

8IP Emerging Companies Limited

ABN 75 608 411 347

Notice of General Meeting

To be held at 11:00am on Monday, 16 April 2018 at roof top meeting room (level 7), 370 St Kilda Road, Melbourne Vic 3004.

Important Notices

This Notice of Meeting is called and arranged by Aurora Funds Management Limited (ACN 092 626 885, AFSL No. 222110) ("**Aurora**"), as responsible entity of the Aurora Dividend Income Trust (ARSN 151 947 732) ("**AOD**"), pursuant to section 249F of the Corporations Act 2001.

General

This is an important document and requires your immediate attention. You should read this document completely and carefully before deciding how to vote on the resolutions set out in this Notice of Meeting and, if necessary, consult your investment, tax, legal or other professional adviser. A proxy form for the Meeting is enclosed.

Preparation and Responsibility

Other than as set out below, or otherwise indicated, this Notice of Meeting has been prepared by Aurora. Except to the extent required by law, Aurora does not assume responsibility for the accuracy or completeness of the information contained in this Notice of Meeting.

Neither 8IP Emerging Companies Limited (ABN 75 608 411 347), nor ASIC and its respective officers take any responsibility for the contents of this Notice of Meeting.

Investment Decisions

This Notice of Meeting does not take into account the investment objectives, financial situation, tax position or requirements of any particular person. The information contained in this Notice of Meeting is not financial product advice. This Notice of Meeting should not be relied on as the sole basis for any investment decision in relation to your 8EC shares or otherwise. You should seek independent financial and taxation advice before making any decision in relation to 8EC shares or the resolutions set out in the Notice of Meeting. It is important that you read this Notice of Meeting in full before making any decision as to how to vote on the resolutions set out in this Notice of Meeting.

Forward looking statements

This Notice of Meeting may contain forward looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to vary from those forward looking statements or results express or implied therein.

Variance between actual results and events or results expressed or implied within forward-looking statements are typical and expected. Aurora, nor any person mentioned within this Notice of Meeting, does not make or attempt to make any warranty or representation, express or implied, as to the likelihood, or accuracy of the realisation of those forward-looking statements. It is prudent not to place undue reliance on those statements and, if necessary, consult a professional advisor with respect to those statements prior to making any decision relating to the resolutions set out in this Notice of Meeting.

Notice to foreign persons

This Notice of Meeting has been prepared to comply with the requirements of the laws of Australia, which may differ from the requirements in jurisdictions outside of Australia.

This Notice of Meeting is dated 16 March 2018.

1. Notice of Meeting for 8IP Emerging Companies Limited (ABN 75 608 411 347)

Notice is hereby given by Aurora Funds Management Limited (ACN 092 626 885, AFSL No. 222110) ("**Aurora**"), as responsible entity of the Aurora Dividend Income Trust (ARSN 151 947 732) ("**AOD**"), that, as a shareholder of 8IP Emerging Companies Limited (ABN 75 608 411 347) ("**8EC**" or "**Company**") holding shares carrying at least 5% of the votes that might be cast at a meeting of 8EC's shareholders, pursuant to section 249F of the Corporations Act 2001 (Cth) ("**Act**"), it has called and arranged for meeting of 8EC shareholders to be held at:

Date and time: 11:00am on Monday, 16 April 2018

Place: Roof top meeting room (level 7), 370 St Kilda Road Melbourne Vic 3004,

(the "**Meeting**").

Business of the Meeting

The resolutions put forward by Aurora are in the following terms:

Resolution 1 – Removal of Kerry Series as a director

"That Kerry Series be, and he is hereby, removed from office as a director of the Company, with effect from closure of the meeting."

Resolution 2 – Removal of Jonathon Sweeney as a director

"That Jonathon Sweeney be, and he is hereby, removed from office as a director of the Company, with effect from closure of the meeting."

Resolution 3 – Removal of Tony McDonald as a director

"That Tony McDonald be, and he is hereby, removed from office as a director of the Company, with effect from closure of the meeting."

Resolution 4 – Election of Anthony Hartnell as a director

"That Anthony Hartnell, having consented to his nomination as a director of the Company, be and he is appointed as a director of the Company, with effect from closure of the meeting."

Resolution 5 – Election of John Patton as a director

"That John Patton, having consented to his nomination as a director of the Company, be and he is appointed as a director of the Company, with effect from closure of the meeting."

Resolution 6 – Election of Victor Siciliano as a director

"That Victor Siciliano, having consented to his nomination as a director of the Company, be and he is appointed as a director of the Company, with effect from closure of the meeting."

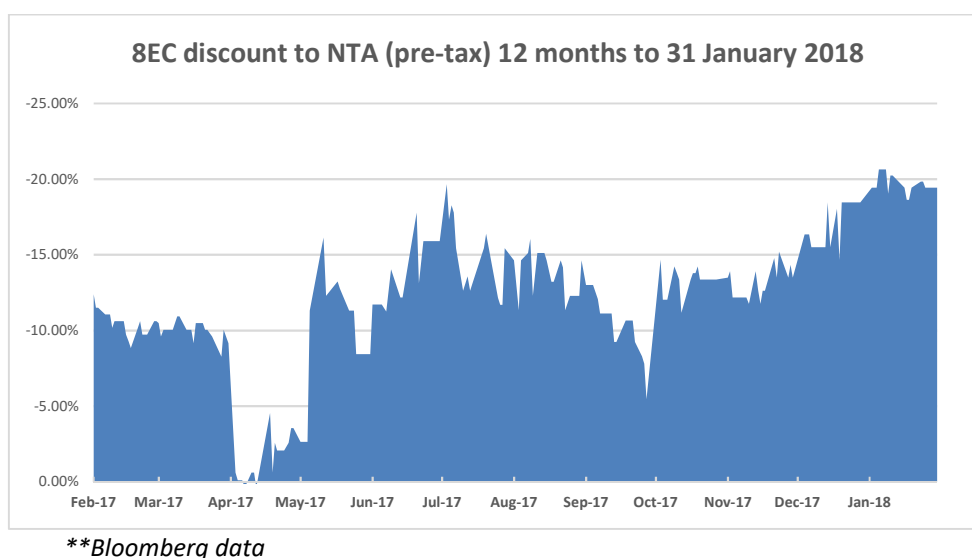
2. Explanatory Notes on the Notice of Meeting

2.1. Why was the Meeting called and arranged by Aurora?

Aurora, as responsible entity of AOD, Aurora Fortitude Absolute Return Fund and Aurora Global Income Trust (“**Funds**”), holds an interest of approximately 19.99% of the total outstanding share capital in 8EC. Aurora, across its various Funds, is the largest shareholder of 8EC and has been a patient investor since 2016.

Aurora has several concerns relating to 8EC and its performance and management that have led it to call this meeting. Its key concerns include:

- **The persistent material discount between market price and underlying Net Tangible Assets (“NTA”), and ensuing illiquidity**



The above chart demonstrates 8EC’s discount over the past 12 months, with 8EC currently trading at a circa 20% discount to its last reported NTA (pre-tax). Aurora has sought to engage proactively with the Company’s current management regarding shareholder friendly capital management initiatives aimed at reducing 8EC’s persistent discount to NTA. Aurora’s requests and suggestions have not resulted in any action by the Company.

Aurora believes that the large discount is a key factor in the lack of on-market liquidity for 8EC shares. 8EC’s average daily trade over the most recent 60 days of trade was approximately \$36,000¹ per day – an insignificant amount when compared to 8EC’s circa \$50 million in pre-tax assets.

- **The significant volatility and riskiness of 8EC’s underlying investments and its comparative returns**

Since listing (some 27 months to 28 February 2018), 8EC’s monthly NTA (pre-tax) returns have moved (both positively and negatively) by:

- > 2.00% on 17 different occasions (months)
- > 4.00% on 10 different occasions (months)
- > 6.00 % on 5 different occasions (months)
- > 8.00 % on 3 different occasions (months)

This demonstrates the large variations in monthly returns on 8EC’s investment portfolio. Aurora believes this volatility in monthly returns increases the risk for shareholders for which shareholders are not obtaining commensurate returns. To demonstrate, please see the table below:

¹ Data sourced from Bloomberg 8th March 2018

	1-year return ²	Volatility ³	Sharpe Ratio
8EC total return ⁴	0.6%	30%	-0.1
S&P/ASX Small Ordinaries Accumulation Index	20.8%	10%	2.0

The above table shows that despite having materially higher volatility, 8EC materially underperformed the underlying market. Furthermore, the Sharpe Ratio indicates that for every unit of risk an 8EC investor took over the year, that investor actually lost money.

Notwithstanding this negative risk adjusted return, 8EC's investment manager, Eight Investment Partners ("8IP"), received \$954,149 in fees including \$377,778 in performance fees during the year⁵.

Additionally, Aurora is highly concerned with the inherent riskiness of some of the underlying positions and the potential risks posed by a number of 8EC's current and historical investments. For example, in an interview posted on 8EC's website dated 15 October 2015, Kerry Series (Chief Investment Officer of 8IP) provided his top three favoured stocks, which included 1-Page, Highfield Resources and Yowie Group.

From the date of this interview⁶, these top three stocks have performed as follows:

- 1-Page has produced a total return of **-97%** (additionally, 1-Page has sold its operating major business for nil value and currently remains suspended);
- Highfield Resources has produced a total return of **-33%**; and
- Yowie Group has produced a total return of **-92%**.

Whilst it is possible that 8EC may have benefitted from positive returns on these investments, Aurora is highly concerned that investing in such speculative companies requires the taking of risk that 8EC investors may not be aware of and seems to rely on the *greater fool theory*⁷ (namely, 8EC will only be able to make a good return on these investments if it is able to find someone more foolish to sell to).

➤ The arrangements with Kerry Series that led to 8EC becoming a shareholder in Big Unlimited Limited (ASX:BIG)

A recent article in the Australian Financial Review ("AFR") highlighted the involvement of Mr Kerry Series with BIG, an investee company of 8EC. According to the AFR *"in November 2016, Big purchased, BHA Media, a subsidiary of the Intermedia Group*, a company 24 per cent owned by small cap fund manager Kerry Series of 8IP, who subsequently bought 1 million Big shares in his fund."*

Aurora is concerned that Mr Series potentially used 8EC's investable capital in support of, or connected to, a sale of one of his private assets. As at today, 8EC currently has approximately 2.5% of its NTA in BIG, a company which entered a trading halt on 19 February 2018 and currently remains suspended on the Australian Stock Exchange, pending an ongoing investigation into its conduct.

Aurora has been in dialogue with the current management team and board for well over 12 months. Aurora has continually expressed its concerns regarding the persistent share price discount to NTA. As at the date of this announcement, Aurora has yet to receive a satisfactory response to its concerns. Therefore, **Aurora considers the proposed Board changes are necessary to ensure the fair treatment of all shareholders.**

2.2. Aurora's intention for 8EC once the Board is replaced

If the resolutions to be considered at this meeting are passed, Aurora intends to request 8EC's newly appointed directors to take steps to:

1. Pay out 100% of the realised and unrealised tax assets in the form of a fully franked dividend. Aurora currently estimates this could be as much as 19c fully franked dividend⁸ per share (subject to distributable profit reserves).

² 12 months to 28 February 2018

³ Data sourced from Bloomberg using 260 trading days to 28 February 2017

⁴ Based on 8EC's share price

⁵ Drawn from the financial accounts for the period 1 January 2017 to 31 December 2017

⁶ As at the date of this announcement

⁷ https://en.wikipedia.org/wiki/Greater_fool_theory

⁸ As at 28 February 2018, 8EC has \$1.1376 pre-tax NTA versus a post-tax NTA of \$1.0852. This implies at \$0.0524 of deferred tax liability, which, if crystallised and paid as tax would allow for a 27.5% franked dividend of 19c per share subject to distributable profit reserves.

2. To give shareholders the opportunity to exit at fair value, implement an equal-access buyback of 30% of outstanding shares in 8EC at prevailing NTA. This buyback would take place after the payment of the abovementioned fully franked dividend and if more than 10% of the total number of shares would be bought back, would require shareholder approval.
3. Implement an on-market buyback of a further 10% of the outstanding shares in 8EC at a target discount no greater than 5% to its estimated post-tax NTA (subject to ASX listing rules and shareholder approval depending on the percentage of shares bought back under step 2).

In addition, Aurora intends to suggest to the new directors of 8EC that they review the current investment portfolio.

2.3. Aurora's voting intention and chair of the Meeting

Aurora currently holds approximately 19.99% of the shares in 8EC and intends to vote in favour of all Resolutions.

Under 8EC's constitution, the current director that has been appointed by the directors of 8EC to chair the meetings of directors, is entitled to chair the Meeting. If that person is not present at the Meeting or is unwilling to act, the Voting Members present at the Meeting must elect a member present to chair the Meeting. Aurora intends to vote in favour of Aurora electing (acting through John Patton, its Managing Director and corporate representative for the Meeting) to chair the Meeting – it is therefore likely that John Patton will be the chair person of the Meeting. Mr Patton provides standing notice that he is the Managing Director of Aurora and is its corporate representative for the Meeting, and Aurora as a shareholder of 8EC intends to vote in favour of all Resolutions.

The chair will be responsible for the general conduct of the Meeting and for the procedures adopted by it in accordance with and subject to the Act and 8EC's constitution. The Chair may adopt any procedures which in his or her opinion are necessary or desirable for the proper and orderly recording of votes at the Meeting.

The Chair's decisions about the general conduct and procedures is final. It is intended that Registry Direct ("**Registry**") will be responsible for collecting, collating and counting the votes submitted in relation to each Resolution.

2.4. Who is paying the costs of the Meeting

Aurora will bear all costs associated with the Meeting. Aurora has decided to call and arrange for the Meeting pursuant to section 249F of the Act, to reduce the costs incurred by 8EC and to provide Aurora the opportunity to move efficiently in implementing its stated capital management initiatives.

2.5. How to vote

Aurora encourages all 8EC shareholders to vote in favour of the Resolutions.

Shareholders may attend the Meeting to cast their vote in person at the Meeting, or, if you are a body corporate, your corporate representative, may attend the Meeting. You may also attend by proxy by filling in and returning the enclosed proxy form (see section 2.6 below).

Shareholders or their corporate representatives attending the Meeting should arrive at the Meeting approximately 30 minutes prior to the time of the commencement of the Meeting in order to:

- (a) have their membership confirmed against the register of 8EC shareholders; and
- (b) have any power of attorney or appointment as a corporate representative verified at the time of registration.

2.6. Proxy Form

An 8EC shareholder, for the purposes of the Meeting, will be a registered holder of shares in 8EC 48 hours prior to the time of the Meeting ("**Shareholder**"). Shareholders are entitled to attend and vote at the Meeting and have a right to appoint a proxy to attend and vote on behalf of them.

A proxy need not be an 8EC shareholder and may be either an individual or a body corporate. If an 8EC shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meetings, in accordance with s 250D of the Act; and

- provides satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Meeting.

If such evidence is not received before the Meeting, the body corporate (through its representative) will not be permitted to act as a proxy.

An 8EC shareholder that is entitled to cast two (2) or more votes may appoint two (2) proxies and specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the votes.

A Proxy Form accompanies this Notice of Meeting. We urge you to complete the Proxy Form and return it by one of the below listed methods. For an appointment of a proxy to be effective for the Meeting, the Proxy Form must be received by Registry, at least 48 hours prior to the commencement of the Meeting. Shareholders appointing a proxy must also send the original or certified copy of any power of attorney or authority under which the proxy was signed (if applicable). The documents should be delivered to:

By mail

PO Box 18366
Collins Street East
VIC 8003

By facsimile:

Within Australia
+61 91115652

Or Online, by visiting:

www.registrydirect.com.au

2.7. Voting Entitlements

In accordance with rule 16.1 of 8EC's constitution and regulation 7.11.37 of the Corporations Regulations 2001, Aurora has determined for the purposes of the Meeting that 8EC shares will be taken to be held by the persons who are the registered holders at 11:00am (AEST) on 14 April 2018, being 48 hours prior to the commencement of the Meeting.

2.8. Quorum and Majority Required

In accordance with section rule 14.2 of 8EC's constitution, the quorum necessary for a meeting of 8EC shareholders convened to consider the Resolutions is at least two (2) 8EC shareholders present in person or by proxy, and the quorum must be present at all times during the Meeting.

2.9. Further information

If you have any questions, please contact Adrian Martin by telephone on +61 403 211 234 or by email at amartin@aurorafunds.com.au.

2.10. Notice of Meeting

This Notice of Meeting has been approved by the directors of Aurora, in its capacity as responsible entity of AOD, on 16 March 2018. Signed by Adrian Martin for and on behalf of Aurora Funds Management Limited in accordance with section 252L(2) of the Act.



Adrian Martin
Company Secretary
Aurora Funds Management Limited
as responsible entity of the Aurora Dividend Income Trust
16 March 2018