Net Tangible Assets (NTA) figures

The following NTA figures are after the 2.0 cents per share fully franked final dividend paid on 21 October 2016.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NTA before tax</td>
<td>113.57c</td>
</tr>
<tr>
<td>NTA after tax and before tax on unrealised gains</td>
<td>113.20c*</td>
</tr>
<tr>
<td>NTA after tax</td>
<td>112.98c*</td>
</tr>
</tbody>
</table>

*These figures are after the tax payment of $56k (0.01 cents per share) in tax during the month.

Portfolio

In October, the portfolio decreased 1.6% outperforming the S&P/ASX All Ordinaries Accumulation Index which fell 2.2%. In the 12 months to 31 October 2016, FGX’s investment portfolio has increased 9.1%, outperforming the benchmark with less volatility as measured by standard deviation, 8.0% versus the market’s 13.4%. The company is currently 37.4% long equities, 22.0% absolute bias, 14.1% market neutral and 26.5% cash. We are part-way through the process of allocating monies raised from the exercise of options.

<table>
<thead>
<tr>
<th>Fund manager</th>
<th>Investment</th>
<th>Strategy</th>
<th>% of assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regal Funds Management</td>
<td>Regal Australian Long Short Equity Fund</td>
<td>Long equities</td>
<td>9.0%</td>
</tr>
<tr>
<td>Wilson Asset Management (International)</td>
<td>Wilson Asset Management Equity Fund</td>
<td>Absolute bias</td>
<td>8.5%</td>
</tr>
<tr>
<td>Watermark Funds Management</td>
<td>Watermark Absolute Return Fund</td>
<td>Market neutral</td>
<td>7.5%</td>
</tr>
<tr>
<td><strong>Paradise Investment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Large/Mid Cap Funds (split out below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paradise Australian Equities Mid Cap Fund</td>
<td>Long equities</td>
<td>7.0%</td>
</tr>
<tr>
<td></td>
<td>Paradise Large Cap Fund</td>
<td>Long equities</td>
<td>3.1%</td>
</tr>
<tr>
<td>Bennelong Australian Equities Partners</td>
<td>Bennelong Australian Equities Fund</td>
<td>Long equities</td>
<td>6.5%</td>
</tr>
<tr>
<td>Eley Griffiths Group</td>
<td>Eley Griffiths Group Small Companies Fund</td>
<td>Long equities</td>
<td>5.4%</td>
</tr>
<tr>
<td>Tribeca Investment Partners</td>
<td>Tribeca Alpha Plus Fund</td>
<td>Absolute bias</td>
<td>4.6%</td>
</tr>
<tr>
<td>Sandon Capital</td>
<td>Sandon Capital Activist Fund</td>
<td>Absolute bias</td>
<td>4.1%</td>
</tr>
<tr>
<td>Cooper Investors</td>
<td>Cooper Investors Australian Equities Fund</td>
<td>Long equities</td>
<td>3.3%</td>
</tr>
<tr>
<td>Bennelong Long Short Equity Management</td>
<td>Bennelong Long Short Equity Fund</td>
<td>Market neutral</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Optimal Fund Management Australia</strong></td>
<td>Optimal Australia Absolute Trust</td>
<td>Market neutral</td>
<td>2.9%</td>
</tr>
<tr>
<td>CBG Asset Management</td>
<td>CBG Asset Australian Equities Fund</td>
<td>Long equities</td>
<td>2.4%</td>
</tr>
<tr>
<td>Discovery Asset Management</td>
<td>Discovery Australian Small Companies Fund</td>
<td>Long equities</td>
<td>2.2%</td>
</tr>
<tr>
<td>LHC Capital</td>
<td>LHC Capital Australia High Conviction Fund</td>
<td>Absolute bias</td>
<td>2.0%</td>
</tr>
<tr>
<td>Centennial Asset Management</td>
<td>The Level 18 Fund</td>
<td>Absolute bias</td>
<td>1.7%</td>
</tr>
<tr>
<td>Smallco Investment Manager</td>
<td>Smallco Broadcom Fund</td>
<td>Long equities</td>
<td>1.6%</td>
</tr>
<tr>
<td>Lanyon Asset Management</td>
<td>Lanyon Australian Value Fund</td>
<td>Absolute bias</td>
<td>1.1%</td>
</tr>
<tr>
<td>Qato Capital</td>
<td>Qato Capital Market Neutral L/S Fund</td>
<td>Market neutral</td>
<td>0.6%</td>
</tr>
<tr>
<td></td>
<td>Cash and Term Deposits</td>
<td>Cash</td>
<td>26.5%</td>
</tr>
</tbody>
</table>

Shareholder presentations

Beginning Wednesday 16 November in Adelaide, we will be holding nationwide shareholder presentations for the Future Generation companies. For full details and to RSVP, click here or visit www.futuregeninvest.com.au.
Investment update & Net Tangible Assets Report
As at 31 October 2016

Investment strategy allocation (% of assets)

- **Cash** 26.5%
- **Long equities** 37.4%
- **Absolute bias** 22.0%
- **Market neutral** 14.1%

**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

- Paradice
- BAEP
- Centennial Asset Management
- Watermark Funds Management
- Penneleong
- Wilson Asset Management
- Cooper Investors
- Regal
- Eley Griffiths Group
- CBG Asset Management
- Lanyon Asset Management
- Sandon Capital
- Tribeca Investment Partners
- Discovery Asset Management
- LH Capital
- Optimal Fund Management Australia
- Smallco Investment Manager
- Qato Capital

### Charities

- Act for Kids
- OAIEF
- Kids Helpline
- Raise
- Kids for Kids
- Father Chris Riley’s Youth Off The Streets
- LHD
- Debra
- Variety

### Service Providers

- Watson Mandoni
- White Outsourcing
- Boardroom
- Pitcher Partners
- JLT
- Matrix Solutions
- Merton's

Level 11, 139 Macquarie Street, Sydney NSW 2000 I GPO Box 4658 Sydney NSW 2001 I ABN: 97 063 935 553 I Phone 02 9247 9202 I Fax 02 9247 6855 I info@futuregeninvest.com.au I www.futuregeninvest.com.au

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Fund manager in focus: Eley Griffiths Group

About Eley Griffiths Group
Eley Griffiths Group is an independent, boutique fund manager specialising in listed Australian small companies established in 2002. EGG has a commitment to excellence in the management of small company portfolios, and the managers have extensive experience in this area. The business operates an outsourced service provider model, which allows the principals to concentrate their time and energy on portfolio management and the discovery of stocks that, in their opinion, have been inefficiently valued by the market.

Our investment style
The investment process involves a qualitative assessment of a company, chiefly a review of management, their experience, vision and alignment and an industry examination, where great weight is placed in the likely two to three-year growth outlook. The Investment Manager also assess stocks quantitatively. It uses a ‘growth-at-a-reasonable-price’ (GARP) style of valuation analysis, weighing up a company’s price to earnings ratio with its forecast three year earnings per share growth. The stock selection of the Investment Manager relies heavily upon a positive combination of the two disciplines subject to particular risk management filters.

Our market outlook
Bull markets typically end with a euphoric blow-off. Whilst there is some evidence of frothiness in pockets of the market (e.g. bond proxies three months ago) it is certainly not to the degree that has marked recent stock market tops. Whilst we may be seven years into this bull market, pessimism remains stubbornly high and cash levels remain elevated. Risk appetite has only been stirring for 12-18 months. We still believe equities are the place to be, albeit investors need be prepared for greater volatility than in recent years and careful attention needs to be paid to where one is invested within equities. As we look into 2017 investors will learn whether interest rates really can rise again, whether fiscal policy can accelerate real global demand and indeed whether the “great rotation” (bonds into equities) is upon us. Either way we remain bullish and are finding good risk reward opportunities for our investors.

Performance statistics to 31 October 2016

<table>
<thead>
<tr>
<th>Fund</th>
<th>1 month</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>EGG Small Companies Fund</td>
<td>-5.82%</td>
<td>+14.99%</td>
<td>9.08%</td>
<td>+10.88%</td>
<td>+6.13%</td>
</tr>
<tr>
<td>S&amp;P/ASX Small Ordinaries Accumulation Index (XSOAI)</td>
<td>-4.72%</td>
<td>+14.90%</td>
<td>4.42%</td>
<td>+2.69%</td>
<td>+0.27%</td>
</tr>
<tr>
<td>Outperformance</td>
<td>-1.10%</td>
<td>+0.09%</td>
<td>4.66%</td>
<td>+8.19%</td>
<td>+5.86%</td>
</tr>
</tbody>
</table>

*Fund returns are calculated post fees

Top five stocks

- Cleanaway Waste Limited
- Fletcher Building Limited
- Independence Group Ltd
- Sims Metal Management Ltd
- Steadfast Group Limited
Charity in focus: Australian Children’s Music Foundation

About ACMF
The Australian Children’s Music Foundation (ACMF) was founded in 2002 by Don Spencer OAM to address the needs of children who were not getting the benefits of music education. Worldwide research has proven that participation in music making has significant educational, emotional and social benefits, and yet 75% of Australian public schools do not have a dedicated music teacher. For the growing number of children who suffer trauma, hopelessness or despair, the ACMF can help make lives worth living.

FGX funding goes towards music programs for children in the Taree Schools Group, on the Mid-North Coast of NSW, and the Sunshine Schools Group in Melbourne, VIC. Overall, programs operate in 14 schools and kindergartens, employing nine teachers and reaching over 2000 students each week.

Children in the Taree Schools are from diverse backgrounds, with over 30% of all students from an Indigenous background and many students from a very low socio-economic background. Children in the Sunshine Schools are from enormously different cultural backgrounds, many of the students are refugees, and over 40 different nationalities are represented in the community.

As a result of our music programs in these areas, students are singing together, playing together and learning together, regardless of background, religion, race or language group affiliation. Attendance and classroom discipline has improved, and the student's self-esteem and creativity has increased. Over months and years, our Music Program builds trust between students and adults, where children are often ‘let down’ by grown-ups. In addition to benefitting the children involved, musical activity within schools provides an ideal focal point for events that bring together the wider school community and increases parental interest in the schooling process.

Q&A with Don Spencer OAM, Founder and CEO

What is your driving motivation in your current role?
As a young child I used to find great solace in music. I would float away with music as a kid. It would take me away from my challenging childhood. After travelling the word as a performer, singer, songwriter and entertainer, it occurred to me that I wouldn't be the only child who would need the escape of music. Now, I see the magic of music every time I visit an ACMF music program - and it is that transformative power that keeps inspiring me.

2. What is the most challenging aspect of your role?
Trying to convince the Government and other funding bodies of the proven and irrefutable benefits of music education. Apart from the joy and creativity that music inspires, world-wide research has proven that children who study music are up to 35% more advanced academically than children who don't. We have a huge waiting list of schools who want our music programs.

3. What does it mean to have the support of FGX?
It is wonderful to know that the FGX money is guaranteed each year. We know from experience that the longer we stay at a school, the better the outcomes we achieve. It's a great relief to know that we can sustain these programs. By providing music education we are enabling transformative education across every area of learning. Our programs are giving kids the tools and resilience they need in their lives to realise their full potential.

For further information, visit: www.acmf.com.au