

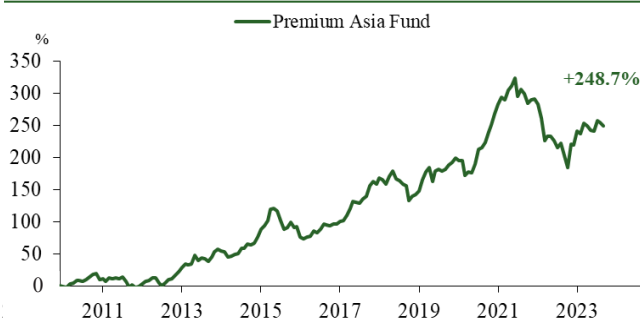
Investment objective

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 38.2 million ² |

Performance since inception ^{1,2}



Performance update ^{1,2}

| | Premium Asia Fund |
|-----------------------|-------------------|
| One month | -1.6% |
| Three months | +2.3% |
| Six months | -1.4% |
| One year | +15.1% |
| Since inception | +248.7% |
| Annualised return | +9.5% |
| Annualised volatility | 13.5% |

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) | +9.0% |
| 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 on this report is quoted as at 29 September 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 1.1704 Entry price: AUD 1.1733 Exit price: AUD 1.1675
Distribution: AUD 0.0147 (for the year ended 30 June 2023)

Manager's commentary

Market review

Despite the improving macroeconomic conditions, the Greater China equities market slid further in September, with the MSCI China Index down 2.4% (in AUD).¹ The latest data show some improvements in China's economy. Industrial profits rose for the first time this year, while China's manufacturing PMI also recovered to above 50 in September.² However, investor appetite remains muted. Rhetoric on policy support has diminished significantly compared to previous months, while concerns over the property sector remain. That said, we view that policymakers are planning ahead of major meetings in the fourth quarter and expect more measures to come through, including supporting the property market's recovery and measures to boost consumption.

In Taiwan, its equities market recorded losses of 3.4% (in AUD) in the month.¹ As the sluggish global demand continued to put pressure on Taiwan's economy, particularly its exports, the central bank downgraded its 2023 GDP growth forecast to 1.5% from its 1.7% estimate in June.³ However, the export downtrend was somewhat offset by the stronger export momentum of information technology and communications products, given the growing demand for emerging technology applications. The central bank expects Taiwan's economic outlook to improve in 2024, with exports and private investment to gather pace as global trade and further development in emerging technologies pick up.

South Korea equities dragged in September, with the country index down 4.8% (in AUD).¹ On the macro front, exports continued to decline. However, they recorded a single-digit decline rate (-4.4% YoY) for the second consecutive month, the lowest decline rate since October last year when the export value began decreasing.⁴ While semiconductor exports continued to fall, the exports of chips are expected to improve with the rising demand for high-performance products. Overall, we continue to monitor the market, especially given its sensitivity to global trade.

Southeast Asian markets were down in September, dragged by hawkish signals from the US Fed and ongoing concerns over China's economy, with the MSCI ASEAN Index down 2.6% (in AUD).¹ We remain constructive about the markets, given their strong macro fundamentals and resilient domestic demand. Within the region, we continue to favor Indonesia, as the ramp-up in government spending into the 2024 general election would be a tailwind for the market.

Portfolio review:

In September, the Fund recorded losses of 1.5% (in AUD), while the MSCI AC Asia ex Japan Index was down 2.3% (in AUD).

Despite the drag in the market, some of our stock picks yielded positively, supporting the Fund's performance relative to the benchmark. These include some of our non-benchmark holdings of Chinese telecom operators and our overweight in select Chinese banks, as their businesses remained solid in spite of the ongoing concerns over the domestic economy. One of the largest oil companies in China also contributed to the Fund's performance, as it continues to benefit from higher oil prices and is supported further by its efficient operating cost control measures. Our exposure to India also generated positive absolute returns during the month, including the contribution from a mobile tower installation company. The market continues to be resilient against global headwinds due to its strong macroeconomic trends and strengthened long-term growth profile.

On the other hand, the Fund's gains were more than offset by our exposure to select regional technology names, such as some leading tech players in Taiwan and Korea. Nevertheless, we remain constructive about these holdings, which, in our view, should benefit from the growing investments in artificial intelligence (AI) over the long-term horizons. Our holdings of select internet names in China also detracted the Fund's performance despite reporting resilient second-quarter results. These holdings are of high quality, and their business fundamentals are expected to remain resilient despite the ongoing drag in the economy.

Key position changes:

While we continue to adjust our portfolio amid market movements, there were a few changes within the portfolio in the month. There was some position switching within the Greater China market, including consumer-related names, driven predominantly by their risk-return considerations. Overall, there were no significant changes to our portfolio composition from both a regional and sector allocation perspective.

Outlook:

We continue to expect volatility in the short-to-medium term due to ongoing uncertainties in the global economy, especially after a "hawkish pause" in the Fed that triggered a spike in the US treasury yield. Nonetheless, we continue to view that Asia remains a bright spot for economic and earnings growth for this year.

Within the market, we believe Chinese equities offer a favorable risk-reward profile, especially given the increased visibility of economic bottoming out after the recently improved August data sets. Valuations are also attractive, especially for the offshore markets and in some traditional industries (which also generate solid yields). It is also worth noting that there are signs of improving dialogues between the senior officials of China and the US lately. There are also select opportunities in other parts of the region, with some companies remaining resilient against global headwinds, supported by their strong domestic markets. Against this backdrop, we expect unevenness in the markets to remain, and thus, stock selection will remain crucial.

Sources:

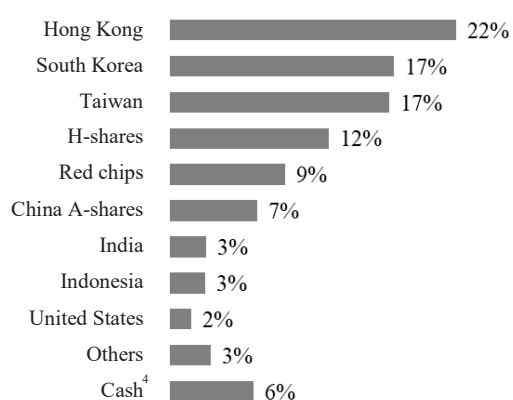
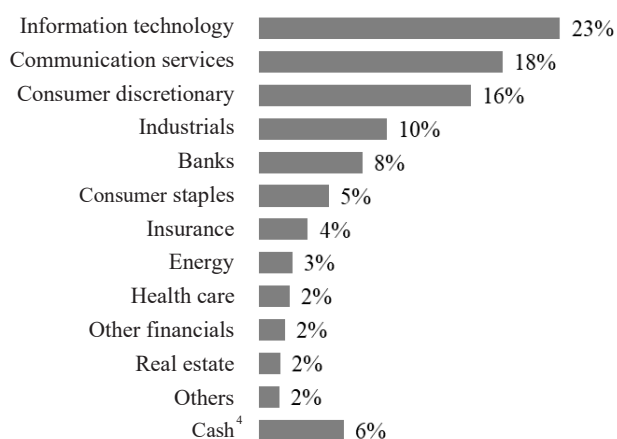
- Morningstar, 30 September 2023
- National Bureau of Statistics, 02 October 2023
- Central Bank of the Republic of China (Taiwan), 21 September 2023
- Ministry of Trade, Industry and Energy, Korea, 02 October 2023

Top 10 holdings

| Name | Industry | Listing | % |
|------------------------------------|--|-------------|-----|
| Taiwan Semiconductor Manufacturing | Semiconductors & semiconductor equipment | Taiwan | 7.0 |
| Samsung Electronics | Technology hardware & equipment | South Korea | 6.5 |
| China Mobile | Telecommunication services | Red chips | 5.0 |
| Tencent Holdings | Media & entertainment | Hong Kong | 4.6 |
| China Telecom | Telecommunication services | H-shares | 4.5 |
| Meituan | Consumer services | Hong Kong | 2.5 |
| Alibaba Group Holding | Retailing | Hong Kong | 2.4 |
| KB Financial Group | Banks | South Korea | 2.3 |
| CNOOC | Energy | Red chips | 2.3 |
| Unimicron Technology | Technology hardware & equipment | Taiwan | 2.2 |

These holdings made up 39% of the Fund.

No. of holdings : 101

Geographical exposure by listing³**Sector exposure³****Fee structure & Subscription information**

| | |
|----------------------|--|
| 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; Luo Jing, CFA; Yu Chen Jun;

Michelle Yu, CFA

Senior Fund Manager:

Frank Tsui

Link to TMD

Premium Asia Fund's Target Market Determination is available here:
<https://www.premiumasiafunds.com.au/wp-content/uploads/2022/10/Premium-Asia-Fund-EN-AU-1666845670.pdf>

A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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.