

# 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

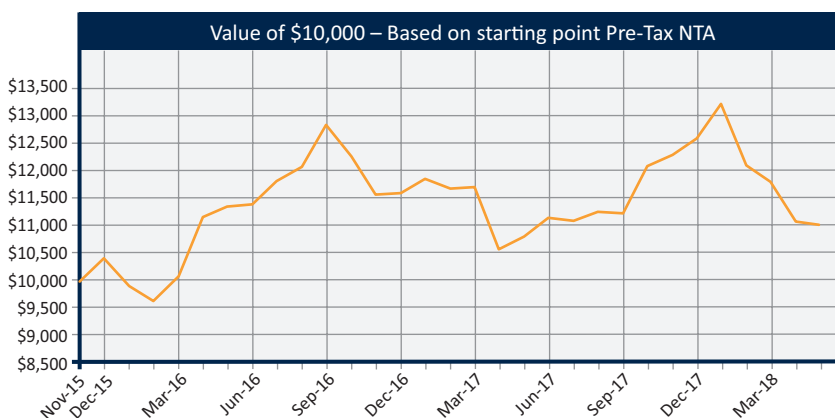
The NTA (Pre-Tax) return for May 2018 was -0.49%.

Positive contributors for the month included *Experience Co* (“*Experience*”), *Gascoyne Resources* (“*Gascoyne*”) and *Australis Oil & Gas* (“*Australis*”). *Experience* rose 11.1%, partially recovering from the weather-related downgrade in April. *Gascoyne* rose 10.6% after achieving first gold pour ahead of schedule at its Delgaranga gold project and released positive results from the initial drilling program at the Greencock prospect. *Australis* rose 17.6% continuing its rerating following a capital raise of \$39m in March to fund the commencement of drilling in its Tuscaloosa Marine Shale acreage.

Key under-performers were *Galena Mining* (“*Galena*”), *Explaurum* (“*Explaurum*”) and *MSL Solutions* (“*MSL*”). *Galena* announced outstanding metallurgical results at their Abra project but traded down from 17cps to 14cps at month end. This was most likely the result of trading activity following the capital raising in April. Gold junior *Explaurum* is a relatively small position, however it declined by 23% following a somewhat disappointing study result. There was no news to account for the 11% decline in *MSL* and the business seems to be on track with the stock on a compelling valuation.

The index hedge position that was implemented in February 2018 at approximately 40% of portfolio value continues given the relative high valuation of markets. As with previous occasions, the hedge position is adjusted as the index valuation changes.

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



## NTA Performance (including dividends re-invested)

	1m	3m	6m	1y	3y	5y	Inception
8EC (Pre-Tax)	-0.49%	-8.68%	-10.11%	+2.04%	-	-	+3.93%
8EC (Post-Tax)	-0.35%	-5.27%	-6.61%	+3.03%	-	-	+3.14%

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. Returns include the effect of dividends re-invested.

## Key Facts

NTA	Pre-Tax: \$1.0295 Post-Tax: \$1.0184
Market Capitalisation	\$37 million
Listing Date	1 December 2015
Share Price (ASX Code: 8EC)	\$0.8950
FY17 Annual Dividend	3c Fully Franked
Fully Franked Dividend Yield*	3.4%

\* FY17 Dividend divided by latest share price.

## Top 5 Holdings

Experience Co Limited	6.7%
Bounty Mining Limited	5.7%
Gascoyne Resources Limited	5.7%
Zenitas Health Limited	5.5%
Red River Resources Limited	5.1%
<b>Total number of portfolio holdings</b>	<b>33</b>

## Dividend History

Payment Date	Amount
6 April 2018	1c
25 September 2017	2c
4 April 2017	1c

## 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.

### **Robin Burns, Non-executive Independent Director**

Mr Burns 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. Mr Burns 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**

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

### **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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