Ellerston Global Investments Limited

ASX: EGI

ABN 75 169 464 706

Annual Report

For the year ended
30 June 2016

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1.

Chairman's Letter

1. Chairman's Letter

For the year ended 30 June 2016

Dear Shareholder,

I am pleased to provide shareholders with the Annual Report for Ellerston Global Investments Limited (EGI).

Since 1 November 2014 the portfolio has returned +18.88% Net (before all taxes) as at 31 July 2016. The Funds relevant benchmark, MSCI World Index (Local) has returned +7.73% over the same time frame.

EGI has a fairly narrow focus on the investable stocks in its core universe. It concentrates on stocks which it believes are going through a price discovery phase and offer an attractive risk/reward profile. This investment approach is one which we believe is suited to the current environment in developed markets.

The post QE (quantitative easing) environment in the USA and the potentially volatile backdrop in Europe have created, we believe, an environment tailor-made for a high conviction portfolio with a disciplined stock picking approach. We have an absolute return approach to our investment philosophy which we believe is well expressed in this portfolio.

In the current world that we live in, businesses are dynamic and changing to meet the economic, technological and regulatory environment that we operate in. Each stock in our portfolio has gone through a robust process before being included in the portfolio. We do not hesitate to reduce or exit completely if the facts change or an investment exceeds our target valuation. This disciplined approach has been invaluable as we have navigated extreme volatility in markets. The events in Europe, Grexit followed by Brexit, and the US market swoon in February, created more volatility than we have seen in some time.

We remain of the belief that markets worldwide are now more than ever suited to the approach of a stock-picker than one that is beta driven.

We are macro conscious but stock focused. We currently have a higher than usual cash position of 30% but will not hesitate to reduce that as we find new opportunities that meet our criteria.

Uncertainty creates opportunity. With high volatility, new opportunities are created.

1. Chairman's Letter

For the year ended 30 June 2016

EGI's Portfolio

We have continued to manage a concentrated portfolio of no more than 25 stocks (20 as at 30 June 2016). 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. This may arise from distress, spin-offs, management changes, hidden optionality amongst a range of factors. 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 this portfolio is dissimilar to what may constitute other Global portfolios.

Currently, the portfolio is well diversified across a number of sectors including, but not limited to Technology, Consumer Discretionary and Industrials with the majority of investments currently concentrated in US listed stocks.

Although we are watching currencies closely, we are stock pickers not currency traders. Our objective is to limit currency exposure in such volatile times. With that in mind, the currency exposure of the portfolio is currently fully hedged and was mostly hedged for the year.

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.

Performance

We are pleased with performance of the portfolio to 30 June 2016 which has outperformed the MSCI World Index (Local) since 1 November 2014 by 9.75%. Since 1 November 2014 the Portfolio has returned 13.21% Net (before all taxes) compared to the MSCI World Index (Local) which returned 3.46%.

In what has been a difficult 12 months for global markets, we are pleased with the overall performance of the Portfolio during this challenging time, with the Portfolio continuing to outperform the benchmark. Over the 12 months to June 30 2016, the portfolio fell -1.35% Net (before all taxes) compared to the Benchmark which returned -2.67% for the corresponding period.

Financial Results

For the period to 30 June 2016, the Company recorded a pre-tax loss of $1,120,343 and a net loss after income tax expense of $742,919.

For the 12 month period ending 30 June 2016, the EGI portfolio fell by -1.35% Net (before all taxes) and the Net Assets of the company (before all taxes) is $1.0820 per share.

Dividends

The Directors declared a half year dividend of 1 cent fully franked as at 31 December 2015 which was paid to investors on April 8 2016.

The Directors have also declared a 1 cent fully franked final dividend for the year ended June 30, 2016.

We are pleased to see the number of shareholders electing to reinvest their dividend for the December half year increase by 74% compared to the 30 June 2015 dividend. We see this as positive and encourage shareholders to participate in the DRP as an effective way of compounding returns overtime.

It is the intention of the company to continue to pay fully franked dividends in the future. To that extent, the dividend profit reserve created in the prior financial year by the board 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. On 26 August 2016, the Directors decided to transfer an additional $1.74m to the dividend profit reserve.

Annual General Meeting

My fellow Directors and I look forward to meeting those of you who can attend the Annual General Meeting. We anticipate that the Notice of Annual General Meeting will be despatched to shareholders in the coming weeks with further details.

Yours faithfully,

Ashok Jacob

Chairman

26 August 2016

2.

Directors' Report

2. Directors' Report

For the year ended 30 June 2016

The directors of Ellerston Global Investments Limited (the "Company") present their report together with the financial statements of the Company for the year ended 30 June 2016.

Directors

The following persons were directors of the Company during the year 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 Roberston	Independent Non-Executive Director	24 July 2014

Company Secretary

The following person was Company Secretary during the year and up to the date of this report:

NAME	APPOINTED
Ian Kelly	24 July 2014

Principal activities

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

Review and results of operations

From 1 July 2015 to 30 June 2016 the Company returned -1.35% Net (before all taxes) and -0.93% on a post all taxes basis, outperforming the benchmark MSCI World Index (Local) return of -2.67%.

Since its first full month of trading in November 2014 the Company has achieved a 13.21% return before all taxes and 9.39% post all taxes. The board is pleased with both the overall performances of the Company and the performance of the Company in comparison to its benchmark, MSCI World Index (Local) which returned 3.46% over the same period.

As at 30 June 2016 the Company had 70.80% invested, with 76.80% equity exposure to United States, 19.20% to the European market and 4.0% to Asia Pacific.

As at 30 June 2016 the Company's Net Tangible Assets had decreased marginally to $1.0820 per share before all taxes (compared to 30 June 2015 of $1.1171 per share before all taxes) and to $1.0535 per share post all taxes. (compared to 30 June 2015 of $1.0836 per share)

The Board is pleased with the overall performance of the Company in what has been a volatile year for global markets.

For the year ended 30 June 2016, the Company recorded a pre-tax loss of $1,120,343 (30 June 2015: pre-tax income of $11,217,123) and a net loss after income tax expense of $742,919 (30 June 2015: net income after income tax expense of $7,970,013).

	As at 30 June 2016 $	30 June 2015 $
Net Tangible Assets before all taxes (i)	1.0820	1.1171
Net Tangible Assets after realised tax (ii)	1.0588	1.1035
Net Tangible Assets after tax	1.0535	1.0836

The Net Tangible Assets as at 30 June 2016 is based on fully paid share capital of 75,692,959.

(i) For the 12 month period Net Tangible Assets exclude 2 cents per share of dividends paid.

(ii) Net Tangible Assets after realised tax includes tax paid and a provision for tax on realised gains from the Company's Investment Portfolio. It excludes any tax on unrealised gains and deferred tax, which are represented in the Net Tangible Assets after tax line.

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.

Please refer to the Investment Manager's report on page 21 for a more detailed market outlook.

Dividends

On 31 August 2015, the directors declared a fully franked dividend of 1 cent per fully paid ordinary share, which was paid to shareholders on 8 October 2015 for a total amount of $755,290. On 16 February 2016, the directors declared a fully franked dividend of 1 cent per fully paid ordinary share, which was paid to shareholders on 8 April 2016 for a total amount of $755,845. Both dividends were paid from the Company's dividend profit reserve account.

More details of dividend payments are provided under Note 12 on page 90 of the report.

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 26 August 2016, the Directors decided to transfer approximately $1.74m (2015: $2.4m) to the 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 year ended 30 June 2016.

Matters subsequent to the end of the financial year

On 26 August 2016, the directors declared a fully franked final dividend of 1 cent per ordinary share, which is payable to shareholders on 7 October 2016. The amount of the proposed dividend, which is not recognised as a liability as at 30 June 2016, is $756,930 based on the number of shares on issue at 30 June 2016. The dividend will be paid out of the dividend profit reserve.

No other matter or circumstance has arisen since 30 June 2016 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 Global Investments Limited 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.

Rounding of amounts to the nearest dollar

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Information on Directors

Ashok Jacob

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

Ashok has over 32 years investment experience and has served as a Director and as Chief Investment Officer of the Manager since inception.

As Chairman and Chief Investment Officer, 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 and Chairman of Ellerston Asian Investments Limited. 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 31 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.

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 the Board Committee, held during the year ended 30 June 2016 and the number of meetings attended by each Director is set out below:

NAME	BOARD MEETINGS HELD WHILE A DIRECTOR	ATTENDED	AUDIT AND RISK COMMITTEE MEETINGS HELD WHILE A DIRECTOR	ATTENDED
Ashok Jacob	4	3	—	—
Sam Brougham	4	4	2	2
Paul Dortkamp	4	4	2	2
Stuart Robertson	4	4	2	2

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	2,021,739	1,000,000
Sam Brougham	1,251,415	500,000
Paul Dortkamp	25,000	—
Stuart Robertson	50,543	25,000

Remuneration Report (Audited)

This remuneration report outlines the remuneration arrangements of the Company for the year ended 30 June 2016. 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 year ended 30 June 2016. 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-Independant 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 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 year ended 30 June 2016, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager was entitled to:

(i) 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

(ii) 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 year ended 30 June 2016 is $146,624.

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 periods up to 30 June 2016 and 30 June 2015 is detailed below:

	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST) 30 June 2016 $	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST) 30 June 2015 $
Independent Non-Executive Directors		
Sam Brougham	30,250	26,606
Paul Dortkamp	30,250	27,928
Stuart Robertson	30,250	27,928
Total KMP remunerated by the Company	**90,750**	**82,462**
Executive Director		
Ashok Jacob	Nil	Nil

The total amount paid or payable by the Company to the KMP (Independent Non-Executive Directors, Executive Director and the Manager) for the year ended 30 June 2016 was $90,750.

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

	OPENING BALANCE	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE AS AT 30 JUNE 2016
Directors				
Ashok Jacob				
• Ordinary shares	2,000,000	21,739	—	2,021,739
• Loyalty options	1,000,000	—	—	1,000,000
Sam Brougham				
• Ordinary shares	1,000,000	251,415	—	1,251,415
• Loyalty options	500,000	—	—	500,000
Paul Dortkamp				
• Ordinary shares	—	25,000	—	25,000
• Loyalty options	—	—	—	—
Stuart Robertson				
• Ordinary shares	50,000	543	—	50,543
• Loyalty options	25,000	—	—	25,000

	OPENING BALANCE	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE AS AT 30 JUNE 2015
Directors				
Ashok Jacob				
• Ordinary shares	2,000,000	—	—	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 year ended 30 June 2016, 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 29.

Signed in accordance with a resolution of the directors.

Ashok Jacob

Chairman

26 August 2016

3.

Investment Managers' Report

Year in Review – Portfolio

Since 1 November 2014 the portfolio has returned net (before all taxes) +13.21%. This compares to the benchmark (MSCI World Index Local) which rose by +3.46%.

For the fiscal year ended June 30, 2016 the portfolio returned net (before all taxes) -1.35%. This compares to the benchmark (MSCI World Index Local) which declined by -2.67%.

For the year ending 30 June 2016, the investments that contributed the most to performance were Interxion (+1.12%), FICO (+1.06%), Realia (+0.98%), Nielsen (+0.96%), Abercrombie & Fitch (+0.95%) and Experian (+0.89%). On the other hand, the investments that detracted most from performance were Barclay's (-1.51%), Lloyds (-1.45%), Synchrony (-1.12%) and FCC (-1.11%).

Investments in financials proved costly during the year. As we highlighted in the recent June quarterly newsletter, while the valuations of financials may be enticing and management teams are executing well, the economic and regulatory environments in which they operate create a massive headwind to value creation. We do not see this dynamic changing any time soon and for now no longer have exposure to financials.

We recently sold Criteo which contributed (+0.66%) to performance for the year. The opportunity at Criteo was very exciting, but questions around competitive threats and 'click fraud' in the ad tech space caused us to reassess and take the cautious path.

We trimmed positions back to a core holding where valuations reached our initial target (Nielsen, Experian, Interxion). We sold those that exceeded our price objectives (Realia, Hispania, Abercrombie & Fitch) and those where the facts changed or our view had changed (Synchrony, Lloyds, Barclays, Tribune Media).

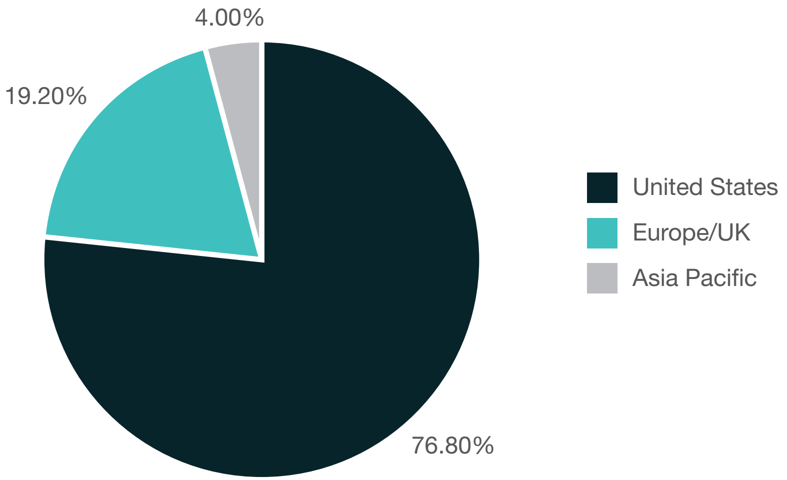
While we have said it before we cannot overstate it. We are ever mindful that public markets afford us the ability to sell an investment. In these volatile times we continue to be focussed on constantly reviewing and re-evaluating every stock position to identify when an investment exceeds our target valuation or when the facts change. Conversely and much more exciting is when a negative market move which has nothing to do with a company's fundamentals affords us the opportunity to increase our investment in a company we own.

The currency exposure of the portfolio is currently fully hedged and was mostly hedged for the year. We are focussed on stock selection not currency trading and we did not believe there were any genuine currency tailwinds to benefit from in the year.

Top 5 Holdings and Exposure table as at 30 June 2016

Top Holdings	%
Equity Commonwealth	6.15
Alphabet Inc	5.89
Experian Plc	5.51
Nielsen Plc	5.04
Paypal Holdings	4.83

Geographic Exposure (% of invested capital)



Year in Review – Markets

The 2016 financial year was a volatile one for equity markets globally with a wide range of macro events shaping its course. In the US, an uncertain and dramatic election cycle has entered its final stage, the timing and trajectory of interest rate rises is unclear and wages are on the rise. In Europe, countries such as Denmark, Sweden and Switzerland have negative interest rates, question marks hang over the capital adequacy of many banks, immigration issues are growing, and the shock Brexit vote has created tremendous uncertainty. Over in Asia, the well telegraphed Chinese headwinds remain and the Japanese government is trying desperately to kick-start the economy.

Macro issues have become all-consuming leading to "Macro Markets" which we expect are here to stay for the foreseeable future. For equity investors it is more important than ever to be macro conscious but stock focussed. A stock picking approach is best suited in this environment rather than a beta-driven fully-invested approach.

While the global macro outlook is uncertain and difficult when we look back in twelve months' time there will likely be dozens of stocks in our immediate universe that have appreciated significantly. To quote the famous stock investor Peter Lynch, *"the person that turns over the most rocks wins the game"*.

The Opportunity Set

At EGI, we have a market agnostic approach which is contrarian and absolute focussed resulting in a concentrated portfolio of high conviction investments. The core of our investment focus is companies going through a period of price discovery, which can include corporate restructures, spin-offs, fallen angels, management changes and companies with embedded optionality. This investment approach is enhanced by the breadth of global equity markets which provide significantly greater scope to search for compelling investment opportunities than could otherwise be found in the domestic market. We continue to believe that international equity markets offer a superior risk/reward profile to the Australian market on a medium to long term basis.

Below are some live examples from the year of investments that fit our opportunity set:

1. Spin Off:

A type of company divestiture that is accomplished through the separation of a division or subsidiary from its parent to create a new corporate entity. Existing shareholders are then issued new shares in the new public entity in proportion to their current holdings. Spin offs can occur for many reasons.

eBay/PayPal: In the case of eBay (Parent) spinning off PayPal (Spin) to shareholders the rationale was that PayPal would be more valuable as an independent entity. This has been the case as PayPal has been able to establish partnerships and secure customers as a neutral third party with no perceived conflict of interest.

Madison Square Garden/MSG Networks: In other instances such as Madison Square Garden, a business with secular headwinds namely MSG Networks was separated into a new entity thereby removing an overhang on the core Madison Square Garden assets.

In the coming year the pipeline of announced spin offs continues to be robust and there are a number we are currently looking at that may ultimately make it into the portfolio.

2. Corporate Restructure:

Refers to the process of making changes to the composition of a company's operations in order to increase long-term profitability. A corporate restructure is usually the result of a change in business strategy and if well thought out and executed properly can be very powerful.

General Electric: A classic example during the year of a corporate restructure was General Electric announcing in April 2015 that they would divest the bulk of GE capital to focus on its core industrial business. The execution at GE has been flawless and as of July 2016, GE had disposed of $183b of assets and look to be well ahead of their timeline to reach $200b in sales by the end of 2016.

Equity Commonwealth: Another example in the portfolio is Equity Commonwealth where the new management team suspended the current dividend, undertook an asset review and announced in February 2015 that it would commence a disposal program to sell $2 - $3 billion of non-core assets over the next 2 years. A year and half into the asset disposals, EQC has sold $2.7b of assets faster and at more attractive valuations than expected.

3. Management Change:

Refers to a new CEO or CFO being appointed to the company. In many instances a new CEO can bring a fresh perspective and the right background to a particular company. The most interesting management changes are those that are made to a company that is going through a period of difficulty.

Experian: An example of this during the year was EGI's position in Experian. Under the previous CEO, Experian's businesses had been underperforming. From 2012 to 2014 the organic revenue growth rate at Experian had declined sequentially from 10% down to 5%, and ultimately bottomed in 2015 at 1%. The new CEO Brian Cassin (appointed CEO in July 2014) has begun to turnaround Experian's underperforming businesses such as its North American Consumer Services division and in the 2016 financial year (March Year End), Experian achieved 5% organic revenue growth which is within the company's new target range of mid-single digit organic revenue growth. The business returned to organic growth sooner than Management had originally anticipated and now the focus is on maintaining and enhancing that growth going forward. The stock price of Experian has reflected this positive change in operating momentum.

4. Fallen Angel:

Refers to a company with a historically robust franchise that once displayed exceptional performance (angel) but has since experienced a material decline in valuation. A Fallen Angel has fallen out of favour with investors. It may be due to industry headwinds, loss of market share, deteriorating earnings or a scandal to name a few. Most of the time the share price decline may be justified, but in many instances the fall from grace is overstated.

eBay: Post the PayPal spin we sold our eBay position at $29. The stock subsequently fell to $23 later in the year at which time we purchased eBay again. When reviewing the company it was clear that the CEO, Devin Wenig, had begun to develop a clear and coherent strategy to revive growth at eBay. Firstly by redefining what eBay stands for and then by reinvesting in the business most notably through structured data (putting the right items on the right shelf) and introducing new seller tools. In its Q216 results on July 20 2016, eBay began to show early signs of the new strategy paying off and the market has begun to take notice with the stock now trading at $31.

5. Embedded Optionality:

Refers to situations where you are paying a fair price for the core company, but receiving a cheap or free option over a part of the business that is being ascribed minimal value by the market.

FICO: FICO was a prime example of this when the company renewed its strategy to expand the traditional B2B Scores business via the consumer channel. While the opportunity was nascent, given the ever increasing importance of credit worthiness in the US (lenders use credit scores to determine eligibility for new credit cards, car loans, mortgages and other lines of credit), the opportunity on the consumer side to manage their credit score was a logical extension with significant upside potential. This was not being ascribed reasonable value.

Year Ahead

Looking ahead we feel it is near certain that the world will continue to be volatile and unpredictable. This type of environment serves to reinforce the need to keep things simple. This is very powerful when combined with an opportunity that has one of the following attributes:

Unique Assets & Dominant Franchises - In a world where technology is the great disruptor and many industries have been changed forever, businesses that are difficult to replicate and that cannot be readily disrupted should be valued at a premium.

Industry Tailwinds – Investing is hard enough without facing industry headwinds. Businesses that are benefiting from technology or experiencing industry tailwinds are already two steps ahead.

The Power of the Anecdote – An anecdote is usually based on a personal observation or random investigations rather than systematic scientific evaluation. They are generally very powerful and can act as a worthwhile trigger to undertake research on a company. Classic examples of anecdotes would be buying Apple shares when you bought your first iPod, having a great user experience when you first used PayPal or buying Amazon when you received your first book delivered to your home.

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. In any given year we have hundreds of opportunities that will present themselves and we only need to find a handful of high conviction ideas that can make a difference.

As mentioned in the June Quarterly, we will be communicating more frequently with investors to provide greater clarity. EGI will be issuing a monthly newsletter which will provide a brief macro snapshot, market commentary, some portfolio insight and a list of our top holdings. In addition to this, every quarter we will provide an in depth overview of at least one of our portfolio holdings as we have done since inception.

We look forward to an exciting year ahead and our next quarterly update in September 2016.

Arik Star

Portfolio Manager

26 August 2016

4.

Auditor's Independence Declaration

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

As lead auditor for the audit of Ellerston Global Investments Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
26 August 2016

5.

Corporate Governance Statement

5. Corporate Governance Statement

For the year ended 30 June 2016

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; and
- 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. 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 and Remuneration Committee met on 27 June 2016.

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; and
- 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 shareholder 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's 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 Shareholders

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

The Company has adopted a Shareholders 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 shareholders 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 ended 30 June 2016 the Chairman for the Company has made the following certifications to the Board:

(i) 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

(ii) 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 2016. 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 year ended 30 June 2016

	Notes	Year ended 30 June 2016 $	Period from 28 July 2014 to 30 June 2015 $
Investment income			
Interest income		122,839	179,570
Dividend income		758,783	1,256,324
Net foreign exchange gains/(losses)		871,225	3,893,234
Change in fair value of financial instruments held at fair value through profit or loss	8	(1,281,646)	7,186,414
Total investment income/(loss)		**471,201**	**12,515,542**
Expenses			
Directors fees	21	90,750	82,462
Management and performance fees	19	768,614	506,267
Custody and administration fees		58,937	43,480
Audit and tax fees	20	80,770	44,000
Legal and professional fees		—	40,242
Registry fees		76,409	38,438
Transaction costs		346,393	322,201
Withholding taxes		59,005	149,395
ASX fees		99,000	58,383
Other expenses		11,666	13,551
Total operating expenses		**1,591,544**	**1,298,419**
Net profit/(loss) before income tax		**(1,120,343)**	**11,217,123**
Income tax expense/(benefit)	15	(377,424)	3,247,110
Net profit/(loss) after income tax		**(742,919)**	**7,970,013**
Other comprehensive income/(loss)		—	—
Total comprehensive income/(loss)		**(742,919)**	**7,970,013**
Basic earnings/(losses) per share (cents per share)	17	**(0.98)**	**10.62**
Diluted earnings/(losses) per share (cents per share)	17	**(0.98)**	**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 2016

	Notes	As at 30 June 2016 $	30 June 2015 $
Current assets			
Cash and cash equivalents	13	18,456,795	14,130,237
Receivables		130,070	307,258
Due from brokers		5,993,328	4,087,417
Financial assets held at fair value through profit or loss	9	58,408,467	66,316,402
Total current assets		**82,988,660**	**84,841,314**
Total assets		**82,988,660**	**84,841,314**
Current liabilities			
Payables		247,120	192,018
Management and performance fees payable	19	197,719	123,975
Due to brokers		2,162,386	—
Current tax liability		213,348	1,007,422
Financial liabilities held at fair value through profit or loss	10	24,340	181,628
Total current liabilities		**2,844,913**	**1,505,043**
Non-current liabilities			
Deferred tax liability	15	403,158	1,527,659
Total non-current liabilities		**403,158**	**1,527,659**
Total liabilities		**3,248,071**	**3,032,702**
Net assets		**79,740,589**	**81,808,612**
Equity			
Issued capital	16	74,024,631	73,838,599
Retained earnings/(losses)		4,831,594	7,970,013
Dividend profit reserve		884,364	—
Total equity		**79,740,589**	**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 year ended 30 June 2016

	Notes	ISSUED CAPITAL $	RETAINED EARNINGS/ (LOSSES) $	DIVIDEND PROFIT RESERVE $	TOTAL $
Balance as at 28 July 2014		—	—	—	—
Total comprehensive income/(loss) for the period		—	7,970,013	—	7,970,013
Shares issued under the Prospectus dated 16 September 2014		75,000,001	—	—	75,000,001
Capital raising costs		(2,373,431)	—	—	(2,373,431)
Capital raising costs – tax effect		712,029	—	—	712,029
Share issued on exercise of options		500,000	—	—	500,000
Balance as at 30 June 2015	16	**73,838,599**	**7,970,013**	**—**	**81,808,612**
Balance as at 1 July 2015		73,838,599	7,970,013	—	81,808,612
Total comprehensive income/(loss) for the year		—	(742,919)	—	(742,919)
Transfer to dividend profit reserve account		—	(2,395,500)	2,395,500	—
Total dividends paid		—	—	(1,511,136)	(1,511,136)
Shares issued under dividend reinvestment plan		157,032	—	—	157,032
Shares issued on exercise of options		29,000	—	—	29,000
Balance as at 30 June 2016	16	**74,024,631**	**4,831,594**	**884,364**	**79,740,589**

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 year ended 30 June 2016

	Notes	Year ended 30 June 2016 $	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		(75,283,386)	(89,925,915)
Proceeds from sale of financial instruments held at fair value through profit or loss		83,964,690	34,882,910
Amounts transferred to brokers as collateral		(1,154,358)	(4,087,417)
Dividend income		834,003	903,371
Interest received		122,899	178,089
GST recovered		77,456	(80,093)
Income tax paid		(1,541,152)	—
Management and performance fees paid		(694,869)	(382,292)
Payment of other expenses		(743,375)	(472,863)
Net cash inflow/(outflow) from operating activities	14	**5,581,908**	**(58,984,210)**
Cash flows from financing activities			
Issues of shares		—	75,000,001
Dividends paid		(1,354,104)	—
Capital raising costs		—	(2,373,431)
Exercise of options		29,000	500,000
Net cash inflow/(outflow) from financing activities		**(1,325,104)**	**73,126,570**
Net increase/(decrease) in cash and cash equivalents		4,256,804	14,142,360
Cash and cash equivalents at the beginning of the year		14,130,237	—
Effect of foreign currency exchange rate changes on cash and cash equivalents		69,754	(12,123)
Cash and cash equivalents at the end of the year	13	**18,456,795**	**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 General information

This financial report is for Ellerston Global Investments Limited (the "Company") for the year ended 30 June 2016.

The Company was incorporated and registered on 28 July 2014 and commenced trading on the Australian Stock Exchange ("ASX") on 20 October 2014.

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

The financial report was authorised for issue by the directors on 26 August 2016. The directors have the power to amend and reissue the financial report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the first full period presented, unless otherwise stated in the following text.

(a) Basis of preparation

This 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.

Compliance with International Financial Reporting Standards

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

2 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 held for trading

  These include derivative financial instruments such as forward currency contracts and options. All derivatives are classified as held for trading. Derivative financial instruments entered into by the Company do not meet the hedge accounting criteria as defined by AASB 139 *Financial Instruments: Recognition and Measurement*. Consequently hedge accounting is not applied by the Company.

- 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.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(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.

(iii) Measurement

Financial assets and financial liabilities 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 recognised directly in the Statement of comprehensive income.

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 and liabilities held by the Company is the last traded price.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

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.

Further details on how the fair values of financial instruments are determined are disclosed in note 7.

(c) Offsetting financial instruments

Financial assets and financial 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.

(d) Cash and cash equivalents

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.

2 Summary of significant accounting policies (continued)

(e) 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.

(f) 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 accrual basis.

Other income is brought to account on an accruals basis.

(g) Expenses

Company expenses are recognised in the Statement of comprehensive income on an accrual basis.

(h) Income tax

Under current legislation, the Company is subject to income tax at 30% on taxable income.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in the statement of comprehensive income. Income tax expense comprises current and deferred tax.

Income tax expense is recognised in the net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at reporting date and any adjustment to tax payable in respect of previous years.

2 Summary of significant accounting policies (continued)

(h) Income tax (continued)

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised when there is a taxable temporary difference between the tax base of an asset or liability and its corresponding carrying amount in the Statement of financial position. This arises when the carrying amount of an asset exceeds it tax base.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2 Summary of significant accounting policies (continued)

(i) Foreign currency translation

(i) Functional and presentation currency

Items included in the Company'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 Company's functional and presentation currency.

(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.

(j) Goods and services tax (GST)

The Company is registered for GST. The issue or redemption of shares in the Company and, where applicable, the receipt of any distributions will not be subject to GST. The Company may be required to pay GST on management and other fees, charges, costs and expenses incurred by the Company. However, the Company may be entitled to input tax credits and reduced input tax credits in respect of the GST incurred.

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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.

2 Summary of significant accounting policies (continued)

(k) Earnings per share

Basic and diluted earnings per share are calculated by dividing profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the period.

(l) Share capital

Ordinary shares are classified as equity. 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.

(m) Share options

Share options are measured at the fair value of the options at the date of issue within equity.

(n) Receivables

Receivables are recognised when a right to receive a payment is established. Uncollectable debts are written off.

(o) Payables

Payables and trade creditors are recognised when the Company becomes liable.

(p) Dividends

Dividends are recognised as a liability in the period which they are declared.

(q) Segment reporting

Operating segments are reported in a manner consistent with the Company's internal reporting provided to the director's.

2 Summary of significant accounting policies (continued)

(r) Rounding of amounts

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off " of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

(s) Critical accounting estimates and judgements

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.

2 Summary of significant accounting policies (continued)

(t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 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 introduced 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 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.

2 Summary of significant accounting policies (continued)

(t) New accounting standards and interpretations (continued)

(ii) AASB 15 Revenue from Contracts with Customers, (effective from 1 January 2018)

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 sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a 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 that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(u) Comparative disclosures

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current year's presentation.

3 Dividends

Dividends are recognised during the year when declared.

Fully-franked dividend of 1cent per share for the year ended 30 June 2015 of $755,290 was paid on 8 October 2015.

Fully-franked dividend of 1cent per share for the half-year ended 31 December 2016 of $755,845 was paid on 8 April 2016.

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. For further information refer to note 12.

Dividend Reinvestment Plan

The Company has established a Dividend Reinvestment Plan (DRP) under which eligible shareholders may elect to have all or part of their dividend entitlements satisfied by the issue of ordinary shares rather than by being paid in cash.

4 Segment information

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different form those of segments operating in other economic environments.

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.

5 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.

(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 Company's investment strategy.

The table at note 5(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%.

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The Company invests internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates.

The 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.

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

30 June 2016	US dollars A$	Euro A$	British pounds A$	Total A$
Monetary and Non-Monetary Assets and Liabilities				
Monetary Assets				
Cash and cash equivalents	8,105,949	27,759	90,459	8,224,167
Receivables	63,900	4,264	—	68,164
Due from brokers	751,553	—	—	751,553
Due to brokers	(1,349,400)	—	(812,986)	(2,162,386)
Total monetary assets	7,572,002	32,023	(722,527)	6,881,498
Non-Monetary Assets and Liabilities				
Financial assets held at fair value through profit or loss	44,208,821	2,243,034	8,783,047	55,234,902
Financial liabilities held at fair value through profit or loss	(15,847)	—	(8,493)	(24,340)
Total non-monetary assets and liabilities	44,192,974	2,243,034	8,774,554	55,210,562
Gross value of foreign exchange forward contracts	(51,315,274)	(2,512,012)	(8,374,262)	(62,201,548)
Net exposure to foreign currency on monetary and non-monetary assets and liabilities	449,702	(236,955)	(322,235)	(109,488)

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

30 June 2015	US dollars A$	Euro A$	British pounds A$	Total 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

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

30 June 2015	US dollars A$	Euro A$	British pounds A$	Total A$
Monetary and Non-Monetary Assets and Liabilities (continued)				
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 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

The table at note 5(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/strengthened by 10% against the foreign currencies to which the Company is exposed.

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(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 for cash and cash equivalents. Hence the impact of interest rate risk on profit is not considered to be material to the Company.

30 June 2016	Floating Interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Assets				
Cash and cash equivalents	18,456,795	—	—	18,456,795
Receivables	—	—	130,070	130,070
Due from brokers	5,241,775	—	751,553	5,993,328
Financial assets held at fair value through profit and loss	—	—	58,408,467	58,408,467
Liabilities				
Due to brokers	—	—	(2,162,386)	(2,162,386)
Payables	—	—	(247,120)	(247,120)
Management and performance fee payable	—	—	(197,719)	(197,719)
Current tax liability	—	—	(213,348)	(213,348)
Financial liabilities held at fair value through profit and loss	—	—	(24,340)	(24,340)
Deferred tax liability	—	—	(403,158)	(403,158)
Net exposure	23,698,570	—	56,042,019	79,740,589

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

30 June 2015	Floating Interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Assets				
Cash and cash equivalents	14,130,237	—	—	14,130,237
Receivables	—	—	307,258	307,258
Due from brokers	4,087,417	—	—	4,087,417
Financial assets held at fair value through profit and loss	—	—	66,316,402	66,316,402
Liabilities				
Payables	—	—	(192,018)	(192,018)
Management and performance fee payable	—	—	(123,975)	(123,975)
Current tax liability	—	—	(1,007,422)	(1,007,422)
Financial liabilities held at fair value through profit and loss	—	—	(181,628)	(181,628)
Deferred tax liability	—	—	(1,527,659)	(1,527,659)
Net exposure	18,217,654	—	63,921,397	81,808,612

5 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 price risk, interest rate risk and foreign exchange 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 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.

	Price risk		Interest rate risk	
	Impact on operating profit/Net assets attributable to shareholders			
	-10%	+10%	-1%	+1%
	$	$	$	$
30 June 2016	(5,364,657)	5,738,767	(236,986)	236,986
30 June 2015	(3,803,197)	6,009,434	(182,177)	182,177

5 Capital and financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

	Foreign exchange risk Impact on operating profit/Net assets attributable to shareholders					
	-10%	+10%	-10%	+10%	-10%	+10%
	USD	USD	EUR	EUR	GBP	GBP
	$	$	$	$	$	$
30 June 2016	(44,970)	44,970	(23,696)	23,696	(32,224)	32,224
30 June 2015	(3,370,959)	3,370,959	(18,282)	18,282	(43,067)	43,067

(c) Credit risk

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

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. 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.

5 Capital and financial risk management (continued)

(c) Credit risk (continued)

Trading with recognised and creditworthy third parties only is a way that the Company manages 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 2016 and 30 June 2015 are:

- A for State Street Corporation (2015: A+);
- AA- for Australia and New Zealand Banking Group Ltd (2015: AA-); and
- A for Morgan Stanley & Co International PLC (2015: A-).

(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 are considered readily convertible to cash.

5 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.

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Non-stated maturity	Total
At 30 June 2016	$	$	$	$	$	$
Payables	210,748	36,372	—	—	—	247,120
Management and performance fees payable	197,719	—	—	—	—	197,719
Due to brokers - payable for securities purchased	2,162,386	—	—	—	—	2,162,386
Tax liability	—	—	213,348	403,158	—	616,506
Contractual cash flows (excluding derivatives)	2,570,853	36,372	213,348	403,158	—	3,223,731

5 Capital and financial risk management (continued)

(d) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities (continued)

At 30 June 2015	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Non-stated maturity $	Total $
Payables	150,959	41,059	—	—	—	192,018
Management and performance fees payable	123,975	—	—	—	—	123,975
Tax liability	—	—	1,007,422	1,527,659	—	2,535,081
Contractual cash flows (excluding derivatives)	274,934	41,059	1,007,422	1,527,659	—	2,851,074

5 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 2016	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Non-stated maturity $	Total $
Options	14,907	—	—	—	—	14,907
Forwards	(4,377)	878,554	—	—	—	874,177
Total net settled derivatives	10,530	878,554	—	—	—	889,084

30 June 2015	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Non-stated maturity $	Total $
Options	38,100	814,275	—	—	—	852,375
Forwards	(36,130)	(7,138)	—	—	—	(43,268)
Total net settled derivatives	1,970	807,137	—	—	—	809,107

5 Capital and financial risk management (continued)

(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.

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 16.

6 Offsetting financial assets and financial liabilities

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. The gross and net positions of financial assets and liabilities that have been offset in the Statement of financial position are disclosed in the first three columns of the tables below.

Financial assets

	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amount of financial assets	Gross amounts set off in the Statement of financial position	Net amount of financial assets presented in the Statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/ received	Net Amount
30 June 2016	$	$	$	$	$	$
Derivative financial instruments (i)	913,425	–	913,425	(24,340)	–	889,085
Total	913,425	–	913,425	(24,340)	–	889,085

	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amount of financial assets	Gross amounts set off in the Statement of financial position	Net amount of financial assets presented in the Statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/ received	Net Amount
30 June 2015	$	$	$	$	$	$
Derivative financial instruments (i)	990,735	–	990,735	(145,498)	–	845,237
Total	990,735	–	990,735	(145,498)	–	845,237

6 Offsetting financial assets and financial liabilities (continued)

Financial liabilities

	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amount of financial liabilities	Gross amounts set off in the Statement of financial position	Net amount of financial liabilities presented in the Statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/ received	Net Amount
30 June 2016	$	$	$	$	$	$
Derivative financial instruments (i)	24,340	–	24,340	(24,340)	–	–
Total	24,340	–	24,340	(24,340)	–	–
30 June 2015						
Derivative financial instruments (i)	181,628	–	181,628	(145,498)	–	36,130
Total	181,628	–	181,628	(145,498)	–	36,130

(i) *Master netting arrangement*

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. These amounts have not been offset in the Statement of financial position, but have been presented separately in the above table.

7 Fair value measurement

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

- Financial assets/liabilities designated at fair value through profit or loss (see note 9 and 10)
- Financial assets/liabilities held for trading (see note 9 and 10)
- Derivative financial instruments (see note 11)

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

AASB 13 *Fair Value Measurement* 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).

(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. Financial assets and liabilities are priced at last traded prices.

The Company values its investments in accordance with the accounting policies set out in note 2 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.

7 Fair value measurement (continued)

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

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.

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.

7 Fair value measurement (continued)

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

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.

7 Fair value measurement (continued)

Recognised fair value measurement

The table below set out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy as at 30 June 2016 and 30 June 2015.

	Level 1	Level 2	Level 3	Total
As at 30 June 2016	**$**	**$**	**$**	**$**
Financial assets				
Financial assets designated at fair value:				
Equity securities	46,987,789	—	—	46,987,789
Listed unit trusts	10,507,254	—	—	10,507,254
Financial assets held for trading:				
Derivatives	14,907	898,517	—	913,424
Total financial assets	57,509,950	898,517	—	58,408,467
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	—	24,340	—	24,340
Total financial liabilities	—	24,340	—	24,340

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

As at 30 June 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets designated at fair value:				
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.

(i) *Transfers between levels*

There were no transfers between levels in the fair value hierarchy for the periods ended 30 June 2016 and 30 June 2015.

(ii) *Fair value measurements using significant unobservable inputs (level 3)*

There were no investments classified as level 3 within the Company as at 30 June 2016 and 30 June 2015.

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

(iii) 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. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

8 Net gains/(losses) on financial instruments held at fair value through profit or loss

	Year ended 30 June 2016 $	Period from 28 July 2014 to 30 June 2015 $
Financial assets		
Net gain/(loss) on financial assets held for trading	**1,911,538**	(953,096)
Net gain/(loss) on financial assets designated at fair value through profit or loss	**(2,259,021)**	8,321,138
Financial liabilities		
Net gain/(loss) on financial liabilities held for trading	**(934,163)**	(181,628)
Total net gains/(losses) from financial instruments held at fair value through profit or loss	(1,281,646)	7,186,414

9 Financial assets held at fair value through profit or loss

	As at	
	30 June 2016 $	**30 June 2015 $**
Designated at fair value through profit or loss		
Equity securities	**46,987,789**	65,325,667
Listed unit trusts	**10,507,254**	–
Total designated at fair value through profit or loss	**57,495,043**	65,325,667
Held for trading		
Derivatives (note 11)	**913,424**	990,735
Total held for trading	**913,424**	990,735
Total financial assets held at fair value through profit or loss	**58,408,467**	66,316,402

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

Details of the Company's top 10 equity and listed unit trust investments as at 30 June 2016 and 30 June 2015 are set out on the following table:

Company Name	As At 30 June 2016 $
Equity Commonwealth	5,001,706
Alphabet Inc	4,789,674
Experian Plc	4,464,644
Nielsen Plc	4,097,017
Paypal Holdings	3,930,685
Interxion Holding Nv	3,853,430
Fair Isaac Corp	3,685,953
Sabre Corp	2,912,504
Equiniti Group Plc	2,539,031
Criteo SA	2,517,706
Total – Top 10 equity and listed unit trust investments	37,792,350
Other investments in equity and listed unit trust investments	19,702,693
Total equity and listed unit trust investments	57,495,043

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

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 Plc	3,352,447
Fair Isaac Corp	3,033,657
AAC Holdings Inc	2,713,490
Total – Top 10 equity and listed unit trust investments	**40,790,159**
Other investments in equity and listed unit trust investments	24,535,508
Total equity and listed unit trust investments	**65,325,667**

An overview of the risk exposures related to the financial assets held at fair value through profit or loss is included in note 5.

10 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2016 $	30 June 2015 $
Held for trading		
Derivatives (note 11)	**24,340**	181,628
Total held for trading	**24,340**	181,628
Total financial liabilities held at fair value through profit or loss	**24,340**	181,628

An overview of the risk exposures related to the financial liabilities held at fair value through profit or loss is included in note 5.

11 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.

11 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.

11 Derivative financial instruments (continued)

(b) Index Options (continued)

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

		Fair Values	
	Contract/ Notional	Assets	Liabilities
30 June 2016	**$**	**$**	**$**
Options	11,919,152	14,907	—
Foreign currency contracts	74,336,807	898,517	24,340
Total Derivatives	86,255,959	913,424	24,340

		Fair Values	
	Contract/ Notional	Assets	Liabilities
30 June 2015	**$**	**$**	**$**
Options	55,155,481	852,375	—
Foreign currency contracts	40,094,075	138,360	181,628
Total Derivatives	95,249,556	990,735	181,628

Risk exposures and fair value measurements

Information about the Company's exposure to price risk, credit risk, foreign exchange risk, interest rate risk, liquidity risk and about the methods and assumptions used in determining fair values is provided in note 7 to the financial statements. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of derivative financial instruments disclosed above.

12 Dividend profit reserve

The dividend profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividends payments.

	As at	
Movements in Dividend Profit Reserve	**30 June 2016 $**	**30 June 2015 $**
Balance at the beginning of the period	—	—
Transferred from retained earnings (a)	2,395,500	—
Payment of dividend	(1,511,136)	—
Closing balance at the end of the year	884,364	—

On 31 August 2015, the directors declared a fully franked dividend of 1 cent per fully paid ordinary share, which was paid to shareholders on 8 October 2015 for a total amount of $755,290. On 16 February 2016, the directors declared a dividend of 1 cent per fully paid ordinary share, which was paid to shareholders on 8 April 2016 for a total amount of $755,845. Both dividends were paid from the Company's dividend profit reserve account.

On 26 August 2016, the Directors decided to transfer approximately $1.74m to the dividend profit reserve, with the intention to pay at least a 2 cent per annum (1 cent per half) dividend going forward.

13 Cash and cash equivalents

	As at	
	30 June 2016 $	**30 June 2015 $**
Cash at bank	**18,456,795**	14,130,237
Total cash and cash equivalents	**18,456,795**	14,130,237

These accounts are earning a floating interest rate of between 0.01% pa (June 2015: 0.01% pa) and 2.20% pa (June 2015: 3.00% pa) during the reporting period.

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

	Year ended 30 June 2016 $	Period from 28 July 2014 to 30 June 2015 $
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year/period	**(742,919)**	7,970,013
Purchase of financial instruments held at fair value through profit or loss	**(75,283,386)**	(89,925,915)
Proceeds from sale of financial instruments held at fair value through profit or loss	**83,964,690**	34,882,910
Net (gains)/losses on financial instruments held at fair value through profit or loss	**1,281,646**	(8,209,275)
Amount received from/(paid to) brokers for margin accounts	**(1,154,358)**	(4,087,417)
(Increase)/decrease in foreign exchange gains/(losses)	**(871,225)**	(2,870,373)
Net change in receivables	**177,188**	(307,256)
Increase/(decrease) in income tax assets and liabilities	**(1,918,575)**	3,247,110
Net change in payables	**128,847**	315,993
Net cash inflow/(outflow) from operating activities	**5,581,908**	(58,984,210)
(b) Non-cash financing activities		
Reinvestment of shareholder dividends	**157,032**	—

15 Income tax

	As at	
	30 June 2016 $	30 June 2015 $
(a) Reconciliation of income tax expense to prima facie tax payable:		
Profit/(loss) before income tax	**(1,120,343)**	11,217,123
Prima facie income tax expense calculated at 30%	**336,103**	(3,365,137)
Tax effect of franked dividends received	**—**	13,452
Tax effect of foreign dividends received	**41,321**	104,575
	377,424	(3,247,110)
(b) Income tax expense composition:		
Current income tax (expense)	**(747,078)**	(1,007,422)
Deferred income tax benefit	**1,124,502**	(2,239,688)
	377,424	(3,247,110)
(c) Income tax benefit recognised directly to equity:		
Costs associated with the issue of shares	**—**	712,029
	—	712,029
(d) Deferred tax (liabilities)/assets comprise of temporary differences attributed to:		
Costs associated with the issue of shares	**427,217**	569,623
Unrealised gain on investments held on revenue account	**(830,375)**	(2,097,282)
Total net deferred tax liability	**(403,158)**	(1,527,659)
(e) Imputation credits:		
Total imputation credits available in subsequent financial years based on a tax rate of 30%	**1,126,086**	1,026,639

The above amount represents the balance of imputation credits at 30 June 2016 and 30 June 2015 adjusted for income tax paid/payable and franked dividends receivable. The Company's ability to pay franked dividends is dependant upon receipt of franked dividends and the Company paying tax.

16 Issued capital

	As at 30 June 2016	
	No. of Securities	**$**
Ordinary shares		
Opening balance – 1 July 2015	75,500,001	73,838,599
Shares issued under dividend reinvestment plan	163,958	157,032
Capital raising costs	—	—
Capital raising costs – tax effect	—	—
Shares issued from exercise of options	29,000	29,000
Total issued capital – fully paid ordinary shares	75,692,959	74,024,631
Options		
Loyalty options		
Opening balance – 1 July 2015	33,578,177	—
– vested during the year	50,000	—
– exercised by 30 June 2016	(29,000)	—
Total options	33,599,177	—
Total issued capital		74,024,631

16 Issued capital (continued)

	As at 30 June 2015	
	No. of Securities	$
Ordinary shares		
Opening balance – 1 July 2014	—	—
Share issued – 28 July 2014	1	1
Share 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 issued capital – fully paid ordinary shares	**75,500,001**	**73,838,599**
Options		
Loyalty options		
Opening balance – 1 July 2014	—	—
– 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 on 10 April 2015	227,500	—
– 30 June 2015	(500,000)	—
Total options	**33,578,177**	**—**
Total issued capital		**73,838,599**

16 Issued capital (continued)

(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 prospectus, dated 16 September 2014, received one loyalty option for every two shares issued for nil consideration. The loyalty options were vested to eligible shareholders on 10 April 2015 and 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 an exercise price of $1.00 per share 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 vested 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 dividend on or prior to the applicable record date.

17 Earnings per share

	Year ended 30 June 2016	Period from 28 July 2014 to 30 June 2015
Basic earnings/(losses) per share (cents)	**(0.98)**	10.62
Diluted earnings/(losses) per share (cents)	**(0.98)**	10.10
Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue used in calculating basic earnings/(losses) per share	**75,577,941**	75,066,630
Add: Options for the purpose of calculating diluted earnings/(losses) per share*	**—**	3,810,290
Weighted average number of ordinary shares on issue used in calculating diluted earnings/(losses) per share	**75,577,941**	78,876,920
Earnings reconciliation		
Net profit after income tax used in the calculating of basic and diluted earnings/(losses) per share ($)	**(742,919)**	7,970,013

* Calculation in accordance with AASB 133

18 Net tangible assets per share

	As at	
	30 June 2016 $	30 June 2015 $
Net tangible assets per share		
Net Tangible Assets before all taxes (i)	**1.0820**	1.1171
Net Tangible Assets after realised tax (ii)	**1.0588**	1.1035
Net Tangible Assets after tax	**1.0535**	1.0836

18 Net tangible assets per share (continued)

The Net Tangible Assets as at 30 June 2016 is based on fully paid share capital of 75,692,959.

(i) For the 12 month period Net Tangible Assets exclude 2 cents per share of dividends paid.

(ii) Net Tangible Assets after realised tax includes tax paid and a provision for tax on realised gains from the Company's Investment Portfolio. It excludes any tax on unrealised gains and deferred tax, which are represented in the Net Tangible Assets after tax line.

19 Management and performance fees

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 2016 $	30 June 2015 $
Management fees expense	**621,990**	434,362
Management fees payable	**51,095**	52,070
Performance fees expense	**146,624**	71,905
Performance fees payable	**146,624**	71,905

20 Auditor's remuneration

	Year ended 30 June 2016 $	Period from 28 July 2014 to 30 June 2015 $
Audit and assurance services		
Statutory audit and review of the financial reports	77,112	38,500
Non-audit services		
Taxation services	3,658	5,500
Total remuneration for assurance services	80,770	44,000

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

21 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 year ended 30 June 2016 and period ended 30 June 2015, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager is entitled to:

(i) 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

21 Related parties (continued)

(a) Key management personnel (continued)

(ii) 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 19 on page 97.

The following remuneration was paid or payable by the Company to the Independent Non-Executive Directors and Executive Director, and the Manager for the year:

	30 June 2016 $	30 June 2015 $
Sam Brougham	**30,250**	26,606
Paul Dortkamp	**30,250**	27,928
Stuart Robertson	**30,250**	27,928
Total Non-Executive Directors' fees paid by the Company	**90,750**	82,462
Total Executive Director's fee paid by the Company to Ashok Jacob	**Nil**	Nil

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

21 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 periods 30 June 2016 and 30 June 2015 the Company has had the following related party transactions:

30 June 2016

Shareholder	Number of shares held opening (No.)	Number of shares held closing (No.)	Fair value of investment ($)	Interest held (%)	Shares acquired during the year (No.)	Shares disposed during the year (No.)	Dividends paid/ payable ($)
Ellerston Global Equity Managers Fund							
Ordinary Shares	1,400,000	1,415,217	1,490,894	1.87	15,217	–	28,000
Loyalty Options	700,000	700,000	35,000	2.08	–	–	–
Directors of Ellerston Capital Limited							
Ordinary Shares	50,000	51,032	53,761	0.07	1,032	–	1,005
Loyalty Options	25,000	25,000	1,250	0.07	–	–	–
Management Share	1	1	1	–	–	–	–

21 Related parties (continued)

(b) Transactions with related parties (continued)

30 June 2015

Shareholder	Number of shares held opening (No.)	Number of shares held closing (No.)	Fair value of investment ($)	Interest held (%)	Shares acquired during the year (No.)	Shares disposed during the year (No.)	Dividends paid/ payable ($)
Ellerston Global Equity Managers Fund							
– Ordinary shares	1,400,000	1,400,000	1,516,981	1.85	–	–	–
– Loyalty options	700,000	700,000	168,000	2.08	–	–	–
Directors of Ellerston Capital Limited							
– Ordinary shares	50,000	50,000	54,178	0.07	–	–	–
– Loyalty options	25,000	25,000	6,000	0.07	–	–	–
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".

22 Contingent assets, liabilities and commitments

The Company has no material commitments, contingent assets or liabilities as at 30 June 2016 and 30 June 2015.

23 Events occurring after the reporting period

On 26 August 2016, the directors declared a fully franked final dividend of 1 cent per ordinary share, which is payable to shareholders on 7 October 2016. The amount of the proposed dividend, which is not recognised as a liability as at 30 June 2016, is $756,930 based on the number of shares on issue at 30 June 2016. The dividend will be paid out of the dividend profit reserve.

On 26 August 2016, the Directors decided to transfer approximately $1.74m to the dividend profit reserve, with the intention to pay at least a 2 cent per annum (1 cent per half) dividend going forward.

No other significant events have occurred since the end of the reporting period and up to the date of this report which would impact on the financial position of the Company disclosed in the Statement of financial position as at 30 June 2016 or on the results and cash flows of the Company for the year ended on that date.

11. Directors' Declaration

11. Directors' Declaration

30 June 2016

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 50 to 102 are in accordance with the *Corporations Act 2001*, including:

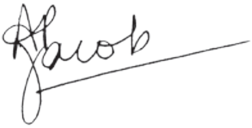
   (i) complying with Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the financial year; and

(b) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) 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

26 August 2016

12.
Independent Auditor’s Report

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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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 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 2(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 page 29 of the financial report.

12. Independent Auditor's Report

Building a better working world

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 2016 and of its performance for the year 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 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Ellerston Global Investments Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
26 August 2016

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 15 August 2016.

(a) Distribution of Shareholders of the Company as at 15 August 2016:

ORDINARY SHAREHOLDING RANGE	NUMBER OF HOLDERS	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1 to 1,000	21	10,186	0.01%
1,001 to 5,000	95	346,707	0.46%
5,001 to 10,000	194	1,687,445	2.23%
10,001 to 100,000	938	32,106,942	42.42%
100,001 and Over	92	41,541,679	54.88%
Total	**1,340**	**75,692,959**	**100%**
Shareholders with less than a marketable parcel	10	985	0.00%

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

(b) Distribution of Optionholders of the Company as at 15 August 2016:

OPTIONHOLDING RANGE	NUMBER OF HOLDERS	NUMBER OF OPTIONS	% OF OPTIONS IN ISSUE
1 to 1,000	5	4,385	0.01%
1,001 to 5,000	164	680,553	2.03%
5,001 to 10,000	230	1,991,415	5.93%
10,001 to 100,000	464	12,938,176	38.51%
100,001 and Over	41	17,984,648	53.53%
Total	**904**	**33,599,177**	**100%**
Optionholders with less than a marketable parcel	259	1,321,239	3.93%

Options are neither entitled to a voting right nor to a dividend.

(c) Substantial shareholders

NAME OF ORDINARY SHAREHOLDERS	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
RAC & JD BRICE SUPERANNUATION PTY LTD	5,000,000	6.61

Top 20 Shareholders as at 15 August 2016

RANK	HOLDER NAME		NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1	RAC & JD BRICE SUPERANNUATION PTY LTD	BRICE SUPER FUND	5,000,000	6.61
2	NAMARONG INVESTMENTS PTY LTD	<THE HANSEN INVESTMENT A/C>	3,000,000	3.96
3	E D DUNN PTY LTD	<ELEANOR DUNN A/C>	2,750,000	3.63
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		2,649,634	3.50
5	MUTUAL TRUST PTY LTD		2,069,000	2.73
6	RUBI HOLDINGS PTY LTD	<JOHN RUBINO S/F A/C>	2,000,000	2.64
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2		1,560,217	2.06
8	ZONDA CAPITAL PTY LTD	<FLINDERS FAMILY A/C>	1,500,000	1.98
9	NATIONAL NOMINEES LIMITED		1,423,000	1.88
10	CROFTON PARK DEVELOPMENTS PTY LTD	SAM BROUGHAM FAMILY	1,010,869	1.34
11	WANGANUI PTY LTD	<PECK VON HARTEL S/FUND A/C>	1,000,000	1.32
11	GIOVANNI NOMINEES PTY LTD	<GIOVANNI FAMILY FUND A/C>	1,000,000	1.32
12	MR RICHARD DOUGLAS MCILWAIN		650,000	0.86
13	ARGUS NOMINEES PTY LTD	<THE HALSTEAD SUPER FUND A/C>	530,000	0.70
14	KBT SMSF PTY LTD	<TIERNEY SUPER FUND A/C>	500,000	0.66
14	TATIARA HOLDINGS (NSW) PTY LIMITED	<GERANG SUPER FUND A/C>	500,000	0.66
14	MR BRIAN JOSEPH TIERNEY		500,000	0.66
14	JASFORCE PTY LTD		500,000	0.66
15	HIMSTEDT & CO PTY LTD	<THE HIMSTEDT FAMILY A/C>	375,000	0.50

13. Shareholder Information

RANK	HOLDER NAME		NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
16	BOND STREET CUSTODIANS LIMITED	<JBU - V21657 A/C>	300,000	0.40
16	NETHERFIELD NOMINEES PTY LTD	<THE PEMBERLEY A/C>	300,000	0.40
16	PALAZZO CORPORATION PTY LTD		300,000	0.40
16	BRISAN PROJECTS PTY LTD		300,000	0.40
17	MR ALAN GOODFELLOW		286,000	0.38
18	KARRAD PTY LTD		255,170	0.34
18	TANDOM NOMINEES PTY LTD	<THE CURTIS FAMILY A/C>	255,170	0.34
19	SCE SUPERANNUATION PTY LTD	SCE SUPERANNUATION FUND	250,000	0.33
19	ELDUN PTY LTD	<DUNN SUPER FUND A/C>	250,000	0.33
19	BT PORTFOLIO SERVICES LIMITED	<BOMBERY PTY LTD A/C>	250,000	0.33
20	BERAEM PTY LIMITED	<TELFER FAMILY A/C>	247,515	0.33
		Total	**31,511,575**	**41.63**
		Balance of register	**44,181,384**	**58.37**
		Grand Total	**75,692,959**	**100.00**

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
Ernst and Young Centre
200 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

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