

QUARTERLY INVESTMENT UPDATE

JUNE 2018

All data is as at 30 June 2018 and in Australian dollar (AUD) terms, unless otherwise indicated.

PORTFOLIO COMMENTARY

During the June quarter (Q2), funds received from the restructure of Asian Masters Fund (which was approved by shareholders at a general meeting on 23 April 2018) were invested in a diversified portfolio of Asia ex Japan stocks. At 30 June, the Fund was fully invested, with an equity exposure of 94%.

Since the Fund's inception on 14 May 2018, Asian markets have declined due to the threat of a trade war between China and the United States (US). From inception to 30 June 2018, the MSCI Asia ex Japan Index lost 5.2%. Despite difficult market conditions, the Fund has performed substantially better than the market, with a total return of -2.6% since inception on a Net Tangible Assets (NTA) basis. We believe that our relative conservatism at this time will benefit returns to investors.

Stocks focused on domestic consumption were the top performers in the portfolio. Leading gains was Ctrip.com, China's largest online travel agency, which rose 12.6% as the company reported solid financial results. Hengan International Group (up 9.4%), the largest producer of sanitary napkins and baby diapers in China, as well as Shenzhou International Group (up 9.1%), a Chinese manufacturer of high-end knitwear products for companies such as Nike, also made significant contributions to EAF's performance.

On the other hand, Industrial and Commercial Bank of China declined 14.2% due to the government's crackdown on shadow lending activities. CP All, the exclusive operator of 7-Eleven convenience stores in Thailand, declined 13.9% largely due to general weakness in the Thai market.

While banking stocks suffered over the period, the portfolio was underweight in financials, with the heaviest overweight in consumer stocks. On a geographic basis, the Fund was overweight China, Singapore and Indonesia, and underweight Malaysia, Korea and India.

There are clearly risks to Asian markets over the short term as trade tensions could persist. However, equity markets have de-rated significantly and are attractively valued. We remain confident in the strong fundamentals of the companies in EAF's portfolio and believe we can continue to outperform over the long term.

FUND FACTS

KEY FUND DETAILS

ASX ticker	EAF
Asset class	Asia ex Japan equities
Structure	Listed investment trust
Inception	May 2018
Currency	AUD (unhedged)
Targeted no of securities	30-50
NTA	\$1.23
Unit price	\$1.21
Market capitalisation	\$160 million
Units outstanding	130 million

ONGOING FEES¹

Investment Management fee	1.25% p.a.
Responsible Entity Fee	0.10% p.a.
Performance Fee ²	10% of the excess return over Index Return Hurdle and Absolute Return Hurdle

1. Inclusive of GST and net of RITC

2. MSCI Asia ex Japan Net Total Return (measured in USD and converted to AUD) (Index Return Hurdle) and the 10-year US Government Bond yield (Absolute Return Hurdle), subject to a High Water Mark and overall cap

For more information on ongoing fees and costs associated with the product, please refer to Section 4 of the Product Disclosure Statement dated 23 March 2018.

DISTRIBUTIONS ANNOUNCED

Most recent semi-annual distribution

June 2018	2.6 cents per unit
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FUND PERFORMANCE^{1,2}

	1 month	3 month	6 month	1 year	3 years	Since inception
Unit price (%)	1.3%	–	–	–	–	-4.3%
NTA (%)	-0.9%	–	–	–	–	-2.6%
MSCI Asia ex Japan Index ³ (%)	-2.6%	–	–	–	–	-5.2%

Notes: 1. All returns beyond one year are annualised. Inception date 14 May 2018. 2. All performance numbers are total returns, with distributions reinvested and net of fees and costs. 3. Index net total returns are sourced from Bloomberg.

MARKET REVIEW

The MSCI Asia ex Japan Index declined 1.7% (down 5.4% in USD terms) in Q2 (noting the index was down 5.2% since EAF's inception date of 14 May), as increasing trade tensions and a hawkish US Federal Reserve statement drove sentiment lower.

All markets except India (up 3.0% in AUD terms and 4.4% in local currency terms) declined in local currency terms in Q2. China (up 0.4%) and Hong Kong (up 2.7%) managed to outperform the regional benchmark. Chinese equities were severely hit in June after President Trump imposed tariffs on Chinese imports. China immediately retaliated with the announcement of its own tariffs on US goods.

Taiwan (down 2.4%) and Singapore (down 3.9%) suffered less severe declines relative to the other markets. Korean equities lost 6.2% despite positive geopolitical developments, as North Korea agreed to denuclearise following the successful meeting between Trump and Kim Jong-un.

Meanwhile, Southeast Asian equity markets and currencies were hit particularly hard. The MSCI Philippines Index lost 7.6%, while Indonesia declined 8.7%. Malaysian equities were down 7.9% in Q2, as the unexpected victory of the Pakatan Harapan coalition in the general elections held in May brought policy uncertainty. Thailand declined 11.5% despite strong economic fundamentals.

Energy (up 4.2%) was the best performing sector in Q2 due to higher oil prices, followed by consumer staples (up 4.0%) and utilities (up 2.7%). Industrials (down 5.0%), consumer discretionary (down 4.0%) and materials (down 3.3%) finished at the bottom.

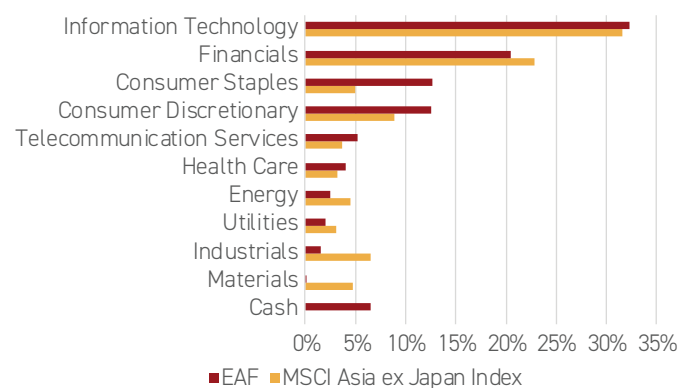
RESTRUCTURE UPDATE

During the quarter, investors voted in favour of the restructure of the Fund from a fund-of-funds company to a direct equities trust structure. As outlined in the March 2018 Notice of Meeting, we believe the value case for our investors was compelling, and so we have implemented the restructure without delay following the vote. Throughout the process, we endeavoured to communicate with investors to help them understand the process and rationale for the restructure. However, we have received feedback from some investors who felt that more time and communication would have been helpful. As always, we appreciate feedback from our investors, and we continue to strive to provide effective communication with our investors.

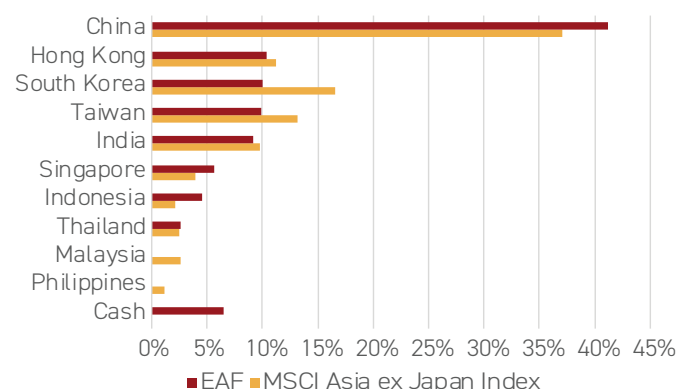
TOP 10 PORTFOLIO HOLDINGS

Listed A – Z	Sector (GICS)
AIA Group	Financials
Alibaba Group	Information Technology
ASM Pacific Technology	Information Technology
Naver Corp	Information Technology
New Oriental Education	Consumer Discretionary
Samsung Electronics	Information Technology
Shenzhou International	Consumer Discretionary
TSMC	Information Technology
Tencent Holdings	Information Technology
United Overseas Bank	Financials

SECTOR ALLOCATION



COUNTRY ALLOCATION



INVESTMENT OBJECTIVE

The objective of the Fund is to provide investors with attractive risk-adjusted returns over the long-term by investing in high-quality companies in the Asia ex Japan region.

INVESTMENT STRATEGY

Evans and Partners Investment Management Pty Limited (the **Investment Manager**) will target a concentrated portfolio of 30-50 securities domiciled in the Asia ex Japan region.

Securities are assessed against the following key criteria:

- quality management and good corporate governance standards;
- sound business model;
- solid financial position; and
- sufficient growth to justify a premium over the current price.

The Investment Manager will invest directly in listed securities and other investments, with an intention to provide investors with a portfolio of investments in markets including China, India, Hong Kong, Singapore, South Korea, Taiwan, Indonesia, Thailand, Malaysia, and other Asian countries.

The portfolio will be overweight countries and sectors which the investment team believe offer greater potential for higher risk-adjusted returns. The investment team will actively manage the risk profile of the Fund to provide Unitholders with an appropriate level of down side protection and upside gain as broader investor sentiment in the market fluctuates.

The investment process is conducted by the Investment Manager who coordinates with the investment team to assist with investment decisions.

ABOUT THE INVESTMENT MANAGER

Evans and Partners Investment Management Pty Limited is a subsidiary of the Walsh & Company Group. The Group is a multibillion-dollar global funds management firm founded in 2007, with 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 that are not otherwise readily accessible to investors and with a focus on building high-quality, diversified portfolios.

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KUNAL VALIA – Assistant Portfolio Manager
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YING LUO – Funds Management Analyst

IMPORTANT INFORMATION

This Quarterly Update (Update) has been prepared by Walsh & Company Investments Limited as Responsible Entity (ACN 152 367 649, AFSL 410 443) of Evans & Partners Asia Fund (Fund). An investment in the Fund is subject to various risks, many of which are beyond the control of the Investment Manager and the Fund. The past performance of the Fund is not a guarantee of the future performance of the Fund. This Update contains statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. None of the Responsible Entity and the Fund, their officers, employees, agents, analysts nor any other person named in this Update makes 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. This Update 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, and consider obtaining advice from a financial advisor. You should obtain a copy of the relevant PDS or offer document before making any decisions to purchase the product.

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