

# **VGI Partners Global Investments Limited (ASX:VG1)**

1H20 Investor Briefing – 5 February 2020

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## Business Highlights

- Post-tax Net Tangible Assets (NTA) per share grew 8.0% to \$2.39 over calendar 2019 (after fees)<sup>1</sup>
- Post-tax NTA rose a further 5.2% to \$2.52 as at 31 Jan 2020 – our best month since inception in 2017<sup>2</sup>
- Inaugural fully franked dividend per share of 1.0¢, payable 3 Apr 2020
- A dividend reinvestment plan (DRP) is available (elect by 5pm on 4 Mar 2020, Sydney time)
- We remain focused on achieving superior risk-adjusted long-term returns and will not change our processes in “hot markets”
- We have a number of initiatives to close the discount to NTA
- The Manager remains highly aligned with VG1 shareholders

<sup>1</sup> Post-tax Net Tangible Assets sourced from Citco Fund Services.

<sup>2</sup> Post-tax NTA estimated by VGI Partners.

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**PARTNERS**  
Global Investments

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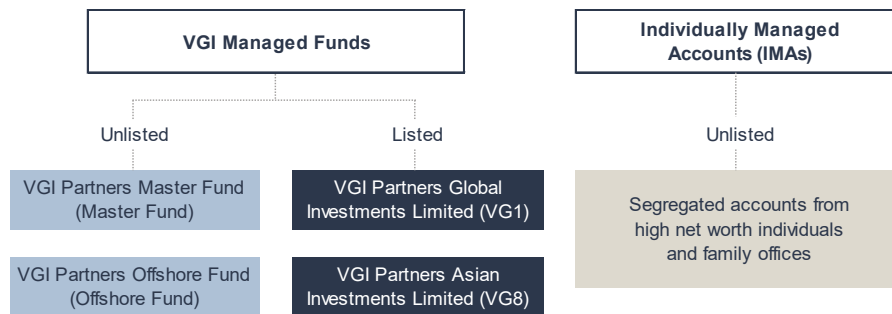
# **VGI Partners**

# **The Manager**

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## VGI Partners (The Manager) Overview

- Specialist manager focusing on global equities. Long biased, concentrated strategy with selective shorting. Minimal to no leverage utilised
- 29 staff in Sydney, New York and Tokyo
- FUM of A\$3.2 bn<sup>1</sup>
- One global investment strategy across two unlisted funds (AUD and USD), IMAs and VG1
- Second strategy (VG8), focused on Asia
- The Manager is closed to new investment into its unlisted funds and IMAs. VGI Partners' strategies are only accessible via investing in VG1, VG8 or the remaining capacity in the Charitable Foundation Class
- Strong track record of Master Fund performance



<sup>1</sup>FUM as at 10 Jan 2020. Data is per VGI Partners' latest ASX FUM release, unaudited and based on VGI Partners' estimates.

## VGI Partners (The Manager) Philosophy and Alignment of Interests

<b>Capital Preservation</b>	Do not lose money
<b>Long-Term Compound Growth</b>	10-15% p.a. net of fees
<b>Portfolio Concentration</b>	Invest in best ideas

### Alignment of Interests

- The Manager paid for VG1's upfront listing costs, plus VG1's transaction costs in the VG1 equity raising last year
- All VG1 operating costs (where permitted) paid by the Manager
- Founders of VGI Partners reinvest 100% of their pro-rata amount of VG1 performance fees (after tax) back into VG1 shares

### Staff

- Prohibited from buying securities outside of the Manager's funds and VGI Partners itself
- The entire investment team invests a material proportion of their net worth in VGI Partners and VGI Partners' funds
- Staff ownership of VGI and VG1
- Staff and their families own \$37m of VG1 shares (at NTA)<sup>1</sup>

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<sup>1</sup> Based on VG1 post-tax NTA of \$2.52 as of 31 January 2020. Includes \$6m owned by 100% of VGI Partners Limited. VGI Partners is 77% owned by VGI Partners staff and their families.

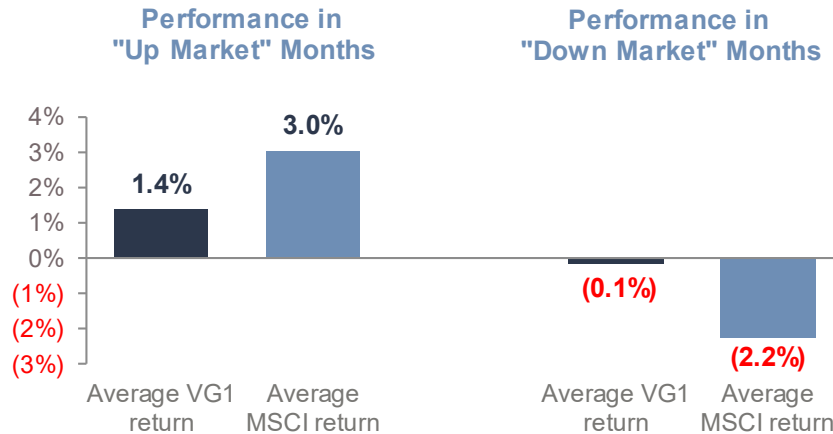
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**VGI Partners Global  
Investments Limited (ASX:VG1)**

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## VG1 Capital Preservation Performance in Up/Down Months

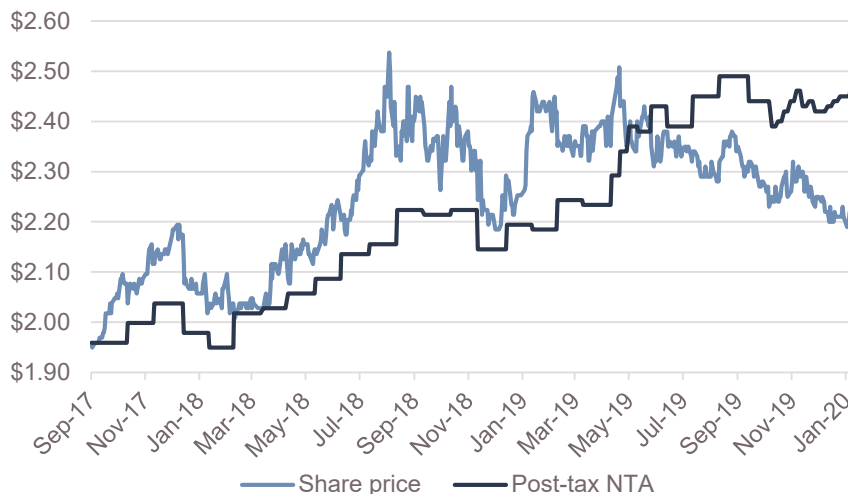


Source: Citco Fund Services, VGI Partners and Bloomberg. Performance is shown after all applicable management and performance fees charged. In the period to 31 January 2020 (a total of 28 months since inception), there have been 19 "up market" months and 9 "down market" months. VG1 returns for the month of January 2020 have been estimated by VGI Partners. MSCI = MSCI World Total Return Index (AUD).

## VG1 Net Investment Performance

- Post-tax NTA grew 8.0% to \$2.39 over calendar 2019
- An increase of 20.8% since inception, or 8.8% compound annual growth
- Post-tax NTA up a further 5.2% to \$2.52 as at 31 Jan 2020
- VG1 has traded at an average premium to post-tax NTA of 2% since listing
- Current discount likely due to rebalancing of VG1 holdings post the concurrent VG1 equity raising and IPO of VGI Partners (The Manager)
- Investors may have also rebalanced for VG8
- VGI Partners has been buying VG1 shares on-market. VG1 may also buy to satisfy the performance fee reinvestment mechanism and the DRP

VG1 Share Price and Post-Tax NTA (\$ per share)



Source: Citco Fund Services, VGI Partners 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. Share price and post-tax NTA data has been adjusted for VG1's capital raising in 2019 (applying an adjustment factor for data pre-rights issue). Weekly NTA data since Nov 2019 estimated by VGI Partners.



## Initiatives to Eliminate the Discount to NTA

1. Closing VGI Partners' global strategy to new investment outside of VG1
2. Committing not to raise additional capital for 3 years (May 2022)<sup>1</sup>
3. Performance fee reinvestment mechanism
4. VGI Partners purchasing VG1 shares on-market
5. Weekly NTA statements released to the ASX
6. Introducing a dividend program, consistent with our dividend policy. We intend to pay two fully franked dividends, each approximately 1 cent per share, after our 1H20 and FY20 results this year, a level we expect to maintain and grow over the longer term.
7. Expansion of investor relations team

<sup>1</sup> As set out in the VG1 Entitlement Offer booklet, the Board of VG1 resolved that, following completion of the VG1 Entitlement Offer in 2019, VG1 will not issue equity in the following three years unless as part of a value enhancing acquisition of another fund, or in order to satisfy the requirements of the VG1 performance fee reinvestment mechanism for Existing Manager Shareholders.

## Illustration

### VG1 IPO Investor Returns

	Investment outlay	Current market value <sup>1</sup>	Current NTA value <sup>2</sup>
1 VG1 IPO	\$100,000 (50,000 shares at \$2.00)	\$111,000	\$126,000
2 VG1 Entitlement Offer	\$36,336 (15,528 shares at \$2.34)	\$34,472	\$39,131
3 VGI Partners IPO take-up	\$9,086 (1,652 shares at \$5.50)	\$19,262	\$19,262
4 VGI Partners (dividend)		\$424	\$424
<b>Total</b>	<b>\$145,422</b>	<b>\$165,158</b>	<b>\$184,817</b>

Share price return: 13.6%

NTA return: 27.1%

Source: VGI Partners and Bloomberg

<sup>1</sup> VG1 closing share price of \$2.22 and VGI Partners closing share price of \$11.66 as at 31 January 2020.

<sup>2</sup> VG1 post-tax NTA of \$2.52 as of 31 January 2020. This value is unaudited and has been estimated by VGI Partners.

## VG1 Performance Attribution

### Six months to 31 Dec 2019

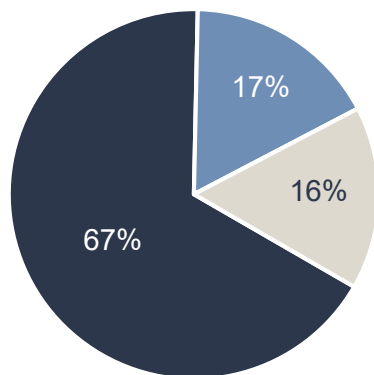
	31 Dec 2019
<b>VG1 NTA Performance</b>	
Long Investments	1.7%
Short Positions	-1.3%
<b>Stock Contribution</b>	<b>0.4%</b>
Currency	0.0%
<b>Net Performance (after all fees)</b>	<b>0.4%</b>

Source: VGI Partners, Citco Fund Services, Bloomberg.

	31 Dec 2019
<b>Top Long Contributors</b>	
MasterCard Inc.	0.8%
Wells Fargo & Co	0.7%
WD-40 Co	0.5%
Kikkoman Corp	0.5%
CME Group Inc.	0.5%
La Française des Jeux	0.4%
<b>Total Contribution of Above</b>	<b>3.4%</b>
<b>Largest Long Detractor</b>	
Grubhub Inc.	-1.1%

## VG1 Portfolio Update as at 31 Dec 2019

### Long Portfolio by Location of Exchange Listing



■ North America   ■ Asia<sup>1</sup>   ■ UK & Europe

<sup>1</sup> Asia includes ASX listed securities.  
 Source: VGI Partners, Citco Fund Services.

Portfolio Size \$977 mn

31 Dec 2019

### Top 5 Long Investments

CME Group Inc.	11%
Amazon.com Inc.	9%
Colgate Palmolive Co.	8%
MasterCard Inc.	7%
Spotify Technology SA	7%

**Total** **42%**

### Month End Exposures

Long Equity Exposure	94%
Short Equity Exposure	(27)%
Gross Equity Exposure	121% (94% + 27%)
Net Equity Exposure	67% (94% - 27%)
Cash Weighting	33%

### Net Currency Exposure

USD / JPY 95% / 5%

## Shareholder Engagement

Please elect electronic communications to stay informed

Investor Letter from the Manager in January and July each year

Half-year and full-year result conference calls

AGM in November each year

Annual national roadshow including briefings in Sydney, Melbourne, Adelaide, Perth and Brisbane

Independent Research

- Zenith
- Independent Investment Research (IIR)

Investor Relations Manager

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+61 2 9237 8923 (outside Australia)

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**New website: [www.vgipartners.com/lics/vg1](http://www.vgipartners.com/lics/vg1)**

Please visit our new website: [www.vgipartners.com/lics/vg1](http://www.vgipartners.com/lics/vg1)

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Share Price*	Post-Tax NTA <sup>1</sup>	Portfolio Size <sup>2</sup>
<b>\$2.23</b>	<b>\$2.52</b>	<b>\$1.0bn</b>

[1 Latest Monthly NTA Statement](#)  
[2 Latest Weekly NTA Update](#)  
[3 Latest Investor Letter](#)  
[4 IH20 Financial Report](#)  
[5 Share Price Graph](#)

**ASX: VG1 | Listing date: 28 September 2017**

VGI provides investors with access to a concentrated portfolio, predominantly comprised of long investments and short positions in global listed securities. It is actively managed by VGI Partners (the Manager) with a focus on capital preservation. VGI will typically invest in 10-25 long investments, of which 10-15 will be considered core. The top five long investments will usually represent between 40-50% of the portfolio's NAV.

\*Share price is delayed by 20 minutes. Net Tangible Assets (NTA) per share and portfolio size as at 31-Jan-2020. Weekly NTA Updates are available under ASX Releases.

- Board +
- Key Dates +
- Briefings +
- Monthly NTA Statements +
- ASX Releases +

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- Financial Results: June Year +
- AGMs +
- Investor Letters +
- Independent Research +
- Prospectus +
- Corporate Governance +

# Questions

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