

29 November 2023

ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

RG8 Investor Update and Q&A Webinar

This presentation deck accompanies an audio recording at 2:00pm AEDT on November 29, 2023. To view the full webinar, please click on the link below to register.

[REGISTER NOW](#)

Sharing his investment outlook and insights into broader thematic, Regal Co-Founder and CIO Long/Short Equities Philip King will be joined by members of Regal's Asian investment team to delve into opportunities based in Australia, China, Korea and Japan with exposure to the attractive growth on offer across the Asia-Pacific region.

The presentation will be followed by a Q&A. We encourage attendees to submit their questions in advance to allow the team to respond to as many queries as time permits. This can be done by registering to attend the webinar and submitting your question when prompted, or by emailing investorrelations@regalpartners.com.

The recording will be made available to those who register.

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ABOUT RG8

RG8 provides investors with access to an actively managed, concentrated portfolio, comprised of 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.



REGAL
ASIAN INVESTMENTS

Investor Update & Q&A Regal Asian Investments

November 2023

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Introduction

Brendan O'Connor, CEO, Regal Partners



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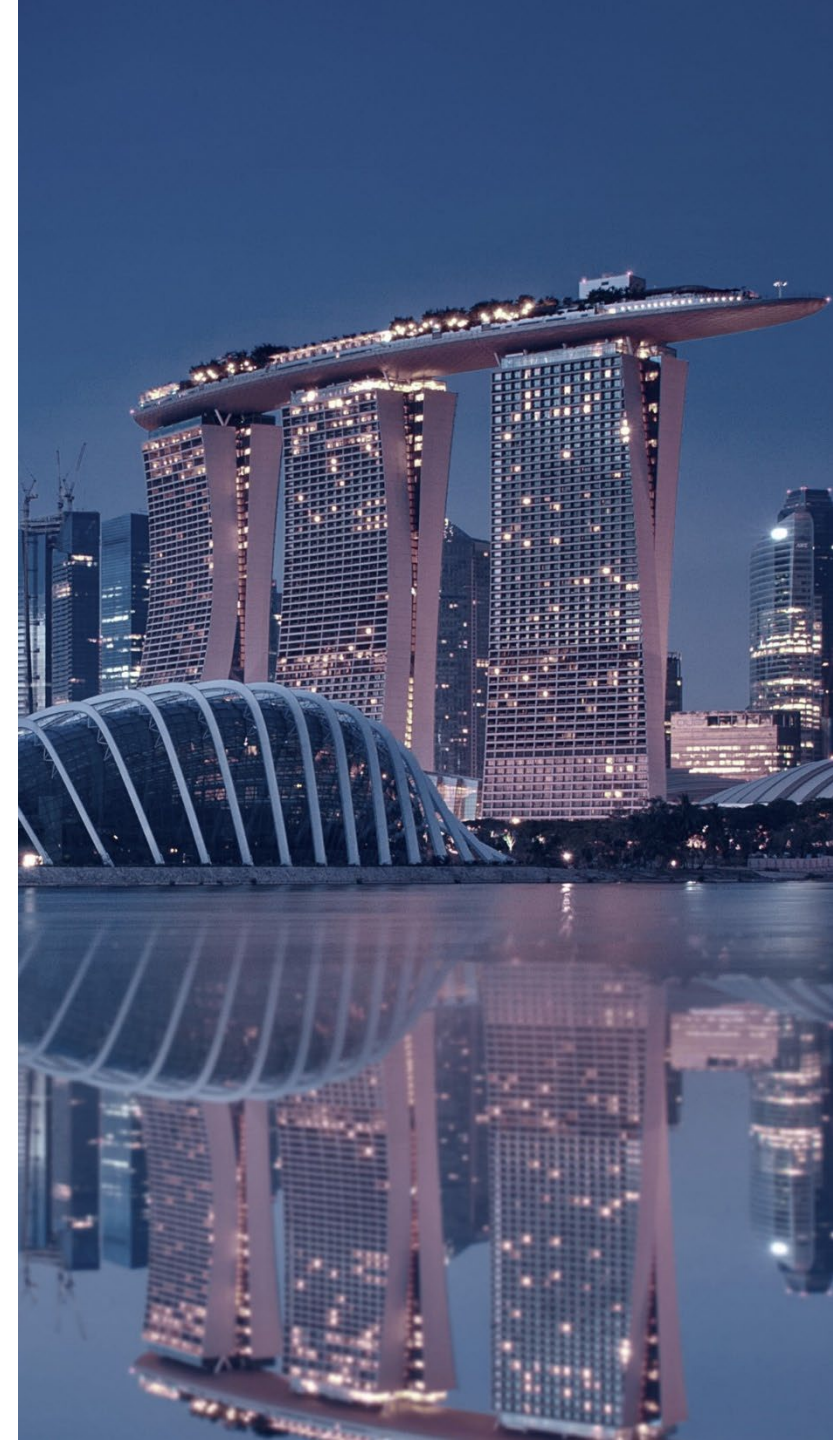
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Speakers

REGAL
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BRENDAN O'CONNOR

Chief Executive Officer
Regal Partners



PHILIP KING

Co-Founder &
CIO Long/Short Equities
Regal Funds



GLEN BARNES

Head of Asia
Fundamental Research
Regal Funds



SHANNON MCCONAGHY

Senior Analyst, Asia
Regal Funds

Regal Asian Investments Limited

(ASX:RG8)

REGAL
ASIAN INVESTMENTS

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.

- Initially listing in November 2019, portfolio management responsibilities for RG8 transitioned from the VGI Partners investment team to Regal Funds Management (Regal) in June 2022.
- 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.
- Dividend policy: RG8 will seek to pay dividends of \$0.05 per share on a six-monthly basis.

\$447m

Portfolio Size¹

\$1.96

Share Price²

\$2.33

Post-tax NTA¹

+9.7%

Net Portfolio Return
Since Regal Transition³

+16.9%

Share Price Return
Since Regal Transition³

\$29.2b

Avg Weighted
Market Cap (USD)⁴

Source: Regal as at 24 November 2023. Past performance is not a reliable indicator of future performance.

¹ Portfolio size based on last published post-tax weekly NTA estimate (24 November 2023). ² Share price as at market close 27 November 2023. ³ Regal transition proxied by data from 1 July 2022 - 24 November 2023. ⁴ As at 31 October 2023.

Market Outlook

Philip King, CIO Long/Short Equities, Regal Funds



Market update

Key takeaways

1

Significant underperformance of Asian equities versus US markets

2

Strong valuation support in Asia

3

RG8's largest regional gross exposure is to Japan

Asian equities have significantly lagged US equities



Large performance dispersion within Asia

EQUITY MARKET PERFORMANCE



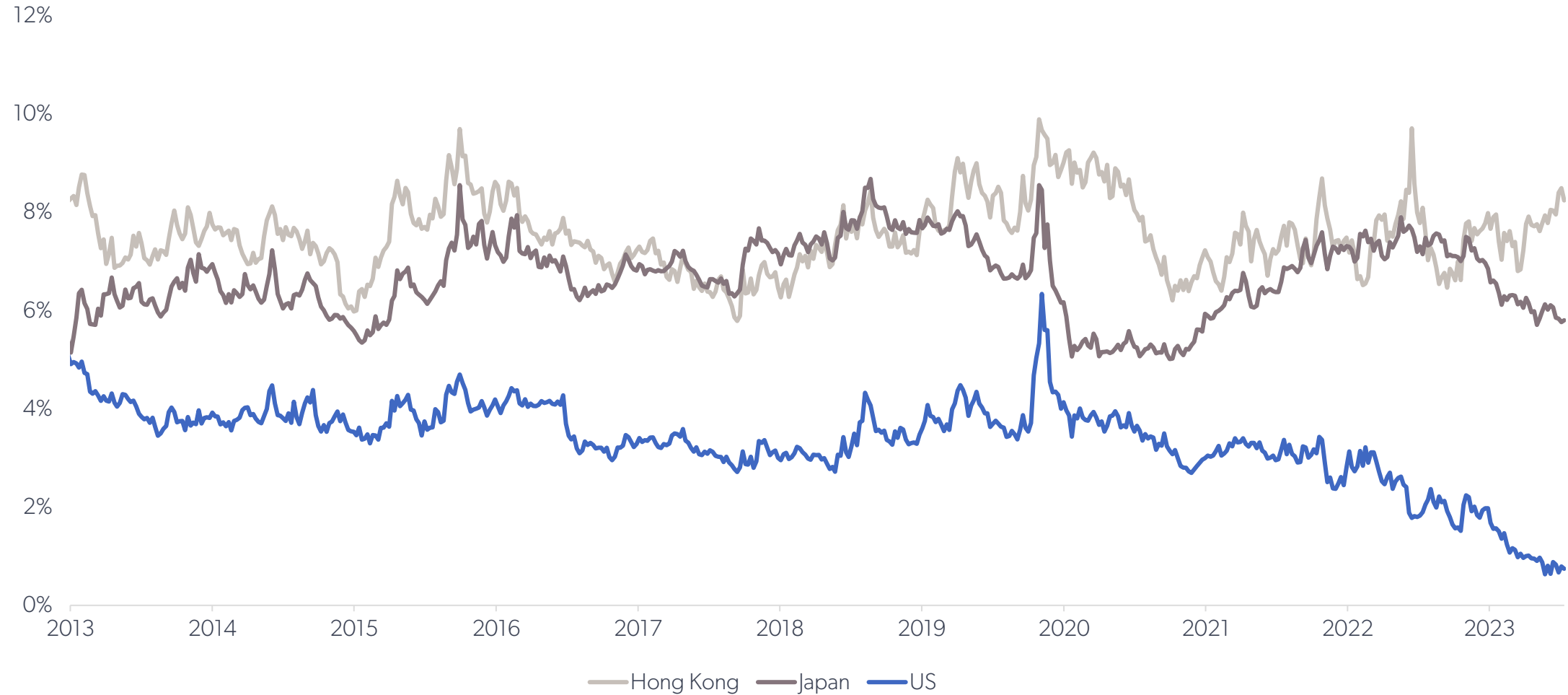
Bond yields in Japan and China have risen less than the US

10 YEAR GOVERNMENT BOND YIELDS

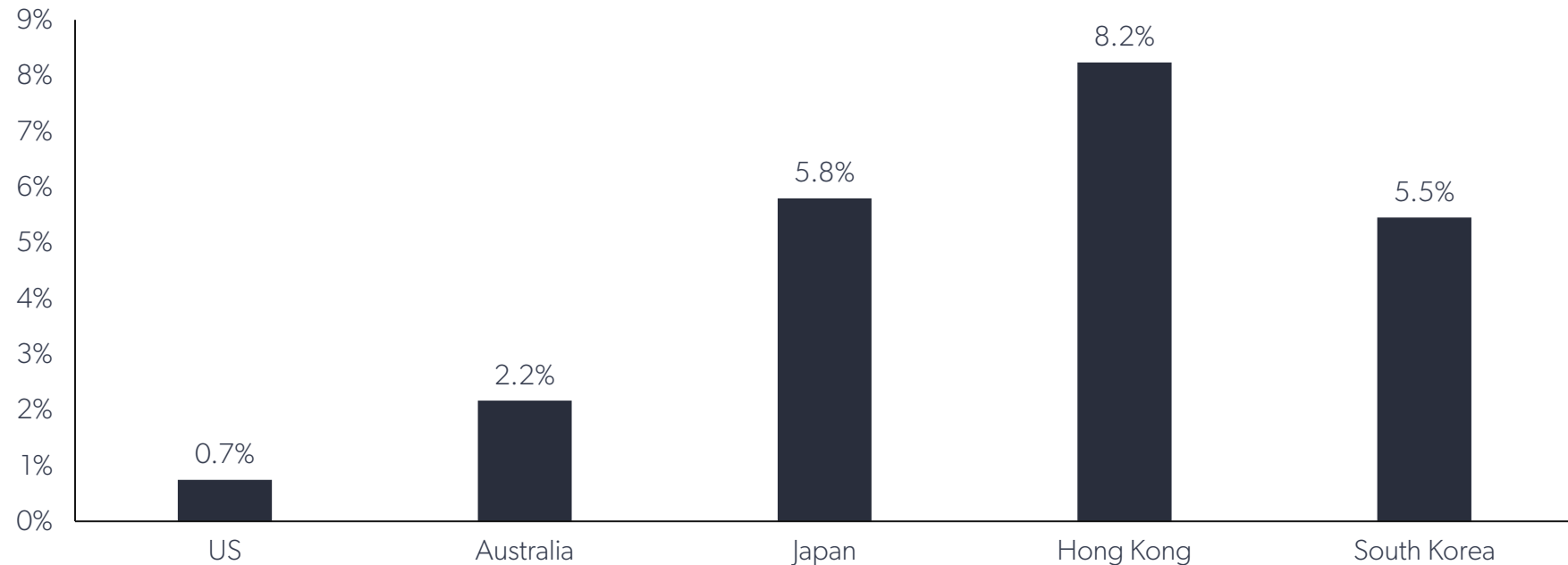


US equity risk premiums have collapsed, Asia still attractive

EQUITY RISK PREMIA BY MARKET



Equity risk premiums remain elevated in Asia



P/E	19.2x	14.8x	15.2x	8.3x	10.9x
Corporate earnings yield	5.2%	6.7%	6.6%	12.1%	9.2%
10 year government yield	4.5%	4.6%	0.8%	3.9%	3.7%
Equity risk premium	0.7%	2.2%	5.8%	8.2%	5.5%

Increasing exposure to Japan



Interest rates normalising
but still low



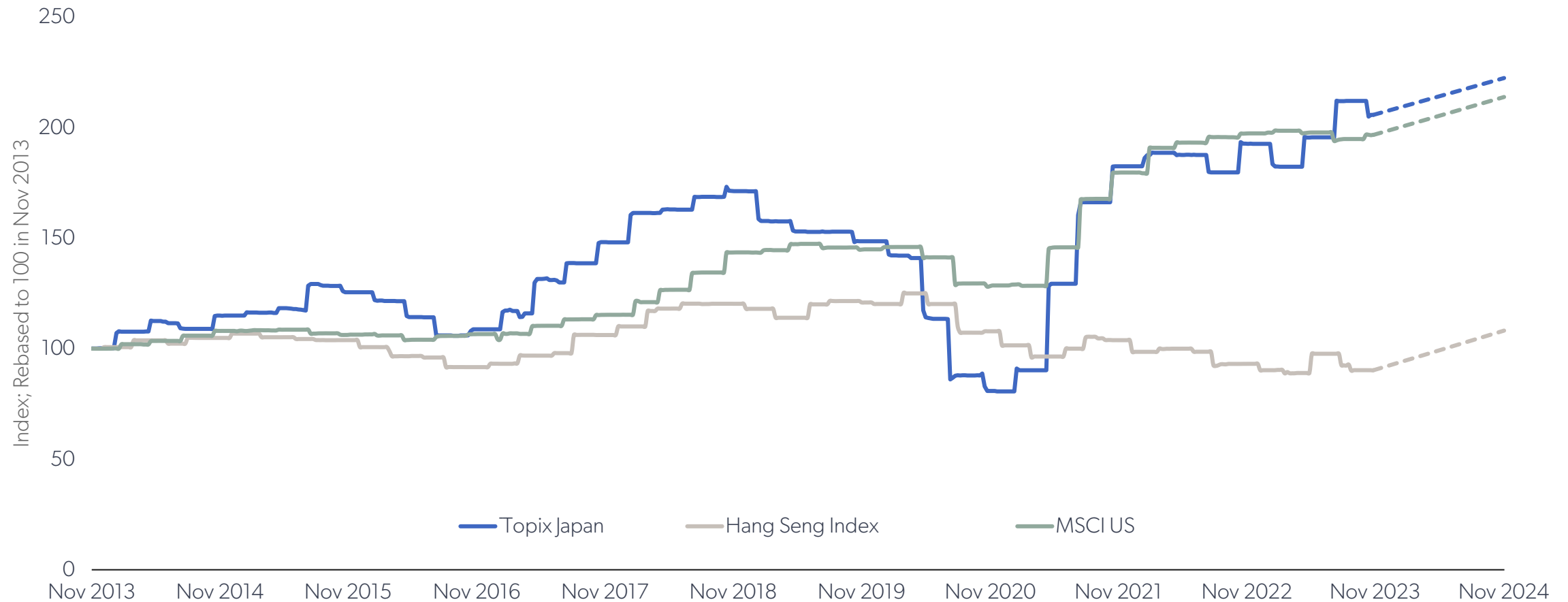
Weakening Yen making
exporters more competitive



Increased focus on
shareholder returns

Earnings per share trends starting to grow

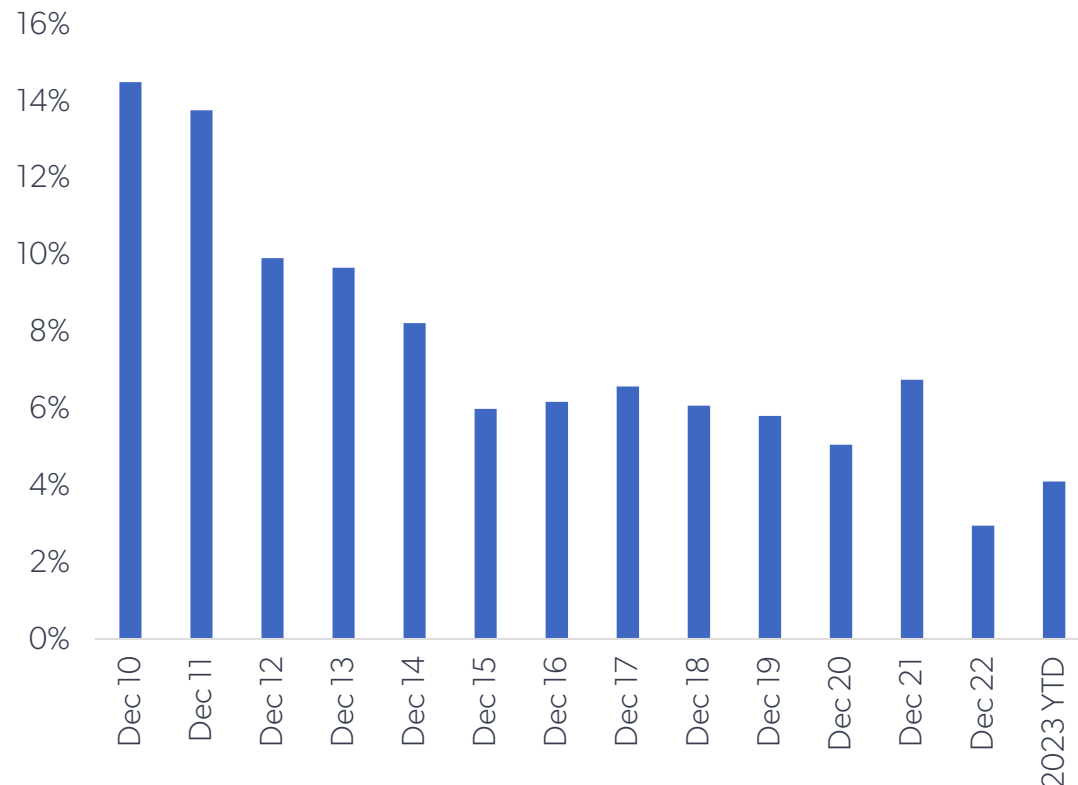
EPS (HISTORICAL TRAILING 12 MONTHS) AND CONSENSUS ANALYST FORECAST (NEXT 12 MONTHS)



China: growth slowing but stabilising

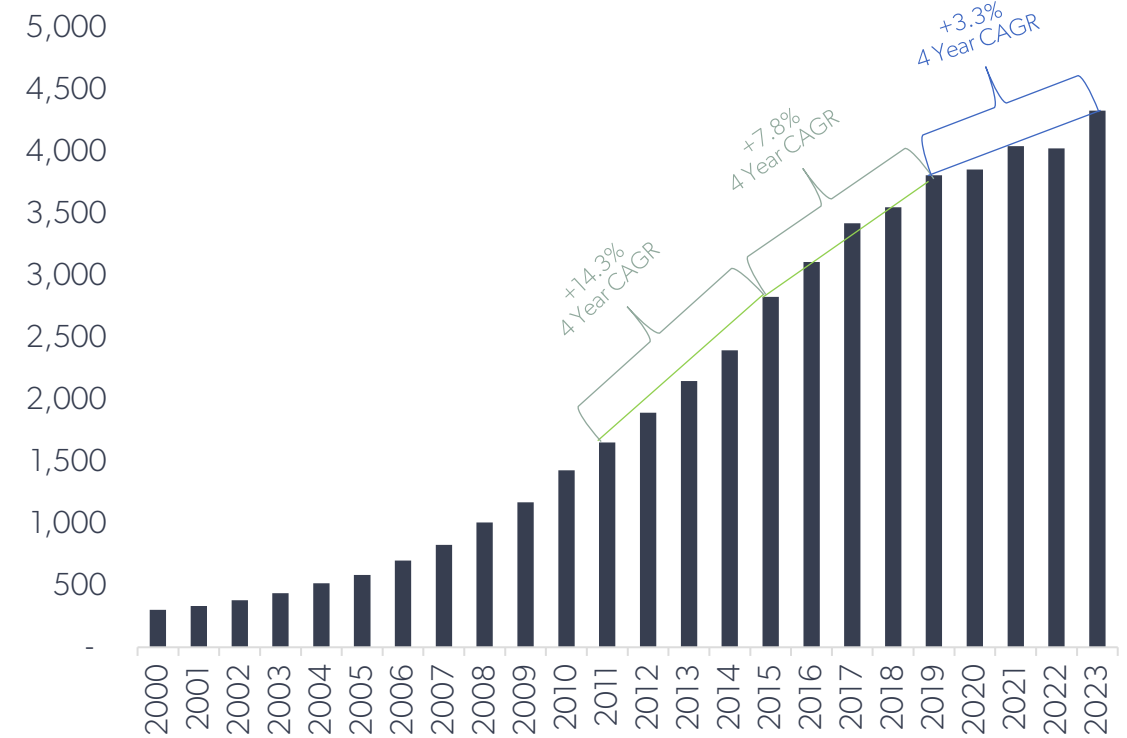
Growth still below pre-COVID levels

CHINA INDUSTRIAL PRODUCTION GROWTH



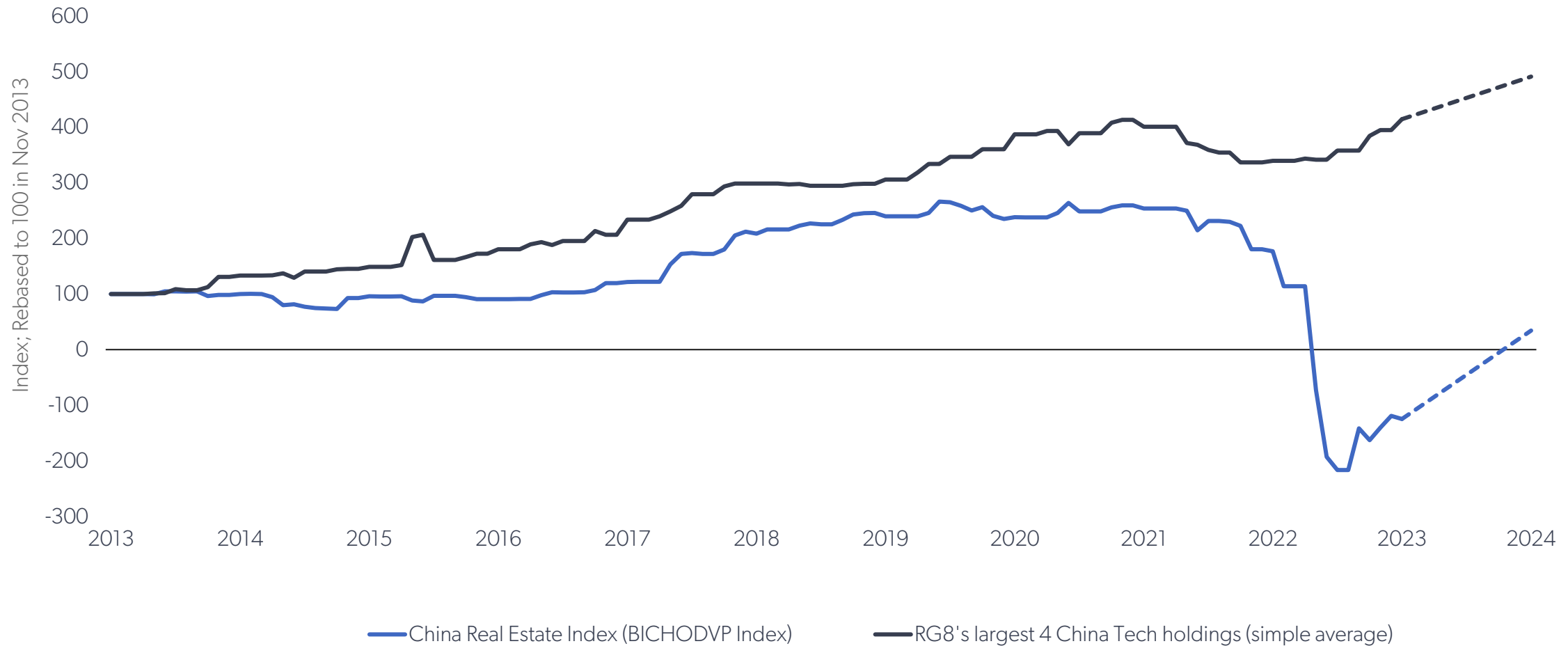
Retail sales remain sluggish

CHINA RETAIL SALES (RMB BN): OCT EACH YEAR ONLY



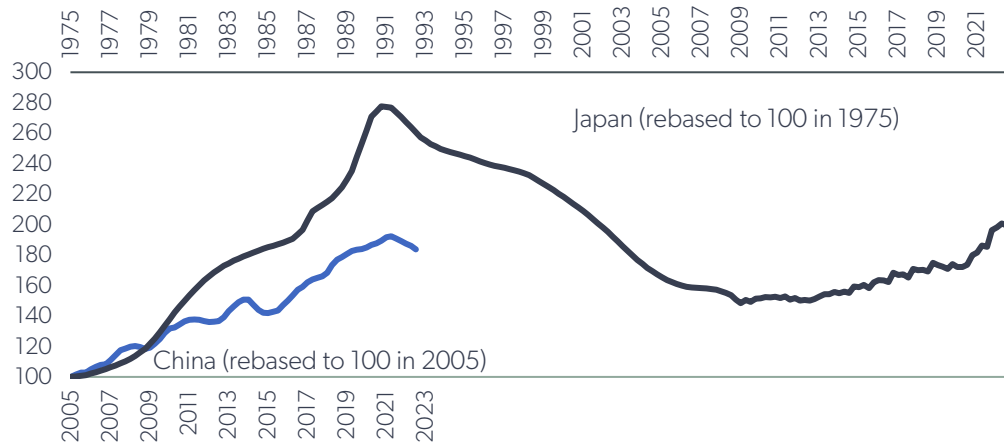
Chinese property earnings have deteriorated, tech remains strong

EPS (HISTORICAL TRAILING 12 MONTHS) AND CONSENSUS ANALYST FORECAST

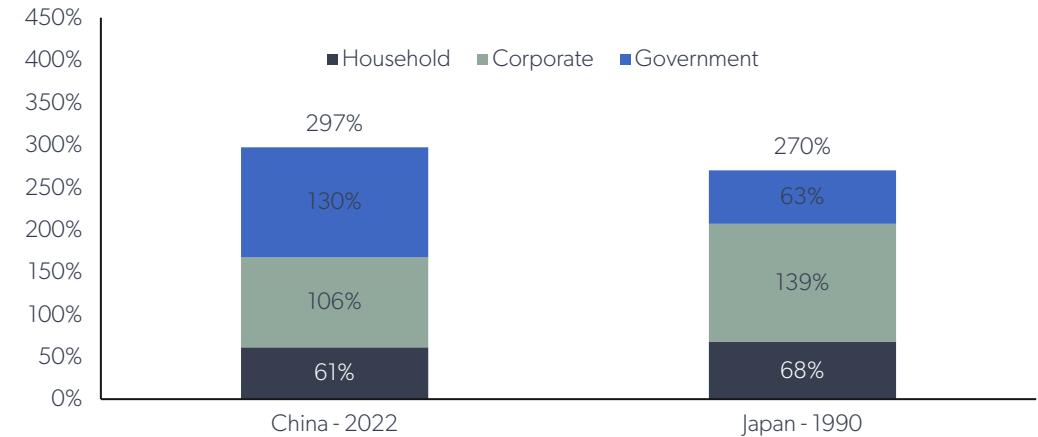


Keeping an eye on China – parallels of 1990's Japan?

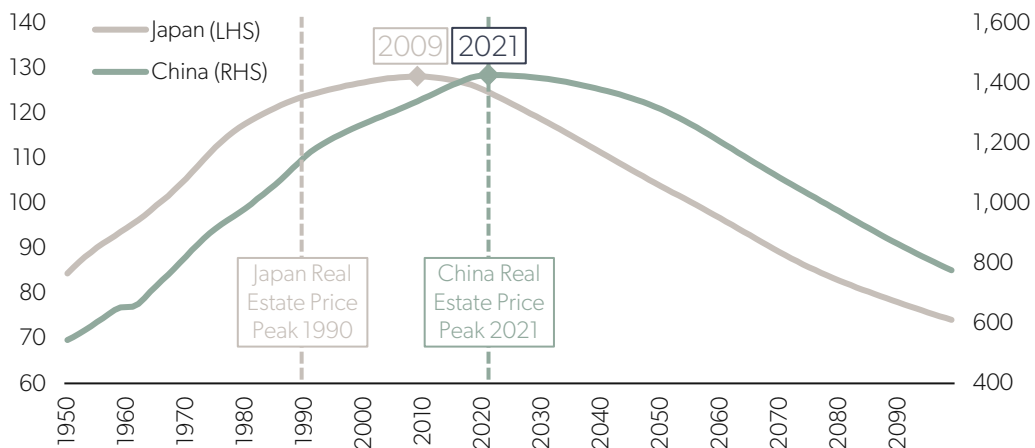
RESIDENTIAL PROPERTY PRICES



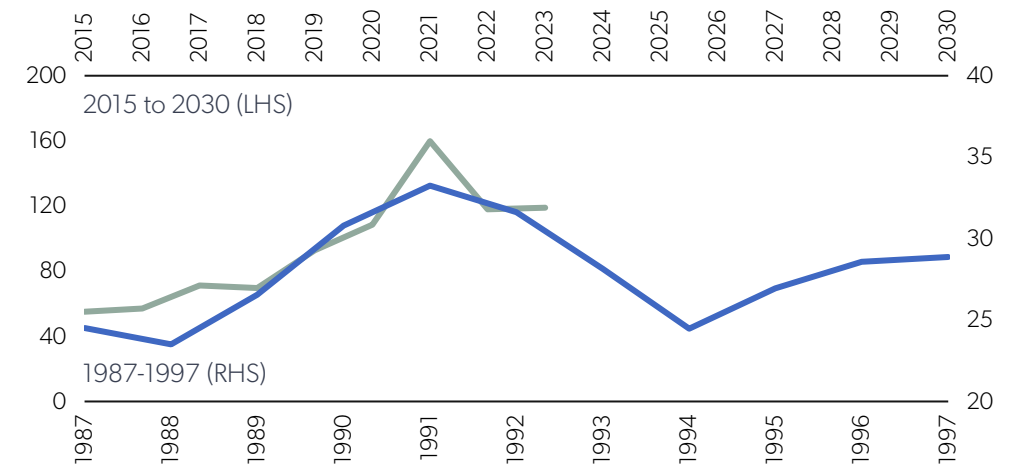
DEBT TO GDP COMPARISON



TOTAL POPULATION

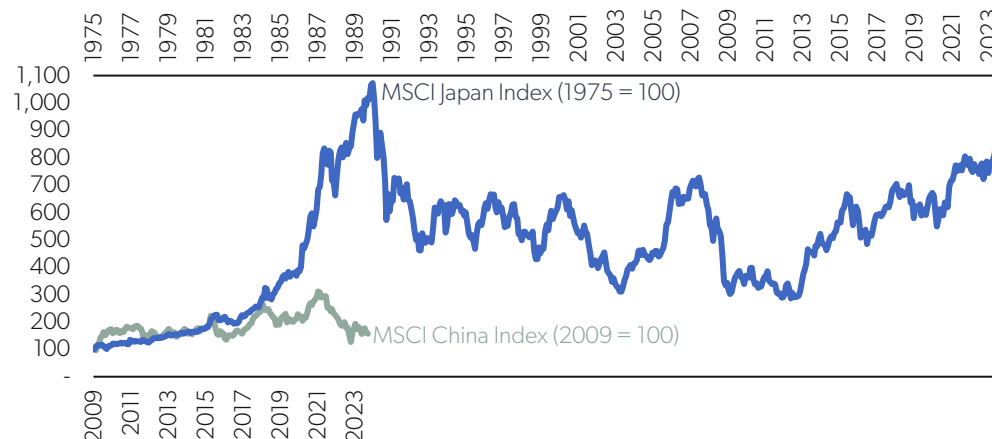


IRON ORE PRICES (USD/METRIC TONNE)

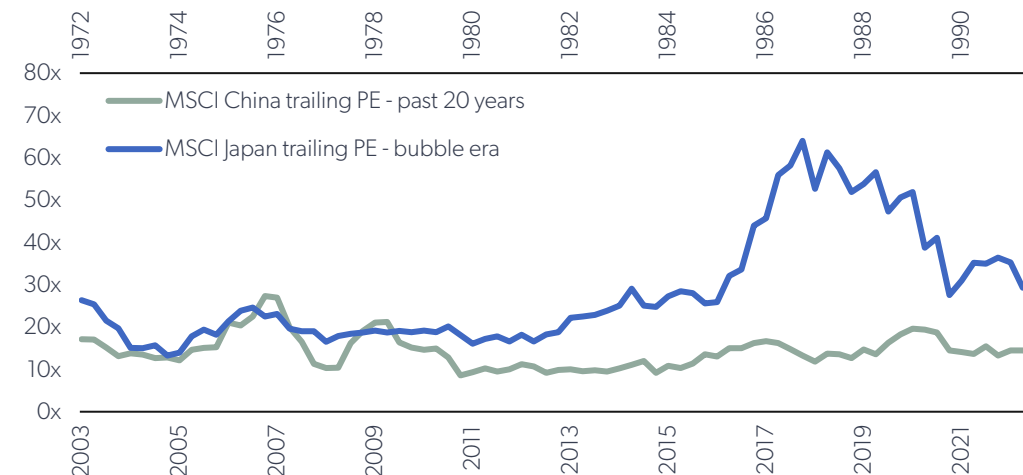


China – Key differences to 1990's Japan

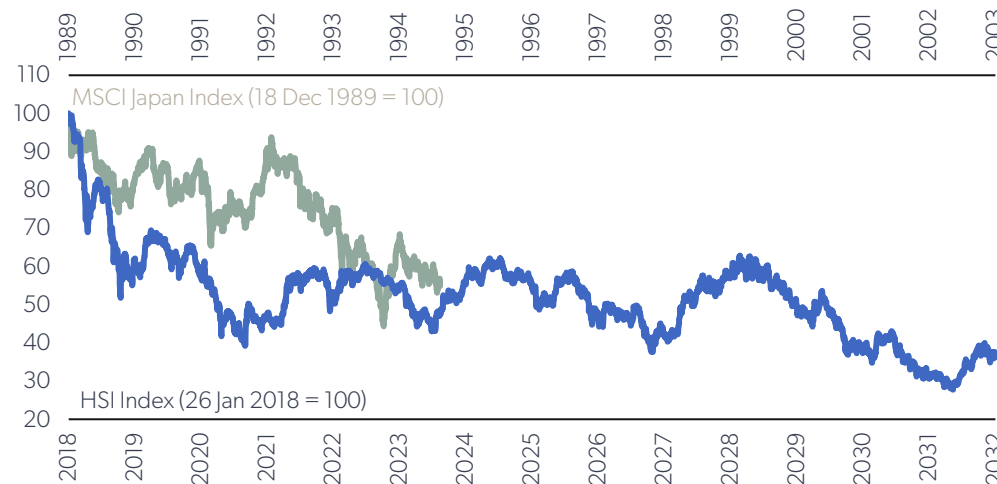
PRICE INDEX OVER TIME



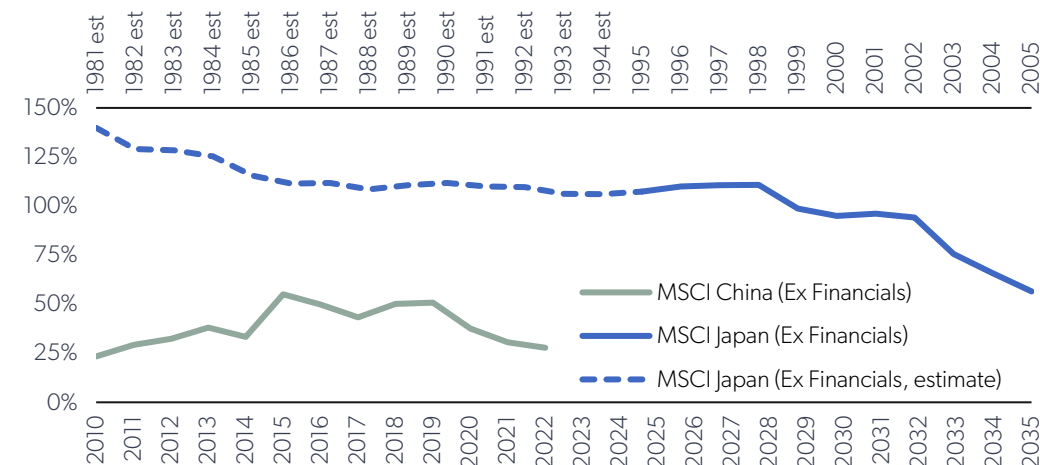
TRAILING P/E



PRICE INDEX OVER TIME



NET DEBT TO EQUITY



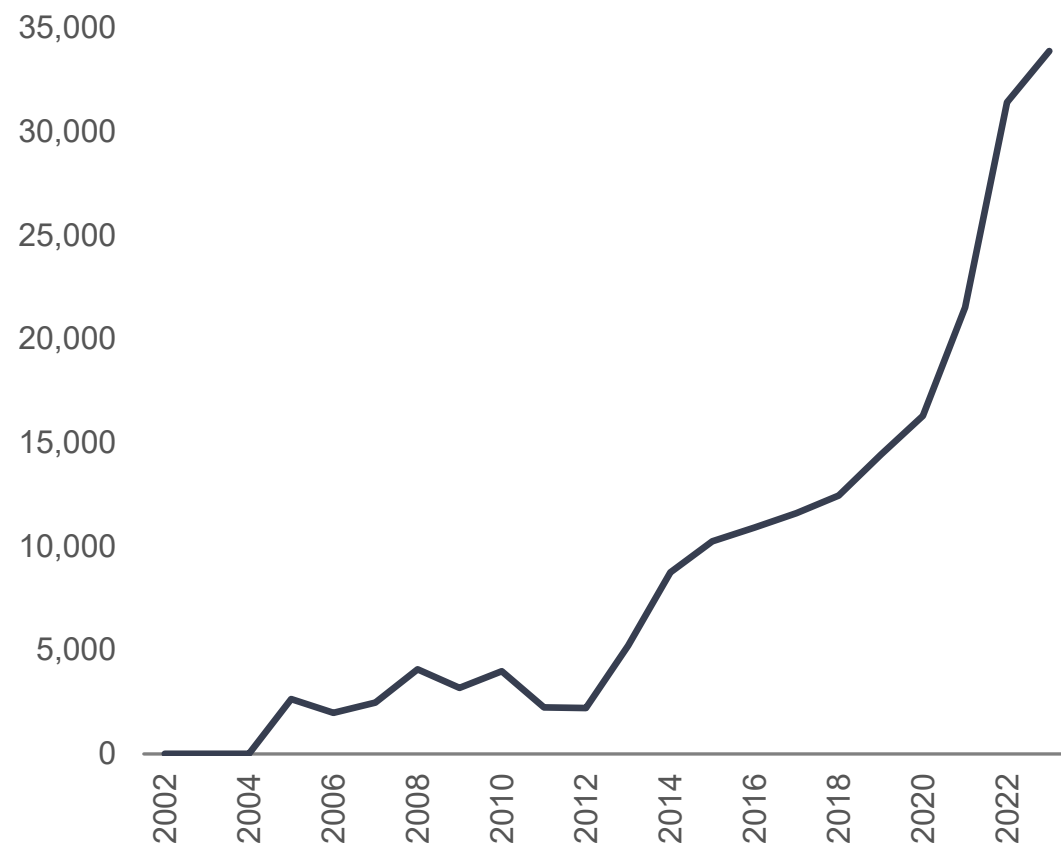
Spotlight on Japan

Shannon McConaghy – Senior Analyst

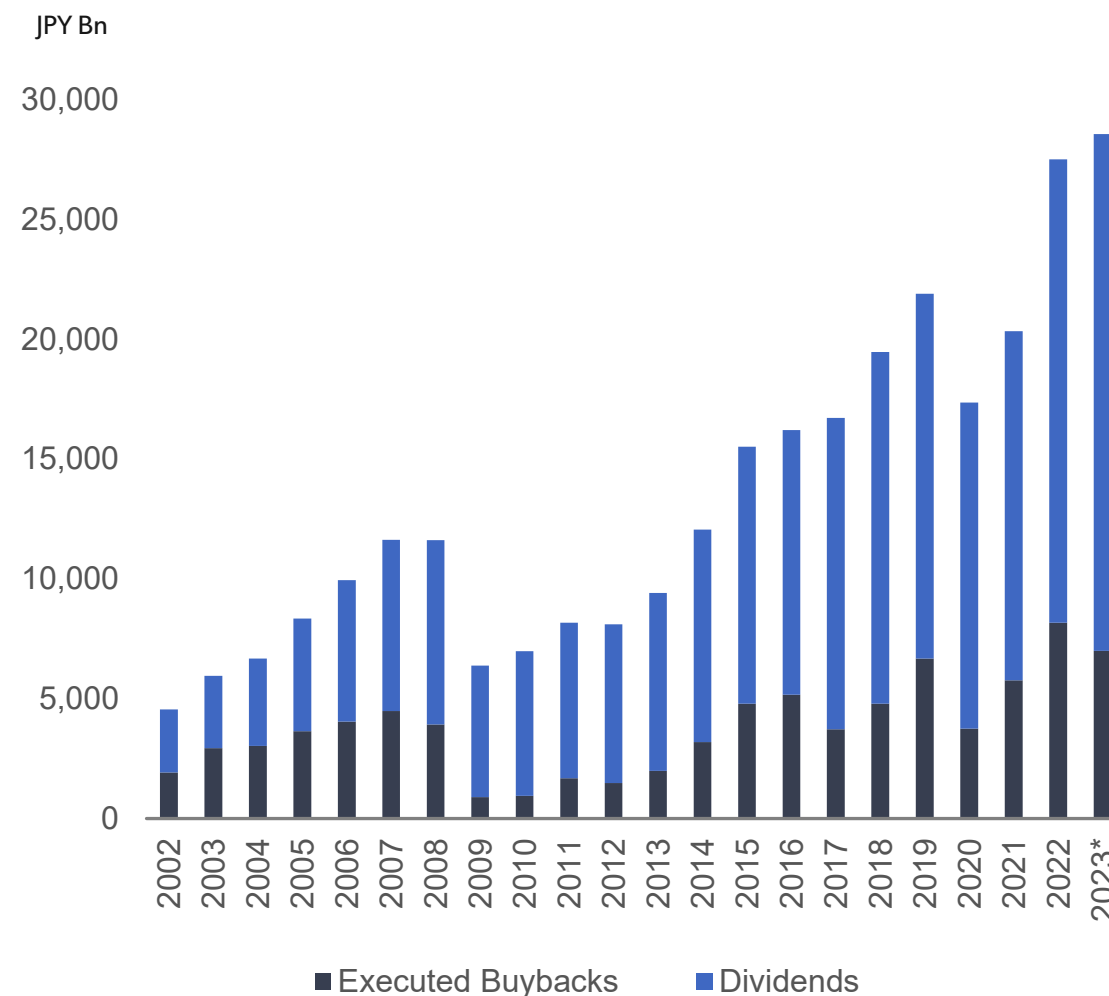


Japan: Increasing focus on profits and shareholder returns

MENTIONS OF "PROFITABILITY" IN CORPORATE TRANSCRIPTS



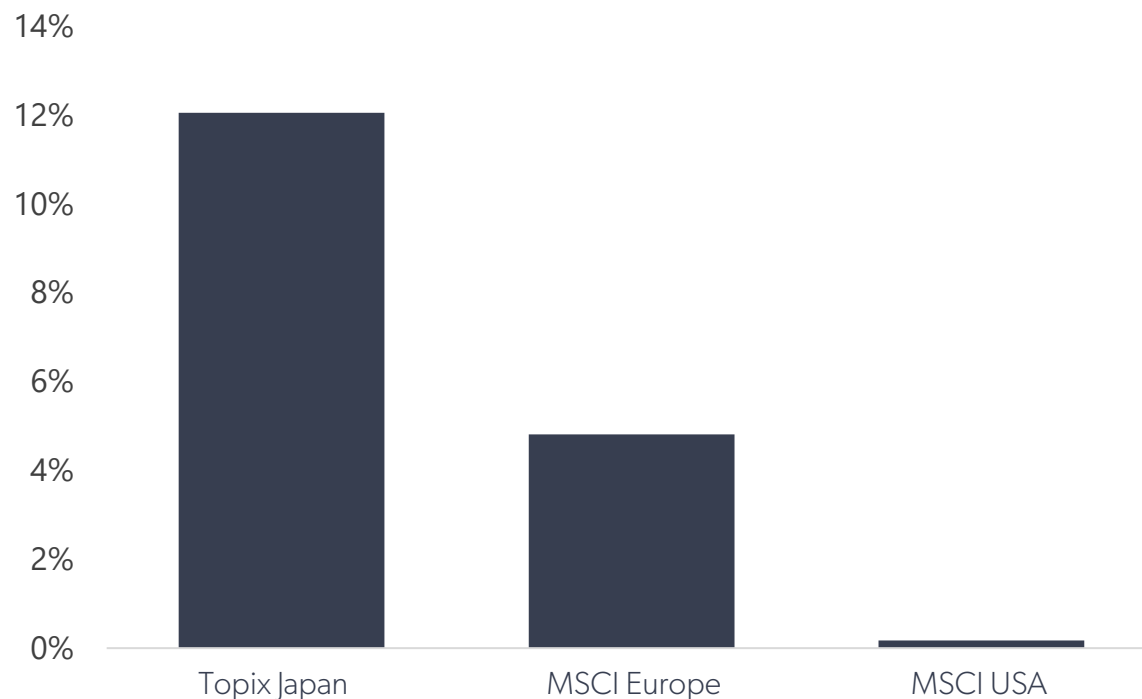
SHAREHOLDER RETURNS



Japan: Hidden value in cross-shareholdings held at book

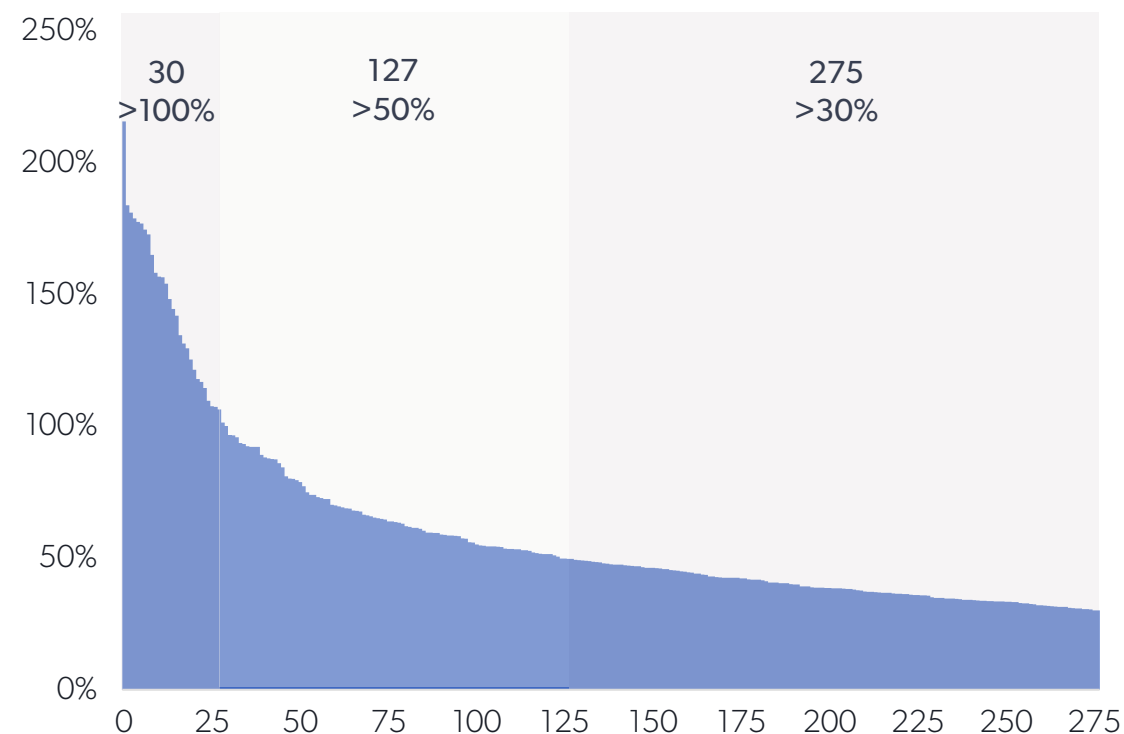
Cross-shareholdings are significantly larger in Japan

% OF OUTSTANDING SHARES OWNED BY OTHER LISTED COMPANIES



30 companies hold shares worth more than their own market cap

EQUITY HOLDINGS AS A % OF MARKET CAPITALISATION
(SHOWING THOSE > 30%)



Long idea: Keisei Electric – Significant value to unlock

INVESTMENT THESIS

1

Valuation: 96% upside to fair value assuming:

- Listed holding in Oriental Land Co (i.e. Tokyo Disney) post-tax
- 15x P/E for operating business (inc Narita Airport Skyliner railway)

2

Macro:

- Leveraged to rising inbound tourism into Japan
- Gaining share from bus services suffering from labour shortages

3

Catalysts:

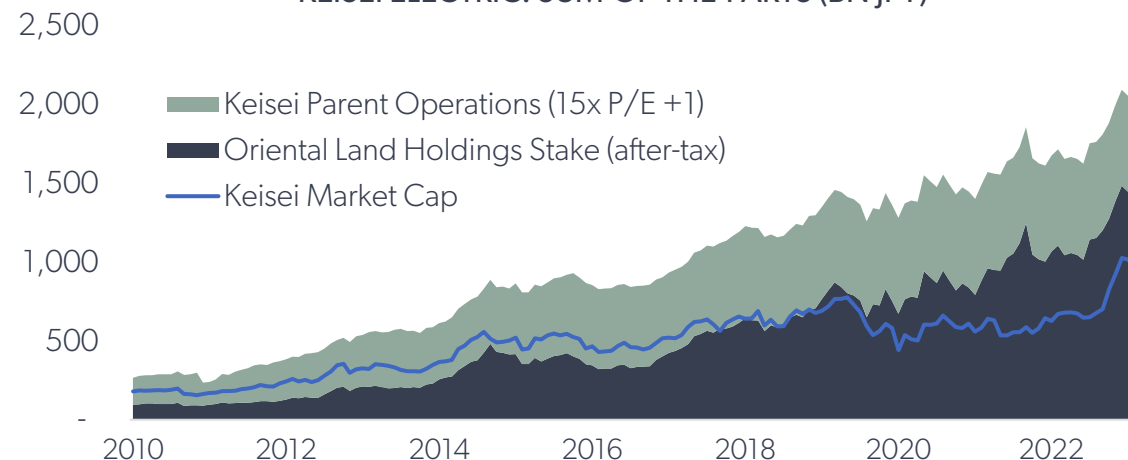
- Activists pushing to sell Oriental Land Co and increase share-buyback
- Earnings growth as in-bound Chinese tourism into Japan recovers

4

Insight:

- Communication with management, activists and experts
- Travel projections from our analysis across the Asia Pacific region

KEISEI ELECTRIC: SUM-OF-THE-PARTS (BN JPY)



KEISEI ELECTRIC: DISCOUNT TO SUM-OF-THE-PARTS



Short idea: Konica Minolta – Suffering from digitization

INVESTMENT THESIS

1

Valuation: 16.6x 12-month forward earnings (1 std dev above 10 yr avg)

2

Macro: Majority of revenue from print/copy industry in structural decline

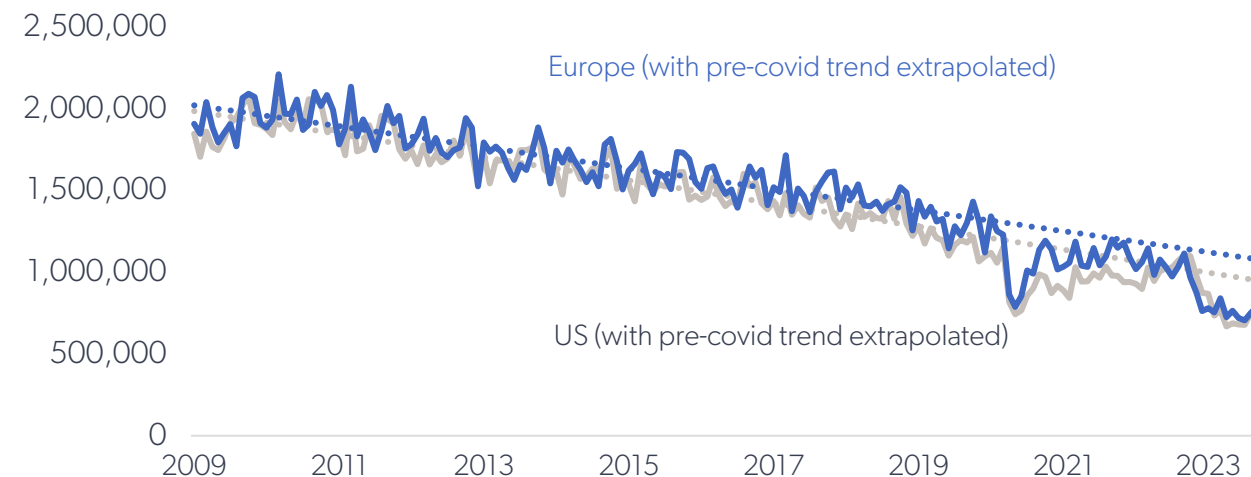
3

Catalysts: Industry inventory clearance from near record levels

4

Insight: Engagement with industry experts

PRINT & WRITING PAPER DEMAND (K TONNES, UNADJUSTED)



COPIER/PRINTER MANUFACTURERS: INVENTORY-TO-SALES



Thoughts on Korea

Glen Barnes, Head of Asia Fundamental Research



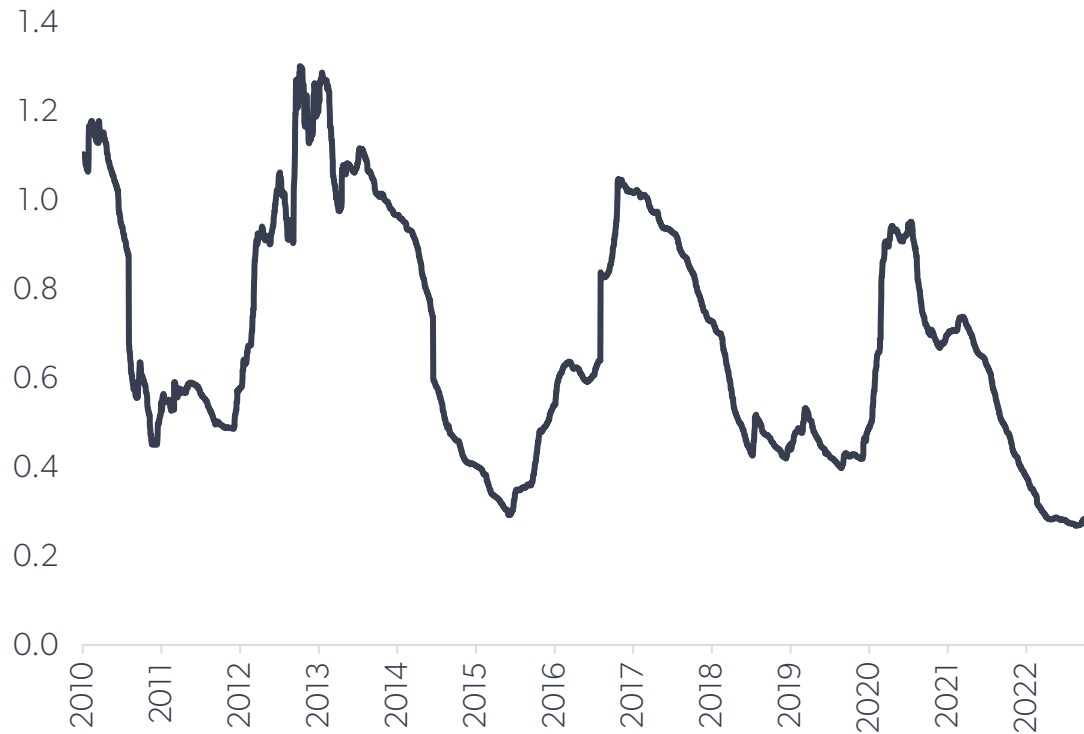
Global memory markets are bottoming after a long downcycle

R E G A L
ASIAN INVESTMENTS

AI-related memory is seeing strong growth, with other key segments also improving

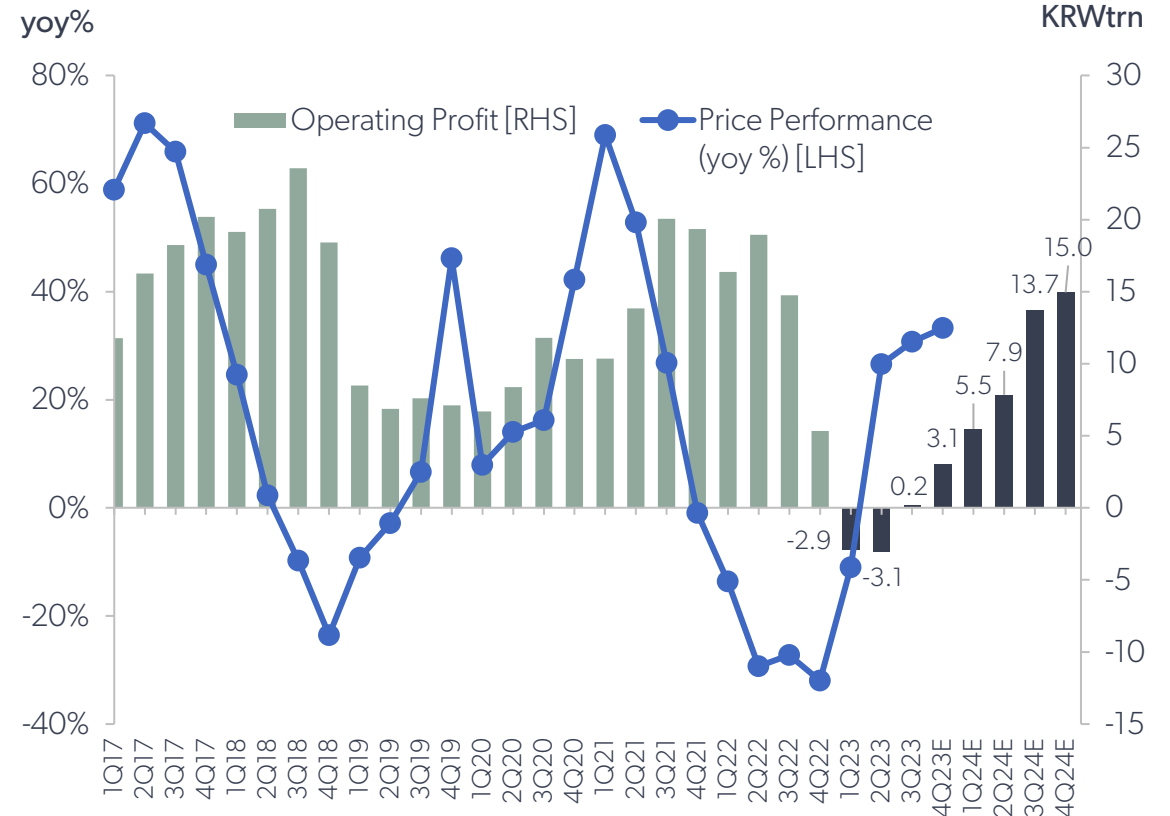
Memory prices are starting to recover after a deep downcycle

DRAM AVERAGE PRICE PER 1GB EQUIVALENT



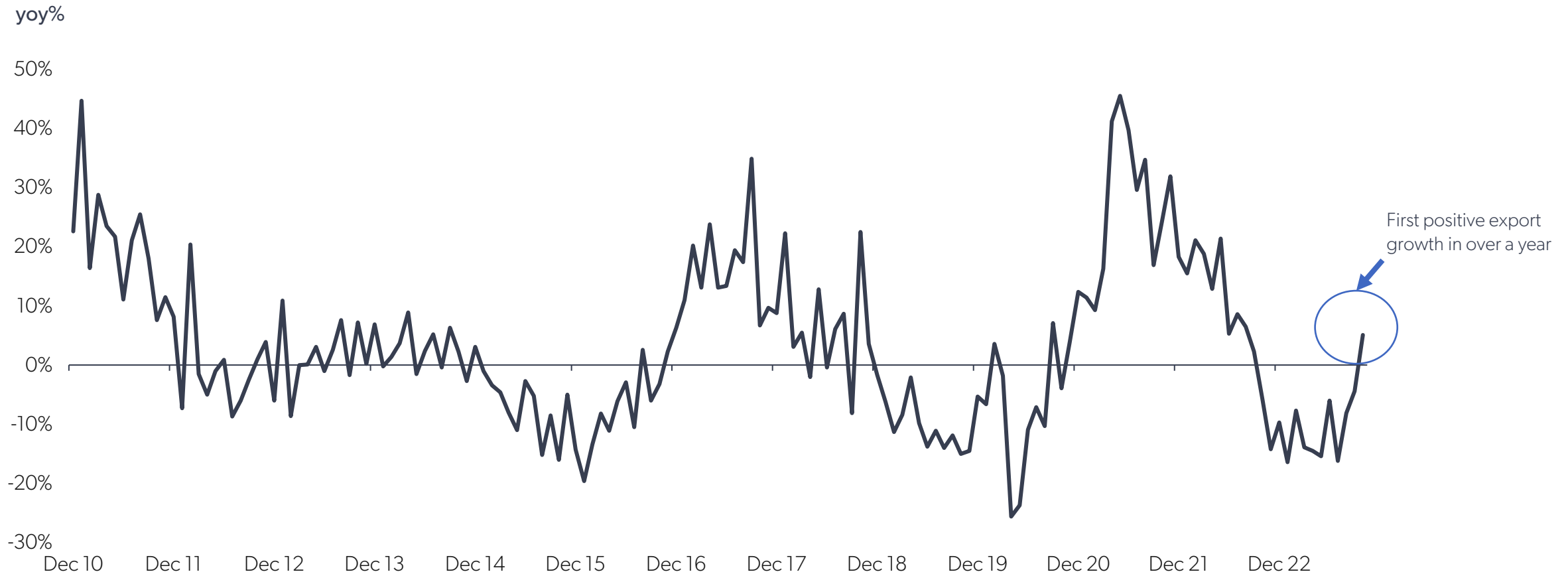
Further upside implied for semi stocks

KOSPI SEMICONDUCTORS QUARTERLY OPERATING PROFIT



Korean exports rebounding with semiconductors being a major component

SOUTH KOREAN EXPORTS



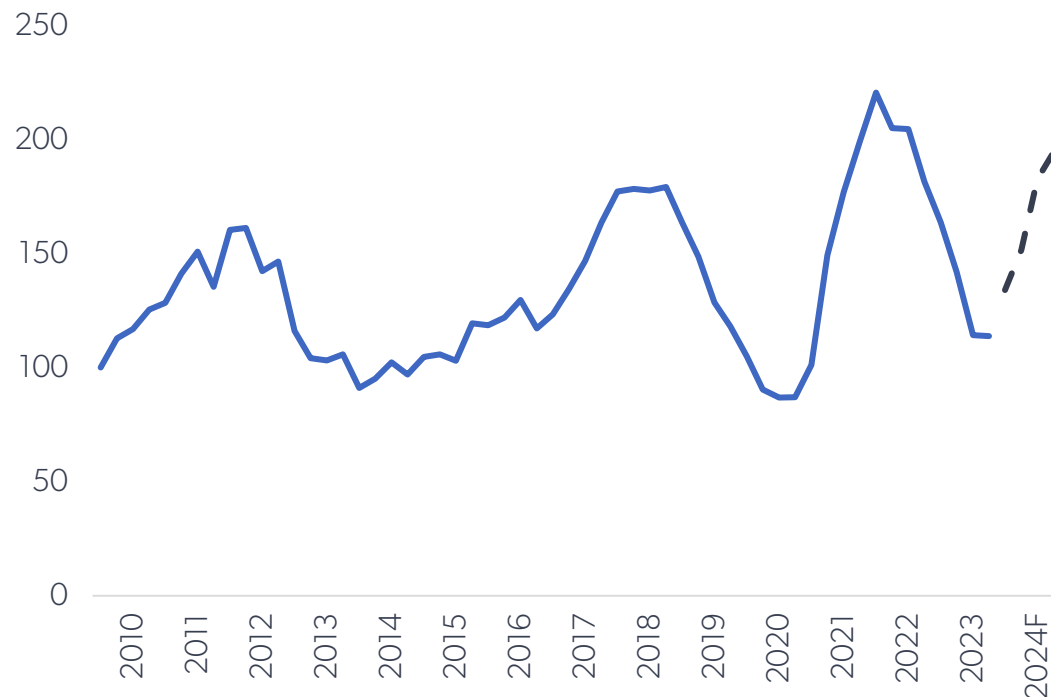
Korean equities market offers attractive value

Earnings are improving, foreign ownership is extremely low

Market is cyclical – opportunity to buy into an upturn

Foreign ownership close to GFC lows, although improving

KOREAN MARKET ROLLING EARNINGS PER SHARE



FOREIGN OWNERSHIP OF THE KOREAN MARKET



Australia

Philip King, CIO Long/Short Equities, Regal Funds



Supply demand fundamentals across commodities continue to look favourable

THE USUAL STRUCTURAL MINING BULL CASE....

- 1 Mine depletion
- 2 Grade decline (reduced supply & increased cost support)
- 3 Deeper undergrounds / higher strip ratios
- 4 Population growth
- 5 Urbanisation & industrialisation
- 6 Supply underinvestment

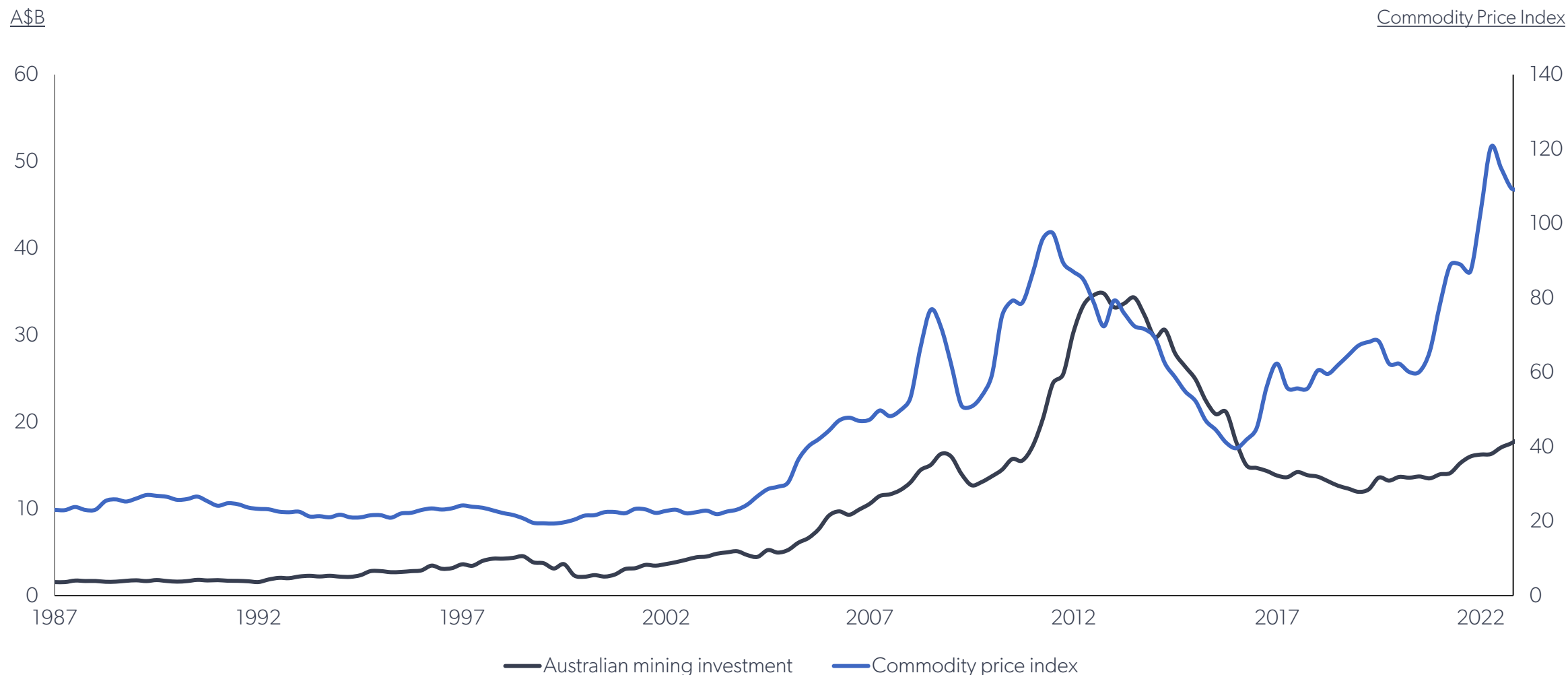


...SEEING INCREASING TAILWINDS

- 1 Decarbonisation boosting metals consumption
- 2 Global energy structural shortage
- 3 War, sanctions & geopolitical tensions
- 4 Supply chain disruptions / deglobalisation
- 5 High inflation
- 6 Low & falling commodity inventories

Mining investment continues to lag

AUSTRALIA MINING INVESTMENT (A\$B)



Source: Minack Advisors as at November 2023. Note: 1. Annual data interpolated using quarterly new capital expenditure data. 2. RBA non-rural commodity index in special drawing rights (SDR) terms — leading by 3 quarters. Past performance is not a reliable indicator of future performance.

Resources trading at material discount to average

ASX 200 Resources trading at forward EV/EBITDA of **6.1x**, 16% below the 20 yr average



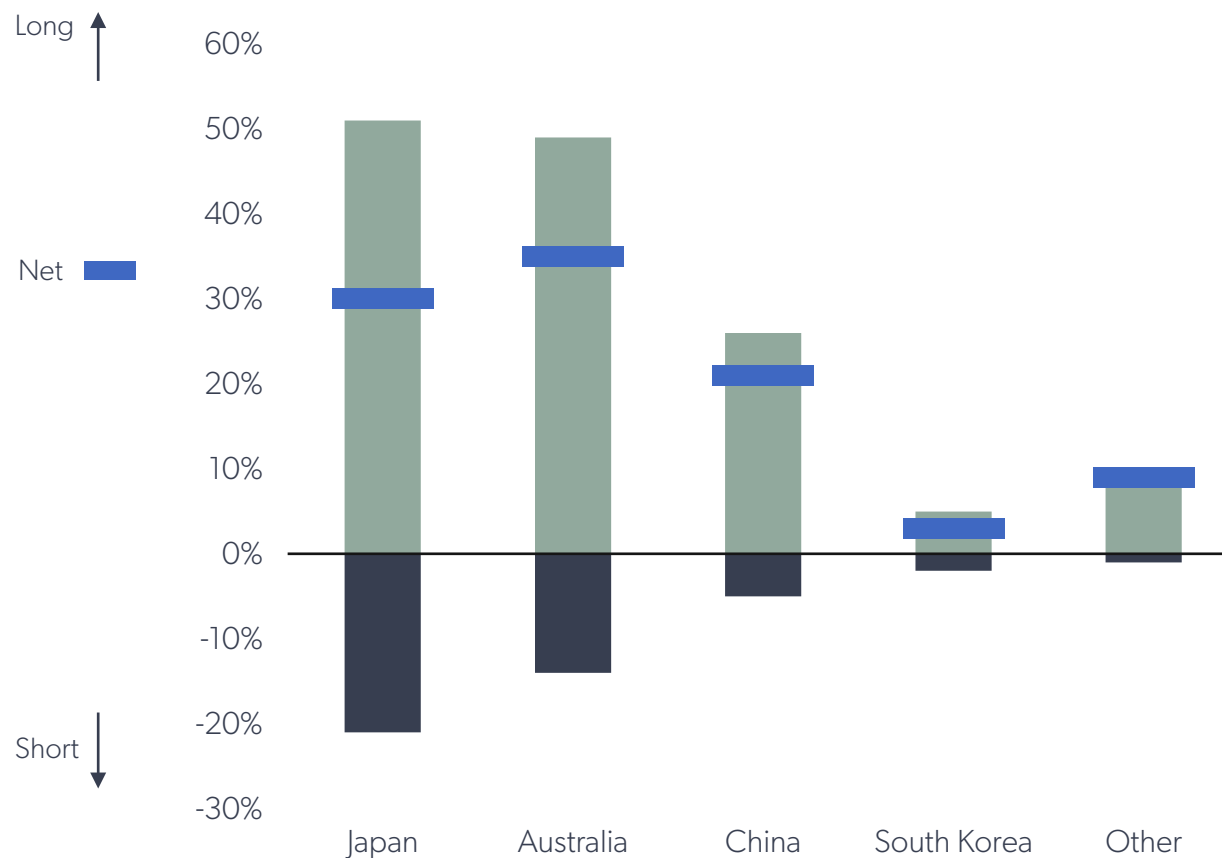
RG8 Update

Philip King, CIO Long/Short Equities, Regal Funds



Actively managed asian exposures

PORTFOLIO POSITIONING BY MARKET

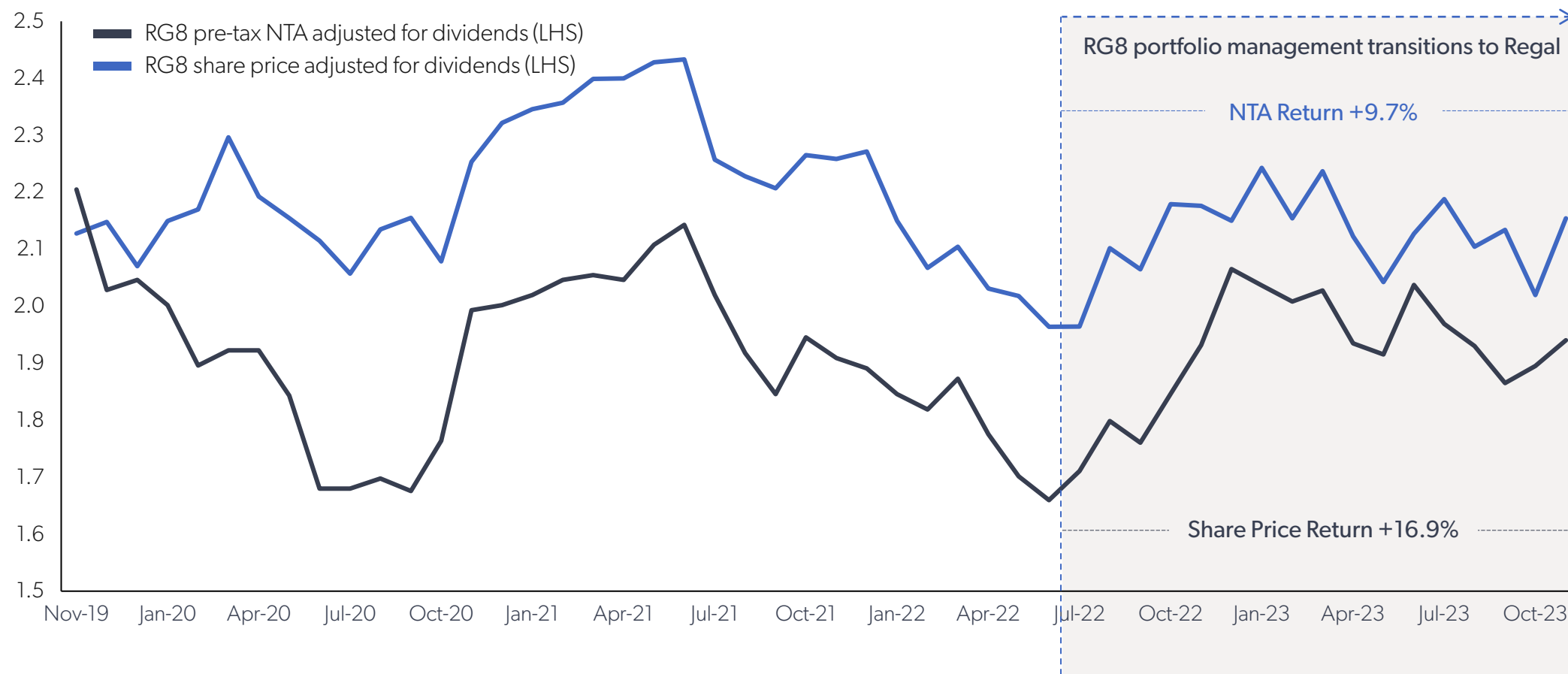


PORTFOLIO EXPOSURES BY SECTOR

SECTOR (GICS)	NET	GROSS
Communication Services	6%	6%
Consumer Discretionary	11%	31%
Consumer Staples	-2%	2%
Energy	20%	24%
Financials	-7%	12%
Health Care	23%	26%
Industrials	20%	31%
Information Technology	12%	19%
Materials	14%	32%
Real Estate	0%	0%
Total	98%	184%

RG8 performance since listing

A\$/share



Investor Q&A

Please submit
your questions
via the side
menu on
the webcast
player



BRENDAN O'CONNOR

Chief Executive Officer
Regal Partners



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