



14 November 2017

ASX Announcement

(ASX: AUF)

Investment and NTA update at 31 October 2017

Overview

The unaudited, pre-tax net tangible asset (NTA) backing of the Asian Masters Fund (AUF) at 31 October was \$1.41 per share (compared with \$1.32 at 30 September 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 27.5% on unrealised portfolio gains were to be recognised, the net asset backing after tax would be \$1.29 per share.

AUF's unaudited, pre-tax NTA per share returned +7.0% over the month of October. This compares with the MSCI Asia ex Japan Index (total return in Australian dollars), which increased 7.2% over the same period. Since its initial public offering, AUF has returned +88.2% compared with +60.9% for the MSCI Asia ex Japan Index. At 31 October 2017, AUF was 99% invested and had investments in 13 funds with a total portfolio value of \$188.5m.

Market Commentary¹

Asia ex Japan equities rebounded strongly in October supported by continued improvement in global economic growth. The MSCI Asia ex Japan Index (the Index) gained 7.2% in AUD terms (+4.7% in USD terms).

Korea (+10.4%) was the best performing market in October supported by significant foreign inflows. Korea and China agreed to normalise relations following a year-long standoff over the THAAD missile system deployment, which affected trade and businesses ties, leading to a rally in China-dependent stocks listed in Korea. Indian equities gained 9.9% driven by the government's announcement of a bold plan to recapitalise state-owned banks.

China H-Shares (+8.1%) and A-Shares (+7.0%) also performed strongly in October. The 19th National Congress of the Communist Party was held in October, with the new leadership team being announced and further consolidation of power by President Xi Jinping. Taiwan (+7.2%) also outperformed the Index as Apple supply chain stocks rebounded.

Singapore (+6.8%), Vietnam (+6.7%), Thailand (+5.6%), Hong Kong (+5.2%), Indonesia (+3.5%) and the Philippines (+3.0%) posted gains in AUD and local currency terms but underperformed the Index. Malaysia (+1.9%) was the worst performing market in the region amid continued foreign outflows and weak consumer sentiment. The government announced its annual budget for 2018 with increased fiscal support.

The Australian dollar ended October at 76.56 US cents, decreasing 2.3% on September's close of 78.34 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