

**30 November 2023**

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

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## 2023 Annual General Meeting – Chairman’s Address

In accordance with ASX Listing Rule 3.13.3, Regal Asian Investments Limited (ASX:RG8) attaches a copy of the address to be given at today’s Annual General Meeting by Lawrence Myers, Chairman.

**AUTHORISED FOR RELEASE BY:**

**Ian Cameron, Company Secretary**



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## Regal Asian Investments Limited 2023 Annual General Meeting Thursday 30 November 2023 – 3pm

On behalf of the Board of Regal Asian Investments Limited (RG8), I would like to welcome all shareholders to today's annual general meeting. We thank you for your support of RG8.

Regarding today's format, I hope that you all had an opportunity to hear the portfolio update that Phil King, Glen Barnes and Shannon McConaghy gave to shareholders yesterday. That session provided a comprehensive discussion of key RG8 stock holdings, earnings drivers and market commentary – and a replay of that webinar is available on the RG8 website.

Today's meeting will be focused on the Formal Business set out in the Notice of Meeting – and I will keep my opening remarks relatively brief to allow ample time for shareholder questions.

### FY23 IN REVIEW

I'd like to start my Chair Address by commenting that the past year has been a notable one for the Company, given that portfolio management responsibilities for RG8 were transitioned to Regal Funds Management in June 2022, meaning that FY23 was the first full year under the Regal team and its Chief Investment Officer, Phil King. Pleasingly, shareholders responded positively to the changes to the team and portfolio, with the share price discount to Net Tangible Assets (NTA) closing materially. RG8's net portfolio return for the year was +8.3%, which, combined with the reduction in discount, led to a total shareholder return of +22.8%. The Company's name and ticker were also changed in November 2022 from VGI Partners Asian Investments Limited (ASX:VG8) to Regal Asian Investments Limited (ASX:RG8) following strong shareholder support at the 2022 AGM, with a vote of over 99.6% in favour.

Turning to the financials, in the year to June 2023, the Company reported a net profit after tax of \$25.7 million, resulting in earnings per share of 12.3 cents. In September 2022, the Company paid a 51% franked dividend of 5 cents per share – and in March 2023, the Company paid a fully franked dividend, which was also 5 cents per share. These dividends were in line with the Company's announcement in August last year that it had refined its dividend policy to target a dividend of at least 5 cents per share every six months.

This approach was maintained at the most recent result, with the Company announcing in August a fully franked final dividend for FY23 of 5 cents per share. This annualised rate of 10 cents per share represents a net dividend yield of 5.1% at yesterday's closing price – and this yield would be higher when including the benefit of franking.

It is also worth highlighting at this point that the ability of RG8 to pay dividends in a consistent manner is assisted by its Listed Investment Company (LIC) structure. A feature of LICs is the ability to allocate undistributed profits to a profits reserve, in effect setting them aside for the payment of future dividends and increasing the ability to provide a steady income stream to shareholders. At 30 June 2023, the Company's profits reserve was \$89.3m – or just over \$79m after adjusting for the dividend paid in September. This equates to approximately 41c per share (based on the current shares outstanding), which is equivalent to 4 years of dividend coverage at current dividend levels.

During the year, the Company also continued to operate its on-market share buy-back, acquiring 19.9m shares for approximately \$40m in FY23. Since then, a further 9.2m shares have been acquired, bringing the total to over 31m shares since the buy-back's launch in May 2022. This is equivalent to 14% of the initial shares outstanding having been bought back. As we have stated previously, the Board is supportive of the on-market buy-back program, given it provides liquidity to shareholders who require it, while being accretive for existing shareholders when conducted at a discount to net tangible assets. As you would be aware from the Notice of Meeting, later in today's meeting, we will be seeking shareholder approval to increase RG8's buy-back capacity from 10% of capital to 25% for the next 12 months.

With regard to portfolio performance, as mentioned earlier, RG8 generated a net portfolio return in FY23 of +8.3% after all fees. This was achieved with an average net equity exposure of 64%. In keeping with its investment guidelines, the portfolio is relatively concentrated and is not benchmarked against an index, but, for context, the MSCI Asia Pacific index



(which is fully invested) generated a return of +10.1% in local currency terms over the period. It is also worth observing that there was a significant divergence of returns across Asian markets during FY23, with none more notable than the difference in returns of the two largest contributors to the regional index, China and Japan. For the 12 months to 30 June 2023, the MSCI Japan Index increased +25.7%, while the MSCI China Index declined by 16.7%. This is clearly a challenging market environment to navigate – and the team has provided their insights on this through their monthly reports, detailed investor letters and webinars. Once again, I encourage you to watch a replay of yesterday’s portfolio update on the RG8 website if you have not yet had the opportunity.

#### SHARE PRICE PERFORMANCE AND DISCOUNT TO NTA

Moving now to the topic of shareholder returns, as stated earlier, it was pleasing to see RG8’s discount reduce in FY23. This helped in generating a total shareholder return of +22.8%, which is also before taking into account any additional benefits from franking.

However, we are aware that closing the discount to a lower level on a sustained basis will continue to require focus in three key areas: (1) investment performance; (2) investor engagement and communication; and (3) capital management initiatives. Please be assured that the Regal team and the RG8 Board are both working to ensure positive outcomes are delivered across all three of these areas.

Pleasingly, many RG8 shareholders have provided feedback to us that they have been happy with the changes that have taken place at RG8 since the merger of Regal with VGI Partners – and that the experience of Regal’s team – both in investing and investor relations – has given these people the confidence to either retain their RG8 shares or increase their investment.

An illustration of Regal’s impact was the decision earlier this year to refine the investment guidelines of the portfolio, which became effective on 1 July. The most notable change was the increase in RG8’s gross exposure limit from 150% to 200% (while maintaining a net exposure limit of 100%). The investment team believes this change will provide additional flexibility in managing the portfolio and will expand the investment opportunities that can be pursued.

On the operations side, it was pleasing to see that one of the first steps after the merger between Regal and VGI Partners in 2022 was to transition the RG8 portfolio to Regal’s proprietary IT and trading systems, enabling Regal management to better monitor portfolio attribution and risk management, and providing additional valuable data for the investment team to analyse and act upon.

Regal has also expanded its investor relations and distribution team with a number of experienced new hires in recent months, providing further evidence of its commitment to servicing clients and advisers.

Finally, I note that entities and funds associated with Regal Partners and Phil King hold a material stake in RG8, which illustrates their alignment with you, RG8’s shareholders. Like you, they are keen to see both RG8’s NTA and its share price rise – and the discount to net tangible assets reduce.

#### CONCLUSION

In closing, I would firstly like to thank the Regal investment team for their dedication to the portfolio during the year. Markets continue to be challenging in Asia, but the team is optimistic that this can present opportunities both on the long and short sides of the book.

Thank you also to the distribution, finance and operations teams for their hard work and support.

Lastly, I would clearly like to thank all of our shareholders for your support. We very much appreciate your interest and investment with us.

# Key Metrics

**+8.3%**

FY23 Net  
Portfolio Return

**+22.8%**

FY23 Share  
Price Return

**10cps**

FY23 Dividends  
Declared

**5cps each  
six months**

Dividend Target

**+5.1%**

Dividend Yield<sup>1</sup>  
at Target (pre-franking)

**\$40m**

FY23 On-Market  
Buy-back

<sup>1</sup>Based on RG8's share price at 29 November 2023.

Source: Bloomberg, Regal Partners. Past performance is not a reliable indicator of future performance.