

Eiger Australian Small Companies Fund

APIR HOW2967AU

Monthly Fact Sheet June 2019

Fund Performance

Eiger Australian Small Companies Fund Performance (after fees) as at 30 June 2019.

Performance ¹	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	Since Inception % ²
Eiger Australian Small Companies Fund	1.66	6.01	-	-	-	-	6.98
S&P/ASX Small Ordinaries Accumulation Index	0.92	3.75	-	-	-	-	4.80
Active return	0.74	2.26	-	-	-	-	2.18

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 future performance of the Fund.

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 30 June 2019.

Performance	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	Since Inception % p.a. ³
Investment strategy	1.66	6.01	3.19	9.71	13.15	13.93	9.11
S&P/ASX Small Ordinaries Accumulation Index ⁴	0.92	3.75	1.92	10.66	9.26	7.58	3.12
Active return	0.74	2.26	1.27	-0.95	3.89	6.35	6.00

³ Eiger 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

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

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	\$4.9M
Distribution frequency	Quarterly

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 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)

Bingo Industries
Lifestyle Communities
NEXTDC

Stock attribution (alphabetical)

Top 3

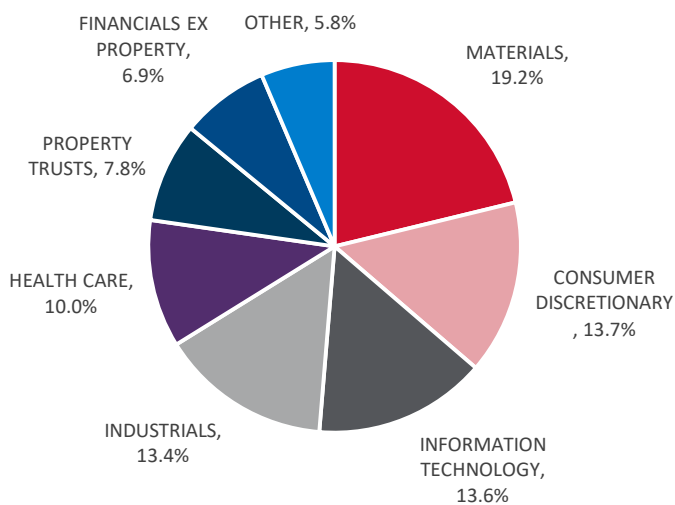
Auckland International Airport
Bingo Industries
Vocus Group

Bottom 3

Bapcor
Lynas Corporation
Pilbara Minerals

Asset allocation	Actual %	Range %
Security	90.44	90-100
Cash	9.56	0-10

Sector exposure



Fund Highlights

The S&P/ASX XSO Accumulation index returned 0.92% for the month. The fund outperformed by +0.74% and delivered a +1.66% absolute return.

Contributors

Auckland International Airport (AIA)

Long duration asset responding to ongoing declines in interest rates.

Bingo Industries (BIN)

Market starting to price in some success with the current round of price rises.

Vocus Group (VOC)

Termination of bid discussions with AGL.

Detractors

Bapcor

Market concern around impact of weak car sales, car servicing and retail.

Lynas

Lower after very strong prior month. It has been impacted by the moving feast that is US-China trade negotiations.

Pilbara

Weakness in customer demand.

Market Overview

The S&P/ASX Small Ordinaries Index (XSO) increased by 0.92% during June 2019. The Small Industrials increased by 0.44%, while the Small Resources increased by 2.89%. XSO finished the month on a forecast price-to-earnings (PE) ratio of 16.0x which is 6% above its 5 year average. This valuation is in line with the PE ratio for the S&P/ASX 200 index.

The best performing sectors during June were Metals & Mining – Precious (+11%), IT Services (9%), Biotech (+7%) and Energy (+6%). The worst performing sectors were Metals & Mining - Other (-15%), Metals & Mining - Steel (-10%), Telecoms (-9%) and Retail (-7%).

The best performing stocks within the XSO Index were Silver Lake (SLR, +57%), Clean Teq (CLQ, +38%), Perseus (PRU, +29%) and Polynovo (PNV, +28%). SLR had exploration success at its Tank South prospect. CLQ announced progress on its processing of cobalt in Mongolia. PRU was higher on the back of a strong gold price.

The worst performing stocks were Dacian (DCN, -67%), Arq (ARQ, -59%) and Syrah (SYR, -32%). DCN announced that its gold reserves were higher cost and smaller than previously expected. Arq downgraded guidance while SYR ran out of money (again) and had to raise capital.

Market Outlook

The key global macro drivers facing Australian and New Zealand 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 a significant Chinese fiscal stimulus package that will be positive for resources or a significant slowdown that will be negative. From a domestic perspective the re-election of the Morrison Coalition Government appears to have lifted short term confidence. Whether this lasts in the face of the global trade dispute is also a key issue facing domestic smaller companies.

Resources and their related mining services suppliers are also dependent on the USD/AUD exchange rate. The AUD has now been trading around the US\$70c level since the start of May 2019. If this rate continues to decline this will provide mining companies generating positive cashflow with a significant buffer from reduced commodity prices. The issues facing the Brazilian iron ore sector are also having a material impact on mining activity in Western Australia and the Australian trade and budget position.

The rally in global bonds continued to benefit XSO stocks with more earnings certainty including Real Estate Investment Trusts and infrastructure. In addition, high valued tech names benefited as the discount rate applied to their longer dated earnings declined and the NASDAQ continues to be strong.

For further information, please contact:

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