



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: January 2022

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	58
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 31/01/2022	Buy Price: \$1.1273 Sell Price: \$1.1217

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 +11.98%. Over the last three years, the fund has delivered annualized performance of +17.46%, outperforming by +7.33% p.a. (net).

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

Commentary

The fund returned -10.23% post fees in January against the benchmark which lost -9.00%. Since inception the fund as delivered net outperformance of +5.00% per annum.

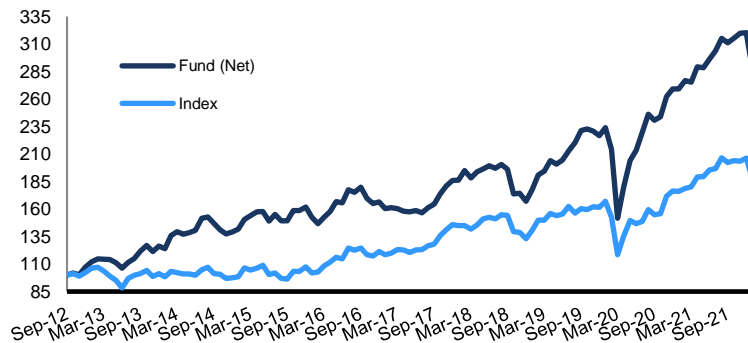
Our best performers this month were in the resource and financial sectors. Iluka (ILU, +2.4%) rose after the release of its Q4 update which reflected solid performance and an increase in productivity. Credit Corp Group (CCP, +1.2%) was resilient into its 1H22 result, while Field Solutions Group (FSG, +0.0%) traded flat.

ILU 's momentum continues to build; Phase 1 of its Enneaba rare earth project, begins in the first half of calendar year 2022. More broadly, we like the business for its exposure to the undersupplied zircon market, one of the various commodities currently in a state of global under-supply.

CCP's result was strong. The business saw half-year profit growth of 8%, including 9% growth in the consumer loan book to \$200m. Following the Radio Rentals acquisition and step up in US PDL investments to \$150m, the business is on track for its largest every year of capital deployment into its core debt collection business. Credit Corp has established what resembles a near-term effective monopoly in the Australian PDL market; now accounts for >10% of the US PDL market with cost-

PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 31/01/2022 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)	-10.23%	-8.78%	-5.34%	6.81%	17.46%	12.40%	11.98%
S&P/ASX Small Ordinaries Accumulation Index	-9.00%	-7.99%	-4.61%	6.65%	10.13%	9.64%	6.98%
Active Return (net of fees)	-1.23%	-0.78%	-0.73%	0.16%	7.33%	2.76%	5.00%

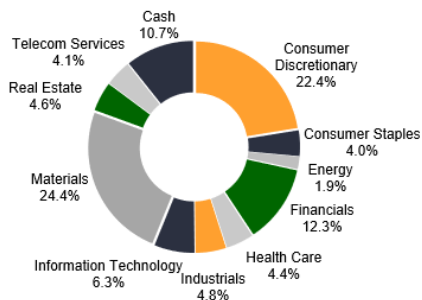
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance. Returns for periods of one year or more are annualised.

TOP HOLDINGS

Top 5 Holdings (Alphabetical)

Bellevue Gold Ltd
Elders Limited
Hub24 Ltd
Life 360 Inc.
Uniti Group Ltd

SECTOR ALLOCATION



Source: 8IP and Bloomberg.

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

to-collect in line with the leading market players. The business's overseas strategy shows signs of replicating its domestic success.

FSG traded flat despite positive business momentum. The OneWeb partnership is another step improving the business's ability to service rural Australia's growing internet requirements, and we anticipate the next year will see the company's asset base meaningfully increase. We like the FSG model; the company owns its own assets in areas of low competition and achieves high rates of return by leveraging local relationships with government and enterprise.

Technology stocks suffered over the month. Megaport's (MP1, -27.8%) 2Q22 update disappointed the market's expectation about the rollout of its new SD-WAN product. While sell-through was low compared to the company's recently stated pipeline, we're comfortable with our long-term thesis on the company - which is that it genuinely changes how businesses globally access the internet. Industry conversations give us confidence that the economic and business cases for the new product are robust, and that adoption will follow in due course.

Promedius (PME, -27.8%) trades at one of the most substantial valuations in the market and consequently sold off during the month. Recent momentum in the business is very strong; we think there's upside to near- and long-term market expectations.

Outlook

Concern about the extent of forward Inflation was the big problem last month. The Fed's saber-rattling, combined with a 7% inflation print for December, proved too much for technology valuations. The accompanying reversion of bond yields to pre-covid levels has been met by a pullback in multiples.

It's hard to know when and where inflation expectations and bond yields will settle; as such we've made some trading-based changes to some of our higher multiple names. But we haven't thrown the baby out with the bath water; companies like MP1 and PME have risen 5x and 10x respectively in the past five years, and they haven't done so merely because bond yields have fallen.

With Russia threatening military action in Ukraine, energy prices rising globally, commodities in shortage... and so on, markets are in flux. As so often in the past 2 years, it's the gradual resolution of a variegated set of issues which will determine where markets go. We are taking a prudent view within our overall philosophy.

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: 0.95% 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 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 07 3155 6509 or emailing them at 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."