

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

Overview

The unaudited net tangible asset (NTA) backing of the Emerging Markets Masters Fund (EMF) at 31 March 2016 was \$1.69 per unit compared with \$1.66 at 29 February 2016, representing an increase of 1.8%. Since its inception in October 2012, EMF has returned 25.3% (including distributions).

At 31 March 2016, EMF was 97% invested and had investments in 15 funds with a total portfolio value of \$144.9 million.

Market Commentary & Fund Update¹

Emerging markets rallied in March amid expectations of gradual interest rate increases in the United States (US) following the Federal Reserve's Chair Janet Yellen's dovish comments. Emerging market currencies posted strong gains as commodities rebounded and the US dollar (USD) weakened. The MSCI Emerging Markets Index (the Index) gained 5.5% while returns in USD terms were significantly higher (+13.2%), as the USD depreciated against the Australian dollar. All emerging markets posted gains in local currency terms.

Brazil was the best performing emerging market, gaining 21.7% during the month. Optimism over President Dilma Rousseff's early removal and replacement with a market friendly government fuelled the rally and led to an 11.9% appreciation of the Brazilian real against the USD.

Among other major emerging markets, South African equities (+6.8%) were aided by the recovery in commodity prices. China H-Shares and China A-Shares gained 6.3% and 5.9%, respectively, amid reduced fears of a hard landing of the economy. China's Prime Minister Li Keqiang's comments on economic reforms during the National People's Congress session in Beijing raised hopes of further stimulus measures.

India (+6.2%) performed well after the government set the target fiscal deficit at a nine year low in its union budget. Expectations of an interest rate cut and the central bank's move to ease capital requirement rules for banks supported the rally. Russia gained 5.7% as oil prices continued to rebound amid a weaker USD and hopes of production cuts. Mexico posted positive returns of 2.2% (+5.0% in local currency terms), but underperformed the index.

Latin American markets outperformed the Index with Brazil and Peru (+10.8%) posting strong returns. Equities in the Europe, Middle East and Africa (EMEA) region also outperformed the Index with Hungary (+9.2%) and Greece (+9.1%) gaining the most. Egypt (-9.8%) was the worst performing emerging market owing to a significant devaluation of its currency. Asian equities underperformed the Index, while frontier markets declined 4.2% in March.

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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