

Swell Global Portfolio

Monthly Update



July 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)

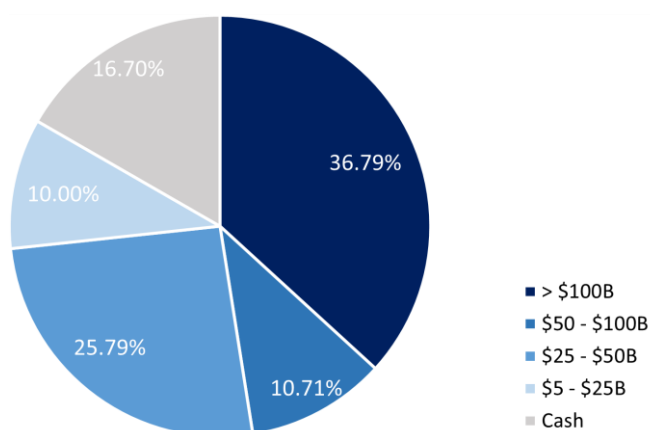
Alphabet Inc	Interactive Media and Services
Amazon.com Inc	Broadline Retail
Intercontinental Exchange Inc	Financial Exchanges & Data
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

Portfolio performance

Period	Portfolio %
1 month	3.31%
3 months	6.01%
1 year	21.73%
2 years (pa)	27.93%
3 years (pa)	-0.08%
4 years (pa)	5.53%
5 years (pa)	7.74%
6 years (pa)	9.96%
7 years (pa)	12.17%
8 years (pa)	12.45%
9 years (pa)	11.09%
Inception	174.66%
Inception (pa)	11.77%

Past performance is not indicative of future performance

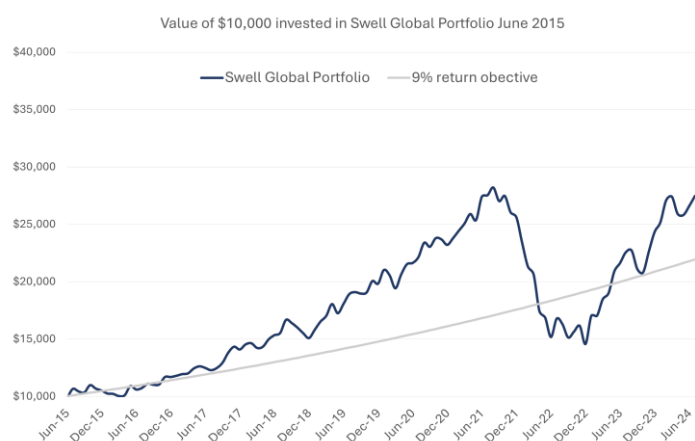
Market capitalisation (US\$)



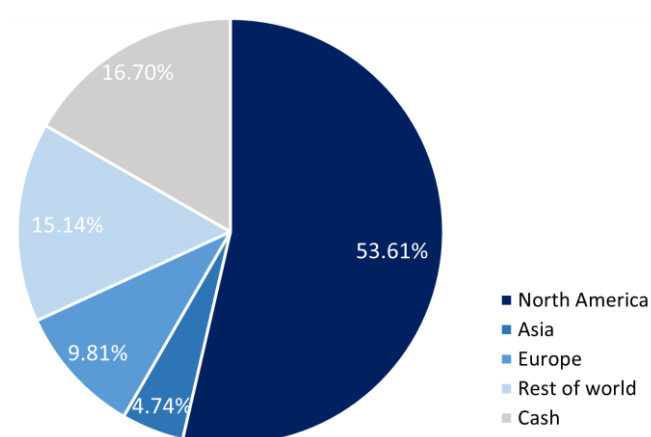
Key details

Structure	SMA
Inception date	18-Jun-15
Strategy FUM	\$70.02 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 *

Intercontinental Exchange, Inc.

Second quarter revenue was \$2.3 billion, a 23% increase over the prior year, with recurring revenue up by 26% and transaction revenue increasing 19%. Exchange net revenue was \$1.2 billion, fixed income and data services revenue was \$565 million and mortgage technology revenue was \$506 million. Average daily trading volume for the quarter rose 32% with energy up 31% and financials up 43%.

President Ben Jackson said companies wanting to manage energy supply risk were drawn to ICE's global energy platform which offers futures and options contracts across oil, natural gas, power and environmental markets. He said the increasing complexity and diversity of both traditional and transitional power markets had driven both the record trading volume and a 33% increase in revenue.

The Encompass end to end digital mortgage platform continues to expand. Nine of the top 15 US homebuilders are now on the platform and its growing array of functions are attracting more operators in the \$14 billion US mortgage services sector.

The New York Stock Exchange reported its first half activity in July revealing IPO proceeds in the first half exceeded total IPO proceeds raised on the exchange in each of the past two years. It hosted \$12 billion in IPOs in the six months and 7 of the 10 largest for the year, including the two largest: Viking Holdings (VIK) and Amer Sports (AS). NYSE also led technology IPOs such as Rubrik (RBRK), Reddit (RDDT) and Ibotta (IBTA).

ResMed Inc

Q4 revenue increased 9% to \$1.2 billion and operating income rose by 38%. For the full financial year revenue rose 11% to \$4.7 billion, gross margin rose by a percent and diluted EPS was \$6.92, up from \$6.09. In the fourth quarter devices generated 52% of revenue, masks and accessories contributed 36% and software added 12%. Masks and accessories grew 15% over the year, with strong sales for the latest AirFit F40 mask, the smallest profile mask on the market.

ResMed is leveraging data from 19 billion nights of tracked sleep to develop AI tools to augment devices and offer coaching and feedback for patients through its software applications.

CEO Mick Farrell told investors two global mega trends should fuel future growth: the availability of sleep tracking technology in wearables like watches and rings; and more people entering the healthcare system due to heightened media attention on emerging pharmaceutical treatments for diabetes and obesity.

The proliferation of CPAP use in the US has prompted home furnishing chain Pottery Barn to include a nightstand (bedside table) designed to fit a CPAP machine in its latest range released this month. It has a deep drawer with integrated power and cutouts for the CPAP air tube.

GE Healthcare Technologies Inc

Second quarter revenue was \$4.8 billion and net income rose 2.4% to \$428 million. Excluding China, global revenue grew 4% and orders grew 6%. Adjusted EPS rose \$0.08 to \$1.00. Revenue in the Imaging, Ultrasound and Patient Care Solutions segments was in line with last year while the smaller Pharmaceutical Diagnostics segment revenue grew 14%. Across all segments adjusted gross margin increased 1.1%.

A business wide efficiency drive focussed on supply chain improvements and cost optimisations has yielded positive results, including reducing IT support from 40 vendors to one, saving more than \$40 million in annual costs. The company expects to deliver organic revenue growth, margin expansion and robust free cash flow for the full year.

During the month GE Healthcare announced a strategic collaboration with Amazon Web Services to develop foundation models and generative AI applications to help clinicians improve medical diagnostics and patient care. The AI-powered models should fast-track innovation to expedite clinical and operational workflows and improve delivery of care.

GE HealthCare's software team will use Amazon Q Developer, a generative AI-powered assistant to accelerate software development and leverage multi-modal clinical and operational data. Their objective is to reduce the cognitive burden on physicians, improve personalised care and increase clinical efficiency.

GE HealthCare will acquire Intelligent Ultrasound Group's clinical AI software business for approximately \$51 million. The AI based technology supports obstetric scans and improves exam accuracy and efficiency. GE HealthCare will incorporate the solution across the ultrasound portfolio to improve workflows.

Bottom contributors this month *

Microsoft Corporation

Fourth quarter revenue rose 15% to \$64.7 billion, net income was 10% higher at \$22.0 billion and diluted EPS rose 10% to \$2.95. Productivity and Business Processes revenue rose 11% to \$20.3 billion; Intelligent Cloud rose 19% to \$28.5 billion; and More Personal Computing, which includes Windows, devices, search and advertising increased 14% to \$15.9 billion. Cloud revenue, incorporating components of the first two segments, rose 21% to \$36.8 billion and the number of Azure AI customers also using Microsoft's data and analytics tools grew by nearly 50%.

CFO Amy Hood told investors the quarter saw record growth in the number of contracts for both Azure and Microsoft 365 exceeding \$10 million and \$100 million. \$2.8 billion in share repurchases was completed in the quarter.

The Microsoft Security Response Centre launched the Researcher Resource Centre during the month. It will feature tutorial videos, blogs and interviews aimed at training security researchers. It will also be a central repository for members of the security community to report vulnerabilities and problems with Microsoft products and services.

Manufacturers have begun to ship PCs with AMD's new Ryzen AI 300 Series chip designed to run Copilot+ AI. Microsoft is continuing to release software upgrades providing Copilot+ PC experiences to run on Windows 11 PCs powered by the chip. All PCs with the chips will receive free updates as they are released in different markets.

Alphabet Inc.

Second quarter revenue rose 13.6% to \$84.7 billion, net income was \$23.6 billion and diluted EPS was \$1.89, up 30%. Advertising revenue rose 11.1% and Google Cloud revenue increased 28.8% to \$10.3 billion. Capital expenditure in the quarter was \$13 billion, and the company confirmed it will be at or above \$12 billion per quarter for the rest of the year. CEO Sundar Pichai noted the downside of underinvesting in AI carried substantially higher risk than would accrue to an overinvestment in the technology.

At her final earnings call as CFO Ruth Porat highlighted the 14.4% increase in subscriptions, platforms and devices revenue which she said was driven by subscriber growth in YouTube TV, YouTube Music Premium and Google One. Anat Ashkenazi took over as CFO on July 31 while Porat continues as President and Chief Investment Officer.

On the earnings call Alphabet revealed Waymo has served more than 2 million trips and driven more than 20 million fully autonomous miles on public roads since its first ride in 2015. It is delivering over 50,000 weekly paid public rides, primarily in San Francisco and Phoenix. The company committed \$5 billion to funding ongoing operations at Waymo.

In May this year Google DeepMind released AlphaFold Server for scientists to access its AlphaFold 3 model which predicts the structure of proteins. This month the team announced it has already generated over 1 million structures. The AlphaFold 3 model analyses DNA, RNA and other biological molecules from data uploaded by scientists predicting how the molecules would fold and interact in space and generating a 3D model. The output is critical to the development of new drugs, understanding how proteins work and how drugs interact with them, and investigating fundamental issues about life at a molecular level.

Kapil Parakh Senior Medical Lead at Google Health and a practicing cardiologist revealed Fitbit's web API now allows medical practitioners to upload atrial fibrillation (AF) data, if a patient consents to sharing, without the need to write a specific program to retrieve the data. He notes AF, which increases the risk of stroke, affects nearly 60 million people globally, and nearly 10 million Fitbit users have opted into the irregular heart rhythm notification feature on their Fitbit devices. The ease of accessing the data should improve patient outcomes as well as aiding research investigating the benefits of AF monitoring and intervention programs.

Heineken

First half revenue rose 2.2% to €17.8 billion. Beer volume grew 2.1% overall, with premium brands up 5.1% and the Heineken brand up 9.2%. Heineken Silver grew volume by more than 40%, led by Vietnam and China and in the low and no alcohol category Heineken 0.0 was up 14%. The flavoured and beyond beer segment, including ciders, RTDs and malt-based drinks grew more than 13% to 7.7 million hL.

Net revenue was €14.8 billion, which was up 2.1% but profit was impacted by an €874 million write-down in the company's 2018 investment in China Resources Beer. CEO Dolf van den Brink confirmed the company is on track to deliver €0.5 billion gross savings for 2024.

The initial harvest of barley from Heineken's first large scale regenerative agricultural program was successful. The program aims to protect and improve soil health, biodiversity, climate and water resources while supporting the development of farming businesses. 200 farms in north east France participated in the program in its first year, with expectations of 500 next year and 1,000 by 2026. Agriculture contributes approximately 21% of Heineken's carbon footprint.

* Contribution is relative to other companies in the Portfolio

Further information

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Signatory



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