

Loftus Peak Global Disruption Fund

Investing | Future Focused



Research Ratings:



Lonsec Research
- Investment Grade



SQM Research
- 4.25 Stars



Zenith Investment Partners
- Approved

November 2023 Update

Founded in 2014, Loftus Peak is a global fund manager with a focus on investment in listed disruptive businesses. We have extensive experience and bring significant discipline to the process. Our Australian Securities Exchange listed 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 and included at carefully determined valuations. Holdings include large capitalisation names like Microsoft and Google (Alphabet) as well as many others that we expect to be household names in the future, such as Advanced Micro Devices 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

The Fund increased +12.1% net-of-fees during November, outperforming the MSCI All Countries World Index (net) as expressed in AUD from Bloomberg by +7.2%. November saw major U.S. indices build on their momentum from the end of October. The S&P 500 ended the month just below its 52-week high driven by better-than-expected earnings and even rate cuts – the CME Fedwatch tool is now predicting a >50% chance of a rate cut by March 2024 with bulge bracket brokers largely falling into line on this.

	1m	3m	6m	1y	3y p.a.	5y p.a.	Inception p.a.
Loftus Peak (Net) ¹	+12.07%	+5.08%	+14.18%	+38.72%	+9.29%	+18.38%	+19.03%
Benchmark ²	+4.83%	-0.51%	+5.99%	+13.81%	+9.56%	+11.27%	+11.88%
Outperformance (Net) ³	+7.23%	+5.59%	+8.19%	+24.91%	-0.27%	+7.11%	+7.15%

Past performance is not a reliable indicator of future performance. Returns greater than one-year are annualised.

Source: Loftus Peak, Bloomberg

¹ Net-of-fees performance for the 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.

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

Roku was the single largest contributor for the month on the back of handily beating expectations for the quarter. The results are showing signs of a cyclical re-acceleration in digital advertising, particularly in connected television. The company grew active accounts to 75.8 million. Roku's penetration is approaching half of US households with broadband internet (130 million). Viewing of The Roku Channel grew by more than +50% year-over-year with viewer engagement comparable to Paramount+, Peacock and Max (the re-branded HBO), according to Nielsen.

Qualcomm was the second largest contributor after also posting a solid beat on earnings and revenue expectations. According to Bernstein estimates, 2023 will be the weakest year for global smartphone shipments since 2013. Qualcomm is primed for any cyclical rebound in smartphone demand. Revenue growth is expected to be further supplemented by new end markets for Qualcomm chips in automotive and PC.

Other semiconductor names also performed well across November. **Advanced Micro Devices** was the third largest contributor with the company right at the beginning of its GPU opportunity while also taking significant share of the datacentre from Intel. **Nvidia** posted another powerful quarter of revenue growth while continuing to guide even higher. In CY2022 Nvidia clocked US\$ 27 billion in revenue. The market expects almost US\$ 58 billion in CY2023 – unprecedented growth for a trillion-dollar company.

Indie Semiconductor was another top contributor for the month. One of our smaller holdings, Indie designs the semiconductors needed for radar, lidar, ultrasonic and more. These components are pre-requisites for modern-day vehicles. The digitisation of automobiles is requiring semiconductors to represent a larger input cost each year - and not just due to electrification. During November this was demonstrated in Indie's earnings result where chips relating to advanced driver-assistance systems were the key factor behind incoming demand.

Key Facts

Inception Date	15 November 2016
ASX Code APIR Code	LPGD MMC0110AU
Fund FUM (AUD)	\$302 million
Strategy FUM (AUD)	\$315 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 ¹	<p>56% less carbon intensive than benchmark:</p> <p>tCO2e/Mil USD</p> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: #0056b3; margin-right: 5px;"></div> 61.5 (LPGD) </div> <div style="display: flex; align-items: center; margin-top: 5px;"> <div style="width: 100px; height: 15px; background-color: #808080; margin-right: 5px;"></div> 141.3 (benchmark) </div> <p>No exposure to companies involved in fossil fuel extraction, generation and related products and services.</p>
No. of Investments	15-35
Minimum Cash	1%
Maximum Cash	20%
Suggested time frame	3-5 years
Minimum Investment ²	\$5,000
Additional Investment via BPAY [®]	<p>BPAY[®] Biller Code: 349845 Customer Reference Number (CRN): generated after initial application.</p> <p><i>Please note that BPAY[®] is not available for purchasing units on the ASX.</i></p>
Pricing Frequency	Daily
Distributions	Paid annually as at 30 June
Withdrawal Notice	Generally, notice received by 2pm (Sydney time) receives the 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 30 November 2023.

² No minimum investment for units purchased on the ASX.

Fees

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

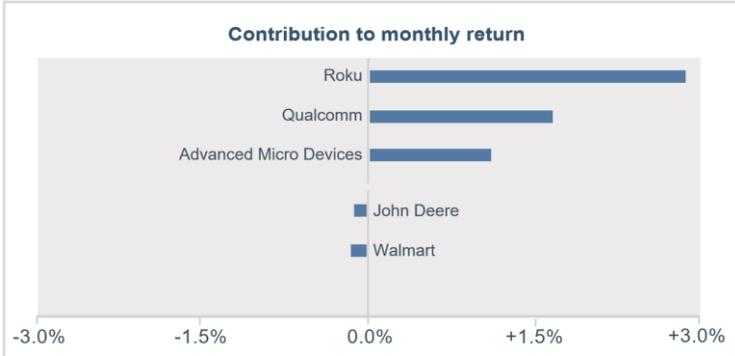
Date	30 November 2023
Entry Price (in AUD)	3.6283
Exit Price (in AUD)	3.6103

The weakest names for the month were **Walmart** and **John Deere**. Both are defensive holdings in a market that is tilting towards risk. Walmart beat on earnings and revenue, but showed margin weakness. Nevertheless, secular segments of the grocery chain – advertising and ecommerce, remain robust.

John Deere fell after offering poor guidance in its earnings call. The digitisation of agricultural equipment is a long-standing tailwind for this stock and has offset a predicted downturn in cyclical demand for several quarters. However, the cycle has caught up and there will likely be a double-digit cut to revenue in 2024. Nevertheless, we believe the secular trend will soften the depth and duration of the cyclical fall and that this long anticipated cycle has already been priced in.

The Australian dollar appreciated 4.7% against the US dollar over the month, which meant the value of the Fund's US dollar positions decreased. As at 30 November 2023, the Fund carried a foreign currency exposure of 94.4%.

Selected Contributors and Detractors



Portfolio Construction

At November month end, the Fund was 94.1% invested in 30 holdings with the balance in cash exposure. The Fund has a high exposure to large capitalisation names which are highly cash generative with strong balance sheets. Focusing on high quality companies helps the Fund to withstand difficult periods in the market and drive strong, long-term outcomes for investors.

Top 10 Holdings (in alphabetical order)		Capitalisation USD	
Alphabet	Netflix	Mega Cap > \$100b	65.6%
Amazon	Nvidia	Large Cap \$50-100b	8.7%
AMD	Qualcomm	Mid Cap \$2-50b	18.0%
Meta	Roku	Small Cap < \$2b	1.8%
Microsoft	Taiwan Semiconductor		

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ZENITH: The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned MMC0110AU 30/11/2023) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines.

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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.

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 began his career as an analyst in global disruption investment more than fifteen years ago. This was soon followed by portfolio manager responsibilities across information technology and communications services sectors, before taking on the Portfolio Manager role at Loftus Peak as one of the founders of the firm in 2014.

Being mentored by the best in this space early on in his career, and having travelled extensively to meet hundreds of global companies, Anshu brings a wealth of experience to investing in disruption.

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.

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

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