

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

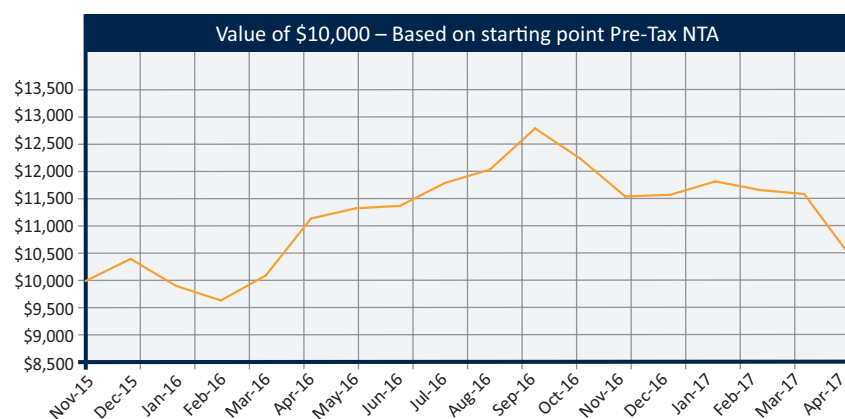
The NTA (pre-tax) return for April was -9.50%. During April, the Portfolio experienced its most challenging period since listing. The decline occurred over two days in late April. April is a high risk period for emerging companies as they are required to lodge their March quarter cash flow statements by month end.

Two portfolio positions, *Automotive Solutions ("4WD")* and *Range International ("Range")*, released poor announcements and their share prices were savaged, both down around 60%. 4WD revised their revenue and EBIT guidance lower due to weak trading in three of their businesses. Since the release, the Company has spoken with the Chairman and we will monitor developments over the coming weeks. Since month end AMA Group Limited has launched a takeover offer for 4WD.

The quarterly cash flow announcement from *Range* showed a decline in cash receipts which surprised the market. They stated that they were disappointed with the sales performance and have since appointed a Head of Global Sales and Marketing. Subsequently, *Range* reported that April was "the best sales month to date".

The Company remains very positive on the key portfolio positions, namely *Cooper Energy Limited*, *Freedom Insurance Group Limited*, *Gascoyne Resources Limited*, and *Skydive the Beach Group Limited*. In light of the more challenging environment, the Company has been looking to increase cash exposure and reduce the number of stocks held. This strategy is ongoing and it is expected that the cash will be used opportunistically to generate returns.

Cumulative NTA Performance



NTA Performance

	1m	3m	6m	1y	3y	5y	Inception
8EC (Pre-Tax)	-9.50%	-11.36%	-14.30%	-5.94%	-	-	+3.35%
8EC (Post-Tax)	-7.10%	-8.46%	-11.50%	-4.63%	-	-	+2.02%

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.

Key Facts

NTA	Pre-Tax: \$1.0160 Post-Tax: \$1.0069
Market Capitalisation	\$40.2 million
Listing Date	1 December 2015
Share Price (ASX Code: 8EC)	\$0.9800
FY 2016 Interim Dividend	1c Fully Franked

Top 5 Holdings

Cooper Energy Limited	10.1%
Freedom Insurance Group Limited	9.5%
Skydive the Beach Group Limited	6.6%
MSL Solutions Limited*	6.0%
Gascoyne Resources Limited	5.9%
Total number of portfolio holdings	37

* Convertible Notes

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 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 Folkstone 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.

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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