

Investment Update & Net Tangible Assets Report

As at 31 March 2017



FUTURE GENERATION
INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

The following NTA figures are before the 2.1 cents per share fully franked final dividend due to be paid on 21 April 2017.

NTA before tax	116.27c
NTA after tax and before tax on unrealised gains	116.52c
NTA after tax	115.47c

Portfolio

In March, the portfolio increased 1.6%, while the S&P/ASX All Ordinaries Accumulation Index rose 3.2%. The spread between the three broad equities is currently 38.0% long equities, 36.6% absolute bias, 13.9% market neutral and 11.5% cash.

Fund manager	Investment	Strategy	% of assets
	Large/Mid Cap Funds (split out below)		10.9%
Paradice Investment	Paradice Australian Equities Mid Cap Fund	Long equities	6.0%
	Paradice Large Cap Fund	Long equities	4.9%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.1%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	9.3%
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	8.5%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.4%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	7.1%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	5.8%*
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.1%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.3%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.1%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	2.8%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.8%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.4%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	2.1%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.8%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.6%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.6%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.2%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	0.6%
	Cash and Term Deposits	Cash	11.5%

* Includes committed application which has been processed.

Shareholder Presentations & Investment Forum

Beginning Monday 15 May 2017 in Melbourne, we will be holding nationwide Shareholder Presentations for the Future Generation companies. For full details and to RSVP, visit www.futuregeninvest.com.au/RSVP. Future Generation will also hold its inaugural Investment Forum in Sydney on Tuesday 16 May 2017. The forum will provide investors access to exclusive investment ideas in a series of five-minute presentations from FGX and FGG's domestic and global fund managers. For more information and to register, click [here](#).

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Gross assets	\$408.2m
Market cap	\$406.2m
Share price	\$1.165
Net assets per share (before tax)	\$1.163
Shares on issue	348,655,173
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Annualised fully franked dividends (FY2017)	4.2c
Fully franked dividend yield	3.6%

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 charities, with a focus on children and youth at risk.

Chairman

Jonathan Trollip

Founder and Director

Geoff Wilson

Directors

David Leeton
David Paradise
Gabriel Radzysinski
Kate Thorley
Scott Malcolm

Investment Committee

Bruce Tomlinson
David Smythe
Gabriel Radzysinski
Geoff Wilson
Matthew Kidman

Chief Executive Officer

Louise Walsh

Company Secretary

Mark Licciardo

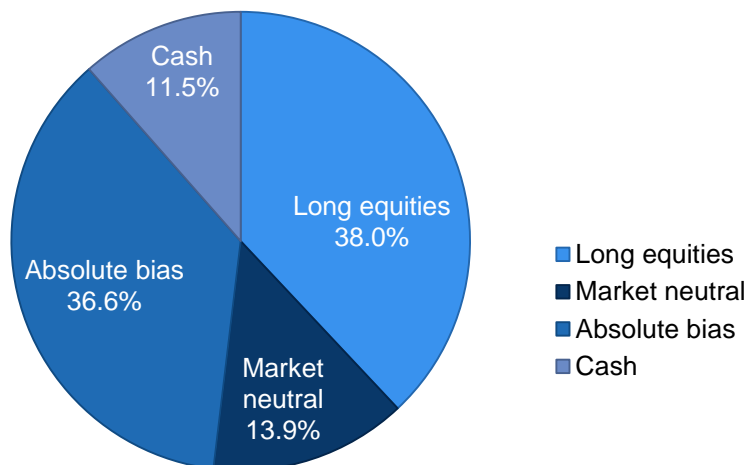
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Investment strategy allocation (% of assets)

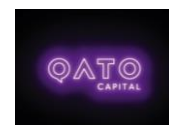


Long equities – investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange.

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 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



Fund manager in focus: Cooper Investors

Cooper Investors Pty Limited (CI) is a specialist equity fund manager with funds under management of approximately \$12 billion. We commenced operations in 2001 and have an investment team totalling 19 people across Australian and Global research. CI is 100% owned by its employees.



CI manages six pooled wholesale trusts (the CI Australian Equities Fund, the CI Pensions Fund, the CI Asian Tiger Fund, the CI Brunswick Fund, the CI Global Equities Fund and the CI Global Equities Fund (Unhedged)) along with a number of individual mandates which invest in either Australian equities, international securities or a mixture of both. Employees are encouraged to invest in the CI trusts.

Our investment style

CI is a long-term observational investor. CI prefers to allocate capital to companies and industries with a specific value proposition that are performing well or in an early phase of turnaround (observation of operating, industry and strategic trends) with focused management (value based leadership).

CI uses VoF as a discipline to process complex qualitative and quantitative information on stocks and industries. VoF stands for: Value latency; Operating, industry and strategic trends; and Focused industry and management behaviour.

The CI investment team undertake an intensive program of industry and company visits gaining insights and knowledge of stocks, industries and themes. In the last financial year the investment team participated in over 1,000 one-on-one company or industry meetings.

Our market outlook

Following the election of Donald Trump as President of the US late in 2016, global markets have maintained positive upward momentum on the expectation the new President will enact policies favourable to business. In addition, forward looking metrics of economic output in Europe and Asia (so called PMI indexes) suggest the outlook for corporate profitability in these regions is also improving. Broadly, we expect this momentum will continue although there are a number of risks that are particularly relevant to the Australian economy.

Over the prior 12 months, Australian resource companies have benefited from a significant recovery in commodity prices. Recently however, some of this recovery has started to unwind (in particular iron ore prices have fallen ~30%). Australia's economy is highly exposed to economic activity in China, not only via the resources sector but also in terms of agriculture and tourism. The secondary impact on the related services sector is also significant. Given the opaque nature of China's economy this makes Australia's future particularly hard to predict. As one example, rising debt levels in China will at some stage impact the sustainability of growth in China's domestic economy. However, this might not present as an issue for five or 10 years.

Looking forward the other key issue is how the Australian economy will be impacted by what is now world beating levels of household indebtedness. Domestic households are now highly exposed to rising interest rates. Combined with likely increases in gas, electricity and telecoms (NBN) prices and subdued growth in wages, this suggests household discretionary spending is likely to come under pressure. This has particular relevance to some discretionary retailers and potentially some providers of consumer finance.

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Performance to 31 March 2017

	1 mth	FYTD	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)	Since inception July 2002 (p.a.)
CI Australian Equities Fund	2.9%	8.4%	14.1%	9.9%	15.4%	7.2%	12.8%
S&P ASX 200 Accumulation Index	3.3%	15.9%	20.5%	7.5%	11.1%	4.3%	8.8%
Outperformance	-0.4%	-7.6%	-6.4%	2.3%	4.3%	2.9%	3.9%

For more information on CI, visit www.cooperinvestors.com

Charity in focus: Variety – The Children’s Charity



About Variety

Variety supports children and families facing challenges through sickness, disability and disadvantage, with programs and equipment helping children at risk through increased access to mobility, communication and participation. Assistance from Variety helps children participate in schooling and other activities in their local community, impacting independence, self-esteem and overall well-being. Variety receives no government funding.

Variety and FGX

FGX funding supports Variety’s National Scholarships Program for children with an existing talent who are disadvantaged or have a disability and who do not have financial support to excel in their field. In 2016, FGX’s funding supported 29 scholarships in every Australian state and territory, with the average scholarship being \$2,500 per child. Scholarship categories include a wide array of sporting, academic and artistic pursuits. In 2016, 43% of scholarships granted were to children who faced socio-economic marginalisation, often in regional areas, and the remaining 57% had a disability.

Q&A interview with David Sexton, CEO

What is your driving motivation in your current role?

It’s a privilege to lead a wonderful organisation with such a rich history in helping sick, disadvantaged and disabled children. I’ve been in the role for a short period and plan to use my skills and experience in both for-profit and not-for-profit sectors to grow the outcomes and impact we have for Aussie kids in need. Last year Variety granted over \$3 million in NSW/ACT and nationally Variety granted \$1 million per month; directly impacting tens of thousands of children. I want to see these numbers increase significantly over the coming years.



What is the most challenging aspect of your role?

Variety works in a complex and changing environment. Understanding the impact of significant changes to the landscape we operate in, such as the rollout of the National Disability Insurance Scheme, is crucial to ensure we meet the needs of the children, families and organisations we are committed to supporting. This requires us to invest time in reviewing the way in which we currently deliver our grants and programs, be open to modifying our current approach, and be actively seeking new and innovative ways in which we deliver our mission.

What does it mean to have the support of FGX?

We value innovation and Variety – the Children’s Charity has a long heritage of being a pioneering organisation, and we have many examples of this in the work we do and the fundraising we undertake. The partnership with FGX is a stunning example of innovation in providing much needed funds to Australian charities and has already delivered significant returns in a short period of time.

For more information about Variety, visit [//www.variety.org.au](http://www.variety.org.au).