



# Loftus Peak Global Change Portfolio

Investing | Future Focused

Monthly Portfolio Update  
June 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 broader market continued its rally from its COVID-19 induced low on 23 March, but not enough to push it into positive territory in Australian dollar terms - the Portfolio’s benchmark was down -0.5% (MSCI All Countries World Index net in Australian Dollars). The Loftus Peak Global Change Portfolio performed better than this and was up +3.3% gross-of-fees, which was outperformance of +3.8%. This pushed Portfolio performance for the financial year ended 30 June 2020 to +32.2%, which was outperformance of +28.2%.

The general market rally came as a result of the belief, mistaken or otherwise, that COVID-19 restrictions could be safely eased. The outperformance for Loftus Peak investors was driven primarily by the fact that many of the Portfolio’s holdings already had in place the tools for operating at a distance - tools which then became core to operating in a COVID-affected world. The solutions include audio and video communication software and contactless transactions for health, retailing, advertising, transport and finance to name just a few. The virus emerged as a “forcing function” changing business and social behaviour across the globe - behaviour which is unlikely to change back meaningfully in the medium term given a) the uncertainties of a cure and b) the fact that the underlying business models of LP investee companies are better/faster/cheaper.

The Loftus Peak Change Portfolio has also now reached the six year milestone, delivering gross-of-fees performance of +22.5% p.a. since inception, which is outperformance of +11.4% p.a.

	1m	3m	6m	1y	3y p.a.	5y p.a.	Inception p.a.
Portfolio (gross-of-fees)	+3.29%	+14.49%	+18.67%	+32.15%	+24.10%	+21.23%	+22.50%
Benchmark	-0.53%	+5.58%	-4.43%	+3.91%	+10.04%	+8.87%	+11.13%
Outperformance (gross-of-fees)	+3.82%	+8.90%	+23.10%	+28.24%	+14.07%	+12.36%	+11.37%
Portfolio (net-of-fees)	+0.25%	+10.88%	+14.56%	+26.46%	+20.65%	+18.05%	+19.44%

\*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)	\$117 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

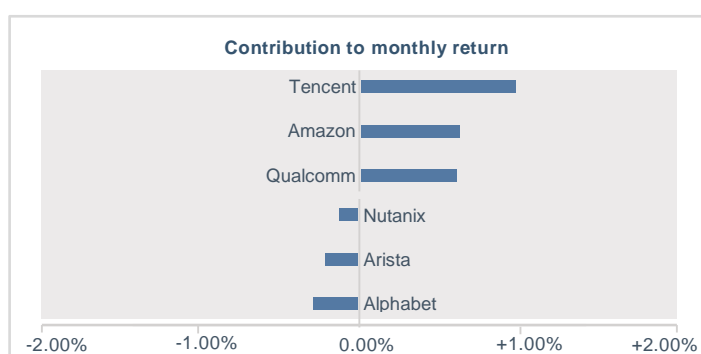
## Contributors and Detractors to Return

The June return was driven by very solid contributions from **Qualcomm, Apple and Tencent**. **Qualcomm** was up +13% in June based on the expectation that the 5G rollout is still on track despite the virus. **Apple** rode similar tailwinds with the release of its 5G iPhone now only a few months away. Investors also see the company's services revenue as a likely beneficiary of increased dependence on its iPhones during COVID-19.

The biggest detractor was **Alphabet** which was weak as questions again surfaced around its practices in search and advertising, with talk that US regulators are considering ways to lessen its dominance.

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 30 June 2020, the Portfolio carried a foreign currency exposure of 99%.

## Selected Contributors and Detractors



## Portfolio Construction

At June month end, the Portfolio was 78% invested in 24 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	8.8%	Mega Cap > \$100b	54.6%
Amazon	7.2%	Large Cap \$50-100b	2.0%
Qualcomm	6.5%	Mid Cap \$2-50b	21.4%
Tencent	6.4%	Small Cap < \$2b	0%
Alphabet	5.9%		

### 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](http://www.loftuspeak.com.au) or email [enquiry@loftuspeak.com.au](mailto: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.

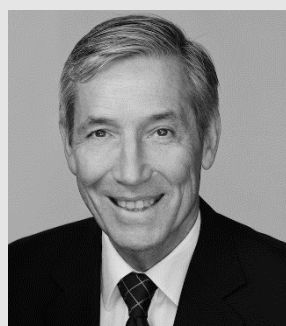
He was instrumental in bringing both Seek and Carsales.com to the Australian stock market. He has a deep knowledge of investment and global change companies.



### 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.