



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: June 2022

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	60
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 30/06/2022	Buy Price: \$0.8243 Sell Price: \$0.8201

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 7.92% per annum, outperforming by 3.17% p.a.

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

Commentary

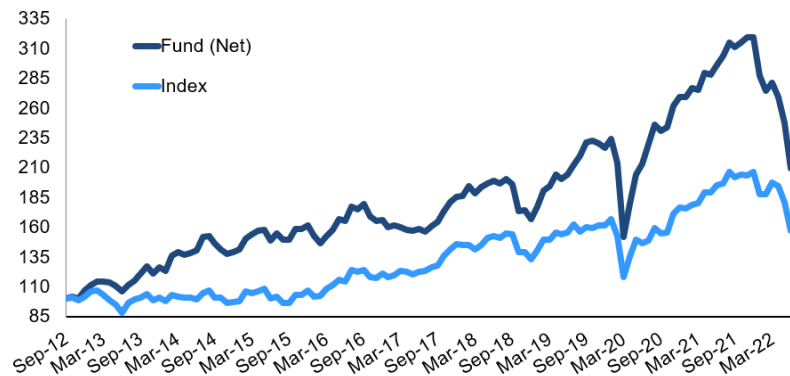
June was a very tough month for global and local equity markets. The fund returned -15.34% post fees in June, -2.25% against the benchmark, which declined -13.09%. Our best performers were IPH, Ridley and Beach Energy.

Beach Energy (*BPT, unchanged*) was a resilient performer as pricing in the oil and gas market continued to remain elevated. Although oil prices have corrected, WTI closed trading in June at US\$105.76 per barrel, 44% higher YoY. Additionally, for any uncontracted gas production, Beach have been able to sell directly into the tight spot gas markets. These favourable price drivers combined with a depreciating domestic currency supported the stock in June.

A recent addition, Ridley (*RIC, +2.29%*) outperformed throughout the month. The business provided an updated growth strategy spanning FY23-FY25. Several initiatives were pinpointed which included business efficiency improvements, market

PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 30/06/2022 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)	-15.34%	-25.36%	-34.37%	-29.01%	0.93%	5.78%	7.92%
S&P/ASX Small Ordinaries Accumulation Index	-13.09%	-20.39%	-23.74%	-19.52%	0.38%	5.07%	4.75%
Active Return (net of fees)	-2.25%	-4.98%	-10.62%	-9.49%	0.55%	0.71%	3.17%

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

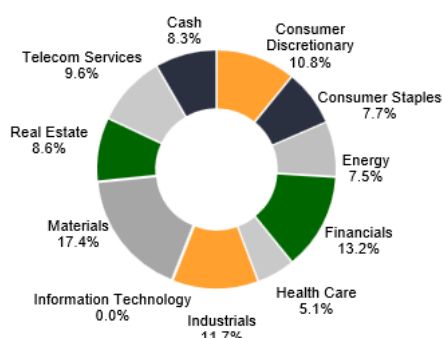
Elders

SCA Property Group

Spark New Zealand

Uniti 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.

share capture and an increase to the company's payout policy. We are favourable on the low cyclicality of the business, combined with the added benefit of a growth strategy aiming to deliver shareholder returns of more than 15% p.a.

IPH (IPH, +3.29%) made a positive contribution highlighting its defensiveness in the current market climate. The company provides Intellectual Property (IP) services worldwide and should benefit from the global trend towards greater domestic focus on industrial policy and technology investment. This should drive an increase in patent protection, a positive for the business, with current leading indicators out of the US patent market pointing towards future growth locally.

Our worst performers were Chalice Mining, Paladin Energy and Kelsian Group.

Chalice Mining (CHN, -40.57%) fell heavily on increased fears of a global economic slowdown coupled with the negative news of greater Covid spread in China. The sentiment weighed heavily on commodity prices which were sold off throughout the period. Although short term sentiment is negative, Chalice is fully funded for its current drilling program, the results of which should prove to be positive for the share price going forward.

Although Uranium sector news was incrementally positive throughout the month Paladin Energy (PDN, -27.04%) was sold off. Spot uranium prices remained steady however, with a risk off sentiment in the market, high duration cash burning companies remained under pressure. Long term, we are positive on the sector and PDN as it is fully funded into production and alternative energy sources will be required to meet the proposed net zero carbon targets.

Shares in Kelsian Group (KLS, -24.3%) fell after announcing to the market that they had entered preliminary discussions to acquire 'Go Ahead', a UK based international transport group. Although no deal has been agreed, the market is discounting the

possibility of a significant equity capital raising. The core business is still performing to expectations and is well protected in an inflationary environment given the nature of their contracts.

Outlook

Continuing weakness in financial markets sees the S&P500 trading at roughly 16.5x expected CY22 earnings. A lot of froth has come out of equities markets, which not so long ago were trading well north of 20x.

Much attention has now turned to the reliability of current earnings forecasts in the face of falling US consumer confidence. This pessimism is no doubt related to the current cost of living, but it's being made worse by the Fed's insistence that it will do everything necessary to beat inflation. The strategy is to quell the consumer's tendency to spend, buying time for supply chains and energy prices to settle, thereby reducing as far as possible the necessity to raise rates beyond what has already been indicated.

In recent weeks the market has been contemplating what this means, and there are clear signs that confidence has increased about both the Fed's determination not to back off until the dragon is slayed; and also about the potential for inflation itself to be at or near peak. The clearest sign is the US 10-Year Bond yield, which has fallen from its highs. At time of writing a strong June inflation print was met with a decline in the US 10Y-yield to below 3%. Whilst this does not yet mean an end to concerns about the resilience of corporate earnings over the next year or so, and has little, so far, to say about the "stickiness" or otherwise of inflation (we are relatively optimistic on this point); a more stable risk free rate would be a significant positive, in particular for long duration asset prices, which have been the worst victims of the correction to date.

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."