

# PREMIUM ASIA FUND (ARSN 134 226 029)

APRIL 2021  
2 PAGES

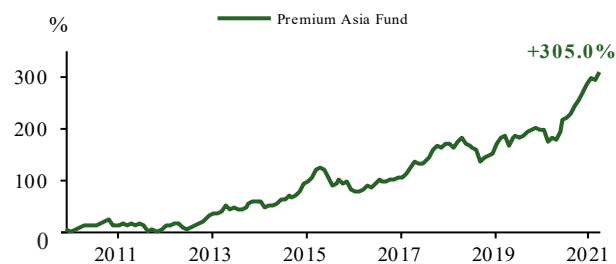
## Investment objective

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 44.3 million <sup>2</sup>

## Performance since inception <sup>1, 2</sup>



## Performance update <sup>1, 2</sup>

	Premium Asia Fund
One month	+3.8%
Three months	+5.6%
Six months	+19.1%
One year	+45.7%
Since inception	+305.0%
Annualised return	+13.0%
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 <sup>1, 2</sup>

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)	+9.9%
2015	+9.2%		

<sup>1</sup> Past performance is not indicative of future results.

<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 30 April 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 1.7206 Entry price: AUD 1.7249 Exit price: AUD 1.7163  
Distribution: AUD 0.0696 (for the year ended 30 June 2020)

## Manager's commentary

### Market review

In April, robust economic activity in North Asia supported Asian equities.

Macro policies in China continue to support economic recovery. The Politburo meeting held in April affirmed the government's pledge to ensure the continuity of post-pandemic recovery and to maintain its quality growth agenda. Policies are expected to be prudent moving forward. First quarter earnings announcements were also positive, indicating that businesses remain resilient.

Taiwan was strong and outperformed the overall Asian equities market. Global demand for technology products remains robust. Electronic components and information technology products drove Taiwan's exports to grow 38.7% year-on-year last month<sup>1</sup>. The Taiwan government estimates that its GDP during the first quarter was 8.16% year-on-year, which is 1.96 percentage points higher than the forecast made in February<sup>2</sup>.

Korea's equity market also performed well, also supported by global demand for technology products. Shipments of wireless communication services soared 79.7% last month, while chip exports were up 30.2%<sup>3</sup>. The country expects GDP this year to grow above the 3% level projected in February<sup>4</sup>.

### Portfolio strategy and outlook

In April, the Fund and the MSCI AC Asia ex Japan Index rose 3.8% (in AUD) and 1%<sup>5</sup> (in AUD) respectively.

South Korean and Taiwanese information technology names were among the top performance contributors in the fund last month, as global demand for technology products remains strong. Financials also gained, particularly a South Korean financial holding company, which became the top performance contributor. Its share price was boosted by the company's plan to list its mobile retail banking service subsidiary. The Chinese shipping companies sustained their strong momentum in April.

A slight detraction came from some of our exposure in the China consumer discretionary names as sentiment was muted. However, our outlook remains positive on some of these names, as we believe they will be beneficiaries of the expected ongoing economic recovery.

We continue to be overweight in North Asia, as the market continues to provide better risk-reward opportunities relative to other parts of Asia, which are still working their way out of the pandemic. While market fundamentals in China remain unchanged, more catalysts, particularly earnings, are needed to drive up positive sentiment. Our bottom-up approach suggests corporate fundamentals remain solid, and we continue to prefer companies with visibility in their earnings.

Source:

1. Ministry of Finance, R.O.C.
2. Directorate General of Budget, Accounting and Statistics
3. Ministry of Trade, Industry and Energy
4. Bank of Korea
5. MSCI, 30 April 2021

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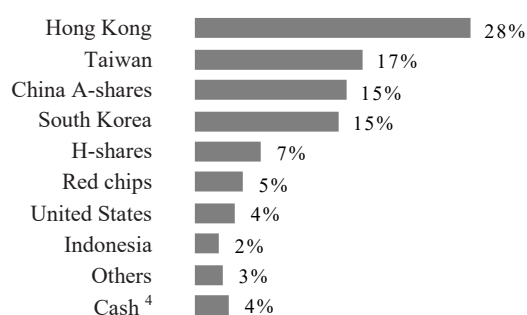
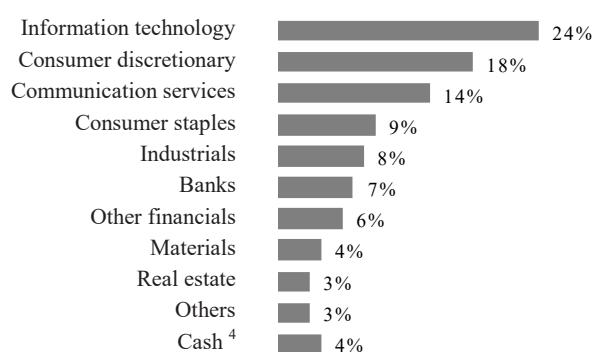
Think Asia  
Think Premium

**Top 10 holdings**

Name	Industry	Listing	%
Tencent	Media & entertainment	Hong Kong	7.6%
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	Taiwan	6.0%
Samsung Electronics	Technology hardware & equipment	South Korea	4.9%
China Tourism Group Duty Free Corp	Retailing	China A-shares	4.5%
Kweichow Moutai	Food, beverage & tobacco	China A-shares	3.4%
Galaxy Entertainment Group	Consumer services	Hong Kong	3.3%
China Merchants Bank	Banks	H-shares	3.1%
Korea Investment Holdings	Diversified financials	South Korea	2.8%
ASE Technology Holding	Semiconductors & semiconductor equipment	Taiwan	2.6%
Makalot Industrial	Consumer durables & apparel	Taiwan	2.0%

These holdings made up 40% of the Fund.

No. of holdings : 88

**Geographical exposure by listing<sup>3</sup>****Sector exposure<sup>3</sup>****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

**Senior Fund Managers:**

Lillian Cao; Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho; Glenda Hsia; Amy Lee, CFA, CAIA; Luo Jing, CFA; Frank Tsui

<sup>3</sup> 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.

<sup>4</sup> Cash includes receivables and payables (except cash for collaterals and margins).

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