



13 September 2016

## ASX Announcement

(ASX: AUF)

### Investment and NTA update at 31 August 2016

#### Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 August was \$1.29 per share (compared with \$1.27 at 31 July 2016).

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 \$1.20 per share.

AUF's unaudited, pre-tax NTA per share returned 3.1% over the month of August, taking into account the fully franked 1.1 cent per share dividend which was announced on 22 August 2016. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which rose 4.3% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 34.1%. At 31 August 2016, AUF was 95.1% invested and had investments in 12 funds with a total portfolio value of \$173.9m.

#### Successful capital raising

Asian Masters Fund successfully completed a capital raising in July 2016 which raised gross proceeds of \$12.7 million. The 9.7 million new shares were allotted on 3 August, with a majority of the proceeds invested in leading Asian equity funds during the month of August.

#### Market Commentary<sup>1</sup>

Asia ex Japan markets rallied in August amid positive earnings revisions and increased investor interest. The MSCI Asia ex Japan Index (the Index) gained 4.3% in AUD terms (+3.4% in USD terms). All Asia ex Japan markets posted positive returns in local currency terms, except the Philippines and Singapore.

China H-Shares (+7.5%) were the best performing market in the region on the back of better-than-expected second quarter (Q2) corporate earnings and the announcement of the Shenzhen-Hong Kong Stock Connect programme, with the elimination of aggregate quota limits. Hong Kong also performed well rising 6.2% lifted by sentiment around China and better-than-expected Q2 gross domestic product (GDP) growth. Vietnam (+4.8%) and China A-Shares (+4.3%) also outperformed the Index.

Thailand (+3.7%) performed well, as the referendum approving a new constitution lifted confidence and provided support to the market. Indonesia (+2.5%), Malaysia (+2.3%) and India (+2.2%) posted gains, but underperformed the Index. The passage of the Goods and Services Tax Amendment Bill and the appointment of Urjit Patel as the new central bank governor were positive developments in India. Korea (+1.5%), Taiwan (+0.9%) and the Philippines (-0.1%) also underperformed the Index.

Singapore (-0.7%) was the worst performing market, driven by disappointing economic data including weaker-than-expected GDP growth in Q2.

The Australian dollar closed out August at 75.17 US cents, decreasing 1.0% on July's close of 75.96 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

