



ASIAN
MASTERS FUND
L I M I T E D

ANNUAL REPORT | FOR THE YEAR ENDED 30 JUNE

2013

For personal use only

CONTENTS

Chairman's Letter	1
Managing Director's Report	2
Corporate Governance Statement	8
Directors' Report	13
Auditor's Independence Declaration	23
Statement of Profit or Loss and Other Comprehensive Income	24
Statement of Financial Position	25
Statement of Changes in Equity	26
Statement of Cash Flows	28
Notes to the Financial Statements	29
Directors' Declaration	55
Independent Auditor's Report	56
Additional Securities Exchange Disclosures	58
Investments at Market Value	60
Additional Disclosures	61
Corporate Directory	62



CHAIRMAN'S LETTER

OVERVIEW

Welcome to the Annual Report for the Asian Masters Fund Limited (**the Company**) for the financial year ended 30 June 2013 (**FY13**).

At 30 June 2013, the net tangible asset value (**NTA**) before tax on unrealised gains or losses of the Company was \$1.01 per share and the post-tax NTA was \$0.95 per share. This compares to the pre-tax NTA of \$0.85 per share and the post-tax NTA of \$0.86 per share at 30 June 2012.

During FY13, the Company paid two unfranked dividends of one cent per share on 22 November 2012 and 22 May 2013.

We are very pleased with the results achieved by the Company, which provided a total return of +22% to investors in FY13.

COMPANY UPDATES

During FY13, the Company raised \$665,925 through the Company's dividend reinvestment plan in November 2012 and May 2013. We believe this demonstrates the continued significant investor support for the Company.

During the financial year, the Company announced one buyback program on 30 July 2012. The buybacks were undertaken as an active capital management tool to provide liquidity to existing shareholders should they seek to exit their investment at, or near, net tangible asset value. During FY13, 26,581,572 shares worth \$23,434,311 were purchased by the Company from shareholders as part of the buyback programs announced on 5 June 2012 and 30 July 2012.

On 7 August 2013, the Company announced it was seeking shareholder approval to continue its buyback program by purchasing up to a further 25% of shares on issue. The Company remains committed to improve investor liquidity as well as enhancing shareholder returns.

We would like to take this opportunity to thank you for your continued support of the Asian Masters Fund Limited.

Yours sincerely,



Mr Maximilian Sean Walsh
CHAIRMAN

MANAGING DIRECTOR'S REPORT

OVERVIEW

Asia ex Japan equities performed well in FY13, and the Company provided a total return of +22% during the period. Equities were boosted in the first half of FY13 by ultra-loose monetary policy in the major developed economies. In September 2012, the European Central Bank pledged to purchase an unlimited amount of bonds to prevent the European crisis from worsening; the US Federal Reserve (**Fed**) announced a third round of quantitative easing (**QE3**) and a commitment to keep interest rates at record lows for an extended period; and the Bank of Japan revealed an aggressive expansion of its monetary-easing program.

Part of this increased liquidity found its way to Asian equities, in particular the more resilient and domestic-oriented Southeast Asian economies. Thailand, Philippines, Indonesia, Vietnam and Malaysia were the best performing markets in the region and significantly outperformed the MSCI Asia ex Japan Index, which gained 22% (in Australian dollars terms) in FY13.

Asia ex Japan equities lost steam in the second half of FY13 amid renewed concerns over the European debt crisis following the Cyprus bailout in March, a slowdown in the Chinese economy, and, in particular, an indication that the US Fed would consider tapering QE3 earlier than anticipated. Equity markets experienced large outflows, leading to substantial losses in the month of June. However, the second quarter of calendar year 2013 was also marked by a strong depreciation of the Australian dollar (**AUD**) against all Asian ex Japan currencies, resulting in gains in AUD terms.

PORTFOLIO POSITIONING

As at 30 June 2013, the country allocation of the portfolio was:

Country	AUF Weight	Index Weight	Active Weight
China	30.3%	23.5%	6.8%
India	14.2%	8.7%	5.5%
Hong Kong	12.1%	12.6%	-0.5%
South Korea	12.0%	18.8%	-6.8%
Philippines	5.7%	1.3%	4.4%
Taiwan	5.1%	15.3%	-10.2%
Thailand	5.0%	3.6%	1.4%
Singapore	4.1%	6.9%	-2.8%
Indonesia	3.3%	4.1%	-0.8%
Malaysia	2.9%	5.2%	-2.3%
Vietnam	2.6%	0.0%	2.6%
Pakistan	0.8%	0.0%	0.8%
Sri Lanka	0.2%	0.0%	0.2%
Other	0.8%	0.0%	0.8%
Cash*	0.9%	0.0%	0.9%
Total	100.0%	100.0%	

*Excludes any cash held by underlying investment managers.

As at 30 June 2013, the company was 99% invested with positions in 10 investment funds. These investments are presented below:

Manager	Mandate	Weight as at 30/06/2013
Arisaig Asia Consumer Fund	Asian consumer specialist	21.4%
APS China A Share Fund	Country specialist	15.8%
Prusik Asia Smaller Companies Fund	Asian small cap specialist	10.6%
JPMorgan China Pioneer A Shares Fund	Country specialist	10.3%
Prusik Asia Fund	Asian region	10.1%
Aberdeen Asian Opportunities Fund	Asian region	8.9%
JPMorgan Korea Fund	Country specialist	6.9%
iShares MSCI Hong Kong Index Fund	Country specialist	6.6%
Steadview Capital Fund	Country specialist	4.7%
JPMorgan Taiwan Fund	Country specialist	3.8%
Cash*		0.9%
Total Portfolio Value		100%

*Excludes any cash held by underlying investment managers.

During the year, the Company made a new investment of \$16.3 million into the APS China A Share Fund, replacing the investments in Invesco PRC Fund, Invesco Greater China Fund and Invesco China Opportunity Fund.

The Company also made a new investment of \$5.5 million into the Steadview Capital Fund, an Indian equities long/short manager, replacing the HSBC India Fund.

To increase the exposure to the Hong Kong market, the Company made a new investment of \$7.9 million into the iShares MSCI Hong Kong Index Fund. At the same time, the Company decreased its exposure to Korea and Taiwan by making partial redemptions of \$1.6 million from JPMorgan Korea Fund and \$3.2 million from JPMorgan Taiwan Fund.

The company also made partial redemptions from Aberdeen Asia Opportunities Fund totalling \$11.7 million.

MANAGING DIRECTOR'S REPORT CONT.

TOP 50 HOLDINGS

An indicative look-through stock exposure derived from the portfolio of underlying funds:

Rank	Name	Country	Weight (%)
1	AIA Group Ltd	Hong Kong	1.6%
2	Industrial Bank Co Ltd	China	1.4%
3	China Vanke Co Ltd	China	1.3%
4	Citic Securities Co Ltd	China	1.2%
5	Gree Electric Appliances Inc of Zhuhai	China	1.2%
6	Glaxosmithkline Consumer Healthcare Ltd	India	1.2%
7	Vietnam Dairy Products Jsc	Vietnam	1.1%
8	Samsung Electronics Company Ltd	South Korea	1.1%
9	Universal Robina Corporation	Philippines	1.1%
10	Uni-President China Holdings Ltd	China	1.1%
11	Nestle India Ltd	India	1.0%
12	Godrej Consumer Products Ltd	India	1.0%
13	Fuyao Group Glass Industries Company Ltd	China	1.0%
14	PT Sumber Alfaria Trijaya Terbuka	Indonesia	1.0%
15	Jubilant Foodworks Ltd	India	0.9%
16	Ping An Insurance Group Ltd	China	0.9%
17	Jollibee Foods Corporation	Philippines	0.9%
18	Want Want China Holdings Ltd	China	0.8%
19	Shanghai Pudong Development Bank	China	0.8%
20	Marico Ltd	India	0.8%
21	Britannia Industries Ltd	India	0.8%
22	Philippine Seven Corporation	Philippines	0.8%
23	Sun Art Retail Group Ltd	China	0.7%
24	Zhengzhou Yutong Bus Co Ltd	China	0.7%
25	Taiwan Semiconductor Manufacturing Ltd	Taiwan	0.7%
26	United Breweries Ltd	India	0.7%
27	Colgate-Palmolive India Ltd	India	0.7%
28	Siam Cement Public Company Ltd	Thailand	0.7%

Rank	Name	Country	Weight (%)
29	Weichai Power Co Ltd	China	0.7%
30	Orion Corporation	South Korea	0.7%
31	LG Household & Health Care Ltd	South Korea	0.7%
32	Saic Motor Corp Ltd	China	0.7%
33	Shriram City Union Finance Ltd	India	0.7%
34	Shanghai International Airport Co Ltd	China	0.6%
35	Zhejiang Nhu Co Ltd	China	0.6%
36	Cafe de Coral Holdings Ltd	Hong Kong	0.6%
37	Huayi Brothers Media Corporation	China	0.6%
38	PT Fast Food Indonesia	Indonesia	0.6%
39	Air China Ltd	China	0.5%
40	Wanhua Chemical Group Co Ltd	China	0.5%
41	Poly Real Estate Group Co Ltd	China	0.5%
42	Jiangsu Yangnong Chemical Co Ltd	China	0.5%
43	Hyundai Motor Company Ltd	South Korea	0.5%
44	PT Unilever Indonesia Terbuka	Indonesia	0.5%
45	Beijing New Building Material Plc	China	0.5%
46	Vitasoy International Holdings Ltd	Hong Kong	0.5%
47	Kangmei Pharmaceutical Co Ltd	China	0.5%
48	Haier Electronics Group Company Ltd	China	0.5%
49	Nestle Pakistan Ltd	Pakistan	0.5%
50	KB Financial Group Inc	South Korea	0.5%
Total			39.7%

MANAGING DIRECTOR'S REPORT CONT.

PERFORMANCE REVIEW

The Company provided a total return of +22% during the financial year, which was in line with the MSCI Asia ex Japan Index's (Company benchmark) performance of +22% (in AUD terms). Since inception, the Company has outperformed the benchmark by 26%.

The Company's overweight exposure to the Southeast Asian economies made a positive contribution to performance, as they were by far the best performing markets in FY13. Thailand (+45.5% in AUD terms) was the best performing market in the region, followed by the Philippines (+37.7%), Indonesia (+31.9%), Vietnam (+31.9%) and Malaysia (+28.1%). The underweight position in Korea also proved to be positive because the Korean market underperformed the index by 8.1% (in AUD terms) in FY13.

The Company's portfolio has a significant bias to the consumer sector as we currently consider this to be one of the best ways to access the growth of Asian economies. We believe the growing consumer class in the Asian region will be one of the key economic drivers over the medium to long term. This has proved to be a positive contributor to performance in FY13, with the consumer staples sector outperforming the broader Asia ex Japan index.

MARKET OUTLOOK

Markets have been dominated over the past few months by talk of shifting policy from the US Federal Reserve. However, it is important to remember that the suggestion of a shift away from the Fed's ultra-accommodative monetary policy is predicated on the US recovery being sustainable. As the world's largest consumer market, a recovery in the US would be beneficial for Asian countries, in particular the more export-oriented economies.

There has been renewed debate about a slowdown in the Chinese economy, particularly after the June liquidity squeeze in China's money market. Economic indicators have indeed softened of late, and gross domestic product growth fell to 7.5% year on year for the June quarter (from 7.7% in the previous quarter). With the shift from an export and investment-led economy to one driven by domestic consumption, there will inevitably be a moderation in growth. Ultimately, this is healthy for the Chinese economy, but the challenge will be how smoothly this transition can be managed.

China's rebalancing means that household income needs to continue to grow faster than the overall economy. According to the International Monetary Fund (IMF), China will be the largest economy in the world on a purchasing power parity basis by 2016. The Asian Masters Fund, with its consumer sector bias, is positioned to benefit from this trend. In addition, the Company's exposure to China is mostly made up of domestic listed China A-Shares. We believe A-Shares are the best way to access the Chinese market because they provide the biggest upside potential. International investors currently have limited access to domestic listed China A-Shares, and we expect liquidity flow into the A-Shares market will increase substantially as the market opens up.

It is important to note that even after recent downward revisions, economic growth in developing Asian economies is still expected to far outstrip that of the developed world. The IMF forecasts that emerging Asian economies will grow at 6.9% in 2013. While earlier forecasts had been for even stronger growth, this still compares extremely favourably with just 1.2% for advanced economies. With rapid economic growth, the Asian region is expected to be home to the world's fastest growing middle class, with the associated continued shift towards increased domestic consumption.

Valuations remain at attractive levels in Asia, particularly China where the market trades at a price-earnings (P/E) ratio of around 10 times earnings, considerably cheaper than its historical average. Asia ex Japan equities are currently trading at a P/E ratio of 12 times, compared with 15 times for developed markets.

We continue to believe in the strong case for investing in Asia ex Japan equities. Economic growth rates remain some of the highest in the world, populations are young and growing and urbanisation continues at a rapid rate, creating a growing middle class of consumers. Through the active selection of underlying managers, the Company is well positioned to benefit from these trends.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

Asian Masters Fund Limited (**the Company**) is a listed investment company whose shares are traded on the Australian Securities Exchange (**ASX**). The Company has no employees and its day-to-day functions and investment activities are managed by Dixon Advisory & Superannuation Services Limited (**the Manager**) in accordance with the Management Agreement.

The Company's directors and the Manager's directors and senior management recognise the importance of good corporate governance. The Company's corporate governance framework, policies and practices are designed to ensure the effective management and operation of the Company and will remain under regular review.

A description of the Company's practices in respect of the eight Principles and Recommendations from the ASX Corporate Governance Council's Revised Corporate Governance Principles and Recommendations (**ASX Recommendations**) are set out below; all these practices, unless otherwise stated, were in place for the entire year.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Company and, in particular, is responsible for the Company's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- Providing and implementing the Company's strategic direction
- Reviewing and overseeing the operation of systems of risk management ensuring that any significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with
- Ensuring the Board is comprised of individuals who will discharge the responsibilities of directors having regard to the law and the best standards of governance
- Reviewing and overseeing internal compliance and legal regulatory compliance
- Ensuring compliance with the Company's Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001* and
- Communicating with and protecting the rights and interests of all shareholders.

Subject to legal or regulatory requirement and the Company's Constitution, the Board may delegate any of the above powers to individual directors, committees of the Board or the Manager. Any such delegation shall be in compliance with the law and the Company's Constitution.

2. STRUCTURE THE BOARD TO ADD VALUE

BOARD COMPOSITION

The composition of the Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience, and expertise relevant to the position of director.

The directors of the Company at the date of this report are:

Mr Maximilian Sean Walsh (Non-Executive Chairman)

Mr Alexander Gen MacLachlan (Non-Executive Director)

Mr John Michael Morgan Holland (Non-Executive Director)

Mr Kevin Nigel Smith (Non-Executive Director) (Resigned 28 June 2013)

Mr Stuart Robert Anderson Nisbett (Non-Executive Director)

The Company's Constitution provides that there must be a minimum of three and a maximum of 10 directors. Having regard to the size of the Company and the nature of its business, the Board has determined that a Board with four members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Company. However, the composition of the Board and its independence will be reviewed periodically.

The Board comprises of two independent non-executive directors, John Holland and Stuart Nisbett. An independent non-executive director is a non-executive director who is independent of the Manager and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgement.

Maximilian Walsh is the non-executive chairperson and is associated with the Manager. The Board has determined that Maximilian Walsh's experience as a director and chairperson is of benefit to the Company and, given the Company's size, there are no immediate plans to appoint an independent non-executive chairperson.

The Company is committed to diversity in the composition of the Board. The current composition is well-balanced in terms of skills, and it remains the Company's objective to increase diversity as well as including members who can further add to the skill set of the Company's Board. The directors will continue to monitor the composition of the Board.

The Company recognises the ASX Recommendations with respect to establishing remuneration and nomination Committees as good corporate governance. However, considering the size of the Company, the functions that would be performed by these Committees are best undertaken by the Board.

The Board will review its Committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Company and if required may establish Committees to assist it in carrying out its functions. At that time the Board will adopt a charter for such Committees in accordance with the ASX Recommendations and industry best practices.

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 ASX Listing Rules and the *Corporations Act 2001*. In accordance with the corporate governance policy, directors are entitled to seek independent advice at the expense of the Company. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Company.

PERFORMANCE EVALUATION

The Board conducts a review of its collective performance and the performance of its directors annually. This process includes consideration of feedback provided by directors via a questionnaire. The Board and individual directors, including the chairperson, were evaluated during the year to 30 June 2013 in accordance with these processes.

CORPORATE GOVERNANCE STATEMENT CONT.

FOR THE YEAR ENDED 30 JUNE 2013

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

CODE OF CONDUCT

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success and it expects all its officers and employees to be familiar with, and have a personal commitment to meeting these standards. In this regard the directors have adopted a Code of Conduct to define basic principles of business conduct. The Code requires officers and employees to abide by the policies of the Company and the law. The Code is a set of principles giving direction and reflecting the Company's approach to business conduct and is not a prescriptive list of rules for business behaviour. The Code of Conduct covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading. A copy of the Code is available on the Company website in the corporate governance section.

SHARE TRADING POLICY

The Board of the Company has established a Share Trading Policy to apply to trading in the Company's shares on the ASX. This policy outlines the permissible dealing of the Company's shares while in possession of price sensitive information and applies to all directors of the Company.

The Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

A copy of the Company's Share Trading Policy is available on the Company's website.

In addition, the Manager has also established its own Share Trading Policy, which is applicable to its staff in the Funds Management division. This Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

DIVERSITY

The Company recognises the ASX recommendation with respect to gender diversity. Noting that the current composition of the board is all male, it is the Company's objective to seek a female director who can add to the skill set of the Board. The directors will annually assess the appropriate size, skills balance and diversity of the Board.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

AUDIT & RISK COMMITTEE

The Company recognises the ASX Recommendation with respect to establishing an Audit Committee as part of good corporate governance. However, considering the size of the Company, the functions that would be performed by the Committee are best undertaken by the Board. This is also in line with the ASX Recommendations which recognise that "the ultimate responsibility of the integrity of a company's financial reporting rests with the full board".

INVESTMENT COMMITTEE

The Investment Committee of the Company comprises Maximilian Walsh, Alex MacLachlan, John Holland, Kevin Smith and Stuart Nisbett. Maximilian Walsh, in his capacity as Chairman of the Investment Committee, has 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 the investment in various funds.

The Investment Committee meets monthly. Particulars of committee meetings held during the year ended 30 June 2013 and the attendance of each committee member is set out in the accompanying Directors' Report.

5. MAKING TIMELY AND BALANCED DISCLOSURE

The Company is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001* and the Listing Rules and releasing relevant information to the market and shareholders in a timely and direct manner and to promoting investor confidence in the Company and its securities.

The Board has adopted a Continuous Disclosure Policy to ensure the Company complies with its continuous disclosure obligations under the *Corporations Act 2001* and the Listing Rules.

This policy is administered by the Board of the Company and the Manager as follows:

- the Board is involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy
- the Company Secretary is responsible for the overall administration of this policy and all communications with the ASX
- Senior management of the Manager is responsible for reporting any material price sensitive information to the Company Secretary and observing the Company's no comments policy

6. RESPECT THE RIGHTS OF SHAREHOLDERS

RIGHTS OF SHAREHOLDERS

The Company promotes effective communication with shareholders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure that shareholders are informed of all major developments affecting the Company's performance, activities and state of affairs. This includes using a website to facilitate communication with shareholders via electronic methods. Information is communicated to shareholders through announcements to the ASX, releases to the media and dispatch of financial reports. Shareholders are provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements are linked to the Company's website at www.asianmastersfund.com.au.

These include:

- monthly net tangible asset backing announcements
- quarterly investment updates
- the half-year report
- the annual report
- the notice of annual general meeting, explanatory memorandum and the Chairman's address
- occasional ASX announcements made to comply with the Company's continuous disclosure requirements and
- occasional correspondence sent to Shareholders on matters of significance to the Company

CORPORATE GOVERNANCE STATEMENT CONT.

FOR THE YEAR ENDED 30 JUNE 2013

The Board encourages full participation of shareholders at the general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor is also invited to attend the annual general meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

7. RECOGNISE AND MANAGE RISK

RISK MANAGEMENT

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Company and its operations. It has not established a separate committee to deal with these matters as the directors consider the size of the Company and its operations does not warrant a separate committee at this time. The Board liaises with the Manager to identify and manage risk. The Board also monitors and appraises financial performance, including the approval of annual and half year financial reports and liaising with the Company's auditors.

The Board receives a bi-annual letter from the Company's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Accounting Standards.

The Manager provides half yearly the declarations required by Section 295A of the *Corporations Act 2001* and confirms that in its opinion the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Company's external auditor.

Details of the Company's financial risk management are set out in the notes to the financial statements in the Annual Report.

8. REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION POLICIES

Due to the relatively small size of the Company and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the directors.

In accordance with 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. However, Maximilian Walsh and Alexander MacLachlan have agreed not to be remunerated for the services they perform as Directors. Total directors' fees for the year ended 30 June 2013 was \$150,000. Furthermore, effective from 1 February 2012, Kevin Smith has agreed not to be paid any remuneration for services he performs as a director.

Remuneration of the directors during the year ended 30 June 2013 is set out in the Directors' Report and in the notes to the financial statements.

OTHER INFORMATION

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.asianmastersfund.com.au.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

Your directors present their report together with the financial report of the Company for the financial year ended 30 June 2013.

DIRECTORS

The names of the directors in office at any time during, or since the end of, the year are:

Mr Maximilian Sean Walsh

Mr Alexander Gen MacLachlan

Mr John Michael Morgan Holland

Mr Kevin Nigel Smith (Resigned 28 June 2013)

Mr Stuart Robert Anderson Nisbett

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARIES

The names of the Company Secretaries in office at the date of this report are Ms Hannah Chan and Ms Karen Luu.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activity of the Company during the financial year was to provide Australian investors the opportunity to gain exposure to leading Asian equities fund managers investing in managed funds that have a mandate to invest in Asian financial markets.

There were no significant changes in the nature of these activities of the Company that occurred during the year.

RESULTS AND REVIEW OF OPERATIONS

The total comprehensive income of the Company for the financial year after providing for income tax amounted to \$15,999,086 (2012: loss of \$8,724,324). The loss of the Company for the financial year after providing for income tax amounted to \$1,015,931 (2012: loss of \$1,078,006). The Company is in a strong position with net assets of \$123 million and no borrowings.

As at 30 June 2013, the NTA of the Company was 95 cents per ordinary share after unrealised losses and adjustment for tax. This compares to the NTA of 85.7 cents per ordinary share after unrealised losses and adjustment for tax as at 30 June 2012.

The Company's Investment Committee has selected and invested in 10 investment funds that provide exposure across a number of Asian markets. As at 30 June 2013, the Company invested approximately 99% of its total assets (excluding cash retained for working capital as well as non-cash assets).

Further details are included in the Chairman's Letter and Managing Director's Report which forms part of this financial report.

DIRECTORS' REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2013

DIVIDENDS PAID OR RECOMMENDED

The Company paid unfranked dividends of one cent per share on 22 November 2012 and 22 May 2013. This amounted to \$2,687,072 of which \$665,925 was reinvested as part of the Company's Dividend Reinvestment Plan.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year ended 30 June 2013, the Company had an additional 762,253 ordinary shares issued as part of the Company's Dividend Reinvestment Plan amounting to \$665,925.

During the year, a total of 26,581,572 ordinary shares for a total consideration of \$23,434,311 were bought back by the Company from shareholders.

There were no other significant changes in the state of affairs of the Company which occurred during the financial year ended 30 June 2013.

AFTER BALANCE DATE EVENTS

Between the end of the financial year and the date of this report, the Company bought back a further 120,667 ordinary shares for a total consideration of \$122,697.

On 7 August 2013, the Company announced an Extraordinary General Meeting to be held on 9 September 2013. The General Meeting seeks shareholder approval to buyback up to 25% of the issued ordinary shares on-market. If approved by shareholders, the buyback period will be from 9 September 2013 to close of trade 8 September 2014.

There has not been any other events of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company, in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS & BUSINESS STRATEGIES

The Company will continue to undertake its activities described in this report.

The Chairman's Letter which forms part of this financial report includes details of the outlook for the Asian markets in which the Company invests.

Further details are included in the Chairman's Letter and Managing Director's Report which forms part of this financial report.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

OPTIONS

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

INDEMNIFYING OFFICERS OR AUDITOR

Indemnities have been given and insurance premiums paid, during or since the end of the financial year, for all of the directors of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

INFORMATION ON DIRECTORS



MAXIMILIAN SEAN WALSH AM, BEC

Non-Executive Chairman of Directors and Chairman of the Investment Committee

Maximilian 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 has also served on the board of Northern Star TV (predecessor to Channel Ten) and is presently Deputy Chairman of Dixon Advisory & Superannuation Services Limited.

Max serves as Chairman of the Australian Masters Corporate Bond Fund Series, Australian Masters Yield Fund No 1 Limited, Australian Masters Yield Fund No 2 Limited and Australian Masters Yield Fund No 3 Limited. Further Max also serves as Non-Executive Chairman of Global Resource Masters Fund Limited and a Non Executive Director of Australian Governance Masters Index Fund Limited.

Max is presently Deputy Chairman of Dixon Advisory & Superannuation Services Limited. Dixon Advisory & Superannuation Services Limited is the Manager of the Australian Governance Masters Index Fund Limited, Asian Masters Fund Limited, Global Resource Masters Fund Limited, Australian Masters Corporate Bond Fund Series, Australian Masters Yield Fund Series and the Responsible Entity for US Masters Residential Property Fund and the US Select Private Opportunities Fund.

- Appointed as Director and Non-Executive Chairman on 10 October 2007.
- Directly holds 1 and beneficially holds 170,000 fully paid ordinary shares in the capital of the Company.
- During the past three years, he has acted and is currently a Non-Executive Director or a director of the responsible entity of the following Australian listed public entities:
 - Global Resource Masters Fund Limited
 - Australian Governance Masters Index Fund Limited
 - Australian Masters Corporate Bond Fund No 1 Limited
 - Australian Masters Corporate Bond Fund No 2 Limited
 - Australian Masters Corporate Bond Fund No 3 Limited
 - Australian Masters Corporate Bond Fund No 4 Limited
 - Australian Masters Corporate Bond Fund No 5 Limited
 - Australian Masters Yield Fund No 1 Limited
 - Australian Masters Yield Fund No 2 Limited
 - US Masters Residential Property Fund
 - US Select Private Opportunities Fund

DIRECTORS' REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2013



ALEXANDER GEN MACLACHLAN BA (CORNELL), MBA (WHARTON)

Non-Executive Director and Member of the Investment Committee

Alex is the Managing Director of Global Resource Masters Fund Limited, Asian Masters Fund Limited, Australian Masters Yield Fund Series, Australian Masters Corporate Bond Fund Series and Australian Governance Masters Index Fund Limited.

Alex is a director of Dixon Advisory & Superannuation Services Limited. Dixon Advisory & Superannuation Services Limited is the Manager of the Australian Governance Masters Index Fund Limited, Asian Masters Fund Limited, Global Resource Masters Fund Limited, Australian Masters Corporate Bond Fund Series, Australian Masters Yield Fund Series and the Responsible Entity for US Masters Residential Property Fund and the US Select Private Opportunities Fund.

Before joining Dixon Advisory, Alex was an investment banker specialising in the natural resources sector, most recently serving as Head of Energy, Australasia, for UBS AG in Sydney and prior to that as an investment banker with Credit Suisse First Boston. During his career as an investment banker, Alex advised many of Australia's and the world's leading natural resources companies, working with over 30 companies on more than \$100 billion in announced mergers and acquisitions and capital markets transactions.

Prior to specialising in natural resources investment banking, Alex worked in the Japanese Government Bond derivatives markets in London, New York and Sydney.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

- Appointed as Non-Executive Director on 23 September 2009
- Beneficially holds 30,308 fully paid ordinary shares in the capital of the Company
- During the past three years, he has acted and is currently a Non-Executive Director or a director of the responsible entity of the following Australian listed public entities:
 - Global Resource Masters Fund Limited
 - Australian Masters Corporate Bond Fund No 1 Limited
 - Australian Masters Corporate Bond Fund No 2 Limited
 - Australian Masters Corporate Bond Fund No 3 Limited
 - Australian Masters Corporate Bond Fund No 4 Limited
 - Australian Masters Corporate Bond Fund No 5 Limited
 - Australian Masters Yield Fund No 1 Limited
 - Australian Masters Yield Fund No 2 Limited
 - US Masters Residential Property Fund
 - US Select Private Opportunities Fund
 - US Select Private Opportunities Fund II
 - van Eyk Three Pillars Limited



JOHN MICHAEL MORGAN HOLLAND BA HONS (OXFORD)

Non-Executive Director and Member of the Investment Committee

John commenced his career in 1985 at SG Warburg & Co (now UBS AG) as an Asian equities specialist, where he led UBS's early expansion into Korea, Taiwan, Thailand, and India, before rising to become Global Head of Asian Equities at UBS. During John's tenure as Global Head of Asian Equities, UBS achieved the Number 1 ranking for primary Asian equities distribution and held Number 1 non-local market share positions in all key Asian equity markets, including Hong Kong, Korea and Taiwan. John was also instrumental in UBS's successful drive to become the first foreign investor into and foreign distributor of China A-shares. Most recently, John served as Joint Head of European Prime Broking and was a member of UBS Investment Bank's board.

In addition to his notable achievements at UBS, John has had substantial regulatory experience, including as a member of the European Securities Markets Expert Group advising the European Commission where he was Rapporteur (Chair) for the Subcommittees on Non-Equities Market Transparency and Credit Rating Agencies. Furthermore, John has worked closely over many years with the central banks and regulatory authorities of many Asian countries, such as Korea, Taiwan, India and China, particularly in relation to the opening of their markets to direct foreign investment.

John holds a BA with honours from Oriel College Oxford University, majoring in Philosophy, Politics & Economics.

- Appointed as Non-Executive Director on 20 July 2010
- Holds no shares in the capital of the Company
- During the past three years has not acted as director of any other Australian listed public company



KEVIN NIGEL SMITH BSC ECON HONS (BRUNEL)

Non-Executive Director and Member of the Investment Committee

(resigned 28 June 2013)

Kevin is an internationally respected investment expert with 25 years experience in global finance and asset management.

Kevin's previous roles include managing 50 investment teams (in 17 countries) responsible for €75 billion (then equivalent to more than \$115 billion) in equity, listed property and alternative investments as Global Chief Investment Officer, Equities at ABN AMRO Asset Management in London. He previously managed investment and business development activities in the Asia region as Chief Executive Officer, Standard Life Investments (Asia) Limited.

Working for Foreign and Colonial in London in the early '90s, he managed Asian portfolios worth £2 billion (then equivalent to \$5 billion dollars) and advised on asset allocation for global pension client portfolios worth £20 billion (\$50 billion equivalent).

DIRECTORS' REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2013

KEVIN NIGEL SMITH (CONT)

As Dixon Advisory's Chief Investment Officer, Kevin is responsible for delivering investment outcomes that meet clients' needs. He ensures all the funds are of the highest standard (from an investment and corporate governance perspective), that there is access to the best investment managers and products and that operations, systems and reporting are of the highest quality.

Kevin was awarded a first class honours degree in Economics from Brunel University in London.

- Appointed as Non-Executive Director on 23 November 2010
- Holds no shares in the capital of the Company
- During the past three years has not acted as director of any other Australian listed public company



STUART ROBERT ANDERSON NISBETT BCOM, MCOM, CA

Non-Executive Director and Member of the Investment Committee

Stuart has more than 25 years experience in property development, property funds management, equity and debt raising, corporate advisory and project finance. He is currently on the Advisory Board for the US Masters Residential Property Fund and is also the Managing Director and Principal at Archerfield Capital Partners, which he established in 2008.

Previously, Stuart was Executive Director, Head of Property Funds at ANZ Investment Bank. He was also the Managing Director, Head of Property Banking & Property Investment Banking at N M Rothschild & Sons (Australia) Limited. Under his leadership, the property banking business grew into the largest business unit within the company. In July 2005, reflecting the growth and increased scope of the property banking business activities under Stuart's guidance, N M Rothschild & Sons established an additional property division to focus on investment banking opportunities in advisory and equity. Stuart has also held multiple senior roles at Macquarie Bank and Lend Lease.

- Appointed as Non-Executive Director on 28 November 2011
- Holds no shares in the capital of the Company
- During the past three years has acted as a non-executive director of the following Australian listed public companies:
 - van Eyk Three Pillars Limited

INFORMATION ON COMPANY SECRETARIES

HANNAH CHAN **BCOM, MCOM, CA**

Company Secretary

Hannah has a Bachelor of Commerce degree in Finance from the University of NSW and a Master of Commerce degree in Accounting from the University of Sydney. She is also a Chartered Accountant with the Institute of Chartered Accountants in Australia. Prior to joining the Manager, Dixon Advisory & Superannuation Services Limited, Hannah gained extensive audit experience whilst working with Deloitte Touche Tohmatsu and Ernst & Young. She is also the Company Secretary of Australian Masters Corporate Bond Fund 5, Australian Masters Yield Fund Series, Australian Governance Masters Index Fund Limited, Global Resource Masters Fund Limited and joint Company Secretary of Dixon Advisory & Superannuation Services Limited.

- Appointed as Company Secretary on 4 December 2009

KAREN LUU **BEC, CA**

Company Secretary

Karen has a Bachelor of Economics degree majoring in Accounting and Economics from the University of NSW. She is also a Chartered Accountant with the Institute of Chartered Accountants in Australia. She is concurrently the Company Secretary of Australian Masters Corporate Bond Fund No 5 Limited and Australian Masters Yield Fund Series, Australian Governance Masters Index Fund Limited and Global Resource Masters Fund Limited.

- Appointed as Company Secretary on 6 September 2012

DIRECTORS' MEETINGS

Attendance of individual directors at board meetings held during the year ended 30 June 2013 was as follows:

	No. of Meetings Attended	No. of Meetings Eligible
Maximilian Walsh	10	10
Alexander MacLachlan	9	10
John Holland	10	10
Kevin Smith	10	10
Stuart Nisbett	10	10

In addition meetings of the Investment Committee were attended by directors as follows:

	No. of Meetings Attended	No. of Meetings Eligible
Maximilian Walsh	10	10
Alexander MacLachlan	9	10
John Holland	10	10
Kevin Smith	10	10
Stuart Nisbett	10	10

DIRECTORS' REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2013

REMUNERATION REPORT

A) REMUNERATION POLICY

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.

Under the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. However, Maximilian Walsh and Alexander MacLachlan have agreed not to be paid any remuneration for the services they performed as directors from 1 July 2009. Mr Maximilian Walsh and Mr Alexander MacLachlan are also directors of the Manager and Issue Manager. Kevin has agreed not to be paid any remuneration for the services he performs as director from 1 February 2012.

The two independent directors, John Holland and Stuart Nisbett each received \$50,000 during the year ended 30 June 2013.

These fees exclude any additional fee for any service-based agreement which may be agreed upon from time to time and also excludes reimbursement of out of pocket expenses. These fees are inclusive of statutory superannuation.

B) KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel include the directors who have authority and responsibility for planning, directing and controlling the activities of the Company. No other executive personnel are employed or remunerated by the Company.

Details of remuneration paid during the year to key management personnel are set out in the table below.

2013

Directors	Salary, fees & commission	Superannuation contributions	Cash bonus	Non-cash benefits	Other	Total
	\$	\$	\$	\$	\$	\$
Maximilian Walsh	-	-	-	-	-	-
Alexander MacLachlan	-	-	-	-	-	-
John Holland	50,000	-	-	-	-	50,000
Kevin Smith	-	-	-	-	-	-
Stuart Nisbett	45,872	4,128	-	-	-	50,000
Total	95,872	4,128	-	-	-	100,000

2012

Directors	Salary, fees & commission	Superannuation contributions	Cash bonus	Non-cash benefits	Other	Total
	\$	\$	\$	\$	\$	\$
Maximilian Walsh	-	-	-	-	-	-
Alexander MacLachlan	-	-	-	-	-	-
John Holland	50,000	-	-	-	-	50,000
Kevin Smith	29,167	-	-	-	-	29,167
Stuart Nisbett	26,821	2,414	-	-	-	29,235
Total	105,988	2,414	-	-	-	108,402

C) SERVICE AGREEMENTS

The Company does not presently have formal service agreements or employment contracts with any key management personnel.

D) DIRECTORS' 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 after they cease to be directors.

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, 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.

E) BENEFICIAL AND RELEVANT INTEREST OF DIRECTORS IN SHARES

As at the date of this report, details of Directors who hold shares for their own benefit or who have an interest in holdings through a third party and the total number of such shares held are listed as follows:

Director	No. of shares
Maximilian Walsh	170,001
Alexander MacLachlan	30,308
John Holland	-
Stuart Nisbett	-

DIRECTORS' REPORT CONT.

FOR THE YEAR ENDED 30 JUNE 2013

NON-AUDIT SERVICES

During the year, Deloitte Touche Tohmatsu, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company.

The Board of Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The fees paid or payable to Deloitte Touche Tohmatsu and its related parties for tax compliance service during the year ended 30 June 2013 were:

	\$
Tax compliance	-
	-

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration for the year ended 30 June 2013 as required under Section 307C of the *Corporations Act 2001* is set out on page 23.

Made in accordance with a resolution of the board of directors made pursuant to Section 298(2) of the *Corporations Act 2001*.



Mr Maximilian Sean Walsh
CHAIRMAN

Dated this 28th day of August 2013

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2013



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Asian Masters Fund Limited
Level 15
100 Pacific Highway
NORTH SYDNEY NSW 2060

28 August 2013

Dear Board Members

Asian Masters Fund Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Asian Masters Fund Limited.

As lead audit partner for the audit of the financial statements of Asian Masters Fund Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	2012 \$
Revenue	2	557,432	832,297
Net foreign currency exchange loss		(152,962)	(548,463)
Auditor's remuneration	3	(36,606)	(42,976)
Directors' fees		(100,000)	(108,402)
Legal and advisory costs		(61,826)	(44,968)
Listing and registry fees		(84,780)	(76,483)
Management fee expense		(1,214,375)	(1,142,742)
Due diligence expense		(132,192)	(132,284)
Other expenses		(238,040)	(198,710)
(Loss) before income tax		(1,463,349)	(1,462,731)
Income tax benefit	4	447,418	384,725
(Loss) for the year		(1,015,931)	(1,078,006)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain / (loss) on revaluation of investments		24,307,167	(10,923,311)
Tax (expense) / benefit on the above		(7,292,150)	3,276,993
Total other comprehensive income / (loss) for the year, net of tax		17,015,017	(7,646,318)
Total comprehensive income / (loss) for the year		15,999,086	(8,724,324)
Basic (loss) per share	13	(0.74) cents	(0.79) cents
Diluted (loss) per share	13	(0.74) cents	(0.79) cents

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	2013	2012
		\$	\$
Assets			
<i>Current</i>			
Cash and cash equivalents	5	1,068,060	1,243,315
Other receivables	6	184,925	1,074,703
Prepayments		31,661	31,830
Current tax assets	7	-	30,725
Total Current Assets		1,284,646	2,380,573
<i>Non-Current</i>			
Financial assets	8	122,085,926	124,152,914
Deferred tax assets	9	-	6,509,047
Total Non-current Assets		122,085,926	130,661,961
Total Assets		123,370,572	133,042,534
Liabilities			
<i>Current</i>			
Trade and other payables	10	200,090	686,210
Current tax liabilities		-	-
Total Current Liabilities		200,090	686,210
<i>Non-Current</i>			
Deferred tax liabilities	9	311,186	-
Total Non-current Liabilities		311,186	-
Total Liabilities		511,276	686,210
Net Assets		122,859,296	132,356,324
Equity			
Issued capital	11	122,266,291	145,080,286
Reserves	12	12,680,315	(4,339,655)
Accumulated losses		(12,087,310)	(8,384,307)
Total Equity		122,859,296	132,356,324

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Issued Capital	Asset Revaluation Reserve	Capital Profits Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2011		117,702,324	1,623,386	1,683,277	(4,474,660)	116,534,327
Loss for the year		-	-	-	(1,078,006)	(1,078,006)
<i>Other comprehensive income</i>						
Net change in fair value of investments, net of tax		-	(7,646,318)	-	-	(7,646,318)
Total comprehensive loss for the year		-	(7,646,318)	-	(1,078,006)	(8,724,324)
Transfer to Capital Profits Reserve of cumulative realised loss on disposal of investments, net of tax		-	1,797,750	(1,797,750)	-	-
Shares issued	11	29,241,778	-	-	-	29,241,778
Share buyback	11	(990,558)	-	-	-	(990,558)
Issue costs (net of tax)	11	(873,258)	-	-	-	(873,258)
Dividends paid	14	-	-	-	(2,831,641)	(2,831,641)
Balance at 30 June 2012		145,080,286	(4,225,182)	(114,473)	(8,384,307)	132,356,324

STATEMENT OF CHANGES IN EQUITY CONT.

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Issued Capital	Asset Revaluation Reserve	Capital Profits Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2012		145,080,286	(4,225,182)	(114,473)	(8,384,307)	132,356,324
Loss for the year		-	-	-	(1,015,931)	(1,015,931)
<i>Other comprehensive income</i>						
Net change in fair value of investments, net of tax		-	17,015,017	-	-	17,015,017
Total comprehensive income for the year		-	17,015,017	-	(1,015,931)	15,999,086
Transfer to Capital Profits Reserve of cumulative realised loss on disposal of investments, net of tax		-	3,219,178	(3,219,178)	-	-
Adjustment of provision of tax on capital profits reserve		-	-	4,953	-	4,953
Shares issued	11	665,925	-	-	-	665,925
Share buyback	11	(23,434,311)	-	-	-	(23,434,311)
Issue and buyback costs (net of tax)	11	(45,609)	-	-	-	(45,609)
Dividends paid	14	-	-	-	(2,687,072)	(2,687,072)
Balance at 30 June 2013		122,266,291	16,009,013	(3,328,698)	(12,087,310)	122,859,296

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013	2012
		\$	\$
Cash flows from operating activities			
Payments to suppliers		(1,990,335)	(1,990,109)
Interest received		118,678	160,710
Other income received		10,713	104,123
Net tax received		217,661	242,042
Net cash flows (used in) operating activities	15 (b)	(1,643,283)	(1,483,234)
Cash flows from investing activities			
Payments for purchase of investments		(29,856,503)	(91,327,908)
Proceeds from sale of investments		57,331,670	63,086,938
Net cash flows provided by/(used in) investing activities		27,475,167	(28,240,970)
Cash flows from financing activities			
Proceeds from shares issues		–	28,497,800
Payment for share buybacks		(23,953,960)	(470,908)
Payments of issue and buyback costs		(63,797)	(1,217,084)
Dividends paid	14	(2,021,147)	(2,087,663)
Net cash flows (used in)/provided by financing activities		(26,038,904)	24,722,145
Net (decrease) in cash and cash equivalents		(207,020)	(5,002,059)
Effects of exchange rate changes on cash and cash equivalents		31,765	146,008
Cash and cash equivalents at beginning of the year		1,243,315	6,099,366
Cash and cash equivalents at end of the year	15 (a)	1,068,060	1,243,315

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

The financial report covers Asian Masters Fund Limited (**the Company**) as an individual entity. Asian Masters Fund Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

The financial report has been approved for issue in accordance with a resolution of the Directors on 28 August 2013.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The comparative period of this report is from 1 July 2011 to 30 June 2012.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements' –

AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement.

The amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

- a) items that will not be reclassified subsequently to profit or loss and
- b) items that may be reclassified subsequently to profit or loss

When specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reported results or financial position.

Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined, but is not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 10 'Consolidated Financial Statements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits'(2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures'(2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014
AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014
Interpretation 21 'Levies'	1 January 2014	30 June 2015
At the date of authorisation of the financial statements, the following IASB was also in issue but not effective, although an Australian equivalent Standard has not yet been issued:		
None		

A) INCOME TAX

The income tax benefit (expense) for the year comprises current income tax income (expense) and deferred tax income (expense).

Current income tax benefit (expense) charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax assets (liabilities) are therefore measured at the amounts expected to be recovered from (paid to) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (expense) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off of current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

B) FINANCIAL INSTRUMENTS

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

The Company has early adopted "AASB 9 – Financial Instruments", which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. The revised standard was adopted from that date.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

i) Financial assets

Initial recognition and measurement

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition.

Subsequent measurement

The Company has irrevocably elected to present subsequent changes in fair value of equity instruments in other comprehensive income through the asset revaluation reserve, after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instruments.

Gains and losses on all other financial assets at fair value are recognised in profit or loss.

ii) De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profits reserve.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as derivative and non-derivative instruments, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Subsequent Measurement

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

iv) Fair value

Fair value is the amount for which an asset could be sold or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value is determined as the redemption value for investments. When the redemption price is not available, alternative techniques are applied to determine the fair value of these investments, including recent arm's length transactions, reference to similar instruments and option pricing models.

C) 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 Company's functional and presentation currency.

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 year-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.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, 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 profit or loss.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

E) REVENUE

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

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

F) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

In most cases, the Company qualifies for Reduced Input Tax Credits (RITCs) at a rate of 75%; hence listing fees, registry fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

The net amount of GST recoverable from the Australian Taxation Office is included in Other Receivables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

G) OTHER RECEIVABLES

Other receivables are recorded at amounts due less any allowance for impairment.

H) TRADE AND OTHER PAYABLES

Trade payables and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

I) PROVISIONS

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

J) EARNINGS PER SHARE

Basic earnings per share is determined by dividing the profit/(loss) after income tax excluding any cost of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is the same because there are no dilutive potential ordinary shares.

K) IMPAIRMENT

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

L) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company.

M) KEY ESTIMATES AND JUDGEMENTS

Fair value of investments

Fair value of investments in equity instruments are determined based on year end published redemption prices of the investments on the basis that the prices reflect the fair value at which the investments could be sold at balance date.

2. REVENUE

	2013	2012
	\$	\$
Operating activities		
Dividend revenue	396,785	547,105
Interest revenue	130,809	109,025
Other income	29,838	176,167
Total revenue	557,432	832,297
Dividend revenue from:		
Investment funds	396,785	547,105
Total dividend revenue	396,785	547,105
Interest revenue from:		
Cash at Bank	130,809	109,025
Total interest revenue	130,809	109,025

3. AUDITOR'S REMUNERATION

	2013	2012
	\$	\$
Audit and review of the financial statements	36,606	35,888
Tax compliance services performed by related company of the auditor	–	7,088
	36,606	42,976

The auditor of the Company is Deloitte Touche Tohmatsu.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

4. INCOME TAX BENEFIT

	2013	2012
	\$	\$
a) The components of tax benefit comprise:		
Deferred tax	447,418	384,725
	447,418	384,725
b) Prima facie tax benefit on (loss) from ordinary activities before income tax at 30% (2012: 30%)	439,005	438,819
Add / (less) tax effect of:		
Under / (Over) statement of deferred tax asset	25,149	(54,094)
Foreign tax credits	(16,736)	–
	447,418	384,725
c) Income tax recognised in other comprehensive income		
Deferred tax		
Fair value movement of equity investments	(7,292,150)	3,276,993
	(7,292,150)	3,276,993

5. CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Current		
Cash at bank	1,068,060	1,243,315
	1,068,060	1,243,315

The effective interest rate on short term bank deposits was 2.81% (2012: 3.57%).

6. OTHER RECEIVABLES

	2013	2012
	\$	\$
Current		
Deposits paid	560	560
GST refundable	31,804	63,884
Interest receivable	22,390	8,697
Unsettled trades	–	1,000,000
Other receivables	130,171	1,562
	184,925	1,074,703

There are no balances above that contain assets that are impaired and/or past due. All the receivables above are unsecured and non-interest bearing.

7. CURRENT TAX ASSETS

	2013	2012
	\$	\$
Current		
Current tax assets	–	30,725
	–	30,725

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

8. FINANCIAL ASSETS

	2013	2012
	\$	\$
Non Current		
Equity Investments – at fair value		
Aberdeen Asian Opportunities Fund	11,002,238	21,511,120
Treasury New Asia Fund	–	5,579,587
Invesco Greater China Equity Fund	–	4,313,890
HSBC Indian Equity Fund - Class AD	–	5,613,595
JF Korea Fund	8,543,479	11,382,964
Invesco PRC Fund	–	6,968,039
Prusik Asian Smaller Companies Fund	13,081,484	9,500,247
Prusik Asian Fund	12,445,628	9,412,138
Arisaig Asia Consumer Fund	26,402,680	19,345,940
JF Taiwan Fund	4,594,332	10,399,528
JF China Pioneer A-Share Fund	12,677,527	11,060,976
Invesco China Opportunities Fund	–	9,064,890
APS China A Share Fund Class B	19,508,087	–
Steadview Capital Fund	5,745,458	–
iShares MSCI Hong Kong Index Fund	8,085,013	–
Investments at fair value	122,085,926	124,152,914

8. FINANCIAL ASSETS CONT

	2013	2012
	\$	\$
Reconciliation		
Carrying amount at the beginning of the year	124,152,914	105,143,343
Additions – cost	30,115,404	91,566,607
Revaluation to fair value	24,307,167	(10,923,311)
Disposals	(56,489,559)	(61,633,725)
	122,085,926	124,152,914

Financial assets comprise equity investments in the ordinary issued capital of various unlisted funds. There are no fixed returns or fixed maturity date attached to these investments.

	\$	\$
Investments disposed of during the year	Fair value at disposal dates	Realised loss on disposals transferred to Capital Profits Reserve
Equity investments	56,489,559	(3,219,178)

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

9. DEFERRED TAX (LIABILITIES)/ASSETS

	2013	2012
	\$	\$
Non Current		
Deferred tax (liabilities)/assets comprises:		
Fair value adjustments	(6,861,006)	1,810,792
Unrealised foreign currency exposure loss	(13,221)	(44,402)
Provisions	11,685	6,798
Transaction costs on equity issue and buyback	403,052	647,307
Deemed foreign investment fund income	52,935	812,080
Capital losses	4,120,344	1,931,882
Revenue losses	1,981,742	1,347,668
Interest receivable	(6,717)	(3,078)
	(311,186)	6,509,047
Movements:		
Balance at 1 July	6,509,047	2,460,036
Charged to the profit and loss	447,418	384,725
(Charged)/credited to equity	(7,267,651)	3,664,286
	(311,186)	6,509,047

10. TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
Current		
Other payables	200,090	166,561
Unsettled buybacks	–	519,649
	200,090	686,210

Trade payables above are unsecured, non-interest bearing and payable on 30 day terms.

11. ISSUED CAPITAL

	2013	2012
	\$	\$
128,697,458 fully paid ordinary shares (2012: 154,516,777)	122,266,291	145,080,286
	122,266,291	145,080,286
a) Issued shares		
Balance at beginning of the year	145,080,286	117,702,324
4,673,534 fully paid ordinary shares of \$0.91	–	4,252,916
13,962,700 fully paid ordinary shares of \$0.87	–	12,147,549
6,727,815 fully paid ordinary shares of \$0.89	–	5,987,755
865,091 fully paid ordinary shares of \$0.86 ⁽ⁱ⁾	–	743,978
6,499,553 fully paid ordinary shares of \$0.94	–	6,109,580
394,175 fully paid ordinary shares of \$0.849 ⁽ⁱⁱ⁾	334,655	–
368,078 fully paid ordinary shares of \$0.90 ⁽ⁱⁱⁱ⁾	331,270	–
Share buybacks	(23,434,311)	(990,558)
Issue and buyback costs	(65,155)	(1,247,512)
Tax effect on the above	19,546	374,254
Balance at end of the year	122,266,291	145,080,286

(i) In respect of the dividend paid on 2 April 2012, 865,091 ordinary shares were issued at \$0.86 per share.

(ii) In respect of the dividend paid on 22 November 2012, 394,175 ordinary shares were issued at \$0.849 per share.

(iii) In respect of the dividend paid on 22 May 2013, 368,078 ordinary shares were issued at \$0.90 per share.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

11. ISSUED CAPITAL CONT

		2013	2012
		No.	No.
b) Movement in ordinary shares			
Date	Details		
1 July	Opening balance	154,516,777	122,945,806
4 October 2011	Ordinary shares issue	–	4,673,534
16 December 2011	Ordinary shares issue	–	13,962,700
20 March 2012	Ordinary shares issue	–	6,727,815
2 April 2012	Ordinary shares issue	–	865,091
16 May 2012	Ordinary shares issue	–	6,499,553
22 November 2012	Ordinary shares issue	394,175	–
22 May 2013	Ordinary shares issue	368,078	–
	Ordinary share buybacks	(26,581,572)	(1,157,722)
30 June	Closing balance	128,697,458	154,516,777

Holders of ordinary shares participate in dividends and the proceeds on a winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have par value.

CAPITAL MANAGEMENT

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

The Company's capital may fluctuate with prevailing market movements and it may undertake a buyback of its shares.

The Company's capital consists of shareholders' equity plus financial liabilities. The movement in equity is shown in the Statement of Changes in Equity. At 30 June 2013, financial liabilities were \$143,100 (2012: \$663,550). There are no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

12. RESERVES

NATURE AND PURPOSE OF RESERVES

ASSET REVALUATION RESERVE

Increments and decrements on the revaluation of long term investments after provision for deferred tax are recorded in this reserve. When an investment has been sold or de-recognised, realised gains or losses (after tax) are transferred from the asset revaluation reserve to the Capital Profits Reserve.

CAPITAL PROFITS RESERVE

The Capital Profits Reserve records realised gains and losses (after tax) from sale of investments which are transferred from Asset Revaluation Reserve.

	2013	2012
	\$	\$
Asset Revaluation Reserve		
Balance at the beginning of the year	(4,225,182)	1,623,386
Gain/(Loss) on investment revaluations	24,307,167	(10,923,311)
Tax on the above	(7,292,150)	3,276,993
Transfer to Capital Profits Reserve	4,598,826	2,568,214
Tax on the above	(1,379,648)	(770,464)
Balance at the end of the year	16,009,013	(4,225,182)
Capital Profits Reserve		
Balance at the beginning of the year	(114,473)	1,683,277
Transfers from Asset Revaluation Reserve, net of tax	(3,219,178)	(1,797,750)
Provision for tax adjustment	4,953	–
Balance at the end of the year	(3,328,698)	(114,473)

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

13. EARNINGS PER SHARE

	2013	2012
	Cents	Cents
a) Calculated earnings per share		
Basic Earnings per share	(0.74)	(0.79)
Diluted Earnings per share	(0.74)	(0.79)
	2013	2012
	\$	\$
b) Earnings used in calculating earnings per share		
(Loss) from continuing operations used to calculate basic and diluted earnings per share	(1,015,931)	(1,078,006)
	2013	2012
	No.	No.
c) Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the year used to calculate basic earnings per share	137,660,128	136,820,855
Effect of dilution	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	137,660,128	136,820,855

There are no instruments that could potentially dilute basic earnings per share in the future.

14. DIVIDENDS PAID

	2013	2012
	\$	\$
Unfranked dividend of 2.0 cents per share paid on 2 April 2012	–	2,831,641
Unfranked dividend of 1.0 cents per share paid on 22 November 2012	1,341,565	–
Unfranked dividend of 1.0 cents per share paid on 22 May 2013	1,345,507	–
	2,687,072	2,831,641
Total dividends per share for the year	0.02	0.02

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

Franking account balance as at the end of the financial year at 30% (2012: 30%)	134,345	165,070
Franking debits that will arise from refund of income tax as at the end of the financial year	–	(30,725)
	134,345	134,345

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

15. CASH FLOW INFORMATION

A) RECONCILIATION OF CASH

For the purpose of the Statement of Cash Flows, cash includes:

- i) cash on hand and at bank, cash on deposit, and
- ii) investments in money market instruments with 30 days or less maturity.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2013	2012
	\$	\$
Cash at bank	1,068,060	1,243,315
	1,068,060	1,243,315

B) RECONCILIATION STATEMENT

	2013	2012
	\$	\$
(Loss) after tax	(1,015,931)	(1,078,006)
Add / (less):		
Distribution income reinvested	(285,739)	(617,587)
Loss on foreign currency	152,962	548,463
Changes in assets and liabilities:		
(Increase) / Decrease in receivables	(110,222)	26,658
Decrease in prepayments	169	17,373
Decrease in income tax receivables	30,725	15,862
Decrease in trade payables and accruals	32,171	1,768
(Increase) in deferred tax assets	(447,418)	(397,765)
Cash flows from operations	(1,643,283)	(1,483,234)

The Company does not have any formal loan facilities in place at the date of these financial statements.

16. SEGMENT REPORTING

The Company operates in Australia and has one business segment, that being investing in managed funds that have a mandate to invest in Asian financial markets.

17. KEY MANAGEMENT PERSONNEL

Names and positions held by key management personnel in office at any time during the financial year are:

Mr Maximilian Sean Walsh – Non-Executive Chairman

Mr Alexander Gen MacLachlan – Non-Executive Director

Mr John Michael Morgan Holland – Non-Executive Director

Mr Kevin Nigel Smith – Non-Executive Director (Resigned 28 June 2013)

Mr Stuart Robert Anderson Nisbett – Non-Executive Director

KEY MANAGEMENT PERSONNEL REMUNERATION

Directors	Salary, fees & commission	Other
	\$	\$
2013		
Maximilian Walsh	-	-
Alexander MacLachlan	-	-
John Holland	50,000	-
Kevin Smith	-	-
Stuart Nisbett	50,000	-
	100,000	-
2012		
Maximilian Walsh	-	-
Alexander MacLachlan	-	-
John Holland	50,000	-
Kevin Smith	29,167	-
Stuart Nisbett	29,235	-
	108,402	-

Maximilian Walsh and Alexander MacLachlan have agreed not to be paid any remuneration for the services they performed as directors from 1 July 2009. Kevin has agreed not to be paid any remuneration for the services he performs as director from 1 February 2012.

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

17. KEY MANAGEMENT PERSONNEL CONT

NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

Directors	Balance at 1 July 2012	Received as remuneration	Net change other	Balance at 30 June 2013
	No.	No.	No.	No.
Maximilian Walsh	250,001	–	(80,000)	170,001
Alexander MacLachlan	30,308	–	–	30,308
John Holland	–	–	–	–
Kevin Smith	–	–	–	–
Stuart Nisbett	–	–	–	–
Total	280,309	–	(80,000)	200,309

18. RELATED PARTY TRANSACTIONS

The names of the persons who were directors of the Company at any time during the year and to the date of these financial statements are:

Mr Maximilian Sean Walsh

Mr Alexander Gen MacLachlan

Mr John Michael Morgan Holland

Mr Kevin Nigel Smith (Resigned 28 June 2013)

Mr Stuart Robert Anderson Nisbett

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

DIXON ADVISORY & SUPERANNUATION SERVICES LIMITED

Mr Maximilian Walsh and Mr Alexander MacLachlan are directors of the Company and directors of the Issue Manager, Dixon Advisory & Superannuation Services Limited.

There were no share placements during the year ended 30 June 2013. As a result, there were no commission and handling fees for the year.

In the previous financial year, Dixon Advisory & Superannuation Services Limited, as Issue Manager, was entitled to receive commission and handling fees of 4% (excluding GST) of the total funds raised in share placements. Total commission and handling fees paid on share placements of \$28,497,800 in 2012 was \$1,253,903.

The Company entered into a new Investment Management agreement with Dixon Advisory & Superannuation Services Limited on 9 December 2009 as passed by the shareholders of the Company on 4 December 2009. The Company has effected the change of its investment manager from Orient Pacific Partners Pty limited to Dixon Advisory & Superannuation Services Limited on 9 December 2009.

Dixon Advisory & Superannuation Services Limited received 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 (equating to an annualised management fee of 1%). Management fees paid or payable for the year ended 30 June 2013 were \$1,330,501 (2012: \$1,257,016), inclusive of GST and the management fee owed by the Company to Dixon Advisory & Superannuation Services Limited at 30 June 2013 was \$122,165 (2012: \$120,095), inclusive of GST.

18. RELATED PARTY TRANSACTIONS CONT

KEY MANAGEMENT PERSONNEL RELATED ENTITY TRANSACTION

Key management personnel and their related entities hold directly, indirectly or beneficially as at the reporting date the following interests in the Company:

	2013 Ordinary shares	
	Direct	Indirect
Maximilian Walsh	1	170,000
Alexander MacLachlan	-	30,308
John Holland	-	-
Stuart Nisbett	-	-

For key management personnel remuneration, refer to note 17.

19. FINANCIAL RISK MANAGEMENT

A) FINANCIAL RISK MANAGEMENT POLICIES

The Company's financial instruments consist mainly of deposits with banks and unlisted investments. The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, foreign exchange risk and market price risk.

I) INTEREST RATE RISK

Exposure to interest rate risk arises on financial assets recognised at reporting date whereby a future change in interest rates will affect future cash flows. Any variation in short and long term interest rates, particularly in Australia and Asia, could affect the operating results of the Company.

The Company's exposure to interest rate risk is minimal. At 30 June 2013, approximately 99% of the financial assets are non interest bearing and 1% of the financial assets are at a floating rate.

II) LIQUIDITY RISK

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Company's exposure to liquidity risk is minimal. The Company does not invest in funds that do not have at least a monthly redemption facility. However, to the extent that the underlying funds are invested in illiquid securities that may be difficult to sell at short notice or at desired prices, this can result in diminished redemption prices for the Company, or in declining markets, loss of capital through a decline in the value of the investment in the underlying fund.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

19. FINANCIAL RISK MANAGEMENT CONT

III) CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not have any material credit risk exposure to a single receivable or group of debtors under financial instruments entered into by the Company.

There are no amounts of collateral held as security at 30 June 2013.

IV) FOREIGN EXCHANGE RISK

The Company invests internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company does not undertake hedging of its foreign currency exchange risk exposure arising from commercial transactions.

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.

The Company's exposure to foreign currency exchange risk at reporting date was USD \$101,560,295 and SGD \$1,717.

V) MARKET PRICE RISK

Market price risk is the risk that changes in market prices such as equity prices will affect the Company's income and the value of its holdings of financial instruments.

Inherently, the Company is exposed to market price risk as it invests its capital in securities whose market prices can fluctuate.

Market risk is moderated by ensuring that the Company's investment portfolio is not overexposed to one company or one particular sector. The relative weightings of the individual funds are reviewed by the Investment Committee frequently.

19. FINANCIAL RISK MANAGEMENT CONT

B) FINANCIAL INSTRUMENTS

I) FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The Company does not hold any fixed period contractual financial instruments at balance date.

Net Fair Values

The net fair values of:

- Term receivables and fixed interest securities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Unlisted investments have been valued at the redemption price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets of the investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the statement of financial position and in the notes to the financial statements.

As of 1 July 2009, the Company has adopted the amendment to AASB 7: Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2013				
Financial assets at fair value through other comprehensive income				
Equity investments	8,085,013	114,000,913	–	122,085,926
30 June 2012				
Financial assets at fair value through other comprehensive income				
Equity investments	–	124,152,914	–	124,152,914

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

19. FINANCIAL RISK MANAGEMENT CONT

II) SENSITIVITY ANALYSIS

Market Price Risk

The Company has performed sensitivity analysis relating to its exposure to its market price risk at balance date. This sensitivity analysis demonstrates the effect on equity which would result from a change in these risks on financial assets.

At 30 June 2013, the effect on equity as a result of changes in the market value of equity investments, with all other variables remaining constant would be as follows:

	2013	2012
	\$	\$
Change in equity		
Increase in market price by 5%	6,104,296	6,207,646
Decrease in market price by 5%	(6,104,296)	(6,207,646)
Change in NTA per share		
Increase in market price by 5%	0.05	0.04
Decrease in market price by 5%	(0.05)	(0.04)

Interest Rate Risk

The Company has performed sensitivity analysis relating to its exposure to its interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks on financial assets that have a variable interest rate.

At 30 June 2013, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2013	2012
	\$	\$
Change in profit before tax		
Increase in interest rate by 1%		
- Cash at bank	10,784	12,517
Decrease in interest rate by 1%		
- Cash at bank	(10,784)	(12,517)
Change in equity		
Increase in interest rate by 1%		
- Cash at bank	10,784	12,517
Decrease in interest rate by 1%		
- Cash at bank	(10,784)	(12,517)

19. FINANCIAL RISK MANAGEMENT CONT

Foreign Exchange Risk

The Company has performed sensitivity analysis relating to its exposure to its foreign exchange risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which would result from a change in these risks on financial assets.

At 30 June 2013, the effect on profit before tax and equity as a result of changes in the foreign exchange risk, with all other variables remaining constant would be as follows:

	2013	2012
	\$	\$
Change in profit before tax		
Appreciation of AUD to USD by 10%	(5,175)	(4,552)
Decline of AUD to USD by 10%	6,325	5,563
Appreciation of AUD to SGD by 10%	(135)	(121)
Decline of AUD to SGD by 10%	165	147
Change in equity		
Appreciation of AUD to USD by 10%	(7,068,962)	(6,172,005)
Decline of AUD to USD by 10%	8,639,842	7,543,562
Appreciation of AUD to SGD by 10%	-	-
Decline of AUD to SGD by 10%	-	-

20. CONTINGENT LIABILITIES

The directors are not aware of any potential liabilities or claims against the Company as at the balance date.

21. CAPITAL COMMITMENTS

The Company has no capital commitments at balance date.

22. EVENTS AFTER THE REPORTING PERIOD

Between the end of the financial year and the date of this report, a further 120,667 ordinary shares were bought back for a total consideration of \$122,697.

On 7 August 2013, the Company announced an Extraordinary General Meeting to be held on 9 September 2013. The General Meeting seeks shareholder approval to buyback up to 25% of the issued ordinary shares on-market. If approved by shareholders, the buyback period will be from 9 September 2013 to close of trade 8 September 2014.

There has not been any other events of a material and unusual nature likely in the opinion of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FOR THE YEAR ENDED 30 JUNE 2013

23. COMPANY DETAILS

The registered office of the Company is:

Asian Masters Fund Limited

Level 15, 100 Pacific Highway, North Sydney NSW 2060

The principal place of business is:

Asian Masters Fund Limited

Level 15, 100 Pacific Highway, North Sydney NSW 2060

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2013

The directors of the Company declare that:

1. The financial report as set out in pages 24 to 54 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 20 to 21, are in accordance with the *Corporations Act 2001*, including:
 - a. Giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance, as represented by the results of the operations and the cash flows, for the financial year ended on that date;
 - b. In compliance with International Financial Reporting Standards as stated in note 1 to the financial statements; and
 - c. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The directors of the Manager, Dixon Advisory & Superannuation Services Limited have declared that:
 - a. The financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
 - b. The financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. The financial statements and notes for the financial year give a true and fair view.
3. As at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 295(5) of the *Corporations Act 2001*:

On behalf of the Directors



Mr Maximilian Sean Walsh
CHAIRMAN

Date: 28 August 2013

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2013



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the members of Asian Masters Fund Limited

Report on the Financial Report

We have audited the accompanying financial report of Asian Masters Fund Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 24 to 55.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation
Member of Deloitte Touche Tohmatsu Limited

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Asian Masters Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Asian Masters Fund Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 21 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Asian Masters Fund Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 28 August 2013

ADDITIONAL SECURITIES EXCHANGE DISCLOSURES

STATEMENT OF QUOTED SECURITIES AS AT 31 JULY 2013

- There are 3,125 shareholders holding a total 128,576,791 ordinary fully paid shares
- The 20 largest shareholders between them hold 5.287% of the total shares on issue
- Voting rights are each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands

DISTRIBUTION OF QUOTED SHARES AS AT 31 JULY 2013

Distribution of Shareholders Category (size of holding)	Number of Shareholders
1 – 1,000	22
1,001 – 5,000	56
5,001 – 10,000	229
10,001 – 100,000	2,600
100,001 – 9,999,999,999	218
Totals	3,125

SUBSTANTIAL SHAREHOLDINGS AS AT 31 JULY 2013

There are no substantial shareholders pursuant to the provisions of section 671B of the *Corporations Act 2001*.

DIRECTORS' SHAREHOLDINGS

As at 30 June 2013 directors of the Company held a relevant interest in the following securities on issue by the Company.

Director	Ordinary shares
Maximilian Walsh	170,001 ordinary shares
Alexander MacLachlan	30,308 ordinary shares
John Holland	0 ordinary shares
Stuart Nisbett	0 ordinary shares

RESTRICTED SECURITIES

There are no restricted securities on issue by the Company.

TOP 20 HOLDERS OF ORDINARY SHARES AT 31 JULY 2013

Shareholder Name	Number of Shares Held	% of Total
P S Cocks Practice S/F A/C	639,387	0.497
Vonwiller Super Fund A/C	584,300	0.454
Rosebank Staff S/Fund A/C	564,000	0.439
Dixon Family Super A/C	558,529	0.434
M & R Keating Super Fund A/C	359,676	0.280
Rosenshul S/F A/C	328,081	0.255
John G King S/F A/C	317,890	0.247
Aristides Family A/C	300,000	0.233
J & J Kruger Super Fund A/C	284,717	0.221
Helen & Roger Allnutt S/F A/C	261,722	0.204
Ke Downes Provident Fund A/C	256,469	0.199
The A & Rv Dubs S/F A/C	245,524	0.191
Collin Family Super Fund A/C	242,538	0.189
Ogygia A/C	240,000	0.187
Devabalini Super Fund A/C	239,800	0.187
Am And Yc Thomson S/F A/C	238,500	0.185
Mc William Super Fund A/C	232,000	0.180
Bligh Family S/F A/C	231,086	0.180
Dowjen Super Fund A/C	225,000	0.175
Hawes Family Super Fund A/C	225,000	0.175
Jm & Je Mc Kenna S/F Account	225,000	0.175
Total Held By Top 20 Holders Of Ordinary Shares	6,799,219	5.287

INVESTMENTS AT MARKET VALUE

AS AT 30 JUNE 2013

Investment	Units	Net Market Value \$	%
Arisaig Asia Consumer Fund	455,738.00	26,402,680	21.63%
APS China A Share Fund Class B	167,936.79	19,508,087	15.98%
Prusik Asian Smaller Company Fund	72,071.99	13,081,484	10.71%
JPMorgan China Pioneer	491,502.92	12,677,527	10.38%
Prusik Asian Fund Class O	64,728.60	12,445,628	10.19%
Aberdeen Asian Opportunities Fund	4,942,160.58	11,002,238	9.01%
iShares MSCI Hong Kong	403,500.00	8,085,013	6.62%
JPMorgan Korea Fund	181,643.35	8,543,479	7.00%
Steadview Capital Fund	5,800.00	5,745,458	4.71%
JPMorgan Taiwan Fund	302,035.98	4,594,332	3.77%
Total Portfolio Value		122,085,926	100.00%

ADDITIONAL DISCLOSURES

TRANSACTIONS

The total number of transactions in securities during the reporting period was 33.

MANAGEMENT AGREEMENT

The Company's investment activities are managed on an exclusive basis by Dixon Advisory & Superannuation Services Limited (**Manager**). The management agreement is dated 9 December 2009 (**Management Agreement**).

Subject to any applicable regulations, the Company's investment policies and any written guidelines issued by the Company from time to time, the Manager will manage the portfolio and has discretion to acquire, hold and dispose of investments on behalf of the Company.

The term of the Management Agreement is five years expiring on 9 December 2014 (**Initial Term**) with a further term of five years if approved by the board of the Company.

The Manager is entitled to receive an annualised management fee of 1% (plus GST) of the value of the portfolio, payable monthly, calculated on the first business date of each month. The Manager is not entitled to a performance fee.

The Manager is also entitled to be reimbursed by the Company for fees, costs and expenses when properly incurred in connection with the investment and management of the portfolio, the acquisition, disposal or maintenance of any investment or performance of the Manager's obligations under the Management Agreement, including costs of convening and holding a general meeting of the Company, any reasonable travelling costs and expenses incurred by the representatives of the Manager and software licensing or software subscription fees in connection with monitoring and investment research specifically in relation to the portfolio.

The Manager may terminate the Management Agreement at any time by giving to the Company at least six months' written notice.

The Management Agreement gives the Company certain termination rights including the right to immediately terminate the Management Agreement if the Manager:

- a) becomes insolvent; or
- b) materially breaches its obligations and such breach cannot be rectified; or
- c) breaches its obligations and does not remedy that breach within 30 days after the Company has notified the Manager in writing to remedy the breach; or
- d) persistently fails to ensure that investments made on behalf of the Company are consistent with the Company's investment strategy.

The Company may also terminate the Management Agreement if the licence under which the Manager performs its obligations is suspended for a period of one month or more or is cancelled at any time and the Manager fails to maintain an authorisation enabling it to perform its obligations under the Agreement from a third party holder of a licence.

The Company must also terminate the Management Agreement after the expiration of the Initial Term on delivery of three months' prior written notice after an ordinary resolution of members of the Company is passed to terminate the Management Agreement.

A copy of the Management Agreement can be obtained from the Company's website (www.asianmastersfund.com.au).

CORPORATE DIRECTORY

The Company's shares are quoted on the official list of the Australian Securities Exchange Limited (**ASX**).

ASX Code is AUF.

DIRECTORS

Mr Maximilian Sean Walsh
(Non-Executive Chairman)

Mr Alexander Gen MacLachlan
(Non-Executive Director)

Mr John Michael Morgan Holland
(Non-Executive Director)

Mr Stuart Robert Anderson Nisbett
(Non-Executive Director)

COMPANY SECRETARIES

Ms Hannah Chan
Ms Karen Luu

REGISTERED OFFICE

Level 15, 100 Pacific Highway
North Sydney NSW 2060

T 1300 454 801
F 1300 457 349

PRINCIPAL OFFICE

Level 15, 100 Pacific Highway
North Sydney NSW 2060

T 1300 454 801
F 1300 457 349

www.asianmastersfund.com.au

SHARE REGISTER

Managed by:

Boardroom Pty Limited

Level 7, 207 Kent Street
Sydney NSW 2000

T (02) 9290 9600
F (02) 9279 0664

www.boardroomlimited.com.au

AUDITOR

Deloitte Touche Tohmatsu

Grosvenor Place, 225 George Street
Sydney NSW 2000

T (02) 9322 7000
F (02) 9322 7001

www.deloitte.com.au

SOLICITORS

Watson Mangioni Lawyers Pty Limited

Level 13, 50 Carrington Street
Sydney NSW 2000

T (02) 9262 6666
F (02) 9262 2626

www.wmlaw.com.au

BANKERS

Macquarie Bank

ANZ Bank

UBS

For personal use only



WWW.ASIANMASTERSFUND.COM.AU

