

Loftus Peak Global Disruption Fund (Hedged)

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



Research Ratings:



S&P Research
– 4.25 Stars

July 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.
Fund (net-of-fees)	+1.62%	+19.69%	+8.13%	+25.04%	+22.08%	-	-	+25.64%
Benchmark	+2.20%	+12.10%	+5.85%	+14.45%	+14.01%	-	-	+15.92%
Outperformance (net-of-fees)	-0.58%	+7.59%	+2.28%	+10.59%	+8.07%	-	-	+9.71%

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

The value of the Fund increased by +1.6% net-of-fees in July, however this was not enough to drive outperformance relative to the MSCI All Countries World Index (net dividends reinvested) hedged to Australian dollars, against which the Fund underperformed by -0.6%. 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 Return²

For July, the Artificial Intelligence (AI) trade performed strongly as the hyperscalers reported quarterly earnings. Companies like **Meta** (+0.4% contribution to Fund 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 Fund and was the strongest performer for the second month in a row while **Taiwan Semiconductor Manufacturing Company** was also solid (+0.8%). **Arista** and **Broadcom** contributed a combined +0.8%. 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 fund 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	1 July 2022
APIR Code	ETL9930AU
Strategy FUM (AUD)	\$1,171 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 Netwealth, HUB24, Powerwrap, Praemium, Mason Stevens (IDPS only) and Macquarie (closed to new investments)

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

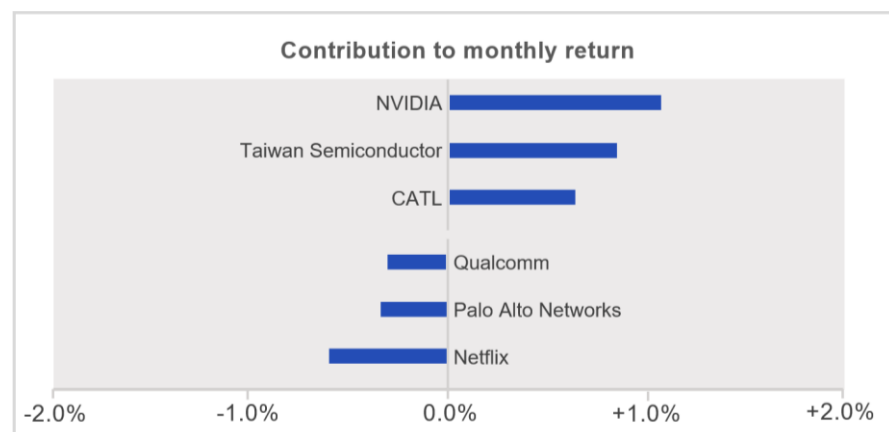
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What has been clear since 2020 is that Netflix has an (almost) unassailable lead relative to competitor streamers or indeed the linear cable channels which it has overtaken. The problem for Disney, Paramount and the thousands of other competitors is 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 fund 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. A half dozen other companies were responsible for a -1.1% reduction.

The Australian dollar depreciated -1.8% against the US dollar over the month, increasing the value of the Fund's US-dollar denominated positions. As at 31 July 2025, after the impact of currency hedging, the Fund carried an Australian dollar exposure of 99.3%.

Selected Contributors and Detractors²



Portfolio Construction²

At July month end, the Fund was 94.5% invested in 29 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)		Capitalisation USD	
Amazon	NVIDIA	Mega Cap > \$100b	71.3%
Eli Lilly	Qualcomm	Large Cap \$50-100b	8.6%
Meta	Roku	Mid Cap \$2-50b	14.6%
Microsoft	Salesforce	Small Cap < \$2b	0.0%
Netflix	Taiwan Semiconductor		

Unit Prices

Pricing Frequency	Daily
Date	31 July 2025
Entry Price (in AUD)	1.7885
Exit Price (in AUD)	1.7795

Distributions

Distribution Frequency	Paid annually as at 30 June
Latest distribution date	30 June 2025
Latest distribution	15 cents

Applications and Withdrawals

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

Carbon Intensity ¹	64% less carbon intensive than benchmark: tCO2e/Mil USD <div> <div style="width: 40.1%;"></div> 40.1 (LPGD) </div> <div> <div style="width: 110.0%;"></div> 110.0 (benchmark) </div>
	No exposure to companies involved in fossil fuel extraction, generation and related products and services.

¹ Source: Sustainalytics as at 31 July 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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The Loftus Peak Global Disruption Active ETF's Target Market Determination is available at www.loftuspeak.com.au in the downloads tab. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

²The 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.