

## Firetrail S3 Global Opportunities Fund | Key Holdings | 30 June 2022

The Firetrail S3 Global Opportunities Fund is a concentrated portfolio (approximately 30 companies) of Firetrail's best global equity ideas. The investment process employs fundamental analysis to identify the most attractive investment opportunities with sustainable positive change characteristics.

*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.*

 <p><b>Darling Ingredients</b> Listed: US</p>	<p><b>Darling Ingredients</b> collects food waste and animal by-products (from restaurants, bakeries, abattoirs etc.), and transforms them into ingredients for customers across the food, animal feed, pharmaceuticals, and bioenergy industries.</p> <p><b>What Matters</b></p> <ol style="list-style-type: none"> <li><b>Renewable diesel exposure</b> – Darling transforms waste from restaurants into 'renewable diesel', a 100% substitute for traditional diesel. Renewable diesel is an important transition fuel as the world adopts EVs.</li> <li><b>Secure feedstock supply</b> – Feedstocks are the inputs Darling collects to produce its ingredients. Darling's strong relationships allow it to collect from over 140,000 restaurants and other businesses, giving it a ~40% share of the collection market in cooking oil, a key feedstock.</li> </ol>	<p>Positive Change Theme</p>  <p>Climate Impact</p>
 <p><b>Micron Technology</b> Listed: US</p>	<p><b>Micron Technology</b> produces semiconductor memory chips which store data in your smartphone, computer, and many other devices you use every day.</p> <p><b>What Matters</b></p> <ol style="list-style-type: none"> <li><b>Industry consolidation</b> – The memory chip market has consolidated from 40+ players in the 1990s to just 3 with 95% market share today (Micron, Samsung &amp; SK Hynix).</li> <li><b>The memory cycle</b> – With long lead times to build new manufacturing plants, high demand periods can force chip prices higher, resulting in higher revenue for Micron. We are seeing this now. 5G and cloud computing is resulting in skyrocketing demand for memory.</li> </ol>	<p>Positive Change Theme</p>  <p>Innovation &amp; Equality</p>
 <p><b>Volkswagen AG</b> Listed: Germany</p>	<p><b>Volkswagen</b> manufactures automobiles. The ten brands under its umbrella include Skoda, Audi and Lamborghini. VW is making the most aggressive push into EVs by any traditional automaker and is expected to catch up to, and outstrip, Tesla's EV sales by 2023.</p> <p><b>What Matters</b></p> <ol style="list-style-type: none"> <li><b>EV production</b> - Volkswagen is investing the greatest amount and at the fastest speed of the traditional automakers in the conversion of its production to EVs.</li> <li><b>Profitability</b> - Volkswagen's key brands (VW, Audi, Porsche) maintain strong pricing power in markets, enabling strong margins even as they convert to EVs.</li> </ol>	<p>Positive Change Theme</p>  <p>Climate Impact</p>
 <p><b>Waters Corporation</b> Listed: US</p>	<p><b>Waters</b> manufactures sophisticated analytical laboratory instruments and software. Its products have broad applications, from drug discovery and development, to measuring the nutritional contents in foods.</p> <p><b>What Matters</b></p> <ol style="list-style-type: none"> <li><b>Biotech is booming</b> - Recent technology breakthroughs have led to booming growth in biotech in recent years. Waters' products are positioned to benefit from this trend.</li> <li><b>Recurring revenues</b> - Once Waters' instruments are embedded in a laboratory, it's very costly to switch to a different provider. On top of the upfront cost for a Waters machine, customers also need to regularly buy consumables (like buying razorblades for your razor), resulting in recurring revenue for Waters.</li> </ol>	<p>Positive Change Theme</p>  <p>Health &amp; Wellbeing</p>
 <p><b>Weyerhaeuser Co</b> Listed: US</p>	<p><b>Weyerhaeuser</b> controls more than 12 million acres of timberland across the US. It currently sells lumber for houses. However, when carbon prices are high enough it may become more economical to keep the trees in the ground and sell carbon credits. It is currently experimenting with this idea on a small scale.</p> <p><b>What Matters</b></p> <ol style="list-style-type: none"> <li><b>Timber markets</b> – Timber is a sustainable building material exposed to the extended strength in US and global housing markets.</li> <li><b>Carbon reduction</b> – Weyerhaeuser's forests extract greater than 30 million tonnes of carbon dioxide from the atmosphere each year, some of which Weyerhaeuser will be able to monetise.</li> </ol>	<p>Positive Change Theme</p>  <p>Sustainable World</p>

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

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