

# Investment update

As at 30 April 2019

## Snapshot

Pre-tax net tangible assets

**\$1.2I**

Fully franked  
dividend yield

**3.9%**

Gross assets

**\$483.4m**

Management and  
performance fees

**0%**

## Future Generation Investment Company Limited

ASX code	FGX
Date of listing	Sept 2014
Gross assets	\$483.4m
Market cap	\$464.8m
Share price	\$1.17
NTA before tax	\$1.21
Shares on issue	397,295,489
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Full year fully franked dividends (FY2018)	4.6c
Fully franked dividend yield	3.9%

### Investment objectives

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

### Company overview

Future Generation Investment Company Limited (ASX: FGX) provides:

**Shareholders** with exposure to the best Australian fund managers without paying management or performance fees.

**Charities** focused on children and youth at risk with a stream of annual donations.

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

#### Chairman

Jonathan Trollip

#### Founder and Director

Geoff Wilson AO

#### Chief Executive Officer

Louise Walsh

#### Directors

Caroline Gurney  
David Leeton  
David Paradise AO  
Gabriel Radzynski  
Kate Thorley  
Scott Malcolm  
Stephanie Lai

#### Investment Committee

Geoff Wilson AO, Chair  
Bruce Tomlinson  
David Smythe  
Gabriel Radzynski  
Matthew Kidman

#### Company Secretary

Mark Licciardo

### Annual General Meeting, Sydney

Thursday, 23 May 2019  
3.30pm-4.00pm  
The Westin, 1 Martin Place  
Sydney

## Investment portfolio

In April, the FGX investment portfolio increased 3.0%, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 2.5% for the month. Since inception, the investment portfolio has increased 9.1% per annum, outperforming the benchmark by 1.7%. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 7.6% versus the Index's 11.1%.

The spread between the three broad equities' strategies is 44.5% long equities, 34.7% absolute bias, 12.7% market neutral and 8.1% cash.

## Performance

Performance at 30 April 2019	1 yr	3 yrs % p.a.	Since inception %p.a. (Sep-14)
FGX Investment Portfolio*	4.8%	9.7%	9.1%
S&P/ASX All Ordinaries Accumulation Index	10.2%	11.0%	7.4%
<b>Outperformance</b>	<b>-5.4%</b>	<b>-1.3%</b>	<b>+1.7%</b>

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

## Net tangible asset (NTA) figures

The final fully franked dividend of 2.3 cents per share was paid on 26 April 2019. The shares traded ex-dividend on 10 April 2019. Since inception, FGX has paid 17.1 cents per share in fully franked dividends to shareholders.

NTA before tax, cum dividend	123.00c*
NTA before tax, ex dividend	120.70c*
NTA after tax and before tax on unrealised gains	120.86c
NTA after tax	122.67c

\*The NTA before tax figure is after the payment of \$26k (0.006 cents per share) in tax during the month. During the month, 946,964 shares were issued under the Dividend Reinvestment Plan (DRP) for the fully franked final dividend.

## Future Generation Investment Forum in Sydney

Eight of Future Generation's domestic and global fund managers will present their best stock picks at the Future Generation Investment Forum on Thursday, 23 May 2019. In addition, Hamish Douglass, Chairman and Chief Investment Officer of Magellan will be interviewed by Australian Financial Review's Chanticleer columnist Tony Boyd.

FGX shareholders can [claim](#) three free tickets valued at \$200 each.

## May 2019 Shareholder Presentations

Together with some of our leading fund managers and charities, we are currently travelling throughout Australia to meet with our shareholders. [Register now](#) to attend.

#### Dates and venues:

Wednesday 15 May: [Adelaide, Adelaide Convention Centre](#)

Thursday 16 May: [Perth, Pan Pacific Perth](#)

Monday 20 May: [Canberra, Hotel Realm](#)

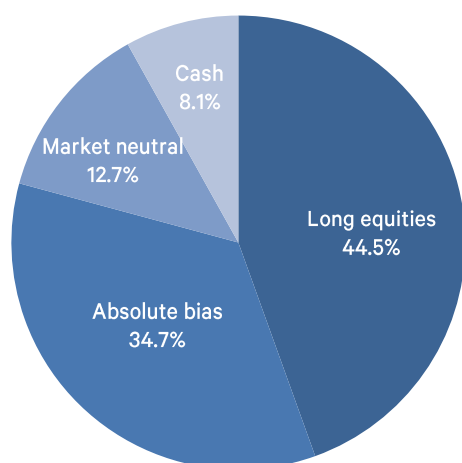
Tuesday 21 May: [Brisbane, Brisbane Convention & Exhibition Centre](#)

Thursday 23 May: [Sydney, The Westin](#)

## Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	11.3%
	Large/Mid Cap Funds (split out below)		11.0%
Paradice Investment	Paradice Australian Mid Cap Fund – B Class	Long equities	6.0%
	Paradice Australian Equities Fund	Long equities	5.0%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.7%
	Small/Emerging Companies Funds (split out below)		6.9%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	5.9%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.0%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	6.7%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	5.9%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.2%
	Long Short/Aus Equities Funds (split out below)		4.9%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.6%
	L1 Capital Australian Equities Fund	Long equities	2.3%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.4%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	4.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.1%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	2.9%
CBG Asset Management	CBG Australian Equities Fund	Long equities	2.6%
ARCO Investment Management	ARCO Investment Management Absolute Trust	Market neutral	2.5%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.4%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.9%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.6%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.6%
QVG Capital	QVG Opportunities Fund	Long equities	1.2%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	0.9%
	Cash and Term Deposits		8.1%

## 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.

### Market neutral

An investment strategy that generally involves the simultaneous purchase and sale of equities to generate returns that are not linked to the performance of underlying equity markets.

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## Pro bono fund managers



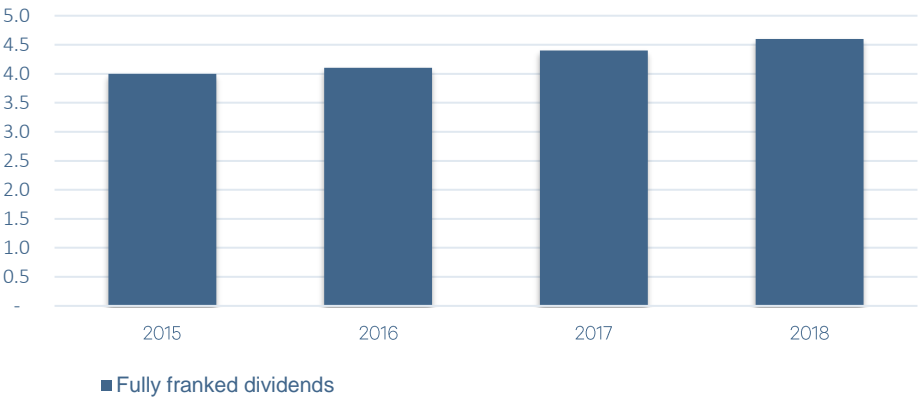
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# Fully franked dividends

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices. Since inception, FGX has paid 17.1 cents per share in fully franked dividends to shareholders.

## Fully franked dividends since inception

cents per share



# Fund manager in focus: QVG Capital



## About QVG Capital

QVG Capital is a boutique investment management company managing funds on behalf of high net worth individuals and institutions (wholesale investors). QVG was established in June 2017 by Tony Waters and Chris Prunty and is wholly owned by its principals. Prior to founding QVG, Tony and Chris were the Portfolio Managers of the Ausbil Micro Cap Fund from its inception in February 2010 until their departure in April 2017. Over this period the Ausbil Micro Cap Fund returned 26.4% per annum after fees.

QVG manages a long-only small companies fund – the QVG Opportunities Fund, and recently launched an all-cap absolute return fund – the QVG Long Short Fund. The QVG Opportunities Fund is a ‘best ideas’ fund focusing on smaller companies; defined as those outside the S&P/ASX 100 Index. The QVG Opportunities fund is currently closed, while the QVG Long Short Fund is open to new investors.

For more information, visit [qvgcapital.com.au](http://qvgcapital.com.au)

## Top 5 holdings as at 30 April 2019

Afterpay Touch Group Limited

Aurelia Metals Limited

City Chic Collective Limited

Jumbo Interactive Limited

Service Stream Limited

## Investment style

QVG stands for Quality, Value and Growth. As such QVG is neither a growth nor value manager but can own stocks with either characteristics so long as we believe they have bright prospects, capable management, lowly geared balance sheets and decent returns on capital. We are fundamentally-oriented stock-pickers. This means we focus on the operations of the business and its financial performance to determine the attractiveness or otherwise of the companies' shares. We tend to hold a relatively concentrated portfolio of companies outside the S&P/ASX 100 Index which can lead to some short-term volatility, however over the long term investors have been well compensated for the bumps along the journey.

## Our market outlook

Our expertise tends to be sharper around the assessment and valuation of individual companies and stocks; we are not good macroeconomic forecasters or market timers. Having said this, we find it hard to get too bearish on markets when interest rates are as low as they are. Our observation is that markets will be very sensitive to changes in interest rate expectations and that there could be periodic sell-offs as we saw in the December quarter of 2018.

## QVG Opportunities Fund Performance

Performance at 30 April 2019	1 month	1 yr	Since inception %p.a. (Sep-17)
QVG Opportunities Fund*	5.7%	24.8%	36.4%
S&P/ASX Small Ordinaries Accumulation Index	4.1%	7.2%	13.4%
<b>Outperformance</b>	<b>+1.6%</b>	<b>+17.6%</b>	<b>+23.0%</b>

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

## Charity in focus: Act for Kids



### About Act for Kids

Act for Kids is an Australian charity providing free therapy and support services to children and families who have experienced or are at risk of child abuse or neglect. Act for Kids operates under three pillars of service – prevention, treatment and education. In the past financial year we worked with over 40,000 children. We understand that there is no quick fix, and we work with our clients for as long as it takes for them to overcome the trauma they have suffered.

### Act for Kids and FGX

Since 2015, FGX has generously invested in Act for Kids to help us treat child abuse and neglect. We have used your generous donations to increase our therapy service and national reach, supporting vulnerable children and families in Melbourne, Western Sydney, Adelaide and Ipswich. The support provided by FGX has made a life changing impact on 334 families.

Children who have been traumatised experience developmental impairments that can be permanently disabling. Act for Kids offers these children and their families integrated therapy. This model of therapy has been developed by Act for Kids. Integrated therapy refers to a coordinated assessment and intervention process which addresses all of a child's developmental needs. Our integrated therapy teams include psychologists, occupational therapists and speech language pathologists.

Therapists work together to assess a child's needs and create a coordinated, multidisciplinary treatment plan whereby issues are addressed over time. We essentially envelope our clients in vital therapy services to assist them in recovering from trauma and give them the opportunity to have a safe and happy childhood. Moving forward, Act for Kids will focus on growing integrated therapy services across Australia.

For more information visit [actforkids.com.au](http://actforkids.com.au)

### Q&A with Dr Neil Carrington, CEO

#### What is your driving motivation in your current role?

The vision of Act for Kids is keeping our children safe. I feel privileged to work with incredible people who support vulnerable children and their families. We strive every day to see just one more child and help just one more family.

Act for Kids has just been awarded Gold for Employer of Choice by Human Resources Director magazine. We have also been recognised as a top performer in the Leadership, Work-life Balance, and Health and Wellbeing categories.

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

The most challenging aspect of my role is the sheer scale of the issue. Last year in Australia, there were over 49,000 cases of child abuse or neglect – that is one child abused or neglected every 11 minutes. While Act for Kids helped over 40,000 people, which in itself is a 17 per cent increase on the prior year, there are many more waiting for our help and sadly all of our centres have a waitlist.

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

Without the support of FGX, we would not be able to support as many vulnerable families each year. FGX enables us to help more children. FGX's generous support increases the sustainability of our service and ensures that we are able to reduce the waiting lists across our centres.

## Charities



## Service providers

