

Monthly NTA Statement

August 2017

Ellerston Asian
Investments Limited
ACN 606 683 729

13th September 2017

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

Ellerston Asian Investments Limited (**ASX: EAI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the company as at 31 August 2017:

NTA per share	31 August 2017
NTA before tax	\$1.0833
NTA after tax	\$1.0649

The NTA is based on fully paid share capital of 109,600,739

The difference between the NTA before tax and the NTA after tax relates to the provision for deferred tax on set-up costs and tax on unrealised capital gains from the Company's Investment Portfolio.

On September 13 2016, EAI announced an on-market buy-back of up to 10% of its shares, commencing September 27 2016 and continuing for twelve months.

As at 31 August 2017, a total of 10,399,262 shares had been bought back.

The company's gross performance before tax for the month of August was 1.76%.



Ian Kelly
Company Secretary

Important Note

Should investors have any questions or queries regarding the company, please contact our Investor Relations team on 02 9021 7797. All holding enquiries should be directed to our share registrar, Link Market Services on 1300 551 627 or EAI@linkmarketservices.com.au.

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Ellerston Asian Investments

Investment Update – August 2017

Commentary

EAI was up 1.8% on a gross basis during August and is now up 3.0% on a gross basis Fiscal Year to Date. The pre-tax NTA as of August 31, 2017 was \$1.0833. EAI performed in line with the benchmark, the MSCI Asia ex Japan (AUD), during the month and we continued to buy back shares.

The Australian dollar (AUD) continued to maintain its appreciated level ending the month at 0.7929. This brings the total AUD appreciation Fiscal Year to Date to 3.4%. A strong dollar is detrimental to EAI's returns because 43.5% of the portfolio is in currencies that are USD or USD linked.

There are currently 47 stocks in the portfolio with an average market cap of over \$90b. The largest sector weights in the portfolio remain financials, technology and consumer, with technology the largest sector overweight.

In terms of country allocation, our biggest overweight is India and the biggest underweight is Korea. We have been underweight Korea since the inception of EAI in September 2015 and further reduced our exposure during August and early September given the ongoing escalation of tensions on the Korean peninsula. We have taken significant profits in Samsung.

EAI analyst Fredy Hoh was in Korea last week so we have an on-the-ground view of the situation. We are concerned by the seemingly high degree of complacency in the South Korean market. Despite the potential threats on their doorstep, the KOSPI Index remains only 3.5% below its ALL TIME HIGH.

We consider 4 main outcomes in the North Korean situation: (1) No imminent attack by either side, but ongoing escalation between the US and North Korea; (2) No imminent attack by either side, but North Korea increasingly becoming a thorn in the relationship between China and US with consequences for trade; (3) A missile launch in response to tougher UN sanctions and/or in conjunction with Party Founding Day on October 10; and (4) "Miscalculation risk" for all of the above outcomes.

To protect the portfolio from these outcomes, we have increased cash, reduced Korea exposure and have bought put options on the KOSPI 200 and other regional indices to provide downside protection in the event of an attack.

In terms of stock performance, Alibaba, Tencent and Industrial Commercial Bank of China (ICBC) were the top contributors to absolute performance this month. The top detractors from absolute performance in August were KB Financial, Samsung and DBS. The biggest contributors to alpha during August were Lagan, Alibaba and ICBC and the biggest detractors from alpha were DBS and Larsen & Toubro.

Cash at the end of August was 7%. Currencies with a greater than 10% weight are hedged as per the index with the exception of the Korean Won, which we are underweight.

Key Information

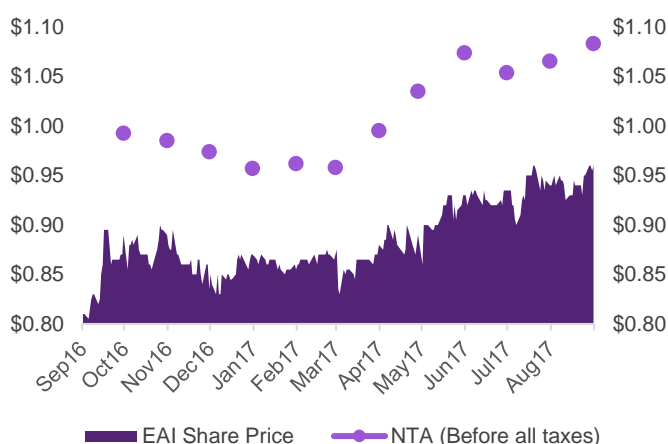
ASX Code: Shares	EAI
Listing date	15 September 2015
Share price at 31/8/2017	\$0.955
NTA (before tax)	\$1.08
NTA (after tax)	\$1.06
EAI Market Capitalisation	\$109.6m
ASX Code: Options	EAIO
Option price	\$0.026
Exercise price	\$1.00
Avg Management Fee	0.84% pa
Performance Fee	15%

Performance

Metric	EAI Gross	EAI Net *	MSCI Asia ex Japan (AUD)
1 Month	1.8%	1.7%	1.7%
3 Months	1.2%	0.9%	0.6%
6 Months	13.7%	13.1%	13.8%
1 Year	9.8%	8.5%	15.6%
ITD	14.2%	11.6%	21.5%

*Before all taxes and after fees. Includes the effects of the share buyback.

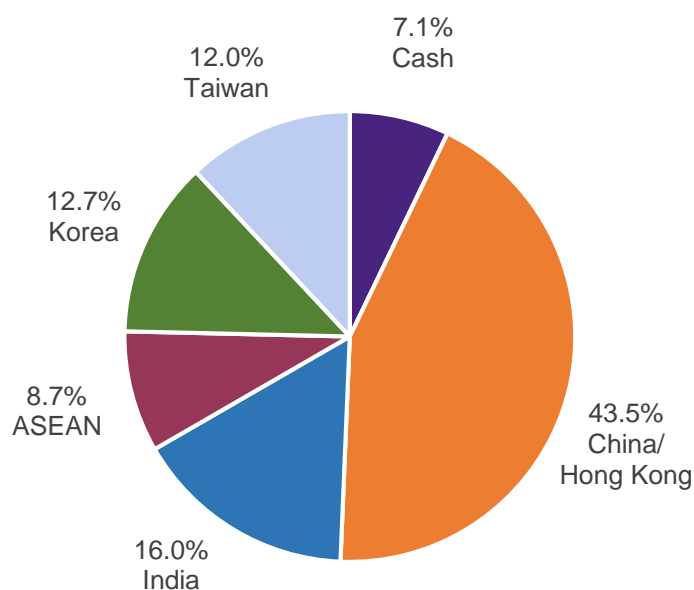
EAI Share Price Vs NTA (Before all taxes)



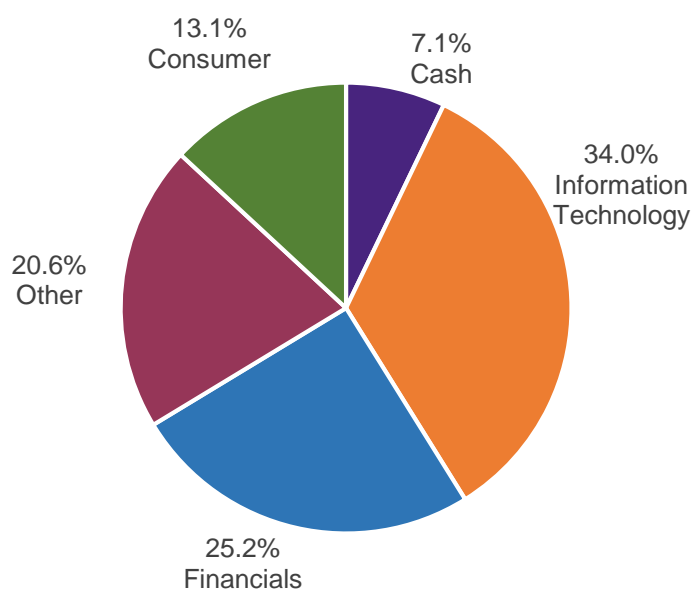
Top 10 Holdings

	%
TENCENT HOLDINGS LTD	5.6
TSMC	5.6
ALIBABA GROUP HOLDING LTD	4.6
SAMSUNG ELECTRONICS CO LTD	4.1
DBS GROUP HOLDINGS LTD	3.5
ICBC	3.2
CHINA CONSTRUCTION BANK CORP	3.2
HON HAI PRECISION INDUSTRY CO	3.0
LARSEN AND TOUBRO LTD	2.9
MARUTI SUZUKI INDIA LTD	2.5

Geographical Exposure



Sector Allocation



REGISTER FOR ROADSHOW

Please join us for our 2017 **Investor Roadshow** in October/November where you will hear from Mary Manning, showcasing the team's best investment ideas and the context in which they are investing throughout the rest of 2017 and beyond.

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