



Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter
July 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

July was a mixed month. The fund performed solidly enough (up +1.10% net of fees) however it underperformed the index by -1.32%.

Since inception, the fund has delivered 28.35% pa net of fees, with outperformance of +9.91% pa.

Performance

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) ¹	+1.10%	+9.03%	+7.30%	+26.21%	-	+28.35%
Index ²	+2.42%	+4.10%	+5.13%	+19.07%	-	+18.44%
Value Added (Net) ³	-1.32%	+4.93%	+2.17%	+7.14%	-	+9.91%

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.

Fund Contributors and Detractors

The past few months have been frenetic in terms of the pace of change, with big industries including US healthcare, Chinese retail and datacenters globally under attack as new products which will change underlying business dynamics emerge.

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	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

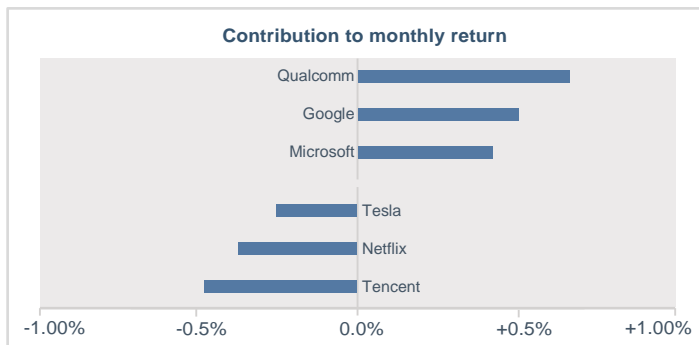
Date	31 July 2018
Entry Price (in AUD)	1.6298
Exit Price (in AUD)	1.6216

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 +0.62% 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 Fund is 89% invested in 25 holdings which the manager considers likely outperformers. The balance is in cash.

Selected Top Holdings		Capitalisation USD	
Apple	7.5%	Mega Cap > \$100b	54.7%
Qualcomm	7.1%	Large Cap \$50-100b	18.3%
Amazon	7.0%	Mid Cap \$2-50b	14.2%
Microsoft	6.4%	Small Cap \$1-5b	1.3%
Alibaba	6.4%		

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 Limited ("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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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.

