

16 November 2021

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**  
**2021 Annual General Meeting**  
**Tuesday 16 November 2021 – 3pm**

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

Regarding today's format, I hope that you all had an opportunity to hear the portfolio update that Robert Luciano hosted this morning at 10am. This provided a comprehensive discussion of key stock holdings, earnings drivers and the outlook for VG1.

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.

**FY21 in review**

I will begin with a short review of FY21.

VG1's investment portfolio recorded a strong return of 25.6% for the 12 months to June 2021, after all fees and before tax. The net profit after tax was \$153.9m or 38.2 cents per share. Net Tangible Assets (or NTA) per share after tax increased 18.5% from \$2.27 to \$2.69 and 3 cents of fully franked dividends were paid during that period.

In May 2021, the VG1 Board announced an intention to target a fully franked dividend yield of 4% per annum, based on the Company's share price. As a result, VG1 declared a 5.5c fully franked dividend in August 2021, which was paid on 29 September. VG1 also maintained its Dividend Reinvestment Plan (DRP) and we were pleased to see participation rise from the previous period. Shares for the DRP were purchased on-market during September.

In setting our 4% yield target, we took into account a number of factors, including the sustainability of the dividend. Pleasingly, VG1 has a substantial profits reserve, which can be used to pay dividends in future. As at 30 June, VG1's profits reserve stood at \$258.8 million. This equates to 61.7 cents per share if you adjust for the 5.5 cent dividend just paid. This reserve can cover dividends at the 4% dividend target for many years into the future, even before including any profits that may be generated in coming periods.

We have received very positive feedback on the 4% dividend target from both advisers and retail shareholders – especially given cash rates and yields are currently very low on many other investments. We feel VG1 is a very attractive offering in that regard – that is, a fund that gives you exposure to global growth opportunities and a 4% fully franked yield.

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We were also very pleased to see VG1's share price return of 36.3% in FY21. This represented a material closing of the discount over the twelve months. While a discount still remained at the end of year, it had closed from its peak of around 23% in August 2020 to around 9% in June this year, so this gives us confidence that VG1's long-short global strategy does have enduring investor appeal.

A buy-back was also in operation during the fiscal year. As of today, around 26.5 million shares have been bought back, or 6.5% of VG1's capital. The buyback has been accretive to VG1 shareholders, given shares were bought at a discount to NTA.

## **Structural and corporate matters**

Now, although FY21 was a good year in terms of portfolio performance and narrowing the discount, your Board is aware of the frustration expressed by a number of shareholders that VG1 still persistently trades at a discount to NTA. As performance improved in FY21, the discount reduced into single digits, but then as the performance dipped in the September quarter of this year, the discount widened again. Whilst share price premiums and discounts are a phenomenon of the broader listed investment company sector, we want to see a meaningful improvement in this trading metric over time.

Over the past year, the Board approved several specific initiatives designed to reduce the discount. These included, as I mentioned earlier:

- Announcing the intention to target a fully franked dividend yield of 4% p.a.
- Implementing a capital management program from August 2020, that has seen over 26 million shares or 6.5% of VG1 issued shares cancelled through an on market buy-back.

Further, you will be aware that the Manager has implemented a series of strategic initiatives, supported by increased investment in distribution and marketing. Specific initiatives include:

- The creation of a Chief Executive Officer role at VGI and the appointment of Jonathan Howie. Jon has over 19 years' experience in investment management and wealth products, with extensive experience in strategy, platforms and distribution.
- Committing to quarterly portfolio update webcasts with the Senior Investment Team.
- Substantial investments on the technology front, including upgrading Customer Relationship Management (or CRM) software earlier this year.
- Expansion of the Manager's team to improve shareholder engagement and marketing.

In addition to the initiatives outlined above, the Manager has informed the Board that it has engaged external advisers to assist in reviewing other options to address the discount to NTA.

The Manager has advised the Board that this review process is ongoing, and that it intends to revert to the Board within the first quarter of calendar 2022 with any further recommendations for consideration by the Board.

Pending the outcome of this review by the Manager, the Board has determined it is prudent to pause the VG1 buy-back.

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## **Conclusion**

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. The Board thanks you for your dedication, especially during another year which had its challenges due to lockdowns and other global developments that are unprecedented.