

11 June 2021

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

MONTHLY NTA STATEMENT - May 2021

Ellerston Asian Investments Limited (**ASX: EAI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the Company as at 31 May 2021 is:

| NTA per Share | 31 May 2021 |
|--------------------------|--------------------|
| NTA before tax | \$1.3234 |
| NTA after realised tax * | \$1.2828 |
| NTA after tax ^ | \$1.2591 |

These figures are unaudited and indicative only.

The NTA is based on fully paid share capital of 131,840,696.

* NTA after realised tax - Includes a provision for tax on realised gains from the Company's Investment Portfolio.

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

On 11 September 2020, EAI announced a new on-market buy-back of up to 10% of its shares, commencing 27 September 2020 and continuing for twelve months. Since 27 September 2020 a total of 21,500 shares had been bought back.



Ian Kelly
Company Secretary

Contact Details

Should investors have any questions or queries regarding the company, please contact our Investor Relations team on 02 9021 7701.

All holding enquiries should be directed to our share registrar, Link Market Services on 1300 551 627 or EAI@linkmarketservices.com.au

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Ellerston Asian Investments Limited

ACN 606 683 729

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Sydney 2000 NSW Australia

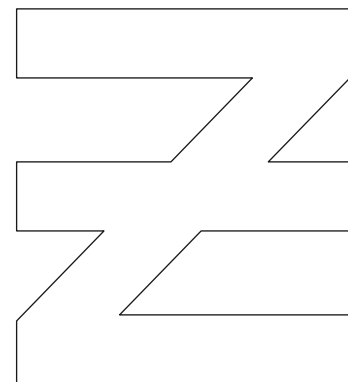
Website

www.ellerstoncapital.com/funds/asian-investments-fund/

Investor Contact

1300 551 627
EAI@linkmarketservices.com.au

Ellerston Asian Investments Limited (ASX: EAI)



Monthly Newsletter, May 2021

Key Information

| | |
|---------------------------|------------------|
| Listing Date^^ | 4 September 2015 |
| NTA (before tax)* | \$1.3234 |
| NTA (after realised tax)^ | \$1.2828 |
| NTA (after tax)** | \$1.2591 |
| Share Price at 31/05/21 | \$1.17 |
| EAI Market Capitalisation | \$154.3 Million |
| Average Management Fee | 0.82% |
| Performance Fee | 15% |

* NTA (before tax) – Includes taxes that have been paid.

^ NTA (after realised tax) - Includes a provision for tax on realised gains from the Company's Investment Portfolio.

** NTA (after tax) - Includes any tax on unrealised gains and deferred tax.



CERTIFIED BY RIAA

Performance Summary

| Performance | 1 Month | 3 Months | 6 Months | 1 Year | 2 Years (p.a.) | 3 Years (p.a.) | Since Inception^^ (p.a.) |
|-------------|---------|----------|----------|--------|----------------|----------------|--------------------------|
| Net^ | 0.60% | 0.36% | 6.03% | 24.32% | 15.84% | 8.83% | 8.77% |
| Benchmark* | 0.80% | 0.71% | 7.57% | 27.38% | 14.00% | 7.19% | 9.42% |
| Alpha | -0.20% | -0.35% | -1.53% | -3.05% | 1.84% | 1.64% | -0.64% |

^ The net return figure is calculated before all tax provisions, after fees & expenses, includes the effects of the share buyback, and excluding the effects of option exercise dilution. Past performance is not a reliable indication of future performance
*MSCI Asia ex Japan (non-accumulation) (AUD)

Ellerston Asian Investments (EAI) was up 0.60% (net) during May versus the benchmark which was up 0.80% (net). Financial year to date in 2021, EAI is up 20.16%.

Ellerston Asian Investments aims to have a sustainable dividend policy based on multiple years of profit reserves. As at the end of May 2021, EAI's dividend profit reserve was approximately 15.4 cents per share (includes FY21 profits, after 2.5 cent dividend paid in April).

COMMENTARY

The discussion below provides: (1) an analysis of how Asia has fallen behind developed markets with respect to COVID-19 cases and vaccinations; (2) an update on US China relations; (3) CATL as a stock in focus; and (4) a discussion of performance in May.

COVID-19 RESURGENCE AND VACCINATION DELAYS IN ASIA

Many Asian countries (India, Malaysia, Taiwan, Thailand, Vietnam) that managed the first wave of COVID-19 well are now in the middle of second waves, some of which require lock downs. Indonesia, Malaysia, the Philippines and Thailand all continue to post daily cases of between 2,000 and 6,000. We have discussed the implications for India in previous monthly newsletters, but the sharp reduction in daily cases from approximately 400,000 in early May to only ~90,000 by early June suggest some serious issues with testing and reporting in India. The outbreak in Taiwan is new and has significant implications for the technology supply chain. Cases seem to have plateaued at the 200-300 cases per day level, but Taiwan remains in level 3 lockdowns until the end of June.

Vaccine roll outs in Asia significantly lag the roll out in the developed world. As shown in the table below, Israel, the US and the UK lead the world in terms of vaccinations with most Asian countries below 5% vaccination penetration and years away from reaching any level of herd immunity at the current rate. Singapore and Hong Kong are the only bright spots in Asia but these are high income, city state outliers and are not indicative of the broader regional capabilities with respect to vaccination roll out.

We continue to have no exposure to Indonesia, Malaysia, Thailand or the Philippines and have reduced our India exposure versus April.

| | 25-Apr | 2-May | 9-May | 16-May | 23-May | 30-May | 6-Jun | Change | # of Weeks |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Israel | 56.4% | 56.3% | 56.0% | 56.3% | 56.5% | 56.7% | 56.7% | 0.1% | 36 |
| US | 26.0% | 29.0% | 31.6% | 37.1% | 39.3% | 41.2% | 42.3% | 1.2% | 15 |
| UK | 18.2% | 21.7% | 25.1% | 28.5% | 32.5% | 36.7% | 40.6% | 4.0% | 5 |
| Singapore | 15.1% | 14.9% | 22.0% | 22.8% | 25.3% | 28.3% | 31.0% | 2.6% | 11 |
| Italy | 8.4% | 9.9% | 11.7% | 13.7% | 16.5% | 19.4% | 21.4% | 2.0% | 19 |
| Germany | 7.1% | 7.7% | 9.1% | 10.9% | 13.6% | 17.1% | 20.7% | 3.7% | 11 |
| France | 7.8% | 9.4% | 11.2% | 13.0% | 14.6% | 16.2% | 18.5% | 2.3% | 18 |
| Hong Kong | 5.7% | 6.6% | 8.3% | 9.8% | 11.7% | 13.2% | 14.6% | 1.4% | 32 |
| Korea | 0.2% | 0.5% | 0.9% | 1.8% | 3.4% | 4.2% | 4.5% | 0.3% | 206 |
| Indonesia | 2.5% | 2.8% | 3.1% | 3.3% | 3.6% | 3.8% | 4.1% | 0.3% | 175 |
| Malaysia | 1.6% | 1.7% | 2.1% | 2.3% | 2.9% | 3.4% | 3.5% | 0.1% | 513 |
| India | 1.6% | 1.9% | 2.4% | 2.9% | 3.0% | 3.1% | 3.3% | 0.2% | 378 |
| Japan | 0.7% | 0.8% | 0.9% | 1.2% | 1.9% | 2.4% | 3.1% | 0.7% | 81 |
| Australia | 0.0% | 0.0% | 0.0% | 0.0% | 1.6% | 1.9% | 2.2% | 0.3% | 206 |
| Thailand | 0.2% | 0.5% | 0.7% | 1.0% | 1.4% | 1.6% | 1.6% | 0.0% | NM |
| Philippines | 0.2% | 0.3% | 0.4% | 0.6% | 0.9% | 1.0% | 1.1% | 0.2% | 368 |
| WORLD | 3.1% | 3.5% | 4.0% | 4.4% | 5.0% | 5.5% | 5.9% | 0.5% | 120 |

Source: John Hopkins as of June 8, 2021.

UPDATE ON US CHINA RELATIONS

A number of recent events suggest US-China relations will continue to be tense during the Biden administration, but not as adversarial or hostile as during the Trump administration. In March, US courts blocked the enforcement of a US investment ban on Xiaomi, calling the legal decision to blacklist the technology company "deeply flawed." We re-invested in Xiaomi on this legal clearance. Then in early June, President Biden signed an executive order revoking the Trump bans on TikTok and WeChat. This is a marginal positive for our position in Tencent.

One area where US China tensions remain sensitive is Taiwan. It is our view that a pre-emptive military conflict in the Taiwan Straits is unlikely in the near term because of Taiwan's critical and dominant position in the global semiconductor supply chain. The validity of this view has been highlighted by a number of recent events including: the global chip shortage, the announcement by Intel that it is making (another) foray into the foundry business; SMIC's difficulties in achieving technological expertise and scale; and the consternation in the global supply chain over Taiwan possibly going into level 4 COVID-19 lock downs.

STOCK IN FOCUS: CONTEMPORARY AMPEREX TECHNOLOGY LTD (CATL)

CATL is the largest pure play EV battery company in the world with a market cap of US\$160 billion. The EV battery total addressable market is forecast to grow by ~25% CAGR to US\$210 billion by 2030 helped by a desire from many countries to reduce greenhouse gas (GHG) emissions. We believe CATL currently provides the best exposure to the EV supply chain in Asia. The company is a technology and cost leader and is the most profitable EV battery maker globally. Earnings growth is expected to be above 30% for the next 3 years and the company is also free cash flow positive and net cash. The stock is up approximately 28% since our entry price.

PERFORMANCE

In May, Hong Kong and China were the largest country contributors to alpha while India was the largest detractor. At a sector level, financials were the largest contributor to alpha while materials was the largest detractor. At a stock level, China Merchants Bank, Moutai and CATL were the largest contributors to alpha while our position in LG Chem was the largest detractor.

The LG Chem share price was under pressure during the month due to reports that the company would need to recall energy storage system batteries that were made in 2017/18. The expected cost of the recall could be as much as KRW400bn (4% of expected revenues).

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

Kind regards,

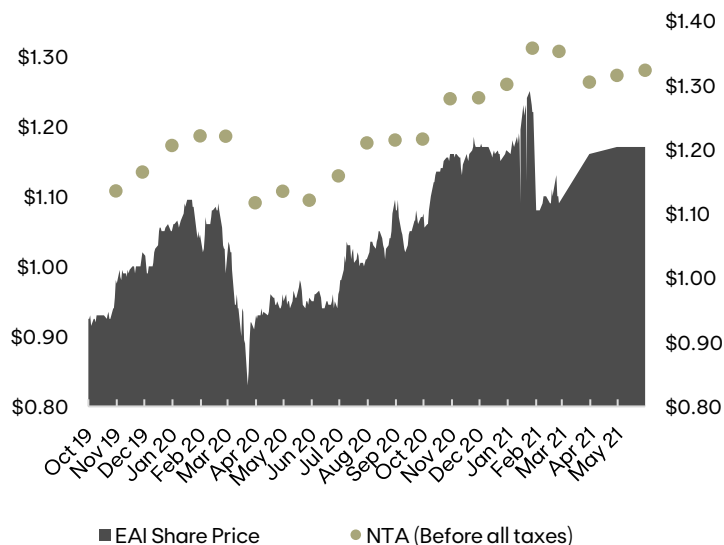
Mary Manning

PORTFOLIO CHARACTERISTICS

TOP 10 HOLDINGS

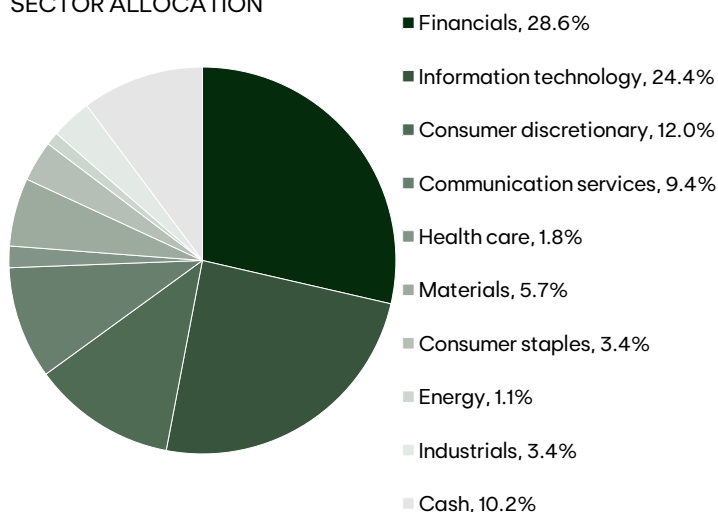
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|--------------------------------|------|
| TSMC | 8.5% |
| Tencent Holdings Ltd | 7.2% |
| Alibaba Group Holding Ltd | 6.4% |
| Samsung Electronics | 5.8% |
| Hong Kong Exchanges & Clearing | 5.0% |
| DBS Group Holdings Ltd | 3.8% |
| OCBC Ltd | 3.1% |
| China Merchants Bank Co Ltd | 2.9% |
| China Construction Bank Corp | 2.7% |
| Shinhan Financial | 2.5% |

EAI SHARE PRICE VS NTA



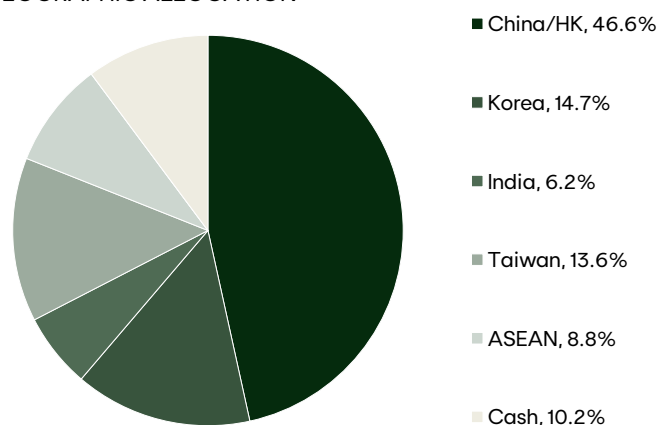
Source: Ellerston Capital.

SECTOR ALLOCATION



Source: Ellerston Capital.

GEOGRAPHIC ALLOCATION



Source: Ellerston Capital.

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Find out more

All holding enquiries should be directed to our register, Link Market Services on **1300 551 627** or EAI@linkmarketservices.com.au

Should investors have any questions or queries regarding the Fund, please contact our Investor Relations team on **02 9021 7701** or info@ellerstoncapital.com or visit us at ellerstoncapital.com

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