

# Monthly NTA Statement

October 2018

Ellerston Global Investments Limited  
ACN 169 464 706

13<sup>th</sup> November 2018

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

Ellerston Global Investments Limited (**ASX: EGI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the company as at 31 October 2018:

NTA per share	31 October 2018
NTA before tax <sup>#</sup>	\$1.0722
NTA after realised tax	\$1.0759
NTA after tax	\$1.0761

The NTA is based on fully paid share capital of 109,983,363.

<b>#NTA before tax</b>	- Includes taxes that have been paid.
<b>NTA after realised tax</b>	- Includes a provision for tax on realised gains from the Company's Investment Portfolio.
<b>NTA after tax</b>	- Includes any tax on unrealised gains and deferred tax.

**The company's net performance before tax for the month of October was -9.15%.**



Ian Kelly  
Company Secretary

## Important Note

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

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# Ellerston Global Investments (ASX: EGI)

Investment Update | October 18

## PERFORMANCE (%)

	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	1 November 2014	Annualised Return*
Fund Net^	-9.15	-6.60	-2.41	-1.40	6.02	37.05	8.20
Fund Gross	-9.07	-6.35	-1.88	-0.29	7.31	44.23	9.59
Benchmark	-6.80	-4.87	-0.30	2.06	8.12	33.73	7.54

^Net Return (before tax) and excluding option dilution. \*1 November 2014

## PORTFOLIO UPDATE

The EGI portfolio declined 9.15% net during the month of October. The NTA (before tax) at the end of October was \$1.0722.

EGI invests with a mid-small cap bias, defined as companies with a market cap of sub US\$10 billion. The month of October proved to be a difficult month for markets worldwide with particular volatility in the mid small cap space. The MSCI World SMID Cap Index declined 8.95% in October. 73% of the stocks included in the MSCI SMID Index are now down more than 15% from their respective 52 week highs.

Contributors to performance included, **Tribune Media**, **Ciena** and **Entertainment One**. Detractors from performance included **Equiniti**, **Zayo Group** and **Interxion**.

EGI had 6 portfolio companies report during the month of October with the majority coming in broadly in line or slightly ahead of earnings expectations.

**Huntsman** reported Q318 earnings ahead of consensus with underlying core EBITDA growing 10% for the quarter. Huntsman reconfirmed FY18 free cash flow guidance of \$550mil to \$625mil and longer term 2020 targets announced at its Investor Day earlier this year.

Near term it is seeing customers throughout the supply chain de-stock and be more cautious, given the backdrop around global trade and the softer picture of growth in China. That said, the CEO summarized by saying: "Given where we are, the changes over the past few years and where we are going, I see a massive disconnect between our performance and our share price. Our company has never been in a better position to create shareholder value."

**Teradyne** reported third quarter 2018 organic revenue growth of 11% with total sales growing 13%. Revenue came in at the top end of guidance, while 71c of EPS surpassed the high end of its range as gross profit margins came in at the high end of expectations.

Management indicated that its latest view on the global System on Chip testing market in 2018 shows it coming in above its previous \$2.2-\$2.4bn estimation and is now expected to end up between \$2.6-\$2.7bn.

Teradyne's Industrial Automation segment continues to grow strongly with Universal Robot revenue up 46% compared with the same quarter last year and is up 42% in the first nine months of the year. Full year guidance was, however, lowered from 50% down to 40-45% as economic uncertainty in China is having an impact on domestic demand in the region which accounts for about 15% of sales. Outside of China UR grew 54% and we should see China return to stronger growth over time.

## Key Facts

Listing Date	October 2014
NTA (before tax)**	\$1.0722
NTA (after realised tax)	\$1.0759
NTA (after tax)	\$1.0761
Share Price at 31/10/2018	\$0.96
EGI Market Capitalisation	105.6m
Management Fee	0.75%
Performance Fee***	15%
Annualised Fully Franked Dividend FY19^^	3.0cps
Benchmark	MSCI World Index (Local)

\*\* NTA (before tax) - Includes taxes that have been paid. NTA after realised tax - Includes a provision for tax on realised gains from the Company's Investment Portfolio. NTA after tax- Includes any tax on unrealised gains and deferred tax.

^^ Annualised dividend is a financial term of analysis based on the total shares on issue at 31/10/18 and on the 1.5cps dividend paid on FY18 interim results (excluding special dividend). Any actual dividend declared by the Company is subject to Board discretion and may vary. Past performance is not an indicator of future performance.

\*\*\* 15% of the investment return over the Benchmark return (MSCI World Index Local), after recovering any underperformance in past period.

## MARKET COMMENTARY

Global equity markets tumbled in October. Both developed and emerging markets were hit hard by a wave of selling, as fears about slowing global growth, trade wars and higher interest rates gripped investors. As the US 10-year bond yields backed up to over 3.2% for the first time since 2011, US and Australian equity markets sank as sky-high valuations for some growth stocks were brought back into sharp focus. Continuing and deepening trade disagreements between the US and China, the setback in Brexit negotiations between the EU and the UK over the Irish border, and the US threatening Iran with sanctions had investors adopting a "risk off" approach to their investments. Growth and technology stocks bore the brunt of investors taking flight.

The **S&P 500 Index** and the Dow Jones Industrial Average Index ended October down 6.9% and 5.0%, respectively. The tech-heavy NASDAQ suffered an even greater fall and ended the month down 9.2%. While in September, investors generally ignored the noise around trade wars and focused squarely on the stronger US economy and optimistic earnings prospects, in October, high valuations and growth fears weighed heavily on sentiment. Despite US GDP increasing 3.5% in the third quarter, US equities slumped the most since the sell-off in February, as some investors worried that US economic and profit growth may have peaked.

**European equity markets** were also sold down aggressively. The UK's FTSE 100 was down 4.9% (impacted by a further hiccup in the Brexit negotiations), but Germany's DAX and France's CAC 40 delivered even worse returns of -6.5% and -7.2% respectively. The Euro STOXX 50 Index closed down 5.9% and is now down 9.1% over the past three months. The Euro composite PMI fell sharply from 54.1 in September to 52.7 in October. Brexit battles and the EU arguing with Italy over its budget imbroglio were European specific issues that added to negative global sentiment on growth and geopolitical uncertainty in October. The European Central Bank kept rates unchanged in October as its view on the risks to growth were still described as "broadly balanced".

**Asian Equity Markets** saw sharp sell-offs in early October, but modest rebounds late in the month. As investors feared a reversal of synchronised global growth and with US and China trade tensions simmering in the background, equity markets in Asia posted substantial losses. The Hang Seng Index returned -10.0% and Japanese stocks also underperformed, with the Nikkei 225 returning -9.1% (even after the Bank of Japan left monetary policy unchanged). In China, the PBoC's plan to give substantial credit support to private debt issuances failed to stem investor worries and the CSI 300 was down 8.3%.

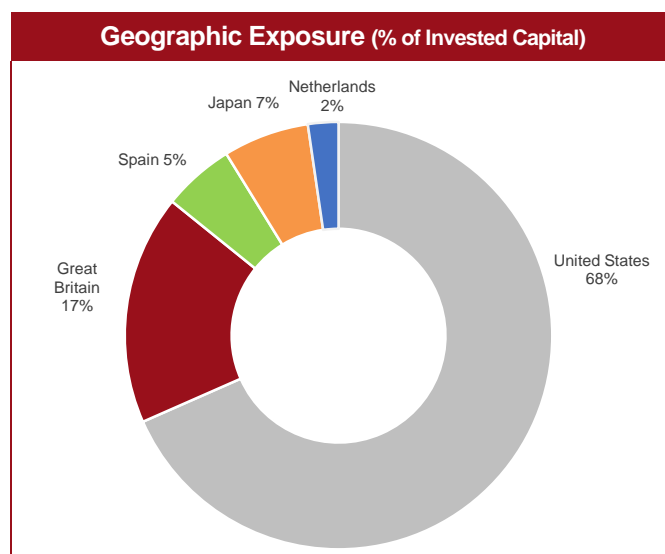
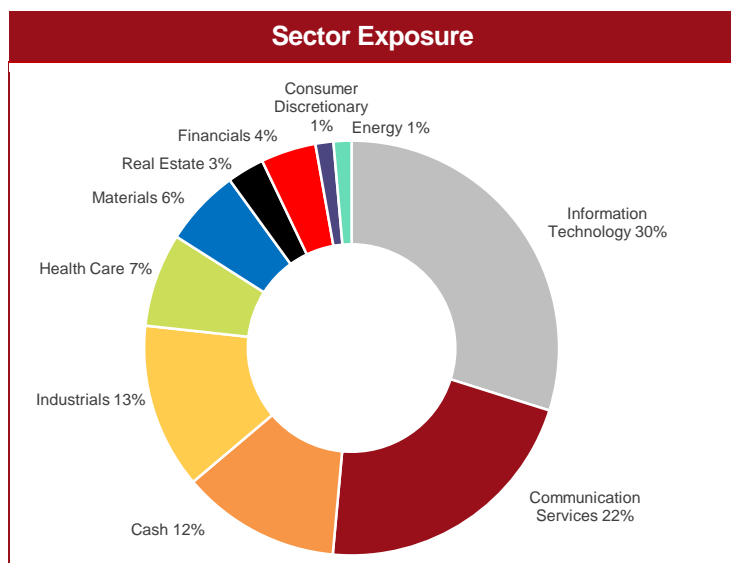
The **S&P/ASX 200 Accumulation Index** closed the month down 6.1%. This was the worst month since August 2015 (when the market was down 8.6%) and it was the worst October in 10 years, when in 2008, the market was down 12.6%. All sectors were in the red, but the Financials, Materials and Energy sectors weighed particularly heavily on the index return in the month.

Regards,  
Arik Star and Bill Pridham  
EGI Co-Portfolio Managers

## TOP HOLDINGS

Top 10 holdings as at 31 October 2018	Sector	%
Interxion Holding NV	Information Technology	6.75
Zayo Group Holdings Inc	Communication Services	6.74
Equiniti Group Plc	Information Technology	6.23
Entertainment One Ltd	Communication Services	6.09
Cellnex Telecom SA	Communication Services	4.70
Premier Inc	Health Care	4.69
Ciena Corporation	Information Technology	4.57
Keysight Technologies Inc	Information Technology	3.99
Tribune Media Co	Communication Services	3.96
WillScot Corporation	Industrials	3.83

## SECTOR & GEOGRAPHIC ALLOCATIONS



### Research Ratings

Independent Investment Research (IIR) is an independent investment research house based in Australia and the United States. IIR conducted research in December 2017 and has assigned Ellerston Global Investments Limited (ASX code: EGI) a **Recommended** rating.



### Dividends

If you would like to have dividends re-invested under the Company's Reinvestment Plan, click [here](#)

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

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