

**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>\$2.33</b>
Listing Date	<b>13 November 2019</b>
Portfolio Value	<b>\$627.6 million</b>
Shares on Issue	<b>222.6 million</b>
Market Capitalisation	<b>\$518.7 million</b>

**Net Tangible Asset (NTA) Per Share  
After All Applicable Fees and Charges**

Pre-Tax NTA<sup>1</sup>

**\$2.82**

Post-Tax NTA<sup>2</sup>

**\$2.82**

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.

**Investment Guidelines**

No. of Long Investments <b>Typically, 15 to 30; currently 22</b>	No. of Short Positions <b>Typically, 5 to 25; currently 4</b>
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**Month End Exposures**

Long Equity Exposure	<b>73%</b>
Short Equity Exposure	<b>(1%)</b>
Gross Equity Exposure	<b>74%</b>
Net Equity Exposure	<b>72%</b>
Cash Weighting	<b>28%</b>

Return	Pre-Tax NTA	Post-Tax NTA	Share Price
1 month	1.8%	1.5%	0.4%
3 months	3.3%	3.1%	2.6%
6 months	11.3%	10.4%	22.6%
Financial Year to Date	13.4%	13.1%	22.3%
Since Inception	12.8%	12.9%	-6.8%
Compound Annual Return	9.1%	9.2%	-5.0%

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: 59% of VG8 Portfolio



**8% Crown Resorts Ltd (ASX: CWN)** – Operating a number of casino and hotel venues, Crown is Australia’s largest gaming and entertainment group. Crown holds exclusive casino licenses in Melbourne and Perth.



**8% 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%.



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



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



**5% Rakuten Inc. (TYO: 4755)** – Operates one of the leading eCommerce marketplaces in Japan as well as a variety of financial services ranging from online banking to fintech. More recently, Rakuten has added a third pillar to its strategy by building its own telecommunications infrastructure to offer mobile plans to Japanese consumers which should further grow its ecosystem.



**5% Japan Exchange Group Inc. (TYO: 8697)** – The monopoly operator of stock exchanges in Japan, Japan Exchange Group was formed through the merger of 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.



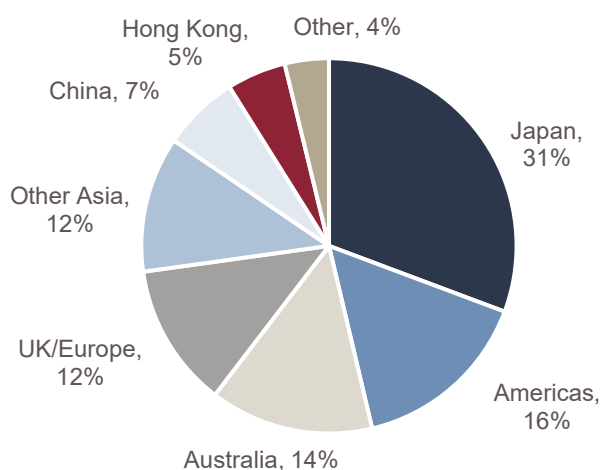
**4% Pernod Ricard SA (EPA: RI)** – French-based wine and spirits producer, Pernod Ricard has brands across every category of wine and spirits. The company generates around half of its earnings in Asia, and (prior to COVID) revenue in the region was growing at double digit rates.

**4% Active Position – Not disclosed.**

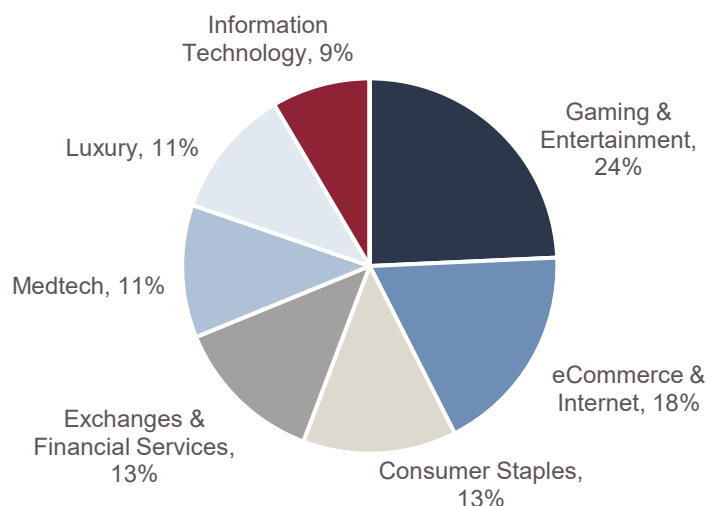
Net Currency Exposures of Portfolio (Equities and Cash)

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 March was +1.5%. The portfolio's Long Investments added +1.4% to performance for the month and the Short portfolio added +0.1%. The portfolio has 100% Australian Dollar exposure (equities and cash) and therefore currency fluctuations did not directly impact the return in March.

Crown Resorts contributed +1.3%, after receiving a takeover proposal from Blackstone. As we presented in our latest investor briefing, we have long viewed Crown as a highly strategic and under-valued asset and were encouraged to see the company attracting takeover interest. Nonetheless, we believe the proposed offer undervalues the business.

Other key contributors were Japan Exchange Group +0.7% and Rakuten +0.5%. Detractors included Nuix -0.5% and Nintendo -0.3%.

One Short Position was closed and four new Shorts added in March.

## 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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