



Loftus Peak

Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter
July 2017



The Loftus Peak Global Disruption Fund invests in companies that are changing the face of business. The Fund provides geographical and sectoral diversification to lower 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 net¹ of fees was +0.52% for July 2017, which was +1.62% above the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned -1.10% for the month.

Performance

	1m	3m	6m	1y	3y p.a.	Inception
Fund (Net) ¹	+0.52%	+2.62%	+13.57%	-	-	+20.89%
Index ²	-1.10%	-1.07%	+5.81%	-	-	+12.14%
Value Added(Net) ³	+1.62%	+3.69%	+7.76%	-	-	+8.75%

Past performance is not a reliable indicator of future performance.

Source for performance: Loftus Peak

¹ Net-of-fees performance is based on end-of-month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions.

Figures include changes in principal value. Investment return and principal value will vary, and an account may be worth more or less at termination than at inception. For further details, please refer to each fund's product disclosure statement and reference guide.

² The index for the fund is MSCI All Countries World Index (net) as expressed in AUD from Bloomberg

³ The Value Added is shown as the Fund (Net) minus its Index.

Portfolio Contributors and Detractors

Baidu reported good earnings, with reduced TAC (traffic acquisition cost) – the money paid by Baidu to other websites to steer traffic through its web services. The company held its first AI developer conference in July, building on its autonomous driving project to launch Apollo, with partners including Intel, Bosch, Continental, and NVIDIA. The applications of AI to Baidu's services are broad, and are already materializing in the Transaction Services business unit, which comprises Baidu Wallet, an online payments system, as well as other mapping, food delivery, and entertainment products.

Apple had a pleasing quarter on the back of strong 3rd quarter results, which saw strong growth in online services revenue – Apple Music, iCloud and the like. We anticipate online services will become a driver in the coming years.

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

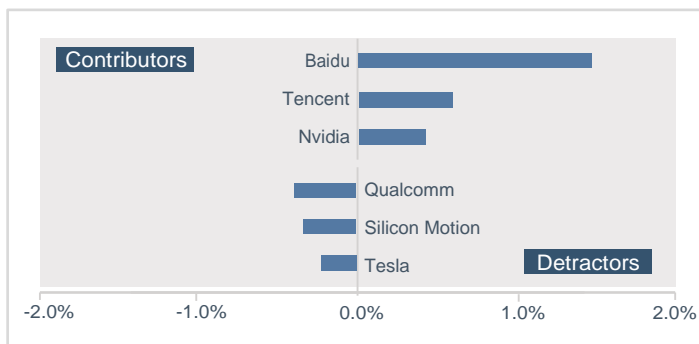
Distributions	Paid annually as at 30 June
Annual Management Costs	1.20% per annum (inc. GST)
Performance Related Fee	15% in excess of the hurdle return with a high watermark payable six monthly as at 30 June and 31 December each year

Unit Prices

Date	31 July 2017
Entry Price (in AUD)	1.2927
Exit Price (in AUD)	1.2863

Tencent came up positive for July, with game popularity and WeChat growing as new functionality is added, and the ease of paying through WeChat entices.

The Australian dollar was the major driver of the negative performance across the whole portfolio, appreciating by +4.1% against US dollar.



Portfolio Construction

90.8% of the Fund is invested in 20 holdings which the manager considers likely outperformers.

Top Five Holdings		Capitalisation USD	
Apple	9.9%	Mega Cap > \$100b	52.5%
Baidu	8.4%	Large Cap \$50-100b	24.6%
Tencent	7.8%	Mid Cap \$2-50b	6.9%
Nvidia	7.7%	Small Cap < \$2b	6.8%
Alibaba	7.5%		

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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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.