

Swell Global Portfolio

Monthly Update



April 30 2024

About

The Swell Global Portfolio is an absolute return, benchmark unaware global equities strategy with flexibility to invest in companies listed in developed markets globally. It targets a return of 9% per annum after fees over three-year periods.

Top 5 holdings (alphabetical)

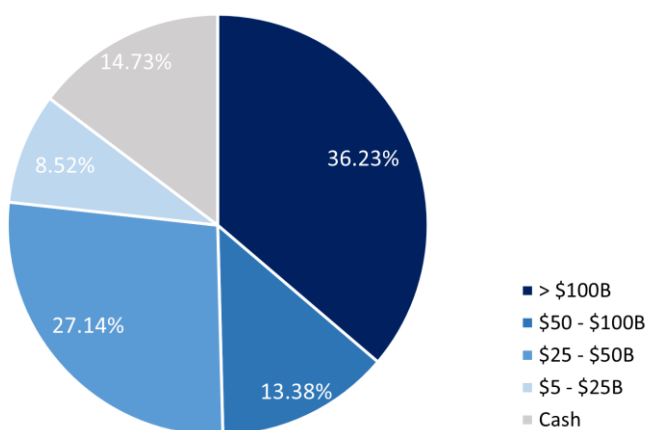
Alphabet Inc	Interactive Media & Services
Amazon.com Inc	Broadline Retail
Intercontinental Exchange Inc	Financial Exchanges & Data
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

Portfolio performance

Period	Portfolio %
1 month	-5.44%
3 months	2.93%
1 year	36.37%
2 years (pa)	21.87%
3 years (pa)	0.02%
4 years (pa)	5.88%
5 years (pa)	7.49%
6 years (pa)	10.36%
7 years (pa)	11.05%
8 years (pa)	12.49%
Inception	159.08%
Inception (pa)	11.38%

Past performance is not indicative of future performance

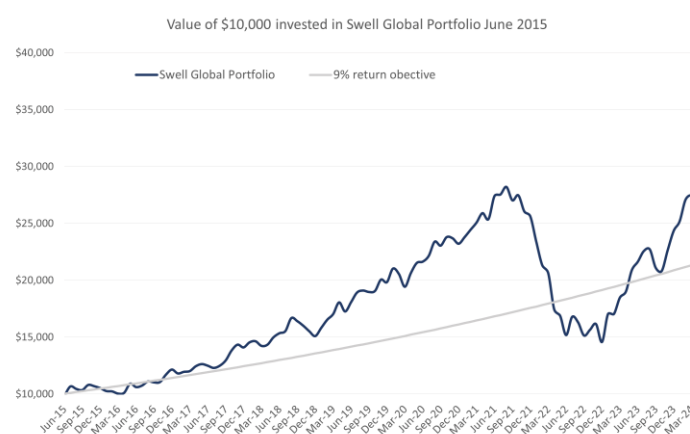
Market capitalisation (US\$)



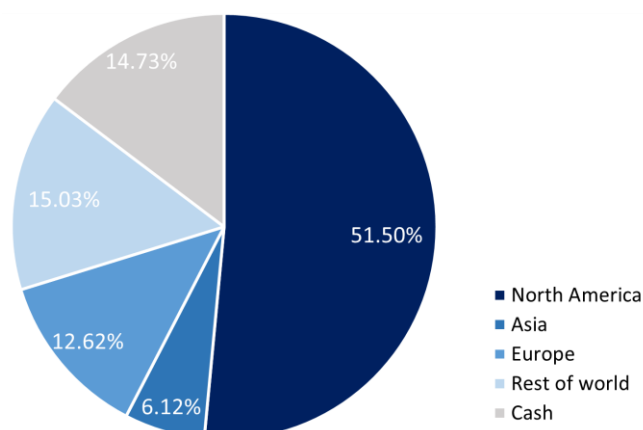
Key details

APIR	SWE0174A
Structure	SMA
Inception date	18-Jun-15
Strategy FUM	\$66.03 million
Number of companies held	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 *

Alphabet

First quarter revenue was \$80.5 billion, 15% higher than the same quarter last year, and net income was \$23.7 billion, 57% above last year. CEO Sundar Pichai told investors the improvement demonstrated the success of its strategy to durably re-engineer its cost base. Advertising revenue rose 13% and Google Cloud revenue rose 29%. Capital expenditure will remain high as the company continues to invest in cloud and AI infrastructure. Its first quarterly dividend will be paid in June together and the company will repurchase \$70 billion Class A and Class C shares.

In his keynote address at the Google Cloud Next 2024, Alphabet CEO Sundar Pichai revealed the next generation Gemini 1.5 Pro, which has been in private preview in Vertex AI, shows dramatically enhanced performance, including a breakthrough in long context understanding. "That means it can run one million tokens of information consistently, opening up new possibilities for enterprises to create, discover and build using AI. There's also Gemini's multi-modal capabilities, which can process audio, video, text, code and more. With these two advances, enterprises can do things today that just weren't possible with AI before."

Other revelations at Google Cloud Next 2024 included a collaboration with Nvidia to help tech startups develop new AI applications and services. And the new Google Axion chip supports general computing in the data centre. Built in association with Arm, it delivers up to 50% better performance and up to 60% better energy efficiency than comparable current-generation x86-based instances.

Extending a partnership with Uber enabling Uber customers to order Waymo vehicles for rides and deliveries, Waymo announced self driving vehicles would be available for Uber Eats deliveries in Phoenix. Customers will be informed if a driverless car is to deliver their order, and will simply meet the car and use their phone to unlock the boot and collect their items. The fully autonomous Waymo vehicles are available within a 582 square kilometre area in metropolitan Phoenix, Arizona.

During the month Google launched the \$75 million AI Opportunity Fund to work with nonprofit, education and other sectors to help one million Americans develop AI skills. The Institute for Veterans and Military Families and Goodwill are the first two organisations to participate in the program.

ResMed

Third quarter revenue rose 7% to \$1.2 billion and net income was \$300.5 million, 27% above the same quarter last year. Gross margin increased to 58.5% in the quarter driven by increased selling prices, manufacturing efficiencies and lower freight costs. Device sales increased by 5% globally, with masks and other sales up 10% and SaaS up 8%. ResMed continues to invest 6-7% of revenue in R&D activities, and will maintain its policy to repurchase shares to the value of \$50 million per quarter for the rest of the year.

CEO Mike Farrell told investors the myAir app for CPAP patients to track their sleep patterns has reached nearly 8 million users. He also noted that since Samsung received FDA clearance for its sleep apnoea tracking smart watch app recently other smart watch manufacturers are very likely to follow suit, leading more people to recognise they have symptoms of the problem. He said "Ultimately, we believe that this will lead to increased patient awareness and sustainable long-term growth for ResMed."

Heineken

First quarter revenue rose 7.2% to €8.2 billion, driven by a 4.7% growth in beer volumes and 7.3% volume growth in premium beers. Net revenue increased 9.4% to €6.8 billion. The volume and revenue growth was global and CEO Dolf van den Brink told investors the quarter was boosted by an earlier Easter and cycling negative one-off effects from last year. Heineken grew volume by 12.9%, with double-digit growth in more than 30 markets, and became the number one brand in Brazil by value. The low and no alcohol portfolio of beers, ciders and brewed soft drinks with an alcohol volume of less than 3.5%, grew volume in the mid teens globally.

Heineken partnered with Boston-based streetwear business Bodega to develop a limited edition flip phone dubbed the boring phone. It was created to encourage people to enjoy better real-life connections on nights out by disconnecting from their smartphones. It has no internet access, only offering calls, messaging, a snake game and a camera, with up to 20 hours of talk time on one charge. The limited edition was revealed at Milan Design Week and 5,000 will be given away to "revellers" around the world. An app to make smartphones boring will launch in June for those who miss out.

Heineken France has launched the Circle Project to assist in reducing the carbon footprint of its beer production. The project aims to reduce emissions by re-using the 3.5 million tonnes of brewers grains produced in the EU annually. Instead of trucking the spent grain to farms as stock feed, it will be treated to extract the grain protein from the fibre. The concentrated protein will continue to be used as a food source, while the fibre will be used in a biomass combustion plant to create energy for the brewery. The company believes the project will save up to 20,000 tons of CO₂ annually.

Bottom contributors this month *

GE HealthCare

First quarter revenue declined by 1% to \$4.6 billion, with decreased volume partially offset by higher prices, although net income was 0.54% higher at \$374 million. Diluted EPS was \$0.81, up from \$0.41 in the prior year, impacted by the sale of shares by GE during the year.

CEO Peter Arduini told investors “We made good progress against 2024 priorities in the first quarter. We delivered margin expansion, while continuing to invest in innovation to solve the evolving needs of customers and patients. This is reflected in our healthy backlog, orders growth, and positive book-to-bill. We also closed the acquisition of MIM Software earlier this month as we accelerate our precision care strategy. We expect to see business growth weighted toward the second half of 2024 consistent with our previous comments, and we remain on track to deliver our guidance for the year.”

GE HealthCare launched two new Voluson Signature ultrasound systems incorporating artificial intelligence, advanced tools, wireless probes and ergonomic design. The AI-based technology and progressive tools simplify and speed up exams by automating manual tasks and calculations to save time, increase consistency and improve accuracy. One AI feature is SonoLyst, a suite of tools that leverage AI to identify foetal anatomy on standard views then automatically annotate and measure critical features.

Zillow Group

First quarter revenue rose 13% to \$529 million, with residential up 9% to \$393, rentals up 31% to \$97 million and mortgages up 19% to \$31 million. Net loss for the quarter was \$23 million, or 4% of total revenue, compared with \$22 million, or 5% of total revenue in Q123. Average monthly unique users remained steady at 217 million while visits rose 3% year on year to 2.3 billion.

CEO Rich Barton told investors Zillow’s active partner base has reduced by 60% since 2015 while revenue from premier agents is 2.5 times higher, positioning the company well for the industry evolution expected following the NAR settlement announced in March. 80% of US residential real estate transactions are managed by 20% of agents, and the concentration will grow as underperforming agents leave the industry following the settlement.

Zillow has found homes listed using its Showcase platform are 20% more likely to receive an accepted offer within 14 days and at a 2% higher price than for similar homes not listed with Showcase. Showcase listings receive priority placement and give prospective buyers a lifelike view of a home using scrolling images, interactive floor plans and 3D tours. They draw 75% more page views and shares than other listings, and are saved more often as well. In surveys of home buyers the interactive floor plan, with links to photos, is a high priority, allowing the buyer to understand the home layout and its suitability for their lifestyle before seeking an on site inspection.

Kenvue Inc

First quarter net revenue rose 1.1% to \$3.9 billion primarily driven by strong consumer demand in Self Care and growth in Essential Health led by Oral Care, partially offset by under-performance in Skin Health and Beauty. Gross profit margin increased to 57.6%, up from 55.2% in 1Q23 and adjusted diluted EPS was \$0.28.

As Kenvue exits its transition service agreements with J&J, its "Our Vue Forward" strategy will position the company for future success. It has four priorities: optimise the geographic footprint to drive collaboration and synergies; eliminate redundancies and reduce layers of hierarchy; strengthen capabilities in applying consumer insights, improving forecasting and responding to market dynamics; and better leverage procurement partnerships.

The strategy will deliver \$350 million in cost savings that will be fully realised by 2026, and will result in a 4% reduction in the global workforce. It will also help to fund a \$300 million investment in Kenvue’s brands previously announced. CFO Paul Ruh told investors these initiatives will “generate the greatest long-term value creation for our stakeholders.”

The geographic footprint optimisation has begun with the relocation of the Los Angeles office to New Jersey, where the brand team will work side by side with R&D to drive innovation. On April 24 Kenvue broke ground on its new 27,000 m2 headquarters in Summit New Jersey. A science and innovation laboratory will take up nearly one third of the complex which is due to open in 2025.

* Contribution is relative to other companies in the Portfolio

Further information

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