

VGI PARTNERS Asian Investments

ABN 58 635 219 484

2020 Annual Report
Period ended 30 June 2020

Contents

Letter from the Chairman _____	3
Directors' Report for the period ended 30 June 2020 _____	6
Financial Statements _____	15
Notes to the Financial Statements for the period ended 30 June 2020 _____	19
Directors' Declaration _____	34
Independent Auditor's Report _____	35
Shareholder Information _____	39

Annual General Meeting 2020

Monday 16 November 2020
12:00pm
The Barnet Long Room, Customs House
31 Alfred Street
Sydney NSW 2000

Notice of the Annual General Meeting will be forwarded to all shareholders separately.

Corporate Governance

The Board of Directors of VGI Partners Asian Investments Limited ABN 58 635 219 484 (**VG8** or **the Company**) is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (**CGS**) in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations.

The Company's CGS is available on the Company's website at www.vgipartners.com/lics/vg8 under the "Other VG8 Resources" section.

Letter from the Chairman

Dear Fellow Shareholders,

I would like to thank all shareholders in VGI Partners Asian Investments Limited for your support. This Annual Report covers the period from 31 July 2019, being the date of the Company's incorporation, to 30 June 2020 (FY20).

VG8 listed on the ASX on 13 November 2019 after completing a capital raising of \$556 million. As all costs of the offer were met by VGI Partners, the company's Net Tangible Assets on the listing date were equal to the issue price of \$2.50 per share.

Financial Highlights

In highly challenging market conditions, the Company's post-tax net tangible assets (NTA) per share declined just 0.2% to \$2.50 between listing on 13 November 2019 and 30 June 2020. This performance was recorded in an environment where Asian equity markets fell materially, primarily due to the impact of COVID-19 and related economic headwinds.

The post-tax result was a loss of \$2.3 million in FY20.

VG8 Initial Public Offering (IPO)

VG8 was established to provide investors with access to a concentrated portfolio, comprised predominantly of long investments and short positions in listed securities focused on Asia, and the investment expertise of VGI Partners Asian Investments Management Pty Limited, the Manager. The Investment Team is the same team that manages the VGI Partners Master Fund, which has achieved +12.9% compound returns p.a. (post fees and expenses) from inception in January 2009 to 30 June 2020.

The decision to establish the Company was several years in the planning and followed on from the Investment Team becoming increasingly optimistic about opportunities in the Asian region. While COVID-19 and its economic impact have resulted in a significantly changed investment environment, the Asian region remains well-placed relative to most other regions and, in many ways, now presents an even greater opportunity than before.

VG8 Investment Philosophy and Alignment of Interests

The Manager has a risk-adjusted return philosophy which is implemented through three key tenets:

- **Capital preservation** – First, by investing in high-quality businesses that are easy to understand and that trade at prices which the Manager believes exhibit a sufficient 'margin of safety' – that is, trading at prices that are significantly below the intrinsic value of the business. And second, by using little or no leverage and keeping prudent cash buffers.
- **Superior long-term compound growth** – Great businesses purchased with a 'margin of safety' held for the long-term are best placed to provide superior compound returns.
- **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 for VG8 will typically represent 40-50% of the portfolio net asset value for VG8.

With regard to growth, the Manager seeks to deliver superior risk-adjusted returns over the long-term, which the Manager and the Company considers to be an average compound annual return of 10% to 15% (after all fees and expenses) over a period of more than 5 years.

VGI Partners believes it is important to have strong alignment between the Manager and VG8 investors. As a result, VGI Partners agreed to the following at the IPO:

1. The Manager would pay for all upfront listing costs;
2. The vast majority of ongoing operating costs will be paid by the Manager;
3. When key owners of VGI Partners receive dividends attributable to VG8 performance fees, they have committed to reinvest these performance fees (on an after-tax basis) into VG8 and escrow those shares for the maximum extent permitted by law (performance fee mechanism);
4. VGI Partners would invest \$20 million into shares in VG8 at IPO; and
5. VGI Partners will not make the Asian strategy available through any other fund. This is different from many other listed investment company offerings, which often offer a similar or identical portfolio via unlisted funds, and which can reduce secondary market demand for the listed investment company's shares.

Consequently, the Manager absorbed over \$12 million in upfront listing-related cash expenses for VG8. The Manager also paid for over \$275,000 of VG8's operating costs for the period ended 30 June 2020.

VG8 Portfolio

Since listing in November 2019, the Manager has been prudently deploying the Company's capital. This included material buying during the market sell-off in March. As at 30 June 2020, VG8's net equity exposure was 49% (49% long investments and nil short positions). This means that for every \$100,000 you had invested with VG8, you owned long \$49,000 of equities and had no short positions. This represents a net equity exposure of \$49,000 plus \$51,000 in cash.

The VG8 portfolio included 17 long investments at 30 June 2020. The top 5 long investments in the VG8 portfolio at that date were Kikkoman, Yakult Honsha, Olympus, Cie Financiere Richemont and Unicharm. The Manager takes a gradual approach to portfolio deployment and purchases only when it believes that a suitable "margin of safety" exists. As a consequence, several of these positions are not yet at their target weights.

Looking forward, high cash levels provide VG8 with significant purchasing power for when the Manager sees opportunities to buy high-quality businesses at prices that meet its criteria. Once the portfolio is fully deployed we generally expect VG8 to have a net equity exposure of between 75% and 100%.

More information about VG8's portfolio can be found in the investor letter from the Manager, which was released on 15 July 2020 and can be accessed on the Company's website at www.vgipartners.com/lics/vg8.

VG8's Performance as a Listed Company

While the NTA per share of VG8 finished the period down just 0.2% on their \$2.50 issue price, the share price of the Company recorded materially worse performance. The 30 June 2020 share price of \$1.905 represented a discount of 23.7% to Net Tangible Assets.

We expect that over the long-term the performance of VG8 as a listed security will closely track the performance of the portfolio, but we are aware that this expectation provides little comfort to current investors who are concerned by the size of the current discount to NTA.

With the benefit of hindsight, it appears that the structure of the VG8 IPO provides a partial explanation for the discount. Investors will recall that VGI Partners sought to align its interests with participants in the VG8 IPO through the issue of valuable Alignment Shares in VGI Partners itself at no additional cost. Nobody had ever used this

structure previously, and it meant that anyone who was already invested with VGI Partners received shares in the Manager, at no cost, to the value of around 7.5% of their VG8 investment.

An unintended consequence of this approach was that it led to some participants in the IPO investing with an extremely short-term perspective, which saw them seek to crystallise value by selling out of VG8 shortly after listing. Due to this selling, VG8 shares traded at a discount immediately upon listing, and the discount only widened as market volatility increased towards the end of the financial year.

The Board believes that the current discount to NTA represents an opportunity for new investors, and notes that VGI Partners has been actively buying VG8 shares on-market to hold for the long term. Subsequent to listing, VGI Partners has purchased in excess of \$6 million worth of VG8 on-market to hold on the VGI Partners balance sheet, taking the manager's total investment in VG8 to more than \$26 million. In addition, the Board and staff of VGI Partners, and their families, invested almost \$14 million in the VG8 IPO. Eliminating the discount to Net Tangible Assets is a focus for the entire team.

We are still in the earliest stages of delivering on our long-term objectives for VG8. The Manager's medium-term challenge is to deliver performance from the VG8 portfolio that is consistent with our objectives, and for the VGI Partners investor relations team to invest the necessary time and effort into working with financial advisers and investors who are new to VG8. We believe that delivering on these two objectives in combination is the best recipe for narrowing, and in due course eliminating, the discount.

Shareholder Engagement

We are always keen to engage with our shareholders and would encourage you to participate in one of our upcoming briefings.

The first opportunity for this will be a conference call on 20 August 2020 to discuss the FY20 results.

Given travel restrictions related to COVID-19, the annual VGI Partners roadshow to capital cities is unlikely to proceed this year, but we will look to host further briefings later in the year via webcast and phone. Details will be announced shortly.

The VG8 Annual General Meeting (**AGM**) will be held on Monday 16 November 2020 at The Barnet Long Room, Customs House, Sydney. The event will include a presentation from the Portfolio Manager, Robert Luciano in the morning and the formal business for the VG8 AGM will commence at 12:00pm. Full details will be available in the Notice of Meeting closer to the date. In the event that it becomes impractical to hold a physical AGM due to COVID-19, the Company will seek to hold the AGM online.

To ensure that you remain fully informed on all matters relating to VG8, we recommend that you elect to receive all investor communications via email. Please contact Ingrid Groer, our Head of Investor Relations, on +612 9237 8923 if you require assistance in this regard, or if you ever have any questions about your investment. You can also subscribe for announcements via our website or change your communication elections via Investorserve (the portal of our registry, Boardroom).

We appreciate your ongoing support and look forward to speaking with you at the investor briefings and the 2020 Annual General Meeting.

Yours sincerely,



Lawrence Myers
Chairman
Sydney
20 August 2020

Directors' Report

For the period ended 30 June 2020

The Directors of VGI Partners Asian Investments Limited present their Directors' report together with the Financial Report of the Company for the period 31 July 2019, being the date of incorporation, to 30 June 2020. The Company is limited by shares and is incorporated in Australia. The Company listed on the ASX on 13 November 2019.

Directors

The following persons were Directors of the Company during the whole of the financial reporting period and up to the date of this report, unless otherwise stated:

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 F Brown	Independent Director	31 August 2019

Principal Activity

The principal activity of the Company is to provide shareholders with access to a concentrated portfolio, predominantly comprised of long investments and short positions in listed securities focusing on the Asian region; and the investment expertise of the Manager.

There have been no significant changes in the nature of this activity during the period and no change is anticipated in the future.

Review of Operations

The Company was incorporated on 31 July 2019 and listed on the ASX on 13 November 2019. 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 to 30 June 2020, the Company recorded an operating loss before tax of \$3,238,787 and a decrease in post-tax NTA after all fees of 0.2%.

The 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.

During the year, the Company navigated heightened volatility in financial markets following the outbreak of the COVID-19 global pandemic. The Portfolio was conservatively positioned, with significant short exposure, as the market rebounded in the June quarter. This detracted significantly from performance for the year.

Further information on the Company's operational and financial review is contained in the Chairman's Letter.

Financial Position

The net assets of the Company as at 30 June 2020 were \$554,242,233.

Dividends

No dividend was proposed or paid during the period ended 30 June 2020.

Matters subsequent to the end of the financial year

The Company is not aware of any other matter or circumstance since the end of the financial year not otherwise dealt with in this report, that has, or may, significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the period ended 30 June 2020.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of shareholders.

Environmental regulation

The Company has reviewed its exposure to environment-related regulation and other emerging risks but has not identified any significant risk that could impact the financial performance or position of the Company. To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

Information on Directors and Officeholders

Name:	Lawrence Myers
Title:	Independent Chairman
Qualifications:	<i>B.Acct (UniSA), CA, CTA</i>
Experience and expertise:	Mr Myers is the Founder and Managing Director of MBP Advisory Pty Limited, a prominent, high-end Sydney firm of Chartered Accountants which he established in 1998. His client base spans a broad range of industries and activities and he specialises in advising ultra high net worth individuals and families, their businesses and commercial endeavours. Mr Myers' specialist areas of practice include mergers and acquisitions, corporate and business advisory, tax consulting and advisory, succession planning and family office services. Lawrence also sits on the Foundation board of the Art Gallery of New South Wales.
Other current listed directorships:	Mr Myers has been an Independent Director and Chairman of the Audit and Risk Committee of ASX listed Breville Group Limited since 2013 and has been its Lead Independent Director since August 2014. Mr Myers is also an Independent Director of VGI Partners Global Investments Limited.
Former directorships (last three years):	Mr Myers has not held any other directorships of listed companies within the last 3 years.
Special responsibilities:	Mr Myers is a member of the Company's Audit and Risk Committee.
Interests in the Company at 30 June:	Shares: 150,000

Name:	Robert M P Luciano
Title:	Director
Qualifications:	<i>B.Com (Acc/Fin) (UNSW), M.Com (Fin) (UNSW), F Fin, CFA</i>
Experience and expertise:	Mr Luciano founded VGI Partners in 2008. He has more than 25 years' experience as a portfolio manager, equities analyst and accountant.
Other current listed directorships:	Mr Luciano is Chairman and Managing Director of VGI Partners Limited and a Director of VGI Partners Global Investments Limited.
Former directorships (last three years):	Mr Luciano has not held any other directorships of listed companies within the last 3 years.
Interests in the Company at 30 June:	Shares: 3,045,065

Name:	Douglas H Tynan
Title:	Director
Qualifications:	<i>B.Com (Acc) (UQLD), B.Econ (Fin) (UQLD), F Fin, CFA</i>
Experience and expertise:	Mr Tynan joined VGI Partners in 2008 and has more than 15 years' experience as an equities analyst and accountant. On 22 June 2020, Mr Tynan resigned from his executive role with VGI Partners.
Other current listed directorships:	Mr Tynan is a Director of VGI Partners Limited and VGI Partners Global Investments Limited.
Former directorships (last three years):	Mr Tynan has not held any other directorships of listed companies within the last 3 years.
Interests in the Company at 30 June:	Shares: 429,800

Name: **William F Brown**

Title: Independent Director

Qualifications: B.A (Econ) (University of Pennsylvania), MBA (Columbia Business School)

Experience and expertise: Mr Brown has over 30 years of investment experience as a principal and advisor. Currently, Mr Brown is the Chief Investment Officer of Terrace Tower Group, a Sydney and New York based real estate and investment company started by John Saunders, one of two co-founders of Westfield Group.

Mr Brown also has served as a Partner and member of the investment committee at AIM13, a multi-family investment office with more than US\$1 billion invested in alternative assets. Previously, he was a Senior Portfolio Manager at Hartz Capital, a privately-owned multi-strategy hedge fund associated with the Leonard Stern family office.

Prior to joining Hartz, Mr Brown worked at Berenson & Company, Credit Suisse First Boston, Lazard Frères and Lehman Brothers. Mr Brown began his investment career in 1989 as an investment banking analyst at Salomon Brothers Inc.

Other current listed directorships: Mr Brown does not hold any other directorships in listed companies.

Former directorships (last three years): Mr Brown has not held any other directorships of listed companies within the last 3 years.

Special responsibilities: Mr Brown is a member of the Company's Audit and Risk Committee.

Interests in the Company at 30 June: Shares: 100,000

Name: **Adelaide H McDonald**

Title: Independent Director

Qualifications: *B.Com (Acc/Fin) (UQLD), B.BusMan (UQLD), CFA*

Experience and expertise: Ms McDonald has over 10 years' experience in corporate advisory and equity research. Most recently she was an Associate Director at KPMG in the Mergers and Acquisitions practice with previous roles at Wilson HTM and BDO Kendalls. Ms McDonald has been a Director of the Company since 31 August 2019.

Other current listed directorships: Ms McDonald is an Independent Director of VGI Partners Global Investments Limited.

Former directorships (last three years): Ms McDonald has not held any other directorships of listed companies within the last three years.

Special responsibilities: Ms McDonald is Chair of the Company's Audit and Risk Committee.

Interests in the Company at 30 June: Shares: 40,000

Name: **Ian J Cameron**

Title: Company Secretary

Qualifications: *B.Com (Acc) (UMACQ), CA, B.Laws (UOW), GDLP (UOW)*

Experience and expertise: Mr Cameron has more than 13 years' experience in investment management and professional services. Prior to joining the Company in 2018, Mr Cameron worked at Pantheon Ventures and Aspect Capital in London, after starting his career at KPMG in Sydney. He is a member of the Chartered Accountants Australia and New Zealand, and a Solicitor of the Supreme Court of NSW.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the period from 31 July 2019 to 30 June 2020, and the number of meetings attended by each Director were:

	Board Meeting		Audit and Risk Committee *	
	A	B	A	B
Lawrence Myers	3	3	2	2
Robert M P Luciano	3	3	#	#
Douglas H Tynan	3	3	#	#
Adelaide H McDonald	2	3	1	2
William F Brown	2	3	2	2

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the period ended 30 June 2020

= Not a member of committee

* the Audit and Risk Committee convened its inaugural meeting in January 2020.

Remuneration Report (Audited)

The Directors are the only people considered to be key management personnel of the Company.

This Report details the nature and amount of remuneration for each Director of the Company in accordance with the *Corporations Act 2001*.

Details of remuneration

Robert Luciano and Douglas Tynan are Directors of VGI Partners Limited, and do not receive Directors' fees from the Company. The Company Secretary is remunerated by VGI Partners Limited.

The Company does not have a remuneration committee. The Board from time to time determines the remuneration of Independent Directors within the maximum amount approved by shareholders at the Annual General Meeting. The maximum total remuneration of the Directors of the Company has been set at \$300,000 per annum.

The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors. The Directors' remuneration is not linked to the Company's performance and is reviewed annually.

Independent Directors do not receive bonuses nor are they issued options over securities as part of their remuneration. Independent Directors' fees cover all main Board activities and membership of committees, which reflect the demands that are made on them and their responsibilities.

The following table shows details of the remuneration received or receivable by the Independent Directors of the Company for the period ended 30 June 2020.

Name	Position	Short term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Lawrence Myers	Independent Chairman	58,846	5,590	64,436
Adelaide H McDonald	Independent Director	45,873	4,358	50,231
William F Brown	Independent Director	50,231	–	50,231
		154,950	9,948	164,898

The following table reflects the Company's performance and Directors' remuneration for the period ended 30 June 2020 (see footnote):

	2020 *
Operating loss after tax (\$)	(2,308,312)
NTA after tax (\$ per share)	2.50
Total Directors' remuneration (\$)	164,898
Earnings / (loss) per share (cents)	(1.28)

* For the period from 31 July 2019 (incorporation) to 30 June 2020.

Director related entity remuneration

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

As noted on page 11, Robert Luciano and Douglas Tynan are Directors of the Manager and remunerated by VGI Partners Limited.

The fees payable to the Manager are listed below:

- **Management fee:** The Manager is entitled to be paid a management fee equal to 1.5% p.a. (plus GST) of the value of the Company's portfolio calculated on the last business day of each month and paid monthly in arrears.

For the period ended 30 June 2020, the Manager earned management fees of \$5,542,695 exclusive of GST.

- **Performance fee:** 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.

For the period ended 30 June 2020, the Manager earned nil performance fees.

Robert Luciano, Douglas Tynan and Robert Poiner have agreed to re-invest, from the dividends they receive from VGI Partners, their 'look through' after tax share of any performance fees (after deduction of corporate income tax payable by the Manager) received by the Manager from the Company, multiplied by the dividend payout ratio for the VGI Partners Dividend. The Principal Shareholders will reinvest by subscribing for Shares in the Company. Refer to page 40 for further details on the reinvestment agreement.

No Director has received or become entitled to receive a benefit (other than those detailed in the Remuneration Report) by reason of a contract made by the Company or a related company with the Director or with a firm of which they are a member or with a company in which they have substantial financial interest.

Equity instrument disclosures relating to Directors

As at the balance date, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held:	Opening balance at			Closing balance at
Name	31 July 2019	Acquisitions *	Disposals	30 June 2020
Lawrence Myers	–	150,000	–	150,000
Robert M P Luciano	–	3,045,065	–	3,045,065
Douglas H Tynan	–	429,800	–	429,800
Adelaide H McDonald	–	40,000	–	40,000
William F Brown	–	100,000	–	100,000
Total	–	3,764,865	–	3,764,865

* Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

End of Remuneration Report

Insurance and indemnification of Officers and auditors

During the period ended 30 June 2020, the Company paid a premium to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director and Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors and Officers of their position.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an Auditor of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Board of Directors is satisfied that the provision of other services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 17 did not compromise the Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to the Auditor's independence in accordance with the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the Annual Report have been rounded to the nearest dollar unless otherwise specified.

This report is signed in accordance with a resolution of the Directors.



Lawrence Myers
Chairman
Sydney
20 August 2020

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

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

In relation to the independent audit of VGI Partners Asian Investments Limited for the period ended 30 June 2020, I declare that 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 APES 110 Code of Ethics for Professional Accountants (including Independence Standards).



S M Whiddett
Partner

Pitcher Partners
Sydney

20 August 2020

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the period from 31 July 2019 to 30 June 2020

	Note	2020 \$
Income		
Net losses on financial assets / liabilities measured at fair value through profit or loss		(557,251)
Dividend income		1,910,147
Interest income		1,858,464
Other income		10,898
Net income		3,222,258
Expenses		
Management fees		(5,681,262)
Dividends on shorts		(324,402)
Directors fees including on costs	15	(164,898)
Stock loan fees		(64,021)
Other expenses		(226,462)
Total expenses		(6,461,045)
Loss before income tax		(3,238,787)
Income tax credit	5	930,475
Loss after income tax attributable to members of the Company		(2,308,312)
Other comprehensive income		
Other comprehensive income for the period, net of tax		–
Total comprehensive loss for the period		(2,308,312)
Basic and diluted loss per share	22	(1.28) cents

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2020

	Note	2020 \$
Assets		
Cash and cash equivalents	7	398,548,772
Trade and other receivables	8	794,492
Financial assets (securities owned long)	4 & 9	268,739,716
Deferred tax assets	6	2,302,462
Total assets		670,385,442
Liabilities		
Amounts due to brokers	7	113,714,522
Trade and other payables	10	1,056,700
Deferred tax liabilities	6	1,371,987
Total liabilities		116,143,209
Net assets		554,242,233
Equity		
Issued capital	11	556,550,545
Accumulated losses	12	(33,215,203)
Profits reserve	13	30,906,891
Total equity		554,242,233

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period from 31 July 2019 to 30 June 2020

	Issued Capital \$	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
Loss for the period	–	(2,308,312)	–	(2,308,312)
Transfer to profits reserve	–	(30,906,891)	30,906,891	–
Balance at 30 June 2020	556,550,545	(33,215,203)	30,906,891	554,242,233

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the period from 31 July 2019 to 30 June 2020

	Note	2020 \$
Cash flow used in operating activities		
Proceeds from the sale of investments		129,720,452
Payments for the purchase of investments		(405,841,403)
Dividends received		1,229,626
Interest received		3,075,941
Realised foreign exchange gains		13,833,339
Management fees paid		(5,024,450)
Stock loan fees paid		(61,639)
Dividends on shorts		(199,205)
Director fees paid		(149,528)
Insurance fees paid		(211,435)
Interest paid		(1,072,404)
Other expenses paid		(6,235)
Net cash outflow from operating activities	21	(264,706,941)
Cash flow from financing activities		
Proceeds from shares issued on initial public offer		556,550,542
Net cash inflow from financing activities		556,550,542
Net increase in cash and cash equivalents held		291,843,601
Effects of exchange rate changes on cash balances of cash held in foreign currencies		(7,009,354)
Cash and cash equivalents as at the date of incorporation		3
Cash and cash equivalents as at the end of the period	7	284,834,250

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the period ended 30 June 2020

1. General information

The Company is a listed public company domiciled in Australia. The financial statements were authorised for issue on 20 August 2020 by the Directors of the Company.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets and financial liabilities.

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest dollar unless otherwise specified.

b) Statement of Compliance

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

c) Comparative period

The Company was incorporated on 31 July 2019 and its shares were listed and commenced trading on the ASX on 13 November 2019 (**commencement date**). The Company's first reporting period covers 31 July 2019 to 30 June 2020 and as a result, there are no prior period comparatives.

2. Significant accounting policies (continued)

d) Investments

i) 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.

ii) 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.

iii) Measurement

Financial assets and liabilities 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.

e) Fair Value Measurement

When a financial asset is measured at fair value, the value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Assets measured at fair value are classified into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Shares that are listed or traded on an exchange are fair valued using last sale price, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

f) Income and Expenditure

Net gains / (losses) on financial assets and financial liabilities arising on a change in fair value are calculated as the difference between the fair value at period 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.

2. Significant accounting policies (continued)

g) Income Tax

The income tax expense or benefit for the period is the tax payable on that period'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 assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority.

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

h) 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.

i) Amounts due to brokers

Facilities provided by brokers are repayable on demand and form an integral part of the Company's cash management. The balance will fluctuate from being positive to negative as cash management needs arise, rather than part of its operating, investing and financing activities.

j) 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. For the Statement of Cash Flows presentation purposes, cash and cash equivalents also includes amounts due to brokers, which are shown within the current liabilities on the Statement of Financial Position.

k) Profits reserve

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

l) Dividends

Dividends are recognised when declared during the financial year.

m) Trade and other receivables

Trade and other receivables relate to outstanding settlements, interest and dividends receivable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any allowance for expected credit losses when relevant.

2. Significant accounting policies (continued)

n) 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 period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

o) Share capital

Ordinary shares are classified as equity.

p) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period.

q) Critical accounting estimates and judgments

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Directors base their judgements and estimates on historical experience and various other factors, including expectations of future events, which the Directors believe to be reasonable under the circumstances.

There are no estimates or judgements that have a material impact on the Company's financial results for the period ended 30 June 2020. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

r) New accounting standards and interpretations

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period. These Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

s) Functional and presentation currency

Items included in the financial statements are presented and measured in Australian dollars, the currency of the primary economic environment in which the Company operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates applicable at the transaction date.

At reporting date, monetary items are translated at the exchange rate applicable at reporting date, and non-monetary items carried at fair value are translated at the rates applicable at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within the disclosure 'Net losses on financial instruments measured at fair value through profit or loss'.

3. Financial risk management

The Company's financial instruments consist mainly of listed investments, deposits with banks, trade and other receivables and trade payables, and as a result financial risks include market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of the Company, with the Manager, has implemented a risk management framework to manage and mitigate these risks.

a) Market risk

i) Price risk

Price risk arises from investments held by the Company and classified in the Statement of Financial Position as 'Financial assets'.

The Manager seeks to manage market risk by careful selection of securities in accordance with its investment process, including formalised research, due diligence, capital allocation decision making, ongoing monitoring, financial modelling as well as managing net equity exposure levels.

The Investment Strategy provides investors with access to a concentrated portfolio, predominantly comprised of long investments and positions in Asian listed securities and other companies with significant exposure to the Asian market. A breakdown of the Company's overall market exposures at the financial reporting date are below:

	2020
	\$
Financial assets (securities owned long)	268,739,716
Net overall exposure	268,739,716

At the reporting date, had equity prices of securities owner long moved by +/- 10% with other variables held constant, the movement in profit before income tax would be approximately +/- \$26,873,972.

3. Financial risk management (continued)**a) Market risk (continued)****ii) Foreign currency risk**

The Company holds assets and performs transactions denominated in currencies other than its functional currency, the Australian dollar. As a result, it is exposed to the effects of exchange rate fluctuations, creating foreign currency risk. The Manager manages the exchange rate exposures within approved policy parameters, monitors exchange rates closely as part of its portfolio management and may hedge some or all of its exposure to foreign currency exchange risk.

	Liabilities 2020 \$ AUD	Assets 2020 \$ AUD
United States Dollar (USD)	(88,292,095)	363,877,170
Japanese Yen (JPY)	(154,619,321)	154,260,415
Euro (EUR)	(21,763,317)	22,771,393
Singapore Dollar (SGD)	(7,721,011)	8,301,737
Swiss Franc (CHF)	(23,770,574)	23,968,861
Hong Kong Dollar (HKD)	(39,144,096)	40,235,983

The table below performs a sensitivity analysis of the effect on the net assets attributable to shareholders (and profit before income tax) due to a possible movement of the currency rate against the Australian dollar with all other variables held constant.

Currency	AUD equivalent in exposure by currency	Change in variable	Profit / (loss) attributable to shareholders
	2020 \$	+ / - %	2020 \$
USD Impact	275,585,075	5%/-5%	13,779,254 / (13,779,254)
JPY Impact	(358,906)	5%/-5%	(17,945) / 17,945
EUR Impact	1,008,076	5%/-5%	50,404 / (50,404)
SGD Impact	580,726	5%/-5%	29,036 / (29,036)
CHF Impact	198,287	5%/-5%	9,914 / (9,914)
HKD Impact	1,091,887	5%/-5%	54,594 / (54,594)

iii) Cash flow and fair value interest rate risk

Interest rate risk is the possibility the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest-bearing. Any interest-bearing financial assets and financial liabilities either mature or reprice in the short term. As a result, the Company is subject to limited exposure to fluctuations in market interest rates which would create interest rate risk. We note that the Company does also hold substantial cash positions which are directly affected by interest rate movements, but at balance date, interest rates on these cash accounts are at historically low levels.

3. Financial risk management (continued)**a) Market risk (continued)****iii) Cash flow and fair value interest rate risk (continued)**

2020	Floating \$	Fixed \$	Total \$
Cash and cash equivalents	398,548,772	–	398,548,772
Amounts due to brokers	(113,714,522)	–	(113,714,522)
Total	284,834,250	–	284,834,250

The sensitivity analysis below has been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period, in the case of instruments that have floating interest rates.

The following table illustrates the effect on interest income from possible changes in interest rates that were reasonably possible based on the risk the Company was exposed to at reporting date:

	Change in variable + / - %	2020
Interest rate risk	0.50% / -0.50%	1,424,171 / (1,424,171)

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty (bank and prime broker) by failing to discharge an obligation.

The Manager has adopted a policy of only dealing with what it assesses to be creditworthy counterparties, conducting due diligence of all new counterparties, monitoring the creditworthiness and ratings of counterparties on an ongoing basis and obtaining sufficient collateral or other security (where appropriate), as a means of mitigating the financial risk of financial loss from default. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty risk. Credit risk on cash and cash equivalents is not considered to be a major risk to the Company as the majority of cash is held with major Australian banks and their 100% owned banking subsidiaries, being institutions that have a Standard & Poor's A-1+ rating.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the Statement of Financial Position, including the carrying amount of cash and cash equivalents, financial assets (securities owned long) that may have been collateralised against borrowed stock and are held under a custody arrangement, and trade and other receivables.

Under the arrangements which the Company has entered into to facilitate stock borrowing for covered short selling, borrowed stock is collateralised by the long stock portfolio. If the stock borrowing counterparty became insolvent, it is possible that the Company may not recover all of the collateral that the Company gave to the counterparty.

None of the assets exposed to credit risk are overdue or considered to be impaired.

3. Financial risk management (continued)**c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Under the Investment Management Agreement, the Manager has agreed to pay all of the Company's operating expenses except for Directors' fees and all premiums payable for Directors and Officers insurance. The Manager maintains the Company's unencumbered cash balances at sufficient levels to ensure that the Company can meet these expense outgoings as and when they fall due. Further, the Manager closely manages and monitors the allocation of the Company's investment assets between cash, the purchase of securities and the settlement of short positions in accordance with its investment process, as well as tax thereon to be paid to the ATO.

The assets of the Company are predominantly in the form of readily tradeable securities which can be sold on-market if necessary.

The tables below summarise the maturity profile of the Company's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2020	Less than 1 month \$	More than 1 month \$	Total \$
Financial liabilities			
Amounts due to brokers	113,714,522	–	113,714,522
Trade and other payables	1,056,700	–	1,056,700
Total financial liabilities	114,771,222	–	114,771,222

4. Fair value measurements

The Company measures and recognises its investments as financial assets 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 (as prices) or indirectly (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. 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 period.

At 30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets (securities owned long) *	268,739,716	–	–	268,739,716

* Refer to note 23 for a breakdown of individual holdings.

5. Income tax credit 2020

a) Income tax recognised in profit or loss

Current tax credit	–
Deferred tax credit	930,475
Total income tax credit in profit or loss	930,475

Total income tax credit results from:

Current tax liability	–
Deferred tax assets	2,302,462
Deferred tax liability	(1,371,987)
Income tax credit	930,475

b) Income tax recognised in profit or loss

Loss before income tax expense	(3,238,787)
Tax at the full Australian corporate tax rate of 30%	971,636
Foreign income tax offset gross up	(41,161)
Income tax credit recognised in profit or loss	930,475

6. Deferred tax assets / liabilities	2020
	\$
a) Deferred tax assets	
The deferred tax assets balance comprises temporary differences attributable to:	
Other temporary differences	2,302,462
Closing balance	2,302,462
Movement in deferred tax assets:	
Opening balance	—
Tax losses	2,301,616
Director fees	846
Closing balance	2,302,462
b) Deferred tax liabilities	
The deferred tax liabilities balance comprises temporary differences attributable to:	
Other temporary differences	1,371,987
Closing balance	1,371,987
Movement in deferred tax liabilities:	
Opening balance	—
Unrealised foreign exchange loss	(2,102,806)
Dividends receivable	204,156
Unrealised gains market value movement	3,270,637
Closing balance	1,371,987

7. Cash and cash equivalents	2020
	\$
Cash at bank	398,548,772
Amounts due to brokers	(113,714,522)
Total	284,834,250

* Refer to note 2. i) for additional information.

8. Trade and other receivables	2020
	\$
Dividends receivable	680,521
GST receivable	109,052
Interest receivable	4,919
Total	794,492

9. Financial assets and liabilities at fair value through profit or loss	2020
	\$

Financial assets at fair value through profit or loss are all held for trading and include the following:

Listed investments held long at fair value *	268,739,716
--	-------------

Financial liabilities at fair value through profit or loss are all held for trading and include the following:

Listed investments sold short at fair value	—
---	---

* Refer to note 23 for a breakdown of individual holdings.

10. Trade and other payables	2020
	\$
Management fees payable	761,780
Other payables	294,920
Total	1,056,700

11. Issued capital	Number of Shares	\$
Initial subscription upon incorporation (31 July 2019)	1	3
Shares issued under Initial Public Offering @ \$2.50	222,620,217	556,550,542
Closing balance as at 30 June 2020	222,620,218	556,550,545

Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged. To achieve this, the Board of Directors monitor the monthly NTA results, investment performance and share price movements.

The Board is focused on maximising returns to shareholders with capital management a key objective of the Company. The Company is not subject to any externally imposed capital requirements.

12. Accumulated losses	2020 \$
Opening balance	—
Transfer to profits reserve	(30,906,891)
Loss for the period	(2,308,312)
Closing balance	(33,215,203)

13. Profits reserve	2020 \$
Opening balance	—
Transfer of profits during the period	30,906,891
Closing balance	30,906,891

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

Movements in profits reserve:	2020 \$
Balance at the beginning of period	—
Transfer of profits during the period	30,906,891
Balance at the end of period	30,906,891

14. Dividends

a) Ordinary dividends paid or declared during the period

No dividend was proposed or paid during the period ended 30 June 2020.

b) Dividend franking account

The franking balance as at 30 June 2020 was nil.

15. Key management personnel disclosures

a) Remuneration

	2020 \$
Short-term employment benefits	154,950
Post-employment benefits	9,948
Total	164,898

Detailed remuneration disclosures are provided in the Remuneration Report on page 11.

b) Ordinary shares held

Refer to Remuneration Report 'equity instrument disclosures relating to directors' (page 12) for further details.

16. 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 and paid monthly in arrears.

For the period ended 30 June 2020, the Manager earned management fees of \$5,542,695 exclusive of GST.

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 the commencement date 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.

Refer to Shareholder Information part (g) (page 40) for details of the reinvestment agreement.

17. Remuneration of Auditor

During the period the following fees were paid or payable for services provided by the Auditor of the Company, its related practices and non-related audit firms:

	2020 \$
Investigating accountant's role for the IPO Prospectus	35,000
Audit and review of financial statements	53,000
Taxation services	12,750
Total remuneration for audit and other assurance services	100,750

The Company's audit and other assurance service fees are being paid by the Manager under the Investment Management Agreement.

18. Contingencies and commitments

The Company had no material contingent liabilities or capital commitments as at 30 June 2020.

19. Segment Information

The company only has one reportable segment and one industry. It operates in Australia and in the securities industry. It earns revenue from dividend income, interest income and other returns on an investment portfolio.

20. Events occurring after the reporting year

The Company is not aware of any other matter or circumstance since the end of the financial year not otherwise dealt with in this report, that has, or may, significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

21. Reconciliation of loss after income tax to net cash inflow from operating activities

	2020 \$
Loss for the period	(2,308,312)
Fair value movements in financial assets	(3,892,768)
Changes in assets / liabilities:	
Increase in trade and other receivables	(794,492)
Increase in investments	(257,837,594)
Increase in deferred tax assets	(2,302,462)
Increase in trade and other payables	1,056,700
Increase in deferred tax liabilities	1,371,987
Net cash outflow from operating activities	(264,706,941)

22. Earnings per share2020
\$

Loss after income tax used in the calculation of basic and diluted earnings per share	(2,308,312)
Basic and diluted loss per share	(1.28) cents

	Number of Shares
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted loss per share	180,366,791

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

23. Investment portfolio as at 30 June 2020

Company name	Stock code	Market value \$
Kikkoman Corp	2801 JP	36,103,350
Yakult Honsha Co Ltd	2267 JP	34,494,497
Olympus Corp	7733 JP	29,571,142
Cie Financiere Richemont	CFR SW	23,968,861
Unicharm Corp	8113 JP	23,115,842
Hong Kong Exchanges and Clearing Limited	388 HK	21,697,320
MTR Corp	66 HK	18,538,663
Kewpie Corp	2809 JP	15,482,030
Japan Exchange Group Inc	8697 JP	14,952,360
Remy Cointreau	RCO FP	13,382,301
Crown Resorts Ltd	CWN AU	10,128,532
Star Entertainment Group Ltd	SGR AU	9,072,795
Singapore Tech Engineering	STE SP	8,301,737
Moet Hennessy Louis Vuitton	MC FP	3,979,401
Hermes International	RMS FP	3,767,468
Brunello Cucinelli SPA	BC IM	1,642,223
Systemex Corp	6869 JP	541,194
Total Long Portfolio		268,739,716
Net investment Portfolio		268,739,716

Directors' Declaration

In accordance with a resolution of the Directors of VGI Partners Asian Investments Limited (**the Company**), the Directors of the Company declare that:

- a) the financial statements and notes set out on pages 15 to 33 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - ii) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial period ended 30 June 2020;
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- c) Note 2(b) to the financial statements confirms compliance with International Financial Reporting Standards; and
- d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



Lawrence Myers
Chairman
Sydney
20 August 2020

**Independent Auditor's Report
To the Members of VGI Partners Asian Investments Limited
ABN 58 635 219 484**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VGI Partners Asian Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period 31 July 2019 (date of incorporation) to 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of VGI Partners Asian Investments Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the period then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Existence, Completeness and Valuation of Financial Assets and Financial Liabilities</p>	
<p>Refer to Note 9: Financial assets and liabilities at fair value through profit or loss</p>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>Financial assets consist of listed securities and are considered to be non-complex in nature with fair value based on readily observable market data. Consequently, these investments are classified under Australian Accounting Standards as "Level 1" (i.e. where the valuation is based on quoted prices in the market). All financial assets with observable market data in a currency other than presentation currency are valued in presentation currency (Australian dollars) utilising the period end foreign exchange rates.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the investment management process and controls; ▪ Reviewing and evaluating the independent audit reports on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians; ▪ Obtaining confirmation of the investment holdings directly from the Custodians; ▪ Recalculating and assessing the Company's valuation of individual investment holdings to independent pricing sources; ▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.
<p>Accuracy of Management Fees and Performance Fees</p>	
<p>Refer to Note 10: Trade and other payables, Note 16 Related party transactions</p>	
<p>We focused our audit effort on the accuracy of calculating the management fees and performance fees as they are significant expenses of the Company and their calculation may require adjustments for major events such as payment of company dividends and taxes, capital raisings and capital reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager. Key inputs include portfolio movements and watermark benchmarking in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments for major events such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs such as portfolio movements, application of the relevant index benchmarking, set percentage used in the calculation of management and performance fees, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements.

**Independent Auditor's Report
To the Members of VGI Partners Asian Investments Limited
ABN 58 635 219 484**

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the financial period ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 12 of the Directors' Report for the financial period ended 30 June 2020. In our opinion, the Remuneration Report of VGI Partners Asian Investments Limited, for the financial period ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M Whiddett
Partner

20 August 2020



Pitcher Partners
Sydney

Shareholder Information

The Shareholder information set out below was applicable as at 31 July 2020.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

a) Substantial Holders

The following parties have notified the Company that they have a substantial relevant interest in the ordinary shares of VGI Partners Asian Investments Limited in accordance with section 671B of the Corporations Act 2001:

Name	Ordinary shares	
	Number held	% of total shares issued
VGI Partners Limited and its associates	12,058,001	5.42 *
Pine Ridge Holdings Pty Ltd	12,000,000	5.39 *

*Based on the last substantial shareholder notice lodged on 18 November 2019.

b) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder present at a meeting or by proxy has one vote on a show of hands.

c) Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

d) Unquoted Securities

There are no unquoted shares.

e) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares		
	No of Shareholders	Shares	Percentage (%)
1 - 1,000	132	75,290	0.03
1,001 - 5,000	1,248	3,937,063	1.77
5,001 - 10,000	1,216	9,777,889	4.39
10,001 - 100,000	2,309	70,805,949	31.81
100,001 and over	172	138,024,027	62.00
Total	5,077	222,620,218	100.00

f) Equity security holders

Twenty largest quoted equity security holders as at 31 July 2020:

Name	Ordinary shares Number held	Percentage of issued shares (%)
HSBC Custody Nominees (Australia) Limited	35,174,326	15.800%
Pine Ridge Holdings Pty Ltd	12,000,000	5.390%
VGI Partners Limited	10,813,123	4.857%
National Nominees Limited	10,603,516	4.763%
Morgan Stanley Australia Securities (Nominee) Pty Limited	8,800,000	3.953%
Luciano Family Group Investments Pty Limited	3,000,000	1.348%
BNP Paribas Nominees Pty Ltd - HUB24 Custodial Serv Ltd DRP	2,647,613	1.189%
Barana Capital Pty Ltd	2,000,000	0.898%
Citicorp Nominees Pty Limited - DPSL A/C	1,962,010	0.881%
Netwealth Investments Limited - Wrap Services A/C	1,919,522	0.862%
Transfield Finance Pty Ltd	1,800,000	0.809%
Liangrove Media Pty Limited	1,200,000	0.539%
J P Morgan Nominees Australia	1,160,814	0.521%
Escor Operations (HBC) Pty Ltd	1,100,000	0.494%
Cavaress Pty Limited	835,743	0.375%
Bermria Pty Ltd	800,000	0.359%
Bond Street Custodians Limited - Willim - V01303 A/C	800,000	0.359%
Colinton Nominees Pty Ltd	800,000	0.359%
Fasopo Pty Ltd	800,000	0.359%
Gurravembi Investments Pty Ltd	800,000	0.359%
Ironhand Pty Ltd	800,000	0.359%
Samantha Ogilvie Investment Pty Ltd	800,000	0.359%
Tappenden Holdings Limited	800,000	0.359%
Tynan Investments Pty Ltd	800,000	0.359%
Total Top 20 Holding	102,216,667	45.910%

* The top 20 holdings include 24 entities due to multiple entities having equal holdings.

g) Securities Subject to Voluntary Escrow

Robert Luciano, Douglas Tynan and Robert Poiner have entered into a Reinvestment Agreement with VGI Partners Limited and VG8, pursuant to which was agreed, to the maximum extent permitted by law, to re-invest, from the dividends received from VGI Partners Limited (**VGIP Dividend**), their 'look through' after tax share of any performance fees (after deduction of corporate income tax payable by the Manager) received by the Manager from the Company, multiplied by the dividend payout ratio for the VGIP Dividend (**Reinvestment Arrangements**). The Principal Shareholders will reinvest by subscribing for Shares in the Company and will enter into long-term voluntary escrow arrangements in respect of the Shares acquired (whether by issue or transfer) in respect of the Reinvestment Arrangements. Accordingly, the Relevant Interest held by Robert Luciano, Douglas Tynan and Robert Poiner in the Company may increase to the extent that Shares are issued to them under the Reinvestment Arrangements.

Corporate Directory

Board of Directors

Lawrence Myers – Chairman
Robert M P Luciano
Douglas H Tynan
Adelaide H McDonald
William F Brown

Company Secretary

Ian J Cameron

Head of Investor Relations

Ingrid L Groer
T: 1800 571 917 (inside Australia)
T: +61 2 9237 8923 (outside Australia)
E: investor.relations@vgipartners.com

Investment Manager

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

Registered Office

39 Phillip Street
Sydney NSW 2000

Website

www.vgipartners.com/lics/vg8

Share Registrar

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: 1300 737 760 (inside Australia)
T: + 61 2 9290 9600 (outside Australia)
E: enquiries@boardroomlimited.com.au

Auditor

Pitcher Partners
Level 16, Tower 2, Darling Park
201 Sussex St
Sydney NSW 2000
T: (02) 9221 2099

Prime Brokers and Custodians

Morgan Stanley & Co. LLC
1585 Broadway, 6th Floor
New York, NY 10036, United States of America

Goldman Sachs & Co. LLC
200 West Street, 29th Floor
New York, NY 10282, United States of America

ASX Code

VG8

VGI Partners
Asian Investments Limited

39 Phillip Street
Sydney NSW 2000 Australia

T: 1800 571 917
www.vgipartners.com/lics/vg8