

# PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

JULY 2021  
2 PAGES

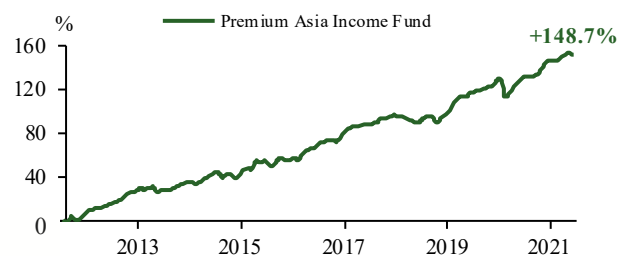
## Investment objective

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 68.2 million <sup>2</sup>
Dividend distribution:	Quarterly <sup>1</sup>

## Performance since inception\*<sup>2</sup>



## Performance update\*<sup>2</sup>

Premium Asia Income Fund	
One month	-0.8%
One year	+9.6%
Since inception (including distribution)	+148.7%
Annualised return	+9.6%
Annualised volatility	5.5%
Distribution (since inception)	138.8%

\* Past performance is not indicative of future results.

## Portfolio characteristics

### As at 30 July 2021

Cash yield	7.49%
Yield to maturity / put <sup>3</sup>	9.20%
Time to maturity, years	2.39
Modified duration, years	2.03
Number of bond positions	64

<sup>1</sup> 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. <sup>2</sup> 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 July 2021. <sup>3</sup> 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 1.0990 Entry Price: AUD 1.1045 Exit Price: AUD 1.0935  
Distribution: AUD 0.0478 (for the quarter ended 30 Jun 2021)

## Manager's commentary

### Portfolio Review:

July was a very disappointing month for Asian credits, particularly for Chinese real estate high yield bonds. Single-B and lower-rated Chinese property bonds dramatically underperformed as the market continued to worry about the refinancing risk and the well-being of China Evergrande, a major real estate developer and issuer in the Asian bond market. For the month, investment grade credits were slightly up, while high yield bonds were down by more than 3%. We remained defensive and continued to trim our China property exposure, especially the high-beta ones. We rotated into the industrial sectors and also into highly liquid sovereign issues.

### Strategy:

In July, the portfolio's AUD currency hedge was 90%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

### Outlook:

Policy risks have once again surfaced in the investment landscape. The recent crackdown in social media, ride-hailing and the education sector in China serves as a reminder that investors should always be mindful of policy risks. In the medium horizon, we expect investors would remain cautious and market volatility to stay elevated. The pandemic situation should also be closely monitored, especially with the Delta variant. Any worsening of the COVID-19 situation will surely have a great impact on the pace and path of the global recovery.

## Product composition

	%
Straight bond	79.8
Convertible bond	11.1
Cash	14.7
FX hedges	-5.6

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

Think Asia  
Think Premium

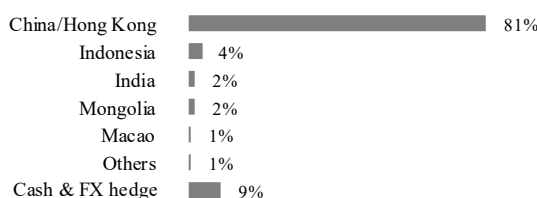
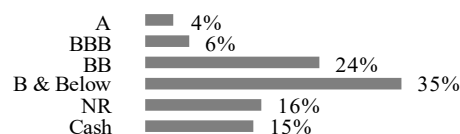
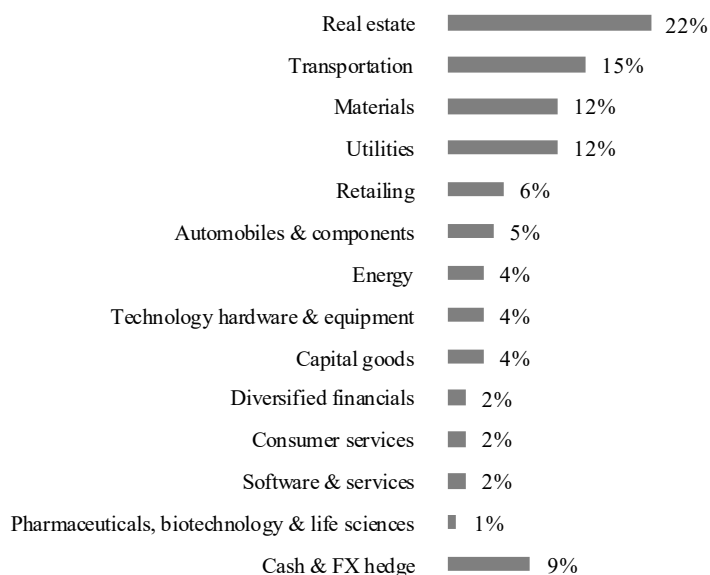
**Annual performance since inception\* 2**

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%	+3.4%

\* Past performance is not indicative of future results.

**Top 10 holdings**

Name	Sector	Country	%
GCL New Energy	Utilities	China/Hong Kong	4.5
BJ Energy Intl	Utilities	China/Hong Kong	4.4
Tongfang Aqua	Technology hardware & equipment	China/Hong Kong	4.0
Gajah Tunggal	Automobiles & components	Indonesia	4.0
EHI Car Services	Transportation	China/Hong Kong	3.6
Ronshine China	Real estate	China/Hong Kong	3.3
Pacific Basin	Transportation	China/Hong Kong	3.3
China Hongqiao	Transportation	China/Hong Kong	3.2
Car Inc	Materials	China/Hong Kong	3.2
Future Land	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)
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**Currency breakdown**

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

**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 Income 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 views expressed are the views of Value Partners Hong Kong Limited ("Value Partners") 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.

**Think Asia**  
**Think Premium**