



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

Investment update

As at 28 February 2019

Snapshot

Pre-tax net tangible assets

\$1.34

Gross assets

\$528.7m

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	\$528.7m
Market cap	\$534.8m
Share price	\$1.365
NTA before tax	\$1.34
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

Geoff R Wilson

Investment Committee

Sean Webster, Chair

Chris Donohoe

Aman Ramrakha

Geoff Wilson AO

Lukasz de Pourbaix

Gary Brader

Company Secretary

Kate Thorley

Mark Licciardo

FY2018 full year results

FGG **announced** its FY2018 results to the market on 27 February 2019. Highlights from the announcement include:

- Pre-tax operating profit of \$17.1 million
- Investment portfolio outperformance of 5.9%
- \$5.8 million in savings delivered on management fees, performance fees and services foregone
- \$3.6 million 2018 investment in youth mental health.

Investment portfolio

In February, the FGG investment portfolio increased 4.5%. The MSCI AC World Index (AUD) rose 5.2% 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, 8.5% versus the market's 10.0%.

The spread between the broad equities' strategies is currently 52.1% long equities, 35.3% absolute bias and 12.6% cash.

Performance

Performance at	6	1	Since
28 February 2019	mths	yr	inception
			% p.a. (Sep-15)
FGG Investment Portfolio ¹	-2.1%	9.4%	8.9%
MSCI AC World Index (AUD)	-1.7%	8.8%	9.4%
Outperformance	-0.4%	+0.6%	-0.5%

¹Investment performance and Index returns are before expenses, fees and taxes.

Net tangible assets (NTA) figures

NTA before tax	134.14c ¹
NTA after tax and before tax on unrealised gains	134.51c
NTA after tax	129.53c

¹The NTA before tax figure is after the payment of \$25 million (0.64 cents per share) in tax during the month.

Investor conference call

We look forward to providing an update on the Future Generation companies during our investor conference call on **Thursday, 21 March at 11.00am – 12.00pm** (Sydney time). We will be joined by Antipodes Partners Deputy Portfolio Manager Graham Hay (FGG fund manager) and Regal Funds Management Chief Investment Officer Philip King (FGX fund manager).

Dial-in number: 1300 264 804

Access code: 5276493#

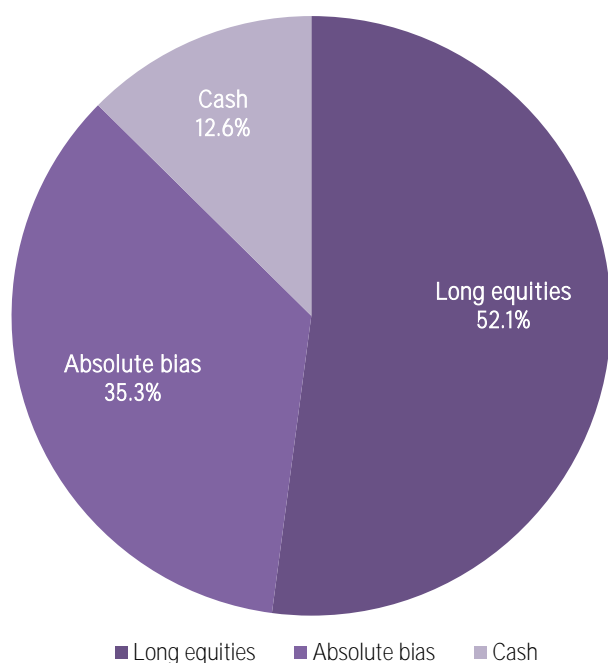
International dial-in number: +61 2 9696 0874

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Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
Magellan Asset Management	Magellan Global Fund	Long equities	11.1%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.7%
Antipodes Partners	Antipodes Global Fund	Absolute bias	10.2%
Marsico Capital Management	Marsico Global Fund	Long equities	7.6%
Caledonia	Caledonia Fund	Long equities	7.3%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	7.0%
VGI Partners	VGI Partners Funds	Absolute bias	6.4%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	5.9%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.8%
Morphic Asset Management	Global/Ethical Strategies (split out below)		4.5%
	Morphic Global Opportunities Fund	Absolute bias	3.6%
	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
Munro Partners	Munro Global Growth Fund	Absolute bias	4.4%
Avenir Capital	Avenir Global Fund	Absolute bias	3.9%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.6%
	Cash and Term Deposits	Cash	12.6%

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: Nikko Asset Management



About Nikko Asset Management

Nikko Asset Management Australia offers investors the benefits of extensive global resources combined with the local expertise and longstanding experience of our Sydney-based investment teams, with a history dating back to 1989. Today, the company manages approximately \$9.9 billion (as at 31 December 2018) in assets for retail and institutional clients across Australia.

Nikko Asset Management Australia is owned by Tokyo-based Nikko Asset Management Company Limited, one of Asia's largest asset managers.

For more information, visit nikkoam.com.au

Our investment style

The Global Equity strategy seeks to achieve long-term capital appreciation by investing in 'Future Quality' companies with sustainable growth characteristics at attractive valuations which, the investment team believes, will lead to outperformance over the full market cycle.

It is a fundamental, bottom-up research strategy; sector and country allocations are a function of stock selection. It is a concentrated, high conviction portfolio comprised of 40-50 stocks with a high active share ratio of between 90-95%. The investment universe includes all listed equities in developed and emerging markets (up to 30% of the Fund) with a market capitalisation of at least USD 1 billion.

The Nikko AM Global Share Fund aims to achieve capital growth over the long term, with total returns (before fees, expenses and taxes) of 3% above the MSCI All Country World Index¹ (with net dividends reinvested) expressed in Australian Dollars (unhedged) over rolling three-year periods.²

- 1 The previous benchmark, up until 17 August 2016, was the MSCI All Countries World ex Australia Index (with net dividends reinvested) expressed in Australian Dollars (unhedged) over rolling three-year periods.
- 2 The Fund may from time to time be exposed to Australian shares.

Our market outlook

Our valuation discipline is anchored around metrics prioritising cash flow generation and growth. In times like these, when central banks are keen to withdraw liquidity and restore their monetary firepower for future crises, this is a valuable exercise.

Over the course of 2018, we gradually improved the quality of the businesses held, selling those whose path to higher cash flows was reliant upon the economic cycle and prioritising ones in greater control of their future income streams. As we move into 2019, there are a number of themes that have provided good future quality stocks for the portfolio, including value-based healthcare in the US, China and cloud computing and the Industrial Internet of Things.

We do believe the long-term impact of quantitative easing is unclear at this stage. The sharp reaction of equity investors to US monetary normalisation certainly suggests that the global economy is not yet ready for this support to be removed. We do, however, believe that the economic environment will be more testing in the near future and strong management will be key if companies are to thrive. This should play well for the pillars that underpin future quality investing.

Nikko AM Global Share Fund Performance

Performance at	1	3 yrs	Since inception
28 February 2019	yr	% p.a.	% p.a. (Nov-95)
Nikko AM Global Share Fund	15.4%	16.0%	7.7%
MSCI All Countries World Index*	8.6%	13.0%	6.6%
Outperformance	+6.8%	+3.0%	+1.1%

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

*MSCI All Countries World Index (with net dividends reinvested) expressed in Australian Dollars (unhedged).

SANE AUSTRALIA



Q&A with Natalie Rutstein, SANE Australia Lead Experience Lead

About SANE Australia

Founded in 1986 by the pioneering journalist and mental health advocate Anne Deveson AO and Dr Marg Leggatt AM, SANE Australia is a national mental health charity working to support the four million Australians affected by complex mental health issues. SANE's work involves providing specialist, professional support through the integrated SANE Help Centre (telephone, webchat, email) and SANE online peer support forums; research and advocacy through the Anne Deveson Research Centre; stigma reduction and advocacy initiatives, including StigmaWatch, the SANE Peer Ambassador program, and the education and public programs of The Dax Centre; and innovative initiatives, including the Better Off With You suicide prevention pilot campaign.

SANE Australia and FGG

The generous support received from FGG is enabling SANE to develop its integrated Help Centre service model – “SANE Assist” – to better meet the needs of young people aged 18 to 30 years who are at risk of, or experiencing, complex mental health issues.

Our focus on this transitional age bracket reflects the unique set of psychological, physiological and social stressors for young people affected by complex mental health issues. This is especially the case with the onset of illnesses such as schizophrenia, bipolar, personality disorders, bulimia nervosa and binge eating disorders, which are more likely to occur in emerging adulthood.

“SANE Assist” is engaging young adults with lived experience in the co-design of an enhanced model of specialised support for the integrated SANE Help Centre (phone, webchat, email and online peer support forums), including the trial and evaluation of new short-term interventions.

These pilot interventions will address specific goals for people of lived experience, helping them to navigate issues such as social and economic participation, loneliness and isolation, trauma, employment, relationships and physical health challenges.

This program of work is supported by an advisory group of 15 young adult Peer Ambassadors who participate in capacity building training through a partnership with batyr, a leading youth mental health organisation with a preventative education focus. Following the training, these Ambassadors produce peer-to-peer digital content promoting help-seeking and stigma reduction, to enhance access to the integrated SANE Help Centre service.

For more information, visit sane.org

What is your driving motivation?

As the Lived Experience Lead at SANE Australia, I support and train a national network of 100 SANE Peer Ambassadors to share their stories of recovery in the community, in order to help reduce stigma, raise awareness and understanding, and provide hope to other Australians affected by complex mental health issues.

What is the most challenging aspect of your role?

Over the past decade, as a nation, we have made great advances in reducing stigma around mild to moderate mental health illnesses. Now more than ever people are seeking help, but we know there is still a great deal to be done to help those at the more severe, or complex, end of the spectrum. Everyday there are 690,000 Australians living with a complex mental health concern, including schizophrenia, bipolar, borderline personality disorder, eating disorders, obsessive compulsive disorder (OCD), post-traumatic stress disorder (PTSD) and severe depression and anxiety. And for every one of these people there will be at least five family members, friends, work colleagues or other people in their lives, who are also directly affected by their condition.

What does it mean to have the support of FGG?

Young people living with complex mental health conditions are often the most marginalised in society – through the support from FGG, we are able to not only provide them with avenues which validate and empower their experiences but we are able to better understand youth needs around help seeking. This means that SANE's service offerings can contribute significantly to early intervention enabling young people living with complex mental illness to flourish and successfully manage their recovery at a much earlier stage in their diagnosis.

Charities



Service providers

