Eiger Australian Small Companies Fund

January 2023

Fund Performance[1]

Eiger Australian Small Companies Fund Performance (net of fees) as at 31 January 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)	6.2	2.7	-5.9	3.4	8.7	-	-	10.8
S&P/ASX Small Ordinaries Accumulation Index	6.6	7.6	-4.4	1.0	2.4	-	-	5.0
Active return	**-0.4**	**-4.9**	**-1.5**	**2.4**	**6.3**	**-**	**-**	**5.8**

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund[3] (net of fees) as at 31 January 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)	6.2	2.7	-5.9	3.4	8.7	8.5	11.7	9.3
S&P/ASX Small Ordinaries Accumulation Index	6.6	7.6	-4.4	1.0	2.4	4.4	5.4	3.4
Active return	**-0.4**	**-4.9**	**-1.5**	**2.4**	**6.3**	**4.1**	**6.3**	**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, 31 January 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, 31 January 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	$388.3M
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.

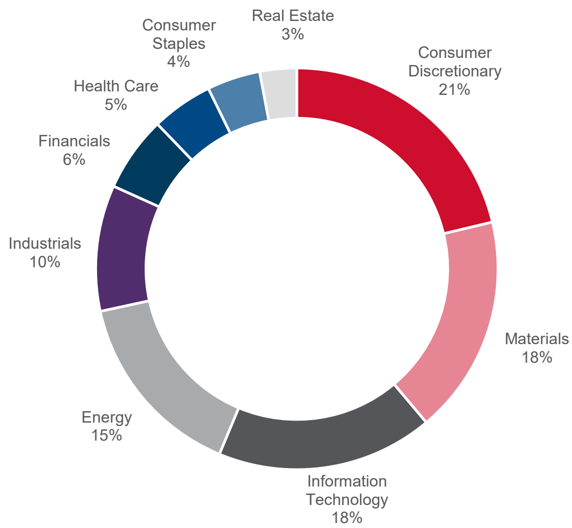
Disciplined and proven process

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
Domino's Pizza
Technology One

Stock attribution (alphabetical)	
Contributors	
ARB	Weak in prior month
Lynas Rare Earths	Positive 2Q update
Ryman Healthcare	Weak in prior months
Detractors	
Elders	CEO Retirement and peak cycle concerns continue
Cash	Strong index performance
Whitehaven Coal	Coal price decline

Asset allocation	Actual %	Range %
Security	91.7	90-100%
Cash	8.3	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned 6.6% for the month. The Eiger Australian Small Companies Fund underperformed the market and returned 6.2% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) was up 6.6% during the month. The Small Industrials increased by 6.3%, while the Small Resources increased by 7.3%. The XSO finished the quarter on a 2yr forecast P/E ratio of 18.3x which is 7.1% above its 5-year average. This valuation is a 21.5% premium to the ASX200.

The best performing sectors for the month were Retail (+18.7%), Metals & Mining - Critical Minerals (+16.1%), Healthcare (12.0%), and Media (+11.3%). The worst performing sectors were: Automotive (+1.6%), Biotechnology (+1.3%), Agricultural Products (+1.0%), and Telecommunications (-0.5%).

The best performing stocks within the XSO Index were Westgold Resources (WGX +38.9%), Sayona Mining (SYA +36.8%), City Chic (CCX 35.8%), and Adairs (ADH +30.9%). Westgold gave an operational update and affirmed guidance. Sayona gained on lithium sector strength. City Chic benefitted from the market's positive reaction to talk of involvement by investor Brett Blundy. Holiday trading period optimism supported the Adairs share price.

The worst performing stocks in the XSO index were Austal (ASB -20.2%), Betmakers Technology (BET -18.2%), OFX Group (OFX -17.2%), and BrainChip (BRN -15.4%). Austal reduced EBIT guidance by 40% weeks after previous guidance was given. Betmakers restructured it's board and management, demoting the CEO. OFX provided dissapointing Q3 results, whilst Brainchip issued a capital call with a funding partner before announcing Q4 cashflow.

Market outlook

World markets continue to be concerned about weakening growth and concerns around 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. In addition, the ability of China to supply the world with a just-in-time supply on a huge range of consumer and intermediate goods had already been impacted by high shipping costs (which have now passed their peak). In addition, this global efficiency drive may partially reverse as many countries focus on diversifying their manufacturing base. Inflationary impacts will need to unwind quickly from now to avoid an inflation/wage cost spiral.

During the first six months of this year equity markets compressed the premium valuation of growth and tech stocks. Tech stocks, which often have no earnings, have been hit particularly hard as interest rates have risen. We believe the focus of equity markets has now shifted to who can manage cost pressures and raise prices – rather than whether a company is viewed as low growth, high growth, or loss-making tech.

We remain very wary as we believe that general economic conditions continue to deteriorate. We believe that in general investors should avoid companies that are likely to need to refinance significant debt or rely heavily on debt or equity markets to fund projects, as well as those without pricing power. We are also wary, despite the apparent success of pre-Christmas sales that at some point the consumer will reduce discretionary and housing related spending.

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

Nick Bucher
Analyst

For further information, please contact:

Fidante Partners Investor Services | p: 13 51 53 | e: info@fidante.com.au | w: www.fidante.com.au