

Loftus Peak Global Change Portfolio

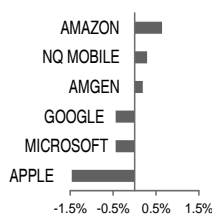
Monthly Investor Letter April 2016

The Loftus Peak Global Change Portfolio posted a manager estimated return* of -1.7% for April 2016, compared with a return of +2.4% for the Fund's benchmark, the MSCI AC World Net Total Return Index in A\$

Performance drivers

The portfolio manager estimated return gross* of fees was -1.7%, which was -4.1% below the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned +2.4% for the month. April was not a great month for the portfolio. Global volatility was again high and there was a poor start to the US reporting season for some of our names.

Portfolio Contributors/Detractors



Amazon was again the largest contributor to the portfolio for the month – its twin business initiatives in cloud services and retail are a major threat to retail globally, as we outlined [here](#).

Portfolio Construction

Around 85% of the fund was invested in 21 companies which the manager identified as likely out-performers. The five largest positions at end of April 2016 were:

Company	% of Portfolio
APPLE	9.8%
ALPHABET/GOOGLE	6.9%
BAIDU	6.7%
TENCENT	5.9%
ALIBABA	5.7%

The Australian dollar decreased -0.9% against the US\$,

which benefited our holdings which are denominated in foreign currencies including the greenback.

Since inception the portfolio is up +28.1%* vs 20.8% for the index, outperforming it by 7.3%.

Outlook

We continue to view the sell-off as short-termism based on profit shortfalls relative to the investor expectations, and one which misses important longer terms trends.

For example, we see a [major thematic around cars, which will play out in accelerated deflation in the cost of transport. Put simply, this means that the car ownership model which has been with us for over 100 years, is dirty and expensive relative to the variety of autonomous/electric vehicle and ride sharing opportunities which are in development and already moving company share prices.](#)

Such changes mean a wholesale shift in a number of industries. Cars will very shortly rival phones as the major mobile processing devices of this century, and will need self-driving hardware and software, mapping, hazard recognition, driver assistance, traffic updates, driving habits for insurance to name only a few.

Transport as an industry will be completely re-engineered, as we noted last week on [Livewire](#).

Investors, who have access to the portfolio, will know some of those names.

Learn More

For the latest on investment in global change and disruption, visit us at www.loftuspeak.com.au or email alexpollak@loftuspeak.com.au.