Loftus Peak Global Disruption Fund (Hedged)

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

Loftus Peak

Research Ratings: Superior SQM — SQM Research – 4.25 Stars

April 2025

Loftus Peak is a global equities fund manager focused on disruptive businesses. Founded in 2014, the Fund 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. It is our intention to substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian dollars.

	1m	3m	6m	1y	3y p.a.	5y p.a.	7y p.a.	Inception p.a.
Loftus Peak (Net)	+3.94%	-9.66%	-1.47%	+12.67%	-	-	-	+20.33%
Benchmark	-0.36%	-5.57%	-0.14%	+9.68%	-	-	-	+12.80%
Outperformance (Net)	+4.30%	-4.09%	-1.32%	+2.98%	-	-	-	+7.53%

Source: Loftus Peak, MSCI. Past performance is not a reliable indicator of future performance. Returns greater than one-year are annualised. 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 and Target Market Determination.

Review and Performance

April was one of the Fund'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 Fund's performance dipped as low as -4.9% net-of-fees during the month before finishing up +3.9% net-of-fees. The Fund outperformed the MSCI All Countries World Index (net dividends reinvested) hedged to Australian dollars by +4.3%.

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	1 July 2022
APIR Code	ETL9930AU
Strategy FUM (AUD)	$1,021 million
Product Type	Registered Managed Investment Scheme domiciled in Australia
Responsible Entity	Equity Trustees Limited
Investment Universe	Listed Global Equities
No. of Investments	15-35
Benchmark	MSCI All Countries World Index (net dividends reinvested) hedged to Australian dollars
Minimum Cash	1%
Maximum Cash	20%
Suggested time frame	3-5 years
Minimum Investment	$5,000
Platforms	Available on Macquarie, HUB24, Powerwrap, Praemium and Mason Stevens (IDPS only)

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

Contributors and Detractors to Return[2]

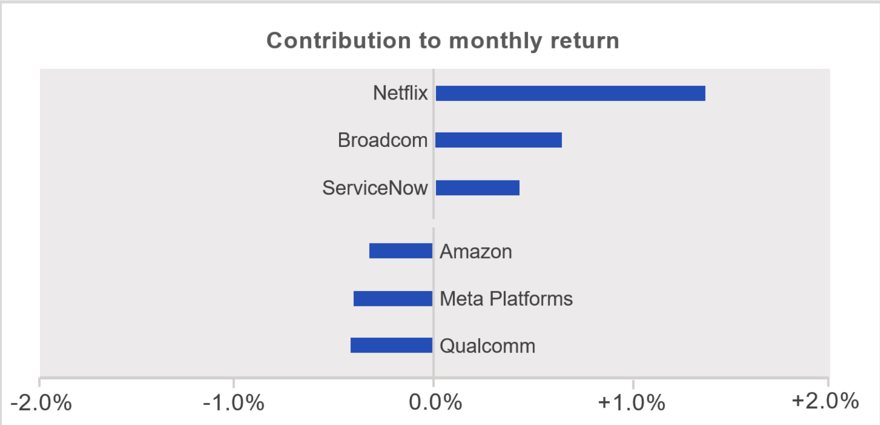
There were a number of solid, strategy-affirming returns in the month. **Netflix**, which as recently as July 2023 was under US$200/share, finished the month at US$1132 to generate +1.4% to the portfolio for April. It was the best contributor for the month. The Fund also recorded a solid contribution from AI leader **Broadcom** (+0.6%) while **ServiceNow** and **CrowdStrike** both added +0.4%. We have for some time owned **MercadoLibre**, which at +0.4% 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 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.

As at 30 April 2025, after the impact of currency hedging, the Fund carried an Australian dollar exposure of 96.8%.

Selected Contributors and Detractors[2]



Portfolio Construction[2]

At April month end, the Fund was 98.5% invested in 28 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)	
Amazon	Netflix
Broadcom	NVIDIA
Eli Lilly	Qualcomm
Meta	ServiceNow
Microsoft	Taiwan Semiconductor

Capitalisation USD	
Mega Cap > $100b	75.3%
Large Cap $50-100b	6.3%
Mid Cap $2-50b	16.9%
Small Cap < $2b	0.0%

Unit Prices

Pricing Frequency	Daily
Date	30 April 2025
Entry Price (in AUD)	1.6214
Exit Price (in AUD)	1.6134

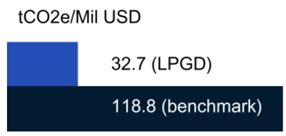
Distributions

Distribution Frequency	Paid annually as at 30 June
Latest distribution date	30 June 2024
Latest distribution	7.5 cents

Applications and Withdrawals

Withdrawal Notice	Generally, notice received by 2pm (Sydney time) receives the price effective for that business day.

ESG Attributes

Carbon Intensity[1]	**72% less carbon intensive** than benchmark:  No exposure to companies involved in fossil fuel extraction, generation and related products and services.

[1] Source: Sustainalytics as at 30 April 2025.

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

Firm Awards

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[2] The portfolio characteristics shown in this report, apart from references to currency exposure, refer to the data applying to the Loftus Peak Global Disruption Active ETF, into which the hedged class invests to attain its market exposure. Typically, the hedged class will also carry some cash to facilitate currency hedging which will impact the characteristics when viewed on a look-through basis.