ELLERSTON ASIAN
INVESTMENTS LIMITED
ACN 606 683 729

27TH August 2019

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

RESULTS FOR YEAR ENDED 30 JUNE 2019

Ellerston Asian Investments Limited (ASX: EAI) hereby lodges:

1. Appendix 4E Statement for the year ended 30 June 2019;

2. Annual Report and Financial Statements for the year ended 30 June 2019, incorporating the Chairman's Letter, Investment Manager's Report and Corporate Governance Statement.

Yours sincerely

Ian Kelly
Company Secretary

Ellerston Capital

Ellerston Asian Investments Limited
ACN 606 683 729

Appendix 4E

Preliminary Final Report 30 June 2019

Details of the reporting period

Current Period: 1 July 2018 to 30 June 2019

Previous Corresponding Period: 1 July 2017 to 30 June 2018

Results for announcement to the market

	Current period AUD ($)	Previous corresponding period AUD ($)
Revenue from ordinary activities	9,179,363	15,531,460
Profit/(loss) after tax from ordinary activities	4,540,345	9,323,781
Net profit/(loss) after tax for the period attributable to ordinary shareholders	4,540,345	9,323,781

Over the 12 months to June 30 2019, the portfolio returned net 4.44% (before all taxes) outperforming its benchmark MSCI Asia Ex Japan (AUD) Index for the corresponding period.

Period	EAI Portfolio Return Pre-tax*	MSCI Asia Ex Japan (AUD) Index
1 Year	4.44%	2.22%
Since inception p.a.	6.42%	8.18%

* calculated after fees, including dividends paid and reinvested, the effects of the share buyback. Excluding tax and the effects of option exercise dilution over the period.

Dividend Information

Final dividend declared — **1.5 cents per fully paid ordinary share**
Fully franked at the tax rate of 27.5%
From the Dividend Profit Reserve account

Final dividend dates:

Ex-dividend date	04 September 2019
Record date	05 September 2019
Payment date	04 October 2019

Fully franked dividends of 1 cents per share were paid to shareholders on 5 October 2018 and 5 April 2019. All dividends were paid from the Company's dividend profit reserve account.

Details of dividend reinvestment plan (DRP)

The Board of the Company has determined that in relation to the 2019 final dividend the DRP will not apply.

Net tangible assets (NTA) per ordinary share

	Current period AUD ($)	Previous corresponding period AUD ($)
NTA before all taxes (i)**	1.1219	1.1737
NTA after realised tax (ii)	1.1219	1.1257
NTA after tax	1.1117	1.1290

(i) All figures are after the payment of dividends and taxes. The current period NTA is after dividends paid of 2 cents per share and after tax paid of 4.9 cents per share.

(ii) Net Tangible Assets after realised tax includes 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.

** The EAI return calculation for 1 year to 30 June 2019 is as follows: Closing NTA before all taxes 1.1219 + tax paid 0.0495 + dividends (including return on investment) 0.0207 and the impact of option dilution 0.0336 = 1.2257 less Opening NTA before all taxes 1.1737 = 4.44%

Commentary on Results

For the year ended 30 June 2019, the Company recorded a pre-tax profit of $6,381,160 and a net profit after income tax expense of $4,540,345.

The Directors have declared a dividend per share of 1.5 cents, fully franked, which is expected to be paid on the 4th of October 2019. The DRP will not operate in conjunction with this dividend. The 2019 final dividend will be paid out of the dividend profit reserve.

After the payment of the 2019 final dividend the Company will have a dividend profit reserve of 6.3 cents per share, based on the number of shares on issue at 30 June 2019.

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 Managers' Report on the Company's annual financial report for more detailed commentary.

Information in this report is based on the 2019 annual financial report which has been audited by Ernst & Young. A copy of the 2019 annual financial report, including commentary related to the results of the Company, is attached for further detailed information and disclosures.

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Ian Kelly

Company Secretary

23 August 2019

Ellerston Asian Investments Limited
ASX: EAI

ABN 82 606 683 729

Financial Report
For the year ended 30 June 2019

Ellerston Asian Investments Limited
ASX: EAI

ABN 82 606 683 729

Financial Report
For the year ended 30 June 2019

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Chairman's Letter

Dear Shareholder,

I am pleased to provide you with the Fiscal Year 2019 Annual Report for Ellerston Asian Investments Limited (EAI). We thank you for your continued support.

We launched EAI because we believe that every investment portfolio should have exposure to Asia. Asia is the best structural growth story in the world driven by strong demographics, a rising middle class, infrastructure build and technological leapfrogging.

Due to the drivers listed above, Asian GDP growth is almost twice as fast as global growth. Given these differentials, by 2030, 4 of the 5 largest economies in the world are expected to be in Asia.

The average market cap of our portfolio is approximately $140 billion and the average of our Top 10 holdings is approximately $300 billion, as we believe that large cap stocks offer the best risk reward profile in Asia.

The investing environment in Asia currently lack visibility on account of the trade war and geopolitical tensions, however there are reasons to be optimistic about the medium term. First of all, our base case is that there is at least some level of resolution in the trade war prior to the US Presidential election, which will be a strong positive for China and the technology supply chain in Asia.

Secondly, given the inverse correlation between US rates, the US Dollar and flows into Emerging Markets, a reversal in Fed Funds and a more dovish Federal Reserve provides a favourable tailwind for fund flows into Asian markets.

Thirdly, recent elections in India and Indonesia have provided Prime Minister Modi and President Jokowi with clear mandates to continue to pursue high growth policies rooted in structural reform. In FY20, India is expected to achieve 7.0%. GDP growth and Indonesia 5.1% GDP growth. This bodes well for our ability to find high growth companies in these markets.

Finally, valuations in Asia continue to be attractive, particularly when growth is taken into account. As other developed countries, including Australia, embark on easy monetary policy to sustain already paltry growth, the structural growth in Asia will become increasingly compelling. Over the medium term, this should lead to a convergence between Asian and developed market valuations.

Performance

We are pleased to report that the one year EAI portfolio gross performance was 5.66%* to 30 June 2019, outperforming its benchmark the MSCI Asia Ex Japan (AUD) index by 3.44%.

The NTA (before tax) was $1.1737 as of 30 June 2018, as at 30 June 2019 it was $1.1219.

The EAI share was $1.075 of 30 June 2018 as at 30 June 2019 it was $0.925.

It is disappointing that despite the strong underlying portfolio performance the share price has declined. We share shareholder frustration regarding this and we are looking at all options to address the discount to NTA. Utilising capital management tools to narrow the discount to NTA is an option available to the EAI Board. In September 2018, the Board announced an on-market buy-back of up to 10% of EAI shares, commencing 26 September 2018 and continuing for twelve months. During this time a total of 3,106,838 million shares have been bought back at an average price of $0.954.

As previously stated, we maintain a deliberate and measured approach in regards to the construction of the portfolio. Given the strict growth criteria for our portfolio, we do not have the option of rotating into defensive, high dividend yield stocks when the market is risk-off. As such, we manage this dynamic predominantly via cash levels which have ranged between 2.7% and 16.5% throughout the year. As of 30 June 2019, cash was 12.4% of the portfolio.

Financial Results

For the period to 30 June 2019, the Company recorded a pre-tax profit of $6,381,160 and a net profit after income tax expense of $4,540,345.

The aim is to have a sustainable dividend policy based on multiple years of profit reserves.

*Calculated before fees, including dividends paid and reinvested and the effects of the share buyback. Excluding tax and the effects of option exercise dilution.

Chairman's Letter (continued)

Options

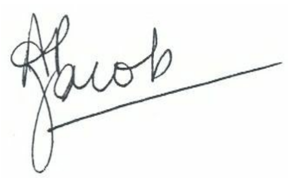
As part of the initial public offering (IPO), the Company issued 68,979,453 options 65,167,917 of which vested. Each option gave the holder the right to acquire a share in the company at $1.00. These options traded on the ASX under the ticker EAIO and ceased trading on the 22nd of February 2019 and expired at the close of business on the 28th of February 2019.

Approximately 20.4 million options were exercised in total and 14.2 million of these were exercised in the month of expiry (February 2019). In addition the EAI Board resolved to partially underwrite the balance of unexercised options and entered into an underwriting agreement to underwrite up to 21,652,334 options, at the exercise price of $1.00 per share. This decision was made as to increase the capital base with the aim of benefitting investors by (1) lowering EAI's fixed cost per share; (2) improve the liquidity of the Company's shares; (3) provide the investment manager with further scale to invest in long term investment opportunities and increase the relevance of the Company in the market; and (4) as the interest in continued portfolio diversification increases, offer new investors the chance to join the investor base and diversify the share registry. All fees payable in relation to the underwire were paid by the management company (Ellerston Capital Limited).

Annual General Meeting

My fellow directors and I look forward to meeting those of you who can attend the Annual General Meeting.

Yours faithfully,



Ashok Jacob
Chairman

23 August 2019

Directors' Report

The directors of Ellerston Asian Investments Limited (the "Company") present their report together with the financial statements of the Company for the year ended 30 June 2019.

Directors

The following persons were directors of the Company during the year and up to the date of this report:

NAME	DIRECTORSHIP	APPOINTED	RESIGNED
Ashok Jacob	Non-Independent Chairman	27 July 2015	
Sam Brougham	Independent Non-Executive Director	23 July 2015	
Paul Dortkamp	Independent Non-Executive Director	25 June 2015	
Stuart Roberston	Independent Non-Executive Director	25 June 2015	14 December 2018
Bill Best	Independent Non-Executive Director	14 December 2018	

Company Secretary

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

NAME	APPOINTED
Ian Kelly	25 June 2015

Ian Kelly, BA LLB (Hons)

Ian Kelly has been the Company Secretary of Ellerston Asian Investments Limited for four years. He has been a practising solicitor for over 10 years.

Principal activities

The principal activity of the Company is to invest into a concentrated portfolio of between 20 to 50 Asian securities.

Review and results of operations

For the year ending 30 June 2019, the Company returned 4.44% (June 2018: 13.26%) net on a pre-tax basis and 3.05% (June 2018: 9.22%) on a post-tax basis, while the return of its benchmark MSCI AC Asia Ex-Japan Index (AUD) was 2.22% (June 2018: 11.60%).

As at 30 June 2019 the Portfolio had approximately 44% equity exposure to China/ Hong Kong, 15.40% to India, 6% to Korea, 15.6% to ASEAN and 6% to Taiwan.

As at 30 June 2019 the Company's Net Tangible Assets was $1.1219 per share before all taxes (compared to 30 June 2018 of $1.1737 per share before all taxes) and $1.1117 per share post all taxes (compared to 30 June 2018 of $1.1290 per share post all taxes).

For the year ended 30 June 2019, the Company recorded a pre-tax profit of $6,381,160 (compared to 30 June 2018 of $12,568,994 pre-tax profit) and a net profit after income tax expense of $4,540,345 (compared to 30 June 2018 of $9,323,781 net profit after income tax expense).

The operating results of the Company for the years ended 30 June 2019 and 30 June 2018 are:

	Year ended	
	30 June 2019	30 June 2018
	$	$
Net profit before income tax	**6,381,160**	12,568,994
Net profit after income tax	**4,540,345**	9,323,781

Directors' Report (continued)

	As at	
	30 June 2019	30 June 2018
	$	$
Net tangible assets per share (NTA) - before tax (i)**	**1.1219**	1.1737
Net tangible assets per share (NTA) - after realised tax (ii)	**1.1219**	1.1257
Net tangible assets per share (NTA) - after tax	**1.1117**	1.1290

The Net Tangible Assets as at 30 June 2019 is based on fully paid ordinary shares of 144,188,553 (June 2018: 108,463,973).

(i) All figures are after the payment of dividends and taxes. During year ended 30 June 2019, dividends of 2 cents per share and tax of 4.90 cents per share were 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.

** The EAI return calculation for 1 year to 30 June 2019 is as follows: Closing NTA before all taxes 1.1219 + tax paid 0.0495 + dividends (including return on investment) 0.0207 and the impact of option dilution of 0.0336 = 1.2257 less Opening NTA before all taxes 1.1737 = 4.44%.

On 12 September 2018, the Company announced a renewal of its on-market buy-back as part of its ongoing capital management program of up to 10% of its shares, commencing 27 September 2018 and continuing for twelve months. Since 27 September 2016 a total of 17,941,100 shares had been bought back. Please refer to Note 16 Issued Capital for further details.

Strategy and future outlook

The Company is predominantly invested in equities, with a focus upon the equities of Asian 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 13 for a more detailed market outlook.

Dividends

The directors have declared a fully franked dividend of 1.5 cents per fully paid ordinary share, which will be paid to shareholders on 4 October 2019 from the Company's dividend profit reserve account.

On 8 February 2019, the directors declared an interim dividend of 1 cent per fully paid ordinary share, fully franked at the 27.5% corporate tax rate. This dividend had a record date of 7 March 2019 and was paid to shareholders on 5 April 2019. The Dividend Reinvestment Plan (DRP) operated in conjunction with this dividend and a discount of 2.50% was applied to the DRP.

On 24 August 2018, the directors declared a fully franked dividend of 1 cent per fully paid ordinary share, which was paid to the shareholders on 5 October 2018.

More details of dividend payments are provided under Note 3 on page 35 of the report.

Directors' Report (continued)

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.

The balance of the dividend profit preserve as of 30 June 2019 is $11,177,902 (2018: $2,232,015) which is 7.75 cents per share (30 June 2018: 2.06 cents per share).

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 2019.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 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 monthly updates and weekly NTA estimate announcements, which can be found in the announcements section of the ASX website and in the Ellerston Asian Investments Limited section of the Ellerston Capital website, https://ellerstoncapital.com/listed-investment-companies/ellerston-asian-investments.

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.

Environmental regulation

The operations of the Company are not subject to any particular or significant environmental regulation under a Commonwealth, State or Territory law.

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 27 July 2015.

Ashok has over 35 years investment experience and has served as a Director of the Manager since inception.

As Chairman, 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.

Directors' Report (continued)

Information on Directors (continued)

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 23 July 2015.

Sam has over 34 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 25 June 2015.

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 25 June 2015 and resigned on 14 December 2018.

Stuart was engaged as a consultant by the Manager, responsible for deal origination, structuring and execution primarily in the unlisted market. He had extensive experience working with both listed and unlisted vehicles.

Stuart had broad experience in investment banking, funds management and alternative investments and had 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.

Bill Best

Bill has served as a Director of the Company since December 2018.

Bill is currently Chairman of Liverpool Partners.

Bill has broad experience in Investment Banking and Stockbroking and has held senior roles at Macquarie Bank, Macquarie Equities and Macquarie Equity Capital Markets.

Bill has LLB, B.Comm and M.Comm degrees.

Directors' Report (continued)

Directors' Meetings

The number of Board meetings, including meetings of the Board Committee, held during the year ended 30 June 2019 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	NOMINATION AND REMUNERATION COMMITTEE MEETINGS HELD WHILE A DIRECTOR	ATTENDED
Ashok Jacob	5	5	2	-	2	-
Sam Brougham	5	4	2	2	2	2
Paul Dortkamp	5	5	2	2	2	2
Stuart Robertson	3	3	1	1	1	1
Bill Best	2	2	1	1	1	1

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
Ashok Jacob	1,826,666
Sam Brougham	500,000
Paul Dortkamp	75,000
Stuart Robertson	125,000
Bill Best	100,000

Remuneration Report (Audited)

This remuneration report outlines the remuneration arrangements of the Company for the year ended 30 June 2019. 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 2019. The remuneration report has been prepared and audited in accordance with section 300A of the *Corporations Act 2001*.

NAME	POSITION	TERM AS KMP
Ashok Jacob	Non-Independent Executive Chairman	27 July 2015-present
Sam Brougham	Independent Non-Executive Director	23 July 2015-present
Paul Dortkamp	Independent Non-Executive Director	25 June 2015-present
Stuart Robertson	Independent Non-Executive Director	25 June 2015-14 December 2018
Bill Best	Independent Non-Executive Director	14 December 2018-present
Ellerston Capital Limited	Manager	15 September 2015-present

Directors' Report (continued)

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, Stuart Robertson and Bill Best 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 15 September 2015, 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 2019, 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 AC Asia Ex Japan Index, calculated and accrued monthly and paid annually in arrears.

Details of management and performance fees are provided on note 19 on page 56.

Details of Remuneration

The Independent Non-Executive Directors were remunerated by the Company with a base fee only (inclusive of superannuation and GST). The Non-Independent Executive Chairman received no remuneration by the Company. The total amount paid or payable to the directors by the Company for the years ended 30 June 2019 and 30 June 2018 is detailed below:

Directors' Report (continued)

Details of Remuneration (continued)

	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST)	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST)
	30 June 2019	30 June 2018
	$	$
Independent Non-Executive Directors		
Sam Brougham	**30,250**	30,250
Paul Dortkamp	**30,250**	30,250
Stuart Robertson	**15,125**	30,250
Bill Best	**15,125**	Nil
Total KMP remunerated by the Company	**90,750**	90,750
Executive Director		
Ashok Jacob	**Nil**	Nil

The total amount paid or payable by the Company to the Independent Non-Executive Directors and Executive Director for the year ended 30 June 2019 was $90,750. Details of the total amount paid or payable by the Company to the Manager was outlined in Note 19.

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 and member of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 23 July 2015
- 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, member of the Nomination and Remuneration Committee

- Commenced on 25 June 2015 and resigned on 14 December 2018
- Base salary, inclusive of superannuation, is $27,500.

Paul Dortkamp Independent Non-Executive Director and member of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 25 June 2015
- 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.

Bill Best Independent Non-Executive Director and member of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 14 December 2018
- 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.

Directors' Report (continued)

Options and Shareholdings

	BALANCE AS AT 30 JUNE 2018	ADDITIONS/ (DISPOSALS)	EXERCISED/ EXPIRED OPTIONS	BALANCE AS AT 30 JUNE 2019
Directors				
Ashok Jacob				
• Ordinary shares	**1,160,000**	**666,666**	**-**	**1,826,666**
• Loyalty options	**666,666**	**-**	**(666,666)**	**-**
Sam Brougham				
• Ordinary shares	**500,000**	**-**	**-**	**500,000**
• Loyalty options	**333,333**	**-**	**(333,333)**	**-**
Paul Dortkamp				
• Ordinary shares	**50,000**	**25,000**	**-**	**75,000**
• Loyalty options	**25,000**	**-**	**(25,000)**	**-**
Stuart Robertson				
• Ordinary shares	**75,000**	**50,000**	**-**	**125,000**
• Loyalty options	**50,000**	**-**	**(50,000)**	**-**
Bill Best				
• Ordinary shares	**-**	**100,000**	**-**	**100,000**
• Loyalty options	**-**	-	**-**	**-**

	BALANCE AS AT 30 JUNE 2017	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE AS AT 30 JUNE 2018
Directors				
Ashok Jacob				
• Ordinary shares	1,160,000	-	-	1,160,000
• Loyalty options	666,666	-	-	666,666
Sam Brougham				
• Ordinary shares	500,000	-	-	500,000
• Loyalty options	333,333	-	-	333,333
Paul Dortkamp				
• Ordinary shares	50,000	-	-	50,000
• Loyalty options	25,000	-	-	25,000
Stuart Robertson				
• Ordinary shares	75,000	-	-	75,000
• Loyalty options	50,000	-	-	50,000

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 2019, 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.

Directors' Report (continued)

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on Behalf of the Company

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

Audit and Non-audit services

Details of the amounts paid or payable to Ernst & Young for audit and non-audit services provided during the period are set out in Note 20 to the financial statements on page 56 of this report.

The directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 17.

Signed in accordance with a resolution of the directors.

AJacob

Ashok Jacob
Chairman

23 August 2019

ELLERSTON ASIAN INVESTMENTS (EAI) – Investment Manager's Report

Ellerston Asian Investments (EAI) was launched in 2015 on the belief that Asia represents the best long term structural growth story in the world. This remains the case today with average GDP growth in the region at approximately 5% and major economies like China and India growing at over 6% per annum.

EAI is focused on providing investors access to this growth and we have constructed a high growth, high quality, large cap portfolio of Asian stocks. The EAI portfolio is a concentrated portfolio of 20-50 stocks. We remain focused on large cap companies and the portfolio has an average market cap of over $100b.

On average, the earnings of the stocks in the portfolio are growing at approximately 19% with an average PE of approximately 19x. This means the PEG ratio, namely the price we are paying for growth in Asia, approximately 1x. While the attractive PEG ratio is a measure we have highlighted in the past, it is becoming more important today as growth becomes increasingly scarce in Australia and other developed markets.

Fund Performance

We are pleased to announce that EAI posted good absolute and relative returns in FY19. The fund was up 5.66% (gross) during the year and outperformed the benchmark by 2.22% (net of fees). The before tax NTA at 30 June 2018 was $1.1219.

Country-wise, India and Indonesia were the biggest contributors to both absolute returns and alpha generation in FY19. Our investments in China contributed to alpha but not to absolute returns. Sector-wise, financials were the primary contributors to both absolute and relative returns during the year. In terms of stocks, Ping An, Wuliangye and ICICI Bank were the largest contributors to both absolute returns and to alpha.

Options, Dividends and Buybacks

During the year, there were a number of factors, other than performance, that influenced the NTA. First of all, in February 2019 the company paid tax of approximately $4.6 million, which reduced the fully diluted before tax NTA by approximately $0.04. Secondly, approximately 20.4 million options were exercised in total and 14.2 million of these were exercised in the month of expiry (February 2019). In addition, approximately 21.7 million EAI options were underwritten as per the March 1 notification to the ASX.

During FY19, EAI paid a $0.01 maiden dividend in September 2018 and another $0.01 interim dividend in March 2019. EAI currently has a fully franked dividend reserve of approximately $0.078.

Utilising capital management tools to narrow the discount to NTA is an option available to the EAI Board. In September 2018, the Board announced an on-market buy-back of up to 10% of EAI shares, commencing 26 September 2018 and continuing for twelve months. During this time a total of 3,126,838 shares have been bought back at an average price of $0.954.

Portfolio Snapshot as at 30 June 2019

Due to the ongoing trade dispute between the US and China, the EAI portfolio remains focused on domestic demand countries and sectors. As of 30 June 2019, EAI is underweight Hong Kong/China, Korea and Taiwan, the three largest export oriented markets in Asia. Conversely, we are overweight India and Indonesia, which are primarily domestic demand economies.

In terms of sector allocation, financials, consumer and technology remain our three core sectors accounting for approximately 73% of the portfolio. EAI is heavily invested in financials (over 35% of the portfolio and our largest sector overweight) and is positioned more heavily in domestic demand oriented sub-sectors of technology, namely internet and e-commerce, than in technology supply chain stocks.

Market Outlook for FY20

There are a number of critical questions that will determine the path of equity markets in Asia in FY19: (1) How will the US-China trade war play out? (2) How will Emerging Markets, including Asia, perform with a more dovish Fed? (3) Should we be worried about India's growth? (4) What cash levels are appropriate at this stage in the cycle?

The US-China Trade War

Since Trump was elected and embarked on the trade war with China we have consistently outlined 3 possible scenarios: tit for tat escalation, a negotiated outcome and extreme retaliation. Tit for tat escalation played out in 2018, and until May of 2019, it appeared that the situation was moving steadily towards a negotiated outcome. However, in early May Trump sent out a series of tweets reversing that trajectory and accusing China of reneging on past promises. In addition, the US placed Huawei on the "Entity List" which served to further exacerbate the tensions and break down discussions.

Presidents Trump and Xi recently met at the G20 in Osaka and agreed to a truce, but there is no clear timetable for moving the negotiations forward and it appears that China has become wary of negotiating with Trump and United States Trade Representatives (USTR) only to have their opinions change on a dime. There have been 11 rounds of negotiations since the last G20 in Buenos Aries in late 2018 with no resolution.

Given the above, we now consider a fourth scenario for the trade war: prolonged standoff. This refers to a situation where there is no resolution until closer to the US Presidential election when it may become politically expedient for Trump to reach a deal. Importantly, China does not have a 4 year political cycle like America and therefore can afford to stand off longer than its opponent.

Finally, as we have highlighted previously, it is important to keep in mind that US actions on trade are not just about reducing the trade deficit, but are more broadly about stopping the rise of China and stemming its own relative decline. Given this, even if a resolution on trade can be reached by Presidents Trump and Xi, America is not going to relinquish its hegemonic status without a prolonged fight. As such, we anticipate that fluctuating conflict will become the new normal with respect to US-Sino relations.

To position for the uncertainty involved with a trade war, our China portfolio consists almost exclusively of domestic demand sectors including banks, insurers, consumer discretionary and internet.

US Rates and Emerging Markets

The MSCI Emerging Markets (EM) Index sold off sharply in calendar year 2018 as a result of a so-called "triple tightening" comprised of higher interest rates, a stronger US Dollar (USD) and higher oil prices. In calendar year 2019 have all reversed with the US Fed turning decidedly dovish, the US Dollar plateauing and the oil price retracing from over $66 to around $55 currently. We expect the environment for EM assets to remain supportive in FY20 particularly for current account deficit countries which underperformed last year. In this context, we have added to our Indonesian exposure.

India's Growth

One of the reasons EAI has been consistently overweight India since inception is because strong GDP growth has generally translated into strong earnings growth. The last GDP print in India was unusually low at only 5.8% versus the medium term run rate of approximately 7%. Part of this was due to seasonality and reflected election related slowdown in consumer spending and corporate capex. The Reserve Bank of India (RBI) has begun cutting interest rates as the economy appears to be slowing and inflation remains benign. Earlier in July the new Finance Minister of India, Nirmala Sitharaman, presented her maiden budget. The market was disappointed that she maintained fiscal discipline and did not increase spending to boost growth.

Our base case remains that growth resumes around the 7% level for the full year but if quarterly GDP prints continue to disappoint then we will have to revisit this assumption and the implications for our India weighting.

Cash Levels

Cash as of 30 June 2019 was relatively high at 12.4%. Throughout FY19 cash ranged from a low of 2.7% to a high of 16.8%. The current cash level is a function of ongoing uncertainty regarding the outlook for trade and stock specific uncertainties going into 1H earnings season. We are also mindful that the post-GFC bull market in the US is now over 10 years old, growth in the US economy is potentially slowing and valuations are at or above their long term averages.

Sector Outlook for FY20

In addition to these market level issues, there are a number of key sector questions to consider going into FY20: (1) How will financials perform in this interest rate environment? (2) Is the technology supply chain investable given the situation with Huawei and will memory prices recover in FY20? (3) Will the Chinese consumer roll over given the weak macro environment and will Indian consumer spending recover in FY20?

Financials

Financials are currently the largest sector weighting in EAI. Within this allocation, just over 50% of the positions are in banks and the other half is in insurance, exchanges and other non-bank financials. We expect to keep this overweight positioning throughout FY20 as financials provide both solid growth and attractive valuations. For example, the average PE of the MSCI Financials Index is only 10x versus Communication Services and Consumer Staples both at ~25x PE.

All the financials in the portfolio are listed in 4 countries: HK/China, India, Indonesia and Singapore. The central banks in both India and Indonesia are both cutting rates. In Indonesia this is positive for Net Interest Margins (NIMs) and in India this is positive for non-performing loans (NPLs) and gains on bond portfolios. Falling interest rates are generally negative for Singaporean banks which is why we have reduced our position in DBS and exited our position in OCBC.

In HK/China, our preference is for insurance and non-banks over banks which is why we are heavily invested in AIA, Ping An and Hong Kong Exchange. The Chinese banks we do own still have acceptable growth and are trading at extreme valuations. For example, China Construction Bank has a PE (5x) that is lower than its dividend yield (6%) and the stock is trading at 0.65x Price to Book value despite having an ROE of over 13%. Given these metrics, we maintain our select positioning in Chinese banks.

Technology

Huawei is the largest telecommunications equipment provider and second largest smartphone maker in the world. It has over 250 suppliers globally and a quarter of Huawei's suppliers are from the US. In May of 2019, the Trump administration put Huawei on the "Entity List" which restricted US firms from selling Huawei some of the technology it needs to make its core products.

Our base case is for Huawei to be removed from the Entity List as part of a formal trade resolution, but given the timing of a trade deal remains uncertain, the possibility of an ongoing Huawei ban is a major overhang on the technology supply chain in both the US and Asia. As such, we prefer non-supply chain technology stocks and the companies we do own in the supply chain have a diverse customer base with low/no revenue exposure to Huawei.

Turning to the memory markets, both DRAM and NAND remain oversupplied heading into FY20 with inventory levels sitting at ~10-12 weeks. DRAM and NAND contract prices have fallen 55% and 65% respectively from the peak. NAND prices are close to cash cost, whilst DRAM prices are 30-35% away which suggests scope for further discounting in order to clear inventory. Although the likelihood of further price declines remain high for the next 3-6 months, there are a number of factors that could bring about a sooner than expected end to the memory price downturn. These include: (i) potential production cuts from memory makers such as Samsung and SK Hynix either proactively or as a result of the ongoing Japan and Korea trade dispute; and (ii) positive demand surprise from smartphone and server customers. We will continue to monitor these factors and stand ready to add to our positions in Samsung and SK Hynix if either scenario plays out.

Consumer

Despite the weak macro environment in China, the Chinese consumer sector has been resilient so far in 2019 with national retail sales tracking steadily at around 8% and MSCI China Consumer outperforming MSCI China by 15%. We expect the sector to remain resilient for the next 12 months as the consumption upgrade thematic continues to play out and government stimulus (tax cuts, subsidies) remains supportive of domestic consumption. We also expect to see consumers from lower tier cities to feature more prominently as many leading e-Commerce and retail players shift their attention to this segment of the population.

By contrast, the Indian consumer space is facing more challenges due to overall macro weakness, with MSCI India Consumer (Staples -5%, Discretionary -17%) underperforming MSCI India significantly. We do not expect consumption to recover in the coming months as demand has been subdued, monsoons have been delayed and there was no specific push provided to the sector in the budget.

Most consumer and auto companies indicate a broad based volume slowdown in both urban and rural areas for March/June quarter and we expect this weak trend to continue for at least another 6 months. Automobiles will take longer to recover as the sector is facing a confluence of headwinds (consumption slowdown, new emission standard, rising insurance cost, liquidity crisis) hence the sector will remain under pressure for most part of FY20. We only hold one Indian consumer stock in the portfolio, Hindustan Unilever, and are underweight Indian staples and discretionary.

Risk Management

Every stock position in the portfolio is constantly reviewed and re-evaluated. We have investing rules, including stop losses, to limit downside risk and are also very focused on avoiding downside earnings risk in the portfolio. In addition to limiting downside risk, we are disciplined in realizing profits on the upside. We have weekly meetings to review stock and market technical indicators which facilitates the process of taking profits when things become overbought.

Conclusion

The outlook for Asian stocks in FY20 is somewhat clouded by the unknowns surrounding the outcome of the trade war between the US and China. However, the growth trajectory of Asian economies remains strong and we continue to see attractive thematics and exciting stock specific stories. In addition, valuations remain compelling, especially when compared to growth and valuations in developed markets.

Performance in FY19 was good but the EAI stock price did not reflect strong underlying returns. We are committed to reducing the discount to NTA and look forward continued engagement with EAI shareholders in the year ahead.

Sincerely,
Mary Manning

Portfolio Manager

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Building a better working world

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

As lead auditor for the audit of Ellerston Asian Investments Limited for the financial year ended 30 June 2019, 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
23 August 2019

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Corporate Governance Statement

Ellerston Asian 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 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/listed-investment-companies/ellerston-asian-investments/

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 Asian Investments (EAI) 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 Bill Best 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/listed-investment-companies/ellerston-asian-investments/

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 in December 2018 and May 2019.

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	NOMINATION AND REMUNERATION COMMITTEE
Total Directors	4 Directors	3 Directors	3 Directors
Executive leadership	4 Directors	3 Directors	3 Directors
Governance	4 Directors	3 Directors	3 Directors
Strategy	4 Directors	3 Directors	3 Directors
Risk	4 Directors	3 Directors	3 Directors
Financial acumen	4 Directors	3 Directors	3 Directors
Remuneration/Human Resources	4 Directors	3 Directors	3 Directors
Public policy/Regulation	4 Directors	3 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 a case to 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/listed-investment-companies/ellerston-asian-investments/

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 measurable 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;
- Sam Brougham; and
- Bill Best.

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; and
- 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; and
- 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.

Finance Director Declaration

The Finance Director 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's 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 2019 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 Nomination and Remuneration Committee. As the Company has no remunerated employees, the Company will monitor performance pursuant to the Management Agreement and will address performance annually and as required. A review was conducted in 2019. 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.

Statement of Comprehensive Income

	Notes	Year ended 30 June 2019 $	30 June 2018 $
Investment income			
Interest income from financial assets measured at amortised cost		**109,184**	107,825
Dividend income		**2,863,960**	3,393,179
Net foreign exchange losses		**(202,260)**	(3,170)
Net changes in fair value of financial assets and liabilities at fair value through profit or loss	8	**6,388,118**	12,033,626
Other income		**20,361**	-
Total investment income		**9,179,363**	15,531,460
Expenses			
Directors fees	21	**90,750**	90,750
Management and performance fees	19	**1,149,491**	1,042,674
Custody and administration fees		**86,613**	86,612
Audit and tax fees	20	**54,835**	53,460
Registry fees		**51,250**	51,250
Transaction costs		**803,036**	1,195,441
Withholding taxes		**364,906**	284,034
ASX fees		**99,000**	99,000
Other expenses		**98,322**	59,245
Total operating expenses		**2,798,203**	2,962,466
Net profit before income tax		**6,381,160**	12,568,994
Income tax expense	15	**(1,840,815)**	(3,245,213)
Net profit after income tax		**4,540,345**	9,323,781
Other comprehensive income/(loss)		**-**	-
Total comprehensive income		**4,540,345**	9,323,781
Basic earnings per share (cents per share)	17	**3.74**	8.69
Diluted earnings per share (cents per share)	17	**3.74**	8.47

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Notes	As at 30 June 2019 $	30 June 2018 $
Current assets			
Cash and cash equivalents	13	**18,145,096**	16,102,615
Receivables		**685,308**	431,405
Due from brokers		**5,697,514**	7,438,328
Financial assets at fair value through profit or loss	9	**137,840,807**	110,126,603
Total current assets		**162,368,725**	134,098,951
Non-current assets			
Deferred tax asset	15	**-**	364,198
Total non-current assets		**-**	364,198
Total assets		**162,368,725**	134,463,149
Current liabilities			
Payables		**175,244**	205,638
Management and performance fees payable	19	**116,269**	92,256
Due to brokers		**-**	6,283,451
Current tax liability		**-**	5,209,136
Financial liabilities at fair value through profit or loss	10	**305,361**	214,479
Total current liabilities		**596,874**	12,004,960
Non-current liabilities			
Deferred tax liability	15	**1,471,840**	-
Total non-current liabilities		**1,471,840**	-
Total liabilities		**2,068,714**	12,004,960
Net assets		**160,300,011**	122,458,189
Equity			
Issued capital	16	**143,201,805**	107,332,460
Retained earnings		**5,920,304**	12,893,714
Dividend profit reserve	12	**11,177,902**	2,232,015
Total equity		**160,300,011**	122,458,189

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Notes	Issued capital $	Retained earnings/ (losses) $	Dividend profit reserve $	Total $
Balance as at 1 July 2018		**107,332,460**	**12,893,714**	**2,232,015**	**122,458,189**
Total comprehensive income for the year		**-**	**4,540,345**	**-**	**4,540,345**
Shares bought back	16	**(2,982,083)**	**-**	**-**	**(2,982,083)**
Shares issued under dividend reinvestment plan	16	**46,213**	**-**	**-**	**46,213**
Transfer to dividend profit reserve account	12	**-**	**(11,513,755)**	**11,513,755**	**-**
Shares issued from exercise of options	16	**38,805,215**	**-**	**-**	**38,805,215**
Total dividends paid	12	**-**	**-**	**(2,567,868)**	**(2,567,868)**
Balance as at 30 June 2019	16	**143,201,805**	**5,920,304**	**11,177,902**	**160,300,011**
Balance as at 1 July 2017		110,228,295	5,801,948	-	116,030,243
Total comprehensive income for the year		-	9,323,781	-	9,323,781
Shares bought back	16	(6,174,069)	-	-	(6,174,069)
Transfer to dividend profit reserve account	12	-	(2,232,015)	2,232,015	-
Share issued from exercise of options	16	3,278,234	-	-	3,278,234
Balance as at 30 June 2018	16	107,332,460	12,893,714	2,232,015	122,458,189

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Notes	Year ended 30 June 2019 $	30 June 2018 $
Cash flows from operating activities			
Purchase of financial instruments at fair value through profit or loss		**(155,971,577)**	(177,501,624)
Proceeds from sale of financial instruments at fair value through profit or loss		**128,250,653**	188,206,712
Amounts transferred from brokers as collateral		**1,740,814**	73,558
Dividend received		**2,527,610**	1,928,775
Interest received		**50,700**	107,241
Other income received		**-**	2,827
Income tax paid		**(5,272,357)**	-
Management and performance fees paid		**(1,125,478)**	(1,031,200)
Custody and administration fees paid		**(76,430)**	(80,362)
Other expenses paid		**(1,246,141)**	(1,539,728)
Net cash (outflow)/inflow from operating activities	14	**(31,122,206)**	10,166,199
Cash flows from financing activities			
Dividends paid		**(2,521,655)**	-
Shares bought back		**(3,118,882)**	(6,174,069)
Exercise of options		**38,805,215**	3,278,234
Net cash inflow/(outflow) from financing activities		**33,164,678**	(2,895,835)
Net increase in cash and cash equivalents		**2,042,472**	7,270,364
Cash and cash equivalents at the beginning of the year		**16,102,615**	8,832,184
Effect of foreign currency exchange rate changes on cash and cash equivalents		**9**	67
Cash and cash equivalents at the end of the year	13	**18,145,096**	16,102,615
Non-cash operating activities			
Reinvestment of investor dividends		**46,213**	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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1 General information

This financial report is for Ellerston Asian Investments Limited (the "Company") for the year ended 30 June 2019.

The Company was incorporated and registered on 25 June 2015 and commenced trading on the Australian Stock Exchange ("ASX") on 15 September 2015.

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

The financial report was authorised for issue by the directors on 23 August 2019. 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 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.

(b) Changes in accounting standards

The significant accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of the Company's financial statements for the year ended 30 June 2018, except for the adoption of new standards and interpretations effective as at 1 July 2018 noted below:

i) AASB 9 Financial Instruments (and applicable amendments)

AASB 9 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 adoption of the standard does not have a significant impact on the recognition, classification and measurement of the Company's financial instruments as they are carried at fair value through profit or loss. On adoption of AASB 9 the equity securities and derivatives are mandatorily classified as fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, the change in impairment rules does not impact the financial assets that continue to all be accounted for at fair value through profit or loss. The Company's cash and cash equivalents, receivables and due from brokers continue to be classified and measured at amortised cost. The impact of expected credit losses on financial assets measured at amortised cost is immaterial.

ii) AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 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 measured at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.

2 Summary of significant accounting policies (continued)

(b) Changes in accounting standards (continued)

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(c) Financial instruments

In the current period, the Company has adopted AASB 9 *Financial Instruments*. See note 2(b)(i) for an explanation of the impact.

i) 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. Financial assets 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.

ii) Classification

In accordance with AASB 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding;
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The equity securities are mandatorily classified as fair value through profit or loss.

In applying that classification, a financial asset or financial liability is considered to be held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category short-term payables.

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined. The Company includes in this category derivative contracts in a liability position.

The derivatives are mandatorily classified as fair value through profit or loss.

iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of financial position initially at fair value. All transaction costs for such instruments are recognised directly in the Statement of comprehensive income. Financial assets and liabilities, other than those classified as FVPL, are initially measured at fair value adjusted by transaction costs and subsequently amortised using the effective interest rate method less impairment losses for financial assets, if any.

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.

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.

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

iv) Impairment of Financial assets

The Company holds only cash and cash equivalents, receivables and due from brokers with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECL) under AASB 9. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(d) 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.

(e) 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.

(f) Due from/to brokers

Due from/to brokers represents amounts receivable and payable for securities transactions that have not yet settled at the year end and outstanding overdrafts when applicable. Due from broker also includes collateral against open derivative positions. The due from brokers balance is held for collection and consequently measured at amortised cost.

(g) 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 for all financial instruments not at fair value through profit or loss using the effective interest method.

Other income is brought to account on an accruals basis.

Net changes in fair value of financial assets and liabilities at fair value through profit or loss are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year). This includes both realised and unrealised gains and losses, but does not include interest or dividend income.

(h) Expenses

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

(i) Income tax

Under current legislation, the Company is subject to income tax at 27.5% 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.

2 Summary of significant accounting policies (continued)

(i) Income tax (continued)

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.

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 its 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.

(j) 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 as 'Net foreign exchange gains/(losses)'.

(k) 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)

(l) Earnings per share

Details of the Company's basic and diluted earnings per share calculation are provided on note 17.

(m) Share capital

Ordinary shares are classified as equity. Details of ordinary shares issued on exercise of the options are provided on note 16. 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.

(n) Share options

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

(o) Receivables

Receivables are recognised when a right to receive a payment is established. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(p) Payables

Payables and trade creditors are recognised when the Company becomes liable. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair value.

(q) Dividends

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

(r) Segment reporting

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

(s) 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.

(t) Critical accounting estimates and judgements

Estimates and judgements 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. The Company's significant accounting estimates and judgements include fair value measurement of financial assets and financial liabilities that are not traded in an active market. Details on the determination of fair value are provided on note 7(ii).

2 Summary of significant accounting policies (continued)

(u) New standards, amendments and interpretations effective after 1 July 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

(v) 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.

	Year ended 30 June 2019		Year ended 30 June 2018	
	CPS	**$**	CPS	$
Paid - 5 April 2019 (2018: Nil) Fully franked at 27.5% tax rate (2018:27.5%)	**1.00**	**1,472,860**	-	-
Paid - 5 October 2018 (2018: Nil) Fully franked at 27.5% tax rate (2018:27.5%)	**1.00**	**1,095,008**	-	-
Amount of dividends reinvested		**46,213**		-
Amount of cash dividends paid		**2,521,655**		-

Dividend profit reserve

To the extent that any current year profits or prior year 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.

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 from those of segments operating in other economic environments.

The Company operates in one business segment being equity investment, and in one geographic segment, Australia, however 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.

5 Capital and financial risk management (continued)

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% (2018:+/- 10%).

(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 Investment guidelines as established in its Prospectus. 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.

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

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.

30 June 2019	**HKD**	**INR**	**KRW**	**All other foreign currencies**	**Total**
	$	**$**	**$**	**$**	**$**
Monetary and Non-Monetary Assets and Liabilities					
Monetary Assets and Liabilities					
Cash and cash equivalents	**108,812**	**-**	**-**	**2,170**	**110,982**
Receivables	**125,813**	**35,398**	**-**	**217,094**	**378,305**
Payables	**-**	**-**	**-**	**(3,894)**	**(3,894)**
Due to brokers - payable for securities purchased	**-**	**-**	**-**	**-**	**-**
Total Monetary Assets and Liabilities	**234,625**	**35,398**	**-**	**215,370**	**485,393**
Non-Monetary Assets and Liabilities					
Financial assets at fair value through profit or loss	**50,902,331**	**24,951,844**	**10,090,134**	**51,896,498**	**137,840,807**
Financial liabilities at fair value through profit or loss	**(208,028)**	**-**	**(20,350)**	**(76,983)**	**(305,361)**
Total Non-Monetary Assets and Liabilities	**50,694,303**	**24,951,844**	**10,069,784**	**51,819,515**	**137,535,446**
Gross value of foreign exchange forward contracts	**(46,436)**	**-**	**19,760,161**	**11,406,786**	**31,120,511**
Net Exposure to Foreign Currency on Monetary and Non-Monetary Assets and Liabilities	**50,882,492**	**24,987,242**	**29,829,945**	**63,441,671**	**169,141,350**

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

30 June 2018	HKD	INR	KRW	All other foreign currencies	Total
	$	$	$	$	$
Monetary and Non-Monetary Assets and Liabilities					
Monetary Assets and Liabilities					
Cash and cash equivalents	3,141	-	-	7,121	10,262
Cash at Broker - Margin Accounts	68,497	-	-	-	68,497
Receivables	179,541	18,964	-	162,500	361,005
Payables	-	-	-	3,894	3,894
Due to brokers - payable for securities purchased	(3,758,243)	-	-	(2,525,208)	(6,283,451)
Total Monetary Assets and Liabilities	(3,507,064)	18,964	-	(2,351,693)	(5,839,793)
Non-Monetary Assets and Liabilities					
Financial assets at fair value through profit or loss	48,226,441	19,735,316	14,455,267	27,708,893	110,125,917
Financial liabilities at fair value through profit or loss	(12,394)	(14,594)	(29,635)	(76,511)	(133,134)
Total Non-Monetary Assets and Liabilities	48,214,047	19,720,722	1,4425,632	27,632,382	109,992,783
Gross value of foreign exchange forward contracts	6,600,000	(4,000,000)	7,060,094	12,099,230	21,759,324
Net Exposure to Foreign Currency on Monetary and Non-Monetary Assets and Liabilities	51,306,983	15,739,686	21,485,726	37,379,919	125,912,314

Monetary assets as at 30 June 2019 were comprised only of cash and cash equivalents and receivables. There were payables and due to brokers as monetary liabilities as at 30 June 2019.

The table at note 5(b) summarises the sensitivity of the Company's monetary and non-monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened/strengthened by 10% (2018: 10%) against the foreign currencies to which the Company is significantly exposed.

(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.

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

30 June 2019	**Floating Interest rate $**	**Fixed interest rate $**	**Non-interest bearing $**	**Total $**
Assets				
Cash and cash equivalents	**18,145,096**	**-**	**-**	**18,145,096**
Receivables	**-**	**-**	**685,308**	**685,308**
Due from brokers	**5,697,514**	**-**	**-**	**5,697,514**
Financial assets at fair value through profit or loss	**-**	**-**	**137,840,807**	**137,840,807**
Liabilities				
Payables	**-**	**-**	**(175,244)**	**(175,244)**
Management and performance fee payable	**-**	**-**	**(116,269)**	**(116,269)**
Financial liabilities at fair value through profit or loss	**-**	**-**	**(305,361)**	**(305,361)**
Net exposure	**23,842,610**	**-**	**137,929,241**	**161,771,851**

30 June 2018	Floating Interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Assets				
Cash and cash equivalents	16,102,615	-	-	16,102,615
Receivables	-	-	431,405	431,405
Due from brokers	7,438,328	-	-	7,438,328
Financial assets at fair value through profit or loss	-	-	110,126,603	110,126,603
Liabilities				
Due to brokers	-	-	(6,283,451)	(6,283,451)
Payables	-	-	(205,638)	(205,638)
Management and performance fee payable	-	-	(92,256)	(92,256)
Financial liabilities at fair value through profit or loss	-	-	(214,479)	(214,479)
Net exposure	23,540,943	-	103,762,184	127,303,127

The table at note 5(b) summarises the sensitivity of the Company's assets and liabilities to interest rate risk. The analysis is based on the assumption that the markets in which the Company invests move by +/- 1% (2018:+/- 1%).

(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

5 Capital and financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

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 unitholders			
	-10%	+10%	-1%	+1%
	$	$	$	$
30 June 2019	**(14,184,064)**	**14,184,064**	**(238,426)**	**238,426**
30 June 2018	(11,409,704)	11,409,704	(235,409)	235,409

	Foreign exchange risk					
	Impact on operating profit/Net assets attributable to unitholders					
	-10%	+10%	-10%	+10%	-10%	+10%
	HKD	HKD	INR	INR	KRW	KRW
	$	$	$	$	$	$
30 June 2019	**(5,088,249)**	**5,088,249**	**(2,498,724)**	**2,498,724**	**(2,982,995)**	**2,982,995**
30 June 2018	(5,130,698)	5,130,698	(1,573,968)	1,573,968	(2,148,572)	2,148,572

(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.

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 2019 and 30 June 2018 are:

• A for State Street Corporation (2018: A);

• AA- for Australia and New Zealand Banking Group Ltd (2018: AA-);

• A+ for Morgan Stanley & Co International PLC (2018: A+); and

• AA- for National Australia Bank Ltd (2018: AA-).

(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.

At 30 June 2019	**Less than 1 month $**	**1-6 months $**	**6-12 months $**	**Over 12 months $**	**Non-stated maturity $**	**Total $**
Payables	**150,871**	**24,373**	**-**	**-**	**-**	**175,244**
Management and performance fees payable	**116,269**	**-**	**-**	**-**	**-**	**116,269**
Contractual cash flows (excluding derivatives)	**267,140**	**24,373**	**-**	**-**	**-**	**291,513**

At 30 June 2018	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Non-stated maturity $	Total $
Payables	166,022	39,616	-	-	-	205,638
Management and performance fees payable	92,256	-	-	-	-	92,256
Due to brokers - payable for securities purchased	6,283,451	-	-	-	-	6,283,451
Contractual cash flows (excluding derivatives)	6,541,729	39,616	-	-	-	6,581,345

(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 2019	**Less than 1 month $**	**1-6 months $**	**6-12 months $**	**Over 12 months $**	**Non-stated maturity $**	**Total $**
Forwards	**(92)**	**(24,960)**	**-**	**-**	**-**	**(25,052)**
Contracts for differences	**-**	**-**	**-**	**-**	**1,005,895**	**1,005,895**
Total net settled derivatives	**(92)**	**(24,960)**	**-**	**-**	**1,005,895**	**980,843**

5 Capital and financial risk management (continued)

(d) Liquidity risk (continued)

(ii) Maturities of net settled derivative financial instruments (continued)

30 June 2018	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Non-stated maturity $	Total $
Options	102,129	-	-	-	-	102,129
Forwards	(5,308)	(126,080)	-	-	-	(131,388)
Contracts for differences	-	-	-	-	(80,659)	(80,659)
Total net settled derivatives	96,821	(126,080)	-	-	(80,659)	(109,918)

(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 2019						
Derivative financial instruments (i)	**1,286,204**	**-**	**1,286,204**	**(280,309)**	**-**	**1,005,895**
Total	**1,286,204**	**-**	**1,286,204**	**(280,309)**	**-**	**1,005,895**

6 Offsetting financial assets and financial liabilities (continued)

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 2018						
Derivative financial instruments (i)	104,561	-	104,561	(83,091)	-	21,470
Total	104,561	-	104,561	(83,091)	-	21,470

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 2019						
Derivative financial instruments (i)	**305,361**	**-**	**305,361**	**(280,039)**	**-**	**25,322**
Total	**305,361**	**-**	**305,361**	**(280,039)**	**-**	**25,322**
30 June 2018						
Derivative financial instruments (i)	214,179	-	214,179	(83,091)	(100,000)	31,388
Total	214,179	-	214,179	(83,091)	(100,000)	31,388

(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/receivable 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 at fair value through profit or loss (see note 9 and 10)

7 Fair value measurement (continued)

- 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.

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.

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 sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy as at 30 June 2019 and 30 June 2018.

As at 30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value through profit or loss				
Equity securities	**136,554,603**	**-**	**-**	**136,554,603**
Derivatives	**-**	**1,286,204**	**-**	**1,286,204**
Total financial assets at fair value through profit or loss	**136,554,603**	**1,286,204**	**-**	**137,840,807**
Financial liabilities at fair value through profit or loss				
Derivatives	**-**	**305,361**	**-**	**305,361**
Total financial liabilities at fair value through profit or loss	**-**	**305,361**	**-**	**305,361**

As at 30 June 2018	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets at fair value through profit or loss				
Equity securities	110,022,042	-	-	110,022,042
Derivatives	102,129	2,432	-	104,561
Total financial assets at fair value through profit or loss	110,124,171	2,432	-	110,126,603
Financial liabilities at fair value through profit or loss				
Derivatives	-	214,479	-	214,479
Total financial liabilities at fair value through profit or loss	-	214,479	-	214,479

In the comparative period, the Company classified its equity securities as financial assets designated at fair value and its derivatives were classified as held for trading.

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 years ended 30 June 2019 and 30 June 2018.

(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 2019 and 30 June 2018.

(iii) Fair values of other financial instruments

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

8 Net changes in fair value of financial assets and liabilities at fair value through profit or loss

	Year ended	
	30 June 2019	30 June 2018
	$	$
Financial assets		
Net gain/(loss) on financial assets at fair value through profit and loss	**10,136,268**	13,435,402
Financial liabilities		
Net gain/(loss) on financial liabilities at fair value through profit or loss	**(3,748,150)**	(1,401,776)
Total net changes in fair value of financial assets and liabilities at fair value through profit or loss	**6,388,118**	12,033,626

In the comparative period, the Company recognised a net gain of $3,272,419 on financial assets held for trading and a net gain of $10,162,983 on financial assets designated at fair value through profit or loss. In the addition, the Company recognised a net loss of $1,401,776 on financial liabilities held for trading.

9 Financial assets at fair value through profit or loss

	As at	
	30 June 2019	30 June 2018
	$	$
Financial assets at fair value through profit or loss		
Equity securities	**136,554,603**	110,022,042
Derivatives (note 11)	**1,286,204**	104,561
Total financial assets at fair value through profit or loss	**137,840,807**	110,126,603

In the comparative period, the Company classified its equity securities as financial assets designated at fair value and its derivatives were classified as held for trading.

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

Details of the Company's top 10 investments as at 30 June 2019 and 30 June 2018 are set out on the following table:

	As at 30 June 2019	
Name of investments	**Market exposure $**	**Fair value $**
Tencent Holdings Ltd	11,919,433	11,919,433
Samsung Electronics Co Ltd	10,005,855	10,005,855
Hong Kong Exchanges and Clearing Ltd	9,310,678	9,310,678
Alibaba Group Holdings	8,782,183	8,782,183
Ping An Insurance Group Co of China Ltd	8,252,568	8,252,568
Taiwan Semiconductor Manufacturing Co Ltd	8,209,730	8,209,730
Oversea-Chinese Banking Corporation Ltd	7,946,346	7,946,346
DBS Group Holdings Limited	7,800,857	7,800,857
China Construction Bank	6,634,960	6,634,960
Bank Rakyat Indonesia	6,423,036	6,423,036
Total - top 10 investments	**85,285,646**	**85,285,646**
Other investments excluding foreign currency contracts	56,554,993	52,274,852
Total investments excluding foreign currency contracts	141,840,640	137,560,499
Foreign currency contracts		(25,052)
Total fair value of investments (Note 9 and Note 10)*		**137,535,446**
*Note 9 - Total financial assets at fair value through profit or loss		137,840,807
Note 10 - Total financial liabilities at fair value through profit or loss		305,361
Total fair value of investments (Note 9 and Note 10)		**137,535,446**

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

	As at 30 June 2018	
	Market exposure	Fair value
Name of investments	$	$
Tencent Holdings Ltd	9,670,727	9,670,728
Samsung Electronics Co Ltd	7,959,609	7,959,609
Ping An Insurance Group Co of China Ltd	6,559,458	6,559,458
Alibaba Group Holdings	5,976,335	5,976,335
Hong Kong Exchanges and Clearing Ltd	5,089,182	5,089,182
Taiwan Semiconductor Manufacturing Co Ltd	4,749,724	4,749,724
DBS Group Holdings Limited	4,495,656	4,495,656
Housing Development Finance Corporation Ltd	4,104,754	4,104,754
Maruti Suzuki India Ltd	4,069,146	4,069,146
Reliance Industries Ltd	3,822,773	3,822,773
Total - top 10 investments	56,497,364	56,497,365
Other investments excluding foreign currency contracts	57,599,674	53,546,147
Total investments excluding foreign currency contracts	114,097,038	110,043,512
Foreign currency contracts		(131,388)
Total fair value of investments (Note 9 and Note 10)*		109,912,124
*Note 9 - Total financial assets at fair value through profit or loss		110,126,603
Note 10 - Total financial liabilities at fair value through profit or loss		214,479
Total fair value of investments (Note 9 and Note 10)		109,912,124

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

10 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2019	30 June 2018
	$	$
Financial liabilities at fair value through profit or loss		
Derivatives (note 11)	**305,361**	214,479
Total financial liabilities at fair value through profit or loss	**305,361**	214,479

In the comparative period, the Company classified its short position on derivatives as held for trading.

An overview of the risk exposures related to the financial liabilities 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 equity derivatives. 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.

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-traded. 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)

(c) Equity derivatives

An equity derivative or contract for difference is an agreement to exchange the difference in value of a particular share between the time at which a contract is opened and the time at which it is closed.

The value of equity derivatives is based on the price of a stock index or common stock.

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

		Fair Values	
30 June 2019	**Contract/ Notional $**	**Assets $**	**Liabilities $**
Foreign currency contracts	**54,572,485**	**230,889**	**255,941**
Equity derivatives	**4,280,142**	**1,055,315**	**49,420**
Total Derivatives	**58,852,627**	**1,286,204**	**305,361**

		Fair Values	
30 June 2018	Contract/ Notional $	Assets $	Liabilities $
Options	7,728,656	102,129	-
Foreign currency contracts	29,759,324	1,746	133,134
Equity derivatives	4,053,528	686	81,345
Total Derivatives	41,541,508	104,561	214,479

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 5 and 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 2019 $**	30 June 2018 $
Balance at the beginning of the year	**2,232,015**	-
Transferred from retained earnings	**11,513,755**	2,232,015
Payment of dividend	**(2,567,868)**	-
Closing balance at the end of the year	**11,177,902**	2,232,015

12 Dividend profit reserve (continued)

On 23 August 2018, the Directors decided to transfer approximately $11,513,755 (2018: $2,232,015) to the dividend profit reserve, with the intention to pay at least 2 cents per annum dividend going forward.

13 Cash and cash equivalents

	As at	
	30 June 2019	30 June 2018
	$	$
Cash at bank	**17,316,859**	15,287,068
Deposits at call	**828,237**	815,547
Total cash and cash equivalents	**18,145,096**	16,102,615

These accounts are earning a floating interest rate between 0.01% pa (June 2018: 0.01% pa) and 1.40% pa (June 2018: 1.75% pa) during the reporting period.

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

	Year ended	
	30 June 2019	30 June 2018
	$	$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit for the year after tax	**4,540,345**	9,323,781
Purchase of financial instruments at fair value through profit or loss	**(155,971,577)**	(177,501,624)
Proceeds from sale of financial instruments at fair value through profit or loss	**128,250,653**	188,206,712
Net gains on financial instruments at fair value through profit or loss	**(6,388,118)**	(12,033,626)
Amount received from brokers for margin accounts	**1,740,814**	73,558
Increase in foreign exchange gains/(losses)	**202,260**	3,170
Net change in receivables	**188,649**	(7,516)
(Decrease)/Increase in income tax assets and liabilities	**(3,678,852)**	3,245,213
Net change in payables	**(6,380)**	68,024
Dividend/distribution income reinvested	**-**	(1,211,493)
Net cash outflow/inflow from operating activities	**(31,122,206)**	10,166,199
(b) Non-cash operating activities		
Reinvestment of investor dividends	**46,213**	-

15 Income tax

	As at	
	30 June 2019	30 June 2018
(a) Reconciliation of income tax expense to prima facie tax benefit/(expense):	**$**	$
Profit before income tax	**6,381,160**	12,568,994
Prima facie income tax expense calculated at 27.5%	**(1,754,819)**	(3,770,698)
Tax effect of foreign dividends	**(85,996)**	493,453
Adjustment due to tax rate changes	**-**	32,032
	(1,840,815)	(3,245,213)
(b) Income tax benefit/(expense) composition:		
Current income tax expense	**-**	(5,209,136)
Deferred income tax benefit/(expense)	**(1,836,038)**	1,665,493
Foreign income tax offset	**(4,777)**	298,430
	(1,840,815)	(3,245,213)
(c) Income tax expense recognised directly to equity:		
Costs associated with the issue of shares	**-**	-
	-	-
(d) Deferred tax (liabilities)/assets comprise of temporary differences attributed to:		
Costs associated with the issue of shares	**191,637**	383,274
Carry forward unused tax losses*	**1,016,664**	-
Unrealised gain on investments held on revenue account	**(2,680,141)**	(19,076)
Total net deferred tax asset/(liability)	**(1,471,840)**	364,198
(e) Imputation credits:		
Total imputation credits available in subsequent financial years based on a tax rate of 27.5% (2018: 27.5%)**	**4,239,895**	5,209,136

*At the reporting date, the Company has $3,696,960 (2018: nil) unused tax losses carried forward. The Company determined it is probable that there will be future taxable profits available against which the tax losses can be utilised. As a consequence, a deferred tax asset of $1,016,664 (2018: nil) has been recognised for these losses.

There are no other deductible temporary differences, carry forward of unused tax credits and any unused tax losses not recognised as deferred tax assets at year end (2018: nil).

**The above amount represents the balance of imputation credits at 30 June 2019 and 30 June 2018 adjusted for income tax paid/payable and franked dividends receivable. The Company's ability to pay franked dividends is dependent upon receipt of franked dividends and the Company paying tax.

16 Issued capital

	As at 30 June 2019	
	No. of Securities	**$**
Ordinary shares		
Opening balance - 1 July 2018	**108,463,973**	**107,332,460**
Shares bought back	**(3,126,838)**	**(2,982,083)**
Shares issued under dividend reinvestment plan	**46,203**	**46,213**
Shares issued from exercise of options	**38,805,215**	**38,805,215**
Total issued capital - fully paid ordinary shares	**144,188,553**	**143,201,805**
Options		
Opening balance - 1 July 2018	**61,889,683**	**-**
Options exercised	**(38,805,215)**	**-**
Options expired	**(23,084,468)**	**-**
Total options	**-**	**-**
Total issued capital		**143,201,805**

	As at 30 June 2018	
	No. of Securities	$
Ordinary shares		
Opening balance - 1 July 2017	111,600,739	110,228,295
Shares bought back	(6,415,000)	(6,174,069)
Shares issued from exercise of options	3,278,234	3,278,234
Total issued capital - fully paid ordinary shares	108,463,973	107,332,460
Options		
Opening balance - 1 July 2017	65,167,917	-
Options exercised	(3,278,234)	-
Total options	61,889,683	-
Total issued capital		107,332,460

(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.

The initial share buy back announced by the company on 13 September 2016 was terminated on 26 September 2017. In total, the Company had bought back 11,824,262 shares at that date which is approximately 10.93% of its issued ordinary shares.

16 Issued capital (continued)

(a) Terms and conditions (continued)

(i) Ordinary shares (continued)

On 13 September 2017, the Company announced an on-market share buy-back of up to 10% of its issued ordinary shares, commencing 27 September 2017 and was terminated on 26 September 2018. During this period, the Company had bought back 2,990,000 shares in total, approximately 2.76% of its issued ordinary shares.

On 12 September 2018, the company announced an on-market share buy-back of up to 10% of its issued ordinary shares, commencing 27 September 2018 until an earlier of 26 September 2019 or when 10% of ordinary shares are bought back. The company reserves the right to suspend or terminate the on-market share buy-back at any time. During this period, the Company had bought back 30,000 shares in total, approximately 0.03% of its issued ordinary shares.

(ii) Options

Under the Prospectus dated 21 August 2015, the Company offered shares together with:

(a) one loyalty Option for every two shares issued under the broker firm offer or the general offer; and

(b) two loyalty options for every three shares issued under the priority offer to eligible existing shareholders of Ellerston Global Investments Limited (ASX: EGI).

(c) all loyalty options were issued at no cost and are not entitled to dividends.

On 28 February 2016 the vesting date of the Options, the Company issued 65,167,917 vested loyalty options to option holders who held at least the same amount of shares issued under the Initial Public Offer. The loyalty options lapsed on the same date for option holders who held less amount of shares than what they were allotted in the initial Public Offer.

The vested loyalty options were first quoted on the ASX on 2 March 2016. Holders of the vested loyalty option had the right to acquire one ordinary share in the Company at a price of $1.00 and could exercise the right at any time in the period commencing on the day after the vesting date of 28 February 2016 and ending on the third anniversary of the vesting date being 28 February 2019. The loyalty options were not entitled to dividends.

Ordinary shares issued on exercise of the options ranked equally with all other ordinary shares from the date of exercise and entitled the holder to receive dividends on or prior to the applicable record date.

As at end of April 2019, a total of 42,083,449 options were exercised and the remainder expired. There are no options outstanding as at 30 June 2019.

17 Earnings per share

	Year ended 30 June 2019	Year ended 30 June 2018
Basic earnings per share (cents)	**3.74**	8.69
Diluted earnings per share (cents)	**3.74**	8.47
Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue used in calculating basic earnings/(losses) per share	**121,305,015**	107,330,795
Add: Options for the purpose of calculating diluted earnings/(losses) per share*	**-**	2,807,011
Weighted average number of ordinary shares on issue used in calculating diluted earnings/(losses) per share	**121,305,015**	110,137,806
Earnings/(Losses) reconciliation		
Net profit after income tax used in the calculation of basic and diluted earnings per share ($)	**4,540,345**	9,323,781

*Calculated in accordance with AASB 133: *Earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on exercise of the options during the year.

18 Net tangible assets per share

	As at 30 June 2019 $	As at 30 June 2018 $
Net tangible assets per share		
Net Tangible Assets before all taxes (i)	**1.1219**	1.1737
Net Tangible Assets after realised tax (ii)	**1.1219**	1.1257
Net Tangible Assets after tax	**1.1117**	1.1290

The Net Tangible Assets as at 30 June 2019 is based on fully paid ordinary shares of 144,188,553 (June 2018: 108,463,973).

(i) All figures are after the payment of dividends and taxes. During year ended 30 June 2019, dividends of 2 cents per share and tax of 4.90 cents per share were 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, dated 27 July 2015, the Company must pay the Investment Manager a management fee as determined with respect to the scale set out below based on the pre tax net asset value of the investment portfolio.

For the first AUD$50 million of net asset value the Investment Manager is entitled to 0.95% management fees per annum.

Any amount by which the net asset value exceeds AUD$50 million the Investment Manager is entitled to 0.75% management fees per annum.

The management fee is calculated exclusive of GST and accrued each month and paid monthly in arrears.

In addition, the Investment Manager will be entitled to receive a performance fee from the Company equal to 15% (plus GST) of the amount by which the investment portfolio's pre tax return exceeds the return of the MSCI AC Asia Ex Japan Index ($AUD), calculated and accrued monthly from the commencement date (1 November 2015) and paid annually in arrears.

The accrued performance fee for each month will be aggregated and paid annually in arrears. A performance fee will be payable only if the investment portfolio's pre tax return exceeds the return of the MSCI AC Asia Ex Japan Index ($AUD) for the financial year, no performance fee will be payable in respect of that financial year and the negative performance fee amount will be carried forward to the following financial year or financial years until it has been recouped. During the year 30 June 2019, the Company has not accrued any performance fees (30 June 2018: nil).

	30 June 2019	30 June 2018
	$	$
Management fees expense	**1,149,491**	1,042,674
Management fees payable	**116,269**	92,256

20 Auditor's remuneration

	Year ended	
	30 June 2019	30 June 2018
	$	$
Audit and assurance services		
Statutory audit and review of the financial reports	**50,985**	49,802
Non-audit services		
Taxation services	**3,850**	3,658
Total remuneration for assurance services	**54,835**	53,460

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.

21 Related parties (continued)

(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 27 July 2015. For the years ended 30 June 2019 and 30 June 2018, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager is entitled to:

(i) a management fee of 0.95% (plus GST) per annum for the first AUD$50 million of net asset value, 0.75% (plus GST) per annum on any amount by which the net asset value exceeds AUD$50 million, 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.

Details of management and performance fees are provided on note 19 on page 56.

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 2019	30 June 2018
	$	$
Sam Brougham	**30,250**	30,250
Paul Dortkamp	**30,250**	30,250
Stuart Robertson	**15,125**	30,250
Bill Best	**15,125**	Nil
Total Non-Executive Directors' fees paid by the Company	**90,750**	90,750
Total Executive Director's fee paid by the Company to Ashok Jacob	**Nil**	Nil

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

(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 standard business terms and conditions. During the reporting periods 30 June 2019 and 30 June 2018 the Company had the following related party transactions:

21 Related parties (continued)

(b) Transactions with related parties (continued)

30 June 2019

Unitholder	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	**3,200,000**	**5,365,333**	**5,964,849**	**3.72**	**2,165,333**	**-**	**85,653**
Loyalty Options	**2,133,333**	**-**	**-**	**-**	**-**	**2,133,333**	**-**
Directors of Ellerston Capital							
Ordinary Shares	**50,000**	**59,168**	**65,779**	**0.04**	**9,168**	**-**	**1,042**
Loyalty Options	**33,332**	**-**	**-**	**-**	**-**	**33,332**	**-**
Ellerston Capital Limited							
Ordinary Shares	**112,501**	**112,501**	**125,072**	**0.08**	**-**	**-**	**2,250**
Loyalty Options	**63,279**	**-**	**-**	**-**	**-**	**63,279**	**-**

30 June 2018

Unitholder	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	3,200,000	3,200,000	3,612,800	2.95	-	-	-
Loyalty Options	2,133,333	2,133,333	160,000	3.45	-	-	-
Directors of Ellerston Capital							
Ordinary Shares	50,000	50,000	56,450	0.05	-	-	-
Loyalty Options	33,332	33,332	2,500	0.05	-	-	-
Ellerston Capital Limited							
Ordinary Shares	112,501	112,501	127,014	0.10	-	-	-
Loyalty Options	63,279	63,279	4,746	0.10	-	-	-

The Manager of the Company is the Responsible Entity and the Investment Manager of Ellerston Global Equity Managers Fund.

Note: Where directors hold directorships of the Company and the 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 2019 and 30 June 2018.

23 Events occurring after the reporting period

On 23 August 2019, the directors declared a fully franked final dividend of 1.5 cents per ordinary share, which is payable to shareholders on 4 October 2019. The amount of the proposed dividend, which is not recognised as a liability as at 30 2019, is $2,162,828 based on the number of shares on issue at 30 June 2019. The dividend will be paid out of the dividend profit reserve.

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 2019 or on the results and cash flows of the Company for the year ended on that date.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 24 to 59 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 2019 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.

(d) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the directors.

Ashok Jacob
Chairman
23 August 2019

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Independent Auditor's Report to the Members of Ellerston Asian Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ellerston Asian Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Ellerston Asian Investments Limited is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. **Investment Existence and Valuation**

Why significant	How our audit addressed the key audit matter
The Company has a significant investment portfolio consisting primarily of listed equity securities and derivatives. As at 30 June 2019, the values of these financial assets and financial liabilities were $137,840,807and $305,361, which represented 85% and 15%, of the total assets and total liabilities respectively of the Company. As detailed in the Company's accounting policy, described in Note 2(c) of the financial report, these financial assets and financial liabilities are recognised at fair value through profit or loss in accordance with Australian Accounting Standards. Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and financial liabilities, and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.	We assessed the effectiveness of the controls relating to the recognition and valuation of investments. We obtained and considered the assurance report on the controls of the Company's administrator, in relation to the fund administration services for the year ended 30 June 2019 and considered the auditor's qualifications, competence and objectivity and the results of their procedures. We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2019. We assessed the fair value of all investments in the portfolio held at 30 June 2019. For listed securities, the values were verified against independently sourced market prices. For unlisted derivatives, the values were verified using independently sourced observable market inputs applied to appropriate valuation models. We assessed the adequacy of the disclosures in Note 7 of the financial report.

2. **Management and Performance Fees**

Why significant	How our audit addressed the key audit matter
Management and performance fees, paid to the Manager, Ellerston Capital Limited, are the most significant operating expense for the Company. The Company's accounting policy for management and performance fees is described in Note 19 of the financial report. Performance fees are recognised in the financial report if the performance hurdles for the Company have been met at the end of the relevant measurement period, which is the date that the performance criteria is met and the obligation has crystallised. As at 30 June 2019, management fees totalled $1,149,491 which represented 41% of total expenses.	We assessed the effectiveness of the controls in relation to the calculation of management and performance fees of the Company's administrator, who has responsibility for the calculation. We recalculated management and performance fees, in accordance with the relevant Services agreement, including agreeing the fee rates to the calculation. We assessed the performance fee calculation, including testing the inputs into the calculation model and assessed whether the calculation was in line with the relevant Services agreement.

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2. **Management and Performance Fees (continued)**

Why significant	How our audit addressed the key audit matter
As at 30 June 2019, the Company had nil performance fees. The assessment of performance fee arrangements can be complex and judgmental due to uncertainty around future performance. Accordingly, this was considered a key audit matter. The disclosure of these amounts is included in Note 19 of the financial report.	We also assessed whether the criteria for accrual of a performance fee liability were met at 30 June 2019. We assessed the adequacy of the disclosures in Note 19 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Ellerston Asian Investments Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
23 August 2019

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 22 August 2019.

(a) Distribution of Shareholders of the Company as at 22 August 2019:

ORDINARY SHAREHOLDING RANGE	NUMBER OF HOLDERS	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1 to 1,000	60	30,799	0.02
1,001 to 5,000	275	1,010,166	0.71
5,001 to 10,000	344	2,973,225	2.09
10,001 to 100,000	1,770	62,600,471	44.08
100,001 and Over	205	75,400,759	53.09
Total	2,654	142,015,420	100.00

The number of security investors holding less than a marketable parcel of 559 securities ($.895 on 21/08/2019) is 21 and they hold -3774 securities.

Shareholder information (continued)

(b)Substantial shareholders

Top 20 Ordinary Shareholders as at 22 August 2019

RANK	HOLDER NAME		NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		14,166,585	9.98%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2		5,365,333	3.78%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		2,293,470	1.61%
4	RAC & JD BRICE SUPERANNUATION P/L <BRICE SUPER FUND A/C>		2,191,033	1.54%
5	E D DUNN PTY LTD <ELEANOR DUNN A/C>		2,135,000	1.50%
6	SPAR NOMINEES PTY LTD		1,922,880	1.35%
7	GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>		1,904,800	1.34%
8	HALCYCON PTY LTD		1,699,990	1.20%
9	R & G HOLDINGS PTY LTD <R & G DISCRETIONARY A/C>		1,030,000	0.73%
10	KLB GROUP HOLDINGS PTY LTD <BAMFORD HOLDINGS A/C>		1,000,000	0.70%
11	RIGA (QLD) PTY LTD <KROHN FAMILY S/F A/C>		823,150	0.58%
12	D & R CHAPLIN PTY LTD <D & R CHAPLIN FAMILY A/C>		761,733	0.54%
13	A C N 106 966 401 PTY LTD		750,000	0.53%
14	MR CHARLES THOMAS HOWE CROPPER		700,000	0.49%
15	DENATA PTY LTD <HAYMET S/F A/C>		600,000	0.42%
16	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>		546,356	0.38%
17	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>		514,481	0.36%
18	BASAPA PTY LTD <KEHOE FAMILY A/C>		500,000	0.35%
19	CROFTON PARK DEVELOPMENTS PTY LTD <SAM BROUGHAM FAMILY A/C>		500,000	0.35%
20	DEERING NOMINEES PTY LTD		500,000	0.35%
		INVESTORS		
TOTAL IN THIS REPORT		**20**	**39,904,811**	**28.10%**
TOTAL OTHER INVESTORS		**2,634**	**102,110,609**	**71.90%**
GRAND TOTAL		**2,654**	**142,015,420**	**100.00%**

Corporate directory

Directors
Ashok Jacob
Sam Brougham
Paul Dortkamp
Bill Best

Company Secretary
Ian Kelly

Registered Office
c/- Ellerston Capital Limited
Level 11, 179 Elizabeth Street
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Auditor
Ernst & 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): EAI