

# Investment Update & Net Tangible Assets Report

As at 30 September 2017



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

## Net Tangible Assets (NTA) figures

NTA before tax	116.82c
NTA after tax and before tax on unrealised gains	117.51c
NTA after tax	115.34c

After tax NTA figures have been calculated at a corporate tax rate of 27.5%.

The above NTA figures are before the 1.0 cents per share fully franked dividend due to be paid on 27 October 2017. The shares will trade ex-dividend on 17 October 2017.

### Key dates

Dividend ex-date	17 October 2017
Dividend record date	18 October 2017
Last election date for DRP	20 October 2017
Dividend payment date	27 October 2017

## Portfolio

In September, the investment portfolio delivered strong performance, increasing 2.8%. The MSCI AC World Index (AUD) rose 3.1%. FGG's investment portfolio continues to deliver sound performance with lower volatility than the benchmark.

The spread between the three broad equities strategies is currently 56.4% long equities, 30.9% absolute bias, 3.8% quantitative strategies and 8.9% cash.

During the month, the Company deployed existing cash within the investment portfolio with leading independent global investment manager Caledonia. The Board is pleased to welcome Caledonia as a pro bono fund manager.

## FGG invests \$3.0 million in improving youth mental health

During October, the Company will invest \$3.0 million in Australian charities focused on children and youth mental health. Read the full announcement [here](#).

## Future Generation Investment Forum

Following the success of our inaugural Future Generation Investment Forum in Sydney in May, we will be holding our second Investment Forum in Melbourne from 1.30pm – 3.00pm on Thursday 30 November.

Shareholders will be given access to exclusive investment ideas in a series of five-minute presentations from FGG's global and Future Generation Investment Company's (ASX: FGG) Australian fund managers. [Reserve your place](#) now.

If you are unable to make it to Melbourne, register for the [livestream](#).

## November 2017 Shareholder Presentations

This week we sent out invitations to our Shareholder Presentations in November. [Reserve your place](#) to hear from FGG founder and Director Geoff Wilson, CEO Louise Walsh, and a selection of fund managers and designated charities.

### Future Generation Global Investment Company Limited

ASX code	FGG
Established	Sept 2015
Gross assets	\$349.4m
Market cap	\$325.4m
Share price	\$1.10
Net assets per share (before tax)	\$1.168
Shares on issue	295,815,787
Fully franked dividend (June 2017)	1.0c
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 (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.

### Chairman

Belinda Hutchinson AM

### Founder and Director

Geoff Wilson

### Chief Executive Officer

Louise Walsh

### Directors

Frank Casarotti

Karen Penrose

Susan Cato

Sarah Morgan

### Investment Committee

Amanda Gillespie, Chair

Chris Donohoe

Aman Ramrakha

Sean Webster

Geoff Wilson

### Company Secretaries

Kate Thorley and Mark Licciardo

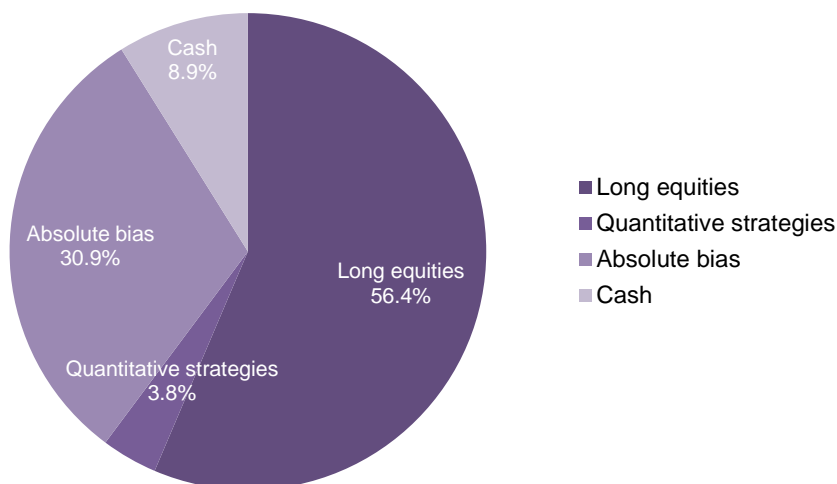
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## Asset allocation as at 30 September 2017

Fund manager	Investment	Strategy	% of portfolio
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.1%
Magellan Asset Management	Magellan Global Fund	Long equities	9.6%
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	8.9%
Antipodes Partners	Antipodes Global Fund	Absolute bias	8.3%
Marsico Capital Management	Marsico Global Fund	Long equities	7.4%
VGI Partners	VGI Partners Funds	Absolute bias	7.2%
Caledonia	Caledonia Fund	Long equities	6.4%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	5.9%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	4.8%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.6%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	4.4%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	3.8%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.5%
Avenir Capital	Avenir Value Fund	Absolute bias	3.4%
Antipodes Partners	Antipodes Asia Fund	Absolute bias	2.8%
	Cash and Term Deposits	Cash	8.9%

## 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. The long equities portion of the portfolio includes exposure to large-cap, mid-cap and small-cap stocks.

**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.

**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.

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## Fund managers



## Charities



## Service providers



## Fund manager in focus: Marsico Capital Management

**MARSICO**  
CAPITAL MANAGEMENT\*

### About Marsico Capital Management

Founded by Thomas F. Marsico in 1997, Marsico Capital Management, LLC (MCM) is a Denver, Colorado-based, Securities and Exchange Commission registered, investment management firm that manages assets for mutual funds, corporate retirement plans, endowments, foundations, family offices, and other clients. As of 30 September 2017, MCM managed approximately US\$2.98 billion in assets within seven investment strategies.

### Our investment philosophy

Tom Marsico, MCM's founder, Chief Executive Officer and Chief Investment Officer, has managed large-cap equities since 1979, and has a public investment track record dating to 1988. MCM's investment approach emphasises the selection of high-quality global growth companies with compelling potential for long-term capital appreciation. This high-conviction approach is expressed through concentrated portfolios. We search for growth globally by evaluating companies in industries around the world to uncover attractive investment opportunities, as well as to understand the competitive landscape on a world-wide basis. MCM's investment style and process has been consistent since the founding of the firm and has been employed in a variety of market conditions.

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## Our market outlook

In the third quarter, the markets continued to behave in a similar manner to the first half of the year. Secular growth assets, particularly those in the Information Technology sector, continued to outperform other sectors as investors continued to appreciate the longer-term opportunities they present. These 'platform' companies are not dependent on product cycles, rather they participate in multiple lines of business, and aim to take share within each segment they participate in. This allows us to take a longer-term view on their growth prospects, hereby creating longer-holding periods and concentrated positions.

The portfolio is positioned for continued slow-to-modest growth in the global economy, and for interest rates in the developed markets to continue in a narrow band. We anticipate the US 10-year Treasury note to remain in the 2.25-3.00% range. We do not see any signs of an acceleration in inflation, as commodities are efficiently sourced and companies continue to benefit from existing workers re-entering the workforce, as well as automation equipment that allows companies to reduce their costs and improve their margin structure. In a slow global growth environment, we prefer to invest in companies that are growing independent of the economy, and have a technological advantage through their 'platform', which allows them to grow revenue from gaining share in different verticals. Although these stocks have outperformed the broader market this year, we stay consistent in our positioning and our belief that these companies will continue to innovate and ultimately be the drivers behind the new, connected economy.

## Performance as at 30 September 2017

Returns	3 month	1 Year	Since inception % p.a (Dec-15)
Fund Return*	8.1%	24.0%	10.8%
Benchmark return**	2.8%	15.7%	9.5%
<b>Active Return (Before fees)</b>	<b>5.3%</b>	<b>8.3%</b>	<b>1.3%</b>

\* Performance is for the CC Marsico Global Fund - Institutional Class (APIR CHN0001AU), also referred to as Class A units, and is based on month end unit prices before tax in Australian Dollars. Gross performance is stated excluding all fees, costs and taxation. Net performance is calculated after management fees and operating costs, excluding taxation. This is historical performance data. It should be noted the value of an investment can rise and fall and past performance is not indicative of future performance.

\*\* Benchmark refers to the MSCI All Country World Index Net AUD. All data is the property of MSCI. No use or distribution is permitted without written consent. Data provided "as is" without any warranties. MSCI assumes no liability for or in connection with the data.

For more information, visit [www.marsicofunds.com](http://www.marsicofunds.com).

## Charity in focus: Orygen



Orygen is a global pioneer in developing treatments and programs to intervene early in mental disorders for young people aged 12–25. We create, incubate, and translate new interventions and models of care that are used to improve the frontline of youth mental health care. Orygen has over 300 staff, and more than 100 collaborators around the world.

What that means for Australia's young people is that we'll help more of them and their families deal with mental illness and get them back to employment and education, leading to the opportunity to be fully participating and contributing members of the Australian community.

## Orygen and FGG

FGG's funding is enabling Orygen to think 'big picture' when it comes to youth suicide prevention. With the FGG funds we are establishing a comprehensive community approach to youth suicide prevention, and trialling it across North West Melbourne. Overall the aim of the program is to reduce rates of self-harm, suicidal behavior and suicides by increasing knowledge, improving help-seeking, reducing stigma, and having access to the best evidence-based treatment. We do this work across hospital emergency departments (EDs), schools, specialist clinical services and the general community.



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EDs provide a very 'real-world' opportunity to do something that prevents further self-harm and suicides. We have partnered with local EDs to examine the number and characteristics of presentations for self-harm and suicide-related behavior, and to work out the barriers to delivering the best care to young people in these settings. This is resulting in an ongoing collaboration with EDs to ensure that at-risk young people who do come to EDs get the best treatment possible.

## **Q&A with Orygen Executive Director and former Australian of the Year Professor Patrick McGorry AO**

### **What impact will the FGG funding have on your organisation?**

The FGG funding has allowed Orygen to expand our work in suicide prevention and reducing self-harm in a really innovative way. Settings in which we are doing our work, including in EDs, are at the 'pointy end' of the problem where opportunities to help young people have often been missed. This sort of intervention can have a dramatic impact on young people's lives, reducing the chance that they will attempt suicide or continue self-harming.



### **What is the biggest challenge for the organisation?**

There are many issues and much complexity in the factors that lead to young people attempting suicide or self-harming. Understanding these issues, including stigma is critical. Orygen's 2016 report *Looking the other way: young people and self-harm* found young people were experiencing stigmatising and damaging responses in EDs and hospitals, illustrating what a big problem this is.

### **What's a burning issue for youth mental health in Australia?**

That the services and care available at present are simply not sufficient to provide what young Australians need. For those people who are going to experience mental illness in their lifetime, 75% will have had episodes of illness before they are 25 years old. Although the range of services is improving, the system is not geared to meet the extent of the need, resulting in bad outcomes for many young people and families. We have to work to do something much better.

### **Whose work in the mental health space inspires you?**

I think that there are many individuals and organisations in mental health that are doing terrific work. The people who really inspire me are young people – their strength in recovering from mental illness with the right treatments and supports is incredibly inspiring. I have also met so many young people who want to use their lived experience and skills to help other young people with mental health problems.

For more information, visit [www.orygen.org.au](http://www.orygen.org.au).