3%	-	3.4%	2.9%	2.6%	3.9%	-	2.7%	2.9%	2.7%	2.9%	-	-	
Net New Creative ARR																			
Net New Creative ARR	\$1,520	\$1,455	\$307	\$354	\$332	\$398	\$1,291	\$289	\$322	\$338	\$446	\$1,297	\$377	\$356	\$392	\$440	\$1,555	\$1,753	
YoY Growth	4%	-4%	3%	1%	1%	12%	4%	20%	8%	2%	13%	2%	20%	11%	16%	2%	12%	12%	
QoQ Growth	-	-	-12%	-14%	-32%	15%	6%	20%	-13%	-27%	11%	0%	33%	-10%	-16%	0%	10%	15%	
Historic Seasonality (3-year average)	-	-	-20%	14%	-6%	29%	-	-27%	16%	-6%	27%	-	-20%	13%	-3%	30%	-	-	
+ FX ARR Adjustment	\$142	\$128	\$117	\$45	\$33	\$33	\$33	\$66	\$81	\$86	\$67	\$300	\$34	\$18	\$2	\$1	\$55	\$51	
Adjusted Net New CC ARR	\$1,313	\$1,179	\$227	\$287	\$299	\$365	\$1,068	\$223	\$241	\$252	\$381	\$1,097	\$343	\$338	\$390	\$439	\$1,501	\$1,749	
YoY Growth	-	-10%	-13%	-4%	3%	3%	-19%	25%	2%	-12%	9%	-	54%	41%	51%	18%	38%	16%	

Source: Company data, Morgan Stanley Research estimates

Exhibit 3: ADBE Income Statement

(\$ Millions, Except Per-Share Data)	FY21	FY22	FY23	2/24	5/24	8/24E	11/24E	FY24E	2/25E	5/25E	8/25E	11/25E	FY25E	FY26E
Total Revenue	15,785	17,606	19,409	5,182	5,309	5,360	5,598	21,450	5,772	5,902	5,977	6,163	23,814	26,771
% YoY Growth	22.7%	11.5%	10.2%	11.3%	10.2%	9.6%	10.9%	10.5%	11.4%	11.2%	11.5%	10.1%	11.0%	12.4%
% QoQ Growth	-	-	-	3%	2%	1%	4%	-	3%	2%	1%	3%	-	-
Cost of Revenue														
Total Cost of Revenue	1,615	1,838	1,989	518	525	583	609	2,235	581	639	705	735	2,660	2,917
Gross Income	14,170	15,768	17,420	4,664	4,784	4,777	4,990	19,215	5,191	5,263	5,272	5,428	21,153	23,855
Gross Margin	89.8%	89.6%	89.8%	90.0%	90.1%	89.1%	89.1%	89.6%	89.9%	89.2%	88.2%	88.1%	88.8%	89.1%
Operating Expenses														
Research & Development	1,984	2,270	2,591	703	747	722	754	2,926	766	813	787	812	3,178	3,572
Sales & marketing	4,008	4,557	4,851	1,216	1,310	1,326	1,411	5,263	1,331	1,439	1,461	1,535	5,766	6,483
General & Administrative	919	996	1,060	278	286	293	304	1,161	298	306	314	322	1,241	1,395
Other Expenses	1,457	1,847	2,207	1,560	514	580	602	3,256	581	585	660	686	2,513	2,864
Total Operating Expenses	6,911	7,823	8,502	2,197	2,343	2,341	2,469	9,350	2,395	2,557	2,563	2,669	10,184	11,450
% YoY Growth	17.5%	13.2%	8.7%	7.7%	9.2%	10.1%	12.7%	10.0%	9.0%	9.2%	9.5%	8.1%	8.9%	12.4%
Operating Income	7,259	7,945	8,918	2,467	2,441	2,436	2,521	9,865	2,796	2,706	2,709	2,759	10,969	12,405
% Margin	46.0%	45.1%	45.9%	47.6%	46.0%	45.4%	45.0%	46.0%	48.4%	45.8%	45.3%	44.8%	46.1%	46.3%
% YoY Growth	31.5%	9.5%	12.2%	15.8%	12.0%	7.6%	7.6%	10.6%	13.3%	10.8%	11.2%	9.5%	11.2%	13.1%
Incremental Revenue	2,917	1,821	1,803	134	127	51	238	2,041	173	130	75	186	2,364	2,957
Incremental OpEx	1,027	912	679	6	146	-2	128	848	-74	162	5	106	834	1,266
Incremental Operating Margin	64.8%	49.9%	62.3%	95.5%	-15.0%	103.7%	46.3%	58.4%	142.7%	-24.8%	92.9%	43.0%	64.7%	57.2%
EBITDA	7,355	8,041	9,017	2,478	2,452	2,447	2,532	9,910	2,808	2,718	2,722	2,772	11,020	12,462
EBITDA Margin	46.6%	45.7%												

Exhibit 4: ADBE Revenue Segmentation

(\$ Millions, Except Per-Share Data)	FY21	FY22	FY23	2/24	5/24	8/24E	11/24E	FY24E	2/25E	5/25E	8/25E	11/25E	FY25E	FY26E
Digital Media	11,520	12,842	14,216	3,816	3,908	3,970	4,132	15,826	4,259	4,367	4,442	4,567	17,635	19,833
YoY Growth	24.8%	11.5%	10.7%	12.4%	11.3%	10.5%	11.2%	11.3%	11.6%	11.7%	11.9%	10.5%	11.4%	12.5%
QoQ Growth		14.0%		2.7%	2.4%	1.6%	4.1%		3.1%	2.5%	1.7%	2.8%		
% of Total Revenue	73.0%	72.9%	73.2%	73.6%	73.6%	74.1%	73.8%	73.8%	73.8%	74.0%	74.3%	74.1%	74.1%	74.1%
Document Services Revenue	1,974	2,383	2,699	750	782	782	821	3,135	850	882	878	917	3,527	3,939
YoY Growth	31.9%	20.7%	13.3%	18.3%	18.7%	14.2%	13.9%	16.2%	13.3%	12.8%	12.2%	11.7%	12.5%	11.7%
QoQ Growth				4.0%	4.3%	0.0%	5.0%		3.5%	3.8%	-0.5%	4.5%		
Digital Media ex Document Services	9,546	10,459	11,517	3,066	3,126	3,188	3,311	12,691	3,409	3,485	3,565	3,650	14,109	15,894
YoY Growth	23.4%	9.6%	10.1%	11.0%	9.6%	9.6%	10.6%	10.2%	11.2%	11.5%	11.8%	10.2%	11.2%	12.7%
QoQ Growth				2.4%	2.0%	2.0%	3.8%		3.0%	2.2%	2.3%	2.4%		
Digital Experience (New)	3,867	4,422	4,893	1,289	1,327	1,335	1,399	5,350	1,434	1,477	1,492	1,541	5,944	6,743
YoY Growth	23.7%	14.4%	10.7%	10%	8.6%	9%	11%	9.3%	11%	11%	12%	10%	11.1%	13.5%
QoQ Growth				1.8%	2.9%	0.6%	4.8%		2.5%	3.0%	1.0%	3.3%		
% of Total Revenue	24%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Publishing and Advertising- (New)	398	342	300	77	74	55	67	273	78	58	43	55	234	194
YoY Growth	-22%	-14%	-12%	-8.3%	-10.8%	-18.3%	2.0%	-9%	1.8%	-22.1%	-21.5%	-17.7%	-14%	-17%
QoQ Growth				16.7%	-3.9%	-26.0%	22.9%		16.4%	-26.4%	-25.5%	28.9%		
% of Total Revenue														
Total Revenue	15,785	17,606	19,409	5,182	5,309	5,360	5,598	21,450	5,772	5,902	5,977	6,163	23,814	26,771
YoY Growth	22.7%	11.5%	10.2%	11.3%	10.2%	9.6%	10.9%	10.5%	11.4%	11.2%	11.5%	10.1%	11.0%	12.4%
QoQ Growth				2.7%	2.5%	1.0%	4.4%		3.1%	2.3%	1.3%	3.1%		

Source: Company data, Morgan Stanley Research estimates

Exhibit 5: ADBE Balance Sheet

(\$ Millions, Except Per-Share Data)	FY21	FY22	FY23	2/24	5/24	8/24E	11/24E	FY24E	2/25E	5/25E	8/25E	11/25E	FY25E	FY26E
Assets														
Cash & Cash Equivalents	3,844	4,236	7,141	6,254	7,660	7,577	7,645	7,645	7,418	6,426	6,030	6,916	6,916	7,438
Short-Term Investments	1,954	1,860	701	566	405	405	405	405	405	405	405	405	405	405
Accounts Receivable	1,878	2,065	2,224	2,057	1,612	1,780	2,454	2,454	2,113	2,179	2,226	3,039	3,039	3,822
Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets	975	835	1,018	1,131	1,346	1,018	961	961	1,097	1,121	1,136	873	873	779
Total Current Assets	8,651	8,996	11,084	10,008	11,023	10,781	11,466	11,466	11,032	10,131	9,797	11,234	11,234	12,444
PP&E	1,673	1,908	2,030	1,988	1,969	1,952	1,934	1,934	1,917	1,900	1,883	1,867	1,867	1,805
Goodwill	12,721	12,787	12,805	12,803	12,803	12,803	12,803	12,803	12,803	12,803	12,803	12,803	12,803	12,803
Intangibles	1,820	1,449	1,088	1,011	933	903	873	873	843	813	783	753	753	633
Investment in Lease Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	1,085	777	1,191	1,310	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436
Other Non-Current Assets	1,291	1,248	1,581	1,631	1,843	1,912	1,529	1,529	2,174	2,341	2,490	1,437	1,437	1,348
Total Assets	27,241	27,165	29,779	28,751	30,007	29,786	30,041	30,041	30,205	29,424	29,193	29,530	29,530	30,468
Liabilities														
Accounts Payable	312	379	314	300	357	414	357	357	489	468	534	395	395	445
Accrued Expenses	1,736	1,790	1,942	1,569	1,899	1,945	2,005	2,005	2,047	2,093	2,141	2,184	2,184	2,455
Deferred Revenue	4,733	5,297	5,837	5,975	5,558	5,517	6,082	6,082	6,655	6,179	6,151	6,695	6,695	7,577
Current Portion of Long-Term Debt	0	500	0	1,497	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498
Other Current Liabilities	151	162	158	196	162	162	162	162	162	162	162	162	162	162
Total Current Liabilities	6,932	8,128	8,251	9,537	9,474	9,535	10,104	10,104	10,851	10,400	10,486	10,934	10,934	12,138
Debt	4,123	3,629	3,634	2,138	4,127	4,127	4,127	4,127	4,127	4,127	4,127	4,127	4,127	4,127
Income taxes payable	534	530	514	668	591	534	474	474	474	474	474	474	474	474
Long-term Deferred Revenue	145	117	113	135	128	124	237	237	156	148	144	384	384	575
Deferred Income Taxes	5	28	0	0	0	0	0	0	0	0	0	0	0	0
Other Long-Term Liabilities	705	682	749	813	844	844	844	844	844	844	844	844	844	844
Total Liabilities	12,444	13,114	13,261	13,291	15,164	15,164	15,786	15,786	16,453	15,993	16,076	16,764	16,764	18,158
Common and Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Paid in Capital	8,428	9,868	11,586	12,037	12,504	13,302	13,862	13,862	14,401	14,944	15,562	16,207	16,207	18,903
Other Comprehensive Income	(137)	(293)	(285)	(277)	(276)	(276)	(276)	(276)	(276)	(276)	(276)	(276)	(276)	(276)
Treasury Stock	(17,399)	(23,843)	(28,129)	(30,109)	(32,612)	(35,204)	(37,755)	(37,755)	(40,256)	(42,832)	(45,484)	(48,216)	(48,216)	(58,826)
Retained Earnings	23,905	28,319	33,346	33,809	35,227	36,801	38,425	38,425	39,883	41,595	43,315	45,051	45,051	52,510
Total Stockholder's Equity	14,797	14,051	16,518	15,460	14,843	14,622	14,255	14,255	13,752	13,431	13,117	12,766	12,766	12,311
Total Liab & Stockholder's Equity	27,241	27,165	29,779	28,751	30,007	29,786	30,041	30,041	30,205	29,424	29,193	29,530	29,530	30,468

Source: Company data, Morgan Stanley Research estimates

Exhibit 6: ADBE Cash Flow Statement

Adobe, Inc.														
Cash Flow Statement (Quarterly)														
(\$ Millions, Except Per-Share Data)	FY21	FY22	FY23	2/24	5/24	8/24E	11/24E	FY24E	2/25E	5/25E	8/25E	11/25E	FY25E	FY26E
Operating Activities:														
Net income (loss)	4,822	4,756	5,428	620	1,573	1,569	1,619	5,381	1,454	1,706	1,715	1,732	6,607	7,438
Adjustments to Operating Activities:														
Depreciation & Amortization (PPE & non-PPE)	788	856	872	212	214	94	95	616	96	97	98	99	392	408
Impairment of PP&E, Goodwill & Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquired In-Process R&D	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stock Compensation Expense	1,069	1,440	1,718	451	467	538	560	2,016	539	543	618	644	2,345	2,696
Deferred Income Taxes	183	0	0	0	0	0	0	0	0	0	0	0	0	0
Provision for Losses on Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Benefit - Issuance of Stock / Ex. of Options	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Excess Tax Benefit from Stock Based Compensation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gains (Losses) on Investments	(4)	29	(10)	0	0	0	0	0	0	0	0	0	0	0
Non-Cash Restructuring and Other Charges	80	421	(351)	(109)	(314)	(57)	(59)	(540)	0	0	0	0	0	0
Change in deferred revenue	1,053	536	536	0	0	(46)	679	633	492	(484)	(31)	784	761	1,073
Change in operating assets & liabilities	(761)	(200)	(891)	0	0	194	(231)	(38)	(264)	(234)	(97)	406	(198)	(277)
Net Cash Provided by (used in) Operating Activities	7,230	7,338	7,302	1,174	1,940	2,291	2,683	8,068	2,317	1,629	2,304	3,666	9,916	11,337
% Margin	45.8%	44.5%	37.6%	22.7%	36.5%	42.7%	47.6%	37.6%	40.1%	27.6%	38.5%	59.5%	41.6%	42.3%
YoY Growth	26%	8%	-7%					10%					23%	14%
Cash Flows From Investing Activities														
Purchase - Property & Equipment	(348)	(442)	(360)	(37)	(41)	(42)	(43)	(163)	(44)	(45)	(47)	(48)	(184)	(206)
Acquisitions, Net of Cash	(1,475)	(126)	0	0	0	0	0	0	0	0	0	0	0	0
Sales & Maturities of Marketable Securities	(465)	44	1,188	139	163	0	0	302	0	0	0	0	0	0
Investments	(1,249)	(46)	(52)	(36)	(11)	0	0	(47)	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Investing Activities	(3,537)	(570)	776	66	111	(42)	(43)	92	(44)	(45)	(47)	(48)	(184)	(206)
Cash Flows From Financing Activities														
Common Stock, Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds - Exercise of Options & Purchase Plans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from borrowings under line of credit	0	0	(500)	0	1,997	0	0	1,997	0	0	0	0	0	0
Excess Tax Benefit from Stock Based Compensation	(515)	(276)	(197)	(125)	(135)	260	0	0	0	0	0	0	0	0
Treasury Stock	(3,863)	(6,550)	(4,400)	(2,000)	(2,500)	(2,592)	(2,551)	(9,643)	(2,501)	(2,575)	(2,652)	(2,732)	(10,460)	(10,610)
Convertible, Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	77	1	(85)	(3)	(4)	0	0	(7)	0	0	0	0	0	0
Net Cash Provided by Financing Activities	(4,301)	(6,825)	(5,182)	(2,128)	(642)	(2,332)	(2,551)	(7,653)	(2,501)	(2,575)	(2,652)	(2,732)	(10,460)	(10,610)
Exchange Rate Impact	(26)	(51)	9	1	(3)	0	0	(2)	0	0	0	0	0	0
Change in Cash and Cash Equivalents	(634)	392	2,905	(887)	1,406	(83)	68	504	(228)	(992)	(395)	886	(729)	522
Cash, Beginning of Period	4,478	3,844	4,236	7,141	6,254	7,660	7,577	7,141	7,645	7,418	6,426	6,030	7,645	6,916
Cash, end of period	3,844	4,236	7,141	6,254	7,660	7,577	7,645	7,645	7,418	6,426	6,030	6,916	6,916	7,438

Notes:

1) Cash flow actuals represent reported figures from most recent company filings.

2) As a result of acquisitions, in some instances, not all quarters with a given year have been restated.

FCF	6,882.0	7,396.0	6,942.0	1,137.0	1,899.0	2,249.4	2,619.5	7,904.9	2,273.1	1,583.5	2,257.1	3,617.8	9,731.5	11,131.9
FCF Margin %	44%	42%	36%	22%	36%	42%	47%	37%	39%	27%	38%	59%	41%	42%

Source: Company data, Morgan Stanley Research estimates

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - [Options_Probabilities_Exhibit_Link.pdf](#)
2. View descriptions of Risk Rewards Themes - [RR_Themes_Exhibit_Link.pdf](#)
3. View explanation of regional hierarchies - [GEG_Exhibit_Link.pdf](#)
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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1455	39%	338	45%	23%	683	41%
Equal-weight/Hold	1742	46%	342	46%	20%	774	46%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	573	15%	70	9%	12%	223	13%
Total	3,773		750			1681	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Stock Price, Price Target and Rating History (See Rating Definitions)

Adobe Inc. (ADBE.O) - As of 06/14/24 GMT in USD
Industry : Software



Stock Rating History: 6/1/19 : O/A; 7/27/20 : O/I; 3/8/21 : O/A; 6/21/22 : E/A; 7/31/23 : O/A

Price Target History: 4/29/19 : 340; 12/9/19 : 410; 2/27/20 : 450; 3/13/20 : 366; 3/25/20 : 375; 6/12/20 : 450; 9/14/20 : 560; 3/24/21 : 575; 6/18/21 : 610; 9/15/21 : 736; 12/17/21 : 652; 3/23/22 : 591; 6/21/22 : 362; 9/15/22 : 337; 12/16/22 : 382; 3/16/23 : 385; 6/12/23 : 470; 6/16/23 : 510; 7/31/23 : 660

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
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INDUSTRY COVERAGE: Software

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/13/2024)
Chris Quintero		
Blackline Inc (BL.O)	E (09/18/2023)	\$45.42
E2open Parent Holdings Inc (ETWO.N)	E (01/17/2024)	\$4.50
Vertex Inc. (VERX.O)	O (01/17/2024)	\$35.32
Elizabeth Porter, CFA		
Amplitude Inc. (AMPL.O)	U (02/01/2024)	\$8.35
Freshworks Inc (FRSH.O)	E (10/18/2021)	\$12.32
GoDaddy Inc (GDDY.N)	E (07/19/2021)	\$138.18
HubSpot, Inc. (HUBS.N)	O (03/21/2023)	\$567.00
Klaviyo, Inc (KVYO.N)	E (10/16/2023)	\$22.74
LegalZoom.com Inc (LZ.O)	U (07/28/2022)	\$8.20
Liveramp Holdings Inc (RAMP.N)	O (07/15/2019)	\$29.73
Matterport Inc (MTTR.O)	E (04/19/2022)	\$3.97
Semrush Holdings Inc -A (SEMR.N)	E (06/06/2022)	\$13.88
Sprinklr Inc (CXM.N)	E (07/19/2021)	\$8.88
Sprout Social Inc (SPT.O)	E (11/17/2020)	\$34.21
Wix.Com Ltd (WIX.O)	E (05/19/2022)	\$165.29
Zeta Global Holdings Corp (ZETA.N)	O (04/04/2024)	\$16.43
ZoomInfo Technologies Inc (ZI.O)	E (02/01/2024)	\$12.14
Hamza Fodderwala		
Check Point Software Technologies Ltd. (CHKP.O)	E (10/16/2023)	\$157.56
Cloudflare Inc (NET.N)	E (10/30/2023)	\$73.51
CrowdStrike Holdings Inc (CRWD.O)	O (01/09/2024)	\$382.81
CyberArk Software Ltd (CYBR.O)	E (01/09/2024)	\$251.79
Fortinet Inc. (FTNT.O)	O (10/07/2022)	\$60.23
Gen Digital Inc. (GEN.O)	E (06/07/2024)	\$24.49
Okta, Inc. (OKTA.O)	E (09/01/2022)	\$88.24
Palo Alto Networks Inc (PANW.O)	O (10/10/2017)	\$319.66
Qualys Inc (QLYS.O)	U (02/09/2021)	\$138.19
Rapid7 Inc (RPD.O)	E (08/11/2015)	\$37.72

Secureworks Corp (SCWX.O)	E (09/09/2020)	\$6.56
SentinelOne, Inc. (S.N)	O (06/12/2023)	\$18.41
Tenable Holdings Inc (TENB.O)	O (01/09/2024)	\$40.80
Varonis Systems, Inc. (VRNS.O)	O (10/16/2023)	\$41.84
Zscaler Inc (ZS.O)	E (01/12/2023)	\$181.05
Josh Baer, CFA		
2u Inc (TWO.U.O)	E (11/24/2020)	\$0.23
Asana Inc (ASAN.N)	E (10/26/2020)	\$12.37
BigCommerce Holdings, Inc. (BIGC.O)	E (05/11/2021)	\$7.95
Box Inc (BOX.N)	E (05/21/2024)	\$25.88
CCC Intelligent Solutions Holdings Inc (CCCS.O)	E (12/12/2023)	\$11.56
Chegg Inc (CHGG.N)	U (11/20/2023)	\$3.04
Coursera, Inc. (COUR.N)	O (04/26/2021)	\$6.70
DigitalOcean Holdings Inc (DOCN.N)	E (08/11/2023)	\$36.36
Docebo Inc. (DCBO.O)	O (08/17/2023)	\$37.78
DocuSign Inc (DOCU.O)	E (01/16/2024)	\$51.18
Instructure Holdings Inc (INST.N)	O (12/09/2021)	\$24.29
Lightspeed POS Inc. (LSPD.N)	E (02/18/2021)	\$14.85
Sabre Corp (SABR.O)	E (03/16/2021)	\$2.71
Smartsheet Inc (SMAR.N)	O (05/22/2018)	\$41.93
Toast, Inc. (TOST.N)	O (12/16/2021)	\$22.72
Udemy Inc (UDMY.O)	E (11/23/2021)	\$8.65
WalkMe Ltd (WKME.O)	++	\$13.73
Keith Weiss, CFA		
Adobe Inc. (ADBE.O)	O (07/31/2023)	\$458.74
Akamai Technologies, Inc. (AKAM.O)	E (04/29/2020)	\$88.35
Atlassian Corporation PLC (TEAM.O)	O (01/13/2020)	\$156.02
Autodesk (ADSK.O)	E (08/19/2021)	\$223.10
Bill.com Holdings (BILL.N)	E (06/12/2023)	\$48.40
Intuit (INTU.O)	O (10/05/2020)	\$594.62
Microsoft (MSFT.O)	O (01/13/2016)	\$441.58
Oracle Corporation (ORCL.N)	E (01/15/2019)	\$139.85
Palantir Technologies Inc. (PLTR.N)	U (08/31/2023)	\$23.27
Salesforce.com (CRM.N)	O (12/21/2023)	\$229.03
Samsara Inc (IOT.N)	E (03/23/2023)	\$28.60
ServiceNow Inc (NOW.N)	O (11/12/2020)	\$709.76
Shopify Inc (SHOP.N)	O (04/19/2024)	\$64.69
Snowflake Inc. (SNOW.N)	E (02/29/2024)	\$125.90
UiPath Inc (PATH.N)	E (09/07/2022)	\$11.53
Workday Inc (WDAY.O)	O (04/14/2020)	\$207.08
Meta A Marshall		
8x8 Inc (EGHT.O)	E (01/13/2020)	\$2.32
Five9 Inc (FIVN.O)	E (10/10/2022)	\$42.01
NICE Ltd. (NICE.O)	O (10/16/2023)	\$168.15
RingCentral Inc (RNG.N)	E (08/08/2023)	\$29.02
Twilio Inc (TWLO.N)	O (09/19/2019)	\$55.69
Zoom Video Communications Inc (ZM.O)	E (10/11/2022)	\$57.94
Roy D Campbell		
Karooooo Ltd (KARO.O)	O (04/27/2021)	\$35.68
Sanjit K Singh		
Appian Corp (APPN.O)	E (12/03/2021)	\$28.67
C3.ai (AI.N)	U (01/04/2021)	\$30.49
Confluent, Inc. (CFLT.O)	O (04/12/2023)	\$27.85
Couchbase, Inc. (BASE.O)	E (08/16/2021)	\$17.85

Datadog, Inc. (DDOG.O)	O (05/21/2021)	\$119.54
Domo Inc (DOMO.O)	E (01/20/2023)	\$6.59
Dynatrace Inc (DT.N)	E (02/13/2024)	\$46.57
Fastly Inc. (FSLY.N)	E (04/20/2023)	\$7.27
HashiCorp (HCP.O)	E (04/29/2024)	\$33.65
JFrog Ltd. (FROG.O)	O (12/21/2023)	\$33.97
MongoDB Inc (MDB.O)	O (04/12/2023)	\$218.18
PagerDuty, Inc. (PD.N)	E (01/24/2024)	\$20.98
Solarwinds Corp (SWI.N)	E (11/13/2018)	\$11.54

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* Historical prices are not split adjusted.

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