

**11 March 2016**

**ASX Announcement  
(ASX: EMF)  
Investment and NTA update at 29 February 2016**

**Overview**

The unaudited net tangible asset (NTA) backing of the Emerging Markets Masters Fund (EMF) at 29 February 2016 was \$1.66 per unit compared with \$1.69 at 31 January 2016, representing a decline of 1.7%. Since its inception in October 2012, EMF has returned 23.1% (including distributions).

At 29 February 2016, EMF was 93.4% invested and had investments in 14 funds with a total portfolio value of \$142.3 million.

**Market Commentary & Fund Update<sup>1</sup>**

Emerging markets declined marginally in February as commodity prices stabilised and the US dollar (USD) weakened amid expectations that the United States Federal Reserve will keep interest rates on hold for a longer period. The MSCI Emerging Markets Index (the Index) declined 1.1% but posted a marginal loss of 0.2% in USD terms, as the AUD strengthened against the USD.

Stabilisation of commodity prices aided resource-rich markets during the month. Among the major emerging markets, Brazil was the best performer, gaining 5.2%. A stabilising currency and an improvement in commodity prices aided the rally even as the economy continued to deteriorate. Credit rating agencies further downgraded Brazil's sovereign credit rating in February. Russia gained 2.8% as oil prices rebounded after Russia and Saudi Arabia reached an agreement to freeze production. South Africa rose 0.2% while Mexico fell 0.1% during the month.

China A-Shares (-3.0%) and China H-Shares (-4.8%) suffered losses amid weak economic data and currency depreciation. However, equities rebounded in the second half of the month due to increasing expectations of more economic reforms and measures to stabilise the currency. China's central bank lowered the banks' Reserve Requirement Ratio by 50 basis points (bps) with effect from 1 March 2016. India (-8.9%) was the worst performing market due to policy uncertainty ahead of the union budget. Weak third quarter corporate earnings releases also weighed on equity prices.

The Latin American region outperformed the broader Index as all markets posted gains in local currency terms. Peru (+11.6%) was the best performer among all emerging markets. Equities in the Europe, Middle East and Africa (EMEA) region also outperformed the Index. UAE (+11.6%) matched Peru in posting the highest return, though Czech Republic (-7.7%) and Greece (-7.2%) declined significantly. Asia was the worst performing region as India and China performed poorly. However, Indonesia (+5.1%) rose strongly after a 25 bps interest rate cut, its second rate cut this year. Frontier markets rose 2.5% in February.

<sup>1</sup> 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.

For personal use only