

# Swell Global Portfolio

## Monthly Update



August 31 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)

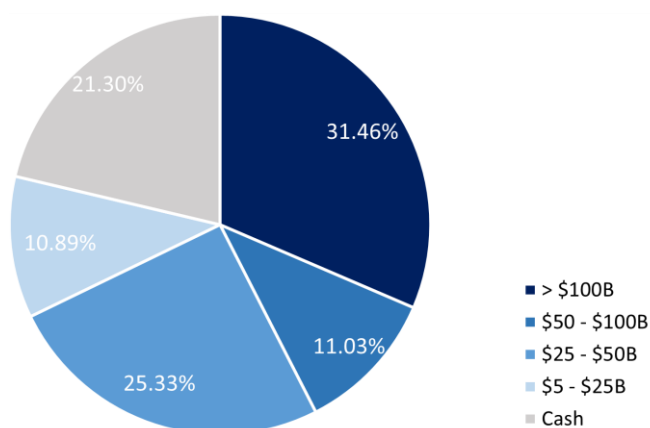
Amazon.com Inc	Broadline Retail
Block Inc	Transaction & Payment Processing
Intercontinental Exchange Inc	Financial Exchanges & Data
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

### Portfolio performance

Period	Portfolio %
1 month	-0.93%
3 months	5.43%
1 year	19.77%
2 years (pa)	29.21%
3 years (pa)	-1.19%
4 years (pa)	3.85%
5 years (pa)	7.34%
6 years (pa)	8.51%
7 years (pa)	11.77%
8 years (pa)	11.85%
9 years (pa)	11.22%
Inception	160.37%
Inception (pa)	11.00%

Past performance is not indicative of future performance

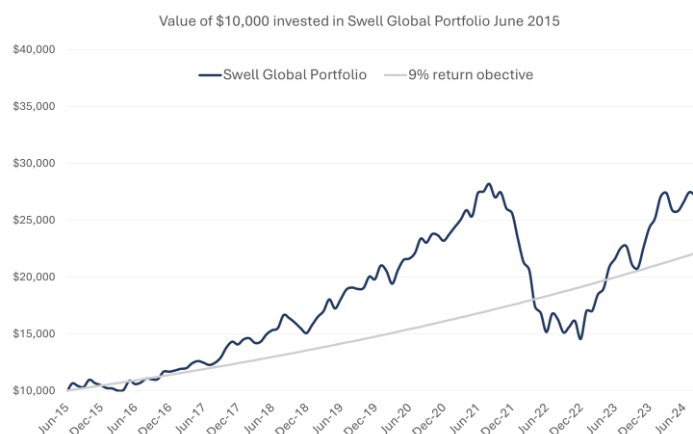
### Market capitalisation (US\$)



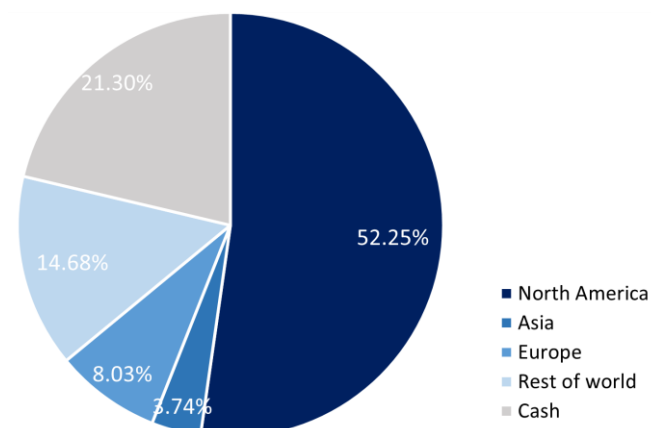
### Key details

Structure	SMA
Inception date	18-Jun-15
Strategy FUM	\$70.77 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

In his Q2 letter to shareholders Rich Barton announced he had stepped down as CEO and would jointly chair Zillow's board with his co-founder Lloyd Frink following the promotion of Jeremy Wacksman as group CEO. Mr Wacksman joined Zillow from Microsoft in 2009 and has led significant innovation in marketing and operations.

Between 2015 and 2024 Zillow's rental market revenue CAGR reached 42% and it is estimated to be a \$1 billion revenue opportunity over time. Zillow calculates there are three times as many renter movers as for-sale movers in the US and in an interview with Bloomberg Television's Open Interest program Mr Wacksman described the rental market as counter-cyclical to the housing markets, with a strong tailwind.

He said "There's no national database out there. What we've been able to pull together is the most listings, not just the big buildings, but the millions of single family homes out there that are for rent. And that's driven the largest audience. We have the most renters coming to Zillow, to Streeteasy, other sites to find their place. That's now what's attracting advertisers, these big folks trying to fill their buildings, and that's what's driving revenue growth. We see that business continuing to grow."

Zillow confirmed its integrated home buying experience is now available in 36 enhanced markets and will expand to seven additional markets at the end of October, achieving its goal of establishing 40 markets by the end of 2024. The new locations include Detroit, Philadelphia, Baltimore and Washington DC.

### ResMed

Christopher DeLorefice was appointed to the ResMed board at its August meeting. He is executive VP and CFO of global med tech giant Becton Dickinson and brings over 30 years of audit, finance and strategic expertise to the board. Previously he held a number of roles at Johnson & Johnson, including VP of investor relations and CFO of the consumer and medical device business segments for North America.

The US national council on aging this month declared ResMed's AirSense 11 AutoSet the best CPAP machine overall for 2024, based on its combination of advanced technology, user-friendly design and range of settings. ResMed's AirSense 10 AutoSet was judged the best value device. The council's team reviewed 45 models produced by 15 manufacturers, considering a range of factors including device features and costs, user experiences and reviews and advice from medical experts.

ResMed selected BillingPlatform to automate its billing and subscription management services, replacing legacy multi-step, manual processes. BillingPlatform will support and enable the continued global expansion of ResMed's software and cloud connected services to drive revenue growth. It was identified as a leader in Gartner's Magic Quadrant for recurring billing applications this month. Gartner also scored it highest on ability to execute and it received Gartner's highest scores on four of five critical capabilities for billing applications.

### Intercontinental Exchange

ICE Bonds and MarketAxess will connect their liquidity networks to offer access to deeper liquidity in fixed income markets. The partnership will enable ICE Bonds' automated trading system (ATS), ICE TMC and MarketAxess' Open Trading network to communicate with each other, expanding depth and reach for their respective global user bases. The collaboration will enhance price transparency, best execution and overall market liquidity.

With the second major update to its Encompass digital mortgage lending platform this year ICE continues to reduce friction in the process through its integrated digital ecosystem. The release expands capabilities for mortgage originators to access beneficial lending solutions for customers and determine a borrower's eligibility for affordable loan programs based on their income and locality based criteria set by program regulators.

Automation was also integral to updates released earlier this year which improved document management. Tim Bowler President of ICE Mortgage Technology said "we're steadily delivering on our vision for an end-to-end digital ecosystem of solutions that improve the financial and operational performance of mortgage companies and, ultimately, deliver a better experience for homebuyers."

ICE launched the OPEN Venture Capital Unicorn Index to track the performance of the 50 largest US Unicorns, start-up tech companies valued at more than \$1 billion. The index combines OPEN's pricing and reference data with ICE's robust index calculation and administration services, offering insights into the performance and valuation dynamics of leading private venture capital companies.

## Bottom contributors this month \*

### Amazon

Amazon revealed AWS systems were integral to planning, testing and running the record breaking 2024 Prime Day on July 16 and 17. Preparation for the event included running more than 700 AWS Fault Injection Service experiments designed to test systems and improve resilience and performance. To accommodate the massive increase in database traffic, the retailer utilised the Amazon Elastic Block Store, a scalable, high-performance block-storage service which runs on the Amazon Elastic Compute Cloud.

AI services such as Rufus and Search were bolstered with a cluster of over 80,000 Inferentia and Trainium chips for the duration of the event. Over the two day sale Amazon GuardDuty intelligent threat detection software monitored nearly 6 trillion log events per hour, a 31.9% increase from 2023.

Amazon extended its \$9.99 per month grocery delivery subscription to include an annual option for \$99.99. The subscriptions provide unlimited free delivery of grocery orders over \$35 from Amazon Fresh, Whole Foods Market and a variety of local grocery and specialty retailers on Amazon.com. Members also receive one hour delivery in available markets and 30 minute pickup orders.

The AWS Asia Pacific (Malaysia) Region came online in August, the first in Malaysia and the thirteenth in Asia Pacific. It will play a pivotal role in supporting the government's Madani Economy Framework which aims to improve Malaysian living standards by 2030 while supporting innovation across ASEAN countries. The construction and operation of the centre is estimated to add approximately US\$12 billion to Malaysia's GDP and will support more than 3,500 jobs.

Amazon has hired three of the four founders and one quarter of the research and engineering employees of AI robotics startup Covariant and licensed its robotic foundation models. Covariant Brain, the company's premium product, powers the capabilities of robots in logistics and fulfilment centres allowing them to perform tasks such as picking, sorting and packing by utilising a vast dataset that includes real-world and synthetic data. Joseph Quinlivan, VP Fulfilment Technologies & Robotics explained "embedding Covariant's AI technology into our existing robot fleet will make them more performant and create real world value for our customers."

### Alphabet

Made by Google on August 13 introduced the new Gemini AI powered range of Pixel 9 phones together with Pixel Watch 3 and Pixel Buds Pro 2. The phones incorporate Google's proprietary Tensor G4 chip which is optimised for AI workloads, high definition video and improved battery life. The front camera is 42 MP, while the ultrawide camera in the sleek new camera bar on the rear is upgraded to 48MP. Four models will be released: Pixel 9, Pixel 9 Pro, Pixel 9 Pro XL and Pixel 9 Pro Fold.

Pixel Watch 3 operates a range of new technologies offering all-day battery life and machine learning to automatically detect sleep and enable bedtime mode, turning off notifications and the always-on display for improved sleep.

Pixel Buds Pro 2 are smaller and lighter than their predecessors, with 8 hours of battery life and a Silent Seal 2.0 fit that cancels twice as much and a wider range of noise. The buds are also AI enabled with Google's Tensor chip.

Google is partnering with the CSIRO to develop tools and systems to help Australian critical infrastructure operators meet their compliance obligations in the Security of Critical Infrastructure Act and Australia's Cyber Security Strategy. All outcomes from the project will be publicly available, allowing sector operators to build resilience and security in their software supply chains. Google's Open Source Security Team and Google Cloud will work with CSIRO to develop novel AI-powered tools for automated vulnerability scanning and data protocols.

Google's Health Acoustic Representations (HeAR) bioacoustic foundation model was developed to help researchers build models based on human sounds and detect early signs of disease. It was trained on 300 million pieces of audio data, and the cough model in particular was trained using roughly 100 million cough sounds. Google announced a number of organisations including the UN's Stop TB partnership are using the model to analyse coughs and assess lung health particularly seeking indicators of the presence of TB. The UN hopes to eliminate TB globally by 2030.

### Microsoft

During the month Microsoft released 2025 investor metrics outlining a new framework for segment reporting, although it retains the three existing sectors of productivity and business processes (PBP), intelligent cloud (IC) and more personal computing (MPC). PBP will now report separate commercial and consumer segments and the former will incorporate enterprise mobility and security and Power BI which was previously included in IC and Windows commercial products and cloud service revenue which had been in MPC. The company attributed the changes to aligning reporting with how the business is managed.

At the Hot Chips 2024 conference in late August Microsoft introduced the Maia 100 AI accelerator chip, its first-generation custom AI accelerator designed specifically for large-scale AI workloads deployed in Azure. Like all the major cloud service providers, Microsoft is developing its own processors to counter the impact of Nvidia's supply constraints. The system on chip architecture uses custom racks, server boards and software to optimise performance, improve power efficiency and reduce running costs.

Users testing new versions of Microsoft software have identified a significant advance in the current beta Edge browser. Users can limit the amount of RAM available to the browser as well as the amount of power drawn when running on battery. With websites increasingly running background operations consuming power and resources on laptops, the new Edge enhancements may entice users to switch from Google's dominant Chrome browser.

\* Contribution is relative to other companies in the Portfolio

## Further information

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