

## FGG announces full year results

|                             |                                     |  |
|-----------------------------|-------------------------------------|--|
| Operating profit before tax | Investment portfolio outperformance | Savings on management fees, performance fees & services foregone |
| <b>\$17.1m</b>              | <b>+5.9%</b>                        | <b>\$5.8m</b>  |

The Future Generation Global Investment Company Limited (ASX: FGG) investment portfolio increased 6.4% in the 12 months to 31 December 2018, outperforming the MSCI AC World Index (AUD) by 5.9% during a highly volatile period that saw many fund managers underperform. FGG's performance since inception has been achieved with less volatility as measured by standard deviation, 8.5% versus the Index's 9.8%.

FGG announces a pre-tax operating profit of \$17.1 million (2017: \$3.4 million) and an after-tax operating profit of \$12.8 million for the year ended 31 December 2018, a 318.8% increase on the prior year (2017: \$3.0 million). The increase in operating profit on the corresponding period is due to increased distributions from the investments with the underlying fund managers during the year.

In 2018, the strong portfolio performance achieved can be attributed to the careful selection of high-quality fund managers by the Investment Committee and the diversified nature of the investment portfolio.

FGG Chairman Ms Belinda Hutchinson AM said: "FGG's objectives are to provide shareholders with an attractive investment and a source of funding for Australian charities focused on youth mental health. The Board is delighted to have delivered on both objectives in 2018, a significant increase in the Company's assets and its charitable investment."

"FGG made its third annual investment in October last year of \$3.6 million (2017: \$3.0 million) to improve youth mental health in Australia. Of this, \$2.7 million (2017: \$2.3 million) was allocated to the eight FGG designated charities and the remaining \$0.9 million (2017: \$0.7 million) was contributed to other charities with Australian deductible gift recipient status as nominated by shareholders holding 1 million or more shares," Ms Hutchinson said.

"We are deeply engaged in the programs that are supported by FGG and it has been a privilege to be involved and see first-hand what our shareholders' investment in the mental health of young Australians is achieving," she said.

The Company is on track to deliver its fourth annual investment of approximately \$5 million in 2019, bringing the total amount invested since inception to \$14 million.

FGG Chief Executive Officer Louise Walsh said: "The value of the management and performance fees foregone by the fund managers totalled \$5.1 million for the period, and the value of the leading service providers, including the Board and Investment Committee working on a pro bono basis, totalled \$0.7 million."

"We would like to thank our fund managers and service providers for their outstanding and continued generosity. We would also like to thank all shareholders for being part of the Company's innovative approach to wealth creation which demonstrates that both shareholder and social returns can be achieved together."

During the year, the Company grew its assets through a successful capital raising, with a combined \$127.9 million raised through a Share Purchase Plan (SPP) and Placement. Of the existing FGG shareholders, 42.6% invested in the SPP, raising \$30.8 million for the Company. The Placement, at the same fixed price and terms as the SPP, raised \$97.1 million.

2018 investment in youth mental health

**\$3.6m**

### Dividends

The Company provides shareholders with a diverse exposure to global equities and, as such, its returns are predominately delivered through capital growth. The Board is committed to paying fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. In August 2018, the Board announced a fully franked dividend of 1.0 cents per share. The dividend was paid in October 2018.

No further dividend has been declared by the Board during, or since the end of the period. At this stage, the Board will consider a dividend payment following the June half year result, dependent on released profits from the fund managers over the next six months.

### Investment portfolio

The FGG investment portfolio provides a spread between long equities and absolute bias strategies, with the balance of the portfolio held in cash and cash equivalents.

The investment portfolio is comprised of 13 global fund managers with investments in 13 unlisted unit trusts and one direct listed investment company. The global fund managers were Magellan Asset Management, Antipodes Partners, Cooper Investors, Marsico Capital Management, Caledonia, Nikko Asset Management Australia, VGI Partners, Manikay Partners, Ellerston Capital, Morpheic Asset Management, Munro Partners, Avenir Capital and Paradise Investment Management.

As at 31 January 2019, the portfolio was 52.2% long equities, 34.6% absolute bias, and 13.2% cash, including the impact of new investments deployed in January and early February 2019.

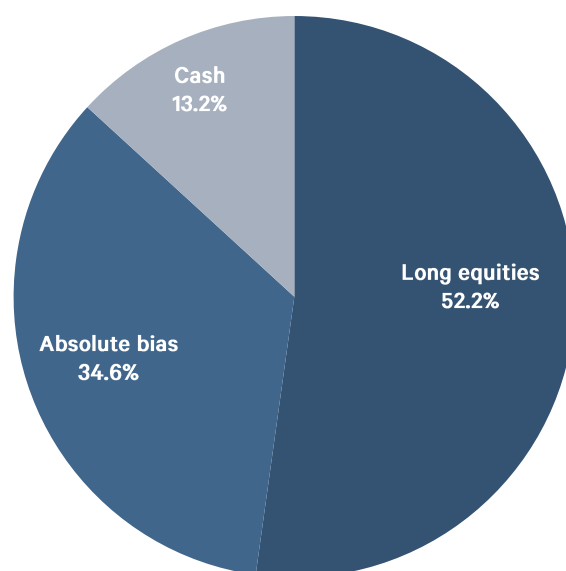
### Investment strategy allocation

#### Long equities

Investing in a portfolio of equities based on the expectation 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.



## Fund manager allocations as at 31 January 2019

| Fund manager                     | Investment   | Strategy      | % of portfolio |
|----------------------------------|--|---------------|----------------|
| Magellan Asset Management        | Magellan Global Fund                               | Long equities | <b>11.2%</b>   |
| Antipodes Partners               | Antipodes Global Fund                              | Absolute bias | <b>10.3%</b>   |
| Cooper Investors                 | Cooper Investors Global Equities Fund (Unhedged)   | Long equities | <b>10.1%</b>   |
| Marsico Capital Management       | Marsico Global Fund                                | Long equities | <b>8.7%</b>    |
| Caledonia                        | Caledonia Fund                                     | Long equities | <b>7.1%</b>    |
| Nikko Asset Management Australia | Nikko AM Global Share Fund                         | Long equities | <b>6.8%</b>    |
| VGI Partners                     | VGI Partners Funds                                 | Absolute bias | <b>6.4%</b>    |
| Manikay Partners                 | Manikay Global Opportunistic USD Fund              | Absolute bias | <b>5.2%</b>    |
| Ellerston Capital                | Ellerston Global Mid Small Cap Fund                | Long equities | <b>4.8%</b>    |
|                                  | <b>Global/Ethical Strategies (split out below)</b> |               | <b>4.5%</b>    |
| Morphic Asset Management         | Morphic Global Opportunities Fund                  | Absolute bias | <b>3.6%</b>    |
|                                  | Morphic Ethical Equities Fund Limited              | Absolute bias | <b>0.9%</b>    |
| Munro Partners                   | Munro Global Growth Fund                           | Absolute bias | <b>4.4%</b>    |
| Avenir Capital                   | Avenir Global Fund                                 | Absolute bias | <b>3.8%</b>    |
| Paradice Investment Management   | Paradice Global Small Mid Cap Fund Unhedged        | Long equities | <b>3.5%</b>    |
|                                  | Cash and Term Deposits                             | Cash          | <b>13.2%</b>   |

The fund manager allocations at 31 January 2019 above include the impact of committed applications for additional investments processed in January and early February 2019.

## ASX announcement

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With thanks to the following fund managers



With thanks for the following service providers



### Investing in Australia's future generation

The objectives of the Company are to provide shareholders with an attractive investment and a source of funding for Australian charities focused on youth mental health. The fund managers do not charge management or performance fees, allowing the Company to donate 1% of assets to the supported charities each year. FGG has partnered with eight designated charities that provide a significant benefit to young Australians in the area of youth mental health. The total charitable investment since inception is currently \$9.1 million.

### Charities



### Future Generation Global Investment Company provides:



#### Shareholders

with exposure to the best global fund managers without paying management or performance fees.



#### Charities

primarily focused on youth mental health with a consistent and growing stream of annual investments.



#### Fund managers

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

For more information visit [futuregeninvest.com.au](http://futuregeninvest.com.au) or contact:

#### Belinda Hutchinson AM

Chairman

+61 2 9247 9202

[info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au)

#### Geoff Wilson AO

Founder and Director

+61 2 9247 9202

[info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au)

#### Louise Walsh

Chief Executive Officer

+61 419 416 618

[louise@futuregeninvest.com.au](mailto:louise@futuregeninvest.com.au)

#### James McNamara

Head of Corporate Affairs

+61 416 734 080

[james@wilsonassetmanagement.com.au](mailto:james@wilsonassetmanagement.com.au)