

Firetrail Australian Small Companies Fund | Key Holdings | 31 December 2023

The Firetrail Australian Small Companies Fund is a concentrated portfolio of our most compelling Australian Small Company ideas. The strategy is built on fundamental, deep dive research guided by the philosophy that 'every company has a price'.



Genesis Minerals
(GMD)

Genesis Minerals is an Australian gold miner with operations in Western Australia. Genesis is led by the highly regarded Raleigh Finlayson, former MD of Northern Star and Saracen Minerals. Genesis has just acquired St Barbara's Gwalia mine. The acquisition will make Genesis Australia's third largest gold producer, concentrated in the prosperous Leonora Province of WA.

What Matters

- Gwalia acquisition** - Genesis has acquired St Barbara's Gwalia gold mine in Leonora, WA. The acquisition will unlock material synergies and bring together high quality, long-life assets under a highly regarded management team.
- Gold price tailwinds** - After a weak 2022, gold rallied in 2023. Central banks are buying gold in record quantities. Slowing interest rate rises, geopolitical tensions, and a softening USD would be catalysts for further price strength.



NexGen Energy
(NXG)

NexGen Energy is a uranium miner who is currently developing a world-class uranium deposit in Canada's Saskatchewan province. The mine has the potential to make NexGen the largest uranium producer in the world, with first production expected in 2027.

What Matters

- Uranium Price** - We expect the uranium price to stay elevated over the next few years. The demand outlook is strong, with increasing recognition that nuclear power is essential to meet the world's decarbonisation ambitions. At the same time, supply is constrained with few large uranium deposits currently in development.
- World class resource** - NexGen's deposit is high-grade, low cost, and is expected to be the largest producer of uranium in the world once production ramps up. It also sits in the Tier 1 mining jurisdiction of Saskatchewan, Canada.



CONNECTING PEOPLE & PLACES

Kelsian
(KLS)

Kelsian is Australia's largest private operator of public transport. It operates bus and ferry services around the country. It also operates in the UK, Singapore, and has recently acquired the fourth largest coach operator in the USA. Kelsian's earnings are highly defensive. Revenues are contracted for many years. They are inflation protected and generally government contracts.

What Matters

- All Aboard America** - Kelsian's US acquisition creates a platform to grow in a large, fragmented market. The business has outperformed expectations. There are many opportunities for new tender wins and increased work with existing clients.
- Australia buses** - The market is not factoring in new contract wins in Australia. Kelsian have won 24 contracts in 26 years and there are many upcoming tender opportunities. We find it hard to believe management will not continue an excellent track record of contract wins.



Life360
(360)

Life360 is a location-sharing app that allows families to see each other's locations and stay safe. Life360 is the 16th most popular app in the US and is growing strongly. It is also starting to increase their market to consumers in other regions.

What Matters

- Subscriber growth** - Life360 continues to grow paying subscriber numbers despite pushing through 50% price increases in the past year. Despite similar growth and quality, Life360 trades at a +50% discount to freemium app peers like Duolingo.
- Tile bundling** - Life360 recently acquired Tile - hardware you can attach to your wallet/keys and track from your phone. Bundling Tile with Life360 subscriptions should reduce customer churn and convert more free users to paid options.



Viva Energy
(VEA)

Viva Energy is an Australian downstream oil and gas company. Viva owns a network of over 1,000 Shell Coles Express, Liberty and On The Run (OTR) branded service stations across Australia. It also owns the Geelong Oil Refinery, one of just two remaining in Australia. The Geelong Refinery refines crude oil into petrol, diesel, jet fuel and bitumen. It supplies over 50% of Victoria's fuel.

What Matters

- Retail Fuels** - Viva are growing their service station footprint. Viva recently acquired OTR, a highly successful South Australian franchise. As it rolls the OTR format out to its Coles Express stores, we expect a material uplift in Viva's convenience sales.
- Refining Margins** - Refining margins are the difference between the cost Viva pays for crude oil, and the price it receives for refined products. We believe the market is underestimating refining margins over the coming years. Companies globally are not investing in new refineries. Constrained supply will allow Viva to charge higher margins for its refined products.

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Research Ratings



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Link to the Product Disclosure Statement: [WHT3093AU](#)

Link to the Target Market Determination: [WHT3093AU](#)

For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com

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