

# FIRETRAIL S3 GLOBAL OPPORTUNITIES FUND

MONTHLY REPORT | APRIL 2022

## PERFORMANCE (AFTER FEES)

	Month	Quarter	Since inception <sup>2</sup> (effective)
Fund <sup>1</sup>	-1.07%	-9.27%	-5.68%
Benchmark	-3.11%	-8.96%	-8.35%
Excess Return	<b>+2.04%</b>	<b>-0.31%</b>	<b>+2.67%</b>

## ABOUT FIRETRAIL

Firetrail is an investment management boutique which is majority owned by the Firetrail investment team. Additionally, the investment team is invested alongside clients in the investment strategies.

## S3 GLOBAL OPPORTUNITIES FUND

The S3 Global Opportunities Fund ("Fund") is a concentrated portfolio of 20 to 40 stocks from both developed and emerging markets. The strategy is built on fundamental, deep dive research with a focus on finding unappreciated positive change attributes.

## INVESTMENT OBJECTIVE

The Fund aims to outperform the MSCI World Net Total Return Index over the long term.

## PORTFOLIO POSITIONING

30 APRIL 2022

### Top 5 Overweight Holdings (Alphabetical)

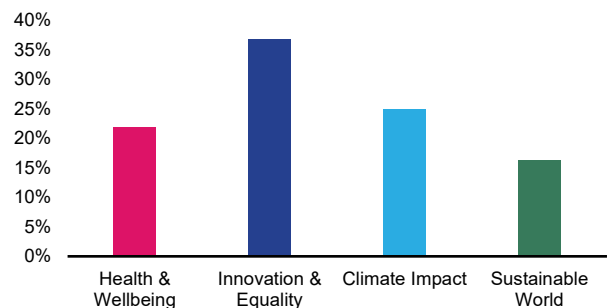
Antofagasta plc
Darling Ingredients Inc
Micron Technology, Inc.
Microsoft Corporation
Weyerhaeuser Company

## FUND DETAILS

Unit Prices	30 APRIL 2022
Application price	\$ 0.9446
Redemption Price	\$ 0.9418
NAV Price	\$ 0.9432
Fund Details	
APIR Code	WHT7794AU
Benchmark	MSCI World Net Total Return Index
Inception date <sup>2</sup>	3 November 2021
Number of Holdings	37
Fund size	\$24mil
Management fee*	0.95% p.a.
Performance fee*	15% of outperformance above an annual Hurdle
*Please read the Product Disclosure Statement for more details	

## THEMATIC POSITIONING

30 APRIL 2022



### FIRETRAIL OPPORTUNITY THEMES:

- Health and Wellbeing – Enabling better lives
- Innovation and Equality – Opportunities for everyone
- Climate Impact – Adjusting to a lower carbon world
- Sustainable world – Efficient use of resources

## THE FIRETRAIL S3 GLOBAL OPPORTUNITIES FUND

This fund brings you a unique exposure to global equity markets through:

- A high conviction, concentrated portfolio of approximately 30 stocks from both developed and emerging markets.
- Stock specific opportunities focused on finding unappreciated positive change attributes.
- Unique risk management to ensure that stocks drive returns rather than macro drivers

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.

## PORTFOLIO COMMENTARY

The Fund returned negative 1.07% for the month ending 30 April 2022, outperforming the MSCI World Index by 2.04%.

## CONTRIBUTORS TO RETURNS

Positive contributors included Weyerhaeuser, KPN and AT&T. Negative contributors included Spotify Technology, MSCI and Micron Technology. We discuss each further in our commentary below.

### POSITIVE CONTRIBUTORS

#### **Weyerhaeuser**

Weyerhaeuser shares outperformed during April. Weyerhaeuser, America's largest private forest owner, reported strong demand for lumber and timber during Q1 2022, reflecting a robust US housing market. The company also announced the signing of its first carbon capture and storage agreement.

#### **KPN**

KPN shares outperformed in April after the Dutch telco reported a strong start to the year with growing demand from consumers and businesses. KPN has been expanding its fibre optics network to reach 80% of Dutch households by the end of 2024, upgrading its existing copper network.

#### **AT&T**

AT&T shares outperformed over the month. The American wireless services company successfully completed the demerger of its WarnerMedia unit, which merged with Discovery Inc to form a new media firm called Warner Bros. Discovery. AT&T is unwinding a years-long effort to become a media and entertainment company. In its core mobile business, AT&T reported that it had added a solid 691,000 monthly phone subscribers during Q1 2022.

### NEGATIVE CONTRIBUTORS

#### **Spotify Technology**

Spotify Technology shares underperformed in April. Despite strong subscriber growth and monthly user numbers, Spotify was caught up in a broader growth sell-off during the month. We maintain conviction in the position given Spotify is reaccelerating user growth, has raised prices in over 40 countries, and continues to build on its podcast success.

#### **MSCI**

MSCI shares underperformed over the month. The financial index provider reported solid Q1 2022 results but was impacted by weaker equity markets. Around 25% of MSCI's revenue is linked to equity markets through asset-based fees on ETFs. Positively, MSCI reported growth in its ESG business of 48% over the 12 months to 31 March 2022.

#### **Micron Technology**

Micron Technology shares underperformed in April on the back of no stock-specific news. Notably, the broader semiconductor index fell 15% in the month, reflecting global growth concerns.

## PORTFOLIO POSITIONING

Positioning can be summarised as follows:

- A concentrated portfolio of 37 value and growth companies
- Positioned very different to the Index
- Overweight Firetrail’s positive change themes
- Returns driven mainly by stock specific risk, rather than macro risk
- Significantly lower carbon intensity than the index

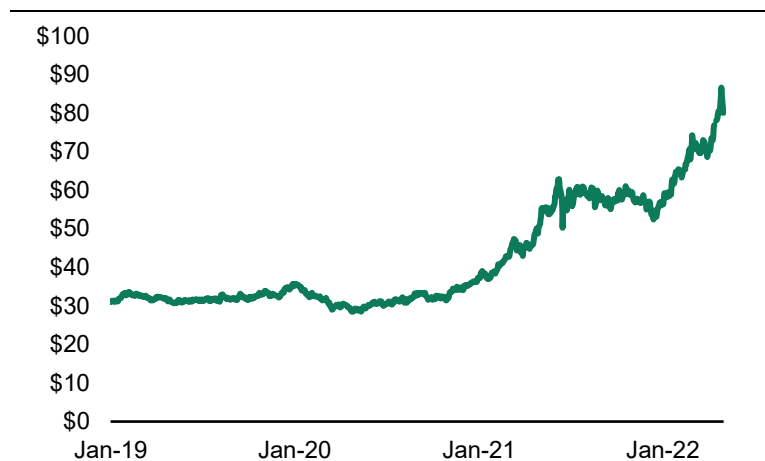
## ONE INTERESTING THING THAT HAPPENED THIS MONTH...

It’s an oil chart...but a different kind of oil! The price of soybean oil has almost tripled in recent years, driven by strong demand and constrained supply. The world cannot get enough of it: global production of soybeans has increased 7x in the last 50 years.

Soybean oil has a variety of uses, for instance as an ingredient in foods. However, the key driver of future soybean oil demand is in the production of ‘renewable diesel’, a 100% renewable substitute for traditional diesel and a critical transition fuel as the world reduces its reliance on fossil fuels.

The Firetrail S3 Global Opportunities Fund owns Archer Daniels Midland (ADM), one of the world’s largest soybean oil producers. On their results call this month, ADM management affirmed that these favourable market conditions look set to continue for many years to come.

**Figure 1: Soybean Oil Price (USD per lb)**



Source: Bloomberg, Firetrail

This document is prepared by Firetrail Investments Pty Limited ('Firetrail') ABN 98 622 377 913 AFSL 516821 as the investment manager of the Firetrail S3 Global Opportunities Fund ARSN 653 717 625 ('the Fund'). This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance.

Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371 ('PFSL') is the product issuer of the Fund. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') ABN 22 100 325 184. The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available via the links below. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

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

Link to the Target Market Determination: [WHT7794AU](#)

For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email [service@pinnacleinvestment.com](mailto:service@pinnacleinvestment.com)

Whilst Firetrail, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Firetrail, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication.

The information is not intended for general distribution or publication and must be retained in a confidential manner. Information contained herein consists of confidential proprietary information constituting the sole property of Firetrail and its investment activities; its use is restricted accordingly. All such information should be maintained in a strictly confidential manner.

Any opinions and forecasts reflect the judgment and assumptions of Firetrail and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future.

Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Firetrail. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.

This may contain the trade names or trademarks of various third parties, and if so, any such use is solely for illustrative purposes only. All product and company names are trademarks™ or registered® trademarks of their respective holders. Use of them does not imply any affiliation with, endorsement by, or association of any kind between them and Firetrail.

#### MORE INFORMATION

General enquiries 1300 010 311

Existing client enquiries 1300 360 306

[www.firetrail.com](http://www.firetrail.com)