

**We invest in winners.** This means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

### Amazon.com

Jeff Bezos founded Amazon.com in his garage in Seattle in 1994. He took the name from one of the world's largest rivers (the Amazon) to signify the enormous selection of products that customers could order online using the service. Books were the first product on offer, but new product categories were added steadily. Bezos emphasized the flywheel effect from the start: An ever-increasing range of goods at ever-lower prices was expected to attract more and more customers to the platform, who would buy more and more based on their positive experience, which in turn would attract new customers and merchants and give Amazon the opportunity to scale the business model, build profitability and allocate freed-up funds to invest in the continuous improvement of the customer experience and in new business areas. This strategy turned out to be a winner. Bezos is a visionary who identifies lucrative business ideas before they are successful. They must have at least four characteristics, as he explained to shareholders in his 2014 annual letter: „Customers love it, it can grow to very large size, it has strong returns on capital, and it's durable in time - with the potential to endure for decades.“ Marketplace (2000), Web Services (2002), Prime (2005), Fresh (2006), Kindle (2007), Music (2007), Studios (2010), Kindle Fire (2011), Prime Video, Fire TV, Alexa (2014), Go (2016), Pay (2017), Luna and One (2020) all emerged from this process. While

not all innovations are successful (for example, the Fire Phone flopped in 2014), the flywheel keeps getting bigger (Table).

in billions USD	2019	2018	2017	2016	2015
Revenue	281	233	178	136	107
Operative cashflow	39	31	18	17	12
Online trading	70%	71%	79%	84%	87%

Rapidly growing online commerce dominates sales. However, new business areas such as cloud computing, artificial intelligence, subscription and advertising revenues as well as payment services are becoming increasingly important. Acquisitions that facilitate the transfer of know-how or market entry are key factors in this context. Amazon has acquired more than one hundred companies since it was founded. Most recently, the acquisitions of organic supermarket Whole Foods (2017) and online pharmacy PillPack (2018) generated considerable attention. This acquisition gave Amazon access to the huge food and drug market. The sustainability of the business model is also reflected in the commitment to convert the energy supply of Amazon's sites to 100% renewable energies by 2025 and to operate the Group in a CO<sub>2</sub>-neutral way from 2040 onwards. Amazon also established the Climate Pledge Fund to invest in companies that develop technologies that will help decarbonize the economy and protect the planet. We see all these as good reasons for considering Amazon to be an important core investment.

Sincerely yours



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