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FINANCIAL, INC.

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We listened, (as you may have as well), to Apple's earnings call yesterday. What follows is a summary, our thoughts, and the market's general reactions.

The results for Apple's Q1 2021 were impressive. There was little to be disappointed about as Apple reported its first ever \$100B quarter. Net income grew by 29% (Y/Y), earnings per share increased by 35% (Y/Y) and total revenue grew 21.4% (Y/Y).

To end the earnings call for last quarter (October 2020), Tim and Luca provided the following guidance and goals for Q1 2021 (the quarter they reported on yesterday). The guidance was as follows:

- For iPhone to return to growth.
- The non-iPhone business segments would continue their double-digit growth.
- There would be a return to growth in China.

The actual results for this quarter were as follows:

- The iPhone did return to growth – revenue was up 17% (Y/Y).
- The non-iPhone business segments did continue their double-digit growth.
 - iPad revenue was up 41.1% (Y/Y).
 - Mac revenue was up 21.2% (Y/Y).
 - Other Products revenue was up 29.6% (Y/Y).
 - Services revenue was up 24% (Y/Y).
- China did return to growth – revenue was up 57% (Y/Y).

Apple's business continues to perform well, and shareholders have driven AAPL stock higher. AAPL is up 93.5% since 1/1/2020 and is currently trading at 38 times trailing 12-month earnings, or 233% higher than its historical trading range of 16.3 times earnings.

In closing, Tim and Luca were asked a series of questions pertaining to Apple's ability to maintain their recent growth levels. One analyst asked, "What level of growth do you believe Apple can sustain for the next 5 years?" Tim responded, "As you know, we don't provide any guidance past the upcoming quarter."

However, Tim and Luca did provide some insight regarding the current quarter, including a reminder that there is a typical fiscal progression from the holiday quarter to Q2, and for the Services and Wearables businesses to face tough comparisons for the quarter (due to COVID-19 tailwinds in 2020).

As of 6:54 a.m. Apple stock price is \$138.45 per share, down 2.54% due to the cautious outlook that Tim and Luca provided.

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Please don't hesitate to contact us with any questions, concerns, or specific issues regarding your Apple holdings.

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