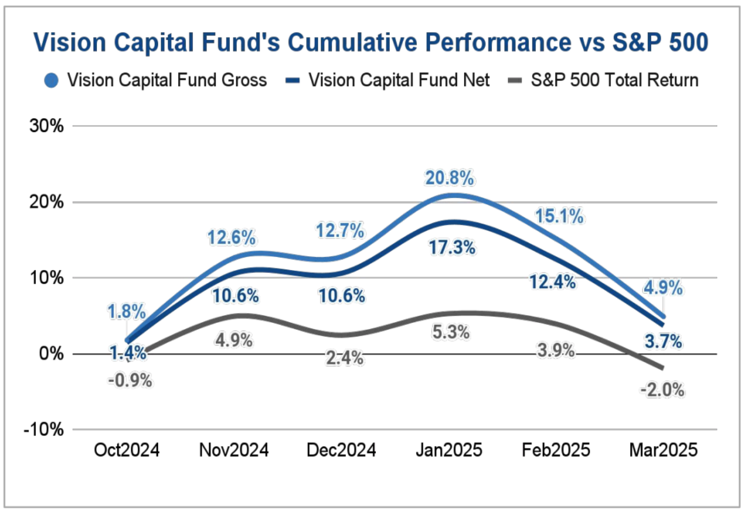
April 15, 2025

Dear Investors and Partners,

Our ultimate financial measure, which we want to drive most over the long term, is the growth in Vision Capital Fund's net asset value, which will ultimately lead to your capital's growth.

Performance Overview

Our performance thus far. In Q1 2025, Vision Capital Fund experienced a more significant decline of -6.2% (net of fees) compared to the S&P 500's -4.3% decline. Despite this quarter's underperformance, since our inception on 1 Oct 2024, we delivered a cumulative net return of +3.7%, outperforming the S&P 500's decline of -2.0% during the same period. We remain invested (~97%) across the same 26 holdings.



Cumulative Returns	Net Returns	S&P 500 TR	Excess
Oct-2024	1.42%	-0.91%	2.33%
Nov-2024	10.55%	4.91%	5.64%
Dec-2024	10.57%	2.41%	8.16%
Jan-2025	17.30%	5.26%	12.04%
Feb-2025	12.42%	3.89%	8.53%
Mar-2025	3.69%	-1.97%	5.66%

Annual Returns	Net Returns	S&P 500 TR	Excess
2024	10.57%	2.41%	8.16%
YTD 2025	-6.22%	-4.27%	-1.95%
Inception	3.69%	-1.97%	5.66%

Source: Vision Capital Fund, Net (Class A Shares after fees) as of 31 Mar 2025, since inception 1 Oct 2024

We experienced our largest decline thus far. We recorded our largest single gross intra-period peak drawdown of -17.7% from 18 Feb—31 Mar 2025, declining more rapidly than the S&P 500's -8.1%. The move was triggered by the trade tariff policies pursued by the Trump US administration, which escalated global trade tensions, particularly with China, provoking a broad market selloff and normalising valuations to more attractive levels.

Our Approach to Communication

Clear, transparent, and timely communication is crucial. When significant downside moves occur, we want to update you proactively. Rather than shying away, we will engage and provide updates with our insights into the situation and its long-term potential impacts on the fund's holdings. While we have provided two such ad-hoc updates this year (DeepSeek and Trump Trade Tariffs), we expect these to be infrequent. We prefer our writing to be timeless rather than timely, yet we recognize the necessity for timely communication during extraordinary events.

Market Commentary

We are top-down aware and bottom-up focused. We generally avoid political and economic commentary. International trade is beneficial when countries concentrate on leveraging their comparative advantages. We disagree with trade tariffs and their inefficiency, which results in a wealth shift from producers and consumers to the government. This draconian strategy could trigger a broad renegotiation of lower trade barriers (such as reduced tariffs, subsidies, and restrictions), allowing global consumption to rebalance, which we favor. However, the situation remains very fluid, with a broad potential range of outcomes that we will not attempt to predict.

We see the overall impact of US goods tariffs on our holdings to be limited for now. Most (~87%) of the fund's holdings predominantly sell services, with only four companies selling goods (~13%). For NVIDIA and TSMC, semiconductor tariff exemptions limit the overall impact thus far.. For Tesla, while all of their U.S. sold cars are manufactured in the U.S., they do source approximately 20-25% and 5-10% of parts from Mexico and Canada, respectively, which could depress profit margins if they are unable to pass the price increases on to their customers. For Lululemon, while there isn't any manufacturing in China, approximately 26% of their fabrics are sourced from Mainland China. However, higher gross profit margins (~59%) and the pricing power of their premium products should offset these.

E-commerce and advertising companies like Amazon, Shopify, and Meta will suffer if Chinese sellers find it increasingly difficult to sell to the U.S. If this results in higher prices or tariff-related inflation that feeds into slower consumption and weaker economic growth, it could lead to broader declines and pessimism. However, we believe that the current Trump administration is not keen on triggering a massive, prolonged U.S. recession. We recognize that the situation remains highly dynamic and could worsen or improve, which is not within our control.

Our Investment Philosophy

Markets do not keep going up, and frequent price declines are to be expected. This is something that does not change. We were prepared psychologically, and this was our first test. When markets go down rapidly in the short term, we tend to decline faster and more, but when the market goes up over the long term, we should go up much more. So, this more significant downward move was not unexpected, and we continue to expect more of such declines in the years and decades ahead.

See price declines as opportunities. We do not view price volatility as risk but rather as the price of admission we have to pay to invest in the stock market. Mr Market will keep making prices for one to buy/sell on any given day, whereas our companies only report earnings quarterly. As long as our investment thesis remains structurally intact, we see large stock market declines as attractive buying opportunities for shopping at lower prices.

We do not optimise for smoothed returns or attempt to reduce volatility. We do not employ long-short or any hedging/protection strategies. We prefer a lumpy 15% CAGR to a smooth 5% CAGR. We are investors and long-term owners of businesses. We do not trade the companies we own; trying to market time by buying low and selling high is a fool's errand. Our current zero (low) portfolio turnover reflects what we are trying to achieve.

Staying invested in us allows us to remain invested. Remember, we are only as strong in aggregate as our capital base from you. Thus far, all of you have remained invested with us. Several of you have continuously been adding, and we received even more capital during this broad market decline. As much as it is easier to attract capital to invest when times are good, we far prefer capital to come in during significant declines instead, but that involves you understanding our investment strategy and approach. We appreciate your patience, trust, and confidence in us, and it is a privilege to be a long-term steward of your capital.

Investment Insights

Opposites continuously exist in investing: optimism versus pessimism, concentration versus diversification, value versus growth, trust versus skepticism, transparency versus confidentiality, patience versus urgency, convergence versus divergence, and simplicity versus complexity. Success lies not in rigidly adhering to one approach but skillfully navigating the balance between opposing forces as markets evolve and circumstances change.

Building Value Takes Time. Exemplary achievements cannot be rushed; they must be earned through disciplined execution. Companies that aggressively accelerate growth often sacrifice fundamentals—developing fragile foundations, attracting misaligned investors, making compromised decisions, and assembling suboptimal teams. Our approach balances patience and urgency. We are not so patient until complacency develops, nor are we so urgent until constant reactivity is required.

Choose to grow slowly and well rather than quickly and poorly. Trees need sunlight to thrive; however, too much sunlight too early can lead to rapid growth in trees with airy wood, making them more susceptible to fungi and rot. Such trees do not get the opportunity to grow old and strong. When trees receive limited sunlight early on, they struggle for every ray of sun beneath their mother's shade, resulting in slow growth and dense wood development, allowing them to age gracefully with strength. Not everything has to be on steroids.

Quality needs time and space. As we have been writing our investment memos (15 over the last 6 months, which our investors, you, have full access to), we have been taking longer to research, think, reflect, and write each memo. Particularly, the qualitative aspects of what drove their success and understanding the history, the context, the management, and the company culture drove most of our reductive thinking. Amazon's 6-pager memos heavily inspired our memos. Each memo comprises three pages articulating our investment thesis, supported by a data-backed analytical approach with charts to follow. We find that when one is forced to write concisely, it forces a quality and clarity of thought unlike no other. We will continuously seek to keep getting better at this. 1Q25, we wrote seven new memos: Pro Medicus, Palantir, Nu Holdings, MercadoLibre, Shopify, Amazon, and JD.com. You can access all memos under "partner materials" with your login.

Key Investment Frameworks

Business and investing are constantly dynamic, never static. After writing each memo, our analysis is never complete. The companies operate within an ever-evolving complex adaptive system. We continuously monitor their execution and the competitive and technological disruption landscape. All businesses experience ups and downs, and sometimes, the best approach is to stand by our CEOs, especially during tough times, and even be willing to invest further and double down.

One such recent example was The Trade Desk, one of our largest detractors, as it declined 61% from its peak after its first-ever earnings miss. CEO Jeff Green took full responsibility for the poor execution, primarily due to the slower adoption of its latest Kokai platform, which is counterintuitive and disliked by customers. We believe this is temporary and have confidence that Jeff can turn this around, fix the product interface and capabilities, and train sales to re-educate customers. We took advantage of the extreme market pessimism and significant price decline in mid-March and added to our position.

The Paradox of Competition: There is heavy competition, yet none. The most exceptional businesses in our portfolio exhibit a striking paradox: they face intense competition in individual segments while remaining virtually unchallenged as complete entities. This "integrated competitive advantage" stems from its relentless focus on delivering ever-increasing customer value.

Amazon.com exemplifies this phenomenon. While battling Walmart and Target in retail, Microsoft and Google in cloud services, and Netflix and Disney+ in streaming, no competitor can match Amazon's integrated ecosystem spanning commerce, logistics, cloud infrastructure, and entertainment. Their multidimensional approach creates a fortress greater than the sum of its parts, with each business reinforcing the others.

This pattern reveals a crucial investment insight: Truly exceptional companies don't merely dominate single markets—they continuously innovate across complementary businesses, creating compounding advantages that competitors cannot effectively challenge. By identifying these integrated leaders early, we are attempting to position for sustained outperformance through multiple market cycles.

The Platform Enablement Theory: Value Creation Through Ecosystems. Today's most valuable businesses don't just build products; they create platforms where others thrive. These companies provide essential infrastructure and tools that empower third parties to innovate, creating powerful network effects. When platform participants succeed, the platform captures a share of expanding value, driving exponential rather than linear growth.

This flywheel effect appears consistently across some of our holdings:

- **Amazon.com and JD.com**: Third-party marketplaces backed by world-class logistics, allowing sellers to reach massive audiences with unprecedented efficiency and scale
- **Amazon Web Services**: Cloud infrastructure powering countless startups, enterprises, and innovations without the capital burden of building data centers
- **Shopify**: Enabling millions of merchants to compete in e-commerce with enterprise-grade tools regardless of their size
- **TSMC**: Advanced semiconductor foundry enabling fabless chip designers (like NVIDIA, AMD, and Apple) to innovate without the $20+ billion investment required for cutting-edge manufacturing facilities

Investing in the new modern railroads. We are seeing several of our holdings becoming the “new modern railroads of our economy”, essential infrastructure that enables commerce, logistics, payments, computing, and marketing in addition to other mission-critical SaaS services, like cybersecurity, data integration/analytics, and business automation. Just as 19th-century railroads transformed economies by connecting previously isolated markets, today's digital and technological platforms create the fundamental infrastructure upon which the new industries of tomorrow will increasingly depend. By investing in businesses that build and control these essential modern railroads, we are positioning the portfolio to capture value across entire ecosystems rather than single product categories. As these scale, their competitive advantages strengthen, creating long-term compounding opportunities.

The Build vs. Buy Advantage: Creating Proprietary Foundations. A consistent pattern emerges across several of our holdings: they prefer to build rather than buy. They are innovators and trailblazers. Companies like Amazon, Adyen, Wise, Shopify, MercadoLibre, Nu, Palantir, and JD.com are committed to developing proprietary operation and technology stacks from the ground up. This approach requires more significant initial investment and patience, but it yields three critical competitive advantages:

1. **Structural Cost Leadership:** Custom-built infrastructure optimized for specific business needs creates sustainable cost advantages that competitors cannot easily replicate.
2. **Technological Agility:** Proprietary systems allow these companies to iterate rapidly, deploy innovations faster, and respond to market changes with unprecedented speed.
3. **Compounding Network Effects:** Each technological advancement enhances its ecosystem, establishing a virtuous cycle that widens the leadership gap over time, ultimately making competitors obsolete.

Unlike serial acquirers who piece together disparate technologies, these builders create seamless, integrated systems designed for exponential scaling. They sacrifice short-term convenience for long-term dominance, a philosophy that perfectly aligns with our investment horizon.

Vision Investing: Creating Value Beyond Returns. While conventional investment approaches focus on maximizing shareholder returns within legal and ethical boundaries, exceptional businesses are powerful catalysts for positive change. Our portfolio companies don't simply extract value—they create multiplicative benefits that ripple throughout society. We seek businesses that generate win-win-win outcomes across their entire ecosystem: delivering superior value to customers, fostering equitable partnerships with suppliers, creating meaningful opportunities for employees, and producing sustainable returns for shareholders—all while advancing broader societal interests. Some might call it ESG investing, socially responsible investing, sustainable investing, or conscious capitalism. At the heart of it, we prefer to call it Vision Investing - investing in companies that best reflect our vision for our future, changing and shaping the world for the better, which uniquely suits us and is what we continuously seek to practice.

Final Words

We remain optimistic about the long-term returns of stocks and our holdings in Vision Capital Fund, especially considering the recent price declines. Despite the geopolitical uncertainty, we continue to have strong confidence in the companies for the years and decades to come.

As we progress through 2025, despite temporary market fluctuations, we remain committed to our core investment principles. We will aim to leverage these opportunities to enhance our positions in exceptional businesses that consistently meet our rigorous investment criteria.

Thank you for your continued trust and partnership. We look forward to navigating the coming years and decades ahead together.

Please feel free to reach out if you have any questions about Vision Capital Fund, would like to add more capital, or refer another investor you think might be interested and suitable. Your recommendations are always well appreciated.

Excelsior (Latin for "ever upward" or "higher")**,**

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