

Eiger Australian Small Companies Fund

ARSN 631 961 398 APIR HOW2967AU

Monthly Fact Sheet October 2019

Fund Performance

Eiger Australian Small Companies Fund Performance (after fees) as at 31 Oct 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	0.91	0.16	-	-	-	-	12.72
S&P/ASX Small Ordinaries Accumulation Index	-0.50	-1.84	-	-	-	-	7.52
Active return	1.41	2.00	-	-	-	-	5.20

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 Oct 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 Oct 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	0.91	0.16	15.34	10.94	13.56	13.13	9.50
S&P/ASX Small Ordinaries Accumulation Index	-0.50	-1.84	14.41	10.39	9.62	6.70	3.33
Active return	1.41	2.00	0.93	0.55	3.95	6.43	6.17

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 Oct 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
Technology One Limited

Stock attribution (alphabetical)

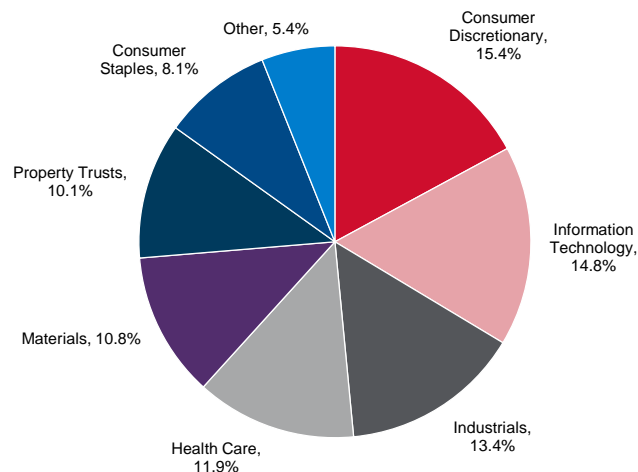
Top contributors (month)

City Chic Collective Ltd
Ingenia Communities Group
Lifestyle Communities Ltd

Top detractors (month)

Bubs Australia Ltd
Cann Group Ltd
Lynas Corporation

Asset allocation	Actual %	Range %
Security	89.91	90-100%
Cash	10.09	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -0.50% for the month. The fund outperformed the market and delivered a +0.91% return over the month.

Contributors

City Chic Collective Ltd (CCX)

Purchase of a complementary US online plus size brand from a liquidator at what appears to be a very attractive price.

Ingenia Communities Group (INA)

Likely positive impact from increased Government retirement living funding.

Lifestyle Communities Ltd (LIC)

Capital raising to fund stronger growth and an acquisition.

Detractors

Bubs Australia Ltd (BUB)

No stock specific news

Cann Group Ltd (CAN)

Uncertainty surrounding bank funding for expansion project.

Lynas Corporation (LYC)

General market concern about US China trade dispute.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) decreased by 0.5% during October 2019. The Small Industrials decreased by 0.26%, while the Small Resources increased by 0.55%. XSO finished the month on a forecast price-to-earnings (P/E) ratio of 18.1x which is 17% above its 5 year average. This valuation is 6% higher than the equivalent ratio for the S&P/ASX200 Index.

The best performing sectors were: Chemicals, (+5.0%), Biotech (+4.9%), IT Services (4.4%), Banks (+3.7%) and IT Products (+3.6%). The worst performing sectors during October were Metals & Mining - Steel (-10.0%), Media (-9.8%), Agricultural Products (-8.8%) and Automotive (-7.8%).

The best performing stocks within the XSO Index were Intega (ITG, +64%), New Century Resources (NCZ, +42%), amaysim (AYS, +30%) and Silver Lake Resources (SLR, +24%). ITG was demerged from Cardno so to some degree the initial performance reflects the demerger terms rather than fundamental stock change. NCZ delivered record zinc production in the September quarter.

The worst performing stocks in the XSO index were Southern Cross Media (SXL, -34%), Sundance Energy (SEA, -32%) and Cardno Group (CDD, -28%). SXL reported a sharp downturn in advertising and issued a profit warning. SEA declined on the back of lower oil prices.

Market outlook

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 a significant Chinese fiscal stimulus package that will be positive for resources or a significant slow down that will be negative.

Resources and their related mining services suppliers are also dependent on the US\$/A\$ exchange rate. The A\$ is now around US0.69c, which is the top end of its recent trading range which is negative. This rate increased sharply in late October as the US Federal reserve cut rates and Australia recorded a stronger than expected September quarter inflation.

Housing related stock in Australia continued to strengthen on the back of ever more positive house prices and auction results with Sydney and Melbourne in particular experiencing significant house price rises. Despite this rebound and recent cuts in interest rates, the Australian consumer remains cautious. Australian Bureau of Statistics data reveals that retail sales growth is sluggish at +2.5% year-on-year with the most recent monthly data missing analysts forecasts. It appears that central bank stimulus has not offset the negative impact of high household debt and low wage growth.

For further information, please contact:

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