

**Your Board unanimously recommends shareholders:**

**VOTE AGAINST ALL RESOLUTIONS**

proposed by Aurora Funds Management Limited and that you

**IGNORE THE PROXY FORM SENT BY AURORA**

and

**ONLY USE THE ATTACHED PROXY FORM**

authorised and sent by 8IP Emerging Companies Limited.

26 March 2018

8IP Emerging Companies Limited ('8EC' or the 'Company') has today released its formal response to the Notice of Meeting ('NOM') and Explanatory Statement provided by Aurora Funds Management Limited ('AURORA') on 16 March 2018.

The resolutions put forward by Aurora would see the removal of the current Board, which is comprised of a majority of independent, non-executive directors, and the election of three directors who are closely associated with Aurora including a majority of Aurora executives. This would mean that Aurora would control the 8EC Board and would have achieved this control without paying a control premium to 8EC shareholders.

**Following consideration of the resolutions, your Board unanimously recommends shareholders VOTE AGAINST ALL RESOLUTIONS proposed by Aurora.**

Shareholders are urged to ignore the proxy form sent by Aurora and vote against all resolutions using the proxy form attached to this letter. The instructions on the Aurora proxy form encourage you to send proxies, via mail, fax or online to Registry Direct, which is not 8EC's share registry. Only proxy forms received by the Company or its share registry, Boardroom Pty Limited, will be valid.

If you have already sent a proxy form by Aurora, the 8EC Board recommends you re-vote using the attached 8EC proxy form, against all resolutions, and send the new proxy form to 8EC's share registry, Boardroom. Any second or subsequent vote will replace a proxy vote already received.

**To be valid proxy forms must be received by 8EC or its share registry, Boardroom, at least 48 hours prior to the meeting. Proxy forms lodged in accordance with the instructions provided by Aurora may be invalid.**

The 8EC Proxy Form includes instructions on how to vote by completing the form.

**If you have any questions, please contact the 8EC shareholder information line on 1300 560 339 or (from outside Australia) +61 2 8011 0354.**

## CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

I am writing to you regarding a Notice of Meeting ("NOM") sent to you by minority shareholder, Aurora Funds Management Limited, convening a General Meeting of 8EC shareholders, where resolutions, if passed, would put Aurora in control of the Company by having its representatives appointed to the Board.

**This meeting was not convened by the Company and its resolutions are unanimously opposed by your directors.**

**THE DIRECTORS UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS VOTE AGAINST ALL RESOLUTIONS.**

The reasons for the above recommendation are set out below. Please refer to the attached document for further details:

- If Aurora's resolutions are passed, the new Board will be aligned with a minority investor, being Aurora.
- Aurora will effectively take control of the company without paying a control premium.
- Aurora's proposal is flawed. Aurora has offered no strategy to sustainably address the discount between market price and underlying Net Tangible Assets and illiquidity.
- Aurora's real intentions are unclear.
- There is a risk Aurora will use the proposed Buy Back for its own benefit to the detriment of shareholders.
- Aurora has proposed no strategy to realise sustainable long-term value for all shareholders.
- The circumstances of Aurora's investment mean it may not be aligned with other shareholders.
- Aurora's history raises governance concerns.
- Aurora's track record raises concerns.
- The existing Board has a coherent strategy to address the discount between market price and underlying Net Tangible Assets and illiquidity and to maximise value for ALL shareholders.
- 8EC's manager has a proven track record and its strategy is on course.

Please read our detailed response to Aurora's concerns closely and then **VOTE AGAINST** all of Aurora resolutions using the 8EC Proxy Form attached to this letter.

Yours sincerely



**Jonathan Sweeney**  
Chairman, 8IP Emerging Companies Limited

## **8EC'S RESPONSE TO AURORA'S NOTICE OF MEETING AND EXPLANATORY NOTES**

**THE DIRECTORS UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS VOTE AGAINST ALL RESOLUTIONS.**

**The reasons for this include:**

**If Aurora's resolutions are passed, the new Board will be aligned with a minority investor, being Aurora.**

The resolutions, if passed, would see the removal of the current Board, which is comprised of a majority of independent, non-executive directors, who represent your interests and the election of three directors who are closely associated with Aurora, including a majority of Aurora executives.

Aurora's three nominees for directorship of the Board include two executives of Aurora, namely John Patton who is Aurora's Managing Director and Victor Siciliano who is Aurora's Portfolio Manager. The third director, Anthony Hartnell, was recently appointed as a director of the Aurora Board.

**Aurora will effectively take control of the company without paying a control premium.**

The resolutions contained in Aurora's Notice of Meeting would see the current Board replaced by directors who are closely associated with Aurora including a majority of Aurora executives. This would mean that Aurora, a single minority shareholder, would in effect be in a position to exert substantial control and influence over 8EC and would have achieved this control without paying a control premium to 8EC shareholders.

**Aurora's proposal is flawed. Aurora has offered no strategy to sustainably address the discount between market price and underlying Net Tangible Assets and illiquidity**

Aurora's distribution and buy back proposal ("Buy Back Proposal") appears flawed.

It is not unusual for a smaller listed investment company ("LIC") to trade at a discount to Net Tangible Assets ("NTA"). The Board considers 8EC's relatively small market capitalisation as a primary cause of the trading discount and liquidity challenges facing 8EC.

Aurora has sought to justify its Buy Back Proposal and its proposal to remove the Board on the trading discount and liquidity challenges mentioned above. However, implementation of the Buy Back Proposal will reduce 8EC's assets and shares on issue. This is likely to further decrease liquidity and increase the trading discount. In other words, Aurora's strategy is likely to exacerbate and not solve 8EC's existing trading challenges.

The Board has been focused on addressing these issues. Amongst other things it has initiated dividend payments from the half year ended December 2016. **Finding a sustainable solution to the discount issue and the lack of liquidity in 8EC shares remains a top priority for the Board.**

**Aurora's real intentions are unclear**

Aurora's Notice of Meeting is scant on detail and Aurora's ultimate intentions are unclear.

For example, Aurora does not disclose:

- How it intends to fund the Buy Back Proposal.
- Whether it will sell assets to fund the Buy Back Proposal and if so, which ones, and whether the timing of such sales will negatively impact on the value for shareholders.

- At what price it will implement the Buy Back Proposal.
- Whether it intends to participate in the Buy Back Proposal.

#### **There is a risk Aurora will use the Buy Back Proposal for its own benefit to the detriment of shareholders.**

Aurora has not disclosed its intentions in respect of whether it will participate in the Buy Back Proposal. If it intends to fully participate in the Buy Back Proposal, it may be reasonable to infer that it is a mechanism designed to provide Aurora with an exit on favourable terms at the expense of remaining shareholders. If it did not fully participate, then one might infer it is a mechanism to enable Aurora to gain greater control and exposure to the assets of 8EC without paying existing investors an appropriate control premium.

#### **Aurora has proposed no strategy to realise sustainable long-term value for all shareholders**

Aurora has proposed no strategy or plan in respect of the 8EC portfolio or otherwise to realise sustainable long-term value for all shareholders.

#### **The circumstances of Aurora's investment mean it may be not be aligned with other shareholders**

In each monthly report, 8EC states that 8IP is “a long-term investor”.

In contrast, Aurora has taken advantage of the trading discount in recent times to build its stake. Its Buy Back Proposal is likely to require the forced sale of investments and is not consistent with the investment strategy of 8EC which requires a longer-term investment horizon to deliver full value for shareholders.

Aurora has provided no information to 8EC shareholders which would allow them to determine whether Aurora's return hurdles and investment time frames and intentions are materially different from their own.

#### **Aurora's history raises governance concerns**

Aurora has a history of aggressively pursuing its own interests which should concern 8EC shareholders. Governance issues include **Aurora only last year being found by the Takeovers Panel to have contravened Chapters 6 and 6C of the Corporations Act and being associated with Nicholas Bolton who has been banned by ASIC from acting as director.**

On 22 March 2018, Aurora announced that it has “postponed processing 31 March quarter redemptions” for the Aurora Fortitude Absolute Return Fund (“AFARF”). Aurora had previously imposing redemption ceilings on AFARF unitholders and delayed payment on redemptions to AFARF unitholders.

As recently as 23 March 2018, Aurora admitted that it had breached its legal obligation to disclose price sensitive information by failing to lodge a series of announcements to the ASX Market Announcement Platform. These included announcements related to investment strategy and operating expenses.

#### **Aurora's track record raises concerns**

The current ownership group of Aurora has a track record that includes taking control of existing entities, delivering poor investment returns, and changing the existing investment strategy.

Aurora Funds Management Limited was purchased on 30 June 2016 by a group led by John Patton.

Aurora Funds Management Limited is the “responsible Entity” and Investment Manager of the Aurora Global Income Trust (“AIB” or “Fund”).

On 28 September 2016, Aurora notified AIB unitholders of its intention to change the Funds investment strategy, specifically by changing the single position limit restrictions from “no long position can exceed **12%** of the NAV on a cost basis” to “no long position can exceed **80%** of the NAV on a cost basis”. On 8 December 2017, Aurora announced that this “previously announced change in investment strategy will remain in effect and form part of AIB’s ongoing investment strategy”.

AIB is described by Aurora as follows: “The Trust seeks to produce positive returns irrespective of the direction of the share markets by investing in global equities and derivatives”. AIB has a substantial position in the HHY Fund, for which Aurora Funds Management Limited is the “responsible Entity” and Keybridge Capital is the Investment Manager. The Trust has an exposure to Molopo Energy Limited which has been in a trading halt since 27 July 2017. Aurora stated on 17 January 2018 that “Unit holders should understand there is inherent uncertainty in the NAV of the Trust, due to the final outcome of the Molopo share sale process being unknown”. AIB also holds shares in 8EC.

AIB had a Net Tangible Asset Value per unit including franking credits of \$0.7705 at 31 December 2016. At 31 December 2017, the Net Tangible Asset Value per unit including franking credits was \$0.5644. Adding back dividends/distributions paid, the total return for 2017 was -19.5%.

For the month of February 2018, AIB returned -8.65% for the month against its benchmark return of +0.12%.

### **The existing Board has a coherent strategy to address the discount between market price and underlying Net Tangible Assets and illiquidity and to maximize value for ALL shareholders**

The 8EC Board has already acknowledged to shareholders the importance of solving these issues, including in our recent half year and annual results releases to the ASX.

The Board has explored and considered various capital management initiatives. These have included consideration of special dividends and buybacks. However, the Board felt that neither of these initiatives created a sustainable solution to narrowing or eliminating the discount to NTA.

The 8EC Board is committed to maximising value for all 8EC shareholders and wants a solution that is sustainable. In addition to the initiatives already taken and considered, we have been actively considering other strategic and structural options and, as part of that ongoing process, we have engaged with a number of counterparties. While it is too early to make a formal announcement, should we receive a proposal that can be put to shareholders which we believe is in their best interests, we will do so. The current Board is focused on finding a sustainable solution that is in the best interests of all shareholders.

### **8EC’s manager has a proven track record and its strategy is on course**

8EC was specifically launched to provide investors with an investment portfolio operating within a volatile part of the stock market, being emerging companies. This part of the market is characterised by volatility in price and liquidity. It is not surprising to the Board of 8EC nor, we believe, to the majority of its investors that monthly returns have been volatile.

The mandate for 8EC is to invest in a concentrated portfolio of emerging companies with market capitalisations below \$500 million at time of purchase, without regard to a benchmark index. It was the clear intention of 8EC to provide this style of investment management in accordance with the mandate. As described in the 8EC Prospectus, “This strategy may result in periods of high volatility but the potential returns from this type of investing can be attractive”.

Eight Investment Partners (“8IP”), the investment manager for 8EC, has a proven track record in this type of strategy and style.

Aurora refers to three individual stocks as examples of speculative companies and claim they are “highly concerned” that 8EC may be investing in companies with a higher degree of risk than its investors are aware. The mandate for 8EC is to invest in emerging companies and 8IP has articulated that may include early stage companies. The three companies mentioned were examples of investments in emerging companies that 8IP would consider for inclusion in the portfolio that were mentioned in a video posted four days before the opening of the Initial Public Offer of 8EC. This dispels Aurora’s claim that shareholders are not aware of the type of company that may be included in the portfolio. The portfolio has typically comprised over 30 stocks at different stages of development and profitability in order to manage the overall risk profile of the portfolio.

Aurora also refers to the investment in BIG. An announcement by 8EC regarding this investment has already been made to the ASX on 5 March 2018. We re-iterate that the investment in BIG shares (which comprised just under 1.8% of the portfolio at the time of purchase) was consistent with 8EC’s investment mandate and 8IP’s investment philosophy.

## **BOARD RECOMMEDATION**

We strongly recommend that shareholders:

### **VOTE AGAINST ALL THE RESOLUTIONS USING THE PROXY FORM ATTACHED TO THIS LETTER**

in order to maintain the current Board’s composition that includes a majority of independent directors who will continue to act in the best interests of all shareholders.

Your Board recommends that you vote at the meeting as follows:

1. Against the removal of Kerry Series as a director
2. Against the removal of Jonathan Sweeney as a director
3. Against the removal of Tony McDonald as a director
4. Against the election of Anthony Hartnell as a director
5. Against the election of John Patton as a director
6. Against the election of Victor Siciliano as a director

If you have any questions, are concerned about what you need to do or need more information about the Meeting and how to vote:

**PLEASE CALL THE 8EC SHAREHOLDER INFORMATION LINE ON 1300 560 339  
or (from outside Australia) +61 2 8011 0354**



#### All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

Shareholders who wish to vote by proxy should complete this proxy form and lodge it in accordance with the instructions provided.

Proxy forms lodged in accordance with instructions provided by Aurora may be invalid.

For your vote to be effective it must be recorded **before 11:00am AEST on Saturday 14 April 2018.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am AEST on Saturday 14 April 2018**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney, NSW 2000
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.



☐
**Your Address**  
 This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.  
**Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of 8IP Emerging Companies Limited (Company) and entitled to attend and vote hereby appoint:
   
☐ the Chair of the Meeting (mark box)
   
 OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below
   

  
 or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at the **Roof Top Meeting Room, Level 7, 370 St Kilda Road, Melbourne VIC 3004 on Monday, 16 April 2018 at 11:00am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies AGAINST of each of the items of business.

STEP 2 VOTING DIRECTIONS
   
 \* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

THE DIRECTORS RECOMMEND YOU VOTE <u>AGAINST</u> ALL RESOLUTIONS		For	Against	Abstain*
Resolution 1	Removal of Kerry Series as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Removal of Jonathan Sweeney as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Removal of Tony McDonald as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Anthony Hartnell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of John Patton as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Victor Siciliano as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS
   
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2018