

Investment Update & Net Tangible Assets Report

As at 30 June 2017



FUTURE GENERATION
INVESTMENT COMPANY

Net Tangible Assets (NTA) figures

| | |
|--|---------|
| NTA before tax | 115.48c |
| NTA after tax and before tax on unrealised gains | 114.86c |
| NTA after tax | 114.36c |

Portfolio

In June, the FGX investment portfolio increased 1.1% outperforming the S&P/ASX All Ordinaries Accumulation index by 0.8%. The FGX portfolio delivered strong performance during the quarter ended 30 June 2017, outperforming the Index by 2.8%.

Since inception, the investment portfolio has increased 8.7% per annum, outperforming the benchmark by 3.2%. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 7.1% versus the market's 12.2%.

The spread between the three broad equities is 43.5% long equities, 36.3% absolute bias, 14.5% market neutral and 5.7% cash.

| Fund manager | Investment | Strategy | % of portfolio |
|--|--|----------------|----------------|
| | Large/Mid Cap Funds (split out below) | | 10.9% |
| Paradice Investment | Paradice Australian Equities Mid Cap Fund | Long equities | 6.2% |
| | Paradice Large Cap Fund | Long equities | 4.7% |
| Bennelong Australian Equities Partners | Bennelong Australian Equities Fund | Long equities | 10.4% |
| Regal Funds Management | Regal Australian Long Short Equity Fund | Absolute bias | 9.0% |
| Wilson Asset Management | Wilson Asset Management Equity Fund | Absolute bias | 8.7% |
| Watermark Funds Management | Watermark Absolute Return Fund | Market neutral | 7.5% |
| Tribeca Investment Partners | Tribeca Alpha Plus Fund | Absolute bias | 7.0% |
| | Small/Emerging Companies Funds (split out below) | | 5.9% |
| Eley Griffiths Group | Eley Griffiths Group Small Companies Fund | Long equities | 5.1% |
| | Eley Griffiths Group Emerging Companies Fund | Long equities | 0.8% |
| | Long short/Aus Equities Funds (split out below) | | 5.4% |
| L1 Capital | L1 Capital Long Short Fund – Retail Class | Absolute bias | 2.9% |
| | L1 Capital Australian Equities Fund | Long equities | 2.5% |
| Cooper Investors | Cooper Investors Australian Equities Fund | Long equities | 5.3% |
| Sandon Capital | Sandon Capital Activist Fund | Absolute bias | 4.2% |
| Bennelong Long Short Equity Management | Bennelong Long Short Equity Fund | Market neutral | 3.5% |
| Optimal Fund Management Australia | Optimal Australia Absolute Trust | Market neutral | 2.9% |
| CBG Asset Management | CBG Asset Australian Equities Fund | Long equities | 2.4% |
| Vinva Investment Management Limited | Vinva Australian Equities Fund | Long equities | 2.4% |
| Discovery Asset Management | Discovery Australian Small Companies Fund | Long equities | 2.0% |
| LHC Capital | LHC Capital Australia High Conviction Fund | Absolute bias | 1.8% |
| Centennial Asset Management | The Level 18 Fund | Absolute bias | 1.7% |
| Smallco Investment Manager | Smallco Broadcap Fund | Long equities | 1.6% |
| Lanyon Asset Management | Lanyon Australian Value Fund | Absolute bias | 1.1% |
| Qato Capital | Qato Capital Market Neutral L/S Fund | Market neutral | 0.6% |
| | Cash and Term Deposits | | 5.7% |

Future Generation Investment Company Limited

| | |
|---|-------------|
| ASX Code | FGX |
| Established | Sept 2014 |
| Gross assets | \$407.6m |
| Market cap | \$382.9m |
| Share price | \$1.095 |
| Net assets per share (before tax) | \$1.155 |
| Shares on issue | 349,663,801 |
| Management fees | 0.0% |
| Performance fees | 0.0% |
| Annual donation (% of NTA) | 1.0% |
| Annualised fully franked dividends (FY2017) | 4.2c |
| Fully franked dividend yield | 3.8% |

Investment objectives

- Provide a rising 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 charities, with a focus on children and youth at risk.

Chairman

Jonathan Trollip

Founder and Director

Geoff Wilson

Directors

David Leeton
David Paradice
Gabriel Radzyminski
Kate Thorley
Scott Malcolm

Investment Committee

Bruce Tomlinson
David Smythe
Gabriel Radzyminski
Geoff Wilson
Matthew Kidman

Chief Executive Officer

Louise Walsh

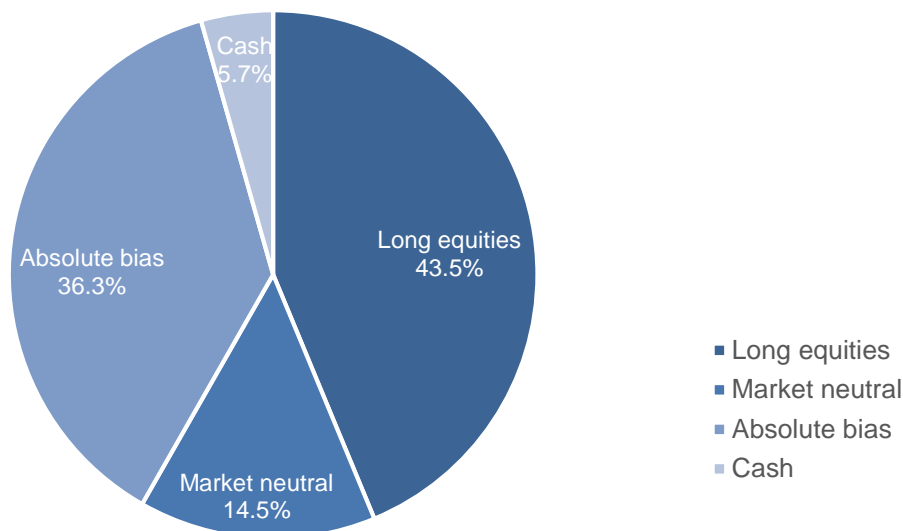
Company Secretary

Mark Licciardo

Investment Update & Net Tangible Assets Report

As at 30 June 2017

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 (including but not limited to short selling and leveraging) to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

Fund Managers



Investment Update & Net Tangible Assets Report

As at 30 June 2017



Charities



Service Providers



Fund manager in focus: Bennelong Long Short Equity Management

Bennelong Long Short Equity Management was established in 2002. We are focussed on one investment strategy – market neutral.



Our investment style

The fund's objective is to achieve consistent positive returns regardless of market conditions. We are fundamental, long term investors and create a diversified portfolio of larger (predominantly ASX 100) Australian listed equities by pairing a long and a short within the same industry or sector. Portfolio structure produces very low volatility return. This enables us to apply leverage to enhance returns. Returns are completely uncorrelated to other asset classes.

Our fundamental analysis revolves around companies and their prospects. To the extent that we may have a view on markets and macro issues it has limited influence on our portfolio. We limit exposure to market and macro risk. The fund is skewed heavily to stock specific risk.

Bennelong Long Short Equity Management performance

Fund performance over the last year is clearly divided into a weaker first six months and a stronger second six months. During the first six months, we experienced a more difficult environment in which company fundamentals were masked by liquidity driven "factor" returns. The most notable factor to affect us was the rotation out of higher multiple stocks into lower multiple stocks which was a headwind for some of our pairs. Over the last six months company fundamentals have been the dominant driver of share prices.

Investment Update & Net Tangible Assets Report

As at 30 June 2017



The portfolio has experienced a favourable skew of company financial results and this has translated directly through to fund returns.

| | 6 Mths | 1 Yr | 5 Yrs (p.a) | Since inception 2002 (p.a) |
|---|--------|------|-------------|----------------------------|
| Bennelong Long Short Equity Fund | 18.4% | 3.9% | 10.1% | 16.84% |
| RBA Cash Rate | 0.8% | 1.5% | 2.3% | 4.25% |
| ASX 200 Price Index | 1.0% | 9.3% | 6.9% | 3.31% |

For more information on Bennelong Long Short Equity Management, please visit www.blsem.com.au.

Charity in focus: Australian Indigenous Education Foundation (AIEF)

About the Australian Indigenous Education Foundation (AIEF)

Australian Indigenous Education Foundation (AIEF) provides scholarships that enable Indigenous students to attend leading Australian schools and universities, as well as mentoring and pathways support to ensure students make a successful transition from school to careers.



Australian Indigenous Education Foundation and FGX

FGX donations contribute to the AIEF Scholarship Fund, which currently supports over 500 school and university scholarship students. AIEF also provides ongoing support to a network of over 400 scholarship graduates.

With the support of partners and donors like FGX, our students and graduates are achieving outcomes that set the benchmark for Indigenous education programs in Australia, including 94% retention and Year 12 completion, 96% university retention and completion and 94% of scholarship graduates engaged in career pathways.

Q&A interview with Andrew Penfold, Executive Director

What is your driving motivation in your current role?

ABS figures show Australians with a Year 12 qualification are more likely to be employed; to pursue higher education; and to earn a higher income than Australians who do not complete Year 12.

The data also indicates that Year 12 completion has an even more profound impact on employment outcomes for Indigenous Australians than the general population. Only 38% of Indigenous Australians who leave school before Year 10 have a job, but 75% of Indigenous Australians with a Year 12 qualification are employed. Within our program, 94% of students stay at school and complete Year 12 and 94% of graduates are engaged in career pathways.



The evidence is unambiguous, yet the national Year 12 completion gap remains wide, at 25%. This is unacceptable and it's what motivates me and everyone at AIEF in all that we do.

What is the most challenging aspect of your role?

At current funding levels, we cannot keep up with demand for more scholarship places from Indigenous students and families, which means saying 'no' to young people who are determined to change their lives for the better.

We need to raise additional funds so we can say 'yes' to more Indigenous students and families.

Investment Update & Net Tangible Assets Report

As at 30 June 2017



What does it mean to have the support of FGX?

Innovative funding sources like FGX are critical for AIEF as we strive to offer more scholarships and meet community demand for quality education and career opportunities.

FGX has invited AIEF to apply for a three-year funding commitment. This type of long-term commitment is really valuable in the context of AIEF's fundraising needs – a sustainable funding base means we can offer more scholarships and empower more young Indigenous people to shape Australia's future.

For more information about the Australian Indigenous Education Foundation, visit www.aief.com.au.