

Investment Update & Net Tangible Assets Report

As at 30 November 2017



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

NTA before tax	124.37c
NTA after tax and before tax on unrealised gains	125.05c
NTA after tax	120.57c

After tax NTA figures have been calculated at a corporate tax rate of 27.5%.

Portfolio

In November, the FGG investment portfolio delivered strong performance, increasing 3.0%. The MSCI AC World Index (AUD) rose 3.3%. FGG's investment portfolio continues to deliver sound performance with lower volatility than the benchmark.

The spread between the broad equity strategies is currently 58.0% long equities, 31.2% absolute bias, 3.8% quantitative strategies, 1.0% direct equities and 6.0% cash.

Future Generation Investment Forum

At the Future Generation Investment Forum in November, attendees were given 13 new investment ideas from some of the best global and Australian fund managers supporting FGG and Future Generation Investment Company (FGX).

Thank you to the following fund managers:

- Nikki Thomas, Magellan Asset Management
- Hamish Chalmers, Watermark Funds Management
- Douglas Tynan, VGI Partners
- David Prescott, Lanyon Asset Management
- Andrew Baud, Antipodes Partners
- Matthew Kidman, Centennial Asset Management
- Jack Lowenstein, Morpich Asset Management
- George Colman, ARCO Investment Management
- Mark Landau, L1 Capital
- Geoffrey Di Felice, Cooper Investors
- Matthew Haupt, Wilson Asset Management

If you were unable to attend the Investment Forum you can watch a [recording](#) along with the presentation [slides](#). The Investment Forum was also covered in the [Australian Financial Review](#) and in an [article](#) and [podcast](#) by Livewire.

November 2017 Shareholder Presentations

Thank you to those who attended our Future Generation Shareholder Presentations, we greatly enjoyed the opportunity to meet almost 4,000 of our shareholders. If you were unable to attend, you can access the full [recording](#) of our Sydney presentation along with the presentation [slides](#).

Future Generation Global Investment Company Limited

ASX code	FGG
Established	Sept 2015
Gross assets	\$369.7m
Market cap	\$358.3m
Share price	\$1.21
Net assets per share (before tax)	\$1.244
Shares on issue	296,112,380
Fully franked dividend (June 2017)	1.0c
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%

Investment objectives

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

Company overview

Future Generation Global Investment Company (ASX: FGG) provides:

- Shareholders with exposure to leading global fund managers without paying management or performance fees
- Charities primarily focused on children and youth mental health with a consistent and growing stream of annual donations
- Fund managers with a unique opportunity to make a positive difference to Australia's future generations.

Chairman

Belinda Hutchinson AM

Founder and Director

Geoff Wilson

Chief Executive Officer

Louise Walsh

Directors

Frank Casarotti

Karen Penrose

Susan Cato

Sarah Morgan

Investment Committee

Amanda Gillespie, Chair

Geoff Wilson

Chris Donohoe

Aman Ramrakha

Sean Webster

Company Secretaries

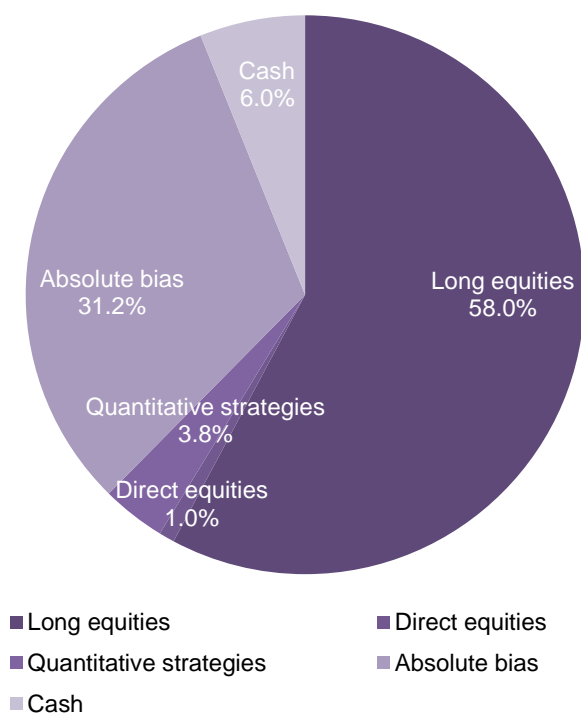
Kate Thorley and Mark Licciardo

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Investment strategy allocation (% of assets)

Fund manager	Investment	Strategy	% of portfolio
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.4%
Magellan Asset Management	Magellan Global Fund	Long equities	9.9%
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	8.9%
Antipodes Partners	Antipodes Global Fund	Absolute bias	8.2%
Marsico Capital Management	Marsico Global Fund	Long equities	7.7%
VGI Partners	VGI Partners Funds	Absolute bias	7.4%
Caledonia	Caledonia Fund	Long equities	6.9%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	5.9%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	4.8%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.7%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	4.5%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	3.8%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.6%
Avenir Capital	Avenir Value Fund	Absolute bias	3.5%
Antipodes Partners	Antipodes Asia Fund	Absolute bias	2.8%
	Direct Equity Exposure	Direct equities	1.0%
	Cash and Term Deposits	Cash	6.0%



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. The long equities portion of the portfolio includes exposure to large-cap, mid-cap and small-cap stocks.

Direct equities – investing in listed equities on a public stock exchange.

Quantitative strategies – 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 (including but not limited to short selling and leveraging) to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

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FUTURE GENERATION
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Fund managers



Charities



Service providers



Fund manager in focus: Ellerston Capital

Z ELLERSTON CAPITAL

About Ellerston Capital

Ellerston Capital specialises in equity and alternative strategies. Today, Ellerston has over \$5 billion in funds under management, including separately managed accounts (SMAs), wholesale funds and retail offerings for a range of financial advisers, institutions and individual investors. As a dedicated investment manager, Ellerston aims to do one thing exceptionally well: grow and protect our clients' wealth through investing.

Ellerston's funds target a range of strategies, from large and small-cap Australian equity, global long to Australian market neutral and private equity. Our team of 30 investment professionals combines wide-ranging industry experience with a strong focus on Australian and international equities. Averaging 17 years of investment knowledge, our highly experienced team has deep expertise across Australian and international markets.

The Ellerston Global Mid Small Cap Fund is a concentrated global equity portfolio with a mid to small-cap bias based on the highest conviction ideas from a filtered universe of securities that the manager feels are in a period of 'price discovery'. The portfolio is benchmark independent, and provides true diversification for a global portfolio by accessing global companies that are unlikely to be found in most global portfolios. The team is highly experienced with a long track record of absolute investing and an average of over 15 years' global equity investing experience.

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Our investment style

Ellerston's investment philosophy is founded on the belief that investing is a combination of 'art' and 'science'. Traditional bottom up fundamental analysis is combined with the power of the anecdote, instinct and the value of experience. This cannot be underestimated in the search for compelling asymmetrical returns, stock mispricing and undiscovered opportunities. Over years of global equity investment experience, Ellerston has identified a number of targeted filters that pinpoint companies going through a period of 'price discovery' which ultimately present opportunities for alpha generation (e.g. spin-offs, fallen angels, post IPOs, and management changes). This investment philosophy which is predicated on the filters above has led to a unique opportunity set and mid to small-cap bias. This bias tends to lead to a set of stock opportunities that, relatively speaking, have the least amount of research in global equity markets and present the most compelling prospects.

Market outlook

Investors are currently enjoying the best global economic growth environment since prior to the financial crisis with modest inflation to date. A synchronised global recovery is gathering steam and it is important to be fully invested while taking advantage of 'cheap' downside protection. The big swing factor is inflation. Central banks around the world are wondering what happened to it. Ellerston believes inflation or the lack thereof is going to be the key to investment decisions in the near term. The unpleasant scenario is inflation rearing its head almost out of nowhere forcing central banks to move quickly. The "Fed is behind the curve" scenario will cause chaos for a period of time it comes about. However, the data coming out does not point towards this scenario.

In any given year hundreds of opportunities will present themselves and Ellerston only need to find a handful of high conviction ideas that can make a difference. Ellerston are encouraged by the quality of opportunities seen and continue to see in what is a mature bull market, while remaining disciplined and focused on the process and core competencies.

Performance as at 30 November 2017

	1 Mth	3 Mths	6 Mths	Since Inception % p.a (Mar-17)
Ellerston Global Mid Small Cap Fund (Gross)	4.1%	15.0%	10.3%	19.6%
Benchmark*	3.4%	11.3%	7.6%	16.4%
Outperformance	0.7%	3.7%	2.8%	3.2%

*Benchmark is MSCI World Mid Cap Index (AUD) (Net).
Fund Inception date is 1 March 2017.

For more information about Ellerston Capital, visit www.ellerstoncapital.com.



Charity in focus: Black Dog Institute

The Black Dog Institute is a medical research institute and a global leader in translational mental health research. Black Dog harness the latest technology and other tools to quickly turn its research findings into clinical services, education and e-health products that improve the lives of people with mental illness and the wider community. Areas of strength include suicide prevention, e-mental health, workplace mental health, new treatment approaches and prevention in young people. Black Dog partners with the government, universities, health services, workplaces, clinicians, industry, philanthropists, and schools across the country. Crucially, Black Dog also draws upon its extensive network of lived experience volunteers to increase the impact and effectiveness of its work.

Black Dog Institute and FGG

The support received from FGG has helped establish Black Dog's Youth Centre for Research Excellence in Suicide Prevention, aimed at reducing suicide attempts and deaths in young people. Sadly, suicide is the leading cause of death in young Australians aged 15-24 years old. This research centre is developing solutions that reduce suicide risk, with a focus on utilising new technologies popular with young people, including smartphones and social media.

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So far, Black Dog has begun a trial in two hospitals of a mobile-based messaging system which provides follow-up care for young people upon hospital discharge after a suicide attempt – a key risk period for a repeat attempt. Additionally, Black Dog's researchers are creating a smartphone app that delivers cognitive behavioural therapy to help young people manage their suicidal thoughts.

Black Dog are also developing an app which collects information about people's social networks through Bluetooth 'handshakes'. Young people at risk of mental health problems begin to withdraw and operate on the edges of social groups, rather than being centrally connected. Black Dog expects this technology will enable early identification of young people experiencing a tough time, so that it can reach them sooner. An early feasibility study trialling this app has been conducted in a NSW high school, proving the potential of this new technology. Black Dog will continue to develop these interventions into effective tools to reduce youth suicide.

Q & A with Professor Helen Christensen, Chief Scientist and Director

What is your driving motivation in your current role?

In my daily work leading the Black Dog Institute, my time is spent improving the capacity and quality of mental health research, building our international connections to foster knowledge exchange, and driving new projects into practice. These include ImpleMentAll – a European collaboration dedicated to improving uptake of eHealth interventions – and Future Proofing, a Black Dog-led study which will recruit 20,000 Year 7 students to investigate the effectiveness of mental health apps for preventing depression. As a scientist, I'm continually inspired by the quality of our research as we strive to achieve our mission of improving the lives of people with mental health problems, understanding the causes of these disorders, and developing effective new ways to prevent and treat mental illness. On a personal level, I'm deeply motivated by the goal of reducing the prevalence of mental illness in young people, and in reducing suicide rates in Australia. I really believe that suicide is preventable in the most fundamental sense – and all of us at the Black Dog Institute are committed to this mission!



What is the biggest challenge for the organisation?

The relative complexity of our organisation can be a challenging factor. We have vast breadth and depth of expertise across research, education, clinical services and community work. Ensuring these components are all aligned is essential to build an organisation that is 'fit for purpose', able to respond swiftly to constant change and rapid growth. Particularly over the past few years, the Black Dog Institute has experienced significant expansion and fresh opportunities as we refine and activate our strategic plan. More broadly, the stigma surrounding mental illness still persists. While one in five Australians experience mental health problems every year, more than half of these people do not access any treatment. This is something we're working to change, with a key focus on sharing lived experience voices in all that we do.

What does it mean to have the support of FGG?

As a not-for-profit organisation, to have continuity of funding for our research project into preventing youth suicide is tremendously vital. Study after study confirms the need for credible, evidence-based interventions that are specifically targeted at young people in high school settings to prevent mental illness and suicidal thinking before it's too late. The generous support of FGG's shareholders enables our researchers to take the guesswork out of this complex and multifaceted issue. By 2026, we hope to achieve a 30% reduction in suicide risk for young people. We couldn't do this without the passion and commitment of FGG – their backing gives us a real chance of making a difference to the lives of young Australians. It's also immensely humbling to know that FGG shareholders have put their trust in Black Dog Institute and our ability to deliver results in the face of this great challenge, as we work to save lives and secure better mental health outcomes for our young people.

For more information about the Black Dog Institute, visit www.blackdoginstitute.org.au.