Loftus Peak Global Change Portfolio

Change. The way you should invest.

Loftus Peak

May 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)	+8.69%	-0.07%	+2.85%	+16.80%	+25.34%	+16.87%	+17.46%	+17.09%	+18.39%
Benchmark	+5.25%	-0.98%	+4.38%	+17.47%	+16.57%	+14.12%	+12.60%	+11.18%	+12.63%
Outperformance (Net)	+3.44%	+0.91%	-1.53%	-0.67%	+8.77%	+2.75%	+4.86%	+5.91%	+5.76%

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

The bond market and the stock market have been travelling in opposite directions for most of the month of May. The Portfolio had one of its strongest months ever, increasing in value by +8.7% net-of-fees, which is outperformance of +3.4% relative to the MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg). By contrast, the bond market sold off, with yields on 10-year US treasuries rising from 4.17% to 4.46%. (Bond prices and bond yields move in opposite directions, so rising yields mean falling bond prices).

The bond market was fixated on the prospect of a US recession, a downgrade from ratings agency Moody's as well as the chaos arising from wild and quick swings in tariffs hindering corporate planning and likely leading to inflation.

The equity market, by contrast, chose to believe that a deal on tariffs was in the works with the European Union and China.

Contributors and Detractors to Return

The best performing stocks were those related to the growth of artificial intelligence (AI). Heavyweight GPU designer **Nvidia** added +1.8% to Portfolio value, with **Broadcom** contributing +1.4%, **Taiwan Semiconductor Manufacturing Company** (TSMC) +1.3% and **Microsoft** +1.1%.

AI has been one of the Portfolio's largest exposures due to its relative defensiveness in a volatile geopolitical and economic environment. There were a few key developments during the month of May that pointed to significant AI-related demand, resulting in share price appreciation for exposed companies. The first was TSMC monthly sales growth of 48% year-over-year, which was well ahead of expectations. Next was the joint US-gulf state announcements of hundreds of billions of dollars' worth of investment into AI infrastructure in countries such as Saudi Arabia, Qatar and the UAE.

Nvidia earnings rounded out the month and if not for a one-off China-related inventory write-off, would've been stellar. Revenues grew 69% year-over-year (off an already significant base of US$27bn) and next quarter revenues were guided to US$45bn (or US$53bn if not for the China-related write-off) – this was an acceleration in the sequential growth from an absolute dollar perspective. The company pointed to a "sharp jump in inference demand", suggesting the AI theme might have more room to run.

Communications and advertising giant **Meta** was also a solid performer adding +0.7% to return. We have always viewed Meta as a key beneficiary of developments in AI, be it discriminative or generative, as almost every aspect of the company's business – user-generated content, advertising inventory, monetisation etc. – can be turbocharged by it. It therefore makes sense for the company to have increased its spending on technical infrastructure (datacentres and AI) to ensure it isn't beholden to another company's technology.

Key Facts

Inception Date	30 June 2014
Strategy FUM (AUD)	$1,106 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

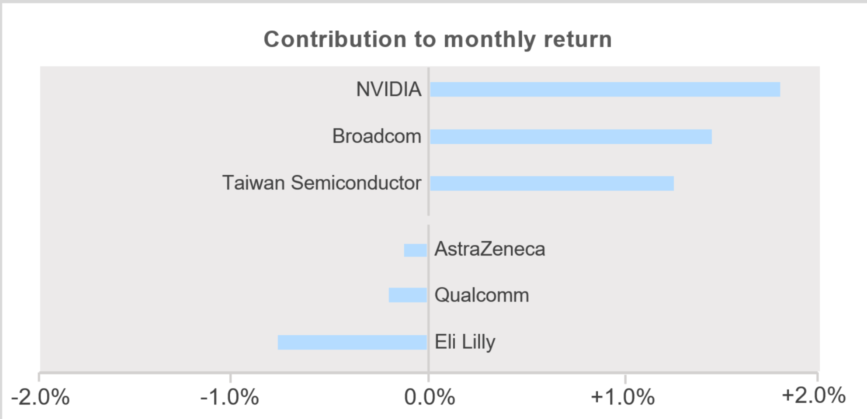
Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above $1 million.
Performance Fee	15% of excess returns over the benchmark return
Transaction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

Qualcomm underperformed in the month of May. It had previously been one of the Portfolio's largest positions by weight, however due to liberation day and the prospect of the cyclical recovery in smartphones being pushed out even further, we had reduced its weight in the Portfolio. That being said, we continue to hold the company due to the important role it plays in the world of internet of things, given its fast-growing automotive and internet of things business lines.

The worst performer was drug maker **Eli Lilly** which cut -0.8% from Portfolio value, with all other detractors together reducing value by -0.6% collectively. Lilly's poor performance comes despite a big win with its new oral weight control drug Orforglipron, a preferred mode of delivery relative to injections, which is the case now.

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 30 May 2025, the Portfolio carried a foreign currency exposure of 100.0%.

Selected Contributors and Detractors



Portfolio Construction

At May month end, the Portfolio was 94.7% invested in 25 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.

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	Roku
Microsoft	Taiwan Semiconductor

Capitalisation USD	
Mega Cap > $100b	74.1%
Large Cap $50-100b	3.9%
Mid Cap $2-50b	16.7%
Small Cap < $2b	0.0%

Firm Awards

FINALIST 2024 BEST AUSTRALIAN BASED GLOBAL MANAGER Loftus Peak australianfma.org

2024 FINALIST BEST LISTED ALTERNATIVE INVESTMENT PRODUCT HEDGE FUNDS Rock

2024 IMAP MANAGED ACCOUNT AWARDS — IMAP MANAGED ACCOUNT AWARD FINALIST INTERNATIONAL EQUITIES

THE AUSTRALIAN FUND MANAGER AWARDS 2023 WINNER BEST AUSTRALIAN BASED GLOBAL EQUITY MANAGER

FUND MANAGER OF THE YEAR 2022 HIGHLY COMMENDED Global Equities Large Cap