

# Loftus Peak Global Disruption Fund

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 Disruption Fund was up +5.2% net-of-fees in January, outperforming the benchmark MSCI All Countries World Index net in Australian dollars by +5.0% (it rose +0.2%). One-year net performance to 31 January is +39.5%, which is outperformance of +37.0%.

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.	4y p.a.	Inception p.a.
Loftus Peak (Net) <sup>1</sup>	+5.24%	+11.25%	+22.24%	+39.49%	+24.75%	+27.02%	+27.41%
Benchmark <sup>2</sup>	+0.21%	+7.45%	+9.62%	+2.53%	+9.80%	+12.22%	+13.14%
Outperformance (Net) <sup>3</sup>	+5.04%	+3.80%	+12.62%	+36.96%	+14.95%	+14.80%	+14.27%

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

**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	15 November 2016
ASX Code APIR Code	LPGD MMCO110AU
Fund FUM (AUD)	\$163 million
Strategy FUM (AUD)	\$182 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 <sup>1</sup>
Pricing Frequency	Daily
Withdrawal Notice	Generally, notice received by 2pm receives price effective for that business day.
Research Ratings (Lonsec, SQM, Zenith)	Click Lonsec, SQM or Zenith logo on our website to request a copy.

<sup>1</sup> Only applicable to investors who apply for units directly with the Fund.

## Fees

Distributions	Paid annually as at 30 June
Annual Management Costs	1.20% per annum (inc. GST)
Performance	15% in excess of the hurdle return with a high watermark payable six monthly as at 30 June and 31 December each year

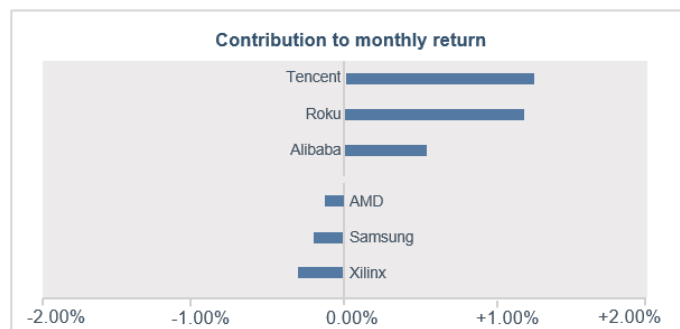
## Unit Prices

Date	29 January 2021
Entry Price (in AUD)	2.9487
Exit Price (in AUD)	2.9339

**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 Fund's US dollar positions increased. As at 31 January 2021, the Fund carried a foreign currency exposure of 94%.

## Selected Contributors and Detractors



## Portfolio Construction

At January month end, the Fund was 87.1% invested in 23 holdings with the balance in cash exposure.

Top Holdings	Capitalisation USD	
Qualcomm	Mega Cap > \$100b	68.1%
Amazon	Large Cap \$50-100b	8.9%
Apple	Mid Cap \$2-50b	10.1%
Tencent	Small Cap < \$2b	0.0%
Alibaba		

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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 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.