

# LOFTUS PEAK GLOBAL CHANGE MODEL PORTFOLIO

## QUARTERLY REPORT



30 September 2017

The Loftus Peak Global Change Model Portfolio is a Managed Discretionary Account (known as a Separately Managed Account).

### MARKET AND PORTFOLIO REVIEW

The portfolio returned +5.62% for the quarter net of fees, against a benchmark (the MSCI All Countries World Index in AUD) of +3.00%, outperforming it by +2.63%. Since inception (30th June 2014), the Portfolio outperformed the benchmark by +6.44% p.a. (net of fees). The star of the September quarter were our Asian holdings, including Baidu, Geely, and Tencent. In isolation this is coincidence, however we see this as a broader movement towards the BAT stocks (Baidu, Alibaba, Tencent), which have dominated the financial markets this year.

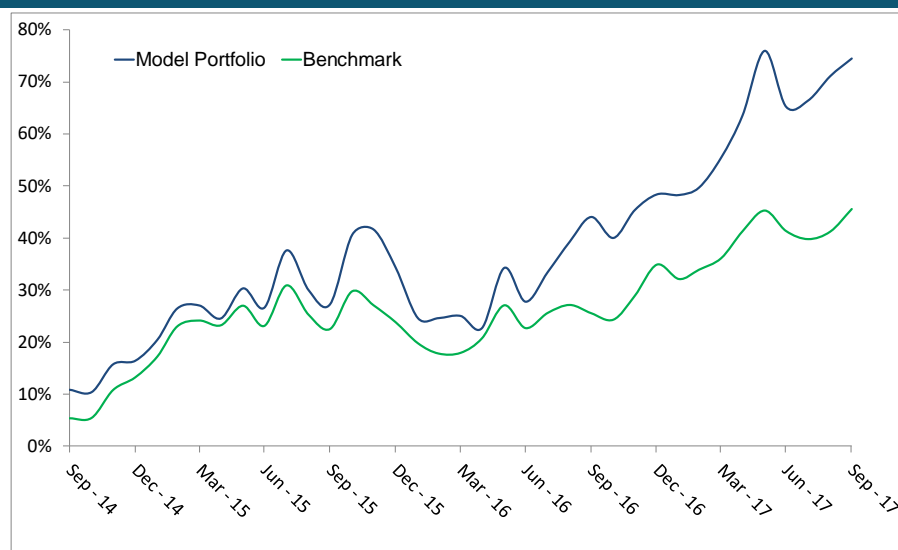
Most notable was Baidu, which rose on the coming float of the iQiyi video streaming business. The platform is somewhere in between YouTube and Netflix, and is one of China's largest. The appetite for fast content, especially on mobile, is growing in China, with the BAT companies dominating the home screens of mobile devices throughout the country. High performer Tencent has plans to take its WeChat platform global, an ambitious task given the relative scepticism surrounding the monitoring and surveillance of the products. Even the company admits its best bet is Chinese nationals taking the app overseas with them. Nvidia shareholders were again rewarded, with the stock rising later in the quarter as the uptake of machine learning hardware further increased, with Tencent and Alibaba both integrating new accelerator systems into their datacentres. Additionally, Nvidia's gaming business is the largest in the industry, with 200 million gamers and revenue tripling over the last 5 years.

Apple was a detractor, as the post-iPhone release period saw investors' expectations dampened, but this will pick up coming into the holiday season. Apple will need to iron out bugs from its latest iOS update and convince its customers to upgrade to the iPhone X, coming in November. This will be a hard sell, but the fundamental case is there, and the company's valuation is not demanding.

### PERFORMANCE SUMMARY<sup>^</sup>

Period	Model Portfolio	Benchmark*	+/- Return
1 month	1.97%	3.06%	-1.09%
3 months	5.62%	3.00%	2.63%
1 year	21.17%	15.95%	5.21%
Annualised return since inception (pa)	18.68%	12.24%	6.44%

### Performance Since Inception<sup>^</sup>



### Top Five Holdings

Security	%
Apple Inc (AAPL)	8.9
Cash	8.7
Baidu Inc (BIDU)	7.4
Alibaba Group Holding Ltd (BABA)	7.2
Alphabet Inc (GOOGL)	6.9

## INVESTMENT OBJECTIVE & STRATEGY

The Loftus Peak Global Change 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	DETAIL
Investment universe	Listed global equities
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
Number of investments	10-35
Min. cash weighting	2%
Max. equity weighting	98%
Maximum individual security weighting	20% (at purchase)
Rebalancing	Program Adviser discretion
Minimum investment	A\$50,000
Suggested timeframe	5 years

Further information about the Portfolio including fees and costs are outlined in the Loftus Peak Global Change Model Portfolio Investment Mandate.

### Important Information

\*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 30/6/14, 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.

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## PORTFOLIO MANAGEMENT

Mason Stevens Limited as the Managed Discretionary Account Operator, administers and implements 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 provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for Advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

## CONTACT INFORMATION

### Investors

Speak to your Adviser

### Advisers

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