

ELLERSTON ASIAN  
INVESTMENTS LIMITED  
ACN 606 683 729

14 January 2020

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

**MONTHLY NTA STATEMENT - December 2019**

Ellerston Asian Investments Limited (**ASX: EAI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the Company as at 31 December 2019 is:

| NTA per Share            | 31 December 2019 |
|--------------------------|------------------|
| NTA before tax           | \$1.2064         |
| NTA after realised tax * | \$1.2056         |
| NTA after tax ^          | \$1.1710         |

These figures are unaudited and indicative only

The NTA is based on fully paid share capital of 137,681,455.

\* 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.

On 9 September 2019, EAI announced a renewal of its on-market buy-back of up to 10% of its shares, commencing 27 September 2019 continuing for twelve months. Since 27 September 2019 a total of 3,653,784 shares had been bought back.

The company's net performance before tax for the month was 3.56%.



Ian Kelly  
Company Secretary

**Contact Details**

Should investors have any questions or queries regarding the company, please contact our Investor Relations team on 02 9021 7797.

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

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**Ellerston Asian Investments Limited**

ACN 606 683 729

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[listed-investment-companies/](https://linkmarketservices.com.au/listed-investment-companies/)

**Investor Contact**

1300 551 627  
[EAI@linkmarketservices.com.au](mailto:EAI@linkmarketservices.com.au)

# Ellerston Asian Investments Limited (ASX:EAI)

Performance Report | December 19

## PERFORMANCE SUMMARY

| Performance      | 1 Month | 3 Months | 6 Months | 1 Year | CYTD   | Since Inception (p.a.) |
|------------------|---------|----------|----------|--------|--------|------------------------|
| Net <sup>^</sup> | 3.56%   | 8.92%    | 8.99%    | 24.09% | 24.09% | 7.78%                  |
| Benchmark*       | 2.40%   | 6.90%    | 5.28%    | 15.54% | 15.54% | 8.49%                  |
| Alpha            | 1.16%   | 2.02%    | 3.71%    | 8.55%  | 8.55%  | -0.71%                 |

Source: Ellerston Capital Limited

<sup>^</sup> The net return figure is calculated before all tax provisions, after fees & expenses, includes the effects of the share buyback, and excluding the effects of option exercise dilution. Past performance is not a reliable indication of future performance

\*MSCI Asia ex Japan (non-accumulation) (AUD)

## PORTFOLIO COMMENTARY

December was another good month for Ellerston Asian Investments (EAI). The portfolio was up 3.56% during the month outperforming the benchmark by 1.16% (net). Calendar year to date in 2019, the portfolio was up 24.09% and outperformed the benchmark by 8.55% (net). The pre-tax NTA as at December 31, 2019 was \$1.2064. The most recent weekly pre-tax NTA (Friday January 10, 2020) is estimated at \$1.2673.

A partial resolution to the trade conflict helped propel markets in December and early January. Phase One of the trade deal has been agreed and Trump and Liu He are expected to sign the agreement on January 15 at the White House. While the final text of the agreement has yet to be released to the market, the focus includes a commitment from China to significantly increase farm purchases, reduce other import barriers and increase protection of intellectual property rights. In return, the US has agreed not to go ahead with the planned December tariffs and reduce the rate charged on another \$120 billion of goods.

Question marks still stand with respect to how China will meet the unrealistically high agricultural import targets, how the deal will be enforced and whether there is a timeline and political will to reduce and/or eliminate the tariffs that remain in place from both sides.

Trump has said that he is eager to kick-start talks on Phase Two of trade negotiations but that a second deal is unlikely until after the Presidential election in November 2020. We do not think that China is in a rush to move to Phase Two either, but do expect a face to face meeting between Trump and Xi sometime in the first half of the year.

Finally, it is prudent to reiterate our long held view that the trade war witnessed in the last few years was not really about trade, but about American hegemonic decline and stopping the rise of China. In this context, while there may be a period of trade de-escalation, we expect some level of economic and political friction between the US and China to be the new normal for Asian and global markets.

Our outperformance in December was a function of country and sector allocation and stock picking. Specifically, the last few months have seen a marked rotation into North Asia at the expense of cash, ASEAN and India. We were positioned for this with a significant overweight in China and higher weights in Korea and Taiwan than is typical for a high growth portfolio like EAI. Not surprisingly, China, Korea and Taiwan were the 3 largest country contributors to alpha in December. IT and Financials were the largest sector contributors to alpha during the month.

In terms of stocks, Samsung, Anhui Conch, China Life and SK hynix were the largest contributors to alpha in December. Other stocks that have been strong performers in the portfolio include TSMC, Alibaba and Hong Kong Exchange. Cash at the end of December was 5.1%.

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

Kind regards,

Mary Manning - Portfolio Manager

### Key Facts

|   |                  |
|---|------------------|
| <b>Listing Date</b>                         | 4 September 2015 |
| <b>NTA (before tax)*</b>                    | \$1.2064         |
| <b>NTA (after realised tax)<sup>^</sup></b> | \$1.2056         |
| <b>NTA (after tax)**</b>                    | \$1.1710         |
| <b>Share Price at 31/12/19</b>              | 1.05             |
| <b>EAI Market Capitalisation</b>            | \$144.6 Million  |
| <b>Average Management Fee</b>               | 0.82%            |
| <b>Performance Fee</b>                      | 15%              |

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

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

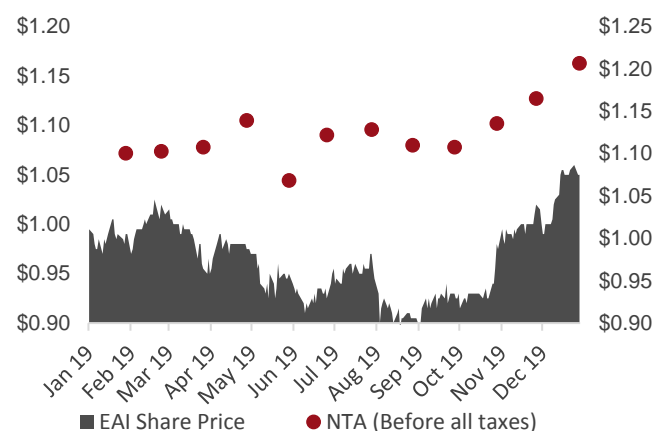
\*\* NTA (after tax) - Includes any tax on unrealised gains and deferred tax.

## PORTFOLIO CHARACTERISTICS

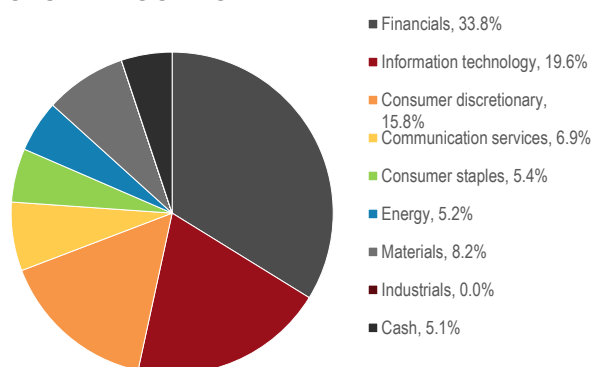
### HOLDINGS

| Top 10 holdings                    | %    |
|------------------------------------|------|
| Alibaba Group Holding Ltd          | 8.6% |
| Samsung Electronics                | 7.0% |
| TSMC                               | 6.0% |
| Ping An Insurance                  | 5.9% |
| Tencent Holdings Ltd               | 5.6% |
| ICICI Bank Limited                 | 5.0% |
| China Life Insurance Co. Ltd.      | 4.3% |
| Hong Kong Exchanges & Clearing Ltd | 4.0% |
| DBS Group Holdings Ltd             | 3.9% |
| SK hynix                           | 3.3% |

### EAI SHARE PRICE VS NTA

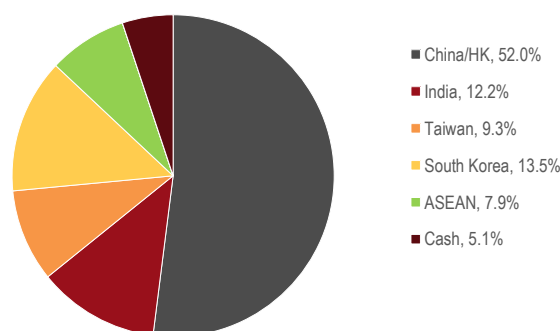


### SECTOR ALLOCATION



Source: Ellerston Capital

### GEOGRAPHIC ALLOCATION



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

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#### DISCLAIMER

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