Eiger Australian Small Companies Fund

October 2023

Fund Performance[1]

Eiger Australian Small Companies Fund Performance (net of fees) as at 31 October 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)	-5.5	-5.9	-2.5	-10.2	5.2	-	-	8.3
S&P/ASX Small Ordinaries Accumulation Index	-5.5	-10.5	-5.1	-11.9	0.5	-	-	2.2
Active return	**0.0**	**4.6**	**2.6**	**1.9**	**4.7**	**-**	**-**	**6.1**

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund[3] (net of fees) as at 31 October 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)	-5.5	-5.9	-2.5	-10.2	5.2	7.6	9.8	8.3
S&P/ASX Small Ordinaries Accumulation Index	-5.5	-10.5	-5.1	-11.9	0.5	2.5	4.3	2.2
Active return	**0.0**	**4.6**	**2.6**	**1.9**	**4.7**	**5.1**	**5.5**	**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 October 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 October 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	$353.7M
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.

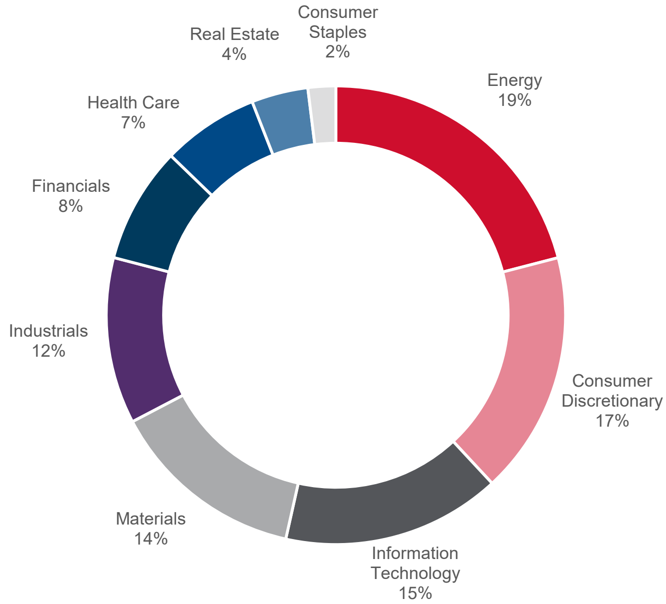
Disciplined and proven process

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	
Capricorn Metals	Higher gold price, reaffirmed guidance
Cash	Weak market
Gold Road Resources	Higher gold price, record 1Q production
Detractors	
Boss Energy	Strong in prior month
Impedimed	Resolution of difficult governance issues
Telix Pharmaceuticals	Weaker quarterly growth

Asset allocation	Actual %	Range %
Security	94.3	90-100%
Cash	5.7	0-10%



Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -5.5% for the month. The fund performed in line with the market and returned -5.5% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) decreased by 5.5% during the month. The Small Industrials decreased by 7.0%, while the Small Resources decreased by 1.0%. The XSO finished the month on a 2yr forecast P/E ratio of 15.2x which is 10.1% below its 5-year average. This valuation is a 6.3% premium to the ASX200.

The best performing sectors for the month were Precious Metals (+10.6%), Wholesale, Distribution & Manufacturing (+0.8%), Steel (-0.5%), and Agricultural Products (-0.9%). The worst performing sectors were Financial Services (-14.0%), Biotechnology (-13.7%), Critical Minerals (-13.7%), and Asset Management (-13.5%).

The best performing stocks within the XSO Index were Tietto Minerals (TIE +67.2%), Syrah Resources (SYR +30.4%), Silver Lake Resources (SLR +24.3%), and Westgold Resources (WGX +23.3%). Tietto Minerals received a non-binding takeover offer from Zhaojin Capital, its second largest shareholder. Syrah, who mine graphite in Mozambique and are looking to process this material in The USA, benefitted from an announcement that China is looking to implement export controls on natural graphite and its products. Graphite products are critical for battery manufacturing. Silver Lake benefitted from higher gold prices and solid 1Q production and reaffirmed FY24 guidance.

The worst performing stocks in the XSO index were Nanometals (NMT -41.9%), ioneer (INR -37.8%), Credit Corp (CCP -37.7%), and Tyro Payments (TYR -36.5%). Nanometals announced that it would not proceed with a vanadium recovery facility in conjunction with its Finnish partner. ioneer reported 1Q quarterly cash burn of US$16.2m and a remaining cash balance of US$36.5m. The company disclosed that it has 2.3 quarters of funding remaining at the current burn rate. Credit Corp announced a significant reduction in FY24 forecast NPAT from $90-$100m to $35-$45m following an anticipated $45m impairment.

Market outlook

The fastest pace of interest rate increases in more than three decades has moderated the worst of the recent high inflation. The jury remains out on whether the moderation is just a result of annual base effects or more fundamental. Despite the massive monetary austerity, US economic growth remains surprisingly robust perhaps due to the countervailing effects of very loose US fiscal policy i.e., “Biden omics”. On the other hand, China continues to be the sickest of the major economies, but it too has recently embarked on fiscal stimulus. Europe continues to look a little better, but signs of recession persist. Germany is especially vulnerable given its greater reliance on exports to China and vulnerability to higher energy prices. In Australia, despite the Federal Government running a small surplus State based infrastructure spending continues as a significant fiscal stimulus.

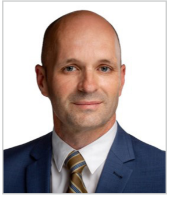
The key question is now when do rates fall, perhaps not for a while. Commodity prices remain relatively strong, especially energy and gold. However, risks are rising for commodities reliant on (weaker) Chinese growth, notably lithium.

Australian consumers and businesses continue to be surprisingly resilient. Higher interest rates are a burden for mortgage holders but a stimulus for asset owners. The latter group show little restraint in spending, making it more difficult for the RBA to manage inflation. The former also have additional pressures including other cost-of-living challenges. Decades of poor energy policy in Australia are coming home to roost with very large recent electricity and gas price increases. Strong immigration post COVID is also driving rents higher. The Australian energy market has few immediate answers to the global challenges of replacing fossil fuels (with renewables?).

Overall, we remain a little wary. A weakening China is not good for the Australian economy, suggesting higher risk for companies that have significant debt or any need to use the equity markets fund themselves. We also continue to be very selective regarding investments in the resources sector by avoiding or reducing exposures than have reliance on China stimulus or are overly exposed to new project capex inflation.

Eiger Capital team

Stephen Wood
Principal and Portfolio Manager



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