

ASIAN MASTERS FUND



ASIAN MASTERS FUND LIMITED
(ACN 127 927 584)

PROSPECTUS

FOR THE OFFER OF

UP TO 50,000,000
FULLY PAID ORDINARY SHARES
AT AN OFFER PRICE OF \$1.00 PER ORDINARY SHARE

THE INVESTMENTS OF ASIAN MASTERS FUND LIMITED WILL BE MANAGED BY
ORIENT PACIFIC PARTNERS PTY LIMITED



THIS OFFER IS NOT UNDERWRITTEN

ISSUE MANAGER

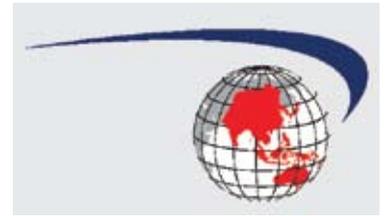


dixonadvisory

DIXON ADVISORY & SUPERANNUATION SERVICES PTY LTD

For personal use only

CORPORATE DIRECTORY



Directors

Maximilian Walsh (Chairman)
Daryl Dixon
Alan Dixon
Kevin Chin

Company Secretary

Graham Chee

Investigating Accountant

Moore Stephens Sydney Corporate Finance Pty Ltd
Level 7
20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8236 7700
Facsimile: (02) 9233 4636
Website: www.moorestephens.com.au

Auditor

Moore Stephens Sydney
Level 7
20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8236 7700
Facsimile: (02) 9233 4636
Website: www.moorestephens.com.au

Issue Manager

Dixon Advisory & Superannuation Services Pty Ltd
Ground Floor
72 Northbourne Avenue
Canberra ACT 2601
Telephone: (02) 6162 5559
Facsimile: (02) 6162 5550
Website: www.dixon.com.au

Registered Office

Level 12
95 Pitt Street
Sydney NSW 2000
Telephone: (02) 8249 8187
Facsimile: (02) 8249 8338

Manager

Orient Pacific Partners Pty Limited
Level 12
95 Pitt Street
Sydney NSW 2000
Telephone: (02) 8249 8187
Facsimile: (02) 8249 8338

Solicitors to the Offer

Watson Mangioni Lawyers Pty Limited
Level 13
50 Carrington Street
Sydney NSW 2000
Telephone: (02) 9262 6666
Facsimile: (02) 9262 2626
Website: www.wmlaw.com.au

Share Registrar

Registries Limited
Level 2
28 Margaret Steet
Sydney NSW 2000

TABLE OF CONTENTS



1	INFORMATION FOR INVESTORS	5
2	OVERVIEW OF ASIA	8
3	ASIAN MASTERS FUND LIMITED	14
4	THE MANAGER	19
5	FINANCIAL INFORMATION	21
6	DIRECTORS & CORPORATE GOVERNANCE	24
7	RISK FACTORS AND INVESTOR CONSIDERATIONS	27
8	TAXATION	31
9	INVESTIGATING ACCOUNTANT'S REPORT	34
10	MATERIAL CONTRACTS	37
11	ADDITIONAL INFORMATION	40
12	GLOSSARY	44
	APPLICATION FORM	at rear

This Prospectus is dated 26 October 2007 and has been lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. No responsibility for the contents of this Prospectus is taken by the ASIC and ASX Limited (**ASX**) or any of their officers.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.



For personal use only

INDICATIVE TIMETABLE

Date of Prospectus	26 October 2007
Expected expiry of exposure period	2 November 2007
Offer to open	2 November 2007
Offer to close	23 November 2007
Listing on ASX	4 December 2007

The above dates are indicative only and may vary, subject to the requirements of the Corporations Act.

The Company reserves the right to extend the Offer or close the Offer at any time after expiry of the exposure period.

IMPORTANT NOTICES

No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date 13 months after the date of this Prospectus.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary in Section 12.

The Company will apply to ASX for the Shares to be listed for quotation on ASX within 7 days of the Prospectus.

Offers under this Prospectus will be made pursuant to an arrangement between the Company and Australian Financial Services Licensees (**Licensees**) pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise Licensees to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

Dixon Advisory & Superannuation Services Pty Limited (**Issue Manager**) will deposit and deal with the Application Monies pursuant to this Prospectus. Any Application Form received which does not bear a Licensee's stamp will be forwarded to the Issue Manager.

The Issue Manager's function should not be considered as an endorsement of the Offer nor a recommendation of the suitability of the Offer for any investor. The Issue Manager does not guarantee the success or performance of the Company or the returns (if any) to be received by investors. Neither the Issue Manager nor any other Licensee is responsible for or caused the issue of this Prospectus. The Company reserves the right to enter into similar arrangements to those with the Issue Manager with other Licensees.

Investment decision

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

Investment Risks

An investment in any listed entity carries risks. An outline of some of the risks that apply to an investment in the Company is set out in Section 7. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Shares.

The Company will employ a "fund of funds" style of investment and will have exposure to investments in the Asian region. The Company is exposed to particular risks as a result. See Section 7.2 for details.

Forward looking statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 7, as well as other matters as yet not known to the Company or not currently considered material by Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.



Electronic Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from the website of the Issue Manager. The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

The Company will send you a copy of the paper Prospectus and paper Application Form free of charge if you ask during the application period.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. The Shares offered under the Offer to which the Electronic Prospectus relates will only be issued on receipt of a printed copy of the Application Form.

How to Apply

An Application for Shares under the Offer can only be made by completing and lodging the Application Form attached at the back of this Prospectus. Detailed instructions on completing the Application Form can be found on the back of the Application Form.

Shares issued in respect of Applications received by the Company will be issued at \$1.00 per Share.

Applications under the Offer must be for a minimum of \$2,000. The Directors may extend the Offer in accordance with the Corporations Act.

Application Form

Applications and Application Monies for Shares under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to "Asian Masters Fund Limited – Share Account" and crossed "Not Negotiable".

No stamp duty is payable by Applicants.

Completed Application Forms, together with Application Monies, should be forwarded to the following address:

Asian Masters Fund Limited Share Offer
c/- Dixon Advisory & Superannuation Services Pty Limited
Ground Floor
72 Northbourne Avenue
Canberra ACT 2601

When to Apply

Completed Applications under the Offer must be received by 5:00 pm (Sydney time) on the Closing Date. **The Directors may close the Offer at any time after expiry of the exposure period without prior notice or extend the period of the Offer in accordance with the Corporations Act.**

The Directors reserve the right to allocate any lesser number of Shares than those for which the Applicant has applied. Where the number of Shares allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest.

Enquiries

Investors with questions on how to complete the Application Forms or who require additional copies of the Prospectus should contact Chris Duffield of Dixon Advisory & Superannuation Services Pty Limited on 02 6162 5533.



ASIAN MASTERS FUND

26 October 2007

Dear Investor

As Chairman of the Board of Directors, I am pleased to invite you to become a Shareholder in Asian Masters Fund Limited (the **Company**).

The Company has been established as a "fund of funds" to provide Australian investors the opportunity to gain exposure to leading Asian based fund managers investing in equities traded on Asian financial markets.

Unlike a traditional investment vehicle, a "fund of funds" style investment company invests not in securities traded on an exchange, but in managed investment schemes and other funds that in turn make the investment in listed securities. The Company will not have a direct holding in Asian listed equities. See Section 3.2 for details.

Through Asian Masters Fund Limited, Australian domiciled retail investors will be able to gain access to a diversified portfolio of funds managed by leading Asian-based equities fund managers. Key advantages of investing in Asian Masters Fund Limited include:

- > Access to leading Asian-based fund managers that do not have products in Australia for Australian based retail investors to invest in.
- > Potential for lower entry costs, as Orient Pacific Partners Pty Limited, the manager of Asian Masters Fund Limited (**Manager**) may be able to negotiate fee discounts and rebates (including for any upfront entry costs).
- > Investors will be investing in an Australian company listed on the Australian Stock Exchange and accordingly, will only be exposed directly to tax consequences of investing in an Australian company.
- > Access to a diversified portfolio that is actively managed by a dedicated Manager whose principal has extensive contacts and experience in assessing Asian markets and Asian-based fund managers.

The Investment Committee for the Company will initially comprise 2 directors of the Company, Max Walsh and Kevin Chin. Alan Dixon and Daryl Dixon may also attend all meetings of the Investment Committee. The Manager will be represented on the committee by Graham Chee. The Investment Committee will be responsible for reviewing and approving the selection of the Company's portfolio of funds by the Manager. See Section 4.5 for details.

The Company and the Manager believe that the best Asian fund managers are those that have been domiciled in Asia for many years and have experience managing equities during both bull markets as well as bear markets in Asia.

In addition, the Company and Manager believe that there is potential for Asian currencies to continue rising against the US dollar in tandem with economic growth across Asia.

Given the above, the investment philosophy and focus of the Company and the Manager is to:

- > Invest in a diversified portfolio of highly experienced Asian domiciled fund managers that have strong investment track records in both bull and bear markets in Asia.
- > Invest in funds managed by such fund managers that are not hedged for currency risk and therefore provide exposure to local Asian currencies.

The Company that has been established to cater for the long term investor who is seeking to gain exposure to economic growth in Asia. However, there are specific risks associated with investing in a 'fund of fund' that will in turn invest in Asian markets. Some of these risks are set out in Section 7. I encourage you to read this Prospectus carefully before making your investment decision, as it contains detailed information about the Company and the offer of Shares to investors.

I look forward to welcoming you as a Shareholder of the Company.

Yours sincerely



Maximilian Walsh
Chairman

For personal use only



1 INFORMATION FOR INVESTORS

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

The performance of the Company is not guaranteed by the Manager, the Issue Manager or any adviser to the Company.

1.1 Objective

The 2 key investment objectives of the Company are:

- > To achieve a high real rate of return on invested capital, within risk parameters acceptable to the Directors; and
- > To preserve the investment capital of the Company.

1.2 Management Fee

Orient Pacific Partners Pty Limited (**Manager**) manages the portfolio of investments of the Company (**Portfolio**). The Manager does not presently hold an Australian Financial Services Licence (**AFSL**). Initially it will operate as an authorised representative of Global Mutual Funds Pty Limited (Licence Number 222640). Until the Manager obtains its own licence, Global Mutual Funds Pty Limited will be responsible for the provision of the financial services of the Manager under the Management Agreement. See Sections 4.1 and 10.3 for details.

The Manager will receive a management fee of 0.08334% per month (equating to an annualised fee of 1.0% per annum) (excluding GST), calculated with reference to the value of the Company's Portfolio (pretax net asset value) at the close of the first Business Day of each month commencing in December 2007. The Manager may also receive a performance fee calculated at 15% of the out-performance of the Portfolio above the benchmark of 10% per annum. This performance fee relates to the period from listing to 30 June 2008 and thereafter for each subsequent financial year. See Section 10.1 for details.

1.3 The Offer

The Company will offer for subscription up to 50,000,000 Shares. The Offer comprises an offer of Shares at \$1.00 per Share. To participate in the Offer, your Application Form must be received by the Share Registry by 5:00 p.m. (Sydney time) on the Closing Date.

1.4 Risk Factors

An investment in the Company is speculative and involves a number of risks. While the Directors and the Manager intend to use prudent management techniques to minimise the risks to Shareholders, no assurances can be given by the Company as to the success or otherwise of its business.

The focus of investments for the Company will be the Asian economic region. Asian equity markets can be exposed to high market volatility and fluctuating liquidity levels. An investment in Asia, and therefore an investment in the Company, may be considered a higher risk investment compared to an investment in Australia.

Investors should consider the risk factors identified in this Prospectus, particularly those identified in Section 7, before applying for Shares.

The Asian Masters Fund Limited is an investment company employing a "fund of funds" investment style. This form of investment may carry comparatively higher risk than direct investment in listed securities. These risks include a potential for decreased liquidity, exposure to risks associated with the managers of the underlying funds in which the Company invests and the potential for duplication of management and performance fees. See Section 7.2 for details of risks particular to this style of investment.

1.5 Offer not Underwritten

The Offer is not underwritten.

1.6 Minimum Subscription

The Minimum Subscription for the Offer is \$21,200,000, being receipt of valid Applications for not less than 21,200,000 Shares. If this Minimum Subscription is not achieved and the Application Monies for these Shares are not received by the Company by the date 4 months after the Opening Date, the Company will repay all money received from Applicants within 7 days after that date.

1.7 Applications

Applications under the Offer must be made and will only be accepted on the Application Form issued with and attached to this Prospectus.

Shares issued in respect of Applications received by the Company will be issued at \$1.00 per Share.

Applications under the Offer must be for a minimum of \$2,000. The Directors may extend the Closing Date.

Application Form

An Application Form is attached in respect of Applications for use with Applications under the Offer for Shares at \$1.00 per Share.



Applications and Application Monies for Shares under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to "Asian Masters Fund Limited – Share Account" and crossed "Not Negotiable".

No brokerage or stamp duty is payable by Applicants.

Completed Application Forms and accompanying cheques may be lodged with:

Asian Masters Fund Limited Share Offer
c/- Dixon Advisory & Superannuation Services Pty Limited
Ground Floor
72 Northbourne Avenue
Canberra ACT 2601

A binding contract to issue Shares will only be formed at the time Shares are allotted to Applicants.

Application Forms will be accepted at any time after the Opening Date and prior to the expiry date of this Prospectus.

The Directors may close the Offer at any time after expiry of the exposure period without prior notice or extend the period of the Offer in accordance with the Corporations Act.

1.8 Licensed Dealers

Offers under this Prospectus will be made pursuant to an arrangement between the Company and Australian Financial Services Licensees (**Licensees**) pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise Licensees to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

The Issue Manager holds an appropriate Licence. The Issue Manager will deposit and deal with the Application Monies pursuant to this Prospectus. Any Application Form received which does not bear a Licensee's stamp will be forwarded to the Issue Manager for processing.

The Issue Manager will receive a fee equal to 4% of funds raised under this Prospectus. See Section 11.8 for details.

1.9 ASX Listing

Application will be made to ASX within 7 days after the date of this Prospectus for the Company to be listed on the ASX and for quotation of the Shares issued pursuant to this Prospectus.

The fact that ASX may list the Company is not to be taken as an indication of the merits of the Company or the Shares. ASX quotation, if granted, will commence as soon as practicable after holding statements are despatched.

The Directors do not intend to allot any Shares unless and until ASX grants permission for the Shares to be listed for quotation unconditionally or on terms acceptable to the Directors. If permission is not granted for the Shares to be listed for quotation before the end of 3 months after the date of this Prospectus or such longer period permitted by the Corporations Act with the consent of ASIC, all Application Monies received pursuant to the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

1.10 Allotment

No allotment of Shares will be made until the Minimum Subscription has been received. It is expected that allotment of the Shares under the Offer will take place by 23 November 2007. Application Monies will be held in a separate account until allotment. This account will be established and kept by the Issue Manager on behalf of the Applicant.

The Application constitutes an offer by the Applicant to subscribe for Shares on the terms and subject to the conditions set out in this Prospectus. Where the number of Shares allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned by cheque within 7 days of the Closing Date. Interest will not be paid on the refunded Application Monies.

1.11 CHES

The Company will apply to ASX to participate in the Securities Clearing House Electronic Sub register System known as CHES. CHES is operated by the ASX's Securities Clearing House (**SCH**) in accordance with the ASX Listing Rules and the ASTC Settlement Rules. Under CHES, the Company will not issue certificates to investors. After allotment of Shares, Shareholders will receive a CHES statement.



CHES statements which are similar to bank account statements, will set out the number of Shares allotted to each Shareholder pursuant to this Prospectus. The statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHES.

Further statements will be provided to holders which reflect any changes in their shareholding in the Company during a particular month.

1.12 Overseas Shareholders

The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

1.13 Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- (a) you are required to provide the Company with certain personal information to:
 - (i) facilitate the assessment of an Application;
 - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - (iii) carry out appropriate administration;
- (b) the Company may be required to disclose this information to:
 - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis; and
 - (ii) third parties if that disclosure is required by law; and
- (c) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the Privacy Act 1988 (as amended), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the Manager.

A copy of the privacy policy of the Company is available to Applicants on request.

2 OVERVIEW OF ASIA



2.1 Asian markets

The Company has been established to undertake indirect investments in Asian equities employing a “fund of funds” style of investment. The key Asian equity markets to which the Company may gain exposure comprise the main financial markets of China, India, Hong Kong, Singapore, Malaysia, Indonesia, Philippines, Thailand, Vietnam, Taiwan and South Korea.

Disregarding cash and similar short term securities, the Company expects that all but 5% of its capital will be invested in these markets (with the Investment Committee of the Company having the discretion to invest up to 5% in other Asian markets not listed above).

2.2 The Asian economic overview

As the following table illustrates, since 2003 real gross domestic product (GDP) growth in key Asian economies has been significantly stronger than for Australia.

Asia Pacific (ex Japan) ^{1,2}	2003A ³	2004A ³	2005A ³	2006A ³	Average ⁴
China	10.0	10.1	10.4	11.1	10.4
India	8.5	7.4	9.0	9.4	8.6
Vietnam	7.3	7.8	8.4	8.2	7.9
Singapore	3.1	8.8	6.6	7.9	6.6
Indonesia	4.8	5.0	5.7	5.5	5.3
Philippines	4.9	6.2	5.0	5.4	5.4
Hong Kong	3.2	8.6	7.5	6.9	6.6
Malaysia	5.8	6.8	5.0	5.9	5.9
South Korea	3.1	4.7	4.2	5.0	4.3
Thailand	7.1	6.3	4.5	5.0	5.7
Taiwan	3.5	6.2	4.1	4.7	4.6
Australia	3.1	3.7	2.8	2.7	3.1
New Zealand	3.3	4.4	2.2	1.5	2.9

¹ Source: Asia Pacific Consensus Forecasts, Consensus Economics, Inc.

² Reflects growth in GDP on prior calendar years expressed as a percentage

³ Periods represent calendar years (1 January to 31 December)

⁴ Represents average of growth for 2003-2006.

The GDP growth data for the 2007 calendar year to date have been consistent with the trend outlined above.

Investors are reminded that past performance is not necessarily a reliable indicator of future performance.

Historically, economists and analysts have assessed the relative strength of a currency against the United States dollar, which is considered to be the global currency standard. Most Asian currencies have appreciated relative to the US dollar over the past 4 years with the strong economic growth conditions in Asia. This is illustrated in the table below:

Asia Pacific (ex Japan) ^{1,2}	2003A ³	2004A ³	2005A ³	2006A ³	Latest spot ⁴
Australia (AUD)	0.750	0.779	0.734	0.791	0.896
China (Renminbi)	8.277	8.276	8.070	7.809	7.506
Hong Kong (HKD)	7.763	7.774	7.753	7.775	7.759
India (Rupee)	45.61	43.59	45.07	44.25	39.46



For personal use only

Asia Pacific (ex Japan) ^{1,2}	2003A ³	2004A ³	2005A ³	2006A ³	Latest spot ⁴
Indonesia (Rupiah)	8,465	9,290	9,830	9,020	9,070
Malaysia (Ringgit)	3.800	3.800	3.780	3.532	3.393
New Zealand (NZD)	0.650	0.718	0.681	0.706	0.763
Philippines (Peso)	55.57	56.27	53.07	49.13	44.35
Singapore (SGD)	1.701	1.634	1.664	1.534	1.473
South Korea (Won)	1,193	1,035	1,012	929.6	914.6
Taiwan (TWD)	33.95	31.69	32.84	32.59	32.59
Thailand (Baht)	39.59	39.06	41.03	36.05	34.21
Vietnam (Dong)	15,646	15,777	15,916	16,056	16,083

¹ Source: Asia Pacific Consensus Forecasts, Consensus Economics, Inc.

² Represents the spot exchange rate of the relevant currency to the US dollar as at 31 December in the relevant year

³ Periods represent calendar years (1 January to 31 December)

⁴ Represents the spot exchange rate of the relevant currency to the US dollar as at 8 October 2007

Investors are reminded that past performance is not necessarily a reliable indicator of future performance.

The Company does not intend to hedge for currency risk. As the underlying funds in which the Company invests will usually be denominated in currencies other than the Australian dollar, the value of the Portfolio may fluctuate with fluctuations in exchange rates between the Australian dollar and the currency in which the underlying funds are invested.

Notwithstanding strong economic growth conditions, the rate of inflation in most key Asian economies in the period 2003 to 2006 has remained relatively stable and in some cases, actually declined, as illustrated below:

Asia Pacific (ex Japan) ^{1,2}	2003A ³	2004A ³	2005A ³	2006A ³	Average ⁴
Australia	2.8	2.3	2.7	3.5	2.8
China	1.2	3.9	1.8	1.5	2.1
Hong Kong	(2.6)	(0.4)	1.0	2.1	0.0
India	3.9	3.8	4.3	6.7	4.7
Indonesia	6.7	6.1	10.5	13.1	9.1
Malaysia	1.1	1.4	3.0	3.6	2.3
New Zealand	1.8	2.3	3.0	3.4	2.6
Philippines	3.5	6.0	7.6	6.2	5.8
Singapore	0.5	1.7	0.5	1.0	0.9
South Korea	3.4	3.6	2.8	2.2	3.0
Taiwan	(0.3)	1.6	2.3	0.6	1.1
Thailand	1.8	2.8	4.5	4.6	3.4
Vietnam	3.1	7.8	8.3	7.1	6.6

¹ Source: Asia Pacific Consensus Forecasts, Consensus Economics, Inc.

² Represents annual rate of inflation over the prior year as measured by the relevant Consumer Price Index reported for those countries expressed as a percentage

³ Periods represent calendar years (1 January to 31 December)

⁴ Represents average of inflation rates for 2003-2006.

The inflation rates for the 2007 calendar year to date for these countries have been broadly consistent with the trend outlined above.

Investors are reminded that past performance is not necessarily a reliable indicator of future performance.



Economic Outlook

The consensus view of economic forecasters (as compiled by Consensus Economics, Inc) is that the economic outlook for key Asian economies remains strong for at least the next 2 years. Both China and India are expected to continue to be the leaders in terms of real economic growth rates, with consensus expectations over 10% and 8% real GDP growth respectively. Other countries in Asia are expected to continue at broadly the same rate of economic growth experienced in the previous 4 years.

In terms of currency rates, the consensus view of economics forecasters (as compiled by Consensus Economics, Inc.) is that both the Chinese Renminbi and the Indian Rupee will continue strengthening against the US dollar in tandem with economic growth. Other key Asian currencies are also expected to strengthen marginally against the US dollar or broadly maintain current levels.

From an inflation standpoint, the consensus view (as compiled by Consensus Economics, Inc.) appears to be that most Asian economies will succeed in maintaining their inflation rates within acceptable ranges over the next 2 years.

2.3 Relative performance of Asian markets

Since 1 January 2002, many Asian equities markets have demonstrated significant outperformance relative to the ASX/S&P 200 Index.

The following tables illustrate the performance of the major stock market indices in a number of the key Asian equity markets since 2002. In assessing this data and associated commentary, investors should take account of the following:

- > Past performance of stocks reflected by changes in the level of these stock exchange indices is not necessarily a reliable indicator of future performance.
- > The composition and weighting of stocks represented in these indices for these key markets may not reflect the composition and weighting of stocks represented in the ASX/S&P 200 Index. In particular, some of the indices referred to below may have a higher concentration of large stocks than the ASX/S&P 200 Index.
- > The Company does not presently propose to adopt an index-based investment approach. Rather it intends to invest in a number of underlying funds managed by Asian-based fund managers employing a variety of investment and risk management strategies. These underlying funds may generate performance that does not reflect the underlying performance of the indices identified in these tables.
- > The index performance data illustrated in the following tables does not reflect the total return generated by entities whose securities are included in these indices. Performance does not take account of dividends or other forms of distribution made available to investors in the entities whose securities are included in these indices. Historically, entities included in the ASX/S&P 200 Index have paid dividends and other distributions at a higher level than that of many entities included in these key Asian markets.
- > The tables set out below do not take account of any fluctuations in currency exchange rates. If the exchange rate between the Australian dollar and the relevant currencies were taken into account, the relative performance of these key indices compared with the ASX/S&P 200 Index may be different. However, the Company considers that representation of this information without currency fluctuations is appropriate as the Company intends to make investments in local currencies and not to employ any hedging strategies.



North Asia (ex Japan) equities markets



Notes:

1. Source: Bloomberg
2. The table above illustrates the performance of the ASX/S&P 200 Index in the period 1 January 2002 to 10 October 2007 relative to the performance of the Shanghai Stock Exchange (SSE Index), the South Korean KOSPI, Hong Kong (Hang Seng Index) and Taiwan (TSEC Index) indices.
3. The table has been compiled using the level of the relevant indices as at close of each trading day over the period.
4. To ensure direct comparison of performance between the indices, each index has been rebased to the same common denominator. The "y axis" denotes the rebased index level applying the index level used in presenting the ASX/S&P 200 Index.
5. The table does not reflect any fluctuations in the exchange rate relevant to any of the currencies in which the securities making up the above indices have been made.

In local currency terms, the Shanghai Stock Exchange (SSE Index) has delivered a 254.6% return for the period from 1 January 2002 to 10 October 2007 (excluding dividends and any other distributions).

Over the same period, the ASX/S&P 200 has yielded a local currency return (excluding dividends and other distributions) of 98.1%.

The Hong Kong Stock Exchange (Hang Seng Index) and the South Korean KOSPI Index have both also outperformed the ASX/S&P 200 in local currency terms over the same period, registering 153.0% and 194.8% returns (excluding dividends and other distributions) respectively over the period.



India equities market



Notes:

1. Source: Bloomberg
2. The table above illustrates the performance of the ASX/S&P 200 Index in the period 1 January 2002 to 10 October 2007 relative to the performance of the Bombay Stock Exchange (BSE SENSEX Index).
3. The table has been compiled using the level of the relevant indices as at close of each trading day over the period.
4. To ensure direct comparison of performance between the indices, the Bombay Stock Exchange (BSE SENSEX Index) has been rebased to the same common denominator. The "y axis" denotes the rebased index level applying the index level used in presenting the ASX/S&P 200 Index.
5. The table does not reflect any fluctuations in the exchange rate relevant to any of the currencies in which the securities making up the above indices have been made.

In local currency terms, the Bombay Stock Exchange (BSE SENSEX) has delivered a 619.5% return for the period from 1 January 2002 to 10 October 2007 (excluding dividends and any other distributions).

Over the same period, the ASX/S&P 200 has yielded a local currency return (excluding dividends and other distributions) of 98.1%.

South East Asian equities market

In local currency terms, the South East Asia markets of Singapore (Straits Times Index), Thailand (SET Index), Indonesia (JSX Composite Index) and the Philippines (PSE Index) have all outperformed the ASX/S&P 200 (excluding any dividends and other distributions). The only key South East Asian market to underperform the ASX/S&P 200 over this period was Malaysia's Kuala Lumpur Stock Exchange (KLSE Composite Index).



South East Asia equities market



Notes:

1. Source: Bloomberg
2. The table above illustrates the performance of the ASX/S&P 200 Index in the period 1 January 2002 to 10 October 2007 relative to the performance of the stockmarket indices of Indonesia (JSX Composite Index), the Philippines (PSE Index), Thailand (SET Index), Singapore (Straits Times Index) and Malaysia (KLSE Index).
3. The table has been compiled using the level of the relevant indices as at close of each trading day over the period.
4. To ensure direct comparison of performance between the indices, each index has been rebased to the same common denominator. The "y axis" denotes the rebased index level applying the index level used in presenting the ASX/S&P 200 Index.
5. The table does not reflect any fluctuations in the exchange rate relevant to any of the currencies in which the securities making up the above indices have been made.

For personal use only

3 ASIAN MASTERS FUND LIMITED



3.1 Overview

The Asian Masters Fund Limited is an investment company that will employ a “fund of funds” style of investment. It has been established to provide Australian investors with the opportunity to gain exposure to leading Asian based fund managers investing in equities traded on stock exchanges and other financial markets in Asia.

3.2 What is a “Fund of Funds” style of investment?

An investment company normally raises capital from shareholders and applies capital raised to make direct equity investments.

In contrast, the Company will employ a “fund of funds” style of investment. Capital raised from Applicants will be applied to acquire interests in investment vehicles managed by third party fund managers. These are referred to as “underlying funds” in this Prospectus. The Company will therefore hold an indirect rather than a direct interest in listed investments.

Investors in a “fund of funds” receive the benefit of the expertise of the managers of the underlying funds in which the Company invests. It provides the Company with an opportunity to manage risks associated with a particular investment strategy by investing across a number of funds which may have differing risk profiles. However, this investment strategy may also carry with it the potential for comparatively higher fees than direct investments and the potential for diminished liquidity (see Section 7.2 for details).

The phrase “fund of funds” commonly refers to an investment vehicle with a managed investment scheme structure (such as a unit trust). Asian Masters Funds Limited is a company not a managed investment scheme. Investors will hold shares in the Company and will receive the benefit of profits generated by the Company by way of dividends rather than distributions (see Section 3.12 for details of the Company’s proposed dividend policy).

3.3 About Asian Masters Fund Limited

Australian domiciled retail investors in the past have encountered difficulties in gaining access to leading fund managers that are based in Asia. Reasons for this include the following:

- > There are only a limited number of Asian-based fund managers that have developed products that are available in Australia for Australian based retail investors to invest in.
- > Often it can be expensive for an Australian-based retail investor to directly invest in an Asian-based equities fund, as upfront entry costs tend to be high.

- > There are complex tax consequences for Australian-based retail investors investing in foreign investment funds. Given such funds may not have reporting structures to cater for Australian based retail investors, it is likely that an Australian based retail investor investing directly into an Asian domiciled fund would need to spend time and money on expert tax advice, which can be expensive.
- > Access to information on Asian fund managers and Asian equities for Australian domiciled retail investors is limited and may be incomplete. This makes due diligence and fund manager selection more difficult and time consuming than for Australian-based funds.

Through Asian Masters Fund Limited, Australian domiciled retail investors will be able to gain access to a diversified portfolio of investments managed by leading Asian-based equities fund managers.

Key advantages of investing in Asian Masters Fund Limited include:

- > Access to leading Asian-based fund managers that do not have products in Australia for Australian based retail investors to invest in.
- > Potential for lower entry costs, as the Manager of the Asian Masters Fund may be able to negotiate fee discounts and rebates (including for any upfront entry costs).
- > Investors will be investing in an Australian company listed on the Australian Stock Exchange and accordingly, will only be exposed directly to tax consequences of investing in an Australian company.
- > There will be foreign exchange exposure to underlying Asian currencies. The Company does not expect this risk to be hedged (although the directors may re-evaluate the Company’s hedging policy in the event of substantial changes to the prevailing exchange rate and economic conditions) (See Section 3.10 for details.)
- > Access to a diversified portfolio that is actively managed by a dedicated Manager whose principal has extensive contacts and experience in assessing Asian markets and Asian-based fund managers. (See Section 4.3 for details.)

3.4 Investment Objectives

The 2 key investment objectives of the Company are:

- > To achieve a high real rate of return on invested capital, within risk parameters acceptable to the Directors.
- > To preserve the investment capital of the Company.



3.5 Investment Philosophy and Focus

The Company and the Manager believe that the best Asian fund managers are those that have been domiciled in Asia for many years and have experience managing equities during both bull markets as well as bear markets in Asia.

In addition, the Company and Manager believe that there is potential for Asian currencies to continue rising in tandem with economic growth across Asia.

Given the above, the investment philosophy and focus of the Company and the Manager is:

- To invest in a diversified portfolio of underlying funds managed by highly experienced Asian domiciled fund managers that have strong investment track records in both bull and bear markets in Asia.
- To invest in funds managed by such fund managers that are not hedged for currency risk and therefore provide exposure to local Asian currencies.

The Manager will implement a disciplined investment process that identifies, selects, monitors and actively manages a portfolio of investments managed by leading Asian-based equities fund managers.

3.6 Permitted Investments and Strategy

Under the Management Agreement, the Manager is permitted to undertake investments on behalf of the Company in consultation with the Company's Investment Committee and in accordance with the Corporations Act and the investment policies and any written guidelines issued by the Board from time to time. The initial investment policies, guidelines and criteria issued by the Board are summarised in this Section 3.

The Company proposes to invest within the following investment criteria:

- The Company will only invest in underlying funds that have a mandate to invest primarily in listed Asian securities.
- The Company will only invest in underlying funds that do not have a mandate to gear their portfolios by more than 10% of their capital.
- The Company will only invest in "long only" underlying funds that do not have a mandate to short sell.
- The Company will only invest in underlying funds managed by fund managers that have at least a 5 year track record in managing Asian equities.
- The Company will only invest in underlying funds that do not hedge currency risk.

- The Company will only invest in underlying funds that can provide a monthly performance and net asset valuation report within sufficient time to enable the Company to comply with its reporting obligations under the Listing Rules.
- The Company will only invest in underlying funds where the Company's invested capital can be withdrawn with no more than a 30 day notice period (subject to the ability of the relevant fund manager to suspend redemptions in extraordinary circumstances).
- After establishment, no more than 25% of the capital of the Company (excluding cash) will be invested in any single underlying fund or underlying funds operated by the same fund management group and no more than 33% of the capital of the Company (excluding cash) will be invested in any single country.

Under the Management Agreement, the Manager may only undertake investments in accordance with the above criteria unless otherwise approved by the Company.

The Manager is authorised by the AFS Licence under which it operates as an authorised representative to deal in each of the above investments. An expansion of authorised investments may require the Manager to obtain a corresponding expansion of the authorisations of its AFS Licence.

The Company will aim to be fully invested within 4 months of listing on the ASX.

3.7 Initial portfolio composition

The Company and the Manager considers that diversification of the Portfolio may be achieved by investing in at least 4 underlying funds. It is anticipated that, when fully invested, the number of underlying funds in which the Company has invested will significantly exceed this.

The Manager is presently undergoing a review of underlying funds and fund managers which satisfy the investment guidelines set out in this Section 3. At this stage, no decision has been made as to the underlying funds or fund managers to be represented in the Portfolio. The Manager and the Company expect that the initial Portfolio of investments in underlying funds will be established within 4 months of completion of the Issue.

At present, the initial underlying funds are expected to be managed by fund managers domiciled in Singapore, Hong Kong and India. Equities in which these underlying funds will invest are expected to include securities trading on financial markets in Singapore, Hong Kong, China and India.

For personal use only



For personal use only

3.8 Investment Process

The Manager will be responsible for reviewing the investment universe in terms of fund managers and fund products. Based on macroeconomic factors as well as fund manager and fund specific considerations, the Manager will identify a number of investment ideas in terms of potential fund managers and fund products for the Company to invest in.

Following identification of a number of investment ideas, the Manager will apply an investment screen to the investment ideas. The investment screen will take into consideration the permitted investments criteria of the Company and following its application, the pool of investment ideas will be narrowed down to a selection of investment opportunities.

The Manager will then submit a report to the Investment Committee comprising a list and profile of the investment opportunities that have been identified. The Investment Committee will review the report and in terms of selection of appropriate fund managers and products, at least 2 members of the Investment Committee will endeavour to meet the fund managers.

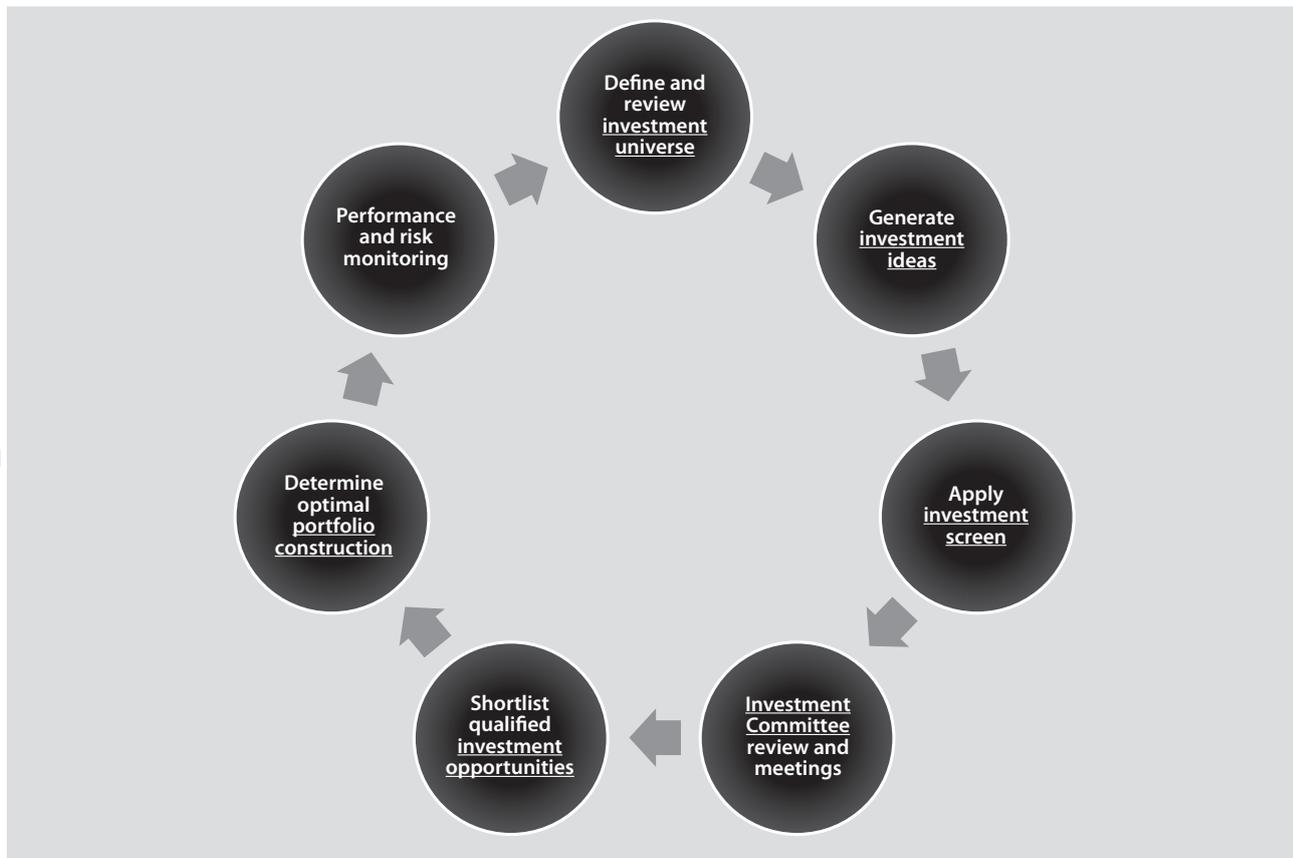
Following this review and any meeting with fund managers, an investment scoring system will be applied and based on this scoring system, a shortlist of qualified investment opportunities will be developed.

This shortlist of qualified investment opportunities will be submitted to the Investment Committee for final review and ratification and the Investment Committee will determine the appropriate portfolio construction and fund allocation mix.

Following any investment, the Manager will be responsible for monitoring the performance and risk parameters of investments and keeping the Investment Committee apprised of any market, fund manager and/or fund related developments that may impact on the investment in the fund concerned.

On a monthly basis, the Investment Committee will review the Portfolio and assess the appropriateness of the fund allocation mix and Portfolio construction. If appropriate, it will change the fund allocation mix, including adding new funds and/or selling existing fund investments.

The investment process is illustrated in the table below:





3.9 Risk Management

The Manager and the Investment Committee will apply strict risk management protocols, including portfolio, country and fund allocation restrictions as follows:

- Investment universe limits – the Company cannot invest more than 5% of its net asset value (NAV) (excluding cash) outside the following markets: China, India, Hong Kong, Singapore, Thailand, South Korea, Indonesia, Malaysia, Taiwan, the Philippines and Vietnam.
- Fund criteria limits – funds must meet all of the key investment criteria noted in Section 3.6.
- Fund allocation limits – no more than 25% of the NAV of the Company (excluding cash) will be invested with any single fund manager/group.
- Country allocation limits - no more than 33% of the NAV of the Company (excluding cash) is to be invested in any single country.

3.10 Currency

The Company and the Manager believe that there is the potential for the exchange rate of Asian currencies to the US dollar to rise in tandem with economic growth across Asia. This may also result in appreciation of these Asian currencies against the Australian dollar.

The Company believes that this may be to the advantage of the Company if investments are undertaken in the local currency in which in the underlying funds will invest.

This approach to foreign exchange is expected to give the opportunity to benefit from appreciation in Asian currencies against the US dollar and, potentially, the Australian dollar. However, in the event that the US dollar or the Australian dollar appreciates against these Asian currencies due to changes in currency markets or economic conditions generally, the value of the Portfolio (expressed in Australian dollars) will be adversely affected.

The Company and the Manager anticipate that a number of the underlying funds in which the Company will invest will be denominated in currency which may not reflect the currency prevailing in the country in which that underlying fund invests.

The Company does not presently intend to hedge for currency risk.

The Company may re-evaluate the Company's hedging policy in the event of changes to prevailing exchange rates and economic conditions.

As the underlying funds will usually be denominated in currencies other than the Australian dollar, the value of the Portfolio expressed in Australian dollars may fluctuate with fluctuations in the exchange rate between the Australian dollar and the currency in which the underlying funds are invested. The NAV of the Company reported to the ASX will reflect the value of the investments in the underlying funds converted to Australian dollars at the then prevailing spot exchange rate.

3.11 Changes to the Investment Strategy

The investment policies, guidelines, and strategy outlined in this Section 3 are expected to be implemented for at least the initial 12 month period following admission of the Company to the official list of the ASX. Thereafter, the Company and the Manager will consult with regard to implementing any changes to these policies, strategies and guidelines. While the Company does not currently intend to make any material changes to the investment strategy, if it decides to do so, the Company will first notify the ASX at least 1 month prior to implementing this new strategy.

3.12 Dividend Policy

In the short to medium term there are unlikely to be material dividends paid by the Company.

The Company may, to the extent it is prudent, declare dividends from realised capital gains, dividends and distributions received from underlying funds and interest income it receives from investments. However, as many Asian companies do not have high dividend payout ratios, it is anticipated that the Company will receive only limited distributions and dividends from its investments in the short to medium term. In these circumstances, profits available for payment in dividends are likely to be derived primarily from realisation of investments made in underlying funds.

The Company and the Manager consider that decisions regarding realisation of investments in underlying funds should be driven primarily by the assessment of value with respect to the underlying funds rather than any policy of the Company to pay regular or substantial dividends.



Any dividends declared by the Company will be franked to the extent that available franking credits permit. The underlying funds in which the Company proposes to invest will constitute foreign investments funds for the purposes of Australian taxation law. The effect of the foreign investment fund provisions of Australian tax law is that Australian tax is payable on income when it accrues rather than when it is remitted to Australia. As a result, the Company may be liable to pay Australian tax on unrealised gains in the Portfolio. To the extent that such tax is paid, Australian franking credits may be generated. However, the ability of the Company to make these franking credits available to investors will depend upon the Company deriving sufficient profits to permit it, under Australian corporate law, to pay dividends. Accordingly, investors in the Company should not assume that franking credits generated for the payment of Australian tax on unrealised gains will be paid to investors by way of franked dividends shortly after the payment of the tax or within any other time frame. See Section 8.1 for details.

To provide the Company with flexibility in the event that profits are available for distribution by way of dividend and to maximise the capital of the Company, the Company has established a dividend reinvestment plan. See Section 11.5.

3.13 Gearing Policy

The Company does not presently intend to gear the Portfolio.

Circumstances may occur whereby short term borrowing is deemed beneficial and, should this eventuate, the Company may borrow. The Company intends that borrowing and non-debt liabilities will be limited to 10% of the total tangible assets of the Company.

3.14 Capital Management

The Company will focus on active capital management.

The Company may undertake a buy-back of its Shares in the event that they trade at a sizable discount to NAV backing. The maximum number of Shares that may be bought-back in the first 12 months after admission of the Company to the official list of the ASX is 10% of the number of Shares on issue when Shares are first admitted to official quotation on ASX.

The Company may also consider other capital management alternatives such as the issue of other securities through bonus issues, rights issues and option issues with a view to enhancing the value of securities held by investors.

3.15 Net asset value reports to Shareholders

To assist Shareholders to assess the value of Shares and to comply with the ASX Listing Rules, the Company will release to Shareholders through ASX a statement of its NAV backing of its Shares. These reports will be issued on a monthly basis within 14 days after the end of each month.

The calculation of the NAV backing of Shares will be made in accordance with the ASX Listing Rules and will reflect the unaudited value of the underlying funds that the Company has invested in.

As the underlying funds will be denominated in currencies other than the Australian dollar, the value of the investment in the underlying funds will be reflected at the A\$ equivalent as the date of calculation.

The Company will provide to Shareholders on request, free of charge, a copy of statements to Shareholders through ASX of the NAV backing of Shares from time to time.



4 THE MANAGER

4.1 Business of the Manager

The Manager was incorporated to undertake the management of the Portfolio of the Company. It presently has no funds under management.

The Manager does not presently hold an Australian Financial Services Licence. The Manager intends to apply for an Australian Financial Services Licence on its own account as soon as possible after completion of the Offer. The Manager has no reason to believe that an AFSL will not be granted. Until an AFSL is granted, the Manager will operate as an authorised representative of Global Mutual Funds Pty Limited (Corporate Authorised Representative Number 318373) under an authorised representative agreement. Until the Manager obtains its own licence, Global Mutual Funds Pty Limited will be responsible for the provision of the financial services of the Manager under the Management Agreement. It will receive no fees from the Company for provision of these services. See Section 10.3 for details.

4.2 Performance History

As the Manager was incorporated on 2 October 2007 and has not conducted business to date, no performance history in providing investment management services is available. The Company has no performance history as it has yet to commence trading.

The Manager will manage the Portfolio of the Company using the investment strategies outlined in Section 3 of this Prospectus.

4.3 Key Person of the Manager

The key person of the Manager is Graham Chee.



Graham is the founder and responsible officer of Global Mutual Funds Pty Limited, the major shareholder of the Manager. He comes from a strong background of investment management, corporate strategy and financial planning. Graham's experience in the Australian, New Zealand, US and Asian markets in his previous role

as Head of Sales and Marketing Alliances for Merrill Lynch, has given Graham experience in establishing, managing and marketing investment products and services including retail and institutional investment and mutual funds. His broad experience enabled him to organically establish the MyMoney financial planning and accounting group, which grew to assets under administration (which includes assets held as custodian) of over \$100 million in under 5 years.

Graham has significant experience in the establishment and review of fund management operations within the Asia Pacific region. His roles involved the marketing and sales of mutual and managed funds, and negotiation and development of operational procedures and service standards. His roles also included review of managers and their operations. Graham specialised in the skill of careful selection of a blended portfolio of assets to meet the goals and objectives of clients. Graham has worked previously in Hong Kong, Singapore, Thailand, China and Japan in the area of accounting and investment management. He has a strong background in portfolio accounting and operations in the Asian Pacific area.

Graham gained a Bachelor of Commerce degree in Accounting and Marketing from the University of Wollongong. He also received his MBA in International Business and Marketing from the University of New England.

Graham is a Fellow and Financial Planning Specialist of CPA Australia, a CPA of the Hong Kong Institute of Certified Public Accountants, a registered Tax Agent in Australia and a member of the Australian Institute of Company Directors. Graham will be available on a full time basis to the Company and will be supported by requisite support resources.

The key responsibilities of the Manager include:

- > Identifying markets, fund managers and funds for potential investment by the Company.
- > Reviewing and selecting fund managers and funds for the Company in conjunction with other members of the Investment Committee.
- > Conducting detailed markets, fund manager and fund due diligence prior to any investment by the Company.
- > Ongoing monitoring of markets and funds that the Company has invested in.
- > Preparing reports for shareholders in the Company.
- > Overseeing the administration of the Company.

4.4 Ownership of the Manager

As at the date of this Prospectus, the issued capital of the Manager is majority held by Global Mutual Funds Pty Limited (an entity controlled by Graham Chee). Pacific Capital Investments Pty Limited (an independent investment firm) is a minority passive shareholder in the Manager.

For personal use only



4.5 Investment Committee

The Investment Committee of the Company will comprise Maximilian Walsh, Kevin Chin and Graham Chee. Alan Dixon and Daryl Dixon may also attend all meetings of the Investment Committee. Maximilian Walsh, in his capacity as Chairman of the Investment Committee, will have a casting vote.

The primary role of the Investment Committee is to:

- > Review information, research and analysis compiled by the Manager with respect to Asian economic conditions, Asian equity markets and Asian fund managers and funds.
- > Determine the allocation of the Company's capital in terms of investment in various funds.

The Investment Committee will convene fortnightly to discuss matters including the Asian economic outlook, Asian equity market conditions, any developments with the underlying funds in which the Company has invested in as well as new fund investment opportunities.

Investment Committee meetings are expected to be held fortnightly.

In addition, at least 2 members of the Investment Committee (including Maximilian Walsh), will undertake travel to Asia at least bi-annually to visit fund managers and to assess economic and equity market conditions.

For personal use only

5 FINANCIAL INFORMATION



5.1 Pro Forma Balance Sheet

The pro forma balance sheets set out below have been prepared to illustrate the financial position of the Company following completion of the Issue and expenditure of funds raised under this Prospectus. These pro forma balance sheets are intended to be illustrative only and will not reflect the actual position and balances as at the date of this Prospectus or at the conclusion of the Issue.

Assets / Liabilities \$	Minimum subscription of \$21,200,000 raised	\$37,500,000 raised	Maximum subscription of \$50,000,000 raised
ASSETS			
Cash	20,060,842	35,629,375	47,566,839
LIABILITIES	-	-	-
EQUITY	20,060,842	35,629,375	47,566,839
NAV per Share	94.6 cents	95.0 cents	95.1 cents

5.2 Cash

A reconciliation of the pro-forma balance sheets for cash is as follows:

\$	Minimum subscription of \$21,200,000 raised	\$37,500,000 raised	Maximum subscription of \$50,000,000 raised
Initial subscriber Shares – at \$1.00 each	1	1	1
Proceeds of Offer – at \$1.00 each	21,200,000	37,500,000	50,000,000
Expenses of the Offer	1,139,159	1,870,626	2,433,162
Estimated Net Cash Position	20,060,842	35,629,375	47,566,839

5.3 Assumptions

The pro-forma balance sheets have been prepared on the basis of the following assumptions:

- Application of the proposed accounting policies and notes to the accounts set out in Section 5.4;
- In the proforma balance sheet entitled “Minimum Subscription”, reference is made to subscription of 21,200,000 Shares by Applicants under this Prospectus;
- In the proforma balance sheet entitled “37,500,000 raised”, reference is made to subscription of 37,500,000 Shares by Applicants under this Prospectus;
- In the proforma balance sheet entitled “Maximum Subscription”, reference is made to subscription of 50,000,000 Shares by Applicants under this Prospectus;
- Initial expenses related to the Issue includes commission and handling fees of 4% (plus GST, if applicable) payable to the Issue Manager in respect of all funds raised;
- Expenses of the Offer have been paid for and recognised in Equity by the Company. See Section 11.9 for details of anticipated expenses.

5.4 Proposed Accounting Policies and Notes to Accounts

Proposed Accounting Policies and Notes to Accounts

A summary of significant accounting policies which have been adopted in the preparation of the pro forma financial information set out in Section 5 or which will be adopted and applied in preparation of the financial statements of the Company for the year ended 30 June 2008 and subsequent years is set out as follows:

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 (as modified for inclusion in the Prospectus).

The financial report covers Asian Masters Fund Limited which is a public company, incorporated and domiciled in Australia.



Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The realised gain or loss on disposal of investments is not recognised until the trade has settled. All unrealised gains or losses which represent movements in the market value of the portfolio held-for-trade are recognised through the Income Statement.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Financial Instruments

Recognition

Financial instruments are initially measured at fair value plus transaction costs, except for all financial assets not carried at fair value through profit or loss, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity.

Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges. The entity does not participate in hedging activities.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.



(d) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency. Investment funds are predominately sourced from Australia in Australian dollars, in conjunction with the measurement of total portfolio returns.

All the financial statements are compliant with Australian equivalents to IFRS, including the translation methods.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Transaction differences on non-monetary financial assets such as equities classified as "Available-for-sale" are included in the Available-for-sale investments revaluation reserve.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

5.5 Proceeds of the Issue

The proceeds of the Issue will be used for investment opportunities that meet the Company's investment objectives as set out in Section 3.

6 DIRECTORS & CORPORATE GOVERNANCE



6.1 Maximilian Walsh - Chairman



Maximilian Walsh AM. BEc (Sydney); Non Executive Chairman

Max is regarded as one of Australia's leading economics and business journalists. He has specialised in the areas of business, economics and politics in a journalistic career spanning nearly 50 years.

He has been editor and managing editor of The Australian Financial Review and Editor-in-Chief of The Bulletin. He also served on the board of Northern Star TV (predecessor to Channel Ten) and is presently Deputy Chairman of Dixon Advisory and Superannuation Services Pty Limited and Deputy Chairman of RuleBurst Holdings Limited.

Max will be the Chairman of the Investment Committee and will attend Investment Committee meetings and Board meetings. It is expected that Investment Committee meetings will initially be held fortnightly and, after establishment of the Portfolio, monthly. It is anticipated that board meeting will be held on a monthly basis. His commitment of time to these activities will depend on a number of factors including the size of the Portfolio, the spread of investments in the Portfolio and the state of investment of the Portfolio. However, it is anticipated that his commitment of time to the Company will not exceed 12 hours per month.

6.2 Daryl Dixon



Daryl Dixon MA (Hons) (Cambridge), BA (Hons) (UQ); Non Executive Director

Daryl is a graduate in economics of Cambridge and Queensland Universities. He is now the Executive Chairman of Dixon Advisory Limited. Daryl has extensive experience in the areas of taxation, retirement incomes

and social welfare policy. He is known in Australia as a leading financial expert, particularly in the area of superannuation.

Daryl is Executive Chairman of Dixon Advisory & Superannuation Services Pty Limited (Australian Financial Services Licence No 231143), a financial advisory firm he founded in 1986 which has now over \$2.5 billion of funds under administration. He has special expertise in personal and self managed super fund strategies, as well as extensive experience as a direct share investor in his own right.

He is also a director of Drillsearch Energy Limited, HCF Life and has worked previously for the International Monetary Fund, the Federal Treasury, Department of Finance and the Social Welfare Policy Secretariat. He was a member of the Fraser government's Occupational Superannuation Task Force.

Daryl will attend Investment Committee meetings and Board

meetings. It is expected that Investment Committee meetings will initially be held fortnightly and, after establishment of the Portfolio, monthly. It is anticipated that board meeting will be held on a monthly basis. His commitment of time to these activities will depend on a number of factors including the size of the Portfolio, the spread of investments in the Portfolio and the state of investment of the Portfolio. However, it is anticipated that his commitment of time to the Company will not exceed 12 hours per month.

6.3 Alan Dixon



Alan Dixon BCom (ANU) CA; Non Executive Director

Alan has been providing financial advisory services to corporations, institutions and individuals for the last 12 years. Until December 2000, he worked for various investment banks, including ABN AMRO (where he was an Associate Director in Mergers and Acquisitions and Equity Capital Markets) and Ord Minnett Corporate Finance. Since January 2001, he has operated as Managing Director of Dixon Advisory & Superannuation Services Pty Limited. When Alan joined Dixon Advisory, it was a well established firm but only provided strategic advice with a staff of 6. It now provides a complete suite of financial services, employs over 160 people and has over \$2.5 billion of funds under administration across over 2,400 self managed super funds. Alan has a Bachelor of Commerce from the Australian National University and is a Member of the Institute of Chartered Accountants in Australia.

Alan is also a non executive director of RuleBurst Holdings Limited.

Alan will attend Investment Committee meetings and Board meetings. It is expected that Investment Committee meetings will initially be held fortnightly and, after establishment of the Portfolio, monthly. It is anticipated that board meeting will be held on a monthly basis. His commitment of time to these activities will depend on a number of factors including the size of the Portfolio, the spread of investments in the Portfolio and the state of investment of the Portfolio. However, it is anticipated that his commitment of time to the Company will not exceed 12 hours per month.

6.4 Kevin Chin



Kevin Chin BComm (UNSW), F Fin, CA; Non Executive Director

Kevin is presently Managing Director of the investment group, Arowana Capital (Australian Financial Services Licence No 307070), which is headquartered in Sydney and has representative offices in Brisbane, Singapore and Hong Kong.



Kevin's background is in Mergers and Acquisitions, Equity Capital and Derivatives Markets and Funds Management. He was a Vice President at JPMorgan (1997–2003) gaining experience in Sydney, New York and Asia. He was also an International Equities Analyst / Fund Manager with LFG (2003–04). Prior to his time with JPMorgan, Kevin was with Ord Minnett Corporate Finance and before that he was a corporate advisor with Price Waterhouse and a management consultant with Deloitte Touche Tohmatsu. Kevin also served as Chief Financial Officer of RuleBurst Holdings Limited from November 2004 to April 2007.

Kevin has a Bachelor of Commerce degree from the University of NSW (Sydney, Australia) where he was an inaugural University Co-Op Scholar with the School of Banking and Finance. He is a qualified Chartered Accountant with the Institute of Chartered Accountants in Australia and is a Fellow of the Financial Services Institute of Australasia (FINSIA). Kevin is presently a lecturer for FINSIA's Masters Degree course, Advanced Industrial Equity Analysis. He is also a Task Force member for the Corporate and Structured Finance and Industrial Equity Analysis postgraduate diploma subjects.

Kevin is also a non executive director of RuleBurst Holdings Limited.

Kevin will be a member of the Company's Investment Committee and will attend Investment Committee meetings and Board meetings. It is expected that Investment Committee meetings will initially be held fortnightly and, after establishment of the Portfolio, monthly. It is anticipated that board meeting will be held on a monthly basis. His commitment of time to these activities will depend on a number of factors including the size of the Portfolio, the spread of investments in the Portfolio and the state of investment of the Portfolio. However, it is anticipated that his commitment of time to the Company will not exceed 12 hours per month.

6.5 Corporate Governance Policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Company intends to satisfy all of the recommendations of the ASX Corporate Governance Council as set out in the "Corporate Governance Principles Recommendations" published in August 2007.

The main corporate governance policies are summarised below.

Independent Directors

The Company has an independent Chair and 4 independent Directors (note however, the Secretary, Graham Chee, is also a director of and is associated with the majority shareholder of the Manager).

The Board will have direct involvement with the management of the Portfolio.

Appointment and Retirement of Non-Executive Directors

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive Directors on a case-by-case basis and in conformity with the requirements of the Listing Rules and the Corporations Act.

Directors' Access to Independent Professional Advice

It is the Board's policy that any committees established by the Board should:

- > Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.
- > Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require.
- > Operate in accordance with terms of reference established by the Board.



Remuneration

The initial maximum total remuneration of the Directors has been set at \$300,000 to be divided among the Directors as they see fit. The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the Listing Rules, may be increased.

6.6 Board and Investment Committee participation in management

Under the Management Agreement, investments must be selected in accordance with the investment process outlined in Section 3.

Any proposed investment that does not fall within this investment strategy or any change in the investment strategy proposed by the Manager requires the prior approval of the Board which may be withheld in the Board's absolute discretion.

In addition, it is anticipated that all Directors will either be members of the Investment Committee or attend meetings of the Investment Committee. The Manager may not make or implement any investment decision in respect of:

- (a) an investment with a value in excess of \$100,000; or
- (b) in respect of any number of investments which have an aggregate value of in excess of \$250,000,

without first obtaining the approval of the Investment Committee. See Section 4.5 for details.

For personal use only



7 RISK FACTORS AND INVESTOR CONSIDERATIONS

7.1 General Risk Factors

The value of securities listed on securities exchanges can change considerably over time and the value of your investment can increase and decrease with the value of the Portfolio. The fluctuation in value is known as volatility and the level of volatility depends on the type of investment. Generally, in order of risk of asset classes, shares are the riskiest, then fixed interest, then cash. As with most investments, performance is not guaranteed. These risks may result in loss of income and principal invested.

You can do some things to reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Nothing in this Prospectus can replace or offer that. Secondly, invest for at least the time frame recommend by your professional advisor.

The Company should not be seen as a predictable, low risk investment. The Company's investments will be concentrated in investment funds investing in Asian listed securities and the Company therefore is considered to have a higher risk profile than cash assets.

The Company, Manager and Issue Manager do not guarantee the return of capital, any rate of return in terms of income or capital or investment performance of the Company.

It is not possible to identify every risk associated with investing in the Company, however, the following provides a list of significant risks associated with the Company. There may be other risks associated with the Company.

(a) Market risk

Investment returns are influenced by market factors. These factors include change in the economic (eg changes in interest rates), legislative and political environment, as well as changes in investor sentiment. In addition, exogenous shocks, natural disasters and acts of terrorism can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments.

Any variation in commodity prices could materially effect the operating results of the Company.

(b) Industry risk

There are a number of industry risk factors that may effect the future operation or performance of the Company. These factors are outside the control of the Company. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.

(c) Equity risk

There is a risk that Shares will fall in value over short or extended periods of time. Historically, shares have outperformed other traditional assets classes over the long term. Share markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of times. Investors in the Company are exposed to this risk both through their holding in Shares and then through the investment in Asian listed securities through the underlying funds in which the Company will invest.

Investments in securities in less developed countries, commonly referred to as emerging markets, are riskier due to the more volatile nature of their economic, legislative and political environment.

(d) Asian equity risk

The Asian equity markets in which the Company will indirectly invest (through underlying funds) may differ in several respects from the Australian equity market. These differences include high market volatility, lower quality corporate data and investor research relative to major markets and high index concentration in leading stocks. The performance of investments made by underlying funds may not efficiently reflect the actual performance of the entity in which the underlying fund has invested. Moreover, Asian equity markets are susceptible to comparatively higher market volatility than the Australian equity market and substantial fluctuations in liquidity. The Company is exposed to these risks to a greater extent than had it adopted an approach of investing in underlying funds in the Australian equity markets.

(e) Exchange rates

If the currency in which the Company's investments are denominated changes in value relative to the Australian dollar, the Australian dollar value of the investment will change. For example, a rise in Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in Australian dollar relative to other currencies may positively impact investment value or returns.

(f) Interest rates

Any variation in short and long term interest rates, particularly in Australia and Asia, could materially effect the operating results of the Company.



(g) Financial market volatility

A fall in global equity markets, global bond markets or lack of change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which Shares trade.

(h) Performance of other asset classes

Good performance (or anticipated performance) of other asset classes can encourage individuals to divert money away from equity markets. This may have a negative impact on the price at which the Shares, and the investments of the underlying funds, trade.

(i) Liquidity Risk

The Company will be a listed entity, therefore the ability to sell Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time.

(j) Performance fee incentive

It could be argued that a performance fee may create an incentive for the Manager to make investments on behalf of the Company that are riskier and more speculative than would be the case in the absence of a fee based on the performance of the Company, which adds to the risk and volatility of markets.

(k) Operational costs

Operational costs for the Company as a proportion of total assets will be affected by the level of total assets of the Company and by the level of acceptance of this Offer. Operational costs will represent a greater proportion of total assets and will reduce the operating results of the Company and accordingly the ability to make dividend payments if the Company only achieves the minimum subscription under this Offer than if it secures a greater level of acceptance.

As the investments to be made by the Company will be undertaken using Asian-based fund managers, the Manager and members of the Investment Committee may be required to travel to Asia from time to time to meet with prospective and existing fund managers and to assess investment opportunities. As a result, the operating costs of the Manager may be higher than would otherwise be the case if the Company had an Australian-focused investment strategy.

(l) Size and portfolio

The size of the Portfolio will affect the risk profile of the Portfolio. The Company may not be able to diversify its investments and so manage its risks as efficiently if it achieves the minimum subscription under this Offer than if it secures a greater level of acceptance. However, the risk of loss of investments included in the Portfolio will not necessarily be reduced if the level of acceptance under this Offer exceeds the minimum subscription. Effective risk management depends on a range of factors including diversification of investments and other factors.

(m) Key personnel

Both the Manager and the Company through the Investment Committee play an active part in reviewing the performance of investments and selecting fund managers.

The loss of key personnel both within the Company and the Manager could have a negative effect on the Company.

(n) No operating or performance history of the Company

The Company has no financial, operating or performance history.

The information in this Prospectus about the investment objectives of the Company are not forecasts, projections or the result of any simulation of future performance. There is a risk that the Company's investment objectives will not be achieved.

(o) No operating or performance history of the Manager

While the principal of the Manager has experience in selecting and monitoring the performance of underlying fund managers, the Manager has no financial, operating or performance history.

(p) Taxation risk

Tax laws (including Australian tax laws) are in a continual state of change and reform which may affect the Company and Shareholders.

Tax liabilities are the responsibility of each individual Shareholder. The Company is not responsible either for taxation or penalties incurred by Shareholders. Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment.



(q) Regulatory risk

The Company is exposed to the risk of changes to applicable laws or their interpretation which have a negative effect on the Company, its investments or returns to Shareholders or the risk of non-compliance with reporting or other legal obligations.

(r) Credit or counterparty risk

The strategies of the Company and of the underlying funds rely on the successful performance of contracts with external counterparties, including securities brokers, issuers of securities and derivatives to which the Company, and/or underlying investment funds, may have investment exposure. There is a risk that these counterparties may not meet their responsibilities, including as a result of the insolvency, financial distress or liquidation of the counterparty.

(s) Capital growth focus

As identified in Section 3.12, the Company will initially reinvest profits rather than undertaking distribution of profits by way of dividends. This is in part dictated by the difficulty the Company may encounter in passing on the benefits of any tax paid by the Company or its underlying funds in jurisdictions outside Australia by way of franking credits for dividends. In addition, the Company expects that the Manager will make investment decisions with respect to realisation of investments in underlying funds by reference to the value that may be realised for the Company rather than any desire to pay regular or substantial dividends. Investors should assess an investment in the Company on the basis that it will generate capital return rather than ongoing income by way of dividends.

These issues may adversely impact on the value at which the Shares may trade on ASX and the level of liquidity in Shares on ASX.

(t) Potential for tax inefficiency

The Company may be liable for tax in Australia in respect of unrealised gains in the investments in the underlying funds under the foreign investment fund provisions of the Income Tax Assessment Act. See Section 8.1 for details. However, under Australian law the Company may only pay dividends from profits that have been generated by Company. It is unlikely that the Company will pay dividends determined by reference to profits notionally generated from such unrealised gains. See Section 3.12 for details. As a result, the Company may accumulate franking credits which it may not be in a position to pass on to shareholders due to its inability to pay dividends.

The Company and the Manager may do their best to mitigate this potential inefficiency by realising investments with managers and reinvesting, where the ultimate economic cost to Shareholders is positive. In doing this, the Company and the Manager recognise that it is expected that most the shareholders of the Company will be Australian residents who will benefit from the Company distributing as many franking credits as is possible.

If the Company is liable for tax in a jurisdiction in which it holds an investment in an underlying fund, the Company may receive a credit against liability to taxation in Australia for that investment if Australia has a double tax treaty with that country. If a credit is provided, however, the Company may not generate franking credits in respect of the tax that has been paid. This may adversely impact on the financial performance of the Company. See Section 8 for details.

7.2 Risks associated with the “Fund of Funds” structure

As the Company will employ a “fund of funds” style of investment, it is also exposed to risks particular to this type of investment. These risks include the following:

(a) Fund risk

There is a risk that investing in funds may give different results from holding the underlying assets directly because of:

- > Income or capital gains accrued in the funds at the time of investing.
- > The consequences of investment and withdrawal decisions made by other investors in an underlying fund, eg. a large level of withdrawals from an underlying fund may lead to the need to sell underlying assets which would potentially realise capital gains.

(b) Underlying Investment Manager Risk

As the Company will invest with a number of underlying funds, there is a risk that the investment managers of those funds may not be able to achieve the stated aims and objectives for their funds or that an underlying manager selected by the Manager may cease to manage a particular underlying fund.



(c) Liquidity Risk

Liquidity risk refers to the risk that the Company's investments or the underlying funds' investments cannot at short notice be easily converted into cash to realise underlying investment positions.

In particular the underlying funds may invest in illiquid investments which could be difficult or impossible to sell at short notice or at desired prices. Some of the underlying funds may only permit redemption on a semi-annual or annual basis. Excessive exposure to these events, if they materialise, could result in diminished returns for the Company or, in declining markets, loss of capital through a decline in the value of the investment in the underlying fund.

(d) Related position risk

A number of managers of the underlying funds could independently invest in the same securities at the same time, which then could be difficult or impossible to sell at short notice, resulting in concentrated exposure and reduced diversification for the Company. The Manager will use its selection techniques and undertake due diligence of underlying funds and managers with the objective of mitigating this type of risk.

(e) Key person risk

The performance of the Company's investments is dependant on both the selection of fund managers of the underlying funds in which the Company will invest and the selection of investments by these fund managers for the underlying funds. Accordingly, the Company is indirectly exposed to the risk that key individuals employed by underlying managers, the Manager and/or the Investment Committee are no longer able to fulfil their obligations. The returns of the underlying funds and the Company may be dependent on the management skill of a particular individual or team.

(f) Potential for increased costs

The Manager is entitled to receive a management fee equal to 1.0% per annum (on an annualised basis) of the value of the Portfolio. It is also entitled to receive a performance fee to the extent that the performance of the Portfolio exceeds a 10% per annum return.

The Manager will invest on behalf of the Company in managed funds. Fund managers are also entitled to receive fees associated with performance of their management function. These fees may include entry fees, transaction fees, exit fees, ongoing management fees and performance fees.

The Company is responsible for payment of these fees. The "fund of funds" style of investment may result in the Company paying higher level of fees than if the Company invested directly in the assets held by the underlying funds as fees are payable at two separate levels of management.

The Company considers that the benefits associated with a "fund of funds" style of investment outweigh the potential for higher fees. In addition, the Company considers that the scale of investment to be undertaken by the Company in underlying funds will provide the Manager with an opportunity to negotiate with individual fund managers to reduce such fees.

7.3 Investor Considerations

Before deciding to subscribe for Shares, Applicants should consider whether Shares are a suitable investment.

There may be tax implications arising from the application for Shares, the receipt of dividends (both franked and unfranked) from the Company, and on the disposal of Shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for Shares you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

8 TAXATION



This only provides a general overview of the income tax consequences to the Company and the investors who hold their investment on capital account. It is not intended to be a detailed analysis of all such issues. Individual investors should consult their own taxation advisor about their specific taxation circumstances.

8.1 Company Taxation

The Company will be subject to Australian income tax on its worldwide income as an Australian resident company.

The main sources of income of the Company will be dividends from foreign companies passed through the foreign funds, gains from the sale of listed securities held by those funds, gains on the sale of the investments in the funds and interest.

The managed investment schemes and other funds the Company invests in may be taxed under the foreign investment funds (FIFs) regime contained in the Income Tax Assessment Act 1997.

The effect of the FIF legislation is to subject such income to Australian tax at the time it accrues rather than when it is remitted to Australia. Losses on a FIF may also be quarantined and carried forward rather than offset against a gain on other FIFs.

The Company will usually be able to claim a credit for foreign withholding tax and other foreign tax paid by the Company against the Australian tax payable.

A credit cannot be claimed for the underlying income tax paid by the listed foreign companies the funds invest in.

8.2 Investor Taxation

Shareholders in a public company are generally taxed on dividends received and are subject to the income tax upon the disposal of their Shares.

Dividends

Dividends received by an Australian resident Shareholder (either directly or indirectly through a partnership of trust) are included in the taxable income of the Shareholder.

To the extent that dividends are franked, the imputation credits attached to the franked dividend are also included in the taxable income of the Shareholder. Shareholders are then entitled to a tax credit equivalent to the imputation credit received. Because the Company is investing (via funds) in foreign companies, foreign withholding tax may be withheld from the dividends. While withholding tax may be able to be credited against the Company's Australian income tax liability it cannot be used to frank dividends. Any other foreign taxes paid by the Company cannot be used to generate franking credits for dividends paid to Australian Shareholders.

Where Shareholders receive franked dividends from the Company, the Shares need to be held 'at risk' (as defined) for a period of 45 days before being entitled to franking credits.

Gains from Disposal of Shares in the Company

Where Shares are acquired on revenue account by a Shareholder, any gain or loss on sale is taxable as ordinary income.

Where Shares are acquired on capital account by a Shareholder, any gain or loss on sale is taxed in accordance with the capital gains tax (CGT) rules. Where Shares are held for more than 12 months, a CGT discount of 50% would be available to individual Shareholders (33.33% for superannuation funds).

Any CGT loss incurred is quarantined and only able to be offset against capital gains derived by the taxpayer.



MOORE STEPHENS

26 October 2007

FINANCIAL SERVICES GUIDE

Moore Stephens Sydney Corporate Finance Pty Ltd ("**Moore Stephens**") is an authorised representative of Moore Stephens Sydney Pty Limited ("**Licence Holder**") in relation to Australian Financial Services Licence No. 236886 ("**AFSL**").

Moore Stephens provides the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- > Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "**Authorised Financial Products**"); and
- > Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

The Corporations Act 2001 requires Moore Stephens to provide this Financial Services Guide ("**FSG**") in connection with its provision of an Investigating Accountant's Report ("**Report**") which is included in a document ("**Prospectus**") provided by Asian Masters Fund Limited (the "**Entity**").

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

Moore Stephens' client is the Entity to which it provides the Report. Moore Stephens receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Moore Stephens nor its directors and employees, nor any related bodies corporate (including the Licence Holder) or associates and their directors receive any commissions or other benefits, except for the fees for services rendered to the party who engaged us.

Moore Stephens is required to be independent of the Entity. The following information in relation to the independence of Moore Stephens is stated in our Report.

Neither Moore Stephens Sydney Corporate Finance Pty Ltd nor Moore Stephens Sydney Pty Limited have any interest in the outcome of this share issue and the listing of Asian Masters Fund Limited, other than a fee in connection with the preparation of our Investigating Accountant's Report and participation in due diligence procedures for which professional fees in the order of \$15,000 will be received. No pecuniary or other benefit, direct or indirect, has been received by Moore Stephens Sydney Corporate Finance Pty Ltd, Moore Stephens Sydney Pty Limited, their directors or employees, or related bodies corporate (jointly "Related Parties") for or in connection with the preparation of this Report.

Other than as disclosed above, Mr Whiddett and the Related Parties have, at the date of our Report, no interest in or financial relationship with Asian Masters Fund Limited.

Moore Stephens is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Moore Stephens which is not responsible for that document.

Moore Stephens Sydney Corporate Finance Pty Ltd ABN 77 122 561 184
Level 7, 20 Hunter Street, Sydney NSW 2000
GPO Box 473, Sydney NSW 2001
Tel: +61 2 8236 7700 Fax: +61 2 9233 4636 Web: www.moorestephens.com.au

Moore Stephens Sydney Corporate Finance Pty Ltd is an Authorised Representative of Moore Stephens Sydney Pty Limited, AFS Licence No. 236 886.
Moore Stephens Sydney Corporate Finance Pty Ltd ABN 77 122 561 184, an affiliate of Moore Stephens Sydney Pty Limited ABN 34 098 199 118.
Moore Stephens Sydney Pty Limited is an independent member of Moore Stephens International Limited - members in principal cities throughout the world.





MOORE STEPHENS

Both Moore Stephens and the Licence Holder may be contacted as follows:

- › By phone: (02) 8236 7700
- › By fax: (02) 9233 4636
- › By mail: GPO Box 473
SYDNEY NSW 2001

If you have a complaint about Moore Stephens' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 8236 7700 or put your complaint in writing and send it to the Licence Holder at Level 7, 20 Hunter Street, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007. Telephone (03) 8623 2000. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Moore Stephens to distribute this FSG.

For personal use only

9 INVESTIGATING ACCOUNTANT'S REPORT



MOORE STEPHENS

26 October 2007

The Directors
Asian Masters Fund Limited
Level 12
95 Pitt Street
Sydney NSW 2000

Dear Sirs

Investigating Accountant's Report

9.1 Introduction

This Report has been prepared by Moore Stephens Sydney Corporate Finance Pty Limited ("Moore Stephens") for inclusion in a prospectus to be dated on or about 26 October 2007 relating to the offer by Asian Masters Fund Limited ACN 127 927 584 (the "Company") of up to 50,000,000 fully paid ordinary shares at an offer price of \$1.00 per ordinary share to raise up to \$50,000,000 before the costs of offer.

The minimum shares offered under this Prospectus are 21,200,000 ordinary shares at an offer price of \$1.00 per ordinary share raising \$21,200,000. If this Minimum Subscription of \$21,200,000 is not achieved within 4 months from the Opening Date, the Company will repay all money received from applicants within 7 days from the completion of 4 months.

The offer is not underwritten.

Expressions defined in the Prospectus have the same meaning in this Report.

9.2 Background

The Company was incorporated in Australia as a public company on 10 October 2007 with 1 ordinary share issued for \$1 and has not traded or issue shares since incorporation. The share is held by Mr Maximilian Walsh.

The Company has been established to provide Australian investors the opportunity to gain exposure to Asian based fund managers in equities traded on stock exchanges and other financial markets in Asia.

The investments of the Company will be managed by Orient Pacific Partners Pty Limited ("the Manager"). The Manager was incorporated on 2 October 2007. The Manager will receive a management and performance fee as set out in Section 10.1 of the Prospectus.

The Company has been set up with 2 key investment objectives:

- > Achieve a high real rate of return on invested capital, within acceptable risk parameters acceptable to the Directors; and
- > Preserve the investment capital of the Company.

The Company intends to invest the proceeds of the Prospectus offering in a portfolio of Asian equities funds, as set out in section 3 of the Prospectus.

9.3 Scope

This report deals with the prospective financial information included in the Prospectus at Section 5.

The pro forma Balance Sheet has been prepared to illustrate the financial position of the Company on completion of the issue and have been prepared on the basis of assumption, notes and accounting policies as set out in Sections 5.1 to 5.4 of the Prospectus.

The directors are not making any forecasts for earnings by the Company.

9.4 Responsibilities

The directors of the Company are responsible for the preparation and presentation of the pro forma Balance Sheet including the assumptions, notes and accounting policies on which they are based. We disclaim any responsibility for any reliance on this report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

Moore Stephens Sydney Corporate Finance Pty Ltd ABN 77 122 561 184
Level 7, 20 Hunter Street, Sydney NSW 2000
GPO Box 473, Sydney NSW 2001
Tel: +61 2 8236 7700 Fax: +61 2 9233 4636 Web: www.moorestephens.com.au

Moore Stephens Sydney Corporate Finance Pty Ltd is an Authorised Representative of Moore Stephens Sydney Pty Limited, AFS Licence No. 236 886.

Moore Stephens Sydney Corporate Finance Pty Ltd ABN 77 122 561 184, an affiliate of Moore Stephens Sydney Pty Limited ABN 34 098 199 118.

Moore Stephens Sydney Pty Limited is an independent member of Moore Stephens International Limited - members in principal cities throughout the world.





9.5 Review of Financial Information

We have conducted an independent review of the pro forma financial information included in Section 5 of the Prospectus in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the pro forma financial information is not presented fairly in accordance with the methodology, assumptions and material accounting policies adopted and summarised at Section 5 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standards AUS902 "Review of Financial Reports". We have made such enquires and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, which were limited primarily to:

- (a) Review of relevant working papers detailing the adjustments and the assumptions on which they were made and other documentation, as appropriate;
- (b) A review of adjustments made to the pro forma Balances Sheets and related notes;
- (c) Consideration of the consistency in application of the recognition and measurement principles prescribed in Australian Accounting Standards (including Australian Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001; and
- (d) An enquiry of Asian Masters Fund Limited Directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

9.6 Review Statement on Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- (a) the pro forma financial information has not been properly prepared so as to present fairly, the pro forma financial position of the Company;
- (b) the methodology, assumptions and material accounting policies adopted and summarised at Section 5 of the Prospectus do not form a reasonable basis for the pro forma information; and
- (c) the assumptions, notes, accounting policies and estimated expenses of the offer made by directors, do not provide a reasonable basis for the preparation of the pro forma Balance Sheet.

9.7 Working Capital

As required by ASX Listing Rule 1.3.3, we advise that in our opinion, the Company will have enough working capital to carry out its stated objectives.

9.8 Legal Proceedings

To the best of Moore Stephens' knowledge and belief, there are no material legal proceedings outstanding or currently being undertaken not otherwise disclosed in this report which would cause the information included in the report to be misleading.

9.9 Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

9.10 Sources of Information

We have made enquiries of the Directors of the Company and other parties as considered necessary during the course of our analysis. We have also referred to the Prospectus and material documents which relate to the operations of the Company.

We have no reason to believe the information supplied is not reliable.

9.11 Declarations

Moore Stephens Sydney Corporate Finance Pty Limited has prepared this Report for inclusion in the Prospectus. We have not acted in any other capacity to the Prospectus, and have not been involved in the preparation of any part thereof. The associated partnership, Moore Stephens Sydney is the appointed auditor of the Company.

Moore Stephens Sydney Corporate Finance Pty Limited does not have any interest in the outcome of this issue and the listing of Asian Masters Fund Limited other than a fee in connection with the preparation of this Report and participation in due diligence procedures for which normal professional fees in the order of \$15,000 will be received. No pecuniary or other benefit, direct or indirect, has been received by Moore Stephens Sydney Corporate Finance Pty Limited for or in connection with the making of this Report.



This Report has been prepared on behalf of Moore Stephens Sydney Corporate Finance Pty Limited by Scott Melville Whiddett, who is a Director of Moore Stephens Sydney Corporate Finance Pty Limited, Moore Stephens Sydney Pty Limited and a partner of Moore Stephens Sydney, Chartered Accountants. Mr Whiddett is an associate of the Institute of Chartered Accountants and a Registered Company Auditor. Mr Whiddett has over 16 years of experience including audit of public companies, detection of fraud, valuations, economic loss calculations, due diligence and the preparation of Independent Expert's Reports.

Moore Stephens Sydney, a chartered accounting firm associated with Moore Stephens Sydney Corporate Finance Pty Limited will act as auditors to the Company.

Other than as disclosed above, Mr Whiddett, the other Directors and the staff involved with the preparation of this Report have, at the date of this Report, no interest or financial relationship with Asian Masters Fund Limited.

Yours faithfully

MOORE STEPHENS SYDNEY CORPORATE FINANCE PTY LIMITED

S. M. WHIDDETT
Director

For personal use only



10 MATERIAL CONTRACTS

The Directors consider that the material contracts described below and elsewhere in this Prospectus are the contracts which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

This report only contains a summary of the material contracts and their substantive terms.

10.1 Management Agreement

The Company has appointed the Manager to manage the Portfolio of the Company and the Manager will manage and supervise all investments for the term of the Management Agreement.

Powers of Manager

Subject to the Corporations Act, the Company's investment policies and any written guidelines issued by the Company from time to time, the Manager will from time to time on and from the date the Company allots and issues not less than 21,200,000 Shares pursuant to the Offer (**Commencement Date**) manage the Portfolio and the investments on behalf of the Company.

Subject to receipt of approval from the Investment Committee, the Manager has discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio, including:

- (a) the investigation of, negotiation for, acquisition of, or disposal of, every investment;
- (b) to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments in lieu of those investments;
- (c) if any investments are redeemed, or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued, to convert that investment into some other investment or accept repayment of the capital paid or advanced on the investment and any other monies payable in connection with that redemption or repayment and to invest any of those monies in the purchase of investments to be added to the Portfolio;
- (d) retain or sell any Security or other property received by the Company by way of bonus, or in lieu of, or in satisfaction of, a dividend in respect of any investments or from the amalgamation or reconstruction of any company.

Investment Committee

The Company must establish an Investment Committee initially comprising Graham Chee as nominee for the Manager and 2 nominees for the Company. The Company may remove and replace any of its nominees provided the nominee is an experienced participant in the securities industry with the skills necessary to assist the Manager to perform its investment management function under the Management Agreement.

The Manager may require a member of the Investment Committee to resign where it considers that the member has failed or is reasonably expected to fail to comply with the reasonable directions, instructions and policies issued by the Manager from time to time to ensure compliance with the requirements of the licence under which the Manager performs its obligations under the Management Agreement and applicable law.

Meetings of the Investment Committee must be conducted in such a manner as the Investment Committee may determine. The quorum for a meeting of the Investment Committee is at least 2 members present at the commencement and throughout the whole of the meeting. These must include a member nominated by the Manager. However, if a quorum is not present within 30 minutes of the scheduled time for commencement of the meeting due to the absence of a member appointed by the Manager, the meeting is adjourned to the same place and time 5 Business Days later. If a quorum is again not present due to the absence of a member nominated by the Manager, the meeting may proceed without the member representing the Manager.

At any meeting of the Investment Committee, each member present at that meeting has 1 vote. In the event of an equality of votes, the Chairman of the Investment Committee has a casting vote in addition to his deliberative vote.

The Manager must not make or implement any investment decision in respect of:

- > in respect of an investment with a value in excess of \$100,000; or
- > in respect of any number of investment which have an aggregate value of in excess of \$250,000,

without first obtaining the approval of the Investment Committee.

Throughout the term, the Manager must comply with all proper and reasonable directions and instructions given to it by the Investment Committee. The Investment Committee cannot require the Manager to undertake duties not imposed on the Manager by the Agreement, to act contrary to the Agreement or in manner which, in the reasonable opinion of the Manager, will, or is likely to result in a breach by the Manager of the Agreement.

For personal use only



Monthly Valuation

The Manager must arrange for the calculation of the value of the Portfolio at least monthly.

Management Fee

In return for the performance of its duties as manager of the investments of the Company, the Manager will initially receive a management fee of 0.08334% of the pre tax value of the Portfolio at the close of the first Business Day of each month commencing 1 December 2007 (equating to an annualised management fee of 1%).

Performance Fee

If the Portfolio of investments exceeds its benchmark return of 10%, a performance fee is payable to the Manager. The performance fee is calculated as 15% of the difference between the Portfolio's gross return (before tax, fees and expenses) and the performance benchmark for the period from 1 July to 30 June (or in the first year of the Company, for the period from the listing date until 30 June 2009). This calculation is performed within 15 business days of the end of the fiscal year ending 30 June with the Manager to be paid within 7 business days of the completion of the annual audit for the Company. The Portfolio's gross return must exceed the performance benchmark in order for the performance fee to be paid.

The performance benchmark is a flat 10% high watermark. Using a simple example, if the value of the Portfolio is \$100 the Manager must make a \$10 return before a performance fee is paid. If after generating returns the Portfolio's value is \$115, the Manager is entitled to 15% of the \$5 (the difference between the Portfolio's gross return and the performance benchmark).

Expenses

The Company is liable for and must pay out of the Portfolio or reimburse the Manager the following fees, costs and expenses when properly incurred in connection with the investment and management of the Portfolio or the acquisition, disposal or maintenance of any investment:

- (a) fees payable in respect of the Company to any financial market, the ASIC or other regulatory body;
- (b) all costs, stamp duties, financial institutions duties, bank account debits tax and legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Manager in connection with:
 - (i) the acquisition and negotiation of any investment or proposed investment;

- (ii) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - (iii) the receipt of income or other entitlements from the investments of the Portfolio; and
 - (iv) the engagement of a custodian to hold any investment on behalf of the Company; and
- (c) outgoings in relation to the Portfolio such as rates, levies, information and professional services, duties, taxes, marketing costs and insurance premiums.

The Manager must bear the cost of, and is not entitled to be reimbursed by the Company in respect of, its internal labour costs and legal costs in connection with its performance of its obligation under the Agreement.

The Manager will not be reimbursed by the Company for any fees, costs and expenses incurred by the Manager which are payable to an underlying fund manager which are not authorised under any budgets set from time to time by the Company or otherwise approved by the Board (which must not be unreasonably withheld or delayed).

Term

The Management Agreement is for an initial period commencing on the Commencement Date and expiring on the date 3 years after the Commencement Date, unless terminated earlier in accordance with its terms.

At the expiry of the initial period, the Management Agreement may be extended for a further term of 3 years with the agreement of the Company.

Termination

The Manager may terminate the Management Agreement at any time after the first anniversary of the Commencement Date by giving to the Company at least 6 months' written notice.

The Company may immediately terminate the Management Agreement on the occurrence of any of the following:

- (a) an insolvency event occurs with respect to the Manager;
- (b) the Manager breaches its obligations under the Management Agreement in a material respect and the breach cannot be remedied, or if it can be remedied, the Manager does not remedy that breach within 30 days after the Company has notified the Manager in writing to remedy the breach;
- (c) Graham Chee ceases to be actively involved in the operations and management of the Manager and the provision of management services by the Manager under the Management Agreement;



- (d) the Manager persistently fails to ensure that investments made on behalf of the Company are consistent with the Company's investment strategy; or
- (e) the licence under which the Manager performs its obligations is suspended for a period of not less than 1 month or cancelled at any time and the Manager fails to maintain an authorisation enabling it to perform its obligations under the Management Agreement from a third party holder of a licence.

Company Indemnity

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with the Manager or any of its officers, employees or agents acting under the Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees. This obligation continues after the termination of the Management Agreement.

Manager Indemnity

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with any negligence, default, fraud or dishonesty of the Manager or its officers or supervised agents. This obligation continues after the termination of the Management Agreement.

10.2 Director Protection Deeds

The Company has agreed to provide access to board papers and minutes to current and former Directors of the Company while they are Directors and for a period of 7 years from when they cease to be Directors.

The Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities, which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each Director a directors' and officers' policy of insurance for the period that he or she is a Director and for a period of 7 years after the officer ceases to be a Director.

10.3 Authorised Representative Agreement

As the Manager does not presently hold an Australian Financial Services Licence, it will operate as an authorised representative of an Australian Financial Services Licence holder to enable it to carry out its obligations under the Management Agreement. The Manager has been appointed by Global Mutual Funds Pty Limited as an authorised representative under this Agreement.

Under this agreement, the Manager may nominate one or more persons as an authorised representative for Global Mutual Funds Pty Limited.

Neither Global Mutual Funds Pty Limited nor the Manager will be receiving remuneration in relation to the performance of the obligations under the Authorised Representative Agreement. The appointment of any nominees is at the Manager's risk and the acts of such nominees are considered acts of the Manager.

Each party has a right to terminate the Authorised Representative Agreement by giving at least 3 months notice to the other party, or immediately in the event of a material unremedied breach of the agreement or if a party becomes insolvent. The agreement is terminated automatically if there is a banning or disqualification order under the Corporations Act against the Manager, if the Manager has been found guilty or convicted of an indictable offence, if Global Mutual Funds Pty Limited ceases to hold an Australia Financial Services Licence or if the Management Agreement is terminated.

11 ADDITIONAL INFORMATION



11.1 Incorporation

The Company was incorporated on 10 October 2007.

11.2 Balance Date

The accounts for the Company will be made up to 30 June annually.

11.3 Company Tax Status

The Company will be taxed as a public company.

11.4 Rights Attaching to the Shares

Immediately after issue and allotment, the Shares will be fully paid ordinary shares in the capital of the Company. There will be no liability on the part of Shareholders for any calls.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's constitution and the Corporations Act. A copy of the constitution can be inspected during office hours at the registered office of the Company.

The detailed provisions relating to the rights attaching to Shares under the constitution and the Corporations Act are summarised below:

Each Share confers on its holder:

- (a) the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the constitution, the Corporations Act and, after the Company becomes admitted to the official list of the ASX, the Listing Rules;
- (b) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (1 vote per Shareholder) and on a poll (1 vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (c) the right to receive dividends, according to the amount paid up or credited as paid on the Share;
- (d) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company (with the consent of members by special resolution); and

- (e) subject to the Corporations Act and, after the Company becomes admitted to the official list of the ASX, the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

11.5 Dividend Re-Investment Plan

The Company has a Dividend Re-investment Plan (DRP) for both interim and final dividends. The DRP enables Shareholders to reinvest all or part of the dividends payable on their Shares in additional Shares.

DRP Eligibility

Any Shareholder who has a registered address or is resident in a country other than Australia or New Zealand may not be able to participate in the DRP because of the legal requirements applying in such country. The Board has the discretion to determine whether any such Shareholder is excluded from the DRP.

DRP Participation

Participation in the DRP is entirely optional. There are 2 types of participation. A Shareholder may participate in the DRP in respect of all Shares registered in the name of that Shareholder as at each record date for a dividend. Alternatively, a Shareholder may participate in the DRP in respect of a specified number of Shares which is less than the Shareholder's total holding. If part of a Shareholder's holding is nominated for participation in the DRP, cash dividends will be paid on the balance of those Shares.

Operation of the DRP

In the operation of the DRP for any dividend, the Company, may in its discretion, either allot new Shares or cause existing Shares to be acquired on-market by Shareholders who participate in the DRP.

DRP Administration Costs

All administration costs of the DRP will be met by the Company. No brokerage, commission or other transaction costs will be payable by participants on Shares transferred or allotted under the DRP and no stamp or other duties will, under present law, be payable by participants in respect of such shares.

For personal use only



DRP Price

Shares will be allotted or transferred at a price which is to be the latest published after provision for tax of the NAV per Share less the cash value of the declared dividend, less such discount (if any) set by the Board from time to time. The Board has determined that a 2.5% discount will be applied for the time being, although this will be subject to change.

DRP and the Sale of Shares

Shares participating in the DRP or acquired under the DRP may be sold at any time. When a Shareholder with partial participation in the DRP sells Shares, the number of Shares sold will be deducted first from the non-participating Shareholding and then from participating Shares unless the Company receives notice to the contrary from the Shareholder.

If a Shareholder sells Shares participating in the DRP shortly before a record date for the determination of dividend entitlements, the Shareholder's stockbroker should be informed that the Shares are participating in the DRP. The Shareholder should also immediately send a Variation/Termination Notice to the Company withdrawing the shares from the DRP.

DRP Taxation

Investors should obtain professional taxation advice regarding the impact of participation in the DRP on their own taxation position.

DRP Calculation of Entitlement

The dividend payable on a participant's Shares subject to the DRP will be credited to a "DRP account" and then applied in acquiring or subscribing for a maximum whole number of Shares that may be transferred or allotted at the price described above. Any balance remaining in a participant's DRP account after Shares have been transferred or allotted will be carried forward and added to the next dividend entitlement. No interest will accrue in respect of any balance in a DRP account.

DRP Dividends and other Rights

Shares transferred or allotted under the DRP will rank equally in all respects with existing Shares.

DRP Statements

Participants in the DRP will be sent a statement after each dividend payment detailing their participation in the DRP.

DRP Modification, Suspension and Termination

The rules of the DRP may be modified or varied and the Plan may be suspended or terminated by the Board at any time in accordance with the rules of the Plan and, if the Company becomes admitted to the official list of the ASX, the ASX Listing Rules.

How to join the DRP

The Company will shortly send Shareholders documents relating to the DRP, including a Notice for Election to participate in the DRP and a Variation/Termination Notice.

Participation in the DRP will commence with the first dividend payment after receipt of the duly completed and executed Notice of Election, provided the Notice is received by 5:00 p.m. on the record date for that dividend.

Variation to Level of Participation or Withdrawal from the DRP

Shareholders may vary their level of participation in the DRP or withdraw from the DRP at any time by giving a Variation/Termination Notice to the Company. Provided that it is received before the record date, a Variation/Termination Notice will be effective from the next dividend payment.

11.6 Matters Relevant to the Directors

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within 2 years before the date of this Prospectus that are or were, interests of a Director or a proposed Director in the promotion of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion. Further, except as set out in this Prospectus, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce him to become or qualify him as a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company.

Maximilian Walsh, Chairman of the Company, holds 1 Share in the Company. No other Director or an Associate of a Director holds any interest in any Security in the Company.

It is the intention of all the Directors to apply for Shares via this Prospectus. However, at the date of this Prospectus, no Director has made a determination as to how many Shares he will be applying for under this Prospectus.



11.7 Remuneration of Directors

Under the Company's constitution, each Director may be paid remuneration for ordinary services performed as a Director. Under ASX Listing Rules, the maximum fees payable to Directors may not be increased without the prior approval from the Company in general meeting. Directors will seek approval from time to time as deemed appropriate.

The maximum total remuneration of the Directors has been set at \$300,000 per annum to be divided among them in such proportions as they agree.

The Board has determined that the initial remuneration payable to Maximilian Walsh as Chairman will be \$10,000 per annum and the initial remuneration payable to each of Daryl Dixon, Alan Dixon and Kevin Chin as Directors will be \$5,000 per annum each.

11.8 Related party transactions

As at the date of this Prospectus, the Company is a party to the following transactions with related parties and future related parties:

- > Messrs Maximilian Walsh, Daryl Dixon and Alan Dixon are Directors of the Company and directors of the Issue Manager. In connection with the provision of services as Issue Manager, the Issue Manager is entitled to receive commission and handling fees of 4% of the total funds raised under this Prospectus. See Section 11.9 for details.
- > Graham Chee is secretary of the Company and the principal of the Manager. In his capacity as secretary, Mr Chee will initially receive remuneration of \$5,000 per annum. The Manager is entitled to receive a management fee of 0.08334% of the pre-tax value of the Portfolio (equating to an annualised management fee of 1%) and a performance fee of 15% of the difference between the Portfolio's gross return and the performance benchmark of 10% per annum. See Section 10.1 for details.
- > each Director has entered into a director protection deed with the Company. See Section 10.2.

11.9 Expenses of the Offer

The expenses of the Offer (including GST) are estimated below, according to the amount of funds raised on the Issue:

	Handling Fee and Commission	Legal and Accounting Fees	Other Costs
\$21,200,000 Issue	\$932,800	\$72,050	\$ 134,309
\$37,500,000 Issue	\$1,650,000		\$ 148,576
\$50,000,000 Issue	\$2,200,000		\$161,112

These expenses have been paid or are payable by the Company.

11.10 Legal Proceedings

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had a significant effect on the financial position on the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

11.11 Consents and Responsibility Statements

Watson Mangioni Lawyers Pty Limited has given and before lodgement of the paper Prospectus and the issue of the electronic Prospectus has not withdrawn its written consent to be named as solicitors to the Offer in the form and context in which it is so named.

Watson Mangioni Lawyers Pty Limited has only been involved in the preparation of that part of the Prospectus where they are named as solicitors to the Offer. *Watson Mangioni Lawyers Pty Limited* specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. While *Watson Mangioni Lawyers Pty Limited* has provided advice to the Directors in relation to the issue of the Prospectus and the conduct of due diligence enquiries by the Company and the Directors, *Watson Mangioni Lawyers Pty Limited* has not authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

Moore Stephens Sydney Corporate Finance Pty Limited has given, and before lodgement of the paper Prospectus and the issue of the electronic Prospectus has not withdrawn its written consent to being named in this Prospectus as investigating accountant to the Company in the form and context in which it is so named and the inclusion of its investigating accountant's report in the form and context in which it appears in this Prospectus.



For personal use only

Moore Stephens Sydney Corporate Finance Pty Limited has not been involved in the preparation of any part of this Prospectus (other than its investigating accountant's report) and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in this Prospectus except in its investigating accountant's report. *Moore Stephens Sydney Corporate Finance Pty Limited* has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents except its investigating accountant's report.

Moore Stephens Sydney has given, and before lodgement of the paper Prospectus and the issue of the electronic Prospectus has not withdrawn its written consent to being named in this Prospectus as auditor to the Company in the form and context in which it is so named.

Moore Stephens Sydney has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in this Prospectus. *Moore Stephens Sydney* has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Orient Pacific Partners Pty Limited has given and before lodgement of the paper Prospectus and the issue of the electronic Prospectus has not withdrawn its written consent to being named in the Prospectus as manager of the Portfolio of the Company in the form and context in which it is so named.

Orient Pacific Partners Pty Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. *Orient Pacific Partners Pty Limited* has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Dixon Advisory & Superannuation Services Pty Limited has given and before lodgement of the paper Prospectus and the issue of the electronic Prospectus has not withdrawn its written consent to being named in the Prospectus as the Issue Manager for the Company in the form and context in which it is so named.

Dixon Advisory & Superannuation Services Pty Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. *Dixon Advisory & Superannuation Services Pty Limited* has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Registries Limited has given and before lodgement of the paper Prospectus and the issue of the electronic Prospectus has not withdrawn its written consent to being named in the Prospectus as the Share Registrar for the Company in the form and context in which it is named.

Registries Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. *Registries Limited* has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

11.12 Interests of Experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Watson Mangioni Lawyers Pty Limited have acted as solicitors to the Offer and have performed work in relation to negotiating certain of the material contracts, preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that it will pay amounts totalling approximately \$50,000 (excluding disbursement and GST) to *Watson Mangioni Lawyers Pty Limited*.

Moore Stephens Sydney Corporate Finance Pty Limited has prepared the investigating accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Company estimates it will pay up to \$15,000 (excluding disbursement and GST) to *Moore Stephens Sydney Corporate Finance Pty Limited*. The associated partnership, *Moore Stephens Sydney*, is also the appointed auditor of the Company.

Certain partners, directors and employees of the above firms may subscribe for Shares in the context of the Offer.

11.13 Authorisation

This Prospectus has been approved by unanimous resolution of the Directors of *Asian Masters Fund Limited*.

Dated: 26 October 2007

Maximilian Walsh
Chairman

12 GLOSSARY



Terms and abbreviations used in this Prospectus have the following meaning:

Applicant	a person who submits an Application.
Application	an application for Shares pursuant to this Prospectus.
Application Form	an application form in the form attached to this Prospectus.
Application Monies	the Application Price multiplied by the number of Shares applied for.
Application Price	\$1.00 for each Share.
Associate	has the meaning given by Division 2 of the Corporations Act.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited.
Business Day	a day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney.
Closing Date	23 November 2007.
Company	Asian Masters Fund Limited (ACN 127 927 584).
Directors or Board	the board of directors of the Company.
Issue	the issue of Shares in accordance with this Prospectus.
Issue Manager	means Dixon Advisory & Superannuation Services Pty Limited (ACN 103 071 665) (AFS Licence Number: 231143)
Listing Rules	the listing rules of ASX.
Management Agreement	the management agreement between the Company and the Manager dated on or about the date of this Prospectus.
Manager	Orient Pacific Partners Pty Limited (ACN 127 798 412).
Minimum Subscription	means a minimum subscription of \$21,200,000, being receipt of valid Applications for not less than 21,200,000 Shares.
NAV	net asset value.
Offer	the offer of Shares to Applicants whose Applications and Application Monies are received by the Company by 5:00pm (Sydney time) on the Closing Date.
Opening Date	expected to be 2 November 2007.
Portfolio	the portfolio of investments of the Company from time to time.
Prospectus	this prospectus dated 26 October 2007 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time.
Securities	has the same meaning as in Section 92 of the Corporations Act.
Share	a fully paid ordinary share in the capital of the Company.
Share Registry	means Registries Limited (ACN 003 209 836).
Shareholder	a registered holder of a Share.

For personal use only



This page has been left blank intentionally.

For personal use only



This page has been left blank intentionally.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.
These instructions are cross-referenced to each section of the Application Form.

Instructions

- A. If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than **2,000** and then in multiples of **500**. Multiply by **\$1.00** AUD to calculate the total for Shares and enter the **\$amount** at B.
- C. Write your **full name**. Initials are not acceptable for first names.
- D. Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.
- F. Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. Complete **cheque details** as requested. Make your cheque payable to **Asian Masters Fund Limited - Share Account**, cross it and mark it "**Not negotiable**". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- H. Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Mailing address:

Asian Masters Fund Limited
Ground Floor
72 Northbourne Ave
Canberra ACT 2601

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Registries Limited on 02 9290 9600.

Privacy Statement:

Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (http://www.registriesltd.com.au/help/share_privacy.html).

For personal use only

PRODUCED BY MEZZANINE GROUP | PHONE +61 2 9233 6870 | EMAIL info@mezzaninegroup.com



For personal use only

