

Unconstrained value and growth investing



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Firetrail

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.

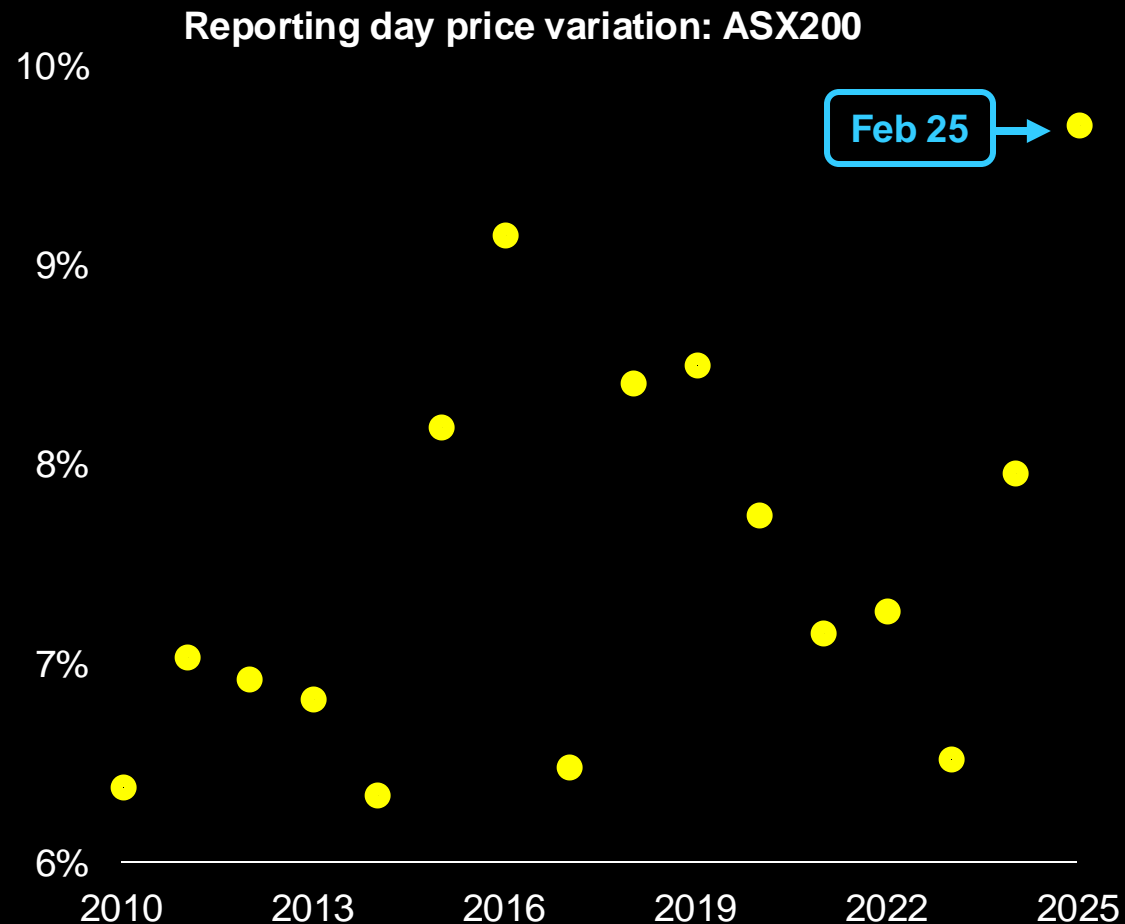
Firetrail Australian High Conviction Fund

- 1 Straight out of reporting season
- 2 Growth at a value multiple
- 3 A non-conventional brand

A concentrated portfolio with a proven track record

Share prices are moving more

Feb 2025 reporting season marks the highest volatility in 15 years



Markets are becoming a lot more volatile

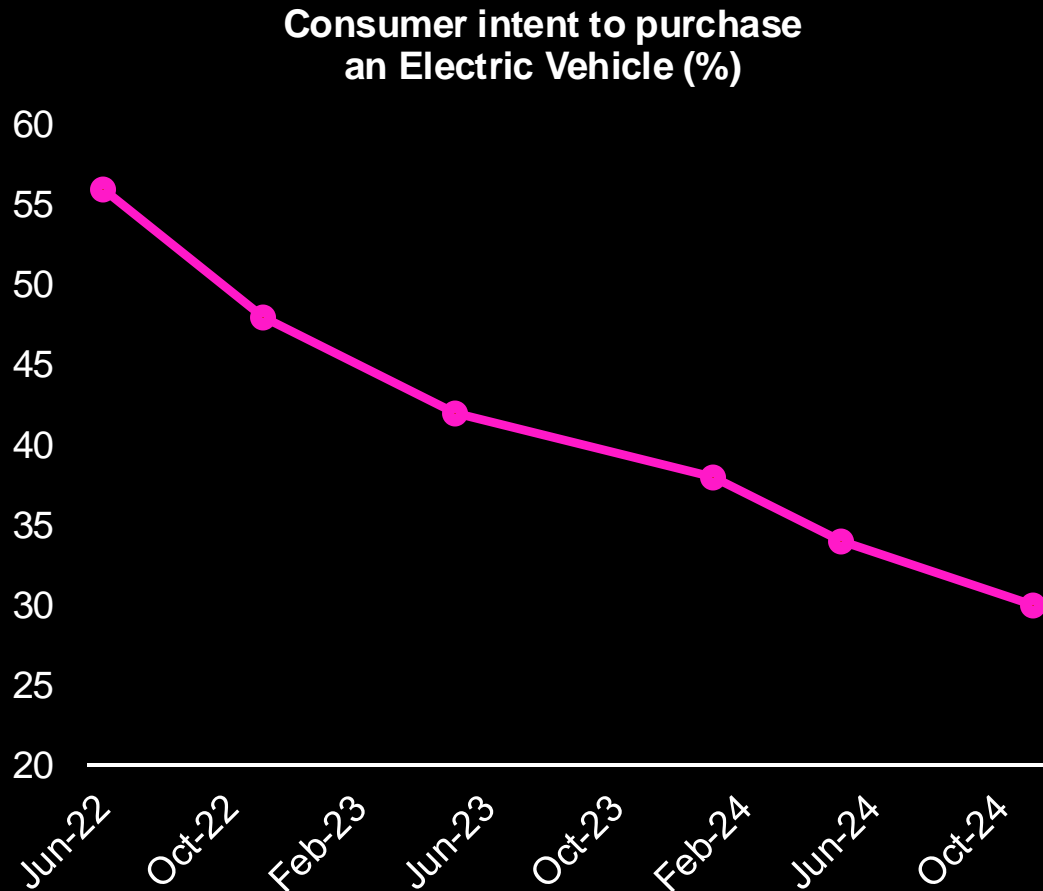
- More short term participants
- Pricing information more aggressively

Implications

- More opportunity for active management
- Stocks to deviate further from 'fair value'

With volatility comes opportunity

Energy transition is slowing

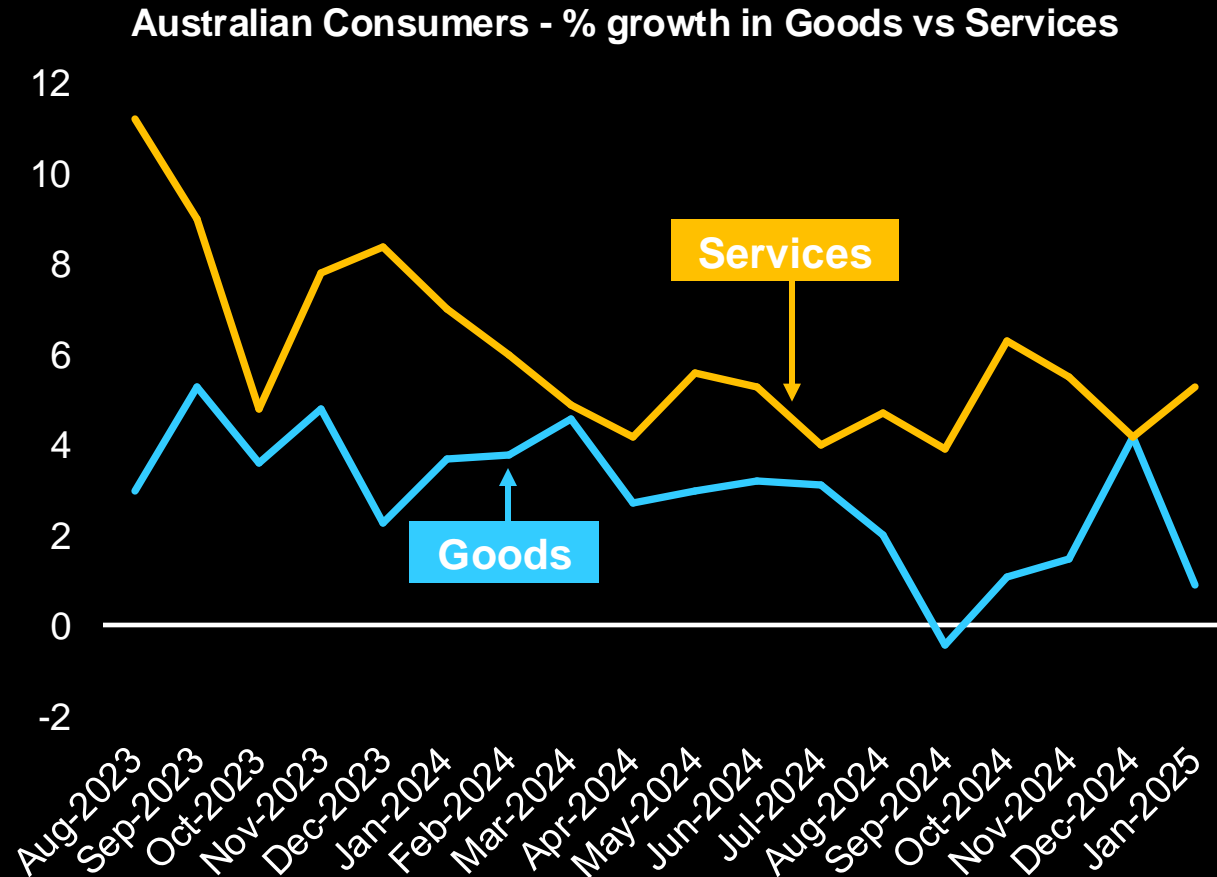


Market signals:

- **Carsales** - EV purchase intentions declined to the lowest level in 4 years
- **Origin** – the energy transition in Australia is more likely to be “disorderly”
- **BP** – “our optimism for a fast transition was misplaced and we went too far, too fast”
- **Worley** – “the economics of sustainability projects is undergoing increased scrutiny” driven by “higher cost of capital and policy headwinds”
- **Macquarie Group** – formally withdrew from the Net Zero Banking Alliance

The pace of the energy transition has been overestimated

A mixed consumer picture



Supermarkets and convenience = weak

- Coles outperformed Woolies

Alcohol = weak

- Dan Murphy's and BWS have called out "subdued consumer spending outside of key social occasions" and "premiumisation is reversing"

Travel = good

- Both Flight Centre and Qantas reported a positive outlook

Discretionary = strong

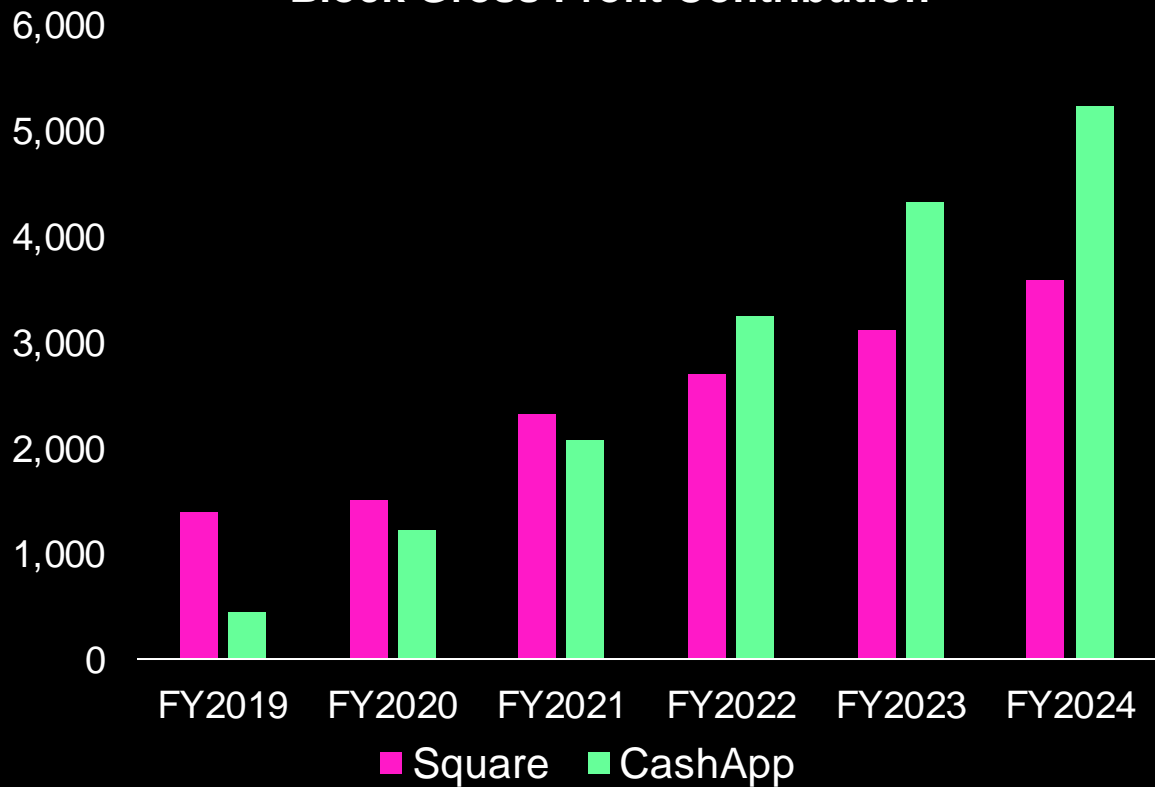
- JBHifi, Harvey Norman and Universal Stores all up

Consumer is muddling along

Block

A top line grower

Block Gross Profit Contribution



Block has 2 divisions:



Square – point of sale solutions with 4m SME customers



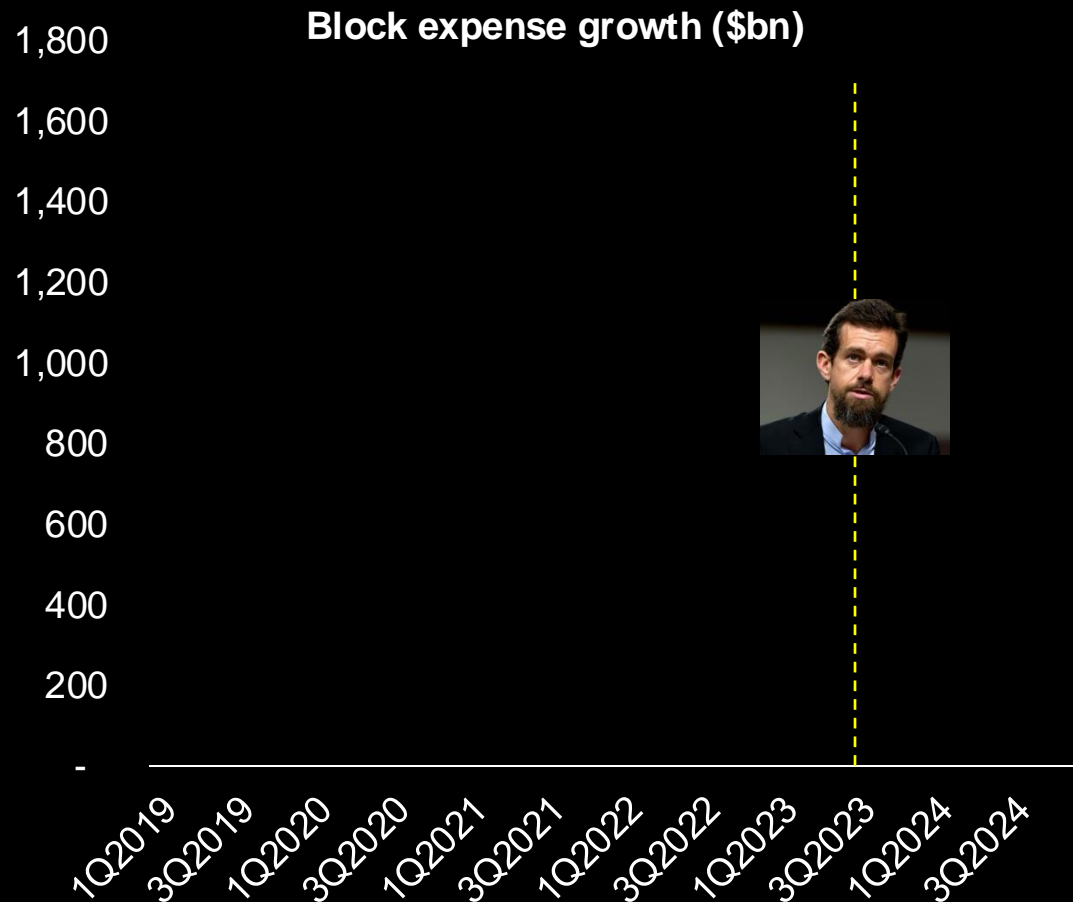
CashApp – “mini” bank with 57m customers

- Block has grown 30% pa across Square and CashApp over the past 5 years

Block has grown its gross profit at 30%pa

Block

Block's expenses were out of control



Costs were growing faster than gross profit!

- Headcount grow 46% in 2022
- Until founder Jack Dorsey returned
- Block implemented a strict headcount cap

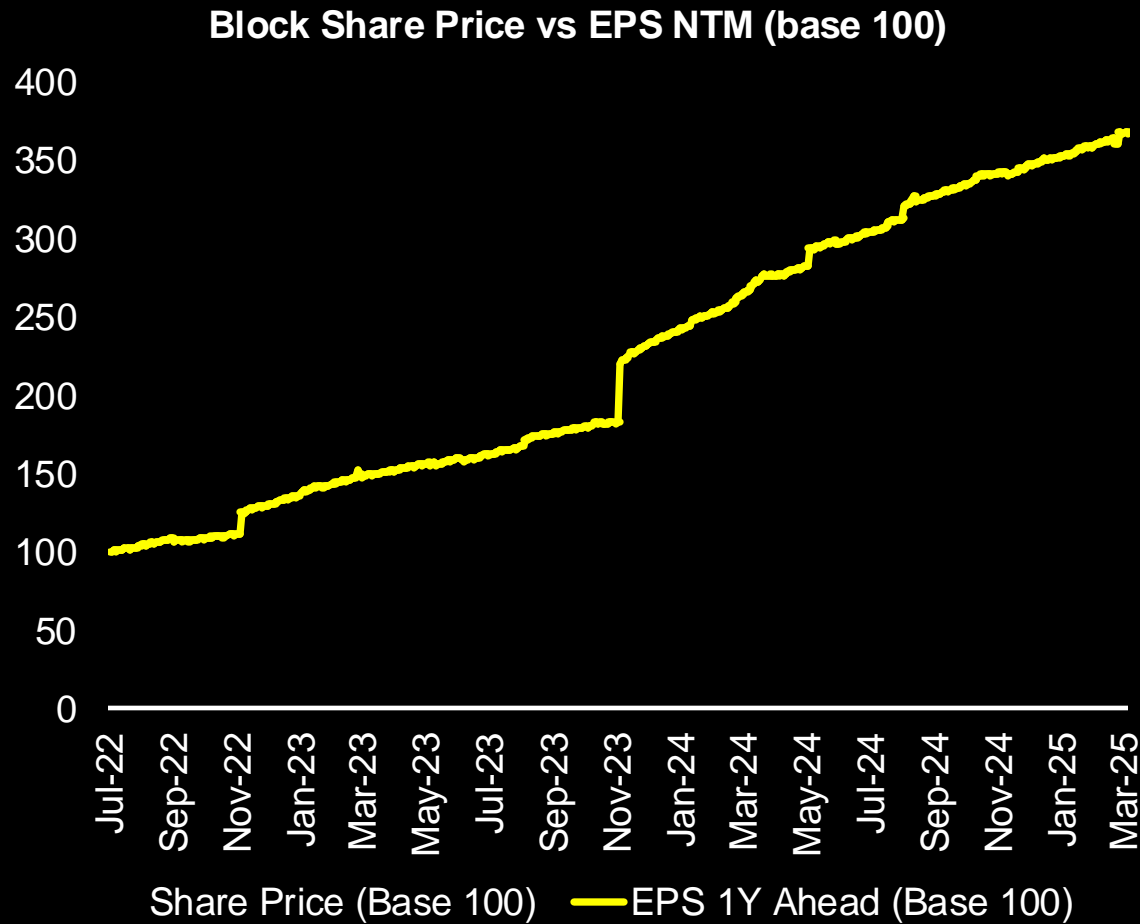
Cash EBIT exploded!

- -145m in 2022
- +343m in 2023
- +1,609m in 2024

Cost control led to profitability

Block

Earnings are growing faster than the share price



Earnings likely to inflect again:

- Launch Afterpay on Cash App
- Square product improvement

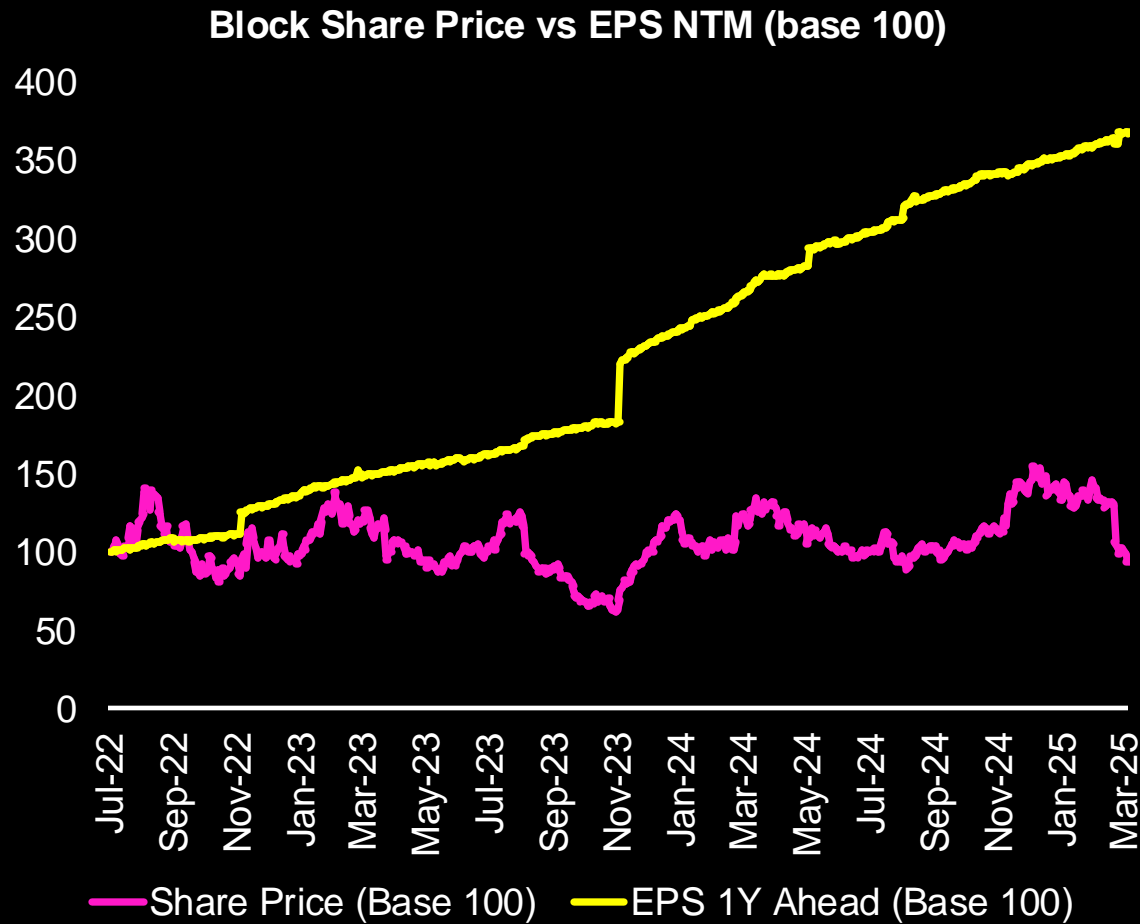
Block ticks a lot of boxes

- Growing top and bottom line
- Net cash \$2.3bn
- 20x PE on 2025

Ticks a lot of bloxes

Block

Earnings are growing faster than the share price



Earnings likely to inflect again:

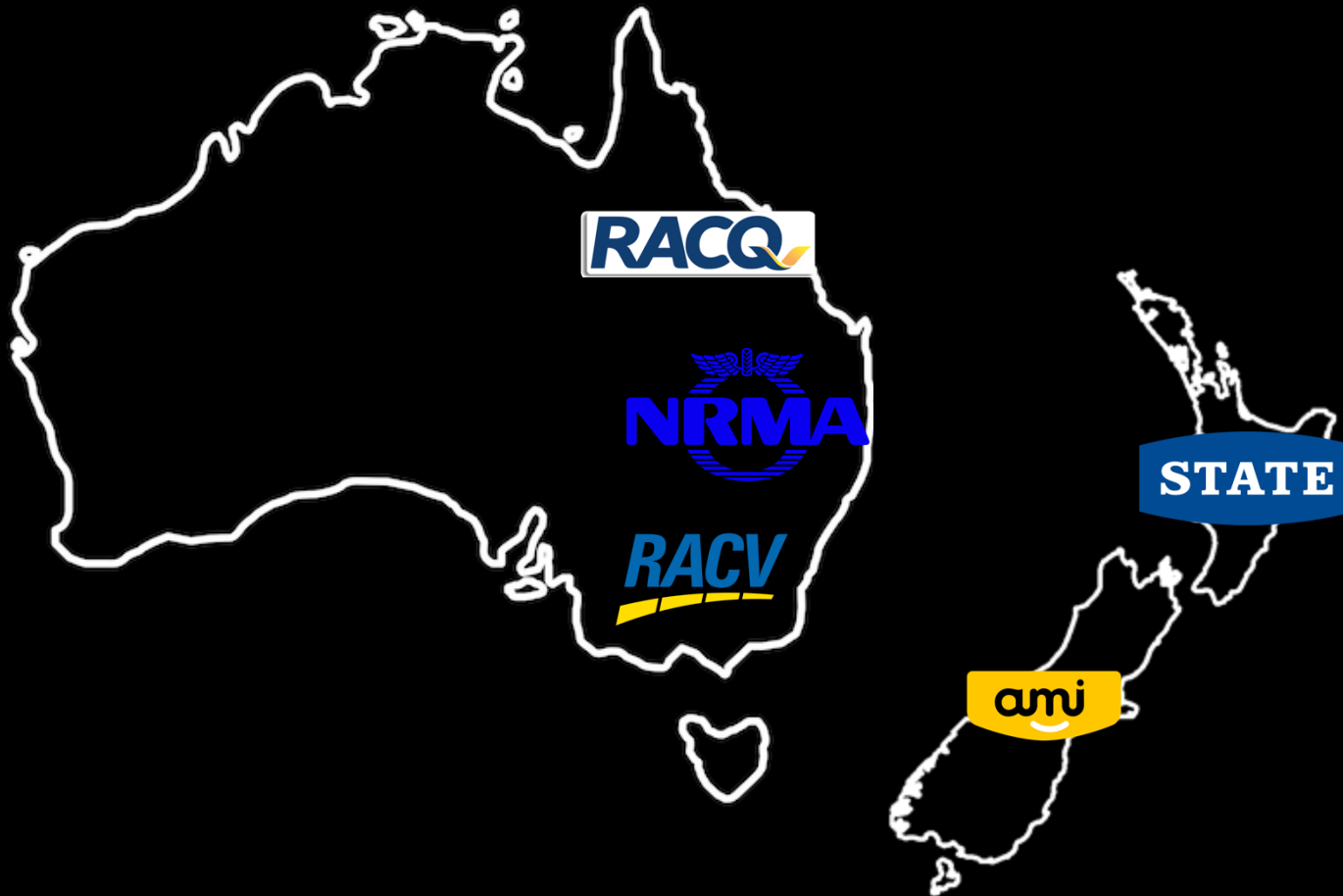
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Block ticks a lot of boxes

- Growing top and bottom line
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Ticks a lot of bloxes

Some of the best consumer insurance brands in the World



Competitive advantage:

- Brand – price premium
- Scale – lower costs

IAG is a market leader in consumer insurance

IAG

Inflation and natural perils have been headwinds



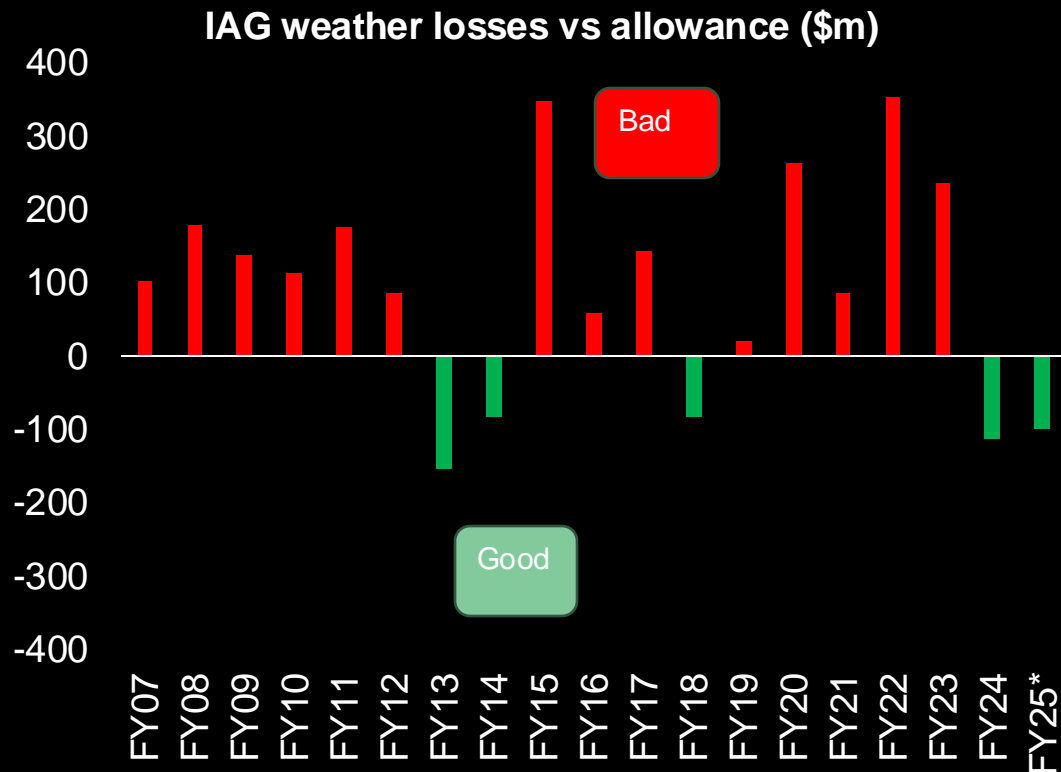
Fires



Floods



Storms



*FY25 to February 2025

- IAG has systematically underestimated natural perils
 - BUT we see evidence of better provisioning
- IAG has reported improved earnings
 - But funnelled much into reinsurance
 - Earnings to be less volatile going ahead

IAG now has higher quality earnings

Firetrail Australian High Conviction Fund

- 1 Volatility rising, energy transition slowing and consumer mixed
- 2 Block is undervalued and growing
- 3 IAG is improving the quality of earnings

A concentrated portfolio with a proven track record