

# Ellerston Global Investments

Interim Results Presentation

1 July 2017 to 31 December 2017

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- 1. COMPANY OVERVIEW**
- 2. INVESTMENT STRATEGY**
- 3. HALF YEAR PERFORMANCE OVERVIEW**
- 4. PORTFOLIO UPDATE**
- 5. Q&A**

# COMPANY OVERVIEW – HIGHLIGHTS 1 JUL 17 – 31 DEC 17

*Ellerston Global Investments delivered strong performance for the Half Year period to 31 December 2017 and announced a Total Dividend of 2.5cps*

## PROFIT AFTER TAX FOR THE HALF YEAR

**Profit of \$7.97mil (+75% on 1H17)**

## FULLY FRANKED DIVIDENDS DECLARED

**Interim Dividend: 1.5cps (+50% on 1H17)**

**Special Dividend: 1.0cps**

**Total Dividend: 2.5cps (Ex-Date: 24 Apr 18)**

## TOTAL SHAREHOLDER RETURN

**16.3% - Inclusive of 1.5cps fully franked dividend (Paid)**

**Option Price Appreciation of 210%**

## OPTIONS

**Options Outstanding (31 Dec): 30,944,764**

**Expiry: 10 April 2018**

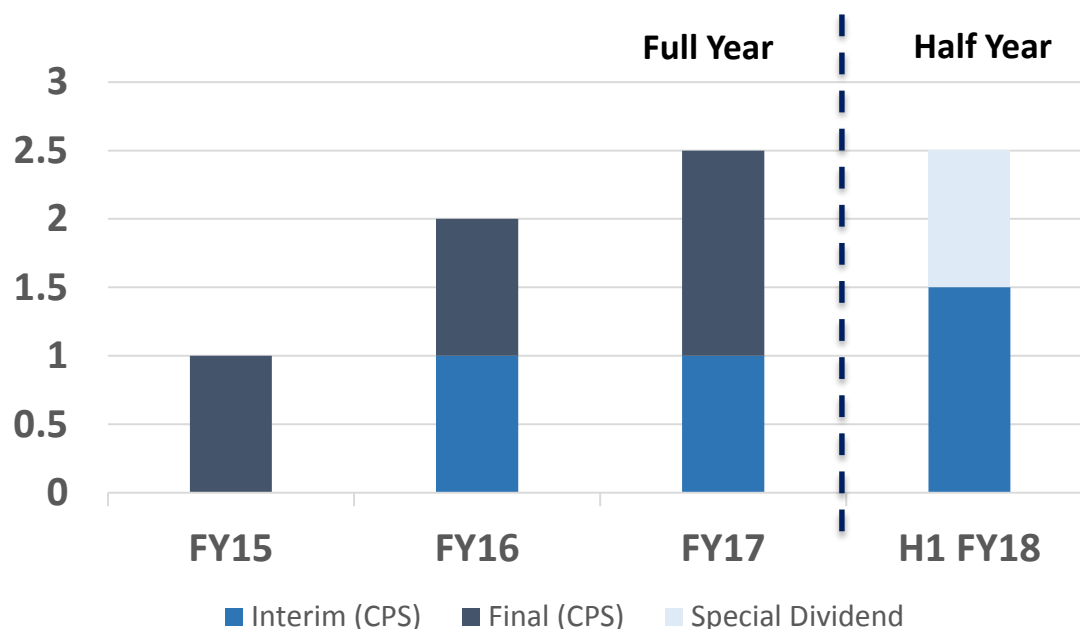
**Exercise Price: \$1.00**

**Option Price (31 Dec): \$0.155**

**Options cease trading on 3 April 2018**

# COMPANY OVERVIEW – DIVIDENDS

***The Company has consistently increased dividends and has declared a special dividend payable on all fully paid ordinary shares***



## ***Dividend Profit Reserve as at 31 December 2017***

- Dividend profit reserve of \$7.2m which equates to 9.1 cents per share (6.6 cents fully diluted)
- Transfer to reserve is driven by available retained earnings and franking credits
- Robust earnings profile means retained earnings and expected franking credits have increased

## EGI Options & NTA

- Total issued 37.5m under the prospectus. 34.1m vested
- Exercisable at any time up until & including 10th April 2018
- Directors have confirmed their intention to exercise 2.3 million options
- **Shares issued on option exercise are entitled to 2.5 cents in interim fully franked dividends**
- At 28 February 2018 there are 29.1m options outstanding
- The exercise price of \$1.00 per option is a 15% discount to fully diluted NTA estimate:

NTA per share (estimate)	28 February 2018 (estimate)
NTA (Before Tax)	\$1.2460
*NTA Fully Diluted (Before Tax)	\$1.1806

\*If all of the remaining options had been exercised by 28 February 2018

# INVESTMENT STRATEGY

Focus on companies experiencing change and, as a result, typically going through a period of “price discovery”.

Absolute	Contrarian	Mid/Small Cap Bias	Risk/Reward Asymmetry	Active Risk Management
Benchmark independent	Where the crowd isn't	Sweet spot is sub \$10 billion	Greater upside than downside	Sell discipline, cash buffer, derivatives protection

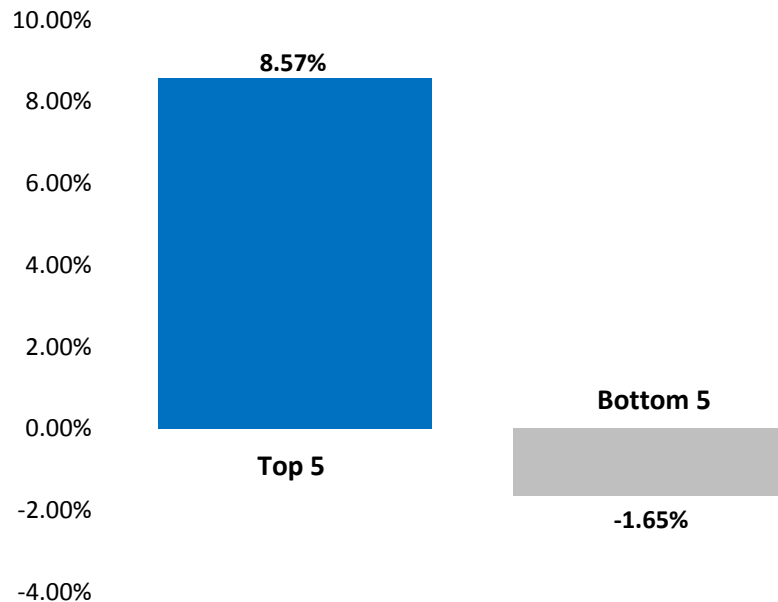
***Concentrated portfolio of companies unlikely to be found in most other global portfolios.***

# HALF YEAR OVERVIEW – PORTFOLIO PERFORMANCE (31 DEC 17)

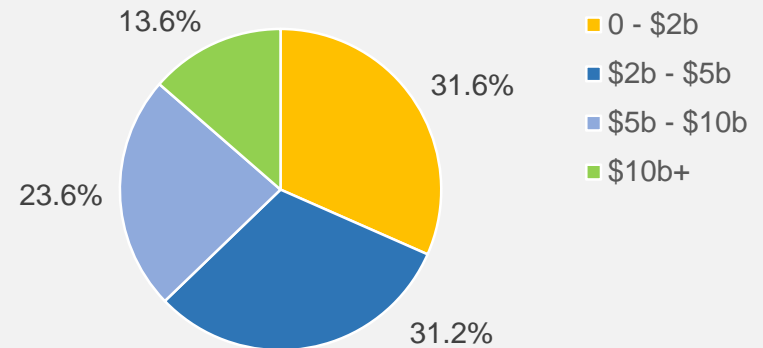
## INVESTMENT PERFORMANCE – HALF YEAR TO 31 DEC 2017

<b>EGI</b>	<b>+12.36%</b>
MSCI World (Local)	+9.45%

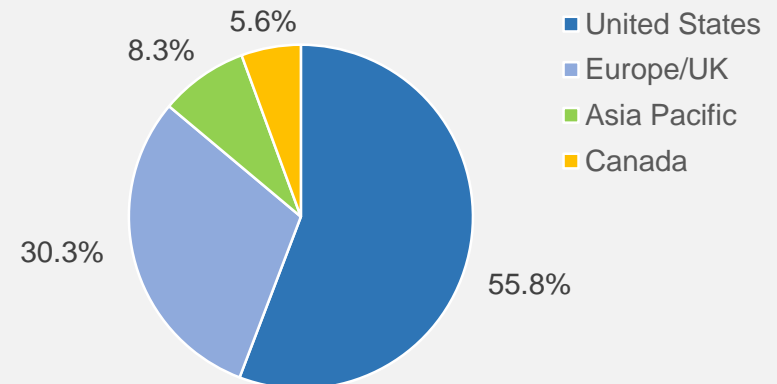
### Equity Contributors: Top 5 vs Bottom 5



## Market Capitalisation (% of Invested Capital)



## Geographic Gross Exposure (% of Invested Capital)





# HALF YEAR OVERVIEW – PORTFOLIO PERFORMANCE (31 DEC 17)

- The second half of calendar year 2017 was characterised by strong equity markets globally, driven in large part by ‘*synchronised global growth*’
- This corresponded with a suppressed VIX index which closed below 10 more than 50 times in 2017, compared to a total of 9 times prior to 2017 since the inception of the VIX in 1990
- During this period, EGI benefitted from its high conviction investments:



***Trading Update Demonstrated  
Accelerating Growth***



***Transformational Wells Fargo  
Shareholder Services Deal***



***Bid Rumor Highlighted Strategic Value***



***Upgraded Earnings Guidance***

- Maintained VIX Futures contracts in a exceptionally low volatility environment

# PORTFOLIO UPDATE as at 28 February 2018

TOP 10 AS AT 28 FEBRUARY 2018	WEIGHT
Entertainment One	8.43%
Equiniti Group	5.83%
Zayo Group	5.57%
The Stars Group	4.15%
Interxion Holding	4.00%
Venator Materials	3.69%
Playa Hotels and Resorts	3.64%
Huntsman	3.41%
XPO Logistics	3.28%
Comerica	3.11%

## Portfolio Update

- Portfolio significantly outperformed during a highly volatile February
- VIX Futures contracts protected the portfolio
- Now towards the end of reporting season with results largely in line with expectations
- Sell discipline more important than ever
- What worked in 2017 may not work this year

## Additions to Top 10

**HUNTSMAN**

*Favourable Supply/Demand Dynamics*

**XPO**Logistics

*Tight US Trucking Market*

Comerica Bank

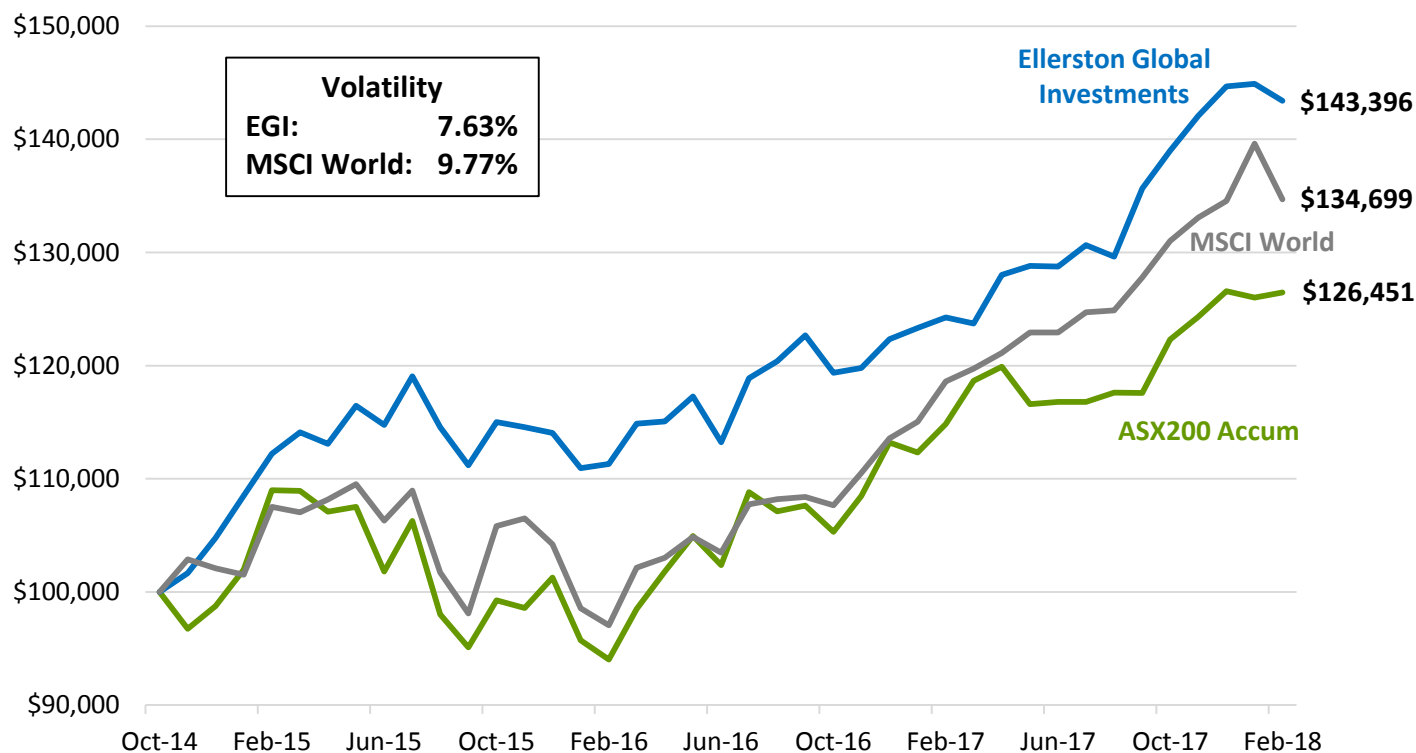
*Rising Rates*

# PERFORMANCE (Estimate as at 28 February 2018)

Performance (estimate)	1 Month	3 Months	6 Months	1 Year	3 Years p.a	Since Inception p.a^	Since Inception^
EGI Net Returns*	-1.04%	0.92%	10.61%	15.41%	8.51%	11.42%	43.40%
MSCI World Net (Local)	-3.53%	1.21%	7.86%	13.58%	7.81%	9.35%	34.70%

^Inception Date: 1 Nov 2014 (Fully Invested Basis)

\*Based on estimated February 2018 returns and before Tax



# ENTERTAINMENT ONE – Content is King

**VIDEO CONTENT** – Strong demand: Amazon & Netflix to spend US\$10B+ in 2017

- **Entertainment One (ETO)** – £1.4 Billion Market Cap (UK Listed)
- 100,000 Hours of Film and TV content
- US\$1.7 Billion Independent valuation of the ETO content library
- Family – Double digit growth, strong pipeline, underpins company valuation



**Family**



**Television**



**Film**



**Music**

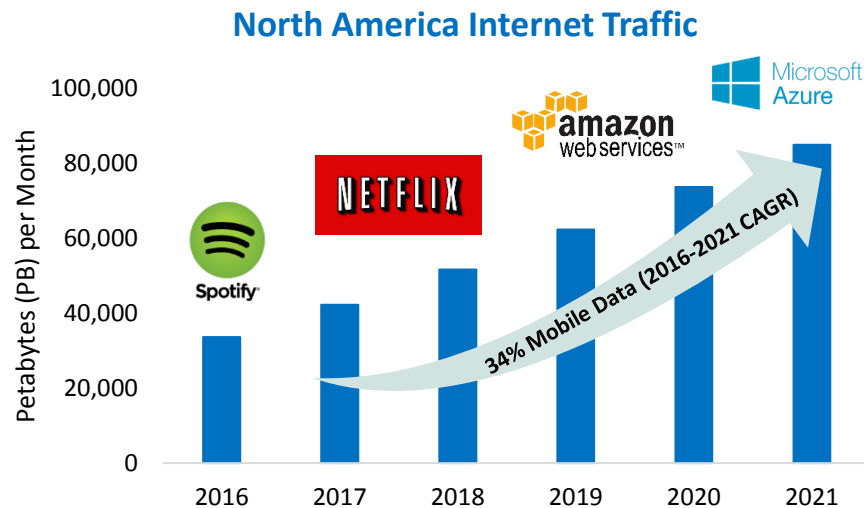


**Valuation** – P/E 11.7x, EV/EBITDA 9.8x, Rejected 2016 bid at £2.36

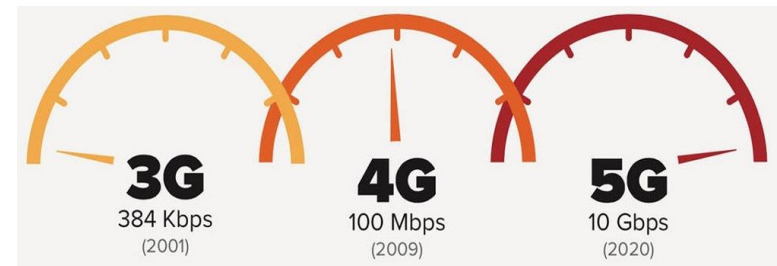
# ZAYO GROUP – Fibre, The New Global Infrastructure

## Bandwidth Demand Growth is a Multigenerational Trend

- **Zayo Group (ZAYO.US)** – \$8.8 Billion Market Cap (US Listed)
- *Fiber is the Essential Infrastructure that Underlies Bandwidth*
- *Demand Driven by Proliferation of Mobile, Cloud, Digital Streaming, etc.*
- *Only Listed Pure Play Independent Fiber Owner with National Scale*



**HD Movie Download Time:** 4G = 1 Hour  
5G = Seconds



**Valuation – EV/EBITDA 10.7x, AFFO Yield 8.3%**

## QUESTIONS

For additional information, please contact our Investor Relations team:

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