

PREMIUM ASIA INCOME FUND (ARSN 151 270 423)

JANUARY 2019

2 PAGES

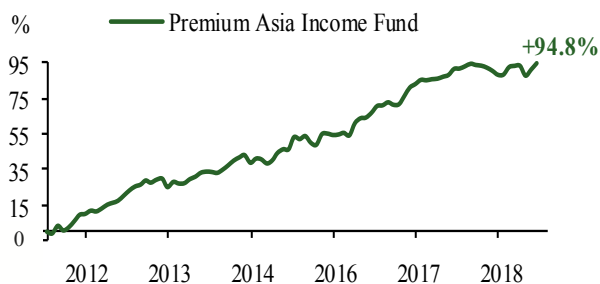
Investment objective

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 securities across a range of markets in Asia, the Middle East and C.I.S (the "Region"). The Fund may invest in sovereign debt and corporate debt issued by companies with their main operations in, or have a majority of their income derived from the Region. The Fund is hedged to the Australian dollars within a range of 0% to 100% of its 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
Inception date:	31 August 2011
Fund size:	AUD 39.2 million ²
Distribution frequency:	Quarterly ¹

Performance since launch* ²



Performance update* ²

	Premium Asia Income Fund
One month	+1.9%
One year	+0.1%
Since launch (including distribution)	+94.8%
Annualized return	+9.4%
Annualized volatility	5.3%
Distribution (since launch)	86.9%

* Past performance is not indicative of future results.

Portfolio characteristics

As at 31 January 2019	
Cash yield	8.2%
Yield to maturity / put ³	12.7%
Time to maturity, years	1.99
Modified duration, years	1.70
Number of bond positions	84

Unit Price: AUD 1.0787 Entry Price: AUD 1.0840 Exit Price: AUD 1.0733
Distribution: AUD 0.0161 (for the quarter ended 31 December 2018)

Manager's commentary

Portfolio Review:

Attractive valuations, higher expectations of a positive outcome from the ongoing US-China trade talks and a potentially less aggressive Federal Reserve all contributed to a strong January for Asian credits.

High-yield issues outperformed their high-grade peers during the month, with lower-rated names in particular leading the way in terms of performance. We deployed a large amount of capital into Chinese credits in January, while we were also active in both the primary and secondary markets across the entire credit spectrum.

Strategy:

In January, the portfolio's AUD currency hedge was approximately 69.3%. We will continue to monitor the, AUD exposure and adjust our currency hedge as we see fit.

Outlook:

Asian credits remain cheap on a historical basis and this is especially true for Chinese credits. We are currently still within the cheapest range over the past 10 years (excluding the Global Financial Crisis and the Euro Crisis) in terms of both yields and spreads.

The average yield of Chinese high-yield bonds is still approximately 300bps higher than that of comparable US high-yield notes. The current market presents an attractive risk/reward proposition for investors and we will continue to deploy our capital in order to capture such opportunities.

Product composition

	%
Straight Bond	94.6%
Convertible Bond	4.3%
Cash	1.7%
FX hedges	-0.6%

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 distribution 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 distributions reinvested. Performance data is net of all fees. Unless specified, all information contained on this report is quoted as at 31 January 2019. 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

Monthly performance since launch* 2

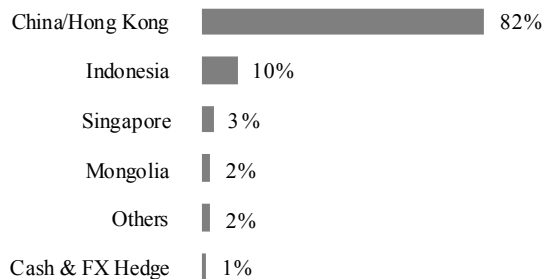
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-1.0%	+4.3%	-2.4%	+1.7%	+2.4%
2012	+3.5%	+3.3%	+0.5%	+1.6%	-0.4%	+1.5%	+1.9%	+0.9%	+1.0%	+2.6%	+2.3%	+1.8%	+22.5%
2013	+0.8%	+1.8%	-0.9%	+1.3%	+0.5%	-3.6%	+2.3%	-0.7%	+0.2%	+1.8%	+1.0%	+1.7%	+6.2%
2014	+0.5%	-0.1%	-0.4%	+1.4%	+1.8%	+1.9%	+1.3%	+0.9%	-3.0%	+1.7%	-0.2%	-1.7%	+3.9%
2015	+1.4%	+2.9%	+1.4%	+1.7%	+2.9%	-0.7%	+1.1%	-2.4%	-0.8%	+4.1%	+0.2%	-0.5%	+11.6%
2016	+0.2%	+0.6%	-1.0%	+3.2%	+2.9%	+0.2%	+1.7%	+2.3%	+0.2%	+1.0%	-0.8%	+0.2%	+11.3%
2017	+2.9%	+2.5%	+1.1%	+1.3%	-0.1%	+0.3%	+0.2%	+0.6%	+0.5%	+1.8%	+0.1%	+0.6%	+12.4%
2018	+0.8%	-0.4%	-0.2%	-0.6%	-0.9%	-1.2%	+0.0%	+2.2%	+0.4%	+0.0%	-2.8%	+1.8%	-1.0%
2019	+1.9%												+1.9%

Top 10 bond holdings

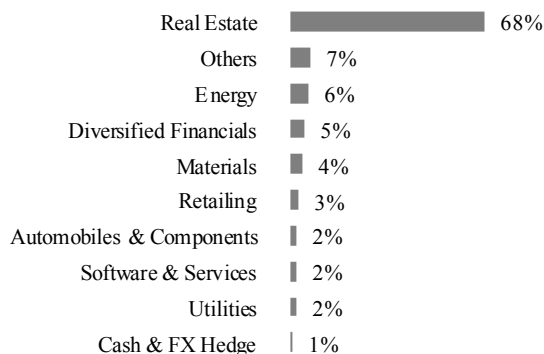
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Name	Sector	Country	%
Alam Sutera Realty TBK	Real Estate	Indonesia	4.8%
Golden Wheel Tiandi	Real Estate	China/Hong Kong	3.4%
Yuzhou Properties	Real Estate	China/Hong Kong	2.8%
VMS CSW Land	Diversified Financials	China/Hong Kong	2.7%
Geo Coal International	Energy	Singapore	2.6%
Mongolian Mining	Materials	Mongolia	2.3%
China SCE	Real Estate	China/Hong Kong	2.2%
Fantasia	Real Estate	China/Hong Kong	2.2%
Modern Land China	Real Estate	China/Hong Kong	2.1%
Yango Group	Real Estate	China/Hong Kong	2.0%

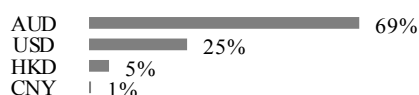
Country allocation



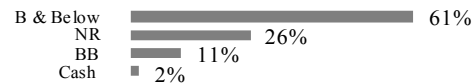
Industry exposure



Currency breakdown



Credit ratings



Distribution history 1

Ex-distribution date	Ex-distribution date NAV (AUD)	Distribution amount / unit (AUD)
31 Dec 2018	1.0590	0.016127
28 Sep 2018	1.0868	0.016550
30 June 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
30 Jun 2017	1.1326	0.060476
31 Mar 2017	1.1755	0.023989
30 Dec 2016	1.1256	0.022971
30 Sep 2016	1.1438	0.017418
30 June 2016	1.1141	0.041249
31 Mar 2016	1.0851	0.016524

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 staff

Chairman & Co-Chief Investment Officer: Cheah Cheng Hye
Deputy Chairman & Co-Chief Investment Officer: Louis So
Deputy Chief Investment Officer: Renee Hung
Fixed income investment team:
Chief Investment Officer, Fixed Income: Gordon Ip, CFA
Senior Fund Managers: Elaine Hu, Edwin Kam, CFA,
 Jason Yan, CFA, ACCA

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

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