Dear Fellow Shareholder,

In May, the Future Generation Australia and Future Generation Global investment portfolios continued their track record of outperformance for the year, with the Future Generation Australia investment portfolio increasing 6.2%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 1.2%, and the Future Generation Global investment portfolio increasing 3.7%, outperforming the MSCI AC World Index (AUD) by 1.2%. Global equity markets continued to rebound during the month as economies reopened with the easing of lockdown restrictions put in place in response to coronavirus.

Since inception, Future Generation Australia’s investment portfolio has increased 7.2% per annum and Future Generation Global’s investment portfolio has increased 9.5% per annum. This performance has been achieved with less volatility than their respective indexes, as measured by standard deviation.

We were pleased to launch the first Future Generation Virtual Investment Forum in May. Our Future Generation Australia and Future Generation Global fund managers shared 20 of their investment ideas, and Future Generation Founder and Director Geoff Wilson AO, Paradise Investment Management Founder and Managing Director David Paradise AO and Regal Funds Management Chief Investment Officer Phil King discussed their thoughts on the market with The Australian Financial Review’s Tony Boyd. The Australian Financial Review covered the investment ideas and the panel.

Although we were unable to meet in person, we hope you enjoyed the Virtual Forum.

You can let us know your thoughts on the Forum by completing this brief survey.

For our latest Conversations with Future Generation podcast, I spoke with the Hon. Joe Hockey, Founding Partner and President of advisory firm Bondi Partners. Before co-founding Bondi Partners, Mr. Hockey served as Australia’s Ambassador to the United States of America and was previously the elected Treasurer of Australia. Mr. Hockey and I discussed his career highlights, the strength and importance of Australian and US relations in the current political climate, including his relationship with Donald Trump and the growing rivalry between China and the US. Episode three is available on Apple, Google and Spotify. Read more about our discussion in The Australian.

During the month, we also held the Future Generation Australia and Future Generation Global Annual General Meetings (AGMs) virtually. The Chairman’s Addresses for Future Generation Australia and Future Generation Global are available to read through the above links.

Future Generation Global Chairman Belinda Hutchinson AC was awarded Companion of the Order of Australia in the Queen’s Birthday Honours over the weekend. Belinda was awarded the highest Order of Australia honour for her service to business, tertiary education, scientific research, and philanthropic endeavours to address social disadvantage. Congratulations Belinda!

Stay safe,

Louise Walsh
Chief Executive Officer

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

<table>
<thead>
<tr>
<th>Net tangible assets before tax</th>
<th>Gross assets</th>
<th>Investment portfolio performance (pa since Sept 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>113.13c</td>
<td>$456.5m</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net tangible assets after tax and before tax on unrealised gains</th>
<th>Market capitalisation</th>
<th>Volatility</th>
</tr>
</thead>
<tbody>
<tr>
<td>113.47c</td>
<td>$385.4m</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net tangible assets after tax</th>
<th>2019 fully franked full year dividend</th>
<th>Fully franked dividend yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>113.60c</td>
<td>5.0c</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

*Based on the 29 May 2020 share price of $0.965 per share and 399,421,517 shares on issue.

*Volatility is measured by standard deviation.

---

**Fund manager allocations**

- **BAEP** (Bennelong Australian Equity Partners) 12.9%
- **PARADISE** (Investment Management) 11.0%
- **REGAL** (Fund Management) 10.0%
- **ELEY GRIFFITHS** 7.0%
- **Wilson Asset Management** 6.1%
- **L1 CAPITAL** 5.6%
- **COOPER INVESTORS** 5.1%
- **SANDON CAPITAL** 4.6%
- **Firetrail Investments** 4.4%
- **4.3%**
- **SAGE CAPITAL** 4.4%
- **Tribeca Investment Partners** 4.3%
- **Viva Investment Management** 2.4%
- **SAGE** 2.1%
- **Centennial Asset Management** 1.8%
- **LHC Capital** 1.7%
- **Smallico Investment Manager** 1.6%
- **Lanyon Asset Management** 1.1%
- **Long equities** 47.7%
- **Absolute bias** 32.5%
- **Market neutral** 12.3%
- **Cash** 7.5%

---

**17.1% fund manager breakdown**

- **CBG Asset Management** 2.6%
- **Tribeca Investment Partners** 2.5%
- **Viva Investment Management** 2.4%
- **SAGE** 2.1%
- **Centennial Asset Management** 1.8%
- **LHC Capital** 1.7%
- **Smallico Investment Manager** 1.6%
- **Lanyon Asset Management** 1.1%

---

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

Net tangible assets before tax 147.78c
Gross assets $585.3m
Investment portfolio performance (pa since Sept 2015) 9.5%

Net tangible assets after tax and before tax on unrealised gains 148.11c
Market capitalisation# $461.1m
Volatility' 9.4%
MSCI AC World Index (AUD) 10.9%

Net tangible assets after tax 139.44c
2019 fully franked dividend 1.5c
ESG aware© (of the portfolio) 98.8%

#Based on the 29 May 2020 share price of $1.175 per share and 392,455,012 shares on issue.
'Volatility is measured by standard deviation.
©Based on the 2019 Annual Report.

Fund manager allocations

Cash and term deposits 11.5%
Paradice 12.7%
Avenir 11.3%
Munro Partners 9.2%
Caledonia 9.2%

The fund manager allocations above include the impact of committed applications for additional investments in Munro Global Growth Fund and Nikko AM Global Share Fund processed in early June 2020.
The Future Generation companies provide exposure to leading Australian and global fund managers.

**Future Generation Australia fund managers:**

![Logos](image1)

**Future Generation Global fund managers:**

![Logos](image2)

---

**Fund manager in focus:**

LANYON ASSET MANAGEMENT

**About us**

Founded in 2009, Lanyon is a privately held, Australian-based equity fund manager.

We adhere to a long-term, value investing approach that requires a commitment to research-driven stock selection. We consider ourselves owners of stakes in companies, not a speculator in securities. We seek undervalued investments with catalysts for value realisation.

Our process has been designed to enable us to occasionally undertake a strategy of constructive active engagement with our portfolio companies. Our process aims to preserve capital and deliver long-term capital growth through disciplined portfolio concentration.

**Our market outlook**

The economic impacts of coronavirus will be significant, and likely to become more apparent as stimulus measures fade. At this point, credit markets are likely to become less orderly and will possibly seize, creating difficulties for companies reliant on finance or those that are highly leveraged.

**Lanyon Australian Value Fund Performance**

<table>
<thead>
<tr>
<th>Performance at 31 May 2020</th>
<th>1 mth</th>
<th>1 yr</th>
<th>5 yrs</th>
<th>Since inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lanyon Australian Value Fund</td>
<td>5.5%</td>
<td>12.9%</td>
<td>6.5%</td>
<td>11.9%</td>
</tr>
<tr>
<td>S&amp;P/ASX 300 Accumulation Index</td>
<td>4.6%</td>
<td>-6.5%</td>
<td>4.4%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Outperformance</td>
<td>+0.9%</td>
<td>+19.4%</td>
<td>+2.1%</td>
<td>+4.4%</td>
</tr>
</tbody>
</table>

*Investment portfolio performance is after all fees and assuming the reinvestment of distributions.

In the upcoming reporting season, we believe earnings downgrades will be widespread and will not be isolated to travel, retail, education and hospitality companies. Most listed companies will be impacted in some form. Passive, quant and momentum investing does not tend to work as well in volatile and declining markets. We remain alert to capitalise from the continuation of capital raisings, forced (leveraged) sellers and from undervalued high quality companies. Markets are not cheap, but we are investing cautiously in bargain opportunities as they are identified.

**Why we support Future Generation**

The team at Lanyon feels enormously privileged to be involved with Future Generation. We see the partnership as an opportunity to donate some of our time and our expertise to help those children who are less fortunate in the community. The Investment Committee at Future Generation have cherry-picked an outstanding group of Australian fund managers who have delivered, in many cases, phenomenal long-term performance for their clients.

We are honoured to be partnered with such an outstanding group of fund managers to drive attractive long-term returns for shareholders.

**For more information, visit** [lanyonam.com](http://lanyonam.com)
Q&A with Eleanor Bailey, Research Assistant

What is your driving motivation in your current role?

Suicide remains the leading cause of death in Australians aged between 15 and 24, and accounts for over one-third of all deaths in this age group. In 2018, 436 young people took their own life; that is 436 preventable deaths, and hundreds upon thousands of families, friends and community members impacted. The consistently high rates of youth suicide, both in Australia and worldwide, warrant the development of new and novel treatments for this group. The accessibility, availability and cost-effectiveness of the internet makes it a promising avenue for supporting young people at risk, and I am therefore passionate about researching how internet-based interventions can be used to support this vulnerable population. For my PhD research I am examining the feasibility, safety and acceptability of an online social-networking-based intervention (Affinity) for young people with active suicidal ideation.

What is the most challenging aspect of your role?

It can certainly be challenging conducting face-to-face research with young people who are experiencing significant distress and suicidality, and on my journey I have learnt a lot about managing my own mental health. However, it is also the face-to-face contact with my research participants that further motivates me to continue to actively seek new and better solutions.

What does it mean to have the support of Future Generation?

The funding from Future Generation Global has supported Oxygen’s online social therapy intervention, Affinity, and allowed me to collect the data needed for my PhD. Oxygen is grateful for the ongoing support of Future Generation Global that allows us to continue to research ways to improve the mental health outcomes of young people.

For more information, visit oxygen.org.au
Our designated charities

OAIEF
AUSTRALIAN INDIGENOUS EDUCATION FOUNDATION

Act
For Kids

raise
2012

United Way
Australia

Giant
Step

REACHOUT.COM

SANE AUSTRALIA

Mirabel
Foundation

NF
National Foundation for

Various

debra
Working for a life free of pain.

youth
off the streets

Lighthouse
Foundation
A place where homeless kids belong

Beyond
Blue

Black Dog
Institute

The University of
Sydney
Brain and Mind
Centre

Butterfly
LET US FLY, ending homelessness

headspace

Orygen

Kids Helpline

Youth Focus

Our pro bono service providers

Wilson
Asset Management

LINK
Fund Solutions

CommSec

Steadfast
STRENGTH WHEN YOU NEED IT

Mertons
corporate governance specialists

BoardRoom
Sage Business Solutions

PWN

Pitcher Partners
Accountants + Advisors + Lawyers

compliSpace
make it work

Lonsec

EZE SOFTWARE
YOUR PLATFORM FOR GROWTH

liveWire

Lockton
<table>
<thead>
<tr>
<th>Fund Manager</th>
<th>Investment</th>
<th>Strategy</th>
<th>% of Gross Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bennelong Australian Equities Partners</td>
<td>Bennelong Australian Equities Fund</td>
<td>Long equities</td>
<td>12.9%</td>
</tr>
<tr>
<td></td>
<td>Mid/Large Cap Funds (split out below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paradigm Investment Management</td>
<td>Paradigm Mid Cap Fund — B Class</td>
<td>Long equities</td>
<td>6.2%</td>
</tr>
<tr>
<td></td>
<td>Paradigm Large Cap Fund</td>
<td>Long equities</td>
<td>4.8%</td>
</tr>
<tr>
<td>Regal Funds Management</td>
<td>Regal Australian Long Short Equity Fund</td>
<td>Absolute bias</td>
<td>10.0%</td>
</tr>
<tr>
<td></td>
<td>Small/Emerging Companies Funds (split out below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eley Griffiths Group</td>
<td>Eley Griffiths Group Small Companies Fund</td>
<td>Long equities</td>
<td>5.9%</td>
</tr>
<tr>
<td></td>
<td>Eley Griffiths Group Emerging Companies Fund</td>
<td>Long equities</td>
<td>1.1%</td>
</tr>
<tr>
<td>Wilson Asset Management</td>
<td>Wilson Asset Management Equity Fund</td>
<td>Absolute bias</td>
<td>6.1%</td>
</tr>
<tr>
<td>Cooper Investors</td>
<td>Cooper Investors Australian Equities Fund</td>
<td>Long equities</td>
<td>5.6%</td>
</tr>
<tr>
<td></td>
<td>Long Short/Australian Equities Funds (split out below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L1 Capital</td>
<td>L1 Capital Long Short Fund — Retail Class</td>
<td>Absolute bias</td>
<td>2.8%</td>
</tr>
<tr>
<td></td>
<td>L1 Capital Australian Equities Fund</td>
<td>Long equities</td>
<td>2.3%</td>
</tr>
<tr>
<td>Watermark Funds Management</td>
<td>Watermark Market Neutral Trust</td>
<td>Market neutral</td>
<td>4.6%</td>
</tr>
<tr>
<td></td>
<td>Absolute Return/High Conviction Funds (split out below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firetrail Investments</td>
<td>Firetrail Absolute Return Fund</td>
<td>Market neutral</td>
<td>3.4%</td>
</tr>
<tr>
<td></td>
<td>Firetrail High Conviction Fund</td>
<td>Long equities</td>
<td>1.0%</td>
</tr>
<tr>
<td>Sandon Capital</td>
<td>Sandon Capital Activist Fund</td>
<td>Absolute bias</td>
<td>4.4%</td>
</tr>
<tr>
<td>Bennelong Long Short Equity Management</td>
<td>Bennelong Long Short Equity Fund</td>
<td>Market neutral</td>
<td>4.3%</td>
</tr>
<tr>
<td>CBG Asset Management</td>
<td>CBG Asset Australian Equities Fund</td>
<td>Long equities</td>
<td>2.6%</td>
</tr>
<tr>
<td>Tribeca Investment Partners</td>
<td>Tribeca Alpha Plus Fund</td>
<td>Absolute bias</td>
<td>2.5%</td>
</tr>
<tr>
<td>Vinva Investment Management</td>
<td>Vinva Australian Equities Fund</td>
<td>Long equities</td>
<td>2.4%</td>
</tr>
<tr>
<td>Sage Capital</td>
<td>Sage Capital Equity Plus 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>1.8%</td>
</tr>
<tr>
<td>LHC Capital</td>
<td>LHC Capital Australian High Conviction Fund</td>
<td>Absolute bias</td>
<td></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>1.3%</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></td>
<td>Cash and term deposits</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fund manager allocation and investments at market value as at 31 May 2020
<table>
<thead>
<tr>
<th>Fund manager</th>
<th>Investment</th>
<th>Strategy</th>
<th>% of Gross assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magellan Asset Management</td>
<td>Magellan Global Fund</td>
<td>Long equities</td>
<td>12.7%</td>
</tr>
<tr>
<td>Cooper Investors</td>
<td>Cooper Investors Global Equities Fund (Unhedged)</td>
<td>Long equities</td>
<td>11.3%</td>
</tr>
<tr>
<td>Antipodes Partners</td>
<td>Antipodes Global Fund</td>
<td>Absolute bias</td>
<td>9.5%</td>
</tr>
<tr>
<td>Marsico Capital Management</td>
<td>Marsico Global Fund</td>
<td>Long equities</td>
<td>9.2%</td>
</tr>
<tr>
<td>Caledonia</td>
<td>Caledonia Fund</td>
<td>Long equities</td>
<td>9.2%</td>
</tr>
<tr>
<td>Nikko Asset Management Australia</td>
<td>NikkoAM Global Share Fund</td>
<td>Long equities</td>
<td>8.6%</td>
</tr>
<tr>
<td>VGI Partners</td>
<td>VGI Partners Funds</td>
<td>Absolute bias</td>
<td>6.2%</td>
</tr>
<tr>
<td>Munro Partners</td>
<td>Munro Global Growth Fund</td>
<td>Absolute bias</td>
<td>6.1%</td>
</tr>
<tr>
<td>Ellerston Capital</td>
<td>Ellerston Global Mid Small Cap Fund</td>
<td>Long equities</td>
<td>5.4%</td>
</tr>
<tr>
<td><strong>Global/Ethical Strategies (split out below):</strong></td>
<td>**</td>
<td></td>
<td>4.4%</td>
</tr>
<tr>
<td>Morphic Asset Management</td>
<td>Morphic Global Opportunities Fund</td>
<td>Absolute bias</td>
<td>3.6%</td>
</tr>
<tr>
<td></td>
<td>Morphic Ethical Equities Fund Limited</td>
<td>Absolute bias</td>
<td>0.8%</td>
</tr>
<tr>
<td>Avenir Capital</td>
<td>Avenir Global Fund</td>
<td>Absolute bias</td>
<td>3.0%</td>
</tr>
<tr>
<td>Paradice Investment Management</td>
<td>Paradice Global Small Mid Cap Fund Unhedged</td>
<td>Long equities</td>
<td>2.9%</td>
</tr>
<tr>
<td>Cash and term deposits</td>
<td></td>
<td></td>
<td>11.5%</td>
</tr>
</tbody>
</table>