

Eiger Australian Small Companies Fund

ARSN 631 961 398 APIR HOW2967AU

Quarterly Report December 2019

Fund Performance

Eiger Australian Small Companies Fund Performance (after fees) as at 31 Dec 2019

Performance ¹	1 month %	3 months %	1 year %	3 years % p.a	5 years % p.a	7 years % p.a	Inception % p.a ²
Eiger Australian Small Companies Fund	-0.39	2.16	-	-	-	-	14.12
S&P/ASX Small Ordinaries Accumulation Index	-0.29	0.76	-	-	-	-	8.88
Active return	-0.10	1.40	-	-	-	-	5.24

¹ Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. Past performance figures that are less than 12 months are for informational purposes only and are not to be relied upon when considering the likely performance of the Fund. **Source: Fidante Partners Limited, 31 Dec 2019.**

² The inception date for the Fund is 26 March 2019

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund³ - as at 31 Dec 2019

Performance	1 month %	3 months %	1 year %	3 years % p.a	5 years % p.a	7 years % p.a	Inception % p.a ³
Investment strategy	-0.39	2.16	25.74	11.81	14.28	13.08	9.47
S&P/ASX Small Ordinaries Accumulation Index	-0.29	0.76	21.36	9.99	10.65	6.79	3.41
Active return	-0.10	1.40	4.38	1.82	3.63	6.29	6.05

³Eiger Capital launched the Fund on 26 March 2019. Eiger Capital's Stephen Wood and Victor Gomes apply the same strategy to the Fund as they applied between 1 April 2011 and 31 March 2019 to a mandate they managed whilst at another large asset management firm, including the same investment process, methodology and investment universe. For information purposes, we have provided the historical performance of the strategy since 1 April 2011. The strategy's performance represented here is on an after fees basis, whereby returns are adjusted to reflect the Fund's fees as if applied throughout the relevant performance period of the strategy. **Source: Fidante Partners Limited, 31 Dec 2019.**

Fund facts	
Portfolio managers	Stephen Wood, Victor Gomes, David Haddad
Fund inception date	26 March 2019
Investment objective	The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling five year periods (after fees).
Management fee	1.00%
Performance fee	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Performance Benchmark. ⁴
Buy/sell spread	+0.40% / -0.40%
Fund size	\$5.6M
Distribution frequency	Quarterly

⁴The Benchmark for the Fund is the S&P/ASX Small Ordinaries Accumulation Index

Fund features
Concentrated: A best-ideas portfolio of small company opportunities. Typically 30-40 stocks, diversified across industry sectors and actively risk managed.
Nursery for future leaders: We focus on identifying small companies with potential to strongly compound up growth over the medium term regardless of economic cycles. We prefer companies that have enduring quality-based franchise factors.
Experienced and aligned: The investment team has more than 60 years of combined industry experience. We have materially invested in the Fund alongside our clients and also own a majority of equity in Eiger Capital.
Disciplined and proven process: We take a longer term view than the market, intrinsically valuing small companies using our proprietary 6 year cashflow-based valuation model. We then apply our "9 Commandments" qualitative investment rules, distilled from our 60 years of industry experience. This proven investment process has delivered our clients strong long term investment returns through varying phases of equity markets.

Top 3 active positions (alphabetical)

Ingenia Communities Group
Lifestyle Communities Ltd
Summerset Group Holdings Ltd

Stock attribution (alphabetical)

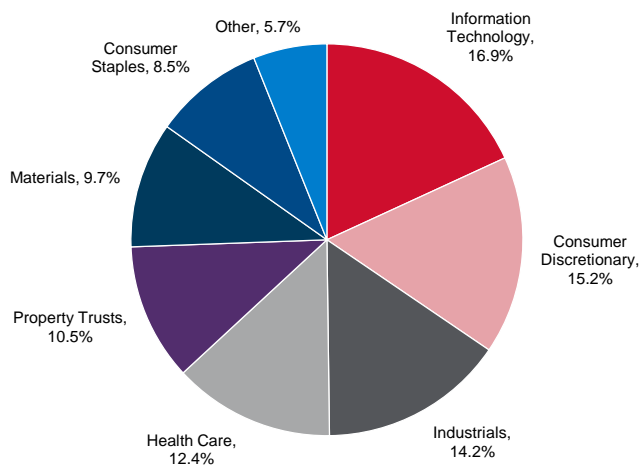
Top contributors (quarter)

Bingo Industries Ltd
Ingenia Communities Group
Summerset Group Holdings Ltd

Top detractors (quarter)

Bubs Australia Ltd
Lynas Corporation
Perenti Global Ltd

Asset allocation	Actual %	Range %
Security	93.04	90-100%
Cash	6.96	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +0.76% for the quarter. The fund outperformed the market and delivered a +2.16% return over the quarter.

Contributors

Bingo Industries Ltd (BIN)

Positive outlook and solid earnings guidance provided at the annual general meeting in November. Some price rises appear to be holding. Stronger house prices are likely to lead to an acceleration in renovations.

Ingenia Communities Group (INA)

Better than expected 2019 financial year (FY19) result and outlook statement. Beneficiary of ongoing cuts in interest rates and a pickup in house prices.

Summerset Group Holdings Ltd (SNZ)

Progressive recovery in NZ house prices. Solid September quarter sales. Increase in landbank and bid for NZ peer Metlife by EQT Infrastructure.

Detractors

Bubs Australia Ltd (BUB)

Capital raising to accelerate medium term growth dampened share price.

Lynas Corporation (LYC)

Weakness in commodity prices.

Perenti Global Ltd (PRN)

Armed assault in Mali in adjacent location to the client's mine resulted in the death of several employees. Force majeure was declared.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) increased by 0.76% during the December 2019 quarter. The Small Industrials increased by 0.90%, while the Small Resources increased by 0.04%. XSO finished the quarter on a forecast price-to-earnings (P/E) ratio of 18.7x which is 20% above its 5 year average. This valuation is 7% higher than the equivalent ratio for the ASX200.

The best performing sectors were: Metals & Mining - Steel (+13.2%), IT Services (+12.2%), IT Products (11.4%), Real Estate Management (+10.1%) and Engineering & Mining Services (+10.0%). The worst performing sectors during the December quarter were Automotive (-16.6%), Metals & Mining - Other (-10.8%), Agricultural Products (-7.1%) and Internet Services (-5.2%).

The best performing stocks within the XSO Index were Perseus Mining (PRU, +66%), Silver Lake (SLR, +43%), Macmahon (MAH, +43%) and NRW Holdings (NWH, +40%). Perseus and Silver Lake both responded to the increase in the gold price during the quarter. NRW acquired BGC Contracting in late November and was awarded a new contract with Fortescue in late December.

The worst performing stocks in the XSO index during the quarter were Smartgroup (SIQ, -43%), Jumbo (JIN - 38%), Phoslock (PET -38%). Smartgroup had in succession a sell-down by its largest shareholder, the resignation of its CEO and an earnings warning. Jumbo downgraded earnings expectations late in the quarter. Phoslock reported negative cashflow for the September quarter in mid October, which was a negative surprise for the market.

Market outlook

Earnings updates and domestic economic markers have been soft, with few exceptions. House prices have increased, however even in that instance it is more prices rather than volume that has been strong. The automotive sector remains under pressure with volume still negative even though sales are now cycling weak monthly comparables. It is now very unclear how big the impact on economic growth, the balanced budget, agricultural output and national confidence the tragic bush fires will be. We believe that government infrastructure spending in Australia if anything will continue to increase.

The key global macro drivers facing Australian and NZ small companies continue to be the impact of the ongoing trade dispute between The US and China and the significant bond

market rally. It is unclear at this stage whether these macro factors will result in additional Chinese fiscal stimulus package that will be positive for resources during 2020.

Resources and their related mining services suppliers are also dependent on the US\$/A\$ exchange rate. The A\$ is around US0.68c and has been at this level for some time. The gold price in particular has been very strong and is at record levels in A\$.

For further information, please contact:

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