Loftus Peak
Global Change Portfolio

MONTHLY UPDATE

AUGUST 2025

Loftus Peak is a global equities fund manager focused on disruptive businesses. Founded in 2014, Loftus Peak 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)	-2.53%	+7.58%	+7.51%	+21.04%	+29.13%	+16.17%	+17.02%	+17.98%	+18.72%
Benchmark	+0.68%	+6.52%	+5.48%	+19.54%	+19.48%	+14.75%	+12.27%	+12.04%	+12.97%
Outperformance (net-of-fees)	-3.21%	+1.06%	+2.03%	+1.50%	+9.65%	+1.41%	+4.75%	+5.94%	+5.74%

Source: Loftus Peak, Bloomberg. Manager estimated returns. Past performance is not a reliable indicator of future performance. Returns greater 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 customisation. Each client should also take into account their own taxation situations.

Review and Performance

The value of the Portfolio decreased by -2.5% (net-of-fees) in August, while the benchmark MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg) was up +0.7%, generating Portfolio underperformance of -3.2% (net-of-fees).

August was largely positive for equities. 81% of S&P 500 companies beat Q2 earning estimates (as at 31 August 2025) according to FactSet. Despite this share price responses were muted. There are highly valued companies – often with large exposure to Artificial Intelligence (AI) - and companies with depressed valuations, higher macro exposure, or a perceived AI disruption struggle. Strong earnings were essential for AI companies to maintain their valuations, whereas strong earnings outside of AI were insufficient to convince markets that headwinds had dissipated. Post month-end the significant growth in revenue for Broadcom as it released details of a new US$10b customer made thinks very lively.

The US Federal Reserve adopted a softer tone, with July's non-farm payrolls falling below expectations, signaling a job creation slowdown and increasing the likelihood of September interest rate cuts. Political shenanigans were evident with the Trump Administration's mortgage fraud accusation against Federal Reserve Governor Lisa Cook, a precursor to a possible loss of independence for the US central bank, which would not be a desirable outcome.

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 All Countries World Index (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
Suggested time frame	3-5 years
Minimum Investment	$150,000

Contributors and Detractors to Return

Qualcomm (+0.3%) was the largest contributor to Portfolio performance as the company recovered following a knee-jerk 10% drop following earnings. Despite its expansion into automotives moving faster than expected, the bulk of Qualcomm's revenue remains in cyclical end markets. Investors still perceive Qualcomm as a smartphone company, - the upside of which is a cheap valuation. Thus, even when earnings commentary fails to impress markets, the downside can be mitigated.

Arista Networks (+0.2%) reported a stellar AI fuelled earnings – enough to impress even after the stock's 80%+ run from Liberation Day lows. Arista sells the ethernet cables that connect racks of AI chips together, a competitor to Nvidia's (-0.3%) Infiniband. This is a huge opportunity for Arista but a small slice for Nvidia which grew quarterly revenue +56% YoY to USD46.7 bn. Nvidia had run into earnings and its modest beat and raise precipitated a slight sell down.

Nevertheless, Nvidia's longer term demand outlook appears stronger than ever. The next generation Rubin chip is on track for release in 2026. CEO Jensen Huang also pointed to cumulative US$3-4 trillion AI infrastructure spend across the next five years. On top of this, Nvidia is pioneering scale across optical networking technologies which could enable cloud companies to connect geographically disparate datacentres.

Naturally, the swell of AI demand is directionally positive for Advanced Micro Devices (-0.2%) and Broadcom (+0.0%) as well as Taiwan Semiconductor Manufacturing Company (-0.6%) which manufactures the AI chips irrespective of the company that designs them. The big AI names have performed strongly over the last couple months but traded slightly down on results. Broadcom, mentioned above, was a notable exception.

Marvell (-0.6%) was the largest detractor to Portfolio return for August. A recent entry, Marvell has lagged its AI chip peers since April lows. Details about Marvell's future MAIA chip for Microsoft (-0.3%) were released at the end of July. The stock rose. Almost four weeks later the company reported earnings with lumpy AI revenue from Amazon's (-0.2%) Tranium chip missing expectations. The share price dropped. Nevertheless, the growing revenue share of the custom AI business together with AI's long runway and the significant valuation discount to peers make Marvell a compelling exposure to AI, once risk adjusted.

Microsoft and Meta, both of which have been strong performers this year, had a poor month, together cutting Portfolio value by -0.6% as investors questioned both companies return on investment in relation to their AI investment.

Loftus Peak continues to allocate more heavily to the tools - the picks and shovel semiconductor companies like Nvidia and TSMC.

The Australian dollar appreciated +1.7% against the US dollar over the month, decreasing the value of the Portfolio's US-dollar denominated positions. As at 31 August 2025, the Portfolio carried a foreign currency exposure of 100.0%.

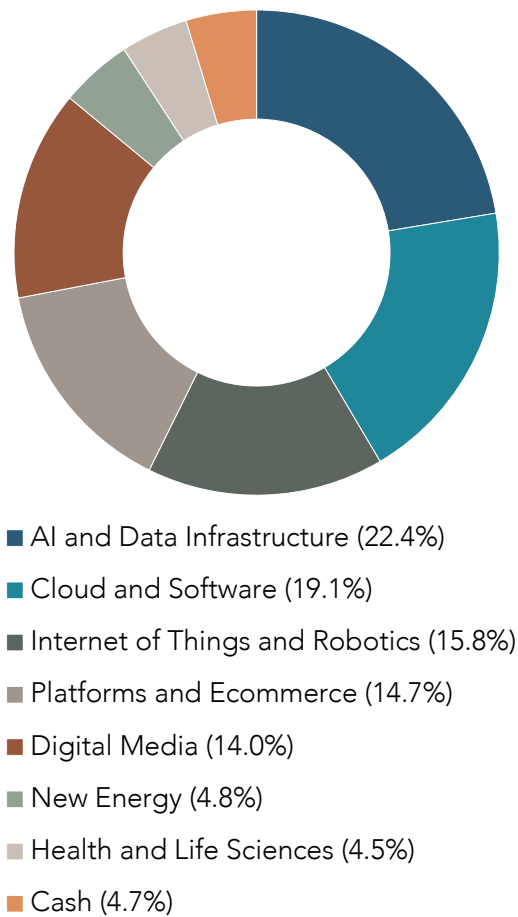| Fees	
Management Cost	1.00% p.a. (inc. GST) calculated daily and charged monthly in arrears.
Administration and Custody Fee	0.275% p.a. calculated daily and charged monthly in arrears. A lower fee applies for investments above $1 million.
Performance Fee	15% of excess returns over the benchmark return.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

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

Cumulative Performance

Portfolio — Benchmark
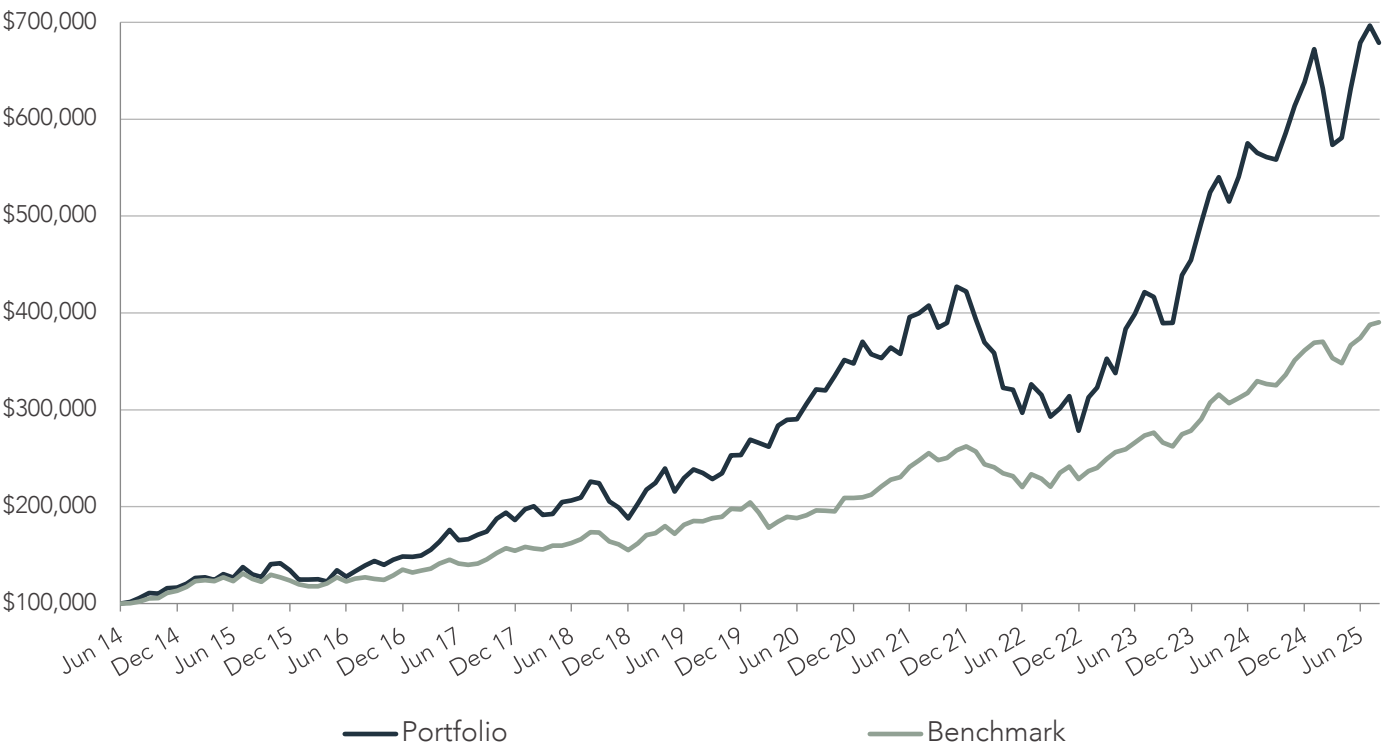
Past performance is not a reliable indicator of future performance.
Benchmark is MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg).

Portfolio Exposure

- AI and Data Infrastructure (22.4%)
- Cloud and Software (19.1%)
- Internet of Things and Robotics (15.8%)
- Platforms and Ecommerce (14.7%)
- Digital Media (14.0%)
- New Energy (4.8%)
- Health and Life Sciences (4.5%)
- Cash (4.7%)

Portfolio Construction

At August month end, the Portfolio was 95.3% invested 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.

Portfolio Statistics	
Number of Holdings	29
Sharpe Ratio[3] (risk-free rate = BBSW3M)	0.93
Information Ratio[3]	0.49
Volatility[3]	17.9%

Capitalisation (USD)		
Mega Cap	> $100b	71.9%
Large Cap	$50-100b	4.2%
Mid Cap	$2-50b	19.2%
Small Cap	< $2b	0.0%

[3] Since inception.

Top 10 Holdings

	Amazon – is the global leader in internet retail and cloud-based computing. From its listing in 1997 as primarily an online book retailer, Amazon has now expanded its offering to most areas of consumer merchandise, whilst also developing market leading cloud computing services. It has a relentless focus on low-cost operations, constant reinvestment and customer service. The company is owner-managed and controlled by its founder Jeff Bezos.
	Eli Lilly – founded in 1876 and headquartered in Indianapolis, Indiana, is a global pharmaceutical company known for its innovations in drug development. The company focuses on therapeutic areas such as diabetes, oncology, neuroscience, and immunology, with blockbuster drugs including Trulicity and Mounjaro for diabetes and Zepbound for weight loss. Eli Lilly is also a leader in Alzheimer's research, developing treatments like donanemab to address cognitive decline. Leveraging biotechnology and advanced research, the company continues to drive medical breakthroughs in both small molecules and biologics. With a strong pipeline and growing presence in obesity and metabolic health, Eli Lilly is shaping the future of healthcare innovation.
	Meta – is one of the world's premier advertiser platforms with a user base of over 3bn Daily Active Users and over 10m advertisers. META has invested significantly into AI infrastructure, and this enables the company to drive user engagement and provides advertisers with a range of ad automation and targeting tools. META's two major goals are to: (1) to build the most popular and advanced AI Products and services; and (2) invest into building the next generation of augmented, virtual and mixed reality computing platforms.
	Microsoft – is a multinational technology company that manufactures, licenses, supports and sells computer software, personal computers, consumer electronics and services. The Company's main segments include Intelligent Cloud, More Personal Computing, Productivity and Business Process. Its products include cross device productivity applications, server applications, business solution applications, desktop and server management tools, software development-tools, video games, and training and certification of computer system integrators and developers. The Company also designs, manufactures and sells devices including personal computers, tablets, gaming and entertainment consoles, and other intelligent devices that integrate with its cloud-based offerings.
	Netflix – is the leading video streaming provider in the world with over 260m subscribers as of the December 2023 quarter. As the global leader, Netflix will continue to benefit from the shift of linear TV to streaming with still a significant opportunity to grow subscribers (1bn broadband households globally), pricing power and further monetization opportunities through advertising.
	NVIDIA – founded in 1993 and headquartered in Santa Clara, California, is a leading technology company specializing in graphics processing units (GPUs) and artificial intelligence (AI). Originally known for its dominance in gaming GPUs, Nvidia has expanded into AI, data centers, autonomous vehicles, and professional visualization. Nvidia's AI and deep learning technologies power industries ranging from healthcare to robotics, enabling breakthroughs in generative AI and high-performance computing. With its continuous innovation in AI chips and software ecosystems like CUDA, Nvidia remains at the forefront of the AI and semiconductor industries.
	Qualcomm – is a fabless semiconductor designer and the world's leading supplier of mobile device chipsets (mobile phones, smartphones and tablets). Qualcomm is expanding the number and diversity of revenue lines including supplying chips to the PC market, automobiles, IoT and augmented/virtual reality segments. Qualcomm is also set to benefit as a key enabler of the proliferation of AI capabilities onto devices. (e.g. Samsung Galaxy S24)
	Samsara – founded in 2015 and headquartered in San Francisco, is a software company providing a cloud-based platform that connects physical operations—like vehicle fleets, equipment, and facilities—to the cloud through sensors and telematics. Key products include fleet tracking, driver safety, and asset monitoring, serving industries like transportation, logistics, construction and manufacturing. Its real-time data insights help customers reduce fuel consumption, improve safety, and increase operational efficiency. The company is part of a broader trend of digital transformation in physical operations, using AI and analytics to modernize traditional sectors.
	Taiwan Semiconductor – is the largest dedicated global foundry for the manufacture of semiconductor chips. TSMC produces chips for a wide range of uses including data centres, networking equipment, smartphones, tablets, PCs and gaming consoles. TSMC has a broad customer base of major hardware and fabless semiconductor companies including Apple, Qualcomm, Nvidia, AMD, MediaTek and HiSilicon (Huawei). The company is leveraged to chip demand from emerging themes such as 5G, IoT and artificial intelligence. TSMC was founded in 1987 and is based in Hsinchu, Taiwan.
	Uber – founded in 2009 and headquartered in San Francisco, California, is a global technology company that revolutionized ride-hailing and expanded into mobility, delivery, and freight services. Its core platform connects riders with drivers through its app, offering services such as UberX, Uber Comfort, and Uber Black. Uber also operates Uber Eats, a food delivery service, and Uber Freight, a digital platform that connects shippers and carriers for logistics solutions. The company leverages AI, real-time data analytics, and dynamic pricing to optimize driver-rider matching, route efficiency, and demand forecasting.

Firm Awards

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

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