

12 February 2016

**ASX Announcement
(ASX: AUF)
Investment and NTA update at 31 January 2016**

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 January was \$1.23 per share (compared with \$1.34 at 31 December 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 \$1.15 per share.

AUF's unaudited, pre-tax NTA per share returned -8.3% over the month of January. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which declined 4.9% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 38.2%. At 31 January 2016, AUF was 99.2% invested and had investments in 13 funds with a total portfolio value of \$154.1m.

Market Commentary¹

Asia ex Japan markets declined in January along with global equity markets. A sharp correction of China A-Shares and a devaluation of the Chinese currency against the US dollar sparked a sell-off in global equities, which also spread to currency and commodity markets. Dovish comments by the European Central Bank and the Bank of Japan's surprise move to cut interest rates to negative helped markets recover some losses towards the end of the month. The MSCI Asia ex Japan Index (the Index) declined 4.9% during the month.

Some markets that have experienced recent periods of weakness were resilient. Malaysia (+5.3%) was the best performing market as equities surged on the back of a 50 basis points (bps) Statutory Reserve Requirement (SRR) ratio cut. Thailand gained 5.2% amid better-than-expected economic indicators. Indonesia (+4.7%) also performed well following a 25 bps interest rate cut.

Taiwan (-1.1%), Vietnam (-1.9%), Philippines (-2.4%), Korea (-2.6%) and India (-4.3%) outperformed the Index during the month, while Singapore (-6.5%) and Hong Kong (-7.9%) underperformed.

China H-Shares (-12.5%) and China A-Shares (-19.8%) suffered significant losses in January. The correction was exacerbated by a poorly designed circuit breaker system which was implemented in January and suspended after four days.

The Australian dollar closed out January at 70.84 US cents, decreasing 2.8% on December's close of 72.86 US cents.

¹ 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.