



ELLERSTON GLOBAL
INVESTMENTS LIMITED

ASX: EGI

ABN 75 169 464 706

Interim Report

For the period from 28 July 2014
(date of incorporation) to
31 December 2014

CONTENTS

Directors' report	02
Investment managers' report	06
Auditors' independence declaration	10
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16
Directors' declaration	36
Independent auditors review report	37
Corporate directory	40

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 prospectus issued by the Company on 16 September 2014 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*.



1.

Directors' Report

1. Directors' Report

For the period from 28 July 2014 to 31 December 2014

The directors of Ellerston Global Investments Limited (the "Company") present their report together with the financial statements of the Company for the period from 28 July 2014 (date of incorporation) to 31 December 2014.

Section 323(D)(5) of the Corporations Act 2001 (Corporations Act) provides that a company must report for the first half-year, which is defined as the first six months of a financial year. This would create a reporting obligation for the Company for the period 28 July 2014 ending 28 January 2015. In contrast, the Company is required to report to the ASX under the ASX Listing Rules for the period from incorporation, 28 July 2014 to 31 December 2014.

The Company applied for relief from the Corporations Act requirement to prepare a report for the period ending 28 January 2015 on the grounds that it would be inappropriate in the circumstances or impose unreasonable burdens. The Australian Securities and Investments Commission granted the Company relief on 23 February 2015. Accordingly, the Company has prepared a half-year report for the period from incorporation, 28 July 2014 to 31 December 2014 in accordance with Corporations Act and ASX Listing Rule requirements, and will prepare an annual report for the period ending 30 June 2015.

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
Stuart Robertson	Independent Non-Executive Director	24 July 2014

1. Directors' Report

For the period from 28 July 2014 to 31 December 2014

Principal activities

The principal activity of the Company is to invest into a concentrated portfolio of between 10 and 25 global equity securities in accordance with its prospectus.

Review and results of operations

The Company was incorporated and registered in July 2014. The Company issued a prospectus to raise up to \$75 million in September 2014. The offer was fully subscribed and as a result 75,000,001 fully paid ordinary shares were admitted to the official list of ASX Limited ("ASX") and commenced trading on the ASX on 20 October 2014.

For the period to 31 December 2014, the Company recorded a pre-tax profit of \$3,856,257 and a net profit after income tax expense of \$2,700,512.

As at 31 December the NTA increased to 1.0198 before tax and to 1.0139 after tax. Coupled with reaching the target exposure of 50% within 3 months of listing the Board is pleased with the overall performance of the Company.

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 primary objective of generating superior returns for shareholders over time, with a focus on risk management and capital preservation.

Please refer to the Investment Managers' Report on page 6 for more detailed market outlook.

Dividends

The Company has not declared any dividends for the period ended 31 December 2014.

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,' there were no other significant changes in the state of affairs of the Company that occurred during the period ended 31 December 2014.

1. Directors' Report

For the period from 28 July 2014 to 31 December 2014

Matters subsequent to the end of the interim period

No matter or circumstance has arisen since 31 December 2014 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.

Likely developments and expected results of operations

The Company provides regular updates in the monthly NTA announcements, which can be found in the ASX announcements and in the Ellerston funds section of the Ellerston Capital Limited website, www.ellerstoncapital.com/egi.

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.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 10.

Signed in accordance with a resolution of the directors.



Ashok Jacob

Chairman

26 February 2015



2.

Investment Managers' Report

2. Investment Managers' Report

Following a successful launch of Ellerston Global Investments (EGI) in October 2014, we are pleased to provide shareholders an Investment Managers Report for the period, despite only two months of trading activity.

As communicated to investors, EGI aimed to be at least 50% invested within 3 months of listing. This has been reached ahead of schedule, by year end 2014.

The portfolio is now in a “steady state” with any increase in exposure optional, rather than obligatory.

As noted in previous correspondence, EGI was launched in the context of our view of global markets, namely:

1. The recovery from the GFC is over and a process driven, stock picker's approach to investing may be superior to a “beta-driven” fully invested approach.
2. The International developed markets provide a superior risk reward ratio to Australia for the foreseeable future.
3. Quantitative Easing or the lack of QE may be a driver of stock market returns in 2015 and 2016. Consequently, the decision to hedge or not hedge the underlying currency exposure to the specific international equity is a decision that is equally as important as the specific stock picks.

With that in mind, the US dollar exposure of the portfolio is unhedged and the Euro and Sterling exposures are currently hedged.

Although currency moves may be extreme in 2015, we are stock pickers not currency traders and our objective therefore is to see that the portfolio rides currency tailwinds and avoids currency headwinds.

Market Outlook

Although our outlook on the market has limited bearing on our stock picks, it does drive our overall exposure to the market.

We remain constructive. The US remains on track to “lift off” which can only be confirmed by the Federal Reserve raising rates. The collapse in energy prices is bad for the energy sector but very, very positive for the non-energy sectors of the US stock market.

Simplistically, the mark to market for energy equities is savage and their valuation has “moved down in the elevator.”

The boost that comes from lower input costs, greater savings and higher consumer spending will be gradual and continue all year if oil prices remain depressed. Just

2. Investment Managers' Report

as “energy price dependent” equities “came down” in the elevator, the beneficiaries will go up “by the staircase” all year.

However, this may well be a bumpy ride in 2015. Essentially, the world produces approximately 90m barrels of oil a day. At the “old price” of US\$100 per barrel and 100 days of inventory in the system, the value of total inventory was $90m \times 100 \times 100$ which equals US \$900bn.

At the “new price” of US\$50 per barrel, the value of this inventory is US\$450bn lower. There is a “mark to market” loss of US\$450bn which must flow through the system. At some point soon, the victims will show up. With circa 25% of US high yield market being energy related, there is a bump in credit markets still ahead.

European QE has arrived and the Greek elections have been resolved with the win by the Syriza party.

The lesson we investors have learnt from US QE is that the performance of the underlying economy (in this case, the EU) drives QE, which drives the performance of financial assets. The best performance from the US equity markets came in 2009 and 2013 despite a soft economy, with the Federal Reserve running the printing presses at full clip.

Perversely, the weak European economy bodes well for European equities (particularly German and Spanish) over the next two years. Similarly, the aggressive easing stance of the BOJ creates a powerful backdrop for Japanese equities with the background of a sharply weaker yen. US/¥ has broken a 30yr uptrend which may presage some fireworks in all Japanese asset classes.

The portfolio has not yet invested any capital into Japan at this point but expects to do so in the coming quarter.

China on the other hand continues to slow. As the economy continues its transition from one of industrial production to consumer consumption, it will become impossible to revisit the growth rates of the past decade. 6% GDP growth appears to be the line in the sand, and as growth comes down the leadership will stimulate. The point to emphasise here is that the stimulus packages in China will be designed to hold growth above stalling speed rather than ushering in a return to the past.

Governments and Central Bankers around the world have become used to aggressive intervention, using both fiscal and monetary tools to tackle sluggish economies. While this continues, we can be confident of continuing financial asset inflation.

2. Investment Managers' Report

To summarise our market outlook,

- Long-term rates in developed markets have collapsed ✓
- QE is running in Japan ✓
- QE has arrived in Europe ✓
- Equity valuations are full but equities do look compelling versus bonds ✓
- Inflation is falling ✓
- The new oil price is very positive for “non-energy” earnings ✓

With the proviso of geo-political risk, which is significantly more elevated than in previous years, the outlook for equities is reasonably positive.

Portfolio

In the context of our view on global markets and noting that the portfolio is now 50% invested, investments have been made in 17 companies as at 31 December 2014. This number may increase as we anticipate lifting our exposure to ~75% over the next 3 months.

The portfolio is well diversified across a number of sectors including, but not limited to Information Technology, Industrials, Financials, Consumer Discretionary and Telecommunication Services.

Top 5 Portfolio Holdings

Company	Country
Vivendi	France
Synchrony Financial	US
Experian	UK
Nielsen	US
Google	US

We will continue to identify stocks with a compelling risk/reward profile from a universe of stocks we feel are temporarily misunderstood and fundamentally mispriced.

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

In relation to our review of the financial report of Ellerston Global Investments Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young



Rohit Khanna
Partner
26 February 2015



3.

Financial Statements

Statement of comprehensive income

For the period from 28 July 2014 to 31 December 2014

	NOTE	FOR THE PERIOD FROM 28 JULY 2014 TO 31 DECEMBER 2014 \$
Investment income		
Interest income		128,507
Dividend income		11,636
Net foreign exchange gain		2,082,234
Change in fair value of financial instruments held at fair value through profit or loss		1,995,928
Total investment income		4,218,305
Expenses		
Directors fees		41,857
Management fees		118,455
Custody and administration fees		12,565
Audit fees		16,006
Legal and professional fees		11,394
Registry fees		5,463
Transaction costs		144,240
Withholding taxes		1,629
ASX fees		7,035
Other expenses		3,404
Total operating expenses		362,048
Profit before tax		3,856,257
Income tax expense		1,155,745
Net profit after income tax		2,700,512
Other comprehensive income, net of income tax		—
Total comprehensive income for the period		2,700,512
Basic earnings per share (cents per share)	9	3.60
Diluted earnings per share (cents per share)	9	3.49

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2014

	NOTE	AS AT 31 DECEMBER 2014 \$
Current assets		
Cash and cash equivalents		38,807,401
Receivables		69,691
Financial assets held at fair value through profit or loss	6	39,611,399
Due from brokers		1,000,778
Total current assets		79,489,269
Non-current assets		
Deferred tax asset		—
Total non-current assets		—
Total assets		79,489,269
Current liabilities		
Payables		168,598
Due to brokers — payable for securities purchased		2,812,145
Financial liabilities held at fair value through profit or loss	7	25,699
Total current liabilities		3,006,442
Non-current liabilities		
Deferred tax liability		443,716
Total non-current liabilities		443,716
Total liabilities		3,450,158
Net assets		76,039,111
Equity		
Issued capital	8	73,338,599
Retained earnings		2,700,512
Total equity		76,039,111

The above Statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the period from 28 July 2014 to 31 December 2014

	ISSUED CAPITAL	RETAINED EARNINGS	TOTAL
	\$	\$	\$
Balance as at 28 July 2014	—	—	—
Comprehensive income for the period	—	2,700,512	2,700,512
Shares issued	75,000,001	—	75,000,001
Capital raising costs	(1,661,402)	—	(1,661,402)
Balance as at 31 December 2014	73,338,599	2,700,512	76,039,111

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the period from 28 July 2014 to 31 December 2014

FOR THE PERIOD
FROM 28 JULY 2014
TO
31 DECEMBER 2014
\$

Cash flows from operating activities

Purchase of financial instruments held at fair value through profit or loss	(36,816,049)
Proceeds from sale of financial instruments held at fair value through profit or loss	2,738,833
Amounts transferred to brokers as collateral	(1,000,778)
Interest received	127,191
Dividends received	11,636
GST recoverable	(68,375)
Management fees paid	(23,896)
Other expenses paid	(169,554)

Net cash (outflow) from operating activities **(35,200,992)**

Cash flow from financing activities

Issue of shares	75,000,001
Capital raising costs	(2,373,431)

Net cash inflow from financing activities **72,626,570**

Net increase in cash and cash equivalents **37,425,578**

Cash and cash equivalents at the beginning of the period —

Effect of foreign currency exchange rate changes on cash and cash equivalents 1,381,823

Cash and cash equivalents at the end of the period **38,807,401**

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies

This interim report is for Ellerston Global Investments Limited (the “Company”) for the period from 28 July 2014 (date of incorporation) to 31 December 2014. The Company was incorporated and registered on 28 July 2014 and commenced operations on 20 October 2014.

Section 323(D)(5) of the Corporations Act 2001 (Corporations Act) provides that a company must report for the first half-year, which is defined as the first six months of a financial year. This would create a reporting obligation for the Company for the period 28 July 2014 ending 28 January 2015. In contrast, the Company is required to report to the ASX under the ASX Listing Rules for the period from incorporation, 28 July 2014 to 31 December 2014.

The Company applied for relief from the Corporations Act requirement to prepare a report for the period ending 28 January 2015 on the grounds that it would be inappropriate in the circumstances or impose unreasonable burdens. The Australian Securities and Investments Commission granted the Company relief on 23 February 2015. Accordingly, the Company has prepared a half-year report for the period from incorporation, 28 July 2014 to 31 December 2014 in accordance with Corporations Act and ASX Listing Rule requirements, and will prepare an annual report for the period ending 30 June 2015.

(a) Basis of preparation

This interim report for the period from 28 July 2014 (date of incorporation) to 31 December 2014 is a general purpose financial report and has been prepared in accordance with the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting* and other mandatory professional reporting 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.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

This 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 prospectus issued by the Company on 16 September 2014 and any public announcements made in respect of the Company during the period ended 31 December 2014 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report was authorised for issue by the directors on 26 February 2015. The directors have the power to amend and reissue the interim report.

The Company is a for-profit entity limited by shares, incorporated and domiciled in Australia, whose securities are publicly traded on the Australian Securities Exchange (ASX code: EGI).

(b) Financial instruments

(i) Classification

The Company's investments are classified as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include investments in exchange traded equity instruments that are not held for trading purposes and which may be sold.

Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

- Financial instruments held for trading

These include derivative financial instruments such as forward currency contracts. All derivatives are classified as held for trading. Derivative financial instruments entered into by the Company do not meet the hedge accounting criteria as defined by AASB 139. Consequently hedge accounting is not applied by the Company.

(ii) Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of comprehensive income within 'change in fair value of financial instruments held at fair value through profit or loss' in the period in which they arise.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) *Measurement (continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Company is the last traded price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Further details on how the fair values of financial instruments are determined are disclosed in note 4.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of financial position.

As at the end of the reporting period, the Company has no financial assets or liabilities in the Statement of Financial Position which are presented on the offsetting basis.

(c) Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are classified as liabilities in the Statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Company's main income generating activity.

(d) Due from brokers

Due from brokers comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies (continued)

(e) Investment income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Interest income is recognised in the Statement of comprehensive income on an accrual basis.

(f) Expenses

Company expenses are recognised in the Statement of comprehensive income on an accrual basis.

(g) Income tax

The income tax expense (benefit) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies (continued)

(g) **Income tax (continued)**

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised only to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective assets and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(h) **Foreign currency translation**

(i) *Functional and presentation currency*

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies (continued)

(h) Foreign currency translation (continued)

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

(i) Goods and Services Tax (GST)

Revenues, expenses, cash flows, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

(i) Earnings per share

Basic and diluted earnings per share including realised profits and losses on the investment portfolio are calculated by dividing profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for any bonus element.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

1. Summary of significant accounting policies (continued)

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Critical accounting estimates and judgments

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.

2. Dividends

No dividends were declared, paid or payable for the period ended 31 December 2014.

3. Segment information

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.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

4. Fair value measurement

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

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (see note 6 and 7)
- Financial assets / liabilities held for trading (see note 6 and 7)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 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).

(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. The quoted market price used for financial assets and liabilities held by the Company is the last traded price.

The Company values its investments in accordance with the accounting policies set out in Note 1 to the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

4. Fair value measurement (continued)

(i) Fair value in an active market (level 1) (continued)

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.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

4. Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

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.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

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.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

4. 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 at 31 December 2014.

AS AT 31 DECEMBER 2014	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	\$	\$	\$	\$
Financial assets				
Financial assets designated at fair value through profit or loss:				
Equity and unit trust securities	39,461,356	—	—	39,461,356
Financial assets held for trading:				
Derivatives	—	150,043	—	150,043
Total financial assets	39,461,356	150,043	—	39,611,399
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	—	25,699	—	25,699
Total financial liabilities	—	25,699	—	25,699

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.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

4. Fair value measurement (continued)

(iii) Transfers between levels

There were no transfers between the levels for the fair value hierarchy for the period ended 31 December 2014.

(iv) Movement in level 3 instruments

There were no investments classified as level 3 within the Company as at 31 December 2014.

(v) Fair values of other financial instruments

The Company did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

5. Cash and cash equivalents

	AS AT 31 DECEMBER 2014 \$
Cash at bank	38,807,401
Total cash and cash equivalents	38,807,401

These accounts are earning a floating interest rate of between 0.01% and 3% as at 31 December 2014.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

6. Financial assets held at fair value through profit or loss

	AS AT 31 DECEMBER 2014 \$
Designated at fair value through profit or loss	
Equity and unit trust securities	39,461,356
Total designated at fair value through profit or loss	39,461,356
Held for trading	
Derivatives	150,043
Total held for trading	150,043
Total financial assets held at fair value through profit or loss	39,611,399

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

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

Details of the Company's top 10 equity investments as at 31 December 2014 are set out on the following table:

	AS AT 31 DECEMBER 2014 \$
Vivendi S.A.	4,708,806
Synchrony Financial	3,975,656
Experian Plc	3,574,718
Nielsen N.V.	3,380,502
Google Inc	3,159,432
Lloyds Banking Group Plc	3,129,475
Tribune Media Company	2,752,759
Markit Ltd	2,337,391
Fair Isaac Corporation	2,280,408
Truecar Inc	2,213,144
Total – top 10 equity investments	31,512,291
Other investments in equity and unit trust securities	7,949,065
Total investments in equity and unit trust securities	39,461,356

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

7. Financial liabilities held at fair value through profit or loss

	AS AT 31 DECEMBER 2014 \$
Held for trading	
Derivatives	25,699
Total held for trading	25,699
Total financial liabilities held at fair value through profit or loss	25,699

8. Issued capital

	AS AT 31 DECEMBER 2014 NO. OF SECURITIES	AS AT 31 DECEMBER 2014 \$
Ordinary shares		
Opening balance	—	—
Share issued — 28 July 2014	1	1
Shares issued — 16 October 2014	75,000,000	75,000,000
Transaction costs on share issue	—	(1,661,402)
Total ordinary shares	75,000,001	73,338,599
Options		
Opening balance	—	—
Loyalty options issued — 16 October 2014	37,499,985	—
Total options	37,499,985	—
Total issued capital		73,338,599

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

8. Issued capital (continued)

(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.

(ii) Options

Each shareholder who made an application for shares and loyalty options under the prospectus, dated 16 September 2014, received one loyalty option for every two shares issued for nil consideration. The loyalty options will vest on the vesting date of 10 April 2015 if and only if, the shareholder holds the same or a greater number of shares as applied for in the initial public offering. Loyalty options that do not vest on the vesting date lapse with immediate effect and are of no further force or effect.

The vested loyalty options entitle the holder to the right to acquire one ordinary share in the Company at a price of \$1.00 and are exercisable at any time in the period commencing on the day after the vesting date of 10 April 2015 and ending on the third anniversary of the vesting date being 10 April 2018. The loyalty options are not entitled to dividends. Ordinary shares issued on exercise of the options rank equally with all other ordinary shares from the date of exercise and entitle the holder to receive dividends on or prior to the applicable record date.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

9. Earnings per share

	AS AT 31 DECEMBER 2014
Basic earnings per share (cents)	3.60
Diluted earnings per share (cents)	3.49
Weighted average number of ordinary shares	
Weighted average number of ordinary shares on issue used in calculating basic earnings per share	75,000,001
Add: Options for the purpose of calculating diluted earnings per share ⁽¹⁾	2,400,925
Weighted average number of ordinary shares on issue used in calculating diluted earnings per share	77,400,926
Earnings reconciliation	
Net profit after income tax used in the calculation of basic and diluted earnings per share (\$)	2,700,512

The options granted on 16 October 2014 and which would be considered vested if the vested date was 31 December 2014, are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. Details of the options are set out in note 8(a)(ii).

⁽¹⁾ Calculated in accordance with AASB133.

Notes to the financial statements

For the period from 28 July 2014 to 31 December 2014

10. Net tangible assets per share

	AS AT 31 DECEMBER 2014
Net tangible assets per share	
Net assets attributable to ordinary shareholders	
– before tax	1.0198
Net assets attributable to ordinary shareholders	
– after tax	1.0139

11. Management and performance fee

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.

12. Contingent assets, liabilities and commitments

The Company has no material commitments, contingent assets or liabilities as at 31 December 2014.

13. Events occurring after the reporting period

No matters or circumstances have occurred subsequent to the period end that has significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent periods.

Directors' Declaration

For the period from 28 July 2014 to 31 December 2014

Directors' declaration

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 11 to 36 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2014 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

26 February 2015

To the members of Ellerston Global Investments Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ellerston Global Investments Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 28 July 2014 (date of incorporation) to 31 December 2014, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 controls as the directors determine are 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, we have become aware of any matter that makes us believe that the 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 2014 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ellerston Global Investments Limited, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ellerston Global Investments Limited 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 2014 and of its 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*.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Rohit Khanna', with a long horizontal stroke extending to the right.

Rohit Khanna
Partner
Sydney
26 February 2015

Directors

Ashok Jacob
Sam Brougham
Paul Dortkamp
Stuart Robertson

Company Secretary

Ian Kelly

Registered Office

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

Auditor

Ernst and Young
680 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

Website:

<http://www.ellerstoncapital.com/egi>

