

Establishment Investment Trust plc

REVIEW

The share price rose by 13.2% in November while the Net Asset Value rose 2.3%. The shares went ex dividend an unchanged 3p interim dividend at month end. The total return for the share price and net asset value was therefore 14.9% and 3.7% respectively. In comparison, the MSCI AC Asia ex Japan Index rose 5.3%, the MSCI AC World Index gained 1.5% and the FTSE UK Private Investor Balanced Index rose 0.5%.

The poor performance of British American Tobacco (-19%) in November had a significant impact on performance. The Philippines (+4.9%) and Indonesia (+12.3%) performed strongly again while China (+7.3%) staged a decent recovery. Thailand (-0.3%), Taiwan (-0.7%) and Malaysia (-1.0%) were the laggards.

All figures above are total return unless otherwise stated and in sterling terms. Source: Bloomberg.

RESULTS AND ANNOUNCEMENT

The Company reported its interim results in November and the Board declared an unchanged 3p interim dividend. The Board also released the following statement.

'The Board and Investment Manager announce that they will not recommend that shareholders vote in favour of continuation of the Company in its current form when the next continuation vote is put forward at the Annual General Meeting in July 2019. In advance of that AGM the Board will invite and consider alternative plans for the Company's future, including the opportunity for a cash realisation, and will put forward proposals at the AGM for shareholders' approval, assuming the continuation vote is not passed.'

In consequence the discount narrowed significantly from 17.3% to 8.6% over the month.

LESSENING HEADWINDS?

In recent monthly reports we have noted the headwinds facing Asian equities and were most interested by the chart below, courtesy of ICBS's Principal Economist Jack Wang, which illustrates the sharp change of direction of nominal interest rates (the orange line) across G20 emerging markets over the past six months. The first five rate increases by the Federal Reserve (blue line) had no impact on G20 EM nominal rates but the commencement of quantitative tightening and the reduction in the collective balance sheet of the three large central banks appears to have been the trigger for a stronger dollar, rising G20 EM interest rates and weakness in EM equities. As Russell Napier highlighted recently, real broad money growth across the major developed economies remains anaemic - a backdrop that is rarely positive for equities.

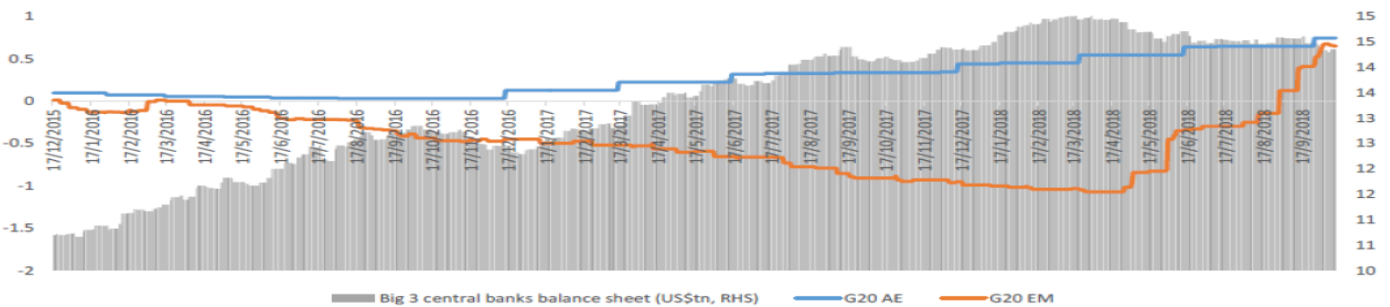
That said, Asian equity markets bounced off the October lows (we highlighted the compelling valuations last month), as have most Asian currencies, amid evidence that other headwinds have substantially reduced in intensity. Oil prices have retreated significantly with positive implications for inflation and trade accounts in energy deficient Asia while the language at the Federal Reserve has softened considerably as the yield curve flattens.

It is too early to break out the champagne following the weekend G20 meeting in Buenos Aires but it did appear that both sides have blinked at last and perhaps progress between the US and China can be made over the next three months. This optimism has been severely damaged, however, by the arrest of Meng Wanzhou, Huawei's chief financial officer and the daughter of Huawei's founder.

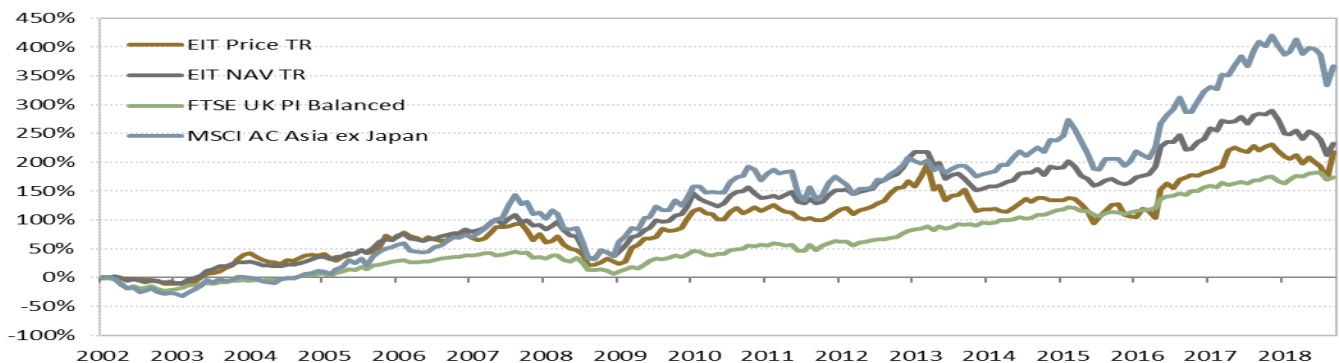
MARKET OUTLOOK

Regional valuations remain reasonably compelling and, while a 25bps rise in US rates later this month seems to be 'baked' in, any further indications by the Federal Reserve that the bulk of rate hikes are behind us would be a bullish development but this is offset by the growing tensions between the US and China.

EM weighted interest rates spiked as major central banks reduced balance sheet



Source: IMF, central banks, ICBCI



Net dividends reinvested, all data in sterling

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Establishment Investment Trust plc

LISTED EQUITIES	MARKET	SECTOR	95.1%		
UNILEVER	UK	CONSUMER STAPLES	4.0%		
HDFC	INDIA	FINANCIAL	3.7%		
SAMSUNG ELECTRONICS	KOREA	TECHNOLOGY	3.7%		
GLAXOSMITHKLINE	UK	HEALTH CARE	3.4%		
BATS	UK	CONSUMER STAPLES	3.3%		
TSMC	TAIWAN	TECHNOLOGY	3.3%		
IMPERIAL BRANDS	UK	CONSUMER STAPLES	3.0%		
SIAM CITY CEMENT	THAILAND	MATERIALS	3.0%		
LAND & HOUSES	THAILAND	REAL ESTATE	2.8%		
SHINHAN FINANCIAL	KOREA	FINANCIAL	2.7%		
SAMSONITE	CHINA	CONSUMER DISCRETIONARY	2.6%		
CHINA OVERSEAS LAND	CHINA	REAL ESTATE	2.6%		
IND & COMM BANK OF CHINA	CHINA	FINANCIAL	2.5%		
KB FINANCIAL	KOREA	FINANCIAL	2.5%		
ITC	INDIA	CONSUMER STAPLES	2.4%		
ASTRA INTERNATIONAL	INDONESIA	CONSUMER DISCRETIONARY	2.4%		
ZEE ENTERTAINMENT	INDIA	CONSUMER DISCRETIONARY	2.4%		
JNBY	CHINA	CONSUMER DISCRETIONARY	2.4%		
AYALA CORP	PHILIPPINES	FINANCIAL	2.3%		
SANDS CHINA	CHINA	CONSUMER DISCRETIONARY	2.3%		
MEGAWIDE CONSTRUCTION	PHILIPPINES	INDUSTRIALS	2.1%		
MINTH GROUP	CHINA	INDUSTRIALS	2.1%		
CHINA CONSTRUCTION BANK	CHINA	FINANCIAL	2.0%		
UNI-PRESIDENT	TAIWAN	CONSUMER STAPLES	2.0%		
JOHNSON ELECTRIC	CHINA	INDUSTRIALS	2.0%		
HYNIX SEMICONDUCTOR	KOREA	TECHNOLOGY	2.0%		
HAIER ELECTRONICS	CHINA	CONSUMER DISCRETIONARY	1.9%		
LARSEN & TOUBRO	INDIA	INDUSTRIALS	1.8%		
MY EG	MALAYSIA	TECHNOLOGY	1.6%		
TENCENT	CHINA	TECHNOLOGY	1.4%		
SUNNY OPTICAL	CHINA	TECHNOLOGY	1.3%		
EMEMORY	TAIWAN	TECHNOLOGY	1.2%		
HANON SYSTEMS	KOREA	INDUSTRIALS	1.0%		
ACCESS ENGINEERING	SRI LANKA	INDUSTRIALS	0.7%		
SILVER HERITAGE	NEPAL	CONSUMER DISCRETIONARY	0.6%		
BLACKFRIARS ORIENTAL FOCUS FUND			14.1%		
LIQUIDITY			4.9%		
COUNTRY BREAKDOWN (all equity positions)			95.1%		
CHINA/HK	23.2%	NEPAL	0.6%	TAIWAN	6.5%
INDIA	10.3%	PHILIPPINES	4.5%	THAILAND	5.8%
INDONESIA	2.4%	SINGAPORE	0.0%	UK	13.7%
KOREA	11.8%	SRI LANKA	0.7%	ASIA EX JAPAN REGIONAL [~]	14.1%
MALAYSIA	1.6%			[~] via investment vehicle	
SECTOR BREAKDOWN (directly held equities only)			81.0%		
COMMUNICATIONS	0.0%	FINANCIAL	15.8%	REAL ESTATE	5.4%
CONSUMER DISC.	14.6%	HEALTH CARE	3.4%	TECHNOLOGY	14.3%
CONSUMER STAPLES	14.8%	INDUSTRIALS	9.7%	UTILITIES	0.0%
ENERGY	0.0%	MATERIALS	3.0%		

Compound Annual Growth Rate since Inception (total return)

Share Price **7.1%**

18th March 2002 - 30th November 2018

Net Asset Value **7.4%**

18th March 2002 - 30th November 2018

Market Data

Share Price	202.00p
Net Asset Value	220.95p
Premium / (Discount)	(8.6%)
Shares Outstanding (mn)	20.0
Market Capitalisation (mn)	£40.4
Historic Yield (incl special div)*	5.1%
Ongoing Charges	1.3%
Listed	London Stock Exchange
Bloomberg Ticker	ET/ LN <Equity>
ISIN	GB0031336919
Website	www.blackfriarsam.com

Investment Manager

Blackfriars Asset Management Ltd	
9 Cloak Lane	
London	Telephone
EC4R 2RU	+44 (0) 20 7332 2270

Administrator

Praxis IFM Fund Services (UK) Limited	
3rd Floor, Mermaid House	
2 Puddle Dock	Telephone
London EC4V 3DB	+44 (0) 20 7653 9690

Directors	Harry Wells (Chairman)
	Jim Ryall
	Gregory Shenkman
	Susan Thornton
	Thomas Waring

Corporate Broker	Stockdale Securities
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Investment Objective

To achieve long-term capital growth from a managed international portfolio of securities.

Management Fee

One per cent of the market capitalisation per annum

Financial Year	31st March
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Annual Returns % (GBP)	30/11/2018										Performance Data	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		2018
Price	-30.31	44.14	17.80	-7.27	25.42	-7.84	3.02	-4.42	22.58	17.60	-3.05	Source: www.morningstar.co.uk
NAV	-26.77	38.06	24.63	-9.81	19.88	-5.45	6.71	-2.90	19.33	18.50	-14.51	Category: Flexible
Cat Price+	-17.85	20.37	16.77	0.66	-1.38	9.59	7.99	13.61	11.59	10.81	1.19	Benchmark: ‡ FTSE World TR
Cat NAV+	-16.16	11.35	17.61	-5.16	5.21	12.83	5.87	6.35	10.45	7.19	1.22	
Benchmark‡	-18.18	19.64	16.28	-5.79	11.83	22.36	11.29	4.34	29.59	13.34	4.19	

* Based on interim, final and special dividend approved by EIT Board for FY2018.

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