
GLOBAL STEWARDSHIP STOCK STORIES: SHOPIFY

Investment manager Gary Robinson explains why Shopify is a great example of what Global Stewardship is looking for – a growing company, whose management team thinks for the long term and balances the needs of all stakeholders, and whose products add real value for society.

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Gary Robinson: You might not have heard of Shopify, but you've probably bought something from one of the online shops that the company's software powers. Shopify is used by 800,000 merchants and collectively they account for over \$40 billion worth of retail sales. On Black Friday last year, 10 per cent of all US online retail sales went through Shopify-powered stores.

One of the key questions we ask when we consider stocks for Global Stewardship is “will the company add value for society over the long term?”. One of the ways we think Shopify can add value is by making entrepreneurship easier or by making it easier to start new companies. Its products help to simplify and automate many of the routine tasks that a retailer needs to do – such as order processing, inventory management and shipping. This in turn helps to free up time so merchants can focus on what matters most to them, and that's finding product market fit. Indeed, one of the most famous Shopify merchants is Kylie Cosmetics, Kylie Jenner's make-up brand. Using Shopify software, Kylie Cosmetics was reportedly able to scale up to a multi-hundred million-dollar revenue run rate with just seven full-time employees.

We expect Shopify to continue successfully acquiring new merchants due to the value that its platform offers against an increasingly complicated and fragmented retail landscape encompassing offline, online, and social. We expect Shopify will benefit from volume growth and increased wallet share as it continues to add news features to its platform; a recent example of this is Shopify fulfilment, which allows customers to hold inventory closer to their own customers, in order to speed up shipping times.

Another key stewardship question that we consider is “does the company balance the needs of all stakeholders?” We are strongly of the view that broader stakeholder considerations are critical to building a successful and enduring business. We think Shopify scores well on this question. It's run by a visionary founder who prioritises the long-term and obsesses over the merchant experience. The output of this is high customer satisfaction and one of the fastest rates of product innovation we have ever seen in a business of this kind. The company also fosters a stimulating working environment, which leads to high levels of employee satisfaction.



Shopify is a great example of what we're looking for in Global Stewardship – a growing company, run by a management team who optimises for the long term, and that balances the needs of all stakeholders, and whose products add real value for society. In our experience the companies that get these elements right are the one which are most likely to deliver outstanding returns for shareholders over long periods of time.

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