



Loftus Peak Global Change Portfolio

Monthly Investor Letter October 2014

Global Change. Listed Investments. Daily Liquidity.

The Loftus Peak Global Change Portfolio posted a manager estimated* return of -0.40% for October 2014, compared with a return of +0.02% for the Fund's benchmark, MSCI AC World Net Total Return Index (A\$)

Performance

The representative portfolio produced a manager estimated return* of -0.40% for the month of October 2014. This compares with a benchmark return of +0.02% (MSCI AC World Net Total Return Index in Australian dollar terms).

Loftus Peak Thematic Overview

We are still getting good performance from key names in the portfolio including **Yahoo!** (the principal asset of which is **Alibaba**) with **Amgen** and **Apple** also performing strongly. The market in established global disruption names in which Loftus Peak invests has been firm, however, we took the view that there was a higher degree of growth risk in the market than was assumed, and we bought Pro Share Ultrashort QQQ ETF to lower market exposure. We will continue with this small negative position as insurance, but selectively pick up oversold stocks to improve overall returns.

Portfolio Construction

77.21% of the fund was invested in 21 companies which the manager identified as likely out-performers, and an ETF to reduce market risk. The largest 5 investments in the portfolio as at 31 October 2014 are shown below:

Company	% of Portfolio
Google	7.5%
Gilead Science	6.5%
Amazon	6.1%
Amgen	5.6%
Apple	4.9%

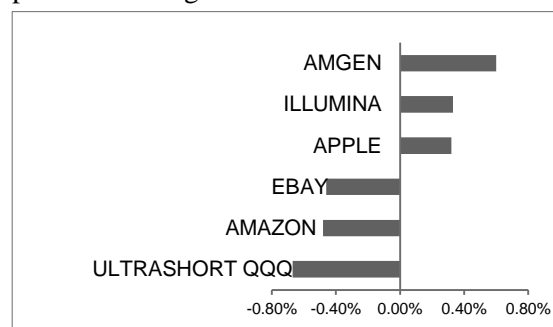
Currency Exposure

The Australian dollar was generally flat in October, so investors did not pick up performance from it. The central philosophy behind Loftus Peak is the provision of a 'disruption' counter balance for the Australian

market, given its focus on banks and resources and its denomination in Australian dollars. Virtually all of the investments in the portfolio are offshore companies, which are likely to continue as the major disrupters. As at 31 October 2014 the portfolio held 3.0% in Australian dollars and has no equity investments in Australia.

Portfolio Contributors/Detractors

The best and worst performing stocks in the portfolio during October are shown below:



Amgen provided some assistance to the portfolio, on good quarterly numbers from the blood cancer drug Kyprolis and white blood cell enhancer Neulasta, coupled with talk of higher dividends and a potential break-up. **Illumina**, which is an important player in the genetic sequencing market, reported third quarter earnings well above market expectations. **Apple** continues to surprise with good numbers on the iPad as well as favourable commentary with respect to the Apple watch.

Amazon hurt the portfolio again, in our view on investors switching to **Alibaba** and a continuing poor performance from products such as the smartphone.

Enquiries

For enquiries plus the latest commentary please visit us at www.loftuspeak.com.au or email Alexpollak@loftuspeak.com.au