Loftus Peak Global Change Portfolio

Change. The way you should invest.

Loftus Peak

July 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.
Portfolio (net-of-fees)	+2.61%	+19.96%	+3.62%	+23.27%	+28.75%	+17.87%	+18.73%	+17.60%	+19.14%
Benchmark	+3.58%	+11.35%	+4.97%	+17.66%	+18.42%	+15.19%	+12.84%	+11.47%	+13.00%
Outperformance (net-of-fees)	-0.97%	+8.61%	-1.35%	+5.62%	+10.33%	+2.68%	+5.89%	+6.14%	+6.13%

Manager estimated returns. The 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 value of the Portfolio increased by +2.6% net-of-fees in July, however this was not enough to drive outperformance relative to the MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg), against which the Portfolio underperformed by -1.0%. During the month, the macro-outlook improved with several "trade deals" being notionally struck between the US and trade partners. This combined with broadly strong earnings lifted markets.

Contributors and Detractors to Return

For July, the Artificial Intelligence (AI) trade performed strongly as the hyperscalers reported quarterly earnings. Companies like **Meta** (+0.4% contribution to Portfolio returns) and **Microsoft** (+0.4%) saw strong growth in their core businesses underpinned by AI integration. Meta CEO Mark Zuckerberg said the company had "expanded the new AI-powered recommendation model for ads and improved its performance by using more signals and a longer context. (This) has driven roughly 5% more ad conversions on Instagram and 3% on Facebook." The company reported a +22% increase in revenue year-over-year to US$47b for the most recent quarter.

Meanwhile Microsoft's Azure Cloud reaccelerated to +39% revenue growth year-over-year, driven by AI deployments on the cloud. These companies are also offloading internal work like coding onto AI models providing a compelling incentive for further AI capital expenditure (CapEx). Across Meta, Microsoft, **Amazon** (+0.4%), Alphabet, Apple, Oracle, CoreWeave (the latter four are not current holdings) and the tier 2 cloud players, AI is powering estimates for year-over-year cloud CapEx growth to accelerate above 70%. This is despite aggregate CapEx across these companies already being at its highest ever level in 2024.

This has provided further impetus for gains in the vendors of that CapEx; the semiconductor stocks. **Nvidia** contributed +1.1% to the Portfolio while **Taiwan Semiconductor Manufacturing Company** was also solid (+0.8%). **Arista** and **Broadcom** contributed a combined +0.9%. Despite the strength to date, incremental demand is still emerging beyond 2025. We believe that the full breadth of cloud providers and sovereign AI data centres is yet to be priced.

Nevertheless, we are conscious that markets have run up strongly since the April lows. We are keen to maintain defensive exposure to companies outside AI which we believe are still relatively macro agnostic. We recently added **Contemporary Amperex Technology Co Ltd (CATL)** the world's leading manufacturer of lithium-ion batteries for electric vehicles and energy storage systems, and it performed well, adding +0.6%. Partially offsetting this was a -0.6% decrement to portfolio value from **Netflix**, which sold off on results having already increased almost tenfold in price in the ten years it has been held.

Key Facts

Inception Date	30 June 2014
Strategy FUM (AUD)	$1,171 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

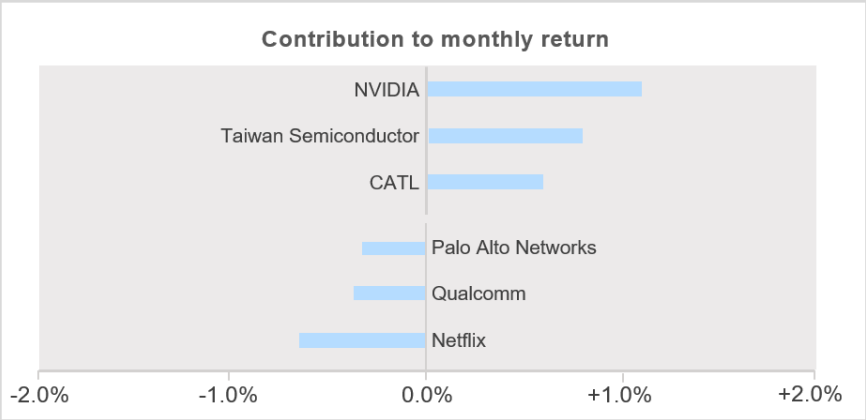
Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above $1 million.
Performance Fee	15% of excess returns over the benchmark return
Transaction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

What has been clear since 2020 is that Netflix has an (almost) unassailable lead relative to competitor streamers or indeed the linear cable channels which it has overtaken. The problem for Disney, Paramount and the thousands of other competitors is that without enough subscribers it is impossible to spend the US$5b-US$10b on annual programming needed to win enough subscribers. Speaking of streamers, we continue to hold **Roku**, a free advertising supported TV offering which in its earnings release announced a buy-back of stock for the first time.

Qualcomm and **Palo Alto Networks** combined cut -0.6% from portfolio value for the month. Despite strong valuation support and strong execution on the secular expansion into automotives, PC and even data centre, the market is still focused on the loss of Qualcomm's Apple revenue. Palo Alto irked investors after announcing its intention to acquire CyberArk.

The Australian dollar depreciated -1.4% against the US dollar over the month, which meant the value of the Portfolio's US dollar positions increased. As at 31 July 2025, the Portfolio carried a foreign currency exposure of 100.0%.

Selected Contributors and Detractors



Portfolio Construction

At July month end, the Portfolio was 94.4% invested in 28 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	Nvidia
Eli Lilly	Qualcomm
Meta	Roku
Microsoft	Salesforce
Netflix	Taiwan Semiconductor

Capitalisation USD

Mega Cap > $100b	73.7%
Large Cap $50-100b	6.0%
Mid Cap $2-50b	14.8%
Small Cap < $2b	0.0%

Firm Awards

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

2024 FINALIST – HEDGE FUNDS Rock – BEST LISTED ALTERNATIVE INVESTMENT PRODUCT

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 – FINANCIAL NEWSWIRE – SQM RESEARCH