

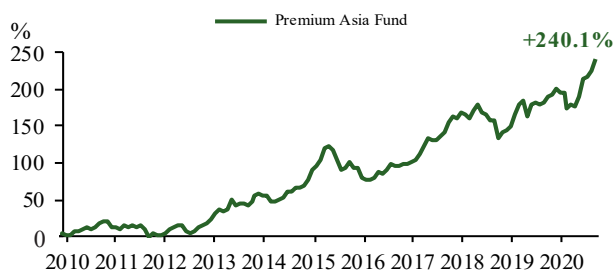
## Investment objective

The Premium Asia Fund aims to generate positive returns, consisting of both capital growth and income, over a three to five year period prior to accounting for movements in currency exchange rates. It will seek to achieve this objective by constructing a portfolio of securities which provides exposure to the Asia ex-Japan region. The Fund is denominated in Australian dollars and typically will not hedge its currency exposure.

## Fund facts

Investment type:	Registered managed investment scheme
Jurisdiction:	Australia
Fund manager:	Premium China Funds Management Pty Ltd
Investment manager:	Value Partners Hong Kong Limited
Responsible entity:	Equity Trustees Limited
Custodian:	Link Fund Solutions Pty Ltd
Auditor:	Ernst & Young
APIR code:	MAQ0635AU
Inception date:	1 December 2009
Fund size:	AUD 35.6 million <sup>2</sup>

## Performance since inception<sup>1,2</sup>



## Performance update<sup>1,2</sup>

	Premium Asia Fund
One month	+5.1%
Three months	+8.6%
Six months	+22.3%
One year	+17.8%
Since inception	+240.1%
Annualised return	+11.9%
Annualised volatility	12.9%

Volatility is a measure of theoretical risk. In general, the lower the number, the less risky the investment.

## Annual return since inception<sup>1,2</sup>

2009 (Since inception)	+1.2%	2015	+9.2%
2010	+9.2%	2016	+2.0%
2011	-9.9%	2017	+31.8%
2012	+22.1%	2018	-6.1%
2013	+29.3%	2019	+23.3%
2014	+12.1%	2020 (YTD)	+13.5%

Unit price: AUD 1.4447 Entry price: AUD 1.4483 Exit price: AUD 1.4411  
Distribution: AUD 0.0696 (for the year ended 30 June 2020)

## Manager's commentary

### Market review

Asian economies have held steady through October and the supportive third-quarter earnings led the market uptrends.

China's economic recovery continued to gather steam. The corporate earnings results for the third quarter were resilient and domestic demand stayed solid. As indicated in the Purchasing Managers' Index (PMI), its factory activities have improved successively and remained in the expansionary terrain for eight months in a row<sup>1</sup>. Taiwan's effective handling of COVID-19 and sustained strength in technological advancement played out to pull foreign capital inflow to the equity market. Considering the ongoing demand for tech devices, we believe Taiwan's technology competitiveness will continue to prevail and exports to improve steadily. In South Korea, local COVID-19 cases fell and the government relaxed the social distancing rules around mid-October. The less intense epidemic allowed the country to normalize its economy. The month's PMI data ended the nine-month contraction streak<sup>2</sup>. The mixed route of recovery across ASEAN extended to October. The International Monetary Fund projected ASEAN-5 countries<sup>3</sup> in 2020 will see a 4.4% GDP contraction, followed by a meaningful recovery of 6.0% growth in 2021<sup>4</sup>.

### Portfolio strategy and outlook

The Fund advanced 5.1% (in AUD) while the MSCI Asia ex Japan grew 4.9%<sup>5</sup> (in AUD).

North Asian equities continued to perform as China's consumption recovery and Taiwan's export growth have been strong. In China, the earnings resiliency supported the share prices of the consumer-related sectors and contributed to our portfolio returns. In particular, e-commerce and baijiu names rallied on the robust demand. The latest Five Year Plan confirmed the goals to digitize the economy and bring quality growth. This also reaffirmed the growth outlook of the consumer sector. The application of innovative technology and the demand from the stay-home economy remained supportive of our technology hardware holdings in Taiwan and Korea. Conversely, our Chinese education holdings pulled back due to the upcoming final regulation draft. Nonetheless, we expect the rules to tighten in the compulsory education space, while our focus the private higher education space would be less affected in regulatory terms.

The presumptive U.S. presidential result has brought relief to the market as its foreign policy is expected to turn friendly and welcome global trade. This shall put a positive spin on Asian equities in the short term. As the election is mostly settled, the recovery from the virus is back in the spotlight. We will continue to monitor the bumpy recovery and identify companies that have better fundamentals and the ability to weather volatility.

Source:

1. Source: National Bureau of Statistics, People's Republic of China, 31 October 2020
2. Source: IHS Markit, 31 October 2020
3. ASEAN-5 comprises Indonesia, Malaysia, the Philippines, Singapore, and Thailand
4. Source: IMF, World Economic Outlook database; and IMF staff estimates and projection, October 2020
5. Source: MSCI, 30 October 2020

<sup>1</sup> Past performance is not indicative of future results.

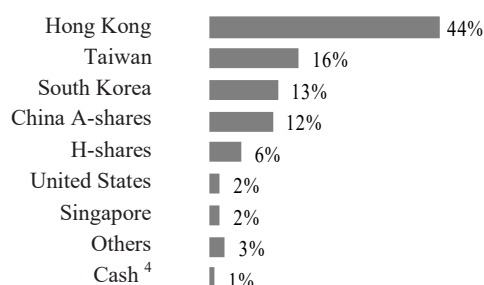
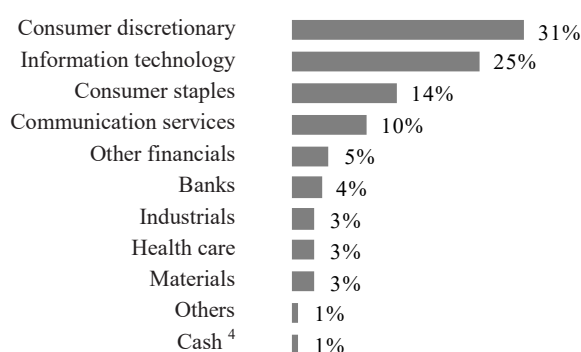
<sup>2</sup> Source: Link Fund Solutions Pty Ltd, Macquarie Investment Management Limited and Bloomberg, in AUD, NAV to NAV, with dividends reinvested. Performance data is net of all fees. Unless specified, all information contained on this report is quoted as at 30 October 2020. Investment involves risks. Investors should read the Product Disclosure Statement for details and risk factors in particular those associated with investment in emerging markets. Index performance is for reference only.

**Top 10 holdings**

Name	Industry	Listing	%
Alibaba Group	Retailing	Hong Kong	8.7%
Tencent	Media & entertainment	Hong Kong	8.1%
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	Taiwan	6.7%
Samsung Electronics	Technology hardware & equipment	South Korea	6.1%
Wuliangye Yibin	Food, beverage & tobacco	China A-shares	4.3%
Kweichow Moutai	Food, beverage & tobacco	China A-shares	3.8%
Meituan	Retailing	Hong Kong	3.5%
China Xinhua Education Group	Consumer services	Hong Kong	2.9%
China Merchants Bank	Banks	H-Shares	2.5%
Nissin Foods	Food, beverage & tobacco	Hong Kong	2.1%

These holdings made up 49% of the Fund.

No. of holdings : 65

**Geographical exposure by listing<sup>3</sup>****Sector exposure<sup>3</sup>****Fee structure**

Management fee	1.33% p.a. of Net Asset Value
Performance fee	No performance fee
Transaction costs	Buy: +0.25% of unit price for applications Sell: -0.25% of unit price for redemptions
Minimum subscription	Dependent on IDPS provider / AUD 25,000 direct
Dealing frequency	Daily

**Senior investment staff****Co-Chairmen & Co-Chief Investment Officers:**

Cheah Cheng Hye; Louis So

**Senior Investment Directors:**

Norman Ho, CFA; Renee Hung

**Investment Directors:**

Chung Man Wing; Michelle Yu, CFA; Yu Xiao Bo

**Senior Fund Managers:**

Lillian Cao; Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho;  
Glenda Hsia; Amy Lee, CFA, CAIA; Luo Jing, CFA; Frank Tsui;  
Yu Chen Jun

<sup>3</sup> Exposure refers to net exposure (long exposure minus short exposure). Derivatives e.g. index futures are calculated based on P/L instead of notional exposure.

<sup>4</sup> Cash includes receivables and payables (except cash for collaterals and margins).

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