

25 August 2020

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

BY ELECTRONIC LODGEMENT

## **Half Year Report and Financial Statements for the half year ended 30 June 2020**

VGI Partners Limited (ASX: VGI) hereby lodges:

- Appendix 4D for the half year ended 30 June 2020; and
- Financial Report for the half year ended 30 June 2020, incorporating the Directors' Report to Shareholders and Financial Statements.

Authorised for release by:

**Ian Cameron**  
**Company Secretary**

For investor queries, please contact:

**Ingrid Groer, CFA**  
**Head of Investor Relations**

VGI Partners Limited

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# VGI PARTNERS

## Appendix 4D Half Year Report

Company	VGI Partners Limited
ASX code	VGI
Half year ended	30 June 2020
Previous corresponding period half year ended	30 June 2019
ABN	33 129 188 450

### Results for Announcement to the Market

Announcement to the market for VGI Partners Limited's consolidated group (**the Group**) should be read in conjunction with the attached 30 June 2020 half year Financial Report and the 2019 Annual Financial Report.

	\$'000	Up / down	% Movement
Income from ordinary activities	13,594	down	70%
Profit from ordinary activities after income tax	3,608	down	82%
Net profit attributable to members	3,608	down	82%
Total comprehensive income	3,642	down	82%

### Dividends

	Cents per share	Franked amount per share	Tax rate for franking credit
2020 interim dividend per share to be paid on 14 September 2020	5	5	27.5%
2019 final dividend per share paid on 18 March 2020	9.3	9.3	27.5%

### Interim dividend

Ex-date	31 August 2020
Record date	1 September 2020
Payment date	14 September 2020

### Net tangible assets \*

	30 June 2020	31 December 2019	30 June 2019
Net tangible assets per fully paid ordinary share **	\$1.56	\$1.58	\$1.33

\* Net tangible assets includes total assets per the financial statements less deferred tax and right of use assets.

\*\* Adjusted for pre-listing share conversion.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the Financial Report for the half year ended 30 June 2020.

This report is based on the Financial Report for the half year ended 30 June 2020, which has been reviewed by the Group's auditors, Deloitte Touche Tohmatsu. All the documents comprise the information required by Listing Rule 4.2A.

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**VGI PARTNERS LIMITED**  
**ABN 33 129 188 450**

**Consolidated Half Year Financial Report**  
**30 June 2020**

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# Corporate Directory

## Board of Directors

Robert M P Luciano  
David F Jones  
Douglas H Tynan  
Jaye L Gardner  
Benjamin A Pronk  
Darren J Steinberg

## Company Secretary

Ian J Cameron

## Head of Investor Relations

Ingrid L Groer

T: 1800 571 917 (inside Australia)  
T: +61 2 9237 8923 (outside Australia)  
E: [investor.relations@vgipartners.com](mailto:investor.relations@vgipartners.com)

## Registered Office

39 Phillip Street  
Sydney NSW 2000  
Australia

## Website

[www.vgipartners.com](http://www.vgipartners.com)

## Share Registrar

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
T: 1300 737 760 (inside Australia)  
T: +61 2 9290 9600 (outside Australia)  
E: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

## Auditor

Deloitte Touche Tohmatsu  
225 George Street  
Sydney NSW 2000  
T: +61 2 9322 7000

## ASX Code

VGI

## Investment Manager

VGI Partners Limited  
AFSL 321789

# Directors' Report

The Directors of VGI Partners Limited (**the Company**) present their Directors' Report together with the Financial Report for the half year ended 30 June 2020 and independent review report thereon. The condensed half year Financial Report represents the Company and its consolidated entities (**VGI Partners or the Group**).

## Directors

The following persons were directors of the Company during the half year and up to the date of this report:

Name	Position	Date Appointed
Robert M P Luciano	Executive Chairman and Managing Director	15 January 2008
David F Jones	Executive Director	8 August 2018
Douglas H Tynan *	Non-Executive Director	1 February 2011
Jaye L Gardner	Non-Executive Director	12 May 2019
Benjamin A Pronk	Non-Executive Director	12 May 2019
Darren J Steinberg	Non-Executive Director	12 May 2019

\* On 22 June 2020, Douglas Tynan resigned from his executive role with VGI Partners. Prior to this date Mr Tynan was an Executive Director but he now serves on the board of VGI Partners as a non-executive director.

## Operating and financial review

The Group recorded total revenue from ordinary activities for the half year of \$13,594,000 (2019: \$45,304,000) and profit after tax for the half year of \$3,608,000 (2019: \$20,560,000). The Group's operating expenses totalled \$7,503,000 (2019: \$10,826,000, excluding one-off equity raising costs).

The Group is in a strong financial position with a debt-free balance sheet, and at 30 June 2020 reported net tangible assets per share of \$1.56.

The Group recorded normalised net profit after tax (**NPAT**) of \$9,851,000 for the half year (2019: \$24,162,000). Normalised NPAT excludes unrealised fair value adjustments of \$5.7 million and non-cash amortisation expense of \$2.5 million together with the tax effect of these adjustments of \$1.9 million. Normalised NPAT and other measures of underlying performance have not been prepared in accordance with IFRS and have not been audited.

	Half year ended 30 June 2020 \$'000	Half year ended 30 June 2019 \$'000 **
<b>Profit for the period (as disclosed in the Financial Report) (see Statement of Profit or Loss and Other Comprehensive Income)</b>	<b>3,608</b>	<b>20,560</b>
<u>Management adjustments:</u>		
Equity raising costs – initial public offering ( <b>IPO</b> )	–	5,724
Amortisation of contract assets – consideration paid to customers (see note 3)	2,503	(576)
Fair value movement of investments in VGI Partners Global Investments Limited ( <b>VG1</b> ) and VGI Partners Asian Investments Limited ( <b>VG8</b> )	5,671	(2)
Tax effect on above (at 30%) *	(1,931)	(1,544)
<b>Normalised NPAT</b>	<b>9,851</b>	<b>24,162</b>

\* Accounted for at the full corporate tax rate of 30%, being the assumed go-forward rate. The amortisation expense of \$1,734,000 on the contract asset relating to the VG8 IPO alignment shares is non-deductible.

\*\* 2019 normalised NPAT has been adjusted to align with the 31 December 2019 Annual Report.



## Directors' Report

The Group's revenue is dependent upon our funds under management and the performance of the VGI Partners Funds.

During the half year, we navigated heightened volatility in financial markets following the outbreak of the COVID-19 global pandemic.

Portfolios managed by the Group were conservatively positioned, with significant short exposure, as the market rebounded in the June quarter. This detracted significantly from the performance of the VGI Partners Funds and, as a result, minimal performance fee revenue was recorded for the half year ended 30 June 2020.

A meaningful portion of the Group's capital is invested in ordinary shares in VG1 and VG8. At 30 June 2020, the Group held investments measured at fair value in VG1 and VG8 of \$26,435,000, compared with \$29,016,000 at 31 December 2019. During the half year ended 30 June 2020, the Group recorded a loss of \$5,671,000 on its VG1 and VG8 investments, largely because the share price performance of VG1 and VG8 lagged the performance of the underlying VG1 and VG8 investment portfolios.

As at 30 June 2020, funds under management (**FUM**) were A\$2.9 billion (31 December 2019: A\$3.1 billion). The reduction in FUM during the half year ended 30 June 2020 was primarily attributable to the performance of the underlying portfolio of investments held by the VGI Partners Funds.

The safety and well-being of staff is a high priority. As the COVID-19 crisis intensified, we followed government guidance with many of our staff working from home in Sydney, Tokyo and New York. With staff already set-up to work from home, our operations were not interrupted through this period. At the reporting date, most staff have returned to working from the office with appropriate precautions in place.

While our primary focus is on managing our portfolios in a changing environment, we are also concerned for the hardship that many Australian families have been experiencing. With this in mind, the Group has made donations of \$263,000 (2019: \$309,000) during the half year ended 30 June 2020. Of these amounts, \$213,000 (2019: \$305,000) was donated to the VGI Partners Foundation from management and performance fees earned by the Group from the VGI Partners Master Fund Charitable Foundation Class. Additionally, an amount of \$50,000 was donated to Mission Australia (2019: \$4,000 to other charities).

Since inception in 2008, VGI Partners has made charitable and in kind contributions in excess of \$6,000,000.

### Significant changes in the state of affairs

On 22 June 2020, the Group announced that Douglas Tynan resigned as an Executive Director for personal reasons. The Board would like to thank Douglas for his valuable contribution to the growth of VGI Partners over 12 years. Mr Tynan will now serve on the board of VGI Partners as a non-executive director.

Other than as noted above and in the Operating and financial review section, there have been no other significant changes in the state of affairs.

### Dividends

A dividend of \$6,483,937 (9.3 cents per share) was paid on 18 March 2020. This dividend was franked at a 27.5% tax rate.

### Subsequent events

On 13 July 2020, the Group reported to the Australian Securities Exchange (**ASX**) that its FUM was A\$2.9 billion as at 30 June 2020.

After the balance date, the Directors declared a franked dividend of 5 cents per share, which will be paid on 14 September 2020.

The Directors are not aware of any other event or circumstance since the end of the financial period, not otherwise dealt with in the financial statements, that has affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

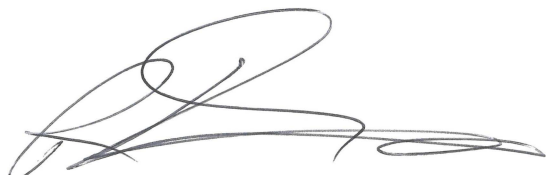
**Rounding**

In accordance with ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191 amounts in the Directors' Report and the Condensed Consolidated Financial Statements have been rounded to the nearest thousand dollars or in certain circumstances, to the nearest dollar (where indicated).

**Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001***

A copy of the auditor's independence declaration is set out on page 6.

Signed on behalf and in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'R. Luciano', with a long horizontal flourish extending to the right.

**Robert M P Luciano, CFA**

Executive Chairman and Managing Director

Sydney

25 August 2020

The Board of Directors  
VGI Partners Limited  
39 Philip Street  
Sydney NSW 2000

25 August 2020

Dear Directors,

### **Auditor's Independence Declaration to VGI Partners Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of VGI Partners Limited.

As lead audit partner for the review of the half-year financial report of VGI Partners Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett  
Partner  
Chartered Accountants  
Sydney, 25 August 2020

## Directors' Declaration

In the Directors' opinion:

- (i) the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*;
- (ii) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half year ended on that date; and
- (iii) there are reasonable grounds at the date of this declaration, to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



**Robert M P Luciano, CFA**

Executive Chairman and Managing Director

Sydney

25 August 2020

# Condensed Consolidated Financial Statements

## Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2020

	Note	Half year ended 30 June 2020 \$'000	Half year ended 30 June 2019 \$'000
<b>Income</b>			
Management fees *	3	18,881	12,395
Performance fees	3	103	32,837
Net foreign exchange gain / (loss)		119	(10)
Net (loss) / gain on financial assets measured at fair value through profit or loss		(5,671)	2
Interest income		133	80
Dividend income		29	–
<b>Total net income</b>		<b>13,594</b>	<b>45,304</b>
<b>Expenses</b>			
Personnel expenses		(3,819)	(5,597)
Research, IT and communications expenses		(1,220)	(1,953)
Occupancy expenses **		(118)	(229)
Depreciation and amortisation **		(426)	(380)
Donations	4	(263)	(309)
Equity raising costs – IPO		–	(5,724)
Finance costs **		(45)	(9)
Other expenses		(1,612)	(1,664)
<b>Total expenses</b>		<b>(7,503)</b>	<b>(15,865)</b>
<b>Profit before tax</b>		<b>6,091</b>	<b>29,439</b>
Income tax expense		(2,483)	(8,879)
<b>Profit for the period</b>		<b>3,608</b>	<b>20,560</b>
<b>Other comprehensive income, net of income tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		34	–
<b>Total comprehensive income for the period</b>		<b>3,642</b>	<b>20,560</b>
<b>Profit attributable to:</b>			
Owners of the Company		<b>3,608</b>	<b>20,560</b>
<b>Total comprehensive income is attributable to:</b>			
Owners of the Company		<b>3,642</b>	<b>20,560</b>
<b>Earnings per share:</b>			
Basic (cents per share)		5.17	37.46
Diluted (cents per share)		5.06	37.37

\* 2019 numbers include reclassification of certain Profit or Loss items. Please refer to note 3 for additional information.

\*\* 2019 numbers include the immaterial reclassification of certain expenses as a result of the application of AASB 16 Leases, and to align with the 31 December 2019 Annual Report.

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

## Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 \$'000	31 December 2019 \$'000
<b>Assets</b>			
Cash and cash equivalents		41,133	29,340
Trade and other receivables	7	4,236	8,373
Income tax receivable		–	2,074
Contract assets	5	5,043	4,982
<b>Total current assets</b>		<b>50,412</b>	<b>44,769</b>
Property, plant and equipment		1,050	1,225
Financial assets at fair value through profit or loss	6	26,435	29,016
Right of use asset		1,424	1,422
Deferred tax asset		3,578	4,313
Contract assets	5	41,510	43,485
Other assets		415	383
<b>Total non-current assets</b>		<b>74,412</b>	<b>79,844</b>
<b>Total assets</b>		<b>124,824</b>	<b>124,613</b>
<b>Liabilities</b>			
Trade and other payables		1,558	1,199
Income tax payable		1,987	–
Employee entitlements		1,577	1,672
Lease liability		477	278
<b>Total current liabilities</b>		<b>5,599</b>	<b>3,149</b>
Employee entitlements		353	114
Deferred tax liability		4,122	4,352
Lease liability		1,030	1,185
<b>Total non-current liabilities</b>		<b>5,505</b>	<b>5,651</b>
<b>Total liabilities</b>		<b>11,104</b>	<b>8,800</b>
<b>Net assets</b>		<b>113,720</b>	<b>115,813</b>
<b>Equity</b>			
Share capital	8	107,903	107,314
Reserves		937	743
Retained earnings		4,880	7,756
<b>Total shareholders' equity</b>		<b>113,720</b>	<b>115,813</b>

The above Condensed Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the half year ended 30 June 2020

	Note	Share Capital \$'000	FCTR * \$'000	Share Based Payment Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 January 2019</b>		<b>616</b>	<b>–</b>	<b>–</b>	<b>9,481</b>	<b>10,097</b>
Adjustment to retained earnings from contract asset revenue		–	–	–	324	324
Share alignment		(41)	–	–	–	(41)
Issue of ordinary shares		75,000	–	–	–	75,000
Share based payments		–	–	569	–	569
IPO costs attributable to equity **		(3,874)	–	–	–	(3,874)
Deferred tax on capitalised IPO costs **		1,162	–	–	–	1,162
Profit for the period		–	–	–	20,560	20,560
Exchange rate translation impact of foreign subsidiaries		–	2	–	–	2
Dividends paid	9	–	–	–	(12,832)	(12,832)
<b>Balance at 30 June 2019</b>		<b>72,863</b>	<b>2</b>	<b>569</b>	<b>17,533</b>	<b>90,967</b>
<b>Balance at 1 January 2020</b>		<b>107,314</b>	<b>16</b>	<b>727</b>	<b>7,756</b>	<b>115,813</b>
Profit for the period		–	–	–	3,608	3,608
VG8 alignment shares	5 & 8	589	–	–	–	589
Share based payments		–	–	160	–	160
Exchange rate translation impact of foreign subsidiaries		–	34	–	–	34
Dividends paid	9	–	–	–	(6,484)	(6,484)
<b>Balance at 30 June 2020</b>		<b>107,903</b>	<b>50</b>	<b>887</b>	<b>4,880</b>	<b>113,720</b>

\* FCTR = foreign currency translation reserve.

\*\* IPO = initial public offering.

The above Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

## Statement of Cash Flows

For the half year ended 30 June 2020

	Note	Half year ended 30 June 2020 \$'000	Half year ended 30 June 2019 \$'000 *
<b>Cash flows from operating activities</b>			
Receipts from customers		26,437	14,218
Income taxes received / (paid)		2,082	(2,630)
Payments to suppliers and employees		(7,181)	(5,849)
Interest received		131	80
Finance costs paid *		(45)	(9)
<b>Net cash inflows from operating activities</b>		<b>21,424</b>	<b>5,810</b>
<b>Cash flows from investing activities</b>			
Payments to acquire property, plant and equipment		(45)	(254)
Purchase of financial assets		(3,061)	(63)
Purchase of other assets		(32)	–
<b>Net cash outflows from investing activities</b>		<b>(3,138)</b>	<b>(317)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	9	(6,484)	(12,832)
Proceeds from the issue of equity shares		–	75,000
Options premium received		–	569
Share alignment		–	(41)
Repayment of lease liability *		(163)	(54)
<b>Net cash (outflows) / inflows from financing activities</b>		<b>(6,647)</b>	<b>62,642</b>
Net increase in cash and cash equivalents		11,639	68,135
Cash and cash equivalents at the beginning of the period		29,340	7,799
Effects of exchange rate changes on the balance of cash held in foreign currencies		154	26
<b>Cash and cash equivalents at the end of the period</b>		<b>41,133</b>	<b>75,960</b>
<b>Non-cash Activities **</b>		<b>29</b>	<b>2,203</b>

\* 2019 numbers include immaterial reclassification of certain cash flow items as a result of the application of AASB 16 Leases, and to align with the 31 December 2019 Annual Report.

\*\* Non-cash activities of:

(a) For the half year ended 30 June 2020, \$29,000 relates to dividend income from VG1 whereby VG1 shares were acquired in accordance with VG1's dividend reinvestment plan.

(b) For the half year ended 30 June 2019, \$2,203,000 relates to the dividends that Robert Luciano, Douglas Tynan and Robert Poiner received (on an after-tax basis) from the Company, attributable to VG1 performance fees, which were reinvested into fully paid ordinary shares of VG1 in January 2019.

The above Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.



# Notes to the Condensed Consolidated Financial Statements

For the half year ended 30 June 2020

## 1 Summary of Significant Accounting Policies

The significant accounting policies adopted have been consistently applied to all the periods presented and are consistent with those adopted and disclosed in the Group's 2019 Annual Financial Report, unless otherwise stated.

The condensed half year Financial Report is for the Group which consists of VGI Partners Limited and its controlled entities.

### (a) Basis of Preparation

The condensed half year Financial Report for the period ended 30 June 2020 has been prepared in accordance with the *Corporations Act 2001 and AASB 134 Interim Financial Reporting*, as appropriate for for-profit oriented entities.

The condensed half year Financial Report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements should be read in conjunction with the most recent Annual Financial Report as at 31 December 2019 and any public announcements made by the Company during the reporting period.

### (b) Statement of compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board (**AASB**) and International Financial Reporting Standards as issued by the International Accounting Standards Board (**IASB**).

### (c) Application of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and which became mandatory for the current reporting period. This has not had any significant impact on the amounts recognised in the financial statements.

### (d) Rounding

In accordance with ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191 amounts in the Directors' Report and the Condensed Consolidated Financial Statements have been rounded to the nearest thousand dollars or in certain circumstances, to the nearest dollar (where indicated).

### (e) Accounting standards issued but not yet effective

The Group does not consider that any accounting standards issued but not yet effective will have any significant impact on the financial statements in future reporting periods.

### (f) Accounting estimates and judgements

Accounting estimates and judgements made in this condensed half year Financial Report are consistent with those disclosed in the previous annual financial report.

## 2 Operating segments

The main business activities of the group are the provision of investment management services. The Board of Directors are identified as the Chief Operating Decision Makers (**CODM**), and they consider the performance of the main business activities on an aggregated basis to determine the allocation of resources. Other activities undertaken by the Group, including investing activities, are incidental to the main business activities. Based on the internal reports that are regularly reviewed by the CODM, the Group has one operating segment being the provision of investment management services with the objective of offering investment funds to investors primarily in Australia and New Zealand.

### 3 Revenue from contracts with customers

Revenue is measured at an amount that reflects the consideration the Group is expected to be entitled to in exchange for providing services to its customers, net of rebates to foundations for which we manage funds on a pro bono basis and the VG1 Fee Waiver as part of the VG1 IPO. The criteria for recognition are outlined below:

- Management fees: The revenue from contracts with customers, recognised over time as it is earned, based on the applicable investment management agreements. The fees are based on a percentage of the portfolio value of the fund or mandate and paid following the end of each month in arrears.

Regarding the VG1 Fee Waiver, the terms of the Company's investment management agreement with VG1 provide that no management fee would be payable until the management fee that would have otherwise been payable equals the total costs of \$14.4 million paid by VG1 in connection with its IPO. The Company received no management fees from VG1 up until late April 2019. Since then, the Company has been receiving monthly management fees from VG1, in cash, calculated as 1.5% of FUM per annum.

- Performance fees: The revenue from contracts with customers is recognised as income at the end of the relevant period to which the performance fee relates (being the period over which the entity has provided the relevant services). This is when the Group's measurement of the fees is no longer uncertain, and entitlement can be established. Accordingly, until this point performance fees are unable to be recognised as they cannot be measured reliably, and it is highly probable that there could be a significant reversal of revenue.

#### Disaggregation of revenue

	Half year ended 30 June 2020 \$'000	Half year ended 30 June 2019 \$'000
Services provided over time – management fees	22,193	12,504
Operating costs of VGI Partners Funds *	(809)	(685)
Amortisation of contract asset **	(2,503)	576
<b>Total management fees</b>	<b>18,881</b>	<b>12,395</b>
<b>Total performance fees</b>	<b>103</b>	<b>32,837</b>

\* VGI Partners Funds includes two unlisted funds (AUD and USD denominated), Individually Managed Accounts, VG1 and VG8.

\*\* As part of the VG1 and VG8 IPOs, the Group recognised the costs as contract assets. The appropriate accounting treatment has resulted in the asset being unwound and amortised as a reduction of revenue under the Investment Management Agreement, being 10 years. Refer to note 5 for additional information.

Performance fees may be earned from the VGI Partners Funds (as defined in footnote above). Performance fees are generally subject to a 'high-water mark' arrangement or a deficit clause, which ensures that fees are not earned more than once on the same performance. The Group's entitlement to future performance fees from the VGI Partners Funds is dependent on the net asset value of the relevant portfolio exceeding the high-water mark. The high-water mark is the net asset value price at the end of the most recent calculation period for which the Group was entitled to a performance fee, adjusted for additions and redemptions. Each VGI Partners Fund has its performance fee calculated based on performance over a specific period of time determined in its Investment Management Agreement, constitution or trust deed.

As the majority of the VGI Partners Funds have performance fees calculated at 30 June, performance fees have historically been weighted towards the first half of the calendar year. The Group manages VG1 and VG8 and is entitled to be paid a performance fee semi-annually in arrears, subject to a high-water mark mechanism.

#### 4 Donations

Since establishment in 2008, the Group has actively supported charitable and community causes. The VGI Partners Foundation was formed in 2018 together with the establishment of a new Charitable Foundation Class of investment in the VGI Partners Master Fund, with 100% of management fees and performance fees earned by the Group on that class to be donated to The VGI Partners Foundation in perpetuity.

During the half year ended 30 June 2020, the Group made donations of \$263,000 (2019: \$309,000). Of these amounts, \$213,000 (2019: \$305,000) was donated to the VGI Partners Foundation from management and performance fees earned by the Group from the VGI Partners Master Fund Charitable Foundation Class. Additionally, an amount of \$50,000 was donated to Mission Australia by the Group (2019: \$4,000 to other charities).

#### 5 Contract assets – consideration paid to customers

	30 June 2020 \$'000	31 December 2019 \$'000
VG1 IPO – Offer costs (VG1 Fee Waiver) *	2,088	2,232
VG8 IPO – Offer costs *	11,652	12,276
VG8 IPO – alignment share costs *	32,813	33,959
<b>Total</b>	<b>46,553</b>	<b>48,467</b>
Current	5,043	4,982
Non-current	41,510	43,485
<b>Total</b>	<b>46,553</b>	<b>48,467</b>

\* Net of amortisation expense.

VGI Partners Asian Investments Limited (ASX: VG8) was admitted to the Official List of the ASX in November 2019. To align initial investors for the long term, the Company issued ordinary shares in VGI Partners Limited (ASX: VGI) to all Applicants that received an allocation of shares under the VG8 Offer.

The Company issued 2,652,012 ordinary shares (VG8 alignment shares) in VGI Partners Limited, valued at \$34,476,156 on 12 November 2019 using the closing price of \$13.00, for zero cost to the recipients. These shares were issued on 12 November 2019 and began trading on the ASX on 13 November 2019.

Directors and their associates and related entities could only receive their VGI shares following the receipt of shareholder approval. Approval was sought and obtained at the VGI AGM on 21 April 2020. On 22 April, the Company issued 60,438 ordinary shares (VG8 alignment shares) in VGI Partners Limited. For accounting purposes, this was valued at \$589,271 using the closing price of \$9.75 and on the same terms as shares that were issued to other investors in VG8.

These costs have been recognised as contract assets since the shares issued are part of the securing of the management agreement in relation to VG8. The costs are also recoverable through the ongoing receipt of management fees.

#### Allowance for expected credit losses

Based on the analysis at the end of the reporting period, the impairment under the expected credit loss (ECL) method is considered to be immaterial and no amount is recognised in the financial statements. In this regard, the Group has taken into consideration the impacts of COVID-19 including the performance and liquidity of the VGI Partners Funds.

## 6 Financial assets at fair value through profit or loss

The Group measures and recognises its investments as financial assets and liabilities at fair value through profit or loss (FVTPL), on a recurring basis.

AASB 13 Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy, reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of these investments is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and liabilities measured and recognised at fair value, at the reporting date.

30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Listed investments held at FVTPL	26,435	–	–	26,435
<b>Total assets</b>	<b>26,435</b>	<b>–</b>	<b>–</b>	<b>26,435</b>
31 December 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Listed investments held at FVTPL	29,016	–	–	29,016
<b>Total assets</b>	<b>29,016</b>	<b>–</b>	<b>–</b>	<b>29,016</b>

For each class of financial assets and financial liabilities not measured at fair value, the carrying amount is a reasonable approximation of the item's fair value. There were no transfers between levels for recurring fair value measurements during the period.

## 7 Trade and other receivables

	30 June 2020 \$'000	31 December 2019 \$'000
Trade receivables and accruals	3,639	7,869
GST receivable (net)	–	458
Prepayments	595	46
Interest receivable	2	–
<b>Total</b>	<b>4,236</b>	<b>8,373</b>

Trade receivables mainly consist of management and performance fees that are received between seven and 31 days after the balance date.

### Allowance for expected credit losses

Based on the analysis at the end of the reporting period, the impairment under the ECL method is considered to be immaterial and no amount is recognised in the financial statements. In this regard, the Group has taken into consideration the impacts of COVID-19 including the performance and liquidity of the VGI Partners Funds.

**8 Issued capital**

	30 June 2020 Number	31 December 2019 Number	30 June 2020 \$'000	31 December 2019 \$'000
Ordinary shares	69,780,160	69,719,722	107,903	107,314
<b>Total issued and paid up capital</b>	<b>69,780,160</b>	<b>69,719,722</b>	<b>107,903</b>	<b>107,314</b>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of shareholders.

In the event of the winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Refer to the movement during the period below:

Details	Date	Shares	\$'000
<b>Opening balance</b>	<b>1 January 2020</b>	<b>69,719,722</b>	<b>107,314</b>
VG8 alignment shares *	22 April 2020	60,438	589
<b>Closing balance</b>	<b>30 June 2020</b>	<b>69,780,160</b>	<b>107,903</b>

\* See note 5 for further details.

**9 Dividends**

	Half year ended 30 June 2020 \$'000	Half year ended 30 June 2019 \$'000
<b>Fully franked dividends declared during the period:</b>		
- 2.8 cents per share declared on 16 January 2019 and paid on 18 January 2019 *	—	1,500
- 4.1 cents per share *, declared on 29 January 2019 and paid on 29 January 2019 **	—	2,235
- Dividend on share alignment paid on 6 May 2019	—	122
- 16.8 cents per share declared on 13 May 2019 and paid on 21 June 2019	—	8,975
- 9.3 cents per share declared on 27 February 2020 and paid on 18 March 2020 ***	6,484	—
<b>Total</b>	<b>6,484</b>	<b>12,832</b>

\* Dividend per share adjusted for pre-listing share conversion and rounded to the nearest cent.

\*\* Dividend includes non-cash activities of \$2,203,000 relating to dividends paid to Robert M P Luciano, Douglas H Tynan, Robert J Poiner and their related entities as part of the VG1 reinvestment mechanism.

\*\*\* As a result of the Company being a base rate entity for the period ended 31 December 2019, the Company will only be able to frank dividends paid in the 2020 calendar year at the franking rate of 27.5%.

Post the end of the half year, the Directors have declared a dividend of 5 cents per share franked at 27.5%, which will be paid on 14 September 2020.

## 10 Related party transactions

### Ultimate parent entity

VGI Partners Limited is the ultimate parent entity.

### Subsidiaries

Interests in subsidiaries is as disclosed in the previous annual report.

### Related-party transactions

The Group provides investment management services to the following related parties:

- the VGI Partners Master Fund, an Australian unit trust, of which the Company is the trustee;
- the Group's ASX-listed investment companies, VG1 and VG8; and
- the VGI Partners Offshore Fund.

### VG1 and VG8 performance fee reinvestment mechanisms

Under the terms of separate reinvestment agreements, Mr Luciano, Mr Tynan and Mr Poiner and their related entities have agreed to invest, from the dividends they receive from the Group, their 'look through' after-tax share of performance fees received from managing VG1 and VG8 into fully paid ordinary shares in VG1 and VG8.

### Related-party fees

The total related-party fees recognised in the half years ended 30 June 2020 and 30 June 2019 are in the following table.

	Half year ended 30 June 2020 \$'000	Half year ended 30 June 2019 \$'000
Management and performance fees received / receivable from unconsolidated unlisted vehicles	8,204	23,252
Net expenses (paid / payable) on behalf of unlisted vehicles	(267)	(111)
Management and performance fees received / receivable from listed vehicles	11,623	11,257
Net expenses (paid / payable) on behalf of listed vehicles	(532)	(391)

The Group also receives management and performance fee income from non-related parties.

### Related parties' holdings of units in listed and unlisted vehicles

At 30 June 2020, the value of key management personnel (**KMP**) \* and / or their related parties' holdings in unlisted vehicles was \$28,040,542 (31 December 2019: \$29,716,470).

At 30 June 2020, the value of KMP \* and / or their related parties' holdings in listed vehicles (VG1 and VG8) was \$22,229,930 (31 December 2019: \$26,347,641).

\* As at 30 June 2020, Douglas Tynan remains a director and KMP of the Group.

### Loans to or from related parties

There were no loans to or from related parties at the current and previous reporting dates.

### Terms and conditions

All transactions were made on normal commercial terms and conditions, and at market rates.

## 11 Subsequent events

On 13 July 2020, the Group reported to the ASX that its FUM was A\$2.9 billion as at 30 June 2020.

After the balance date, the Directors declared a franked dividend of 5 cents per share, which will be paid on 14 September 2020.

The Directors are not aware of any other event or circumstance since the end of the financial period, not otherwise dealt with in the financial statements, that has affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

## **Independent Auditor's Review Report to the Members of VGI Partners Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of VGI Partners Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of VGI Partners Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of VGI Partners Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



# Deloitte.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of VGI Partners Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Jonathon Corbett  
Partner  
Chartered Accountants  
Sydney, 25 August 2020