LOFTUS PEAK

Loftus Peak Global Change Portfolio

MONTHLY UPDATE JANUARY 2026

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)	-3.68%	-11.38%	-4.13%	-0.66%	+28.75%	+12.53%	+18.53%	+18.28%	+17.81%
Benchmark	-1.47%	-2.45%	+4.18%	+9.36%	+19.49%	+14.02%	+13.92%	+12.92%	+12.80%
Outperformance (net-of-fees)	-2.22%	-8.93%	-8.31%	-10.02%	+9.26%	-1.50%	+4.61%	+5.36%	+5.00%

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 -3.7% (net-of-fees) in January, while the benchmark MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg) was down -1.5%, generating Portfolio underperformance of -2.2% (net-of-fees).

There was a trend towards previously overlooked names in evidence across the market. Investors rotated away from technology towards industrials, consumer staples, materials and more, underpinned by relatively strong GDP growth figures for the third quarter of calendar 2025 (released late due to government shutdown).

Artificial Intelligence (AI) continues to be the dominant focus. Despite strong signals of ongoing chip demand from manufacturers and increasing revenue forecasts and financing activity for companies like OpenAI and Anthropic, investors are hesitant to reward the semiconductor designers that are underpinning AI. This reluctance by investors seems to be the result of the uncertain visibility of AI use cases.

The Loftus Peak view is that AI use cases are already widespread, though not fully visible yet in the macro data. Excluding the GFC, the AI revolution is the most disruptive and powerful force to hit global business since the rollout of the internet in the dying years of the twentieth century. And unlike the internet, AI and the tools to run it are already well developed system-wide. Our industry level feedback is that it is difficult to see a single industry that will not be affected. The frenzied deal-making by companies such as Open AI, chip suppliers such as Nvidia and hyperscalers such as Microsoft reflect the urgency of these players to get to scale as fast as they can.

Key Facts	
Inception Date	30 June 2014
Strategy FUM (AUD)	$1,256 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

In this context, it is fitting that the top two contributors to the Portfolio were **Samsung** (+0.7%) and **Seagate** (+1.0%), which produce commodity DRAM and NAND memory, as well as High-Bandwidth Memory (HBM) specifically for AI. Seagate also produces Hard Disk Drives (HDDs), which are becoming increasingly important as a shift to inference creates an explosion of data needing to be stored at low cost. Memory chip companies are seeing meteoric share price increases due to structural undercapacity combined with AI-induced demand which kicked off a supercycle from September last year. The three largest memory producers have added approximately US$500bn in market cap in January alone.

Applied Materials (+0.5%) was the next top contributor - the company that sells the equipment necessary to manufacture semiconductors. Samsung, SK Hynix and Micron are key customers.

Taiwan Semiconductor Manufacturing (+0.3%) is another key customer and is the manufacturer of virtually all AI chips. The company reported an increase in its compound annual growth rate outlook for AI revenue through 2029 to ~58% (up from ~45% previously). This guidance was given after the company verified demand both with customers like **Nvidia** (-0.2%), **Broadcom** (-0.2%), **Advanced Micro Devices** (+0.2%) and **Marvell** (-0.2%) and the customers' customers like **Amazon** (+0.0%), **Microsoft** (-0.9%), **Meta** (+0.2%), Alphabet, Oracle, OpenAI, Anthropic, xAI and more. As far as the companies across the AI value chain are concerned the buildout of AI infrastructure is showing years left to run.

Microsoft was the Portfolio's largest detractor. Its share price collapsed after the company revealed that almost half of its cloud backlog comes from OpenAI. Investors were irked by Microsoft's willingness to continue spending huge amounts of CapEx. This sentiment overlooks the fungibility of Microsoft's hardware fleet (a point Microsoft stresses). The infrastructure Microsoft is building works for any of the frontier AI labs or even Microsoft's internal workloads. The enormous CapEx is a bet on AI itself, not just a single company.

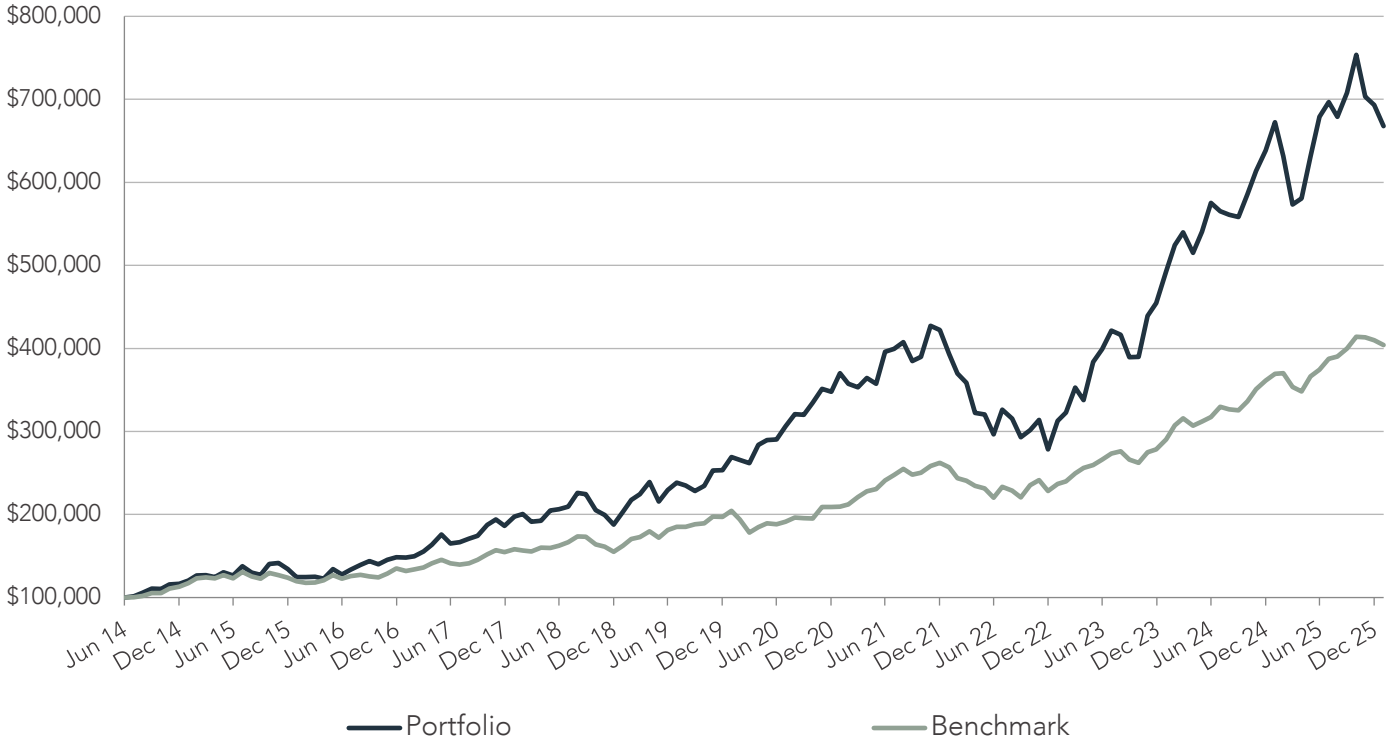
The weakness in software names is not about AI scepticism - quite the contrary, it speaks to the level of disruption expected as a result of AI's rampant growth. **ServiceNow** (-0.8%) has de-rated significantly from its 52-week high in July last year on these fears. Earnings reported in January showed growth ex-acquisitions slowed to +19% YoY with little help from the company's internal AI offerings. **Samsara** (-0.8%) and **Datadog** (-0.2%) were similarly impacted by concerns of AI disruption and sectoral concerns with software, however we believe they are relatively less exposed given the physical nature of Samsara's business and consumption-based pricing of Datadog's business.

The Australian dollar appreciated +4.9% against the US dollar over the month, decreasing the value of the Portfolio's US-dollar denominated positions. As at 31 January 2026, 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.

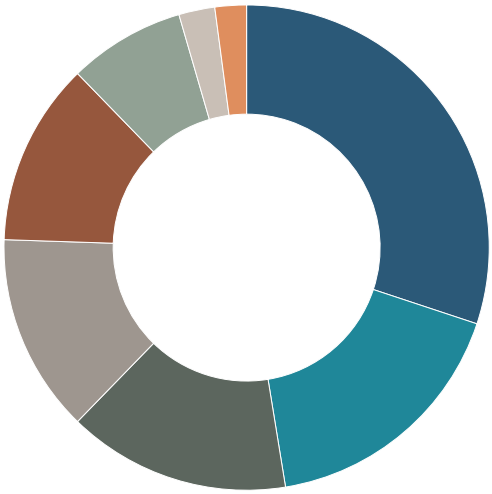
The Team	
Alex Pollak	CIO and Founder
Anshu Sharma, CFA	Portfolio Manager and Founder
Harry Morrow, CFA	Senior Investment Analyst
Raymond Tong, CFA	Head of Research

Cumulative Performance



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 (30.1%)
- Cloud and Software (17.4%)
- Digital Media (14.8%)
- Platforms and Ecommerce (13.3%)
- Internet of Things and Robotics (12.2%)
- New Energy (7.8%)
- Health and Life Sciences (2.4%)
- Cash (2.1%)

Portfolio Construction

At month end, the Portfolio was 97.9% 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	27
Sharpe Ratio[3] (risk-free rate = BBSW3M)	0.88
Information Ratio[3]	0.43
Volatility[3]	17.9%

Capitalisation (USD)		
Mega Cap	> $100b	79.5%
Large Cap	$50-100b	14.3%
Mid Cap	$2-50b	4.1%
Small Cap	< $2b	0.0%

[3] Since inception.

Top 10 Holdings (in alphabetical order)

AMD	**Advanced Micro Devices –** a high performance and adaptive computing leader, powering the products and services that help solve the world's most important challenges. Its technologies advance the future of the data center, embedded, gaming and PC markets. AMD was founded in 1969 by Jerry Sanders, a former executive at Fairchild Semiconductor Corporation, and seven other technology professionals.
amazon	**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.
APPLIED MATERIALS	**Applied Materials –** founded in 1967 and headquartered in Santa Clara, California, is the world's largest supplier of equipment used to manufacture semiconductors and advanced displays. The company provides tools for deposition, etching, inspection, and materials engineering that are critical in producing leading-edge logic chips, memory, and power semiconductors. Its customers include major chipmakers such as TSMC, Samsung, Intel, and Micron. Applied Materials plays a central role in enabling smaller, faster, and more energy-efficient chips, making it a key beneficiary of AI-driven semiconductor complexity and capital spending.
CATL	**CATL –** founded in 2011 and headquartered in Ningde, China, is the world's largest producer of lithium-ion batteries for electric vehicles and energy storage systems. The company supplies batteries to leading global automakers including Tesla, BMW, Mercedes-Benz, Hyundai, and Toyota . CATL's core products include lithium iron phosphate (LFP) and nickel manganese cobalt (NMC) battery chemistries, and it is at the forefront of innovations in solid-state batteries and cell-to-pack architecture. With operations spanning China, Europe, and other key EV markets, CATL plays a central role in the global energy transition and electrification of transport.
Meta	**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	**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.
NVIDIA	**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.
Roku	**Roku –** founded in 2002, is an American company headquartered in San Jose, California, that manufactures a variety of digital media players for video streaming. Roku's devices allow users to access streaming services like Netflix, Hulu, and Disney+, among others, directly on their televisions. Roku has also expanded into the smart TV market and offers an advertising platform for content publishers. The company plays a significant role in the streaming media and connected TV industry.
tsmc	**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	**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. Uber continues to expand its offerings, including autonomous vehicles and electric micromobility solutions.

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