

# Investment Update & Net Tangible Assets Report

As at 31 October 2016



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

## Net Tangible Assets (NTA) figures

The following NTA figures are after the 1.0 cent per share fully franked final dividend paid on 31 October 2016.

NTA before tax	<b>104.38c</b>
NTA after tax and before tax on unrealised gains	<b>104.52c</b>
NTA after tax	<b>105.85c</b>

\*The above figures are not diluted for 272,489,814 options on issue with an exercise price of \$1.10.

## Portfolio

In October, the investment portfolio decreased 1.3% while the MSCI World Index (AUD) fell 1.0%. In the 2017 financial year to date, the investment portfolio has increased 1.8%, outperforming the Index by 0.5%. The spread between the three broad equities strategies is currently 56.0% long equities, 32.1% absolute bias, 6.4% quantitative strategies and 5.5% cash.

Fund manager	Investment	Strategy	% of assets
Magellan Asset Management	Magellan Global Fund	Long equities	<b>10.0%</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>8.5%</b>
VGI Partners	VGI Partners Funds	Absolute bias	<b>7.9%</b>
Marsico Capital Management	Marsico Global Fund	Long equities	<b>7.0%</b>
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	<b>6.0%</b>
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	<b>5.1%</b>
Ellerston Capital	Ellerston Global Investments Wholesale Fund	Long equities	<b>4.9%</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>3.8%</b>
Paradise Investment Management	Paradise Global Small Mid Cap Fund Unhedged	Long equities	<b>3.5%</b>
Cooper Investors	Cooper Investors Asian Tiger Fund	Long equities	<b>3.4%</b>
Antipodes Partners	Antipodes Asia Fund	Absolute bias	<b>2.8%</b>
Tribeca Investment Partners	Tribeca Global Total Return Fund	Quantitative strategies	<b>2.6%</b>
Avenir Capital	Avenir Value Fund	Absolute bias	<b>1.8%</b>
Hunter Hall Investment Management	Hunter Hall Global Equities Trust	Long equities	<b>1.5%</b>
Eastspring Investments (Singapore)	Eastspring Investments Asian Dynamic Fund	Absolute bias	<b>1.5%</b>
Insync Funds Management	InSync Global Titans Fund	Long equities	<b>1.4%</b>
	Cash and Term Deposits	Cash	<b>5.5%</b>

## Future Generation Global Investment Company Limited

ASX code	<b>FGG</b>
Established	<b>Sept 2015</b>
Gross assets	<b>\$290.3m</b>
Market cap	<b>\$295.2m</b>
Share price	<b>\$1.065</b>
Net assets per share (before tax)	<b>\$1.04</b>
Shares on issue	<b>277,150,569</b>
Options on issue	<b>272,489,814</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

# Investment Update & Net Tangible Assets Report

As at 31 October 2016

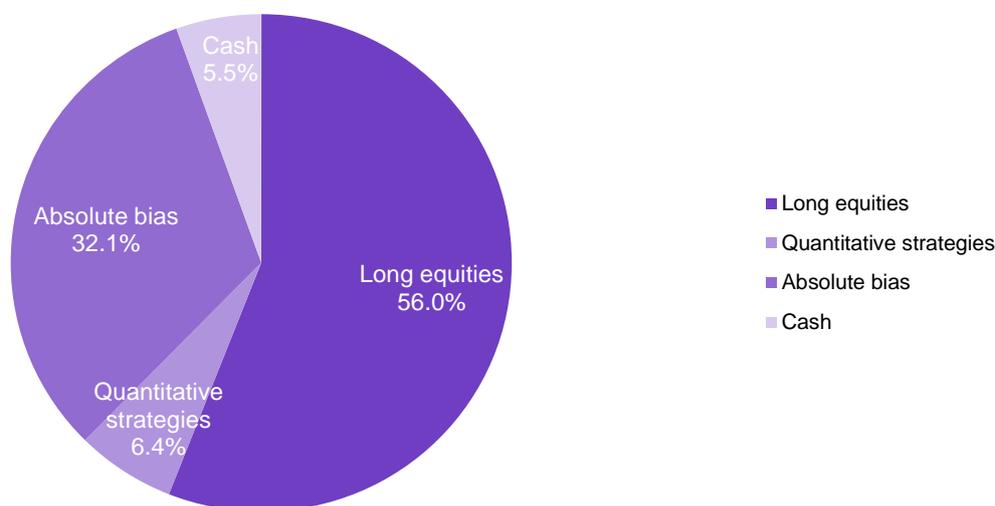
## Fully franked final dividend

On 31 October 2016, the Company paid an inaugural fully franked final dividend of 1.0 cent per share. 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 [here](#) or visit [www.futuregeninvest.com.au](http://www.futuregeninvest.com.au).

## 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

# Investment Update & Net Tangible Assets Report

As at 31 October 2016

## Charities



## Service Providers



## Fund manager in focus: Avenir Capital

### About Avenir Capital

Avenir Capital is an Australian based fund manager specialising in fundamental, value-based and special situation investments in global equity markets. We apply private equity principles to the public markets and invest in materially mispriced companies which we can buy with a large margin of safety and that offer the potential for superior returns with limited risk of permanent loss of capital.



### Our investment style

Our private equity background provides a distinct investment approach in which we analyse each opportunity as if we are buying the entire company. Firstly, all of our investments are underpinned by rigorous in-house research at the company specific level to identify extreme mispricing opportunities where we can buy high quality businesses for 60% or less of their underlying value. Second, we worry about the downside first and exercise discipline in avoiding investment ideas that involve unacceptably high risk of permanent capital loss. Third, we focus on absolute, not relative, returns and avoid index hugging. This allows our best ideas to drive performance in a concentrated manner.

And finally, we invest with a longer time horizon than many investors allowing us to benefit from opportunities that others miss due to lack of patience.

### Our market outlook

At Avenir, we do not spend much time in trying to determine short term market movements. We are patient and selective investors who invest with a long-term perspective. We search for only the most compelling investment opportunities with a view to realising value over time. We will only invest in situations which possess a material margin of safety and the potential to deliver extraordinary returns.

Having said that, we believe the economic policies of a Trump Administration are likely to be stimulative to the US economy which, in turn, is likely to lead to an acceleration of interest rate rises in the US and, potentially, globally. This is supportive of the value-oriented businesses we favour and will provide headwinds for many of the overpriced (in our view) consumer staple and other "high quality" businesses that currently enjoy elevated valuations.

# Investment Update & Net Tangible Assets Report

As at 31 October 2016

## Performance

	1 month (%)	3 month (%)	6 month (%)	1 year (%)	3 year (% pa)	Since inception (% pa)
Avenir Value Fund	-0.7%	3.9%	16.0%	6.9%	9.5%	12.9%
MSCU All Country All Cap	-1.9%	-0.7%	3.3%	3.0%	3.8%	6.8%

## Top five stocks and their weighting

Company	Weighting
BFC Financial Corp	9%
Videocon D2H Limited	8%
Nexstar Broadcasting	7%
General Motors	7%
Technoglass Inc.	6%

## Charity in focus: The Brain and Mind Centre

The Brain and Mind Centre, at the University of Sydney, is devoted to reducing the impact on people and families whose lives have been affected by major brain-related disorders. It focuses its research and clinical services on the way that brain changes in early childhood, adolescence and ageing interact with other environmental and social factors to result in conditions such as autism, youth depression and suicide, multiple sclerosis, Motor Neuron Disease, Alzheimer's disease and other dementias and Parkinson's disease.

FGG is supporting the roll-out and systematic evaluation of a novel online system for delivering more specialised assessments, and targeted interventions, for young people affected by anxiety, depression, self-harm or suicidal behaviours. This system takes the expertise that has otherwise only been available to those who attend the centre in person to other communities in outer urban and regional centres. The evaluation then tests whether provision of these additional specialist services actually results in better functional outcomes for the young people who receive the extra help. Each of the new centres assists approximately 1,000 young people each year. During the initial phase of the FGG-support the goal is to have the new system implemented in six different locations, resulting in extra assistance to 6,000 young people each year.



THE UNIVERSITY OF  
**SYDNEY**  
—  
Brain and Mind  
Centre

## Q&A with Brain and Mind Centre Co-Director – Health and Policy, Professor Ian Hickie

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

Success in relation to the FGG funding is measured in two ways. The first is in the successful implementation of the new online system in six youth service centres across NSW during the initial funding phase. The second measure, more importantly, relates to the improved health and functional outcomes in those young people who receive this additional care. That means, more young people participating successfully in school, higher education or work along with reduced symptoms, less risk of alcohol or drug misuse, and less instances of suicidal behaviour or self-harm.

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

Additional funding is the main resource that drives further innovation and implementation in this area. However, we also need to encourage young people and their families to use these services in the locations in which they become available.

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

# Investment Update & Net Tangible Assets Report

As at 31 October 2016



In five years time, due to this investment and the extent to which the Turnbull Government has now adopted online strategies that we have developed as central to broader mental health services reform, we should be in the situation where this system is able to be deployed across Australia and internationally. Only when we really get to scale with such novel systems are we likely to see a real and continuing decline in youth mental health problems and related suicidal behaviour.

For further information, visit <http://sydney.edu.au/brain-mind/>.