

# 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 March 2018 was -3.35%.

The top contributors to performance were *Gascoyne Resources Limited*, *Novonix Limited* and *Calidus Resources Limited*. *Gascoyne* confirmed that their Dalgaranga Gold Project is on track for first gold production in May 2018. *Novonix's* share price was up over 16% in March as it continued with its strategy of transforming from a developer of a flake graphite deposit into a supplier of advanced battery materials and services to the global Lithium Ion Battery market.

The bottom contributors to return were *Galena Mining Limited* and *Red River Resources Limited*. *Galena* is a promising emerging lead-silver producer and recently upgraded resources at their Abra project. Despite the recent fall *Galena* shares are up +29% for the quarter ended March 2018. *Red River's* Thalanga Zinc Project was stopped temporarily due to severe weather in early March 2018. The weather has passed and mining operation has recommenced.

In light of the increased market volatility, and with S&P/ASX 200 Index trading near the high end of the valuation range since 2009, an index hedge position was implemented in February 2018 at approximately 40% of portfolio value. As with previous occasions the hedge position will be adjusted as the index valuation changes. In March 2018 the S&P/ASX 200 Index fell by -3.60%.

## Cumulative NTA Performance



## NTA Performance

	1m	3m	6m	1y	2y	5y	Inception
8EC (Pre-Tax)	-3.35%	-7.08%	+3.97%	-2.06%	+5.98%	-	+5.53%
8EC (Post-Tax)	-2.54%	-5.58%	+2.47%	-2.42%	+3.59%	-	+3.37%

Source: 8IP.

Performance has been calculated using the pre-tax and post-tax NTA (as released to the ASX); the NTA excludes the payment of dividends by 8EC. 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

<b>NTA</b>	Pre-Tax: \$1.0995 Post-Tax: \$1.0576
<b>Market Capitalisation</b>	\$37.3 million
<b>Listing Date</b>	1 December 2015
<b>Share Price (ASX Code: 8EC)</b>	\$0.9100
<b>FY17 Annual Dividend</b>	3c Fully Franked
<b>Fully Franked Dividend Yield</b>	3.1%

## Top 5 Holdings

Experience Co Limited	7.5%
Red River Resources	6.9%
Gascoyne Resources Limited	5.9%
Zenitas Health Limited	5.1%
Cooper Energy Limited	4.9%
<b>Total number of portfolio holdings</b>	<b>35</b>

## 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 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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