

FGG ANNOUNCES HALF YEAR RESULTS

- Pre-tax interim profit of \$3.3 million
- Total comprehensive income up 349.2%
- 1.0 cents per share fully franked dividend
- Savings of \$1.9 million delivered from forgone management and performance fees and pro bono services – exceeding the annual donation to charities

Future Generation Global Investment Company Limited (ASX: FGG) today announced a pre-tax profit of \$3.3 million and a post-tax profit of \$2.9 million for the six-month period to 30 June 2017. The total comprehensive income increased by 349.2% to \$10.7 million, compared to a loss of \$4.3 million in the prior half year period, primarily driven by the increase in value of the portfolio over the period.

The Board announced a fully franked dividend of 1.0 cents per share. Shareholders who exercise their options by 15 September 2017 will also be eligible to receive the 1.0 cents per share fully franked dividend.

In the six-month period the investment portfolio increased by 5.0%, outperforming the MSCI AC World Index (AUD). Since inception, the investment portfolio has delivered less volatility than the Index, with a standard deviation of 8.9% against the market's 10.2%.

Chairman Belinda Hutchinson said the Company had outperformed during the six-month period following a review and restructure of the portfolio by the Investment Committee.

“The underperformance of Asian markets and the strength of the Australian dollar at the beginning of the calendar year impacted the overall investment performance. The Investment Committee subsequently restructured the investment portfolio, adjusting the direct exposure to Asian funds and the fund managers during the period,” Ms Hutchinson said.

“Following this restructure, we are pleased that the investment portfolio has outperformed the Index for the last quarter, increasing 4.2%.

“FGG is well positioned to provide risk-adjusted global equity exposure to Australian shareholders. We expect returns will primarily be delivered in the form of capital growth through market cycles over the medium-to-long term,” she said.

Founder and Director Geoff Wilson said the Board was excited to welcome leading independent global investment manager Caledonia as a pro bono fund manager.

“Caledonia is a global investment management firm with a goal of achieving high absolute returns over a long-term time horizon,” Mr Wilson said.

“The firm manages a long short equity strategy with a focus on deep fundamental research and high conviction long-term investing. We look forward to Caledonia joining FGG's portfolio of prominent global fund managers in September,” he said.

The investment in Caledonia will be made by deploying existing excess cash within the investment portfolio.

The value of the management and performance fees forgone by the fund managers for the half year period ended 30 June 2017 totalled \$1.6 million and the value of the leading service providers, including the Board and Investment Committee working on a pro bono basis, totalled \$0.3 million.

“The Company receives significant pro bono support from its fund managers, Board, Investment Committee members and service providers. Currently, we estimate the value of this pro bono support at approximately \$4 million per annum. At 1.3% of the assets of the company, these savings to shareholders exceed the annual donation to charities,” Chief Executive Officer Louise Walsh said.

“FGG is on track to make a donation of \$3.0 million to Australian charities focused on children and youth mental health. FGG shareholders decide annually on a pro-rata basis the amount donated to each charity. I would like to thank our fund managers and leading service providers for working pro bono to enable this valuable donation to happen and in turn to enable our eight charities to make a measurable difference in changing the lives of young Australians affected by mental illness,” she said.

Fully franked dividend and options

The fully franked dividend of 1.0 cents per share will be paid on 27 October 2017 and will trade ex on 17 October 2017.

Shareholders who exercise their options before 15 September 2017 will be eligible to receive the fully franked 1.0 cents per share dividend. Options provide holders the opportunity to purchase FGG shares without paying brokerage fees at the exercise price of \$1.10, against the 25 August 2017 share price of \$1.10. Options last traded at 0.1 cents on 25 August 2017.

The options expire on 15 September 2017 and will cease trading on the ASX on 11 September 2017.

The Board seeks to pay fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices.

Investment portfolio

The FGG investment portfolio has been structured to provide diversification between three broad equity strategies and cash:

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.

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.

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.

FGG was initially invested with 18 managers in 20 funds. The portfolio has been refined and restructured over the last 18 months and the direct exposure to Asia has been adjusted and the number of managers has been refined. At the date of this report, the investment portfolio is made up of 13 fund managers with investments in 15 global funds.

As at 30 June 2017, the portfolio was 54.6% long equities, 32.8% absolute bias, 3.9% quantitative strategies and 8.7% cash.

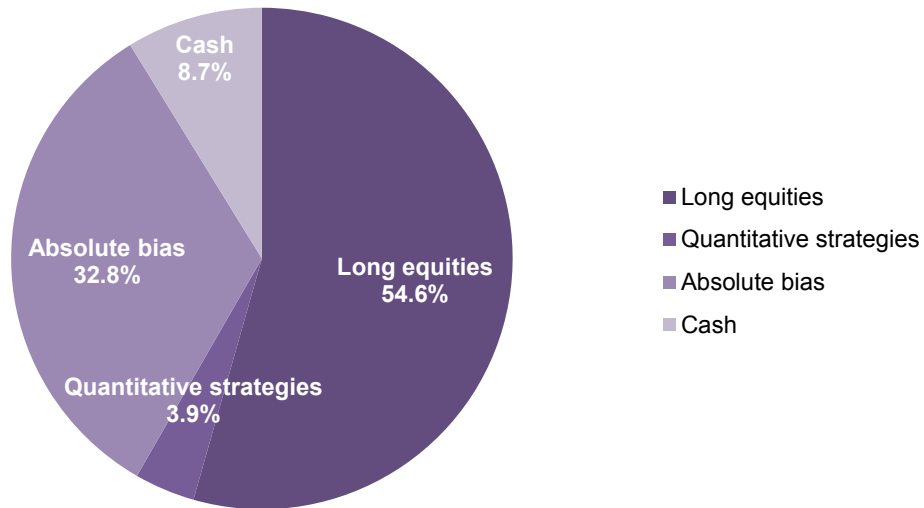
Charitable objectives

The objective of the company is to provide shareholders with an attractive investment and an ongoing source of funding for Australian charities with a focus on youth mental health. The fund managers do not charge management or performance fees, allowing the company to donate 1% of assets to the supported charities each year. FGG has partnered with eight designated charities that provide a significant benefit to young Australians in the area of children and youth mental health. These charities are: *beyondblue*, Black Dog Institute, Brain and Mind Centre, Butterfly Foundation for Eating Disorders, headspace, Orygen – the National Centre of Excellence in Youth Mental Health, ReachOut Australia and SANE Australia. FGG shareholders decide annually on a pro-rata basis the amount donated to each charity.

Asset allocation as at 30 June 2017

Fund manager	Investment	Strategy	% of portfolio
Magellan Asset Management	Magellan Global Fund	Long equities	10.3%
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	9.7%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	9.2%
Antipodes Partners	Antipodes Global Fund	Absolute bias	8.7%
VGI Partners	VGI Partners Funds	Absolute bias	7.9%
Marsico Capital Management	Marsico Global Fund	Long equities	7.5%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	6.0%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	5.2%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.8%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	4.5%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	3.9%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.7%
Avenir Capital	Avenir Value Fund	Absolute bias	3.6%
Cooper Investors	Cooper Investors Asian Tiger Fund	Long equities	3.4%
Antipodes Partners	Antipodes Asia Fund	Absolute bias	2.9%
	Cash and Term Deposits	Cash	8.7%

Investment strategy allocation (% of assets as at 30 June 2017)



Fund managers



Charities



Service providers



About Future Generation Global Investment Company

Listed in 2015, 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.

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