

Loftus Peak Global Change Portfolio

Investing | Future Focused



January 2021

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 Change Portfolio was up +6.5% net-of-fees in January, with outperformance of +6.3% against the benchmark MSCI All Countries World Index net in Australian dollars (which rose +0.2%). One-year net performance to January 31 was +37.5%, with outperformance of +35.0%.

As we flagged in earlier commentary, markets were supported by the stimulus package proposed by President Biden. We believe the portfolio is well positioned for the generally anticipated economic upswing as the impacts of the virus are reined in and people continue to look for better and more cost-effective ways of doing things online, whether it is working, shopping, learning or playing.

	1m	3m	6m	1y	3y p.a.	5y p.a.	Inception p.a.
Portfolio (gross-of-fees)	+6.59%	+12.37%	+23.24%	+45.21%	+27.12%	+27.77%	+25.23%
Benchmark	+0.21%	+7.45%	+9.62%	+2.53%	+9.80%	+11.84%	+11.90%
Outperformance (gross-of-fees)	+6.38%	+4.91%	+13.62%	+42.68%	+17.33%	+15.93%	+13.33%
Portfolio (net-of-fees)	+6.47%	+10.58%	+20.89%	+37.50%	+23.29%	+24.33%	+22.00%

*Manager estimated returns. The Portfolio Benchmark is the MSCI ACWI (net) (as expressed in AUD from Bloomberg). Portfolio Inception date is 30/06/14. All returns are shown to two decimal places. Returns for periods of more than one year are annualised. Total returns include realised and unrealised gains. Valuations are computed and performance reported in Australian dollars. Gross-of-fees performance returns are presented before management and performance fees but after all trading expenses. Net-of-fees performance returns are presented after management and performance fees. Returns are based on the theoretical performance of a portfolio which implemented the Model Portfolio based on simplifying assumptions and stock weightings. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, contributions and withdrawals, fees and any customisations. Past performance is not a reliable indicator of future performance and may not be achieved in the future. Each client should also take into account their own taxation situations. All information provided in this Report is correct as at the date of this Report.

Contributors and Detractors to Return

Tencent and **Alibaba** performed strongly, the latter despite dark talk about founder Jack Ma following his harsh comments about the Chinese banking system (which immediately torched the listing Ant Financial). We believe the listing is still on, but it may take another year. Tencent did very well – its share price has almost doubled in the 12 months to end January.

Roku also contributed while **Netflix** detracted from the value of the portfolio.

Despite the launch of the 5G phone by **Apple** and a strong earnings result the company did not feature meaningfully as a contributor to return.

Qualcomm burnished its credentials with several important initiatives for cars and base stations. The company reported earnings (in February) and its share price subsequently fell, with investors disappointed in the results, however we remain confident in the company's strategic positioning in the 5G rollout and what follows.

Key Facts

Inception Date	30 June 2014
Strategy FUM (AUD)	\$182 million
Product Type	Managed Discretionary Account
Product Sponsor	Mason Stevens Limited
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
No. of Investments	10-35
Minimum Cash Allocation	2%
Maximum Cash Allocation	50%
Maximum weighting per investment	20% at time of purchase
Minimum Investment	AU\$50,000
Liquidity	Daily
Suggested timeframe	3-5 years

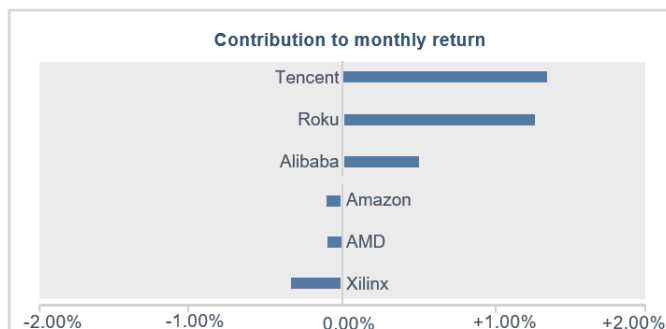
Fees

Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above \$1 million.
Performance Fee	15% of excess returns over the benchmark return
Transaction Cost	0.55% of the value of the transaction

AMD and Xilinx underperformed, likely on news that some of their biggest customers were pushing into chip design themselves, joining Microsoft, Amazon and Tesla, which have already done so.

The Australian dollar depreciated -0.6% over the month against the US dollar, which meant the value of the Portfolio's US dollar positions increased. As at 31 January 2021, the Portfolio carried a foreign currency exposure of 99%.

Selected Contributors and Detractors



Portfolio Construction

At January month end, the Portfolio was 90.9% invested in 23 holdings with the balance in cash.

Top Holdings	Capitalisation USD	
Qualcomm	Mega Cap > \$100b	70.5%
Apple	Large Cap \$50-100b	9.6%
Amazon	Mid Cap \$2-50b	10.9%
Tencent	Small Cap < \$2b	0.0%
Alibaba		

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 in a number of funds management firms in Australia, including BT Funds Management.

Rick is also Chairman of CitizenBlue, an impact enterprise operating a container recycling service for its environmental members.

How can investors access Loftus Peak's global equity disruption capability?

Investors may access Loftus Peak's global equity disruption capability in two ways:

- For all investors, the [Loftus Peak Global Disruption Fund](#), which is a unit trust; or
- For sophisticated investors, the [Loftus Peak Global Change Portfolio](#), which is a managed discretionary account.

While offered by way of two different legal structures, the two products are managed according to the same underlying investment objective and carry similar portfolio holdings. The main difference between the two products is that the Fund has a greater capacity to hedge market and currency exposure.

If you are uncertain as to which product is appropriate for you, we suggest you speak with your financial adviser or contact us directly at enquiry@loftuspeak.com.au.

IMPORTANT INFORMATION:

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