

PREMIUM ASIA FUND (ARSN 134 226 029)

MARCH 2021
2 PAGES

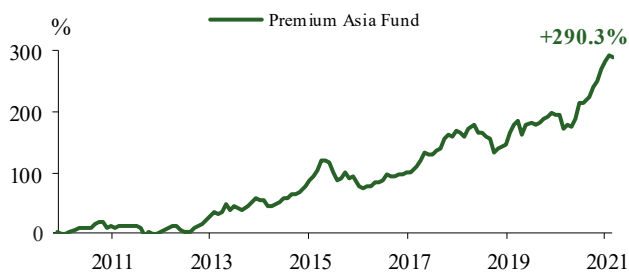
Investment objective

The Premium Asia Fund aims to generate positive returns, consisting of both capital growth and income, over a three to five year period prior to accounting for movements in currency exchange rates. It will seek to achieve this objective by constructing a portfolio of securities which provides exposure to the Asia ex-Japan region. The Fund is denominated in Australian dollars and typically will not hedge its currency exposure.

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:	MAQ0635AU
Inception date:	1 December 2009
Fund size:	AUD 43.0 million ²

Performance since inception ^{1, 2}



Performance update ^{1, 2}

	Premium Asia Fund
One month	-1.0%
Three months	+5.9%
Six months	+20.6%
One year	+43.1%
Since inception	+290.3%
Annualised return	+12.8%
Annualised volatility	12.8%

Volatility is a measure of theoretical risk. In general, the lower the number, the less risky the investment.

Annual return since inception ^{1, 2}

2009 (Since inception)	+1.2%	2016	+2.0%
2010	+9.2%	2017	+31.8%
2011	-9.9%	2018	-6.1%
2012	+22.1%	2019	+23.3%
2013	+29.3%	2020	+23.0%
2014	+12.1%	2021 (YTD)	+5.9%
2015	+9.2%		

¹ Past performance is not indicative of future results.

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 March 2021. Investment involves risks. Investors should read the Product Disclosure Statement for details and risk factors in particular those associated with investment in emerging markets. Index performance is for reference only.

Unit price: AUD 1.6579 Entry price: AUD 1.6620 Exit price: AUD 1.6537
Distribution: AUD 0.0696 (for the year ended 30 June 2020)

Manager's commentary

Market review

In March, changing inflation expectations and policy tightening concerns continued to cause a cautious market sentiment.

In China, the recovery path remains solid and investors began to be wary of policy normalization. Through the period, policymakers have made clear that monetary policies would remain flexible and precise, which is consistent since December 2020. The Two Sessions confirmed an emphasis on a sustained growth recovery. The policy agenda echoed the 14th Five-Year Plan on the support of innovation, urbanization, energy conservation and environmental protection.

Taiwan remained resilient and continued to outperform the overall Asian equities, thanks to sustained semiconductor demand and a solid economic growth outlook. Fundamentally, Taiwan's economy is in good shape. March exports again hit a new high, surging 27.1%¹ year on year. The Taiwan government estimates exports to continue double-digit growth in 2Q21.

In Korea, the equity market benefitted from the demand recovery in general. While the upcycle of DRAM played out, Korea's exports saw growth for five months in a row, with March posting the third-largest volume in history². The manufacturing Purchasing Managers' Index expanded for the sixth consecutive month³.

Portfolio strategy and outlook

In March, the Fund and the MSCI AC Asia ex Japan Index fell 1.0% (in AUD) and 0.9%⁴ (in AUD) respectively.

Year to date, the market performance has been mixed. The de-listing risk for Chinese ADRs came back and tighter regulation on Internet companies sent our internet related holdings lower. In light of the policy headwinds and deflation, we are more selective on the internet related and consumer names. We prefer the names that could stand out in the evolving environments.

On the other hand, industrial and property sectors continued to perform well year to date. The industrial names, particularly the Chinese shipping companies, rallied on the strong global demand for Chinese exports as the first quarter export grew 49% year-on-year. Our property holdings also rallied on results beats and the bright growth outlook. Meanwhile, we have been increasing our allocation to Chinese financials that are expected to benefit from the rising yield environment.

In the period of a changing market climate, we stay focused on the fundamentals in our stock selection process. While the macro changes are noted in our analysis, we maintain our previous estimate that the earnings growth would be balanced between old and new economy sectors. After the rounds of correction, valuations reached closer to their long-term average, which shall provide attractive entry opportunities.

Source:

1. Ministry of Finance, Republic of China (Taiwan), 9 April 2021
2. Ministry of Trade, Industry and Energy, Republic of Korea, 1 April 2021
3. IHS Markit, 1 April 2021
4. MSCI, 31 March 2021

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

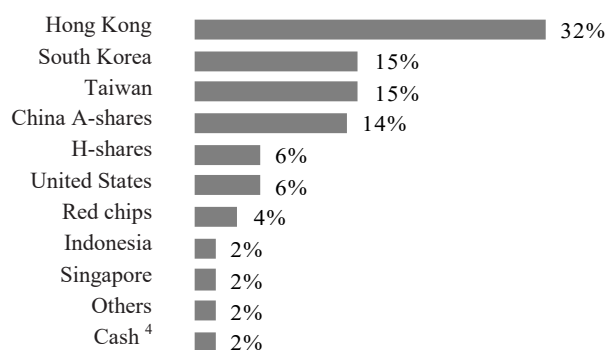
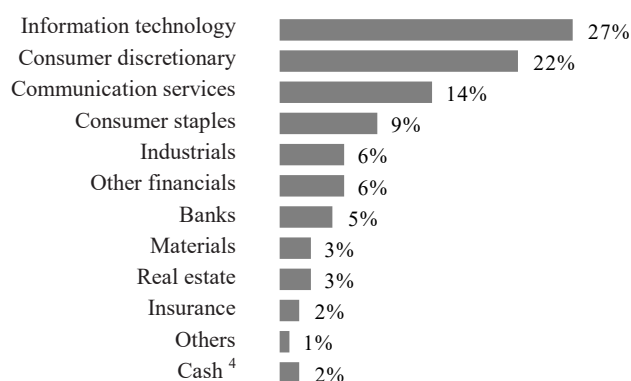
Think Asia
Think Premium

Top 10 holdings

Name	Industry	Listing	%
Tencent	Media & entertainment	Hong Kong	7.8%
Samsung Electronics	Technology hardware & equipment	South Korea	6.8%
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	Taiwan	6.0%
China Tourism Group Duty Free Corp	Retailing	China A-shares	4.6%
Kweichow Moutai	Food, beverage & tobacco	China A-shares	3.6%
Galaxy Entertainment Group	Consumer services	Hong Kong	3.5%
Pinduoduo	Retailing	United States	3.2%
China Merchants Bank	Banks	H-shares	3.1%
ASE Technology Holding	Semiconductors & semiconductor equipment	Taiwan	2.4%
Meituan	Retailing	Hong Kong	2.3%

These holdings made up 43% of the Fund.

No. of holdings : 88

Geographical exposure by listing³**Sector exposure³****Fee structure**

Management fee	1.33% p.a. of Net Asset Value
Performance fee	No performance fee
Transaction costs	Buy: +0.25% of unit price for applications Sell: -0.25% of unit price for redemptions
Minimum subscription	Dependent on IDPS provider / AUD 25,000 direct
Dealing frequency	Daily

Senior investment staff**Co-Chairmen & Co-Chief Investment Officers:**

Cheah Cheng Hye; Louis So

Senior Investment Directors:

Norman Ho, CFA; Renee Hung

Investment Directors:

Chung Man Wing; Yu Chen Jun; Michelle Yu, CFA; Yu Xiao Bo

Senior Fund Managers:

Lillian Cao; Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho;

Glenda Hsia; Amy Lee, CFA, CAIA; Luo Jing, CFA; Frank Tsui

³ Exposure refers to net exposure (long exposure minus short exposure). Derivatives e.g. index futures are calculated based on P/L instead of notional exposure.

⁴ Cash includes receivables and payables (except cash for collaterals and margins).

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 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 performance of individual shares may not be representative of the performance of the fund as a whole.

The views expressed are the views of Value Partners Hong Kong Limited 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.