

Loftus Peak Global Disruption Fund

Investing | Future Focused



Research Ratings:



June 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

June was a strong month for the Loftus Peak Global Disruption Fund, recording a return of +10.2% net-of-fees with +5.6% of outperformance. This brought total net performance for the 20/21 financial year to +38.2%, outperformance of +10.2% relative to the MSCI All Countries World Index in Australian dollars (it was up +28.0%).

The outperformance follows a few tough months during which the Fund lagged the broader market indices which were driven higher on the re-opening trade. For example, American Airlines shares almost tripled to close the month at US\$22, with Marriott hotels showing a similar rebound to US\$140. Commodity prices have been strong as well - copper for example will continue to be in demand because it is one of the raw materials required to re-make the energy network with lower carbon emissions. This is in addition to higher demand generally as the world normalizes post-COVID.

	1m	3m	6m	1y	3y p.a.	4y p.a.	Inception p.a.
Loftus Peak (Net) ¹	+10.15%	+11.76%	+13.74%	+38.22%	+25.50%	+25.50%	+26.76%
Benchmark ²	+4.57%	+9.11%	+15.25%	+27.99%	+14.04%	+14.27%	+15.32%
Outperformance (Net) ³	+5.57%	+2.65%	-1.52%	+10.24%	+11.46%	+11.23%	+11.44%

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 top performer was **Roku**, which added +2.7 percentage points to the Fund for the month. This was certainly a function of the important platform that the company has built, but there was also take-over talk, with Comcast mentioned. Roku is already the US market leader in operating systems for smart TVs, holding a critical position in advertising-funded streaming, enabling it to reap the benefits of the network effect (the viewers go where the content is, the advertisers go where the viewers are, Roku sits in between).

There were also good moves by **Qualcomm** (+1.5 percentage points), **Amazon** (+0.7 percentage points) and **Nvidia** (+0.5 percentage points). Qualcomm is expanding its market to include additional functionality previously captured by competitors such as Broadcom (the "front end" of the 5G modem). Nvidia continues to outperform on numbers which conclusively demonstrate the superiority of the company's products in a world where Moore's law – i.e., processing power doubles and costs halves – is breaking down.

Key Facts

Inception Date	15 November 2016
ASX Code APIR Code	LPGD MMCO110AU
Fund FUM (AUD)	\$196 million
Strategy FUM (AUD)	\$213 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)
Carbon Intensity	<p>79% less carbon intensive than benchmark:</p> <p>tCO2e/Mil USD</p> <p>No exposure to companies involved in fossil fuel extraction, generation and related products and services.¹</p>
No. of Investments	15-35
Minimum Cash	1%
Maximum Cash	50%
Suggested time frame	3-5 years
Minimum Investment	AU\$5,000 ²
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 Source: Sustainalytics

² There is no minimum investment for units purchased on the ASX

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

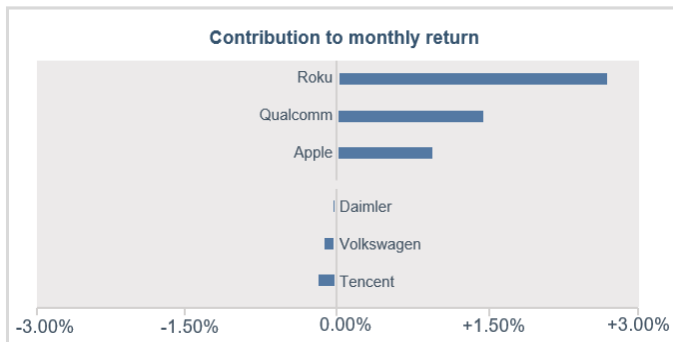
Date	30 June 2021
Entry Price (in AUD)	3.1864
Exit Price (in AUD)	3.1706

There were a few underperformers, including Volkswagen and Daimler (which we own because we expect them to emerge as scale players in battery powered electric vehicles over the coming years) and Tencent, as China ramps up its pressure on home-grown technology giants.

The two top contributors for the month were also the biggest contributors for the 20/21 financial year. Roku contributed +9.9 percentage points and our biggest holding, Qualcomm, contributed +4.0 percentage points. Apple came in third, contributing +3.7 percentage points with its March quarter results confirming the company's significant recurring revenues. Alibaba was a detractor, eating -0.9 percentage points of performance, as the company has grown slower amid China's antitrust crackdown (including derailing the IPO of Alibaba backed Ant Group and later fining the e-commerce giant US\$2.8 billion).

The Australian dollar depreciated -3.0% over the month against the US dollar, which meant the value of the Fund's US dollar positions increased. As at 30 June 2021, the Fund carried a foreign currency exposure of 98.9%.

Selected Contributors and Detractors



Portfolio Construction

At June month end, the Fund was 94.6% invested in 29 holdings with the balance in cash exposure.

Top Holdings	Capitalisation USD	
Qualcomm	Mega Cap > \$100b	72.2%
Roku	Large Cap \$50-100b	15.2%
Apple	Mid Cap \$2-50b	7.2%
Amazon	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.



Visit www.loftuspeak.com.au to find more commentary, including Fund performance.

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