

# **VGI Partners Global Investments Limited (ASX:VG1)**

FY19 Investor Briefing – 23 August 2019

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## VG1 FY19 Business Highlights

### Year to 30 June 2019

- \$50.6 million profit after-tax; 18c earnings per share
- Post-tax NTA grew 10.2% to \$2.39 over the year to June 2019 (after fees)
- Post-tax NTA rose further to \$2.45 as at 31 July 2019
- No dividend given primary objective is currently capital gains growth and limited franking credits
- \$300 million equity raising completed in June 2019. Entitlement Offer component oversubscribed by 15%
- Access to IPO in VGI Partners Limited (The Manager) made exclusively to participants in the VG1 raising
- Shares in VGI Partners up well over 100% on \$5.50 listing price

Year to 30 June (\$ million)	FY18	FY19
<b>Income</b>		
Net realised and unrealised gains on investments	58.9	86.1
Interest income	2.4	4.9
Dividend and other income	3.5	8.1
<b>Total income</b>	<b>64.8</b>	<b>99.0</b>
Total expenses	(17.4)	(28.6)
<b>Profit before tax</b>	<b>47.4</b>	<b>70.4</b>
Tax	(14.2)	(19.8)
<b>Profit after tax</b>	<b>33.2</b>	<b>50.6</b>

Note: Given VG1's listing in Sep 2017, earnings in FY18 are not representative of a full year of operations

# **VGI Partners**

# **The Manager**

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## VGI Partners (The Manager) Overview

- Specialist manager focusing on global equities. Long biased, concentrated strategy with selective shorting. Minimal to no leverage utilised
- Post IPO in June 2019, 80% owned by Robert Luciano, Douglas Tynan and Robert Poiner
- 28 staff in Sydney, New York and Tokyo
- Currently deploys a single investment strategy across two unlisted funds (AUD and USD), Individually Managed Accounts (IMAs) and VG1
- The Manager is closed to new investment into its unlisted funds and IMAs. VGI Partners' global long/short equities strategy is now only accessible via investing in VG1 shares or the limited remaining capacity in the Charitable Foundation Class
- Strong track record of Master Fund performance



## **VGI Partners (The Manager)**

### **Philosophy and Alignment of Interests**

<b>Capital Preservation</b>	Do not lose money
<b>Long-Term Compound Growth</b>	10-15% p.a. net of fees
<b>Portfolio Concentration</b>	Invest in best ideas

#### **Alignment of Interests**

- The Manager paid for VG1's upfront listing costs, plus VG1's transaction costs in the recent VG1 equity raising
- All VG1 operating costs (where permitted) paid by the Manager
- Founders of VGI Partners reinvest 100% of their pro-rata amount of VG1 performance fees

#### **Staff**

- Prohibited from buying securities outside of the Manager's funds and VGI Partners itself
- The entire investment team invests a material proportion of their net worth in VGI Partners and VGI Partners' funds
- Staff ownership of VGI and VG1

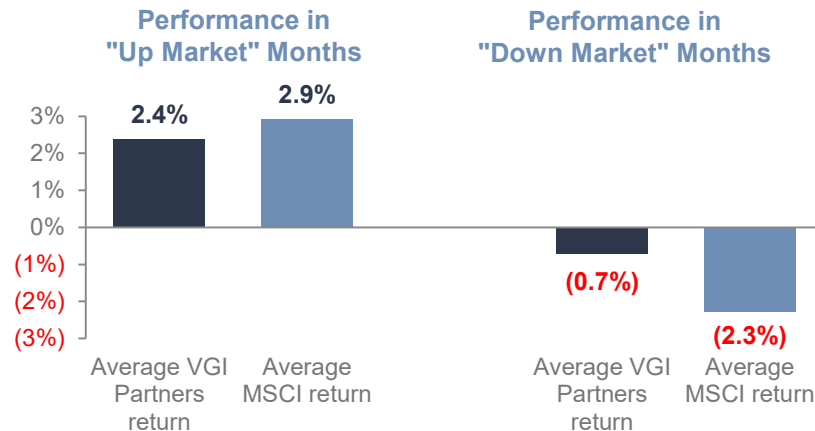
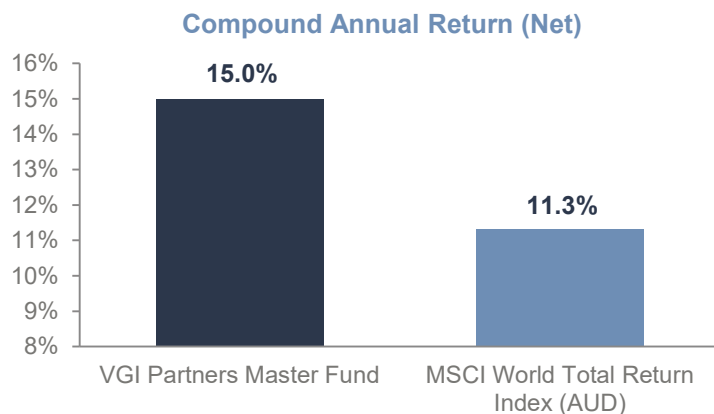
## VGI Partners Master Fund

### Long-Term Performance Objectives Achieved

Annual Compound Returns (% p.a.) To 30 June 2019	VGI Partners Master Fund Performance	Performance Objective Achieved (10-15% p.a.)
1 year	13.1%	✓
2 year rolling (p.a.)	16.6%	✓
3 year rolling (p.a.)	12.9%	✓
4 year rolling (p.a.)	12.9%	✓
5 year rolling (p.a.)	17.6%	✓
6 year rolling (p.a.)	16.2%	✓
7 year rolling (p.a.)	17.7%	✓
8 year rolling (p.a.)	16.1%	✓
9 year rolling (p.a.)	16.4%	✓
10 year rolling (p.a.)	15.5%	✓
Since inception (p.a.)	15.0%	✓

Source: VGI Partners and Citco Fund Services. Performance is shown after all applicable management and performance fees charged. The VGI Partners Master Fund inception date was 20 January 2009 and the Fund is AUD denominated.

## VGI Partners Master Fund: Capital Preservation Performance in Up/Down Months



Source: Citco Fund Services and Bloomberg. Performance is shown after all applicable management and performance fees charged. In the period to 30 June 2019 (a total of 126 months since inception), there has been 78 "up market" months and 48 "down market" months. MSCI = MSCI World Total Return Index (AUD).

# **VGI Partners Global Investments Limited (ASX:VG1)**

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## VG1 Net Investment Performance Year to 30 June 2019

- Post-tax NTA grew 10.2% to \$2.39 over the year to June 2019
- An increase of 20.3% since inception, or 11.2% compound annual growth
- Post-tax NTA rose further to \$2.45 as at 31 July 2019
- VG1 has traded at an average premium to post-tax NTA of over 4% since listing
- Current discount likely due to rebalancing of VG1 holdings post the concurrent VG1 equity raising and IPO of VGI Partners (The Manager)
- VGI has the capacity to buy VG1 shares on-market and VG1 may also buy to satisfy the performance fee reinvestment mechanism

VG1 Share Price and Post-Tax NTA (\$ per share)



Source: Citco Fund Services and Bloomberg. Performance is shown after all applicable fees and charges. Post-tax NTA is calculated after tax on realised gains/losses, deferred tax assets and deferred tax liabilities, but before allowing for deferred tax liabilities/deferred tax assets on unrealised gains/losses. The NTA after including deferred tax liabilities/deferred tax assets on unrealised gains/losses was \$2.31 per share as at 30 June 2019. Share price and post-tax NTA data has been adjusted for VG1's recent capital raisings (applying an adjustment factor for data pre-rights issue).

## VG1 Performance Attribution Year to 30 June 2019

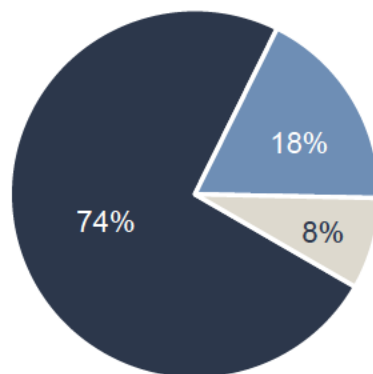
	30 June 2019
<b>VG1 NTA Performance</b>	
Long Investments	6.2%
Short Positions	0.7%
<b>Stock Contribution</b>	<b>6.9%</b>
Currency	3.3%
<b>Net Performance (after all fees)</b>	<b>10.2%</b>

Source: VGI Partners, Citco Fund Services, Bloomberg.

	30 June 2019
<b>Top Long Contributors</b>	
CME Group Inc.	2.4%
MasterCard Inc.	2.2%
Amazon.com Inc.	1.5%
Linde plc	1.3%
Medibank Private Ltd.	1.3%
Colgate Palmolive Co.	1.1%
<b>Total Contribution of Above</b>	<b>9.8%</b>
<b>Largest Long Detractor</b>	
Zillow	-1.6%

## VG1 Portfolio Update as at 30 June 2019

### Long Portfolio by Location of Exchange Listing



■ North America   ■ Asia<sup>1</sup>   ■ UK & Europe

<sup>1</sup> Asia includes ASX listed securities.  
 Source: VGI Partners, Citco Fund Services.

30 June 2019

### Top 5 Long Investments

CME Group Inc.	9%
Amazon.com Inc.	7%
Colgate Palmolive Co.	6%
Spotify Technology SA	6%
MasterCard Inc.	5%

**Total** **33%**

### Month End Exposures

Long Equity Exposure	70%
Short Equity Exposure	(18)%
Gross Equity Exposure	88% (70% + 18%)
Net Equity Exposure	52% (70% - 18%)
Cash Weighting	48%

### Net Currency Exposure

**USD** **100%**

## **General Market Commentary**

- ▶ Due to the low interest rate environment, high-quality businesses continue to trade at valuations which imply unlikely levels of growth into perpetuity, combined with an expectation that interest rates will remain low forever
- ▶ We believe market volatility will provide attractive opportunities in the future
- ▶ VG1 retains a high level of cash, held in USD

## Shareholder Engagement

**Please elect electronic  
communications to  
stay informed**

Investor Letter from  
the Manager in  
January and July  
each year

Half-year and  
full-year result  
conference calls

AGM in November  
each year

Annual national  
roadshow including  
briefings in Sydney,  
Melbourne, Adelaide,  
Perth and Brisbane.  
Dates announced soon.

Independent Research

- Zenith
- Independent  
Investment  
Research (IIR)

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# Questions

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