

# 8IP Emerging Companies Ltd

We focus on growing your wealth through core and high conviction small companies investing

## Updated release |

**This release updates the ASX release at 10:54am 13 November 2018**

It updates formatting and corrects some typographical errors. Please note that all key information provided in the initial release remains correct and unchanged.

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# 8IP Emerging Companies Ltd

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

## Review and outlook

The NTA (Pre-Tax) return for October 2018 was -5.33%, a solid result in the context of a difficult month for smaller companies with the Small Ordinaries Index down nearly 10% for the month.

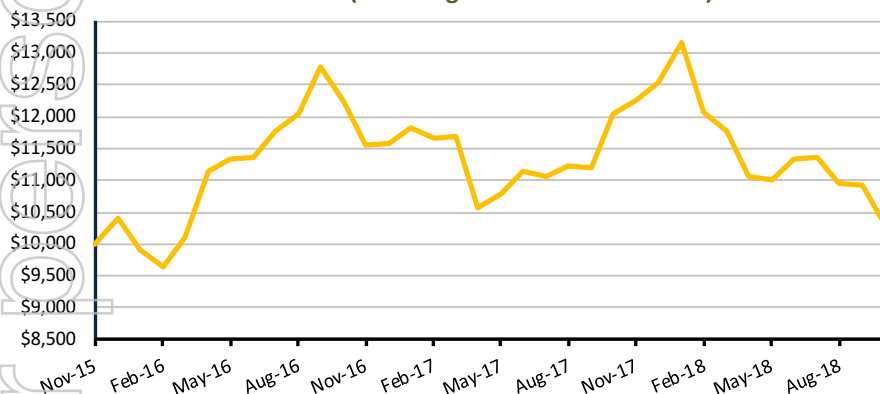
The futures hedge was the largest contributor to performance, adding over 4% to return during October.

In addition to the hedge, five stocks contributed positively during the month, Citadel Group, Over the Wire Holdings, Cooper Energy, Oncosil Medical and Jumbo Interactive. We have commented on Citadel, Cooper and Over The Wire in previous updates. Oncosil is testing a radiation device targeting pancreatic cancer. The stock bounced over 11% during the month as expectations of European approval rose on a positive broker report. Jumbo Interactive, a retailer of lotteries (it is behind Oz Lotto and Powerball) provided a positive update which saw the stock up in a negative overall market.

In terms of detractors for the month, Bounty Mining saw the profit taking from its successful IPO continue - the company continues to ramp up production although the last quarter was hit by some equipment delivery and approval issues. Gage Roads Brewing was weaker on no specific news and car loan provider Money3 fell following an announcement of a Senate inquiry into providers of various forms of non-bank lending.

After the market downturn, the hedge was reduced to approximately 16% of the portfolio at the end of October.

## Cumulative NTA Performance (including dividends re-invested)



## NTA Performance (including dividends re-invested)

	1m	3m	6m	1yr	2y (p.a)	5y (p.a)	Incept. (p.a)
8EC (Pre-Tax)	-5.33%	-9.08%	-6.63%	-14.24%	-8.07%	-	1.13%
8EC (Post-Tax)	-3.72%	-6.36%	-4.24%	-9.17%	-5.49%	-	1.29%

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 \$. Returns for the period of more than one year are annualised. Returns include the effect of dividends re-invested.

## Key Facts

NTA Pre-Tax	\$0.9377
NTA Post-Tax	\$0.9498
Market Cap	\$30.7m
Share Price (ASX Code : 8EC)	\$0.750
FY18 Final Dividend (Declared 28/8/18)	3c
Interim Dividend (Paid 6/4/18)	1c
Total	4c
Dividend Yield*	5.3%

\* FY18 Dividends totalling 4c divided by latest share price.

## Top 5 Holdings

Bounty Mining	11.0%
Cooper Energy	8.0%
Over The Wire	6.8%
The Citadel Group	6.2%
Megaport	6.0%

Total number of stock holdings 31

## Recent Dividend History (cents per share)

Payment Date	Amount
23 Oct 2018	3
6 Apr 2018	1
25 Sep 2017	2

## 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.
- 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.

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## 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 over 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.



### 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 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

Robin 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. Robin 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

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

### Kerry Series, Executive Non-independent Director

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8IP

T: +61 2 8274 2088 E: enquiry@8ip.com.au

W: www.8ip.com.au

Share Register - Boardroom Pty Limited

T: 1300 737 760 E: enquiries@boardroomlimited.com.au

W: www.boardroomlimited.com.au