

30 November 2023

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

2023 Annual General Meeting – Chairman’s Address

In accordance with ASX Listing Rule 3.13.3, VGI Partners Global Investments Limited (ASX:VG1) attaches a copy of the address to be given at today’s Annual General Meeting by David Jones, Chairman.

Authorised for release by:

Ian Cameron, Company Secretary



Investor contact information:

Ingrid Groer, CFA
VGI Partners Global Investments Limited
Phone: 1800 571 917 (inside Australia)
+61 2 8197 4390 (outside Australia)
Email: investor.relations@vgipartners.com

VGI Partners Global Investments Limited
2023 Annual General Meeting
Thursday 30 November 2023 – 1pm

On behalf of the Board of VGI Partners Global Investments Limited, I would like to welcome all shareholders to today's annual general meeting. We thank you for your support of VG1.

Regarding today's meeting format, as many of you would be aware, the VG1 Investment Team and Phil King provided a detailed portfolio update by webinar a few weeks ago. I hope you all had an opportunity to watch this but, for those who missed it, there is a replay available on the VG1 website.

Given this recent portfolio update, the focus this afternoon will be on the Formal Business, as set out in the Notice of Meeting, and I will keep my opening remarks relatively short to ensure that we have plenty of time for shareholder questions.

FY23 in Review

Turning firstly to a review of FY23, in the 12 months to June 2023, the Company reported a net profit after tax of \$53.8 million, representing earnings per share of 15.1 cents. This outcome was achieved in a year of heightened inflation and sharply rising interest rates, both of which can be challenging for equity markets. Against this backdrop, the Company delivered a net portfolio return of +13.9%. Pleasingly, VG1 shareholders also benefited from a reduction in the discount to net tangible assets (NTA) and received a total shareholder return of +17.3% over the year. This metric takes into account the increase in share price and dividends, and is before including any benefit from franking.

With regard to the portfolio return, it is also important to keep in mind that this was achieved with an average net equity exposure of 59%. The relatively low exposure reflected the portfolio's cautious positioning for the first half of the fiscal year – when the portfolio had an average net exposure of 47% – and was during a period when share prices of technology stocks were particularly under pressure. Many key global and US-based indices recorded returns in the low single digits, or even negative returns, during this period. In a rapid reversal of events, global indices rebounded in the six months to June 2023 and the investment team quickly repositioned the portfolio for this change of conditions, with the portfolio returning +19.7% in the second half of the financial year.

During FY23, two dividends were paid, comprising a 73% franked dividend of 4.5 cents per share in September 2022 and a fully franked dividend, also of 4.5 cents per share, in March 2023. These dividends were in line with the Company's announcement in August 2022 that its dividend policy would target a dividend of at least 4.5 cents per share every six months.

It is also worth reiterating at this point that a key benefit of VG1 being a listed investment company is its ability to smooth its dividends. This is because a listed investment company, unlike a unit trust, can choose to allocate undistributed profits to a profits reserve, out of which future dividends can be paid. At 30 June 2023, the Company's profits reserve was \$242.3m.

VGI PARTNERS

Global Investments

Due to this strong position, the Company declared a final fully franked dividend for FY23 of 5 cents per share, which was paid in September. Following this, in October the Company formally increased its dividend payout target to at least 5 cents per share every six months.

We have received positive feedback from shareholders on this updated dividend policy, especially given the current economic climate, where many people are seeking investments that provide a regular income payment. The new annual dividend rate of 10 cents per annum represents a net dividend yield of 6.3% at yesterday's closing price, or 9.0% gross yield if those dividends are fully franked. After adjusting for the payment of the recent dividend, the profits reserve is just over \$225m, equivalent to approximately 7 years of coverage at the new six-monthly rate of 5 cents per share.

On the subject of capital management, in FY23, the on-market buy-back was also very active, with over 33 million shares purchased for approximately \$50.2 million. A further 14.0 million have been bought between the end of June 2023 and today. This represents a total of 81.2 million shares (or approximately 20% of VG1's capital) that have been acquired and cancelled since VG1's buy-back initially launched in mid-CY20. The Board continues to support this buy-back program on the basis that it is accretive to shareholders (when conducted at a discount) and provides additional liquidity to those seeking to trade. On 2 August 2023, the Company announced the renewal of the on-market buyback for an additional 12 months, and later in today's meeting, we will be seeking shareholder approval for a resolution to increase VG1's buy-back capacity from 10% of capital to 25% for the next 12 months.

Manager Update

Turning now to corporate aspects, many of you would recall that VG1's investment manager, VGI Partners, merged with Regal Funds Management in June 2022. This has been positive on a number of fronts – and it has been particularly pleasing to see VG1's strong portfolio performance of +13.4% for the year to October, which occurred after the team completed a thorough review of the portfolio in mid-2022 and made a number of changes to some longstanding positions.

As stated at the time of the merger, one of the benefits of joining with Regal was that it would allow the VGI team to access and collaborate with Regal's sector and regional specialists, such as their analyst team in Singapore. This collaboration has continued to deliver positive benefits, enabling VGI's team to increase the number of stocks under consideration and diversify the portfolio into areas where Regal has particular expertise, such as healthcare and energy-related industrials.

Regal has continued to broaden and strengthen its global equities capabilities, including recently announcing the acquisition of specialist global equities investment manager PM Capital.

We have also seen an improvement in the performance of VG1's short portfolio. This was clearly evident in October when the MSCI World index fell 2.9% on a net return basis, but the VG1 portfolio rose +3.4%, with shorts adding materially to the return.

This increased depth of capability and broader diversity of investment team members has benefited shareholders well, as most recently evidenced by the smooth transition of investment responsibilities following the departure of VGI Chief Investment Officer Robert Luciano.

VGI PARTNERS

Global Investments

Further, VG1 and the VGI team have also benefited from Regal's experienced distribution and marketing team, which continues to expand, as well as Regal's operational, trade and risk management support. In particular, it was pleasing to see that one of the earliest steps in the integration was the rollout of Regal's proprietary IT and trading systems to the VGI Partners portfolios, enabling management to access a firmwide view of portfolio attribution and risk management metrics, and providing additional data for the investment team to assess performance, conduct back-testing and assist with portfolio construction.

In terms of closing VG1's discount to NTA, we continue to believe that investment performance, shareholder engagement and capital management (including the dividend policy and buy-backs) are all key, and we note that the Manager is continuing to focus on delivering in all these areas.

We are also aware that shareholders are always keen to see that the Manager is aligned with them, and note that entities and funds associated with Regal Partners and Phil King, on a combined basis, became a substantial shareholder in VG1 in August with a stake of approximately 6.4%. I hope this helps to demonstrate to VG1's shareholders that the Regal team is very focused on achieving alignment, and that everyone is very motivated to increase both the Company's net tangible assets and its share price.

Conclusion

In closing, I would like to acknowledge a number of people. Firstly, on behalf of the Board, I would like to thank Robert Luciano, who established VG1 in 2017 and the VGI Partners business in 2008. Robert has clearly dedicated many years to the broader business and we thank him for his contribution to portfolio management over the years, including the challenging period of the COVID pandemic and the macroeconomic events that followed. We wish him well for the future.

We also thank the investment and operations teams at VGI Partners and Regal Partners for their ongoing stewardship of our shareholders' wealth.

Finally, we thank our shareholders. We understand there have been some challenges over the years, but hopefully you can see the progress that has been made in the last year. As mentioned, the team is very aligned with you, our shareholders, and will do their utmost to deliver the best outcomes possible.

Key Metrics

FY23 Net Portfolio Return

+13.9%

FY23 Share Price Return

+17.3%

FY23 Dividends Declared

9.5cps

New Dividend Target

5cps each
six months

Dividend Yield¹ at Target

+6.3% yield
pre-franking

FY23 On-Market Buy-back

>33m shares
for \$50m

¹ Based on VG1's share price at 29 November 2023.

Source: Bloomberg, Regal Partners. Past performance is not a reliable indicator of future performance.