

**ASX Announcement  
(ASX: AUF)  
Investment and NTA update at 31 July 2015**

**Overview**

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 July 2015 was \$1.41 per share (compared with \$1.41 at 30 June 2015).

The Asian Masters Fund is a long-term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, the net asset backing after tax would be \$1.28 per share.

AUF's unaudited, pre-tax NTA per share returned -0.2% over the month of July. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which lost 1.3% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 41.2%. At 31 July 2015, AUF was 94% invested and had investments in 13 funds with a total portfolio value of \$180,246,760.

**Market Commentary<sup>1</sup>**

The downward momentum in Asia ex Japan equities continued unabated in July as sentiment was hit by a deepening rout in Chinese stocks and concerns over interest rate hike in the US. The MSCI Asia ex Japan Index (the Index) lost 1.3% in AUD terms, but a steeper 6.3% in US dollar terms (USD), as the USD strengthened against the AUD and all Asia ex Japan currencies during the month.

Vietnam (+10.0%) was the best performing market in the region for a second consecutive month. Equities rallied ahead of a long-awaited move by the government to lift foreign equity ownership cap on public companies from September 1. India (+6.4%) also performed well, buoyed by lower global crude oil prices.

Malaysia (+4.3%), the Philippines (+4.0%), Indonesia (+2.0%), Singapore (+0.6%), Korea (-0.8%) and Hong Kong (-1.0%) outperformed the benchmark during the month. Thailand (-2.5%) and Taiwan (-2.6%) underperformed.

China was the worst performing market in the region, with China A-shares and China H-shares declining 9.5% and 9.3%, respectively. The Shanghai Composite Index saw its largest ever correction of 30% between 12 June and 8 July after worries of a bubble in stock market led to heavy selling. The government intervened and tried several measures - including a ban on short selling, a ban on stock sales by major shareholders, trading halts on many stocks, and relaxing rules for firms to buy back shares.

The Australian dollar closed out July at 73.08 US cents, decreasing 5.2% on June's close of 77.07 US cents.

<sup>1</sup> All figures in Australian dollars (AUD) unless specified otherwise

Source: Walsh & Company Asset Management Pty Limited. Note some figures may not reconcile due to rounding. The historical performance of the Manager is not a guarantee of the future performance of the Portfolio or the Company.

### **Steadview Capital**

During the month, the Fund was offered the opportunity to increase its investment with Steadview Capital Fund. Steadview Capital, an Indian markets specialist, has been closed to new investors since 2012. The offer was only made to a limited group of long-term investors, including AUF.

Steadview Capital has performed exceptionally well for the Fund and continues to be one of the top fund managers in the region. In light of this and the Fund's positive outlook on the Indian markets, the Fund has elected to take up the full allocation offered to it of \$4.0 million. As a result, the Fund's holdings in underlying managers with a redemption notice period exceeding 30 days will increase to 23%, temporarily above the Fund's long term target maximum ratio of 20%. The Fund has made no changes to its long term target maximum ratio and expects to bring this ratio back to within its target in the near future.

