Loftus Peak
Global Change Portfolio

Global Change. Listed Investments. Daily Liquidity.

The Loftus Peak Global Change Portfolio invests in disruptive companies around the world. The portfolio 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 portfolio manager estimated return gross of fees* was +5.32% for April 2017, which was +1.51% 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	2y p.a.	Inception p.a
Portfolio (gross-of-fees)	+5.32%	+10.68%	+17.85%	+35.40%	+16.81%	+21.29%
Index	+3.81%	+6.96%	+13.68%	+17.03%	+7.08%	+12.98%
Outperformance (gross-of-fees)	+1.51%	+3.72%	+4.17%	+18.37%	+9.73%	+8.30%
Portfolio (net-of-fees)	+5.20%	+10.31%	+16.82%	+33.32%	+14.61%	+18.97%

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. The Portfolio Benchmark is the MSCI ACWI (net) (as expressed in AUD from Bloomberg). Portfolio Inception date is 30/06/14. 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. 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. 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. 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.

Key Facts

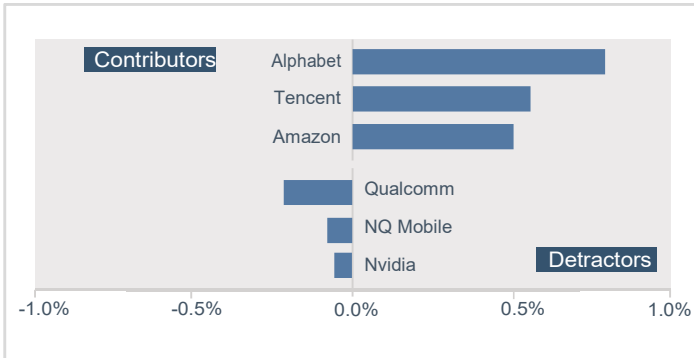|	
Inception Date	30 June 2014
Product Type	Managed Discretionary Account
Product Sponsor	Mason Stevens Ltd
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
Number of Investments	10-30
Minimum Cash Allocation	1%
Maximum Cash Allocation	50%
Maximum weighting per investment	20% at time of purchase
Minimum Investment	AU$50,000
Liquidity	Daily
Suggested Timeframe	3-5 years

Fees

Annual Management Cost	1.00% per annum (inc. GST) calculated daily and charged monthly in arrears
Performance Fee	15% of excess returns over the benchmark return
Transaction cost	0.55% of the value of the transaction

The company has managed its migration to mobile very well, and is enjoying better revenue in 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 -1.85%.

Contributors and Detractors

Portfolio Construction

91.6% of the Fund is invested in 22 holdings which the manager considers likely outperformers.

Top Five Holdings	
Apple	11.6%
Amazon	7.3%
Alphabet	7.3%
Baidu	7.0%
Comcast	6.9%

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

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.