



**Investment Strategy**

Swell is a value focused global portfolio manager with the flexibility to invest in developed markets around the world. It has the ability to hold a large position in cash, a byproduct of an absolute return focus. The Portfolio is managed in Australian dollars and is unhedged. We target an absolute return of 9% per annum over rolling three year periods.

**Commentary**

The Swell Global Portfolio increased by 0.48% in October, outperforming the MSCI World Net Total Return by 0.10%.

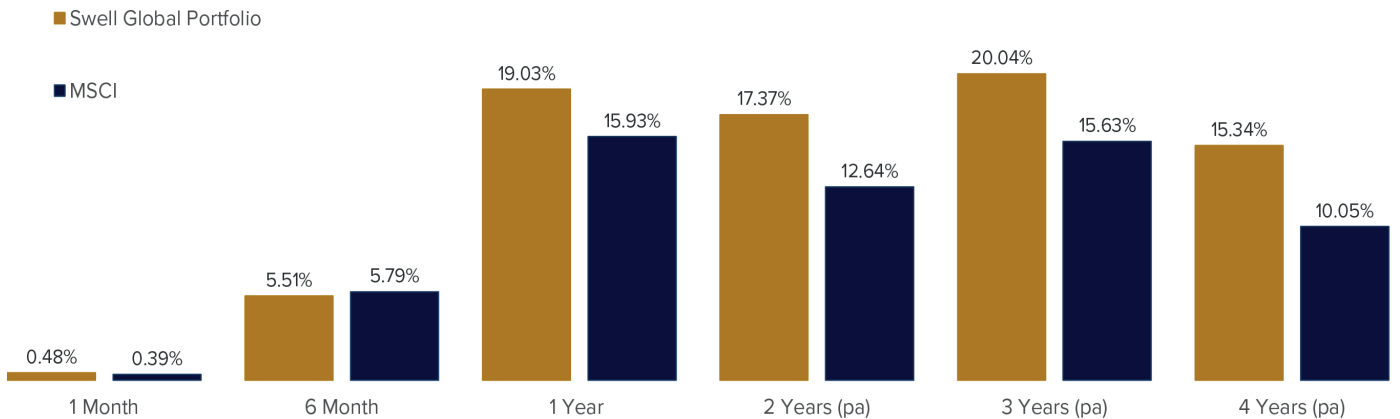
**Performance**

Performance	1 Month	6 Months	1 Year	2 Years <sup>^</sup>	3 Years <sup>^</sup>	4 Years <sup>^</sup>	Inception*
Swell Global Portfolio	0.48%	5.51%	19.03%	17.37%	20.04%	15.34%	91.16%
MSCI World Net Total Return <sup>~</sup>	0.39%	5.79%	15.93%	12.64%	15.63%	10.05%	54.99%

Performance data relates to the Swell Global Portfolio. Past performance is not necessarily indicative of future performance  
<sup>^</sup> 2, 3 and 4 year performance is per annum  
<sup>\*</sup>Inception date is June 18 2015

**Strategy Guidelines**

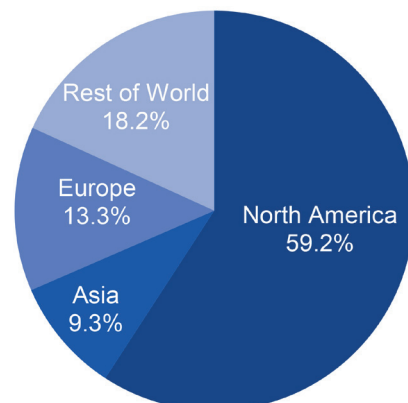
- Number of holdings  
10-25
- Percent of assets in top ten  
50-80%
- Portfolio turnover  
Low
- Return objective  
9% after fees
- Cash restriction  
Max 25%
- Concentration  
High



**Top 10 holdings (alphabetically)**



**Source of portfolio companies revenue by geography**



## Global Portfolio Details

Inception Date	18 June 2015
Management Fee	1.50%
Performance Fee	15.0%
Withdrawal/ Contribution Fees	Nil
Minimum Investment	\$500,000
Investment Experience	24 Years

## Market Capitalisation\* Holdings Global Portfolio

More than \$100	10	65%
50 - \$100	4	20%
\$25 - \$50	0	0%
\$5 - \$25	0	0%

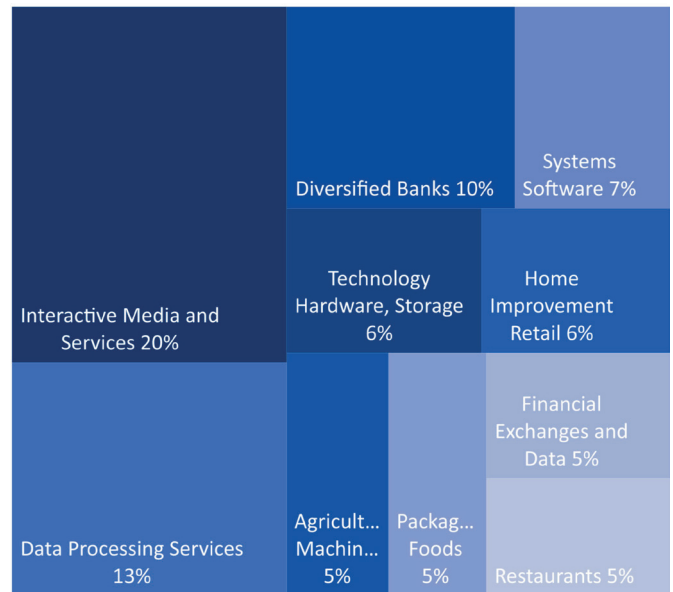
\* Market capitalisation values in US\$ billions

## Portfolio Characteristics

### Global Portfolio

Number of Holdings	14
Price to Estimated Earnings	20.0 x
Earnings Yield	5.00%
Price to Free Cash Flow	17.5 x
Return on Equity	18.69%
Price to Book	6.08 x

## Portfolio Weight by GICS Industry



**Price to Estimated Earnings (P/E)** is a weighted average of the P/E ratios of the portfolio securities. The P/E is calculated as the ratio of the current price of the stock to the 12-month forward earnings per share estimate.

**Earnings yield** is the earnings per share for the most recent 12-month period divided by the current market price per share. The earnings yield (which is the inverse of the P/E ratio) shows the percentage of each dollar invested in the stock at the current price, that was earned by the company.

**Price to free cash flow** is an equity valuation metric used to compare a company's per share market price to its per share amount of free cash flow.

**Return on equity (ROE)** is the amount of net income returned as a percentage of shareholders equity.

**Price-to-book ratio** is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

## Lachlan Hughes Founder and CIO

Lachlan founded Swell in 2014. He is the Chief Investment Officer and responsible for investment decisions. Prior to founding Swell, Lachlan was a Senior Analyst with NovaPort Capital, a boutique fund manager owned by Challenger Limited. He has seventeen years' experience in the financial services industry having held legal and investment roles with The Bank of New York (London), King & Wood Mallesons and Goldman Sachs JBWere.

He is a CFA charterholder and his professional qualifications include Bachelor of Commerce (Finance) and a Bachelor of Laws and is a Member of Responsible Investment Association Australasia.

## Alex Clunies-Ross Investment Analyst

Alex commenced his career with Swell in August 2015 and guided development of the technical platforms and quantitative screens used to manage Portfolio investments.

Alex holds a Bachelor of Commerce (Finance) from Griffith University and is a CFA Level 3 candidate. He was an inaugural member of the Griffith University Student Investment Fund and continues his involvement in the Fund as a student mentor.

## Mike Hall Investment Analyst

Mike joined Swell in October 2015, bringing valuable experience in banking and finance to the Swell team. He has been instrumental in developing research tools and financial models used in the Portfolio stock selection processes.

Mike holds a Diploma of Business and Bachelor of Commerce (Finance), both from Bond University. While completing his studies Mike was a part of the team which represented Bond University in the CFA Institute research challenge and placed third nationally. Mike has passed all three levels of the CFA Program and may be awarded the charter upon completion of the required work experience.

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