

12 February 2020

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

HALF-YEAR RESULTS

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

1. Appendix 4D Statement for the half year ended 31 December 2019; and
2. Interim Financial Report for the half year ended 31 December 2019.



Ian Kelly
Company Secretary
9021 7797

Appendix 4D

Half Year Report for the period Ended 30 December Preliminary 2019

Details of the reporting period.

Current Period: 1 July 2019 to 31 December 2019
 Previous Corresponding Period: 1 July 2018 to 31 December 2018

Results for announcement to the market

	Current period AUD (\$)	% Change from the corresponding period
Revenue from ordinary activities	20,218,213	223.05%
Profit/(loss) after tax from ordinary activities	14,009,243	211.12%
Net profit/(loss) after tax for the period attributable to ordinary shareholders	14,009,243	211.12%

Over the 6 months to December 31 2019, the portfolio returned net 16.73% (before all taxes) compared to the Benchmark MSCI World Index (Local) which returned 9.13% for the corresponding period.

Period	EGI Portfolio Return Pre-tax*	MSCI World Index (Local) Return
6 Months	16.73%	9.13%
1 Year	35.37%	27.34%
3 Years p.a.	11.80% (P.A)	11.80% (P.A)
Since 01/11/2014 p.a.	10.93% (P.A)	9.35% (P.A)

* calculated after fees, including dividends paid and reinvested and the effects of the share buyback. Excluding tax and the effects of option exercise dilution over the period.

Dividend Information

Interim dividend declared

1.5 cent per fully paid ordinary share

Fully franked at the tax rate of 27.5%

From the Dividend Profit Reserve account

Interim dividend dates:

Ex-dividend date	05 March 2020
Record date	06 March 2020
Payment date	27 March 2020

Details of dividend reinvestment plan (DRP)

The Board of the Company has determined that in relation to the 2019 interim dividend the DRP will not apply.

Net tangible assets (NTA) per ordinary share

	Current period AUD (\$)	Previous corresponding period AUD (\$)
NTA before all taxes (i)**	1.2980	0.9864
NTA after realised tax (ii)	1.2913	0.9915
NTA after tax	1.2364	1.0148

(i) All figures are after the payment of dividends and taxes. The current period NTA is after dividends paid of 1.5 cents per share and after tax paid of 0.8 cents per share.

(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 31 Dec 2019 is as follows: Closing NTA before all taxes 1.2980 + tax paid 0.0021 + dividends (including return on investment) 0.0353 = 1.3353 less Opening NTA before all taxes 0.9864 = 35.37%

Control gained or lost over entities during the period

N/A

Details of associates and joint venture entities

The Company did not have any interest in any associates or joint venture entities during both the current period and the previous corresponding period.

Accounting standards used by foreign entities

N/A – The Company is an Australian Entity.

Qualification of review

The interim report for the period ended 31 December 2019 is not subject to review dispute or qualification.



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Ian Kelly
Company Secretary

12 February 2020

Ellerston Global Investments Limited
ASX: EGI

ABN 75 169 464 706

Interim Report

For the half-year ended 31 December 2019

Ellerston Global Investments Limited

ASX: EGI

ABN 75 169 464 706

Interim Report

For the half-year ended 31 December 2019

Contents

	Page
Directors' Report	2
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	11
Directors' Declaration	20
Independent Auditor's Review Report	21
Corporate Directory	23

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the period ended 30 June 2019 and any public announcements made by Ellerston Global Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The directors of Ellerston Global Investments Limited (the "Company") present their report together with the financial statements of the Company for the half-year ended 31 December 2019.

Directors

The following persons were directors of the Company during the period 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
Bill Best	Independent Non-Executive Director	14 December 2018

Company Secretary

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

NAME	APPOINTED
Ian Kelly	24 July 2014

Principal activities

The Company is a listed investment company (ASX: EGI) established to construct a concentrated portfolio of between 20 and 40 global listed securities.

Review and results of operations

	Half-year ended	
	31 December 2019	31 December 2018
	\$	\$
Net profit/(loss) before income tax	19,142,638	(17,363,024)
Net profit/(loss) after income tax	14,009,243	(12,607,169)

	As of	
	31 December 2019	31 December 2018
	\$	\$
Net tangible assets per share (NTA)		
- before tax (i)	1.2980	0.9864
Net tangible assets per share (NTA)		
- after realised tax (ii)	1.2913	0.9915
Net tangible assets per share (NTA)		
- after tax	1.2364	1.0148

The Net Tangible Assets as at 31 December 2019 is based on fully paid ordinary shares of 105,300,394 (31 December 2018: 109,983,363).

- (i) During the period ended 31 December 2019 dividends of 1.5 cents per share (31 December 2018: 1.5 cents per share) and tax of 0.84 cents per share (31 December 2018: 1.38 cents per share) were paid.
- (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.

Directors' Report (continued)

Review and results of operations (continued)

From 1 July 2019 to 31 December 2019, the Company returned 16.73% (December 2018: -13.82%) on a before-tax basis and 12.49% (December 2018: -10.18%) on an after-tax basis while the benchmark MSCI World (Local) had a return of 9.13% (December 2018: -8.55%).

Since its first full month of trading in November 2014, the Company has achieved a 10.93% p.a return before all taxes and 8.08% after all taxes. The benchmark, MSCI World Index (Local) returned 9.35% over the same period.

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.

In November 2019, the Board of the Company resolved to eliminate the discount and to deliver to those shareholders who desire liquidity at a price more closely approximate to underlying asset value.

In the absence of a better alternative, at this juncture, the Board believes the orderly conversion to an open ended trust structure is the most appropriate path to liquidity while enabling a return closer to NTA.

Dividends

On 12 February 2020, the directors declared an interim dividend of 1.5 cents per fully paid ordinary share, fully franked at the 27.5% corporate tax rate. The dividend has a record date of 6 March 2020 and will be paid to shareholders on 27 March 2020. The Dividend Reinvestment Plan (DRP) will not operate in conjunction with this dividend.

On 23 August 2019, the directors declared a fully franked dividend of 1.5 cents per fully paid ordinary share of \$1,610,426, which was paid to the shareholders on 4 October 2019.

More details of dividend payments are provided under Note 3 on page 12 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 23 August 2019, the directors resolved to transfer nil (2018: \$5,689,199) to the dividend profit reserve, with the intention to pay at least 3 cents per annum dividend going forward.

The balance of the dividend profit preserve as of 31 December 2019 is \$5,229,097 (30 June 2019: \$6,839,523) which is 4.97 cents per share (30 June 2019: 6.30 cents per share).

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' and 'Strategy and future outlook', there were no other significant changes in the state of affairs of the Company that occurred during the half-year ended 31 December 2019.

Matters subsequent to the end of the interim period

Other than the conversion mentioned in Strategy and future outlook above concerning the proposed restructure of the Company and the dividends declared as mentioned in the dividends section above, no other matter or circumstance has arisen since 31 December 2019 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.

Directors' Report (continued)

Likely developments and expected results of operations

The Company provides monthly updates and weekly NTA estimate 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.

The Board of the Company proposed a restructure to convert the Company to an open ended trust. The Board believes the open ended trust structure is the most appropriate path to liquidity while enabling a return closer to NTA.

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.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 5.

Signed in accordance with a resolution of the directors.



Ashok Jacob
Chairman

11 February 2020



**Building a better
working world**

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

As lead auditor for the review of the half-year financial report of Ellerston Global Investments Limited for the half-year ended 31 December 2019, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva
Partner
11 February 2020

Statement of Comprehensive Income

	Notes	Half-year ended	
		31 December 2019	31 December 2018
		\$	\$
Investment income			
Interest income from financial assets measured at amortised cost		48,017	113,219
Dividend and distribution income		385,596	497,819
Net foreign exchange (losses)/gains		(2,141)	87,958
Net changes in fair value of financial assets and liabilities at fair value through profit or loss		<u>19,786,741</u>	<u>(17,129,266)</u>
Total net investment income/(loss)		<u>20,218,213</u>	<u>(16,430,270)</u>
Expenses			
Directors fees		45,375	45,375
Management and performance fees	12	492,660	472,562
Custody and administration fees		62,766	29,469
Audit and tax fees		33,768	27,984
Registry fees		38,205	38,204
Transaction costs		297,611	190,726
Withholding taxes		75,379	60,706
ASX fees		9,469	49,500
Other expenses		<u>20,342</u>	<u>18,228</u>
Total operating expenses		<u>1,075,575</u>	<u>932,754</u>
Net profit/(loss) before income tax		19,142,638	(17,363,024)
Income tax (expense)/benefit		<u>(5,133,395)</u>	<u>4,755,855</u>
Net profit/(loss) after income tax		<u>14,009,243</u>	<u>(12,607,169)</u>
Other comprehensive income/(loss)		<u>-</u>	<u>-</u>
Total comprehensive income/(loss)		<u>14,009,243</u>	<u>(12,607,169)</u>
Basic and diluted earnings/(losses) per share (cents per share)		13.13	(11.47)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

Statement of Financial Position

		As at	
	Notes	31 December 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents	9	12,674,438	14,253,989
Receivables		1,735,277	1,869,523
Due from brokers		529,440	2,527,267
Financial assets at fair value through profit or loss	6	<u>122,217,683</u>	<u>107,479,208</u>
Total current assets		<u>137,156,838</u>	<u>126,129,987</u>
Total assets		<u>137,156,838</u>	<u>126,129,987</u>
Current liabilities			
Payables		218,501	290,460
Management and performance fees payable	12	171,447	81,706
Due to brokers		-	2,439,644
Current tax liability		704,556	-
Financial liabilities at fair value through profit or loss	7	<u>91,796</u>	<u>48,294</u>
Total current liabilities		<u>1,186,300</u>	<u>2,860,104</u>
Non-current liabilities			
Deferred tax liability		<u>5,772,970</u>	<u>2,152,790</u>
Total non-current liabilities		<u>5,772,970</u>	<u>2,152,790</u>
Total liabilities		<u>6,959,270</u>	<u>5,012,894</u>
Net assets		<u>130,197,568</u>	<u>121,117,093</u>
Equity			
Issued capital	10	103,845,971	107,164,313
Retained earnings		21,122,500	7,113,257
Dividend profit reserve	8	<u>5,229,097</u>	<u>6,839,523</u>
Total equity		<u>130,197,568</u>	<u>121,117,093</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

Statement of Changes in Equity

	Notes	Issued capital \$	Retained earnings/ (losses) \$	Dividend profit reserve \$	Total \$
Balance as at 1 July 2019		107,164,313	7,113,257	6,839,523	121,117,093
Total comprehensive income for the period		-	14,009,243	-	14,009,243
Shares bought back	10	(3,318,342)	-	-	(3,318,342)
Total dividends paid	8	-	-	(1,610,426)	(1,610,426)
Balance as at 31 December 2019	10	<u>103,845,971</u>	<u>21,122,500</u>	<u>5,229,097</u>	<u>130,197,568</u>
Balance as at 1 July 2018		108,179,847	13,089,370	4,447,761	125,716,978
Total comprehensive loss for the period		-	(12,607,169)	-	(12,607,169)
Shares issued under dividend reinvestment plan	10	145,906	-	-	145,906
Transfer to dividend profit reserve account	8	-	(5,689,199)	5,689,199	-
Total dividends paid	8	-	-	(1,647,685)	(1,647,685)
Balance as at 31 December 2018	10	<u>108,325,753</u>	<u>(5,206,998)</u>	<u>8,489,275</u>	<u>111,608,030</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

Statement of Cash Flows

	Notes	Half-year ended	
		31 December 2019	31 December 2018
		\$	\$
Cash flows from operating activities			
Purchase of financial instruments at fair value through profit or loss		(68,360,228)	(56,849,305)
Proceeds from sale of financial instruments at fair value through profit or loss		73,016,002	52,037,905
Amounts transferred (to)/from brokers as collateral		(7,954)	1,414
Dividend received		384,853	407,666
Interest received		48,647	115,816
Other income received		113,164	3,022
Income tax paid		(808,658)	(1,577,090)
Management and performance fees paid		(402,919)	(483,176)
Other expenses paid		(653,210)	(472,836)
Net cash inflow/(outflow) from operating activities		3,329,697	(6,816,584)
Cash flows from financing activities			
Dividends paid		(1,610,426)	(1,501,779)
Shares bought back		(3,298,812)	-
Net cash outflow from financing activities		(4,909,238)	(1,501,779)
Net decrease in cash and cash equivalents			
		(1,579,541)	(8,318,363)
Cash and cash equivalents at the beginning of the period		14,253,989	30,855,370
Effect of foreign currency exchange rate changes on cash and cash equivalents		(10)	(4,852)
Cash and cash equivalents at the end of the period	9	12,674,438	22,532,155
Non-cash financing activities			
Reinvestment of shareholder dividends		-	145,906

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

Contents of the notes to the financial statements

	Page	
1	General information	11
2	Summary of significant accounting policies	11
3	Dividends	12
4	Segment information	12
5	Fair value measurement	12
6	Financial assets at fair value through profit or loss	15
7	Financial liabilities at fair value through profit or loss	16
8	Dividend profit reserve	16
9	Cash and cash equivalents	17
10	Issued capital	17
11	Net tangible assets per share	18
12	Management and performance fees	18
13	Contingent assets, liabilities and commitments	19
14	Events occurring after the reporting period	19

1 General information

This interim report is for Ellerston Global Investments Limited (the "Company") for the half-year ended 31 December 2019.

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) are publicly traded on the ASX.

The interim report was authorised for issue by the directors on 11 February 2020. The directors have the power to amend and reissue the interim 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 previous financial year, unless otherwise stated in the following text.

(a) Basis of preparation

This half-yearly interim report as at 31 December 2019 is a general purpose financial report and has been prepared in accordance with the *Corporations Act 2001*, AASB 134: *Interim Financial Reporting* and other applicable disclosure requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The interim financial report has also 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. This interim report is presented in Australian dollars, unless otherwise noted.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the Company's annual report for the period ended 30 June 2019 and any public announcements made in respect of the Company during the half-year ended 31 December 2019 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Company is a for-profit entity for the purpose of preparing interim financial statements.

(b) Changes in accounting standards

The significant accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of the Company's financial statements for the year ended 30 June 2019.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the half-year beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(c) Critical accounting estimates and judgements

Estimates and judgments 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 5(ii).

(d) Comparative disclosures

The financial statements provide comparative information in respect of the previous period.

3 Dividends

Dividends are recognised during the period when declared.

	Half-year ended			
	31 December 2019		31 December 2018	
	CPS	\$	CPS	\$
Paid - 4 October 2019 (2018: 5 October 2018) Fully franked at 27.5% tax rate (2018: 27.5%)	1.5	1,610,426	1.5	1,647,685
Amount of dividends reinvested		-		145,906
Amount of cash dividends paid		1,610,426		1,501,779

Dividend profit reserve

To the extent that any current period profits or prior period 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 8.

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 Fair value measurement

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

- Equity securities
- Listed unit trusts
- Derivatives

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).

5 Fair value measurement (continued)

(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 Company's accounting policies. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices 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.

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.

5 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 31 December 2019 and 30 June 2019.

As at 31 December 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Equity securities	112,147,698	-	-	112,147,698
Listed unit trusts	7,280,661	-	-	7,280,661
Derivatives	-	2,789,324	-	2,789,324
Total financial assets at fair value through profit or loss	<u>119,428,359</u>	<u>2,789,324</u>	-	<u>122,217,683</u>
Financial liabilities at fair value through profit or loss				
Derivatives	-	91,796	-	91,796
Total financial liabilities at fair value through profit or loss	<u>-</u>	<u>91,796</u>	-	<u>91,796</u>
As at 30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Equity securities	101,090,436	-	-	101,090,436
Listed unit trusts	5,023,042	-	-	5,023,042
Derivatives	-	1,365,730	-	1,365,730
Total financial assets at fair value through profit or loss	<u>106,113,478</u>	<u>1,365,730</u>	-	<u>107,479,208</u>
Financial liabilities at fair value through profit or loss				
Derivatives	-	48,294	-	48,294
Total financial liabilities at fair value through profit or loss	<u>-</u>	<u>48,294</u>	-	<u>48,294</u>

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 half-year ended 31 December 2019 and year ended 30 June 2019.

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

There were no investments classified as level 3 within the Company as at 31 December 2019 and 30 June 2019.

(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.

6 Financial assets at fair value through profit or loss

	As at	
	31 December 2019	30 June 2019
	\$	\$
Financial assets at fair value through profit or loss		
Equity securities	112,147,698	101,090,436
Listed unit trusts	7,280,661	5,023,042
Derivatives	<u>2,789,324</u>	<u>1,365,730</u>
Total financial assets at fair value through profit or loss	<u>122,217,683</u>	<u>107,479,208</u>

Details of the Company's top 10 equity and listed unit trust investments as at 31 December 2019 and 30 June 2019 are set out in the following tables:

Company Name	As at 31 December 2019
	\$
Cellnex Telecom Sa	8,619,206
Ciena Corp Common Stock	7,077,872
Willscot Corp	6,409,672
Graphic Packing Holding Co	5,111,534
Tempur Sealy International	4,802,015
Amedisys Inc	4,604,042
Grand Canyon Education Inc	4,537,470
InterXion Holding Nv	4,480,517
Cerence Inc	4,079,806
Anritsu Corp	<u>3,992,431</u>
Total - top 10 equity investments	<u>53,714,565</u>
Listed unit trust investments	7,280,661
Other investments in equity investments	<u>58,433,133</u>
Total equity investments	<u>119,428,359</u>

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

Company Name	As at 30 June 2019 \$
Premier Inc	7,410,475
Cellnex Telecom Sa	6,707,833
Entertainment One Ltd	6,339,301
Graphic Packaging Holding Co	5,649,873
WillScot Corp	5,267,140
Nuance Communications Inc	4,673,140
TKH Group NV	4,673,082
Ciena Corp Common Stock	4,287,191
Keysight Technologies Inc	4,106,368
InterXion Holding NV	<u>4,074,759</u>
Total - top 10 equity investments	<u>53,189,162</u>
Listed unit trust investments	5,023,042
Other investments in equity investments	<u>47,901,274</u>
Total equity investments	<u>106,113,478</u>

7 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2019 \$	30 June 2019 \$
Financial liabilities at fair value through profit or loss		
Derivatives	<u>91,796</u>	<u>48,294</u>
Total financial liabilities at fair value through profit or loss	<u>91,796</u>	<u>48,294</u>

8 Dividend profit reserve

	As at	
	31 December 2019 \$	30 June 2019
Movements in Dividend Profit Reserve		
Balance at the beginning of the period	6,839,523	4,447,761
Transferred from current period profits	-	5,689,199
Payment of dividend	<u>(1,610,426)</u>	<u>(3,297,437)</u>
Closing balance at the end of the period	<u>5,229,097</u>	<u>6,839,523</u>

On 23 August 2019, the Directors resolved to transfer nil (2018: \$5,689,199) to the dividend profit reserve, with the intention to pay at least 3 cents per annum dividend going forward.

9 Cash and cash equivalents

	As at	
	31 December 2019	30 June 2019
	\$	\$
Cash at bank	2,468,543	4,094,039
Deposits at call	<u>10,205,895</u>	<u>10,159,950</u>
Total cash and cash equivalents	<u>12,674,438</u>	<u>14,253,989</u>

These accounts are earning a floating interest rate between 0.01% pa (June 2019: 0.01% pa) and 1.40% pa (June 2019: 1.40% pa) during the reporting period.

10 Issued capital

	As at 31 December 2019	
	No. of Securities	\$
Ordinary shares		
Opening balance - 1 July 2019	108,749,256	107,164,313
Shares bought back during the period	<u>(3,448,862)</u>	<u>(3,318,342)</u>
Total issued capital - fully paid ordinary shares	<u>105,300,394</u>	<u>103,845,971</u>

	As at 31 December 2018	
	No. of Securities	\$
Ordinary shares		
Opening balance - 1 July 2018	109,845,725	108,179,847
Shares issued under dividend reinvestment plan	<u>137,638</u>	<u>145,906</u>
Total issued capital - fully paid ordinary shares	<u>109,983,363</u>	<u>108,325,753</u>

(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.

10 Issued capital (continued)

(a) Terms and conditions (continued)

(i) Ordinary shares (continued)

On 27 March 2019, EGI announced a new on-market buy-back of up to 10% of its shares, commencing 16 April 2019 and continuing for twelve months. Since 16 April 2019 a total of 4,805,097 shares had been bought back, 4.56% of its issued ordinary shares.

11 Net tangible assets per share

	As at	
	31 December 2019	30 June 2019
	\$	\$
Net tangible assets per share		
Net Tangible Assets before all taxes (i)	1.2980	1.1335
Net Tangible Assets after realised tax (ii)	1.2913	1.1335
Net Tangible Assets after tax	1.2364	1.1137

The Net Tangible Assets as at 31 December 2019 is based on fully paid ordinary shares of 105,300,394 (June 2019: 108,749,256).

(i) All figures are after the payment of dividends and taxes. During the half year ended 31 December 2019 dividends of 1.50 cents per share (30 June 2019: 3 cents per share) tax of 0.84 cents per share (30 June 2019: 0.80 cents per share) were paid.

(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.

12 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 case that 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. For the half-year 31 December 2019, the Company has not accrued the performance fee as the criteria for recognising performance fee were not met (31 December 2018: nil).

	31 December 2019	31 December 2018
	\$	\$
Management fees expense	492,660	472,562
Management fees payable	171,447	74,661

13 Contingent assets, liabilities and commitments

The Company has no material commitments, contingent assets or liabilities as at 31 December 2019 and 30 June 2019.

14 Events occurring after the reporting period

On 12 February 2020, the directors declared an interim dividend of 1.5 cents per fully paid ordinary share, fully franked at the 27.5% corporate tax rate. The dividend will have a record date of 6 March 2020 and will be paid to shareholders on 27 March 2020. The Dividend Reinvestment Plan (DRP) will not operate in conjunction with this dividend.

It is the intention of the Company to continue to pay at least a 3 cents per annum (1.5 cents per half) dividend going forward.

In November 2019, the Board of the Company proposed an orderly conversion of the Company's investment portfolio to an open ended trust structure via a scheme of arrangement. The Board believes the open ended trust structure is the most appropriate path to liquidity while enabling a return closer to NTA.

The Board intends to update shareholders further as to the specific details of the proposed conversion in the following months.

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 31 December 2019 or on the results and cash flows of the Company for the period ended on that date.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Ashok Jacob
Chairman
11 February 2020

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Ellerston Global Investments Limited (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive style.

Rita Da Silva
Partner
Sydney
11 February 2020

Corporate directory

Directors

Ashok Jacob
Sam Brougham
Paul Dortkamp
Bill Best

Company Secretary

Ian Kelly

Registered Office

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

Auditor

Ernst & 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