

Regal Asian Investments

ASX:RG8

December 2023^{1,2,3}

Post-Tax Net Tangible Assets (NTA) per share	\$2.35
Net Portfolio Return – December	2.5%
Net Portfolio Return – Since Inception (p.a.)	0.9%
Share Price at Month End	\$2.10
Portfolio Size (\$m)	\$417 million
Portfolio Currency Exposure	Fully hedged to AUD ⁴

RG8 generated a return of +2.5% in December 2023, a pleasing result given the weakness in both the MSCI Japan Index -0.5% and MSCI China Index -2.4%.

Japan was a key contributor to returns with gains in both the long and short portfolios. The largest long contributor was Nihon Kohden Corp, a leading manufacturer of medical devices, including patient monitors. We like Nihon Kohden's long-term growth outlook in both its traditional medical hardware revenues, as it continues to expand overseas, as well as its newer software revenue streams. Last year the company launched artificial intelligence tools that have been well received by the hospital clientele. During December, the stock rallied on news that a global activist fund has taken a position in Nihon Kohden. We have been engaging with management for some time and feel there is significant room for the company to optimise margins and return more cash to shareholders. In our upcoming investor letter we will further discuss Nihon Kohden and the rising trend of activism – or “engagement” – investing in Japan, which is working in tandem with corporate governance pressures to improve returns for shareholders.

Prosus NV was the largest detractor to returns in December following a draft release by Chinese authorities of new online game regulations that saw a large decline in the share price of Tencent Holdings (a key investment for Prosus). Tencent now trades on 14x P/E, around half of its 10-year average, and Prosus now trades at a 31% discount to its NAV, which includes its holding in Tencent.

Key contributors to the short book included Japanese photocopier and printer manufacturers where we continue to see conditions deteriorate.

Buy-back: In December, approximately 2.7m RG8 shares were bought at an average price of \$1.99. A new buy-back, with capacity to buy up to approximately 48.8 million shares or 25% of shares on issue during the year to November 2024, began operation in December 2023.

1H24 result: RG8 expects to release its 1H24 result on Thursday, 8 February.

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	189 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	5%	0%	5%	5%
Consumer Discretionary	22%	-8%	14%	30%
Consumer Staples	0%	-3%	-3%	3%
Energy	17%	-4%	13%	20%
Financials	10%	-9%	1%	19%
Health Care	19%	-1%	18%	20%
Industrials	24%	-4%	20%	28%
Information Technology	21%	-10%	11%	31%
Materials	24%	-11%	14%	35%
Real Estate	0%	0%	0%	0%
Utilities	5%	0%	5%	5%
Total	146%	-49%	97%	195%

Region (by listing)	Long	Short	Net	Gross
Australia	62%	-15%	47%	77%
Canada	5%	0%	5%	5%
Hong Kong	17%	-5%	12%	22%
Japan	44%	-23%	21%	68%
Korea	9%	-2%	7%	11%
Netherlands	4%	0%	4%	4%
Taiwan	0%	-3%	-3%	3%
Thailand	0%	-1%	-1%	1%
US	4%	0%	4%	4%
Total	146%	-49%	97%	195%

PORTFOLIO STATISTICS

Long Exposure:	146%	24 Aug 2023	5.0c
Short Exposure:	-49%	27 Feb 2023	5.0c
Net Exposure:	97%	29 Aug 2022	5.0c
Gross Exposure:	195%	16 Mar 2022	5.0c
Average Weighted Market Cap (US\$):	31,397m	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%	6.8%	2.5%	2.9%
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 December 2023, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.35 per share, which includes \$0.08 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.

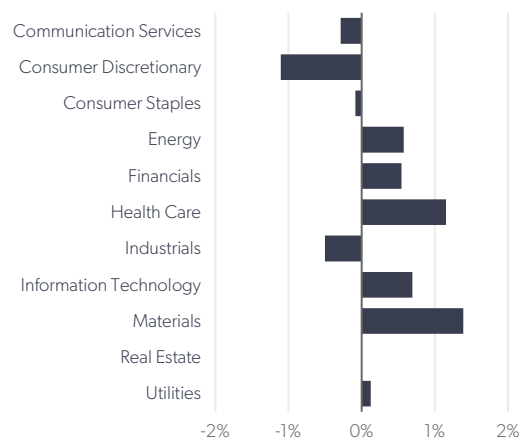
³ Past performance is not a reliable indicator of future performance.

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.

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MONTHLY ATTRIBUTION ANALYSIS

SECTOR ATTRIBUTION



LONG SHORT ATTRIBUTION

