



13 October 2016

## ASX Announcement

(ASX: AUF)

### Investment and NTA update at 30 September 2016

#### Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 30 September was \$1.27 per share (compared with \$1.29 at 31 August 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 \$1.19 per share.

AUF's unaudited, pre-tax NTA per share returned -1.7% over the month of September. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which declined 0.3% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 31.7%. At 30 September 2016, AUF was 99.1% invested and had investments in 13 funds with a total portfolio value of \$169.5m.

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

Performance diverged considerably across Asia ex Japan markets in September. Sentiment was generally positive, supported by improvement in China's macroeconomic indicators, the absence of an interest rate hike in the United States, a sharp rally in crude oil prices and a weaker US dollar (USD). The MSCI Asia ex Japan Index (the Index) declined 0.3% in AUD terms but gained 1.6% in USD terms.

Taiwan was the best performing market in the region, rising 1.0% on the back of significant foreign inflows and strong demand for the iPhone 7, which lifted technology stocks. Korea (+0.1%) and Vietnam (+0.1%) also posted gains in AUD terms. The Vietnamese economy expanded 6.4% year-on-year (yoy) in the third quarter, from 5.8% yoy in the second quarter. Hong Kong (-0.1%), Indonesia (-0.1%) and Singapore (-0.2%) declined, but outperformed the Index.

China H-Shares (-1.2%) significantly outperformed A-Shares (-3.7%) amid strong southbound flows through the Stock Connect Program linking the Shanghai and Hong Kong exchanges. Indian equities rallied early in the month but corrected sharply as political tensions with Pakistan escalated, declining 3.4% in September. Malaysia (-4.4%) and Thailand (-5.7%) also underperformed the Index.

The Philippines (-7.0%) was the worst performing market in the region. Continued flow of controversial statements from President Duterte with regards to foreign relations and human rights weighed on the equity market and the Philippine peso.

The Australian dollar closed out September at 76.64 US cents, increasing 2.0% on August's close of 75.17 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.