



# Loftus Peak Global Disruption Fund

Investing | Future Focused

Monthly Fund Update  
December 2019



Traditional business models are being disrupted as connectivity, networks and the sharing economy impact all industries – retail, transport, communications, energy and banking to name a few. Loftus Peak generates investment return by focusing on these major secular shifts and how they will change the world in the next five to ten years. Loftus Peak's strategy complements other sharemarket investments, particularly in Australia where there is a heavy skew towards banks, resources and the Australian dollar.

## Review and Performance

The Fund's holdings were strong in December, however an adverse movement in the currency impacted performance by -3.5%, leaving Loftus Peak investors essentially flat for the month. The Fund was up +0.1% net-of-fees, which was outperformance of +0.4% relative to the benchmark MSCI All Countries World Index (in \$A). The rhetoric around trade wars softened from both sides, with China pure-play stocks such as Tencent and Alibaba rebounding, while companies with exposure to China (Qualcomm, Tesla) also recording good returns. Our decision to deploy cash in October on weakness in key names was beneficial.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) <sup>1</sup>	+0.07%	+10.60%	+10.46%	+35.22%	+20.96%	+22.27%
Index <sup>2</sup>	-0.31%	+4.67%	+8.72%	+26.94%	+13.46%	+15.78%
Value Added (Net) <sup>3</sup>	+0.38%	+5.93%	+1.74%	+8.27%	+7.50%	+6.49%

Past performance is not a reliable indicator of future performance.

Source: Loftus Peak, MSCI

<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.

Investment return and the principal value fluctuate, so your units, when sold, may be worth more or less than the original cost. For further details, please refer to the 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

China's **Tencent** stole the show with a +13% rise in the stock price for the month - revenue increased by 21% in the third quarter, with non-GAAP profit up 27%. The company signaled further Q4 growth (16% in revenue and earnings) with good numbers into 2020, which drove its contribution to overall performance. **Alibaba**, the online retailer, had its third month of price gains, and is up +55% for the year. Alibaba's three month rally in part the result of its Hong Kong Stock Exchange listing.

**Apple** continues to show strength, with a fourth consecutive positive month helping it to an +89% gain for the year. Historically, the market has treated Apple as a hardware company, but this is changing with its shift to services and subsequently the valuation that comes with it. This is not to say its hardware business is performing poorly – wearables and accessories (particularly AirPods) continue to deliver and analysts are now pointing to a possible '5G super cycle' for the iPhone this year.

## 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

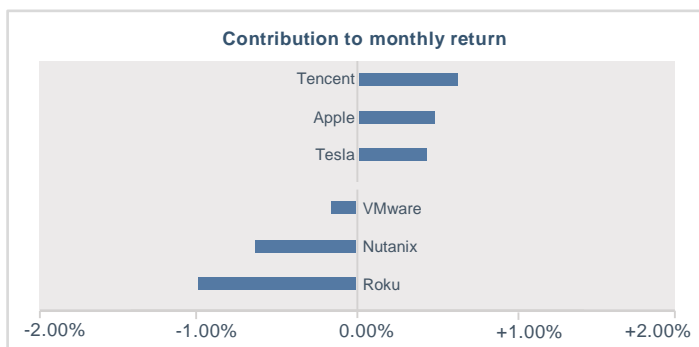
Date	31 December 2019
Entry Price (in AUD)	1.9947
Exit Price (in AUD)	1.9847

Tesla has been doing well in recent months, with some penciling the sale of 500,000 cars in 2020, in part as its Shanghai 'Gigafactory' begins deliveries in January.

After the value of the investment in Roku quadrupled, the company had a relatively poor month on the back of misplaced concerns about competition in streaming from Disney and Apple. The fact is that Roku benefits from any material increase in the numbers of streaming players, since this drives streaming uptake, and thus the advertising the company generates.

The Australian dollar appreciated +3.9% over the month against the US dollar, which meant the value of the Fund's US dollar positions decreased. As at 31 December 2019, the Fund carried a foreign currency exposure of 99%.

## Selected Contributors and Detractors



## Portfolio Construction

At month end, the Fund was 95% invested in 22 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	11.4%	Mega Cap > \$100b	64.5%
Qualcomm	10.0%	Large Cap \$50-100b	4.6%
Alphabet	9.4%	Mid Cap \$2-50b	26.4%
Apple	8.7%	Small Cap < \$2b	0%
Alibaba	7.9%		

### 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 Cuffelinks 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.

## The Team

The portfolio is managed by Alex Pollak and Anshu Sharma.



### Alex Pollak 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.

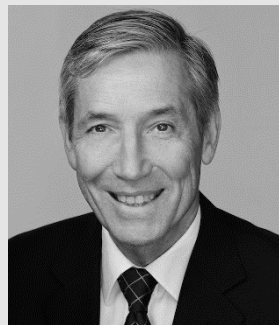


### Anshu Sharma Portfolio Manager

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.



### Rick Steele CEO

Drawing on more than 30 years in funds management and government Rick is the CEO of Loftus Peak. After a successful career in the Australian Treasury, Rick held senior positions at Prudential Assurance, Morgan Grenfell Australia, BT Funds Management, TechInvest and Eight Investment Partners.

Rick is also Chairman of CitizenBlue, an impact enterprise operating a container recycling service for its environmental members.

Rick has a MEd from the Australian National University, is a Fellow of the Financial Services Institute of Australasia and has completed the AICD Company Director's Course.

Ratings	
Platforms	