

Firetrail Australian High Conviction Fund



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Invest with Conviction



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Past performance is not a reliable indicator of future performance.

Firetrail High Conviction Strategy Composite Performance

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. Fund inception is 14 March 2018.

To give a longer-term view of our performance for this asset class, we have also shown returns for the Firetrail 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 5 years for the Strategy and benchmark are inclusive of 60 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 a reliable indicator of future performance.

Firetrail Australian High Conviction Fund

1 Macro has dominated

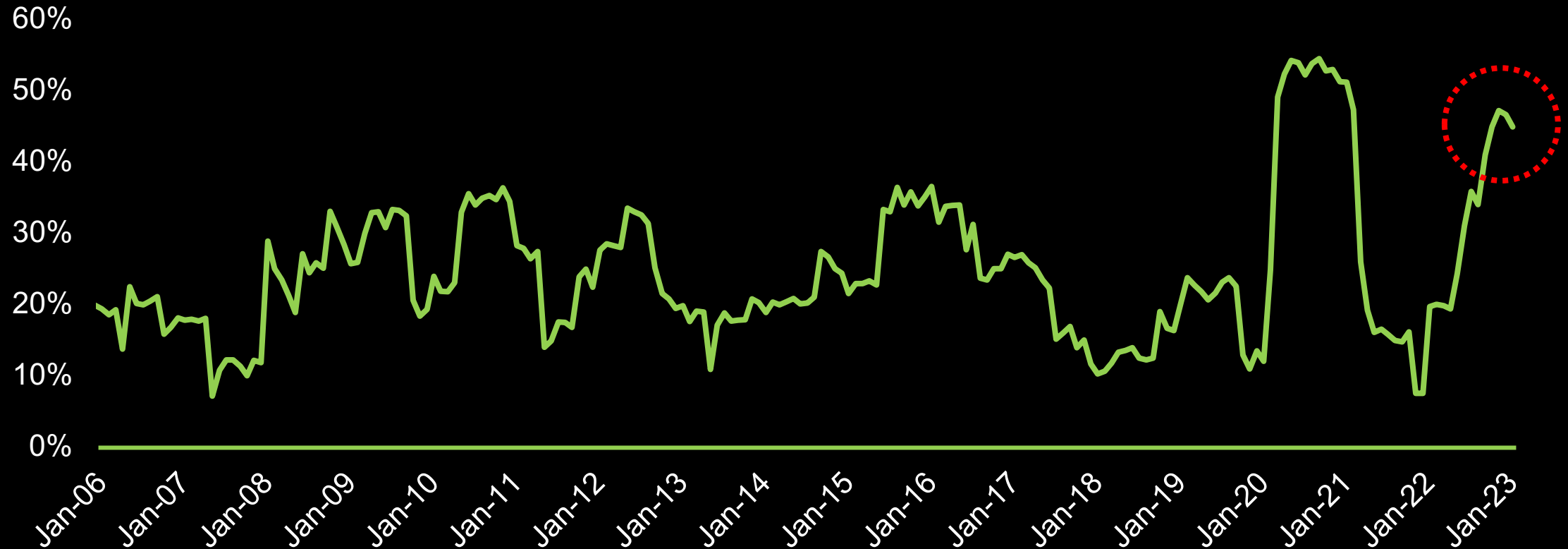
2 Uncomfortable opportunities emerging

3 Value and Growth opportunities

A concentrated portfolio with a proven track record

2023 setup for stock pickers...

S&P/ASX 200 pairwise correlation (mean, rolling 12-months)



Macro has been the key driver of markets since rates turned

Reporting season in a nutshell

More of this...



..less of this...



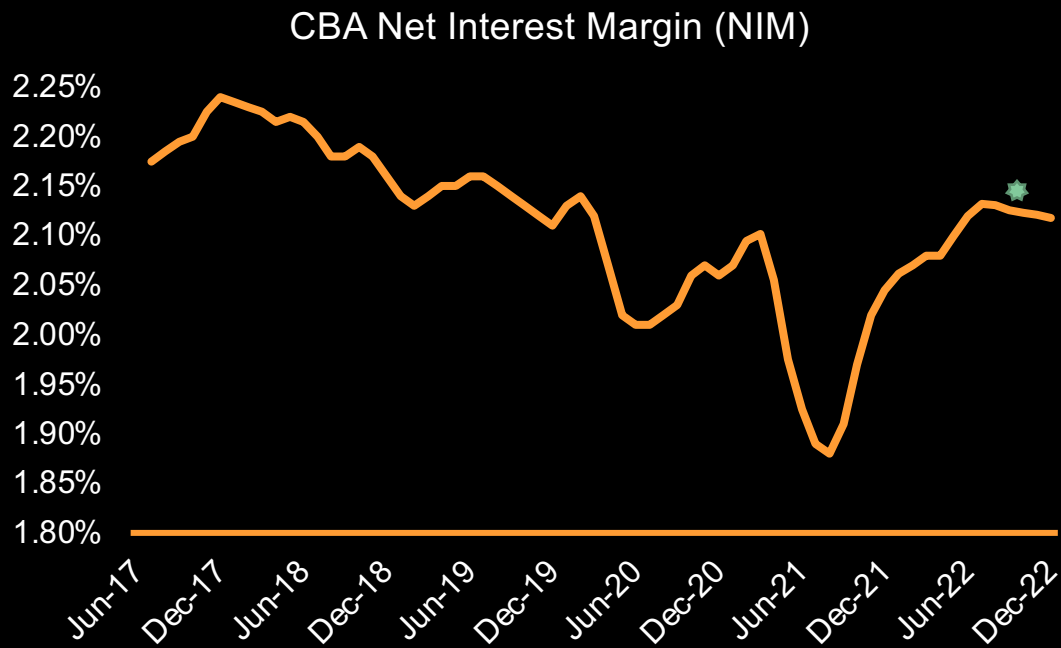
...things are getting harder

- TV advertising **down mid teens** in March 23 qtr
- Hiring intentions **falling**
- Small cap resources **struggling to generate cash** at high prices

Consumer mixed. Business conditions tough.

The best of the banks is behind us

Higher rates benefit bank earnings...



...but competition is intensifying

"We believe home loan pricing across the industry is below the cost of capital"

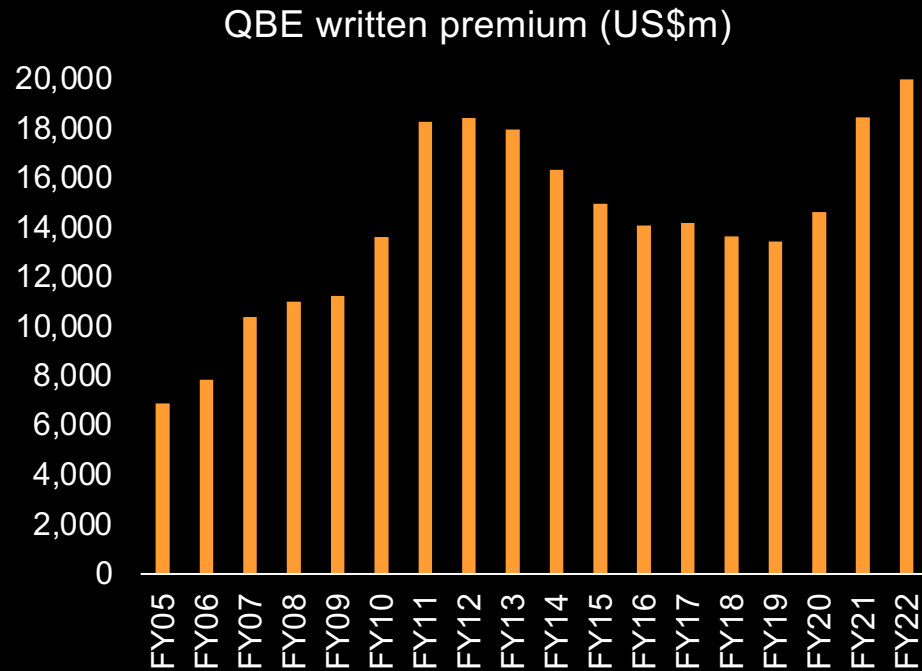
"We saw margins peak in October on a month-on-month spot basis..."

CBA half-year Results, February 2023

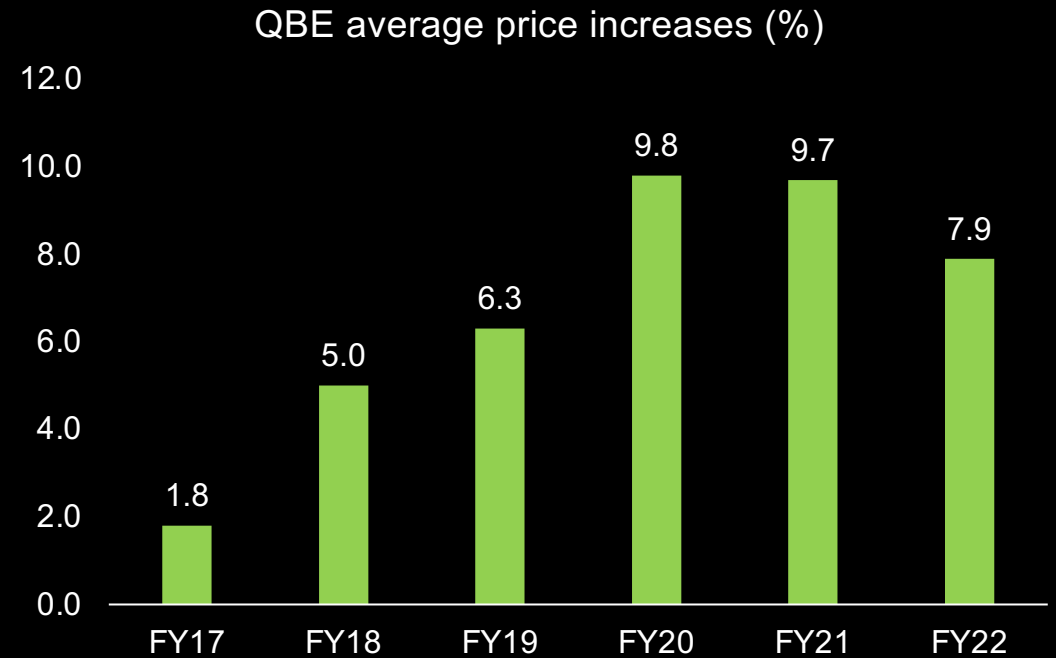
We believe bank margins have peaked

QBE – Poised for outperformance

Simplified business now set for growth...



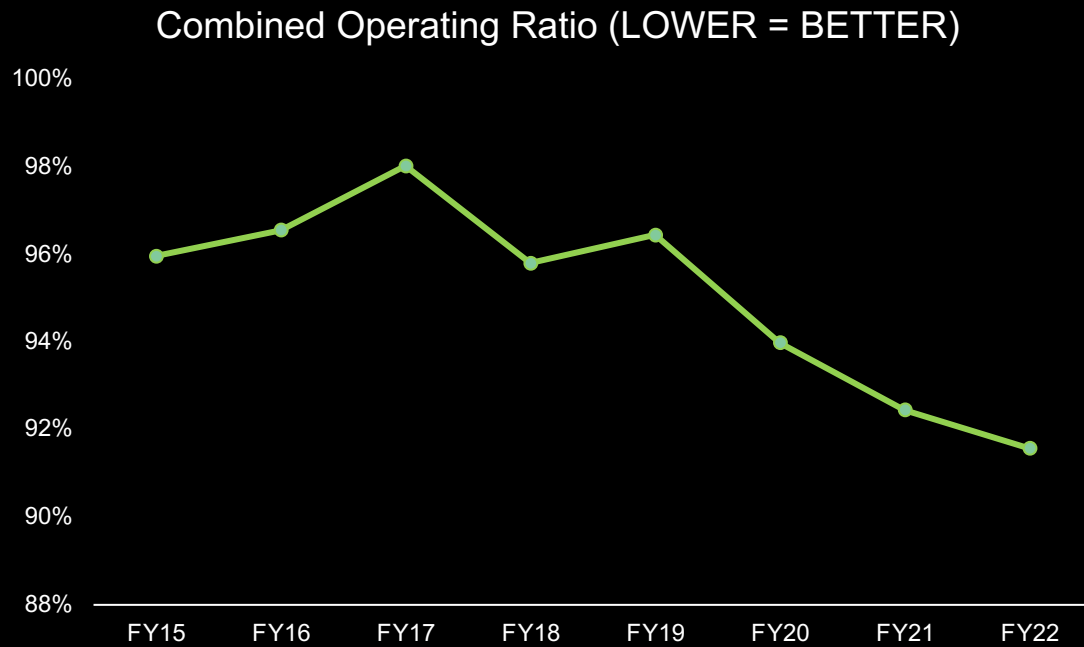
...+30% cumulative price over past 2.5 years



Perennial disappointment is in the rear view

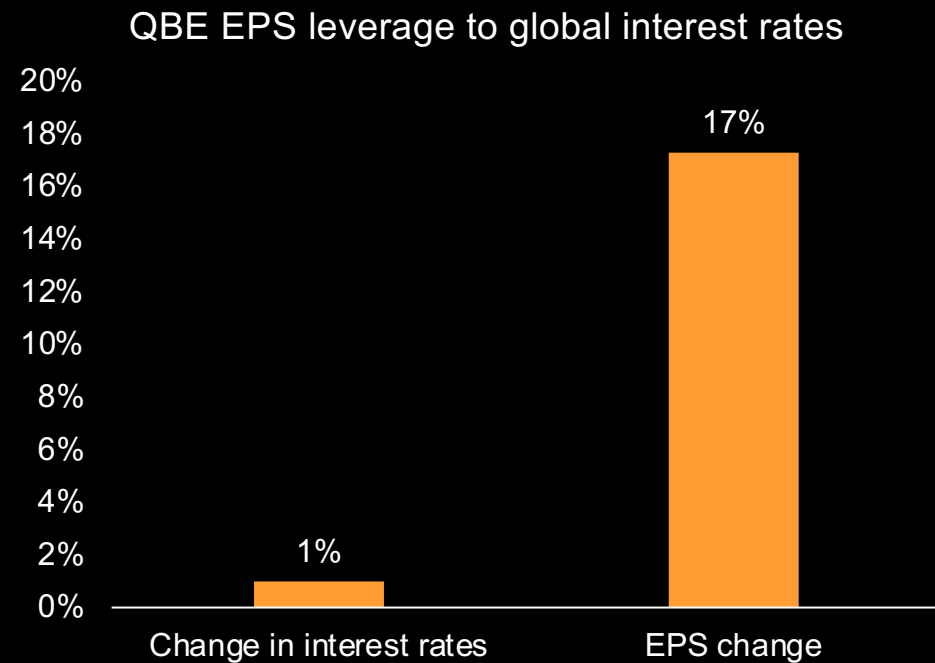
QBE – Better than the banks

The core insurance business has improved...



Source: Firetrail February 2023, Bloomberg

..and QBE earnings benefit from rising rates



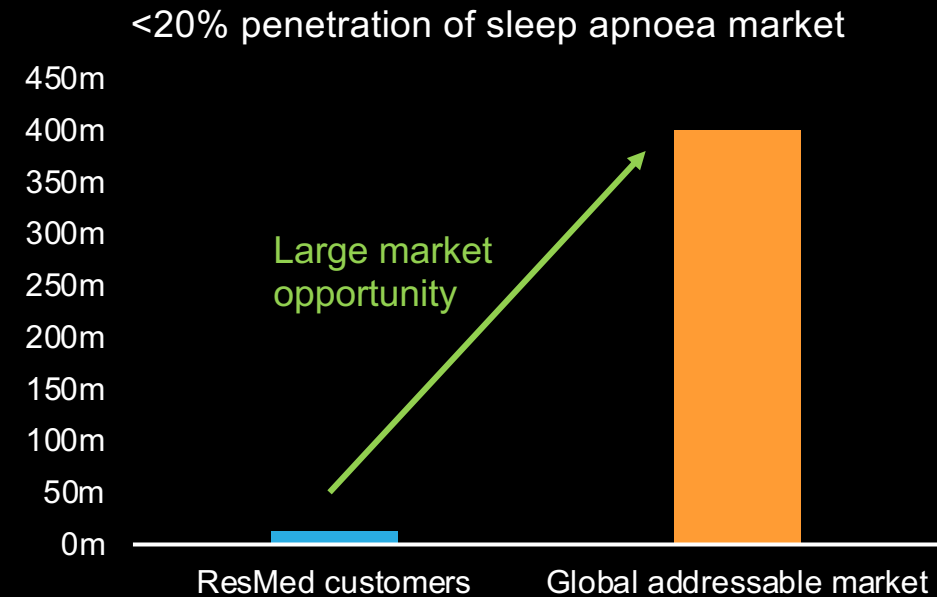
QBE earnings are improving and stock trades on 10x PE

ResMed – underappreciated growth

ResMed treats breathing disorders such as sleep apnoea...



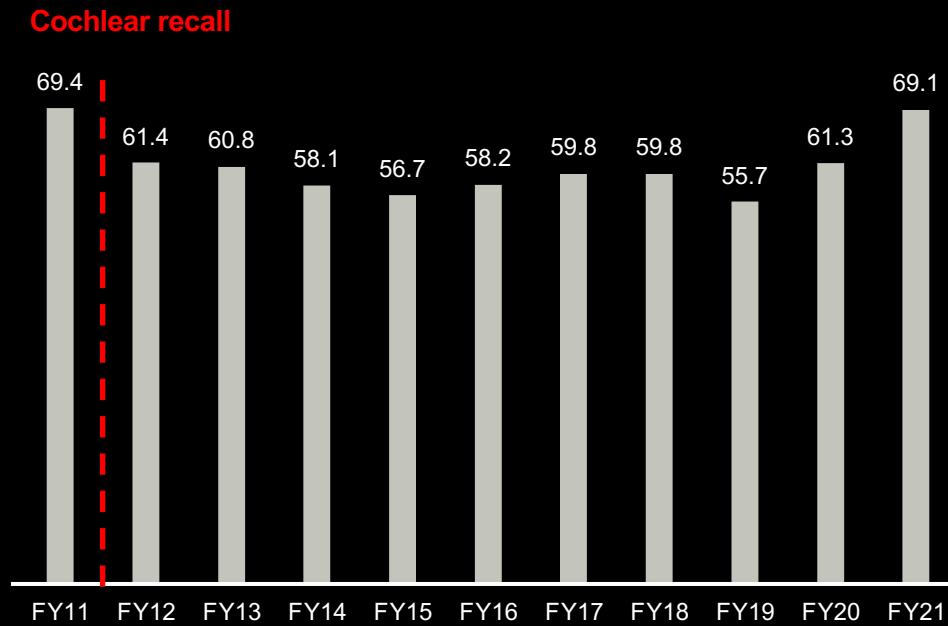
A large market opportunity with low penetration...



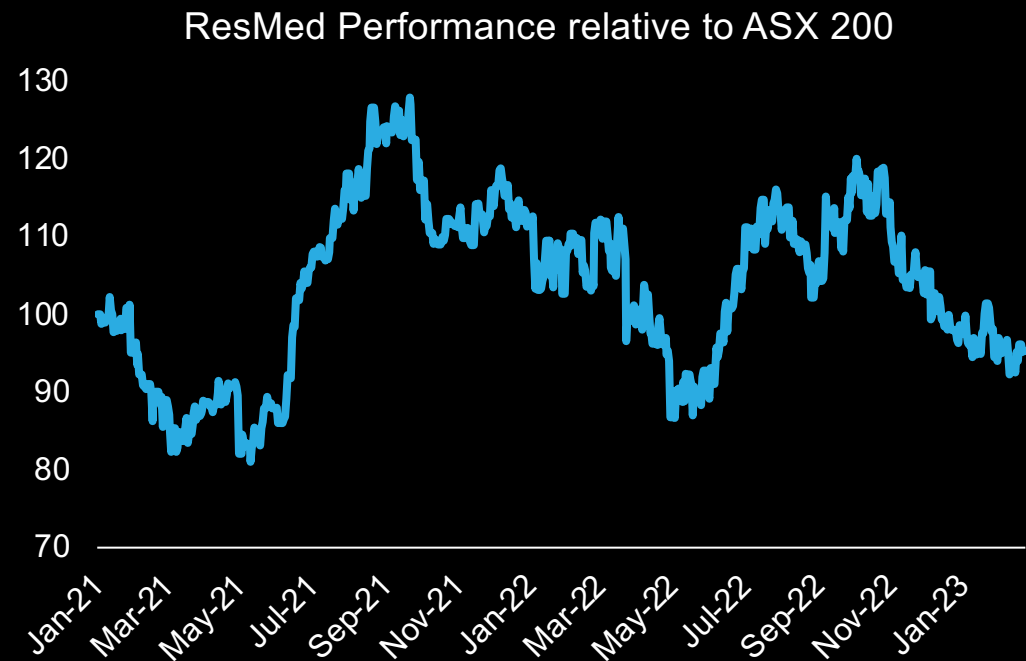
A market leader in an attractive industry

ResMed – underappreciated growth

... Product recall has created a market share opportunity ...We've seen this movie before



Muted share price performance provides an outstanding opportunity...



A standout opportunity with unappreciated growth

Firetrail Australian High Conviction Fund

1 2023 setup for stock pickers

2 QBE better than the banks

3 Unappreciated growth in ResMed

A concentrated portfolio with a proven track record