

# LOFTUS PEAK GLOBAL CHANGE MODEL PORTFOLIO

## QUARTERLY REPORT

30 September 2015



### MARKET & PORTFOLIO COMMENTARY

September was a tough quarter for markets generally, however Loftus Peak portfolio investors eked out a positive after-fee return of 0.51% against a negative -0.49% for the benchmark. This was against a backdrop of big negative contributions from markets generally – the S&P 500 was down -7% for the quarter, the ASX 200 -8%.

The issue was that markets generally were hurt by macro concerns over rising interest rates in the US and weak demand in Europe and China. The latter caused a 9% fall in the Australian dollar because of its commodity currency status, which helped our portfolio, but not enough to make up for the global sell-off in stocks which went with it.

The top contributor was Google (now Alphabet) which added around 2% to the total dollars, followed by Amazon with 1.4% and internet-of-things player Telit at 0.5%. Google and Amazon held onto their July re-rating – in Amazon's case it was about the growth in the cloud business, which has generated more than US\$100/share of value in the past year. Google has benefited from what investors perceive as a more disciplined approach to investing, however we believe that the company will struggle as it increases its exposure to the VC projects which its founders have now unequivocally stated they wish it to pursue.

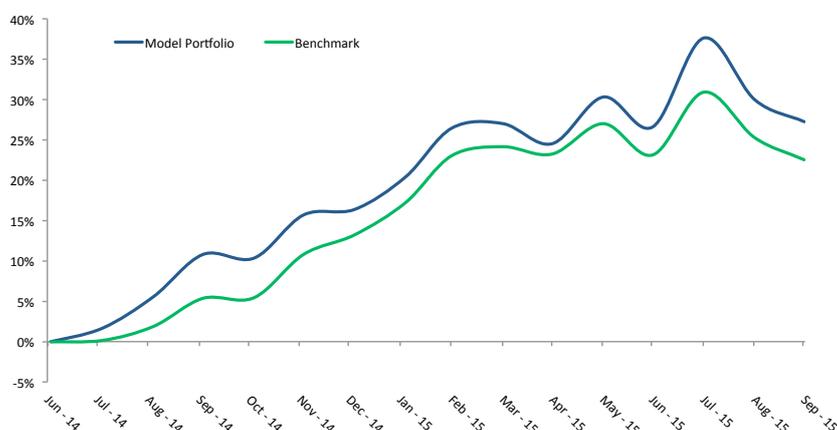
We had a poor result from Alibaba (which cut almost -1.3%), with investors concerned about the cyclical issues of China slowdown rather than the huge structural opportunity that the company presents.

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

Period	Model Portfolio	Benchmark*	+/- Return
1 month	-2.09%	-2.18%	+0.09%
3 months	0.51%	-0.49%	+1.00%
1 Year	14.84%	16.29%	-1.44%
Since inception*	27.25%	22.53%	+4.72%

<sup>^</sup>The Model Portfolio Benchmark is the MSCI ACWI (net) (as expressed in AUD from Bloomberg). <sup>^</sup>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 5/6/14, and assumes reinvestment of all income (but not franking credits). <sup>+</sup>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.

### PERFORMANCE SINCE INCEPTION<sup>^</sup>



### TOP FIVE HOLDINGS

Security	%
Apple Inc (AAPL)	10.45%
Cash USD	7.94%
Google (GOOGL)	7.27%
Amazon.com (AMZN)	6.75%
Comcast Corporation (CMCSA)	5.56%

## INVESTMENT OBJECTIVE & STRATEGY

The Loftus Peak Global Change Model Portfolio (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	Details
Investment universe	Listed global equities
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
Number of investments	10-30
Min. cash weighting	1%
Max. equity weighting	99%
Rebalancing	Instructed by the Program Adviser
Min. investment	A\$250,000
Suggested timeframe	5 years

## FEES (Including GST)

Fee type	Details
Management fee	1.00% p.a. calculated daily and charged monthly in arrears.
Performance fee	15% of excess returns over the benchmark return. Please refer to the Investment Mandate for full details.
Transaction cost	0.55% of the value of the transaction.
Account service fee	\$165 p.a. charged monthly in arrears
Administration & Custody fee	0.275% p.a. on balances up to \$1,000,000. Calculated daily and charged monthly in arrears. 0.055% p.a. on the portion of the balance above \$1,000,000. Calculated daily and charged monthly in arrears.
Adviser fees	Fees may also be agreed between the investor and their adviser.

## PORTFOLIO MANAGEMENT

Mason Stevens Limited, as the Managed Discretionary Account (MDA) Operator, will administer and implement 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 is an investment house committed to providing clients with a transparent and complete multi-asset, multi-currency solution. This is delivered through managed accounts, portfolio accounts and packaged equity solutions.

All Mason Stevens products and services are administered via an online service available 24-hours a day to provide investors with up to date information on their investments and comprehensive reporting.

## CONTACT

 1300 98 88 78

 [info@masonstevens.com.au](mailto:info@masonstevens.com.au)

 [www.masonstevens.com.au](http://www.masonstevens.com.au)

This Report is provided by Mason Stevens Limited (ACN 141 447 207, AFSL 351578) (Mason Stevens) as the Managed Discretionary Account (MDA) Operator of the Model Portfolio. Portfolio commentary has been provided by the Program Adviser. Any content provided in this Report is for the purpose of providing general advice and information only. It does not take into account your or your client's personal objectives, financial situation and needs. Please seek specific advice before making a decision in relation to any investment. The information is provided in good faith and we do not make any representation or warranty as to its accuracy, reliability or completeness. To the extent permissible by law, we do not accept any responsibility for any error, omission, indirect or consequential loss or damages (whether arising in contract, tort, negligence or otherwise, in any case whether foreseeable or not). Please refer to the relevant Investment Mandate for further information.

Any information contained in this Report is subject to change without prior notice by Mason Stevens and Mason Stevens is not obliged to update any information. References made to any third party or their data is based on information that Mason Stevens believes to be true and accurate as at the date of this Report but without independent verification.

All information provided in this Report is correct as at the date of this Report.