Transcript
The Ideas Exchange - Episode 50

Understanding Markets: Performance, analysis and getting started

April 2025

Jacinta (00:00):
Welcome to The Ideas Exchange by ASX, connecting you with investment experts, market updates, and ideas. I am Jacinta King, Business Development Manager, Investment Products at ASX, and this is our regular podcast covering everything from investment trends through to different ways to invest using a variety of products.

Disclaimer (00:20):
A quick note about this podcast. Information is provided for educational purposes only and is not intended to include or constitute financial product advice. You should obtain independent advice from an Australian financial services licensee before making any investment decisions. Please refer to ASX's full disclaimer with respect to this podcast on the section of the ASX website titled The Ideas Exchange by ASX.

Jacinta (00:47):
Welcome to The Ideas Exchange. I'm your host, Jacinta King from ASX. And today, I welcome two special guests from Firetrail. And Firetrail are high-conviction investment experts. And I'm in studio with portfolio managers, Eleanor Swanson. Hi, Eleanor.

Eleanor Swanson (01:02):
Hi, Jacinta.

Jacinta (01:03):
And James Miller. Welcome, James.

James Miller (01:06):
Hi, Jacinta. Excited to be here.

Jacinta (01:07):
I'm so glad to have you. We've been planning this for a while. It's actually forming part three of our Beginner Series, and we're going to discuss markets and unpack approaches to investing in global and Australian equities. And Eleanor is a specialist in global small-caps,

and James works across global equities, primarily, so we're in good hands, I believe.

Eleanor Swanson (01:28):
Yes, I'm actually domestic equities.

Jacinta (01:31):
Oh, sorry, yes. Thank you.

Eleanor Swanson (01:32):
Small-cap equities. Yeah.

Jacinta (01:33):
Fantastic. Look, starting off, putting markets aside for a moment, I'd argue that we're in the business of telling stories. And I have actually noticed that whenever I hear someone from Firetrail present, they start with a little story or just a little snippet that's from their daily life that relates to the work they do. And it gets my attention every time. So I'm hoping I can start with some of your investment stories.

(01:56):
Eleanor, if I can start with you, how did you first get interested in markets and investing?

Eleanor Swanson (02:01):
Yes. So I actually didn't know much about investing at school. The first time I got exposure to equity markets and valuations was at university. And at the time, I had to do a case study on Blackmores, which is actually no longer listed, that was acquired recently. That was kind of my first time actually getting really into the nitty-gritty of understanding a business, understanding the earnings, and understanding how to think about valuation. And that really piqued my interest, ended up majoring in finance, and here I am now 10 years into a career in equity investing.

Jacinta (02:34):
Isn't that interesting? I remember those moments too in my uni days where you might not have planned that path, but organically it draws you in because of that interest. And I remember when Blackmores was doing really well in those early stages.

Eleanor Swanson (02:46):
Yes.

Jacinta (02:46):
So I'm not surprised that you have landed where you are.

(02:49):
James, what is one of the most memorable or biggest things you learned at the beginning of your investment journey?

James Miller (02:55):
Jacinta, the start of my career was just before the GFC, which are those long memories back in-

Jacinta (03:01):
Oh goodness.

James Miller (03:02):
... 2007. So it was a very volatile time in markets clearly, but it was also a time where you could learn a lot of lessons. And if you remember the GFC, it's all started because there was an overheated US housing market. I started my career, like Eleanor, investing in small-caps. So you've got one thing going on in one part of the world, one thing going on in another part of the world where I was investing in small-caps. And you learn a lot of lessons like there's a lot of things you can't control, but there's things you can control like spend our time looking at earnings and also think about the timeframe for investing. And that's something I like to reiterate a lot to our clients. When you're investing, think about timeframes and have longer timeframes. And when you invest that's one lesson I learned back then.

Jacinta (03:43):
I like it because that's something I think I've learned and probably am still remembering how to sort of remind myself of that.

James Miller (03:50):
Every day is noisy out there, and taking the longer timeframe if you have that 7, 10, 15, yeah, even realistically, most people are investing for 30 years plus, that timeframe relaxes the mind a bit.

Jacinta (04:04):
You can get distracted, but you have to anchor back to those decisions that you made and the reasons why.

Eleanor Swanson (04:08):
That's right.

Jacinta (04:09):
Good foundations. All right then. Well, let's now talk about markets and how to understand them. And so what I have had a look at is... And for our listeners who are new to investing, you can find fairly regularly market updates daily or monthly, so looking here through the month of Feb, if we look at equities first, the ASX 200 dropped 3.8% in Feb and we saw Trump tariff policy announcements. We saw strong employment supporting a tight labour market.

(04:39):
Cyclical sectors led the losses, so technology, financials, and consumer discretionary were all down, while defensive sectors such as

consumer staples and utilities fared better. Things like the MSCI ACWI fell 0.8% in February and developed markets underperformed. It was dragged lower mainly by the US and Europe rallied further in February.

(05:00):
So lastly in the US, the S&P 500 hit record highs mid-month, but it reversed towards the end of the month and defensive stocks outperformed and so we're seeing a risk off rotation. Now closer to home. Looking at the Australian economy, the RBA lowered the cash rate by 25 basis points to 4.10% in February meetings. And overall RBA appears to demonstrate a non-committal stance on the future rate path with its next move, continue to be data dependent. Now other things that have factored in when looking at the Australian economy is the consumer price index, wage growth, retail sales, consumer sentiment, housing prices. I could go on, there's a lot of factors here. I wanted to list all of that just so our listeners can, we can try to make sense of why these factors are important. I'm going to throw it open to both of you to discuss how markets are performing and how this informs your investment strategy as portfolio managers.

James Miller (05:54):
So it's a very interesting day to be doing this podcast. The Nasdaq was down 4% overnight. As we sit here right now, the Australian small Ords benchmark is down 2%. It has been a rough month, Jacinta, as you said in Feb, and it continues to trade pretty bearishly this month as well. For us, that's actually really exciting. I mean if I think back to December, we were sitting there feeling like a lot of stocks in our index were starting to look very expensive. We had an incredibly volatile reporting season in February where we saw stocks trade down very aggressively on any earnings misses. So if I look across our index at the moment, I'm seeing a lot of stocks where the valuations have pulled back quite significantly. As James mentioned earlier, we do take a three-year view when we're investing. So having these stocks pull back, having these opportunities to invest at more attractive prices when we are looking out three years, I'm incredibly excited to have this sell-off as an opportunity for our investors to get set in some really exciting companies.

Jacinta (06:59):
Fantastic. James, did you want to add some comments there?

James Miller (07:04):
Absolutely reiterate what Eleanor said then. And in S3GO or the S3 Global Opportunities fund listed on the ASX where we have those 30 to 40 global stocks, it's times like this where you do get to relook at opportunities that you've been looking at over the past year. And every year we all do 100 to 120 stocks that will take through to a full investment committee where we sit down for one to two hours and discuss as a team the stock. And it's rare for a stock to get through on

the first opportunity there and often it is the valuation is too high, so we want to wait for that or the earnings need to meet or beat expectations.

(07:35):
So when you have this market pullback and globally there are stocks that are down 30 to 40%, but the earnings haven't actually changed too much when we look at our earnings and consensus earnings on a forward basis. So it's times like this where you can relook at those stocks and get those opportunities to get them at a cheaper price. The price you pay for a stock at the start when you first buy it it's so important to your future return.

Jacinta (07:58):
And to your point earlier about that, understanding the time frames, your investment time frames and then what is the kind of parameters you've set for yourself and we'll delve a bit more in your process and how you get to those decisions a little bit later. I would say that many portfolio managers spent their formative years as an equity analyst. Sometimes I've worked with portfolio managers or met managers who are specialists in a field that they now invest in or similar fields. So if I can, James, I'll start with you, cast your mind back to that period. How did you first approach understanding markets and learning to analyse stocks? Obviously we don't have infinite time here today, so your quick takeaway.

Eleanor Swanson (08:36):
Yeah, sure, sure. I can talk about all day long about that. I mean in terms of a career, it's a very unique career in some ways. I'm doing what I'm doing day to day right now, which is spending 80 to 90% of my day thinking about individual stocks is very similar if not almost exactly the same as to what I did way back in 2007 when I first started my career. But in terms of how I learned about markets and learned to analyse stocks, my background prior to getting to finance and funds management was actually in engineering, I was a civil engineer. That's my university degree was in that and it's a very logical field. Now, the difference with finance is that you still have all that logic, but you've got to be creative. It's a market. You're competing against other people as well, but when you break it down simply your return of a stock is driven by the valuation, the price you get in it, the price you exit at.

(09:25):
And then also where have the earnings gone as well. So what's the earnings growth been over the time period that you've held the stock? So there's all this noise out there. We had in the February market commentary, there is a lot going on in the world and in stock markets around the world. So we try and keep it simple. I try and keep it simple in terms of how we look at stocks, individual stocks, what you can control and how you spend your time looking at those. Be logical about how you think about investing in stocks.

Jacinta (09:51):
I like that. Logical with some creativity. That's a great way. I've never heard it put like that. So that's really helpful. Eleanor, was your experience similar? So how did your formative years inform the work you do now as a portfolio manager?

James Miller (10:05):
Yeah, so I mean it might be useful in terms of I guess the difference between being an equity analyst and a portfolio manager. I mean, I would still say that I spend, as Jimmy mentioned, 80% of my time analysing stocks. So that part of my job, it still really does dominate. And then 20% of my time I'd be thinking about constructing and building the portfolio, a diversified portfolio of stocks. So on the equity analyst side, I mean as Jimmy said, you're really doing a deep dive research on individual stocks in a broad range of sectors. So we have a team of four at Fire Trail that's working on the Firetrail, Australian Small Companies Fund.

(10:42):
So we do tend to split up the sectors. So I tend to look a little bit more on the healthcare, financials, consumer, media side. And I'll spend a lot of my time meeting with companies, individual management teams, and trying to figure out where we think their earnings are going over the next three years, whether we think the market's got their earnings wrong and therefore perhaps there's a valuation discrepancy that's opening up that makes a good opportunity for our investors to get access to a stock that we think can outperform our benchmark.

Jacinta (11:13):
Now many listeners will be regularly digesting, opening and closing market reports from the likes of your brokers such as CommSec, nabtrade, Bell, Direct, just to name a few. Why is this helpful and how closely do you watch markets and why? I might stay with you there, Eleanor.

James Miller (11:30):
I think those tend to be a little bit backward looking. The performance of different sectors, the performance, top performing stocks, bottom performing stocks, so it's more informational. I don't think you can really make an investment decision from that type of information. It's very high level top down. Whereas at Firetrail, the work we're doing is very much bottom up. So we are spending hundreds of hours doing work on a stock before it goes into the portfolio. So we're meeting with management teams, we're building models, we're talking to people in the industry, and then we're building a portfolio of stocks bottom up. So within our fund we've got 35 to 45 stocks in the fund at any one time, we hope. And we have over the last five years outperformed the benchmark as a result of doing that bottom-up work. So that's where most of the value I think for our investors is in the fact that we're doing

that deep dive research rather than just kind of top-down macro views of the market.

Jacinta (12:30):
Fantastic. Because that leads into the second theme I wanted to discuss with you both today is making investment decisions. And I argue it's a bit of myth-busting because in my travel socially when I'm talking to investors, I sometimes hear comments along the lines of picking stocks is down to chance, it's a gamble maybe. And I wanted to counter this and talk about some of the tools that you've just mentioned starting with fundamental analysis. If you wouldn't mind elaborating a bit on that, Eleanor, and then I'll bring you in James. Because on Firetrail's website it states a simple rules-based approach is not effective. So it'd be nice to sort of unpick that.

James Miller (13:07):
Yeah, so at Firetrail we've kind of got two core philosophies. So the first is every company has price, and the second is share prices follow earnings. So that really those two core philosophies guides how we do our fundamental analysis. So if we think about every company has a price, what that basically means is that we focus on valuation. So we're looking at the price to earnings multiples of stocks where they've historically traded, whether for some reason those stocks have derated, whether that's structural or perhaps cyclical. And then the second component of our philosophy is share prices, follow earnings. So we spend a huge amount of time, as I said, meeting with management teams and actually building bottom-up models of the earnings of these companies.

(13:54):
We spend a lot of time understanding the key drivers of earnings, what's going to drive top-line revenue growth, where are we seeing cost inflation, competitive industry. We spend a huge amount of time building out our forecasts, understanding where we think the earnings of that company is going, whether we think the earnings are going to be above market expectations. And in that scenario, we think that the stock can outperform if we're seeing that the markets mispredicted their earnings, and then we think we've got an angle. And so that's where we spend a lot of our time, that fundamental analysis on earnings. And then we cross-check that with valuations using multiples DCF depending on the sector.

Jacinta (14:33):
Thank you. James, is there similar approach in global equities?

Eleanor Swanson (14:37):
Yeah, very similar in a lot of ways. It's all about the individual stocks and doing the work. You focus your efforts on where you have the skill set and if it was just a simple rules-based approach that could be effective, then everyone would beating the market. But in fact, it's a

market and there's a lot of competition out there. So with every stock we look at, and just like Eleanor talked about, every stock's different. You've got to look at it different ways. You've still got those core beliefs of valuation and earnings, but you've got to take a different approach in terms of what you drill into and what you spend the four to six to eight weeks and beyond on every stock thinking about.

(15:14):
And on a recent example in S3GO, the Firetrail S3 Global Opportunities Fund is John Deere. It's a stock that went to our investment committee three times over the past year. It's been a tough time for agricultural stocks. We didn't get there the first two times because the earnings were going to miss market expectations and it's a cyclical stock. We kept revisiting it and eventually we did get the comfort there. So it's spending the time, it's digging into each individual company on what matters, what's different with the company. And that's where fundamental investing is what we really believe is the way to find investment returns or alpha or excess returns above the index.

Jacinta (15:51):
And sometimes watching and waiting, yeah.

Eleanor Swanson (15:53):
Watching, waiting, exactly.

Jacinta (15:55):
Which is, I believe, a lot of people would do that in many parts of their decision making. So it can be applied to financial management as well.

Eleanor Swanson (15:55):
Exactly, yeah.

Jacinta (16:04):
Now, I appreciate that technical analysis might not be part of the main wheelhouse that you do at Firetrail, but for the purposes of our listeners, and because this is part of our education series, would you mind James just touching on technical analysis and how that can differ from what we've just talked about with fundamental analysis?

Eleanor Swanson (16:19):
Sure. And I still get plenty of emails and then when people think technical analysis, they probably think people just throwing lines through, share prices and things like that, the heads and shoulders trying to get patterns out of things, which essentially there isn't a pattern there. When I think about technical analysis. And typically it's not something we spend a lot of time on at Firetrail, but I think there is value in thinking about really the psychology of investing. And that's what it comes down to. Things like how much volume is there in the stock out there because it is a market so you can see really is the stock hot or not? Is it the market looking at it or not? Is there a crowd

mentality around the stock out there? But the core thing I'll come back to is that in the share market, when you buy a stock, someone is selling you that stock there.

(17:06):
So there's always two sides to every story and perhaps a technical analysis for some people might be the edge where they try and find that game. For us, it's about doing the individual work on each stock and looking at that longer term timeframe that that's three to five years. Think about where the earnings going, think about the valuation you want to pay for the stock because at the end of the day, just like say you invested in your local cafe or even like an investment property or something like that, because they are alternatives. You think about the cash that you're going to receive, the earnings that you're going to receive, the price you pay, investing in the share market's, no different from that.

Jacinta (17:39):
Yeah, and any ongoing costs.

Eleanor Swanson (17:41):
Exactly.

Jacinta (17:41):
Your net returns from that.

Eleanor Swanson (17:44):
Yeah, there is no stamp duty like real estate. So share market's quite good.

Jacinta (17:46):
Just built a house, so I understand that thoroughly. I'm living it right now. Look, I might just finish wrap up. This sort of area of our discussion is we've already touched on arguably is another way to approach markets and make investment decisions is through macro investing. We might hear it as global macro investing. So James, would you also mind talking a bit about this approach for our listeners?

Eleanor Swanson (18:06):
Sure. So just to step back a bit, you can think about the market in terms of the micro, so individual stocks where we spend a lot of our time thinking about that or the macro, which is your big global events, where are interest rates going? I mean right now, I mean, tariffs and geopolitics and Trump and what's happening with Europe with fiscal stimulus out there. And there's a lot of products, a lot of ETFs that really play those macro trends right now. Now whether you're micro or macro, we are more micro, but try and control the macro. The important thing you need to think about is where are you going to aim to get your investment returns from?

(18:42):
But just as importantly, if not more importantly, where's your risk? What are the risks within your portfolio? And for example, before we launched S3GO on the ASX in October 2022, we spent several years thinking about the risks in global equity markets. There's so many from country to currency to the political nature of things to affect us like momentum and value and growth. We try and understand all those. We don't try and remove all of them, but you want to know where your risks lie. So for us, that means understanding that so we know where the individual stocks can provide their returns from.

Jacinta (19:18):
Fantastic. So the third part of what I wanted to cover today was thinking specifically now in your large caps and thinking in small caps, there's more than 2000 companies listed on the ASX alone, and when you add global equities to the mix, it broadens that number of potential stocks exponentially. So thinking in large caps, this is now coming back to that investment process that you both touched on earlier. James, what's your approach? How do you distill that vast universe down into a short list of the concentrated portfolios that you run?

Eleanor Swanson (19:50):
Yeah, you mentioned 2000 stocks on the ASX and lots of exciting opportunities there and global markets. There's 20,000 potential investments that we can access through S3GO, that's our universe. And in some ways it's great because it's just name your opportunity, what you want to look for, it's out there. But also that choice does provide some challenges there. So what we do is spend our time really narrowing down that market into stocks that have the traits that we want, the stocks that we want to do the deeper dive research into. So we take the 20,000 down to about 800 stocks that are really stocks that share those traits and then each year research 100 to 120 of those. Now how we do that is through a mix of both fundamental and quantitative processes, but it's essentially three things we look for. The first one is stocks that have a robust business model that are not just going to survive and muddle through, but really thrive when you look out three to five years and beyond.

(20:48):
The second one, very important to us fundamentally is having sustainable earnings, sustainable cash flows and forecastable cash flows as well as revenue there. So that's where we spend a lot of our time. And the final one, which we think is really exciting is looking for stocks that have some sort of change going on, any rules-based approach or quantitative process. They find it very hard to find stocks where things are changing. So a new CEO coming in or a company adapting to a new industry, some of those opportunities when we jump to those can provide really great returns to investors. So we narrow down the market, focus on what you believe you're good at and where

your skillset is, and then that's when we spend our time researching those stocks.

Jacinta (21:33):
What I'm hearing here is this real combination of that technical and academic rigor if you like, but then not forgetting that there is the psychology behind it and understanding from the reading and research, the qualitative plus the quant coming together to make informed decisions.

Eleanor Swanson (21:48):
Absolutely, yeah. It's all those aspects and then bringing it together and that fundamental approach. For us, it's about finding those 30 to 40 names, 34 names in the portfolio right now, and you're able to access that through the ASX with S3GO.

Jacinta (22:00):
Yes, absolutely. So Eleanor, in contrast, you spend your days thinking in Aussie small caps. Can you talk us through your process and perhaps some of the due diligence involved in meeting the small cap companies before choosing to invest? I've always found those stories really interesting when I hear updates or read reports.

James Miller (22:17):
Yep, absolutely. Yes. So it might be useful for your listeners, just to, I guess for me to drill down a little bit on exactly what part of the market we're focused on. Our fund, we're managing about 450 million in our small cap fund. We have actually recently listed our fund is an active ETF on the ASX with the ticker FSML and our fund, we are fairly concentrated, so 35 to 45 stocks, and we're tracking the small ordinaries benchmark. So basically that benchmark goes from the 101 largest stock in Australia down to the 300th stock in terms of market capitalization, free float in size. We can invest some of our portfolio in the ASX 100, but we cap out at X-50 and we can invest in smaller companies. We don't have a micro cap fund at Firetrail, so we do invest outside the index, but we'd probably cap our smallest company at about 150 mil, 200 mil market cap.

(23:18):
Just because we want to ensure we have that liquidity to get in and out of the stock if we need to given the size of the fund. So that's kind of our investment universe. In terms of generating ideas, I mean we are very fortunate to be in Australia and given Firetrail is managing 5 billion in Aussie equities, we get fantastic corporate access when it comes to meeting with management teams. So I'd say for the team, the number one way we generate ideas, actually getting out there, meeting with management teams, going to conferences and understanding as Jimmy touched on with the global fund, whether there's a change or kind of an angle on the company that perhaps the market's missing that we can really drill down and do the work on. A good example of a stock

that's done really well for us in reporting season was Bravura, which is a financial services company.

(24:09):
It's a technology company. If we rewind, sorry, two years ago, Bravura was trading at 40 cents. It was in a world of pain. They'd just done a huge equity raise, $80 million to try and fix their P&L and their balance sheet. And fast-forward to now, Bravura's ripped $80 million of cost out of their operations. They're now trading at $2.40. And because we were meeting with the management team, we could see that there was a pathway to getting Bravura back to free cash positive, back to 20% EBITDA margins and that the revenue for Bravura is incredibly sticky. So I think those kind of opportunities you have to be out there meeting with managements to pick up on those potential opportunities. So that's the number one way we generate ideas.

Jacinta (24:58):
So I would agree with you that some of these turnaround stories can be quite amazing and it's fascinating to try and understand or try to understand who can make it work. And some you can just sense with the information they're providing or what they're saying that they just haven't quite cracked that ability to sort of come out of that difficult period.

James Miller (25:17):
And it is our favourite type of investment, picking a turnaround. It's very hard to do. And I think a lot of people would've looked at Bravura and gone their balance sheets in a lot of pain. Clearly there's something fundamentally wrong with that business. Avoid. But you have to meet with the management team, listen to what they're saying to try and pick whether you think they can turn the business around, and it's very exciting when you get it right.

Jacinta (25:41):
Oh, I can imagine. Yeah, that's why I wanted to ask you about that. Because I do find that fascinating when I listen to small cap managers talk about the work they do. Now, before we wrap up, Jimmy, you also touched on this. I'd like to ask you about portfolio construction and risk management. So as an investment team, once you've moved through your ideas generation, you've done your focus research, you've done your team decision making that you talked about, what are the key considerations when constructing your portfolios?

Eleanor Swanson (26:07):
Yeah, the portfolio really is an outcome of all that individual stock research that we've done. And there's two things that you touched on there that I'd like to elaborate on. The first one is that team-based decision making and what's so important, whether an investor like us where we have portfolio management teams, or even if as an individual investor, it's so important to debate the reason, the investment thesis

behind each stock there and keep on doing that, not just when you get in but throughout your holding period of a stock. So we do that very rigorously in our investment committees and then weekly, if not often daily, talk about the portfolio in terms of how each stock fits in there. So you have to be dynamic and really adapt to the news flow that comes in, not the noise, but the actual news flow that matters to the stocks there.

(26:57):
So the portfolio is largely an outcome of all of those discussions there. The second one, and I keep on reiterating this because it's so important, especially in our global equity markets as we look at with S3GO, is the risks out there, not only just the individual stock risks, but also those macro risks that you've got within your investor's portfolio or a client's portfolio. There the markets are, it's very quick to teach lots of lessons to you and you keep on being lessons every day all throughout your career there. So always understanding is the investment thesis still true of the stock? What are the risks, what are the overall risks of the portfolio from things like the macro level there? And then also just one of the things I love about this career and investing is that you're just always learning. You're always taught new lessons every day. So take those lessons on board in terms of how you think about investing in the future.

Jacinta (27:51):
I agree. That's part of what I love about this. This is always changing. It keeps me on my toes and yeah, there is no right one way, arguably it comes back to that timeframe, your investment goals, your level of absolutely your level of risk. Do you mind taking a bit of risk? And your age really varies. It doesn't mean we sort of say when you're younger you can take more risk when you're old, you need more conservative, but might be more able to take that risk into a different age. It really, there is no one way it's the right way for you. Did you want to add any comments there about portfolio construction, things that you keep top of mind?

James Miller (28:30):
Yeah. For our fund, we're very lucky because the small Ords benchmark in Australia is a very diversified benchmark. So unlike the ASX 200 where you've got the top 10 companies in that benchmark of 49, 50% of the index. In our index, the top 10 companies are 14% of our index. So that's great because we don't have to make any huge bets on specific stocks or sectors. So the way we manage our fund is on a daily basis we're looking at where the fund sits in terms of our sector under and overweights and at Firetrail we look at what's called thematics. So we're trying to control that macro risk in the fund as much as possible. And we really want to tightly control where we are sitting relative to the benchmark on certain sectors and thematics.

(29:15):

So our portfolio, the risk in it is 80% plus being driven by stock specific risk. That's exactly how we like to run it. Because I'm not a macroeconomist, I'm not going to be able to call the direction of interest rates whether there's going to be a recession in the US off the back of Trump tariffs. They're very binary events. What we're wanting to do is reduce that binary risk in the fund by having a diverse portfolio that covers all sectors of the market, and we really want the risk in the fund to be driven by our stock selection, which is where we think we can add value.

Jacinta (29:48):
Look, thank you James, and thank you Eleanor. I really appreciate your insights and just helping our listeners start that journey. It's a really important part of the puzzle that we're trying to provide here. And for our listeners, if you enjoyed hearing from James and Eleanor, you can head to Firetrail's website. They've got an insights page, and you'll find links to their own podcast as well as chart of the week and what got the team talking this week. I've enjoyed those regularly in my weekly updates research that I do. And you mentioned your funds, so I'll just finish with them here. If you'd like to know more, you can look for S3GO, Firetrail's Global Opportunities Fund and FSML, Firetrail Australian Small Companies Fund. Thank you both. And thank you as always, to our listeners. If you liked this episode, please share and tune in again next month to the Ideas Exchange.

Speaker 2 (30:46):
Are you keen to learn more? Why not visit the ASX blog, asx.com.au/blog for a wide range of articles, videos and insights from ASX experts listed companies and investment professionals.