

PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

MARCH 2021
2 PAGES

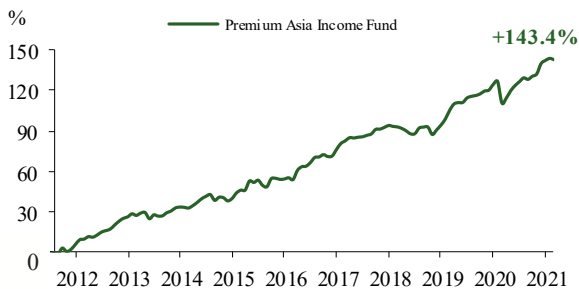
Investment objective

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 62.8 million ²
Dividend distribution:	Quarterly ¹

Performance since inception* ²



Performance update* ²

Premium Asia Income Fund	
One month	-0.4%
One year	+15.2%
Since inception (including distribution)	+143.4%
Annualised return	+9.7%
Annualised volatility	5.6%
Distribution (since inception)	131.2%

* Past performance is not indicative of future results.

Portfolio characteristics

As at 31 March 2021	
Cash yield	7.49%
Yield to maturity / put ³	8.34%
Time to maturity, years	1.89
Modified duration, years	1.62
Number of bond positions	65

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 March 2021. 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 1.1217 Entry Price: AUD 1.1273 Exit Price: AUD 1.1161
Distribution: AUD 0.0171 (for the quarter ended 31 Mar 2021)

Manager's commentary

Portfolio Review:

In March, the benchmark 10-year U.S. Treasury sold off in excess of 30bps after a selloff of similar magnitude in February. High grade and long-maturity bonds underperformed. In Asian credits, a widely owned China property developer reported very disappointing earnings, driving the whole sector down. For our portfolio, we took advantage of the cheaper valuation and rotated into quality names. We also traded around the event of the aforementioned Chinese developer. Our portfolio remains short in duration, and the hefty credit spreads will help protect our portfolio from interest rate shock as the global economy continues to improve and eventually the Fed's tapering may follow.

Strategy:

In March, the portfolio's AUD currency hedge was 99.0%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

Outlook:

It is reasonable to expect the U.S. Treasury yields to continue to trend upward. A steadily rising yield should be beneficial to credits. Meanwhile, investors need to continue to pay attention to the vaccination rate and its effectiveness as well as any potential for another round of lockdown. This would greatly impact the pace of the economic recovery. The overall low yield environment will encourage global capital flowing into Asian credits, particularly into the high yield market. Asian credit spreads remain attractive for investors seeking good relative value over developed market credits and strong income generation.

Product composition

	%
Straight bond	83.0
Convertible bond	12.3
Cash	6.4
FX hedges	-1.6

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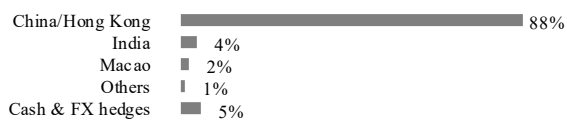
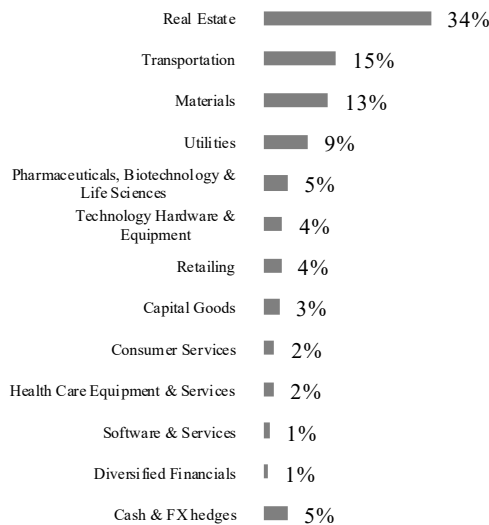
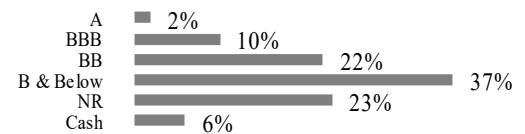
Annual performance since inception* 2

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%	+1.2%

* Past performance is not indicative of future results.

Top 10 holdings

Name	Sector	Country	%
HK Xiangyu Investment	Transportation	China/Hong Kong	5.1
EHI Car Services	Transportation	China/Hong Kong	4.7
Car Inc	Transportation	China/Hong Kong	4.7
BJ Energy Intl	Utilities	China/Hong Kong	4.6
Angang Steel	Materials	China/Hong Kong	4.3
Tongfang Aqua	Technology hardware & equipment	China/Hong Kong	4.0
GCL New Energy	Utilities	China/Hong Kong	3.8
Hansoh Pharmaceutical	Pharmaceuticals, biotechnology & life sciences	China/Hong Kong	3.7
New Metro Global	Real estate	China/Hong Kong	2.6
Zhenro Properties Group	Real estate	China/Hong Kong	2.2

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

Ex-dividend date	Ex-dividend date NAV (AUD)	Dividend amount / unit (AUD)
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
30 Jun 2018	1.0749	0.016369

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

Investment Directors: Elaine Hu; Edwin Kam, CFA

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

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