

PART 2A OF FORM ADV – FIRM BROCHURE

VGI PARTNERS PTY LIMITED

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Dated September 28, 2018

This Part 2A of Form ADV (the "Brochure") provides information about the qualifications and business practices of VGI Partners Pty Limited ("VGI AU"), VGI Partners, Inc. ("VGI US"), and a representative office in Japan ("VGI JPN") and altogether, ("VGI"). If you have any questions about the contents of this brochure, please contact us at +61 2 9237 8980 or by email at compliance@vgipartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

VGI Partners Pty Limited is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

This document is not, and is not intended to be, a marketing brochure. Additional information about VGI is also available on the SEC's website www.adviserinfo.sec.gov.

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Item 2: Material Changes

This Brochure dated September, 2018 contains the following material changes since the last update of this Brochure dated June, 2017:

- Item 4 has been updated;
- Item 4 has been updated to reflect the assets under management as of June 29, 2018;
- Item 4 has been updated to include new representative office in Tokyo, Japan;
- Items 4, 5 and 7 have been updated to include the Australian investment company listed on the Australian Stock Exchange in September 2017;
- Item 7 has been updated to note that VGI has closed to new investors since assets under management have reached US\$1.25 billion; and
- Item 8 has been updated to expand the disclosure of investment risk.

This Brochure, dated September, 2018 is prepared according to the requirements of the Form ADV and the rules applicable to registered investment advisers and provides detailed information about VGI and its practices and policies.

Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur. An updated VGI Brochure (either in hard copy or by email) will be sent to our clients annually.

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Item 4: Advisory Business

- A. VGI Partners Pty Limited (“VGI AU” or the “Firm”) is an independently owned **SEC**-registered investment adviser.

The Firm is also regulated by the Australian Securities & Investments Commission (**ASIC**) and is subject to the requirements of the Australian *Corporations Act 2001* (Cth). The Firm has an Australian Financial Services Licence (**AFSL**) and is authorised to carry on financial services to wholesale clients.

The Firm is headquartered and maintains its principal office in Sydney, Australia. VGI AU was founded in January 2008 by Robert Luciano, CFA, Executive Director and Chief Investment Officer. VGI AU is privately owned by entities associated with Robert Luciano (Director), Douglas Tynan (Director), and Robert Poiner (Director).

The Firm has an affiliated subsidiary, VGI Partners, Inc. (“VGI US”), incorporated October 2011 in New York, United States of America, and a representative office in Tokyo, Japan (“VGI JPN”), opened September 2018, and altogether with VGI AU, (“VGI”).

- B. VGI is a high conviction global investment manager. VGI is mandated to use a broad range of financial instruments. VGI primarily focuses on listed equities, listed equity options and cash.

The VGI investment strategy follows:

- Invest in a focused equity portfolio of high quality global securities
- Geographic Diversity: USA, UK, Europe, HK, Singapore, Japan, Australia, New Zealand
- Select stocks through carefully constructed and consistently applied evaluation measures
- Short sell securities which are assessed to be vulnerable to material decline in price where the trigger event is identifiable.

The investment philosophy and investment process is based on the fundamental evaluation of businesses and not on changes to the global economy or market conditions. Shifting market conditions may change our investing and hedging activity. For example, during periods of high volatility we may hedge with cash or additional short selling. There has been no material change in VGI’s strategy since inception.

The VGI investment philosophy follows:

- Capital preservation
- Superior long term compound growth

- Concentration in a relatively small number of high quality investments
- Conviction resulting from detailed internal research
- Primarily a 'buy and hold' strategy for long investments
- Hold cash in periods when we feel no "margin of safety" exists
- Selectively short companies which are identified to be structurally weak and believed to be vulnerable to material price declines.

The VGI Investment Team invests in high quality companies. The following are some of the qualities we look for in a great business:

- Simple and easy to understand business model
- Dominant in its industry
- Superior returns on capital
- Sustainable competitive advantage
- Significant cash flow generation
- Strong balance sheet
- High quality management

VGI provides financial product advice for securities; interests in managed investment schemes, foreign exchange contracts and derivatives. VGI does not generally provide any other advice to clients.

- C. VGI manages capital for a select number of pre-qualified, high net worth individuals, family offices, endowment funds and other wholesale clients. Capital management is achieved through managed investment funds, separately managed accounts and an Australian listed investment company. The managed investment funds and Australian listed investment company are managed using VGI's investment strategy and philosophy. The separately managed mandates are managed using the same VGI investment strategy and philosophy.

All US investors into VGI-managed investment funds must be "accredited investors" under SEC Regulation D and "qualified clients" as defined in Rule 205-3 under the United States Investment Advisers Act of 1940 (the "Advisers Act").

The Australian listed investment company is only available to investors resident in Australia and New Zealand.

- D. VGI does not participate in wrap fee programs.
- E. As of 29 June 2018 VGI managed approximately US\$1,486,800,000 of client assets globally on a discretionary basis.

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Item 5: Fees and Compensation

- A. In general, VGI is compensated with management fees of 0.125% per month (1.5% per annum) based on the value of the investment as at the time the management fee is calculated or on a percentage of the value of the capital contribution at the time of initial investment. The management fee is accrued and paid monthly in arrears.

VGI is entitled to a performance fee determined based on profits achieved above a high water mark. The performance fee is 15% of gain above the high-water mark, calculated monthly and paid annually in arrears. There is no performance fee charged on interest earned on cash prior to the account becoming 50% invested.

Fees are generally not negotiable; however, VGI reserves the right to negotiate fees with certain clients depending on various factors, including, but not limited to, account size, historic relationship with VGI and other factors determined by VGI. Therefore, fees charged to certain clients may be higher or lower than those reflected above. Certain investors, may negotiate lower fees or be entitled to different rates than those of other investors. VGI employees and related parties are generally exempted from paying fees.

- B. Fund clients' investment management fees are deducted directly from the Fund portfolio. Certain separately managed mandate clients may manage their own portfolio cash and choose to pay management fees from that cash. Either way, investment management fees are billed monthly in arrears based on the client's account value at month end and are paid either directly by the client or deducted from the portfolio. The Australian listed company will not pay any Management fees to the Manager until the Australian listed company has recouped all of its Offer Costs.

Performance fees accrue monthly where applicable and are paid annually in arrears.

- C. In addition to management and performance fees, clients and investors in VGI-managed investment funds may incur subscription, redemption and brokerage fees, in each case subject to prior agreement. The terms and conditions of each investor's subscription agreement may provide that investors pay a subscription and redemption fee generally equal to 25 basis points of the amount tendered upon entering, increasing, reducing or exiting a fund to cover the fund's transaction costs. For additional information regarding brokerage fees, please refer "Item 12: Brokerage Practices" later in this document.
- D. All management and performance fees are paid in arrears. No fees are paid in advance.
- E. No person employed by the Firm receives compensation for selling securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

As mentioned in Item 5A, VGI is entitled to a performance fee which is generally equal to 15% of the profits achieved by a client or investor, subject to a high water mark.

The receipt of performance-based compensation could create an incentive for VGI to engage in riskier or more speculative investments than might be the case in the absence of such an arrangement because such investments may result in VGI collecting increased performance-

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based compensation. Clients and investors in VGI-managed Funds are provided clear disclosure in their managed mandates documentation, Fund documents or the Prospectus, as applicable, as to how the performance fee is determined and the risks associated with such compensation.

Item 7: Types of Clients

VGI manages capital for high net worth individuals, family offices, and endowment funds through separately managed accounts. VGI also manages capital for an Australian listed investment company (VGI Partners Global Investments Limited, listed 28 September 2017 (ASX:VG1)), an Australian unit trust (VGI Partners Master Fund) and two private investment funds. The private investment funds are VGI Partners Offshore Master Fund and VGI Partners Offshore Feeder Fund, each of which is incorporated in the Cayman Islands (the “Funds”).

The minimum investment amount for new investors in a Fund is US\$1 million and the minimum account size for new separately managed accounts is US\$25 million. Additional subscriptions (for existing Fund investors) minimum size is US\$50,000. However, VGI may allow lesser amounts in its sole discretion. Generally, investors in the Funds are required to be financially sophisticated and must meet certain qualification standards. All US VGI clients and investors in the Funds must be “accredited investors” under SEC Regulation D and “qualified clients” as defined in Rule 205-3 under the Advisers Act.

VGI has been firmly committed since inception to close its managed funds to new investors once assets under management reach USD\$1.25 billion. This level was reached in late 2017 and VGI has closed funds to new investors and any new uncommitted funds from existing investors. We believe that fund size does affect investment performance, and by staying small increases the probability we will generate extra value for clients over time.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. VGI’s analysis and investment strategies used in managing clients assets is performed using various sources of information including:

- 1) On-site visits and phone conversations with companies owned in the portfolio or considering owning in the portfolio, competitors, suppliers and/or customers;
- 2) Research, press releases, SEC filings and other information provided by companies; and
- 3) Thomson Reuters, Bloomberg, Capital IQ and other research providers.

These information sources are applied to invest in companies with attributes that fit the Firm’s investment philosophy which follows:

- **Capital preservation** – We place a great deal of importance on assessing downside risk. We attempt to know as much about our portfolio companies as we can and believe that this helps us to mitigate the potential for loss of capital. Risk comes from not properly understanding your investments.

- **Superior long term compound growth** – We aim to produce superior long term compound growth over time by seeking out and investing in what we believe to be some of the best businesses in the world. Great businesses purchased with a sufficient ‘margin of safety’ may provide superior long term returns.
- **Concentration** – We aim to invest in a relatively small number of high quality stocks. We aim to be concentrated enough in our best ideas so as not to dilute our overall returns but hold enough positions in order to provide an appropriate level of diversification. We believe that concentrating capital in high quality businesses tends to build wealth.
- **Primarily a ‘buy and hold’ strategy for long investments** - Our strategy is to buy well-run businesses for the long term in an effort to defer tax, minimise frictional costs and maximise our long term returns. We believe that if a business performs well, the stock price will follow.
- **Holding cash when appropriate** - We aim to hold cash when we feel that no ‘margin of safety’ exists.
- **Selective shorting** - We aim to selectively short companies that we have identified to be structurally weak and believe are vulnerable to material price declines.

Our investment philosophy is to capture inefficiencies in global equity markets by selecting stocks through carefully constructed evaluation measures.

VGI expects that the Funds and the separate account portfolios will be rebalanced where an investment no longer meets VGI’s investment guidelines or more suitable investment opportunities indicate that Fund or separate account capital should be redirected.

All investing involves risk. Investing in securities involves risk of loss and investors should be able to bear the risk of such financial loss. Equity markets fluctuate substantially over time, and prices may be volatile. VGI cannot guarantee any level of performance or that investors will not experience a loss of principal. Fund investors should carefully review the risk and other disclosures contained in the Funds offering materials before investing.

B. Securities can be volatile and losses can occur.

VGI has a relatively concentrated portfolio due to the nature of its long term investment approach (predominantly consisting of listed equities). As such investors should be prepared to accept the concentration risk caused by owning around 10 to 12 core positions in the portfolio. Concentrated portfolios may be subject to greater volatility than portfolios with greater diversification. As part of its strategy, VGI seeks to identify investments which are undervalued (or, in the case of short positions, overvalued) by the marketplace. The success of such a strategy necessarily depends upon the market eventually recognizing such value in the price of the investments, which may not necessarily occur. Selling securities short creates the risk of losing an amount greater

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than the initial investment and can involve borrowing and other costs which can reduce profits or create losses in particular positions.

A summary of some of the key risks include:

Manager risk: The success and profitability of client accounts (“Client Portfolios”) will largely depend on VGI’s (the Investment Manager) continued ability to manage the Client Portfolios in a manner that complies with each client’s objectives, strategies, policies, guidelines and permitted investments. Should VGI become unable to perform investment management services for the Client Portfolios or should there be significant key personnel changes at VGI, the Client Portfolios investment activities may be disrupted and its performance negatively impacted.

Investment Strategy risk: The success and profitability of the Client Portfolios will largely depend upon the ability of VGI to invest in a portfolio which generates a return for the Client Portfolios. The past performance of the Client Portfolios managed by VGI is not a guide to future performance. There are risks inherent in the investment strategy that VGI will employ for the Client Portfolios.

Market risk: The Client Portfolios will be exposed to market risk. The market risk of assets in the Client Portfolios can fluctuate as a result of market conditions. The value of the Client Portfolios may be impacted by factors such as economic conditions, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. VGI will seek to reduce market and economic risks to the extent possible.

Short selling risk: There are inherent risks associated with short selling. Short selling involves borrowing securities which are then sold. If the price of the securities falls then the Client Portfolios can buy those securities at a lower price to transfer back to the lender of the securities. Short selling can be seen as a form of leverage and may magnify the gains and losses achieved in the Client Portfolios. While short selling may be used to manage certain risk exposures in the Client Portfolios and increase returns, it may also have a significantly increased adverse impact on its returns. Short selling exposes the Client Portfolios to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of VGI’s choosing.

Liquidity risk: The Client Portfolios are exposed to liquidity risk in relation to the investments within the Client Portfolios. If a security cannot be bought or sold quickly enough to minimise potential loss, the Client Portfolios may have difficulty satisfying commitments associated with financial instruments.

Leverage risk: While VGI does not intend to use debt to increase the scale of the Client Portfolios, the use of derivatives and short selling may have an effect similar to leverage in that it can magnify the gains and losses achieved in the Client Portfolios in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of VGI’s choosing.

Currency risk: Investing in assets denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the Client Portfolio's investments measured in Australian dollars (or any other currency in which a Client Portfolio is denominated). VGI will seek to actively manage the Client Portfolio's currency exposure using natural hedging (borrowing in a foreign currency to hedge non-Australian dollar exposures) as well as derivatives, currency forward contracts, options and swaps to hedge currency exposures.

- C. VGI generally invests in mid-to-large capitalisation listed stocks with relatively high liquidity.

Item 9: Disciplinary Information

- A. Neither VGI, nor any of our employees, has had any civil or criminal actions brought against them in any domestic, foreign or military court of any jurisdiction.
- B. Neither VGI, nor any of our employees, has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C. Neither VGI, nor any of our employees, has had any proceedings before a self-regulatory organization.

VGI is obligated to disclose any disciplinary event that would be material to a client's or prospective client's evaluation of VGI and its management persons.

Item 10: Other Financial Industry Activities and Affiliations

- A. Neither VGI nor any of its employees are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither VGI nor any of its employees are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.
- C. VGI AU has a wholly owned subsidiary in the United States, VGI Partners, Inc., located in New York, NY. VGI Partners, Inc. was established in October 2011 and provides a local research function to VGI AU. VGI has and will continue to maintain and develop relationships with professional service providers including, legal, accounting, tax preparation, administration, banking, brokerage, and other professional services. VGI does not believe that any of the foregoing relationships present a material conflict of interest with respect to its clients.
- D. VGI does not recommend or select other investment advisers for its clients. All investment advisory services for clients are performed by VGI.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. VGI has adopted a Code of Ethics as well as detailed compliance policies and procedures that VGI employees and representatives must comply with. VGI's Code of Ethics includes policies and procedures relating to confidentiality of client information and fiduciary standards, a prohibition on insider trading as well as the review and pre-clearance of personal securities transactions and securities holdings by VGI employees. Annually, employees certify that they have read, understood and complied with the VGI compliance policies and procedures manual and with the Code of Ethics. A copy of the Code of Ethics will be provided to investors upon request.
- B. Neither VGI, nor any of our related persons, buys or sells securities for client accounts on a principal basis, that is, securities that we directly own or in which we have a material financial interest. However, VGI's principals invest a material proportion of their net worth in the Funds managed by VGI as set forth below and VGI staff are encouraged to invest also.
- C. As indicated above, VGI's principals and employees also have capital managed by VGI through investment into the Funds and, therefore, VGI employees and related persons invest alongside the other investors who invest into the same Funds. It is VGI's policy that all investments and investment opportunities are allocated fairly and equitably among all client accounts which may be separate account mandates or the Funds.

VGI does not buy securities for its own account. Therefore, no potential conflict of interest exists at the VGI level with respect to VGI competing with its clients for investment opportunities. VGI principals and employees are prohibited from personal trading with the exception of pre-existing holdings prior to VGI employment, therefore minimising potential conflict at the staff level.

VGI maintains a restricted list of companies that the investment team is trading or considering trading. Personal trading (being a sale of pre-VGI employment holdings) of these companies is restricted and requires prior approval by the Approving Officer (being the Chief Investment Officer and the Chief Compliance Officer).

- D. As noted above, VGI personnel invest in VGI funds that are managed entirely by VGI with full discretion and such investments are treated as any other investor's investment; note however, VGI does not charge Fund fees to employee participants in the Funds. VGI maintains policies and procedures to address any potential conflicts with respect to allocations and general trading. The Chief Compliance Officer periodically conducts reviews of all personal account trading to ensure compliance with VGI's policies and procedures. As such, we believe conflicts of interest are minimized.

Item 12: Brokerage Practices

- A. Client assets are traded utilizing institutional traders. If requested by separate account clients, we may provide the names of banks and/or brokers with whom we have a relationship for use as such clients' prime broker. However, we do not recommend any brokers to clients and there is no requirement for VGI separate

account clients to establish a relationship with any such broker. VGI does not receive any compensation from broker(s) for referrals.

1. Research and Other Soft Dollar Benefits.

With respect to the Funds, VGI has full discretionary authority to place trades for the Funds with brokers of its choosing. VGI will seek “best execution” in light of the circumstances involved in the transactions. In selecting a broker for any transaction, VGI may consider a number of factors, including, for example, the broker’s reputation, financial strength, stability and market access, efficiency of execution and error resolution, the size of the transaction and the net price or spread. The Firm will not obligate itself to obtain the lowest commission or best net price for a client on any particular transaction.

We do not have and do not expect to enter into any formal “soft dollar” arrangements with brokers. However, we may, from time to time, cause certain client accounts to pay commissions for executing transactions that may be higher than the amount of commissions that another broker would charge for brokerage services. As a result, certain clients may be deemed to be paying for research and other services with “soft” dollars. These services may include, among other things, general economic and company research information.

We may use such information and services received from brokers in connection with our investment decision-making process with respect to one or more of our clients and not exclusively with respect to any particular client account including the client account that may have generated such services. The foregoing services received are not expected to fall outside of the safe harbor established by Section 28(e) of the US Securities Exchange Act of 1934, as amended.

Brokerage for Client Referrals

VGI does not consider client referrals when selecting clearing or executing brokers. VGI may, however, from time to time, participate in its prime brokers’ complementary “capital introduction” services. VGI does not separately compensate any broker for such services or pay higher commissions in order to receive such services, which are provided by certain brokers generally as a matter of standard broker practice. VGI does not consider the receipt of incidental capital introduction services to be a factor in its decision to select clearing or executing brokers.

2. Directed Brokerage

VGI does not recommend any one trade execution broker, and chooses trade execution brokers on a holistic basis which includes “best execution” basis. VGI retains discretion over client accounts with regards to selection of brokers.

VGI does not permit clients to direct brokerage with respect to VGI-managed client portfolios. Clients are free to execute transactions with brokers of their choosing in respect of portfolios not managed by VGI.

- B. VGI may aggregate purchases or sales of any security executed for a client's account with purchases or sales of the same security affected on the same day for other client accounts. When transactions are aggregated, the actual prices applicable to the aggregated transaction will be averaged, and all participating accounts will be deemed to have purchased or sold its share of the security, instrument or obligation involved at such average price. Further, all transaction costs incurred in effecting the aggregated transaction will be shared on a pro rata basis among all participating accounts.

Item 13: Review of Accounts

- A. VGI periodically reviews client accounts. The cash balances, hedge percentages and portfolio stocks are reviewed daily. Investments are analysed to determine if positions should be purchased or sold to bring the accounts closer to the preferred VGI weightings. This review is generally conducted by Robert Luciano, the Chief Investment Officer. Performance is also reviewed on a daily, weekly, monthly, year to date (financial and calendar year), and since inception basis. This review is generally conducted by Robert Luciano, the Chief Investment Officer and Douglas Tynan, the Head of Research.
- B. Client accounts are reviewed following material deposits or withdrawals; following purchasing or selling a position across all client accounts.
- C. Managed Account Clients receive monthly reports from VGI via email. The monthly reports encompass:
- Market value and cost basis of each portfolio investment
 - Cash summary by currency
 - Unrealised gain and loss per security held
 - Performance summary showing year-to-date and inception-to-date performance of the account.

Custodians also deliver monthly statements to managed account clients.

Administrators deliver monthly Net Asset Value statements to investors in the Funds.

VGI also issues an investor letter to all clients at least annually. This is in the form of a written report, narrating the investment performance and components of that performance over the recent period as well as the general views of the Chief Investment Officer.

Item 14: Client Referrals and Other Compensation

- A. Neither VGI, nor any of our employees, receive any economic benefit, sales awards, or other prizes from outside parties (including brokers and other service providers) for providing investment advice to our clients.

Item 15: Custody

VGI is trustee and investment manager to an unregistered Australian unit trust and is also investment manager (but not trustee) to a number of separately managed mandates, to an Australian listed investment entity and to the Funds.

Registered investment advisers with actual or constructive custody or possession of client funds or securities are required to comply with Rule 206(4)-2 under the Advisers Act (the “custody rule”). VGI may have constructive custody over the cash and securities held in the Australian unit trust and the Funds by virtue the capacity in which VGI serves in respect of such entities. In addition, by the ability of VGI to deduct its fees from the separately managed mandates VGI may be deemed to have constructive custody over the assets managed pursuant to such mandates.

VGI generally does not take physical custody of client assets and securities; such assets and securities are held in separate accounts in the clients’ name with brokers or banks.

VGI is exempt from many of the provisions of the custody rule because all Client Portfolios and entities are audited on an annual basis by an independent accountant and the audited financial statements are distributed to investors within 120 days of the end of each entity’s fiscal year.

Separately managed mandates, receive custodian account statements monthly. We urge managed account clients and investors in the VGI-managed funds to compare the custodian(s) statements and those of the independent third party administrators, as applicable, with the reports and statements provided by VGI.

VGI reconciles client accounts to Custodian reports daily.

Item 16: Investment Discretion

VGI has discretionary investment authority over its client accounts. Prior to assuming discretionary authority, clients are provided an Investment Management Agreement (“IMA”), together with the current Form ADV Part 2A and Part 2B. By signing the IMA, clients grant VGI discretionary investment authority over their account. Clients in separately managed accounts may request specific investment guidelines and impose asset class or asset level restrictions at their discretion.

Item 17: Voting Client Securities

- A. VGI generally retains the ability to vote proxies in any proxy solicitation that may occur with respect to portfolio companies held in its client portfolios. VGI has adopted a proxy voting policy which requires VGI to act in its clients’ best interest in voting proxies (or declining to vote). In the event that a proxy vote may cause a conflict of interest, VGI endeavours to resolve all conflicts in manner deemed equitable to all clients to the extent possible under the prevailing facts and circumstances.

Clients may obtain a copy of VGI’s proxy policy and a record of how VGI voted upon request.

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Item 18: Financial Information

- A. VGI charges fees in arrears. No fees are charged in advance.
- B. VGI has discretionary authority over client accounts. There are no financial conditions that are likely to impair our ability to meet contractual commitments to clients.
- C. VGI has not been the subject of a bankruptcy petition at any time.

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