

## ASX Announcement

21 November 2018

### Chairman's address 8EC AGM 11am 21<sup>st</sup> November 2018 Provided in accordance with Listing Rule 3.13.3

I would like to touch on the following items in my address:

- Our financial results including our record final dividend
- Our new Board members
- Aurora Funds management's legal challenge to the vote of the 16 April General Meeting
- Our share price, forward looking strategy and outlook and
- Today's Agenda and Resolutions

8EC recorded a pre-tax profit of \$1.4 million for the year ended 30 June 2018. The Board declared a record final dividend of 3 cents per share bringing total dividends for the financial year to 4 cents per share.

The Board recognises the importance of paying regular dividends and aims to continue to deliver regular dividends to shareholders.

Market volatility has continued and the Company's portfolio has performed relatively well in the 2019 financial year to date. This is attributable to the higher levels of cash and market protection strategies put in place by the manager.

The Company's after tax NTA per share was \$1.04 as at 30 June 2018 and was standing at \$0.95 at the end of October 2018.

After allowing for the payment of our final dividend, this fall of 5.8% compares with a fall of over 8.6% in the Small Ordinaries Index. While the Company looks to outperform a benchmark of the cash rate plus 2%, protecting the Company from the full extent of market falls has been positive.

We welcomed two new directors to the Board in April 2018, being Geoff Wilson and Robin Burns. Both Geoff and Robin are well-credentialed directors. Geoff has over 38 years experience in investment markets and is the founder of Wilson Asset Management. Robin has almost 30 years experience in financial services and has served as a CEO of a listed financial services company. Geoff and Robin have already made a difference by providing valuable advice and counsel as well as assisting the Board in its deliberations.

Both Geoff and Robin are standing for election at this meeting and I commend them both to you and encourage all shareholders to vote for their election.

Shareholders will be aware that Aurora Funds Management Ltd has commenced proceedings to overturn the vote of the General Meeting held on 16 April 2018. I am disappointed that Aurora has sought to overturn the clearly expressed desire of shareholders some six months after the General Meeting was held. The matter is still ongoing and we will be vigorously defending the proceedings and will seek to recover costs to protect the interests of shareholders.

I can assure you that your Board continues to act in the best interests of all shareholders.

We are disappointed that 8EC's shares continue to trade at a discount to its NTA backing. We continue to look at ways to improve liquidity of 8EC's shares as well as narrow the discount. Increased resourcing by the Manager into marketing and communications as well as increased dividends are recent initiatives taken by the Board.

Furthermore, as recently noted by a number of commentators on the LIC sector, the current situation among a number of LICs trading at a discount raises the issue of potential corporate actions and ranges of strategies that can be applied to create liquidity and to narrow the discount. The Independent Directors are open to all and any strategies that are in the interests of all shareholders, and will diligently and prudently consider all available options, noting that this can take time to consider and determine the best possible approach.

The Resolution to change the terms of the Investment Management Agreement is designed to improve the ability of the Manager to add return and manage risk by increasing the universe of potential shares the Manager can invest in as well as increasing the amount of cash that can be held in the portfolio.

Once we have completed the formal part of the meeting I will hand over to Kerry Series the Manager's Chief Investment Officer to discuss how he sees the market and the implementation of our investment strategy outlined above.

There are a number of items on the Agenda for this year's AGM. We are considering:

- Our Financial Statement and Reports
- Adoption of the Remuneration Report
- Election of three directors, namely;
  - Robin Burns
  - Geoff Wilson, and
  - Kerry Series (re-election)
- Potential Changes to the Investment Management Agreement, and
- Approval of an increase in the non-executive directors fee pool

All resolutions have been explained in detail in the Notice of Meeting and the Explanatory Memorandum.

Before we enter the formal part of the meeting I would personally like to endorse all three directors who are standing for election and recommend that shareholders vote for their election. Each of them has been a positive and very useful contributor to the Board.

I would also like to provide some background to the proposed increase in the non-executive directors' fee pool. When the Company listed in December 2015 we had two non-executive directors and the fee pool was capped at the total of their remuneration. With the addition of Geoff and Robin to the Board it is necessary to increase the fee pool and the Board believed it appropriate to build in some flexibility above the current fee total. I would like to state that currently there is no intention to raise current directors' fees nor add another director to the Board.

I would like to thank my fellow directors and the 8IP management team for their hard work over the year. I would also like to thank you, our shareholders for your support and advice, it is greatly appreciated.

**Jonathan Sweeney**  
Non-executive Chairman