

Swell Global Portfolio

Monthly Update



September 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)

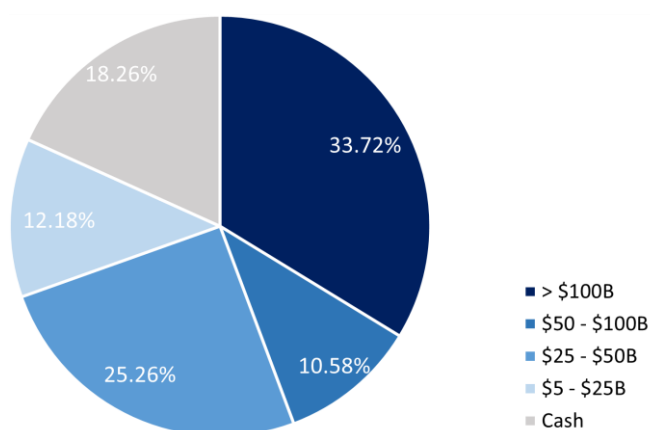
Amazon.com Inc	Broadline Retail
GE HealthCare Technologies Inc	Health Care Equipment
Intercontinental Exchange Inc	Financial Exchanges & Data
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

Portfolio performance

Period	Portfolio %
1 month	1.80%
3 months	4.20%
1 year	31.29%
2 years (pa)	35.24%
3 years (pa)	0.83%
4 years (pa)	4.71%
5 years (pa)	7.87%
6 years (pa)	9.13%
7 years (pa)	11.48%
8 years (pa)	12.20%
9 years (pa)	11.56%
Inception	177.02%
Inception (pa)	11.64%

Past performance is not indicative of future performance

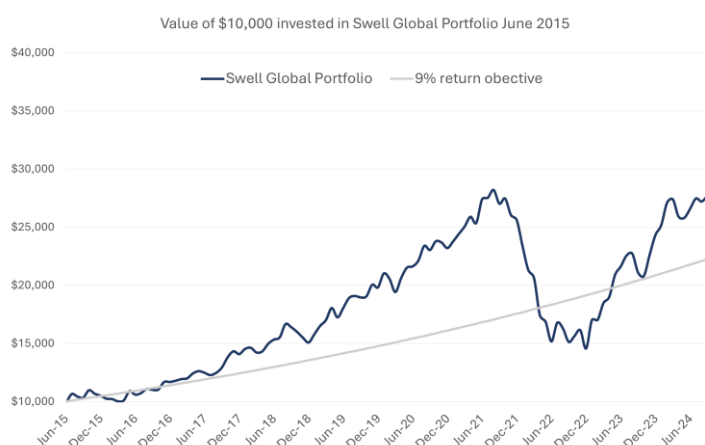
Market capitalisation (US\$)



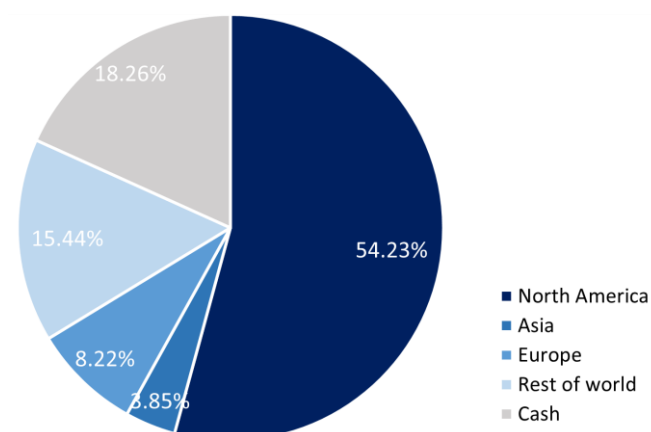
Key details

Structure	SMA
Inception date	18-Jun-15
Strategy FUM	\$71.17 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 improved its AI natural language tool so users can search in the Zillow app by simply describing their ideal home. They can specify details such as home layout, location and style or commute time, affordability and proximity to schools and destinations. Zillow analyses listings to deliver the most relevant homes or rentals based on the user's preferences and users can save searches and ask the app to notify them when new listings matching their search criteria come online. Natural language search is currently delivered on iOS and Android apps and will soon be available on the web platform.

Zillow will extend its US homes for sale data base to include climate risk data provided by First Street, the standard for climate risk financial modelling. It will incorporate five key risks — flood, wildfire, wind, heat and air quality — with risk scores, interactive maps and insurance requirements. It will provide insurance recommendations with historical insights, showing if or when a property has experienced past climate events, such as flooding or wildfires. The feature will be available on the Zillow website and iOS app later this year and will be on the Android app early in 2025.

GE Healthcare

At the Morgan Stanley Annual Global Healthcare Conference this month CEO Peter Arduini and CFO James Saccaro reflected on opportunities and challenges the company confronts since splitting from the GE conglomerate in January 2023. They attributed early success to the company's culture and its focus on transforming operations and manufacturing to be leaner and more efficient.

The rapid adoption of AI and machine learning has been a significant growth driver and GE HealthCare currently offers more than 70 FDA approved AI enabled devices. In addition to on device applications, AI is allowing devices to work together, share data and optimise workflows as well as facilitating diagnostics across multiple imaging modalities and data sources. As AI continually improves customers are incentivised to subscribe to GE HealthCare's SaaS offerings, creating recurring revenue streams.

Margin growth has been a critical measure of success, and in the first half of 2024 gross margin improved by 110 basis points despite flat sales. Price optimisation was a contributing factor, but the focus on lean culture saw overheads reduce, including \$60 million in annual savings from software rationalisation and migrating IT workloads to the cloud.

Meta Platforms

Meta and EssilorLuxottica extended their creative partnership for another ten years. Francesco Milleri, Chairman and CEO of EssilorLuxottica said of the agreement "The incredible work we've done with Meta, still in its early stages, has already proven to be an important milestone in our journey to making glasses the gateway to the connected world". The latest version of the smart glasses released in October 2023 is believed to have outsold the previous model in total sales within a few months. AI updates to the glasses software due out later this year will add reminders, recall where you parked the car, translate speech in real time and improve responsiveness. A limited edition transparent frame will be launched as well as a new range of transition lenses.

Meta's Orion AR glasses demonstrated at Meta Connect combine and extend the technology found in Meta Ray-Ban smart glasses and the Quest headset. They use micro LED projectors embedded in the arms to generate holographic images to silicon carbide lenses, layering it onto the real world. They share the generative AI capabilities of Ray-Ban smart glasses, adding a visual element to make it more helpful. The glasses pair with a wireless compute puck and a "neural wristband" the user wears that responds to gestures. Meta has confirmed the Orion glasses will not be available in the short term, but Mark Zuckerberg says they are "a glimpse into a very exciting future."

Meta says Orion is "the north star our industry has been building towards: a product combining the convenience and immediacy of wearables with a large display, high-bandwidth input and contextualised AI in a form that people feel comfortable wearing in their daily lives."

Bottom contributors this month *

Intercontinental Exchange

ICE Clear Credit processed more than \$1.1 trillion USD equivalent credit default swap (CDS) instruments on Friday September 20, the most ever cleared in a single day by any CDS clearinghouse. ICE Clear Credit was founded during the financial crisis in 2009 to bring stability to the CDS market and is now the leading global clearing house for credit derivatives. The platform will launch a clearing service for US Treasury securities and repurchasing agreements that will have a separate rulebook, membership, risk management framework, financial and liquidity resources and risk committee.

ICE Voice was released during the month. It is a cloud-based audio solution for market participants integrated directly into ICE Chat to provide a multimedia communications platform for traders and other market participants. It is powered by IPC's Connexus Unigy private cloud platform, providing high-quality audio connectivity seamlessly integrated into ICE Chat to create records of communications and meet compliance requirements for record retention.

Users can instantly move from chat to voice, open calls from chat tabs and group chat rooms, and create Voice Blasts to 'shout out' to groups of open connections simultaneously. ICE Voice will support full audio recording with configurable retention, playback of archived calls and integrated chat and voice logs to create a single communications record.

ResMed Inc

At its investor day this month management presented a very positive outlook for its 2030 strategy and the three pillars that will drive it. The first is to grow and differentiate ResMed's core sleep apnoea franchise, led by demand generation and capture. Its products are market leaders, being smaller, quieter, more comfortable and more connected, working together in an intelligent ecosystem and it will leverage AI/ML to drive enhanced therapy performance, consumer appeal and user experience.

CEO Mick Farrell said ResMed will continue differentiating its technology with AI/ML to improve therapy performance, consumer appeal and user experience. The company believes its new commercial excellence and demand generation initiatives will drive more patients into ResMed's funnel, where they will be served by a roadmap of new products, such as the AirTouch N30i next-generation fabric covered CPAP mask unveiled at the investor day.

The second pillar is to capitalise on ResMed's market opportunity and brand advantage across broader sleep and breathing health. It will draw on key global trends, including the spotlight on sleep apnoea due to pharmaceuticals and consumer technology to address the large, untapped sleep health market opportunity, including 860 million people who suffer from insomnia and 480 million people who suffer from COPD.

Finally, it will invest 7% of revenue into R&D to invent, create and differentiate a fully integrated digital ecosystem for health technology delivered at home. As 2030 Strategy initiatives drive more patients to its funnel, ResMed's ecosystem will build its data advantage. Its residential care software solutions extend its sleep and breathing health business to drive revenue, demand and the huge volume of sleep data in ResMed's AI-driven digital platform.

With more than 28 million patients in the AirView platform and more than 8.3 million patients registered to myAir ResMed seamlessly integrates devices and data to enhance provider efficiency and personalised care, and its data advantage will continue to expand as the number of connected patients grows.

Berkshire Hathaway

Berkshire Hathaway Energy purchased shares held by the estate of Walter Scott during the month, bringing its ownership of the utility to 100%. The company has the largest network of investor-owned renewable energy utilities in the US and delivers reliable low-cost service to more than 13 million customers in the US, Great Britain and Alberta, Canada.

After a corporate restructure at audio entertainment company Sirius XM on September 10 Berkshire Hathaway became its largest shareholder, with approximately 25% of the company. Subsequently, it increased its holding to 31%. The restructure merged Sirius XM Holdings and Liberty Sirius XM Group into an independent media expected to have a more positive outlook for investors. The company's current assets include popular podcasts such as Smartless, Call Her Daddy, Conan O'Brien Needs and Friend and Freakonomics Radio, as well as satellite radio hosts like Howard Stern.

Berkshire continued to sell down its holdings in Bank of America during the month, culminating in a fall to 9.9% in early October, below the SEC's disclosure limit.

* Contribution is relative to other companies in the Portfolio

Further information

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