

Swell Global Portfolio

Monthly Update



February 28 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 three-year periods.

Top 5 holdings (alphabetical)

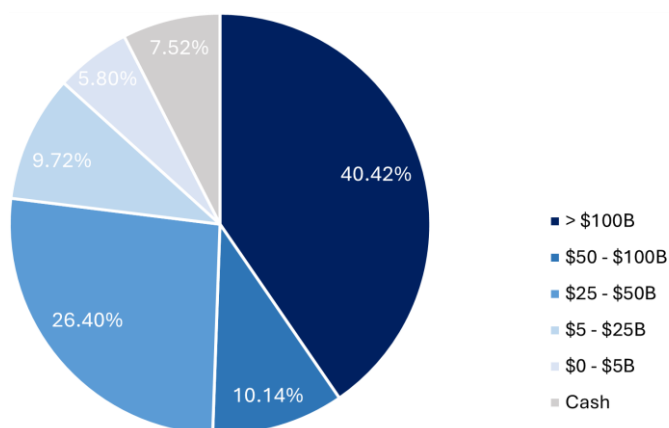
Amazon.com Inc	Broadline Retail
Block Inc	Transaction & Payment Processing
Intercontinental Exchange Inc	Financial Exchanges & Data
Microsoft Corp	Systems Software
Zillow Group Inc	Real Estate Services

Portfolio performance

Period	Portfolio %
1 month	-4.38%
3 months	1.60%
1 year	17.52%
2 years (pa)	36.69%
3 years (pa)	14.29%
4 years (pa)	6.84%
5 years (pa)	9.14%
6 years (pa)	11.54%
7 years (pa)	11.73%
8 years (pa)	13.03%
9 years (pa)	13.44%
Inception	218.33%
Inception (pa)	12.73%

Past performance is not indicative of future performance

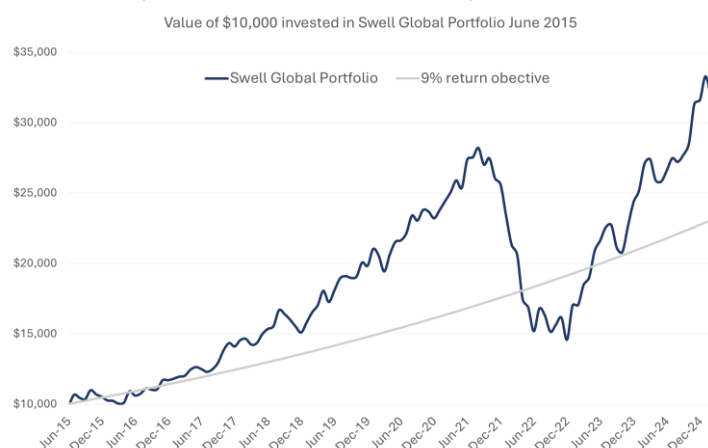
Market capitalisation (US\$)



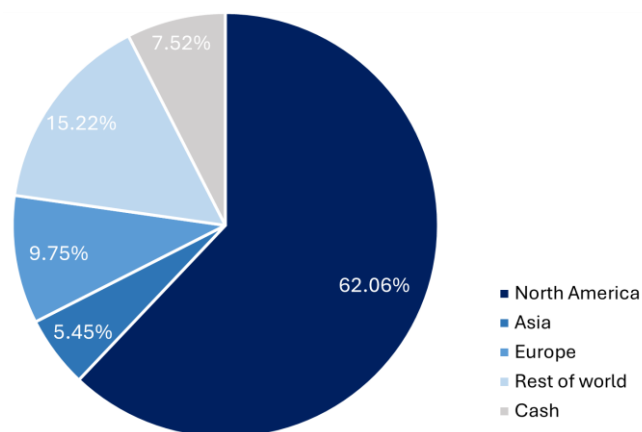
Key details

Structure	SMA
Inception date	18-Jun-15
Strategy FUM	\$81.46 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 *

Intercontinental Exchange

Annual net revenue rose 16% to \$9.3 billion and adjusted operating income was 15% higher at \$5.5 billion. Adjusted free cash flow was \$3.6 billion, a company record, and adjusted diluted EPS rose 8% to \$6.07. Revenue in the quarter rose 5%, with exchanges up 9% to \$1.2 billion, fixed income and data services up 3% to \$579 million and mortgage technology up 1% to \$508 million.

CFO Warren Gardiner revealed run rate expense synergies 16 months after the close of the Black Knight acquisition have reached \$175 million. He said the \$200 million target will definitely be achieved this year and will be raised to \$230 million. Commenting on the uncertain global environment in relation to trade and particularly energy markets, CEO Jeff Sprecher said "we're better positioned than ever to capitalise on these secular and cyclical trends across asset classes, and we remain focused on investing and executing on the many growth opportunities that are in front of us."

The NYSE Chicago will relocate to Dallas Texas to become the NYSE Texas. Lynn Martin NYSE Group President said: "As the state with the largest number of NYSE listings, representing over \$3.7 trillion in market value for our community, Texas is a market leader in fostering a pro-business atmosphere." The Exchange will compete for listings with another proposed Texas based exchange, TXSE, backed by major financiers including BlackRock, Citadel Securities and Charles Schwab.

The New York Stock Exchange received preliminary approval to extend trading hours on NYSE Arca, its electronic equities exchange, from 16 to 22 hours per day five days per week. It hopes to implement the change by the end of this year and will trade from 1:30 am to 11:30 pm EST. Off hours trading volumes doubled between 2019 and 2025 with pre-7am trading consuming less than 5% of pre-market trading in 2019 and now accounting for over 28%. In contrast, the last thirty minutes of pre-market trading have lost prominence dropping from 37% in 2019 to just over 16% in 2025.

Heineken

Annual net revenue grew 5.0% to €30.00 billion and operating profit rose 8.3% to €4.51 billion. Diluted EPS was 4.7% higher at €4.89. Gross savings for the year, budgeted to be €500 million, actually reached €600 million, driving an improvement in operating margin of 40 basis points. Beer volume expanded in all four geographic regions and premium volume grew 5% led by the Heineken brand which gained 9%. The beyond beer segment gained 4% globally, with Heineken 0.0 up 10%.

In the UK Birra Moretti became the top selling draught beer. The Star Pubs group outperformed the wider UK pub market and Foster's announced a multi year partnership with the Professional Darts Corporation that will showcase the brand on the second most watched sport on British television.

Strong cash flow generation during the year enabled Heineken to increase dividend returns and institute a €1.5 billion share repurchase program over this year and next. The company is providing a weekly progress report on the share buybacks, and as of February 28 had allocated €24,187,897 to the repurchase of 305,271 shares.

The company's 2024 annual report highlights progress on integrating AI and robotics to improve productivity and reduce costs. It notes "robotic process automation is streamlining repetitive tasks across all our support functions. In 2024, we saved more than 260,000 working hours - up from 200,000 in 2023 - putting us well on track to achieve our target of 1million cumulative hours by 2025. This is freeing teams to focus on higher-value activities and scale innovation faster than ever before."

Berkshire Hathaway

Annual operating earnings, the company's preferred measure which excludes capital gains or losses on stocks and bonds, reached \$47.4 billion, up from \$37.4 billion in 2023. Insurance businesses contributed \$22.7 billion, railways added \$5.0 billion and the energy business added \$3.7 billion. Berkshire will increase its holdings in Japanese conglomerates ITOCHU, Marubeni, Mitsubishi, Mitsui and Sumitomo, having agreed to "moderately relax" the current 10% ownership ceiling with each company. It has paid \$13.8 billion in aggregate for the five stocks since it started acquiring them in 2019 and the holdings are currently valued at \$23.5 billion.

In his letter to shareholders, Warren Buffett commented on the company's large cash holdings, \$334 billion at year end: "While our ownership in marketable equities moved downward last year from \$354 billion to \$272 billion, the value of our non-quoted controlled equities increased somewhat and remains far greater than the value of the marketable portfolio. Berkshire shareholders can rest assured that we will forever deploy a substantial majority of their money in equities . . . Berkshire will never prefer ownership of cash-equivalent assets over the ownership of good businesses, whether controlled or only partially owned."

Bottom contributors this month *

Block

Fourth quarter revenue rose 4% to \$6.0 billion and reached \$24.1 billion for the year, 10% higher than 2023. Gross profit was up 14% to \$2.3 billion in the quarter and 18% over the year to \$8.9 billion. Square gross profit for the quarter rose 12% to \$924 million on GMV of \$59.0 billion, with growth driven primarily by software and integrated payments and banking products. Cash App gross profit for the quarter reached \$1.4 billion, a 16% increase, with 57 million monthly transacting active users.

Paycheck deposit monthly actives grew 25% year over year to 2.5 million and the BNPL platform grew 19% to \$10.3 billion in GMV.

Product development expenses rose 12% for the year, driven primarily by investments in software and technology infrastructure. Block achieved 36.5 on a Rule of 40 basis in 2024, with 18% gross profit growth and 18% adjusted operating income margin, expects to exit 2025 at a Rule of 40 run rate and remains on track to achieve targeted Rule of 40 in 2026.

During the month Afterpay co-founder Anthony Eisen was appointed to the Block board of directors. He also serves on the board of the Technology Council of Australia.

Square commissioned a survey of 2,000 retail owners and 4,000 consumers in the US, UK, Canada and Australia to identify retail trends for the year ahead. The findings suggest Block's strategies for both Square and Cash App remain focused on user benefits.

- 93% of retailers have implemented automation in their business, from AI-powered product recommendations to automated inventory tracking and self-checkout systems, and 70% rely on data analytics to guide purchasing decisions.
- Retailers offering BNPL saw a 73% increase in usage over the last year.
- 64% of consumers want to receive personalised alerts and notifications based on their past purchases and more than 80% actively pursue exclusive discounts and rewards with loyalty programs, with 82% of retailers confirming loyalty programs drive repeat business.

Amazon

Opening the annual Devices and Services event in New York on February 26 Andy Jassy said "the way we think about AI and technology in general at Amazon is ... (we) ... believe that virtually every customer experience that we all know of will be reinvented using generative AI." The AI powered conversational features of Alexa+, demonstrated at the event across a range of Alexa-enabled devices, will begin rolling out in the US within weeks.

Amazon MGM Studios has gained creative control of the James Bond franchise. It has held distribution rights to the movie catalogue since purchasing MGM in 2022, but with creative control now has the opportunity to develop movies and series, as well as related merchandise, based on the Bond characters.

The AWS Centre for Quantum Computing has developed the Ocelot chip which may reduce the cost of quantum error correction by up to 90%. The chip uses cat qubits, named after the Schrödinger cat thought experiment, which intrinsically suppress certain forms of errors, reducing the resources required for quantum error correction. AWS researchers have, for the first time, combined cat qubit technology and additional quantum error correction components onto a scalable microchip.

Amazon opened its second corporate office in Singapore, which will also be an AWS Asia Pacific Hub. The eight floor space in IOI Central Boulevard's East Tower will accommodate 3,000 employees. Amazon has committed to invest an additional \$12 billion into its existing cloud infrastructure in Singapore between 2024 and 2028.

Zillow

Zillow is partnering with Redfin to be the exclusive provider of multifamily rental listings on Redfin and its sites Rent.com and ApartmentGuide.com, having signed a similar deal with Realtor.com last year. Zillow's multifamily rentals are a growth target for the platform, reaching 50,000 properties at the end of 2024 reflected in a 25% increase in December quarter rental income.

Analysis of Zillow's 2024 consumer housing trends survey found only 27% of buyers prefer 3D tours over in-person viewings, however 70% of buyers think 3D tours help them get a better feel for the space than static photos (up from 52% in 2019), and 62% want more listings to incorporate 3D tours (up from 46% in 2019). Zillow's inclusion of 3D tours and enhanced listings has reduced the proportion of buyers who believe they wasted time viewing properties they would have skipped if they better understood the floor plan ahead of time. And fewer buyers attended five or more open houses or private home tours before completing a purchase.

Other research released by Zillow this month revealed homes for sale for \$1 million had increased in number since 2020, but were typically smaller than they were previously, although the trend for four bedrooms and three bathrooms remained consistent in the price bracket, and the size is nevertheless generous. The largest million dollar homes in the US are in Memphis at around 465 m² and Cleveland, 421 m², while the smallest are in California, with San Jose at 117 m² and San Francisco at 131 m².

* Contribution is relative to other companies in the Portfolio

Further information

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