



# 8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: November 2021

## KEY FACTS

<b>INCEPTION DATE</b>	Current Portfolio Team commenced 1/10/2012
<b>NO OF STOCK HOLDINGS</b>	56
<b>LIQUIDITY</b>	Daily
<b>BENCHMARK</b>	S&P/ASX Small Ordinaries Accumulation Index.
<b>DOMICILE &amp; STATUS</b>	Registered Managed. Investment Scheme domiciled in Australia
<b>BASE CURRENCY</b>	Australian dollars
<b>DISTRIBUTIONS</b>	Paid annually, shortly after June; reinvested unless otherwise instructed
<b>UNIT PRICES AT 31/11/2021</b>	Buy Price: \$1.2573 Sell Price: \$1.2473

## 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 +13.52%, and outperformance of +5.47% p.a. (net). Over the last three years, the fund has delivered annualized performance of +22.38%, outperforming by +8.84% p.a. (net).**

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

## Commentary

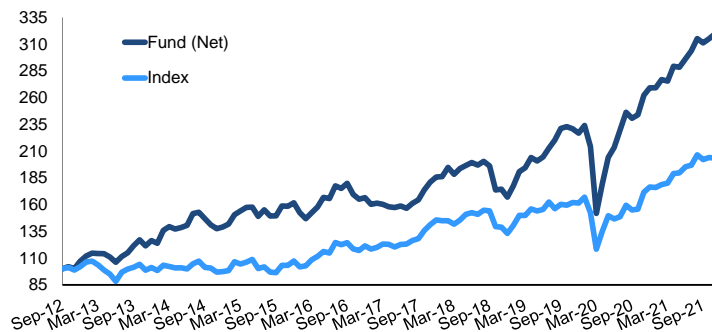
The fund returned +1.44% post-fees in November, +1.75% against the index. Calendar year-to-date performance sits at +18.78% (net) +3.51% against the index.

Chalice Mining (CHN) experienced a strong month +49.50% seeing the Maiden Resource Estimate released. It was well received confirming its potential to be commercially developed. The estimate included an open pit design incorporating 330mt of resource. The resource continues to grow and there are still over 100 assays yet to be received for both extensional and infill drill holes. The company also successfully demerged its gold mining exploration assets in Victoria into Falcon Mining.

Pro-Medicus (PME) rose +17.27% on a strong outlook presented to the Annual General Meeting. They stated that they are ahead of budget and that client volumes are now above pre-covid levels. To some extent

## PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 31/11/2021 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 - %)	1.44%	1.43%	10.88%	21.90%	22.38%	14.13%	13.52%
S&P/ASX Small Ordinaries Accumulation Index (%)	-0.31%	-1.54%	7.27%	18.44%	13.54%	11.65%	8.05%
Active Return (net of fees - %)	1.75%	2.97%	3.62%	3.46%	8.84%	2.48%	5.47%

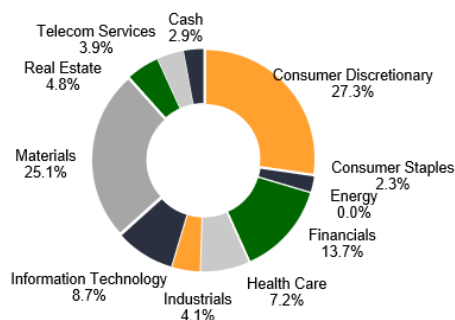
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance. Returns for periods of one year or more are annualised.

## TOP HOLDINGS

### Top 5 Holdings (Alphabetical)

Chalice Mining  
City Chic Collective  
Hub24  
Life360Inc  
Pro Medicus

## SECTOR ALLOCATION



Source: 8IP and Bloomberg.

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

the share price rally may have retraced some weakness in September and October.

Lynas Corporation (LYC) +21.01% is one of the largest producers of Rare Earth elements outside of China, which is an increasingly strategic industry. Demand for these products is rising as the demand for EVs and Wind Turbines increases. Rare Earths are used in making efficient magnets for electric motors. Lynas is building more value adding processing and the prices for Rare Earths rose sharply in November.

Bellevue Gold (BGL) fell -7.56% during the month on no noteworthy news. The company completed its debt funding requirement. The most logical reason for the weakness was the gold price volatility which rose and fell sharply during the period.

Veem (VEE) fell -18.39% during November after the business encountered supply-chain related cost inflation over the 1H22. More impactful on first-half earnings, however, were manufacturing issues and an underwhelming result in Gyro sales following a very strong FY21. We understand that the former issues have been rectified with processes implemented to prevent recurrence. On Gyro sales we remain constructive on VEE's long term prospects.

Atomos (AMS) fell -20.00% during November. Business momentum remains strong, albeit likely somewhat impacted by supply chains. The company's guidance at the midpoint is above consensus expectations for FY22. Share price performance over the month was impacted by ostensible management changes, and a sell down post the AGM update. Having followed the company closely for a number of years, none of this was a surprise.

## Outlook

Last month I started this section saying "The macro environment has flipped several times this year, alternately favouring value and growth style investing. In the face of this relative unpredictability, we have maintained a balanced stance. As we close the year, and move ever closer to normalisation post-Covid, our sense is that markets are moving to favour growth again." In the first two weeks of December, the first sentence has been proved right, the second remains the case, and the third was completely wrong thanks to Omicron. At its worst, our benchmark was down 7.1% from the mid-November peak, though is only now down just over 1% month to date. The episode clearly demonstrates how much scope for volatility still exists almost 2 years into the pandemic.

Ex the pandemic, which we think is inevitably falling away as an influence on markets, the biggest issues are inflation and corporate earnings. Recent US earnings – which drive the world's outlook – have been strong. We think inflation is transient. We fully expect interest rates to rise, and sensitivity about inflation to continue to breed short term volatility – but in the end we think earnings growth from growth companies will make up for any valuation penalty.

Thank you to all our investors – we are sincerely grateful for your investment with us. Best wishes for the holiday season, Here's hoping for a somewhat more normal 2022!

**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](http://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](http://www.eqt.com.au/insto) or request a copy by calling the Investment Manager 8IP on 07 3155 6509 or emailing them at [enquiry@8ip.com.au](mailto:enquiry@8ip.com.au). 8IP Small Companies Fund's Target Market Determination is available here at <https://www.8ip.com.au/australian-small-companies-fund/>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed."