

Quarterly performance report

Loftus Peak Global Change Managed Portfolio

March 2020

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 March 2020 ¹					Selected top 5 holdings		%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)			
Portfolio	-1.52	3.32	16.64	18.14	XLNX	Xilinx	10.6%
Benchmark	-8.00	-9.48	3.22	10.58	QCOM	Qualcomm	8.2%
+/- Return	6.48	12.80	13.42	7.55	AMZN	Amazon	7.8%
					GOOGL	Alphabet	7.3%
					MSFT	Microsoft	6.6%

Portfolio and market returns

COVID-19 is a global human tragedy with huge economic impacts - already the number of deaths worldwide is over 200,000, and with widespread lockdowns, the number of unemployed continues to grow.

While the team at Loftus Peak dearly hopes that the spread of the outbreak is contained with minimal fatalities, we will best serve our investors not by attempting to predict how the outbreak will progress over the coming months (something much of the market is attempting to do) but instead by staying true to our investment philosophy and process.

The Portfolio was up +3.3% for the March quarter, while the benchmark was down -9.5%. This has helped bring net-of-fees performance since inception (30 June 2014) to +18.2% p.a. which is outperformance of +7.6% p.a.

We believe there are three important elements which define Loftus Peak's investment philosophy and portfolio construction process, and which have helped our investors outperform during these extremely volatile times:

1. The companies we invest in are **disrupting traditional industries** by using the best available tools to reduce costs and improve value propositions for their consumer and enterprise customers. Within this set, the majority of our investments are in companies

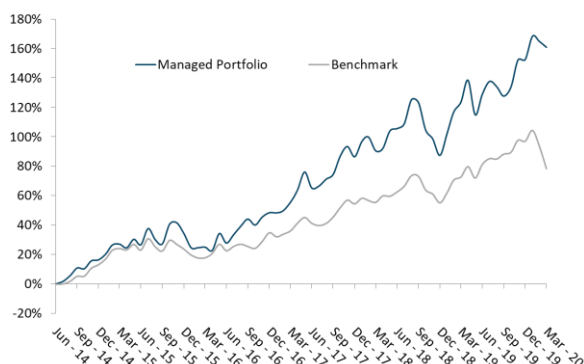
which are **well run, highly cash-generative** and that have **strong balance sheets** and so won't be unduly threatened by an economic slowdown.

2. Having **liquidity** in our investments during times of market stress is very important. The median market capitalisation of the companies in the portfolio is US\$104 billion as at 31 March 2020.
3. **Avoiding the smaller company tail risk.** At present, we hold 24 names, each screened for inclusion based on our disciplined valuation approach and backed by extensive research at the individual company level, rather than holding a majority of smaller positions with an eye to replicating an index.

Positioning the portfolio in this way greatly benefited investors as the market began rewarding financial quality – those with solid balance sheets such as Apple and Google. In addition to this, other strong performers for the quarter were those with business models adapted to the digital world such as Alibaba, MercadoLibre, Tencent and Netflix, and also those that provide elements of the cloud infrastructure required for that adaptation such as Amazon, Microsoft and Nvidia.

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.

Portfolio since inception¹



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.

Key features

Investment universe	Listed global equities, exchange traded funds 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.

Contact

Investors

Please speak to your adviser

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