



**VGI**  
PARTNERS

GLOBAL  
INVESTMENTS  
LIMITED

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# **VGI Partners Global Investments Limited**

(ASX Code: VG1)

**2018 Investor Briefing**

**20 August 2018**

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## 2018 Results Overview

	\$ millions
<b>Income</b>	
Net realised and unrealised gains on investments	\$ 58.9
Interest income	\$ 3.3
Dividend income	\$ 3.5
<b>Total Income</b>	<b>\$ 65.7</b>
Total Expenses	\$(18.3)
<b>Profit before income tax</b>	<b>\$ 47.4</b>

- Inaugural \$47.4 million profit before tax for the approximately 9 months since listing
- Underpinning the result was a +9.2% increase in the value of the investment portfolio, after tax and all fees
- VG1 share price increased +13.5% from \$2.00 at listing to \$2.27 at 30 June 2018
- VG1 has traded at an average premium to post-tax NTA of ~4% since listing. Since year end, VG1 has traded at more substantial premiums of up to and above 10%

- The Manager, Investment Mandate and Philosophy
- Net Investment Performance
- Portfolio Update
- General Market Commentary
- Alignment of Interests
- Shareholder Engagement
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## The Manager – VGI Partners

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- Boutique manager, focussing on global equities. Long biased, concentrated strategy with selective shorting. Minimal to no leverage utilised
- 20 staff in Sydney, New York and Tokyo; 10 investment and 10 operations staff
- Deploys a single investment strategy across two funds (AUD/USD), IMAs and VG1
- The Manager is closed to new investment into any of its unlisted funds or IMAs
- VGI Partners' global long/short equities strategy is now only accessible to investors via investing in shares of VG1

## Investment Mandate and Philosophy

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- Global listed equities portfolio: comprising long, short and cash
- Focus on risk-adjusted returns

### Capital Preservation

*Do not lose money*

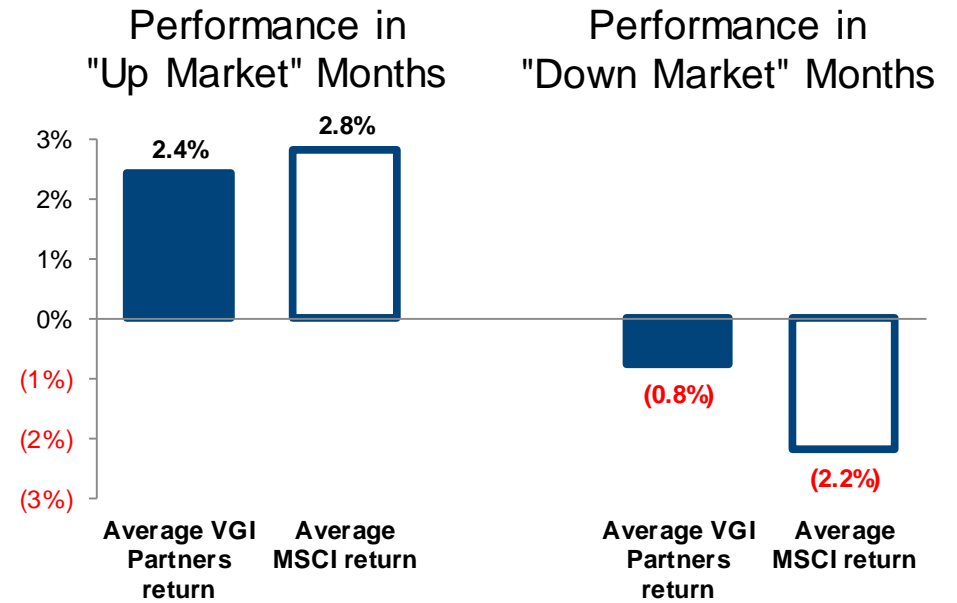
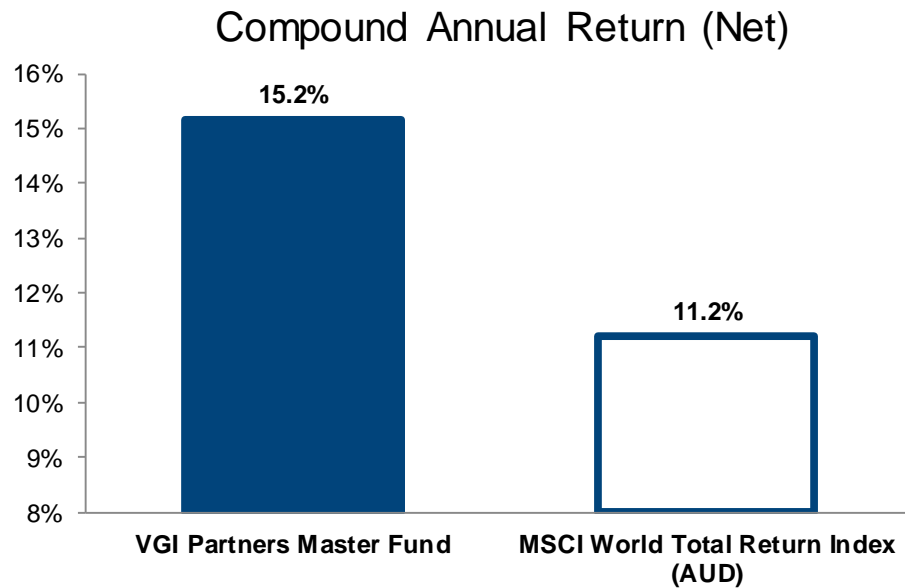
### Long-Term Compound Growth

*10-15% p.a. net of fees*

### Portfolio Concentration

*Top 5 long investments = 40-50%*

## Capital Preservation: Performance in Up/Down Months over 9.5 years



Source: Citco Funds Services and Bloomberg. Performance is shown after all applicable management and performance fees charged. In the period to 30 June 2018 (a total of 114 months since inception), there has been 71 "up market" months and 43 "down market" months. MSCI = MSCI World Total Return Index (AUD).

## Long-Term Performance Objectives Achieved

Annual Compound Returns (% p.a.) To 30 June 2018	VGI Partners Master Fund Performance	Performance Objective Achieved (10-15% p.a.)
1 year	20.2%	✓
2 year rolling (p.a.)	12.8%	✓
3 year rolling (p.a.)	12.9%	✓
4 year rolling (p.a.)	18.7%	✓
5 year rolling (p.a.)	16.8%	✓
6 year rolling (p.a.)	18.5%	✓
7 year rolling (p.a.)	16.5%	✓
8 year rolling (p.a.)	16.8%	✓
9 year rolling (p.a.)	15.8%	✓
<b>Since inception (p.a.)</b>	<b>15.2%</b>	✓

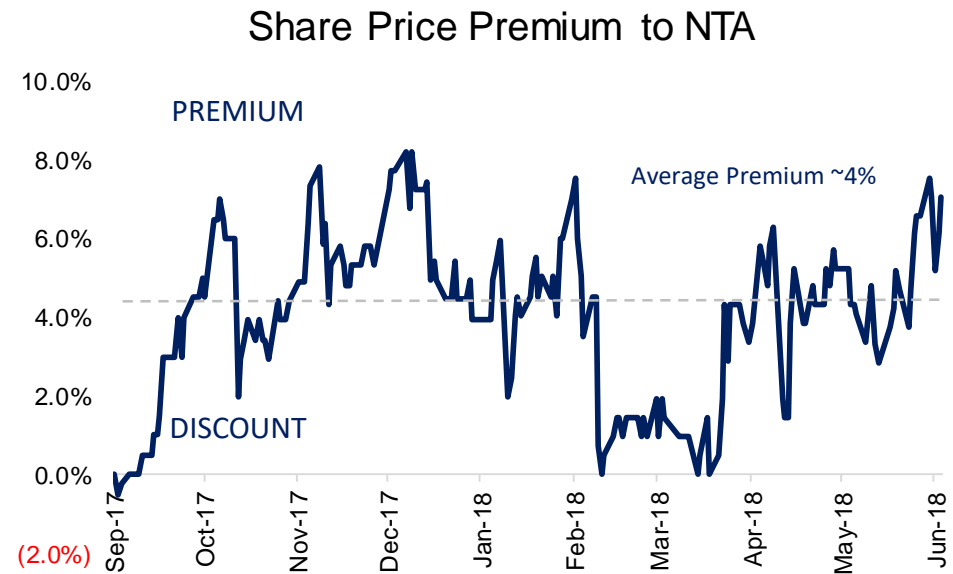
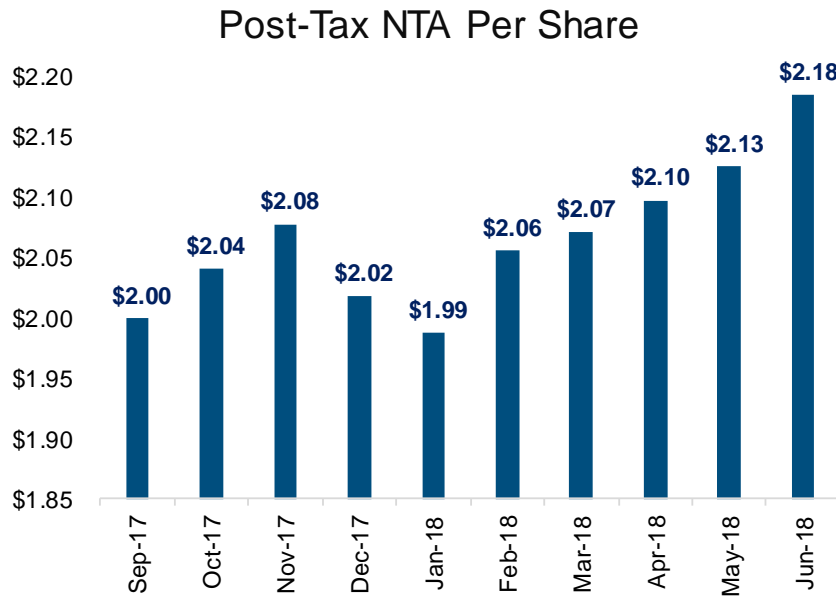
Source: VGI Partners and Citco Funds Services. Performance is shown after all applicable management and performance fees charged. The VGI Partners Master Fund inception date was 20 January 2009 and the Fund is AUD denominated.



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## Net Investment Performance – 25 September 2017 to 30 June 2018

- Post-Tax NTA grew +9.2% to \$2.18 per share for the approximately 9 months to 30 June 2018
- VG1 has traded at an average premium of ~4% to post-tax NTA since listing



Source: Citco Fund Services and Bloomberg. Performance is shown after all applicable fees and charges. Post-Tax 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. The NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.12 per share as at 30 June 2018.

- No dividend declared

## Performance Attribution – 25 September 2017 to 30 June 2018

NTA Performance for the Period	Contribution
Long Investments	5.8%
Short Positions	-0.8%
Currency	4.2%
<b>Net Performance (after all fees)</b>	<b>9.2%</b>

Largest Long Contributors	Contribution
Zillow Group Inc.	1.5%
Amazon.com Inc.	1.4%
CME Group Inc.	1.3%
MasterCard Inc.	1.0%
WD-40 Co.	0.6%
Kikkoman Corp.	0.5%
<b>Total Contribution of Above</b>	<b>6.3%</b>
<b>Total Contribution from Longs</b>	<b>5.8%</b>

Source: VGI Partners, Citco Fund Services and Bloomberg.

- There were no material Long detractors during the period

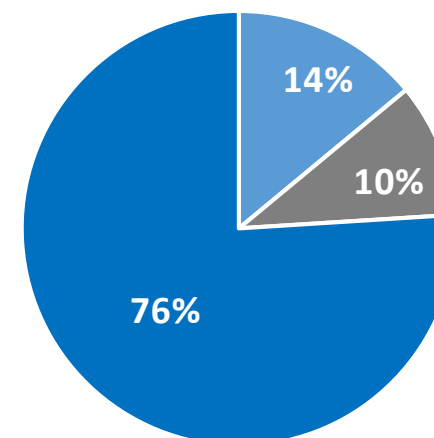
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## Portfolio Update as at 30 June 2018

Top Long Investments	30 June 2018
CME Group Inc.	10%
Medibank Private Limited	6%
Colgate Palmolive Co.	6%
Praxair Inc.	5%
The Coca-Cola Co.	5%
MasterCard Inc.	5%
Zillow Inc.	4%
Amazon.com Inc.	4%
<b>Total</b>	<b>45%</b>

Month End Exposures	30 June 2018
Long Equity Exposure	65%
Short Equity Exposure	24%
Gross Equity Exposure	89% (65% + 24%)
Net Equity Exposure	41% (65% - 24%)
Cash Weighting	59%

Long Portfolio by Location of Exchange Listing



■ Asia Pacific   ■ UK & Europe   ■ North America

Net Currency Exposure	30 June 2018
USD	100%

Source: VGI Partners, Citco Fund Services.

## Portfolio Update – Deployment

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- We have been patiently and steadily deploying the portfolio, given our focus on preservation of investors' capital
- The portfolio was invested to ~80% of targeted individual stock weightings at 30 June 2018, on average across the entire portfolio
- It has been challenging for the Manager to prudently replicate weightings in two key Long investments, Amazon and MasterCard
- It may take several more months to fully deploy the portfolio, depending on market conditions and stock specific opportunities

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## General Market Commentary

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- High-quality businesses continue to trade at valuations which imply unlikely levels of growth into perpetuity, combined with an expectation that interest rates will remain low forever
- As global interest rates normalise we believe this will lead to increased volatility
- With a high level of cash, VGI Partners is well positioned to take advantage of any future equity market sell-offs – whenever they may occur
- We can be the ‘strong hands’ who purchase at advantageous prices from ‘weak hands’



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## Alignment of Interests

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- Three precedent setting commitments:
  1. The Manager is paying for all upfront listing costs of VG1
  2. All operating costs (where possible) are paid for by the Manager
  3. The owners of VGI Partners will reinvest all performance fees earned on an after-tax basis into VG1
- VGI Partners' staff are prohibited from purchasing securities outside the VGI Funds and VG1
- Demonstrates true alignment of interests with VG1 shareholders

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## Shareholder Engagement

Upcoming Investor Events	Date	Location
Sydney Briefing	18 October 2018	Customs House
Perth Briefing	22 October 2018	Crown Hotel, Burswood
Adelaide Briefing	24 October 2018	Hilton Hotel
Melbourne Briefing	31 October 2018	Novotel Hotel
Brisbane Briefing	1 November 2018	Stamford Plaza
Annual General Meeting	19 November 2018	Customs House, Sydney

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