

Ellerston Global Investments

Investment Update – November 2016

Monthly Review

The **EGI portfolio** increased +0.37% net during the month of November. The NTA (before tax) at the end of November was \$1.096.

Global equity markets were somewhat mixed during November with the US and Japanese markets powering ahead post the US election while UK and European markets were subdued. The MSCI World Index (Local) increased 2.63%.

US equity markets were strong with the S&P 500 increasing 3.42%. The star performer was the small cap Russell 2000 which rose 10.99%, while the Dow Jones index was up 5.41% and the technology focused NASDAQ rose 2.59% for the month.

In European markets, the Euro Stoxx declined -0.12% for the month. The German DAX declined -0.23% while the FTSE100 was a big underperformer falling -2.45%.

In Asian markets, Japanese shares had an extremely strong month, with the Nikkei 225 Index soaring 5.07%.

Domestically, the **Australian S&P/ASX200 Accumulation Index** rose 2.99%.

Post the US Election on November 8th markets rallied strongly as investors piled into equities. There was also significant sector rotation within the equity market with financial, infrastructure and commodity related sectors the massive outperformers, notably the S&P 500 financials index rose +13.7% during the month. Despite not even being inaugurated yet, the market quickly priced in the growth and reflation attributes of Trump's intended policies around fiscal stimulus, corporate and personal tax cuts and lower regulation. This resulted in US 10 year bond yields soaring from 1.8% at the beginning of the month to 2.4% at the end.

EGI Portfolio: The portfolio has no financials or commodities exposure so did not benefit from the aggressive upward move in both sectors. These sector rotations may continue for a period of time and create ongoing sector volatility, which could create some additional exciting investment opportunities.

Contributors to performance included NorthStar Realty Europe and NorthStar Asset Management. Detractors from performance included Alphabet, eBay and Paypal as large cap technology was out of favour post the election.

During October and November most companies owned by EGI have had earnings results, trading updates or investor days. These updates always act as a stress test for the investment and cause a revisit of the thesis and has served to increase our conviction. We have also added some new initial positions in companies that are leaders in their sectors and have significant embedded strategic value.

We look forward to sharing an in depth insight of at least one of these companies in the next update.

Key Information

ASX Code: Shares	EGI
Listing date	Oct 2014
NTA (before tax) *	\$1.096
NTA (after realised tax)	\$1.093
NTA (after tax)	\$1.087
NTA Fully Diluted (after realised tax)	\$1.064
Share price at 30/11/2016	\$1.05
EGI Market Capitalisation	\$79.5m
ASX Code: Options	EGIO
Option price	\$0.048
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.

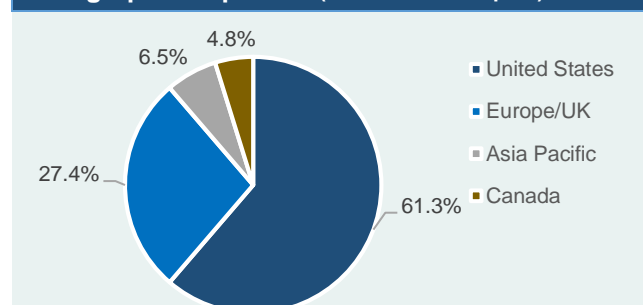
EGI Performance

	EGI (%)*	Index (%)
1 Month	0.37	2.63
3 Months	-0.47	2.15
6 Months	2.16	5.39
One Year	4.59	3.76
1 Nov 2014	19.80	10.51
Annualised Return	9.06	4.91

*Net Return (before tax)

Top Holdings	%
Alphabet Inc	6.35
Paypal Holdings Inc	5.12
Entertainment One Ltd	4.86
eBay Inc	4.81
NorthStar Realty Europe Corp	4.31

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

Disclaimer

This document has been prepared for Ellerston Global Investments Limited by the investment manager Ellerston Capital Limited ABN 34 110 397 674 AFSL No. 283 000. Any information has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. It is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. Past performance is not a reliable indicator of future performance. To the extent any general financial product advice is provided in this document, it is provided by Ellerston Capital Limited ABN 34 110 397 674 AFSL No. 283 000. An investor, before acting on anything that he or she construes as advice, should consider the appropriateness of such construction and advice having regard to their objectives, financial situation or needs