

## Investment Strategy

Swell is a value focused global fund manager with the flexibility to invest anywhere in the world. The Fund's investments may span the risk continuum from equity to debt, including the ability to own high quality bonds, and preferred stock. It also has the flexibility to hold a large position in cash, a byproduct of an absolute return focus. The Fund is managed in Australian dollars and is unhedged. We target an absolute return of 9% per annum over rolling three year periods.

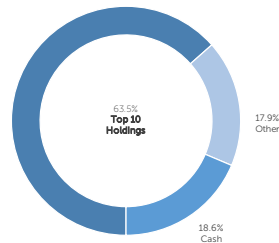
Performance	1 Month	6 Months	1 Year	2 Years (p.a.)	Inception (18 June 2015)
Swell Global Fund	1.09%	3.89%	15.22%	19.02%	42.96%
MSCI World Net Total Return	3.01%	4.97%	12.21%	14.35%	28.11%

## Strategy Guidelines

Number of Holdings:	15-25
Percent of Assets in Top Ten:	50-80%
Portfolio Turnover:	Low
Benchmark:	Agnostic
Cash Restriction	None

## 10 Largest Equity Holdings

Facebook	8.3%
Kraft Heinz	7.9%
Alphabet	7.6%
PayPal	7.1%
Visa	6.4%
Apple	5.7%
Deere & Co.	5.3%
Starbucks	5.1%
Wells Fargo	5.1%
Bank of America	5.0%



## Capitalisation Breakdown

	Global Fund	Number of Holdings
> \$100B	47%	8
\$50 - 100B	25%	4
\$25 - 50B	9%	2
\$5 - 25B	0%	0

## Portfolio Characteristics

	Global Fund
Number Of Holdings	14
Price to Est. Earnings	17.2x
Earnings Yield	5.81%
Price to Free Cash Flow	18.1x
Return on Equity (ROE)	41.7%
Price to Book	3.4x

## Performance Characteristics

	Global Fund
Annualised Excess Returns	5.46%
Beta	1.05
Sharpe Ratio	1.63
Information Ratio	1.83
Up Capture	76%
Down Capture	18%

## Our Commitment

As of 30 April 2018, the employees and their families control 25% of the funds under management. Accordingly, we are committed to the growth and sustainability of the investment strategy. Our mission is clear, to deliver superior risk adjusted returns for our clients over the long term.

## Our Point of Difference

A differentiating feature of the Swell Global Fund is our ability to invest anywhere. Whether that is in Australia or overseas, in equity or in debt, in large capitalisation companies or smaller capitalisation companies. Our process is flexible enough to invest wherever it makes sense to do so. This ensures we are unconstrained in our search for opportunity.

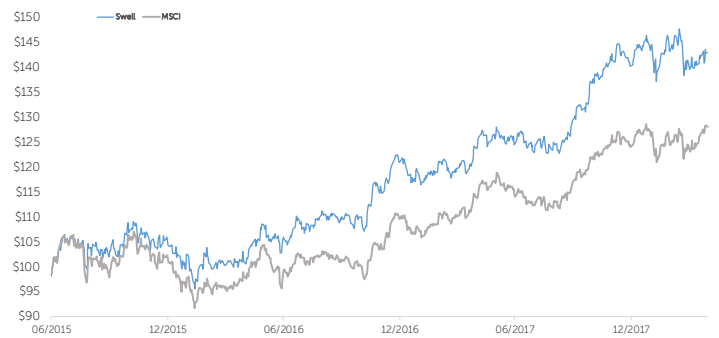
## Investment Team

Lachlan Hughes, CFA® Founder & CIO | Alex Clunies-Ross Investment Analyst | Mike Hall Investment Analyst

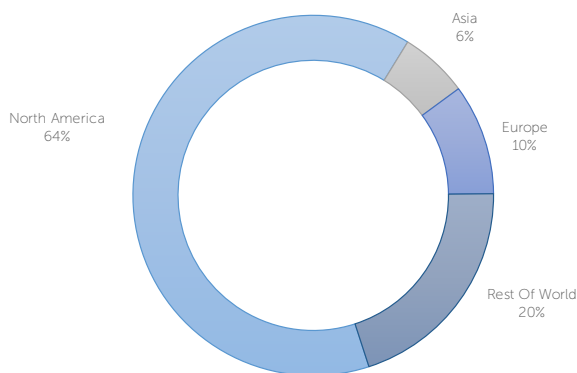
### Global Fund Details

Inception Date	18 June 2015
Management Fee	1.50%
Performance Fee	15%
Withdrawal/Contribution Fees	Nil
Minimum Investment	\$500,000
Investment Experience	20 Years

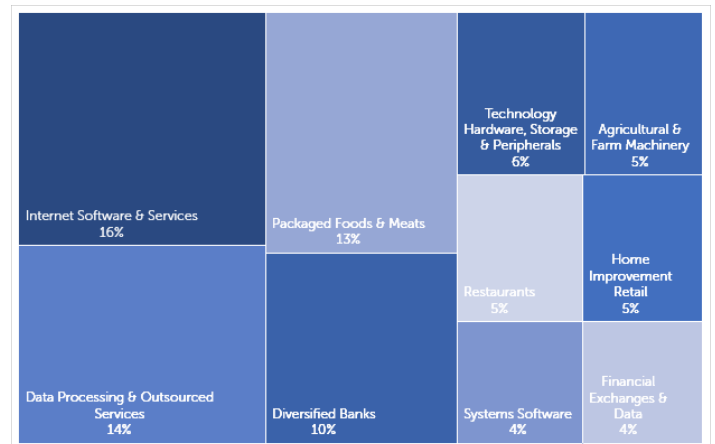
### Hypothetical Value of \$100 Invested at Inception



### Revenue by Geography

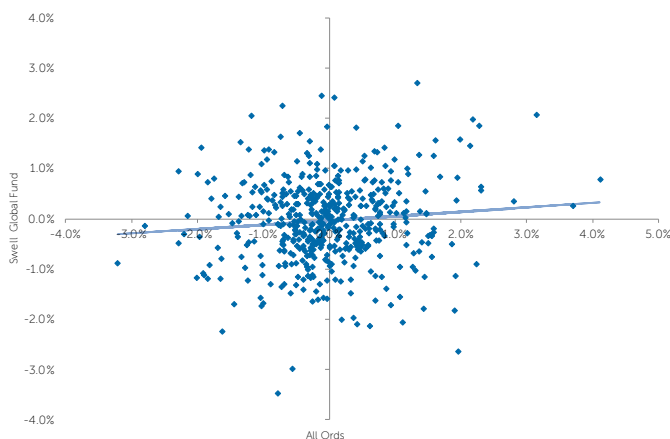


### Portfolio Weight by GICS Industry



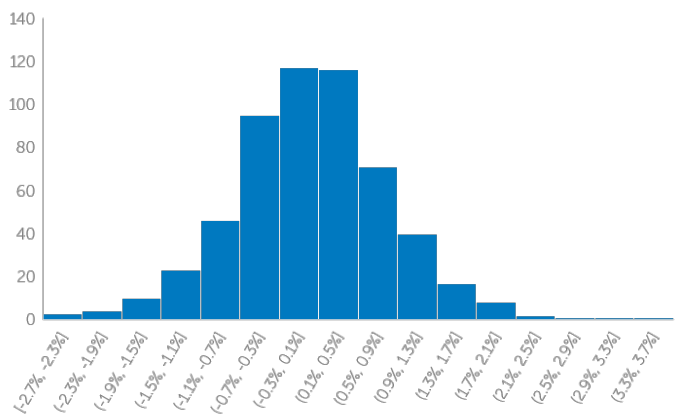
The portfolio is diversified by revenue and industry sector. Despite the fact that the majority of our portfolio investments are listed in North America, they are global businesses with diversified sources of earnings. The largest sector weighting includes our investments in Visa, Mastercard and PayPal. These investments are benefitting from the transition of cash to digital forms of payments. The current portfolio cash weighting is 18.6%.

### Regression Analysis



The low correlation to the Australian All Ordinaries Accumulation Index supports the view that adding the Swell Global Fund to your Australian portfolio will diversify your portfolio risk.

### Return Distribution



Our primary responsibility is to manage portfolio risk. One source that we monitor is the daily potential for capital loss. We monitor this variable using conditional value at risk. The CVAR calculated indicates that in the worst 5% of days the average loss has been 1.68%.

**Price to Est. Earnings (P/E)** is a weighted average of the P/E ratios of the portfolio securities. The P/E is calculated as the ratio of the current price of the stock to the 12 month forward earnings per share estimate.

**Earnings yield** are the earnings per share for the most recent 12-month period divided by the current market price per share. The earnings yield (which is the inverse of the P/E ratio) shows the percentage of each dollar invested in the stock that was earned by the company.

**Price to free cash flow** is an equity valuation metric used to compare a company's per share market price to its per share amount of free cash flow.

**Return on equity (ROE)** is the amount of net income returned as a percentage of shareholders equity.

**The price-to-book ratio** is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

**Annualised Excess returns** are investment returns from a security or portfolio that exceed the riskless rate on a security generally perceived to be risk free, such as a certificate of deposit or a government-issued bond.

**Beta** is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

**The Sharpe Ratio** is a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations. It is the average return earned in excess of the risk-free rate per unit of volatility or total risk.

**Information ratio** is the ratio of portfolio excess returns over the portfolio's tracking error.

**Up/Down Capture** ratios measure how much of the index movement is captured in the funds movement in up and down days. It is calculated as the average of the funds return as a percentage of the index return for all of the up days and down days.

## Contact Us

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