PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

JUNE 2020
2 PAGES

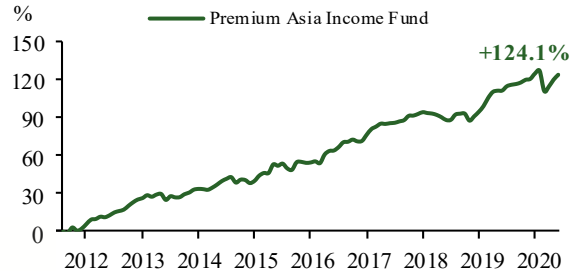
Investment objective

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 41.2 million [2]
Dividend distribution:	Quarterly [1]

Performance since inception* [2]



Performance update* [2]

	Premium Asia Income Fund
One month	+1.8%
One year	+5.9%
Since inception (including distribution)	+124.1%
Annualised return	+9.6%
Annualised volatility	5.7%
Distribution (since inception)	116.0%

* ***Past performance is not indicative of future results.***

Portfolio characteristics

As at 30 June 2020	
Cash yield	6.71%
Yield to maturity / put [3]	11.40%
Time to maturity, years	4.95
Modified duration, years	3.71
Number of bond positions	57

Unit Price: *AUD 1.0810* ***Entry Price:*** *AUD 1.0864* ***Exit Price:*** *AUD 1.0539*
Distribution: *AUD 0.0689 (for the quarter ended 30 June 2020)*

Manager's commentary

Portfolio Review:

The Asian credit markets continued on the path of recovery in June. High yield bonds, especially those with lower credit ratings, outperformed investment grade ones. Overall, the Asian credit market was relatively quiet, and fund flow was steady. The passing of the controversial national security law of Hong Kong by China had little impact on market sentiment and performance. To reiterate, from an economic perspective, the loss of the special trade status and ban on sensitive high-tech export post little impact on Hong Kong, as direct export only accounts for a tiny percentage of the total export of the city. For the month, we continued to focus on benchmark and high-quality B-rated Chinese property names. We were also very active in trading the investment grade new issue market.

Strategy:

In June, the portfolio's AUD currency hedge was 86%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

Outlook:

The recent uptick of COVID-19 cases in the U.S. is worth our attention. The conflict between the U.S. and China will continue in the foreseeable future. The poll shows that the popularity of Donald Trump is declining, casting doubts on his odds of winning a second presidential term. The market has low visibility and high uncertainty. We believe that a prudent strategy would focus on strong income generation and liquidity management.

Product composition

	%
Straight bond	94.20
Cash	4.0
Convertible bond	1.90
FX hedges	-0.10

[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 30 June 2020.* [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.

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Think Asia
Think Premium

Annual performance since inception* [2]

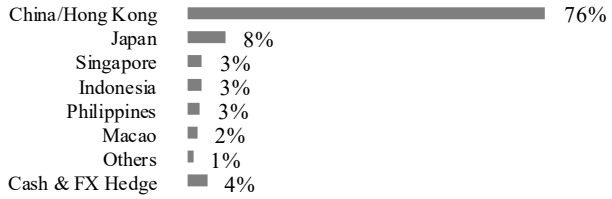
Year	2011 (August)	2012	2013	2014	2015	2016	2017	2018	2019	2020 (YTD)
Performance	+2.4%	+22.5%	+6.2%	+3.9%	+11.6%	+11.3%	+12.4%	-1.0%	+15.4%	+1.5%

** Past performance is not indicative of future results.*

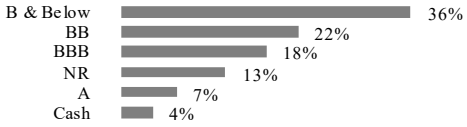
Top 10 holdings

Name	Sector	Country	%
GLP China	Transportation	China/Hong Kong	4.1
New Metro Global	Real estate	China/Hong Kong	4.1
BOC Aviation	Capital goods	China/Hong Kong	4.0
Tongfang Aqua	Technology hardware & equipment	China/Hong Kong	3.9
EHI Car Services	Transportation	China/Hong Kong	3.7
China Jinjiang Environment	Utilities	China/Hong Kong	3.5
China Huadian	Utilities	China/Hong Kong	3.3
GLP Pte	Transportation	Singapore	3.1
Shandong Iron and Steel	Materials	China/Hong Kong	3.0
PLDT	Telecommunication services	Philippines	2.7

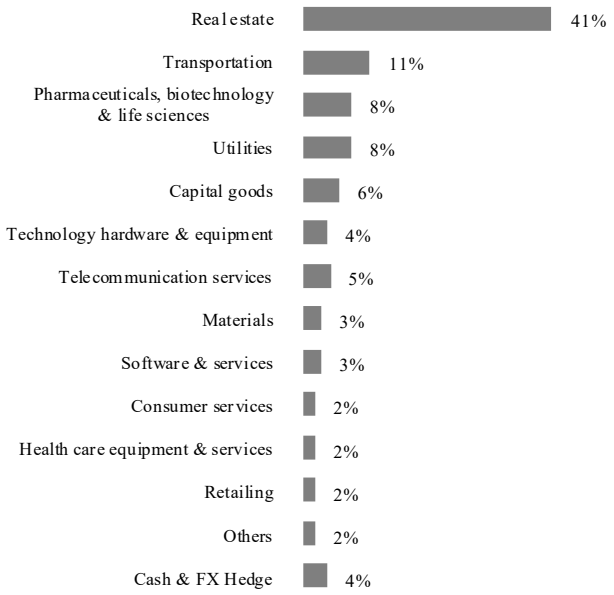
Country allocation



Credit ratings



Industry exposure



Dividend history [1]

Ex-dividend date	Ex-dividend date NAV (AUD)	Dividend amount / unit (AUD)
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
29 Mar 2018	1.1210	0.022878
29 Dec 2017	1.1417	0.017386
29 Sep 2017	1.1296	0.017201

Currency breakdown

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
Senior Fund Managers: Elaine Hu; Edwin Kam, CFA

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

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