

## Ellerston Global Investments (ASX: EGI)

Investment Update – November 2017

### Fund Performance (Net)

	1 Month	3 Months	6 Months	1 Year	3 Years p.a	Annualised Return <sup>^</sup>	1 Nov 2014
EGI*	2.22%	9.60%	10.31%	18.60%	11.80%	12.07%	42.08%
MSCI World Index (Local)	1.57%	6.57%	8.28%	20.44%	8.96%	9.71%	33.09%

\*Net Return (before tax)

<sup>^</sup>1 Nov 2014 p.a

### Key Facts

Listing date	Oct 2014
<b>NTA (before tax) **</b>	<b>\$1.2429</b>
NTA (after realised tax)	\$1.2328
NTA (after tax)	\$1.2026
NTA Fully Diluted (after realised tax)	\$1.1652
<b>Share price at 30/11/2017</b>	<b>\$1.14</b>
EGI Market Capitalisation	\$88.7m
Management Fee	0.75%
Option price (ASX: EGIO)	\$0.135
Exercise price	\$1.00
Dividends Paid FY 2017	2.0 cps
Dividends Paid (YTD) - FY 2018	1.5 cps
Dividend Profit Reserve <sup>^^</sup>	9.2 cps

### Top 10 Holdings

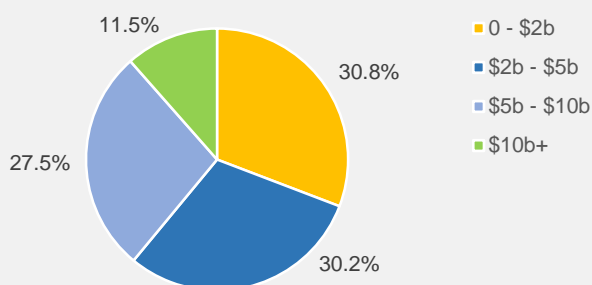
Top 10 Holdings	Weight
Entertainment One Ltd	7.75%
Zayo Group Holdings Inc	4.93%
Stars Group Inc-The	4.87%
Equiniti Group Plc	4.81%
XPO Logistics Inc	4.51%
Interxion Holding NV	4.36%
QTS Realty Trust Inc	3.96%
Acuity Brands Inc	3.92%
Playa Hotels And Resorts NV	3.91%
Venator Materials Plc	3.89%

Sector	Portfolio	MSCI World Index
Consumer Discretionary	20.80%	12.26%
Industrials	17.83%	11.46%
Information Technology	11.77%	16.95%
Financials	10.75%	18.06%
Materials	7.72%	4.99%
Telecommunications	7.58%	2.78%
Real Estate	3.96%	3.14%
Energy	1.70%	6.19%
Consumer Staples	0.00%	9.05%
Health Care	0.00%	11.97%
Utilities	0.00%	3.15%
Cash	9.50%	0.00%
Other	8.39%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

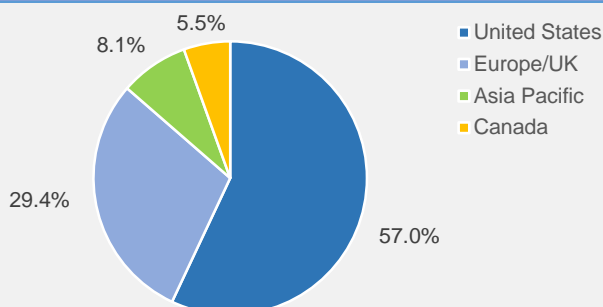
\*\* NTA (before tax) - Includes taxes that have been paid. NTA after realised tax - Includes a provision for tax on realised gains from the Company's Investment Portfolio. NTA after tax- Includes any tax on unrealised gains and deferred tax. NTA Fully Diluted (after realised tax) - If all of the remaining 2018 options had been exercised by 30 November 2017. EGI went ex-dividend a 1.5 cent fully franked dividend on the 5th of September 2017, with a payment date of the 6th October 2017.

<sup>^^</sup> After the payment of the 2017 final dividend the Company will have a dividend profit reserve of 9.2 cents per share based on shares on issue at 30/11/17. Cps refers to cents per share.

### Market Capitalisation (% of Invested Capital)



### Geographic Gross Exposure (% of Invested Capital)





## Portfolio Update

The **EGI portfolio** increased 2.22% net during the month of November. The NTA (before tax) at the end of November was \$1.2429.

Contributors to performance included **The Stars Group, Entertainment One** and **CityFibre**. Detractors from performance included **Venator, QTS Inc** and **Equiniti**. EGI had ten companies report in November. **The Stars Group (TSG)** reported strong underlying results with Poker growing 12.5% in the quarter representing a reacceleration of this division. TSG has enhanced its poker ecosystem with new products and promotions which is increasing player engagement on its platform. TSG's scale remains unrivaled and the associated network effects creates a liquidity pool that is difficult to replicate. Casino and Sportsbook revenues continue to grow strongly up 48% this quarter and now represents close to 30% of the group.

In November, EGI's financial holdings, in particular its regional banks (**Comerica, BankUnited**) performed strongly benefitting from potential tax reform, deregulation and interest rate rises.

During the month, the team travelled to Europe, the UK and US meeting with over 30 companies including portfolio companies **Philips Lighting** (Amsterdam), **Equiniti, Entertainment One, Hostelworld** and **CityFibre** (London), **XPO Logistics** (Greenwich, CT), **Jeld-Wen** (Charlotte, NC), **Acuity Brands** (Atlanta, GA) and **Zayo** (Boulder, CO). We met with senior management in most instances and our visits confirmed our thesis on current holdings. Many of the above holdings are riding secular tailwinds, but we were positively surprised by the extent of 'self-help' at these companies that was potentially underestimated. In addition we met with competitors to our holding companies as well as new companies of interest.

A few interesting thoughts and insights from the trip:

- **Labour:** Most companies in the US commented on the lack of labour availability and increasing labour costs.
- **Inflation:** Across industries, companies are beginning to increase prices on the back of labour costs and raw material inflation.
- **China Environmental:** A number of factories and plants in China have been closed. Some permanently while others will come back on line more environmentally friendly and at a higher cost of production. Western chemical companies are clear beneficiaries.
- **Autonomous Vehicles:** Fiber and data center companies commented that they are starting to see demand from autonomous vehicle companies which consume vast amounts of data in real-time.

## Market Commentary

**Global equity markets** continued to deliver positive returns with the US market doing a lot of the heavy lifting in November. The MSCI World Index was up 1.57%.

**US equity markets** were strong, with the Dow Jones Industrial Average Index punching through the psychological 24,000 threshold for the first time (up 4.24% in November). The S&P500 Index (up 3.07%) also hit fresh highs as investor sentiment and confidence in a strengthening economy firmed. US equity markets were driven higher by buoyant retail sales pushing up consumer-focused sectors, with Wal-Mart surging (+11.4%) after beating earnings expectations and Amazon also continuing to power ahead (+6.5%). Financial stocks were well bid after newly appointed Fed Chairman Jerome Powell said that the current regulations on the sector were "tough enough". There was also increased optimism that the much talked about US tax reform package would become a reality, after the US House of Representatives finally passed the tax reform bill. In early December, President Trump secured a major political victory when his controversial tax reform legislation got through the Senate.

**European markets** had a poor month with the Euro Stoxx 50 down 2.77%, and the French and German markets down 2.32% and 1.55% respectively. The Spanish equity market was the worst performer in the region, down almost 3.00%. The Eurozone flash PMI for November rose to a much better-than-expected 57.5 (a 79 month high), but despite a raft of positive economic data points, political uncertainty in Germany featured again, weighing down investor sentiment.

In the UK, the government delivered its autumn budget which contained fairly bleak economic forecasts. Growth forecasts for the medium term were cut with the UK economy forecast to grow on average at just below 1.5% over the next four years. The Bank of England raised rates by 25 basis points to 0.5% - the first rate hike in over 10 years and the FTSE100 ended the month down 1.79%.

**In Asian markets**, the Nikkei was up 3.26% and the Hang Seng up 3.40%, while the Chinese Shanghai Composite market fell 2.24%. The markets in Asia traded mixed on the back of expanding global growth and better regional corporate earnings delivery. However, geopolitical tensions persisted with North Korea firing a missile that travelled over 1,000 kilometers before crashing into the Sea of Japan.

The **S&P/ASX 200 Accumulation Index** ignored the politics and finished up 1.64% in the month, reaching its highest level since January 2008.



## Research Ratings

Independent Investment Research (IIR) is an independent investment research house based in Australia and the United States. IIR conducted research in December 2017 and has assigned Ellerston Global Investments Limited (ASX code: EGI) a **Recommended** rating.



## Dividends

If you would like to have dividends re-invested under the Company's Reinvestment Plan, click [here](#)

## Options

If you would like to exercise your options, click [here](#)

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Should investors have any questions or queries regarding the company, please contact our Investor Relations team on 02 9021 7797. All holding enquiries should be directed to our share registrar, Link Market Services on 1300 551 627 or [EGI@linkmarketservices.com.au](mailto:EGI@linkmarketservices.com.au)

### Disclaimer

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# Monthly NTA Statement

November 2017

Ellerston Global  
Investments Limited  
ACN 169 464 706

14<sup>th</sup> December 2017

Company Announcements Office  
ASX Limited  
Level 4, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Ellerston Global Investments Limited (**ASX: EGI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the company as at 30 November 2017.

<b>NTA per share</b>	<b>30 November 2017</b>
NTA before tax <sup>#</sup>	\$1.2429
NTA after realised tax	\$1.2328
NTA after tax	\$1.2026

The NTA is based on fully paid share capital of 77,786,576.

- # NTA before tax** - Includes taxes that have been paid (**\$0.006** per share during November).
- NTA after realised tax** - Includes a provision for tax on realised gains from the Company's Investment Portfolio.
- NTA after tax** - Includes any tax on unrealised gains and deferred tax.

**The company's net performance before tax for the month of November was 2.22%.**

**Option Conversion** - During the month of November 1,387,843 options were exercised and converted to shares which diluted the NTA after realised tax by **\$0.004** per share.

**Options** - If all of the remaining 2018 options had been exercised by 30 November 2017, the fully diluted NTA after realised tax would have been **\$1.1652** per share.



Ian Kelly  
Company Secretary

## Important note

Should investors have any questions or queries regarding the company, please contact our Investor Relations team on 02 9021 7797. All holding enquiries should be directed to our share registrar, Link Market Services on 1300 551 627 or [EGI@linkmarketservices.com.au](mailto:EGI@linkmarketservices.com.au).

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