

Overview and Investment Philosophy

VG1, the Company, provides investors with access to a concentrated portfolio, predominantly comprised of Long Investments and Short Positions in global listed securities; and the investment expertise of VGI Partners, the Manager. VG1 intends to target a fully franked dividend yield of 4% p.a., commencing with the Sep 2021 payment.

The Manager's risk-adjusted return philosophy is implemented through three key tenets:

01

Capital preservation

The Manager believes that risk comes from not properly understanding your investments and places a great deal of importance on assessing downside risk.

02

Superior long-term compound growth

The Manager believes that great businesses purchased with a 'margin of safety' held for the long term are best placed to provide superior compound returns.

03

Concentration

The Manager aims to be concentrated enough in its best ideas so as not to dilute overall returns but hold enough Long Investments in order to provide an appropriate level of diversification. The top five Long Investments typically represent 40-50% of the portfolio NAV.

Key Details

ASX Code	VG1
Share Price	\$2.31
Listing Date	28 September 2017
Portfolio Value	\$1,051.8 million
Shares on Issue	398.5 million
Market Capitalisation	\$920.5 million

Investment Guidelines

No. of Long Investments Typically, 10 to 25; currently 29	No. of Short Positions Typically, 10 to 35; currently 13
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Month End Exposures

Long Equity Exposure	97%
Short Equity Exposure	(18%)
Gross Equity Exposure	115%
Net Equity Exposure	79%
Cash Weighting	21%

Net Tangible Asset (NTA) Per Share After All Applicable Fees and Charges

Pre-Tax NTA¹	Post-Tax NTA²
\$2.64	\$2.66

Source: Citco Fund Services. Figures are unaudited.

¹ 'Pre-Tax NTA' is calculated before all taxes.

² '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.

Return	Pre-Tax NTA	Post-Tax NTA	Share Price
1 month	3.6%	2.8%	6.0%
3 months	5.2%	4.5%	12.9%
6 months	18.2%	16.3%	21.2%
Financial Year to Date	21.0%	18.2%	28.5%
Since Inception	35.7%	36.1%	20.2%
Compound Annual Return	8.9%	9.0%	5.3%

Sources: Citco Fund Services (NTA), Bloomberg (Share Price).

NTA figures are unaudited. All data has been adjusted for VG1's capital raising in 2019. Pre-Tax NTA Return is defined as the movement in Pre-Tax NTA plus dividends. Post-Tax NTA Return is defined as the movement in Post-Tax NTA plus dividends. NTA Return is shown after all applicable fees and charges. Share Price Return is defined as the movement in the VG1 Share Price at the end of the period (applying the Price Adjustment Factor from Bloomberg) plus dividends.

Top Ten Long Investments: 65% of VG1 Portfolio



14% Amazon.com Inc. (NASDAQ: AMZN) – One of the ‘Big Four’ American technology companies and the second largest private employer in the United States. Amazon.com is a leader in e-commerce, cloud computing, digital streaming, and artificial intelligence. The company has been a core holding of the VGI Partners global strategy since 2014.



8% Mastercard Inc. (NYSE: MA) – Global payments processor in a duopoly with Visa. The industry benefits from a strong secular trend toward electronic payments over cash and cheques and the COVID pandemic has accelerated this shift. Significant growth opportunities also exist in developing countries and new payment technologies (such as PayPass) that enable the more frequent use of electronic payments. Mastercard has been a core holding of the VGI Partners global strategy since 2009.



7% Pinterest Inc. (NYSE: PINS) – Established in 2009, Pinterest is an image sharing and social media service with 400 million monthly active users. Pinterest offers a ‘visual search’ function that allows users to search for elements in images, guiding them to suggested similar content within the company’s database. Pinterest is at an early stage of commercialising its activities outside of the United States.



6% CME Group Inc. (NASDAQ: CME) – Tracing its origins back to 1848, CME Group is the world’s largest financial derivatives exchange and trades in asset classes that include agricultural products, currencies, energy, interest rates, metals and stock indexes. CME Group has been a core holding of the VGI Partners global strategy since 2009.



6% SAP SE (ETR: SAP) – The dominant market leader in providing mission-critical operational software to the largest enterprises globally. This software is very ‘sticky’ due to high switching costs and has customer renewal rates close to 100%. We believe these high switching costs will be critical in driving a successful transition of SAP’s customer base from on-premise software into the cloud.



6% Cie Financière Richemont SA (SWX: CFR) – Switzerland-based luxury goods holding company with particular strengths in jewellery, watches and writing instruments. Through its prestigious Maisons, which include Cartier and Van Cleef & Arpels, Richemont has significant exposure to the Asian consumer with 45% of sales made in the Asia Pacific region.



5% Olympus Corporation (TYO: 7733) – Having launched the world’s first commercial gastro-camera in 1952, Olympus is the global leader in gastrointestinal endoscopes with a market share of over 70%.



5% Otis Worldwide Corporation (NYSE: OTIS) – Based in the USA, Otis is the world’s largest manufacturer of vertical transportation systems, principally focusing on elevators, moving walkways and escalators. Otis was spun off as an independent company in April 2020, 44 years after it was acquired by United Technologies (now Raytheon).



4% Qualtrics International Inc. (NASDAQ: XM) – Developer of a cloud-based software platform for experience management. Its software allows enterprises to track customer experience, employee experience, brand management and product development. It gives real time feedback to users so they can take action immediately, hence improving and optimising their stakeholders’ experience.

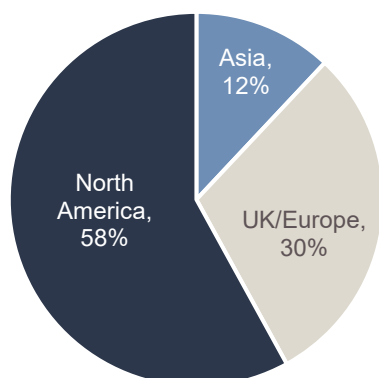


4% Française des Jeux (EPA: FDJ) – Privatised by the French government in 2019, FDJ has the exclusive licence to operate lottery games in France, from traditional draw-based lotteries to instant win games and scratch-cards. In addition, FDJ has the exclusive license to operate physical sports betting terminals and owns an online sports betting bookmaker.

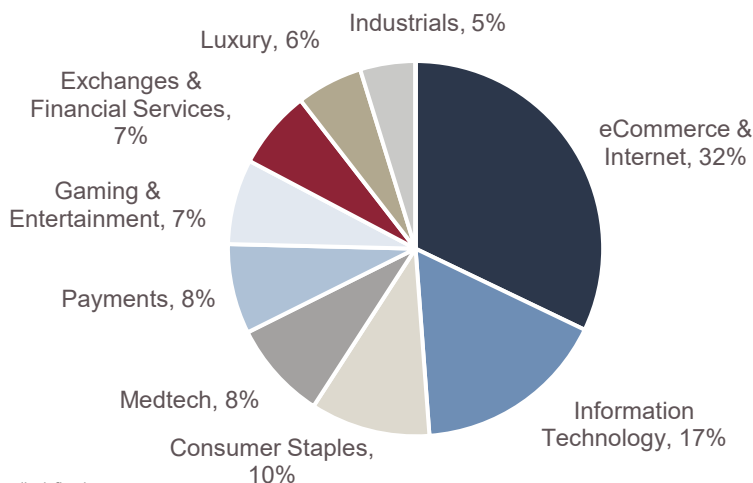
Net Currency Exposures of Portfolio (Equities and Cash)

AUD	100%	% Portfolio NAV Unhedged to AUD	0%
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Long Portfolio by Location of Exchange Listing



Long Portfolio by Sector



Sources: VGI Partners, Bloomberg. Asia includes ASX-listed securities. Sectors have been internally defined.

Commentary

The portfolio's return (net of all fees and expenses) for the month of April was +3.6%. The portfolio's Long Investments added +4.2% to performance for the month and the Short portfolio, currently comprising 13 Short Positions, detracted -0.6% from performance. The portfolio has 100% Australian Dollar exposure (equities and cash) and therefore currency fluctuations did not directly impact the return in April.

Key contributors to the return were Amazon +1.4%, Mastercard +0.7% and SAP +0.7%. Nuance Communications, in which we were building a position, rallied after a takeover proposal from Microsoft and we exited the position on the back of this. Pinterest detracted -1.0% during the month. While the company beat 1Q21 result expectations, user growth slowed. We remain confident in its long-term outlook, with key monetisation metrics trending well. Five new Short Positions were initiated in April.

Buy-back

During the month, around 4.2 million VG1 shares were bought under the on-market buy-back at an average price of \$2.26.

Dividend Yield Target of 4% p.a.

Since month end, the VG1 Board has announced its intention to target a fully franked dividend yield of 4% p.a., with reference to the VG1 share price, commencing from the 30 June 2021 dividend payable in September. More details are available in the ASX release on 11 May 2021.

Company Details

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Adelaide McDonald, CFA
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