

Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter
April 2019



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 and Performance

Earnings season has generally been benign for many of the companies in the Fund, alleviating concerns around growth, while the Federal Reserve's hold on interest rate hikes for the foreseeable future also helped the market to rally. The Fund delivered a net-of-fees return of +6.5%, which was outperformance of +2.4%. This brings returns for 2019 to +26.3% net-of-fees, outperforming the benchmark by +10.5%. The Fund's cash levels are increasing, as we continue to take profits on positions to which we deployed cash in December, and which were trading at the lower end of their valuation range. The sister product, the Loftus Peak Global Change Portfolio, which has the same underlying investment objective and stock composition, has delivered +22.4% gross-of-fees p.a. over 58 months, which is outperformance of +9.5% p.a.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) ¹	+6.50%	+17.22%	+16.40%	+24.67%	-	+25.60%
Index ²	+4.05%	+10.85%	+9.70%	+12.45%	-	+16.07%
Value Added (Net) ³	+2.44%	+6.38%	+6.70%	+12.22%	-	+9.54%

Past performance is not a reliable indicator of future performance.

Source: Loftus Peak, MSCI

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.

Investment return and the principal value fluctuate, so your units, when sold, may be worth more or less than the original cost. For further details, please refer to the Fund's product disclosure statement and reference guide.

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

³ The Value Added is shown as the Fund (Net) minus the benchmark.

Fund Contributors and Detractors

Qualcomm was a major contributor for the month, following the settlement of a long-running dispute with **Apple** regarding modems. This settlement resulted in a six-year deal which is beneficial to both companies – Apple has certainty over the delivery of a 5G phone using Qualcomm's market leading modems and technology, and Qualcomm will see increased revenue from Apple phones. We have held Qualcomm since our inception and expect to see continued growth as the company capitalises on its strategic position in 5G. **Apple** continues to deliver as its results showed, even as it shifts its emphasis from hardware to services including Apple TV+, Apple News, healthcare, ApplePay and its new Card, among many others. This has the potential to open significant additional revenue streams from its installed base 1.4 of billion devices.

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

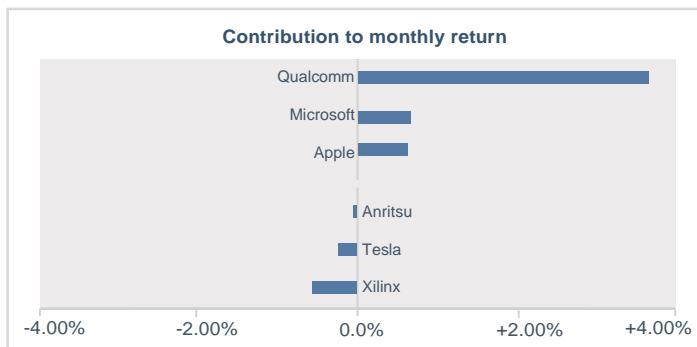
Date	30 April 2019
Entry Price (in AUD)	1.8634
Exit Price (in AUD)	1.8542

For a company that briefly surpassed a market capitalisation of US\$1 trillion, **Microsoft** seems to be defying the 'law of large numbers' principle (on which we have written previously), delivering strong growth in its cloud and enterprise offerings for the March Quarter.

Xilinx was a detractor for the month as the company's earnings and margins came in slightly lower than the market had expected. We remain confident in Xilinx's long-term strategy, especially as the world increases demand for faster processing.

The Australian dollar depreciated -0.92% over the month against the US dollar, which meant the value of our US dollar positions increased. As at 30 April 2019, the Fund carried a foreign currency exposure of 99%.

Selected Contributors and Detractors



Portfolio Construction

The Fund is 83% invested in 20 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	10.9%	Mega Cap > \$100b	49.5%
Qualcomm	9.1%	Large Cap \$50-100b	13.2%
Apple	7.8%	Mid Cap \$2-50b	20.1%
Alibaba	6.7%	Small Cap < \$2b	0.0%
Tencent	6.7%		

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 or email enquiry@loftuspeak.com.au

IMPORTANT INFORMATION

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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.

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