

# ELLERSTON GLOBAL INVESTMENTS

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## Boutique Australian investment manager

**Well-established  
business**

**Founded in 2004  
Over \$AUD 5.7 billion in FUM\***

**Diverse client  
base**

**Across Sovereign wealth, institutional, private banking,  
family office and retail**

**Aligned with  
our investors**

**75% owned by staff  
25% owned by Consolidated Press Holdings**

**Robust institutional  
infrastructure**

**Best of breed systems and technologies supporting  
portfolio management, client service and compliance**

## ESG at Ellerston

- > **Ellerston Capital is proud to be in the process of becoming a signatory to the UN-backed Principles for Responsible Investing (“the PRI”)**
- > **Our boutique manager approach gives investment freedom to each investment team**
- > **Integration of ESG is at the discretion of each team**
- > **We have formalised ESG approaches in circa 75% of our FuM across**
  - Australian large cap equities
  - Australian small companies
  - Australian micro cap
  - Asian equities
  - India equities
  - Australian market neutral
- > **We continue to explore application of ESG into our remaining strategies**

## Core team members working together for >10 years



**Arik Star**  
Portfolio  
Manager  
(23)

- Over 16 years global equity investing
- Previous firms: Kira Capital (founder), CPH and Thorney Holdings
- Bachelor of Banking and Finance from Monash University



**Ashok Jacob**  
Chairman/  
CIO  
(32)

Provides  
macro input



**Bill Pridham**  
Investment  
Manager  
(21)

- Previous firms: JGL Investments, Kira Capital, QIC, MMC Asset Management, UBS Australia
- B of Commerce from Bond Univ., CFA Charterholder



**David Serry**  
Investment  
Analyst  
(12)

- Previous firms: Kira Capital, the Victor Smorgon Group and Freehills (corporate law)
- B of Laws (Hons) and B Commerce from Monash University



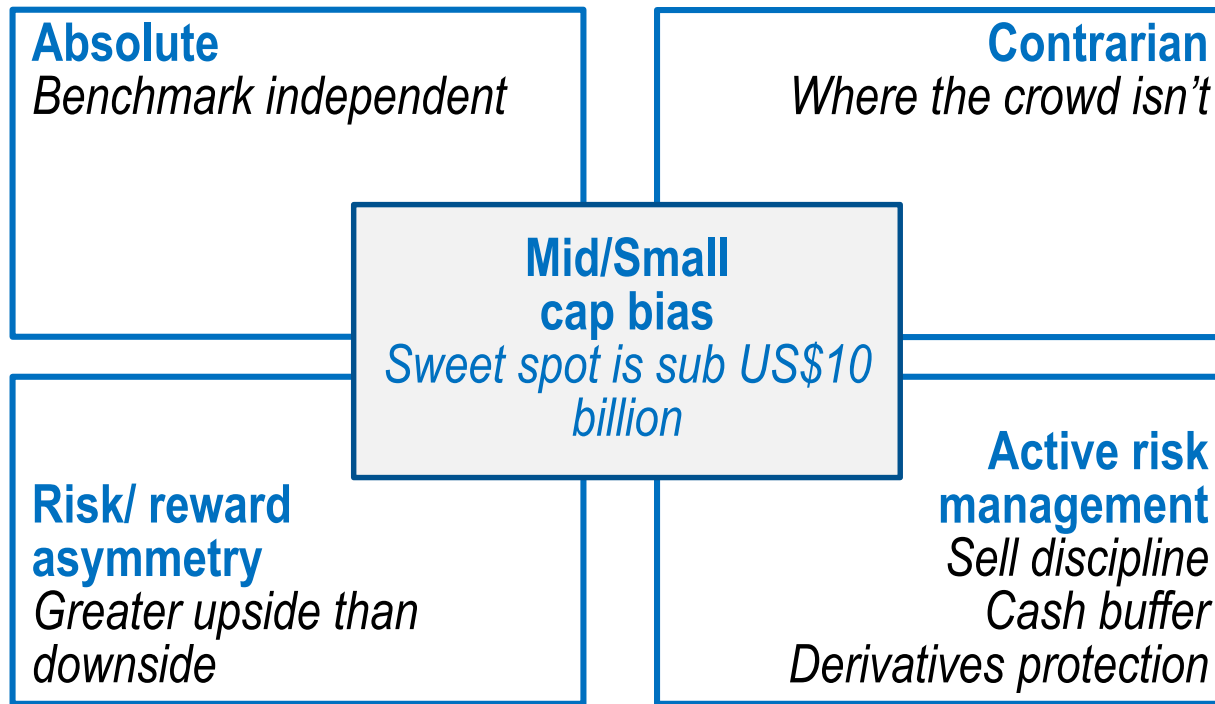
**Travis Duff**  
Investment  
Analyst  
(2)

- Previous firms (internships): Morgan Stanley, Macquarie Group
- BSc (Maths/Statistics) and B Econ (Hons) from University of Queensland

**Ellerston Global Strategy Vehicles  
(Inception Date)**

Ellerston Global Investments LIC [ASX:EGI] (Nov 14)  
Ellerston Global Mid/Small Cap Fund Hedged (Mar 17)  
Ellerston Global Mid/Small Cap Fund Unhedged (Mar 17)

# APPROACH TO GLOBAL EQUITIES



**Focus on companies experiencing change and, as a result, typically going through a period of “*price discovery*”**

# THE OPPORTUNITY SET

## Significant opportunities outside of Mega and Large Caps



*Developed  
markets*

*>7x investable  
universe*

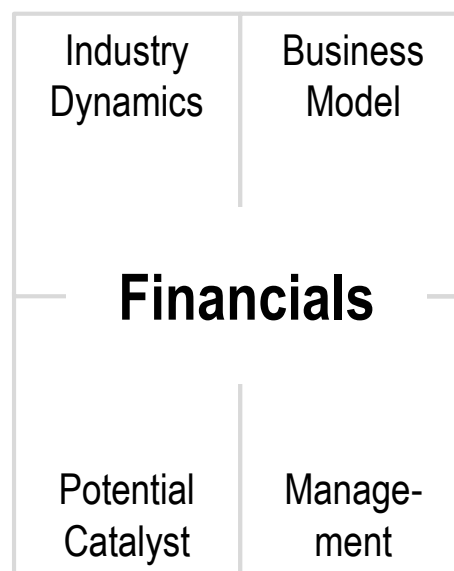
*Less analyst  
coverage*

## Step 1. Run universe filters daily to identify companies undergoing change:



Watch list ~ 400

## Step 2. Use 5-part matrix to concentrate on best opportunities:



Focus list ~120

## Step 3. Intensive fundamental research to fully assess each company:



## Step 4. Build high conviction, 20-40 company portfolio



# EXAMPLE: ENTERTAINMENT ONE – CONTENT IS KING

## VIDEO CONTENT – Strong demand: Amazon & Netflix announced spending of at least US\$12.5B in 2018\*

- > Entertainment One (ETO) – £1.4 Billion Market Cap (UK Listed)
- > 100,000 Hours of Film and TV content
- > US\$1.7 Billion Independent valuation of the ETO content library
- > Family – Double digit growth, strong pipeline, underpins company valuation



*Family*



*Television*



*Film*



*Music*









Valuation – P/E 11.3x\*\*, EV/EBITDA 9.5x\*\*, Rejected 2016 bid at £2.36

\* Source: Netflix and Amazon company statements.

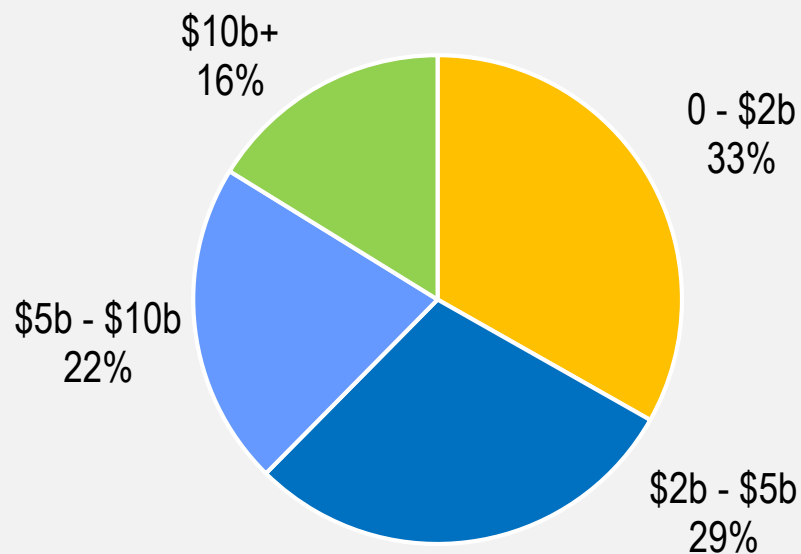
\*\* Source: Ellerston Capital estimates.

# TOP 10 HOLDINGS as at 28 February 2018

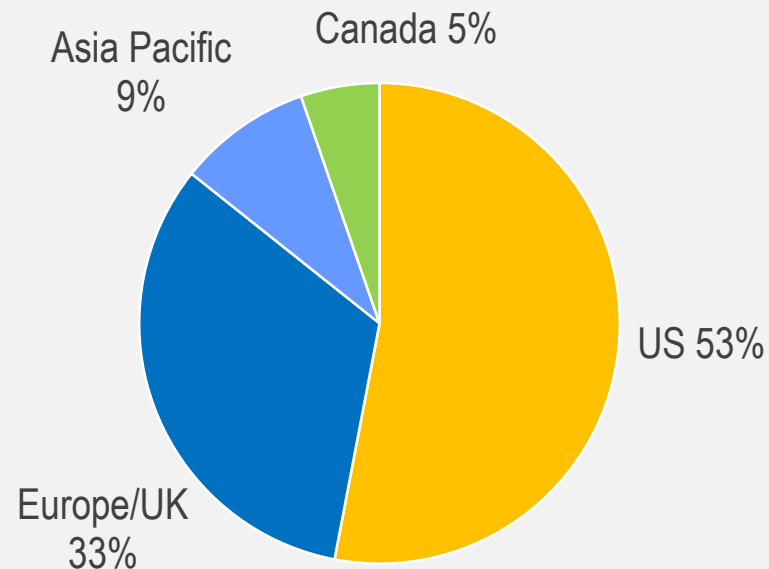
Stock	Mkt Cap [USD]	Price Discovery	Portfolio Weight	Comment
	\$1.9B	Fallen Angel	8.43%	Entertainment One – Leading Independent Content for Children, TV, Film, Music
<b>EQUINITI</b>	\$1.4B	Post IPO	5.83%	Equiniti Group Plc – UK Share Registry, Pension Administration, Investment Services
	\$8.9B	Fallen Angel	5.57%	Zayo Group – Fibre, The New Global Infrastructure
	\$4.1B	CEO Change	4.15%	The Stars Group – The Global Leader in Online Poker, Casino
<b>interxion</b>	\$4.0B	Fallen Angel	4.00%	Interxion Holdings – European Data Centre Player
<b>VENATOR</b>	\$2.0B	Spin-Off	3.69%	Venator Materials – Global TiO2 producer
	\$1.1B	Post IPO	3.64%	Playa Hotels – All Inclusive Resorts
<b>HUNTSMAN</b>	\$7.7B	Spin-Off	3.41%	Huntsman – Chemicals in Focus, Favourable Industry Dynamics
	\$11.8B	Fallen Angel	3.28%	XPO Logistics – The Last Mile of e-Commerce
	\$16.8B	Embedded Option	3.11%	Comerica – US Regional Banking
		Total	45.11%	

# PORTFOLIO CHARACTERISTICS

## Market Capitalisation (% of Invested Capital)



## Geographic Gross Exposure (% of Invested Capital)



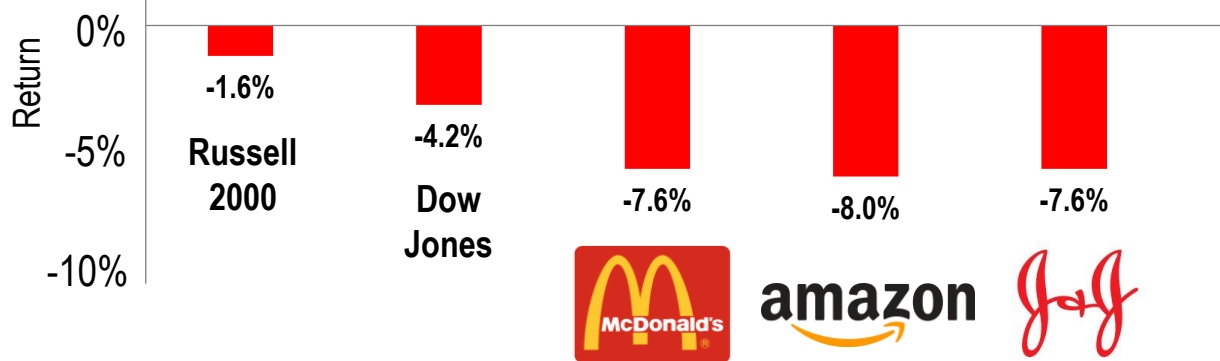
# GLOBAL EXPOSURE RISK

*“Risk... everyone being exposed to the same global mega and large cap companies”*

### Dow Jones – Intraday chart for 5 Feb 2018

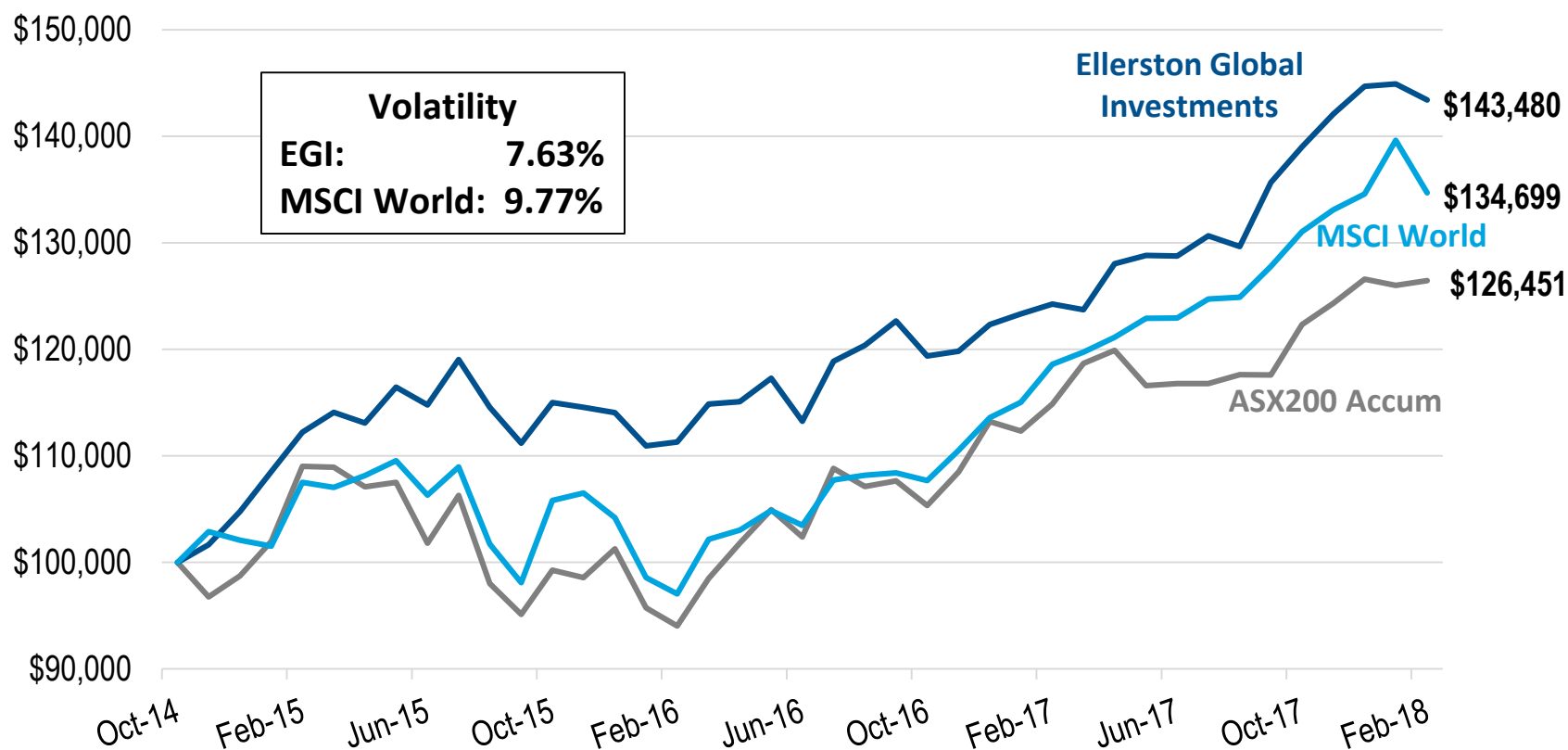


### 30 minute performance – 2:40-3:10pm on 5 Feb 2018



# EGI PERFORMANCE as at 28 February 2018

Performance (%)	1 Month	3 Months	6 Months	1 Year	3 Years p.a	Since Inception p.a.^	Since Inception^
EGI Net Returns*	-0.98%	0.99%	10.68%	15.48%	8.54%	11.44%	43.48%
MSCI World Net (Local)	-3.53%	1.21%	7.86%	13.58%	7.81%	9.35%	34.70%



^Inception Date: 1 Nov 2014 (Fully Invested Basis)  
 Source: Ellerston Capital and Bloomberg

\*Before Tax and excluding option dilution