



FUND UPDATE

On 23 March 2018, the AUF board announced a proposed restructure of AUF from a fund-of-funds listed investment company to a new direct equities listed investment trust – the Evans & Partners Asia Fund (EAF). For more information on the restructure, please refer to the AUF Notice of Meeting dated 23 March 2018 and the EAF Product Disclosure Statement.

PORTFOLIO COMMENTARY

All data is as at 31 March 2018 and in Australian dollar (AUD) terms, unless otherwise indicated.

Despite volatility in equity markets, AUF's net tangible asset (NTA) continued to rise during the first quarter (Q1) of 2018, providing a total NTA return of 1.8% during the quarter (including dividends).

JPMorgan Taiwan was the best performing fund during Q1, gaining 6.4% in line with the TAIEX Index (up 6.3%). AUF's exposure to the Chinese markets continued to make a significant contribution to its performance. Manager selection in China has also continued to be positive as all Chinese equities managers outperformed their respective benchmarks. While China A-share managers Cephei and NCC were up 4.8% and 5.3%, Wells Fargo and Green Court (which invest in A-shares, H-shares and ADRs) each gained 5.8% and 4.9% over the quarter.

Meanwhile, regional managers Arisaig Asia Consumer Fund (up 0.7%), Asian Opportunities Absolute Return Fund (up 0.6%) and AllianceBernstein Asia ex-Japan Fund (up 0.4%) all made positive contributions to AUF's performance in Q1. However, the portfolio's small cap specialists made a small negative contribution, as both Prusik Asian Smaller Companies and the Asia New Star funds lost 1.1% over the quarter.

AUF's exposure to the Indian market detracted from its performance in Q1. The fund's Indian equities specialist, Steadview (down 4.8%), was the worst performing fund in the portfolio, underperforming its benchmark which declined 3.2% over the quarter.

At Walsh & Company, we remain positive on the outlook for Asia ex-Japan equities. While the region made remarkable gains in 2017, returns were driven largely by faster earnings growth. As a result, valuations remain attractive in comparison to developed market equities. The world is currently enjoying a period of synchronised global growth which is expected to continue in 2018, and this should be supportive for risk markets.

PERFORMANCE AS AT 31 MARCH 2018

	3 months	6 months	1 year	2 years pa	3 years pa	5 years pa	Since inception pa
NTA total return*	1.8%	9.1%	21.3%	14.5%	4.7%	12.1%	6.5%

*Performance numbers are total returns, with gross dividends reinvested. All returns beyond one year are annualised.

COMPANY FACTS

ASX ticker	AUF
Asset class	Asia ex-Japan equities
Structure	Listed investment company
Inception	December 2007
Currency	AUD (unhedged)
NTA	\$1.42
Market capitalisation	\$166 million
Shares outstanding	131 million

ONGOING FEES

Investment Management fee	1.10% p.a.*
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*Inclusive of GST, does not include underlying fund manager fees. For more information on ongoing fees and costs associated with the product, please refer to Section 1 of the Replacement Prospectus dated 22 July 2016.

DIVIDENDS ANNOUNCED (LAST 12 MONTHS)

February 2018	1.1 cents per share (fully franked)
August 2017	1.1 cents per share (fully franked)
May 2017 (special dividend)	5.0 cents per share (fully franked)

UNDERLYING MANAGERS

MANAGER	WEIGHT**
Wells Fargo China Equity Fund	13.2%
ANDA Korea Active Return Fund	10.9%
Arisaig Asia Consumer Fund	9.6%
Cephei QFII China Absolute Return Fund	8.9%
AllianceBernstein Asia ex-Japan Fund	7.6%
Asian Opportunities Absolute Return Fund	7.5%
Steadview Capital Fund	7.1%
Prusik Asian Smaller Companies Fund	7.1%
JPMorgan Taiwan Fund	6.9%
Asia New Stars No.1 Fund	6.4%
NCC China A-Share Fund	5.1%
Green Court Greater China Long-Only Equity Fund	5.1%
Cash*	4.5%

* Excludes any cash held by underlying investment managers.

** Figures may not reconcile due to rounding.

MARKET REVIEW

Asia ex-Japan equities started the year on a strong note, rising 4.3% in January. A global sell-off began in February, led by concerns over rising inflation in the United States (US) and the possibility of the US Federal Reserve raising interest rates faster than anticipated. Markets subsequently rebounded until Donald Trump announced the imposition of tariffs, sparking fears of a trade war between the US and China. The MSCI Asia ex-Japan Index (the Index) rose 2.3% in Q1, with widespread dispersion of returns among different markets.

Vietnam (up 21.4%) continued as the best performing market off the back of strong foreign inflows, solid economic data and equities reaching all-time highs. Q1 gross domestic product (GDP) growth was reported at 7.4% year-on-year (yoy) – the highest in a decade.

Malaysia (up 11.6%) and Thailand (up 8.4%) also performed well during the quarter, both aided by currency strength, higher trade surplus and lower inflation. In addition, Taiwan (up 6.3%) and Singapore (up 4.9%) yielded positive returns over the quarter both in AUD and local currency terms.

China's National People's Congress was held in March, with several important reforms put in place. These reforms included the removal of presidential term limits and the appointment of pro-market technocrats to key decision-making positions. Despite escalating trade tensions with the US, Chinese stocks were up during the quarter. The MSCI China Index gained 3.4%, while H-shares rose 3.8% and A-shares were up 1.7%. Hong Kong (up 2.2%) performed in line with the Chinese markets.

Meanwhile, South Korea (up 1.5%) and Indonesia (down 1.7%) underperformed the Index amid significant foreign outflows. However, sentiment towards Korea improved in March after the US and North Korea agreed to hold a summit in May, leading to a strong appreciation of the won.

The Indian market (down 3.2%) was unsettled by allegations of fraud involving Punjab National Bank and negative political developments, indicating Prime Minister Narendra Modi's BJP Party is losing support. India's Q4 GDP growth of 7.2% yoy exceeded expectations. Overall, the Philippines (down 8.7%) was the worst performing Asian market in Q1, due largely to inflation concerns.

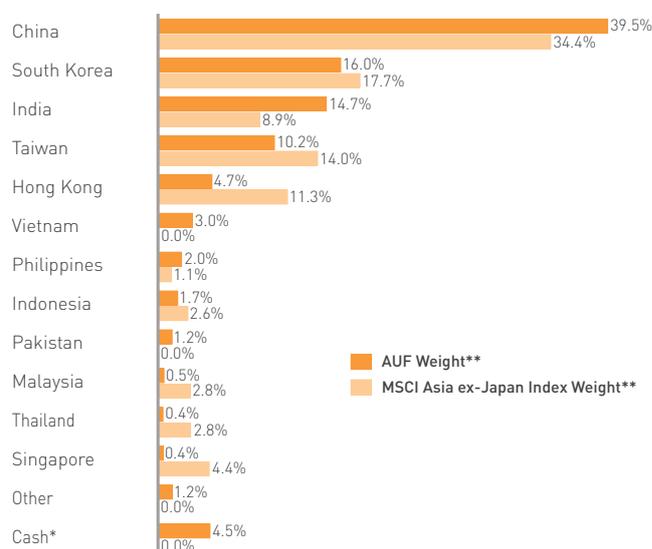
There was widespread dispersion across sectors in Q1, with health care (up 11.0%), utilities (up 4.5%) and energy (up 3.9%) leading the gains. Meanwhile, telecommunications services (down 5.7%) and consumer discretionary (down 2.3%) finished at the bottom.

TOP 10 HOLDINGS

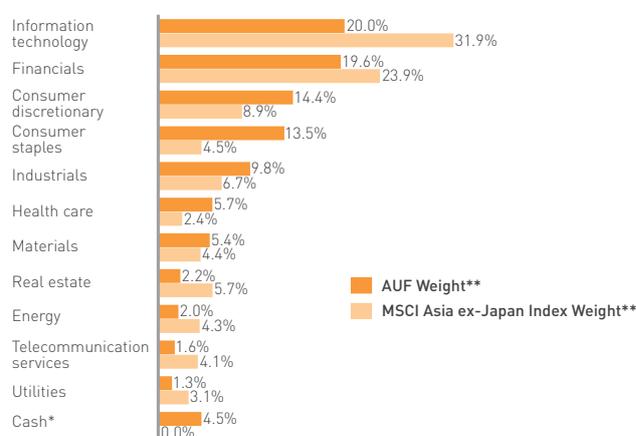
Indicative look-through stock exposure derived from portfolio of underlying funds:

	COMPANY	COUNTRY	WEIGHT
1	Samsung Electronics Co Ltd	Korea	2.8%
2	Tencent Holdings Ltd	China	2.1%
3	Alibaba Group Holding Ltd	China	1.7%
4	China Construction Bank Corp	China	1.2%
5	Ping An Insurance Group Co Ltd	China	1.1%
6	Foshan Haitian Flavouring and Food Co Ltd	China	1.0%
7	TSMC Ltd	Taiwan	1.0%
8	KB Financial Group Inc	Korea	1.0%
9	Page Industries Ltd	India	0.9%
10	IndusInd Bank Ltd	India	0.8%

COUNTRY ALLOCATION



SECTOR ALLOCATION



* Excludes any cash held by underlying investment managers.
 ** Figures may not reconcile due to rounding.

INVESTMENT OBJECTIVE

AUF seeks to provide investors with long-term exposure to Asia ex-Japan equities while maintaining broad diversification. Further, it aims to achieve a high, real rate of return on invested capital within acceptable risk parameters.

INVESTMENT STRATEGY

AUF aims to invest in a diversified portfolio of underlying funds managed by highly experienced Asia equity fund managers with strong investment track records in both bull and bear markets. The Fund invests in both regional (i.e. Asia ex-Japan) funds and single country funds.

RISKS

Like all investments, an investment in the Fund carries risks that may result in the loss of the invested income or principal. In addition to the general risks of investing, specific risks associated with investing in the Fund include, but are not limited to, the Asia markets' equity risk, sovereign risk and currency risk. For further information about the risks of investing in the product, please see Section 3 in the Prospectus.

ABOUT WALSH & COMPANY

The Walsh & Company Group is a Sydney based specialist global fund manager established in 2007. The Group has over \$5 billion of assets under management across global equities, residential and commercial property, private equity, fixed income and sustainable and social investments. We provide investors access to unique investment strategies and focus on building high quality, diversified portfolios.

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IMPORTANT INFORMATION

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