

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 Ex Div ¹	Post-Tax NTA Ex Div ¹
VG1	\$1.71	\$2.05

1 Month Portfolio Return (Net of Fees and Expenses)²

4.6%

Dividends

Targeting 5.0c each six months

Investment Guidelines

No. of Long Investments
Typically 10 to 25,
currently 32

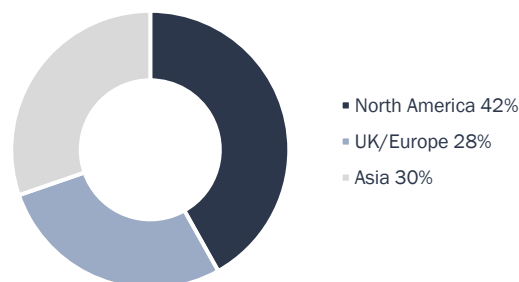
No. of Short Positions
Typically 10 to 35,
currently 14

Listing Date	28 September 2017
Portfolio Value	\$627 million
Portfolio Currency Exposure	Fully hedged to AUD

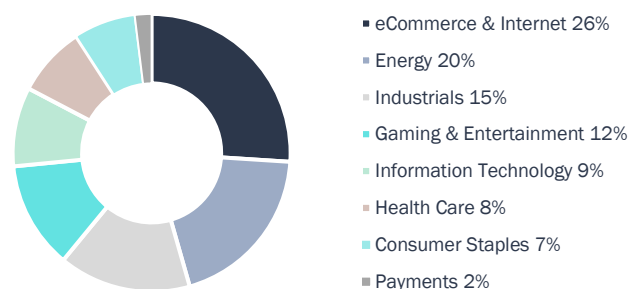
Return ²	Portfolio Return (Net)
1 Month	4.6%
3 Months	10.1%
6 Months	11.3%
1 Year	18.2%
Since Inception (p.a.)	3.7%

Month End Exposures	
Long Equity Exposure	108%
Short Equity Exposure	(19%)
Net Equity Exposure	89%

Long Portfolio by Location of Exchange Listing³



Long Portfolio by Sector³



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

¹ 'Post-Tax NTA' is calculated after tax on realised gains/losses, deferred tax assets and deferred tax liabilities, but before allowing for deferred tax liabilities/deferred tax assets on unrealised gains/losses. As at 29 February 2024, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.09 per share (ex-dividend), which includes \$0.05 per share of income tax losses available to the Company in future periods. The dividend of \$0.05 per share, relating to the six months to 31 December 2023, had an ex-dividend date of 14 February 2024 and is payable on 18 March 2024.

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

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

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Authorised for release by Ian Cameron, Company Secretary

Top Ten Long Investment
Weights: 58% of VG1 Portfolio

8%

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

7%

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

6%

Gaming & Entertainment
The Walt Disney Company
(NYSE: DIS)

6%

Industrials
Teck Resources Limited
(NYSE: TECK)

6%

Information Technology
SK Hynix Inc. (XKRX: 000660)

5%

Energy
Shell PLC (LON: SHEL)

5%

Consumer Staples
DSM-Firmenich AG (AEX: DSFIR)

5%

eCommerce & Internet
Rightmove plc (LON: RMV)

5%

Energy
NexGen Energy Ltd (NYSE: NXE)

5%

MedTech
GE HealthCare Technologies Inc.
(NASDAQ: GEHC)

Commentary

The portfolio returned +4.6%² in February, as VG1 took advantage of strong equity markets globally. US technology leaders Amazon (AMZN) and Meta Platforms (META), alongside entertainment content producer Disney (DIS), were key contributors to the portfolio's performance after beating consensus estimates and upgrading forward guidance.

Amazon's 4Q23 results significantly beat on profits in the retail segment, with company operating margins and free cash flow that exceeded expectations. 1Q24 profit guidance was above consensus. Cost discipline and network optimisation in its International Retail business is showing tangible benefits. Commentary around the acceleration of AWS revenue growth, given the benefits of artificial intelligence (AI), was well received by the market.

Meta Platforms delivered strong earnings growth driven by high social media user engagement rates, combined with more accurate advertising targeting by utilising advances in AI. 1Q24 revenue growth guidance was lifted to +25%, which VG1 believes confirms META is winning digital ad dollar market share. For example, META is growing twice as fast as GOOG/YouTube. META remains one of the cheapest of the Magnificent 7 US tech stocks, with a forward P/E in the low 20's and a price-to-growth ratio of less than 1x.

Disney is in the early stages of a turnaround led by CEO Bob Iger. DIS 1QFY24 results confirmed momentum in the turnaround and the share price response was material. That said, VG1 remains of the view that DIS is significantly undervalued and on a pathway back to industry-leading profitability ratios. The key Experiences division has strong momentum, while margins in the Entertainment division also surprised on the upside. There are further operating costs to be removed from the business while the pathway to sports content monetisation is clearer.

It is also worth noting that there was clear earnings growth and share price divergence in the Magnificent 7 in February. One of the underperformers in February was Tesla (TSLA), a company in which VG1 has a small short position.

SK Hynix is a key supplier of memory for accelerated computing hardware used in AI applications. Whilst the semiconductor industry has traditionally been subject to major capex boom and bust cycles, we believe that the current hardware cycle in graphics processing units (GPUs) used for AI training and inference is likely to be longer than many anticipate and is going to see a number of companies across the supplier ecosystem win as higher prices translate to increased earnings power. A key component of the next generation of AI chips from players such as NVIDIA is High Bandwidth Memory (HBM) and, in particular, HBM3 supplied by pure play leader SK Hynix.

Rheinmetall had a strong month (share price +31%) as sell side analysts continued to upgrade their outlook for sales and earnings over the next several years. The company has been guiding to continued order wins in FY24 with analysts now believing that there will be around 35-40bn euros of orders booked this year – representing an unprecedented Book to Bill ratio of up to 4x. As the stock price and multiple have traded at record highs we have taken the opportunity to trim our position slightly and allocate capital to other ideas, but still believe that it remains a compelling investment in the medium term as European countries build out their defence capabilities.

Buy-back: Approximately 3.0 million VG1 shares were bought at an average price of \$1.76 during February.

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