

Investment Update & Net Tangible Assets Report

As at 31 August 2015



FUTURE GENERATION
INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

NTA before tax	112.43c
NTA after tax and before tax on unrealised gains	111.49c
NTA after tax	112.66c

The above figures are not diluted for 181,356,187 options on issue with an exercise price of \$1.10.

Portfolio

In August 2015, the portfolio outperformed the market by 4.6%. The FGX portfolio declined 2.7%, while the S&P/ASX All Ordinaries Accumulation Index fell 7.3%. The allocation to the managers has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, market neutral and cash. The company is currently 48.3% long equities, 23.3% absolute bias, 17.0% market neutral and 11.4% cash.

Fund manager	Investment	Strategy	% of assets
Paradice Investment Management	Large/Mid Cap Funds (split out below)		10.1%
	Paradice Australian Equities Mid Cap Fund	Long equities	5.3%
	Paradice Large Cap Fund	Long equities	4.8%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	9.9%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	9.8%
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	7.9%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.9%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	7.2%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	6.8%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.1%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	4.9%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	3.9%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	3.6%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	3.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	2.8%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.6%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.5%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	1.4%
	Cash and Term Deposits	Cash	11.4%

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Total assets	\$209.0m
Market cap	\$200.7m
Share price	\$1.09
Net assets per share (before tax)	\$1.12
Shares on issue	184,115,404
Options on issue	181,356,187
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 Investment Company Limited gives investors the opportunity to gain unprecedented access to a group of prominent Australian fund managers in a single investment vehicle and also support Australian children's charities, with a focus on children at risk.

Experienced Board

Chairman
Jonathan Trollip

Founder and Director
Geoff Wilson

Directors
Paul Jensen
Gabriel Radzysinski
Kate Thorley
David Leeton
Scott Malcolm
David Paradise

Investment Committee
Geoff Wilson, Gabriel Radzysinski and Matthew Kidman

Joint Company Secretaries
Sarah Maddox/Mark Licciardo

Corporate Affairs
James McNamara

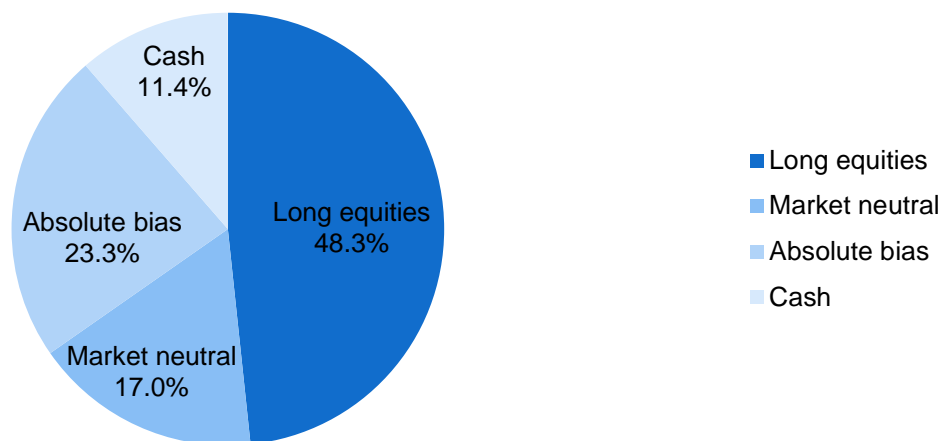
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Investment strategy allocation (% of assets)



Fund Managers

Charities

Service Providers

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Fund manager in focus: Sandon Capital

SANDON CAPITAL

About Sandon Capital

Sandon Capital is an activist investment firm established in 2008. We are relentless in our pursuit of identifying value opportunities in companies and unlocking value for Australian shareholders. Sandon Capital is the investment manager of Sandon Capital Activist Fund and Sandon Capital Investments Ltd, an ASX listed investment company (ASX: SNC).

Our investment style

We are a value investor, employing what is commonly known as “activist” techniques to extract and enhance the value of the investments we make. We seek to identify companies that offer value, coupled with an opportunity to create a change to realise that value.

Rather than trying to passively predict future events, we seek to actively play a role in determining a company’s future. We do so by taking an active role in proposing changes in the areas of corporate governance, capital management, strategic and operational issues, management arrangements and other related activities. Our approach to activist investing is about ensuring companies operate in the best financial interests of the shareholder.

The objective of Sandon Capital’s investment strategy is to deliver positive absolute returns to investors. We aim to achieve this objective by seeking to invest in opportunities that we consider are trading below their intrinsic value and that offer the potential for active engagement to alter the status quo and improve or extract value.

Our market outlook

We believe that current market conditions offer significant opportunities for value investors: volatility, uncertainty and the propensity of the market to over- or under-react to events will lead to mispricing of securities relative to their intrinsic values.

We consider such conditions as being ideal for our investment strategy, as much of what drives the turmoils affects price far more than value. Following the recent market declines, the market prices of a number of companies we follow have become attractive relative to our assessment of their value. For example, we recently acquired shares in a New Zealand retailer, Smiths City Group Ltd, at a market price that was just over half the net tangible asset backing per share of the company.

Our portfolios are holding between 15% and 21% in cash, and have investments in a number of companies that are either set to return capital to us in the next few months or are the subject of agreed takeover proposals that we expect will yield further cash to the portfolios. Our cash levels mean we are well placed to take advantage of further market volatility.

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Designated charity in focus: Australian Children's Music Foundation

About The Australian Children's Music Foundation

The Australian Children's Music Foundation (ACMF) is a not-for-profit organisation inspiring creativity and imagination by providing weekly music education classes and instruments to disadvantaged and indigenous children and youth at risk throughout Australia. Research has proven the importance of music in the development of social and cognitive skills in children - yet so many children don't have access to music lessons throughout their schooling.



"Children who undertake formal, ongoing musical education have significantly higher levels of cognitive capacity, specifically in their language acquisition and numerical problem solving skills. They also continue in education for longer, reverse the cognitive issues related to disadvantage and earn and contribute more on average across their lifetime."

Dr Anita Collins, Assistant Professor of Music and Arts Education at the University of Canberra.

Music has the power to connect and engage with the lost and abused children within our society and enrich their lives into the future. Music unlocks the transformational influence of education.

The ACMF faces a constant challenge to deliver programs around Australia; dependent on a patchwork of funding sources including Government, corporate partners, private trusts, foundations and individual benefactors. In this context, we are grateful for support from FGX and its shareholders, which is vital to facilitate program delivery.

The Australian Children's Music Foundation and FGX

Funding received from FGX will be directed towards programs in Taree in NSW's mid-north coast and Sunshine, in the western suburbs of Melbourne. Most of the students in these areas come from severely disadvantaged backgrounds. FGX funding will allow the ACMF to bring music into the lives of approximately 2,800 students.

Case study

Coming from a difficult family situation, Torrens was moved to a different city to be cared for by her grandparents. By chance, she was enrolled at a school that was supported by an ACMF program – which was to become life changing for her.



Torrens had commenced school as a fragile, timid child. She hated to be looked at or singled out but she looked forward to when the ACMF teacher would come and there would be music, singing and instruments. Choir was perfect for this little girl, who could hide anonymously amongst the other children and sing to her heart's delight. At home her grandparents noticed that tantrums and tears were beginning to be replaced by smiles and singing. Previous distracted behaviour was replaced with focus and her confidence and self-esteem soared.

ACMF music programs have enriched Torrens' life. She has been awarded an indigenous scholarship and accepted into an exceptional boarding school with a tradition of musical excellence. Torrens now participates in their nationally awarded music extension program. Thanks to the wonderful donors who contribute to these programs, Torrens has developed a deep love of music and a sense of self-worth and music has brought hope into the life of her and her family.

Torrens receiving her donated violin from ACMF founder and CEO Don Spencer.