



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

# Investment update

As at 30 June 2018

## Snapshot

Pre-tax net tangible assets

**\$1.33**

Gross assets

**\$398.8m**

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	\$398.8m
Market cap	\$402.7m
Share price	\$1.36
NTA before tax	\$1.33
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

## Performance

Performance at 30 June 2018	6 mths	1 yr	Since inception %pa (Sep-15)
FGG Investment Portfolio*	10.3%	19.1%	10.0%
MSCI AC World Index (AUD)	5.2%	15.0%	9.8%
<b>Outperformance</b>	<b>+5.1%</b>	<b>+4.1%</b>	<b>+0.2%</b>

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

## Investment portfolio

In June, the investment portfolio increased 1.9%, outperforming the MSCI AC World Index (AUD) which rose 1.8% during the month. Since inception, the investment portfolio has increased 10.0% per annum, outperforming the benchmark. FGG's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 8.2% versus the markets 9.2%

The spread between the three broad equities strategies is currently 50.3% long equities, 35.4% absolute bias, 3.6% quantitative strategies and 10.7% cash.

## Net tangible assets (NTA) figures

NTA before tax	133.44c
NTA after tax and before tax on unrealised gains	133.48c*
NTA after tax	127.40c*

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

## Portfolio update

FGG is pleased to introduce Munro Partners, a boutique independent global absolute return equity manager to the portfolio. In June, FGG fully redeemed its position in Ironbridge Global Focus Fund and deployed a portion of the redeemed funds to the new investment in the Munro Global Growth Fund.

As at 30 June 2018, the investment portfolio is made up of 14 fund managers with investments in 14 funds.

## Defending the current dividend imputation system

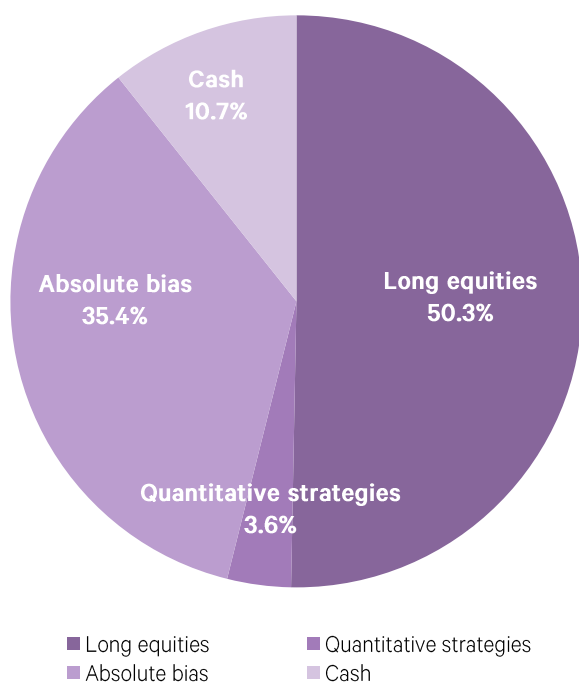
The Federal Opposition has proposed changes to the current dividend imputation system. We firmly oppose these changes and are supporting Wilson Asset Management's campaign to call on the Commonwealth Government and Federal Opposition to maintain the status quo. We believe it is unfair to change the rules 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	10.0%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	9.9%
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	8.1%
VGI Partners	VGI Partners Funds	Absolute bias	7.6%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	6.1%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.0%
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	4.2%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	3.6%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.2%
Avenir Capital	Avenir Global Fund	Absolute bias	3.0%
	Cash and Term Deposits	Cash	10.7%

## 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.

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Pro bono fund managers



## Fund manager in focus: Munro Partners

### MUNRO PARTNERS

Munro Partners is an independent global absolute return equity manager with a core focus on growth equities. The business is owned and controlled by key staff of the investment manager. Munro Partners was founded in July 2016 by an established investment team with a proven track record of strong absolute returns over 12 years.

Through its proprietary investment process and unique knowledge base, Munro Partners seeks to invest in, and benefit from, some of the key structural changes that occur in our world today. The business is Australian domiciled, with its head office based in Melbourne.

Munro seeks to invest clients' money as we would invest our own. The Munro Global Growth Fund aims to provide investors with meaningful, risk adjusted, absolute returns through exposure to global growth equities over the medium to long term, while maintaining a capital preservation mindset.

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

### Our market outlook

Over the past few months, Munro Partners has lowered the net and gross equity market exposure as we approach what is typically a lull in markets over the northern hemisphere summer. While each year is obviously different, we do expect equity markets to continue to consolidate over this period, partly because of the ongoing uncertainties around trade tariffs and partly because of some softening in the growth outlook outside of the US.

Furthermore, with US mid-term elections approaching in November and populism still front and centre, we expect continued noise and volatility. This dynamic is by no means dire as it sets the base for a positive move later in 2018 and into 2019 as analysts start to factor in another positive year of US earnings growth ahead.

Munro Partners remain confident in the key portfolio holdings in the Munro Global Growth Fund and note that the disruption being caused by the great growth companies of our generation is occurring at an ever-faster pace. As always, a key risk for growth stocks is their higher near-term valuation multiples and the relationship between these multiples and interest rates overall. Perversely, the uncertainty around trade and politics helps to keep US bond yields in check and provides a reasonable backdrop for the Fund's investment holdings.

### Our top 5 stocks (long)

Stock	Country	Weight
Amazon Inc	US	5.0%
Blue Prism Group PLC	UK	4.7%
Microsoft Corporation	US	4.0%
ASML Holding NV	Netherlands	3.9%
Alphabet Inc	US	3.7%

### Performance

Performance at	6	1	Since inception
30 June 2018	mths	yr	%pa (Aug-16)
Munro Global Growth Fund*	7.5%	21.0%	17.7%
MSCI AC World TR Index (AUD)	5.4%	15.0%	14.6%
<b>Outperformance</b>	<b>+2.1%</b>	<b>+6.0%</b>	<b>+3.1%</b>

\*Returns of the Munro Global Growth Fund are net of management costs and assumes distributions have been reinvested.

# Charity in focus: Butterfly Foundation for Eating Disorders



## About Butterfly Foundation

Butterfly Foundation is Australia's peak voice for those with an eating disorder and their families and carers. Butterfly Foundation is a national charity committed to a future where affordable, evidence-based treatment and support is available to every Australian at risk of an eating disorder. These complex neuropsychiatric illnesses, including anorexia nervosa, bulimia nervosa, binge eating disorder and atypical presentations, have the highest mortality rate of any mental illness and are being diagnosed at increasingly younger ages in both girls and boys.

## Butterfly Foundation and FGG

FGG's generous funding of \$331,132 in 2017 has enabled Butterfly to implement two innovative community-based treatment programs, originally under exclusive licence from an effective US treatment program. The Youth Intensive Outpatient Program provides early intervention for young people with the bingeing disorders, while the Butterfly Intensive Outpatient Program (IOP) is for more complex presentations particularly of anorexia nervosa. They focus on intensive group therapy, including meal support and the involvement of families.

Over the last 12 months, 23 young people have participated in these intensive programs. They have responded positively to the unique therapeutic approach with improved clinical outcomes. They have also provided positive qualitative feedback saying they feel understood, connected and better able to communicate with their families. Positive engagement is difficult to achieve with these illnesses, so this is a real success. The numbers are relatively small, but the outcomes are strong.

Affordability is a key issue for young people and the funding support means that we can reduce the cost via a subsidy. We will also be expanding from currently running the programs at Crows Nest in Sydney to an additional stream in the Greater Sydney region.

Also, one of our major future challenges is the embedded stigma associated with these illnesses. This creates a barrier to seeking help that has serious implications with less than 23% of those with an eating disorder coming forward for treatment and help and less than 10% receiving effective treatment. FGG's continued funding for the next 12 months will provide critical ongoing support.

For more information, visit [thebutterflyfoundation.org.au](http://thebutterflyfoundation.org.au)

## Q&A with CEO Christine Morgan

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

My driving motivation is 'who' rather than 'what'. The 'who' are each person who has struggled with these terrible illnesses including families and carers. Together with all on the Butterfly team we are committed to working to provide them with accessible and affordable treatment regardless of their postcode, support for sustainable recovery and a safe space to share their stories and join with us in being influencers to change the health system. Having a platform to advocate for the estimated 1 million Australians with eating disorders and their families is a huge responsibility and challenge, but I am passionately committed to help bring about lasting change.

### What does it mean to have the support of FGG?

The support of FGG has been fundamental to Butterfly's progression in the delivery of treatment services for individuals affected by eating disorders and their families. To change the system, we need to introduce into Australia solutions that work from overseas. Change requires innovation and new ways of thinking. The outcomes of the programs are proving their value – working intensively with clients with an approach to focus on their goals, their challenges and their needs, and including families appears to be working. We must continue this work and FGG's ongoing support enables us to do so.

## Charities



## Service providers

