

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

From its trough in February to a peak in early June, the S&P 500 rallied +44%. Whether this bull market will hold remains to be seen, especially against a backdrop of recessions in countries such as the US and UK, to name just two, as well as rising infection rates in many countries.

The Loftus Peak Global Disruption Fund posted a net-of-fees return of +3.1% for May, delivering for investors outperformance of +0.5% against our benchmark, the MSCI All Countries World Index (net in \$A). The table below highlights the position over a number of time periods, including a +23.5% p.a. return since inception.

With many investee companies approaching valuation targets, we took the opportunity to take profits and raise the Fund's cash weighting during the month.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Loftus Peak (Net) <sup>1</sup>	+3.05%	+7.37%	+12.67%	+32.46%	+18.61%	+23.48%
Benchmark <sup>2</sup>	+2.51%	-2.34%	-4.21%	+10.05%	+9.23%	+12.52%
Outperformance (Net) <sup>3</sup>	+0.54%	+9.71%	+16.88%	+22.41%	+9.38%	+10.96%

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

Continuing the trend which produced our solid showing in April, the best performing investments in the strategy were in companies with well-developed digital strategies allowing users to work and play while sheltering in place – companies such as **Amazon**, **Microsoft**, **Nvidia** and **Nutanix**. **Nvidia** continues to build its presence in the datacentre – increasingly important in a digital world – and grew revenues for that segment by 80% year-over-year. We remain confident that these companies will continue to deliver in a post-COVID-19 world, especially those with strong cashflows (**Apple**) and successful business models (**Netflix**).

## Key Facts

Inception Date	15 November 2016
APIR Code	MMC0110AU
Fund FUM (AUD)	\$95 million
Strategy FUM (AUD)	\$114 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

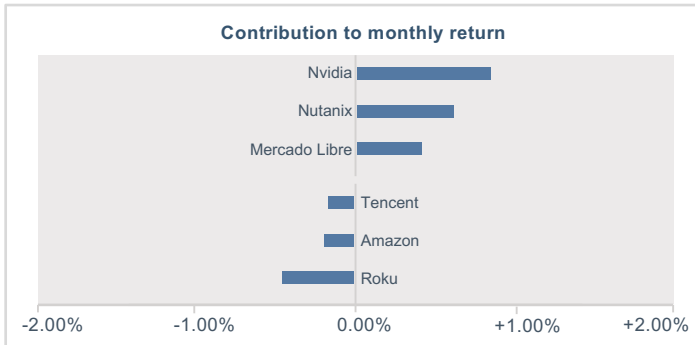
## Unit Prices

Date	31 May 2020
Entry Price (in AUD)	2.2458
Exit Price (in AUD)	2.2346

The main detractors were **Roku** and **Amazon**. Investors appeared wary of Amazon's current quarter strategy which will see the company deploy all of its quarterly cashflow (around US\$4b) to hardening its business against biohazards such as COVID-19. **Roku** expects increasing advertising revenues in a year where total advertising expenditure in the US will be down, but its share price continues to be weighed down by the market's expectation of additional competitive pressures, which we believe are overstated.

The Australian dollar appreciated +1.4% over the month against the US dollar, which meant the value of the Fund's US dollar positions decreased. As at 31 May 2020, the Fund carried a foreign currency exposure of 97%.

## Selected Contributors and Detractors



## Portfolio Construction

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

Selected Top Holdings		Capitalisation USD	
Xilinx	8.4%	Mega Cap > \$100b	47.2%
Amazon	6.4%	Large Cap \$50-100b	8.2%
Alphabet	6.1%	Mid Cap \$2-50b	22.2%
Qualcomm	6.1%	Small Cap < \$2b	0.0%
Alibaba	5.8%		

### 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.

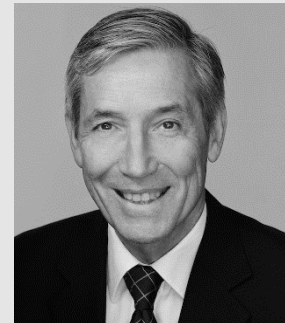


### Anshu Sharma Portfolio Manager

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.

<b>Ratings</b>		
<b>Platforms</b>		