



# 8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: November 2022

## KEY FACTS

<b>INCEPTION DATE</b>	Current Portfolio Team commenced 1/10/2012
<b>NO OF STOCK HOLDINGS</b>	56
<b>LIQUIDITY</b>	Daily
<b>BENCHMARK</b>	S&P/ASX Small Ordinaries Accumulation Index
<b>DOMICILE &amp; STATUS</b>	Registered Managed. Investment Scheme domiciled in Australia
<b>BASE CURRENCY</b>	Australian dollars
<b>DISTRIBUTIONS</b>	Paid annually, shortly after June; reinvested unless otherwise instructed
<b>UNIT PRICES AT 30/11/2022</b>	Buy Price: \$0.7349 Sell Price: \$0.7313

## 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 8.61% per annum, outperforming by 2.97% p.a.**

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

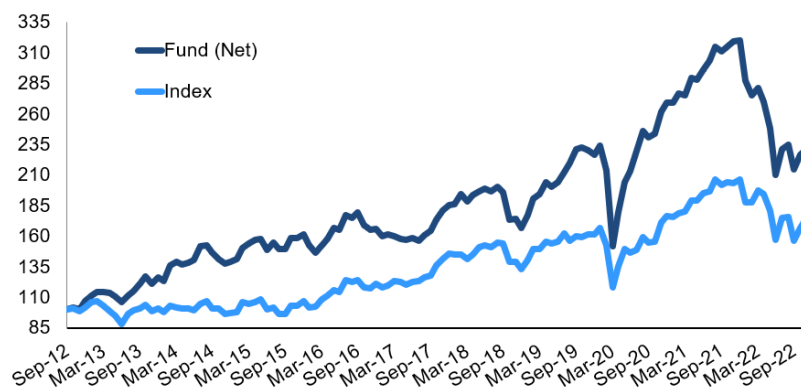
## Commentary

November saw local and global equity markets continue to rally. The fund returned +2.24% after fees, -2.69% against the benchmark which posted a return of +4.92%. Our best performers were Belvue Gold, De Grey Mining and PWR.

Belvue Gold (BGL, +48.65%) and De Grey Mining (DEG, +21.70%) benefited as the U.S. Dollar Index declined (-4.96%) and the underlying gold price appreciated (+7.27%). Both companies also released positive news at their respective mining projects. BGL provided an update of its grade control drilling with a +17% increase in overall ounces and a +25% increase on overall grade. DEG reported significant positive

## 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)	2.24%	-1.31%	-6.72%	-27.56%	0.11%	5.05%	8.61%
S&P/ASX Small Ordinaries Accumulation Index	4.92%	-0.81%	-3.37%	-14.03%	2.57%	4.36%	5.65%
Active Return (net of fees)	-2.69%	-0.50%	-3.35%	-13.53%	-2.47%	0.69%	2.97%

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
Charter Hall Long Wale
HUB24
Johns Lyng
Pro Medicus

results from drilling within the 'Great Hemi Corridor' in Western Australia.

PWR Holdings (PWH, +16.52%) continued to perform strongly after announcing the appointment of Mr Kym Osley as a non-executive director. Mr Osley has deep experience in the defence industry, indicating PWH's increased focus on the vertical. Additionally, the company also held its Annual General Meeting (AGM), although, no new information was released.

2022. Shortly after, the company announced an unexpected capital raise to shore up its balance sheet position.

## Outlook

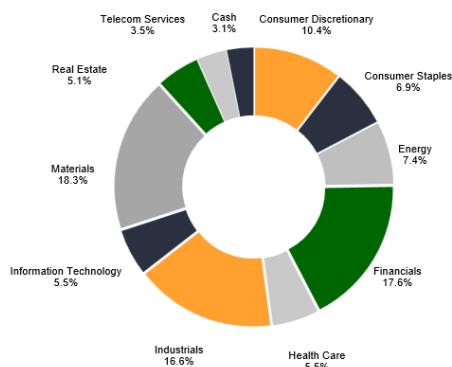
November was another strong month in materials with enthusiasm growing about the long awaited reopen of the Chinese economy. The violent alternations between exuberance and depression witnessed in commodities markets this year will likely continue as macro uncertainty looms.

The market recovery off its October lows shows signs of resilience at time of writing, however a broad-based recovery in stocks is unlikely as the US in particular turns its attention to CY23 earnings. At ~4000, the SPX is at a relatively full valuation vs history compared to consensus 2022 EPS. This overly simple metric doesn't mean much about the immediate path forward but is worth bearing in mind given next year is widely expected to see consensus earnings fall.

When uncertainty is widespread, the rare companies which can offer earnings certainty should outperform. We always look for businesses with significant strategic levers and know that these businesses can offer growth in difficult times. We will continue to hunt for Stars, Under-researched, and Turnaround stories as we have done for more than ten years.

**Stephen Walsh**  
Chief Investment Officer

## 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.

Our worst performers were Elders, Select Harvests and Life360.

Elders (ELD, -20.62%) sold off aggressively after reporting a strong Fiscal Year 2022 result. The result was in line with expectations; however, the market was focused on the unexpected announcement that longstanding and very highly regarded CEO Mark Ellison will retire by November 2023.

Select Harvests (SHV, -17.36%) was weak following the release of its Fiscal Year 2022 result. The company has navigated a challenging year with a series of uncontrollable events impacting the company's financial result (weather, biosecurity impacts, bee supply & fire). Ultimately, improvement in global almond market pricing will help turn the tides, the start of which we are yet to see.

Life360 (360, -9.55%) traded down following its strong price performance in October. The company released a mixed third quarter result which included a slight downgrade to issued guidance for

## KEY FUND INFORMATION

<b>Investment Manager:</b>	Eight Investment Partners Pty Ltd (8IP)
<b>Responsible Entity:</b>	Equity Trustees Limited
	ABN: 46 004 031 298
	AFSL: 240975

## FUND IDENTIFIERS

**ARSN:** 143 454 013

## FEES

<b>Management Costs:</b>	0.95% p.a. including GST
<b>Performance Fee:</b>	20% over hurdle
<b>Minimum Investment:</b>	\$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](http://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](http://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](mailto: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.