

# Eiger Australian Small Companies Fund

## ARSN 631 961 398 APIR HOW2967AU

### Monthly Fact Sheet April 2020

#### Fund Performance

Eiger Australian Small Companies Fund Performance (after fees) as at 30 Apr 2020

Performance <sup>1</sup>	1 month %	3 months %	1 year %	3 years % p.a	5 years % p.a	7 years % p.a	Inception % p.a <sup>2</sup>
Eiger Australian Small Companies Fund	18.67	-14.23	-3.94	-	-	-	-0.66
S&P/ASX Small Ordinaries Accumulation Index	14.27	-19.00	-13.31	-	-	-	-8.07
Active return	4.40	4.77	9.37	-	-	-	7.41

<sup>1</sup> 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, 30 Apr 2020.**

<sup>2</sup> The inception date for the Fund is 26 March 2019

#### Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund<sup>3</sup> - as at 30 Apr 2020

Performance	1 month %	3 months %	1 year %	3 years % p.a	5 years % p.a	7 years % p.a	Inception % p.a <sup>3</sup>
Investment strategy	18.67	-14.23	-3.94	7.30	8.64	10.72	7.44
S&P/ASX Small Ordinaries Accumulation Index	14.27	-19.00	-13.31	3.24	4.95	4.58	1.29
Active return	4.40	4.77	9.37	4.06	3.69	6.14	6.15

<sup>3</sup>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. **Source: Fidante Partners Limited, 30 Apr 2020.**

Fund facts	
<b>Portfolio managers</b>	Stephen Wood, Victor Gomes, David Haddad
<b>Fund inception date</b>	26 March 2019
<b>Investment objective</b>	The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling five year periods (after fees).
<b>Management fee</b>	1.00%
<b>Performance fee</b>	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Performance Benchmark. <sup>4</sup>
<b>Buy/sell spread</b>	+0.40% / -0.40%
<b>Fund size</b>	\$5.0M
<b>Distribution frequency</b>	Quarterly

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

Fund features
<b>Concentrated:</b> A best-ideas portfolio of small company opportunities. Typically 30-40 stocks, diversified across industry sectors and actively risk managed.
<b>Nursery for future leaders:</b> 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.
<b>Experienced and aligned:</b> 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.
<b>Disciplined and proven process:</b> 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)

Collins Foods Ltd  
Emeco Holdings Ltd  
Technology One Limited

### Stock attribution (alphabetical)

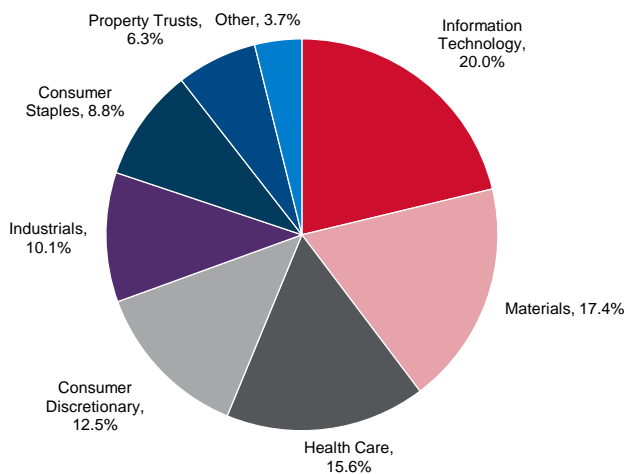
#### Top contributors (month)

Alacer Gold Corp. CDI 1 to 1  
Bubs Australia Ltd  
Emeco Holdings Ltd

#### Top detractors (month)

Freedom Foods Group Ltd  
Mesoblast Limited  
Resmed Inc. CDI 10 to 1

Asset allocation	Actual %	Range %
Security	94.26	90-100%
Cash	5.74	0-10%



## Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +14.27% for the month. The fund outperformed the market and delivered a +18.67% return over the month.

## Contributors

### Alacer Gold Corp. CDI 1 to 1 (AQQ)

Strong gold price. Strong March quarter update.

### Bubs Australia Ltd (BUB)

Strong March quarter update.

### Emeco Holdings Ltd (EHL)

Rebound after selloff in March. Activity levels holding up despite COVID-19.

## Detractors

### Freedom Foods Group Ltd (FNP)

Retracing from a very strong March. No news in April.

### Mesoblast Limited (MSB)

Very strong after announcing trials for a treatment for COVID-19. Not held by the fund.

### Resmed Inc. CDI 10 to 1 (RMD)

Retracing from being relatively strong in March. Strong March quarterly announced in early May.

## Market overview

The S&P/ASX Small Ordinaries Index (XSO) increased by 14.3% during April 2020. The Small Industrials increased by 12.8%, while the Small Resources increased by 20.2%. XSO finished the month on a forecast price-to-earnings ratio of 16.4x which is 4% above its 5-year average. This valuation is 8% higher than the equivalent ratio for the ASX200.

The best performing sectors were: Biotech, (+64.2%), Infrastructure & Utilities (+28.3%), Consumer Discretionary (+26.5%), Engineering & Mining Services (+25.9%) and Automotive (24.4%). The worst performing sectors during April were Wholesale & Distribution (-1.3%), Chemicals (+3.1%), Banks (+4.8%) and real estate investment trusts (REIT's) (+6.0%).

The best performing stocks within the XSO Index were Mesoblast (MSB, +142%), New Century Resources (NCZ, +118%), Paladin (PDN, +114%) and West African Resources (WAF, +75%). Mesoblast announced that some of its treatments were being trialed as possible cures for COVID-19. New Century Resources raised capital including having Independence (ASX – IGO) take an 18% strategic stake.

The worst performing stocks in the XSO index were Dacian Gold (DCN, -58%), Navigator Global (NGI, -44%) and Metcash (MTS, -21%). Dacian returned to trading after a long suspension and capital restructuring. Navigator Global reported a 10% drop in funds under management and noted that it was managing fund redemptions. Metcash was very strong in March and declined as the rush for groceries flattened and it surprised the market by raising capital.

## Market outlook

The market and economic outlook is dominated by the impact of COVID-19. The economic damage measured in declines in gross domestic product and rises in unemployment is likely to be significant. The depth of this impact and whether the recovery is steep or slow will keep the market guessing for the foreseeable future. We believe whatever the shape of the downturn and recovery that interest rates will remain low and debt will remain very high.

The ongoing trade dispute between The US and China has been partially forgotten for the moment but we believe that this is likely to resume with increased vigour during the COVID-19 recovery period later this year. The US presidential election will probably add to these tensions. It is unclear at this stage whether these macro factors will result in additional Chinese fiscal and infrastructure stimulus that will sustain resources during 2020. It does seem likely that global demand for China's manufactured exports will be weak for some time.

Resources and their related mining services suppliers are also dependent on the US\$/A\$ exchange rate. The A\$ is now trading at around to the US0.65c which offers extra margin for exporters. The gold price has been very strong and is near record levels in A\$.

**For further information, please contact:**

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