

8IP Emerging Companies Limited

8IP Emerging Companies Limited is a listed investment company that provides investors access to a concentrated, benchmark unaware portfolio of securities (typically 20 -30 stocks) in the \$20m to \$500m market capitalisation range.

Review & Outlook

The NTA (Pre-Tax) return for June 2018 was +3.0%.

June saw the ASX listing of our pre-Initial Public Offer (IPO) position in *Bounty Mining Limited* ("*Bounty*") which represented approximately 5.7% of gross portfolio value based on a price of 15c per share before the listing. *Bounty* successfully listed on 14 June and the share price closed at 39c at the end of June representing a pleasing +160% return for the month in respect of that stock.

The other major contributor was *Galena Mining Limited* where the stock rose approximately 25% for the month driven by a positive scoping study for its WA Abra lead-silver project.

Detractors in June included BIG Un Limited which was revalued to zero during the month from a position of 2.7% at the end of May. We believed this was prudent given the outlook for this company. Please note that the Investment Manager rebated all investment management fees with respect to the position in BIG Un from 1 February 2018 (the stock was delisted on 21 February 2018) until it was re-valued to nil. Gold miner, Gascoyne Resources fell during the month to 49.5c on weaker gold prices although the stock has produced good returns for the portfolio since we acquired the stock in the first quarter of 2016 an average price of 25c.

We continue to hold an ASX hedge position which was implemented in February 2018 at approximately 40% of portfolio value. This position is adjusted as the index valuation changes.

Cumulative NTA Performance (including dividends re-invested)



NTA Performance (including dividends re-invested)

	1m	3m	6m	1y	3y	5y	Inception
8EC (Pre-Tax)	+3.00%	-3.56%	-9.57%	+1.87%	-	-	+5.00%
8EC (Post-Tax)	+2.12%	-1.66%	-6.27%	+2.36%	-	-	+3.88%

Source: 8IP.

Performance has been calculated using the pre-tax and post-tax NTA (as released to the ASX). Results are not calculated from the share price of 8EC. The starting point pre-tax and post-tax NTA used to calculate performance were \$0.9697 and \$0.9788 respectively. All returns are shown to two decimal places. Total returns include realised and unrealised gains and losses plus income. Valuations are computed and performance reported in Australian dollars. Returns for the period of more than one year are annualised. Returns include the effect of dividends re-invested.

Key Facts

NTA	Pre-Tax:	\$1.0604
	Post-Tax:	\$1.0400
Market Capitalisation	\$38 million	
Listing Date	1 December 2015	
Share Price (ASX Code: 8EC)	\$0.93	
FY17 Annual Dividend	3c Fully Franked	
Fully Franked Dividend Yield*	3.2%	

* FY17 Dividend divided by latest share price.

Top 5 Holdings

Bounty Mining Limited	14.5%
Experience Co Limited	6.1%
Galena Mining Limited	5.2%
Zenitas Health Limited	5.0%
Cooper Energy Limited	4.9%
Total number of stock holdings	29

Dividend History

Payment Date	Amount
6 April 2018	1c
25 September 2017	2c
4 April 2017	1c

Company Snapshot

- The Company aims to deliver capital growth by investing in a concentrated portfolio of emerging companies.
- Typically between 20 and 30 holdings.
- Predominantly companies in the \$20m to \$500m capitalisation range.
- Unlisted securities up to 20% in companies expected to be listed in six months.
- Up to 20% in companies listed on Australian securities exchanges other than ASX.
- Up to 10% in companies listed on foreign exchanges.
- Up to 30% in previously held companies with market capitalisation above \$500m.
- Up to 20% in cash.
- Derivatives to hedge market risk.

About The Manager

8IP is a specialist investment manager based in Sydney that is owned by its staff. Established in 2009 by Kerry Series, 8IP is focused on managing equity portfolios for retail and institutional investors.

They are a long-term investor that seeks to benefit from changes in the fundamental value of a company over time. They aim to identify companies characterised by:

- a market-leading multi-year competitive advantage;
- a turnaround opportunity, either within the business as a whole or within a critical element of the business; or
- a specific catalyst expected to generate short-medium term capital appreciation.

The Team

The Company's portfolio is managed by Kerry Series and Stephen Walsh. Kerry and Stephen both have extensive investment experience, having held senior roles in financial services in Australia and overseas.



Kerry Series, Chief Investment Officer, Portfolio Manager

Founder of 8IP, Kerry has more than 30 years of experience in equity markets. He has previously held senior roles with AMP Capital where he was Head of Asia Pacific Equities, Investment Director at HSBC Asset Management and co-founder of Perennial Investment Partners that grew to \$20 billion within 7 years.



Stephen Walsh, Portfolio Manager

With more than 29 years experience in Australia and overseas, Stephen has held director level roles in equities research and investment banking at Macquarie, Wilson HTM and Credit Lyonnais. Stephen has also worked in senior strategy roles for LEK Consulting and Standard Chartered Bank.

8EC Board Members

Jonathan Sweeney, Chairman, Non-executive Independent Director

With more than 29 years experience, Jonathan has had a varied career in financial services, initially in equity funds management in London, that continued when he returned to Australia. He was Managing Director of Trust Company for 8 years and in 2008 he co-founded a real estate investment business that became Folkstone. He left Folkestone in 2008 to pursue a portfolio of roles. He is currently a non-executive director of Velocity Rewards, Tennis New South Wales, The Australian Davis Cup Tennis Foundation and is a member of Perpetual Trustee's Investment Committee.

Tony McDonald, Non-executive Independent Director

Tony McDonald is an experienced director and former senior executive with extensive experience in the wealth management and investment industry. He has a successful track record having co-founded and led the Snowball Group from a start-up to a fully integrated wealth management business listed on the ASX. He is a director of Hub24, URB and Chairman of Newington College. He has held senior positions at Jardine Fleming Holdings (Hong Kong) and Pacific Mutual Australia, and has practiced as a lawyer in Australia and overseas.

Robin Burns, Non-executive Independent Director

Mr Burns is an experienced independent director with almost 30 years of leadership experience in the financial services sector. His senior executive roles have included Managing Director and CEO of Equity Trustees, CEO of Equisuper and CEO Risk at AXA Australia. Mr Burns currently serves as a non-executive director and audit committee Chairman for Indue and is a member of the PIMCO Australia compliance committee.

Geoff Wilson, Non-executive Non-Independent Director

Mr Wilson has over 37 years of direct experience in Australian and international investment markets. Mr Wilson is Chairman and founder of Wilson Asset Management, WAM Capital, WAM Leaders, WAM Research, WAM Active and WAM Microcap. He holds a number of additional directorships with investment companies and non-profit organisations.

Kerry Series, Executive Non-independent Director

IMPORTANT INFORMATION

This report was prepared by Eight Investment Partners Pty Limited (8IP) (ABN 22 139 616 783, AFSL 342 305) as Manager of 8IP Emerging Companies Limited ("8EC" or "Company").

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8IP

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