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Apple CEO Tim Cook Gets B+, A- Grades from UBS, Albion on His 5-Year Anniversary

By Tiernan Ray

Wednesday, August 24th, marks a five-year anniversary of late **Apple** ([AAPL](#)) co-founder and CEO **Steve Jobs** [resigning as head of the company](#) and handing the reins to **Tim Cook**.

Hence, the media today has been abuzz with assessments of Cook's anniversary. CNBC hosted a segment a short while ago with **UBS analyst Steve Milunovich**, and another analyst, **Jason Ware** of **Albion Financial**, which owns 150,000 shares of Apple stock.

The segment was preceded with choice data bits: Stock up 112% since Cook took over; total return 121% including dividends and buybacks; Apple Watch, the first "new" product under Cook's tenure, seemingly having had mixed success at best.

Asked if he was "disappointed," Milunovich, "Yes, a bit disappointed," giving Cook an "overall B+" grade for his performance.

On the positive side, Milunovich noted that Cook, "kept in place the core principles of Jobs including a functional organization, and the North Star of having the best products available."

In addition, Milunovich gave Cook props for "navigating" a face-off with the FBI over the handset of the San Bernardino shooters last year; and for navigating the demands of shareholders for dividends and buybacks, which Jobs, he points out, never had to deal with."

But, "it's incomplete as far as, the innovation we have yet to see."

Milunovich went on to say that the company has been "underwhelming on the hardware side," and that "the technology is just not there to get the Watch away from the phone," referring to the lack of a **cellular** connection built into Apple Watch. But Apple has "done good on services," they've "created a horizontal platform."

"But they monetize through hardware, and we need to see that over the next two to three years."

Albion's Ware, for his part, gives Cook an "A-," noting that "everything has doubled," during his tenure, including revenue and profits and also R&D investment as a percentage of sales. He also noted that the "iPhone 6 was a big win."

Citing other positives, Ware noted that the company can “look toward India now,” and that “the jury is still out on Apple Watch, but we’re more optimistic than the Street, and we think so far, they’ve done pretty well with it.” He also noted the “software side of the business is up 10x since Steve Jobs.”

Asked whether he thinks owning those 150,000 shares was the right move versus other tech stocks, such as **Alphabet** (GOOGL), Ware said he believes the stock can enjoy “multiple expansion” at some point in its valuation, while adding, if you look at what’s really working for them [Apple], they still have cash, they still have products, services, and everything in place to grow faster than the market at large, and then there’s a call option on innovation down the road.”

Milunovich was asked about how he sees the change in the investor base, and he noted that “to some extent, Apple is judged by a different standard today, because of the shift of investors to value from growth. Those investors are maybe not as concerned with the iPhone, quarter to quarter.”

“And we seem to be nearing the end of that shift into value hands, which augers better for the stock going forward.”

Apple shares today are down 86 cents, or 0.8%, at \$108.50. The shares are up 3% this year and a little less than that in the last 12 months.

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