

12 February 2016

**ASX Announcement
(ASX: EMF)
Investment and NTA update at 31 January 2016**

Overview

The unaudited net tangible asset (NTA) backing of the Emerging Markets Masters Fund (EMF) at 31 January 2016 was \$1.69 per unit compared with \$1.81 at 31 December 2015, representing a decline of 6.4%. Since its inception in October 2012, EMF has returned 25.3% (including distributions).

At 31 January 2016, EMF was 95% invested and had investments in 15 funds with a total portfolio value of \$145.1 million.

Market Commentary & Fund Update¹

Emerging markets declined in January along with global equity markets. A sharp correction of China A-Shares and a devaluation of the Chinese currency against the US dollar sparked a sell-off in global equities, which also spread to currency and commodity markets. Dovish comments by the European Central Bank and the Bank of Japan's surprise move to cut interest rates to negative helped markets recover some losses towards the end of the month. The MSCI Emerging Markets Index (the Index) declined 3.7% in January.

Among the major emerging markets, Russia (+1.6%) performed the best followed by Mexico (-0.8%), which declined marginally but gained 1.5% in local currency terms.

South Africa declined 2.7% during the month. The central bank raised interest rates by 50 basis points to 6.75% to support its currency and stem the rising inflation. India (-4.3%) and Brazil (-4.6%) underperformed the Index.

China A-Shares and China H-Shares suffered the highest losses among all emerging markets, declining 19.8% and 12.5% respectively. The correction was exacerbated by a poorly designed circuit breaker system which was implemented in January and suspended after four days.

The Europe, Middle East and Africa (EMEA) region performed relatively well given the gains by Turkey (+4.1%) and Hungary (+3.2%). The Latin American region also outperformed the broader Index with Chile (+3.0%) and Colombia (+0.2%) posting gains. Asia was the worst performing region with China and India declining the most. However, the Southeast Asian markets that have experienced recent periods of weakness were resilient. Malaysia (+5.3%), Thailand (+5.2%) and Indonesia (+4.7%) were the best performing emerging markets in January. Frontier markets declined 4.1% during the month.

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 Fund.

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