

Loftus Peak Global Disruption Fund

Investing | Future Focused



Research Ratings:



Lonsec Research
- Investment Grade



SQM Research
- 4.25 Stars



Zenith Investment Partners
- Approved

March 2021

Founded in 2014, Loftus Peak is a global fund manager with a focus on investment in listed disruptive businesses. Our extensive experience means we bring significant discipline to the process. Our Fund (ASX code: LPGD) comprises some of the best and fastest-growing companies in the world – companies that we believe are driving change across all industries globally, constructed on the basis of strict criteria at carefully determined valuations. Holdings include large capitalisation names like Apple, Google (Alphabet) and Alibaba, as well as many others that we expect to be household names in the future. This approach to investment across a wide range of industries globally lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

Review and Performance

The Loftus Peak Global Disruption Fund was down -0.6% net-of-fees in March, underperforming the benchmark MSCI All Countries World Index net in Australian dollars by -4.7% (it rose +4.1%). One-year net performance to 31 March is +40.0%, which is outperformance of +16.1%.

Interest rate fears continued to roil markets through most of March, however there was a solid rebound in the closing days of the month (which continued into April). The pull-back allowed us to continue deploying the cash raised in January and February into companies which were trading at attractive levels relative to our price targets. Cash exposure at month end was around 8%.

	1m	3m	6m	1y	3y p.a.	4y p.a.	Inception p.a.
Loftus Peak (Net) ¹	-0.60%	+1.76%	+12.61%	+39.98%	+24.31%	+24.44%	+25.27%
Benchmark ²	+4.09%	+5.63%	+12.90%	+23.85%	+12.38%	+12.87%	+13.97%
Outperformance (Net) ³	-4.69%	-3.86%	-0.30%	+16.13%	+11.93%	+11.57%	+11.30%

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

The worst performing stocks in March were some of our biggest gainers over the prior few years, so a pullback was to be expected at some point, and it came in March with **Roku**, **Tencent**, **Alibaba** and **Xilinx** all off. Roku was particularly hard hit (it is down -30% from its peak) as investors marked down multi-year growth stories because of rising bond prices. This is an understandable response, however we believe that the market broadly has failed to appreciate just how strategically important the company is – Roku is emerging as the de-facto operating system for TV's in the US and elsewhere – with almost 40% of smart TV sales in the US it is the largest single player – at a time when television and advertising is moving heavily toward streaming.

Agricultural equipment maker **John Deere** and **Facebook** were the top contributors to return, with Google, Apple, Microsoft and VMW also helpful.

Facebook has deservedly incurred the wrath of regulators for the cavalier ways in which it treats users' privacy, as well as the way it uses its power in the market. Google too. But advertisers still need and use both brands. Facebook has only just begun monetising Instagram, which is emerging as a powerful social commerce tool.

Key Facts

Inception Date	15 November 2016
ASX Code APIR Code	LPGD MMCO110AU
Fund FUM (AUD)	\$171 million
Strategy FUM (AUD)	\$186 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 ¹
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.

¹ 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	31 March 2021
Entry Price (in AUD)	2.8511
Exit Price (in AUD)	2.8369

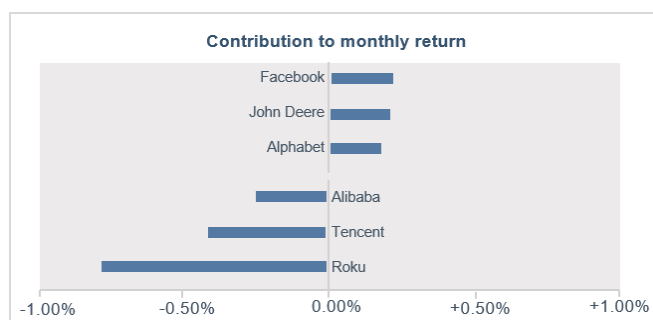
Google is so much broader than just desktop search – Android is the largest mobile phone platform, Gmail the largest global email service and Youtube the most popular video sharing tool. Google maps is an invaluable service, just as much as it is an advertising tool.

If regulators get serious about breaking up either company, it is likely that the sum of the parts would add up to more than the prices at which the respective shares trade.

The Fund will continue to tilt away from riskier (and sometimes higher-growth) companies and instead towards quality large capitalisation names which are highly cash-generative and have strong balance sheets. We have found over the life of the Fund that this produces better outcomes.

The Australian dollar depreciated -1.6% over the month against the US dollar, which meant the value of the Fund's US dollar positions increased. As at 31 March 2021, the Fund carried a foreign currency exposure of 97.1%.

Selected Contributors and Detractors



Portfolio Construction

At March month end, the Fund was 92.0% invested in 29 holdings with the balance in cash exposure.

Top Holdings	Capitalisation USD	
Qualcomm	Mega Cap > \$100b	69.4%
Amazon	Large Cap \$50-100b	5.7%
Apple	Mid Cap \$2-50b	16.9%
Roku	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 and Founder

Anshu started his career in global disruption investment more than 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.

