

PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

JANUARY 2022
2 PAGES

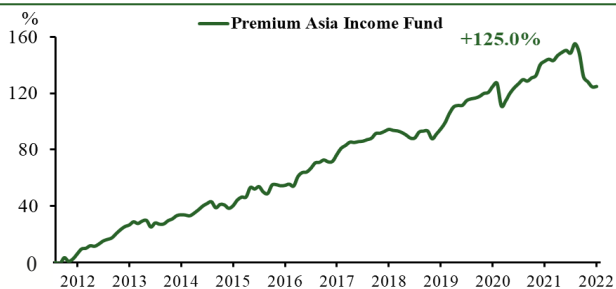
Investment objective

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 80.5 million ²
Dividend distribution:	Quarterly ¹

Performance since inception* ²



Performance update* ²

	Premium Asia Income Fund
One month	+0.2%
One year	-7.4%
Since inception (including distribution)	+125.0%
Annualised return	+8.1%
Annualised volatility	6.1%
Distribution (since inception)	128.5%

* Past performance is not indicative of future results.

Portfolio characteristics

As at 31 January 2022	
Cash yield	6.74%
Yield to maturity / put ³	16.41%
Time to maturity, years	4.21
Modified duration, years	3.18
Number of bond positions	84

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 31 January 2022. 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 0.9647 Entry Price: AUD 0.9695 Exit Price: AUD 0.9599
Distribution: AUD 0.0147 (for the quarter ended 31 Dec 2021)

Manager's commentary

Portfolio Review:

The selloff momentum in the Asian credit markets continued from last year, ending January down about 2% in the first month of 2022. China property high yield credits continued to suffer, down about 22% at one point during the month but ended the month at around -10%. Risk appetite remains low, as negative headlines about Chinese developers continue to dent investor confidence. We traded around a few names during the month with continued emphasis on quality and liquidity. There were no major changes in the portfolio.

Strategy:

In January, the portfolio's AUD currency hedge was 19%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

Outlook:

The China property high yield credit sector is not yet out of the woods. We remain cautious on the sector – at least before China's Two Sessions in March. In the meantime, short-term volatility should be expected as the market remains sensitive to idiosyncratic events. We will continue to monitor developers' liquidity situations and take advantage of market weakness to accumulate quality names.

Link to TMD

https://www.premiumchinafunds.com.au/wp-content/uploads/2021/10/Premium_Asia_Income_Fund_EN_AU_1630392412.pdf

Product composition

	%
Straight bond	79.5
Cash	12.0
Convertible bond	8.7
FX hedges	-0.2

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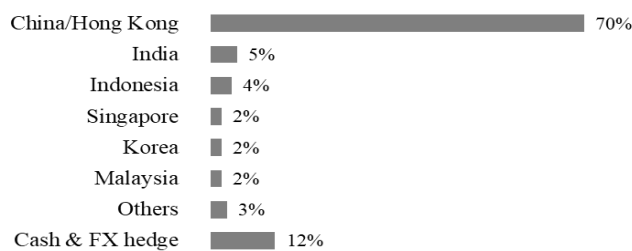
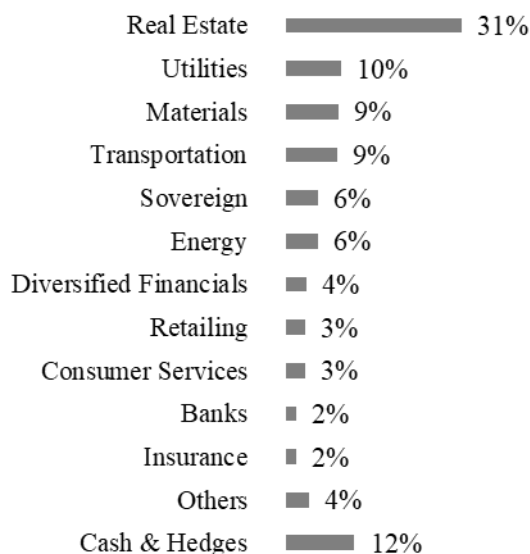
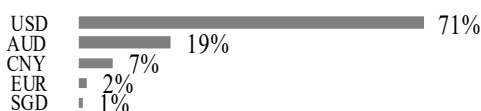
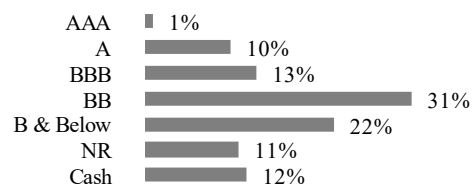
Annual performance since inception* 2

Year	2011 (August)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (YTD)
Performance	+2.4%	+22.5%	+6.2%	+3.9%	+11.6%	+11.3%	+12.4%	-1.0%	+15.4%	+8.9%	-6.6%	+0.2%

* Past performance is not indicative of future results.

Top 10 holdings

Name	Sector	Country	%
China Government	Sovereign	China/Hong Kong	5.7
GCL New Energy	Utilities	China/Hong Kong	3.6
China Hongqiao	Materials	China/Hong Kong	2.9
Powerlong Real Estate	Real estate	China/Hong Kong	2.6
India Clean Energy	Utilities	India	2.1
CNAC HK Finbridge	Materials	China/Hong Kong	2.0
POSCO	Materials	Korea	2.0
China Jinmao	Real Estate	China/Hong Kong	1.7
Concord New Energy	Utilities	China/Hong Kong	1.7
Wanda Properties Oversea	Real estate	China/Hong Kong	1.7

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

Ex-dividend date	Ex-dividend date NAV (AUD)	Dividend amount / unit (AUD)
31 Dec 2021	0.9632	0.014667
30 Sep 2021	1.0833	0.016496
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

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**Head of Credit Research & Strategy:** Anna Ho**Fund Managers:** Danielle Li; Adeline Tan, CFA

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

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