

Swell Global Portfolio

Monthly Update



30 September 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)

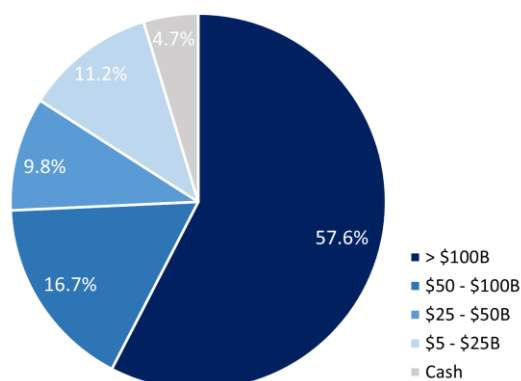
| | |
|-------------------------------|--------------------------------|
| Alphabet Inc | Interactive Media and Services |
| Amazon.com Inc | Broadline Retail |
| Intercontinental Exchange Inc | Financial Exchanges & Data |
| Microsoft Corp | Systems Software |
| Zillow Group Inc | Real Estate Services |

Portfolio performance

| Period | Portfolio % |
|--------------|-------------|
| 1 month | -7.14% |
| 3 months | -2.47% |
| 1 year | 39.26% |
| 2 years (pa) | -11.65% |
| 3 years (pa) | -2.90% |
| 4 years (pa) | 2.69% |
| 5 years (pa) | 5.15% |
| 6 years (pa) | 8.47% |
| 7 years (pa) | 9.71% |
| 8 years (pa) | 9.30% |
| Inception | 110.90% |

Past performance is not indicative of future performance

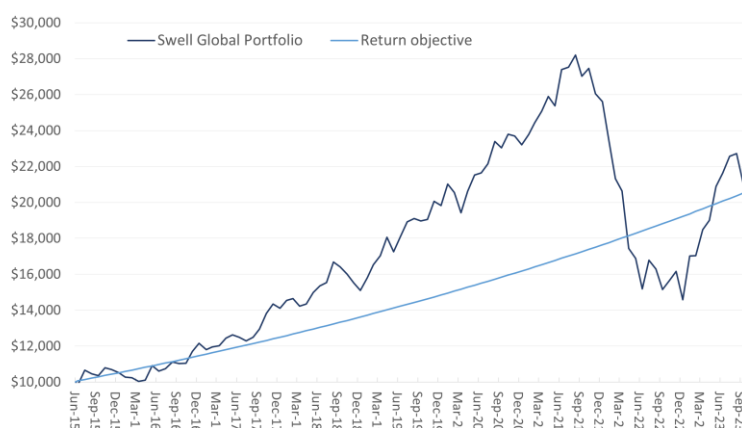
Market capitalisation (US\$)



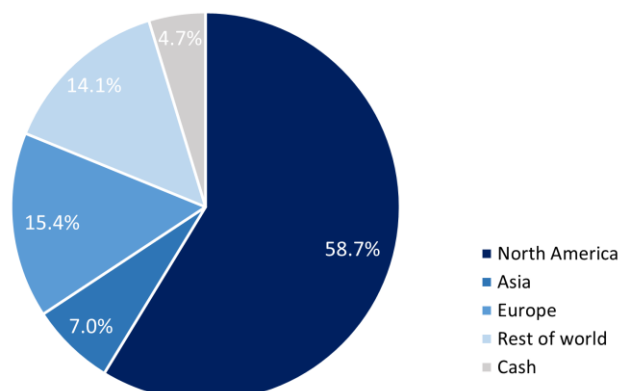
Key details

| | |
|------------------------|-----------------------------------|
| APIR | SWE0174A |
| Structure | SMA |
| Inception date | 18-Jun-15 |
| Strategy FUM | \$56.01 million |
| Number of companies | 13 |
| Minimum investment | \$500,000 |
| Currency | AUD unhedged |
| Management fee | 1.25% |
| Performance fee | 15% |
| Performance fee hurdle | MSCI World net total return (AUD) |

Portfolio performance since inception



Regional allocation by revenue



Top contributors this month *

Meta

Meta's annual Connect conference delivered notable software and hardware innovations and positive feedback from consumers and analysts. The Quest 3 headset has improved passthrough technology, a higher resolution display and better graphics than the current Quest 2 and Xbox Cloud Gaming will be integrated into the next generation of Meta Quest software. Emu, a new foundational model for image generation will allow users to create unique AI stickers on WhatsApp, Messenger and Facebook Stories. New Ray-Ban Meta smart glasses incorporating a 12-megapixel camera will be available in 150 designs.

A group of AI-driven chatbots with unique interests and personalities will be based on international celebrities including Snoop Dogg, Tom Brady, Naomi Osaka and Sam Kerr. Each one uses the celebrity's voice and has its own character: Sam Kerr's is "Sally, a free-spirited friend who'll tell you when to take a deep breath".

Meta has built safeguards into all its AI features and models, and improves them based on feedback from users. It is working with governments, other companies, AI and privacy experts to establish responsible guardrails for consumer facing AI.

These initiatives solidify Meta's position as a leading player in the AI space. They will increase engagement among the billions of users of Meta's family of apps while also creating opportunities for businesses to connect with their audiences.

Booking Holdings

Booking.com has introduced the 'integrated journey' allowing travellers to organise every facet of their trip effortlessly via its intuitive website and mobile application. Generative AI using large language models will gradually be introduced to improve search, reservations and customer service.

The Kayak booking site has introduced "best time to travel". Its recommendations are based on average flight prices, popularity, average temperature and average rainfall. The recommendation incorporates a "best time to book" date which is estimated from historical search data aggregated for each day difference between date of departure and the search date.

EU regulators rejected Booking Holdings' proposed purchase of Swedish company Etraveli Group which owns brands Gotogate, Flightnetwork and Mytrip. The deal was announced in November 2021 and had been cleared unconditionally by multiple competition authorities, including the UK Competition and Markets Authority and US FTC. Booking Holdings will appeal the decision, claiming it "not only departs from settled law and precedent but it deprives consumers of travel options they are entitled to have".

GE Healthcare

GE Healthcare and US healthcare provider Mass General Brigham have developed an AI algorithm to predict missed care opportunities (MCO), which occur when a patient misses an appointment, fails to schedule a follow up or is late for a test or screen. The outcome of an MCO is generally a deterioration in the patient's health outcomes, and in early tests the algorithm correctly predicted 96% of MCOs.

GE Healthcare received a grant of \$44 million from the Bill and Melinda Gates Foundation to create AI-assisted ultrasound imaging assessment tools. The Foundation released its 2023 Goalkeepers report in September, highlighting the slowing improvement in reducing maternal and infant deaths in low- and middle-income countries since the pandemic. The AI powered technology will guide clinical users without specific ultrasound training to make informed health decisions using low-cost hand-held ultrasound devices. The Foundation report predicts the technology could save nearly 2 million maternal deaths by 2040.

Releasing its first sustainability report as a standalone entity, GE Healthcare confirmed its commitment to ESG principles. The report identified five focus areas: expanding access to healthcare for underserved populations globally; promoting inclusion and diversity across the enterprise; mitigating climate impact and improving resilience by working to reduce greenhouse gas emissions; advancing the circular economy and environmental design; and protecting patient data and cybersecurity by adopting standardised approaches to data privacy and security worldwide.

Bottom contributors this month *

Zillow

Zillow released its 2023 consumer housing trends report during the month, based on a survey of 11,800 prospective buyers conducted between April and July. It found younger adults are more likely to report plans to buy a home than their older counterparts, but prospective buyers in their 70s and older are about 3.5 times as likely as those in their 30s and 4.8 times as likely as those in their 40s to successfully buy. 33% of prospective buyers say a floor plan is the most important component of a home listing. High resolution photos follow, at 27% while 20% named virtual tours as most important. Only 16% nominated a written listing description as most important, and 4% identified other components.

On 30 September Zillow won an antitrust case that had run for two years. The court ruled Zillow had no case to answer against the Texas based real estate business, Rex, which had claimed Zillow engaged in false advertising, violated consumer protection laws and colluded with the National Association of Realtors to limit competition.

Block

At the Goldman Sachs Communacopia and Technology Conference Block COO and CFO Amrita Ahuja outlined strategies the company is using to improve profitability. Sales and marketing, personnel and corporate overhead expenses are being refined as Block shifts toward its rule of 40, which is gross profit growth plus operating margin to equal 40% over time.

Jack Dorsey has taken on the role of Square CEO after Alyssa Henry stepped down on October 2 after nine years with the company. Her departure was announced in an SEC filing on September 18 and no reason was given, however it came after a significant global terminal outage early in September which impacted thousands of small businesses.

At the end of the month, Square unveiled new features for merchants to improve holiday season trading. From pre-built website templates to AI generated product descriptors, the tools are focussed on enhancing seller's website and checkout style and functionality to maximise sales.

Amazon

At the conclusion of its annual seller conference Amazon announced "Supply Chain by Amazon", automated end-to-end supply chain services to streamline every step of product movement from manufacturer to customer. While Amazon previously offered services focused on specific aspects of the supply chain, like Fulfilment by Amazon, the new offering is a comprehensive solution covering global logistics, transportation and inventory management. The new multi-channel distribution capability will allow sellers to distribute products to diverse sales channels, both online and offline. And with machine learning optimisations, the service provides automatic inventory replenishments for faster delivery times and a potential 15% uptick in unit sales.

A significant investment of up to \$4 billion in AI startup Anthropic will strengthen Amazon's AI credentials. Anthropic will use AWS as its primary cloud provider and will train and deploy future foundation models on AWS Trainium and Inferentia chips. AWS customers will have access to future generations of its foundation models via Amazon Bedrock as well as early access to unique features for model customisation and fine-tuning capabilities.

Retiring chief of Amazon's devices and services division, Dave Limp, presented an impressive array of AI enhancements to Alexa and other home devices at the 2023 devices and services event. Panos Panay will take over from Dave Limp from the end of October, after spending nearly 20 years with Microsoft. His most recent role at Microsoft was EVP and Chief Product Officer for the Windows + Devices division.

On September 27 the FTC filed an antitrust case against Amazon alleging the company stifled competition, unlawfully maintained its monopoly position and kept prices artificially high. Legal experts dispute the FTC's claim, suggesting the regulator will find it difficult to prove harm to consumers.

* Contribution is relative to other companies in the Portfolio

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 | Mason Stevens Limited |
| Sub-custodian | Citicorp Nominees Pty Limited |

Office

Suite 10.02
Level 10
Corporate Centre One
2 Corporate Court
Bundall Qld 4217
07 5551 0299
info@swellasset.com.au

Signatory



Investment partners



Rating



Research available on request to approved advisers

This document has been prepared and approved by Swell Asset Management Pty Limited (ABN 16 168 141 204) Corporate Authorised Representative (CAR No. 465285) of Hughes Funds Management Pty Limited (ABN 42 167 950 236) (AFSL No. 460572). The information 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 financial or taxation needs. Investors should read and consider the investment in full and seek advice from a financial adviser or other professional adviser before deciding to invest.

The information in this document is general information only. To the extent certain statements 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