

Swell Global Portfolio

Monthly Update



30 June 2021

About

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

Top 5 Holdings (alphabetical)

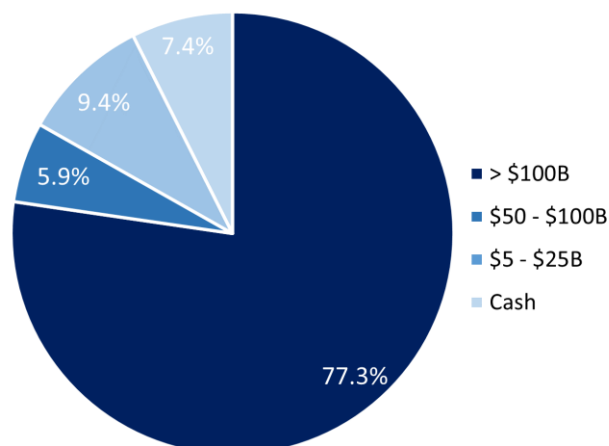
Alibaba Group Holding Ltd	Internet & Direct Marketing Retail
Alphabet Inc	Advertising
Amazon.com Inc	Internet & Direct Marketing Retail
Facebook Inc	Advertising
Microsoft Corp	Systems Software

Portfolio performance

Period	Portfolio %
1 month	7.96%
3 months	9.27%
1 year	26.60%
2 years (pa)	23.10%
3 years (pa)	21.30%
4 years (pa)	21.68%
5 years (pa)	20.87%
6 years (pa)	18.60%
Inception	173.86%

Past performance is not indicative of future performance

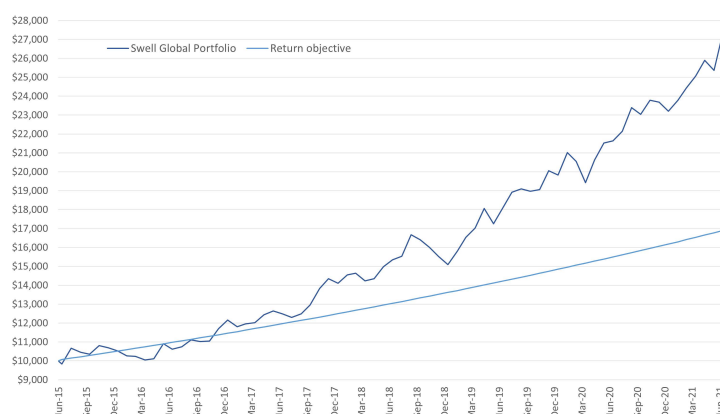
Market Capitalisation (US\$)



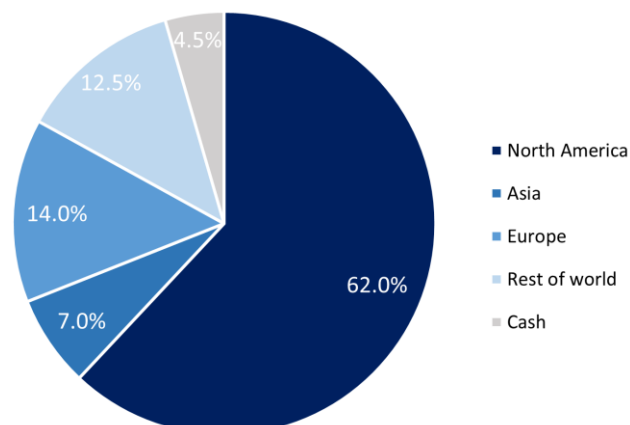
Key Details

APIR	SWE0174A
Structure	SMA
Inception date	18-Jun-15
Strategy FUM	\$100.4 million
Number of companies	15
Minimum investment	\$500,000
Currency	AUD unhedged
Management fee	1.25%
Performance fee	15%
Performance fee hurdle	MSCII World net total return (AUD)

Portfolio performance since inception



Regional allocation by revenue



Top contributors this month *

Shopify

Shopify has made its one-click checkout service Shop Pay available to US merchants on Facebook or Google, regardless of whether they use Shopify's software. The Stripe-powered solution, launched in 2017, encrypts stored customer information to enable instant checkouts and more recently instalments, through a partnership with Affirm.

Shopify notes Shop Pay is 70% faster and converts at 1.72x higher than typical checkouts. The app enables consumers to track all Shop Pay orders from both Shopify and non-Shopify merchants.

Buzzfeed has joined Shopify's affiliate marketing program which enables content publishers to earn revenue by linking to merchants in the Shopify network. Publishers can include links directing readers to products in Shopify-powered stores and can create their own Shopify online stores to allow customers to purchase directly within the publisher's site.

Facebook

Facebook is expected to launch a smart watch in 2022 according to sources quoted in The Verge. The watch, which will be detachable from the band, will contain two cameras allowing users to take photos and videos, and make video calls without their phone. Facebook has reportedly spent around \$1 billion developing the device.

Facebook has acquired BigBox VR, the studio which created the popular game Population: One released for Facebook's Oculus Quest 2 headset. The game, considered a VR clone of Fortnite, allows up to 24 people to connect, play and compete in a virtual world. A trial of ads inside Oculus headsets is underway, starting with the shooter game Blaston and two other apps.

Advertising revenue should drive developer interest and content creation while supporting further investments in VR/AR. Developers and users are being encouraged to provide feedback on the ads to guide future, broader advertising plans.

PayPal

PayPal announced in a blog post it will increase the price of branded online PayPal transactions (PayPal Checkout, Pay With Venmo, PayPal Credit, Pay In 4, PayPal Pay with Rewards, Checkout with crypto) to 3.49% + \$0.49 per transaction. Previously the fee was 2.9% + \$0.30 per transaction. PayPal defended the increase, noting consumers are 60% more likely to convert and 3 times more likely to complete their purchase when PayPal is available at checkout, demonstrating the company's branding power.

In the past year, PayPal has accelerated the rollout of products, features and capabilities and will continue "to innovate at record pace and empower business to never miss a transaction".

PayPal Zettle was released in the US on June 30. PayPal purchased the Swedish ecommerce platform in 2018 and focused on the existing European market to integrate the point of sale business into its service model. The US launch provides small business with a digital point of sale card reader which is fully integrated into PayPal's suite of payment options, giving them

both in person and online channels to complete customer transactions, track inventory and manage payments.

Bottom contributors this month *

Tencent

Tencent held its tenth annual video, television and film conference this month, revealing the restructure of its entertainment properties within the Online Video Business unit (OVB). CEO of the unit, Sun Zhonghuai, told conference participants the company aspires to become a global leader in the video entertainment sector.

The restructure is a response to changing user preferences for entertainment, with people demanding an increasingly varied range of products and technologies.

Growing customer demand has fast tracked the construction of four new data centres to be built in Bangkok, Frankfurt, Hong Kong and Tokyo. The centres are all tier 3 design incorporating redundant and dual powered equipment, and are located in prime network hub locations.

Deere & Co

John Deere has signed a master-supply agreement with Iowa based construction equipment manufacturer Mobile Track Solutions to develop John Deere branded towed scrapers. Use of the 27 cubic yard (20.6 cubic metres) towed scrapers, to be hauled by Deere's articulated dump trucks and 9R series scraper tractors, will boost efficiency in large capacity earthmoving applications. The new machinery will extend Deere's precision equipment solutions from agriculture to construction.

A new version of Deere's Minecraft game, FarmCraft, where players complete farming missions including planting, growing and harvesting crops has been released. The app was developed to increase the number of young students interested in pursuing a career in agriculture.

Intel

During the month the US Innovation and Competition Act was passed, committing \$250 billion to improving America's technological competitiveness against China. The legislation expands the reach of the National Science Foundation to advance innovation in the US manufacturing sector.

More than \$50 billion will be directed towards making the country self sufficient in computer chip production, including encouraging the development of new production facilities, and Intel is widely expected to benefit from the funding.

At the Six Five Summit held mid month Intel announced it is working with hyperscalers on its infrastructure processing unit (IPU). The programmable networking device intelligently accelerates data centre infrastructure, combining higher bandwidths and storage capacities with lower power and processing utilisation.

Expansion of the company's virtual radio access network (vRAN) solutions were revealed at the Mobile World Congress. The

* Contribution is relative to other companies in the Portfolio

technology is used by 5G edge computing providers to optimise network availability, and the industry estimates 75% of data will be created at the edge by 2023. Most of the hundreds of current commercial vRAN deployments run on Intel's technology, and the company expects the hundreds to become millions within a few years.

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