

## Our philosophy

- > Deep research → conviction  
→ concentrated portfolio
- > A long-term investment horizon  
provides a competitive advantage
- > Avoid permanent loss of capital
- > Absolute return – targeting 10-15%  
p.a. through the cycle<sup>1</sup>
- > VGI staff invest alongside VG8  
shareholders

### Key Details

ASX Code	Share Price	Post-Tax NTA <sup>2</sup>
VG8	\$2.15	\$2.58

### 1 Year Portfolio Return (Net of Fees and Expenses)<sup>3</sup>

9.0%

### Dividend Yield Target

4% p.a. Fully Franked

### Investment Guidelines

No. of Long Investments	No. of Short Positions
Typically 15 to 30, currently 20	Typically 5 to 25, currently 11

Listing Date **13 November 2019**

Portfolio Value **\$574 million**

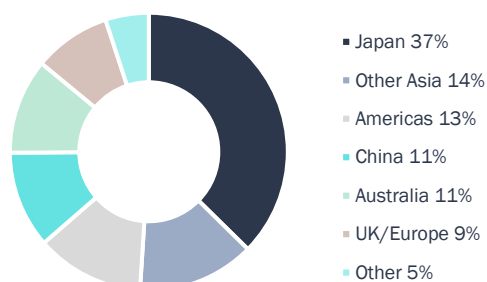
Portfolio Currency Exposure **AUD 100%**

Return <sup>3</sup>	Portfolio Return (Net)	Share Price
1 Month	2.6%	5.4%
3 Months	0.4%	(3.7%)
6 Months	(5.6%)	(4.9%)
1 Year	9.0%	10.3%
Since Inception (p.a.)	3.2%	(6.2%)

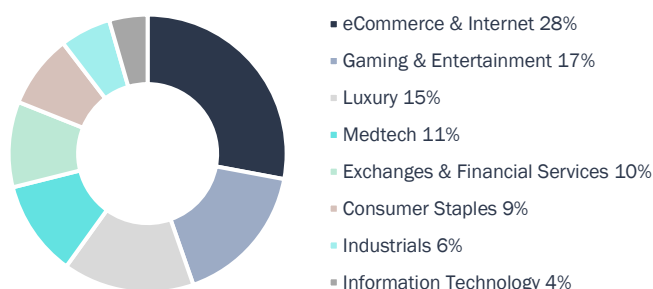
#### Month End Exposures

Long Equity Exposure	71%
Short Equity Exposure	(8%)
Net Equity Exposure	63%

### Long Portfolio by Regional Exposure (Proxied by Revenue)<sup>4</sup>



### Long Portfolio by Sector<sup>4</sup>



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

<sup>1</sup> The return objective is to achieve an average compound annual return of 10% to 15% (after all fees and expenses) over a period of more than five years.

<sup>2</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 31 October 2021, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.56 per share.











<sup>3</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. Share Price Return is defined as the movement in the VG8 share price at the end of the period plus dividends.

<sup>4</sup> The revenue mix of each equity investment has been used as a proxy for regional exposure. Sectors have been internally defined. Exposures may not add to 100% due to rounding.

Date of release: 8 November 2021

Authorised for release by the Company Secretary

Top Ten Long Investments: 62% of VG8 Portfolio

	<b>11%</b> Luxury Cie Financière Richemont SA (SWX: CFR)
	<b>8%</b> Medtech Olympus Corporation (TYO: 7733)
	<b>8%</b> eCommerce & Internet Rakuten Inc. (TYO: 4755)
	<b>6%</b> Exchanges & Financial Services Japan Exchange Group Inc. (TYO: 8697)
	<b>6%</b> Consumer Staples Yakult Honsha Co. Ltd (TYO: 2267)
	<b>6%</b> eCommerce & Internet Alibaba Group Holding Ltd (HKG: 9988)
	<b>5%</b> Gaming & Entertainment Crown Resorts Ltd (ASX: CWN)
	<b>5%</b> Gaming & Entertainment Nintendo Co. Ltd (TYO: 7974)
	<b>4%</b> Industrials Panasonic Corporation (TYO: 6752)
	<b>3%</b> eCommerce & Internet Mercari Inc. (TYO: 4385)

## Commentary

The portfolio's return (net of all fees and expenses) for the month of October was +2.6%, entirely from the Long Investments. The portfolio has 100% Australian Dollar exposure (equities are fully hedged to the AUD and excess cash is held in AUD) and therefore currency fluctuations did not directly impact the return in October.

Key contributors to the return were Cie Financière Richemont +1.5%, Rakuten +1.1% and Alibaba Group +0.9%.

Richemont experienced a rebound on the back of easing concerns regarding luxury spend in China and also performed well in sympathy with other luxury players (e.g. LVMH and Hermès) following strong earnings reports.

Rakuten performed well after announcing some initiatives to raise funding (including a potential IPO of its digital banking division) in order to continue investing in its mobile division; this assuaged near-term funding concerns.

Detractors included Nintendo -0.6% and Star Entertainment Group (ASX:SGR) -0.6%.

Nintendo has been under pressure as there are concerns that it is entering a period of slower console and games sales, while simultaneously facing pressure on console production from semiconductor component shortages. During the month, we reduced our Nintendo position to reflect our view that these issues are likely to persist for the foreseeable future.

Star Entertainment was a weak performer during the month after an announcement that the company will face a public inquiry into alleged misconduct around anti-money laundering, similar to the issues that Crown has experienced.

Five Long Investments were exited in October. Three new Short Positions were initiated and six closed.

## Company Details and Key Contacts

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