

March 2025

Loftus Peak is a global equities fund manager focused on disruptive businesses. Founded in 2014, the Portfolio invests in global companies driving industry change, such as Nvidia, first bought in 2016. As well as Microsoft and Google, the diverse portfolio also includes many less well-understood companies which are expected to be household names in the future, such as AMD and Qualcomm. This global approach aims to reduce concentration risk often associated with home-biased Australian portfolios.

	1m	3m	6m	1y	3y p.a.	5y p.a.	7y p.a.	10y p.a.	Inception p.a.
Loftus Peak (Net)	-9.19%	-10.12%	+2.75%	+6.25%	+16.94%	+16.99%	+16.98%	+16.27%	+17.65%
Benchmark	-4.49%	-2.21%	+8.63%	+11.96%	+13.65%	+14.66%	+12.43%	+11.03%	+12.46%
Outperformance (Net)	-4.70%	-7.91%	-5.88%	-5.72%	+3.30%	+2.33%	+4.55%	+5.24%	+5.18%

Manager estimated returns. The Portfolio Benchmark is the MSCI ACWI (net) (as expressed in AUD from Bloomberg). Portfolio Inception date is 30/06/14. All returns are shown to two decimal places. Returns for periods of more than one year are annualised. Total returns include realised and unrealised gains. Valuations are computed and performance reported in Australian dollars. Net-of-fees performance returns are presented after management and performance fees. Returns are based on the theoretical performance of a portfolio which implemented the Model Portfolio based on simplifying assumptions and stock weightings. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, contributions and withdrawals, fees and any customisations. Past performance is not a reliable indicator of future performance and may not be achieved in the future. Each client should also take into account their own taxation situations. All information provided in this Report is correct as at the date of this Report.

Review and Performance

Share markets continued their fall from last month as Trump-generated macro noise crescendoed. The looming threat of reciprocal tariffs as well as Trump's detail-light style of announcement has roiled markets with uncertainty and prompted stagflationary concerns. Even if this uncertainty were to be resolved swiftly, the weeks of uncertainty will have left businesses flat footed and consumer sentiment bleak. This turmoil is likely to bleed into company commentary as the earnings season approaches.

Portfolio performance was hard hit, dropping -9.2% net-of-fees, underperforming the benchmark MSCI All Countries World Index in Australian dollars by -4.7%. On an absolute basis March 2025 was the fourth worst month since inception, with the three others occurring in 2022 and 2019.

As companies have been selling off, Loftus Peak has taken the opportunity to reposition away from companies exposed to a cyclical recovery in consumer spending across smartphones, computers and cars. While these cyclical names have generally fallen less than the market year to date they are the companies most likely to be adversely impacted by Trump policy as tariffs and higher inflation puts pressure on the consumer.

Capital has been re-allocated toward Artificial Intelligence (AI), software, cybersecurity and life sciences - areas we view as more Trump-agnostic. Many of these companies started the year with elevated valuations - this is the reason Loftus Peak has been underweight (relative to the MSCI All Countries World Index) the Magnificent 7 since the middle of last year. After 20%+ corrections in many of these names, they are beginning to look attractive from a valuation perspective given the quality of the businesses (important during volatile times) and growth prospects (they remain beneficiaries of secular trends).

Contributors and Detractors to Return

The biggest positions underperformed the most. This was particularly true in the AI names. **Taiwan Semiconductor Manufacturing** (detracted -0.8% from Portfolio return) and **Broadcom** (-0.8%) were the top two laggards with **Nvidia**, (-0.7%) and semiconductor tester **Advantest** (-0.6%) in fourth and fifth respectively. Anxieties around AI stemming from DeepSeek and headlines of datacentre contract cancellations have combined with the market looking to sell what has run up most from the market bottom in 2022. As a result, these stocks have been particularly hard hit. However, if Trump's macro policy is as destructive as the market believes, Loftus Peak sees secular trends like AI as the best place to be.

The other Magnificent 7 names in the portfolio; **Alphabet**, **Meta**, **Microsoft** and **Amazon** together detracted -1.9%. Although not as directly exposed to AI as Nvidia, these companies are coming under similar selling pressure. Loftus Peak's view is that these are quality companies with pricing power, strong balance sheets and free cash flow generation, that are exposed to disruptive secular tailwinds.

Key Facts

Inception Date	30 June 2014
Strategy FUM (AUD)	\$1,013 million
Product Type	Managed Discretionary Account - Suitable for Sophisticated Investors
Product Sponsor	Mason Stevens Limited
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
No. of Investments	15-35
Minimum Cash	2%
Maximum Cash	20%
Maximum weighting per investment	20% at time of purchase
Minimum Investment	\$150,000
Liquidity	Daily
Suggested time frame	3-5 years

Fees

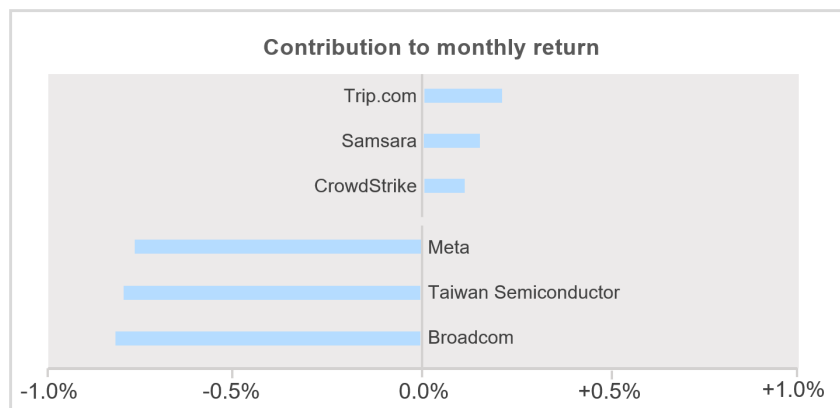
Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above \$1 million.
Performance Fee	15% of excess returns over the benchmark return
Transaction Cost	0.55% of the value of the transaction

Companies beyond the datacentre fared better. **Netflix** (-0.3%) and **Qualcomm** (-0.2%) outperformed the broader market. However, the best performing companies were **Trip.com** (+0.2%), **Samsara** (+0.2%) and **CrowdStrike** (+0.1%). All three are recent entries for the Portfolio. Trip.com is a Chinese online travel agency that disrupts competitors by gaining share over traditional offline travel agencies and leveraging the growing domestic and international travel demand from not only China's huge population but also across Asia. Readers might be unfamiliar with the name but are likely to have used one of its products (Skyscanner) to book a domestic or international flight. The company's China exposure insulated it from the broader bearishness of US markets while also benefitting from supportive Chinese Government policy.

However, this was not the case for CrowdStrike and Samsara for which shares fell -9.5% and -19.6% in March respectively. Both companies are former holdings that had outrun their valuations but preserved their quality disruptive business models. The extreme bearishness during the month pushed these stocks down so much that the valuation proposition became attractive enough to re-enter. The subsequent rise in share prices in the balance of March, placed these companies among the top contributors. This highlights the importance of valuations in Loftus peak's decision-making process.

The Australian dollar appreciated +0.4% against the US dollar over the month, which meant the value of the Portfolio's US dollar positions decreased. As at 31 March 2025, the Portfolio carried a foreign currency exposure of 100.0%.

Selected Contributors and Detractors



Portfolio Construction

At March month end, the Portfolio was 94.9% invested in 29 holdings with the balance in cash exposure. The Portfolio has a high exposure to large capitalisation names which are highly cash generative with strong balance sheets. Focusing on high quality companies helps the Portfolio to withstand difficult periods in the market and drive strong, long-term outcomes for investors.

Firm Awards



IMAP
MANAGED ACCOUNT
AWARD FINALIST
INTERNATIONAL
EQUITIES



HIGHLY COMMENDED
Global Equities
Large Cap
FINANCIAL NEWSWIRE SQM RESEARCH

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The Team

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Top 10 Holdings (in alphabetical order)

AMD	Netflix
Amazon	Nvidia
Broadcom	Qualcomm
Meta	Taiwan Semiconductor
Microsoft	Uber

Capitalisation USD

Mega Cap > \$100b	70.8%
Large Cap \$50-100b	5.7%
Mid Cap \$2-50b	18.4%
Small Cap < \$2b	0.0%

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

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