

PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

MAY 2022
2 PAGES

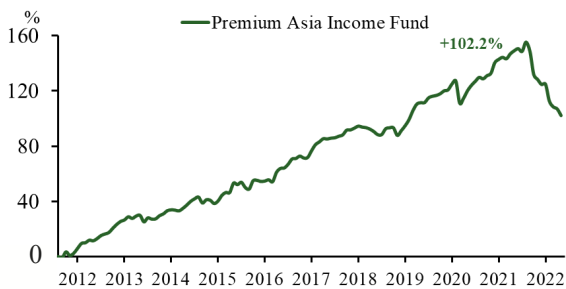
Investment objective

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 81.2 million ²
Dividend distribution:	Quarterly ¹

Performance since inception* ²



Performance update* ²

Premium Asia Income Fund	
One month	-2.3%
One year	-18.9%
Since inception (including distribution)	+102.2%
Annualised return	+6.8%
Annualised volatility	6.4%
Distribution (since inception)	116.8%

* Past performance is not indicative of future results.

Portfolio characteristics

As at 31 May 2022	
Cash yield	7.37%
Yield to maturity / put ³	19.42%
Time to maturity, years	3.64
Modified duration, years	2.76
Number of bond positions	103

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 May 2022. 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 0.8539 Entry Price: AUD 0.8582 Exit Price: AUD 0.8496
Distribution: AUD 0.0134 (for the quarter ended 31 Mar 2022)

Manager's commentary

Portfolio Review:

US Treasury yields stabilized in May, with the 10-year yield benchmark trading mostly between 2.7% to 3.0% during the month. On the back of a stable US Treasury, Asian investment grade credits were steady. However, Asian high yield credits underperformed as a few credit incidents, particularly an issuer in the Chinese property sector with an SOE background announcing an unexpected debt extension, hit the market by surprise. Our fund does not hold a position in the aforementioned SOE-related issuer. For the month, we continued to risk manage our exposure to China property. Meanwhile, we added to the Indian renewable and resources sectors. In the current challenging environment, our priority remains to manage the quality and liquidity of our holdings.

Strategy:

In May, the portfolio's AUD currency hedge was 95%. We will continue to monitor the AUD exposure and adjust our currency hedge as we see fit.

Outlook:

We continue to hold a cautious view of the China property sector. We continue to look for clues and evidence of concrete government support measures and their impacts on the sector. The surprise incident of the SOE-related issuer once again reminds us that the market is full of idiosyncratic events and negative surprises and, therefore, sporadic volatility should be expected. We will continue to monitor the market and will act accordingly.

Link to TMD

https://www.premiumasiafunds.com.au/wp-content/uploads/2021/10/Premium_Asia_Income_Fund_EN_AU_1630392412.pdf

Product composition

	%
Straight bond	82.4
Cash	11.3
Convertible bond	7.9
FX hedges	-1.6

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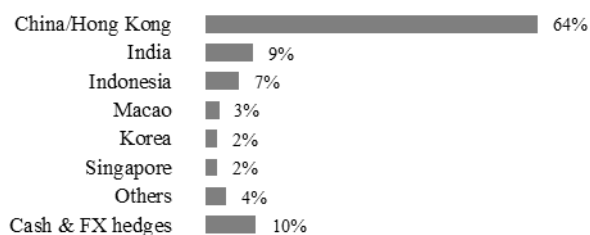
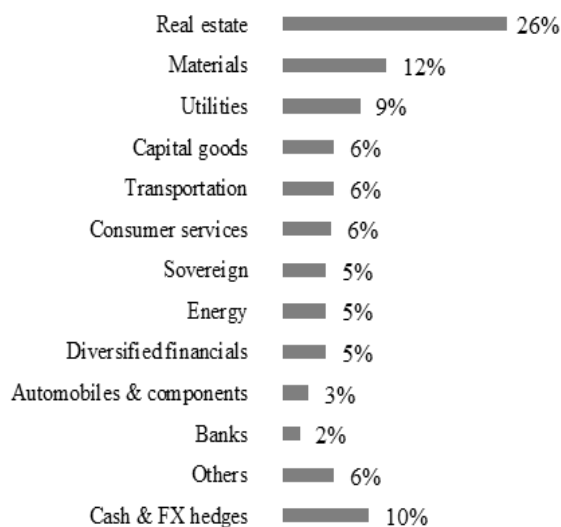
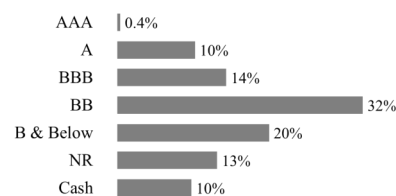
Annual performance since inception* 2

Year	2011 (August)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (YTD)
Performance	+2.4%	+22.5%	+6.2%	+3.9%	+11.6%	+11.3%	+12.4%	-1.0%	+15.4%	+8.9%	-6.6%	-10.0%

* Past performance is not indicative of future results.

Top 10 holdings

Name	Sector	Country	%
China Development Bank	Sovereign	China/Hong Kong	5.2
GCL New Energy	Utilities	China/Hong Kong	3.6
China Hongqiao	Materials	China/Hong Kong	2.8
Gajah Tunggal	Automobiles & components	Indonesia	2.1
Vedanta Resources	Materials	India	2.0
eHi Car Services	Transportation	China/Hong Kong	2.0
POSCO	Materials	Korea	1.8
CNAC HK Finbridge	Materials	China/Hong Kong	1.8
Indika Energy	Energy	Indonesia	1.8
Fosun	Capital goods	China/Hong Kong	1.7

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 2022	0.8804	0.013397
31 Dec 2021	0.9632	0.014667
30 Sep 2021	1.0833	0.016496
30 Jun 2021	1.1077	0.047774
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

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**Head of Credit Research & Strategy:** Anna Ho**Fund Manager:** Danielle Li

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

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