

Investment Update & Net Tangible Assets Report

As at 29 February 2016



FUTURE GENERATION
INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

NTA before tax	113.84c
NTA after tax and before tax on unrealised gains	113.17c*
NTA after tax	113.73c*

The above figures are not diluted for 172,636,115 options on issue with an exercise price of \$1.10.
*These figures are after the payment of \$251k (0.13 cents per share) in tax during the month.

Options exercise for interim dividend

If you exercise your options before 7 April 2016, you are eligible to receive the fully franked 2.0 cents per share interim dividend. To date, 12,900,905 options have been exercised.

Louise Walsh appointed as FGX CEO

On Tuesday 8 March 2016, the Board of Directors of Future Generation Investment Company Limited (FGX) announced the appointment of Louise Walsh as Chief Executive Officer. Louise is also CEO of Future Generation Global Investment Company Limited (FGG). We welcome Louise to the FGX team and congratulate her on this new appointment.

Fund manager	Investment	Strategy	% of assets
Paradise Investment	Large/Mid Cap Funds (split out below)		9.8%
	Paradise Australian Equities Mid Cap Fund	Long equities	5.4%
	Paradise Large Cap Fund	Long equities	4.4%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	9.7%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	9.4%
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	8.0%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.8%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	7.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	6.6%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	4.9%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	4.8%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	3.9%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	3.5%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	3.3%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.2%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.5%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.5%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	1.3%
	Cash and Term Deposits	Cash	12.2%

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Gross assets	\$221.4m
Market cap	\$220.1m
Share price	\$1.140
Net assets per share (before tax)	\$1.138
Shares on issue	193,071,541
Options on issue	172,636,115
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%

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 at risk.

Experienced Board

Chairman
Jonathan Trollip

Founder and Director
Geoff Wilson

Chief Executive Officer
Louise Walsh

Directors
Paul Jensen
Gabriel Radzyski
Kate Thorley
David Leeton
Scott Malcolm
David Paradise

Investment Committee
Geoff Wilson, Gabriel Radzyski and Matthew Kidman

Company Secretary
Mark Licciardo

Corporate Affairs
James McNamara

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Portfolio

In February the investment portfolio decreased 1.8% while the S&P/ASX All Ordinaries Accumulation Index fell 1.5%. In the financial year to date the portfolio has increased 4.6%, outperforming the benchmark by 16.8%, which decreased 12.2%. The spread between the three broad equity strategies is currently 47.3% long equities, 23.2% absolute bias, 17.2% market neutral and 12.2% cash.

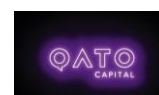
Dividend Donation Plan

Following requests from FGX shareholders, the Board has established a Dividend Donation Plan (DDP) for shareholders to donate all or part of their cash dividend directly to the designated charities supported by FGX. The new DDP allows shareholders to donate as little as 1% or as much as 100% of their dividend payment to one or more of the 14 FGX designated charities. The tax deductible donations to the designated charities made through the DDP will go towards the initiatives currently supported by FGX as part of its charitable purpose. Further information regarding the DDP will be sent to shareholders this week.

Key interim dividend dates

Last day to exercise options to be eligible for interim dividend:	7 April 2016
Ex date:	13 April 2016
Record date:	14 April 2016
Last election date for dividend reinvestment plan:	18 April 2016
Payment date:	29 April 2016
Option expiry date:	16 September 2016

Fund Managers



Charities



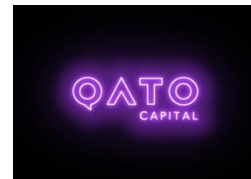
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Fund manager in focus: Qato Capital

About Qato Capital

Qato Capital is an alternative funds management group backed by single family office, Larkfield Funds Management.



Qato's flagship fund, the Qato Capital Market Neutral Long/Short Fund, has minimal net exposures to ASX 100 listed equities, by constructing long and short portfolios of similar dollar values, containing no financial leverage (other than short leverage). The strategy seeks to preserve capital and maximise absolute returns through active and constant risk management, hedging broader market risks and sentiment by investing in up to 50 positions from the S&P/ASX 100 positions 25 long and 25 short.

The Fund has a strong record of providing positive returns in months when global equity markets fall. As such, Qato's Market Neutral Long/Short ASX-100 Fund is often used as a natural hedge to global equity markets.

When the S&P/ASX 100 experiences a negative month, Qato Capital's Market Neutral Long/Short has produced positive returns 58% of the time. When the S&P 500 experiences a negative month, Qato Capital's Market Neutral Long/Short has produced positive returns 78% of the time.

The Qato Long/Short strategy has returned 22.08% since August 2014, net of all fees, versus the ASX100's return of -13.74%; i.e. outperformance of +35.82%.

Qato's investment style

Qato's systematic investment style is fundamentally based, with stock selection employed via a rules based approach. The investment style centres around the proprietary 'Q-Score' ranking process, whereby constituents of the ASX-100 are ranked from 1 to 100 by evaluating improving and deteriorating fundamental factors from a variety of financial metrics, such as valuation, growth, risk, quality, earnings & price.

Qato invests long in quality companies based on a variety of factors, including stable and growing earnings, compelling cash flow yields, and appreciating return on equity. The short positions, however, focus on the polar opposite. After risk adjustments, the long portfolio is constructed from the top ranked positions, and the short portfolio is constructed from the lowest ranked positions. Our philosophy targets 'quality minus junk' at a bottom-up stock level, producing portfolios of long 'Low Beta': relatively high quality, large cap, safe, growing, with compelling valuation metrics and low volatility; and short 'High Beta': relatively low quality, riskier companies with stagnant to depreciating fundamentals and less than desirable valuations, with high volatility.

Qato's market outlook

The market environment will likely remain challenging over the coming years. Economic conditions are deteriorating globally and Australia is being negatively impacted by an escalating slowdown in emerging markets. As a result, operating earnings domestically are deteriorating. Forward earnings forecasts continue to be downgraded, painting a fairly bleak outlook and it is also concerning that global equity valuations have been manipulated higher through loose monetary policy. In a challenging environment like this, valuations are at risk of contracting significantly should an effective global solution to growth and debt problems not be found.

Unfortunately, there is no clear avenue from which the global economy can be reignited. The burden of debt across the developed world will continue to act as a restraint on the ability of Governments to employ fiscal measures. With the public debt to GDP of developed economies hovering over 90%, we should be concerned that debts of this magnitude can take generations to pay off. Furthermore, a global recession in capital expenditure will likely continue to weigh on growth for some time. Based on this, it is likely the market environment will remain sluggish in the medium to long-term.

More information can be found at <http://qatocapital.com>

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Designated charity in focus: Lighthouse Foundation

About Lighthouse

Lighthouse Foundation has developed an extremely successful, cost effective model to help homeless young Australians within a series of family style suburban homes.

Lighthouse provides long term accommodation, a genuine home environment with 24 hour care professional carers backed by a multi-disciplinary team. Two of the Lighthouse homes are dedicated to helping homeless mothers and babies.



Lighthouse and FGX

Lighthouse provides a real home for the homeless. FGX's support of Lighthouse is a high impact investment which in the past year has changed the lives of many of Australia's most vulnerable young people. An independent report found that Lighthouse Foundation returns \$12 of social value for every dollar invested in it.

There are approximately 40,000+ homeless Australians under the age of 25 on any one day. People who become homeless before the age of 25 have a much higher likelihood of remaining homeless with a lifetime cost to the government ranging from \$350K to \$1.1m per person. Evidence gathered over the past 25 years shows that over 80% of the young people graduating to independent living from Lighthouse break the cycle on ongoing homelessness. This is an exceptionally high success rate compared to other residential care programs and a significant saving for the nation.

Lighthouse has an 'On for Life' policy where our young people can always come back for help and support after they move into independent living. This is a key reason so many of them stay on track.

FGX support of the Lighthouse programs is impacting the lives young people in this generation and those to come by breaking the cycle of homelessness.

Q&A with Simon Benjamin, CEO

What aspirations do you have for your role at Lighthouse and going forward?

I have taken on the CEO role at an exciting time, when there is a readiness within the sector to make radical changes in residential care in order to achieve better outcomes. Tragically, our care system does not systematically measure the wellbeing of its young people and the outcomes for many are poor. Genuine therapeutic programs like Lighthouse have been proven internationally to be more effective, and we don't have to look overseas at importing models. Since Lighthouse was founded 25 years ago, the organisation has developed the Therapeutic Family Model of Care™ and we are able to tailor elements of our model for interested organisations ready to make that change. We aspire to bring change to the sector so that traumatised children have access to the right programs to start the journey of recovery.



What motivated you to take the role?

I have worked in therapeutic programs both in Australia and the UK and I believe passionately that we do our children a disservice if we fail to implement change to improve outcomes. Lighthouse has a great model of care and I was glad to be offered the opportunity to take the experience and expertise of Lighthouse into the sector to benefit the lives of more young people.

What does it mean to Lighthouse to have the support of FGX?

It is an important partnership and we commend the FGX Shareholders and Board for the significant contributions they are making to youth and children's charities across Australia. The impact of these contributions directly relates to young lives saved and young lives changed.

We deal with hard issues, and there are many challenges, but the joy is amazing when we are able to celebrate these milestones. We are especially proud of all our young people who return to school once they are settled into a safe Lighthouse home.

I hope the FGX team and shareholders can feel a part of all this, and have the satisfaction of knowing their investment is highly effective and powerful in impact.

More information can be found at <http://lighthousefoundation.org.au/>