

# Firetrail

*Invest with Conviction*

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Firetrail S3 Global Opportunities Fund



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## POSITIVE CHANGE / FUTURE LEADER / CURRENT LEADER / SUSTAINABLE EDGE INFORMATION

Firetrail has recalibrated fifteen of the UN Sustainable Development Goals (SDGs) into the Firetrail Positive Change themes to describe the global investment opportunity set. Financial and non-financial metrics are combined via proprietary quantitative models to reduce a starting universe of over 20,000 companies to a target investment universe of around 800 global opportunities. Firetrail then conducts deep-dive fundamental analysis on the most attractive opportunities within this 800-company global opportunity set. Upon conducting fundamental analysis, a qualitative assessment by the Firetrail analyst is conducted to ensure the company is appropriately categorised according to Firetrail's Positive Change themes. A company is also assigned a qualitative categorisation of 'future leader' or 'current leader' according to the company's position on the Firetrail Positive Change curve (an illustrative representation of the relationship between valuation and positive change progress). Positive Change theme categorisations are reviewed weekly by the portfolio management team.

Sustainable edge refers to companies with Firetrail S3 characteristics. That is, a company with a sustainable business model, sustainable earnings that is set to undergo positive change according to Firetrail's analysis (such as a share price re-rating, improvement in earnings expectations, or upside potential). Portfolio holdings are constantly monitored by the Firetrail analyst and a member of the Portfolio management team while it is a holding in the Firetrail S3 Global Opportunities Fund. This involves regular meetings with company management and reviews of company results. The Firetrail analyst also monitors the contribution that the company is making to Positive Change, and continual review of the financial and non-financial metrics used in Firetrail's proprietary quantitative screens.

# Firetrail S3 Global Opportunities Fund

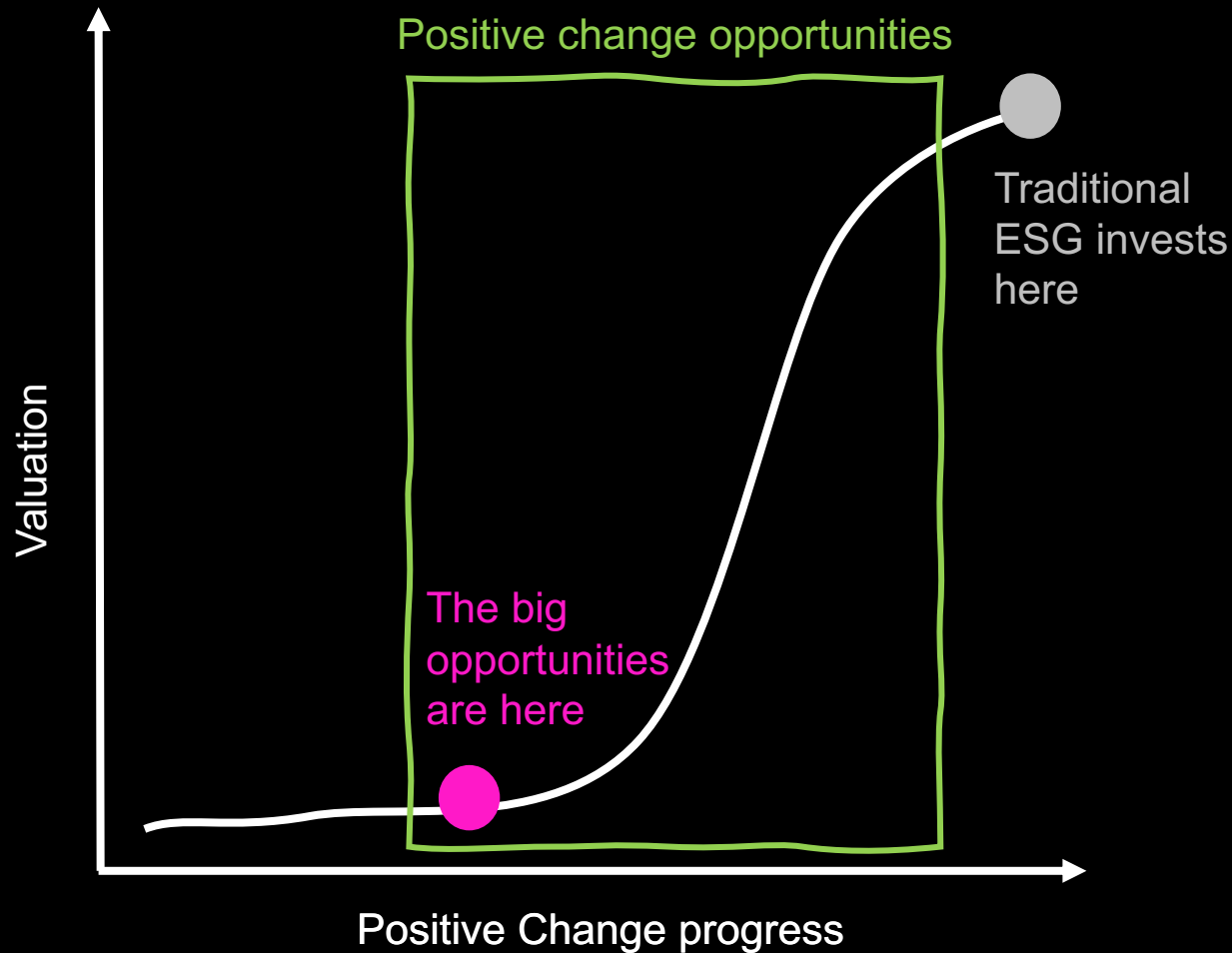
**1** The Firetrail S3 approach

**2** Global Value and Growth

**3** S3 is Different

*Global equity investing with a sustainable edge*

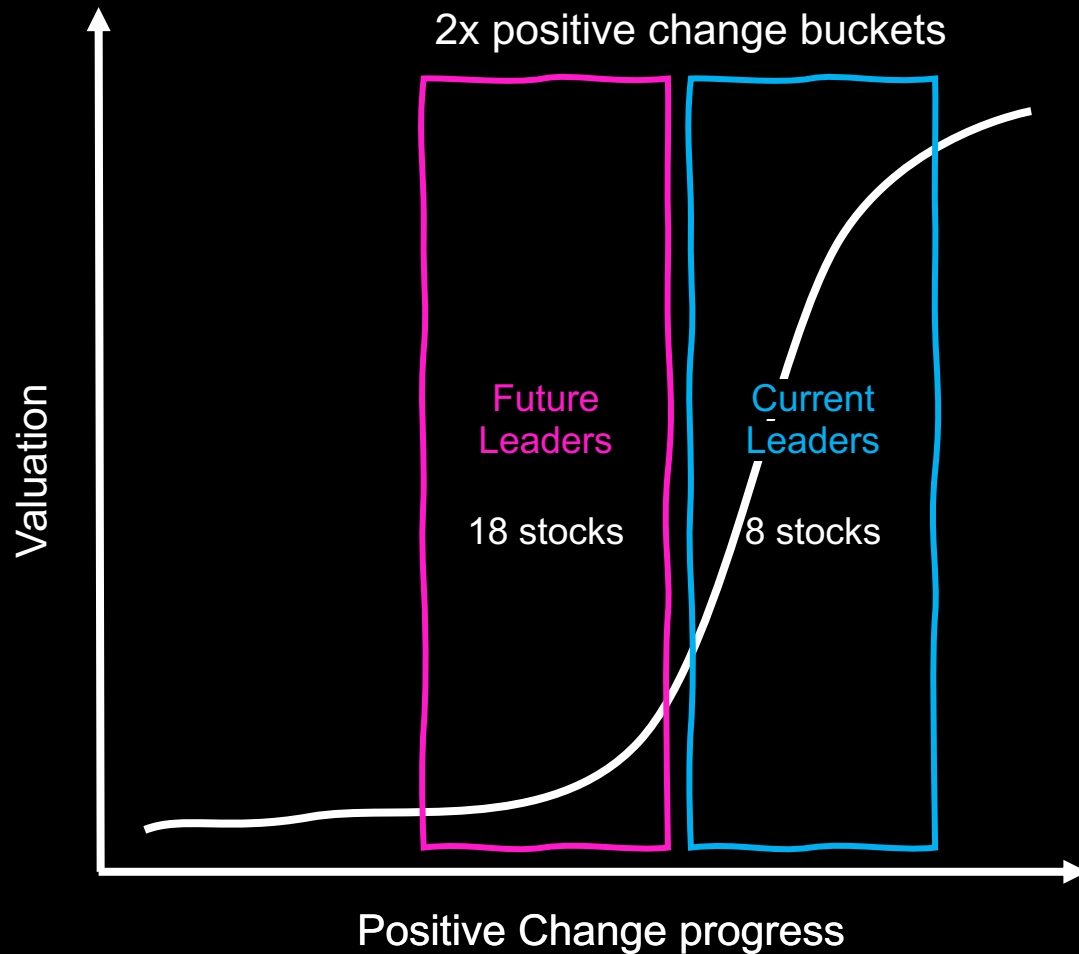
# Traditional ESG looks backwards



- Traditional ESG approaches are backward looking
  - High ESG score = good company
  - Low score = bad company
- Data providers use outdated data and metrics
- Skews traditional ESG funds into expensive and defensive quality growth stocks

***Positive change opportunities = the big opportunities***

# Invest in companies that are adapting for the future



- Sustainable businesses deserve premiums
- Future and current leaders contain S3 characteristics
  1. Sustainable business models
  2. Sustainable earnings
  3. Sustainable positive change
- 30% lower CO2 footprint than MSCI World

***High conviction, concentrated, sustainable***

# Positive change opportunities

Health & Wellbeing



Innovation & Equality



Climate Impact



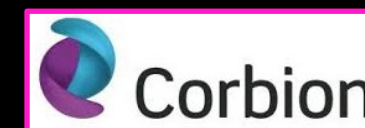
Sustainable World



Value



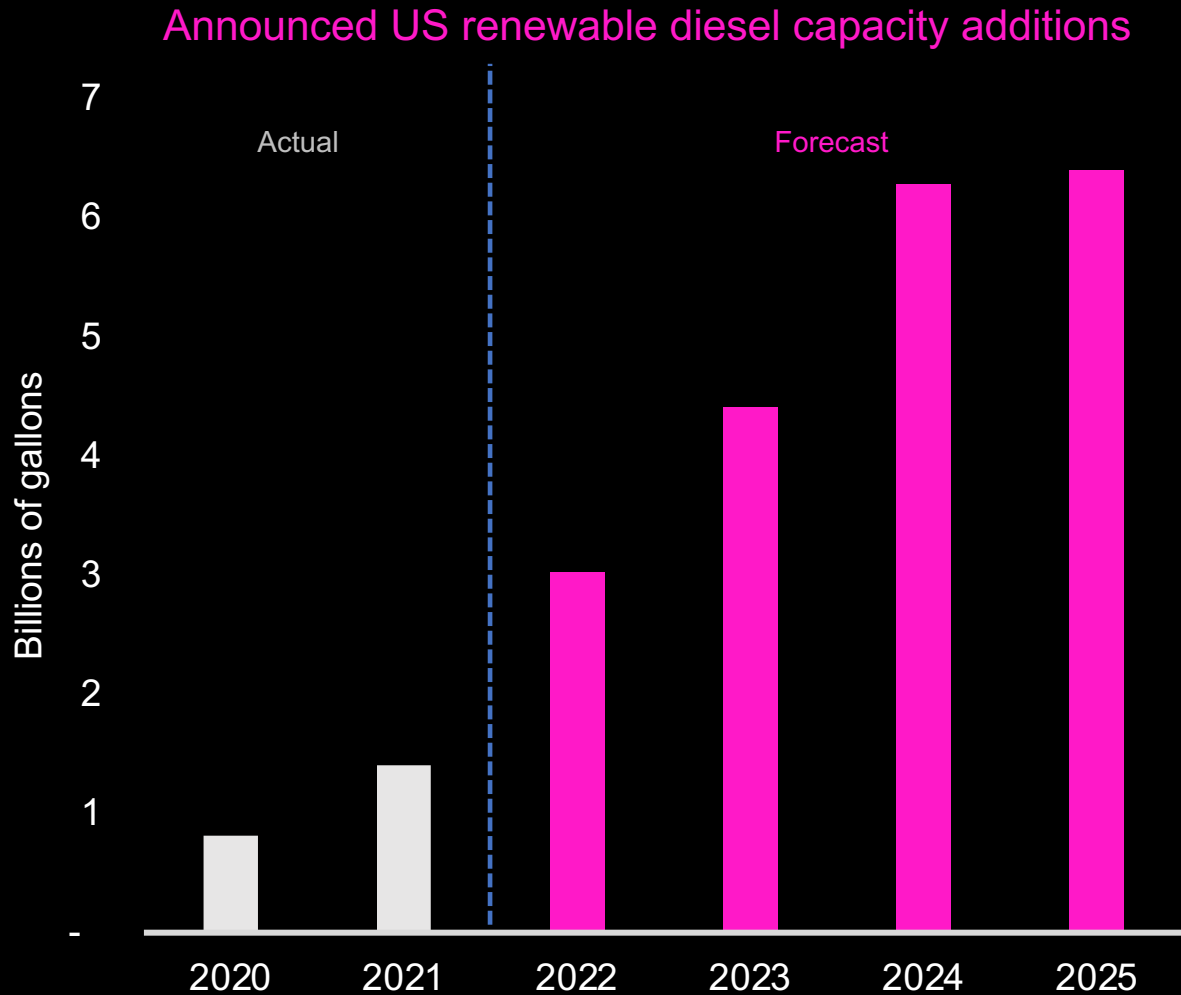
Growth



*Our best value and growth ideas with a sustainable edge*



# Darling Ingredients - a Value opportunity



- Renewable diesel is a 100% replacement for regular diesel, made from waste by-products
- Darling produces renewable fuels

## 'What Matters' for Darling?

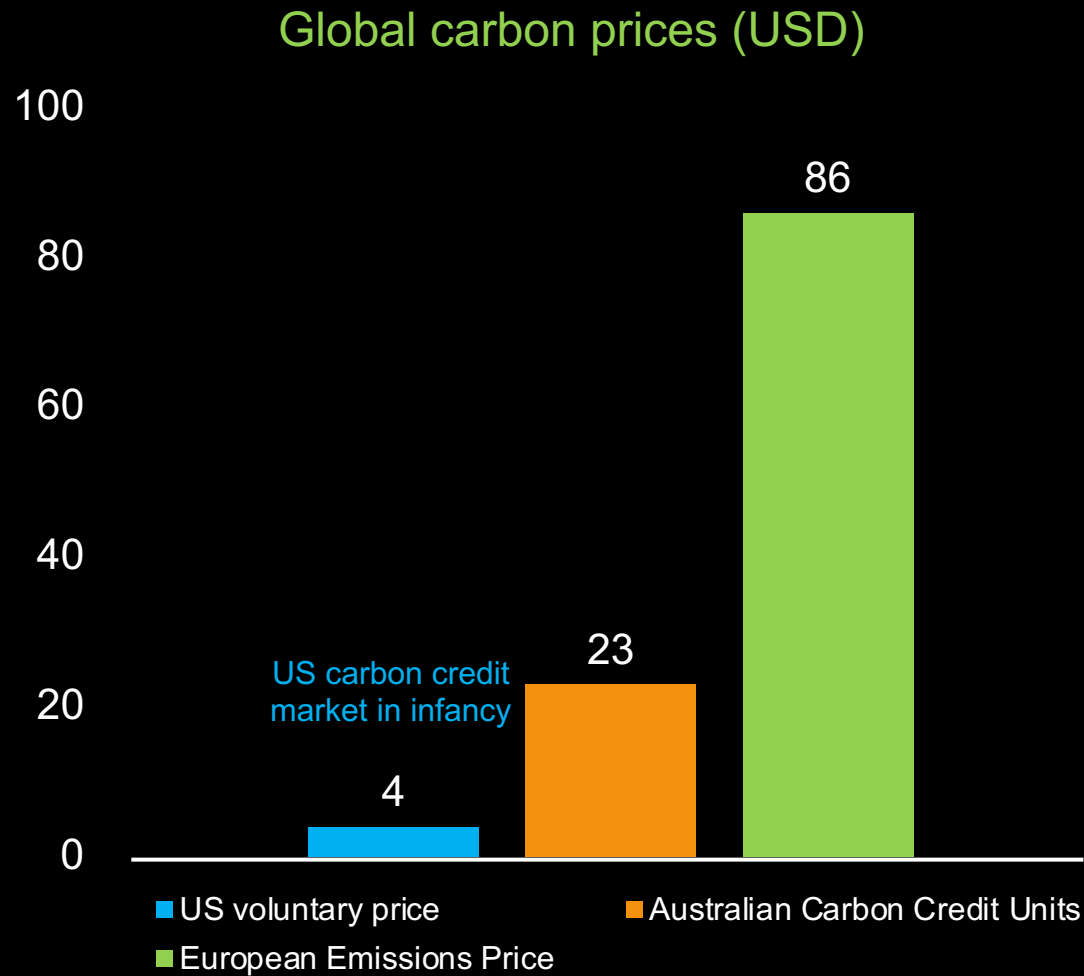
- Demand growth
- Feedstock supply

***A renewable diesel producer benefitting from high energy prices***





# Weyerhaeuser – a Growth opportunity










- Sustainably grows and harvests timber used in building materials
- ‘What Matters’ for Weyerhaeuser?**
- Timber supply is constrained
  - US Carbon market catching up to the rest of the world

***A lumber company with carbon optionality***

# Most global equity funds look the same

Example of holdings in passive and active ETFs

Company	VGS	VESG	QUAL	#1	#2	#3	#4	S3GO
	✓	✓	✓		✓	✓	✓	
	✓	✓		✓	✓	✓		
	✓	✓	✓					
	✓	✓	✓	✓	✓	✓	✓	
	✓	✓	✓	✓	✓	✓		✓
	✓	✓	✓					
	✓	✓	✓		✓	✓		
No. of holdings	1,496	1,680	302	61	21	29	85*	26
Management fee (p.a)	0.18%	0.18%	0.40%	1.10%	0.70%	1.35%	1.10%	0.72%
Performance fee (Y/N)	N	N	N	Y	Y	Y	Y	Y

- Most global and ESG funds invest in the same tech and growth companies
- Better opportunities in under-researched parts of the market
- Diversity across value, growth, large, mid & small caps

**To outperform your portfolio needs to be different**

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