

Vision Capital Fund's 2024 Day One Investor Letter



To my dear investors and partners:

This is the first investor letter I am writing you as the portfolio manager and founder of Vision Capital Fund. Our relentless mission is to grow your wealth together for generations by delivering outstanding long-term investment returns from investing in exceptional companies that best reflect our vision for our future, changing and shaping the world for the better.

We are pleased to announce that, as of 1 October 2024, we have raised US\$6.46 million for Vision Capital Fund from numerous individuals, families, and family offices. We managed to achieve our lofty fundraising target, and we are deeply humbled by the early trust and confidence that you and so many others have given us.

Gratitude.

Before the start of Vision Capital Fund, we had received verbal promises from individuals to invest with us. We hear that the typical conversion of soft commits to come through to launch is around 10-30%. Instead, our experience is very different. Nearly 80% of the individuals who expressed early interest are investors in Vision Capital Fund today, and we expect this to increase to almost 90% by next month as more join us. You know who you are. We thank you again. Your trust is sacred to us.

Front-row seats.

Despite Vision Capital Fund being an open-ended fund, the fund size is not limited until it exceeds US\$25 million, after which an annual 10% fund cap kicks in. Priority will always be given to existing investors first, then prospective new investors, ensuring existing investors always get front-row seats.

This intentionally disincentivizes us from being rapid asset gatherers and constantly focusing on raising capital. Instead, it encourages long-term thinking, patience, and smoothing of capital, lengthening our time to invest and compound your capital for the years and decades ahead.

What's next?

Over the next few weeks, we will seek to deploy most of the US\$6.46 million we have raised for Vision Capital Fund to work. On our [website](https://visioncapitalfund.co/) (<https://visioncapitalfund.co/>) and [Owner's Manual](#), we stated that Vision Capital Fund will be primarily invested most of the time. Over the long term, it is time in, not timing the market.

At the same time, we understand that markets are (again) close to all-time highs, and some of you might have concerns. That said, we do not think overall stock market valuations are ridiculously expensive, which warrants significant caution to drive us to hold substantial cash allocations. After all, you invested with the expectation of us being long-term investors in businesses, not short-term traders of stock tickers.

Thus, our thinking remains the same, and we want to invest most of Vision Capital Fund's capital quickly. Our investment framework for Vision Capital Fund is grounded on first principles. Stocks are fundamentally part-ownership stakes in businesses. As long as we don't buy these businesses at ridiculous prices and if they can keep growing revenues, profits, and free cash flows at high sustained rates for years and decades, the stock will invariably do well over the long term. We believe that we have identified a solid portfolio of high-quality growing businesses that present attractive long-term asymmetric returns, and we have relatively high confidence that these companies should continue to thrive over the long run.

Expect frequent market selloffs.

We cannot predict the start and end of recessions or bear markets. We also cannot predict what individual stocks or the broader market will do in the short run, i.e., tomorrow, next month, next quarter, or next year. Vision Capital Fund could be well down 20-50% or more in a rapid market selloff. This is not a cause of worry for us, nor should it be for you, as your investment in Vision Capital Fund is one for the long term. Fundamentally, we have no liabilities, nor do we employ any strategies that involve unlimited downsides, like short-selling or selling options, and ideally, it is funded out of permanent capital.

There will inevitably be turbulent periods. Business is oscillatory, and the stock market fluctuates even more because of human emotions. We will not be insulated from such price oscillations, and our portfolio will most likely decline even more than the market. So please do

not panic or be surprised if the value of Vision Capital Fund falls after 1 October 2024 because it could very well happen.

Mr. Market occasionally throws tantrums, and as long-term investors, we are excited to have these attractive buying opportunities for these still solid businesses that we continue to own. Should there be massive declines, we will do our best to inform you of such attractive buying opportunities.

We believe we have some ability to identify long-term quality growing compounders. Still, we require your support and understanding that Vision Capital Fund will be much more volatile in the short run. Price volatility is not risk, and your willingness to tolerate price volatility will allow Vision Capital Fund to stay invested in the underlying companies for the long run.

Allow us to endure the day-to-day price volatility for you in return for owning some of the best businesses in the world run by some of the best CEOs and their employees working for you. This is the price of admission we must pay as investors in the stock market.

Portfolio Holdings and Investment Thesis

After we allocate Vision Capital Fund's capital in the coming weeks, we will share the portfolio's companies and their respective allocations in our fund website's [Partner Materials](#) section. Each company's investment thesis will be separately written in a two-page, concise format, "Amazon-style," followed by an appendix of detailed charts and tables, published steadily over time in the same website section.

Note that these are only available to Vision Capital Fund's Investors (via email login and password) and not the general public, and we ask that you do not share them publicly. Please bookmark the Investor's Materials link and check it regularly for any updates from us.

Our Promise of being Disciplined.

We cannot promise you that Vision Capital Fund will produce a good return over the long run, and even more so not over the short run. But what we can promise you is that we will be highly disciplined in how we invest. We will stay invested and not time the market, focus on secular trends and business fundamentals, not macroeconomic developments when making investment decisions, invest most or all of Vision Capital Fund's capital in high-quality, growing, and profitable compounders using our investment framework, and be patient long-term holders of their stocks. Simply put, we want to find excellence, buy excellence, hold excellence, add to excellence, and sell mediocrity; that's how we will invest.

Reflecting on Skill vs Luck.

A question we ask ourselves over the last few years, is whether luck or skill is the dominant factor for our past success in the stock market over the last seven years (see “[Saying Goodbye: 30 Investing Lessons After 19% CAGR Over 7 Years](#)”). We don’t think we can answer it with precision, but we think that skill has a larger role to play than luck. We can say this because we have stuck to a process since we started investing in March 2017. Our process was: (1) not timing the market and trading or rotating the portfolio by staying invested at all times, (2) focusing on bottom-up business fundamentals and not macroeconomic developments, (3) investing mostly in companies with similar quantitative and qualitative traits as Vision Capital Fund, (4) holding their shares for the long run, (5) willing to double down and buy during significant market declines, and (6) never wavering from this process. We will use the same investment process for Vision Capital Fund, which we believe has worked and will continue to work.

Appreciation.

Thank you once again for choosing to invest with Vision Capital Fund. We are sincerely grateful for your trust and confidence in us. We are excited to start this journey and look forward to our long-term partnership. Serving you as a steward of your capital is an absolute privilege, and we will work hard to continue earning it. Thank you.

Admin Matters.

You can expect the first official monthly reporting of Vision Capital Fund’s net asset value (NAV) per share by our fund administrator, NAV, at the start of next month on the NAV portal. We will report our net fund performance for Vision Capital Fund at the beginning of each month. Investment holdings, allocations, and thesis will be published steadily in the restricted [Partner Materials](#) in the coming months. Vision Capital Fund’s following 2024 Q4 Investors’ Letter will be due in mid-January 2025.

Excelsior,
Eugene Ng
Founder & Managing Director
Vision Capital Fund
1 October 2024

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