

## Our philosophy

- › Deep research → conviction  
→ concentrated portfolio
- › A long-term investment horizon  
provides a competitive advantage
- › Avoid permanent loss of capital
- › VGI staff invest alongside VG1  
shareholders

### Key Details

ASX Code	Share Price	Post-Tax NTA <sup>1</sup>
<b>VG1</b>	<b>\$1.575</b>	<b>\$1.86</b>

### 1 Month Portfolio Return (Net of Fees and Expenses)<sup>2</sup>

**(2.3%)**

### Investment Guidelines

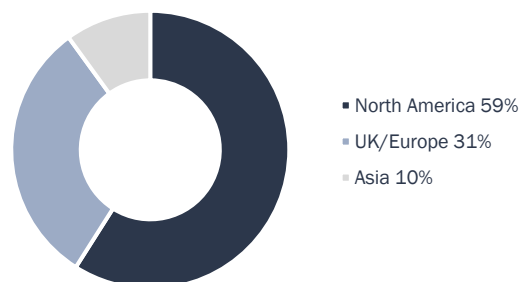
<b>No. of Long Investments</b>	<b>No. of Short Positions</b>
Typically 10 to 25, currently 25	Typically 10 to 35, currently 26

Listing Date	<b>28 September 2017</b>
Portfolio Value	<b>\$611 million</b>
Portfolio Currency Exposure	<b>Fully hedged to AUD</b>

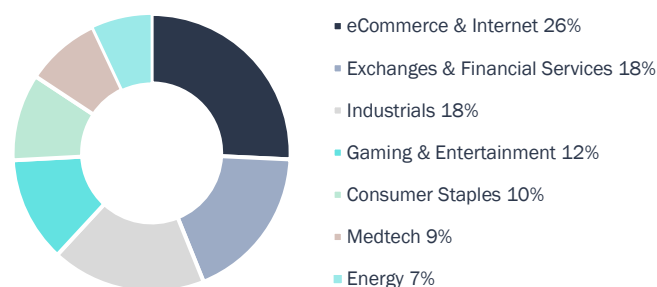
Return <sup>2</sup>	Portfolio Return (Net)
1 Month	(2.3%)
3 Months	(5.3%)
6 Months	(1.8%)
1 Year	11.5%
Since Inception (p.a.)	1.8%

Month End Exposures	
Long Equity Exposure	98%
Short Equity Exposure	(47%)
Net Equity Exposure	51%

### Long Portfolio by Location of Exchange Listing<sup>3</sup>



### Long Portfolio by Sector<sup>3</sup>



Source: Citco Fund Services (Net Tangible Assets (NTA)), Bloomberg (Share Price). NTA figures are unaudited.

<sup>1</sup> 'Post-Tax NTA' is calculated after tax on realised gains/losses, deferred tax assets and deferred tax liabilities, but before allowing for deferred tax liabilities/deferred tax assets on unrealised gains/losses. As at 30 September 2023, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$1.95 per share, which includes \$0.11 per share of income tax losses available to the Company in future periods.

<sup>2</sup> Portfolio Return (Net) is shown after all applicable fees and expenses and is defined as the movement in pre-tax NTA, adjusting for payments owed to/from taxation authorities from earlier periods, plus dividends. All data has been adjusted for VG1's capital raising in 2019. Past performance is not a reliable indicator of future performance.

<sup>3</sup> Asia includes ASX-listed securities. Sectors have been internally defined. Exposures may not add to 100% due to rounding.

Date of release: 13 October 2023

Authorised for release by Ian Cameron, Company Secretary

Top Ten Long Investment Weights: 57% of VG1 Portfolio

 CME Group  
8%  
Exchanges & Financial Services  
CME Group Inc. (NASDAQ: CME)


 GE HealthCare  
6%  
MedTech  
GE HealthCare Technologies Inc.  
(NASDAQ: GEHC)


 Kenvue  
6%  
Consumer Staples  
Kenvue Inc. (NYSE: KVUE)

 amazon  
6%  
eCommerce & Internet  
Amazon.com Inc. (NASDAQ: AMZN)


 RHEINMETALL  
6%  
Industrials  
Rheinmetall AG (ETR: RHM)

 LSEG  
5%  
Exchanges & Financial Services  
London Stock Exchange Group Plc  
(LON: LSEG)

 Teck  
5%  
Industrials  
Teck Resources Ltd  
(NYSE: TECK)

 The  
WALT DISNEY  
Company  
5%  
Gaming & Entertainment  
The Walt Disney Company  
(NYSE: DIS)

 Meta  
5%  
eCommerce & Internet  
Meta Platforms Inc. (NYSE: META)

 FDJ  
5%  
Gaming & Entertainment  
Française des Jeux (EPA: FDJ)

Commentary

The portfolio's net return for the month of September was -2.3%<sup>2</sup>, dragged down by weak global equities markets, with the S&P500 down 5% in the month and the NASDAQ down 6%. VG1's performance was assisted by our decision early in the month to reduce its net equity exposure towards the low end of its historical range, given our concern over rising bond yields. Shorts for the month provided the fund with a +1.9% return, driven by a number of positive contributors, including technology shorts with particular emphasis on single stock shorts of unprofitable tech names. In a significantly changed interest rate environment, the funding landscape for these unprofitable companies has changed vs just 2 years ago, and we continue to see opportunities on the short side where fragile business models are being exposed.

Key detractors were fairly spread across the long positions in the portfolio.

The largest positive long contributor was Teck (NYSE: TECK), a relatively new position that has been built in recent months. Mining has historically been cyclical, but we see a number of structural changes in both the demand and supply side of the market that may lead to lower earnings volatility through this cycle, creating an attractive investment set. TECK is currently undergoing a significant transformation from a business predominantly exposed to metallurgical coal to a business with significant copper and zinc exposures, through the ramp-up of the high quality Quebrada Blanca copper operation in Chile and a spin-off or divestment of the coal assets. The company has recently been approached by Glencore in relation to the coal assets, and we see the resolution of this portfolio restructuring as a key catalyst. We believe the remaining metals business is likely to be re-rated in line with pure play metals businesses such as Antofagasta and Freeport.

During September, we added a number of positions to increase our Energy exposure.

**Buy-back:** Approximately 2.2 million VG1 shares were bought at an average price of \$1.57 during September.

**Investor briefing:** Our team will hold a webinar at 11.30am (AEDT) on Friday 27 October to provide an update on the portfolio and markets. Please click on this [link](#) to register.

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