8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: August 2022

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	55
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 31/08/2022	Buy Price: $0.7448 Sell Price: $0.7410

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 8.99% per annum, outperforming by 3.10% p.a.

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

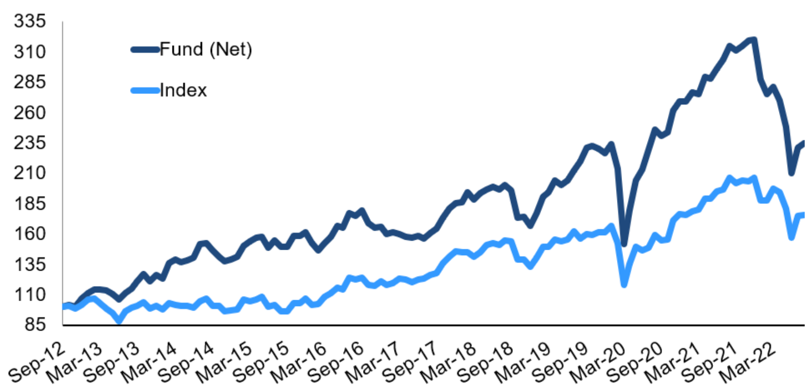
Commentary

The fund returned +1.51% after fees in August, +0.93% against the benchmark. We were generally pleased with the quality of our holdings' results.

Lovisa (LOV, +29.6%) was the standout performer in reporting season, and one of our top holdings. We have admired this business for a long time and used the opportunity of the sell-off to accumulate a larger position. Analysts have been way too pessimistic on terminal store numbers and compounded the error by being too conservative on the speed of rollout – the company beat market estimates on both. In addition, same-store sales growth improved, which very few had anticipated. We anticipate the new CEO will bring superior discipline and

PERFORMANCE

$100,000 Invested On 1/10/2012



Note: Returns sourced from 8IP and S&P/ASX as on 31/08/2022 in Australian dollars. Fund returns are net returns. The inception date is the date that current management took responsibility for investing this Fund.

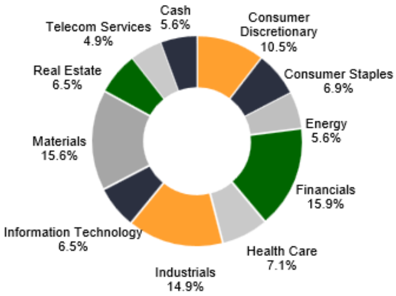
8IP Small Companies Fund vs Benchmark	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
8IP Small Companies Fund (net of fees)	1.51%	-5.49%	-14.71%	-25.55%	2.13%	7.79%	8.99%
S&P/ASX Small Ordinaries Accumulation Index	0.58%	-2.59%	-6.08%	-14.66%	4.10%	6.85%	5.88%
Active Return (net of fees)	0.93%	-2.90%	-8.62%	-10.88%	-1.96%	0.94%	3.10%

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)
AUB
IPH
Johns Lyng
Lovisa
Pro Medicus

SECTOR ALLOCATION



Source: 8IP and Bloomberg.

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

execution to the business. He has the opportunity to improve store economics and build a genuinely world-beating business in the next few years.

We added to our lithium holdings throughout June and July. Again, this followed the sell-off, which was especially brutal in this space. Sayona and Liontown (SYA, LTR; +51.3% and +31.4% respectively) were strong contributors over the month.

Other highlights included Ridley (RIC, +23.1%) which has executed well on its turnaround to date. The optimisation of this simple business by an able CEO makes it an ideal turnaround. GQG (GQG, +11.4%) is one of the best Fund Managers in the world, but trades at a sector multiple (i.e., on par with Magellan, Perpetual, and others) and a 7-8% yield. Our conviction has strengthened.

Detractors included higher valuation tech names MP1, TLX and NAN (-25.1%, -16.1%, -12.5%). MP1's result was in our view very good despite the share price reaction; this was partly due to short term profit-taking following the +70% rally in July and has since substantially reversed. TLX's costs were high, but its revenue momentum and pipeline of news-flow are strong. NAN's new product is coming every nearer to launch and its original Trophon product is entering a capital replacement cycle, a tailwind for earnings.

Credit Corp (CCP, -15.0%) has delivered since present management took over in the late 2000s. However, an inability to source reasonably priced labour in the USA stymied its growth in the last half. This is disappointing – in a softening US economy CCP might otherwise have increased its market share. Late in the month the company also announced proactive remediation of Australian customers for historic deviation from best practice. Both pieces of news negatively impacted trading performance, but we view them as instances in which management chose long term value creation above short-term profit. CCP's culture has enabled it to grow to dominate the Australian PDL market, and we remain comfortable with its prospects.

Outlook

In the 1970s, while EPS grew ~140%, the S&P500 advanced ~17% - the trailing Price Earnings ratio more than halved. Inflation and asset prices do not agree – we're therefore glad that Jay Powell is going to "keep at it" and get inflation down.

This reporting season left us with the conviction that our philosophy, while it tends to mean we own more expensive stocks, allows us to predict earnings with some confidence. Breville, for example, sells expensive coffee machines – but they're very good coffee machines. While competitors discounted hard in the EU, Breville did not, and their market share held. Breville's products remain, to a certain consumer, "worth it".

Economic turbulence throws up stock price volatility. We are using present conditions to improve our overall holding quality by refining our investment theses and working towards our continued long-term out-performance.

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

EIGHT INVESTMENT PARTNERS

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