



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: April 2021

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	55
FUND SIZE	\$16.8m
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 30/04/2021	Buy Price: \$1.3120 Sell Price: \$1.3016

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 +5.48% p.a. (net).

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

Commentary

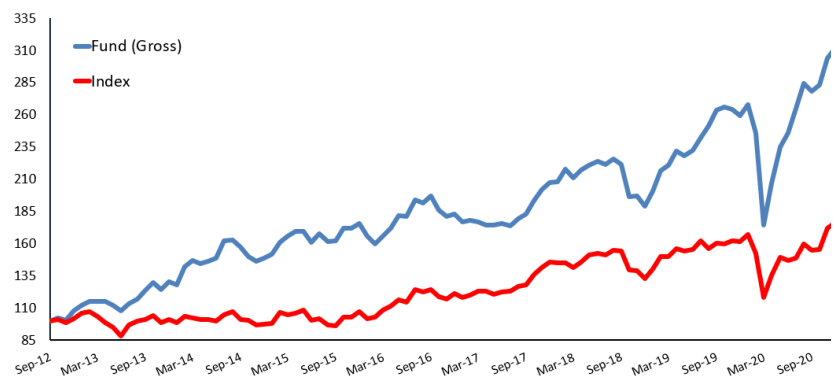
The fund returned +5.07% net over the month, in line with the benchmark in a strong month.

Our best performers were Chalice (CHN; +50.0%), Universal Store (UNI; +19.4%), and Codan (CDA (+19.3%). CHN continues to perform as the market grows more confident in the quality of its deposits. Recent drilling successes continue to add to the scope of the discovery, expanding both the strike and dip extent of deposits. We expect a maiden resource to be announced later this year.

UNI released a strong update, indicating comparative sales growth over the March quarter at +37.3%. UNI are excellent retailers with a solid roll-out plan and proven ability to optimise store inventory and layout to increase sales over time. We expect that they should be able to capitalise well in an environment of excess savings and a reopening domestic economy.

PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 30/04/2021 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 - %)	+5.07%	+7.49%	+18.61%	+60.98%	+14.31%	+12.89%	+13.18%
S&P/ASX Small Ordinaries Accumulation Index (%)	+4.98%	+7.44%	+21.44%	+39.78%	+9.10%	+11.10%	+7.71%
Active Return (net of fees - %)	+0.09%	+0.05%	-2.83%	+21.20%	+5.20%	+1.79%	+5.48%

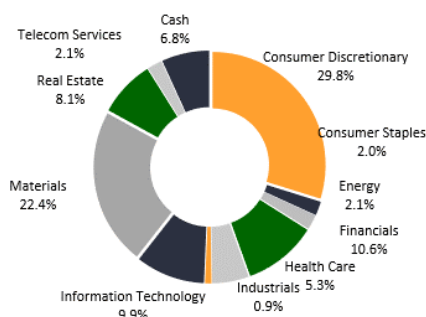
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance.

TOP HOLDINGS

Top 5 Holdings (Alphabetical)

Chalice Mining Ltd
 City Chic Collective
 Codan Ltd
 Ramelius Resources
 Virgin Money UK PLC

SECTOR ALLOCATION



Source: 8IP and Bloomberg.

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

CDA's acquisition of Zetron adds to its critical communications capabilities. Zetron, of which a senior CDA executive is a former employee, adds significant technological capability to CDA's existing suite of products. The acquisition fits CDA's stated goal to become an end-to-end provider of communications solutions, for which the addressable market is US\$1bn growing at 9% annually.

Key underperformers were Credit Corp (CCP -9.0%), Lynas (LYC; -8.0%), and Maca (MLD -15.5%). While CCP in April maintained full year earnings guidance, Purchased Debt Ledger volumes in its major markets remain below pre-covid levels. We believe the update contained early indications of volumes improving, however, and that they should normalise with time. As that occurs, we expect CCP's management to capitalise on opportunities internationally to purchase PDLs cheaply - employing the acumen they have demonstrated in Australia.

LYC saw some delays in shipments over the quarter, meaning cash conversion of material produced was delayed into the 4th quarter. However, it was likely its exclusion from the Small Ords Index which catalysed a sell-off on an otherwise solid result. We held on to

our position and the stock has rebounded at time of writing.

Outlook

The path out of the pandemic remains difficult, with unforeseen risks including that populations might refuse to be vaccinated at sufficient rates to achieve herd immunity. The massive outbreak in India and associated uncertainties show that any hopes for a smooth economic reopening were ill-founded. Inflationary threats were deemed merely "transitory" by a dovish Fed, even as commodity prices rose sharply.

Against this backdrop, the market ran hot into the end of April. The US market is trading at historically expensive multiples, and much of the Australian market is doing so as well. In such circumstances, our belief is that finding businesses which can produce earnings growth ahead of market expectations is key to success.

Stephen Walsh

Chief Investment Officer

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

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.



EIGHT INVESTMENT PARTNERS

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: EQT). 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.