



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: September 2022

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	48
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 30/09/2022	Buy Price: \$0.6828 Sell Price: \$0.6794

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 7.97% per annum, outperforming by 3.39% p.a.

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

Commentary

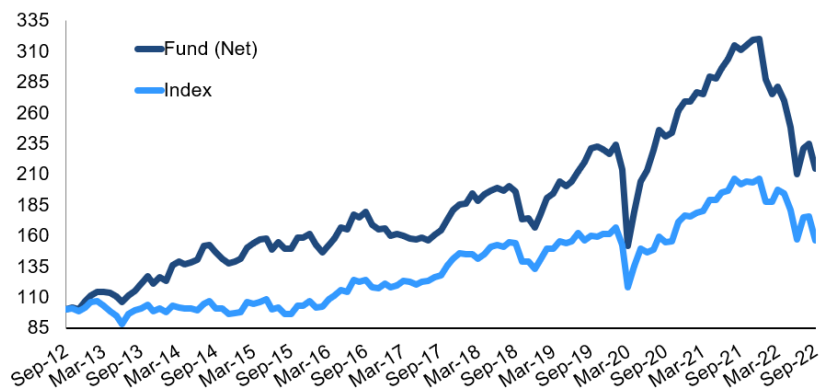
September saw risk off sentiment return to both global and local equity markets. The fund returned -8.31% after fees in September, +2.89% against the benchmark which posted a return of -11.20%. Our best performers were Megaport, De Grey Mining and Select Harvests.

Megaport (MP1, +7.3%) recovered after considerable underperformance last month. News flow was light, and the current share price movement suggests the market is waiting to digest the Q1 2023 update, which is scheduled for release towards the back end of October.

De Grey Mining (DEG, +6.12%) performed strongly after releasing a

PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 30/09/2022 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)	-8.31%	2.35%	-23.60%	-30.85%	-2.37%	5.52%	7.97%
S&P/ASX Small Ordinaries Accumulation Index	-11.20%	-0.47%	-20.76%	-22.56%	-0.80%	4.07%	4.58%
Active Return (net of fees)	2.89%	2.82%	-2.84%	-8.29%	-1.57%	1.45%	3.39%

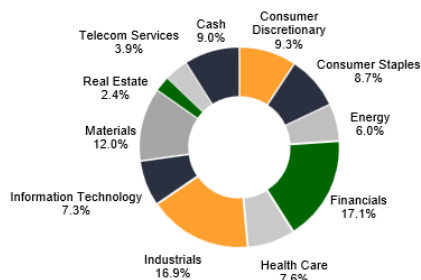
Net of fees returns is the Fund return after the deduction of ongoing fees and expenses based on end of month redemption prices assuming the reinvestment of all distributions. Past performance is not an indicator of future performance. Returns for periods of one year or more are annualised.

TOP HOLDINGS

Top 5 Holdings (Alphabetical)

HUB24
IPH
Johns Lyng
Megaport
Pro Medicus

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.

better-than-expected Pre-Feasibility Study (PFS) for their Mallina Gold Project located in the Pilbara region of Western Australia. The PFS saw improvements over the original scoping study, particularly in the production profile. The company's economics and size of resource are attractive which may entice an outside group to pay up for control of this asset.

Select Harvests (SHV, +6.05%) traded positively after releasing a crop and pollination update. The company noted weaker crop production in both California and Spain have resulted in stronger market pricing for almonds and importantly the company has been able to optimise bee pollination of their orchards for their 2023 crop.

Our worst performers were AUB, HUB24 and Johns Lyng.

AUB (AUB, -14.59%) was weak throughout the month, although had experienced a strong August post their FY22 results. The market continues to digest the recently completed acquisition of UK based insurance broker Tysers. We are favourable on the company given its defensive characteristics and undemanding valuation compared to peers.

HUB24 (HUB, -12.76%) fell broadly in line with the market throughout September. Similar share price action occurred during the market correction in June, the top line will be impacted by adverse market movements. However, HUB continues to report strong inflows and gain market share which will serve the company well in a more favourable market environment.

Johns Lyng (JLG, -11.55%) followed the broader market down on no company specific news. Unfortunate reports of

natural disasters both locally (NSW, AUS) and Internationally (Florida, USA) will provide more work for JLG's Catastrophe (CAT) business. We see this division continuing to grow as the occurrence of extreme weather events continues.

Outlook

Chair Powell's Jackson Hole speech at the end of August was designed to remove any doubt the Fed would "pivot" to lower interest rates before the data signals the battle with inflation has been won. The market's pronounced weakness in September was the result; the S&P500 is now down approximately 25% for the year, and broad investor positioning is highly defensive. Given these factors, any positive news likely has the potential to drive short term trading rallies; but confidence is very fragile, with multiple factors (earnings disappointment from US reporting season, events in Ukraine, worries about the European winter, China politics, the potential for a "shock" event) weighing on investors' minds, feeding fear of further falls and substantial volatility.

All this means inflation must come down before the market can sustainably rally. Once that happens, interest rates and bond yields will peak, triggering revaluations of long duration assets and a rapid flow of money into high quality and early-stage cyclical stocks. Assuming the US experiences a mild recession, most of the decline in the market has almost certainly passed, and based on history, the window for what could be a substantial turn should open somewhere between December 2022 and May 2023

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.