



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

Investment update

As at 31 May 2018

Snapshot

Pre-tax net tangible assets

\$1.3I

Gross assets

\$391.3m

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	\$391.3m
Market cap	\$389.4m
Share price	\$1.315
NTA before tax	\$1.31
Shares on issue	296,112,380
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Fully franked dividend (FY2017)	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

Karen Penrose

Kiera Grant

Sarah Morgan

Investment Committee

Sean Webster, Chair

Chris Donohoe

Aman Ramrakha

Geoff Wilson AO

Lukasz de Pourbaix

Company Secretary

Kate Thorley and Mark Licciardo

Investment portfolio

The investment portfolio outperformed the MSCI AC World Index (AUD) by 1.8% in May. The investment portfolio increased 1.7% while the Index fell 0.1%. Since inception, FGG's investment portfolio continues to deliver sound performance with lower volatility than the benchmark.

The spread between the three broad equities strategies is currently 50.7% long equities, 30.5% absolute bias, 3.7% quantitative strategies and 15.1% cash.

Net tangible assets (NTA) figures

NTA before tax	131.00c
NTA after tax and before tax on unrealised gains	131.72c*
NTA after tax	125.63c*

*After tax NTA figures have been calculated at a corporate tax rate of 27.5%.

Future Generation Investment Forum recording

Australia's top fund managers each presented a stock idea at the Future Generation Investment Forum in Sydney last month to a full house of almost 1,000 attendees with an additional 4,660 people live streaming the event.

If you missed our Investment Forum in Sydney, you can view the presentation recording and slides [here](#). The next Investment Forum will be hosted in Melbourne during November – we will announce the date soon.

Defending the current dividend imputation system

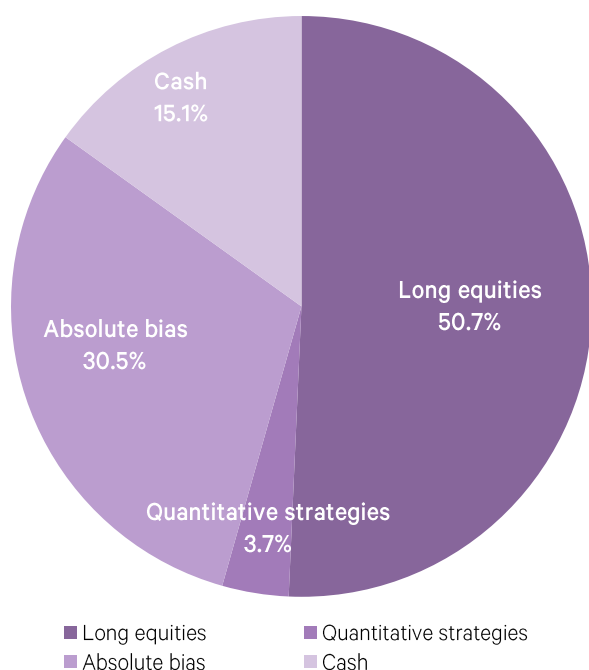
The Federal Opposition has proposed changes to the current dividend imputation system. We firmly oppose these changes and are supporting Wilson Asset Management's campaign to call on the Commonwealth Government and Federal Opposition to maintain the status quo. We believe it is unfair to change the rules for self-funded retirees, older workers and low income earners. You can show your support for the current system by [signing the Wilson Asset Management petition](#) to maintain the momentum. Wilson Asset Management are currently consulting with shareholders and industry participants, and we will submit the petition along with a policy paper explaining the importance of the current system.

Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
Antipodes Partners	Antipodes Global Fund	Absolute bias	10.6%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.0%
Magellan Asset Management	Magellan Global Fund	Long equities	9.7%
Caledonia	Caledonia Fund	Long equities	8.8%
Marsico Capital Management	Marsico Global Fund	Long equities	8.2%
VGI Partners	VGI Partners Funds	Absolute bias	7.6%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	6.1%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	4.6%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.5%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	4.4%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	3.7%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.4%
Avenir Capital	Avenir Global Fund	Absolute bias	3.3%
	Cash and Term Deposits	Cash	15.1%*

*During the month, FGG redeemed its holding in the Ironbridge Global Focus Fund. The proceeds from the redemption are included in the cash and term deposits balance at the end of the month.

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.

Quantitative strategies

A style of investment management where quantitative techniques are used to analyse markets in order to ascertain information about future price movements. These are generally rules-based and applied in a systematic manner. A quantitative strategy seeks to replicate a fundamental investor without human biases influencing investment decisions.

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: Antipodes Global Investment Partners



Antipodes Partners is a global asset manager offering a pragmatic value approach. It was founded in 2015 by Jacob Mitchell, together with a number of former colleagues and like-minded value investors.

Antipodes aspires to grow client wealth over the long-term by generating absolute returns in excess of the benchmark, at below market levels of risk. We seek to take advantage of the market's tendency for irrational extrapolation, identify investments that offer a high margin of safety and build portfolios with a capital preservation focus.

Antipodes is majority owned by its seasoned investment team and its performance culture is underpinned by sensible incentives, a focused offering and the outsourcing of non-investment functions to minority partner Pinnacle Investment Management Limited.

For more information, visit antipodespartners.com

Our market outlook

Global equities were subdued in May, with political uncertainty in Italy and a strong US dollar compounding anxiety around moderating Eurozone and Asian growth. In Italy, the prospect of snap elections was seen as having the potential to morph into a referendum on the Euro, bringing EU vulnerability back to the fore. Meanwhile, a strong US corporate earnings cycle, low unemployment and expansionary fiscal policy fuelled the stronger US dollar, undermining sentiment towards Emerging Markets more generally. Against this backdrop, investors rotated out of relatively low multiple (value) stocks, in favour of structural growth and quality exposures, irrespective of price. Despite higher risks to the desynchronisation of global growth, short-term indicators of economic fundamentals remained resilient.

The key question for the latter part of 2018 remains to what extent the current environment can persist. Putting aside trade wars and policy missteps, the growth environment is unlikely to accelerate much further but thawing financial conditions and pending fiscal stimulus can sustain growth at current levels for longer. Easing financial conditions are a key pillar of growth and current US conditions remain the easiest since the global financial crisis and should support growth above trend for the remainder of the year. However, we believe the unusually favourable goldilocks combination of accelerating growth and tepid inflation experienced in 2017 will not repeat. Instead, normalisation of interest rate policy will likely upset the rhythm with more volatile and less forgiving markets. In a higher interest rate environment, the market will become increasingly less tolerant of structural growth biases.

Our top 10 stocks (long)

Stock	Country	Weight
Gilead Sciences	United States	3.0%
Samsung Electronics	Korea	2.9%
Baidu	China/HK	2.8%
Cisco Systems	United States	2.7%
QUALCOMM	United States	2.6%
KT Corporation	Korea	2.6%
Ping An Insurance	China/HK	2.6%
Electricite de France	France	2.6%
Microsoft	United States	2.5%
INPEX	Japan	2.4%

Performance

	2 yrs %pa	Since inception %pa (Jul-15)
Performance as at 31 May 2018		
Antipodes Global Fund	13.2%	12.7%
MSCI AC World Net Index	12.2%	9.2%

Charity in focus: Orygen



About Orygen

Orygen, the National Centre of Excellence in Youth Mental Health, is the world's leading research and knowledge translation organisation specialising in mental ill-health in young people.

Our vision is for all young people to enjoy optimal mental health as they grow into adulthood. We are committed to delivering cutting-edge research, policy development, innovative clinical services, and evidence-based training and education to ensure that there is continuous improvement in the treatments and care provided to young people experiencing mental ill-health.

Orygen and FGG

Tragically, suicide is the leading cause of death among young Australians. To date, responses to this problem have been piecemeal and have not reflected the ways in which young people interact with the health system or their local community.

Thanks to generous funding from FGG, Orygen has been able to develop and deliver an international best practice integrated approach to suicide prevention across north-west Melbourne.

The work began with a large-scale community engagement activity, in the form of a community forum, for World Suicide Prevention Day in 2017, which was co-hosted by Hobsons Bay City Council in Victoria. The forum was attended by approximately 100 community leaders from across north-west Melbourne and has led to numerous partnerships and increased service delivery for vulnerable young people.

The forum also provided a blue print for the project, which has multiple elements. The elements are based on robust evidence and have young people front and centre. These include:

- work with four local emergency departments in order to improve the treatment young people receive when they present with suicide risk or self-harm;
- the development and evaluation of a resource for people who care for young people with self-harm, conducted in partnership with headspace and the local Primary Health Network;
- the provision, and evaluation, of online treatment to young people at risk of suicide who present to Orygen's clinical services.

For more information, visit orygen.org.au

Q&A with CEO Professor Patrick McGorry

What impact does the FGG funding have on your organisation?

Thanks to FGG, we have been able to take a more strategic approach to preventing suicide in young people across our region. We have been able to develop longer-term projects and use the funds that we have to leverage additional funding in order to reach more people. We have also been able to build capacity and help to grow the next generation of suicide researchers through supporting clinical psychology and PhD students.

What is the biggest challenge for the organisation?

Our biggest challenge is getting young people with complex and severe mental health problems into the right treatment, at the right time, in the right place.

What's a burning issue in the area you operate in?

Currently there are no appropriate services for young people with complex and severe mental health problems. Ideally there would be services available for all young people that are flexible to their needs, no matter how complex. We are currently consulting with young people, their families and friends to map out what the ideal service would look like. Such a service would only be possible with funding from government and committed organisations such as FGG.

Charities



Service providers

