

September 2022<sup>1,2,3</sup>

|   |               |
|---|---------------|
| Post-Tax Net Tangible Assets (NTA) per share  | \$2.31        |
| Net Portfolio Return – September              | -1.8%         |
| Net Portfolio Return – Since Inception (p.a.) | -1.0%         |
| Share Price at Month End                      | \$1.85        |
| Portfolio Size (\$m)                          | \$482 million |
| Portfolio Currency Exposure                   | AUD 100%      |

## September 2022 Performance Commentary

VG8's portfolio net return for September 2022 was -1.8%, the long book detracting -5.6% from returns and the short book contributing +3.8%. Global equities saw their second largest monthly decline since the global financial crisis with the MSCI World Local Currency Index falling -8.5% in September. Asian markets fell by an even larger -9.3% for the MSCI Asia Pacific Local Currency Index. We were pleased to see solid returns in the larger areas of our short book, including Asian container shipping liners, Australian iron ore miners and Australian consumer discretionary companies. Short positions are increasingly important to investment performance and the outlook for generating short returns has improved.

The largest contributors to short book returns in September were the Asian container shipping liners. In the decade prior to COVID-19, container liners regularly reported losses and destroyed capital. During the pandemic, lockdowns drove higher demand for the shipment of stay-at-home items and extra just-in-case inventory for retailers. This coincided with port congestion decreasing the number of ships available to move the goods. A resulting shortage of shipping supply pushed shipping rates up along with container liner stock prices. Shipping rates are now collapsing and in some cases to below break-even levels for the liners amidst higher fuel costs. The outlook is for a record amount of new container shipping capacity, ordered during COVID-19, to come online just as retailers globally reduce overstocked inventory and demand for shipping falls. The container shipping industry is set for a tough time and we believe stocks are yet to fully reflect this new outlook.

Within the Australian consumer discretionary sector, the portfolio holds short positions in a number of companies that, like the container shipping liners, also performed very well during the elevated COVID-19 demand for stay-at-home goods. These are now likely to face a shift back to services spending slowing amidst deteriorating consumer confidence and constrained household spending, as mortgage rates rise. Excess levels of inventory also create the potential for price cuts to clear. The margin pressure does not appear to be currently factored into their high valuations and we see downside to come in the names we are shorting.

**Buy-back:** Approximately 1.3 million VG8 shares were bought at an average price of \$1.92 during September.

**Dividend update:** VG8 paid a final dividend for FY22 of 5.0c (c.51% franked) on 30 September. Shares distributed for the Dividend Reinvestment Plan were bought on-market.

## About VG8

VG8 provides investors with access to an actively-managed, concentrated portfolio, comprising long investments and short positions in securities with exposure to the Asian region.

The portfolio is managed by specialist alternatives investment manager Regal Funds Management (Regal), a fully owned business of Regal Partners Limited, under an investment advisory agreement with VGI Partners Asian Investments Management Pty Ltd. Utilising a fundamental, bottom-up investment approach, the portfolio leverages Regal's extensive experience, network and specialist investment team.

## Company Information

|                  |  |
|------------------|--|
| Name             | VGI Partners Asian Investments Limited |
| ASX Code         | VG8.ASX                                |
| Structure        | Listed Investment Company              |
| Inception        | 13 November 2019                       |
| Shares on Issue  | 216 million                            |
| Management Fees  | 1.50%                                  |
| Performance Fees | 15%                                    |
| High Water Mark  | Yes                                    |
| Registry         | Boardroom Pty Ltd                      |
| Custodian        | Morgan Stanley / Goldman Sachs         |

## About Regal Funds Management

Regal Funds Management, a wholly-owned business within Regal Partners Limited (RPL.ASX), is a multi-award winning, specialist alternative investment manager, founded in 2004. With offices located in Sydney, Singapore and New York, the business has a long history of successfully investing in Asian equity markets, supported by one of the largest fundamental investment teams in the region, comprising over 25 investment professionals.



## Philip King

Philip King is the co-founder and CIO of Regal Funds Management.

Prior to co-founding Regal, Philip was a Portfolio Manager at London-based De Putron Funds Management, specialising in relative value and special situations investment strategies.

Prior to joining DPFM in 2000, Philip was an Equities Analyst at Macquarie Bank for over five years. Philip commenced his career as a chartered accountant at KPMG from 1987-1994.

Philip is widely recognised as one of the key pioneers of the Australian alternative investment industry, having managed absolute return vehicles at Regal for over 17 years. In 2019, Phil was inducted into the Australian Fund Managers Hall of Fame.

## Contact Details

T. 1800 571 917 or +61 2 9237 8923

E. [investorrelations@regalpartners.com](mailto:investorrelations@regalpartners.com)

W. [www.vgipartners.com/lics/vg8/](http://www.vgipartners.com/lics/vg8/)

Portfolio Exposures (% of NTA)

| SECTOR (GICS)          | LONG       | SHORT       | NET        | GROSS       |
|------------------------|------------|-------------|------------|-------------|
| Communication Services | 4%         | 0%          | 4%         | 4%          |
| Consumer Discretionary | 5%         | -14%        | -9%        | 18%         |
| Consumer Staples       | 0%         | -1%         | -1%        | 1%          |
| Energy                 | 24%        | 0%          | 24%        | 24%         |
| Financials             | 1%         | -1%         | 0%         | 2%          |
| Health Care            | 13%        | -1%         | 12%        | 14%         |
| Industrials            | 13%        | -12%        | 1%         | 25%         |
| Information Technology | 8%         | -4%         | 4%         | 12%         |
| Materials              | 20%        | -16%        | 4%         | 36%         |
| Real Estate            | 4%         | 0%          | 4%         | 4%          |
| <b>Total</b>           | <b>91%</b> | <b>-49%</b> | <b>42%</b> | <b>140%</b> |

| REGION (BY LISTING) | LONG       | SHORT       | NET        | GROSS       |
|---------------------|------------|-------------|------------|-------------|
| Australia           | 44%        | -18%        | 27%        | 62%         |
| Hong Kong           | 9%         | -3%         | 6%         | 13%         |
| Japan               | 30%        | -22%        | 7%         | 52%         |
| Korea               | 0%         | -1%         | -1%        | 1%          |
| UK                  | 8%         | -5%         | 2%         | 13%         |
| <b>Total</b>        | <b>91%</b> | <b>-49%</b> | <b>42%</b> | <b>140%</b> |

Portfolio Statistics

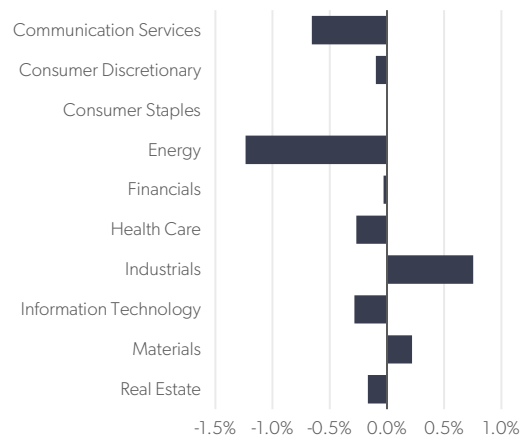
|                                     |         |
|-------------------------------------|---------|
| Long Exposure:                      | 91%     |
| Short Exposure:                     | -49%    |
| Net Exposure:                       | 42%     |
| Gross Exposure:                     | 140%    |
| Average Weighted Market Cap (US\$): | 47,792m |

Distribution History (Ex-date)

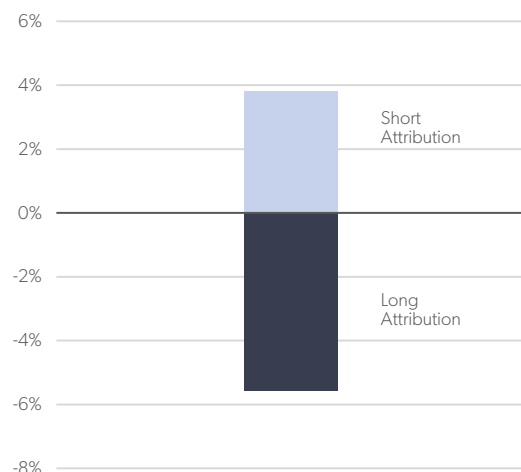
|             |      |
|-------------|------|
| 29 Aug 2022 | 5.0c |
| 16 Mar 2022 | 5.0c |
| 30 Aug 2021 | 5.5c |

Monthly Attribution Analysis

SECTOR ATTRIBUTION



LONG SHORT ATTRIBUTION



Net Portfolio Return<sup>2,3</sup>

|      | JAN   | FEB   | MAR  | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   | YTD   |
|------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2022 | -5.4% | -3.8% | 1.8% | -3.5% | -0.6% | -2.7% | 0.0%  | 7.0%  | -1.8% |       |       |       | -9.1% |
| 2021 | 1.0%  | 0.5%  | 1.8% | 0.0%  | 1.2%  | 0.2%  | -7.2% | -1.3% | -0.9% | 2.6%  | -0.3% | 0.6%  | -2.2% |
| 2020 | 3.8%  | 0.9%  | 5.8% | -4.5% | -1.7% | -1.8% | -2.7% | 3.8%  | 0.9%  | -3.5% | 8.4%  | 3.0%  | 12.1% |
| 2019 |       |       |      |       |       |       |       |       |       |       | 1.0%  | -3.6% | -2.7% |

Disclaimer: This newsletter is provided by Regal Partners Marketing Services Pty Ltd (ACN 637 448 072) (Regal Partners Marketing), a corporate authorised representative of Attunga Capital Pty Ltd (ABN 96 117 683 093) (AFSL 297385) (Attunga). Regal Partners Marketing, Attunga and VGI Partners Asian Investments Management Pty Ltd are businesses of Regal Partners Limited (ABN 33 129 188 450) (together, referred to as Regal Partners). The Regal Partners Marketing's Financial Services Guide can be found on the Regal Partners Limited website or is available on request. VGI Partners Asian Investments Management Pty Ltd is the investment manager of VGI Partners Asian Investments Limited (VG8) and a wholly owned subsidiary of Regal Partners Limited, which is the holder of an Australian Financial Services Licence (No. 321789) and is SEC Registered.

The information in this document (Information) has been prepared for general information purposes only and without taking into account any recipient's investment objectives, financial situation or particular circumstances (including financial and taxation position). The Information does not (and does not intend to) contain a recommendation or statement of opinion intended to be investment advice or to influence a decision to deal with any financial product nor does it constitute an offer, solicitation or commitment by VG8 or Regal Partners.

It is the sole responsibility of the recipient to consider the risks connected with any investment strategy contained in the Information. None of VG8, Regal Partners, their related bodies corporate nor any of their respective directors, employees, officers or agents accepts any liability for any loss or damage arising directly or indirectly from the use of all or any part of the Information. Neither VG8 nor Regal Partners represents or warrants that the Information in this document is accurate, complete or up to date and accepts no liability if it is not.

Source: Citco Fund Services (Net Tangible Assets (NTA)), Bloomberg (Share Price). NTA figures are unaudited.

<sup>1</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. As at 30 September 2022, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.31 per share, which includes \$0.08 per share of income tax losses available to the Company in future periods.

<sup>2</sup> Portfolio Return (Net) is shown after all applicable fees and expenses and is defined as the movement in pre-tax NTA, adjusting for payments owed to/from taxation authorities from earlier periods, plus dividends.

<sup>3</sup> Past performance is not a reliable indicator of future performance.

Date of release: 14 October 2022. Authorised for release by Ian Cameron, Company Secretary. VGI Partners Asian Investments Limited, 39 Phillip Street, Sydney NSW. ABN 58 635 219 484.

