

# ELLERSTON ASIAN INVESTMENTS LIMITED

ACN 606 683 729

14 March 2023

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

## MONTHLY NTA STATEMENT - February 2023

Ellerston Asian Investments Limited (**ASX: EAI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the Company as at 28 February 2023 is:

<b>NTA per Share</b>	28 February 2023
NTA before tax	\$0.8725
NTA after realised tax *	\$0.8725
NTA after tax ^	\$0.8744

These figures are unaudited and indicative only  
The NTA is based on fully paid share capital of 124,168,061.

\* NTA after realised tax - Includes a provision for tax on realised gains from the Company's Investment Portfolio.  
^ NTA after tax - This figure includes a tax asset of 0.19 cents per share relating to recoupable realised and unrealised losses. The tax asset has been capped based on an estimate of the amount that is reasonably expected to be recouped prior to the proposed restructure.

On 23 September 2022, EAI announced a renewal of its on-market buy-back of up to 10% of its shares, commencing 27 September 2022 and continuing for twelve months. Since 27 September 2022 a total of 717,031 shares had been bought back.



Ian Kelly  
Company Secretary

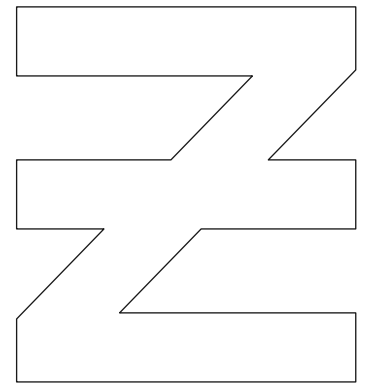
### Contact Details

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](mailto:EAI@linkmarketservices.com.au).

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<b>Ellerston Asian Investments Limited</b>	<b>Address</b>	<b>Website</b>	<b>Investor Contact</b>
ACN 606 683 729	Level 11, 179 Elizabeth Street Sydney 2000 NSW Australia	<a href="https://ellerstoncapital.com">https://ellerstoncapital.com</a>	1300 551 627 <a href="mailto:EAI@linkmarketservices.com.au">EAI@linkmarketservices.com.au</a>

# Ellerston Asian Investments Limited (ASX: EAI)



Monthly Newsletter, February 2023

## Key Information

Listing Date <sup>^^</sup>	4 September 2015
NTA (before tax)*	\$0.8725
NTA (after realised tax) <sup>^</sup>	\$0.8725
NTA (after tax)**	\$0.8744
Share Price at 28/02/2023	\$0.835
EAI Market Capitalisation	\$103.7 Million
Average Management Fee	0.82%
Performance Fee	15%

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

<sup>^</sup> NTA (after realised tax) – Includes a provision for tax on realised gains from the Company's Investment Portfolio.

\*\* NTA (after tax) – This figure includes a Tax Asset of 0.19 cents per share relating to recoupable realised and unrealised losses. The tax asset has been capped based on an estimate of the amount that is reasonably expected to be recouped prior to the proposed fund restructure.

## Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception <sup>^^</sup> (p.a.)
Net <sup>^</sup>	-3.90%	-0.42%	-1.44%	-14.63%	-4.83%	-0.87%	2.63%
Benchmark*	-2.67%	-0.31%	-1.02%	-10.03%	-2.23%	-0.21%	4.03%
Alpha	-1.23%	-0.10%	-0.42%	-4.60%	-2.60%	-0.66%	-1.40%

<sup>^</sup> 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 down 3.9% (Net) in February versus the MSCI Asia ex Japan (MXASJ) Index, which was down 2.67%.

EAI aims to have a sustainable dividend policy based on multiple years of profit reserves. The dividend profit reserve as at the end of February 2023 was approximately 11 cents per share.

Asian markets, led by Greater China, were weak in February, giving back some of the January gains. China's reopening story softened with the rise of political tensions between US and China. The revised market expectation of US interest rates staying "higher for longer" likely triggered the global risk off which got further accentuated in Asia due to increased geo-political tensions. However, the overall market sentiment in EM remained good with continued fund inflows from both active and passive mandates.

## China reopening rally taking two steps forward and one step backwards.

Greater China markets corrected in February due to risk off factors, heightened US-China tensions and February data mismatch caused by base effect of early Chinese New Year this year.

However, as the market awaits policy directives coming out of the *Two Sessions* in early March, the underlying Chinese economic recovery in February has been strong. We are particularly enthused by the stable property sales and rise in new home prices after consistent month-on-month decline over past 12 months. China mobility indicators are improving with Intra-city mobility reaching pre-COVID levels. Business travel in China is recovering well, with hotel occupancy ratio tracking at the best February reading in more than 10 years after accounting for seasonality. Construction has been picking up and industry surveys suggest that consumer spending is robust. Furthermore, February credit growth beat expectations and accelerated due to front-loaded infrastructure lending. China's manufacturing PMI at 52.6 in February, was the highest since April 2012. Meanwhile, the non-manufacturing index also rose to 56.3.

We are seeing earnings estimates trending higher for Chinese companies, whilst MSCI China is still trading on an undemanding forward PE of 9.9x. As such the risk/reward for investing in China remains attractive. We remain mindful of the growing geopolitical uncertainty and remain focused on domestic plays that have little interlinkages with the US economy.



## Portfolio Performance Summary

India and being underweight Thailand/Malaysia contributed positively to alpha during the month, whilst Greater China and Taiwan were the key detractors. At a sector level, Utilities and Healthcare were the biggest contributors to relative performance. Meanwhile, Consumer Discretionary and Information Technology were the worst performers.

At a company level, ICICI Bank and HDFC Bank were the biggest contributors to relative performance during the month. Indian Financials, ICICI bank and HDFC bank reported strong Q3FY23 numbers and continue to benefit from macro tailwinds of rising NIMs and lowest credit costs leading to all-time high ROAs. However, they had been under pressure in January from the potential impact of lending to Adani group companies. Although, such concerns have now abated as the above banks have both miniscule exposure (<1%) to the Adani group and relevant loans backed by assets.

CMB (China Merchant Bank), Alibaba and CATL were the biggest drags on alpha. CMB and Alibaba saw profit taking following a very strong January. Despite reporting solid December quarter numbers that beat consensus expectations, Alibaba was particularly weak amid heightened US-China tension as it has been widely treated as a China proxy trade. CATL was sold off as investors worried about the potential overcapacity and price competition within the battery supply chain. Nevertheless, CATL's reported 2022 net profit was at the high end of previous guidance and management is also guiding to solid growth in both EV and ESS in 2023.

As always, if you have any questions regarding any aspect of the Fund or the portfolio, please feel free to contact us at [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com).

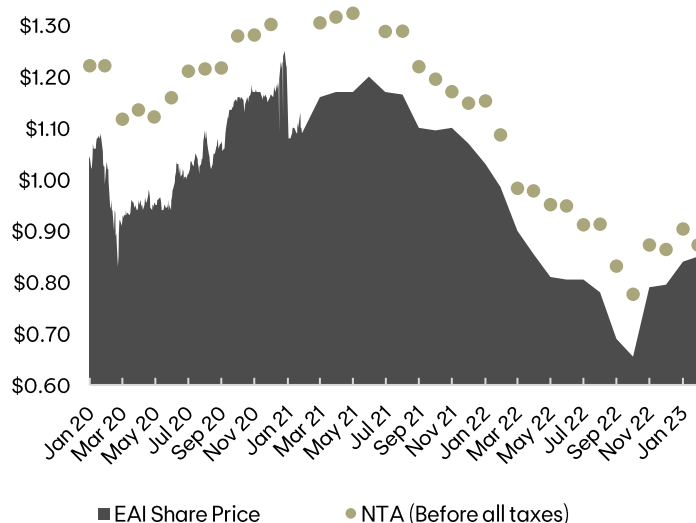
Kind Regards,  
Ellerston Asia Team

## PORTFOLIO CHARACTERISTICS

### TOP 10 HOLDINGS

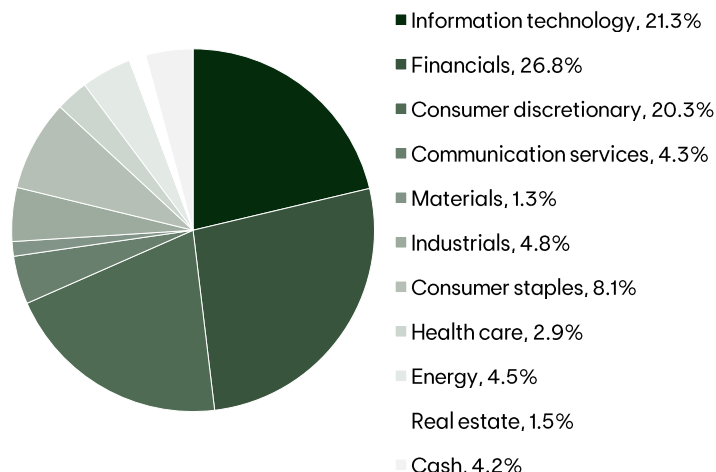
TSMC	9.4%
Samsung Electronics	6.9%
AIA Group Limited	4.9%
Alibaba Group Holding Limited	4.8%
Reliance Industries Limited	4.5%
DBS Group Holdings Ltd	4.4%
Tencent	4.3%
HDFC Bank Limited	3.6%
Kweichow Moutai Co., Ltd.	3.3%
China Mengniu Dairy Co.	3.1%

### EAI SHARE PRICE VS NTA



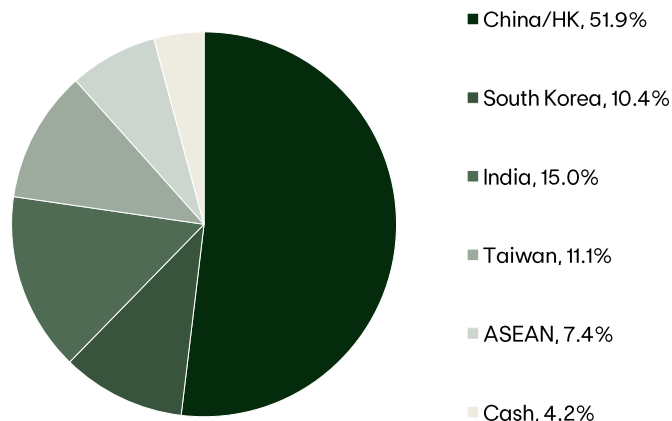
Source: Ellerston Capital.

### SECTOR ALLOCATION



Source: Ellerston Capital.

### GEOGRAPHIC ALLOCATION



Source: Ellerston Capital.

#### Contact Us Sydney

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info@ellerstoncapital.com

#### Find out more

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

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The Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Ellerston Asian Investments (EAI) adheres to the strict disclosure practices required under the Responsible Investment Certification Program for the category of Product Provider. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol, EAI's methodology, performance and stock holdings can be found at [www.responsibleinvestment.org](http://www.responsibleinvestment.org), together with details about other responsible investment products certified by RIAA.<sup>1</sup>

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