

ELLERSTON ASIAN
INVESTMENTS LIMITED
ACN 606 683 729

11 April 2019

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

MONTHLY NTA STATEMENT - March 2019

Ellerston Asian Investments Limited (**ASX: EAI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the Company as at 31 March 2019 is:

NTA per Share	31 March 2019
NTA before tax	\$1.1075
NTA after realised tax *	\$1.1077
NTA after tax ^	\$1.1005

These figures are unaudited and indicative only
The NTA is based on fully paid share capital of 147,285,391.

* 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 14,814,262 shares had been bought back.

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



Ian Kelly
Company Secretary

Contact Details

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

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Ellerston Asian Investments Limited (ASX: EAI)

Performance Report | March 19

PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	Since Inception (p.a)
GROSS	2.92%	12.70%	5.39%	1.59%	12.24%	7.75%
NET [^]	2.83%	12.39%	4.79%	0.39%	10.92%	6.49%
BENCHMARK*	1.74%	10.22%	3.13%	-0.01%	12.28%	8.91%

Source: Ellerston Capital

[^]Before all tax provisions 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

March 2019 was another strong month for Asian markets and for Ellerston Asian Investments. The fund was up 2.92% (gross) during March, outperforming the benchmark by 1.18% (gross). Year to date in 2019, the fund is up 12.70% (gross) and has outperformed the benchmark by over 2.48% (gross).

The strength in Asian markets is a continuation of what we have seen thus far in 2019, namely de-escalation in the trade war, a dovish Fed and light positioning in Asia. On the trade war front, the “signing ceremony” has been pushed out until mid-late April at the earliest and late June at the latest. Despite this slippage in the time line, our sources on the ground in Beijing and Washington suggest that progress continues to be made on the issues of the deficit, IP and currency stability. The Fed’s increasingly dovish commentary continues to provide a boost for Emerging Markets as an asset class.

There are 3 important elections in Asia in 2019; Thailand, Indonesia and India. The Thai election was held in late March and was the country’s first election since the military coup in 2014. While polls showed that the pro-military party, Palang Pracharat, was going to win, the anti-military Thaksin linked party, Pheu Thai, got more votes than expected. Two weeks after the polls closed, election results are still not finalized and both parties are claiming the right to form a coalition government. Ellerston Asia has no positions in Thailand, partly because of political risk but more so because the Thai economy is struggling and we cannot find many stocks that meet our growth criteria.

The Indonesian election coming up on April 17 is the least contentious Asian election this year. Jokowi does not appear to have any significant competition, so our base case is that he is returned to power. His first term was disappointing and many of the growth promises didn’t materialise. Ellerston Asia has only one investment in Indonesia, Bank Rakyat.

The most interesting election this year is undoubtedly the Indian election on May 23. Our base case is that Modi is returned as Prime Minister and the BJP gains a majority of seats, or at least retains power in a coalition with the National Democratic Alliance (NDA). This has been our base case for many months now, but the probability of a favourable outcome for Modi and the BJP has risen in recent weeks in the wake of the skirmish with Pakistan and Modi’s assertive handling of the situation.

Last week Deputy Portfolio Manager Fredy Hoh was on the ground in the key swing state of Uttar Pradesh, where he met with politicians from the BJP, Congress and minority parties, and also spoke extensively to local residents and business people. Fredy’s time on the ground re-enforced our view that Modi will be returned to power. For full details of our views on the Indian election, please refer the thought piece published April 3 on our website, [Who is going to win the Indian Election?](#) We remain overweight the Indian market with financials and consumer the most favoured sectors.

Key Facts

Listing Date	September 2015
NTA (before tax)	\$1.1075
NTA (after realised tax[^])	\$1.1077
NTA (after tax^{**})	\$1.1005
Share Price at 29/3/19	\$0.955
EAI Market Capitalisation	\$140.7m
Average Management Fee	0.82%
Performance Fee	15%

* The NTA is based on fully paid share capital of 147,285,391.

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^{**} NTA after tax - Includes any tax on unrealised gains and deferred tax.

Moving on to performance, during March, Wuliangye, Ping An and ICICI Bank were the largest contributors to alpha. Wuliangye's performance was particularly strong this month with the stock up over 35% in March alone and up over 86% thus far in 2019. The biggest detractor to alpha during the month was Gourmet Master.

Positioning remains broadly the same - overweight China and mega cap tech and underweight ASEAN and low growth sectors like telecom and utilities. Cash at the end of the month was approximately 6.7%.

As always, if you have any questions regarding any aspect of EAI or the portfolio, please feel free to contact us at investorrelations@ellerstoncapital.com.

Kind regards,

Mary Manning
Portfolio Manager

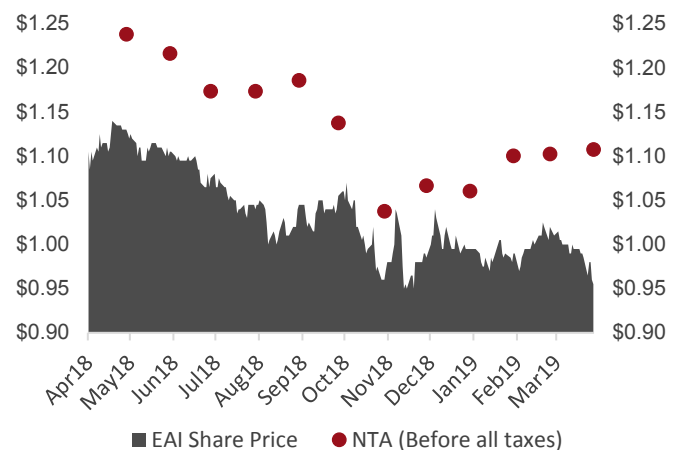
PORTFOLIO CHARACTERISTICS

ELLERSTON ASIAN INVESTMENTS TOP HOLDINGS

Top 10 holdings	%
ALIBABA GROUP HOLDING	7.4
PING AN INSURANCE GROUP	7.3
TENCENT HOLDINGS	7.1
HONG KONG EXCHANGES & CLEARING	6.6
TSMC	5.1
CHINA MERCHANTS BANK	4.1
DBS GROUP HOLDINGS	4.0
CHINA CONSTRUCTION BANK	3.9
BAIDU INC	3.9
OCBC BANK	3.6

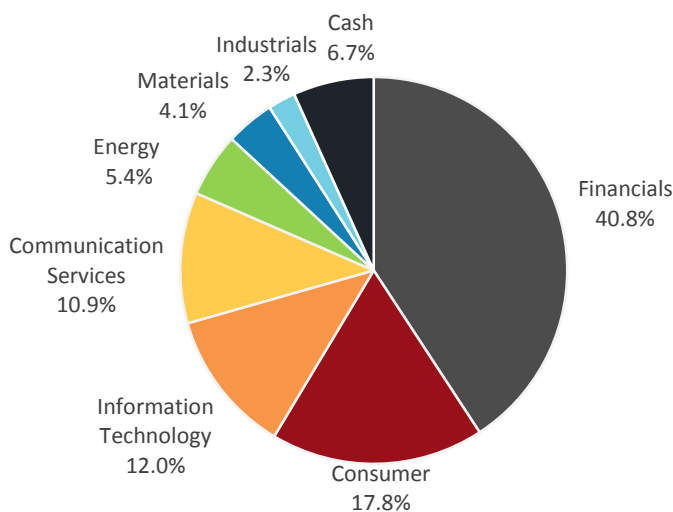
Source: Ellerston Capital

EAI SHARE PRICE VS NTA (Before Tax)



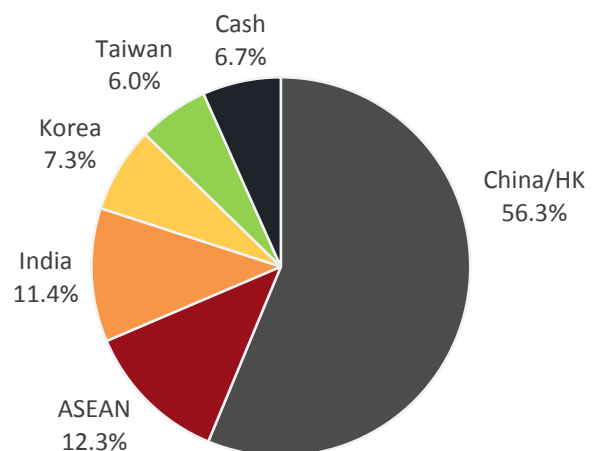
Source: Ellerston Capital

SECTOR ALLOCATION



Source: Ellerston Capital

GEOGRAPHIC EXPOSURE



Source: Ellerston Capital

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