

## Investment Strategy

Swell is a value focused global fund manager with the flexibility to invest anywhere in the world. It has the ability 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.

## Commentary

The Swell Global Fund performed strongly this month on a relative and absolute return basis. The Fund increased 3.67% after all fees and expenses, outpacing the MSCI World Net Total Return Index by 0.29%. Over the course of September, we increased our weighting in Deere & Co. to 4.5%, Alphabet to 6% & Oracle to 4.5%. We harvested profits in Phillips 66, reducing the position to 6%. Our cash weighing ended the month at 16.4%.

## Performance

Performance	1 Month	6 Months	1 Year	2 Years (pa)	Inception*
Swell Global Fund	3.67%	8.27%	17.95%	11.93%	29.70%
MSCI World Net Total Return <sup>^</sup>	3.38%	6.35%	15.48%	8.49%	17.04%

Performance data relates to the Swell Global Fund. \*Inception date is June 18 2015.  
Past performance is not necessarily indicative of future performance.

## Strategy Guidelines

Number of holdings  
10-25

Percent of assets in top ten  
50-80%

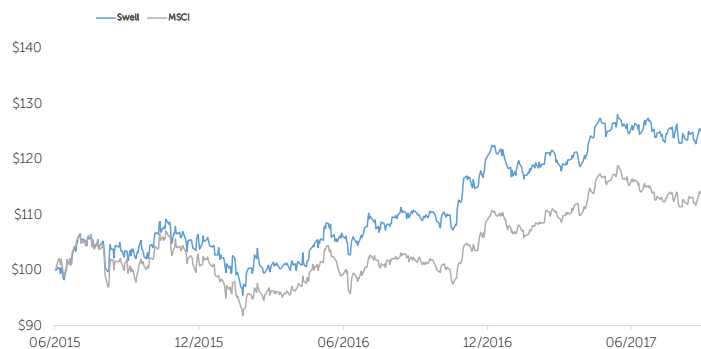
Portfolio turnover  
Low

Return objective  
9% after fees

Cash restriction  
Max 25%

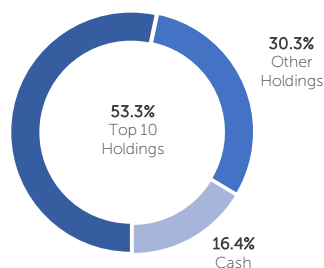
Concentration  
High

## Value of \$100 invested at Inception

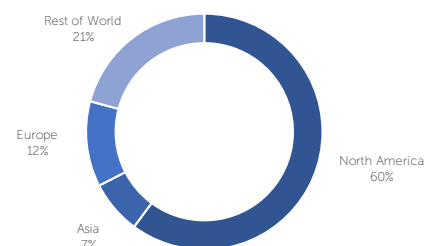


## 10 Largest Equity Holdings

PayPal	7.7%
Phillips 66	6.2%
Alphabet	6.0%
Visa	6.0%
Facebook	5.2%
Deere & Co	4.7%
Oracle	4.5%
Microsoft	4.5%
Lowes	4.3%
Mastercard	4.2%



## Source of portfolio companies revenue by geography



## Investment Team

Lachlan Hughes CFA<sup>®</sup> Founder & CIO

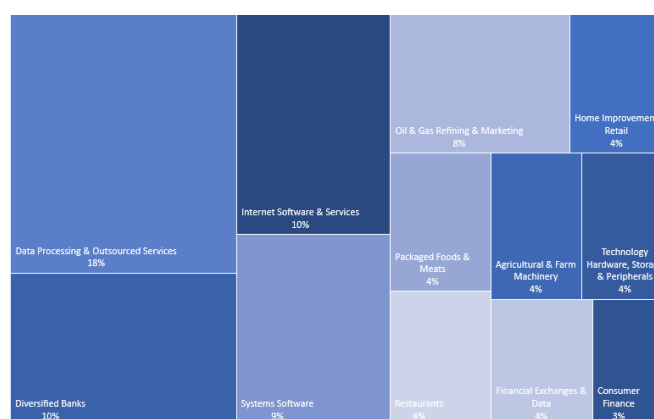
Alex Clunies-Ross Investment Analyst

Mike Hall Investment Analyst

## Global Fund Details

Inception Date	18 June 2015
Management Fee	1.50%
Performance Fee	15.0%
Withdrawal/ Contribution Fees	Nil
Minimum Investment	\$500,000
Investment Experience	20 Years

## Portfolio Weight by GICS Industry



## Market Capitalisation Holdings Global Fund

> \$100B	11	52%
\$50 - 100B	4	18%
\$25 - 50B	3	13%
\$5 - 25B	0	0%

## Portfolio Characteristics Global Fund

Number of Holdings	18
Price to Estimated Earnings	18.8 x
Earnings Yield	5.30%
Price to Free Cash Flow	19.1 x
Return on Equity (ROE)	27.8%
Price to Book	3.4 x

## Glossary

**Price to Estimated 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** is 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 at the current price, 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.

**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.

## Lachlan Hughes, Founder & CIO



Lachlan founded Swell in 2014. He is the Chief Investment Officer and responsible for investment decisions. Prior to founding Swell, Lachlan worked for six years as a Senior Analyst with NovaPort Capital, a boutique fund manager owned by Challenger Limited. He has sixteen years' experience in the financial services industry having held legal and investment roles with The Bank of New York (London), King & Wood Mallesons and Goldman Sachs JBWere.

Professional Qualifications and Memberships: Chartered Financial Analyst (CFA), Bachelor of Commerce (Finance), Bachelor of Laws, Member of Responsible Investment Association Australasia.

## Alex Clunies-Ross, Investment Analyst

Alex has primary responsibility for one third of the investments in the Swell Global Fund. Alex commenced his career with Swell in August 2015 and guided development of the technical platforms used to manage Fund investments and client documentation.

Alex holds a Bachelor of Commerce (Finance) from Griffith University and is a CFA Level 2 candidate. He was an inaugural member of the Griffith University Student Investment Fund and continues his involvement in the Fund as a student mentor.

## Mike Hall, Investment Analyst

Mike has primary responsibility for one third of the investments in the Swell Global Fund. Mike joined Swell in October 2015, bringing valuable experience in banking and finance to the Swell team. Mike has been instrumental in developing research tools and financial models used in the Fund stock selection processes.

Mike holds a Diploma of Business and Bachelor of Commerce (Finance), both from Bond University. While completing his studies Mike was a part of the team which represented Bond University in the CFA Institute research challenge and placed third nationally. Mike is a CFA Level 3 Candidate.

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