

PREMIUM CHINA FUND (ARSN 116 380 771)

APRIL 2021
2 PAGES

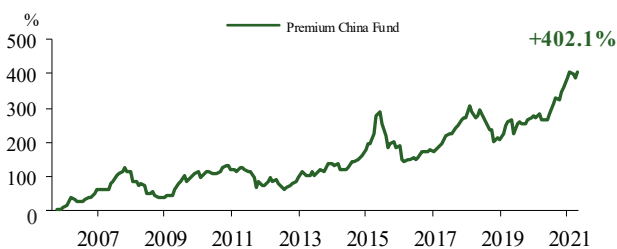
Investment objective

The Premium China Fund is a managed investment scheme which invests primarily in companies listed in Hong Kong, companies listed in Mainland China, companies listed in Taiwan and companies listed on other stock exchanges but with significant assets, investments, production activities, trading or other business interests in the Greater China region, or which derive a significant part of their revenue from the Greater China region.

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:	MAQ0441AU
Inception date:	28 October 2005
Fund size:	AUD 150.1 million ²

Performance since inception ^{1,2}



Performance update ^{1,2}

Premium China Fund	
One month	+3.7%
Three months	-0.1%
Six months	+12.3%
One year	+37.0%
Since inception	+402.1%
Annualised return	+10.9%
Annualised volatility	18.0%

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

Annual return since inception ^{1,2}

2005 (Since inception)	+7.0%	2014	+15.5%
2006	+48.0%	2015	+4.9%
2007	+36.1%	2016	-6.2%
2008	-33.6%	2017	+37.0%
2009	+50.2%	2018	-17.9%
2010	+2.3%	2019	+24.0%
2011	-21.2%	2020	+28.6%
2012	+13.1%	2021 (YTD)	+3.0%
2013	+21.9%		

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 April 2021. Investment involves risks. Investors should read the Product Disclosure Statement for details and risk factors in particular those associated with investment in emerging markets.

Unit price: AUD 3.3827 Entry price: AUD 3.3911 Exit price: AUD 3.3742
Distribution: AUD 0.0129 (for the year ended 30 June 2019)

Manager's commentary

Market review

In April, positive earnings announcements and continued macroeconomic support helped improve market sentiment in Chinese equities.

First quarter earnings announcements were solid, indicating that businesses continue to be resilient. Banks, in particular, announced positive earnings and improved asset quality.

Macro policies in China are expected to support economic recovery, with policy tightening not being a huge concern. The Politburo meeting held in April affirmed the government's pledge to ensure the continuity of post-pandemic recovery and to maintain its quality growth agenda. Policies are expected to be prudent to prevent the country from overheating.

We continue to be positive on Greater China equities long-term, but are cautiously optimistic about the market. Although inflation expectation and long-term bond yield have stabilized, overall sentiment remains to be lukewarm as tensions between the US and China continue to escalate.

Portfolio review and outlook

In April, the Fund is up 3.7% (in AUD), while the MSCI China Index was flat at -0.03%¹ (in AUD).

In the fund, industrial companies, particularly shipping companies, were among the top performance contributors last month, riding on China's continued recovery and exports demand post-pandemic. Our financials holdings which are exposed to the China wealth management market, also benefited from the on-going recovery. Another key contributor is a domestic sportswear brand as preference for national brands grew.

On the flipside, a slight detraction came from the e-commerce names, as China has been stepping up its scrutiny of the internet sector.

While market fundamentals remain unchanged, more catalysts, particularly earnings, are needed to drive up sentiment. Despite the market retreating towards the end of the first quarter, our bottom-up approach suggests corporate fundamentals remain solid in the China market. We continue to prefer companies with visibility in their earnings and those that we believe will remain resilient in the current macroeconomic environment.

Source:

1. MSCI, 30 April 2021

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Think Premium

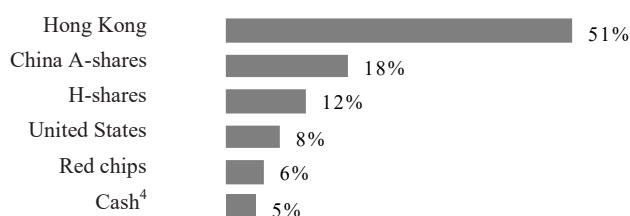
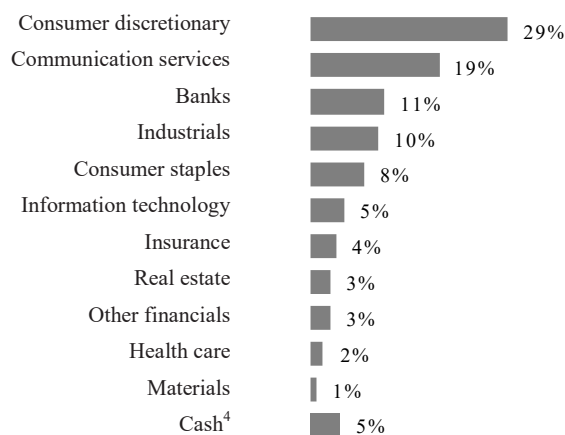
Top 10 holdings

Name	Industry	Listing	%
Tencent Holdings Ltd	Media & entertainment	Hong Kong	14.0
China Merchants Bank Co Ltd	Banks	H-shares	5.3
China Tourism Group Duty Free Corp Ltd	Retailing	China A-shares	5.1
Li Ning Co Ltd	Consumer durables & apparel	Hong Kong	4.8
Pinduoduo Inc	Retailing	United States	4.0
Kweichow Moutai Co Ltd	Food, beverage & tobacco	China A-shares	4.0
Galaxy Entertainment Group Ltd	Consumer services	Hong Kong	3.5
Alibaba Group Holding Ltd	Retailing	Hong Kong	3.3
COSCO SHIPPING Holdings Co Ltd	Transportation	Hong Kong	3.1
AIA Group Ltd	Insurance	Hong Kong	2.8

These holdings made up 50% of the Fund.

No. of holdings : 44

Level of currency hedge : 66.9%

Geographical exposure by listing³**Sector exposure**³**Fee structure**

Management fee	2.30% p.a. of Net Asset Value
Performance fee	15% of outperformance of the fund over MSCI China Free (High-on-high principle)
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 staffs**Co-Chairmen & Co-Chief Investment Officers:**

Cheah Cheng Hye; Louis So

Senior Investment Directors:

Norman Ho, CFA; Renee Hung

Investment Directors:

Chung Man Wing; Yu Chen Jun; Michelle Yu, CFA

Senior Fund Managers:

Lillian Cao; Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho;

Glenda Hsia; Amy Lee, CFA, CAIA; Luo Jing, CFA; Frank Tsui

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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