

Quarterly performance report

Loftus Peak Global Change Managed Portfolio

31 December 2019

The Loftus Peak Global Change Managed Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

Performance as at 31 December 2019 ¹					Selected top 5 holdings	%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)		
Portfolio	0.13	10.92	34.76	18.33	Xilinx	11.2
Benchmark	-0.31	4.67	26.94	13.12	Alphabet	9.7
+/- Return	0.44	6.25	7.82	5.21	Qualcomm	9.6
					Apple	9.2
					Alibaba	8.2

Portfolio and market returns

The December Quarter saw the Portfolio deliver a strong +11.5% gross-of-fees return with +6.9% outperformance relative to the benchmark MSCI All Countries World Index in Australian dollars.

All but five of the 22 companies held in the Portfolio generated a positive contribution, with many key themes playing out, including the shift to the cloud, continuing growth in e-commerce and falling reliance on fossil fuels.

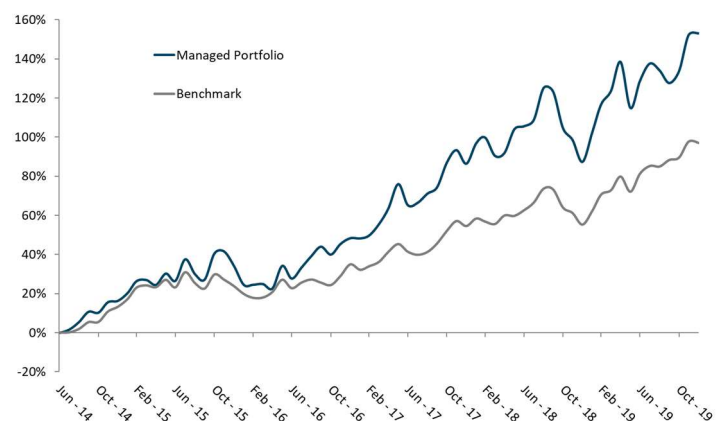
Nevertheless, by the end of December, some 20% of the Portfolio (by weight) was 30% or more below 52-week individual stock highs, which we believe suggests there is ample room to generate further outperformance in 2020.

The largest contribution came from Apple, which added one fifth of the Portfolio's performance as its share price gained +31.1% for the quarter. Chinese e-commerce giant Alibaba was not far behind – its stock price rose +26.8% in the quarter. The resolution of a number of Qualcomm disputes saw shares in the company up +15.6%. Together, these companies accounted for just over a third of Portfolio performance for the period.

We increased our position in smart television operating system Roku, which also worked well. Tesla was also strong off the back of its first Model 3s from its Shanghai factory, up +73.7% for the Quarter.

There were very small negative contributions from Anritsu and Xilinx, the latter being hurt by the continuation of the inclusion of Huawei on the US's Entity List, which means exports destined for that company are banned unless specifically licenced.

Portfolio since inception¹



¹ The Portfolio's benchmark is MSCI ACWI (net) (as expressed in AUD from Bloomberg). Past performance is not a reliable indicator of future performance and may not be achieved in the future. All information provided in this Report is correct at the date of this report. Returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the Portfolio is 30 June 2014. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

Investment objective & strategy

The Loftus Peak Global Change Managed Portfolio aims to deliver a return over the MSCI ACWI (net) (as expressed in AUD from Bloomberg), over the medium to long term by bringing a disciplined investment process to listed global companies impacted by change.

Technology is changing the world, with the leap now analogous to that which took place during the industrial revolution. Over the past 20 years, technology and innovation have changed the face of major share markets globally. The Model Portfolio will attempt to harvest return from this thematic.

The Model Portfolio offers investors the opportunity to potentially profit from the rapid, exponential growth in innovation. The Model Portfolio follows a long-only strategy that will result typically in 10-35 investments. It will also be able to move to around 50% cash from time to time, when the share market is judged to be overvalued.

About Loftus Peak

Loftus Peak is a bottom-up stock investor that seeks to deliver absolute returns over the medium to long term. Loftus Peak is a corporate authorised representative of Eight Investment Partners Pty Limited.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for Advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

Contact

Investors

Please speak
to your adviser

Key features

Investment universe	Listed global equities and cash
Benchmark	MSCI All Country World Index (net) (\$A)
Number of investments	10-35
Min cash weighting	2%
Max equity weighting	98%
Maximum individual security weights	20% (at purchase)
Rebalancing	Investment Sub-Adviser discretion
Min investment	A\$50,000
Suggested timeframe	5 years

Portfolio management

Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Managed Portfolio on the instructions of Loftus Peak as the Program Adviser.

More information

Further information about the Portfolio, including fees and costs, is outlined in the Loftus Peak Global Change Managed Portfolio Investment Mandate.

Advisers

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