

Investment Update & Net Tangible Assets Report

As at 31 January 2015



FUTURE GENERATION
INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

NTA before tax	108.55c
NTA after tax and before tax on unrealised gains	109.06c
NTA after tax	109.10c

The above figures are not diluted for 181,635,704 options on issue with an exercise price of \$1.10

Portfolio

The portfolio continues its solid performance, now that it has been invested with 14 of Australia's leading fund managers. In January, the portfolio was up 1.5%.

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 long equities portion of the portfolio includes exposure to large cap, mid cap and small cap stocks with an overweight position in mid and small cap stocks. The company is currently 49.4% long equities, 19.7% market neutral, 15.9% absolute bias and 15.0% cash.

Fund manager	Investment	Strategy	% of assets
Paradise Investment Management	Large/Mid Cap Funds (split below)		10.6%
	Paradise Australian Equities Mid Cap Fund	Long equities	5.4%
	Paradise Large Cap Fund	Long equities	5.2%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.4%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	9.8%
Bennelong Long Short Equity Management	Bennelong Alpha 200 Fund	Market neutral	7.9%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	7.6%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	7.1%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.0%
Cooper Investors	CI Australian Equities Fund	Long equities	5.3%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	4.8%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.2%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	3.6%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	2.6%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.6%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.5%
	Cash and term deposits	Cash	15.0%

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Total assets	\$200.0m
Market cap	\$204.1m
Share price	\$1.11
Net assets per share (before tax)	\$1.09
Shares on issue	183,835,887
Options on issue	181,635,704
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

Jonathan Trollip
Chairman

Geoff Wilson
Founder and Director

Paul Jensen
Director

Gabriel Radzynski
Director

Investment Committee

Geoff Wilson, Gabriel Radzynski and Matthew Kidman

Company Secretaries

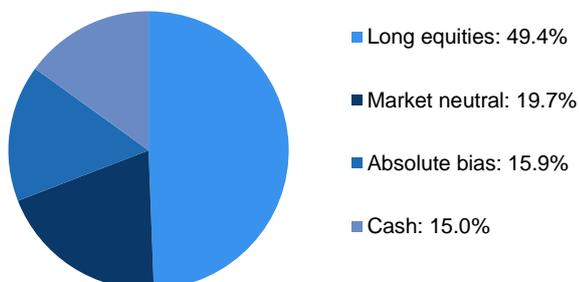
Kate Thorley
Mark Licciardo

Communications Manager
James McNamara

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Investment strategy allocation (% of assets)



Fund manager in focus: Wilson Asset Management

About us

Wilson Asset Management is a boutique investment manager established in 1997 by Geoff Wilson and is based in Sydney. Wilson Asset Management is the Investment Manager of three listed investment companies (LICs), WAM Capital Ltd (ASX: WAM), WAM Research Ltd (ASX: WAX) and WAM Active Ltd (ASX: WAA) and one unlisted fund, Wilson Asset Management Equity Fund (WAME), with assets under management of over \$885 million.



WILSON
ASSET MANAGEMENT

Our investment style

At Wilson Asset Management, our focus is on investing in growth companies with an emphasis on identifying stocks that are under researched and undervalued. These tend to be small to medium sized industrial companies listed on the Australian Stock Exchange. As stock pickers, we take a fundamental 'bottom up' approach to investing utilising our rigorous proprietary rating process to assess companies for investment. Our flat management structure allows us to act quickly seizing on opportunities in the market as they arise. We have flexible investment mandates which allow us to hold cash when we do not believe there are opportunities in the share market. We have an absolute return, benchmark unaware focus.

Our market outlook

The Australian equity market closed up 3.0% this month, after rallying 5.2% in the last two weeks of January. This was mainly driven by the European Central Bank's announcement of further stimulus. The quantitative easing programme will see the ECB buy over €1 trillion of government bonds until September 2016, an announcement that came at the top end of market expectations.

Locally, the CPI figure announced 28 January was weaker than expected, which contributed to the Reserve Bank of Australia's decision to reduce the cash rate to 2.25% in February. As expected, this has been positive for equity markets where at the time of writing the market has rallied 12% since mid December.

As we enter into corporate earnings season, we will be meeting with over 100 companies to get a full understanding of their businesses and the broad economic conditions, which will help shape our decision making for the year ahead. We expect to see the positive impact of the looser monetary policy on company earnings and the wider economy in the later part of 2015. Our investment portfolio remains well positioned to take advantage of opportunities as they arise.

For further information about Wilson Asset Management, please go to: www.wamfunds.com.au

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Designated charity in focus: United Way

What is United Way?

United Way Australia (UWA) is part of a global network which in 2014 mobilised 2.2 million volunteers to improve education, income and health across 41 countries and territories. UWA believes everyone deserves the opportunity to reach their full potential.

UWA does this by mobilising people, organisations and communities to improve the lives of Australians living in disadvantage through early interventions that prepare children to read, learn and succeed in life.



UWA's early literacy program, Ready to Read, is a highly targeted program which combines free monthly book deliveries to children from birth until 5 years old, literacy resources for families and community events via cross-sector partnerships to raise awareness of the importance and enjoyment of shared reading with young children. The program centers around the importance of helping parents and grandparents become a child's first educator, long before they start school. A recent evaluation of this program revealed it is on track to halving the percentage of children commencing school 'developmentally vulnerable' in the communities it works.

We are delighted to be a part of the Future Generation Investment Company's vision to support children at risk. UWA invites shareholders and investment partners to be a part of change that ensures all Australian children start school ready to read, learn and succeed in life.

Why focus on early literacy in Australia?

By the time a child reaches 5 years old, their development pathways are already set. From 0-5 years of age, the brain reaches 90% of capacity. The role of early literacy development in changing lives simply cannot be underestimated; poor adult literacy is linked to high unemployment, lower earnings, low self-esteem and high rates of substance abuse.

Australian Early Development Census figures show that approximately one in five Australian children (22%) start school developmentally vulnerable. This percentage is even higher in disadvantaged communities.

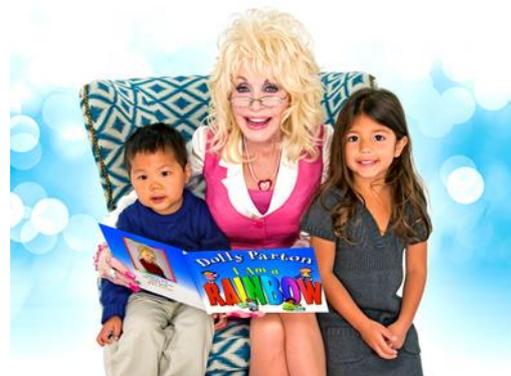
Studies indicate that early intervention is the most cost-effective strategy for producing higher reading results in school, with the most successful programs targeting both child and parent.

How FGX creates impact with United Way Australia: The Ready to Read program

FGX's funding will help UWA reach their goal of providing 13,000 children from some of Australia's most disadvantaged communities access to their early literacy program. This equates to approximately 100,000 books and parent resources being delivered direct to homes this year alone.

UWA's Ready to Read project integrates global best practice to target children in low socioeconomic status communities where school readiness issues are complex, by providing:

- Access to Dolly Parton's Imagination Library, a book distribution program delivering age-appropriate books into the homes of 0-5 year olds.
- Parent and family support via monthly resources that increase shared reading skills and connections to local early literacy services.
- Community-level change through establishing early literacy coalitions to spread how important and enjoyable shared reading is.



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A 2014 evaluation revealed significant positive change in reading behaviours and attitudes, including:

- Children in the program are now almost twice as likely to ask to be read to (increased from 40% to 77%).
- A 16% increase in parents reading daily with their children
- More book sharing between siblings and greater engagement with fathers
- Increased shared reading skills, especially for parents with low literacy or from non-English speaking backgrounds.

“My daughter can’t wait to receive her book she loves the surprise and reads and re-reads it constantly.” VIC parent

“When I was younger, I never wanted to read. That’s why it’s a bit hard to read. I’m enjoying trying to teach my children to read. I’m getting better at it.” NSW parent

“It just made us more like a family unit, with my husband especially... it has brought us closer together.” QLD parent

“I like the little hint sheet that comes with it to tell you how to interact. It helps me to use the book in a different way... I have sort of a cheat sheet.” NSW parent

We are at an exciting time in our evolution; with a dedicated board, expert staff, and a proven track record for excellence and delivery. We are ambitious and well positioned to grow our impact and reach in Australia and would very much appreciate your support in making this happen.

If you would like further information on UWA or want to make a direct donation, please contact Dr Lyndsey Mckee on 02 9321 0305 lyndsey.mckee@unitedway.com.au or visit www.unitedway.com.au

