

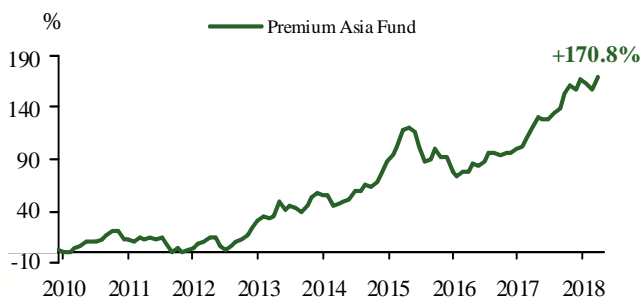
Investment objective

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
Launch date:	1 December 2009
Fund size:	AUD 45.6 million

Performance since launch ^{1,2}



Performance update ^{1,2}

	Premium Asia Fund
One month	+4.7%
Three months	+1.0%
Six months	+6.1%
One year	+22.8%
Since launch	+170.8%
Annualized return	+12.6%
Annualized volatility	12.6%

Volatility is a measure of theoretical risk. In general, the lower the number, the less risky the investment.

Annual return since launch ^{1,2}

2009 (Since inception)	+1.2%	2014	+12.1%
2010	+9.2%	2015	+9.2%
2011	-9.9%	2016	+2.0%
2012	+22.1%	2017	+31.8%
2013	+29.3%	2018 (YTD)	+4.7%

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 April 2018. Investment involves risks. Investors should read the Product Disclosure Statement for details and risk factors in particular those associated with investment in emerging markets.

Unit Price: AUD 1.4900 Entry Price: AUD 1.4937 Exit Price: AUD 1.4863
Distribution: AUD 0.2216 (for the year ended 30 June 2017)

Manager's commentary

Market review

Asia ex-Japan markets rebounded slightly in April despite the volatility. Sino-US trade frictions eased somewhat in early April as President Xi Jinping reiterated China's commitment to further open up its economy at the Bo'ao Forum. However, the US Department of Commerce's move to ban US firms from selling components to China's leading technology firm ZTE in mid-April escalated tensions again and stoked fears among many technology hardware manufacturers. With the trade talk in Beijing in early May having opened up dialogue between the two countries, we expect the two sides to continue negotiations and hopefully put an end to the posturing.

In South Korea, the historic inter-Korean summit saw progress towards denuclearization in North Korea and eased tensions. This, coupled with strong retail expenditure and solid earnings in the technology sector, provided further support for the outperformance of the South Korean market. Real GDP growth remained robust in the first quarter of 2018, increasing 2.8%¹ from a year earlier on strong exports and fixed investment. However, the manufacturing PMI² fell to 48.4 in April from 49.1 in March as rising labour costs and raw material prices led to input cost inflation.

Most ASEAN markets, except Singapore, softened in April. In Singapore, which was the best performing market in Asia ex-Japan, shares of local banks – a key performance driver of the market – were buoyed by a positive earnings outlook and net interest margin expansion. The other markets in ASEAN saw capital outflows in April on the back of mixed earnings results in the first quarter of 2018, USD strength and the contagion effects of heightened US-China trade tensions.

Portfolio strategy and outlook

In April, the Fund gained 4.7% in AUD terms. The MSCI Asia ex-Japan index rose 2.3% during the same period, also in AUD terms. Our holdings in the Hong Kong and China markets and Korea consumer discretionary stocks performed best during the month. In particular, our holding in a Hong Kong-based jewelry retailer was the top contributor, thanks to a solid recovery in Hong Kong retail sales and resurgence in the number of visits by mainland tourists. Another top contributor was our holding in the Macau gaming sector, which delivered earnings in the first quarter of 2018 that far exceeded expectations on the back of a strong recovery in industry-wide gross gaming revenues. Additionally, our exposures to Korea, such as our holdings in sports apparel and hotel companies, were also among the top contributors thanks to robust 2018 growth outlooks for their respective sectors.

During the month, our holdings in the technology sector were the main drag on portfolio performance. The sector retreated due to the contagion risks of a potential trade war between the US and China. Despite the overall weakness in the sector in April, the growth prospects of our high-conviction holdings remain intact.

1. Source: Bank of Korea

2. Source: Nikkei South Korea Manufacturing PMI

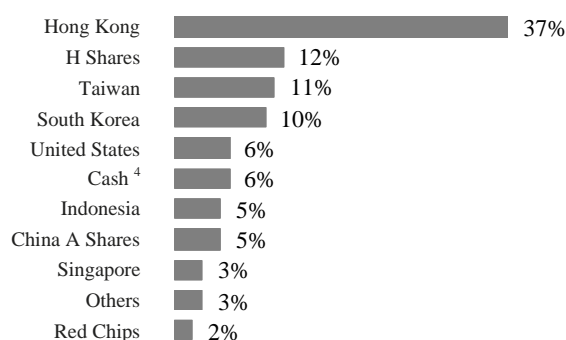
Top 10 securities holdings

Name	Industry	Country	%
Taiwan Semiconductor Manufacturing	Semiconductors & Semiconductor Equipment	Taiwan	4.3
Tencent	Software & Services	Hong Kong	4.2
Alibaba Group	Software & Services	United States	4.0
China Xinhua Education Group	Consumer Services	Hong Kong	3.2
Kweichow Moutai	Food, Beverage & Tobacco	China	3.1
Techtronic Industries	Consumer Durables & Apparel	Hong Kong	3.1
Industrial & Commercial Bank of China	Banks	Hong Kong	3.0
China Yuhua Education Corp	Consumer Services	Hong Kong	2.7
AIA Group	Insurance	Hong Kong	2.6
Samsung Electronics (Preference Shares)	Technology Hardware & Equipment	South Korea	2.6

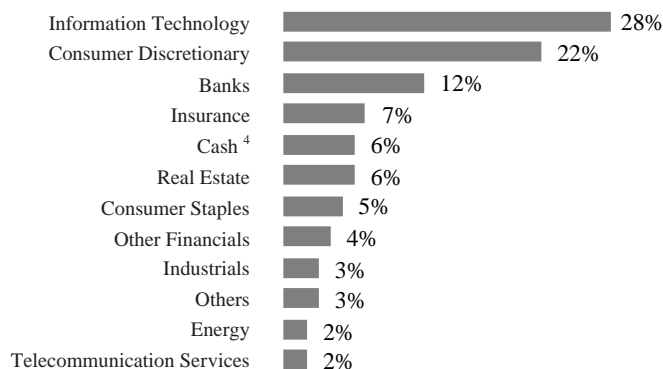
These holdings made up 33% of the Fund. The top ten securities holdings only include companies and/or REITs the fund invested, excluding any index tracking fund or ETF.

No. of holdings : 95

Geographical exposure by listing³



Sector exposure³



Fee structure

Management fee	1.78% p.a. of Net Asset Value
Performance fee	20% of outperformance over a hurdle of 12% p.a. (High-on-high principle)
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

A selection of awards & ratings



Senior investment staff

Chairman & Co-Chief Investment Officer: Cheah Cheng Hye
Deputy Chairman & Co-Chief Investment Officer: Louis So
Deputy Chief Investment Officer: Renee Hung
Senior Investment Director : Norman Ho, CFA
Investment Directors : Chung Man Wing; Kenny Tjan, CFA; Michelle Yu, CFA; Yu Xiao Bo
Senior Fund Managers : Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho; Glenda Hsia; Philip Li, CFA; Luo Jing, CFA; Kai Mak; Yu Chen Jun

³ Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%.

⁴ Cash refers to net cash on hand excluding cash for collaterals and margins.

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