

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 had a strong January making up for the underperformance of last quarter, in which the return was +7.8%, with outperformance of +3.3%.

Xilinx Inc, our biggest position (a company on which we have been working for around three years and which we first added to the portfolio in March 2017) jumped 26% in the days following its result in January. We do not show three year returns here, since this newsletter is based on the performance of the Loftus Peak Global Disruption Fund which has only been managed by Loftus Peak since November 2016. However, the sister product, The Loftus Peak Global Change Portfolio, which has the same underlying investment objective and stock composition, has delivered +19.34% p.a. over 55 months, which is outperformance of +8.20% p.a.

## Performance

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) <sup>1</sup>	+7.77%	-0.70%	-2.45%	+4.67%	-	+19.94%
Index <sup>2</sup>	+4.50%	-1.04%	-2.55%	+2.45%	-	+12.66%
Value Added (Net) <sup>3</sup>	+3.27%	+0.33%	+0.09%	+2.21%	-	+7.28%

Past performance is not a reliable indicator of future performance.

Source for performance: Loftus Peak

<sup>1</sup> 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 units held 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.

<sup>2</sup> The index for the Fund is the MSCI All Countries World Index (net) as expressed in AUD from Bloomberg.

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

## Fund Contributors and Detractors

**Xilinx**, a company with which most readers will not be familiar, was the largest contributor. The company makes products which are used in data centres globally (e.g. those in Alibaba, Amazon and Baidu) to speed up response time. Sales of the company were up 34% in the quarter (relative to 1 year ago). The company has positioned itself to benefit from the growth in data centre workload, autonomous vehicles and the upcoming 5G roll-out. As well, we saw solid performances from both **Alibaba** and **Amazon**, while **Qualcomm**, a maker of chips for mobile telephony, languished.

## 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)
No. 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.
Research Ratings (Lonsec, SQM)	Click Lonsec or SQM logo on our website to request a copy.

## 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

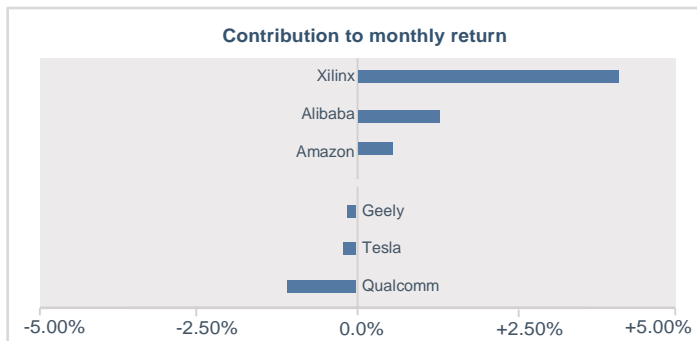
## Unit Prices

Date	31 January 2019
Entry Price (in AUD)	1.5898
Exit Price (in AUD)	1.5818

Our two electric car plays, **Geely** and **Tesla**, both of which we hold at less than 2%, were mildly negative. Geely is a solid car company in China, with a number of electric offerings in the works, in part based on engineering of Volvo.

The Australian dollar appreciated 3.57% over the month against the US dollar, which meant the value of our US dollar positions declined. As at 31 January 2019, the Fund carried a foreign currency exposure of 99%.

## Selected Contributors and Detractors



## Portfolio Construction

The Fund is 86% invested in 21 holdings which the manager considers likely outperformers. The balance is in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	11.7%	Mega Cap > \$100b	42.0%
Apple	7.4%	Large Cap \$50-100b	22.7%
Alibaba	7.3%	Mid Cap \$2-50b	20.9%
Nvidia	7.2%	Small Cap < \$2b	0.0%
Tencent	7.0%		

### 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 Cuffelinks 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

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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 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.