Eiger Australian Small Companies Fund

August 2024

Fund Performance[1]

Eiger Australian Small Companies Fund Performance (net of fees) as at 31 August 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)	-2.1	-0.9	2.2	5.2	-3.6	7.6	-	8.7
S&P/ASX Small Ordinaries Accumulation Index	-2.0	0.0	8.5	3.6	-2.9	3.9	-	4.6
Active return	**-0.1**	**-0.9**	**-6.3**	**1.6**	**-0.7**	**3.7**	**-**	**4.1**

Track Record of Investment Strategy

Historical performance of the investment strategy applicable to the Fund[3] (net of fees) as at 31 August 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)	-2.1	-0.9	2.2	5.2	-3.6	7.6	9.8	8.6
S&P/ASX Small Ordinaries Accumulation Index	-2.0	0.0	8.5	3.6	-2.9	3.9	5.8	3.4
Active return	**-0.1**	**-0.9**	**-6.3**	**1.6**	**-0.7**	**3.7**	**4.0**	**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, 31 August 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 August 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	$381.9M
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)

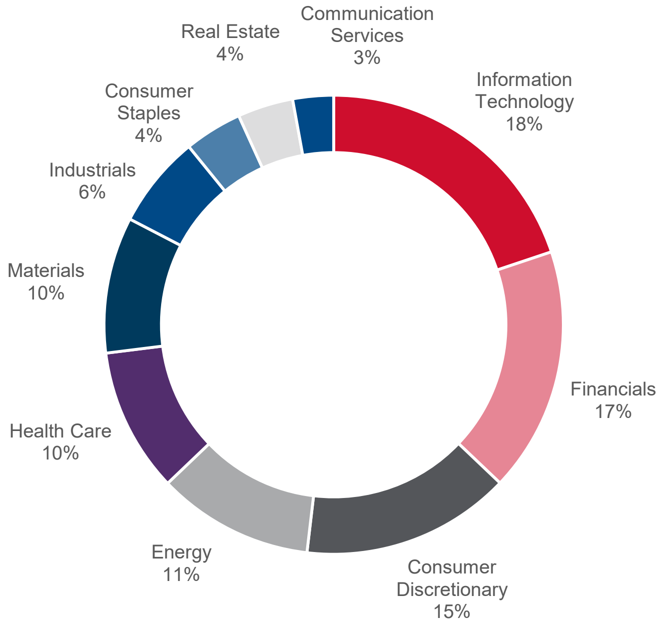
Contributors	
Life360	Strong result and upgrade to guidance
Technology One	Positive investor day
Zip Co	Strong two year outlook provided

Detractors	
Audinate	Guidance for a transitional year ahead
Johns Lyng Group	US growth disappointed
PWR Holdings	Higher capex guidance than expected

Top 3 active positions (alphabetical)

- Life360
- NextDC
- Technology One

Asset allocation	Actual %	Range %
Security	96.4	90-100%
Cash	3.6	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 declined 2.0% for the month. The fund underperformed the market and declined 2.1% over the same period.

Market overview

The S&P/ASX Small Ordinaries Index (XSO) declined 2.0% during the month. The Small Industrials declined by 1.9%, while the Small Resources declined by 2.2%. The XSO finished the month on a 2yr forecast P/E ratio of 17.2x which is 0.4% below 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 (+9.2%), Financial Services (+5.5%) and Precious Metals & Mining (+3.5%). The worst performing sectors were Consumer Discretionary & Leisure (-17.2%), Energy (-13.4%), Industrial Technology (-12.6%), and Biotechnology (-8.4%).

The best performing stocks within the XSO Index were Latin Resources (LRS +33.3%), Predictive Discovery Limited (PDI +27.8%), Zip Co (ZIP +25.7%) and Regis Healthcare (REG +22.4%). Latin Resources announced it had entered into a binding Scheme Implementation Agreement which proposes that Pilbara Minerals will acquire 100% of the Latin Resources shares at an implied 51% premium to the 10-day VWAP. Predictive Discovery rose on further speculation of M&A from Perseus Mining post the acquisition of a 13.8% stake in Predictive Discovery. ZIP, a Buy-Now Pay-Later player in the US & ANZ, delivered a positive full year result and strong FY25 guidance. Regis Healthcare, a provider of residential aged care, presented strong occupancy update and outlook at their full year results.

The worst performing stocks in the XSO index were Audinate (AD8 -36.5%), Johns Lyng (JLG -36.3%), Tabcorp (TAH -32.6%), and Kelsian (KLS -28.4%). Audinate disappointed in their market guidance for FY25 as they noted it will be a transitional year with the impact of post-Covid normalisation on sales and the transition from a hardware to a software offering. Johns Lyng missed their FY24 guidance and their outlook for FY25 appeared soft, with growth in their US business stalling in FY24. The Tabcorp result was overshadowed by a cost blowout and abandonment of FY25 strategic targets. Kelsian, a transport operator, delivered FY25 guidance that missed market expectations and guided to an unexpected capex escalation.

Market outlook

ASX stocks finished August up +0.4%, an impressive return considering the roughly 6% fall in the first week as the ASX got caught up in the global Yen carry-trade sell-off. The S&P500 finished even stronger with a 2.3 per cent gain for the month, up 18.4% so far this year.

US Federal Reserve Chair Jerome Powell continued his dovish remarks into August, stating that he has confidence in inflation progressing towards the 2 per cent objective and will now do everything to support a strong labour market. Several data points suggest a continued weakening in the US economy. Economic activity in the US manufacturing sector contracted in August for the fifth consecutive month. Further to this, recent revisions to the numbers of workers on payrolls by 818,000 for the 12 months through to March suggest US jobs growth has been far less robust than previously reported. The US Jobs Report released on 2nd of August reflected a disappointing 114,000 jobs relative to an expected 175,000 with US unemployment rising from 4.1% in June to 4.3% in July. It is important to note that US unemployment, whilst rising, is still well below average. Regardless, fears that the Fed has been too slow to respond to signs of a weakening economy have started to play out with the 125bps of rate cuts priced in by year end (prior to the US Jobs Report the market expected 75bps).

In Australia, we are lagging the disinflation dynamic apparent in global markets with trimmed mean inflation still high but falling to 3.8% for the July, well above the RBA's 2 to 3 per cent target band. While the consumer is challenged inflation drivers persist, with Government spending a large contributor. Government spending has contributed to nearly all economic growth in FY24, and stimulus is expected to ramp up in the 2H24. Given this, the RBA appears to be on hold for the remainder of 2024.

Concerns continue to mount over the trajectory of China's economy as policymakers grapple with a prolonged property sector slowdown and weak consumer and investor confidence.

It is difficult to ascertain which way markets move into the coming weeks and months given the volatile impact of high frequency data, which currently reflect a weaker outlook, although not a severe downturn. In equities, longer duration compound growth assets may be the better performers in the year ahead on peak 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.

Eiger Capital team

Stephen Wood
Principal and Portfolio Manager

Victor Gomes
Principal and Portfolio Manager

David Haddad
Principal and Portfolio Manager

Rachel Thomson
Senior Analyst

For further information, please contact:

Fidante Partners Investor Services | p: 13 51 53 | e: info@fidante.com.au | w: www.fidante.com.au

This material has been prepared by Eiger Capital Limited ABN 72 631 838 607 AFSL 516 751 (Eiger Capital), the investment manager of the Eiger Australian Small Companies Fund ARSN 631 961 398 (Fund). Fidante Partners Limited ABN 94 002 835 592 AFSL 234 668 (Fidante Partners) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com.au should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Eiger Capital and Fidante Partners have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Eiger Capital and Fidante Partners may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the Banking Act 1959 (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.