



8IP Australian Small Companies Fund

We focus on growing your wealth through core and high conviction small companies investing

The 8IP Australian Small Companies Fund (“Fund”) provides diversified exposure to Australian small companies. The Fund is managed by Eight Investment Partners Pty Limited (“8IP”).

Review and Outlook

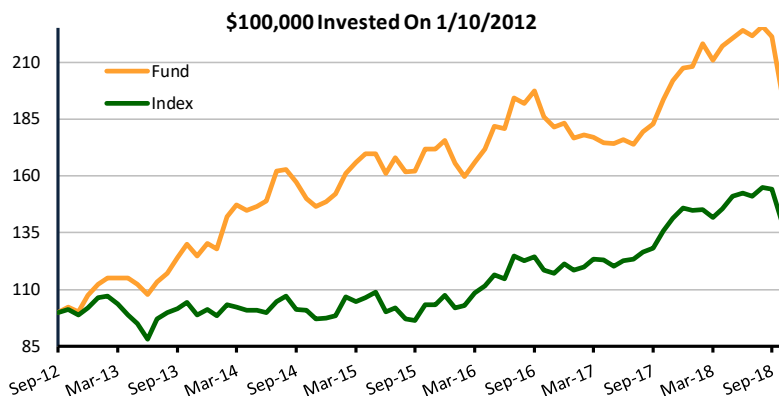
October saw global investors take a risk off approach driven by more trade war controversy and rising US interest rates.

This spilled over into Aussie small caps with the index falling by 9.6%. In this environment the Fund underperformed the index by 1.76%

Twelve stocks produced positive returns in the month with the the main contributors to performance including gold stocks *St Barbara* and *Regis Resources* buoyed by a rising gold price during this market rout. Software firm *Citadel Group* is undergoing a positive re-rating as it progressively changes its revenue model, away from traditional IT contracting and in favor of software as a service.

Detractors during the month included *Corporate Travel Management*, *Worley Parsons* and *Smart Group*.

Corporate Travel Management fell when a negative report by short-seller, VGI was released to the press late on Sunday 28th October. We completed our initial analysis of their claims that night and met with management that week. The stock fell from \$27.64 prior to the claims to \$20.05 at the end of the month. Our response has been to trim our holdings to reflect a riskier environment for the stock however we still maintain a 2.5% position on the basis that the claims were overly negative compared to our detailed assessment and the company's response. Please note that the stock has rallied +10% so far in November (13 November). *Worley Parsons* stock fell on a discounted capital raising to acquire some assets from Jacobs engineering which we see as a positive development for the firm.



	1m	3m	6m	1yr	3yr % p.a	5yr % p.a	Inception* % p.a
Fund (gross of fees)	-11.36%	-11.48%	-9.71%	1.28%	4.49%	8.57%	11.70%
Index	-9.60%	-7.67%	-4.22%	2.59%	10.54%	6.00%	5.61%
Active Return (gross of fees)	-1.76%	-3.81%	-5.49%	-1.31%	-6.05%	2.57%	6.09%
Fund (net of fees)	-11.47%	-11.79%	-10.35%	-0.10%	3.04%	6.46%	9.50%

Source: 8IP and S&P. * Inception is from the date the current team commenced managing this Fund on 1/10/2012.

Key Facts

Inception	30/11/2007 Fund commenced 1/10/2012 Current Portfolio Team
Domicile & Status	Registered Managed Investment Scheme domiciled in Australia
No of Stock Holdings	51
Liquidity	Daily
Base Currency	Australian dollars
Distributions	Paid annually, shortly after 30 June; reinvested unless otherwise instructed
Unit Prices	31 Oct 2018
Buy Price	Sell Price
\$0.9148	\$0.9075

Distributions (last 5 years)

Date	Cents per unit
30/06/2018	11.24c
30/06/2017	5.00c
30/06/2016	0.79c
30/06/2015	4.9145c
30/06/2014	-

Fund Snapshot

The Fund aims to deliver outperformance above the S&P/ASX Small Ordinaries Accumulation Index.

Diversified portfolio of equities across a range of industry sectors within the Australian small companies segment.

Between 25 and 75 holdings in undervalued companies with quality businesses and management.

Past performance is not an indicator of future performance. All returns are shown to two decimal places. Returns for periods of more than one year are annualised. Total returns include realised and unrealised gains and losses plus income and are time-weighted rates of return that adjust for external cash flows. Valuations are computed and performance reported in Australian dollars. Gross-of-fees performance returns are presented before management and performance fees but after all trading expenses. Net-of-fees performance returns are presented after management and performance fees.

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About 8IP

We are a long-term investor that seeks to benefit from changes in the fundamental value of a company over time.

We aim to identify companies characterised by:

- A market-leading multi-year competitive advantage;
- A turnaround opportunity, either within the business as a whole or within a critical element of the business; or
- A specific catalyst expected to generate short-medium term capital appreciation.

The Team



Kerry Series, Chief Investment Officer, Portfolio Manager

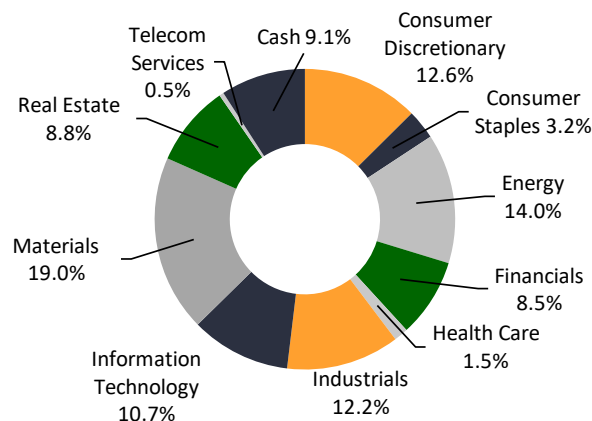
Founder of 8IP, Kerry has more than 30 years of experience in equity markets. He's previously held senior roles with AMP Capital where he was Head of Asia Pacific Equities, Investment Director at HSBC Asset Management and co-founder of Perennial Investment Partners.



Stephen Walsh, Portfolio Manager

Over more than 29 years in Australia and overseas, Stephen has held director level roles in equities research and investment banking at Macquarie, Wilson HTM and Credit Lyonnais. Stephen has also worked in senior strategy roles for LEK Consulting and Standard Chartered Bank.

Sector Allocation



Source: 8IP and Bloomberg. Please note that 8IP may reallocate stocks' sector classifications where in 8IP's view it is appropriate to do so

Fees

Total Management Costs*	1.20% p.a.
Performance Fee (inc. GST)	20% over hurdle

* Includes responsible entity, administration, custody fees and other expenses.

Top 5 Holdings

Cooper Energy	5.0%
WorleyParsons	4.9%
Smartgroup Corporation	4.2%
St Barbara	3.7%
Rural Funds Group	3.4%

Fund Identifiers

APIR	FHT0012AU
ARSN	143 454 013
Bloomberg Ticker	EIPASMC AU
Morningstar Ticker	16197

IMPORTANT INFORMATION

This report was prepared by Eight Investment Partners Pty Limited (ABN 22 139 616 783, AFSL 342 305) as promoter of the Fund. The Fund was launched as an unregistered managed investment scheme on 30 November 2007 and registered with ASIC as a retail scheme on 17 May 2010. Equity Trustees Limited (Equity Trustees) (ABN 46 004 031 298, AFSL 240 975) was appointed Responsible Entity of the Fund on 15 April 2016, replacing Fundhost Limited. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615) a publicly listed company on the Australian Stock Exchange (ASX:EQT).

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