

8IP Small Companies Fund

Fund Update: 30 September 2020



FUND SNAPSHOT

The 8IP Australian Small Companies Fund ("Fund") provides diversified exposure to small companies. The Fund aims to deliver outperformance above the S&P/ASX Small Ordinaries Accumulation Index with a diversified portfolio of equities within the Australian small companies segment.

Since inception* in October 2012, the fund has delivered outperformance of +5.97% pa (net).

The Fund is rated Investment Grade by Lonsec Research - please contact 8IP for more information.

COMMENTARY

With the US election looming, September was a nervous month. The fund returned -2.27% net of fees in September, better than benchmark by +55bps.

Top performers this month were Chalice (CHN, +64.1%), Sealink (SLK, +16.8%) and Redcape (RDC, +13.9%).

Chalice has been a relatively recent investment for the Fund. Its price leapt in September after release of more information about its exceptional Platinum Group Metals discovery. Metallurgical test results indicated that conventional flotation techniques are possible and that there were no impurities found. Furthermore, potential drilling targets have been identified 6.5kms north of the existing deposit. Since month's end further positive drilling results have pushed the share price higher again and we remain invested.

Sealink's strong August performance continued into September. A contract

PERFORMANCE

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

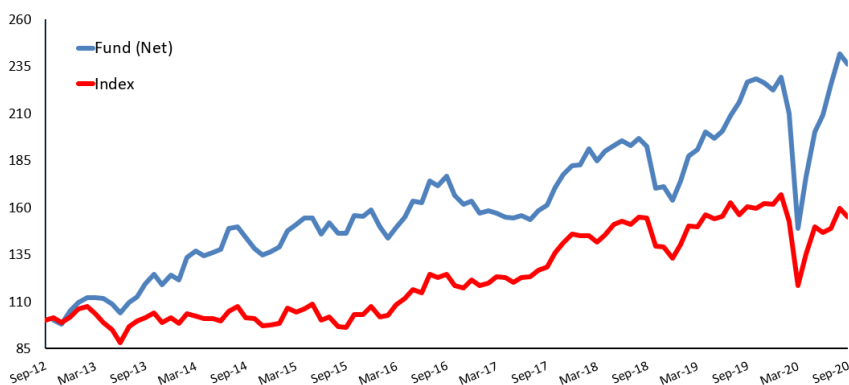


Chart Footnotes: Returns sourced from 8IP and S&P/ASX as on 30/09/2020 in Australian dollars. Fund returns are gross returns.
*The inception date is the date that current management took responsibility for investing this Fund.

KEY FACTS

Inception Date	Current Portfolio Team commenced 1/10/2012
No of Stock Holdings	65
Fund Size	\$12.5m
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 30/09/2020	Buy Price: \$1.0914 Sell Price: \$1.0871

DISTRIBUTIONS (LAST 5 YEARS)

Date	Cents per unit
30/06/2020	5.77c
30/06/2019	9.38c
30/06/2018	11.24c
30/06/2017	5.00c
30/06/2016	0.79c

8IP Small Companies Fund vs Benchmark	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
8IP Small Companies Fund (net of fees)	-2.27%	+12.84%	+58.60%	+4.10%	+13.54%	+10.00%	+11.60%
S&P/ASX Small Ordinaries Accumulation Index	-2.82%	+5.67%	+30.93%	-3.33%	+6.53%	+9.97%	+5.63%
Active Return (net of fees)	+0.55%	+7.17%	+27.67%	+7.43%	+7.01%	+0.03%	+5.97%

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.

win in Singapore reconfirms the company's position as a market leader in its key Australasian geographies. We understand that the company's reliability throughout the pandemic was an important factor in this outcome, and believe the business is well placed to execute further contract wins. Redcape had a record-breaking quarter of trading and resumed paying quarterly dividends. The Hotel Group operates only in NSW and Queensland and we believe the stock remains attractive, trading at below replacement value and currently yielding over 8%.

Underperformers were Splitit (SPT, -26.3%), EML Payments (EML, -16.4%) and Viva Leisure (VVA, -16.0%). Splitit traded down in-line with other BNPL providers following an extremely strong period of performance. While Paypal entering the market was negative for share prices, we do not think that they will act as a direct competitor to SPT.

EML has traded sideways since its full-year result. Near term headwinds in their gift cards business are being offset by strong growth in the Group's residual payment technology segments. The stock fell -16% in September but has rebounded +15% as of publishing. While we recognize the shorter term issues, we view the stock as an inexpensive way to gain exposure to fast growing payment technology space, where EML generates growing revenue and profit.

All three of these stocks are currently trading at prices well-above month-end levels.

OUTLOOK

Since the recovery began in March, two factors have influenced its trajectory; excessive liquidity and gradual reopening for business. Both are now entrenched and understood.

We think markets are waiting for the next phase. Excess savings are very high and employment rates are better than predicted, meaning the potential for a "mini economic boom" in calendar year 2021 is good. But

we still have hurdles to jump; the US election and northern winter have to be endured; and the vaccine/ therapy has to be found. Our response has been to increase our weighting towards selected cyclicals, decreased gold, and maintain our overweight in structural "growth" stocks.

My thanks to our investors for your continued support; feedback and/or comments are always welcome.

Stephen Walsh
Chief Investment Officer

TOP HOLDINGS

Top 5 Holdings

Credit Corp Group

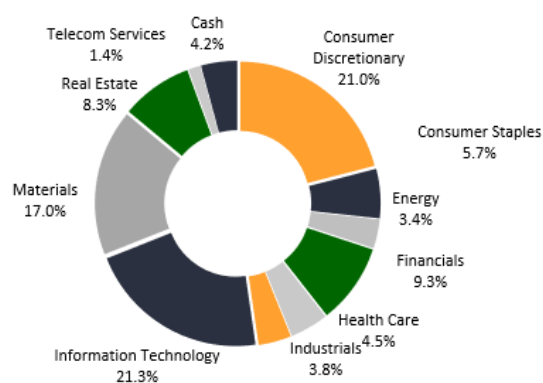
Fineos Corp

IDP Education Limited

Sealink Travel Group Ltd

Splitit Payments Ltd

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.

HISTORICAL FUND RETURNS

Monthly Returns (Gross)	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	1 Year Return (Gross)	1 Year Return (Net)	1 Year Return (Index)
2012										2.11%	-1.77%	7.24%	7.56%	7.26%	2.04%
2013	4.47%	2.44%	-0.13%	0.02%	-2.42%	-3.84%	5.17%	3.16%	5.84%	4.92%	-4.16%	4.47%	21.01%	17.85%	-0.76%
2014	-1.66%	10.98%	3.58%	-1.71%	1.38%	1.67%	8.63%	0.48%	-3.39%	-4.51%	-2.33%	1.36%	14.16%	10.00%	-3.81%
2015	2.37%	5.81%	3.02%	2.31%	-0.06%	-5.02%	4.22%	-3.59%	0.08%	6.18%	-0.08%	2.12%	18.07%	16.31%	10.15%
2016	-5.59%	-3.64%	3.88%	3.64%	5.83%	-0.55%	7.32%	-1.25%	2.88%	-5.67%	-2.49%	0.93%	4.35%	2.95%	13.18%
2017	-3.59%	0.76%	-0.47%	-1.34%	-0.30%	1.01%	-1.25%	3.16%	2.09%	5.84%	4.22%	2.76%	13.24%	11.63%	20.02%
2018	0.32%	4.75%	-3.25%	3.02%	1.59%	1.52%	-1.10%	1.94%	-2.04%	-11.36%	0.53%	-4.17%	-8.90%	-10.14%	-8.67%
2019	6.34%	7.69%	1.96%	5.02%	-1.48%	1.92%	4.16%	3.63%	5.07%	0.81%	-0.75%	-1.68%	37.37%	35.79%	21.36%
2020	3.27%	-8.34%	-29.02%	18.52%	13.65%	4.61%	7.79%	7.31%	-2.08%				+7.22%	+6.16%	-3.33%

**STEPHEN WALSH****Chief Investment Officer**

With over 30 years' experience, Stephen has held director level roles in equities research and investment banking in Australia and overseas.

He was Banks Analyst at Macquarie (2000-2004), Head of Research at Wilson HTM (2005-2011), and Head of Asia (ex-Japan) Consumer Research at Credit Lyonnais (1996-2000).

Previously, he worked in senior strategy roles for LEK Consulting and Standard Chartered Bank.

ABOUT 8IP

8IP is a boutique investment group with offices in Sydney and Brisbane. Our senior staff have decades of experience in small cap investing. We employ a unique philosophy combining insights from our experience and academia to select between 40-60 stocks for the 8IP Australian Small Cap Fund, which is our flagship product. The objective of the fund is to deliver positive investment returns of at least 5% above benchmark over a rolling 5-year period.

For more information about our team and products, please visit

www.8ip.com.au

KEY FUND INFORMATION

Investment Manager: Eight Investment Partners Pty Ltd (8IP)

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

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 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. Past performance is no indication of future performance.