



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: May 2022

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	65
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 31/05/2022	Buy Price: \$0.9735 Sell Price: \$0.9687

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 9.87%. The fund has delivered annualized performance of 7.33%, outperforming by 1.83% p.a. (net) over the last 3 years; and has outperformed by 3.54% p.a. since inception.

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

Commentary

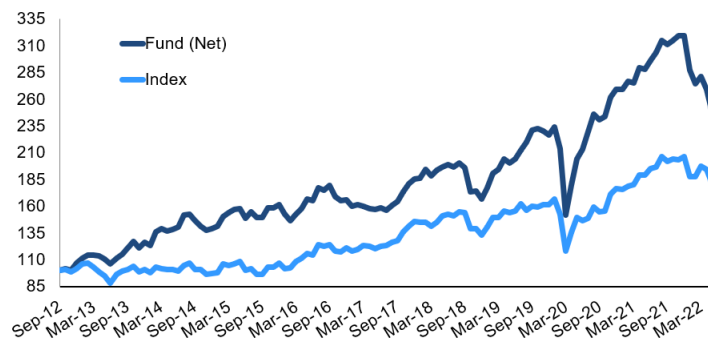
The fund returned -8.02% post fees in May, returning -1.01% against the benchmark, which declined -7.01%. Our best performers were GQG Partners, Beach Energy and Veem.

Despite increased volatility globally, GQG Partners' (GQG, +14.83%) FUM has been notably stable in recent months, closing April at US\$90.4 billion vs US\$92.9b at 31st March 2022. While equity market volatility is clearly a headwind for all funds managers seeking to grow their businesses, this is an excellent company with multiple significant growth opportunities. One is to take substantial market share in Australia, where peer global funds have faced substantial structural and performance headwinds over the last few years. We would expect GQG to crystallise multiple mandate and retail opportunities in coming years.

Beach Energy (BPT, +6.15%) issued several updates in May. An update on the Bass Basin identified a new infield opportunity in Yolla West. Reprocessing of existing 3D seismic

PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 31/05/2022 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)	-8.02%	-9.75%	-22.34%	-13.88%	7.33%	9.56%	9.87%
S&P/ASX Small Ordinaries Accumulation Index	-7.01%	-3.58%	-11.02%	-4.56%	5.50%	8.49%	6.33%
Active Return (net of fees)	-1.01%	-6.17%	-11.31%	-9.33%	1.83%	1.07%	3.54%

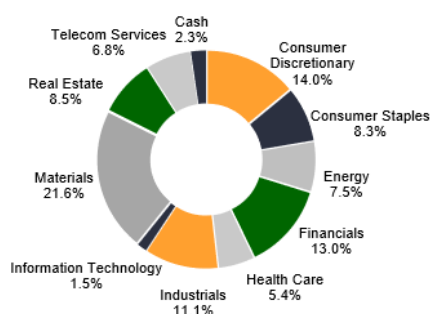
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance. Returns for periods of one year or more are annualised.

TOP HOLDINGS

Top 5 Holdings (Alphabetical)

Charter Hall Long Wale Reit
 Corporate Travel
 Elders
 GQG Partners
 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.

over the Yolla field has revealed a previously unidentified fault block which is drillable from the existing Yolla Platform. Should drilling be successful, Yolla West could be connected to the Lang Lang Gas Plant. Ultimately this would increase profitability as a lower cost and higher returning investment. Beach has appointed a new CEO in Morne Engelbrecht who has been acting CEO and previously the CFO.

Veem (VEE, +15.60%) performed well throughout May despite a limited scope of news. A spike in the share price was ultimately driven by an investor roadshow generating interest in the company.

Corporate Travel Management (CTD, -15.54%) declined during the month, most of which appears to be due to its (arguably unsurprising) confirmation of a slow start to the beginning of 3Q22, owing to Omicron and various global lockdowns. Overseas travel is still recovering slower than lower margin domestic travel, and as a result, consensus estimates have downgraded for FY22. The key leading indicator still points to an accelerating recovery – management stated that the skew to the 2H of the calendar year would be greater than normal, as trading for the rest of the period has been strong. As at March, CYTD TTV had recovered to 70% of pre-Covid levels in the US, with April at 75% and the first week of May 80%. CTD is the highest quality of the listed travel businesses and we remain overweight.

Home Consortium (HMC, -17.16%) fell without any major news from the business. The raising of interest rates and the worsening of U.S inflation will ultimately cause some headwinds for the business. The company is on track to Launch HMC Capital Partners Fund 1 by mid-22.

Credit Corp Group (CCP, -15.50%) fell as a consequence of in the absence of substantial news from the company and in sympathy with macro news flow.

Outlook

Clearly, May was another poor month for markets and by the end of the month, year to date performance across the key indices were all substantially worse. The result of existing Fed tightening is that all sectors except energy are down in CY22; there is more to come short term, as has been flagged.

During every sell off there is a period of confusion, during which commentators and investors struggle to discern where "the bottom" will be. That phase is always characterised by extreme volatility which impacts all stocks, irrespective of quality or future prospects, and we are in the thick of it. We retain our focus on finding stocks which adhere to our philosophy, within a somewhat more defensive overall framework.

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."