

# Loftus Peak Global Change Portfolio

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter  
September 2017

Disruption is taking place across all industries – retail, transport, energy and banking, to name a few. Loftus Peak invests to generate returns from these major secular shifts. The geographic and sectoral diversification in the portfolio lowers the concentration risk inherent in the typical Australian portfolio with its heavy skew toward banks, resources and the Australian dollar.

## Review & Outlook

The portfolio manager estimated return gross of fees\* was +2.12% for September 2017, which was -0.95% below the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned +3.06% for the month.

## Performance\*

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Portfolio (gross-of-fees)	+2.12%	+5.84%	+14.05%	+24.18%	+18.95%	+21.26%
Index	+3.06%	+3.00%	+6.95%	+15.96%	+11.38%	+12.25%
Outperformance (gross-of-fees)	-0.95%	+2.85%	+7.10%	+8.22%	+7.56%	+9.01%
Portfolio (net-of-fees)	+2.01%	+5.49%	+12.14%	+21.02%	+16.31%	+18.65%

## Portfolio Contributors and Detractors

September was a lacklustre month performance-wise, largely owing to the cooling of Apple stock after its new products were announced, with a subdued response from the industry and consumers to the new iPhone.

Nvidia was strong later in the month on the back of news that Tencent and Alibaba datacentres are upgrading to NVIDIA Volta GPU accelerators. These systems can deliver significant performance uplift for machine learning tasks relevant to customer facing businesses such as retail and media.

Comcast sold down slightly as the company's pay tv subscriber numbers were worse than expected. However, the company's revenue growth has been the strongest among its competition for the last 10 quarters.

\*Manager estimated returns. The Portfolio Benchmark is the MSCI ACWI (net) (as expressed in AUD from Bloomberg). Portfolio Inception date is 30/06/14. 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. 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. 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. 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.

## Key Facts

Inception Date	30 June 2014
Product Type	Managed Discretionary Account
Product Sponsor	Mason Stevens Ltd
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
Number of Investments	10-30
Minimum Cash Allocation	1%
Maximum Cash Allocation	50%
Maximum weighting per investment	20% at time of purchase
Minimum Investment	AU\$50,000
Liquidity	Daily
Suggested Timeframe	3-5 years

## Fees

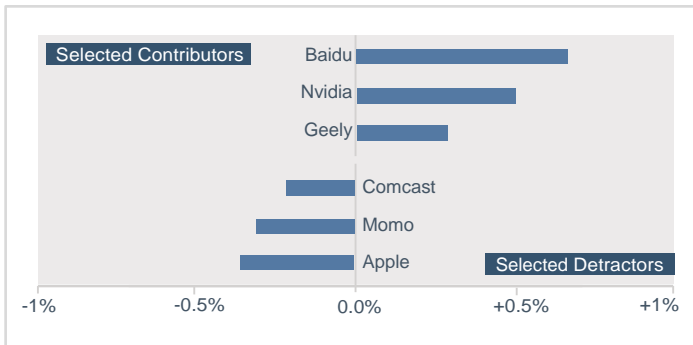
Annual Management Cost	1.00% per annum (inc. GST) calculated daily and charged monthly in arrears
Performance Fee	15% of excess returns over the benchmark return
Transaction cost	0.55% of the value of the transaction

It is not broadly appreciated that Tencent at just over US\$500b in market capitalisation is worth the same as Facebook. But Tencent has a huge business in gaming and payments (through WeChat) which Facebook does not.

Chinese internet giant Baidu pushed the button on the float of iQiyi, its YouTube like video business, which has been powering the stock price in the past weeks.

The Australian dollar was weaker over the month, falling -1.56% against the US dollar.

## Contributors and Detractors



## Portfolio Construction

90.5% of the Portfolio is invested in 21 holdings which the manager considers likely outperformers. The balance is in cash.

Selected Top Holdings		Capitalisation USD	
Apple	8.9%	Mega Cap > \$100b	57.9%
Baidu	7.4%	Large Cap \$50-100b	14.3%
Alibaba	7.2%	Mid Cap \$2-50b	13.4%
Alphabet	7.4%	Small Cap < \$2b	4.8%
Nvidia	7.1%		

## 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](http://www.loftuspeak.com.au) or email [enquiry@loftuspeak.com.au](mailto:enquiry@loftuspeak.com.au)

### IMPORTANT INFORMATION

This report was prepared by Loftus Peak Pty Ltd. This document has been prepared for the purpose of providing general information only, without taking account of your particular investment objectives, financial circumstances or needs. It is not intended to take the place of professional advice and we do not express any view about the accuracy or completeness of information that is not prepared by us and no liability is accepted for any errors it may contain. You should consider the Product Disclosure Statement ("PDS") in deciding whether to acquire, or continue to hold, the product. A PDS and application form is available at [www.loftuspeak.com.au](http://www.loftuspeak.com.au). Loftus Peak doesn't guarantee the performance of the portfolio 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.