2019 Full Year Results

ASX Announcement | 28 February 2020

Future Generation Global
INVESTMENT & SOCIAL RETURNS

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- **20.5% investment portfolio performance in 2019***
- **$7.8 million in savings from fees forgone by fund managers, service providers, directors and committee members**
- **$4.9 million invested in high-impact youth mental health focused charities**

Through an investment in Future Generation Global, shareholders are provided with diversified exposure to leading global equity fund managers and the opportunity to change the lives of young Australians affected by mental ill-health.

The company delivered a sound 2019 financial result for shareholders, achieving our primary investment objective of capital growth.

This is reflected in the 660% increase in total comprehensive income to $66.0 million, due to the strong capital growth from our fund managers who generously invest the Company's capital at no cost to shareholders.

Operating profit before tax for the period was $13.1 million and operating profit after tax was $8.6 million.

The investment portfolio increased 20.5%* in the 12 months to 31 December 2019, with an average cash level of 11.5%. The MSCI World Index (AUD) increased 26.9% for the year. Since inception, the investment portfolio has increased 10.2% per annum. This performance has been achieved with less volatility as measured by standard deviation, 8.4% versus the Index's 9.9%

The Company's Investment Committee works to provide investors with risk-adjusted returns derived from a balanced and diversified portfolio allocated to leading global fund managers.

In 2019, Future Generation Global delivered solid investment portfolio performance and demonstrated the strength of its defensive qualities, outperforming the MSCI AC World Index (AUD) in each of the three months the Index returned negative performance during the period.

Since inception, the investment portfolio has collectively outperformed the benchmark by 9.6% during the Index's 22 down months, preserving capital for shareholders.

During the year, the FGG investment portfolio allocation to long equities (56.1% as at 31 December 2019) provided a weighted average return of 29.1%, outperforming the MSCI AC World Index (AUD) by 2.2%. This outperformance was offset by the investment portfolio's exposure to absolute bias strategies and cash and cash equivalents (35.0% and 8.9% respectively as at 31 December 2019).

Our fund managers delivered shareholders $6.8 million in savings during 2019 through forgone management and performance fees. The value of the leading service providers, including the Board and Investment Committee working on a pro bono basis, totalled $1.0 million. These savings to shareholders exceed the annual investment to charities each year.

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

September 2020 marks the fifth anniversary of Future Generation Global and we are pleased that the Company is on track to deliver its fifth annual investment of approximately $5.9 million, bringing the total investment since inception to an estimated $20 million.

We are proud to provide ongoing support to our designated charities who are helping to improve the lives of young Australians affected by mental ill health. During the year, we undertook a comprehensive review of our designated charities' performance to ensure Future Generation Global's significant social investment continues to result in measurable outcomes.

In October, Future Generation released its report *Australia's mental health crisis: why private funders are not answering the call*, commissioning EY to survey 56 leading philanthropists and corporate foundations to understand why private investment in the mental health sector is particularly poor and called on governments, charities and private funders to adopt six recommendations.

In 2019, engaging and communicating with our shareholders was a particular focus for us and the team and I greatly enjoyed calling all of our shareholders, for whom we have telephone numbers, to ask for feedback, discuss Future Generation's investment and social returns and share our strategy to close the discount to NTA.

On Thursday 12 March 2020 at 11.00am – 12.00pm (Sydney time) we will discuss the 2019 result in detail during our Investor Conference Call.

We will be travelling around the country to meet with our shareholders in May. We look forward to seeing you there.

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Highlights

2019 investment portfolio performance*

20.5%

Savings on management fees, performance fees and services forgone

$7.8m

Invested in high-impact youth mental health focused charities

$4.9m

Investment portfolio performance

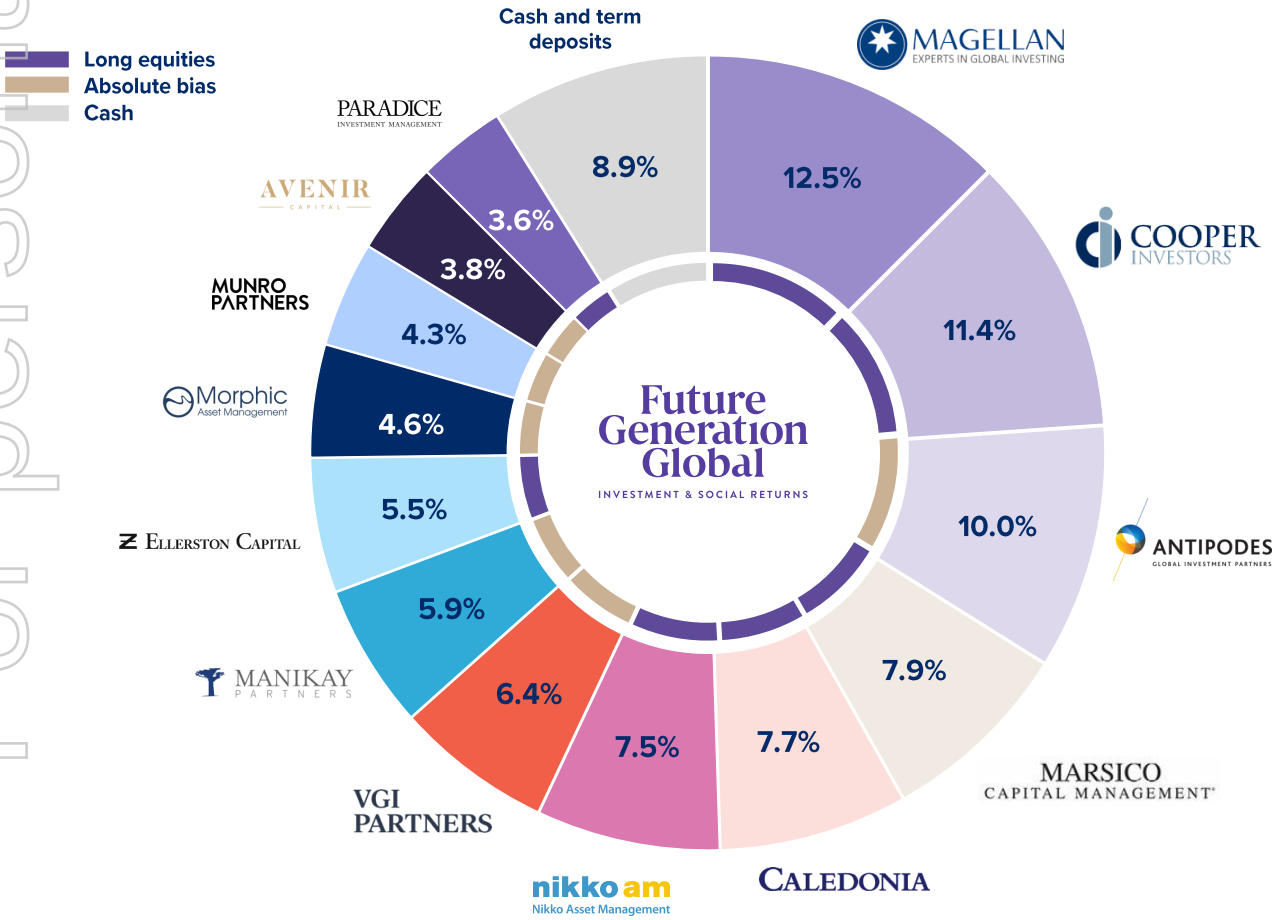
as at 31 December 2019

	1 yr	3 yrs %pa	Since inception %pa (Sep 15)	Volatility (% standard deviation)
FGG Investment Portfolio*	20.5%	13.3%	10.2%	8.4%
MSCI World Index (AUD)	26.9%	13.5%	11.2%	9.9%

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

Fund Manager allocations

as at 31 December 2019



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Fund managers

Charities

Service providers