

13 April 2018

ASX Announcement
(ASX: EMF)
Investment and NTA update at 31 March 2018

Overview

The unaudited net tangible asset (NTA) backing of the Emerging Markets Masters Fund (EMF) at 31 March 2018 was \$2.10 per unit compared with \$2.09 per unit at 28 February 2018, representing an increase of 0.4%. Since its inception in October 2012, EMF has returned +65.6% (including distributions).

At 31 March 2018, EMF was 95% invested and had investments in 14 funds with a total portfolio value of \$200.8 million.

Market Commentary¹

Global equity markets were volatile in March amid concerns over escalating trade tensions between China and the United States (US). Donald Trump announced the imposition of steel and aluminium tariffs and later in the month announced further tariffs specifically targeting China. As expected, the new chair of the US Federal Reserve Jerome Powell raised interest rates by 25 basis points (bps) in his first policy meeting. The MSCI Emerging Markets Index (the Index) declined 0.5% (-1.9% in USD terms).

Latin America was the best performing region led by Colombia (+4.0%) and Mexico (+1.9%), while Brazil declined 0.5%. Mexican equities benefitted from an improved outlook for NAFTA negotiations and an appreciating peso, while Colombian stocks also benefited from a stronger currency and increasing oil prices.

China A-Shares (-1.1%) and H-Shares (-1.9%) declined largely due to rising trade tensions with the US. The National People's Congress meeting was held in March with several important reforms put in place, including the removal of presidential term limits and the appointment of pro-market technocrats to the key decision-making positions.

Russian equities lost 1.3% in March. As expected, President Vladimir Putin was re-elected for a second consecutive six-year term. India (-1.9%) also declined, influenced by weak economic data and unfavourable political developments. South African equities lost 3.3% in March despite a 25bps interest rate cut by the South African Reserve Bank.

In Asia, Malaysia (+4.0%) outperformed while Indonesia (-4.3%) and the Philippines (-4.3%) were weak. The Europe, Middle East and Africa (EMEA) region underperformed the broader Index with Turkey (-4.7%) being the worst performing emerging market in March, while Egypt (+7.9%) was the best performing market. Frontier markets were resilient, rising 2.3% 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.