

Eiger Australian Small Companies Fund

November 2022

Fund Performance¹

Eiger Australian Small Companies Fund Performance (net of fees) as at 30 November 2022

	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)	2.1	4.1	-16.8	7.1	8.9	-	-	11.2
S&P/ASX Small Ordinaries Accumulation Index	4.9	-0.8	-14.0	0.9	2.6	-	-	4.6
Active return	-2.8	4.9	-2.8	6.2	6.3	-	-	6.6

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund³ (net of fees) as at 30 November 2022

	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)	2.1	4.1	-16.8	7.1	8.9	8.9	12.5	9.4
S&P/ASX Small Ordinaries Accumulation Index	4.9	-0.8	-14.0	0.9	2.6	4.4	5.9	3.2
Active return	-2.8	4.9	-2.8	6.2	6.3	4.5	6.6	6.2

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 November 2022.

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 November 2022.

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	\$376.3M
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)

Life360

Pilbara Minerals

Technology One

Stock attribution (alphabetical)

Contributors

Gold Road Resources Strong gold price

NextDC Strong market update

Technology One Strong market update

Detractors

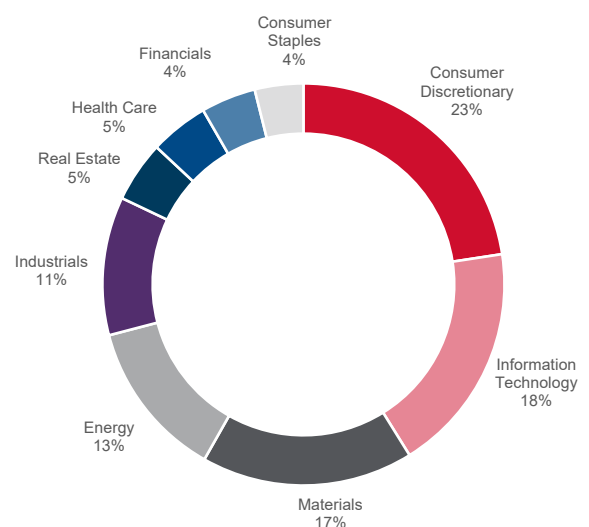
Elders CEO Retirement and peak cycle concerns

Life360 Strong in prior month

Ryman Healthcare Weaker market update

Asset allocation

Asset allocation	Actual %	Range %
Security	90.3	90-100%
Cash	9.7	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned 4.9% for the month. The Eiger Australian Small Companies Fund underperformed the market and returned 2.1% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) was up +4.9% during the month. The Small Industrials increased by +2.7%, while the Small Resources increased by +11.6%. The XSO finished the month on a 2yr forecast Price-to-Earnings (P/E) ratio of 14.7x which is -15.5% below its 5-year average. This valuation is a 1.6% discount to the ASX200.

The best performing sectors for the month were: Metals & Mining - Base & Industrial Metals (+25.7%), Metals & Mining Steel (+25.6%), Metals & Mining - Precious (+21.1%), and Industrial Technology (+13.2%). The worst performing sectors were: Agricultural Products (-6.9%), Banks (-0.7%), Media (-0.2%), and Commercial Services (0.0%).

The best performing stocks within the XSO Index were EML Payments (EML +59.3%), Arafura Rare Earths (ARU +54.2%), Bellevue Gold (BGL +48.7%), and Aurelia Metals (AMI 47.6%). EML reported easing of regulatory restrictions and provided a trading and guidance update. Arafura gave a favourable project update and announced signing of an offtake agreement. Bellevue Gold and Aurelia Metals updated the market on their project progress.

The worst performing stocks in the XSO index were City Chic (CCX -39.1%), Bravura Solutions (BVS -35.3%), Pact Group (PGH -26.1%), 5E Advanced Materials (5EA -22.6%). City Chic provided an updated outlook at its Annual General Meeting (AGM) which confirmed the market's concerns. Bravura materially lowered FY23 guidance, as did Pact. 5EA continued to show weakness off the back of the CEO's resignation in October.

Market outlook

World markets continue to be concerned about weakening growth and ever-increasing concerns around inflation. It appears to us that more and more some financial markets are struggling to function. Spreads in many credit markets have widened materially. Central banks are now in an unenviable 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) and persistent COVID lockdowns in China. Inflationary impacts will need to unwind quickly from now to avoid an inflation/wage cost spiral. Particularly as Northern Hemisphere winter power bills are about to rise significantly.

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 - 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.

Bapcor Investor Day – Presentation, retail store and warehouse visit



Eiger Capital team



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Portfolio Manager



Victor Gomes
Principal and
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