



# Loftus Peak Global Disruption Fund

Investing | Future Focused

Monthly Fund Update  
July 2020



Superior

Traditional business models are being disrupted as digitisation and the internet change the way businesses and people connect, communicate 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 Disruption Fund were up +4.6% net-of-fees, with outperformance of +3.1% 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.	Inception p.a.
Loftus Peak (Net) <sup>1</sup>	+4.64%	+10.69%	+14.12%	+29.50%	+23.16%	+24.70%
Benchmark <sup>2</sup>	+1.52%	+3.51%	-6.46%	+3.22%	+11.00%	+12.22%
Outperformance (Net) <sup>3</sup>	+3.12%	+7.18%	+20.58%	+26.28%	+12.16%	+12.48%

Past performance is not a reliable indicator of future performance.

Source: Loftus Peak, MSCI

<sup>1</sup> 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.

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

<sup>3</sup> Outperformance is shown as the Fund (Net) minus the benchmark.

## Key Facts

Inception Date	15 November 2016
APIR Code	MMC0110AU
Fund FUM (AUD)	\$106 million
Strategy FUM (AUD)	\$121 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

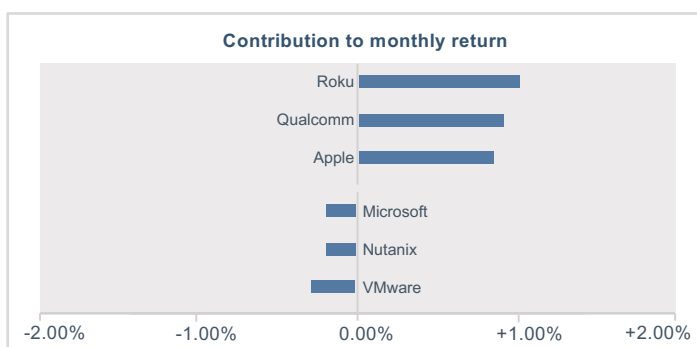
Date	31 July 2020
Entry Price (in AUD)	2.4122
Exit Price (in AUD)	2.4002

## 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 Fund'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 +4.2% over the month against the US dollar, which meant the value of the Fund's US dollar positions decreased.

## Selected Contributors and Detractors



## Portfolio Construction

At July month end, the Fund was 85.0% invested in 22 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	9.1%	Mega Cap > \$100b	61.5%
Apple	8.8%	Large Cap \$50-100b	3.7%
Amazon	8.8%	Mid Cap \$2-50b	19.8%
Qualcomm	8.0%	Small Cap < \$2b	0.0%
Alibaba	6.1%		

### Learn more

For the latest on investment in global change and disruption, visit us at [www.loftuspeak.com.au](http://www.loftuspeak.com.au), email [enquiry@loftuspeak.com.au](mailto: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



**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.

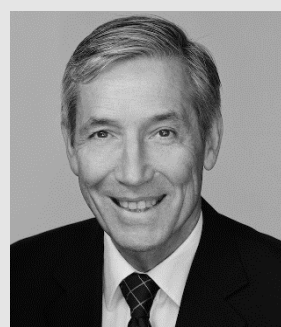
He was instrumental in bringing both Seek and Carsales.com to the Australian stock market. He has a deep knowledge of investment and global change companies.



**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.

<b>Firm Awards</b>	
<b>Ratings</b>	
<b>Platforms</b>	