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# Monthly Monitor

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**December 2017**

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## Star Wars: The Retail Battle

John Malone recently commented that **“Amazon is a 'Death Star' moving in 'striking range of every industry on the planet”**. Throughout this year, reports of the rise of Amazon and the death of all other retail concepts have been greatly reported. The announced Amazon takeover of Wholefoods in June saw the share prices of grocers all across the world fall. Pharmacy chains are currently scrambling to come to terms with what a potential entry into their industry by Amazon would mean.

Whilst recognising that Amazon is a great company that is bringing change to the retail industry, we don't agree with the John Malone view that Amazon has the potential to wipe out every industry on the planet. A great recent example is the performance this year of Walmart. The stock is up over 40% this year and recently hit an all-time high.

**Walmart 2017 Share Price Performance:**



Source: Bloomberg

This performance brings forward the question as to how a company at the forefront of the Amazon threat could perform so well. It's here we refer to some wise words from Obi-Wan Kenobi: **“In my experience there is no such thing as luck”** and it has not been luck that has seen the share price of Walmart perform.

When Walmart was added to the funds, the picture was not as bleak as it appeared with internet penetration of grocery sales in the US only being 1%. Walmart was also the established leader in the industry with a market share of 25% and a strong brand that had been build up over 55 years. The market was also overlooking the fundamental attraction of Walmart, an ability to generate profitable growth and turn these profits into cash. This cash generation has allowed the company to continue to invest in its business and this investment has seen Walmart establish itself as the most credible competitor to Amazon in online retailing. The latest set of results from the company backed this up as they reported 4% sales growth, driven by 50% growth in online sales.

As change sweeps through the retail landscape, there will undoubtedly be a lot of losers, but there will also be winners like Walmart. May the Force be with us as we seek out these opportunities.



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## Appian Unit Fund Prices

1 December 2017

Appian Value Fund	<b>143.04</b>
Appian Equity Fund	<b>183.43</b>
Appian Small Companies Opportunities Fund	<b>203.42</b>
Appian Liquidity Fund	<b>105.83</b>
Appian Ethical Value Fund	<b>99.90</b>
Appian Burlington Property Fund	<b>108.81</b>

For more detailed information on each of our funds click [here](#)

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