



# Loftus Peak Global Disruption Fund

Investing | Future Focused

Monthly Fund Update  
June 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

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 Fund's benchmark was down -0.5% (MSCI All Countries World Index net in Australian dollars). The Loftus Peak Global Disruption Fund performed better than this and was up +2.7% net-of-fees, which was outperformance of +3.2%. This pushed Fund performance for the financial year ended 30 June 2020 to +27.7%, which was outperformance of +23.8%. 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 Fund'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.

It is also worth noting that the Fund's sister product, the Loftus Peak Change Portfolio, reached the six year milestone. It has delivered gross-of-fees performance of +22.5% p.a. since inception six years ago, which is outperformance of +11.4% p.a. The portfolio is managed according to the same underlying investment objective, but differs by way of legal structure (managed discretionary account) and inception date.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Loftus Peak (Net) <sup>1</sup>	+2.65%	+13.18%	+15.57%	+27.67%	+21.52%	+23.77%
Benchmark <sup>2</sup>	-0.53%	+5.58%	-4.43%	+3.91%	+10.04%	+12.05%
Outperformance (Net) <sup>3</sup>	+3.18%	+7.60%	+20.00%	+23.76%	+11.49%	+11.72%

**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)	\$97 million
Strategy FUM (AUD)	\$117 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 June 2020
Entry Price (in AUD)	2.3052
Exit Price (in AUD)	2.2937

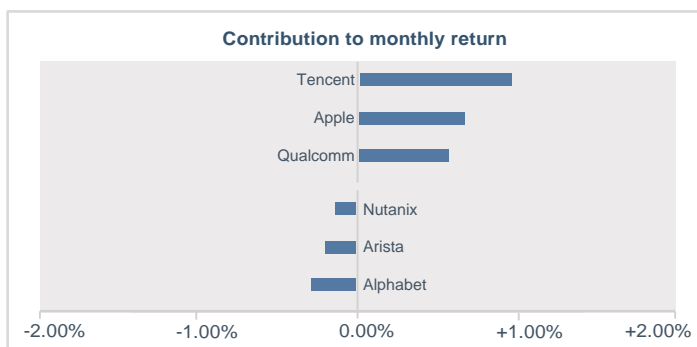
## Contributors and Detractors to Return

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 +3.7% over the month against the US dollar, which meant the value of the Fund's US dollar positions decreased. As at 30 June 2020, the Fund carried a foreign currency exposure of 98%.

## Selected Contributors and Detractors



## Portfolio Construction

At June month end, the Fund was 77.8% invested in 24 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	8.5%	Mega Cap > \$100b	54.4%
Amazon	6.6%	Large Cap \$50-100b	2.0%
Apple	6.5%	Mid Cap \$2-50b	21.5%
Qualcomm	6.4%	Small Cap < \$2b	0.0%
Tencent	6.4%		

### 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.

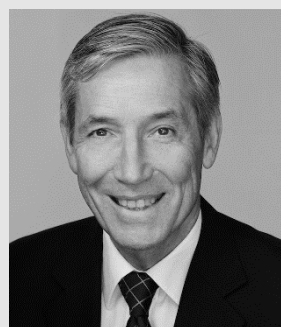
He was instrumental in bringing both Seek and Carsales.com to the Australian stock market. He has a deep knowledge of investment and global change companies.



**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>	