

Traditional business models are being disrupted as connectivity, networks and the sharing economy impact all industries – retail, transport, energy and banking to name a few. Loftus Peak invests to generate returns from these major secular shifts. The Fund's geographical and sectoral diversification lowers the concentration risk inherent in the typical Australian portfolio with its heavy skew toward banks, resources and the Australian dollar.

## Review & Outlook

The Fund was strong again in February, with a return of +6.8%, which was outperformance of +1.7%. We do not show three year returns here, since this newsletter is based on the performance of the Loftus Peak Global Disruption Fund which has only been managed by Loftus Peak since November 2016. However, the sister product, The Loftus Peak Global Change Portfolio, which has the same underlying investment objective and stock composition, has delivered +20.8% gross-of-fees p.a. over 56 months, which is outperformance of +8.6% p.a. against the benchmark, the MSCI All Countries World Index in Australian dollars.

Part of the reason for the strong performance of these investments lies in the decision to significantly increase our stock weighting during the Q4 sell-off on the basis that the global economic recovery was not so well entrenched as to withstand the aggressive rise in interest rates which was mooted by the US Federal Reserve late last year. This was correct, with Federal Reserve chair Jay Powell abandoning the proposed rate hikes shortly thereafter.

## Performance

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) <sup>1</sup>	+6.84%	+8.81%	-2.83%	+10.38%	-	+22.64%
Index <sup>2</sup>	+5.18%	+5.85%	-1.72%	+8.82%	-	+14.67%
Value Added (Net) <sup>3</sup>	+1.66%	+2.96%	-1.11%	+1.56%	-	+7.96%

Past performance is not a reliable indicator of future performance.

Source for performance: Loftus Peak

<sup>1</sup> Net-of-fees performance is based on end-of-month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions.

Figures include changes in principal value. Investment return and principal value will vary, and units held may be worth more or less at termination than at inception. For further details, please refer to each Fund's product disclosure statement and reference guide.

<sup>2</sup> The index for the Fund is the MSCI All Countries World Index (net) as expressed in AUD from Bloomberg.

<sup>3</sup> The Value Added is shown as the Fund (Net) minus its Index.

## Fund Contributors and Detractors

For the second month in a row, **Xilinx** was the top contributor - our work on the company has continued to add significant value to investors. Chinese retail, cloud and payments giant **Alibaba** also performed strongly. Significant growth in its advertising business, as opposed to just commission take, shows its ability to leverage its platform network in other verticals. **Nvidia** bounced solidly from lows, and a combination of weaker retail sales and company guidance saw **Amazon** detract slightly.

## Key Facts

Inception Date	15 November 2016
APIR Code	MMC0110AU
Product Type	Registered Managed Investment Scheme domiciled in Australia
Responsible Entity	Equity Trustees Limited
Investment Universe	Listed Global Equities
Benchmark	MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg)
No. of Investments	15-35
Minimum Cash	1%
Maximum Cash	50%
Suggested time frame	3-5 years
Minimum Investment	AU\$5,000
Liquidity	Daily
Pricing Frequency	Daily
Withdrawal Notice	Generally, notifications received before 2pm on a business day will be processed using the unit price effective for that day.
Research Ratings (Lonsec, SQM)	Click Lonsec or SQM logo on our website to request a copy.

## Fees

Distributions	Paid annually as at 30 June
Annual Management Costs	1.20% per annum (inc. GST)
Performance Related Fee	15% in excess of the hurdle return with a high watermark payable six monthly as at 30 June and 31 December each year

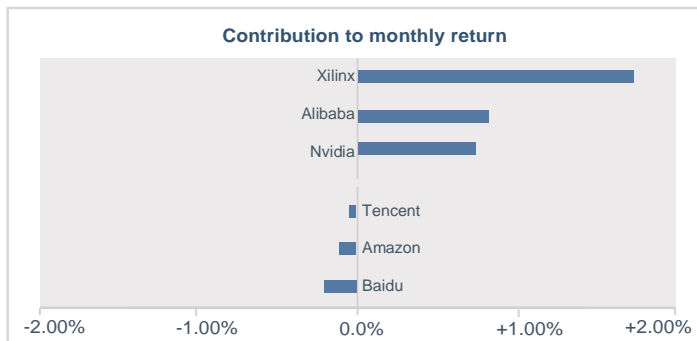
## Unit Prices

Date	28 February 2019
Entry Price (in AUD)	1.6984
Exit Price (in AUD)	1.6900

Elsewhere, we remain focused on the development of 5G for cellular telecommunications, which we believe will be a game-changer, impacting infrastructure globally and driving a new wave of connectivity and then productivity.

The Australian dollar depreciated 2.43% over the month against the US dollar, which meant the value of our US dollar positions increased. As at 28 February 2019, the Fund carried a foreign currency exposure of 99%.

## Selected Contributors and Detractors



## Portfolio Construction

The Fund is 82% invested in 19 holdings which the manager considers likely outperformers. The balance is in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	11.1%	Mega Cap > \$100b	43.0%
Nvidia	7.7%	Large Cap \$50-100b	15.6%
Alibaba	7.4%	Mid Cap \$2-50b	23.6%
Apple	7.2%	Small Cap < \$2b	0.0%
Tencent	6.4%		

### Learn more

For the latest on investment in global change and disruption, see us in the Australian Financial Review, the Constant Investor, or the Sydney Morning Herald, or on Cufflinks or visit us at [www.loftuspeak.com.au](http://www.loftuspeak.com.au) or email [enquiry@loftuspeak.com.au](mailto:enquiry@loftuspeak.com.au)

### IMPORTANT INFORMATION

This report was prepared by Loftus Peak Pty Limited ("Loftus Peak"). Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 AFSL No. 240975, is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX:EQT), and is the Responsible Entity of the Loftus Peak Global Disruption Fund ("Fund").

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A PDS and application form is available at [www.loftuspeak.com.au](http://www.loftuspeak.com.au). Loftus Peak and Equity Trustees do not guarantee the performance of the Fund or the repayment of the investor's capital. To the extent permitted by law, neither Equity Trustees, Loftus Peak, nor any of their related parties including its employees, directors, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.

## About Loftus Peak

Loftus Peak is a global fund manager with a focus on investing in listed disruptive businesses. Our team's extensive experience of successfully investing in disruptive businesses brings significant discipline to the investment process.

The Fund, which includes large capitalisation names like Apple, Google and Alibaba, is constructed on the basis of strict criteria, giving investors exposure to the some of the best and fastest-growing companies in the world, at carefully determined valuations. This kind of geographical and sectoral diversification lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

We believe self-managed super funds, and investors generally, want a professionally-managed portfolio that gives them access to these important secular trends.

## The Team

The portfolio is managed by Alex Pollak and Anshu Sharma.



**Alex Pollak**  
CEO, CIO and Founder

With 25 years' experience in disruptive business models gained during a career with Macquarie Bank, Alex heads one of the best-performing teams in global listed disruptive business investment in Australia.

He was instrumental in bringing both Seek and Carsales.com.au to the Australian stock market. His deep knowledge of investment and global change companies means you are ideally placed to benefit financially from the movements in technology which are daily changing the face of markets.



**Anshu Sharma**  
Portfolio Manager

Anshu started his career in global disruption investment almost a decade ago at TechInvest. This was followed by Portfolio Manager and technology Analyst responsibilities for the Asia region at Eight Investment Partners.

Being mentored by the best in this space early on in his career and having extensively travelled in Asia to meet hundreds of companies, Anshu brings a wealth of experience to investing globally.

He has an M.Comm from the University of New South Wales and a B.Comm (Hons) from Delhi University. He holds the CIPM® certificate and the Chartered Financial Analyst® designation