



Loftus Peak Global Change Portfolio

Monthly Investor Letter May 2016

The Loftus Peak Global Change Portfolio posted a manager estimated return* of +9.47% for May 2016, compared with a return of +5.23% for the Fund's benchmark, the MSCI AC World Net Total Return Index in A\$

Performance drivers

The portfolio manager estimated return gross* of fees was +9.47%, which was +4.24% above the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned +5.23% for the month. Since inception the portfolio is up +40.2%* vs 27.8% for the index, outperforming it by 13.1%.

Portfolio Contributors/Detractors



May was a good month for the portfolio. Nvidia was the strongest performer, benefitting from a solid quarter on the revenue and sales front, while there was broad strength in a number of our holdings.

Portfolio Construction

Around 90% of the fund was invested in 22 companies which the manager identified as likely out-performers. The Australian dollar decreased -4.8% against the US\$, which benefited our holdings which are denominated in foreign currencies including the greenback.

Outlook

Our confidence in the disruption thematic continues, and holders of the portfolio were rewarded for it. We see a major thematic around cars, which will play out in accelerated deflation in the cost of transport. Such

changes mean a wholesale shift in a number of industries. Cars will very shortly rival phones as the major mobile processing devices of this century, and will need self-driving hardware and software, mapping, hazard recognition, driver assistance, traffic updates, driving habits for insurance to name only a few. Transport as an industry will be completely re-engineered, as we outlined at the [Livewire Live Event last week](#). Put simply, this means that the car ownership model which has been with us for over 100 years, is dirty and expensive relative to the variety of autonomous/electric vehicle and ride sharing opportunities which are in development and already moving company share prices. (You may need to put in your email address to watch the video).

We also see disruptive change in retail, [as we outlined here](#) and continue to investigate ways of playing this within the portfolio.

We took a look inside the Guvera prospectus, and ask: what does a successful disruptive IPO look like? I was the analyst who signed off on the Macquarie Bank valuation for the float of both Seek and Carsales, so I hope I have some credibility here. The company is pitching itself as a disrupter in the music space - read our [comments here](#).

Learn More

For the latest on investment in global change and disruption, see us in the Australian Financial Review or the Sydney Morning Herald, or on [Livewire](#) or visit us at www.loftuspeak.com.au or email alexpollak@loftuspeak.com.au.

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*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.