



12 August 2016

**ASX Announcement
(ASX: AUF)
Investment and NTA update at 31 July 2016**

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 July was \$1.27 per share (compared with \$1.24 at 30 June 2016).

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 \$1.18 per share.

AUF's unaudited, pre-tax NTA per share returned 2.4% over the month of July. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which increased 2.9% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 34.4%. At 31 July 2016, AUF was 98.3% invested and had investments in 12 funds with a total portfolio value of \$156.7m.

Market Commentary¹

Asia ex Japan markets rallied in July along with global equities as markets quickly recovered from the Brexit vote impact. The MSCI Asia ex Japan Index (the Index) gained 2.9% in AUD terms (+4.8% in USD terms). All Asia ex Japan markets posted positive returns in local currency terms, except Malaysia.

Taiwan (+4.7%) was the best performing market in the region amid significant inflows from overseas investors and a strengthening currency. Inflows were driven by expectations that the launch of Apple's iPhone 7 will boost profits at Taiwanese suppliers. Thailand (+4.6%) also rallied amid higher foreign inflows. The government approved significant infrastructure spending during the month.

Korea (+3.9%), Hong Kong (+3.4%) and India (+3.3%) also outperformed the Index. India rose on the back of favourable domestic factors including steady progress of the monsoon and expectations that the landmark Goods and Services Tax bill would be approved by the Upper House.

Indonesia (+2.9%), Vietnam (+1.3%), China H-Shares (+1.3%), China A-Shares (+1.0%), and the Philippines (+0.4%) registered positive returns, but underperformed the Index. Chinese equities surged on positive economic data, with second quarter gross domestic product growth reported at 6.7% year-on-year, unchanged from the previous quarter. However, anticipation of stringent regulation on banks' wealth management products weighed on investor sentiment.

Singapore declined 0.3%, while Malaysia (-3.1%) was the worst performing market.

The Australian dollar closed out July at 75.96 US cents, increasing 1.9% on June's close of 74.51 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.

