Eiger Australian Small Companies Fund

May 2023

Fund Performance[1]

Eiger Australian Small Companies Fund Performance (net of fees) as at 31 May 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)	-0.9	2.1	6.3	-1.3	11.1	-	-	9.7
S&P/ASX Small Ordinaries Accumulation Index	-3.3	-1.3	-5.8	-5.2	4.5	-	-	3.4
Active return	**2.4**	**3.4**	**12.1**	**3.9**	**6.6**	**-**	**-**	**6.3**

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund[3] (net of fees) as at 31 May 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)	-0.9	2.1	6.3	-1.3	11.1	7.3	11.9	9.0
S&P/ASX Small Ordinaries Accumulation Index	-3.3	-1.3	-5.8	-5.2	4.5	2.5	6.0	2.9
Active return	**2.4**	**3.4**	**12.1**	**3.9**	**6.6**	**4.8**	**5.9**	**6.1**

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 May 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 May 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	$384.4M
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.

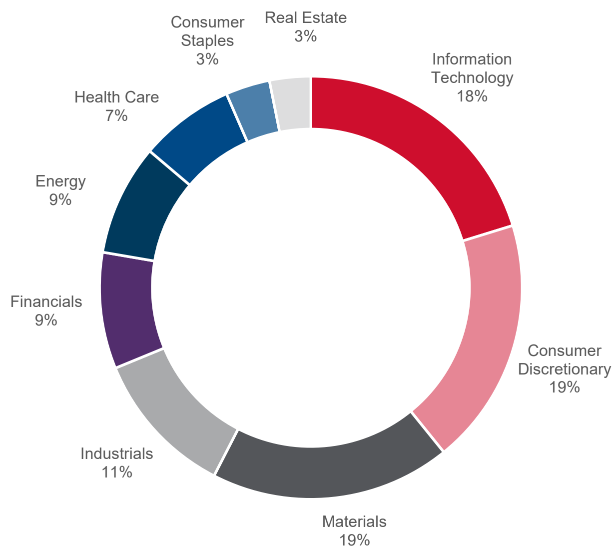
Disciplined and proven process

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)
Life360
NextDC
Technology One

Stock attribution (alphabetical)	
Contributors	
Life360	Strong quarterly update
NextDC	Expansion into NZ and Malaysia
Ryman Healthcare	Solid full year result
Detractors	
Eagers Automotive	Car import volumes delayed
Elders	Ongoing management uncertainty
IDP Education	Canada opens English testing to competition

Asset allocation	Actual %	Range %
Security	91.0	90-100%
Cash	9.0	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -3.3% for the month. The fund outperformed the market and returned -0.9% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) declined 3.3% during the month. The Small Industrials declined by 1.7%, while the Small Resources declined by 7.1%. The XSO finished the month on a 2yr forecast P/E ratio of 15.6x which is 8.7% below its 5-year average. This valuation is a 8.1% premium to the ASX200.

The best performing sectors for the month were Biotechnology (+4.3%), Industrial Technology (+4.0%), Building & Constr Products (+3.4%), and IT Products & Services (+2.8%). The worst performing sectors were Retail (-13.6%), Base & Industrial Metals (-10.9%), Automotive (-9.8%), and Precious Metals (-2.5%).

The best performing stocks within the XSO Index were Leo Lithium (LLL +69.5%), ADBRI (ABC +36.3%), Life360 (360 +34.1%), and OFX (OFX +28.4%). Leo Lithium received funding from a strategic placement from Ganfeng Lithium. ADBRI disclosed that underlying NPAT for Jan-Apr 2023 was significantly higher than the same period last year. Life360 reported a strong 1Q23 update.

The worst performing stocks in the XSO index were 29metals (29M -40.5%), Vulcan Energy (VUL -38.6%), 5E Advanced Materials (5EA -35.4%), and Accent (AX1 -30.1%). 29metals disclosed higher capex at its Capricorn Copper & Golden Grove mines. Vulcan Energy raised equity at a significant discount. The market was disappointed with 5E Advanced Materials 3Q update.

Market outlook

Headline inflation appears to be falling but it remains stubbornly 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 now weakening on concerns that the economic recovery in China has stalled. That should assist worldwide inflation. However, demand for wage increases has not declined, particularly in Govt services such as health, policing and education. Rent is also emerging as a major inflation headache. Central Banks face a choice that is unenviable. Keep raising rates and risk a deep recession or pause and discover in a few months that an inflationary cycle has become imbedded.

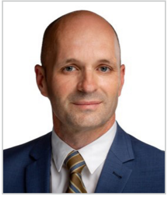
Australian consumers and businesses, already facing much higher mortgage payments and rents, continue to face ongoing increases in energy costs. The capital returns required on regulated clean energy assets seem likely to overwhelm the benefits of reduced fossil fuel prices. The Government has recently softened the A$12/GJ 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 (or break) and energy storage requires years if not decades to transition too providing most of the 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.

We remain wary as we believe that general economic conditions continue to deteriorate. 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 cost blowouts and delays in projects. We believe that the cost of completing resource projects in Australia will not decline until infrastructure spending reduces.

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
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