

Quarterly performance report

30 September 2019

8IP Australian Small Companies Managed Portfolio

The 8IP Australian Small Companies Managed Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

Performance as at 30 September 2019 ¹					Top five holdings		%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)			
Portfolio	8.10	16.33	12.98	20.98	DRO	Droneshield Limited	8.3%
Benchmark	0.25	0.76	3.41	3.80	CLV	Clover Corporation	7.7%
+/- Return	7.85	15.57	9.57	17.18	ECX	Eclipx Group Ltd	6.9%
					BDC	Bardoc Gold Ltd	5.3%
					OTW	Over The Wire Ltd	5.2%

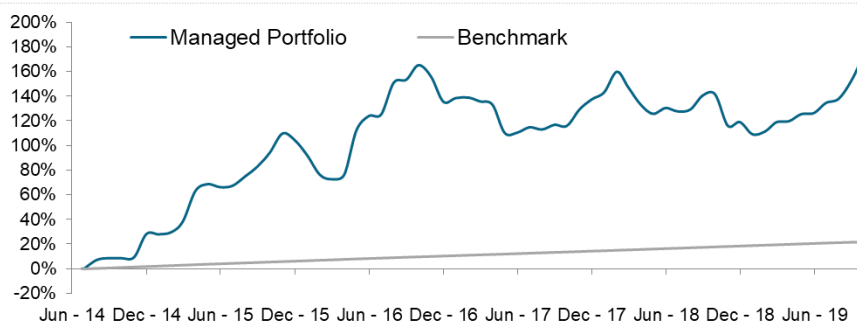
Portfolio and market returns

The Managed Portfolio returned +16.33% for the September quarter. This was a pleasing recovery from the sell-off at the end of 2018, since then the portfolio is up 30.5%. This represents substantial outperformance of all relevant benchmarks and peer indices. Since inception in 2014, the Mason Stevens 8IP Managed Portfolio has now returned an annualised return of 20.98% post fees.

During the quarter, the portfolio retained its usual bias to “growth-oriented” stocks. We seek to identify companies with substantial competitive advantage; which are early in their life cycle; and which face large, preferably global markets. Three of the four strongest contributors, namely Clover Corporation (+54.4% over the quarter), Megaport (+39.2%) and EML Payments (+44.9%) substantially validated this investment philosophy by reporting strong financials for FY19 and rating strongly.

Our strongest performer was Bardoc Gold (+66.7%). Bardoc is an early stage gold explorer/developer, managed by the team behind Pilbara Minerals. At quarter end, the portfolio was approximately one-fifth invested in gold stocks, each of which has been selected for unique characteristics promising above-sector returns. The weighting in gold is a strategy to offset volatility which we expect to persist and potentially escalate towards year end - think global interest rates/trade wars/Brexit/Iran/HK-China relations, etc. Thus far, the strategy has played well in 2019, with the A\$ denominated gold price having risen 24.2% from \$1,817 to \$2,203 at 30th September. Gold company profit margins have expanded accordingly.

Performance since inception¹



*The Portfolio's benchmark is the RBA Cash Rate + 2% per annum.

¹Returns are calculated net of management, performance, administration/custody and transaction fees, but excluding any adviser fees from the Portfolio's inception date of 25/06/14 and assumes reinvestment of all income (but not franking credits). +Not annualised. Returns are based on the theoretical performance of a portfolio which implemented the Managed Portfolio based on simplifying assumptions and stock weightings. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, contributions and withdrawals, fees and any customisations. Past performance is not a reliable indicator of future performance and may not be achieved in the future. Each client should also take into account their own taxation situations. All information provided in this Report is correct as at the date of this Report.

Investment objective & strategy

The 8IP Australian Small Companies Managed Portfolio aims to deliver a high absolute return over rolling three to five years by investing in Australian small companies, while at the same time attempting to minimise the risk of permanent loss of capital by having the ability to hold up to 50% in cash.

The Managed Portfolio offers the opportunity to invest in a selection of Australian Securities Exchange listed companies that have been identified by the investment team as having under-recognised growth potential.

The Managed Portfolio follows a concentrated, long-only strategy that results in typically 10 - 30 investments. Eight Investment Partners is a bottom-up stock investor that seeks to deliver absolute returns over the medium to long term (3 to 5 years).

About 8IP

8IP is a specialist manager based in Sydney that is owned by its staff. Established in 2009, 8IP is focused on managing equity portfolios for retail and institutional investors, including a specific capability managing portfolios of Australian small companies' securities.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for Advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

Contact

Investors

Please speak
to your adviser

Key features

Investment universe	Securities listed on the Australian stock exchange, or due to be listed in the next six months, with a focus on companies outside the S&P ASX 100 Index, and Cash.
Benchmark	RBA Cash Rate + 2% p.a.
Number of investments	30
Min cash weighting	2%
Max equity weighting	98%
Maximum individual security weights	20%
Rebalancing	Program Adviser discretion
Min investment	A\$100,000
Suggested timeframe	3-5 years

Portfolio management

Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Managed Portfolio on the instructions of 8IP as the Program Adviser.

More information

Further information about the Managed Portfolio, including fees and costs, is outlined in the 8IP Australian Small Companies Managed Portfolio Investment Mandate.

Advisers

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Important Information

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