

PREMIUM ASIA FUND (ARSN 134 226 029)

JUNE 2021
2 PAGES

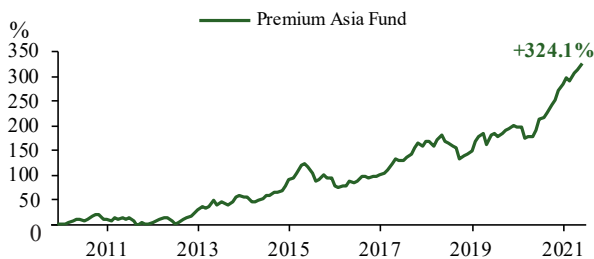
Investment objective

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 39.3 million ²

Performance since inception ^{1,2}



Performance update ^{1,2}

	Premium Asia Fund
One month	+3.1%
Three months	+8.7%
Six months	+15.1%
One year	+46.2%
Since inception	+324.1%
Annualised return	+13.3%
Annualised volatility	12.7%

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)	+15.0%
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 30 June 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 1.4620 Entry price: AUD 1.4657 Exit price: AUD 1.4584
Distribution: AUD 0.3397 (for the year ended 30 June 2021)

Manager's commentary

Market review

Markets in Asia were mixed from encouraging macro data, inflation and tapering concerns and pandemic risks.

The Fed's stance towards tapering induced a correction in global markets in June. During the month, it raised its expectations for inflation this year and expects that interest rate hikes could come as soon as 2023, after saying in March that it may not increase rates until 2024.

In China, manufacturing PMI eased modestly, slightly lowering at 50.9 in June from 51 in May¹. The Main Raw Material Purchase Price Index was also down to 61.2% from 72.8% during the same period. On the policy front, the PBOC kept its stance unchanged as maintaining economic stability continues to be key on its agenda.

Taiwan's equities market became less volatile last month following the government's swift and aggressive response to contain the resurgence of local infections in May. Fundamentals remain decent, supported by export growth. Exports in June surged 35.6% YoY to US\$31.5 billion². For the second quarter, total exports is 37.4% higher compared to the same quarter last year. On the back of strong exports, the Taiwan administration upgraded its 2021 GDP forecast to 5.46% from the previous 4.6% projection in January³.

South Korea's equities market outperformed its broader Asia peers, with the MSCI Korea Index returning 4.53% (in AUD) in June⁴. Exports continued to be strong during the month, expanding 39.7% from last year to US\$54.8 billion⁵. It is also the first time in 10 years that all 15 major export items and shipments both expanded. Business and economic sentiment have also improved. The Business Survey Index was up two points to 98 in June from May, while the Economic Sentiment Index was 3.9 points higher to 109.3⁶.

Southeast Asia equities were flat, with the MSCI ASEAN Index returning 0.2% (in AUD) last month⁴. COVID infections continue to rise in Indonesia and Thailand. That said, daily cases in Malaysia and the Philippines are slowing down, while vaccination rates have moderately gone up across all markets, especially Singapore. While the region is lagging behind its developed peers in terms of recovery, we believe there is still room to run for recovery plays.

Portfolio strategy and outlook

In June, the Fund performed 3.0% (in AUD), while the MSCI AC Asia ex Japan Index rose 2.83% (in AUD)⁴.

Our holdings in information technology and industrial names were among the top contributors during the month. Within information technology, regional semiconductor manufacturers continue to ride on the global semiconductor super-cycle, while our software exposures benefited from the ongoing structural digitalization trend. In industrials, Chinese shipping companies continue to benefit from the global shortage of shipping containers.

On the flipside, our exposure in Chinese financials slightly detracted on the back of moderating growth data. But we remain optimistic about our holdings in the sector, as we expect them to benefit from the growing demand for wealth management services from retail investors in the country.

Source:

1. National Bureau of Statistics, 1 July 2021
2. Ministry of Finance, Taiwan, 7 July 2021
3. Directorate-General of Budget, Accounting and Statistics, 4 June 2021
4. MSCI, 30 June 2021
5. Ministry of Trade, Industry and Energy, South Korea, 1 July 2021
6. Bank of Korea, 25 June 2021

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

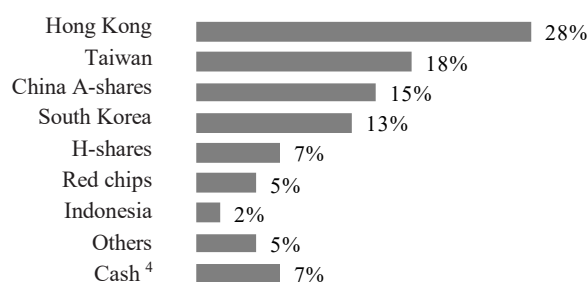
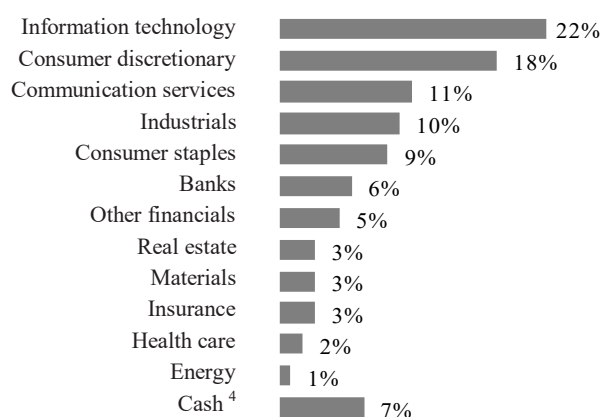
Think Asia
Think Premium

Top 10 holdings

Name	Industry	Listing	%
Tencent	Media & entertainment	Hong Kong	6.8
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	Taiwan	5.6
China Tourism Group Duty Free Corp	Retailing	China A-shares	4.6
Samsung Electronics	Technology hardware & equipment	South Korea	4.6
Kweichow Moutai	Food, beverage & tobacco	China A-shares	3.3
China Merchants Bank	Banks	H-shares	3.1
ASE Technology Holding	Semiconductors & semiconductor equipment	Taiwan	2.3
China Mengniu Dairy	Food, beverage & tobacco	Red chips	2.2
Chinasoft International	Software & services	Hong Kong	2.1
Orient Overseas International	Transportation	Hong Kong	2.1

These holdings made up 37% of the Fund.

No. of holdings : 87

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

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).

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