

Investment Update & Net Tangible Assets Report

As at 31 December 2016



FUTURE GENERATION
INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

NTA before tax	114.21c
NTA after tax and before tax on unrealised gains	114.45c
NTA after tax	113.94c

Portfolio

In December, the portfolio increased 1.1% while the S&P/ASX All Ordinaries Accumulation Index rose 4.2%. The company is currently 43.0% long equities, 22.2% absolute bias, 16.5% market neutral and 18.3% cash. We are in the final stages of allocating monies raised from the exercise of options.

Fund manager	Investment	Strategy	% of assets
	Large/Mid Cap Funds (split out below)		10.7%
Paradice Investment	Paradice Australian Equities Mid Cap Fund	Long equities	5.9%
	Paradice Large Cap Fund	Long equities	4.8%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	9.2%
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	8.6%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.4%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	6.6%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	5.3%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.0%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	4.8%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.3%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	2.9%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	2.9%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Market neutral	2.6%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.5%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	2.2%
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	1.1%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	0.6%
	Cash and Term Deposits	Cash	18.3%

Dividends

As the year end is now being changed to 31 December 2016, the next dividend to be announced with the release of FGX's next financial results in February 2017 will now be a final dividend.

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Gross assets	\$400.0m
Market cap	\$407.9m
Share price	\$1.17
Net assets per share (before tax)	\$1.14
Shares on issue	348,655,173
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Fully franked dividends (FY2016)	4.0c
Fully franked dividend yield	3.4%

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

Paul Jensen
Gabriel Radzysinski
Kate Thorley
David Leeton
Scott Malcolm
David Paradise

Investment Committee

Geoff Wilson, Gabriel Radzysinski, Matthew Kidman, Bruce Tomlinson, and David Smythe

Chief Executive Officer

Louise Walsh

Company Secretary

Mark Licciardo

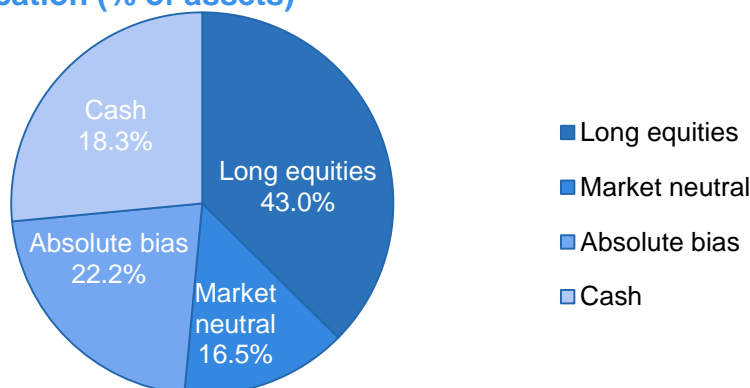
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Investment strategy allocation (% of assets)



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.

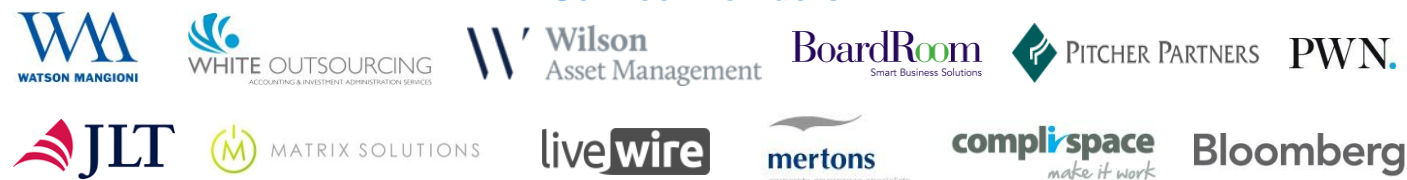
Fund Managers



Charities



Service Providers



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Fund manager in focus: Lanyon Asset Management

LANYON
ASSET MANAGEMENT

Lanyon Asset Management Pty Limited (“Lanyon”) is a privately held Australian-based equity fund manager established in 2009. Lanyon is the investment manager of the Lanyon Australian Value Fund (having reached capacity is now closed to further investment) and the Lanyon Global Value Fund. We will impose a limited cap on the total value of funds we will manage in order to protect investment performance and maintain consistency of approach.

We adhere to a long-term, absolute return oriented, value investing approach.

Lanyon utilises a disciplined value approach to equity investment, designed to meet our investors’ requirements for capital preservation, superior absolute returns, tax awareness and confidentiality.

Our clients include family offices, charitable and philanthropic organisations, endowments, SMSF’s, foundations and private investors.

Our investment style

Lanyon is a value-oriented investor, focused on the preservation of capital.

Through our fundamental, opportunistic, deep value investing approach we seek to be a responsible steward of client capital, safely growing the value of assets entrusted to us.

Our investment process is thorough, creative and flexible, not formulaic or rigid.

We concentrate our capital in our best ideas. When we are unable to find compelling investment opportunities, or when great opportunities are scarce, we choose to hold cash.

We always invest fully prepared for adverse scenarios to unfold. Avoiding and managing risk is an obsession for us; we apply sound judgment and common sense to our assessment of risk.

We look for a large margin of safety between price and underlying value. Our aim is to invest in securities trading at wide discounts to underlying value with downside often protected by tangible asset backing or strong free cash flow generation.

The investments in our portfolio tend to be more complex, less liquid, and less widely analysed companies. Often, but not always, our investments are in the small and mid-cap area of the market where such opportunities are more prevalent.

Investment candidates are typically out of favour or ignored and can be experiencing temporary duress. Investment opportunities often have strong catalysts for the realisation of underlying value.

When we find great bargains, we buy them. We do not speculate, we do not use derivatives. We are long-only investors.

Performance as at 31 December 2016

	1 month	3 month	6 month	1 year	3 years (annualised)	5 years (annualised)	Since Inception- annualised (1 July 2010)	Since inception (1 July 2010)
Lanyon (before fees)	-0.1%	1.9%	9.8%	18.5%	12.7%	16.2%	16.8%	174.1%
All Ordinaries Accumulation	4.2%	4.4%	9.9%	11.6%	6.8%	6.3%	9.0%	75.4%
ASX 300 Accumulation	4.3%	4.9%	10.4%	11.8%	6.6%	6.3%	9.0%	75.0%

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Charity in focus: Act for Kids



About Act for Kids

Act for Kids is an Australian charity providing free services to prevent and treat child abuse and neglect.

Established in 1988, we have helped thousands of children affected by abuse and neglect. We deliver a range of free services to help children, families and carers who have experienced, or are at risk of child abuse and neglect.

Act for Kids services include intensive therapy, sexual abuse counselling, help for families at risk, teen mentoring, a specialist preschool, safe houses in remote Indigenous communities and protective behaviours programs.

Act for Kids and FGX

Through the funding support of FGX, Blacktown in Western Sydney has been established as a safe and welcoming space for children and families.

During the 12 months we have been in full operation, we have had:

- 136 referrals and expressions of interest for services
- 51 children/young people accepted for services
- 41 children/young people currently receiving services
- 24 children requesting services for whom we do not currently have capacity.

The age range is 1-13 years, with an average age of 4. Many parents are also receiving education or therapeutic support for their relationship with their child, increasing their knowledge and coping skills, as well as facilitating engagement between families and services.

The FGX funding made a significant contribution to our Adelaide service during 2016. The service was able to increase the number of children being seen and the hours of service provision by qualified psychologists and a speech and language pathologist.

Q&A with Neil Carrington, Act for Kids CEO

What is your driving motivation in your current role?

People understand the effects of hitting a child or sexually abusing a child. A harder concept to grasp, is the damage that is caused by calling a child 'stupid' over and over again, or telling them 'they never should have been born'. Bruises fade but making a child regret their own existence - that's a bit tougher to heal.

If emotional abuse is left untreated, children are significantly at risk of drug or alcohol abuse problems, mental health issues, eating or sleep disorders and struggles with future life coping skills.

It breaks my heart that in our Act for Kids centres, we have to teach children that they are not stupid or worthless, that they have a right to feel safe and that they are the boss of their own little bodies.

Through techniques such as art therapy and sensory play, we work with these children to break down the walls that have been built up due to constant abuse. It's key to point out that we don't have a 'one size fits all' approach when it comes to our clients. Every single child we treat at Act for Kids has gone through their own personal trauma. As we learn more about the child, we can determine which techniques would best help them relax and open up.

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2. What is the most challenging aspect of your role?

Changing perceptions. We've got to stop this attitude of 'it's not my business' or 'I'll just wait and see what happens'. It's time we stopped being scared and start taking a stand for kids that don't have a voice.

At Act for Kids we educate children on how to stay safe through our protective behaviours program Learn to be Safe with Emmy & friends in schools and we encourage parents, carers, teachers and child care workers to educate themselves on the signs of child abuse and neglect, keeping in mind that this will be different for every child.

Look for changes in behaviour - have they become anxious or withdrawn, unwilling to participate in activities, are they acting out, or have their sleeping or eating patterns changed? These could all be possible indicators of child abuse or neglect. And it is everyone's business to care.

3. What does it mean to have the support of FGX?

For Act for Kids it means being able to provide free services in Blacktown in Western Sydney and Adelaide to prevent and treat child abuse and neglect.

For further information, visit www.actforkids.com.au