

Loftus Peak Global Change Portfolio

Monthly Investor Letter January 2016

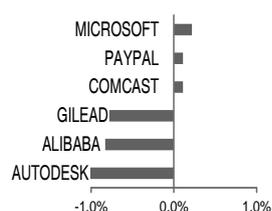
The Loftus Peak Global Change Portfolio posted a manager estimated return* of -7.11% for January 2016, compared with a return of -3.24% for the Fund's benchmark, the MSCI AC World Net Total Return Index in A\$

Performance

The portfolio manager estimated return gross* of fees was -7.11% which was -3.86% below the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned -3.24% for the month. Since inception the portfolio is up +29.7* vs 19.8% for the index, outperforming it by 9.9%.

The whole portfolio was hurt by worries about China, and the disruption which is being brought about by the collapse of the oil price - and possibly long-term problems with oil as a fuel. Trying to put oil in context, size-wise, is difficult, but a (Bloomberg) analysis of the total impact of price drop shows that Europe and the US collectively pick up around US\$900b of GDP, with Russia, OPEC, Venezuela, Brazil and parts of Africa losing around a similar amount - in other words about equal. As we wrote last week in the Sydney Morning Herald ([Flirting with the Bear](#)) markets are all about proportionality and this rout seems disproportionate.

Portfolio Contributors/Detractors



Best and worst contributors are shown above, with Alibaba, Autodesk and Gilead the hardest hit, while Microsoft and Paypal both held up well.

Portfolio Construction

Our biggest positions are the best companies in disruption - Google, Amazon, Alibaba, Baidu, Apple, Tencent, Autodesk among others.

Company	% of Portfolio
APPLE	10.2%
ALPHABET	6.0%
AMAZON	5.7%
TENCENT	5.7%
COMCAST	5.5%

Earnings have been up to expectations generally. Of course, there is commentary that these companies are not cheap, but we hold them on a multi-year view because they have a lock on so much of business - transport and logistics, retail and banking, as well as networking/communications/entertainment. An ever-larger proportion of the economy, including the physical economy, is being forced to embrace the models being driven by these companies. And far from the profit-less prosperity which is the hall-mark of a bubble, these companies are monetising extremely well.

The Australian dollar fell by -2.83% against the US\$, which helped our holdings which are denominated in foreign currencies.

Learn More

For the latest on investment in global change and disruption, including our commentary in the Sydney Morning Herald, Financial Review, BRW, Sky Business, Livewire, and on 2GB, visit us at www.loftuspeak.com.au or email alexpollak@loftuspeak.com.au.

Loftus Peak Pty Ltd: CAR Number 455284 of Eight Investment Partners Pty Ltd (AFSL Number 342305)

*Returns calculated by the manager based on portfolio valuations provided by Mason Stevens Limited before management and performance fees. The returns quoted in this monthly report may differ from the returns determined by Mason Stevens.