



Loftus Peak

Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter
August 2017



Disruption is taking place across all industries – retail, transport, energy and banking, to name a few. Loftus Peak invests in order to generate returns from these major secular shifts. The Fund's 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.

Review & Outlook

The Fund manager estimated return net¹ of fees was +2.45% for August 2017, which was +1.41% above the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned +1.04% for the month.

Performance

	1m	3m	6m	1y	3y p.a.	Inception
Fund (Net) ¹	+2.45%	-1.72%	+16.05%	-	-	+24.33%
Index ²	+1.04%	-2.78%	+5.48%	-	-	+13.31%
Value Added(Net) ³	+1.41%	+1.06%	+10.57%	-	-	+11.02%

Past performance is not a reliable indicator of future performance.

Source for performance: Loftus Peak

¹ Net-of-fees performance is based on end-of-month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions.

Figures include changes in principal value. Investment return and principal value will vary, and an account may be worth more or less at termination than at inception. For further details, please refer to each fund's product disclosure statement and reference guide.

² The index for the fund is MSCI All Countries World Index (net) as expressed in AUD from Bloomberg

³ The Value Added is shown as the Fund (Net) minus its Index.

Portfolio Contributors and Detractors

August was a volatile month owing to developments in the Korean peninsula, however the markets settled down toward the end of the month as the issues came into clearer focus. Interestingly, Asian markets emerged relatively unscathed, aside from South Korea's KOSPI, which lost -1.19% for the month.

On stock-specific matters, Apple had a solid month as the iPhone 'super-cycle' kicked into gear, with a new iPhone to be announced on 12 September. We believe augmented reality will be the major advance in this iteration of the device. If this succeeds, expect the stock price to trend even high in the coming months.

Tencent also did well. The company has global ambitions for its products, but admits that its greatest hope is via Chinese users taking its apps with them overseas. Over 1.7 billion hours daily are now spent on Tencent apps, a staggering figure.

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

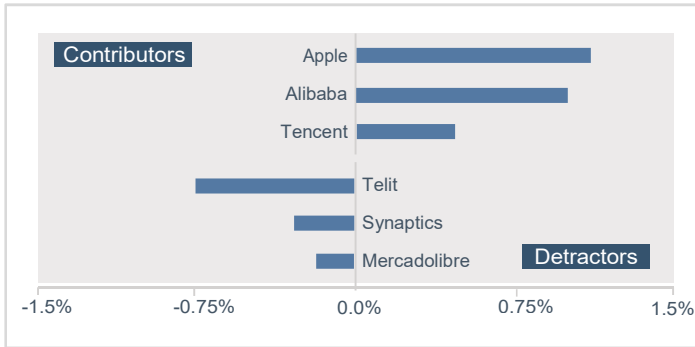
Date	31 August 2017
Entry Price (in AUD)	1.3244
Exit Price (in AUD)	1.3178

A significant challenge will be Tencent's secretive censorship policies and the surveillance of its products, which doesn't sit comfortably with a western audience.

Alibaba also did well as the market digested the implications of the company's media-sourced revenue, which is now a significant part of the business.

The fund lost some ground with Telit, which was hit with a governance issue, while Mercado Libre also took some heat.

The Australian dollar depreciated -0.66% against the US dollar over the month.



Portfolio Construction

The Fund is 91.6% invested in 20 holdings which the manager considers likely outperformers. The balance is in cash.

Top Five Holdings		Capitalisation USD	
Apple	9.4%	Mega Cap > \$100b	59.6%
Baidu	7.5%	Large Cap \$50-100b	15.1%
Alibaba	7.4%	Mid Cap \$2-50b	12.4%
Nvidia	7.4%	Small Cap < \$2b	4.5%
Tencent	7.4%		

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.