

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 and Performance\*

The Portfolio's poor performance in May was largely reversed in June as Presidents Trump and Xi signaled their intentions to restart trade negotiations, with the in-principle agreement that Trump will remove the restrictions placed on Huawei. What this meant is that in the lead-up to the G20 meeting at the end of June a number of our investee companies performed more strongly, after having faced the possibility of being unable to sell to Huawei because of the ban. We were therefore able to deliver a gross-of-fees return of +6.6% in June, bringing the year to +12.7%. Outperformance (relative to MSCI All Countries World Index in A\$) was +1.2% for the month, and +1.2% for the year. The results should also be seen in the context of the performance history - since inception, five years ago, the Portfolio has delivered +20.7% p.a. gross-of-fees, with outperformance of +8.0% p.a.

As we noted last month, tariffs are globally accepted as a bad tool, however if the US wins a better deal for American companies in China then this would be an important outcome (bearing in mind that Google's search engine and Facebook are blocked in China, for example, among many other foreign company restrictions imposed by the Chinese Government).

	1m	3m	6m	1y	3y p.a.	5y p.a.	Since Inception p.a.
Portfolio (gross-of-fees)	+6.56%	+2.61%	+22.87%	+12.74%	+24.29%	+20.65%	+20.65%
Index	+5.35%	+4.88%	+16.76%	+11.52%	+13.89%	+12.63%	+12.63%
Outperformance (gross-of-fees)	+1.21%	-2.28%	+6.11%	+1.22%	+10.40%	+8.02%	+8.02%
Portfolio (net-of-fees)	+6.44%	+2.27%	+22.08%	+11.27%	+21.57%	+18.08%	+18.08%

\*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 periods of 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

As we noted in the May performance review: "This mooted ban on sales to Huawei would be bad – if it happens". **Qualcomm, Xilinx** and **Nvidia** all rallied solidly toward the end of the month, as Xi himself requested the

## 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

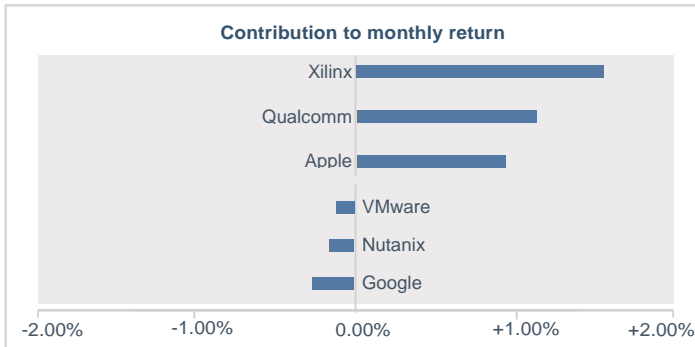
Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above \$1 million.
Performance Fee	15% of excess returns over the benchmark return
Transaction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

Huawei ban be lifted.

The whole episode only serves to underline the importance of these companies to the ambitions of Huawei in the roll-out of 5G in Europe, the UK, Asia and Africa, (and indeed progress generally in related areas for many other companies which require the processing acceleration provided by these companies, now that gains from Moore's Law are slowing down).

The Australian dollar appreciated +1.3% over the month against the US dollar, which meant the value of our US dollar positions decreased. As at 30 June 2019, the Portfolio carried a foreign currency exposure of 100%.

## Selected Contributors and Detractors



## Portfolio Construction

At month end, the Portfolio was 82% invested in 23 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	9.7%	Mega Cap > \$100b	53.3%
Tencent	7.7%	Large Cap \$50-100b	8.6%
Alibaba	7.7%	Mid Cap \$2-50b	19.6%
Amazon	7.5%		
Apple	7.4%	Small Cap < \$2b	0.7%

### 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](https://www.cuffelinks.com) 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 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.

### How can investors access Loftus Peak's global equity disruption capability?

- For **retail** investors, the Loftus Peak Global Disruption Fund
- For **wholesale** or **sophisticated** investors, the Loftus Peak Global Change Portfolio

While offered by way of two different legal structures, the two products are managed according to the same underlying investment objective.