FIRETRAIL AUSTRALIAN HIGH CONVICTION FUND

MONTHLY REPORT | FEBRUARY 2024

PERFORMANCE (AFTER FEES)[1]

	Month	Quarter	1 Year	3 Years p.a.	5 Years p.a.	Fund inception p.a.[3]	10 Years p.a.	Strategy inception p.a.[5]
Fund[2]	(1.84%)	3.64%	1.55%	4.66%	6.15%	5.04%	-	-
Strategy composite[4]	(1.84%)	3.64%	1.55%	4.66%	6.15%	-	9.18%	8.83%
Benchmark	0.79%	9.39%	10.64%	9.32%	8.61%	8.56%	8.17%	7.34%
Excess Return	**-2.64%**	**-5.75%**	**-9.10%**	**-4.66%**	**-2.46%**	**-3.52%**	**+1.01%**	**+1.49%**

1. Past performance is not indicative of future performance

ABOUT FIRETRAIL

Firetrail is an investment management boutique which is majority owned by the Firetrail investment team. Additionally, the investment team is invested alongside clients in the investment strategies.

AUSTRALIAN HIGH CONVICTION FUND

The Australian High Conviction Fund ("Fund") is a concentrated portfolio (approx. 25 companies) of our most compelling equity ideas. The strategy is built on fundamental, deep dive research guided by the philosophy that 'every company has a price'.

INVESTMENT OBJECTIVE

The Fund aims to outperform the ASX 200 Accumulation Index over the medium to long term (after fees).

FUND DETAILS

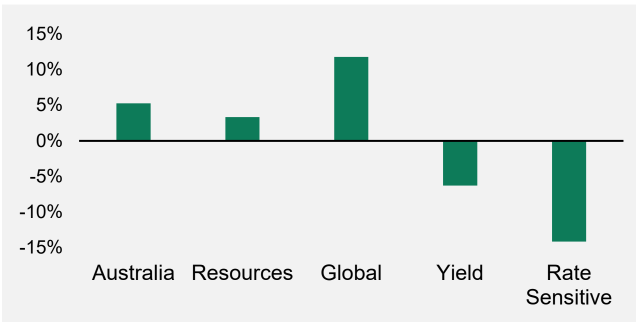
Unit Prices	29 February 2024
Application price	$1.1689
Redemption Price	$1.1653
NAV Price	$1.1671
Fund Details	
APIR Code	WHT3810AU
Benchmark	S&P/ASX 200 Accumulation Index
Inception date	14 March 2018
Risk/Return Profile	High
Number of Holdings	26
Fund size	$547mil
Management fee*	0.90% p.a.
Performance fee*	15% of outperformance above an annual Hurdle

*Please read the Product Disclosure Statement for more details

PORTFOLIO POSITIONING – 29 FEB 2024

Top 3 Overweight Holdings (Alphabetical)
CSL Ltd
Newmont Corp
Santos Ltd

THEMATIC POSITIONING – 29 FEB 2024



Source: Firetrail. Relative to the Benchmark

Past performance is not a reliable indicator of future performance.

The Product Disclosure Statement ('PDS') and the Target Market Determination ('TMD') of the Fund is available at www.firetrail.com. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

2. Firetrail Australian High Conviction Fund ('Fund'). Net Fund returns are calculated based on exit price with distributions reinvested, after ongoing fees and expenses but excluding taxation. 3. Fund inception is 14 March 2018. 4. The Fund has been operating since 14 March 2018. To give a longer-term view of our performance for this asset class, we have also shown returns for the Firetrail Australian High Conviction Strategy Composite ('Strategy') which has been operating since 29 November 2005. Strategy performance has been calculated using the monthly returns (after fees) of the Fund from 14 March 2018 to current date, as well as the monthly returns of the Macquarie High Conviction Fund (after fees) between 29 November 2005 to 23 November 2017. The Fund employs the same strategy as was used by the same investment team that managed the Macquarie High Conviction Fund as at 23 November 2017. Firetrail has records that document and support the performance achieved as the Macquarie High Conviction Fund. The composite returns for the Strategy and the S&P/ASX 200 Accumulation Index (Benchmark) exclude returns between 24 November 2017 and 13 March 2018. During this period the investment team did not manage the Strategy. As such, the annualised performance periods stated are inclusive of the combined composite monthly returns, and do not include the period when the team were not managing the Strategy. For example, the annualised return over 3 years for the Strategy and benchmark are inclusive of 36 monthly performance periods available in the composite return period, excluding the period between 23 November 2017 and 13 March 2018. For additional information regarding the performance please contact us through the link on our website. Net Fund returns are in AUD terms. Net Fund returns are calculated based on exit price with distributions reinvested, after ongoing fees and expenses but excluding taxation. Past performance is for illustrative purposes only and is not indicative of future performance. 5. Strategy inception 29 November 2005.

PORTFOLIO COMMENTARY

The Fund returned negative 1.84% (after fees) for the month ending 29 February 2024, underperforming the ASX 200 Accumulation Index by 2.64%.

CONTRIBUTORS TO RETURNS

Positive contributors included Treasury Wine Estate, Domino's Pizza, and Suncorp. Negative contributors included Newmont, CSL, and Santos. We discuss each further in our commentary below.

POSITIVE CONTRIBUTORS

Treasury Wine Estates

Treasury Wines outperformed after reporting a H1 2024 result that was better than the market feared. In their key Penfolds division, revenues grew 9% and management guided to a stronger outcome in H2 2024 as high-end product is skewed to that half. The Penfolds division is in a strong position to benefit from the removal of Chinese wine tariffs if this eventuates later this month.

Domino's Pizza

Domino's Pizza shares reversed some of the decline experienced in January after reporting its H1 2024 result. Japan has been one of Domino's more problematic markets as it deals with input cost inflation. After experiencing negative sales growth through 2023, Japan is now showing some early signs of recovery, with same store sales growing at 7% over the first seven weeks of 2024.

Suncorp

Suncorp shares outperformed following the approval of the sale of its bank division to ANZ Bank by the Australian Competition Tribunal. The decision overturned an earlier ruling from the ACCC to block the deal. In addition, Suncorp reported a strong H1 2024 result which highlighted 16% premium growth and improving margin trends.

NEGATIVE CONTRIBUTORS

Newmont

Newmont shares underperformed following disappointing 2024 production guidance and a lower dividend than the market expected. We believe the production issues Newmont is currently facing are short term and the market is materially undervaluing its diversified portfolio of attractive gold and copper assets.

CSL

CSL shares underperformed following a negative Phase 3 trial result for its CSL112 treatment for heart attack patients. While we did not factor a positive trial result into our investment thesis, the trial failure is nevertheless a near-term share price headwind. CSL also released its H1 2024 result which showed very strong trends in its core plasma division. Immunoglobulin sales lifted 23% and gross margin increased due to a moderation in unit costs.

Santos

Santos shares underperformed as potential merger talks with Woodside ceased. Discussions concluded that there would not be sufficient benefits from a business combination to create shareholder value. Santos continues to look at other potential actions to realise shareholder value.

PORTFOLIO POSITIONING

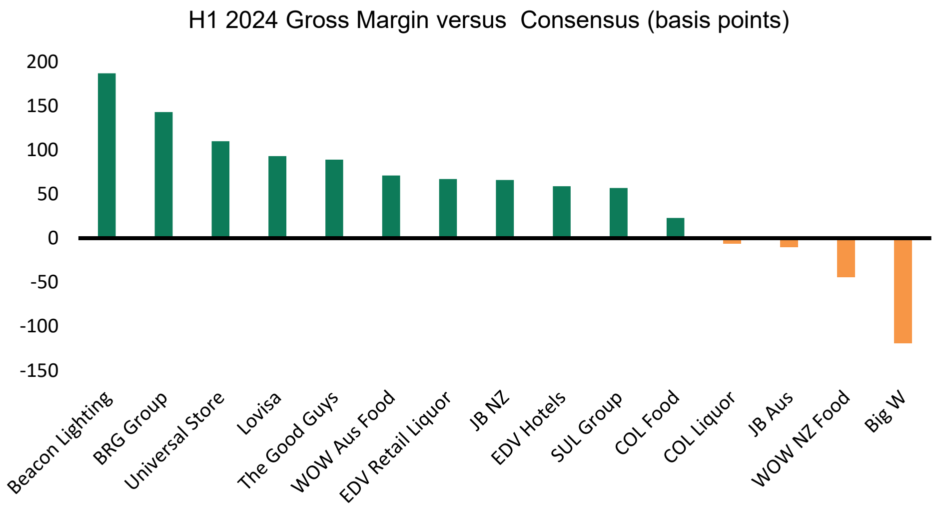
- Highly concentrated portfolio with 77% active share.
- Overweight:
    - Cyclical companies exposed to commodities where supply is constrained in the medium-term, such as Santos and Incitec Pivot.
    - Healthcare companies with strong market positions and defensive underlying demand drivers, such as CSL and ResMed.
    - Market leaders including SEEK and Domino's Pizza who are well placed to strengthen their competitive position through the cycle.
    - Financials with leverage to interest rate rises, including QBE Insurance and Suncorp.
    - Undervalued companies with defensive attributes including Newmont and The Lottery Corporation.
- Underweight Australian banks and iron ore where we don't see compelling opportunities.

Companies mentioned are illustrative only and not a recommendation to buy or sell any particular security

ONE INTERESTING THING THAT HAPPENED THIS MONTH…

One theme from February reporting season was the strong profit performance of retail stocks. While sales were typically down low-mid single digits, gross margins consistently exceeded consensus expectations supported by higher prices and moderating input costs. One driver of lower costs has been excess capacity in China which has assisted the bargaining position of Australian retailers with Chinese manufacturing sources.

Figure 1: Retailer margins have been more resilient than expected



Source: Barrenjoey, Firetrail, February 2024.

MORE INFORMATION

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www.firetrail.com

Firetrail INVESTMENTS