

ASX ANNOUNCEMENT

2 May 2017

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

8IP EMERGING COMPANIES LIMITED (ASX: 8EC) ESTIMATED PORTFOLIO RETURN – APRIL 2017

Based on the Manager's estimate, the gross portfolio return before all fees, expenses and tax was approximately -9.4% for the month of April 2017.

The Manager advises that a convertible note held by 8EC, represents an estimated 2.4% of gross asset value. It is presently being valued by the administrator at face value. The ASX share price of the underlying equity at 28 April 2017 was higher than the conversion price. If the gain on the underlying equity was recognised, then the estimated cumulative portfolio performance would be increased by +0.8%.

This estimate is provided for the purpose of keeping the market fully informed on a timely basis and should be considered only as a guide to the actual performance. There are various adjustments, including fees, expenses and tax, which will be made to the NTA calculation and consequently the change in NTA over the same period will differ.

The Manager has provided commentary on the month's performance in the attached letter to shareholders.

Tharun Kuppanda

Company Secretary

For further information, please contact **Mr Kerry Series** by telephone on +61 2 8274 2088 or by email at enquiry@8ip.com.au.

2 May 2017

Dear Shareholder,

During April, the Portfolio experienced its most challenging period since listing, with the gross portfolio return before all fees, expenses and tax of approximately -9.4% for the month.

Most of the decline occurred over Wednesday and Thursday last week. The last week of April is a high risk period for emerging companies as they are required to lodge their March quarter cash flow statements by the end of April.

Two of our companies, Automotive Solutions and Range International, released poor announcements and their share prices were savaged, both down around 60% on the day.

Automotive Solutions (4WD) revised their revenue and EBIT guidance lower due to weaker-than-expected trading in 3 (out of 8) of their businesses. Since the release, we have spoken with the Chairman and their corporate adviser and we will monitor developments over the coming weeks.

The quarterly cash flow announcement from Range International (RAN) showed a decline in the cash receipts which surprised the market as the expectation was that Range was in ramp-up stage (albeit still trialling their product). They stated that they were "disappointed with the sales performance of our existing product range" and announced the appointment of a Head of Global Sales and Marketing. Today, the company has issued an update which is positive. April has been "the best sales month to date" and their new product portfolio which was launched in April has been "well received".

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The current environment is challenging for the smaller end the ASX small companies market. Below is the chart of the S&P/ASX Emerging Companies Index:



Source: Bloomberg

The environment became more difficult from early August. The index was at 1855.2 on 1 August 2016 and has fallen to 1597.5 as at 28 April 2017, a return of -13.9%. For that period, the gross performance of the Portfolio was -8.3%.

We remain very positive on the key portfolio positions, namely Cooper Energy, Freedom Insurance, Gascoyne, and Skydive.

In light of the more challenging environment, we have been looking to increase cash exposure and reduce the number of stocks held. This strategy is ongoing and we expect to use the cash opportunistically to generate returns.

Please feel free to call me on 02 8274 2088 if you have any questions on the Portfolio.

Yours sincerely,

Kerry Series
Chief Investment Officer

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