Investment Update & Net Tangible Assets Report
As at 31 May 2016

Net Tangible Assets (NTA) figures

<table>
<thead>
<tr>
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<th>NTA before tax</th>
<th>NTA after tax and before tax on unrealised gains</th>
<th>NTA after tax</th>
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<tbody>
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<td></td>
<td>117.22c</td>
<td>117.41c</td>
<td>115.91c</td>
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The above figures are not diluted for 140,018,228 options on issue with an exercise price of $1.10.

Portfolio
In May, the portfolio rose 3.7%, outperforming the S&P/ASX All Ordinaries Accumulation Index which increased 3.1%. In the financial year to date the portfolio has increased 13.6%, outperforming the benchmark by 9.2%. This outperformance has been achieved with lower volatility than the market due to the skill of the fund managers and the diversification benefits presented by the Company.

During May, FGX invested almost 70% of the $46 million in capital received from the exercise of options. The funds were invested among the existing fund managers and two new funds managers, CBG Asset Management and Centennial Asset Management.

Zenith Investment Partners Product Assessment
Last week FGX was rated by Zenith Investment Partners. You can read the full report on our website at www.futuregeninvest.com.au.

Future Generation Investment Company Limited
ASX Code FGX
Established Sept 2014
Gross assets $267.3m
Market cap $254.3m
Share price $1.125
Net assets per share (before tax) $1.172
Shares on issue 226,002,667
Options on issue 140,018,228
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 Radzynski
Kate Thorley
David Leeton
Scott Malcolm
David Paradise

Investment Committee
Geoff Wilson, Gabriel Radzynski 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)

- Long equities: 50.2%
- Market neutral: 15.4%
- Absolute bias: 24.8%
- Cash: 9.6%

**Long equities** is an investment style that is predicated on holding long only positions and seeks to benefit from positive investment performance of the assets that are held in the portfolio.

**Market neutral** is a strategy undertaken by an investor or an investment manager that seeks to profit from both increasing and decreasing asset prices one or more markets.

**Absolute bias** is an investment style that aims to deliver positive returns in both rising and falling markets. Absolute bias funds invest in a wide range of asset classes and employ various investment strategies (including but not limited to short selling and leveraging).

**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 May, 41,622,476 options had been exercised for a total consideration of $45,784,724 with a remaining balance of outstanding options being 140,018,228.

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**Fund Managers**

**Charities**

**Service Providers**
Fund manager in focus: Centennial Asset Management

About Centennial Asset Management

Centennial Asset Management is an independent Australian asset management business, where its Founders have worked together for many years, with extensive industry experience.

Centennial is the manager of the Level 18 Fund, a long/short equity fund with a bias towards investing in smaller capitalised companies. The Fund seeks uncorrelated returns with a strong emphasis on capital preservation and its team are focused on building wealth over the long term from investing for absolute returns rather (how much money we make) than for a return relative to any particular index.

Our Investment style

The Level 18 Fund utilises a fundamental investment strategy with a bias towards smaller companies, and a strong focus on capital preservation. The Fund invests predominantly in undervalued growth companies that are not well researched or covered by the market, companies benefiting from positive industry trends and companies with identifiable catalysts for unlocking value. On the short side, we look for companies in an industry or sector facing structural decline, strong competitive threats or operating issues. The Fund can hold up to 100% in cash if suitable opportunities are not available.

Our market outlook

The harsh market conditions encountered in January and February this year provided a great buying opportunity in the Australian small cap market. Leading up to this period, valuations in the sector had become stretched as professional investors from all walks of life entered the market looking for growth stories. The main culprits were the traditional long only large cap Australian managers who have been faced with little to no earnings growth in the top 50 companies listed on the ASX. These investors departed in January and February, pushing prices down.

We would expect the volatile nature of the small cap market to prevail for some months to come with the period between May and October the seasonally weak period. However, with official interest rates at historical lows and the Australian dollar consolidating in the US70c to 80c range, we believe the next 12 to 24 months will be an optimal time to invest in small cap industrial stocks. These opportunities are presenting themselves across the whole small cap sector, with mining and mining services companies at, or near, a multi-year bottom and many industrial and finance companies out of favour because of past indiscretions.

On the short side of the equation, specific opportunities do, and will continue to, present themselves, with many companies facing headwinds in their industries and others not being able to execute their business plans.

Please contact us should you have any further questions, at investors@centennialfunds.com.au or visit our www.centennialassetmanagement.com.au.
Designated charity in focus: Youth Off The Streets

About Youth Off The Streets

We are a non-denominational organisation offering a full continuum of care through a range of 35+ services. Since 1991, we have assisted youth aged 12-25 facing challenges such as homelessness, mental illness, abuse, poverty and isolation. We help vulnerable young people turn their lives around through education and rehabilitation services.

Youth Off The Streets and FGX

FGX supporters are assisting us to deliver our Cultural Connections program, which will provide one-on-one Aboriginal mentoring, supported service referrals, individual advocacy and participation in traditional cultural learning programs that aim to strengthen cultural identity, pride and community connections. The Cultural Connections program aims to assist troubled and disadvantaged Aboriginal youth by providing one-on-one mentoring by Indigenous staff, supported service referrals, legal support, individual advocacy and participation in traditional cultural learning programs that endeavour to develop cultural identity, pride, skills and community connections.

Thanks to the kind support of FGX we have already facilitated two cultural immersion camps for Aboriginal young people from the south-west Sydney region, as well as providing practical hands-on mentoring to 30 young people to support them through the Children’s Court. Funding has also enabled us to design and schedule a full calendar of workshops, programs, events and excursions across the remainder of 2016, enabling the program to deliver meaningful outcomes to one of our most marginalised groups.

Q&A with Father Chris Riley

What is your driving motivation in your current role?

I started Youth Off The Streets in 1991 because I saw a gap in services for young homeless people. I decided to go directly to them and hand out food in the city. My first motivation has always been to help young people in need and that continues to be my driving motivation. It’s why I run Youth Off The Streets, but still have time to teach English at one of our schools.

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

The most challenging aspect of my role is not being on the front line as much as I would like to be. As I’ve said above, my primary motivation is the young people that are most in need. Running an organisation with hundreds of employees and over 35 services takes up a lot of my time and I’m also constantly trying to learn. That means less time in the classroom, less time on the streets and less time with the young people we help.

3. What does it mean to Youth Off The Streets to have the support of FGX?

The support provided by FGX will ensure we can address one of the key issues facing one of the most marginalised communities in Australia. The Aboriginal and Torres Strait Islander population still suffer from a lower life expectancy gap, lower rates of literacy and general health and are over-represented in the justice system when compared to the non-indigenous population. With the backing of FGX, we will have the ability to effect meaningful change in these communities and restore a sense of hope.

For further information, visit: https://youthoffthestreets.com.au/