



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: June 2021

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	62
FUND SIZE	\$17.7m
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 30/06/2021	Buy Price: \$1.3427 Sell Price: \$1.3321

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 an annualized return of +13.22%, and outperformance of +5.26% p.a. (net).

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

Commentary

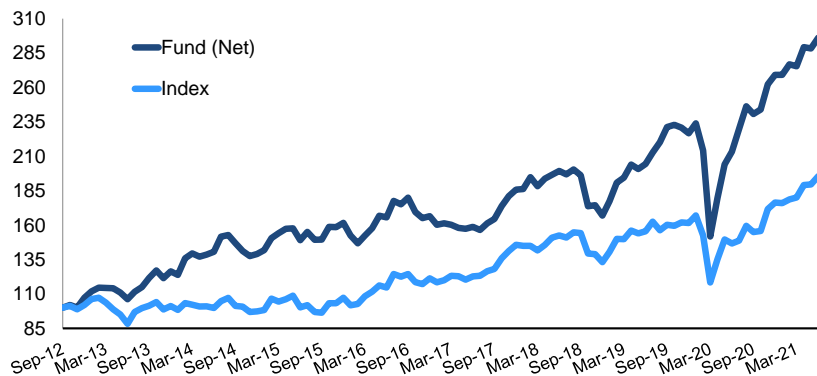
The Fund returned +2.71% net, slightly off the index at +3.08%. Return for the financial year 20-21 was +38.83% after fees, +5.60% ahead of the benchmark.

Our best performers over the month were Pro Medicus (PME; +27.4%), City Chic (CCX; +17.1%) and Megaport (MP1; +23.0%). PME announced a research collaboration with the Mayo Clinic as part of a plan to accelerate the commercialisation of the Visage Platform's AI capability. This strong endorsement follows a string of contract announcements and the initiation of a share buyback scheme.

MP1's investor briefing in relation to its MVE platform was well-received. The technology's initial SD-Wan application will extend the addressable market of the

PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 30/06/2021 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 - %)	+2.71%	+7.53%	+10.02%	+38.83%	+14.10%	+12.32%	+13.22%
S&P/ASX Small Ordinaries Accumulation Index (%)	+3.08%	+8.50%	+10.76%	+33.23%	+8.60%	+11.24%	+7.96%
Active Return (net of fees - %)	-0.37%	-0.97%	-0.74%	+5.60%	+5.50%	+1.09%	+5.26%

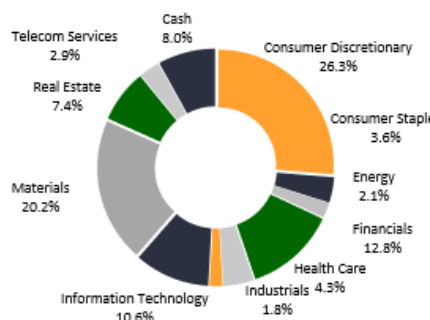
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance.

TOP HOLDINGS

Top 5 Holdings (Alphabetical)

Chalice Mining Ltd
 City Chic Collective
 Corp Travel Limited
 Uniti Group Ltd
 Virgin Money UK PLC

SECTOR ALLOCATION



Source: 8IP and Bloomberg.

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

business, enabling virtual access to the Megaport Ecosystem.

Worst over the month were Chalice (CHN; -15.5%), Ramelius (RMS; -13.7%), and Cyprium (CYM; -26.5%). While volatile over the latter period of FY21, Chalice has risen more than six-fold over the period. We anticipate further drilling results in coming months.

Outlook

Key factors in the last six months of the year include the delta variant / vaccine tug-of-war, interest rates and inflation, and, assuming the best case in relation to coronavirus, the question of economic growth coming out of lockdowns.

No one can accurately predict what will happen in relation to the virus. The direction of travel appears well-established, i.e. increasing vaccination numbers punctuated by breakouts and intermittent lockdowns.

With 10-year US Treasuries at sub-1.4%, it appears the market is beginning to buy Central Bank rhetoric that inflationary pressures are transient, or at least buying that Central Bank policy might lead to that outcome. Philip Lowe's observation that international border

closures have caused "a step-up in wages for some occupations" (emphasis added) tracks with our experience, in particular with mining services businesses. However, in Australia at least, nominal wage increases have not yet followed the increased employment rate and vacancies. Our core long term thesis that this is a world of chronic oversupply (and hence one in which inflation is unlikely to be a long term problem) may be back in vogue faster than anticipated.

Looking forward, we are mindful that the last 18 months have not seen a pause in innovation – in fact, in some cases innovation has accelerated. Today, Tesla produces the "world's fastest car", Apple produces "health tech", and Amazon added 35 million cubic feet of fulfilment centre space in 2020 in the US alone. In our own portfolio are multiple examples of businesses that used the year to meaningfully accelerate development of technology in order to meet new levels and sources of demand.

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.



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.