

19 August 2021

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

BY ELECTRONIC LODGEMENT

**Annual Report and Financial Statements for the year ended 30 June 2021**

VGI Partners Asian Investments Limited (ASX:VG8) hereby lodges:

- Appendix 4E for the year ended 30 June 2021; and
- Annual Report for the year ended 30 June 2021, incorporating the Chairman's Letter and Financial Statements.

**Authorised for release by:**

Ian Cameron, Company Secretary

**Investor contact information:**

Ingrid Groer, CFA  
Head of Investor Relations  
VGI Partners Asian Investments Limited  
Phone: 1800 571 917 (inside Australia)  
+61 2 9237 8923 (outside Australia)  
Email: [investor.relations@vgipartners.com](mailto:investor.relations@vgipartners.com)

This page has been intentionally left blank.

# Appendix 4E

for the period ended 30 June 2021

## Reporting periods

Current reporting period	1 July 2020 - 30 June 2021
Previous reporting period	31 July 2019 (date of incorporation) - 30 June 2020

## Results for announcement to the market \*

	30 June 2021	Up / down	% Movement
Income from ordinary activities	110,102,126	Up	Very large **
Profit before tax for the period	83,193,297	Up	Very large **
Net profit from ordinary activities after tax	58,797,841	Up	Very large **

\* The previous period is for the 11-month period from 31 July 2019 to 30 June 2020 and accordingly may not be comparable.

\*\* The positive percentage movement from prior period is very large and accordingly, is not presented.

## Dividend information

Since the end of the year, the Directors declared an inaugural fully franked final dividend as below:

	Dividend per share (cents)	Franked amount per share (cents)	Tax rate for franking
2021 Final dividend cents per share	5.5	5.5	30%

## Final dividend dates

Ex-date	30 August 2021
Record date	31 August 2021
Last election date for dividend reinvestment	1 September 2021
Payment date	29 September 2021

## Dividend reinvestment plan

On 21 July 2021, VGI partners Asian Investments Limited (**the Company**) announced to the ASX the establishment of a Dividend Reinvestment Plan (**DRP** or **the Plan**) for holders of ordinary shares in the Company. The fully franked dividend of 5.5 cents per share qualifies for the DRP.

Net tangible assets per share	30 June 2021	30 June 2020	Up / down	% Movement
Pre-tax	\$2.83	\$2.49	Up	13.7%
Post-tax excluding deferred tax liabilities / deferred tax assets on unrealised gains / losses	\$2.80	\$2.50	Up	12.0%
Post-tax including deferred tax liabilities / deferred tax assets on unrealised gains / losses	\$2.75	\$2.49	Up	10.4%

## Brief explanation of results and Company outlook

Refer to the attached 2021 Annual Report. Additional Appendix 4E disclosure requirements can be found in the notes to the financial statements.

## Audit

This report is based on the financial report which has been audited by Pitcher Partners. All the documents comprise the information required by Listing Rule 4.3A.

This page has been intentionally left blank.

**VGI**  
**PARTNERS**  
Asian Investments

ABN 58 635 219 484

**2021 Annual Report**  
Year ended 30 June 2021

# Contents

Letter from the Chairman _____	3
Directors' Report for the period ended 30 June 2021 _____	8
Financial Statements _____	17
Notes to the Financial Statements for the period ended 30 June 2021 _____	21
Directors' Declaration _____	39
Independent Auditor's Report _____	40
Investment Portfolio _____	44
Shareholder Information _____	45

## Annual General Meeting 2021

Tuesday, 16 November 2021

Notice of the Annual General Meeting will be forwarded to all Shareholders separately.

## Corporate Governance

The Board of Directors of VGI Partners Asian Investments Limited ABN 58 635 219 484 (**VG8** or **the Company**) is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (**CGS**) in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations.

The Company's CGS is available on the Company's website at [www.vgipartners.com/lics/vg8](http://www.vgipartners.com/lics/vg8) under the "Other VG8 Resources" section.

# Letter from the Chairman

Dear Fellow Shareholders,

The Board of VGI Partners Asian Investments Limited joins me in thanking you for your continued support during the 2021 financial year (**FY21**).

## **Financial Highlights**

Investment markets continued to be ravaged by the volatility associated with the COVID-19 Global Pandemic during the 2021 financial year. Notwithstanding this, the VGI Partners Asian Investments Limited portfolio recorded an annual return of 15.0% for the year, after fees and before tax, with Net Tangible Assets (NTA), on an after tax basis, increasing from \$2.50 per share at the start of the year to \$2.80 per share at the end of the year – an increase of 12%. The profit after tax was \$58.8 million, equating to earnings per share of 26.41 cents.

The Board has indicated that it intends to target a dividend yield for VGI Partners Asian Investments Limited of 4% per annum on a fully franked basis, based on the Company's share price. As a result, the Company has declared a final dividend of 5.5 cents per share (fully franked) (\$12.2 million) for FY21 to be paid on 29 September 2021. Given that it is the Investment Manager's goal to deliver a long term annual return of 10-15% per annum, after fees and before tax for the portfolio, the Board is comfortable that a targeted dividend yield of 4% on a fully franked basis is capable of being maintained for the foreseeable future.

I am pleased to note that VG8's share price increased by 27.6% in FY21. Whilst the Board and the Investment Manager are disappointed that the discount between the NTA and the share price persists, the share price performance during the year reflected a material closing of this discount. I will address this in more detail later in this letter.

## **VG8 Investment Philosophy and Alignment of Interests**

VG8 was established to provide investors with access to a concentrated portfolio, comprised predominantly of long investments and short positions in listed securities with a particular focus on Asia, as well as access to the investment expertise of VGI Partners, the Manager. The Investment Team is the same team that manages the VGI Partners Master Fund, which has achieved +13.8% compound returns p.a. (post fees and expenses) from inception in January 2009 to 30 June 2021.

The decision to establish the Company was several years in the planning and followed on from the Investment Team becoming increasingly optimistic about opportunities in the Asian region. While COVID-19 has created uncertainty across the world, and there are also other risks emerging in Asia, the Investment Team continue to see opportunities to gain exposure to growth in the region. However, the team remain disciplined and are focused on areas where the risks are relatively low, or where they feel the risks have been more than factored into the share price of selected stocks.

The Manager has a risk-adjusted return philosophy which is implemented through three key tenets:

- **Capital preservation** – First, by investing in high-quality businesses that are easy to understand and that trade at prices which the Manager believes exhibit a sufficient ‘margin of safety’ – that is, trading at prices that are significantly below the intrinsic value of the business. And second, by using little or no leverage and keeping prudent cash buffers.
- **Superior long-term compound growth** – Great businesses purchased with a ‘margin of safety’ held for the long-term are best placed to provide superior compound returns.
- **Concentration** – The Manager aims to be concentrated enough in its best ideas so as not to dilute overall returns but hold enough long investments to provide an appropriate level of diversification. The top ten long investments for VG8 will typically represent 40-50% of the portfolio net asset value for VG8.

VGI Partners, the Manager, has an on-going commitment to pay all allowable operating costs of VG8. In FY21 this amounted to over \$507,000 and included ASX and ASIC fees, audit costs, legal and tax advice costs and any fees charged by the Company’s Fund Administrator. Many other competing investment offerings apply these charges to investors.

## VG8 Portfolio

After VG8’s listing in November 2019, the Manager began prudently deploying the Company’s capital. This included significant buying during the market sell-off in March 2020 and further investments through the rest of calendar 2020. Given the impact of COVID-19 and the subsequent government stimulus packages and record low interest rates, it was hardly a set of normal conditions for fundamental investing. However, the Investment Team were patient in their approach and reached 83% net equity exposure in January 2021. The portfolio has remained broadly around this level since then. As at 30 June 2021, VG8’s net equity exposure was 85% (91% long investments less 6% short positions). This means that for every \$100,000 invested with VG8, shareholders owned long \$91,000 of equities and had sold short \$6,000 of equities. This represents a net equity exposure of \$85,000.

The portfolio return of 15% (post fees) in FY21 was achieved with an average net equity exposure of 71%. While the Manager does not benchmark VG8’s performance against any specific Asian index, as none are consistent with the Company’s strategy, it is interesting to note that key indices such as MSCI Japan (+15%) and MSCI China (+17%) were up a similar amount, though with 100% equity market exposure. This illustrates a key philosophy of VGI Partners’ investment approach – targeting superior returns but with a focus on capital preservation in the case of market volatility.

At 30 June 2021, the VG8 portfolio included 24 long investments and 9 short positions.

The top 5 long investments at the end of June were Cie Financiere Richemont, Olympus, Nintendo, Alibaba and Rakuten. Richemont, which generated an 87% return in FY21, is a classic example of the benefits of VG8’s differentiated approach to Asian investing. Under its mandate, VG8 is able to invest in Asian-listed securities as well as companies listed outside of Asia but with significant operational exposure to Asia. In the case of Richemont, the company is based in Switzerland but 45% of its reported sales are made in the Asia Pacific region and possibly an even higher percentage makes its way to Asia through other channels. At a time when some investors are concerned about a wide range of risks across the Asian region, it is pleasing to see that VG8’s diversification, coupled with the high-quality nature of stocks in its portfolio, can provide an appealing alternative to more traditional Asian or emerging markets funds.

On the short side, the Investment Team were very cautious and limited their shorting during the second half of calendar 2020. This proved to be the right decision given the sharp market rally that occurred as vast amounts of fiscal and monetary support were rolled out in response to the COVID-19 pandemic. It was thus only in late FY21 that the Investment Team began to selectively add short positions, as the risk versus reward analysis improved.



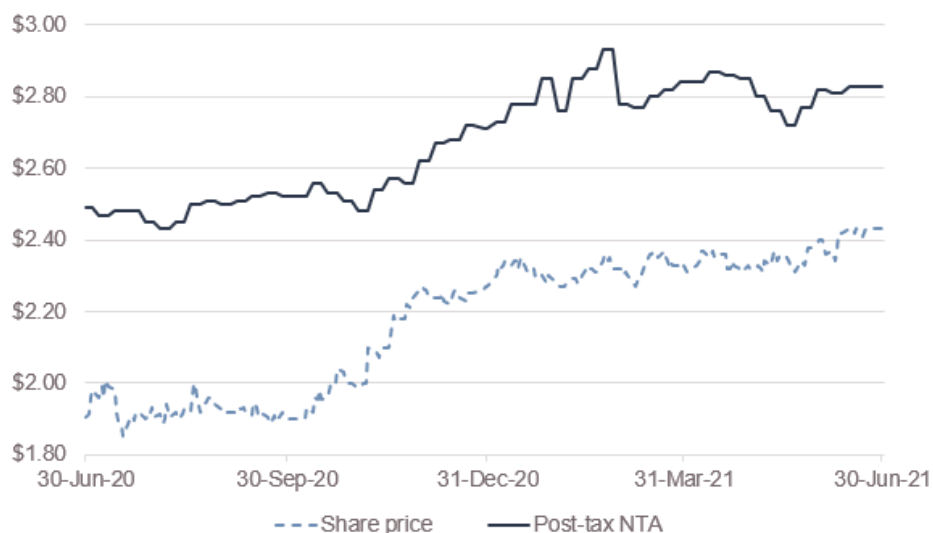
More information about VG8's portfolio can be found in the investor letter from the Manager, which was released on 19 July 2021 and can be accessed on the Company's website at [www.vgipartners.com/lics/vg8](http://www.vgipartners.com/lics/vg8).

### VG8's Performance as a Listed Company

Launching just before the COVID-19 pandemic, and the associated market sell-off, resulted in a less than ideal start for investors in the VG8 IPO. While portfolio performance to 30 June 2020 was acceptable in what were extraordinary market circumstances, down just 0.2%, share price performance did not fare as well, as a number of shareholders sought to reduce market exposure due to the significant uncertainty in the global economy.

This led to a widening in the gap between the share price and the underlying NTA. However, the Manager together with the Board, have been focused on various initiatives to drive share price growth and assist in closing the share price to NTA gap. As a result, while there is still more to do, it was pleasing to see that VG8's discount to NTA narrowed from a peak of over 25% in September 2020 to around 13% by 30 June 2021.

**VG8 Share Price and Post-Tax NTA (\$ per share)**



Source: VGI Partners and Bloomberg. Performance is shown after all applicable fees and charges. 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.

The Manager is confident that as VG8's track record builds and the share register matures, the long-term performance of VG8 as a listed security will more closely track the performance of the portfolio.

Below are some examples of the progress that has occurred:

- VGI Partners created a Chief Executive Officer role and appointed Jonathan Howie in early calendar 2021. Mr Howie has over nineteen years' experience in investment management and banking, including building and growing wealth and retail platforms, distribution of financial products, customised investment solutions and business strategy design and execution. His most recent managerial roles were at BlackRock and Macquarie Group, both of which involved positions in Hong Kong and Australia. Since joining VGI Partners in April 2021, Jonathan has already met with a large number of VG8 shareholders and advisers and gathered a material amount of feedback. He has also already made significant contributions to enhancing VG8's investor relations and marketing.
- VGI Partners also hired Matthew Newham (Investment Director – Distribution) to focus on servicing existing advisers and building new relationships. Matthew has already had good success in finding material new VG8

investors, both in Australia and offshore. VGI Partners has also recently completed the upgrade of its Client Relationship Management (CRM) software, which will assist Matthew and his team in servicing clients and identifying key trends.

- The Manager committed to providing more detailed and more frequent updates to shareholders. This has included quarterly portfolio briefings and enhanced educational and marketing materials. In addition, VGI Partners has funded additional media partnerships and sponsorships with investor associations to expand brand awareness and promote articles which convey the benefits of our portfolio construction approach and the unique insights of our team. While the annual roadshow in October 2020 was held by virtual means given COVID restrictions, these couple of weeks generated significant interest and saw a material closing of the discount at the time. The team is looking forward to this period again but is also cognizant of the fact that this momentum needs to be sustained throughout the entire year. VGI's recent hires are a key part of ensuring that this occurs.
- VG8 announced in May 2021 that the Board intends to target a 4% p.a. fully franked dividend yield. This decision was made after a significant amount of analysis and market feedback. On this point I note that the Listed Investment Company (LIC) structure is ideally placed to deliver a relatively steady stream of fully franked dividends to shareholders, which is particularly appealing for investors when interest rates are so low. The Manager targets an annual return of 10-15% per annum, net of fees, but before tax over the long term for the VG8 portfolio. Meeting this objective will comfortably support a 4% per annum fully franked dividend yield. VG8 has a profits reserve which stands at \$89.7 million (40.3 cents per share) as at 30 June 2021. This reserve can be used to help smooth dividend payments over time. Franking credits are available from both the corporate tax paid by the LIC, as well as franking credits attached to dividends earned by its portfolio.
- The Company also recently announced that VG8 will offer a Dividend Reinvestment Plan (DRP) for dividends paid to shareholders. The DRP will require shares to be bought on-market for allocation when VG8's share price is below NTA. Hence, the targeted 4% dividend yield policy should lead to significant purchases of shares on-market to satisfy future DRPs while the discount to NTA persists.

The Board notes that the current discount to NTA represents an opportunity for new and existing investors, and we welcome a number of significant new shareholders, including family offices, investment groups and private investors who have joined the register during the 2021 financial year. VGI Partners has been actively buying VG8 shares on-market to hold for the long term. Subsequent to listing, VGI Partners has purchased an additional \$14 million worth of VG8 shares on-market to hold on the VGI Partners balance sheet, taking the manager's total investment in VG8 to \$34 million as at 30 June 2021. In addition, the VGI Partners Investment Team have material investments in VG8 driving a strong alignment with shareholders in VG8. It is worth reiterating that VGI Partners staff may only invest in VGI Partners' funds and VGI Partners itself, so eliminating the discount to NTA is a focus for the entire team of the Manager.

Furthermore, the commitment by key founding principals of the Manager, to reinvest any performance fee earned from VG8 in VG8 shares, through on-market buying, is another mechanism that supports the share price and aligns our senior team with shareholders. As shareholders may recall, this policy requires certain key founding principals of VGI Partners to reinvest all performance fees that they earn from VG8 (on a post-tax basis) back into VG8 shares, which are escrowed. In March 2021, 1.5 million shares were bought on-market for this purpose.

## Shareholder Engagement

The Manager is always keen to engage with our shareholders and we encourage you to participate in the regular VG8 investor briefings.

We invite you to participate in the next webinar to be held on 20 August 2021 to discuss the VG8 FY21 results and provide a portfolio update.

Given travel restrictions related to COVID-19, the annual VGI Partners roadshow to capital cities may not be possible this year, but we will look to host further briefings later in the year via webcast and phone. Details will be announced shortly.


Letter from the Chairman

The VG8 Annual General Meeting (**AGM**) will be held on Tuesday 16 November 2021. Full details will be available in the Notice of Meeting which will be sent to shareholders closer to the date. In the event that it becomes impractical to hold a physical AGM due to COVID-19, the Company will seek to hold the AGM online.

To ensure that you remain fully informed on all matters relating to VG8, we recommend that you elect to receive all investor communications via email. Please contact Ingrid Groer, our Head of Investor Relations, on +612 9237 8923 if you require assistance in this regard, or if you ever have any questions about your investment. You can also subscribe for announcements via our website or change your communication elections via Investorserve (the portal of our registry, Boardroom).

We thank you again for your ongoing support and look forward to speaking with you at our upcoming events.

Yours sincerely,



**Lawrence Myers**  
**Independent Chairman**  
Sydney  
18 August 2021

# Directors' Report

For the period ended 30 June 2021

The Directors of VGI Partners Asian Investments Limited (**the Company** or **VG8**) present their Directors' report together with the Financial Report of the Company for the year ended 30 June 2021. The Company is limited by shares and is incorporated in Australia.

## Directors

The following persons were Directors of the Company during the whole of the financial reporting period and up to the date of this report, unless otherwise stated:

<b>Name</b>	<b>Position</b>	<b>Date appointed</b>
Lawrence Myers	Independent Chairman	31 July 2019
Robert M P Luciano	Director	31 July 2019
David F Jones AM	Director	25 September 2020
Adelaide H McDonald	Independent Director	31 August 2019
William F Brown	Independent Director	31 August 2019
Douglas H Tynan	Director	31 July 2019 – resigned 25 September 2020

## Principal Activity

The principal activity of the Company is to provide shareholders with access to a concentrated portfolio, predominantly comprised of long investments and short positions in listed securities focusing on the Asian region; and the investment expertise of the Investment Manager, VGI Partners (**the Manager**).

There have been no significant changes in the nature of this activity during the period and no change is anticipated in the future.

## Review of Operations

Investment operations during the year resulted in an operating profit before tax of \$83,193,297 (2020: loss of \$3,238,787) and an operating profit after tax of \$58,797,841 (2020: loss of \$2,308,312).

For the financial year, the Company's portfolio generated an increase in post-tax NTA after all fees of 12.0% (2020: decrease of 0.2%). Further information on the financial highlights of the Company is contained in the Letter from the Chairman.

### *Costs paid by the Manager*

The Investment Manager continues to show strong alignment and support to the Company and its shareholders by paying the majority of the Company's operating costs. The Manager paid for over \$507,000 of operating expenses in the year ended 30 June 2021 which include ASX and ASIC fees, audit costs, legal and tax advice costs and any fees charged by the Company's Fund Administrator.

In the prior year, the Manager absorbed \$12,275,000 of costs, including over \$12 million in upfront listing-related cash expenses for VG8.

#### *Dividend Yield Target of 4% p.a.*

With a strong profits reserve balance and investment gains built up in the VG8's portfolio, on 11 May 2021, the Board of VG8 announced its intention to target a dividend yield of 4% per annum, payable semi-annually, calculated by reference to the VG8 share price commencing from the 30 June 2021 dividend payable in September 2021. The dividend target is dependent on the Company having sufficient profits reserves, franking credits and cash flows and it is within prudent business practices.

#### *Dividend Reinvestment Plan (DRP)*

On 21 July 2021, the Company announced to the ASX the establishment of a Dividend Reinvestment Plan (**DRP** or **the Plan**) for holders of ordinary shares in the Company.

#### *Other matters*

During the year, Douglas Tynan resigned from the VG8 Board as part of his transition to his ongoing role as a Non-Executive Director of the Manager. David Jones, an Executive Director of VGI Partners, has been appointed to the Company's Board to fill the vacancy arising from Mr Tynan's resignation. The VG8 Board comprises a majority of Independent Directors.

Further information on the Company's operational and financial review is contained in the Letter from the Chairman.

## **Financial Position**

The net assets of the Company as at 30 June 2021 were \$613,040,074 (2020: \$554,242,233).

## **Matters subsequent to the end of the financial year**

Since the end of the year, the Directors declared a fully franked final dividend of 5.5 cents per share to be paid on 29 September 2021. The dividend qualifies for the Company's DRP.

The Company is not aware of any other matter or circumstance since the end of the financial year not otherwise dealt with in this report, that has, or may, significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

## **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2021.

## **Likely developments and expected results of operations**

The Company will continue to pursue its investment objectives for the long-term benefit of shareholders.

## **Environmental regulation**

The operations of the Company are not subject to any particular or significant environmental regulations under a law of the Commonwealth, or of a State or Territory.

## Information on Directors and Officeholders

---

<b>Name:</b>	<b>Lawrence Myers</b>
Title:	Independent Chairman
Qualifications:	<i>B.Acct (UniSA), CA, CTA</i>
Experience and expertise:	Mr Myers is the Founder and Managing Director of MBP Advisory Pty Limited, a prominent, high-end Sydney firm of Chartered Accountants which he established in 1998. Mr Myers is also the CEO of FIFO Investments Pty Limited, the family office for the Myers family and a number of associated families. Mr Myers' specialist areas of practice include mergers and acquisitions, corporate and business advisory, tax consulting and advisory, succession planning and family office services. Lawrence is also a member of the Foundation board of the Art Gallery of New South Wales.
Other current listed directorships:	Mr Myers has been an Independent Director and Chairman of the Audit and Risk Committee of ASX listed Breville Group Limited since 2013 and has been its Lead Independent Director since August 2014. Mr Myers is also an Independent Director of VGI Partners Global Investments Limited.
Former directorships (last three years):	Mr Myers has not held any other directorships of listed companies within the last three years.
Special responsibilities:	Mr Myers is a member of the Company's Audit and Risk Committee.
Interests in the Company at 30 June:	Shares: 250,000

---

<b>Name:</b>	<b>Robert M P Luciano</b>
Title:	Director
Qualifications:	<i>B.Com (Acc/Fin) (UNSW), M.Com (Fin) (UNSW), F Fin, CFA</i>
Experience and expertise:	Mr Luciano founded VGI Partners Limited in 2008. He has more than 25 years' experience as a portfolio manager, equities analyst and accountant. Mr Luciano is also a director of The VGI Partners Foundation, a registered charitable organisation.
Other current listed directorships:	Mr Luciano is Chairman and Managing Director of VGI Partners Limited and a Director of VGI Partners Global Investments Limited.
Former directorships (last three years):	Mr Luciano has not held any other directorships of listed companies within the last three years.
Interests in the Company at 30 June:	Shares: 4,232,440

---

<b>Name:</b>	<b>Adelaide H McDonald</b>
Title:	Independent Director
Qualifications:	<i>B.Com (Acc/Fin) (UQLD), B.BusMan (UQLD), CFA</i>
Experience and expertise:	Ms McDonald has over 13 years' experience in corporate advisory and equity research. Ms McDonald is currently an Executive Director of MDH Pty Ltd, one of Australia's largest integrated beef producers. In addition, Ms McDonald has held roles as a Director at KPMG in the Mergers and Acquisitions practice with previous roles at Wilson HTM and BDO Kendalls.
Other current listed directorships:	Ms McDonald is an Independent Director of VGI Partners Global Investments Limited.
Former directorships (last three years):	Ms McDonald has not held any other directorships of listed companies within the last three years.
Special responsibilities:	Ms McDonald is Chair of the Company's Audit and Risk Committee.
Interests in the Company at 30 June:	Shares: 40,000

---

---

**Name:** **William F Brown**

**Title:** Independent Director

**Qualifications:** B.A (Econ) (University of Pennsylvania), MBA (Columbia Business School)

**Experience and expertise:** Mr Brown has over 30 years of investment experience as a principal and advisor. Currently, Mr Brown is the Chief Investment Officer of Terrace Tower Group, a Sydney and New York based real estate and investment company started by John Saunders, one of two co-founders of Westfield Group.

Mr Brown also has served as a Partner and member of the investment committee at AIM13, a multi-family investment office with more than US\$1 billion invested in alternative assets. Previously, he was a Senior Portfolio Manager at Hartz Capital, a privately-owned multi-strategy hedge fund associated with the Leonard Stern family office.

Prior to joining Hartz, Mr Brown worked at Berenson & Company, Credit Suisse First Boston, Lazard Frères and Lehman Brothers. Mr Brown began his investment career in 1989 as an investment banking analyst at Salomon Brothers Inc.

**Other current listed directorships:** Mr Brown does not hold any other directorships in listed companies.

**Former directorships (last three years):** Mr Brown has not held any other directorships of listed companies within the last three years.

**Special responsibilities:** Mr Brown is a member of the Company's Audit and Risk Committee.

**Interests in the Company at 30 June:** Shares: 100,000

---

**Name:** **David F Jones AM**

**Title:** Director

**Qualifications:** *B.Eng. (1st Class Hons) (Melb.), MBA (Harvard)*

**Experience and expertise:** Mr Jones has more than 30 years' experience in investment markets, the majority as a general partner in private equity firms, and prior to that in general management and management consulting. Mr Jones has been a board member of numerous private and public businesses, including a number in the wealth management sector. In 2021 Mr Jones was made a Member of the Order of Australia for significant services to the museums and galleries sector, and to the community.

**Other current listed directorships:** Mr Jones is a Director of VGI Partners Limited and the Chairman of VGI Partners Global Investments Limited.

**Former directorships (last three years):** Mr Jones has not held any other directorships of listed companies within the last three years.

**Interests in the Company at 30 June:** Shares: 100,000

---

**Name:** **Ian J Cameron**

**Title:** Company Secretary

**Qualifications:** *B.Com (Acc) (UMACQ), CA, B.Laws (UOW), GDLP (UOW)*

**Experience and expertise:** Mr Cameron has more than 14 years' experience in investment management and professional services. Prior to joining the Company in 2018, Mr Cameron worked at Pantheon Ventures and Aspect Capital in London, after starting his career at KPMG in Sydney. He is a member of Chartered Accountants Australia and New Zealand and a Solicitor of the Supreme Court of NSW.

---

## Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report section of this Directors' Report.

## Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Board Meetings		Audit and Risk Committee Meetings	
	A	B	A	B
Lawrence Myers	6	6	4	4
Robert M P Luciano	6	6	#	#
David F Jones AM	4	4	#	#
Adelaide H McDonald	6	6	4	4
William F Brown	6	6	4	4
Douglas H Tynan *	0	2	#	#

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the year

# = Not a member of the Audit and Risk Committee

\* Mr Tynan resigned from the Board on 25 September 2020.



## Remuneration Report (Audited)

The Directors are the only people considered to be key management personnel (**KMP**) of the Company.

This Report details the nature and amount of remuneration for each Director of the Company in accordance with the *Corporations Act 2001*.

### Details of remuneration

Robert Luciano, David Jones and Douglas Tynan were Directors of VGI Partners Limited during the year and do not receive Directors' fees from the Company. The Company Secretary is remunerated by VGI Partners Limited.

The Company does not have a remuneration committee. The Board from time to time determines the remuneration of Independent Directors within the maximum amount approved by shareholders at the Annual General Meeting. The maximum total remuneration of the Directors of the Company has been set at \$300,000 per annum.

The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors. The Directors' remuneration is not linked to the Company's performance and is reviewed annually.

Independent Directors do not receive bonuses nor are they issued options over securities as part of their remuneration. Independent Directors' fees cover all main Board activities and membership of committees, which reflect the demands that are made on them and their responsibilities.

The following table shows details of the remuneration received or receivable by the Independent Directors of the Company for the current and prior financial years.

Name	Position	Short term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
<b>2021</b>				
Lawrence Myers	Independent Chairman	63,927	6,073	70,000
Adelaide H McDonald	Independent Director	54,795	5,205	60,000
William F Brown	Independent Director	60,000	–	60,000
		<b>178,722</b>	<b>11,278</b>	<b>190,000</b>
<b>2020 *</b>				
Lawrence Myers	Independent Chairman	58,846	5,590	64,436
Adelaide H McDonald	Independent Director	45,873	4,358	50,231
William F Brown	Independent Director	50,231	–	50,231
		<b>154,950</b>	<b>9,948</b>	<b>164,898</b>

\* For the 11-month period from 31 July 2019 (incorporation) to 30 June 2020.

The following table reflects the Company's performance and Independent Directors' remuneration over two years:

	2021	2020 *
Operating profit / (loss) after tax (\$)	58,797,841	(2,308,312)
Dividends (cents per share) **	5.5	–
NTA after tax (\$ per share)	2.80	2.50
Share price (\$)	2.43	1.91
Total Independent Directors' remuneration (\$)	190,000	164,898
Earnings / (loss) per share (cents)	26.41	(1.28)

\* For the period from 31 July 2019 (incorporation) to 30 June 2020.

\*\* Relates to dividends earned during the performance for the respective financial year, including declared and paid after the end of the financial year.

## Director related entity remuneration

All transactions with related entities are made on normal commercial terms and conditions.

As noted on page 13, Robert Luciano, David Jones and Douglas Tynan (until 25 September 2020) are Directors of, and are remunerated by VGI Partners Limited, parent entity of the Manager.

The fees payable to the Manager are listed below:

- **Management fee:** The Manager is entitled to be paid a management fee equal to 1.5% p.a. (plus GST) of the value of the Company's portfolio calculated on the last business day of each month and paid monthly in arrears.

For the year ended 30 June 2021, the Manager earned management fees of \$8,990,995 exclusive of GST (2020: \$5,542,695 exclusive of GST).

- **Performance fee:** The Manager is entitled to be paid a performance fee semi-annually in arrears, equal to 15% (plus GST) of the Portfolio's outperformance (if any) over each prior semi-annual Performance Calculation Period, subject to a high water mark mechanism.

For the year ended 30 June 2021, the Manager earned performance fees of \$14,167,664 exclusive of GST (2020: nil).

Robert Luciano, Douglas Tynan and Robert Poiner have agreed to re-invest, from the dividends they receive from VGI Partners Limited, their 'look through' after tax share of any performance fees (after deduction of corporate income tax payable by the Manager) received by the Manager from the Company, multiplied by the dividend payout ratio for the VGI Partners Limited Dividend. Refer to page 46 for further details on the reinvestment agreement.

No Director has received or become entitled to receive a benefit (other than those detailed in the Remuneration Report) by reason of a contract made by the Company or a related company with the Director or with a firm of which they are a member or with a company in which they have substantial financial interest.

## Equity instrument disclosures

As at the balance date, the following interests in the Company were held by persons and their related parties, who were members of the Board during the year:

Ordinary shares held:	Opening balance at 1 July 2020	Acquisitions *	Disposals	Closing balance at 30 June 2021
Name				
Lawrence Myers	150,000	100,000	–	250,000
Robert M P Luciano	3,045,065	1,187,375	–	4,232,440
David F Jones AM **	100,000	–	–	100,000
Adelaide H McDonald	40,000	–	–	40,000
William F Brown	100,000	–	–	100,000
Douglas H Tynan (resigned 25 September 2020)	429,800	310,379	–	740,179 ***
<b>Total</b>	<b>3,864,865</b>	<b>1,597,754</b>	<b>–</b>	<b>5,462,619</b>

\* Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

\*\* Holding at date of becoming KMP (25 September 2020).

\*\*\* Mr Tynan resigned from the Board of Directors on 25 September 2020 and was no longer a KMP of the Company after that date.

There have been no changes to the interests held by the Company's Directors and their related parties since balance date to the date of this report.

*End of Remuneration Report*

## Insurance and indemnification of Officers and auditors

The Company indemnifies the current Directors and officers of the Company against all liabilities to another person (other than the Company) that may arise from their position as Directors and officers, except where the liabilities arise out of conduct involving a lack of good faith. The Company will meet the full amount of any such liabilities, including costs and expenses.

The auditor of the Company is not indemnified out of the assets of the Company.

In accordance with the provisions of the *Corporations Act 2001*, the Company has a Directors and officers liability policy covering all Directors and officers. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

## Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## Non-audit services

The Board of Directors is satisfied that the provision of other services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 17 did not compromise the Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to the Auditor's independence in accordance with the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

## Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the Annual Report have been rounded to the nearest dollar unless otherwise specified.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

This report is signed in accordance with a resolution of the Directors.



**Lawrence Myers**  
**Independent Chairman**  
Sydney  
18 August 2021

Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

**p.** +61 2 9221 2099  
**e.** [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**Auditor's Independence Declaration  
To the Directors of VGI Partners Asian Investments Limited  
ABN 58 635 219 484**

In relation to the independent audit of VGI Partners Asian Investments Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards).



**S M Whiddett**  
Partner

**Pitcher Partners**  
Sydney

18 August 2021

# Financial Statements

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 * \$
<b>Income</b>			
Net gains / (losses) on financial assets / liabilities measured at fair value through profit or loss		105,453,122	(557,251)
Dividend income		3,953,803	1,910,147
Interest income **		683,112	3,080,860
Other income		12,089	10,898
<b>Net income</b>		<b>110,102,126</b>	<b>4,444,654</b>
<b>Expenses</b>			
Management fees		(9,215,770)	(5,681,262)
Performance fees		(14,521,856)	–
Dividends on short positions		(11,003)	(324,402)
Directors fees including on costs	15	(190,000)	(164,898)
Stock loan fees		(40,489)	(64,021)
Interest expense **		(2,638,191)	(1,222,396)
Other expenses		(291,520)	(226,462)
<b>Total expenses</b>		<b>(26,908,829)</b>	<b>(7,683,441)</b>
<b>Profit / (loss) before income tax</b>		<b>83,193,297</b>	<b>(3,238,787)</b>
Income tax (expense) / income tax credit	5	(24,395,456)	930,475
<b>Profit / (loss) after income tax attributable to members of the Company</b>		<b>58,797,841</b>	<b>(2,308,312)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		–	–
<b>Total comprehensive income / (loss) for the period</b>		<b>58,797,841</b>	<b>(2,308,312)</b>
<b>Basic and diluted profit / (loss) per share</b>	22	<b>26.41 cents</b>	<b>(1.28) cents</b>

\* The corresponding period is from 31 July 2019, being the date of incorporation, to 30 June 2020.

\*\* The prior year interest expense has been reclassified and presented separately to Interest income to align with the presentation in the 30 June 2021 Financial Report.

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

As at 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
<b>Assets</b>			
Cash and cash equivalents	7	113,263,133	398,548,772
Trade and other receivables	8	2,282,270	794,492
Financial assets (securities held long)	4 & 9	606,336,352	268,739,716
Deferred tax assets	6	–	2,302,462
<b>Total assets</b>		<b>721,881,755</b>	<b>670,385,442</b>
<b>Liabilities</b>			
Amounts due to brokers	7	21,757,549	113,714,522
Financial liabilities (securities sold short)	4 & 9	35,554,408	–
Trade and other payables	10	34,449,070	1,056,700
Current tax liabilities		6,048,437	–
Deferred tax liabilities	6	11,032,217	1,371,987
<b>Total liabilities</b>		<b>108,841,681</b>	<b>116,143,209</b>
<b>Net assets</b>		<b>613,040,074</b>	<b>554,242,233</b>
<b>Equity</b>			
Issued capital	11	556,550,545	556,550,545
Profits reserve	13	89,704,732	30,906,891
Accumulated losses	12	(33,215,203)	(33,215,203)
<b>Total equity</b>		<b>613,040,074</b>	<b>554,242,233</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the year ended 30 June 2021

	Issued Capital \$	Accumulated Losses \$	Profits Reserve \$	Total Equity \$
<b>Balance at 31 July 2019</b>	–	–	–	–
Initial subscription upon incorporation	3	–	–	3
Shares issued under initial public offer	556,550,542	–	–	556,550,542
Loss for the period	–	(2,308,312)	–	(2,308,312)
Other comprehensive income for the period	–	–	–	–
Transfer to profits reserve	–	(30,906,891)	30,906,891	–
<b>Balance at 30 June 2020</b>	<b>556,550,545</b>	<b>(33,215,203)</b>	<b>30,906,891</b>	<b>554,242,233</b>
<b>Balance at 1 July 2020</b>	556,550,545	(33,215,203)	30,906,891	554,242,233
Profit for the period	–	58,797,841	–	58,797,841
Other comprehensive income for the period	–	–	–	–
Transfer to profits reserve	–	(58,797,841)	58,797,841	–
<b>Balance at 30 June 2021</b>	<b>556,550,545</b>	<b>(33,215,203)</b>	<b>89,704,732</b>	<b>613,040,074</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$	2020 * \$
<b>Cash flow from operating activities</b>			
Proceeds from the sale of investments		416,581,639	129,720,452
Payments for the purchase of investments		(610,265,558)	(405,841,403)
Dividends received		4,634,324	1,229,626
Interest received		664,513	3,075,941
Realised foreign exchange gains		12,310,663	13,833,339
Management fees paid		(9,057,400)	(5,024,450)
Performance fees paid		(9,218,704)	–
Stock loan fees paid		(45,896)	(61,639)
Dividends on shorts		(113,607)	(199,205)
Director fees paid		(199,095)	(149,528)
Insurance fees paid		(287,540)	(211,435)
Interest paid		(2,708,423)	(1,072,404)
Income tax paid		(6,330,255)	–
Other income received		12,089	–
Other expenses paid		(2,136)	(6,235)
<b>Net cash (outflow) from operating activities</b>	21	<b>(204,025,386)</b>	<b>(264,706,941)</b>
<b>Cash flow from financing activities</b>			
Proceeds from shares issued on initial public offer		–	556,550,542
<b>Net cash inflow from financing activities</b>		<b>–</b>	<b>556,550,542</b>
<b>Net (decrease) / increase in cash and cash equivalents held</b>		<b>(204,025,386)</b>	<b>291,843,601</b>
Effects of exchange rate changes on cash balances of cash held in foreign currencies		10,696,720	(7,009,354)
Cash and cash equivalents as at the date of incorporation		–	3
Cash and cash equivalents at the beginning of the period		284,834,250	–
<b>Cash and cash equivalents as at the end of the period</b>	7	<b>91,505,584</b>	<b>284,834,250</b>

\* The corresponding period is from 31 July 2019, being the date of incorporation, to 30 June 2020.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



# Notes to the Financial Statements

For the period ended 30 June 2021

## 1. General information

The Company is a listed public company domiciled in Australia. The financial statements cover the Company as an individual entity. The financial statements were authorised for issue on 18 August 2021 by the Directors of the Company.

## 2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards (AASB). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets and financial liabilities.

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest dollar unless otherwise specified.

### b) Statement of Compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards as issued by the International Accounting Standards Board.

### c) Comparative period

The Company was incorporated on 31 July 2019 and its shares were listed and commenced trading on the ASX on 13 November 2019 (**commencement date**). The comparative data in this report is for the period 31 July 2019 to 30 June 2020; as such, the information from the prior period is not directly comparable.

**2. Significant accounting policies (continued)**

**d) Financial assets and liabilities at fair value through profit or loss - Investments**

**i) Classification**

*Assets*

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Company's portfolio of financial assets is managed and their performance is evaluated on a fair value basis in accordance with the Company's investment strategy. Financial assets include equity securities held long and are classified as fair value through profit or loss.

*Liabilities*

The Company makes short sales (securities sold short) in which a borrowed equity security is sold in anticipation of a decline in market value of that security. Securities sold short are held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

**ii) Recognition/Derecognition**

Financial assets and liabilities at fair value through profit or loss are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Any other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financials assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

**iii) Measurement**

Financial assets and liabilities are measured initially at fair value, with subsequent changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Initial transaction costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

**e) Fair Value Measurement**

When a financial asset is measured at fair value, the value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Assets measured at fair value are classified into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Shares that are listed or traded on an exchange are fair valued using last sale price, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

## 2. Significant accounting policies (continued)

### f) Income and Expenditure

Net gains / (losses) on financial assets and financial liabilities arising on a change in fair value are calculated as the difference between the fair value at period end and the fair value at the preceding valuation point.

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised in the Statement of Profit or Loss and Other Comprehensive Income as they accrue.

Dividend income relating to exchange-traded equity instruments is recognised in the Statement of Profit or Loss and Other Comprehensive Income on the ex-dividend date with any related foreign withholding tax deducted as an expense. All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

### g) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income at the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and any adjustment recognised for prior years, where applicable.

Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the Australian Taxation Office (ATO).

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets are recognised to the extent that they are recoverable. Deductible temporary differences and unused tax losses are only recognised if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or liabilities settled. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority.

### h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the ATO. In that case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the Statement of Financial Position.

### i) Amounts due to brokers

Facilities provided by prime brokers and custodians are repayable on demand and form an integral part of the Company's cash management. The balance will fluctuate from being positive to negative as cash management needs arise, rather than part of its operating, investing and financing activities.

**2. Significant accounting policies (continued)**

**j) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the Statement of Cash Flows presentation purposes, cash and cash equivalents also includes amounts due to brokers, which are shown within the current liabilities on the Statement of Financial Position.

**k) Profits reserve**

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

**l) Dividends**

Dividends are recognised when declared during the financial year.

**m) Trade and other receivables**

Trade and other receivables relate to outstanding settlements, interest and dividends receivable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any allowance for expected credit losses when relevant.

**n) Trade and other payables**

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial period and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted.

**o) Share capital**

Ordinary shares are classified as equity.

**p) Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period.

## 2. Significant accounting policies (continued)

### q) Critical accounting estimates and judgments

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Directors base their judgements and estimates on historical experience and various other factors, including expectations of future events, which the Directors believe to be reasonable under the circumstances.

There are no estimates or judgements that have a material impact on the Company's financial results for the period ended 30 June 2021. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

### r) New accounting standards and interpretations

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. These Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

### s) Functional and presentation currency

Items included in the financial statements are presented and measured in Australian dollars, the currency of the primary economic environment in which the Company operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates applicable at the transaction date.

At reporting date, monetary items are translated at the exchange rate applicable at reporting date, and non-monetary items carried at fair value are translated at the rates applicable at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within the disclosure 'Net losses on financial assets / liabilities measured at fair value through profit or loss'.

### 3. Financial risk management

The Company's financial instruments consist primarily of international and Australian listed investments, deposits with banks, trade and other receivables and trade payables, and as a result financial risks include market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of the Company, with the Manager, has implemented a risk management framework to manage and mitigate these risks.

#### a) Market risk

##### i) Price risk

Price risk arises from investments held by the Company and classified in the Statement of Financial Position as 'Financial assets'.

The Manager seeks to manage market risk by careful selection of securities in accordance with its investment process, including formalised research, due diligence, capital allocation decision making, ongoing monitoring, financial modelling as well as managing net equity exposure levels.

The Investment Strategy provides investors with access to a concentrated portfolio, predominantly comprised of long investments and positions in Asian listed securities and other companies with significant exposure to the Asian market. A breakdown of the Company's overall market exposures at the financial reporting date are below:

	2021 \$	2020 \$
Financial assets (securities held long)	606,336,352	268,739,716
Financial liabilities (securities sold short)	(35,554,408)	—
<b>Net overall exposure</b>	<b>570,781,944</b>	<b>268,739,716</b>

At the reporting date, had equity prices of securities owner long moved by +/- 10% with other variables held constant, the movement in profit before income tax would be approximately +/- \$57,078,194 (2020: \$26,873,972).

**3. Financial risk management (continued)****a) Market risk (continued)****ii) Foreign currency risk**

The Company holds assets and performs transactions denominated in currencies other than its functional currency, the Australian dollar. As a result, it is exposed to the effects of exchange rate fluctuations, creating foreign currency risk. The Manager manages the exchange rate exposures within approved policy parameters, monitors exchange rates closely as part of its portfolio management and may hedge some or all of its exposure to foreign currency exchange risk.

	<b>Liabilities 2021</b> <b>\$ AUD</b>	<b>Assets 2021</b> <b>\$ AUD</b>
United States Dollar (USD)	(32,605,876)	31,884,973
Japanese Yen (JPY)	(330,613,971)	329,868,451
Euro (EUR)	(31,359,109)	31,343,268
Singapore Dollar (SGD)	(1,709,648)	2,005,869
Swiss Franc (CHF)	(63,431,452)	61,555,504
Hong Kong Dollar (HKD)	(68,714,440)	69,684,431

	<b>Liabilities 2020</b> <b>\$ AUD</b>	<b>Assets 2020</b> <b>\$ AUD</b>
United States Dollar (USD)	(88,292,095)	363,877,170
Japanese Yen (JPY)	(154,619,321)	154,260,415
Euro (EUR)	(21,763,317)	22,771,393
Singapore Dollar (SGD)	(7,721,011)	8,301,737
Swiss Franc (CHF)	(23,770,574)	23,968,861
Hong Kong Dollar (HKD)	(39,144,096)	40,235,983

The table below performs a sensitivity analysis of the effect on the net assets attributable to shareholders (and profit before income tax) due to a possible movement of the currency rate against the Australian dollar with all other variables held constant.

<b>Currency</b>	<b>AUD equivalent in</b> <b>exposure by currency</b>	<b>Change in</b> <b>variable</b>	<b>Profit / (loss) attributable</b> <b>to shareholders</b>
	<b>2021</b> <b>\$</b>	<b>+ / - %</b>	<b>2021</b> <b>\$</b>
USD Impact	(720,903)	5%/(5%)	(36,045) / 36,045
JPY Impact	(745,520)	5%/(5%)	(37,276) / 37,276
EUR Impact	(15,841)	5%/(5%)	(792) / 792
SGD Impact	296,221	5%/(5%)	14,811 / (14,811)
CHF Impact	(1,875,948)	5%/(5%)	(93,797) / 93,797
HKD Impact	969,991	5%/(5%)	48,500 / (48,500)

## 3. Financial risk management (continued)

## a) Market risk (continued)

## ii) Foreign current risk (continued)

Currency	AUD equivalent in exposure by currency	Change in variable	Profit / (loss) attributable to shareholders
	2020 \$	+ / - %	2020 \$
USD Impact	275,585,075	5%/(5%)	13,779,254 / (13,779,254)
JPY Impact	(358,906)	5%/(5%)	(17,945) / 17,945
EUR Impact	1,008,076	5%/(5%)	50,404 / (50,404)
SGD Impact	580,726	5%/(5%)	29,036 / (29,036)
CHF Impact	198,287	5%/(5%)	9,914 / (9,914)
HKD Impact	1,091,887	5%/(5%)	54,594 / (54,594)

## iii) Cash flow and fair value interest rate risk

Interest rate risk is the possibility the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest-bearing. Any interest-bearing financial assets and financial liabilities either mature or reprice in the short term. As a result, the Company is subject to limited exposure to fluctuations in market interest rates which would create interest rate risk. The Company also holds substantial cash positions which are directly affected by interest rate movements, however at balance date, interest rates on these cash accounts are at historically low levels.

	Floating \$	Fixed \$	Total \$
<b>2021</b>			
Cash and cash equivalents	113,263,133	–	<b>113,263,133</b>
Amounts due to brokers	(21,757,549)	–	<b>(21,757,549)</b>
<b>Total</b>	<b>91,505,584</b>	<b>–</b>	<b>91,505,584</b>
	Floating \$	Fixed \$	Total \$
<b>2020</b>			
Cash and cash equivalents	398,548,772	–	398,548,772
Amounts due to brokers	(113,714,522)	–	(113,714,522)
<b>Total</b>	<b>284,834,250</b>	<b>–</b>	<b>284,834,250</b>



**3. Financial risk management (continued)****a) Market risk (continued)****iii) Cash flow and fair value interest rate risk (continued)**

The sensitivity analysis below has been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period, in the case of instruments that have floating interest rates.

The following table illustrates the effect on interest income from possible changes in interest rates that were reasonably possible based on the risk the Company was exposed to at reporting date:

	Change in variable rate + / - %	Effect on interest income	
		2021	2020
<b>Interest rate risk</b>	0.50% / (0.50%)	457,528 / (457,528)	1,424,171 / (1,424,171)

**b) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty (bank and prime broker) by failing to discharge an obligation.

The Manager has adopted a policy of only dealing with what it assesses to be creditworthy counterparties, conducting due diligence of all new counterparties, monitoring the creditworthiness and ratings of counterparties on an ongoing basis and obtaining sufficient collateral or other security (where appropriate), as a means of mitigating the financial risk of financial loss from default. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty risk. Credit risk on cash and cash equivalents is not considered to be a significant risk to the Company as the majority of cash is held with major Australian banks and their 100% owned banking subsidiaries, being institutions that have a Standard & Poor's A-1+ rating (30 June 2020: Standard & Poor's A-1+ rating).

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the Statement of Financial Position, including the carrying amount of cash and cash equivalents, financial assets (securities held long) that may have been collateralised against borrowed stock and are held under a custody arrangement, and trade and other receivables.

Under the arrangements which the Company has entered into to facilitate stock borrowing for covered short selling, borrowed stock is collateralised by the long stock portfolio. If the stock borrowing counterparty became insolvent, it is possible that the Company may not recover all of the collateral that the Company gave to the counterparty.

None of the assets exposed to credit risk are overdue or considered to be impaired (30 June 2020: nil).

**3. Financial risk management (continued)****c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Under the Investment Management Agreement, the Manager has agreed to pay all of the Company's operating expenses except for Directors' fees and all premiums payable for Directors and Officers insurance. The Manager maintains the Company's unencumbered cash balances at sufficient levels to ensure that the Company can meet these expense outgoings as and when they fall due. Further, the Manager closely manages and monitors the allocation of the Company's investment assets between cash, the purchase of securities and the settlement of short positions in accordance with its investment process, as well as tax thereon to be paid to the ATO.

The assets of the Company are predominantly in the form of readily tradeable securities which can be sold on-market if necessary.

The tables below summarise the maturity profile of the Company's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>At 30 June 2021</b>	<b>Less than 1 month \$</b>	<b>Less than 3 months \$</b>	<b>More than 3 months \$</b>	<b>Total \$</b>
<b>Financial liabilities</b>				
Amounts due to brokers	21,757,549	–	–	<b>21,757,549</b>
Financial liabilities at fair value through profit or loss	35,554,408	–	–	<b>35,554,408</b>
Trade and other payables	28,757,882	5,691,188	–	<b>34,449,070</b>
Current tax liabilities	–	–	6,048,437	<b>6,048,437</b>
<b>Total financial liabilities</b>	<b>86,069,839</b>	<b>5,691,188</b>	<b>6,048,437</b>	<b>97,809,464</b>

<b>At 30 June 2020</b>	<b>Less than 1 month \$</b>	<b>Less than 3 months \$</b>	<b>More than 3 months \$</b>	<b>Total \$</b>
<b>Financial liabilities</b>				
Amounts due to brokers	113,714,522	–	–	<b>113,714,522</b>
Trade and other payables	1,056,700	–	–	<b>1,056,700</b>
<b>Total financial liabilities</b>	<b>114,771,222</b>	<b>–</b>	<b>–</b>	<b>114,771,222</b>

#### 4. Fair value measurements

The Company measures and recognises its investments as financial assets at fair value through profit or loss on a recurring basis.

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at the reporting date. The carrying amounts of all financial instruments are reasonable approximations of the respective instrument's fair value.

<b>At 30 June 2021</b>	<b>Level 1</b> \$	<b>Level 2</b> \$	<b>Level 3</b> \$	<b>Total</b> \$
Financial assets (securities held long)	606,336,352	–	–	<b>606,336,352</b>
Financial liabilities (securities sold short)	(35,554,408)	–	–	<b>(35,554,408)</b>

<b>At 30 June 2020</b>	<b>Level 1</b> \$	<b>Level 2</b> \$	<b>Level 3</b> \$	<b>Total</b> \$
Financial assets (securities held long)	268,739,716	–	–	<b>268,739,716</b>

##### *Transfers between levels*

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels for recurring fair value measurements during the year.

<b>5. Income tax</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>a) Income tax recognised in profit or loss</b>		
Current tax (expense) / credit	(12,432,764)	–
Deferred tax (expense) / credit	(11,962,692)	930,475
<b>Total income tax (expense) / credit in profit or loss</b>	<b>(24,395,456)</b>	<b>930,475</b>
<b>Total income tax (expense) / credit results from:</b>		
Current tax liabilities	(12,432,764)	–
Deferred tax assets	(2,302,462)	2,302,462
Deferred tax liabilities	(9,660,230)	(1,371,987)
<b>Income tax (expense) / credit</b>	<b>(24,395,456)</b>	<b>930,475</b>
<b>b) Income tax recognised in profit or loss</b>		
Profit / (loss) before income tax expense	83,193,297	(3,238,787)
Tax at the Australian corporate tax rate of 30%	(24,957,989)	971,636
Foreign income tax offset gross up	562,533	(41,161)
<b>Income tax (expense) / credit recognised in profit or loss</b>	<b>(24,395,456)</b>	<b>930,475</b>

<b>6. Deferred tax assets / liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>a) Deferred tax assets</b>		
<b>The deferred tax assets balance comprises temporary differences attributable to:</b>		
Other temporary differences	–	2,302,462
<b>Closing balance</b>	<b>–</b>	<b>2,302,462</b>
<b>Movement in deferred tax assets:</b>		
Opening balance	2,302,462	–
Tax losses	(2,301,616)	2,301,616
Director fees	(846)	846
<b>Closing balance</b>	<b>–</b>	<b>2,302,462</b>

<b>6. Deferred tax assets/liabilities (continued)</b>	<b>2021</b>	<b>2020</b>
	\$	\$

**b) Deferred tax liabilities**

The deferred tax liabilities balance comprises temporary differences attributable to:

Unrealised foreign exchange gains	1,106,210	(2,102,806)
Dividends receivable	–	204,156
Unrealised gains on financial instruments at fair value through profit or loss	9,926,007	3,270,637
<b>Closing balance</b>	<b>11,032,217</b>	<b>1,371,987</b>

**Movement in deferred tax liabilities:**

Opening balance	1,371,987	–
Unrealised foreign exchange loss	3,209,016	(2,102,806)
Dividends (received) / receivable	(204,156)	204,156
Unrealised gains market value movement	6,655,370	3,270,637
<b>Closing balance</b>	<b>11,032,217</b>	<b>1,371,987</b>

<b>7. Cash and cash equivalents</b>	<b>2021</b>	<b>2020</b>
	\$	\$

Cash at bank	113,263,133	398,548,772
Amounts due to brokers	(21,757,549)	(113,714,522)
<b>Total</b>	<b>91,505,584</b>	<b>284,834,250</b>

Refer to note 2 j) for additional information.

<b>8. Trade and other receivables</b>	<b>2021</b>	<b>2020</b>
	\$	\$

Dividends receivable	–	680,521
Unsettled trades	1,864,645	–
GST receivable	394,106	109,052
Interest receivable	23,519	4,919
<b>Total</b>	<b>2,282,270</b>	<b>794,492</b>

<b>9. Financial assets and liabilities at fair value through profit or loss</b>	<b>2021</b>	<b>2020</b>
	\$	\$

**Financial assets:**

Listed investments held long at fair value	606,336,352	268,739,716
--	-------------	-------------

**Financial liabilities:**

Listed positions sold short at fair value	(35,554,408)	–
---	--------------	---

<b>10. Trade and other payables</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Management fees payable	874,829	761,780
Performance fees payable	5,691,188	–
Unsettled trades	27,773,236	–
Other payables	109,817	294,920
<b>Total</b>	<b>34,449,070</b>	<b>1,056,700</b>

<b>11. Issued capital</b>	<b>Number of</b>	<b>\$</b>
	<b>Shares</b>	
Initial subscription upon incorporation (31 July 2019)	1	3
Shares issued under Initial Public Offering @ \$2.50	222,620,217	556,550,542
<b>Closing balance as at 30 June 2020</b>	<b>222,620,218</b>	<b>556,550,545</b>
Opening balance as at 1 July 2020	222,620,218	556,550,545
<b>Closing balance as at 30 June 2021</b>	<b>222,620,218</b>	<b>556,550,545</b>

#### Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged. To achieve this, the Board of Directors monitor the monthly NTA results, investment performance and share price movements.

The Board is focused on maximising returns to shareholders with capital management a key objective of the Company. The Company is not subject to any externally imposed capital requirements.

#### Reinvestment Agreement

The Manager and the Company have agreed that Robert Luciano, Douglas Tynan and Robert Poiner will reinvest an amount equivalent to all of their after-tax proceeds from any performance fees received by the Manager via a share purchase mechanism, the terms of which are stipulated in an agreement (**Reinvestment Agreement**). Refer to page 36 and Shareholder Information part (g) (page 46) for further details.

<b>12. Accumulated losses</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	<b>(33,215,203)</b>	<b>–</b>
Transfer to profits reserve	(58,797,841)	(30,906,891)
Profit / (loss) for the period	58,797,841	(2,308,312)
<b>Closing balance</b>	<b>(33,215,203)</b>	<b>(33,215,203)</b>

<b>13. Profits reserve</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	<b>30,906,891</b>	<b>–</b>
Transfer of profits during the period	58,797,841	30,906,891
<b>Closing balance</b>	<b>89,704,732</b>	<b>30,906,891</b>

The profits reserve is made up of amounts transferred from current profits and are preserved for future dividend payments. The Company may set aside some or all of the undistributed profits to the profits reserve for payments of dividends rather than maintaining these profits within accumulated losses.

Dividends are paid out of the profits reserve. Subsequent to the year ended 30 June 2021, the Directors have declared a fully franked dividend at a 30% tax rate of 5.5 cents per share, payable on 29 September 2021. This has not been recognised in the Statement of Financial Position. The balance in the profits reserve after providing for the 2021 final dividend is \$77,460,620 (or 35 cents per share, based on the current shares on issue).

## 14. Dividends

### a) Ordinary dividends paid or declared during the period

*Dividend Yield Target of 4% p.a.*

On 11 May 2021, the Board of VG8 announced its intention to target a dividend yield of 4% per annum calculated by reference to the VG8 share price commencing from the 30 June 2021 dividend payable in September 2021. The dividend target is dependent on the Company having sufficient profits reserves, franking credits and cash flows and is within prudent business practices.

Subsequent to the year ended 30 June 2021, the Directors have declared a fully franked dividend at a 30% tax rate of 5.5 cents per share, payable 29 September 2021. This has not been recognised in the Statement of Financial Position.

<b>b) Dividend franking account</b>	<b>2021</b>	<b>2020</b>
	<b>Franking credits</b>	<b>Franking credits</b>
<b>Balance of franking account at year end</b>	<b>6,384,328</b>	<b>–</b>
Adjusted for franking credits arising from estimated income tax payable	6,048,437	–
<b>Franking credits available for use in subsequent periods</b>	<b>12,432,765</b>	<b>–</b>
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in note 20	(5,247,477)	–
	<b>7,185,288</b>	<b>–</b>

The Company's ability to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax. The dividend declared by the Directors on 18 August 2021 will be franked out of existing franking credits, or out of franking credits arising from the payment of income tax.

The balance of the franking account does not include tax on unrealised investment gains at the end of the reporting period. As at 30 June 2021, the deferred tax in relation to fair value movements on the investment portfolio is in a credit balance of \$9,926,007 and this amount has been presented as a deferred tax liability (2020: balance of \$3,270,637 presented as a deferred tax liability).

## 15. Key management personnel disclosures

### a) Independent Directors' Remuneration

	2021 \$	2020 \$
Short-term employment benefits	178,722	154,950
Post-employment benefits	11,278	9,948
<b>Total</b>	<b>190,000</b>	<b>164,898</b>

The Directors of the Manager do not receive Director's fees from the Company. The Company Secretary is remunerated by VGI Partners Limited.

Detailed remuneration disclosures are provided in the Remuneration Report on page 13.

### b) Ordinary shares held

Refer to Remuneration Report 'equity instrument disclosures relating to directors' (page 14) for further details.

## 16. Related party transactions

All transactions with related entities are made on normal commercial terms and conditions.

### Costs paid by the Manager

The Investment Manager continues to show strong alignment and support to the Company and its shareholders by paying the majority of operating costs incurred by the Company. The Manager paid for over \$507,000 of operating expenses in the year ended 30 June 2021 which include ASX and ASIC fees, audit costs, legal and tax advice costs and any fees charged by the Company's Fund Administrator.

In the prior year, the Manager absorbed \$12,275,000 of costs, including over \$12 million in upfront listing-related cash expenses for VG8.

### Management fee

The Manager is entitled to be paid a management fee equal to 1.5% per annum (plus GST) of the value of the Company's portfolio calculated on the last business day of each calendar month and paid monthly in arrears.

For the period ended 30 June 2021, the Manager earned management fees of \$8,990,995 (2020: \$5,542,695) exclusive of GST.

### Performance fee and reinvestment mechanism

The Manager is entitled to be paid a performance fee semi-annually in arrears, equal to 15% (plus GST) of the Portfolio's outperformance (if any) over each prior semi-annual performance calculation period, subject to a high water mark mechanism.

The first performance calculation period was the period from the commencement date to 31 December 2019, and thereafter it is each full six month period ending on 30 June or 31 December.

The high water mark is the net asset value of the portfolio before all taxes calculated on the last date of the performance calculation period to which the Manager was last entitled to be paid a performance fee.

For the year ended 30 June 2021, the Manager earned performance fees of \$14,167,664 exclusive of GST (2020: nil).

The resulting performance fee reinvestment amount for the period ended 31 December 2020 of \$3,608,391 received by Robert Luciano, Douglas Tynan and Robert Poiner was reinvested into 1,535,913 fully paid ordinary shares in VG8 that were purchased on market during the year. Refer to Shareholder Information part (g) (page 46) for details of the reinvestment agreement.



## 17. Remuneration of Auditor

During the period the following fees were paid or payable for services provided by the Auditor of the Company, its related practices and non-related audit firms:

	2021 \$	2020 \$
Investigating accountant's role for the IPO Prospectus (one-off)	–	35,000
Audit and review of financial statements	53,000	53,000
Taxation services	14,400	12,750
<b>Total remuneration for audit and other assurance services</b>	<b>67,400</b>	<b>100,750</b>

The Company's audit and other assurance service fees are being paid by the Manager under the Investment Management Agreement.

## 18. Contingencies and commitments

The Company had no material contingent liabilities or capital commitments as at 30 June 2021.

## 19. Segment Information

The company only has one reportable segment and one industry. It operates in Australia and in the securities industry. It earns revenue from dividend income, interest income and other returns on an investment portfolio.

## 20. Events occurring after the reporting year

Since the end of the year, the Directors declared a fully franked final dividend of 5.5 cents per share to be paid on 29 September 2021.

The Company is not aware of any other matter or circumstance since the end of the financial year not otherwise dealt with in this report, that has, or may, significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

**21. Reconciliation of loss after income tax to net cash inflow from operating activities**

	2021 \$	2020 \$
Profit / (loss) for the period	58,797,841	(2,308,312)
Fair value movements in financial assets	(63,377,992)	(3,892,768)
Changes in assets / liabilities:		
Increase in trade and other receivables	(1,487,778)	(794,492)
Increase in investments	(249,360,956)	(257,837,594)
Decrease / (increase) in deferred tax assets	2,302,462	(2,302,462)
Increase in trade and other payables	33,392,370	1,056,700
Increase in deferred tax liabilities	9,660,230	1,371,987
Increase in current tax liabilities	6,048,437	–
<b>Net cash outflow from operating activities</b>	<b>(204,025,386)</b>	<b>(264,706,941)</b>

**22. Earnings per share**

	2021 \$	2020 \$
Profit / (loss) after income tax used in the calculation of basic and diluted earnings per share	58,797,841	(2,308,312)
<b>Basic and diluted earnings / (loss) per share</b>	<b>26.41 cents</b>	<b>(1.28) cents</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted loss per share	<b>222,620,218</b>	<b>180,366,791</b>

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

# Directors' Declaration

In accordance with a resolution of the Directors of VGI Partners Asian Investments Limited (**the Company**), the Directors of the Company declare that:

- a) the financial statements and notes set out on pages 17 to 38 are in accordance with the *Corporations Act 2001*, including:
  - i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - ii) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial period ended 30 June 2021;
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- c) Note 2(b) to the financial statements confirms compliance with International Financial Reporting Standards; and
- d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



**Lawrence Myers**  
**Independent Chairman**  
Sydney  
18 August 2021

**Independent Auditor's Report  
To the Members of VGI Partners Asian Investments Limited  
ABN 58 635 219 484**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of VGI Partners Asian Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ending 30 June 2021, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of VGI Partners Asian Investments Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<p><b>Existence, Completeness and Valuation of Financial Assets and Financial Liabilities</b></p>	
<p><b>Refer to Note 9: Financial assets and liabilities at fair value through profit or loss</b></p>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>Financial assets consist of listed securities and are considered to be non-complex in nature with fair value based on readily observable market data. Consequently, these investments are classified under Australian Accounting Standards as "Level 1" (i.e. where the valuation is based on quoted prices in the market). All financial assets with observable market data in a currency other than presentation currency are valued in presentation currency (Australian dollars) utilising the year end foreign exchange rates.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of the investment management process and controls;</li> <li>▪ Reviewing and evaluating the independent audit reports on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians;</li> <li>▪ Obtaining confirmation of the investment holdings directly from the Custodians;</li> <li>▪ Recalculating and assessing the Company's valuation of individual investment holdings to independent pricing sources;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>
<p><b>Accuracy of Management Fees and Performance Fees</b></p>	
<p><b>Refer to Note 10: Trade and other payables, Note 16 Related party transactions</b></p>	
<p>We focused our audit effort on the accuracy of calculating the management fees and performance fees as they are significant expenses of the Company and their calculation may require adjustments for major events such as payment of company dividends and taxes, capital raisings and capital reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager. Key inputs include portfolio composition and valuation and high watermark mechanism in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees;</li> <li>▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the year and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes;</li> <li>▪ Testing of adjustments for major events such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees;</li> <li>▪ Testing of key inputs such as portfolio composition and valuation, set percentage used in the calculation of management and performance fees, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreement; and</li> <li>▪ Assessing the adequacy of disclosures made in the financial statements.</li> </ul>

**Independent Auditor's Report  
To the Members of VGI Partners Asian Investments Limited  
ABN 58 635 219 484**

*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the financial year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 13 to 14 of the Directors' Report for the financial year ended 30 June 2021. In our opinion, the Remuneration Report of VGI Partners Asian Investments Limited, for the financial year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**S M Whiddett**  
Partner

18 August 2021



**Pitcher Partners**  
Sydney

# Investment Portfolio

As at 30 June 2021

Financial assets (securities held long) as at 30 June 2021 (in alphabetical order):

<b>Company name</b>	<b>Stock code</b>
Alibaba Group Holdings Ltd	9988 HK
Bengo4.com Inc	6027 JP
Cie Financiere Richemont	CFR SW
Credit Bureau Asia Ltd	CBA SP
Crown Resorts Ltd	CWN AU
Demae-Can Co Ltd	2484 JP
Japan Exchange Group Inc	8697 JP
Mercari Inc.	4385 JP
NEC Corp	6701 JP
Nintendo Co Ltd	7974 JP
NUIX Limited	NXL AU
Olympus Corp	7733 JP
Panasonic Corp	6752 JP
Pernod Ricard SA	RI FP
Ping An Healthcare and Technology Co Ltd	1833 HK
Rakuten Inc	4755 JP
Redbubble Ltd	RBL AU
Sansan Inc	4443 JP
Sensen Networks Ltd	SNS AU
Star Entertainment Group Ltd	SGR AU
Tencent Music Entertainment Group - ADR	TME US
Yakult Honsha Co Ltd	2267 JP
Z Holdings Corp	4689 JP

Short positions are not disclosed.



# Shareholder Information

The Shareholder information set out below was applicable as at 31 July 2021.

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

## a) Substantial Holders

The following parties have notified the Company that they have a substantial relevant interest in the ordinary shares of VGI Partners Asian Investments Limited in accordance with section 671B of the *Corporations Act 2001*:

Name	Ordinary shares	
	Number held	% of total shares issued *
VGI Partners Limited and its associates	18,976,080	8.52
Pine Ridge Holdings Pty Ltd	12,000,000	5.39

\* Based on the last substantial shareholder notices lodged.

## b) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder present at a meeting or by proxy has one vote on a show of hands.

## c) Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

## d) Unquoted Securities

There are no unquoted shares.

## e) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares		
	No of Shareholders	Shares	Percentage (%)
1 - 1,000	132	56,862	0.025
1,001 - 5,000	809	2,775,196	1.247
5,001 - 10,000	1,034	8,410,458	3.778
10,001 - 100,000	2,378	72,794,819	32.699
100,001 and over	177	138,582,883	62.251
<b>Total</b>	<b>4,530</b>	<b>222,620,218</b>	<b>100.000</b>

**f) Equity security holders**

Twenty largest quoted equity security holders as at 31 July 2021:

<b>Name</b>	<b>Ordinary shares Number held</b>	<b>Percentage of issued shares (%)</b>
HSBC Custody Nominees (Australia) Limited	32,704,245	14.691%
VGI Partners Limited	14,743,640	6.623%
Pine Ridge Holdings Pty Ltd	12,000,000	5.390%
National Nominees Limited	11,696,991	5.254%
Citicorp Nominees Pty Limited	5,570,193	2.502%
Luciano Family Group Investments Pty Limited	4,224,440	1.898%
BNP Paribas Nominees Pty Ltd - HUB24 Custodial Serv Ltd DRP	2,886,049	1.297%
Netwealth Investments Limited - Wrap Services A/C	2,541,818	1.142%
Citicorp Nominees Pty Limited - DPSL A/C	1,889,127	0.849%
Transfield Finance Pty Ltd	1,800,000	0.809%
Buttonwood Nominees Pty Ltd	1,397,514	0.628%
J P Morgan Nominees Australia	1,299,799	0.584%
Liangrove Media Pty Limited	1,200,000	0.539%
Escor Operations (HBC) Pty Ltd	1,100,000	0.494%
SCJ Pty Limited	1,000,000	0.449%
Bond Street Custodians Limited - JJH1 - V01845 A/C	929,871	0.418%
Cavaress Pty Limited	880,160	0.395%
BNP Paribas Nominees Pty Ltd - Ib Au Noms Retailclient DRP	812,150	0.365%
Bermria Pty Ltd	800,000	0.359%
Colinton Nominees Pty Ltd	800,000	0.359%
Ironhand Pty Ltd	800,000	0.359%
Samantha Ogilvie Investment Pty Ltd	800,000	0.359%
Tappenden Holdings Limited	800,000	0.359%
Tynan Investments Pty Ltd	800,000	0.359%
<b>Total Top 20 Holding</b>	<b>103,475,997</b>	<b>46.481%</b>

The top 20 holdings include 24 entities due to multiple entities having equal holdings.

**g) Securities Subject to Voluntary Escrow**

Robert Luciano, Douglas Tynan and Robert Poiner have entered into a Reinvestment Agreement with VGI Partners Limited and VG8, pursuant to which was agreed, to the maximum extent permitted by law, to re-invest, from the dividends received from VGI Partners Limited (**VGIP Dividend**), their 'look through' after tax share of any performance fees (after deduction of corporate income tax payable by the Manager) received by the Manager from the Company, multiplied by the dividend payout ratio for the VGIP Dividend (**Reinvestment Arrangements**). The Principal Shareholders will reinvest by subscribing for Shares in the Company and will enter into long-term voluntary escrow arrangements in respect of the Shares acquired (whether by issue or transfer) in respect of the Reinvestment Arrangements. Accordingly, the Relevant Interest held by Robert Luciano, Douglas Tynan and Robert Poiner in the Company may increase to the extent that Shares are issued to them under the Reinvestment Arrangements.

# Corporate Directory

## Board of Directors

Lawrence Myers – Independent Chairman  
Robert M P Luciano  
David F Jones AM  
Adelaide H McDonald  
William F Brown

## Company Secretary

Ian J Cameron

## Head of Investor Relations

Ingrid L Groer

T: 1800 571 917 (inside Australia)  
T: +61 2 9237 8923 (outside Australia)  
E: [investor.relations@vgipartners.com](mailto:investor.relations@vgipartners.com)

## Investment Manager

VGI Partners Asian Investments Management Pty Limited  
ABN 84 635 179 538

## Registered Office

39 Phillip Street  
Sydney NSW 2000

## Website

[www.vgipartners.com/lics/vg8](http://www.vgipartners.com/lics/vg8)

## Share Registrar

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
T: 1300 737 760 (inside Australia)  
T: + 61 2 9290 9600 (outside Australia)  
E: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registrar.

## Auditor

Pitcher Partners  
Level 16, Tower 2, Darling Park  
201 Sussex St  
Sydney NSW 2000  
T: (02) 9221 2099

## Prime Brokers and Custodians

Morgan Stanley & Co. LLC  
1585 Broadway, 6<sup>th</sup> Floor  
New York, NY 10036, United States of America

Goldman Sachs & Co. LLC  
200 West Street, 29<sup>th</sup> Floor  
New York, NY 10282, United States of America

## ASX Code

VG8

**VGI Partners**  
**Asian Investments Limited**  
39 Phillip Street  
Sydney NSW 2000 Australia  
T: 1800 571 917  
[www.vgipartners.com/lics/vg8](http://www.vgipartners.com/lics/vg8)