

**Overview  
and Investment  
Philosophy**

VG8, the Company, provides investors with access to a concentrated portfolio, predominantly comprised of Long Investments and Short Positions in Asian listed securities and other companies with significant exposure to the Asian market; and the investment expertise of VGI Partners, the Manager.

The Manager's risk-adjusted return philosophy is implemented through three key tenets:

**01**  
**Capital preservation**

The Manager believes that risk comes from not properly understanding your investments and places a great deal of importance on assessing downside risk.

**02**  
**Superior long-term compound growth**

The Manager believes that great businesses purchased with a 'margin of safety' held for the long term are best placed to provide superior compound returns.

**03**  
**Concentration**

The Manager aims to be concentrated enough in its best ideas so as not to dilute overall returns but hold enough Long Investments in order to provide an appropriate level of diversification. The top ten Long Investments typically represent 40-50% of the portfolio NAV.

**Key Details**

ASX Code	<b>VG8</b>
Share Price	<b>\$2.27</b>
Listing Date	<b>13 November 2019</b>
Portfolio Size	<b>\$562.4 million</b>
Shares on Issue	<b>222.6 million</b>
Market Capitalisation	<b>\$505.3 million</b>

**Investment Guidelines**

No. of Long Investments <b>Typically, 15 to 30; currently 11</b>	No. of Short Positions <b>Typically, 5 to 25; currently 6</b>
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**Month End Exposures**

Long Equity Exposure	<b>26%</b>
Short Equity Exposure	<b>(3%)</b>
Gross Equity Exposure	<b>29%</b>
Net Equity Exposure	<b>23%</b>
Cash Weighting	<b>77%</b>

**Net Tangible Asset (NTA) Per Share**

<b>Pre-Tax NTA<sup>1</sup></b>	<b>Post-Tax NTA<sup>2</sup></b>
<b>\$2.53</b>	<b>\$2.53</b>

Source: Citco Fund Services. Figures are unaudited.

<sup>1</sup> 'Pre-Tax NTA' is calculated before all taxes.

<sup>2</sup> 'Post-Tax NTA' is calculated after tax on realised gains/losses, deferred tax assets and deferred tax liabilities, but before allowing for deferred tax liabilities/deferred tax assets on unrealised gains/losses.

<b>Net Performance VG8 Standalone</b>	<b>Pre-Tax NTA</b>	<b>Post-Tax NTA</b>	<b>Share Price</b>
1 month	3.8%	3.9%	-2.2%
Financial Year to Date	1.0%	1.0%	-9.2%
Since Inception	1.0%	1.0%	-9.2%

Sources: Citco Fund Services (NTA), Bloomberg (Share Price).

NTA figures are unaudited. Pre-Tax Performance is defined as the movement in Pre-Tax NTA. Post-Tax Performance is defined as the movement in Post-Tax NTA. NTA Performance is shown after all applicable fees and charges. Share Price Performance is defined as the movement in the VG8 Share Price at the end of the period.

<b>Net Performance VG8 IPO Investors</b>	<b>Priority Offer</b>	<b>General Offer</b>
Shareholder Return Since Inception	-3.0%	-5.5%

Sources: Bloomberg (Share Price), VGI Partners Limited.

VG8 Initial Public Offering (IPO) investors received free Alignment Shares in VGI Partners Limited (VGI Partners) at a 1:75 ratio under the Priority Offer and a 1:125 ratio under the General Offer. The shareholder return is the combined share price value of VG8 shares and related Alignment shares on 31 Jan 2020 relative to the shareholder's initial VG8 IPO investment (at \$2.50 per VG8 share). VGI Partners' share price was \$11.66 at 31 Jan 2020.

#### Top Five Long Investments: 18% of VG8 portfolio

- 5% Kikkoman Corporation** – The world’s leading manufacturer of soy sauce, Kikkoman is based in Japan and also distributes Asian foods through a global wholesale network. Kikkoman Soy Sauce is shipped to over 100 countries from seven overseas factories in the US, Asia and Europe.
- 4% Yakult Honsha Co. Ltd** – A pioneer in probiotic products, Yakult is listed in Japan with operations in 40 countries. Three quarters of earnings are generated outside of Japan.
- 4% Cie Financiere Richemont SA** – A Switzerland-based luxury goods holding company with particular strengths in jewellery, watches and writing instruments. Through its prestigious Maisons, which include Cartier and Van Cleef & Arpels, Richemont has significant exposure to the Asian consumer with 45% of sales made in the Asia Pacific region.
- 3% MTR Corporation** – Hong Kong’s monopoly operator of rail assets with roughly 50% market share of all public transportation in Hong Kong. It operates a “rail plus property” model where MTR Corporation benefits from foot traffic generated from its rail operations through the development and ownership of property assets.
- 2% Unicharm Corporation** – Specialises in the manufacture of diapers (babies and adults) and feminine hygiene products. Listed in Japan, Unicharm has market leading positions in China, India, Indonesia, Japan, Vietnam and Thailand.

#### Net Currency Exposures

USD / JPY	93% / 7%	% Portfolio NAV Unhedged to AUD	100%
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#### Commentary

The Manager is patiently and steadily deploying the portfolio. The portfolio’s return (net of all fees and expenses) for the month of January was +3.9%. The portfolio’s Long Investments detracted -0.9% from performance for the month of January and the Short portfolio, consisting of single stock Short Positions, added +0.1% to performance during the month. The Australian Dollar depreciated against the US Dollar during January, which added +4.7% to the return.

#### Company Details

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#### Board of Directors

**Lawrence Myers, CA**  
Independent Chairman

**Robert Luciano, CFA**  
Director,  
Portfolio Manager

**Douglas Tynan, CFA**  
Director,  
Head of Research

**William Brown**  
Independent Director

**Adelaide McDonald, CFA**  
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#### Key Contacts

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