



**ASIAN**  
MASTERS FUND  
L I M I T E D



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ANNUAL REPORT | FOR THE YEAR ENDED 30 JUNE

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**2017**



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# CHAIRMAN'S LETTER

FOR THE YEAR ENDED 30 JUNE 2017

## OVERVIEW<sup>1</sup>

Welcome to the Annual Report for the Asian Masters Fund Limited (the **Company**), for the financial year ended 30 June 2017 (**FY17**).

The Company had a solid FY17, generating a total return on net tangible asset (**NTA**) value of +13.1%. At 30 June 2017, the Company's pre-tax NTA was \$1.30 per share and the post-tax NTA was \$1.21 per share. This compares to the previous year's pre-tax NTA of \$1.24 per share and the post-tax NTA of \$1.16 per share at 30 June 2016.

During FY17, the Company paid two fully-franked dividends of 1.1 cents per share on 22 September 2016 and 31 March 2017, as well as a fully-franked special dividend of 5 cents per share on 20 June 2017. The Company had a dividend reinvestment plan in place during the period, which raised additional capital of \$2.2 million.

Early in FY17, the Company completed a successful share placement, which resulted in the issue of 9.75 million new shares and raised additional capital of \$12.7 million. We are very pleased by the support received from both existing and new shareholders.

Asian economies, and China's in particular, continue to be the fastest growing in the world. Their transitions from rural agrarian economies to urban industrial service-led economies has led to increased consumer demand and tremendous investment opportunities within domestic Asian markets. However, this transition will create increasing headwinds for the Australian economy as the Asian demand for our commodities continues to diminish. Against this backdrop, the Company provides Australian investors with complementary exposure allowing them to participate in continued growth in Asian markets.

The Company is committed to providing Australian investors access to leading Asia-focused investment managers, typically only available to institutional investors. Through the experience, knowledge and contacts of our Board of Directors and our Investment Manager's team, the Company is invested in those we believe to be the best managers in the region, with local and on-the-ground expertise. In addition, through an extensive network of investment professionals, the Company has access to information and insights into rapidly changing markets and geopolitical events.

The Company's multi-manager investment approach is designed to provide our investors with a unique exposure to the fastest growing region in the world, while enabling them to diversify, reduce risk, and access leading global specialist fund managers, with minimal administrative burden.

We would like to take this opportunity to thank you for your continued support of the Asian Masters Fund.

Yours sincerely



**John Holland**  
**CHAIRMAN**

<sup>1</sup> All figures are indicated in Australian dollars (AUD) unless specified otherwise.



# MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2017

## OVERVIEW<sup>1</sup>

After considerable volatility in recent years, Asian equities bounced back in FY17. While there was significant divergence in performance across Asian markets, stabilisation in the Chinese economy and rebounding corporate earnings across the region were key drivers of the stronger investor sentiment.

Politics played a significant role in markets during the first half of the financial year. The election of President Trump in the US, a corruption scandal and then impeachment of President Park in Korea, and Indian Prime Minister Modi's overnight move to cancel 86% of cash in circulation all had a meaningful impact on markets in the region. However markets bounced back from each of these in the second half. It became clear that President Trump would have difficulty implementing the aggressive trade barriers he had proposed in his campaign, and local economies bounced back from their domestic challenges. In Korea, a strong corporate earnings recovery, and the election of a more market-friendly president boosted markets. In India, it became clear that the impact of demonetisation would not be as severe as first feared, and the economy and equity market rebounded strongly.

There was significant dispersion in performance across Asian markets, with China (as measured by the MSCI China Index) being the best performing market, up 28.4% for the year. The MSCI China Index was driven by stellar performances from Chinese internet and technology stocks. Major index constituents Alibaba and Tencent returned 72% and 53% respectively.

Taiwan also performed very well, up 28.2%, driven by technology companies, and support for companies operating in the Apple supply-chain. Hong Kong also rebounded from a weak prior year, returning 23.2% for the FY.

Korea (+20.7%), Vietnam (+20.7%), India (+17.5%), Thailand (+13.1%), and Singapore (12.0%) all generated solid absolute returns. India was volatile in the first half of the year due to the demonetisation process but bounced back strongly in the second half.

Malaysia (-0.9%) and Philippines (-7.3%) were the only markets to generate negative returns in Australian dollars. Malaysia was weak on account of an ongoing corruption scandal, and Philippines has suffered outflows on concerns over President Duterte's extreme war on drugs.

Interestingly, all markets generated positive returns in local currencies, however the strengthening of the AUD during the year proved a drag on AUD returns.

Smaller companies lagged across the region (+12.2%), with the market focusing on the earnings recovery of larger cap stocks across the region.

There was significant dispersion across different Chinese equities indices. The MSCI China Index, which has a very heavy weighting to US listed ADRs and Information Technology and Internet stocks performed very strongly, as noted above. However indices of domestic Chinese A-shares (CSI 300 Index) and Hong Kong listed H-shares (Hang Seng China Enterprise Index) were unable to keep up with the MSCI China, returning 13.4% and 17.6% respectively. The Chinese economy proved remarkably stable through the FY, responding to government stimulus in 2016, and generating real GDP growth of 6.9%. Capital outflows slowed from early in 2016, and the currency also stabilised.

Having noted the dispersion of returns across different Asian markets, it is also worth noting the significant dispersion of returns by sector in Asia over FY17. Information Technology (the largest sector weight in the MSCI index at 28%) returned a very strong 43.8%. As a result, the IT sector alone contributed nearly half of the returns for the regional index. Other sectors which performed strongly included Materials (+26%), Consumer Discretionary (+24.7%) and Financials (23.6%). At the other end of the spectrum, Health Care (-1.7%) was the laggard, with Telecommunications (-1.3%), Utilities (+0.8%) and Consumer Staples (+0.9%) also lagging significantly behind the broader regional index.

<sup>1</sup> All figures in Australian dollars (AUD) unless specified otherwise

# MANAGER'S REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2017

## PORTFOLIO POSITIONING

At 30 June 2017, the country allocation of the portfolio was:

Country	AUF weight	MSCI Asia ex Japan Index weight
China	36.8%	32.1%
India	17.8%	10.1%
Korea	17.0%	17.9%
Taiwan	10.9%	14.3%
Hong Kong	4.1%	11.7%
Indonesia	3.6%	2.8%
Vietnam	2.7%	-
Philippines	2.0%	1.4%
Pakistan	1.7%	-
Thailand	0.6%	2.5%
Singapore	0.5%	4.4%
Malaysia	0.1%	2.7%
Other	0.8%	-
Cash*	1.2%	-
<b>Total**</b>	<b>100.0%</b>	<b>100.0%</b>

\* Excludes any cash held by underlying investment managers

\*\*Figures may not reconcile due to rounding

Source: MSCI, Walsh & Company Asset Management Pty Limited

At 30 June 2017, the sector allocation of the portfolio was:

Sector	AUF weight	MSCI Asia ex Japan Index weight
Information Technology	24.4%	30.5%
Financials	15.7%	23.3%
Consumer Discretionary	15.0%	9.7%
Consumer Staples	14.0%	4.6%
Industrials	11.7%	7.5%
Health Care	6.3%	2.2%
Materials	4.7%	4.4%
Utilities	1.9%	3.1%
Real Estate	1.8%	5.8%
Telecommunication Services	1.7%	4.9%
Energy	1.5%	4.0%
Cash*	1.2%	-
<b>Total**</b>	<b>100.0%</b>	<b>100.0%</b>

\* Excludes any cash held by underlying investment managers

\*\*Figures may not reconcile due to rounding

Source: MSCI, Walsh & Company Asset Management Pty Limited



At 30 June 2017, the company was 99% invested with positions in 13 investment funds. These investments are presented below:

Manager	Mandate	Weight at 30/06/2017
Wells Fargo China Equity Fund	Country specialist – China	11.7%
ANDA Korea Active Return Fund	Country specialist – Korea	11.1%
Steadview Capital Fund	Country specialist – India	10.7%
Arisaig Asia Consumer Fund	Asian consumer specialist	8.8%
Prusik Asian Smaller Companies Fund	Asian small cap specialist	8.0%
AllianceBernstein Asia ex-Japan Fund	Asian region	7.9%
Cephei QFII China Absolute Return Fund	Country specialist – China	7.9%
JPMorgan Taiwan Fund	Country specialist – Taiwan	7.2%
Asian Opportunities Absolute Return Fund	Asian region	7.1%
Asia New Stars No.1 Fund	Asian small cap specialist	6.6%
APS China A-Share Fund	Country specialist – China	5.0%
NCC China A-Share Fund	Country specialist – China	4.9%
Komodo Fund	Country specialist – Indonesia	2.0%
Cash*		1.2%
<b>Total**</b>		<b>100.0%</b>

\* Excludes any cash held by underlying investment managers

\*\*Figures may not reconcile due to rounding

Source: Walsh & Company Asset Management Pty Limited

The Company made meaningful reallocations within the portfolio during the FY, however there were no total redemptions from any underlying funds. The Company invested in one new fund during the year.

Having made a new investment in Wells Fargo China Equity Fund in the prior FY, the Company made further investments of approximately \$8 million in the fund during the year. The fund is more focussed on offshore listed Chinese companies (including H-Shares and US listed ADRs) than A-Shares. These investments were funded primarily from partial redemptions from two of our China A share focussed funds, APS China A-Share Fund and NCC China A-Share Fund. While the Company retains a meaningful weight to A-Shares, the investment in the Wells Fargo fund is intended to diversify the Company's Chinese exposure, while also increasing exposure to offshore listed Chinese companies. Wells Fargo China has performed strongly since we first invested, and the reallocation of capital from China A-Shares to offshore listed companies enhanced performance during the year.

The Company also added meaningfully to another investment which was first initiated in FY16, Alliance Bernstein Asia ex Japan Fund. This fund is an Asia (ex-Japan) regional fund, which has a value approach, trying to identify companies whose prospects have been overly discounted by the market. This investment was initiated in early 2016 when the dispersion between cheaply valued companies, and those richly valued companies was at a very wide margin. Alliance Bernstein was the best performing manager in our portfolio for FY17.

# MANAGER'S REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2017

Finally, the fund made an initial investment in Indonesian focused Komodo Fund. Komodo is managed by a Jakarta based boutique with specialist local knowledge in the Indonesian market. We have a positive view on the long-term outlook for Indonesia and believe the best way to get exposure to that market is through a boutique which can access the domestic growth story, rather than through an offshore manager which would typically focus on large cap stocks.

The Investment Manager has access to the very best managers investing in the Asian region. We believe the funds in the Company's portfolio are the best managers in their fields of investment, a number of which are closed for subscriptions by new investors. We remain excited by the prospects for the region as a whole, but we are particularly excited by what we expect the Company's underlying funds will be able to achieve.

## TOP 20 HOLDINGS

An indicative look-through of the Company's top 20 stock exposures derived from the portfolio of underlying funds:

	<b>Company</b>	<b>Country</b>	<b>Weights (%)</b>
1	Samsung Electronics Co Ltd	Korea	4.3%
2	Alibaba Group Holding Ltd	China	1.5%
3	Tencent Holdings Ltd	China	1.5%
4	Page Industries Ltd	India	1.1%
5	Philippine Seven Corp	Philippines	1.1%
6	Yes Bank Ltd	India	1.0%
7	Eicher Motors Ltd	India	1.0%
8	Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	1.0%
9	IndusInd Bank Ltd	India	1.0%
10	Hangzhou Hikvision Digital Technology Co Ltd	China	0.9%
11	Hon Hai Precision Industry Co Ltd	Taiwan	0.8%
12	KB Financial Group Inc	Korea	0.8%
13	Kweichow Moutai Co Ltd	China	0.8%
14	Foshan Haitian Flavouring and Food Co Ltd	China	0.8%
15	Industrial and Commercial Bank of China Ltd	China	0.7%
16	Astral Polytechnik Ltd	India	0.7%
17	ANI Technologies Pvt Ltd	India	0.7%
18	SK Hynix Inc	Korea	0.7%
19	Midea Group Co Ltd	China	0.7%
20	Jiangsu Kangde Xin Composite Material Co Ltd	China	0.6%
	<b>Total</b>		<b>21.7%</b>

## PERFORMANCE REVIEW

The Company's NTA returned 13.1% over FY17 on a total return basis. Pleasingly, all of the Company's underlying funds generated positive absolute returns in FY17. The Company's best performing fund was Alliance Bernstein Asia ex Japan Fund, which returned 25.9% for the year. Its focus on undervalued companies led it to have a bias towards north Asian markets such as China, Korea and Taiwan, which served it well over the period. There was also a market rotation from quality growth companies to "value" stocks, which also worked in Alliance Bernstein's favour.

The Company's Taiwan focused fund, JP Morgan Taiwan Fund was the second best performing fund, returning 24.3%. The Company's Chinese managers also generated good returns, with Wells Fargo China Fund the pick, returning 23.1% for the year, closely followed by NCC China A-Share Fund which returned 21.6%. This was a particularly strong result considering NCC primarily invests in China A-shares, which didn't perform as well as offshore listed Chinese companies over the FY. We continue to believe the domestic Chinese equity market is an attractive investment destination, and with the recently announced inclusion of 222 A-Shares in MSCI's global indices from next year, the market will certainly receive more interest from international investors. It is still an immature and inefficient market which has allowed the managers we have invested with to take advantage of some of those inefficiencies. Over time we expect domestic Chinese equities to become a larger part of global equity portfolios, and believe the Company's exposure to this market leaves it well-placed to take advantage of this trend over the longer term.

***"The Company's NTA returned 13.1% over FY17 on a total return basis. Pleasingly, all of the Company's underlying funds generated positive absolute returns in FY17."***

The Company's smaller companies funds, Prusik Smaller Companies Fund and Asia New Stars No.1 Fund returned 8.7% and 3.8% respectively. These returns were somewhat disappointing given the generally buoyant markets, albeit that smaller companies generally lagged their larger counterparts. Despite this, we continue to see excellent opportunities from smaller companies in general and also believe that these managers are well placed to perform well over time.

The Company's second largest country weighting is India, with a weighting of 17.8% at 30 June. India's market experienced a volatile year, largely due to Prime Minister Modi's demonetisation move in November 2016. The move to cancel 86% of cash on issue, in an economy highly dependent on cash transactions, caused significant short-term disruption. With a lack of cash available in the economy, supply chains were impacted, and consumer companies in particular, were affected. This caused returns for the first half of the FY to be weak. However as it became clear that the overall impact on the economy would be less severe than initially anticipated, the market bounced back strongly in 2017. The Company's exposure to India primarily comes through Steadview Capital, an India focused fund. After stellar years in 2014 and 2015, Steadview's performance was muted in FY17, returning just 0.7%. We retain a positive view of India as a market and believe Steadview remains well-placed to perform well over the longer term.

The key disappointments among underlying managers were Steadview Capital Fund (+0.7%) as noted above, Asian Opportunities Absolute Return Fund (+8.9%) and Asia New Stars Fund (+3.8%) also noted above. We retain confidence in the management of these funds and look forward to seeing improved performance from them over coming periods. We continue to believe the Company is invested with the best managers in each market in which it invests and believe the outlook for each of our managers is bright.

# MANAGER'S REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2017

## MARKET OUTLOOK

Asia continues to be the fastest growing region in the world. The International Monetary Fund expects Asia to grow at 6.4% in 2017, considerably faster than the forecast global growth rate of 3.5% and particularly developed economies which are forecast to grow at 2.0%.

The largest and most important markets in the Asia (ex-Japan) investment universe continue to be China and India, markets in which the Company has over half of its assets invested. China's share of global GDP (on a purchasing power parity basis) has grown from 4.1% in 1990 to 17.8% in 2016 and is estimated to reach 20.4% by 2022. India is forecast to reach 9.2% of global GDP by 2022, having grown from 3.6% in 1990.

As noted above, China has stabilised over the last year, partly as a result of targeted government stimulus in 2016, as well as a rebound in global trade and the local housing market. GDP growth has been remarkably stable over the year at 6.9% p.a. and the currency has also strengthened again in 2017 after weakening considerably against the USD in 2016. China continues to grow in global importance, representing an ever greater share of the global economy.

China also continues to face challenges, with the rapid accumulation of debt over the last decade the most striking challenge. However, China is a centrally controlled economy, and it is clear from policy statements made this year that the leadership is aware of the need to deleverage over time. Given that China operates a closed capital account, and that a majority of the debt sits with state-owned banks, we believe the risks of a financial crisis are manageable. Indeed, China has continued to transition to a consumer-led economy, and given the growing wealth of its massive population, it remains the most exciting consumer story in the world.

Furthermore, China has taken steps to manage its excess capacity in its heavy industries. It actively cut capacity in key sectors such as steel and coal mining in 2016, and the One Belt One Road (new silk road) project provides China an enormous opportunity to export or utilise remaining excess capacity. The return to profitability of these sectors has improved their ability to service debt, further reducing pressure on banks' level of non-performing loans.

*"MSCI has announced that 222 Chinese A-shares will be eligible for inclusion in its major indices from June 2018. We see this as a major milestone in the evolution of China's capital markets, and this means that major global investors will no longer be able to ignore domestic Chinese equities."*

Finally, MSCI has now announced that 222 Chinese A-shares (listed in Shanghai and Shenzhen) will now be eligible for inclusion in its major indices from June 2018. We see this as a major milestone in the evolution of China's capital markets, and this means that major global investors will no longer be able to ignore domestic Chinese equities. This inclusion has been largely facilitated by the innovative stock connect programmes between Hong Kong and Shanghai and Shenzhen, which allow an investor with a Hong Kong broking account to buy shares in a large number of mainland companies, and vice versa. China has also recently opened a bond connect programme, opening up China's US\$9 trillion bond market to foreign investors. The Company continues to have approximately 19% of its assets invested in China A- shares. The A-share market remains an inefficient market, one where we believe active managers can add significant value. Each of the China A-Share managers with which we invest is focussed on domestic consumption and the new economy, and we continue to believe this is a market providing excellent long-term opportunities.

India experienced a volatile year in FY17 with the demonetisation process in November being the key focus. Despite significant disruption from the demonetisation, the economy bounced back faster than many expected in early 2017, with the equity market also rebounding strongly through the second half of the FY. India has a very attractive

demographic profile, which should provide a very strong base for solid long-term economic growth. Prime Minister Modi came to power in 2014 with an enormous reform agenda. While he was slow to pass certain key legislation, Modi and his party have consolidated power which should culminate in gaining control of the upper house as well as the lower house (which his party already controls) in 2019, allowing him to further push forward his reform agenda. In the meantime, the GST was finally implemented, effective 1 July. While there will undoubtedly be a period of adjustment as businesses come to terms with the new tax, the efficiencies which it can bring, and the consistency it brings across state lines means this should be a meaningful contributor to ongoing economic growth. Like in China, our investments in India are very firmly focused on increased consumer spending.

Korea has seen somewhat of a resurgence over the last year. Despite a corruption scandal which resulted in President Park's impeachment and resignation and involved senior management of Samsung and other major conglomerates, the equity market returned 20.7% for the year. This was on the back of expectations of improved corporate governance as a result of a more market friendly, and reform minded government, but also as a result of improved corporate earnings, led by Samsung Electronics. The Company has benefitted from its increased exposure to Korea (17% at 30 June), largely through its investment in Alliance Bernstein Asia ex Japan Fund.

Korea has benefitted from a rebound in earnings, and low starting valuations, as well as a general improvement in global trade conditions. We have taken advantage of this recovery over the last year, but still believe the more attractive opportunities in Asia lie in the more developing markets across the region.

***“Like in China, our investments in India are very firmly focused on increased consumer spending.”***

Outside of China and India, the Company also has a positive view on the outlook for smaller South East Asian markets of Indonesia and Vietnam. Each is exhibiting strong economic growth, while opening up their markets to greater foreign investment and implementing structural reforms.

As the Chairman noted in his letter, the transition of Asian economies from industrialisation to consumption led growth is one of the major themes and investment opportunities in the region. For this reason, the portfolio is heavily positioned towards consumer exposure. We continue to believe this exposure to the emerging Asian consumer will be one of the dominant drivers of returns over the longer term.

Valuations remain at reasonable levels in the Asia ex Japan region. At 30 June, Asian (ex-Japan) equities were trading at a price to book ratio of 1.6 times, marginally cheaper than the long term average of 1.7 times, yet considerably cheaper than developed market equities which are trading at 2.3 times. Furthermore, earnings expectations for Asia ex Japan have rebounded, with earnings expected to grow 21% across the region in 2017, and a further 11% in 2018.

We continue to believe in the strong case for investing in Asia (ex-Japan) equities. Asia remains the fastest growing region in the world, populations are young and growing and urbanisation continues at a rapid rate, creating a growing middle class of consumers. In addition, the prospects of reforms in countries like China and India should be positive for Asian equities.

Through the active selection of underlying managers, the Company is well positioned to benefit from these trends.

***“Outside of China and India, the Company also has a positive view on the outlook for smaller South East Asian markets of Indonesia and Vietnam.”***



# CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

Asian Masters Fund Limited (**the Company**) is a listed investment company whose shares are traded on the Australian Securities Exchange (**ASX**). The Company has no employees and its day-to-day functions and investment activities are managed by Walsh & Company Asset Management Pty Limited (**the Manager**) in accordance with the Management Agreement. The Manager will be responsible for implementing the Company's strategic objectives and operating within the risk appetite as set out within the Investment Guidelines.

The Company's directors and the Manager's directors and senior management recognise the importance of good corporate governance. The Company's corporate governance framework, policies and practices are designed to ensure the effective management and operation of the Company and will remain under regular review.

A description of the Company's practices in respect of the eight Principles and Recommendations from the Third Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**) are set out below; all of these practices, unless otherwise stated, were in place for the entire year.

## 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Company and, in particular, is responsible for the Company's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- Providing and implementing the Company's strategic direction;
- Overseeing the Manager's implementation of the Company's strategic objectives and monitoring its performance;
- Reviewing and overseeing the operation of systems of risk management ensuring that any significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- Ensuring the Board is comprised of individuals who will discharge the responsibilities of directors having regard to the law and the best standards of governance;
- Reviewing and overseeing internal compliance and legal regulatory compliance;
- Ensuring compliance with the Company's Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*;
- Overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company; and
- Communicating with and protecting the rights and interests of all security holders.

Subject to legal or regulatory requirements and the Company's Constitution, the Board may delegate any of the above powers to individual directors, committees of the Board or the Manager. Any such delegation shall be in compliance with the law and the Company's Constitution.

# CORPORATE GOVERNANCE STATEMENT CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

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### **APPOINTMENT OF DIRECTORS**

The Company has adopted a formal process to ensure that appropriate checks are undertaken before appointing a person, or putting forward to security holders a candidate for election as a director. The Company has outsourced part of this function to an external service provider, which specialises in completing background checks, to verify the candidate's experience, education, criminal record and bankruptcy history.

Upon proposing a candidate for election or re-election as a director, the Company provides security holders with all the relevant material information in its possession to allow security holders to make an informed decision on whether or not to elect or re-elect the candidate. This information will generally include;

- biographical details of the candidate, including their qualifications, experience and skills which may be relevant to the Board of the Company; and
- details of any current or past directorships held by the candidate.

Each Director of the Company receives a formal appointment letter outlining their terms of employment, responsibilities, conditions and expectations of their engagement.

### **ROLE OF THE COMPANY SECRETARY**

The Company Secretary of the Company is directly accountable to the Board, through the Board Chairperson on all matters to do with the proper functioning of the Board. This includes:

- advising the Board on governance matters;
- circulating to the Board all board papers in advance of any proposed meeting;
- ensuring that the business at board meetings is accurately captured in the minutes; and
- facilitating the induction and professional development of directors.

### **DIVERSITY**

The Company currently does not have any employees and therefore has adopted a Diversity Policy which is applicable only at the Board Level. A copy of the policy setting out its objectives and reporting practices can be found on the Company's website.

As required by the policy, at the commencement of each financial year, the Board is required to set measurable objectives to allow it to achieve diversity on the board. The measurable objectives for gender diversity, agreed by the Company's Board of Directors for FY2016-17, are set out below:

- Commence the process to establish appropriate gender diversity within the Board; and
- At least one female director representation on the Board by the end of financial year 2017

The outcome for the year, as reported by the Board, is set out below:

- As at 30 June 2017, there were 3 male directors and 1 female director.



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## 2. STRUCTURE THE BOARD TO ADD VALUE

### BOARD COMPOSITION

The Company seeks to maintain a Board of Directors with a broad range of skills. The Company has developed a Skills Matrix below which lists the skills that have been identified as the ideal attributes the Company seeks to achieve across its Board membership:

- Leadership
- Industry Knowledge
- Understanding of the Asian Markets
- Corporate Governance
- Financial & Accounting
- Funds Management
- Risk Based Auditing & Risk Management
- Capital Raising
- Legal

The composition of the current Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience, and expertise relevant to the position of director.

The directors of the Company during the reporting period were:

**Mr John Holland** – Independent Non-Executive Chairman

**Mr Alexander MacLachlan** – Non-Executive Director

**Mr Maximilian Walsh** – Non-Executive Director (Resigned on 30 June 2017)

**Mr Christopher Lee** – Independent Non-Executive Director

**Ms June Aitken** – Independent Non-Executive Director

# CORPORATE GOVERNANCE STATEMENT CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

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The Company's Constitution provides that there must be a minimum of 3 and a maximum of 10 directors. Having regard to the size of the Company and the nature of its business, following the retirement of Mr. Maximilian Walsh on 30 June 2017, the Board has determined that a Board with its remaining four members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Company. However, the composition of the Board and its independence will be reviewed periodically.

The Board comprises of three independent non-executive directors, John Holland, June Aitken and Christopher Lee. An independent non-executive director is a non-executive director who is independent of the Manager and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgement.

The Company is committed to diversity in the composition of the Board. The current composition is well-balanced in terms of skills, and it remains the Company's objective to increase diversity as well as including members who can further add to the skill set of the Company's Board. The directors will continue to monitor the composition of the Board.

The Company recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size of the Company, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its Committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Company and if required may establish Committees to assist it in carrying out its functions. At that time the Board will adopt a charter for such Committees in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the *Corporations Act 2001*. In accordance with the corporate governance policy, directors are entitled to seek independent advice at the expense of the Company. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Company.

### **PERFORMANCE EVALUATION**

The Board conducts a review of its collective performance and the performance of its directors annually. This process includes consideration of feedback provided by directors via a questionnaire. The Board and individual directors, including the chairperson, were evaluated during the year to 30 June 2017 in accordance with these processes.

### **INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT**

On appointment, the Directors are individually briefed by the Fund Manager and the Management team. Directors are entitled to receive appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. The Company's Induction Program is structured to enable a new Director to gain an understanding of the Company's Investments, the Company's financial, strategic, operational and risk management position, and their rights, duties and responsibilities.

The Company Secretary is responsible for facilitating the induction and ongoing development of all Directors, and where necessary, from time to time, will recommend relevant courses and industry seminars which may assist Directors in discharging their duties.

### 3. ACT ETHICALLY AND RESPONSIBLY

#### CODE OF CONDUCT

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success and it expects all its officers and employees to be familiar with, and have a personal commitment to meeting these standards. In this regard the directors have adopted a Code of Conduct (**Code**) to define basic principles of business conduct. The Code requires officers and employees to abide by the policies of the Company and the law. The Code is a set of principles giving direction and reflecting the Company's approach to business conduct and is not a prescriptive list of rules for business behaviour. The Code of Conduct covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading.

A copy of the Code of conduct is available on the Company website in the corporate governance section.

#### SHARE TRADING POLICY

The Board of the Company has established a Share Trading Policy to apply to trading in the Company's shares on the ASX. This policy outlines the permissible dealing of the Company's shares while in possession of price sensitive information and applies to all directors of the Company.

The Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

A copy of the Company's Share Trading Policy is available on the Company's website.

In addition, the Manager has also established its own Share Trading Policy, which is applicable to its staff in the Funds Management division. This Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

### 4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

#### AUDIT COMMITTEE

The Company recognises the ASX Recommendation with respect to establishing an Audit Committee as part of good corporate governance. However, considering the size of the Company, the functions that would be performed by the Committee are best undertaken by the Board. This is also in line with the ASX Recommendations which recognise that "the ultimate responsibility of the integrity of a company's financial reporting rests with the full board". The Board has adopted a policy to independently verify and safeguard the integrity of its corporate reporting including, but not limited to, the appointment or removal of the external auditor and the rotation of the audit engagement partner.

#### INVESTMENT COMMITTEE

The Investment Committee of the Company comprises Alex MacLachlan, John Holland, June Aitken, and Christopher Lee. John Holland, in his capacity as Chairman of the Investment Committee, has a casting vote.

The primary role of the Investment Committee is to:

- Review information, research and analysis compiled by the Manager with respect to Asian economic conditions, Asian equity markets, and Asian fund managers and funds; and
- Determine the allocation of the Company's capital in terms of the investment in various funds.

The Investment Committee meets regularly. Particulars of committee meetings held during the year ended 30 June 2017 and the attendance of each committee member is set out in the accompanying Directors' Report.

# CORPORATE GOVERNANCE STATEMENT CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

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### 5. MAKING TIMELY AND BALANCED DISCLOSURE

The Company is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001*, the ASX Listing Rules, releasing relevant information to the market and security holders in a timely and direct manner and to promoting investor confidence in the Company and its securities.

The Board has adopted a Continuous Disclosure Policy to ensure the Company complies with its continuous disclosure obligations under the *Corporations Act 2001* and the Listing Rules.

This policy is administered by the Board of the Company and the Manager as follows:

- the Board is involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy;
- the Company Secretary is responsible for the overall administration of this policy and all communications with the ASX; and
- Senior management of the Manager is responsible for reporting any material price sensitive information to the Company Secretary and observing the Company's no comments policy.

### 6. RESPECT THE RIGHTS OF SECURITY HOLDERS

#### RIGHTS OF SECURITY HOLDERS

The Company promotes effective communication with security holders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure that security holders are informed of all major developments affecting the Company's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with security holders via electronic methods. Each security holder is also provided online access to the Registry to allow them to receive communication from, and send communication to, the Company and the Registry. Information is communicated to security holders through announcements to the ASX, releases to the media and dispatch of financial reports. Security holders are provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements are linked to the Company's website at [www.asianmastersfund.com.au](http://www.asianmastersfund.com.au).

These include:

- monthly net tangible asset backing announcements;
- quarterly investment updates;
- the half-year report;
- the annual report;
- the notice of annual general meeting, explanatory memorandum and the Chairman's address;
- occasional ASX announcements made to comply with the Company's continuous disclosure requirements; and
- occasional correspondence sent to security holders on matters of significance to the Company.

The Board encourages full participation of security holders at the general meetings to ensure a high level of accountability and identification with the Company's strategy. Security holders who are unable to attend the Annual General Meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting. The external auditor is also invited to attend the annual general meeting of security holders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

## 7. RECOGNISE AND MANAGE RISK

### RISK MANAGEMENT

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Company and its operations. It has not established a separate committee to deal with these matters as the directors consider the size of the Company and its operations does not warrant a separate committee at this time. The Board liaises with the Manager to identify and manage risk. The Board also monitors and appraises financial performance, including the approval of annual and half year financial reports and liaising with the Company's auditors.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the Company has adopted a set of Risk Management Guidelines. The Board will annually review the Company's Risk Management Guidelines in the Annual Strategy Meeting to satisfy itself that the Risk Management framework continues to be sound. The last review took place on 9 September 2016.

The Company does not have a material exposure to sustainability risks.

The Board receives a bi-annual letter from the Company's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Accounting Standards.

The Manager provides declarations required by Section 295A of the *Corporations Act 2001* for all financial periods and confirms that in its opinion the financial records of the Company have been properly maintained and that the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Company, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Company's external auditor.

Details of the Company's financial risk management are set out in the notes to the financial statements in the Annual Report.

## 8. REMUNERATE FAIRLY AND RESPONSIBLY

### REMUNERATION POLICIES

Due to the relatively small size of the Company and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the directors.

In accordance with the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from security holders at a general meeting of the Company. Directors will seek approval from time to time as deemed appropriate. The Company does not intend to remunerate its Directors through an equity based remuneration scheme.

The maximum total remuneration of the Directors has been set at \$300,000 per annum. However, Maximilian Walsh and Alexander MacLachlan have agreed not to be remunerated for the services they perform as Directors. Total directors' fees for the year ended 30 June 2017 was \$175,000.

Remuneration of the directors during the year ended 30 June 2017 is set out in the Directors' Report and in the notes to the financial statements.

# DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2017

## OTHER INFORMATION

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at [www.asianmastersfund.com.au](http://www.asianmastersfund.com.au).

The directors present their report, together with the financial statements, on the Company for the year ended 30 June 2017.

## DIRECTORS

The names of the directors in office at any time during, or since the end of, the year are:

**Mr John Holland** – Independent Non-Executive Chairman

**Mr Christopher Lee** – Independent Non-Executive Director

**Mrs June Aitken** – Independent Non-Executive Director

**Mr Maximilian Walsh** – Non-Executive Director (resigned 30 June 2017)

**Mr Alexander MacLachlan** – Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## COMPANY SECRETARY

The name of the Company Secretary in office at the date of this report is Ms Hannah Chan.

## PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activity of the Company during the financial year was to provide Australian investors the opportunity to gain exposure to leading Asian equities fund managers by investing in managed funds that have a mandate to invest in Asian financial markets.

There were no significant changes in the nature of these activities of the Company that occurred during the year.

## RESULTS AND REVIEW OF OPERATIONS

The loss for the Company after providing for income tax amounted to \$1,356,633 (30 June 2016: loss of \$1,184,322).

The total comprehensive income for the Company after providing for income tax amounted to \$14,754,882 (2016: loss of \$11,751,521). The Company was in a strong position at 30 June 2017 with net assets of \$158,913,581 (2016: \$141,042,477) and no borrowings (2016: \$nil).

As at 30 June 2017, the Net Asset Value (NAV) of the Company was \$1.21 per ordinary share. This compares to the NAV of \$1.16 per ordinary share as at 30 June 2016.

The Company's Investment Committee has selected and invested in 13 investment funds that provide exposure across a number of Asian markets. As at 30 June 2017, 99% of the Company's assets were invested in investment funds.

Further details are included in the Chairman's Letter and Manager's Report which forms part of this report.

## DIVIDENDS PAID OR RECOMMENDED

Dividends paid during the financial year were as follows:

	2017	2016
	\$	\$
Total dividends of 7.2 cents per share	9,394,903	-
Total dividends of 2.2 cents per share	-	2,698,490
	9,394,903	2,698,490

Dividends of 7.2 cents paid during the 2017 financial year were comprised of:

- Fully franked dividend of 1.1 cent per share paid on 22 September 2016
- Fully franked dividend of 1.1 cent per share paid on 31 March 2017
- Fully franked dividend of 5 cents per share paid on 20 June 2017

Dividends of 2.2 cents paid during the 2016 financial year were comprised of:

- Unfranked dividend of 1.1 cent per share paid on 23 September 2015
- Fully franked dividend of 1.1 cent per share paid on 30 March 2016

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

## AFTER BALANCE DATE EVENTS

There were no significant changes in the state of affairs of the Company during the financial year.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company will continue to undertake its activities described in this report. The Chairman's Letter which forms part of this financial report includes details of the outlook for the Asian markets in which the Company invests. Further details are included in the Chairman's Letter and Manager's Report which forms part of this financial report.

## ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## OPTIONS

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## INDEMNIFYING OFFICERS OR AUDITORS

Indemnities have been given and insurance premiums paid, during or since the end of the financial year, for all of the Directors of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Company.

# DIRECTOR'S REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2017

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

## INFORMATION ON DIRECTORS



### JOHN HOLLAND BA HONS (OXFORD)

#### **Independent Non-Executive Chairman of Directors and Member of the Investment Committee**

John commenced his career in 1985 at SG Warburg & Co (now UBS AG) as an Asian equities specialist, where he led UBS' early expansion into Korea, Taiwan, Thailand and India, before rising to become Global Head of Asian Equities at UBS. During John's tenure as Global Head of Asian Equities, UBS achieved the number one ranking for primary Asian equities distribution and held number one non-local market share positions in all key Asian equity markets, including Hong Kong, Korea and Taiwan. John was also instrumental in UBS' successful drive to become the first foreign investor into and foreign distributor of China A-shares.

John left UBS after 24 years of continuous service in 2009, having latterly served as Joint Head of European Prime Broking and COO of Global Cash equities. He was for many years Managing Director and a member of UBS Investment Bank's Board. In addition to his notable achievements at UBS, John has had substantial regulatory experience, including as a member of the European Securities Markets Expert Group advising the European Commission, where he was Rapporteur (Chair) for the Subcommittees on Non-Equities Market Transparency and Credit Rating Agencies. John has also worked closely over many years with the central bank and regulatory authorities of many Asian countries, such as Korea, Taiwan, India and China, particularly in relation to the opening of their markets to foreign portfolio investment.

John currently holds a range of complementary non-executive roles: he chairs the Advisory Board of ASX-listed Emerging Markets Masters Fund (ASX: EMF), he also chairs the Boards of KCG Europe Limited (the European arm of NYSE-listed KCG Holdings) and Open Door Capital Management (a Greater China Asset Management Company). Finally, John is non-executive Director of a UK and African payments business, sQuidcard Limited, in which he was a founder investor from 2006 onwards.

John holds a Bachelor of Arts with honours from Oriol College Oxford University, majoring in Philosophy, Politics and Economics.

John has been an Independent Non-Executive Director since 20 July 2010 and was appointed Non-Executive Chairman on 25 February 2015. He holds no shares in the capital of the Company.

During the past three years John has not acted as director of any other Australian listed public company.





## ALEXANDER MACLACHLAN BA (CORNELL), MBA (WHARTON)

### Non-Executive Director and Member of the Investment Committee

Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division. Alex focused the efforts of the Funds Management division on providing retail investors with access to asset classes and investment opportunities that would normally only be available to institutional investors. From funds under management of under \$100 million at the time of his start, Alex has grown the Funds Management division to over \$3.2 billion of funds under management today, with investments across residential and commercial property, fixed income, private equity, listed equities and renewable energy.

Prior to joining the firm, Alex was an investment banker at UBS AG, where he rose to Head of Energy for Australasia. During his tenure in investment banking, Alex worked on more than \$100 billion in mergers and acquisitions and capital markets transactions, advising some of the world's leading companies.

Alex is currently the Chairman of the Responsible Entity for US Select Private Opportunities Fund Series, Australian Property Opportunities Fund Series, Emerging Markets Masters Fund, New Energy Solar Fund, US Masters Residential Property Fund and Evans & Partners Global Disruption Fund. Alex is also the Chairman of New Energy Solar Limited and a director of Fort Street Real Estate Capital, the Australian Masters Yield Fund Series and Asian Masters Fund Limited.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

During the past three years Alex has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Asian Masters Fund Limited (since 2009)
- Australian Masters Corporate Bond Fund No 5 Limited (since 2009, delisted 26 August 2016)
- Australian Masters Yield Fund No 1 Limited (since 2010, delisted 28 July 2017)
- Australian Masters Yield Fund No 2 Limited (since 2010, delisted 28 July 2017)
- Australian Masters Yield Fund No 3 Limited (since 2011)
- Australian Masters Yield Fund No 4 Limited (since 2011)
- Australian Masters Yield Fund No 5 Limited (since 2012)
- Emerging Markets Masters Fund (since 2012)
- Evans & Partners Global Disruption Fund (since 2017)
- Global Resource Masters Fund Limited (since 2008, delisted 11 March 2016)
- US Masters Residential Property Fund (since 2011)
- US Select Private Opportunities Fund (since 2012)
- US Select Private Opportunities Fund II (since 2013)
- US Select Private Opportunities Fund III (since 2016)

# DIRECTOR'S REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2017



## CHRISTOPHER LEE BS, MBA (UC BERKELEY)

### Independent Non-Executive Director and Member of the Investment Committee

Christopher has over 20 years of global financial markets experience, managing derivative product development and providing equity sales and trading functions to institutional clients in 10 Asian countries with a focus on Hong Kong, Singapore and China. Currently, he is a partner at FAA Investments and co-founder at Star Magnolia Capital (Hong Kong) Ltd, private investment firms (family offices) focusing in real estate and alternative investments.

Previously, Chris held senior positions as managing director (since 2005) and a member of management and executive committees. Under his leadership at Deutsche Bank (2010-12), the Global Markets Investment Products and db-X teams customised financial solutions and products for many Asian insurance companies, banks, and asset managers and securities brokerage firms. At UBS AG, Investment Bank (2002-10), he was Head of Equity Derivatives Intermediary Sales in Asia (ex-Japan). Chris began his investment banking career at Merrill Lynch & Co. (now Bank of America) in New York in 1995.

Chris has a Bachelor of Science in Mechanical Engineering and a Master of Business Administration from the University of California, Berkeley, and has completed the Advanced Management Program at Harvard Business School. He is a native of Hong Kong, where he currently resides, and speaks fluent English and Chinese.

Chris was appointed as Independent Non-Executive Director on 26 November 2013, and he holds no shares in the capital of the Company.

During the past three years Chris has not acted as director of any other Australian listed public company.



## JUNE AITKEN BA HONS (OXFORD)

### Independent Non-Executive Director

June has over 30 years' experience in Asian Equity markets. She was a founding partner and investor of Osmosis Investment Management LLP, a company established in 2009, that uses quantitative methodology which utilises environmental information to identify resource efficient companies.

Prior to this, June held numerous senior roles at HSBC Bank plc, London, where she was Global Head of Emerging Market Equity Distribution from 2004 to 2006 and Head of Strategy Management for two years after that. June previously worked at UBS AG, where she was Managing Director, Head of Global Equity Production, Global Head of Asian Equities and a director of Asian Equity Sales for 12 years. She also has experience at various London-based Asian equity sales firms, gaining early experience at Montagu Loebbl Stanley and Partners, Wi Carr Securities and County Natwest Securities between 1983 and 1991.

June is currently a member of the advisory board of ASX-listed Emerging Markets Masters Fund (ASX: EMF) and is a partner in a private consultancy business advising asset managers. She was also previously on the board of HSBC Bank Japan, Aquarius Fund, an Asian fixed income fund, Erudine Holdings Ltd, a financial software consultancy firm, and the Shepherds Bush Housing Group.

June holds a Bachelor of Arts (with honours) from Oxford University, majoring in Philosophy, Politics and Economics.

June was appointed as Independent Non-Executive Director on 1 December 2015, and she holds no shares in the capital of the Company.

During the past three years June has not acted as director of any other Australian listed public company.



## MAXIMILIAN WALSH AM, BEC

### **Non-Executive Director and Member of the Investment Committee**

Max is regarded as one of Australia's leading economists and business journalists. He has specialised experience in the areas of business, economics and politics in a journalistic career spanning decades. Amongst numerous previous executive roles, Max was editor and managing editor of The Australian Financial Review and Editor-in-Chief of The Bulletin. He also served on the board of Northern Star TV (predecessor to Channel Ten).

Max served as a Non-Executive Director of the Australian Governance Masters Fund Limited and was also on the Advisory Board of the Emerging Markets Masters Fund.

He was appointed as Non-Executive Director on 10 October 2007 and he directly holds 1 and beneficially holds 170,000 fully paid ordinary shares in the capital of the Company. He retired from all positions on 30 June 2017.

During the past three years, Max has acted as a Non-Executive Director or a director of the responsible entity of the following Australian listed public entities:

- Australian Governance Masters Index Fund Limited (since 2009, until 30 June 2017)
- Australian Masters Corporate Bond Fund No 5 Limited (since 2009, delisted 26 August 2016)
- Global Resource Masters Fund Limited (since 2008, delisted 11 March 2016)
- Australian Masters Yield Fund No 1 Limited (since 2010 until 25 November 2015)
- Australian Masters Yield Fund No 2 Limited (since 2010 until 25 November 2015)
- Australian Masters Yield Fund No 3 Limited (since 2011 until 25 November 2015)
- US Masters Residential Property Fund (since 2008 until 22 June 2015)
- US Select Private Opportunities Fund (since 2008 until 23 April 2014).

# DIRECTOR'S REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2017

## INFORMATION ON COMPANY SECRETARY

**HANNAH CHAN** BCOM, MCOM, CA

### Company Secretary

Hannah has a Bachelor of Commerce degree in Finance from the University of NSW and a Master of Commerce degree in Accounting from the University of Sydney. She is also a Chartered Accountant with the Institute of Chartered Accountants in Australia and New Zealand. Prior to joining Walsh & Company Asset Management Pty Limited (the Manager), Hannah gained extensive audit experience while working with Deloitte Touche Tohmatsu and Ernst & Young.

Hannah is also the Company Secretary of Australian Masters Yield Fund Series, Australian Governance Masters Index Fund Limited and joint Company Secretary of New Energy Solar Limited, Walsh & Company Investments Limited and Walsh and Company Asset Management Pty Limited. Hannah is a director of Australian Fund Accounting Services Pty Limited.

Hannah was appointed as Company Secretary on 4 December 2009.

## DIRECTORS' MEETINGS

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

Directors	Board meetings		Investment committee meetings	
	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held
John Holland	6	6	6	6
Christopher Lee	6	6	6	6
June Aitken	6	6	6	6
Alexander MacLachlan	6	6	6	6
Maximilian Walsh	5	6	5	6

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

## REMUNERATION REPORT

### (A) REMUNERATION POLICY

Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from the Company in general meeting. Directors will seek approval from time to time as deemed appropriate.

Under the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. However, Maximilian Walsh and Alexander MacLachlan have agreed not to be paid any remuneration for the services they performed as directors from 1 July 2009. During the year, Mr Maximilian Walsh and Mr Alexander MacLachlan were also Directors of the Manager with Mr. Walsh retiring from his position on 30 June 2017.

The independent directors, Christopher Lee and June Aitken each received \$50,000 respectively during the year ended 30 June 2017. As an independent chairperson, John Holland received \$75,000 for the year ended 30 June 2017.

These fees exclude any additional fee for any service-based agreement which may be agreed upon from time to time and also excludes reimbursement of out of pocket expenses. These fees are inclusive of statutory superannuation, where appropriate.

## (B) KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel include the directors who have authority and responsibility for planning, directing and controlling the activities of the Company. No other executive personnel are employed or remunerated by the Company.

### 2017

Directors	Salary, fees and commission	Superannuation contributions	Cash bonus	Non-cash benefits	Other	Total
	\$	\$	\$	\$	\$	\$
John Holland	75,000	-	-	-	-	75,000
Christopher Lee	50,000	-	-	-	-	50,000
June Aitken	50,000	-	-	-	-	50,000
<b>Total</b>	<b>175,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,000</b>

### 2016

Directors	Salary, fees and commission	Superannuation contributions	Cash bonus	Non-cash benefits	Other	Total
	\$	\$	\$	\$	\$	\$
John Holland	75,000	-	-	-	-	75,000
Christopher Lee	50,000	-	-	-	-	50,000
June Aitken	29,167	-	-	-	-	29,167
Stuart Nisbett	34,247	3,253	-	-	-	37,500
<b>Total</b>	<b>188,414</b>	<b>3,253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,667</b>

Maximilian Walsh and Alexander MacLachlan did not receive remuneration during the year [2016: \$nil].

## (C) SERVICE AGREEMENTS

The Company does not presently have formal service agreements or employment contracts with any key management personnel.

## (D) DIRECTORS' PROTECTION DEEDS

The Company has agreed to provide access to board papers and minutes to current and former directors of the Company while they are directors and for a period of 7 years after they cease to be directors.

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, each officer in respect of certain liabilities, which the director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each director a directors' and officers' policy of insurance for the period that he or she is a director and for a period of 7 years after the officer ceases to be a director.

# DIRECTOR'S REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2017

## (E) BENEFICIAL AND RELEVANT INTEREST OF DIRECTORS IN SHARES

As at the date of this report, details of directors who hold shares for their own benefit or who have an interest in holdings through a third party and the total number of such shares held are listed as follows:

Director	No. of shares
John Holland	-
Christopher Lee	-
June Aitken	-
Maximilian Walsh (retired 30 June 2017)	170,001
Alexander MacLachlan	30,308

## (F) RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

### WALSH & COMPANY ASSET MANAGEMENT PTY LIMITED

As at the date of this report, Mr Alexander MacLachlan is a Director of the Company and a Director of the Manager.

#### *(i) Management fee*

The Manager provides investment management services to the Fund, including overseeing the assessment of market conditions and investment opportunities, the selection and recommendation of investments, monitoring the Fund's investment portfolio, and determining and recommending the retention or sale of investments in the Fund's portfolio. In connection with the provision of such services, the Manager, Walsh & Company Asset Management Pty Limited receives a management fee of 0.08334% of the pre-tax value of the Portfolio at the close of the first Business Day of each month (equating to an annualised management fee of 1%).

Management fees paid or payable for the year ended 30 June 2017 were \$1,823,673 (2016: \$1,811,184), inclusive of GST, and the management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2017 was \$156,250 (2016: \$140,109), inclusive of GST.

#### *(ii) Brokerage*

Dixon Advisory & Superannuation Services Limited, a related entity of Walsh & Company Asset Management Pty Limited, is engaged as a broker by the Company, receives brokerage of 0.25% on all transactions undertaken as part of the Company's buy-back program. During the year, total brokerage paid or payable was \$5,099 (2016: \$12,079), inclusive of GST.

#### *(iii) Handling fee*

Dixon Advisory & Superannuation Services Limited, a related entity of Walsh & Company Asset Management Pty Limited, engaged as a licensee in the capital raising of the Company, receives a Handling Fee of 1.5% (exclusive of GST) on the gross proceeds raised under the Replacement Prospectus dated 22 July 2016. During the year, total handling fees paid or payable was \$195,649 (2016: nil), inclusive of GST.

#### *(iv) Structuring fee*

The Manager receives a structuring fee of 1.5% (exclusive of GST) on the gross proceeds raised under the Replacement Prospectus dated 22 July 2016. Structuring Fees paid or payable for the year ended 30 June 2017 were \$209,245 (2016: nil), inclusive of GST, and there were no structuring fees owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2017.

**(v) Fund Administration fee**

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Dixon Advisory Group Limited, the parent of the Manager, provides fund administration services under an agreement with the Manager consistent with the terms of the existing management agreement with the Company. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year was \$120,000 (2016: \$120,000), exclusive of GST.

**NON-AUDIT SERVICES**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 5 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration for the year ended 30 June 2017 as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Made in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the directors



**John Holland**  
**CHAIRMAN**  
**23 August 2017**





# AUDITOR'S INDEPENDENCE DECLARATION

**Deloitte.**

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

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www.deloitte.com.au

The Board of Directors  
Asian Masters Fund Limited  
Level 15  
100 Pacific Highway  
NORTH SYDNEY NSW 2060

23 August 2017

Dear Board Members

## **Asian Masters Fund Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Asian Masters Fund Limited.

As lead audit partner for the audit of the financial statements of Asian Masters Fund Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU

  
Weng W Ching  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
<b>Revenue</b>	4	841,787	516,085
Net foreign currency exchange (loss)/gains		(44,082)	271,258
<b>Expenses</b>			
Auditor's remuneration	5	(40,200)	(39,050)
Directors' fees		(175,000)	(191,667)
Legal and advisory costs		(107,576)	(16,648)
Listing and registry fees		(113,140)	(101,393)
Management fees	19	(1,828,519)	(1,802,730)
Due diligence expense		(241,037)	(259,147)
Other expenses		(201,436)	(111,791)
<b>Loss before income tax benefit</b>		<b>(1,909,203)</b>	<b>(1,735,083)</b>
Income tax benefit	6	552,570	550,761
<b>Loss after income tax benefit for the year attributable to the owners of Asian Masters Fund Limited</b>		<b>(1,356,633)</b>	<b>(1,184,322)</b>
<b>Other comprehensive income/(loss)</b>			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of investments		21,564,643	(15,095,999)
Tax (expense)/benefit on the above		(5,453,128)	4,528,800
Other comprehensive income/(loss) for the year, net of tax		16,111,515	(10,567,199)
<b>Total comprehensive income/(loss) for the year attributable to the owners of Asian Masters Fund Limited</b>		<b>14,754,882</b>	<b>(11,751,521)</b>
		<b>Cents</b>	<b>Cents</b>
Basic (loss) per share	15	(1.05)	(0.97)
Diluted (loss) per share	15	(1.05)	(0.97)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017	2016
		\$	\$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	7	2,051,410	2,909,577
Trade and other receivables	8	38,539	40,789
Prepayments		68,575	18,822
<b>Total current assets</b>		<b>2,158,524</b>	<b>2,969,188</b>
<i>Non-current assets</i>			
Financial assets		171,234,371	150,336,336
<b>Total non-current assets</b>		<b>171,234,371</b>	<b>150,336,336</b>
<b>Total assets</b>		<b>173,392,895</b>	<b>153,305,524</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	10	247,594	245,608
Current tax liabilities	11	3,133,062	2,559,024
<b>Total current liabilities</b>		<b>3,380,656</b>	<b>2,804,632</b>
<i>Non-current liabilities</i>			
Deferred tax	12	11,098,658	9,458,415
Total non-current liabilities		11,098,658	9,458,415
<b>Total liabilities</b>		<b>14,479,314</b>	<b>12,263,047</b>
<b>Net assets</b>		<b>158,913,581</b>	<b>141,042,477</b>
<b>Equity</b>			
Issued capital	13	126,163,714	113,652,588
Reserves	14	64,923,545	48,812,030
Accumulated losses		(32,173,678)	(21,422,141)
<b>Total equity</b>		<b>158,913,581</b>	<b>141,042,477</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Issued capital	Asset revaluation reserve	Capital profits reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	<b>117,420,629</b>	<b>38,797,848</b>	<b>20,581,381</b>	<b>(17,539,329)</b>	<b>159,260,529</b>
Loss after income tax benefit for the year	-	-	-	(1,184,322)	(1,184,322)
<i>Other comprehensive (loss)/ income for the year, net of tax</i>	-	(10,567,199)	-	-	(10,567,199)
<b>Total comprehensive (loss)/ income for the year</b>	<b>-</b>	<b>(10,567,199)</b>	<b>-</b>	<b>(1,184,322)</b>	<b>(11,751,521)</b>
Transfer to Capital Profits Reserve of cumulative realised gain on disposal of investments, net of tax (note 14)	-	(6,208,958)	6,208,958	-	-
Shares issued (note 13)	633,747	-	-	-	633,747
Shares buyback (note 13)	(4,392,536)	-	-	-	(4,392,536)
Issue and buyback costs (net of tax) (note 13)	(9,252)	-	-	-	(9,252)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 16)	-	-	-	(2,698,490)	(2,698,490)
<b>Balance at 30 June 2016</b>	<b>113,652,588</b>	<b>22,021,691</b>	<b>26,790,339</b>	<b>(21,422,141)</b>	<b>141,042,477</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Issued capital	Asset revaluation reserve	Capital profits reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>113,652,588</b>	<b>22,021,691</b>	<b>26,790,339</b>	<b>(21,422,141)</b>	<b>141,042,477</b>
Loss after income tax benefit for the year	-	-	-	(1,356,633)	(1,356,633)
<i>Other comprehensive income/(loss) for the year, net of tax</i>	-	16,111,515	-	-	16,111,515
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>16,111,515</b>	<b>-</b>	<b>(1,356,633)</b>	<b>14,754,882</b>
Transfer to Capital Profits Reserve of cumulative realised gain on disposal of investments, net of tax (note 14)	-	(8,661,546)	8,661,546	-	-
Shares issued (note 13)	14,841,611	-	-	-	14,841,611
Shares buyback (note 13)	(2,039,409)	-	-	-	(2,039,409)
Issue and buyback costs (net of tax) (note 13)	(291,076)	-	-	-	(291,076)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 16)	-	-	-	(9,394,904)	(9,394,904)
<b>Balance at 30 June 2017</b>	<b>126,163,714</b>	<b>29,471,660</b>	<b>35,451,885</b>	<b>(32,173,678)</b>	<b>158,913,581</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers		(2,924,335)	(2,910,701)
Interest received		42,981	29,491
Dividends received		-	1,046,004
Other income received		-	718
Net tax (paid)		(2,388,504)	(2,917,695)
Net cash used in operating activities	17	(5,269,858)	(4,752,183)
<b>Cash flows from investing activities</b>			
Payments for purchase of investments		(30,115,209)	(25,065,955)
Proceeds from sale of investments		31,536,369	38,115,481
Net cash from investing activities		1,421,160	13,049,526
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	13	12,681,492	-
Payments for share buy-backs		(2,039,409)	(4,392,536)
Payment of issue and buyback costs		(418,375)	(13,970)
Dividends paid	16	(7,234,785)	(2,064,744)
Net cash from/(used in) financing activities		2,988,923	(6,471,250)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(859,775)</b>	<b>1,826,093</b>
Cash and cash equivalents at the beginning of the financial year		2,909,577	1,181,558
Effects of exchange rate changes on cash and cash equivalents		1,608	(98,074)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7</b>	<b>2,051,410</b>	<b>2,909,577</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 1. GENERAL INFORMATION

The financial statements covers Asian Masters Fund Limited (**Company**) as an individual entity. Asian Masters Fund Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

The financial report has been approved for issue in accordance with a resolution of the directors on 23 August 2017.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

In the current year, the Company has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (**AASB**) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 'Materiality''

The adoption of the above standards had no material impact on the financial statements.

### BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The comparative period of this report is from 1 July 2015 to 30 June 2016.

As at balance date, the Company had total current assets of \$2,158,524 and equity investments of \$171,234,371 against total current liabilities of \$3,380,656. The financial statements have been prepared on a going concern basis as the equity investments can be redeemed on short notice and when the Company's financial liabilities fall due.

### FOREIGN CURRENCY TRANSLATION

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

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Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined, being year end date.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

### REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (**GST**).

### INCOME TAX

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, at the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed, but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted, or substantively enacted, at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.



Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off of current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

## **FINANCIAL INSTRUMENTS**

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within time frames established by market place convention.

The Company has elected to early adopt "AASB 9 Financial Instruments", which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. The Company has not early adopted subsequent amendments to AASB 9 issued in 2010 and 2013.

## **FINANCIAL ASSETS**

### **Initial recognition and measurement**

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition.

### **Subsequent measurement**

The Company has irrevocably elected to present subsequent changes in fair value of equity instruments in other comprehensive income through the asset revaluation reserve, after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instruments.

Gains and losses on all other financial assets at fair value are recognised in profit or loss.

## **DERECOGNITION**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profits reserve.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

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### FINANCIAL LIABILITIES

#### Initial recognition and measurement

Financial liabilities are classified as derivative and non-derivative instruments, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

#### Subsequent Measurement

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

### FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on the bid price for all quoted investments in an active market.

Fair value is determined as the redemption value for investments. When the redemption price is not available, alternative techniques are applied to determine the fair value of these investments, including recent arm's length transactions, reference to similar instruments and option pricing models.

### OTHER RECEIVABLES

Other receivables are recorded at amounts due less any allowance for impairment.

### IMPAIRMENT

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### PROVISIONS

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### EARNINGS PER SHARE

Basic earnings per share is determined by dividing the profit/(loss) after income tax excluding any cost of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is the same because there are no dilutive potential ordinary shares.

### GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised

as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

In most cases, the Company qualifies for Reduced Input Tax Credits (RITCs) at a rate of 75%; hence listing fees, registry fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office.

The net amount of GST recoverable from the Australian Taxation Office is included in Other Receivables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company.

## KEY ESTIMATES AND JUDGEMENTS

### Fair value of investments

Fair value of investments in equity instruments are determined based on year end published redemption prices of the investments on the basis that the prices reflect the fair value at which the investments could be sold at balance date.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective which are expected to be applicable to the Company are listed below.

*AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards (Part E – Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

This standard applies on a modified retrospective basis to annual periods beginning on or after 1 January 2018. The Company will adopt the relevant amending standards from 1 January 2018 but the impact of its adoption is yet to be assessed by the Company.

*AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2018. The Company will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Company.

*AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2017. The Company will adopt this standard from 1 January 2017 but the impact of its adoption is yet to be assessed by the Company.

*AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The adoption of this standard from 1 January 2017 will not have a material impact on the Company.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

### *AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The adoption of these amendments from 1 January 2018 will not have a material impact on the Company.

### *AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

This standard is applicable to annual periods beginning on or after 1 January 2018 (1 January 2019 for not-for-profit entities). The adoption of these amendments from 1 January 2016 will not have a material impact on the Company.

### *AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016*

This standard is applicable to annual periods beginning on or after 1 January 2017. The adoption of these amendments from 1 January 2017 will not have a material impact on the Company.

### *Interpretation 22 Foreign Currency Transactions and Advance Consideration*

This is effective for annual periods beginning on or after 1 January 2018. The adoption of these amendments from 1 January 2018 will not have a material impact on the Company.

## 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company.

### **Fair value of investments**

Fair value of investments in equity instruments are determined based on year end published redemption prices of the investments on the basis that the prices reflect the fair value at which the investments could be sold at balance date.

## 4. REVENUE

	2017	2016
	\$	\$
Dividend revenue	800,242	470,363
Interest revenue	41,545	45,722
<b>Revenue</b>	<b>841,787</b>	<b>516,085</b>
<b>Dividend revenue from:</b>		
Investment funds	<b>800,242</b>	<b>470,363</b>
<b>Interest revenue from:</b>		
Cash at bank	<b>41,545</b>	<b>45,722</b>

## 5. AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company:

	2017	2016
	\$	\$
<b>Audit services - Deloitte Touche Tohmatsu</b>		
Audit or review of the financial statements	40,200	39,050
<b>Other services - Deloitte Touche Tohmatsu</b>		
Due diligence	13,596	-
	<b>53,796</b>	<b>39,050</b>

## 6. INCOME TAX BENEFIT

	2017	2016
	\$	\$
<b>Income tax benefit</b>		
Deferred tax benefit	(552,570)	(550,761)
Aggregate income tax benefit	<b>(552,570)</b>	<b>(550,761)</b>
<b>Numerical reconciliation of income tax benefit and tax at the statutory rate</b>		
Loss before income tax benefit	(1,909,203)	(1,735,083)
Tax at the statutory tax rate of 30%	(572,761)	(520,525)
Effect on deferred tax balances due to the change in income tax rate (Note 12)	7,295	-
Tax effect amounts which are not deductible/(taxable) in calculating taxable income: (over)/under statement of income tax provision	12,896	(30,236)
Income tax benefit	<b>(552,570)</b>	<b>(550,761)</b>
<b>Income tax recognised in other comprehensive income</b>		
Deferred tax - Fair value movement of equity investments	(5,453,128)	4,528,800
<b>Total</b>	<b>(5,453,128)</b>	<b>4,528,800</b>

# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2017

## 7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Cash at bank	2,051,410	2,909,577

The effective interest rate on short term bank deposits was 1.57% (2016: 1.77%).

## 8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2017	2016
	\$	\$
Deposits paid	560	560
GST refundable	35,124	35,938
Interest receivable	2,855	4,291
	<b>38,539</b>	<b>40,789</b>

## 9. NON-CURRENT ASSETS - FINANCIAL ASSETS

	2017	2016
	\$	\$
<b>Equity Investments - at fair value</b>		
AB Asia Ex - Japan Equity Fund	13,678,954	6,242,724
ANDA Korea Active Return Fund (formerly CK Absolute Return Fund)	19,298,467	14,743,822
APS China A-Share Fund	8,639,157	9,885,656
Arisaig Asia Consumer Fund	15,191,160	25,517,138
Asian Opportunities Absolute Return Fund	12,311,657	13,265,409
Cephei QFII China Absolute Return Fund	13,623,891	10,870,633
JPMorgan Taiwan Fund	12,391,252	11,338,728
Asia New Stars No.1 Fund	11,400,705	9,382,751
NCC China A-Share Fund	8,417,957	10,318,451
Prusik Asia Smaller Companies Fund	13,908,572	12,019,509
Steadview Capital Fund	18,523,013	17,847,519
Komodo Fund	3,493,472	-
Wells Fargo China Equity Fund	20,356,470	8,903,996
<b>Investments at fair value</b>	<b>171,234,371</b>	<b>150,336,336</b>

	2017	2016
	\$	\$
<b>Reconciliation</b>		
Carrying amount at the beginning of the year	150,336,336	173,089,819
Additions - cost	30,890,560	28,249,560
Revaluation to fair value	9,191,007	(15,055,999)
Disposals	(19,183,532)	(35,947,044)
	<b>171,234,371</b>	<b>150,336,336</b>

Financial assets comprise equity investments in the ordinary issued capital of various unlisted funds.

There are no fixed returns or fixed maturity dates attached to these investments.

### Disposal of investments

During the year ended 30 June 2017, the fair value of disposal equity investments at disposal date was \$19,183,532 (2016: \$35,947,044), and the total realised gain net of tax on disposals transferred to capital profits reserve was \$8,661,546 (2016: \$6,208,958).

Disposals occurred in the normal course of the Company's operations as a listed investment company.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

### 10. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
Accrued expenses	247,594	245,608

Trade payables are unsecured, non-interest bearing and payable on 30 day terms.

### 11. CURRENT LIABILITIES - CURRENT TAX LIABILITIES

	2017	2016
	\$	\$
Provision for income tax	3,133,062	2,559,024



## 12. NON-CURRENT LIABILITIES - DEFERRED TAX

	2017	2016
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Deferred tax liabilities/(assets) comprise:		
Unrealised fair value adjustments	11,178,906	9,437,868
Unrealised foreign currency gain	34,546	38,169
Provisions	(8,412)	(7,560)
Transaction costs on equity issue and buybacks	(107,168)	(11,348)
Interest receivable	786	1,286
	<u>11,098,658</u>	<u>9,458,415</u>
<b>Deferred tax liability</b>	<b>11,098,658</b>	<b>9,458,415</b>
<i>Movements:</i>		
Opening balance	9,458,415	17,070,686
(Credited)/charged to profit or loss (note 6)	(552,570)	(550,761)
Charged to equity/(credited)	5,453,128	(4,528,800)
Transfer to provision for income tax	(3,260,315)	(2,532,710)
	<u>11,098,658</u>	<u>9,458,415</u>
<b>Closing balance</b>	<b>11,098,658</b>	<b>9,458,415</b>

There has been a change in corporate tax rates during the year applicable to corporations with annual turnover below certain thresholds from 30% to 27.5%. The Directors expect the Company's deferred tax balances to reverse in the period that the new corporate tax rate of 27.5% applies and accordingly, the deferred tax balance at 30 June 2017 is calculated using 27.5%.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2017

## 13. EQUITY - ISSUED CAPITAL

	2017 Shares	2016 Shares	2017 \$	2016 \$
Ordinary shares - fully paid	<b>131,242,423</b>	<b>121,442,386</b>	<b>126,163,714</b>	<b>113,652,588</b>

Details	Date	Shares	\$
Balance	1 July 2015	124,329,276	117,420,629
251,390 fully paid ordinary shares of \$1.28 (i)	23 September 2015	251,390	321,779
266,639 fully paid ordinary shares of \$1.17 (ii)	30 March 2016	266,639	311,968
Share buybacks		(3,404,919)	(4,392,536)
Issue and buyback costs		-	(13,970)
<b>Tax effect on the above</b>		<b>-</b>	<b>4,718</b>
Balance	30 June 2016	121,442,386	113,652,588
9,754,994 fully paid ordinary shares of \$1.30 (iii)	3 August 2016	9,754,994	12,681,492
256,874 fully paid ordinary shares of \$1.28 (iv)	22 September 2016	256,874	328,799
270,656 fully paid ordinary shares of \$1.21 (v)	31 March 2017	270,656	327,494
1,193,513 fully paid ordinary shares of \$1.26 (vi)	20 June 2017	1,193,513	1,503,826
Share buybacks		(1,676,000)	(2,039,409)
Issue and buyback costs		-	(417,614)
Tax effect on the above		-	126,538
<b>Balance</b>	<b>30 June 2017</b>	<b>131,242,423</b>	<b>126,163,714</b>

(i) In respect of the dividend paid on 23 September 2015, 251,390 ordinary shares were issued at \$1.28 per share.

(ii) In respect of the dividend paid on 30 March 2016, 266,639 ordinary shares were issued at \$1.17 per share.

(iii) In respect of the capital raised on 3 August 2016, 9,754,994 ordinary shares were issued at \$1.30 per share.

(iv) In respect of the dividend paid on 22 September 2016, 256,874 ordinary shares were issued at \$1.28 per share.

(v) In respect of the dividend paid on 31 March 2017, 270,656 ordinary shares were issued at \$1.21 per share.

(vi) In respect of the dividend paid on 20 June 2017, 1,193,513 ordinary shares were issued at \$1.26 per share.

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## ORDINARY SHARES

Holders of ordinary shares participate in dividends and the proceeds on a winding up of the Company in proportion to the numbers of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have par value.

## CAPITAL MANAGEMENT

The Company's objectives in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

The Company's capital may fluctuate with prevailing market movements and it may undertake a buyback of its shares.

The Company's capital consists of shareholders' equity plus financial liabilities. The movement in equity is shown in the Statement of Changes in Equity. At 30 June 2017, financial liabilities were \$243,927 (2016: \$241,941). There are no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

During the year ended 30 June 2017, the Company raised \$2,160,248 through the dividend reinvestment plan in September 2016, March 2017 and June 2017.

The Company announced a buyback program on 17 October 2016. The buybacks were undertaken as an active capital management tool to provide liquidity to existing shareholders should they seek to exit their investment at, or near, net tangible asset value. During the year ended 30 June 2017, 187,839 shares worth \$223,986 and 1,488,161 shares worth \$1,815,423 were purchased by the Company from shareholders as part of the buyback programs announced on 16 October 2015 and 17 October 2016. The Company remains committed to active capital management to provide liquidity for investors as well as enhancing shareholder returns.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2017

## 14. EQUITY - RESERVES

	2017	2016
	\$	\$
Asset revaluation reserve	29,471,660	22,021,691
Capital profit reserve	35,451,885	26,790,339
	<b>64,923,545</b>	<b>48,812,030</b>

### ASSET REVALUATION RESERVE

Increments and decrements on the revaluation of long term investments after provision for deferred tax are recorded in this reserve. When an investment has been sold or de-recognised, realised gains or losses (after tax) are transferred from the asset revaluation reserve to the capital profits reserve.

### CAPITAL PROFITS RESERVE

The capital profits reserve records realised gains and losses (after tax) from sale of investments which are transferred from Asset Revaluation Reserve.

### MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

	Asset revaluation reserve	Capital profits reserve	Total
	\$	\$	\$
Balance at 1 July 2015	38,797,848	20,581,381	59,379,229
(Loss) on investment revaluations	(15,095,999)	-	(15,095,999)
Tax on the above	4,528,800	-	4,528,800
Transfer to capital profits reserve	(8,869,939)	8,869,939	-
<b>Tax on the above</b>	<b>2,660,981</b>	<b>(2,660,981)</b>	<b>-</b>
Balance at 30 June 2016	22,021,691	26,790,339	48,812,030
Gain on investment revaluations	21,564,643	-	21,564,643
Tax on the above	(5,453,128)	-	(5,453,128)
Transfer to capital profits reserve	(12,373,637)	12,373,637	-
<b>Tax on the above</b>	<b>3,712,091</b>	<b>(3,712,091)</b>	<b>-</b>
<b>Balance at 30 June 2017</b>	<b>29,471,660</b>	<b>35,451,885</b>	<b>64,923,545</b>

## 15. EARNINGS PER SHARE

	2017	2016
	\$	\$
Loss after income tax attributable to the owners of Asian Masters Fund Limited	<b>(1,356,633)</b>	<b>(1,184,322)</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>129,548,464</b>	<b>122,710,910</b>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>129,548,464</b>	<b>122,710,910</b>
	<b>Cents</b>	<b>Cents</b>
Basic (loss) per share	(1.05)	(0.97)
Diluted (loss) per share	(1.05)	(0.97)

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

### 16. EQUITY - DIVIDENDS

Dividends paid during the financial year were as follows:

	2017	2016
	\$	\$
<b>Dividends</b>		
Total dividends of 7.2 cents per share	9,394,903	-
Total dividends of 2.2 cents per share	-	2,698,490
	<b>9,394,903</b>	<b>2,698,490</b>

Dividends of 7.2 cents paid during the 2017 financial year were comprised of:

- Fully franked dividend of 1.1 cent per share paid on 22 September 2016
- Fully franked dividend of 1.1 cent per share paid on 31 March 2017
- Fully franked dividend of 5 cents per share paid on 20 June 2017

Dividends of 2.2 cents paid during the 2016 financial year were comprised of:

- Unfranked dividend of 1.1 cent per share paid on 23 September 2015
- Fully franked dividend of 1.1 cent per share paid on 30 March 2016

	2017	2016
	\$	\$
<b>Franking credits</b>		
Franking credits available at the reporting date based on a tax rate of 30%	1,174,296	2,641,704
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	3,133,062	2,559,024
Franking credits available for subsequent financial years	<b>4,307,358</b>	<b>5,200,728</b>

## 17. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2017	2016
	\$	\$
Loss after income tax benefit for the year	(1,356,633)	(1,184,322)
Adjustments for:		
Distribution income reinvested	(800,241)	(468,162)
Loss on foreign currency	44,080	(271,258)
Change in operating assets and liabilities:		
(Decrease) in receivables	2,252	1,034,220
(Increase)/Decrease in prepayments	(49,753)	(8)
Increase/(Decrease) in income tax payable	574,038	(550,971)
Increase/(Decrease) in in trade payables and accruals	1,986	(232,929)
(Increase) in deferred tax	(3,685,587)	(3,078,753)
Net cash used in operating activities	<b>(5,269,858)</b>	<b>(4,752,183)</b>

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

### 18. KEY MANAGEMENT PERSONNEL

#### DIRECTORS

The following persons were directors of Asian Masters Fund Limited during the financial year:

**Mr John Holland** – Independent Non-Executive Chairman

**Mr Christopher Lee** – Independent Non-Executive Director

**Mrs June Aitken** – Independent Non-Executive Director

**Mr Maximilian Walsh** – Non-Executive Director (resigned 30 June 2017)

**Mr Alexander MacLachlan** – Non-Executive Director

#### KEY MANAGEMENT PERSONNEL REMUNERATION

	2017	2016
	\$	\$
<b>Salary, fees and commission</b>		
John Holland	75,000	75,000
Christopher Lee	50,000	50,000
June Aitken	50,000	29,167
Stuart Nisbett (resigned 31 March 2016)	-	37,500
	<b>175,000</b>	<b>191,667</b>

Maximilian Walsh and Alexander MacLachlan have agreed not to be paid any remuneration for the services they performed as directors from 1 July 2009.

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' report.

### 19. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

#### KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

#### TRANSACTIONS WITH RELATED PARTIES

Walsh & Company Asset Management Pty Limited

As at the date of this report, Mr Alexander MacLachlan is a Director of the Company and a Director of the Manager.



## A) MANAGEMENT FEE

The Manager provides investment management services to the Fund, including overseeing the assessment of market conditions and investment opportunities, the selection and recommendation of investments, monitoring the Fund's investment portfolio, and determining and recommending the retention or sale of investments in the Fund's portfolio. In connection with the provision of such services, the Manager, Walsh & Company Asset Management Pty Limited receives a management fee of 0.08334% of the pre-tax value of the Portfolio at the close of the first Business Day of each month (equating to an annualised management fee of 1%).

Management fees paid or payable for the year ended 30 June 2017 were \$1,823,673 (2016: \$1,811,184), inclusive of GST, and the management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2017 was \$156,250 (2016: \$140,109), inclusive of GST.

## B) BROKERAGE

Dixon Advisory & Superannuation Services Limited, a related entity of Walsh & Company Asset Management Pty Limited, is engaged as a broker by the Company, receives brokerage of 0.25% on all transactions undertaken as part of the Company's buy-back program. During the year, total brokerage paid or payable was \$5,099 (2016: \$12,079), inclusive of GST.

## C) HANDLING FEE

Dixon Advisory & Superannuation Services Limited, a related entity of Walsh & Company Asset Management Pty Limited, engaged as a licensee in the capital raising of the Company, receives a Handling Fee of 1.5% (exclusive of GST) on the gross proceeds raised under the Replacement Prospectus dated 22 July 2016. During the year, total handling fees paid or payable was \$195,649 (2016: nil), inclusive of GST.

## D) STRUCTURING FEE

The Manager receives a structuring fee of 1.5% (exclusive of GST) on the gross proceeds raised under the Replacement Prospectus dated 22 July 2016. Structuring Fees paid or payable for the year ended 30 June 2017 were \$209,245 (2016: nil), inclusive of GST, and there were no structuring fees owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2017.

## E) FUND ADMINISTRATION FEE

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Dixon Advisory Group Limited, the parent of the Manager, provides fund administration services under an agreement with the Manager consistent with the terms of the existing management agreement with the Company. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year was \$120,000 (2016: \$120,000), exclusive of GST.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

## 20. FINANCIAL INSTRUMENTS

### FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's financial instruments consist mainly of deposits with banks and unlisted investments. The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, foreign exchange risk and market price risk.

### MARKET RISK

#### a) Foreign exchange risk

The Company invests internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company does not undertake hedging of its foreign currency exchange risk exposure arising from commercial transactions.

If the currency in which the Company's investments are denominated changes in value relative to the Australian dollar, the Australian dollar value of the investment will change. For example, a rise in Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in Australian dollar relative to other currencies may positively impact investment value or returns.

The Company's exposure to foreign currency exchange risk at reporting date is as follows:

#### Cash

- US Dollar (USD) \$58,264

#### Investments

- South Korean Won (KRW) ₩16,994,146,769
- US Dollar (USD) \$108,057,514

The Company has performed sensitivity analysis relating to its exposure to its foreign exchange risk at balance date. This sensitivity analysis demonstrates the effect on the current year profit or loss and equity (including tax impact) which would result from a change in these risks on financial assets.

At 30 June 2017, the effect on profit before tax and equity as a result of changes in the foreign exchange risk, with all other variables remaining constant would be as follows, 10% is the level at which the board monitors foreign exchange risk.

2017	% change	Effect on	Effect on	% change	Effect	Effect on
		profit before	equity			
		tax	(including tax)		before tax	
		\$	\$			
USD	10%	8,420	10,930,515	(10%)	(6,889)	(8,943,149)
KRW	10%	-	1,500,992	(10%)	-	(1,228,084)

2016	% change	Effect on profit before tax	Effect on equity (including tax)	% change	Effect on profit before tax	Effect on equity
		\$	\$			
USD	10%	15,453	9,816,315	(10%)	(12,643)	(8,031,530)
KRW	10%	-	1,146,742	(10%)	-	(938,243)

### b) Market price risk

Market price risk is the risk that changes in market prices such as equity prices will affect the Company's income and the value of its holdings of financial instruments.

Inherently, the Company is exposed to market price risk as it invests its capital in securities whose market prices can fluctuate.

Market risk is moderated by ensuring that the Company's investment portfolio is not overexposed to one company or one particular sector. The relative weightings of the individual funds are reviewed by the Investment Committee frequently.

The Company has performed sensitivity analysis relating to its exposure to its market price risk at balance date. This sensitivity analysis demonstrates the effect on equity which would result from a change in these risks on financial assets.

At 30 June 2017, the effect on equity as a result of changes in the market value of equity investments, with all other variables remaining constant would be as follows:

2017	% change	Effect on equity (including tax impact)	Effect on NTA per Share (including tax impact)	% change	Effect on equity (including tax impact)	Effect on NTA per Share (including tax impact)
		\$	cents		\$	cents
Equity Investments	5%	5,993,203	5	(5%)	(5,993,203)	(5)

2016	% change	Effect on equity (including tax impact)	Effect on NTA per Share (including tax impact)	% change	Effect on equity (including tax impact)	Effect on NTA per Share (including tax impact)
		\$	cents		\$	cents
Equity Investments	5%	5,261,772	4	(5%)	(5,261,772)	(4)

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

### c) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows. Any variation in short and long term interest rates, particularly in Australia and Asia, could affect the operating results of the Company.

The Company's exposure to interest rate risk is minimal. At 30 June 2017, approximately 99% of the financial assets are non interest bearing and 1% of the financial assets are at a floating rate.

At 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2017	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Cash at bank	1	20,629	20,629	(1)	(20,629)	(20,629)

2016	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Cash at bank	1	29,289	29,289	(1)	(29,289)	(29,289)

### CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not have any material credit risk exposure to a single receivable or group of debtors under financial instruments entered into by the Company.

There are no amounts of collateral held as security at 30 June 2017.

### LIQUIDITY RISK

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Company's exposure to liquidity risk is minimal. However, to the extent that the underlying funds are invested in illiquid securities that may be difficult to sell at short notice or at desired prices, this can result in diminished redemption prices for the Company, or in declining markets, loss of capital through a decline in the value of the investment in the underlying fund.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## 21. FAIR VALUE MEASUREMENT

### NET FAIR VALUES

The net fair values of:

- Term receivables and fixed interest securities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Unlisted investments have been valued at the redemption price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets of the investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the statement of financial position and in the notes to the financial statements.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in valuing the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (as price) or indirectly (derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table gives information about how the fair values of these financial assets are determined (in particular the valuation techniques and inputs used).

	Level 1	Level 2	Level 3	Total
<b>2017</b>	\$	\$	\$	\$
Assets				
Equity investments - unlisted	-	171,234,371	-	171,234,371
<b>Total assets</b>	<b>-</b>	<b>171,234,371</b>	<b>-</b>	<b>171,234,371</b>

	Level 1	Level 2	Level 3	Total
<b>2016</b>	\$	\$	\$	\$
Assets				
Equity investments - unlisted	-	150,336,336	-	150,336,336
<b>Total assets</b>	<b>-</b>	<b>150,336,336</b>	<b>-</b>	<b>150,336,336</b>

### VALUATION TECHNIQUES AND KEY INPUT FOR FAIR VALUE MEASUREMENTS CATEGORISED WITHIN LEVEL 2

The valuation of unlisted investments included in level 2 is based on the redemption price at balance date, which generally reflects the underlying net asset value per unit held.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## FOR THE YEAR ENDED 30 JUNE 2017

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### 22. SEGMENT REPORTING

The Company operates in Australia and has one business segment, that being investing in managed funds that have a mandate to invest in Asian financial markets.

### 23. CONTINGENT LIABILITIES

The directors are not aware of any potential liabilities or claims against the Company as at the balance date.

### 24. CAPITAL COMMITMENTS

The Company has no capital commitments at balance date.

### 25. EVENTS AFTER THE REPORTING PERIOD

Between the end of the financial year and the date of this report, The Company bought back no further ordinary shares.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

### 26. COMPANY DETAILS

The registered office of the Company is:

**Asian Masters Fund Limited**

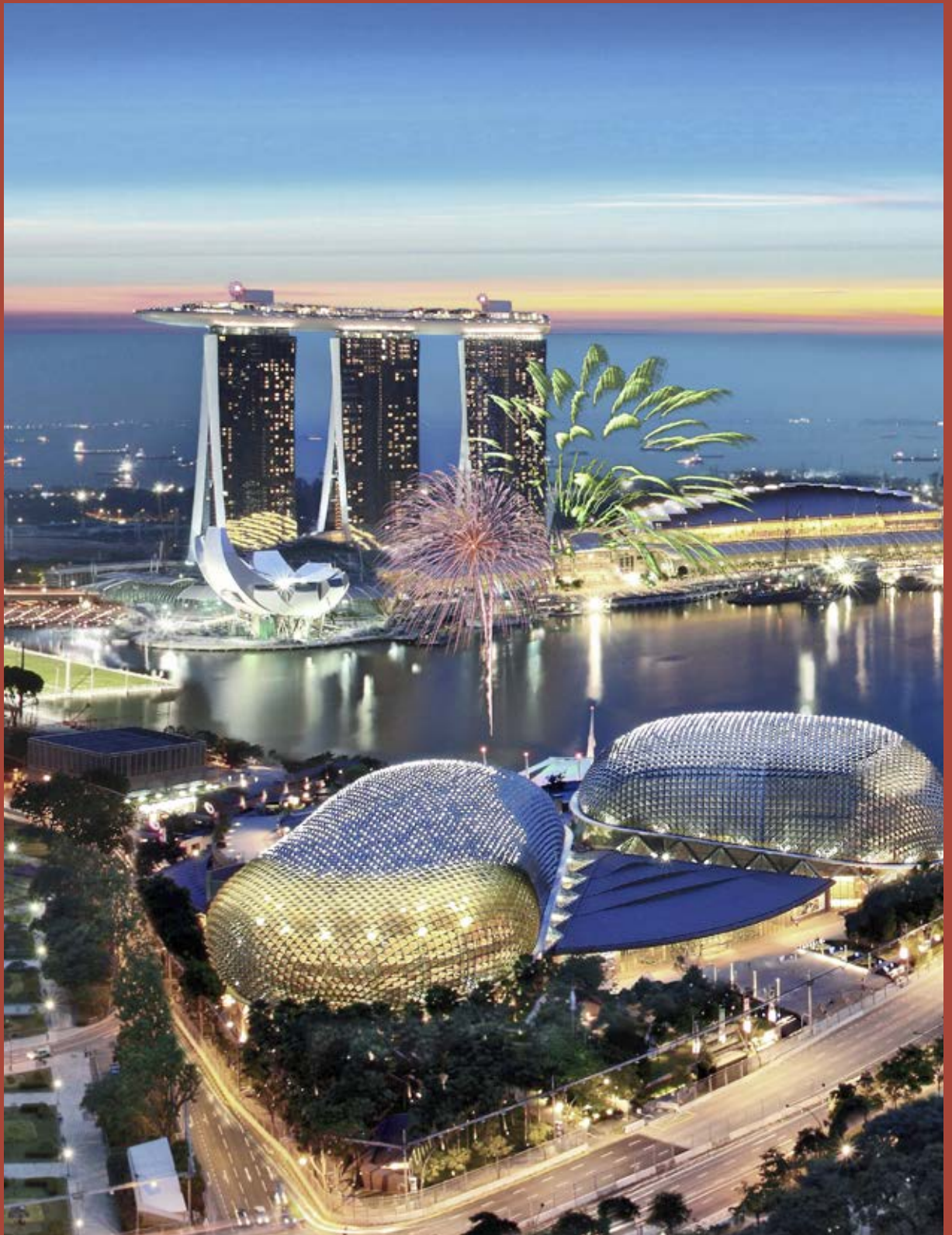
Level 15, 100 Pacific Highway North Sydney NSW 2060

The principal place of business is:

**Asian Masters Fund Limited**

Level 15, 100 Pacific Highway North Sydney NSW 2060







# DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

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In the opinion of the directors:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

The directors of the Manager, Walsh & Company Asset Management Pty Limited have declared that:

- the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
- the financial statements and notes for the financial year comply with the Accounting Standards; and
- the financial statements and notes for the financial year give a true and fair view.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



**John Holland**  
**CHAIRMAN**

**23 August 2017**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAN MASTERS FUND LIMITED



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## Independent Auditor's Report to the members of Asian Masters Fund Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Asian Masters Fund Limited (the "Company"), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Fair Value of Equity Investments</i></p> <p>As at 30 June 2017, the Company's equity investments comprise of investments in unlisted managed funds totalling \$171.2 million (2016: \$150.3 million). These equity investments are held at fair value with fair value movements recognised through other comprehensive income.</p> <p>The valuation basis of the equity investments are disclosed in Note 21 and is based on the redemption prices of the funds at balance date.</p> <p>Significant estimate is required due to the determination of redemption prices by the funds' managers which is based on the estimate of the underlying net asset values of the funds.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the key processes adopted by management to determine the fair value of the Company's equity investments;</li> <li>• Evaluating on a sample basis the fund's custodian's third party assurance report to assess the custodian's processes to record the fund's investments;</li> <li>• Obtaining direct confirmation from the fund managers of the number of units held by the Company, and, the redemption prices at balance date and agreeing to management's computation of the fair value of the Company's equity investments;</li> <li>• Obtaining audited financial statements of the funds and checking the historical accuracy of the net asset values reported by the fund managers; and</li> <li>• Assessing the appropriateness of the disclosures included in Notes 2 and 9.</li> </ul>

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAN MASTERS FUND LIMITED

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in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 24 to 27 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Asian Masters Fund Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

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### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

*Weng W Ching*  
Weng W Ching

Partner  
Chartered Accountants  
Sydney, 23 August 2017

# SHAREHOLDER INFORMATION

AT 31 JULY 2017

The shareholder information set out below was applicable as at 31 July 2017.

## DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	No. of shareholders
1 to 1,000	40
1,001 to 5,000	84
5,001 to 10,000	275
10,001 to 100,000	2,909
100,001 and over	197
	<b>3,505</b>
<b>Holding less than a marketable parcel</b>	<b>18</b>

## EQUITY SECURITY HOLDERS

### TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number of shares held	% of total
P S COCKS PRACTICE S/F A/C	716,751	0.55
VONWILLER SUPER FUND A/C	539,657	0.41
DIXON FAMILY S/F A/C	520,000	0.40
JOHN G KING S/F A/C	427,107	0.33
ROSEBANK STAFF S/FUND A/C	421,535	0.32
ROSENSHUL S/F A/C	367,779	0.28
KE DOWNES PROVIDENT FUND A/C	287,501	0.22
THE A & RV DUBS S/F A/C	275,231	0.21
M & R KEATING SUPER FUND A/C	269,566	0.21
HELEN & ROGER ALLNUTT SF A/C	261,722	0.20
MARGATE INVESTMENT A/C	241,913	0.18
DEVABALINI SUPER FUND A/C	239,800	0.18
AM AND YC THOMSON S/F A/C	238,500	0.18
BLIGH FAMILY S/F A/C	231,086	0.18
FUTURESHIFT SUPER FUND A/C	226,248	0.17
HAWES FAMILY SUPER FUND A/C	225,000	0.17
DOWJEN SUPER FUND A/C	225,000	0.17
JM & JE MCKENNA S/FUND A/C	225,000	0.17
J & J KRUGER SUPER FUND A/C	224,562	0.17
ISS SUPERANNUATION FUND A/C	214,011	0.16
<b>Total</b>	<b>6,377,969</b>	<b>4.86</b>

# SHAREHOLDER INFORMATION CONT.

AT 31 JULY 2017

Investments	Net Market Value	%
Wells Fargo China Equity	20,356,470	12
ANDA Korea Active Return Fund (formerly CK Absolute Return Fund)	19,298,467	11
Steadview Capital Fund	18,523,016	11
Arisaig Asia Consumer Fund	15,191,160	9
Prusik Asia Smaller Companies Fund	13,908,572	8
AB Asia Ex - Japan Equity Fund	13,678,954	8
Cephei QFII China Absolute Return Fund	13,623,892	8
JPMorgan Taiwan Fund	12,391,252	7
Asian Opportunities Absolute Return Fund	12,311,657	7
Asia New Stars No.1 Fund	11,400,705	7
APS China A-Share Fund	8,639,157	5
NCC China A-Share Fund	8,417,597	5
Komodo Fund	3,493,472	2
<b>Total Portfolio Value</b>	<b>171,234,371</b>	<b>100</b>

## SUBSTANTIAL SHAREHOLDINGS

There are no substantial shareholders pursuant to the provisions of Section 671B of the *Corporations Act 2001*.

## TRANSACTIONS

The total number of transactions in securities during the reporting period was 42.

There are no other classes of equity securities.

## MANAGEMENT AGREEMENT

The Company's investment activities are managed on an exclusive basis by the Manager. The management agreement is dated 8 December 2014 (Management Agreement).

Subject to any applicable regulations, the Company's investment policies and any written guidelines issued by the Company from time to time, the Manager will manage the portfolio and has discretion to acquire, hold and dispose of investments on behalf of the Company.

The term of the Management Agreement is five years expiring on 8 December 2019 (Initial Term) with a further term of five years if approved by the board of the Company.

The Manager receives an annualised management fee of 1% (plus GST) of the value of the portfolio, payable monthly, calculated on the first business date of each month. The Manager is not entitled to a performance fee.



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The Manager is also reimbursed by the Company for fees, costs and expenses when properly incurred in connection with the investment and management of the portfolio, the acquisition, disposal or maintenance of any investment or performance of the Manager's obligations under the Management Agreement, including costs of convening and holding a general meeting of the Company, any reasonable travelling costs and expenses incurred by the representatives of the Manager and software licensing or software subscription fees in connection with monitoring and investment research specifically in relation to the portfolio.

The Manager may terminate the Management Agreement at any time by giving to the Company at least six months' written notice.

The Management Agreement gives the Company certain termination rights including the right to immediately terminate the Management Agreement if the Manager:

- a) becomes insolvent; or
- b) materially breaches its obligations and such breach cannot be rectified; or
- c) breaches its obligations and does not remedy that breach within 30 days after the Company has notified the Manager in writing to remedy the breach; or
- d) persistently fails to ensure that investments made on behalf of the Company are consistent with the Company's investment strategy.

The Company may also terminate the Management Agreement if the licence under which the Manager performs its obligations is suspended for a period of one month or more or is cancelled at any time and the Manager fails to maintain an authorisation enabling it to perform its obligations under the Agreement from a third party holder of a licence.

The Company may also terminate the Management Agreement after the expiration of the Initial Term on delivery of three months' prior written notice after an ordinary resolution of members of the Company is passed to terminate the Management Agreement.

A copy of the Management Agreement can be obtained from the Company's website ([www.asianmastersfund.com.au](http://www.asianmastersfund.com.au)).

# CORPORATE DIRECTORY

The Company's shares are quoted on the official list of the Australian Securities Exchange Limited (**ASX**).

ASX Code is AUF.

## DIRECTORS

**Mr John Holland**

(Non-Executive Chairman)

**Mr Maximilian Walsh**

(Non-Executive Director) (retired 30 June 2017)

**Mr Alexander MacLachlan**

(Non-Executive Director)

**Mr Christopher Lee**

(Non-Executive Director)

**Ms June Aitken**

(Non-Executive Director)

## COMPANY SECRETARY

Ms Hannah Chan

## REGISTERED OFFICE

Level 15, 100 Pacific Highway  
North Sydney NSW 2060

**T** 1300 454 801

**F** 1300 457 349

## PRINCIPAL OFFICE

Level 15, 100 Pacific Highway  
North Sydney NSW 2060

**T** 1300 454 801

**F** 1300 457 349

[www.asianmastersfund.com.au](http://www.asianmastersfund.com.au)

## SHARE REGISTER

Managed by:

**Boardroom Pty Limited**

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Sydney NSW 2000

**T** (02) 9290 9600

**F** (02) 9279 0664

[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

## AUDITOR

**Deloitte Touche Tohmatsu**

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Sydney NSW 2000

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## BANKERS

Macquarie Bank

ANZ Bank



