



8IP AUSTRALIAN SMALL COMPANIES FUND

Fund Update: December 2022

KEY FACTS

INCEPTION DATE	Current Portfolio Team commenced 1/10/2012
NO OF STOCK HOLDINGS	59
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 31/12/2022	Buy Price: \$0.6972 Sell Price: \$0.6938

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 7.98% per annum, outperforming by 2.77% p.a.

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

Commentary

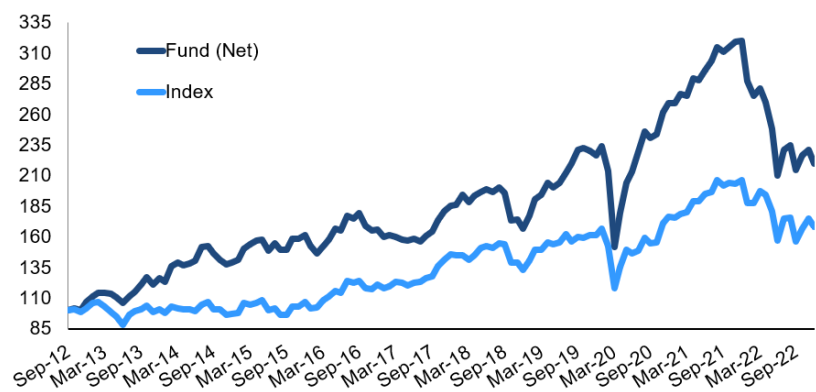
December saw local and global equity markets (ex. Hong Kong) reverse November's rally and end 2022 on a negative note. The fund returned -5.13% after fees, -1.40% against the benchmark which posted a return of -3.73%. Our best performers were Chalice Mining, St Barbara and Red 5.

St Barbara (SBM, +28.10%) and Red 5 (RED, +28.13%) both benefited as the U.S. Dollar Index continued to decline (-2.53%) and the underlying gold price appreciated (+3.77%). In corporate news, SBM announced the company will merge with Genesis Minerals (GMD).

RED provided an incrementally positive update declaring commercial production at their King of the Hills (KOTH)

PERFORMANCE

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



Note: Returns sourced from 8IP and S&P/ASX as on 31/12/2022 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)	-5.13%	2.12%	4.52%	-31.39%	-1.04%	3.41%	7.98%
S&P/ASX Small Ordinaries Accumulation Index	-3.73%	7.54%	7.03%	-18.38%	1.38%	2.92%	5.21%
Active Return (net of fees)	-1.40%	-5.42%	-2.51%	-13.01%	-2.42%	0.49%	2.77%

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

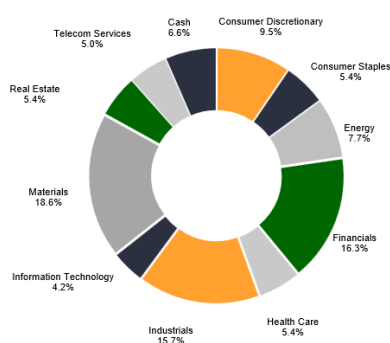
Charter Hall Long Vale

GQG Partners

Johns Lyng

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.

operation and providing positive second half fiscal 2023 production guidance numbers. The company also announced high-grade drilling results at their Darlot mine.

Chalice (CHN, +18.64%) continued to rally after announcing promising mineralisation at the company's Hooley Prospect. Additionally, underlying commodity prices (Nickel +14.81%, Copper +2.31%, Platinum +3.37%) were all firmer.

Our worst performers were Life360, Johns Lyng and loneer.

Life360 (360, -22.24%) continued its poor share price performance selling off aggressively throughout the month. There was no company news to attribute the weakness, although, general risk off sentiment and marked increases in bond yields meant current loss-making companies such as Life360 suffered.

John Lyng (JLG, -15.09%) was weaker following an unexpected management sell-down which was taken poorly by the market. Fundamentally, the company has reiterated earnings guidance, and by all accounts the business is still performing strongly.

loneer (INR, -33.91%) sold off strongly primarily because of the correction in underlying lithium benchmark prices. The sentiment towards the sector continues to gyrate, the current negative sentiment historically has provided an attractive point to add to our holdings in those companies which are being indiscriminately sold.

Outlook

Macro conditions over the last year were without doubt the most challenging for many years. This drove broad underperformance by small cap funds in general, and by growth-oriented funds like ours in particular. Global markets remain nervously positioned, hoping that US inflation will abate and then settle at a low enough rate (ie, visibly on the way to the Fed's stated target of 2%) to permit Chairman Powell to take his foot off the rate pedal. After two consecutive months of weak inflation prints, the data is encouraging but not yet conclusive; which means the market continues to fret about the lagged impact of higher rates on demand, the potential for a recession, and accompanying corporate earnings downgrades later this year. Broad consensus is there will be a recession, but that it should be shallow, given unemployment is very low, and the absence of evidence that higher wage expectations are becoming entrenched.

Key themes for the year ahead will include the reversion of US dollar strength gold stocks and importers; Chinese demand rapidly returning post-Xi's abandonment of ZCP; a gradual improvement in inflation, and the ongoing energy transition.

Valuations in smaller companies are far from demanding. Given the underperformance of the Small Ords last year, when the market turns, we expect it will do so most vigorously in Small Caps.

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.*