Eiger Australian Small Companies Fund

February 2023

Fund Performance[1]

Eiger Australian Small Companies Fund Performance (net of fees) as at 28 February 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)	-3.0	-2.5	-5.5	0.0	9.9	-	-	9.8
S&P/ASX Small Ordinaries Accumulation Index	-3.7	-1.2	-8.0	-1.7	4.2	-	-	3.9
Active return	**0.7**	**-1.3**	**2.5**	**1.7**	**5.7**	**-**	**-**	**5.9**

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund[3] (net of fees) as at 28 February 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)	-3.0	-2.5	-5.5	0.0	9.9	7.7	11.1	9.0
S&P/ASX Small Ordinaries Accumulation Index	-3.7	-1.2	-8.0	-1.7	4.2	3.6	4.9	3.1
Active return	**0.7**	**-1.3**	**2.5**	**1.7**	**5.7**	**4.1**	**6.2**	**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, 28 February 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, 28 February 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	$378.9M
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.

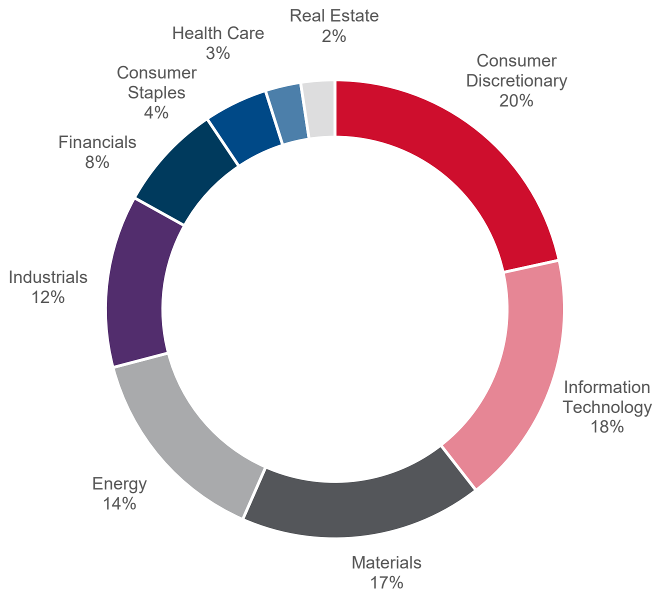
Top 3 active positions (alphabetical)
Auckland International Airport
Eagers Automotive
Technology One

Stock attribution (alphabetical)

Contributors	
Cash	Weak index performance
Eagers Automotive	Strong first half due to new car demand
Johns Lyng Group	Flood cleanup driving strong first half

Detractors	
Domino's Pizza	Price increases impacting sales volumes
PWR Holdings	Weaker first half, but FY guidance maintained
Ryman Healthcare	Market cautious of balance sheet rebuild

Asset allocation	Actual %	Range %
Security	93.2	90-100%
Cash	6.8	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -3.7% for the month. The fund outperformed the market and returned -3.0% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) was down -3.7% during the month. The Small Industrials decreased by -2.8%, while the Small Resources decreased by -11.3%. The XSO finished the month on a 2yr forecast P/E ratio of 17.5x which is 4.7% above its 5-year average. This valuation is a 21.7% premium to the ASX200.

The best performing sectors for the month were Automotive (+13.1%), Wholesale, Distribution & Manufacturing (+7.1%), Financial Services (+3.7%), and INfrastructure & Utilities (+3.0%). The worst performing sectors were: Metals & Mining - Precious (-14.6%), Metals & Mining - Critical Minerals (-11.4%), Aged Living (-11.0%), and Metals & Mining - Base & Industrial Metals (-8.4%).

The best performing stocks within the XSO Index were Infomedia (IFM +26.7%), G.U.D (GUD +25.3%), Helia (HLI +23.2%), and Pact (PGH +20.9%). Infomedia and G.U.D reported strong first half results, as did Helia who also announced a $100m buyback. Pact reported earnings ahead of broker consensus estimates and suggested it is considering sale of parts of the business.

The worst performing stocks in the XSO index were Temple & Webster (TPW -39.6%), Red 5 (RED -38.1%), St. Barbara (SBM -28.3%), and City Chic (CCX -27.9%). Temple & Webster fell despite some earnings growth due to increasing signs of a weakening consumer market. Red 5 announced a capital raising noting it is facing high operational costs. St. Barbara reported lower gold production vs the prior quarter paired with higher operating costs. City Chic remains weak with market concerns around inventory, weak consumer demand, and the company's financial position.

Market outlook

World markets continue to be concerned about weakening growth and concerns around persisting inflation. This needs to be balanced against the prospect that the rate rise cycle is nearer to the end than the middle. Central banks are in an unenvious position. They need to stamp out a worldwide inflation outbreak while growth is weakening, and geopolitical risk is very high. We continue to monitor the risk of recession closely and now believe that it is far more likely than not in most countries.

The cost of energy has risen significantly over the last 12 months.

The February earnings season ended with a fairly even split of positive and negative results, but highlighted some fairly universal themes. Input costs continue to climb and put pressure on margins with many companies highlighting wage inflation in particular. Some companies are starting to see signs of a shift in consumer behaviour but note that it has not yet been a dramatic shift. Whilst consumer demand has so far been resiliant, we are monitoring indicators closely for signs of a more dramatic slowing.

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 that tight labour conditions are likely to lead to significant cost blowouts and delays in projects currently under construction.

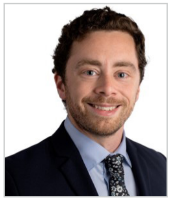
Eiger Capital team

Stephen Wood
Principal and
Portfolio Manager

Victor Gomes
Principal and
Portfolio Manager

David Haddad
Principal and
Portfolio Manager

Alison Dalziell
Portfolio Manager



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