

**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>\$2.26</b>
Listing Date	<b>13 November 2019</b>
Portfolio Size	<b>\$589.5 million</b>
Shares on Issue	<b>222.6 million</b>
Market Capitalisation	<b>\$503.1 million</b>

**Investment Guidelines**

No. of Long Investments <b>Typically, 15 to 30; currently 19</b>	No. of Short Positions <b>Typically, 5 to 25; currently 0</b>
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**Month End Exposures**

Long Equity Exposure	<b>65%</b>
Short Equity Exposure	<b>(0%)</b>
Gross Equity Exposure	<b>65%</b>
Net Equity Exposure	<b>65%</b>
Cash Weighting	<b>35%</b>

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

<b>Pre-Tax NTA<sup>1</sup></b>	<b>Post-Tax NTA<sup>2</sup></b>
<b>\$2.65</b>	<b>\$2.63</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>Return</b>	<b>Pre-Tax NTA</b>	<b>Post-Tax NTA</b>	<b>Share Price</b>
1 month	8.4%	7.2%	13.0%
3 months	5.6%	4.9%	17.4%
6 months	4.6%	4.0%	8.1%
Financial Year to Date	6.5%	5.5%	18.6%
Since Inception	5.9%	5.4%	-9.6%
Compound Annual Return	5.6%	5.1%	-9.2%

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

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

Top Ten Long Investments: 54% of VG8 Portfolio



**8% Nintendo Co. Ltd (TYO: 7974)** – A Japanese-listed multinational consumer electronics and video game company which has produced some of the industry’s most successful consoles such as the Game Boy and the Nintendo Switch. Nintendo also has a high-quality intellectual property portfolio with franchises including Donkey Kong, Mario and Pokémon.



**7% Olympus Corporation (TYO: 7733)** – Having launched the world’s first commercial gastro-camera in 1952, Olympus is the global leader in gastrointestinal endoscopes with a global market share of over 70%.



**7% Cie Financière Richemont SA (SWX: CFR)** – 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.



**7% Crown Resorts Ltd (ASX: CWN)** – Crown Resorts is Australia’s largest gaming and entertainment group and operates a number casino and hotel venues. It holds exclusive casino licenses in Melbourne and Perth.



**6% Yakult Honsha Co. Ltd (TYO: 2267)** – A pioneer in probiotic products, Yakult is listed in Japan with operations in 40 countries. Three quarters of earnings are generated outside of Japan.



**5% Pernod Ricard SA (EPA: RI)** – A French-based wine and spirits producer, Pernod Ricard has brands across every category of wine and spirits. The company generates around half of its earnings in Asia, and (prior to COVID) revenue in the region was growing at double digit rates.



**5% Japan Exchange Group Inc. (TYO: 8697)** – The monopoly operator of stock exchanges in Japan, Japan Exchange Group was formed as a result of the merger between the Tokyo Stock Exchange and the Osaka Exchange in 2013. The company is the primary gateway for investors to deploy capital into the world’s third largest economy.



**4% Hong Kong Exchanges and Clearing Ltd (HKG: 388)** – Operates the only stock and futures exchange in Hong Kong as well as the London Metals Exchange. As an important capital raising venue for Chinese companies and through its Stock Connect program, HKEX maintains a key position as an enabler of capital flow between China and the rest of the world.



**3% Kewpie Corporation (TYO: 2809)** – A Japanese food manufacturer best known for its mayonnaise sold in plastic squeeze bottles with a Kewpie doll logo. The company has substantial operations in China and southeast Asia.

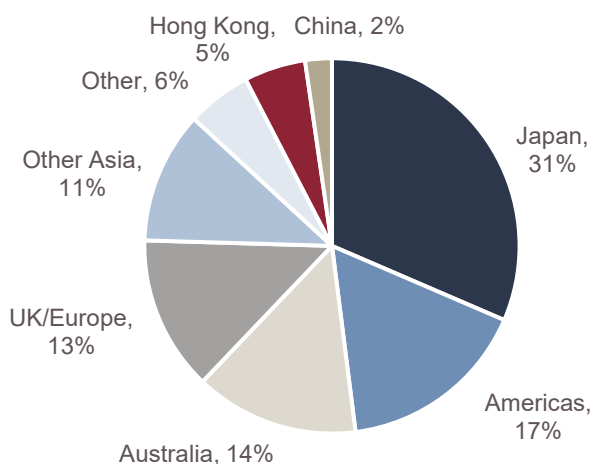


**2% Star Entertainment Group (ASX: SGR)** – Star Entertainment is an Australian gaming and entertainment group with properties in Sydney, Brisbane and the Gold Coast. SGR has a significant tangible asset backing and generates the vast majority of its earnings from its domestic gaming operations. Strategic partnerships with Chow Tai Fook and Far East Consortium give SGR the ability to grow its portfolio over time in a capital light manner.

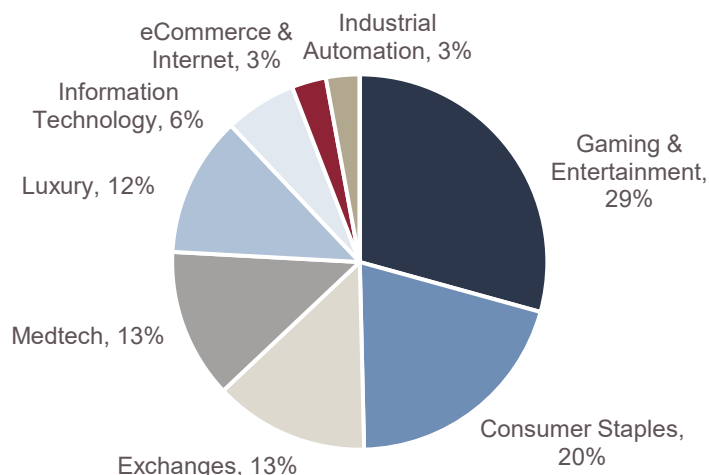
Net Currency Exposures of Portfolio (Equities and Cash)

AUD	100%	% Portfolio NAV Unhedged to AUD	0%
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**Long Portfolio by Regional Exposure  
(Proxied by Revenue)**



**Long Portfolio by Sector**



Sources: VGI Partners, Bloomberg. The revenue mix of each equity investment has been used as a proxy for regional exposure. Sectors have been internally defined.

## Commentary

The portfolio's return (net of all fees and expenses) for the month of November was +7.2%, with the return entirely attributable to the portfolio's Long Investments. There were no Short Positions in November.

Key contributors to the return were Cie Financière Richemont +1.9%, Kikkoman Corporation +1.9% and Crown Resorts +1.1%.

During the month, we exited our position in Kikkoman as a result of valuation having exceeded our estimate of fair value.

## Company Details

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## Board of Directors

**Lawrence Myers, CA**  
Independent Chairman

**David Jones**  
Director

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

**William Brown**  
Independent Director

**Adelaide McDonald, CFA**  
Independent Director

## Key Contacts

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