

PREMIUM ASIA FUND (ARSN 134 226 029)

NOVEMBER 2020
2 PAGES

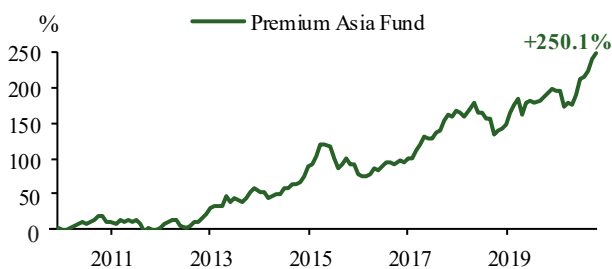
Investment objective

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 37.0 million ²

Performance since inception ^{1,2}



Performance update ^{1,2}

	Premium Asia Fund
One month	+3.0%
Three months	+10.8%
Six months	+27.0%
One year	+19.9%
Since inception	+250.1%
Annualised return	+12.1%
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 ^{1,2}

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)	+16.8%

Unit price: AUD 1.4874 Entry price: AUD 1.4911 Exit price: AUD 1.4837
Distribution: AUD 0.0696 (for the year ended 30 June 2020)

Manager's commentary

Market review

Optimism surrounding vaccination has given a boost to Asian equities, on top of the temporary removal of the U.S. election overhang.

In China, the recovery has been on track and we expect the same path to continue into next year. The factory activities expanded for the ninth straight month, with the official manufacturing Purchasing Managers' Index coming in at 52.1 in November¹. This is helped by stabilized demand and supply of manufacturing products.

The MSCI Taiwan Index rallied 10.0%² in November on a robust economic outlook. The officials revised the GDP growth of 2020 upward to the pre-COVID-19 level of 2.6%³ as domestic consumption stabilized and positive export momentum is expected to continue, riding on the digitization trends. The economic growth in 2021 is projected to be 3.8%³.

South Korea's economy saw sustained improvements as the November rise in the manufacturing Purchasing Managers' Index marked the third consecutive expansion⁴. The expansion rate sets the fastest recorded in more than two and a half years. Though, with the looming third wave of COVID-19 transmissions, the officials launched another round of social distancing restrictions.

Portfolio strategy and outlook

The Fund and the MSCI Asia ex-Japan Index both advanced 3.0%² (in AUD).

The consistent export volume growth in Taiwan and South Korea, and China's on-track consumption recovery contributed to North Asia's equity outperformance. The application of innovative technology and the demand for the stay-home economy remained positive for our Taiwanese and Korean technology hardware holdings. China's ahead-of-the-curve reopening is supported by a strong export and trade pickup, shipping companies rallied on solid data. Chinese financials also saw positive sessions as positive macro data sustained.

On the flip side, The release of anti-trust draft rules on the mainland clouded the outlook of some internet giants and caused detraction from performance this month. That said, anti-trust laws in internet space are not uncommon globally and are unlikely to derail the long-term structural growth outlook of the leading Chinese players.

Ample liquidity worldwide and hopes on economies reopening underpin the growth of Asian equities in the near-term. Going into 2021, we believe Asian equities continue to showcase solid fundamentals for the post-pandemic future. As a result, we continue to focus on quality companies with more room for growth amid the broader-based recovery in 2021.

Source:

¹ National Bureau of Statistics, People's Republic of China, 30 November 2020

² MSCI, 30 November 2020

³ Directorate-General of Budget Accounting And Statistics, Executive Yuan, Republic of China (Taiwan), 27 November 2020

⁴ IHS Markit, 30 November 2020

¹ Past performance is not indicative of future results.

² 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 November 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.

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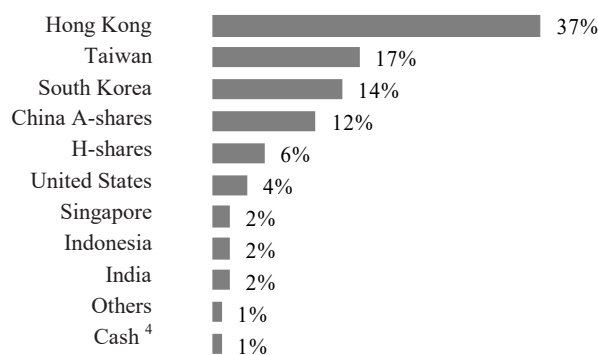
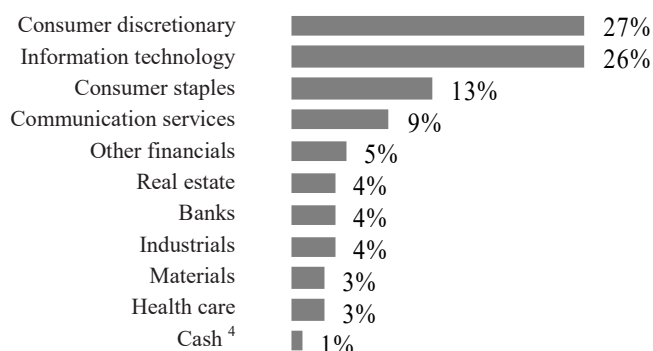
Think Asia
Think Premium

Top 10 holdings

Name	Industry	Listing	%
Samsung Electronics	Technology hardware & equipment	South Korea	7.0%
Tencent	Media & entertainment	Hong Kong	6.9%
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	Taiwan	6.9%
Wuliangye Yibin	Food, beverage & tobacco	China A-shares	3.7%
Kweichow Moutai	Food, beverage & tobacco	China A-shares	3.6%
Pinduoduo	Retailing	United States	3.4%
Alibaba Group	Retailing	Hong Kong	3.2%
Meituan	Retailing	Hong Kong	3.1%
China Merchants Bank	Banks	H-shares	2.8%
China Xinhua Education Group	Consumer services	Hong Kong	2.7%

These holdings made up 43% of the Fund.

No. of holdings : 74

Geographical exposure by listing³**Sector exposure³****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

³ 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.

⁴ Cash includes receivables and payables (except cash for collaterals and margins).

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