

# **VGI Partners Global Investments Limited**

(ASX Code: VG1)

**1H 2018 Investor Briefing**

**8 February 2018**

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# Contents

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- The Manager, Investment Mandate and Philosophy
- Net Investment Performance
- Portfolio Update
- General Market Commentary
- Performance Fee Reinvestment
- Shareholder Engagement
- Questions

- 
- The Manager, Investment Mandate and Philosophy
  - Net Investment Performance
  - Portfolio Update
  - General Market Commentary
  - Performance Fee Reinvestment
  - Shareholder Engagement
  - Questions

## The Manager – VGI Partners

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- Boutique manager, focussing on global equities. Long biased, concentrated strategy with selective shorting. Minimal to no leverage utilised
- 16 staff based in Sydney and New York; 9 investment and 7 operations staff
- Deploys a single investment strategy across two funds (AUD/USD), IMAs and VG1
- The Manager is closed to new investment into any of its unlisted funds or IMAs from 1 December 2017, other than funds which had been pre-committed prior
- VGI Partners' global long/short equities strategy is now only accessible to investors via investing in shares of VG1

# Investment Mandate and Philosophy

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- Global listed equities portfolio: comprising long, short and cash
- Focus on risk-adjusted returns

## Capital Preservation

*Do not lose money*

## Long-Term Compound Growth

*10-15% p.a. net of fees*

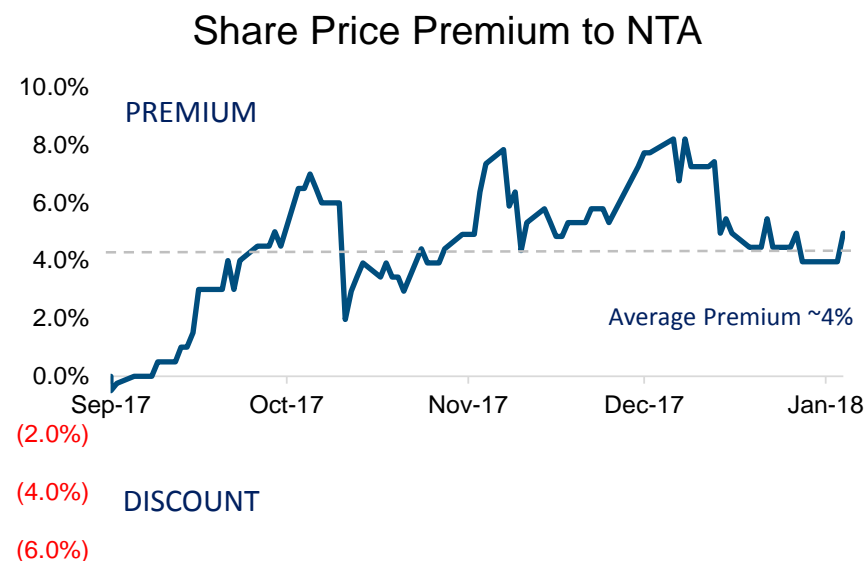
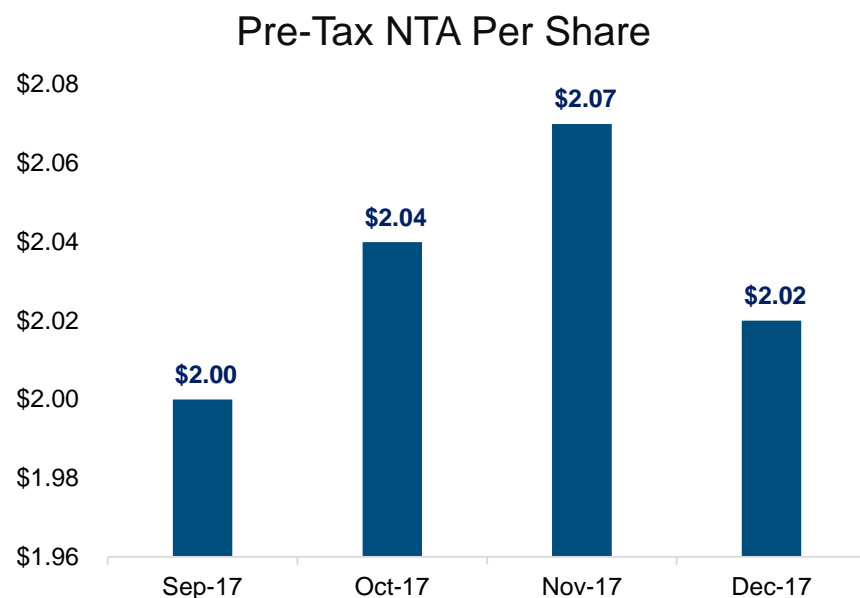
## Portfolio Concentration

*Top 5 long investments = 40-50%*

- 
- The Manager, Investment Mandate and Philosophy
  - Net Investment Performance
  - Portfolio Update
  - General Market Commentary
  - Performance Fee Reinvestment
  - Shareholder Engagement
  - Questions

## Net Investment Performance – 25 September to 31 December 2017

- NTA grew 1.0% to \$2.02 per share as at 31 December 2017
- VG1 has traded at an average premium of over 4% to Pre-tax NTA since listing

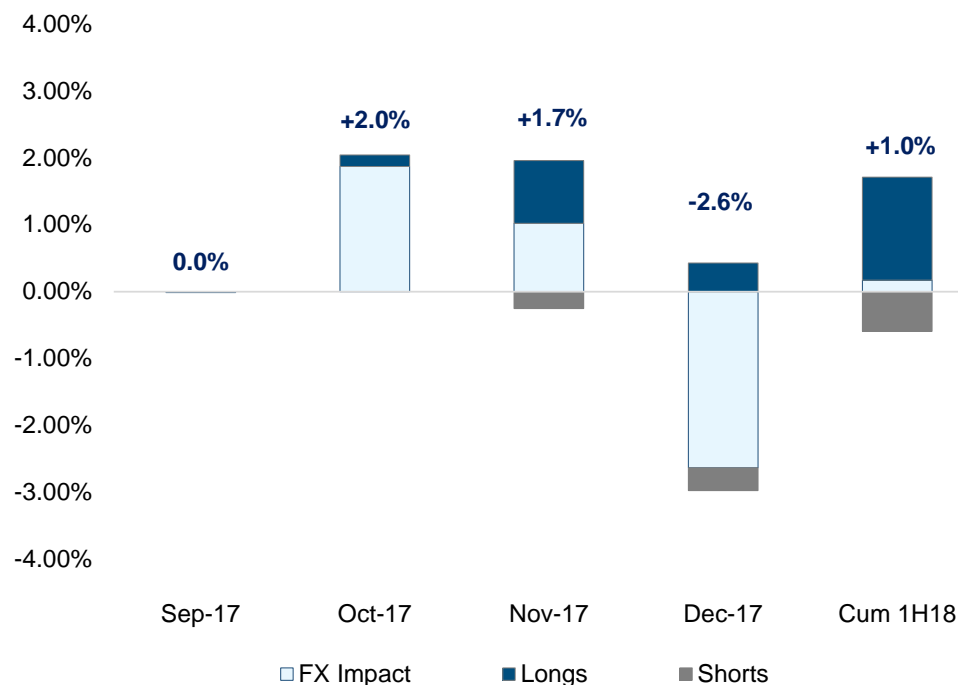


Source: Citco Fund Services and Bloomberg. Performance is shown after all applicable fees and charges. The NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.01 per share as at 31 December 2017.

- No dividend declared



# Performance Attribution – 25 September to 31 December 2017



NTA Performance for the Period	Contribution
Long Positions	1.5%
Short Positions	-0.6%
Currency	0.1%
<b>Net Performance (after all fees)</b>	<b>1.0%</b>

Largest Long Contributors	Contribution
CME Group Inc.	0.3%
Medibank Private Limited	0.2%
Colgate Palmolive Co.	0.2%
<b>Total Contribution of Above</b>	<b>0.7%</b>
<b>Total Contribution from Longs</b>	<b>1.5%</b>

Source: VGI Partners, Citco Fund Services and Bloomberg.

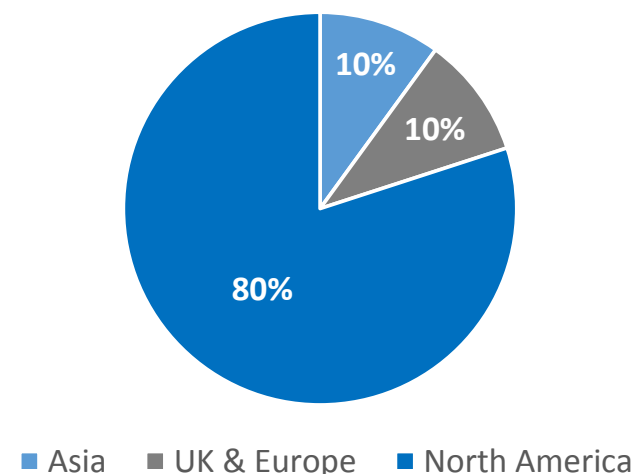
- 
- The Manager, Investment Mandate and Philosophy
  - Net Investment Performance
  - Portfolio Update
  - General Market Commentary
  - Performance Fee Reinvestment
  - Shareholder Engagement
  - Questions

# Portfolio Update as at 31 December 2017

Month End Exposures	31 December 2017
Long Equity Exposure	35%
Short Equity Exposure	10%
Gross Equity Exposure	45% (35% + 10%)
Net Equity Exposure	25% (35% - 10%)
Cash Weighting	75%

Top 5 Long Positions	31 December 2017
CME Group Inc.	5.3%
Colgate Palmolive Co.	4.6%
The Coca Cola Co.	3.4%
Zillow Group Inc.	3.1%
Praxair Inc.	2.8%
<b>Total</b>	<b>19.2%</b>

Long Portfolio by Location of Exchange Listing



Net Currency Exposure	31 December 2017
GBP	2%
USD	98%

Source: VGI Partners, Citco Fund Services.

## Portfolio Update – Deployment

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- The portfolio was invested to ~45% of targeted individual stock weightings at 31 December 2017
- We have been patiently and steadily deploying the portfolio, given our focus on preservation of investors' capital
- We are long term investors – the risk of relative underperformance in the short term is preferable to the risk of a permanent loss of capital
- It may take several more months to fully deploy the portfolio, depending on market conditions and stock specific opportunities

# CME Group Inc.



The largest derivatives exchange in the world with an effective monopoly in the exchange trading of US interest rate derivatives



Attractive industry structure

Strong volume growth

Benefits from higher inflation

70% EBITDA margins

Attractive valuation multiples

~4% dividend yield

# Colgate Palmolive Co



One of the world's largest consumer products companies with a dominant and growing market share of the global toothpaste market



Dominant global market share

Emerging market exposure

Strong brand loyalty

Gross margin expansion

Superior Return on Capital

Strong balance sheet

- 
- The Manager, Investment Mandate and Philosophy
  - Net Investment Performance
  - Portfolio Update
  - General Market Commentary
  - Performance Fee Reinvestment
  - Shareholder Engagement
  - Questions



## General Market Commentary

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- Asset prices globally are assuming low interest rates in perpetuity
- Few quality long opportunities offering a sufficient “margin of safety”
- High level of short screen “red flags”, particularly in Australia



- 
- The Manager, Investment Mandate and Philosophy
  - Net Investment Performance
  - Portfolio Update
  - General Market Commentary
  - Performance Fee Reinvestment
  - Shareholder Engagement
  - Questions

# Precedent Setting Commitments

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1. All **IPO costs will be recouped** by the Company
  - Day 1 NTA at Issue Price
  - No options required
2. The vast majority of **operating costs will be paid** by the Manager
3. VGI Partners principals will be **long term buyers of VG1 shares**
  - Reinvesting all performance fees earned (on an after tax basis) into VG1
  - Shares will escrowed for the long term (maximum extent permitted by law) with a minimum of 10 years
- Demonstrates true alignment of interests with VG1 shareholders

- 
- The Manager, Investment Mandate and Philosophy
  - Net Investment Performance
  - Portfolio Update
  - General Market Commentary
  - Performance Fee Reinvestment
  - Shareholder Engagement
  - Questions

# Shareholder Engagement

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Monthly NTA statements

Six-monthly investor letters

Half-yearly presentations

Half and full year result announcements

Independent research

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- 
- The Manager, Investment Mandate and Philosophy
  - Net Investment Performance
  - Portfolio Update
  - General Market Commentary
  - Performance Fee Reinvestment
  - Shareholder Engagement
  - Questions