

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 October 2016 was -4.3%.

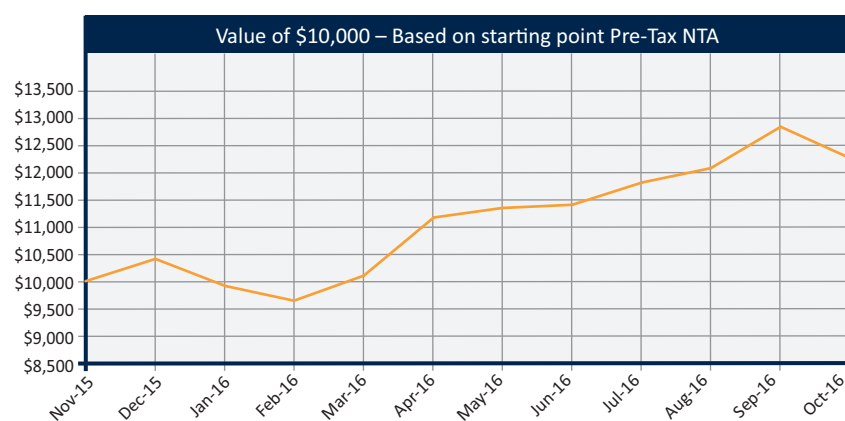
Markets became more risk averse during October, with the Small Ordinaries Index down 4.7%, primarily due to concerns regarding the outcome of the US election. At the time of publishing this update, markets have rallied in the face of Trump's victory. We expect markets to continue to improve, now that the uncertainty of the US election outcome is removed.

The Company's resource stocks gave back part of their recent gains in October.

In addition, *Vita Group Limited* ("Vita Group") suffered a sharp fall in share price as Telstra is in discussions with their retail channels (including *Vita Group*) about potential changes to the remuneration structure. The share price fall seems excessive given *Vita Group's* strong position with Telstra. We will monitor the outcome of these discussions closely, but expect a recovery in the share price over the coming months.

We added *Compumedics Limited* ("Compumedics") to the Company's portfolio in late September and the stock has enjoyed a strong re-rating since then. *Compumedics* is a leading global developer of medical devices for diagnosing sleep disorders and monitoring brain activity and has released EBITDA guidance of \$6-8m for FY17 and, at the Company's purchase price, the market capitalisation was around \$90m. Growth is expected to come from expansion in the US, Germany, and China and the launch of next generation products.

Cumulative NTA Performance



NTA Performance

	1m	3m	6m	1y	3y	5y	Inception
8EC (Pre-Tax)	-4.33%	+3.79%	+9.76%	-	-	-	+22.27%
8EC (Post-Tax)	-2.67%	+3.45%	+7.76%	-	-	-	+16.24%

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.

Option Exercise Instructions

Holders of 8EC Options (ASX Code: 8ECO) may exercise their options by completing a Notice of Exercise available at www.8EC.com.au. The Notice of Exercise will be effective when the company has received the full amount of the exercise price in cash or cleared funds.

Key Facts

NTA	Pre-Tax: \$1.1856 Post-Tax: \$1.1377
Market Capitalisation	\$34.0 million
Listing Date	1 December 2015
Share Price (ASX Code: 8EC)	\$1.0250
Option Price (ASX Code: 8ECO)	\$0.03
Option Expiry Date	12 December 2016
Option Exercise Price	\$1.00
Number of Unexercised Options	16,438,506

Top 5 Holdings

BPS Technology Limited*	7.0%
Skydive the Beach Group Limited	6.7%
Cooper Energy Limited	6.3%
MSL Solutions Limited*	6.2%
Nanosonics Limited	5.4%
Total number of portfolio holdings	42

* 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 25 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 20 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 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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While the information in this document has been prepared with all reasonable care, neither 8IP nor 8EC makes any representation or warranty as to the accuracy or completeness of any statement in this document including any forecasts.

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8IP

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