

Swell Global Portfolio

Monthly Update



June 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)

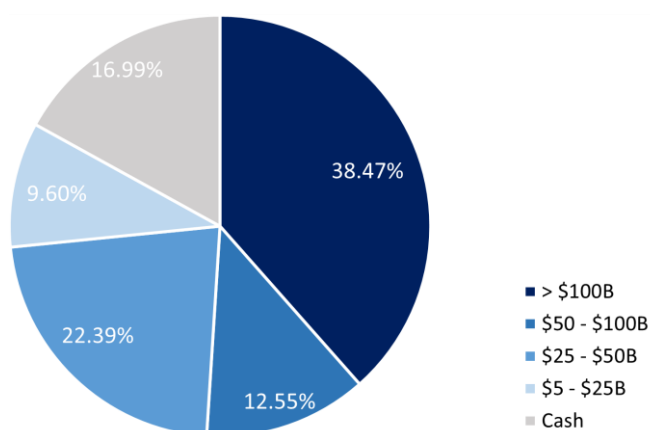
Alphabet Inc	Interactive Media and Services
Amazon.com Inc	Broadline Retail
Intercontinental Exchange Inc	Financial Exchanges & Data
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

Portfolio performance

Period	Portfolio %
1 month	3.02%
3 months	-2.96%
1 year	22.96%
2 years (pa)	32.34%
3 years (pa)	-0.98%
4 years (pa)	5.29%
5 years (pa)	8.03%
6 years (pa)	9.60%
7 years (pa)	11.39%
8 years (pa)	12.16%
9 years (pa)	11.68%
Inception	170.20%
Inception (pa)	11.68%

Past performance is not indicative of future performance

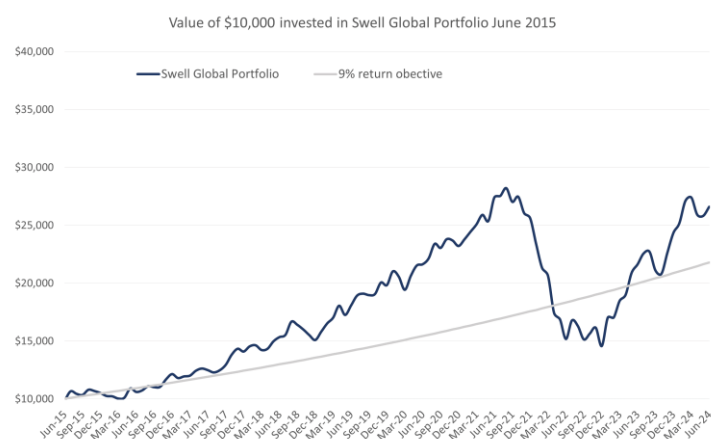
Market capitalisation (US\$)



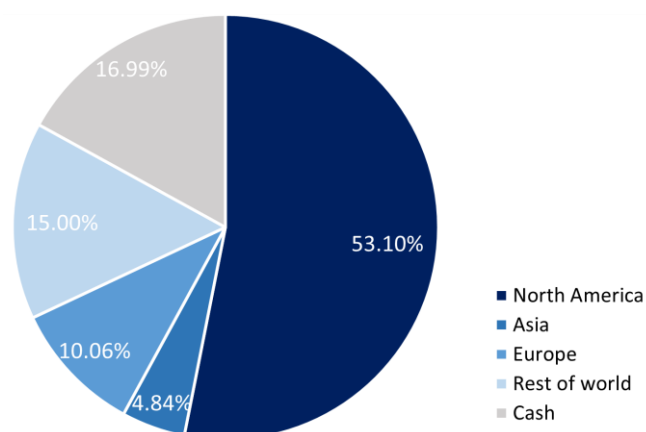
Key details

Structure	SMA
Inception date	18 June 2015
Strategy FUM	\$72.56 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 *

Zillow

Zillow has introduced a commute filter on the search app enabling users to enter a destination, mode of transport, time of day to travel and preferred commute time to display homes situated to achieve their chosen timing. Its housing trends survey has consistently found commute time to work or school is rated very or extremely important in selecting a home location by more than half the survey participants, including 53% in the latest survey.

A collaboration with Moody's will provide Zillow's multifamily rental partners with reports and analytics based on Moody's general and commercial real estate data, enabling them to optimise pricing strategies and reduce rental vacancy periods by understanding local economic and demographic trends. Moody's will gain access to Zillow's rental data to enhance its reporting, delivering greater value to its customer base of investors, lenders and brokers.

CEO Rich Barton again confirmed the company's focus on execution and commitment to drive profitable growth when he revealed progress on the stock repurchase plan this month. Since December 2021 the board has approved the repurchase of \$2.5 billion in Class A common stock, Class C capital stock and convertible senior notes. By the date of the announcement, June 13, the Group had purchased \$2 billion of stock at a weighted average price of \$45.10 per share, representing a total of 44 million shares and \$146 million of convertible senior notes. \$381 million remains outstanding within the current authorisations.

Amazon

Amazon has augmented its artificial general intelligence team with the appointment David Luan and two thirds of his co-founders and colleagues from Adept, a startup working on agent based general intelligence models. Mr Luan, who will report to Rohit Prasad, SVP and Head Scientist AGI, will lead Amazon's AGI autonomy and automations teams. He was CEO at Adept, VP Engineering at OpenAI and also worked with Google's Brain group.

Amazon is reportedly developing a new shopping feature offering cheap products shipped direct from Chinese factories and warehouses, mirroring the models of Shein and Temu. The Dow Jones MarketWatch website cites an unnamed Amazon spokesperson saying "We are always exploring new ways to work with our selling partners to delight our customers", but the company has not confirmed the news on the record.

Amazon's \$2 billion Housing Equity Fund, launched in 2021 to create 20,000 affordable homes by 2026 has already exceeded its target with 21,000 homes in Seattle, Arlington and Nashville. To mark the milestone, Amazon committed another \$1.4 billion for 14,000 more homes. The fund provides below-market financing to develop rental accommodation for residents earning 30-80% of the local area median income. 92% of funded homes are close to public transport and 41% are suited to families.

A newly built same day delivery centre in Sacramento California is the first fulfilment centre in the US to receive zero carbon certification from the International Living Future Institute. The certification requires a building to achieve energy and embodied carbon reduction targets and be powered by 100% renewable energy. The facility was constructed with low carbon concrete, recycled asphalt and includes features such as a white roof to reflect heat, solar panels to power 80% of the building's electricity and high efficiency low friction material handling equipment. Amazon utilises similar technology constructing new data centres and same day delivery sites across the US.

Microsoft

Microsoft Azure OpenAI Service will power a ChatGPT based voice assistant to enhance Audi vehicles' voice control capabilities. From July owners of Audi models made since 2021 equipped with the third generation modular infotainment system (MIB 3) will be able to interact with their car using natural language to control infotainment, navigation and AC systems or to ask general knowledge questions.

At the 2024 G7 Summit in Fasano, Italy CEO Satya Nadella reaffirmed Microsoft's commitment to accelerating sustainable infrastructure investment through the Partnership for Global Infrastructure and Investment. He outlined recent investments of \$5 billion in cloud and AI infrastructure in Indonesia, Malaysia and Thailand, as well as in Kenya, together with partners G42 of the UAE. He said the company is focused on driving a broad spectrum of economic growth, innovation, and connectivity to further productivity.

Microsoft established SkillUpIreland last year to prepare the entire Irish population for the introduction of AI, collaborating with the government, local authorities and companies to offer tailored training programs for student, graduates, workers and IT specialists. Additionally, free four hour Skill-Up-A-Thons are running in rural communities to introduce participants to Microsoft's suite of AI enabled applications and teach them how to use the technology in their daily lives and local businesses. Andrew Murray is manager of the Doonmore Hotel on the island of Inishbofin off the west coast of Ireland, which has a permanent population of 170. Inspired by the local event, he plans to utilise Copilot to enhance his productivity in areas such as scheduling, pricing, procurement and budget management.

Bottom contributors this month *

ResMed

ResMed presented the results of 13 clinical studies at the annual conference of the American Academy of Sleep Medicine and the Sleep Research Society demonstrating the effectiveness of CPAP technology on patients with obstructive sleep apnoea. One paper revealed approximately 17% of adults in North America, Latin America and the Caribbean suffer from insomnia. Another found patients with OSA and comorbid insomnia who adhered to their PAP therapy were less likely to present to hospitals or emergency rooms than those who did not. The differences were significant, with 31% fewer hospitalisations and 23% fewer emergency presentations.

Eli Lilly unveiled the results of its twelve month SURMOUNT-OSA clinical trial showing promising improvements in patients' sleep health on its tirzepatide weight loss medication. ResMed CMO Dr Nunez cautioned against extrapolating the results to all obstructive sleep apnoea sufferers. He noted the patient sample was a small subset of OSA patients and the positive results did not extend to most of the comorbidities of OSA. Critically, he said "Another point that cannot be ignored is that treatment for OSA with PAP has an immediate and typically complete effect, on day 1 of therapy, while weight loss that can potentially lower AHI takes a year or more as reflected in the results of the SURMOUNT-OSA trial itself".

Heineken

Throughout the UEFA Champions League this year Heineken ran 'Cheers To The Real Hardcore Fans' 2024, a global TV and digital content campaign celebrating stories of football fans. The events included LaundroMatch in Seoul, where Korean fans could meet in 24 hour laundromats to watch games. In Lima, a giant TV screen hung outside a high rise office tower so workers inside could watch a game during working hours. Fans posted selfies on the campaign website to enter a draw for tickets to the final, and at the trophy presentation at Wembley on June 1 biodegradable confetti printed with their images cascaded over the winning Real Madrid team.

The campaign was not in competition at the Cannes Lions International Festival of Creativity last month, but Heineken was still ranked second as the creative brand of the year, behind Coca-Cola and ahead of Apple. The company received 22 Cannes Lions awards in a number of categories including creative B2B, outdoor advertising, entertainment and brand experience.

Heineken's Silver is brewed at -1°C, removing proteins and tannins to produce a lighter and less bitter beer. It was originally launched in 2019 in Asia, followed by Europe in 2022 and North America last year. To mark the release of the new movie Deadpool & Wolverine, Heineken partnered with Marvel to produce a 30 second commercial with the two Marvel characters. The ad's message is the two can set aside their differences with a beer that has no bitterness. Heineken reported Silver had grown volume by more than 50%, led by Vietnam and China in its first quarter trading update released in April this year.

Kenvue

Kenvue released its first Healthy Lives Mission Report this month, setting out how the Company has performed on its mission to nurture healthy people, enrich a healthy planet and maintain healthy practice. The company is now running on 65% renewable electricity, including 18 onsite solar systems and preferencing renewable power in its procurement contracts. It increased recyclable or refillable packaging to 71% of its product portfolio and reduced the volume of virgin plastic in packaging by 21%.

At the Deutsche Bank dbAccess Global Consumer Conference CEO Thibaut Mongon said the first year of operations since splitting from J&J had progressed well, and the organisation is focused on three strategic priorities. The first is to reach more consumers and activate brands at a bigger scale with greater precision.

The second is to expand gross margins and rebalance investment from infrastructure to brand activation. He was firm that investing more in brand activation would not come at the expense of margin or margin dilution. Instead, the business would transition from the high base of infrastructure cost inherited from the parent company to a fit-for-purpose, competitive company in the consumer health space, reinventing ways of working at a lower cost.

The third focus is fostering a culture of impact and performance. He said this was difficult in a larger organisation but incentive systems have been changed to drive this growth mindset where everyone in the organisation is aware of the impact of what they are doing. He is optimistic this will be achieved, saying "There is really a desire to leverage this unique moment in time in our business, to reinvent our ways of working, embrace the new opportunity, and unleash the full potential of this business."

* Contribution is relative to other companies in the Portfolio

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