

Investment Update & Net Tangible Assets Report

As at 31 July 2016



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

NTA before tax	106.12c
NTA after tax and before tax on unrealised gains	106.16c
NTA after tax	107.28c

The above figures are not diluted for 272,942,948 options on issue with an exercise price of \$1.10.

Portfolio

The investment portfolio grew 2.2% while the MSCI World Index (AUD) increased 2.4% in the first month of the 2017 financial year. The spread between the three broad equities strategies is currently 55.9% long equities, 30.9% absolute bias, 6.3% quantitative strategies and 6.9% cash.

Fund manager	Investment	Strategy	% of assets
Magellan Asset Management	Magellan Global Fund	Long equities	9.8%
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	9.7%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	8.8%
VGI Partners	VGI Partners Funds	Absolute bias	7.9%
Antipodes Partners	Antipodes Global Fund	Absolute bias	7.9%
Marsico Capital Management	Marsico Global Fund	Long equities	7.1%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	5.9%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	5.0%
Ellerston Capital	Ellerston Global Investments Wholesale Fund	Long equities	4.9%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	4.6%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	3.7%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.5%
Cooper Investors	Cooper Investors Asian Tiger Fund	Long equities	3.2%
Antipodes Partners	Antipodes Asia Fund	Absolute bias	2.5%
Tribeca Investment Partners	Tribeca Global Total Return Fund	Quantitative strategies	2.6%
Avenir Capital	Avenir Value Fund	Absolute bias	1.6%
Insync Funds Management	InSync Global Titans Fund	Long equities	1.5%
Hunter Hall Investment Management	Hunter Hall Global Equities Trust	Long equities	1.5%
Eastspring Investments (Singapore)	Eastspring Investments Asian Dynamic Fund	Absolute bias	1.4%
	Cash and Term Deposits	Cash	6.9%

Future Generation Global Investment Company Limited

ASX Code	FGG
Established	Sept 2015
Gross assets	\$296.0m
Market cap	\$288.8m
Share price	\$1.045
Net assets per share (before tax)	\$1.06
Shares on issue	276,401,385
Options on issue	272,942,948
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 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

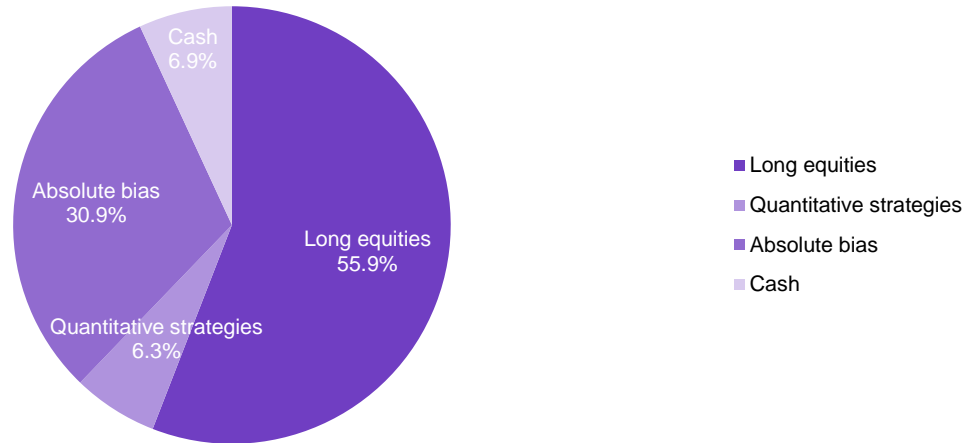
Head of Corporate Affairs

James McNamara

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Investment strategy allocation (% of assets)



Long equities is an investment style that is predicated on holding long only positions and seeks to benefit from positive investment performance of the assets that are held in the portfolio.

Quantitative strategy is an investment strategy that examines mispricing opportunities in equity markets, using a quantitative, disciplined and calculated investment approach.

Absolute bias is an investment style that aims to deliver positive returns in both rising and falling markets. Absolute bias funds invest in a wide range of asset classes and employ various investment strategies (including but not limited to short selling and leveraging).

Fund Managers



Charities



Service Providers



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Fund manager in focus: Paradise Investment Management



About Paradise Investment Management

Paradice Investment Management is a boutique investment manager based in Sydney with additional offices in Denver, Colorado and San Ramon, California. The uncompromising focus of the Paradise business is to generate investment performance for its clients, not to accumulate funds under management. We believe that excessive funds under management can hinder performance, so we closely monitor and constrain capacity as funds grow to their optimal size. Our overarching goal is to grow our clients' wealth over the medium to long term.

Our investment style

In the Paradise Global Small Mid Cap Strategy, we adopt a long term-oriented, "bottom-up" approach to investment. Bottom-up stock picking begins at the company level, with an analysis of the normalized earnings power of that business, along with a careful review of the strength of the balance sheet and the quality of the management team. Industry and broader economic considerations are important but secondary to this company-level analysis, and do not drive our investment process.

We aim to buy shares which we believe are under-priced relative to their long-term potential to compound invested capital. That potential is typically driven by some competitive advantage, the durability of which is a key focus of our analysis. Sources of durable competitive advantage may include a better product or service, a more efficient organisational model, a favourable niche, or a commanding leadership position within an industry. These attributes are not always evident in the trailing 12-month figures, and some of our best performance results from identifying quality businesses that are temporarily under-earning relative to their potential.

Our market outlook

We certainly live in interesting times when there is over \$10 trillion in sovereign bonds yielding negative rates, the future of the world's largest trading bloc (the Eurozone) is facing unprecedented uncertainty, and global growth remains tepid at best. At the same time, equity valuations are quite high relative to historical norms. Any definitive outlook statement here would be somewhat overzealous given the curious state of the world in which we are investing, but we are decidedly cautious.

There are plenty of justifications being offered for today's equity prices, generally along the lines of relative valuation compared to bonds, but this is a potentially dangerous path. In our careers, we have observed that in times when other investors justify high prices by pointing to new paradigms, deviating from timeless valuation principles has proven a costly error. With that risk in mind, we remain focused on identifying attractively priced businesses with strong balance sheets and underappreciated compounding potential.

An example of what we look for is our recent purchase of Gränges AB, a leading global supplier of rolled products for producers of brazed aluminium heat exchangers. This Swedish company's durable competitive advantage derives from its positioning as the world leader in its particular niche. Gränges' sole focus is on these aluminium materials, giving it a distinct edge relative to larger competitors in the areas of R&D, optimization of production facilities, and responsiveness to customer needs. The company is in the process of making a highly opportunistic US acquisition that should widen its competitive advantage as a global supplier, and the market has rewarded the move handsomely. We initiated our position when the stock sold off following an earnings report that included an unexpected tax hit. A classic example of investor myopia, this tax matter impacted one quarter of reported earnings but had nothing to do with the company's long-term earning power.

For more information visit, www.paradice.com.au

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Charity in focus: SANE Australia

SANE Australia is a national charity helping the four million Australians affected by complex mental illnesses including schizophrenia, bipolar, borderline personality disorder, OCD and severe depression. Through helpline and peer support programs, information services and advocacy initiatives, SANE works to ensure people affected by complex mental illness have better support and stronger social connections, experience less discrimination, and live longer lives.



SANE Australia and FGG

Funding from FGG will help SANE Australia expand on our stigma reduction, awareness-raising and peer support activities for the 170,000 young people (aged 18-29 years) who are living with complex mental illness along with their families, friends and colleagues.

In July this year we launched a national campaign to raise awareness of complex mental illness and the benefits of online peer support in reducing isolation. Building on the success of [Thriving Communities](#), we will expand our support, advocacy and awareness-raising initiatives focussing particularly on reducing stigma and building stronger connections.

We will ensure more realistic portrayals of how young people in their 20s manage the challenges of living with a complex mental illness, building on the inspiring examples of [Stephanie](#) and [Harrison](#). We will also connect these young people into a larger community of [peer online support](#) and create opportunities for them to become involved in promotion and advocacy initiatives through a new SANE Ambassador program.

Q&A with CEO, Jack Heath

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

Success will be measured in a significant increase in the number of 18-29 year olds engaging with SANE: using our online forums, contributing to Facebook conversations, accessing our Helpline, and joining our Speaker and Ambassador programs to raise awareness of stigma and advocate for better services. We also expect to see an increase in the number of parents, siblings or friends accessing our programs and services. Learnings from the evaluation of these and other activities will inform future SANE initiatives and provide us with rich data that can be shared widely with the sector.



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

Young people today face new challenges as they transition to adult life studying and beginning their working lives in an increasingly uncertain and frantic world. For the people living with complex mental illness the pressures are even more pronounced - their suicide risk is 13 to 45 times higher than the general population. We would welcome introductions to companies who can help us interact with young people in their 20s. We are also looking to connect with more young people living with complex mental illness who are willing to share their story on how they manage their daily challenges.

Where will your organisation be in five years time?

In five years time, SANE will be recognised as a leader in leveraging technology to build collaborative partnerships across the mental health sector to benefit people affected by complex mental illness. We will have more than 100 partners in our SANE Forums. We will have significantly increased our research and advocacy capacity to ensure that we are moving closer to parity funding for mental health. An ever increasing number of young people with complex mental illness will trust SANE as the organisation that can help them find ways to ensure their experience is directed towards the benefit of others.

For more information on SANE Australia, visit <https://www.sane.org/>