

# FIRETRAIL AUSTRALIAN SMALL COMPANIES FUND – ACTIVE ETF<sup>1</sup>

## ASX:FSML

MONTHLY REPORT | JANUARY 2025

### PERFORMANCE (AFTER FEES)<sup>2</sup>

	Month	Quarter	6 Months	1 Year	3 Years p.a.	Fund inception p.a. <sup>3</sup>
Fund <sup>2</sup>	5.78%	7.04%	15.97%	32.62%	8.51%	16.21%
Benchmark	4.59%	2.70%	6.57%	12.32%	3.10%	3.62%
Excess Return	<b>+1.19%</b>	<b>+4.33%</b>	<b>+9.40%</b>	<b>+20.30%</b>	<b>+5.41%</b>	<b>+12.59%</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.

### AUSTRALIAN SMALL COMPANIES FUND

The Australian Small Companies Fund (“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’.

### INVESTMENT OBJECTIVE

The Fund aims to outperform the ASX Small Ordinaries Accumulation Index over the medium to long term (after fees).

### PORTFOLIO POSITIONING – 31 JAN 2025

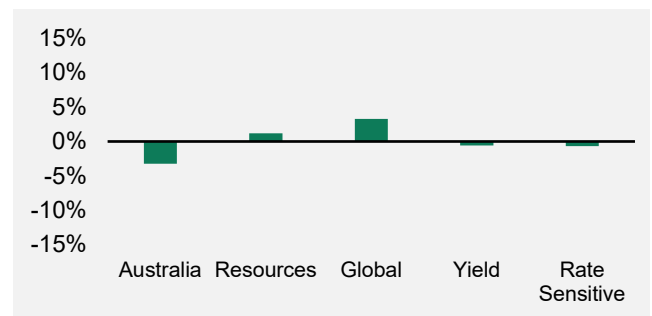
Top 3 Overweight Holdings (Alphabetical)
Channel Infrastructure NZ Ltd
Generation Development Group Ltd
Genesis Minerals Ltd

### FUND DETAILS

Unit Prices	31 January 2025
Application price	\$1.7855
Redemption Price	\$1.9575
NAV Price	\$1.7480
Fund Details	
APIR Code	WHT3093AU
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Inception date	20 February 2020
Risk/Return Profile	Very High
Number of Holdings	61
Fund size	\$265 mil
Management fee*	0.85% p.a.
Performance fee*	20% of outperformance above an annual Hurdle of 2% above Benchmark

\*Please read the Product Disclosure Statement for more details

### THEMATIC POSITIONING – 31 JAN 2025



Source: Firetrail. Relative to the Benchmark

Past performance is not a reliable indicator of future performance.

- The name of the fund changed from Australian Small Companies Fund to Australian Small Companies Fund – Active ETF on 18 November 2024 to facilitate quotation of the fund on the ASX.
- Firetrail Australian Small Companies 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 20 February 2020.

The Product Disclosure Statement (‘PDS’) and the Target Market Determination (‘TMD’) of the Fund is available at [www.firetrail.com](http://www.firetrail.com). Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

## PORTFOLIO COMMENTARY

The Fund returned 5.78% (after fees) for the month ending 31 January 2025, outperforming the ASX Small Ordinaries Accumulation Index by +1.19%.

## CONTRIBUTORS TO RETURNS

Positive contributors to returns for the month included holdings in gold miner Genesis Minerals, financial services firm Generation Development Group, and gold miner Greatland Gold. Detractors included alternative real estate investor Qualitas, IVF provider Monash IVF, and ed-tech company Qoria. We discuss each further in our commentary below.

### POSITIVE CONTRIBUTORS

#### Genesis Minerals

WA-focused gold miner Genesis Minerals outperformed in January as the gold price once again reached record highs. In company specific news, Genesis's quarterly announcement demonstrated that the company is tracking ahead of targets across multiple projects. Genesis is now mill constrained and we anticipate expansions over the next 12-24 months.

#### Generation Development Group

Financial services firm Generation Development Group (GDG) outperformed over the month following a strong quarterly result. Record net flows were achieved in the investment bond business and Lonsec Investment Solutions (owned by GDG) displayed strong quarter-on-quarter growth in funds under management.

#### Greatland Gold

Greatland Gold shares outperformed following a positive update for the month of December. Gold production at the recently acquired Telfer mine was well above the acquisition case and its cash balance improved to A\$145m. The USD gold price was also 7% higher during the month.

### NEGATIVE CONTRIBUTORS

#### Qualitas

Alternative real estate investment manager Qualitas detracted from returns in January. There was no stock specific news during the month. While the multi-residential construction sector remains challenged, we expect Qualitas to deliver ~25% year-on-year profit growth in FY 2025. The business is well positioned to benefit from a rebound in the sector in the coming years.

#### Monash IVF

Monash IVF underperformed following a weak end to the year for both fresh and frozen cycles. The market was down -0.5% 1H 2025 compared to 5% growth in the previous comparable period according to Medicare data. In the 2H 2025, we expect volume growth to improve as the industry laps a weaker growth period. Through the cycle we expect IVF volumes to grow 3-5% driven by population growth, societal trends and broader uptake of genetic carrier testing.

#### Qoria

Ed-tech company Qoria underperformed during the month despite reporting a solid Q2 FY25 result. The company achieved a 26% year-on-year increase in gross annual recurring revenue (ARR), driven by strong growth in its U.S. business and the success of its new AI-based products. Additionally, its sales pipeline expanded by 88% compared to the prior comparable period. However, free cash flow was slightly weaker for the quarter, given the timing of cash receipts and higher than expected cash costs after adding additional headcount to support future growth. The company has reiterated that costs are expected to grow in line with CPI in FY 2025 and given the strong pipeline, new products and ARR growth, we believe the Qoria is well positioned to achieve free cash flow breakeven for FY 2025.

## PORTFOLIO POSITIONING

Positioning can be summarised as follows:

- A concentrated portfolio with an active share of 86%.
- Overweight:
  - Globally exposed growth companies such as Life360 and A2 Milk.
  - Compelling cyclicals such as Premier Investments.
  - Energy-exposed and decarbonisation minerals companies such as NexGen Energy.
- Underweight property and bond proxies, offset by select defensive exposures in gold and social infrastructure.
- Underweight Australian defensives, with overweight positions in select healthcare and utilities names.

## SMALL THINGS THAT MATTER THIS MONTH... STRUCTURAL IVF TAILWINDS

In December 2023, Medicare began fully reimbursing a genetic carrier screening test for couples planning to conceive. This test identifies carriers of three serious genetic conditions—Cystic Fibrosis, Spinal Muscular Atrophy, and Fragile X Syndrome. If both partners are carriers of the same condition, there is a 25% chance their child will inherit it. Around 1% of tested couples are expected to fall into this category.

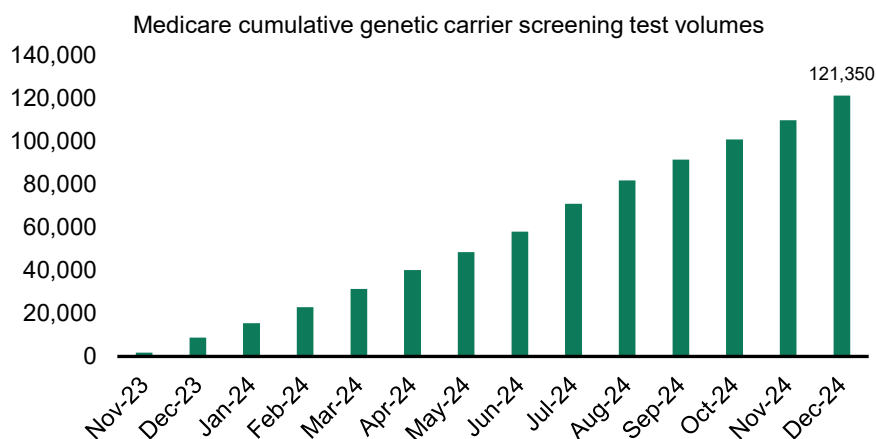
These conditions significantly impact quality of life and life expectancy. However, IVF allows affected couples to select embryos free of these conditions, eliminating the risk. The response has been huge—over 120,000 couples took the test in the year to December 2024, representing more than a third of those intending to conceive annually.

There is a broader test that screens for 400 genetic conditions that is available in Australia but not reimbursed. Pathology labs are expected to bring testing for the 400 gene panel onshore sometime this year, meaning Medicare subsidies will apply. This will reduce the cost from ~\$1,000 to ~\$400 per couple. Medicare is considering full reimbursement, which could further accelerate adoption. Around 3% of couples are expected to be carriers of at least one of these 400 conditions.

As genetic screening expands, the demand for IVF is expected to increase significantly. We forecast a potential for 20-30% uplift in national IVF volumes over the medium term.

This structural growth driver is a key reason we hold Monash IVF Group in our Firetrail Australian Small Companies Fund - Active ETF.

**Figure 1: Over a third of couples wishing to fall pregnant have done the screening since the test was reimbursed by Medicare in December 2023**



Source: Medicare, Firetrail, January 2025.

## Get vital insights direct from the Firetrail investment team – Introducing the Firetrail Equity Edge Podcast.

We interview Firetrail's Portfolio Managers and Equity Analysts about a stock we have invested in to provide you with the **Firetrail Equity Edge**.

The questions are always the same:

- What is the company and what does it do to make money?
- What is the stock market missing regarding the company's outlook?
- What is the bear- and bull-case for the company?

All in under 10 minutes.

The podcast has proven to be a hit, with recent episodes covering FSML, Qoria, Regis Healthcare, Genesis Minerals and Life360.

Simply scan the QR code below or listen via your favourite podcast platform. Simply search for "Firetrail Equity Edge".



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

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

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

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