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# Monthly Monitor

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**September 2018**

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## It's a Wonderful Life!

Are profit maximisation and social responsibility mutually exclusive? It's easy to say yes and point to the extremes. Tobacco companies have made a lot of money and one would struggle to see how they've improved society and whilst George Bailey succeeded in making life better for the residents of Bedford Falls, it's fair to say that the shareholders of George Baileys Building and Loan wouldn't have seen the benefits of his charity. However, the answer may not be this black and white. Fortune 100 recently released their list of the best companies using the profit motive to help the planet and tackle social problems and seven of Appians' companies made this list with three appearing in the top ten.

**The Appian equity process focuses on companies that can generate sustainably high returns rather than companies focused on saving the planet, so that brings forward the question - why are so many of our companies on this list?**

In the real world, George Bailey's Bank would have been gobbled up by Potters Bank, who would have pushed up interest rates on all residents of Bedford Falls to cover the loan losses. In order to do good, George would have needed to make profits. Tobacco companies on the other hand are seeing their business regulated away due to the social harm they cause. The reality is that profit maximisation and social responsibility may be characteristics that can go hand in hand as evident by the fact that on average, our

companies that make the list make a 10% cash flow return on capital, pay a dividend yield of 2.9% and are expected to grow earnings and dividends by over 10% this year.

## **The List of Appian Companies that are Changing the World**

### **Merck**

- A commitment to investing in vaccines, which are the most inexpensive ways of improving health and tackling infectious diseases in the developing world. This investment resulted in the development of the Ebola Vaccine which has saved thousands of lives in Central Africa.

### **Bank of America:**

- A €145 billion commitment to financing low-carbon and sustainable business which has seen BofA become the biggest player in “green bonds”, which finance projects aimed at halting climate change.

### **ABB:**

- A commitment to rolling out the infrastructure required for electric vehicles, to date they have rolled out 7,000 fast charging stations, saving about 2 million gallons of gasoline.

### **Intel:**

- A commitment to invest in crash avoidance technologies and is aiming to provide collision avoidance systems for under \$1,000, thus reducing car accidents.

### **Walmart:**

- A focus on sustainability which has seen the launch of Project Gigaton aimed at avoiding 1 billion tons of emissions by 2030.

### **Stryker:**

- A strong environmental focus evident through its use of reaching into hospitals to push recycling of medical products and also using environmentally friendly materials over petroleum-friendly materials in their products.

### **Banco Santander**

- A strong commitment to higher education, which places it as the largest corporate contributor to higher education. It has invested more than €1.6bn in universities and awarded more than 39,000 scholarships.

## These companies are proving that investing can be a win-win for shareholders and society.



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## Appian Unit Fund Prices

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Appian Value Fund	<b>144.49</b>
Appian Equity Fund	<b>191.66</b>
Appian SCOF	<b>197.88</b>
Appian Liquidity Fund	<b>105.21</b>
Appian Ethical Value Fund	<b>102.87</b>
Appian Burlington Property Fund	<b>110.25</b>

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

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