

Loftus Peak Global Change Portfolio

Monthly Investor Letter - August 2014

Global Change. Listed Investments. Daily Liquidity.

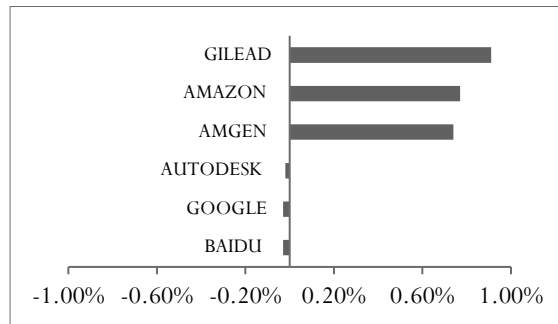
The Loftus Peak Global Change Portfolio posted a before-fee preliminary return of +3.72% for August 2014, compared with a return of +1.73% for the Fund's benchmark, the MSCI AC World Net Total Return Index in Australian dollar terms.

Performance

The representative portfolio returned +3.72% (preliminary before fees) month of August 2014. This compares with benchmark return of +1.73% (MSCI AC World Net Total Return Index in Australian dollar terms).

Contributors and Detractors

The best and worst performing stocks in the portfolio during the month of August are shown below.



Gilead is a core holding which has rewarded investors (it is up 34% since purchase, though not all of this is reflected in the August numbers) on the back of the Hepatitis drug Sovaldi, which had the biggest initial quarter of any drug in history.

We have been selling Apple recently following its strong run, but still held 5% of the portfolio in the company ahead of the launch of the iPhone 6, and the watch. The company's move into the payments system is strategic and a natural progression from its offerings.. Apple is trading at less than 8x EBITDA.

Yahoo! Inc (which held 24% of Alibaba pre-IPO) continued its strong performance ahead of the float.

Two companies not shown here which are part of the portfolio are Telit and F-Secure, both of which have been performing strongly. Telit is a module play in the "internet of things" and machine to machine space, while F-Secure is a Finnish company providing security services for computers and phones, which we own because it is not subject to

NSA "back door" laws which exist in the US. The company has recently won a contract with Comcast.

Portfolio Construction

88.33% of the fund was invested in 19 companies which the manager identified as likely out-performers. The largest 5 investments in the portfolio as at 31 August 2014 are shown below:

Company	% of Portfolio
Amazon.com Inc	10.30%
Google Inc	9.39%
Amgen Inc	8.40%
Gilead Science Inc	6.13%
TSMC	5.68%

Currency Exposure

The central philosophy behind Loftus Peak is the provision of a 'disruption' hedge for the Australian market, given its focus on banks and resources. For this reason, virtually all of the investments in the portfolio are offshore companies, which are in our view likely to continue as the major disrupters. As at 31 August 2014 the portfolio held 3.15% in Australian dollars and has no equity investment in Australia.

Thematic Overview

The market is rallying in the established global disruption names in which Loftus Peak invests, passing over the more speculative, highly priced early stage companies.

For enquiries relating to this communication or the portfolio investments please contact:

Loftus Peak on (02) 8274 2005

Alex Pollak

Email: enquiry@loftuspeak.com.au