

Firetrail Australian Small Companies Fund | Key Holdings | 30 June 2022

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'.



Estia Health
(EHE)

Estia Health operates 70 aged care facilities across Australia, 62 of which it owns the underlying land. Around 20% of Australians over 80 years old live in aged care homes. This number is increasing quickly as a result of the ageing population.

What Matters

1. **Changing funding environment** - After a Royal Commission in 2021, the government outlined a new funding model for aged care providers. In short, providers who can prove their residents are receiving quality care will receive funding and be allowed to operate. Estia is already delivering best-in-class care in its facilities. We believe Estia will benefit from the increased funding and decreased competition as low-quality providers lose patients.
2. **Value of property and operating assets** - After applying a variety of valuation methodologies, Firetrail believes that Estia's assets (property, aged care beds etc) are significantly undervalued.



Gold Road Resources
(GOR)

Gold Road Resources is an Australian gold producer who operates Gruyere, a Tier 1 gold mine in Western Australia. Gold Road also has a number of exploration projects in the underexplored parts of Western Australia's north-eastern goldfields.

What Matters

1. **Increasing production at Gruyere** – Gruyere is one of Australia's largest and lowest-cost gold mining operations, providing the best exposure to gold prices. Firetrail believe the market is underestimating the amount of gold that will be produced from this mine.
2. **Resource extension** – Firetrail expect resources and mine life to be extended by 25% in the next 2 years from additional drilling and studies.



Lynas Rare Earths
(LYC)

Lynas Rare Earths is the only rare earths producer of scale outside of China. It operates the Mount Weld mine in WA, which contains one of the world's largest and highest-grade known deposits of rare earths. Lynas' main rare earth mineral, NdPr, is the essential input into the super-strength magnets needed for EV motors, wind turbines and other renewable energy applications.

What Matters

1. **NdPr prices** - Booming demand for EVs and renewables has sent NdPr prices soaring from US\$40/kg in 2020 to over US\$150/kg in 2022.
2. **Opportunity for production upside** - Lynas may target higher NdPr production to meet robust market growth. We don't believe the market is pricing this in.



oOh!media
(OML)

oOh!media is Australia and NZ's leading out of home (OOH) advertising company, with a network of over 37,000 digital and static advertising spaces. These can be found roadside (i.e., billboards), in airports, in train stations, on bus stops, on office towers and in many more locations.

What Matters

1. **Recovery in media spend** - With people out and about post-COVID, advertisers are shifting their ad dollars to follow audiences into airports and city centres. This benefits out-of-home players like OML.
2. **Share of media market** - Out-of-home advertising is growing its share of the total media market at the expense of mediums like TV and radio. New technology is making it possible to collect data quantifying the impact of out-of-home advertising, making it more attractive to advertisers.



Viva Energy
(VEA)

Viva Energy is an Australian downstream oil and gas company. It owns the Geelong Oil Refinery, one of just two refineries remaining in Australia. The Geelong Refinery refines crude oil into petrol, diesel, jet fuel and bitumen. It supplies over 50% of Victoria's fuel. Viva also owns a network of over 1,300 Shell and Liberty branded service stations across Australia.

What Matters

1. **Refining Margins** - the refining margin is the difference between the cost Viva pays for crude oil, and the price it receives for refined products like petrol and diesel. We believe the market is underestimating refining margins over the coming years. Due to uncertainty around future demand for fossil fuels, companies around the world are not investing in new refineries. Viva will face less competition and will be able to charge higher prices as a result.

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P 1300 010 311

E distribution@pinnacleinvestment.com

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Research Ratings



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

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

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