

VG1 GLOBAL
INVESTMENTS

JUNE 2025 QUARTER COMMENTARY

The VG1 portfolio delivered a strong performance over the June quarter, returning over +15.3%¹ supported by a resilient global equity backdrop, strong stock selection across key secular growth themes, and effective use of the short book to manage risk. Returns were led by positive months in May (+9.3%) and June (+6.1%), following a marginally negative April (-0.5%) that was impacted by heightened geopolitical volatility.

The June 2025 quarter was defined by improving sentiment across global equity markets, driven by several supportive macroeconomic developments. In April, markets absorbed a flurry of US tariff announcements, triggering a sharp but temporary sell-off, labelled the post-"Liberation Day" correction. However, the confirmation of a 90-day pause on tariff implementation, coupled with better-than-expected US corporate earnings (up 12% year-on-year per Goldman Sachs), helped restore investor confidence.

As the quarter progressed, signs of easing trade tensions, ongoing strength in US consumer spending, and expectations of future Federal Reserve rate cuts helped drive a sustained recovery. The pause in US-Iran military escalations further reduced geopolitical risk premiums. Meanwhile, volatility around macro policy remained elevated, underscoring the value of maintaining a diversified portfolio and an active short book.

At the sector level, positive contribution to quarterly portfolio performance was broad based. The largest contributions came from **Financials (+4.8%)**, followed by **Materials (+3.0%)**, **Consumer Discretionary (+2.1%)** and **Information Technology (+2.0%)**.

PORTFOLIO DRIVERS AND SECTOR THEMES

Technology and Semiconductors

The portfolio's **technology exposure** was a consistent driver of positive performance throughout the quarter. Key positions in **Amazon** and **Meta Platforms** performed strongly, benefiting from investor confidence in large-cap tech earnings resilience. In the **semiconductor sector**, Asian leaders **SK Hynix** and **Taiwan Semiconductor Manufacturing Co. (TSMC)** delivered significant gains. Both stocks are major beneficiaries of the large-scale ongoing investment into artificial intelligence (AI) infrastructure and hardware. SK Hynix also benefited from recent strong market performance in South Korea, fuelled by investor anticipation during the quarter of proposed corporate governance reforms by newly elected President Lee Jae-myung, combined with cheap valuations and light positioning by global institutional investors.

Financials and European Cyclical

VG1's positions in **European financials** were another standout contributor, particularly during May. Holdings in **Bank of Ireland**, **AIB Group**, **CaixaBank** and **Lloyds** benefited from both regional macro tailwinds and positive earnings momentum. The reassessment of European cyclical equities supported our long-held view that Europe offers compelling opportunities in under-owned, high-cash flow businesses.

Commodities and Energy Transition

The portfolio's exposure to structural themes in **copper** and **uranium** added meaningfully to performance in June, reflecting positive sentiment around long-term supply constraints and decarbonisation-related demand. While **gold equities** were a positive contributor earlier in the quarter – buoyed by a +5% rally in gold prices in April – they retraced some gains in June as momentum in precious metals cooled. Despite this, we remain constructive on the medium-term outlook for gold equities given ongoing macro uncertainty and supportive fundamentals.

Online Gaming and Consumer Platforms

Exposure to **online gaming** companies such as **Entain** and **Flutter** added alpha over the quarter, supported by strong user engagement trends and favourable regulatory dynamics in key markets. Entain was up over +50% in the second quarter after upgrading 2025 guidance for its US business. Investors are starting to ascribe value to this segment as it is starting to generate meaningful profitability. We previously viewed Entain's US arm as a free call option that was not baked into valuation. We still see significant upside in Entain shares – US state governments are under pressure to generate tax revenues given the binge in

spending and borrowing. Today online casino gaming (iGaming) has only been legalised in seven US states compared to 38 states with legalised online sports betting. We believe it is only a matter of time for new iGaming state legalisations, which will drive meaningful upside to earnings estimates.

Additionally, in June, the portfolio exited its long-standing position in **Rightmove** (UK online property portal) following a period of strong performance, with the investment thesis now considered fully reflected in the company's valuation. In addition, we worry that Zoopla (the #2 UK online property portal) could be bought by one of Rightmove's competitors, as Zoopla's private equity owners are looking to sell the business. As a result, we might see Costar or another well-funded competitor increase competitive intensity in the market in the near-term.

Japan's Corporate Governance Reform

In April, **Toyota Industries** surged +32% following reports of a potential buyout proposal from within the broader Toyota Group. While the eventual bid price was below some initial market expectations, the transaction nonetheless underscores the momentum behind Japan's ongoing corporate governance reform. In recent years, Japanese regulators and the Tokyo Stock Exchange have intensified pressure on listed companies to enhance capital efficiency, reduce cross-shareholdings, and simplify sprawling corporate structures. In this case, the proposed buyout reflects a push to streamline group operations and unlock shareholder value, aligning with the broader trend of corporate groups reassessing underperforming or non-core listed subsidiaries. These reforms, aimed at boosting return on equity and attracting global investors, are increasingly driving M&A activity, capital restructuring, and more proactive boardroom decisions.

Short Book: Risk Management and Alpha Generation

Despite a strong equity market rally in June, the short book delivered a modest positive contribution for the month, showcasing the team's ability to selectively generate performance during favourable conditions. However, the overall quarter was moderately negative for the short book. These results nonetheless reinforce the role of the short book as a dynamic tool within the portfolio, aimed at mitigating downside risk and enhancing returns over time, particularly during volatile or dislocated market environments.

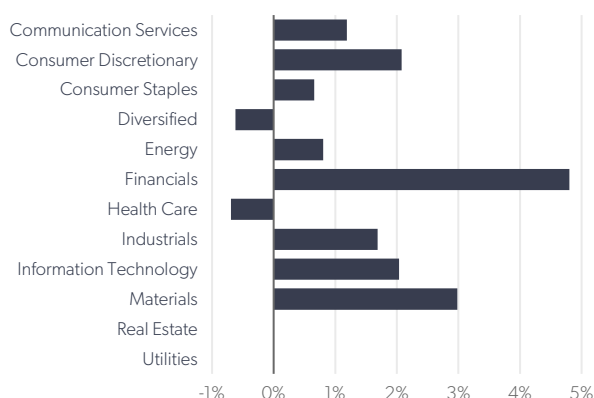
CAPITAL MANAGEMENT

VG1 continued its active buy-back program during the quarter, purchasing approximately 3.8 million shares at an average price of \$1.54 across the three months. This reflects VG1's commitment to enhancing shareholder value through disciplined capital allocation.

OUTLOOK

As we look to the second half of CY25, we believe the portfolio is well-positioned across a diverse mix of high-conviction global equity exposures. The investment team remains focused on structural growth trends, including artificial intelligence, energy transition and financial digitisation, while maintaining flexibility to navigate further macroeconomic uncertainty. Our ability to dynamically allocate capital across regions, sectors and both the long and short books will remain critical in what we expect to be a selective and opportunity-rich environment.

QUARTERLY ATTRIBUTION



VIDEO INSIGHT



Please access the accompanying video [here](#).

COMPANY INFORMATION: 30 JUNE 2025

Name	VGI Partners Global Investments Limited
ASX Code	ASX:VG1
Structure	Listed Investment Company
Inception	28 September 2017
Post-Tax Net Tangible Assets Per Share ²	\$2.06
Share Price	\$1.795
Shares on Issue	248 million
Portfolio Size	\$495 million
Registry	Boardroom Pty Ltd

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

¹ 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. Past performance is not a reliable indicator of future performance. Please refer to VG1's Monthly Performance Reports for detailed historical returns.

² 'Post-Tax Net Tangible Assets (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.

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