



Asian Masters Fund Limited Annual General Meeting – 20 November 2014 Chairman's Address

Welcome to the annual meeting of the Asian Masters Fund Limited (the **Company** or **AUF**).

At 30 June 2014, the pre-tax net tangible asset (NTA) value of the Company was \$1.01 per share and the post-tax NTA was \$0.96 per share. This compares to the pre-tax NTA of \$1.01 per share and the post-tax NTA of \$0.95 per share at 30 June 2013.

The Company provided a total return of +1.7% to investors in FY14. From 30 June 2014 to 31 October 2014, the Company's NTA has provided a total return of 8.6%.

During FY14, the Company paid two unfranked dividends of 1 cent per share on 2 December 2013 and 25 March 2014. AUF also raised \$647,680 through the Company's dividend reinvestment plan.

The Company's board was strengthened with the appointment of Christopher Lee as an independent director. Mr Lee is based in Hong Kong and has 18 years of global financial markets experience.

During the financial year, the Company announced one buyback program on 6 August 2013. The buybacks were undertaken as an active capital management tool to provide liquidity to existing shareholders should they seek to exit their investment at, or near, net tangible asset value.

Subsequent to the end of the financial year the Company obtained shareholder approval to buy-back up to a further 25% of shares on issue, or 31,595,135 shares. The Company also announced an unfranked dividend of 1.0 cent per share, paid on 2 October 2014.

Asia ex Japan equities performed well in FY14, with all markets finishing the period up in local currency terms. The MSCI Asia ex Japan Index gained 12.6% in Australian dollar terms. During the first half of FY14, market attention was focused on the US Federal Reserve's (Fed) policy direction. The Fed's surprise decision to leave asset purchases unchanged in September 2013 and the slew of reforms announced by the Chinese government to accelerate growth in China supported equity prices at the beginning of the last quarter of 2013. The Fed announced in December 2013 that it would reduce its asset purchase program by USD 10 billion per month, beginning January 2014, but pledged to keep interest rates low for an extended period. Market reaction was muted as the Fed's decision was arguably already priced in.

Asia ex Japan equities lost steam in the first quarter of 2014 amid renewed concerns over a slowdown in the Chinese economy and an escalation in geopolitical tensions between Russia and Ukraine over Crimea. However, better-than-expected expansion in the Chinese manufacturing data in the second quarter of 2014 suggested economic activity had stabilised on supportive policy measures, lifting investor sentiment.

During the financial year, the Company made a new investment in CK Absolute Return Fund, a Korean equities specialist, increasing its exposure to the Korean market. The Company also made an additional investment in JPMorgan Taiwan Fund to increase its exposure to Taiwan.



AUF also added to its investments in Aberdeen Asian Opportunities Fund and JPMorgan China Pioneer A-Share Fund.

The Company sold its investment in iShares MSCI Hong Kong Index Fund, and made partial redemptions from JPMorgan Korea Fund, Arisaig Asia Consumer Fund, and APS China A-Share Fund.

The outlook for Asia ex Japan equities is positive, with valuations at attractive levels, and Asian countries undertaking significant reform to improve the efficiency of their markets. The introduction of the Shanghai - Hong Kong Stock Connect, and its associated opening of the Chinese domestic equity market is one good example of such reform. We believe the portfolio of the Asian Masters Fund is well positioned to take advantage of these opportunities.

That concludes the Chairman's address.

We will now open up for questions.

We will now move into the formal part of the meeting.