

12 October 2016

The Companies Office  
ASX Limited  
Level 6  
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20 Bridge St  
SYDNEY NSW 2000

**ELLERSTON ASIAN INVESTMENTS LIMITED (ASX: EAI) INVESTMENT UPDATE – CORRECTED FOOTNOTE**

Please find enclosed Investment Update for September – Corrected footnote.

The footnote included in the Performance table has been amended to the following:

‘\*Before all taxes and after fees. Including the effects of the share buyback.’

The previous announcement included a footnote in the Performance table as follows:

‘\*Before all taxes and fees and includes the effects of the share buyback.’

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

A handwritten signature in blue ink, appearing to read 'Ian Kelly', is positioned above the printed name and title.

**Ian Kelly**  
**Company Secretary**

# Ellerston Asian Investments

Investment Update – Sept 2016

## Commentary

Net market movements in September were muted with both EAI and the benchmark down less than 1%. Fiscal year to date, we have performed roughly in-line with the benchmark on a gross basis. The NTA before tax as of September was \$0.9929.

On September 13<sup>th</sup>, Ellerston Asian Investments announced a share buyback of up to 10% of total shares over a period of 12 months. The buyback commenced on September 27<sup>th</sup>. The discount to NTA has narrowed from approximately 19% to 10% as of September 30<sup>th</sup>.

As at 30 September, there are 31 stocks in the portfolio with an average market cap of over \$60b. The average market cap of our Top 10 holdings is over \$100b. Given the highly liquid nature of our portfolio, we do not see a large discount to NTA as justified. Average EPS growth is 21% and the average PE is 21x, for a PEG ratio of approximately 1x. The average ROE of the portfolio is over 20%.

As at month end, technology remains our largest sector overweight at 31% of the portfolio. Over 80% of the portfolio is invested in 3 sectors: technology, consumer and financials. India remains our largest country overweight although we have reduced the weighting from a high of 30% pre-GST announced to 24% currently.

The top performing stocks during the month were China Life, Maruti Suzuki and Tencent. The worst performer was Samsung Electronics. In the first week of September, we reduced our position in Samsung given the earnings uncertainties surrounding the recall of the Galaxy Note 7 and the potential loss of market share to Apple. Subsequently we have exited our entire position.

The cash balance has increased to approximately 11% at the end of September from less than 5% throughout August. We think it is prudent to have a slightly more cash going into the Presidential election in November and the FOMC meeting in December.

In terms of FX, the portfolio is currently approximately 95% hedged to the benchmark. The only countries where we have no stock positions and no FX hedges are Malaysia and the Philippines, which are small index weights.

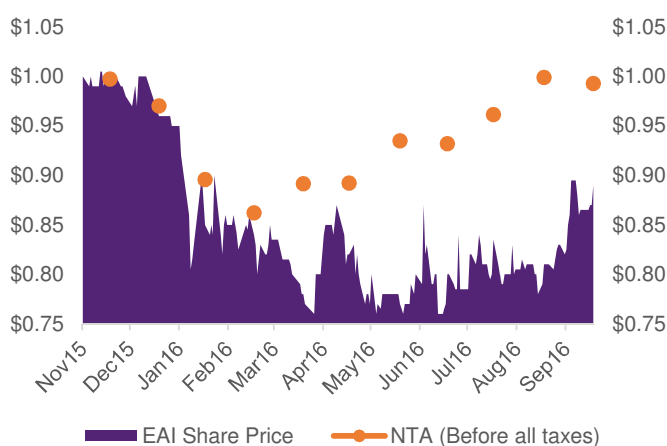
Performance	1 Mon	3 Mon	Since Inception
<b>EAI Gross</b>	-0.52%	6.83%	3.54%
<b>EAI Net*</b>	-0.60%	6.53%	2.26%
<b>Index</b>	-0.40%	6.43%	4.66%

\*Before all taxes and after fees. Includes the effects of the share buyback

## Key Information

ASX Code: Shares	EAI
Listing date	15 September 2015
Share price at 30/09/2016	\$0.89
NTA (before tax)	\$0.9929
NTA (after tax)	\$0.9946
EAI Market Capitalisation	\$106.7 Million
ASX Code: Options	EAIO
Option price	\$0.034
Exercise price	\$1.00
Avg Management Fee	0.84% pa
Performance Fee	15%

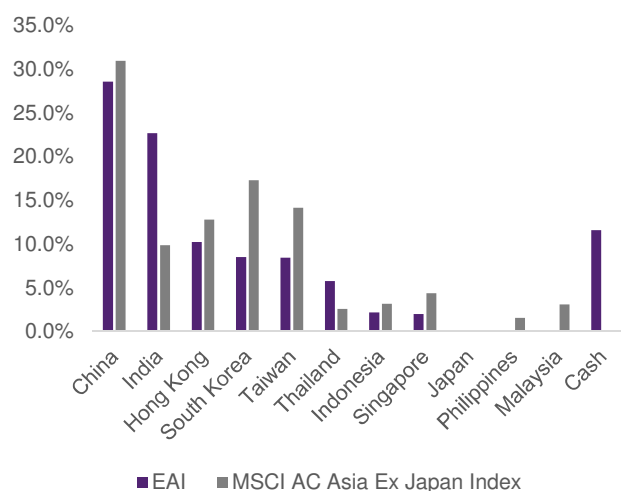
## EAI Share Price Vs NTA (Before all taxes)



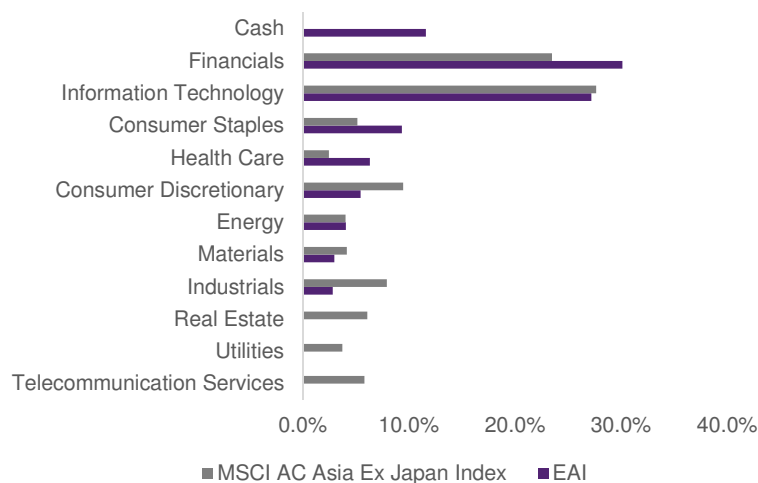
## Top 10 Holdings

	%
TSMC	5.3
AIA Group Ltd	5.2
Hong Kong Exchange & Clearing	5.0
Tencent Holdings Ltd	5.0
Ping An Insurance Co Ltd	4.9
China Life Insurance Co Ltd	4.2
China Petroleum and Chemicals Co	4.1
Naver Corp	3.9
Maruti Suzuki India Ltd	3.3
Largan Precision Co Ltd	3.2

## Geographical Exposure Vs Index Benchmark



## Sector Allocation Vs Index Benchmark



Should investors have any questions or queries regarding the company, please contact our Investor Relations team on 02 9021 7797. All holding enquiries should be directed to our share registrar, Link Market Services on 1300 551 627 or [EAI@linkmarketservices.com.au](mailto:EAI@linkmarketservices.com.au)

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