



MUSMIF

Communication Sector Analysis

Basic Sector Characteristics

- Of the 500 companies within the S&P 500, 26 lie within the communications sector - accounting for 11% of the exchange
 - S&P 500 YTD performance - 4.76%
 - Communications sector(XLC) - 8.18%
- Although each industry varies, the sector generally has a short product life cycle
- The sector as a whole would be characterized as a cyclical sector

Notable Firms within Sector

Symbol	Company Name	Index Weight
FB	Facebook Inc A	19.62%
GOOGL	Alphabet Inc A	12.65%
GOOG	Alphabet Inc C	12.26%
ATVI	Activision Blizzard Inc	5.11%
TWTR	Twitter Inc	4.63%
NFLX	NetFlix Inc	4.59%
DIS	Walt Disney Co	4.50%
CMCSA	Comcast Corp A	4.33%
CHTR	Charter Communications Inc A	3.93%
TMUS	T-Mobile US Inc	3.93%

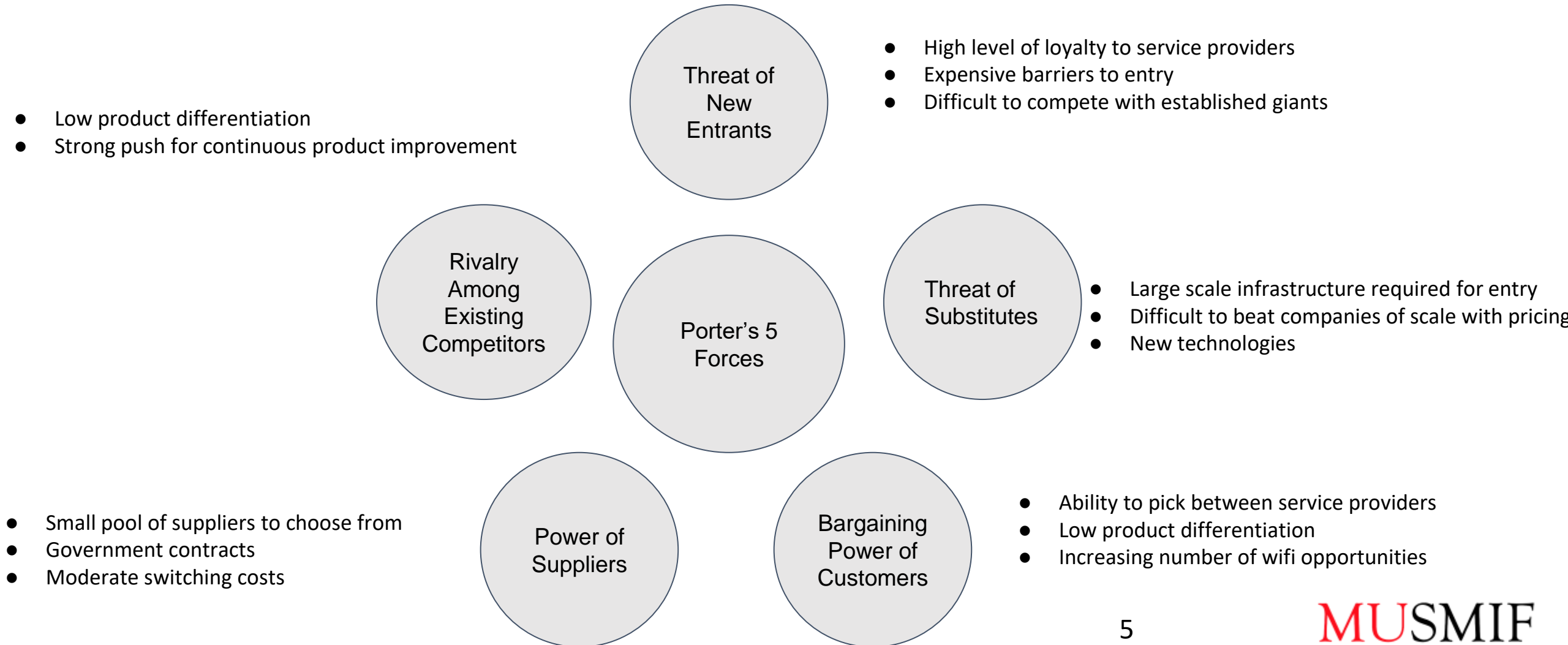


Sector Overview

Communications Services Industry Profitability Ratios	4 Q 2020	3 Q 2020	2 Q 2020	1 Q 2020	4 Q 2019
	2020	2020	2020	2020	2019
Gross Margin	65.24 %	73.51 %	73.43 %	59.85 %	77.52 %

- The communication sector is predominantly built on a subscription model, and ad revenue
 - Within telecommunications most revenue still comes from basic telephone calls but is surely moving towards the bulk of dollars being made from data.

Industry competition analysis



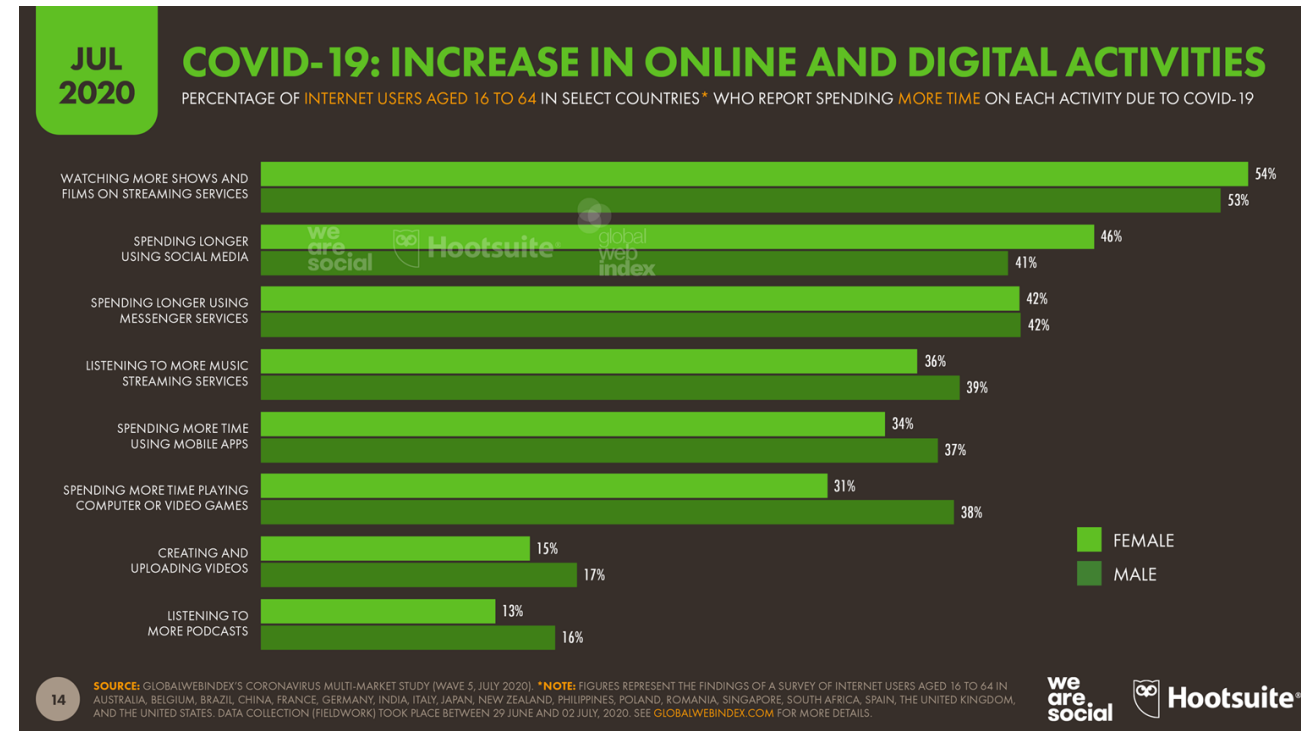
Business Model

Providing wired and wireless communication services platform, internet content and information.

Consumer demand analysis:

Because of the pandemic, people spend more time studying and working at home.

Require fast speed



Raw Material and Supplier Analysis

Leading Materials:

liquid-crystal polymers (LCP), polyimides(PI), Polytetrafluoroethylene(PTFE),graphite, copper
Increasing demand with the development of 5G application.

Supplier Analysis:

Because of the pandemic, the availability of chips and the installation of servers could have an impact on the development of new business.

Most communication services companies are large, their suppliers are relatively stable.

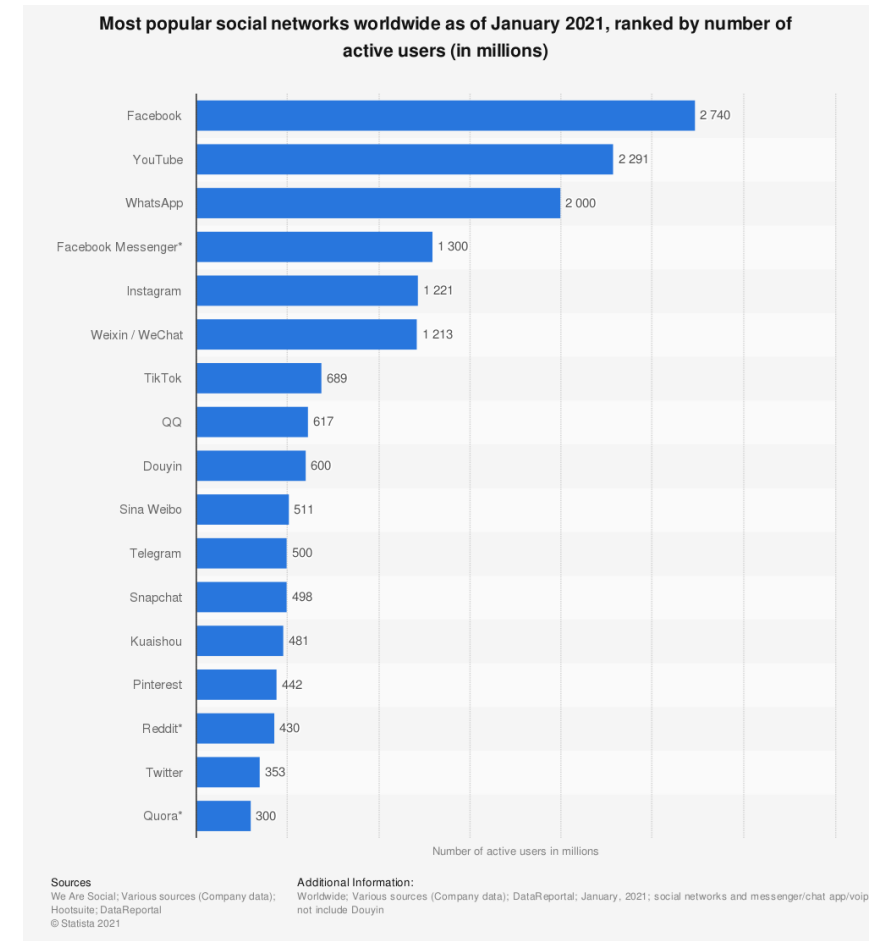
Factors Affecting pricing power

- Barriers to entry
- Oligopoly market
- Highly dependent on techniques
- A massive amount of infrastructure
- High loyalty to the brand
- Industry concentration
 - Based on the market capital, Google and FB weight 35% of the whole industry
 - Disney, Netflix, Comcast, Verizon & AT&T make up 20%

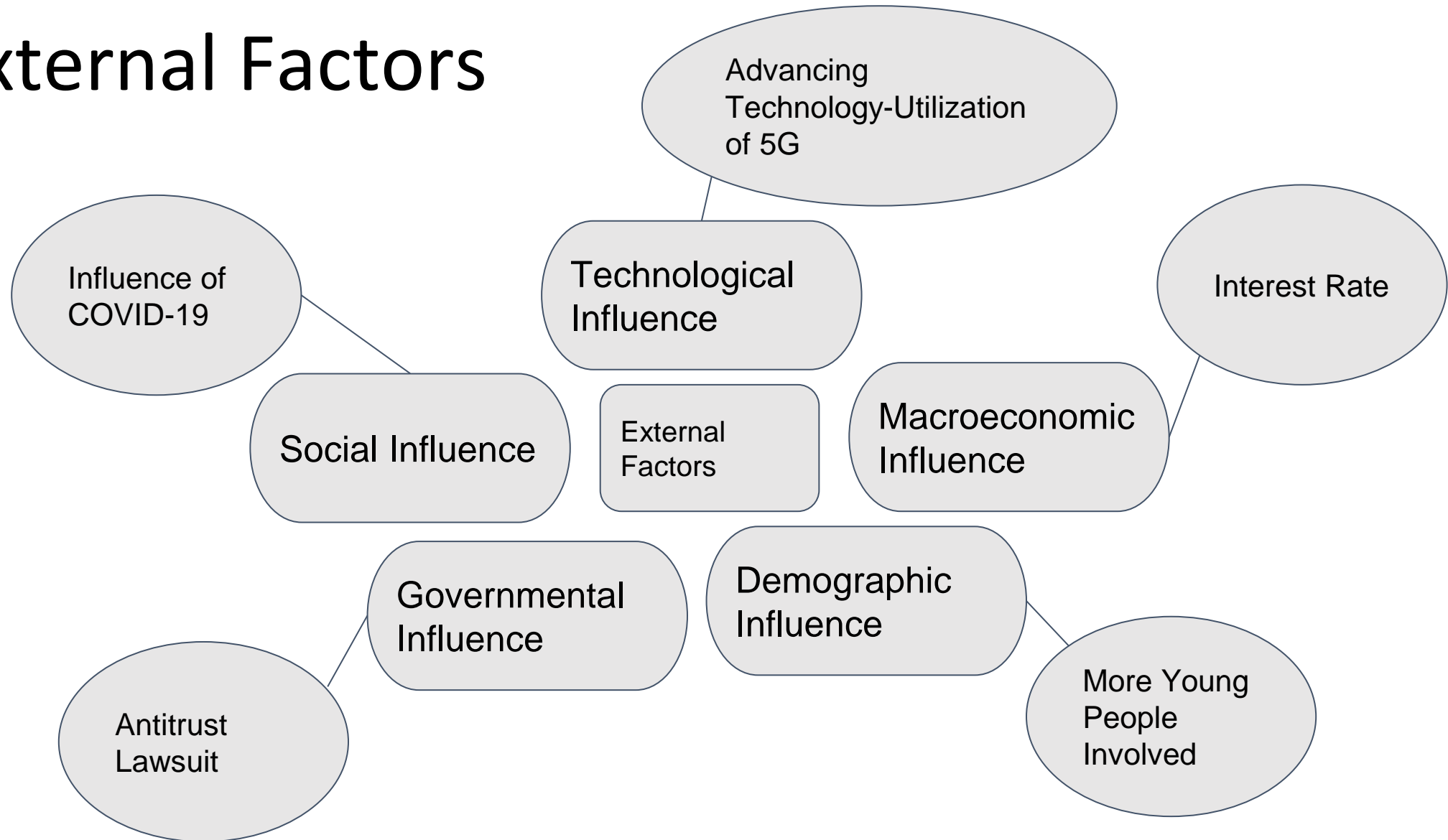


Pricing Power

- Market Cap
6.27 Trillion
10.98% market weight
- Market Share Stability
Top 5: Facebook, YouTube, WhatsApp, Messenger, Instagram.



External Factors



Major company business analysis

- Google
 - Economies of Scale
 - Brand
 - Intellectual property in the form of tradema



- Facebook
 - Advertising
 - Mobile Trends
 - Engagement



Holding company business analysis

- Walt Disney (DIS)
 - Powerful Brand
 - Innovation



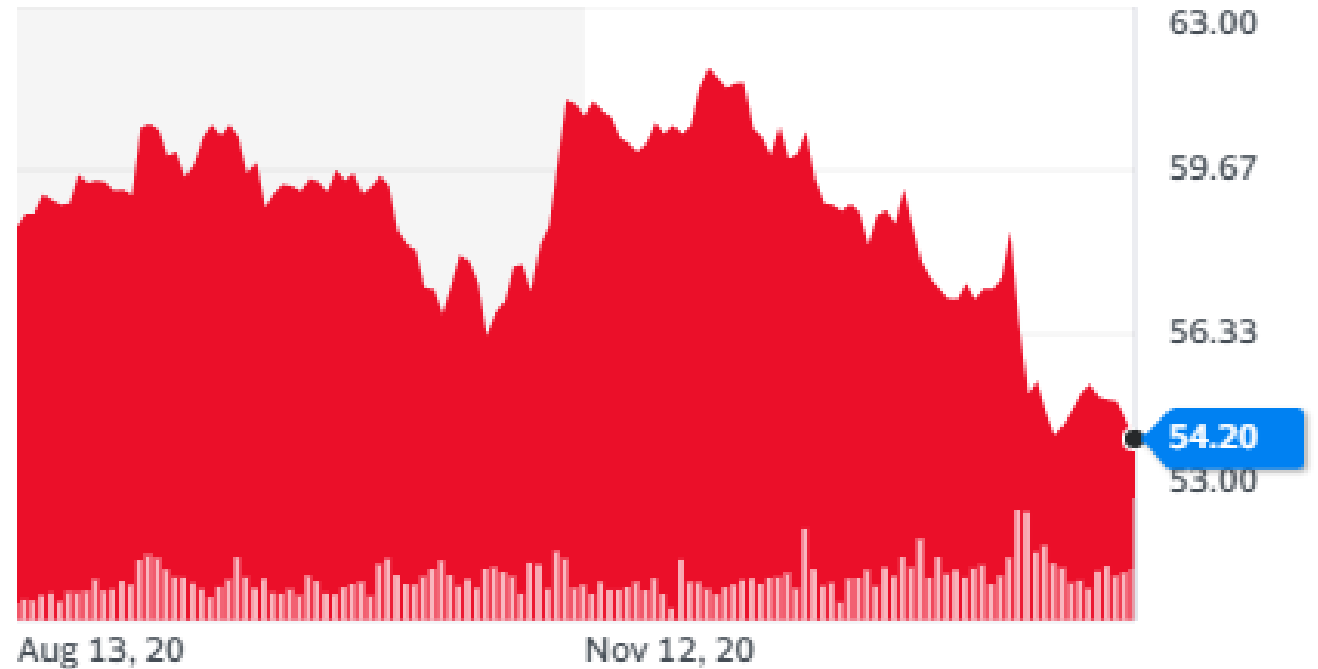
Ericsson (ERIC)

- Economies of Scale
- Strong Competitor Huawei



Verizon (VZ)

- Network, but it was not very good
- AT&T



Sources

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