

Dear Fellow Shareholder,

Investment portfolio performance

Inflation continued to be a key theme during the month. Company profit margins were impacted by increased input and operating costs and consumer discretionary spending also eased under the weight of continued interest rate hikes. The S&P/ASX All Ordinaries Accumulation Index decreased 2.5% in February and the S&P/ASX 200 Accumulation Index was down 2.4%. The Dow Jones Industrial Average Index fell 4.2% and the NASDAQ Composite Index was also down 1.1% in local terms during the month.

The Future Generation Global (ASX: FGG) investment portfolio increased 0.6% in February, while the MSCI AC World Index (AUD), rose 1.4%. The Future Generation Australia (ASX: FGX) investment portfolio decreased 1.7% for the month, outperforming the S&P/ASX All Ordinaries Accumulation Index which fell 2.5%.

Future Generation Australia announced an 8.3% increase in fully franked full-year dividend

The Future Generation Australia Board of Directors [declared](#) a fully franked final dividend of 3.25 cents per share, bringing the fully franked full-year dividend to 6.5 cents per share, an 8.3% increase on the previous year. The fully franked full-year dividend of 6.5 cents per share represents a fully franked dividend yield of 5.7%* and a grossed-up dividend yield of 8.1%*. The profits reserve of 30.5 cents per share as at 28 February 2023 represents 4.7 years of dividend coverage for shareholders, before the payment of the fully franked final dividend of 3.25 cents per share.

Future Generation Global announced a 16.7% increase in fully franked full-year dividend

The Future Generation Global Board of Directors [declared](#) a fully franked final dividend of 3.5 cents per share, bringing the fully franked full-year dividend to 7.0 cents per share, a 16.7% increase on the previous year. The fully franked full-year dividend of 7.0 cents per share represents a fully franked dividend yield of 6.0%* and a grossed-up dividend yield of 8.6%*. The profits reserve of 46.3 cents per share as at 28 February 2023 represents 6.6 years of dividend coverage for shareholders, before the payment of the fully franked final dividend of 3.5 cents per share.

In 2022, the Future Generation companies delivered an annual investment of \$12.3 million to our social impact partners and other not-for-profit organisations, bringing the total social investment since inception to \$65.2 million.

FY2022 Full-Year Results Webinar

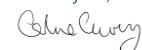
Please register and join the [Future Generation FY2022 Full-Year Results Webinar](#) this Friday, 17 March at 2:30pm (Sydney time) to hear from myself, Geoff Wilson AO, Founder and Director of Future Generation, Chairman and Chief Investment Officer (CIO) of Wilson Asset Management, Mark Landau, Co-Founder, Joint Managing Director and CIO of L1 Capital and Jacob Mitchell, Founder, CIO and Lead Portfolio Manager at Antipodes Partners, who manage funds for Future Generation Australia and Future Generation Global on a pro bono basis.

In the media

Tony Waters, Co-Founder of QVG Capital, a pro bono fund manager for Future Generation Australia, was featured in [The Australian](#) following our [Meet the Manager](#) interview. I also discussed the benefits of the listed investment company structure with Tony Featherstone, Consulting Editor of ASX's [Investor Update](#). Sean Farrington, Director and Portfolio Manager at Holowesko Partners, a pro bono fund manager for Future Generation Global, was featured in the [Australian Financial Review](#). For this month's Meet the Manager, I spoke to Sean about his market outlook, views on cryptocurrency and stocks tips. The video and transcript are available [here](#), and we have included a summary of the interview in this investment update.

Please enjoy our [Q&A Interview](#) with Andy Hamilton, Founder of Human Nature, a social impact partner of Future Generation Global.

Thank you,



Caroline Gurney
CEO, Future Generation

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

*Based on the 13 March 2023 closing share price of \$1.14 per share.

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

#Based on the 13 March 2023 closing share price of \$1.17 per share.



\$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 savings on
management fees,
performance fees and
service provider fees
forgone

\$16.2m

Savings on
management fees,
performance fees
and service
provider fees
forgone since
inception

\$112.3m

Investment portfolio performance

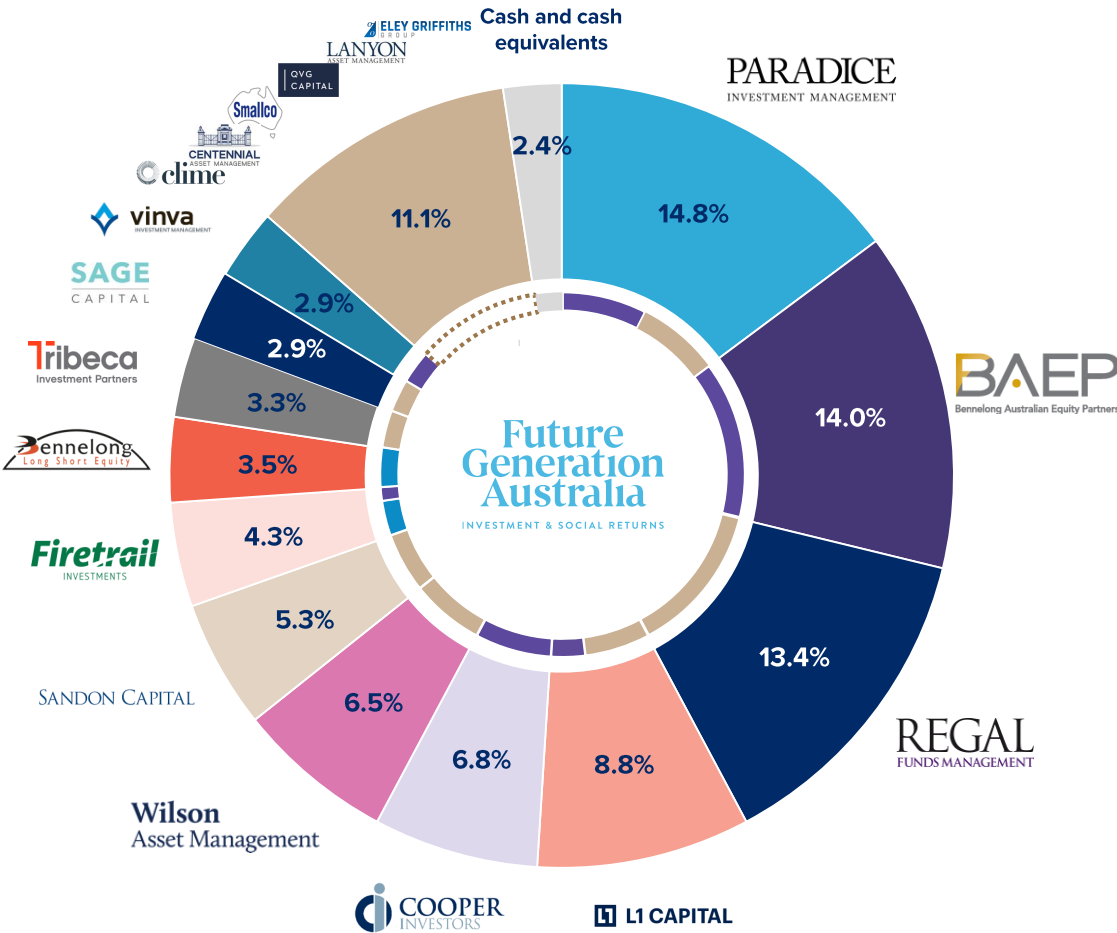
Net tangible assets before tax	Gross assets	Dividends paid since inception (per share)
131.05c	\$534.7m	36.55c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Profits reserve (per share)
130.52c	\$473.9m	30.5c
Net tangible assets after tax	Volatility [^]	Fully franked dividend yield [#]
127.47c	12.1% S&P/ASX All Ordinaries Accumulation Index: 14.7%	5.6% Grossed-up dividend yield: 8.0% ^{^^}

[#]Based on the 28 February 2023 share price of \$1.17 per share and the FY22 fully franked full-year dividend of 6.5 cents per share. Future Generation Australia has 405,053,223 shares on issue.
The above NTA figures are not adjusted for the 400,206,393 options on issue which are trading under the ASX code FGXO with an exercise price of \$1.48 per option and expire on 28 April 2023.
[^]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 28 February 2023	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	-1.7%	3.7%	2.2%	-0.1%	8.8%	7.5%	9.1%	8.7%
S&P/ASX All Ordinaries Accumulation Index	-2.5%	3.8%	5.7%	6.0%	8.5%	8.1%	10.3%	7.6%

Fund manager allocations

0% management fees
0% performance fees



11.1% fund manager breakdown							
Clime Investment Management	2.9%		QVG Capital	1.5%		Absolute bias	48.2%
Centennial Asset Management	2.5%		Lanyon Asset Management	1.2%		Long equities	42.8%
Smalco Investment Manager	2.0%		Eley Griffiths Group	1.0%		Market neutral	6.6%
						Cash	2.4%

Investment portfolio performance

Net tangible assets before tax	Gross assets	Profits reserve (per share)
137.50c	\$547.7m	46.3c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Fully franked dividend yield [#]
137.81c	\$472.4m	5.9% Grossed-up dividend yield: 8.4% ^{^^}
Net tangible assets after tax	Volatility [*]	ESG aware [^] (of the portfolio)
135.29c	9.9% MSCI AC World Index (AUD): 11.0%	98.3%

[#]Based on the 28 February 2023 share price of \$1.195 per share and the FY22 fully franked full-year 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.

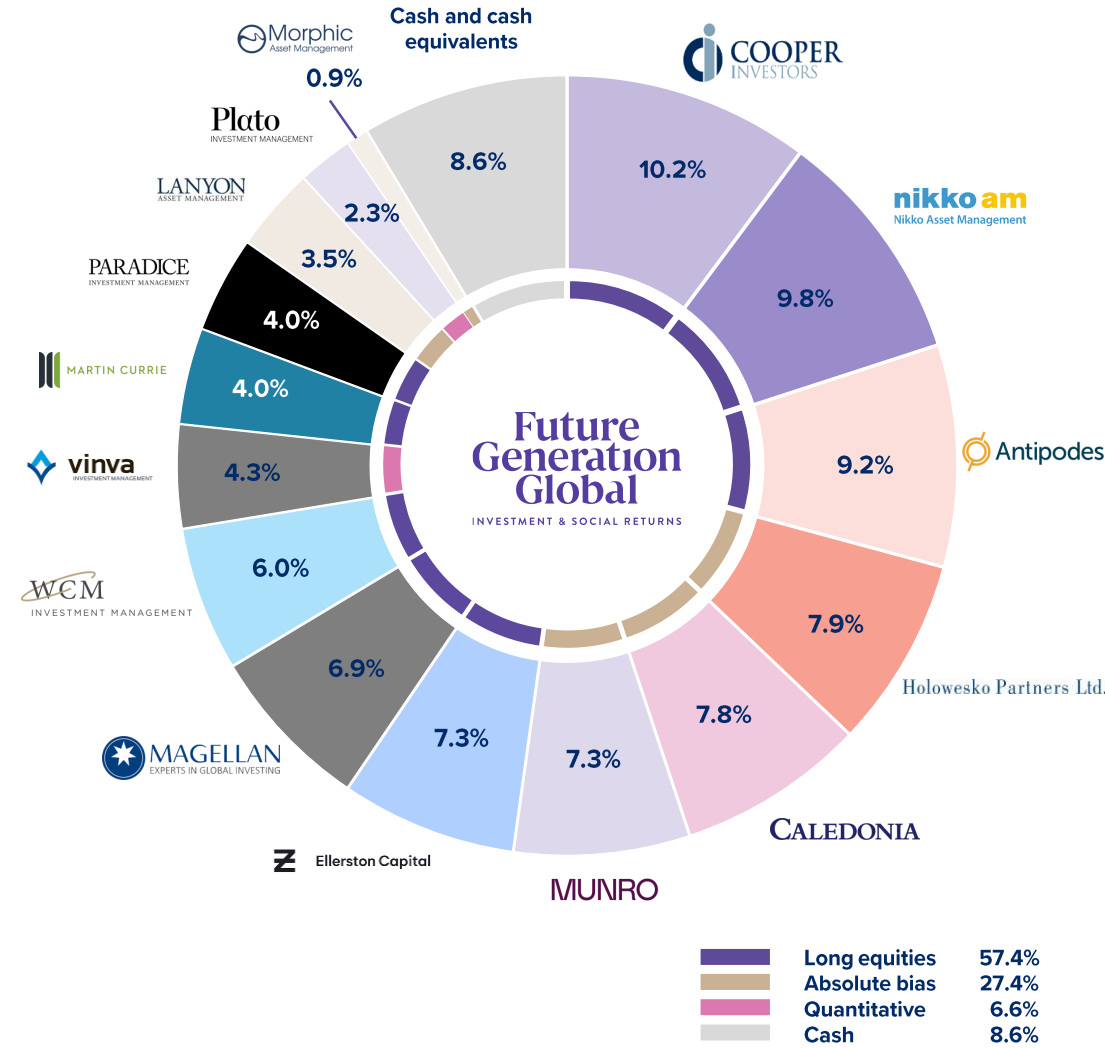
[^]As reported in the 2022 Annual Report.

Investment portfolio performance at 28 February 2023	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	0.6%	5.2%	7.0%	-3.3%	2.4%	6.5%	8.5%	7.2%
MSCI AC World Index (AUD)	1.4%	5.1%	4.9%	-1.5%	7.4%	8.9%	10.7%	9.1%

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



Sean Farrington

Director and Portfolio Manager at
Holowesko Partners

Holowesko Partners

Please enjoy our latest edition of Investment Insights. You can access the full [video](#) and [transcript](#). Read a summary of the interview below.

From where you live in the Bahamas, you had a ringside seat of what was happening with the great crypto crash. Do you think that this has damaged market sentiment?

I think it has had an impact. Every generation needs to see or experience these phenomenon that we get, these bubbles that occur. I think of crypto very much along the lines of what I experienced back in the dot.com boom when you had companies like Pets.com and e-stamps.com, spending big on advertising at the US Super bowl. We had the same thing with the crypto companies last year. Those dot.com companies all went bankrupt eventually and disappeared. But they left behind an incredible infrastructure, that was the internet, which changed all of our lives. I think crypto may do a bit of the same sort of thing. The crypto side may disappear but we'll be left with the infrastructure of block chain and decentralised finance which will have a big impact in the future for a lot of industries.

The International Monetary Fund has recently said they thought everybody had been a bit pessimistic in terms of their predictions of 'market doom and gloom'. What do you see in terms of the global markets? What is your outlook?

I think we have all been surprised by the strength in the US recently. That said, if you look at a lot of leading economic indicators, they're all consistent with levels where you would expect to be if you were about to see a recession. What has held the US up has really been the strength of the consumer. The consumer has been buoyed in the US by all of the savings that they effectively accumulated coming out of the pandemic, thanks to a lot of the stimulus programmes that were put in place. I think what has sustained the economic picture in the US in the near term has just been the strength of the consumer, but we worry a bit more about that going into the second half of the year as those savings are worked down and I think that the probabilities of a recession are better than fifty-fifty as we get in the second half. We do still have some economic concerns in the US.

If you look at excess savings in China, they had a similar phenomenon, increased by almost 50.0% from where they were pre-pandemic. That's bigger than the GDP of the UK. And like the rest of us, they want to spend and they want to get out their apartments and homes and go and travel. That spending will help places, such as Europe and some of the surrounding Asian markets.

We are really grateful that you are one of our pro-bono fund managers. Why do you do it?

In many ways my career began in Australia because the first portfolios I was given to manage at Templeton were in Australia. I started coming here in the mid-90's and have visited almost every year since. Australia's been a place I have a lot of affection for and we've had a lot of support in this market. We've been very grateful for that, and to be able to give back a bit is really gratifying and we appreciate you giving us the opportunity to do that.



In the current environment of rising interest rates, is the scene finally set finally for a resurgence in value investing?

I think so. We've been through an extraordinary period over the last 15 years coming out of the Global Financial Crisis (GFC) and I think people may have lost perspective on just how strange and unique that period was. Nine of the 14 years following the GFC, we had the Federal Reserve keep interest rates at zero. They went from owning 5.0% of assets relative to GDP to 35.0% of assets relative to GDP. They bought back a third of all mortgage backed securities and a quarter of all Treasury securities. That is a very unique environment and the consequence kept the cost of capital for companies virtually non-existent. It meant if you were a company that was going to grow, you could do it regardless of cost because you could finance the loss with a cheap loan, or even better you could get cheap financing in the form of equity because the market was willing to give you the big valuation with the promise of these future cash flows discounted back at a very low rate. And I think that contributed to this incredible disparity in performance between growth companies, what were considered growth companies, and value.

Now that's changing. The Federal Reserve is increasing rates in the US pretty dramatically. There is talk of winding down the balance sheet buying that they've done. The inflation genie has come out of the bottle. When you have 6.5% inflation like you do in the US today, interest rates can't stay at 4.5%. So we think that the kind of malaise that you had over the last 15 years coming out of the GFC is changing and cost of capital matters more. When cost of capital matters cash flow, earnings, dividends, fundamentals, balance sheet strength, all of that matters. The here and now matters rather than the hope and promise in the future.

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:



Human Nature

Founded in 2015 in the Northern Rivers region of NSW, Human Nature started as an expedition-focused program for young people with behavioural, social and mental health issues who were falling through the cracks of conventional services.

Human Nature's multi-disciplinary team provides mentoring and therapy, skill building, volunteering and physical adventure activities that focus on overcoming trauma, building resilience and lifelong wellbeing skills.

"The idea that people feel better when they're out in nature, breathing in fresh air and doing physical activity now has mainstream acceptance. But I do have to fight the assumption that all we do is take young people out into nature to make them feel good. In truth, we're a professional mental health service, with qualified and experienced clinicians, who just happen to do their work in those contexts."

[Read a Q&A](#) with Andy Hamilton, Founder of Human Nature.

For more information, visit
<https://humannature.org.au/>

Our social impact partners



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as at
28 February 2023**

Fund Manager	Investment	Strategy	% of Gross Assets
	Mid Cap/Equity Alpha Plus Funds (split out below)		14.8%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.5%
	Paradice Equity Alpha Plus Fund	Absolute bias	7.3%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.0%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	13.4%
	Long Short/Catalyst Funds (split out below)		8.8%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	5.8%
	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	5.3%
	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	3.5%
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 Investment Management	Clime Australian Equities Fund	Long equities	2.9%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.5%
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	1.0%
	Cash and cash equivalents		2.4%

**Fund manager
allocation and
investments at
market value as at
28 February 2023**

Fund Manager	Investment	Strategy	% of Gross Assets
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.2%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	9.8%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	9.2%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	7.9%
Caledonia	Caledonia Global Fund	Absolute bias	7.8%
Munro Partners	Munro Global Growth Fund	Absolute bias	7.3%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.3%
Magellan Asset Management	Magellan Global Fund	Long equities	6.9%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	6.0%
Vinva Investment Management	Vinva International Equity Fund	Quantitative	4.3%
Martin Currie Investment Management	Martin Currie Global Long-term Unconstrained Fund	Long equities	4.0%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	4.0%
Lanyon Asset Management	Lanyon Global Value Fund	Absolute bias	3.5%
Plato Investment Management	Plato Global Net Zero Fund – Class Z	Quantitative	2.3%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and cash equivalents		8.6%