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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. David Jones, Chairman.

Authorised for release by:

Ian Cameron
Company Secretary

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VGI Partners Global Investments Limited
2020 Annual General Meeting
Monday 16 November 2020 – 2pm

On behalf of VG1, I would like to welcome all shareholders to today's meeting. We thank you for your support of VG1.

As you know, we have a new format for the Annual General Meeting this year.

In previous years, my Chairman's Address was followed by the Portfolio Manager's Presentation before finishing with the Formal Business of the meeting.

As VGI Partners now manages two listed investment companies we have taken a different approach today. Robert Luciano and the team started the day's program with a comprehensive portfolio update – covering both VG1 and VG8 - by videoconference this morning.

This means that, with portfolio performance already addressed, the formal Annual General Meeting that you are attending now will be shorter and focused on the resolutions set out in the Notice of Meeting.

In order to ensure ample time for shareholder questions on the resolutions, I will keep these opening remarks relatively short. However, I think it is helpful to provide an overview of the subjects – in addition to governance and compliance - that have occupied the Board's attention over the last 12 months.

The primary area of focus of the VG1 Board this year has been to work with the Manager to consider how best to narrow, and in time close, the discount at which VG1 shares are trading to their Net Tangible Asset backing. I know this was covered at length this morning by Rob and the Investment Team, however, it is the key priority for the VG1 Board, so I reiterate now.

As you may recall, VG1 traded at a premium to Net Tangible Assets (NTA) for more than a year and a half post-IPO in September 2017. The shift to a discount occurred around the time of the VG1 equity raising last year and widened around the middle of this year. This coincided with a period where the performance of the VG1 portfolio fell short of our long-term objective and where premiums across the Listed Investment Company (LIC) sector generally shrank and discounts increased.

The Board and the Manager have a clear objective of eliminating this discount – and we are confident that it can and will be done. The Manager's interests are aligned with VG1 shareholders in wanting to see this situation addressed. VGI Partners, its board, staff and their families have almost \$40 million invested in VG1 alongside you.

We have watched closely as two other relatively large ASX-listed investment vehicles have gone from trading at a substantial discount to a premium over the last six months. In both of these examples, a combination of strong performance, some supportive capital initiatives and a real focus on investor relations have been key to success in addressing the discount.

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While portfolio performance is a matter squarely for the Manager, the VG1 Board has played an active role in reviewing and approving two shareholder-friendly capital initiatives and in working with the Manager on increasing our investor relations activity.

I foreshadowed the first of these at this meeting last year. In January 2020, we declared VG1's maiden dividend at a time when the Company had developed a sufficient franking credit balance. This interim dividend was 1 cent per share and was fully franked. It was followed by a final dividend, declared in August, of 1.5 cents per share.

The Board has taken the approach of setting the fully franked dividend at a level that we expect to be able to maintain, and hopefully grow, over the medium to long term.

Responding to feedback from shareholders, the Board introduced a Dividend Reinvestment Plan in advance of the first dividend payment – I note that when our shares are trading at a discount to NTA, the DRP is satisfied through the acquisition of VG1 shares on market. This has the twin benefits of providing participating shareholders with the opportunity to increase their shareholding at a discount to NTA while also providing incremental secondary market demand for VG1 shares.

Given the extent of the discount, the independent directors thought it appropriate to announce a second capital management initiative with the full year result in August. This is an on-market share buy-back for up to 10 per cent of VG1's issued share capital, to be implemented over a period of up to 12 months. We have been buying shares steadily under the buyback since it became operational in September.

Investor relations is the third critical area of focus in closing the discount – and while formal responsibility for IR sits with the Manager – it is an area of great interest to each of your Board members and has received considerable discussion at our Board meetings.

We concluded that, in spite of VGI Partners' heritage as a largely private firm, we needed to substantially increase our Investor Relations investment and activity.

The Manager received feedback earlier this year that increased ongoing disclosure of portfolio composition, and sharing more of the thinking behind individual investments, would be well received by investors.

VGI Partners responded with a series of initiatives including:

- revising the format of the monthly NTA statements to now show VG1's top 10 long positions and increased discussion of the drivers of monthly returns;
- secondly, providing more frequent videoconference updates with the investment team, which are available to all investors and advisers; and
- thirdly, a recent partnership with Livewire through which key members of the investment team are sharing insights into the VGI Partners' investment philosophy, process and individual investments. These videos are distributed to a broad audience of investors and advisers.

Positive feedback has been received in relation to each of these initiatives, particularly in our most recent roadshow in October. We are confident that the new approach of increased disclosure is the right one.

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We are also seeing the first tangible evidence of the discount to NTA narrowing. After peaking at 23% in August the discount had narrowed to 15% at the end of last week.

Clearly, there is a great deal more work to do. One area that remains a work in progress is further investment in the VGI Partners investor relations team. A number of additions have been made to the team in the last twelve months, including recruiting a business development specialist in Brisbane with ongoing responsibility for managing relationships with financial advisers in Queensland. VGI Partners will be making further additions to its investor relations team and capability in the coming months.

The Board is pleased with the response and commitment of the Manager to this substantial program and investment.

I look forward to reporting on our progress in closing the discount in the future.

At this point I would also like to acknowledge the hard work of the VGI Partners Investment and Operations teams across Sydney, Brisbane, New York and Tokyo. In an extremely challenging year, they have applied themselves with unstinting commitment to the task at hand.

Our Board has once again worked well over the past twelve months, and I would particularly like to thank our three independent directors for their ongoing contribution. We have made one change to the composition of the Board with Douglas Tynan stepping down from his seat on the VG1 Board in conjunction with his transition to a non-executive role at VGI Partners. We thank Doug for his contribution to our Board. We have elected not to replace Doug on the VG1 Board, with the result that the Board now has a majority of independent directors.

Finally, I would like to thank you all again for your support. We look forward to having a long-term partnership with you – especially as we, on the Board, are also investors alongside you.

That concludes my Chairman's address.