



# 8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: March 2022

## KEY FACTS

<b>INCEPTION DATE</b>	Current Portfolio Team commenced 1/10/2012
<b>NO OF STOCK HOLDINGS</b>	65
<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 31/03/2022</b>	Buy Price: \$1.1044 Sell Price: \$1.0988

## 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 +11.52%. Over the last three years, the fund has delivered annualized performance of +13.14%, outperforming by +3.50% p.a. (net).**

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

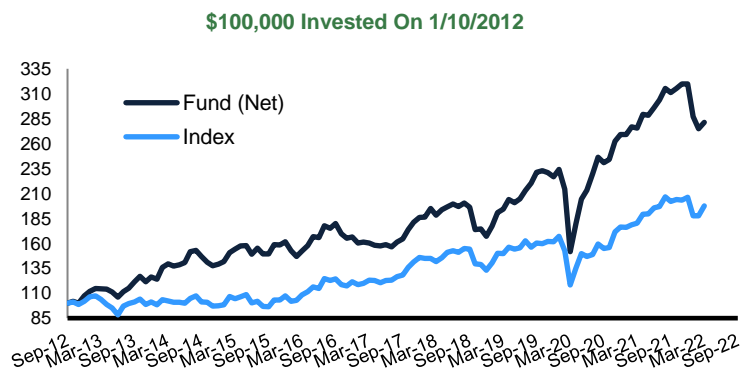
## Commentary

The fund returned 2.37% post fees in March against the benchmark which was 5.26%. Our best performers this month were Uniti Group, Elders and Silver Lake Resources.

Uniti Group (UWL; +43.33%) was our top performer in March. After releasing positive half year results in February, multiple takeover bids were launched. The successful bidder was Morrison & Co/ Brookfield consortium.

Elders (ELD; +14.08%) was a positive contributor to the fund after heavy rainfall generated a productive harvest. The company confirmed this by releasing a trading update outlining a major improvement in underlying EBIT. Their retail and wholesale segments have improved with high demand and increased turnover.

## PERFORMANCE



Note: Returns sourced from 8IP and S&P/ASX as on 31/03/2022 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)	2.37%	-12.06%	-9.48%	2.27%	13.14%	11.93%	11.52%
S&P/ASX Small Ordinaries Accumulation Index	5.26%	-4.21%	-2.27%	9.68%	9.64%	9.90%	7.43%
Active Return (net of fees)	-2.89%	-7.85%	-7.21%	-7.41%	3.50%	2.03%	4.09%

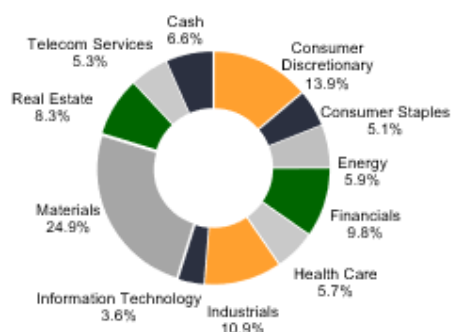
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance. Returns for periods of one year or more are annualised.

## TOP HOLDINGS

## Top 5 Holdings (Alphabetical)

Corporate Travel  
Elders  
Megaport  
SCA Property Group  
Uniti Group

## SECTOR ALLOCATION



Source: 8IP and Bloomberg.

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

Silver Lake Resources (SLR; +20.11%) has continued to build off a solid result during reporting season. The company has begun to implement the next stage of its growth strategy with the acquisition of Harte Gold.

City Chic Collective (CCX; -10.05%) continued to fall during March following what was taken as a disappointing result in February. Management took the decision to increase inventory in order to counter potential supply chain disruptions. This unexpected use of cash created concerns in some quarters about the company's ongoing ability to execute acquisitions, and as the month progressed, the business was increasingly seen as at risk from economic growth pressures.

Toys "R" Us (TOY; -16.67%) fell during March on approach to and after its result. At the operating level the business is performing in line with expectations – in year-on-year terms, sales revenue increased 86% and average order value increased 22% year-on-year. The stock is however relatively illiquid and still in its early growth phase – both of these factors are negatively perceived in the current climate.

Chalice Mining (CHN; -9.24%) traded down during March despite solid drilling results. The commencement of the Thor

project in Western Australia represents an exciting stage of Chalice Mining's growth stage. The company has faced fluctuating palladium prices as Russia is one of the largest producers of platinum group metals.

**Outlook**

Throughout March the Ukraine-Russia conflict continued unabated resulting in further commodity price fluctuations and supply chain disruptions. A worsening to supply chain disruptions was caused by two main factors. Russians and Ukrainians make up 14.5% of shipping crews in maritime trade. Also, the recent Omnicom outbreak in China has forced factories to shut down in alignment with Beijing's zero covid policy.

The challenging outlook continues with persistent inflation adding to the likelihood of sooner and larger upward moves on interest rates.

**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:** 0.95% p.a. including GST  
**Performance Fee:** 20% over hurdle  
**Minimum Investment:** \$5,000



8IP is a boutique investment group with offices in Brisbane and Sydney. 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 the 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."