

14 June 2017

ASX Announcement

(ASX: AUF)

Investment and NTA update at 31 May 2017

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 May was \$1.30 per share (compared with \$1.31 at 30 April 2017).

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 \$1.21 per share.

AUF's unaudited, pre-tax NTA per share returned +4.8% over the month of May (including the special dividend declared during the month). This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which increased 5.0% over the same period. Since its initial public offering, AUF has returned 72.1%, compared with 46.1% for the MSCI Asia ex Japan Index. At 31 May 2017, AUF was 99.0% invested and had investments in 13 funds with a total portfolio value of \$179.4m.

Market Commentary ¹

Asia ex Japan markets continued their upward momentum in May. The MSCI Asia ex Japan Index (the Index) gained 5.0% in AUD terms (+4.3% in USD terms). All markets posted positive returns in both AUD and local currency terms during the month.

Korea (+8.7%) was the best performing market in May, driven by strong foreign inflows on the back of easing geopolitical concerns and the election of pro-business candidate Moon Jae-In in the presidential election. Hong Kong (+5.2%) posted notable gains amid better-than-expected first quarter gross domestic product (GDP) growth, reported at 4.3% year-on-year (yoy).

China H-Shares (+4.4%) outperformed A-Shares (+3.5%) supported by strong southbound flows through the Stock Connect programme and easing concerns over financial deleveraging. However, Moody's Investors Service's move to downgrade China's credit rating weighed on investor confidence. India (+4.4%) also performed well as encouraging progress on the implementation of the goods and services tax and an above-normal monsoon forecast boosted equities.

Vietnam (+3.9%), Singapore (+3.5%), the Philippines (+3.4%), Taiwan (+2.6%) and Indonesia (+2.5%) also posted positive returns but underperformed the Index. Thailand (+2.3%) lagged the Index amid poor corporate earnings releases and heavy rainfall which caused floods. Malaysia (+2.3%) was the worst performing market in the region despite strong economic data.

The Australian dollar closed out May at 74.30 US cents, weakening 0.7% on April's close of 74.88 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