

# VGI PARTNERS

**VGI Partners Limited**  
ABN 33 129 188 450  
39 Phillip Street  
Sydney NSW 2000 Australia  
T. +61 2 9237 8900  
[www.vgipartners.com](http://www.vgipartners.com)

AFSL No. 321789 | SEC Registered

24 August 2021

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

BY ELECTRONIC LODGEMENT

## 1H21 Results Briefing Presentation

VGI Partners Limited (ASX:VGI) will hold its 1H21 results webinar and call at **11:00am (AEST) today, Tuesday, 24 August 2021**. Attached is a copy of the presentation to be given.

Please use the webinar or pre-register for the call to avoid delays in joining the session. If you pre-register and do not receive a confirmation email, please check your spam or junk mail folder.

**Webinar link:** <https://services.choruscall.com.au/webcast/VGI-1H21.html>

Input your name, email and company to register for the webinar. The webinar will be interactive, with questions able to be submitted online during the event. Please use the "Ask a Question" box to type any question you would like addressed. Questions for the VGI Partners team, or queries about the event, can also be pre-submitted to [events@vgipartners.com](mailto:events@vgipartners.com).

A recording will be available on the VGI Partners website at [www.vgipartners.com](http://www.vgipartners.com) shortly after the event.

**Pre-register for the listen-only conference call:**

<https://s1.c-conf.com/diamondpass/10015795-s83jmp.html>

**Participant listen-only dial-in numbers (conference ID 10015795) if no pre-registration:**

Australia	1800 809 971 or 1800 558 698 (Toll Free) +61 2 9007 3187 (Local)	Hong Kong	800 966 806 (Toll Free)
		Japan	005 3116 1281 (Toll Free)
New Zealand	0800 453 055 (Toll Free)	China	4001 200 659 (Toll Free)
US/Canada	1 855 881 1339 (Toll Free)	India	0008 0010 08443 (Toll Free)
UK	0800 051 8245 (Toll Free)	Malaysia	1800 816 294 (Toll Free)
Singapore	800 101 2785 (Toll Free)	Other	+61 7 3145 4010 (Metered)

# VGI PARTNERS

## **Authorised for release by:**

Ian Cameron, Company Secretary

## **Investor contact information:**

Ingrid Groer, CFA

Head of Investor Relations

VGI Partners Limited

Phone: 1800 571 917 (inside Australia)  
+61 2 9237 8923 (outside Australia)

Email: [investor.relations@vgipartners.com](mailto:investor.relations@vgipartners.com)

## **Media contact information:**

Max Hewett

GRACosway

Phone: +61 432 332 215

Email: [mhewett@gracosway.com.au](mailto:mhewett@gracosway.com.au)

VGI  
PARTNERS

# VGI Partners Limited (ASX:VGI)

1H21 Results Briefing – 24 August 2021

## Our Philosophy

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› Absolute return focus –  
10-15% p.a.  
compounding target

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› A long-term investment  
horizon provides a  
competitive advantage

---

› Avoid permanent loss of  
capital

---

› Winners are very rare –  
deep research  
results in highly  
concentrated portfolios

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› Larger portfolios may limit  
opportunities

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› We are stewards of  
capital – total staff  
alignment with investors

## 1H21 Financial Highlights

### Six Months to 30 June 2021

- > Normalised NPAT of \$42.9m<sup>1</sup>
- > FUM of \$3.2bn as at 30 June 2021
- > Management fees steady on 1H20 given similar average FUM
- > Performance fees of \$50m
- > Disciplined management of operating costs
- > Statutory NPAT of \$43.0m boosted by fair value gains but offset by amortisation<sup>1</sup>
- > Interim dividend per share of 31.0¢ (fully franked at 30%), payable 10 September 2021
- > 1H21 dividends equate to 50% of normalised NPAT
- > VGI Partners did not access any government programs related to COVID-19

Six Months to 30 June (\$ million) <sup>1</sup>	1H21	1H20
<b>Income</b>		
Management fees (net) <sup>1,2</sup>	22.2	22.2
Performance fees (net) <sup>2</sup>	50.4	0.1
Other income <sup>1</sup>	0.2	0.1
<b>Normalised total revenue</b>	<b>72.8</b>	<b>22.4</b>
Normalised EBIT	61.2	14.2
<b>Normalised NPAT<sup>1</sup></b>	<b>42.9</b>	<b>9.9</b>
Normalisation adjustments (post tax)	0.2	(6.2)
<b>Statutory NPAT</b>	<b>43.0</b>	<b>3.6</b>
Normalised basic EPS <sup>1</sup>	61.4¢	14.1¢
Normalised diluted EPS <sup>1</sup>	61.2¢	13.8¢
Dividend per share (fully franked)	31.0¢	5.0¢
<b>Funds Under Management (FUM) (\$ billion)</b>	<b>3.2</b>	<b>2.9</b>
<b>Average FUM (\$ billion)</b>	<b>3.1</b>	<b>3.1</b>

<sup>1</sup> Normalised NPAT adds back contra-revenue relating to the amortisation of VG1/VG8 IPO costs (1H21: \$2.5m, 1H20: \$2.5m) and deducts unrealised fair value gains (1H21: \$3.5m, 1H20: -\$5.7m). See slide 10 for a full reconciliation to statutory NPAT.

<sup>2</sup> Includes fees on Charitable Foundation Class (that are offset in costs); net of other charitable FUM rebates. Normalised management fees exclude operating costs of VGI Partners' funds that have been reclassified as costs (1H21: \$1.0m, 1H20: \$0.8m).

## 1H21 Business Highlights

Six Months to 30 June 2021

### Client Engagement

Increased pro-active client engagement, improvements to content creation, CRM upgrade

Senior hires to drive distribution

### Continued Investment in Operational Capabilities

Enfusion (trading execution and portfolio management), Hazeltree (treasury management), cloud migration

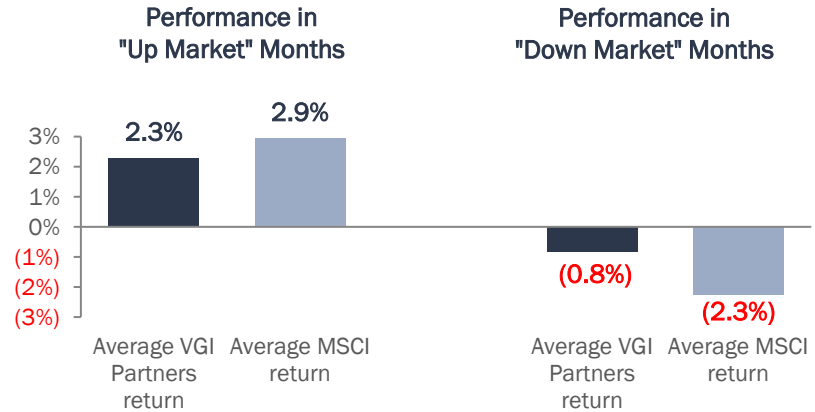
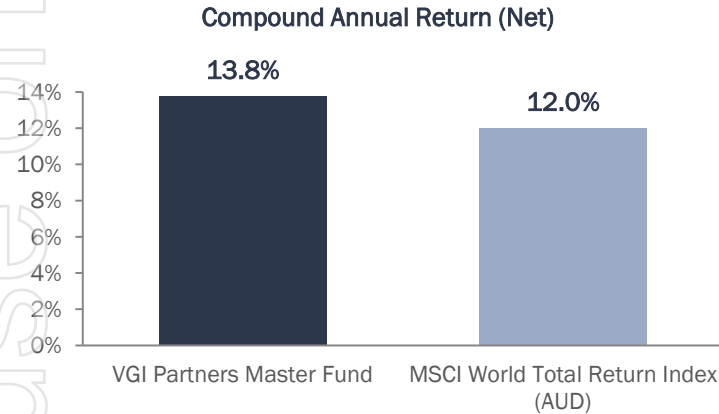
### Changes in the Investment Team

# Fund Performance

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## VGI Partners Master Fund: Capital Preservation

### Performance in Up/Down Months



Source: Citco Fund Services and Bloomberg. Performance is shown after all applicable management and performance fees charged. In the period to 30 June 2021 (a total of 150 months since inception), there has been 94 "up market" months and 56 "down market" months. MSCI = MSCI World Total Return Index (AUD).



## FUM and Net Portfolio Returns

FUM of \$3.2bn as at 30 June 2021

Fund	12-Month Net Return to 30 June 2021 <sup>1</sup>
VGI Partners Master Fund	+24.7%
VGI Partners Global Investments Ltd (ASX:VG1)	+25.6%
VGI Partners Asian Investments Ltd (ASX:VG8)	+15.0%

Source: VGI Partners.

<sup>1</sup> Figures are unaudited and based on VGI Partners Limited's estimates. Net portfolio return for all funds is shown after all applicable management and performance fees charged. For VG1 and VG8, the return is based on pre-tax NTA, adding back any tax and dividends.

# Financials

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## Normalised Financials

### Six Months to 30 June 2021

- Normalised 1H21 NPAT adds back contra-revenue relating to the amortisation of VG1/VG8 IPO costs (\$2.5m) and deducts unrealised fair value gains on the mark-to-market of VGI Partners' investments (\$3.5m), adjusted for tax
- For the 1H21 normalised statement, \$1.0m of "operating costs of VGI Partners Funds" reclassified from net management fees to costs
- Slide 10 sets out the reconciliation between statutory and normalised financials
- Normalisations in 1H21 are non-cash items; free cash flow of \$25.6m

<sup>1</sup> Excluding \$2.5m in 1H21 of contra-revenue relating to the amortisation of VG1/VG8 IPO costs (1H20: \$2.5m) and \$1.0m of "operating costs of VGI Partners Funds" (1H20: \$0.8m).

<sup>2</sup> Excluding \$3.5m in 1H21 of unrealised fair value mark-to-market gains (1H20: \$5.7m of unrealised losses).

<sup>3</sup> Including \$1.0m of "operating costs of VGI Partners Funds" in 1H21 (reclassified from net management fees) (1H20: \$0.8m).

Six Months to 30 June (\$ million)	1H21	1H20
<b>Income</b>		
Management fees (net) <sup>1</sup>	22.2	22.2
Performance fees (net)	50.4	0.1
Other income <sup>2</sup>	0.2	0.1
<b>Normalised total revenue</b>	<b>72.8</b>	<b>22.4</b>
Normalised operating costs <sup>3</sup>	(11.1)	(7.8)
<b>Normalised EBITDA</b>	<b>61.7</b>	<b>14.6</b>
Depreciation and amortisation (D&A)	(0.6)	(0.4)
<b>Normalised EBIT</b>	<b>61.2</b>	<b>14.2</b>
Net interest income	0.0	0.1
<b>Normalised NPBT</b>	<b>61.2</b>	<b>14.3</b>
Normalised tax	(18.3)	(4.4)
<b>Normalised NPAT</b>	<b>42.9</b>	<b>9.9</b>
Normalisation adjustments (post tax)	0.2	(6.2)
<b>Statutory NPAT</b>	<b>43.0</b>	<b>3.6</b>
Normalised basic EPS	61.4¢	14.1¢
Normalised diluted EPS	61.2¢	13.8¢
Dividend per share (fully franked)	31.0¢	5.0¢

## Reconciliation

### Normalisation Adjustments

- Normalised 1H21 NPAT adds back contra-revenue relating to the amortisation of VG1/VG8 IPO costs (\$2.5m) and deducts unrealised fair value gains on the mark-to-market of VGI Partners' investments (\$3.5m)
- For the 1H21 normalised statement, \$1.0m of "operating costs of VGI Partners Funds" reclassified from net management fees to costs
- All normalisation adjustments tax-effected at 30% except for amortisation of VG8 IPO alignment share costs (which are not tax-deductible and thus no tax impact is applied)

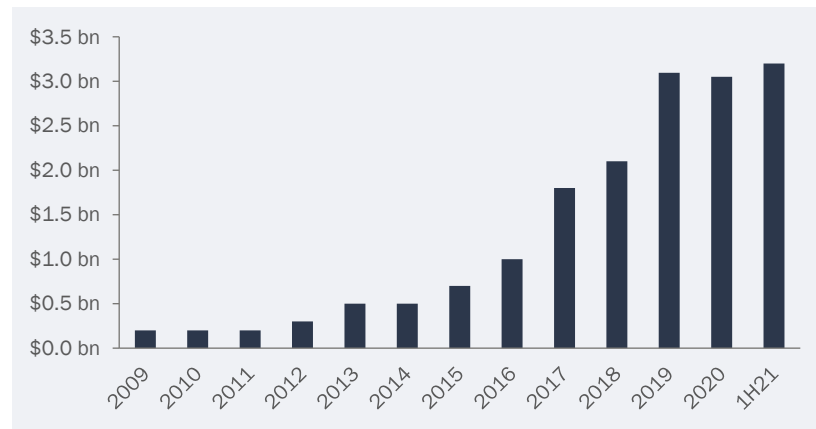
Six Months to 30 June (\$ million)	1H21 statutory	Adjust.	1H21 normalised	1H20 normalised
<b>Income</b>				
Management fees (net)	18.7	2.5 + 1.0	22.2	22.2
Performance fees (net)	50.4		50.4	0.1
Other income	3.7	(3.5)	0.2	0.1
<b>Total revenue</b>	<b>72.8</b>		<b>72.8</b>	<b>22.4</b>
Operating costs	(10.0)	(1.0)	(11.1)	(7.8)
<b>EBITDA</b>	<b>62.7</b>		<b>61.7</b>	<b>14.6</b>
Depreciation and amortisation	(0.6)		(0.6)	(0.4)
<b>EBIT</b>	<b>62.2</b>		<b>61.2</b>	<b>14.2</b>
Net interest income	0.0		0.0	0.1
<b>NPBT</b>	<b>62.2</b>		<b>61.2</b>	<b>14.3</b>
Tax	(19.1)	0.8	(18.3)	(4.4)
<b>NPAT</b>	<b>43.0</b>	<b>(0.2)</b>	<b>42.9</b>	<b>9.9</b>
Basic EPS	61.7¢		61.4¢	14.1¢
Diluted EPS	61.4¢		61.2¢	13.8¢
Dividend per share (fully franked)	31.0¢		31.0¢	5.0¢

## Revenue and FUM

### Six Months to 30 June 2021

- FUM of \$3.2bn at the end of 1H21
- Gross management fees of 1.5%
- Net management fees of c.1.4% largely due to charitable FUM<sup>1</sup>
- Management fees of \$22m steady vs 1H20
- Performance fees of \$50m
- Performance fees are based on absolute performance subject to high-water marks and can vary materially between periods

### VGI Partners FUM



Source: VGI Partners and Citco Fund Services.

<sup>1</sup> The c.1.4% net management fee has been normalised to exclude contra-revenue relating to the amortisation of VG1/VG8 IPO costs and "operating costs of VGI Partners Funds". See slide 10.

## Expenses

### Six Months to 30 June 2021

- Normalised operating costs of \$11m
- Personnel costs rose due to an increase in headcount and were broadly similar to the level in 2019 and 2H20. 1H20 reflected exceptionally tight cost control during the initial stages of the COVID pandemic and related equity market pressures
- Research, communications and IT costs continue to be well managed (and assisted by limited travel)
- Charitable Foundation contributions represent the donation of fees earned from the Charitable Foundation Class of the VGI Partners Master Fund (zero net impact on NPAT)

Six Months to 30 June (\$ million)	1H21	1H20
Personnel	6.1	3.8
Research, communications and IT	0.9	1.2
Charitable Foundation contributions <sup>1</sup>	0.8	0.2
Other <sup>2</sup>	2.2	1.8
<b>Total operating costs ex D&amp;A (statutory)<sup>2</sup></b>	<b>10.0</b>	<b>7.0</b>
<b>Total operating costs ex D&amp;A (normalised)<sup>2</sup></b>	<b>11.1</b>	<b>7.8</b>
Depreciation and amortisation (D&A)	0.6	0.4
Headcount (end of period)	28	24

<sup>1</sup> Relates to Charitable Foundation Class fee rebates (an offset to revenue) but excludes other charitable FUM fee rebates (which are treated as contra-revenue). See slide 14 for more detail.

<sup>2</sup> Statutory costs in 1H21 exclude "operating costs of VGI Partners Funds" of \$1.0m (1H20: \$0.8m) (as these were netted from management fees per AASB 15). These costs have been included in "normalised" operating costs. Excludes finance costs relating to AASB 16 Leases (1H21: \$0.04m, 1H20: \$0.05m). There were no non-recurring costs in 1H20 or 1H21.

## Balance Sheet

### As at 30 June 2021

- › \$34.6m in cash as at 30 June 2021, no debt
- › Interim dividend of 31.0¢ (c.\$21.6m), fully franked at 30%
  - › Ex-date: 30 August 2021
  - › Record date: 31 August 2021
  - › Payment date: 10 September 2021
- › 1H21 dividend is 50% of normalised NPAT

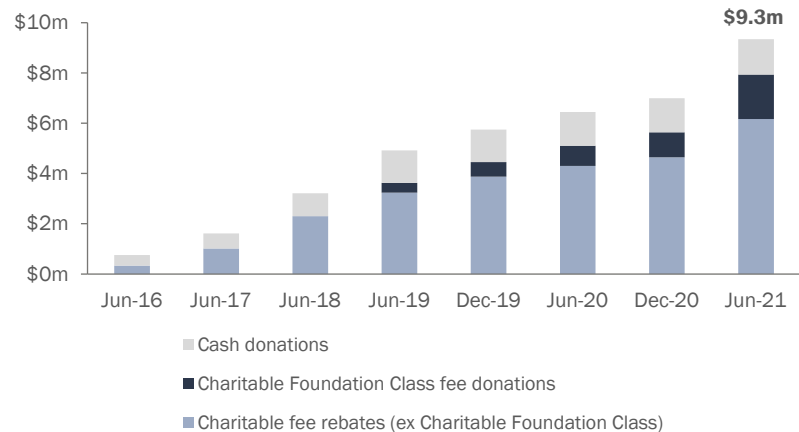
Statutory Balance Sheet (\$ million)	30 Jun 2021	31 Dec 2020
Cash and cash equivalents	34.6	41.7
Trade and other receivables	59.0	26.9
Financial assets at fair value	48.8	34.5
Contract assets <sup>1</sup>	41.5	44.0
Other assets	5.9	5.1
<b>Total assets</b>	<b>189.9</b>	<b>152.3</b>
Trade and other payables	6.7	3.6
Employee entitlements	5.8	3.3
Other liabilities	21.1	12.7
<b>Total liabilities</b>	<b>33.5</b>	<b>19.7</b>
<b>Equity</b>	<b>156.3</b>	<b>132.6</b>

<sup>1</sup> VG1/VG8 IPO costs recognised as contract assets (creating contra-revenue amortisation over 10 years).

## Charitable Initiatives And VGI Partners Foundation Class

- VGI Partners actively supports charitable and community causes. Total donations and rebates since 2008 of \$9.3m.
- This includes \$1.4m of cash donations to select external charities since 2008.
- VGI Partners manages funds for selected foundations pro bono. Fee rebates for these have totalled \$6.2m since 2008.
- The VGI Partners Foundation was formed in 2018 and a new Charitable Foundation Class in the VGI Partners Master Fund. 100% of management fees and performance fees earned by VGI Partners on the Foundation Class are donated to the VGI Partners Foundation. VGI Partners has donated \$1.8m to the Foundation to date.
- The Foundation Class had c.\$26m of FUM as at 30 June 2021.
- Please refer to the Directors' Report within VGI Partners' 1H21 Half Year Report for more information.

VGI's Cumulative Charitable Rebates and Donations



**Pro bono management services are provided to these charitable groups:**

Future Generation Global Investment Company  
Jewish Holocaust Centre Foundation  
Australian Philanthropic Services Foundation  
Sydney Swans Foundation



## VGI Partners Foundation

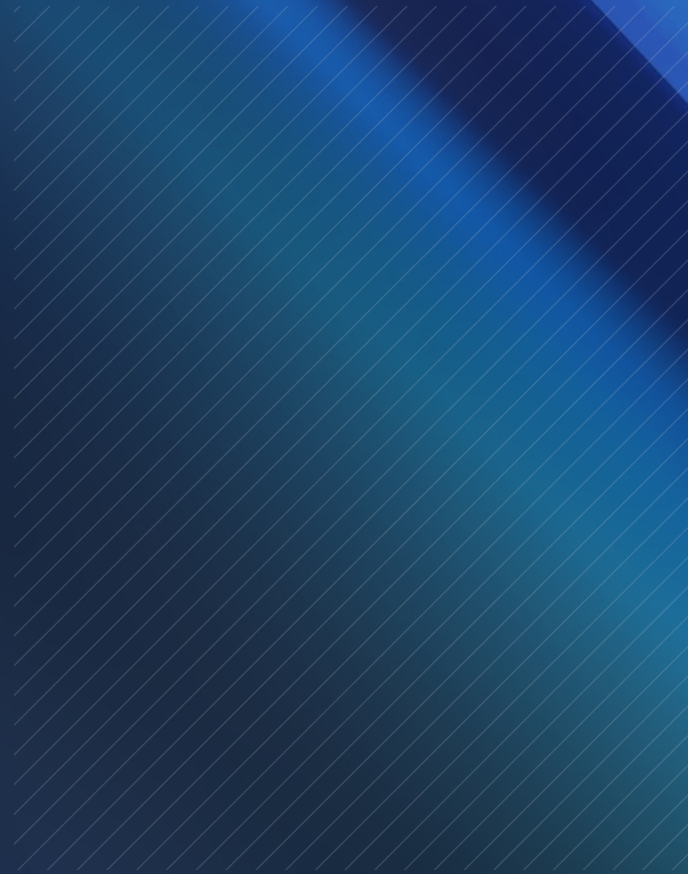
- › The VGI Partners Foundation was formed in 2018 and operates as an independent public ancillary fund, with a vision to catalyse positive change in society.
- › VGI Partners has donated \$1.8m to the Foundation to date.
- › In the 12 months ending 30 June 2021, the Foundation has made charitable donations of \$425,000.
- › Donations to the Foundation have supported key focus areas of:
  - › Furthering social cohesion;
  - › Promoting the health and wellbeing of Australian children; and
  - › Providing support to families of people who have made a significant personal sacrifice while contributing to Australian society.
- › For further information visit [www.vgipartnersfoundation.com](http://www.vgipartnersfoundation.com)

The following are some of the eligible organisations that have received support during 2020-2021, with an emphasis on homelessness, education, research and wellbeing to support people and communities in need.

- › Alannah & Madeline Foundation
- › Be Kind Sydney
- › Forge Through
- › Mission Australia
- › ReachOut Australia
- › The Sydney Jewish Museum
- › Taldumande Youth Services
- › The Girls Refuge (Detour House Inc)
- › Wandering Warriors
- › Women's and Girls' Emergency Centre
- › Women's Community Shelters

# Shareholder Engagement

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## **Shareholder Engagement for VGI Partners**

**Please Elect Electronic Communications to Stay Informed**

- 
- Half-year and full-year result conference calls
  - Manager's semi-annual VG1 and VG8 letters in January and July each year
  - Annual General Meeting (AGM) in May
  - Annual national roadshow each October
- 

### **Head of Investor Relations**

Ingrid Groer, CFA

Phone: 1800 571 917 (inside Australia)

+61 2 9237 8923 (outside Australia)

Email: [investor.relations@vgipartners.com](mailto:investor.relations@vgipartners.com)

Website: [www.vgipartners.com](http://www.vgipartners.com)

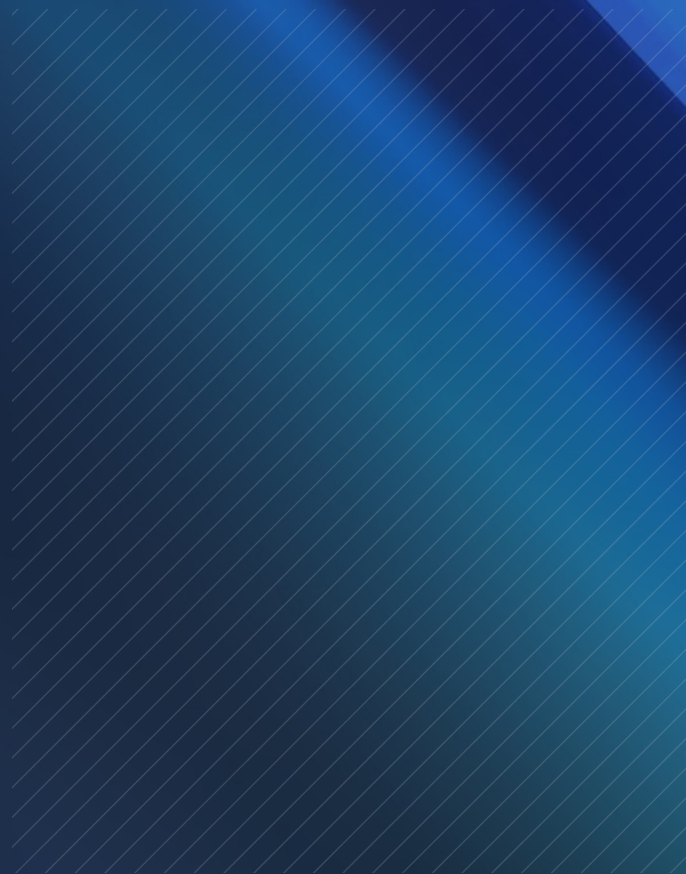
# Questions

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# Appendices

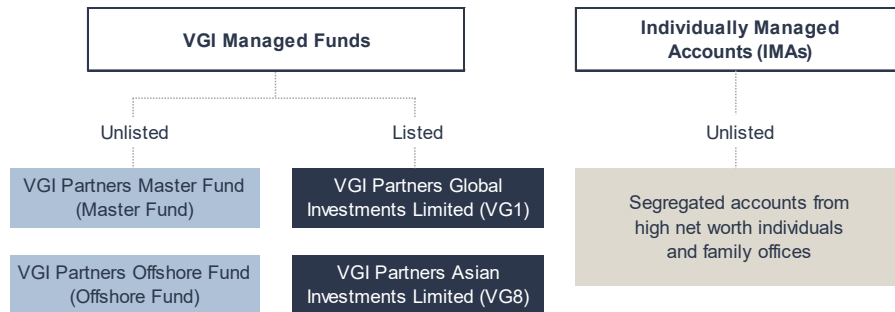
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## Appendix A

### VGI Partners Overview

- Specialist manager focusing on global equities. Long biased, concentrated strategy with selective short selling. Minimal to no leverage utilised
- Offices in Sydney, New York and Tokyo
- FUM of \$3.2bn as at 30 June 2021<sup>1</sup>
- One global investment strategy across two unlisted funds (AUD and USD), IMAs and VG1. Second strategy (VG8), focused on Asia
- The Manager is not currently seeking additional AUM from new clients. The focus remains on growing AUM through compounding existing assets
- Strong track record of Master Fund performance



<sup>1</sup> Data is unaudited and based on VGI Partners' estimates.

## **Appendix B**

### **VGI Partners Limited Dividend Policy**

VGI Partners Limited (the “Company”) will target a dividend pay-out ratio of between 50% and 75% of normalised profit after tax.

In a period of outsized performance fee revenue or when the Company is investing capital to improve shareholder returns in the future, the Company may determine to pay a dividend below the target range.

In a period of below average performance fee revenue, the Company may determine to pay a dividend above the target range (where there is sufficient brought forward retained earnings).

In addition, the actual payout ratio may vary between periods depending upon on a number of factors including the general business environment, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits and imputation credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company and any other factors the directors consider relevant.

– VGI Partners Limited Initial Public Offer Prospectus (page 58)

## Appendix C

### Statutory vs Normalised P&L

- Normalised 1H21 NPAT adds back contra-revenue relating to the amortisation of VG1/VG8 IPO costs (\$2.5m) and deducts unrealised fair value gains on the mark-to-market of VGI Partners' investments (\$3.5m)
- For the 1H21 normalised statement, \$1.0m of "operating costs of VGI Partners Funds" reclassified from net management fees to costs
- All normalisation adjustments tax-effected at 30% except for amortisation of VG8 IPO alignment share costs (which are not tax-deductible and thus no tax impact is applied)

Six Months to 30 June (\$ million)	1H21 statutory	1H20 statutory	1H21 normalised	1H20 normalised
<b>Income</b>				
Management fees (net)	18.7	18.9	22.2	22.2
Performance fees (net)	50.4	0.1	50.4	0.1
Other income	3.7	(5.5)	0.2	0.1
<b>Total revenue</b>	<b>72.8</b>	<b>13.5</b>	<b>72.8</b>	<b>22.4</b>
Operating costs	(10.0)	(7.0)	(11.1)	(7.8)
<b>EBITDA</b>	<b>62.7</b>	<b>6.4</b>	<b>61.7</b>	<b>14.6</b>
Depreciation and amortisation	(0.6)	(0.4)	(0.6)	(0.4)
<b>EBIT</b>	<b>62.2</b>	<b>6.0</b>	<b>61.2</b>	<b>14.2</b>
Net interest income	0.0	0.1	0.0	0.1
<b>NPBT</b>	<b>62.2</b>	<b>6.1</b>	<b>61.2</b>	<b>14.3</b>
Tax	(19.1)	(2.5)	(18.3)	(4.4)
<b>NPAT</b>	<b>43.0</b>	<b>3.6</b>	<b>42.9</b>	<b>9.9</b>
Basic EPS	61.7¢	5.2¢	61.4¢	14.1¢
Diluted EPS	61.4¢	5.1¢	61.2¢	13.8¢
Dividend per share (fully franked)	31.0¢	5.0¢	31.0¢	5.0¢



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The Information is given in summary form and does not purport to be complete.

All currency data in this presentation is in Australian dollars (A\$) unless stated otherwise.

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