



Vision Capital Fund's Ten Core Investment Principles:

- 1. Horizon:** We are dedicated to a **long-term investment approach** driven by **bottom-up business fundamentals**, focused on publicly listed equities. We seek to hold our investments for as long as we can, in years and decades. **We are business owners, not capital allocators.**
- 2. Diversification:** We strive to maintain a **high-conviction diversified portfolio** of **at least 15-20 investments**, which could increase with time, capped at 50. **Diversification keeps us in the game, allowing us to hold & not trim our winners; concentration is an outcome.**
- 3. Vision Investing:** We seek to invest in **top-dog and growing disruptive companies** that bring innovative solutions into their fields that are or can be **either monopolies or oligopolies**. We **prefer founder-led and owned businesses** with **large total addressable markets**, supported by **long-term structural/secular tailwinds**, with **strong competitive advantages** (particularly network effects), **scalable business models with strong unit economics, recurring and growing revenues, improving profitability, strong reinvestment opportunities and financially strong**. The chosen businesses should be **highly durable and enduring** and **must be changing and shaping the world for the better**. We tend to avoid turnarounds, cyclicals, complicated companies, and lacklustre businesses in deteriorating industries.
- 4. North Star:** **Where revenues, profits and free cash flows go, the stock price eventually flows.** We are long-term business focused investors, and we know that in the long term, **revenue, profits and free cash flows drive returns, not valuation multiples.**
- 5. Excellence:** **Find excellence, buy excellence, hold excellence, add to excellence, and sell mediocrity, that is how we invest.** We buy far more than we sell, and if we ever sell, it is because the fundamentals have deteriorated rapidly beyond our thesis.
- 6. Price Volatility:** We **do not focus on the stock market's day-to-day gyrations**, and **our investment performance is measured over years and decades, not in days, weeks, months, or even quarters.** We will endure price volatility for our investors.
- 7. Cash & Opportunity:** We **are not required to be fully invested at all times.** We **embrace price volatilities** (not business volatility) and **see market sell-offs** (10-40% in any given year) as normal and excellent opportunities to add more (not sell). We are **especially opportunistic when others are fearful**. We generally keep 5-20% of the portfolio in cash, allowing us to capitalize on opportunities and add to our highest convictions during declines.
- 8. Asymmetric Outcomes:** We are **relentlessly focused on adding to our winners.** But we know that we will get it wrong sometimes, and we will have losers. We **expect our overall outperformance to be driven mainly by the disproportionate gains from our multi-bagger winners, which will outweigh the combined losses from our losers, with power law outcomes.**
- 9. Simplicity:** We **will not employ any form of leverage, short-selling, hedging, speculative/short-term trading, derivatives, or options.** Not doing these ensures that we will never be wiped out. Being able to stay in the game and not be taken out of it is half the battle won and provides for longevity and durability.
- 10. Skin in the game:** We are owner-operators. A **significant portion of our net worth is invested alongside our investors.** We are slow to take in capital and will return capital should our size impede our strategy execution and returns or when future opportunities look poor.