

**VGI
PARTNERS**

**VGI Partners Limited
(ASX:VGI)**

FY19 Investor Briefing – 27 February 2020

FY19 Business Highlights

Year to 31 December 2019

- IPO completed in June 2019. Over 77% owned by key management post IPO. No selldown and majority of founder shareholdings in 5 year escrow
- VGI Partners shares up over 110% on \$5.50 listing price
- FUM up 48% in 2019 to \$3.1 bn, including \$0.3 bn VG1 raising in June and \$0.6 bn VG8 IPO in November. FUM was \$3.3 bn as at 31 January 2020
- Normalised EBIT of \$47.3m; normalised NPAT of \$33.3m. These do not reflect the run-rate of management fee revenues^{1,2}
- Go-forward annualised net management fees of c.\$47m based on FUM at 31 January 2020 of \$3.3 bn - see slide 12
- Final dividend per share of 9.3¢ (fully franked at 27.5%), payable 18 March 2020

Year to 31 December (\$ million) ¹	FY19	FY18
Income		
Management fees (net) ^{1,2,3}	32.4	19.2
Performance fees (net) ³	36.7	44.9
Other income ²	(0.1)	0.7
Normalised total operating revenue	69.0	64.8
Normalised EBIT	47.3	48.7
Normalised NPAT²	33.3	34.9
Normalisation adjustments (post tax)	(5.3)	NM
Statutory NPAT	28.0	NM
Normalised basic EPS ²	49.4¢	NM
Normalised diluted EPS ²	48.4¢	NM
Dividend per share (fully franked) ⁴	34.9¢	NM
Funds Under Management (FUM) (\$ billion)	3.1	2.1
Average FUM (\$ billion)	2.5	2.0

¹ Given VGI Partners' Initial Public Offering (IPO) in June 2019, new VG1/VG8 FUM raised, VGI/VG1/VG8 raising costs and the VG1 fee waiver (which finished in April 2019), FY19 earnings are not representative of future run-rates. FY18 is based on pro forma data for CY18 in the VGI IPO prospectus (20 May 2019).

² Normalised FY19 NPAT adds back non-recurring equity raising costs (\$5.8m), contra-revenue relating to the amortisation of VG8/VG1 IPO costs (\$0.3m) and unrealised fair value losses (\$1.5m) (all tax affected at 30%). See slide 20 for a full reconciliation to statutory NPAT and EPS calculations.

³ Include fees on Charitable Foundation Class (that are offset in costs); net of other charitable FUM rebates. FY19 normalised management fees exclude \$1.5m of operating costs that have been reclassified as costs.

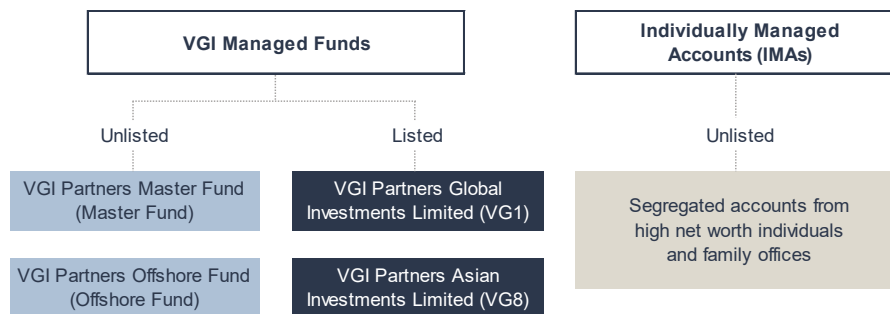
⁴ FY19 dividend per share (DPS) reflects 25.6c interim dividend and 9.3c final dividend.

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Business Overview

VGI Partners Overview

- Specialist manager focusing on global equities. Long biased, concentrated strategy with selective shorting. Minimal to no leverage utilised
- 29 staff in Sydney, New York and Tokyo
- FUM of \$3.3 bn¹
- One global investment strategy across two unlisted funds (AUD and USD), IMAs and VG1
- Second strategy (VG8), focused on Asia
- VGI Partners is closed to new investment into its unlisted funds and IMAs. VGI Partners' strategies are only accessible via investing in VG1, VG8 or the remaining capacity in the Charitable Foundation Class
- Strong track record of Master Fund performance



¹ FUM as at 31 January 2020. Data is unaudited and based on VGI Partners' estimates.

VGI Partners

Philosophy and Alignment of Interests

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

Alignment of Interests

- VGI Partners paid for establishment costs of VG1 and VG8. VGI Partners also met all costs in VG1's equity raising in 2019
- All operating costs of VG1 and VG8 (where permitted) paid by VGI
- Founders of VGI Partners reinvest their pro-rata amount of VG1 and VG8 performance fees (after tax) back into VG1 and VG8 shares

Staff

- Prohibited from buying securities outside of the Manager's funds and VGI Partners itself
- The entire investment team invests a material proportion of their net worth in VGI Partners and VGI Partners funds
- Staff and their families have well over \$100m invested in VGI Partners funds¹ and own over 77% of VGI Partners

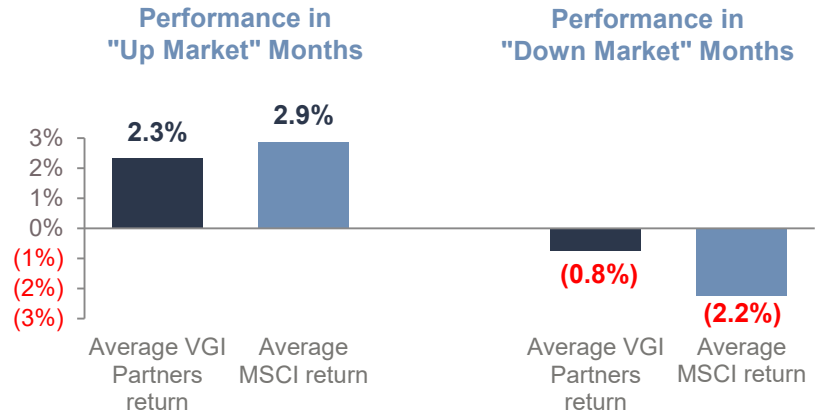
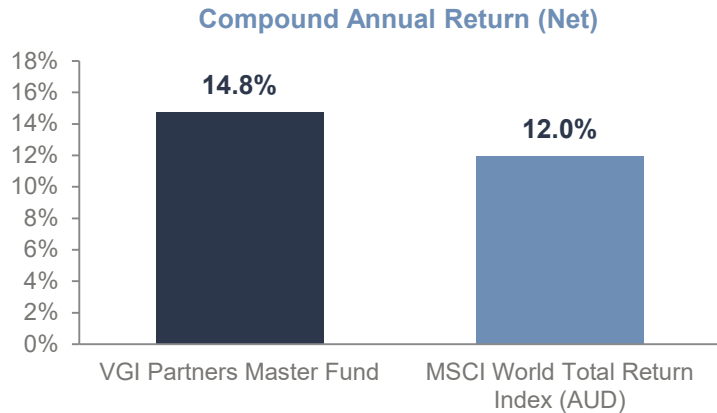
¹ Includes Master Fund, Offshore Fund, VG1 and VG8. Based on post-tax NTA of \$2.58 for VG1 and \$2.54 for VG8 as of 21 February 2020 (per the latest Weekly NTA Updates released to the ASX). Includes stakes in VG1 (c.\$7m) and VG8 (c.\$27m) owned by VGI Partners. VGI Partners is over 77.5% owned by VGI Partners staff and their families.

VGI Partners Master Fund Long-Term Performance Objectives Achieved

Annual Compound Returns (% p.a.) To 31 January 2020	VGI Partners Master Fund Performance	Performance Objective Achieved (10-15% p.a.)	Master Fund Net Exposure
1 year	16.3%	✓	69.9%
2 year rolling (p.a.)	16.1%	✓	64.2%
3 year rolling (p.a.)	14.5%	✓	60.8%
4 year rolling (p.a.)	12.6%	✓	61.6%
5 year rolling (p.a.)	13.9%	✓	64.4%
6 year rolling (p.a.)	13.6%	✓	67.1%
7 year rolling (p.a.)	16.9%	✓	69.8%
8 year rolling (p.a.)	17.4%	✓	70.1%
9 year rolling (p.a.)	15.6%	✓	71.1%
10 year rolling (p.a.)	15.3%	✓	72.3%
Since inception (p.a.)	14.8%	✓	69.7%

Source: VGI Partners and Citco Fund Services. Performance is shown after all applicable management and performance fees charged. The VGI Partners Master Fund inception date was 20 January 2009 and the Fund is AUD denominated. Past performance is not indicative of future performance.

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 31 January 2020 (a total of 133 months since inception), there has been 84 "up market" months and 49 "down market" months. MSCI = MSCI World Total Return Index (AUD).

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Financials

Normalised Financials

Year to 31 December 2019

- Given VGI Partners' listing in June 2019, new VG1/VG8 FUM raised, the costs of the VGI/VG1/VG8 raisings, and the VG1 fee waiver (which finished in April 2019), **FY19 earnings are not representative of future run-rates**
- Normalised FY19 NPAT adds back non-recurring equity raising costs (\$5.8m), contra-revenue relating to the amortisation of VG8/VG1 IPO costs (\$0.3m) and unrealised fair value losses on the mark-to-market of VGI Partners' investments in VG1 and VG8 (\$1.5m)
- All normalisation adjustments are tax-effected at 30%
- For the FY19 normalised statement, \$1.5m of "operating costs of VGI Partners Funds" reclassified from net management fees to costs
- Slide 20 contains the reconciliation between statutory and normalised financials

¹ FY18 is based on pro forma data for CY18 in the VGI IPO prospectus (20 May 2019).

² Excluding \$0.3m in FY19 of contra-revenue relating to the amortisation of VG8/VG1 IPO costs and \$1.5m of "operating costs of VGI Partners Funds".

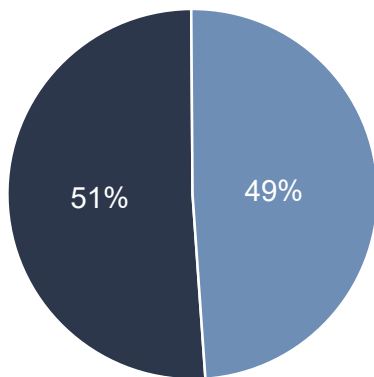
³ Excluding \$1.5m in FY19 of unrealised fair value losses on the mark-to-market of VG1 and VG8.

Year to 31 December (\$ million)	FY19	FY18 ¹
Income		
Management fees (net) ²	32.4	19.2
Performance fees (net)	36.7	44.9
Other income ³	(0.1)	0.7
Normalised total operating revenue	69.0	64.8
Normalised operating costs ⁴	(21.0)	(15.9)
Normalised EBITDA	48.0	48.8
Depreciation and amortisation (D&A)	(0.7)	(0.1)
Normalised EBIT	47.3	48.7
Net interest income	0.6	1.1
Normalised NPBT	47.9	49.8
Normalised tax	(14.6)	(14.9)
Normalised NPAT	33.3	34.9
Normalisation adjustments (post tax)	(5.3)	NM
Statutory NPAT	28.0	NM
Normalised basic EPS ⁵	49.4¢	NM
Normalised diluted EPS ⁵	48.4¢	NM
Dividend per share (fully franked)	34.9¢	NM

⁴ Excluding \$5.8m in FY19 of non-recurring equity raising costs for VGI's IPO and the VG1 raising, but including \$1.5m of "operating costs of VGI Partners Funds" (reclassified from net management fees).

⁵ See slide 20 for further details on EPS calculations.

Funds Under Management on 31 December 2019 of \$3.1 bn Roughly half in Listed Investment Companies



■ FUM in unlisted funds/IMAs ■ FUM in listed investment companies

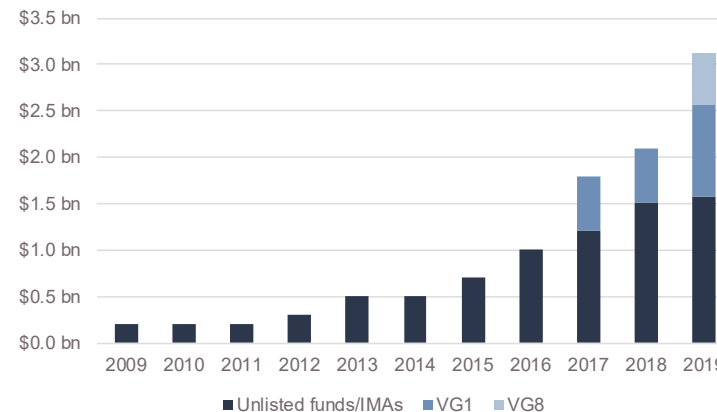
	Master Fund	Offshore Fund	Individually Managed Accounts	VG1	VG8
FUM (A\$m) at 31 December 2019	\$855m	\$275m	\$450m	\$975m	\$540m
Launch date	January 2009	May 2012	Various	September 2017	November 2019
Currency	A\$	US\$	A\$ and US\$	A\$	A\$
Investment strategy	Global	Global	Global	Global	Asian region
Performance fee calculation date	Annually on 30 June	Annually on 31 December	Annually on 30 June	Semi-annually on 30 June and 31 December	Semi-annually on 30 June and 31 December
Entity type	Unlisted	Unlisted	Unlisted	Listed Investment Company (LIC)	Listed Investment Company (LIC)

Source: VGI Partners and Citco Fund Services.

Revenue and FUM Year to 31 December 2019

- FUM of \$3.1 bn up 48% over the year (\$0.3 bn VG1 raising, \$0.6 bn VG8 IPO and \$0.1 bn performance/other)
- Gross management fees of 1.5%
- VG1 fee waiver finished in April 2019
- Net management fees of c.1.4% largely due to charitable FUM¹
- FUM is \$3.3 bn as at 31 January 2020
- Go-forward annualised net management fees of c.\$47m based on FUM at 31 January 2020 of \$3.3 bn¹
- Performance fee of 15%, subject to high watermark
- Performance fees typically weighted to 1H given most FUM has June-year-end calculation periods

VGI Partners FUM

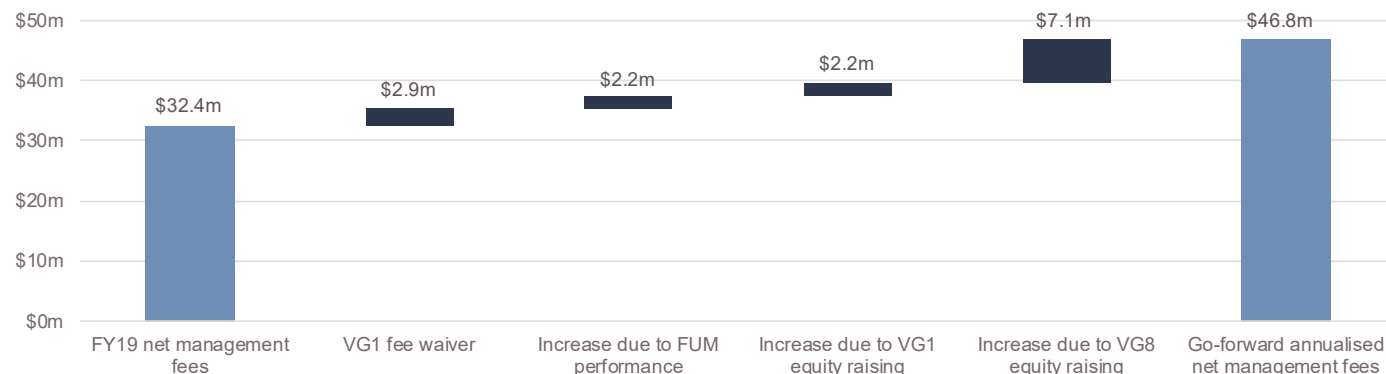


Source: VGI Partners and Citco Fund Services.

¹ The c.1.4% net management fee and c.\$47m of go-forward annualised net management fees are run-rate figures; they are not intended to be a forecast, target, prediction or guidance and can be subject to uncertainties. These figures have been normalised to exclude contra-revenue relating to the amortisation of VG8/VG1 IPO costs and "operating costs of VGI Partners Funds". See slide 12.

Go-forward annualised net management fees of c.\$47 million¹ Assumes no further capital raised

Bridge: FY19 net management fees to “go-forward” annualised net management fees as at 31 January 2020



¹ Net management fees on this page have been normalised to exclude contra-revenue relating to the amortisation of VG8/VG1 IPO costs and “operating costs of VGI Partners Funds”. The bridge reflects:

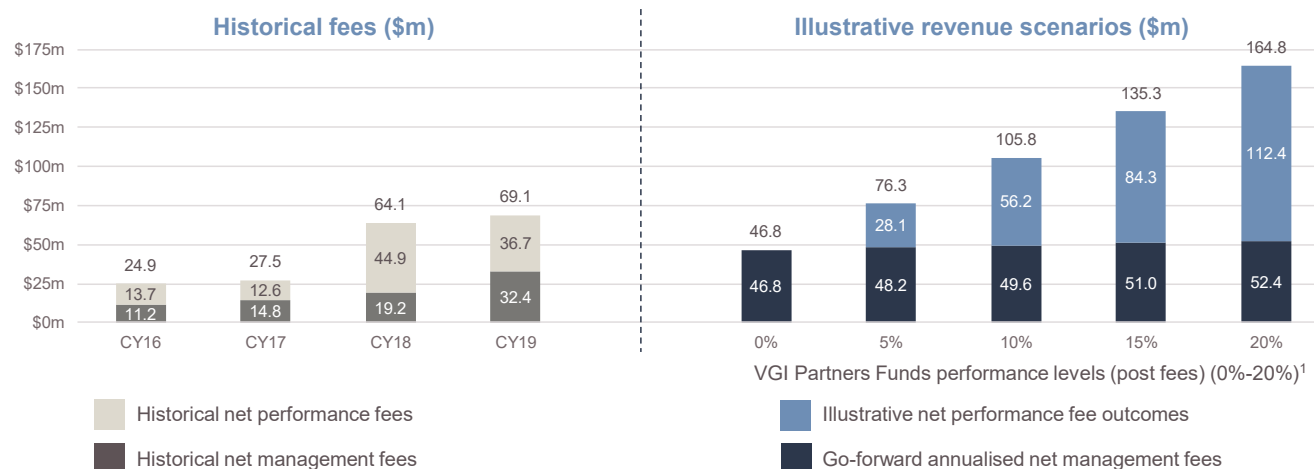
- **VG1 fee waiver:** The VGI Partners investment management agreement with VG1 provided for no management fee to be paid to VGI Partners until total costs paid by VG1 in connection with its IPO in September 2017 were offset. VGI Partners thus received no management fees from VG1 until April 2019. After that date, VGI Partners receives full management fees for VG1 (1.5% of FUM).
- **Increase due to FUM performance:** Increase in management fees due to the organic increase in FUM in the thirteen months to 31 January 2020. FUM as at 31 January 2020 was c.\$3.3 billion.
- **Increase due to VG1 equity raising:** Incremental increase in management fees if the \$300 million of FUM raised in June was managed for a whole year.
- **Increase due to VG8 equity raising:** Incremental increase in management fees if the \$557 million of FUM raised in November was managed for a whole year.

The above chart assumes no net increase or decrease to FUM as at 31 January 2020. **The go-forward annualised net management fee is a run-rate figure; it is not intended to be a forecast, target, prediction or guidance and can be subject to uncertainties. Actual results may vary in a materially positive or negative manner.** The figures in the above chart are provided for illustrative purposes only and should not be relied on.

Illustrative Revenue Scenarios based on 31 January 2020 FUM of \$3.3bn¹

The illustrative revenue scenarios comprise:

- The “go-forward” annualised net management fee¹
- Net performance fee outcomes based on an illustrative range of VGI Partners Fund performance levels (post fees)



¹ Investment performance is post all fees. The Illustrative Revenue Scenarios (Scenarios) are based on current fee terms and assume that all funds are at the high water mark and will earn performance fees. Net management fees in CY19 and the Scenarios have been normalised to exclude contra-revenue relating to the amortisation of VG8/VG1 IPO costs and “operating costs of VGI Partners Funds”. The go-forward annualised net management fee is a run-rate figure (see slide 12). The Scenarios assume performance occurs evenly during the year when estimating the go-forward net management fees. The Scenarios are not forecasts, promises or even estimates of actual fees that VGI Partners may achieve in relation to the VGI Partners Funds. Actual results may vary in a materially positive or negative manner. The figures in the above chart are provided for illustrative purposes only and should not be relied on.

Expenses

Year to 31 December 2019

- Normalised operating costs (ex raising) of \$21.0m
- Cost increase on pcp mainly due to personnel, given headcount growth
- Build-out and expansion of Tokyo office, given increased opportunities in Asia
- Staff bonuses are discretionary and not linked to performance fees
- Staff are aligned via investing in VGI Partners Funds and VGI Partners; future bonuses may include an equity component; options plan also exists
- Non-recurring costs of \$5.8m for VGI and VG1 raisings
- VG8/VG1 IPO costs recognised as a contract asset (creating contra-revenue amortisation over 10 years)

Year to 31 December (\$ million)	FY19	FY18 ¹
Personnel	11.8	7.6
Research, communications and IT	3.8	3.4
Occupancy	0.4	0.5
Donations ²	0.6	0.4
Other (ex non-recurring raising) ³	2.9	3.9
Non-recurring raising ⁴	5.8	0.0
Total operating costs ex D&A (statutory)	25.3	15.9
Total operating costs ex D&A (normalised)^{3,4}	21.0	15.9
Depreciation and amortisation (D&A)	0.7	0.1
Headcount (end of period)	29	20
Headcount (average)	24	16

¹ FY18 is based on pro forma data for CY18 in the VGI IPO prospectus (20 May 2019).

² Includes Charitable Foundation Class fee rebates (an offset to revenue) and cash donations but excludes other charitable FUM fee rebates (which are treated as contra-revenue). See slide 16 for more detail.

³ Statutory costs in FY19 exclude "operating costs of VGI Partners Funds" of \$1.5m (as these were netted from FY19 management fees per AASB 15). The \$1.5m has been included in FY19 "normalised" operating costs.

⁴ As stated in VGI Partners' IPO prospectus (20 May 2019), VGI Partners agreed to pay for the costs of VG1's \$300m equity raising in May/June 2019 as well as VGI Partners' own IPO costs. The final combined cost was \$9.8m, of which \$5.8m was expensed by VGI Partners in FY19 and \$3.9 million deducted from VGI Partners' equity. The \$5.8m has been excluded from FY19 "normalised" operating costs.

Balance sheet

As at 31 December 2019

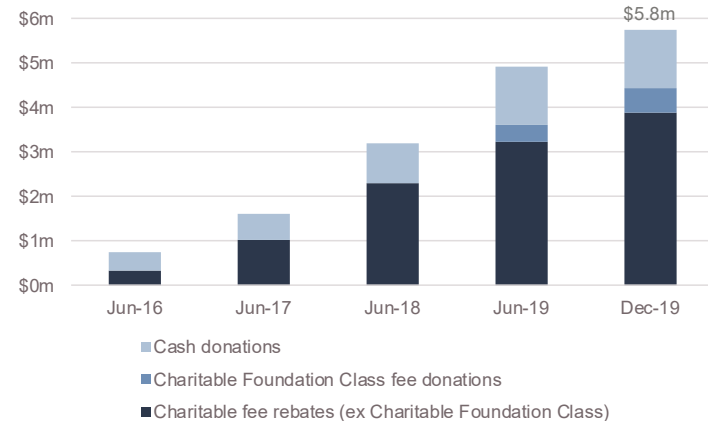
- Strong balance sheet; increased flexibility post IPO
- \$29 million in cash as at 31 December 2019, no debt
- \$6.1m of on-market purchases VG1 to date
- \$20m IPO investment in VG8 plus \$5.7m on-market purchases to date
- Final dividend of 9.3¢ (c.\$6.5m), fully franked at 27.5%
 - Ex date: 5 March 2020
 - Record date: 6 March 2020
 - Payment date: 18 March 2020
- Dividend payout policy commenced 1 July 2019: 50-75% of normalised NPAT

Statutory balance sheet (\$ million)	31 Dec 2019	31 Dec 2018
Cash and cash equivalents	29.3	7.8
Trade and other receivables	8.4	8.1
Other assets	86.9	6.0
Total assets	124.6	22.0
Trade and other payables	1.2	7.9
Employee entitlements	1.8	1.8
Other liabilities	5.8	2.1
Total liabilities	8.8	11.9
Equity	115.8	10.1

VGI Partners Foundation Class and Charitable FUM

- VGI Partners actively supports charitable and community causes. Total donations and rebates since 2008 of \$5.8m.
 - This includes \$1.3m of cash donations to select charities.
 - VGI Partners manages funds for some foundations pro bono. Fee rebates for these have totalled \$3.9m.
 - 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 already donated \$0.6m to the Foundation.
- The Foundation Class had c.\$28m of FUM as at 31 December 2019. This could generate c.\$420k of donations p.a. in future from management fees alone.

VGI's cumulative charitable rebates and donations



Charitable foundations for which VGI Partners manages funds

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

Shareholder Engagement

Please elect electronic communications to stay informed

Half-year and full-year result conference calls

Annual General Meeting (AGM) in April

Annual national roadshow including briefings in Sydney, Melbourne, Adelaide, Perth and Brisbane

Notes from Berkshire Hathaway and Daily Journal meetings

Manager's semi-annual VG1 and VG8 letters in January and July each year

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New website: www.vgipartners.com

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Questions

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Appendix

Appendix: Reconciliation Normalisation adjustments

- Given VGI Partners' listing in June 2019, new VG1/VG8 FUM raised, the costs of the VGI/VG1/VG8 raisings, and the VG1 fee waiver (which finished in April 2019), **FY19 earnings are not representative of future run-rates**
- Normalised FY19 NPAT adds back non-recurring equity raising costs (\$5.8m), contra-revenue relating to the amortisation of VG8/VG1 IPO costs (\$0.3m) and unrealised fair value losses on the mark-to-market of VGI Partners' investments in VG1 and VG8 (\$1.5m)
- All normalisation adjustments tax-effected at 30%
- For the FY19 normalised statement, \$1.5m of "operating costs of VGI Partners Funds" reclassified from net management fees to costs

Year to 31 December (\$ million)	FY18 pro forma ¹	FY19 statutory	Adjust.	FY19 normalised
Income				
Management fees (net)	19.2	30.6	0.3 + 1.5	32.4
Performance fees (net)	44.9	36.7		36.7
Other income	0.7	(1.6)	1.5	(0.1)
Total operating revenue	64.8	65.7		69.0
Operating costs	(15.9)	(25.3)	5.8 - 1.5	(21.0)
EBITDA	48.8	40.3		48.0
Depreciation and amortisation	(0.1)	(0.7)		(0.7)
EBIT	48.7	39.7		47.3
Net interest income	1.1	0.6		0.6
NPBT	49.8	40.3		47.9
Tax	(14.9)	(12.3)	(2.3)	(14.6)
NPAT	34.9	28.0	5.3	33.3
Basic EPS ²	NM	NM		49.4¢
Diluted EPS ²	NM	NM		48.4¢
Dividend per share (fully franked)	NM	NM		34.9¢

¹ FY18 is based on pro forma data for CY18 in the VGI IPO prospectus (20 May 2019).

² Normalised FY19 EPS assumes that the shares outstanding at VGI Partners' IPO date on 21 June 2019 (67.1m) were on issue from 1 January 2019 to the IPO date of 21 June 2019. This is used in the calculation of the weighted average of 67.4m shares (basic) and 68.8m shares (diluted).

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

Disclaimer (continued):

Some forward-looking statements included (and footnoted) in this Information

Financial Information is presented on both a statutory basis (prepared in accordance with Australian accounting standards which include Australian equivalent to International Financial Reporting Standards (IFRS)) as well as information provided on a non-IFRS basis. VGI Partners considers that the non-IFRS financial information is important to assist in evaluating VGI Partners' performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. For a reconciliation of the non-IFRS financial information contained in this document and IFRS-compliant comparative information, refer to slide 20 of this Information.

The indicative go-forward annualised net management fee calculation (refer to slide 12 of this Information) is based on VGI Partners' FUM as at 31 January 2020 of approximately \$3.3 billion. No account has been taken of potential future net increases or decreases in the funds under management of existing investment portfolios, or the introduction of new funds post 31 January 2020. The management fee has been normalised to exclude contra-revenue relating to the amortisation of VG8/VG1 IPO costs and "operating costs of VGI Partners Funds".

The illustrative net performance fee outcomes (refer to slide 13 of this Information), show performance levels at 0%-20% (post fees), and are performance fee scenario examples. The Illustrative Revenue Scenarios are not forecasts, promises or even estimates of actual fees that VGI Partners may achieve in relation to the VGI Partners Funds. Actual results may vary in a materially positive or negative manner. The figures in the charts on slides 12 and 13 are provided for illustrative purposes only and should not be relied on.

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