



Amazon (AMZN)

Thesis

Amazon is a global leader in e-commerce and logistics with a dominant cloud infrastructure platform (AWS) and a rapidly scaling advertising business embedded directly into commerce. After several years of elevated investment, Amazon is now operating with greater cost discipline and improving free cash flow, while higher-margin segments increasingly drive consolidated profitability. This creates a rare setup of near-term earnings leverage alongside long-duration growth optionality.

The company is exiting a multi-year investment cycle with cleaner cost structure, re-accelerating AWS growth, and two powerful high-margin businesses (AWS and Advertising) driving free cash flow. We believe this is a good opportunity to initiate a 3.5% position.

Trends & Themes

RETAIL MOAT WIDENS

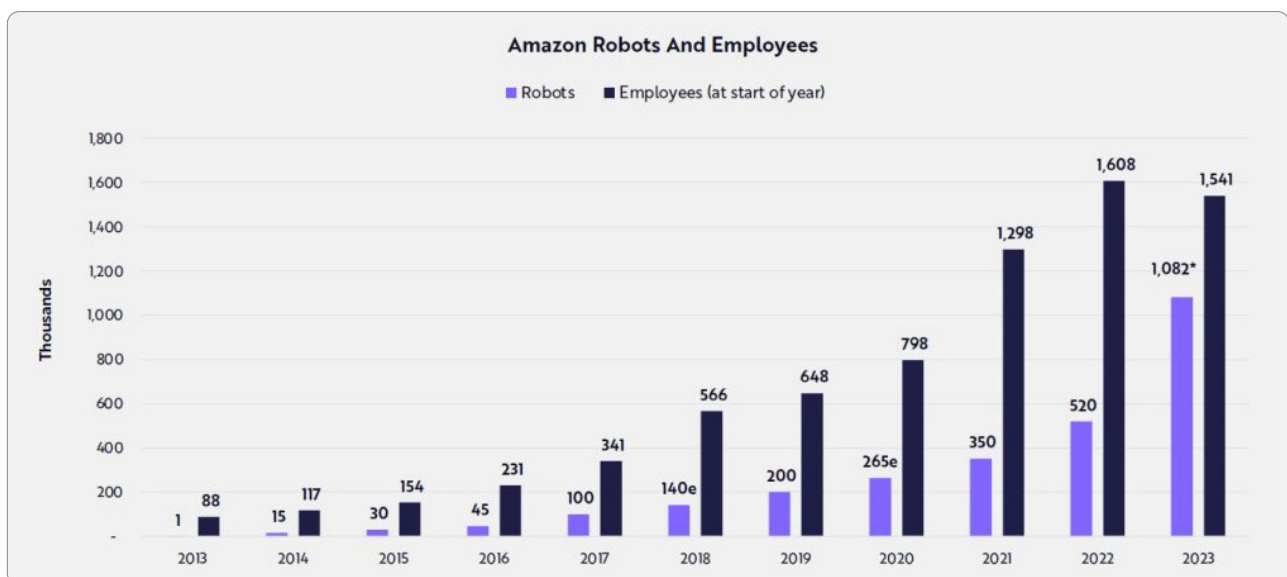
E-commerce penetration of total retail sales remains low at only ~17%, providing meaningful runway over time. Amazon continues to strengthen its leadership by investing in speed, convenience, and logistics efficiency. Perishable groceries are now available in over 1,000 cities are delivered for free, same day.

AUTOMATION AND ROBOTICS AT SCALE

Amazon's ongoing investment in robotics across warehouses and last-mile logistics supports faster fulfillment, higher throughput, and structurally lower costs - creating both near-term efficiency gains and long-term competitive separation.

POST-INVESTMENT EFFICIENCY PHASE

Following heavy pandemic-era build-out, Amazon has optimized fulfillment, regionalized logistics, and rationalized costs—unlocking operating leverage as volumes normalize.



Business Model

COMMERCE & SERVICES PLATFORM

Prime-driven loyalty makes Amazon the default shopping destination, supporting a large third-party marketplace and embedded advertising model. Amazon earns fees and advertising revenue tied to transaction activity while limiting inventory risk, creating scalable, higher-quality revenue over time.

AMAZON WEB SERVICES (AWS)

The company's primary profit engine, offering compute, storage, networking, databases, and AI infrastructure to enterprises globally.



Amazon Data Center (Richmond County, Virginia)

Moat

Unmatched scale and infrastructure

Amazon's global fulfillment and cloud footprint would be extraordinarily difficult and capital-intensive to replicate.

Structural cost advantage over time

Scale enables sustained unit-cost reduction, reinforcing competitive separation even during periods of pricing investment.

Ecosystem lock-in

Prime memberships, AWS tooling, seller services, and advertising integrations create high switching costs across multiple customer types.