

PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

OCTOBER 2022
2 PAGES

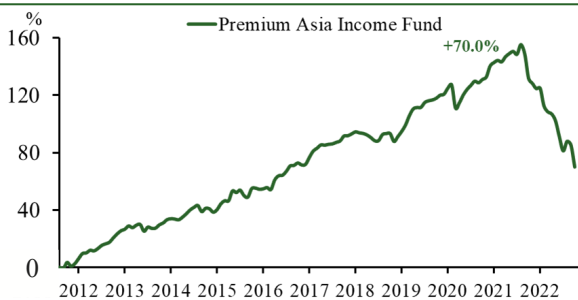
Investment objective

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 69.3 million ² |
| Dividend distribution: | Quarterly ¹ |

Performance since inception* ²



Performance update* ²

| Premium Asia Income Fund | |
|--|--------|
| One month | -8.3% |
| One year | -26.7% |
| Since inception (including distribution) | +70.0% |
| Annualised return | +4.9% |
| Annualised volatility | 7.3% |
| Distribution (since inception) | 100.3% |

* Past performance is not indicative of future results.

Portfolio characteristics

As at 31 Oct 2022

| | |
|--------------------------------------|--------|
| Cash yield | 9.27% |
| Yield to maturity / put ³ | 30.25% |
| Time to maturity, years | 3.42 |
| Modified duration, years | 2.13 |
| Number of bond positions | 99 |

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 October 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 0.6964 Entry Price: AUD 0.6999 Exit Price: AUD 0.6929
Distribution: AUD 0.0116 (for the quarter ended 30 Sep 2022)

Manager's commentary

Portfolio Review:

October was an eventful month with the conclusion of China's 20th Party Congress. President Xi Jinping was re-elected for the third time, and members of the next Politburo Standing Committee were chosen. Markets ended the month in a bearish tone, with the HSI tumbling below 15,000 and the Chinese renminbi weakening past 7.3 per US dollar. The Asian credit markets also retreated, with high grade issues losing about 2.7% and high yield down by more than 9%. The China property high yield bond universe was down by more than 30% in October¹.

During the month, our fund shredded its China property exposure, as we view the new political environment will likely delay the recovery in the property sector. We maintained our exposure to Macao gaming and defensive names in Indonesia and India's energy and material sectors. Managing the quality and liquidity of our portfolio remains the top priority in the current market.

Strategy:

In October, the portfolio's AUD currency hedge was 0%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

Outlook:

We will continue to look for clues and pieces of evidence of concrete government measures that support the Chinese economy. Sporadic volatility is to be expected. We will continue to monitor the market and act accordingly.

Source:

1. Bloomberg, 31 October 2022

Link to TMD

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

Product composition

| | % |
|------------------|------|
| Straight bond | 86.6 |
| Cash | 8.7 |
| Convertible bond | 4.7 |
| FX hedges | 0.0 |

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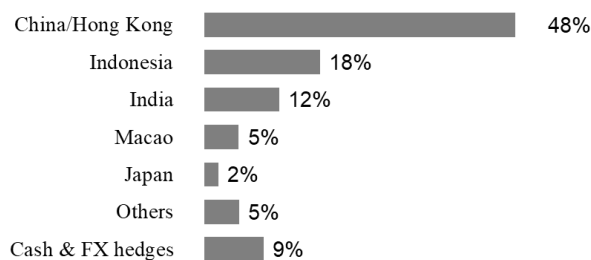
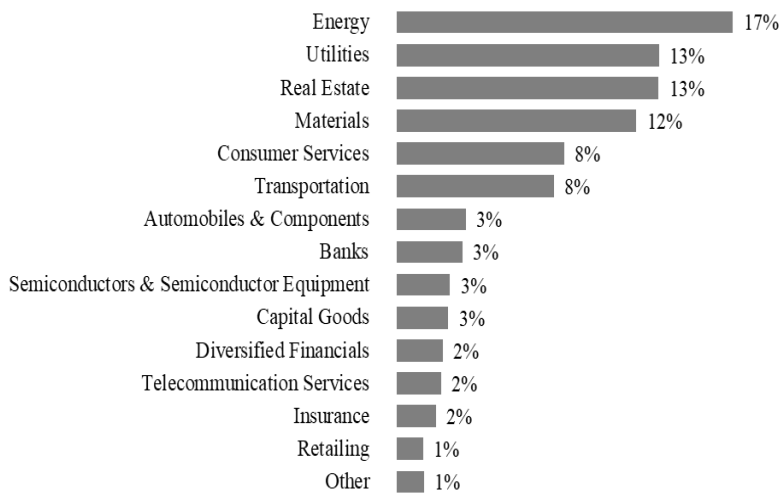
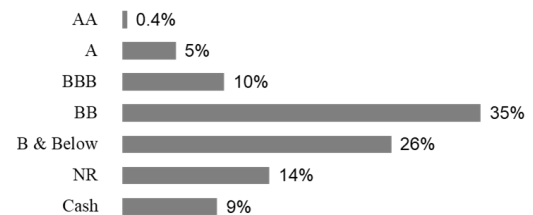
Annual performance since inception* 2

| 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% | -24.3% |

* Past performance is not indicative of future results.

Top 10 holdings

| Name | Sector | Country | % |
|-------------------------|----------------------------|-----------------|-----|
| Indika Energy | Energy | Indonesia | 5.4 |
| GCL NEW ENERGY HOLDINGS | Utilities | China/Hong Kong | 4.0 |
| China Hongqiao | Materials | China/Hong Kong | 3.6 |
| Vedanta Resources | Materials | India | 2.6 |
| Gajah Tunggal | Automobiles & components | Indonesia | 2.5 |
| Medco Energi | Energy | Indonesia | 2.2 |
| Softbank | Telecommunication services | Japan | 2.2 |
| Concord New Energy | Utilities | China/Hong Kong | 2.1 |
| CNAC HK Finbridge | Materials | China/Hong Kong | 2.0 |
| eHi Car Services | Transportation | China/Hong Kong | 1.9 |

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

| Ex-dividend date | Ex-dividend date NAV (AUD) | Dividend amount / unit (AUD) |
|------------------|----------------------------|------------------------------|
| 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 |
| 30 Jun 2020 | 1.0810 | 0.068941 |
| 31 Mar 2020 | 1.0836 | 0.016502 |
| 31 Dec 2019 | 1.1499 | 0.017511 |

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 Manager:** Danielle Li

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

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