



14 November 2016

ASX Announcement

(ASX: AUF)

Investment and NTA update at 31 October 2016

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 October was \$1.24 per share (compared with \$1.27 at 30 September 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 \$1.17 per share.

AUF's unaudited, pre-tax NTA per share returned -2.2% over the month of October. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which declined 0.8% over the same period. Since its initial public offering, AUF has outperformed its benchmark by 29.1%. At 31 October 2016, AUF was 97.5% invested and had investments in 13 funds with a total portfolio value of \$167.5m.

Market Commentary ¹

Asia ex Japan markets performed in line with global equities in October as investors remained watchful ahead of the United States presidential election in November. The MSCI Asia ex Japan Index (the Index) declined 0.8% in AUD terms (-1.5% in US dollar terms).

Indonesia was the best performing market in the region, rising 1.8% on the back of robust third quarter (Q3) corporate earnings. The central bank lowered interest rates by 25 basis points (bps) to 4.75%, the sixth rate cut this year. China A-Shares (+1.7%) outperformed H-Shares (+0.5%) as southbound flows from Shanghai to Hong Kong through the stock connect programme declined significantly in October. China's Q3 gross domestic product (GDP) growth expanded 6.7% year-on-year, in line with expectations.

Taiwan (+1.3%), India (+1.1%), Malaysia (+0.4%) and Thailand (+0.4%) posted positive returns. The Indian central bank's newly-constituted monetary policy committee surprised the market by lowering interest rates by 25 bps to 6.25%. Hong Kong (-0.7%) and Vietnam (-0.8%) declined but outperformed the Index.

The Philippines (-2.4%) and Singapore (-3.2%) underperformed the Index. The Philippine market experienced strong foreign outflows amid President Duterte's controversial rhetoric. Singapore's Q3 GDP growth surprised on the downside, contracting 4.1% quarter-on-quarter. Korea (-5.0%) was the worst performing market in the region. Korea's underperformance could largely be attributed to Samsung, as the company announced it would permanently discontinue its Galaxy Note 7 smartphone.

The Australian dollar closed out October at 76.09 US cents, decreasing 0.7% on September's close of 76.64 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