

9 April 2018

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370 St Kilda Road  
MELBOURNE, VIC 3004

ASX Limited  
Level 6, Exchange Centre  
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Attention: Company Announcements

**MARKET UPDATE - NOTICE OF MEETING  
AURORA'S UPDATE TO 8EC SHAREHOLDERS**

Aurora Funds Management Limited (AFSL 222110) ("**Aurora**") as responsible entity for the Aurora Dividend Income Trust today provided its formal response to 8IP Emerging Companies Limited ("**8EC**" or the "**Company**") letter dated 26 March 2018.

Aurora provides the following update on its intentions and response to 8EC's recently distributed letter in relation to the Company's upcoming general meeting of shareholders.

Aurora invites any 8EC shareholders who have any queries about the matters raised in this letter, or Aurora's notice of meeting, to please contact either Adrian Martin (Company Secretary) on 0403 211 234 and amartin@aurorafunds.com.au or Victor Siciliano (Executive Director/Portfolio Manager) on 0477 112 226 and victor@aurorafunds.com.au.

Yours faithfully,

**Aurora Funds Management Limited**



Adrian Martin  
**Company Secretary**

9 April 2018

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AFSL No. 222110

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**AURORA'S UPDATE TO 8EC SHAREHOLDERS**

# **VOTE FOR ALL RESOLUTIONS**

Dear Shareholder,

Aurora Funds Management Limited ("**Aurora**") as the largest shareholder in 8IP Emerging Companies Limited ("**8EC**" or the "**Company**"), holding 19.99% of the total share capital, is writing to you to provide the following important update on its intentions and response to 8EC's recently distributed letter ("**Incumbent Board's Response**") in relation to the Company's upcoming general meeting of shareholders.

The Incumbent Board's Response made a number of statements. To deal with those, Aurora is updating you on the key points as follows:

- **8EC has NOT provided a superior plan to resolve the persistent discount to net tangible assets ("NTA").**
- **Aurora's commitment to minimise potential control impact by partially accepting into the Equal Access Buy-Back ("EABB").**
- **Aurora withdraws its resolutions to remove current 8EC Directors to minimise control impact.**
- **8EC has NOT provided a response to Aurora's questions surrounding statements made by Mr Kerry Series regarding 8EC's performance, and the true underlying performance figures.**
- **8EC's lack of disclosure around the arrangements with Mr Kerry Series that led to 8EC becoming a shareholder in Big Un Limited ("ASX: BIG" or "BIG").**
- **8EC's continued underperformance.**
- **8EC's selective reporting in relation to Aurora's Fund results.**

Please read Aurora's response to its concerns around 8EC closely and then vote **FOR ALL RESOLUTIONS** using Aurora's Proxy Form attached to this letter.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Adrian Martin', written in a cursive style.

Adrian Martin  
Company Secretary  
**Aurora Funds Management Limited**

## AURORA'S INTENTIONS AND RESPONSE TO 8EC

### AURORA RECOMMENDS SHAREHOLDERS VOTE FOR ALL RESOLUTIONS.

The reasons for this include:

#### **8EC has NOT provided a superior plan to resolve the persistent discount to NTA.**

Aurora, as the largest shareholder, has more money at risk in the Company than any other party and is therefore highly aligned and focussed on creating shareholder value.

The Incumbent Board's Response states, *"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" and that "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 the or eliminating the discount to NTA<sup>1</sup>."*

Aurora questions how 8EC's current Board can assert that buybacks and special dividends would not assist in eliminating the discount to NTA, since the basis for companies engaging in these capital management activities is to achieve such outcomes. This assertion by the current directors is also contrary to conventionally accepted principles of corporate finance.

#### **Aurora commitment to minimise potential control impact by partially accept into the EABB.**

Aurora shall participate in the equal access buyback (EABB) such that Aurora's percentage shareholding does not exceed its ownership in the Company at that time on a pro-forma basis.

#### **Aurora has withdrawn its resolutions to remove current 8EC Directors to minimise control impact.**

In response to feedback and to mitigate any perceived control impact, Aurora has withdrawn its resolutions to remove 8EC current Directors. The consequence of which, is that Aurora will not control the 8EC Board as a result of its proposed resolutions to appoint 3 new Directors.

Aurora believes that this will provide an appropriate balance on the Board. Aurora will continue to ask its 3 nominated Directors to pursue its proposed dividend, equal access and on market buyback strategies.

#### **8EC has NOT provided a response to Aurora's questions surrounding statements made by Mr Kerry Series regarding 8EC's performance figures, and the true underlying performance figures.**

Aurora is still yet to receive a response from the Company in relation to Aurora's ASX announcement on 23 March 2018, where Aurora made the following observation in relation to comments made by Kerry Series in a recent article in the Australian Financial Review ("AFR")<sup>2</sup>.

It was reported that, in response to Aurora comments, *"Mr Series defended the fund's investment performance citing returns before fees of the Small Companies Fund 117.5 per cent since inception in October 2012 and a 288 per cent return for the Small Companies Portfolio since July 2014 while the 8EC fund returned 36.4 per cent since December 2015."*

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<sup>1</sup> "Response to Notice of Meeting", ASX:8EC, ASX Market Announcements Platform, 26 March 2018

<sup>2</sup> "Eight Investment Partners comes under Aurora attack", by Jonathan Shapiro, Australian Financial Review, 18 March 2018

Aurora has sought clarification from Mr Series regarding these return statements.

Based on Aurora's calculations, since inception, 8EC has returned:

- -1.8% per annum or a -4.0% total return **based on 8EC's share price**<sup>3</sup>
- 5.4% per annum or a 12.5% total return **based on post-tax NTA**<sup>4</sup>
- 7.5% per annum or a 17.8% total return **based on pre-tax NTA**<sup>5</sup>

From the above, it appears 8EC has not provided the return to shareholders as quoted in the AFR article. Additionally, Aurora notes that these numbers exclude 8EC's position (representing over 2.5% of 8EC's gross portfolio value) in BIG which remains suspended and is subject to an ongoing investigation. Aurora notes that since the release of the above ASX announcement, 8EC has fallen a further -3.4% in the March 2018 month.

### **8EC's lack of disclosure of disclosure around the arrangements with Mr Kerry Series that led to 8EC becoming a shareholder in BIG.**

As highlighted in Aurora's notice of meeting, a recent article in the 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 gross portfolio 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.

The Company's response to the allegations against Mr Series was *"for the sake of completeness, all trading in BIG shares by interests associated with Mr Series were made in accordance with 8IP's staff trading policy"*<sup>6</sup>. In Aurora's view, the current 8EC Board needs to provide a more comprehensive response given the seriousness of the allegations. Today, BIG remains suspended whilst the Company still holds 2.5% of its gross portfolio in BIG.

### **8EC's continued underperformance**

On April 4, 2018, 8EC announced that the Company's gross portfolio return before all fees, expenses and tax was approximately -3.4%. 8EC also noted that the Company still holds just over 2.5% of its gross portfolio value in BIG, which is valued at the price it last traded before entering a trading halt on 19 February 2018. Based on the March 2018 return, Aurora estimates that 8EC's pre-tax NTA is \$1.099 (before fees and costs) as at March 31 2018, an -11.5% return from \$1.241 on 31 January 2018.

### **8EC's selective reporting in relation to Aurora's Fund results.**

It would appear 8EC is trying to make this meeting about Aurora's performance to deflect attention away from its own. The performance of one of Aurora's smallest funds (AIB), as highlighted by 8EC, is irrelevant to the matters at hand. In any case, that particular fund is a good example of the flexible liquidity solutions that Aurora provides. Investors in AIB are able to sell their units on-

<sup>3</sup> Based on \$1.00 IPO, \$0.04 income and closing price of \$0.92 on 16 March 2018, being the last trading prior to the publication of the article

<sup>4</sup> Based on \$1.00 IPO, \$0.04 income and closing NTA (post-tax) of \$1.0852 on 28 February 2018

<sup>5</sup> Based on \$1.00 IPO, \$0.04 income and closing NTA (pre-tax) of \$1.1376 on 28 February 2018

<sup>6</sup> "8EC Response to AFR Article", ASX:8EC, ASX Market Announcements Platform, 05 March 2018

market at the prevailing price or redeem their units' off-market at NTA. This unitholder/shareholder friendly structure is very much in line with the initiatives Aurora supports for 8EC.

As at 28 February 2018, the fund which called this meeting, the Aurora Dividend Income Trust (AOD), had returned 5.9% financial year to date, notwithstanding the poor performance of its largest position, 8EC. This fund also has off-market redemption facilities at NTA and an on-market buyback program purchasing units at no less than 5% discount to NTA. This unitholder/shareholder friendly structure is also in line with the initiatives Aurora supports for 8EC.

**AURORA'S RECOMMENDATION:**

If you have yet to vote FOR the resolutions, we strongly recommend that shareholders:

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

Resolution 4 – Election of Anthony Hartnell as a director

Resolution 5 – Election of John Patton as a director

Resolution 6 – Election of Victor Siciliano as a director

Aurora invites any 8EC shareholders who have any queries about the matters raised in this letter, or Aurora's notice of meeting, to please contact either Adrian Martin (Company Secretary) on 0403 211 234 and [amartin@aurorafunds.com.au](mailto:amartin@aurorafunds.com.au) or Victor Siciliano (Executive Director/Portfolio Manager) on 0477 112 226 and [victor@aurorafunds.com.au](mailto:victor@aurorafunds.com.au).

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'Adrian Martin', is positioned above the printed name and title.

Adrian Martin  
Company Secretary  
**Aurora Funds Management Limited**

**LODGE YOUR VOTE**



**By mail**

Aurora Funds Management  
Limited  
C/- Registry Direct  
PO Box 18366  
Collins Street East VIC 8003



**By hand**

Registry Direct  
L6 2 Russell Street  
Melbourne VIC 3000



**All enquiries**

1300 55 66 35 (within Australia)  
+61 390207934 (outside Australia)



**By facsimile**

+61 3 9111 5652

**By email:** [aurora@registrydirect.com.au](mailto:aurora@registrydirect.com.au)

**PROXY FORM**

All terms defined in the Notice of Meeting dated 16 March 2018, are used in this proxy form unless otherwise defined.  
I/We being Shareholder(s) of 8IP Emerging Companies Limited (ABN 75 608 411 347) ("8EC") and entitled to attend and vote hereby:

**STEP 1**

**APPOINT A PROXY**

**appoint the** Chairman of  
Meeting (mark box)

☐

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write below the name of the person or the body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf in accordance with the directions below or if no directions have been given, as the proxy sees fit, at the General Meeting of the company to be held at 11.00am on 16 April 2018 at the roof top meeting room (level 7), 370 St Kilda Road, Melbourne Vic 3004 ("**Meeting**") and at any adjournment or postponement of the Meeting or at any other meeting of the Company to consider the same or substantially similar resolutions to those proposed to be put at the Meeting.

**IMPORTANT NOTE – STEP 1**

If two proxies are being appointed, the number or proportion of voting shares this proxy is appointed to represent is:

Should John Patton, of Aurora Funds Management Limited, or any other officer or representative of Aurora be the Chairman of the Meeting, they intend to vote all available proxies FOR all items of business. If you do not want the Chairman of the Meeting to vote your proxies for any item(s), complete Step 2 below. Proxy appointments will be valid and accepted only if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

**STEP 2**

**VOTING DIRECTIONS**

**Agenda Item:**

For      Against      Abstain\*

**Resolution 1 – Withdrawn**

**Resolution 2 – Withdrawn**

**Resolution 3 – Withdrawn**

**Resolution 4 – Election of Anthony Hartnell as a director**

☐      ☐      ☐

**Resolution 5 – Election of John Patton as a director**

☐      ☐      ☐

**Resolution 6 – Election of Victor Siciliano as a director**

☐      ☐      ☐

**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 votes will not be counted in computing the required majority on a poll.**

**STEP 3**

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

**Signing Instructions:** This form should be signed by the shareholder. If a joint holding, all shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth) (or for New Zealand companies, the Companies Act 1993).

## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your shares using this form.

### Step 1 - Appoint a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of that person in the box provided. If you leave this section blank, or your named proxy does not attend the Meeting or does not vote in accordance with your instructions, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder. A proxy may be an individual or a body corporate.

### Step 2 - Votes on Items of Business

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

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Aurora or you may copy this form.

### To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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; and
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.


### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.


### Lodgment of a Proxy Form

This Form (and if required any Power of Attorney under which it is signed) must be received at an address given below by 11.00am on 14 April 2018, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged by:

 **by email:**  
[aurora@registrydirect.com.au](mailto:aurora@registrydirect.com.au)

 **by Mail**  
Aurora Funds  
Management Limited  
C/- Registry Direct  
PO Box 18366  
Collins Street East VIC 8003

 **by facsimile**  
+61 3 9111 5652

 **by hand**  
Registry Direct  
L 6, 2 Russell St  
Melbourne VIC 3000

**If you would like to attend and vote at the General Meeting, please bring this form with you. This will assist in registering your attendance.**