

# Investment Update & Net Tangible Assets Report

As at 30 September 2016



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

## Net Tangible Assets (NTA) figures

NTA before tax	<b>106.86c</b>
NTA after tax and before tax on unrealised gains	<b>107.01c</b>
NTA after tax	<b>107.89c</b>

\*The above figures are not diluted for 272,699,728 options on issue with an exercise price of \$1.10.

## Portfolio

In September, the investment portfolio again outperformed the Index, decreasing 0.9% while the MSCI World Index (AUD) fell 1.3%. In the 2017 financial year to date, the investment portfolio has increased 3.1%, outperforming the Index by 0.8%. The spread between the three broad equities strategies is currently 55.7% long equities, 31.1% absolute bias, 6.3% quantitative strategies and 6.9% cash.

Fund manager	Investment	Strategy	% of assets
Magellan Asset Management	Magellan Global Fund	Long equities	<b>9.8%</b>
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	<b>9.7%</b>
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	<b>8.6%</b>
Antipodes Partners	Antipodes Global Fund	Absolute bias	<b>8.1%</b>
VGI Partners	VGI Partners Funds	Absolute bias	<b>7.7%</b>
Marsico Capital Management	Marsico Global Fund	Long equities	<b>7.1%</b>
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	<b>5.9%</b>
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	<b>5.0%</b>
Ellerston Capital	Ellerston Global Investments Wholesale Fund	Long equities	<b>5.0%</b>
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	<b>4.5%</b>
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	<b>3.7%</b>
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	<b>3.5%</b>
Cooper Investors	Cooper Investors Asian Tiger Fund	Long equities	<b>3.3%</b>
Antipodes Partners	Antipodes Asia Fund	Absolute bias	<b>2.7%</b>
Tribeca Investment Partners	Tribeca Global Total Return Fund	Quantitative strategies	<b>2.5%</b>
Avenir Capital	Avenir Value Fund	Absolute bias	<b>1.7%</b>
Hunter Hall Investment Management	Hunter Hall Global Equities Trust	Long equities	<b>1.5%</b>
Insync Funds Management	InSync Global Titans Fund	Long equities	<b>1.4%</b>
Eastspring Investments (Singapore)	Eastspring Investments Asian Dynamic Fund	Absolute bias	<b>1.4%</b>
	Cash and Term Deposits	Cash	<b>6.9%</b>

## Future Generation Global Investment Company Limited

ASX code	<b>FGG</b>
Established	<b>Sept 2015</b>
Gross assets	<b>\$298.8m</b>
Market cap	<b>\$290.5m</b>
Share price	<b>\$1.05</b>
Net assets per share (before tax)	<b>\$1.07</b>
Shares on issue	<b>276,644,605</b>
Options on issue	<b>272,699,728</b>
Fully franked final FY16 dividend	<b>1.0c</b>
Management fees	<b>0.0%</b>
Performance fees	<b>0.0%</b>
Annual donation (% of NTA)	<b>1.0%</b>

## Investment objectives

- Provide a stream of fully franked dividends
- Achieve capital growth
- Preserve shareholder capital

## Company overview

Future Generation Global Investment Company Limited (ASX: FGG) is Australia's first internationally focused listed investment company (LIC) with the dual objectives of providing shareholders with diversified exposure to selected global fund managers and changing the lives of young Australians affected by mental illness.

## Chairman

Belinda Hutchinson

## Founder and Director

Geoff Wilson

## Chief Executive Officer

Louise Walsh

## Directors

Frank Casarotti  
Susan Cato  
Sarah Morgan  
Karen Penrose

## Investment Committee

Amanda Gillespie, Aman Ramrakha, Sean Webster, Chris Donohoe, Geoff Wilson

## Company Secretaries

Kate Thorley/Mark Licciardo

## Head of Corporate Affairs

James McNamara

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## Fully franked final dividend

On 31 August 2016 the Company announced an inaugural fully franked final dividend of 1.0 cent per share. The dividend reinvestment plan (DRP) and dividend donation plan (DDP) are available to shareholders for the final dividend.

<b>Ex dividend date</b>	18 October 2016
<b>Record date</b>	19 October 2016
<b>Last election date for the DRP &amp; DDP</b>	21 October 2016
<b>Final dividend payment date</b>	31 October 2016

The Board does not anticipate an interim dividend being paid and estimates that the next potential dividend will be a 2017 final dividend dependant on the distributed profits from the global fund managers over the 2017 financial year. The Board will seek to pay fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices.

## Shareholder presentations

Beginning Wednesday 16 November in Adelaide, we will be holding nationwide shareholder presentations for the Future Generation companies. For full details and to RSVP, click [http://www.futuregeninvest.com.au/FGG-FGX\\_Roadshow\\_Invite\\_WEB.pdf](http://www.futuregeninvest.com.au/FGG-FGX_Roadshow_Invite_WEB.pdf)

## Investment strategy allocation (% of assets)



**Long equities** – investing in a portfolio of equities based on the expectation the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange.

**Quantitative strategy** – a style of investment management where quantitative techniques are used to analyse markets in order to ascertain information about future price movements. These are generally rules-based and applied in a systematic manner. A quantitative strategy seeks to replicate a fundamental investor without human biases influencing investment decisions.

**Absolute bias** – an investment strategy that seeks to generate returns, irrespective of the performance of traditional asset classes. These strategies use innovative investment techniques to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

## Fund Managers



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## Charities



## Service Providers



## Fund manager in focus: Tribeca Investment Partners

### About Tribeca Investment Partners

Tribeca Investment Partners is an Australian based, boutique fund manager with a reputation for delivering on performance targets since 1998. Its unique blend of fundamental and quantitative investing has driven its long term performance record.

The aim of the Tribeca Global Total Return Fund (GTR) is to generate reliable capital growth by investing in all liquid asset classes while managing volatility and correlation to major market risks. It aims to provide investors with a total investment return, which outperforms the Bloomberg AusBond Bank Bill Index over the long term.

### Our investment style

The goal of GTR is to generate reliable returns while managing volatility and correlation to major market risks. To achieve its goals the strategy invests in a diversified range of investment and trading strategies which span most liquid asset classes and markets. Strategies within each asset class can be broadly characterised as follows:

Equity strategies start with investments in quality stocks, industries and countries temporarily trading at an absolute value discount. Performance is then enhanced with active trading in relative value and directional strategies.

Bond strategies start with investments in high quality cash and fixed income securities offering good yield and hedging characteristics relative to equities. Performance is then enhanced with active trading in relative value and directional strategies.

FX strategies seek to generate returns via active trading in developed and emerging currency markets. The Fund tends to favour strong, fairly priced currencies with high yields.

Volatility strategies seek to generate returns by trading volatility derivatives, with a focus on identifying impending volatility events. Historically these strategies have provided downside protection during times of market stress.

Commodity strategies seek to exploit inefficiencies in commodity markets by replicating common trading strategies that have proved effective through time.



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## Our market outlook

We are gradually reducing exposure to interest rate sensitive sectors as the Fed moves to a more hawkish stance. We are comfortable with the US growth profile and maintain overweight positions to US cyclical and US\$ exposed stocks. The resources sector has probably run too hard as a safe haven, but we are reluctant to trade against that momentum and maintain a neutral position. Domestically, we are positioned more defensively in gaming and healthcare and are moving overweight banks given the yield on offer relative to REITs and infrastructure

## Performance

	1 month (%)	3 month (%)	1 year (%)	3 year (% pa)	5 year (% pa)	Since inception (% pa)
Tribeca Global Total Return	-1.87	3.60	2.93	7.57	n/a	5.79
Bloomberg AusBond Bank Bill Index	0.14	0.48	2.19	2.44	n/a	2.84
<b>Value Added</b>	<b>-2.01</b>	<b>3.12</b>	<b>0.74</b>	<b>5.13</b>	<b>n/a</b>	<b>2.95</b>

## Portfolio composition

Key overweights		Key underweights	
Vocus Communications Ltd	4.4%	Ramsay Health Care	-2.1%
Mayne Pharma Group Ltd	4.4%	Australian Stock Exchange SHS	-2.6%
James Hardie Industries plc	3.2%	Carsales.com Ltd	-3.4%
Galaxy Resources Ltd	2.9%	Bendigo And Adelaide Bankd Ltd	-3.5%
Tabcorp Holdings Ltd	2.5%	Coca-Cola Amatil Ltd	-4.5%

## Charity in focus: *beyondblue*

Right now, over 1 million Australian adults have depression and 2 million are experiencing anxiety. On average, 8 people take their lives every day in Australia. Suicide is the leading cause of death in people under the age of 45.



Because this affects all of us, *beyondblue* is equipping everyone in Australia with the knowledge and skills to protect their own mental health. Through our direct services, programs and resources, *beyondblue* is giving people the confidence to support those around them, and making anxiety, depression and suicide part of everyday conversations.

### *beyondblue* and FGG

Half of all mental health problems emerge by the age of 14 and young people are less likely than any other age group to seek professional help. FGG is helping to fund *beyondblue*'s Healthy Families Program – projects that support families and help young people get a mentally healthy start to life.

Through this program, *beyondblue* is:

- consolidating the evidence on what works to protect mental health and to manage mental health conditions early and effectively
- using technology and modern social marketing practices to translate this evidence into accessible, engaging and impactful content that parents and guardians will be willing to use
- increasing parents' knowledge, confidence and skills to build resilience and respond to mental health conditions in their children, if they emerge.

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## Q&A with *beyondblue* CEO, Georgie Harman

*How do you measure success in relation to the FGG funding you are receiving?*

Ultimately, we want to see fewer children with social and/or emotional vulnerabilities when they start school – and subsequently a decrease in the number of young people and adults developing mental health conditions.

Success for this program will also involve inspiring innovation and change in the design and delivery of resilience programs in the early to middle years.

*What other support do you need besides funding that FGG investors could assist you with?*

Whether you're a parent, guardian, grandparent, uncle, auntie or sibling of a young person – we'd encourage you to check out the freshly-launched Healthy Families website

([www.healthyfamilies.org.au](http://www.healthyfamilies.org.au)) and share it among your networks!

We'd also welcome support from FGG investors through in-kind or pro bono support, volunteering and engaging their staff and networks in the cause.

*Where will your organisation be in five years time?*

We want to play a major role in reducing suicide. We want to be leading prevention and intervention strategies with children and reduce the chance of people ever experiencing depression and anxiety. We want individuals and the community to be truly engaged in talking about mental health with their families and friends and to support each other to get help. In five years, we want to be able to ask the question – is *beyondblue* still needed?

For further information, visit <https://www.beyondblue.org.au/>.

