Ellerston Global Investments Limited

ASX: EGI

ABN 75 169 464 706

Annual Report

For the period from 28 July 2014 (date of incorporation) to 30 June 2015

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1.

Chairman's Letter

1. Chairman's Letter

For the period from 28 July 2014 to 30 June 2015

Dear Shareholder,

I am pleased to be able to provide you with our first Annual Report for Ellerston Global Investments Limited (EGI) following the successful capital raising and subsequent trading of the securities on the Australian Stock Exchange on 20 October 2014.

The capital raising included the issue of loyalty options which provide shareholders with an opportunity to make an additional investment in the Company and to further benefit from any future dividends or increase in the value of the Company's shares.

I encourage you to take the time to read the Annual Report and I look forward to seeing you at our Annual General Meeting.

EGI's Portfolio

Since listing in October, the Manager has successfully constructed a portfolio of 22 stocks as at 30 June 2015. It is important to remind shareholders about EGI's strategy and objectives. The strategy is to acquire a portfolio of stocks which the manager believes are in a period of price discovery and offer an attractive risk/reward profile. This may arise from corporate restructures, spin-offs, fallen angels or management changes to name a few. It is NOT to assemble a group of stocks to replicate any particular geography, theme or index. A truly benchmark independent portfolio.

Consequently, the group of stocks selected is eclectic and the current portfolio is dissimilar to what may constitute other Global portfolios. Currently, the portfolio is skewed towards the United States and in particular Western Europe where there are a large number of opportunities that meet the Manager's specific process.

The Manager has an active company visitation program and continues to be excited by what it believes are the opportunities in equity markets on a stock specific basis.

The Portfolio continues to be positioned with the majority of its investments in America, Europe and the United Kingdom with global quantitative easing and the flush of liquidity the main macro theme driving markets.

1. Chairman's Letter

For the period from 28 July 2014 to 30 June 2015

Performance

The EGI Portfolio was invested from 1 November 2014 with the portfolio reaching 25% exposure on 1 December and 50% on 1 January 2015. It is currently approximately 80% invested. Despite being underinvested at the latter end of 2014, when markets were extremely strong, the portfolio was able to catch up and outperform the MSCI World Local Index over the period from inception to 30 June 2015. Subsequent to Financial Year End, the outperformance has continued and at the date of this letter is now at a material level.

The best possible road test of a portfolio is how it handles difficult times. The volatility in Europe resulting from "the Greek Drama" demonstrated that the strategy was ideally suited for volatile and difficult markets. It is early days for investors but the results are extremely encouraging.

Financial Results

For the period to 30 June 2015, the Company recorded a pre-tax profit of $11,217,123 and a net profit after income tax expense of $ 7,970,013.

The EGI portfolio appreciated by 15.36% since inception to 30 June 2015. Consequently, the initial costs of establishing the Company have been recouped and the before tax net asset value per share is $1.117 as at 30 June 2015.

Equally as importantly, an investor who invested $1.00 in EGI at inception finished the financial year with a stock trading at circa 15% premium to the issue price and an option trading at 24 cents (one option was issued for every 2 shares subscribed), a total gain of 27% for the period. This is despite absorbing the costs of the initial capital raising and listing.

Dividends

A fully-franked dividend of 1 cent will be paid for the period ended 30 June 2015.

Subject to Board discretion, the Company intends to pay a dividend of at least 2 cents per annum (1 cent per half) to Shareholders going forward.

Following a recently adopted new accounting policy by the Board a dividend profit reserve has been created. The creation of the reserve enables any or part of current year or prior period profits not distributed as dividends to be set aside for payment of future franked dividends, rather than those profits remaining within retained earnings. This enables the Company to distribute franked dividends in future years. On 31 August 2015 the Directors decided to transfer approximately $2.4m to the newly created dividend profit reserve.

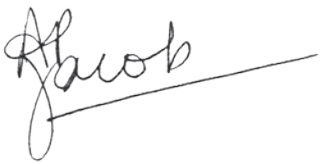
Vesting of Loyalty Options

Under the initial public offering, loyalty options were issued to applicants on the basis of one loyalty option for every two shares issued. These loyalty options vested on 10 April 2015. We were pleased that of the maximum 37,500,000 loyalty options issued, 34,078,177 vested with an exercise price of $1.00 and an expiry date of April 2018. The options are currently trading at 25 cents and were at 24 cents on 30 June 2015.

Annual General Meeting

My fellow Directors and I look forward to meeting those of you who can attend the Annual General Meeting in October 2015. The Notice of Annual General Meeting will be despatched to shareholders shortly.

Yours faithfully,



Ashok Jacob

Chairman

31 August 2015

2.
Directors' Report

2. Directors' Report

For the period from 28 July 2014 to 30 June 2015

The directors of Ellerston Global Investments Limited (the "Company") present their report together with the financial statements of the Company for the period from 28 July 2014 (date of incorporation) to 30 June 2015.

Directors

The following persons were directors of the Company during the period and up to the date of this report:

NAME	DIRECTORSHIP	APPOINTED
Ashok Jacob	Non Independent Chairman	18 August 2014
Sam Brougham	Independent Non-Executive Director	18 August 2014
Paul Dortkamp	Independent Non-Executive Director	24 July 2014
Stuart Robertson	Independent Non-Executive Director	24 July 2014

Company Secretary

The following person was Company secretary during the period and up to the date of this report:

NAME	APPOINTED
Ian Kelly	23 July 2014

Principal activities

The Company is a listed investment company established to construct a concentrated portfolio of between 10 and 25 global equity securities.

2. Directors' Report

For the period from 28 July 2014 to 30 June 2015

Review and results of operations

The Company was incorporated and registered in July 2014. The Company issued a prospectus to raise up to $75 million in September 2014. The offer was fully subscribed and as a result 75,000,001 fully paid ordinary shares were admitted to the official list of ASX Limited ("ASX") and commenced trading on the ASX on 20 October 2014. The Company was 50% invested by 31 December 2014, well ahead of schedule provided on the Prospectus. As at 30 June 2015 the Company had approximately 75% invested, with 47.4% equity exposure to United States, 47.1% to the European market and 5.5% to Australia. For the period to 30 June 2015, the Company recorded a pre-tax profit of $11,217,123 and a net profit after income tax expense of $7,970,013.

As at 30 June the Company's NTA increased to $84,343,693 before tax and to $81,808,612 after tax. The Board is pleased with the overall performance of the Company given a pre-tax return of 15.36% in the reporting period.

Strategy and future outlook

The Company is predominantly invested in equities, with a focus upon the equities of non-Australian domiciled companies. The Company will continue to pursue its objective of generating superior returns for shareholders over time, with a focus on risk management and capital preservation.

Refer to the Investment Managers' Report on page 20 for more detailed market outlook.

Dividends

On 24 June 2015 the Board of the Company approved the introduction of a Dividend Reinvestment Plan (**DRP**). The DRP allows eligible shareholders to reinvest part or all of their dividends into new shares of the Company.

On 31 August 2015, the directors declared a fully franked final dividend of 1 cent per ordinary share, which is payable on 8 October 2015. The amount of the proposed dividend, which is not recognised as a liability as at 30 June 2015, is $755,000. The DRP will operate in conjunction with this dividend and a discount of 2.5% will be applied to the DRP.

Dividend Profit Reserve

The Company may transfer any current year or prior period accumulated profits not distributed as dividends to a Dividend Profit reserve. Doing so facilitates the payment of future dividends, rather than maintaining these profits within retained earnings. On 31 August 2015, the Directors decided to transfer approximately $2.4m to the newly created dividend profit reserve, with the intention to pay at least a 2 cent per annum (1 cent per half) dividend going forward.

Significant changes in the state of affairs

In the opinion of the directors, other than what is noted in the 'Review and results of operations,' there were no other significant changes in the state of affairs of the Company that occurred during the period ended 30 June 2015.

Matters subsequent to the end of the half year

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

(i) the operations of the Company in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

The Company provides quarterly updates and monthly NTA announcements, which can be found in the announcements section of the ASX website and in the Ellerston funds section of the Ellerston Capital Limited website, www.ellerstoncapital.com/egi.

As markets continue to be subject to fluctuations, it is neither possible to accurately forecast the investment returns of the Company nor to provide a detailed outlook on the Company's future operations.

Information on Directors

Ashok Jacob

Ashok has been a Director of the Company since August 2014.

Ashok Jacob has over 31 years investment experience and has served as a Director and as Chief Investment Officer of the Manager since inception.

As Chairman[1] and Chief Investment Officer[2], he has overall responsibility for, and plays a key role in the Company's investment decisions. He is supported by a team of investment professionals, each of whom have significant skill and experience in different geographies, sectors and industries.

Ashok has held prominent positions including Chief Executive Officer of the Consolidated Press Holdings group and Managing Director of Thorney Holdings, the investment arm for the Pratt Group. Ashok is an experienced board member and current appointments include: MRF Ltd and Thorney Opportunities Ltd. Previous directorships include Crown Ltd, Publishing and Broadcasting Ltd, Challenger Financial Group Ltd, Fleetwood Holdings Ltd, Ecorp Ltd, CPH Investment Group Ltd, Folkestone Ltd and Snack Foods Ltd. Ashok was also the Chairman of Hoyts Cinemas from 1999 until 2004.

Ashok holds an MBA from the Wharton School of the University of Pennsylvania (1984).

Sam Brougham

Sam Brougham has served as a Director of the company since August 2014.

Sam has over 30 years investment experience and is currently a Director of Ceres Capital, a private Melbourne-based investment firm he founded in 1999. Ceres Capital specialises in global equity investing.

In addition, Sam is involved in US real estate and other US and various Australian private equity investments.

1. of the Company
2. of the Manager

Prior to Ceres Capital, Sam worked at Structured Asset Management, a successful hedge fund he co-founded in 1993 focusing predominantly on global equity markets.

From 1985 to 1993, Sam worked at JB Were and was a partner from 1988.

Sam spent his early career working for Price Waterhouse and received his economics degree from Adelaide University in South Australia.

Paul Dortkamp

Paul has been a Director of the Company since July 2014.

Paul currently serves as the principal of Rivergum Investors, a consulting firm specialising in investment process and compliance.

Paul has a wide range of Board experience with extensive experience across the main asset classes. He is an external member of compliance committees for a wide range of registered schemes and responsible entities, having served on over 20 committees.

Prior to Rivergum Investors, Paul was Head of Asset Allocation and a Director of First State Fund Managers Limited (now Colonial First State Investments). He was Director of Trading & Funding at Security Pacific Gold from 1989 to 1990. Paul spent his early career working in the Securities Markets Department of the Reserve Bank of Australia.

Stuart Robertson

Stuart has served as a Director of the Company since July 2014.

Stuart is currently engaged as a consultant by the Manager, responsible for deal origination, structuring and execution primarily in the unlisted market. He has extensive experience working with both listed and unlisted vehicles.

Stuart has broad experience in investment banking, funds management and alternative investments and has held senior roles at BT Funds Management and Zurich Australia.

Stuart is a qualified CA, a Fellow of FINSIA and graduate of the AICD. In addition he holds an MBA from the MGSM.

Directors' Meetings

The number of Board meetings, including meetings of Board Committee, held during the period ended 30 June 2015 and the number of meetings attended by each Director is set out below:

	BOARD		AUDIT COMMITTEE	
	HELD	ATTENDED	HELD	ATTENDED
NAME	WHILE A DIRECTOR		WHILE A DIRECTOR	
Ashok Jacob	5	5	—	—
Sam Brougham	5	5	1	—
Paul Dortkamp	5	5	1	1
Stuart Robertson	5	5	1	1

Directors' Interest

Directors' relevant interests in shares and options, as notified by the Directors to the Australian Securities Exchange in accordance with the *Corporations Act 2001*, at the date of the report are set out below:

NAME	NUMBER OF ORDINARY SHARES	NUMBER OF LOYALTY OPTIONS
Ashok Jacob	2,000,000	1,000,000
Sam Brougham	1,000,000	500,000
Paul Dortkamp	—	—
Stuart Robertson	50,000	25,000

Remuneration Report (Audited)

This remuneration report outlines the remuneration arrangements of the Company for the period ended 30 June 2015. It details the remuneration arrangements for key management personnel (KMP) who are defined as those persons and corporate entities having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly.

The table below lists the terms of KMPs of the Company, including the Directors and the Manager, during the period to 30 June 2015. The remuneration report has been prepared and audited against the disclosure requirements of the Corporations Act 2001.

NAME	POSITION	TERM AS KMP
Ashok Jacob	Non Independent Executive Chairman	18 August 2014–present
Sam Brougham	Independent Non-Executive Director	18 August 2014–present
Paul Dortkamp	Independent Non-Executive Director	24 July 2014–present
Stuart Robertson	Independent Non-Executive Director	24 July 2014–present
Ellerston Capital Limited	Manager	20 October 2014–present

Remuneration of Directors and Chairman

The Independent Non-executive Directors are remunerated by the Company. It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Independent Non-executive Directors. The remuneration of the Independent Non-executive Directors is not linked to the performance or earnings of the Company.

Directors' fees

The Independent Non-executive Directors' base remuneration is reviewed periodically. Base fees paid to each Director have remained unchanged from the time of their appointment. The amount of base remuneration is not dependent on the satisfaction of a performance condition, or on the performance of the Company, the Company's share price, or dividends paid by the Company.

The Directors have agreed that Ashok Jacob (Chairman) will not receive any fees whilst Sam Brougham, Paul Dortkamp and Stuart Robertson will each initially receive $27,500 per annum (inclusive of superannuation) in fees, for acting as a Director of the Company. Ashok Jacob is a director and, through interposed entities, a shareholder of the Manager. As a director and indirect shareholder of the Manager, he will benefit from entry by the Manager into a Management Agreement with the Company and by the payment of fees under the Management Agreement.

Retirement benefits

The Company does not provide retirement benefits (other than superannuation) to the Independent Non-executive Directors.

Other benefits (including termination) and incentives

The Company does not provide other benefits and incentives to the Independent Non-executive Directors.

Remuneration of Ellerston Capital Limited

The Company has exclusively appointed Ellerston Capital Limited as the Manager to invest and manage all of the assets of the Company (including any controlled entity of the Company) for an initial term, which commenced on 20 October 2014, of 10 years pursuant to a successful application of waiver of ASX Listing Rule 15.16. After the end of the 'Term' (being the initial 10 years term or any renewed term), the Management Agreement will continue until terminated in accordance with the Management Agreement.

For the period from 20 October to 30 June 2015, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager was entitled to:

- a management fee of 0.75% per annum (plus GST) of the pre tax net asset value of the investment portfolio, calculated and accrued monthly and paid monthly in arrears; and
- a performance fee equal to 15% (plus GST) of the amount by which the investment portfolio's pre-tax return exceeds the return of the MSCI World Index (local), calculated and accrued monthly and paid annually in arrears.

The performance fee that is payable in respect of the period from 20 October 2014 to 30 June 2015 is $71,905.

Details of Remuneration

The independent non-executive Directors were remunerated by the Company with a base fee only. The non-independent executive Chairman received no remuneration by the Company. The total amount paid or payable to the Directors by the Company during the period from the Company's inception to 30 June 2015 is detailed below:

	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST) $
Independent Non-Executive Directors	
Sam Brougham	26,606
Paul Dortkamp	27,928
Stuart Robertson	27,928
Total KMP remunerated by the Company	**82,462**
Executive Director	
Ashok Jacob	—

The total amount paid or payable by the Company to the KMP (independent Non-executive Directors, Executive Director and the Manager) for the period from inception to 30 June 2015 was $82,462.

Service Agreements

Remuneration and other terms of employment for the Independent Non-executive Directors are formalised in service agreements with the Company.

Sam Brougham Independent Non-executive Director

- commenced on 18 August 2014
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is $27,500

Stuart Robertson Independent Non-executive Director and member of the Audit and Risk Committee

- Commenced on 24 July 2014
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is $27,500.

Paul Dortkamp Independent Non-executive Director and member of the Audit and Risk Committee

- Commenced on 24 July 2014
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is $27,500.

Options and Shareholdings

	BALANCE AT INCEPTION	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE 30 JUNE 2015
Directors				
Ashok Jacob				
• Ordinary shares	2,000000	–	–	2,000,000
• Loyalty options	1,000,000	–	–	1,000,000
Sam Brougham				
• Ordinary shares	1,000,000	–	–	1,000,000
• Loyalty options	500,000	–	–	500,000
Paul Dortkamp				
• Ordinary shares	–	–	–	–
• Loyalty options	–	–	–	–
Stuart Robertson				
• Ordinary shares	50,000	–	–	50,000
• Loyalty options	25,000	–	–	25,000

End of audited remuneration report.

Indemnification and Insurance of Directors and Officers

The Directors and Officers of the Company are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors and Officers of the Company, other than conduct involving a willful breach of duty in relation to the Company.

During the period from inception to 30 June 2015, the Manager on behalf of the Company paid insurance premiums to insure the Directors and Officers of the Company. The terms of the contract prohibit the disclosure of the premiums paid.

Proceedings on Behalf of the Company

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 27.

Signed in accordance with a resolution of the directors.

Ashok Jacob

Chairman

31 August 2015

3.
Investment Managers' Report

3. Investment Managers' Report

For the period from 28 July 2014 to 30 June 2015

Ellerston Global Investments (EGI) listed on October 20, 2014.

We firmly believe that international equity markets offer a superior risk reward profile to the Australian market on a medium to long term basis. Now six years into a recovery, markets worldwide are more suited to a stock picker's approach rather than a beta-driven fully invested approach. The depth and breadth of global equity markets provide significantly greater scope to find attractive investment opportunities.

EGI has a very specific investment approach concentrated on selecting investments where we feel there is a window of opportunity. This typically includes one or more of the following: corporate restructures, spin-offs, fallen angels or management changes to name a few.

Portfolio Commentary

We effectively began to invest from November 1, 2014 and have constructed the current portfolio in a measured and deliberate manner. As stated in the EGI prospectus, the company was mandated to be at least 50% invested within 3 months of listing. We reached this requirement ahead of schedule: 25% invested by November 30, 2014 and 50% invested by December 31, 2014.

During the year, we saw even more compelling opportunities than we had anticipated. Given the markets performance over the last six years and the valuations of the broader market constituents we did not expect to find so many exciting opportunities.

We are pleased with the investments made to date. The portfolio's exposure is diverse covering a wide range of geographies and industries.

Portfolio Snapshot as at 30 June 2015

TOP 5 PORTFOLIO HOLDINGS	
COMPANY	**COUNTRY**
Vivendi	France
GE	United States
EBay	United States
Synchrony Financial	United States
Elis SA	France

EQUITY EXPOSURE BY COUNTRY — INVESTED CAPITAL		
COUNTRY EXPOSURE	**%**	**POSITIONS**
United States	47.4%	10
France	17.1%	3
Great Britain	17.6%	4
Spain	10.4%	3
Australia	5.5%	2
Netherland	2.0%	1

We saw strong performance during the year from our early investments which covered a range of industries including; Media with an investment in Vivendi, Financial Services with Synchrony Financial (the former US consumer credit business of GE Capital) and Information Services with the company's investment in Experian.

Vivendi (Corporate Restructure) has now completed its portfolio rationalisation and is focused on its two remaining operating businesses, Canal Plus and Universal Music Group, the latter of which is beginning to see the early benefits of a shift to music streaming. Synchrony Financial (Spin-Off) has nearly 88% of its Retail Card receivables under contract to 2019 and beyond and continues to add new portfolios. Experian (Fallen Angel) continues to optimise its outstanding global franchise while being disciplined in its approach to capital management. In addition to this, we believe our more recent investments in PayPal (Spin Off) and General Electric (Corporate Restructure) are at exciting junctures and positioned to generate significant shareholder returns.

Investment Approach

We believe our investment approach is well suited to the current environment. Our filters aim to identify and capture all the opportunities that fit our investment criteria. We are looking for equity investments that are in what we would call "a period of price discovery". This may be the result of a spin-off, fallen angel, new CEO being appointed, corporate restructure or post IPO. Essentially, it is a period of time that creates a window of opportunity to make an investment with an attractive risk/reward dynamic.

While there are many companies to choose from given the international stock universe, only a small subset will make it to the point of investment. Ultimately, it must be a business we understand with a relevant franchise and the right risk/reward.

Our approach may best be illustrated with a few live examples from the year:

Synchrony Financial — Spin-Off

Synchrony is a leading private label credit card business in the United States. We have visited the company and continue to be impressed by management's discipline, focus and execution.

In March 2014 General Electric (GE) filed a registration statement for an IPO to sell 15% of its subsidiary Synchrony. This was the first step to completing a spin-off whereby GE would distribute the balance of its holding to GE shareholders. GE was unable to undertake a more traditional spin-off as it requires Federal Reserve Board approval to fully divest its stake. This is expected to occur by the end of 2015.

From March 2014 to its listing on July 31, 2014, we had ample time to analyse the company. We determined that Synchrony was a business we understood. It had a strong franchise, significant market position and would ultimately be a beneficiary of a recovering US economy. This was an 80-year old diversified consumer finance franchise that had remained profitable throughout the financial crisis.

On July 30, 2014 Synchrony priced at $23, the low end of its range of $23–$26. For nearly three months from its listing date Synchrony traded in a range of $23–$25, a period of price discovery. EGI was able to purchase Synchrony at an attractive valuation given the potential for significant upside from capital management initiatives and new partnership wins. Post the completion of the spin-off we expect that Synchrony will initiate a dividend and share buyback.

(See December 2014 Quarterly Report released on 14 January 2015 for more detail on Synchrony).

Tesco Plc — Management Change

Tesco is the leading supermarket chain in the UK with significant operations in Asia and Eastern Europe.

For over 25 years Tesco had consistently grown its business, expanded globally and was a darling of the investment community. When Phillip Clarke was appointed CEO in March 2011 Tesco's share price was £4.00. During his tenure group trading profits declined 62% and its share price 44% as a result of the franchise being mismanaged in the face of economic and industry headwinds.

In the months following his departure in September 2014, the extent of Tesco's issues became apparent and Tesco's stock price declined to a low of £1.64 by mid-December. Tesco had become a classic fallen angel.

Dave Lewis joined Tesco in September 2014 and is the first outsider to run Tesco in its history. He had been extremely successful at Unilever having restructured and turned around a number of their businesses.

With the stock having declined nearly 59% and the company out of favour with the investment community, the appointment of Lewis ushered in a period of price discovery.

Tesco has been under pressure with increased competition from discounters in the UK, regulatory changes in South Korea and a difficult trading environment in Eastern Europe. However, having met with Tesco a number of times we were convinced that it was still a relevant franchise (28.6% market share) with scale and a clear leader in the UK online grocery market. It was evident that although facing structural industry headwinds many of Tesco's issues were self-inflicted.

While it is still early days in the turnaround, operationally Lewis has started to implement key strategic initiatives to restructure the cost base and regain competitiveness in Tesco's core UK business. Options to strengthen the balance sheet are also being assessed and include the potential sales of Dunnhunmby and its business in South Korea. This is a multi-year turnaround that will be volatile as the CEO seeks to set Tesco on the path towards a sustainable recovery.

(See December 2014 Quarterly Report released on 14 January 2015 for more detail on Tesco).

Risk Management

We are ever mindful that public markets afford us the ability to sell an investment when the facts change or when an investment exceeds our target valuation. We constantly review and re-evaluate every stock position and will continue to be laser focused in our assessments to position the portfolio so that downside risk is minimised.

During the year, we purchased index put options as portfolio insurance on a rolling basis. At 30 June 2015, this had impacted performance by 23bps.

Currency

The US dollar exposure of the portfolio is unhedged and the Euro and Sterling exposures are currently hedged. Although currency moves may be extreme in 2015, we are focused on stock selection not currency trading and its objective therefore is to see that the portfolio rides currency tailwinds and avoids currency headwinds.

The Year Ahead

Over the last quarter markets have shown signs of increasing volatility. We continue to re-evaluate all equity positions and adjust when necessary conscious of these market headwinds and in particular the liquidity of the portfolio. There is a continued focus on the US and Europe as areas of opportunity, with the pipeline of opportunities including spin offs, corporate restructures, CEO changes and fallen angels remaining very robust.

As we enter the seventh year of this bull market we remain cautious. Our focus on companies that experience a period of price discovery will be relevant in all types of markets. We see many opportunities within our broad universe. However, now more than ever it is important that we stay focused and disciplined investing where the risk/reward is truly compelling.

We look forward to an exciting year ahead and our next quarterly update in September 2015.

Yours Faithfully

Arik Star

Portfolio Manager

31 August 2015

4.

Auditors' independence declaration

Building a better working world

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Auditor's Independence Declaration to the Directors of Ellerston Global Investments Limited

In relation to our audit of the financial report of Ellerston Global Investments Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
31 August 2015

5.
Corporate Governance Statement

5. Corporate governance statement

For the period from 28 July 2014 to 30 June 2015

Ellerston Global Investments Limited ('the Company') is a listed investment company whose shares are traded on the Australian Securities Exchange ('ASX'). The Company has appointed Ellerston Capital Limited as its Investment Manager.

The Company's Directors and the Manager recognise the importance of good corporate governance. The Company's corporate governance framework, policies and practices are designed to ensure the effective management and operation of the Company. All of the Company's corporate governance policies and procedures are subject to regular review.

A summary of the Company's corporate governance policies is set out below with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('ASX Recommendations'). The Company has adopted the ASX Recommendations to the extent it has considered them to be relevant. Where the Company's corporate governance practices do not align with the ASX Recommendations, this corporate governance statement will disclose the basis for this departure.

Principle 1: Lay solid foundations for management and oversight

The responsibilities of the Board are set down in the Company's Board Charter. A copy of the Company's Board Charter is available at:

https://ellerstoncapital.com/egi/compliance-and-policies/

The role of the Board is to act in the best interests of the Company. The Board is responsible for the Company's overall direction, management and corporate governance.

The Company has no full time employees and has appointed Ellerston Capital Limited as its manager. Investment, operational and company secretarial services are provided by the Manager pursuant to the terms of the Management Agreement. Under the Management Agreement, the Manager has discretion to make investments in accordance with the investment strategy subject to the following restrictions that require the written approval of the Board:

- Entering into or causing to be entered into a derivatives contract unless there are sufficient assets available to support the underlying liability;
- Delegation of any of the Manager's discretionary management powers except to a related body corporate of the Manager.

- Charging or encumbering any asset in the investment portfolio in any way (other than arises by lien in the ordinary course of business or statutory charge);
- Engaging in securities lending;
- Borrowing any money or incur any liability by way of financial accommodation.

The Board has full discretion to approve or deny any proposal from the Manager.

ASX Recommendations 1.1, 1.2 and 1.3 are not relevant given the Manager's appointment by the Company.

Principle 2: Structure the Board to add value

The skills, experience and expertise of the Board and term of office of each Director who is in office as at the date of the Annual Report are included in the Directors Report. Details of each Directors background date of appointment and attendance at Board meetings are set out in the Directors Report.

The Company's constitution provides that there must be a minimum of three and a maximum of seven Directors.

The Board has three independent Directors and one non-independent Director. Sam Brougham, Paul Dortkamp and Stuart Robertson are considered to be independent as they have no direct involvement in the management of the investment portfolio and are free of any business or other relationship which could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgment. The Chairman, Ashok Jacob, is not independent. The Board has departed from ASX Recommendation 2.2 on the basis of the breadth and depth of the Chairman's investment experience and the value that experience brings to shareholders.

The Board has adopted a Nomination and Remuneration Committee Charter which outlines. The Charter is available at:

https://ellerstoncapital.com/egi/compliance-and-policies/

The Nomination and Remuneration Committee Policy has been adopted by the Board. The Policy establishes a Committee to advise and support the Board with respect to its remuneration and nomination obligations. The Nomination Committee has not met in 2015 as the Company is in its first year of operation and directors are not required to stand for re-election in the first year.

The Nomination and Remuneration Committee will assess:

- the role and composition of the Board, its processes and Board committees;
- the performance of the Board, the Chairman, the executive and non-executive directors.
- whether there is sufficient succession planning in place and any further considerations required by the Board.
- the Board's performance against its corporate governance processes.

The Board has resolved that any committee it establishes will be entitled to obtain independent professional or other advice at the cost of the Company.

Board skills matrix

The table sets out the key skills and experience of the Directors and the extent to which they are represented on the Board and its committee. Each Director has the following skills:

- understanding Securityholder value
- Sufficient time to undertake the role appropriately
- honesty and integrity

Board Skills:

BOARD SKILLS AND EXPERIENCE	BOARD	AUDIT AND RISK COMMITTEE
Total Directors	4 Directors	3 Directors
Executive leadership	4 Directors	3 Directors
Governance	4 Directors	3 Directors
Strategy	4 Directors	3 Directors
Risk	4 Directors	3 Directors
Financial acumen	4 Directors	3 Directors
Remuneration/Human Resources	4 Directors	3 Directors
Public policy/Regulation	4 Directors	3 Directors

New Director induction

New Directors will be expected to understand the Company's business and its policies and procedures. Directors are expected to maintain the skills and knowledge required to discharge their obligations. New Directors will be inducted on an case by case basis taking into account their individual background and expertise.

Principle 3: Promote ethical and responsible decision making

Code of Conduct for Directors

The Company has a Code of Conduct for Directors ('the Code'). The Code can be found at:

https://ellerstoncapital.com/egi/compliance-and-policies/

The Code's purpose is to:

- articulate the high standards of honesty integrity, ethical and law abiding behavior expected of directors;
- encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors);
- guide directors as to the practices thought necessary to maintain confidence in the Company's integrity; and
- set out the responsibility and accountability of directors to report and investigate any reported violations of this code or unethical or unlawful behavior.

Securities Trading Policy

The Company has a Securities Trading Policy that sets out the circumstances in which the Company's Directors and key management personnel of the Company and their associates may trade in the Company's securities.

The Policy imposes restrictions and notification requirements surrounding trading of Company Securities such as blackout periods, trading windows and the need to obtain pre-trade approval. A copy of the Company's Securities Trading Policy has been lodged with the Australian Securities Exchange (ASX) and is available on the Company's website.

Diversity

The Company has not established a Diversity Policy or set measureable objectives for gender diversity as per ASX Recommendations 3.2 and 3.3. Given that all services are provided by the Manager, the Board considers that adopting a diversity policy is not warranted, but will review these recommendations on an ongoing basis.

Principle 4: Safeguard integrity in financial reporting

The Company has established an Audit and Risk Committee comprised of the following:

- Paul Dortkamp
- Stuart Robertson
- Sam Brougham

Details of each committee member's background and attendance at Audit and Risk Committee meetings are set out in the Directors' Report.

The Chairman of the Committee is an Independent Non-Executive Director and is not the Chairman of the Board. The committee consists of three independent Non-executive Directors and two representatives from the Manager attending by invitation subject to exclusion by the Committee where a conflict of interest exists.

Objectives and responsibilities of the Committee

The objective of the Committee is to assist the Board to discharge its responsibilities in relation to:

- Effective management of financial and operational risks
- Compliance with applicable laws and regulations
- Accurate management and financial reporting
- Maintenance of an effective and efficient audit
- High standards of business ethics and corporate governance.

These objectives are set out in the Committee's Charter, which is available on the Company's website:

The Committee will endeavor to:

- Maintain and improve the quality, credibility and objectivity of the financial accountability process;
- Promote a culture of compliance within the Company;
- Ensure effective communication between the Board, the Manager and other service providers and agents;
- Ensure effective audit functions and communications between the Board and the Company's auditor;
- Ensure that compliance strategies are effective;
- Ensure that Directors are provided with financial and non-financial information that is of high quality and relevant to the judgments to be made by them.

The Committee will meet regularly throughout the year with the Chairman providing regular reporting to the Board.

Independent external audit

The Company's independent external auditor is Ernst & Young. The Committee is responsible for recommending to the Board the appointment and removal of the external auditor. The independence and effectiveness of the external auditor is reviewed regularly. The Committee is also responsible for ensuring that the external audit engagement partners are rotated in accordance with the relevant statutory requirements and otherwise after a maximum of five years' service.

The external auditors attend the committees' meetings when the Company half year and full year Financial Statements are being considered. The external auditors also attend other meetings where relevant items are on the Committee's agenda.

The Company's external auditors attend the Company's Annual General Meeting and are available to answer questions from shareholders in relation to the conduct of the audit, the Audit Report, the accounting policies adopted by the Company in preparing Financial Statements and the independence of the auditors.

CEO Declaration

The CEO of the Manager for the Company will make certifications to the Board for each half year to the effect that:

- the financial records of the Company for the financial year have been properly maintained;

- the company's Financial Statements and notes applicable thereto give a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Regulations;
- the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which, in all material aspects, implements the policies adopted by the Board; and
- the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 5: Make timely and balanced disclosure

The Company has adopted a Continuous Disclosure Policy that is designed to ensure that the Company:

- Complies with its continuous disclosure obligations under the Corporations Act 2001 and the ASX Listing Rules;
- provide shareholders and the market with timely, direct and equal access to information issued by it;
- Identifies information that is not generally available and which may have a material effect on the price or value of the Company's securities and is appropriately considered by the Directors for disclosure to the market.

The Continuous Disclosure Policy is available from the Company's website and sets out procedures as to the release of announcements to the market. Following the release of any announcement to the ASX, all announcements will be made available on the Company's website.

Principle 6: Respect the rights of Security holders

Security holders in the Company are entitled to vote on significant matters impacting the business.

The Company has adopted a Security holders Communication Policy and is committed to regularly communicating with its shareholders in a timely, accessible and clear manner with respect to both the procedural and major issues affecting Company. The Company seeks to recognise numerous modes of communication including electronic communication. All security holders are invited to attend the

Company's Annual General Meeting, either in person or by representative. The Board encourages all shareholders to attend and participate in the Company annual meeting of shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors. The external auditor is required to attend the Annual General Meeting and be available to answer questions.

Principle 7: Recognise and manage risk

The Board, through the Audit and Risk Committee, is responsible for ensuring: the oversight and management of material business risks to the Company; the review of reports provided by the Manager and other services providers and agents appointed by the Company;

- that effective systems are in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile; and
- the monitoring of compliance with laws and regulations applicable to the Company.

Risks assessed include:

- implementing strategies (strategic risk);
- outsourced services and operations or external events (operational and investment risk);
- legal and regulatory compliance (legal risk);
- changes in community expectation of corporate behaviour (reputation risk);
- being unable to fund operations or convert assets into cash (liquidity risk); and
- contingency plans in the event of incapacity of the Executive Director/ Portfolio Manager (personnel risk).

The Company has implemented risk management and compliance frameworks. These frameworks ensure that:

- an effective control environment is maintained;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and regularly reviewed and updated;

- timely and accurate reporting is provided to the Board and its respective Committees; and
- compliance with the law, contractual obligations and internal policies (including the Corporate Code of Conduct) is communicated and demonstrated.

Assurance

In respect of the year ending 30 June 2015 the Chairman for the Company has made the following certifications to the Board:

a) the Company's Financial Statements and notes applicable thereto represent a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Regulations; and

b) the risk management and internal compliance and control systems are sound, appropriate, operating efficiently and effectively managing the Company's material business risks.

Principle 8: Encourage enhanced performance

Although the Company has a Board, it has no remunerated employees. The Manager performs the key management roles of the Company. The Board will ensure that it performs the functions recommended in the ASX Corporate Governance Principles (to the extent that these functions are relevant to the Company's business) through the remuneration committee. As the Company has no remunerated employees, the Company will monitor perfomance pursuant to the Management Agreement and will address performance annually and as required. A review was conducted in 2015. The Company will provide disclosure of its Directors' remuneration in its Annual Report. The aggregate Directors' remuneration is capped at $500,000 per annum in accordance with the Company's Constitution.

6.
Statement of comprehensive income

6. Statement of comprehensive income

For the period from 28 July 2014 to 30 June 2015

	NOTE	FOR THE PERIOD FROM 28 JULY 2014 TO 30 JUNE 2015 $
Investment income		
Interest income		179,570
Dividend income		1,256,324
Net foreign exchange gain		2,870,373
Change in fair value of financial instruments held at fair value through profit or loss		8,209,275
Total investment income		**12,515,542**
Expenses		
Directors fees		82,462
Management and Performance fees	14	506,267
Custody and administration fees		43,480
Audit and tax fees	16	44,000
Legal and professional fees		40,242
Registry fees		38,438
Transaction costs		322,201
Withholding taxes		149,395
ASX fees		58,383
Other expenses		13,551
Total operating expenses		**1,298,419**
Profit before tax		**11,217,123**
Income tax expense	6	3,247,110
Net profit after income tax		**7,970,013**
Other comprehensive income, net of income tax		—
Total comprehensive income for the period		**7,970,013**
Basic earnings per share (cents per share)	12	**10.62**
Diluted earnings per share (cents per share)	12	**10.10**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

7.
Statement of financial position

7. Statement of financial position

As at 30 June 2015

	NOTE	AS AT 30 JUNE 2015 $
Current assets		
Cash and cash equivalents	7	14,130,237
Due from brokers		4,087,417
Receivables		307,258
Financial assets designated at fair value through profit or loss	8	66,316,402
Total current assets		**84,841,314**
Total assets		**84,841,314**
Current liabilities		
Payables		315,993
Current tax liability		1,007,422
Financial liabilities held for trading	9	181,628
Total current liabilities		**1,505,043**
Non-current liabilities		
Deferred tax liability		1,527,659
Total non-current liabilities		**1,527,659**
Total Liabilities		**3,032,702**
Net assets		**81,808,612**
Equity		
Issued capital	11	73,838,599
Retained earnings		7,970,013
Total equity		**81,808,612**

The above statement of financial position should be read in conjunction with the accompanying notes.

8.
Statement of changes in equity

8. Statement of changes in equity

For the period from 28 July 2014 to 30 June 2015

	ISSUED CAPITAL $	RETAINED EARNINGS $	TOTAL $
Balance as at 28 July 2014	—	—	—
Comprehensive income for the period	—	7,970,013	7,970,013
Shares issued	75,000,001	—	75,000,001
Capital raising costs	(2,373,431)	—	(2,373,431)
Capital raising costs — tax effect	712,029	—	712,029
Shares issued on exercise of options	500,000	—	500,000
Balance as at 30 June 2015	**73,838,599**	**7,970,013**	**81,808,612**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

9.
Statement of cash flows

9. Statement of cash flows

For the period from 28 July 2014 to 30 June 2015

	NOTES	FOR THE PERIOD FROM 28 JULY 2014 TO 30 JUNE 2015 $
Cash flows from operating activities		
Purchase of financial instruments held at fair value through profit or loss		(89,925,915)
Proceeds from sale of financial instruments held at fair value through profit or loss		34,882,910
Amounts transferred to brokers as collateral		(4,087,417)
Interest received		178,089
Dividends received		903,371
GST recovered		(80,093)
Management fees paid		(382,292)
Other expenses paid		(472,863)
Net cash inflow/(outflow) from operating activities	**15**	**(58,984,210)**
Cash flow from financing activities		
Issue of shares		75,000,001
Capital raising costs		(2,373,431)
Exercise of Options		500,000
Net cash inflow/(outflow) from financing activities		**73,126,570**
Net increase/(decrease) in cash and cash equivalents		**14,142,360**
Cash and cash equivalents at the beginning of the period		—
Effect of foreign currency exchange rate changes on cash and cash equivalents		(12,123)
Cash and cash equivalents at the end of the period	**7**	**14,130,237**

The above statement of cash flows should be read in conjunction with the accompanying notes

10.
Notes to the financial statements

1. Summary of significant accounting policies

This financial report is for Ellerston Global Investments Limited (the "Company") for the period from 28 July 2014 (date of incorporation) to 30 June 2015.

(a) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

The financial report was authorised for issue by the directors on 31 August 2015. The directors have the power to amend and reissue the financial report.

The Company is a for-profit entity limited by shares, incorporated and domiciled in Australia, whose securities are publicly traded on the Australian Securities Exchange (ASX code: EGI and EGIO).

(i) Compliance with International Financial Reporting Standards

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

1. Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

The Company's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

  Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. These include investments in exchange traded equity instruments that are not held for trading purposes and which may be sold.

- Financial instruments held for trading

  These include derivative financial instruments such as options and forward currency contracts. Derivative financial instruments entered into by the Company do not meet the hedge accounting criteria as defined by AASB 139. Consequently hedge accounting is not applied by the Company.

(ii) Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

1. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss are recorded in the Statement of financial position at fair value. All transaction costs for such instruments are recorded directly in profit or loss.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of comprehensive income in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Company is the last traded price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

1. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

Further details on how the fair values of financial instruments are determined are disclosed in Note 5.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. This is generally not the case with master netting arrangements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of financial position.

As at the end of the reporting period, the Company has no financial assets or liabilities in the Statement of financial position which are presented on the offsetting basis.

(c) Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are classified as liabilities in the Statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Company's main income generating activity.

1. Summary of significant accounting policies (continued)

(d) Due from/to brokers

Due from/to brokers comprise cash held as collateral for open derivative positions, and amounts receivable and payable for securities transactions that have not yet settled at year end.

(e) Investment income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Interest income is recognised in the Statement of comprehensive income on an accruals basis.

(f) Expenses

Expenses are recognised in the Statement of comprehensive income on an accruals basis.

(g) Income tax

The income tax expense (benefit) for the period comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense (benefit) charged to profit or loss is the tax payable (benefit) on taxable income (carried forward losses). Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

1. Summary of significant accounting policies (continued)

(g) Income tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised only to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective assets and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The Australian dollar ($) is the Fund's presentation currency.

1. Summary of significant accounting policies (continued)

(h) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

(j) Earnings per share

Basic and diluted earnings per share including realised profits and losses on the investment portfolio are calculated by dividing profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for any bonus element.

(k) Share capital

Ordinary shares are classified as equity with nil par value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. Summary of significant accounting policies (continued)

(l) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Company. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

(i) AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduce revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Company does not apply

1. Summary of significant accounting policies (continued)

(m) New accounting standards and interpretations (continued)

(i) AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018) (continued)

hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Company.

The Company has not yet decided when to adopt AASB 9.

(ii) AASB 15 *Revenue from Contracts with Customers*, (effective from 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer — so the notion of control replaces the existing notion of risks and rewards.

The Company's main source of income are interest, dividend, and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption

of the new revenue recognition rules to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2. Dividends

(a) **Dividends are recognised during the financial year when declared.**

(b) **Dividend profit reserve**

To the extent that any current year profits or prior period accumulated profits are not distributed as dividends, the Company may set aside some or all of the undistributed profits to a separate dividend profit reserve, to facilitate the payment of future dividends, rather than maintaining these profits within retained earnings.

3. Segment information

The Company primarily invests in global equity securities, and operates in one geographic segment, Australia. The Company has foreign exposures as it invests in companies which operate internationally.

4. Capital and Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on ensuring compliance with the Company's investment strategy and seeks to maximise the returns derived for the level of risk to which the Company is exposed. The Company may use derivative financial instruments to alter certain risk exposures.

Financial risk management is carried out by the Manager under a Management Agreement approved by the Board of Directors.

The Company uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

4. Capital and Financial Risk Management (continued)

(a) Market risk

(i) Price risk

The Company is exposed to price risk on equity securities listed or quoted on recognised securities exchanges and equity linked derivatives. Price risk arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The Company manages the price risk through ensuring that all investment activities are undertaken in accordance with the investment strategy.

The table at Note 4(b) summarises the sensitivity of the Company's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Company invests move by +/-10%.

(ii) Foreign currency risk

The Company invests internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign currency risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign currency risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk.

Company's policy is to limit its currency exposure on both monetary and non-monetary financial instruments to the mandates as established in its offering document. Forward currency contracts have been primarily used to hedge against foreign currency risks on its non-Australian dollar denominated investments. For accounting purposes, the Company does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

The table below summarises the fair value of the Company's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

4. Capital and Financial Risk Management (continued)

	US DOLLARS	EURO	BRITISH POUNDS	ALL OTHER FOREIGN CURRENCIES	TOTAL
30 JUNE 2015	A$	A$	A$	A$	A$
Monetary and Non-Monetary Assets and Liabilities					
Monetary Assets					
Cash and cash equivalents	1,803,272	188,683	–	–	1,991,955
Receivables	119,754	83,805	–	–	203,559
Total monetary assets	**1,923,026**	**272,488**	**–**	**–**	**2,195,514**
Non-Monetary Assets and Liabilities					
Financial assets held at fair value through profit or loss	31,824,436	19,370,500	11,538,475	–	62,733,411
Financial liabilities held at fair value through profit or loss	(37,873)	(12,244)	(131,511)	–	(181,628)
Total Net Non-Monetary Assets and Liabilities	**31,786,563**	**19,358,256**	**11,406,964**	**–**	**62,551,783**
Gross value of foreign exchange forward contracts	–	(19,813,567)	(11,837,630)	–	(31,651,197)
Net Exposure to Foreign Currency on Monetary and Non-Monetary Assets and Liabilities	**33,709,589**	**(182,823)**	**(430,666)**	**–**	**33,096,100**
Effect of a 10% change in AUD Exchange rate on Net Assets And Profit/(Loss)	**3,370,959**	**(18,282)**	**(43,067)**	**–**	**3,309,610**

4. Capital and Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

The table at Note 4(b) summarises the sensitivity of the Company's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened and strengthened by 10% against the foreign currencies to which the Company is exposed.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest bearing except cash and cash equivalents. Hence the impact of interest rate risk on net assets attributable to Shareholders and operating profit is considered immaterial to the Company.

30 JUNE 2015	FLOATING INTEREST RATE $	FIXED INTEREST RATE $	NON-INTEREST BEARING $	TOTAL $
Cash and cash equivalents	14,130,237	–	–	14,130,237
Total Cash and cash equivalents	**14,130,237**	**–**	**–**	**14,130,237**

4. Capital and Financial Risk Management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's operating profit and net assets attributable to shareholders subjected to the price risk, interest rate risk and foreign currency risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and the historical correlation of the Company's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Company invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	IMPACT ON OPERATING PROFIT/SHAREHOLDERS EQUITY			
	PRICE RISK		INTEREST RATE RISK	
	-10%	+10%	-1%	+1%
	$	$		
30 June 2015	(3,803,197)	6,009,434	(141,302)	141,302

(c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Company.

4. Capital and Financial Risk Management (continued)

(c) Credit risk (continued)

The Company does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Company is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount disclosed in the Statement of Financial Position.

Trading with recognised and creditworthy third parties only is a way that the Company manages the credit risk. The Company does not consider counterparty risk to be significant, as the Company only trades with recognised and creditworthy third parties. The Standard and Poor's long term foreign issuer credit rating of the company's counterparties as at 30 June 2015 are:

- A+ for State Street Corporation;
- AA- for Australia and New Zealand Banking Group Ltd; and
- A- for Morgan Stanley & Co International PLC.

(d) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Investment Manager monitors the company's cash-flow requirements daily taking into account upcoming income, expenses and investment activities. The assets of the Company are largely in the form of listed securities which can be liquidated.

4. Capital and Financial Risk Management (continued)

(d) **Liquidity risk** (continued)

(i) Maturities of non-derivative financial liabilities

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

30 JUNE 2015	LESS THAN 1 MONTH $	1–6 MONTHS $	6–12 MONTHS $	OVER 12 MONTHS $	TOTAL $
Payables	199,534	45,678	–	70,781	315,993
Tax liability	–	–	1,007,422	1,527,659	2,535,081
Contractual cash flows (excluding derivatives)	**199,534**	**45,678**	**1,007,422**	**1,598,440**	**2,851,074**

4. Capital and Financial Risk Management (continued)

(d) Liquidity risk (continued)

(ii) Maturities of net settled derivative financial instruments

The table below analyses the Company's net settled derivative financial instruments based on their contractual maturity. The Company may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

30 JUNE 2015	LESS THAN 1 MONTH $	1–6 MONTHS $	6–12 MONTHS $	OVER 12 MONTHS $	TOTAL $
Net settled derivatives					
Foreign currency contracts					
– Receivables	1,742	136,618	–	–	138,360
– Payables	(37,872)	(143,756)	–	–	(181,628)
Total net settled derivatives	**(36,130)**	**(7,138)**	**–**	**–**	**(43,268)**

(e) Capital management

The Company's objective in managing capital and investment is to maximise compound after-tax returns for shareholders over time by investing in an investment portfolio of global equity securities using the Managers distinctively contrarian high conviction, benchmark independent investment approach. The strategy is to acquire a portfolio of stocks which the Manager believes are in a period of price discovery and offer an attractive risk/reward profile.

4. Capital and Financial Risk Management (continued)

(e) Capital management (continued)

The Company recognises that its capital position and market price will fluctuate in accordance with market conditions and, in order to adjust the capital structure, it may vary the amount of dividends paid, issue new shares or options from time to time, or buy back its own shares.

A breakdown of the Company's equity and changes in equity during the current year is provided in Note 11.

5. Fair value measurement

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets/liabilities at fair value through profit or loss (FVTPL) (see Note 8)
- Financial assets/liabilities held for trading (see Note 9 and 10)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

5. Fair value measurement (continued)

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Company is the last traded price.

The Company values its investments in accordance with the accounting policies set out in Note 1 to the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

5. Fair value measurement (continued)

(ii) **Fair value in an inactive or unquoted market (level 2 and level 3)** (continued)

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

5. **Fair value measurement** (continued)

(ii) **Fair value in an inactive or unquoted market (level 2 and level 3)** (continued)

Recognised fair value measurement

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2015.

AS AT 30 JUNE 2015	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
Financial assets				
Financial assets designated at fair value through profit or loss:				
– Equity securities	65,325,667	–	–	65,325,667
Financial assets held for trading:				
– Derivatives	852,375	138,360	–	990,735
Total financial assets	**66,178,042**	**138,360**	**–**	**66,316,402**
Financial liabilities				
Financial liabilities held for trading:				
– Derivatives	–	181,628	–	181,628
Total financial liabilities	**–**	**181,628**	**–**	**181,628**

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

5. Fair value measurement (continued)

(iii) Transfers between levels

There were no transfers between the levels for the fair value hierarchy for the period ended 30 June 2015.

(iv) Movement in level 3 instruments

There were no investments classified as level 3 within the Company as at 30 June 2015.

(v) Fair values of other financial instruments

The Company did not hold any financial instruments which were not measured at fair value in the Statement of financial position aside from receivables and payables. Due to their short-term nature, the carrying amounts of receivables and payables are approximate to fair value.

6. Income tax

	30 JUNE 2015 $
(a) The income tax (expense) attributable to the period differs from the prima facie amount payable on the operating profit. The difference is reconciled as follows:	
Profit before income tax	11,217,123
Prima facie income tax (expense) on the net profit at 30%	(3,365,137)
Tax effect of franked dividends received	13,452
Tax effect of foreign dividends received	104,575
	(3,247,110)

6. Income tax (continued)

	30 JUNE 2015 $
(b) The major components of income tax (expense) are:	
Current income tax (expense)	(1,007,422)
Deferred income tax (expense)	(2,239,688)
	(3,247,110)
(c) Income tax (expense) charged directly to equity:	
Costs associated with the issue of shares	712,029
	712,029
(d) Deferred tax (liability)/assets relate to the following:	
Costs associated with the issue of shares	569,623
Unrealised gain on investments held on revenue account	(2,097,282)
Total net deferred tax liability	**(1,527,659)**
(e) Imputation credits:	
Total imputation credits available in subsequent financial years based on a tax rate of 30%	1,026,639

The above amount represents the balance of the imputation credits at 30 June 2015 adjusted for income tax paid/payable, franked dividends receivable.

7. Cash and cash equivalents

	AS AT 30 JUNE 2015 $
Cash at bank	14,130,237
Total cash and cash equivalents	**14,130,237**

These accounts earned floating interest rates between 0.01% to 3% during the reporting period to 30 June 2015.

8. Financial assets held at fair value through profit or loss

	AS AT 31 JUNE 2015 $
Designated at fair value through profit or loss	
Equity securities	65,325,667
Total designated at fair value through profit or loss	65,325,667
Held for trading	
Derivatives	990,735
Total held for trading	990,735
Total financial assets held at fair value through profit or loss	**66,316,402**

8. Financial assets held at fair value through profit or loss (continued)

Details of the Company's top 10 equity security investments as at 30 June 2015 are set out on the following table:

COMPANY NAME	AS AT 30 JUNE 2015 $
VIVENDI	5,022,308
GENERAL ELECTRIC CO	4,939,526
EBAY INC	4,913,481
SYNCHRONY FINANCIAL	4,662,465
ELIS SA	4,330,318
EXPERIAN PLC	4,065,898
LLOYDS BANKING GROUP PLC	3,756,569
NIELSEN NV	3,352,447
FAIR ISAAC CORP	3,033,657
AAC HOLDINGS INC	2,713,490
Total — top 10 equity investments	**40,790,159**
Other investments in equity securities	24,535,508
Total investments in equity securities	**65,325,667**

9. Financial liabilities held at fair value through profit or loss

	AS AT 30 JUNE 2015 $
Held for trading	
Derivatives	181,628
Total held for trading	181,628
Total financial liabilities held at fair value through profit or loss	**181,628**

10. Derivative financial instruments

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging (portfolio and/or individual security risk);
- to increase/decrease overall portfolio and country exposures;
- investing indirectly where the Manager determines that investing indirectly would, for example, be commercially advantageous, tax efficient or provide a more practicable means of access to the relevant investment; and
- short term portfolio management purposes, for example obtaining economic exposure to the market whilst physical exposures are being bought.

10. Derivative financial instruments (continued)

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Company.

The Company holds the following derivatives:

(a) Forward currency contracts

Forward currency contracts are primarily used by the Company to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Company agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Company recognises a gain or loss equal to the change in fair value at the end of each reporting period.

(b) Index Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Company are exchange-trade. The Company is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

10. Derivative financial instruments (continued)

The Company's derivative financial instruments at year end are detailed below:

	FAIR VALUES		
	CONTRACT/ NOTIONAL	ASSETS	LIABILITIES
	$	$	$
Foreign currency contracts	40,094,075	138,360	181,628
Option contracts	55,155,481	852,375	–
Total	**95,249,556**	**990,735**	**181,628**

11. Issued capital

	AS AT 30 JUNE 2015	
	NO. OF SECURITIES	$
Ordinary shares		
Opening balance	–	–
Share issued — 28 July 2014	1	1
Shares issued — 16 October 2014	75,000,000	75,000,000
Capital raising costs	–	(2,373,431)
Capital raising costs — tax effect	–	712,029
Shares issued from exercise of options	500,000	500,000
Total ordinary shares	**75,500,001**	**73,838,599**

11. Issued capital (continued)

	AS AT 30 JUNE 2015	
	NO. OF SECURITIES	$
Options		
Opening balance	–	–
Loyalty options		
– issued on 16 October 2014	37,500,000	–
– transferred out to be vested on 10 April 2015	(37,500,000)	–
– vested on 10 April 2015	33,850,677	–
– vested post 10 April 2015	227,500	–
– exercised by 30 June 2015	(500,000)	–
Total options	**33,578,177**	**–**
Total issued capital		**73,838,599**

(a) Terms and conditions

(i) Ordinary shares

Fully paid ordinary shares entitle the holder to receive dividends as declared and the proceeds on winding up the Company in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

(ii) Options

Each shareholder who made an application for shares and loyalty options under the Initial Public Offer on 16 September 2014, received one loyalty option for every two shares issued for nil consideration. On 10 April 2015 the vesting date of Option, the Company issued 33,850,677 vested loyalty

11. Issued capital (continued)

(a) Terms and conditions (continued)

options to option holders who held at least the same amount of shares issued under the Initial Public Offer. The loyalty options lapsed on the same date for option holders who held less amount of shares than what they were allotted in the initial Public Offer. There were additional 227,500 loyalty options subsequently vested to investors post 10 April 2015 because shares of these investors were in transfer on 10 April 2015.

The vested loyalty options were first quoted on the ASX on 22 April 2015. Holders of the vested loyalty option have the right to acquire one ordinary share in the Company at a price of $1.00 and can exercise the right at any time in the period commencing on the day after the vesting date of 10 April 2015 and ending on the third anniversary of the vesting date being 10 April 2018. The loyalty options are not entitled to dividends. Ordinary shares issued on exercise of the options rank equally with all other ordinary shares from the date of exercise and entitle the holder to receive dividends on or prior to the applicable record date. As at 30 June 2015, the Company has issued 500,000 ordinary shares from exercise of loyalty options.

12. Earnings per share

	AS AT 30 JUNE 2015
Basic earnings per share (cents)	10.62
Diluted earnings per share (cents)	10.10
Weighted average number of ordinary shares	
Weighted average number of ordinary shares on issue used in calculating basic earnings per share	75,066,630
Add: options for the purposes of calculating diluted earnings per share*	3,810,290
Weighted average number of ordinary shares on issue used in calculating diluted earnings per share	78,876,920
Earnings reconciliation	
Net profit after income tax used in the calculation of basic and diluted earnings per share ($)	7,970,013

* Calculated in accordance with AASB 133

13. Net tangible assets per share

	AS AT 30 JUNE 2015
Net tangible assets per share	
Net assets attributable to ordinary shareholders — before tax	1.1171
Net assets attributable to ordinary shareholders — after tax	1.0836

14. Management and performance fee

Under the Management Agreement, effective 20 October 2014, the Company must pay a Management Fee of 0.75% per annum (plus GST) of the pre tax net asset value of the Investment Portfolio to Ellerston Capital Limited (the Manager), calculated and accrued monthly and paid monthly in arrears. In addition, the Manager is entitled to receive a performance fee equal to 15% (plus GST) of the amount by which the investment portfolio's pre-tax return exceeds the return of the MSCI World Index (local), calculated and accrued monthly and paid annually in arrears. In the case the Investment Portfolio's pre tax return is less than the return of the MSCI World Index (Local) for the Financial Year, no Performance Fee will be payable in respect of that financial year.

	30 JUNE 2015 $
Management fees expense	434,362
Management fees payable	52,070
Performance fees expenses	71,905
Performance fees payable	71,905

15. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	30 JUNE 2015 $
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	
Profit for the year	7,970,013
Purchase of financial instruments held at fair value through profit or loss	(89,925,915)
Proceeds from sale of financial instruments held at fair value through profit or loss	34,882,910
Change in fair value of financial instruments held at fair value through profit or loss	(8,209,275)
Amounts transferred to brokers as collateral	(4,087,417)
(Increase)/decrease in foreign exchange gains	(2,870,373)
(Increase)/decrease in receivables	(307,256)
Increase/(decrease)in income tax assets and liabilities	3,247,110
Increase/(decrease) in payables	315,993
Net cash inflow/(outflow) from operating activities	**(58,984,210)**
(b) Non-cash financing activities	**–**

16. Auditor's remuneration

	30 JUNE 2015 $
Audit services	
Statutory audit and review of the financial reports	38,500
Non-audit services	
Taxation services	5,500
Total auditor's remuneration	**44,000**

Amounts received or due and receivable by the auditor of the Company, Ernst & Young.

17. Related parties

The Company has appointed Ellerston Capital Limited, to act as the manager of the Company's investment portfolio. The contract is on normal commercial terms and conditions.

(a) Key management personnel

The Key Management Personnel (KMP) of the Company comprise the independent non-Executive Directors , the executive Director and the Manager.

Ellerston Capital Limited

A Management Agreement between the Company and the Manager commenced on 20 October 2014. For the period from 20 October 2014 to 30 June 2015, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager is entitled to:

- a management fee of 0.75% per annum (plus GST) of the pre tax net asset value of the Company's investment portfolio, calculated and accrued monthly and paid monthly in arrears; and

17. Related parties (continued)

(a) Key management personnel (continued)

Ellerston Capital Limited (continued)

- a performance fee equal to 15% (plus GST) of the amount by which the investment portfolio's pre-tax return exceeds the return of the MSCI World Index (local), calculated and accrued monthly and paid annually in arrears.

Details of management and performance fees are provided on Note 14 on page 79.

The following remuneration was paid or payable by the Company to the independent non-Executive Directors and Executive Director, and the Manager for the period:

	30 JUNE 2015 $
Sam Brougham	26,606
Paul Dortkamp	27,928
Stuart Robertson	27,928
Total Non-Executive Directors' fees paid by the Company	**82,462**
Total Executive Director's fee paid by the Company to Ashok Jacob	nil

Further details of remuneration paid to the Directors is disclosed in the Remuneration Report in the Directors' Report.

17. Related parties (continued)

(b) Transactions with related parties

The Company from time to time enters into transactions with parties related to the Manager. All related party transactions are made at arm's length on normal business terms and conditions. During the reporting period to 30 June 2015 the Company has had the following related party transactions:

	BALANCE AT INCEPTION	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE 30 JUNE 2015
Ellerston Global Equity Managers Fund				
• Ordinary shares	1,400,000	–	–	1,400,000
• Loyalty options	700,000	–	–	700,000
Directors of Ellerston Capital Limited				
• Ordinary shares	50,000	–	–	50,000
• Loyalty options	25,000	–	–	25,000
Ellerston Capital Limited				
• Management share	1	–	–	1

The Manager of the Company is the Trustee and the Investment Manager of Ellerston Global Equity Managers Fund.

Note: Where Directors hold Directorships of the Company and Investment Manager, those holdings have been included in the Directors Report and are not included in the table above under "**Directors of Ellerston Capital Limited**".

18. Contingent assets, liabilities and commitments

The Company has no material commitments or contingent assets as at 30 June 2015.

19. Events occurring after the reporting period

On 31 August 2015, the directors declared a fully franked final dividend of 1 cent per ordinary share, which is payable to shareholders on 8 October 2015. The amount of the proposed dividend, which is not recognised as a liability as at 30 June 2015, is $755,000 based on the number of shares on issue at 30 June 2015.

The dividend will be paid out of the newly created dividend profit reserve.

No other matter, or circumstance has arisen since 30 June 2015 that has significantly affected, or may affect, the operations of the Company, the results of these operations or the state of affairs of the Company.

11.
Directors' Declaration

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 38 to 84 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(ii) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Ashok Jacob

Chairman

31 August 2015

12.
Independent Auditors' Report

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Independent auditor's report to the members of Ellerston Global Investments Limited

Report on the financial report

We have audited the accompanying financial report of Ellerston Global Investments Limited (the "Company"), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 28 July 2014 (date of incorporation) to 30 June 2015, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Ellerston Global Investments Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the period ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the period ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

12. Independent Auditors' Report

Building a better working world

Opinion

In our opinion, the Remuneration Report of Ellerston Global Investments Limited for the period ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
31 August 2015

13.
Shareholder Information

13. Shareholder Information

Additional information required by the Australian Stock Exchange Ltd (ASX) and not shown elsewhere in this report is as follows. The information is current as at 14 August 2015.

The Company's ASX code is "EGI" for its ordinary shares and "EGIO" for its options.

(a) Distribution of Shareholders of the Company as at 14 August 2015:

ORDINARY SHAREHOLDING RANGE	NUMBER OF HOLDERS	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1 to 1,000	17	10,735	0.01
1,001 to 5,000	106	414,613	0.55
5,001 to 10,000	195	1,783,759	2.36
10,001 to 100,000	864	30,400,005	40.26
100,001 and Over	93	42,909,889	56.82
Total	**1,275**	**75,519,001**	**100.00**
Shareholders with less than a marketable parcel	4	245	0

All issued ordinary shares carry one vote per share and carry the rights to dividends.

(b) Distribution of Optionholders of the Company as at 14 August 2015:

OPTIONHOLDING RANGE	NUMBER OF HOLDERS	NUMBER OF OPTIONS	% OF OPTIONS IN ISSUE
1 to 1,000	6	5,385	0.01
1,001 to 5,000	173	709,153	2.11
5,001 to 10,000	244	2,115,857	6.3
10,001 to 100,000	487	13,342,642	39.7
100,001 and Over	39	17,436,140	51.88
Total	**949**	**33,609,177**	**100.00**
Optionholders with less than a marketable parcel	13	16,025	0.05

Options are neither entitled to voting right nor to dividend.

(c) Substantial shareholders

NAME OF ORDINARY SHAREHOLDERS	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
RAC & JD BRICE SUPERANNUATION PTY LTD	5,000,000	6.62

Top 20 Ordinary Shareholders as at 14 August 2015

RANK	HOLDER NAME	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1	RAC & JD BRICE SUPERANNUATION PTY LTD	5,000,000	6.62
2	NAMARONG INVESTMENTS PTY LTD	3,000,000	3.97
3	E D DUNN PTY LTD	2,750,000	3.64
4	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,301,700	3.05

13. Shareholder Information

Top 20 Ordinary Shareholders as at 14 August 2015 (Continued)

RANK	HOLDER NAME	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
5	MUTUAL TRUST PTY LTD	2,069,000	2.74
6	RUBI HOLDINGS PTY LTD	2,000,000	2.65
7	ZONDA CAPITAL PTY LTD	1,500,000	1.99
8	NATIONAL NOMINEES LIMITED	1,423,000	1.88
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,410,000	1.87
10	PICTON COVE PTY LTD	1,000,000	1.32
10	GIOVANNI NOMINEES PTY LTD	1,000,000	1.32
10	CROFTON PARK DEVELOPMENTS PTY LTD	1,000,000	1.32
10	WANGANUI PTY LTD	1,000,000	1.32
11	MR RICHARD DOUGLAS MCILWAIN	650,000	0.86
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	625,000	0.83
13	JASFORCE PTY LTD	500,000	0.66
13	MR BRIAN JOSEPH TIERNEY	500,000	0.66
13	ARGUS NOMINEES PTY LTD	500,000	0.66
13	MR BRIAN JOSEPH TIERNEY & MRS KERRIE ANN TIERNEY	500,000	0.66
13	TATIARA NOMINEES PTY LIMITED	500,000	0.66
14	HIMSTEDT & CO PTY LTD	375,000	0.50
15	PALAZZO CORPORATION PTY LTD	300,000	0.40

Top 20 Ordinary Shareholders as at 14 August 2015 (Continued)

RANK	HOLDER NAME	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
15	MRS DAGNY HUME & MR MICHAEL HUME	300,000	0.40
15	BOND STREET CUSTODIANS LIMITED	300,000	0.40
15	BRISAN PROJECTS PTY LTD	300,000	0.40
16	MR ALAN GOODFELLOW	286,000	0.38
17	KARRAD PTY LTD	250,000	0.33
17	ELDUN PTY LTD	250,000	0.33
17	MR DAVID CHARLES CROMBIE & MRS MARGARET CROMBIE	250,000	0.33
17	TANDOM NOMINEES PTY LTD	250,000	0.33
17	SKED PTY LTD	250,000	0.33
17	SCE SUPERANNUATION PTY LTD	250,000	0.33
17	ROMINGA PTY LTD	250,000	0.33
17	BOMBERY PTY LIMITED	250,000	0.33
18	GB & PJ HACON SUPER PTY LTD	247,435	0.33
19	BERAEM PTY LIMITED	242,500	0.32
20	CLEOPATRA NOMINEES PTY LIMITED	240,000	0.32
	Total shares held by the top 20 shareholders	**33,819,635**	**44.78**
	Total issued share capital	**75,519,001**	**100.00**

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14. Corporate Directory

Directors
Ashok Jacob
Sam Brougham
Paul Dortkamp
Stuart Robertson

Company Secretary
Ian Kelly

Registered Office
c/- Ellerston Capital Limited
Level 11, 179 Elizabeth Street
SYDNEY NSW 2000

Auditor
Ernst and Young
680 George Street
SYDNEY NSW 2000

Manager
Ellerston Capital Limited
ACN 110 397 674
Level 11, 179 Elizabeth Street
SYDNEY NSW 2000

Share Registry
Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Securities Exchange Listing
ASX code (ordinary shares): EGI
ASX code (loyalty options): EGIO