

Loftus Peak Global Disruption Fund

Investing | Future Focused



Research Ratings:



Lonsec Research
- Investment Grade



SQM Research
- 4.25 Stars



Zenith Investment Partners
- Approved

March 2022

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 and Google (Alphabet) as well as many others that we expect to be household names in the future, such as Roku and Qualcomm. This approach to investment across a wide range of global industries lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

Review and Performance

Global stock markets recovered somewhat in March as the worst case scenario of the unprovoked war in Ukraine – meaning an escalation involving NATO troops, or worse – did not eventuate. Still, the Fund lost -3.2% of its value with higher oil prices and interest rates the major negative factors. This was underperformance of -2.0% against our benchmark MSCI All Countries World Index (net, as expressed in AUD from Bloomberg). We believe the market has started to recognise the value of quality companies – those with robust business models, pricing power, strong balance sheets and cash flows. We expect this trend to continue as the macroeconomic environment begins filtering through to company earnings.

We took advantage of the market lows in March to increase our weighting to equities by around 5%, purchasing a number of quality companies that had been on our watchlist but were previously precluded from the portfolio on the basis of valuation. Cash exposure at the end of March was 7.4%.

	1m	3m	6m	1y	3y p.a.	5y p.a.	Inception p.a.
Loftus Peak (Net) ¹	-3.19%	-14.54%	-6.20%	+1.78%	+18.37%	+19.53%	+20.52%
Benchmark ²	-1.16%	-8.13%	-2.85%	+9.01%	+11.70%	+12.09%	+13.03%
Outperformance (Net) ³	-2.03%	-6.42%	-3.34%	-7.23%	+6.67%	+7.45%	+7.49%

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 Loftus Peak (Net) minus the benchmark.

Contributors and Detractors to Return

The positions we opened in March, including Airbnb, added +0.7% to the Fund value, with a further +1.4% from companies that the Fund already held, including Nvidia, John Deere and Amazon. Nvidia briefed the market at its annual investor/industry day, highlighting a prospective total addressable market of US\$1 trillion across its traditional semiconductor business, automotive, AI enterprise software and more. Amazon was also strong as it announced a 20-for-one stock split and US\$10b buyback, both of which are viewed favourably as they encourage consideration by smaller individual retail investors.

Qualcomm, the Fund's largest position, accounted for a majority of the detraction from return, as investors fretted about slowing demand for consumer electronics in the wake of economic pressures brought on by inflation and interest rate hikes. Severe lockdowns in China related to COVID also added to these fears. These concerns are behind the broader fall in the share prices of other key semiconductor companies including Taiwan Semiconductor Company and AMD. We see some justification in this but would highlight that for a majority of our semiconductor holdings demand still far outstrips supply, which implies over the short-term that any reduction in consumer electronics demand is likely to be taken up by other verticals such as the internet of things, automotive and cloud. There are also limits to how far consumers can push out their hardware upgrades.

Key Facts

Inception Date	15 November 2016
ASX Code APIR Code	LPGD MMCO110AU
Fund FUM (AUD)	\$206 million
Strategy FUM (AUD)	\$221 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>59% less carbon intensive than benchmark: Tco2e/Mil USD</p> <p>82.7 (Fund) 202.4 (benchmark)</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	\$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 as at 31 March 2022.

² 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

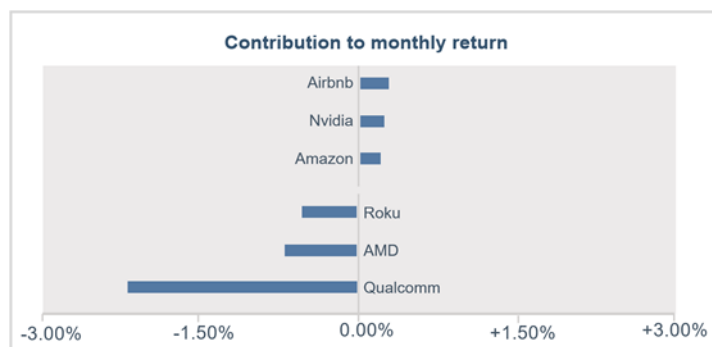
Unit Prices

Date	31 March 2022
Entry Price (in AUD)	2.9018
Exit Price (in AUD)	2.8874

Our two streaming companies, **Roku** and **Netflix**, rallied strongly toward the end of the month but still detracted -0.8% from the Fund's value. We maintain our conviction in Roku becoming an integral part of ad-supported television globally, however in the short-term the company has been impacted by supply chain issues on two fronts: its ability to add active accounts (as less TVs are being sold) and the monetisation of its userbase (less demand for advertisements as inventory issues persist). We believe both of these pressures should abate in the coming months.

The Australian dollar appreciated +3.5% over the month against the US dollar, which meant the value of the Fund's US dollar positions decreased. As at 31 March 2022, the Fund carried a foreign currency exposure of 97.9%.

Selected Contributors and Detractors



Portfolio Construction

At March month end, the Fund was 92.6% invested in 30 holdings with the balance in cash exposure.

Top 10 Holdings (in alphabetical order)		Capitalisation USD	
Alphabet	Netflix	Mega Cap > \$100b	73.4%
Amazon	ON Semiconductor	Large Cap \$50-100b	6.6%
AMD	Qualcomm	Mid Cap \$2-50b	12.6%
Apple	Roku	Small Cap < \$2b	0.0%
Microsoft	Taiwan Semiconductor		

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 investment management in Australia.

He was instrumental in bringing both Seek and Carsales.com to the Australian stock market. He has a deep understanding of the mechanisms through which disruption changes business models and the impact it has on company valuation.



Anshu Sharma Portfolio Manager and Founder

Anshu started his career as an analyst in global disruption investment more than a decade ago. 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 financial services firms in Australia, including more than a decade at BT Funds Management.

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

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The Loftus Peak Global Disruption Fund's Target Market Determination is available at <http://www.loftuspeak.com.au> in the downloads tab. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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

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