

Swell Global Portfolio

Monthly Update



January 31 2025

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 rolling three-year periods.

Top 5 holdings (alphabetical)

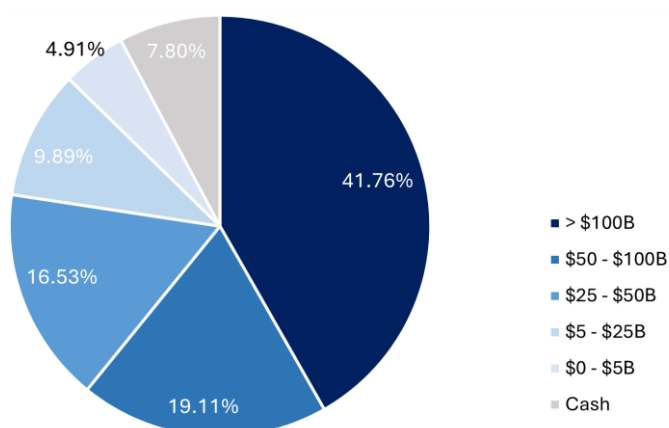
Amazon.com Inc	Broadline Retail
Block Inc	Transaction & Payment Processing
Intercontinental Exchange Inc	Financial Exchanges & Data
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

Portfolio performance

Period	Portfolio %
1 month	5.30%
3 months	16.83%
1 year	32.20%
2 years (pa)	39.85%
3 years (pa)	12.47%
4 years (pa)	8.76%
5 years (pa)	9.63%
6 years (pa)	13.21%
7 years (pa)	12.56%
8 years (pa)	13.83%
9 years (pa)	13.96%
Inception	232.81%
Inception (pa)	13.37%

Past performance is not indicative of future performance

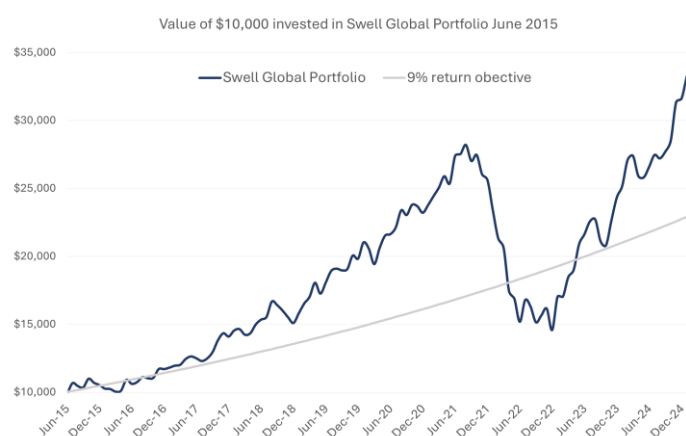
Market capitalisation (US\$)



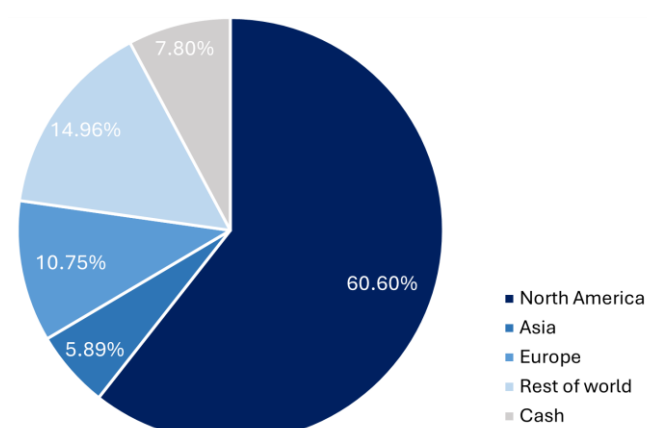
Key details

Structure	SMA
Inception date	18-Jun-15
Strategy FUM	\$87.72 million
Number of companies held	18
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

Fourth quarter revenue rose 17% to \$554 million with residential revenue 11% higher at \$387 million, mortgages up 86% to \$41 million and rentals up 25% to \$116 million. Revenue for the year rose 15% to \$2.2 billion. Net loss for the year was \$112 million, down from \$158 million in 2023. Average monthly unique users to Zillow's mobile apps and website reached 204 million.

CEO Jeremy Wacksman said integration continues to be a focus for its residential business, noting buyers who connect with both a Zillow Home Loan officer and a Premier Agent partner are 80% more likely to complete their purchase on Zillow than those who connect only with an Agent partner.

Zillow reached 1.9 million active rental listings at the end of 2024 including 50,000 multifamily properties. It is scaling multifamily property listings to capture more of the estimated 140,000 in the country, and announced a five year partnership with Redfin to provide all of the multifamily listings on their websites. This should replicate a successful partnership with Realtor.com signed in 2024.

Zillow's latest market report found rents for single-family homes were 41% above pre-pandemic norms while multifamily rents rose 26%. Concessions such as months of free rent or free parking are now offered on 41% of all rental listings on Zillow and while for-sale inventory continues to recover, it is still 25% below pre-pandemic levels.

Jeremy Wacksman told The Wall Street Journal "the housing affordability crisis (boils) down to an availability crisis. Getting more homes available is going to be ultimately what starts to unstick the housing market." In 2024 Americans purchased around 4 million homes, 2 million below the annual average.

Amazon

Fourth quarter net revenue increased 10% to \$187.8 billion. North America sales rose 10% to \$115.6 billion, international sales rose 8% to \$43.4 billion and AWS sales grew 19% to \$28.8 billion. Net income increased to \$20.0 billion and diluted EPS reached \$1.86, up from \$1.00 in Q4 2023. For the full year net income nearly doubled to \$59.2 billion or \$5.53 per diluted share.

CEO Andy Jassy said a new 300,000 square metre fulfilment centre in Shreveport Louisiana with fully integrated robotics and AI has demonstrated significant improvements in productivity, speed of order processing, cost to serve and employee safety. He said the technology will be incorporated into all new centres and also retrofitted to some existing facilities.

He said chip supply and power constraints remain a drag on the speed of AWS growth, but both should start to relax in the second half of the year. He also expects the \$26.3 billion capital expenditure spent in Q4 reflects the annualised rate for 2025, encompassing both AWS technology and expanding the number of delivery facilities, both same day centres in metropolitan areas and additional locations in rural areas.

Amazon opened The AWS Asia Pacific (Thailand) Region, the first in Thailand and the fourteenth in Asia Pacific. It also launched an AWS Direct Connect location in Bangkok which enables AWS customers to create private network connections between international offices and data centres using only AWS services.

At the Consumer Electronics Show (CES) in Las Vegas Amazon and BMW revealed a new intelligent personal assistant with LLM-powered capabilities will be available in select vehicles and countries this year. They showed examples including the driver saying "Hey BMW, take me to the building in Seattle that's shaped like a needle" which directs the car to navigate to the Space Needle.

GE HealthCare

Fourth quarter revenue rose 2% to \$5.3 billion driven by Advanced Visualisation Solutions and Pharmaceutical Diagnostics, with overall strength in the US. For the full year revenue grew 1% to \$19.7 billion and adjusted EPS rose 14% to \$4.49. Adjusted EBIT reached \$3.2 billion and on a margin of 16.3%, up 120 basis points. The company repaid \$400 million in debt over the year and an additional \$250 million in the current quarter, delivering \$1.6 billion in free cash flow for 2024

CEO Peter Arduini told investors "high-margin new product introductions reflect the impact of our increased R&D commitment and also help us drive recurring revenue." He noted Flyrcado, the company's proprietary radiopharmaceutical which received FDA approval last year, will launch in April and is expected to generate around \$30 million in revenue in 2025, with projections of \$500 million revenue annually over the longer term.

GE HealthCare will invest \$138 million to expand an existing manufacturing facility in Ireland to produce an additional 25 million doses of contrast media annually within two years. Global demand for iodine-based contrast media, used in X-ray, CT and interventional procedures is expected to double in the next decade, driven by ageing populations and the increasing incidence of chronic diseases. GE HealthCare currently produces around 100 million doses per year globally from three manufacturing facilities.

A seven year \$1 billion Care Alliance with Sutter Health is one of the largest enterprise agreements GE HealthCare has signed. Initially the alliance will focus on AI powered imaging technology and digital solutions across GE HealthCare's portfolio at Sutter's existing Californian facilities. Sutter will accelerate adoption of technology and equipment upgrade schedules as well as optimising solutions in new facilities.

Nuffield Health has entered a 20 year £200 million partnership for GE HealthCare to provide and maintain ultrasound, surgery and X-ray imaging equipment at its hospitals in the UK. It is expected up to 800 pieces of equipment, together with related AI powered systems and software will be delivered throughout the life of the agreement.

Bottom contributors this month *

Microsoft

Second quarter revenue rose 12% to \$69.6 billion. Net income was \$24.1 billion, up 10% and diluted earnings per share also rose 10% to \$3.23. The productivity and businesses processes segment rose 14% to \$29.4 billion, intelligent cloud gained 19% to \$25.5 billion and more personal computing was flat at \$14.7 billion. Revenue from AI products and services rose 175% year on year, surpassing an annual revenue run rate of \$13 billion. During the quarter the company returned \$9.7 billion to shareholders in the form of dividends and share repurchases.

CEO Satya Nadella addressed the tension for investors of continuing to allocate large sums to expand AI infrastructure in light of the reported low cost development of DeepSeek's AI chatbot. He said Microsoft was focused on scaling its global infrastructure to maintain the right balance across training, inference and geography. He said "we have typically seen more than 2X price performance gain for every hardware generation and more than 10X for every model generation due to software optimisations. And as AI becomes more efficient and accessible, we will see exponentially more demand."

At CES Microsoft launched new Intel and Snapdragon-powered Surface for Business Copilot+ devices, together with a new Surface USB4 dock. The new laptop has up to 22 hours battery life and the new 13 inch Surface Pro with an optional OLED display utilises the latest Intel Core Ultra processor with improved performance over the previous model, including 98% graphics improvement and twice the battery life.

Think Deeper was released to Copilot users in January giving them access to OpenAI's o1 reasoning model. It was previously only available with a Pro license. Announcing the release Microsoft AI CEO Mustafa Suleyman said the technology is "not a substitute for human teaching, but an extraordinary augmentation." It uses chain of thought reasoning capability, responding intelligently to complex questions and can correct errors as it processes.

Intuit

During the month Intuit began testing a new online interface combining Quickbooks and Mailchimp. The company announced the plan at Intuit Connect in November, and Quickbooks users can opt in to try the new platform which provides a dashboard of available Intuit applications to streamline workflows.

Beta versions of Intuit Assist for Mailchimp and Quickbooks were launched in January. The assistants are built on Intuit's custom Generative AI Operating System which allows developers to rapidly scale new AI capabilities across the Intuit product portfolio. They will deliver personalised insights and suggestions on harnessing data to improve business performance.

In late January Intuit announced it had secured a \$4.5 billion revolving credit facility from a group of lenders to fund its 2024 TurboTax program. Under the terms of the program, US taxpayers can pay a flat fee of \$25 to receive their government tax refund 5 days earlier than it would have been paid by the IRS.

Danaher

Fourth quarter revenue rose 2% to \$6.5 billion and full year revenue was stable at \$23.9 billion. Net income for the quarter was \$1.1 billion, or \$1.49 per share and for the year was \$3.9 billion or \$5.29 per diluted common share.

CEO Rainer Blair told investors the company "generated \$5.3 billion of free cash flow, resulting in a free cash flow to net income conversion ratio of approximately 135%. Strong free cash flow generation is one of the most important metrics at Danaher and 2024 marks the 33rd consecutive year of free cash flow to net income conversion which exceeded 100% and speaks to the differentiated quality of our earnings and business models." He said the company is well positioned for improved long term growth, expanded margins and stronger cash flow.

During the month Aldevron launched Alchemy a cell-free DNA technology which reduces DNA manufacturing time by over 50% and provides higher purity DNA and mRNA. It will accelerate development projects providing a foundation for mRNA synthesis and preclinical programs. The company plans to launch a clinical grade version of the technology later this year.

Beckman Coulter Diagnostics received Breakthrough Device Designation from the USFDA for its Access p-Tau217/ β -Amyloid 1-42 plasma ratio, a blood test to identify amyloid pathology, a primary marker for Alzheimer's disease. The designation accelerates the assessment and review process for the FDA's ultimate approval of the test.

Danaher advanced its mission to accelerate the transition to precision medicine with AI-enabled diagnostics with two new partnerships. Leica Biosystems is investing in AI digital pathology software company Indica Labs and will launch a diagnostic digital pathology platform pairing Leica Biosystems' Aperio scanner portfolio with Indica Labs' HALO AP image management software. Danaher Diagnostics and Danaher Ventures have partnered with Innovaccer which provides AI powered software to identify gaps in care and appropriate interventions to improve patient outcomes.

* Contribution is relative to other companies in the Portfolio

Further information

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