

# Monthly NTA Statement

November 2018

Ellerston Global Investments Limited  
ACN 169 464 706

14<sup>th</sup> December 2018

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

Ellerston Global Investments Limited (**ASX: EGI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the company as at 30 November 2018:

| NTA per share               | 30 November 2018 |
|-----------------------------|------------------|
| NTA before tax <sup>#</sup> | \$1.0600         |
| NTA after realised tax      | \$1.0651         |
| NTA after tax               | \$1.0682         |

The NTA is based on fully paid share capital of 109,983,363.

|                               |   |
|-------------------------------|---|
| <b>#NTA before tax</b>        | - Includes taxes that have been paid.   |
| <b>NTA after realised tax</b> | - Includes a provision for tax on realised gains from the Company's Investment Portfolio. |
| <b>NTA after tax</b>          | - Includes any tax on unrealised gains and deferred tax.                                  |

**The company's net performance before tax for the month of November was -1.01%.**



Ian Kelly  
Company Secretary

## Important Note

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](mailto:EGI@linkmarketservices.com.au).

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## Contact Details

**Ellerston Global Investments Limited**  
ACN 169 464 706

**Address**  
Level 11, 179 Elizabeth Street  
Sydney 2000 NSW Australia

**Website**  
<https://ellerstoncapital.com/listed-investment-companies/>  
**Email** [EGI@linkmarketservices.com.au](mailto:EGI@linkmarketservices.com.au)

**Investor Telephone**  
1300 551 627

# Ellerston Global Investments (ASX: EGI)

Investment Update | November 18

## PERFORMANCE (%)

|                             | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years p.a. | 1 November 2014 | Annualised Return* |
|-----------------------------|---------|----------|----------|--------|--------------|-----------------|--------------------|
| <b>Fund Net<sup>A</sup></b> | -1.01   | -8.63    | -5.62    | -4.51  | 5.80         | 35.67           | 7.76               |
| <b>Fund Gross</b>           | -0.92   | -8.38    | -5.11    | -3.45  | 7.12         | 42.91           | 9.14               |
| <b>Benchmark</b>            | 1.15    | -5.05    | -0.42    | 1.64   | 8.30         | 35.27           | 7.68               |

<sup>A</sup>Net Return (before tax) and excluding option dilution. \*1 November 2014

## PORTFOLIO UPDATE

The EGI portfolio declined 1.01% net during the month of November. The NTA (before tax) at the end of November was \$1.0600

EGI invests with a mid-small cap bias, defined as companies with a market cap of sub US\$10 billion. The month of November continued to produce considerable volatility which was demonstrated by a 5.3% variance in the MSCI SMID Index from its high to low during the month.

Contributors to performance included **Cellnex Telecom**, **Interxion** and **Keysight Technologies**. Detractors from performance included **Zayo Group**, **Entertainment One** and **Premier**.

EGI had a very busy reporting month with 14 portfolio companies disclosing results or providing trading updates during the period. The majority of results came in as expected or slightly above expectations however it became quite clear through the reporting season that only significant profit beats would be rewarded and even in line results were generally met with selling pressure.

**Cellnex** reported a strong Q318 result which was ahead of market expectations across all key metrics. The result was driven by continued strong organic growth and resulted in Management guiding Adjusted EBITDA to the upper end of its previously communicated range for the full year. Positively, activity on both the organic and inorganic fronts appears to be increasing.

**Interxion** continues to turn in very strong results with Q318 revenue and EBITDA up 14% and 17% respectively. Its sustainable growth is driven both by a strong underlying data growth thematic and solid execution. FY18 guidance was maintained, however, its current run rate suggests a full year result at the upper end of guidance.

**Zayo's** share price came under significant pressure following its quarterly result, however, the thesis around the strategic nature and value of its extensive fiber infrastructure assets has not changed. That said, Management credibility has taken a hit as it missed on market expectations around bookings and net installs this past quarter. We consider the current valuation as very compelling and continue to maintain our position in the stock.

**Entertainment One** reaffirmed full year profit expectations, however, the stock was pressured as revenues came in lower than expected for the half. Ironically, it was the low value film business which contributed to the revenue shortfall while its Family Division, which is currently mainly comprised by Peppa Pig and PJ Masks, continues to go from strength to strength with revenue and EBITDA up substantially this half.

**Premier's** quarterly underlying result was ahead of Management expectations however a change in accounting standard muddled the headline number. Normalising for the accounting change, the full year profit forecast was reaffirmed by Management and upon further discussions with the company it seems clear that the value of healthcare data held within this business will deliver significant profit opportunities going forward.

## Key Facts

|  |                          |
|--|--------------------------|
| <b>Listing Date</b>  | October 2014             |
| <b>NTA (before tax)**</b>                                  | \$1.0600                 |
| <b>NTA (after realised tax)</b>                            | \$1.0651                 |
| <b>NTA (after tax)</b>                                     | \$1.0682                 |
| <b>Share Price at 30/11/2018</b>                           | \$1.00                   |
| <b>EGI Market Capitalisation</b>                           | 109.9m                   |
| <b>Management Fee</b>                                      | 0.75%                    |
| <b>Performance Fee***</b>                                  | 15%                      |
| <b>Annualised Fully Franked Dividend FY19<sup>^^</sup></b> | 3.0cps                   |
| <b>Benchmark</b>   | MSCI World Index (Local) |

\*\* 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.

<sup>^^</sup> Annualised dividend is a financial term of analysis based on the total shares on issue at 30/11/18 and on the 1.5cps dividend paid on FY18 interim results (excluding special dividend). Any actual dividend declared by the Company is subject to Board discretion and may vary. Past performance is not an indicator of future performance.

\*\*\* 15% of the investment return over the Benchmark return (MSCI World Index Local), after recovering any underperformance in past period.

## MARKET COMMENTARY

After tumbling in October, **global equity markets** delivered mixed performances in November. The US and Asian markets were in the black, but Europe and Australia ended the month lower. Overall, emerging markets outperformed developed markets for the first time in eight months. Towards the end of the month, Fed Chairman Powell noted that interest rates “remain just below the broad range of estimates of the level that would be neutral”. The market interpreted this as a signal that the brakes were going to be applied to further Fed rates hikes. This dovish sign allowed risk assets to rally, with global bonds yields falling after rising in the early part of the month. The Fed signalling a softer stance on rates, a fall in inflationary expectations and a sharp decline in oil prices were all reasons proffered for the rally in global bonds.

The **S&P 500 Index** and the Dow Jones Industrial Average Index ended November up 2.0% and 2.1%, respectively. The NASDAQ delivered more modest returns, finishing the period higher by 0.5%. While the Fed kept policy rates at the 2.0% to 2.25% target range, it flagged a less aggressive stance on increasing interest rates. Coupled with the expectations of a rapprochement between the US and China on trade, markets moved back into a risk-on frame of mind. Investors had been on edge that signs of slowing growth were likely to hamper corporate profits, and this could be exacerbated by rising rates. Following Powell's more accommodative comments, technology stocks that bore the brunt of the six-week sell-off led the rebound.

**European equity markets** were weaker again, as Italian budget concerns and Brexit weighed heavily on sentiment. The Euro STOXX 50 Index closed down 0.7% and is now down 7.1% calendar year to date. Activity indicators in Europe continued to weaken. The flash Eurozone manufacturing PMI for November missed expectations and fell to 51.5 (consensus: 52.0, previous: 52.0), while the composite PMI was also lower at 52.4 (consensus: 53.0, previous: 53.1). The UK's FTSE 100 was down 1.6% and the GBP came under renewed pressure given ongoing Brexit uncertainty. The French market, the CAC 40, was down 1.7% with Germany's DAX falling by the same amount.

**Asian equities** bounced in November. Investors bought into markets that looked oversold after the brutal sell-off in October and were betting that the Fed's less aggressive stance and some abating in trade pressures would support underlying fundamentals. The Hang Seng Index returned +6.2%, the BSE Sensex was up 5.2%, while Japan's Nikkei 225 returned just under 2.0% and Korea's KOSPI Composite Index was up 3.3%.

The **S&P/ASX 200 Accumulation Index** closed the month down 2.2%. This followed a poor month in October when the market was down 6.1%. Only two sectors, Financials (+1.4%) and Information Technology (+1.0%) were in positive territory, while all other sectors delivered negative returns, mostly notably, Energy (-10.3%).

Regards,

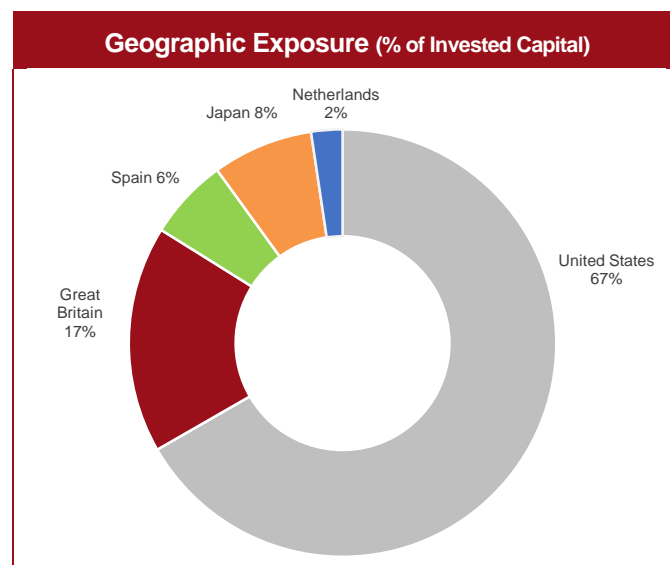
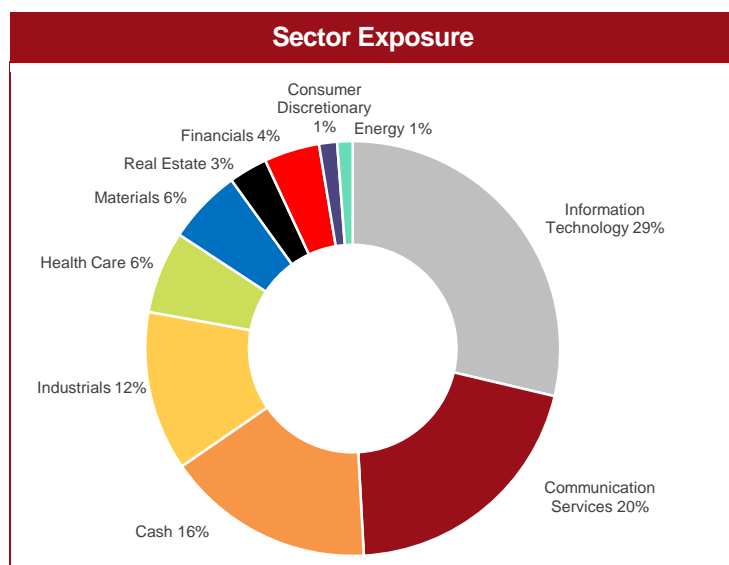
Arik Star and Bill Pridham

EGI Co-Portfolio Managers

## TOP HOLDINGS

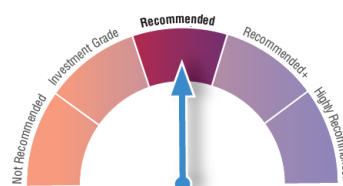
| Top 10 holdings as at 30 November 2018 | Sector                 | %    |
|--|------------------------|------|
| Interxion Holding NV                   | Information Technology | 7.01 |
| Equiniti Group Plc                     | Information Technology | 6.41 |
| Zayo Group Holdings Inc                | Communication Services | 5.83 |
| Entertainment One Ltd                  | Communication Services | 5.37 |
| Cellnex Telecom SA                     | Communication Services | 5.13 |
| Keysight Technologies Inc              | Information Technology | 4.24 |
| Tribune Media Co                       | Communication Services | 4.12 |
| Premier Inc                            | Health Care            | 4.06 |
| Willscot Corp                          | Industrials            | 3.50 |
| Huntsman Corp                          | Materials              | 3.29 |

## SECTOR & GEOGRAPHIC ALLOCATIONS



### Research Ratings

Independent Investment Research (IIR) is an independent investment research house based in Australia and the United States. IIR conducted research in December 2017 and has assigned Ellerston Global Investments Limited (ASX code: EGI) a **Recommended** rating.



### Dividends

If you would like to have dividends re-invested under the Company's Reinvestment Plan, click [here](#)

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](mailto:EGI@linkmarketservices.com.au)

For further information, please contact:

#### INSTITUTIONAL CONTACT

Melinda Carter  
+61 3 9002 2041  
[mcarter@ellerstoncapital.com](mailto:mcarter@ellerstoncapital.com)

#### RETAIL CONTACT

Sam Stobart  
+61 2 90217795  
[ssstobart@ellerstoncapital.com](mailto:ssstobart@ellerstoncapital.com)

#### SYDNEY OFFICE

Level 11, 179 Elizabeth Street,  
Sydney NSW 2000

#### MELBOURNE OFFICE

Level 4, 75-77 Flinders Lane,  
Melbourne, VIC, 3000

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