



14 January 2015

**ASX Announcement
(ASX: AUF)
Investment and NTA update at 31 December 2014**

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 December was \$1.24 per share (compared with \$1.14 at 30 November 2014).

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 \$1.13 per share.

AUF's unaudited, pre-tax NTA per share returned +8.6% over the month of December. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which rose 2.0% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 31.5%. At 31 December 2014, AUF was 99% invested and had investments in 12 funds with a total portfolio value of \$147,507,313.

Market Commentary

Asian stocks generally declined in December in line with global equities amid falling oil prices, which plunged to a five year low. The MSCI Asia ex Japan Index (the Index) lost 2.1% in US dollar terms but gained 2.0% in Australian dollar (AUD) terms as the AUD depreciated significantly during the month.

Chinese equities performed exceptionally well in December, with A-shares rising 29.7% in AUD terms, capping its highest monthly gain since April 2007, and China H-shares gaining 12.1%. The bull run in Chinese stocks was driven by a surge in investor confidence as speculation grew over further monetary easing by the government, after manufacturing data continued to depict weakening of the economy. The Philippines gained 4.1% in AUD terms but lost 0.8% in local currency terms.

Indonesia (+4.0%), Taiwan (+3.5%) and Singapore (+3.3%) outperformed the broader Index. Hong Kong (+2.6%) and Korea (+2.1%) posted positive returns in AUD terms but were negative in local currency terms, but still outperformed the Index. Vietnam (+0.6%), India (-1.6%) and Malaysia (-1.9%) underperformed the benchmark.

Thailand was the worst performing market in the region, losing 2.3% in AUD terms, as tumbling oil prices triggered a sell-off in energy shares.

The Australian dollar closed out December at 81.75 US cents, decreasing 3.9% on November's close of 85.06 US cents.

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.