

Monthly Performance Report – July 2023

July 2023^{1,2,3}

Post-Tax Net Tangible Assets (NTA) per share	\$2.37
Net Portfolio Return – July	2.9%
Net Portfolio Return – Since Inception (p.a.)	0.8%
Share Price at Month End	\$2.02
Portfolio Size (\$m)	\$451 million
Portfolio Currency Exposure	Fully hedged to AUD ⁴

July 2023 Performance Commentary

RG8's net portfolio return for July 2023 was +2.9%, with the long book adding +4.4% and the short book detracting -1.5%.

Investments in Chinese technology platforms were key contributors to returns during the month. We continue to be excited by the opportunities here and in our recent [investor letter](#) highlighted how suppressed the valuations for these businesses are. For example: "if Alibaba Group were to spin-off all of its non-core assets in a tax efficient manner and return the value to shareholders, the remaining core China Commerce segment (including China's largest e-commerce operation) would be trading on around 4.0x price-to-earnings (using Goldman Sachs sum-of-the-parts assumptions)". While macro sentiment continues to be volatile, particularly as the Chinese real estate sector works through a range of issues, we see the equity market as part of the solution rather than the problem. There have been numerous statements from Chinese officials regarding this, with the latest being from the Chinese Politburo which stated "we should invigorate the capital market and boost investor confidence". Our letter discussed these issues in further detail and we would also flag that since its release Alibaba has reported a strong set of quarterly earnings with +14% YoY revenue growth and a 32% YoY increase in adjusted EBITA. The combination of Alibaba's suppressed valuations and earnings power make it very appealing for investors that can look through the short-term noise for long-term returns.

We continue to hold short positions in a number of banks in Japan. In addition to the negative yields they now receive on large parts of their overseas portfolio due to elevated FX hedge costs, the BOJ Financial System Report shows that the ratio of Japanese firms that are "both insolvent and making operating losses" is around twice what the banks report as "in danger of bankruptcy". This implies the banks may need to increase loan-loss provisioning, which would be a meaningful drag on earnings. Meanwhile, our long positions listed in Tokyo focus on global leaders benefiting from growth overseas.

Buy-back: In July, approximately 1.0m RG8 shares were bought at an average price of \$1.99.

FY23 result: RG8 expects to release its FY23 result on Thursday, 17 August.

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.

Note: Past performance is not a reliable indicator of future performance.

Company Information

Name	Regal Asian Investments Limited
ASX Code	RG8.ASX
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 (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.

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Portfolio Exposures (% of NTA)

SECTOR (GICS)	LONG	SHORT	NET	GROSS
Communication Services	5%	0%	5%	5%
Consumer Discretionary	25%	-9%	16%	34%
Consumer Staples	4%	-2%	2%	6%
Energy	5%	0%	5%	5%
Financials	2%	-12%	-10%	14%
Health Care	18%	-1%	17%	19%
Industrials	29%	-4%	25%	33%
Information Technology	12%	-3%	9%	15%
Materials	16%	-7%	9%	23%
Real Estate	4%	-1%	3%	5%
Total	120%	-39%	81%	159%

REGION (BY LISTING)	LONG	SHORT	NET	GROSS
Australia	34%	-14%	20%	48%
Hong Kong	34%	-2%	32%	36%
Japan	46%	-19%	27%	65%
Korea	0%	-2%	-2%	2%
Netherlands	5%	0%	5%	5%
New Zealand	0%	-2%	-2%	2%
UK	1%	0%	1%	1%
Total	120%	-39%	81%	159%

Portfolio Statistics

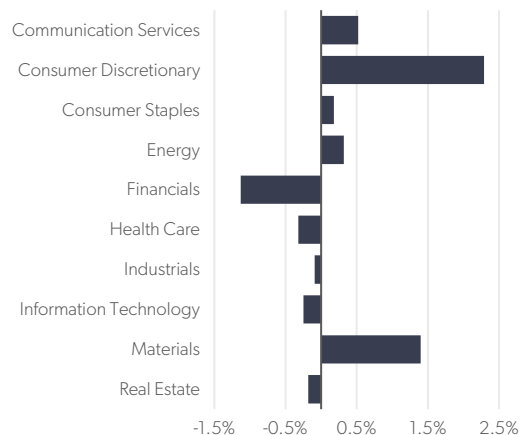
Long Exposure:	120%
Short Exposure:	-39%
Net Exposure:	81%
Gross Exposure:	159%
Average Weighted Market Cap (US\$):	45,722m

Distribution History (Ex-date)

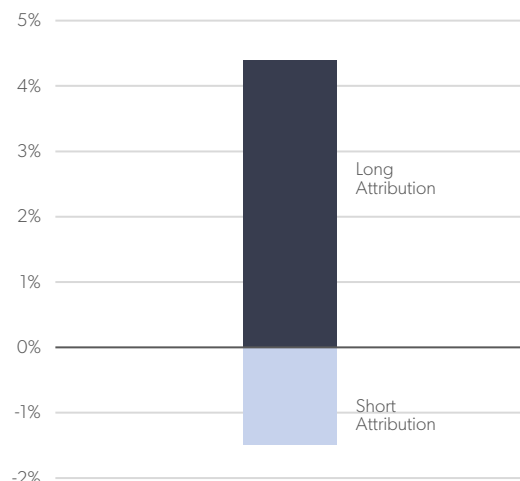
27 Feb 2023	5.0c
29 Aug 2022	5.0c
16 Mar 2022	5.0c
30 Aug 2021	5.5c

Monthly Attribution Analysis

SECTOR ATTRIBUTION



LONG SHORT ATTRIBUTION



Net Portfolio Return^{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%						1.8%
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 July 2023, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.37 per share, which includes \$0.07 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 August 2023. Authorised for release by Ian Cameron, Company Secretary. Regal Asian Investments Limited, 39 Phillip Street, Sydney NSW. ABN 58 635 219 484.

