

# PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

JULY 2023  
2 PAGES

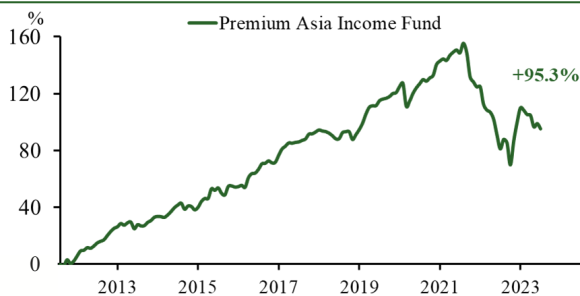
## Investment objective

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 83.8 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	-1.8%
One year	+7.8%
Since inception (including distribution)	+95.3%
Annualised return	+5.8%
Annualised volatility	8.1%
Distribution (since inception)	115.9%

\* Past performance is not indicative of future results.

## Portfolio characteristics

As at 31 July 2023	
Cash yield	7.52%
Yield to maturity / put <sup>3</sup>	21.15%
Time to maturity, years	3.40
Modified duration, years	2.34
Number of bond positions	107

<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 31 July 2023. <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 0.7648 Entry Price: AUD 0.7687 Exit Price: AUD 0.7610  
Distribution: AUD 0.0119 (for the quarter ended 30 Jun 2023)

## Manager's commentary

### Portfolio Review:

The Asian credit market remained stable in July. High yield credit spreads widened, delivering negative total returns, while investment grade bonds were roughly flat. After the rate hike pause in the June meeting, the FOMC resumed a +25bps rate hike in July while leaving the door open for future rates increase, depending on future data. During the month, we switched some of the portfolio's short-dated issues into longer-dated ones, which should support the fund as rates peak.

### Strategy:

In July, the portfolio's AUD currency hedge was 58%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

### Outlook:

We will continue to monitor the pace of economic recovery in China as well as the global inflation outlook and act accordingly.

## Link to TMD

Premium Asia Income Fund's Target Market Determination is available here: [https://www.premiumasiafunds.com.au/wp-content/uploads/2022/10/Premium\\_Asia\\_Income\\_Fund\\_EN\\_AU\\_1666845666.pdf](https://www.premiumasiafunds.com.au/wp-content/uploads/2022/10/Premium_Asia_Income_Fund_EN_AU_1666845666.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.

## Product composition

	%
Straight bond	89.7
Cash	6.2
Convertible bond	4.1
FX hedges	0.04

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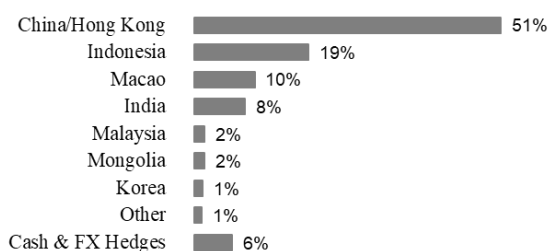
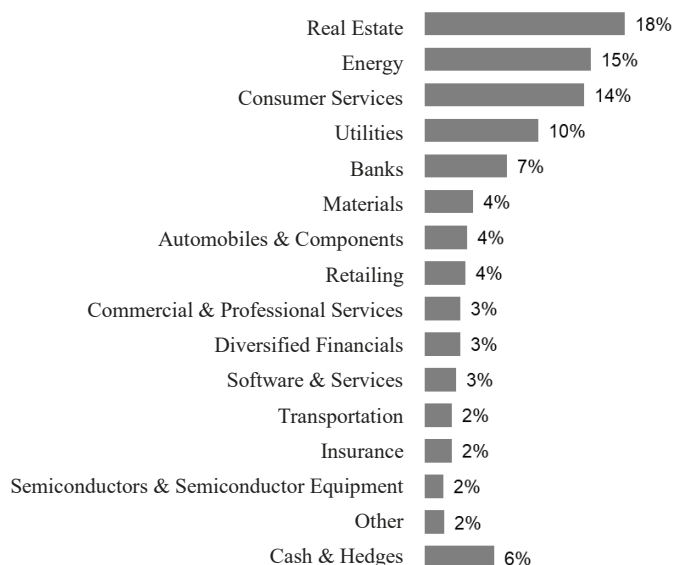
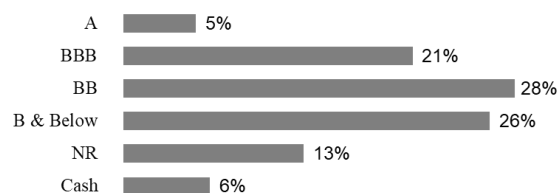
**Annual performance since inception\* 2**

Year	2011 (August)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (YTD)
Performance	+2.4%	+22.5%	+6.2%	+3.9%	+11.6%	+11.3	+12.4%	-1.0%	+15.4%	+8.9%	-6.6%	-11.1%	-2.3%

\* Past performance is not indicative of future results.

**Top 10 holdings**

Name	Sector	Country	%
Indika Energy	Energy	Indonesia	4.5
GCL New Energy Holdings	Utilities	China/Hong Kong	3.3
Gajah Tunggal	Automobiles & components	Indonesia	3.0
eHi Car	Commercial & professional services	China/Hong Kong	2.2
ABM Investama	Energy	Indonesia	2.0
Saka Energi Indonesia	Energy	Indonesia	2.0
Hopson Development	Real estate	China/Hong Kong	2.0
Wynn Macau	Consumer services	Macao	1.9
Export-Import Bank of India	Banks	India	1.8
West China Cement	Materials	China/Hong Kong	1.8

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

Ex-dividend date	Ex-dividend date NAV (AUD)	Dividend amount / unit (AUD)
30 Jun 2023	0.7791	0.011865
31 Mar 2023	0.8160	0.012430
30 Dec 2022	0.8065	0.012265
30 Sep 2022	0.7598	0.011570
30 Jun 2022	0.7950	0.012106
31 Mar 2022	0.8804	0.013397
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

**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:***Co-Chief Investment Officers, Fixed Income:** Gordon Ip, CFA; Sean Chang**Head of Credit Research & Strategy:** Anna Ho**Fund Manager:** Danielle Li

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

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