



13 September 2017

ASX Announcement

(ASX: AUF)

Investment and NTA update at 31 August 2017

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 August was \$1.30 per share (compared with \$1.28 at 31 July 2017).

The Asian Masters Fund is a long-term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 27.5% on unrealised portfolio gains were to be recognised, the net asset backing after tax would be \$1.21 per share.

AUF's unaudited, pre-tax NTA per share returned 3.0% over the month of August. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which increased 2.0% over the same period. Since its initial public offering, AUF has returned 73.3% compared with 48.6% for the MSCI Asia ex Japan Index. At 31 August 2017, AUF was 99.1% invested and had investments in 13 funds with a total portfolio value of \$174.9m.

Market Commentary¹

Asia ex Japan markets largely shrugged off the rising geopolitical risks emanating from North Korea and outperformed developed markets for the eighth consecutive month in August amid positive corporate earnings releases and weakness in the US dollar (USD). The MSCI Asia ex Japan Index (the Index) rose 2.0% in AUD terms (+1.3% in USD terms).

China A-Shares (+5.2%) and H-Shares (+4.8%) were the best performing markets in August aided by healthy corporate earnings and strong southbound flows through the Stock Connect programme. Thailand rallied 4.3% on the back of better-than-expected second quarter (Q2) gross domestic product (GDP) growth, reported at 3.7% year-on-year (yoy) and receding political concerns. Hong Kong (+3.5%), Taiwan (+3.3%) and Malaysia (+2.4%) also outperformed the Index.

Indonesia (+1.0%), Vietnam (+0.9%), Singapore (+0.1%) and the Philippines (-1.1%) underperformed the Index. Korea (-1.2%) also lagged the Index amid concerns over the new government's policies including corporate tax rate hikes and rising geopolitical tension following North Korea's missile tests.

India (-1.4%) was the worst performing market despite the central bank's move to lower key interest rates by 25 basis points as soft Q2 corporate earnings releases and downward revisions to earnings undermined investor confidence. India also reported relatively disappointing Q2 GDP growth, at 5.7% yoy.

The Australian dollar closed out August at 79.28 US cents, decreasing 0.9% on July's close of 80.03 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