

Traditional business models are being disrupted as connectivity, networks and the sharing economy impact all industries – retail, transport, communications, 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

October signalled the beginning of Wall Street’s earnings season with many companies’ share prices beaten down and a generally bearish tone. Loftus Peak used the weakness to deploy some cash. This move was rewarded as a number of investee companies reported solid numbers, especially **Apple** and **Tesla**. The impact of tariffs was also downplayed to the benefit of companies like **Nvidia**, as the US administration focuses on more pressing issues. These factors helped deliver a return for clients of +2.7% (net-of-fees) for the month, which was outperformance of +2.0% relative to the index which delivered +0.6%.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Fund (Net) ¹	+2.69%	-0.57%	-0.61%	+15.68%	-	+20.60%
Index ²	+0.65%	+2.31%	+5.38%	+15.60%	-	+15.20%
Value Added (Net) ³	+2.04%	-2.88%	-6.00%	+0.08%	-	+5.40%

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

The **Tesla** doubters were caught short as the company posted another surprise earnings number, which means the company has generated positive cash flow from its operations for five straight quarters, with GAAP net profits in three. These numbers are even more encouraging since they include a period of lower deliveries pending the ramp-up in sales in the Model 3, and as Tesla’s Shanghai Gigafactory started turning out finished cars.

Apple was also very strong, not just on the back of better than expected iPhone 11 sales, but also as the company’s services revenue soared 19.5% to US\$12.5b in the quarter, representing 18% of total sales. The company continues to leverage its 1.4 billion installed base, providing more reasons to be part of the Apple ecosystem with services including Apple Pay, Apple Card, Apple News, Apple Arcade and the most recent addition of Apple TV+.

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

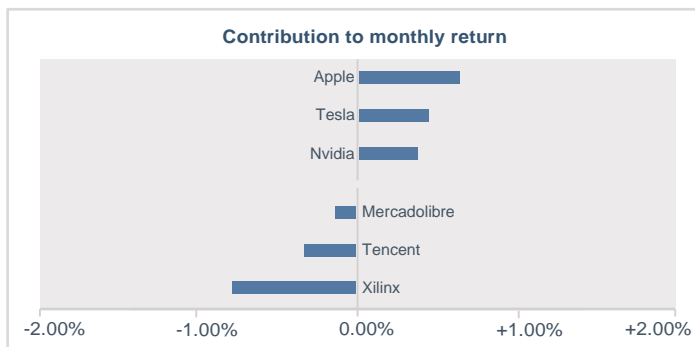
Date	31 October 2019
Entry Price (in AUD)	1.8520
Exit Price (in AUD)	1.8428

Qualcomm had a much better month as investors began to focus on the roll-out of 5G and the resulting 50% increase in average selling prices for some of its new more advanced products. arm, the company behind the chip architecture which powers a majority of smart phones, estimates there will be one trillion connected devices by 2035. We believe Qualcomm will be a key beneficiary as demand for its chips escalates.

Netflix was solid as well - streaming has been on the rise for a decade, and last year, for the first time, the number of streaming subscribers around the world (613 million) surpassed the number of cable according to the Motion Picture Association of America.

The Australian dollar appreciated +2.2% over the month against the US dollar, which meant the value of the Fund's US dollar positions decreased. As at 31 October 2019, the Fund carried a foreign currency exposure of 96%.

Selected Contributors and Detractors



Portfolio Construction

At month end, the Fund was 92% invested in 20 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	10.1%	Mega Cap > \$100b	54.1%
Alphabet	9.8%	Large Cap \$50-100b	10.7%
Apple	8.8%	Mid Cap \$2-50b	26.9%
Qualcomm	7.9%	Small Cap < \$2b	0%
Tencent	6.8%		

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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The Team

The portfolio is managed by Alex Pollak and Anshu Sharma.



Alex Pollak 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.



Rick Steele CEO

Drawing on more than 30 years in funds management and government Rick is the CEO of Loftus Peak. After a successful career in the Australian Treasury, Rick held senior positions at Prudential Assurance, Morgan Grenfell Australia, BT Funds Management, TechInvest and Eight Investment Partners.

Rick is also a director of CitizenBlue, an impact enterprise operating a container recycling service for its environmental members.

Rick has a MEd from the Australian National University, is a Fellow of the Financial Services Institute of Australasia and has completed the AICD Company Director's Course.

Ratings	Lonsec	SQM research ★★★★★	
Platforms	Invest Directly	OLIVIA123 Apply Online	MACQUARIE
	netwealth	ausmao Better results for your business	XPLORE WEALTH
	HUB24	Powerwrap	MASON STEVENS