

PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

JUNE 2021
2 PAGES

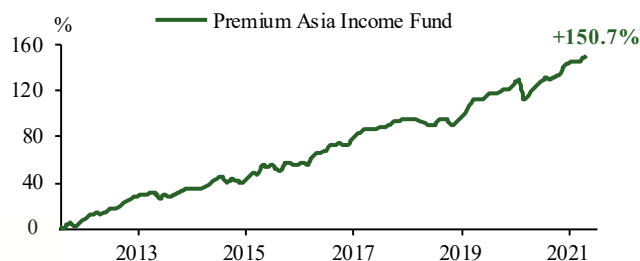
Investment objective

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 64.9 million ²
Dividend distribution:	Quarterly ¹

Performance since inception* ²



Performance update* ²

Premium Asia Income Fund	
One month	+0.6%
One year	+11.9%
Since inception (including distribution)	+150.7%
Annualised return	+9.8%
Annualised volatility	5.5%
Distribution (since inception)	135.0%

* Past performance is not indicative of future results.

Portfolio characteristics

As at 30 June 2021

Cash yield	7.29%
Yield to maturity / put ³	7.81%
Time to maturity, years	2.23
Modified duration, years	1.99
Number of bond positions	61

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 June 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.

Unit Price: AUD 1.1077 Entry Price: AUD 1.1132 Exit Price: AUD 1.1021
Distribution: AUD 0.0478 (for the quarter ended 30 Jun 2021)

Manager's commentary

Portfolio Review:

US Treasuries rallied in June, benefiting investment grade bonds in Asia. China property high yield names, however, weakened and continued to suffer from headline risks. On the flipside, non-China property Asian high yield issues were stable and supportive. For the month, we trimmed down our China property exposure in favor of industrial names. We also took the opportunity to rotate within the property sector, from high-beta names into more benchmark ones.

Strategy:

In June, the portfolio's AUD currency hedge was 97%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

Outlook:

Even with the Fed reiterating that it will keep rates low in the foreseeable future, the possibility of much higher inflation and an earlier-than-expected Fed tapering continues to be a hot topic. Market sentiment also correlates with the COVID situation. With the abundant amount of cash and uncertain outlooks in rates, quantitative easing and the pandemic, we view that the market is now in a wait-and-see mode. However, we believe long term yields will likely rise gradually as recovery takes shape, resulting in a steeper yield curve. It is therefore important to pay attention to the pace of the US recovery, its inflation rate and job numbers. The efficacy of the vaccines and the global pandemic situation will also have great implications for the pace and path of the current recovery.

Product composition

	%
Straight bond	84.4
Convertible bond	11.8
Cash	6.2
FX hedges	-2.4

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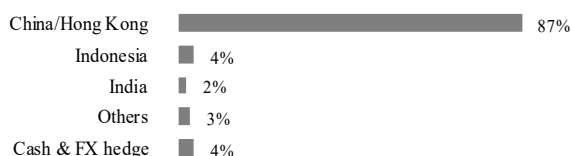
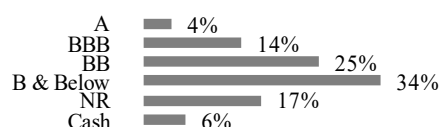
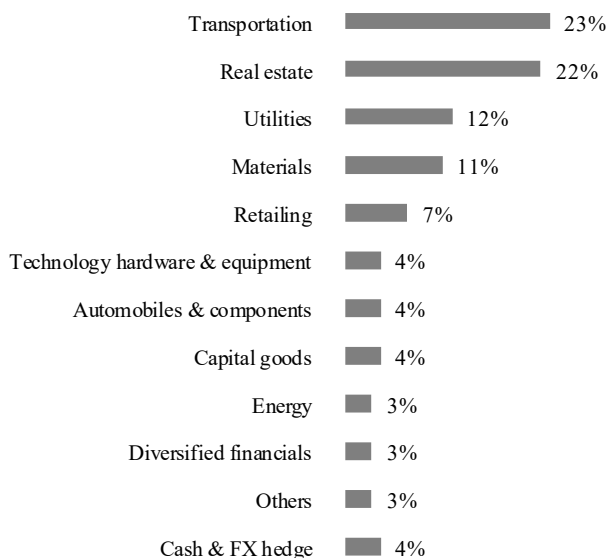
Annual performance since inception* 2

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%	+4.2%

* Past performance is not indicative of future results.

Top 10 holdings

Name	Sector	Country	%
HK Xiangyu Investment	Transportation	China/Hong Kong	5.5
BJ Energy Intl	Utilities	China/Hong Kong	4.5
GCL New Energy	Utilities	China/Hong Kong	4.4
China International Marine Containers	Transportation	China/Hong Kong	4.3
Tongfang Aqua	Technology hardware & equipment	China/Hong Kong	4.0
Gajah Tunggal	Automobiles & components	Indonesia	3.9
EHI Car Services	Transportation	China/Hong Kong	3.6
Ronshine China	Real estate	China/Hong Kong	3.3
China Hongqiao	Materials	China/Hong Kong	3.2
Car Inc	Transportation	China/Hong Kong	3.2

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

Ex-dividend date	Ex-dividend date NAV (AUD)	Dividend amount / unit (AUD)
30 Jun 2021	1.1077	0.047774
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

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

Deputy Chief Investment Officer, Fixed Income: Edwin Kam, CFA

Investment Director: Elaine Hu

Currency breakdown

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

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