

Centuria LifeGoals

Centuria

Firetrail Australian High Conviction Fund

The Fund aims to outperform the ASX200 accumulation index over the medium to long term.

Investment manager

Firetrail Investments Pty Limited

Investment strategy

The Fund provides exposure to a concentrated portfolio of approximately 25 Australian securities at any time. Only those securities that Firetrail's investment team has the highest conviction to generate the greatest returns will be included in the portfolio. The process employs an unconstrained approach to fundamental research to identify companies Firetrail believes offer the most attractive forecast returns based on our medium-term view.

Target allocation

Australian equities 90-100%
Cash 0-10%

Performance returns

RETURNS TO 31/03/2022	1 MTH	3 MTH	6 MTH	1 YR	2YR ¹
Net returns (%) ²	2.80%	0.52%	1.97%	8.43%	19.42%

1. Periods greater than 1 year are expressed in annualised terms.

2. Past performance is not a reliable indicator of future performance.

Performance graph



A \$10,000 investment in Centuria Firetrail Australian High Conviction Fund made at inception is worth \$12,465 as of 31 March 2022 after all fees and taxes paid within the Investment Option.

Key features

APIR code	OVS5658AU
Minimum initial investment	\$500
Minimum additional investment plan	\$100
Minimum switching amount	\$500
Minimum balance	\$500
Contribution fee	Nil
Annual management fee ¹	0.93%
Performance fee ²	0.00
Suggested timeframe	Minimum 5 years

1. Refer to PDS for fee breakdown.

2. 15% of any performance greater than the S&P/ASX 200 Accumulation index.

Fund commentary

The Fund returned 0.52% for the quarter ending 31 March 2022. For the month of March the Fund returned 2.80%.

Contributors to returns

Positive contributors included Seek, Nufarm and Woodside Petroleum. Negative contributors included Virgin Money UK, ResMed and a nil holding in Commonwealth Bank. We discuss each further in our commentary below.

Positive contributors

Seek

Tech stocks partially recovered in March, after selling off through January and February on higher interest rate expectations. Seek didn't report any new company-specific information, however its result in February confirmed that the business is in a strong position to benefit from tight labour market conditions in Australia.

Nufarm

The Russia/Ukraine conflict has lifted soft commodity prices further and raised concerns about global food supply. These conditions should drive increased plantings, which will support demand for Nufarm's crop protection products.

Woodside

Petroleum Woodside outperformed due to its leverage to spot LNG prices. LNG prices rose 26% over the month, at one point being 86% above February-end levels.

Negative contributors

Virgin Money UK

Virgin Money UK underperformed in March alongside the other UK banks, with the market becoming more concerned about stagflation in the UK. The weakness of the Pound versus the Australian Dollar also had a negative impact.

ResMed

In a conference presentation, ResMed's CEO Mick Farrell highlighted continued difficulties in securing adequate chip supply to satisfy demand. While guidance for a \$300-350 million benefit from the Philips recall was not changed, the CEO flagged that this is now looking more challenging to achieve. During March, the FDA issued another order to Philips regarding poor communication to its customers, suggesting the recall continues to encounter challenges.

Commonwealth Bank (nil holdings)

Following its 1H22 result in February, Commonwealth Bank didn't report any material news in March. We believe CBA's share price benefitted from a flight to quality large-cap Financials during March.

Portfolio positioning and changes

Material changes made to the portfolio over the March quarter include:

- Initiated a position in ANZ Banking Group due to our view that net interest margins and balance sheet growth will improve over 2H22/FY23.

- Increased our positions in BlueScope Steel, QBE Insurance Group, James Hardie Industries and ResMed as the market continues to underestimate the medium-term earnings trajectory.

- Reduced our positions in OZ Minerals, Lynas Rare Earths and Newcrest Mining.

- Exited our position in Crown Resorts as it was trading at a reasonably tight discount to takeover terms, and we saw better opportunities elsewhere.

Disclaimer: this commentary has been directly sourced from Firetrail's quarterly factsheet available on their website.

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