

Monthly Update

30 November 2022

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)

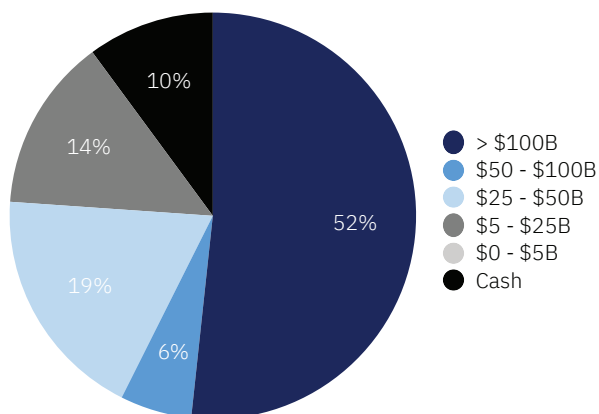
Alphabet Inc	Interactive Media & Services
Amazon.com Inc	Internet & Direct Marketing Retail
Microsoft Corp	Systems Software
Shopify Inc	Internet Services & Infrastructure
Zillow Group Inc	Real Estate Services

Portfolio performance

Performance	Portfolio %
1 month	3.19%
3 months	-0.92%
1 year	-37.99%
2 years (pa)	-17.43%
3 years (pa)	-6.97%
4 years (pa)	1.00%
5 years (pa)	2.40%
6 years (pa)	5.51%
7 years (pa)	7.11%
Inception	61.47%

Past performance is not indicative of future performance

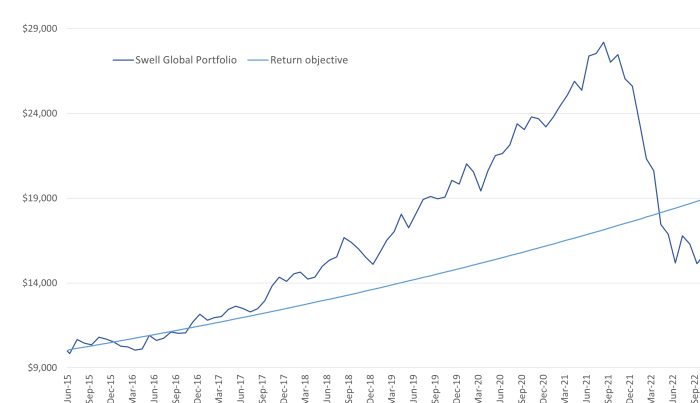
Market Capitalisation (US\$)



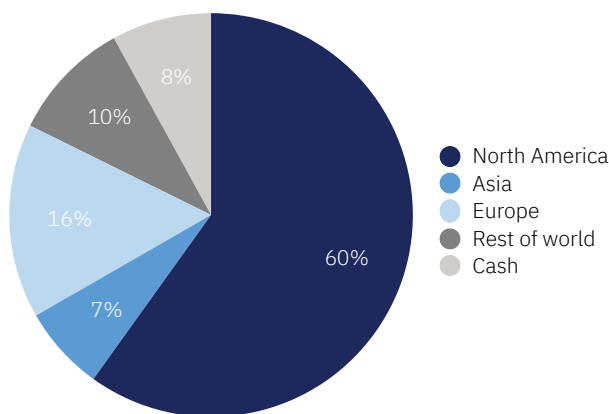
Key Details

APIR	SWE0174A
Structure	SMA
Inception date	18-Jun-15
Strategy FUM	A\$46.77 million
Number of companies	11
Minimum investment	\$500,000
Performance Fee Hurdle	MSCI World net total return (AUD)
Currency	AUD unhedged
Management fee	1.25%
Performance fee	15%

Portfolio performance since inception



Regional Allocation by Revenue



Top contributors this month *

Zillow

Zillow beat Q3 earnings estimates with consolidated revenue of \$483 million and adjusted EBITDA of \$130 million. Premier Agent retention remained strong in challenging market conditions, generating better-than-expected revenue and outperforming the broader industry.

Management continues to successfully execute the company's 2025 product roadmap, with progress made on initiatives to increase engagement, share of transactions, and revenue per transaction. Zillow Home Loans, with a \$50 billion total addressable market, is proving critical to the end-to-end customer experience envisioned by 2025. Zillow is focused on bolstering loan officer tools and integrating with high-quality Premier Agent partners to move its mortgage funnel away from third-party lead generation toward Zillow Home Loans. Early results from a key test market in Raleigh, North Carolina have been positive, with the success rate for Zillow financing at mid-double digits.

Zillow expects volatility in both affordability and availability to continue in 2023. Nevertheless, the company remains focused on achieving its 6% market share target by 2025 and is committed to continued investment in its strategic growth pillars.

Shopify

Shopify merchants achieved a record Black Friday- Cyber Monday weekend, with sales of \$7.5 billion, up 19% from \$6.3 billion in 2021. More than 52 million consumers globally purchased from Shopify merchants, a 12% increase on 2021. The highest volume shopping event of the year was driven by online sales, with 73% made on mobile devices and 27% on desktop. Over the four day sale Shopify funded more than 56,000 tonnes of carbon abatement to counteract emissions from delivery of every order placed on the platform during the weekend.

Happy Returns by PayPal, a software and reverse logistics company, launched Return Shopping, creating a new revenue stream for Shopify merchants. The feature helps drive shoppers to merchants' ecommerce storefronts during the return process. This will enable better returns and exchange experiences for consumers and cleaner financial reporting for merchants. The free feature is available to customers using both Shopify and Happy Returns Return & Exchange Portal.

Meta

Meta is taking steps to become more capital efficient and rein in expenses. Headcount will reduce by 11,000, or approximately 13% of its total workforce, and a hiring freeze will be extended through the first quarter of 2023. It has cancelled some hardware projects including its smart display and smartwatch projects, and is scaling back NYC office plans as part of a real estate review. Additional cost-cutting is foreshadowed in coming months.

CEO Mark Zuckerberg told employees during an internal meeting "we talk a lot about the very long-term opportunities like the metaverse, but the reality is that business messaging is probably going to be the next major pillar of our business as we work to monetise WhatsApp and Messenger more." In recent months, WhatsApp has added functionalities including enabling users to purchase groceries for delivery in India and integrating Salesforce to enable businesses to chat with customers.

Meta is deploying Precision Time Protocol (PTP) into its data centre networks. The protocol improves timing accuracy and precision and will benefit all Meta's technologies from creating and watching Reels, sending and receiving messages to building and exploring Meta Horizon Worlds.

Bottom contributors this month *

Amazon

Amazon held its 11th annual cloud computing conference AWS re:Invent during the last week of November. The event drew more than 50,000 in-person and 300,000 virtual attendees participating in over 2,000 sessions and events. The company continues to broaden the depth and breadth of its product portfolio and is increasingly focused on integrating services to create simple yet powerful capabilities that leverage the combination of databases, analytics and machine learning. Notably, the cloud computing unit will likely keep hiring and building new data centres in 2023 despite a pause in incremental hiring in Amazon's corporate workforce.

The company's annual planning process extends into the new year and role reduction decisions will be finalised in early 2023. CEO Andy Jassy wrote in a note to Amazon employees, "Amazon has weathered uncertainty and difficult economies in the past, and we will continue to do so. ... The key will be to do what Amazon does best – obsess over customers and invent relentlessly on their behalf – and if we do that, we should all be very optimistic about Amazon's future."

Amazon introduced Amazon Clinic, a message-based virtual health service that delivers affordable care for more than 20 common health conditions. Patients can directly connect to a telehealth provider in a secure message-based portal and receive a personalised treatment plan including necessary prescriptions. The service is linked to Amazon's full-service online pharmacy.

Netflix

'Glass Onion: A Knives Out Mystery' generated \$15 million during its one-week, exclusive theatrical run, according to industry sources as Netflix declined to report official ticket sales. Analysts suggest the film would have placed third on US box office charts behind "Black Panther: Wakanda Forever" and Disney's "Strange World". The film premiered in only 600 theatres across North America to maintain exclusivity and build anticipation for its release on Netflix on 23 December.

Netflix's new series 'Wednesday' debuted with a record breaking 341 million hours viewed in its first week. The series is now Netflix's third most popular English-language TV series, behind 'Stranger Things 4' and 'Monster: The Jeffrey Dahmer Story'. Since its release 'Wednesday' has also captured broader attention across the internet and social media, with the #WednesdayAddams hashtag accumulating over 12 billion views on TikTok.

Alphabet

Hosting an AI event in New York early in the month Google revealed headway on a range of AI projects. Google engineers demonstrated a generative AI model able to create video from text, a significant advance on the popular static image generation models such as DallE 2 and Stable Diffusion. Others revealed progress on the development of a universal speech translation engine, capable of translating across 1,000 languages. Currently the model successfully processes over 400 languages, making it the largest language translation AI model in existence.

As AI continues to move at a blistering pace, Google's management reflected on the importance of responsible growth. Sundar Pichai, Alphabet's CEO stated "We see so much opportunity ahead and are committed to making sure the technology is built in service of helping people, like any transformational technology ... That's why Google is focused on responsible AI from the beginning, publishing AI principles which prioritise the safety and privacy of people over anything else".

Further Information

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