



Loftus Peak

Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter
March 2017



Superior

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 +4.44% for March 2017, which was +2.79% above the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned +1.65% for the month.

March saw a recovery in the disruption thematic as markets recognised that even significant political changes globally would not slow the pace of growth in these emerging business models.

Performance*

	1m	3m	6m	1y	3y	Inception
Portfolio (gross-of-fees)	+4.44%	+5.85%	-	-	-	+12.26%
Index	+1.65%	+0.91%	-	-	-	+9.19%
Outperformance (gross-of-fees)	+2.79%	+4.94%	-	-	-	+3.07%
Portfolio (net-of-fees)	+4.31%	+5.51%	-	-	-	+11.76%

Portfolio Contributors and Detractors

Baidu was a minor detractor. The company is struggling, having lost its head of machine learning, Andrew Ng, at a critical time, with several other management changes coupled with commentary about a confusing executive structure.

Machine learning is an important area for the company – it has been investing heavily since 2014, with services in voice search, pattern recognition, image analysis indoors and in streetscapes and autonomous driving to name only a few. The field is an important one for Baidu, since search is extending beyond text base into images. Understanding the elements within an image means that more data can be harvested for the user and ultimately made actionable. The company has made a number of investments in this field, but none have yet translated into meaningful revenue.

*Manager estimated returns. Past performance is not indicative of future performance. 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, adjusting 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

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

Fees

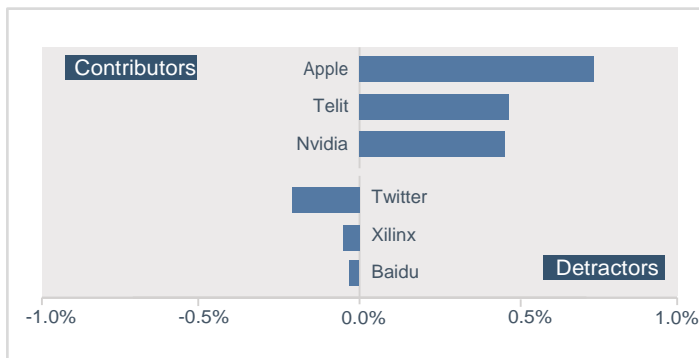
Distributions	Paid annually as at 30 June
Annual Management Costs	1.20% per annum (inc. GST)
Performance Related Fee	15% in excess of the hurdle return with a high watermark payable six monthly as at 30 June and 31 December each year

Unit Prices

Date	31 March 2017
Entry Price (in AUD)	1.1951
Exit Price (in AUD)	1.1891

Apple again performed well, while Nvidia also had a strong month as it recovered from a recent fall below US\$100. Telit was a good performer for the month as the company products are now being seen as a global leader in IOT enablement. For example, the company's sensors enable factory owners to pro-actively manage maintenance by tracking abnormalities including vibration and temperature on equipment, reducing down time and improving profitability,

The Australian dollar was a positive for us this month, depreciating by -0.78%.



Portfolio Construction

91% of the Fund is invested in 22 holdings which the manager considers likely outperformers.

Top Five Holdings	
Apple	12.2%
Amazon	7.8%
Alphabet	7.1%
Baidu	6.8%
Comcast	6.1%

Learn more

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

IMPORTANT INFORMATION

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A PDS and application form is available at www.loftuspeak.com.au. Loftus Peak and Equity Trustees do not guarantee the performance of the Fund or the repayment of the investor's capital. To the extent permitted by law, neither Equity Trustees, Loftus Peak, nor any of their related parties including its employees, directors, consultants, advisers, officers or authorised representatives, are 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.