

Monthly Update

March 31 2022

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.

Top 5 Holdings (alphabetical)

Alphabet Inc	Interactive Media & Services
Amazon.com Inc	Internet & Direct Marketing Retail
Block Inc	Data Processing & Outsourced Services
Shopify Inc	Internet Services & Infrastructure
Zillow Group Inc	Real Estate Services

Portfolio performance

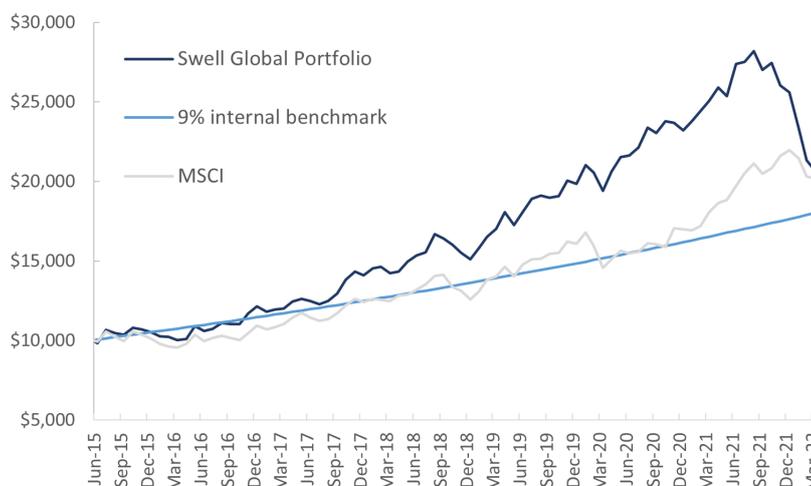
1 month	-3.28%
3 months	-19.48%
1 year	-17.71%
2 years (pa)	3.04%
3 years (pa)	6.60%
4 years (pa)	9.72%
5 years (pa)	11.40%
6 years (pa)	12.74%
Inception	106.24%

Past performance is not indicative of future performance

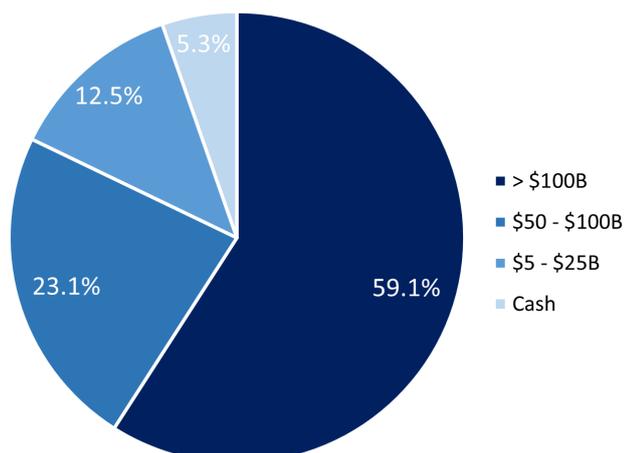
Strategy Facts

APIR code	SWE0174AU
Structure	SMA
Inception Date	18 June 2015
FUM	A\$74.7 million
Number of companies	13
Minimum investment	\$500,000
Performance fee hurdle	MSCI World net total return AUD ¹
Currency	AUD [unhedged]
Management Fee	1.25%
Performance Fee	15.0%

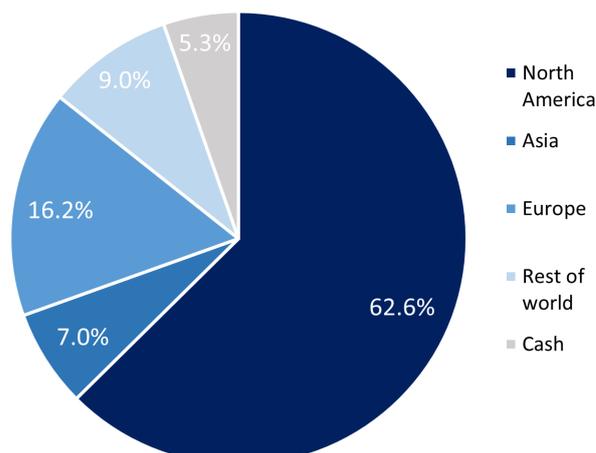
Portfolio Performance



Market Capitalisation (US\$)



Regional Allocation by Revenue



Top contributors this month *

Deere and Co.

John Deere continued its run of strong performance in March, building on success in the precision agriculture / farm automation sector as well as benefitting from higher soft commodity prices which point to likely improvements in farmer profitability. Deere's investments in precision ag and automation over many years have increased the size of its moat in the agricultural machinery market. Moreover these investments are starting to pay-off through increased interest from farmers seeking efficiency gains driving higher revenues as well as improving long-term margins for the core business.

The share price mirrored the spike in agricultural commodity prices which peaked after the imposition of global sanctions on Russian exports. Deere's share price is positively correlated to a number of soft commodity prices such as grains and dairy as they are leading indicators of farmer profitability and therefore capacity to upgrade farm machinery. We are cautious to view this as anything more than a temporary boost driven by factors external to the business and outside management's control. It is impossible to know how long the sanctions will remain in place and what impact they will have on prices in the longer term.

Block

Square, Block's merchant focused business, has partnered with UK start-up incubator CodeBase to provide free and discounted payments hardware, training and access to the payment's ecosystem for its network of new businesses. The collaboration will enable CodeBase clients to rapidly build their payment systems, allowing them to start earning sooner and focus on developing their businesses.

Announcing the partnership, CodeBase CEO Stephen Coleman said "It's very exciting for us to be partnering with Square. As the start-ups in our community grow and scale, it's important for us to work with partners whose offerings can support companies on their business journey. Square's rich set of APIs and SDKs will open up new opportunities for developers in our community, and we look forward to seeing the results."

Block participated in the latest funding round for Japanese fintech Kyash which provides digital wallets and mobile banking services to around 6 million users. The company, established in 2015, is now valued at around US\$110 million. It is Block's first investment in the Asian fintech market.

S&P Global

S&P global completed its IHS Markit merger during the month, following an 18 month delay due to regulator scrutiny of the deal. In an investor call following the merger conclusion, the company gave updated guidance of 13-15% earnings growth for the next three years, revenue synergies of \$350 million and cost synergies of \$600 million by 2024. The company also announced an accelerated share repurchase program to buyback \$12 billion worth of common stock in coming months.

While the outlook for S&P's core ratings business has declined in recent months, with expected interest rate increases likely to reduce bond issuance, the company's revenues have become increasingly diversified. Segments like market intelligence, Platts and S&P Dow Jones Indices have benefited from market volatility generating increased demand for information products. The merger with IHS adds to this revenue diversification while also providing future growth opportunities in areas such as energy transition and ESG ratings.

Presenting at the RBC capital markets conference, S&P confirmed it had suspended all operations in Russia and had closed its offices there, noting it represented less than 1% of revenue.

Bottom contributors this month *

Zillow Group

US housing activity is expected to slow as mortgage rates increased at their fastest pace in 11 years in March after the Federal Reserve lifted its policy rate and signalled faster and further rises in the year ahead to combat inflation. The softer housing outlook drove down Zillow's stock price during the month, but pleasingly, the iBuying winddown is progressing well, with 85% of the inventory sold or under contract.

During the month, we met with Zillow's Investor Relations team to learn more about the Flex program for Zillow Premier Agents, which we believe will be a key driver of Zillow's 2025 financial targets. Agents are invited to join Flex to receive exclusive introductions to confirmed active house seekers and the agent pays a success fee to Zillow when the transaction is completed. Although operating only in some markets currently, Flex accounts for around 22% of Premier Agent revenue. We expect this will grow significantly in the future.

The release of a new ShowingTime feature displaying home inspection times in real-time will benefit agents, buyers and sellers. Zillow found new homes were sold within 11 days of listing in February 2022, down from 25 days two years prior, and the feature will enable a simpler, more efficient scheduling process.

Disney

Disney received six Academy Awards at the 94th annual ceremony. Walt Disney Animation Studios' Encanto was recognised as best animated feature film, adding to the title's list of accolades. The film was also Disney's first to claim a number 1 album and single. Summer of Soul from Searchlight Pictures, Disney's Onyx Collective and Hulu received the Oscar for best documentary feature and has won 55 awards across critics' groups and guilds.

Disney confirmed it will add an advertising-supported subscription tier to its Disney+ streaming service later this year in the US, and internationally in 2023. This will assist in achieving its long-term target of 230-260 million Disney+ subscribers by 2024.

The company held a Parks and Experiences focused investor event for Wall Street analysts. A number of tail winds were identified that could boost future revenue in the sector which posted near-record results during the last quarter. That result was attributed both to the rebound in domestic travel in the US and Disney's investments in technology which drove the spend per visitor. Further impetus is expected when international visitors return, and hotels, cruises and parks resume operations at peak levels.

Netflix

In its 2021 Environmental, Social and Governance Report, Netflix outlined progress on sustainability, one year after launching its first public climate commitment. Netflix reduced its Scope 1 and 2 footprint by 10% from what it otherwise would have been during 2021, putting it on track to cut 45% of these emissions by 2030. This will be achieved primarily through decarbonising film and TV production, its biggest source of emissions.

Netflix acquired Boss Fight Entertainment, a Texas-based game developer founded in 2013 which will further the company's mobile gaming ambitions. Three new mobile games were added to the Netflix games library which is available to all subscribers at no additional cost.

During the month, Netflix released season 2 of the hit show Bridgerton. It became the most viewed Netflix English language TV title in its premiere weekend. The show streamed 193 million hours and was the number 1 title in 92 countries. Netflix has also expanded related merchandise and events. Besides Bridgerton-inspired pop-up stores, makeup and tableware collections, The Queen's Ball: A Bridgerton Experience offers visitors an immersive experience in the world of Bridgerton balls, romance, fashion and music. Currently available in four locations, the company plans to expand the experience to more cities and will soon announce more locations for the Stranger Things immersive experience to coincide with the premier of Stranger Things 4 in May.

* Contribution is relative to other companies in the Portfolio.

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