



Loftus Peak Global Disruption Fund

Investing | Future Focused

Monthly Fund Update
October 2020



Superior

Stop Press - The Loftus Peak Global Disruption Fund is now available on the ASX as an active exchange traded fund (active ETF) with ASX code LPGD

Traditional business models are being disrupted as digitisation and the internet change the way businesses and people connect, transact 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 Loftus Peak Global Disruption Fund was up +4.7% net-of-fees in October, outperforming by +5.0% the benchmark MSCI All Countries World Index net in Australian dollars (which fell -0.3%). One-year net performance to 31 October is +43.1%, with outperformance of +40.2%.

By month end many of our larger holdings had reported solid quarterly numbers, however with most companies rallying ahead of these earnings the market sold off, likely concerned about volatility ahead of the US elections. We exited the month with a much larger cash holding of 15.1%.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Loftus Peak (Net) ¹	+4.68%	+9.87%	+21.62%	+43.11%	+22.50%	+25.93%
Benchmark ²	-0.32%	+2.02%	+5.60%	+2.93%	+8.65%	+11.97%
Outperformance (Net) ³	+5.00%	+7.86%	+16.02%	+40.18%	+13.86%	+13.96%

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.

Contributors and Detractors to Return

We hold a number of positions in companies which are enablers of 5G – meaning at-scale private and public cloud/datacentre service-delivery groups – for example Xilinx (+1.8% contribution for the month) and Qualcomm (+0.7%). The former is under an all-scrip takeover offer from AMD. Qualcomm is one of the largest players in 5G. We have been building our knowledge and understanding of the emergence of 5G for some years, and are well-positioned in the area.

Key Facts

Inception Date	15 November 2016
APIR Code	MMC0110AU
Fund FUM (AUD)	\$130 million
Strategy FUM (AUD)	\$147 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 October 2020
Entry Price (in AUD)	2.6504
Exit Price (in AUD)	2.6372

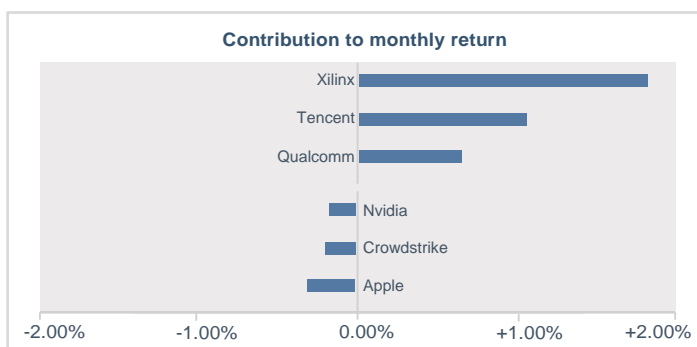
The big Chinese companies, Tencent (+1.1% contribution for the October) and Alibaba (+0.6%) were both buoyed by the proposed float of Ant Financial, however this important listing was pulled at the last moment, and these stocks gave back some of their performance post month end.

With the exception of Google, which finished the month up 10% (on excellent results from Youtube) Facebook, Amazon, Apple, Netflix and Microsoft all had muted performance. Apple was the largest negative contributor for the month, cutting -0.3% from return, with Nvidia also a minor negative (-0.2%)

However, because of the portfolio's diversification performance was still good and benefited from the very significant shifts taking place as players attempt to position themselves around rapidly-evolving business models ahead of further change.

The Australian dollar depreciated -2.0% over the month against the US dollar, which meant the value of the Fund's US dollar positions increased. As at 30 October 2020, the Fund carried a foreign currency exposure of 93.9%.

Selected Contributors and Detractors



Portfolio Construction

At October month end, the Fund was 84.9% invested in 25 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Qualcomm	9.2%	Mega Cap > \$100b	58.2%
Amazon	7.1%	Large Cap \$50-100b	4.7%
Alibaba	7.0%	Mid Cap \$2-50b	19.0%
Apple	6.6%	Small Cap < \$2b	3.0%
Tencent	6.4%		

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

This report was prepared by Loftus Peak Pty Limited ("Loftus Peak"). Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 AFSL No. 240975, is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX:EQT), and is the Responsible Entity of the Loftus Peak Global Disruption Fund ("Fund"). This document has been prepared for the purpose of providing general information only, without taking account of any individual person's investment objectives, financial circumstances or needs. This document is not intended to take the place of professional advice and we do not express any view about the accuracy or completeness of information that is not prepared by us and no liability is accepted for any errors this document may contain. You should consider the Product Disclosure Statement ("PDS") in deciding whether to acquire, or continue to hold, the product. A PDS and application form is available at www.loftuspeak.com.au. Loftus Peak and Equity Trustees do not guarantee the performance of the Fund or the repayment of the investor's capital. To the extent permitted by law, neither Equity Trustees, Loftus Peak, nor any of their related parties including its employees, directors, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.

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.

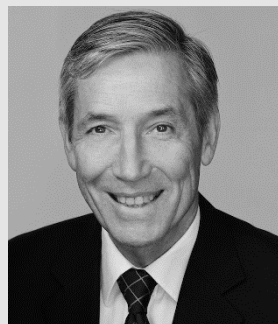
He was instrumental in bringing both Seek and Carsales.com to the Australian stock market. He has a deep knowledge of investment and global change companies.



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.

Firm Awards	
Ratings	
Platforms	