

FIRETRAIL S3 GLOBAL OPPORTUNITIES FUND (MANAGED FUND)¹ ASX: S3GO

MONTHLY REPORT | FEBRUARY 2024

PERFORMANCE (AFTER FEES)²

	Month	Quarter	6 Months	Since S3GO listing date ³	1 Year	Since inception ⁴ (p.a.)
Fund ⁵	6.77%	13.50%	6.85%	25.91%	23.57%	6.16%
Benchmark	5.82%	12.69%	11.86%	26.46%	29.41%	9.30%
Excess Return	+0.95%	+0.81%	-5.01%	-0.55%	-5.85%	-3.14%

1. The name of the Fund was changed from Firetrail S3 Global Opportunities Fund to Firetrail S3 Global Opportunities Fund (Managed Fund) on 11 October 2022 to facilitate quotation of the fund on the ASX. 2. Past performance is not indicative of future performance. 3. S3GO Active ETF listing date is 11 October 2022. 4. Fund inception is 3 November 2021.

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.

S3 GLOBAL OPPORTUNITIES FUND

The Firetrail S3 Global Opportunities Fund (Managed Fund) ("Fund") is a concentrated portfolio of approximately 30 stocks from both developed and emerging markets. The strategy is built on fundamental, deep dive research with a focus on finding unappreciated positive change attributes.



CERTIFIED BY RIAA

Firetrail S3 Global Opportunities Fund (Managed Fund) has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.com.au for details.⁶

INVESTMENT OBJECTIVE

The Fund aims to outperform the MSCI World Net Total Return Index over the long term (after fees).

PORTFOLIO POSITIONING – 29 FEB 2024

Top 5 Overweight Holdings (Alphabetical)

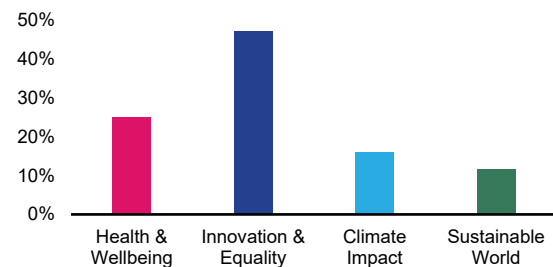
AutoZone, Inc.
Interactive Brokers Group, Inc. Class A
McKesson Corporation
Micron Technology, Inc.
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR

FUND DETAILS

Unit Prices	29 February 2024
Application price	\$5.6679
Redemption Price	\$5.6509
NAV Price	\$5.6594
Fund Details	
ASX Code	S3GO
APIR Code	WHT7794AU
Benchmark	MSCI World Net Total Return Index
Inception date	3 November 2021
Risk/Return Profile	High
Number of Holdings	33
Fund size	\$27mil
Management fee*	0.72% p.a.
Performance fee*	15% of net outperformance above the Fund's Benchmark

*Please read the Product Disclosure Statement for more details

THEMATIC POSITIONING – 29 FEB 2024



Source: Firetrail

FIRETRAIL OPPORTUNITY THEMES:

- Health and Wellbeing – Enabling better lives
- Innovation and Equality – Opportunities for everyone
- Climate Impact – Adjusting to a lower carbon world
- Sustainable world – Efficient use of resources

5. Firetrail S3 Global Opportunities Fund (Managed Fund) ('Fund') 6. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

THE FIRETRAIL S3 GLOBAL OPPORTUNITIES FUND (MANAGED FUND)

This Fund brings you a unique exposure to global equity markets through:

- A high conviction, concentrated portfolio of approximately 30 stocks from both developed and emerging markets.
- Stock specific opportunities focused on finding unappreciated positive change attributes.
- Unique risk management to ensure that stocks drive returns rather than macro drivers.

S3 refers to the three attributes of the ideal stocks for the portfolio - Sustainable business models, Sustainable earnings, and Sustainable positive change. We assess a company against these attributes not today, but on our forecasting 5 years into the future.

PORTFOLIO COMMENTARY

The Fund returned 6.77% (after fees) for the month ending 29 February 2024, outperforming the MSCI World Index by 0.95%.

CONTRIBUTORS TO RETURNS

Positive contributors included Interactive Brokers, Ryan Specialty, and Taiwan Semiconductor Manufacturing Co. Negative contributors included UPM-Kymmene, Fortum, and Booking Holdings. We discuss each in our commentary below.

POSITIVE CONTRIBUTORS

Interactive Brokers

Interactive Brokers is a global low-cost electronic brokerage with strong customer growth. The stock was the largest contributor to performance during February. The environment remains favourable for revenue growth. Higher equity markets driving increased participation from traders. Simultaneously, strong margin lending metrics and higher short term interest rates are driving net interest margin strength.

Ryan Specialty

Ryan Specialty is a US-based insurance broker, specialising in hard-to-insure risks. The company takes no underwriting risk itself. We are attracted to Ryan Specialty due to their continuing shift of risks from general brokers to specialist brokers. At its results in February, Ryan Specialty guided that they expect organic revenue growth of over 12%, and a strong margin beyond market expectations.

Taiwan Semiconductor Manufacturing Co

Taiwan Semiconductor continued its strong performance throughout February after a strong January. Taiwan Semiconductor produces the most advanced computer logic chips in the world on behalf of customers including Apple, NVIDIA, AMD and Broadcom. Our confidence in revenue and earnings growth has increased as customers reported strong demand. This demand is from both AI and signs of an upcoming replacement cycle in both PCs and smartphones.

NEGATIVE CONTRIBUTORS

UPM-Kymmene

UPM is a Finnish pulp producer that also owns forests and energy supply. The stock underperformed during the month as the company announced higher than expected maintenance costs. We believe it is prudent for the company to proactively maintain plants whilst pulp prices are low. It will allow them to benefit from full operational capacity as prices increase.

Fortum

Fortum is a Scandinavian electricity generator that generates clean baseload power. The company underperformed during February as European electricity prices declined, primarily due to declines in gas prices from a warm winter in Europe. We believe there is a strong case for higher Scandinavian electricity prices going forward. Power market interconnections with higher priced European countries are increasing. There is also significant baseload capacity available in Scandinavia, attracting companies such as Google to build large data centres there.

Booking Holdings

Booking is the leading global online travel provider, primarily through Booking.com. We are attracted to the company as it continues to gain share from both offline and other online travel providers. Travel spend remains resilient despite higher living costs. Booking has a highly variable cost base to manage demand variability. The shares underperformed in February as analysts had to tweak earnings forecasts slightly lower. In the short term, Booking guided to room bookings growth between 4-6% in the first quarter of 2024, as well as reiterating earnings per share growth of over 14% for the year ahead.

PORTFOLIO POSITIONING AND OUTLOOK

The current portfolio is:

- A concentrated portfolio of 33 value and growth companies
- Highly differentiated positioning compared with the index and peers
- Overweight Firetrail’s positive change themes
- Overweight Europe, underweight Asia Pacific, Americas
- Returns driven mainly by stock specific risk, rather than macro risk
- Significantly lower carbon intensity than the index¹

ONE INTERESTING THING THAT HAPPENED THIS MONTH...

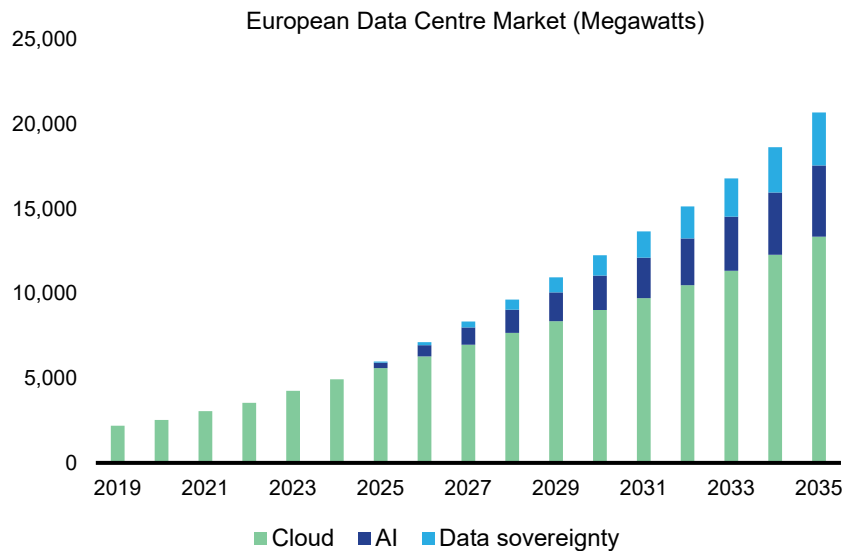
The growing global demand for data centres presents an exciting opportunity for electricity companies like Firetrail S3 Global Opportunities Fund holding, Schneider Electric.

Data centres are the infrastructure where companies keep their computers, servers, and data. There are four main components to the infrastructure itself. These are the physical building, electrical systems, mechanical systems like air conditioning, and the fit-out (cages/racks).

Driven by the structural forces of cloud computing, artificial intelligence, and data sovereignty (legal control over collected data), the European data centre market is expected to quintuple in size over the next 10 years. The cost of this fivefold grid expansion will start at \$150 billion to build the data centres, while adding AI capabilities could take costs to over \$500 billion. Electrical costs account for around 45% of a new data centre and are one of the fastest growing end markets in capital goods.

Schneider Electric is one of the fastest growing large-cap electrical equipment companies in the sector. A key driver of this growth is Schneider's exposure to data centres. Schneider offers full solutions for data centres that bring together power, cooling, racks and power and IT management systems and is set to be a key beneficiary of the growth in data centres, expecting over10% annual growth for this end market to 2027.

Figure 1: Demand for data storage is set to explode over the coming decade



Source: Morgan Stanley forecasts, Firetrail, February 2024.

¹ For more information on the carbon emissions estimate for the Fund, refer to the Firetrail website: <https://firetrail.com/funds/firetrail-s3-global-opportunities-fund-managed-fund/#offset-your-emissions>

Signatory of:



The name of the Fund was changed from Firetrail S3 Global Opportunities Fund to Firetrail S3 Global Opportunities Fund (Managed Fund) on 11 October 2022 to facilitate quotation of the Fund on the ASX.

This document is prepared by Firetrail Investments Pty Limited ('Firetrail') ABN 98 622 377 913 AFSL 516821 as the investment manager of the Firetrail S3 Global Opportunities Fund (Managed Fund) ARSN 653 717 625 ('the Fund'). This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance.

Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371 ('PFSL') is the product issuer of the Fund. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') ABN 22 100 325 184. The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available via the links below. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

Link to the Product Disclosure Statement: [WHT7794AU](#)

Link to the Target Market Determination: [WHT7794AU](#)

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

Whilst Firetrail, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Firetrail, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication.

The information is not intended for general distribution or publication and must be retained in a confidential manner. Information contained herein consists of confidential proprietary information constituting the sole property of Firetrail and its investment activities; its use is restricted accordingly. All such information should be maintained in a strictly confidential manner.

Firetrail aims to buy companies it believes may benefit from positive change in their business, industry or markets, or meet one or more of Firetrail's proprietary sustainable investment themes, which have been grouped from the United Nations Sustainable Development Goals (SDGs). Positive change in this context refers to changes made by companies to implement one or more of Firetrail's sustainable investment themes. Each company under consideration for the S3GO portfolio is assessed fundamentally by Firetrail to determine whether it currently meets, or is expected to within a 5-year investment horizon meet, one or more of Firetrail's sustainable investment themes. Companies that do not meet at least one of Firetrail's sustainable investment themes will not be included in the S3GO portfolio, and where Firetrail determines an investment no longer meets one of its sustainable investment themes, such investment will be divested as soon as reasonably practicable.

Any opinions and forecasts reflect the judgment and assumptions of Firetrail and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future.

Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Firetrail. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.

This may contain the trade names or trademarks of various third parties, and if so, any such use is solely for illustrative purposes only. All product and company names are trademarks™ or registered® trademarks of their respective holders. Use of them does not imply any affiliation with, endorsement by, or association of any kind between them and Firetrail.

MORE INFORMATION

General enquiries 1300 010 311

Existing client enquiries 1300 360 306

www.firetrail.com