



Loftus Peak Global Disruption Fund

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Update
June 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

The Fund'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 net-of-fees return of +6.5% in June, bringing the year to +12.0%. Outperformance (relative to MSCI All Countries World Index in A\$) was +1.2% for the month, and +0.5% for the year. The results should also be seen in the context of the performance history - since inception, two and a half years ago, the Fund has delivered +22.3% p.a. net-of-fees, with outperformance of +7.0% p.a.

Our five year gross-of-fees returns are +20.7% for The Loftus Peak Global Change Portfolio, the sister product of the Fund, with the same underlying investment objective and stock composition.

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.	Inception p.a.
Fund (Net) ¹	+6.50%	+3.19%	+22.41%	+12.02%	-	+22.32%
Index ²	+5.35%	+4.88%	+16.76%	+11.52%	-	+15.32%
Value Added (Net) ³	+1.16%	-1.69%	+5.65%	+0.50%	-	+7.00%

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

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

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

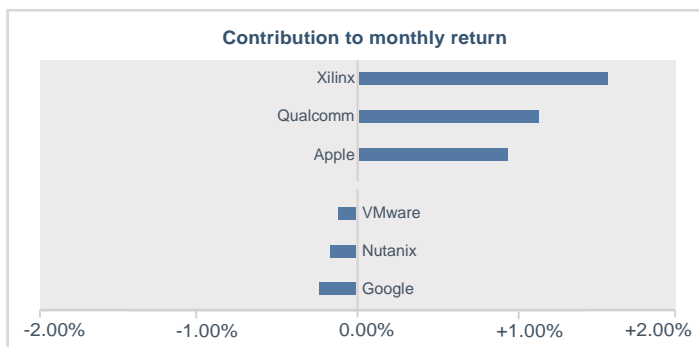
Date	30 June 2019
Entry Price (in AUD)	1.8057
Exit Price (in AUD)	1.7967

the 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 Fund carried a foreign currency exposure of 99%.

Selected Contributors and Detractors



Portfolio Construction

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

Selected Top Holdings		Capitalisation USD	
Xilinx	9.7%	Mega Cap > \$100b	53.2%
Tencent	7.8%	Large Cap \$50-100b	8.5%
Alibaba	7.7%	Mid Cap \$2-50b	19.4%
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 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.

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

Ratings	
Platforms	