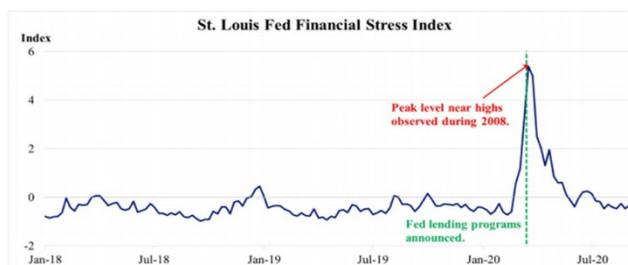


## Macro View – COVID and the State of the Economy

James Bullard, President of the Federal Reserve Bank of St. Louis, presented on the global pandemic and progress made economically at the Global Interdependence Center Executive Briefing late September. He pointed out that progress has been made in managing the crisis and that the U.S. economy has “surprised dramatically to the upside,” likely leading to third quarter growth as a result of monetary and fiscal policies. The chart below from the St. Louis Fed shows financial stress peaking followed by the Fed lending program announcement. Heading in to July, the results normalized to pre-covid levels. Bullard continued that downside risk will be dependent on managing a risk based health policy. The health policy is based on real time learning and adaptation to mortality risk and fatalities. Bullard points out that work from home has been one of the most viable and powerful strategies for businesses in response to managing mortality risk and limiting fatalities.

### Financial stress has abated



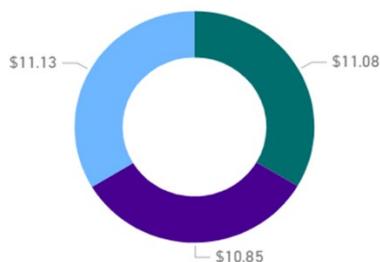
Source: Federal Reserve Bank of St. Louis. Last observation: Week of Sept. 11, 2020.

## Taking Stock – Microsoft on Offense

Microsoft announced intent to acquire ZeniMax, a firm dedicated to gaming, for \$7.5 billion. ZeniMax is the parent company of Bethesda Softworks. Bethesda has historically been recognized for popular games such as The Elder Scrolls and, in more recent times, Fallout. The chart below shows revenue for fiscal year 2020. All three business segments increased revenue from 2019 with cloud revenue increasing by 27%, followed by productivity and business processes increasing by 13%, and personal computing rounding out the growth at 3.5%. Productivity and business processes include Office 365 subscriptions, LinkedIn subscriptions, and Dynamics CRM and ERP. The Intelligent Cloud is comprised of server and cloud services such as SQL Server, GitHub and Azure. Gaming and ZeniMax fall under Personal Computing. ZeniMax is the eighth acquisition in 2020, marked as the third largest acquisition Microsoft has made followed by LinkedIn at \$26.2 billion and Skype at \$8.5 billion.

Segment Revenues (in billions) - FY20

● Productivity and Business Proce... ● Intelligent Cloud ● More Personal Computing



Source: Microsoft