

Dear Fellow Shareholder,

Investment portfolio performance

In November, the US Federal Reserve Chair Jerome Powell signalled slower interest rate increases would be sufficient in curbing inflation, with markets considering his comments slightly more dovish than expected. Locally, the Australian share market lifted to its highest level in almost six months with investors anticipating the Reserve Bank of Australia will also slow the pace of its upcoming interest rate hikes.

The Future Generation Global (ASX: FGG) investment portfolio increased 3.6%* in November, outperforming the MSCI AC World Index (AUD) which rose 2.7%. The Future Generation Australia (ASX: FGX) investment portfolio increased 3.4%* for the month, while the S&P/ASX All Ordinaries Accumulation Index rose 6.4%.

Since inception, the Future Generation Australia investment portfolio has increased 8.9%* per annum and the Future Generation Global investment portfolio has increased 7.4%* per annum. The investment portfolios' performance has been achieved with less volatility than their respective benchmarks, as measured by standard deviation.

Investment Committee Insights with John Coombe

In the latest [Investment Insights](#) video I speak to John Coombe, Future Generation Australia and Future Generation Global Investment Committee member, about the performance and portfolio positioning for both Future Generation Companies. John, Executive Director at JANA investment Advisors, also provides his outlook for global and domestic equity markets.

Social investment

We are pleased to have invested \$12.3 million in our social impact partners and other not-for-profit organisations this year. These donations are made possible through your support and the generosity of our leading pro bono fund managers and service providers.

The FG Exchange

We were delighted to host the inaugural FG Exchange, which showcased the investment portfolio and the social impact that Future Generation - and you, our shareholders - are having in Australia. The event featured inspirational not-for-profit founders, fund managers and business leaders, moderated by *The Sydney Morning Herald* and *The Age*. We heard keynote addresses from Mark Holowesko, of Holowesko Partners, our newest Future Generation Global pro bono fund manager; Professor Rory Medcalf, Head of National Security College at The Australian National University; Mike Baird AO, former NSW Premier and Chair of Future Generation Australia, David Gonski AC and Geoff Wilson AO, Wilson Asset Management Chairman and Chief Investment Officer and Founder and Director of Future Generation. Watch the recordings [here](#) and read the coverage on our [website](#).

Blazing a Trail: the convergence of profit and purpose

We released our latest podcast with Michael Traill AM, Director of For Purpose Investments. Michael discusses opportunities for businesses and the not-for-profit sector to work together. The [episode](#) is available on all major podcast platforms and the transcript is available [here](#).

Please enjoy this month's [Meet the Manager](#) with Ryan Quinn, Portfolio Manager at [WCM Investment Management](#) and our [Q&A Interview](#) with Zoe Black, CEO and Co-Founder of [Happy Paws Happy Hearts](#).

As the year comes to a close I would like to thank you for your support. Wishing you happy holidays and a wonderful New Year.



Caroline Gurney
CEO, Future Generation



*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

\$65.2m

SOCIAL
INVESTMENT
TO 2022



\$5.9m

Future
Generation
Australia
2022

\$6.4m

Future
Generation
Global
2022

**2022 total social
investment**

\$12.3m

**2022 annualised
management fees,
performance fees and
services forgone**

**Total annualised
fees forgone since
inception to 2022**

\$16.7m

\$113.7m

Investment portfolio performance

Net tangible assets before tax*	Gross assets	Dividends paid since inception (per share)
131.04c	\$533.5m	36.55c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Profits reserve (per share)
130.76c	\$478.0m	25.7c
Net tangible assets after tax	Volatility [^]	Annualised fully franked interim dividend yield [#]
127.13c	12.1% S&P/ASX All Ordinaries Accumulation Index: 14.7%	5.5% Grossed-up dividend yield: 7.9% ^{^^}

*The NTA before tax is after the payment of \$3.3m (0.82 cents per share) in tax during the month.

[#]Based on the 30 November 2022 share price of \$1.18 per share and the annualised FY22 fully franked interim dividend of 6.5 cents per share. Future Generation Australia has 405,053,109 shares on issue. During the month, 112 options were exercised and allotted under the Bonus Issue of Options. The options are trading under the ASX code FGXO with an exercise price of \$1.48 per option and expire on 28 April 2023.

The above NTA figures are not adjusted for the 400,206,507 options on issue with an exercise price of \$1.48 per option.

[^]Volatility is measured by standard deviation.

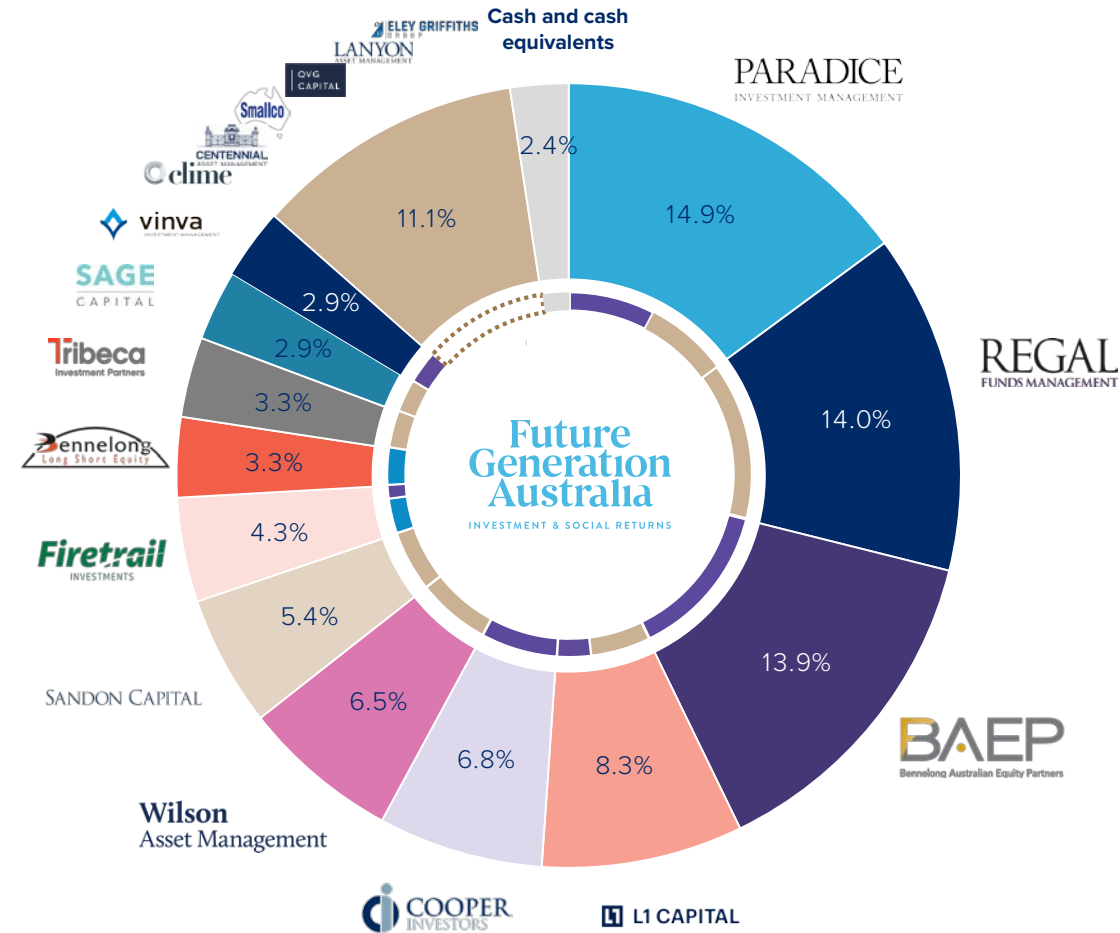
^{^^}Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

Investment portfolio performance at 30 November 2022	Since inception							
	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	%pa (Sept-14)
Future Generation Australia	3.4%	0.5%	-7.3%	-6.0%	7.4%	8.2%	8.8%	8.9%
S&P/ASX All Ordinaries Accumulation Index	6.4%	2.8%	0.4%	3.0%	6.3%	8.4%	9.5%	7.8%

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Fund manager allocations

0% management fees
0% performance fees



11.1% fund manager breakdown

Fund Manager	Allocation (%)	Asset Class	Asset Class Allocation (%)
Clime Investment Management	2.9%	Absolute bias	48.3%
Centennial Asset Management	2.4%	Long equities	42.9%
Smallco Investment Manager	2.0%	Market neutral	6.4%
QVG Capital	1.5%	Cash	2.4%
Lanyon Asset Management	1.2%		
Eley Griffiths Group	1.1%		

Investment portfolio performance

Net tangible assets before tax**	Gross assets	Profits reserve (per share)
136.80c	\$543.7m	41.6c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation#	Annualised fully franked interim dividend yield#
137.76c	\$472.4m	5.9% Grossed-up dividend yield: 8.4%^^
Net tangible assets after tax	Volatility*	ESG aware^ (of the portfolio)
134.80c	9.8% MSCI AC World Index (AUD): 10.9%	99.1%

**The NTA before tax is after the payment of \$12.4m (3.14 cents per share) in tax during the month.

#Based on the 30 November 2022 share price of \$1.195 per share and the annualised FY22 fully franked interim dividend of 7.0 cents per share. Future Generation Global has 395,310,793 shares on issue.

^^Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

*Volatility is measured by standard deviation.

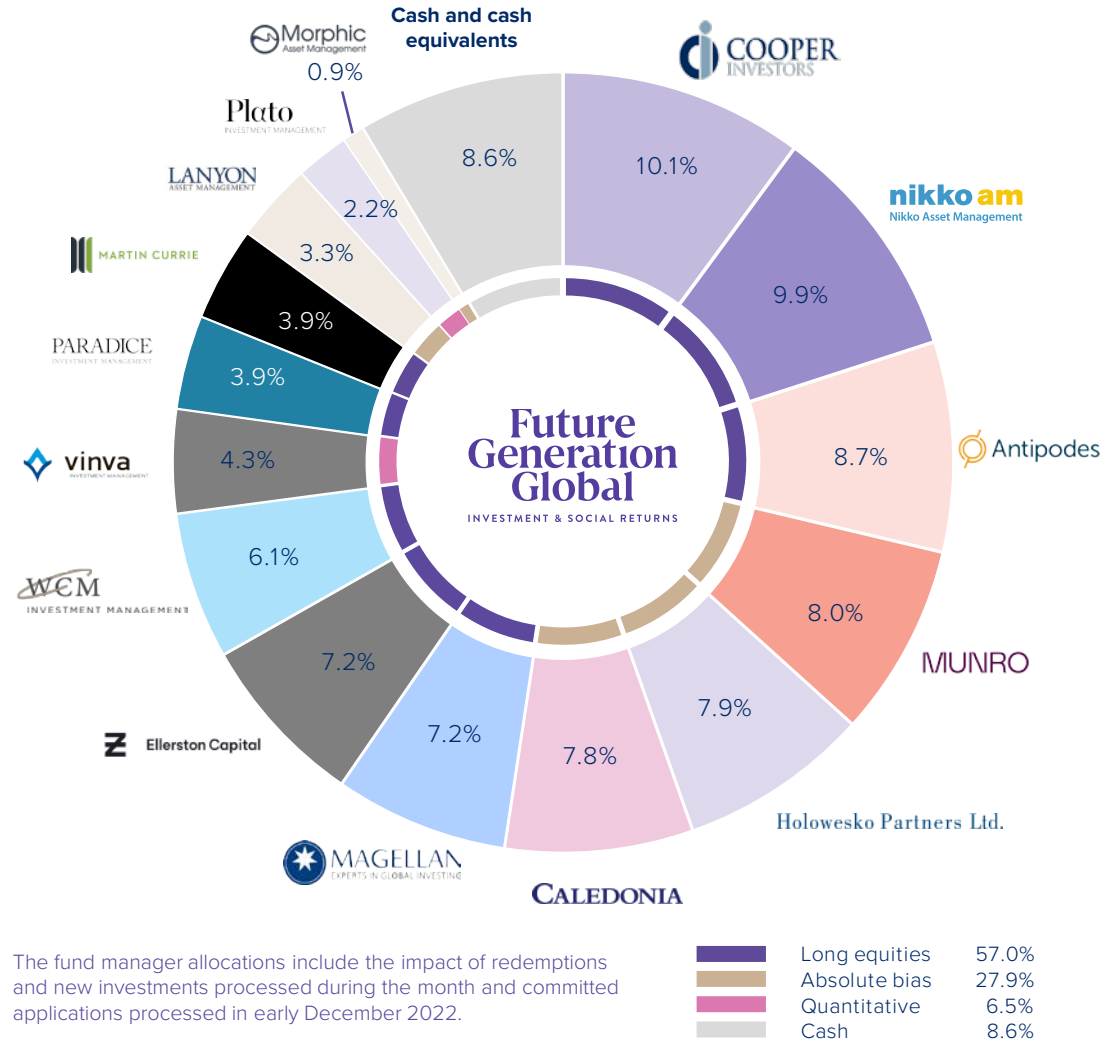
^As reported in the 2021 Annual Report.

Investment portfolio performance at 30 November 2022	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	3.6%	4.6%	-14.1%	-13.7%	3.3%	6.7%	7.4%
MSCI AC World Index (AUD)	2.7%	4.4%	-7.9%	-6.5%	6.9%	9.0%	9.6%

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Fund manager allocations

0% management fees
0% performance fees



Meet the Manager

Ryan Quinn Portfolio Manager



Can you describe WCM's investment style?

The way we approach investing is to take a long-term time horizon and build concentrated, high conviction portfolios in growth sectors of the market. We have 35-40 stocks and we're typically overweight areas that we think are going to grow sustainably over decades to come, like healthcare and technology.

What does the current global investment landscape look like to you?

The opportunity set is rich because the valuation compression has occurred very broadly across the marketplace. In the areas that we're excited about – healthcare, technology, some consumer and industrials – we're finding businesses that are exhibiting excellent operating performance on a quarter-by-quarter basis that are getting better versus their peers. Eventually, the market will reflect the strength of these businesses in their share prices. We've been approaching this opportunity set with a blank-sheet-of-paper-style of thinking. We've been asking ourselves, "What are truly our best 35-40 ideas over the 5-year-plus time horizon?" Having just lived through a supportive growth market, we're now looking at the future environment and trying to understand which businesses can get better in a higher interest rate environment and which businesses can sustain any flavour of recession, whether it's a deep recession or a touch-and-go recession. We're not trying to predict what that environment is going to be exactly, but we want to select companies that are going to grow durably through a period of headwinds.

Is it time for investors to get back into tech stocks?

Timing the market is a near impossible task. Picking the bottom of the market (or picking the top for that matter!) is a fool's errand. Instead, we take a long-term time horizon and make sure that for any company in our portfolio, we can make the case that its opportunity set is strong and that its competitive advantage will grow over a 5-year-plus timeframe.

Volatility will happen, markets will have their ups and downs. But in order to generate excellent long-term returns, you need to have patience and the courage to stick through difficult periods. So, I would argue any time is a good time to invest in equities. You just need to make sure that you respect your own risk tolerance and that you have a long-term horizon. If you try to pick a specific date, you'll inevitably be wrong!

If you're overweight technology, were you hit badly by the so-called Tech Wreck?

We were obviously not immune. But the market sell-off this year has really been a response to rising interest rates, which are attempting to halt inflation in prices across multiple industries. In fact, many people have described this year's equity market activity as one where there was no place to hide. There wasn't one single area that was a broadly positive contributor to the year.

What are the main lessons you have learned from your time in the market?

Markets tend to go up over time, so staying invested and having a steady hand are extremely important. We've lived through the dot.com bubble and burst, multiple recessions, a global financial crisis, multiple wars – and the markets have continued to go up. If you panic and get out of the market, it destroys a lot of wealth creation. Evolving over time is also really important. One of the themes of our research team is "Think Different and Get Better". We don't want to get stuck in one mindset or anchor to one area that's made us successful in the past. We want to challenge ourselves constantly to think a little differently about markets and the investment environment.



That doesn't mean we change our philosophy and process; it just means that we understand that some things will inevitably change and we should be prepared to change in response.

How unusual is it for investment firms to have a team of corporate culture analysts – and why is that critical to you?

I can honestly say I don't know of any other investment management team that has a dedicated team of culture analysts. We're seeing the word "culture" pop up a lot more among our peers, but what differentiates our approach is that we have a dedicated framework that we've utilised in every corporate culture meeting for over a decade. So, we've got this institutional knowledge and a foundation of work that we can draw upon. If you go to your first company and ask about their culture, they're going to say some nice things about the business. CEOs and executives are pretty polished. But if you don't have ways to draw information from these discussions, you can never make a quantitative decision off this qualitative piece. By having that framework in the middle, we can take all this qualitative knowledge and make quantitative decisions based on it.

Please read the full article [here](#).

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

Future Generation Australia fund managers



Future Generation Global fund managers



Social impact partner in focus:



Happy Paws Happy Hearts

Happy Paws Happy Hearts connects isolated Australians with rescue animals. Participants learn how to care for pets and native wildlife and prepare them for adoption or release back into the wild.

“Anyone who's had a pet knows that they can immediately make you smile and laugh. They bring a lot of instant joy, which is a great starting point. The thing about rescue animals, in particular, is the parallel journey that they're going on. The animals need to rebuild their confidence in people, they need more skills and they need more patient time and attention – which is exactly what our participants need.”

[Read the full Q&A](https://www.hphhfoundation.org/) with Zoe Black, Co-Founder and CEO of Happy Paws Happy Hearts.

For more information, visit
<https://www.hphhfoundation.org/>

Our social impact partners



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as at
30 November 2022**

Fund Manager	Investment	Strategy	% of Gross Assets
	Mid Cap/Equity Alpha Plus Funds (split out below)		14.9%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.6%
	Paradice Equity Alpha Plus Fund	Absolute bias	7.3%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	14.0%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	13.9%
	Long Short/Catalyst Funds (split out below)		8.3%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	5.3%
	L1 Capital Catalyst Fund	Long equities	3.0%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	6.8%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.5%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.4%
	Absolute Return/High Conviction Funds (split out below)		4.3%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.1%
	Firetrail High Conviction Fund	Long equities	1.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.3%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	3.3%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.9%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.9%
Clime Asset Management	Clime Australian Equities Fund	Long equities	2.9%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.4%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.0%
QVG Capital	QVG Opportunities Fund	Long equities	1.5%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.2%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	1.1%
	Cash and cash equivalents		2.4%

**Fund manager
allocation and
investments at
market value as at
30 November 2022**

Fund Manager	Investment	Strategy	% of Gross Assets
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.1%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	9.9%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	8.7%
Munro Partners	Munro Global Growth Fund	Absolute bias	8.0%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	7.9%
Caledonia	Caledonia Global Fund	Absolute bias	7.8%
Magellan Asset Management	Magellan Global Fund	Long equities	7.2%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.2%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	6.1%
Vinva Investment Management	Vinva International Equity Alpha Extension Fund	Quantitative	4.3%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.9%
Martin Currie Investment Management	Martin Currie Global Long-term Unconstrained Fund	Long equities	3.9%
Lanyon Asset Management	Lanyon Global Value Fund	Absolute bias	3.3%
Plato Investment Management	Plato Global Net Zero Fund – Class Z	Quantitative	2.2%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and cash equivalents		8.6%

The fund manager allocations include the impact of redemptions and new investments processed during the month and committed applications processed in early December 2022.