

PREMIUM ASIA FUND (ARSN 134 226 029)

MARCH 2023
2 PAGES

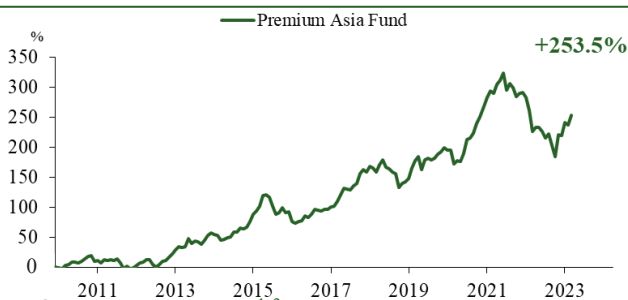
Investment objective

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 Asia 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 38.0 million ²

Performance since inception ^{1, 2}



Performance update ^{1, 2}

	Premium Asia Fund
One month	+4.9%
Three months	+10.5%
Six months	+16.7%
One year	+8.3%
Since inception	+253.5%
Annualised return	+9.9%
Annualised volatility	13.6%

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%	2017	+31.8%
2010	+9.2%	2018	-6.1%
2011	-9.9%	2019	+23.3%
2012	+22.1%	2020	+23.0%
2013	+29.3%	2021	+6.0%
2014	+12.1%	2022	-18.1%
2015	+9.2%	2023 (YTD)	+10.5%
2016	+2.0%		

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 in this report is quoted as at 31 March 2023. 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.

Unit price: AUD 1.2019 Entry price: AUD 1.2049 Exit price: AUD 1.1989
Distribution: AUD 0.0154 (for the year ended 30 June 2022)

Manager's commentary

Market review

Greater China equities were under pressure at the beginning of March, but market conditions eventually improved on the back of supportive measures by the government. During the month, the MSCI China Index was up 4.5% (in USD).¹ Market participants were first disappointed by China's lower-than-expected GDP growth target of around 5%, although the figure would still make the country a clear stand-out among major global economies in 2023. On a more positive note, policymakers announced more easing measures, particularly the 25 bps RRR cut in late March.²

Taiwan's equities market was up on expectations of moderated rate hikes globally, with the MSCI Taiwan Index up 3.0% in March (in USD).¹ However, the global economic slowdown continued to pressure Taiwan's economy, particularly its exports, which contracted 19.1% YoY.³ Taiwan's administration expects exports to see downward pressure in the first half of this year, although it remains optimistic about the long-term drivers offered by emerging applications, including high-performance computing, data centers, and automotive electronics.

Korea's equities market rebounded in March, with the MSCI Korea Index up 4.8% amid a weaker US dollar (in USD).¹ Inflation in Korea also continued to ease, reaching a one-year low during the month, easing concerns over further rate hikes. That said, the global economic slowdown remains to be an uncertainty for the market, as it also continued to affect the country's economy, especially exports. During the month, exports were down 13.6% YoY, with huge declines in information technology items, including semiconductors and displays.⁴

In Southeast Asia, the MSCI ASEAN Index was up 3.9% during the month (in USD).¹ Inflation has started to ease in some parts of the region, including Indonesia and the Philippines. While we continue to be constructive toward the ASEAN, we are also monitoring how the global economic slowdown may affect the economies and businesses in the region.

Portfolio review:

In March, the Fund was up 4.6% (in AUD), while the MSCI AC Asia ex Japan Index returned 4.2% (in AUD).¹ In the first quarter of the year, the Fund was up 10.5% (in AUD), almost 500 basis points above the MSCI AC Asia ex Japan Index (which was up 5.6% in AUD).¹

During the month, our exposure to regional technology names was among the top contributors to the Fund's performance, as they were boosted by expectations of an improved sector outlook by the second half of the year. Our exposure to Chinese telecommunications was also boosted by expectations of further SOE reforms and the rapid development of industrial digitalization. Moreover, some Chinese internet names yielded positively on the back of the country's macro recovery and the supportive policy stance toward private enterprises.

On the other hand, our exposure to certain financial companies dragged, given the weakened sentiment caused by the SVB and Credit Suisse incidents. However, we believe the impact of the recent events on the banking sector in Asia is rather limited. Other key detractors include a major e-commerce player in China, which reported weaker-than-expected results. Meanwhile, some A-share companies have seen their share prices ease, dragging the portfolio's return.

Key position changes:

We continued to adjust our positions to enhance the portfolio's robustness. These include reducing the exposure to some Chinese consumption and industrial companies due to valuation considerations. On the other hand, we have increased our exposure to a key internet behemoth in China, a technology player in Korea, and some technology companies in Taiwan. We have also increased our position in a leading EV battery producer in China.

Outlook:

In China, we continue to hold the view that the market focus will increasingly turn from the pace of reopening to the quality of earnings growth and that a broad-based stock market rally in the near term is unlikely, while in Asia, we continue to see a bumpy recovery. Hence, stock selection will become more crucial. Overall, while our fund holdings remain well diversified, we continue to believe Chinese equities offer good long-term risk-reward opportunities at current valuation levels.

Going forward, we will continue to pay close attention to macro developments, such as export trends and geopolitical events, and stick with our bottom-up stock selection approach to maximize the portfolio's risk-adjusted return.

Sources:

1. MSCI, 31 March 2023
2. PBoC, 17 March 2023
3. Ministry of Finance (Taiwan), 11 April 2023
4. Ministry of Trade, Industry and Energy, Korea, 3 April 2023

www.premiumasiafunds.com.au
Tel: (02) 9211 3888 Email: info@premiumasiafunds.com.au

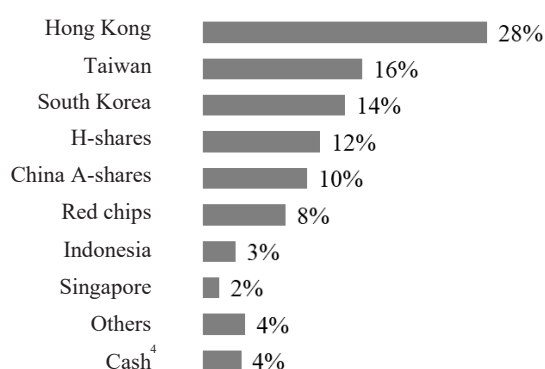
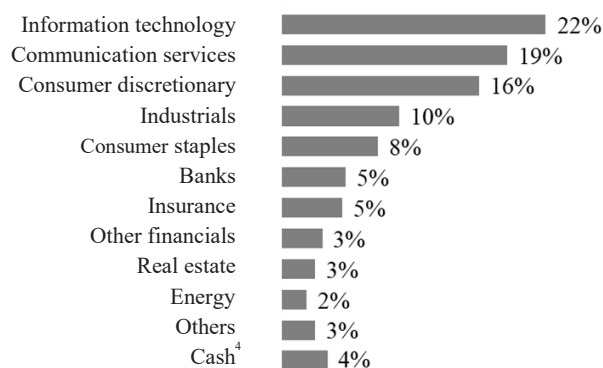
Think Asia
Think Premium

Top 10 holdings

Name	Industry	Listing	%
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	Taiwan	7.4
Tencent Holdings	Media & entertainment	Hong Kong	5.5
China Mobile	Telecommunication services	Red chips	4.8
China Telecom	Telecommunication services	H-shares	4.6
Samsung Electronics	Technology hardware & equipment	South Korea	4.6
Alibaba Group Holding	Retailing	Hong Kong	3.2
Kweichow Moutai	Food, beverage & tobacco	China A-shares	2.6
AIA Group	Insurance	Hong Kong	2.4
KB Financial Group	Banks	South Korea	2.0
Unimicron Technology	Technology hardware & equipment	Taiwan	2.0

These holdings made up 39% of the Fund.

No. of holdings : 89

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:

Lillian Cao; Kelly Chung, CFA; Chung Man Wing; Luo Jing, CFA;

Yu Chen Jun; Michelle Yu, CFA

Senior Fund Manager:

Frank Tsui

Link to TMD

https://www.premiumasiafunds.com.au/wp-content/uploads/2022/10/Premium_Asia_Fund_EN_AU_1666845670.pdf

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).

Disclaimer: This report is issued by Premium China Funds Management ("Premium") for general information purposes only and does not take into account the investment objectives, financial situation or needs of any particular investor. Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 AFSL No. 240975, is a subsidiary of EQT Holdings Limited, a publicly listed company on the Australian Securities Exchange (ASX:EQT), is the Responsible Entity of the Premium Asia Fund ("Fund"). The comments contained herein are expressions of belief only and should not be relied upon as authoritative or without the recipient's own independent verification or in substitution for the exercise of judgment by any recipient, and are subject to change without notice. Financial data herein are obtained from sources believed to be reliable. The performance of individual shares may not be representative of the performance of the fund as a whole.

The views expressed are the views of Value Partners Hong Kong Limited and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All materials have been obtained from sources believed to be reliable, but their accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

Neither Premium, Value Partners, Equity Trustees, nor any of its related parties, its directors or employees, provide warranty of accuracy or reliability in relation to information on this report or accepts liability to any person who relies on it.