



# Loftus Peak Global Change Portfolio

## Monthly Investor Letter January 2015

*Global Change. Listed Investments. Daily Liquidity.*

The Loftus Peak Global Change Portfolio posted a manager estimated return\* of +3.57% for January 2015, compared with a return of +3.53% for the Fund's benchmark, MSCI AC World Net Total Return Index (A\$)

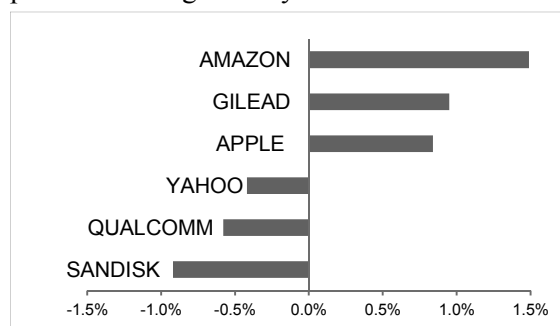
### Performance

The representative portfolio produced a manager estimated return\* of +3.57% for the month of January 2015. This compares with a benchmark return of +3.53% (MSCI AC World Net Total Return Index in Australian dollar terms).

Volatility continued in January, with the S&P 500 finishing down over -3% following a number of weeks that saw the index swing through 5%.

### Portfolio Contributors/Detractors

The best and worst performing stocks in the portfolio during January are shown below:



Reporting season in the US saw Amazon deliver a +1.5% contribution to the portfolio, the most of all our positions. The stock rallied principally as the market re-evaluated the company's cloud business, AWS, which could be worth as much as US\$30b. There are also expectations of market share gains against Google, because so much search is now purchase orientated. Earnings were stronger, but this is not considered a major factor as Amazon's earnings are not truly reflective of the underlying business because it is still in development mode.

Apple contributed +0.8% to the portfolio on an astounding set of numbers. The company's stock price rallied +6% on news that quarterly sales in China grew +70% year on year to US\$16.1b, with overall revenue up 30% to US\$74.6b. The company sold 46% more iPhones in the quarter, or 74.5m. Revenue for

that product was US\$51.2b. Net income for the quarter was US\$18b.

Sandisk was a detractor (-0.9%), with poor news on profit and patent injunctions overshadowing the longer term positives of the solid state memory maker, which is banking on the roll-out of memory chips in cars and elsewhere as part of the "internet of things". Qualcomm also hurt the portfolio (-0.6%) as reports continued to surface about the loss of orders for Samsung Galaxy S6. Samsung will move to source chipsets from its own foundry.

Yahoo! performed poorly (-0.4%) as Alibaba slumped on perceptions that the company was priced for perfection and claims of high levels of e-commerce product fraud in China (up to 40%).

Just over 89% of the fund was invested in 21 companies which the manager identified as likely out-performers, and an exchange traded fund to reduce market risk. The five largest positions for January 2015 were:

Company	% of Portfolio
Amazon	8.7%
Google	8.6%
Apple	7.8%
Gilead Science	6.3%
TSMC	5.1%

The Australian dollar continued to fall as oil and other commodity prices weakened, which assisted the portfolio despite mixed stock performance. In January alone, the AUD dropped -4.9%.

### Enquiries

For enquiries plus the latest commentary on global change, including our commentary in the Financial Review, BRW, Sky Business and on 2GB, visit us at [www.loftuspeak.com.au](http://www.loftuspeak.com.au) or email [alexpollak@loftuspeak.com.au](mailto:alexpollak@loftuspeak.com.au)