

Investment Update & Net Tangible Assets Report

As at 31 August 2016



FUTURE GENERATION
INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

NTA before tax	119.68c
NTA after tax and before tax on unrealised gains	119.31c
NTA after tax	118.42c

The exercising of 15,879,160 options during August reduced the pre-tax NTA by 0.63 cents per share. The above figures are not diluted for 108,705,982 options on issue with an exercise price of \$1.10 and can be exercised at anytime **on or before Friday 16 September 2016**.

Portfolio

In August, the portfolio decreased 0.2% while the S&P/ASX All Ordinaries Accumulation Index fell 1.3%. Since inception, the Company has outperformed the benchmark in 11 of 12 negative months with less volatility as measured by standard deviation, 8.2% versus the market's 13.8%. In the 12-months to 31 August 2016, FGX's portfolio has increased 15.8%, outperforming the benchmark.

The allocation to the managers has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, market neutral and cash. The company is currently 45.2% long equities, 22.8% absolute bias, 13.1% market neutral and 18.9% cash.

Options: 8.1% discount and fully franked 2.0c dividend

The options provide an opportunity to purchase additional shares at a \$1.10 per share, which is an 8.1% discount to the undiluted 31 August 2016 pre-tax net tangible assets of 119.68 cents per share. FGX optionholders must exercise their options **on or by 16 September 2016** to receive the fully franked final dividend of 2.0 cents per share.

To exercise your options please complete the options exercise form previously mailed. Then, together with payment – either by cheque or BPAY – return the exercise form to FGX's registrar, Boardroom Pty Limited, in the reply paid envelope provided. If you have any enquiries regarding completing the form, or would like to request a new one, please contact Boardroom directly on (02) 9290 9600 or by email at corporateactions@boardroomlimited.com.au.

Key fully franked dividend dates

In July the Board announced a fully franked final dividend of 2.0 cents per share. The dividend will be paid on 21 October 2016 and will trade ex on 10 October 2016. Shareholders are able to participate in the dividend reinvestment plan (DRP) and/or the dividend donation plan (DDP). The DRP will operate at a 2.5% discount for the final dividend. The last election date for the DRP and the DDP will be 13 October 2016.

Ex date:	10 October 2016
Record date:	11 October 2016
Election date for the DRP & DDP:	13 October 2016
Payment date:	21 October 2016

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Gross assets	\$311.4m
Market cap	\$285.6m
Share price	\$1.11
Net assets per share (before tax)	\$1.20
Shares on issue	257,314,913
Options on issue	108,705,982
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Fully franked dividends (FY2016)	4.0c
Fully franked dividend yield	3.6%

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 children's 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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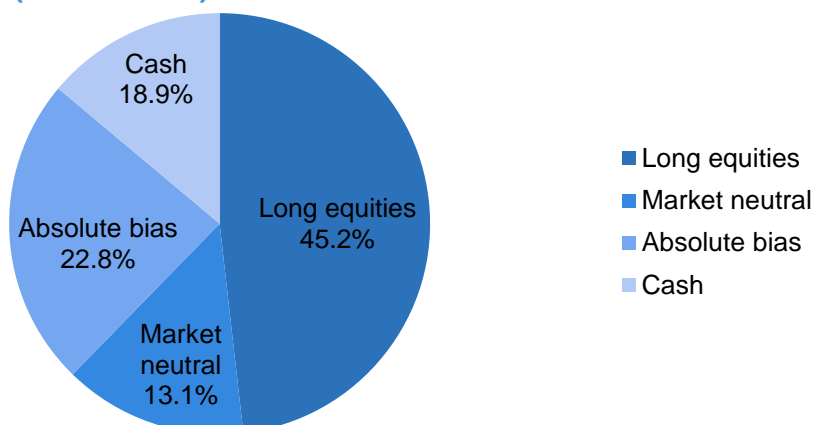
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Fund manager	Investment	Strategy	% of assets
Paradice Investment	Large/Mid Cap Funds (split out below)		9.2%
	Paradice Australian Equities Mid Cap Fund	Long equities	5.2%
	Paradice Large Cap Fund	Long equities	4.0%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	8.7%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	8.2%
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	7.4%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	7.3%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	6.5%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	6.0%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	4.5%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	3.6%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	3.5%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	2.9%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	2.7%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.4%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	2.1%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.8%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.4%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	0.8%
	Cash and Term Deposits	Cash	18.9%

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.

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Fund manager in focus: Wilson Asset Management

WILSON
ASSET MANAGEMENT

About Wilson Asset Management

Established in 1997 by Geoff Wilson, we are an independently owned investment manager based in Sydney, Australia. Today, Wilson Asset Management is comprised of seven highly experienced investment professionals who offer a combined investment experience of almost 100 years.

We take great pride in managing four LICs and more than AU\$2 billion in shareholder capital. This is partnered with our philanthropic initiatives that see us actively contribute to our community.

Our investment style

Our investment methodology consists of two distinctive processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of market mispricing opportunities.

Research-driven investing

This investment process involves diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this process, our investment team will only ever invest in a security once we can identify a catalyst or event that we expect will change the market's valuation of the company.

Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. This part of the investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs and restructures), arbitrage opportunities, LIC discount arbitrages, short-selling and trading market themes and trends.

Our market outlook

The S&P/ASX All Ordinaries Accumulation Index ended the month down 1.3% on the back of a mixed company reporting season. Many companies provided guarded outlook statements and were cautious in their guidance with only 19.0% seeing an upgrade to their EPS in the 2017 financial year. We continue to find investment opportunities regardless of market conditions, and our current cash weighting positions us well to capitalise on these opportunities.

Performance (as at 31 August 2016)

	3 Mths %	1 Yr %	3 Yrs % pa	5 Yrs % pa	10 Yrs % pa	Since inception (Jan 1998) % pa
Wilson Asset Management Equity Fund ¹	9.1%	27.1%	19.7%	20.8%	13.8%	23.0%
S&P/ASX All Ordinaries Accumulation Index	2.5%	10.7%	7.1%	9.5%	5.3%	8.5%
Outperformance	+6.6%	+16.4%	+12.6%	+11.3%	+8.5%	+14.5%

¹Investment performance and Index returns are before expenses and fees.

Top 10 holdings (as at 31 August 2016)

Code	Company	Market Value as % of Gross Assets	Code	Company	Market Value as % of Gross Assets
HHV	Hunter Hall Global Value Limited	4.8%	CYA	Century Australia Investments Limited	2.5%
SIQ	Smartgroup Corporation Limited	3.1%	AAD	Ardent Leisure Group	2.4%
NCK	Nick Scali Limited	2.8%	CCP	Credit Corp Group Limited	2.4%
VTG	Vita Group Limited	2.8%	RCG	RCG Corporation Limited	2.3%
ALL	Aristocrat Leisure Limited	2.6%	ALQ	ALS Limited	2.3%

For more information, please visit: <http://www.wamfunds.com.au>

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Charity in focus: The Mirabel Foundation

About Mirabel

Mirabel supports children orphaned or abandoned as a result of parental illicit drug use. All Mirabel programs are designed to restore a sense of love, belonging and hope to these young lives whilst at the same time breaking the destructive cycle of addiction. Mirabel is the only organisation in Australia providing continual assistance for orphaned or abandoned children from birth through to 18 years.



Mirabel and FGX

The FGX donation gives Mirabel the resources to provide intense and tailored support depending on a child or young person's needs. This includes the provision of a comprehensive needs assessment, intensive crisis support, therapeutic children's groups and educational support. Support of our Toddler to Teen Program has enabled us to grow and refine our programs while catering for an ongoing increase in numbers of children over the past year.

Mirabel is currently supporting more than 1500 disadvantaged children and young people who are living with their extended family throughout Victoria and NSW. The generous donation from FGX will allow Mirabel to cater for an additional 100 new children each year. These young people remain the most profoundly overlooked casualties of substance abuse in our society.

Mirabel's Toddler to Teen Program caters for children from their earliest days when they are referred to Mirabel right through until their independence. Intervention at the earliest possible moment in a child's life paves the way for the best possible outcomes to be achieved. The program provides vulnerable children and young people with opportunities and experiences that build a strong sense of connection and provide hope for a positive future.

Q&A with Jane Rowe, Founder and CEO

What is your driving motivation in your current role?

Without doubt my driving motivation is the total belief that one can make a difference to a child's life. All our programs work at addressing a child's trauma whilst restoring a sense of belonging and hope to their lives. These factors, combined with an education, give these children the best chance of leading positive and fulfilling futures. Mirabel believes that working with these children is one of the most proactive ways of breaking the cycle of addiction and this has been validated by a recent SROI of our work.



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

Continuing to raise sufficient funds to meet the growing demand for our services so that we can respond immediately to the number of children referred to us.

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

The support of FGX is one of Mirabel's greatest gifts, allowing us to address the individual needs of a child, whatever the age and whenever it may be required. A variety of challenges and crisis arise during a child's life and responding immediately provides the most effective intervention. Mirabel has always maintained that we will never turn a child away and there can be no waiting list for a child in crisis. The funding from FGX resoundingly reflects this belief.

For further information, visit: <http://www.mirabelfoundation.org.au>

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Fund Managers



Charities



Service Providers



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Investor presentations – save the date

Date	City	Location	Time
Wednesday 16 November 2016	Adelaide	The Playford 120 North Terrace Adelaide	10:00am – 12:00pm
Thursday 17 November 2016	Perth	The Duxton 1 St Georges Terrace Perth	10:00am – 12:00pm
Monday 21 November 2016	Canberra	The Mecure Cnr Ainslie & Limestone Avenues Braddon	10:00am – 12:00pm
Wednesday 23 November 2016	Sydney	The Hilton 488 George Street Sydney	WAM AGM 10:00am – 10:45am Presentation 11:00am – 1:00pm
Thursday 24 November 2016	Brisbane	Brisbane Convention & Exhibition Centre Cnr Merivale & Glenelg Street South Bank	10:00am – 12:00pm
Friday 25 November 2016	Melbourne	Melbourne Convention Centre 1 Convention Centre Place South Wharf	10:00am – 12:00pm

Invitations will be mailed to all shareholders in the coming weeks.