

Eiger Australian Small Companies Fund

ARSN 631 961 398 APIR HOW2967AU

Monthly Fact Sheet January 2020

Fund Performance

Eiger Australian Small Companies Fund Performance (after fees) as at 31 Jan 2020

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	1.43	2.69	-	-	-	-	15.75
S&P/ASX Small Ordinaries Accumulation Index	3.38	4.69	-	-	-	-	12.56
Active return	-1.95	-2.00	-	-	-	-	3.19

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 Jan 2020.**

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 Jan 2020

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	1.43	2.69	20.53	13.93	13.84	13.00	9.55
S&P/ASX Small Ordinaries Accumulation Index	3.38	4.69	18.84	12.13	11.19	6.66	3.77
Active return	-1.95	-2.00	1.69	1.79	2.65	6.33	5.78

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 Jan 2020.**

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	\$5.7M
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)

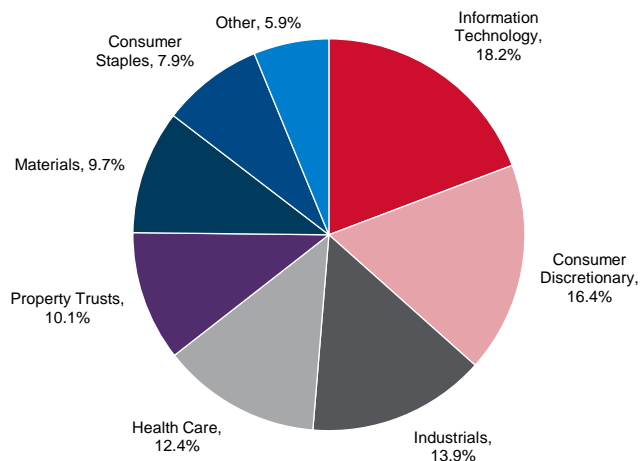
Top contributors (month)

Capitol Health Ltd
City Chic Collective Ltd
NEXTDC Ltd

Top detractors (month)

Bubs Australia Ltd
Ingenia Communities Group
Summerset Group Holdings Ltd

Asset allocation	Actual %	Range %
Security	94.42	90-100%
Cash	5.58	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +3.38% for the month. The fund underperformed the market and delivered a +1.43% return over the month.

Contributors

Capitol Health Ltd (CAJ)

Earnings per share (EPS) accretive acquisition.

City Chic Collective Ltd (CCX)

Positive updates from two brokers.

NEXTDC Ltd (NXT)

Re-rate following the sale of a competitor.

Detractors

Bubs Australia Ltd (BUB)

Inventory build weakened December quarter cashflow.

Ingenia Communities Group (INA)

Downgraded to bottom of guidance range due to impact of bushfires.

Summerset Group Holdings Ltd (SNZ)

Pullback after very strong increase in late 2019.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) increased by 3.38% during January 2020. The Small Industrials increased by 4.13%, while the Small Resources decreased by 0.32%. XSO finished the month on a forecast price-to-earnings (P/E) ratio of 19.6x which is 26% above its 5 year average. This valuation is 8% higher than the equivalent ratio for the ASX200.

The best performing sectors were: Biotech, (+14.3%), Telecoms (+10.3%), Infrastructure/Utilities (10.0%), IT Services (+9.7%) and Banks (+9.7%). The worst performing sectors during January were Internet Services (-9.8%), Metals & Mining (-6.9%), Energy (-6.4%) and Automotive (-5.2%).

The best performing stocks within the XSO Index were Mesoblast (MSB, +44%), Polynovo (PNV, +42%), Data#3 (DTL, +23%) and Infigen (IFN, +22%). MSB responded to the news that the company had surpassed the primary endpoint for its Phase 3 trial of Revascor. Polynovo received a European CE mark for its Novosorb skin reconstruction product. It also announced its first month where sales were over \$2m.

The worst performing stocks in the XSO index were Nearmap (NEA, -33%), Kogan.com (KGN, -32%) and Seven West Media (SWM, -24%). Nearmap lowered its projected customer acquisition rate and noted increased churn. Kogan, after noting a strong online sales in the period before Christmas, revealed that sales post this period were lower than the market expected.

Market outlook

The key global macro driver facing Australian and NZ small companies has switched from the trade dispute between The US and China to the impact of coronavirus and the related travel bans. 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 ongoing slow down that will be negative through the back half of 2020. The Australian Government seems determined to maintain at least a balanced FY20 budget. This will see the Government balancing bushfire relief spending with additional revenue from higher than expected iron ore prices. It also seems likely that the combination of January bushfires and now the Coronavirus will hit growth and therefore Government revenue.

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.

Housing related stocks in Australia continue 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. 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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Unless otherwise specified, any information contained in this publication is current as at the date of this report and is provided by Eiger Capital Limited ABN 72 631 838 607 AFSL 516 751 (Eiger Capital), the investment manager of the Eiger Australian Small Companies Fund ARSN 631 961 398 (**Fund**). Fidante Partners Limited ABN 94 002 835 592 AFSL 234 668 (**Fidante Partners**) is the responsible entity and issuer of interests in the Fund. The information in this publication should be regarded as general information and not financial product advice, and has been prepared without taking into account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their objectives, financial situation and needs. Each person should obtain and consider the Product Disclosure Statement (PDS) and any additional information booklet (AIB) for the Fund before deciding whether to acquire or continue to hold an interest in the Fund. A copy of the PDS and AIB can be obtained from your financial adviser, our Investor Services team on 13 51 53, or on our website www.fidante.com.au. Please also refer to the Financial Services Guide on the Fidante Partners website. Past performance is not a reliable indicator of future performance. Neither your investment nor any particular rate of return is guaranteed. The information contained in this document is not intended to be relied upon as a forecast and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy, nor is it investment advice. If you acquire or hold the product, we, Fidante Partners or a related company will receive fees and other benefits which are generally disclosed in the PDS or other disclosure document for the Fund. Neither Fidante Partners nor a Fidante Partners related company and its respective employees receive any specific remuneration for any advice provided to you. However, financial advisers (including some Fidante Partners related companies) may receive fees or commissions if they provide advice to you or arrange for you to invest in the Fund. Eiger Capital, some or all Fidante Partners related companies and directors of those companies may benefit from fees, commissions and other benefits received by another group company.