



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

# Investment update

As at 31 January 2018

## Snapshot

Pre-tax net tangible assets

**123.8c**

Gross assets

**\$368.7m**

Management and  
performance fees

**0%**

futuregeninvest.com.au  
ABN 52 606 110 838

## Future Generation Global Investment Company Limited

ASX code	FGG
Date of listing	Sep 2015
Gross assets	\$368.7m
Market cap	\$373.1m
Share price	\$1.26
NTA before tax	\$1.24
Shares on issue	296,112,380
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Fully franked dividends (FY2017)	1.0c

### 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 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 AO

#### Chief Executive Officer

Louise Walsh

#### Directors

Frank Casarotti

Karen Penrose

Susan Cato

Sarah Morgan

#### Investment Committee

Sean Webster, Chair

Chris Donohoe

Aman Ramrakha

Sean Webster

Geoff Wilson AO

#### Company Secretary

Kate Thorley and Mark Licciardo

## Net Tangible Assets (NTA) figures

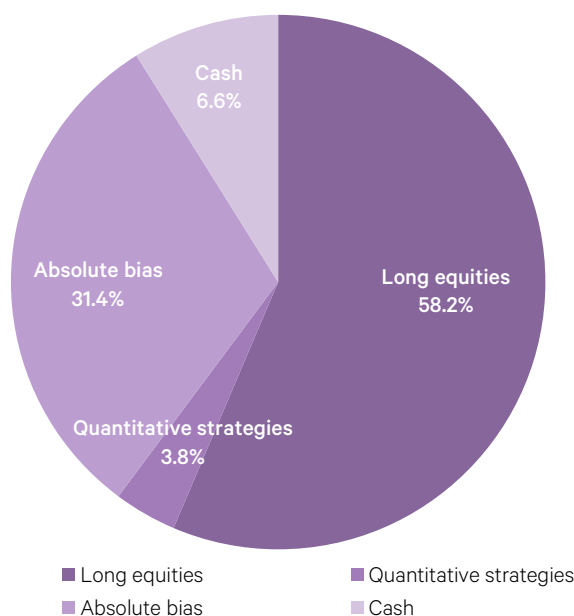
NTA before tax	123.81c
NTA after tax and before tax on unrealised gains	124.55c
NTA after tax	120.17c

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

## Investment portfolio

In January, the investment portfolio increased 1.7% while the MSCI AC World Index (AUD) rose 2.5%. Since inception, 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 58.2% long equities, 31.4% absolute bias, 3.8% quantitative strategies and 6.6% cash.



### Long equities

Investing in a portfolio of equities based on the expectation that 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.

### Market neutral

An investment strategy that generally involves the simultaneous purchase and sale of equities, to generate returns that are not linked to the performance of underlying equity markets.

### 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 manager	Investment	Strategy	% of portfolio
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.3%
Magellan Asset Management	Magellan Global Fund	Long equities	10.0%
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	8.8%
Antipodes Partners	Antipodes Global Fund	Absolute bias	8.3%
Marsico Capital Management	Marsico Global Fund	Long equities	8.0%
VGI Partners	VGI Partners Funds	Absolute bias	7.4%
Caledonia	Caledonia Fund	Long equities	6.9%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	6.0%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	4.7%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.6%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	4.5%
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	3.6%
Avenir Capital	Avenir Global Fund	Absolute bias	3.6%
Antipodes Partners	Antipodes Asia Fund	Absolute bias	2.9%
	Cash and Term Deposits	Cash	6.6%

## Fund managers



## Fund manager in focus: Paradise Investment Management



Paradice Investment Management is a privately owned Australian boutique funds management business established in 1999. Paradise has offices in Sydney, Denver and San Francisco.

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

### Our investment philosophy

The strategy employs a long term bottom-up approach. Paradise believes that equity markets are inefficient and offer excellent investment opportunities over time. The inefficiencies arise due to excesses in investor emotion, a focus on the short term and consistent focus on one of the least important aspects of a company's financial health – its profit and loss statement. Paradise believes that one of the most important aspects of investing is objectivity. It is possible to benefit from changes in market inefficiencies by focusing on logical, ordered and objective investment decisions based on facts. Paradise aims to buy shares which it believes are underpriced and expects to grow at rates greater than the market. Paradise's strategy is to favour well-managed, good value companies that have significant growth opportunities through their comparative advantage. This comparative advantage can be via a combination of a better product or service, a more efficient organisational model, a favourable niche or a commanding industry leadership position. Paradise believes a good business requires good products and services and good execution. The key to identifying these investment opportunities lies in Paradise's extensive insight and analysis of companies and the industries to which they belong. This is achieved through an intense company visitation program and experienced investment professionals using proven valuation techniques and models.

### Our market outlook

The predominant narrative today is of a synchronised global expansion. The caution that characterised the half-decade following the global financial crisis has given way to more widespread optimism among investors. With US tax reform passed, eyes now turn to a potential infrastructure plan that could inject yet more stimulus into an economy where interest rates are already highly accommodative and unemployment is at 17-year lows. If a big US infrastructure push doesn't cause inflation to finally rear its head, we're not sure what will.

In recent years, the absence of upward wage pressures has fuelled robust profit margins, and those profits have been funnelled into share buybacks and M&A financed by cheap debt. This has been great news for retirees and executives receiving stock-based compensation, but less so for working-age people who would prefer a raise to a rising equity market. This unhealthy imbalance poses long-term threats to both the economy and the social fabric. Xenophobic politics and the cryptocurrency craze both appear to be symptoms of this underlying issue of everyday people being left behind. The above observations do not easily lend themselves to an actionable investment strategy, but do underline reasons for caution. As usual, we are leaning defensive in terms of business quality, balance sheets, and valuation. We also seek out management teams keen to avoid pro-cyclical behaviour such as leveraging up and overpaying for late cycle acquisitions. We remain focused on our goal of compounding capital over a full cycle, and continue to scour the globe for underappreciated businesses that can help us attain that goal.

Performance as at 31 January 2018	3 mths	1 yr	Since inception % p.a (Jan-13)
Paradice Global Small Mid Cap Fund- Class A	4.6%	23.8%	19.4%
S&P Global 1B -5B Gross Return Index	3.0%	17.9%	17.8%
<b>Outperformance</b>	<b>+1.6%</b>	<b>+5.9%</b>	<b>+1.6%</b>

---

## Charity in focus: *beyondblue*



---

### About *beyondblue*

*beyondblue* is an independent, not-for-profit organisation working to ensure all Australians achieve their best possible mental health. Our services, programs and campaigns work to improve the lives of individuals, families and communities affected by anxiety, depression and suicide. In 2017, *beyondblue* was ranked as Australia's third most reputable and third most innovative not-for-profit.

---

### *beyondblue* and FGG

FGG has funded several *beyondblue* projects to support the mental health and wellbeing of our youngest – from birth to 12 years old. Childhood should be the 'wonder years', but we know half of all lifelong mental health issues begin before the age of 14. A 2015 survey found over half a million Australian children had experienced a mental health condition in the previous year. The more we support children and their families, the greater the opportunity to nurture resilience and prevent mental illness later in life.

In 2016, with FGG's backing, we launched the Healthy Families website, to give parents and other family members the information, confidence and access to support to raise mentally healthy kids and take care of themselves along the way. [www.healthyfamilies.org.au](http://www.healthyfamilies.org.au) has already helped over 550,000 people to support the mental health and wellbeing of an estimated 1 million children and young people.

FGG's generosity has also funded national research to establish a new evidence base on what works to build resilience in children. We used this research to develop a free practice guide for professionals working with children, including early childhood educators, teachers and maternal child health nurses, available from [beyondblue.org.au/resilience-guide](http://beyondblue.org.au/resilience-guide).

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

---

### Q&A with *beyondblue* CEO Georgie Harman

#### What is your driving motivation in your current role?

I love my job. It's a privilege. And with three million Aussies living with depression and anxiety, and eight suicides every day in Australia – double the national road toll – we have so much more to do. Poor mental health often starts early in life – and over half a million Australian children experience a mental health condition each year. Behind each of these numbers are families and people – just like us – and doing better for them is my burning motivation. We have a real focus on smashing stigma and discrimination, and giving people practical tools that assist them to achieve their best possible mental health.

#### What does it mean to have the support of FGG?

It means a lot. FGG's contributions have helped parents and professionals improve the mental health of the next generations of Australians. In addition to building [www.healthyfamilies.org.au](http://www.healthyfamilies.org.au) – which has already been accessed by over half a million mums and dads, grandparents, aunties, uncles and carers – *beyondblue* undertook a world first piece of research designed to define and illuminate a concept that is fundamental to the mental health of us all, especially our children's resilience.

---

## Charities



## Service providers

