

Investment Update & Net Tangible Assets Report

As at 31 March 2016



FUTURE GENERATION
INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

The following NTA figures are before the 2.0 cents per share fully franked dividend due to be paid on 29 April 2016. The shares traded ex dividend on 13 April 2016.

NTA before tax	114.95c
NTA after tax and before tax on unrealised gains	115.04c*
NTA after tax	114.96c*

The above figures are not diluted for 160,918,154 options on issue with an exercise price of \$1.10. During the month of March, 11,717,961 options were exercised. This had a diluting effect of 0.3 cents per share. *These figures are after the payment of \$1.5m (0.75 cents per share) in tax during the month.

Portfolio

The investment portfolio has outperformed the S&P/ASX All Ordinaries Accumulation Index by 13.3% in the 12 months to 31 March 2016 and by 10.6% in the financial year to date. The investment portfolio increased 2.0% during March while the S&P/ASX All Ordinaries Accumulation Index increased 4.7%. The spread between the three broad equity strategies is currently 45.2% long equities, 22.0% absolute bias, 15.9% market neutral and 16.9% cash.

Fund manager	Investment	Strategy	% of assets
Paradise Investment	Large/Mid Cap Funds (split out below)		9.4%
	Paradise Australian Equities Mid Cap Fund	Long equities	5.2%
	Paradise Large Cap Fund	Long equities	4.2%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	9.3%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	8.8%
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	7.6%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.3%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	7.3%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	6.4%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	4.7%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	4.6%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	3.7%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	3.3%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	3.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	2.8%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.4%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.4%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	1.1%
	Cash and Term Deposits	Cash	16.9%

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Gross assets	\$239.0m
Market cap	\$232.4m
Share price	\$1.135
Net assets per share (before tax)	\$1.149
Shares on issue	204,789,502
Options on issue	160,918,154
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.

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 and Matthew Kidman

Chief Executive Officer

Louise Walsh

Company Secretary

Mark Licciardo

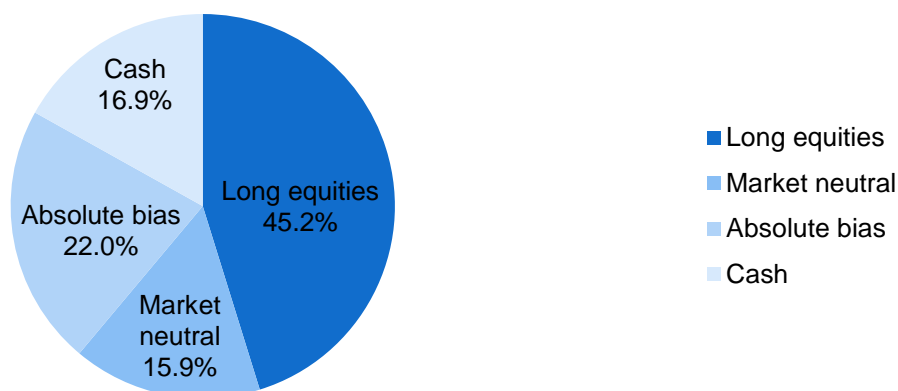
Corporate Affairs

James McNamara

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Investment strategy allocation (% of assets)



Bonus Option Issue

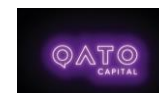
The options issued on the 8 September 2014 as a result of the capital raising via the prospectus dated 7 July 2014, are exercisable at \$1.10 and can be exercised at anytime on or before the 16 September 2016.

As at 31 March, 20,900,028 options had been exercised for a total consideration of \$22,990,031, with a remaining balance of outstanding options being 160,918,154.

Key interim dividend dates

Ex date:	13 April 2016
Record date:	14 April 2016
Last election date for dividend reinvestment plan (DRP):	18 April 2016
Last election date for dividend donation plan (DDP):	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: Paradise Investment Management



About Paradise Investment Management

Paradice Investment Management is a privately owned fund manager established in 1999 in Sydney by David Paradice. We have offices in Sydney, Denver and San Francisco. Our product range includes three distinct Australian Equity strategies (Large, Mid & Small Caps) and one Global Equity strategy- Global Mid Small caps and we currently manage over \$9.4 billion in funds. Currently the Global Small Mid Cap and Australian Mid Cap fund are available for retail investors with Large Cap to be our next offering and likely to be live in May this year.

The business is made up of a highly experienced team of 29 people, with 17 investment staff. We have a strong focus on providing consistent performance outcomes for our clients with a strict focus on capacity management across all our products.

Our investment style

The Paradise Mid Cap Equities fund employs a “bottom-up” approach to investment.

We believe that equity markets are inefficient and therefore offer excellent investment opportunities over time. The inefficiencies arise due to excesses in investor emotion, a focus on short term investment horizons and consistent focus on one of the least important aspects of a company’s financial health – it’s profit and loss statement.

One of the most important aspects of investing is objectivity. It is therefore possible to benefit from changes in market inefficiencies by focussing on logical, ordered and objective investment decisions based on known facts.

We aim to buy shares which it believes are under-priced and expect to grow at rates greater than the market. Our strategy is to favour well-managed, good value companies that have significant growth opportunities through their comparative advantage. This comparative advantage can be via a combination of a better product or service, a more efficient organisational model, a favourable niche or a commanding leadership position within their industry. We believe a good business requires good products and services and good execution.

The key to identifying these investment opportunities lies in Paradise’s extensive insight and analysis of companies and the industries to which they belong. This is achieved through an intense company visitation program and our experienced investment professionals using proven valuation techniques and models.

Our market outlook

The market has been very volatile in the past six months and we would expect this to continue in the short term. In the meantime we have returned to our extensive company visit schedule and different team members have made trips to both the USA and Asia in order to assess whether the bounce we have seen in the resource sector is sustainable or just another false dawn. The good news is that we are finding opportunities amongst the volatility.

More information can be found at www.paradice.com.au/.

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Designated charity in focus: United Way

About United Way

United Way Australia unites business, government, philanthropy and social purpose organisations in collaborative action that improves outcomes in education, employment, health and housing for families and communities experiencing disadvantage. United Way does this by:

- Mobilising resources - securing the long-term investment of funds, skills and networks to build stronger communities.
- Acting collectively - convening activity, coordinating service provision, and incubating and delivering evidence-based initiatives in partnership with others.
- Influencing systems change - sharing learning and scaling solutions locally, nationally and internationally.



United Way and FGX

With the support of FGX, United Way has expanded our Ready to Read program into a new community in Mount Druitt in Western Sydney. Ready to Read is a highly targeted program combining free monthly age-appropriate book deliveries to children at home from birth until five years old, with early childhood resources for parents and carers, and community mobilisation via partnerships that raise awareness of the importance of shared reading with young children. The program centres around helping parents, carers and grandparents become their child's first educator, from birth.

FGX's support has funded a new Ready to Read program in Mount Druitt, enabling hundreds more children access to the program so they can start school ready to read, learn and succeed in life. Mount Druitt is a community in the City of Blacktown in NSW with almost 30,000 children under the age of five. In Mount Druitt 30.9% of these children start school 'developmentally vulnerable' – which is above the NSW average of 20.2%.

Q&A with Kevin Robbie, CEO

What is your driving motivation in your current role?

My driving motivation is to ensure that United Way is impact led. I've worked in the community sector for over two decades and seen many approaches that are not impact focused. Given the complexity and scale of social problems, we have to be focused on maximising approaches that will have the greatest impact. This type of thinking should be embedded right from the start in how we think about designing new initiatives, right through to ensuring we evaluate what we have done and learn from what worked (and what didn't).



What is the most challenging aspect of your role?

The challenge is finding the funding to scale solutions that we know are working. For example, our early learning initiatives now reach 30+ communities across Australia with over 6,000 children having received support to date. Evaluations show this work is generating outcomes across multiple literacies and life skills that enable children to start school ready to learn and thrive. But we know there are still hundreds of communities and thousands of young children that need our support.

What does it mean to United Way to have the support of FGX?

It is incredible as it has allowed us to expand into a new community, one of the most disadvantaged in NSW, and begin to work with the young children and families there to begin to close the gap around kids starting school developmentally vulnerable. It has also enabled learning around effective community engagement and collective impact practices that we can roll out to other communities. We also value the opportunity to engage FGX staff in skilled volunteering and discussion on how we can best leverage their networks to advocate for change.

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