

Dear Fellow Shareholder,

Outperformance

Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG) both outperformed their respective indexes during August. The FGX investment portfolio increased 6.3%^{*} during the month, while the S&P/ASX All Ordinaries Accumulation Index rose 3.7% and the FGG investment portfolio increased 3.4%^{*}, while the MSCI AC World Index (AUD) rose 2.6%. For the financial year to date, the FGX investment portfolio has outperformed the S&P/ASX All Ordinaries Accumulation Index by 7.7%^{*} and the FGG investment portfolio has outperformed the MSCI AC World Index (AUD) by 6.7%^{*}.

Since inception, FGX's investment portfolio has increased 8.7%^{*} per annum and FGG's investment portfolio has increased 10.1%^{*} per annum. This investment portfolio outperformance has been achieved with less volatility than their respective indexes, as measured by standard deviation.

2020 Half Year Results

During the month, the FGX Board of Directors [announced](#) the 2020 half year results, including investment portfolio outperformance of 3.3%^{*} for the period and a 2.6 cents per share fully franked interim dividend, an 8.3% increase on the prior corresponding period. The fully franked interim dividend represents an annualised fully franked dividend of 5.2 cents per share.

The FGG Board of Directors [announced](#) the 2020 half year results in August, including investment portfolio outperformance of 4.7%^{*} and a 2.0 cents per share fully franked dividend, a 33.3% increase on the prior year. FGX held an estimated profits reserve of 8.9 cents per share and FGG held an estimated profits reserve of 6.9 cents per share as at 31 August 2020.

FGX will soon make its sixth annual investment to our charity partners who work with Australian children and youth at risk, and FGG will soon make its fifth annual investment to our charity partners who work to support young Australians facing mental ill

health, with investments of \$4.8 million and \$5.7 million respectively. This will bring the total combined investment to our charity partners since inception to \$41.2 million.

Investor Conference Call

We held an Investor Conference Call in early September where Founder and Director Geoff Wilson AO and I were joined by L1 Capital Joint Managing Director and Chief Investment Officer Mark Landau and Munro Partners Founding Partner and Chief Investment Officer Nick Griffin. Geoff and I discussed the 2020 half year results and Mark and Nick shared their views on the market, current portfolio positioning and their top stock pick. Insights from the call were covered by the [Australian Financial Review](#). If you missed the call, you can listen to the recording, read the transcript and see the slides [here](#).

Conversations with Future Generation podcast

This week I spoke with investor Peter Morgan for episode six of [Conversations with Future Generation](#), which was covered by the [Australian Financial Review](#).

Peter is a veteran stock picker having begun his career at Perpetual before going on to establish \$9 billion fund manager 452 Capital. Peter shared his market outlook, comparisons of the pandemic to other major events during his career and insights into his years at 452 Capital and Perpetual.

Conversations with Future Generation is available on [Spotify](#), [Apple Podcast](#), [Google Podcast](#) and [Podbean](#).

Stay safe,



Louise Walsh
Chief Executive Officer



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

\$41.2m

SOCIAL
INVESTMENT
TO 2020



\$4.8m

Future
Generation
Australia 2020

\$5.7m

Future
Generation
Global 2020

2020 total social
investment

\$10.5m

2020 annualised
management fees,
performance fees
and services forgone

Total annualised
fees forgone
since inception to
2020

\$13.1m

\$69.6m

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2014)
125.17c	\$505.7m	8.7%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation*	Volatility [^]
124.98c	\$439.4m	11.8%
		S&P/ASX All Ordinaries Accumulation Index: 14.7%
Net tangible assets after tax	Annualised fully franked interim dividend yield*	Dividends paid since inception (per share)
122.52c	4.7%	22.1c

*Based on the 31 August 2020 share price of \$1.10 per share and the annualised fully franked interim dividend of 5.2 cents per share. Future Generation Australia has 399,421,517 shares on issue.

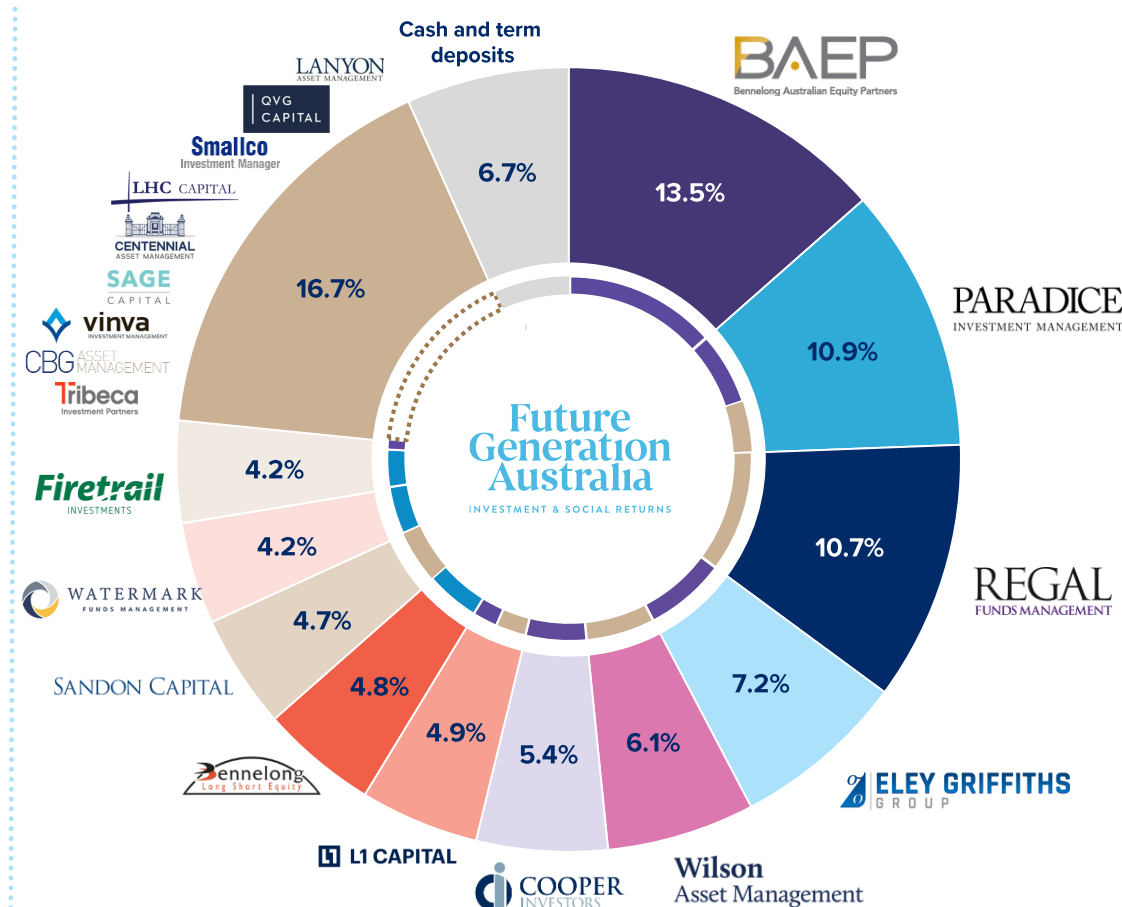
[^]Volatility is measured by standard deviation.

Investment portfolio performance at 31 August 2020	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa (Sept-14)	Since inception %pa
Future Generation Australia	6.3%	4.6%	1.5%	5.3%	8.8%	9.4%	8.7%
S&P/ASX All Ordinaries Accumulation Index	3.7%	-2.5%	-6.2%	-3.5%	6.7%	7.9%	6.1%

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

Fund manager allocations

0% management fees
0% performance fees



16.7% fund manager breakdown

Tribeca Investment Partners	2.5%	LHC Capital	1.6%	Long equities	43.4%
CBG Asset Management	2.5%	Smallco Investment Manager	1.6%	Absolute bias	37.6%
Vinva Investment Management	2.4%	QVG Capital	1.3%	Market neutral	12.3%
Sage Capital	2.0%	Lanyon Asset Management	1.0%	Cash	6.7%
Centennial Asset Management	1.8%				

During the month, Future Generation Australia exited its holding in the Paradise Australian Equities Fund and redeployed the cash into the Paradise Long Short Australian Equities Fund.

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2015)
155.50c	\$617.0m	10.1%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [*]
154.48c	\$510.2m	9.3% MSCI AC World Index (AUD): 10.6%
Net tangible assets after tax	2020 fully franked dividend	ESG aware [^] (of the portfolio)
144.86c	2.0c	98.8%

[#]Based on the 31 August 2020 share price of \$1.30 per share and 392,455,012 shares on issue.

^{*}Volatility is measured by standard deviation.

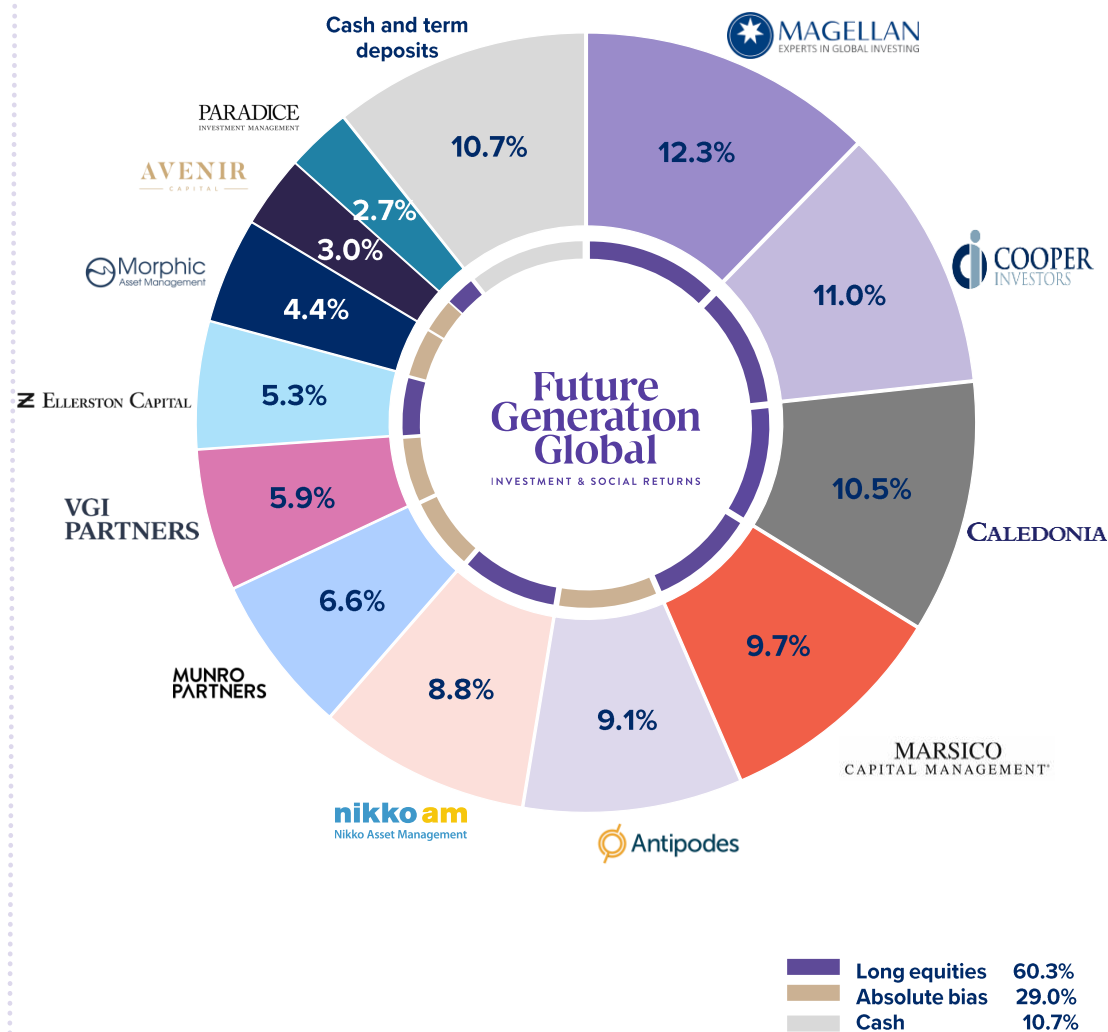
[^]Based on the 2019 Annual Report.

Investment portfolio performance at 31 August 2020	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	3.4%	3.2%	6.3%	12.0%	13.9%	10.1%
MSCI AC World Index (AUD)	2.6%	1.2%	-0.4%	6.1%	11.6%	9.5%

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

Fund manager allocations

0% management fees
0% performance fees



The Future Generation companies provide exposure to leading Australian and global fund managers.

Future Generation Australia fund managers:



Future Generation Global fund managers:



Fund manager in focus:



About us

Magellan Asset Management Limited (Magellan) is an Australian-based asset manager that is a wholly owned subsidiary of Magellan Financial Group Limited, an ASX top-100 company that was formed by Hamish Douglass and Chris Mackay in Sydney in 2006.

Magellan offers global equities, global sustainable and global listed infrastructure strategies to private and institutional investors in Australia and to institutional investors overseas.

Our investment philosophy

Magellan seeks to invest in a portfolio of outstanding global companies at a discount to the assessment of their intrinsic value. Magellan considers high-quality companies to be ones that have sustainable competitive advantages that translate into returns on capital in excess of their cost of capital for a sustained period. Magellan's unique investment approach is based on two principal objectives; to achieve attractive risk-adjusted returns over the medium to long term while reducing the risk of permanent capital loss.

Our market outlook

Global stocks reached record highs in August but there is no shortage of risks. Key to the outlook will be the pace of economic reopening and policymaker responses and there are four possible scenarios.

The best scenario is a V-shaped recovery; a fleeting recession. This would require a quick and successful reopening supported by policymakers, with most furloughed workers returning to their pre-pandemic hours. This scenario still appears relatively unlikely.

The worst scenario is a depression, where reopening is very slow and there is a policy error, hurting employment and output. This would be the worst outcome for markets but also appears relatively unlikely.

The two middle scenarios are a U-shaped recovery from a recession and a prolonged and deep recession. The downturn that occurred after the global financial recession lay between these two scenarios. It is still challenging to predict definitively if the current downturn will be more or less severe than the recession of 2008-2009.

Magellan Global Fund

Performance at 31 August 2020	6 mths	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	Since inception %pa (Jul-07)
Magellan Global Fund*	1.0%	5.8%	16.6%	11.5%	14.3%	16.1%	12.1%
MSCI World Net Total Return Index (AUD)	0.9%	6.4%	12.4%	9.5%	12.6%	12.8%	6.5%
Outperformance	+0.1%	-0.6%	+4.2%	+2.0%	+1.7%	+3.3%	+5.6%

*Investment portfolio performance is based on exit price with distributions reinvested, after ongoing fees and expenses.

For more information, visit magellangroup.com.au

About Act For Kids

Act for Kids is an Australian charity providing therapy and support services to children and families who have experienced or are at risk of child abuse or neglect. Act for Kids operates under three pillars of service – prevention, treatment and education. In the most recent financial year, Act for Kids worked with over 44,000 people across Australia.

Act for Kids and Future Generation

Future Generation Australia has generously supported Act for Kids to help provide life-changing therapy to treat child abuse and neglect since 2015. The generous investment is used to increase therapy services and national reach. Future Generation Australia's investment supports vulnerable children and families in Melbourne, Western Sydney, Adelaide and Ipswich.

In 2015, 85 children received therapy and Act for Kids have since grown therapy services with over 527 kids working with therapists in 2019-2020. To date, more than 2,100 children and young people and nearly 1,000 parents and carers have received trauma-informed therapy since the invaluable support of Future Generation Australia began.

Q&A Dr Katrina Line, CEO of Act for Kids

What do you enjoy most about your role?

I'm new to the role of CEO as of the end of August, but not brand new to Act for Kids. I joined the organisation as a psychologist in 2006 and I'm still loving my job. The work we do at Act for Kids is incredibly rewarding, it makes lifelong positive improvements for individuals that are measured by healthy development, achieving at school, gaining employment, having loving relationships and hopefully going on to be good parents themselves.

What is the most challenging aspect of your role?

It is the scale of the issue of violence, abuse and neglect in Australian families and communities. Not only do the child protection statistics increase every year, this year the news has been full of stories of violence, stress and distress in families during the coronavirus pandemic. We provided services to over 44,000 people in the last financial year, but that is not enough. Referrals for all of our services have increased by approximately 30% in the last three months. This is challenging, but we pride ourselves on working hard for our clients during the most difficult times.



How has Act for Kids pivoted its support for young people during the coronavirus crisis?

Act for Kids' services were considered essential in each state and we had no thought of closing down. Within the first two weeks of lockdown measures, we realised a strategic goal to implement a robust telehealth program nationally. We conducted due diligence on preferred platforms to make sure they met legislative and regulatory requirements, negotiated a contract with a platform provider, developed procedures, trained practitioners, bought more laptops and set up online therapy work stations in practitioners' homes across the country. We purchased iPads and data for families with no technology or access to the internet, so their children could continue with therapy and online schooling. We successfully provided 2,081 telehealth sessions in the period from mid-April to June.

What does it mean to have the support of Future Generation?

Without the investment from Future Generation Australia we would not be able to offer therapy to as many vulnerable children and young people. The investment enables us to help more kids and meet our organisational purpose and create lasting impact for the community. Future Generation Australia's generous investment increase the sustainability of our services and ensure that we are able to meet the growing demand for trauma-informed therapy.

For more information, visit actforkids.com.au

Our designated charities



SANE AUSTRALIA



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as
at 31 August 2020**

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	13.5%
	Mid/Large Cap Funds (split out below)		10.9%
Paradice Investment Management	Paradice Mid Cap Fund – B Class	Long equities	6.4%
	Paradice Long Short Australian Equities Fund	Absolute bias	4.5%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.7%
	Small/Emerging Companies Funds (split out below)		7.2%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.0%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.2%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.1%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.4%
	Long Short/Australian Equities Funds (split out below)		4.9%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.7%
	L1 Capital Australian Equities Fund	Long equities	2.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	4.8%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.7%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	4.2%
	Absolute Return/High Conviction Funds (split out below)		4.2%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.3%
	Firetrail High Conviction Fund	Long equities	0.9%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.5%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.5%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.4%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.0%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.8%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.6%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.6%
QVG Capital	QVG Opportunities Fund	Long equities	1.3%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.0%
	Cash and term deposits		6.7%

**Fund manager
allocation and
investments at
market value as
at 31 August 2020**

Fund manager	Investment	Strategy	% of Gross assets
Magellan Asset Management	Magellan Global Fund	Long equities	12.3%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.0%
Caledonia	Caledonia Fund	Long equities	10.5%
Marsico Capital Management	Marsico Global Fund	Long equities	9.7%
Antipodes Partners	Antipodes Global Fund	Absolute bias	9.1%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	8.8%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.6%
VGI Partners	VGI Partners Funds	Absolute bias	5.9%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.3%
	Global/Ethical Strategies (split out below):		4.4%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	3.6%
	Morphic Ethical Equities Fund Limited	Absolute bias	0.8%
Avenir Capital	Avenir Global Fund	Absolute bias	3.0%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	2.7%
	Cash and term deposits		10.7%