



Ellerston Asian Investments (EAI)
Quarterly Update Presentation
June 2021

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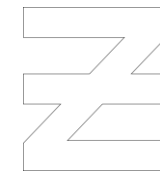
Ellerston Asia


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Outlook for Asia & Key Thematics

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Positioning & Performance



Ashok Jacob – Chairman			
Chris Hall – Chief Investment Officer			
Dedicated Asia Team	Fredy Hoh Portfolio Manager (14)		<ul style="list-style-type: none">• Masters of Accounting from UNSW, Bachelor of Economics from University of Sydney.• Previously at BAML, Macquarie Capital, E&Y.• Deputy Portfolio Manager for the past 4.5 years.• Primary sector coverage is Technology and country coverage is Korea/Taiwan. Fluent in Mandarin.
	Eric Fong Senior Analyst (11)		<ul style="list-style-type: none">• CFA, MSc Finance from London School of Economics, Bachelor of Commerce from UNSW.• Previously at BAML, Deutsche Bank, JPM.• Primary sector coverage is Consumer and country coverage is China.• Fluent in Mandarin and Cantonese.
	Vinay Chhoda Analyst (11)		<ul style="list-style-type: none">• Masters in Finance ICFAI and Bachelor of Commerce from University of Mumbai.• Previously an equity analyst in Mumbai and a TMT researcher at Venture Insights in Sydney.• Primary coverage is India.• Fluent in Hindi and Marathi. Working knowledge of Punjabi.
	Global Equities		Australian Equities
		VC/Private Equity	
James Tayler – Head of ESG			

Ellerston Asian Investments

Key Characteristics



CERTIFIED BY RIAA



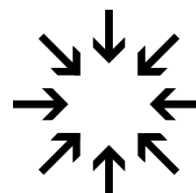
High Growth

Strict EPS growth hurdles
Current portfolio has 15%
median EPS growth and ~19x median
PE for a portfolio PEG of ~1.3x



High Quality

Average ROE ~15%
Balance sheets net cash on average
Screen outs for management & ESG



Concentrated

20-50 stocks
~50% in the Top 10 positions



Large Cap

Average market cap ~\$180b
Highly liquid portfolio with strong
representation from national champions



Strong ESG

Detailed, integrated ESG process
Strict ESG knock outs
ESG risk superior to benchmark



Dedicated Asia Team

Team members have lived in Asia
Extensive Asian language capabilities
300+ company contact points per year

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Positioning & Performance

Post-COVID Macroeconomic Outlook

Second Waves and Slow Vaccine Roll Out Threaten Asia's Relative Attractiveness



- Many Asia countries (India, Malaysia, Taiwan, Thailand, Vietnam) that managed the first wave of COVID well are now in the middle of second waves, some of which require lock downs.
- Vaccine roll outs in Asia significantly lag the roll out in the developed world.
- In sum, the macro outlook for Asia in both absolute and relative terms has deteriorated since the beginning of CY21.

Country/Region	2020 GDP Growth	2021E GDP Growth	2022E GDP Growth
China	2.3%	8.5%	5.5%
Asia ex Japan	1.4%	5.7%	5.7%
USA	-3.5%	6.6%	4.1%
EU	-6.1%	4.5%	4.4%
Australia	-2.4%	4.5%	3.2%

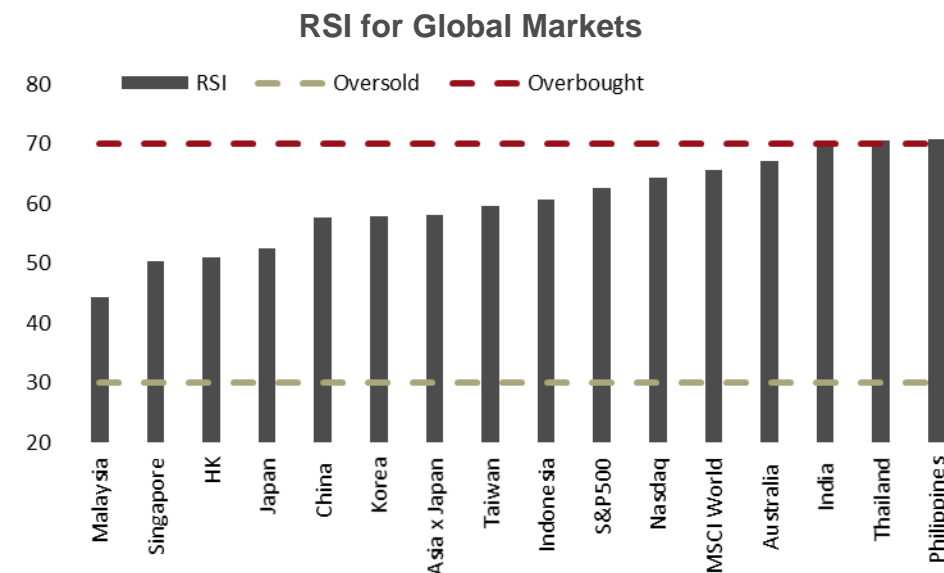
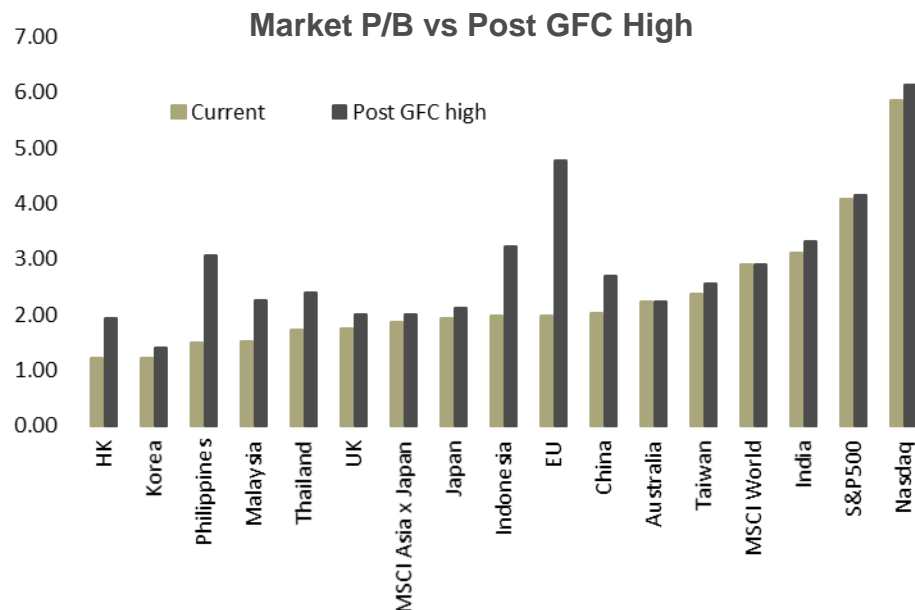
	% of population fully vaccinated								WoW Change	# of Weeks from 60%
	25-Apr	2-May	9-May	16-May	23-May	30-May	6-Jun	13-Jun		
Israel	56.4%	56.3%	56.0%	56.3%	56.5%	56.7%	56.7%	56.8%	0.1%	53
UK	18.2%	21.7%	25.1%	28.5%	32.5%	36.7%	40.6%	44.1%	3.4%	5
US	26.0%	29.0%	31.6%	37.1%	39.3%	41.2%	42.3%	43.8%	1.5%	11
Singapore	15.1%	14.9%	22.0%	22.8%	25.3%	28.3%	31.0%	33.1%	2.1%	13
Germany	7.1%	7.7%	9.1%	10.9%	13.6%	17.1%	20.7%	25.7%	5.0%	7
Italy	8.4%	9.9%	11.7%	13.7%	16.5%	19.4%	21.4%	23.2%	1.8%	21
France	7.8%	9.4%	11.2%	13.0%	14.6%	16.2%	18.5%	21.0%	2.5%	15
Hong Kong	5.7%	6.6%	8.3%	9.8%	11.7%	13.2%	14.6%	15.8%	1.2%	37
Korea	0.2%	0.5%	0.9%	1.8%	3.4%	4.2%	4.5%	5.8%	1.4%	39
Japan	0.7%	0.8%	0.9%	1.2%	1.9%	2.4%	3.1%	4.3%	1.2%	47
Indonesia	2.5%	2.8%	3.1%	3.3%	3.6%	3.8%	4.1%	4.3%	0.2%	328
Malaysia	1.6%	1.7%	2.1%	2.3%	2.9%	3.4%	3.5%	4.1%	0.5%	104
India	1.6%	1.9%	2.4%	2.9%	3.0%	3.1%	3.3%	3.4%	0.1%	404
Australia	0.0%	0.0%	0.0%	0.0%	1.6%	1.9%	2.2%	2.7%	0.5%	122
Thailand	0.2%	0.5%	0.7%	1.0%	1.4%	1.6%	1.6%	2.3%	0.7%	80
Philippines	0.2%	0.3%	0.4%	0.6%	0.9%	1.0%	1.1%	1.6%	0.4%	133
WORLD	3.1%	3.5%	4.0%	4.4%	5.0%	5.5%	5.9%	6.4%	0.5%	103

Valuations and Technicals

Asia Remains More Attractively Valued than Developed Markets but Technicals are Stretched



- Valuations in Asia remain more attractive than developed markets as a whole but key markets like India are approaching post GFC highs in terms of P/B. Many markets are already at all time highs in terms of PE multiples.
- A number of key markets in Asia are at or near overbought levels technically.
- It is difficult to make the case for significant upside from current levels.



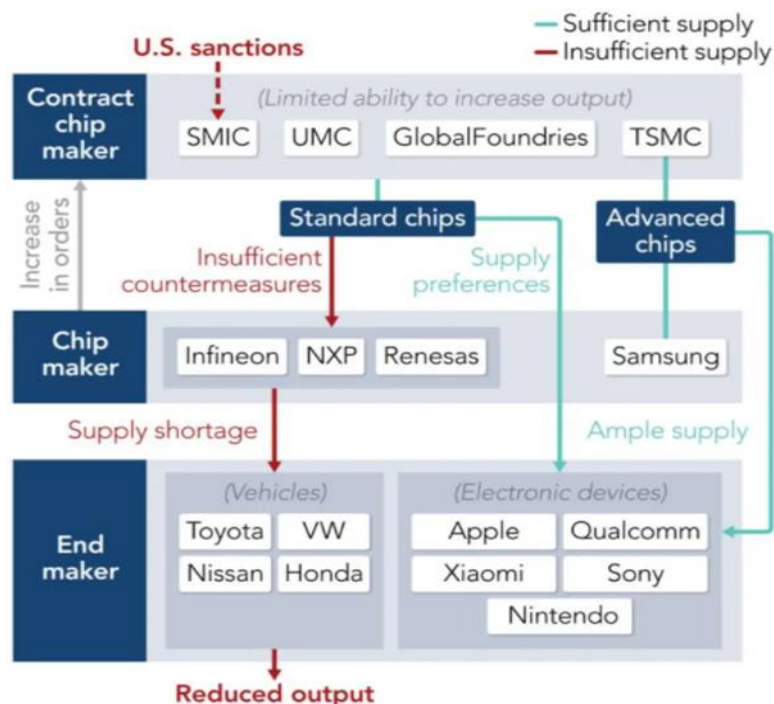
Global Chip Shortage

Could persist into 2022

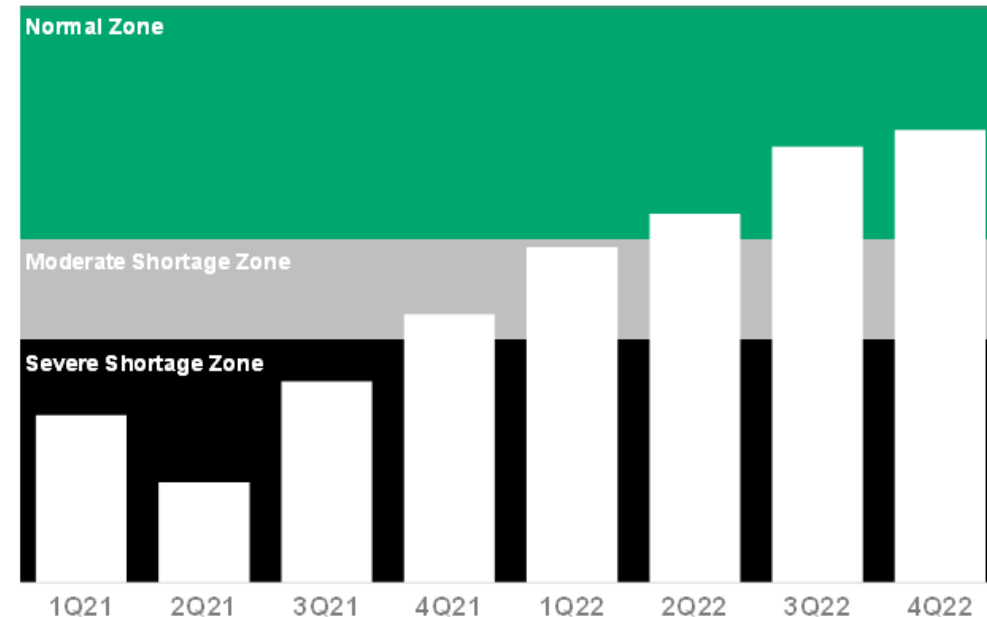


- The global semiconductor chip shortage that started in 4Q20 has worsened into 1H21.
- Whilst the auto chips shortage may be resolved in 2H21, other applications such as PC/notebooks and smartphones may see shortages well into 2022.
- Upstream semiconductor companies such as TSMC, Samsung and SK Hynix are the biggest beneficiaries.

Map of the current chip shortage

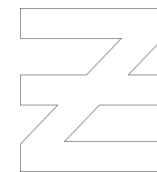


Global Semiconductor Inventory Index 2021-2022

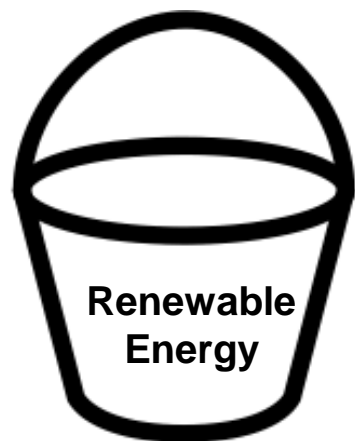


Decarbonization Plays in Asia

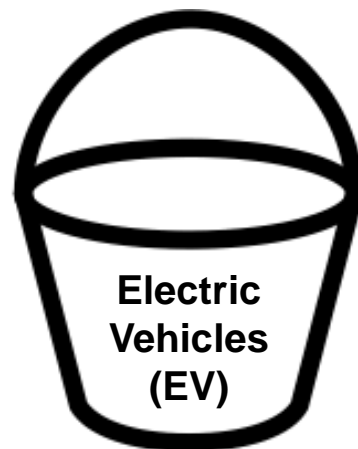
Our conclusions



- In late 2020, the Ellerston Asia team embarked on a significant research project to understand the investment opportunities arising from China Net Zero – China's plan to become carbon neutral by 2060.
- Our conclusions are 4 fold:
 - (1) Investment opportunities from this thematic are regional and global in nature, not just in China.
 - (2) Renewables are the most difficult bucket to invest in profitably given fundamentals and conflicting E and G in ESG analysis.
 - (3) EVs and the EV supply chain currently hold the most exciting opportunities. We are currently invested in NIO, CATL and LG Chem.
 - (4) The "other" bucket is dynamic investment opportunity which will present evolving thematics and opportunities over the next few years.



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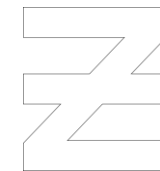
SAMSUNG SDI



Circular Economy
Natural Climate Solutions (NCS)
Alternative Proteins
Energy Efficiency

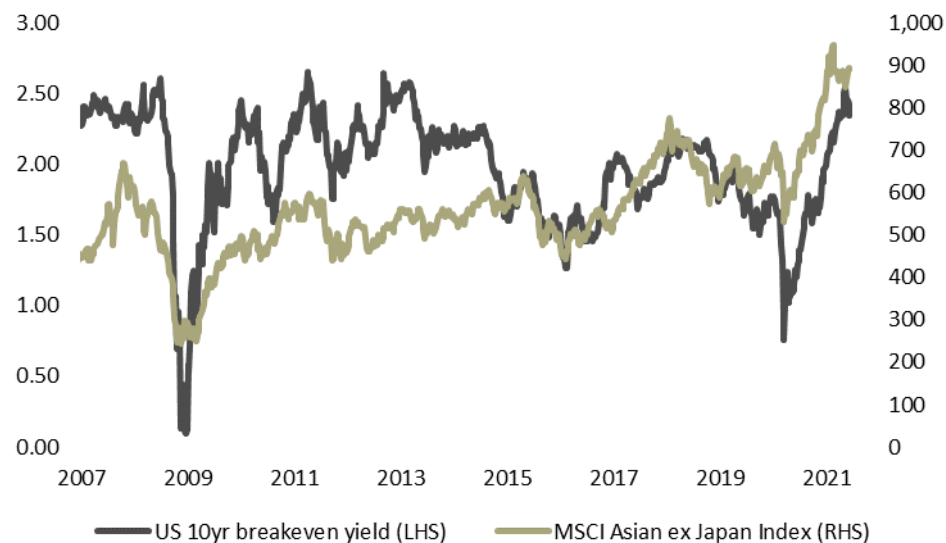
Rising Inflation & Tighter Monetary Policy

Implications For Asia

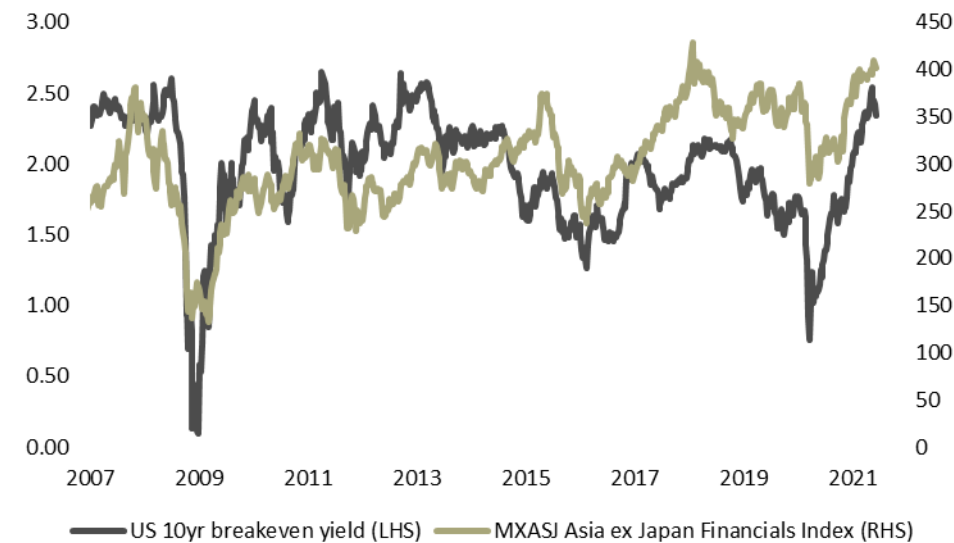


- US bond yields have risen in recent months initially due to improved growth outlook and more recently on the potential for higher rates/monetary tightening due to rising inflation expectations.
- Higher inflation have typically been good for Asian equities and higher rates are supportive for Asian financials in particular.
- We are currently invested in a number of Asian financials with leverage to higher US rates such as DBS, OCBC and Hang Seng Bank.

Pick-up inflation expectations supports Asian equities...

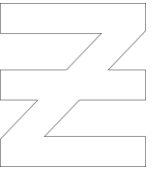


...and particularly financials



The IPO Opportunity in Asia

The Rise of Asian Unicorns



- China is home to 227 unicorns including 5 of the largest in the world. About half of the unicorns in China are affiliated with Alibaba, Baidu, Tencent, JD and/or Meituan. These are all stocks Ellerston Asia already owns.
- Asia accounts for 3 of the top 5 countries in the world ranked by number of unicorns. China alone accounts for 3 of the top 5 cities in the world ranked by number of unicorns.
- Ellerston Many of these unicorns are set to IPO in the next 1-3 years and we intend to participate in those that meeting our investment criteria. In the last 6 months, Ellerston Asia has participated in 4 IPOs which have generated a return of 110% on average.

Global Unicorn Distribution

Rank	Country	Number of Unicorns	City	Number of Unicorns
1	USA	233	Beijing	93
2	China	227	San Francisco	68
3	UK	24	Shanghai	47
4	India	21	New York	33
5	South Korea	11	Shenzhen	20

Top 10 Unicorns in Asia

Rank	Company	Country	Est. Valuation (US\$bn)
1	ByteDance	China	200+
2	Ant Group	China	150+
3	Didi Chuxing	China	100
4	Reliance Jio	India	70
5	Reliance Retail	India	60
6	Grab	Singapore	40
7	Gojek -Tokopedia	Indonesia	35
8	Flipkart	India	25
9	Paytm	India	16
10	Byjus	India	11

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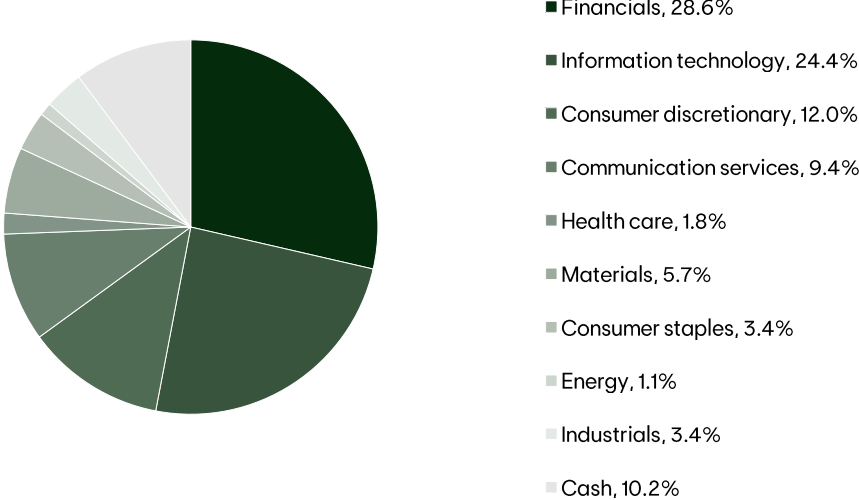
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Positioning & Performance

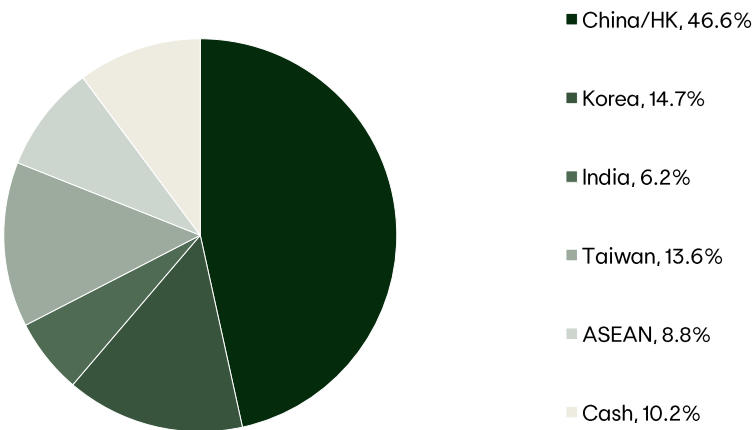
Ellerston Asia Portfolio Overview

Current Positioning

SECTOR ALLOCATION



GEOGRAPHIC ALLOCATION



Top 10 Holdings	Portfolio Weight
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%

Net Performance

As of May 31, 2021



Performance	1Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception** (p.a.)
Ellerston Asian Investments*	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 after fees & expenses. **Listing date is 4 September 2015. Past performance is not a reliable indication of future performance.

^Benchmark is MSCI Asia ex Japan (non-accumulation) Index in AUD.

Dividend Policy and Profit Reserve

As of May 31, 2021



- Ellerston Asian Investments aims is to have a **sustainable dividend policy** based on multiple years of profit reserves.
- As shown below, EAI began paying dividends during Financial Year 2019 and paid higher final and interim dividends in the following financial year.
- As at the end of May 2021, EAI's dividend profit reserve was 15.4 cents per share (includes FY21 profits).

Ex Dividend Date	Pay Date	Amount	Franking
11 Mar 2021	7 Apr 2021	2.5c	100%
4 Sept 2020	10 Oct 2020	2.5c	100%
5 March 2020	27 March 2020	1.5c	100%
4 Sept 2019	5 Oct 2019	1.5c	100%
20 March 2019	5 April 2019	1.0c	100%
5 Sept 2018	5 Oct 2018	1.0c	100%

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