

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 cycle¹
- > VGI staff invest alongside VG8
shareholders

Key Details

ASX Code	Share Price	Post-Tax NTA ²
VG8	\$1.835	\$2.22

1 Year Portfolio Return (Net of Fees and Expenses)³

(16.9%)

Dividend Yield Target

4% p.a. Fully Franked

Investment Guidelines

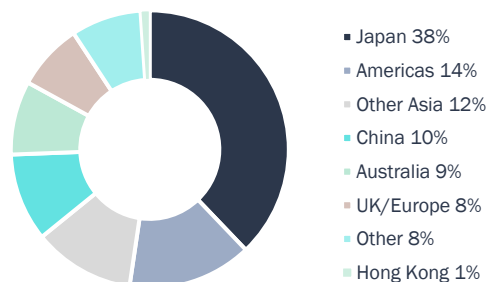
No. of Long Investments	No. of Short Positions
Typically 15 to 30, currently 24	Typically 5 to 25, currently 13

Listing Date	13 November 2019
Portfolio Value	\$494 million
Portfolio Currency Exposure	AUD 100%

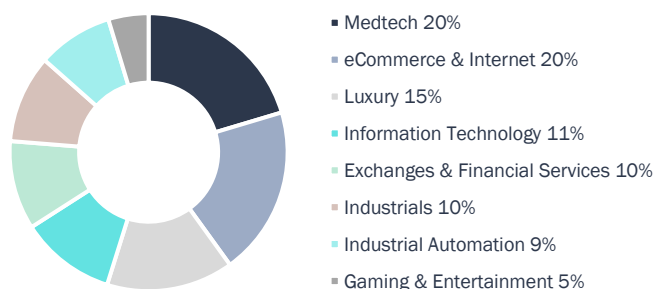
Return ³	Portfolio Return (Net)	Share Price
1 Month	(0.6%)	(4.2%)
3 Months	(2.4%)	(6.4%)
6 Months	(10.6%)	(10.9%)
1 Year	(16.9%)	(19.3%)
Since Inception (p.a.)	(2.0%)	(9.7%)

Month End Exposures	
Long Equity Exposure	83%
Short Equity Exposure	(25%)
Net Equity Exposure	58%

Long Portfolio by Regional Exposure (Proxied by Revenue)⁴



Long Portfolio by Sector⁴



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

¹ 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.

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. As at 31 May 2022, NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.32 per share, which includes \$0.10 per share of income tax losses available to the Company in future periods.











³ 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.

⁴ 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.

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Authorised for release by the Company Secretary

Top Ten Long Investments: 63% of VG8 Portfolio

	12%	Luxury Cie Financière Richemont SA (SWX: CFR)
	8%	Medtech Olympus Corporation (TYO: 7733)
	8%	Exchanges & Financial Services Japan Exchange Group Inc. (TYO: 8697)
	7%	Industrial Automation Daifuku Co. Ltd (TYO: 6383)
	6%	eCommerce & Internet Rakuten Inc. (TYO: 4755)
	5%	Industrials Panasonic Corporation (TYO: 6752)
	5%	Medtech Shimadzu Corporation (TYO: 7701)
	4%	eCommerce & Internet Alibaba Group Holding Ltd (HKG: 9988)
	4%	Information Technology NEC Corporation (TYO: 6701)
	3%	Gaming & Entertainment The Star Entertainment Group Ltd (ASX: SGR)

Commentary

The portfolio's net return for the month of May was -0.6%. The portfolio's Long Investments detracted -1.6% from performance and the Short portfolio added +1.0% to performance. 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 May.

Key Long contributors were Olympus +1.2%, Shimadzu +0.4% and Japan Exchange +0.3%.

Olympus reported a strong March quarter result, driven by a rebound in hospital spending, particularly in China where there had been concerns over COVID-induced disruption and local competition. We are also seeing ongoing evidence of management implementing structural reform in its non-core divisions which is helping drive margin improvement.

Shimadzu reported strong full-year results and guidance for growth in its core analytical and measuring equipment segment.

The largest Long detractors were Rakuten -1.3% and Richemont -0.8%.

Rakuten's quarterly results saw solid growth in its core e-commerce business, however, the stock performed poorly due to losses in its early-stage mobile business.

One Long Investment was initiated in May and two were exited. We continued to add to existing Shorts, taking Short exposure from 18% to 25% during the month.

Buy-back: The first purchase of shares for the VG8 on-market buy-back occurred on 5 May. For the month, just over 1 million VG8 shares were bought at an average price of \$1.83.

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