



# Loftus Peak Global Disruption Fund

Investing | Future Focused

Monthly Fund Update  
March 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

COVID-19 is having a devastating impact on people's health, livelihoods and savings and is by far the central issue for society today. Our hopes are that this pandemic will be manageable soon. Our focus at Loftus Peak during this time is to continue to manage the Fund to seek the best risk-adjusted return that we are able to generate.

The Fund's benchmark, the MSCI All Countries World Index (net in \$A) fell -8.0% in March 2020, while the Fund finished the month down -2.6% net-of-fees, delivering Loftus Peak investors outperformance of +5.4%. Since 31 December the Fund has delivered performance of +2.1%, against the benchmark performance of -9.5% over the same period, making for outperformance of 11.6%.

Globally, we are already in recession with many millions joining the ranks of unemployed. The question is how quickly the economy will rebound, given the massive government economic stimulus in train.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Loftus Peak (Net) <sup>1</sup>	-2.63%	+2.11%	+12.93%	+16.40%	+19.65%	+21.21%
Benchmark <sup>2</sup>	-8.00%	-9.48%	-5.26%	+3.22%	+9.43%	+11.20%
Outperformance (Net) <sup>3</sup>	+5.37%	+11.59%	+18.19%	+13.18%	+10.22%	+10.02%

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.

## Contributors and Detractors to Return

Our best performing investments were in companies well-equipped to deal with an economic slowdown – companies with strong cashflows (**Apple**) successful business models (**Netflix**) and solid balance sheets (**Amazon**, **Tencent**).

These companies have highly-adapted competitive strategies, in place before the outbreak, making them safe-haven investments during the crisis. We expect their lead will grow as people adopt new behaviours around work practices, entertainment and shopping.

## Key Facts

Inception Date	15 November 2016
APIR Code	MMC0110AU
Fund FUM (AUD)	\$83 million
Strategy FUM (AUD)	\$101 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

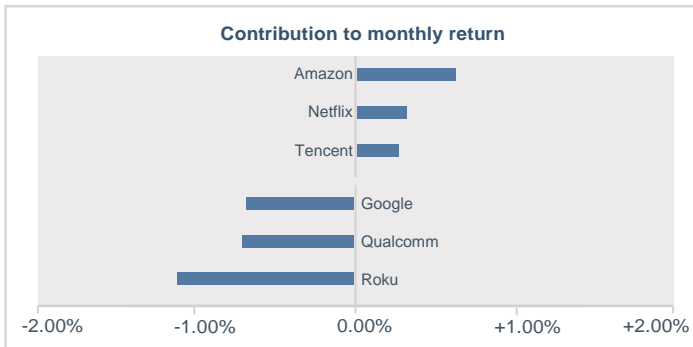
## Unit Prices

Date	31 March 2020
Entry Price (in AUD)	2.0368
Exit Price (in AUD)	2.0266

The main detractors were **Google** and **Qualcomm**. In the case of Google, advertising revenues are under pressure, however we believe that the company's cash position (over US\$100b on the balance sheet) will see it weather the downturn well. Qualcomm has been penalised as the roll-out of 5G is likely to be pushed back, but that revenue is merely delayed, not lost permanently.

The Australian dollar depreciated -5.1% over the month against the US dollar, which meant the value of the Fund's US dollar positions increased. As at 31 March 2020, the Fund carried a foreign currency exposure of 93%, giving it ability to participate in any Australian dollar rebound from its decade low levels.

## Selected Contributors and Detractors



## Portfolio Construction

At March month end, the Fund was 89% invested in 24 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Xilinx	9.8%	Mega Cap > \$100b	52.9%
Qualcomm	7.8%	Large Cap \$50-100b	10.3%
Amazon	7.5%	Mid Cap \$2-50b	24.9%
Alphabet	7.2%	Small Cap < \$2b	0.8%
Tencent	6.5%		

### 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

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.

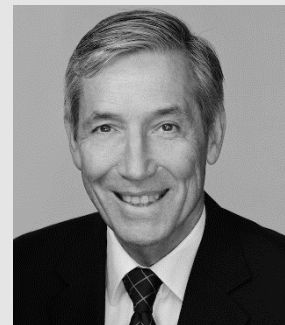


### Anshu Sharma Portfolio Manager

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

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.

Ratings		
Platforms		