

11 March 2016

**ASX Announcement
(ASX: AUF)
Investment and NTA update at 29 February 2016**

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 29 February was \$1.18 per share (compared with \$1.23 at 31 January 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 \$1.12 per share.

AUF's unaudited, pre-tax NTA per share returned -2.6% over the month of February, taking into account the fully franked 1.1 cent per share dividend which was announced on 22 February 2016. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which declined 1.9% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 36.5%. At 29 February 2016, AUF was 97.8% invested and had investments in 13 funds with a total portfolio value of \$149.8m.

Market Commentary¹

There was significant performance divergence among Asia ex Japan markets in February, with the Southeast Asian markets and Taiwan significantly outperforming the North Asian economies and India. The MSCI Asia ex Japan Index (the Index) declined 1.9% during the month.

Indonesia (+5.1%) was the best performing market as equities surged on the back of strong fourth quarter gross domestic product data and a 25 basis points (bps) interest rate cut by the central bank. The government also unveiled their 10th stimulus plan in February. Taiwan also performed well, rising 3.1% during the month. Thailand (+1.8%), Singapore (+1.8%), Vietnam (+1.3%) and the Philippines (-0.5%) outperformed the Index in February. Malaysia (-2.5%), Korea (-2.8%) and Hong Kong (-3.7%) underperformed the Index.

China A-Shares (-3.0%) and China H-Shares (-4.8%) suffered losses amid weak economic data and currency depreciation. However, equities rebounded in the second half of the month due to increasing expectations of more economic reforms and measures to stabilise the currency. China's central bank lowered the banks' Reserve Requirement Ratio by 50 bps with effect from 1 March 2016.

India (-8.9%) was the worst performing market due to policy uncertainty ahead of the union budget. Weak third quarter corporate earnings releases also weighed on equity prices.

The Australian dollar closed out February at 71.41 US cents, increasing 0.8% on January's close of 70.84 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.