



Loftus Peak Global Disruption Fund

Investing | Future Focused

Monthly Fund Update
January 2020



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

Investors in the Fund had a solid January, with performance of +6.4%, which was outperformance of +2.7% over the benchmark MSCI All Countries World Index (net in \$A). However, the coronavirus took some of the shine off the numbers in the last week of the month, as China's containment effort involved shutting down the city of Wuhan to slow its spread. Markets have since remained volatile as the news coverage of this tragic event has panicked investors into selling great companies on short-term fears. Apart from raising cash to a little over 10%, we retained exposure to companies where we are confident of further upside.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) ¹	+5.98%	+14.14%	+13.48%	+32.97%	+23.12%	+23.86%
Index ²	+3.72%	+7.87%	+10.36%	+26.00%	+15.65%	+16.66%
Value Added (Net) ³	+2.25%	+6.27%	+3.13%	+6.97%	+7.47%	+7.20%

Past performance is not a reliable indicator of future performance.

Source: Loftus Peak, MSCI

¹ 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.

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

³ The Value Added is shown as the Fund (Net) minus the benchmark.

Fund Contributors and Detractors

The biggest contributors to performance were **Amazon**, **Alphabet** (Google) **Microsoft** and of course **Tesla**, which despite being a small, non-core position managed to record a strong contribution to the Fund's return. We hold this company at a low weight because while it may be capable of strong price growth as a result of its commanding lead in electric vehicles and the fact that the world is moving toward electrification, it has been susceptible to poor execution.

Apple continues to show strength, with one-year returns now just under 100%. Historically, the market has treated Apple as a hardware company, but this is changing with its shift to services; the valuation is now reflecting this shift.

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 January 2020
Entry Price (in AUD)	2.1139
Exit Price (in AUD)	2.1033

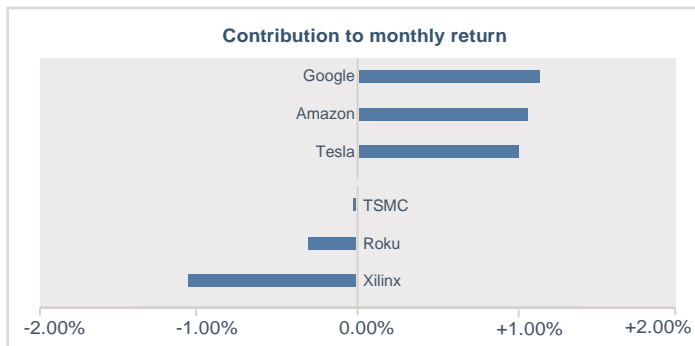
Amazon re-entered the trillion (US) dollar club (joining three other long-term holdings – Apple, Microsoft and Alphabet) following strong growth in its advertising business, which is growing at 50% compound, with similar growth in its cloud business.

Microsoft had a good month, culminating in the release of quarterly results which showed 100% of its increase in sales were captured in the company's gross margin.

Xilinx was the largest detractor, with quarterly results that were in line with the market's expectations, but guidance that was weaker. The company's revenue took a hit due to the ongoing Huawei ban by the US government, but we remain comfortable with our investment thesis on the company and consider its current share price as attractive.

The Australian dollar depreciated -4.3% over the month against the US dollar, which meant the value of the Fund's US dollar positions increased. As at 31 January 2020, the Fund carried a foreign currency exposure of 99%.

Selected Contributors and Detractors



Portfolio Construction

At month end, the Fund was 89% invested in 23 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	9.7%	Mega Cap > \$100b	52.2%
Qualcomm	9.5%	Large Cap \$50-100b	12.1%
Alphabet	9.1%	Mid Cap \$2-50b	24.7%
Amazon	8.4%		
Apple	6.5%	Small Cap < \$2b	0%

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 Firstlinks or visit us at www.loftuspeak.com.au or email 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"). This document has been prepared for the purpose of providing general information only, without taking account of any individual person's investment objectives, financial circumstances or needs. This document is not intended to take the place of professional advice and we do not express any view about the accuracy or completeness of information that is not prepared by us and no liability is accepted for any errors this document may contain. You should consider the Product Disclosure Statement ("PDS") in deciding whether to acquire, or continue to hold, the product. A PDS and application form is available at 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.

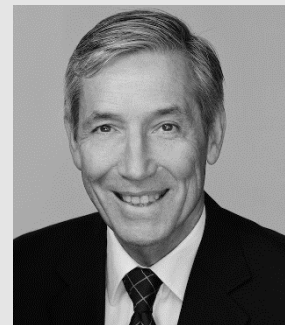


Anshu Sharma Portfolio Manager

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			