

Investment Update & Net Tangible Assets Report

As at 31 December 2017



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

NTA before tax	121.90c
NTA after tax and before tax on unrealised gains	122.60c
NTA after tax	118.77c

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

Portfolio

In December 2017, the FGG investment portfolio decreased 1.9% while the MSCI AC World Index (AUD) fell by 1.6%. The equity portion of the investment portfolio performed largely in line with the Index for the month. The appreciation of the AUD against the USD cash holding impacted the investment portfolio during December.

The spread between the three broad equity strategies is currently 57.8% long equities, 31.4% absolute bias, 3.9% quantitative strategies and 6.9% cash.

Investment strategy allocation (% of assets)

Fund manager	Investment	Strategy	% of portfolio
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.2%
Magellan Asset Management	Magellan Global Fund	Long equities	9.9%
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	7.5%
VGI Partners	VGI Partners Funds	Absolute bias	7.4%
Caledonia	Caledonia Fund	Long equities	7.0%
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	4.8%
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	3.6%
Avenir Capital	Avenir Value Fund	Absolute bias	3.5%
Antipodes Partners	Antipodes Asia Fund	Absolute bias	2.9%
	Cash and Term Deposits	Cash	6.9%

Future Generation Global Investment Company Limited

ASX code	FGG
Established	Sept 2015
Gross assets	\$362.7m
Market cap	\$373.1m
Share price	\$1.26
Net assets per share (before tax)	\$1.22
Shares on issue	296,112,380
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

Geoff Wilson

Chris Donohoe

Aman Ramrakha

Sean Webster

Company Secretaries

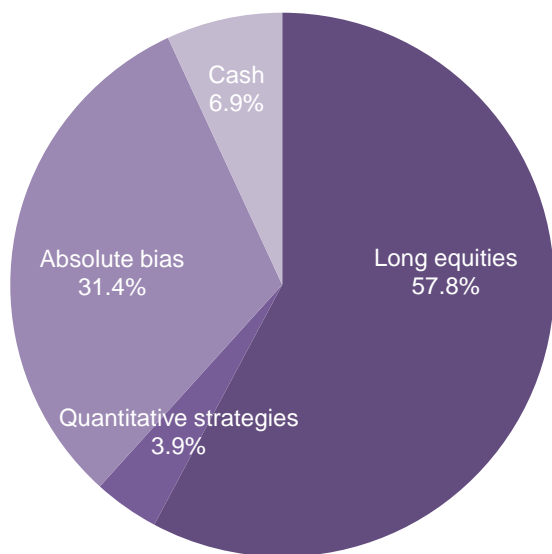
Kate Thorley and Mark Licciardo

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■ Long equities ■ Quantitative strategies
■ Absolute bias ■ 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.

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.

Fund managers



Charities



Service providers



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Fund manager in focus: Nikko AM Global Share Fund



About Nikko AM Global Share Fund

Nikko Asset Management's Global Equity Team is based in Edinburgh, Scotland and comprises six portfolio managers/analysts, with an average of 19 years' industry experience. The Team's flat structure is designed to maximise any behavioural biases that may prevent them from achieving the best results for clients. Significant diversity and combined breadth of experience through a variety of market cycles and crises across global investment markets enables the team to think laterally and pragmatically to find the best available investment opportunities.

Investment style

The Global Equity strategy seeks to achieve long term capital appreciation by investing in 'Future Quality' companies with sustainable growth characteristics at attractive valuations which, the investment team believes, will lead to outperformance over the full market cycle. It is a fundamental, bottom-up research strategy; sector and country allocations are a function of stock selection. It is a concentrated, high conviction portfolio comprised of 40-50 stocks.

Outlook

It will come as no surprise that uncertainty levels are rising globally. In the midst of this noise over future market direction, Nikko AM Global Share Fund will continue to unearth companies that it believes have a leading edge, and could deliver superior performance over the long term. These 'Future Quality' companies have sustainable growth characteristics at attractive valuations.

Nikko AM Global Share Fund remains cautious regarding overall market direction, although indicators suggest global growth will continue over 2018, the debt burden remains high. Uncertainty remains over the direction of international policy in the US and the impact of Brexit for the UK has yet to be understood. However, the power of compounding returns from these levels will be greatest in portfolios of stocks that exhibit the attributes Nikko AM Global Share Fund seek. Putting economic conjecture to one side, the opportunity for technological innovation remains high, and Nikko AM Global Share Fund will continue to look through the cycle to identify 'Future Quality' stocks. The rewards for 'Future Quality' may not be achieved short term, but the long-term rewards are worth it.

Performance

As at 31 December 2017	6 Mths	1 Yr	3 Yrs %pa
Nikko AM Global Share Fund	8.8%	16.1%	12.3%
MSCI All Countries World Index <i>(with net dividends reinvested) expressed in Australian Dollars (unhedged)</i>	9.1%	14.8%	11.2%

Top 5 Holdings (as at 31 December 2017)

1. Microsoft	4.9%
2. Tencent	3.9%
3. Livanova	3.8%
4. Facebook	3.7%
5. Progressive Corp	3.4%

For more information about Nikko AM Global Share Fund visit: www.nikkoam.com.au.

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Charity in focus: SANE Australia

SANE AUSTRALIA

SANE Australia is a national mental health charity working to support the four million Australians affected by complex mental illness. This includes conditions such as schizophrenia, bipolar, borderline personality disorder, eating disorders, obsessive-compulsive disorder, post-traumatic stress disorder, and severe depression and anxiety. SANE's work includes specialist helpline support, stigma reduction, mental health information and awareness, online peer support, research and advocacy.

SANE Australia and FGG

FGG's generous backing is enabling SANE to provide more targeted support to young people aged 18 to 30 years old who are dealing with complex mental illness. SANE also helps these young people by supporting their families and carers. The majority of people who experience complex mental illness first experience symptoms as young adults. This can be a scary and uncertain time.

In 2017, FGG support enabled SANE to run a national schizophrenia awareness campaign targeted at young adults. As part of the campaign, SANE shared the story of 23-year-old Hannah who lives with schizophrenia. The campaign promoted evidence-based services, resources, information and referral pathways to help reduce self-stigma and encourage young people to seek help from mental health professionals. During the campaign, 375,000 young adults accessed information on the sane.org website and more than 4 million Australians were reached across all age groups.

In 2018, FGG support will enable SANE to engage with more young adults, like Hannah, who are living with complex mental illness and want to share their personal stories publicly. When young people share their stories, they inspire hope, break down stigma and encourage other young people to get the support they need early on.

Working closely with other youth-focused organisations, SANE will deliver training to a group of young people to support them to share their stories safely and to develop peer-generated content and resources. SANE will also facilitate peer-to-peer online engagement and events and measure mental health outcomes.

Twenty per cent of people who contact the SANE Help Centre and thirty per cent of our website visitors are young adults with complex mental health concerns. Working directly with this group of young people will enable the SANE to deliver better services to help more young people.

Q&A with Jack Heath, CEO SANE Australia

What is your driving motivation in your current role?

Twenty five years ago, my 20-year-old cousin took his life on our family farm in north-eastern Victoria. Having experienced my own mental health challenges and seeing the impact of Johnnie's death on those who loved and cared for him led me to establish the ReachOut.com online youth mental health service.

For the past five years, as CEO of SANE Australia, I have been passionately committed to ensuring that all Australians living with complex mental health conditions like schizophrenia get the support and care they need. So many of these people have become dear friends and I am constantly inspired by their strength, resilience, wisdom and humour.

What is the biggest challenge for the organisation?

SANE is an organisation with a clear focus and great staff. Our biggest challenge is securing the resources we need to deliver the best possible support for those of us affected by complex mental illness.



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A big part of our work is to reduce the stigma associated with conditions like schizophrenia, personality disorders and bipolar disorder. As a nation, we are much better talking about the more common mental illnesses than we were say 10 years ago, but we haven't made the same progress with the more complex conditions. As a result, far too many people are still reluctant to seek help early on to deal with their condition and we have big challenges reaching young people in rural and regional areas where there are far less services.

Digital story-telling is critical to meeting this challenge. It enables us to work alongside people with complex mental illness to tell their authentic stories of resilience and recovery and to amplify these to a national audience.

What does it mean to have the support of FGG?

FGG support enables SANE to invest in services that will have a bigger impact on the lives of more young people. Complex mental illnesses are the hardest to deal with and have the biggest impact on young people and their families but with appropriate care and support, all young people can live long and fulfilling lives.

Whenever a young Australian is faced with complex mental illness issues, we want them to feel empowered, informed, and supported. With the support of FGG and FGG shareholders, we can offer practical support and real hope for young people affected by complex mental illness. Thank you.

For more information about SANE Australia, visit: www.sane.org.