

## Summary

This report highlights the key sustainability features of the Loftus Peak Global Disruption Fund and the Loftus Peak Global Disruption Fund (Hedged) (“Loftus Peak Funds” or “Funds”). Both Funds:

- Exhibited a declining weighted average carbon intensity during the year to stand at less than half the intensity of the MSCI All Countries World Index (“Index”), and
- Maintained exposure to identified Impacts during the year to 28 June 2024

## Carbon Intensity

The carbon intensity of the Loftus Peak Funds and the Index declined over the year to 28 June 2024. The following illustration shows the movement across the financial year for the Funds and the Index, and for comparison shows the average for the prior year. Carbon intensity is shown as the sum of Scope 1 and Scope 2 emissions.

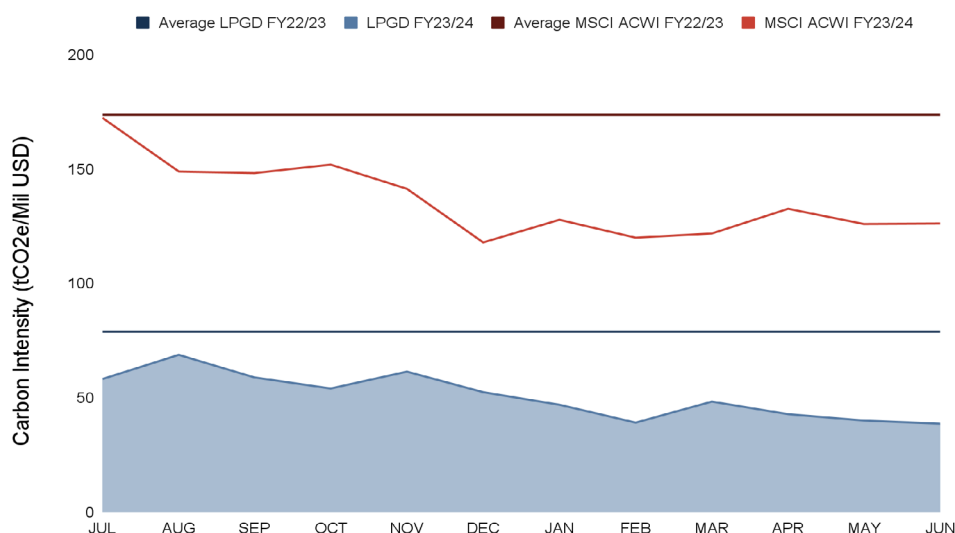


Illustration 1: Comparison of Carbon Intensity - Loftus Peak Funds and Index

The weight of carbon intensive energy companies in the Index continued to fall after peaking at the end of calendar year 2022. As market interest in the so-called Magnificent Seven swelled, the weight of these relatively less carbon intensive technology companies grew within the index. The carbon cost of AI is likely not fully recognised in the emission estimates for companies that operate large data centres.

Over the last year companies like Microsoft, Alphabet, and Amazon increased revenue from their core businesses while having not yet deployed a large number of energy hungry graphics processing units (GPUs), allowing them to mildly lower their carbon intensity.

This has also been a tailwind for carbon intensity to fall in Funds managed by Loftus Peak, in which Microsoft, Alphabet and Amazon have been held over the financial year. Carbon intensity was also reduced by exits from high intensity positions, like Wolfspeed.

The carbon intensity of the Funds under management was also lowered by the improvement of specific companies with meaningful carbon footprints. ON Semiconductor halved its carbon emissions year-over-year according to Sustainalytics. The company, which fabricates power semiconductors for use in electrical grids and electric vehicles, has been selling its lower margin factories that fabricate more commoditised mature node chips. Their sale has reduced ON’s intensity down even as revenues have fallen.

The most carbon intensive holdings of the Funds during the year were Wolfspeed, ON Semiconductor and Taiwan Semiconductor Manufacturing. It is noted that while these companies carried high scope 1 and 2 emissions, to varying degrees they also contribute as carbon solutions by providing companies that use their products to deliver more energy efficient outcomes.

## Positive Impacts

The Funds include holdings that Loftus Peak identified as providing an inherent positive impact on the world through products and services they offer.

### Food Security (John Deere)

Deere & Co is the world's leading manufacturer of agricultural machinery products. The company is a leader in precision agriculture which leverages predictive models with agricultural machinery to optimise agricultural inputs.

John Deere tractors enable farmers to better manage their agricultural inputs, including fertilisers and water, allowing these finite resources to be better conserved while improving overall crop yield.



JOHN DEERE

### Better Health (Halozyme, Eli Lilly)

Halozyme is a biotech company that seeks to partner with other drug companies to make their medicine easier to administer. Halozyme has pioneered a recombinant human hyaluronidase enzyme that allows for the subcutaneous administration of large molecule treatment.

Previously, these large molecules were only administered through intravenous fluids, which restricted patients to medical facilities where such treatment is possible. Halozyme enables these treatments to minimise administration costs and for the treatment to occur anywhere making medicine both financially and geographically more available.

Eli Lilly is a world leader in obesity medication. Obesity is a comorbidity for countless other illnesses. Addressing obesity at a population scale reduces the downstream strain on hospitals and patients for conditions that could have otherwise been avoided.



Lilly

### Cyber Security (CrowdStrike & Palo Alto)

CrowdStrike and Palo Alto Networks are both cybersecurity service providers who help companies and institutions protect their data.

As society digitises, the volume of data and information digitises faster than ever before. Protecting this data is critical for the welfare of companies and the institutions which manage the data of individuals.



paloalto  
NETWORKS

### Electrification and Decarbonisation (ON Semiconductor, Infineon Technologies & Wolfspeed)

ON Semiconductor, Infineon and Wolfspeed all underpin the transition away from fossil fuel usage for powering devices and industrial components. These three companies sit along the power semiconductor value chain and produce the components necessary to make electric devices efficient enough to produce functional electric cars, machinery and more.

onsemi

## Portfolio Level Trends

Across the year Loftus Peak's exposure to positive impacts dropped around January as the Funds exited positions in Infineon and Wolfspeed. These Electrification and Decarbonisation companies (coloured in yellow) have been negatively impacted by end market weakness in the automotive industry. Demand for electric vehicles has entered into its first recorded cyclical downturn. Exposure to Cyber Security (coloured in blue) also decreased between the first and second half of the financial year. This was a function of Loftus Peak taking profits as the share prices performed strongly.

Exposure to Better Health companies (coloured in green) increased through the financial year as the Funds entered a second stock (Eli Lilly) and increased the weight in Halozyme.

The net result of these changes is that exposure to positive impacts ended the financial year close to where it began at approximately 10% of the Funds.

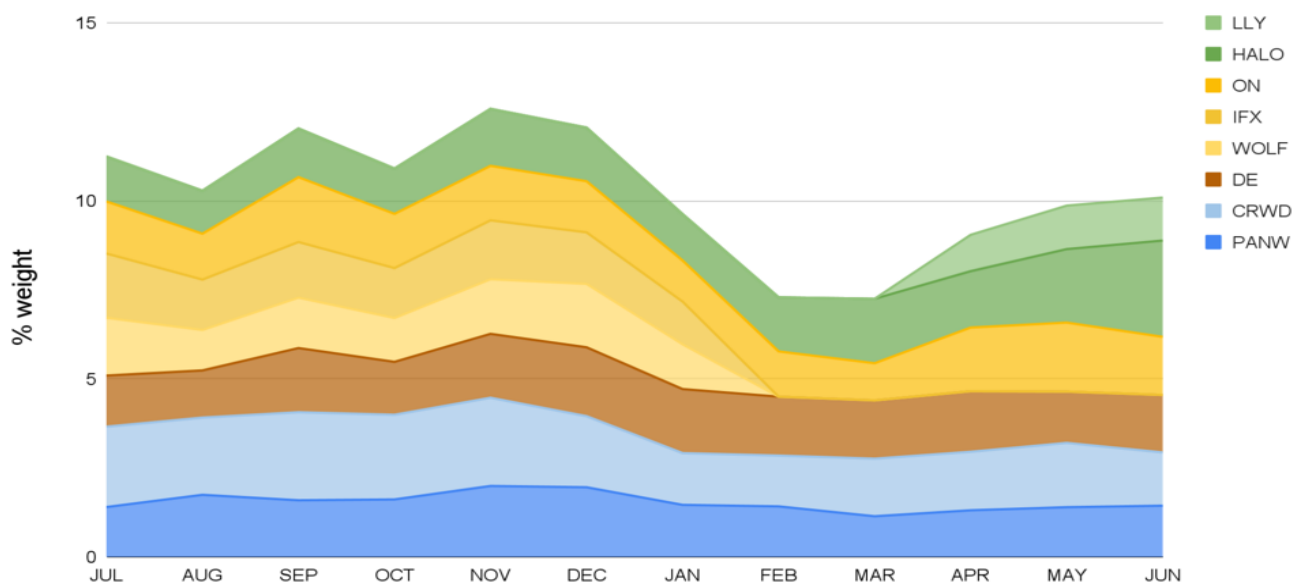


Illustration 2: Positive Impact Fund Holdings in Loftus Peak Funds across the Year to June 2024

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The Loftus Peak Global Disruption Fund's Target Market Determination is available at [www.loftuspeak.com.au](http://www.loftuspeak.com.au) in the downloads centre. 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.