

ELLERSTON ASIAN
INVESTMENTS LIMITED
ACN 606 683 729

13 May 2019

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

MONTHLY NTA STATEMENT - April 2019

Ellerston Asian Investments Limited (**ASX: EAI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the Company as at 30 April 2019 is:

NTA per Share	30 April 2019
NTA before tax	\$1.1389
NTA after realised tax *	\$1.1389
NTA after tax ^	\$1.1233

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 12 September 2018, EAI announced a new on-market buy-back of up to 10% of its shares, commencing 26 September 2018 and continuing for twelve months. Since 27 September 2016 a total of 15,743,900 shares had been bought back.

The company's gross performance before tax for the month was 2.93%.



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 | April 19

PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	Since Inception (p.a)
GROSS	2.93%	11.70%	18.80%	1.90%	13.25%	8.42%
NET [^]	2.84%	11.41%	18.13%	0.71%	11.92%	7.16%
BENCHMARK*	2.79%	9.37%	16.52%	0.53%	13.40%	9.52%

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

Asian markets continued their strong start to 2019. Ellerston Asian Investments (EAI) was up 2.93% during the month, outperforming the benchmark by 0.14% in April. EAI is now up 16.00% (gross) year to date in 2019 and has outperformed the benchmark by 2.71% (gross) over this time.

One of the key drivers of the strength in Asian markets in 2019 has been the relatively low level of geopolitical tension highlighted by increasing expectations of a resolution in the trade war. However, since the end of April, geopolitical risk has abruptly returned. Firstly, there has been a re-escalation of US/China trade tensions with Trump threatening to lift the existing 10% tariffs on US\$200bn of goods to 25% on May 10th.

We believe Trump's action is a negotiating tactic aimed at: (1) speeding up the pace of trade talks; and (2) getting China to concede on a number of critical issues such as IP transfer and industrial subsidies. Our base case remains that of a negotiated outcome between the two sides. However a best case scenario, where existing tariffs are completely removed is now less likely to happen. Further adding to the rising geopolitical risk during the month has been the resumption of missiles testing by North Korea. This was the first test since November 2017 and throws into doubt US efforts to denuclearise the Korean Peninsula. Whilst the US has seemingly brushed off the incident, further provocations from North Korea cannot be ruled out.

These two events have subsequently resulted in a sell-off across all Asian markets in early May. EAI took profits on our A share positions during April and we are underweight Korea within the portfolio. Cash has increased from ~3% earlier in 2019 to approximately 15.7% at the end of April. As such, we are much better positioned for these geopolitical events than during previous episodes. We will therefore monitor these events closely and stand ready to buy good companies that get thrown out with the proverbial bathwater.

Two other events to watch in May are: (1) the outcome of the Indian election; and (2) the increase in the MSCI inclusion factor for China A Shares from 5% to 10%. On the election, our base case remains a Modi victory with his BJP/NDA alliance holding a smaller majority during the next term of Government. The result will be released on May 23rd and we think confirmation of a Modi victory will be positive for the Indian market. India remains one of the biggest overweights in the EAI portfolio. Meanwhile, the MSCI inclusion factor could be a tailwind for inflows into the A share market towards the end of the month.

Turning back to April, the worst performing market during the month was Malaysia. The best performing markets on the other hand were Singapore and Taiwan. At a stock level, the largest contributor to alpha was Wynn Macau, DBS and Ping An. DBS and Ping An are companies that we've held since EAI's inception and both reported strong quarterly results in April. The biggest detractors during the month were Yes Bank and Hangzhou Hikvision. Yes Bank surprised the market by reporting a net loss due to higher than expected provisions, whilst also providing weaker than expected earnings and returns guidance. We believe the new CEO, Ravneet Gill, has taken an overly conservative approach to his first set of results and see this event as a one-off reset.

Key Facts

Listing Date	September 2015
NTA (before tax)	\$1.1389
NTA (after realised tax [^])	\$1.1389
NTA (after tax ^{**})	\$1.1233
Share Price at 30/4/19	\$0.98
EAI Market Capitalisation	\$143.5m
Average Management Fee	0.82%
Performance Fee	15%

* The NTA is based on fully paid share capital of 146,399,224.

[^] 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.

During the month, EAI recommenced the share buyback program with the aim of narrowing the share price discount to NTA. A total of 929,638 shares were bought back in April at an average price of \$0.9780.

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

ELLERSTON CORPORATE UPDATE

In other Ellerston news, Chris Hall has been appointed to the position of Chief Investment Officer of Ellerston Capital Limited, reporting directly to Executive Chairman, Ashok Jacob. Chris joined Ellerston in September 2018 as Senior Investment Officer. Over his 28 years in investment management, Chris has built a wealth of experience in risk oversight, investment process improvement and business expansion – including Asia – alongside producing an impressive track record of investing in equity markets.

Prior to joining Ellerston, Chris was Managing Director and Senior Portfolio Manager and Co-Head of Research for BlackRock’s Alpha strategies Group in Hong Kong, where he was the lead Co-PM on the BlackRock Asia Pacific Equity Income fund, BGF Pacific Equity fund and BGF Asean Leaders fund, as well as being a member of the Management Committee overseeing the Asian Fundamental Equities Team with A\$35 billion in assets.

Ashok Jacob remains the Executive Chairman of Ellerston Asian Investments and Ellerston Capital Limited and continues to provide guidance and investment insight to the Ellerston Asia team.

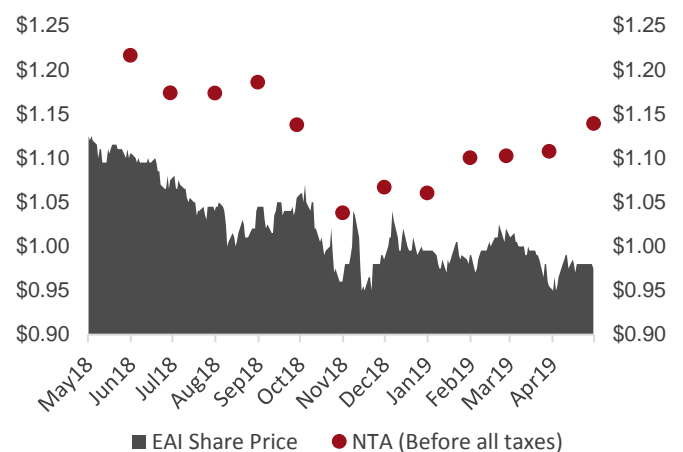
PORTFOLIO CHARACTERISTICS

ELLERSTON ASIAN INVESTMENTS TOP HOLDINGS

Top 10 holdings	%
TENCENT HOLDINGS LTD.	7.5
HONG KONG EXCHANGES & CLEARING LTD.	6.5
PING AN INSURANCE	6.3
TAIWAN SEMICONDUCTOR MANUFACTURING CO.	5.3
ALIBABA GROUP HOLDING LTD	5.1
DBS GROUP HOLDINGS LTD	5.0
OCBC LIMITED	5.0
CHINA CONSTRUCTION BANK	4.0
AIA GROUP LIMITED	3.3
SAMSUNG ELECTRONICS CO. LTD.	3.0

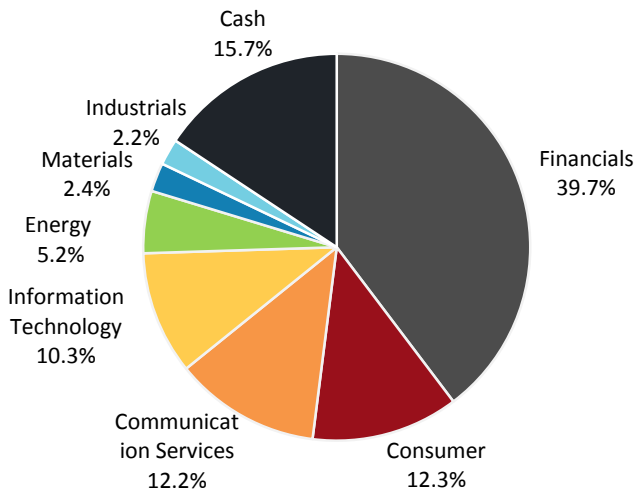
Source: Ellerston Capital

EAI SHARE PRICE VS NTA (Before Tax)



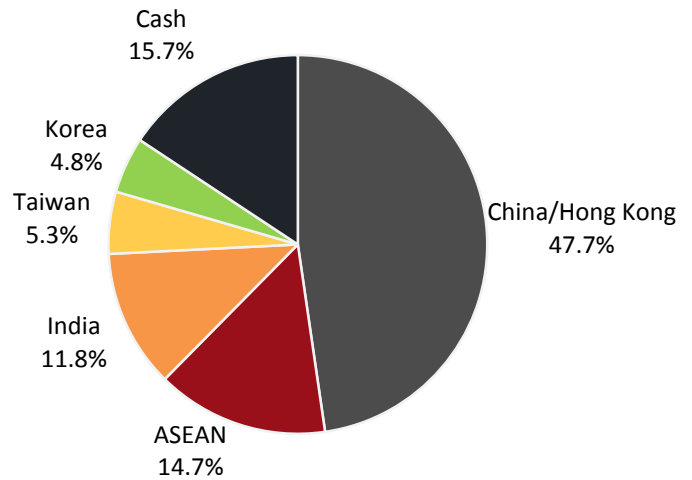
Source: Ellerston Capital

SECTOR ALLOCATION



Source: Ellerston Capital

GEOGRAPHIC EXPOSURE



Source: Ellerston Capital

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