

# 8iP Small Companies Fund

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

## FUND SNAPSHOT

The 8iP Australian Small Companies Fund ("Fund") provides diversified exposure to Australian small companies.

The Fund aims to deliver outperformance above the S&P/ASX Small Ordinaries Accumulation Index with a diversified portfolio of equities across a range of industry sectors within the Australian small companies segment.

*The Fund is rated Recommended by Lonsec Research - please contact the 8iP team for more information.*

## OUTLOOK

Sentiment in the first half of January prolonged the value shift we first reported in October 2019. But this reversed with the unfortunate advent of Coronavirus and investors refocused, from a defensive posture, on businesses with structural rather than cyclical growth. The fund returned a pleasing absolute return of +3.27% before fees in January, in line with benchmark which rose +3.38%. The fund has returned +33.39% over the last 12 months and just shy of 15% pa compound over the last three years.

Best performers in the month were City Chic Collective (CCX, +21.74%), Fineos Corp Holdings (+18.18%) and EML Payments Ltd (+15.86%). CCX had moved sideways during the value shift and recovered to recent highs ahead of reporting season. Fineos is relatively new to the market and illiquid and so somewhat prone to nervousness. This had played out in persistent weakness since September, but the stock bounced on optimism of a substantial new client. EML won several contracts over the Xmas and New Year period, including NSW Health and for the provision of welfare cards to the UK Home Office.

The most significant detractors were Cooper Energy Limited (-6.61%), Ingenia Communities Group (-3.43%) and Bellevue Gold Ltd (-12.15%). Price movements in Ingenia and BGL were of a trading nature and impacted the portfolio mainly because of weight; at the time of writing, both stocks are ahead of where they were at the beginning of January. Cooper has range-traded from the low 50's (cps) to mid-60's since mid-2016, in anticipation of its first commercial production. Full production is now anticipated in March. We are long term holders.

Our positions are not substantially changed entering February reporting season.

## PERFORMANCE

\$100,000 Invested On 1/10/2012

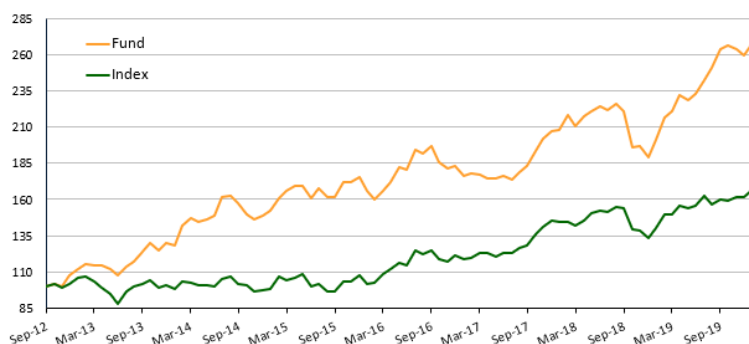


Chart Footnotes: Returns sourced from 8iP and S&P/ASX as on 31/01/2020 in Australian dollars. Fund returns are gross returns.

\*The inception date is the date that Kerry Series took responsibility for investing this Fund.

8iP Small Companies Fund vs Benchmark	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
8iP Small Companies Fund (gross of fees)	+3.27%	+0.77%	+10.60%	+33.39%	+14.93%	+11.99%	+14.37%
S&P/ASX Small Ordinaries Accumulation Index	+3.38%	+4.69%	+2.76%	+18.84%	+12.12%	+11.18%	+7.24%
Active Return (gross of fees)	-0.11%	-3.92%	+7.84%	+14.55%	+2.81%	+0.81%	+7.13%
8iP Small Companies Fund (net of fees)	+3.17%	+0.47%	+9.96%	+31.86%	+13.43%	+10.53%	+12.28%

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.

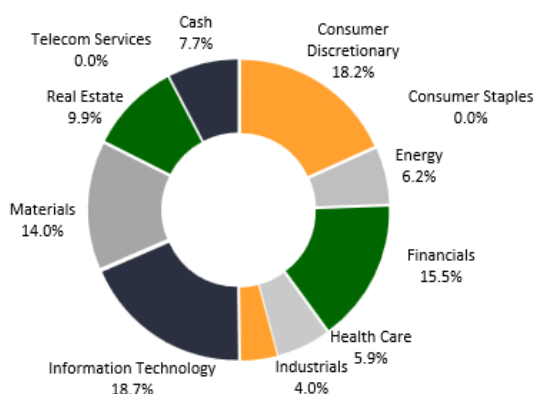
## KEY FACTS

Inception Date	Current Portfolio Team commenced 1/10/2012
No of Stock Holdings	49
Fund Size	\$11.9m
Liquidity	Daily
Benchmark	S&P/ASX Small Ordinaries Accumulation Index.
Domicile & Status	Registered Managed Investment Scheme domiciled in Australia
Base Currency	Australian dollars
Distributions	Paid annually, shortly after 30 June; reinvested unless otherwise instructed
Unit Prices at 30/11/2019	Buy Price: \$1.1243 Sell Price: \$1.1153

## DISTRIBUTIONS (LAST 5 YEARS)

Date	Cents per unit
30/06/2019	8.24c
30/06/2018	11.24c
30/06/2017	5.00c
30/06/2016	0.79c
30/06/2015	4.9145c

## SECTOR ALLOCATION



## ABOUT 8IP

8IP employs a unique stock identification philosophy. We aim to identify and invest in three types of companies as follows:

- “Stars” - Companies facing large markets and possessing a market-leading multi-year competitive advantage;
- “Turnarounds” - Fundamentally good companies where something has gone wrong, but a significant catalyst for change is in place.
- “Under-researched” - Companies whose inherent value the market has as yet failed to recognise.

## PORTFOLIO MANAGERS



**STEPHEN WALSH**

Co-Chief Investment Officer and Portfolio Manager

Over more than 30 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.



**KERRY SERIES**

Co-Chief Investment Officer

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 that grew to \$20 billion within 7 years.

## IMPORTANT INFORMATION

Equity Trustees Limited (“Equity Trustees”) (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the 8IP Small Companies Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This document has been prepared to provide you with general information only. In preparing this document, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Equity Trustees nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should consider the Product Disclosure Statement (“PDS”) before making a decision about whether to invest in this product. The PDS can be obtained by visiting [www.eqt.com.au/insto](http://www.eqt.com.au/insto) or request a copy by calling the Investment Manager Eight Investment Partners Pty Ltd on +61 2 8274 2088 or emailing them at [enquiry@8ip.com.au](mailto:enquiry@8ip.com.au). Past performance is no indication of future performance.

## TOP HOLDINGS

Top 5 Holdings	Portfolio Weight
Cooper Energy Limited	4.7%
City Chic Collective Limited	4.5%
Eclix Group Limited	4.3%
Megaport Limited	4.2%
Credit Corp Group	4.1%

Source: 8IP and Bloomberg.

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

## KEY FUND INFORMATION

Investment Manager:	Eight Investment Partners Pty Ltd (8IP)
Risk and Operations:	Sanlam Private Wealth (Pty) Ltd. ABN: 18 136 960 775
Responsible Entity:	Equity Trustees Limited ABN: 46 004 031 298 AFSL: 240975
Fund Regulator:	Australian Securities and Investments Commission
Fund Domicile:	Australia
Fund Administrator:	Mainstream Fund Services
Custodian:	JP Morgan

## FUND IDENTIFIERS

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

## FEES

Management Costs:	1.20% p.a. including GST
Performance Fee:	20% over hurdle
Minimum Investment:	\$5,000
Exit penalties:	None