

PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

APRIL 2021
2 PAGES

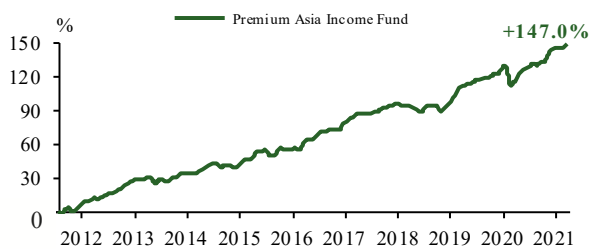
Investment objective

The Premium Asia Income Fund is a managed investment scheme seeking current income and some capital appreciation by investing mostly in a diversified portfolio of high yielding, sub investment grade securities and non-rated securities across a range of markets in Asia and the Middle East (the "Region"). The Fund may invest in sovereign debt and corporate debt issued by companies with main operations in or majority of their income derived from the Region. The Fund is expected to be hedged in Australian dollars within a range of 0% to 100% of the Fund's net asset value.

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:	MAQ0782AU
Inception date:	31 August 2011
Fund size:	AUD 64.5 million ²
Dividend distribution:	Quarterly ¹

Performance since inception* ²



Performance update* ²

Premium Asia Income Fund	
One month	+1.5%
One year	+15.0%
Since inception (including distribution)	+147.0%
Annualised return	+9.8%
Annualised volatility	5.6%
Distribution (since inception)	133.2%

* Past performance is not indicative of future results.

Portfolio characteristics

As at 30 April 2021

Cash yield	7.05%
Yield to maturity / put ³	7.09%
Time to maturity, years	1.88
Modified duration, years	1.72
Number of bond positions	59

Unit Price: AUD 1.1387 Entry Price: AUD 1.1444 Exit Price: AUD 1.1330
Distribution: AUD 0.0171 (for the quarter ended 31 Mar 2021)

Manager's commentary

Portfolio Review:

April was relatively quiet. The benchmark 10-year US treasury yield reversed course, ending the month almost 12-basis points lower. As a reflection, the more rate-sensitive sovereign and quasi-sovereign bonds outperformed both high-yield and investment-grade corporate bonds. Tactically, we reduced our positions in selected high-beta Chinese property bonds and raised the cash level of the fund, while our overall portfolio duration remains short. We expect to maintain the current posture in the short to medium term.

Strategy:

In April, the portfolio's AUD currency hedge was 98%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

Outlook:

US economic data continued its strong rebound. While the Fed has reiterated that rates are likely to be kept low until 2023, it is important for investors to keep close watch on the pace of the US recovery, inflation rate and job numbers. If the economy continues its current course, the Fed will inevitably have to taper its asset purchases, even though it has repeatedly stressed that it will be patient with balance sheet reduction and rate hikes. One wild card is how the COVID-19 vaccine efficacy will shape the pace and path of the recovery.

Product composition

	%
Straight bond	75.6
Convertible bond	14.7
Cash	9.8
FX hedges	-0.1

¹ Normally, the Fund expects to make distributions out of its income on a quarterly basis, and out of its net capital gains annually after the end of June; the actual distribution an investor may receive is not guaranteed and dividend history is presented for reference only. 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. ³ Including FX hedge. Investment involves risks. Investors should read the Product Disclosure Statement for details and risk factors in particular those associated with investment in sub-investment grade securities and emerging markets.

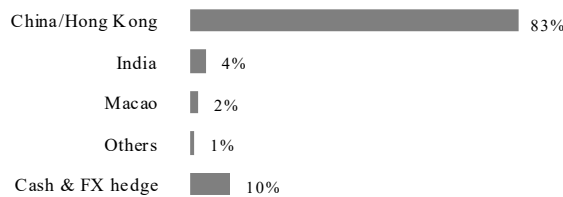
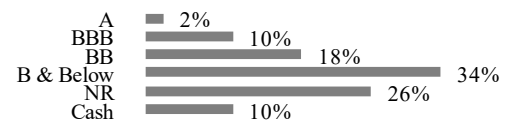
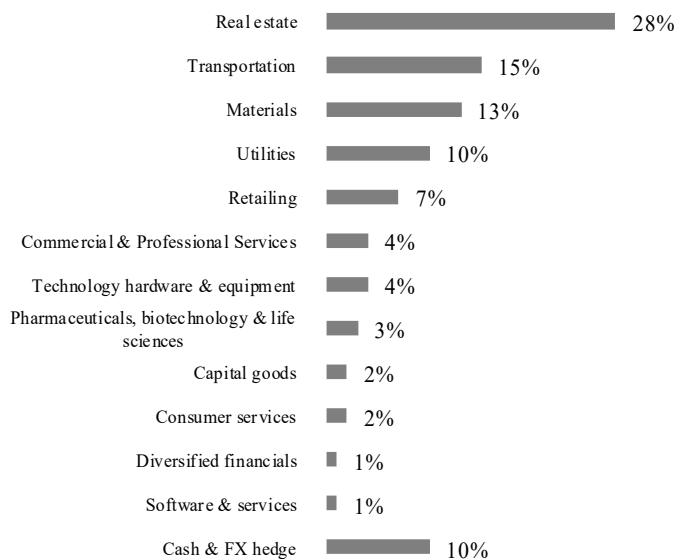
Annual performance since inception* 2

Year	2011 (August)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (YTD)
Performance	+2.4%	+22.5%	+6.2%	+3.9%	+11.6%	+11.3%	+12.4%	-1.0%	+15.4%	+8.9%	+2.7%

* Past performance is not indicative of future results.

Top 10 holdings

Name	Sector	Country	%
HK Xiangyu Investment	Transportation	China/Hong Kong	5.6
EHI Car Services	Transportation	China/Hong Kong	4.9
BJ Energy Intl	Utilities	China/Hong Kong	4.5
Angang Steel	Materials	China/Hong Kong	4.5
Car Inc	Transportation	China/Hong Kong	4.3
China International Marine Containers	Commercial & Professional Services	China/Hong Kong	4.1
Tongfang Aqua	Technology Hardware & Equipment	China/Hong Kong	4.0
GCL New Energy	Utilities	China/Hong Kong	3.7
China Grand Automotive Services	Retailing	China/Hong Kong	3.0
New Metro Global	Real estate	China/Hong Kong	2.5

Country allocation**Credit ratings****Industry exposure****Dividend history 1**

Ex-dividend date	Ex-dividend date NAV (AUD)	Dividend amount / unit (AUD)
31 Mar 2021	1.1217	0.017081
31 Dec 2020	1.1253	0.017137
30 Sep 2020	1.0869	0.016552
30 Jun 2020	1.0810	0.068941
31 Mar 2020	1.0836	0.016502
31 Dec 2019	1.1499	0.017511
30 Sep 2019	1.1463	0.017455
30 Jun 2019	1.1361	0.018285
29 Mar 2019	1.1228	0.017099
31 Dec 2018	1.0590	0.016127
28 Sep 2018	1.0868	0.016550
30 Jun 2018	1.0749	0.016369

Fee structure

Management fee	1.13% p.a. of Net Asset Value
Performance fee	No performance fee
Transaction costs	Buy: +0.50% of unit price for applications Sell: -0.50% of unit price for redemptions
Minimum subscription	Dependent on IDPS provider / AUD 25,000 direct
Dealing frequency	Daily

Value Partners - Senior investment staffs**Co-Chairmen & Co-Chief Investment Officers:**

Cheah Cheng Hye; Louis So

Senior Investment Directors: Norman Ho, CFA; Renee Hung

Fixed income investment team:

Chief Investment Officer, Fixed Income: Gordon Ip, CFA

Investment Directors: Elaine Hu; Edwin Kam, CFA

Currency breakdown

Due to rounding, percentages shown may not add up to 100%.

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