

# Loftus Peak Global Change Portfolio

Investing | Future Focused



January 2025 Update

Founded in 2014, Loftus Peak is a global equities fund manager with a focus on investment in listed disruptive businesses. We have extensive experience and bring significant discipline to the process. Our Portfolio comprises some of the best and fastest-growing companies in the world – companies that we believe are driving change across all industries globally, constructed on the basis of strict criteria and included at carefully determined valuations. Holdings include large capitalisation names like Microsoft and Google (Alphabet) as well as many others that we expect to be household names in the future, such as Advanced Micro Devices and Qualcomm. This approach to investment across a wide range of global industries lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

## Review and Performance<sup>1</sup>

A generally positive earnings season, so far, provided the impetus for the Portfolio to notch a +5.3% net-of-fees return for the month, outperforming the MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg) by +3.1%.

The performance was struck against the backdrop of Donald Trump's market-moving comments on tariffs, the annexation of Canada and Greenland as well a demand that 2 million people from Gaza find alternative accommodation. It does appear that there will be tariffs on a number of products, such as steel, but this is not a certainty given the number of times tariff policy has been announced then reversed. Separately, a number of his pronouncements are now before various US courts, such as the decision to send three Venezuelan detainees to Guantanamo Bay.

The Portfolio has proceeded cautiously on developments such as these in the US, preferring to wait to see specific implementation detail before adjusting portfolio positions.

The bedrock of the Portfolio's investment philosophy is that disruption continues to roll through every element of global business. Just as it was the case that US national security issues underwrote the early sales of silicon chips in the 60's, so it is that the US government does not want to see the most advanced AI technology in the hands of adversaries. Loftus Peak does not invest in military material, but has found a durable investment advantage in companies using cutting edge technology to advance their commercial interests in retail, publishing, logistics to name a few.

Trump was thus happy to coat-tail Stargate - a project in train for over a year - and squarely aimed at securing US dominance in AI. Stargate it appears intends to rack up US\$500 billion in build cost in the next four years.

This announcement as well as the impact of China's DeepSeek R1 AI model impacted returns for month with the beneficiaries being businesses that benefit from cheaper AI costs.

	1m	3m	6m	1y	3y p.a.	5y p.a.	7y p.a.	Inception p.a.
Portfolio (net-of-fees)	+5.32%	+14.76%	+18.97%	+36.42%	+19.57%	+20.08%	+19.12%	+19.73%
Benchmark	+2.18%	+9.89%	+12.09%	+27.27%	+12.88%	+12.56%	+12.86%	+13.14%
Outperformance (net-of-fees)	+3.13%	+4.87%	+6.88%	+9.16%	+6.69%	+7.52%	+6.26%	+6.59%

<sup>1</sup> Manager estimated returns. The Portfolio 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.

## Contributors and Detractors to Return

Thus it was that **Qualcomm** (+0.8% contribution for the month) was the largest contributor, followed by **Meta** (+0.7%), **GitLab** (+0.6%) and **Netflix** (+0.6%). The market was willing to give more credit to stories involving AI models that most clearly benefit from DeepSeek's R1 model. Qualcomm's performance was aided by the expectation that smaller AI models will accelerate the pace at which these models are deployed locally on edge devices.

## Key Facts

Inception Date	30 June 2014
Strategy FUM (AUD)	\$1,190 million
Product Type	Managed Discretionary Account
Product Sponsor	Mason Stevens Limited
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
No. of Investments	10-35
Minimum Cash Allocation	2%
Maximum Cash Allocation	20%
Maximum weighting per investment	20% at time of purchase
Minimum Investment	AU\$150,000
Liquidity	Daily
Suggested timeframe	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

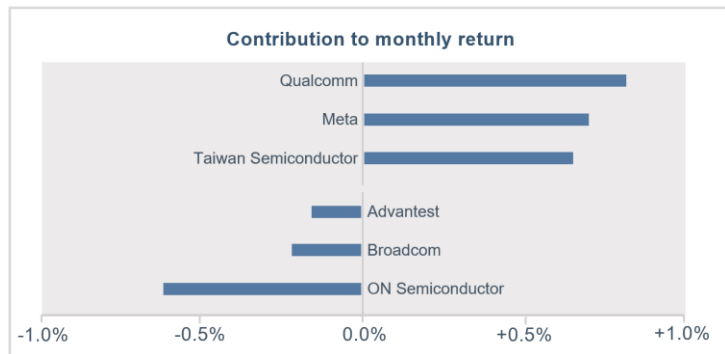
Meta reported relatively strong earnings and was also a beneficiary of the commoditised AI heralded by DeepSeek. Meta can integrate cheaper AI into their existing platforms to produce revenue growth in advertising at a lower cost. Additionally, the company maintains several revenue levers left to pull. This includes Twitter-alternative Threads, Meta's AI assistant and alternate reality glasses.

Netflix is firing on all cylinders, delivering record subscriber net adds of 18.9m in the quarter while raising its outlook for both revenues and margins.

Underperformers include **Broadcom** (-0.2%) and **Advantest** (-0.2%). Fears that DeepSeek trained such a competitive model on a relatively small amount of compute led markets to sell companies exposed to the buildout of AI infrastructure. These fears are likely misplaced. The hyperscalers arguably have the best visibility over the long-term AI opportunity; they continue to increase their investment. This outlook was also corroborated by **Taiwan Semiconductor Manufacturing** (+0.6%) which pointed to its AI revenues growing at compounded annual growth rate in the mid-forties over the next five years.

The Australian dollar appreciated +0.5% against the US dollar over the month, which meant the value of the Portfolio's US dollar positions decreased. As at 31 January 2025, the Portfolio carried a foreign currency exposure of 100.0%.

## Selected Contributors and Detractors



## Portfolio Construction

At January month end, the Portfolio was 97.6% invested in 30 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.

Top 10 Holdings (in alphabetical order)	
Alphabet	Meta
Amazon	Microsoft
Broadcom	Netflix
Eli Lilly	Qualcomm
John Deere	Taiwan Semiconductor

Capitalisation USD	
Mega Cap > \$100b	65.6%
Large Cap \$50-100b	10.6%
Mid Cap \$2-50b	21.2%
Small Cap < \$2b	0.0%

## 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 and Founder

Anshu began his career more than 15 years ago as a global investment analyst, covering companies that have now been at the forefront of disruption for over a decade. He then took on a similar role with a focus on the Asian market, gaining a unique perspective on the global scale and impact of disruptive businesses. In 2014, Anshu became one of the founding members of Loftus Peak and quickly progressed to portfolio management, assuming the role of Portfolio Manager.

At Loftus Peak, his focus has been on developing a standardised repeatable process to unearth, value, and risk-adjust portfolio positions to stay ahead of the market.



### 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 in a number of funds management firms in Australia, including BT Funds Management.

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

## How can investors access Loftus Peak's global equity disruption capability?

All investors, both retail and sophisticated<sup>2</sup>, may access Loftus Peak's global equity disruption capability by investing in the Loftus Peak Global Disruption Active ETF or the Loftus Peak Global Disruption Fund (Hedged), which are unit trusts. As the name suggests, the hedged class of the Fund seeks to substantially hedge the foreign currency exposure arising from investments in overseas markets back to Australian dollars. Sophisticated investors may also invest by way of the Loftus Peak Global Change Portfolio (LPGCP) which is a managed discretionary account. The minimum account size for investments in the Portfolio is \$150,000.

While offered by way of two different legal structures, the two products are managed according to the same underlying investment objective and carry similar portfolio holdings. The main difference between the two products is that the Fund has a greater capacity to hedge market and currency exposure. If you are uncertain as to which product is appropriate for you, we suggest you speak with your financial adviser or contact us directly at [enquiry@loftuspeak.com.au](mailto:enquiry@loftuspeak.com.au).

<sup>2</sup> a person qualifying as a sophisticated investor under section 708 (10) of the Corporations Act 2001 (Cth) (Act)

### IMPORTANT INFORMATION:

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