Investment update

As at 30 June 2019

<table>
<thead>
<tr>
<th>Snapshot</th>
<th>Gross assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-tax net tangible assets</td>
<td>$493.5m</td>
</tr>
<tr>
<td>Fully franked dividend yield</td>
<td>3.9%</td>
</tr>
<tr>
<td>Management and performance fees</td>
<td>0%</td>
</tr>
</tbody>
</table>

futuregeninvest.com.au
ABN 97 063 935 553
Future Generation Investment Company Limited

ASX code: FGX
Date of listing: Sept 2014
Gross assets: $493.5m
Market cap: $464.9m
Share price: $1.17
NTA before tax: $1.23
Shares on issue: 397,295,488
Management fees: 0.0%
Performance fees: 0.0%
Annual donation (% of NTA): 1.0%
Full year fully franked dividends (FY2018): 46c
Fully franked dividend yield: 3.9%

Investment objectives
- Provide an increasing stream of fully franked dividends
- Achieve capital growth
- Preserve shareholder capital

Company overview
Future Generation Investment Company Limited (ASX: FGX) provides:
Shareholders with exposure to the best Australian fund managers without paying management or performance fees
Charities focused on children and youth at risk with a stream of annual investments.
Fund managers with a unique opportunity to make a positive difference to Australia’s future generations.

Chairman
Jonathan Trollip
Founder and Director
Geoff Wilson AO
Chief Executive Officer
Louise Walsh
Directors
Caroline Gurney
David Leeton
David Pasadice AO
Gabriel Radzyminski
Kate Thorley
Stephanie Lai
Investment Committee
Geoff Wilson AO, Chair
Bruce Tomlinson
David Smythe
Gabriel Radzyminski
John Coombe
Matthew Kidman
Joint Company Secretaries
Elizabeth McGregor
Mark Liciardo

Investment portfolio
In June, the FGX investment portfolio increased 1.9% outperforming the S&P/ASX Small Ordinaries Accumulation Index which rose 0.9%. The S&P/ASX All Ordinaries Accumulation Index increased 3.4% for the month. Since inception, the investment portfolio has increased 9.2% per annum, outperforming the benchmark by 0.9%. The investment portfolio’s outperformance has been achieved with less volatility as measured by standard deviation 7.5% versus the index’s 110%.
The spread between the three broad equities’ strategies is 45.7% long equities, 30.8% absolute bias, 23.1% market neutral and 11.4% cash.

Performance

<table>
<thead>
<tr>
<th>Performance at 30 June 2019</th>
<th>Fin YTD</th>
<th>1 yr</th>
<th>3 yrs % p.a.</th>
<th>Since inception % p.a. (Sep-14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FGX Investment Portfolio</td>
<td>13.6%</td>
<td>2.7%</td>
<td>9.4%</td>
<td>9.2%</td>
</tr>
<tr>
<td>S&amp;P/ASX All Ordinaries Accumulation Index</td>
<td>19.8%</td>
<td>11.0%</td>
<td>12.6%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Outperformance</td>
<td>-6.2%</td>
<td>-8.3%</td>
<td>-3.2%</td>
<td>+0.9%</td>
</tr>
<tr>
<td>S&amp;P/ASX Small Ordinaries Accumulation Index</td>
<td>16.8%</td>
<td>1.9%</td>
<td>10.7%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Outperformance</td>
<td>-3.2%</td>
<td>+0.8%</td>
<td>-1.3%</td>
<td>+1.1%</td>
</tr>
</tbody>
</table>

Investment performance and index returns are before expenses, fees and taxes.

Net tangible asset (NTA) figures

| NTA before tax               | 123.06c |
| NTA after tax and before tax on unrealised gains | 122.54c |
| NTA after tax                | 120.63c |

Investor conference call
We look forward to providing an update to our shareholders on Future Generation during our investor conference call on Tuesday, 17 September at 4:00pm (Sydney time). Founder and Director Geoff Wilson AO and CEO Louise Walsh will provide an update on Future Generation Investment Company (FGX) and Future Generation Global Investment Company (FGGC). We will send dial-in details for the investor conference call next week.

Shareholder presentations
We look forward to seeing you again at our next shareholder presentations in November 2019 on the following dates:

- **Toowoomba:** Thursday, 14 November 2019
- **Gold Coast:** Friday, 15 November 2019
- **Canberra:** Monday, 18 November 2019
- **Sydney:** Tuesday, 19 November 2019
- **Brisbane:** Thursday, 21 November 2019
- **Hobart:** Monday, 25 November 2019
- **Perth:** Tuesday, 26 November 2019
- **Adelaide:** Wednesday, 27 November 2019
- **Melbourne:** Thursday, 28 November 2019
Fund manager allocations

<table>
<thead>
<tr>
<th>Fund manager</th>
<th>Investment</th>
<th>Strategy</th>
<th>% of portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bennelong Australian Equities Partners</td>
<td>Bennelong Australian Equities Fund</td>
<td>Long equities</td>
<td>11.3%</td>
</tr>
<tr>
<td>Regal Funds Management</td>
<td>Regal Australian Long Short Equity Fund</td>
<td>Absolute bias</td>
<td>11.2%</td>
</tr>
<tr>
<td>Paradice Investment</td>
<td>Large/Mid Cap Funds (split out below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paradice Australian Mid Cap Fund – B Class</td>
<td>Long equities</td>
<td>6.0%</td>
</tr>
<tr>
<td></td>
<td>Paradice Australian Equities Fund</td>
<td>Long equities</td>
<td>5.1%</td>
</tr>
<tr>
<td>Eley Griffiths Group</td>
<td>Eley Griffiths Group Small Companies Fund</td>
<td>Long equities</td>
<td>5.8%</td>
</tr>
<tr>
<td></td>
<td>Eley Griffiths Group Emerging Companies Fund</td>
<td>Long equities</td>
<td>1.0%</td>
</tr>
<tr>
<td>Wilson Asset Management</td>
<td>Wilson Asset Management Equity Fund</td>
<td>Absolute bias</td>
<td>5.8%</td>
</tr>
<tr>
<td>Cooper Investors</td>
<td>Cooper Investors Australian Equities Fund</td>
<td>Long equities</td>
<td>5.4%</td>
</tr>
<tr>
<td>L1 Capital</td>
<td>L1 Capital Long Short Fund – Retail Class</td>
<td>Absolute bias</td>
<td>2.6%</td>
</tr>
<tr>
<td></td>
<td>L1 Capital Australian Equities Fund</td>
<td>Long equities</td>
<td>2.3%</td>
</tr>
<tr>
<td>Sandon Capital</td>
<td>Sandon Capital Activist Fund</td>
<td>Absolute bias</td>
<td>4.2%</td>
</tr>
<tr>
<td>Watermark Funds Management</td>
<td>Watermark Market Neutral Trust</td>
<td>Market neutral</td>
<td>4.1%</td>
</tr>
<tr>
<td>Firetrail Investments</td>
<td>Absolute Return/High Conviction Funds (split out below)</td>
<td>Market neutral</td>
<td>3.7%</td>
</tr>
<tr>
<td></td>
<td>Firetrail Absolute Return Fund</td>
<td>Market neutral</td>
<td>2.7%</td>
</tr>
<tr>
<td></td>
<td>Firetrail High Conviction Fund</td>
<td>Long equities</td>
<td>1.0%</td>
</tr>
<tr>
<td>Bennelong Long Short Equity Management</td>
<td>Bennelong Long Short Equity Fund</td>
<td>Market neutral</td>
<td>3.0%</td>
</tr>
<tr>
<td>CBG Asset Management</td>
<td>CBG Australian Equities Fund</td>
<td>Long equities</td>
<td>2.6%</td>
</tr>
<tr>
<td>Viva Investment Management</td>
<td>Viva Australian Equities Fund</td>
<td>Long equities</td>
<td>2.5%</td>
</tr>
<tr>
<td>ARCO Investment Management</td>
<td>ARCO Investment Management Absolute Trust</td>
<td>Market neutral</td>
<td>2.3%</td>
</tr>
<tr>
<td>Tribeca Investment Partners</td>
<td>Tribeca Alpha Plus Fund</td>
<td>Absolute bias</td>
<td>2.3%</td>
</tr>
<tr>
<td>LHC Capital</td>
<td>LHC Capital Australia High Conviction Fund</td>
<td>Absolute bias</td>
<td>2.1%</td>
</tr>
<tr>
<td>Centennial Asset Management</td>
<td>The Level 18 Fund</td>
<td>Absolute bias</td>
<td>1.6%</td>
</tr>
<tr>
<td>Smalco Investment Manager</td>
<td>Smalco Broadcap Fund</td>
<td>Long equities</td>
<td>1.6%</td>
</tr>
<tr>
<td>QVG Capital</td>
<td>QVG Opportunities Fund</td>
<td>Long equities</td>
<td>1.1%</td>
</tr>
<tr>
<td>Lanyon Asset Management</td>
<td>Lanyon Australian Value Fund</td>
<td>Absolute bias</td>
<td>0.9%</td>
</tr>
<tr>
<td></td>
<td>Cash and Term Deposits</td>
<td></td>
<td>11.4%</td>
</tr>
</tbody>
</table>

During the month, FGX made a new investment in the Firetrail High Conviction Fund and partially redeemed its holding in the Tribeca Alpha Plus Fund. As at 30 June 2019, the investment portfolio is made up of 20 fund managers with investments in 24 funds.

Investment strategy allocation

- 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. The long equities portion of the portfolio includes exposure to large-cap, mid-cap and small-cap stocks.

- 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.

- 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.
Pro bono fund managers

BAEP
REGAL
PARADICE
ELEY GRIFFITHS
Wilson
Asset Management
COOPER
INVESTORS
L1 CAPITAL
SANDON CAPITAL
WATERMARK
INVESTMENTS
Firetrail
Dennelongs
Long Short Equity
CBG
ASSET MANAGEMENT
vinva
ARCO
Tribeca
Invesment Partners
LHC
CAPITAL
CENTENNIAL
Investment Manager
Smallco
QVG
CAPITAL
LANYON
ASSET MANAGEMENT
Fully franked dividends

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices. Since inception, FGX has paid 17.1 cents per share in fully franked dividends to shareholders.

Fully franked dividends since inception

cents per share

![Graph showing fully franked dividends from 2015 to 2018]
Fund manager in focus: CBG Asset Management

About CBG Asset Management

CBG Asset Management (CBG) was founded in 2001 and merged with the ASX listed multi asset wealth manager Clime Investment Management (ASX:CIW) in July 2017.

Clime has funds under management of $900 million including two Listed Investment Companies (Clime Capital & CBG Capital) which recently announced their intention to merge.

For more information, visit cbgam.com.au

Investment style

CBG’s investment style is to focus on quality with a strong valuation discipline. Our primary focus is on achieving strong returns for clients in excess of the relevant benchmark for lower levels of risk. This allows CBG to grow and protect client capital in the accumulation phase and generate meaningful income in the retirement phase.

CBG believes investment markets are not always efficient which creates opportunities. CBG invests with conviction, backed by rigorous research and an approach to risk management that demands risk is appropriately compensated.

CBG has researched the critical elements of business quality extensively which provides significant evidence of a strong correlation between quality and outperformance (and vice versa). As highlighted below, companies with improving quality metrics also tend to outperform and exhibit lower levels of volatility while doing so.

Our market outlook

The recent rise in global equities has been driven by a compression in the risk-free rate rather than by a rise in earnings expectations. We have raised the cash weighting of the fund to 15% which is higher than the long-term average cash weighting of 5% ahead of next month’s reporting season.

Over the six months to 30 June 2019, the S&P/ASX 200 Accumulation Index return was 19.7% well ahead of the expected earnings growth from the broad equities market and above the long-term average equity returns. The markets are assuming no near-term or medium-term rate rises, so it will be interesting to see how this plays out over the next couple of years.

Top five holdings

<table>
<thead>
<tr>
<th>Stock</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHP Billiton Limited (BHP)</td>
<td>5.8%</td>
</tr>
<tr>
<td>National Australia Bank Limited (NAB)</td>
<td>5.4%</td>
</tr>
<tr>
<td>Amcor Limited (AMC)</td>
<td>5.3%</td>
</tr>
<tr>
<td>Westpac Banking Corp (WBC)</td>
<td>5.2%</td>
</tr>
<tr>
<td>CSL Limited (CSL)</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

CBG Australian Equities Fund Performance

<table>
<thead>
<tr>
<th>Performance at 30 June 2019</th>
<th>1 yr</th>
<th>5 yrs % p.a.</th>
<th>Since inception % p.a. (Apr-02)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBG Australian Equities Fund</td>
<td>11.2%</td>
<td>9.3%</td>
<td>12.0%</td>
</tr>
<tr>
<td>S&amp;P/ASX 200 Accumulation Index</td>
<td>11.6%</td>
<td>8.8%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Outperformance</td>
<td>-0.4%</td>
<td>+0.5%</td>
<td>+3.4%</td>
</tr>
</tbody>
</table>

*Investment performance and index returns are before expenses, fees and taxes.
Charity in focus: Australian Indigenous Education Foundation

About Australian Indigenous Education Foundation

The Australian Indigenous Education Foundation (AIEF) was established in 2008 in response to community demand from Indigenous families who choose to enrol their children in boarding schools. Bringing together the government and private sector, AIEF provides scholarship funding for indigenous students to complete Year 12 or tertiary studies, with career support to help them make a successful transition to their chosen fields.

Australian Indigenous Education Foundation and FGX

The FGX business model gives shareholders access to a more efficient, diversified portfolio operating on economies of scale with reduced risk.

A similar pooled investment model is also being pioneered by AIEF, with support from FGX, as the new way in philanthropy. Rather than the traditional and expensive approach of investing directly in a scholarship for one individual student, AIEF operates a pooled investment model like FGX, where AIEF gives FGX and its shareholders access to 27 of Australia’s leading schools in a single vehicle, and through them, invests in hundreds of Indigenous students.

This means FGX, and shareholders who donate their dividends to AIEF, are investing in the total portfolio of over 1,000 AIEF students and alumni; achieving high portfolio returns (over 90% retention and Year 12 completion each year and over 90% of alumni in employment or further study); and through economies of scale (AIEF is the largest scholarship program in Australia), achieving greater efficiency and low operating costs (1.7%), without concentration risk.

For more information visit www.aief.com.au

Q&A with Andrew Penfold AM, Executive Director

What is your driving motivation in your current role?

A quality education saved my life. I am passionate about ensuring marginalised Indigenous children get access to the best quality schooling Australia has to offer, and that their parents have choices for their children without financial barriers shutting them out.

What is the most challenging aspect of your role?

Funding. We work as a joint venture between the Australian Government and the private sector, but government funding is unpredictable. We received $30 million in June 2017 and nothing in the two years since. This makes planning difficult, and can also give a misleading impression that AIEF is disproportionately funded by government when looking at one year of AIEF’s finances in isolation.

There is also a misconception that AIEF has a lot of money. When AIEF takes on a student in Year 7, we commit to six years of school fees to support that student to Year 12. After graduation, we continue supporting them into careers with ongoing longitudinal tracking. Having large amounts in reserves doesn’t mean we are well funded, it just means we are able to support our current cohort through to completion. We need more money to fund new students coming in each year.

What is the impact of FGX’s support?

FGX understands the power of quality education to shift the dial on marginalised youth, and the success AIEF is achieving in this field. We are proud to promote FGX through our media partners such as The Australian, because FGX understands the importance of supporting programs like AIEF that are cost efficient, scalable and have a direct relationship between the funding and the benefits to Indigenous children.
Charities

Service providers

Future Generation Investment Company
Investment update As at 30 June 2019 futuregeninvest.com.au T +61 2 9247 9202