VisionCapital

ANNUAL REPORT

DECEMBER 31, 2023

Vision Capital Growth Fund

Dear Vision Capital Growth Fund shareholder:

PERFORMANCE

The Fund concluded the year on a high note with an impressive performance in the final quarter. It achieved a 15.6% increase in the fourth quarter, outpacing the Russell 1000 Growth Index's 14.2% rise and the S&P 500 Index's 11.7% gain, both of which serve as the Fund's benchmarks. Over the entire year, the Fund's gains reached 48.81%, surpassing the benchmarks' advancements of 42.7% and 26.3%, respectively

	Vision Capital Growth Fund	Russell 1000	S&P 500
Three Months	15.6%	14.16%	11.69%
One Year	48.81%	42.68%	26.29%
Three Years	168.55%	8.86%	10.00%

In 2023, U.S. large-cap growth equities experienced a remarkable rebound, with the Russell 1000 Growth Index delivering its best performance ever, boasting a 42.7% return. This surge followed a period of pessimism at the year's start, marked by the Federal Reserve's aggressive monetary tightening, ongoing recession discussions, geopolitical tensions, and a bleak investor sentiment stemming from a significant 29.1% downturn the previous year—the sharpest fall since the 2008 Financial Crisis. However, the market's direction shifted as stocks ceased their decline, with restructuring announcements and moderated expectations receiving positive reactions from analysts and investors, leading to a 14.4% first-quarter rally in the Index. The trend continued into spring and early summer, with the Federal Reserve hinting at an end to rate hikes, propelling the Index up by an additional 12.8%. Despite a 3.1% dip in the third quarter due to expectations of sustained high interest rates amid a strengthening economy, the year concluded on a high note with a 14.2% fourth-quarter surge, driven by lower inflation data and anticipation of rate cuts.

The Fund outperformed during these upswings with remarkable quarterly gains and maintained stability during the downturn, ending the year with a 57.6% return. This performance marked a significant rebound from a challenging 2022, but despite the annual gain, the Fund's two-year cumulative result remained nearly 22% down, contrasting with the Russell 1000 Growth Index's full recovery and slight gain. The Fund's outperformance was primarily attributed to stock selection, especially in the Information Technology (IT) and Financial sectors, with standout gains in several holdings. However, this was partly offset by weaker performances in sectors like Health Care and Consumer Discretionary.

Over the year, the Fund's out performance of 1,490 basis points was driven mainly by stock selection, notably in IT and Consumer Discretionary sectors, demonstrating substantial relative gains. The Fund benefited from high-performing stocks in these sectors, significantly outpacing the benchmark. Despite some setbacks, the Fund's strategy of focusing on long-term business fundamentals and capitalizing on market corrections underpinned its approach, distinguishing between market volatility and the risk of permanent capital loss.

Reflecting on the broader economic impacts and the transformative potential of generative artificial intelligence, the year underscored the importance of adaptability and strategic vision in navigating market uncertainties and seizing emerging opportunities for growth and innovation.

Leading drivers of performance for the quarter ending December 31, 2023.

SHOPIFY INC

A provider of cloud-based software for multi-channel commerce, experienced a notable surge in its stock value, climbing 42.8% in the fourth quarter and ending the year with an impressive 124.7% increase. This growth was fueled by strong financial performance, including a 22% year-over-year increase in gross merchandise value, a 25% rise in revenue, and a significant improvement in non-GAAP operating margins by 1,900 basis points to surpass 15%. The company also gained attention during its Investor Day by highlighting its expansion into new market segments like enterprise, B2B, and offline commerce, which were previously less familiar territories for Shopify. Enhanced product offerings, a strategic shift in market approach, and the acquisition of a larger merchant base than in the previous two years contributed to its success. The rapid uptake of new products, with a category growing at a 71% CAGR since 2019, further solidified Shopify's market position. Our continued investment in Shopify is driven by its robust competitive edge, culture of innovation, and the significant growth potential within the global commerce market, where it currently holds less than a 2% share.

SERVICENOW, INC.

Which provides cloud-based solutions to enhance workflow efficiencies through automation and digitalization, saw its stock rise by 26.4% in the fourth quarter, closing the year with an 82% gain. This performance was supported by exceptional quarterly outcomes that surpassed expectations, showing a 24.5% increase in subscription revenue growth in constant currency and achieving 30% non-GAAP operating margins amidst economic challenges. The anticipation of benefits from integrating GenAI technology into its offerings and a broader uptick in software stocks also played a role. ServiceNow reported significant engagement with government sectors, a rise in new client acquisitions, and consolidation of client budgets towards its platform. The launch of its GenAI-supported Pro Plus product line towards the quarter's end, which has already attracted numerous clients with many more interested, is expected to drive further efficiencies, automation, and digitalization for customers, paving the way for more widespread adoption and contributing to ServiceNow's sustained growth.

AMAZON.COM, INC.,

The leading global retailer and cloud services provider, witnessed a 19.5% increase in its shares in the quarter, ending the year with an 80.9% uplift. The company's quarterly results exceeded expectations, highlighted by an 11% year-over-year revenue growth in constant currency, a notable improvement in North American operating profit with margins reaching 4.9%, and a rebound in its AWS cloud division with a 12% growth. The moderation in customer optimization impacts suggests a bright future for AWS, supported by the ongoing shift of IT budgets from on-premise solutions to cloud-based services, with Amazon leading the way. Additionally, Amazon is poised for further enhancements in North American retail profitability, supported by its innovative regionalized fulfillment network and a growing, margin-enhancing advertising business. With e-commerce penetration still below 15% of the total addressable market, Amazon's long-term growth trajectory remains highly promising.

Primary factors that negatively impacted performance for the quarter concluding on December 31, 2023.

ARGENX SE

Specializing in treatments for autoimmune diseases, saw its shares decline by 22.6% in the quarter, yet managed to close the year with a slight increase of 0.8%. This downturn was primarily due to unsuccessful clinical trials for immune thrombocytopenic purpura and pemphigus vulgaris, raising concerns about the widespread effectiveness of FcRn treatments. Despite these setbacks, the nuances of the data don't fundamentally alter our investment thesis. Nonetheless, it introduces questions about the FcRn segment that haven't been raised in years. On a brighter note, the successful launch of Vyvgart, whose early sales far exceeded expectations and achieved global approvals sooner than anticipated, is expected to continue fueling revenue growth and supports a solid valuation from a cash flow perspective. Looking ahead to 2024, we anticipate strong performance driven by potential breakthroughs in myositis, Sjogren’s syndrome, multifocal motor neuropathy, and the launch of argenx's subcutaneous formulation. Positive outcomes in these areas could significantly broaden argenx's market opportunities, which is why we maintain our investment.

GM CRUISE HOLDINGS LLC

Which provides autonomous driving software and a vehicle fleet, faced a setback after losing its autonomous operating license in California due to a pedestrian incident in San Francisco. Despite significant achievements, including millions of miles driven autonomously across various locales, the revocation by the California DMV, citing inadequate reporting of the incident, has led to an operational halt and major managerial adjustments. General Motors, as the majority stakeholder, is now reevaluating the direction and financial strategy for Cruise. While we recognize the substantial societal and investor value of autonomous technologies, the immediate future for Cruise appears challenging, influencing our valuation approach.

THE TRADE DESK

a leading demand-side platform for internet advertising, saw an 8.0% decrease in its share price in the fourth quarter, although it ended the year up 59.1%. The company's forecast of 18% revenue growth year-over-year for the fourth quarter was impacted by macroeconomic uncertainties affecting advertising budgets, particularly in the auto, consumer electronics, and media sectors, despite noting some recovery in November. Although The Trade Desk is outperforming its rivals, suggesting market share gains, its guidance fell short of expectations, affecting its stock price. However, we do not see this as a long-term issue. We are optimistic about The Trade Desk's prospects for 2024 and beyond, bolstered by the shift to connected TV, increasing adoption of programmatic advertising, expansion in retail media, and the introduction of new platforms. Given its technological edge, market presence, and a mere 10% stake in the burgeoning $100 billion programmatic advertising arena—a fraction of the $700 billion global advertising market—we remain bullish on The Trade Desk's long-term potential.

PORTFOLIO STRUCTURE

The Fund's strategy is built from the ground up, prioritizing the strength and conviction of each investment idea to determine its portfolio weight. Consequently, the allocation across sectors emerges naturally from this selection process rather than reflecting any specific strategic bias.

As of December 31, 2023, the Fund's ten largest holdings constituted 59.4% of its net assets, with the top 20 holdings accounting for 86.9%. This marks a slight increase from the end of 2022, where these figures stood at 54.5% and 86.2%, respectively. By year's end, the portfolio comprised 30 distinct investments. The sectors of Information Technology, Consumer Discretionary, Health Care, Communication Services, and Financials dominated the portfolio, representing 97.3% of the Fund's net assets, while cash holdings accounted for the remaining 2.7%.

RECENT ACTIVITY

In the fourth quarter, we expanded our portfolio by acquiring a new stake in Microsoft, a leading software provider that we assess as having significant potential to benefit from advancements in Generative AI. Furthermore, we increased our investments in five current holdings. This included further investments in Coupang, South Korea's premier e-commerce platform, as well as augmenting our stakes in Block, a key player in financial services and point-of-sale software and payments; Trade Desk, a foremost demand-side advertising platform; Shopify, a cloud-based commerce platform; and MercadoLibre, the top e-commerce platform in Latin America. Additionally, we downsized twelve positions and exited our investment in ZoomInfo, a B2B sales and data provider, redirecting our resources towards opportunities with a more favorable long-term risk-reward profile.

In the fourth quarter, our most significant acquisition was initiating a position in Microsoft Corporation. Previously, Microsoft had been included in the Capital Vision Growth Fund due to its large-cap core growth characteristics. However, we had hesitated to add it to this Fund because it seemed more aligned with a post high-growth strategy. Under Satya Nadella's leadership, Microsoft has transformed from a Windows-centric, on-premises technology provider into one of the leading global cloud service providers. Cloud services now account for over 55% of Microsoft's total revenues and are experiencing rapid growth, with the cloud segment alone reaching a $125 billion annual run rate and continuing to gain market share. In the most recent quarterly earnings, Microsoft Cloud's growth of 23% year-over-year in constant currency significantly outstripped both the company's overall growth and that of its main competitors. This scale of growth is comparable to the entire business size of companies like Mastercard, and significantly larger than that of Snowflake and ServiceNow. With cloud computing still in the early stages of market penetration and Microsoft's advantageous position in AI and partnerships, such as with OpenAI, we see a vast potential for market expansion.

Microsoft's recent performance indicators in GenAI have been promising, with 18,000 companies adopting Azure OpenAI and significant early adoption of M365 Copilot and GitHub Copilot, suggesting a broad and growing interest in GenAI applications. We anticipate that M365 Copilot, in particular, could significantly impact Microsoft's Office franchise, leveraging a base of hundreds of millions of users.

Given Microsoft's continued market share gains, particularly in cloud and AI, we expect the company to maintain a strong double-digit growth trajectory and superior profitability. Considering the reasonable pricing of Microsoft shares and the expected acceleration in revenue growth for fiscal 2024, we see a compelling investment opportunity.

Additionally, we increased our investment in Block, Inc., attracted by its strong quarterly performance, commitment to achieving a rule of 40 in GAAP profitability by fiscal year 2026, and the potential for long-term margin expansion and growth. We also capitalized on market volatility to augment our stakes in Coupang, Inc., The Trade Desk, and Shopify Inc. Each of these companies has demonstrated resilience and competitive advantages in their respective sectors, with Shopify, in particular, showing promising platform expansion and margin growth, which has increased our confidence in its long-term prospects.

OUTLOOK

In today's investment landscape, we find ourselves amidst a majority of investors captivated by the relentless flow of news, responding to each incremental development despite its often minimal significance. Our approach is to pierce through this clamor, aiming to discern the broader picture amidst the details.

Seth Klarman, a renowned value investor and CEO of Baupost Group, humorously compared macroeconomic speculation to sports-talk radio, accessible to all but fraught with uncertainty. Debating minor economic fluctuations or interest rate changes can be engaging, yet it pales in comparison to the tangible benefits of identifying and investing in undervalued companies, where even a margin of error can yield considerable long-term returns.

2023 defied many predictions, notably sidestepping an anticipated recession in the U.S. The array of economic outcomes remains broad and unpredictable, presenting a complex scenario for investors. However, as investors focused on company fundamentals rather than macroeconomic trends, our strategy involves deep engagement with management teams, rigorous testing of our investment theses, and continuous evaluation of our companies' performance.

Throughout the year, we observed stabilization and slight improvements in the short-term fundamentals of our portfolio companies. More crucially, many have achieved significant advancements in long-term key performance indicators, such as market share gains, expansion of addressable markets, and enhanced unit economics, which are vital in driving their intrinsic values.

Several developments have particularly bolstered our portfolio, including the emergence of Generative AI (GenAI), which promises extensive benefits across various sectors. Companies like NVIDIA stand out as direct beneficiaries, but the broader implications of GenAI for digitization and efficiency enhancements are vast and represent a considerable tailwind for numerous businesses within our portfolio.

Moreover, our companies have reported significant market share gains and innovations, setting them apart from competitors and extending their growth prospects. Efforts to improve unit economics have also been noteworthy, with several companies achieving margin expansion despite varying revenue growth rates, underscoring the strength of their business models and operational efficiencies.

Navigating an uncertain world, marked by fluctuations in market sentiment influenced by geopolitical and economic factors, underscores the complexities of investment decision-making. Yet, history suggests that most challenges are transient or manageable. Investing is inherently about embracing risk, managing uncertainty, and capitalizing on the long-term opportunities these conditions present.

We remain optimistic about the future of our investments, continually exploring new opportunities while maintaining patience and investing judiciously based on the intrinsic values of target companies.

Charles Roberts
Portfolio Manager

GROWTH FUND

PORTFOLIO OF INVESTMENTS

JUNE 30, 2023

Shares		Cost	Value
COMMON STOCKS (97.16%)			
Communication Services (10.94%)			
	Advertising (3.47%)		
52,617	The Trade Deskk Inc., Cl A [1]	$2,779,539	$4,063,104
	Interactive Media & Services (7.47%)		
22,727	Meta Platforms Inc., Cl A [1]	1,657,630	6,522,266
87,006	ZoomInfo Technologies, Inc. [1]	3,044,365	2,209,076
		4,701,995	8,731,342
Total Communication Services		**7,481,534**	**12,794,446.25**
Consumer Discretionary (19.63%)			
	Automobile Manufacturers (7.07%)		
93,381	Rivian Automove, Inc., Cl A [1]	2,242,389	1,555,723
20,353	Rivian Automove, Inc., Series F [1]	749,999	339,077
24,324	Tesla, Inc. [1]	6,340,095	6,367,163
		9,332,483	8,261,963
	Automove Parts & Equipment (1.53%)		
46,567	Mobileye Global, Inc., Cl A [1]	1,146,860	1,789,104
	Broadline Retail (11.03%)		
71,922	Amazon.com, Inc. [1]	681,720	9,375,687
2,976	MercadoLibre, Inc. [1]	1,716,205	3,525,666
		2,397,925	12,901,353
Total Consumer Discreonary		**12,877,267**	**22,952,419**

See Notes to Portfolios of Investments.

GROWTH FUND

PORTFOLIO OF INVESTMENTS

JUNE 30, 2023

Shares		Cost	Value
Financials (9.00%)			
	Transacon & Payment		
	Processing Services (9.00%)		
1,556	Adyen N.V., 144A (Netherlands)[1,2,5]	1,179,863	2,693,610
33,046	Block, Inc. [1]	1,948,211	2,199,856
14,300	MasterCard Incorporated, Cl A	679,986	5,624,092
Total Financials		**3,808,060**	**10,517,557**
Health Care (11.75%)			
	Biotechnology (2.31%)		
6,908	argenx SE, ADR [1,2]	2,088,862	2,692,352
	Health Care Equipment (5.41%)		
18,505	Intuive Surgical, Inc. [1]	2,154,321	6,327,600
	Health Care Technology (2.13%)		
12,607	Veeva Systems, Inc., Cl A [1]	826,731	2,492,782
	Life Sciences Tools & Services (1.90%)		
11,832	Illumina, Inc. [1]	1,349,365	2,218,335
		6,419,279	13,731,069
Information Technology (45.86%)			
	Application Software (9.09%)		
8,966	Atlassian Corp. Ltd., Cl A [1]	2,328,165	1,504,501
28,804	Gitlab, Inc., Cl A [1,4]	1,874,213	1,472,185
13,615	ServiceNow, Inc. [1,4]	5,203,951	7,650,941
		9,406,329	10,627,627

See Notes to Portfolios of Investments.

GROWTH FUND

PORTFOLIO OF INVESTMENTS

JUNE 30, 2023

Shares		Cost	Value
	Internet Services & Infrastructure (4.83%)		
87,325	Shopify, Inc., Cl A [1,2]	2,996,837	5,641,195
	IT Consulng & Other Services (3.45%)		
40,446	Endava plc, ADR [1,2]	4,059,776	2,094,673
8,629	EPAM Systems, Inc. [1]	641,394	1,939,255
		4,701,169	4,033,928
	Semiconductor Materials & Equipment (3.03%)		
4,885	ASML Holding N.V. 2	300,974	3,540,585
	Semiconductors (10.17%)		
28,100	NVIDIA Corp.	4,203,522	11,886,651
	Systems Soware (15.29%)		
50,122	Cloudflare, Inc., Cl A [1,4]	3,875,620	3,276,492
28,617	Crowdstrike Holdings, Inc., Cl A [1]	2,459,508	4,202,942
46,018	Datadog, Inc., Cl A [1,4]	3,351,478	4,527,276
33,360	Snowflake, Inc., Cl A [1,4]	5,952,441	5,870,649
		15,639,047	17,877,358
Total Information Technology		**37,247,878**	**53,607,343**
Total Common Stocks		**67,834,017**	**113,602,834**

PRIVATE COMMON STOCKS (0.93%)

Industrials (0.92%)			
	Aerospace & Defense (0.93%)		
10,333	Space Exploration Technologies Corp., Cl A 1,3,4,6	483,063	835,383
3,060	Space Exploration Technologies Corp., Cl C 1,3,4,6	141,923	247,401
Total Private Common Stocks		**624,986**	**1,082,784**

See Notes to Portfolios of Investments.

GROWTH FUND

PORTFOLIO OF INVESTMENTS

JUNE 30, 2023

Shares		Cost	Value
PRIVATE PREFERRED STOCKS (0.66%)			
Industrials (0.66%)			
	Passenger Ground Transportaon (0.66%)		
33,322	GM Cruise Holdings, Cl G 1,3,4,6	**878,035**	**775,403**

GROWTH FUND

PORTFOLIO OF INVESTMENTS

JUNE 30, 2023 (UNAUDITED)

Principal Amount		Cost	Value
SHORT TERM INVESTMENTS (1.05%)			
$1,234,774	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023;	$1,234,774	$1,234,774
Total Investments (99.82%)		**$70,571,812**	**$116,695,794**
Cash and Other Assets Less Liabilies (0.18%)			**208,071**
Net Assets			**$116,903,865**

See Notes to Portfolios of Investments.

% Represents percentage of net assets

1 Non-income producing securies.

2 Foreign corporation.

3 At June 30, 2023, the market value of restricted and fair valued securies amounted to $7,432,746 or 1.59% of net assets. These securies are not deemed liquid. See Note 3 regarding Restricted Securies.

[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassificaons/classificaons are not supported by S&P or MSCI (unaudited).

[5] Level 2 security. See Note 4 regarding Fair Value Measurements

[6] Level 3 security. See Note 4 regarding Fair Value Measurements.

[ADR] American Depositary Receipt.

[144A] Security is exempt from registration pursuant to Rule 144A under the Securies Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified instutional buyers. At June 30, 2023, the market value of Rule 144A securies amounted to $10,774,438 or 2.30% of net assets.

All securies are Level 1, unless otherwise noted.

See Notes to Portfolios of Investments.

Before making an investment, it's important for investors to thoroughly review the investment's objectives, associated risks, and all related fees and expenses. Detailed information about these aspects can be found in the prospectus and summary prospectus, which are available from the Funds' distributor, Vision Capital, at **visitioncapitalgf.com**. We advise reading these documents carefully prior to investing.

Risks involved include the investment in large cap equity securities, which are prone to stock market fluctuations. While the Fund seeks diversification, it may also take significant positions in areas where the Adviser has strong confidence, potentially leading to increased volatility in the Fund's returns. It's also possible that the Fund may not meet its investment objectives.

Portfolio compositions are dynamic and can change. The current and future securities held by the portfolio carry risks, and there is no assurance that the investment objectives will be achieved.

The company discussions provided here should not be seen as investment advice for any specific security. The opinions of the portfolio managers presented in this report are valid up to the date of this report and are subject to change based on market or other conditions without obligation from Baron to provide updates.

This report does not represent an invitation or offer by Vision Capital Growth Fund to sell securities or solicit offers to purchase securities in any jurisdiction where such action would be illegal.

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