

VGI PARTNERS

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18 May 2021

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

BY ELECTRONIC LODGEMENT

Chairman's Annual General Meeting Address and CEO's Presentation

Attached is a copy of the address to be given by Mr. Robert Luciano, Executive Chairman, and slides to be presented by Jonathan Howie, Chief Executive Officer, at today's Annual General Meeting.

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VGI Partners Limited **2021 Annual General Meeting** **Tuesday 18 May 2021 – 10:30am**

On behalf of the Board, I want to thank you for participating in today's virtual Annual General Meeting.

We were pleased to report that VGI Partner's 2020 Normalised Profit was \$31m, down 8% on the prior corresponding period (pcp). Total dividends for the full year were 33c, 5% lower than the pcp. We ended the year with Funds Under Management (FUM) of \$3.1 billion, which was broadly flat on the start of the year and that has since grown to \$3.2 billion at the end of March. Our balance sheet remains strong. Our CEO, Jon Howie will take you through the details on the financials in his address.

I would now like to give a brief update on our portfolios.

The funds were well-positioned going into the COVID-19 pandemic, with both VG1 and VG8 generating positive returns in March 2020. This was in the context of markets falling 13% and many funds falling much further. However, we remained too conservatively positioned for most of the second quarter of 2020, and this negatively impacted returns for both investment strategies, primarily due to losses incurred from short positions and being fully exposed to the US Dollar at that time.

Around mid-year, we adjusted to the rapidly changing macro-economic environment, particularly the liquidity that was being pumped into financial markets and hedged our currency exposure and covered our single stock shorts.

In our long portfolio we exited some of our holdings which we believe had reached or exceeded our assessment of intrinsic value. We recycled this capital into businesses where we viewed COVID-19 as a catalyst to accelerate the underlying secular growth, making them long term beneficiaries of the many behavioural changes that took place in 2020.

Since we made these adjustments in mid-2020, we have been pleased with the performance of our global and Asian strategies. In the case of the global portfolio, the fiscal year-to-date performance to 30 April is 21.0%, net of all fees. The Asian strategy over the same period is up 13.5%, net, while holding 31% cash on average.

I should also flag that these returns have been achieved with a much lower risk profile than many other funds and the broader market itself. VGI targets absolute returns of 10-15% p.a., net of fees, through the cycle. In the 12 years since the inception of our Master Fund, we have achieved the top end of this range with a net equity exposure of 70% and with the use of little to no leverage.

If you would like to hear more about our global and Asian strategies, I provided a more detailed update at a webinar last Friday. A replay of this webinar is available on our website. For today's meeting, we would like to keep the questions focused on VGI Partners. So if you have any questions about our investment process or portfolio strategy, please feel free to submit them now, and we will endeavour to address as many as possible

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today. If you have any stock-specific questions on our portfolios, I would ask that you save them until after this meeting and then reach out to Investor Relations, who are always happy to assist.

I would like to acknowledge the Investment Team at this point. As many of you know, Douglas Tynan was our Head of Research for many years but resigned last June. As a result, we have restructured the investment team with the senior members of the team; Robert Poiner, Tom Davies and Marco Anselmi, are working directly with me and helping to manage the rest of the team. Robert, Tom and Marco have been working with me for 12 years, 9 years and 7 years respectively and have been the source of much idea generation over the years. Our younger analysts are also highly talented and contributing greatly to our process. In addition, we continue to recruit experienced investment executives, adding to the expertise of the team. I am very pleased with the new structure and the ease of the transition demonstrates the strength and depth we have in our investment team and the resilience of the investment processes that we have built over the past 13 years.

So, in closing, I would like to thank both the investment and operations team for their efforts over the past year. I am optimistic about the new portfolio we have built together and also what lies ahead.

I'd now like to take the opportunity to introduce Jonathan Howie, our new CEO. Jon joined us on 12 April, so has been with the firm for just over a month. Jon's most recent role was as Asia Pacific Head of Index Equity of BlackRock Investment Management in Hong Kong. Before that he was the Head of iShares Australia. We believe Jon has the skills to drive long-term value for all shareholders. His appointment will also allow me to spend more time on our portfolios.

In the few weeks that Jon has been here, he has already made a real and tangible impact. He is very focused on our clients and has spoken with a large number of investors and advisers already. Many of you would have also seen him on last week's webinar. I will now hand over to Jon to provide more details on his appointment and his initial thoughts, but I am very glad to have him on board.

End of Chairman's Address

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**VGI Partners Limited
(ASX:VGI)**

2021 Annual General Meeting – 18 May 2021

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Chairman's Address

Mr. Robert Luciano

Overview

- 2020 Normalised Net Profit After Tax of \$31m
 - Total dividends per share of 33.0c fully franked in 2020 – 75% payout ratio
 - Funds Under Management: \$3.1 billion (31 December 2020), \$3.2 billion (31 March 2021)
 - Portfolio update - 1Q20 strong performance, 2Q20 headwinds, rebound in 2H20 and 2021 year-to-date
 - Our investment approach is unchanged: investing in high-quality businesses trading below our assessment of their intrinsic value
 - Taking advantage of market volatility and selectively increasing single stock shorts
 - Appointment of Jonathan Howie as CEO
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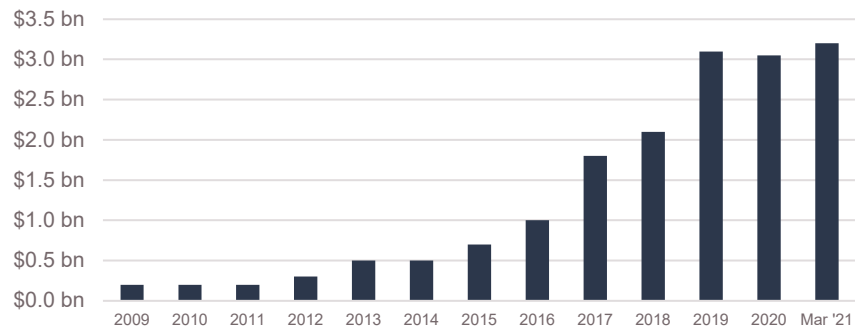
Chief Executive Officer's Address

Mr. Jonathan Howie

Funds Under Management (FUM) Year to 31 December 2020

- FUM of \$3.1 bn at 31 December 2020
- FUM up to \$3.2 bn as at 31 March 2021

VGI Partners FUM



Source: VGI Partners and Citco Fund Services.

Normalised Financials¹

Year to 31 December 2020

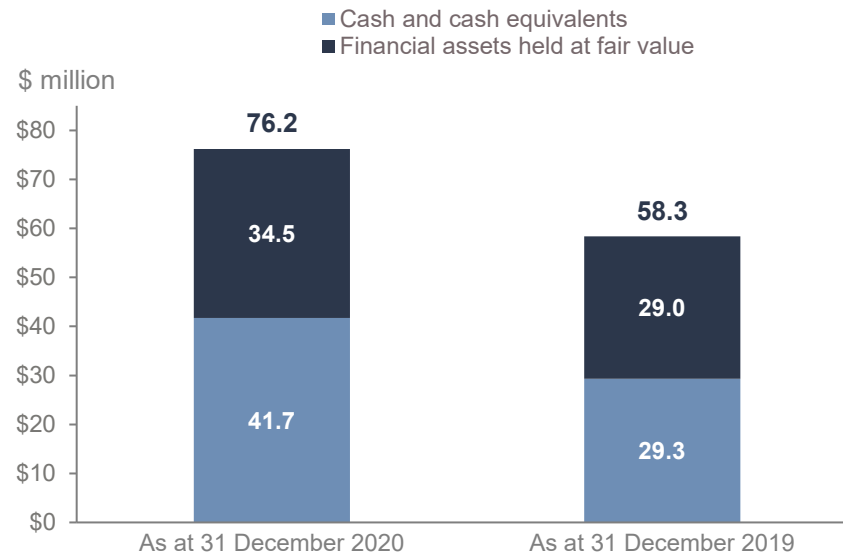
- Management fees up on FY19 given higher average FUM and end of VG1 fee waiver in April 2019
- Performance fees of \$21.1m
- Disciplined management of operating costs

Year to 31 December (\$ million) ¹	FY20	FY19
Income		
Management fees	43.1	32.4
Performance fees	21.1	36.7
Other income	(0.3)	(0.1)
Normalised total operating revenue	63.8	69.0
Normalised operating costs	(19.8)	(21.1)
Normalised net profit before tax	44.0	47.9
Normalised net profit after tax	30.7	33.5

¹ For a full reconciliation between normalised NPAT and statutory NPAT, refer to p22 of the FY20 Results Briefing Presentation released on the ASX on 23 February 2021.

Robust Balance Sheet and Liquidity Position Supported by liquid assets

- VGI had \$76.2 million of liquid assets as at 31 December 2020 with no debt
- Financial assets represent investments in VG1 and VG8 purchased on-market and at IPO
- A balance sheet that provides us with a strong foundation and optionality



Source: VGI Partners

Dividends

For the year ended 31 December 2020

- Final dividend of 28¢ per share (c.\$19.5 million), fully franked at 30%, paid March 2021
- Total dividends for FY20 of 33 cents per share
- FY20 dividends equate to 75% of normalised NPAT
- VGI's dividend policy targets a payout ratio of 50% to 75% of normalised NPAT¹

¹ Full details of the policy can be found in the VGI IPO Prospectus at page 58.

Continued Investment in Operational Capabilities 2020 and 2021

- Investment in trading execution and portfolio management system (Enfusion)
 - Migration to cloud-based systems across the firm (Azure Cloud)
 - Partnering with best-in-class service providers (IT, cyber security)
 - Modernising treasury management efficiently through software implementation (Hazeltree)
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Client Engagement

- New initiatives – quarterly Zoom portfolio briefings, Livewire videos, enhanced disclosure, LIC white paper, social media
- Hire of Matthew Newham, Investment Director – Distribution
- Further investment in Customer Relationship Management tools and data



EXPERT INSIGHTS

8TH FEB, 21

2 undervalued opportunities amid the market mania



LIVEWIRE
EXCLUSIVE

Livewire
Markets

FOLLOWING

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The atmosphere in the investment world of late has been nothing short of electric. In the space of a mere few days the VIX has spiked and fallen, GameStop – and now silver – has gripped the world, Jeff Bezos has stepped down from his cardboard-clad throne, and it seems everyone and their dog wants in.

Yet, there's something undeniably eerie about this major market mania ... After all, electric shocks tend to burn.

US households, according to the Fed, currently have 41% of their wealth allocated towards equities – just shy of the 47% record set prior to the tech wreck.

The special purpose acquisition company market – SPACs are essentially blank-cheque companies with no commercial operations, that raise capital to acquire other companies – raised an almost unbelievable A\$105 billion in 2020 and has already raised \$26 billion over the past month alone, as VGI Partners' Robert Poiner explains below.

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