



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

Investment update

As at 31 August 2018

Snapshot

Pre-tax net tangible assets

\$1.40

Management fees

0%

Gross assets

\$418.5m

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	\$418.5m
Market cap	\$411.6m
Share price	\$1.39
NTA before tax	\$140
Shares on issue	296,112,380
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Fully franked dividend (FY2018)	1.0c

Investment objectives

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

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 focused on 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

Kiera Grant

Sarah Morgan

Investment Committee

Sean Webster, Chair

Chris Donohoe

Aman Ramrakha

Geoff Wilson AO

Lukasz de Pourbaix

Gavin Mork

Company Secretary

Kate Thorley and Mark Licciardo

Investor Conference Call

Thank you to those who dialled in to our investor conference call on 4 September 2018. To listen to the recording and view the corresponding slides, please click [here](#). Next week we will post invitations to our November Shareholder Presentations. **Save the date** now!

Investment portfolio

In August, the investment portfolio increased 3.5%. The MSCI AC World Index (AUD) rose 4.3% for the month. Since inception, the investment portfolio has increased 11.3% per annum. FGG's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 8.1% versus the market's 9.2%. The spread between the three broad equities strategies is currently 51.4% long equities, 34.4% absolute bias, 3.7% quantitative strategies and 10.5% cash.

Performance

Performance at 31 August 2018	6 mths	1 yr	Since inception %pa (Sep-15)
FGG Investment Portfolio*	11.8%	25.7%	11.3%
MSCI AC World Index (AUD)	10.7%	22.9%	11.7%
Outperformance	+1.1%	+2.8%	-0.4%

*Investment performance and Index returns are before expenses, fees and taxes.

Net tangible assets (NTA) figures

NTA before tax	139.89c*
NTA after tax and before tax on unrealised gains	138.72c
NTA after tax	130.96c

*The NTA before tax figure is after the payment of \$305k (0.10 cents per share) in tax during the month.

As announced as part of the half year results, the after tax NTA figures above have been calculated at a corporate tax rate of 30%.

Share Purchase Plan and Placement

On 28 August 2018, the FGG Board of Directors announced a Share Purchase Plan (SPP) and Placement. The SPP offers existing shareholders the opportunity to acquire up to \$15,000 worth of ordinary shares in FGG, without incurring any brokerage, at a fixed price of \$1.34 per share. The FGG share price closed at \$1.37 on 13 September 2018. The SPP will close on 5 October 2018.

To participate in the SPP please complete the application form recently mailed or emailed to you. For further information, please contact CEO Louise Walsh or Nina Dunn on (02) 9247 9202 or call Boardroom on 1300 737 760.

The Board currently intends to offer existing FGG professional and sophisticated investors the ability to participate in a Placement at \$1.34 per share, the same fixed price as the SPP. Due to strong early demand for the Placement, an EGM will be held on Friday 12 October 2018 to increase the Company's placement capacity.

Half year results and fully franked dividend

In August, FGG announced its **interim results** for the six-month period to 30 June 2018. Highlights include:

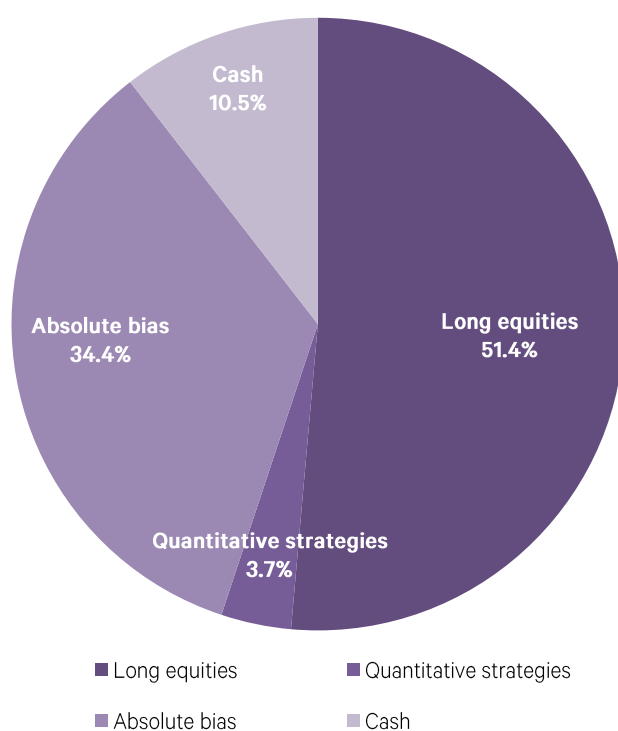
- Total comprehensive income of \$25.7 million, representing a 140.5% increase on the prior six-month period
- Record operating profit before tax and unrealised gains of \$15.0 million, up 353.8% on the prior six-month period
- \$5.4 million annualised savings delivered on management fees, performance fees and services foregone
- \$3.6 million investment in youth mental health.

The Board also announced a fully franked dividend of 1.0 cents per share to be paid on 26 October 2018.

Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
Antipodes Partners	Antipodes Global Fund	Absolute bias	10.3%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.2%
Magellan Asset Management	Magellan Global Fund	Long equities	10.2%
Marsico Capital Management	Marsico Global Fund	Long equities	8.5%
Caledonia	Caledonia Fund	Long equities	8.3%
VGI Partners	VGI Partners Funds	Absolute bias	8.0%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	6.3%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.6%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	4.5%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	4.2%
Munro Partners	Munro Global Growth Fund	Absolute bias	4.0%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	3.7%
Avenir Capital	Avenir Global Fund	Absolute bias	3.4%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.3%
	Cash and Term Deposits	Cash	10.5%

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.

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.

Pro bono fund managers



Fund manager in focus: Magellan Asset Management



About Magellan Asset Management

Magellan Asset Management Limited (Magellan) is an Australian-based asset manager that is a wholly-owned subsidiary of Magellan Financial Group Limited, an ASX top-100 company that was formed by Hamish Douglass and Chris Mackay in Sydney in 2006.

Magellan offers global equities, global sustainable and global listed infrastructure strategies to private and institutional investors in Australia and to institutional investors overseas.

For more information, visit www.magellangroup.com.au

Our investment philosophy

Magellan seeks to invest in a portfolio of outstanding global companies – those that we consider to have highly attractive business characteristics – at a discount to our assessment of their intrinsic value. Magellan considers high-quality companies to be ones that have sustainable competitive advantages that translate into returns on capital in excess of their cost of capital for a sustained period of time.

Magellan's unique investment approach is based on two principal objectives; to achieve attractive risk-adjusted returns over the medium to long term while reducing the risk of permanent capital loss.

Our market outlook

Global stocks might be close to record highs but there is no shortage of risks. Of prime concern is that we see a 50/50 chance of a disruptive rise in US interest rates. The risk that the Federal Reserve might need to respond quickly to a faster-than-expected increase in inflationary pressures is real given the drop in the US jobless rate to an 18-year low of 3.8% in May, even if there are no signs of faster wages growth.

Another concern is that trade tensions between the US and China are rising. We see two risks. The first is that an extended period of trade tensions causes businesses to delay investment and hiring decisions, resulting in slower economic growth. The other is a failure to find a mutually acceptable outcome, resulting in permanent barriers to trade.

The formation of a Eurosceptic government in Italy following elections in March has raised the risk that the country will move towards an exit from the EU. But the new Italian government will first discuss its citizens' two main sources of frustrations – immigration and poor economic growth – with other European countries that could lead to concessions.

Notwithstanding these uncertainties, we are confident about the long-term outlook for the investments selected for our portfolio and the portfolio's risk profile. Many of the stocks in the portfolio benefit from being leading digital platforms, the shift to a cashless society, a stronghold on the enterprise software market or the dynamics of ageing populations.

Performance

Performance at 31 August 2018	6 mths	1 yr	7 yrs %pa	10 yrs %pa	Since inception %pa (Jul-07)
Magellan Global Fund*	14.9%	27.3%	19.9%	14.4%	12.2%
MSCI AC World TR Index (AUD)	12.0%	24.0%	17.4%	9.0%	6.4%
Outperformance	+2.9%	+3.3%	+2.5%	+5.4%	+5.8%

*Fund returns are post fees, pre-tax using redemption prices and assume reinvestment of distributions.

Charity in focus: Sane Australia

SANE AUSTRALIA



Q&A with Jack Heath, CEO Sane Australia

About SANE Australia

SANE Australia is a national mental health charity working to promote the wellbeing of the four million Australians affected by complex mental illness including schizophrenia, bipolar, personality disorders, eating disorders, post-traumatic stress disorder, and severe and enduring mood and anxiety disorders. Our work involves provision of peer-to-peer and specialist mental health professional support through the integrated SANE Help Centre and SANE Online Forums, research and advocacy through The Anne Deveson Research Centre, stigma reduction including attitudinal change campaigns and our StigmaWatch program, and programs to support people with lived experience to use their experiences to help others, such as our Peer Ambassador program.

SANE Australia and FGG

FGG's generous support enables SANE Australia to advance its work in enhancing access to evidence-based services, resources, information and referral pathways for young adults aged 18-30 years old at risk of, or experiencing, complex mental illness. The majority of people who experience complex mental illness first experience symptoms as young adults. In 2018, SANE brought together a group of 14 Young Ambassadors living with complex mental illness to co-design this program of work.

Through a collaborative partnership with youth mental health organisation batyr, the Young Ambassadors:

- Participated in capacity building training to equip them to co-produce storytelling content aimed at reducing stigma and barriers to care amongst their peers, while promoting help-seeking and early access to treatment
- Produced 15 pieces of 'first-person' content, which we disseminated via the SANE blog, social media, digital video stories and a live discussion on the SANE Forums, reaching more than half a million people
- Facilitated two workshops with 28 peers exploring young adults' experiences of online and telephone support, leading to recommendations for future service design, ensuring these services continue to be suitable and effective for the target age group
- Hosted an advocacy event with Senator Deb O'Neill, Shadow Assistant Minister for Innovation, Shadow Assistant Minister for Mental Health, and Senator for NSW, exploring important issues for young adults living with complex mental illness in Australia and how they can play a leadership role in mental health reform.

In Year 3 of FGG funding, SANE will continue to enhance access to the integrated SANE Help Centre through a trial of two new interventions focussed on the young adult cohort. Through an expanded Young Ambassadors program, SANE will also develop additional cross-sector partnerships to deliver capacity building training, content and resources addressing complex mental health for young adults and their families and carers. We will also continue to measure psychosocial outcomes for young adults against the SANE Wellbeing Index.

For more information, visit www.sane.org

What is your driving motivation?

There are 700,000 Australians, like me, who have been diagnosed with a complex mental illness. Each one of us has families and friends who are affected in different ways. I know firsthand that things can get much better with the right care and support but so many people are not yet getting that care and support. With SANE, I want to do all I can to ensure that everyone affected by complex mental illness lives a long and fulfilling life.

What is the most challenging aspect of your role?

A key focus 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 at talking about the more common mental illnesses than we were 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.

What is the Impact of FGG's support?

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 offer practical support and real hope for young people affected by complex mental illness.

FGG's support is keeping us real and relevant to young people as we look to grow our reach and impact over the long term.

Charities



Service providers

