

Monthly Update

August 31 2021

Investment Strategy

The Swell Global Portfolio is an absolute return, benchmark unaware global equities manager with the flexibility to invest in companies listed in developed markets around the world. We target a return of 9% per annum after all fees over rolling three-year periods.

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Strategy Facts

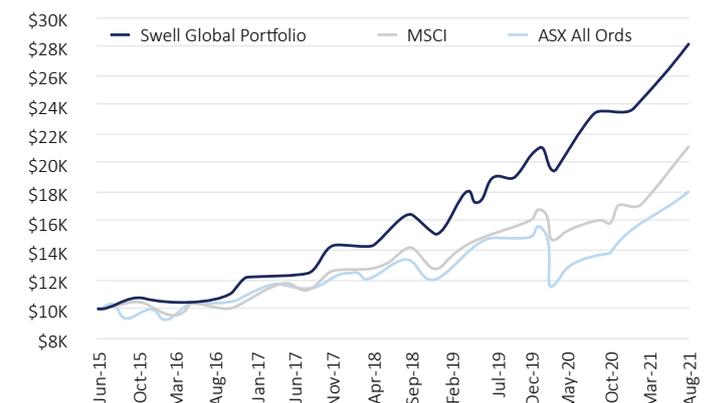
APIR code	SWE0174AU
Inception Date	18 June 2015
FUM	A\$105.5 m
Number of companies	13
Minimum investment	\$500,000
Benchmark	MSCI World net total return AUD1
Currency	AUD [unhedged]
Management Fee	1.25%
Administration Fee	0.225%
Performance Fee	15.0% of excess return above benchmark (subject to high water mark)

Portfolio performance

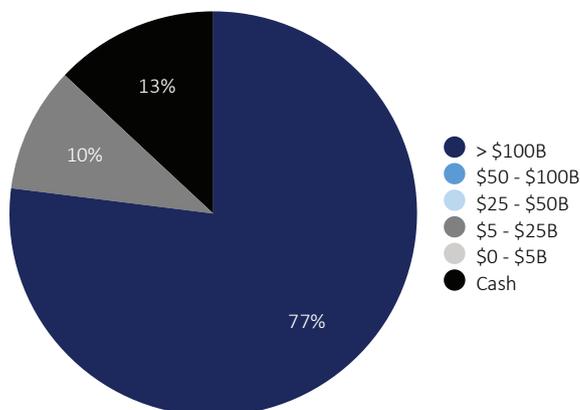
	Portfolio	Benchmark	Excess
1 month	2.52%	3.08%	-0.56%
3 months	11.13%	12.14%	-1.00%
6 months	15.54%	23.03%	-7.49%
1 year	20.51%	31.31%	-10.80%
2 years (pa)	21.50%	18.20%	3.30%
3 years (pa)	19.13%	14.56%	4.56%
4 years (pa)	22.58%	16.86%	5.72%
5 years (pa)	20.47%	15.47%	4.99%
6 years (pa)	17.98%	12.86%	5.12%
Inception	181.86%	111.43%	70.43%

Past performance is not indicative of future performance

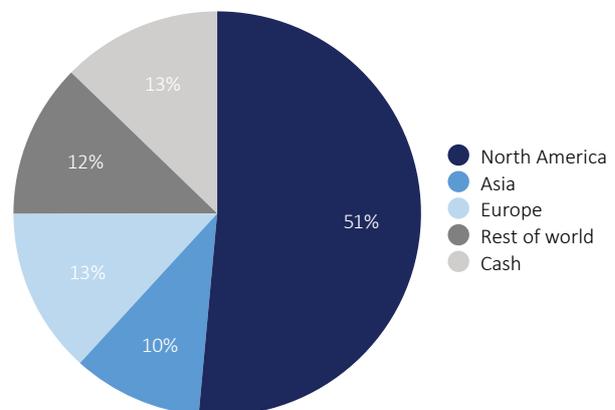
Portfolio Performance vs Benchmark



Market Capitalisation (US\$)



Regional Allocation by Revenue



Top contributors this month *

Alphabet

Google has developed its first in-house chips that will power new Pixel 6 phones due to be launched later this year. In line with similar moves from its biggest hardware competitor, Apple, Google is also rumoured to be developing its own custom CPUs and other chips for its Chrome notebooks and tablets. It signed a nine year agreement with European utility company ENGIE to provide green energy for its German operations that will be nearly 80% carbon free, moving to 100% by 2030. Google's investment in the program is approximately €1 billion.

Alphabet's music streaming service, YouTube Music, continues its phenomenal growth. The subscription service launched in 2015 has continued to add features and monetisation opportunities for creators. Lyor Cohen, Global Head of Music, announced the service now has more than 50 million global subscribers, up from 30 million subscribers in October last year.

After attending President Biden's White House Cyber Security Meeting on August 25, Alphabet announced a commitment to invest \$10 billion over five years to strengthen cyber security. The investments will focus on expanding zero-trust programs, helping secure software supply chains and enhancing open-source security. 100,000 Americans will be trained in fields such as IT support and data analytics to expand the nation's skill sets in areas such as data privacy and security.

Facebook

Facebook launched the open beta version of Horizon Workrooms, a virtual meeting space enabling users to collaborate and communicate in the same virtual room across both virtual reality and the web. Workrooms brings together some of Facebook's newest technologies into one experience on Quest 2, Facebook's popular VR headset, including mixed-reality desk and keyboard tracking, hand tracking, remote desktop streaming, video conferencing integration, spatial audio and new Oculus Avatars.

David Marcus, head of Facebook's financial services division F2 announced Facebook is preparing to launch its Novi digital wallet. Novi is designed to hold Diem, a digital stablecoin that will be backed by cash reserves and US treasuries, overseen by the Diem Association, a non-profit consortium first proposed by Facebook in 2019. The wallet has been approved for use in most US states and will initially provide free person-to-person payments. It is expected to extend into offering cheaper merchant services and partnering with other financial service providers over time. It is also likely to support non-fungible tokens (NFTs) which use blockchain technology to store data that represents digital assets, integrating with Facebook's Metaverse vision.

Netflix

Netflix began testing mobile games inside its Android app for subscribers in Poland, demonstrating early progress in the company's push into broader entertainment options beyond television and film. The launch features two games, "Stranger Things: 1984" and "Stranger Things 3", titles previously available on app stores and other platforms on desktop and consoles. The games are now exclusively available to Netflix members through the Netflix mobile app.

Netflix announced the company's first global virtual fan event, Tudum, to be held on September 25 to showcase exclusive news, original content, stars and creators from over 70 Netflix productions. Together with other fan-focused events such as Geeked Week, the event demonstrates Netflix's ability to promote its original content without needing to rely on other conventions or industry players.

Netflix continues to add content partnerships with key industry players. A five-year partnership with the BBC will develop and fund dramas featuring disabled writers, production staff and actors. The projects will be assessed and developed jointly although BBC will be the point of entry for submissions and pitches. Netflix has also sealed a deal with the PGA Tour to create a documentary series to provide exclusive behind-the-scenes access to the world's best golfers during the 2021-22 PGA Tour season.

Bottom contributors this month *

Zillow

Zillow Group reported its second quarter results in August, exceeding analysts' expectations across most segments. A strong recovery in the US housing market underpinned revenues of \$1.3 billion, up 70% year-on-year. Adjusted EBITDA also came in stronger at 14% this year versus 2% in 2020 driven by strong house price appreciation and improved volumes.

Traffic to Zillow Group's mobile apps and websites reached 229 million average monthly unique users, which was a 5% increase from last year's record numbers, driving 2.8 billion total visits during the quarter, up 10%. The company ended the quarter with \$4.6 billion in cash and investments and signalled its intention to materially ramp up its home purchasing, or iBuying, segment while also expanding into new markets across the US.

Mastercard

Mastercard's global startup engagement program Mastercard Start Path welcomed 11 fintech companies to scale and accelerate their ideas. Since its creation in 2014, Start Path has discovered co-innovation opportunities and provided support to more than 260 startups which have collectively raised more than \$5 billion in capital. These companies are transforming many areas of finance including mobile payments, digital banking and tokenisation.

Mastercard's inaugural Experience research revealed people have redefined their expectations of experiences. The research found a clear preference for people to invest time and energy in self-enrichment and experiences with long-lasting impact. 81% prefer experiences they can do with family and friends while 71% want to visit new places and do new things.

Raja Rajamannar, chief marketing and communications officer at Mastercard said *"Mastercard has long been a brand that connects people to each other and their passions. The pandemic forced people to reconsider what they need from experiences, and brands to reimagine how to deliver them. Findings from the research help us understand what is most meaningful to people today, and what experiences we can bring them to help create moments and memories that are truly Priceless."* Mastercard regularly updates its experiential lifestyle hub Priceless.com with consumer-centric experiences.

Intel

In another sign of confidence in the company's IDM 2.0 strategy, the US Department of Defence has announced Intel will provide commercial foundry services in the first phase of its Rapid Assured Microelectronics Prototypes – Commercial (RAMP-C) program. The program is a component of the US President's response to the global semiconductor shortage and attempt to strengthen the nation's supply chain. It will facilitate creation of a US-based commercial semiconductor foundry ecosystem to fabricate leading-edge custom and integrated circuits and commercial products required for critical systems.

Intel Foundry Services, Intel's dedicated foundry business launched earlier this year, will lead the effort, demonstrating the company's strategic importance to the US and other developed countries attempting to secure their supply chains. The US government announcement follows Intel's decision revealed earlier this year to significantly expand its domestic manufacturing capability, with plans to build two new factories in Arizona at a cost more than \$20 billion.

The company also recently announced its roadmap to regain leadership in process technology by 2024 at its Intel Accelerated event.

* Contribution is relative to other companies in the Portfolio.

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Investment Partners



Ratings

Research available on request to approved advisers



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Signatory of:



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