

Loftus Peak Global Disruption Fund (Hedged)

Change. The way you should invest.



Research Ratings: **Superior**
 SOM Research
- 4.25 Stars

March 2025

Loftus Peak is a global equities fund manager focused on disruptive businesses. Founded in 2014, the Fund invests in global companies driving industry change, such as Nvidia, first bought in 2016. As well as Microsoft and Google, 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. It is our intention to substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian dollars.

	1m	3m	6m	1y	3y p.a.	5y p.a.	7y p.a.	Inception p.a.
Loftus Peak (Net)	-9.08%	-8.23%	-5.58%	+3.19%	-	-	-	+19.31%
Benchmark	-4.49%	-2.13%	-0.95%	+7.04%	-	-	-	+13.37%
Outperformance (Net)	-4.59%	-6.10%	-4.63%	-3.85%	-	-	-	+5.94%

Source: Loftus Peak, MSCI. Past performance is not a reliable indicator of future performance. Returns greater than one-year are annualised. 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.

Review and Performance

Share markets continued their fall from last month as Trump-generated macro noise crescendoed. The looming threat of reciprocal tariffs as well as Trump's detail-light style of announcement has roiled markets with uncertainty and prompted stagflationary concerns. Even if this uncertainty were to be resolved swiftly, the weeks of uncertainty will have left businesses flat footed and consumer sentiment bleak. This turmoil is likely to bleed into company commentary as the earnings season approaches.

Fund performance was hard hit, dropping -9.1% net-of-fees, underperforming the benchmark MSCI All Countries World Index (net dividends reinvested) hedged to Australian dollars by -4.6%.

As companies have been selling off, Loftus Peak has taken the opportunity to reposition away from companies exposed to a cyclical recovery in consumer spending across smartphones, computers and cars. While these cyclical names have generally fallen less than the market year to date they are the companies most likely to be adversely impacted by Trump policy as tariffs and higher inflation puts pressure on the consumer.

Capital has been re-allocated toward Artificial Intelligence (AI), software, cybersecurity and life sciences - areas we view as more Trump-agnostic. Many of these companies started the year with elevated valuations - this is the reason Loftus Peak has been underweight (relative to the MSCI All Countries World Index) the Magnificent 7 since the middle of last year. After 20%+ corrections in many of these names, they are beginning to look attractive from a valuation perspective given the quality of the businesses (important during volatile times) and growth prospects (they remain beneficiaries of secular trends).

Contributors and Detractors to Return²

The biggest positions underperformed the most. This was particularly true in the AI names. **Taiwan Semiconductor Manufacturing** (detracted -1.3% from Fund return) and **Broadcom** (-0.8%) were the top two laggards with **Nvidia**, (-0.7%) and semiconductor tester **Advantest** (-0.6%) in fourth and fifth respectively. Anxieties around AI stemming from DeepSeek and headlines of datacentre contract cancellations have combined with the market looking to sell what has run up most from the market bottom in 2022. As a result, these stocks have been particularly hard hit. However, if Trump's macro policy is as destructive as the market believes, Loftus Peak sees secular trends like AI as the best place to be.

The other Magnificent 7 names in the portfolio; **Alphabet**, **Meta**, **Microsoft** and **Amazon** together detracted -1.8%. Although not as directly exposed to AI as Nvidia, these companies are coming under similar selling pressure. Loftus Peak's view is that these are quality companies with pricing power, strong balance sheets and free cash flow generation, that are exposed to disruptive secular tailwinds.

Key Facts

Inception Date	1 July 2022
APIR Code	ETL9930AU
Strategy FUM (AUD)	\$1,013 million
Product Type	Registered Managed Investment Scheme domiciled in Australia
Responsible Entity	Equity Trustees Limited
Investment Universe	Listed Global Equities
No. of Investments	15-35
Benchmark	MSCI All Countries World Index (net dividends reinvested) hedged to Australian dollars
Minimum Cash	1%
Maximum Cash	20%
Suggested time frame	3-5 years
Minimum Investment	\$5,000
Platforms	Available on Macquarie, HUB24, Powerwrap, Praemium and Mason Stevens (IDPS only)

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

Loftus Peak Global Disruption Fund (Hedged)

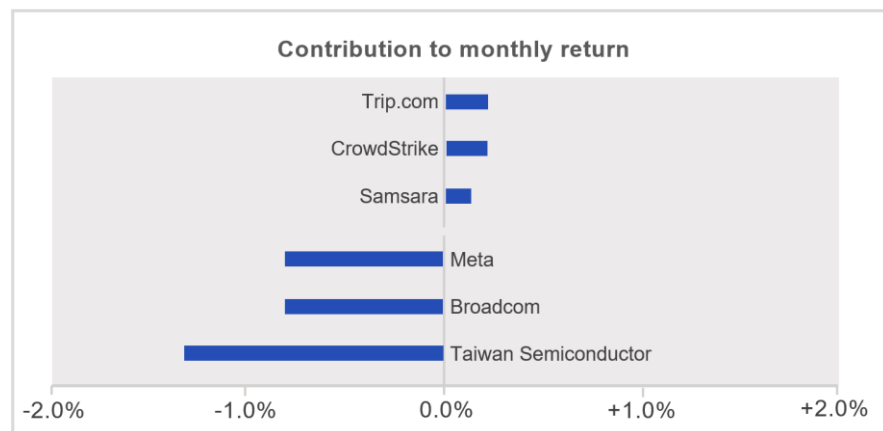
Companies beyond the datacentre fared better. **Netflix** (-0.2%) and **Qualcomm** (-0.1%) outperformed the broader market. However, the best performing companies were **Trip.com** (+0.2%), **CrowdStrike** (+0.2%) and **Samsara** (+0.1%). All three are recent entries for the Fund.

Trip.com is a Chinese online travel agency that disrupts competitors by gaining share over traditional offline travel agencies and leveraging the growing domestic and international travel demand from not only China's huge population but also across Asia. Readers might be unfamiliar with the name but are likely to have used one of its products (Skyscanner) to book a domestic or international flight. The company's China exposure insulated it from the broader bearishness of US markets while also benefitting from supportive Chinese Government policy.

However, this was not the case for CrowdStrike and Samsara for which shares fell -9.5% and -19.6% in March respectively. Both companies are former holdings that had outrun their valuations but preserved their quality disruptive business models. The extreme bearishness during the month pushed these stocks down so much that the valuation proposition became attractive enough to re-enter. The subsequent rise in share prices in the balance of March, placed these companies among the top contributors. This highlights the importance of valuations in Loftus peak's decision-making process.

As at 31 March 2025, after the impact of currency hedging, the Fund carried an Australian dollar exposure of 104.1%.

Selected Contributors and Detractors²



Portfolio Construction²

At March month end, the Fund was 94.2% invested in 30 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	
Advantest	Microsoft	Mega Cap > \$100b	69.5%
Amazon	Netflix	Large Cap \$50-100b	8.0%
Broadcom	NVIDIA	Mid Cap \$2-50b	16.7%
Eli Lilly	Qualcomm	Small Cap < \$2b	0.0%
Meta	Taiwan Semiconductor		

Firm Awards



Unit Prices

Pricing Frequency	Daily
Date	31 March 2025
Entry Price (in AUD)	1.5600
Exit Price (in AUD)	1.5522

Distributions

Distribution Frequency	Paid annually as at 30 June
Latest distribution date	30 June 2024
Latest distribution	7.5 cents

Applications and Withdrawals

Withdrawal Notice	Generally, notice received by 2pm (Sydney time) receives the price effective for that business day.
-------------------	---

ESG Attributes

Carbon Intensity ¹	<p>71% less carbon intensive than benchmark:</p> <p>tCO2e/Mil USD</p> <p>34.7 (LPGD)</p> <p>120.7 (benchmark)</p> <p>No exposure to companies involved in fossil fuel extraction, generation and related products and services.</p>
-------------------------------	--

¹ Source: Sustainalytics as at 31 March 2025.

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

RATINGS DISCLAIMERS

SQM: The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

IMPORTANT INFORMATION: This report was prepared by Loftus Peak Pty Limited ("Loftus Peak"). Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 AFSL No. 240975, is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX:EQT), and is the Responsible Entity of the Loftus Peak Global Disruption Active ETF. This document has been prepared for the purpose of providing general information only, without taking account of any individual person's investment objectives, financial circumstances or needs. This document is not intended to take the place of professional advice and we do not express any view about the accuracy or completeness of information that is not prepared by us and no liability is accepted for any errors this document may contain. You should consider the Product Disclosure Statement ("PDS") in deciding whether to acquire, or continue to hold, the product. A PDS and application form is available at www.loftuspeak.com.au. Loftus Peak and Equity Trustees do not guarantee the performance of the Fund or the repayment of the investor's capital. To the extent permitted by law, neither Equity Trustees, Loftus Peak, nor any of their related parties including its employees, directors, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.

The Loftus Peak Global Disruption Active ETF's Target Market Determination is available at 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.

²The portfolio characteristics shown in this report, apart from references to currency exposure, refer to the data applying to the Loftus Peak Global Disruption Active ETF, into which the hedged class invests to attain its market exposure. Typically, the hedged class will also carry some cash to facilitate currency hedging which will impact the characteristics when viewed on a look-through basis.