

VGI PARTNERS

VGI Partners Limited
ABN 33 129 188 450
39 Phillip Street
Sydney NSW 2000 Australia
T. +61 2 9237 8900
www.vgipartners.com

AFSL No. 321789 | SEC Registered

21 April 2020

ASX Market Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

Chairman's Annual General Meeting Address

Attached is a copy of the address to be given at today's Annual General Meeting by Mr. Robert Luciano, Executive Chairman.

Ian Cameron
Company Secretary

For investor queries, please contact:

Ingrid Groer, CFA
Head of Investor Relations

VGI Partners Limited

Phone: 1800 571 917 (inside Australia)
+61 2 9237 8923 (outside Australia)

Email: investor.relations@vgipartners.com

VGI Partners Limited **2020 Annual General Meeting** **Tuesday 21 April 2020 – 10:30am**

Good morning everyone.

Thank you for joining us today for our 2020 Annual General Meeting.

My name is Robert Luciano and I am the Executive Chairman of VGI Partners Limited.

The Company Secretary has advised me that we have a quorum, so I declare the meeting open.

If there is no objection, the notice of meeting, which was sent to shareholders on the 20th of March, will be taken as read.

As you would all be aware, legal restrictions in relation to physical meetings have required that we hold this meeting as a Virtual Annual General Meeting.

I am chairing the meeting from the VGI Partners office in Sydney, and Douglas Tynan is in the room with me. Doug is an Executive Director and our Head of Research.

Dialling in from other locations we have the rest of the Board – Jaye Gardner, David Jones, Benjamin Pronk and Darren Steinberg.

Also in attendance is our Company Secretary – Ian Cameron – and representatives of our share registry, Boardroom. Our auditors, Deloitte, are represented by Jon Corbett and Stuart Alexander.

This is our first AGM since VGI Partners listed on the Australian Securities Exchange in June last year. I would have hoped to meet many of you personally today and it is not quite the same holding the meeting online and over the phone.

However, we will do our best to use technology to replicate the key features of a physical meeting while also keeping the meeting as succinct as possible.

Most importantly, those of you have logged into the webcast with your username and password will have the opportunity to submit questions online as well as vote on the resolutions.

If you have already prepared a question, please feel free to submit it at any time and we will aim to answer it at the appropriate stage.

If your question relates to a specific resolution, please state the resolution number at the start of the question.

With regards to voting, to give you ample time to vote, I am going to open the polls now.

This means you can submit your votes at any time between now and when I close the polls at the end of the meeting. If you change your mind about any vote, you can also override your original vote between now and when the polls close.

VGI PARTNERS

For those of you who have logged into the webcast as a guest, you will be able to view our webcast but not submit questions or vote.

If you have joined over the phone, please note this is a listen-only facility. I should also point out that if you are listening on the phone but viewing the webcast you may experience a lag of ten seconds or more on the webcast. It may be simpler just to use the webcast for the sound as well.

Turning now to our agenda for today which is shown on slide 3.

As shown here, I will give a short introductory address, after which there will be an opportunity to ask general questions.

We will then move to the resolutions. I will take questions on each resolution before we collect the votes.

I will now deliver my formal address.

On behalf of the Board, I want to thank you for participating in today's virtual Annual General Meeting. I hope you and your families are safe and well.

If we start by looking back over the year, I'm sure that for all of us 2019 now feels like a very long time ago. However, this was a year in which your company achieved several milestones, including listing on the ASX in June.

We made a purposeful decision to make access to the initial public offering available only to VGI Partners fund investors – many of whom had been invested with us for over a decade. The IPO was conducted in tandem with a \$300 million raising for our listed investment company VGI Partners Global Investments, which is known by its exchange ticker VG1.

In the second half of the year we launched an Asian investment strategy and raised over \$550m for VGI Partners Asian Investments, our second listed investment company, which is known as VG8.

Meeting the establishment costs of VG8 was our largest single investment during the year. We also continued to invest in all aspects of our operations, adding capability across our investment, finance, operations and investor relations functions. We expanded our team in Tokyo and recruited a data scientist – our first – in New York.

Due largely to the VG8 IPO and the VG1 capital raising, VGI Partners' funds under management grew 48% during 2019 to \$3.1 bn.

Management fees increased to \$32m in 2019, reflecting the growth in funds under management. During the year we recorded performance fees of \$37m. Cost increases during the year mostly related to an increase in the size of our team.

The company's normalised Net Profit After Tax was \$33m.

We declared two fully franked dividends subsequent to listing, totaling 34.9 cents per share.

VGI PARTNERS

Your company's revenue is dependent upon our funds under management and the performance of the VGI Partners funds.

Our funds had a strong first half in 2019, but we found the investment landscape extremely challenging during the second half of the year.

We discussed the prevailing environment in our January 2020 investor letters, noting that we finished the year on high alert as we believed the investment landscape was not normal. Asset valuations appeared to us to be artificially inflated by historically low risk-free rates, and there was a consequential desperation among investors to chase any remaining skerrick of return.

These were difficult conditions for us as our primary focus is on delivering attractive risk-adjusted returns for all investors while avoiding any permanent loss of capital. As a consequence, we maintained relatively high cash balances and relatively low net market exposure in the latter part of the year.

Almost four months later, the world has changed in ways we never expected.

The COVID-19 pandemic has had practical ramifications for our business as we get used to many of our staff working from home in Sydney, and our staff in Tokyo and New York are all working remotely.

Social distancing and twice daily temperature checks are now an unfortunate necessity for those members of the investment team who continue to work from our Sydney office.

We have also been navigating heightened volatility in financial markets as expectations around the public health and economic impact of COVID-19 evolve.

While we claim no special expertise in assessing the course of the pandemic, we are surprised by the confidence markets are showing in the likely effect of stimulus in mitigating its economic repercussions.

In time we will learn whether this confidence is well-founded.

We believe the impact of COVID-19 is unparalleled. Compared with the other periods of volatility witnessed during my working life – which include the Asian currency crisis, the collapse of Long-Term Capital Management, the tech wreck, September 11 and the global financial crisis – this current shock is quite different and frankly unprecedented.

This time we are dealing with a broad-based consumer crisis stemming from an economic shut-down rather than a financial crisis.

We have never before seen entire economies put into hibernation with the result that, in the space of only a few weeks, tens of millions of people have joined the ranks of the unemployed or underemployed.

A long and deep global Recession seems unavoidable. Fiscal stimulus may possibly save us from a deep Depression.

Markets have rallied hard off their March lows, but we are deeply concerned. We don't yet know what shape the consumer or economy will be in when this situation settles but there is no basis for optimism in the data to date.

VGI PARTNERS

The range of potential scenarios for how things unfold from here – coupled with the market's apparent confidence that the eventual recovery will be V-shaped – is creating fresh challenges for how we position our portfolios.

Whatever the environment, there is no fundamental change to our investment approach. We invest in high-quality businesses that are easy to understand and that trade at prices we believe exhibit a sufficient margin of safety – that is, trading at prices that are significantly below our assessment of the intrinsic value of the business. Second, we use little or no leverage and keep prudent cash buffers.

In some cases, we have used recent volatility to build our position in businesses that have been on our target list. However, we remain very cautious and have also increased our short positions and cash weightings in the last couple of months.

While our primary focus is on managing our portfolios in a changing environment, we are also concerned for the hardship that many Australian families will experience in coming months.

With this in mind, VGI Partners and the VGI Partners Foundation have pledged a \$100,000 donation to Mission Australia, a charity which provides integrated nationwide services in a range of areas including helping people to find safe and affordable housing, supporting disadvantaged children and families, empowering troubled young people, and assisting people with mental illness and disability.

This year our Foundation is on track to allocate at least \$500,000 to charities. Since inception, VGI Partners has made charitable contributions of around \$6m.

In closing, I would like to thank all of you – our shareholders – for your ongoing support and investment with VGI Partners.

End of Chairman's Address