



Loftus Peak

Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter
April 2017



Superior

The Loftus Peak Global Disruption Fund invests in listed disruptive businesses globally. The Fund provides geographical and sectoral diversification which lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

Review & Outlook

The Fund manager estimated return gross* of fees was +5.49% for April 2017, which was +1.68% above the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned +3.81% for the month.

The rally continued in April, with good returns in the benchmark and even better performance in our companies, as the markets welcomed the more 'business-friendly' approach of the Trump administration.

Performance*

	1m	3m	6m	1y	3y	Inception
Portfolio (gross-of-fees)	+5.49%	+10.99%	-	-	-	+18.42%
Index	+3.81%	+6.96%	-	-	-	+13.36%
Outperformance (gross-of-fees)	+1.68%	+4.03%	-	-	-	+5.06%
Portfolio (net-of-fees)	+5.41%	+10.67%	-	-	-	+17.80%

Portfolio Contributors and Detractors

Amazon was the stand-out, expanding its footprint across new businesses and then delivering quarterly results which saw Prime subscribers grow to 80m from 58m a year ago. Additionally, the company looks poised to emerge as a significant competitor to Flipkart in India, using its television offering as an element of the 'flywheel' to attract and keep customers. Meanwhile, its voice recognition service through Alexa and Echo represents a major inroad into the home, with attendant monetisation options through shopping and services. The company reported 23% growth in revenue in the quarter.

Google also performed well, with revenue up more than 20% in the quarter despite problems in its contextual advertising business.

*Manager estimated returns. Past performance is not indicative of future performance. Index for the Fund is MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg). All returns are shown to two decimal places. Returns for the periods more than one year are annualised. Total returns include realised and unrealised gains and losses plus income and are time weighted, adjusting for external cash flows. Valuations are computed and performance reported in Australian dollars. Gross-of-fees performance returns are presented before management and performance fees but after all trading expenses. Net-of-fees performance returns are presented after management and performance fees.

Key Facts

Inception Date	15 November 2016
Product Type	Registered Managed Investment Scheme domiciled in Australia
Product Sponsor	Equity Trustees Limited
Investment Universe	Listed Global Equities
Benchmark	MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg)
Number of Investments	15-35
Minimum Cash Allocation	1%
Maximum Cash Allocation	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.

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

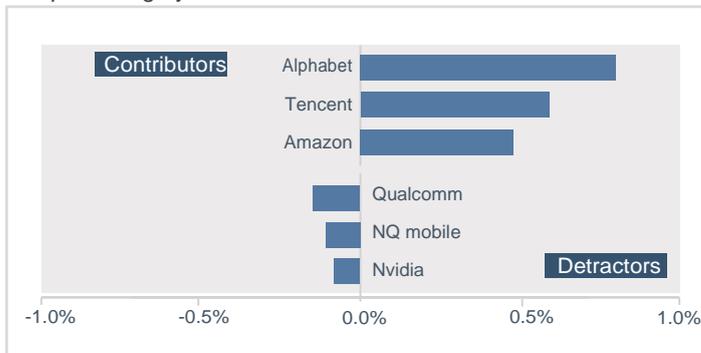
Unit Prices

Date	28 April 2017
Entry Price (in AUD)	1.2597
Exit Price (in AUD)	1.2535

The company has managed its migration to mobile very well, and is enjoying better revenues on YouTube, but must still make the jump to voice search.

Qualcomm has been under pressure because of litigation brought by Apple and others, including the FTC, over claims that it demanded (literally) “extortionate” payments for its modems. We suspect all this bad news is now in the price, and the company’s growth path into the industrial internet (through the acquisition of NXP) is potentially exciting.

The Australian dollar was a positive for us this month, depreciating by -1.97%.



Portfolio Construction

91% of the Fund is invested in 22 holdings which the manager considers likely outperformers.

Top Five Holdings	
Apple	11.7%
Amazon	7.8%
Alphabet	7.5%
Baidu	6.8%
Comcast	6.6%

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 Livewire or visit us at www.loftuspeak.com.au or email alexpollak@loftuspeak.com.au

IMPORTANT INFORMATION

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About Loftus Peak

Loftus Peak is a global fund manager with a focus on investing in listed disruptive businesses. Our team’s extensive experience of successfully investing in disruptive businesses brings significant discipline to the investment process.

The Fund, which includes large capitalisation names like Apple, Google and Alibaba, is constructed on the basis of strict criteria, giving investors exposure to the some of the best and fastest-growing companies in the world, at carefully determined valuations. This kind of geographical and sectoral diversification lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

We believe self-managed super funds, and investors generally, want a professionally-managed portfolio that gives them access to these important secular trends.

The Team

The portfolio is managed by Alex Pollak and Anshu Sharma.



Alex Pollak CEO, 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 TMT 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.