Eiger Australian Small Companies Fund

January 2024

Fund Performance[1]

Eiger Australian Small Companies Fund Performance (net of fees) as at 31 January 2024

	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)	0.8	6.4	1.0	-2.5	2.6	-	-	8.7
S&P/ASX Small Ordinaries Accumulation Index	0.9	15.8	2.1	-1.2	1.3	-	-	4.4
Active return	**-0.1**	**-9.4**	**-1.1**	**-1.3**	**1.3**	**-**	**-**	**4.3**

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund[3] (net of fees) as at 31 January 2024

	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)	0.8	6.4	1.0	-2.5	2.6	9.3	10.7	8.7
S&P/ASX Small Ordinaries Accumulation Index	0.9	15.8	2.1	-1.2	1.3	5.4	6.4	3.3
Active return	**-0.1**	**-9.4**	**-1.1**	**-1.3**	**1.3**	**3.9**	**4.3**	**5.4**

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 2024.

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 2024.

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	$379.3M
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)

- Johns Lyng Group
- Life360
- Technology One

Stock attribution (alphabetical)

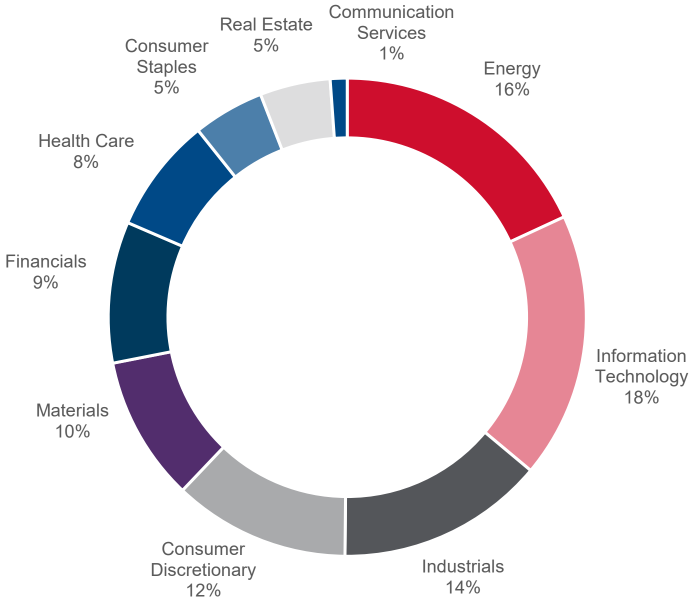
Contributors

Boss Energy	Strong uranium price
Elders	Improved rural confidence following rainfall.
Paladin Energy	Strong uranium price

Detractors

Calix	Delay in 2nd cement pilot plant
Domino's Pizza	Earnings warning
Gold Road Resources	Poor quarterly update

Asset allocation	Actual %	Range %
Security	91.3	90-100%
Cash	8.7	0-10%



4 The Performance Benchmark is the daily return of the S&P/ASX Small Ordinaries Accumulation Index.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned 0.9% for the month. The fund underperformed the market and returned 0.8% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) increased by 0.9% during the month. The Small Industrials increased by 1.9%, while the Small Resources declined by 2.0%. The XSO finished the month on a 2yr forecast P/E ratio of 18.5x which is 7.5% above its 5-year average. This valuation is a 10.9% premium to the ASX200.

The best performing sectors for the month were Agricultural Products (+10.6%), Energy (+9.2%), Financial Services (+8.5%), and Telecommunications (+7.5%). The worst performing sectors were Critical Minerals (-26.2%), Mining Services & Engineering (-10.8%), Precious Metals (-5.0%), and Industrial Technology (-4.3%).

The best performing stocks within the XSO Index were Boss Energy (BOE +38.2%), Megaport (MP1 +38.2%), Deep Yellow (DYL +33.9%) and Paladin Energy (PDN +31.5%). Boss Energy, Paladin and Deep Yellow are all uranium mines. In late December and early January, the world's largest uranium producer Kazatomprom, the Kazakh national producer, announced that uranium production in 2024 would fall. In addition, it appears that US critical materials policy has shifted to ensuring domestic and "friendly" uranium supply is preferred going forward. These events boosted the uranium price from US$91lb at year end to around US$105lb. Megaport, a data centre operator, reaffirmed guidance which was well received.

The worst performing stocks in the XSO index were Calix (CXL -50.9%), Appen (APX -48.4%), Sayona Mining (SYA -43.7%), and APM Human Services (APM -39.6%). Calix received news that its pilot cement site with Heidelberg Cement will be moved to another facility due to a closure. Appen had a contract with Google terminated. Sayona is exposed to lower lithium prices and is undertaking an operational review. APM Human Services issued a negative earnings update. 1H earnings are projected to be down 35% vs the prior period.

Market outlook

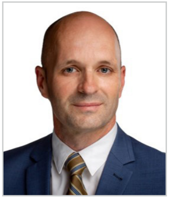
Inflation is finally moderating and could stay lower for longer after the fastest pace of interest rate increases in more than three decades. US economic growth remains strong but needs to be supported by remarkably high levels of government spending (leading to record government debt). The key indicator to watch, for any imminent US economic weakness, will be a rising unemployment rate or other signs of a weakening jobs market. Consumers will keep spending so long as they remain confident in their jobs. Chinese economic growth is still challenging and is burdened by a very indebted real estate sector populated with numerous zombie property developers. Australia continues to perform well economically, but just like the US, any emerging signs of employment weakness will be a key determinant for the economic outlook. Australia December retail sales reflected the biggest monthly decline since the pandemic lockdowns in mid-2020. We will be looking for signs that this sharp correction either reverses or becomes a trend.

Overall economic growth looks less promising and when combined with signs of moderating inflation suggest that long bond rates may have peaked, and no further rate rises will be needed. To the contrary we may see rate cuts sooner than expected. In this environment, the outlook for commodity prices including energy could be more challenging. Gold is the exception and is now comfortably above US$2000/oz. In equities, longer duration compound growth assets may be the better performers in the year ahead if we see peaking rates and a weakening growth outlook. However, this assumes that long duration growth assets can continue to grow, which implies that their growth is structural.

We anticipate growth equity stocks will benefit from this more subdued interest rate environment and provided they can continue to grow in these tougher economic times. Overall, we remain a little wary but to some extent encouraged by the more positive valuation outlook for our structural growth companies in this weakening macroeconomic environment.

Eiger Capital team

Stephen Wood
Principal and Portfolio Manager



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