

Eiger Australian Small Companies Fund



ARSN 631 961 398 APIR HOW2967AU

Monthly Fact Sheet November 2021

Fund Performance

Eiger Australian Small Companies Fund Performance (after fees) as at 30 Nov 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	1.52	1.29	37.88	24.46	-	-	-	23.88
S&P/ASX Small Ordinaries Accumulation Index	-0.31	-1.54	18.44	12.01	-	-	-	12.47
Active return	1.82	2.83	19.43	12.45	-	-	-	11.41

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, 30 Nov 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 Fund³ - as at 30 Nov 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	1.52	1.29	37.88	24.46	22.03	16.98	15.17	12.26
S&P/ASX Small Ordinaries Accumulation Index	-0.31	-1.54	18.44	12.01	13.54	11.65	7.35	5.03
Active return	1.82	2.83	19.43	12.45	8.49	5.33	7.82	7.23

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, 30 Nov 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	\$316.7M
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)

Johns Lyng Group Ltd
Life360 Inc
Pilbara Minerals Ltd

Stock attribution (alphabetical)

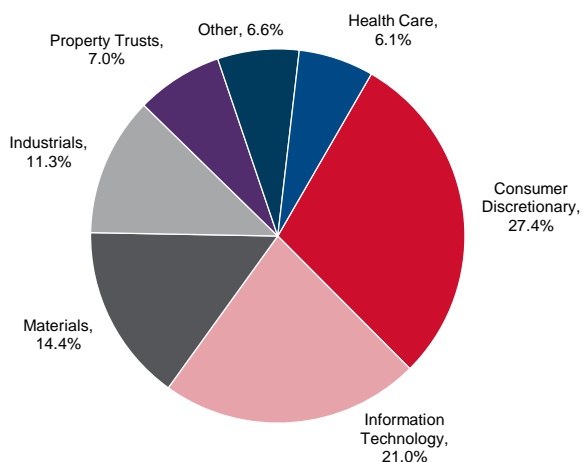
Top contributors (month)

Johns Lyng Group Ltd
Lynas Rare Earths Ltd
Pilbara Minerals Ltd

Top detractors (month)

Novonix Ltd
Redbubble Ltd
Ryman Healthcare Ltd

Asset allocation	Actual %	Range %
Security	93.67	90-100%
Cash	6.33	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -0.31% for the month. The fund outperformed the market and delivered a +1.52% return over the month.

Contributors

Johns Lyng Group Ltd (JLG)

No significant news.

Lynas Rare Earths Ltd (LYC)

Strong commodity prices.

Pilbara Minerals Ltd (PLS)

Strong commodity price.

Detractors

Novonix Ltd (NVX)

Not held by the fund.

Redbubble Ltd (RBL)

Concern about ability to trade post COVID and increased cost.

Ryman Healthcare Ltd (RYM NZ)

Weaker than expected new home sales during Auckland and Melbourne lockdown.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) decreased by a 0.31% during November 2021. The Small Industrials decreased by 1.5%, while the Small Resources increased by a 3.6%. XSO finished the month on a 2yr forecast price to earnings (P/E) ratio of 19.4x which is 17% above its 5-year average. This valuation is a 10% premium to the ASX200.

The best performing sectors were: Industrial Technology, (+34.3%), Metals & Mining – Base Metals (+24.6%), Metals & Mining – Advanced Materials (+7.8%) and Telecommunications (+7.8%). The worst performing sectors during November were Banks (-10.8%), Consumer Discretionary & Leisure (-8.3%), Mining Services & Engineering (-6.1%) and Media (-6.0%).

The best performing stocks within the XSO Index were NOVONIX (NVX, +62%), Chalice Mining (CHN, +50%), Nickel Mines (NIC, +36%) and BrainChip (BRN, +31%). NOVONIX rose as it opened a US facility to great fanfare including a speech by the US Secretary of Energy. Chalice announced a maiden resource.

The worst performing stocks in the XSO index were Tyro Payments (TYR, -29%), Nearmap (NEA, -28%) and Nuix (NXL, -27%). Tyro announced a weak trading update at its AGM. Nearmap lost a motion to dismiss a claim by a US competitor Eagleview. The Court case may take a while to resolve. Nuix was the subject of another class action and late in the month announced a 27% decline in YTD earnings before interest, depreciation and amortisation (EBITDA).

Market outlook

The market and economic outlook are dominated by the rate of recovery from COVID-19 and its impact on inflation and interest rates. Hospitalisation rates from COVID in those countries with high vaccination rates appear to be within expected limits. However there are bigger than expected outbreaks in European Countries with vaccine rates around 65%. The debate around the trajectory of inflation post COVID has shifted from the near certainty that it was a temporary concern to the prospect that it will remain elevated for a longer period. The risk of stagflation has also risen. Central banks appear to be increasingly concerned about inflation rather than growth. We believe whatever the shape of the downturn and recovery that interest rates overall will remain lower than in prior cycles as debt will remain very high.

The cost of hard and soft commodities and particularly energy has risen over the last 12 months. Energy costs could potentially feed into widespread price rises if they persist. In addition, the ability of China to supply the world with a just-in-time supply or a huge range of consumer goods has at least temporarily declined. Shipping costs have skyrocketed. Booming real estate prices in most developed economies is beginning to cause reflection among key Central banks.

Resources and soft commodities are also dependent on the US\$/A\$ exchange rate. The A\$ is currently trading below US\$0.72c and has been weak of late. We continue to believe that low interest rates will remain positive for equity valuations. However, we are becoming more cautious on the impact this will have on growth.

For further information, please contact:

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This material has been prepared by Eiger Capital Limited (ABN 72 631 838 607, AFSL 516751) Eiger, the investment manager of the Eiger Australian Small Companies Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (**Challenger Group**) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Eiger and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Eiger and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (**Challenger ADI**) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.