



All data is as at 30 June 2017 and in Australian dollar (AUD) terms, unless otherwise indicated.

PORTFOLIO COMMENTARY

AUF performed strongly in the second quarter of 2017 (Q2), with an NTA total return of +8.1% (including dividends). A special dividend of 5 cents per share was paid on 20 June.

AUF's exposure to China A-Shares made the largest performance contribution, both on a country allocation and a manager selection basis. A-Shares performed well in Q2, rising 8.3%, and AUF's managers outperformed the Chinese benchmark by a large margin. Cephei, NCC and APS China A-Share funds returned +16.8%, +15.6%, and +12.7%, respectively. Wells Fargo, AUF's offshore China manager, also made a significant contribution to performance, returning +9.9%, in line with the MSCI China Index (which includes H-Shares and US listed ADRs), which gained 10.2% in Q2. JPMorgan Taiwan also made a large contribution to AUF's performance, returning +8.3% in Q2 and outperforming the local benchmark by 1.9%.

Arisaig, a regional consumer specialist manager, delivered a strong performance of +7.7% in Q2, while AllianceBernstein, a regional manager, returned +6.7%. Both funds made a significant contribution to AUF's performance in Q2.

The small cap specialists in the portfolio lagged and performed less well. In Q2, Prusik gained 3.2% and Asia New Stars returned +2.9%.

AUF's significant exposure to the consumer sector, at 29% of the portfolio, made a positive contribution to performance: Consumer Discretionary gained 8.1% and Consumer Staples was up 7.0% in Q2. The best performing sector was Information Technology (+14.4%), in which AUF has over 24% of its portfolio. AUF's relatively low exposure to Energy also helped, as this sector declined 4.2% in Q2.

Asia ex-Japan equities remain attractively valued relative to developed market equities, and a number of the key risks appear to be receding, with a more stable US dollar (USD) and a diminished risk of protectionist policies. Corporate earnings in Asia ex-Japan markets have been strong and earnings forecasts have been revised upwards. We believe Asia ex-Japan markets appear well placed to continue their strong, recent performance.

PERFORMANCE AS AT 30 JUNE 2017

	3 months	6 months	1 year	2 years pa	3 years pa	5 years pa	Since inception pa
Share price total return*	7.8%	15.5%	14.1%	0.9%	13.7%	12.2%	5.3%
NTA total return*	8.1%	13.6%	13.1%	0.6%	13.1%	12.4%	5.8%

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

COMPANY FACTS

ASX ticker	AUF
Asset class	Asia ex-Japan equities
Structure	Listed investment company
Inception	December 2007
Currency	AUD (unhedged)
NTA	\$1.30
Market capitalisation	\$172 million
Shares outstanding	131 million

ONGOING FEES

Investment Management fee	1.01% p.a.*
---------------------------	-------------

*Inclusive of GST (net of RITC), does not include underlying fund manager fees. For more information on ongoing fees and costs associated with the product, please refer to Section 1 of the Replacement Prospectus dated 22 July 2016.

DIVIDENDS ANNOUNCED (LAST 12 MONTHS)

May 2017 (special dividend)	5.0 cents per share (fully franked)
February 2017	1.1 cents per share (fully franked)
August 2016	1.1 cents per share (fully franked)

UNDERLYING MANAGERS

MANAGER	WEIGHT**
Wells Fargo China Equity Fund	11.7%
ANDA Korea Active Return Fund	11.1%
Steadview Capital Fund	10.7%
Arisaig Asia Consumer Fund	8.8%
Prusik Asian Smaller Companies Fund	8.0%
AllianceBernstein Asia ex-Japan Fund	7.9%
Cephei QFII China Absolute Return Fund	7.9%
JPMorgan Taiwan Fund	7.2%
Asian Opportunities Absolute Return Fund	7.1%
Asia New Stars No.1 Fund	6.6%
APS China A-Share Fund	5.0%
NCC China A-Share Fund	4.9%
Komodo Fund	2.0%
Cash*	1.2%

* Excludes any cash held by underlying investment managers.

** Figures may not reconcile due to rounding.

MARKET REVIEW

The second quarter of 2017 was a good quarter for Asia ex-Japan equities, as all markets posted positive returns in both AUD and local currency terms. The MSCI Asia ex-Japan Index rose 7.9%. Easing geopolitical concerns, an improved earnings outlook, and a weaker USD were positive for markets during the quarter. The USD weakened further in Q2 despite a 25 basis point interest rate hike by the US Federal Reserve in June.

China A-Shares (+8.3%) were the best performers in Q2, significantly outperforming H-Shares (+2.0%). Easing concerns over liquidity tightening and MSCI's decision to include A-Shares in its benchmark indices from June 2018 boosted equities. The MSCI China Index, which includes Hong Kong-listed H-Shares and US-listed ADRs, returned 10.2%, driven by a handful of technology stocks. Alibaba, JD.com and Tencent, which together represent almost 30% of the Index, returned 30.1%, 25.5% and 24.5%, respectively. Vietnam (+7.9%) also performed well, supported by the government's move to privatise many state-owned enterprises.

The Korean market (+7.8%) reached a record high on 29 June on improved sentiment following the election of new President Moon Jae-in. Hong Kong (+7.6%), Indonesia (+7.4%), the Philippines (+6.8%), and Taiwan (+6.4%) also posted strong returns. India (+4.9%) continued to perform well amid steady reform progress. Southeast Asian markets posted mixed performance as Malaysia (+4.8%), Singapore (+3.8%) and Thailand (+1.9%) underperformed their regional peers.

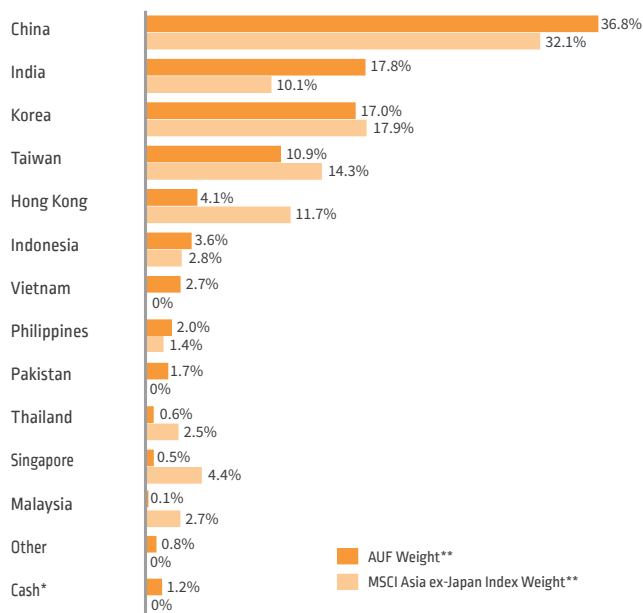
The best performing sectors were Information Technology (+14.4%), Consumer Discretionary (+8.1%), Consumer Staples (+7.0%), Real Estate (+6.2%) and Financials (+5.5%), while Utilities (-0.1%) and Energy (-4.2%) were softer.

TOP 10 HOLDINGS

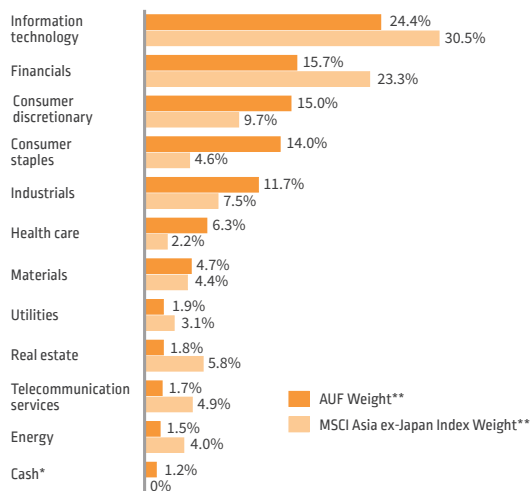
Indicative look-through stock exposure derived from portfolio of underlying funds:

	COMPANY	COUNTRY	WEIGHT
1	Samsung Electronics Co Ltd	Korea	4.3%
2	Alibaba Group Holding Ltd	China	1.5%
3	Tencent Holdings Ltd	China	1.5%
4	Page Industries Ltd	India	1.1%
5	Philippine Seven Corp	Philippines	1.1%
6	Yes Bank Ltd	India	1.0%
7	Eicher Motors Ltd	India	1.0%
8	TSMC Ltd	Taiwan	1.0%
9	IndusInd Bank Ltd	India	1.0%
10	Hangzhou Hikvision Digital Technology Co Ltd	China	0.9%

COUNTRY ALLOCATION



SECTOR ALLOCATION



* Excludes any cash held by underlying investment managers.

** Figures may not reconcile due to rounding.

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

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

RISKS

Like all investments, an investment in the Fund carries risks that may result in the loss of the invested income or principal. In addition to the general risks of investing, specific risks associated with investing in the Fund include, but are not limited to, the Asia markets' equity risk, sovereign risk and currency risk. For further information about the risks of investing in the product see Section 3 in the Prospectus.

ABOUT WALSH & COMPANY

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

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

CONTACT

Adam Coughlan

Head of Distribution

T: (02) 8662 9792

E: adam.coughlan@walshandco.com.au

NSW/WA

Emmanuel Vergara

Key Account Manager

T: (02) 9432 3023

E: emmanuel.vergara@walshandco.com.au

VIC/TAS/SA

Charlie Wapshott

Key Account Manager

T: (03) 9411 4066

E: charlie.wapshott@walshandco.com.au

NSW/QLD

Reuban Siva

Business Development Manager

T: (02) 8662 9790

E: reuban.siva@walshandco.com.au

PORTFOLIO MANAGER



James Brown

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

IMPORTANT INFORMATION

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

This document may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs. The past performance of the Company is not a guarantee of the future performance of the Company.

This document may contain statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Investment Manager does not make any representation as to the accuracy or likelihood of fulfilment of the forward looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and the Investment Manager assumes no obligation to update that information.

The Investment Manager gives no warranty, representation or guarantee as to the accuracy or completeness or reliability of the information contained in this document. The Investment Manager does not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this document. Any recipient of this document should independently satisfy themselves as to the accuracy of all information contained herein.

MSCI Asia ex Japan Index source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

