

LOFTUS PEAK GLOBAL CHANGE MODEL PORTFOLIO

QUARTERLY REPORT

30 June 2015



MARKET & PORTFOLIO COMMENTARY

June saw investors contemplate the twin possibilities of the Euro as a broken currency and a stockmarket bubble in China. However even a -2.99% month was not enough to put a serious dent in the 26.67% (after fees) increase in the value of the portfolio for the year. The portfolio has rallied strongly post June. For the quarter and the year to 30 June 2015, the portfolio outperformance (net of fees) was 0.49% and 3.54% relative to the benchmark. For the year, stock performance was especially pleasing in the large capitalization blue chip disruptors which are our biggest holdings, while currency also helped (US holdings appreciated as a result of the greenback which closed the quarter at US\$0.7707).

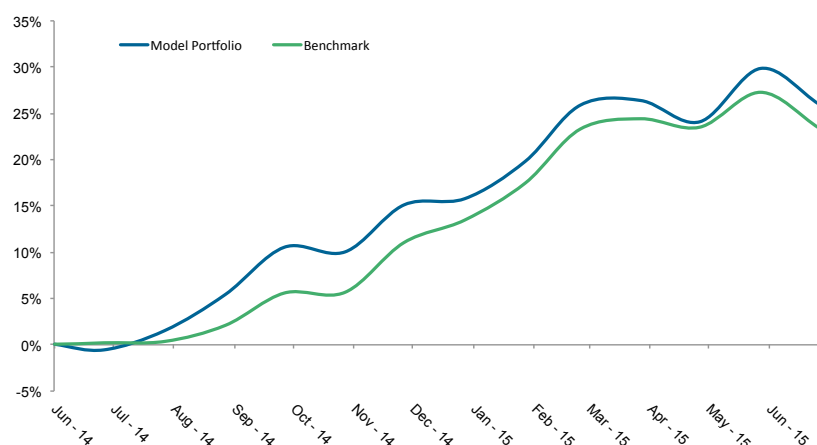
Strongest contributors for the year were Apple, which added 3.88% to the portfolio as the stock surged on the back of the success of the iPhone 6 phablet, a cross between a phone and tablet. Amazon also delivered 3.81% with investors marking the company up because of the success of its cloud platform, which is on track to deliver revenue of over \$6b this year. Gilead and Amgen delivered exactly 3.47% each, with the expensive but effective Hepatitis cure Sovaldi delivering the largest contribution for a new drug ever. Amgen also performed strongly from its large pipeline of late-stage drugs, including the leukemia drug Blincyto. Sandisk did not work for us, with a negative contribution of -1.76%, while Qualcomm (-0.08%) and Alibaba (-0.18%) were both disappointing given important positions in their respective markets. We are playing thematic relating to internet of things, and consumer in China, both of which should see these investments perform well.

PERFORMANCE SUMMARY[^]

Period	Model Portfolio	Benchmark*	+/- Return
1 month	-2.99%	-3.05%	+0.06%
3 months	-0.33%	-0.82%	+0.50%
1 Year	26.67%	23.13%	+3.54%
Since inception ⁺	25.98%	23.40%	+2.58%

*The Model Portfolio Benchmark is the MSCI ACWI (net) (as expressed in AUD from Bloomberg). [^]Returns are calculated net of management, performance, administration/ custody and transaction fees, but excluding any adviser fees from the Model Portfolio's inception date of 5/6/14, and assumes reinvestment of all income (but not franking credits). ⁺Not annualised. Returns are based on the theoretical performance of a portfolio which implemented the Model Portfolio based on simplifying assumptions and stock weightings. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, contributions and withdrawals, fees and any customisations. Performance includes dividends attributed to the quarter but not yet paid; actual performance may differ due to the foreign exchange rate applied at payment and by any applicable withholding tax assessed. **Past performance is not a reliable indicator of future performance and may not be achieved in the future.** Each client should also take into account their own taxation situations. All information provided in this Report is correct as at the date of this Report.

PERFORMANCE SINCE INCEPTION[^]



TOP FIVE HOLDINGS

Security	%
Apple Inc (AAPL)	10.2%
Cash USD	8.1%
Google (GOOGL)	5.9%
Cash AUD	5.6%
Comcast Corporation (CMCSA)	5.3%

INVESTMENT OBJECTIVE & STRATEGY

The Loftus Peak Global Change Model Portfolio (Model Portfolio) aims to deliver a return over the MSCI ACWI (net) (as expressed in AUD from Bloomberg), over the medium to long term by bringing a disciplined investment process to listed global companies impacted by change.

Technology is changing the world, with the leap now analogous to that which took place during the industrial revolution. Over the past 20 years, technology and innovation have changed the face of major sharemarkets globally. The Model Portfolio will attempt to harvest return from this thematic.

The Model Portfolio offers investors the opportunity to potentially profit from the rapid, exponential growth in innovation. The Model Portfolio follows a long-only strategy that will result typically in 10-30 investments. It will also be able to move to around 50% cash from time to time, when the sharemarket is judged to be overvalued.

KEY FEATURES

Feature	Details
Investment universe	Listed global equities
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
Number of investments	10-30
Min. cash weighting	1%
Max. equity weighting	99%
Rebalancing	Instructed by the Program Adviser
Min. investment	A\$250,000
Suggested timeframe	5 years

FEES (Including GST)

Fee type	Details
Management fee	1.00% p.a. calculated daily and charged monthly in arrears.
Performance fee	15% of excess returns over the benchmark return. Please refer to the Investment Mandate for full details.
Transaction cost	0.55% of the value of the transaction.
Account service fee	\$165 p.a. charged monthly in arrears
Administration & Custody fee	0.275% p.a. on balances up to \$1,000,000. Calculated daily and charged monthly in arrears. 0.055% p.a. on the portion of the balance above \$1,000,000. Calculated daily and charged monthly in arrears.
Adviser fees	Fees may also be agreed between the investor and their adviser.

PORTFOLIO MANAGEMENT

Mason Stevens Limited, as the Managed Discretionary Account (MDA) Operator, will administer and implement the Model Portfolio on the instructions of Loftus Peak as the Program Adviser.

ABOUT LOFTUS PEAK

Loftus Peak is a bottom-up stock investor that seeks to deliver absolute returns over the medium to long term.

Loftus Peak is a corporate authorised representative of Eight Investment Partners Pty Limited.

ABOUT MASON STEVENS

Mason Stevens is an investment house committed to providing clients with a transparent and complete multi-asset, multi-currency solution. This is delivered through managed accounts, portfolio accounts and packaged equity solutions.

All Mason Stevens products and services are administered via an online service available 24-hours a day to provide investors with up to date information on their investments and comprehensive reporting.

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All information provided in this Report is correct as at the date of this Report.