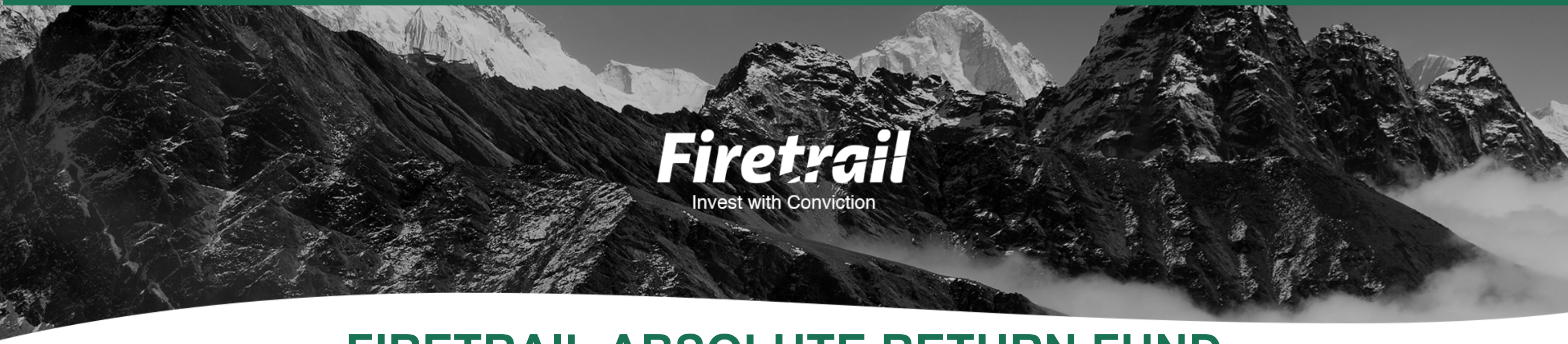

FIRETRAIL ABSOLUTE RETURN FUND

MONTHLY REPORT | NOVEMBER 2021

PERFORMANCE (AFTER FEES)

	Month	Quarter	6 Months	1 Year	2 Years p.a.	3 Years p.a.	Fund inception p.a.[2]	5 Years p.a.	Strategy inception p.a.[4]
Fund[1]	-1.30%	3.54%	-2.52%	9.23%	15.23%	8.67%	6.90%	-	-
Strategy composite[3]	-1.30%	3.54%	-2.52%	9.23%	15.23%	8.67%	-	7.34%	12.41%
Benchmark	0.01%	0.02%	0.05%	0.10%	0.24%	0.57%	0.75%	0.92%	1.11%
Excess Return	**-1.31%**	**+3.51%**	**-2.57%**	**+9.13%**	**+14.99%**	**+8.10%**	**+6.16%**	**+6.41%**	**+11.30%**

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.

ABSOLUTE RETURN FUND

The Absolute Return Fund ("Fund") is a market neutral strategy with minimal correlation to equity market direction. It aims to generate positive returns in all market environments. 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 RBA Cash Rate over the medium to long term.

PORTFOLIO POSITIONING 30 NOVEMBER 2021

Top 3 Overweight Holdings (Alphabetical)
Crown Resorts
Megaport
Newcrest Mining

FUND DETAILS

Unit Prices	30 November 2021
Application price	$ 1.2822
Redemption Price	$ 1.2732
NAV Price	$ 1.2777
Fund Details	
APIR Code	WHT5134AU
Benchmark	RBA Cash Rate
Inception date	14 March 2018
Fund size	$390mil
Management fee*	1.50% p.a.
Performance fee*	20% of outperformance above an annual Hurdle

*Please read the Product Disclosure Statement for more details.

FUND EXPOSURE AT 30 NOVEMBER 2021

	Portfolio Exposure
Long Equity	186.6%
Short Equity	-186.6%
Net Equity Exposure	0.0%

Past performance is not a reliable indicator of future performance.
The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available at https://firetrail.com/firetrail-absolute-return-fund/.
1. Firetrail Absolute Return Fund ('Fund'). Net Fund returns are calculated based on exit price with distributions reinvested, after ongoing fees and expenses but excluding taxation. 2. Fund inception is 14 March 2018. 3. The Fund has been operating since 14 March 2018. To give a longer-term view of our performance for this asset class, we have also shown returns for the Firetrail Absolute Return Strategy Composite ('Strategy') which has been operating since 30 June 2015. Strategy performance has been calculated using the monthly returns (after fees) of the Fund from 14 March 2018 to current date, as well as the monthly returns of the Macquarie Pure Alpha Fund (after fees) between 30 June 2015 to 23 November 2017. The Fund employs the same strategy as was used by the same investment team that managed the Macquarie Pure Alpha Fund as at 23 November 2017. Firetrail has records that document and support the performance achieved as the Macquarie Pure Alpha Fund. The composite returns for the Strategy and the RBA Cash Rate (Benchmark) exclude returns between 24 November 2017 and 13 March 2018. During this period the investment team did not manage the Strategy. As such, the annualised performance periods stated are inclusive of the combined composite monthly returns, and do not include the period when the team were not managing the Strategy. For example, the annualised return over 3 years for the Strategy and benchmark are inclusive of 36 monthly performance periods available in the composite return period, excluding the period between 23 November 2017 and 13 March 2018. For additional information regarding the performance please contact us through the link on our website. Net Fund returns are in AUD terms. Net Fund returns are calculated based on exit price with distributions reinvested, after ongoing fees and expenses but excluding taxation. Past performance is for illustrative purposes only and is not indicative of future performance. 4. Strategy inception 30 June 2015.

PORTFOLIO COMMENTARY

The Fund returned a negative 1.30% for the month ending 30 November 2021, underperforming the RBA Cash Rate benchmark by 1.31%.

Positive contributors to performance included long positions in Megaport, Lynas and Crown Resorts.

Detractors included overweight positions in Serko, Virgin UK and APM.

WHAT'S DRIVING MARKETS?

The Australian S&P200 benchmark closed lower for a third consecutive month mirroring a weaker US lead. The index fell c.1% during November, with Energy and Financials the main drags with both falling around 8%. The four major Banks led the weakness after poor updates from Westpac and CBA. Materials was the best performing sector driven by improved sentiment in the iron ore names after signs Chinese steel production may be bottoming. The Aussie dollar was notably weaker, falling 5% over the month, and breaching the 70c against the US dollar for the first time since Oct-2020.

After months of debate about inflation, Federal Reserve Chairman Jerome Powell finally put an end to the transitory argument, saying it was difficult to predict how long the effects of supply chain issues would linger. The cost of goods and services in October jumped 6.2% over the past year, well above the Fed's 2% goal – and has been for some time. Powell then went a step further saying the central bank was likely to end its bond buying program earlier than previously anticipated. Less central bank support could mean a more challenged outlook for certain parts of the market – Growth and Speculative stocks in particular - in the new year.

The Fed's pivot from stimulating the economy to fighting inflation was ill timed for markets to digest after it coincided with emergence of the new Omicron Covid variant in South Africa. Virus related uncertainty and more hawkish central banks are likely to see heightened levels of volatility through December and into early 2022 until more information becomes available about Omicron's effects and its impact on vaccine efficacy.

PORTFOLIO CONTRIBUTORS & DETRACTORS

Stock selection continues to play a key role in the performance of the Absolute Return Fund. Overall, we believe that the Fund remains well balanced in terms of its thematic exposure. We continue to see companies exposed to global growth and reopening providing greater opportunities and more favourable valuation support in the current market.

Unfortunately, November saw an increase in volatility in these parts of the market, mainly associated with a heightened COVID concerns. First we saw some European countries re-enter lockdowns following a surge in case numbers. Emergence of the Omicron variant late in November further impacted sentiment towards re-opening and the growth outlook. We could see heightened volatility continue until more is known about the new variant, potentially creating opportunities in areas where valuations have been previously stretched.

A number of our large overweights performed strongly in November, and we continue to remain incredibly confident about the available prospects for these positions through FY22.

Breaking it down further, the outperformance in the month was driven by the following:

- The long portfolio added 0.63% - mainly driven by positive contributions from our high conviction (mid-large cap) positions.
- The short portfolio detracted 1.6% - This was mainly due to our Risk shorts which are used to hedge equity exposure and thematic risk.

Some of the standouts from November included:

Megaport

surged 19% in November. During the month Megaport signed reseller agreement with Arrow Electronics, a Fortune 110 distributor with sales of over U$29b per annum. In addition, CEO Vincent English, presented at a broker conference highlighting the strong outlook for the business

Crown Resorts

was up 11% through November after receiving its third takeover proposal from Blackstone at $12.50 cash per share. The bid is conditional and non-binding albeit less onerous than the two previous proposals. The renewed interest highlights the inherent value in the underlying real estate assets both owned and controlled by Crown as well as the positive operating outlook following a broader re-opening of the Australian economy. Crown remains a key holding in the absolute return fund.

Lynas

was up 21% in the month following new highs for rare earths pricing through November. The key NdPr price touched a new 52 week high of $120/kg, up 3x from levels a year ago. The market's confidence around current pricing dynamics has been further underpinned by Lynas' increased outlook for demand growth. The company raised its volume demand forecasts for NdPr from 7.5%p.a. to 10%p.a over the medium term.

Detractors to portfolio performance in the month included the following:

Serko

Serko shares fell 18% through November following a weaker than expected result, heightened concerns for travel arising from renewed lockdowns in Europe, emergence of the Omicron variant, and recent capital raising.

APM

shares were down 16% after the company's recent listing on the ASX. The company provides employment services to individuals who require support to find work, including those with injury, illness or disability. Despite the tough start we see a positive backdrop supported by strong demand for employment services, global capability to target an increasing pipeline of contracts, and fragmented market structure providing APM with further consolidation opportunities.

ONE INTERESTING THING THAT HAPPENED THIS MONTH

This month saw some dramatic downward moves in highly valued technology and speculative growth names. Many of these companies are loss making and forecasted to continue to make losses 2-years out. Yet the valuations of these companies remain staggering.

Some may point to the Nasdaq's relatively flat finish in November as evidence that nothings afoot or of any real concern. However, this is somewhat misleading given the Benchmark's skew to just six stocks comprising Apple, Microsoft, Amazon, Alphabet, Facebook and Tesla which account for half the value of the index. These large companies have actual earnings and some are trading at reasonable valuations.

Looking beneath the large names tells a different story. Over the last 3 months around 20% of the Nasdaq 100 has entered bear market territory, i.e. dropped more than 20%, while another 20% have fallen between 10-20%.

Closer to home the ASX Technology Index reflects a similar story. Of the 80 stocks that make up the index 33 or nearly half of the index are down more than 20% over the last 3-months, while another 15 or 20% of the index is down 10-20%.

With Central banks around the world reducing the fuel that has powered the rockets beneath growth and technology names over the past 2years we wonder whether we are currently seeing a train wreck in slow motion unfolding in some of these stocks and sectors.

MORE INFORMATION

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Firetrail INVESTMENTS