

Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter
April 2018



Traditional business models are being disrupted as connectivity, networks and the sharing economy impact all industries – retail, transport, energy and banking to name a few. Loftus Peak invests to generate returns from these major secular shifts. The Fund's 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.

Review & Outlook

The Fund underperformed relative to its benchmark (MSCI All Countries World Index (net in AUD from Bloomberg)) in April, with concerns about Apple killing the iPhone X spooking the market generally. This weakening of confidence was noted by the Wall St Journal, which highlighted stock prices not rising despite EPS being up an average 23% from a year ago for more than 80% of the S&P500 companies that had reported thus far. These market conditions impacted our performance, with the Fund returning +0.72% for the month, -2.02% shy of the benchmark, which returned +2.74%.

Performance

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) ¹	+0.72%	-1.59%	+3.68%	+19.24%	-	+26.25%
Index ²	+2.74%	+0.99%	+5.14%	+13.15%	-	+18.61%
Value Added (Net) ³	-2.02%	-2.58%	-1.46%	+6.10%	-	+7.64%

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

Some of our larger capitalization core holdings, such as **Baidu** and **Apple**, recovered in late April, having not performed well in March. **Baidu** had an impressive earnings announcement, with revenues and operating income showing a year-on-year increase of 31% and 128% respectively, and strong guidance as artificial intelligence starts to take centre stage.

Another core holding, **Amazon**, also performed well, on the back of strong earnings results, with a 92% quarterly increase in operating income. **Amazon's** strengths have been in its growing cloud services division, which now serves over 1 million businesses and organisations, including the likes of McDonalds, Netflix and Spotify.

Some of our semiconductor holdings (**Qualcomm** and **Taiwan Semiconductors**) underperformed. **Qualcomm** has had continued

Key Facts

Inception Date	15 November 2016
APIR Code	MMC0110AU
Product Type	Registered Managed Investment Scheme domiciled in Australia
Responsible Entity	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	1%
Maximum Cash	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

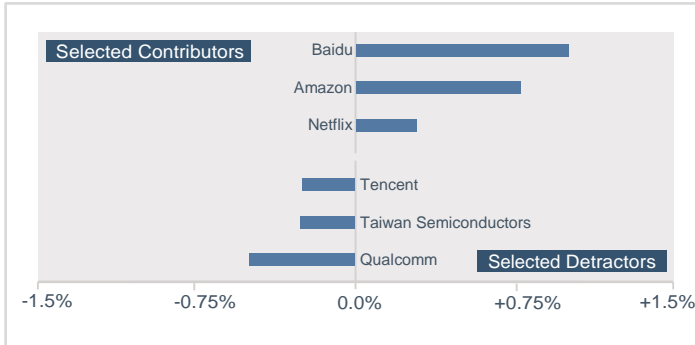
Unit Prices

Date	30 April 2018
Entry Price (in AUD)	1.4964
Exit Price (in AUD)	1.4890

pricing issues with Apple, however, these are being slowly resolved, with **Qualcomm's** technology contributing a great deal to the performance of Apple's products. **Qualcomm** also suffered following the Chinese government decision to block its takeover bid for NXP, which provides the in-car infotainment systems, core to the next generation of autos. **Taiwan Semiconductors** underperformed due to weak guidance.

The Australian dollar depreciated -1.6% over the month against the US dollar, which is beneficial to our US denominated holdings. As at 30 April 2018, the Fund carried a foreign currency exposure of 99%.

Contributors and Detractors



Portfolio Construction

The Fund is 96.6% invested in 22 holdings which the manager considers likely outperformers. The balance is in cash.

Selected Top Holdings		Capitalisation USD	
Apple	8.8%	Mega Cap > \$100b	61.2%
Amazon	8.3%	Large Cap \$50-100b	19.2%
Baidu	7.8%	Mid Cap \$2-50b	14.9%
Microsoft	7.4%	Small Cap < \$2b	2.1%
Tencent	7.4%		

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 enquiry@loftuspeak.com.au

IMPORTANT INFORMATION

This report was prepared by Loftus Peak Pty Ltd ("Loftus Peak"). Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 AFSL No. 240975, is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX:EQT), and is the Responsible Entity of the Loftus Peak Global Disruption Fund ("Fund").

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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.