

Appendix 4D For the period ended 31 December 2019

Listing rule 4.2A.3

Company	VGI Partners Asian Investments Limited
ASX Code	VG8
Period	31 July 2019 to 31 December 2019
ABN	58 635 219 484

Results for announcement to the market

Announcement to the market for VGI Partners Asian Investments Limited should be read in conjunction with the attached 31 December 2019 Interim Financial Report. The Interim Financial Report is for the period 31 July 2019 (date of incorporation) to 31 December 2019, being the first reporting period for the Company.

Net tangible assets per fully paid ordinary share

	<u>31 December 2019</u>
Pre-tax	\$2.43
Post-tax excluding deferred tax liabilities / deferred tax assets on unrealised gains / losses	\$2.43
Post-tax including deferred tax liabilities / deferred tax assets on unrealised gains / losses	\$2.45

Dividends

There were no dividends paid or proposed during the period.

	<u>31 December 2019</u>
Income / (loss) from ordinary activities	(13,406,884)
Profit / (loss) before tax for the period	(14,977,823)
Net profit / (loss) from ordinary activities after tax	(10,484,434)

Commentary on results

Additional information supporting the Appendix 4D disclosure requirements can be found in the Interim Financial Report for the period ended 31 December 2019.

Financial report

This report is based on the Interim Financial Report for the half-year ended 31 December 2019, which has been subject to an independent review by the auditors, Pitcher Partners.

VGI Partners Asian Investments Limited
ABN 58 635 219 484

Interim Financial Report
for the period ended
31 December 2019

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CORPORATE DIRECTORY

Board of directors

Lawrence Myers – Independent Chairman
Robert M. P. Luciano – Director
Douglas H. Tynan – Director
Adelaide H. McDonald – Independent Director
William Brown – Independent Director

Company Secretary

Ian Cameron

Investor relations manager

Ingrid Groer
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Investment manager

VGI Partners Asian Investments Management Pty Limited
ABN 84 635 179 538

Registered office

39 Phillip Street
Sydney NSW 2000

Ticker code

VG8

Website

www.vgipartners.com/lics/vg8

Share Registrar

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Lawyers

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Prime brokers and custodians

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200 West Street, 29th Floor
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DIRECTORS' REPORT TO SHAREHOLDERS

The Directors of VGI Partners Asian Investments Limited ("the Company" or "VG8") present their report together with the interim financial statements for the period 31 July 2019, being the date of incorporation, to 31 December 2019.

VG8 is a company limited by shares and is incorporated in Australia and quoted on the Australian Stock Exchange ("ASX") (ticker code: VG8).

Directors

The names of the Directors in office at any time during or since the end of the period are as follows:

Name	Position	Date appointed
Lawrence Myers	Independent Chairman	31 July 2019
Robert M. P. Luciano	Director	31 July 2019
Douglas H. Tynan	Director	31 July 2019
Adelaide H. McDonald	Independent Director	31 August 2019
William Brown	Independent Director	31 August 2019

Principal activity

The principal activity of the Company is to provide shareholders with access to a concentrated portfolio, predominately comprised of long and short positions in Asia-Pacific listed securities; and the investment expertise of VGI Partners Asian Investments Management Pty Limited, ("the Investment Manager" or "the Manager").

Review of operations

The Company was incorporated on 31 July 2019 and listed on the ASX on 13 November 2019. During the period under review, the Company raised capital of \$556,550,545 by issuing 222,620,218 shares at a price of \$2.50 per share.

From the date of share allotment, being 5 November 2019 to 31 December 2019, VG8's portfolio generated a net return of -2.8% after all fees.

Investment operations over the period ended 31 December 2019 resulted in an operating loss before tax of \$14,977,823 and an operating loss after tax of \$10,484,434.

The Investment Manager has been patiently and steadily deploying the capital since allotment in November 2019. Given the Investment Manager's focus on preservation of investors' capital, the Manager may take some time to fully deploy the portfolio, depending on market conditions.

Financial position

The net assets of the Company as at 31 December 2019 were \$546,066,111.

Dividends

The Directors have not declared a dividend for the reporting period ending 31 December 2019.

DIRECTORS' REPORT TO SHAREHOLDERS

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the reporting period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Rounding of amounts to nearest dollar

The Company is an entity of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial statements are rounded off to the nearest dollar, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for this period is set out on page 7 of this Financial Report.

Signed on behalf and in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act 2001*.



Lawrence Myers
Chairman

Sydney
31 January 2020

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**Auditor's Independence Declaration
To the Directors of VGI Partners Asian Investments Limited
ABN 58 635 219 484**

In relation to the independent auditor's review of VGI Partners Asian Investments Limited for the period ended 31 December 2019, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



S M Whiddett
Partner

Pitcher Partners
Sydney

31 January 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 31 JULY 2019 TO 31 DECEMBER 2019

	2019
	\$
Income	
Net gains / (loss) on financial assets / (liabilities) measured at fair value through profit or loss	(14,650,081)
Dividend income	41,126
Interest income	1,200,920
Other income	1,151
Total income / (loss)	(13,406,884)
Expenses	
Management fees	(1,272,361)
Directors fees	(69,897)
Directors insurance	(211,485)
Stock loan fees	(17,196)
Total expenses	(1,570,939)
Profit / (loss) before income tax	(14,977,823)
(Income tax expense) / income tax credit	4,493,389
Profit / (loss) after income tax attributable to members of the Company	(10,484,434)
Other comprehensive income	
Other comprehensive income for the period, net of tax	-
Total comprehensive income / (loss) for the period	(10,484,434)
Basic and diluted earnings per share	(8.04) cents

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$
Assets		
Cash and cash equivalents		455,662,124
Trade and other receivables		568,675
Financial assets (securities owned long)	6	104,594,112
Deferred tax assets		4,999,759
Total assets		565,824,670
Liabilities		
Trade and other payables		8,309,875
Financial liabilities (securities sold short)	6	10,942,314
Current tax liabilities		506,370
Total liabilities		19,758,559
Net assets		546,066,111
Equity		
Issued capital	4	556,550,545
Profits reserve	5	3,768,670
Retained earnings / (accumulated losses)		(14,253,104)
Total equity		546,066,111

The above statement of financial position is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 31 JULY 2019 TO 31 DECEMBER 2019

	Issued capital	Retained earnings / (accumulated losses)	Profits reserve	Total Equity
	\$	\$	\$	\$
Balance at 31 July 2019	–	–	–	–
Initial subscription upon incorporation	3	–	–	3
Shares issued under Initial Public Offer	556,550,542	–	–	556,550,542
Profit / (loss) for the period	–	(10,484,434)	–	(10,484,434)
Transfer to profits reserve	–	(3,768,670)	3,768,670	–
Balance at 31 December 2019	556,550,545	(14,253,104)	3,768,670	546,066,111

The above statement of changes in equity is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOW
FOR THE PERIOD 31 JULY 2019 TO 31 DECEMBER 2019

	2019
	\$
<u>Cash flows from operating activities</u>	
Proceeds from the sale of investments	11,078,918
Payments for the purchase of investments	(99,983,975)
Dividends received	332
Interest received	1,229,365
Realised foreign exchange gains	2,124,830
Management fees paid	(619,842)
Stock loan fees paid	(5,998)
Director fees paid	(37,770)
Insurance fees paid	(211,485)
Interest paid	(45,632)
Net cash inflows / (outflows) from operating activities	(86,471,257)
 <u>Cash flows from financing activities</u>	
Proceeds from shares issued	556,550,542
Net cash inflows / (outflows) from financing activities	556,550,542
 Net increase / (decrease) in cash and cash equivalents held	470,079,285
Cash and cash equivalents at date of incorporation	3
Effects of exchange rate changes on cash balances of cash held in foreign currencies	(14,417,164)
Cash and cash equivalents at the end of the period	455,662,124

The above statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these interim financial statements to the extent they have not already been disclosed in the other notes below.

(a) Basis of preparation

The Interim Financial Report for the period 31 July 2019, being the date of incorporation, to 31 December 2019 has been prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The Interim Financial Report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements should be read in conjunction with VGI Partners Asian Investments Limited Prospectus and any public announcements made by the Company during the interim reporting period. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

(b) Statement of compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("the AASB") and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars (\$), which is the Company's functional and presentation currency.

(d) Comparative figures

The Company was incorporated on 31 July 2019 and commenced trading on 13 November 2019. The Company's first reporting period covers 31 July 2019 to 31 December 2019 and as a result there are no prior period comparatives.

(e) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgments that have a material impact on the Company's financial results for the period ended 31 December 2019. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

(f) Income and Expenditure

Net gains/(losses) on 'financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at year end and the fair value at the preceding valuation point.

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised in the Statement of Profit or Loss and Other Comprehensive Income as they accrue.

Dividend income relating to exchange-traded equity instruments is recognised in the Statement of Profit or Loss and Other Comprehensive Income on the ex-dividend date with any related foreign withholding tax deducted as an expense.

All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies (cont.)

(g) Issued capital

Ordinary shares are classified as equity.

(h) Financial instruments

Classification

The financial assets and financial liabilities are categorised as 'financial instruments designated at fair value through profit or loss'. These include financial assets and liabilities that are not held for trading purposes and which may be sold, including listed equity securities.

Recognition/Derecognition

'Financial assets and liabilities at fair value through profit or loss' are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Any other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Measurement

'Financial assets and liabilities held at fair value through profit or loss' are measured initially at fair value, with subsequent changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Initial transaction costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(i) Income tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income at the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and any adjustment recognised for prior years, where applicable.

Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the Australian Taxation Office ("ATO").

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income. Deferred tax assets are recognised to the extent that they are recoverable. Deductible temporary differences and unused tax losses are only recognised if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or liabilities settled.

Deferred tax is credited to the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies (cont.)

(j) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the ATO. In that case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(l) Trade and other receivables

Trade and other receivables relate to outstanding settlements, interest and dividends receivable.

(m) Trade and other payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid.

(n) Application of new and revised accounting standards and interpretations

There are no new and revised accounting requirements significantly affecting the period ended 31 December 2019 financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those disclosed in the Prospectus.

(o) Going concern

The Interim Financial Report has been prepared on a going concern basis.

2. Dividends

No dividends were declared during the period ended 31 December 2019.

3. Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities, deriving revenue from dividend income, interest income and from the sale of its investments.

4. Issued capital

	Number of Shares	\$
Initial subscription upon incorporation (31 July 2019)	1	3
Shares issued under Initial Public Offering	222,620,217	556,550,542
Closing balance as at 31 December 2019	222,620,218	556,550,545

NOTES TO THE FINANCIAL STATEMENTS

5. Profits reserve

	31 December 2019
	\$
Profits reserve closing balance	3,768,670

The profits reserve is made up of amounts transferred from current period profits and are preserved for future dividend payments.

	31 December 2019
	\$
Movements in profits reserve	
Balance at beginning of period	–
Transfer of profits during the period	3,768,670
Balance at end of period	3,768,670

6. Financial instruments measured at fair value

The Company measures and recognises its investments as ‘financial assets and liabilities at fair value through profit or loss’ on a recurring basis.

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company’s ‘financial assets and liabilities measured and recognised at fair value’ at the reporting date. These financial assets and liabilities are all held for trading. The carrying amounts of all financial instruments are reasonable approximations of the respective instrument’s fair value. There were no transfers between levels for recurring fair value measurements during the year.

	Level 1	Level 2	Level 3	Total
At 31 December 2019	\$	\$	\$	\$
Financial assets (securities owned long)	104,594,112	–	–	104,594,112
Financial liabilities (securities sold short)	(10,942,314)	–	–	(10,942,314)
Total	93,651,798	–	–	93,651,798

NOTES TO THE FINANCIAL STATEMENTS

7. Contingencies

There are no contingent liabilities or contingent assets at 31 December 2019.

8. Related party transactions

All transactions with related entities are made on normal commercial terms and conditions.

Management fee

The Manager is entitled to be paid a management fee equal to 1.5% per annum (plus GST) of the value of the Company's portfolio calculated on the last business day of each calendar month paid monthly in arrears.

As documented in the Company's Prospectus, the Manager will absorb certain costs the Company would normally be liable for. In addition to meeting the Company's establishment costs, the Manager will pay the majority of the ongoing operating costs such as ASX, ASIC fees, registry fees, audit costs, legal and tax advice costs and any fees charged by the Company's fund administrator. The Manager estimates the ongoing operating expenses to be ~0.15% per annum and therefore, the net management fee received is closer to ~1.35% per annum.

Performance fee and reinvestment mechanism

The Manager is entitled to be paid a performance fee semi-annually in arrears, equal to 15% (plus GST) of the Portfolio's outperformance (if any) over each prior semi-annual performance calculation period, subject to a high-water mark mechanism.

The first performance calculation period was the period from 7 November 2019 to 31 December 2019, and thereafter it is each full six month period ending on 30 June or 31 December.

The high-water mark is the net asset value of the portfolio before all taxes calculated on the last date of the performance calculation period to which the Manager was last entitled to be paid a performance fee.

9. Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the reporting period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (i) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (ii) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the period ended on that date; and
- (iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Lawrence Myers
Chairman

Sydney
31 January 2020

**Independent Auditor's Review Report
to the Members of VGI Partners Asian Investments Limited
ABN 58 635 219 484****Report on the Interim Financial Report**

We have reviewed the accompanying interim financial report of VGI Partners Asian Investments Limited ("the Company"), which comprises the statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from incorporation (on 31 July 2019) to 31 December 2019, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of VGI Partners Asian Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the interim financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of VGI Partners Asian Investments Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the period ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



S M Whiddett
Partner

31 January 2020



Pitcher Partners
Sydney