

14 January 2014

**ASX Announcement  
(ASX: AUF)  
Investment and NTA update at 31 December 2013**

**Overview**

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 December 2013 was \$1.09 per share (compared with \$1.07 at 30 November 2013).

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 \$1.01 per share.

AUF's unaudited, pre-tax NTA per share increased by 1.4% over the month of December. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which gained 0.8% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 25.9%. At 31 December 2013, AUF was 98% invested and had investments in 11 funds with a total portfolio value of \$132,139,104.

**Market Commentary**

The US Federal Reserve announced in December that it would reduce its asset purchase program by USD 10 billion in January 2014, but pledged to keep interest rates low for an extended period. Market reaction was muted as arguably this decision by the Fed was already priced in.

India was the best performing market, gaining 4.7% in AUD terms driven by the Bharatiya Janata Party (BJP) positive showing in state elections and the Reserve Bank of India's surprise decision to not increase interest rates. Taiwan and Malaysia also performed well, rising 3.6% and 3.5% in AUD terms, respectively.

Vietnam (+1.6%) and Singapore (+1.3%) also managed to outperform the MSCI Asia ex Japan index, while Korea (+0.7%) posted positive returns but underperformed the broader index. Hong Kong (-0.5%) and Indonesia (-1.2%) finished the month in the red.

Thailand (-5.3%) had the worst performance, followed by the Philippines (-4.1%), China H-Shares (-3.7%) and China A-Shares (-2.0%). Political instability and weak domestic demand led to a decline in Thai equities.

The Australian dollar closed out December at 89.17 US cents, decreasing 2.1% on November's close of 91.08 US cents.

\* Source: Dixon Advisory and Superannuation Services 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.