EMERGING MARKETS MASTERS FUND

(ARSN: 158 717 072)

ANNUAL REPORT | FOR THE YEAR ENDED 30 JUNE 2017

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BANKERS

Macquarie Bank
ANZ Bank

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**). The ASX code is **EMF**.

www.emergingmarketsmastersfund.com.au

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REPORT TO UNITHOLDERS

FOR THE YEAR ENDED 30 JUNE 2017[1]

Welcome to the Annual Report for the Emerging Markets Masters Fund Limited (**the Fund** or **EMF**), for the financial year ended 30 June 2017 (**FY17**).

EMF performed strongly in FY17, providing a total return on net tangible asset (**NTA**) value of +10.8%. The Fund's long-term performance remains excellent, having generated a total return of +44.7% (including distributions), or 8.1% p.a., since launching in October 2012.

At 30 June 2017, the NTA backing of the Fund was $1.86 per unit, compared with $1.74 a year earlier and the pro forma NTA of $1.53 at launch. The profit attributable to Unitholders for the year to 30 June was $17.6 million.

The Fund's portfolio, which was valued at $176.2 million at 30 June, is invested in 14 leading funds, and at 30 June 2017 the Fund was 99% invested.

DISTRIBUTIONS

The Fund announced two distributions of three cents per unit for the year to 30 June, with the first paid on 3 February 2017 and the second paid on 1 August 2017. This represents a yield of 3.2% on the 30 June unit price of $1.89. Information regarding the tax components of the distribution is provided in the Tax Distribution Statement for the 2017 tax year.

Unitholders accounting for approximately 35% of units have elected to participate in the Distribution Reinvestment Plan, which raised an additional $2.0 million when the distributions were paid in February and August 2017.

OUTLOOK

Emerging market equities remain attractively valued relative to developed market equities. Corporate earnings in emerging markets have been strong and earnings forecasts have been revised upwards. Emerging market equities have outperformed developed markets in the 2017 calendar year to date, on the back of strong foreign inflows. Despite these recent inflows, emerging market equities remain under-owned by global investors, providing room for continued outperformance.

Populations in emerging markets are young and growing, and urbanisation continues at a rapid rate, creating a growing middle class of consumers. In addition, the prospects for continued reforms in countries like China and India, and a cyclical recovery in countries like Brazil and Russia, should have positive effects on emerging market equities.

1 All figures are indicated in Australian dollars (AUD) unless specified otherwise.

REPORT TO UNITHOLDERS

FOR THE YEAR ENDED 30 JUNE 2017

The Fund is committed to providing Australian investors access to leading global fund managers typically only available to institutional investors. Through the experience, knowledge and contacts of the Advisory Board and the Investment Manager's investment team, the Fund is invested in what we believe are the best emerging markets managers, with local expertise. In addition, through an extensive network of investment professionals, the Fund has access to information and insights into rapidly changing markets and geopolitical events.

The Fund's multi-manager investment approach is designed to provide its investors with a unique exposure to the fastest growing economies 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 Emerging Markets Masters Fund.

Yours sincerely,

Alex MacLachlan

Chairman of Walsh & Company Investments Limited, Responsible Entity

Dated 24 August 2017

INVESTMENT MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2017

OVERVIEW[1]

After a challenging 2016 financial year (**FY16**), emerging market equities rebounded strongly in FY17 amid an improving economic outlook for the global economy, easing concerns over the Chinese economy, higher commodity prices and loose monetary policy by the major developed markets' central banks. Despite the US Federal Reserve (**Fed**) raising interest rates by 25 basis points (**bps**) three times in FY17, emerging markets' assets and currencies have remained resilient.

Emerging market equities started FY17 on a positive note amid easing concerns over Brexit, a favourable monetary policy stance by major central banks, a broad-based improvement in the Chinese economy, a weaker US dollar (**USD**) and stronger commodity prices. Emerging markets rose until the unexpected election of Donald Trump as US President, which led to a significant correction in equity markets and currencies. However, markets bounced back in the second half of FY17 as it became clear that President Trump would have difficulty implementing the aggressive trade barriers he had proposed in his campaign.

Overall, on the back of a pickup in exports and positive surprises coming out of China, emerging Asia was the best performing region. There was a significant dispersion of returns across different Chinese equities indices. The MSCI China Index, which has a very heavy weighting to US-listed American Depository Receipts (**ADRs**), Information Technology (**IT**) and internet stocks, performed very strongly, up 28.4% in FY17. Major index constituents Alibaba and Tencent returned +72% and +53%, respectively. 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 Index, returning +13.4% and +17.6%, respectively. The Chinese economy proved remarkably stable through FY17, responding to government stimulus in the previous year, and generating real GDP growth of 6.9%. Capital outflows slowed from early in 2016, and the currency also stabilised. MSCI's decision to include A-shares in its benchmark indices from June 2018 marked a positive development for the domestic equity market.

Elsewhere in Asia, India (+17.5%) was volatile in the first half of the year due to the demonetisation process. However, it bounced back strongly in the second half as it became clear that the impact of demonetisation would not be as severe as first feared. Malaysia (-0.9%) and the Philippines (-7.3%) were the only Asian markets to generate negative returns in Australian dollars. Malaysia was weak due to an ongoing corruption scandal, and the Philippines suffered outflows on concerns over President Duterte's extreme "war" on drugs.

1 All figures are indicated in Australian dollars (AUD) unless specified otherwise.

Latin American markets performed well despite the negative political developments that plagued Mexico and Brazil. Brazilian equities rallied after the impeachment of President Dilma Rousseff in the September 2016 quarter. Interim president Michel Temer was achieving remarkable progress on economic reforms until his involvement in a corruption scandal in May that led to a correction in equities and the Brazilian real. Brazil returned +13.8% in FY17.

As the market most vulnerable to President Trump's anti-trade rhetoric, Mexican equities and the peso declined significantly after the US election. However, the Mexican stock market and the currency rallied in the second half of FY17 as the outlook for the renegotiation of the North American Free Trade Agreement (**NAFTA**) improved. Mexico's market ended FY17 up 9.6%. Peru (+14.5%) and Chile (+14.5%) performed well, while Colombia (+4.4%) was the laggard in the region.

The best returns in emerging markets came from Europe, Middle East and Africa (**EMEA**), led by Greece (+54.2%), which rallied following the second bailout review. Poland (+41.1%), Hungary (+36.3%) and Czech Republic (+30.5%) posted strong returns amid an improved outlook for the European economy. South Africa (+11.1%) performed well largely due to a significant appreciation of the rand despite a weak economy and political uncertainty. Russia (+9.8%) rose amid higher oil prices and an economic recovery.

Frontier markets (i.e. those least developed markets, which are yet to be included in the MSCI Emerging Markets Index) also rebounded from the decline in FY16 and returned +15.6% in FY17.

Having noted the dispersion of returns across different emerging markets, it is worth noting the significant dispersion of returns by sector over FY17. IT returned a very strong +42.5%, and as a result, this sector alone contributed nearly half the returns for the MSCI Emerging Markets Index. Other cyclical sectors outperformed in FY17: Materials (+24.3%); Financials (+20.8%); and Consumer Discretionary (+17.8%). At the other end of the spectrum, defensive Utilities (-1.4%) was the worst-performing sector, with Health Care (-1.1%) and Consumer Staples (-0.6%) also lagging significantly behind the broader emerging markets index.

FUND POSITIONING AND PORTFOLIO UPDATE

At 30 June 2017, the Fund was invested in 14 leading funds.

MANAGER	MANDATE	WEIGHT AT 30/06/2017
Steadview Capital Fund	India country specialist	14.7%
Lazard Emerging Markets Equity Fund	Global Emerging Markets	12.7%
BMO LGM Frontier Markets Fund	Global Frontier Markets	11.9%
Polunin Discovery Frontier Markets Fund	Global Frontier Markets	11.2%
Wells Fargo China Equity Fund	China country specialist	11.0%
Cephei QFII China Absolute Return Fund	China country specialist	5.5%
APS China A-Share Fund	China country specialist	5.1%
Somerset Emerging Markets Dividend Growth Fund	Global Emerging Markets	4.8%
Russian Prosperity Fund	Russia country specialist	4.6%
Brasil Capital Equity Fund	Brazil country specialist	4.5%
NCC China A-Share Fund	China country specialist	4.1%
Schroder International Emerging Europe Fund	Eastern Europe region	3.5%
Arisaig Latin America Consumer Fund	Latin America consumer specialist	2.9%
GBM Crecimiento Fund	Mexico country specialist	2.4%
Cash*		1.1%
Total**		**100.0%**

* Excludes any cash held by underlying investment managers.

** Figures may not reconcile due to rounding.

Source: Walsh & Company Asset Management Pty Limited

INVESTMENT MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2017

There have been a number of changes in the portfolio over the last year as attractive new managers have been identified and our views on the outlook of various regions changed.

The Fund made a number of changes to its Brazilian equities exposure in light of the economic outlook and rapid changes to Brazil's political landscape. Given the challenging economic environment, the Fund sold its entire holding in the iShares MSCI Brazil Capped ETF in July 2016. In April 2017, after impressive reform was being achieved amid improved economic conditions, with lower inflation and interest rates, the Fund made an $6 million investment in Brasil Capital Equity Fund, an active manager in which EMF had previously invested.

In the Russian market, in September 2016, the Fund made a total redemption from the East Capital Russia Fund, which was replaced by the Russian Prosperity Fund. EMF also took the opportunity to increase its exposure to Russia amid signs that the economic contraction had bottomed. While the Manager is still comfortable with East Capital, it tends to have a larger exposure to domestic consumption, while the Russian Prosperity Fund is more diversified across all sectors of the economy. Given the Russian market is highly correlated to oil prices, the Manager believes Prosperity's approach is more suitable to the Fund's investments in the Russian market, particularly given current economic conditions. The Russian Prosperity Fund has considerably outperformed East Capital since the switch was made, enhancing EMF's performance. The increase in EMF's exposure to Russia was funded through redemptions from global managers Lazard Emerging Markets Equity Fund and BMO LGM Frontier Markets Fund.

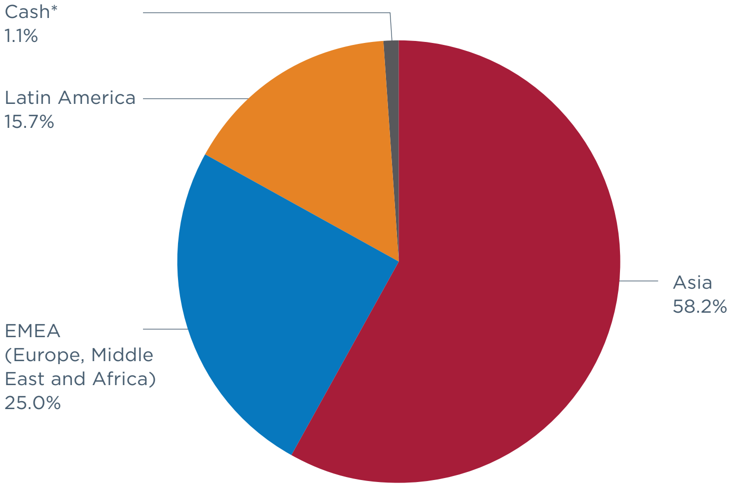
Having made a new investment in Wells Fargo China Equity Fund in FY16, EMF further invested approximately $5 million during the year. Wells Fargo is more focused on offshore-listed Chinese companies (including H-shares and US-listed ADRs) than A-shares. These investments were funded primarily from partial redemptions from two of EMF's China A-share focused funds, APS China A-Share Fund and NCC China A-Share Fund. While the Fund retains a meaningful weight to A-shares, the investment in Wells Fargo China is intended to diversify EMF's Chinese exposure, while also increasing exposure to offshore-listed Chinese companies. Wells Fargo China has performed strongly since EMF first invested, and the reallocation of capital from China A-shares to offshore-listed companies enhanced performance during the year.

Given the risks of trade barriers being imposed on Mexico, the Fund reduced its exposure to Mexican equities in January 2017 by making a partial redemption of approximately $2 million from GBM Crecimiento Fund.

EMF made additional investments in the Polunin Discovery Frontier Markets Fund ($4 million) and Lazard Emerging Market Equity Fund ($5 million) in FY17. Both funds have a value approach, working to identify companies whose prospects have been overly discounted by the market. Both funds, where EMF increased its investment, were among top performers in FY17.

We believe the funds in EMF's portfolio are the best managers in their fields of investment, a number of which are closed to subscriptions by new investors. We remain excited by the prospects for emerging markets as a whole but we are particularly excited by what we expect the Fund's underlying investment managers will achieve.

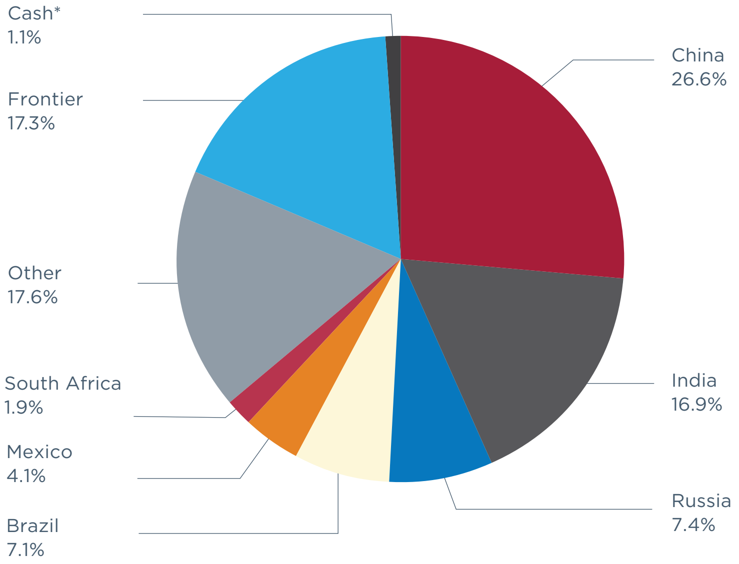
Indicative look-through region exposure at 30 June 2017



* Excludes any cash held by underlying investment managers.

Source: Walsh & Company Asset Management Pty Limited

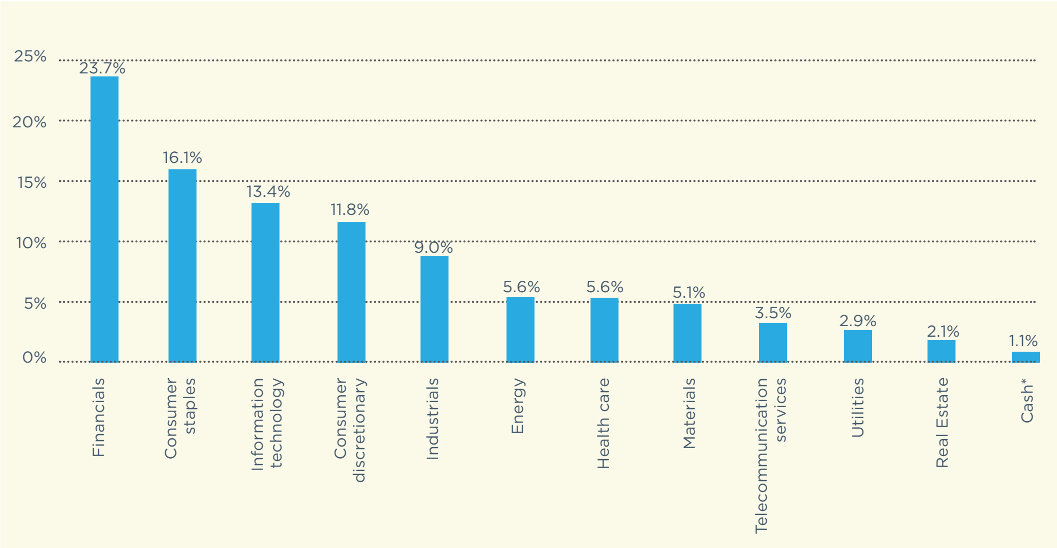
Indicative look-through country allocation mix at 30 June 2017



* Excludes any cash held by underlying investment managers.

Source: Walsh & Company Asset Management Pty Limited

Indicative look-through sector allocation mix at 30 June 2017**



*Excludes any cash held by underlying investment managers.

** Figures may not reconcile due to rounding.

Source: Walsh & Company Asset Management Pty Limited

HEDGING

EMF closed its currency hedge position in FY16 and has remained unhedged. EMF retains the flexibility to implement a currency hedging strategy should the view of the Investment Manager in relation to the AUD change in the future.

> The portfolio has a significant bias to the **consumer sector** because this is seen as **one of the best ways to benefit from the development of the emerging economies**

TOP 20 HOLDINGS

The Fund has exposure to 658 underlying stocks through its investment managers. The table below is an indicative look-through of the 20 largest stock exposures derived from the portfolio of underlying funds.

	COMPANY	COUNTRY	WEIGHT
1	Page Industries Ltd	India	1.7%
2	Eicher Motors Ltd	India	1.5%
3	IndusInd Bank Ltd	India	1.4%
4	Yes Bank Ltd	India	1.3%
5	China Construction Bank Corp	China	1.1%
6	Alibaba Group Holding Ltd	China	1.1%
7	Tencent Holdings Ltd	China	1.1%
8	Vietnam Dairy Products JSC	Vietnam	1.0%
9	ANI Technologies Pvt Ltd	India	0.9%
10	Flipkart Online Services Pvt Ltd	India	0.8%
11	Astral Polytechnik Ltd	India	0.8%
12	Bajaj Finance Ltd	India	0.8%
13	Samsung Electronics Co Ltd	Korea	0.8%
14	Commercial International Bank SAE	Egypt	0.7%
15	Bank of Georgia Holdings Plc	Georgia	0.7%
16	Baidu Inc	China	0.7%
17	TSMC Ltd	Taiwan	0.7%
18	PriceSmart Inc	Costa Rica	0.7%
19	Hangzhou Hikvision Digital Technology Co Ltd	China	0.7%
20	Sberbank of Russia PJSC	Russia	0.6%
	Total*		**19.2%**

*Figures may not reconcile due to rounding.

INVESTMENT MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2017

PERFORMANCE

The Fund's net tangible asset (**NTA**) value returned +10.8% over FY17 on a total return basis. The Fund's long-term performance remains excellent, having generated an NTA total return of +44.7% (including distributions), or +8.1% p.a., since its launch in October 2012.

Pleasingly, all of the underlying funds in the portfolio generated positive absolute returns in FY17. EMF's best-performing fund was the Polunin Discovery Frontier Markets Fund, which returned +28.3% for the year and significantly outperformed the MSCI Frontier Markets Index (+15.6%). Its focus on deeply undervalued companies served it well over the period, as there was a market rotation from quality growth companies to "value" stocks. Lazard Emerging Markets Equity Fund, a value manager, also benefited from this rotation and performed strongly in FY17, returning +17.4%. EMF added to its investment in both funds during the financial year.

EMF's managers in the Eastern European region also performed exceptionally well in FY17. The East Capital Russia Fund returned +21.1%, and was replaced by the Russian Prosperity Fund, which gained 25.6%. Both funds significantly outperformed the Russian MICEX Index, which was up 9.8%. The Schroder Emerging Europe Fund returned +24.9%, also significantly outperforming its benchmark by 9.0% in FY17.

EMF's Chinese managers also generated good returns, with Wells Fargo China Fund the pick, returning +23.1% in FY17, 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, returning +13.4%. 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 in 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 Fund's exposure to this market leaves it well-placed to take advantage of this trend over the longer term.

> Pleasingly, **all** of the underlying funds in the portfolio generated positive absolute returns in **FY17**.

EMF's second-largest country weighting is India, with 16.9% at 30 June. India's market experienced a volatile year, largely in response to Prime Minister Modi's demonetisation move in November 2016. The decision 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 and consumer companies were particularly affected. This caused returns for the first half of the financial year 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 Fund'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.

OUTLOOK

Emerging markets continue to grow considerably faster than developed markets. The International Monetary Fund expects emerging markets to grow at 4.6% in 2017. This is markedly faster than the forecast global growth rate of 3.5% and, in particular, it is faster than the forecast growth of 2.0% for developed economies.

The largest and most important markets in emerging Asia continue to be China and India – markets in which the Fund has over 40% of its assets invested. 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 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.

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

China also continues to face challenges, with the rapid accumulation of debt over the last decade being the most striking. 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 risk of a financial crisis is 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.

MSCI has now announced that 222 Chinese A-shares (listed in Shanghai and Shenzhen) will be eligible for inclusion in its major indices from June 2018. We see this as an important milestone in the evolution of China's capital markets, and it 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 programs 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 program, opening up China's US$9 trillion bond market to foreign investors.

EMF continues to have approximately 14% of its assets invested in China A-shares. As mentioned earlier, 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 focused on domestic consumption and the new economy, and we continue to believe this is a market providing excellent long-term opportunities.

> "**EMF** continues to have approximately 14% 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**."

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 financial year. India has a very attractive demographic profile, which should provide a 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 progress further with his reform agenda. In the meantime, the goods and services tax (GST) was finally implemented in India, effective 1 July 2017. While there will undoubtedly be a period of adjustment as businesses come to terms with the new tax, the efficiencies that it can bring, and the consistency it brings across state lines means this should be a meaningful contributor to ongoing economic growth. As in China, EMF's investments in India are very firmly focused on increased consumer spending.

Russia and Brazil, two economies that have experienced severe recessions in the last few years, are expected to register small positive GDP growth for 2017, despite political concerns plaguing both countries. The Russian economy has taken the painful adjustment to lower oil prices and private consumption is finally showing signs of recovery after a long period of contraction. Inflation has been falling considerably in both countries from very high levels to less than 4%, which has allowed their central banks to cut rates aggressively from 17.0% to 9.0% in Russia and from 14.25% to 9.25% in Brazil, with further rate cuts expected in both countries. These significant declines in interest rates will be very supportive for future economic growth.

In Russia, the alleged interference in the US presidential elections led to a tightening of sanctions imposed by the US by turning the sanctions against Russia into law, meaning they have been made more permanent. While this is not positive, the economy has adjusted after years of sanctions being imposed by the US and the European Union. Despite the short-term negative impact on Russian assets, the tightening of sanctions should have no long-term material impact on the economy. Russia has continued to maintain extremely prudent macroeconomic policies. The government has cut spending aggressively to adjust to lower oil prices, and its central bank, which has one of the most credible central bank governors in the world, has also maintained a conservative monetary policy. From an investment perspective, Russia offers the lowest valuations of any major emerging market.

The Brazilian market has been driven by political developments, with stocks rallying strongly on the impeachment of former President Dilma Rousseff. Interim President Michel Temer was achieving remarkable progress on reforms, passing unpopular legislation such as the spending cap bill, the labor reform, and was in the process of passing a very important pension reform scheme, which was derailed when Temer was involved in a corruption scandal in May. This initially led to a strong correction in the stock market and currency, but markets recovered and international flows returned to Brazil. One possible reason for this recovery is the market may believe that although the Temer incident could delay the economic recovery and the passage of reforms, it won't change their ultimate course. In addition, the Brazilian government was still able to pass important reforms in the middle of the political turmoil, and in July 2017 it enacted the most comprehensive overhaul of labour regulations in 70 years. The bill comprises over 100 alterations aimed at eliminating outdated provisions, such as mandatory contribution to unions regardless of unionisation. Another very positive development in July was the conviction of former President Lula on corruption charges. He was sentenced to nine-and-a-half-years in prison, though he will remain free on appeal, while proceedings may take another year. More importantly, Lula, who is still very popular with the working class in Brazil, is now unlikely to be able to run for the 2018 presidential election. From an investment perspective, while the market will continue to react to political developments and the government remains vulnerable to incriminating revelations, the feedback from managers on the ground is that they are still able to find quality companies trading at attractive valuations.

> “As in China, **EMF’s investments** in **India** are very firmly focused on **increased consumer spending**.”

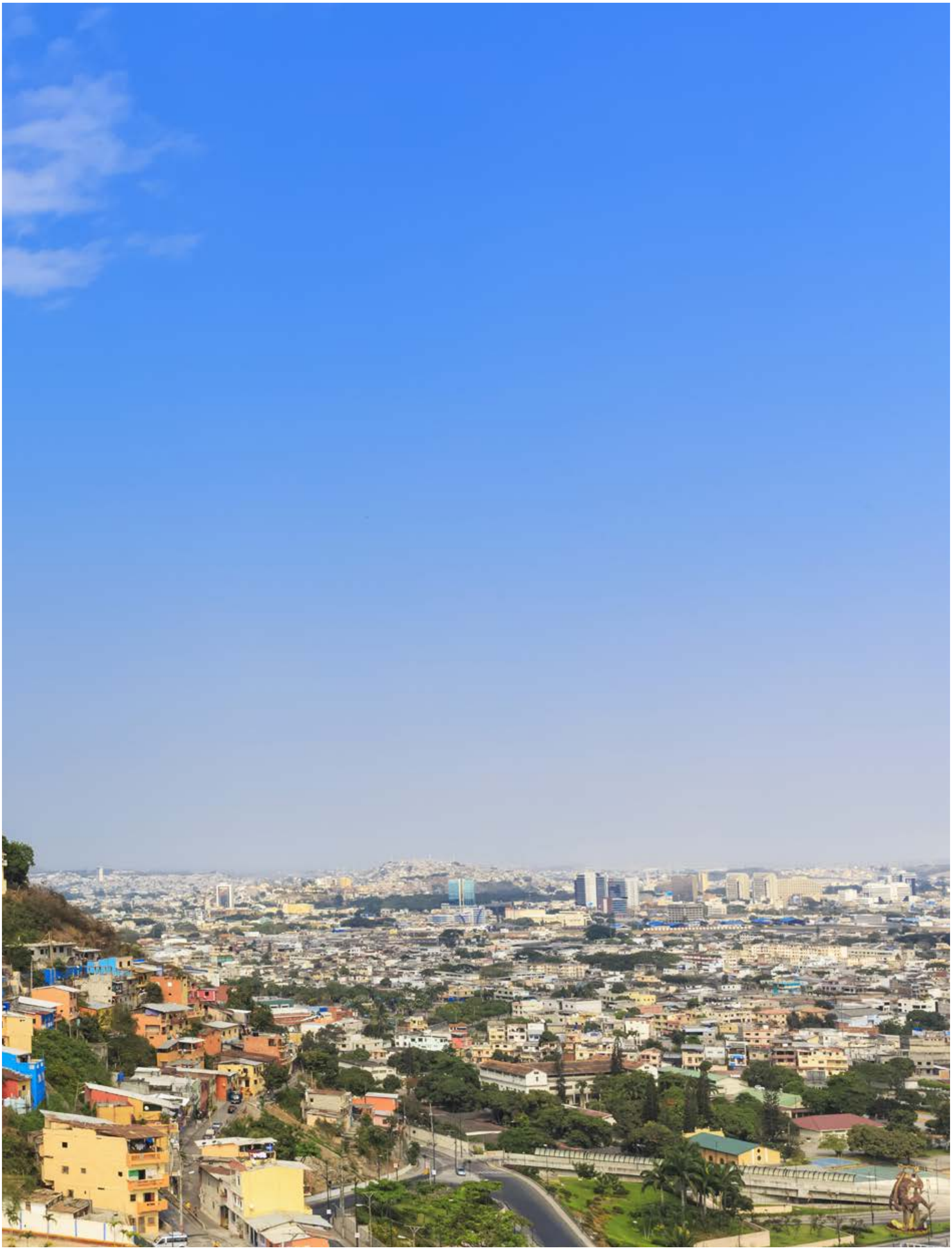
Mexico was the market that suffered most with the election of Donald Trump and his threats to renegotiate or terminate NAFTA and build a wall on the US/Mexico border. Mexico relies on trade with the US – its exports to the US represented over 25% of Mexico's GDP in 2015. However, the rhetoric around NAFTA has evolved in a much more constructive way. As it became clear that Trump doesn't have the political capital to enact his controversial policies, the Mexican equity market and the peso rallied strongly. In the 2017 calendar year to 30 June, the Mexican equity market rose by 10%, while the Mexican peso gained 14% against the USD, recovering its losses since the US presidential election.

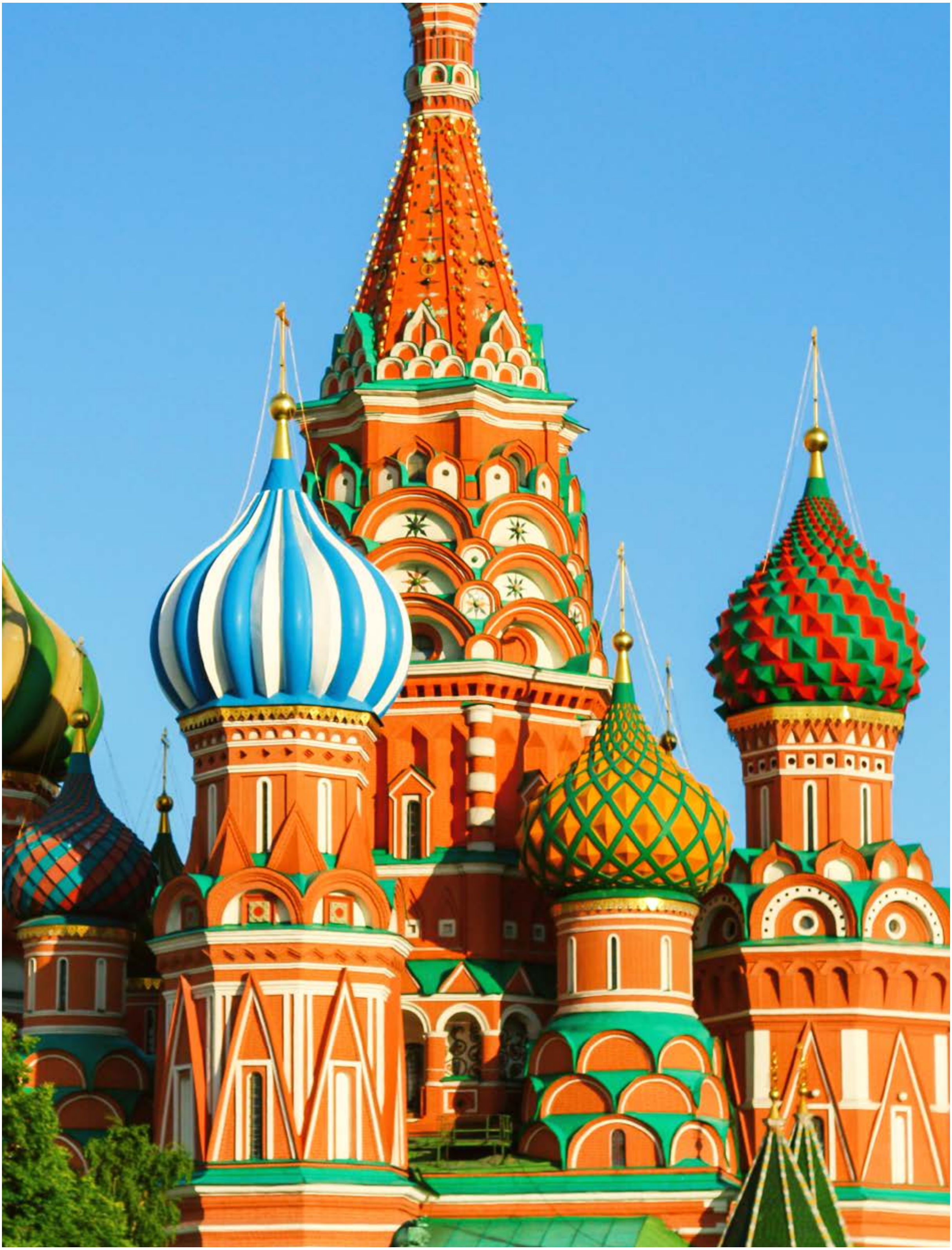
Valuations remain at reasonable levels in emerging markets. At 30 June, emerging market equities were trading at a price to book ratio of 1.65 times, marginally cheaper than the long-term average of 1.70 times, yet considerably cheaper than developed market equities which traded at 2.32 times. Furthermore, earnings expectations for emerging market equities have rebounded, with earnings expected to grow 21% in 2017, and a further 11% in 2018. In addition, the emerging market equities assets class remains under-owned by global investors, which means there is still scope for a significant amount of flow into emerging markets.

We continue to believe in the strong case for investing in emerging market equities. Emerging markets remain the fastest growing countries in the world. Their population is young and growing, and urbanisation continues at a rapid rate, creating a growing middle class of consumers.

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

"We continue to believe in the **strong case for investing** in emerging market equities. **Emerging markets remain the fastest growing countries in the world**. Their population is young and growing, and urbanisation continues at a **rapid rate**, creating a **growing** middle class of **consumers**."





CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

Emerging Markets Masters Fund (**the Fund**) is a listed managed investment scheme whose units are traded on the Australian Securities Exchange (**ASX**). The Fund has no employees, and its day-to-day functions and investment activities are managed by Walsh & Company Investments Limited (**Responsible Entity**) and Walsh & Company Asset Management Pty Limited (**Investment Manager**), respectively, in accordance with the Management Agreement.

The ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* provides guidelines for good corporate governance. The directors of the Responsible Entity (**the Board**), Walsh & Company Investments Limited, recognise the importance of good corporate governance.

The Fund's Corporate Governance Charter, which incorporates the Fund's policies referred to below, is designed to ensure the effective management and operation of the Fund and will remain under regular review. The Corporate Governance Charter is available on the Fund's website **emergingmarketsmastersfund.com.au**.

A description of the Fund's adopted practices in respect of the eight Principles and Recommendations from the Third Edition of the ASX Corporate *Governance Principles and Recommendations* are set out below. All these practices, unless otherwise stated, were in place throughout the year and to the date of this report.

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 Fund. This involves undertaking the following functions:

- providing and implementing the Fund's strategic direction;
- reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Fund are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- overseeing the integrity of the Fund's accounting and corporate reporting systems, including the external audit;
- ensuring that the Board is comprised of individuals who are best able to 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 Fund's Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*;
- overseeing the Fund's process for making timely and balanced disclosures of all material information concerning the Fund; and
- communication with and protecting the rights and interests of all unitholders.

The Board has established a formal policy which sets out its functions and responsibilities. A review of the policy is conducted annually.

2. STRUCTURE THE BOARD TO ADD VALUE

COMPOSITION OF THE BOARD

The 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 years in office, skills, experience, and expertise relevant to the position of director.

The directors of the Responsible Entity at the date of this report are:

- **Alex MacLachlan** – Non-Executive Director
- **Tristan O'Connell** – Non-Executive Director
- **Warwick Keneally** - Non-Executive Director (appointed 16 May 2017)

Having regard to the size of the Fund and the nature of its business, the Board has determined that a Board with three members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Fund. However, the composition of the Board will be reviewed periodically.

The current Board is not Independent. The Board however has established a Compliance Committee with a majority of Independent members who are responsible for monitoring the extent the Responsible Entity complies with the Fund's relevant regulations, compliance plan, constitution and report the findings to the Board, reporting to ASIC if the Committee is of the view that the Responsible Entity has not complied with the Compliance Plan or any relevant laws, and to assess at regular intervals whether the Fund's compliance plan is adequate and make recommendations to the Responsible Entity about any changes that the Committee considers should be made to the compliance plan.

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

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

The Board will review its view on committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Fund 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 Fund. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Fund.

PERFORMANCE EVALUATION

The performance of directors is assessed and reviewed by the Board at intervals it considers appropriate. This process includes consideration of feedback provided by directors via a questionnaire.

3. ACT ETHICALLY AND RESPONSIBLY

CODE OF CONDUCT

The Board has adopted a Code of Conduct to define the basic principles of business conduct of the Fund and the Responsible Entity. This Code requires the Fund's personnel to abide by the policies of the Fund and the law. The Code is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour.

UNIT TRADING POLICY

The Board of the Fund has established a Unit Trading Policy to apply to trading in the Fund's units on the ASX. This policy outlines the permissible dealing of the Fund's units while in possession of price sensitive information and applies to all directors of the Responsible Entity and the Investment Manager.

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

INSIDER TRADING POLICY

The Board of the Responsible Entity has adopted an Insider Trading Policy to apply to trading in the Fund's units on the ASX. This policy applies to all directors, executives and employees of the Responsible Entity, Investment Manager, and their parent company, Evans Dixon Pty Limited. All directors, executives and employees of the Responsible Entity, Investment Manager, and their parent company must not deal in the Fund's units while in possession of price sensitive information. In addition, the general Unit Trading Policy sets out additional restrictions which apply to directors and executives of the Responsible Entity, Investment Manager, and their parent company.

4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

COMPLIANCE COMMITTEE

As a registered managed investment scheme, the Fund has a compliance plan that has been lodged with the Australian Securities and Investments Commission (**ASIC**). The compliance plan is reviewed comprehensively every year to ensure that the way in which the Fund operates protects the rights and interests of unitholders and that major compliance risks are identified and properly managed.

The Responsible Entity has formed a Compliance Committee to ensure the Fund complies with the relevant regulations, its compliance plan and its constitution. The Committee meets and reports to the Board of the Responsible Entity on a quarterly basis.

The Committee is structured with three members, the majority of which are independent. Details of the Compliance Committee members are as follows:

TRISTAN O'CONNELL (INTERNAL MEMBER)

Refer to information on directors (**page 28**).

BARRY SECHOS (INDEPENDENT MEMBER)

Barry is one of two independent members of the compliance committee. Barry is member of the compliance committee for the New Energy Solar Fund, the Evans & Partners Global Disruption Fund, the Australian Property Opportunities Fund I, II & III, US Select Private Opportunities Fund I , II & III, Emerging Markets Masters Fund and US Masters Residential Property Fund. Barry is a Director of Sherman Group Pty Limited, a privately owned investment company, and is responsible for managing the legal, financial and operational affairs of Sherman Group Limited. Barry has 30 years experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allen Allen & Hemsley (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of See Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, Aberdeen Leaders Limited, an investment company listed on the ASX, Regeneus Limited, an ASX listed biotech company and a Director of Sherman Contemporary Art Foundation, a charitable cultural organisation.

MICHAEL BRITTON (INDEPENDENT MEMBER)

Michael is one of two independent members of the compliance committee. He is a member of the compliance committee for the New Energy Solar Fund, the Australian Property Opportunities Fund I, II & III, US Select Private Opportunities Fund I, II & III, the Evans & Partners Global Disruption Fund and the Emerging Markets Masters Fund. Michael has over 35 years of commercial and financial services experience, initially with Boral Limited and culminating in 12 years as General Manager of the corporate businesses of The Trust Company Limited (now part of Perpetual Limited) where he established the company's reputation as a leader in the delivery of independent responsible entity services. He has represented The Trust Company as a director on the boards of both domestic and offshore operating subsidiary companies and a large number of special purpose companies delivering the responsible entity function in both conventional and stapled, ASX listed and unlisted managed investment schemes.

Michael has acted as a Responsible Manager, a member of committees of inspection in relation to large insolvency administrations and as an independent compliance committee member for substantial investment managers with portfolios of managed investment schemes.

Currently Michael is an independent director on the board of the unlisted Knights Capital Group Limited, a Perth-based investor and property fund manager, he is sole independent director of four special purpose companies involved in high profile wholesale debt capital and securitisation transactions in the aviation and motor vehicle industries and a Panel Member for the Financial Ombudsman Services limited.

Michael holds degrees in Jurisprudence and law from the University of New South Wales and is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

The Board, having considered their overall responsibilities, the size and structure of the Fund and other duties performed by the Compliance Committee, does not consider it appropriate, at this time, to establish an audit committee.

5. MAKING TIMELY AND BALANCED DISCLOSURE

The Board is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules, as well as releasing relevant information to the market and unitholders in a timely and direct manner to promote investor confidence in the Fund and its securities.

The Fund has adopted a Continuous Disclosure Policy to ensure the Fund complies with its continuous disclosure requirements. This policy is administered by the Board and monitored by the Compliance Committee.

6. RESPECT THE RIGHTS OF UNITHOLDERS

RIGHTS OF UNITHOLDERS

The Fund promotes effective communication with unitholders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure that unitholders are informed of all major developments affecting the Fund's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with unitholders. Each unitholder is also provided online access to the Registry to allow them to receive communications from, and send communication to, the Responsible Entity and the Registry. Information is communicated through announcements to the ASX, releases to the media and the dispatch of financial reports. Unitholders are provided with an opportunity to access such reports and releases electronically. Copies of all ASX announcements are linked to the Fund's website at **emergingmarketsmastersfund.com.au**.

These include:

- monthly net tangible asset backing announcements;
- quarterly investment updates;
- the half-year report;
- the annual report;
- occasional ASX announcements made to comply with the Fund's continuous disclosure requirements; and

- occasional correspondence sent to unitholders on matters of significance to the Fund.

The Board encourages full participation of unitholders at the general meetings to ensure a high level of accountability and identification with the Fund's strategy. Unitholders who are unable to attend the 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.

7. RECOGNISE AND MANAGE RISK

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Fund and its operations. It has not established a separate committee to deal with these matters as this responsibility will be undertaken by the Compliance Committee of the Fund. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Fund's auditor.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the Responsible Entity has adopted a set of Risk Management Guidelines for the Fund. The Board conducts an annual review of the Fund's Risk Management Framework to satisfy itself that the framework continues to be sound. The last review took place on 16 August 2016.

The Responsible Entity 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 Fund 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 Fund, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Fund's external auditor.

Details of the Fund's financial risk management are set out in the notes to the financial statements in the annual report. The Fund does not have any material exposure to economic, environmental and social sustainability risks.

8. REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION POLICY

There is no remuneration paid directly to the directors as they are remunerated by the Responsible Entity. In accordance with the Fund's Constitution, the Responsible Entity is entitled to a management fee for services rendered. Details of the Fund's related party transactions are disclosed in the notes to financial statements within the annual report. The Fund's Constitution is available to unitholders on the Fund's website.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

DIRECTORS

The directors of Walsh & Company Investments Limited, the Responsible Entity of Emerging Markets Masters Fund (**the Fund**), present their report together with the annual financial statements of the Fund for the year ended 30 June 2017.

The directors of the Responsible Entity at any time during or since the end of the financial year are shown below:

Alex MacLachlan

Tristan O'Connell

Tom Kline (resigned 16 May 2017)

Warwick Keneally (appointed 16 May 2017)

Directors were in office since the date of registration to the date of the report unless otherwise stated.

INFORMATION ON DIRECTORS

ALEX MACLACHLAN

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)
- 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)

TRISTAN O'CONNELL

Tristan O'Connell is Group Chief Financial Officer and Company Secretary for Evans Dixon and Director of Walsh & Company Investments Limited, the Responsible Entity for US Select Private Opportunities Fund Series, Australian Property Opportunities Fund Series, New Energy Solar Fund, US Masters Residential Property Fund and Evans & Partners Global Disruption Fund.

At Evans Dixon, Tristan oversees the finance and accounting function of the firm's group of companies. This incorporates funds management accounting for sixteen funds. He began his association with the firm in 2005, joining to spearhead its financial management and growth.

Tristan brought to the firm more than a decade in corporate financial and management roles within the wholesale markets industry. This included a long tenure at Tullet Prebon, one of the world's leading inter-dealer broker firms that specialise in over-the-counter interest rate, foreign exchange, energy and credit derivatives. Tristan was Financial Controller of the Australian operation and also held senior finance roles in their Singapore and London offices.

Tristan has a Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is a Fellow of the Financial Services Institute of Australasia.

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

- Evans & Partners Global Disruption Fund (since 2017)
- 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)

TOM KLINE

Tom was the inaugural CEO of New Energy Solar(NES), having launched the business in December 2015, in his then role as Chief Operating Officer of Walsh & Company Asset Management. Tom relocated to the US in April 2017 to oversee the operation of NES' portfolio of solar power projects in California and North Carolina, and continue to guide the business' investment in North American projects.

Tom has extensive experience in funds management, corporate finance, and mergers and acquisitions, having been part of the senior management team at Walsh & Company and Dixon Advisory since 2009. Before joining the firm, Tom worked at UBS AG in Sydney. During his time at UBS, he was a member of the Power, Utilities and Infrastructure team and advised on a wide range of public and private M&A and capital market transactions. Tom advised some of Australia's leading energy generators and infrastructure players including EnergyAustralia and Transurban. Tom also advised energy and utility companies on the proposed introduction of Australia's federal carbon trading scheme (Carbon Pollution Reduction Scheme) and implications for fossil fuel and renewable energy generation.

Tom has a Bachelor of Commerce and Bachelor of Laws (Honours) from Australian National University.

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

- Australian Masters Yield Fund No 4 Limited (since 2011 until 19 July 2017)
- Australian Masters Yield Fund No 5 Limited (since 2011 until 19 July 2017)
- US Masters Residential Property Fund (since 2011 until 16 May 2017)
- US Select Private Opportunities Fund (since 2012 until 16 May 2017)
- US Select Private Opportunities Fund II (since 2013 until 16 May 2017)
- US Select Private Opportunities Fund III (since 2016 until 16 May 2017)

WARWICK KENEALLY

Warwick Keneally is currently Head of Finance at Walsh & Company Asset Management, the funds management division of Evans Dixon and Director of Walsh & Company Investments Limited, the Responsible Entity for US Select Private Opportunities Fund Series, Australian Property Opportunities Fund Series, New Energy Solar Fund, US Masters Residential Property Fund and Evans & Partners Global Disruption Fund.

Before joining Walsh & Company, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management. Among his former roles, Warwick worked on the initial stages of the HIH insolvency as part of the key management group tasked with the wind-down of the global estate.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Member of the Institute of Chartered Accountants in Australia.

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

- Australian Masters Yield Fund No 4 Limited (since 2017)
- Australian Masters Yield Fund No 5 Limited (since 2017)
- Evans & Partners Global Disruption Fund (since 2017)
- US Masters Residential Property Fund (since 2017)
- US Select Private Opportunities Fund (since 2017)
- US Select Private Opportunities Fund II (since 2017)
- US Select Private Opportunities Fund III (since 2017)

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Fund during the financial year were to provide Australian investors access to leading global fund products and managers specialising in the emerging markets equity asset class. Through these investments, the Fund aims to achieve long-term returns through a combination of capital appreciation and a consistent distribution stream.

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

REVIEW OF OPERATIONS AND RESULTS

The profit for the Fund after providing for income tax amounted to $17,566,742 (30 June 2016: loss of $13,876,406).

The movement in profit is due to the strong performance of the underlying investments during the year. The results of operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these financial statements.

As at 30 June 2017, 98.9% of the Fund's total portfolio was invested in 14 funds specialising in emerging markets. Further details are included in the Report to Unitholders and Investment Manager's Report.

At 30 June 2017, the net asset value of the Fund was $1.86 per unit (2016: $1.74 per unit).

DISTRIBUTIONS PAID OR RECOMMENDED

During the year, the Fund paid two 3 cents per unit distributions on 1 August 2016 and 3 February 2017. Total distributions paid during the financial year amounted $5,622,503. A further distribution of 3 cents per unit totaling $2,835,549 was announced on 26 June 2017, which was paid on 1 August 2017. A distribution reinvestment plan is in place in relation to the distribution.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS SUBSEQUENT TO REPORTING PERIOD

The distribution announced on 26 June 2017 totalling $2,835,549 was paid to unitholders on 1 August 2017. 541,006 units were issued under the Fund's Distribution Reinvestment Plan.

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

FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Fund will continue to undertake its activities described in this report.

Currently, there are no significant developments expected in respect of the Fund. The performance of the Fund in the future will be subject to movements in the underlying investment markets over time.

OPTIONS

No options were granted over issued or unissued units in the Fund during, or since, the end of the year.

OTHER RELEVANT INFORMATION

The following lists other relevant information required under the *Corporations Act 2001*:

- details of fees paid to the Responsible Entity during the financial year - refer to note 18 to the financial statements
- the Responsible Entity did not hold any interests in the Fund at the end of the financial year
- details of issued interests in the Fund during the financial year - refer to note 15 to the financial statements.

ENVIRONMENTAL REGULATION

The Fund is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INDEMNITY AND INSURANCE

Under the Fund's Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Insurance premiums have been paid during, or since the end of, the financial year for all of the directors of the Responsible Entity of the Fund. 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 Fund.

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 7 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 7 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 Fund, acting as advocate for the Fund or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

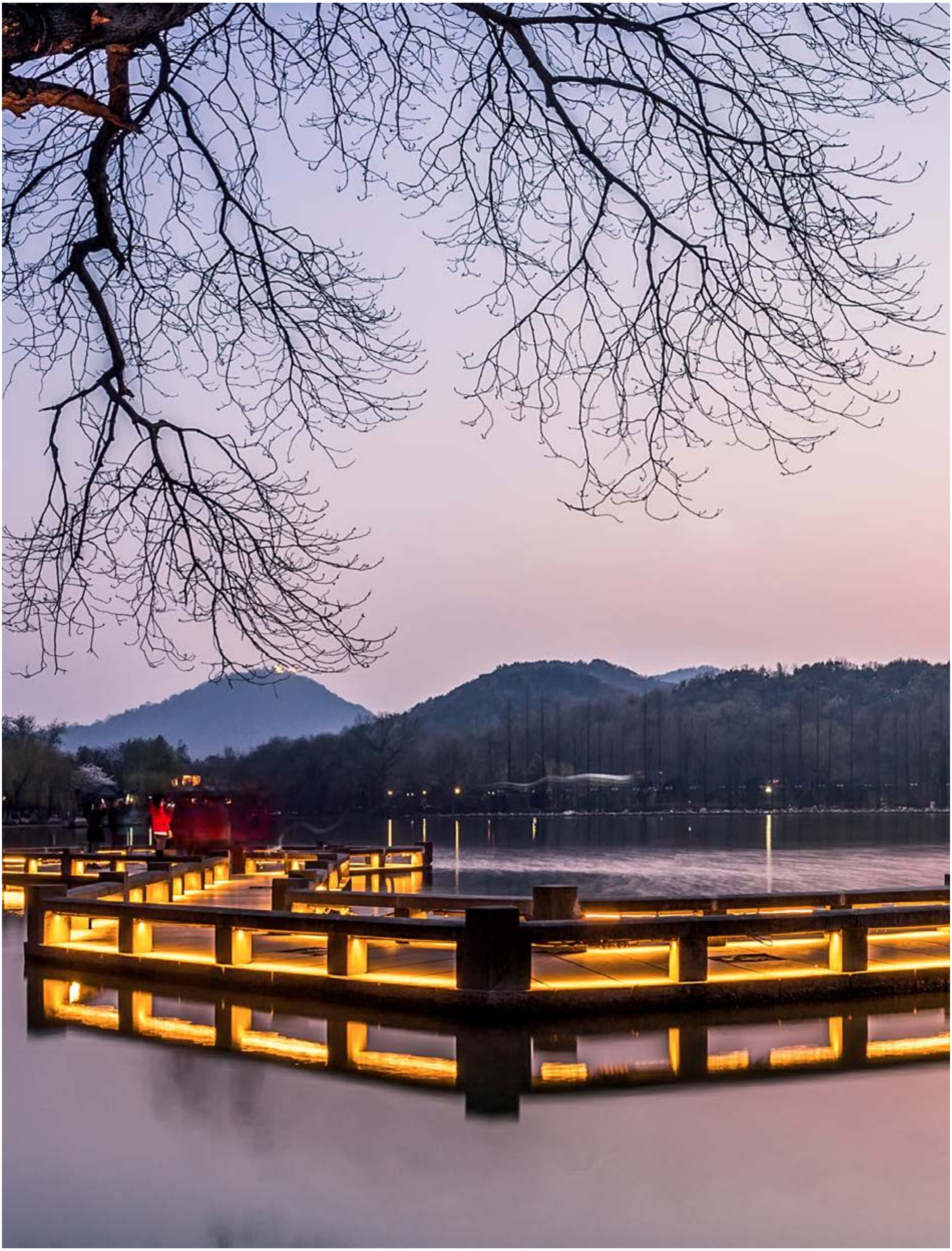
This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Alex MacLachlan

Chairman of Walsh & Company Investments Limited, Responsible Entity

24 August 2017



AUDITOR’S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Walsh & Company Investments Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Andrew Reeves
Partner

Sydney
24 August 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $	2016 $
Revenue	5	847,904	593,279
Net gain/(loss) on financial assets at fair value through profit or loss	6	19,301,607	(11,741,634)
Foreign currency movements		100,369	12,832
Expenses			
Management and administration fees	19	(1,942,280)	(1,845,821)
Professional fees		(290,901)	(397,454)
Listing and registry expenses		(130,394)	(124,692)
Investment transaction costs		(1,145)	(34,291)
Custodian fees		(34,922)	(28,672)
Due diligence expenses		(242,054)	(242,506)
Other expenses		(41,442)	(67,447)
Profit/(loss) before income tax expense		**17,566,742**	**(13,876,406)**
Income tax expense		-	-
Profit/(loss) after income tax expense for the year attributable to the unitholders of Emerging Markets Masters Fund		**17,566,742**	**(13,876,406)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the unitholders of Emerging Markets Masters Fund		**17,566,742**	**(13,876,406)**
		CENTS	CENTS
Basic earnings/(loss) per unit	8	18.67	(16.00)
Diluted earnings/(loss) per unit	8	18.67	(16.00)

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 $
Assets			
Cash and cash equivalents	9	1,998,560	2,610,010
Receivables	11	655,380	645,971
Financial assets	12	176,178,188	161,718,594
Prepayments		83,445	-
Total assets		**178,915,573**	**164,974,575**
Liabilities			
Payables	13	74,381	170,372
Distributions payable	14	2,839,829	2,804,590
Total liabilities		**2,914,210**	**2,974,962**
Net assets		**176,001,363**	**161,999,613**
Equity			
Unit capital	15	148,645,062	146,556,592
Retained profits		27,356,301	15,443,021
Total equity		**176,001,363**	**161,999,613**

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

	UNIT CAPITAL $	RETAINED PROFITS $	TOTAL EQUITY $
Balance at 1 July 2015	**131,812,246**	**34,676,443**	**166,488,689**
Loss after income tax expense for the year	-	(13,876,406)	(13,876,406)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	**-**	**(13,876,406)**	**(13,876,406)**
Transactions with unitholders in their capacity as unitholders:			
Issue of ordinary units (note 15)	16,150,424	-	16,150,424
Unit buybacks (note 15)	(937,966)	-	(937,966)
Issue and buyback costs (note 15)	(468,112)	-	(468,112)
Distributions declared	-	(5,357,016)	(5,357,016)
Balance at 30 June 2016	**146,556,592**	**15,443,021**	**161,999,613**
Balance at 1 July 2016	**146,556,592**	**15,443,021**	**161,999,613**
Profit after income tax expense for the year	-	17,566,742	17,566,742
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	**-**	**17,566,742**	**17,566,742**
Transactions with unitholders in their capacity as unitholders:			
Issue of ordinary units (note 15)	2,088,470	-	2,088,470
Distributions declared	-	(5,653,462)	(5,653,462)
Balance at 30 June 2017	**148,645,062**	**27,356,301**	**176,001,363**

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

STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2017

	NOTE	2017 $	2016 $
Cash flows from operating activities			
Interest income received		9,605	14,711
Distributions and rebates received		16,467	28,024
Payments to suppliers		(952,904)	(1,198,745)
Management and administration fees paid		(1,888,093)	(1,714,013)
Net cash used in operating activities	**10**	**(2,814,925)**	**(2,870,023)**
Cash flows from investing activities			
Payments for investments		(27,572,798)	(35,862,971)
Receipts from disposal of investments		33,317,487	31,370,397
Net payments on settlement of forward contracts		-	(2,308,333)
Net cash from/(used in) investing activities		**5,744,689**	**(6,800,907)**
Cash flows from financing activities			
Payments for unit buybacks		-	(1,406,078)
Distributions paid		(3,529,753)	(3,060,920)
Unit issue proceeds		-	14,107,060
Net cash (used in)/from financing activities		**(3,529,753)**	**9,640,062**
Net decrease in cash and cash equivalents		**(599,989)**	**(30,868)**
Cash and cash equivalents at the beginning of the financial year		2,610,010	2,496,243
Effects of exchange rate changes on cash and cash equivalents		(11,461)	144,635
Cash and cash equivalents at the end of the financial year	**9**	**1,998,560**	**2,610,010**

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

Emerging Markets Masters Fund (**the Fund**) is a Managed Investment Scheme registered and domiciled in Australia. The Fund is a for-profit entity. The principal activities of the Fund are to invest in leading global fund products and managers specialising in the global emerging markets asset class to achieve a combination of long-term capital appreciation and consistent distributions.

The comparative period is the year from 1 July 2015 to 30 June 2016.

2. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Fund has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current year. hese include:

- AASB 1057 '*Application of Australian Accounting Standards*' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'
- AASB 2014-4 *'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'*
- AASB 2015-1 *'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'*
- AASB 2015-2 *'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'*
- AASB 2015-5 *'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'*

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Fund.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been early adopted by the Fund.

2. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)

The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out 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 and is not expected to have a material impact on the Fund.

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 adoption of these amendments from 1 July 2018 is not expected to have a material impact on the Fund.

AASB 16 Leases

The standard is applicable to annual reporting periods beginning on or after 1 January 2019. The adoption of this standard from 1 July 2019 is not expected to have a material impact on the Fund.

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 July 2017 is not expected to have a material impact on the Fund.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

This is effective for annual periods beginning on or after 1 January 2018. The adoption of this interpretation from 1 July 2018 is not expected to have a material impact on the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis and are based on historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Fund comply with the International Financial Reporting Standards (**IFRSs**) issued by the International Accounting Standards Board (**IASB**).

The financial statements were authorised for issue by the directors of the Responsible Entity on 24 August 2017.

The following accounting policies have been adopted in the preparation and presentation of the financial report.

FOREIGN CURRENCY TRANSLATION

The functional and presentation currency of the Fund is Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange ruling at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Foreign currency exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains and losses on investments and derivatives, respectively. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the Statement of Profit or Loss and Other Comprehensive Income.

FINANCIAL INSTRUMENTS

Financial Instruments, incorporating financial assets and financial liabilities, are recognised on trade date, when the Fund becomes a party to the contractual provisions of the instrument.

The Fund has elected to early adopt AASB 9 Financial Instruments (and applicable amendments), which was issued on 7 December 2009 effective 1 January 2018. AASB 9 includes requirements for the classification and measurement of financial assets.

i. Financial assets

Financial assets are classified as derivative and non-derivative instruments as appropriate. Financial assets at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of Profit or Loss and Other Comprehensive Income. Financial assets not at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue and are subsequently measured at amortised cost using the effective interest rate method.

ii. Financial liabilities

Financial liabilities are classified as derivative or non-derivative instruments as appropriate. Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in the Statement of Profit or Loss and

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Other Comprehensive Income. Financial liabilities not at fair value through profit or loss are measured initially at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

iii. Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 discharged or cancelled or expire.

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 Fund 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.

Distribution income is recognised when the right to receive a distribution has been established, gross of any non-recoverable related foreign withholding tax.

All revenue is stated net of the amount of goods and services tax (GST).

TAXES

i. Income tax

Under current Australian income tax laws, the Fund is not liable to pay income tax provided its distributable income for each income year is fully distributed to Unitholders, by way of cash or reinvestment.

The Fund primarily invests in non-Australian securities and may incur reclaimable withholding tax by certain countries on investment income and realised gains. Such income is recorded gross of withholding tax in the Statement of Comprehensive Income.

ii. 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 expense.

The Fund qualifies for reduced input tax credits at a minimum of 55%.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable.

Cash flows are presented in the Statement of Cash Flows on a gross basis.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

UNIT CAPITAL

Ordinary units are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of ordinary units are recognised as a deduction from equity.

Distributions payable are recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the board of the Responsible Entity on, or before, the end of the financial period, but not distributed at balance sheet date.

EARNINGS PER UNIT

Basic earnings per unit is determined by dividing the profit or loss excluding any cost of servicing equity other than ordinary units by the weighted average number of ordinary units outstanding during the financial period. Diluted earnings per unit is the same as basic earnings per unit because there are no dilutive potential ordinary units.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 Fund.

4. OPERATING SEGMENTS

The Fund operates in Australia and has one business operation, that being to invest in leading global fund products and managers specialising in the global emerging markets asset class to achieve a combination of long-term capital appreciation and consistent distributions.

5. REVENUE

	2017 $	2016 $
Interest income	11,041	13,957
Distribution income	763,618	568,705
Other income	73,245	10,617
Revenue	**847,904**	**593,279**

6. NET GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 $	2016 $
Unrealised gain/(loss) on revaluation of investments	17,180,524	(15,259,910)
Realised gain on disposal of investments	2,121,083	4,824,913
Realised loss on settlement of forward contracts	-	(1,306,637)
	19,301,607	**(11,741,634)**

7. REMUNERATION OF AUDITOR

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Fund:

	2017 $	2016 $
Audit services - KPMG		
Audit or review of the financial statements	30,916	28,050
Other services - KPMG		
Other assurance, taxation and due diligence services	10,450	29,900
	41,366	**57,950**

8. EARNINGS PER UNIT

	2017 $	2016 $
Profit/(loss) after income tax attributable to the unitholders of Emerging Markets Masters Fund	17,566,742	(13,876,406)

	NUMBER	NUMBER
Weighted average number of ordinary units used in calculating basic earnings per unit	94,108,953	86,713,724
Weighted average number of ordinary units used in calculating diluted earnings per unit	94,108,953	86,713,724

	CENTS	CENTS
Basic earnings/(loss) per unit	18.67	(16.00)
Diluted earnings/(loss) per unit	18.67	(16.00)

9. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank	1,998,560	2,610,010
	1,998,560	**2,610,010**

10. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2017 $	2016 $
Profit/(loss) after income tax expense for the year	17,566,742	(13,876,406)
Adjustments for:		
Net (loss)/gain on financial assets at fair value through profit or loss	(19,301,607)	11,741,634
Transaction costs, including GST	-	34,291
Distributions reinvested	(790,834)	(551,231)
Foreign currency movements	(100,381)	(12,832)
Change in operating assets and liabilities:		
Increase in receivables	(9,409)	(24,937)
Increase in prepayments	(83,445)	-
Decrease in payables	(95,991)	(180,542)
Net cash used in operating activities	**(2,814,925)**	**(2,870,023)**

11. RECEIVABLES

	2017 $	2016 $
Distributions receivable	587,608	558,046
Interest receivable	1,659	223
GST receivable	66,113	87,702
	655,380	**645,971**

12. FINANCIAL ASSETS

	2017 $	2016 $
Managed funds - unlisted	176,178,188	159,531,706
Equity investments - listed	-	2,186,888
	176,178,188	**161,718,594**

Refer to note 17 for further information on fair value measurement.

13. PAYABLES

	2017 $	2016 $
Trade payables	4,005	2,482
Accrued expenses	70,376	167,890
	74,381	**170,372**

Refer to note 16 for further information on financial instruments.

The average credit period for trade creditors is generally 30 days. No interest is charged on trade creditors from the date of the invoice. The Fund has risk management policies in place to ensure invoices are paid within credit terms.

14. DISTRIBUTIONS PAID AND PAYABLE

	2017 $	2016 $
Distributions declared and paid during the year	2,817,913	2,557,376
Distributions payable	2,839,829	2,804,590
	5,657,742	**5,361,966**

Distributions per unit for the year ended 30 June 2017 was $0.06 (2016: $0.06).

15. UNIT CAPITAL

	2017 UNITS	2016 UNITS	2017 $	2016 $
Ordinary units - fully paid	94,518,298	93,321,331	148,645,062	146,556,592

MOVEMENTS IN UNIT CAPITAL

	DATE	UNITS	$
Balance	**1 July 2015**	**84,718,207**	**131,812,246**
Issue of ordinary units at $1.97 per unit (distribution reinvested)	10 August 2015	527,657	1,039,484
Issue of ordinary units at $1.68 per unit (distribution reinvested)	29 January 2016	597,548	1,003,880
Issue of ordinary units at $1.76 per unit (capital raising)	21 April 2016	8,015,375	14,107,060
Unit buybacks		(537,456)	(937,966)
Issue and buyback costs		-	(468,112)
Balance	**30 June 2016**	**93,321,331**	**146,556,592**
Issue of ordinary units at $1.73 per unit (distribution reinvested)	1 August 2016	609,095	1,053,778
Issue of ordinary units at $1.76 per unit (distribution reinvested)	6 February 2017	587,872	1,034,692
Balance	**30 June 2017**	**94,518,298**	**148,645,062**

ORDINARY UNITS

All units are fully paid. The holders of ordinary units are entitled to one vote per unit at meetings of the Fund and are entitled to receive distributions from time to time by the Responsible Entity.

CAPITAL RISK MANAGEMENT

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital amounting to $148,645,062 as at 30 June 2017 (2016: $146,556,592). The Fund is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

16. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT POLICIES

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

MARKET RISK

CURRENCY RISK

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in US dollars (USD), Mexican pesos (MXN) and Euros (EUR). Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Fund's financial assets or liabilities denominated in currencies other than the Australian dollar.

At the reporting date, the net carrying value of the Fund's financial assets and financial liabilities held in individual foreign currencies expressed in Australian dollars as a percentage of its net assets were as follows:

	ASSETS			
	2017 $	2016 $	2017 %	2016 %
USD	136,784,462	123,310,542	78	76
MXN	4,232,582	6,428,282	2	4
EUR	6,167,220	4,951,655	4	3
	147,184,264	**134,690,479**	**84**	**83**

The remaining net carrying value of the Fund's financial assets and financial liabilities not disclosed above are in Australian currency.

This is not representative of the underlying investment funds' exposure to foreign currencies.

The Fund has performed sensitivity analysis relating to its exposure to its currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which would result from a change in these risks on financial assets and financial liabilities.

The effect on profit before tax and equity as a result of changes in the foreign exchange rates, with all other variables remaining constant, would be as follows:

2017					
AUD STRENGTHENED			AUD WEAKENED		
% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Financial assets and financial liabilities					
10%	(13,380,388)	(13,380,388)	(10%)	16,353,807	16,353,807

2016					
AUD STRENGTHENED			AUD WEAKENED		
% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Financial assets and financial liabilities					
10%	(12,244,589)	(12,244,589)	(10%)	14,965,609	14,965,609

MARKET PRICE RISK

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

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

Market price risk is moderated by ensuring that the Fund's investment portfolio is diversified while limiting exposure to any one fund or country. The relative weightings of the individual funds are reviewed by the Investment Manager frequently.

16. FINANCIAL INSTRUMENTS (CONT.)

The Fund's country exposure at 30 June 2017 is as follows:

COUNTRY	2017	2016
China	26.6%	23.0%
Brazil	7.1%	6.3%
Russia	7.4%	4.4%
India	16.9%	18.0%
Mexico	4.1%	5.9%
South Africa	1.9%	2.1%
Frontier*	17.3%	21.7%
Other	17.6%	17.0%
Cash	1.1%	1.6%
Total	**100.0%**	**100.0%**

*Frontier countries are less developed countries outside the MSCI Emerging Markets Index that the Fund may hold for investment.

The Fund 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 value of equity investments, with all other variables remaining constant, would be as follows:

2017					
AVERAGE PRICE INCREASE			AVERAGE PRICE DECREASE		
% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Equity investments					
5%	8,808,909	8,808,909	(5%)	(8,808,909)	(8,808,909)

2016					
AVERAGE PRICE INCREASE			AVERAGE PRICE DECREASE		
% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Equity investments					
5%	8,085,930	8,085,930	(5%)	(8,085,930)	(8,085,930)

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 or the fair value of fixed rate financial instruments. Any variation in short and long-term interest rates, particularly in Australia and Asia, could affect the operating results of the Fund.

The Fund's exposure to interest rate risk is limited to cash and cash equivalents. At 30 June 2017, approximately 98.9% of the financial assets were non-interest bearing and 1.1% of the financial assets were at a floating rate, represented by the cash and cash equivalents balance on the Statement of Financial Position.

The Fund has performed sensitivity analysis relating to its exposure to its interest rate risk at balance date.

This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks on financial assets that have a variable interest rate.

16. FINANCIAL INSTRUMENTS (CONT.)

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%	19,986	19,986	(1%)	(19,986)	(19,986)

2016					
% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Cash at bank					
1%	26,100	26,100	(1%)	(26,100)	(26,100)

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 Fund does not have any material credit risk exposure to a single debtor or group of debtors under financial instruments entered into by the Fund. The Fund's exposure to credit risk is minimised by the fact that they all can be settled within six months.

There are no amounts of collateral held as security at 30 June 2017 (2016: nil). The carrying amount of financial assets that represents the maximum credit risk exposure at the end of reporting period are detailed below:

	2017 $	2016 $
Summary of exposure		
Cash and cash equivalents	1,998,560	2,610,010
GST receivable	66,113	87,702
Distribution receivable	587,608	558,046
Interest receivable	1,659	223
	2,653,940	**3,255,981**

The Fund holds cash with financial institutions that have a credit rating of at least A.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's exposure to liquidity risk is minimal, with 70% of the total investments having at least a monthly redemption facility. 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 Fund, or in declining markets, loss of capital through a decline in the value of the investment in the underlying fund.

FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The following are contractual maturities of financial liabilities.

2017	6 MONTHS OR LESS $	6 MONTHS TO 1 YEAR $	REMAINING CONTRACTUAL MATURITIES $
Non-derivatives			
Payables	(74,381)	-	(74,381)
Distributions payable	(2,839,829)	-	(2,839,829)
Total non-derivatives	**(2,914,210)**	**-**	**(2,914,210)**

2016	6 MONTHS OR LESS $	6 MONTHS TO 1 YEAR $	REMAINING CONTRACTUAL MATURITIES $
Non-derivatives			
Payables	(170,372)	-	(170,372)
Distributions payable	(2,804,590)	-	(2,804,590)
Total non-derivatives	**(2,974,962)**	**-**	**(2,974,962)**

The carrying amounts of financial instrument for 30 June 2017 is $2,910,452 (2016: $2,974,962).

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

17. FAIR VALUE MEASUREMENT

The Fund's accounting policy on fair value measurements are disclosed in note 3.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at measurement date;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

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 fair values of:

- listed investments included in equity investments are readily traded on the Australian Securities Exchange and the New York Stock exchange in a standardized form. The fair value of listed securities is determined by valuing them at the last quoted sale price at the end of the reporting date;
- unlisted investments have been valued at the redemption price at the reporting date. For unlisted investments where there is no organised financial market, the fair value has been based on a reasonable estimation of the underlying net assets of the investments;
- derivatives that are not exchange-traded are estimated at the amount that the Fund would receive or pay to terminate the contract at the reporting date, taking into account current market conditions and the current creditworthiness of the counterparties. Specifically, the fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date.

2017	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
Assets				
Managed funds – unlisted	-	176,178,188	-	176,178,188
Total assets	**-**	**176,178,188**	**-**	**176,178,188**

2016	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
Assets				
Managed funds – unlisted	-	159,531,706	-	159,531,706
Equity investments – listed	2,186,888	-	-	2,186,888
Total assets	**2,186,888**	**159,531,706**	**-**	**161,718,594**

The Fund determines Level 2 fair values for unlisted investments at the redemption price at balance date. For unlisted investments where there is no organized financial market, the net fair value has been based on reasonable estimation of underlying net assets of the investments.

Level 2 fair values for derivatives that are not exchange-traded are estimated at the amount that the Fund would receive or pay to terminate the contract at the reporting date, taking into account current market conditions and the current creditworthiness of the counterparties. Specifically, the fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between hierarchy levels during the year.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

DIRECTORS

Alex MacLachlan, Tristan O'Connell and Warwick Keneally are directors of the Responsible Entity, Walsh & Company Investments Limited, and are deemed to be key management personnel.

The key management personnel do not receive compensation from the Fund or from the Responsible Entity directly for their management function performed for the Fund.

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

	2017	2016
Alex MacLachlan	11,875	11,875
Tristan O'Connell	3,659	3,537
Tom Kline (resigned 16 May 2017)	10,801	10,439
Warwick Keneally (appointed 16 May 2017)	-	-
	26,335	**25,851**

19. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

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

RELATED PARTY INVESTMENTS IN THE SCHEME

The Responsible Entity or its associates does not hold any investments in the scheme.

MANAGEMENT FEES - WALSH & COMPANY INVESTMENTS LIMITED

The Responsible Entity's duties include establishing the compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund. As Responsible Entity, Walsh & Company Investments Limited receives a management fee pf 0.088% per annum (inclusive of GST) of the gross asset value of the Fund.

Total management fees paid or payable to the Responsible Entity for the year ending 30 June 2017 were $134,320 (2016: $126,132), exclusive of GST.

INVESTMENT MANAGER FEES – WALSH & COMPANY ASSET MANAGEMENT PTY LIMITED

The Investment 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 Funds' investment portfolio, and determining and recommending the retention or sale of investment in the Fund's portfolio. In connection with the provision of services as Investment Manager, Walsh & Company Asset Management Pty Limited receives an investment management fees of 1.1% per annum (inclusive of GST) of the gross asset value of the Fund.

Investment management fees paid or payable for the year ending 30 June 2017 were $1,679,000 (2016: $1,576,644), exclusive of GST.

FUND ADMINISTRATION FEES – AUSTRALIAN FUND ACCOUNTING SERVICES PTY LIMITED

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of the Dixon Advisory Group Pty Limited, the parent of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Time spent by administrative staff is charged to the Fund at agreed market derived rates, currently subject to a cap.

Total fund administration fees paid or payable for the year ended 30 June 2017 were $120,000 (2016: $120,000), exclusive of GST.

20. STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding control and the relevant activities are directed by means of contractual arrangements.

The Fund considers all investments in unlisted managed funds to be structured entities. The Fund invests in unlisted managed funds for the purpose of capital appreciation and earning investment income.

The unlisted managed funds are managed in accordance with the investment strategy by the respective investment managers. The investment decisions are based on the analysis conducted by the managers. The return of the unlisted managed funds is exposed to the variability of the performance of the investment strategies. The unlisted managed funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective trusts' net assets and distributions.

The carrying out of the Fund's interest in unconsolidated structured entities at 30 June 2017 was $176,178,188 (2016: $159,531,706). The fair value of these entities is included in financial assets held at fair value through profit or loss in the balance sheet.

The Fund's maximum exposure to loss is equal to the total fair value of its investments in these entities as there are no off balance sheet exposures relating to them. The Scheme's exposure to any risk from the structured entities will cease when these investments are disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

21. EVENTS AFTER THE REPORTING PERIOD

The distribution announced on 26 June 2017 totalling $2,835,549 was paid to unitholders on 1 August 2017. 541,006 units were issued under the Fund's Distribution Reinvestment Plan.

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

22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

No material amounts of contingent liabilities or capital commitments exist at balance date.

DIRECTORS’ DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

In the opinion of the directors of Walsh & Company Investments Limited, the Responsible Entity of Emerging Markets Masters Fund:

- the attached financial statements and notes, set out on pages 36 to 60, are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations and the *Corporations Regulation 2001*.
- 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 financial report also complies with International Financial Reporting Standards as discussed in note 3;
- the attached financial statements and notes give a true and fair view of the Fund’s financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

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

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

Alex MacLachlan

Chairman of Walsh & Company Investments Limited, Responsible Entity

24 August 2017

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2017

KPMG

Independent Auditor's Report

To the unitholders of Emerging Markets Masters Fund

Opinion

We have audited the ***Financial Report*** of Emerging Markets Masters Fund (the Fund).

In our opinion, the accompanying ***Financial Report*** of Emerging Markets Masters Fund is in accordance with the *Corporations Act 2001*, including

- giving a true and fair view of the Fund's financial position as at 30 June 2017, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises the:

- Statement of financial position as at 30 June 2017
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Fund in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of 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.

Valuation of the financial assets held at fair value through profit or loss ($176m)

The key audit matter	How the matter was addressed in our audit
Refer to Note 17 in the Financial Report. Financial assets held at fair value through profit or loss are comprised of investments in unlisted managed funds. Valuation of investments in unlisted managed funds is a key audit matter due to: • the significance of these assets in the financial statements, which represent 99% of the Fund's total assets; and • the degree of audit effort and resources involved in gathering the underlying documentation.	Our audit procedures included: • Obtained the Fund's custodian's GS007 (Guidance Statement 007 Audit Implications of the User of Service Organisations for Investment Management Services) independent assurance report to assess the custodian's processes to record the Fund's investments; • Checked the ownership of the investments to custody reports to test existence of investments being valued; • Checked the valuation of investments, as recorded in the general ledger, to independently requested and obtained confirmations of investment amounts from the investment managers; and • Obtained the latest available audited financial statements of the underlying unlisted managed funds to ensure they were audited by well-known and reliable accounting firms and received unmodified audit opinions.

Other Information

Other Information is financial and non-financial information in the Emerging Markets Masters Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Walsh & Company Investments Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

KPMG

Responsibilities of Directors for the Financial Report

The Directors of Walsh & Company Investments Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Andrew Reeves
Partner

Sydney
24 August 2017

UNITHOLDER INFORMATION

AT 31 JULY 2017

The unitholder 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:

	NUMBER OF HOLDERS OF ORDINARY UNITS
1 to 1,000	30
1,001 to 5,000	172
5,001 to 10,000	483
10,001 to 100,000	2,689
100,001 and over	73
	3,447
Holding less than a marketable parcel	**-**

UNITHOLDER INFORMATION

AT 31 JULY 2017

EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

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

	ORDINARY UNITS	
	NUMBER HELD	% OF TOTAL UNITS ISSUED
VONWILLER SUPER FUND A/C	292,720	0.31
JOHN G KING S/F A/C	272,746	0.29
ROSENSHUL S/F A/C	265,924	0.28
ROSEBANK STAFF S/FUND A/C	241,588	0.26
FUTURESHIFT SUPER FUND A/C	223,179	0.24
JAMES YATES MEDICAL S/F A/C	217,041	0.23
WOOD FAMILY SUPER FUND A/C	206,387	0.22
HAWES FAMILY SUPER FUND A/C	204,565	0.22
PMH SUPERANNUATION FUND A/C	191,852	0.20
VETEMAC PTY LTD STAFF SF A/C	174,220	0.18
FORBES SUPER FUND A/C	170,213	0.18
WILLIAM JOHN EARLE S/F A/C	169,875	0.18
DEVABALINI SUPER FUND A/C	163,179	0.17
G & P BENNETT SUPER FUND A/C	157,450	0.17
J & J KRUGER SUPER FUND A/C	155,364	0.16
THE DOUMANY SUPER FUND A/C	152,000	0.16
TIM HIGGINS S/F A/C	151,416	0.16
ISS SUPERANNUATION FUND A/C	151,029	0.16
ARISTIDES FAMILY A/C	142,879	0.15
R & L TOWN SUPER FUND A/C	142,012	0.15
	3,845,639	**4.07**

INVESTMENTS	MARKET VALUE $	% OF TOTAL
Steadview Capital Fund	26,353,868	15
Lazard Emerging Markets Fund	22,083,441	13
BMO LGM Frontier Markets Fund	21,267,455	12
Polunin Discovery Frontier Markets Fund	19,973,073	11
Wells Fargo China Equity Fund	19,604,615	11
CEPHEI QFII China Fund	9,802,131	6
APS China A Share Fund	9,205,453	5
Somerset Emerging Markets Dividend Growth Fund	8,626,180	5
Russian Prosperity Fund	8,237,480	5
Brasil Capital Equity Fund	8,151,905	5
NCC China A-Share Fund	7,306,204	4
Schroder International Emerging Europe Fund	6,167,218	4
Arisaig Latin America Consumer Fund	5,166,583	3
GBM Crecimiento	4,232,582	2
Total Portfolio Value	**176,178,188**	**100**

TRANSACTIONS

The total number of transactions in securities during the reporting period was 28.

UNITHOLDER INFORMATION

AT 31 JULY 2017

MANAGEMENT AGREEMENT

Walsh & Company Investments Limited (**Responsible Entity**) has appointed Walsh & Company Asset Management Pty Limited (**Investment Manager**) to manage the Portfolio of the Fund. The Investment Manager will manage and supervise all investments for the term of the management agreement.

Subject to the Corporations Act or any other applicable rules and regulations, the Responsible Entity's investment policies and any written guidelines issued by the Responsible Entity, the Investment Manager will, from the allotment date, manage the Portfolio and the investments on behalf of the Fund. Investments that may be made by the Investment Manager are limited to the following:

a. securities (including interests in managed investment schemes) as defined in the Corporations Act;

b. interests in limited partnerships;

c. equity instruments or investments analogous to the above;

d. cash and cash equivalents;

e. derivatives and other exchange rate risk management instruments or products; and

f. any other financial instruments incidental to operating or managing a fund-of-funds portfolio with which the Investment Manager may lawfully deal.

Subject to the above, and compliance with the investment policies, guidelines and criteria agreed with the Responsible Entity from time to time, the Investment Manager has the discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio, including:

a. the investigation of, negotiation for, acquisition of, or disposal of, every investment;

b. to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments in lieu of those investments of proposed investments;

c. if any investments are redeemed, or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued, to convert that investment into some other investment or accept repayment of the capital paid or advanced on the investment and any other monies payable in connection with that redemption or repayment and to invest any of those monies in the purchase of investments to be added to the Portfolio; and

d. to retain or sell any security or other property received by the Fund by way of bonus, or in lieu of, or in satisfaction of, a dividend in respect of any investments.

The Investment Manager must arrange for the calculation of the value of the Portfolio monthly to ensure the Fund is in a position to comply with its reporting obligations to ASX under Listing Rule 4.12.

In return for the performance of its duties as investment manager of the Fund, the Investment Manager is entitled to be paid, and the Responsible Entity must pay to the Investment Manager out of the assets of the Fund, (which remuneration is to be retained for the use and benefit of the Investment Manager) a management fee equivalent to 2.2% per annum (inclusive of GST) of the gross value of the assets of the Fund, payable monthly in advance. The Investment Manager has agreed to waive part of this fee and so will receive only a management fee of 1.1% per annum (inclusive of GST). This waiver may be terminated on delivery of three months' notice.

The Responsible Entity is liable for, and must pay out of the Portfolio, (or if paid by the Investment Manager, reimburse the Investment Manager out of the Portfolio) all 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 Investment Manager's obligations under the management agreement.

The management agreement is for an initial period (**Initial Term**) commencing on the date of allotment and expiring on the date 10 years after the date of allotment, unless terminated earlier in accordance with its terms. The Management Agreement will be automatically extended upon the expiry of the Initial Term for a further term of one year and, if not terminated earlier, on each subsequent anniversary of the expiry of the Initial Term.

The Investment Manager may terminate the management agreement at any time after the first anniversary of the Commencement Date by giving to the Responsible Entity at least six months' written notice. The Responsible Entity may remove the Investment Manager and terminate the management agreement after the expiration of the Initial Term on three months' prior written notice with the approval of Unitholders by ordinary resolution passed in a general meeting.

The Responsible Entity may immediately terminate the management agreement on the occurrence of any of the following:

a. an insolvency event occurs with respect to the Investment Manager;

b. the Investment Manager breaches its obligations under the management agreement in a material respect and the breach cannot be remedied, or if it can be remedied, the Investment Manager does not remedy that breach within 30 days after the Responsible Entity has notified the Investment Manager in writing to remedy the breach;

c. the Investment Manager persistently fails to ensure that investments made on behalf of the Fund are consistent with the Responsible Entity's investment strategy outlined in Section 3 of the RPDS as amended from time to time as agreed by the Investment Manager and the Responsible Entity; or

d. the licence under which the Investment Manager performs its obligations, (either held by the Investment Manager or a third party who has appointed the Investment Manager to act as authorised representative) is suspended for a period of not less than one month or cancelled at any time and the Investment Manager fails to obtain an authorisation enabling it to perform its obligations under the management agreement from a third party holder of a licence.

The Responsible Entity must indemnify the Investment Manager against any losses or liabilities reasonably incurred by the Investment Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with the Investment Manager or any of its officers, employees or agents acting under the management agreement or on account of any bona fide investment decision made by the Investment Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Investment Manager or its officers or employees. This obligation continues after the termination of the management agreement.

The Investment Manager must indemnify the Responsible Entity and the Fund against any losses or liabilities reasonably incurred by the Responsible Entity arising out of, or in connection with, and any costs, charges and expenses incurred in connection with any negligence, default, fraud or dishonesty of the Investment Manager or its officers or supervised agents. This obligation continues after the termination of the management agreement.

Responsible Entity:

WALSH & COMPANY

INVESTMENTS LIMITED

ACN 152 367 649 | AFSL 410 433