Premium Asia Fund (ARSN 134 226 029)

March 2024
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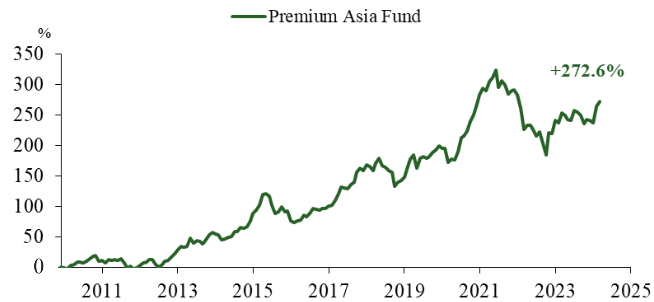
Investment objective

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 40.6 million [2]

Performance since inception [1, 2]



Performance update [1, 2]

	Premium Asia Fund
One month	+2.2%
Three months	+9.0%
Six months	+6.9%
One year	+5.4%
Since inception	+272.6%
Annualised return	+9.6%
Annualised volatility	13.5%

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%	2017	+31.8%
2010	+9.2%	2018	-6.1%
2011	-9.9%	2019	+23.3%
2012	+22.1%	2020	+23.0%
2013	+29.3%	2021	+6.0%
2014	+12.1%	2022	-18.1%
2015	+9.2%	2023	+6.8%
2016	+2.0%	2024 (YTD)	+9.0%

***Unit price:** AUD 1.2507 **Entry price:** AUD 1.2539 **Exit price:** AUD 1.2476*
***Distribution:** AUD 0.0147 (for the year ended 30 June 2023)*

Manager's commentary

Market review:
Asia's equities market was up in March, led by the continued positive performance of the tech-heavy Taiwanese and Korean markets, thanks to the rising demand for artificial intelligence (AI) and other emerging technologies, as well as the improving outlook of the overall sector.
The Chinese equities market was relatively flat from the previous month, as investors have started to focus on corporate results amid the earnings season. The latest macro data suggest economic fundamentals remain solid. Retail sales, industrial profits, and exports were up during the first two months of 2024. However, primary property market sales continued to remain fragile, although there are signs of bottoming, especially from the improved secondary market sales in tier-1 cities.
In South Asia, the ASEAN and India markets recorded modest gains during the period and continued to be supported by their strong domestic demand and expectations of some monetary policy easing.

Portfolio review:
In March, the Fund recorded gains of 2.2% (in AUD), while the MSCI AC Asia ex Japan Index was up 2.3% (in AUD).
By market, our exposure to Taiwan and South Korea were among the top contributors to the Fund's performance, while our exposure to Chinese equities slightly dragged, led by consumer-related names.
In terms of sectors, our select holdings in technology companies, particularly leading companies in Taiwan and South Korea, were the top contributors to the Fund's performance as they continued to benefit from the strong demand for related AI and other emerging technologies. Our exposure to communication services also supported the Fund's performance, led by a leading Chinese mobile gaming giant, thanks to its ongoing game monetization efforts in both the global and domestic markets, as well as our off-benchmark holding of India's largest mobile tower installation company. Other contributors include one of China's largest oil companies and a Hong Kong-listed power tools provider.
On the other hand, our exposure to consumer discretionary names in China was a source of detraction, which included leading e-commerce names, an after-school tutoring provider, and a fast-food restaurant player despite their intact growth drivers. Our exposure to financial names in China, including insurance companies and banks, also dragged, as expectations of further rate cuts have led to concerns over these companies' investment returns. Nevertheless, we remain confident in our holdings, which are high-quality names with long-term growth prospects that should be more resilient in riding through market volatility.

Key position changes:
We made a few adjustments in the portfolio to better capture market opportunities, with our cash level going down to below 4% as of the end of March from about nearly 5% at the end of the previous month. They include rotating within the information technology sector, adding mostly to Taiwan players that will likely benefit from the increasing demand for high-tech products globally. We also added some Singapore players, including a leading mobile platform and a telecommunications operator. Overall, we still find selective opportunities in Asia, particularly in China, where valuations are undemanding, and policy measures are picking up.

Outlook:
We expect short-to-medium term volatility to remain in the Asia equities market, given ongoing uncertainties in the global economy. These includes the still high interest rates in the US and ongoing geopolitical conflicts.
In China, we believe the macro economy is bottoming out from a U-shape recovery, which could support further market upside. Valuations also remain very attractive, while fundamentals sustaining China's long-term growth remain solid, especially with strong household deposits to support consumption growth. On the policy front, implementation will become key to supporting economic growth, including the upcoming large-scale equipment renewal and consumer goods trade-in program, which may accelerate fixed asset investment growth and stronger retail sales, especially in autos and home appliances.
Meanwhile, Taiwan and Korea will continue to be beneficiaries of increasing demand for rapidly evolving technologies, given their strong presence in the semiconductor and electronic hardware areas.
We also continue to see selective opportunities in Southeast Asia. Within the market, we continue to favor the Philippines and Indonesia. In particular, banks in Indonesia continue to see solid trends and a robust outlook, while some areas in the Philippines offer compelling value, given its improving inflationary environment and healthy GDP growth. Overall, Southeast Asia remains strong, supported by resilient domestic demand and expectations of easing monetary policy.
In India, although its macroeconomic fundamentals remain robust, we continue to be cautious about the market's extreme valuations. We remain selective in the market and see opportunities in some utilities and REIT names.
Overall, stock selection remains crucial as we expect divergence in performance between different companies, even if they are in the same sector or market. While we pay close attention to macroeconomic developments, we will continue to stick with our bottom-up selection approach.

[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 28 March 2024. 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.*

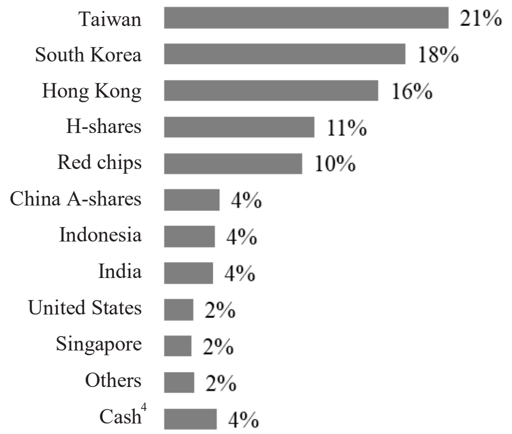
Top 10 holdings

Name	Industry	Listing	%
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	Taiwan	11.2
Samsung Electronics	Technology hardware & equipment	South Korea	8.8
China Mobile	Telecommunication services	Red chips	5.7
China Telecom	Telecommunication services	H-shares	4.4
Tencent Holdings	Media & entertainment	Hong Kong	4.2
CNOOC	Energy	Red chips	2.8
China Construction Bank	Banks	H-shares	2.0
Alibaba Group Holding	Retailing	Hong Kong	1.8
Kweichow Moutai	Food, Beverage & Tobacco	A-shares	1.8
Hyundai Motor	Automobiles & Components	South Korea	1.7

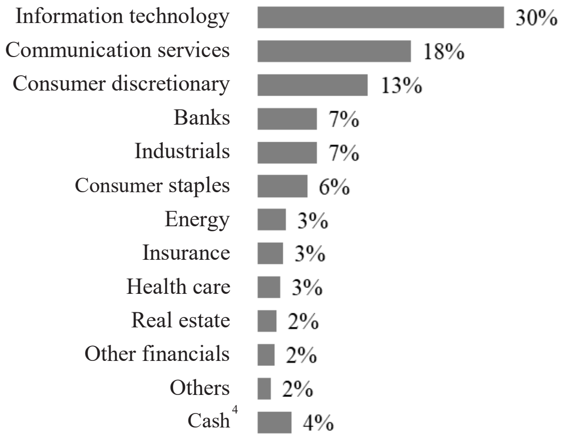
These holdings made up 44% of the Fund.

No. of holdings : 124

Geographical exposure by listing [3]



Sector exposure [3]



Fee structure & Subscription information

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
Deputy Chief Investment Officer, Equities: Yu Chen Jun
Senior Investment Directors:
Norman Ho, CFA; Renee Hung
Chief Investment Officer, Multi Assets: Kelly Chung, CFA
Investment Directors:
Lillian Cao; Luo Jing, CFA; Michelle Yu, CFA
Senior Fund Manager: Frank Tsui

Link to TMD

Premium Asia Fund's Target Market Determination is available here:
https://www.premiumasiafunds.com.au/wp-content/uploads/2022/10/Premium_Asia_Fund_EN_AU_1666845670.pdf

A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

[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).*