

**3 October 2024**

ASX Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

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## VG1 Investor Webinar Presentation

As previously announced, it gives us great pleasure to confirm that the VG1 investment team will be providing a portfolio update by webinar today, Thursday 3 October 2024, at 11.00am (AEST).

In the webinar, Philip King, Regal Funds Management's Co-Founder and Chief Investment Officer Long/Short Equities, and members of the VG1 investment team will share their insights on the current market environment, how the VG1 portfolio is currently positioned, and recent changes made across the long and short books.

The presentation slides are enclosed with this announcement.

Investors can register to view, and receive a recording of, the webinar via the following link:

[REGISTER NOW](#)

The presentation will be followed by a Q&A session. We encourage attendees to submit their questions in advance to allow the team to respond to as many queries as time permits. This can be done by registering to attend the webinar and submitting your questions when prompted, or by emailing [investorrelations@regalpartners.com](mailto:investorrelations@regalpartners.com).

**AUTHORISED FOR RELEASE BY:**

**Candice Driver, Company Secretary**

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**ABOUT VG1**

VG1 provides investors with access to an actively managed, concentrated portfolio, comprised of long investments and short positions in global listed securities. Utilising a fundamental, bottom-up investment approach, the portfolio leverages the extensive experience, network and specialist investment team of Regal Partners, the Investment Manager.



VG1 GLOBAL  
INVESTMENTS

# VG1 Global Investments

(ASX: VG1)

Investor Update and Webinar

October 2024

# Welcome

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Charlie Aitken

Investment Director, Regal Partners



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## PAST PERFORMANCE

The historical financial information and performance figures given in this document are given for illustrative purposes only and should not be relied upon as (and are not) an indication of VG1 or Regal Partners' views on the future performance of VG1, or other Funds or strategies managed by Regal Partners or its related bodies corporate. You should note that past performance of VG1, or Funds or strategies managed by Regal Partners or its related bodies corporate cannot be relied upon as an indicator of (and provide no guidance as to) future performance.

## FORWARD-LOOKING STATEMENTS

This document contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this document speak only as of the date of this document and are based on assumptions and contingencies and are subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this document are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of VG1 or Regal Partners, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including VG1, Regal Partners, their related bodies corporate or any of their respective directors, officers, employees, agents or advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Except as required by law or regulation, VG1, and Regal Partners disclaim any obligation or undertaking to update forward-looking statements in this document to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.



# Speakers



**Philip  
King**

Co-Founder &  
Chief Investment  
Officer, Regal Funds



**Marco  
Anselmi**

Portfolio Manager,  
VG1



**Hao  
Do**

Senior Analyst,  
Financials



**Glen  
Barnes**

Head of Asian Equities



**Shannon  
McConaghy**

Senior Analyst,  
Asia

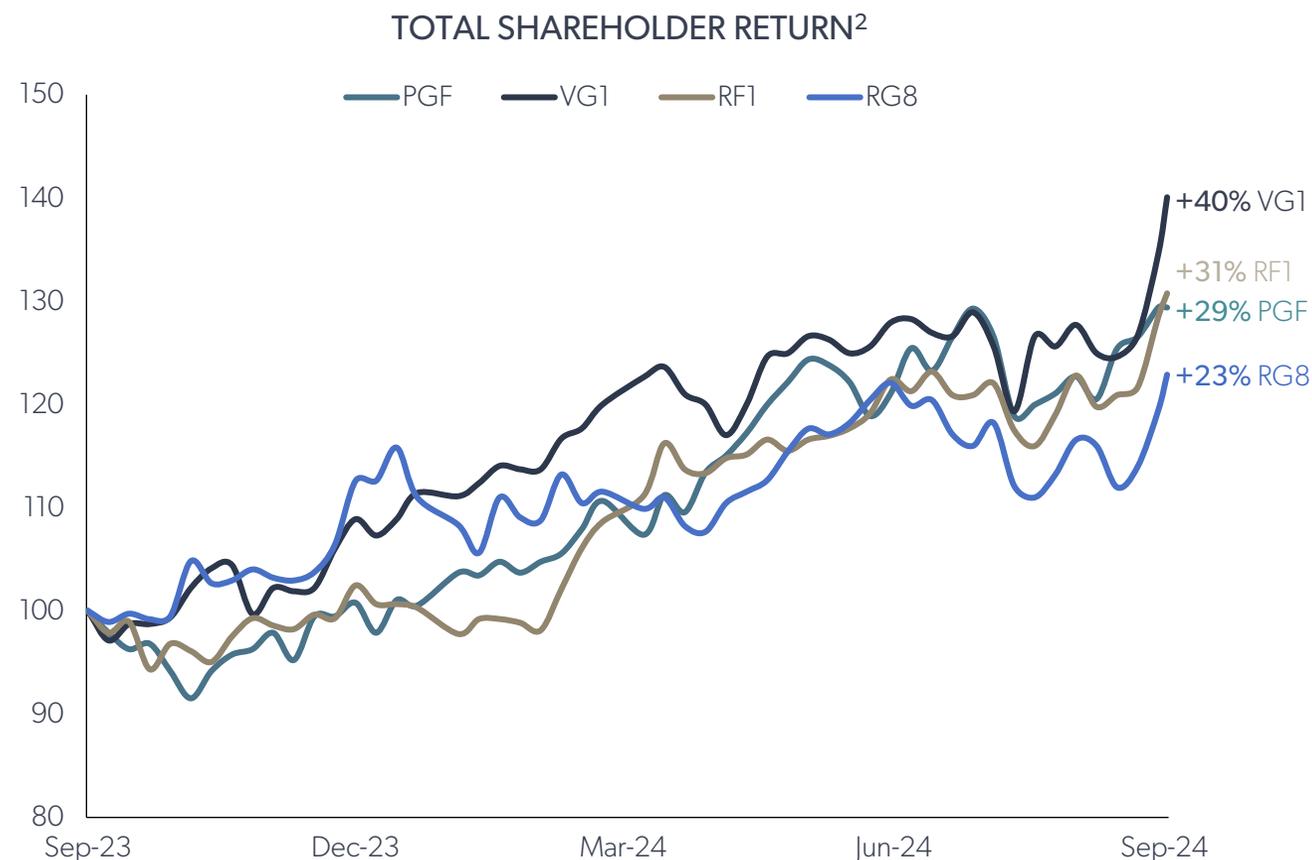


**Henry  
Hill**

Senior Analyst,  
Global Equities

# Strong recent performance across all listed investment vehicles

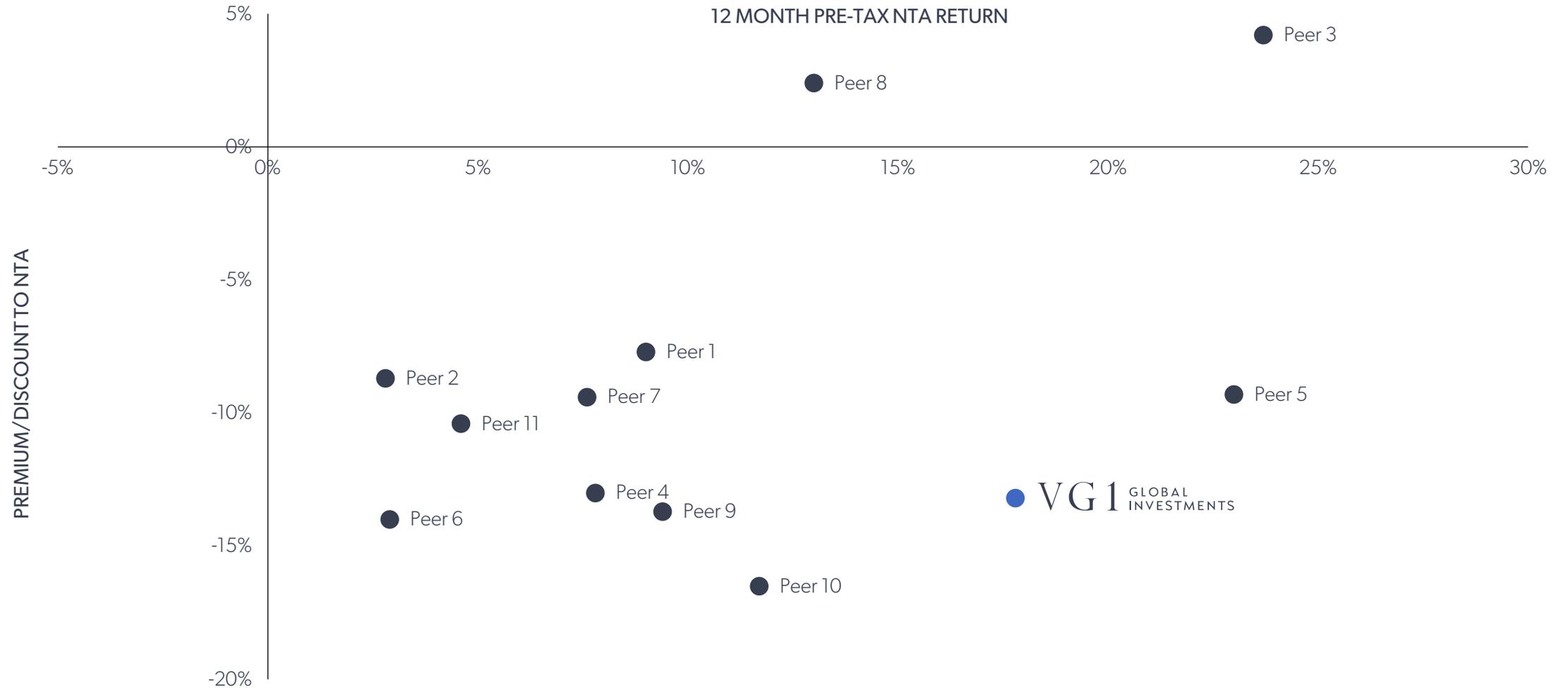
Fund	Launch	Description	1 yr portfolio return <sup>1</sup>
PGF 	2013	Global L/S Equities	29.2%
VG1 	2017	Global L/S High Conviction	28.4%
RF1 	2019	Multi-strategy alternatives	24.1%
RG8 	2019	Asian L/S High Conviction	21.3%



Source: Regal, VGI Partners, PM Capital, Bloomberg. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

<sup>1</sup> Portfolio return from 1 October 2023 to 27 September 2024. Net of fees and costs and is adjusted for capital flows including those associated with the payment of distributions/dividends and tax, share issuance and/or cancellations (option exercise, distribution/dividend reinvestment plan (pre franking benefits), share purchase plan, and equal access buyback) where relevant. <sup>2</sup> Total shareholder return (gross dividends) per Bloomberg as at 30 September 2024 (weekly data) indexed to a starting value of 100.

# Global equity LICs



Source: Bell Potter analysis as at 30 June 2024. Vertical axis represents the share price premium or discount to Net Tangible Assets (NTA). Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# VG1: Strong performance, discount to NTA improving

Key statistics as at 30 September 2024

Portfolio Size

**\$590m**

Post-tax NTA

**\$2.19**

Share Price

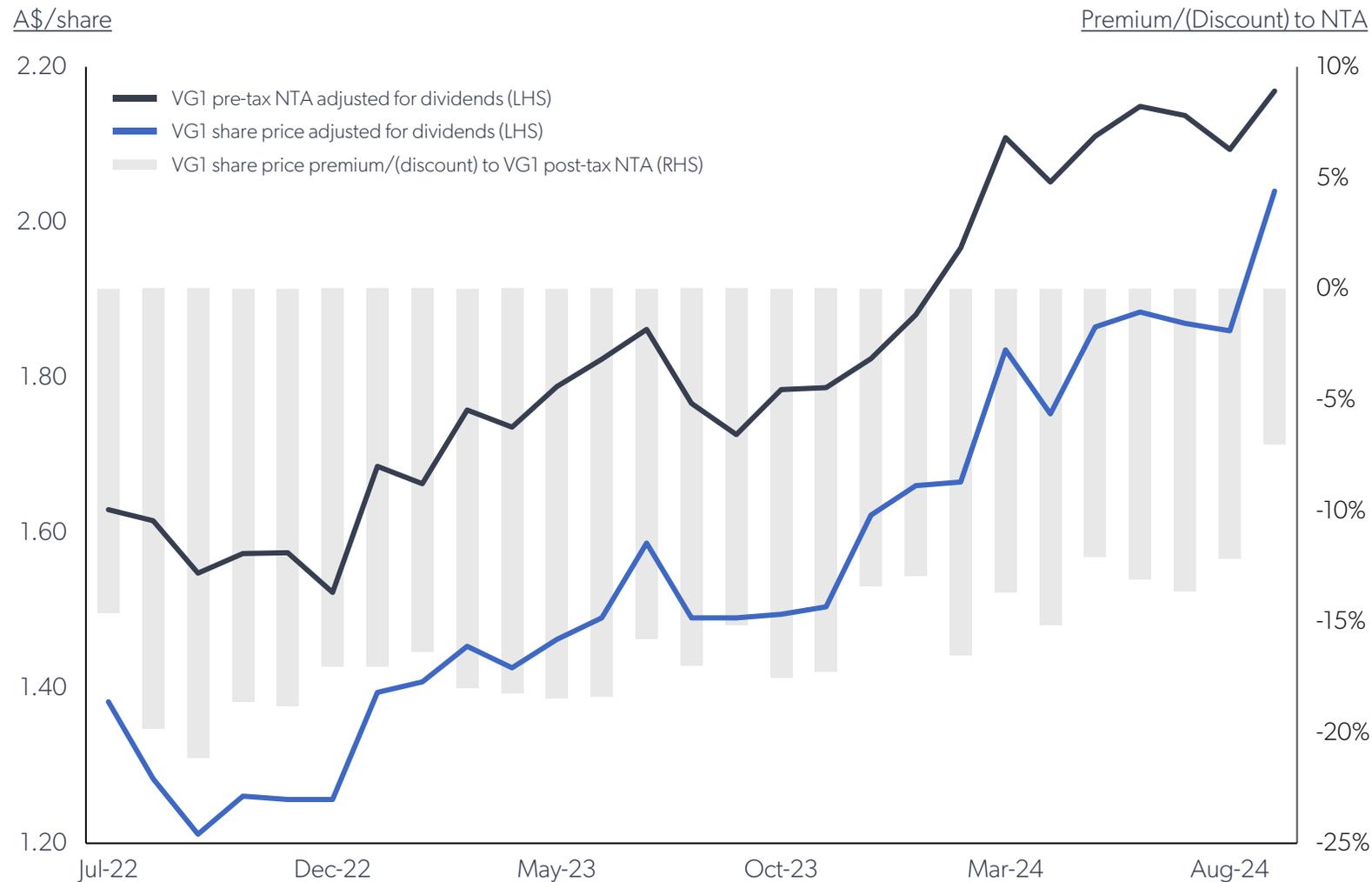
**\$2.04**

Net Portfolio Return (since merger)

**+35.5%**

Dividend Yield Incl Franking (last 12 months)

**+7.0%**



Source: Citco Fund Services (NTA and portfolio returns to 31 August 2024), Regal (NTA and portfolio return estimated for month to 30 September 2024), Bloomberg. Performance has been adjusted to include dividends and is based on monthly returns from 1 July 2022 (being the start of the first full month following completion of the merger between the investment manager of VG1, VGI Partners Limited, and Regal Funds Management Pty Limited). Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# Market update

Key takeaways

1

Market rally broadens as monetary conditions ease

2

Strong bond market makes equities more attractive

3

Passive investing bubble continues to provide long and short opportunities

4

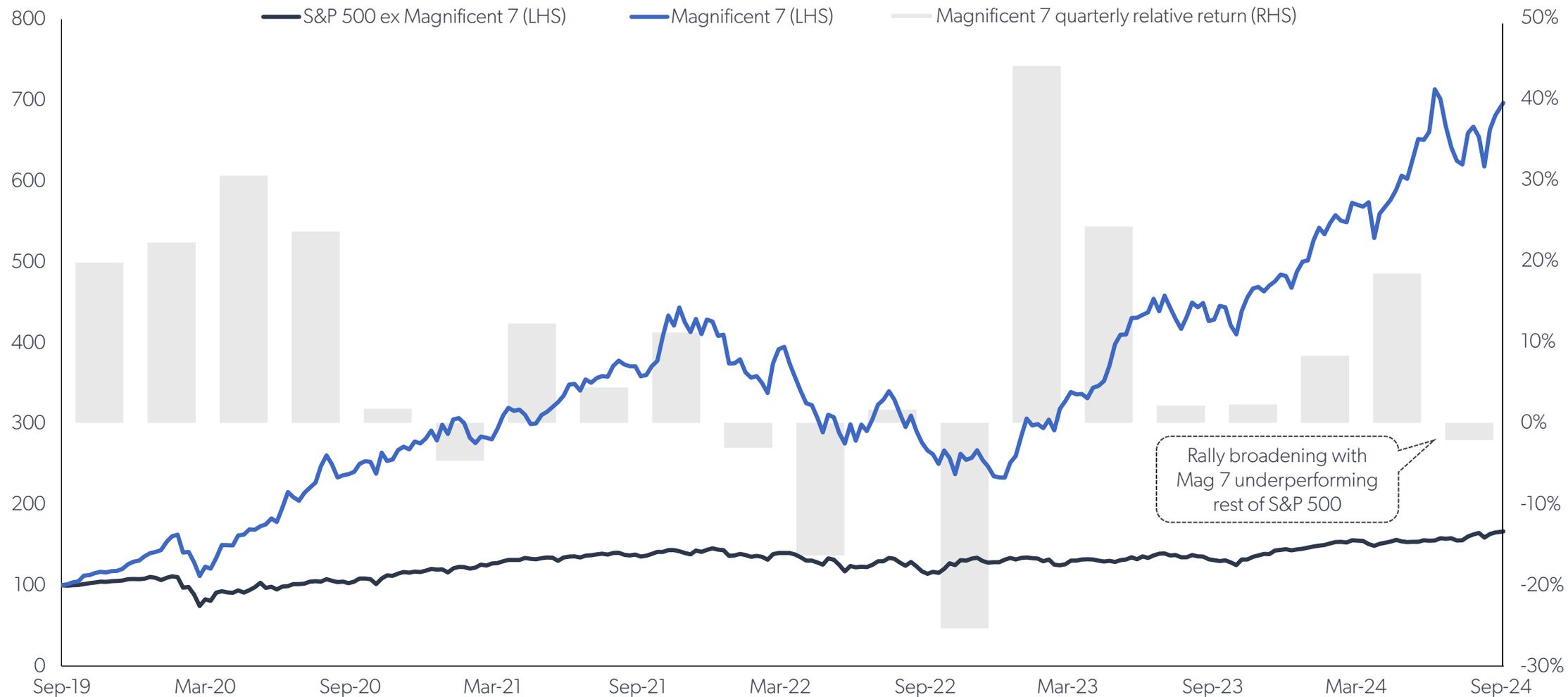
VG1 benefiting from Resources and Asian exposure

# US market marches higher



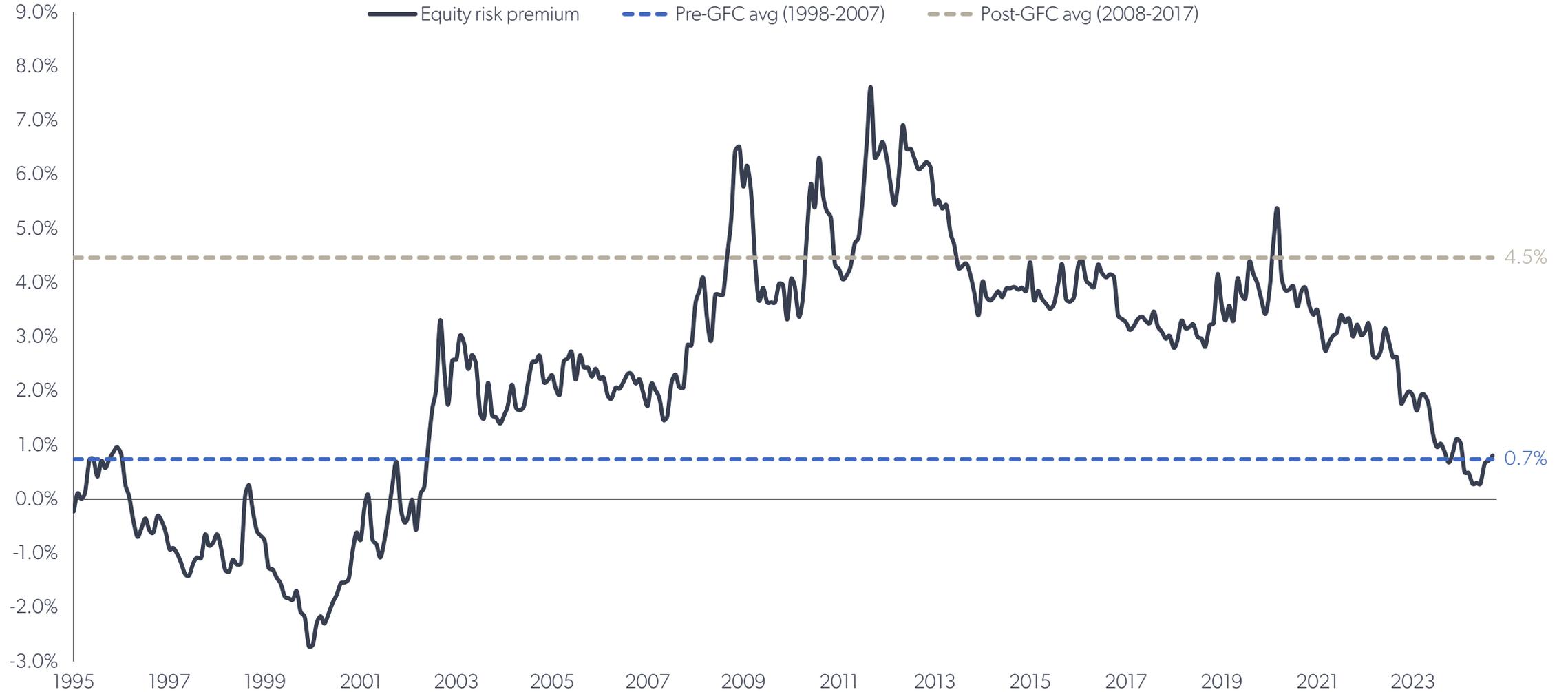
Source: Bloomberg as at 30 September 2024 (weekly data). Index levels rebased to 100. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# US market rally starting to broaden



Source: Bloomberg as at 30 September 2024. S&P 500 ex Magnificent 7 and Magnificent 7 index performance rebased to 100 (weekly data). Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

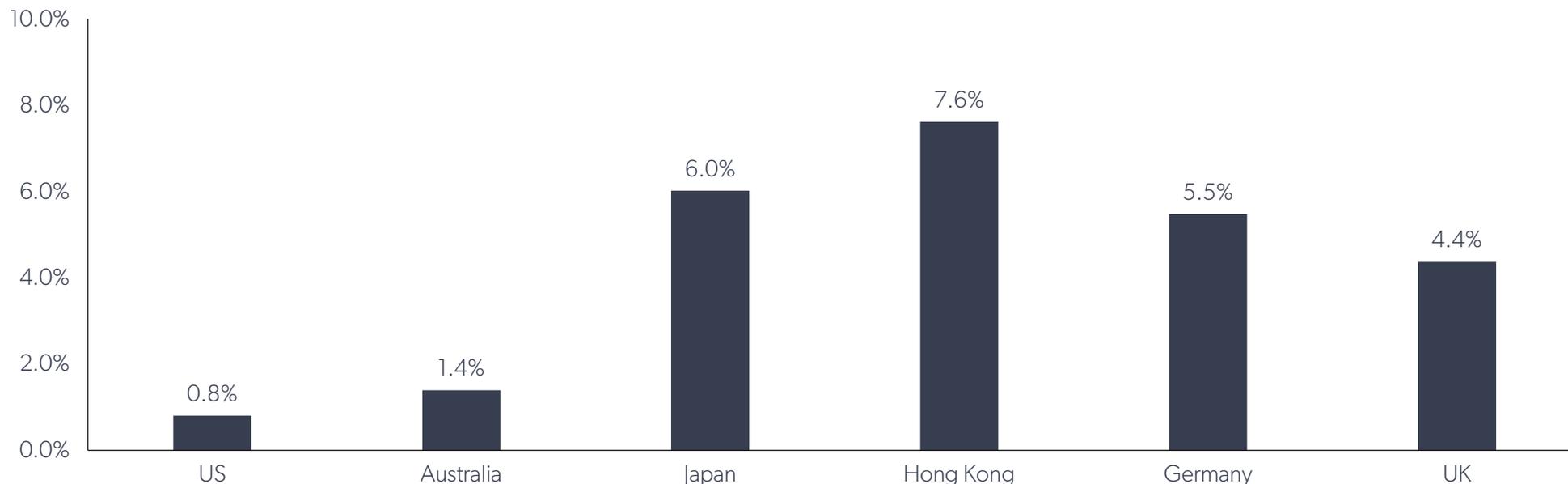
# US equities attractive vs Tech bubble



Source: Bloomberg as at 30 September 2024 (monthly data). Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# Best opportunities outside of the US

## EQUITY RISK PREMIUM



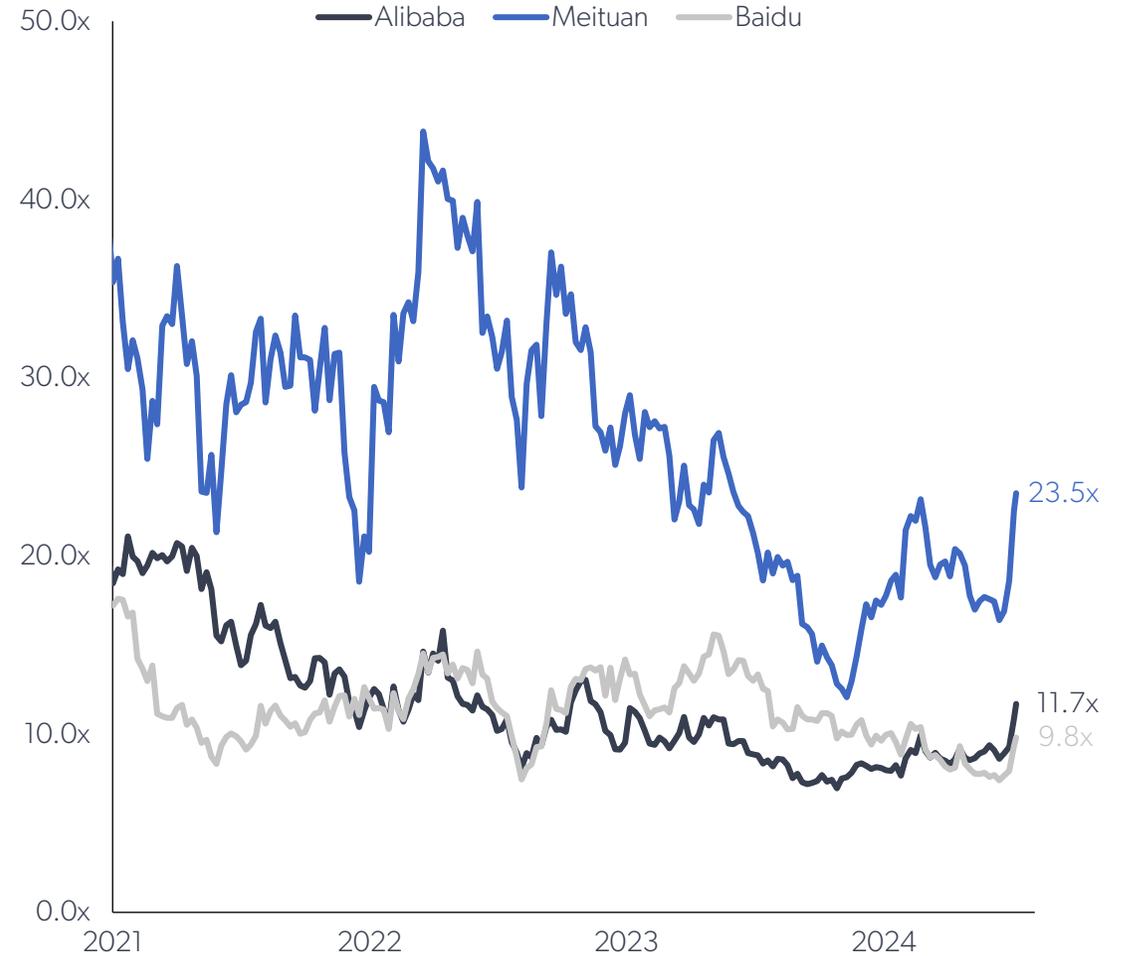
P/E	21.8x	18.6x	14.5x	9.6x	13.2x	11.9x
Corporate earnings yield	4.6%	5.4%	6.9%	10.4%	7.6%	8.4%
10 year government yield	3.8%	4.0%	0.9%	2.8%	2.1%	4.0%
Equity risk premium	0.8%	1.4%	6.0%	7.6%	5.5%	4.4%

# Bearish China sentiment too extreme

BLOOMBERG CHINA INDEX / BLOOMBERG WORLD INDEX



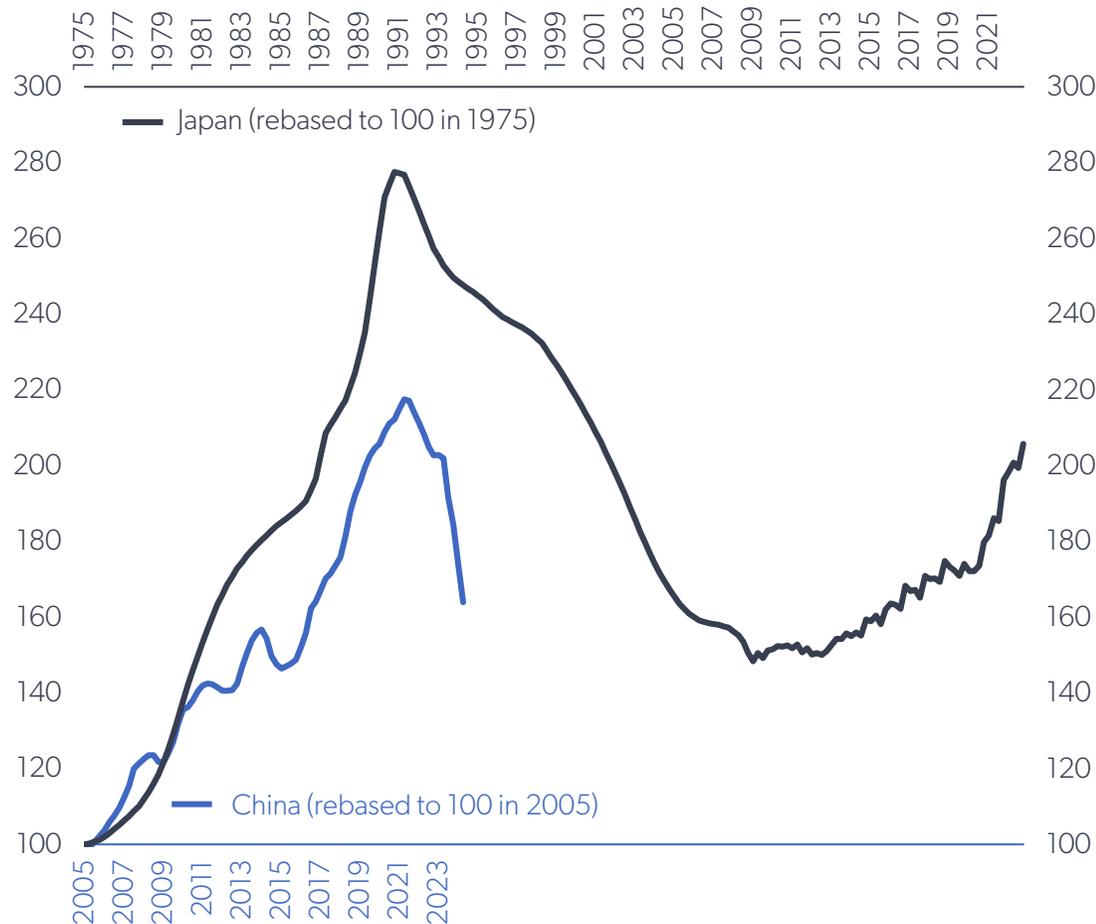
P/E (NEXT 12 MONTHS)



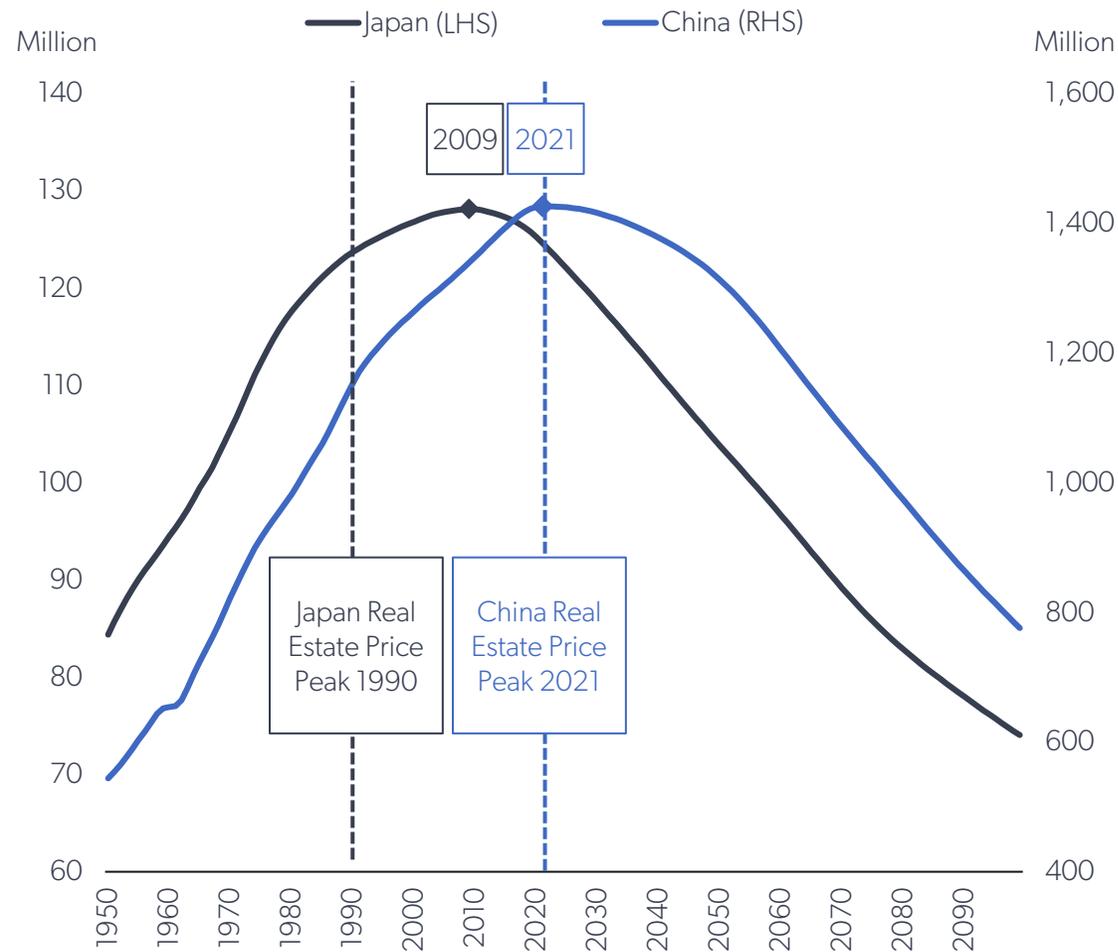
Source: LHS – Bloomberg as at 30 September 2024 (monthly data). RHS – Bloomberg as at 30 September 2024 (weekly data). Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# China – Parallels of 1990's Japan?

RESIDENTIAL PROPERTY PRICES

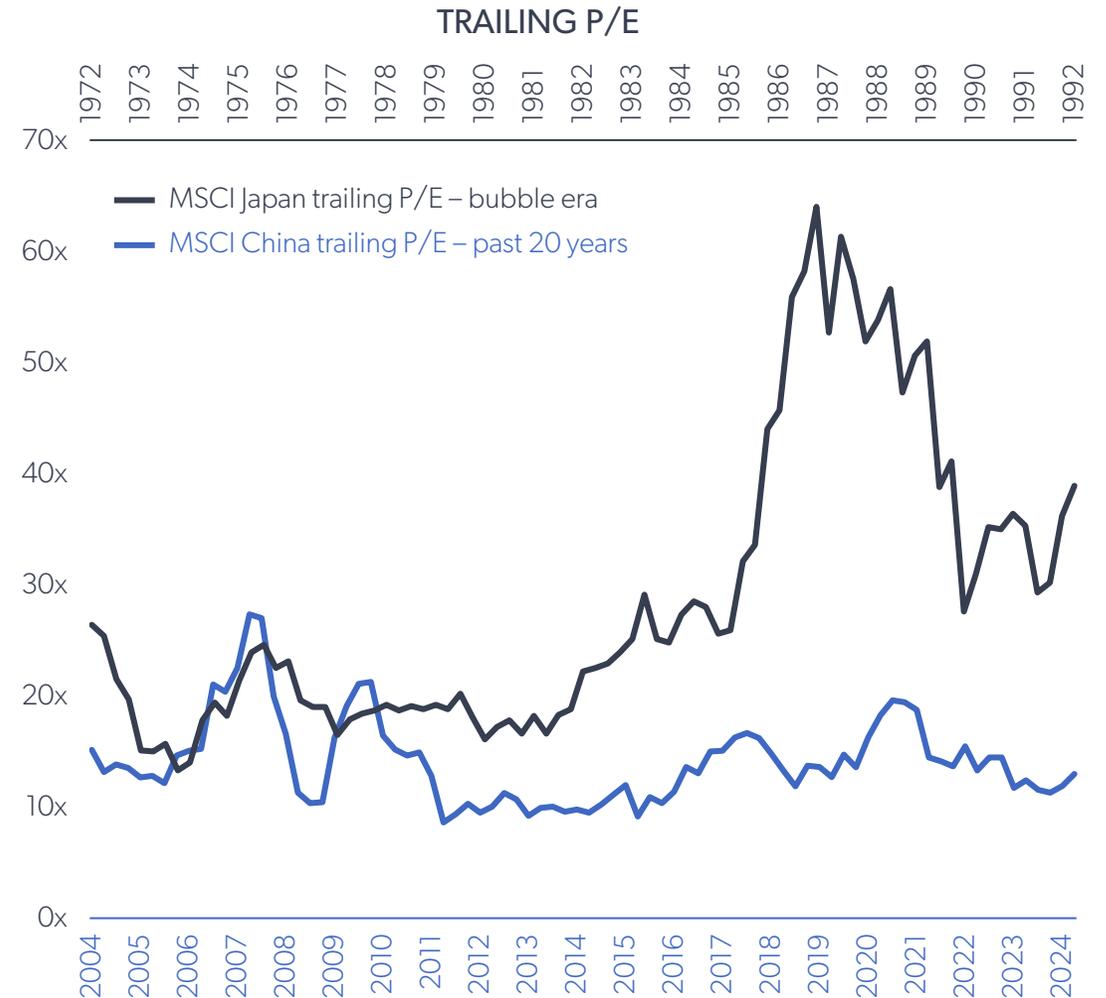
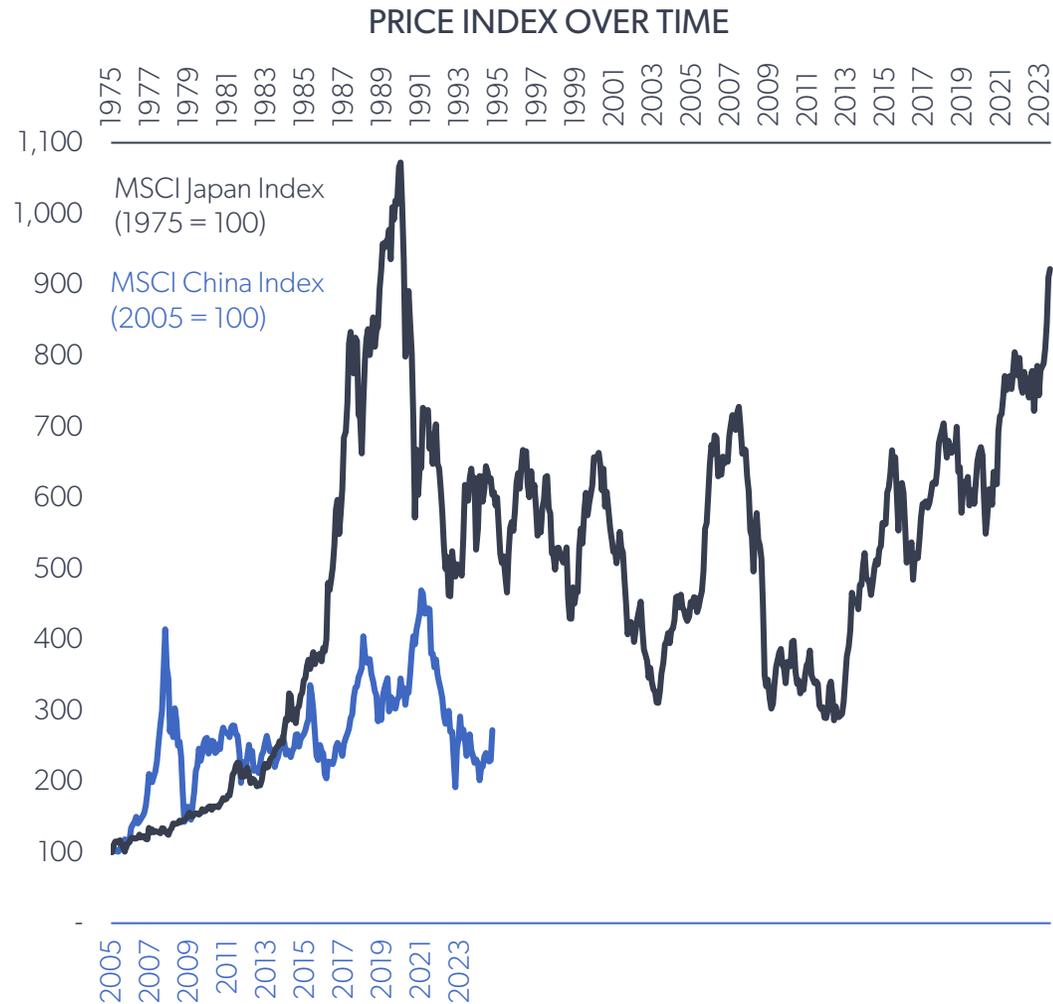


TOTAL POPULATION



Source: LHS – BIS, NBS, GS, Regal estimates. RHS – UN Population forecasts. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# ...but Chinese equities never experienced the bubble of Japan in 1990



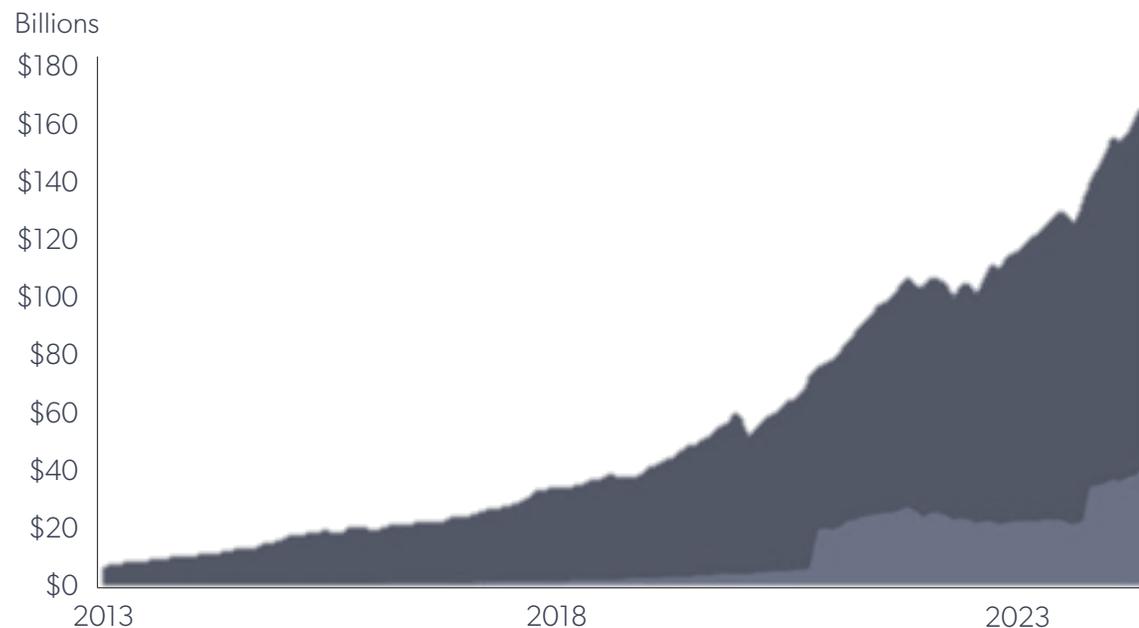
Source: Bloomberg. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# Unwind of Japanese carry trade provided opportunity to increase exposure to Japan



# Passive bubble creates opportunity

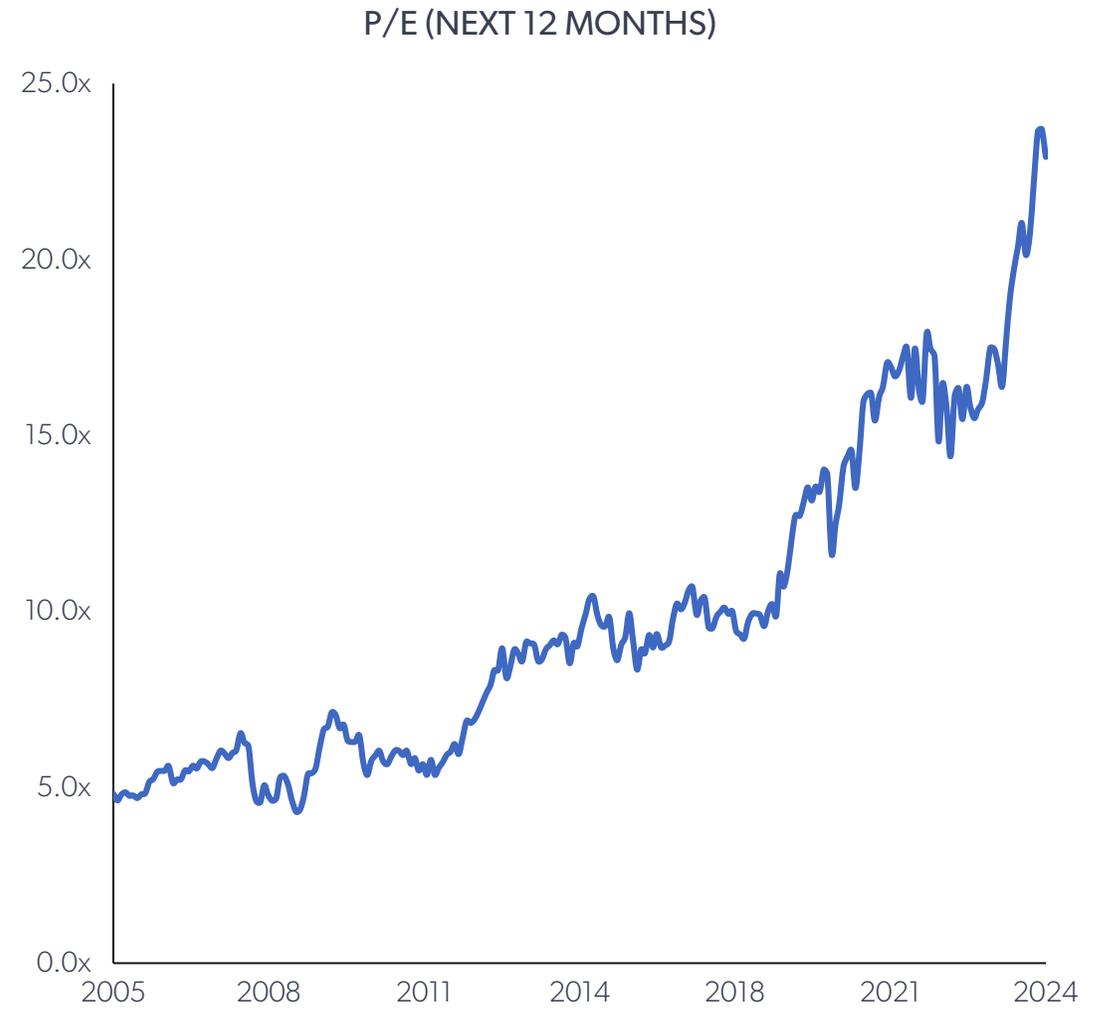
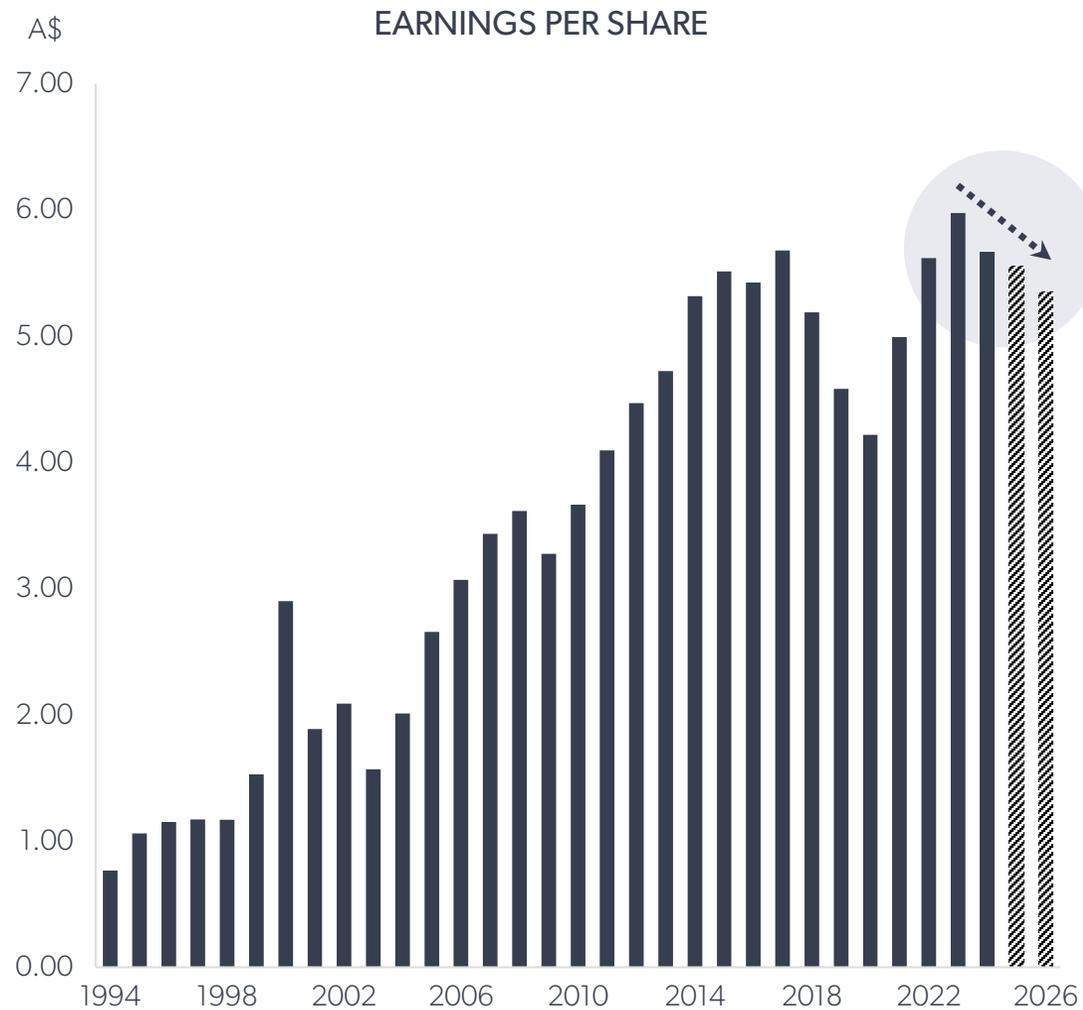
AUSTRALIAN ETFS  
ASSETS UNDER MANAGEMENT



ASX 200 BANKS VS MATERIALS PERFORMANCE  
INDEX LEVELS REBASED TO 100

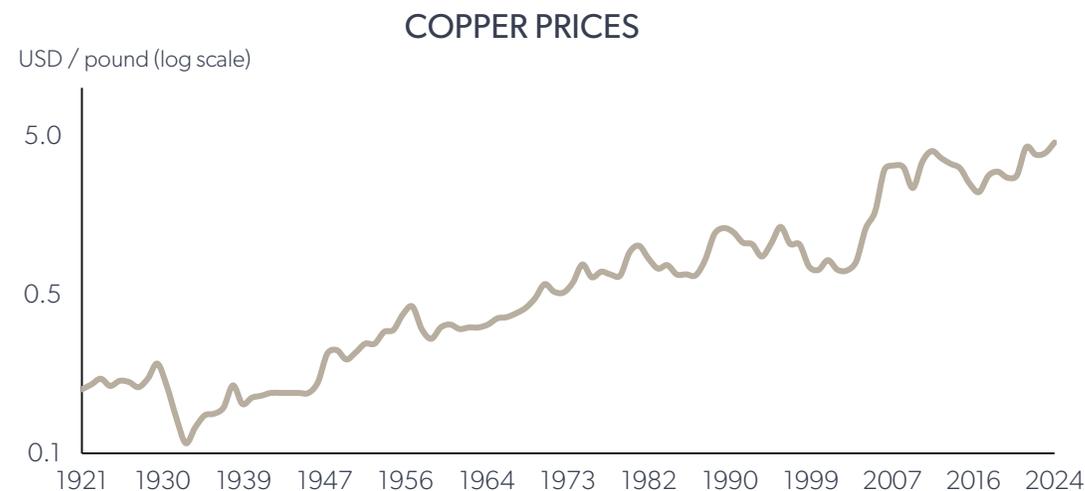
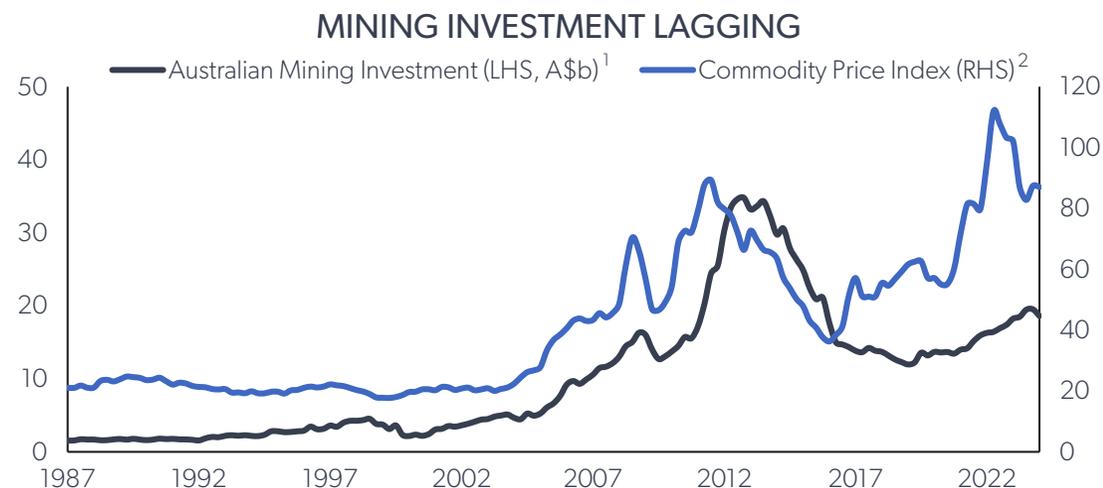
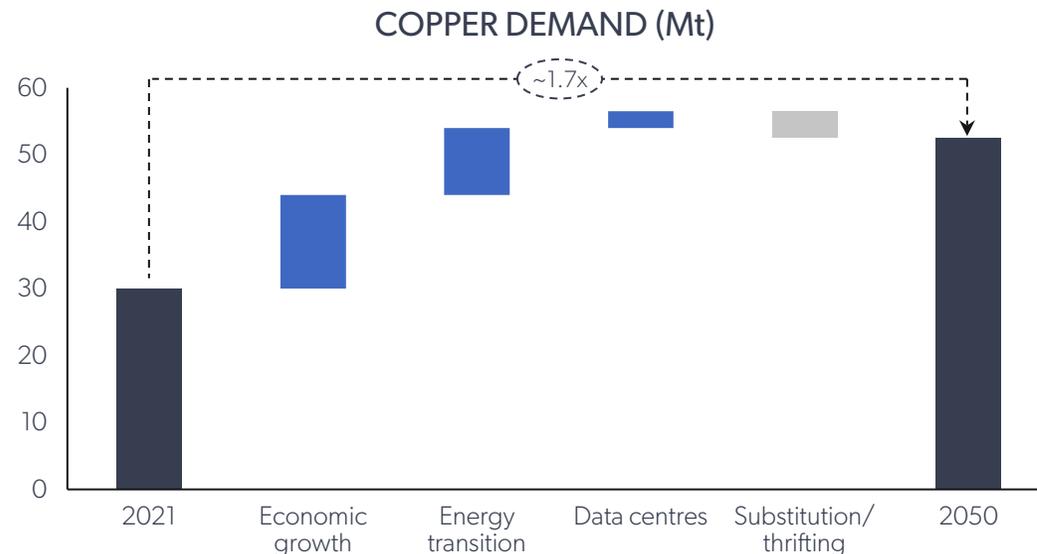
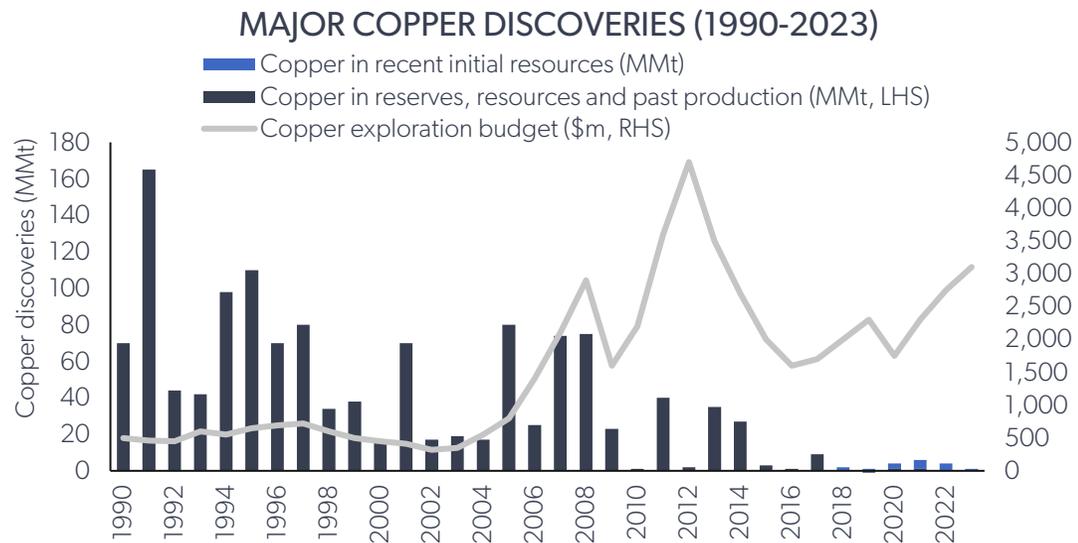


# CBA earnings starting to fall



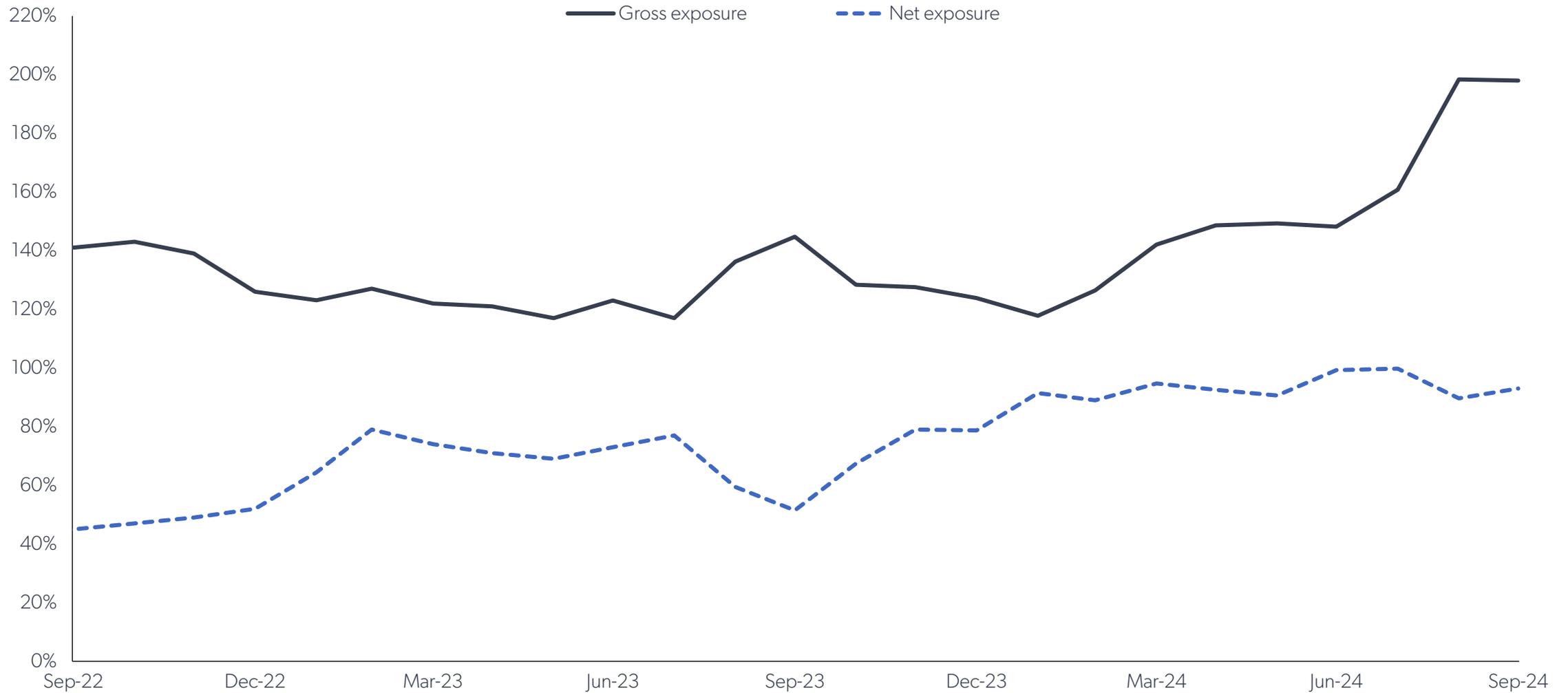
Source: LHS – Bloomberg, Regal estimates. RHS – Bloomberg as at 30 September 2024 (monthly data), Regal estimates. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# Resources: Supply constrained, demand predicted to increase



Source: Top left, top right – BHP analysis. Bottom left – Minack Advisors. Bottom right – Bloomberg. 1 Annual data interpolated using quarterly new capital expenditure data. 2 RBA non-rural commodity index in special drawing rights (SDR) terms — leading by 3 quarters. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

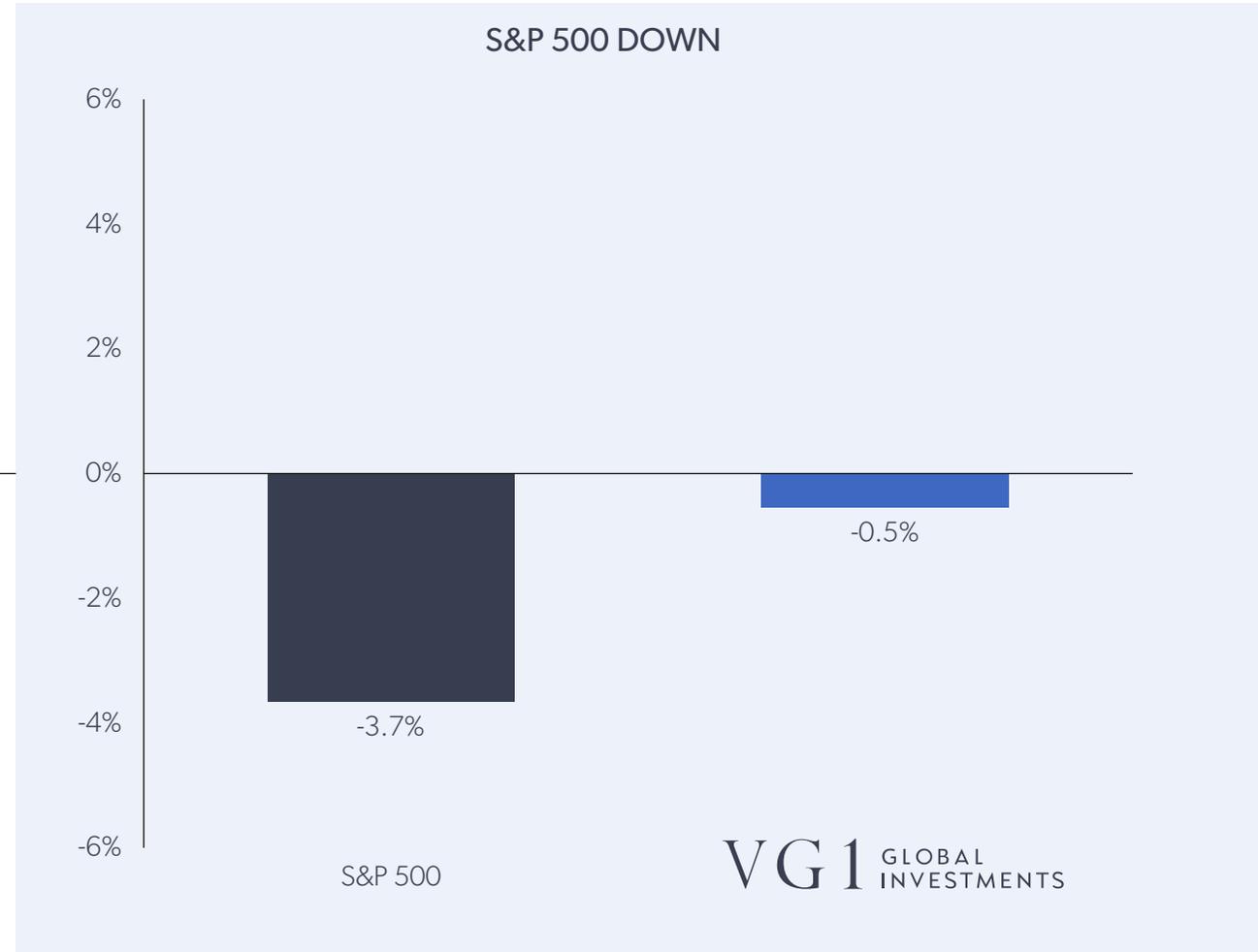
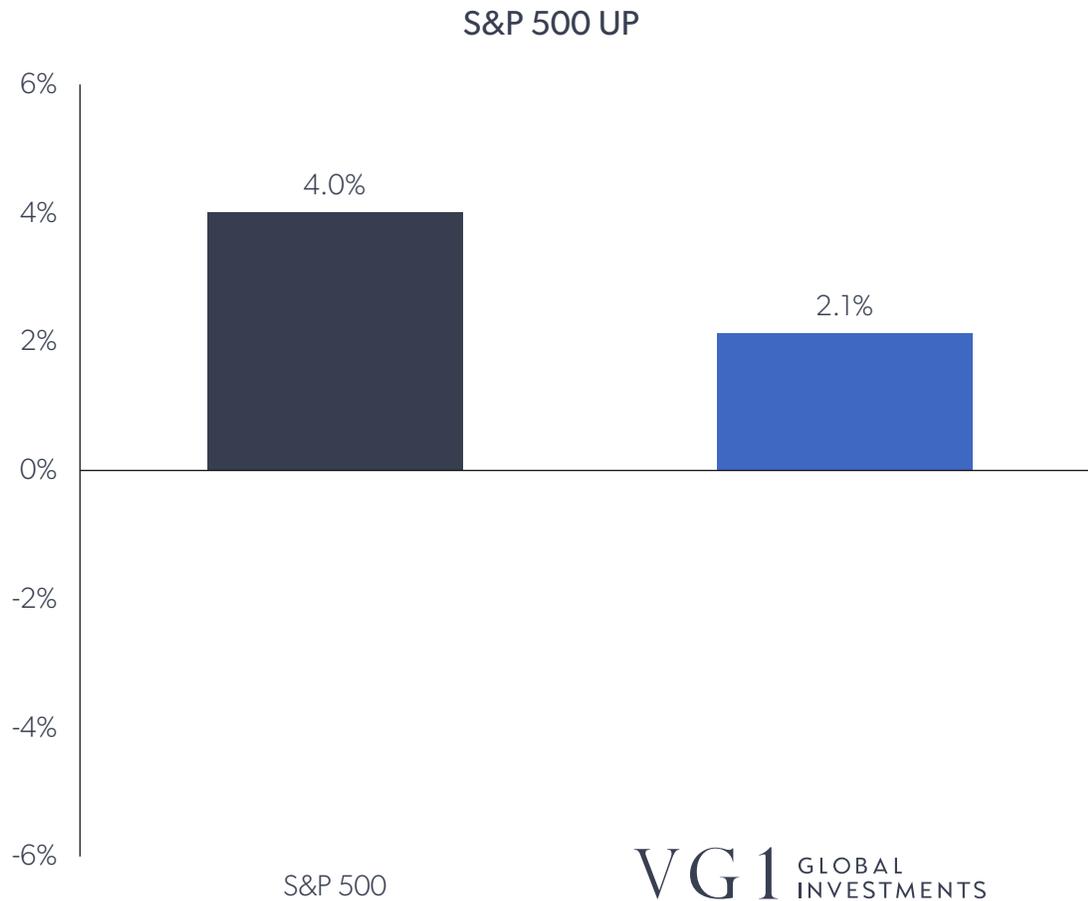
# VG1: Increase in gross and net exposure provides greater leverage to market movements



Source: Regal as at 30 September 2024. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

**INCREASE IN GROSS EXPOSURE INCREASES VOLATILITY RISK WITHIN THE FUND.**

# VG1: Shorts working well in difficult environment



# Stock positions

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## Longs:

Rightmove

Entain

GQG Partners

TSMC

SK Hynix

Shimadzu Corp

## Shorts:

Mercedes-Benz Group

United Parcel Service



# Long: Rightmove



- Dominant UK online property portal
- Thesis:
  - Competitive concerns overblown
  - New CEO reigniting growth ambitions
  - Improving UK housing backdrop
  - Lowest valuation since GFC
- REA takeover process – disappointing engagement from Rightmove Board but vote of confidence for thesis

Rightmove shares surge after Murdoch-backed rival considers bid

News Corp's REA says acquisition of UK property listing market is 'transformational'

**REA Raises Rightmove Bid to Value Co. at Nearly 750p/shr**

By Susanne Barton

(Bloomberg) -- Australia's REA Group has made a second takeover proposal for company Rightmove, valuing the business at \$11.5 billion, reports, citing people familiar with the

**Britain's Rightmove knocks back REA's sweetened \$11.5b takeover offer**

**REA target Rightmove defiant in face of \$12b fourth bid**

## SHARE PRICE PERFORMANCE



# Long: Entain



- Leading global online gaming business
- Thesis:
  - Growth at positive inflection point after difficult period early evidence of successful turnaround
  - Investment year in US arm masking BetMGM earnings power
  - New experienced CEO + activist involvement = attractive set-up



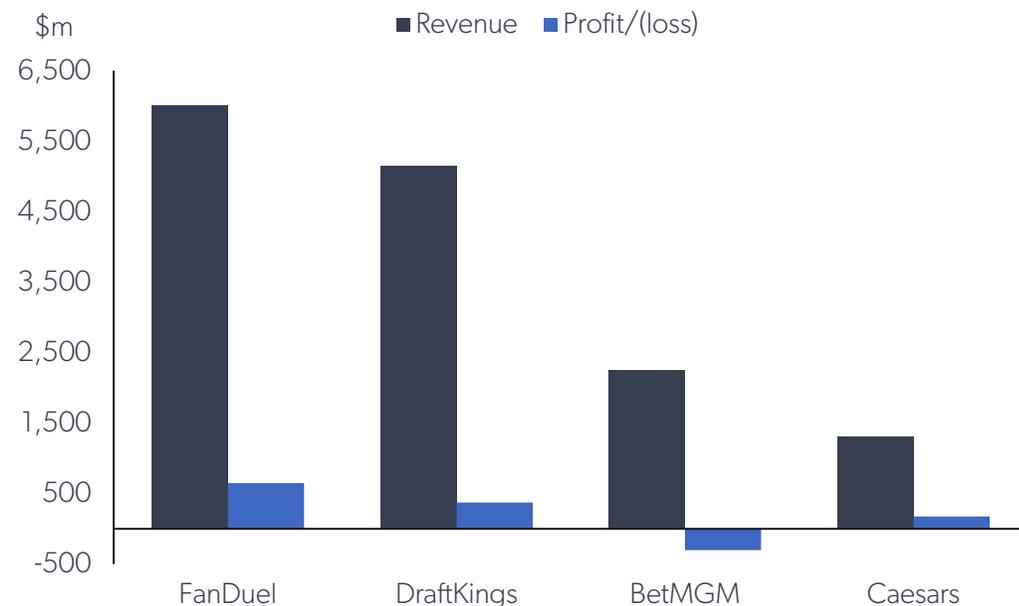
## SHARE PRICE PERFORMANCE



Source: Bloomberg as at 30 September 2024. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

## US ONLINE GAMING PEER COMPARISON

REVENUE/PROFITABILITY COMPARISON FOR LEADING US DIGITAL OPERATIONS



## VALUATION – CLOSE TO ALL-TIME LOWS

EV/EBITDA (BLENDED 24 MONTHS FORWARD)



- Market worried about weak BetMGM performance despite strong and profitable iGaming business
- Trading at near historical low valuation and with zero value attributed to the US business
- Strategic asset value

Source: LHS – Company data, Morgan Stanley research; Flutter and DraftKings using midpoint of guidance, BetMGM MSe profits in line with recent guidance update, Caesars revenues and profits in line with management’s 2Q commentary. RHS – Bloomberg as at 30 September 2024 (monthly). Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# Long: GQG Partners



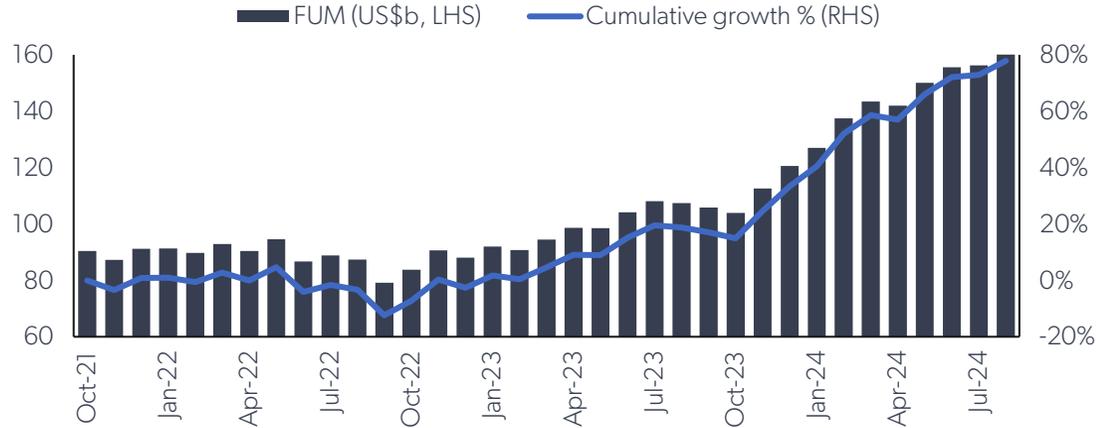
- Best in class active asset manager specialising in global equities with US\$161b of FUM
- Majority owned by staff – Rajiv Jain (Chair, CIO) ~70.1%, Tim Carver (CEO) ~4.2%, other staff ~1.4%
- Strong investment performance across flagship strategies (Global, International, US and Emerging markets) and global, multi-channel (wholesale, sub-advisory and institution) distribution platform driving net inflows
- Attractive yield and valuation, trading at a discount to peers despite superior growth
- EPS growth, consensus upgrades and potential ASX 200 index inclusion provide multiple catalysts

## SHARE PRICE PERFORMANCE

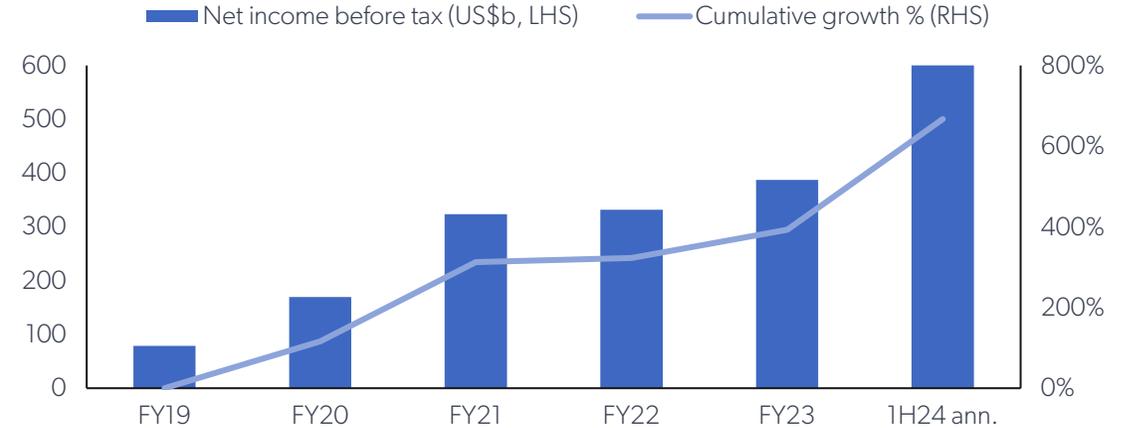


# Long: GQG Partners

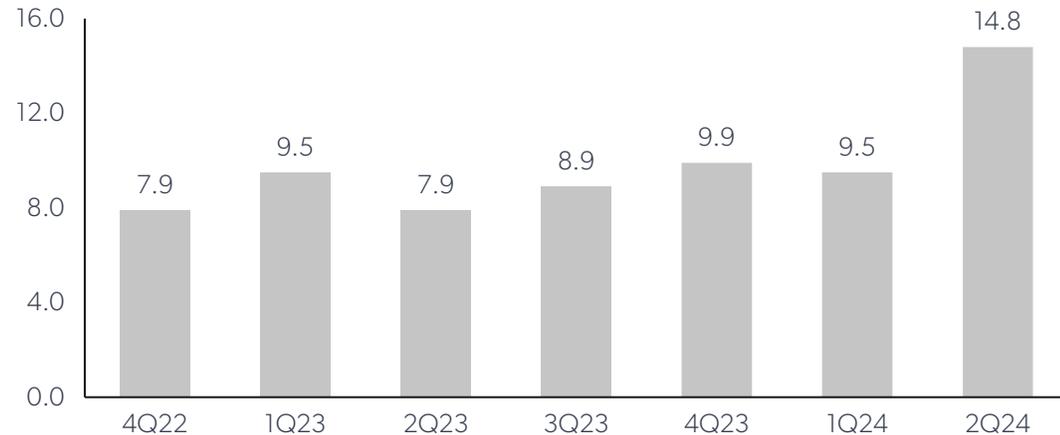
**CUMULATIVE FUM GROWTH SINCE LISTING**



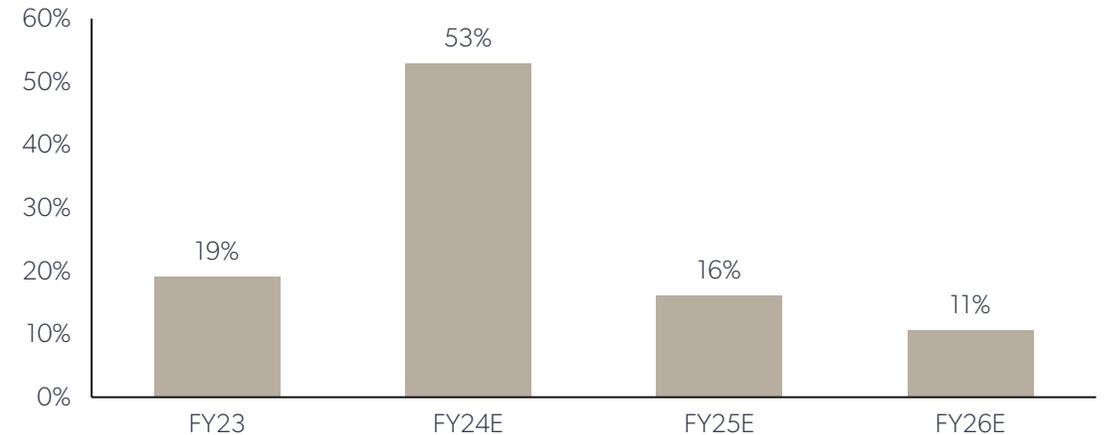
**CUMULATIVE NET INCOME GROWTH**



**ROLLING 12 MONTH INFLOWS (US\$b)**



**EPS GROWTH**



Source: Top left, bottom left, top right – Company data. Bottom right – Visible Alpha. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

# Long: TSMC

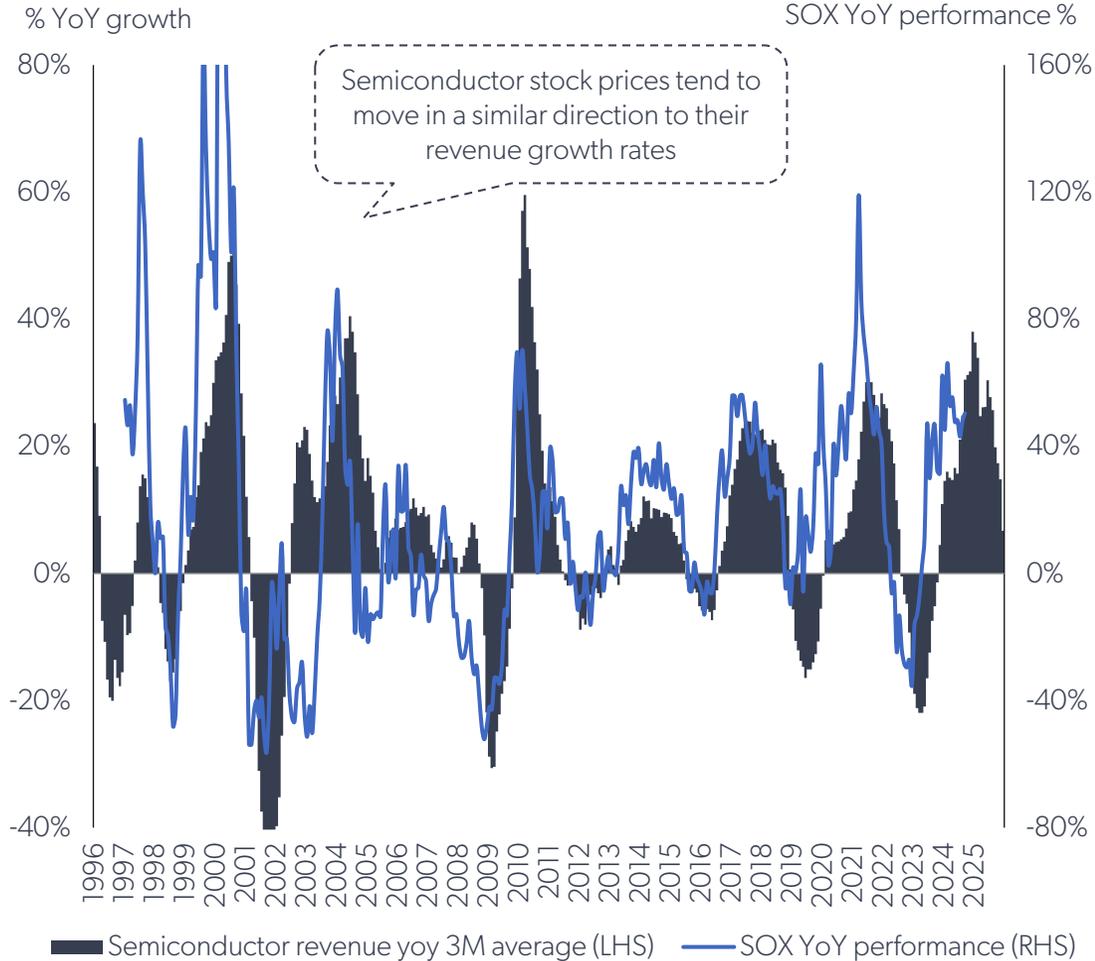


- Global leader in contract semiconductor chip manufacturing
- Clear leader in leading edge chip manufacturing technologies
- Crucial player in the supply chain for the most advanced chips including AI-related chips
- Significant competitive advantages that continue to get stronger
- Less volatile earnings versus the semiconductor sector generally, partly due to superior pricing power
- Attractive valuation, particularly versus 15-20% medium term growth profile

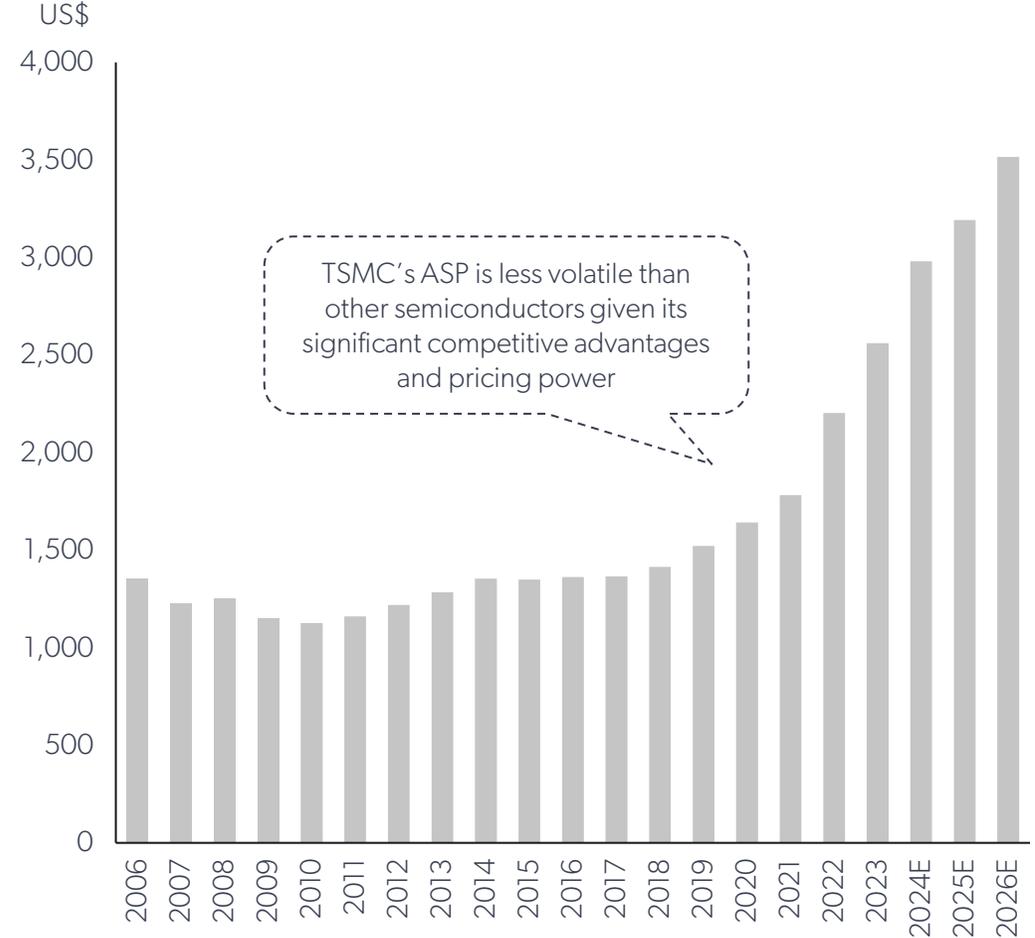
## SHARE PRICE PERFORMANCE



### SEMICONDUCTOR STOCK PRICES VS. REVENUE GROWTH



### TSMC BLENDED WAFER AVERAGE SELLING PRICE (ASP)



Source: LHS – Company data, Bloomberg, UBS, Regal forecasts. RHS – Company data, Bloomberg, Morgan Stanley.

# Long: SK Hynix



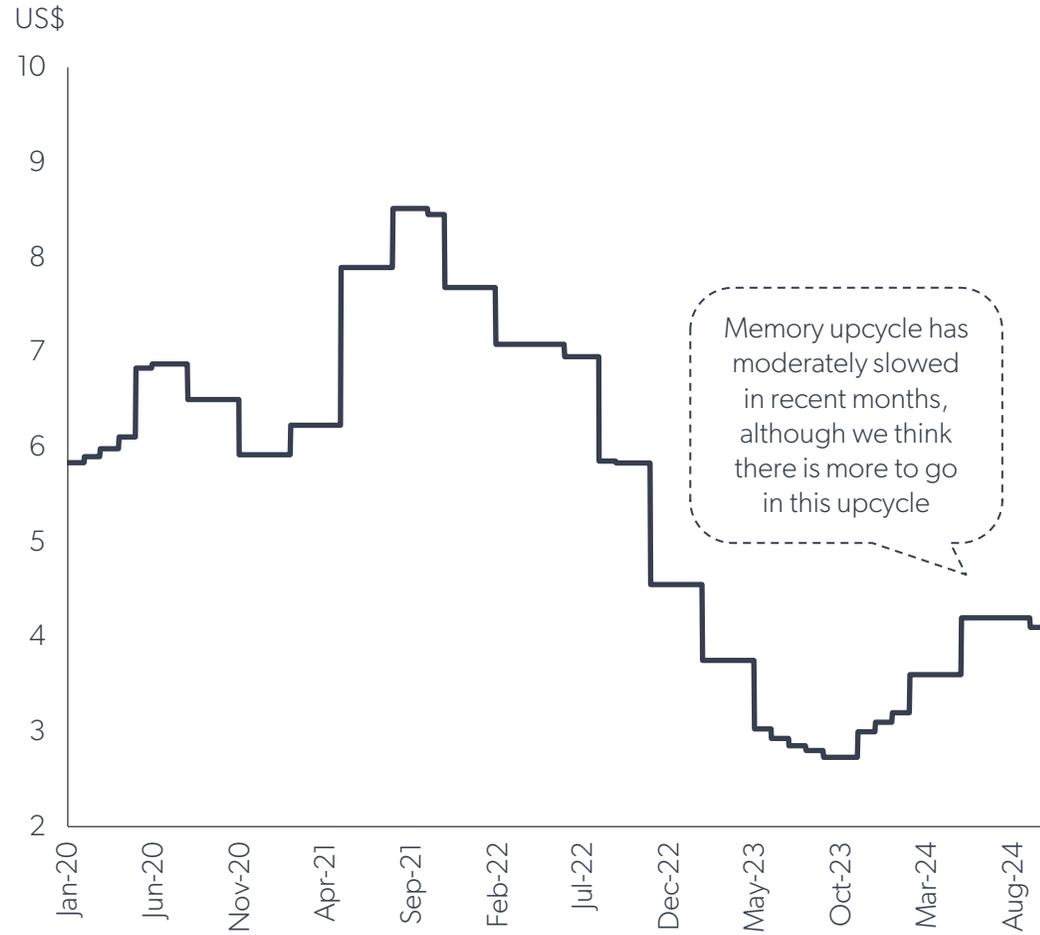
- Second largest memory company globally
- Currently the leader in AI related memory and a key partner for Nvidia
- Strong growth profile during the current upturn
- Attractive valuation versus this point in the cycle

## SHARE PRICE PERFORMANCE

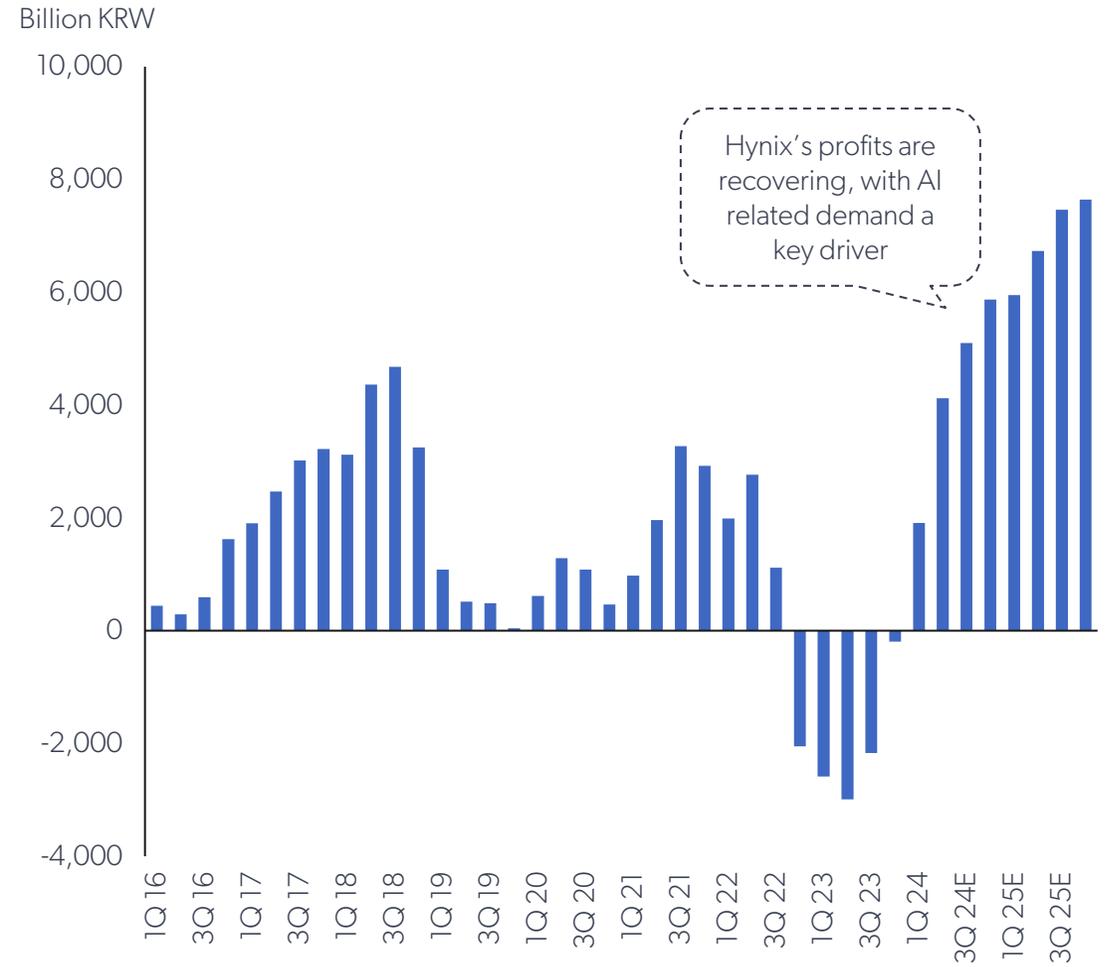


# Long: SK Hynix

MEMORY PRICE



HYNIX QUARTERLY PROFIT



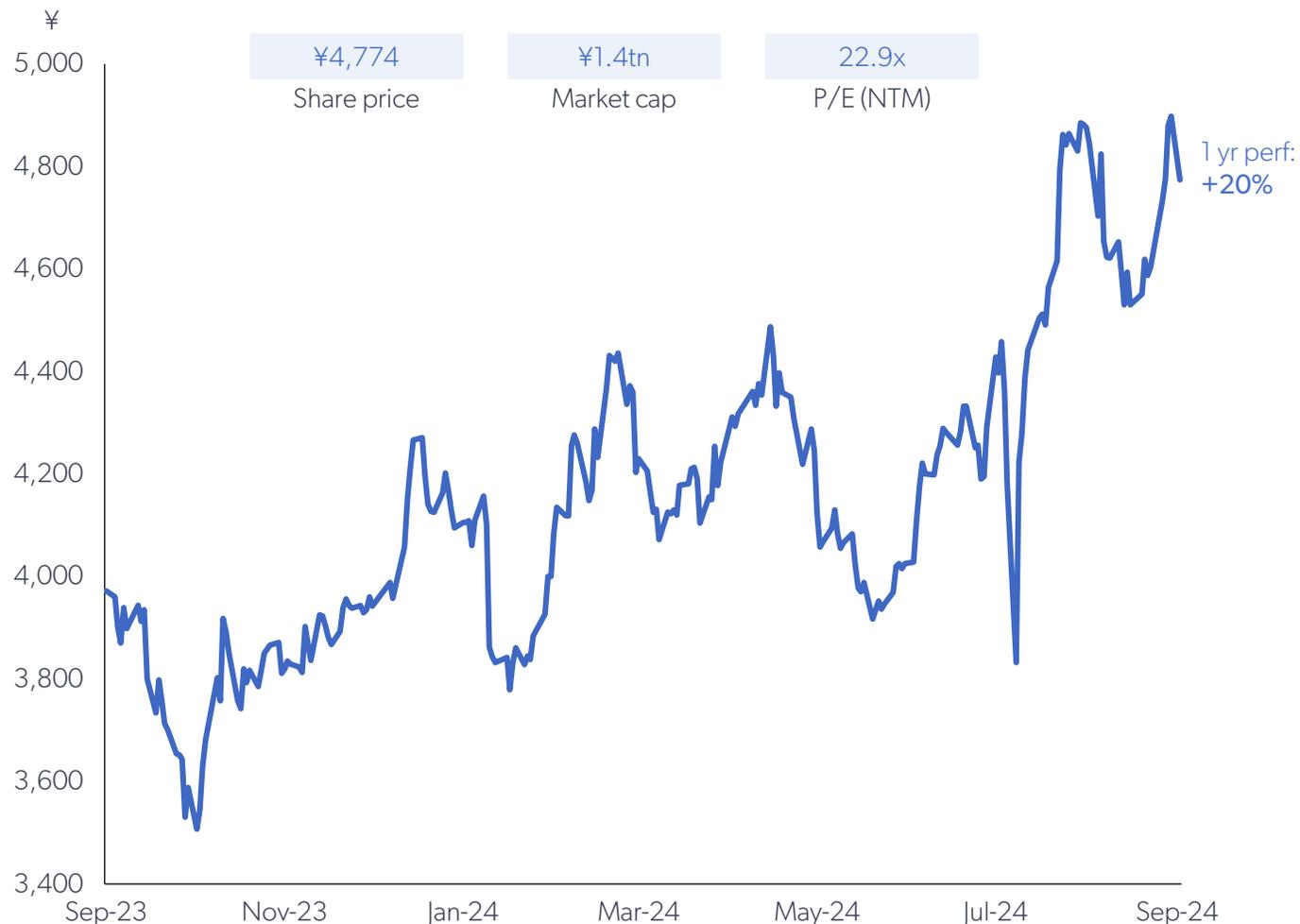
Source: LHS – Memory price is the DDR4 DRAM contract price for 16 GB, TrendForce, Citi. RHS – Company data, Bloomberg estimates.

# Long: Shimadzu Corp



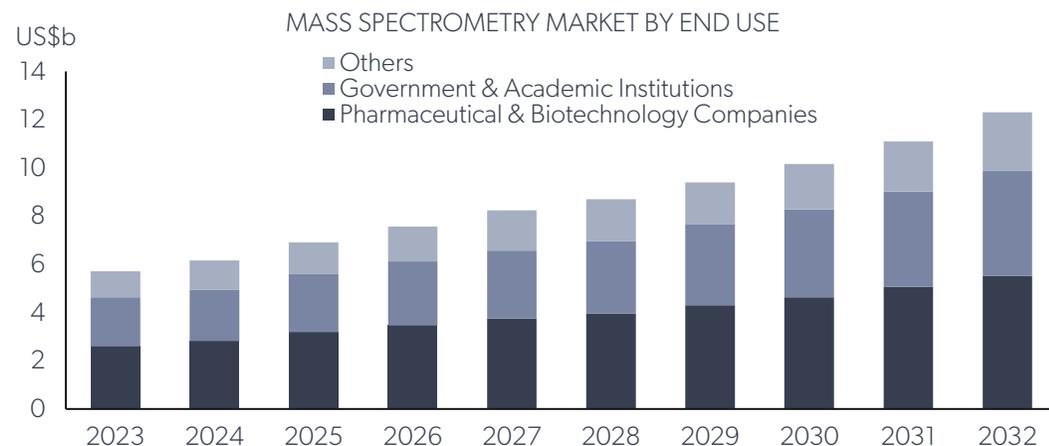
- Dominant player in Analytical & Measuring Instruments in Asia
- Leveraged to rising demand from pharmaceutical development, food safety testing and environmental monitoring applications
- Gaining share in US and Europe with market leading technology
- Increasing consumables sales ratio driving margin expansion and growth in recurring revenues
- Trading at a discount to global peers despite superior growth prospects and substantial net cash on the balance sheet
- Improving focus on shareholders with its first ever share-buyback

## SHARE PRICE PERFORMANCE

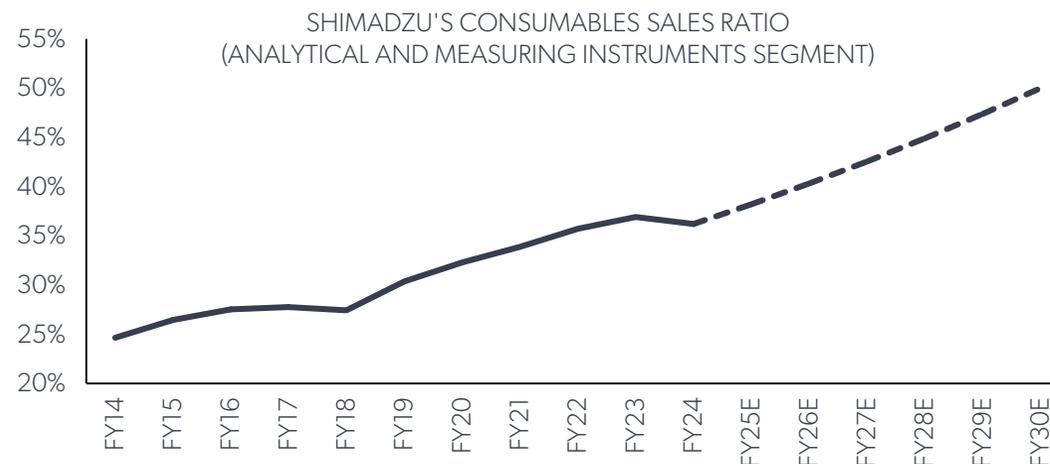


# Long: Shimadzu Corp

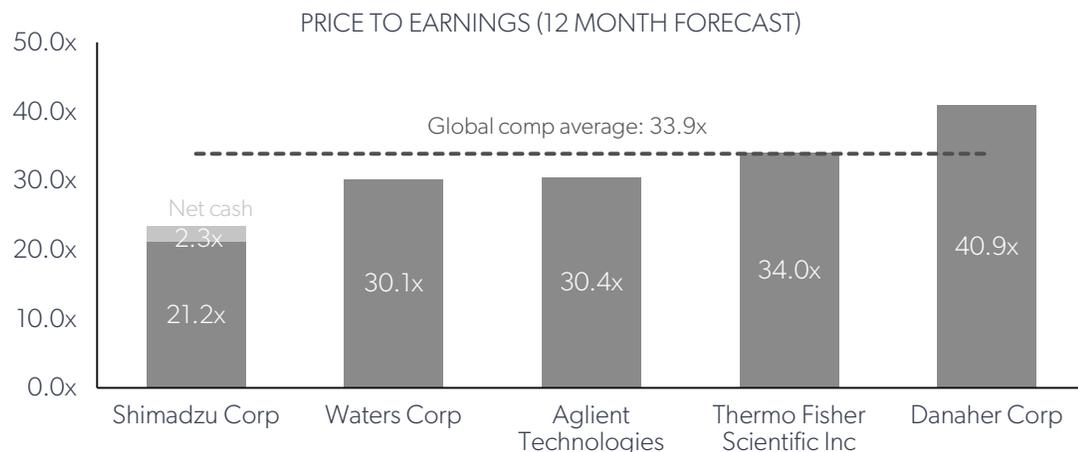
## LEVERAGED TO GROWTH IN PHARMA AND FOOD TESTING



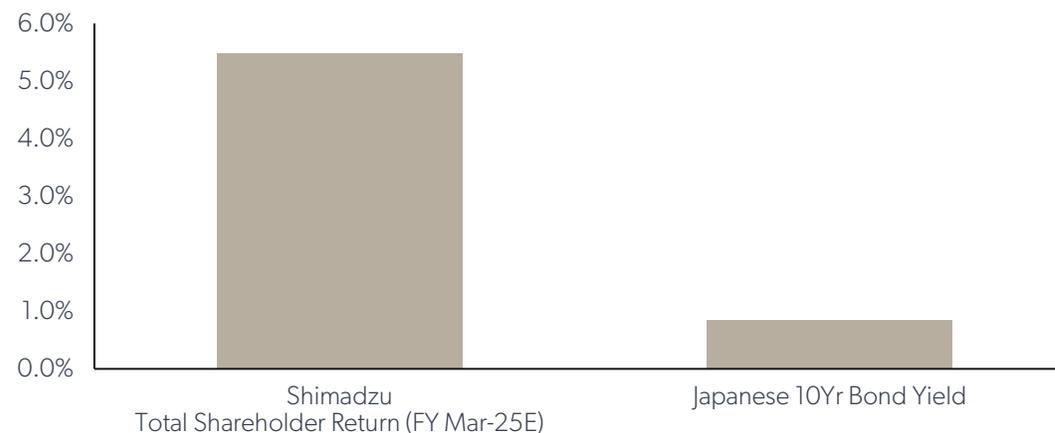
## RISING RATIO OF RECURRING REVENUE



## SUBSTANTIALLY UNDERVALUED VERSUS GLOBAL PEERS



## IMPROVING GOVERNANCE & SHAREHOLDER RETURN



Source: Top left – Dimension Market Research. Bottom left – Bloomberg. Top right – Company data (solid line), Regal estimates (dotted line). Bottom right – Bloomberg. Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

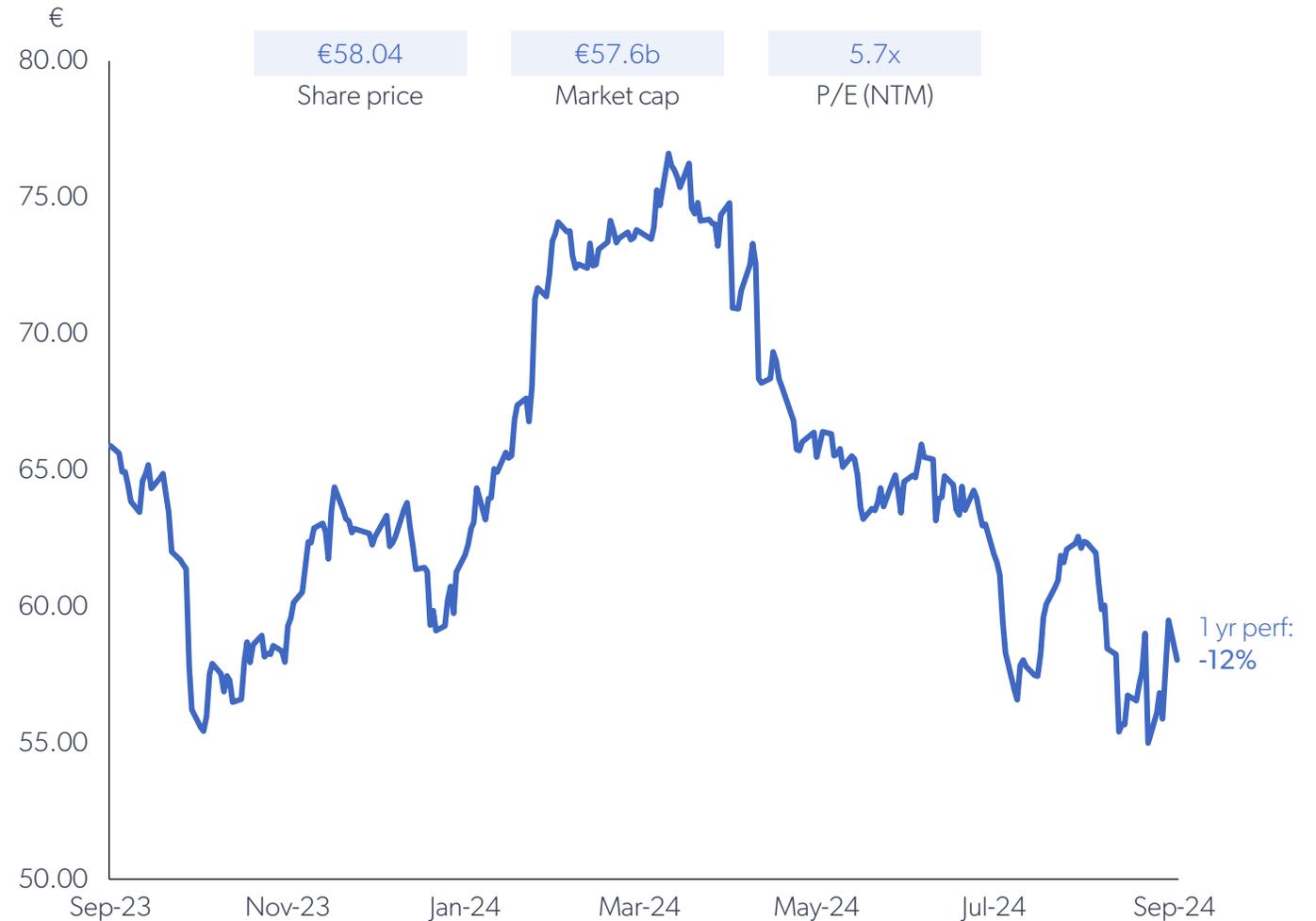
# Short: Mercedes-Benz Group



## Mercedes-Benz Group

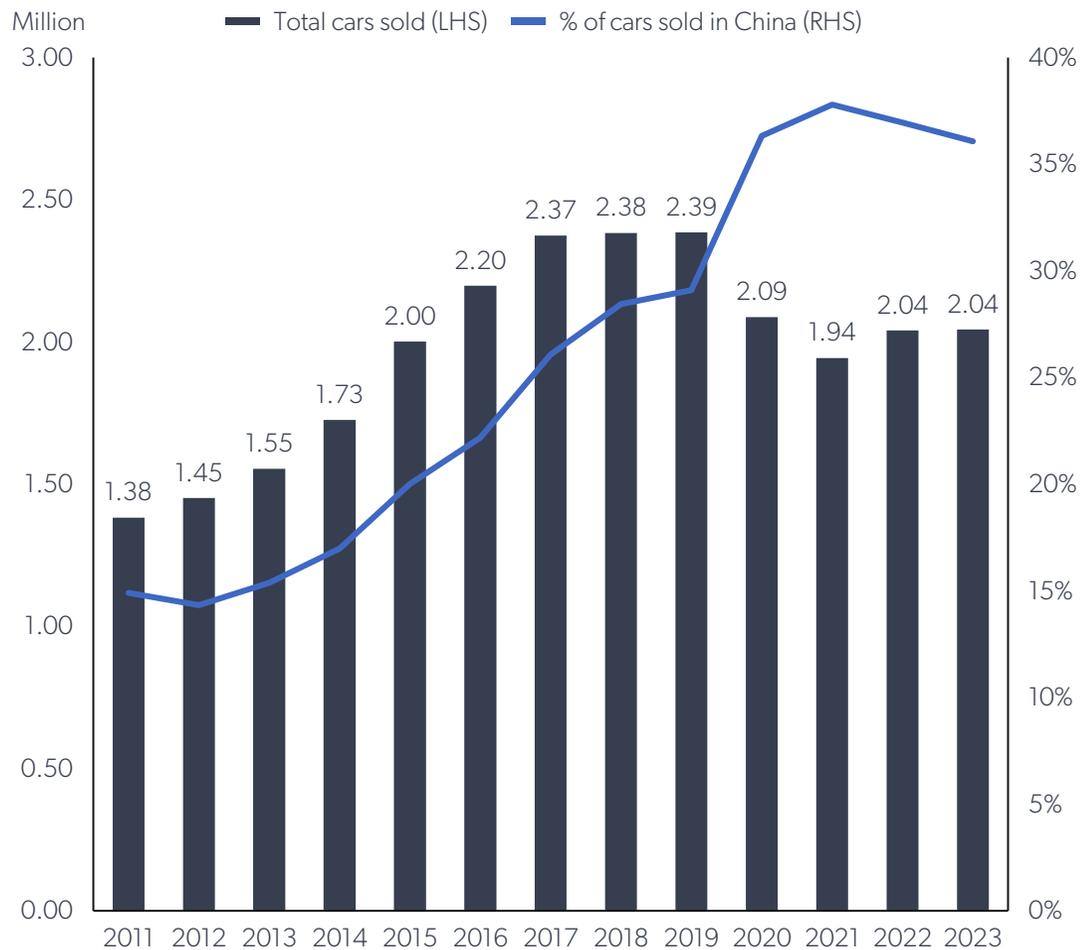
- China has been the primary source of unit growth for Mercedes over the past decade
- Chinese automakers have taken share in the mass market and quality of domestically produced cars continues to improve
- We see cyclical and structural risks to MBG in China
  - Cyclical: the luxury segment of the market remains under pressure after a prolonged housing slump.
  - Structural: loss of market share in the premium segment of the market
- We expect European auto original equipment manufacturers (OEMs) will need to cut prices, pressuring margins, which are at record highs after three years of price increases

### SHARE PRICE PERFORMANCE

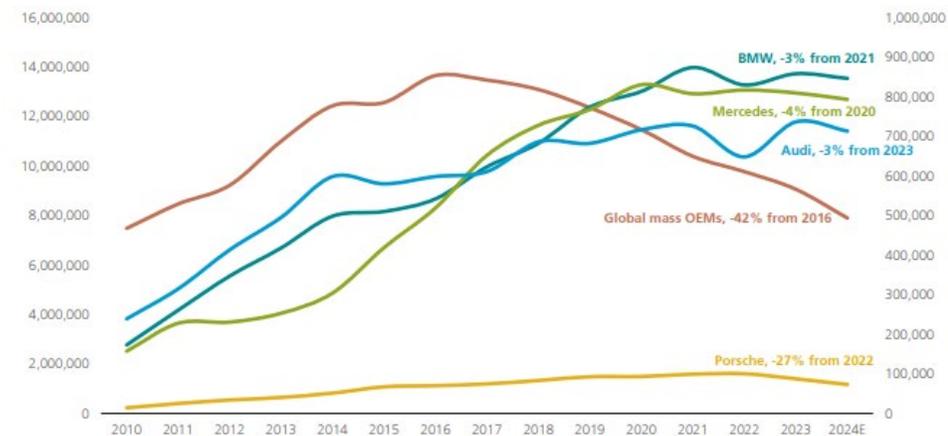


# Short: Mercedes-Benz Group

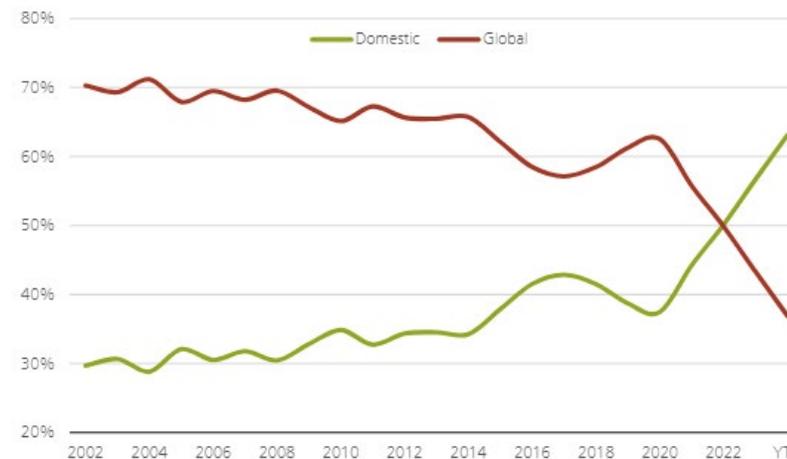
MBG TOTAL CARS SOLD AND % SOLD OF CARS SOLD IN CHINA



AUTO OEMS UNITS SOLD IN CHINA: FOREIGN MASS (LHS), EURO PREMIUM (RHS)



MARKET SHARE OF DOMESTIC AND FOREIGN MADE CARS IN CHINA



Source: LHS – Company data. Top right – IHS, UBS. Bottom right – CPCA, UBS.

# Short: United Parcel Service



- The small package market in the US has excess capacity after increased capital spend during COVID
- UPS recently provided medium term margin targets of ~12%, driven by price increases
- Consensus is now factoring in UPS' guidance, but we are sceptical of its ability to raise prices into a market with overcapacity
- Recent volume growth has come from Chinese e-commerce players, Temu and Shein, facing potential regulatory issues
- Aggressive cost out targets should be viewed with caution – FedEx a recent example
- Longer term, we see risks to UPS volumes from Amazon in-housing more volumes and retailers prioritising “click-to-collect”

## SHARE PRICE PERFORMANCE

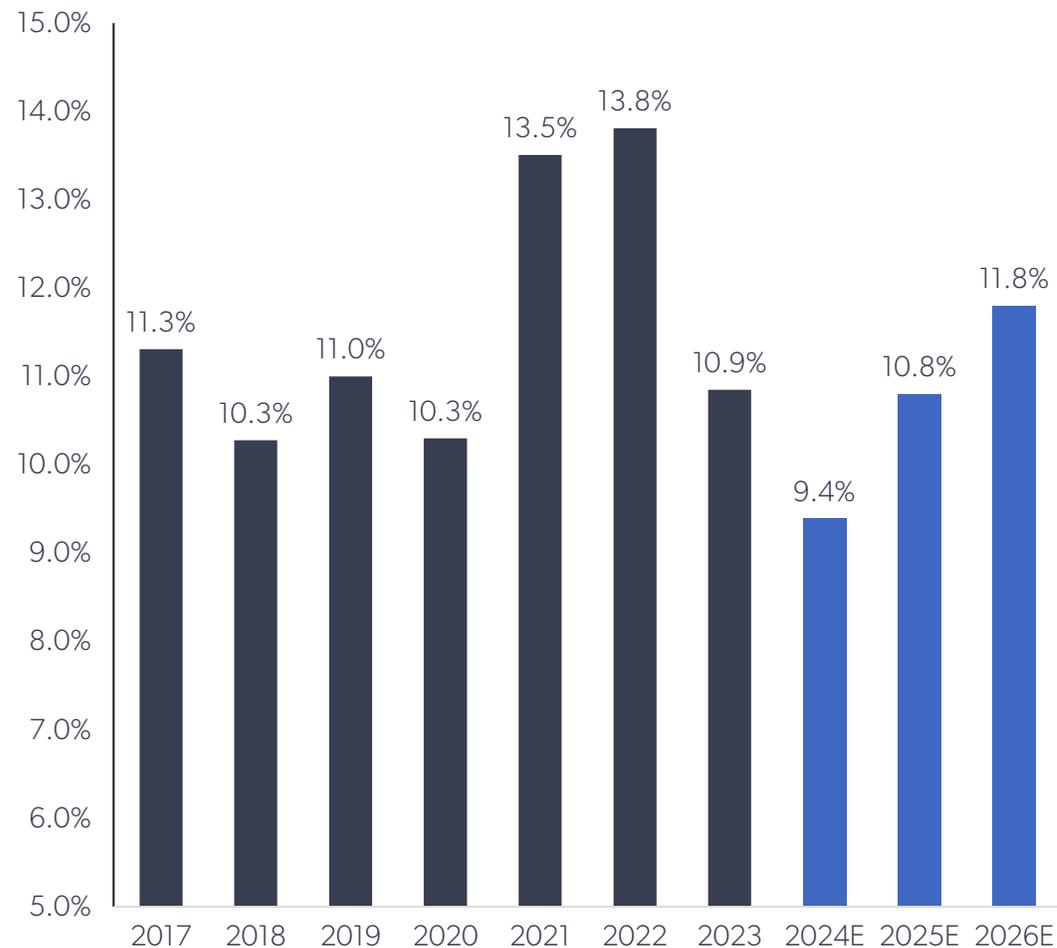


# Short: United Parcel Service

US SMALL PACKAGE MARKET – SUPPLY AND DEMAND  
AVERAGE DELIVERY VOLUME (ADV)



UPS ADJUSTED OPERATING MARGIN



# Investor Q&A

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