Prices as of 2026-09-25 close · Financials through FY26 Q4 (2026-06-30; 10-K filed 2026-07-29)

Microsoft MSFT

Microsoft: revenue growth of 18%; a 26x P/E above the peer median, and profit that includes investment gains

Fundamentals are strong: FY26 revenue was $331.8B (+17.8%) and operating income $155.2B (+20.8%); Azure exceeded $100B for a full year for the first time, and commercial RPO (remaining performance obligations, i.e. contracted revenue not yet recognized) reached $678B (+84%). Our filing review identified three points of note. First, GAAP profit includes a $6.5B (pre-tax) OpenAI dilution gain. Second, the company's adjusted figures exclude only OpenAI, so the $3.2B Anthropic investment gain in Q4 remains in adjusted EPS. Third, capex doubled, reducing free cash flow from $71.6B to $67.0B, while $329.1B of data center leases not yet commenced are not recognized on the balance sheet. On the macro side, the Fed raised rates in September and the 10-year Treasury yield has risen to 5.18%. The stock is up 7.4% year to date, underperforming the S&P 500 and the technology ETF.

Rating · 12 months · vs S&P 500	Price	Market cap	1-year change	Current-year P/E
Neutral	$516.17	$3.83T	+2.6%	26.1x
Confirmed 2026-10-01 · Rating definitions	2026-09-25 close	Technology	YTD +7.4%	EPS 19.76 (consensus)
Next earnings				
2026-10-29				
yfinance calendar				

01

The market

Indices: As of 2026-09-25, the S&P 500 is up 13.1% year to date and 17.2% over 1 year; the Nasdaq is up 16.5% year to date. Performance over the past month has diverged markedly: Nasdaq +3.6%, Dow -3.1%, Russell 2000 -5.6%, as flows concentrated in large-cap technology.

Sector: The technology ETF (XLK) is up 36.8% year to date, while the stock is up only 7.4%, a laggard among large-cap technology names. Over the past 3 months, however, it has gained 38.7%, outperforming the S&P 500 by 33.4 percentage points, indicating a catch-up move.

Rates: The 10-year Treasury yield stands at 5.18%, up approximately 52bp over 1 month; the Fed raised rates by 25bp on September 16. The VIX is low at 14.9, indicating subdued market stress.

Implications for the stock (our inference): The stock trades at 26.1x current fiscal-year earnings, above the 19.4x median of the selected peers, which increases its sensitivity to a higher discount rate. Conversely, the company holds $76.8B of cash and short-term investments and earned $3.3B of interest income in FY26 (10-K), so higher rates provide a modest benefit to that line. The stock's 1-year beta to the S&P 500 is 0.99, but its correlation is only 0.39, indicating that performance is driven mainly by company-specific factors (AI capex, OpenAI).

Indices and sector

	Last	1W	1M	3M	YTD	1Y
S&P 500	7,743.41	+1.2%	+0.9%	+5.3%	+13.1%	+17.2%
Nasdaq Composite	27,068.72	+2.1%	+3.6%	+7.0%	+16.5%	+20.9%
Dow Jones Industrial	51,828.62	+0.3%	-3.1%	-0.1%	+7.8%	+12.8%
Russell 2000	2,837.55	-0.8%	-5.6%	-5.7%	+14.3%	+17.7%
Technology sector ETF	196.27	+3.6%	+7.5%	+8.5%	+36.8%	+41.9%
MSFT	**516.17**	**+4.5%**	**+4.0%**	**+38.7%**	**+7.4%**	**+2.6%**

Rates, volatility and relative performance

VIX 14.87 1M -0.34	10-year Treasury yield 5.18% 1M +52bp	US Dollar Index 100.97 1M +1.80	Beta vs S&P 0.99 1-year correlation 0.39	3M excess return +33.4% vs S&P 500
1Y excess return -14.6% vs S&P 500				

Macro and market events

Date	Event	What it means for this stock	Source
2026-09-16	Fed raises rates by 25bp to 3.75%–4.00%, its first hike since 2023; the median dot indicates one further hike in 2026	Higher rates raise the discount rate applied to highly valued growth stocks (our inference). As the stock trades above the peer median, the net effect is modestly negative; interest income on cash holdings benefits slightly.	CNBC

Date	Event	What it means for this stock	Source
2026-09 中旬	10-year Treasury yield rises to 5.135%, the highest since July 2007; the Dow records its weakest week since March	market.json shows the yield at 5.18% as of September 25. Rising long-term rates weigh on the valuations of long-duration technology stocks (our inference).	CNBC
2026-09-09	US-Iran conflict escalates; oil rises above $100 per barrel and US equities decline	Higher energy prices add to inflation and reinforce expectations of further rate increases (our inference). Data center power costs may also be affected, but the company's filings do not quantify this exposure, so it could not be verified.	AP / The Columbian

02

Events

2026-09-26

Unclear News

Press reports: Big Tech's AI infrastructure build-out extends to the Middle East and is affected by the Iran conflict

Only the yfinance news headline is available; the article itself was not reviewed. Microsoft's 10-K does not disclose data center assets by region, so the size of this exposure could not be verified.

Source: Yahoo Finance（标题）

2026-09-23

Positive Analyst ratings

Stifel upgrades to Buy from Hold and raises price target to $575 from $530

One of the few brokers with a cautious stance has turned positive, a supportive development for sentiment. In the same week, Oppenheimer ($515 → $570) and Cantor ($522 → $608) also raised their price targets (yfinance ratings data). The underlying research note was not reviewed, so the specific rationale could not be verified.

Source: yfinance 评级变动；CNBC 报道标题

2026-09-02

Neutral 8-K

Two reporting segments from FY27: Agents and Infra; Devices and Consumer

Consolidated totals are unchanged, but the Azure definition changes: GitHub and Security Copilot move to M365 Cloud, so FY26 Azure growth is restated from 41% to 40% and Q4 from 43% to 42%. Comparisons with the previous basis should use the restated figures. FY27 Q1 Azure guidance on the new basis is 44–45% (constant currency).

Source: 8-K item 7.01（2026-09-02）

2026-07-29

Unclear · Company announcement

10-K discloses $329.1B of not-yet-commenced data center leases and $194.1B of purchase commitments

These commitments represent capacity secured for AI demand and also future fixed costs: the leases commence in stages over FY27–FY33, after which they will generate lease liabilities and depreciation. The return on this capacity depends on the durability of Azure and AI demand.

Source: 10-K（2026-07-29）附注 13

2026-07-29

Positive · Earnings

FY26 Q4 results: revenue $90.0B (+18%), GAAP EPS $4.81, adjusted $4.74

Revenue, operating income and EPS all exceeded company guidance; Azure grew 43% and commercial RPO reached $678B (+84%). However, the company stated that discrete items lifted EPS $0.27 above guidance, including a $3.2B Anthropic investment gain. Excluding these items, results still exceeded expectations, but by less than the headline 11.8%.

Source: 8-K item 2.02（2026-07-29）

2026-06-02

Neutral · 8-K

Director Reid Hoffman will not stand for re-election

The 8-K states that there is no disagreement with management. A new director was also appointed in May and joined the audit and compensation committees.

Source: 8-K item 5.02（2026-06-05）

Red is positive, green is negative (Chinese market colours); grey is neutral, edge is still unclear.

Analyst rating changes, last 90 days (35; latest 12 shown)

Date	Firm	Action	Rating	Target
2026-09-23	Stifel	up	Hold → Buy	530 → 575
2026-09-22	Oppenheimer	main	Outperform → Outperform	515 → 570
2026-09-21	Cantor Fitzgerald	main	Overweight → Overweight	522 → 608
2026-09-15	Citizens	reit	Market Outperform → Market Outperform	550 → 550
2026-09-04	Stifel	main	Hold → Hold	450 → 530
2026-09-01	B of A Securities	main	Buy → Buy	500 → 600
2026-08-12	Wells Fargo	main	Overweight → Overweight	650 → 700
2026-08-05	Tigress Financial	main	Buy → Buy	680 → 690
2026-07-30	Bernstein	main	Outperform → Outperform	646 → 647
2026-07-30	Citigroup	main	Buy → Buy	570 → 600
2026-07-30	RBC Capital	reit	Outperform → Outperform	640 → 640
2026-07-30	Stifel	main	Hold → Hold	400 → 450

yfinance aggregate, not individually verified. up = upgrade, down = downgrade, main = maintain, init = initiate, reit = reiterate.

03

Rating and scorecard

Our rating

Neutral — Expected to land within ±10 points of the S&P 500 in total return over 12 months · Weighted scorecard 3.20

Publisher's rating: Neutral, in line with the rule-based rating (weighted scorecard score 3.20). The company's fundamentals are excellent, but the current share price largely reflects the positives.

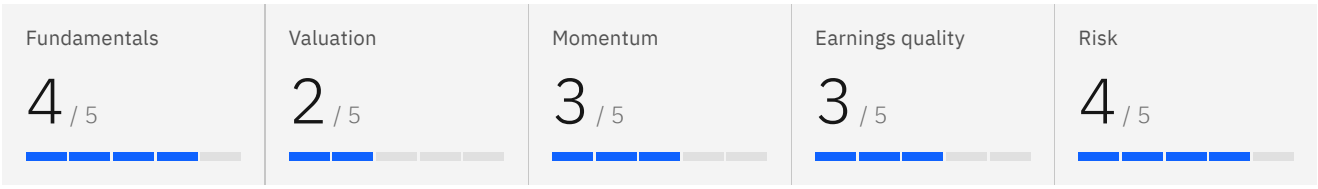
Business quality is among the highest in the peer group. FY26 revenue was $331.8B (+17.8%) and operating income grew 20.8%; Azure growth accelerated from 40% to 43%. The 45.1% operating margin is the highest among peers, and the balance sheet is in a net cash position.

The valuation offers a limited margin of safety. At 26.1x current fiscal-year (FY27) earnings, the stock trades at a premium of approximately 35% to the peer median of 19.4x. The share price is only about 4% below its high, having outperformed the S&P 500 over three and six months.

Earnings include non-recurring investment gains. GAAP profit includes a $6.5B (pre-tax) OpenAI dilution gain, and adjusted EPS still includes a $3.2B Anthropic investment gain in Q4. Capex has doubled, reducing free cash flow to 0.50x net income, and $329.1B of data center leases not yet commenced are not recognized on the balance sheet.

Conditions for a rating change: a pullback that materially narrows the valuation premium, or further Azure acceleration with earnings no longer reliant on investment gains, could lead to an upgrade. AI capex growth outpacing revenue, or evidence of slowing growth in the FY27 Q1 results on October 29, could lead to a downgrade.

Ratings are research opinions based on public information, written for all readers and not tailored to anyone's finances. Rules and distribution: Rating definitions



A higher risk score means lower risk. The five dimensions are weighted into a suggested rating, which the publisher confirms.

Why these scores

Fundamentals
4 / 5

Revenue growth falls in the 10–20% band (4 points). Operating margin declined from 48.9% to 45.1% over the last 4 quarters, but this is mainly seasonal: Q4 of the prior year was 44.9%, so the margin is broadly flat year on year and no point is deducted. Gross margin declined 1.4 percentage points year on year (68.6% → 67.2%), which the 10-K attributes to AI infrastructure investment. Azure growth is accelerating (40% → 43%), but total revenue growth did not exceed 20%, so a score of 5 is not warranted.

`Revenue TTM +17.8%, Q4 +17.7%; Q4 operating margin 45.1% (prior year 44.9%); ROE 34.0%`

Valuation
2 / 5

The current fiscal-year (FY27) P/E of 26.1x is approximately 35% above the 19.4x median of the selected peers, which falls in the 2-point band. The PEG ratio is approximately 1.3 (26.1 ÷ 19.8% expected EPS growth), so no adjustment is made. Among the peers, AAPL is predominantly a hardware business and ORCL is highly leveraged, which limits comparability; confidence in this score is therefore moderate.

`Current-FY P/E 26.1x vs peer median 19.4x; expected EPS growth FY27→FY28 19.8%`

Momentum
3 / 5

Short-term performance is strong and long-term performance weak: the stock outperformed the S&P 500 over 3 and 6 months but underperformed over 1 year and year to date. The share price is above its 50-day (+9.0%) and 200-day (+19.5%) moving averages; the 1-year maximum drawdown was -34.5% (trough on 2026-06-25), and the shares are currently 4.0% below their high. Signals are mixed, resulting in a score of 3.

`Excess return 3M +33.4%, 6M +23.7%, 1Y -14.6%, YTD -5.7%`

Earnings quality
3 / 5

Two points are deducted from 5: ① FY26 other income was $10.7B, 6.4% of pre-tax income, but 20.7% in Q2 alone, mainly reflecting the OpenAI dilution gain, an accounting gain rather than cash (10-K, 2026-07-29); ② adjusted EPS still includes the $3.2B Anthropic investment gain in Q4, and full-year adjusted other income was $4.2B (8-K and 10-K, 2026-07-29). FCF / net income is 0.50, but this reflects AI capex disclosed by the company, so no deduction is applied. Receivable days are flat year on year (82 vs 83 days, est.), so no deduction is applied.

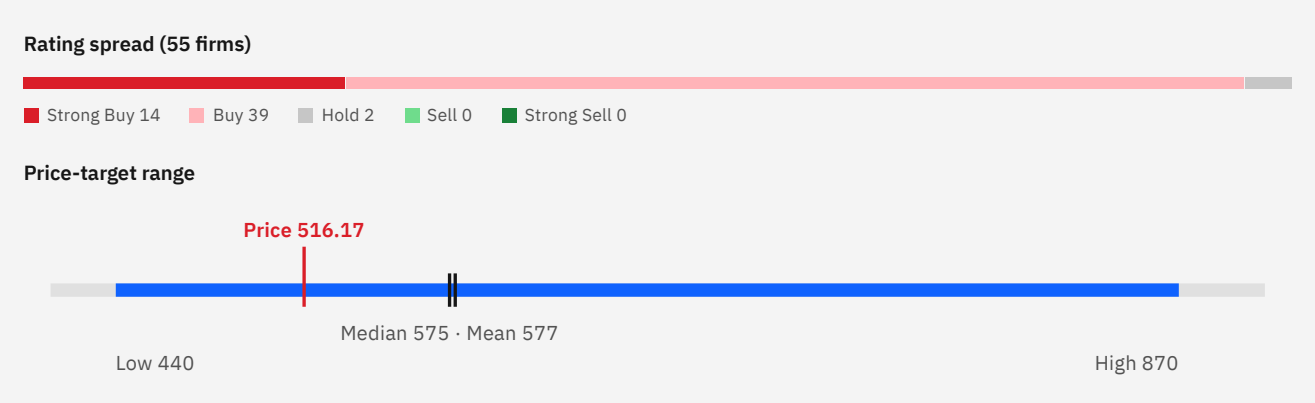
`Non-operating income as a share of pre-tax income: FY 6.4%, Q2 20.7%; FCF $67.0B / net income $133.7B`

Risk
4 / 5

One point is deducted from 5: leases not yet commenced of $329.1B represent approximately 8.6% of market capitalization and 1.8x annual operating cash flow, above the threshold (10-K Note 13). No other deductions apply: 1-year volatility of 32.8% and maximum drawdown of -34.5% are within thresholds; OpenAI accounts for 7.3% of revenue and 7.4% of receivables, below 10%; debt principal is $46.1B against $76.8B of cash and short-term investments, a net cash position.

`Not-yet-commenced leases $329.1B; OpenAI revenue $24.1B (7.3%); volatility 32.8%`

What Wall Street thinks



yfinance aggregate of 52 analysts; update time unknown. We show the spread and do not endorse any target.

04

Inside the filings

Quarterly results

Quarter end	Revenue	QoQ	YoY	Gross margin	Op. margin	Net income	Diluted EPS	Op. cash flow	Free cash flow
2025-06-30	$76.4B	+9.1%	+18.1%	68.6%	44.9%	$27.2B	–	$42.6B	$25.6B
2025-09-30	$77.7B	+1.6%	+18.4%	69.0%	48.9%	$27.7B	3.72	$45.1B	$25.7B
2025-12-31	$81.3B	+4.6%	+16.7%	68.0%	47.1%	$38.5B	5.16	$35.8B	$5.9B
2026-03-31	$82.9B	+2.0%	+18.3%	67.6%	46.3%	$31.8B	4.27	$46.7B	$15.8B
2026-06-30	$90.0B	+8.6%	+17.7%	67.2%	45.1%	$35.8B	–	$55.4B	$19.6B

Source: SEC XBRL. Free cash flow = operating cash flow – capex. Q4 EPS is often missing from XBRL; company figures prevail.

Valuation

Basis	EPS	P/E
GAAP, trailing 12 months	17.96	28.7x
Adjusted, trailing 12 months (street basis)	17.28	29.9x
Current fiscal year estimate (0y)	19.76	26.1x
Next fiscal year estimate (+1y)	23.68	21.8x

FY27 EPS estimates range from $19.21 to $20.70, indicating limited dispersion; FY28 estimates range from $22.08 to $26.00, indicating considerably wider dispersion. Adjusted trailing 12-month EPS of $17.28 matches the company's reported FY26 non-GAAP EPS but includes approximately $0.45/share (est.) of non-OpenAI investment gains.

At the current price. Forward EPS is the yfinance consensus mean, on an adjusted basis.

What the filings say

yfinance revenue, operating income, net income, GAAP EPS, operating cash flow, receivables and inventory reconcile with XBRL on a quarterly basis with a 0.0% difference. The issues lie in the derived metrics and in context available only in the filings:

GAAP profit includes OpenAI gains: yfinance shows Q2 net income of $38.46B, above operating income, and Q4 GAAP EPS up 31.7% year on year. The 10-K states that of $10.7B in full-year other income, $6.5B (pre-tax) was the net OpenAI gain, described as mainly dilution gains from the OpenAI restructuring. Microsoft holds approximately 25% (as-converted) and accounts for the investment under HLBV (measured by the amount it would receive in a hypothetical liquidation) (10-K, 2026-07-29). Excluding this item, full-year net income grew 22%, not 31%.

Adjusted EPS includes Anthropic gains: yfinance shows Q4 adjusted EPS of $4.74, an 11.8% beat. The press release states that Q4 includes a $3.2B Anthropic investment gain and that discrete items together contributed $0.27/share relative to company guidance (8-K, 2026-07-29). Full-year adjusted other income was $4.2B (prior year -$0.1B), approximately $0.45/share at a 19% tax rate (est.), all of which is included in the $17.28.

Free cash flow is declining: Operating cash flow was $182.9B (+34%), but purchases of property and equipment reached $115.9B (prior year $64.6B), reducing free cash flow to $67.0B from $71.6B in the prior year. In addition, $24.6B of new finance-lease assets

(non-cash) and $19.9B of other investing outflows, described as mainly for component purchases, are excluded from capex (10-K). FY27 Q1 capex guidance is over $50B, including the effect of a change in depreciation lives; the details of that change were not found in the filings reviewed and could not be verified.

The 34.7% sequential increase in receivables is seasonal: Q4 is the fiscal year-end billing peak. Receivable days were 82, compared with 83 a year earlier (est.). Standard payment terms are 30–60 days; OpenAI receivables are $6.0B (10-K).

Debt has not increased: No bonds were issued in FY26, and $3.0B was repaid; long-term debt principal is $46.1B, of which $9.25B matures in FY27. No 8-K under Item 8.01 or 2.03 has been filed since the most recent fiscal quarter.

Buried in the filings

$329.1B of leases not yet commenced, mainly data centers, commencing over FY27–FY33 with terms of 1–20 years; the 10-K states that some are contingent on specific contractual conditions being met. Recognized finance-lease liabilities increased from $46.2B to $66.6B (10-K Note 13).

Contractual obligations total $743.8B, including $194.1B of purchase commitments ($169.0B of which falls within FY27) and $34.6B of construction-in-progress commitments (10-K). By comparison, cash and short-term investments total $76.8B.

OpenAI is both a related party and a major customer: FY26 revenue from OpenAI (including revenue share) was $24.1B, 7.3% of the total; investment commitments are $13.0B, of which $11.9B has been funded (10-K). FY27 Q1 commercial bookings guidance specifically excludes the prior-year OpenAI contract (8-K, 2026-09-02), indicating that OpenAI accounted for a large share of prior-year bookings, although the figure is not disclosed.

Segment and metric definitions change from FY27 (8-K, 2026-09-02); see the event timeline.

Non-GAAP basis: unchanged; it has consistently excluded only OpenAI. No wording such as "no longer exclude" was found.

Where the data vendor got it wrong

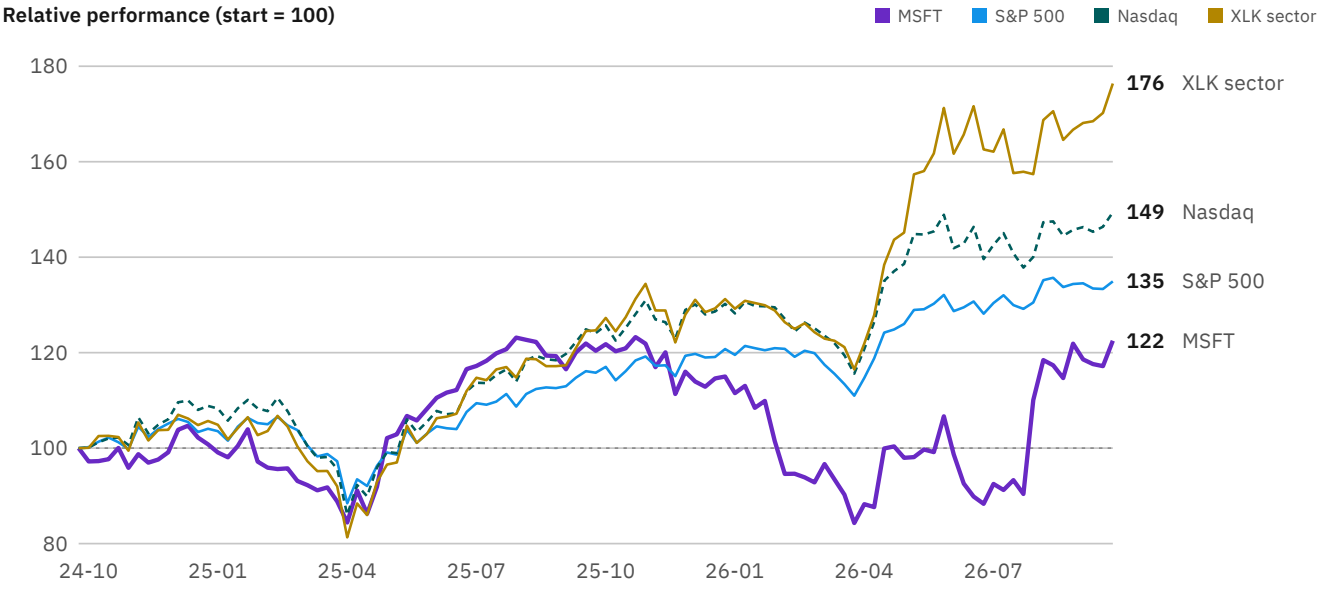
Item	yfinance	Filing (with the math)
freeCashflow	$16.5B	**$67.0B** = operating cash flow $182.9B – purchases of property and equipment $115.9B (10-K)
forwardPE	21.8x	Calculated on **FY28** (ending 2028-06) EPS of $23.68; on FY27 EPS of $19.76, the multiple is **26.1x**
totalDebt	$128.8B	Bonds total only $40.3B; adding finance leases of $66.6B and operating leases of $21.9B yields exactly $128.8B (10-K)
Quarterly total_debt	$56.8B	Approximately bonds of $40.3B plus long-term operating leases of $16.5B (est.), combining two different definitions
Normalized Income	Q2 $38.2B, Q4 $33.4B	Company-adjusted basis: Q2 EPS $4.14 (GAAP $5.16); Q4 net income $35.3B (8-K). yfinance's exclusions differ from the company's in both direction and amount

Item	yfinance	Filing (with the math)
earningsGrowth / profitMargins	31.7% / 40.3%	Inflated by OpenAI gains; adjusted net income grew 22%, with a net margin of 38.8% ($128.8B / $331.8B)
Size of the Q4 beat	+11.8%	Includes the $3.2B Anthropic gain; the company states that discrete items contributed +$0.27 relative to its own guidance (8-K, 2026-07-29)
dividendYield	0.76	Expressed as a percentage, i.e. 0.76%

05

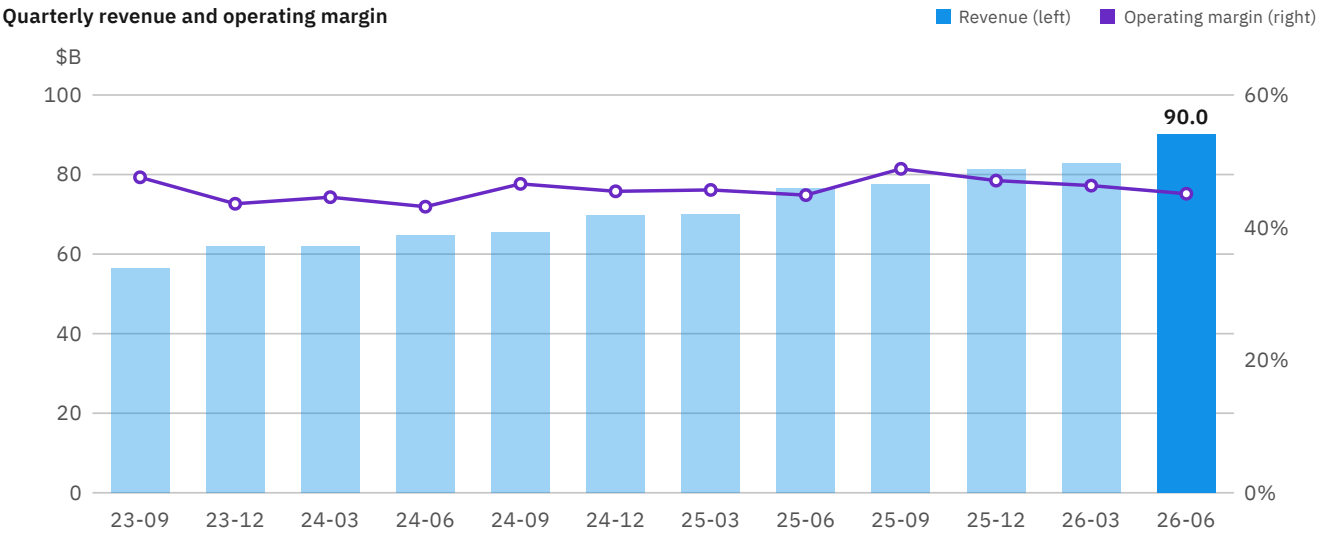
Price action

Relative performance (start = 100)



Weekly adjusted closes, indexed to 100 on 2024-09-29. Numbers on the right are end values.

Quarterly revenue and operating margin



Last 12 quarters. Source: SEC XBRL.

06

Peers

Ticker	Name	Mkt cap	1M	YTD	1Y	P/E TTM	P/E CY	Rev growth	Gross margin	Op. margin
MSFT	**Microsoft Corporation**	**$3.83T**	**+4.0%**	**+7.4%**	**+2.6%**	**28.7x**	**26.1x**	**+17.7%**	**67.9%**	**45.1%**
GOOGL	Alphabet Inc.	$4.21T	+0.6%	+10.1%	+40.3%	17.3x	16.7x	+24.2%	60.9%	34.0%
AMZN	Amazon.com, Inc.	$2.69T	-4.1%	+8.2%	+14.4%	20.1x	19.4x	+19.6%	50.8%	13.7%
ORCL	Oracle Corporation	$414.6B	-7.9%	-29.0%	-52.4%	21.5x	16.8x	+29.6%	64.0%	35.6%
AAPL	Apple Inc.	$4.98T	+8.8%	+25.8%	+33.3%	39.1x	38.7x	+16.4%	48.7%	32.6%
META	Meta Platforms, Inc.	$1.91T	+30.6%	+14.2%	+0.7%	28.3x	24.1x	+28.0%	81.7%	34.8%
Peer median		*$2.69T*	*+0.6%*	*+10.1%*	*+14.4%*	*21.5x*	*19.4x*	*+24.2%*	*60.9%*	*34.0%*

yfinance aggregate, not checked against filings. Current-year P/E = price ÷ current fiscal-year (0y) EPS, avoiding forwardPE's next-year basis. Peer source: --peers. Median excludes this stock.

The peer group was selected manually from large cloud and platform companies (GOOGL, AMZN, ORCL, AAPL, META). yfinance's automatically generated peers are security and software companies such as PLTR, PANW and CRWD, which are not comparable in scale or stage of profitability and were therefore not used. The stock trades at 26.1x current fiscal-year earnings, above the peer median of 19.4x; its 45.1% operating margin is the highest in the group; its revenue growth of 17.7% is below the peer median. Its 1-year return of +2.6% exceeds only ORCL and META. Note: peer data are yfinance aggregates and have not been verified against individual company filings.

07

Smart money

Who holds it, who is trading it: 7 of the investors we track hold MSFT

Investor	Data	Period	Value / range	Portfolio weight	Change
Bill Ackman	13F holdings	2026-06-30	$2.3B	11.9%	Added
Chase Coleman	13F holdings	2026-06-30	$846M	3.5%	Trimmed
Duan Yongping	13F holdings	2026-06-30	$281M	1.5%	Trimmed
Ray Dalio	13F holdings	2026-06-30	$266M	1.1%	Trimmed
George Soros	13F holdings	2026-06-30	$71M	0.9%	Trimmed
Cathie Wood	13F holdings	2026-06-30	$2M	0.0%	Trimmed
Renaissance Technologies	13F holdings	2026-06-30	$2M	0.0%	Trimmed
David Tepper	13F holdings	2026-06-30	$0	0.0%	Sold out

From each person's latest published 13F, insider filing or disclosure. 13F data lags by about 45 days. Smart Money →

08

What to watch

2026 年 10 月下旬	**Next FOMC meeting** The dot plot indicates one further hike this year; monitor whether the 10-year yield holds above 5%. The exact date is subject to the Federal Reserve calendar.
2026-10-29	**FY27 Q1 results (first report under the new segments)** Consensus EPS $4.72 and revenue $90.66B. Company guidance: revenue of $89.85–$90.95B, operating margin flat year on year, and other income of approximately -$0.1B (excluding OpenAI), i.e. no investment gain comparable to Q4. Key items: whether Azure reaches 44–45% (constant currency, new basis); whether capex exceeds $50B; and the details of the depreciation-life change.
2026-11-19	**Ex-dividend date** Dividend payable December 10 (yfinance calendar).
2026 年内（日期未核实）	**Annual shareholder meeting** Reid Hoffman's term concludes at this meeting (8-K, 2026-06-05).
持续	**OpenAI and not-yet-commenced leases** Under HLBV, OpenAI-related gains and losses will continue to cause volatility in GAAP profit. Monitor the pace at which lease liabilities and depreciation increase as the $329.1B of leases commence, and whether free cash flow recovers.

Research notes only; not investment advice.

Sources

Market and analyst data: yfinance + SEC EDGAR, as of 2026-09-25 close, delayed. Financials: SEC EDGAR (XBRL and original filings). Macro and news items link to their sources. Red means up, green means down.

Web search: CNBC: the Fed's September decision, CNBC: markets on September 17,
AP/The Columbian: oil prices.

Financials come straight from SEC EDGAR filings. Market data is delayed; every report names its sources.

Ratings are our research opinions for all readers, not personal buy or sell advice. Investing carries risk. The call is yours.