

# Regal Asian Investments

## ASX:RG8

### AUGUST 2023<sup>1,2,3</sup>

Post-Tax Net Tangible Assets (NTA) per share (ex-dividend)	\$2.25
Net Portfolio Return – August	-3.8%
Net Portfolio Return – Since Inception (p.a.)	-0.3%
Share Price at Month End (ex-dividend)	\$1.93
Portfolio Size (\$m)	\$419 million
Portfolio Currency Exposure	Fully hedged to AUD <sup>4</sup>

RG8's net portfolio return for August 2023 was -3.8%, dragged down by the 8.5% decline in the Hang Seng Index.

Many foreign investors have reduced exposure to China over recent years and we think the foreign selling may be nearing an end. Indeed, UBS data shows that the top 40 global investors have cut their weighting in Chinese equities to around 1%. The Hang Seng Index on 9.1x P/E now trades on a near record 56% discount to the US S&P 500 on 20.6x P/E and has been in a bear market for over 5 years since its peak in January 2018.

Meanwhile, we have recently seen mainland Chinese investors increasing their allocations to Hong Kong via the Southbound stock connect. These investors are willing to pay a premium to current Hong Kong market valuations, with mainland A-shares currently trading at a 44% premium to their respective Hong Kong H-shares where there is a dual listing. As Southbound inflows increasingly replace foreign investors, we expect to see the valuations of Hong Kong securities rise from their currently depressed levels.

The short portfolio added value including a Japanese photocopier/printer manufacturer, down 14%. This industry is suffering from long-term structural decline as offices shift from paper to digital, with the process accelerating over the last year, coinciding with a shift towards electronic billing. Printing paper demand fell by over 25% in the key US and EU markets over the last twelve months. We expect substantial downside to future pricing and margins for the photocopier/printer manufacturers as they look to clear their record inventory levels.

We continue to see an appealing array of long and short opportunities in Asia which we believe has the potential to provide a differentiated return profile to other markets globally.

**Buy-back:** In August, approximately 0.5m RG8 shares were bought at an average price of \$1.93.

### ABOUT REGAL ASIAN INVESTMENTS (RG8)

RG8 provides investors with access to an actively-managed, concentrated portfolio, comprising long investments and short positions in securities with exposure to the Asian region. In June 2022, portfolio management responsibilities for RG8 transitioned from the VGI Partners investment team to specialist alternatives investment manager Regal Funds Management (Regal), under an investment advisory agreement with Regal Asian Investments Management Pty Ltd. In November 2022, the Company changed its name and ticker from VGI Partners Asian Investments (VG8) to Regal Asian Investments (RG8) to reflect those changes. Utilising a fundamental, bottom-up investment approach, the portfolio leverages Regal's extensive experience, network and specialist investment team.

### COMPANY INFORMATION

Name	Regal Asian Investments Limited
ASX Code	ASX:RG8
Structure	Listed Investment Company
Inception	13 November 2019
Shares on Issue	199 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 (ASX:RPL), 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 30 investment professionals.



#### PHILIP KING

Philip King is the Co-founder and Chief Investment Officer – Long/Short Equities 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

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## PORTFOLIO EXPOSURES (% OF NTA)

Sector (GICS)	Long	Short	Net	Gross
Communication Services	5%	0%	5%	5%
Consumer Discretionary	26%	-13%	13%	39%
Consumer Staples	1%	-2%	-1%	2%
Energy	5%	-1%	3%	6%
Financials	2%	-13%	-11%	15%
Health Care	27%	-1%	26%	28%
Industrials	22%	-5%	18%	27%
Information Technology	13%	-3%	9%	16%
Materials	16%	-9%	6%	25%
Real Estate	4%	0%	4%	4%
<b>Total</b>	<b>120%</b>	<b>-48%</b>	<b>73%</b>	<b>168%</b>

Region (by listing)	Long	Short	Net	Gross
Australia	36%	-19%	18%	55%
Hong Kong	27%	-5%	22%	32%
Japan	52%	-20%	32%	72%
Korea	0%	-2%	-2%	2%
Netherlands	4%	0%	4%	4%
New Zealand	0%	-2%	-2%	2%
Thailand	0%	-1%	-1%	1%
<b>Total</b>	<b>120%</b>	<b>-48%</b>	<b>73%</b>	<b>168%</b>

## PORTFOLIO STATISTICS

Long Exposure:	120%	24 Aug 2023	5.0c
Short Exposure:	-48%	27 Feb 2023	5.0c
Net Exposure:	73%	29 Aug 2022	5.0c
Gross Exposure:	168%	16 Mar 2022	5.0c
Average Weighted Market Cap (US\$):	34,707m	30 Aug 2021	5.5c

## EX-DIVIDEND DATES

## NET PORTFOLIO RETURN<sup>2,3</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	4.3%	-4.0%	3.8%	-5.1%	-3.8%	4.1%	2.9%	-3.8%					-2.1%
2022	-5.4%	-3.8%	1.8%	-3.5%	-0.6%	-2.7%	0.0%	7.0%	-1.8%	5.5%	-0.1%	-1.2%	-5.3%
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%

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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 31 August 2023, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.26 per share (ex-dividend), which includes \$0.10 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.

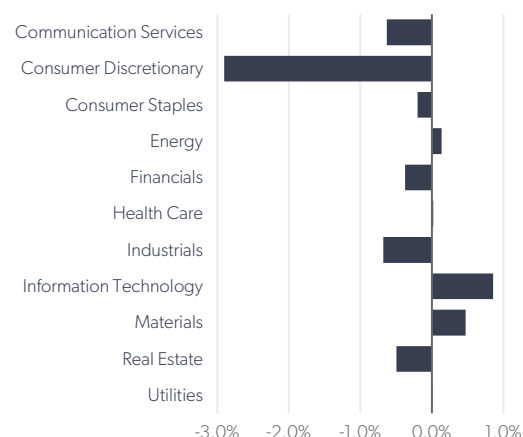
<sup>3</sup> Past performance is not a reliable indicator of future performance.

<sup>4</sup> If net exposure to a particular currency exceeds +/-5% of the portfolio's net tangible assets, the foreign currency risk is managed by fully hedging to AUD.

Date of release: 14 September 2023. Authorised for release by Ian Cameron, Company Secretary, Regal Asian Investments Limited, 39 Phillip Street, Sydney NSW ABN 58 635 219 484.

## MONTHLY ATTRIBUTION ANALYSIS

### SECTOR ATTRIBUTION



### LONG SHORT ATTRIBUTION

