



# Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter  
January 2017

The Loftus Peak Global Disruption Fund invests in listed disruptive businesses globally. The Fund provides geographical and sectoral diversification which lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

## Review & Outlook

The Fund manager estimated return gross\* of fees was +0.50% for January 2017, which was +2.56% above the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned -2.06% for the month.

The Trump bump started to unwind, as investors correctly questioned the ability of the president – any president – to re-energize industries, including banking, energy and transport, which are the subject of global disruption. The simple truth is that no company will stake a billion-dollar factory in a sunset industry on the basis of political fiat because when the decision changes, the write-off will follow.

The Australian dollar was a major negative for us this month, appreciating by +4.83%, thus the portfolio did well just to counter this adverse movement.

## Performance\*

	1m	3m	6m	1y	3y	Inception
Portfolio (gross-of-fees)	+0.50%	-	-	-	-	+6.44%
Index	-2.06%	-	-	-	-	+5.98%
Outperformance (gross-of-fees)	+2.56%	-	-	-	-	+0.46%
Portfolio (net-of-fees)	+0.50%	-	-	-	-	+6.44%

## Portfolio Contributors and Detractors

Our best performers were Alibaba, Amazon and Comcast. Amazon is gaining ground most likely because it is showing so much promise in the US as the Alexa/Echo in-home voice assistant is growing so fast. The product/service is not available outside the US but will be eventually. It's a voice-activated speaker and microphone system that backs straight into search, allowing users to order groceries, book movie tickets and the

\*Manager estimated returns. Index for the Fund is MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg). All returns are shown to two decimal places. Returns for the periods more than one year are annualised. Total returns include realised and unrealised gains and losses plus income and are time weighted return that adjust for external cash flows. Valuations are computed and performance reported in Australian dollars. Gross-of-fees performance returns are presented before management and performance fees but after all trading expenses. Net-of-fees performance returns are presented after management and performance fees.

## Key Facts

<b>Inception Date</b>	15 November 2016
<b>Product Type</b>	Registered Managed Investment Scheme domiciled in Australia
<b>Product Sponsor</b>	Equity Trustees Limited
<b>Investment Universe</b>	Listed Global Equities
<b>Benchmark</b>	MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg)
<b>Number of Investments</b>	15-35
<b>Minimum Cash Allocation</b>	1%
<b>Maximum Cash Allocation</b>	50%
<b>Suggested time frame</b>	3-5 years
<b>Minimum Investment</b>	AU\$5,000
<b>Liquidity</b>	Daily
<b>Pricing Frequency</b>	Daily
<b>Withdrawal Notice</b>	Generally, notifications received before 2pm on a business day will be processed using the unit price effective for that day.

## Fees

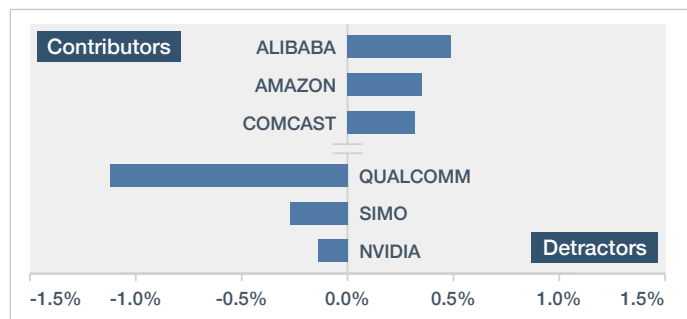
<b>Distributions</b>	Paid annually as at 30 June
<b>Annual Management Costs</b>	1.20% per annum (inc. GST)
<b>Performance Related Fee</b>	15% in excess of the hurdle return with a high watermark payable six monthly as at 30 June and 31 December each year

## Unit Prices

<b>Date</b>	31 January 2017
<b>Entry Price (in AUD)</b>	1.1382
<b>Exit Price (in AUD)</b>	1.1326

like by just asking. The very engaging advertisement, with Alec Baldwin, is [here](#).

Alibaba bounced too, effectively wiping out last month's underperformance, while Comcast has been doing well because it is being perceived that the company has the components to make the winning bundle. By this we mean that it has a major studio (Universal) in its asset portfolio, with which to bundle its connectivity assets, with the possibility of a Netflix competitor and mobile carrier as emerging viable businesses.



## Portfolio Construction

94% of the Fund is invested in 21 holdings which the manager considers likely outperformers.

Top Five Holdings	
Apple	12.5%
Comcast	7.8%
Amazon	7.7%
Alphabet	7.4%
Baidu	7.3%

## Learn more

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

## IMPORTANT INFORMATION

This report was prepared by Loftus Peak Pty Ltd.

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Loftus Peak doesn't guarantee the performance of the Fund or the repayment of the investor's capital. To the extent permitted by law, Loftus Peak, including its employees, consultants, advisers, officers or authorised representatives, is not liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.

## About Loftus Peak

Loftus Peak is a global fund manager with a focus on investing in listed disruptive businesses. Our team's extensive experience of successfully investing in disruptive businesses brings significant discipline to the investment process.

The Fund, which includes large capitalisation names like Apple, Google and Alibaba, is constructed on the basis of strict criteria, giving investors exposure to the some of the best and fastest-growing companies in the world, at carefully determined valuations. This kind of geographical and sectoral diversification lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

We believe self-managed super funds, and investors generally, want a professionally-managed portfolio that gives them access to these important secular trends.

## The Team

The portfolio is managed by Alex Pollak and Anshu Sharma.



### Alex Pollak: CEO, CIO and Founder

With 25 years experience in disruptive business models gained during a career with Macquarie Bank, Alex heads one of the best-performing teams in global listed disruptive business investment in Australia.

He was instrumental in bringing both Seek and Carsales.com.au to the Australian stock market. His deep knowledge of investment and global change companies means you are ideally placed to benefit financially from the movements in technology which are daily changing the face of markets.



### Anshu Sharma: Portfolio Manager

Anshu started his career in global disruption investment almost a decade ago at TechInvest. This was followed by Portfolio Manager and TMT Analyst responsibilities for the Asia region at Eight Investment Partners.

Being mentored by the best in this space early on in his career and having extensively travelled in Asia to meet hundreds of companies, Anshu brings a wealth of experience to investing globally.

He has an M.Comm from the University of New South Wales and a B.Comm (Hons) from Delhi University. He holds the CIPM® certificate and the Chartered Financial Analyst® designation.