



The Louvre made headlines twice within days in the past couple of weeks.

First, two environmental protesters threw soup at the world's most famous painting, the *Mona Lisa*, which is held on permanent display at the gallery in central Paris. While disposing of their soup, the women shouted: "What's the most important thing? Art, or the right to healthy and sustainable food?"

Which makes me wonder: if you're really that concerned about the sustainability of food, why waste some of it to make your point? But maybe that's just me.

A few days later, the Louvre was referenced again, this time in the context of Microsoft's quarterly earnings update, *nogal*. Revenue rose 18% to a record \$62bn in the past three months – nearly \$1bn more than the average analyst had expected. Sales of cloud computing business increased by 30%. Earnings per share beat estimates by more than 5%.

When asked to comment on the spectacular results, leading technology analyst Dan Ives, from Wedbush Securities in New York, said on CNBC: "That's a quarter and a press release that you should print off and hang in the Louvre. This shows that the AI revolution is here; monetisation is actually starting."

Which brings me back to what I wrote on these pages just a month ago, when I suggested that one should approach some of the strongest performers in the AI basket with a bit of caution, given their demanding ratings. Trees do not grow to the sky, after all, I concluded.

The very week that was published, the Consumer Electronics Show (CES) in Las Vegas was attended by about 130,000 people. The same Ives referenced earlier was one of them, and he discussed the experience with Josh Brown and Michael Batnick on *The Compound and Friends*

podcast soon after. The episode is titled "Man on Fire" – find it via Google and listen to the whole 80 minutes of it. I defy you to come away bearish after hearing Ives talk about the AI revolution that is playing out as we speak and evidenced by the tremendous interest shown at this year's CES.

Returning to Microsoft, I was struck when I recently came across a statement in the company's latest annual report that total revenue from all aspects of the cloud business amounted to \$111.6bn for the 12 months ended June 30 2023. For context, this number represented more than half of the company's total revenue for the year in question. And to think that this line of business didn't even exist a decade and a half ago when



Print it off and hang it in the Louvre

Windows and Office products still used to dominate the company's earnings.

Might AI initiatives, which are developing at breakneck speed, soon displace cloud as the biggest money-spinner in the Microsoft stable? Commentators such as Ives seem to think so, which explains their unbridled bullishness. Perhaps this AI tree will grow to the sky after all ...

Microsoft magic

At the start of last year's Rugby World Cup, I matched some of the participants in the tournament with international stocks. Comparing the All Blacks to Microsoft, I highlighted a visual from the Economic Research Council in the UK, showing the top 10 global companies ranked by market capitalisation at five-year intervals going back to 1999. Only Microsoft featured on every single occasion. As I said back then: I'm pretty confident the share will once again feature in the top handful in another five years' time (and in a similar vein, I expected New Zealand to be there or thereabouts in the latter stages of the 2023 tournament – a forecast that aged pretty well, thankfully).

Just as Microsoft is the most highly valued company in the world today, the *Mona Lisa* is considered to be the most priceless piece of art on earth. The French will never sell it, so it's impossible to put an actual number to it, but the internet is not short of references placing value of a billion dollars or more on the painting.

I look forward to hearing from Microsoft when it gives a further update on earnings, as well as the prospects for the Copilot product and other AI initiatives in a few months' time. May that press release be worthy of printing off to hang alongside Leonardo da Vinci's masterpiece in the Louvre once more.

I just hope nobody pours soup over it. **X**
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