



14 February 2018

ASX Announcement

(ASX: AUF)

Investment and NTA update at 31 January 2018

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 January was \$1.43 per share (compared with \$1.41 at 31 December 2017).

The Asian Masters Fund is a long-term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, the net asset backing after tax would be \$1.30 per share.

AUF's unaudited, pre-tax NTA per share returned +1.3% over the month of January. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which increased +4.3% over the same period. Since its initial public offering, AUF has returned +90.8% compared with +70.2% for the MSCI Asia ex Japan Index. At 31 January 2018, AUF was 96% invested and had investments in 13 funds with a total portfolio value of \$193.3m.

Market Commentary¹

Asia ex Japan markets continued their strong momentum in January and outperformed global equities amid upward revisions in global growth, strengthening commodity prices and a weaker US dollar (USD). The MSCI Asia ex Japan Index (the Index) gained 4.3% in AUD terms (+7.6% in USD terms) and all markets were positive in local currency terms.

China H-Shares (+12.2%) were the best performing market in January and significantly outperformed A-Shares (+6.5%) on the back of strong flows from the mainland to Hong Kong through the Stock Connect program. Positive earnings revisions, strong economic data, including better-than-expected fourth quarter (Q4) gross domestic product (GDP) growth at 6.8% year-on-year (yoy), and a stronger Chinese yuan also buoyed equities. Vietnam (+9.7%) surged on continued foreign inflows attributable to positive economic momentum including Q4 GDP growth which beat expectations, at 7.7% yoy. Hong Kong (+6.5%) performed strongly supported by positive sentiment from China.

Thailand (+5.0%) and Malaysia (+4.7%) also outperformed the Index supported by higher oil prices. Taiwan (+2.9%), India (+2.7%), Singapore (+2.7%) and Indonesia (+2.4%) posted positive returns, but underperformed the Index.

Korea (+0.8%) and the Philippines (-3.2%) were poorest performers in the region as their currencies depreciated significantly.

The Australian dollar closed at 80.55 US cents on 31 January 2018, increasing 3.2% on December's close of 78.09 US cents.

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

Source: Walsh & Company Asset Management Pty Limited. Note some figures may not reconcile due to rounding. The historical performance of the Manager is not a guarantee of the future performance of the Portfolio or the Company