

# ELLERSTON ASIAN INVESTMENTS LIMITED

ACN 606 683 729

11<sup>th</sup> December 2018

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

## MONTHLY NTA STATEMENT – NOVEMBER 2018

Ellerston Asian Investments Limited (**ASX: EAI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the company as at 30 November 2018:

NTA per share	30 November 2018
NTA before tax	\$1.0668
NTA after realised tax *	\$1.0251
NTA after tax ^	\$1.0521

The NTA is based on fully paid share capital of 109,681,040

\* **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.

On September 12 2018, EAI announced a new on-market buy-back of up to 10% of its shares, commencing September 26 2018 and continuing for twelve months. Since 27 September 2016 a total of 14,824,262 shares had been bought back.

**The company's gross performance before tax for the month was +2.92%.**

**Option Conversion** - During the month, 2,333 options were exercised and converted to shares which diluted the NTA before tax by **\$0.00** per share.

**Options** - If all of the remaining 2019 options had been exercised by 30 November 2018, the fully diluted NTA before tax would have been **\$1.0430** 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 [EAI@linkmarketservices.com.au](mailto:EAI@linkmarketservices.com.au).

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Contact Details	Ellerston Asian	Address	Website	Investor Telephone
	<b>Investments Limited</b>	Level 11, 179 Elizabeth Street	<a href="https://ellerstoncapital.com/">https://ellerstoncapital.com/</a>	1300 551 627
	ACN 606 683 729	Sydney 2000 NSW Australia	<b>Email</b> <a href="mailto:EAI@linkmarketservices.com.au">EAI@linkmarketservices.com.au</a>	

# Ellerston Asian Investments Limited (ASX: EAI)

Performance Report | November 18

## PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	Since Inception (p.a)
GROSS	2.92%	-8.91%	-10.30%	-7.72%	4.04%	4.82%
NET <sup>^</sup>	2.82%	-9.20%	-10.84%	-8.79%	2.98%	3.60%
BENCHMARK*	2.15%	-8.62%	-10.19%	-8.20%	6.60%	6.40%

Source: Ellerston Capital

<sup>^</sup>Before all taxes and after fees, includes the effects of the share buyback, and excluding the effects of option exercise dilution.

\*Benchmark: MSCI Asia ex Japan (AUD)

## COMMENTARY

November was a much better month for Asian equities with Ellerston Asia Investments (EAI) up 2.92% gross, outperforming the benchmark by 0.77% (gross). The pre-tax NTA as of November 30 was \$1.0668 and the fully diluted pre-tax NTA was \$1.0430, versus the month end EAI stock price of \$0.985.

In the October monthly and on our roadshow, we highlighted that Asian equity markets were trading at attractive valuations, but needed a positive catalyst to rally. November saw two such catalysts.

Firstly, Federal Reserve Chairman Jerome Powell gave some dovish comments suggesting that US rates are "just below" the neutral level. A shallower trajectory of US interest rates and in turn, a weaker US Dollar is strong positive for Emerging Markets (EM) as an asset class.

The second major catalyst was the much anticipated meeting between Donald Trump and Xi Jinping at the G20 summit in Buenos Aires. The meeting appeared highly successful with the both leaders agreeing to halt new tariffs and put planned tariff hikes on hold for 90 days whilst a formal trade deal is finalised. The market initially took the outcome of this development positively with share prices for trade sensitive companies in particular rising substantially.

Unfortunately, over the last week, a major negative catalyst has emerged with the arrest of Huawei's CFO in Canada over alleged violations of US sanctions on Iran. This has again escalated US/China tensions and complicated ongoing trade negotiations. This event is significant because Huawei is the largest telecommunications equipment company in the world and the third largest smartphone company globally (just behind Apple).

Whilst Huawei is a private company, this event is clearly negative for listed companies in its supply chain such as O-Film, AAC, Sunny Optical, Goertek and Largan. We do not expect the Huawei issue will go away quickly, which means the supply chain companies could remain under pressure for the foreseeable future.

The worst performing market in November was South Korea, while the best performing markets were India and Indonesia. At a stock level, the largest contributors to alpha was Maruti Suzuki, Larsen & Toubro, both in India, and Bank of Rakyat in Indonesia. The biggest detractors was Anhui Conch in China and Samsung Electro-Mechanics and POSCO in Korea.

During the month, we also added Jubilant Foodworks, the Domino's Pizza of India, into the portfolio and increased our weight in Wuliangye in China.

On other matters, we would like to remind you of the option expiry that is coming up in February 2019. You should have received a letter from LINK Services outlining the process and your options. If you have any questions, please feel free to contact us at [investorrelations@ellerstoncapital.com](mailto:investorrelations@ellerstoncapital.com).

## Key Facts

<b>Listing Date</b>	September 2015
<b>NTA (before tax)</b>	\$1.0668
<b>NTA Fully Diluted (before tax<sup>*</sup>)</b>	\$1.0430
<b>NTA (after realised tax<sup>^</sup>)</b>	\$1.0251
<b>NTA (after tax<sup>**</sup>)</b>	\$1.0521
<b>Share Price at 30/11/2018</b>	\$0.985
<b>EAI Market Capitalisation</b>	\$108.0m
<b>Average Management Fee</b>	0.84%
<b>Performance Fee</b>	15%
<b>Option Price (ASX:EAIO)</b>	\$0.007
<b>Exercise price</b>	\$1.00

\* NTA Fully Diluted (before tax) – Calculated as if all of the remaining 2019 options had been exercised by the end of the month.

<sup>^</sup> NTA after realised tax - Includes a provision for tax on realised gains from the Company's Investment Portfolio.

<sup>\*\*</sup> NTA after tax - Includes any tax on unrealised gains and deferred tax.

Kind regards,



Mary Manning  
Portfolio Manager

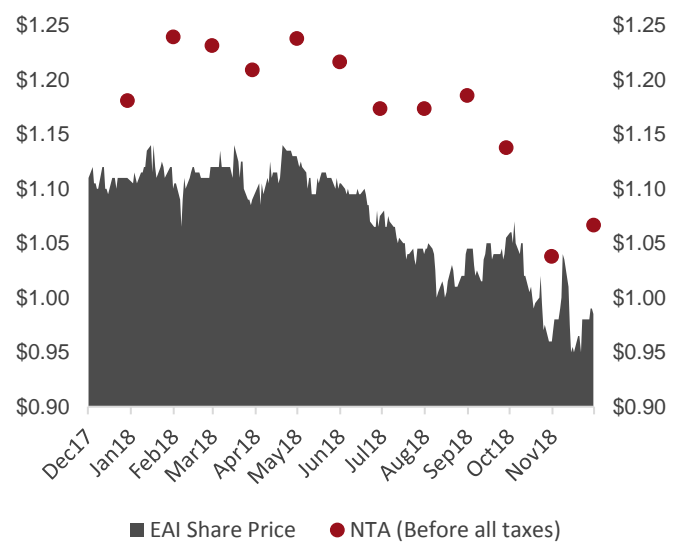
## PORTFOLIO CHARACTERISTICS

### ELLERSTON ASIAN INVESTMENTS TOP HOLDINGS

Top 10 holdings	%
TENCENT HOLDINGS	8.4
PING AN INSURANCE GROUP	6.7
ALIBABA GROUP HOLDING	6.6
TSMC	6.2
HONG KONG EXCHANGES	5.0
SAMSUNG ELECTRONICS	5.0
CHINA CONSTRUCTION BANK	4.2
DBS GROUP HOLDINGS	4.1
ICICI BANK LIMITED	4.0
OCBC BANK	3.8

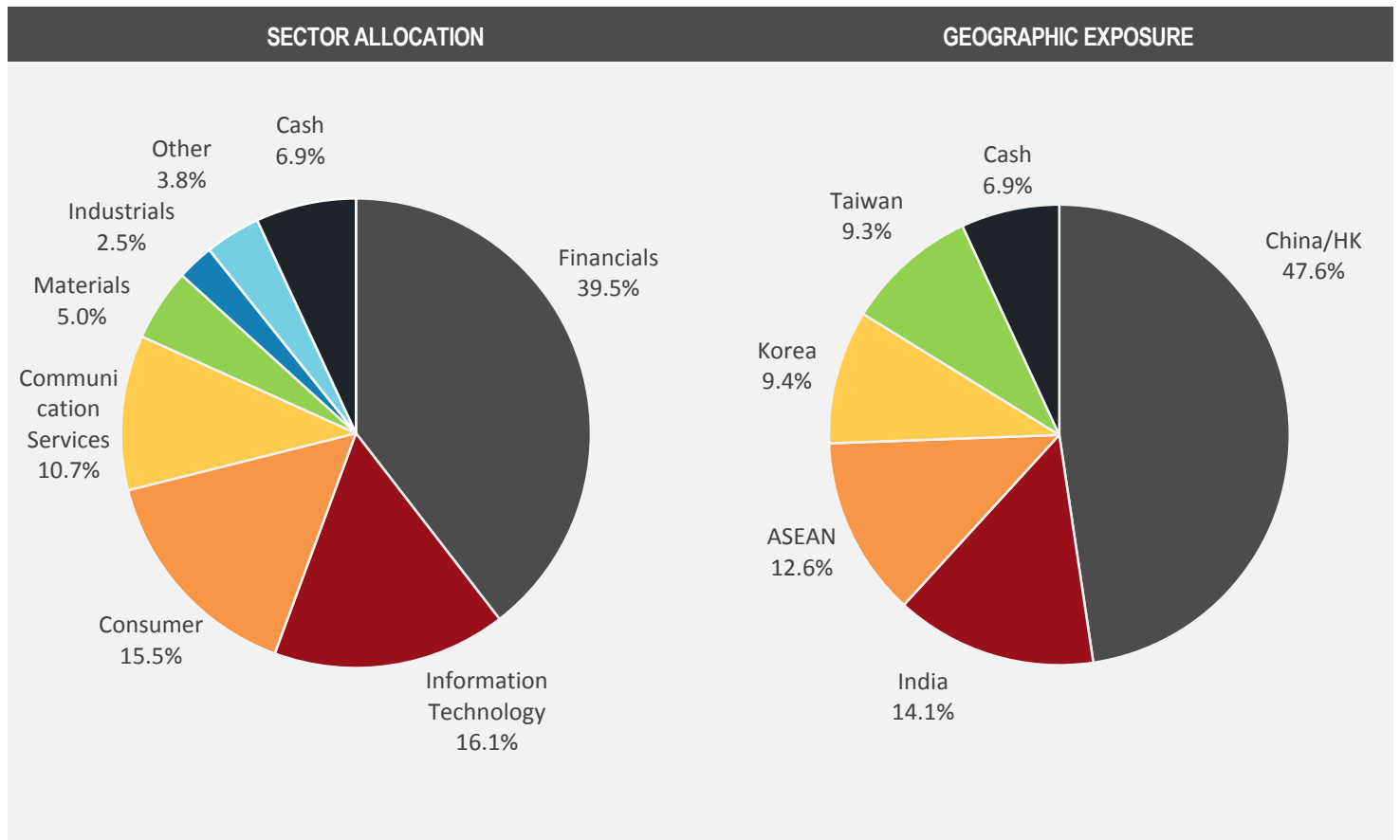
Source: Ellerston Capital

### EAI SHARE PRICE VS NTA (Before Tax)



Source: Ellerston Capital

## SECTOR & GEOGRAPHIC ALLOCATIONS



Source: Ellerston Capital

For further information, please contact:

### INSTITUTIONAL CONTACT

Melinda Carter  
0439 173 040  
mcarter@ellerstoncapital.com

### RETAIL CONTACT

Sam Stobart  
0423 292 299  
sstobart@ellerstoncapital.com

### SYDNEY OFFICE

Level 11, 179 Elizabeth Street,  
Sydney NSW 2000

### MELBOURNE OFFICE

Level 4, 75-77 Flinders Lane,  
Melbourne VIC, 3000

Ph: +61 2 9021 7797  
E: info@ellerstoncapital.com

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