

Regal Asian Investments

ASX:RG8

October 2023^{1,2,3}

Post-Tax Net Tangible Assets (NTA) per share	\$2.18
Net Portfolio Return – October	-5.4%
Net Portfolio Return – Since Inception (p.a.)	-1.3%
Share Price at Month End	\$1.895
Portfolio Size (\$m)	\$392 million
Portfolio Currency Exposure	Fully hedged to AUD ⁴

RG8 generated a return for October 2023 of -5.4%, compared with a -4.2% decline in the MSCI Asia Pacific Index. Weakness was also seen in other global markets, which were dragged down by rising bond yields.

Japan was the largest gross exposure for RG8, as well as the biggest detractor from returns by market, for the month of October. Within Japan, Takeda Pharmaceutical was the largest detractor during the month. Takeda reported 2Q earnings with revenue beating consensus estimates, however EBIT missed estimates largely due to higher R&D investment. Takeda, trading on 8.8x consensus adjusted earnings forecast, is a prime example of the attractive valuations that can be found in some global organisations listed in Tokyo. One of Takeda's business segments, Baxalta, is a key player in the global blood plasma oligopoly, along with Australia's CSL Ltd and Spain's Grifols. If we apply CSL Ltd's valuation to our estimated earnings for Baxalta, the rest of Takeda's global pharmaceutical business would trade on a mere 4.3x adjusted earnings. With increasing focus on shareholder returns we think there is potential for Takeda management to unlock value by spinning off the blood plasma business.

In China, the largest drag on long returns was Baidu Inc, the leading search engine. Baidu is optically cheap on 10.4x consensus earnings forecast, and its multiple is even lower when taking into account near term earnings being materially less than they otherwise would be due to Baidu's large long-term R&D expenditure into China's leading artificial intelligence platform and leading autonomous vehicle program.

A key contributor to short portfolio returns in October was a Japanese photocopier/printer manufacturer. We continue to see a clear acceleration, following COVID, in the shift away from paper-based workflow towards digital systems which are more conducive to employees working from home. Not only is this leading to weaker hardware sales, but also weakness in toner and ink consumables which are critical to the profit structure of these organisations.

Buy-back: In October, approximately 2.6m RG8 shares were bought at an average price of \$1.86.

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 Limited (ASX:VG8) to Regal Asian Investments Limited (ASX: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	194 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 (DPFM), 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	6%	0%	6%	6%
Consumer Discretionary	21%	-10%	11%	31%
Consumer Staples	0%	-2%	-2%	2%
Energy	22%	-2%	20%	24%
Financials	2%	-9%	-7%	12%
Health Care	25%	-1%	23%	26%
Industrials	26%	-6%	20%	31%
Information Technology	16%	-3%	12%	19%
Materials	23%	-9%	14%	32%
Real Estate	0%	0%	0%	0%
Total	141%	-43%	98%	184%

Region (by listing)	Long	Short	Net	Gross
Australia	49%	-14%	35%	63%
Canada	5%	0%	5%	5%
Hong Kong	22%	-5%	17%	27%
Japan	51%	-21%	30%	72%
Korea	5%	-2%	3%	6%
Netherlands	4%	0%	4%	4%
Thailand	0%	-1%	-1%	1%
US	5%	0%	5%	5%
Total	141%	-43%	98%	184%

PORTFOLIO STATISTICS

Long Exposure:	141%	24 Aug 2023	5.0c
Short Exposure:	-43%	27 Feb 2023	5.0c
Net Exposure:	98%	29 Aug 2022	5.0c
Gross Exposure:	184%	16 Mar 2022	5.0c
Average Weighted Market Cap (US\$):	29,199m	30 Aug 2021	5.5c

EX-DIVIDEND DATES

NET PORTFOLIO RETURN^{2,3}

	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%	1.4%	-5.4%			-6.1%
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.

¹ '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 October 2023, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.21 per share, which includes \$0.13 per share of income tax losses available to the Company in future periods.

² 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.

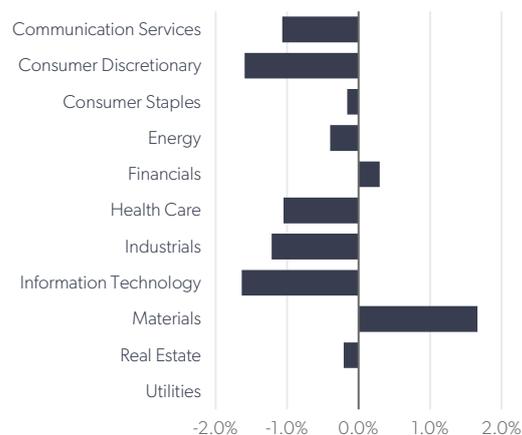
³ Past performance is not a reliable indicator of future performance.

⁴ 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 November 2023. Authorised for release by Ian Cameron, Company Secretary. Regal Asian Investments Limited, L47 Gateway, 1 Macquarie Place, Sydney NSW ABN 58 635 219 484.

MONTHLY ATTRIBUTION ANALYSIS

SECTOR ATTRIBUTION



LONG SHORT ATTRIBUTION

