

Swell Global Portfolio

Monthly Update



31 December 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)

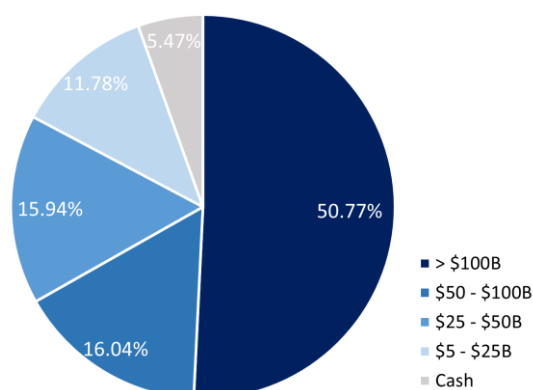
Alphabet Inc	Interactive Media and Services
Amazon.com Inc	Broadline Retail
Intercontinental Exchange Inc	Financial Exchanges and Data
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

Portfolio performance

Period	Portfolio %
1 month	7.49%
3 months	15.35%
1 year	66.92%
2 years (pa)	-2.54%
3 years (pa)	1.59%
4 years (pa)	5.24%
5 years (pa)	10.02%
6 years (pa)	9.52%
7 years (pa)	10.42%
8 years (pa)	11.04%
Inception	143.27%

Past performance is not indicative of future performance

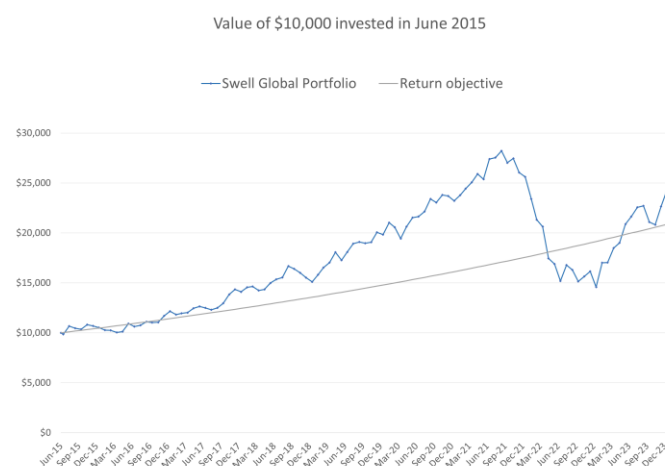
Market capitalisation (US\$)



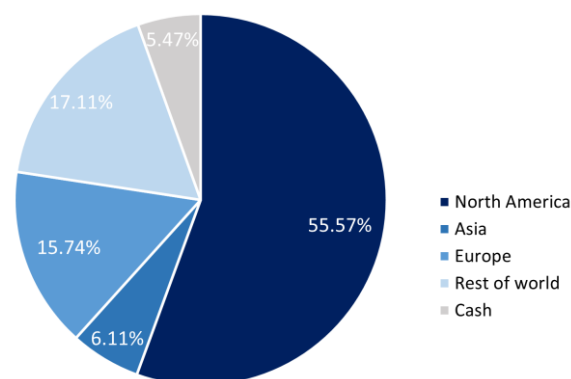
Key details

APIR	SWE0174A
Structure	SMA
Inception date	18-Jun-15
Strategy FUM	\$63.89 million
Number of companies	14
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 *

Zillow Group

Market sentiment in Zillow was buoyed when US Federal Reserve Chair Jerome Powell announced in mid December the central bank was unlikely to need to raise interest rates further in 2024. Analysts re-evaluated the stock after the statement, reckoning lower interest rates combined with pent up demand would improve Zillow's margins over the coming year.

The acquisition of Follow Up Boss, a major real estate industry customer relationship management (CRM) platform, was completed in December. Zillow reconfirmed its commitment to maintain Follow Up Boss as an independent brand, available to agents whether or not they subscribed to other Zillow products and services. It plans to invest in the CRM to accelerate product development, helping agents to be more productive and close more deals.

A longer term objective is to integrate Zillow data into the software to give agents a broader range of tools to serve buyers and sellers. Following the acquisition, it was revealed agents who enabled the integration of their Zillow Premier Agent and Follow Up Boss platforms closed nearly 30% more deals.

Zillow has filed an antitrust lawsuit against Arizona Regional Multiple Listing Service and Metro MLS Inc. The suit alleges the two organisations are acting uncompetitively because they plan to remove the integration of Zillow's ShowingTime from their service, instead defaulting to their own Aligned Showings scheduling platform. Zillow claims homebuyers and agents will be disadvantaged by the restriction and lack of competition.

Intercontinental Exchange

The International Group of Protection and Indemnity Clubs, representing 90% of global marine insurers has approved use of ICE's CargoDocs electronic bill of lading. The digital trade documentation has also been accepted by authorities in the UK and Singapore, both critical shipping hubs, advancing adoption of ICE's digital global trade ecosystem. CargoDocs was developed by ICE Digital Trade which digitises complex, fragmented, paper-based processes involved in the physical delivery of commodities.

The digital MSP loan servicing system has been augmented with the addition of Automated Lien Release. The automation overcomes an historically lengthy and error-prone system enabling US homeowners to finalise a mortgage release in days rather than weeks. Announcing the development Tim Bowler, President of ICE Mortgage Technology noted it was one of a number of "seemingly simple, but incredibly valuable ways to enhance the mortgage lending process" identified since the Black Knight acquisition.

At the Goldman Sachs US Financial Services Conference CEO Jeffrey Sprecher confirmed income from recurring subscriptions had reached around 50% of ICE's total revenue.

Block Inc

Early in December Block launched pre-orders for its self custody Bitcoin wallet, Bitkey in 95 countries. It includes a mobile app, hardware device and a set of recovery tools which are critical for accessing the account if the owner loses either their phone or the hardware device. The product resolves the dual problems of failing trust in custodial cryptocurrency platforms and the mandatory requirements for very long and complex passwords to access accounts, opening the financial sector to more users.

The Wall Street Journal reports the US Consumer Financial Protection Bureau found the number of "necessary" or "everyday" purchases consumers made using buy now pay later providers increased by more than 400% between 2020 and 2021. Investigations by the newspaper revealed people valued the certainty of buy now pay later provisions in preference to credit card terms. The newspaper also reported the number of BNPL transactions recorded over the Black Friday Cyber Monday weekend increased by more than 40% on the previous year.

Bottom contributors this month *

Microsoft

During the month Microsoft Cloud for Sovereignty became available in all Azure regions. It provides secure, scalable cloud storage solutions for governments, agencies and organisations operating in the public sector. The service has been developed to address the strict compliance, privacy and legislative requirements relating to government data.

At the 2023 Wells Fargo TMT Summit Xbox CFO Tim Stuart outlined Microsoft's gaming strategy to develop subscription services across all platforms. He said users should be able to access games wherever they preferred, whether on their smart TV, mobile device, PlayStation, Nintendo or Xbox. Additionally, he suggested paid advertising could support the service in some regions, where users could, say, watch a 30 second ad and then stream two hours of games for free.

The New York Times has filed a copyright infringement case against OpenAI and Microsoft accusing them of using its content to help train large language models used by AI assistants. The case is the first by a media organisation since the rapid development of AI models in 2022.

Salesforce Inc

The Unlimited Edition+ was released globally in December allowing companies to combine selected Salesforce components including Service Cloud, Sales Cloud, Data Cloud, Einstein AI, Industries, Tableau and Slack. The integrated package facilitates automation and data management and is a cost effective solution for businesses. Deeper integration with Apple iOS finalised in December will enable Service Cloud users to receive AI assisted support on Apple devices.

Salesforce will acquire Spiff which provides automated commission management software, after investing in an earlier funding round by the 2017 startup. Spiff is available on the Salesforce AppExchange and more than 70% of its customers are existing Salesforce subscribers. Announcing the acquisition Salesforce emphasised the value provided to businesses by aligning compensation plans with sales team behaviours and outcomes.

At the Salesforce World Tour New York 2023 the company estimated its AI systems will power more than \$2 trillion in revenue and nearly 12 million jobs by 2028. Leveraging technology such as the enhanced Data Cloud and Einstein Copilot users will be able to draw together disparate data sources to develop superior customer service tools.

S&P Global

Ewout Steenbergen left S&P Global during the month and will join Booking Holdings in the same role as Executive Vice President and Chief Financial Officer in March. He was instrumental in delivering a number of S&P acquisitions and finalising the IHS Markit merger as well as introducing performance metrics such as the S&P Global vitality index. The company is evaluating internal and external candidates for Mr Steenbergen's position.

S&P Global Ratings launched a stablecoin stability assessment, which evaluates its capacity to maintain a stable value relative to a fiat currency. The assessment, on a scale of 1 (very strong) to 5 (weak), considers credit, market value and custody risks, the degree to which the risks may be mitigated as well as factors such as governance, liquidity, third party dependencies and track record. The assessment initially considered eight stablecoins, which ranked between 2 and 5.

S&P Global Market Intelligence released its first global rankings of the largest life insurers and property and casualty insurers. Of the 50 ranked life insurance companies 21 were based in Europe, while 20 of the 50 top property and casualty insurers were based in the US. The rankings were based on reserves and premiums from 2022.

* Contribution is relative to other companies in the Portfolio

Further information

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Research available on request to approved advisers

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