

Monthly NTA Statement

November 2017

Ellerston Asian
Investments Limited
ACN 606 683 729

14th December 2017

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

Ellerston Asian Investments Limited (**ASX: EAI**) advises the unaudited Net Tangible Asset backing (**NTA**) per share of the company as at 30 November 2017:

NTA per share	30 November 2017
NTA before tax	\$1.1942
NTA after realised tax *	\$1.1810
NTA after tax ^	\$1.1460

The NTA is based on fully paid share capital of 105,206,739

* **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.

On September 18 2017, EAI announced a new on-market buy-back of up to 10% of its shares, commencing September 27 2017 and continuing for twelve months. Since 27 September 2016 a total of 14,792,262 shares had been bought back

The company's gross performance before tax for the month of November was 2.4%.

Options - If all of the remaining 2019 options had been exercised by 30 November 2017, the fully diluted NTA before tax would have been \$1.1200 per share.



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 EAI@linkmarketservices.com.au.

This document has been prepared for Ellerston Asian 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.

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Ellerston Asian Investments (ASX: EAI)

Investment Update – November 2017

Fund Performance

	1 Month	3 Months	6 Months	1 Year	1 Nov 2015 [^]	Since Inception
EAI Gross	2.4%	10.6%	11.9%	24.1%	20.1%	26.3%
EAI Net*	2.3%	10.2%	11.2%	22.6%	17.2%	23.0%
MSCI Asia ex Japan (AUD)	1.6%	9.7%	10.4%	28.7%	25.5%	33.3%

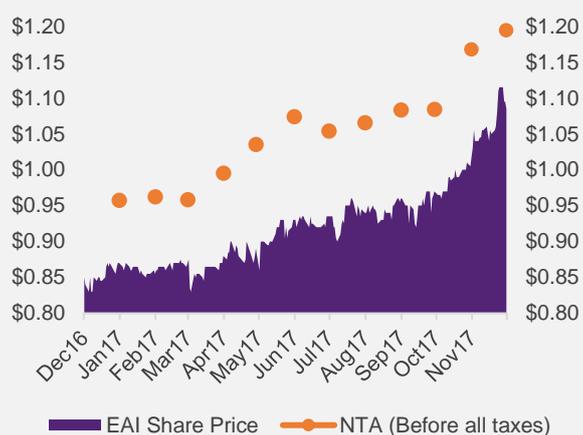
*Before all taxes and after fees. Includes the effects of the share buyback

[^]Performance fee commencement

Key Facts

Listing date	Sept 2015
NTA (before tax)	\$1.1942
NTA Fully Diluted (before tax) *	\$1.1200
NTA (after realised tax) [^]	\$1.1810
NTA (after tax) **	\$1.1460
Share price at 30/11/2017	\$1.085
EAI Market Capitalisation	\$110.7m
Average Management Fee	0.85%
Performance Fee	15%
Option price (ASX: EGIO)	\$0.09
Exercise price	\$1.00

EAI Share Price vs NTA (Before all taxes)



* NTA Fully Diluted (before tax) – Calculated as if all of the remaining 2019 options had been exercised by 30 November 2017.

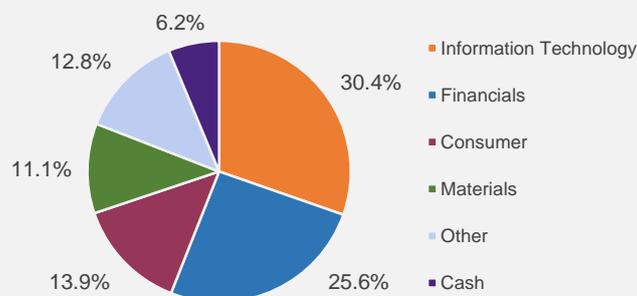
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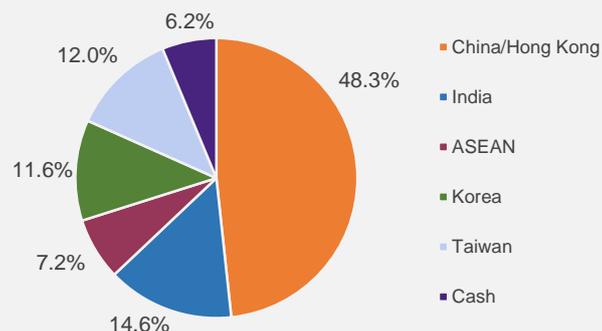
Top 10 Holdings

Top 10 Holdings	Weight
TENCENT HOLDINGS	6.4%
TSMC	5.8%
SAMSUNG ELECTRONICS	4.8%
ALIBABA GROUP HOLDING	4.5%
DBS GROUP HOLDINGS	4.2%
ICBC	3.3%
CHINA CONSTRUCTION BANK	3.1%
LARSEN AND TOUBRO	3.1%
BAIDU	3.0%
POSCO	3.0%

Sector Allocation



Geographic Exposure





Commentary

November was another good month for EAI. The fund was up 2.4% during the month and outperformed the benchmark by 0.8% (gross). As of the end of November, the fund is up 13.9% on a gross basis Fiscal Year to Date. The pre-tax NTA as of November 30, 2017 was \$1.19 versus \$1.17 at the end of October. We did not buy back any shares during November.

Asian markets were strong in the first three weeks of November, but began to sell off in on November 22 and have continued to be volatile in early December. The main reasons for this are threefold: (1) Profit taking into calendar year end; (2) A sharp sell-off in US technology shares as a result of tax reform related sector rotation; and (3) The increasing prevalence of quant funds, structured products and factor model portfolios which exacerbate and magnify changes in investor positioning.

Technology has been the best performing sector in 2017 so it is the first candidate for booking gains, both in the US and in Asia. US tax reform, as it currently stands, will benefit old economy sectors more so than technology, thus providing a fundamental reason for **US investors** to switch into materials and industrials. Note that this is not the case in Asia, where the tax rates of technology companies will not change as a result of US tax reform.

In November and early December we took profits in Tencent, Alibaba, Win Semi and DBS. We also booked gains in all our A share investments in China (Moutai, Yili, Hikvision and Midea). We see any extended sell-off in technology as a good buying opportunity going into 2018.

There are currently 45 stocks in the portfolio with an average market cap of over \$100b. The largest sector weights in the portfolio remain technology & financials. In terms of country allocation, our biggest overweights remain China and India and the biggest underweight is Korea.

In terms of stock performance, the most significant contributors to alpha during the month were DBS, Anhui Conch and Win Semi and the largest detractors from alpha were Largan and Chalco. Cash at the end of November was approximately 6%. Currencies with a greater than 10% weight are hedged as per the index.

Any questions, comments or feedback, are greatly appreciated.

Regards
Mary Manning

Contact

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DISCLAIMER

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