

Monthly Update

31 May 2023

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)

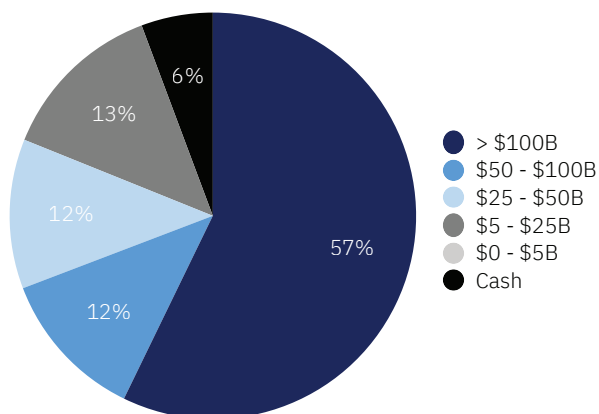
Alphabet Inc	Interactive Media & Services
Amazon.com Inc	Broadline Retail
Meta Platforms Inc	Interactive Media & Services
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

Portfolio performance

Performance	Portfolio %
1 month	9.90%
3 months	22.56%
1 year	23.73%
2 years (pa)	-9.27%
3 years (pa)	-1.00%
4 years (pa)	4.88%
5 years (pa)	6.87%
6 years (pa)	8.74%
7 years (pa)	11.43%
Inception	108.80%

Past performance is not indicative of future performance

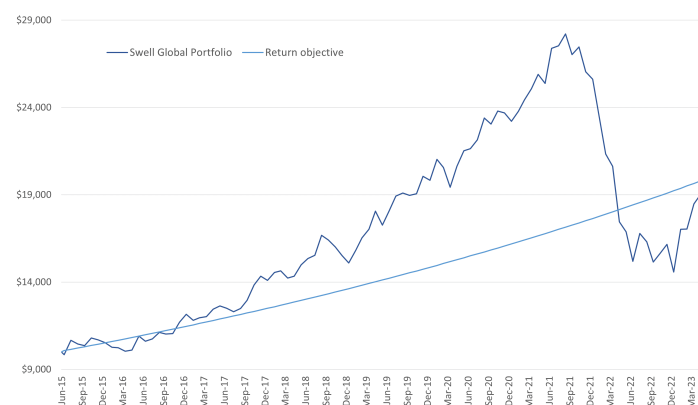
Market Capitalisation (US\$)



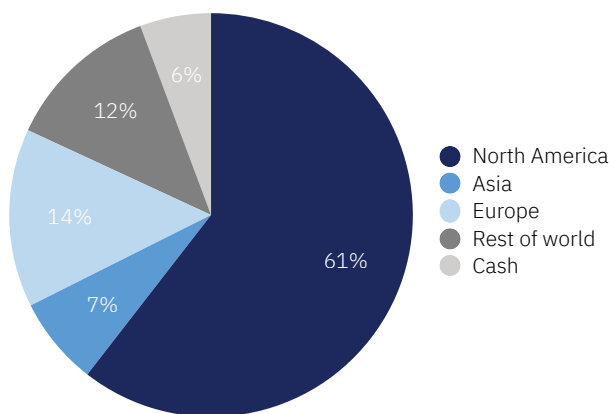
Key Details

APIR	SWE0174A
Structure	SMA
Inception date	18-Jun-15
Strategy FUM	A\$52.83 million
Number of companies	14
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 *

Amazon (AMZN)

Amazon revealed during the month more than half a billion Alexa-enabled devices have been sold around the world, and sales grew 35% last year. Continuing AI enhancements to Alexa software are predicted to drive sales further as the range of connected devices grows.

May was the second annual Small Business Month on Amazon's procurement storefront, Amazon Business. And again, Amazon invited applications for Small Business Grants from companies with annual revenue less than \$1 million. Amazon will shortlist finalists this month and winners will be selected by Amazon member votes, to receive monetary grants, business prime membership and Amazon devices in July.

Bloomberg reports Amazon is planning to offer free cell phone service to US Prime subscribers. The news service asserts Amazon is talking to a number of carriers including Verizon, AT&T, T-Mobile and Dish Network about low-cost or even free phone services. This could potentially offer the same level of service as direct carrier plans, including data at 5G speeds, which would significantly increase the value proposition for Prime customers.

Amazon One, the biometric payment system, was augmented in May with the inclusion of age verification. The secure payment system, which scans users' palms for payment approval, has operated at Amazon's Whole Foods and Go Stores for nearly three years. This month Coors Field baseball stadium in Denver, Colorado introduced Amazon One to its retail food and drink outlets, enabling instant age verification for alcohol purchases at the stadium.

Shopify (SHOP)

Shopify reported strong results for the first quarter of 2023. Gross merchandise volume (GMV) increased 15% to \$49.6 billion and total revenue increased 25% to \$1.5 billion compared to the prior year. Shopify's merchant solutions revenue increased 31% to \$1.1 billion, driven primarily by the growth of GMV and continued penetration of Shopify Payments.

Shopify added more brands on its platform in Q1 2023, launched Commerce Components by Shopify, a composable stack for enterprise retail, and introduced a new AI shopping assistant powered by ChatGPT.

In a significant development, Shopify will sell its logistics business, including the people, technology, and related services to global logistics platform Flexport. The transaction is expected to close in the second quarter of 2023. Informing staff of the sale, CEO Tobi Lütke said "We are changing the shape of Shopify significantly today to pay unshared attention to our mission". Markets responded well to the decision.

Shopify officially launched Shop Cash, rewarding shoppers with redeemable cash on the app when purchases are made using Shop Pay. The company celebrated the launch by hosting the inaugural Shop Day event on June 2, partnering with dozens of merchants to give away more than \$1 million in Shop Cash.

Alphabet (GOOGL)

Google announced a series of AI-related developments at its Google I/O 2023 event where CEO Sundar Pichai declared Google an "AI-first" company, as AI is integrated into all its core products. Gmail's AI-powered "Help Me Write" feature will auto-generate entire emails. Google Maps will introduce "Immersive View for routes", creating digital models of a user's travel plan. Google Photos will add "Magic Editor" that can move elements in a photo and auto-generate missing elements. Google Search will respond to queries conversationally and

find results for multifaceted queries. Google's AI chatbot, Bard, will be powered by a new language model, PaLM 2, and will support 40 new languages. AI features will also be introduced to Google Workspace products, such as creating spreadsheet templates in Google Sheets and generating AI art in Google Slides.

The event included the launch of Pixel 7a which incorporates AI powered Pixel Call Assist and an upgraded camera system. The new range includes Pixel Fold, a smartphone which folds out to a 7.6" tablet.

The Wall Street Journal reported Samsung suspended an internal investigation into replacing Google with Microsoft's Bing search engine on its smart phone and tablet browser. As the world's largest manufacturer of phones, Samsung's decision to stay with Google Search suggests the hype surrounding Bing's AI features might be waning.

After operating independently since inception in 2009, Alphabet's Waymo has partnered with Uber, initially in Phoenix Arizona, to provide Waymo self-driving vehicles for Uber ride and delivery services. The multi-year partnership will enable Waymo to reach new users through the Uber app.

Bottom contributors this month *

Booking Holdings (BKNG)

Booking Holdings reported strong Q1 2023 results, with gross travel bookings of \$39.4 billion, a 44% increase from the previous year, driven by a 38% increase in room nights booked. The company's adjusted earnings per share (EPS) was \$11.60, surpassing Wall Street's expectations of \$10.57. Revenue rose 40% to \$3.8 billion.

Priceline.com celebrated 25 years of operation in May with more than \$5 million worth of deals for US travellers. Running for 25 days from May 15, the specials include discounts on fares and accommodation as well as opportunities to win travel experiences. Search platform Kayak added car sharing options for travellers searching car rentals. Initially partnering with Turo, Kayak expects to provide travellers in all parts of the world with fully flexible travel options.

Deere & Co. (DE)

Deere's second quarter results were well ahead of market expectations, with earnings per share of \$9.65 on revenue of \$17.387 billion. CEO John May attributed the company's outstanding second-quarter results to favourable market conditions and an improving operating environment, with another year of exceptional achievement on the way. The company raised guidance for net income for the full year to \$9.25-9.5 billion, up from \$8.75-9.25 billion estimated in the last quarter.

A dividend of \$1.25 per share will be paid on August 8 2023 for shareholders on record at June 30 2023.

For the second year Deere was named in the Civic 50, awarded to the most community minded US companies. The awards recognise US companies with annual revenue over \$1 billion which excel on corporate citizenship and social impact programs. During 2022 Deere invested more than \$55 million in community initiatives.

Intercontinental Exchange (ICE)

ICE grew first quarter revenue by 4% from last year, to \$1.9 billion. EPS was \$1.17 and CFO Warrant Gardiner told investors the company remains on track "to benefit from near-term cyclical tailwinds, longer-term secular trends" and is "focused on investing in profitable growth to create value for our stockholders." Exchanges segment revenue was \$1.1 billion, with fixed income and data services reaching \$563 million and mortgage technology bringing in \$236 million.

A US Federal Court judge is yet to decide to hear the FTC case against the proposed merger of ICE and mortgage loan technology provider Black Knight. The FTC objected to the merger on the grounds it “would drive up costs, reduce innovation, and reduce lenders’ choices for tools necessary to generate and service mortgages”. Announcing the acquisition in May 2022, ICE confirmed the cash and stock deal valued Black Knight at \$85 per share, with a total market value of \$13.1 billion.

Ice announced the listing of new futures and options contracts, set to begin trading on June 26, 2023. The new listings include Physical Environmental and Oil Americas futures and options contracts. The Physical Environmental contracts include the Regional Greenhouse Gas Initiative Vintage 2024 Future and the Option on Regional Greenhouse Gas Initiative Future Vintage 2024. The Oil Americas contracts include a variety of crude oil and biofuel futures and options.

Further Information

Manager	Swell Asset Management Pty Limited ABN 16 168 141 204 CAR No. 465285 AFSL 460572
Administrator	Mason Stevens Limited ABN 91 141 447 207 AFSL 351576
Custodian/ Sub-custodian	Mason Stevens Limited/ National Australia Bank Limited

Office

Suite 10.02
Level 10
Corporate Centre One
2 Corporate Court
Bundall Qld 4217

☎ 07 5551 0299
✉ info@swellasset.com.au

Memberships



Signatory of:



Investment Partners



Ratings

Research available on request to approved advisers



Awards



IMAP
MANAGED ACCOUNT
AWARD FINALIST
INTERNATIONAL
EQUITIES



**International
Equities**
Finalist
2020 IMAP MANAGED
ACCOUNT AWARDS

Disclaimer

This document has been prepared and approved by Swell Asset Management ABN 16 168 141 204 authorised representative of Hughes Funds Management Pty Limited ACN 167 950 236 AFSL 460572. The information provided in this document is of a general nature only, is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). Investors should read and consider the investment in full and seek advice from their financial adviser or other professional adviser before deciding to invest.

The information in this document is for general information only. To the extent that certain statements contained in this document may constitute forward-looking statements or statements about future matters, the information reflects Swell Asset Management's intent, belief or expectations at the date of this document. This document is not a prospectus, product disclosure statement, disclosure document or other offer document under Australian law or under any other law and does not purport to be complete nor does it contain all of the information which would be required in such a document prepared in accordance with the requirements of the Corporations Act 2001 (Cwlth).

This document is not, and does not constitute, financial product advice, an offer to issue or sell or the solicitation, invitation or recommendation to purchase any securities and neither this document nor anything contained within it will form the basis of any offer, contract or commitment.