

Loftus Peak Global Change Portfolio

Change. The way you **should** invest.



April 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 Broadcom, 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)	+1.25%	-13.71%	-0.97%	+12.63%	+21.61%	+15.38%	+17.06%	+16.63%	+17.62%
Benchmark	-1.50%	-5.73%	+3.59%	+13.45%	+14.09%	+13.52%	+11.76%	+10.94%	+12.20%
Outperformance (Net)	+2.75%	-7.98%	-4.56%	-0.81%	+7.52%	+1.86%	+5.30%	+5.69%	+5.41%

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

April was one of the Portfolio's most volatile months ever. At one stage, as the US administration careened from tariff levels of around 15% to 145% for China, and likely most of the way back, the Portfolio's performance dipped as low as -8.1% net-of-fees during the month before finishing up +1.3% net-of-fees. The Portfolio outperformed the MSCI All Countries World Index (Net) in Australian dollars by +2.8%.

Why the abrupt reversal in the tariffs? One apparent cause was a meeting by Trump with the CEO's of Walmart, Target and Home Depot in which it was made clear that "prices will go up and shelves will be empty," according to an administration official familiar with the meeting who told news site Axios.

Immediately after this, Trump's rhetoric on China tariffs softened significantly. Whether or not this was the cause, it appears that something during these few days triggered this previously elusive moment of clarity for the President of the United States.

But this is not cause for optimism. Corporations around the world have dealt with months of uncertainty, up-ending sales, marketing and production plans in the first quarter of 2025. Quarterly earnings reports have been mixed, with Tesla generating a 70% reduction in net profit for the 90 days, while Google was flat on solid results. The Wall Street Journal reports that companies are slashing guidance for the coming months.

It appears that some level of tariffs in the US remain highly likely, which means inflationary pressure. Were that to be coupled with slower growth (which seems certain, given the uncertainty) that would introduce stagflation into the mix.

Meanwhile the newly elected Canadian leader Mark Carney (formerly the head of the Bank of England) told the media "Our old relationship with the United States, a relationship based on steadily increasing integration, is over. The system of open global trade anchored by the United States, a system that Canada has relied on since the Second World War, a system that while not perfect, has helped deliver prosperity for our country for decades, is over. These are tragedies, but it's also our new reality."

As the market sold off, Loftus Peak repositioned away from companies exposed to a cyclical recovery. 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 returns. After 20%+ corrections they were again attractive from a valuation perspective given the quality of the businesses (important during volatile times) and growth prospects (they remain beneficiaries of secular trends).

Key Facts

Inception Date	30 June 2014
Strategy FUM (AUD)	\$1,021 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

Contributors and Detractors to Return

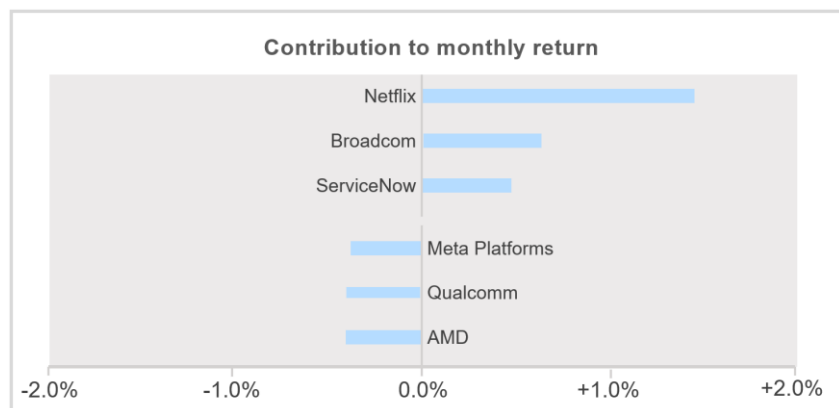
There were a number of solid, strategy-affirming returns in the month. **Netflix**, which as recently as July 2023 was under US\$200/share, finished the month at US\$1132 to generate +1.5% to the portfolio for April. It was the best contributor for the month. The Portfolio also recorded a solid contribution from AI leader **Broadcom** (+0.6%) while **ServiceNow** and **CrowdStrike** added +0.5% and +0.4%, respectively. We have for some time owned **MercadoLibre**, which at +0.3% up was also a handy contributor. It has a Latin American revenue base and hence is largely outside the tariffs). We are also very pleased with **Eli Lilly** (+0.3% in April), which has continued to make advances on its obesity drugs, with the latest news around Orforglipron, which the US Food and Drug Administration looks set to approve.

The second worst performing position was **Qualcomm** (-0.4%), for which the important cyclical recovery looks to have been pushed out because of the US economic situation.

Amazon was weak because of its reliance on goods from China, while **Meta** too was weak because of its position as a platform for advertising of goods from China (Temu and Shein in the frame here). The removal of the zero tariff on goods valued below US\$800 will be a brake on the business for these companies.

The Australian dollar appreciated +2.5% against the US dollar over the month, which meant the value of the Portfolio's US dollar positions decreased. As at 30 April 2025, the Portfolio carried a foreign currency exposure of 100.0%.

Selected Contributors and Detractors



Portfolio Construction

At April month end, the Portfolio was 97.5% invested in 27 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



IMAF
MANAGED ACCOUNT
AWARD FINALIST
INTERNATIONAL
EQUITIES



IMPORTANT INFORMATION: This report was prepared by Loftus Peak Pty Limited ("Loftus Peak"), for the purpose of providing general information only, without taking account of your particular investment objectives, financial circumstances or needs. It is not intended to take the place of professional advice and we do not express any view about the accuracy or completeness of information that is not prepared by us and no liability is accepted for any errors it may contain. You should consider the Investment Mandate for the Portfolio in deciding whether to acquire, or continue to hold, the product. The Investment Mandate and application form may be requested by emailing enquiry@loftuspeak.com.au. Loftus Peak doesn't guarantee the performance of the portfolio or the repayment of the investor's capital. To the extent permitted by law, Loftus Peak, including its employees, consultants, advisers, officers or authorised representatives, is not liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.

The Team

Alex Pollak	CIO and Founder
Anshu Sharma, CFA	Portfolio Manager and Founder
Harry Morrow, CFA	Senior Investment Analyst
Raymond Tong, CFA	Head of Research

Top 10 Holdings (in alphabetical order)

Amazon	Netflix
Broadcom	Nvidia
Eli Lilly	Qualcomm
Meta	ServiceNow
Microsoft	Taiwan Semiconductor

Capitalisation USD

Mega Cap > \$100b	76.6%
Large Cap \$50-100b	3.9%
Mid Cap \$2-50b	17.0%
Small Cap < \$2b	0.0%

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

Loftus Peak Pty Limited ABN 84 167 859 332 AFSL 503 571