



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

Investment update

As at 31 December 2018

Snapshot

Pre-tax net tangible assets

\$1.27

Gross assets

\$498.0m

Management fees

0%

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	\$498.0m
Market cap	\$521.1m
Share price	\$1.33
NTA before tax	\$127
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

Portfolio update

The FGG Investment Committee commenced the allocation of capital raised through the Share Purchase Plan and Placement in early January 2019. Additional investments have been made in the Magellan Global Fund, Antipodes Global Fund, Cooper Investors Global Equities Fund (Unhedged), Nikko AM Global Share Fund, Munro Global Growth Fund and the Paradise Global Small Mid Cap Fund (Unhedged). After the deployment of these additional investments in the portfolio, the cash and cash equivalents of FGG is estimated to be 22.5%. Additional investments in the portfolio are expected to be processed at the end of January 2019, bringing the cash weighting to approximately 14.0%.

As at 31 December 2018, the investment portfolio is comprised of 13 fund managers with investments in 13 funds and one direct listed investment company.

Investment portfolio

In December, the investment portfolio outperformed the MSCI AC World Index (AUD) by 2.3%. The Index fell by 3.7% while the investment portfolio decreased by 1.4%. In the 12 months to December, the investment portfolio has increased 6.4%, outperforming the Index by 5.9%.

Since inception, the investment portfolio has increased 7.3% per annum, outperforming the Index. FGG's investment portfolio outperformance has been achieved with less volatility as measured by standard deviation, 8.5% versus the market's 9.8%.

The spread between the broad equities strategies is currently 45.4% long equities, 32.1% absolute bias and 22.5% cash, including the impact of the new investments deployed in early January 2019.

Performance

Performance at 31 December 2018	6 mths	1 yr	Since inception % p.a. (Sep-15)
FGG Investment Portfolio*	-3.6%	6.4%	7.3%
MSCI AC World Index (AUD)	-4.5%	0.5%	6.8%
Outperformance	+0.9%	+5.9%	+0.5%

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

Net tangible assets (NTA) figures

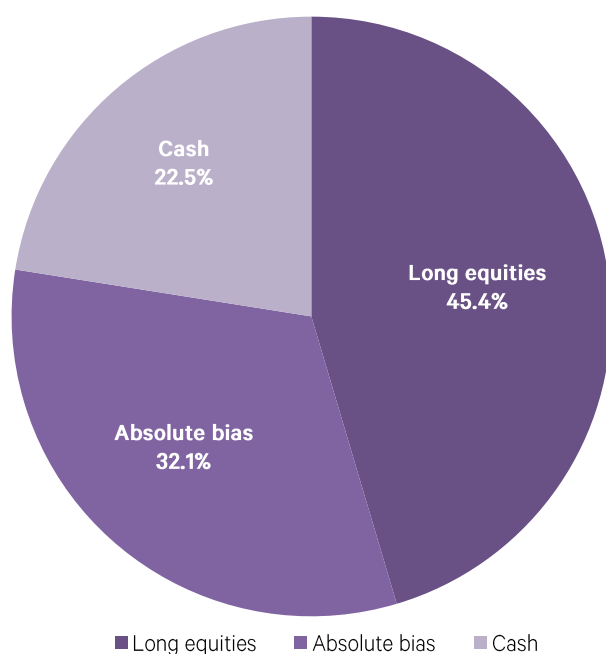
NTA before tax	126.54c
NTA after tax and before tax on unrealised gains	126.29c
NTA after tax	123.76c

Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
Magellan Asset Management	Magellan Global Fund	Long equities	11.1%
Antipodes Partners	Antipodes Global Fund	Absolute bias	10.6%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.2%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	6.8%
VGI Partners	VGI Partners Funds	Absolute bias	6.6%
Marsico Capital Management	Marsico Global Fund	Long equities	5.9%
Caledonia	Caledonia Fund	Long equities	4.6%
Munro Partners	Munro Global Growth Fund	Absolute bias	4.5%
Morphic Asset Management	Global/Ethical Strategies (split out below)		4.1%
	Morphic Global Opportunities Fund	Absolute bias	3.2%
	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	3.7%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.5%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	3.3%
Avenir Capital	Avenir Global Fund	Absolute bias	2.6%
	Cash and Term Deposits	Cash	22.5%

The fund manager allocations above include the impact of committed applications for additional investments processed in early January 2019.

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.

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: Manikay Partners



About Manikay Partners

Founded by Shane Finemore in 2008, Manikay Partners is a Securities and Exchange Commission registered investment management firm with approximately USD\$1.5 billion under management. Headquartered in New York, the firm also has offices in London and Sydney, with a total of 20 staff.

For more information, visit manikaypartners.com

Our investment style

Manikay Partners takes an opportunistic approach to investing, combining two market-neutral strategies, arbitrage and trading, with a long-term value investment strategy, to create one portfolio with a diversified set of risks. Capital is deployed within these three strategies depending on the best perceived market opportunities.

The arbitrage strategy focuses on hard catalyst events, with particular emphasis on merger opportunities, while the trading book seeks to take advantage of short-term mispricing in a hedged manner. The investment book takes a long-term value approach, seeking to purchase high quality businesses with a sustainable edge and high returns on capital at a significant discount to our intrinsic value estimation.

The Manikay Global Opportunistic USD Fund seeks to generate attractive risk-adjusted returns over the long term while preserving capital. The fund currently has roughly half the risk in each of the merger arbitrage and investment strategies.

Our market outlook

2018 was again a reasonably strong year for mergers and acquisitions, with volumes falling in the second half of the year due to global regulatory concerns amid the continuing US-China trade tensions. While cross border volumes remain muted, intra region activity remains robust, with increased interest from non-strategic buyers. We believe that the healthcare, media, telecommunications and energy sectors will remain active for mergers and acquisitions in 2019.

Global equity markets saw significant weakness in December, as concerns over global growth, the continuing US-China trade war and the future path over global interest rates cast a long shadow over the equity markets.

While we have been cautious toward equity prices in general over the last 18 months, we have now started to see some long term value emerging and have selectively added net exposure to our investment book in the last quarter.

Manikay Global Opportunistic USD Fund Performance

Performance at 31 December 2018 (AUD)	1 yr	3 yrs % p.a.	5 yrs % p.a.	Since inception % p.a. (Aug-08)
Manikay Global Opportunistic USD Fund*	2.3%	4.5%	7.6%	10.6%

*Investment performance data presented above is unaudited, reflects reinvestment of dividends, interest and capital gains (if any) and is net of all costs and fees incurred by an investor who has been invested in the Fund since inception, pays the highest management fees charged by the Fund, participates in any new issue investments and side pocket investments, and is not subject to United States withholding tax.

Charity in focus: ReachOut



About ReachOut

ReachOut is Australia's leading online mental health organisation for young people and their parents. ReachOut has been changing the way people access help since launching as the world's first online mental health service 20 years ago. Practical support, tools and tips provides support to young people in dealing with everyday questions through tough times.

ReachOut and FGG

There are approximately one million young people living in regional, rural and remote Australia. One in four young people are likely to have mental health issues and we know that more than half of these individuals aren't getting help. Our research shows that young people in these areas deal with challenges such as employment, financial and family related stress.

Thanks to FGG fund managers, service providers and shareholders, ReachOut has directly supported thousands of young people from regional, rural and remote Australian areas to improve their mental health. This support has been provided through a number of projects including:

- Ongoing collaboration with young people and parents to translate research findings into a new suite of relevant content including videos, comics and articles
- The launch of a national awareness campaign designed to facilitate self-help and early help-seeking among young people via content on [ReachOut.com](https://reachout.com)
- The launch of the Lifting the Weight research report in conjunction with Mission Australia at Parliament House in Canberra. This report into young people's mental health and wellbeing was subsequently used to brief various Ministers and informed a submission to the Senate Inquiry into the accessibility and quality of mental health services in rural and remote Australia
- The co-design of a Student Wellbeing Toolkit for schools in regional NSW.

We look forward to continuing the work we are able to do as a result of FGG's support.

For more information, visit [ReachOut.com](https://reachout.com)



Q&A with Kiara Tanswell, Youth Ambassador

What is your driving motivation?

I firmly believe that mental health is the most important issue in society today. We have made incredible strides towards removing the stigma around mental health, but we have a long way to go. Although I advocate strongly for this issue, I still find it difficult to talk openly about my mental health, but that's exactly what drives me in my role as a ReachOut Youth Ambassador. I find it is so important to drive the conversation around mental health so that I encourage people close to me and those I meet in my role to continue that conversation.

What is the impact of FGG's support?

ReachOut helps 150,000 young people and parents every month. For me, growing up in rural New South Wales with mental illness, ReachOut's accessible online service saved me and was the turning point for me in seeking professional medical treatment. With the support of FGG, ReachOut has been able to research youth mental illness for people in regional Australia and apply these findings to their online content. Much of the amazing work that ReachOut does would not be possible without FGG and its shareholders' support. I am so grateful to have had the opportunity to share my story at FGG events and meet FGG shareholders who believe in contributing to helping young people in Australia.

Charities



Service providers

