



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

# Investment update

As at 31 October 2018

## Snapshot

Pre-tax net tangible assets

**\$1.3I**

Gross assets

**\$519.7m**

Management fees

**0%**

Performance fees

**0%**

[futuregeninvest.com.au](http://futuregeninvest.com.au)  
ABN 52 606 110 838

## Future Generation Global Investment Company Limited

ASX code	FGG
Date of listing	Sep 2015
Gross assets	\$519.7m
Market cap	\$525.0m
Share price	\$134
NTA before tax	\$131
Shares on issue	391,791,594
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

Kiera Grant

Sarah Morgan

#### Investment Committee

Sean Webster, Chair

Chris Donohoe

Aman Ramrakha

Geoff Wilson AO

Lukasz de Pourbaix

Gary Brader

#### Company Secretary

Kate Thorley

Mark Licciardo

## Investment portfolio

In October, the investment portfolio decreased 4.5%. The MSCI AC World Index (AUD) fell 5.4% for the month. Since inception, the investment portfolio has increased 8.9% per annum. FGG's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 8.4% versus the market's 9.6%.

The spread between the three broad equities strategies is currently 37.7% long equities, 27.2% absolute bias, 2.8% quantitative strategies and 32.3% cash.

## Performance

Performance at 31 October 2018	6 mths	Fin YTD	1 yr	Since inception %pa (Sep-15)
FGG Investment Portfolio <sup>1</sup>	3.5%	10.2%	11.3%	8.9%
MSCI AC World Index (AUD)	2.5%	6.1%	7.8%	9.0%
<b>Outperformance</b>	<b>+1.0%</b>	<b>+4.1%</b>	<b>+3.5%</b>	<b>-0.1%</b>

<sup>1</sup>Investment performance and Index returns are before expenses, fees and taxes.

## Net tangible assets (NTA) figures

The following NTA figures are after the 1.0 cents per share fully franked dividend paid on 26 October 2018.

NTA before tax	131.36c <sup>*</sup>
NTA after tax and before tax on unrealised gains	131.24c
NTA after tax	127.14c

<sup>\*</sup>The before tax NTA figure is after the payment of \$644k (0.17 cents per share) in tax during the month.

During the month, 95,454,455 shares were issued under the Share Purchase Plan and Placement and 224,759 shares were issued under the Dividend Reinvestment Plan (DRP) for the fully franked dividend.

## Share Purchase Plan and Placement

In October, the FGG Share Purchase Plan (SPP) and Placement were completed, raising a combined \$127.9 million, driven by strong demand from existing investors. The SPP raised \$30.8 million, with a total of 2,727 shareholders participating. The Placement raised a further \$97.1 million.

## Shareholder Presentations

We look forward to seeing you at our Shareholder Presentations beginning next week in Canberra on 19 November, followed by Sydney, Brisbane, Hobart, Adelaide, Perth and Melbourne. The presentations will run from 12.15pm - 1.15pm in each city, followed by lunch. We will provide an update on the Future Generation companies, including presentations from a selection of our fund managers and designated charities, and our view on Australian and global markets. [RSVP now!](#)

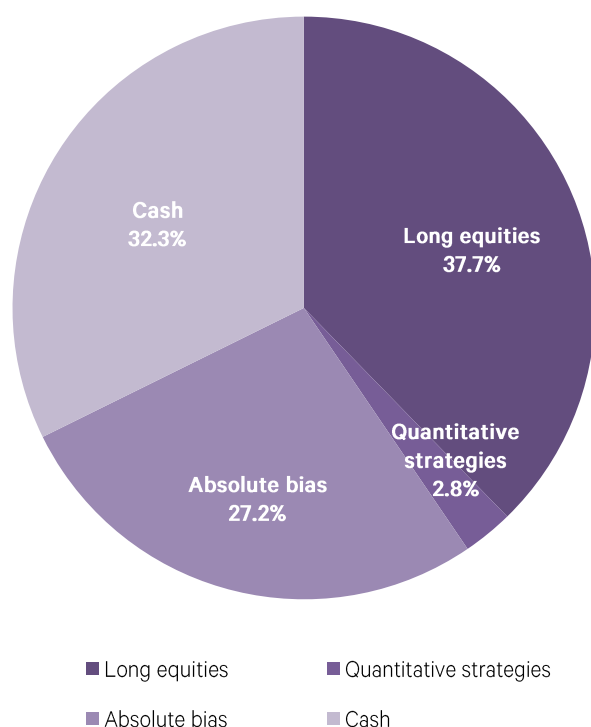
The Future Generation Investment Forum will be held from 1.45pm – 3.15pm on Thursday, 29 November at the Melbourne Convention & Exhibition Centre. [Register now](#) to hear stock picks from leading Australian and global fund managers.

## Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
Antipodes Partners	Antipodes Global Fund	Absolute bias	8.3%
Magellan Asset Management	Magellan Global Fund	Long equities	8.0%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	7.7%
VGI Partners	VGI Partners Funds	Absolute bias	6.4%
Marsico Capital Management	Marsico Global Fund	Long equities	6.2%
Caledonia	Caledonia Fund	Long equities	5.3%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	4.7%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	3.6%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	3.4%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	3.2%
Munro Partners	Munro Global Growth Fund	Absolute bias	3.1%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	2.8%
Avenir Capital	Avenir Global Fund	Absolute bias	2.6%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	2.4%
	Cash and Term Deposits	Cash	32.3%*

\*During the month, FGG received total proceeds of \$127.9 million from the SPP and Placement.

## 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.

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## Pro bono fund managers



# Fund manager in focus: Ellerston Capital



## About Ellerston Capital

Ellerston Capital is a specialist investment manager providing a range of innovative equity and alternative strategies. The firm has been managing money since 2002 and as at 30 June 2018 manages over AUD \$5 billion. This proudly includes investments in global small/mid-sized companies for Future Generation Global Investment Company Limited.

With a core team that has worked together for over 10 years, the Ellerston Global Investment team provides exposure to a concentrated, benchmark independent portfolio of high quality global small to mid companies that are going through a period of price-discovery. Some of these price-discovery catalysts include spin-offs and post-IPO through to management change and corporate restructures.

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

## Market outlook

Global equity markets experienced a difficult October. Both developed and emerging markets were hit hard by a wave of selling, as fears about slowing global growth, trade wars and higher interest rates gripped investors. As US 10-year bond yields backed up to over 3.2% for the first time since 2011, global equity markets sank as valuations for some growth stocks were brought back into sharp focus. As fundamental active investors, however, the global equity team is encouraged by the recent volatility; noticeably over 73% of stocks in the MSCI World SMID Cap Index are off more than 15% from their respective 52 week highs. As such, the team is beginning to see pockets of opportunities open up and remains excited by the prospects of their current portfolio.

## Our top holdings

The current top five holdings in the portfolio are all long term positions where the investment team has the highest conviction. Entertainment One Ltd, the biggest holding in the strategy, is one of the largest pure play independent producers of family TV and film content globally. With new entrants in the content distribution market such as Netflix, YouTube, Amazon and Hulu driving demand for content and content spend to all-time highs, companies with a rich pipeline of content are increasingly valuable.

Top 5 holdings as at 31 October 2018	Weight
Entertainment One Ltd	6.9%
InterXion Holdings NV	6.8%
Zayo Group Holdings Inc.	6.6%
Equiniti Group Plc	6.1%
Premier Inc.	5.7%

## Performance

Performance at 31 October 2018	3 mths	6 mths	Since inception %pa (Mar-17)
Ellerston Global Mid Small Cap Fund*	-3.2%	0.6%	11.4%
MSCI World Mid Cap Index (AUD) (Net)	-4.3%	-0.6%	10.6%
<b>Outperformance</b>	<b>+1.1%</b>	<b>+1.2%</b>	<b>+0.8%</b>

\*Investment performance is net of all costs and fees.

## Charity in focus: Brain and Mind Centre



### About Brain and Mind Centre

The Brain and Mind Centre develops novel clinical assessment, monitoring and treatment programs for young people with emerging anxiety and depressive disorders.

In partnership with local providers (Sydney Local Health District, USpace at St Vincent's Private Hospital Sydney), national and international leaders in youth mental health (Orygen, headspace, QIMR Berghofer Medical Research Institute, Centre for Genetic Epidemiology and the National Institute of Mental Health), and online technologies (InnoWell Pty Ltd), Brain and Mind Centre is focused on developing optimal and real-time assessment and tracking strategies for young people who experience the onset of anxiety and depression in adolescence and early adult life.

### Brain and Mind Centre and FGG

In 2016, FGG supported the development and implementation of a highly-personalised clinical assessment and tracking platform into five headspace sites in NSW (Ashfield, Bondi Junction, Camperdown, Hurstville and Miranda).

During this time, a process of participatory design, rapid prototyping and user-testing helped us build the platform as an innovative e-tool that can now assess, report and guide real-time results and recommendations regarding the health outcomes of young people presenting to the headspace sites. At end of June 2018, more than 500 digital share plans are suggesting more efficient recognition of suicidal ideation, more effective treatment rates, increased participation in employment or education, and a reduction in alcohol and other substance misuse.

Outcomes from this research have also indicated the need for further development in three specific populations: culturally diverse groups (for example, Aboriginal and Torres Strait Islander peoples); young people aged 12 to 15 years; and support persons (family members, caregivers).

Consequently, FGG support is now being used to determine how the platform will be developed to best meet the needs of these populations. This development is being achieved by progressively extending the study to headspace sites in up to eight regions across Australia.

For more information, visit [www.sydney.edu.au/brain-mind](http://www.sydney.edu.au/brain-mind)



### Q&A with Professor Ian Hickie

#### What is your driving motivation?

My driving motivation is really the young people and families we work with – the users of mental health services whose lives are turned around by effective care.

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

The most challenging aspect of my role is to have flexible funding to use in an innovative way. Many other funding opportunities are rigid, inflexible and primarily focused on activity rather than outcomes. Instead, FGG funding is focused on outcomes rather than activity, which allows the e-tools we are developing to have benefits far beyond current recipients – and into the broader youth mental health sector.

#### What is the impact of FGG's support?

The support of FGG is so important. It means we can provide young people, clinicians and mental health services with an innovative e-tool that is helping to dramatically improve the health outcomes of young people with anxiety and depression. As a consequence of FGG's investment, new highly personalised and specialised systems are reaching young people who have never had access to such life-changing opportunities. More young lives will be saved and more young people will get through tough times and go on to lead very productive and fulfilling lives.

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## Charities



## Service providers

