



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

# Investment update

As at 30 June 2019

## Snapshot

Pre-tax net tangible assets

**\$1.4I**

Gross assets

**\$555.8m**

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	\$555.8m
Market cap	\$517.2m
Share price	\$1.32
NTA before tax	\$1.41
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

Geoff R Wilson

Jonathan Nicholas

Kiera Grant

Sarah Morgan

#### Investment Committee

Sean Webster, Chair

Aman Ramrakha

Chris Donohoe

Gary Brader

Geoff Wilson AO

Lukasz de Pourbaix

#### Joint Company Secretaries

Elizabeth McGregor

Kate Thorley

Mark Licciardo

## Investment portfolio

In June, the investment portfolio increased 3.7%. The MSCI AC World Index (AUD) rose 5.3% for the month.

Since inception, the investment portfolio has increased 9.6% per annum. FGG's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 8.6% versus the market's 10.4%.

The spread between the broad equities strategies is currently 53.9% long equities, 34.3% absolute bias and 11.8% cash.

## Performance

Performance at 30 June 2019	3 mths	6 mths	1 yr	Since inception % p.a. (Sep-15)
FGG Investment Portfolio	5.6%	12.5%	8.5%	9.6%
MSCI AC World Index (AUD)	4.9%	16.8%	11.5%	10.3%
<b>Outperformance</b>	<b>+0.7%</b>	<b>-4.3%</b>	<b>-3.0%</b>	<b>-0.7%</b>

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

## Net tangible assets (NTA) figures

NTA before tax	140.60c
NTA after tax and before tax on unrealised gains	141.00c
NTA after tax	134.32c

## Investor conference call

We look forward to providing an update to our shareholders on Future Generation during our investor conference call on Tuesday, 17 September at 4.00pm (Sydney time). Founder and Director Geoff Wilson AO and CEO Louise Walsh will provide an update on Future Generation Global Investment Company (FGG) and Future Generation Investment Company (FGX). We will send dial-in details for the investor conference call next week.

## Shareholder presentations

We look forward to seeing you again at our next shareholder presentations in November 2019 on the following dates:

**Toowoomba:** Thursday, 14 November 2019

**Gold Coast:** Friday, 15 November 2019

**Canberra:** Monday, 18 November 2019

**Sydney:** Tuesday, 19 November 2019

**Brisbane:** Thursday, 21 November 2019

**Hobart:** Monday, 25 November 2019

**Perth:** Tuesday, 26 November 2019

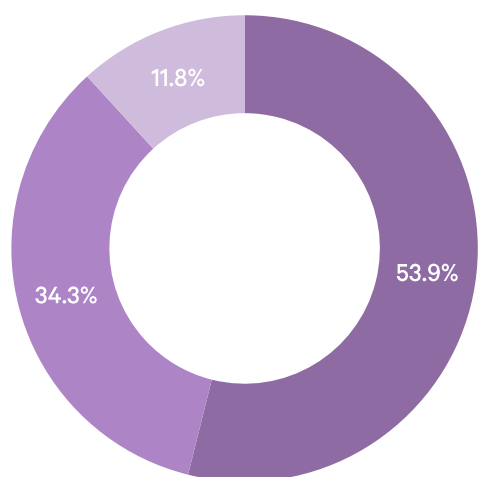
**Adelaide:** Wednesday, 27 November 2019

**Melbourne:** Thursday, 28 November 2019

## Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
Magellan Asset Management	Magellan Global Fund	Long equities	11.9%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.0%
Antipodes Partners	Antipodes Global Fund	Absolute bias	10.1%
Marsico Capital Management	Marsico Global Fund	Long equities	7.9%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	7.4%
Caledonia	Caledonia Fund	Long equities	7.4%
VGI Partners	VGI Partners Funds	Absolute bias	6.6%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	5.4%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.0%
Morphic Asset Management	Global/Ethical Strategies (split out below)		4.4%
	Morphic Global Opportunities Fund	Absolute bias	3.6%
	Morphic Ethical Equities Fund Limited	Absolute bias	0.8%
Munro Partners	Munro Global Growth Fund	Absolute bias	4.3%
Avenir Capital	Avenir Global Fund	Absolute bias	3.5%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.3%
	Cash and Term Deposits	Cash	11.8%

## Investment strategy allocation



■ Long Equities ■ Absolute Bias ■ Cash

### 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.

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## Pro bono fund managers



## Fund manager in focus: Marsico Capital Management

### MARSICO CAPITAL MANAGEMENT™

#### About Marsico Capital

Founded by Thomas Marsico in 1997, Marsico Capital Management LLC (MCM) is a Denver, Colorado-based, SEC-registered, investment management firm that manages assets for mutual funds, corporate retirement plans, endowments, foundations, family offices, and other clients. At 30 June 2019, MCM managed approximately USD 3.21 billion in assets within six investment strategies.

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

#### Our investment style

Thomas Marsico, MCM's founder, Chief Executive Officer and Chief Investment Officer, has managed large-cap equities since 1979, and has a public investment track record dating to 1988. MCM's investment approach emphasises the selection of high-quality global growth companies with compelling potential for long-term capital appreciation. This high-conviction approach is expressed through concentrated portfolios. We search for growth globally by evaluating companies in industries around the world to uncover attractive investment opportunities, as well as to understand the competitive landscape on a world-wide basis. MCM's investment style and process has been consistent since the founding of the firm and has been employed in a variety of market conditions.

#### Our market outlook

Looking forward, we expect much of the volatility we witnessed in the second quarter of 2019 to continue. Tensions with Iran, trade negotiations with China, and perhaps most importantly, the ultimate direction of the Federal Reserve all have the ability to move equity market direction dramatically. Fed Chair Jerome Powell, late in the quarter, held interest rates steady, but strongly suggested they would cut them in the months ahead if the economic outlook became increasingly cloudy and trade conditions with China didn't improve. Contrasted with his comments last autumn, where he indicated the Fed was "a long way from neutral", it is clear that generally slowing economic conditions may lead to more accommodative policy decisions. The Federal Reserve is set to meet next on 30-31 July, where markets are increasingly expecting at least a 0.25% cut in the Central Bank's benchmark short-term rate.

Regarding China, President Trump increased tariffs in April and conversely held productive conversations with Vice Premier He in May, all leading up to the much anticipated G20 summit with President Xi at quarter-end. Following the G20 meeting, restrictions were lifted on US companies selling to Huawei, and a pause on increased tariffs has led to a more fundamentally positive outlook for the markets as a whole. On a company-level, our belief in durable, platform-oriented growth franchises continues to comprise the core of your portfolio. Our research process also seeks to identify thematic and demographic tailwinds for certain companies and industries (such as e-commerce benefitting Paypal), which when combined with great management teams and quality balance sheets, should outperform in a choppy environment.

That being said, we are closely monitoring exogenous risks while focusing on our day-to-day, company-level monitoring and research. In addition, we continue to stress-test positions in the portfolio across various scenarios, and remain cognisant of how sentiment-driven macro factors can effect performance and valuation of individual stocks. As evidenced by the rapidly changing political and macroeconomic backdrop, we continue to focus our research process and portfolio allocation on positions that we believe can grow earnings and cash flow in various economic environments.

#### CC Marsico Global Fund Performance

Performance at 30 June 2019	1 yr	3 yrs % p.a.	Since inception % p.a. (Dec-15)
CC Marsico Global Fund*	10.5%	21.9%	16.0%
MSCI All Country World Index Net AUD	11.3%	13.9%	11.4%
<b>Outperformance</b>	<b>-0.8%</b>	<b>+8.0%</b>	<b>+4.6%</b>

\*Investment performance returns are reported gross and are calculated before fees have been deducted, assuming reinvestment of distributions.

## Charity in focus: ReachOut



### About ReachOut

ReachOut is Australia's leading digital mental health organisation for young people and their parents to help young people get through anything from everyday issues to tough times. Available for free, 24/7 ReachOut offers articles, videos, self-help tips, peer support forums and a coaching service for parents.

### ReachOut and FGG

Life throws young people all sorts of challenges every day, and it's even truer for young people in regional, rural and remote Australia. With FGG's support, our research revealed the unique pressures experienced by these young people: finances, future jobs, and having to move away from a community they love.

Thanks to FGG's support, ReachOut Australia was able to undertake research to identify the issues specific to young people living in regional and rural areas that cause mental ill-health. From this, we have been able to better respond to their particular needs on issues like financial stress and employment and develop support and tools designed to improve the mental health outcomes of young people living in these areas.

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



### Q&A with Ashley de Silva, Chief Executive Officer, ReachOut

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

As CEO of ReachOut, I am driven by the difference we are making in young people's lives. One of the things I'm grateful for is the chance to meet many incredible young people, like our Youth Ambassadors. Whenever I hear stories about their mental health journeys and how ReachOut helped them, the importance of our work really hits home.

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

The pace of change in mental health reform is a challenge. I would like to see system change moving faster and more collaboratively to drive better outcomes for young people. ReachOut is constantly in dialogue with young people – whether through our research, co-design or service – and know there's more to do. To improve outcomes and the lives of more young people, we need to act on the recommendations of numerous reviews and inquiries.

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

FGG's investment enables us to help thousands of young people in regional, rural and remote Australia. This is important because these areas often have less access to traditional mental health services, making online services even more vital. In the past 12 months, more than 184,500 young people in these areas engaged directly with ReachOut to improve their mental health wellbeing. This would not have been possible without the support of FGG.

## Charities



## Service providers

