

# Investment Update & Net Tangible Assets Report

As at 30 June 2016



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

## Net Tangible Assets (NTA) figures

NTA before tax	<b>103.94c</b>
NTA after tax and before tax on unrealised gains	<b>104.54c</b>
NTA after tax	<b>105.76c</b>

The above figures are not diluted for 272,969,948 options on issue with an exercise price of \$1.10.

## Portfolio

In June, the investment portfolio decreased 4.0% while the MSCI World Index (AUD) fell 3.4%. The spread between the three broad equities strategies is currently 55.6% long equities, 30.9% absolute bias, 6.3% quantitative strategies and 7.2% cash.

## Charity donation

FGG is currently on track to donate approximately \$2.42 million to the 8 designated charities. If you are a shareholder on the FGG register at 29 July 2016, you can select how to allocate your portion of the final donation for the period ended 30 June 2016 using a donation allocation form that you will receive in August 2016.

Fund manager	Investment	Strategy	% of assets
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	<b>9.8%</b>
Magellan Asset Management	Magellan Global Fund	Long equities	<b>9.8%</b>
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	<b>8.7%</b>
VGI Partners	VGI Partners Funds	Absolute bias	<b>8.0%</b>
Antipodes Partners	Antipodes Global Fund	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>5.8%</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>3.7%</b>
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	<b>3.4%</b>
Cooper Investors	Cooper Investors Asian Tiger Fund	Long equities	<b>3.3%</b>
Antipodes Partners	Antipodes Asia Fund	Absolute bias	<b>2.6%</b>
Tribeca Investment Partners	Tribeca Global Total Return Fund	Quantitative strategies	<b>2.6%</b>
Avenir Capital	Avenir Value Fund	Absolute bias	<b>1.5%</b>
Insync Funds Management	InSync Global Titans Fund	Long equities	<b>1.5%</b>
Hunter Hall Investment Management	Hunter Hall Global Equities Trust	Long equities	<b>1.4%</b>
Eastspring Investments (Singapore)	Eastspring Investments Asian Dynamic Fund	Absolute bias	<b>1.3%</b>
	Cash and Term Deposits	Cash	<b>7.2%</b>

## Future Generation Global Investment Company Limited

ASX Code	<b>FGG</b>
Established	<b>Sept 2015</b>
Gross assets	<b>\$289.7m</b>
Market cap	<b>\$291.6</b>
Share price	<b>\$1.055</b>
Net assets per share (before tax)	<b>\$1.04</b>
Shares on issue	<b>276,374,385</b>
Options on issue	<b>272,969,948</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

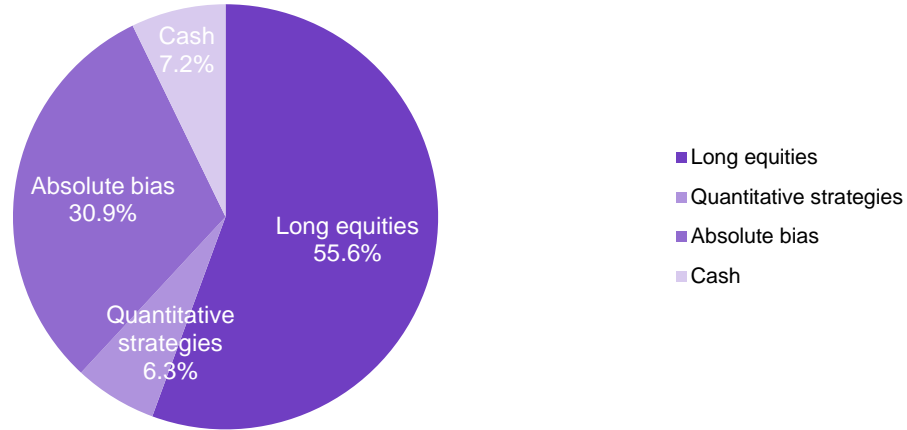
## Head of Corporate Affairs

James McNamara

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## 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: Cooper Investors



### About Cooper Investors

Cooper Investors Pty Limited (CI) is a specialist equity fund manager with funds under management of approximately \$10 billion. We commenced operations in 2001 and have an investment team of 18 people across Australian and Global research supported by a team of 19 people. We now have 10 years' experience developing our global equities capabilities. CI is 100% owned by its employees.

CI manages six pooled wholesale trusts (CI Australian Equities Fund, CI Pensions Fund, CI Asian Tiger Fund, CI Brunswick Fund, CI Global Equities Fund and CI Global Equities Fund (unhedged)) along with a number of individual mandates which invest in either Australian equities, international securities or a mixture of both. Employees are encouraged to invest in the CI trusts.

### Our investment style

CI is a long-term observational investor. CI prefers to allocate capital to companies and industries with a specific value proposition that are performing well or are in an early phase of turnaround (observation of operating, industry and strategic trends) with focused management (value based leadership).

CI uses VoF as a discipline to process complex qualitative and quantitative information on stocks and industries:

1. Value Latency;
2. Operating, industry and strategic trends; and
3. Focused industry and management behaviour.

The CI investment team undertake an intensive program of industry and company visits gaining insights and knowledge of stocks, industries and themes. In the last financial year, the investment team participated in over 1,000 one-on-one company or industry meetings.

### Our market outlook

After a year in which the market, including dividends, was largely flat, the outlook for the coming period does not look much rosier given the recent Brexit vote and political instability in other parts of the world. Times like this reinforce one of our core beliefs, namely the best insights come from people at the coal face and we have recently undertaken trips to North America, Europe and Japan. In addition, volatility in markets provides opportunities to add new stocks to the portfolio, for example, we have added Heico Corp.

Heico is the largest independent manufacturer of aftermarket aircraft replacement parts, known as PMA (Parts Manufacturer Approval). These parts require strict Federal Aviation Administration approval but are sold to airlines at ~30% discount to the original equipment pricing. PMA accounts for less than 5% of the aircraft maintenance market, hence Heico has a long runway of growth ahead of it, underpinned by internal product development and acquisitions. We also like the exposure to the long term secular trend of growing demand for air travel. The company is controlled and run by the Mendelson family who have grown the business 15% per annum over 20 years.

Another recent purchase that plays to the same theme is Amadeus IT Holding, the biggest global distributor of airline seat inventory. Based in Madrid, Amadeus is a leading player in modernising IT systems for travel providers and hosts the central reservation systems for most of the world's biggest airlines. Amadeus benefits from the ongoing digitisation of global travel and enjoys very strong cash generation, high recurrence of earnings and a strong balance sheet.

For more information, visit <http://www.cooperinvestors.com/>

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## Charity in focus: Butterfly Foundation for Eating Disorders

Butterfly Foundation is Australia's peak national organisation for those affected by an eating disorder, including anorexia nervosa, bulimia nervosa, binge eating disorder and atypical presentations. Eating disorders are complex neuropsychiatric illnesses that result in significant physical and psychological impairment. They have the highest mortality rate of any mental illness and Deloitte Access Economics have assessed an annual socio-economic cost of over \$70B.



Butterfly is committed to raising awareness at all levels of government and community about the prevalence and cost of eating disorders, and promoting evidence based affordable prevention and treatment for all who are affected.

### Butterfly Foundation and FGG

Funding from FGG will enable Butterfly to expand its current Intensive Outpatient Program (IOP) to include a stream dedicated for young people. Based on the work of Carolyn Costin from the US, the IOP will be an early intervention program for young people focusing on preventing hospitalisation and engaging the young person in sustainable recovery. The evidence based group therapy program will work with young people to harness their healthy behaviours to override and defeat the unhealthy eating disorders behaviours. The program will allow for the young person to remain at school.

### Q&A with CEO, Christine Morgan

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

Success will be measured in the number of young people who can access the program and the impact it has on their recovery journey, specifically in avoiding hospitalisation and equipping them for sustainable recovery. The evaluated outcomes of the program will be used by Butterfly to advocate for such programs to be available within public health systems, accessible to all in need, not just those who can afford to pay.



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

In addition to funding access to evidence based programs such as the IOP, the critical need is to raise awareness of eating disorders to ensure early help seeking. It is estimated that less than 25% of people with an eating disorder are currently accessing treatment. Early identification and intervention reduces the length of treatment and most importantly, reduces the risk of mortality. Far too many people still regard eating disorders as a lifestyle choice and stigma has been identified as a key reason people do not seek help. FGG investors could assist in the vital work of reducing this stigma and encouraging anyone with an eating disorder or who is at risk of developing an eating disorder to seek help, initially through Butterfly's support line ED HOPE – 1800 33 4673.

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

As the national peak organisation for those affected by eating disorders, Butterfly will continue to advocate for evidence based affordable treatment, early in illness and early in episode, for anyone with an eating disorder. We will do this through advocacy, piloting essential services, delivering national treatment and support programs and building the evidence base. Increasingly our focus will be on prevention and early intervention programs.

For more information on the Butterfly Foundation, visit [www.thebutterflyfoundation.org.au](http://www.thebutterflyfoundation.org.au)