

**VGI
PARTNERS**
Global Investments

VGI Partners
Global Investments Limited
ABN 91 619 660 721
39 Phillip Street
Sydney NSW 2000 Australia
T. +61 2 9237 8923
www.vgipartners.com/lics/vg1

18 August 2020

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

BY ELECTRONIC LODGEMENT

Annual Report and Financial Statements for the year ended 30 June 2020

VGI Partners Global Investments Limited (ASX: VG1) hereby lodges:

- Appendix 4E for the year ended 30 June 2020; and
- Annual Report for the year ended 30 June 2020, incorporating the Chairman's Letter and Financial Statements.

Authorised for release by:

Ian Cameron
Company Secretary

For investor queries, please contact:

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Head of Investor Relations

VGI Partners Global Investments Limited

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Appendix 4E

for the year ended 30 June 2020

Reporting periods

| | |
|-------------------------------|----------------------------|
| Current reporting period | 1 July 2019 - 30 June 2020 |
| Previous corresponding period | 1 July 2018 - 30 June 2019 |

Results for announcement to the market

| | 2020 \$ | Up / down | Movement % |
|---|------------|-----------|---------------|
| Loss from ordinary activities | 41,218,181 | down | n/a |
| Loss after tax for the period | 45,475,840 | down | n/a |
| Loss from ordinary activities after tax attributable to members | 45,475,840 | down | n/a |

Dividend information

| | Cents per share | Franked amount per share | Tax rate for franking | Movement % |
|---------------------------------------|--------------------|--------------------------------|--------------------------|---------------|
| 2020 Final dividend cents per share | 1.5 | 1.5 | 30% | 50 |
| 2020 Interim dividend cents per share | 1 | 1 | 30% | – |

Final dividend dates

| | |
|--------------|-------------------|
| Ex-date | 24 August 2020 |
| Record date | 25 August 2020 |
| Payment date | 23 September 2020 |

Dividend reinvestment plan

The Dividend Reinvestment Plan (**DRP**) is in operation for shareholders in the Company and the recommended fully franked dividend of 1.5 cents per share qualifies.

| Net tangible assets per share | 30 June 2020 | 30 June 2019 | 30 June 2018 |
|--|--------------|--------------|--------------|
| Pre-tax | \$2.21 | \$2.40 | \$2.17 |
| Post-tax excluding deferred tax liabilities / deferred tax assets on unrealised gains / losses | \$2.27 | \$2.39 | \$2.18 |
| Post-tax including deferred tax liabilities / deferred tax assets on unrealised gains / losses | \$2.19 | \$2.31 | \$2.12 |

Brief explanation of results and Company outlook

Refer to the attached 2020 Annual Report. Additional Appendix 4E disclosure requirements can be found in the notes to the financial statements.

Audit

This report is based on the financial report which has been audited by Pitcher Partners. All the documents comprise the information required by Listing Rule 4.3A.

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**VGI
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ABN 91 619 660 721

2020 Annual Report
Year ended 30 June 2020

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Annual General Meeting 2020

Monday 16 November 2020
11:15am
The Barnet Long Room, Customs House
31 Alfred Street
Sydney NSW 2000

Notice of the Annual General Meeting will be forwarded to all shareholders separately.

Corporate Governance

The Board of Directors of VGI Partners Global Investments Limited ABN 91 619 660 721 (**VG1** or **the Company**) is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (**CGS**) in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations.

The Company's CGS is available on the Company's website at www.vgipartners.com/lics/vg1 under the "Other VG1 Resources" section.

Letter from the Chairman

Dear Fellow Shareholders,

I would like to thank all shareholders in VGI Partners Global Investments Limited for your continued support of the company during the 2020 financial year (**FY20**).

Financial Highlights

The Company's post-tax net tangible assets (**NTA**) per share have grown by 15.2% since inception in September 2017 to \$2.27 as at 30 June 2020¹. This represents 5.3% compound annual growth. The post-tax NTA has since risen to \$2.31 as at 31 July 2020.

As described later in this letter, market conditions were challenging during the financial year, and the Company's post-tax NTA declined by 4.3% (2019: +10.2%). As a result, the Company's post-tax result was a loss of \$45.5 million.

The Company paid its inaugural dividend of 1 cent per share (fully franked) in April 2020 (\$4.1 million) and will pay another 1.5 cent per share (fully franked) dividend in September 2020 (\$6.1 million). The Company intends to continue paying six-monthly fully franked dividends in future, and subject to Board approval, aims to maintain and grow the level over time. A Dividend Reinvestment Plan was also launched in January 2020.

VG1 Investment Philosophy

The strategy for VG1 remains unchanged.

VG1 was established to provide investors with access to a concentrated portfolio, predominantly comprised of long investments and short positions in global listed securities, and the investment expertise of VGI Partners Limited (**VGI Partners**), the Manager.

The Manager has a risk-adjusted return philosophy which is implemented through three key tenets:

- **Capital preservation** – First, by investing in high-quality businesses that are easy to understand and that trade at prices which the Manager believes exhibit a sufficient 'margin of safety' – that is, trading at prices that are significantly below the intrinsic value of the business. And second, by using little or no leverage and keeping prudent cash buffers.
- **Superior long-term compound growth** – Great businesses purchased with a 'margin of safety' held for the long-term are best placed to provide superior compound returns.
- **Concentration** – The Manager aims to be concentrated enough in its best ideas so as not to dilute overall returns but hold enough long investments in order to provide an appropriate level of diversification. The top five long investments will typically represent 40-50% of the portfolio net asset value.

¹ VG1's NTA growth has been adjusted for the \$300 million raising that completed in June 2019.

With regard to growth, the Manager seeks to deliver superior risk-adjusted returns over the long-term, which the Manager and the Company considers to be an average compound annual return of 10% to 15% (after all fees and expenses) over a period of more than 5 years.

VG1 Portfolio

Turning to the portfolio, the VG1 portfolio's average monthly net equity exposure in the financial year was 60% (86% long investments less 26% short positions). This means that for every \$100,000 you had invested with VG1 during the year, you owned long \$86,000 of equities and had sold short \$26,000 of equities. This represents a net equity exposure of \$60,000 plus \$40,000 in cash.

VG1 seeks to replicate the VGI Partners Master Fund (**Master Fund**) over the long term, but in previous periods we have reported that performance diverged somewhat as VG1's capital was deployed more conservatively. For FY20, VG1's performance was slightly better than that of the Master Fund. A number of core positions only reached their target weight for VG1 when the market sell-off in March provided an attractive opportunity and we anticipate that, going forward, VG1's performance will more closely replicate the Master Fund as originally intended. Shareholders are reminded that the Master Fund has achieved compound returns of +12.9% p.a. (post fees and expenses) since inception in January 2009 to 30 June 2020.

More information about the composition and performance of VG1's portfolio can be found in the investor letter from the Manager, which was released on 15 July 2020 (**Manager Letter**) and which can be accessed on the Company's website at www.vgipartners.com/lics/vg1. The Manager Letter provides a detailed overview of the factors, which primarily relate to conservative positioning, that contributed to the disappointing performance of the VG1 portfolio in FY20.

In terms of stock positioning, the VG1 portfolio had 21 long investments and 3 short positions as at 30 June 2020. The top 5 long investments in the VG1 portfolio at 30 June 2020 were Amazon, Mastercard, Linde, CME Group and Yakult Honsha.

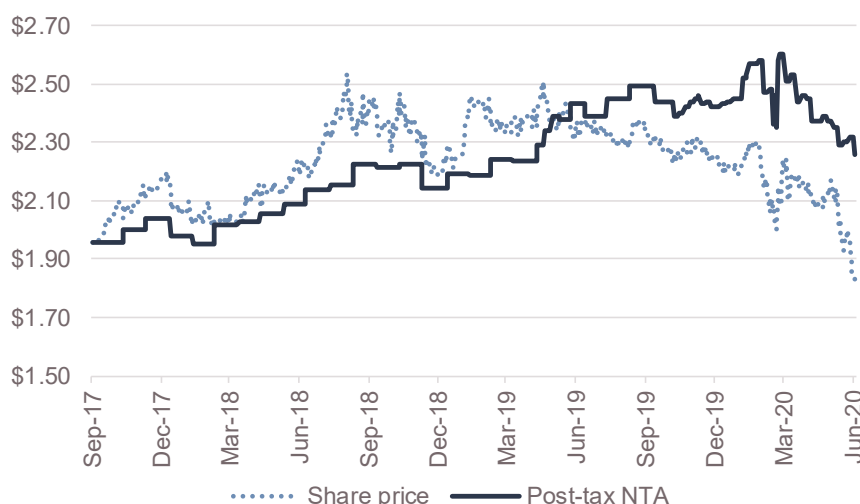
The Manager has indicated that, following a period of extraordinary change in the monetary and fiscal landscape globally, it intends to make some adjustments to how it manages the portfolio. These adjustments are discussed in the Manager Letter and will include operating with lower cash balances and more limited short selling.

VG1's Share Price Performance as a Listed Company

VG1's share price performance as a listed company lagged the performance of the underlying investment portfolio for the financial year.

The Company's total shareholder return (taking into account the share price and dividends paid) was -22.7% for the financial year. From inception through to 30 June 2020 VG1 shares had, on average, traded in line with NTA per share. However, shares have traded at a discount since May 2019 and the discount to NTA widened over the course of the financial year.

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



Source: Citco Fund Services, VGI Partners 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. Share price and post-tax NTA data has been adjusted for VG1's capital raising in 2019 (applying an adjustment factor for data pre-rights issue). Weekly NTA data since November 2019 estimated by VGI Partners.

In general, we believe the relationship between the trading price of a Listed Investment Company (LIC) and its NTA is driven by factors including the fund's performance, size and perceived scarcity of opportunity to access the investment strategy.

VG1 is one of the larger LICs listed on the ASX, and the on-market acquisition of shares in VG1 is the only means for new investors to access VGI Partners' global strategy, as the Manager's unlisted wholesale funds are closed to new investment. In addition, we have committed not to raise further capital into VG1 for the foreseeable future. This means that VG1's structure addresses two of the factors (size and scarcity of opportunity) that we believe are critical to closing the discount to NTA.

Unfortunately, however, the performance of the VG1 portfolio has fallen short of our long-term objective over the last twelve months. This has coincided with a period where premiums across the LIC sector generally shrank and discounts increased. The Board and VGI Partners are in agreement that our primary focus should always be the long-term performance of the investment portfolio. While we expect that over the long term the performance of VG1 as a listed security will closely track the performance of the portfolio, we are acutely aware that short-term factors appear to be impacting secondary trading of securities in a fashion that is counter to the interests of investors.

The Manager's interests are aligned with VG1 shareholders in wanting to see this situation addressed. VGI Partners, its board, staff and their families have over \$30 million invested in VG1 alongside you.

Recognising the circumstances, the Board has recently reviewed the strategies that might best be combined to close the discount in the shortest possible timeframe. We continue to believe that the most important factors will be a combination of delivering the requisite performance, which is the primary focus of the VGI Partners Investment Team, and increased investor education and engagement undertaken by the VGI Partners investor relations team.

However, given the extent of the discount, the Board has now announced an additional capital management initiative in the form of an on-market share buy-back for up to 10 per cent of VG1's issued share capital to be implemented over a period of up to 12 months.

VG1 will lodge a notice of intention to carry out a share buy-back with ASIC today, which will then enable the VG1 Board to implement any buy-back transactions promptly should the VG1 Board consider this to be in the interests of existing shareholders. No target price has been set.

Shareholder Engagement

We are always keen to hear from our shareholders and encourage you to participate in one of our upcoming briefings.

The first opportunity for this will be a conference call on 18 August 2020 to discuss the FY20 results.

Given travel restrictions related to COVID-19, the annual VGI Partners roadshow to capital cities is unlikely to proceed, but we will look to host further briefings later in the year by webcast and phone. Details will be announced shortly.

In addition, the VG1 Annual General Meeting (**AGM**) will be held on Monday 16 November 2020 at The Barnet Long Room, Customs House, Sydney. The session will commence at 10am with a presentation from the Portfolio Manager, Robert Luciano, before the formal business for the AGM begins at 11:15am. Full details will be available in the Notice of Meeting closer to the date. In the event that it becomes impractical to hold a physical AGM due to COVID-19, the Company will seek to hold the AGM online.

To ensure that you remain fully informed on VG1 issues, we recommend that you elect to receive all investor communications via email. Please contact Ingrid Groer, our Head of Investor Relations, on +612 9237 8923 if you require assistance in this regard, or if you ever have any questions about your investment. You can also subscribe for announcements via our website or change your communication elections via Investorserv (the portal of our registry, Boardroom).

We look forward to speaking with you at the investor briefings and the 2020 Annual General Meeting.

Yours sincerely,



David F Jones
Chairman
Sydney
18 August 2020

Directors' Report

For the year ended 30 June 2020

The Directors of VGI Partners Global Investments Limited present their Directors' report together with the Financial Report of the Company for the year ended 30 June 2020. The Company is limited by shares and is incorporated in Australia.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

| Name | Position | Date appointed |
|---------------------|----------------------|----------------|
| David F Jones | Chairman | 9 June 2017 |
| Robert M P Luciano | Director | 9 June 2017 |
| Douglas H Tynan | Director | 9 June 2017 |
| Lawrence Myers | Independent Director | 4 July 2017 |
| Noel J J Whittaker | Independent Director | 7 July 2017 |
| Adelaide H McDonald | Independent Director | 1 July 2019 |

Principal Activity

The principal activity of the Company is to provide shareholders with access to a concentrated portfolio, predominantly comprised of long investments and short positions in global listed securities, and the investment expertise of VGI Partners Limited, the Investment Manager (**the Manager**). The Manager employs the same investment strategy for the Company as it employs in the management of the VGI Partners Master Fund, the VGI Partners Offshore Fund and Individually Managed Accounts.

There have been no significant changes in the nature of this activity during the period and no change is anticipated in the future.

Financial Position

The net assets of the Company as at 30 June 2020 were \$892,392,253 (2019: \$941,937,304).

Review of Operations

Investment operations during the year resulted in an operating (loss) / profit before tax of (\$65,282,846) (2019: \$70,432,410) and an operating (loss) / profit after tax of (\$45,475,840) (2019: \$50,623,963).

For the financial year, the Company's portfolio generated a decrease in post-tax NTA after all fees of 4.3% (2019: +10.2%).

During the year, the Company established a profits reserve in order to retain profits and potentially pay out future dividends. Retained profits from prior periods were transferred to the profits reserve in the Statement of Financial Position of the Company.

On 23 January 2020, the Company announced to the ASX the establishment of a Dividend Reinvestment Plan (**DRP** or **the Plan**) for holders of ordinary shares in the Company.

During the year, the Company navigated heightened volatility in financial markets following the outbreak of the COVID-19 global pandemic. The Portfolio was conservatively positioned, with significant short exposure, as the market rebounded in the June quarter. This detracted significantly from performance for the year.

Further information on the Company's operational and financial review is contained in the Chairman's Letter.

Dividends

During the year ended 30 June 2020, dividends amounting to \$4.1 million were paid, representing 1 cent per ordinary share (2019: nil). Please refer to note 14 for further information.

Matters subsequent to the end of the financial year

Since the end of the year, the Directors declared a fully franked final dividend of 1.5 cents per share to be paid on 23 September 2020.

The Company has also announced its intention to carry out an on-market share buy-back for up to 10 per cent of VG1's issued share capital to be implemented over a period of up to 12 months.

The Company is not aware of any other matter or circumstance since the end of the financial year not otherwise dealt with in this report, that has, or may, significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2020.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of shareholders.

Environmental regulation

The Company has reviewed its exposure to environment-related regulation and other emerging risks but has not identified any significant risk that could impact the financial performance or position of the Company. To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

Information on Directors and Officeholders

Name: David F Jones

Title: Chairman

Qualifications: *B.Eng. (1st Class Hons) (Melb.), MBA (Harvard)*

Experience and expertise: Mr Jones has more than 30 years' experience in investment markets, the majority as a general partner in private equity firms, and prior to that in general management and management consulting. Mr Jones has been a board member of numerous private and public businesses, including a number in the wealth management sector.

Other current listed directorships: Mr Jones is a Director of VGI Partners Limited.

Former directorships (last three years): Mr Jones was a Director of Global Sources Limited (NASDAQ: GSOL) from 2001 to 19 August 2017.

Special responsibilities: Mr Jones is a member of the Company's Audit and Risk Committee.

Interests in the Company at 30 June: Shares: 295,767

Name: Robert M P Luciano

Title: Director

Qualifications: *B.Com (Acc/Fin) (UNSW), M.Com (Fin) (UNSW), F Fin, CFA*

Experience and expertise: Mr Luciano founded VGI Partners in 2008. He has more than 25 years' experience as a portfolio manager, equities analyst and accountant.

Other current listed directorships: Mr Luciano is Chairman and Managing Director of VGI Partners Limited and a Director of VGI Partners Asian Investments Limited.

Former directorships (last three years): Mr Luciano has not held any other directorships of listed companies within the last 3 years.

Interests in the Company at 30 June: Shares: 6,228,161

Name: Douglas H Tynan

Title: Director

Qualifications: *B.Com (Acc) (UQLD), B.Econ (Fin) (UQLD), F Fin, CFA*

Experience and expertise: Mr Tynan joined VGI Partners in 2008 and has more than 15 years' experience as an equities analyst and accountant.

On 22 June 2020, Mr Tynan resigned from his executive role with VGI Partners.

Other current listed directorships: Mr Tynan is a Director of VGI Partners Limited and VGI Partners Asian Investments Limited.

Former directorships (last three years): Mr Tynan has not held any other directorships of listed companies within the last 3 years.

Interests in the Company at 30 June: Shares: 1,660,952

Name: **Lawrence Myers**

Title: Independent Director

Qualifications: *B.Acct (UNiSA), CA, CTA*

Experience and expertise: Mr Myers is the Founder and Managing Director of MBP Advisory Pty Limited, a prominent, high-end Sydney firm of Chartered Accountants which he established in 1998. His client base spans a broad range of industries and activities and he specialises in advising ultra high net worth individuals and families, their businesses and commercial endeavours. Mr Myers' specialist areas of practice include mergers and acquisitions, corporate and business advisory, tax consulting and advisory, succession planning and family office services. Lawrence also sits on the Foundation board of the Art Gallery of New South Wales.

Other current listed directorships: Mr Myers has been an Independent Director and Chairman of the Audit and Risk Committee of ASX listed Breville Group Limited since 2013 and has been its Lead Independent Director since August 2014. Mr Myers is also Independent Chairman of VGI Partners Asian Investments Limited.

Former directorships (last three years): Mr Myers has not held any other directorships of listed companies within the last 3 years.

Special responsibilities: Mr Myers is the Chairman of the Company's Audit and Risk Committee.

Interests in the Company at 30 June: Shares: 255,484

Name: **Noel J J Whittaker AM**

Title: Independent Director

Qualifications: *AM, FCPA, CTA*

Experience and expertise: Mr Whittaker is a pioneer in the field of consumer financial education. He writes weekly columns in many major newspapers including the Brisbane Sunday Mail, the Sydney Morning Herald and The Age. Mr Whittaker also broadcasts regularly on ABC radio. For 30 years, Mr Whittaker was a Director of Whittaker Macnaught, one of Australia's leading financial advisory companies, with more than two billion dollars under management. In 2011 he was made a Member of the Order of Australia for service to the community in raising awareness of personal finance. Mr Whittaker is a Chartered Tax Adviser, a member of the Australian Securities and Investment Commission Regional Liaison committee and is currently an Adjunct Professor with the Faculty of Business at the Queensland University of Technology. Mr Whittaker has been a Director of the Company since 7 July 2017.

Other current listed directorships: Mr Whittaker does not hold any other directorships in listed companies.

Former directorships (last three years): Mr Whittaker has not held any other directorships of listed companies within the last 3 years.

Interests in the Company at 30 June: Shares: 227,094

Name: **Adelaide H McDonald**

Title: Independent Director

Qualifications: *B.Com (Acc/Fin) (UQLD), B.BusMan (UQLD), CFA*

Experience and expertise: Ms McDonald has over 10 years' experience in corporate advisory and equity research. Most recently she was an Associate Director at KPMG in the Mergers and Acquisitions practice with previous roles at Wilson HTM and BDO Kendalls.

Other current listed directorships: Ms McDonald is a independent director of VGI Partners Asian Investments Limited.

Former directorships (last three years) Ms McDonald has not held any other directorships of listed companies within the last 3 years.

Special responsibilities: Ms McDonald is a member of the Company's Audit and Risk Committee.

Interests in the Company at 30 June: Shares: 30,000

Name: **Ian J Cameron**

Title: Company Secretary

Qualifications: *B.Com (Acc) (UMACQ), CA, B.Laws (UOW), GDLP (UOW)*

Experience and expertise: Mr Cameron has more than 13 years' experience in investment management and professional services. Prior to joining the Manager in 2018, Mr Cameron worked at Pantheon Ventures and Aspect Capital in London, after starting his career at KPMG in Sydney. He is a member of the Chartered Accountants Australia and New Zealand, and a Solicitor of the Supreme Court of NSW.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

| | Board Meeting | | Audit and Risk Committee | |
|-----------------------|---------------|---|--------------------------|---|
| | A | B | A | B |
| David F Jones | 4 | 4 | 4 | 4 |
| Robert M P Luciano | 4 | 4 | # | # |
| Douglas H Tynan | 4 | 4 | # | # |
| Adelaide H McDonald | 3 | 4 | 3 | 4 |
| Lawrence Myers | 4 | 4 | 4 | 4 |
| Noel J J Whittaker AM | 4 | 4 | # | # |

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the year

= Not a member of committee

Remuneration Report (Audited)

The Directors are the only people considered to be key management personnel of the Company.

This Report details the nature and amount of remuneration for each Director of the Company in accordance with the *Corporations Act 2001*.

Details of remuneration

David Jones, Robert Luciano and Douglas Tynan are Directors of the Manager, and do not receive Directors' fees from the Company. The Company Secretary is remunerated by the Manager.

The Company does not have a remuneration committee. The Board from time to time determines the remuneration of Independent Directors within the maximum amount approved by shareholders at the Annual General Meeting. The maximum total remuneration of the Directors of the Company has been set at \$225,000 per annum.

The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors. The Directors' remuneration is not linked to the Company's performance and is reviewed annually.

Independent Directors do not receive bonuses nor are they issued options over securities as part of their remuneration. Independent Directors' fees cover all main Board activities and membership of committees, which reflect the demands that are made on them and their responsibilities.

The following table shows details of the remuneration received or receivable by the Independent Directors of the Company for the current and prior financial years.

| Name | Position | Short term employee benefits Directors' fees \$ | Post-employment benefits Superannuation \$ | Total \$ |
|-----------------------|----------------------|--|---|----------------|
| 2020 | | | | |
| Lawrence Myers | Independent Director | 63,927 | 6,073 | 70,000 |
| Adelaide H McDonald | Independent Director | 63,927 | 6,073 | 70,000 |
| Noel J J Whittaker AM | Independent Director | 63,927 | 6,073 | 70,000 |
| | | 191,781 | 18,219 | 210,000 |
| 2019 | | | | |
| Jaye L Gardner * | Independent Director | 42,949 | 4,080 | 47,029 |
| Lawrence Myers | Independent Director | 50,228 | 4,772 | 55,000 |
| Noel J J Whittaker AM | Independent Director | 50,228 | 4,772 | 55,000 |
| | | 143,405 | 13,624 | 157,029 |

* J.Gardner resigned 8 May 2019.

The following table reflects the Company's performance and Directors' remuneration over three years (see footnote):

| | 2020 | 2019 | 2018 * |
|--|--------------|------------|------------|
| Operating (loss) / profit after tax (\$) | (45,475,840) | 50,623,963 | 33,177,988 |
| Dividends (cents per share) | 2.5 | — | — |
| NTA after tax (\$ per share) | 2.27 | 2.39 | 2.18 |
| Total Directors' remuneration (\$) | 210,000 | 157,029 ** | 165,000 |
| Earnings / (loss) per share (cents) | (11.18) | 17.96 | 16.87 |

* For the period from 9 June 2017 (inception) to 30 June 2018.

** J Gardner resigned 8 May 2019.

Director related entity remuneration

All transactions with related entities are made on normal commercial terms and conditions.

As noted on page 13, David Jones, Robert Luciano and Douglas Tynan are Directors of the Manager.

The fees payable to the Manager are listed below:

- **Management fee:** The Manager is entitled to be paid a management fee equal to 1.5% p.a. (plus GST) of the value of the Company's portfolio calculated on the last business day of each month and paid monthly in arrears. For the year ended 30 June 2020, the Manager earned management fees of \$14,806,450 exclusive of GST (30 June 2019: \$1,966,872 exclusive of GST).
- **Performance fee:** The Manager is entitled to be paid a performance fee semi-annually in arrears, equal to 15% (plus GST) of the Portfolio's outperformance (if any) over each prior semi-annual Performance Calculation Period, subject to a high water mark mechanism.

For the year ended 30 June 2020, the Manager earned performance fees of \$122,076 exclusive of GST (30 June 2019: \$12,482,655 exclusive of GST).

Robert Luciano and Douglas Tynan have agreed to reinvest, from the dividends they receive from VGI Partners, their "look through" after tax share of any performance fees received by VGI Partners from managing the VG1 portfolio into fully paid ordinary shares in VG1. Refer to page 36 and Shareholder Information part (g) (page 45) for further details on the reinvestment agreement.

No Director has received or become entitled to receive a benefit (other than those detailed in the Remuneration Report) by reason of a contract made by the Company or a related company with the Director or with a firm of which they are a member or with a company in which they have substantial financial interest.

Equity instrument disclosures relating to Directors

As at the balance date, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held:

| Name | Opening balance at 1 July 2019 | Acquisitions * | Disposals | Closing balance at 30 June 2020 |
|-----------------------|-----------------------------------|------------------|-----------|------------------------------------|
| David F Jones | 244,342 | 51,425 | — | 295,767 |
| Robert M P Luciano | 4,487,712 | 1,740,449 | — | 6,228,161 |
| Douglas H Tynan | 1,166,259 | 494,693 | — | 1,660,952 |
| Lawrence Myers ** | 100,000 | 155,484 | — | 255,484 |
| Noel J J Whittaker AM | 190,031 | 37,063 | — | 227,094 |
| Adelaide H McDonald | — | 30,000 | — | 30,000 |
| Total | 6,188,344 | 2,504,114 | — | 8,692,458 |

* Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

** Includes 5,000 shares acquired on 30 June 2020, which settled on 2 July 2020.

End of Remuneration Report

Insurance and indemnification of Officers and auditors

The Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director and Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors and Officers of their position.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an Auditor of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Board of Directors is satisfied that the provision of other services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 17 did not compromise the Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to the Auditor's independence in accordance with the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the Annual Report have been rounded to the nearest dollar unless otherwise specified.

This report is signed in accordance with a resolution of the Directors.



David F Jones
Chairman
Sydney
18 August 2020

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

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Auditor's Independence Declaration
To the Directors of VGI Partners Global Investments Limited
ABN 91 619 660 721

In relation to the independent audit of VGI Partners Global Investments Limited for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S M Whiddett
Partner

Pitcher Partners
Sydney

18 August 2020

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|----------------------|---------------------|
| Income | | | |
| Net (losses) / gains on financial assets / liabilities measured at fair value through profit or loss | | (55,951,159) | 86,060,126 |
| Dividend income | | 12,111,842 | 8,074,308 |
| Interest income | | 2,621,136 | 4,898,140 |
| Other income | | – | 6,820 |
| Net (loss) / income | | (41,218,181) | 99,039,394 |
| Expenses | | | |
| Performance fees | | (125,128) | (12,794,722) |
| Management fees | | (15,176,611) | (2,016,044) |
| Dividends on shorts | | (7,571,028) | (4,977,978) |
| Director fees including on costs | 15 | (210,000) | (157,029) |
| Stock loan fees | | (457,662) | (795,751) |
| Receivable amortisation | | – | (7,718,171) |
| Other expenses | | (524,236) | (147,289) |
| Total expenses | | (24,064,665) | (28,606,984) |
| (Loss) / profit before income tax | | (65,282,846) | 70,432,410 |
| Income tax credit / (income tax expense) | 5 | 19,807,006 | (19,808,447) |
| (Loss) / profit after income tax attributable to members of the Company | | (45,475,840) | 50,623,963 |
| Other comprehensive income | | | |
| Other comprehensive income for the year, net of tax | | – | – |
| Total comprehensive (loss) / income for the year | | (45,475,840) | 50,623,963 |
| Basic and diluted (loss) / earnings per share | 22 | (11.18) cents | 17.96 cents |

The above Statement of Profit or Loss and Other Comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|-------|----------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | 7 | 565,641,574 | 482,290,670 |
| Trade and other receivables | 8 | 14,062,325 | 2,749,255 |
| Financial assets (securities owned long) | 4 & 9 | 786,569,492 | 684,998,344 |
| Deferred tax assets | 6 | 26,583,972 | 2,574,529 |
| Total assets | | 1,392,857,363 | 1,172,612,798 |
| Liabilities | | | |
| Amounts due to brokers | 7 | 314,935,243 | – |
| Trade and other payables | 10 | 8,191,375 | 15,524,436 |
| Financial liabilities (securities sold short) | 4 & 9 | 144,212,684 | 178,543,692 |
| Current tax liabilities | 5 | – | 7,721,455 |
| Deferred tax liabilities | 6 | 33,125,808 | 28,885,911 |
| Total liabilities | | 500,465,110 | 230,675,494 |
| Net assets | | 892,392,253 | 941,937,304 |
| Equity | | | |
| Issued capital | 11 | 858,135,353 | 858,135,353 |
| Profits reserve | 13 | 117,011,456 | – |
| (Accumulated losses) / retained earnings | 12 | (82,754,556) | 83,801,951 |
| Total equity | | 892,392,253 | 941,937,304 |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2020

| | Issued Capital \$ | Retained Earnings / (Accumulated Losses) \$ | Profits Reserve \$ | Total Equity \$ |
|---|-------------------------|---|--------------------------|-----------------------|
| Balance at 1 July 2018 | 550,528,953 | 33,177,988 | – | 583,706,941 |
| Profit for the year | – | 50,623,963 | – | 50,623,963 |
| Shares issued under the Performance fee reinvestment mechanism (August 2018) | 5,147,121 | – | – | 5,147,121 |
| Shares issued under the Performance fee reinvestment mechanism (January 2019) | 2,202,938 | – | – | 2,202,938 |
| Shares issued from equity raising through the Placement and Entitlement Offers | 300,256,341 | – | – | 300,256,341 |
| Balance at 30 June 2019 | 858,135,353 | 83,801,951 | – | 941,937,304 |
| Loss for the year | – | (45,475,840) | – | (45,475,840) |
| Transfer to profits reserve | – | (121,080,667) | 121,080,667 | – |
| Dividends paid | – | – | (4,069,211) | (4,069,211) |
| Balance at 30 June 2020 | 858,135,353 | (82,754,556) | 117,011,456 | 892,392,253 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|----------------------|----------------------|
| Cash flow (used in) / from operating activities | | | |
| Proceeds from the sale of investments | | 1,869,605,276 | 262,875,562 |
| Payments for the purchase of investments | | (2,059,350,033) | (447,271,582) |
| Dividends received | | 12,086,224 | 8,275,940 |
| Interest received | | 7,817,336 | 6,846,285 |
| Realised foreign exchange (losses) / gains | | (19,676,058) | 42,410,371 |
| Performance fees paid | | (9,647,370) | (3,566,451) |
| Management fees paid | | (15,087,264) | (1,040,252) |
| Stock loan fees paid | | (458,808) | (795,751) |
| Dividends on shorts | | (6,839,309) | (4,970,603) |
| Insurance fees paid | | (433,121) | — |
| Director fees paid | | (193,160) | (157,029) |
| Interest paid | | (4,563,734) | (2,021,580) |
| Income tax paid | | (7,683,995) | — |
| Payment for other expenses | | (135,560) | (145,446) |
| Net cash outflows from operating activities | 21 | (234,559,576) | (139,560,536) |
| Cash flow (used in) / from financing activities | | | |
| Proceeds from shares issued from entitlement placement offers | | — | 300,256,341 |
| Dividends paid | 14 | (4,069,211) | — |
| Net cash (outflows) / inflows from financing activities | | (4,069,211) | 300,256,341 |
| Net (decrease) / increase in cash and cash equivalents held | | (238,628,787) | 160,695,805 |
| Effects of exchange rate changes on cash balances of cash held in foreign currencies | | 7,044,448 | (27,847,471) |
| Cash and cash equivalents at the beginning of the year | | 482,290,670 | 349,442,336 |
| Cash and cash equivalents at the end of the year | 7 | 250,706,331 | 482,290,670 |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2020

1. General information

The Company is a listed public company domiciled in Australia. The financial statements were authorised for issue on 18 August 2020 by the Directors of the Company.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets and financial liabilities.

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest dollar unless otherwise specified.

b) Statement of Compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards as issued by the International Accounting Standards Board.

c) Investments

i) Classification

The financial assets and financial liabilities are categorised as financial instruments designated at fair value through profit or loss. These include financial assets and liabilities that are not held for trading purposes and which may be sold, including listed equity securities.

2. Significant accounting policies (continued)

c) Investments (continued)

ii) Recognition/Derecognition

Financial assets and liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Any other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

iii) Measurement

Financial assets and liabilities are measured initially at fair value, with subsequent changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Transaction costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

d) Fair Value Measurement

When a financial asset is measured at fair value, the value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Assets measured at fair value are classified into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Shares that are listed or traded on an exchange are fair valued using last sale price, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

e) Income and Expenditure

Net gains / (losses) on financial assets and financial liabilities arising on a change in fair value are calculated as the difference between the fair value at year end and the fair value at the preceding valuation point.

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised in the Statement of Profit or Loss and Other Comprehensive Income as they accrue.

Dividend income relating to exchange-traded equity instruments is recognised in the Statement of Profit or Loss and Other Comprehensive Income on the ex-dividend date with any related foreign withholding tax deducted as an expense.

All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

2. Significant accounting policies (continued)

f) Income Tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income at the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and any adjustment recognised for prior years, where applicable.

Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the Australian Taxation Office (**ATO**).

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets are recognised to the extent that they are recoverable. Deductible temporary differences and unused tax losses are only recognised if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or liabilities settled. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority.

Deferred tax is credited to the Statement of Profit or Loss and Other Comprehensive Income.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the ATO. In that case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the Statement of Financial Position.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the Statement of Cash Flows presentation purposes, cash and cash equivalents also includes amounts due to brokers, which are shown within the current liabilities on the Statement of Financial Position.

i) Amounts due to brokers

Facilities provided by brokers are repayable on demand and form an integral part of the Company's cash management. The balance will fluctuate from being positive to negative as cash management needs arise, rather than part of its operating, investing and financing activities.

j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

k) Dividends

Dividends are recognised when declared during the financial year.

2. Significant accounting policies (continued)

l) Trade and other receivables

Trade and other receivables relate to outstanding settlements, interest and dividends receivable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any allowance for expected credit losses when relevant.

m) Trade and other payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

n) Share capital

Ordinary shares are classified as equity.

o) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

p) Critical accounting estimates and judgments

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Directors base their judgements and estimates on historical experience and various other factors, including expectations of future events, which the Directors believe to be reasonable under the circumstances.

There are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2020. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

q) New accounting standards and interpretations

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. These Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

r) Functional and presentation currency

Items included in the financial statements are presented and measured in Australian dollars, the currency of the primary economic environment in which the Company operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates applicable at the transaction date.

At reporting date, monetary items are translated at the exchange rate applicable at reporting date, and non-monetary items carried at fair value are translated at the rates applicable at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within the disclosure 'net gains / (losses) on financial instruments measured at fair value through profit or loss'.

3. Financial risk management

The Company's financial instruments consist mainly of listed investments, deposits with banks, trade and other receivables and trade payables, and as a result financial risks include market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of the Company, with the Manager, has implemented a risk management framework to manage and mitigate these risks.

a) Market risk

i) Price risk

Price risk arises from investments held by the Company and classified in the Statement of Financial Position as 'financial assets / liabilities'.

The Manager seeks to manage market risk by careful selection of securities in accordance with its investment process, including formalised research, due diligence, capital allocation decision making, ongoing monitoring, financial modelling as well as managing net equity exposure levels.

The Investment Strategy provides the Company with a broad global mandate, with the majority of the Company's portfolio in international and Australian listed securities. A breakdown of the Company's overall market exposures at the financial reporting date are below:

| | 2020 \$ | 2019 \$ |
|---|--------------------|--------------------|
| Financial assets (securities held long) | 786,569,492 | 684,998,344 |
| Financial liabilities (securities sold short) | (144,212,684) | (178,543,692) |
| Net overall exposure | 642,356,808 | 506,454,652 |

At the reporting date, had equity prices moved by +/- 10% with other variables held constant, the movement in profit before income tax would be approximately +/- \$64,235,681 (2019: \$50,645,465).

ii) Foreign currency risk

The Company holds assets and performs transactions denominated in currencies other than its functional currency, the Australian dollar. As a result, it is exposed to the effects of exchange rate fluctuations, creating foreign currency risk. The Manager manages the exchange rate exposures within approved policy parameters, monitors exchange rates closely as part of its portfolio management and may hedge some or all of its exposure to foreign currency exchange risk.

| | Liabilities 2020 \$ AUD | Assets 2020 \$ AUD |
|----------------------------|----------------------------|-----------------------|
| United States Dollar (USD) | (642,680,052) | 1,088,585,522 |
| Euro (EUR) | (58,315,956) | 54,687,125 |
| Great British Pound (GBP) | (63,938,860) | 61,912,558 |
| Japanese Yen (JPY) | (123,172,540) | 120,442,565 |
| Danish Krone (DKK) | (619,438) | — |
| Swiss Franc (CHF) | (46,672,266) | 47,241,557 |
| Swedish Krona (SEK) | (847,408) | — |

3. Financial risk management (continued)

a) Market risk (continued)

ii) Foreign currency risk (continued)

| | Liabilities 2019 \$ AUD | Assets 2019 \$ AUD |
|----------------------------|----------------------------|-----------------------|
| United States Dollar (USD) | (85,436,479) | 1,067,911,897 |
| Euro (EUR) | (15,937,804) | 15,925,794 |
| Great British Pound (GBP) | (39,418,485) | 39,492,967 |
| Japanese Yen (JPY) | (65,172,036) | 65,170,274 |
| Danish Krone (DKK) | (248,891) | 248,961 |
| Hong Kong Dollar (HKD) | (7,444,078) | 12,804,507 |

The table below performs a sensitivity analysis of the effect on the net assets attributable to shareholders (and profit before income tax) due to a possible movement of the currency rate against the Australian dollar with all other variables held constant.

| Currency | AUD equivalent in exposure by currency 2020 \$ | Change in variable + / - % | Profit / (loss) attributable to shareholders 2020 \$ |
|------------|---|----------------------------------|---|
| USD Impact | 445,905,470 | 5%/-5% | 22,295,274 / (22,295,274) |
| EUR Impact | (3,628,831) | 5%/-5% | (181,442) / 181,442 |
| GBP Impact | (2,026,302) | 5%/-5% | (101,315) / 101,315 |
| JPY Impact | (2,729,975) | 5%/-5% | (136,499) / 136,499 |
| DKK Impact | (619,438) | 5%/-5% | (30,972) / 30,972 |
| CHF Impact | 569,291 | 5%/-5% | 28,465 / (28,465) |
| SEK Impact | (847,408) | 5%/-5% | (42,370) / 42,370 |

| Currency | AUD equivalent in exposure by currency 2019 \$ | Change in variable + / - % | Profit / (loss) attributable to shareholders 2019 \$ |
|------------|---|----------------------------------|---|
| USD Impact | 982,475,418 | 5%/-5% | (49,123,771) / 49,123,771 |
| EUR Impact | (12,010) | 5%/-5% | 601 / (601) |
| GBP Impact | 74,482 | 5%/-5% | (3,724) / 3,724 |
| JPY Impact | (1,763) | 5%/-5% | 88 / (88) |
| DKK Impact | 70 | 5%/-5% | (4) / 4 |
| HKD Impact | 5,360,429 | 5%/-5% | (268,021) / 268,021 |

3. Financial risk management (continued)**a) Market risk (continued)****iii) Cash flow and fair value interest rate risk**

Interest rate risk is the possibility the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest-bearing. Any interest-bearing financial assets and financial liabilities either mature or reprice in the short term. As a result, the Company is subject to limited exposure to fluctuations in market interest rates which would create interest rate risk. We note that the Company does also hold substantial cash positions which are directly affected by interest rate movements, but at balance date, interest rates on these cash accounts are at historically low levels.

| | Floating \$ | Fixed \$ | Total \$ |
|---------------------------|--------------------|-------------|----------------------|
| 2020 | | | |
| Cash and cash equivalents | 565,641,574 | — | 565,641,574 |
| Amounts due to brokers | (314,935,243) | — | (314,935,243) |
| Total | 250,706,331 | — | 250,706,331 |

| | Floating \$ | Fixed \$ | Total \$ |
|---------------------------|--------------------|-------------|--------------------|
| 2019 | | | |
| Cash and cash equivalents | 482,290,670 | — | 482,290,670 |
| Total | 482,290,670 | — | 482,290,670 |

The sensitivity analysis below has been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year, in the case of instruments that have floating interest rates.

The following table illustrates the effect on interest income from possible changes in interest rates that were reasonably possible based on the risk the Company was exposed to at reporting date:

| | | Effect on interest income | |
|---------------------------|-------------------------------|---------------------------|-------------------------|
| | Change in variable + / - % | 2020 | 2019 |
| Interest rate risk | 0.50% / -0.50% | 1,253,532 / (1,253,532) | 2,411,453 / (2,411,453) |

3. Financial risk management (continued)**b) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty (bank and prime broker) by failing to discharge an obligation.

The Manager has adopted a policy of only dealing with what it assesses to be creditworthy counterparties, conducting due diligence of all new counterparties, monitoring the creditworthiness and ratings of counterparties on an ongoing basis and obtaining sufficient collateral or other security (where appropriate), as a means of mitigating the financial risk of financial loss from default. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty risk. Credit risk on cash and cash equivalents is not considered to be a major risk to the Company as the majority of cash is held with major Australian banks and their 100% owned banking subsidiaries, being institutions that have a Standard & Poor's A-1+ rating.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the Statement of Financial Position, including the carrying amount of cash and cash equivalents, financial assets (securities owned long) that may have been collateralised against borrowed stock and are held under a custody arrangement, and trade and other receivables.

Under the arrangements which the Company has entered into to facilitate stock borrowing for covered short selling, borrowed stock is collateralised by the long stock portfolio. If the stock borrowing counterparty became insolvent, it is possible that the Company may not recover all of the collateral that the Company gave to the counterparty.

None of the assets exposed to credit risk are overdue or considered to be impaired.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Under the Investment Management Agreement, the Manager has agreed to pay all of the Company's operating expenses except for director fees and all premiums payable for directors and officers insurance. The Manager maintains the Company's unencumbered cash balances at sufficient levels to ensure that the Company can meet these expense outgoings as and when they fall due. Further, the Manager closely manages and monitors the allocation of the Company's investment assets between cash, the purchase of securities and the settlement of short positions in accordance with its investment process, as well as tax thereon to be paid to the ATO.

The assets of the Company are predominantly in the form of readily tradeable securities which can be sold on-market if necessary.

3. Financial risk management (continued)**c) Liquidity risk (continued)**

The tables below summarise the maturity profile of the Company's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Less than 1 month \$ | More than 1 month \$ | Total \$ |
|--|----------------------------|----------------------------|--------------------|
| At 30 June 2020 | | | |
| Financial liabilities | | | |
| Amounts due to brokers | 314,935,243 | – | 314,935,243 |
| Financial liabilities at fair value through profit or loss | 144,212,684 | – | 144,212,684 |
| Trade and other payables | 8,191,375 | – | 8,191,375 |
| Total financial liabilities | 467,339,302 | – | 467,339,302 |

| | Less than 1 month \$ | More than 1 month \$ | Total \$ |
|--|----------------------------|----------------------------|--------------------|
| At 30 June 2019 | | | |
| Financial liabilities | | | |
| Financial liabilities at fair value through profit or loss | 178,543,692 | – | 178,543,692 |
| Trade and other payables | 15,524,436 | – | 15,524,436 |
| Total financial liabilities | 194,068,128 | – | 194,068,128 |

4. Fair value measurements

The Company measures and recognises its investments as financial assets and liabilities at fair value through profit or loss on a recurring basis.

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at the reporting date. The carrying amounts of all financial instruments are reasonable approximations of the respective instrument's fair value. There were no transfers between levels for recurring fair value measurements during the year.

| At 30 June 2020 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|-----------------------|-----------------------|-----------------------|---------------------|
| Financial assets (securities owned long) * | 775,838,780 | 10,730,712 | — | 786,569,492 |
| Financial liabilities (securities sold short) | 144,212,684 | — | — | 144,212,684 |

* Refer to note 23 for a breakdown of individual holdings.

| At 30 June 2019 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|-----------------------|-----------------------|-----------------------|---------------------|
| Financial assets (securities owned long) | 676,720,962 | 8,277,382 | — | 684,998,344 |
| Financial liabilities (securities sold short) | 178,543,692 | — | — | 178,543,692 |

| 5. Income tax expense | 2020 | 2019 |
|--|---------------------|-------------------|
| | \$ | \$ |
| a) Income tax recognised in profit or loss | | |
| Current tax expense | — | 7,721,455 |
| Deferred tax (credit) / expense | (19,807,006) | 12,086,992 |
| Total income tax (credit) / expense in profit or loss | (19,807,006) | 19,808,447 |
| Total income tax expense results from: | | |
| Current tax (asset) / liability | (37,460) | 7,721,455 |
| Deferred tax (asset) / liability | (19,769,546) | 12,086,992 |
| Income tax (credit) / expense | (19,807,006) | 19,808,447 |
| b) Income tax recognised in profit or loss | | |
| (Loss) / profit before income tax expense | (65,282,846) | 70,432,410 |
| Tax at the full Australian corporate tax rate of 30% | (19,584,854) | 21,129,723 |
| Imputation credit gross up | — | 259,042 |
| Foreign income tax offset gross up | 449,329 | 307,219 |
| Franking credits / foreign income tax offset utilisation | (634,021) | (1,887,537) |
| Adjustment to tax charge in respect of previous periods | (37,460) | — |
| (Income tax credit) / income tax expense recognised in profit or loss | (19,807,006) | 19,808,447 |

| 6. Deferred tax assets / liabilities | 2020 | 2019 |
|---|-------------------|------------------|
| | \$ | \$ |
| a) Deferred tax assets | | |
| The deferred tax assets balance comprises temporary differences attributable to: | | |
| Tax losses | 24,867,620 | — |
| Share issue costs | 1,716,352 | 2,574,529 |
| Closing balance | 26,583,972 | 2,574,529 |
| Movement in deferred tax assets: | | |
| Opening balance | 2,574,529 | 5,715,388 |
| Tax losses | 24,867,620 | (2,282,683) |
| Share issue costs | (858,177) | (858,176) |
| Closing balance | 26,583,972 | 2,574,529 |

| 6. Deferred tax assets / liabilities (continued) | 2020 \$ | 2019 \$ |
|--|-------------------|-------------------|
| b) Deferred tax liabilities | | |
| The deferred tax liabilities balance comprises temporary differences attributable to: | | |
| Unrealised foreign exchange gains | (609,561) | (2,722,895) |
| Dividends receivable | 38,952 | 31,266 |
| Unrealised gains on market value movement | 33,696,417 | 31,577,540 |
| Closing balance | 33,125,808 | 28,885,911 |
| Movement in deferred tax liabilities: | | |
| Balance at the beginning of the year | 28,885,911 | 19,939,778 |
| Unrealised foreign exchange gains | 2,113,335 | (8,354,241) |
| Unrealised gains on financial instruments at fair value | — | 19,692,512 |
| Share issue costs receivable | — | (2,315,452) |
| Dividends receivable | 7,685 | (76,686) |
| Unrealised gains on market value movement | 2,118,877 | — |
| Closing balance | 33,125,808 | 28,885,911 |
| c) Current tax liabilities | | |
| The current tax liabilities balance is attributable to: | | |
| Balance at the beginning of the year | 7,721,455 | — |
| Current year income tax on operating profit | — | 7,721,455 |
| Net income tax paid | (7,683,995) | — |
| Adjustment to tax charge in respect of previous periods | (37,460) | — |
| Closing balance | — | 7,721,455 |

| 7. Cash and cash equivalents | 2020 | 2019 |
|-------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Cash and cash equivalents | 565,641,574 | 482,290,670 |
| Amounts due to brokers * | (314,935,243) | — |
| Total | 250,706,331 | 482,290,670 |

* Refer to note 2 i) for additional information.

| 8. Trade and other receivables | 2020 | 2019 |
|---------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Dividends receivable | 129,840 | 104,222 |
| GST receivable | 180,455 | 804,232 |
| Unsettled trades | 13,742,366 | 1,309,255 |
| Interest receivable | 9,664 | 531,546 |
| Total | 14,062,325 | 2,749,255 |

| 9. Financial assets and liabilities at fair value through profit or loss | 2020 | 2019 |
|---|-------------|-------------|
| | \$ | \$ |

Financial assets at fair value through profit or loss are all held for trading and include the following:

| | | |
|--|-------------|-------------|
| Listed investments held long at fair value * | 775,838,780 | 676,720,962 |
| Unlisted investments held long at fair value * | 10,730,712 | 8,277,382 |

Financial liabilities at fair value through profit or loss are all held for trading and include the following:

| | | |
|---|-------------|-------------|
| Listed investments sold short at fair value | 144,212,684 | 178,543,692 |
|---|-------------|-------------|

* Refer to note 23 for a breakdown of individual holdings.

| 10. Trade and other payables | 2020 | 2019 |
|-------------------------------------|------------------|-------------------|
| | \$ | \$ |
| Performance fees payable | — | 10,218,992 |
| Management fees payable | 1,237,620 | 1,081,202 |
| Unsettled trades | 5,557,545 | 3,647,485 |
| Other payables | 1,396,210 | 576,757 |
| Total | 8,191,375 | 15,524,436 |

| 11. Issued capital | Number of Shares | \$ |
|---|-----------------------------|--------------------|
| Opening balance as at 1 July 2019 | 406,921,053 | 858,135,353 |
| Closing balance as at 30 June 2020 | 406,921,053 | 858,135,353 |

| | | |
|--|--------------------|--------------------|
| Opening balance as at 1 July 2018 | 275,261,858 | 550,528,953 |
| Shares issued: | | |
| - under the performance fee reinvestment mechanism (14 August 2018) | 2,361,065 | 5,147,121 |
| - under the performance fee reinvestment mechanism (29 January 2019) | 983,454 | 2,202,938 |
| - as part of the additional capital raising placement and entitlement offer (20 + 21 June 2019) | 128,314,676 | 300,256,341 |
| Closing balance as at 30 June 2019 | 406,921,053 | 858,135,353 |

The Manager and the Company have agreed that the executive owners of the Manager will reinvest an amount equivalent to all of their after-tax proceeds from any performance fees via a share purchase mechanism, the terms of which are stipulated in an agreement (**Reinvestment Agreement**). Shares were issued to the owners of the Manager under the mechanism in respect of the performance fees incurred by the Company during the reporting year. Refer to page 36 and Shareholder Information part (g) (page 45) for further details.

Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged. To achieve this, the Board of Directors monitor the monthly NTA results, investment performance and share price movements.

The Board is focused on maximising returns to shareholders with capital management a key objective of the Company. The Company is not subject to any externally imposed capital requirements.

| 12. (Accumulated losses) / retained earnings | 2020 \$ | 2019 \$ |
|---|---------------------|--------------------|
| Opening balance | 83,801,951 | 33,177,988 |
| Transfer to profits reserve | (121,080,667) | — |
| (Loss) / profit for the year | (45,475,840) | 50,623,963 |
| Closing balance | (82,754,556) | 83,801,951 |

| 13. Profits reserve | 2020 | 2019 |
|---------------------------------|--------------------|-------------|
| | \$ | \$ |
| Opening balance | — | — |
| Transfer from retained earnings | 121,080,667 | — |
| Interim dividends paid | (4,069,211) | — |
| Closing balance | 117,011,456 | — |

The profits reserve is made up of amounts transferred from current year profits and retained earnings and are preserved for future dividend payments.

14. Dividends

a) Ordinary dividends declared or paid during the year

| | 2020 | 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| Fully franked dividends at 30% paid during the period: | | |
| Interim dividend: 1 cent per share, paid 3 April 2020 * | 4,069,211 | — |

* The Company's DRP was operative for this dividend.

b) Dividend franking account

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Opening balance of franking account | 1,059,350 | 195,877 |
| Franking credits on income tax paid | 7,683,995 | — |
| Franking credits on dividends paid | (1,743,948) | — |
| Franking credits on dividends received | 905,744 | 863,473 |
| Closing balance of franking account at year end | 7,905,141 | 1,059,350 |

The Company's ability to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Balance of franking account at year end | 7,905,141 | 1,059,350 |
| Adjusted for franking credits arising from: | | |
| - Estimated income tax payable | — | 7,721,455 |
| Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in note 20 | (2,615,921) | — |
| | 5,289,220 | 8,780,805 |

15. Key management personnel disclosures

a) Remuneration

| | 2020 \$ | 2019 \$ |
|--------------------------------|----------------|----------------|
| Short-term employment benefits | 191,781 | 143,405 |
| Post-employment benefits | 18,219 | 13,624 |
| Total | 210,000 | 157,029 |

Detailed remuneration disclosures are provided in the remuneration report on page 13.

b) Ordinary shares held

Refer to Remuneration Report 'equity instrument disclosures relating to directors' (page 14) for further details.

16. Related party transactions

All transactions with related entities are made on normal commercial terms and conditions.

Management fee

The Manager is entitled to be paid a management fee equal to 1.5% per annum (plus GST) of the value of the Company's portfolio calculated on the last business day of each calendar month and paid monthly in arrears. As at 30 June 2020, the balance payable to the Manager was \$1,237,620 including GST (2019: \$1,081,202 including GST) (refer to Note 10).

Performance fee and reinvestment mechanism

The Manager is entitled to be paid a performance fee semi-annually in arrears, equal to 15% (plus GST) of the Portfolio's outperformance (if any) over each prior semi-annual performance calculation period, subject to a high water mark mechanism.

The high water mark is the net asset value of the portfolio before all taxes calculated on the last date of the performance calculation period to which the Manager was last entitled to be paid a performance fee.

For the year ended 30 June 2020, the Manager earned performance fees of \$122,076 exclusive of GST (30 June 2019: \$12,482,655 exclusive of GST).

The resulting performance fee reinvestment amount of \$65,014 received by Robert Luciano, Douglas Tynan and Robert Poiner from VGI Partners Limited was reinvested on 19 March into 31,000 fully paid ordinary shares in VG1 that were purchased on market.

Refer to Shareholder Information shareholder Information part (g) (page 45) for details of the Reinvestment Agreement.

17. Remuneration of Auditor

During the year the following fees were paid or payable for services provided by the Auditor of the Company, its related practices and non-related audit firms:

| | 2020 \$ | 2019 \$ |
|--|---------------|---------------|
| Audit and review of financial statements | 53,000 | 50,000 |
| Taxation services | 12,950 | 5,995 |
| Total remuneration for audit and other assurance services | 65,950 | 55,995 |

The Company's audit and other assurance service fees are being paid by the Manager under the Investment Management Agreement.

18. Contingencies and commitments

The Company had no material contingent liabilities or capital commitments as at 30 June 2020.

19. Segment Information

The Company only has one reportable segment and one industry. It operates in Australia and in the securities industry. It earns revenue from dividend income, interest income and other returns on an investment portfolio.

20. Events occurring after the reporting year

Since the end of the year, the Directors declared a fully franked final dividend of 1.5 cents per share to be paid on 23 September 2020.

The Company has also announced its intention to carry out an on-market share buy-back for up to 10 per cent of VG1's issued share capital to be implemented over a period of up to 12 months.

The Company is not aware of any other matter or circumstance since the end of the financial year not otherwise dealt with in this report, that has, or may, significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

21. Reconciliation of profit after income tax to net cash inflow from operating activities

| | 2020 \$ | 2019 \$ |
|--|----------------------|----------------------|
| (Loss) / profit after income tax | (45,475,840) | 50,623,963 |
| Fair value movements in financial assets and liabilities | (14,107,372) | (37,794,231) |
| Non-cash items (performance fee re-investment mechanism) | — | 7,350,058 |
| Changes in assets / liabilities: | | |
| (Increase) / decrease in trade and other receivables | (11,313,070) | 6,631,525 |
| Increase in investments | (128,839,232) | (192,708,531) |
| (Increase) / decrease in deferred tax assets | (24,009,443) | 3,140,859 |
| (Decrease) / increase in trade and other payables | (7,333,061) | 6,528,234 |
| Increase in deferred tax liabilities | 4,239,897 | 8,946,132 |
| (Decrease) / increase in current tax liability | (7,721,455) | 7,721,455 |
| Net cash outflow from operating activities | (234,559,576) | (139,560,536) |

22. Earnings per share

| | 2020 \$ | 2019 \$ |
|--|-----------------------------|-----------------------------|
| (Loss) / profit after income tax used in the calculation of basic and diluted earnings per share | (45,475,840) | 50,623,963 |
| Basic and diluted (loss) / earnings per share * | (11.18) cents | 17.96 cents |
| | Number of Shares | Number of Shares |
| Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted (loss) / earnings per share | 406,921,053 | 281,831,571 |

* There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

23. Investment portfolio as at 30 June 2020

| Company name | Stock code | Market value \$ |
|------------------------------------|------------|----------------------|
| Amazon.com Inc | AMZN US | 147,003,869 |
| Mastercard Inc | MA US | 106,116,639 |
| Linde plc | LIN US | 69,494,597 |
| CME Group Inc. | CME US | 57,146,559 |
| Yakult Honsha Co Ltd | 2267 JP | 46,350,691 |
| Colgate Palmolive Co | CL US | 45,059,251 |
| Kikkoman Corp | 2801 JP | 38,631,385 |
| Cie Financiere Richemont | CFR SW | 38,102,954 |
| Diageo Plc | DGE LN | 32,490,489 |
| Francaise des Jeux | FDJ FP | 32,385,306 |
| OTIS Worldwide Corp | OTIS US | 31,574,842 |
| Reckitt Benckiser Group PLC | RB/ LN | 29,422,069 |
| Olympus Corp | 7733 JP | 22,596,124 |
| Pernod Ricard SA | RI FP | 22,238,587 |
| General Electric Co | GE US | 18,445,679 |
| WD-40 Co | WDFC US | 14,394,558 |
| Kewpie Corp | 2809 JP | 12,842,302 |
| Schindler Holding AG | SCHP SW | 9,138,603 |
| Brisbane Markets Limited (AU) | | 8,277,382 |
| Pinterest Inc - Class A | PINS US | 2,404,276 |
| Agricultural Investment Trust (AU) | | 2,453,330 |
| Total Long Portfolio | | 786,569,492 |
| Total Short Portfolio | | (144,212,684) |
| Net investment Portfolio | | 642,356,808 |

Directors' Declaration

In accordance with a resolution of the Directors of VGI Partners Global Investments Limited (the Company), the Directors of the Company declare that:

- a) the financial statements and notes set out on pages 17 to 38 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - ii) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended 30 June 2020;
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- c) Note 2(b) to the financial statements confirms compliance with International Financial Reporting Standards; and
- d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



David F Jones
Chairman
Sydney
18 August 2020

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**Independent Auditor's Report
To the Members of VGI Partners Global Investments Limited
ABN 91 619 660 721**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VGI Partners Global Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of VGI Partners Global Investments Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the matter |
|---|---|
| Existence, Completeness and Valuation of Financial Assets and Financial Liabilities Refer to Note 9: Financial assets and liabilities at fair value through profit or loss | |
| <p>We focused our audit effort on the existence, completeness and valuation of the Company's financial assets and financial liabilities as they are the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the investment management process and controls; ▪ Reviewing and evaluating the independent audit reports on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians; ▪ Obtaining confirmation of the investment holdings directly from the Custodians; ▪ Recalculating and assessing the Company's valuation of individual investment holdings to independent pricing sources; ▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements. |
| Accuracy of Management Fees and Performance Fees Refer to Note 10: Trade and other payables, Note 16 Related party transactions | |
| <p>We focused our audit effort on the accuracy of calculating the management fees and performance fees as they are significant expenses of the Company and their calculation may require adjustments for major events such as payment of company dividends and taxes, capital raisings and capital reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager. Key inputs include portfolio movements and watermark benchmarking in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the year and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments for major events such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs such as portfolio movements, application of the relevant index benchmarking, set percentage used in the calculation of management and performance fees, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements. |

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Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the financial year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 14 of the Directors' Report for the financial year ended 30 June 2020. In our opinion, the Remuneration Report of VGI Partners Global Investments Limited, for the financial year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M Whiddett
Partner



Pitcher Partners
Sydney

18 August 2020

Shareholder Information

The Shareholder information set out below was applicable as at 31 July 2020.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

a) Substantial Holders

The following parties have notified the Company that they have a substantial relevant interest in the ordinary shares of VGI Partners Global Investments Limited in accordance with section 671B of the Corporations Act 2001:

| Name | Ordinary shares | |
|---------------------------|-----------------|--------------------------|
| | Number held | % of total shares issued |
| 1607 Capital Partners LLC | 20,381,075 | 5.01 * |

* Based on the last substantial shareholder notice lodged on 17 July 2020.

b) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder present at a meeting or by proxy has one vote on a show of hands.

c) Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

d) Unquoted Securities

There are no unquoted shares.

e) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

| Holding | Ordinary shares | | |
|------------------|--------------------|--------------------|----------------|
| | No of Shareholders | Shares | Percentage (%) |
| 1 - 1,000 | 340 | 134,364 | 0.03 |
| 1,001 - 5,000 | 1,902 | 6,159,684 | 1.52 |
| 5,001 - 10,000 | 1,897 | 14,729,221 | 3.62 |
| 10,001 - 100,000 | 4,853 | 140,429,022 | 34.51 |
| 100,001 and over | 402 | 245,468,762 | 60.32 |
| Total | 9,394 | 406,921,053 | 100.00 |

f) **Equity security holders**

Twenty largest quoted equity security holders as at 31 July 2020:

| Name | Ordinary shares Number held | Percentage of issued shares (%) |
|--|--|--|
| HSBC Custody Nominees (Australia) Limited | 78,178,489 | 19.212 |
| National Nominees Limited | 24,533,981 | 6.029 |
| Netwealth Investments Limited - Wrap Services A/C | 12,123,846 | 2.979 |
| BNP Paribas Nominees Pty Ltd - HUB24 Custodial Serv Ltd DRP | 8,820,246 | 2.168 |
| Citicorp Nominees Pty Limited | 6,699,478 | 1.646 |
| Luciano Family Group Investments Pty Limited | 4,919,126 | 1.209 |
| Investment Custodial Services Limited | 4,706,309 | 1.157 |
| Custodial Services Limited | 3,630,684 | 0.892 |
| VGI Partners Limited | 3,405,627 | 0.837 |
| Navigator Australia Ltd | 3,238,600 | 0.796 |
| CS Third Nominees Pty Limited | 3,064,777 | 0.753 |
| Citicorp Nominees Pty Limited - DPSL A/C | 2,827,936 | 0.695 |
| UBS Nominees Pty Ltd | 2,787,003 | 0.685 |
| HSBC Custody Nominees (Australia) Limited - Euroclear Bank SA Nv A/C | 1,739,139 | 0.427 |
| G C F Investments Pty Ltd | 1,500,000 | 0.369 |
| J P Morgan Nominees Australia | 1,206,468 | 0.296 |
| Netwealth Investments Limited - Super Services A/C | 1,133,265 | 0.278 |
| FZIC Pty Ltd | 1,000,000 | 0.246 |
| Dr Sanjay Mohindra | 1,000,000 | 0.246 |
| Tynan Investments Pty Ltd | 976,609 | 0.240 |
| Total Top 20 Holding | 167,491,583 | 41.160% |

g) **Securities Subject to Voluntary Escrow**

Robert Luciano, Douglas Tynan and Robert Poiner have entered into a Reinvestment Agreement with VGI Partners Limited and VG1, pursuant to which was agreed, to the maximum extent permitted by law, to re-invest, from the dividends received from VGI Partners Limited, their "look through" after tax share of any performance fees received by VGI Partners Limited from managing the VG1 portfolio into fully paid ordinary shares in VG1 (**VG1 Shares**), and to have such VG1 Shares voluntarily escrowed on a long term basis.

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Corporate Directory

Board of Directors

David F Jones – Chairman
Robert M P Luciano
Douglas H Tynan
Noel J J Whittaker
Lawrence Myers
Adelaide H McDonald

Company Secretary

Ian J Cameron

Head of Investor Relations

Ingrid L Groer
T: 1800 571 917 (inside Australia)
T: +61 2 9237 8923 (outside Australia)
E: investor.relations@vgipartners.com

Investment Manager

VGI Partners Limited
AFSL 321789

Registered Office

39 Phillip Street
Sydney NSW 2000

Website

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Share Registrar

Boardroom Pty Limited
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E: enquiries@boardroomlimited.com.au

Auditor

Pitcher Partners
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Sydney NSW 2000
T: (02) 9221 2099

Prime Brokers and Custodians

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Goldman Sachs & Co. LLC
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Deutsche Bank AG
Winchester House, 1 Great Winchester Street
London, EC2N 2DB, United Kingdom

ASX Code

VG1

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