

Quarterly performance report

Loftus Peak Global Change Model Portfolio

31 March 2019

The Loftus Peak Global Change Model Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

Performance as at 31 March 2019 ¹					Top five holdings	%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)		
Portfolio	3.18	19.37	17.61	18.46	Xilinx Inc (XLNX)	10.95
Benchmark	1.29	11.32	11.12	12.21	Apple Inc (AAPL)	8.87
+/- Return	1.89	8.04	6.50	6.26	Alibaba Group (BABA)	7.30
					Tencent (0700)	6.72
					Amazon.com, Inc (AMZN)	5.98

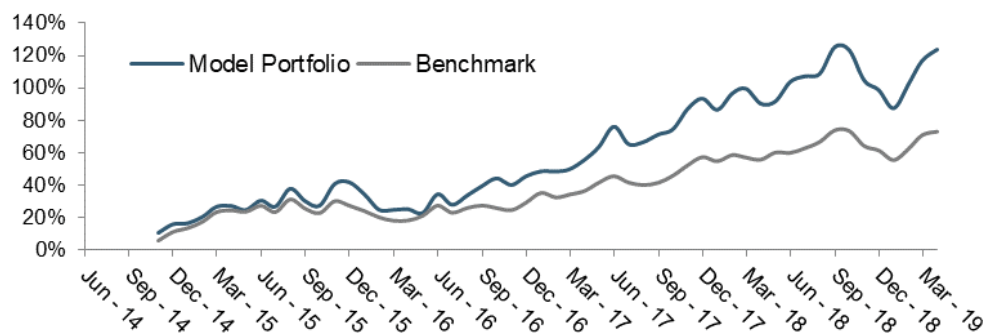
Portfolio and market returns

We had a strong March quarter - all three months generated a positive contribution, for an all-up return of 19.37% net-of-fees, with outperformance of 8.04%. Selected top performers were Nvidia and Xilinx, both of which hold critical positions in the global datacentres that are increasingly being deployed by businesses from Netflix to Exxon. Apple too was strong on its shift toward services, using its 1.4b global active accounts as the base to market its TV, music, banking and health services.

The solid performance came as a result of our prior quarter (Dec) strategy, which was to take advantage of the weakness in markets brought on by fears of interest rate rises in the US, and thus globally. We deployed cash towards companies that were trading at the lower end of our valuation range and subsequently reduced our exposure to those that reached the top end of our valuation range as markets found their strength in the March quarter. We adopted this approach for two reasons - first because we believe that even in an environment of higher interest rates, the companies in which we invest will outperform because they are not net borrowers (and so are not constrained by weak balance sheets).

But the second more important reason is that we believe that our investee companies have better business models, so that over time they will gain ground on many companies currently considered blue chip. Loftus Peak invests globally, but this effect can be seen in the local market - Apple has done better than Telstra, Amazon is beginning to have an effect on local retail (it generated almost A\$300m in sales in the 12 months to December) and Facebook/Google are choking off advertising in television and print.

Performance since inception¹



¹ The Portfolio's benchmark is MSCI ACWI (net) (as expressed in AUD from Bloomberg). Past performance is not a reliable indicator of future performance and may not be achieved in the future. All information provided in this Report is correct at the date of this report. Returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the Portfolio is 30 June 2014. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

Investment objective & strategy

The Loftus Peak Global Change Model Portfolio aims to deliver a return over the MSCI ACWI (net) (as expressed in AUD from Bloomberg), over the medium to long term by bringing a disciplined investment process to listed global companies impacted by change.

Technology is changing the world, with the leap now analogous to that which took place during the industrial revolution. Over the past 20 years, technology and innovation have changed the face of major share markets globally. The Model Portfolio will attempt to harvest return from this thematic.

The Model Portfolio offers investors the opportunity to potentially profit from the rapid, exponential growth in innovation. The Model Portfolio follows a long-only strategy that will result typically in 10-30 investments. It will also be able to move to around 50% cash from time to time, when the share market is judged to be overvalued.

About Loftus Peak

Loftus Peak is a bottom-up stock investor that seeks to deliver absolute returns over the medium to long term. Loftus Peak is a corporate authorised representative of Eight Investment Partners Pty Limited.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for Advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

Contact

Investors

Please speak to your adviser

Key features

Investment universe	Listed global equities
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
Number of investments	10-35
Min cash weighting	2%
Max equity weighting	98%
Maximum individual security weights	20% (at purchase)
Rebalancing	Program adviser discretion
Min investment	A\$50,000
Suggested timeframe	5 years

Portfolio management

Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Model Portfolio on the instructions of Loftus Peak as the Program Adviser.

More information

Further information about the Portfolio, including fees and costs, is outlined in the Loftus Peak Global Change Model Portfolio Investment Mandate.

Advisers

T 1300 988 878
E info@masonstevens.com.au
W masonstevens.com.au

This information has been prepared by Mason Stevens Limited (ABN 91141 447 207, AFSL 351578) (Mason Stevens) as the Managed Discretionary Account (MDA) Provider. Any content provided in this report is for the purpose of providing general advice and information only. It does not take into account yours or your client's personal objectives, financial situation and needs. Please seek specific advice before making a decision in relation to any investment. The information is provided in good faith and we do not make any representation or warranty as to its accuracy, reliability or completeness. To the extent permissible by law, we do not accept any responsibility for any error, omission, indirect or consequential loss or damages (whether arising in contract, tort, negligence or otherwise, in any case whether foreseeable or not). Any information contained in this report is subject to change without prior notice by Mason Stevens and Mason Stevens is not obliged to update any information. References made to any third party or their data is based on information that Mason Stevens believes to be true and accurate as at the date of this report but without independent verification.