Eiger Australian Small Companies Fund

April 2023

Fund Performance[1]

Eiger Australian Small Companies Fund Performance (net of fees) as at 30 April 2023

	1 month %	3 month %	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 (net)	3.2	-0.1	-1.5	-1.0	14.4	-	-	10.2
S&P/ASX Small Ordinaries Accumulation Index	2.8	-1.7	-9.4	-3.5	9.2	-	-	4.3
Active return	**0.4**	**1.6**	**7.9**	**2.5**	**5.2**	**-**	**-**	**5.9**

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund[3] (net of fees) as at 30 April 2023

	1 month %	3 month %	1 year %	2 years % p.a	3 years % p.a	5 years % p.a	10 years % p.a	Inception % p.a[3]
Investment strategy (net)	3.2	-0.1	-1.5	-1.0	14.4	8.3	11.8	9.1
S&P/ASX Small Ordinaries Accumulation Index	2.8	-1.7	-9.4	-3.5	9.2	3.9	6.0	3.2
Active return	**0.4**	**1.6**	**7.9**	**2.5**	**5.2**	**4.4**	**5.8**	**5.9**

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.
Source: Fidante Partners Limited, 30 April 2023.

2 The inception date for the Fund is 26 March 2019.

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, 30 April 2023.

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	$391.7M
Distribution frequency	Quarterly

Fund features

Concentrated

A best-ideas portfolio of small and medium company opportunities. Typically 30-40 stocks, diversified across industry sectors and actively risk managed

Nursery for future leaders

We focus on identifying small and medium 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.

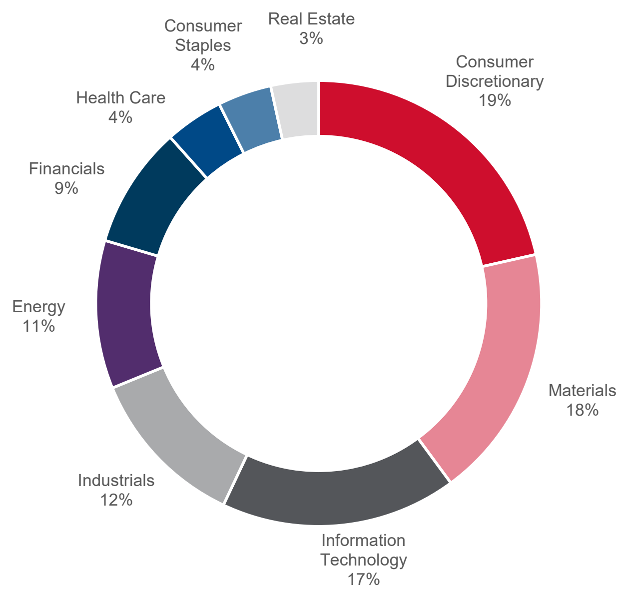
Disciplined and proven process

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
NIB Holdings
Technology One

Stock attribution (alphabetical)	
Contributors	
Corporate Travel Management	Contract win
NextDC	Contract win
NIB Holdings	Rebounding from recent lows
Detractors	
Elders	Concern that next crops may suffer from reduced rainfall
St. Barbara	Revised and less favourable merger and asset sale
Telix Pharmaceuticals	Very stong 1Q update (when not owned)

Asset allocation	Actual %	Range %
Security	90.9	90-100%
Cash	9.1	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned 2.8% for the month. The fund outperformed the market and returned 3.2% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) increased 2.8% during the month. The Small Industrials increased by 3.6%, while the Small Resources increased by 0.7%. The XSO finished the month on a 2yr forecast P/E ratio of 15.6x which is 8.5% below its 5-year average. This valuation is a 6.7% premium to the ASX200.

The best performing sectors for the month were Biotechnology (+14.8%), Building & Construction Products (+9.8%), Aged Living (+8.0%), and Real Estate Management (+7.9%). The worst performing sectors were Metals & Mining - Steel (-5.5%), Wholesale, Distribution & Manufacturing (-4.0%), Industrial Technology (-3.2%), and Metals & Mining - Critical Minerals (-2.5%).

The best performing stocks within the XSO Index were Telix Pharma (TLX +47.1%), Megaport (MP1 +36.7%), Blackmores (BLK +35.0%), and Codan (CDA +34%). Telix reported a very strong 1Q trading update. Megaport provided higher FY23 earnings guidance while Blackmores was subject to a takeover offer.

The worst performing stocks in the XSO index were Syrah Resources (SYR -37.0%), NOVONIX (NVX -22.1%), 5E Advanced Materials (5EA -18.8%), and Hastings Technology (HAS -17.7%). Syrah reported a weak 1Q production and sales update. Novonix received a 1st negative vote on the remuneration report at the AGM. Novonix, like Syrah is involved in the production of graphite for batteries.

Market outlook

Headline inflation appears to be falling everywhere. However it remains at levels that are rapidly eroding wealth and purchasing power. The key issue facing markets, we believe, is the rate at which inflation falls from current levels. Core inflation in many countries, including The US, is flat at best. Oil prices are being held up by supply cuts and the demand for wage increases has not declined, particularly in Govt services such as health, policing and education. Central Banks face a choice that in unenviable. Keep raising rates and risk a deep recession or pause and discover in a few months that an inflationary cycle has become imbedded.

Australian consumers and businesses, already facing much higher mortgage payments and rents continue to face ongoing increases in energy costs. The Government has recently softened the A$12GJ domestic price cap. We believe that policy was only likely to cause ongoing declines in gas supplies at a time when coal fired power stations continue to close and renewable energy storage requires years if not decades to transition to providing a majority of mainstream base load power. In a similar vein to the unenviable position facing Central Banks, the supply of energy to the East Coast of Australia needs, in our view, a rapid increase in investment in gas production. This is occurring at a time when exploration and production approvals are very difficult and very time consuming to obtain and policy zig-zags are likely to dampen enthusiasm to invest in the first place.

We remain very wary as we believe that general economic conditions continue to deteriorate. We believe that in general investors should avoid companies that have significant debt and may need to use the equity markets to reduce gearing. We also note from the recent resource quarterlies and updates that tight labour conditions are likely to lead to significant cost blowouts and delays in projects currently under construction. We believe that the cost of completing resource projects in Australia will not decline until State and Federal infrastructure spending reduces.

Eiger Capital team

Stephen Wood
Principal and Portfolio Manager

Victor Gomes
Principal and Portfolio Manager

David Haddad
Principal and Portfolio Manager

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For further information, please contact:

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