Eiger Australian Small Companies Fund

November 2024

Fund Performance[1]

Eiger Australian Small Companies Fund Performance (net of fees) as at 30 November 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)	4.1	8.2	17.3	7.2	-1.5	8.2	-	9.8
S&P/ASX Small Ordinaries Accumulation Index	1.3	7.3	19.9	7.7	-0.1	4.6	-	5.7
Active return	**2.8**	**0.9**	**-2.6**	**-0.5**	**-1.4**	**3.6**	**-**	**4.1**

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund[3] (net of fees) as at 30 November 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)	4.1	8.2	17.3	7.2	-1.5	8.2	11.4	9.1
S&P/ASX Small Ordinaries Accumulation Index	1.3	7.3	19.9	7.7	-0.1	4.6	7.7	3.9
Active return	**2.8**	**0.9**	**-2.6**	**-0.5**	**-1.4**	**3.6**	**3.7**	**5.2**

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 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, 30 November 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	$354.8M
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.

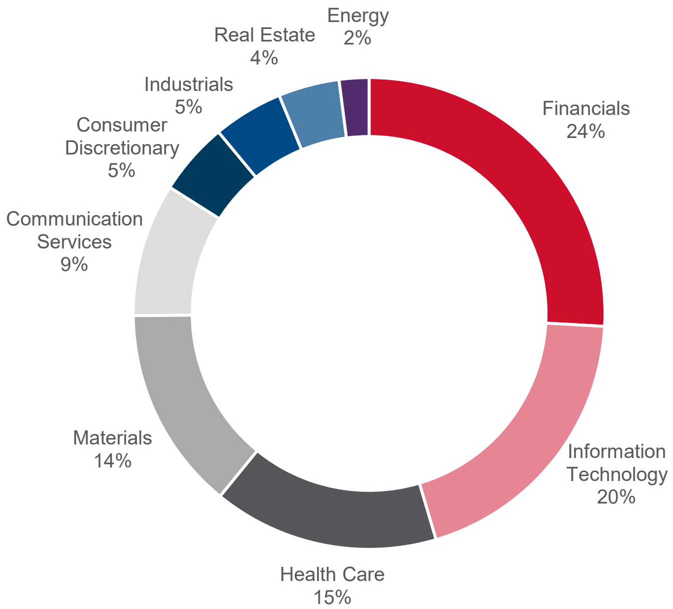
Stock attribution (alphabetical)

Contributors	
Life360	Strong quarterly
Technology One	Strong result and outlook
Telix Pharmaceuticals	Increased market share in US

Detractors	
Audinate	No news
Bellevue Gold	Weak gold price
Boss Energy	Weak uranium price

Top 3 active positions (alphabetical)
CAR
Life360
Zip Co

Asset allocation	Actual %	Range %
Security	95.6	90-100%
Cash	4.4	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 increased 1.3% for the month. The fund outperformed the market and increased 4.1% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) increased 1.3% during the month. The Small Industrials increased by 3.9%, while the Small Resources declined by 5.4%. The XSO finished the month on a 2yr forecast P/E ratio of 18.6x which is 7.6% above its 5-year average. This valuation is a 5.1% premium to the ASX200.

The best performing sectors for the month were Real Estate Management & Development (+16.8%), Healthcare (+13.0%), Banks (+8.1%) and Consumer Discretionary & Leisure (+7.3%). The worst performing sectors were Metals & Mining - Precious (-10.5%), Metals & Mining - Critical Minerals (-6.9%), Agricultural Products (-6.3%), and Energy (-4.9%).

The best performing stocks within the XSO Index were Sigma Healthcare (SIG +47.5%), Gentrack (GTK +42.0%), Vulcan Energy (VUL +37.6%) and Weebit Nano (WBT +36.0%). Sigma Healthcare received clearance from the ACCC to proceed with its merger with unlisted Chemist Warehouse. Gentrack reported a better than expected full year result to September 2024. The company also provided positive guidance for its 2025 financial year. Vulcan Energy commenced lithium hydroxide production at its downstream plant in Frankfurt and secured funding for 255MW of geothermal heat generation from a German Federal Ministry as part of its plan to produce renewable lithium. Weebit Nano released a positive Q1 activities and financial update.

The worst performing stocks in the XSO index were Resolute Mining (RSG -47.0%), Patriot Battery Metals (PMT -29.5%), ioneer (INR -27.6%), and Syrah Resources (SYR -26.7%). Resolute started the month with a reduction in production guidance for 2024. On November 10 the Government of Mali military detained the Resolute CEO on allegations of tax evasion and demanded the payment of US$160m. Sentiment toward Patriot was negatively impacted by the re-election of Donald Trump who is committed to winding back many green electrification initiatives. ioneer similarly is developing a lithium project in North America that is dependent on Inflation Reduction Act subsidies. Syrah announced that protest action at its mine in Mozambique was preventing production.

Market outlook

Post the US election, US markets rallied with the S&P 500 climbing 5.7%, the Dow Jones Industrial Average jumped 7.5% and the Nasdaq Composite closing 6.2% higher while the S&P/ASX 200 rose by a more modest 3.8%. The Russell 2000 surged more than 10% in the month, notching the biggest monthly gain in a year, as the group has the potential to benefit from Trump tax cuts. As we head closer towards a Trump presidency, news has been dominated by his cabinet nominations and early threats to instil hefty tariffs on Mexico and Canada and the BRICS nations.

The US Federal Reserve followed the 50-bps cut in September with a further 25-bps cut in November. The benchmark interest rate in the US is now 4.5% to 4.75%. A further rate cut could be delivered in the December Federal Open Market Committee ('FOMC') meeting. In most countries, inflation is now hovering close to central bank targets, paving the way for monetary easing across major central banks. Unemployment across much of the developed world is still at historical lows. While the US economy is soaring, the Eurozone appears in stark contrast where signs of economic weakness are growing.

In China, the property market remains the biggest drag to growth with the downturn worsening as new home prices fell in September at the fastest pace in almost a decade. In early November, China announced that 10 trillion yuan ($1.4 trillion) would be used to tackle local government debt through a debt swap, a clear departure from the all-out direct stimulus strategies used to revive growth in the past and potentially left more optimistic investors disappointed.

Australia remains a laggard in the global battle to beat inflation, with the IMF forecasting inflation to be higher than most foreign peers. Inflation in 2025 is forecast to jump as the energy bill subsidies expire. Investors increasingly expect the Reserve Bank of Australia ('RBA') will not start cutting interest rates until next May. Positively, local unemployment is low at 4.1% and is one of the lowest jobless rates globally. The deliberate choice by the Central Bank to not tighten as much as their global counterparts allowed them to protect these employment gains. However, if the job market remains strong, labour productivity does not improve and inflation remains persistent it will be difficult for the RBA to enact rate cuts in 2025.

Impending Trump tariffs and the risk of a full-blown trade war could impact certain stocks within our universe, and we remain mindful of these dynamics at play. In equities, we still anticipate that longer duration compound growth assets will be the better performers as rates decline (or have at least peaked in the case of Australia) and into a weakening growth outlook across several geographies. As such, we continue to hold long duration growth assets with structural growth to deliver returns.

Eiger Capital team

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