



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: February 2021

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	63
FUND SIZE	\$15.5m
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 June; reinvested unless otherwise instructed
UNIT PRICES AT 26/02/2021	Buy Price: \$1.2553 Sell Price: \$1.2453

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).

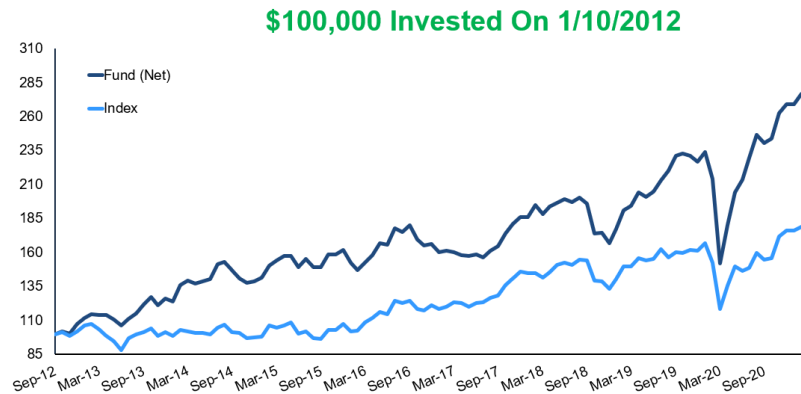
The Fund is rated Investment Grade by Lonsec Research - please contact 8IP for more information.

COMMENTARY

The fund returned +2.84% in February, outperforming the Small Ords index by +1.29%. This was a pleasing result for reporting season.

Top performers during the month were Sealink (SLK; +32.6%), Lynas (LYC; +29.4%), and Codan (+26.5%). Sealink's exceptional result came off the back of a positive rebasing of prices in the Adelaide market, in which SLK has a high share of public bus contract, combined with stronger than expected performance from the domestic tourism segment. The stock has continued to rise since the end of February, which we attribute to an exceptional management team and the potential for expansion into new markets. Lynas's strong run continued throughout February; we accumulated most of our position in last year's capital raise, believing (1) that the raise itself constituted a major de-risking event; (2) that the NdPr price would benefit from the EV trend; and (3) that US/China

PERFORMANCE



Note: Returns sourced from 8IP and S&P/ASX as on 26/02/2021 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)	+2.84%	+5.55%	+12.40%	+29.26%	+12.42%	+13.53%	+12.87%
S&P/ASX Small Ordinaries Accumulation Index	+1.55%	+4.08%	+12.05%	+17.18%	+7.21%	+11.70%	+7.14%
Active Return (net of fees)	+1.29%	+1.47%	+0.35%	+12.08%	+5.21%	+1.83%	+5.72%

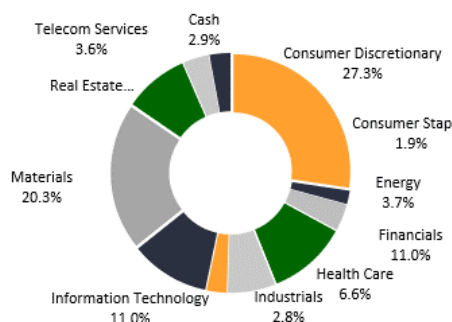
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance.

TOP HOLDINGS

Top 5 Holdings (Alphabetical)

Breville Group Limited
 City Chic Collective Limited
 Codan Ltd
 Credit Corp Group
 Sealink Travel Group Ltd

SECTOR ALLOCATION



Source: 8IP and Bloomberg.

Please note that 8IP may reallocate sector classifications where we believe it appropriate.

tensions could be elevated as the global economy transitioned out of the pandemic. All three of these factors have played a part in driving LYC's price to current levels; we took some profit above \$6 but remain invested. Codan's strong result was across its 2 core segments. The metal detection business continues to take market share, and the radio communication order book is strong. A strategic acquisition expanded its radio communications product offering and is immediately EPS accretive.

Underperformers were NRW (NWH; -29.7%), Bellevue Gold (BGL; -27%), and Ramelius (RMS; -16.4%). NRW's result underwhelmed as regards the margins in their Mining and Civil businesses. Into the half, NRW had several short duration contracts in the Pilbara. FIFO workers are generally less willing to take on short contracts than longer ones, and general labour shortages in WA therefore hit particularly hard; NWH absorbed very high costs over the half to deliver work on time. This was not especially well explained in management's initial presentations, and the share price reaction is evidence that prevailing labour-market conditions had been inadequately flagged to investors. Nevertheless, the second half should see improvement in both conditions and NRW's mix of work, and we purchased more stock in the low \$2s. Bellevue's stock also fell following poor communication by management. An initial feasibility study of was based on estimates of mine life, size and grades which were, in effect, out-dated. Management will release a second study shortly, which we expect to incorporate updated data. Generally, gold stocks suffered in February; we increased our weight in some, judging that macroeconomic conditions and especially inflation fears may well see gold rise after what has now been a substantial pull-back. The sector has rallied at time of writing.

OUTLOOK

The macro story is becoming more complex. On one hand, the inevitable reduction and eventual withdrawal of monetary support by central banks represents a risk to valuations; on the other, consumer spending power bolstered by stimulus and savings rates combined are supportive of earnings. There remains a wide divergence between the valuations of tech-stocks and "old world" sectors like banks and oil. Assuming an incremental economic recovery on the back of vaccines, this should normalise over the coming year.

We maintain our core holdings but are adjusting our portfolio for exposure to major themes. It is our view that, even if less so than in the first half of last calendar-year, this remains a highly macro-driven market.

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.