

# Loftus Peak Global Disruption Active ETF

Change. The way you should invest.



Research Ratings:



**Lonec Research**  
– Recommended  
Applies to MMC0110AU



**SQM Research**  
– 4.25 Stars



**Zenith Investment Partners**  
– Recommended

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 Australian Securities Exchange listed Fund (**ASX code: LPGD**) comprises some of the best and fastest-growing companies in the world – companies that are driving change across all industries, constructed on the basis of strict criteria and included at carefully considered 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

A generally positive earnings season, so far, provided the impetus for the Fund to notch a +4.9% net-of-fees return for the month, outperforming the MSCI All Countries World Index (net) (as expressed in AUD from Bloomberg) by +2.7%.

The performance was struck against the backdrop of Donald Trump's market-moving comments on tariffs, the annexation of Canada and Greenland as well as 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 Fund 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 Fund'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.
Loftus Peak (Net) <sup>1</sup>	+4.91%	+14.31%	+20.89%	+38.23%	+20.46%	+21.33%	+20.36%	+22.31%
Benchmark <sup>2</sup>	+2.18%	+9.89%	+12.09%	+27.27%	+12.88%	+12.56%	+12.86%	+14.15%
Outperformance (Net) <sup>3</sup>	+2.73%	+4.42%	+8.79%	+10.97%	+7.59%	+8.77%	+7.50%	+8.17%

Past performance is not a reliable indicator of future performance. Returns greater than one-year are annualised.

Source: Loftus Peak, Bloomberg

<sup>1</sup> 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.

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

<sup>3</sup> Outperformance is shown as the Loftus Peak (Net) minus the Benchmark.

## 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%), **Netflix** (+0.6%), **GitLab** (+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	15 November 2016
ASX Code APIR Code	LPGD MMC0110AU
Fund FUM (AUD)	\$674 million
Strategy FUM (AUD)	\$1,190 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)
Carbon Intensity <sup>1</sup>	<p><b>62% less carbon intensive</b> than benchmark:</p> <p>tCO2e/Mil USD</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="width: 40%; height: 20px; background-color: #0056b3; margin-bottom: 5px;"></div> <div style="text-align: center;">42.5 (LPGD)</div> </div> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="width: 60%; height: 20px; background-color: #444; margin-bottom: 5px;"></div> <div style="text-align: center;">110.9 (benchmark)</div> </div> <p>No exposure to companies involved in fossil fuel extraction, generation and related products and services.</p>
No. of Investments	15-35
Minimum Cash	1%
Maximum Cash	20%
Suggested time frame	3-5 years
Minimum Investment <sup>2</sup>	\$5,000
Additional Investment via BPAY <sup>®</sup>	<p>BPAY<sup>®</sup> Biller Code: 349845 Customer Reference Number (CRN): generated after initial application.</p> <p><i>Please note that BPAY<sup>®</sup> is not available for purchasing units on the ASX.</i></p>
Pricing Frequency	Daily
Distribution Frequency	Paid annually based on 30 June year end
Latest distribution date	30 June 2024
Latest distribution	Nil
Withdrawal Notice	Generally, notice received by 2pm (Sydney time) receives the price effective for that business day.
Research Ratings (Lonec, SQM, Zenith)	Click Lonec, SQM or Zenith logo on our website to request a copy.

<sup>1</sup> Source: Sustainalytics as at 31 January 2025.

<sup>2</sup> No minimum investment for units purchased on the ASX.

## 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

## Unit Prices

Date	31 January 2025
Entry Price (in AUD)	5.5588
Exit Price (in AUD)	5.5310

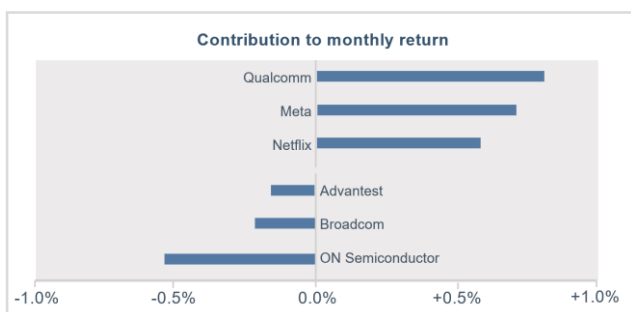
Meta reported relatively strong earnings and was also a beneficiary of the commoditised AI heralded by DeepSeek. Meta can integrate cheaper AI into their existing platforms to produce revenue growth in advertising at a lower cost. Additionally, the company maintains several revenue levers left to pull. 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** (+0.4%) 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 +0.7% against the US dollar over the month, decreasing the value of the Fund's US-dollar denominated positions. As at 31 January 2025, the Fund carried a foreign currency exposure of 91.2%.

## Selected Contributors and Detractors



## Portfolio Construction

At January month end, the Fund was 98.6% invested in 32 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	
Alphabet	Meta	Mega Cap > \$100b	65.0%
Amazon	Microsoft	Large Cap \$50-100b	13.4%
Broadcom	Netflix	Mid Cap \$2-50b	20.2%
John Deere	Qualcomm	Small Cap < \$2b	0.0%
MediaTek	Taiwan Semiconductor		

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The Loftus Peak Global Disruption Active ETF Target Market Determination is available at [www.loftuspeak.com.au](http://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.

## 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 investment management in Australia.

He has a deep understanding of the mechanisms through which disruption changes business models and the impact it has on company valuation, with an acknowledged record of identifying thematic early in the investment cycle.

### 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 financial services firms in Australia, including more than a decade at BT Funds Management.

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



Visit [www.loftuspeak.com.au](http://www.loftuspeak.com.au) to find more commentary, including Fund performance.

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