



Loftus Peak Global Disruption Fund

Investing | Future Focused

Monthly Fund Update
April 2020



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 remarkable thing that took place during the explosion of COVID-19 cases in the past three months was the acceleration of the move toward digitisation. This has been in train for twenty years, of course, with the difference that the virus has *forced* significant additional adoption of digital tools to work, bank, shop and be entertained, whether by conferencing on-line or through already popular applications. We believe that a good number of these practices will stick after COVID-19 passes.

In turn, this has driven very strong growth in revenues for a number of our well-placed investee companies. For example, **Microsoft** CEO Satya Nadella said “We’ve seen two years’ worth of digital transformation in two months.”

Amazon CFO Brian Olsavsky said the company expected June quarter sales to come in between \$75 billion and \$81 billion, representing year-over-year growth of between 18% and 28% - much higher than previously forecast. Olsavsky said that Amazon has seen a big spike in grocery sales. “The biggest question we have in Q2 is about the ability to service demand,” he said.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Loftus Peak (Net) ¹	+7.00%	+3.10%	+17.67%	+16.95%	+20.24%	+23.04%
Benchmark ²	+3.55%	-9.63%	-2.52%	+2.72%	+9.33%	+12.04%
Outperformance (Net) ³	+3.45%	+12.73%	+20.19%	+14.23%	+10.91%	+11.00%

Past performance is not a reliable indicator of future performance.

Source: Loftus Peak, MSCI

¹ Net-of-fees performance for the Loftus Peak Global Disruption Fund is based on end-of-month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions.

Investment return and the principal value fluctuate, so your units, when sold, may be worth more or less than the original cost. For further details, please refer to the Fund’s product disclosure statement and reference guide.

² The benchmark for the Fund is the MSCI All Countries World Index (net) as expressed in AUD from Bloomberg.

³ Outperformance is shown as the Fund (Net) minus the benchmark.

There are solid results elsewhere in our portfolio, for example **Roku**, as a result of the shift in advertising industry economics away from traditional TV and towards over-the-top platforms. Anthony Wood, CEO, highlighted the long-term implications when he suggested “spending [on traditional TV advertising] will come back, but it’s likely in our view not to come back in the way that it had been.”

Key Facts

Inception Date	15 November 2016
APIR Code	MMC0110AU
Fund FUM (AUD)	\$89 million
Strategy FUM (AUD)	\$109 million
Product Type	Registered Managed Investment Scheme domiciled in Australia
Responsible Entity	Equity Trustees Limited
Investment Universe	Listed Global Equities
Benchmark	MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg)
No. of Investments	15-35
Minimum Cash	1%
Maximum Cash	50%
Suggested time frame	3-5 years
Minimum Investment	AU\$5,000
Pricing Frequency	Daily
Withdrawal Notice	Generally, notice received by 2pm receives price effective for that business day.
Research Ratings (Lonsec, SQM)	Click Lonsec or SQM logo on our website to request a copy.

Fees

Distributions	Paid annually as at 30 June
Annual Management Costs	1.20% per annum (inc. GST)
Performance Related Fee	15% in excess of the hurdle return with a high watermark payable six monthly as at 30 June and 31 December each year

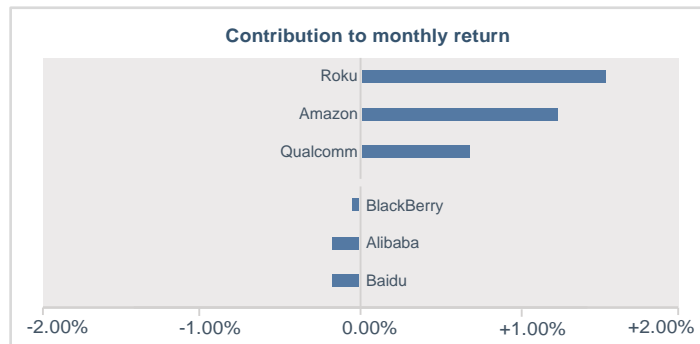
Unit Prices

Date	30 April 2020
Entry Price (in AUD)	2.1792
Exit Price (in AUD)	2.1684

The Loftus Peak Global Disruption Fund was up 7% net-of-fees in April, with outperformance of 3.5% relative to the benchmark MSCI All Country World Index (net in \$A).

The Australian dollar appreciated +7.0% over the month against the US dollar, which meant the value of the Fund's US dollar positions decreased. As at 30 April 2020, the Fund carried a foreign currency exposure of 95%.

Selected Contributors and Detractors



Portfolio Construction

At April month end, the Fund was 91% invested in 24 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	8.7%	Mega Cap > \$100b	52.3%
Qualcomm	7.8%	Large Cap \$50-100b	9.8%
Amazon	7.0%	Mid Cap \$2-50b	25.1%
Alphabet	6.2%	Small Cap < \$2b	3.8%
Tencent	6.2%		

Learn more

For the latest on investment in global change and disruption, visit us at www.loftuspeak.com.au, email enquiry@loftuspeak.com.au or see commentary in the Australian Financial Review, Constant Investor, the Sydney Morning Herald, or on Firstlinks.

IMPORTANT INFORMATION

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The Team

The portfolio is managed by Alex Pollak and Anshu Sharma.



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.au to the Australian stock market. His deep knowledge of investment and global change companies means you are ideally placed to benefit financially from the movements in technology which are daily changing the face of markets.

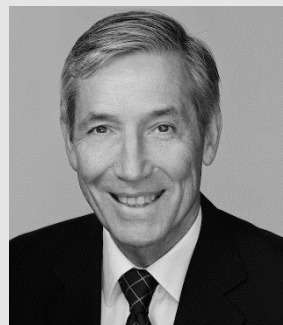


Anshu Sharma Portfolio Manager and Founder

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.

He has an M.Comm from the University of New South Wales and a B.Comm (Hons) from Delhi University. He holds the CIPM® certificate and the Chartered Financial Analyst® designation.



Rick Steele CEO and Founder

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.

Rick has a MEd from the Australian National University, is a Fellow of the Financial Services Institute of Australasia and has completed the AICD Company Director's Course.

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