



Loftus Peak Global Disruption Fund

Investing | Future Focused

Monthly Fund Update
August 2020



Superior

Traditional business models are being disrupted as digitisation and the internet change the way businesses and people connect, communicate and consume across all industries – retail, transport, communications, energy and banking to name a few. Loftus Peak generates investment return by positioning investors to profit from these changes. Loftus Peak's strategy complements other sharemarket investments, particularly those in Australia where there is a heavy skew towards banks, resources and the Australian dollar.

Review and Performance

Many of our core positions traded sharply higher during August, with some stocks hitting our valuation targets, which triggered selected trimming and reallocation to other holdings where valuation was less demanding.

There were a number of reasons for the high valuations - one large player (it was Softbank, we learned last week) attempted a multi-billion dollar trading strategy, which in turn was second-guessed by the big trading houses with prices further skewed by heightened activity from home-based day-traders.

The Loftus Peak Global Disruption Fund was up +5.2% net-of-fees in August, with outperformance of +2.6% against the benchmark MSCI All Countries World Index net in Australian dollars (which rose +2.6%). One-year net performance to August 31 is +37.2%, with outperformance of +31.1%. We did not increase the Fund's market exposure throughout this period and are holding cash of 15%, providing some protection against market declines.

The solid show for Loftus Peak investors was driven primarily by the fact that many of the Fund's businesses can still grow as a result of models which allow contactless transactions in health, retailing, advertising, transport and finance to name just a few.

As we write this, many of the share prices of companies in the Fund have fallen back, though this slight cooling comes after a very strong 2020 (to date).

Our broad approach remains unchanged – seek out the best and most efficient companies, with strong balance sheets and winning business models, challenging incumbents across a range of global industries.

	1m	3m	6m	1y	3y p.a.	Inception p.a.
Loftus Peak (Net) ¹	+5.21%	+13.01%	+21.33%	+37.16%	+24.26%	+25.77%
Benchmark ²	+2.62%	+3.62%	+1.19%	+6.07%	+11.57%	+12.70%
Outperformance (Net) ³	+2.60%	+9.39%	+20.14%	+31.09%	+12.69%	+13.06%

Past performance is not a reliable indicator of future performance.

Source: Loftus Peak, MSCI

¹ Net-of-fees performance for the Loftus Peak Global Disruption 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 reference guide.

² The benchmark for the Fund is the MSCI All Countries World Index (net) as expressed in AUD from Bloomberg.

³ Outperformance is shown as the Fund (Net) minus the benchmark.

Key Facts

Inception Date	15 November 2016
APIR Code	MMC0110AU
Fund FUM (AUD)	\$117 million
Strategy FUM (AUD)	\$133 million
Product Type	Registered Managed Investment Scheme domiciled in Australia
Responsible Entity	Equity Trustees Limited
Investment Universe	Listed Global Equities
Benchmark	MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg)
No. of Investments	15-35
Minimum Cash	1%
Maximum Cash	50%
Suggested time frame	3-5 years
Minimum Investment	AU\$5,000
Pricing Frequency	Daily
Withdrawal Notice	Generally, notice received by 2pm receives price effective for that business day.
Research Ratings (Lonsec, SQM)	Click Lonsec or SQM logo on our website to request a copy.

Fees

Distributions	Paid annually as at 30 June
Annual Management Costs	1.20% per annum (inc. GST)
Performance Related Fee	15% in excess of the hurdle return with a high watermark payable six monthly as at 30 June and 31 December each year

Unit Prices

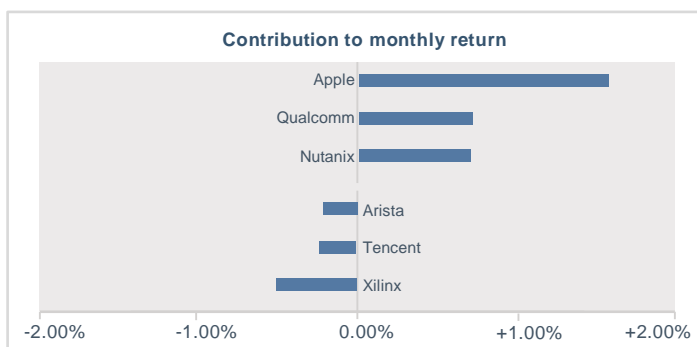
Date	31 August 2020
Entry Price (in AUD)	2.5379
Exit Price (in AUD)	2.5253

Contributors and Detractors to Return

The August return was driven by very solid contributions from **Qualcomm**, **Apple** and **Nvidia**, with **Alibaba** also doing well. **Qualcomm** was up +13% based on the expectation that the 5G rollout is still on track despite the virus, and also the end of some litigation related to its pricing of licences for mobile across all the 'G's (2-3-4 and 5). The numbers of investors willing to consider **Apple** as a platform with significant recurring revenues - not just mobile phone maker - continues to increase, driving pricing strength.

The Australian dollar appreciated +3.1% over the month against the US dollar, which meant the value of the Fund's US dollar positions decreased. As at 31 August 2020, the Fund carried a foreign currency exposure of 90.4%.

Selected Contributors and Detractors



Portfolio Construction

At August month end, the Fund was 85.6% invested in 22 holdings with the balance in cash.

Selected Top Holdings		Capitalisation USD	
Apple	8.9%	Mega Cap > \$100b	61.5%
Amazon	8.5%	Large Cap \$50-100b	4.3%
Qualcomm	8.0%	Mid Cap \$2-50b	19.8%
Xilinx	7.7%	Small Cap < \$2b	0.0%
Alibaba HK	7.1%		

Learn more

For the latest on investment in global change and disruption, visit us at www.loftuspeak.com.au, email enquiry@loftuspeak.com.au or see commentary in the Australian Financial Review, Constant Investor, the Sydney Morning Herald, or on Firstlinks.

IMPORTANT INFORMATION

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The Team



Alex Pollak
CIO and Founder

With 25 years' experience in disruptive business models gained during a career with Macquarie Bank, Alex heads one of the best-performing teams in global listed disruptive business investment in Australia.

He was instrumental in bringing both Seek and Carsales.com to the Australian stock market. He has a deep knowledge of investment and global change companies.



Anshu Sharma
Portfolio Manager

Anshu started his career in global disruption investment almost a decade ago at TechInvest. This was followed by Portfolio Manager and technology Analyst responsibilities for the Asia region at Eight Investment Partners.

Being mentored by the best in this space early on in his career and having extensively travelled in Asia to meet hundreds of companies, Anshu brings a wealth of experience to investing globally.



Rick Steele
CEO

Drawing on more than 30 years in funds management and government Rick is the CEO of Loftus Peak. After a successful career in the Australian Treasury, Rick held senior positions at Prudential Assurance, Morgan Grenfell Australia, BT Funds Management, TechInvest and Eight Investment Partners.

Rick is also Chairman of CitizenBlue, an impact enterprise operating a container recycling service for its environmental members.

Firm Awards	
Ratings	
Platforms	