

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 Portfolio'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

July was a mixed month. The portfolio performed solidly enough (up +1.66%) however it underperformed the index by -0.76%.

For the forty-nine months since inception, the portfolio has delivered +22.67% pa gross of fees, with outperformance of +9.37% pa.

Performance*

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Portfolio (gross-of-fees)	+1.66%	+10.10%	+7.70%	+29.20%	+17.94%	+22.67%
Index	+2.42%	+4.10%	+5.14%	+19.07%	+8.34%	+13.29%
Outperformance (gross-of-fees)	-0.76%	+6.00%	+2.57%	+10.13%	+9.60%	+9.37%
Portfolio (net-of-fees)	+1.55%	+8.75%	+6.03%	+25.82%	+15.03%	+19.85%

*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.

Portfolio Contributors and Detractors

US president Trump's comments on trade have continued to move markets, though less so recently, as it has become clear that neither his administration nor those affected by the tariffs are in favour, and so are finding ways around the problem. For example, one company we follow has established a joint venture with a Chinese enterprise so as to avoid this impost on free trade.

Qualcomm reported numbers which continue to be affected by Apple's legal claim regarding overcharging for its modems, with Apple following up with the announcement it will switch modem suppliers to Intel. Qualcomm remains an absolutely critical player in the move to 5G, with an excellent track record. The company announced a buyback, and the stock rallied 10%.

Google (Alphabet) also reported, showing search revenue growth of 23% (again) but delivering substantially higher EPS growth of US\$11.75 for the quarter against a consensus of US\$9.59.

Key Facts

Inception Date	30 June 2014
Product Type	Managed Discretionary Account
Product Sponsor	Mason Stevens Limited
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
Number of Investments	10-35
Minimum Cash Allocation	2%
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

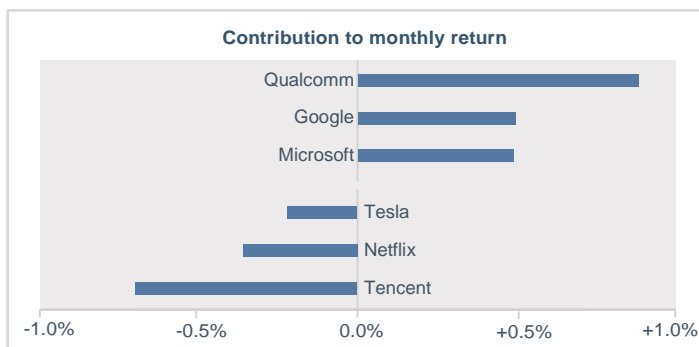
Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above \$1 million.
Performance Fee	15% of excess returns over the benchmark return
Transaction cost	0.55% of the value of the transaction

Microsoft really hit its stride in the past quarter, reporting 16% revenue growth as its sales to business of its cloud products gathered momentum (they are doubling year on year).

Tesla reached its target of 7,000 Model X and Model S produced in a week, but the stock sold off as concerns surfaced around production quality and safety. Since month end, the company has reported and won back all this underperformance, and more.

The Australian dollar appreciated +0.30% over the month against the US dollar, which meant the value of our US dollar positions fell. As at 31 July 2018, the Portfolio carried a foreign currency exposure of 98%.

Selected Contributors and Detractors



Portfolio Construction

The Portfolio is 90% invested in 25 holdings which the manager considers likely outperformers. The balance is in cash.

Selected Top Holdings		Capitalisation USD	
Apple	7.7%	Mega Cap > \$100b	56.3%
Amazon	7.3%	Large Cap \$50-100b	18.5%
Qualcomm	7.1%	Mid Cap \$2-50b	14.2%
Microsoft	7.0%		
Baidu	6.7%	Small Cap \$1-5b	1.4%

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

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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 technology 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.