



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: January 2021

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	65
FUND SIZE	\$15.0m
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 June; reinvested unless otherwise instructed
UNIT PRICES AT 31/01/2021	Buy Price: \$1.2207 Sell Price: \$1.2109

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 +5.60% p.a. (net).

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

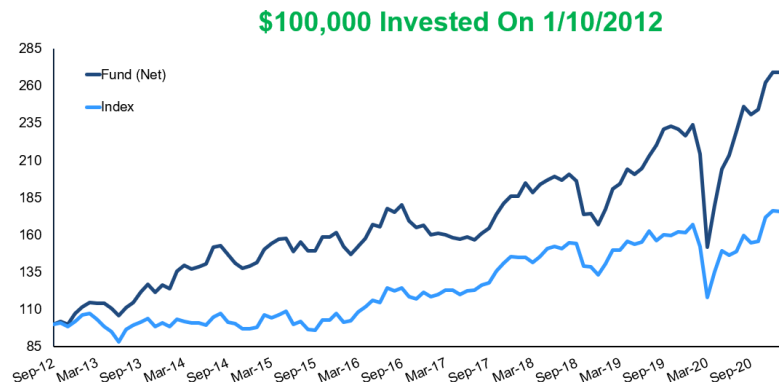
COMMENTARY

Markets see-sawed in January. There was significant negative volatility in the last few days and US markets fell by more than 5%. Our net-of-fees return was +0.01%, above the index at -0.25%.

Best performers over the month were Lynas (LYC, +21.32%), Breville (BRG, +14.21%) and ARB (ARB, +14.12%). Lynas's run over the last few months has been underpinned by strength in the underlying commodity price driven by recovery in Chinese demand. Its announcement of a contract win from the US Government to build a Light Rare Earths separation plant appears confirmatory of LYC's expertise within its space, and its strategic significance as the only major producer of Rare Earths outside of China.

Breville moved to an all-time high during the month. The business is exceptionally well-managed, with a clear global strategy and substantial medium-term opportunity. The strength of the AUD is likely to have proven something of a headwind in recent months.

PERFORMANCE



Note: Returns sourced from 8IP and S&P/ASX as on 31/01/2021 in Australian dollars. Fund returns are net returns.

*The inception date is the date that current management 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 (net of fees)	+0.01%	+10.34%	+17.18%	+15.07%	+13.08%	+12.03%	+12.61%
S&P/ASX Small Ordinaries Accumulation Index	-0.25%	+13.03%	+18.33%	+5.38%	+6.68%	+11.56%	+7.01%
Active Return (net of fees)	+0.26%	-2.68%	-1.15%	+9.70%	+6.40%	+0.47%	+5.60%

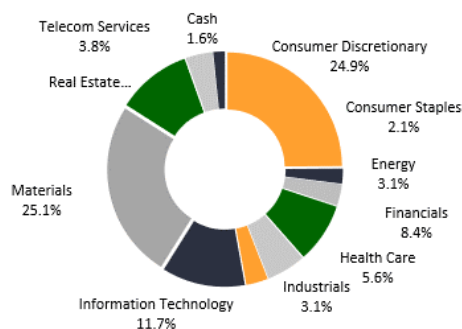
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance.

TOP HOLDINGS

Top 5 Holdings

Chalice Gold Mines
Credit Corp Group
Sealink Travel Group Ltd
Lynas Corporation Limited
Codan 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.

But this will be countered, at least to a degree in 2021 by the anticipated strength of the local housing market, with some commentators looking for strong double digit house price increases this year. If this occurs, housing turnover will shift to a higher gear, and Breville should benefit from an extension to the recent sharper growth rate of consumer spending on household goods.

ARB's earnings announcement represented a significant beat to consensus estimates as the company saw good sales on the back of a boom in domestic road travel and cost savings made during Covid remained in place. The business is a leader in its field and has demonstrated a capacity to generate earnings growth over the long term.

Our worst performers this month were Cooper Energy (COE, -16.28%), Nanosonics (NAN, -14.87%), and Ramelius (RMS, -9.12%). Cooper's progression to gas producer has been marred by a plant issue which is yet to be rectified. We have been tracking daily production numbers from its South Australia facility, and these have been very volatile, but to date we have retained a smaller position, anticipating that production should improve. Ramelius's price fell as did other Australian gold stocks. Likely, a stronger AUD precipitated these declines. We note that Australian miners appear oversold vs the underlying gold price, however, and note the cash generation producers should exhibit over the coming months. Nanosonics sold down having risen by more than 20% to an all-time high in the previous month.

OUTLOOK

Our portfolio was largely unchanged during the month. We continue to expect to see economies continuously reopening, with markets fuelled by very loose monetary and fiscal policy. We continue to be biased to cyclical sectors and to the extent we have shifted positioning, it has been in favour of companies fitting our philosophy which should benefit from emerging and strengthening tailwinds.

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

Stephen Walsh

Chief Investment Officer

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, Head of Research at Wilson HTM, and Head of Asia (ex-Japan) Consumer Research at WI Carr / Credit Lyonnais.

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

KEY FUND INFORMATION

Investment Manager: Eight Investment Partners Pty Ltd (8IP)
Responsible Entity: Equity Trustees Limited
ABN: 46 004 031 298
AFSL: 240975

FUND IDENTIFIERS

ARSN: 143 454 013

FEES

Management Costs: 1.20% p.a. including GST
Performance Fee: 20% over hurdle
Minimum Investment: \$5,000



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

IMPORTANT INFORMATION

Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 | AFSL 240975, is the Responsible Entity for the 8IP Small Companies Fund (the 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: EOT). This document has been prepared by Eight Investment Partners Pty Ltd ("8IP") ABN 22 139 616 783 | AFSL 342305, the investment manager for the Fund, to provide you with general information only. In preparing this document, 8IP 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 8IP, Equity Trustees nor any of their related parties, their employees or directors, provide any 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 8IP on +61 (7) 3184 9118 or emailing them at enquiry@8ip.com.au.