



All data as at 31 March 2017 and in Australian dollar (AUD) terms unless otherwise indicated

PORTFOLIO COMMENTARY

AUF's NTA returned +5.2% (including dividends) during the March quarter (Q1). AUF has performed strongly since inception, returning 5.0% p.a. AUF is index agnostic and does not have a benchmark. The MSCI AC Asia ex Japan Index's (the Index) returns have been provided for comparative purposes only.

The outperformance of value (over quality and growth) stocks and cyclical (over defensive) sectors in Asia, which started in 2016, has continued in Q1 2017. Given we expect this trend to continue for some time, we have made changes to the portfolio to make it more cyclical and less defensive. This was largely achieved by reducing the exposure to Arisaig, a fund which only invests in dominant consumer staples companies in the region, and adding to AllianceBernstein, a regional Asia ex Japan manager that invests in value stocks. However, AUF continues to have a structural bias to sectors leveraged to domestic consumption, such as consumer staples and health care, as we believe these are the key long-term growth drivers in Asian (ex Japan) markets. The implementation of these changes resulted in the portfolio having a high level of cash as at 31 March, at 5% of the portfolio. This cash was subsequently invested, and cash holdings have since decreased to around 2% of the portfolio.

AllianceBernstein was the best performing manager in the quarter, returning +10.1%. Arisaig also performed exceptionally well, rising 9.0% and outperforming the consumer staples benchmark by 8.2%.

From a country allocation perspective, the Fund's significant exposure to India made a positive contribution to performance given the Indian market rallied 10.3% in Q1.

COMPANY FACTS

ASX ticker	AUF
Asset class	Asia ex Japan equities
Structure	Listed investment company
Inception	December 2007
Currency	AUD (unhedged)
NTA	\$1.26
Market capitalisation	\$167 million
Shares outstanding	130.4 million

ONGOING FEES

Investment Management fee	1.10% p.a.*
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*Inclusive of GST, does not include underlying fund manager fees. For more information on ongoing fees and costs associated with the product, please refer to Section 1 of the Replacement Prospectus dated 22 July 2016.

DIVIDENDS ANNOUNCED (LAST 12 MONTHS)

February 2017	1.1 cents per share (fully franked)
August 2016	1.1 cents per share (fully franked)

UNDERLYING MANAGERS

MANAGER	WEIGHT**
ANDA Korea Active Return Fund	11.8%
Wells Fargo China Equity Fund	10.9%
Steadview Capital Fund	10.5%
Arisaig Asia Consumer Fund	8.3%
Prusik Asian Smaller Companies Fund	7.9%
AllianceBernstein Asia ex-Japan Fund	7.9%
Cephei QFII China Absolute Return Fund	7.1%
Asian Opportunities Absolute Return Fund	7.1%
JPMorgan Taiwan Fund	6.7%
Asia New Stars No.1 Fund	6.1%
APS China A-Share Fund	4.5%
NCC China A-Share Fund	4.4%
Komodo Fund	2.0%
Cash*	5.0%

* Excludes any cash held by underlying investment managers.
** Figures may not reconcile due to rounding.

PERFORMANCE AS AT 31 MARCH 2017

	3 months	6 months	1 year	2 years pa	3 years pa	5 years pa	Since inception pa
Share price total return*	7.2%	0.5%	7.6%	-2.5%	9.5%	9.3%	4.6%
NTA total return*	5.2%	0.8%	8.1%	-2.8%	10.3%	9.6%	5.0%
MSCI AC Asia ex Japan Index	7.0%	6.5%	17.9%	1.6%	11.6%	11.4%	3.1%

*Performance numbers are total returns, with gross dividends reinvested. All returns beyond one year are annualised.

MARKET REVIEW

Asia ex Japan equities performed strongly in Q1 as fears over Donald Trump's protectionist policies receded and the US dollar (USD) weakened despite a 25 basis points interest rate hike by the US Federal Reserve. All markets posted positive returns both in local currency and Australian dollar (AUD) terms except China A-Shares. The MSCI Asia ex Japan Index rose 7.0% during the quarter. The AUD strengthened against most Asian currencies in Q1.

India (+10.3%) was the leading performer as the economy proved resilient to the effects of the demonetisation move in November. Positive results at key state elections and the passage of the Goods and Services Tax bill also supported the market. The more export oriented economies of Korea (+8.5%), Singapore (+8.3%) and Taiwan (+6.8%) outperformed as export growth picked-up strongly. Hong Kong (+3.7%), Vietnam (+3.3%) and China H-Shares (+3.0%) all gained more than 9% in local currency terms, but their currencies depreciated significantly against the AUD.

The Southeast Asian markets posted positive returns, with Malaysia up 2.2%, Thailand up 1.5%, Indonesia up 1.2% and the Philippines up 0.1%. China A-Shares (-0.5%) were the worst performers amid strong southbound flows to the Hong Kong stock exchange through the Stock Connect programme, leading to a wide performance divergence between A and H-shares.

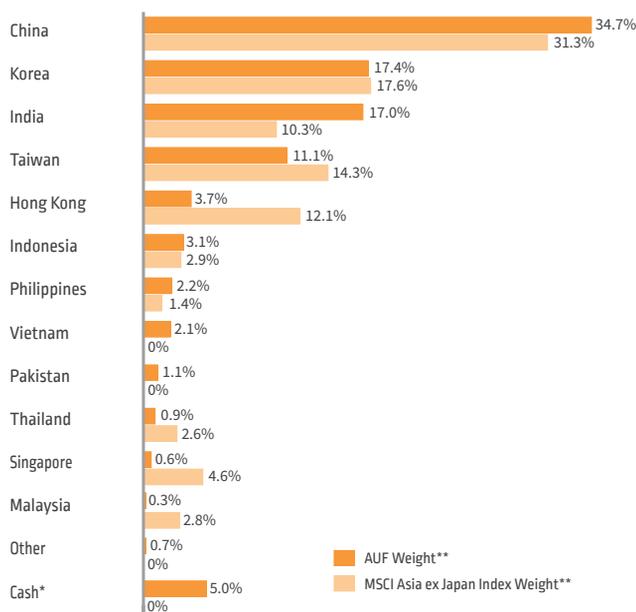
The best performing sectors were the cyclical sectors of Information Technology (+10.5%), Real Estate (+10.4%), Materials (+8.4%) and Consumer Discretionary (+7.7%) while the more defensive sectors like Telecommunication Services (+2.3%), Consumer Staples (+0.8%) and Health Care (+0.7%) lagged.

TOP 10 HOLDINGS

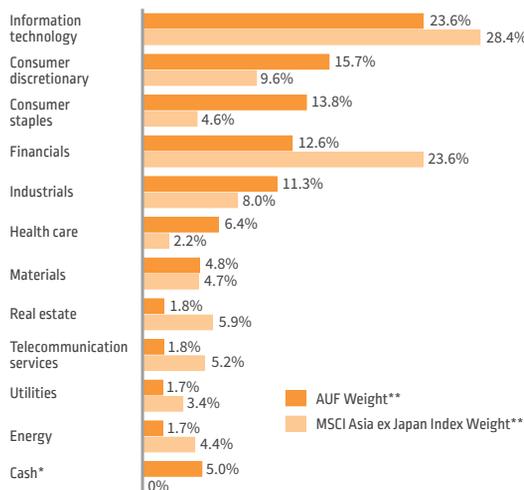
Indicative look-through stock exposure derived from portfolio of underlying funds:

	COMPANY	COUNTRY	WEIGHT
1	Samsung Electronics Co Ltd	Korea	4.1%
2	Tencent Holdings Ltd	China	1.3%
3	Page Industries Ltd	India	1.3%
4	Alibaba Group Holding Ltd	China	1.2%
5	Eicher Motors Ltd	India	1.2%
6	Yes Bank Ltd	India	1.2%
7	Philippine Seven Corp	Philippines	1.0%
8	IndusInd Bank Ltd	India	1.0%
9	TSMC Ltd	Taiwan	0.9%
10	Largan Precision Co Ltd	Taiwan	0.8%

COUNTRY ALLOCATION



SECTOR ALLOCATION



* Excludes any cash held by underlying investment managers.
** Figures may not reconcile due to rounding.

INVESTMENT OBJECTIVE

AUF seeks to provide investors with long-term exposure to Asian (ex Japan) equities while maintaining broad diversification. Further, the Company aims to achieve a high real rate of return on invested capital, within acceptable risk parameters.

INVESTMENT STRATEGY

AUF uses a multi-manager strategy targeting Asia ex Japan equities investment funds generally not available to Australian retail investors. AUF is not constrained by an investment index, providing flexibility in constructing its portfolio.

AUF aims to invest in a diversified portfolio of underlying funds managed by highly-experienced Asian equity fund managers that have strong investment track records in both bull and bear markets. The Company invests in both regional (Asia ex Japan) funds, as well as single country funds.

ABOUT WALSH & COMPANY

The Walsh & Company Group is a Sydney based specialist global fund manager established in 2007. The Company has approximately \$3 billion of investor assets under management across global equities, residential and commercial property, private equity, fixed income and sustainable and social investments.

We provide investors access to unique investment strategies not readily accessible to investors and focus on building high quality, diversified portfolios.

RISKS

Like all investments, an investment in the Company carries risks which may result in the loss of income or principal invested. In addition to the general risks of investing, specific risks associated with investing in the Company include, but are not limited to, Asian equity risk, sovereign risk and currency risk. For further information about the risks of investing in the product see Section 3 in the Replacement Prospectus dated 22 July 2016.

IMPORTANT INFORMATION

This document has been prepared by Walsh & Company Asset Management Pty Limited [ABN 89 159 902 708, AFSL 450 257], as Investment Manager of Asian Masters Fund Limited [Company] [ABN 90 127 927 584].

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PORTFOLIO MANAGER



James Brown

James has over 13 years investment experience, and has been Portfolio Manager of Asian Masters Fund and Emerging Markets Masters Fund since June 2013. Prior to joining Walsh & Company James was an Analyst with Winterflood Securities, one of London's leading institutional brokers and market-makers. In that role he was voted one of the top three investment company Analysts in the UK in 2012.

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