



14 August 2024

***By Electronic Lodgement***

Market Announcements Office  
ASX Ltd  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Firetrail S3 Global Opportunities Fund (Managed Fund) (ASX:S3GO) – Monthly Investment Update**

Please find attached a copy of the investment update for the month ending 31 July 2024.

For further information, please contact 1300 010 311.

Authorised by:

Calvin Kwok  
Company Secretary

**Pinnacle Fund Services Limited as responsible entity of Firetrail S3 Global Opportunities Fund (Managed Fund)**

# FIRETRAIL S3 GLOBAL OPPORTUNITIES FUND (MANAGED FUND)<sup>1</sup> ASX: S3GO

MONTHLY REPORT | JULY 2024

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

	Month	Quarter	6 Months	1 Year	Since S3GO listing date (p.a.) <sup>3</sup>	Since inception <sup>4</sup> (p.a.)
Fund <sup>5</sup>	2.48%	7.36%	16.49%	18.98%	25.25%	8.59%
Benchmark	4.08%	7.86%	13.75%	22.11%	24.64%	10.70%
Excess Return	<b>-1.59%</b>	<b>-0.50%</b>	<b>+2.74%</b>	<b>-3.13%</b>	<b>+0.61%</b>	<b>-2.11%</b>

1. The name of the Fund was changed from Firetrail S3 Global Opportunities Fund to Firetrail S3 Global Opportunities Fund (Managed Fund) on 11 October 2022 to facilitate quotation of the fund on the ASX. 2. Past performance is not indicative of future performance. 3. S3GO Active ETF listing date is 11 October 2022. 4. Fund inception is 3 November 2021.

## 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 Firetrail S3 Global Opportunities Fund (Managed Fund) ("Fund") is a concentrated portfolio of approximately 30 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.



**SUSTAINABLE PLUS**  
CERTIFIED BY RIAA

**Firetrail S3 Global Opportunities Fund (Managed Fund)** has been classified "Sustainable Plus" – the highest certification from Responsible Investment Association Australasia (RIAA). This certification indicates that the Fund goes beyond basic responsible investment criteria by ensuring Sustainability objectives are prominent, the portfolio is aligned with sustainability objectives, and progress is measured and tracked. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) for more details.<sup>6</sup>

## FUND DETAILS

Unit Prices	31 July 2024
Application price	\$6.1473
Redemption Price	\$6.1289
NAV Price	\$6.1381
Fund Details	
ASX Code	S3GO
APIR Code	WHT7794AU
Benchmark	MSCI World Net Total Return Index
Inception date	3 November 2021
Risk/Return Profile	Very High
Number of Holdings	37
Fund size	\$34mil
Management fee*	0.72% p.a.
Performance fee*	15% of net outperformance above the Fund's Benchmark

\*Please read the Product Disclosure Statement for more details

## INVESTMENT OBJECTIVE

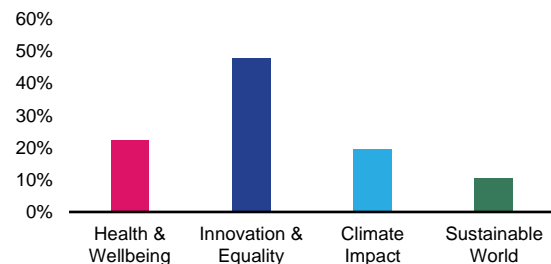
The Fund aims to outperform the MSCI World Net Total Return Index over the long term (after fees).

## PORTFOLIO POSITIONING – 31 JULY 2024

### Top 5 Overweight Holdings (Alphabetical)

Booking Holdings Inc.
Elevance Health, Inc.
Interactive Brokers Group, Inc. Class A
McKesson Corporation
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR

## THEMATIC POSITIONING – 31 JULY 2024



Source: Firetrail

### 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**

5. Firetrail S3 Global Opportunities Fund (Managed Fund) ("Fund") 6. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

## THE FIRETRAIL S3 GLOBAL OPPORTUNITIES FUND (MANAGED 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 2.48% (after fees) for the month ending 31 July 2024, underperforming the MSCI World Index by 1.59%.

## CONTRIBUTORS TO RETURNS

Positive contributors included American Tower, United Rentals, and Equifax. Negative contributors included BE Semiconductor, Booking Holdings, and Taiwan Semiconductor. We discuss each further in our commentary below.

### POSITIVE CONTRIBUTORS

#### American Tower

American Tower, a stalwart in cellular tower infrastructure across North America and globally, had a robust July. The company reported half-year results, upgrading its organic growth projections. As the US market transitions from 4G to 5G, data consumption has surged, with 5G users consuming twice the data of their 4G counterparts. This positions American Tower advantageously, given its hard-to-replicate assets. We foresee continued high single-digit revenue growth and margin expansion, translating into strong cash flows for shareholders.

#### United Rentals

United Rentals, North America's heavyweight in heavy construction and specialty equipment rentals, also delivered impressive results. The company capitalized on the ongoing mega-projects in the US, showcasing strong equipment utilization with fleet productivity up nearly 5% year-over-year. The economic and sustainable benefits of renting equipment have spurred growth in the US rental market, creating consolidation opportunities for United Rentals. Notably, the top ten rental companies, including United Rentals, now command nearly half the total market, a significant increase from a decade ago.

#### Equifax

Equifax, a key player in credit provision and employment decisions, saw a positive month. The company benefits from strong price increases and any uptick in US loan or employment markets. With rising expectations of US interest rate cuts, the likelihood of a market recovery has increased. Mortgage market credit inquiries remain at half the 2015-2019 average, suggesting significant revenue upside in a recovering market.

### NEGATIVE CONTRIBUTORS

#### BE Semiconductor

BE Semiconductor, a European firm specializing in semiconductor manufacturing and packaging equipment, faced headwinds in July. Short-term demand concerns and a broader semiconductor sector sell-off impacted the stock. Despite this, our long-term conviction remains strong, particularly in the hybrid bonding market. BE Semiconductor holds a ~90% share in this technology, which enhances compute performance and power efficiency by stacking chips efficiently.

#### Booking Holdings

Booking Holdings, the parent company of Booking.com and other brands, underperformed as mixed travel demand signals emerged from airlines. We trimmed our position in July, noting that European travel operators reported shorter booking windows. While this may impact short-term earnings, Booking's highly variable cost base ensures strong cash flow through cycles, as evidenced during the COVID-19 period, with only one negative cash flow quarter.

### Taiwan Semiconductor (TSMC)

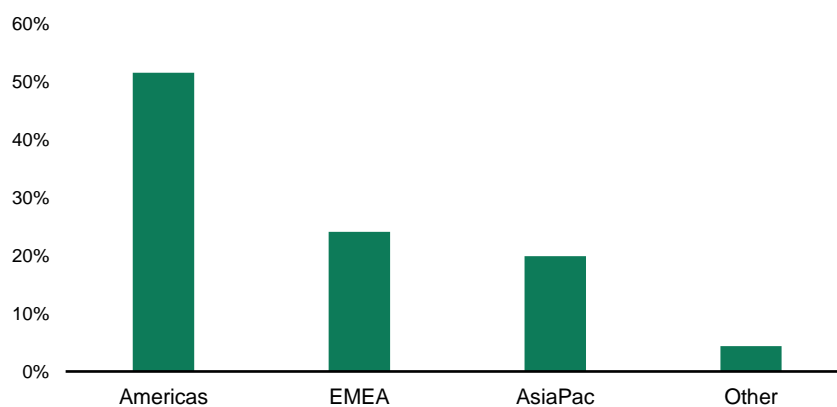
Taiwan Semiconductor underperformed alongside the semiconductor sector in July, despite a strong performance with high single-digit earnings upgrades. Fundamentally, TSMC's metrics remain robust, with revenue growth expected to exceed 25% this year and expanding margins due to high demand. We are particularly encouraged by the strong demand for TSMC's future technologies (2026+), spanning smartphones, PCs, and AI GPUs.

## PORTFOLIO POSITIONING AND OUTLOOK

The current portfolio is:

- A concentrated portfolio of 37 value and growth companies
- Highly differentiated positioning compared with the index and peers
- Overweight Firetrail's positive change themes
- Overweight Europe and Americas, underweight Asia
- Returns driven mainly by stock specific risk, rather than macro risk
- Significantly lower carbon intensity than the index<sup>1</sup>

**Figure 1: Geographical exposure of the Fund by source of revenue**



Source: Firetrail, July 2024.

<sup>1</sup> For more information on the carbon emissions estimate for the Fund, refer to the Firetrail website: <https://firetrail.com/funds/firetrail-s3-global-opportunities-fund-managed-fund/#offset-your-emissions>

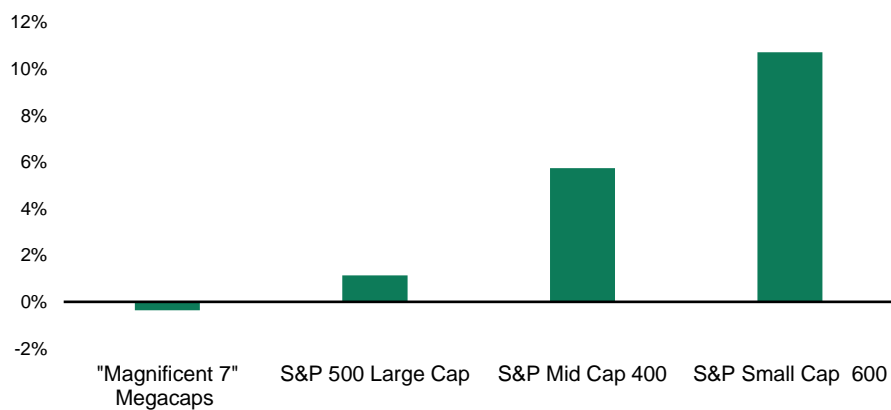
## ONE INTERESTING THING THAT HAPPENED THIS MONTH...

During July, there were significant divergences in market performance across different sectors. The previously dominant large-cap stocks, AI-exposed names, and GLP-1 exposures saw a pullback, while smaller-cap stocks emerged as the best performers. This shift is clearly illustrated in the chart below, highlighting the varied performance across sectors.

Interestingly, despite this shift, sell-side analyst consensus expectations in July still favoured large-cap stocks, which received positive earnings revisions. This trend continues from the past year, where smaller-cap stocks experienced average forecast earnings downgrades of 10-15%, compared to flat earnings revisions for larger-cap indices like the US S&P 500.

Such sharp market rotations underscore the critical importance of risk management in achieving stock-specific returns. From the Firetrail Global team's perspective, our research agenda includes new ideas spanning various sizes, styles, and geographies, encompassing both Current and Future Leader stocks. What unites these stocks are the S3 characteristics: sustainable business models, sustainable earnings, and sustainable positive change. Short-term market volatility creates noise, but historically, we have found that this noise often presents excellent investment opportunities.

**Figure 2: Stock Index Performance during July 2024**



Source: Firetrail, July 2024.

**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 Ryan Specialty, Micron Technology, Fortum, United Rentals and Booking.com.

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



Signatory of:



The name of the Fund was changed from Firetrail S3 Global Opportunities Fund to Firetrail S3 Global Opportunities Fund (Managed Fund) on 11 October 2022 to facilitate quotation of the Fund on the ASX..

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 (Managed 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](https://www.firetrail.com/wh7794au)

Link to the Target Market Determination: [WHT7794AU](https://www.firetrail.com/wh7794au)

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.

Firetrail aims to buy companies it believes may benefit from positive change in their business, industry or markets, or meet one or more of Firetrail's proprietary sustainable investment themes, which have been grouped from the United Nations Sustainable Development Goals (SDGs). Positive change in this context refers to changes made by companies to implement one or more of Firetrail's sustainable investment themes. Each company under consideration for the S3GO portfolio is assessed fundamentally by Firetrail to determine whether it currently meets, or is expected to within a 5-year investment horizon meet, one or more of Firetrail's sustainable investment themes. Companies that do not meet at least one of Firetrail's sustainable investment themes will not be included in the S3GO portfolio, and where Firetrail determines an investment no longer meets one of its sustainable investment themes, such investment will be divested as soon as reasonably practicable.

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)