



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

FGG fund manager in focus: Robert Luciano, Founder and Managing Partner VGI Partners



How did you come to work in funds management?

I began my career working in a Chartered Accounting firm during the day while finishing my university degree at night. When I graduated in 1996, I worked as an equity analyst with Ian Huntley, who wrote the extremely well-regarded market newsletter *Your Money Weekly* (now owned by Morningstar). In 2001, I joined ANZ Funds Management in Melbourne as a full time Funds Manager.

What was the first stock you bought and why?

In 1997 I convinced my girlfriend, now wife, Samantha to purchase CSL. CSL was an extraordinary business with huge scope for improvement following its privatisation in 1994. I covered the stock as an analyst and was attracted to its monopolistic characteristics and capacity to reinvest. My thesis was correct but unfortunately Samantha decided to sell her holding a few years later to fund the deposit on her first apartment. The CSL share price has increased exponentially since then.

What is the most important investment lesson you've learnt?

When I first started working for Ian Huntley, he asked me to read a number of books, including *The Warren Buffett Way* by Robert G. Hagstrom. The investment philosophy of Warren Buffett and Charlie Munger immediately resonated with me. I'd therefore say rather than a single investment lesson, it was the introduction to the Buffett/Munger philosophy which was my most important investment lesson. I have sought to embrace that philosophy ever since.

What do you most enjoy about your role?

There is a famous saying that you "paint your own canvas". I feel very privileged as the founder of VGI Partners to work alongside a great team of people and business partners to manage capital utilising a philosophy that I deeply believe in. In the words of Warren Buffett, "I tap dance to work" every day. I know that I am very fortunate to do something that I really enjoy and which also suits my personality.



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What is the hardest thing about investing and why?

The hardest thing about investing other people's money is the trust and responsibility that goes with acting as their fiduciary. At VGI Partners we strive to act as a good fiduciary by always putting our clients first and acting in their best interests. This is not a responsibility that we take lightly and it requires our ongoing focus and vigilance.

Best and worst calls since starting VGI Partners in 2008?

Our best call was the decision to hold high cash levels for our clients in 2008, thus preserving their capital during the financial crisis. While it felt good to hold high cash levels, with the benefit of hindsight, we then suffered a little from 'self-confirmation bias'. As a result, I believe that our worst call to date was not adding more quickly and aggressively to our long portfolio in 2009.

What is your favourite charity and why?

I have two favourite charities. The first is the *SAS Resources Fund - Wanderer's Education Program*. This charity is run by a former SAS officer and an extremely professional team. The charity is designed to give tertiary education opportunities to SAS operators and to provide them with additional skills and capabilities while serving our country and allowing them, and ultimately their families, to benefit from superior post service employment opportunities.

We have also been long term supporters of the Sydney Children's Hospital. In fact, my wife Samantha, and my business partner Doug Tynan's wife Charlie, are on one of the Event Committees. Sydney Children's Hospital, along with the other public paediatric care facilities in this country are first class and have extraordinary people working in them. The support we give them adds to the hospital's resources and its ability to serve the children of Sydney when they are at their most vulnerable.