



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: April 2022

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	66
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 30/04/2022	Buy Price: \$1.0584 Sell Price: \$1.0532

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 +10.93%. Over the last three years, the fund has delivered annualized performance of +9.78%, outperforming by +2.15% p.a. (net).

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

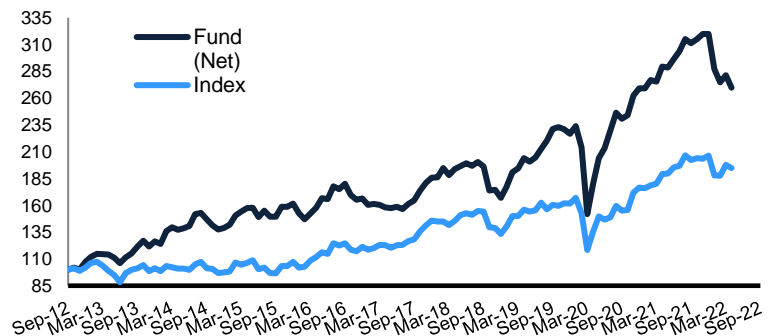
Commentary

The fund returned -4.15% post fees in April, down against benchmark, -1.50%. Our best performers this month tended to possess resilient earnings streams and operate in defensive sectors of the economy. Graincorp, Elders and Kelsian Group all contributed positively to performance.

GrainCorp (GNC +18.62%) provided an upgrade to earnings guidance for FY22. La Nina conditions have led to a positive growing climate (ie, high Australian volumes), just as the invasion of Ukraine has led to a global shortage of grains (ie global supply reductions and rising prices). Signals out of the EU and US corporate travel markets in particular were positive and our travel names (FLT +15.8%; CTD +10.5%) appreciated as expectations for a global travel recovery were brought forward. Finally, the inflation-protected earnings streams and balance sheet capacity of KLS (+13.9%) make it an attractive mid-cap in the

PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 30/04/2022 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)	-4.15%	-6.11%	-14.35%	-6.70%	9.78%	11.31%	10.93%
S&P/ASX Small Ordinaries Accumulation Index	-1.50%	-3.68%	-4.61%	2.91%	7.64%	9.62%	7.20%
Active Return (net of fees)	-2.65%	-9.78%	-9.74%	-9.61%	2.15%	1.69%	3.73%

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)

Charter Hall Long Wale Reit

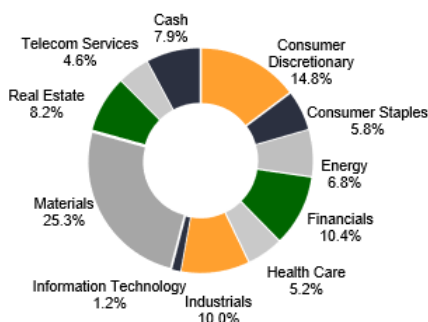
Corporate Travel

Credit Corp Group

Elders

SCA Property Group

SECTOR ALLOCATION



Source: 8IP and Bloomberg.

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



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.

current low growth, inflationary environment. We added KLS back to our portfolio following a strong February result.

A poor update from Megaport (MP1 -37.19%) resulted in a disappointing share price performance. Long term, there's still a lot to like – the business makes accessing the cloud easier and less expensive via a unique asset base and clever set of products. Near term, however, the company's out-sourced US sales strategy, which relies on sales teams of significant third parties such as Cisco, is proving harder to execute than expected. As such, sales growth has slowed. We have sold our position, but will be watching closely for progress on this issue.

April was a tough month for Resources. Industrial materials companies reversed some of their earlier gains as fears about US inflation (initially positive for commodity prices) mutated into concerns about recession (meaning lower global growth and lower prices). These concerns were exacerbated by continuing Chinese lockdowns. Amongst our gold holdings, Silver Lake (SLR, -13.5%) reported a soft first quarter, driven by labour challenges in WA. Management made this worse by unexpectedly removing earnings guidance. Lynas (LYC, -16.7%) was impacted by falling rare earth prices driven mostly, in our opinion, by the Chinese lockdowns.

Outlook

The economic impacts of the war in Ukraine, lockdowns in China, pent up supply chain issues and what has turned out to be excessive money printing by US authorities are all essentially pro / anti-growth and inflationary / deflationary, depending on whether each factor improves from here or deteriorates. As such, financial markets have boiled the problem down, and are all but

entirely focused on the prospects for inflation and/ or recession in the US. Fed policy will determine how the situation resolves, and at this point, markets have neither reached a consensus on what this will be, nor is there great confidence that the current Board will make the right choices at the right times.

March data (released in April) showed a headline inflation rate of +8.5% yoy, significantly higher than February's equivalent of +7.9% yoy. As a result, the sell-off continued and by the end of the month, year to date performance across the key indices were all substantially negative - S&P500 -13.3%, Nasdaq -21.2%, US 10-year bond yields 2.93% versus 1.51% at the end of December- i.e., twice as high.

As we write, and following another disappointing inflation print for April the self-off has continued into May, and Nasdaq is down 27% since 31st December 2021. Against a backdrop of such marked uncertainty, over recent months we have made defensive adjustments to the portfolio. We have maximised cash; substantially pared back on less liquid holdings; meaningfully reduced our exposures to unprofitable, long duration assets; and increased exposures to liquid, defensive holdings, especially those with potential to benefit from inflation. However, given the extreme moves experienced to date, we are now seeing glimmers of genuine value beginning to emerge from the growth space; for example, the worst performing stock in our universe is now down 85% from its peak. We are paying increasing amounts of attention to these sorts of opportunities.

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



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

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."