

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*

COVID-19 accelerated in July across many regions of the world, including the US and Australia, increasing hospitalisations and deaths, even as a number of companies (including Astra-Zeneca, Johnson & Johnson and Gilead) moved to later stage trials. These developments are generating confusion, as markets rally in the belief a vaccine or treatment is within reach even as the number who bear witness to the virus’ grim work increases.

Investors in the Loftus Peak Global Change Portfolio were up +5.6% gross-of-fees, with outperformance of +4.1% against the benchmark MSCI All Countries World Index net in Australian dollars which was up +1.5%.

It is now widely understood that global business is changing. Big office and retail trusts around the world are trading well down from January highs, while cruise ships and airlines are fighting for their very existence.

The virus has emerged as a “forcing function” changing behaviour around the world - behaviour which is unlikely to change back meaningfully in the medium term.

Our portfolio composition remained broadly unchanged in the month, retaining many holdings that benefit from the shift online for shopping and entertainment. We continue to add moderate levels of cash to protect against possible broader sharemarket weakeners.

	1m	3m	6m	1y	3y p.a.	5y p.a.	Inception p.a.
Portfolio (gross-of-fees)	+5.62%	+11.45%	+17.83%	+34.20%	+26.03%	+20.51%	+23.26%
Benchmark	+1.52%	+3.51%	-6.46%	+3.22%	+11.00%	+7.87%	+11.24%
Outperformance (gross-of-fees)	+4.10%	+7.94%	+24.29%	+30.98%	+15.03%	+12.64%	+12.02%
Portfolio (net-of-fees)	+5.50%	+7.94%	+13.74%	+28.43%	+22.53%	+17.35%	+20.20%

*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)	\$122 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

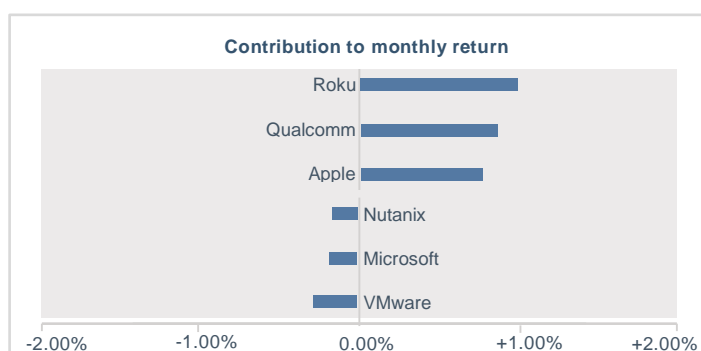
Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above \$1 million.
Performance Fee	15% of excess returns over the benchmark return
Transaction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

Contributors and Detractors to Return

The August reporting season provided proof in numbers that this forcing function is real, with **Qualcomm, Roku, Apple** and **Alibaba** all providing material we expect should uplift the Portfolio's return. We have important holdings in cloud infrastructure which underperformed but improve in the coming year. Meanwhile, the announcement by Intel that it would again delay the production of its 7 nanometer CPU chips puts the company behind the Taiwan company **TSMC**. The process of miniaturisation, which has already put a fully featured computer in the palm of your hand (in the form of a smartphone) will continue, of course, but Intel's role will change. This will result in significant shifts in value between players.

The Australian dollar appreciated +3.5% over the month against the US dollar, which meant the value of the Portfolio's US dollar positions decreased. As at 31 July 2020, the Portfolio carried a foreign currency exposure of 100%.

Selected Contributors and Detractors



Portfolio Construction

At July month end, the Portfolio was 85.1% invested in 22 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	9.5%	Mega Cap > \$100b	60.8%
Amazon	8.5%	Large Cap \$50-100b	3.9%
Apple	8.3%	Mid Cap \$2-50b	20.5%
Qualcomm	7.9%	Small Cap < \$2b	0%
Tencent	6.4%		

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.

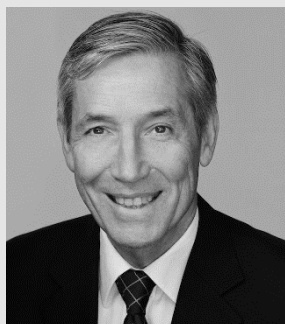
He was instrumental in bringing both Seek and Carsales.com to the Australian stock market. He has a deep knowledge of investment and global change companies.



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.