



Investment update

As at 30 September 2018

Snapshot

Pre-tax net tangible assets

\$1.29

Fully franked
dividend yield

3.5%

Gross assets

\$460.4m

Management and
performance fees

0%

futuregeninvest.com.au
ABN 97 063 935 553

Future Generation Investment Company Limited

ASX code	FGX
Date of listing	Sept 2014
Gross assets	\$460.4m
Market cap	\$469.1m
Share price	\$1.335
NTA before tax	\$1.29
Shares on issue	351,351,497
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Annualised fully franked dividends (FY2018)	4.6c
Fully franked dividend yield	3.5%

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

David Leeton
David Paradice AO
Gabriel Radzynski
Kate Thorley
Scott Malcolm

Investment Committee

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

Company Secretary

Mark Licciardo

Performance

	Fin YTD	1 yr	3 yrs % pa	Since inception %pa (Sep-14)
Performance at 30 September 2018				
FGX Investment Portfolio*	8.1%	16.4%	12.4%	10.7%
S&P/ASX All Ordinaries Accumulation Index	6.0%	14.7%	12.4%	7.6%
Outperformance	+2.1%	+1.7%	+0.0%	+3.1%

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

Investment portfolio

In September, the FGX investment portfolio decreased 0.3%. The S&P/ASX All Ordinaries Accumulation Index fell 1.1% for the month. Since inception, the investment portfolio has increased 10.7% per annum, outperforming the benchmark by 3.1%. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 6.3% versus the market's 10.8%.

The spread between the three broad equities is 46.5% long equities, 38.6% absolute bias, 14.4% market neutral and 0.5% cash.

Net tangible asset (NTA) figures

A fully franked interim dividend of 2.3 cents per share was announced on 30 August 2018. Today, the shares are trading ex dividend.

NTA before tax, cum dividend	129.47c
NTA before tax, ex dividend	127.17c*
NTA after tax and before tax on unrealised gains	127.55c
NTA after tax	125.04c

*After the 2.3 cents per share fully franked interim dividend to be paid on 26 October 2018.

Share Purchase Plan and Placement

On 8 October 2018, the FGX Board of Directors announced a Share Purchase Plan (SPP) and Placement. The SPP offers existing shareholders the opportunity to acquire up to \$15,000 worth of ordinary shares in FGX, without incurring any brokerage.

To participate in the SPP please complete the application form that you will shortly receive by post or email. For further information on the SPP and Placement, please contact FGX's Chief Executive Officer, Louise Walsh or Nina Dunn on (02) 9247 9202 or call Boardroom on 1300 737 760.

Shareholder presentations

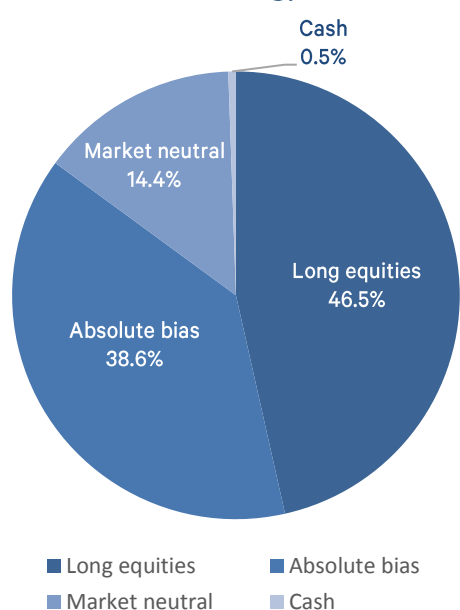
In November, we will be travelling across the country to meet with shareholders to provide an update on the Future Generation companies, including presentations from a selection of our fund managers and designated charities.

Presentations will run from 12.15pm - 1.15pm in each city, followed by lunch. Reserve your place **now**. The Future Generation Investment Forum will be held from 1.45pm - 3.15pm on Thursday, 29 November at the Melbourne Convention & Exhibition Centre.

Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
	Large/Mid Cap Funds (split out below)		12.0%
Paradise Investment	Paradise Mid Cap Fund – B Class	Long equities	6.8%
	Paradise Large Cap Fund	Long equities	5.2%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	11.5%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.5%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	9.1%
	Small/Emerging Companies Funds (split out below)		7.3%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.3%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.0%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	7.1%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.4%
	Long Short/Aus Equities Funds (split out below)		5.1%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.7%
	L1 Capital Australian Equities Fund	Long equities	2.4%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	4.8%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.7%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.7%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.2%
ARCO Investment Management	ARCO Investment Management Absolute Trust	Market neutral	2.7%
CBG Asset Management	CBG Australian Equities Fund	Long equities	2.6%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.5%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.9%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.7%
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		0.5%

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.

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.

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



Fully franked dividends

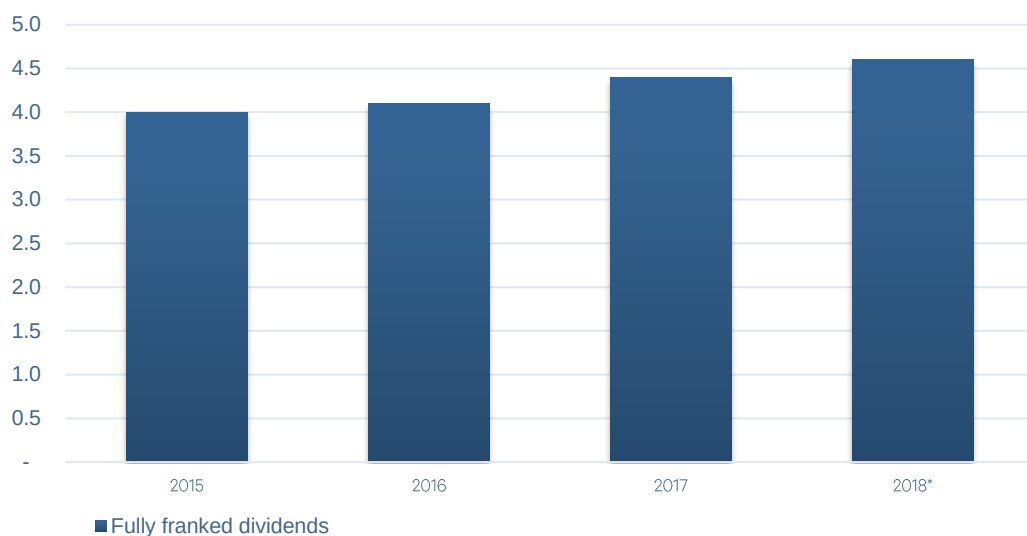
On 30 August 2018, the Board announced a fully franked interim dividend of 2.3 cents per share, an increase of 4.6% on the previous year. The dividend will be paid on 26 October 2018 and the Company trades ex dividend today, 12 October 2018. The DRP is available to shareholders for the interim dividend. The last election date for the DRP will be 17 October 2018.

Key dividend dates

Ex dividend date	12 October 2018
Record date	15 October 2018
Last election date for DRP	17 October 2018
Payment date	26 October 2018

Fully franked dividends since inception

cents per share



*Annualised interim dividend

Fund manager in focus: LHC Capital



LHC Capital is an absolute return focused hedge fund established in 2012 by Stephen Aboud and Marcus Hughes, based in Sydney.

LHC manages its investments through a single vehicle, The Australia High Conviction Fund, available to both onshore and offshore family offices and high net worth individuals on a referral basis.

Since inception the Fund has compounded at 17% per annum. Directors of LHC are personally invested in the Fund. LHC currently manages over \$300 million and is expected to shortly hard close the Fund.

For further information about LHC, please visit www.lhccapital.com

Investment style

The two guiding principles that underpin LHC's investment style are conviction investing and capital preservation. LHC believes that there are very few truly outstanding investment opportunities available at any one time, and LHC seeks to identify and concentrate its capital into these opportunities. To identify and evaluate these opportunities, LHC utilises a heavily research driven approach to understanding companies and the industry structures in which they operate, with a view to forecasting cash generation on a three-to-five year view. LHC sees more opportunity to exploit market inefficiencies at the small and mid-cap end of the market and on a longer rather than shorter term investment horizon basis. Where valuation makes sense, LHC will seek to be long structural winners and short structural losers.

Market outlook

Much is written by many market commentators on the state of the market and the many factors that may drive it higher or lower. LHC does not have any sustainable advantage in being able to call markets better than others, and so we choose not to play this game. Rather, LHC believes it does have sustainable advantage in being able to better forecast the future cash earnings of a business, seeking to own those businesses that can grow their cash flows in any market environment, and short selling those who will suffer from declining cash flows.

LHC Performance

Performance at 31 August 2018	Cal YTD	Fin YTD	Since inception %pa (May-11)	Annualised volatility since inception %pa (May-11)
LHC High Conviction Fund*	13.3%	10.6%	16.7%	10.9%
S&P/ASX 200 Accumulation Index	7.2%	2.8%	8.5%	11.4%
Outperformance	+6.1%	+7.8%	+8.2%	

* Investment performance is net of all costs and fees

Charity in focus: The Mirabel Foundation



About the Mirabel Foundation

Mirabel supports children aged 0 to 17 years old who have been orphaned or abandoned due to parental drug use and who are now being raised by extended family (kinship care), generally grandparents. Most Mirabel children have experienced extreme loss and trauma and have a higher risk of self-harm or drug use during adolescence. Mirabel's programs work at restoring a sense of hope and belonging whilst providing children with opportunities needed to reach their full potential as young adults.

The Mirabel Foundation and FGX

The FGX donations, which support the Toddler to Teen program, provide a range of Mirabel services to a child or young person when most needed. This includes initial assessments, crisis intervention, therapeutic groups and critical educational support. Different emotional challenges arise as children grow up and having the resources to immediately offer assistance for specific issues allows Mirabel to provide not merely intervention but prevention.

To date, FGX has had a significant impact on the lives of over 350 children, resulting not only in providing them with a childhood but also breaking the destructive cycle of addiction. This program has undoubtedly turned the lives around of vulnerable young people who are now leading positive lives in the community. In addition, many of these young people have now established and are part of the Mirabel Alumni Program.

The support from FGX has made it possible for Mirabel to continue our mission and, despite a 23% increase in referrals, never turn a child away who is in need.

For more information, please visit mirabelfoundation.org.au

Q&A with Jane Rowe, CEO

What is your driving motivation in your current role?

To improve the lives of current and future children who present to Mirabel, ultimately breaking the cycle of addiction and disadvantage. To lessen these children's feelings of stigma and social isolation by raising awareness in the community and lobbying governments to start providing equitable support to kinship families. To provide a crucial sense of belonging, hope and educational opportunities to every child.

What is the most challenging aspect of your role?

To raise enough income annually to support the increasing number of Mirabel children. An average of eight new children a week are referred to Mirabel.

What does it mean to have the support of FGX?

The support of FGX has been literally life changing to Mirabel and the children we support. No amount of thanks can ever express our gratitude or the benefits to both the children and the community.

Charities



Service providers

