

# Investment update

As at 30 April 2018

## Snapshot

Pre-tax net tangible assets

**\$1.23**

Fully franked  
dividend yield

**3.7%**

Gross assets

**\$435.4m**

Management and  
performance fees

**0%**

## Future Generation Investment Company Limited

ASX code	FGX
Date of listing	Sept 2014
Gross assets	\$435.4m
Market cap	\$414.6m
Share price	\$1.18
NTA before tax	\$1.23
Shares on issue	351,351,497
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Fully franked dividends (FY2017)	4.4c
Fully franked dividend yield	3.7%

## Investment objectives

- Provide an increasing stream of fully franked dividends
- Achieve capital growth
- Preserve shareholder capital

## Company overview

Future Generation Investment Company Limited (ASX: FGX) provides:

**Shareholders** with exposure to the best Australian fund managers without paying management or performance fees.

**Charities** focused on children and youth at risk with a stream of annual donations.

**Fund managers** with a unique opportunity to make a positive difference to Australia's future generations.

### Chairman

Jonathan Trollip

### Founder and Director

Geoff Wilson AO

### Chief Executive Officer

Louise Walsh

### Directors

David Leeton

David Paradise AO

Gabriel Radzynski

Kate Thorley

Scott Malcolm

### Investment Committee

Geoff Wilson AO, Chair

Bruce Tomlinson

David Smythe

Gabriel Radzynski

Matthew Kidman

### Company Secretary

Mark Licciardo

## Investment portfolio

In April, the FGX investment portfolio increased 2.6%. The S&P/ASX All Ordinaries Accumulation Index rose 3.5% for the month. Since inception, the investment portfolio has increased 10.2% per annum, outperforming the benchmark by 3.5%. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 6.6% versus the market's 11.3%. The spread between the three broad equities is 57.0% long equities, 28.4% absolute bias, 13.7% market neutral and 0.9% cash.

## Net tangible asset (NTA) figures

The following NTA figures are **after** the 2.2 cents per share fully franked final dividend paid on 27 April 2018. Since inception, FGX has paid 12.5 cents per share in fully franked dividends to shareholders.

NTA before tax	122.91c*
NTA after tax and before tax on unrealised gains	123.28c
NTA after tax	120.07c

\*The NTA before tax figure is after the payment of \$15k (0.004 cents per share) in tax during the month. During the month, 773,203 shares were issued under the Dividend Reinvestment Plan (DRP) for the final fully franked dividend.

## Shareholder Presentations

This month we are travelling across the country to meet with investors about the Future Generation companies. As part of the presentation you will hear from FGX and FGG CEO Louise Walsh and a selection of fund managers and designated charities. Lunch will be served before the presentations. [Reserve your place today.](#)

Location	Time	Day	Date
Sydney Presentation	12.30 – 1.30pm	Tuesday	15 May
Sydney Investment Forum	1.30 – 3.00pm	Tuesday	15 May
Sydney AGM	3.00 – 3.30pm	Tuesday	15 May
Brisbane	12.30 – 1.30pm	Wednesday	16 May
Toowoomba	12.30 – 1.30pm	Thursday	17 May
Perth	12.30 – 1.30pm	Monday	21 May
Adelaide	12.30 – 1.30pm	Tuesday	22 May
Melbourne	12.30 – 1.30pm	Thursday	24 May

## Your all-access pass to the best Australian and global fund managers' investment ideas

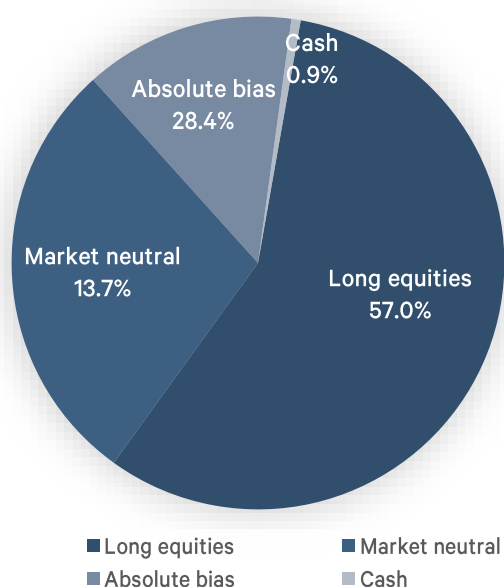
Tickets are almost sold out for the Future Generation Investment Forum **tomorrow** from 1.30pm – 3.00pm at the Westin Sydney. Attending the Forum will give you an all-access pass to receive exclusive, high-conviction investment ideas from the best Australian and global fund managers. [View the line up of speakers and register to attend now.](#)

If you are unable to attend the Investment Forum in Sydney, Livewire will be providing access to the Future Generation Investment Forum via a live web stream. The live stream will start at 1.30pm **tomorrow**. Click here to view the [full agenda and access to the live stream.](#)

## Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
	Large/Mid Cap Funds (split out below)		<b>11.8%</b>
Paradice Investment	Paradice Mid Cap Fund – B Class	Long equities	6.6%
	Paradice Large Cap Fund	Long equities	5.2%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	<b>11.4%</b>
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	<b>10.3%</b>
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	<b>8.8%</b>
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	<b>7.5%</b>
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	<b>7.2%</b>
	Small/Emerging Companies Funds (split out below)		<b>6.9%</b>
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.0%
	Eley Griffiths Group Emerging Companies Fund	Long equities	0.9%
	Long Short/Aus Equities Funds (split out below)		<b>6.0%</b>
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	3.4%
	L1 Capital Australian Equities Fund	Long equities	2.6%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	<b>5.4%</b>
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	<b>4.3%</b>
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	<b>3.5%</b>
ARCO Investment Management	ARCO Investment Management (Optimal Australia) Absolute Trust	Market neutral	<b>3.0%</b>
Vinva Investment Management Limited	Vinva Australian Equities Fund	Long equities	<b>2.5%</b>
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	<b>2.4%</b>
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	<b>2.2%</b>
Centennial Asset Management	The Level 18 Fund	Absolute bias	<b>1.7%</b>
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	<b>1.7%</b>
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	<b>1.5%</b>
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	<b>1.0%</b>
	Cash and Term Deposits		<b>0.9%</b>

## Investment strategy allocation



### 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.

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## Pro bono fund managers



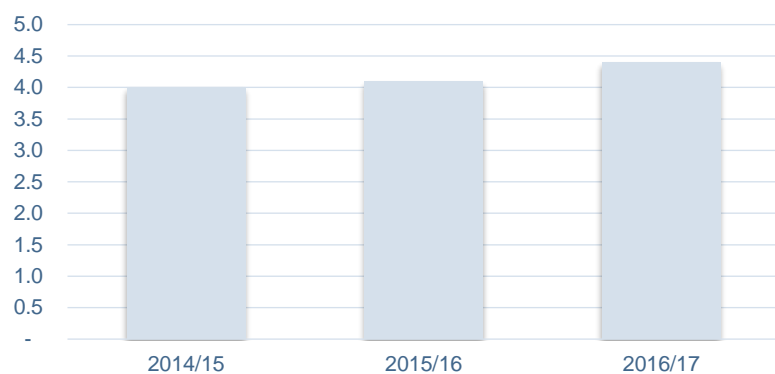
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## Fully franked dividends

On 27 April 2018, the Company paid a fully franked final dividend of 2.2 cents per share. The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices.

### Fully franked dividends since inception

cents per share



## Fund manager in focus: Bennelong Long Short Equity Management



Bennelong Long Short Equity Management was established in 2002. We are focussed on one investment strategy – market neutral.

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

### Our investment style

The Bennelong Long Short Equity fund's objective is to achieve consistent positive returns regardless of market conditions. We are fundamental, long term investors and create a diversified portfolio of larger (predominantly ASX 100) Australian listed equities by pairing a long and a short within the same industry or sector. Portfolio structure produces a low volatility return. This enables us to apply leverage to enhance returns. Returns are uncorrelated to other asset classes.

Our fundamental analysis revolves around companies and their prospects. We constrain exposure to market and macro risk. The Bennelong Long Short Equity fund is skewed to stock specific risk.

### Performance

The Bennelong Long Short Equity fund returned 10.5% over the last year, commensurate with volatility of 11.0% over the same period. The last year has been typical with returns uncorrelated and consistent, including four negative months in the last 12. The market had eight negative months in the last 12 and the fund was positive in five of those months. That also means our negative months occurred when the market was positive and negative – demonstrating our lack of correlation.

The portfolio has enjoyed a favourable skew of company fundamentals so far in calendar 2018, incorporating the interim result season in February and the recent "confessions". That is, we have experienced a positive net balance of upgrades to the long portfolio and downgrades to the short portfolio. Consequently, recent performance has been consistent in an environment of an increasingly volatile share market.

Performance as at 30 April 2018	6 mths	1 yr	5 yrs %pa	Since inception %pa (Feb-02)
Investment Portfolio	5.5%	10.5%	11.2%	16.3%
S&P/ASX 200 Price Index	1.2%	1.0%	2.9%	3.4%
<b>Outperformance</b>	<b>+4.3%</b>	<b>+9.5%</b>	<b>+8.3%</b>	<b>+12.9%</b>

## Charity in focus: Act for Kids



### About Act for Kids

Act for Kids is an Australian charity that provides free professional therapy and support services to prevent and treat child abuse and neglect in Australia for close to 30 years.

Through treatment, education, prevention, research and advocacy, Act for Kids is committed to supporting children, young people and their families. Act for Kids services include intensive therapy, sexual abuse counselling, help for families at risk, teen mentoring, a specialist preschool, safe houses in remote Indigenous communities and protective behaviours programs.

### Act for Kids and FGX

Without treatment, abused and neglected children can experience future poor health, mental illness, drug and alcohol abuse, homelessness, juvenile offending, criminality and incarceration. Prevention and intervention contribute to reducing the social cost of child abuse and neglect in Australia, estimated at \$5.2 billion in 2016-17.

Through the funding support of FGX, Blacktown in Western Sydney has been established as a safe and welcoming space for children and families.

During the last 12 months Act for Kids has been in full operation providing:

- 136 referrals and expressions of interest for services
- 51 children/young people accepted for services
- 41 children/young people currently receiving services
- 24 children requesting services for whom we do not currently have capacity.

Parents are also receiving education or therapeutic support for their relationship with their child, increasing their knowledge and coping skills, as well as facilitating engagement between families and services.

Additionally, the FGX funding makes a significant contribution to Act for Kids' Adelaide service. The service was able to increase the number of children being seen, the hours of service provided by qualified psychologists, speech therapists and language pathologists.

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



### Q&A with Dr Neil Carrington, CEO of Act for Kids

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

People understand the effects of hitting a child or sexually abusing a child. A harder concept to grasp is the damage that is caused by calling a child 'stupid' over and over again or telling them 'they never should have been born'. Bruises fade but making a child regret their own existence? That's tougher to heal. If emotional abuse is left untreated, children are significantly at risk of drug or alcohol abuse problems, mental health issues and struggles with future life coping skills. In our Act for Kids centres, we have to teach children that they are not stupid or worthless, that they have a right to feel safe and that they are the boss of their own little bodies.

#### What is the most challenging aspect of your role?

Changing perceptions, we've got to stop this attitude of 'it's not my business' or 'I'll just wait and see what happens'. It's time we stopped being scared and start taking a stand for kids that don't have a voice.

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

The support of FGX enables ACT for Kids to provide services for prevention and treatment of child abuse and neglect in Western Sydney and Adelaide. The Integrated Therapy Program provides multidisciplinary therapy services to children who have been traumatised through abuse and neglect or are at risk of abuse and neglect due to their family circumstances.

Integrated therapy refers to a coordinated assessment and intervention process which addresses all of a child's developmental needs. The therapists would work together to assess a child's needs and create a coordinated case plan where issues are addressed over time.

## Charities



## Service providers

