

Investment Update & Net Tangible Assets Report

As at 30 April 2017

Shareholder Presentations & Investment Forum

On Monday, 15 May 2017, we will commence our nationwide Shareholder Presentations in Melbourne. For details and to RSVP, visit futuregeninvest.com.au/RSVP. In Sydney, we will also hold our **sold out** inaugural Investment Forum on Tuesday 16 May 2017. Livewiremarkets.com will also be providing a **live stream** of the forum.

Net Tangible Assets (NTA) figures

NTA before tax	115.09c
NTA after tax and before tax on unrealised gains	115.40c
NTA after tax	113.34c

*The above figures are not diluted for 272,469,114 options on issue with an exercise price of \$1.10.

Portfolio

In April, the investment portfolio increased 3.8%. The MSCI World Index (AUD) also rose by 3.8%. The spread between the three broad equities strategies is currently 53.9% long equities, 33.1% absolute bias, 4.0% quantitative strategies and 9.0% cash.

Fund manager	Investment	Strategy	% of assets
Magellan Asset Management	Magellan Global Fund	Long equities	10.2%
Ironbridge Capital Management	Ironbridge Global Focus Fund	Long equities	9.6%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	9.0%
Antipodes Partners	Antipodes Global Fund	Absolute bias	8.5%
VGI Partners	VGI Partners Funds	Absolute bias	7.9%
Marsico Capital Management	Marsico Global Fund	Long equities	7.3%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	6.0%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	5.3%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.8%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	4.7%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	Quantitative strategies	4.0%
Avenir Capital	Avenir Value Fund	Absolute bias	3.8%
Paradise Investment Management	Paradise Global Small Mid Cap Fund Unhedged	Long equities	3.6%
Cooper Investors	Cooper Investors Asian Tiger Fund	Long equities	3.4%
Antipodes Partners	Antipodes Asia Fund	Absolute bias	2.9%
	Cash and Term Deposits	Cash	9.0%

Future Generation Global Investment Company Limited

ASX code	FGG
Established	Sept 2015
Gross assets	\$321.5m
Market cap	\$288.3m
Share price	\$1.04
Net assets per share (before tax)	\$1.15
Shares on issue	277,171,269
Options on issue	272,469,114
Fully franked final FY16 dividend	1.0c
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%

Investment objectives

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

Company overview

Future Generation Global Investment Company Limited (ASX: FGG) is Australia's first internationally focused listed investment company (LIC) with the dual objectives of providing shareholders with diversified exposure to selected global fund managers and changing the lives of young Australians affected by mental illness.

Chairman

Belinda Hutchinson

Founder and Director

Geoff Wilson

Chief Executive Officer

Louise Walsh

Directors

Frank Casarotti
Karen Penrose
Susan Cato
Sarah Morgan

Investment Committee

Chris Donohoe, Amanda Gillespie, Aman Ramakha, Sean Webster and Geoff Wilson

Company Secretaries

Kate Thorley and Mark Licciardo

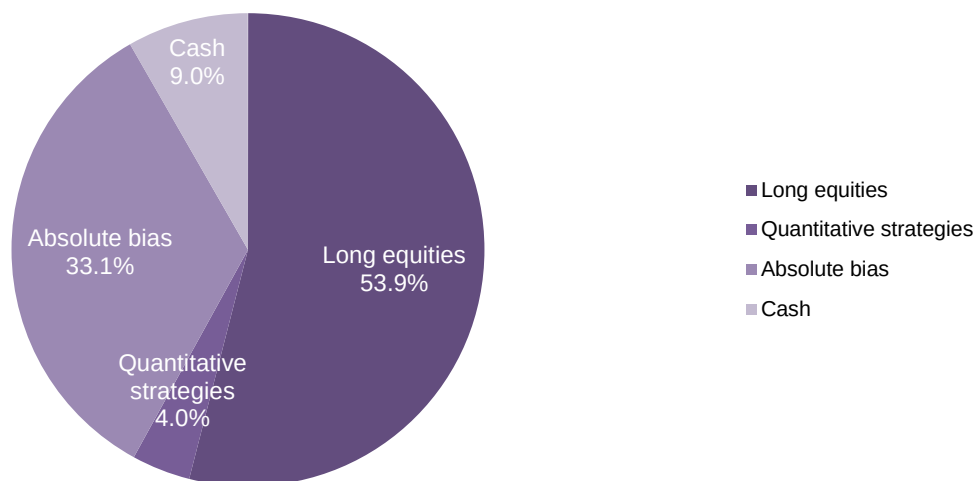
Head of Corporate Affairs

James McNamara

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Investment strategy allocation (% of assets)



Long equities – investing in a portfolio of equities based on the expectation 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.

Quantitative strategy – 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 to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

Fund Managers



Charities



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Service Providers

 **Wilson**
Asset Management

 **WHITE OUTSOURCING**
ACCOUNTING, FINANCIAL, HR, COMPLIANCE, BUSINESS SERVICES

 **PITCHER PARTNERS**

 **BoardRoom**
Smart Business Solutions



KARDOS-SCANLAN
CORPORATE LAWYERS

 **Steadfast**
STRENGTH WHEN YOU NEED IT

 **Bloomberg**

 **mertons**
corporate governance specialists

 **CommSec**



Lonsec

liveWire

PWN.

complispace
make it work

 **JLT**

Fund manager in focus: Nikko AM Global Equity Fund

nikko am
Nikko Asset Management

About Nikko AM Global Equity Fund

The Global Equity investment team comprises five dual role portfolio managers/analysts, with an average of 20 years' industry experience. The team's size, culture and flat structure allows the team to discuss ideas or themes and to 'join the dots' between sectors and stocks.

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.

Our market outlook

In response to the financial crisis almost a decade ago, interest rates in major economies around the world were slashed to almost zero, followed by several rounds of quantitative easing to provide additional monetary stimulus. Instead of generating a huge economic boom, the world found itself in a debt hole and the expected credit creation has not ensued. The recovery in the US economy has been the weakest since World War II, while growth and inflation in Japan and Europe have been highly anaemic at best. The printed money has not made its way into the real economy, but instead created huge inflation in financial assets. Stocks are now discounting a level of earnings and dividend growth that have never been delivered in the past, which makes equity markets vulnerable to a downside correction. Britain's exit from the EU will be a hugely complex task with significant financial implications, but it should be remembered that the UK has a very large trade deficit with the EU. Germany will be eager to ensure that access to the UK market is not restricted, as the UK is the third largest market in the world (after the US and China) for German cars.

Meanwhile populist political forces are on the rise all over Europe. Youth unemployment is high and young people are starting to reject the old establishment order that has failed them and turn to populist leaders who offer something different. The biggest casualty of this is likely to be European banking, a very problematic sector which was never cleaned up following the financial crisis. Brexit represented a key fault line in European cohesion and there may be more such shocks to come. The brightest spot in global markets, offering the best value, appears to be Asia ex-Japan. These markets have not been absurdly inflated by money printing, while the region's demographics are very attractive. The people have a strong savings culture, which drives investment and productivity. Superior long term economic growth provides the tailwind of revenue growth which benefits the companies which operate in these economies. Asia ex-Japan continues to be under-represented in global equity markets, accounting for almost 60% of global population but less than 30% of world output and less than 10% of global equities. We believe it appears destined to catch up.

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Nikko AM Global Equity Fund Performance as at 30 April 2017

	1 YR	3 YR	5 YR	10 YR	Since inception
Nikko AM Global Fund (Gross)	17.07%	14.45%	17.69%	6.13%	6.97%
Benchmark*	17.46%	13.67%	17.64%	5.05%	6.26%
<i>Difference</i>	<i>-0.39%</i>	<i>0.79%</i>	<i>0.05%</i>	<i>1.08%</i>	<i>0.71%</i>

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

The Fund gains exposure to global equities by investing in the Nikko AM Global Equity Fund (underlying Fund). Prior to 18 August 2016 MSCI All Countries World Ex-Australia Index (with net dividends reinvested) expressed in AUD (unhedged). Prior to 15 July 2015 the Benchmark was the MSCI World ex-Australia Index (with net dividends re-invested) expressed in AUD (unhedged). Prior to 1 October 2005, the index was the MSCI World Index (net dividends reinvested) expressed in AUD (unhedged).

Top stocks and their weighting

Company	% of Portfolio
Microsoft	4.6
Facebook	4.0
Tencent	3.1
Siemens	3.0
Celgene	3.0

For more information, visit <http://www.nikkoam.com.au/>

Charity in focus: *beyondblue*

beyondblue works to help all Australians achieve their best possible mental health. *beyondblue* provides services, programs, research and resources to help people who are affected by depression, anxiety and suicide risk to find support whenever they need it. Through strong partnerships with academics, governments, service providers, workplaces, schools and the community, *beyondblue* promotes good mental health for Australians, where they live, learn, work and play.



beyondblue and FGG

Childhood should be 'the wonder years', but half all lifelong mental health issues begin before the age of 14. *beyondblue*'s Healthy Families Program links parents to evidence-based information, research and tools to safeguard children's good mental health or manage their mental health conditions. FGG's on-going support for this five-year program – with its special focus on children from birth to age 12 – will help young Australians achieve a mentally healthy start in life.

One of the first projects in the program supported by FGG was the development of the Healthy Families website (healthyfamilies.beyondblue.org.au). The website assists parents and carers by providing information, practical advice, tips and strategies to help raise healthy, resilient children. The second major project, Children's Resilience Research, will define and measure resilience in children for the first time. The research will underpin the development by *beyondblue* of practical guidance for practitioners – from maternal health nurses to teachers – to build resilience in children. This research is to be completed in mid-2017.

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Q&A with CEO, Georgie Harman

What impact will the FGG funding have on your organisation?

beyondblue works every day to create mentally healthy environments and support people across Australia – whatever their age and wherever they live. Our work to support families has evolved from supporting mums to identify, manage and recover from pre and post-natal depression. The Healthy Families Program expands on this and means we can provide evidence-based resources and support for parents and carers of children from birth to 18 years. With FGG's support, we're able to focus on the early years – where it all starts.

Healthy Families is all about preventing mental health conditions in the first place and equipping families and those who work with kids to know what to do when kids are struggling. The returns on that investment will be life-long. The funding is focused on the 0-12 age range to help fill the gap in age-appropriate resources and supports, and to innovate.

Research shows that prevention initiatives, particularly in the first three years of life, and effective treatment of childhood or adolescent mental health conditions, are far more beneficial and cost-effective than trying to manage mental health conditions later in life or when they have become chronic.

What is the biggest challenge for the organisation?

Stigma stops people of all ages and circumstances from seeking help to manage mental health conditions. Parents and carers often feel pressure that parenting is something that should come naturally and can, therefore, struggle to overcome the stigma associated with participating in parenting programs.

A big challenge for the Healthy Families Program is to break down the stigma associated with parents and carers engaging in these programs and empower them to protect their child's mental health, and in doing so, improve their children's life chances.

What's a burning issue for youth mental health in Australia?

50% of mental health conditions emerge by age 14. A 2015 Commonwealth Government survey into child and adolescent mental health found one in seven children experienced a mental health disorder in a 12-month period. The survey also found 186,000 children aged 12 to 17 reported self-harming, with three quarters saying they had hurt themselves in the previous 12 months.

beyondblue's own research has revealed that four out of five Australian teenagers think people their age do not seek support for depression or anxiety because they're afraid of what others will think of them. And the Australian Bureau of Statistics records suicide as the leading cause of death among young people between the ages of 15-24 years. These alarming statistics demonstrate why it's so important to intervene as early as possible to reduce the impact of depression, anxiety and risk of suicide among our youngest.

Early intervention starts with families having the information and advice to provide their kids with a good start to life – The Healthy Families Program is developing those solutions for families.

Whose work in the mental health space inspires you?

There are more than 8000 people in *beyondblue*'s reference group, [blueVoices](#), who share their experiences of anxiety, depression or suicide, or who support someone affected.

These people are the experts: our barometer and the engine room of our ideas and actions. It's inspiring to have a community that is so engaged with our work – they share their stories, test our ideas, design projects with us, give feedback on our projects and provide position statements on key issues, and they participate in committees, advisory groups and research projects.

The strength of our work and its outcomes depends on the support of our blueVoices' members.

For more information visit <https://www.beyondblue.org.au/>

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