



Loftus Peak Global Change Portfolio

Investing | Future Focused

Monthly Portfolio Update
September 2020



Superior

Traditional business models are being disrupted as digitisation and the internet change the way businesses and people connect and consume across all industries – retail, transport, communications, energy and banking to name a few. Loftus Peak generates investment return by positioning investors to profit from these changes. Loftus Peak's strategy complements other sharemarket investments, particularly those in Australia where there is a heavy skew towards banks, resources and the Australian dollar.

Review and Performance*

The Loftus Peak Global Change Portfolio was down -0.3% net-of-fees in September, broadly in line with the benchmark MSCI All Countries World Index net in Australian dollars (which fell -0.3%). One-year net performance to 30 September is +40.1%, with outperformance of +36.1%.

The value of most of our positions did not change much through September, having already fallen back in August as the market questioned the pace of the increases in share prices across many of our core holdings. We were on the sidelines mostly but did add to a few positions at valuations which were attractive. The Portfolio's cash holding was reduced to 10.3% by month end.

We believe that the high prices of some of our holdings reflects the emergence of new businesses launched to very large, connected customer bases rather than simple overvaluation. For example, the 1.3b users of Apple's operating system around the world have underwritten the successful launch of Apple Pay, while Facebook has 2 billion users to whom it can roll out new advertising products.

At the same time, we believe there is some mispricing in selected companies; where this is the case we have taken profits.

	1m	3m	6m	1y	3y p.a.	5y p.a.	Inception p.a.
Portfolio (gross-of-fees)	-0.22%	+10.59%	+26.61%	+46.35%	+25.93%	+23.49%	+23.48%
Benchmark	-0.27%	+3.89%	+9.69%	+3.93%	+10.36%	+9.81%	+11.34%
Outperformance (gross-of-fees)	+0.05%	+6.69%	+16.91%	+42.42%	+15.57%	+13.67%	+12.14%
Portfolio (net-of-fees)	-0.33%	+10.23%	+22.22%	+40.06%	+22.43%	+20.25%	+20.45%

*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.

Key Facts

Inception Date	30 June 2014
Strategy FUM (AUD)	\$135 million
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

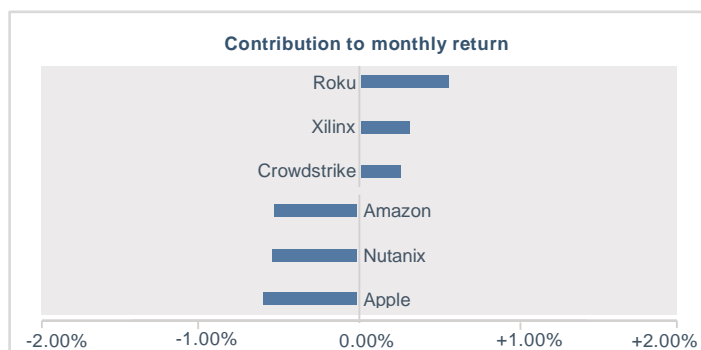
Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above \$1 million.
Performance Fee	15% of excess returns over the benchmark return
Transaction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

Contributors and Detractors to Return

Best performers for the month include Roku, which is emerging as the de facto operating system for new connected televisions in the US; it has the largest share of new smart TVs sales in the US with one in three being a Roku TV, while Xilinx, a maker of accelerator products in the data centre and for cars was also a solid contributor. Apple, Nutanix and Amazon were all negative for the month following very strong outperformance in prior months.

The Australian dollar depreciated -2.9% over the month against the US dollar, which meant the value of the Portfolio's US dollar positions increased. As at 30 September 2020, the Portfolio carried a foreign currency exposure of 100%.

Selected Contributors and Detractors



Portfolio Construction

At July month end, the Portfolio was 89.7% invested in 23 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	9.4%	Mega Cap > \$100b	60.7%
Qualcomm	9.2%	Large Cap \$50-100b	5.1%
Amazon	8.1%	Mid Cap \$2-50b	23.9%
Apple	7.4%	Small Cap < \$2b	0%
Alibaba	7.0%		

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 Firstlinks or visit us at www.loftuspeak.com.au or email enquiry@loftuspeak.com.au

IMPORTANT INFORMATION

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The Team



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.

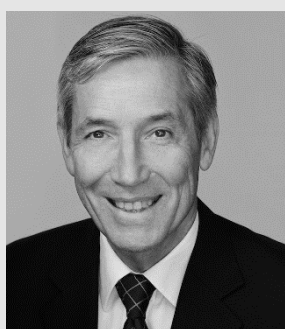
He was instrumental in bringing both Seek and Carsales.com to the Australian stock market. He has a deep knowledge of investment and global change companies.



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.



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 Chairman of CitizenBlue, an impact enterprise operating a container recycling service for its environmental members.

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.