



# Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter  
March 2019



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.

## Performance

The Fund continued to perform well this month, with a net-of-fees return of +3.0%, which was outperformance of +1.7%. This brings the three month returns to +18.6% net-of-fees, outperforming the benchmark by +7.3%. This performance was supported by deploying cash towards companies that were trading at the lower end of our valuation range in the December quarter, and taking profits as markets found their strength in the March quarter. The sister product, the Loftus Peak Global Change Portfolio, which has the same underlying investment objective and stock composition, has delivered +21.2% gross-of-fees p.a. over 57 months, which is outperformance of +9.0% p.a. against the benchmark, the MSCI All Countries World Index in Australian dollars.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) <sup>1</sup>	+3.02%	+18.62%	+0.55%	+17.90%	-	+23.30%
Index <sup>2</sup>	+1.29%	+11.32%	-0.23%	+11.04%	-	+14.74%
Value Added (Net) <sup>3</sup>	+1.74%	+7.30%	+0.77%	+6.87%	-	+8.56%

Past performance is not a reliable indicator of future performance.

Source: 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 the benchmark.

## Fund Contributors and Detractors

**Apple** rebounded strongly as the company flagged an acceleration in its shift to services, visible through its decision to make its music offering available on non-Apple smart speakers such as Amazon Echo, as well as announcement of its tv+ service. **Nvidia** continued its bounce following a deal to buy Mellanox, which will give it a new growth engine in the cloud. **Qualcomm** was also a little firmer as the 5G phone roll-out commenced. Irrespective of the capex requirement of mobile network carriers to provision for 5G, there is already a significant push by handset makers to include the chipsets in phones. We believe 5G will be a game-changer, driving a new wave of connectivity and then productivity.

## 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

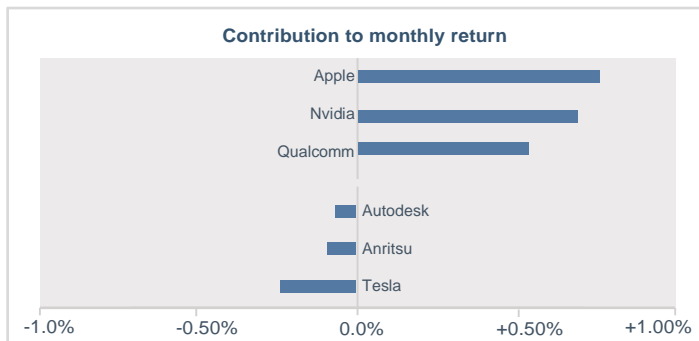
## Unit Prices

Date	29 March 2019
Entry Price (in AUD)	1.7499
Exit Price (in AUD)	1.7411

Detractors included **Autodesk**, which has enjoyed a very strong run in recent months, with **Alibaba** also somewhat weaker. **Netflix** also did not have a great month, on some concerns about competitor offerings.

The Australian dollar depreciated -0.15% over the month against the US dollar, which meant the value of our US dollar positions increased. As at 31 March 2019, the Fund carried a foreign currency exposure of 99%.

## Selected Contributors and Detractors



## Portfolio Construction

The Fund is 82% invested in 20 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	10.7%	Mega Cap > \$100b	49.2%
Apple	9.4%	Large Cap \$50-100b	11.3%
Alibaba	7.0%	Mid Cap \$2-50b	18.8%
Tencent	6.6%	Small Cap < \$2b	3.0%
Amazon	5.7%		

### 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 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.