

11 November 2016

The Companies Office
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SYDNEY NSW 2000

ELLERSTON GLOBAL INVESTMENTS LIMITED (ASX: EGI) INVESTMENT UPDATE

Please find enclosed Investment Update for October 2016.

For any further enquiries please contact Link Market Services on 1300 551 627 or Ellerston Capital Limited Investor Relations on 02 9021 7797.

Yours sincerely



Ian Kelly
Company Secretary

Ellerston Global Investments

Investment Update – October 2016

Monthly Review

The EGI portfolio declined –2.69% net during the month of October. The NTA (before tax) at the end of October was \$1.092.

Global equity markets were very mixed during October with strong markets in Japan and Europe helping offset sharp declines in the US. The MSCI World Index (Local) declined -0.67%.

US equity markets were negative with the S&P 500 declining -1.94%. The technology focused NASDAQ was also very weak posting a decline of -2.31% for the month. A divisive US election with an uncertain outcome combined with polarized views on interest rate increases unsettled the US market during the month and caused significant sector rotation. We believe an uptick in inflation is a genuine risk.

In European markets, the Euro Stoxx rose +1.77% in October. The German DAX increased +1.47% while the FTSE100 was solid rising +0.80%. The British Pound continued its fall during October and has depreciated almost 30% against the USD since July 2014.

In Asian markets, Japanese shares had an extremely strong month, with the Nikkei 225 Index soaring +5.93%.

Domestically, the **Australian** S&P/ASX200 Accumulation Index declined -2.17%.

EGI Portfolio: Following a strong September quarter, October proved to be a challenging month. Contributors to performance included Entertainment One, Interxion, and NorthStar Asset Management. Detractors from performance included eBay, NorthStar Realty Europe, and Nielsen.

Nielsen was one of the first investments made by EGI and has been very profitable. Earlier this year we reduced the investment from over 5% to under 2% of the portfolio. Unfortunately this small balance proved costly when Nielsen announced results that revealed a negative structural shift within the Buy segment of their businesses. We immediately exited our remaining position as the risk/reward was no longer compelling.

PayPal which powers \$1 out of every \$6 spent online reported strong Q3 earnings and a robust outlook upgrading mid-term guidance. Some key metrics for Q3 included: Active Customer Accounts +11% to 192m, Transaction Payment Volume (TPV) +28% to \$87.4b, (Braintree and Venmo +131% to \$4.9B). Revenue +21% to \$2.67B. Free Cash Flow +19% to \$618m. Both operating and financial performance continue to meet or exceed our expectations.

EBAY reported Q3 revenue growth of 5.6% to \$2.22bn with adjusted EPS increasing 3.3% to \$0.45. Both metrics were ahead of market expectations. Management slightly raised full year revenue guidance, EPS guided to the mid-point of its indicated range of \$1.85-\$1.90 and FY16 FCF was reiterated at \$2.2-\$2.4bn. EBAY is trading on FY17 GAAP PE ex cash of 17.8x, 10.2x GAAP EBITDA and 7.8% EV/FCF yield. Following a strong upwards move over the previous few months the stock pulled back sharply after the result and we added to our position.

Key Information

ASX Code: Shares	EGI
Listing date	Oct 2014
NTA (before tax) *	\$1.092
NTA (after realised tax)	\$1.090
NTA (after tax)	\$1.084
NTA Fully Diluted (after realised tax)	\$1.0623
Share price at 30/09/2016	\$0.995
EGI Market Capitalisation	\$75.4M
ASX Code: Options	EGIO
Option price	\$0.041
Exercise price	\$1.00
Management Fee	0.75%

* 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.

NTA Fully Diluted (after realised tax) - If all of the remaining 2018 options had been exercised by 31 October 2016.

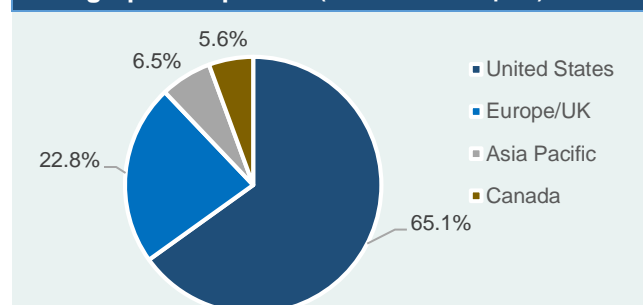
EGI Performance

	EGI (%)*	Index (%)
1 Month	-2.69	-0.67
3 Months	0.41	-0.06
6 Months	3.72	4.50
One Year	3.79	1.75
1 Nov 2014	19.36	7.67
Annualised Return	9.25	3.76

*Net Return (before tax)

Top Holdings	%
Alphabet Inc	6.39
NorthStar Realty Europe Corp	5.46
PayPal Holdings Inc	5.28
Entertainment One Ltd	4.89
eBay Inc	4.79

Geographic Exposure (% of invested capital)





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

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