

Monthly Update

31 December 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)

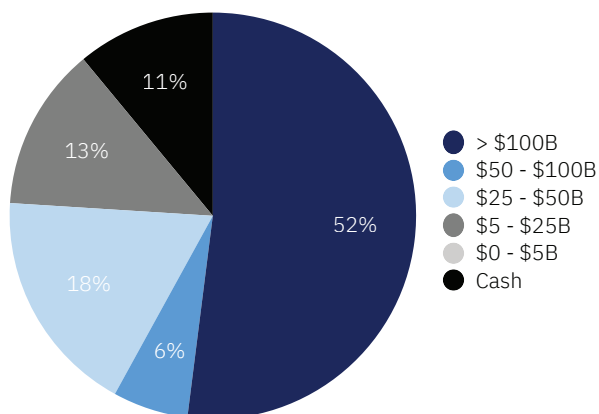
Alphabet Inc	Interactive Media & Services
Amazon.com Inc	Internet & Direct Marketing Retail
Microsoft Corp	Systems Software
Shopify Inc	Internet Services & Infrastructure
Zillow Group Inc	Real Estate Services

Portfolio performance

Performance	Portfolio %
1 month	-9.74%
3 months	-3.76%
1 year	-43.10%
2 years (pa)	-20.75%
3 years (pa)	-9.76%
4 years (pa)	-0.87%
5 years (pa)	0.67%
6 years (pa)	3.07%
7 years (pa)	5.58%
Inception	45.74%

Past performance is not indicative of future performance

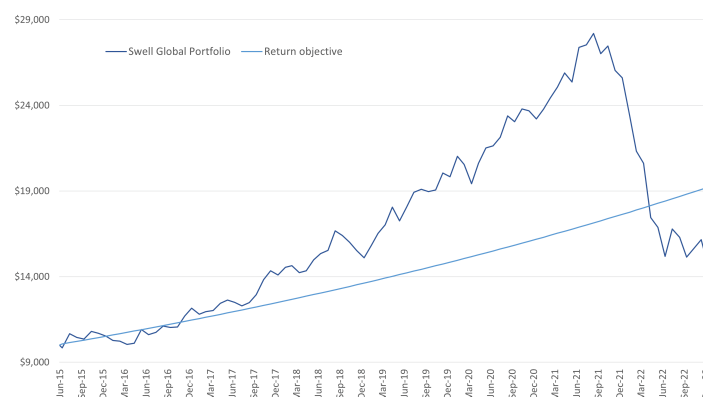
Market Capitalisation (US\$)



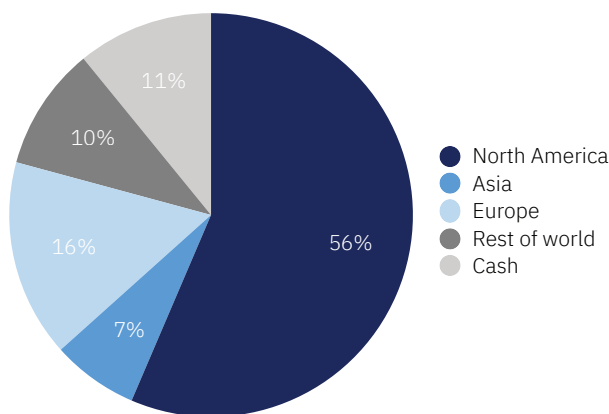
Key Details

APIR	SWE0174A
Structure	SMA
Inception date	18-Jun-15
Strategy FUM	A\$49.50 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 *

Meta

Instagram rolled out a series of features to help users share and connect with friends and followers, with the capacity to share with everyone or selected followers. Notes are short posts of up to 60 characters using text and emojis. Candid Stories enable friends to instantly share what they are doing at a moment in time. Additionally, Group Profiles allow users to create a shared profile with friends where posted content is shared only with group members and posted on the Group Profile to create Collaborative Collections.

Meta released data showing that between 2017 and 2022 it found and removed more than 200 global networks seeking to covertly influence users on its platforms. The networks were run from 68 countries in more than 40 languages, targeting many countries, with the US being the primary mark, followed by Ukraine and the UK. Russia, Iran and Mexico were the source of nearly 40% of the threats. The structure and operations of the networks identified by Meta have been shared with investigative journalists, government officials and industry peers to better understand and expose internet-wide security risks. In addition, Meta reported it paid more than \$2 million in bug bounties during 2022, and since launching one of the first bug bounty programs in 2011, has paid out more than \$16 million to the security research community.

Netflix

It is a decade since Netflix launched the Open Connect program, a content delivery network which delivers quality entertainment in partnership with internet service providers (ISPs) worldwide. The program has grown considerably and currently runs 18,000 servers in 6,000 data centres across 175 countries, identifying the most efficient delivery route to ensure content is available on local servers to meet consumer demand sustainably using existing network infrastructure.

Two critically acclaimed games from Annapurna Interactive were added in December, bringing the company's game catalogue to 48 games in just over a year.

A state-of-the-art production facility is being developed on the former Defence Department installation, Fort Monmouth, in New Jersey. The project will transform the 120 hectare site into 12 soundstages, with related creative infrastructure and community amenities. It is estimated to create more than 1,500 permanent production jobs and more than 3,500 construction-related jobs. Netflix plans to commit \$848 million in capital investments.

Deere and Co

John Deere won the CES 2023 Best of Innovation Award in the Robotics category for its fully autonomous tractor. The announcement was made ahead of the 2023 CES technology event and marks the fourth consecutive year Deere has received an Innovation Award from the Consumer Technology Association. Deere's fully autonomous tractor combines cameras, artificial intelligence, sensors and ultra-fast GPU processors to navigate through a field without requiring an operator. The new 6R series tractor will feature 3D-printed thermal diverter valves, designed to stabilise fuel temperature in cold weather. The metal engine part is the first time a 3D-printed component has been used in a production agriculture vehicle and provides efficiency and cost benefits compared to traditional manufacturing methods. The John Deere Foundation increased its community giving program by 30% in 2022, contributing \$55.5 million to groups and programs. \$3 million went to food banks and emergency food relief and nearly \$5 million targeted 3.8 million farmers globally to improve their food security, income and resilience. Deere employees volunteered nearly 175,000 hours and personally donated \$5 million, which was matched by the company.

Bottom contributors this month *

Zillow

Zillow acquired real estate media marketing company VRX Media, advancing the suite of listing services offered through its ShowingTime+ brand. VRX Media leverages its national network of professional photographers to offer premium listing services that include aerial drone photography, virtual staging and 3D tours. Nearly 75% of sellers say they are more likely to hire an agent offering virtual tours and interactive floor plans. Listing agents will have access to two new high quality interactive media products – Listing Media Services and Listing Showcase – through the ShowingTime+ software suite.

Zillow's economic research team released its housing market forecasts for 2023 predicting housing affordability will stabilise, if not improve, next year. Home values are forecast to remain relatively flat throughout 2023, and mortgage rates are likely to continue to make encouraging progress downward as inflation and the tight labour market show early signs of easing.

Amazon

AWS announced several developments at AWS re:Invent. Stability AI, an open-source artificial intelligence (AI) company, has selected AWS as its preferred cloud provider to build and scale its AI models for image, language, audio, video and 3D content generation. Yahoo selected AWS as the public cloud provider for its advertising technology business. Yahoo Ad Tech, which reaches more than 540 million people worldwide, will migrate all workloads from on-premises data centres to AWS. American Family Insurance expanded its relationship with AWS in a multiyear agreement to accelerate cloud migration. In addition, the two have set up an innovation fund to benefit consumers and the insurance industry.

Amazon Games made two gaming-related announcements during the month. In partnership with Bandai Namco Online Inc, Amazon Games is launching Blue Protocol, a multiplayer online action role-playing game featuring anime-inspired art. The game will be free-to-play and will launch for PC, Xbox Series X|S and PlayStation 5 in the second half of 2023. In addition, Amazon Games and Crystal Dynamics will develop a new multiplatform Tomb Raider title. The two announcements mark further expansion of Amazon Games' AAA publishing efforts.

Amazon is extending the availability of its Buy with Prime button in the US starting January 31. When launched in April 2022, the feature was released to selected merchants on an invite-only basis, and data collected by Amazon reveals it increased shopper conversion by 25% on average. Amazon will also allow merchants using the badge to add product reviews and ratings from Amazon on their own websites.

Shopify

Shopify launched Commerce Components, allowing enterprise retailers to integrate components of Shopify within their own software systems. The solution prioritises choice, offering trusted and high-performing infrastructure components to help retailers innovate and respond to consumer needs faster. Harley Finkelstein, President of Shopify, said "Commerce Components by Shopify opens our infrastructure so enterprise retailers don't have to waste time, engineering power, and money building critical foundations Shopify has already perfected, and instead frees them up to customise, differentiate, and scale." Toy maker Mattel is among the first enterprise retailers to use Commerce Components, bringing its entire portfolio of brands to the platform.

Shopify has actively invested in a range of carbon removal technologies since launching its Sustainability Fund in 2019. By December 2022, the Fund had helped companies raise over \$50 million in capital and increased their employee count by more than 5 times, enabling them to grow carbon removal capacity by more than 1,000 times.

In April 2022, Shopify joined Stripe, Alphabet, Meta and McKinsey Sustainability to launch Frontier, an advance market commitment to accelerate and scale the carbon removal industry, committing \$925 million over nine years. Six start-up companies were selected for support in December covering biomass storage, direct ocean capture, enhanced weathering and mineralisation technologies.

Further Information

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