

# Investment Update & Net Tangible Assets Report

As at 31 December 2016



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

## Net Tangible Assets (NTA) figures

NTA before tax	<b>110.35c</b>
NTA after tax and before tax on unrealised gains	<b>110.43c</b>
NTA after tax	<b>110.03c</b>

The above figures are not diluted for 272,476,314 options on issue with an exercise price of \$1.10.

## Portfolio

In December, the investment portfolio increased 3.1% while the MSCI World Index (AUD) rose 4.7%. The spread between the three broad equities strategies is currently 55.8% long equities, 32.7% absolute bias, 6.1% quantitative strategies and 5.4% cash. On 3 January 2017 we fully redeemed our position in the Hunter Hall Global Equities Trust.

Fund manager	Investment	Strategy	% of assets
Magellan Asset Management	Magellan Global Fund	Long equities	<b>10.1%</b>
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	<b>9.6%</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>8.1%</b>
Marsico Capital Management	Marsico Global Fund	Long equities	<b>6.9%</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>5.5%</b>
Ellerston Capital	Ellerston Global Investments Wholesale Fund	Long equities	<b>4.9%</b>
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	<b>4.6%</b>
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	<b>4.0%</b>
Paradise Investment Management	Paradise Global Small Mid Cap Fund Unhedged	Long equities	<b>3.6%</b>
Cooper Investors	Cooper Investors Asian Tiger Fund	Long equities	<b>3.2%</b>
Antipodes Partners	Antipodes Asia Fund	Absolute bias	<b>2.8%</b>
Tribeca Investment Partners	Tribeca Global Total Return Fund	Quantitative strategies	<b>2.1%</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>
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>5.4%</b>

## Future Generation Global Investment Company Limited

ASX code	<b>FGG</b>
Established	<b>Sept 2015</b>
Gross assets	<b>\$307.4m</b>
Market cap	<b>\$295.2m</b>
Share price	<b>\$1.065</b>
Net assets per share (before tax)	<b>\$1.10</b>
Shares on issue	<b>277,164,069</b>
Options on issue	<b>272,476,314</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

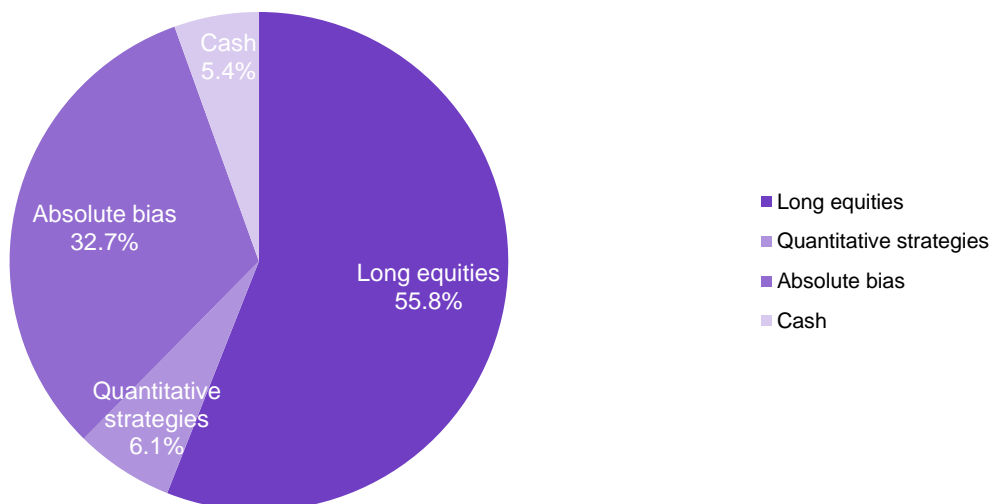
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## Dividends

On 31 October 2016, the Company paid an inaugural fully franked final dividend of 1.0 cent per share. As the year end is now being changed to 31 December 2016, the next potential dividend will be for the period to 30 June 2017 dependent upon profits from the global equity fund managers for the prior 12 month period and will be an interim dividend.

## 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: Manikay Partners



### About Manikay Partners

Manikay Partners is a partnership based global investment management firm founded by Shane Finemore in 2008.

As at 31 December 2016, Manikay Partners managed approximately \$1.9 billion in assets under management. The firm is headquartered in New York, with additional offices in London and Sydney, and has a senior team of 21 professionals.

### Our investment style

Manikay believes its success as investment managers stems from its sustainable edge – an adaptive, opportunistic, value-driven investment approach.

The Fund manages one portfolio with three main complementary strategies; Trading, Arbitrage and Long/Short Investment. Capital allocation is not based on a silo approach but on a dynamic appraisal of the best perceived opportunities available in the market.

Trading is a market neutral strategy focused on shorter term (0-90 days) opportunities driven by perceived temporary mispricing. These are either driven by supply and demand flows or by shorter term relative valuation. Trades include active participation in capital markets, index adjustments, share class trades, spinoffs, and relative value pairs.

Arbitrage is an expected value strategy, including risk arbitrage, convertible bond arbitrage, credit arbitrage, distressed securities, stub trades and special situations. The holding period will be determined by the event being traded, but is typically in the two month to two year range.

Long/Short Investment is a long term, fundamental, value investing approach.

On the long side, the Fund seeks to invest in strong global franchises with well established track records, with the aim of purchasing these businesses at a material discount to our long term valuations.

On the short side, the Fund seeks pure alpha shorts that often include frauds, fads, and failures; businesses we believe are in terminal decline or temporarily overvalued.

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## Net performance to 31 December 2016\*

	1 month	3 month	6 month	1 year	Since Inception	CAGR since inception
Manikay Offshore Fund	1.9%	5.3%	8.8%	9.7%	212.9%	9.4%

\*Performance of Manikay Offshore Fund presented above reflects reinvestment of dividends, interest and capital gains (if any) and is net of all fees and expenses incurred by an investor who has been invested in the Fund since inception, who pays the highest management fees (2% management and 20% performance) charged by the Fund, who participates in any new issue and side pocket investments.

For more information visit <https://www.manikaypartners.com/>

## Charity in focus: Reachout Australia

ReachOut is Australia's leading online mental health organisation for young people and their parents. Their practical support, tools and tips help young people get through anything from everyday issues to tough times – and the information they offer parents makes it easier for parents to help their teenagers too.



ReachOut has been changing the way people access help since launching as the world's first online mental health service nearly 20 years ago. Everything they create is based on the latest evidence and designed with experts, and young people or their parents. This is why ReachOut's digital self-help tools are trusted, relevant and easy to use.

Available for free anytime and anywhere, ReachOut is accessed by 132,000 people in Australia every month. That's more than 1.58 million each year.

### ReachOut and FGG

The opportunity to work with Future Generation Global means we can focus on improving mental health outcomes for thousands of young people in regional, rural and remote Australia.

What's especially important is that a long-term funding partnership like this means we can design the best possible solution. Over the next five years, we will work with young people to better understand their needs and experiences. We'll then test and trial a variety of approaches with young people and their families before scaling up the best solutions to improve the mental health outcomes of young people across the country.

As well as helping more young people directly, we will work with local services and providers to better integrate ReachOut in the wider mental health system. Making digital self-help a meaningful part of improving young people's mental health is important anywhere in Australia, but even more so in regional, rural and remote areas where there may be limited access to traditional services.

### Q&A with ReachOut CEO Jono Nicholas

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

Over the five-year period we will measure an increase in the number of young people from regional, rural and remote Australia accessing ReachOut. We will also look at their levels of satisfaction with ReachOut and what impact the service is having on improving their mental health.

For us, the funding from FGG is also an opportunity to raise awareness of ReachOut and our services with a new community of people – from investors in FGG to the fund managers.



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

ReachOut is available to help all young people and their families be happy and well, but more people need to know that we're here to help. By telling people about ReachOut and making them aware of our service, you can help make sure that young people and parents know where to turn during tough times.

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

In five years' time, we want to see an additional one million people in Australia get help for tough times through ReachOut. We strive to be there for them, and our solution is digital self-help. The connection and practical help we provide can be all it takes for a young person to realise what they're going through, feel more in control, and understand what to do next.

To make this vision a reality, we will work to integrate digital self-help into our mental health system by extending our work with government and primary health networks even further. We will continue to push the boundaries of design and technology to reimagine the help we provide, delivering help earlier and to even more people. We're dedicated to inspiring communities to advocate for young people's mental health, accelerating social change so that every young person gets the help they need, where and when they need it.

For more information on headspace, visit [www.reachout.com](http://www.reachout.com)