Ellerston Global Investments Limited
ACN 169 464 706
Level 11, 179 Elizabeth Street
SYDNEY NSW 2000

24 August 2018

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

RESULTS FOR YEAR ENDED 30 JUNE 2018

Ellerston Global Investments Limited (**ASX: EGI**) hereby lodges:

1. Appendix 4E Statement for the year ended 30 June 2018;

2. Annual Report and Financial Statements for the year ended 30 June 2018, incorporating the Chairman's Letter, Investment Manager's Report and Corporate Governance Statement.

Yours sincerely

Ian Kelly
Company Secretary
Phone: 02 9021 7797

Details of the reporting period.

Current Period: 1 July 2017 to 30 June 2018
Previous Corresponding Period: 1 July 2016 to 30 June 2017

Results for announcement to the market

	Current period AUD ($)	**Previous corresponding period AUD ($)**
Revenue from ordinary activities	14,804,630	12,510,141
Profit/(loss) after tax from ordinary activities	9,513,166	7,706,898
Net profit/(loss) after tax for the period attributable to ordinary shareholders	9,513,166	7,706,898

Over the 12 months to June 30 2018, the portfolio returned net 13.77% (before all taxes) compared to the Benchmark MSCI World Index (Local) which returned 10.86% for the corresponding period.

Period	**EGI Return before all taxes**	**MSCI World Index (Local) Return**
1 year*	13.77%	10.86%
Since 01/11/2014*	46.51%	36.29%

** Calculated net of expenses, reversing out the impact of tax paid, the impact of option dilution, and including dividends as reinvested during the period.*

Dividend Information

1.5 cent per fully paid ordinary share
Fully franked at the tax rate of 27.5%
From the Dividend Profit Reserve account

<u>Final dividend dates:</u>

Ex-dividend date	05 September 2018
Record date	06 September 2018
DRP election due date	07 September 2018
Payment date	05 October 2018
DRP discount	2.50%

Fully franked dividends of 1.5 cents per share were paid to shareholders on 6 October 2017 and 18 May 2018. A fully franked special dividend of 1 cent per share was also paid to shareholders on 18 May 2018. All dividends were paid from the Company's dividend profit reserve account.

The Company's ability to pay franked dividends is dependent on the Company paying income tax. As at 30 June 2018, the company had a realised franking account balance the equivalent of 9.2 cents per share which gives the company capacity to pay a total maximum fully franked dividend of 9.2 cents per share based on the current number of shares on issue.

Details of dividend reinvestment plan (DRP)

The Board of the Company has determined that in relation to the 2018 final dividend the DRP will operate as follows:

- A 2.5% discount will apply to the allocation price of the DRP;
- The allocation price of DRP is calculated based on the daily volume weighted average sale price (calculated to the nearest cent) of Shares traded on the Exchange over the 5 trading days commencing on 10 September 2018 and ending on 14 September 2018;
- Last DRP election date is 07 September 2018; and
- Share allocated under the DRP will be ranked equally with the existing ordinary shares.

Net tangible assets (NTA) per ordinary share

	Current period AUD ($)	**Previous corresponding period AUD ($)**
NTA before all taxes (i)**	1.1734	1.1559
NTA after realised tax (ii)	1.1645	1.1465
NTA after tax	1.1445	1.1348

(i) All figures are after the payment of dividends and taxes.

(ii) Net Tangible Assets after realised tax includes a provision for tax on realised gains from the Company's Investment Portfolio. It excludes any tax on unrealised gains and deferred tax, which are represented in the Net Tangible Assets after tax line.

** The EGI return calculation for 1 year to 30 June 2018 is as follows (Closing NTA before all taxes 1.1734 + tax paid 0.0229 + option dilution 0.0759 + dividends (including return on reinvestment) 0.0429 = 1.3149 less Opening NTA before all taxes 1.1559 = 13.77%

Commentary on Results

For the period to 30 June 2018, the Company recorded a pre-tax profit of $12,984,465 and a net profit after income tax expense of $9,513,166.

The Directors have declared a dividend per share of 1.5 cents, fully franked, which is expected to be paid on the 5th of October 2018. The DRP will operate in conjunction with this dividend and a discount of 2.5% will be applied to the DRP. The 2018 final dividend will be paid out of the dividend profit reserve.

After the payment of the 2018 final dividend the Company will have a dividend profit reserve of 7.7 cents per share.

The Company will continue to pursue its objective of generating superior returns for shareholders over time, with a focus on risk management and capital preservation. Please refer to the Investment Managers' Report on the Company's annual financial report for more detailed commentary.

Information in this report is based on the 2018 annual financial report which has been audited by Ernst & Young. A copy of the 2018 annual financial report, including commentary related to the results of the Company, is attached for further detailed information and disclosures.

Ellerston Global Investments Limited

ASX: EGI

ABN 169 464 706

Financial Report

For the year ended
30 June 2018

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1.

Chairman's Letter

1. Chairman's Letter

For the year ended 30 June 2018

Dear Shareholder,

I am pleased to be able to provide shareholders with our Annual Report for Ellerston Global Investments Limited (ASX:EGI).

Since 1 November 2014, when EGI commenced investing, the portfolio has returned 46.51% (net of fees) as at 30 June 2018. The MSCI World Accumulation Index (Local) has returned 36.29% over the same time frame. This translates to an annualised return since inception for EGI of 10.98% versus 8.81% for the benchmark. We remain focused on EGI's absolute long-term annual returns.

Over the 12 months to June 30 2018, the portfolio generated a 13.77% return compared to the Benchmark which returned 10.86% for the corresponding period.

Fiscal Year 2018 was again dominated by global and political events. Angela Merkel won the German election with the far-right gaining share. Jerome Powell was appointed the new Federal Reserve Governor. Rates continued to rise in the US. The UK had its first rate rise in 10 years while the ECB confirmed that it will complete its Quantitative Easing program by December 2018. The market rally of 2017 continued with a positive US economic backdrop, "*synchronised global growth*" and a vague resolution to the North Korean nuclear predicament. However, we did see a period of increased volatility in February 2018 as the economy, strong earnings reports and tax cuts gave way to concerns over rising inflation, interest rates and a tight labour market.

Overall, it was another year full of twists and turns and with Trump and trade wars dominating the headlines we expect Fiscal Year 2019 to be no different.

EGI's Portfolio

Given the macroeconomic environment the portfolio will undoubtedly be tested again as we navigate global events in the coming year. We are excited about our portfolio holdings and their ability to contribute to future performance.

We have an absolute return approach to our investment philosophy which is well expressed in the current portfolio. EGI's investment style results in a portfolio of stocks that are eclectic and unlikely to be found in many other Australian-based global listed equity portfolios. The investment approach is contrarian and absolute with a mid to small sub USD$10b market cap bias as we feel this is where the least crowded and best opportunity set is.

While we are conscious of the macro environment, we remain focused on companies that have industry tailwinds, robust franchises, strategic assets (difficult to replicate) as well as strong management. Our focus is on a universe of stocks that we believe are going through a 'period of price discovery' that offer an attractive risk/reward profile whether that be through a spin-off, fallen angel, management change, post IPO or corporate restructure.

At 30 June 2018, EGI owned a concentrated portfolio of 25 stocks across 6 countries. Our high conviction portfolio is uncompromising in its stock selection and portfolio construction and we continue to be mindful of our sector and geographic exposures as we seek to ride tailwinds. The portfolio is well diversified across a number of sectors with investments in the US, UK, Europe and Japan.

Financial Results

For the period to 30 June 2018, the Company recorded a pre-tax profit of $12,984,465 and a net profit after income tax expense of $9,513,166.

For the year ended 30 June 2018, the NTA per share of the company (before all tax) is $1.1734.

Dividends

The Directors have declared a 1.5 cents fully franked final dividend for the year ended 30 June 2018 which will be paid to shareholders on 5 October 2018 from the Company's dividend profit reserve account.

The Directors also declared a dividend of 2.5 cents fully franked as at 31 December 2017 inclusive of a special dividend of 1.0 cent per share which was paid to investors on 18 May 2018.

As previously stated, the Company intends to pay a dividend of at least 3 cents per annum (1.5 cents per half) to Shareholders going forward subject to various factors including financial conditions, corporate, legal and regulatory considerations.

After the payment of the 2018 final dividend the Company will have a dividend profit reserve of 7.7 cents per share on current shares on issue.

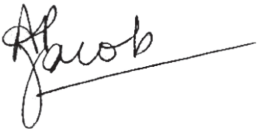
EGI Options

On April 15 2015, EGI issued 33.9 million loyalty options to founding shareholders in the IPO. The options had a strike price of $1.00 and expired on April 10 2018. We were very pleased that option holders exercised over 96% of outstanding options leaving a small shortfall which was taken up via an underwriting agreement.

Annual General Meeting

My fellow Directors and I look forward to meeting those of you who can attend the Annual General Meeting on the 18 October 2018. We anticipate that the Notice of Annual General Meeting will be despatched to shareholders in the coming weeks.

Yours faithfully,



Ashok Jacob

Chairman

23 August 2018

2.

Directors' Report

2. Directors' Report

For the year ended 30 June 2018

The directors of Ellerston Global Investments Limited (the "Company") present their report together with the financial statements of the Company for the year ended 30 June 2018.

Directors

The following persons were directors of the Company during the year and up to the date of this report:

NAME	DIRECTORSHIP	APPOINTED
Ashok Jacob	Non-Independent Chairman	18 August 2014
Sam Brougham	Independent Non-Executive Director	18 August 2014
Paul Dortkamp	Independent Non-Executive Director	24 July 2014
Stuart Roberston	Independent Non-Executive Director	24 July 2014

Company Secretary

The following person was Company Secretary during the year and up to the date of this report:

NAME	APPOINTED
Ian Kelly	24 July 2014

Ian Kelly, BA LLB (Hons)

Ian Kelly has been the Company Secretary of Ellerston Global Investments Limited for four years. He has been a practising solicitor for over 10 years.

Principal activities

The Company is a listed investment company established to construct a concentrated portfolio of between 10 and 40 global listed securities.

Review and results of operations

From 1 July 2017 to 30 June 2018 the Company returned 13.77% on a pre-tax basis and 11.27% on a post all taxes basis, compared to the benchmark MSCI World Index (Local) return of 10.86%.

Since its first full month of trading in November 2014 the Company has achieved a 46.51% return before all taxes and 33.51% post all taxes. The board is pleased with both the overall performances of the Company and the performance of the Company in comparison to its benchmark, MSCI World Index (Local) which returned 36.29% over the same period.

As at 30 June 2018 the Company had 81.04% invested, with 61.2% equity exposure to United States, 27.4% to the European market and 6.5% to Asia Pacific.

As at 30 June 2018 the Company's Net Tangible Assets had increased to $1.1734 per share before all taxes (compared to 30 June 2017 of $1.1559 per share before all taxes) and to $1.1445 per share post all taxes (compared to 30 June 2017 of $1.1348 per share).

For the year ended 30 June 2018, the Company recorded a pre-tax profit of $12,984,465 (30 June 2017: pre-tax profit of $10,870,144) and a net profit after income tax expense of $9,513,166 (30 June 2017: net profit after income tax expense of $7,706,898).

The operating results of the Company for the years ended 30 June 2018 and 30 June 2017 are:

	Year ended	
	30 June 2018	30 June 2017
	$	$
Net profit before income tax	**12,984,465**	10,870,144
Net profit after income tax	**9,513,166**	7,706,898
Net tangible assets per share (NTA) - before tax (i)**	**1.1734**	1.1559
Net tangible assets per share (NTA) - after realised tax (ii)	**1.1645**	1.1465
Net tangible assets per share (NTA) - after tax	**1.1445**	1.1348

The Net Tangible Assets as at 30 June 2018 is based on fully paid ordinary shares of 109,845,725 (June 2017: 75,871,924).

(i) All figures are after the payment of dividends and taxes. The Current period NTA is after dividends paid of 4 cents per share and after tax paid of 2.20 cents per share.

(ii) Net Tangible Assets after realised tax includes tax paid and a provision for tax on realised gains from the Company's Investment Portfolio. It excludes any tax on unrealised gains and deferred tax, which are represented in the Net Tangible Assets after tax line.

** The EGI return calculation for 1 year to 30 June 2018 is as follows (Closing NTA before all taxes 1.1734 + tax paid 0.0229 + option dilution 0.0759 + dividends (including return on reinvestment) 0.0429 = 1.3149 less Opening NTA before all taxes 1.1559 = 13.77%.

Strategy and future outlook

The Company is predominantly invested in equities, with a focus upon the equities of non-Australian domiciled companies. The Company will continue to pursue its objective of generating superior returns for shareholders over time, with a focus on risk management and capital preservation. The strategy to acquire a portfolio of stocks which the manager believes are in a period of price discovery and offer an attractive risk/reward profile remains unchanged.

Please refer to the Investment Managers' report on page 20 for a more detailed market outlook.

Dividends

The Directors have declared a fully franked dividend of 1.5 cents per fully paid ordinary share, which will be paid to shareholders on 5 October 2018 from the Company's dividend profit reserve account.

On 19 February 2018, the directors declared an interim dividend of 1.5 cents and a special dividend of 1 cent per fully paid ordinary share, fully franked at the 27.5% corporate tax rate. Both dividends had a record date of 26 April 2018 and were paid to shareholders on 18 May 2018. The Dividend Reinvestment Plan (DRP) operated in conjunction with this interim dividend and a discount of 2.50% was applied to the DRP.

On 30 August 2017, the directors declared a fully franked dividend of 1.5 cents per fully paid ordinary share, which was paid to shareholders on 6 October 2017.

The total dividend for the year is 4 cents fully franked per fully paid ordinary share.

The Company intends to pay a dividend of at least 3 cents per annum (1.5 cents per half) to Shareholders going forward subject to various factors including financial conditions, corporate, legal and regulatory considerations.

After the payment of 2018 final dividend the Company will have a dividend profit reserve of 7.7 cents per share on current shares on issue.

More details of dividend payments are provided under Note 3 on page 65 of the report.

Dividend Profit Reserve

The Company may transfer any current year or prior period accumulated profits not distributed as dividends to a Dividend Profit Reserve. Doing so facilitates the payment of future dividends, rather than maintaining these profits within retained earnings.

On 30 August 2017, the Directors decided to transfer approximately $4,919,518 to the dividend profit reserve (2016:$1,743,182), with the intention to pay at least 3 cents per annum dividend going forward.

On 23 August 2018, the Directors resolved to transfer approximately $5,712,910 to the dividend profit reserve.

Once transferred, the balance of the dividend profit reserve is approximately $10,160,681.

Significant changes in the state of affairs

In the opinion of the directors, other than what is noted in the 'Review and results of operations', there were no other significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2018.

Matters subsequent to the end of the financial year

Other than the dividends declared as mentioned in the dividends section above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

(i) the operations of the Company in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

The Company provides quarterly updates and monthly NTA announcements, which can be found in the announcements section of the ASX website and in the Ellerston Global Investments Limited section of the Ellerston Capital website, https://ellerstoncapital.com/listed-investment-companies/ellerston-global-investments.

As markets continue to be subject to fluctuations, it is neither possible to accurately forecast the investment returns of the Company nor to provide a detailed outlook on the Company's future operations.

Rounding of amounts to the nearest dollar

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Information on Directors

Ashok Jacob

Ashok has been a Director of the Company since August 2014.

Ashok has over 34 years investment experience and has served as a Director and as Chief Investment Officer of the Manager since inception.

As Chairman and Chief Investment Officer, he has overall responsibility for, and plays a key role in the Company's investment decisions. He is supported by a team of investment professionals, each of whom have significant skill and experience in different geographies, sectors and industries.

Ashok has held prominent positions including Chief Executive Officer of the Consolidated Press Holdings Group and Managing Director of Thorney Holdings, the investment arm for the Pratt Group. Ashok is an experienced board member and current appointments include: MRF Ltd and Thorney Opportunities Ltd and Chairman of Ellerston Asian Investments Limited. Previous directorships include Crown Ltd, Publishing and Broadcasting Ltd, Challenger Financial Group Ltd, Fleetwood Holdings Ltd, Ecorp Ltd, CPH Investment Group Ltd, Folkestone Ltd and Snack Foods Ltd. Ashok was also the Chairman of Hoyts Cinemas from 1999 until 2004.

Ashok holds an MBA from the Wharton School of the University of Pennsylvania (1984).

Sam Brougham

Sam Brougham has served as a Director of the Company since August 2014.

Sam has over 33 years investment experience and is currently a Director of Ceres Capital, a private Melbourne-based investment firm he founded in 1999. Ceres Capital specialises in global equity investing.

In addition, Sam is involved in US real estate and other US and various Australian private equity investments.

Prior to Ceres Capital, Sam worked at Structured Asset Management, a successful hedge fund he co-founded in 1993 focusing predominantly on global equity markets.

From 1985 to 1993, Sam worked at JB Were and was a partner from 1988.

Sam spent his early career working for Price Waterhouse and received his economics degree from Adelaide University in South Australia.

Paul Dortkamp

Paul has been a Director of the Company since July 2014.

Paul currently serves as the principal of Rivergum Investors, a consulting firm specialising in investment process and compliance.

Paul has a wide range of Board experience with extensive experience across the main asset classes. He is an external member of compliance committees for a wide range of registered schemes and responsible entities, having served on over 20 committees.

Prior to Rivergum Investors, Paul was Head of Asset Allocation and a Director of First State Fund Managers Limited (now Colonial First State Investments). He was Director of Trading & Funding at Security Pacific Gold from 1989 to 1990. Paul spent his early career working in the Securities Markets Department of the Reserve Bank of Australia.

Stuart Robertson

Stuart has served as a Director of the Company since July 2014.

Stuart is currently engaged as a consultant by the Manager, responsible for deal origination, structuring and execution primarily in the unlisted market. He has extensive experience working with both listed and unlisted vehicles.

Stuart has broad experience in investment banking, funds management and alternative investments and has held senior roles at BT Funds Management and Zurich Australia.

Stuart is a qualified CA, a Fellow of FINSIA and graduate of the AICD. In addition he holds an MBA from the MGSM.

Directors' Meetings

The number of Board meetings, including meetings of the Board Committee, held during the year ended 30 June 2018 and the number of meetings attended by each Director is set out below:

NAME	BOARD MEETINGS HELD WHILE A DIRECTOR	ATTENDED	AUDIT AND RISK COMMITTEE MEETINGS HELD WHILE A DIRECTOR	ATTENDED	NOMINATION AND REMUNERATION COMMITTEE MEETINGS HELD WHILE A DIRECTOR	ATTENDED
Ashok Jacob	4	3	2	N/A	N/A	N/A
Sam Brougham	4	4	2	2	1	1
Paul Dortkamp	4	4	2	2	1	1
Stuart Robertson	4	4	2	2	1	1

Directors' Interest

Directors' relevant interests in shares and options, as notified by the Directors to the Australian Securities Exchange in accordance with the *Corporations Act 2001*, at the date of the report are set out below:

NAME	NUMBER OF ORDINARY SHARES
Ashok Jacob	3,096,038
Sam Brougham	2,025,075
Paul Dortkamp	50,000
Stuart Robertson	79,226

Remuneration Report (Audited)

This remuneration report outlines the remuneration arrangements of the Company for the year ended 30 June 2018. It details the remuneration arrangements for key management personnel (KMP) who are defined as those persons and corporate entities having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly.

The table below lists the terms of KMPs of the Company, including the Directors and the Manager, during the year ended 30 June 2018. The remuneration report has been prepared and audited in accordance with section 300A of the *Corporations Act 2001.*

NAME	POSITION	TERM AS KMP
Ashok Jacob	Non-Independent Executive Chairman	18 August 2014–present
Sam Brougham	Independent Non-Executive Director	18 August 2014–present
Paul Dortkamp	Independent Non-Executive Director	24 July 2014–present
Stuart Robertson	Independent Non-Executive Director	24 July 2014–present
Ellerston Capital Limited	Manager	20 October 2014–present

Remuneration of Directors and Chairman

The Independent Non-Executive Directors are remunerated by the Company. It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Independent Non-Executive Directors. The remuneration of the Independent Non-Executive Directors is not linked to the performance or earnings of the Company.

Directors' fees

The Independent Non-Executive Directors' base remuneration is reviewed periodically. Base fees paid to each Director have remained unchanged from the time of their appointment. The amount of base remuneration is not dependent on the satisfaction of a performance condition, or on the performance of the Company, the Company's share price, or dividends paid by the Company.

The Directors have agreed that Ashok Jacob (Chairman) will not receive any fees whilst Sam Brougham, Paul Dortkamp and Stuart Robertson will each receive $27,500 per annum (inclusive of superannuation) in fees, for acting as a Director of the Company. Ashok Jacob is a director and, through interposed entities, a shareholder of the Manager. As a director and indirect shareholder of the Manager, he will benefit from entry by the Manager into a Management Agreement with the Company and by the payment of fees under the Management Agreement.

Retirement benefits

The Company does not provide retirement benefits (other than superannuation) to the Independent Non-Executive Directors.

Other benefits (including termination) and incentives

The Company does not provide other benefits and incentives to the Independent Non-Executive Directors.

Remuneration of Ellerston Capital Limited

The Company has exclusively appointed Ellerston Capital Limited as the Manager to invest and manage all of the assets of the Company (including any controlled entity of the Company) for an initial term, which commenced on 20 October 2014, of 10 years pursuant to a successful application of waiver of ASX Listing Rule 15.16. After the end of the 'Term' (being the initial 10 years term or any renewed term), the Management Agreement will continue until terminated in accordance with the Management Agreement.

For the year ended 30 June 2018, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager was entitled to:

(i) a management fee of 0.75% per annum (plus GST) of the pre tax net asset value of the investment portfolio, calculated and accrued monthly and paid monthly in arrears; and

(ii) a performance fee equal to 15% (plus GST) of the amount by which the investment portfolio's pre-tax return exceeds the return of the MSCI World Index (local), calculated and accrued monthly and paid annually in arrears.

Details of management and performance fees are provided on note 19 on page 101.

Details of Remuneration

The Independent Non-Executive Directors were remunerated by the Company with a base fee only (inclusive of superannuation and GST). The Non-Independent Executive Chairman received no remuneration by the Company. The total amount paid or payable to the Directors by the Company for the years ended 30 June 2018 and 30 June 2017 is detailed below:

	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST) 30 June 2018 $	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST) 30 June 2017 $
Independent Non-Executive Directors		
Sam Brougham	**30,250**	30,250
Paul Dortkamp	**30,250**	30,250
Stuart Robertson	**30,250**	30,250
Total KMP remunerated by the Company	**90,750**	**90,750**
Executive Director		
Ashok Jacob	**Nil**	Nil

The total amount paid or payable by the Company to the Independent Non-Executive Directors and Executive Director for the year ended 30 June 2018 was $90,750. Details of the total amount paid or payable by the Company to the Manager was outlined in Note 19.

Service Agreements

Remuneration and other terms of employment for the Independent Non-Executive Directors are formalised in service agreements with the Company.

Sam Brougham Independent Non-Executive Director and menber of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 18 August 2014
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is $27,500.

Stuart Robertson Independent Non-Executive Director and member of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 24 July 2014
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is $27,500.

Paul Dortkamp Independent Non-Executive Director and member of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 24 July 2014
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is $27,500.

Options and Shareholdings

	BALANCE AS AT 30 JUNE 2017	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE AS AT 30 JUNE 2018
Directors				
Ashok Jacob				
• Ordinary shares	2,064,754	1,031,284	—	3,096,038
• Loyalty options	1,000,000	—	1,000,000	—
Sam Brougham				
• Ordinary shares	1,472,923	552,152	—	2,025,075
• Loyalty options	500,000	—	500,000	—
Paul Dortkamp				
• Ordinary shares	50,000	—	—	50,000
• Loyalty options	—	—	—	—
Stuart Robertson				
• Ordinary shares	51,618	27,608	—	79,226
• Loyalty options	25,000	—	25,000	—

	BALANCE AS AT 30 JUNE 2016	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE AS AT 30 JUNE 2017
Directors				
Ashok Jacob				
• Ordinary shares	2,021,739	43,015	—	2,064,754
• Loyalty options	1,000,000	—	—	1,000,000
Sam Brougham				
• Ordinary shares	1,251,415	221,508	—	1,472,923
• Loyalty options	500,000	—	—	500,000
Paul Dortkamp				
• Ordinary shares	25,000	25,000	—	50,000
• Loyalty options	—	—	—	—
Stuart Robertson				
• Ordinary shares	50,543	1,075	—	51,618
• Loyalty options	25,000	—	—	25,000

End of audited remuneration report.

Indemnification and Insurance of Directors and Officers

The Directors and Officers of the Company are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors and Officers of the Company, other than conduct involving a willful breach of duty in relation to the Company.

During the year ended 30 June 2018, the Manager on behalf of the Company paid insurance premiums to insure the Directors and Officers of the Company. The terms of the contract prohibit the disclosure of the premiums paid.

Proceedings on Behalf of the Company

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 32.

Signed in accordance with a resolution of the directors.

Ashok Jacob

Chairman

23 August 2018

3.
Investment Managers' Report

INVESTMENT MANAGERS' REPORT

"It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong." George Soros

Ellerston Global Investments

Performance – Review

For the fiscal year ended June 30, 2018 the portfolio returned net 13.77%. This compares to the benchmark (MSCI World Index Local) which increased by 10.86%.

Since 1 November 2014, when EGI commenced investing, the portfolio has returned net (before all taxes) 46.51%. This compares to the benchmark (MSCI World Index Local) which rose by 36.29%. The annualised return over the same period for EGI is 10.98% (net) versus 8.81% for the benchmark. Importantly, this performance has been achieved with 20% less volatility than the market.

EGI has paid 4.0 cents in dividends relating to Fiscal Year 2018, which includes a 1.0 cent special dividend. This brings the cumulative dividends paid to 8.0 cents since EGI's inception, all of which have been fully franked. We have a focus on providing a sustainable dividend for investors in the years to come.

During the year, all of EGI's Loyalty Options were converted into shares. We saw a tremendous rate of conversion, with 96% of options being exercised and the balance being placed via an underwriting agreement with Taylor Collison. As a result $34.1mil of additional capital was raised. The additional capital provides for further scale at EGI which assists shareholders by lowering the fixed costs on a per share basis as well as providing more liquidity to the stock. There are now 110 million shares on issue and no other outstanding securities.

Portfolio Performance – Review

While we do not manage for portfolio outcomes, the results for the year reinforce our underlying approach to investing. We benefited this year from our high conviction investment ideas and our performance reflects many of the core principles that we have highlighted over time. What can be seen in the years results is our relentless focus on identifying stocks with a compelling asymmetric risk/reward profile such that our 'winners' far outpaced our 'losers'. In Fiscal Year 2018, the top 5 contributors added 15.3% to total performance in contrast to our top 5 detractors which we lost 5.2%. We are reminded of the Peter Lynch quote, "*In this business, if* *you're good you're right six times out of ten. You're never going to be right nine times out of ten*." Consequently, we remain disciplined in our approach, operating with a constant focus on risk/reward asymmetry and seeking to identify mistakes early.

For the year ending 30 June 2018, the gross return of the EGI portfolio was 15.10% and the main contributors to performance were ***Entertainment One*** (+5.49%), ***The Stars Group*** (+4.84%), ***XPO Logistics*** (+2.16%), ***PayPal*** (+1.42%) and ***Interxion*** (+1.37%). Additionally, there were a further nine positions which each contributed between 0.50% and 1.00%. Conversely, ***Acuity Brands*** (-1.47%), ***Venator Materials*** (-1.23%) and ***Philips Lighting*** (-0.78%) were the largest detractors from performance.

Entertainment One, as investors would be aware, was EGI's largest position throughout the year. This was the case up until the final days of June 2018 when we realised some profits and re-sized the position reflecting the more than 67% rise in Fiscal Year 2018. Entertainment One continued to perform operationally this year with Peppa Pig delivering robust results in mature geographies whilst seeing accelerating traction in newer markets such as the US and China. PJ Masks is tracking ahead of expectations and is on its way to matching Peppa Pig in merchandise sales by FY19 (March end). Further, we like the combination of the Film and TV segments, and the strategic talent acquisitions that have been made to benefit this new segment longer term. Whilst the stock is certainly not as undervalued as we felt it was throughout 2018 and prior, given the pipeline of the Family segment and the improvements being made in the new Film/TV segment, at current prices further upside remains.

On the back of fantastic operating performance, beginning with the raising of its full year guidance in September 2017, **The Stars Group** has more than doubled in share price in Fiscal Year 2018. The underlying positive operating performance of the business has been driven by an improvement in poker, in conjunction with a very positive consumer response to the new loyalty program 'Star Rewards'. Incremental upside in the story came in the form of the company transforming US$4.7b deal to acquire UK based Sky Betting & Gaming (which followed the acquisition of CrownBet and William Hill's Australian subsidiary). Upon the close of this transaction the Stars Group will be the largest listed global online gaming company. Further, in May 2018 the US Supreme Court struck down the nearly 30-year ban on sports betting under the Professional and Amateur Sports Protection Act (PASPA), with the decision enabling individual states to pass legislation to permit sports betting. This is a material opportunity, albeit with a longer time line, that we feel Stars is well positioned for post the acquisition of Sky Betting & Gaming.

XPO Logistics, PayPal and **Interxion** rounded out our top 5 contributors for the year. Underpinned by the secular rise of ecommerce & logistics, digital payments and data centre demand respectively, these stories also share some commonality in that each have been exceptionally well run with an unrelenting focus on their core operations. We took profits in all three positions at various points throughout the year as prices moved favourably. With first class management teams, they all continue to benefit from secular tailwinds and all three remain core holdings of EGI. If a valuation disconnect appears once again, all else equal, we will not hesitate to increase position sizes as the risk/reward asymmetry dictates.

In any given year, we spend an inordinate amount of time trying to minimise "*unforced errors*". Whilst it is rewarding when an investment thesis plays out as we anticipated, we are cognisant that our investment thesis will be wrong from time to time. In such cases, we are grateful that public markets afford us the opportunity to sell and we will take advantage of this fact when an investment view has changed.

Given our investment style, we will typically be early on timing. However, sometimes picking timing is incredibly difficult and we know from experience that there is a difference between being early and being too early. Unfortunately, being too early is the equivalent of being wrong. Our investments in **Acuity Brands** and **Philips Lighting (renamed Signify)** are key examples of being too early on timing. While we remain firm believers in the future of connected lighting, both businesses experienced operational setbacks and we underestimated the competitive nature of these industries and the rate of adoption. We exited the positions.

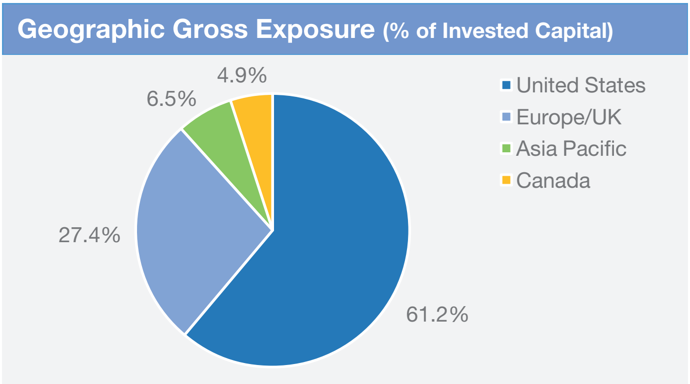
Appreciating that an investment thesis has changed is critical and acting slowly can be costly. **Venator Materials** was a spin-off we initially purchased in August 2017. During the course of reconstructing its key Pori, Finland facility the company announced expected increased costs and delayed timing. As the company updated expectations, uncertainty increased and visibility reduced. As the investment thesis changed, we exited the position. We were wrong and should have exited sooner.

During FY18 we interacted with 316 companies whether that be in person, by phone or attending a presentation. This is critical in augmenting and strengthening our suite of potential investments and growing our knowledge and conviction around existing investments. We are strong believers that being on the road, visiting company headquarters and meeting management face to face are key ingredients to generating superior investment outcomes over the long term.

A core virtue of successful long term investing is patience, with a number of our largest and highest conviction ideas remaining unchanged from this time last year.

This characteristic is consistent with our investment philosophy, looking to identify investments with multi-year secular tailwinds as opposed to trying to 'time' cyclical short term improvements.

Top 10 Holdings	Weight
Equiniti Group Plc	7.55%
Zayo Group Holdings Inc	6.67%
Entertainment One Ltd	4.96%
Interxion Holding NV	4.93%
Huntsman Corp	4.83%
Cellnex Telecom Sa	4.16%
Stars Group Inc-The	3.99%
Premier Inc	3.88%
Keysight Technologies Inc	3.61%
Comerica Inc	3.22%



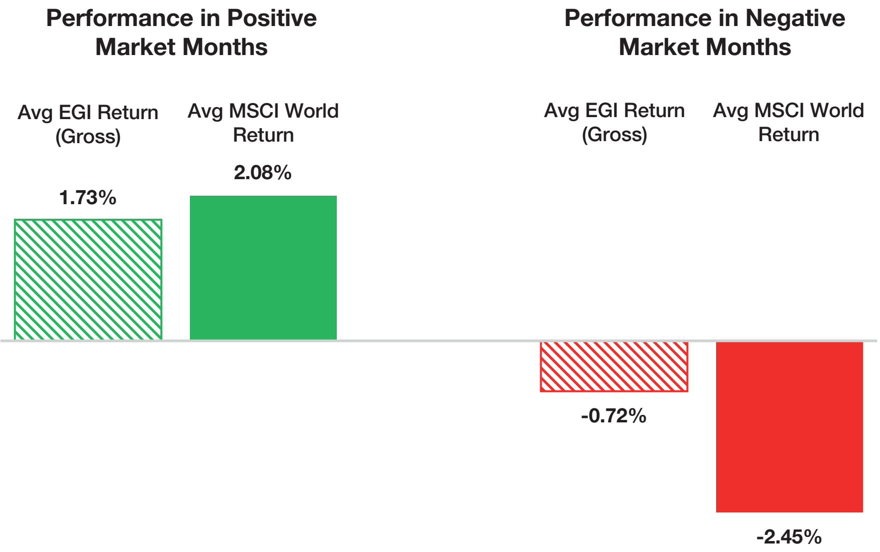
Looking to FY19 and beyond, the portfolio continues to be comprised of an eclectic group of companies that operate in industries with secular tailwinds, have increasing strategic value, and offer an attractive risk/reward opportunity. As we look through the Top 10 holdings at the beginning of Fiscal Year 2019, we are encouraged and enthusiastic about our future prospects. Whilst some of the names again may not be recognised by most, we look forward to discussing some of our more recent additions to the Top 10 such **Cellnex Telecom** and **Keysight Technologies** in the year ahead – two structurally advantaged businesses set to benefit from the continued rise of data and the coming 5G upgrade evolution.

Portfolio Performance Characteristics

Upside/Downside Capture

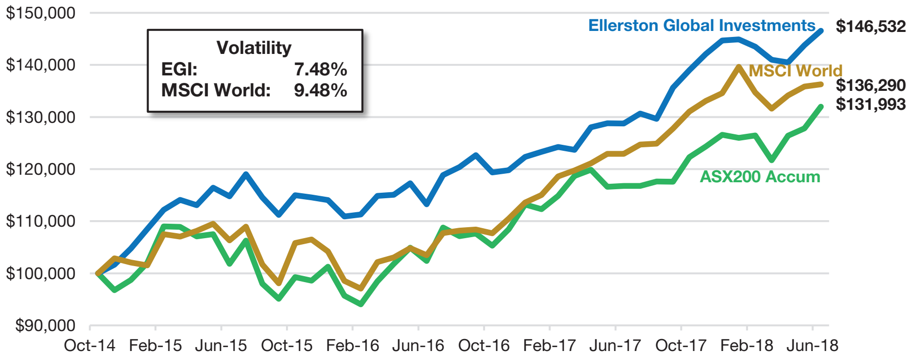
We commented last year that the portfolio should be driven largely by stock-specific events rather than broad based market moves. As a result, the portfolio may not necessarily move in a linear fashion, nor may it be overly correlated to the market. Further we have also said that our portfolio construction will be based on bottom up stock selection overlayed with a 'top down' assessment of macroeconomic conditions and the market outlook. As can be seen below in the upside/downside capture chart, EGI will often lag in up months and outperform in down months. Over long periods of time, given the inevitable drawdowns, we believe this diligent focus on capital preservation is a wonderful recipe to compound investment returns.

EGI has Captured 83% of Upside and only 29% of Downside



Volatility

The subsequent effect of these upside/downside capture portfolio characteristics can be seen in the volatility of returns. The portfolio has generated an annualised return since inception of 10.98% net of all fees ahead of the benchmarks 8.81% return, and has done so with materially less volatility.



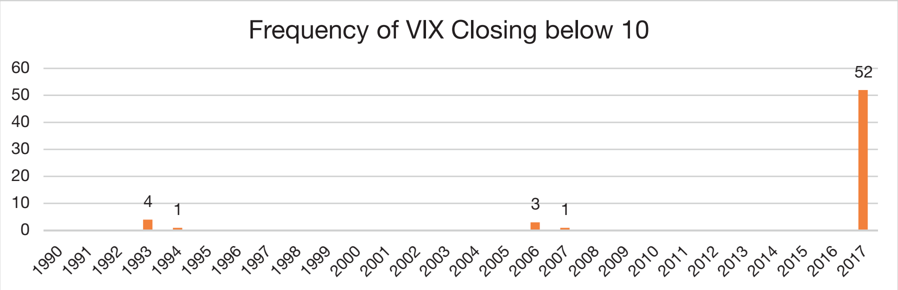
Risk Mitigation

March 2018 marked the start of the 10th year of the current bull market and while markets could continue to climb higher, we are ever mindful that as valuations expand the inherent risk of a significant correction increases. Discipline is critical. During the year, we trimmed positions back to a core holding where valuations reached our initial target **(PayPal, *XPO Logistics*)**. We sold those that exceeded our price objectives ***(Euronext)*** and those where the facts changed or our view had changed ***(PTC, Venator Materials, Philips Lighting)***. Equally as important, we increased existing positions when a negative market move unrelated to the company's fundamentals afforded us the opportunity to do so.

Portfolio Protection

This time last year we noted how low the VIX or 'fear index' was trading and highlighted our long VIX futures position. *"Whilst the VIX may continue lower, at the lowest levels in over two decades we feel this position offers an appealing asymmetric hedge to the EGI portfolio."*

To give some context to the extremity of just how low the VIX was trading, the chart below illustrates the number of times in a calendar year since its official creation, the VIX closed below ten. Prior to 2017, it had done so only 9 times in 27 years. It closed below ten 52 times in 2017!



The extreme nature of this pricing led many to believe there were other dynamics at play, artificially supressing volatility. This was true, the markets relatively docile years prior allowed for a rise in structured products administered purely to 'sell volatility'. The repercussions of this multi-year trade were brought to the forefront of market participants on the 5th of February 2018, when volatility returned with a vengeance.

One of the largest of these structured products was the 'Credit Suisse VelocityShares Daily Inverse VIX Short Term Exchange Traded Note'. February 5th saw the VIX rise almost 100%, the inverse product effectively fell to zero and was liquidated the following day. To quote Credit Suisse CEO Tidjane Thiam comment in defence of the structured product - "*It worked well for a long time, until it didn't*."

On February 5th, 2018 EGI's long VIX purchases protected the Portfolio, up 0.16% (gross) that day versus the market that was down over 3% on February 5th. In the month of February EGI was down 0.98% net versus the benchmark down 3.53%.

EGI will continue to purchase protection when the price is right and the level of investment dictates, which means we may not always be able to use VIX futures and options to protect the portfolio.

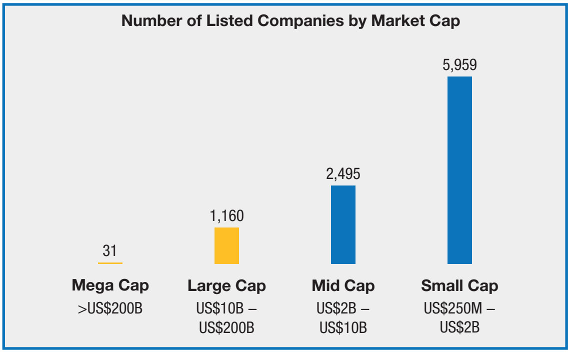
Currency

The currency exposure of the portfolio is currently fully hedged and was for all of the year. We are focused on stock selection not currency trading.

Mid/Small Opportunity Set

We continue to focus our efforts on the global mid/small cap universe (market cap between US$250m to US$10b) as this has historically been a sweet spot for compelling investment opportunities.

There are over 8,400 companies in the developed markets mid/small cap investable universe. This universe is **seven times** larger than that of the developed market large cap universe. With this breadth of market opportunity the ability to find alpha generating investments is greater for those investors prepared to "*turn over the most rocks*".



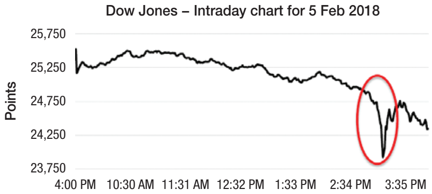
Source: Bloomberg – 23 Developed Markets as at 18 July 2018

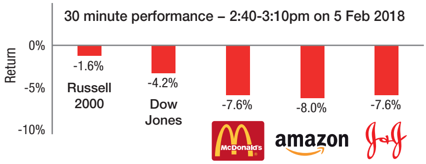
We have spoken at length in previous letters about our focus on 'price discovery', and our use of filters including spin offs, management changes, post IPO, embedded optionality, fallen angels and corporate restructures. A universe of over 8,400 stocks might appear daunting at first, but effectively harnessing these filters affords us a very powerful mechanism for identifying and sifting compelling investment opportunities.

Exchange Traded Funds (ETF's)

We wrote last year about the magnitude of inflows into passive ETF's and the scale of their adoption. Recent research by JP Morgan has shown that only 10% of trading volume is executed by fundamental investors with more than 60% of trading volume now executed by passive and quantitative investing accounts, more than double the share of a decade ago1. We are of the view that significant shifts in market dynamics such as this often have second derivative effects and "*unintended consequences*".

Again, we use the 5th of February as an example. Looking at the charts below within a half an hour period from 2.40pm to 3.10pm the Dow Jones fell over 4% and some large household names such as McDonalds, Johnson & Johnson and Amazon.com all fell closer to 8% in 30 minutes. The Russell 2000 (a small cap index) fell only 1.6%. In our opinion, these large cap names moved wildly because they have relatively high ETF ownership.





While only a short window, there is the potential that this "trailer to the movie" showed us how vicious an unwind of ETF flows could be at some point in time. We remain vigilant in understanding our portfolio's ETF exposure. Perversely, we are mindful of the potential opportunity such dislocation can create for active managers as passive and quant investing can lead to extreme indiscriminate selling.

1. J.P.Morgan Research, "*Market and Volatility Commentary – Powerful quant rotations, risk of rising volatility, and near-term outlook*" Marko Kolanovic, 13 June 2017

Year Ahead

Each year we comment that we expect markets to remain volatile and unpredictable and the outlook for FY19 is likely no different. There are a number of pertinent economic and political issues that will likely impact the direction of markets this coming year.

The most significant of these issues remains the potential for a trade war, between the US and China. The rhetoric over the past year has been largely verbal with only minor tariffs imposed. However, this all changed on 6 July 2018 when President Trump's tariffs on US$34 billion of Chinese imports came into effect. Comments from Chinese President Xi Jinping that "*In the West you have the notion that if somebody hits you on the left cheek, you turn the other cheek. In our culture we punch back*" do not instil confidence that this trade war will be resolved in the near term. How this potential trade war plays out will no doubt have a significant impact on how markets and broader economies perform through Fiscal Year 2019 and beyond.

We note that in the June 2018 US inflation report, the index for laundry equipment rose 13.1 percent from a year earlier. This is interesting because washing machines were the subject of initial 'token' imports tariffs announced by President Trump in January 2018. It serves to illustrate that there will be many scenarios where the US consumer is likely to suffer if a trade war were to eventuate. Chairman of the US Federal Reserve, Jerome Powell, has cautioned in regards to the trade war threat – "*there could be an effect on inflation… you can imagine situations which would be very challenging, where inflation is going up and the economy is weakening.*" The trade war headlines, however, have done little to disturb the US Federal Reserve from their rate hiking path thus far. The latest dot plot implies a further two hikes in calendar year 2018 and three in 2019.

Across the Atlantic, Brexit continues to attract a significant amount of attention in the UK and Europe. Theresa May has had a difficult time agreeing on the structure of a deal not only with the EU but with her own internal party. This instability has seen an increased possibility that Jeremy Corbyn may be the next UK Prime Minister which may worry markets. In Europe, the ECB has communicated its intention to end QE in December 2018, but not to raise rates until at least this time next year.

Whilst we are conscious of these and many other current and emerging moving pieces in the global economic and political landscapes, we remain focused at the stock level. In running a high conviction portfolio we only need to find a few new compelling opportunities each year. The size of the investment universe all but guarantees that they are there, it's simply a matter of finding them.

We look forward to an exciting year ahead and our next quarterly update in September 2018.

4.

Auditor’s Independence Declaration

Auditor's Independence Declaration

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Ellerston Global Investments Limited

As lead auditor for the audit of Ellerston Global Investments Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
23 August 2018

5.

Corporate Governance Statement

5. Corporate Governance Statement

For the year ended 30 June 2018

Ellerston Global Investments Limited ("the Company") is a listed investment company whose shares are traded on the Australian Securities Exchange ("ASX"). The Company has appointed Ellerston Capital Limited as its Investment Manager ("the Manager").

The Company's Directors and the Manager recognise the importance of good corporate governance. The Company's corporate governance framework, policies and practices are designed to ensure the effective management and operation of the Company. All of the Company's corporate governance policies and procedures are subject to regular review.

A summary of the Company's corporate governance policies is set out below with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Recommendations"). The Company has adopted the ASX Recommendations to the extent it has considered them to be relevant. Where the Company's corporate governance practices do not align with the ASX Recommendations, this corporate governance statement will disclose the basis for this departure.

Principle 1: Lay solid foundations for management and oversight

The responsibilities of the Board are set down in the Company's Board Charter. A copy of the Company's Board Charter is available at:

https://ellerstoncapital.com/listed-investment-companies/ellerston-Global-investments/

The role of the Board is to act in the best interests of the Company. The Board is responsible for the Company's overall direction, management and corporate governance.

The Company has no full time employees and has appointed Ellerston Capital Limited as its Manager. Investment, operational and company secretarial services are provided by the Manager pursuant to the terms of the Management Agreement. Under the Management Agreement, the Manager has discretion to make investments in accordance with the investment strategy subject to the following restrictions that require the written approval of the Board:

- Entering into or causing to be entered into a derivatives contract unless there are sufficient assets available to support the underlying liability;
- Delegation of any of the Manager's discretionary management powers except to a related body corporate of the Manager;
- Charging or encumbering any asset in the investment portfolio in any way (other than arises by lien in the ordinary course of business or statutory charge);
- Engaging in securities lending; and
- Borrowing any money or incur any liability by way of financial accommodation.

The Board has full discretion to approve or deny any proposal from the Manager.

ASX Recommendations 1.1, 1.2 and 1.3 are not relevant given the Manager's appointment by the Company.

Principle 2: Structure the Board to add value

The skills, experience and expertise of the Board and term of office of each Director who is in office as at the date of the Annual Report are included in the Directors' Report. Details of each Directors background, date of appointment and attendance at Board meetings are set out in the Directors' Report.

The Company's constitution provides that there must be a minimum of three and a maximum of seven Directors.

The Board has three Independent Directors and one Non-Independent Director. Sam Brougham, Paul Dortkamp and Stuart Robertson are considered to be independent as they have no direct involvement in the management of the investment portfolio and are free of any business or other relationship which could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgment. The Chairman, Ashok Jacob, is not independent. The Board has departed from ASX Recommendation 2.2 on the basis of the breadth and depth of the Chairman's investment experience and the value that experience brings to shareholders.

The Board has adopted a Nomination and Remuneration Committee Charter. The Charter is available at:

https://ellerstoncapital.com/listed-investment-companies/ellerston-Global-investments/

The Nomination and Remuneration Committee Policy has been adopted by the Board. The Policy establishes a Committee to advise and support the Board with respect to its remuneration and nomination obligations. The Nomination and Remuneration Committee met on 21 June 2018.

The Nomination and Remuneration Committee will assess:

- the role and composition of the Board, its processes and Board committees;
- the performance of the Board, the Chairman, the Executive and Non-Executive Directors;
- whether there is sufficient succession planning in place and any further considerations required by the Board; and
- the Board's performance against its corporate governance processes.

The Board has resolved that any committee it establishes will be entitled to obtain independent professional or other advice at the cost of the Company.

Board skills matrix

The table sets out the key skills and experience of the Directors and the extent to which they are represented on the Board and its committee. Each Director has the following skills:

- understanding shareholder value
- sufficient time to undertake the role appropriately
- honesty and integrity

Board Skills:

BOARD SKILLS AND EXPERIENCE	BOARD	AUDIT AND RISK COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE
Total Directors	4 Directors	3 Directors	3 Directors
Executive leadership	4 Directors	3 Directors	3 Directors
Governance	4 Directors	3 Directors	3 Directors
Strategy	4 Directors	3 Directors	3 Directors
Risk	4 Directors	3 Directors	3 Directors
Financial acumen	4 Directors	3 Directors	3 Directors
Remuneration/Human Resources	4 Directors	3 Directors	3 Directors
Public policy/Regulation	4 Directors	3 Directors	3 Directors

New Director induction

New Directors will be expected to understand the Company's business and its policies and procedures. Directors are expected to maintain the skills and knowledge required to discharge their obligations. New Directors will be inducted on a case to case basis taking into account their individual background and expertise.

Principle 3: Promote ethical and responsible decision making

Code of Conduct for Directors

The Company has a Code of Conduct for Directors (the "Code"). The Code can be found at:

https://ellerstoncapital.com/listed-investment-companies/ellerston-Global-investments/

The Code's purpose is to:

- articulate the high standards of honesty, integrity, ethical and law abiding behavior expected of directors;
- encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors);
- guide directors as to the practices thought necessary to maintain confidence in the Company's integrity; and
- set out the responsibility and accountability of directors to report and investigate any reported violations of this code or unethical or unlawful behavior.

Securities Trading Policy

The Company has a Securities Trading Policy that sets out the circumstances in which the Company's Directors and key management personnel of the Company and their associates may trade in the Company's securities.

The Policy imposes restrictions and notification requirements surrounding trading of Company Securities such as blackout periods, trading windows and the need to obtain pre-trade approval. A copy of the Company's Securities Trading Policy has been lodged with the Australian Securities Exchange (ASX) and is available on the Company's website.

Diversity

The Company has not established a Diversity Policy or set measureable objectives for gender diversity as per ASX Recommendations 3.2 and 3.3. Given that all services are provided by the Manager, the Board considers that adopting a diversity policy is not warranted, but will review these recommendations on an ongoing basis.

Principle 4: Safeguard integrity in financial reporting

The Company has established an Audit and Risk Committee comprised of the following:

- Paul Dortkamp
- Stuart Robertson
- Sam Brougham

Details of each committee member's background and attendance at Audit and Risk Committee meetings are set out in the Directors' Report.

The Chairman of the Committee is an Independent Non-Executive Director and is not the Chairman of the Board. The committee consists of three Independent Non-Executive Directors and two representatives from the Manager attending by invitation subject to exclusion by the Committee where a conflict of interest exists.

Objectives and responsibilities of the Committee

The objective of the Committee is to assist the Board to discharge its responsibilities in relation to:

- Effective management of financial and operational risks
- Compliance with applicable laws and regulations
- Accurate management and financial reporting
- Maintenance of an effective and efficient audit
- High standards of business ethics and corporate governance.

These objectives are set out in the Committee's Charter, which is available on the Company's website:

The Committee will endeavor to:

- Maintain and improve the quality, credibility and objectivity of the financial accountability process;
- Promote a culture of compliance within the Company;
- Ensure effective communication between the Board, the Manager and other service providers and agents;
- Ensure effective audit functions and communications between the Board and the Company's auditor;
- Ensure that compliance strategies are effective;
- Ensure that Directors are provided with financial and non-financial information that is of high quality and relevant to the judgments to be made by them.

The Committee will meet regularly throughout the year with the Chairman providing regular reporting to the Board.

Independent external audit

The Company's independent external auditor is Ernst & Young. The Committee is responsible for recommending to the Board the appointment and removal of the external auditor. The independence and effectiveness of the external auditor is reviewed regularly. The Committee is also responsible for ensuring that the external audit engagement partners are rotated in accordance with the relevant statutory requirements and otherwise after a maximum of five years' service.

The external auditors attend the committees' meetings when the Company's half year and full year Financial Statements are being considered. The external auditors also attend other meetings where relevant items are on the Committee's agenda.

The Company's external auditors attend the Company's Annual General Meeting and are available to answer questions from shareholders in relation to the conduct of the audit, the Audit Report, the accounting policies adopted by the Company in preparing Financial Statements and the independence of the auditors.

CEO Declaration

The CEO of the Manager for the Company will make certifications to the Board for each half year to the effect that:

- the financial records of the Company for the financial year have been properly maintained;
- the Company's Financial Statements and notes applicable thereto give a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Regulations;
- the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which, in all material aspects, implements the policies adopted by the Board; and
- the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 5: Make timely and balanced disclosure

The Company has adopted a Continuous Disclosure Policy that is designed to ensure that the Company:

- Complies with its continuous disclosure obligations under the *Corporations Act 2001* and the ASX Listing Rules;
- Provide shareholders and the market with timely, direct and equal access to information issued by it;
- Identifies information that is not generally available and which may have a material effect on the price or value of the Company's securities and is appropriately considered by the Directors for disclosure to the market.

The Continuous Disclosure Policy is available from the Company's website and sets out procedures as to the release of announcements to the market. Following the release of any announcement to the ASX, all announcements will be made available on the Company's website.

Principle 6: Respect the rights of Shareholders

Shareholders in the Company are entitled to vote on significant matters impacting the business.

The Company has adopted a Shareholders Communication Policy and is committed to regularly communicating with its shareholders in a timely, accessible and clear manner with respect to both the procedural and major issues affecting Company. The Company seeks to recognise numerous modes of communication including electronic communication. All shareholders are invited to attend the Company's Annual General Meeting, either in person or by representative. The Board encourages all shareholders to attend and participate in the Company annual meeting of shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors. The external auditor is required to attend the Annual General Meeting and be available to answer questions.

Principle 7: Recognise and manage risk

The Board, through the Audit and Risk Committee, is responsible for ensuring: the oversight and management of material business risks to the Company; the review of reports provided by the Manager and other services providers and agents appointed by the Company;

- that effective systems are in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile; and
- the monitoring of compliance with laws and regulations applicable to the Company.

Risks assessed include:

- implementing strategies (strategic risk);
- outsourced services and operations or external events (operational and investment risk);
- legal and regulatory compliance (legal risk);
- changes in community expectation of corporate behaviour (reputation risk);
- being unable to fund operations or convert assets into cash (liquidity risk); and
- contingency plans in the event of incapacity of the Executive Director/Portfolio Manager (personnel risk).

The Company has implemented risk management and compliance frameworks. These frameworks ensure that:

- an effective control environment is maintained;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and regularly reviewed and updated;
- timely and accurate reporting is provided to the Board and its respective Committees; and
- compliance with the law, contractual obligations and internal policies (including the Corporate Code of Conduct) is communicated and demonstrated.

Assurance

In respect of the year ended 30 June 2018 the Chairman for the Company has made the following certifications to the Board:

(i) the Company's Financial Statements and notes applicable thereto represent a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Regulations; and

(ii) the risk management and internal compliance and control systems are sound, appropriate, operating efficiently and effectively managing the Company's material business risks.

Principle 8: Encourage enhanced performance

Although the Company has a Board, it has no remunerated employees. The Manager performs the key management roles of the Company. The Board will ensure that it performs the functions recommended in the ASX Corporate Governance Principles (to the extent that these functions are relevant to the Company's business) through the Nomination and Remuneration Committee. As the Company has no remunerated employees, the Company will monitor performance pursuant to the Management Agreement and will address performance annually and as required. A review was conducted in 2018. The Company will provide disclosure of its Directors' remuneration in its Annual Report. The aggregate Directors' remuneration is capped at $500,000 per annum in accordance with the Company's Constitution.

6.

Statement of Comprehensive Income

6. Statement of Comprehensive Income

For the year ended 30 June 2018

		Year ended	
		30 June 2018	30 June 2017
	Notes	**$**	$
Investment income			
Interest income		**74,396**	121,778
Dividend income		**892,929**	1,209,896
Net foreign exchange losses		**(9,439)**	(114,556)
Net changes in fair value of financial assets and liabilities at fair value through profit or loss	8	**13,846,744**	11,261,112
Other income		**—**	31,911
Total investment income		14,804,630	12,510,141
Expenses			
Directors fees	21	**90,750**	90,750
Management and performance fees	19	**781,146**	656,972
Custody and administration fees		**58,938**	58,938
Audit and tax fees	20	**54,490**	56,808
Registry fees		**76,409**	76,409
Transaction costs		**579,776**	443,622
Withholding taxes		**33,622**	140,248
ASX fees		**99,000**	99,000
Other expenses		**46,034**	17,250
Total operating expenses		1,820,165	1,639,997
Net profit before income tax		12,984,465	10,870,144
Income tax expense	15	**(3,471,299)**	(3,163,246)
Net profit after income tax		9,513,166	7,706,898
Other comprehensive income/(loss)		**—**	—
Total comprehensive income		9,513,166	7,706,898
Basic earnings per share (cents per share)	17	**11.10**	10.17
Diluted earnings per share (cents per share)	17	**11.10**	10.17

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

7.

Statement of Financial Position

7. Statement of Financial Position

As at 30 June 2018

	Notes	As at 30 June 2018 $	30 June 2017 $
Current assets			
Cash and cash equivalents	13	**30,855,370**	3,042,959
Receivables		**249,607**	144,360
Due from brokers		**344,279**	9,045,407
Financial assets held at fair value through profit or loss	9	**107,414,233**	77,988,467
Total current assets		**138,863,489**	90,221,193
Total assets		**138,863,489**	90,221,193
Current liabilities			
Payables		**421,455**	311,781
Management and performance fees payable	19	**85,275**	55,448
Due to brokers		**2,785,761**	1,762,310
Current tax liability		**982,496**	716,220
Financial liabilities held at fair value through profit or loss	10	**6,675,255**	390,639
Total current liabilities		**10,950,242**	3,236,398
Non-current liabilities			
Deferred tax liability	15	**2,196,269**	882,935
Total non-current liabilities		**2,196,269**	882,935
Total liabilities		**13,146,511**	4,119,333
Net assets		**125,716,978**	86,101,860
Equity			
Issued capital	16	**108,179,847**	74,193,688
Retained earnings		**13,089,370**	8,495,722
Dividend profit reserve	12	**4,447,761**	3,412,450
Total equity		**125,716,978**	86,101,860

The above statement of financial position should be read in conjunction with the accompanying notes.

8.

Statement of Changes in Equity

8. Statement of Changes in Equity

For the year ended 30 June 2018

	Notes	ISSUED CAPITAL $	RETAINED EARNINGS/ (LOSSES) $	DIVIDEND PROFIT RESERVE $	TOTAL $
Balance as at 1 July 2017		**74,193,688**	**8,495,722**	**3,412,450**	**86,101,860**
Total comprehensive income for the year		—	9,513,166	—	9,513,166
Shares issued under dividend reinvestment plan		386,982	—	—	386,982
Transfer to dividend profit reserve account		—	(4,919,518)	4,919,518	—
Shares issued from exercise of options		33,599,177	—	—	33,599,177
Total dividends paid		—	—	(3,884,207)	(3,884,207)
Balance as at 30 June 2018	16	**108,179,847**	**13,089,370**	**4,447,761**	**125,716,978**
Balance as at 1 July 2016		74,024,631	4,831,594	884,364	79,740,589
Total comprehensive income for the year		—	7,706,898	—	7,706,898
Shares issued under dividend reinvestment plan		169,057	—	—	169,057
Transfer to dividend profit reserve account		—	(4,042,770)	4,042,770	—
Total dividends paid		—	—	(1,514,684)	(1,514,684)
Balance as at 30 June 2017	16	74,193,688	8,495,722	3,412,450	86,101,860

The above statement of changes in equity should be read in conjunction with the accompanying notes.

9.

Statement of Cash Flows

9. Statement of Cash Flows

For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 $	30 June 2017 $
Cash flows from operating activities			
Purchase of financial instruments held at fair value through profit or loss		**(126,197,366)**	(110,613,818)
Proceeds from sale of financial instruments held at fair value through profit or loss		**118,338,887**	102,188,770
Amounts transferred from/(to) brokers as collateral		**8,276,965**	(3,036,604)
Dividend received		**870,652**	545,823
Interest received		**72,181**	122,818
GST recovered		**11,179**	34,547
Income tax paid		**(1,891,689)**	(2,180,597)
Management and performance fees paid		**(751,319)**	(799,243)
Other expenses paid		**(1,021,279)**	(272,257)
Net cash outflow from operating activities	14	**(2,291,789)**	(14,010,561)
Cash flows from financing activities			
Dividends paid		**(3,497,225)**	(1,345,627)
Exercise of options		**33,599,177**	—
Net cash inflow/(outflow) from financing activities		**30,101,952**	(1,345,627)
Net increase/(decrease) in cash and cash equivalents		**27,810,163**	(15,356,188)
Cash and cash equivalents at the beginning of the year		**3,042,959**	18,456,795
Effect of foreign currency exchange rate changes on cash and cash equivalents		**2,248**	(57,648)
Cash and cash equivalents at the end of the year	13	**30,855,370**	3,042,959
Non-cash financing activities			
Reinvestment of shareholder dividends		**386,982**	—

The above statement of cash flows should be read in conjunction with the accompanying notes.

10.

Notes to the Financial Statements

Contents of the notes to the financial statements

1 General information

This financial report is for Ellerston Global Investments Limited (the "Company") for the year ended 30 June 2018.

The Company was incorporated and registered on 28 July 2014 and commenced trading on the Australian Stock Exchange ("ASX") on 20 October 2014.

The Company is a for-profit entity limited by shares, incorporated and domiciled in Australia. Its shares (ASX code: EGI) and options (ASX code: EGIO) are publicly traded on the ASX.

The financial report was authorised for issue by the directors on 23 August 2018. The directors have the power to amend and reissue the financial report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the first full period presented, unless otherwise stated in the following text.

(a) Basis of preparation

This report is a general purpose financial report prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

Compliance with International Financial Reporting Standards

The financial report complies with the Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

The Company's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments held for trading

  These include derivative financial instruments such as forward currency contracts and futures. All derivatives are classified as held for trading. Hedge accounting is not applied by the Company.

- Financial instruments designated at fair value through profit or loss upon initial recognition

  Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. These include investments in exchange traded equity instruments that are not held for trading purposes and which may be sold.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of financial position initially at fair value. All transaction costs for such instruments are recognised directly in the Statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of comprehensive income in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Company is the last traded price.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Further details on how the fair values of financial instruments are determined are disclosed in note 7.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are classified as liabilities in the Statement of financial position.

(d) Due from/to brokers

Due from/to brokers comprise cash held as collateral for open derivative positions, and amounts receivable and payable for securities transactions that have not yet settled at year end.

2 Summary of significant accounting policies (continued)

(e) Investment income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Interest income is recognised in the Statement of Comprehensive Income for all financial instruments not at fair value through profit or loss using the effective interest method. Interest earned on financial assets classified as 'at fair value through the profit or loss' is recorded in 'Interest income' according to the terms of the contract.

Other income is brought to account on an accruals basis.

Net changes in fair value of financial assets and liabilities at fair value through profit or loss are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(f) Expenses

Company expenses are recognised in the Statement of comprehensive income on an accrual basis.

(g) Income tax

Under current legislation, the Company is subject to income tax at 27.5% on taxable income.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in the Statement of comprehensive income. Income tax expense comprises current and deferred tax.

Income tax expense is recognised in the net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at reporting date and any adjustment to tax payable in respect of previous years.

2 Summary of significant accounting policies (continued)

(g) Income tax (continued)

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised when there is a taxable temporary difference between the tax base of an asset or liability and its corresponding carrying amount in the Statement of financial position. This arises when the carrying amount of an asset exceeds its tax base.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2 Summary of significant accounting policies (continued)

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The Australian dollar is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income as 'Net foreign exchange gains/(losses)'.

(i) Goods and services tax (GST)

The Company is registered for GST. The issue or redemption of shares in the Company and, where applicable, the receipt of any distributions will not be subject to GST. The Company may be required to pay GST on management and other fees, charges, costs and expenses incurred by the Company. However, the Company may be entitled to input tax credits and reduced input tax credits in respect of the GST incurred.

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

2 Summary of significant accounting policies (continued)

(j) Earnings per share

Details of the Company's basic and diluted earnings per share calculation are provided on note 17.

(k) Share capital

Ordinary shares are classified as equity. Details of ordinary shares issued on exercise of the options are provided on note 16. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Share options

Share options are measured at the fair value of consideration received at the date of issue within equity.

(m) Receivables

Receivables are recognised when a right to receive a payment is established. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(n) Payables

Payables and trade creditors are recognised when the Company becomes liable. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair value.

(o) Dividends

Dividends are recognised as a liability in the year which they are declared.

2 Summary of significant accounting policies (continued)

(p) Segment reporting

Operating segments are reported in a manner consistent with the Company's internal reporting provided to the director's.

(q) Rounding of amounts

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

(r) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates. The Company's significant accounting estimates and judgements include fair value measurement of financial assets and financial liabilities that are not traded in an active market. Details on the determination of fair value are provided on note 7(ii).

2 Summary of significant accounting policies (continued)

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Company. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

(i) AASB 9 Financial Instruments (and applicable amendments)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 July 2018.

The directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as those carried at fair value through profit or loss are expected to continue to be measured at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are all held at fair value through profit or loss and financial assets at amortised cost are immaterial, the change in impairment rules will not materially impact the Company.

2 Summary of significant accounting policies (continued)

(ii) *AASB 15 Revenue from Contracts with Customers*

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Company's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(t) Comparative disclosures

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current year's presentation.

3 Dividends

Dividends are recognised during the year when declared.

	Year ended 30 June 2018		Year ended 30 June 2017	
	CPS	**$**	CPS	$
Paid - 18 May 2018 (2017: 7 April 2017) Fully franked at 27.5% tax rate (2017:30%)	**2.5**	**2,740,403**	1	757,753
Paid - 6 October 2017 (2017: 7 October 2016) Fully franked at 27.5% tax rate (2017:30%)	**1.5**	**1,143,804**	1	756,931
Amount of dividends reinvested		**386,982**		169,056
Amount of cash dividends paid		**3,497,225**		1,345,628

Dividend profit reserve

To the extent that any current year profits or prior year accumulated profits are not distributed as dividends, the Company may set aside some or all of the undistributed profits to a separate dividend profit reserve, to facilitate the payment of future dividends, rather than maintaining these profits within retained earnings. For further information refer to note 12.

Dividend Reinvestment Plan

The Company has established a Dividend Reinvestment Plan (DRP) under which eligible shareholders may elect to have all or part of their dividend entitlements satisfied by the issue of ordinary shares rather than by being paid in cash.

4 Segment information

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

The Company primarily invests in global equity securities, and operates in one geographic segment, Australia. The Company has foreign exposures as it invests in companies which operate internationally.

5 Capital and financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on ensuring compliance with the Company's investment strategy and seeks to maximise the returns derived for the level of risk to which the Company is exposed. The Company may use derivative financial instruments to alter certain risk exposures.

Financial risk management is carried out by the Manager under a Management Agreement approved by the Board of Directors.

The Company uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

5 Capital and financial risk management (continued)

(a) Market risk

(i) Price risk

The Company is exposed to price risk on equity securities listed or quoted on recognised securities exchanges and equity linked derivatives. Price risk arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The Company manages the price risk through ensuring that all investment activities are undertaken in accordance with the Company's investment strategy.

The table at note 5(b) summarises the sensitivity of the Company's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Company invests move by +/- 10% (2017:+/- 10%).

(ii) Foreign exchange risk

The Company invests internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates.

The Company's policy is to limit its currency exposure on both monetary and non-monetary financial instruments to the Investment guidelines as established in its Prospectus. Forward currency contracts have been primarily used to hedge against foreign currency risks on its non-Australian dollar denominated investments. For accounting purposes, the Company does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

The table below summarises the fair value of the Company's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

30 June 2018	US dollars $	Euro $	British pounds $	Canadian dollars $	Japanese Yen $	Total $
Monetary and Non-Monetary Assets and Liabilities						
Monetary Assets and Liabilities						
Cash and cash equivalents	1,413,606	7,054	—	—	54,586	1,475,246
Receivables	13,237	34,847	—	189	—	48,273
Due from brokers	342,873	—	—	—	—	342,873
Due to brokers	(2,638,902)	—	(146,859)	—	—	(2,785,761)
Total Monetary Assets and Liabilities	(869,186)	41,901	(146,859)	189	54,586	(919,369)
Non-Monetary Assets and Liabilities						
Financial assets held at fair value through profit or loss	66,137,527	9,020,814	20,105,244	5,294,979	6,855,669	107,414,233
Financial liabilities held at fair value through profit or loss	(6,210,132)	(123,730)	(178,610)	(104,741)	(58,042)	(6,675,255)
Total Non-Monetary Assets and Liabilities	59,927,395	8,897,084	19,926,634	5,190,238	6,797,627	100,738,978
Gross value of foreign exchange forward contracts	(59,534,667)	(9,664,448)	(19,318,139)	(4,759,534)	(7,026,189)	(100,302,977)
Net Exposure to Foreign Currency on Monetary and Non-Monetary Assets and Liabilities	(476,458)	(725,463)	461,636	430,893	(173,976)	483,368

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

30 June 2017	US dollars $	Euro $	British pounds $	Canadian dollars $	Total $
Monetary and Non-Monetary Assets and Liabilities					
Monetary Assets and Liabilities					
Cash and cash equivalents	35,123	—	—	(278)	34,845
Receivables	26,994	32,141	—	—	59,135
Due from brokers	2,209,566	—	—	—	2,209,566
Due to brokers	—	(1,762,310)	—	—	(1,762,310)
Total Monetary Assets and Liabilities	2,271,683	(1,730,169)	—	(278)	541,236

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

30 June 2017	US dollars $	Euro $	British pounds $	Canadian dollars $	Total $
Monetary and Non-Monetary Assets and Liabilities (continued)					
Non-Monetary Assets and Liabilities					
Financial assets held at fair value through profit or loss	39,989,530	14,720,057	16,559,314	4,503,788	75,772,689
Financial liabilities held at fair value through profit or loss	(50,485)	(140,783)	(154,191)	(45,181)	(390,640)
Total Non-Monetary Assets and Liabilities	39,939,045	14,579,274	16,405,123	4,458,607	75,382,049
Gross value of foreign exchange forward contracts	(42,470,752)	(13,318,883)	(16,944,204)	(4,497,859)	(77,231,698)
Net Exposure to Foreign Currency on Monetary and Non-Monetary Assets and Liabilities	(260,024)	(469,778)	(539,081)	(39,530)	(1,308,413)

The table at note 5(b) summarises the sensitivity of the Company's monetary and non-monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened/strengthened by 10% (2017: 10%) against the foreign currencies to which the Company is exposed.

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest bearing except for cash and cash equivalents and due from brokers. Hence the impact of interest rate risk on profit is not considered to be material to the Company.

	Floating Interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2018	**$**	**$**	**$**	**$**
Assets				
Cash and cash equivalents	30,855,370	—	—	30,855,370
Receivables	—	—	249,607	249,607
Due from brokers	1,414	—	342,865	344,279
Financial assets held at fair value through profit and loss	—	—	107,414,233	107,414,233
Liabilities				
Due to brokers	—	—	(2,785,761)	(2,785,761)
Payables	—	—	(421,455)	(421,455)
Management and performance fee payable	—	—	(85,275)	(85,275)
Financial liabilities held at fair value through profit and loss	—	—	(6,675,255)	(6,675,255)
Net exposure	30,856,784	—	98,038,959	128,895,743

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

30 June 2017	Floating Interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Assets				
Cash and cash equivalents	3,042,959	—	—	3,042,959
Receivables	—	—	144,360	144,360
Due from brokers	8,278,379	—	767,028	9,045,407
Financial assets held at fair value through profit and loss	—	—	77,988,467	77,988,467
Liabilities				
Due to brokers	—	—	(1,762,310)	(1,762,310)
Payables	—	—	(311,781)	(311,781)
Management and performance fee payable	—	—	(55,448)	(55,448)
Financial liabilities held at fair value through profit and loss	—	—	(390,639)	(390,639)
Net exposure	11,321,338	—	76,379,677	87,701,015

5 Capital and financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's operating profit and net assets attributable to shareholders subjected to price risk, interest rate risk and foreign exchange risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and the historical correlation of the Company's investments with relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Company invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Price risk		Interest rate risk	
	Impact on operating profit/Net assets attributable to shareholders			
	-10%	+10%	-1%	+1%
	$	$	$	$
30 June 2018	(10,464,528)	10,464,528	(308,568)	308,568
30 June 2017	(7,766,557)	7,766,557	(113,213)	113,213

5 Capital and financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

	Foreign exchange risk Impact on operating profit/Net assets attributable to shareholders					
	-10%	+10%	-10%	+10%	-10%	+10%
	USD	USD	EUR	EUR	GBP	GBP
	$	$	$	$	$	$
30 June 2018	(47,646)	47,646	(72,546)	72,546	46,164	(46,164)
30 June 2017	(26,002)	26,002	(46,978)	46,978	(53,908)	53,908

(c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay its contractual obligations in full when they fall due, causing a financial loss to the Company.

The Company does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Company is exposed, arises from cash and cash equivalents and amounts due from brokers. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount disclosed in the Statement of financial position.

5 Capital and financial risk management (continued)

(c) Credit risk (continued)

Trading with recognised and creditworthy third parties only is a way that the Company manages credit risk. The Company does not consider counterparty risk to be significant, as the Company only trades with recognised and creditworthy third parties. The Standard and Poor's long term foreign issuer credit rating of the Company's counterparties as at 30 June 2018 and 30 June 2017 are:

- A for State Street Corporation (2017: A);
- AA- for Australia and New Zealand Banking Group Ltd (2017: AA-);
- A+ for Morgan Stanley & Co International PLC (2017: A+); and
- AA- for National Australia Bank Ltd (2017: AA-).

(d) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Investment Manager monitors the Company's cash-flow requirements daily taking into account upcoming income, expenses and investment activities. The assets of the Company are largely in the form of listed securities which are considered readily convertible to cash.

5 Capital and financial risk management (continued)

(d) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

At 30 June 2018	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Non-stated maturity $	Total $
Payables	383,255	38,200	—	—	—	421,455
Management and performance fees payable	85,275	—	—	—	—	85,275
Due to brokers - payable for securities purchased	2,785,761	—	—	—	—	2,785,761
Contractual cash flows (excluding derivatives)	3,254,291	38,200	—	—	—	3,292,491

5 Capital and financial risk management (continued)

(d) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities (continued)

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Non-stated maturity	Total
At 30 June 2017	$	$	$	$	$	$
Payables	277,555	34,226	—	—	—	311,781
Management and performance fees payable	55,448	—	—	—	—	55,448
Due to brokers - payable for securities purchased	1,762,310	—	—	—	—	1,762,310
Contractual cash flows (excluding derivatives)	2,095,313	34,226	—	—	—	2,129,539

5 Capital and financial risk management (continued)

(d) Liquidity risk (continued)

(ii) Maturities of net settled derivative financial instruments

The table below analyses the Company's net settled derivative financial instruments based on their contractual maturity. The Company may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month	**1-6 months**	**6-12 months**	**Over 12 months**	**Non-stated maturity**	**Total**
30 June 2018	**$**	**$**	**$**	**$**	**$**	**$**
Forwards	(4,324,153)	—	—	—	—	(4,324,153)
Warrants	—	—	—	—	417,852	417,852
Total net settled derivatives	(4,324,153)	—	—	—	417,852	(3,906,301)

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Non-stated maturity	Total
30 June 2017	$	$	$	$	$	$
Futures	—	(31,475)	—	—	—	(31,475)
Forwards	(1,186)	(35,082)	—	—	—	(36,268)
Total net settled derivatives	(1,186)	(66,557)	—	—	—	(67,743)

5 Capital and financial risk management (continued)

(e) Capital management

The Company's objective in managing capital and investment is to maximise compound after-tax returns for shareholders over time by investing in an investment portfolio of global equity securities using the Managers distinctively contrarian high conviction, benchmark independent investment approach. The strategy is to acquire a portfolio of stocks which the Manager believes are in a period of price discovery and offer an attractive risk/reward profile.

The Company recognises that its capital position and market price will fluctuate in accordance with market conditions and, in order to adjust the capital structure, it may vary the amount of dividends paid, issue new shares or options from time to time, or buy back its own shares.

A breakdown of the Company's equity and changes in equity during the current year is provided in note 16.

6 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of financial position are disclosed in the first three columns of the tables below.

Financial assets

	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amount of financial assets	Gross amounts set off in the Statement of financial position	Net amount of financial assets presented in the Statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/ received	Net Amount
30 June 2018	**$**	**$**	**$**	**$**	**$**	**$**
Derivative financial instruments (i)	2,768,954	–	2,768,954	(2,350,683)	–	418,271
Total	2,768,954	–	2,768,954	(2,350,683)	–	418,271
30 Jun 2017						
Derivative financial instruments (i)	322,896	–	322,896	(322,896)	–	–
Total	322,896	–	322,896	(322,896)	–	–

6 Offsetting financial assets and financial liabilities (continued)

Financial liabilities

	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amount of financial liabilities	Gross amounts set off in the Statement of financial position	Net amount of financial liabilities presented in the Statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/ received	Net Amount
30 June 2018	**$**	**$**	**$**	**$**	**$**	**$**
Derivative financial instruments (i)	6,675,255	–	6,675,255	(2,350,683)	–	4,324,572
Total	6,675,255	–	6,675,255	(2,350,683)	–	4,324,572
30 June 2017						
Derivative financial instruments (i)	390,639	–	390,639	(322,896)	(66,557)	1,186
Total	390,639	–	390,639	(322,896)	(66,557)	1,186

(i) *Master netting arrangement*

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. These amounts have not been offset in the Statement of financial position, but have been presented separately in the above table.

7 Fair value measurement

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets/liabilities designated at fair value through profit or loss (see note 9 and 10)
- Financial assets/liabilities held for trading (see note 9 and 10)
- Derivative financial instruments (see note 11)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy;

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last traded prices.

The Company values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

7 Fair value measurement (continued)

(i) *Fair value in an active market (level 1) (continued)*

A financial instrument is regarded as quoted in an active market if quoted prices for an identical asset are readily and regularly available from an exchange, dealer, broker industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) *Fair value in an inactive or unquoted market (level 2 and level 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

7 Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

7 Fair value measurement (continued)

Recognised fair value measurement

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy as at 30 June 2018 and 30 June 2017.

	Level 1	Level 2	Level 3	Total
As at 30 June 2018	**$**	**$**	**$**	**$**
Financial assets				
Financial assets designated at fair value:				
Equity securities	104,645,279	—	—	104,645,279
Financial assets held for trading:				
Derivatives	417,852	2,351,102	—	2,768,954
Total financial assets	105,063,131	2,351,102	—	107,414,233
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	—	6,675,255	—	6,675,255
Total financial liabilities	—	6,675,255	—	6,675,255

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

As at 30 June 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets designated at fair value:				
Equity securities	65,534,010	—	—	65,534,010
Listed unit trusts	12,131,561	—	—	12,131,561
Financial assets held for trading:				
Derivatives	—	322,896	—	322,896
Total financial assets	77,665,571	322,896	—	77,988,467
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	31,475	359,164	—	390,639
Total financial liabilities	31,475	359,164	—	390,639

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(i) *Transfers between levels*

There were no transfers between levels in the fair value hierarchy for the years ended 30 June 2018 and 30 June 2017.

(ii) *Fair value measurements using significant unobservable inputs (level 3)*

There were no investments classified as level 3 within the Company as at 30 June 2018 and 30 June 2017.

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

(iii) Fair values of other financial instruments

Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

8 Net changes in fair value of financial assets and liabilities at fair value through profit or loss

	Year ended	
	30 June 2018 $	30 June 2017 $
Financial assets		
Net gain/(loss) on financial assets held for trading	**2,485,187**	1,512,701
Net gain/(loss) on financial assets designated at fair value through profit or loss	**17,685,707**	10,114,710
Financial liabilities		
Net gain/(loss) on financial liabilities held for trading	**(6,324,150)**	(366,299)
Total net changes in fair value of financial assets and liabilities at fair value through profit or loss	**13,846,744**	11,261,112

9 Financial assets held at fair value through profit or loss

	As at	
	30 June 2018 **$**	30 June 2017 $
Designated at fair value through profit or loss		
Equity securities	**104,645,279**	65,534,010
Listed unit trusts	**—**	12,131,561
Total designated at fair value through profit or loss	**104,645,279**	77,665,571
Held for trading		
Derivatives (note 11)	**2,768,954**	322,896
Total held for trading	**2,768,954**	322,896
Total financial assets held at fair value through profit or loss	**107,414,233**	77,988,467

9 Financial assets held at fair value through profit or loss (continued)

Details of the Company's top 10 equity investments as at 30 June 2018 and 30 June 2017 are set out on the following table:

Company Name	As At 30 June 2018 $
Equiniti Group Plc	9,750,517
Zayo Group Holdings Inc	8,612,314
Entertainment One Ltd	6,401,326
Interxion Holding Nv	6,366,444
Huntsman Corp	6,242,443
Cellnex Telecom Sau	5,374,396
Stars Group Inc	5,148,490
Premier Inc	5,009,791
Keysight Technologies Inc	4,664,717
Comerica In	4,164,466
Total – top 10 equity investments	**61,734,904**
Other investments in equity investments	42,910,375
Total equity investments*	**104,645,279**

* As at 30 June 2018, the Company does not hold investments in listed unit trusts.

9 Financial assets held at fair value through profit or loss (continued)

Company Name	As At 30 June 2017 $
Entertainment One Ltd	7,196,329
Equiniti Group Plc	4,628,939
Philips Lighting Nv	4,449,028
Zayo Group Holdings Inc	4,090,942
Qts Realty Trust Inc	3,687,285
Interxion Holdings Nv	3,531,754
Snap On Inc	3,240,540
Jeld Wen Holdings Inc	2,723,669
Northstar Realty Europe Corp	2,669,007
Ptc Inc	2,608,939
Total – top 10 equity and listed unit trust investments	38,826,432
Other investments in equity and listed unit trust investments	38,839,139
Total equity and listed unit trust investments	77,665,571

An overview of the risk exposures related to the financial assets held at fair value through profit or loss is included in note 5.

10 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2018 **$**	30 June 2017 $
Held for trading		
Derivatives (note 11)	**6,675,255**	390,639
Total held for trading	**6,675,255**	390,639
Total financial liabilities held at fair value through profit or loss	**6,675,255**	390,639

An overview of the risk exposures related to the financial liabilities held at fair value through profit or loss is included in note 5.

11 Derivative financial instruments

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging (portfolio and/or individual security risk);
- to increase/decrease overall portfolio and country exposures;
- investing indirectly where the Manager determines that investing indirectly would, for example, be commercially advantageous, tax efficient or provide a more practicable means of access to the relevant investment; and
- short term portfolio management purposes, for example obtaining economic exposure to the market whilst physical exposures are being bought.

11 Derivative financial instruments (continued)

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Company.

The Company holds the following derivatives:

(a) Forward currency contracts

Forward currency contracts are primarily used by the Company to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Company agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Company recognises a gain or loss equal to the change in fair value at the end of each reporting period.

(b) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralized by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(c) Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the end of each reporting period. The Company recognises a gain or loss equal to the change in fair value at the end of each reporting period.

11 Derivative financial instruments (continued)

The Company's derivative financial instruments at year end are detailed below:

		Fair Values	
	Contract/ Notional	Assets	Liabilities
30 June 2018	**$**	**$**	**$**
Foreign currency contracts	100,379,380	2,351,102	6,675,255
Warrants	565,717	417,852	—
Total Derivatives	**100,945,097**	**2,768,954**	**6,675,255**

		Fair Values	
	Contract/ Notional	Assets	Liabilities
30 June 2017	$	$	$
Futures	4,029,695	—	31,475
Foreign currency contracts	84,972,048	322,896	359,164
Total Derivatives	89,001,743	322,896	390,639

Risk exposures and fair value measurements

Information about the Company's exposure to price risk, credit risk, foreign exchange risk, interest rate risk, liquidity risk and about the methods and assumptions used in determining fair values is provided in Note 5 and 7 to the financial statements. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of derivative financial instruments disclosed above.

12 Dividend profit reserve

The dividend profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividends payments.

	As at	
Movements in Dividend Profit Reserve	**30 June 2018 $**	30 June 2017 $
Balance at the beginning of the year	**3,412,450**	884,364
Transferred from retained earnings	**4,919,518**	4,042,770
Payment of dividend	**(3,884,207)**	(1,514,684)
Closing balance at the end of the year	**4,447,761**	3,412,450

On 19 February 2018, the directors declared an interim dividend of 1.5 cents and a special dividend of 1 cent per fully paid ordinary share, fully franked at the 27.5% corporate tax rate. Both dividends had a record date of 26 April 2018 and were paid to shareholders on 18 May 2018. The Dividend Reinvestment Plan (DRP) operated in conjunction with this interim dividend and a discount of 2.50% was applied to the DRP.

On 30 August 2017, the Directors decided to transfer approximately $4,919,518 to the dividend profit reserve with the intention to pay at least 3 cent per annum dividend going forward.

13 Cash and cash equivalents

	As at	
	30 June 2018 $	30 June 2017 $
Cash at bank	**14,369,590**	3,042,959
Deposits at call	**16,485,780**	—
Total cash and cash equivalents	**30,855,370**	3,042,959

These accounts are earning a floating interest rate of between 0.01% pa (June 2017: 0.01% pa) and 1.40% pa (June 2017: 1.95% pa) during the reporting period.

14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2018 $	30 June 2017 $
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit for the year year after tax	**9,513,166**	7,706,898
Purchase of financial instruments held at fair value through profit or loss	**(126,197,366)**	(110,613,818)
Proceeds from sale of financial instruments held at fair value through profit or loss	**118,338,887**	102,188,770
Net gains on financial instruments held at fair value through profit or loss	**(13,846,744)**	(11,261,112)
Amount received from/(paid to) brokers for margin accounts	**8,276,965**	(3,036,604)
Increase in foreign exchange gains/(losses)	**9,439**	114,556
Net change in receivables	**(105,247)**	(14,290)
Increase in income tax assets and liabilities	**1,313,334**	982,649
Net change in payables	**405,777**	(77,610)
Net cash outflow from operating activities	**(2,291,789)**	(14,010,561)
(b) Non-cash financing activities		
Reinvestment of shareholder dividends	**386,982**	169,057

15 Income tax

	As at	
	30 June 2018 **$**	30 June 2017 $
(a) Reconciliation of income tax expense to prima facie tax payable:		
Profit before income tax	**12,984,465**	10,870,144
Prima facie income tax expense calculated at 27.5% (2017: 30%)	**(3,570,728)**	(3,261,044)
Tax effect of franked dividends received	**—**	—
Tax effect of foreign dividends received	**99,429**	97,798
	(3,471,299)	(3,163,246)
(b) Income tax expense composition:		
Current income tax expense	**(2,166,966)**	(2,683,469)
Deferred income tax expense	**(1,304,333)**	(479,777)
	(3,471,299)	(3,163,246)
(c) Income tax benefit recognised directly to equity:		
Costs associated with the issue of shares	**—**	—
	—	—
(d) Deferred tax (liabilities)/assets comprise of temporary differences attributed to:		
Costs associated with the issue of shares	**130,539**	284,812
Unrealised gain on investments held on revenue account	**(2,326,808)**	(1,167,747)
Total net deferred tax liability	**(2,196,269)**	(882,935)
(e) Imputation credits:		
Total imputation credits available in subsequent financial years based on a tax rate of 27.50% (2017: 30%)	**3,845,053**	3,160,407

The above amount represents the balance of imputation credits at 30 June 2018 and 30 June 2017 adjusted for income tax paid/payable and franked dividends receivable. The Company's ability to pay franked dividends is dependant upon receipt of franked dividends and the Company paying tax.

16 Issued capital

	As at 30 June 2018	
	No. of Securities	$
Ordinary shares		
Opening balance – 1 July 2017	75,871,924	74,193,688
Shares issued under dividend reinvestment plan	374,624	386,982
Shares issued from exercise of options	33,599,177	33,599,177
Total issued capital – fully paid ordinary shares	109,845,725	108,179,847

Options		
Loyalty options		
Opening balance – 1 July 2017	33,599,177	—
Options exercised	(33,599,177)	—
Total options	—	—
Total issued capital		108,179,847

16 Issued capital (continued)

	As at 30 June 2017	
	No. of Securities	$
Ordinary shares		
Opening balance – 1 July 2016	75,692,959	74,024,631
Shares issued under dividend reinvestment plan	178,965	169,057
Total issued capital – fully paid ordinary shares	75,871,924	74,193,688
Options		
Loyalty options		
Opening balance – 1 July 2016	33,599,177	—
Total options	33,599,177	—
Total issued capital		74,193,688

16 Issued capital (continued)

(a) Terms and conditions

(i) Ordinary shares

Fully paid ordinary shares entitle the holder to receive dividends as declared and the proceeds on winding up the Company in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

(ii) Options

Each shareholder who made an application for shares and loyalty options under the prospectus, dated 16 September 2014, received one loyalty option for every two shares issued for nil consideration. The loyalty options were vested to eligible shareholders on 10 April 2015 and were first quoted on the ASX on 22 April 2015.

Holders of the vested loyalty option have the right to acquire one ordinary share in the Company at an exercise price of $1.00 per share and can exercise the right at any time in the period commencing on the day after the vesting date of 10 April 2015 and ending on the third anniversary of the vesting date being 10 April 2018.

The vested loyalty options are not entitled to dividends. Ordinary shares issued on exercise of the options rank equally with all other ordinary shares from the date of exercise and entitle the holder to receive dividend on or prior to the applicable record date.

17 Earnings per share

	Year ended	
	30 June 2018	30 June 2017
Basic earnings per share (cents)	**11.10**	10.17
Diluted earnings per share (cents)	**11.10**	10.17
Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue used in calculating basic earnings/(losses) per share	**85,679,013**	75,775,393
Add: Options for the purpose of calculating diluted earnings/(losses) per share*	**—**	—
Weighted average number of ordinary shares on issue used in calculating diluted earnings/(losses) per share	**85,679,013**	75,775,393
Earnings reconciliation		
Net profit after income tax used in the calculation of basic and diluted earnings per share ($)	**9,513,166**	7,706,898

* Calculated in accordance with AASB 133: *Earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on exercise of the options during the year.

18 Net tangible assets per share

	As at	
	30 June 2018 $	30 June 2017 $
Net tangible assets per share		
Net Tangible Assets before all taxes (i)	**1.1734**	1.1559
Net Tangible Assets after realised tax (ii)	**1.1645**	1.1465
Net Tangible Assets after tax	**1.1445**	1.1348

The Net Tangible Assets as at 30 June 2018 is based on fully paid ordinary shares of 109,845,725 (June 2017: 75,871,924).

(i) All figures are after the payment of dividends and taxes. The current period NTA is after dividends paid of 4 cents per share and after tax paid of 2.2 cents per share.

(ii) Net Tangible Assets after realised tax includes tax paid and a provision for tax on realised gains from the Company's Investment Portfolio. It excludes any tax on unrealised gains and deferred tax, which are represented in the Net Tangible Assets after tax line.

19 Management and performance fees

Under the Management Agreement, effective 20 October 2014, the Company must pay a management fee of 0.75% per annum (plus GST) of the pre tax net asset value of the Investment Portfolio to Ellerston Capital Limited (the Manager), calculated and accrued monthly and paid monthly in arrears. In addition, the Manager is entitled to receive a performance fee equal to 15% (plus GST) of the amount by which the investment portfolio's pre tax return exceeds the return of the MSCI World Index (local), calculated and accrued monthly and paid annually in arrears. In the case the Investment Portfolio's pre tax return is less than the return of the MSCI World Index (Local) for the financial year, no performance fee will be payable in respect of that financial year and the negative performance fee amount will be carried forward to the following financial year or financial years until it has been recouped.

19 Management and performance fees (continued)

The Board is responsible for regularly reviewing the performance of the Manager against measurable and qualitative indicators as reflected in the Management Agreement and the terms of the Manager's delegated authority. During the year 30 June 2018, the Company has not accrued the performance fee (30 June 2017: nil).

	30 June 2018 **$**	30 June 2017 $
Management fees expense	**781,146**	656,972
Management fees payable	**85,275**	55,448

20 Auditor's remuneration

	Year ended 30 June 2018 **$**	Year ended 30 June 2017 $
Audit and assurance services		
Statutory audit and review of the financial reports	**50,832**	53,150
Non-audit services		
Taxation services	**3,658**	3,658
Total remuneration for assurance services	**54,490**	56,808

Amounts received or due and receivable by the auditor of the Company, Ernst & Young.

21 Related parties

The Company has appointed Ellerston Capital Limited, to act as the Manager of the Company's investment portfolio. The contract is on normal commercial terms and conditions.

(a) Key management personnel

The Key Management Personnel (KMP) of the Company comprise the Independent Non-Executive Directors, the Executive Director and the Manager.

21 Related parties (continued)

(a) Key management personnel (continued)

Ellerston Capital Limited

A Management Agreement between the Company and the Manager commenced on 20 October 2014. For the years ended 30 June 2018 and 30 June 2017, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager is entitled to:

(i) a management fee of 0.75% per annum (plus GST) of the pre tax net asset value of the Company's investment portfolio, calculated and accrued monthly and paid monthly in arrears; and

(ii) a performance fee equal to 15% (plus GST) of the amount by which the investment portfolio's pre-tax return exceeds the return of the MSCI World Index (local), calculated and accrued monthly and paid annually in arrears.

Details of management and performance fees are provided on note 19 on page 101.

The following remuneration was paid or payable by the Company to the Independent Non-Executive Directors and Executive Director, and the Manager for the year:

	30 June 2018 $	30 June 2017 $
Sam Brougham	**30,250**	30,250
Paul Dortkamp	**30,250**	30,250
Stuart Robertson	**30,250**	30,250
Total Non-Executive Directors' fees paid by the Company	90,750	90,750
Total Executive Director's fee paid by the Company to Ashok Jacob	Nil	Nil

Further details of remuneration paid or payable to the Directors is disclosed in the Remuneration Report in the Directors' Report.

21 Related parties (continued)

(b) Transactions with related parties

The Company from time to time enters into transactions with parties related to the Manager. All related party transactions are made at arm's length on normal business terms and conditions. During the reporting periods 30 June 2018 and 30 June 2017 the Company had the following related party transactions:

30 June 2018

Shareholder	Number of Shares held opening (No.)	Number of Shares held closing (No.)	Fair value of investment ($)	Interest held (%)	Shares acquired during the year (No.)	Shares disposed during the year (No.)	Dividends paid/ payable ($)
Ellerston Global Equity Managers Fund							
Ordinary Shares	1,430,272	2,202,695	2,520,984	2.01	700,000	–	–
Loyalty Options	700,000	–	–	–	–	700,000	–
Directors of Ellerston Capital Limited							
Ordinary Shares	52,120	77,382	88,564	0.07	25,262	–	2,712
Loyalty Options	25,000	–	–	–	–	25,000	–
Management Share	1	1	–	–	–	–	–

21 Related parties (continued)

(b) Transactions with related parties (continued)

30 June 2017

Shareholder	Number of shares held opening (No.)	Number of shares held closing (No.)	Fair value of investment ($)	Interest held (%)	Shares acquired during the year (No.)	Shares disposed during the year (No.)	Dividends paid/ payable ($)
Ellerston Global Equity Managers Fund							
Ordinary Shares	1,415,217	1,430,272	1,623,073	1.89	15,055	–	56,131
Loyalty Options	700,000	700,000	35,000	2.08	–	–	–
Directors of Ellerston Capital Limited							
Ordinary Shares	51,032	52,120	59,147	0.07	1,088	–	1,026
Loyalty Options	25,000	25,000	1,250	0.07	–	–	–
Management Share	1	1	–	–	–	–	–

The Manager of the Company is the Trustee and the Investment Manager of Ellerston Global Equity Managers Fund.

Note: Where directors hold directorships of the Company and Investment Manager, those holdings have been included in the Directors' Report and are not included in the table above under "Directors of Ellerston Capital Limited".

22 Contingent assets, liabilities and commitments

The Company has no material commitments, contingent assets or liabilities as at 30 June 2018 and 30 June 2017.

23 Events occurring after the reporting period

On 23 August 2018, the directors declared a fully franked final dividend of 1.5 cents per ordinary share, which is payable to shareholders on 5 October 2018. The amount of the proposed dividend, which is not recognised as a liability as at 30 June 2018, is $1,647,686 based on the number of shares on issue at 30 June 2018. The dividend will be paid out of the dividend profit reserve.

On 23 August 2018, the Directors decided to transfer approximately $5,712,910 to the dividend profit reserve. The Company intends to pay a dividend of at least 3 cents per annum (1.5 cents per half) to Shareholders going forward subject to various factors including financial conditions, corporate, legal and regulatory considerations.

No other significant events have occurred since the end of the reporting period and up to the date of this report which would impact on the financial position of the Company disclosed in the Statement of financial position as at 30 June 2018 or on the results and cash flows of the Company for the year ended on that date.

11.

Directors' Declaration

11. Directors’ Declaration

30 June 2018

Directors’ declaration

In the directors’ opinion:

(a) the financial statements and notes set out on pages 44 to 106 are in accordance with the *Corporations Act 2001,* including:

  (i) complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company’s financial position as at 30 June 2018 and of its performance for the financial year; and

(b) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the directors.

Ashok Jacob

Chairman

23 August 2018

12.
Independent Auditor's Report

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Members of Ellerston Global Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ellerston Global Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Ellerston Global Investments Limited is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Investment Existence and Valuation

Why significant	How our audit addressed the key audit matter
The Company has a significant investment portfolio consisting primarily of listed equity securities and derivatives. As at 30 June 2018, the values of these financial assets and financial liabilities were $107,414,233 and $6,675,255, representing 77% and 51%, of the total assets and total liabilities respectively of the Company. As detailed in the Company's accounting policy, described in Note 2(b) of the financial report, these financial assets and financial liabilities are recognised at fair value through profit or loss in accordance with Australian Accounting Standards. Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and financial liabilities, and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.	We assessed the effectiveness of the controls relating to the recognition and valuation of investments. We obtained and considered the assurance report on the controls of the Company's administrator, in relation to the fund administration services for the year ended 30 June 2018 and considered the auditor's qualifications, competence and objectivity and the results of their procedures. We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2018. We assessed the fair value of all investments in the portfolio held at 30 June 2018. For listed securities, the values were verified against independently sourced market prices. For unlisted derivatives, the values were verified using independently sourced observable market inputs applied to appropriate valuation models. We assessed the adequacy of the disclosures in Note 7 of the financial report.

2. Management and Performance Fees

Why significant	How our audit addressed the key audit matter
Management and performance fees, paid to the Manager, Ellerston Capital Limited, are the most significant operating expense for the Company. The Company's accounting policy for management and performance fees is described in Note 19 of the financial report. Performance fees are recognised in the financial report if the performance hurdles for the Company have been met at the end of the relevant measurement period, which is the date that the performance criteria is met and the obligation has crystallised. As at 30 June 2018, management fees totalled $781,146 which represented 43% of total expenses.	We assessed the effectiveness of the controls in relation to the calculation of management and performance fees of the Company's administrator, who has responsibility for the calculation. We recalculated management and performance fees, in accordance with the relevant Services Agreement, including agreeing the contract rate to the calculation. We assessed the performance fee calculation, including testing the inputs into the calculation model and assessed whether the calculation was in line with the relevant Services Agreement.

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2. Management and Performance Fees (continued)

Why significant	How our audit addressed the key audit matter
As at 30 June 2018, the Company had nil performance fees. The assessment of performance fee arrangements can be complex and judgmental due to uncertainty around future performance. Accordingly, this was considered a key audit matter. The disclosure of this amount is included in Note 19 of the financial report.	We also assessed whether the criteria for accrual of a performance fee liability were met at 30 June 2018. We assessed the adequacy of the disclosures in Note 19 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Building a better working world

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Ellerston Global Investments Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Rohit Khanna
Partner
Sydney
23 August 2018

13. Shareholder Information

13. Shareholder Information

For the year ended 30 June 2018

Additional information required by the Australian Stock Exchange Ltd (ASX) and not shown elsewhere in this report is as follows. The information is current as at 22 August 2018.

Totals for Security Code EGI

1 to 1,000	47	23,184	.02
1,001 to 5,000	115	391,194	.36
5,001 to 10,000	225	1,914,583	1.74
10,001 to 100,000	1,377	50,658,982	46.12
100,001 and Over	142	56,587,782	51.76
Total	**1,906**	**109,845,725**	**100.00**

The number of security investors holding less than a marketable parcel of 481 securities ($1.040 on 21/08/2018) is 21 and they hold 1934 securities.

(b) Distribution of Optionholders of the Company as at 22 August 2018:

OPTIONHOLDING RANGE	NUMBER OF HOLDERS	NUMBER OF OPTIONS	% OF OPTIONS IN ISSUE
1 to 1,000	—	—	—
1,001 to 5,000	—	—	—
5,001 to 10,000	—	—	—
10,001 to 100,000	—	—	—
100,001 and Over	—	—	—
Total	**—**	**—**	**—**
Optionholders with less than a marketable parcel	—	—	—

Options are neither entitled to voting right nor to dividend.

(c) Substantial shareholders

Top 20 Ordinary Shareholders as at 22 August 2018

RANK	INVESTOR		AVAILABLE BALANCE	% ISSUED CAPITAL
1	RAC & JD BRICE SUPERANNUATION P/L	<BRICE SUPER FUND A/C>	4,920,000	4.48%
2	NAMARONG INVESTMENTS PTY LTD	<THE HANSEN INVESTMENT A/C>	4,500,000	4.10%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		4,291,715	3.91%
4	E D DUNN PTY LTD	<ELEANOR DUNN A/C>	4,125,000	3.76%
5	RUBI HOLDINGS PTY LTD	<JOHN RUBINO S/F A/C>	3,000,000	2.73%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2		2,392,367	2.18%
7	CROFTON PARK DEVELOPMENTS PTY LTD	<SAM BROUGHAM FAMILY A/C>	1,584,529	1.44%
8	WANGANUI PTY LTD	<PECK VON HARTEL S/F A/C>	1,000,000	.91%
9	NETWEALTH INVESTMENTS LIMITED	<WRAP SERVICES A/C>	818,397	.75%
10	KBT SMSF PTY LTD	<TIERNEY SUPER FUND A/C>	750,000	.68%
11	MR BRIAN JOSEPH TIERNEY		750,000	.68%
12	NETWEALTH INVESTMENTS LIMITED	<SUPER SERVICES A/C>	682,214	.62%
13	CHARANDA NOMINEE COMPANY PTY LTD	<THE AMANCHAR A/C>	620,000	.56%
14	MUTUAL TRUST PTY LTD		619,616	.56%
15	MARIAN & EH FLACK NOMINEES PTY LTD		600,000	.55%
16	ARGUS NOMINEES PTY LTD	<THE HALSTEAD SUPER FUND A/C>	530,000	.48%
17	MR RICHARD DOUGLAS MCILWAIN		525,000	.48%
18	ZONDA CAPITAL PTY LTD	<FLINDERS FAMILY A/C>	500,000	.46%

RANK	INVESTOR		AVAILABLE BALANCE	% ISSUED CAPITAL
19	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP		452,877	.41%
20	TATIARA HOLDINGS (NSW) PTY LIMITED	<GERANG SUPER FUND A/C>	447,000	.41%

		INVESTORS	
TOTAL FOR TOP 20:	33,108,715	20	30.14%

		INVESTORS	
TOTAL IN THIS REPORT:	33,108,715	20	30.14%
TOTAL OTHER INVESTORS:	76,737,010	1,886	69.86%
GRAND TOTAL:	109,845,725	1,906	100.00%

14. Corporate Directory

For the year ended 30 June 2018

Directors

Ashok Jacob
Sam Brougham
Paul Dortkamp
Stuart Robertson

Company Secretary

Ian Kelly

Registered Office

c/- Ellerston Capital Limited
Level 11, 179 Elizabeth Street
SYDNEY NSW 2000

Auditor

Ernst and Young
Ernst and Young Centre
200 George Street
SYDNEY NSW 2000

Manager

Ellerston Capital Limited
ACN 110 397 674
Level 11, 179 Elizabeth Street
SYDNEY NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Securities Exchange Listing

ASX code (ordinary shares): EGI

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