



14 February 2017

ASX Announcement

(ASX: AUF)

Investment and NTA update at 31 January 2017

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 January was \$1.21 per share (compared with \$1.22 at 31 December 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 \$1.15 per share.

AUF's unaudited, pre-tax NTA per share returned -0.7% over the month of January. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which increased 1.2% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 23.2%. At 31 January 2017, AUF was 98.7% invested and had investments in 13 funds with a total portfolio value of \$162.1m.

Market Commentary ¹

Asia ex Japan markets outperformed global equities in January amid robust economic data from China and a weaker US dollar (USD), despite concerns over trade protectionist policies from the Trump administration. The MSCI Asia ex Japan Index (the Index) gained 1.2% in AUD terms (+6.2% in USD terms). Returns were lower in AUD terms as the AUD appreciated significantly during the month.

Singapore (+3.5%) was the best performing market in January amid strong fourth quarter (Q4) economic data. Korea (+1.6%) outperformed as strong Q4 corporate earnings lifted information technology stocks. Hong Kong (+1.5%) performed well as property stocks rebounded on the back of strong residential sales.

Vietnamese equities (+1.3%) surged following Prime Minister Nguyen Xuan Phuc's comments that the government would increase foreign ownership limits in banks. If enacted, this would help the country to enter the MSCI Emerging Markets Index.

Taiwan (+0.4%) and the Philippines (+0.3%) lagged the Index but posted positive returns in AUD terms. China H-Shares (-0.3%), India (-0.3%), Thailand (-0.5%), China A-Shares (-1.2%) and Malaysia (-1.7%) were negative in AUD terms, but all markets posted positive returns in local currency terms. China reported better-than-expected Q4 GDP growth, at 6.8% year-on-year. Indonesia (-3.4%) was the worst performing market in the region, but was flat in local currency terms.

The Australian dollar closed out January at 75.85 US cents, increasing 5.2% on December's close of 72.08 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