Eiger Australian Small Companies Fund

ARSN 631 961 398 APIR HOW2967AU

eigercapital

Monthly Fact Sheet July 2021

Fund Performance

Eiger Australian Small Companies Fund Performance (after fees) as at 31 Jul 2021

Performance[1]	1 month %	3 months %	1 year %	2 years % p.a	3 years % p.a	5 years % p.a	10 years % p.a	Inception % p.a[2]
Eiger Australian Small Companies Fund	3.95	8.29	44.66	20.81	-	-	-	23.54
S&P/ASX Small Ordinaries Accumulation Index	0.68	4.06	32.30	10.04	-	-	-	12.78
Active return	3.26	4.23	12.36	10.77	-	-	-	10.76

[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 Jul 2021.**

[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 Fund[3] - as at 31 Jul 2021

Performance	1 month %	3 months %	1 year %	2 years % p.a	3 years % p.a	5 years % p.a	10 years % p.a	Inception % p.a[3]
Investment strategy	3.95	8.29	44.66	20.81	16.92	13.34	13.04	11.83
S&P/ASX Small Ordinaries Accumulation Index	0.68	4.06	32.30	10.04	9.22	9.58	5.92	4.87
Active return	3.26	4.23	12.36	10.77	7.70	3.76	7.12	6.96

[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. **Source: Fidante Partners Limited, 31 Jul 2021.**

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	$105.6M
Distribution frequency	Quarterly

[4] The 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.

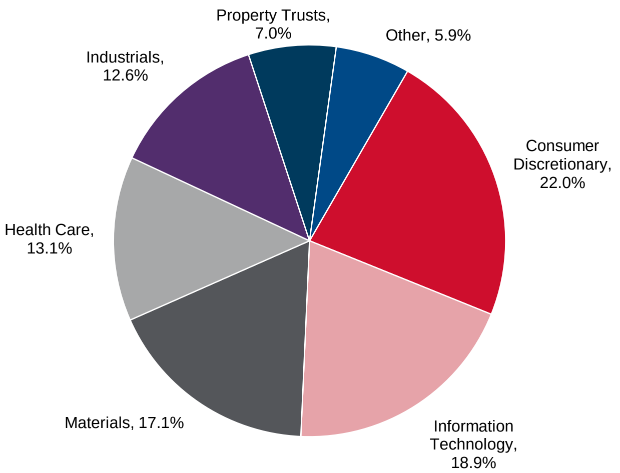
Experienced and aligned: The investment team has more than 60 years of combined industry experience. We have materially invested in the Fund alongside our clients and also own a majority of equity in Eiger Capital.

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)
Johns Lyng Group Ltd
Life360 Inc
Lynas Rare Earths Ltd

Stock attribution (alphabetical)
Top contributors (month)
Life360 Inc
Lynas Rare Earths Ltd
Pilbara Minerals Ltd
Top detractors (month)
AP Eagers Limited
Orocobre Ltd
PolyNovo Ltd

Asset allocation	Actual %	Range %
Security	96.65	90-100%
Cash	3.35	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +0.68% for the month. The fund outperformed the market and delivered a +3.95% return over the month.

Contributors

Life360 Inc (360)

Growing confidence on US expansion. Broker upgrades.

Lynas Rare Earths Ltd (LYC)

Strong quarterly.

Pilbara Minerals Ltd (PLS)

Continued strength in EV battery demand and lithium prices.

Detractors

AP Eagers Limited (APE)

Strong in prior month. No material negative news.

Orocobre Ltd (ORE)

Exposure to strong lithium prices. Not held by the fund.

PolyNovo Ltd (PNV)

Announced FY21 sales that were below expectations.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) increased by a 0.67% during July 2021. The Small Industrials decreased by 0.93%, while the Small Resources increased by a significant 7.39%. XSO finished the month on a 2yr forecast price to earnings (P/E) ratio of 19.1x which is 15% above its 5-year average. This valuation is a 10% premium to the ASX200.

The best performing sectors were: Engineering & Mining Services, (+11.6%), Metals & Energy (+9.4%), Precious Metals (+4.2%) and Infrastructure, Utilities & Property (+1.0%). The worst performing sectors during July were Internet Services & Media (-4.1%), Healthcare (-3.2%), Other Industrials (-2.9%) and Financial Services (-1.9%).

The best performing stocks within the XSO Index were Perenti (PRN, +36%), Orocobre (ORE, +28%), Galaxy Resources (GXY, +27%) and Australian Pharmaceuticals (API, +27%). Perenti announced a major new contract win. Orocobre and Galaxy are exposed to rapidly increasing lithium prices while API received a takeover bid from Westfarmers.

The worst performing stocks in the XSO index were Marley Spoon (MMM, -31%), Piedmont Lithium (PLL, -28%) and Polynovo (PNV, -20%). Marley Spoon announced a disappointing quarterly update. Piedmont Lithium is now the subject of a class action for alleged incorrect disclosures. Polynovo announced below expectation sales for the FY21 year. The exit rate of growth was however much stronger as the US healthcare system reopens from COVID.

Market outlook

The market and economic outlook are dominated by the rate of recovery from COVID-19 and vaccine rollout rates. Currently markets are anticipating a recovery in industrial production in 2021/22. In the UK and North America 2 dose vaccination rates are now well above 50% for adults. Hospitalisation rates from COVID in those countries now appear to be within expected limits. We believe whatever the shape of the downturn and recovery that interest rates will remain relatively low and debt will remain very high despite recent ructions in the global bond markets.

The ongoing trade dispute between The US and China has become more pronounced during the COVID-19 lockdown period. The election of Joe Biden has made little difference to the trade disputed between The US and China which continues to spread to adjacent political spheres. Australia is caught up in this dispute with several exports targeted. Despite this commodity prices have risen particularly thermal coal. Iron ore has remained strong throughout the year to date.

Resources and their related mining services suppliers are also dependent on the US$/A$ exchange rate. The A$ is currently trading below US$0.74c. This is a positive for mining and farming. The A$ has recently weakened as the impact of relatively poor vaccination rates and its impact on domestic economic growth becomes an increasing concern. Despite the China trade bans there seems to be significant demand for Australian crops. The Australian March 21 quarter current account surplus was $18bn. This was the eighth quarterly surplus in a row. Prior to this period Australia has not recorded a quarterly current account surplus for 44 years.

For further information, please contact:

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