

Dear Fellow Shareholder,

A volatile period for global equity markets, the 12 months to 30 June 2020 saw the world facing significant uncertainty created by the coronavirus pandemic, with 30 June marking the end of almost three decades without a recession in Australia. During this unprecedented period, the Future Generation Australia investment portfolio* outperformed the S&P/ASX All Ordinaries Accumulation Index by 6.0%, and the Future Generation Global investment portfolio* outperformed the MSCI AC World Index (AUD) by 3.6%. The Future Generation Australia investment portfolio* declined 1.2%, while the S&P/ASX All Ordinaries Accumulation Index fell 7.2% and the Future Generation Global investment portfolio* increased 7.5%, while the MSCI AC World Index (AUD) rose 3.9% over the 12 month period. While restrictions now continue to ease around the world, Victoria has re-entered lockdown following a recent increase in coronavirus cases.

Since inception, Future Generation Australia's investment portfolio* has increased 7.3% per annum and Future Generation Global's investment portfolio* has increased 9.2% per annum. This investment portfolio* outperformance has been achieved with less volatility than their respective indexes, as measured by standard deviation.

For the latest Conversations with Future Generation podcast, I spoke with former Queensland Premier and CEO of the Australian Banking Association, Anna Bligh AC.

Anna and I reflected on the global financial crisis and discussed her views on the current National Cabinet and the economic impact of coronavirus.

Episode four will be available on [Apple](#), [Google](#) and [Spotify](#) later this week.

I recently joined Future Generation Founder and Director Geoff Wilson AO, for the Australian Shareholders' Association's impact investing webinar. Geoff and I discussed the rise and trends of impact investing, both globally and in Australia. You can watch the recording [here](#).

I also had the pleasure of speaking with Alan Deans for the July edition of [Money Magazine](#) about my career journey, passion for philanthropic giving and the impact the coronavirus crisis has had on the sector.

The Bell Potter Listed Investment Companies Weekly [Report](#) highlighted Future Generation Global's significant benefits, including access to internationally focused fund managers with no fees and reduced exposure to strategy risks, key personnel losses and concentration risks while changing the lives of young Australians affected by mental ill health.

Stay safe,



Louise Walsh
Chief Executive Officer



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

\$30.6m

SOCIAL
INVESTMENT
TO 2019



\$4.6m

Future
Generation
Australia 2019

\$4.9m

Future
Generation
Global 2019

2019 total social
investment

\$9.5m

2019 management
fees, performance
fees and services
forgone

\$15.3m

Total fees
forgone since
inception to 2019

\$56.5m

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2014)
114.69c	\$463.0m	7.3%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [^]
114.88c	\$379.5m	11.8%
		S&P/ASX All Ordinaries Accumulation Index: 14.8%
Net tangible assets after tax	2019 fully franked full year dividend	Fully franked dividend yield
114.69c	5.0c	5.3%

[#]Based on the 30 June 2020 share price of \$0.95 per share and 399,421,517 shares on issue.

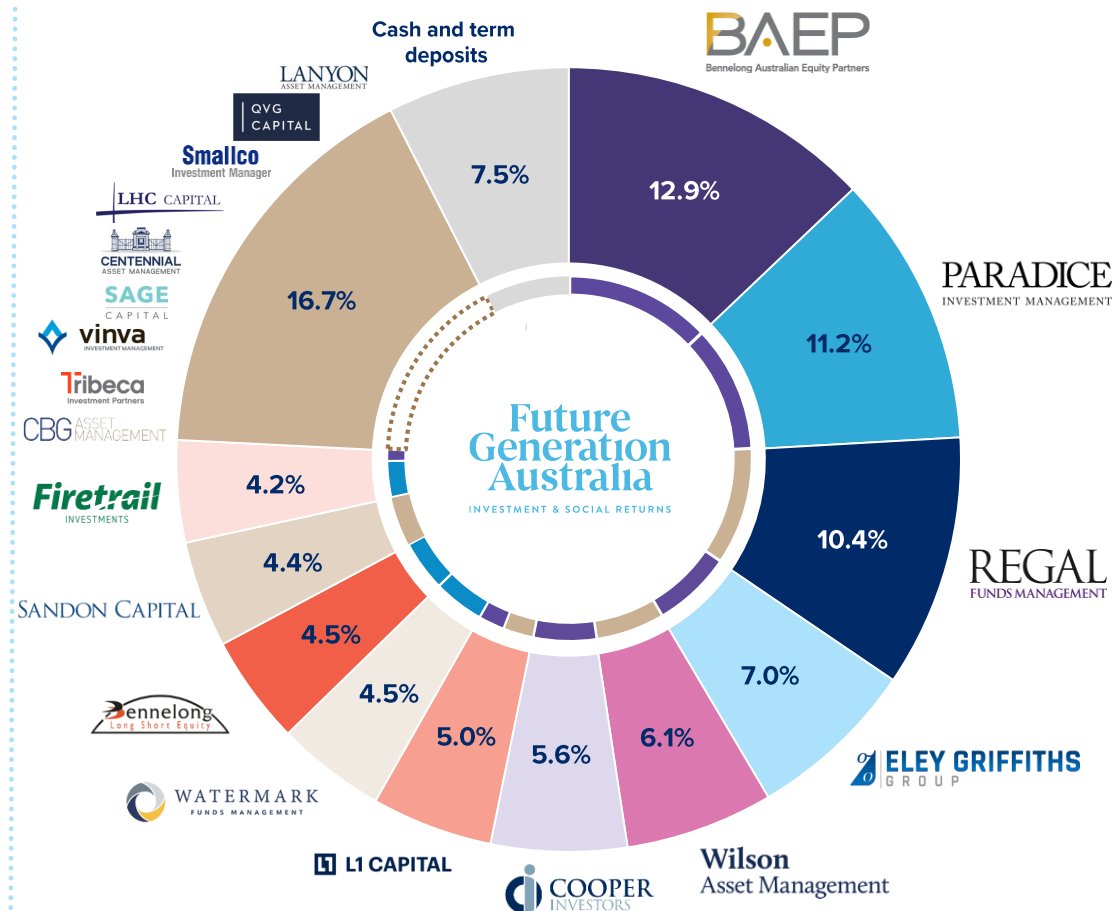
[^]Volatility is measured by standard deviation.

Investment portfolio performance at 30 June 2020	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	1.5%	-7.1%	-1.2%	6.0%	7.8%	7.3%
S&P/ASX All Ordinaries Accumulation Index	2.3%	-10.4%	-7.2%	5.4%	6.2%	5.5%

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

Fund manager allocations

0% management fees
0% performance fees



16.7% fund manager breakdown

CBG Asset Management	2.6%	LHC Capital	1.7%	Long equities	47.6%
Tribeca Investment Partners	2.5%	Smallco Investment Manager	1.4%	Absolute bias	32.7%
Vinva Investment Management	2.4%	QVG Capital	1.2%	Market neutral	12.2%
Sage Capital	2.1%	Lanyon Asset Management	1.0%	Cash	7.5%
Centennial Asset Management	1.8%				

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2015)
146.88c	\$582.3m	9.2%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [*]
146.42c	\$449.4m	9.3% MSCI AC World Index (AUD): 10.8%
Net tangible assets after tax	2019 fully franked dividend	ESG aware [^] (of the portfolio)
138.81c	1.5c	98.8%

[#]Based on the 30 June 2020 share price of \$1.145 per share and 392,455,012 shares on issue.

^{*}Volatility is measured by standard deviation.

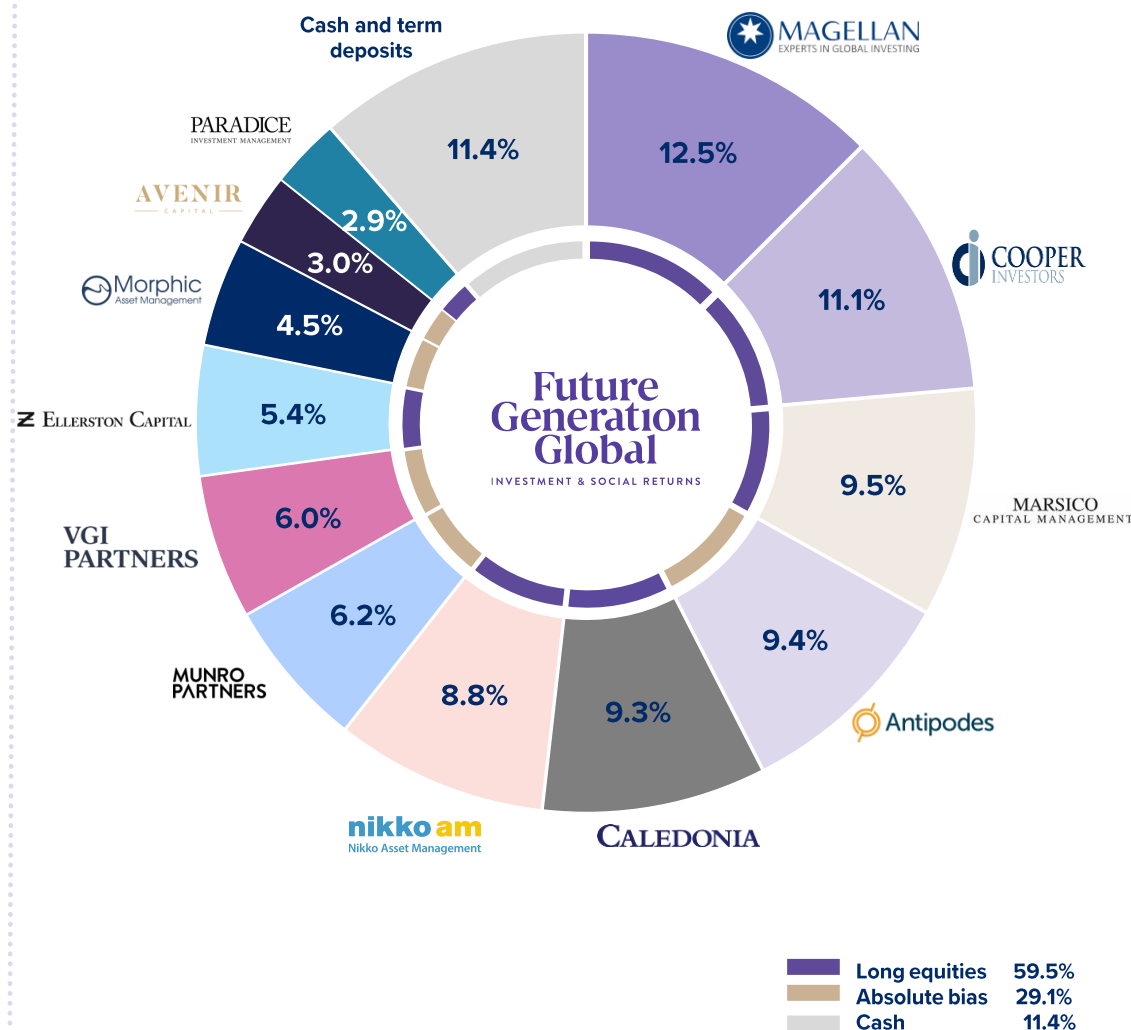
[^]Based on the 2019 Annual Report.

Investment portfolio performance at 30 June 2020	1 mth	6 mths	1 yr	3 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	-0.5%	0.3%	7.5%	11.6%	9.2%
MSCI AC World Index (AUD)	-0.5%	-4.4%	3.9%	10.0%	8.9%

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

Fund manager allocations

0% management fees
0% performance fees



The Future Generation companies provide exposure to leading Australian and global fund managers.

Future Generation Australia fund managers:



Future Generation Global fund managers:



Fund manager in focus:

MARSICO CAPITAL MANAGEMENT*

About us

Founded by Thomas Marsico in 1997, Marsico Capital Management, LLC (MCM) is a Denver, Colorado-based investment management firm that manages assets for mutual funds, corporate retirement plans, endowments, foundations, family offices, and other clients. As of 30 June 2020, MCM managed approximately USD \$3.6 billion in assets within six investment strategies.

Our market outlook

While we have experienced various economic scenarios over the past few decades, the year 2020 has been truly different as an exogenous shock. In April, our outlook was for the global economy to transition from a significant near-term economic shock to a gradual improvement as the year progressed.

However, we continue to believe various regions around the world will experience a “two steps forward, one step back” recovery scenario, as evidenced by the recent increase in coronavirus cases across the southern states of the US. These events will continue to shape the pandemic curve across the US and countries around the world, and ultimately impact the more highly-leveraged, cyclical sectors of the economy.

We are maintaining our view of a gradual improvement but recognise windows of significant volatility are possible and we have chosen to position the portfolio in high-quality growth franchises which we think will maintain and grow their relevance during this time, while also maintaining strong liquidity and financial resources to weather any uncertainties.

As we head into the second half of 2020 and look to 2021, we are cognisant of the outcome and economic impact of the US Presidential election, the effect of the coronavirus on past efforts of globalisation, higher levels of private, public and household sector debt and higher taxes leading to changes in consumer patterns and government spending priorities.

These considerations will impact our investment approach going forward, but the basic tenets of our strategy remain unchanged. We continue to believe that long-term factors such as population demographics and an abundant supply of key commodities including energy, technological developments that enhance productivity and price deflation will continue to shape the investment landscape. Therefore, our portfolio remains skewed towards attractively valued disruptive, secular “platform” companies that are growing at rates well in excess of the broader market.

Why we support Future Generation

Marsico Capital is proud to partner with Future Generation Global to help support children and youth mental health. We lean on our expertise of investing in high-quality global growth companies with compelling potential for long-term capital appreciation to help deliver positive outcomes for youth mental health through Future Generation Global’s selected charity partners. Based in Denver, Colorado we are pleased to have been selected by the Future Generation Global Investment Committee to help local Australian charities continue their excellent work.

Marsico Global Fund Performance (AUD)

Performance at 30 June 2020

	1 mth	6 mths	1 yr	3 yrs %pa	Since inception %pa (Dec-15)
Marsico Global Fund*	3.3%	21.6%	27.4%	24.7%	18.4%
MSCI AC World Index (AUD)	-0.5%	-4.3%	4.1%	10.0%	9.7%
Outperformance	+3.8%	+25.9%	+23.3%	+14.7%	+8.7%

*Investment portfolio performance is before expenses, fees and taxes.

For more information, visit marsicofunds.com

Charity in focus:



About Giant Steps

Giant Steps supports students with moderate to severe Autism Spectrum Disorder. These students require significant resources and innovation to ensure they can be active members of the community and progress to participation in vocational programs and the workforce. Since inception in 1995, Giant Steps has created a program that includes special education teachers, speech, music and occupational therapists and psychologists to ensure each child's individual capability is realised whilst providing support for families and improving the wider understanding of autism.

Giant Steps and Future Generation

The investment from Future Generation Australia is supporting an Autism Training Hub to meet the significant demand from mainstream schools, external professionals and disability support services for evidence-based training. The innovative service allows Giant Steps to share extensive experience and knowledge in a cost-effective way, increasing reach and impact to support the learning and wellbeing of young people with autism.

The first courses were launched in December 2019 with a focus on equipping participants to better understand and manage sensory needs as well as positively support the behavior of individuals with autism. Over 160 participants have engaged in face to face training so far. Due to the impact of the coronavirus and social distancing requirements, face to face training has slowed, however this has encouraged Giant Steps to review its training packages and develop online content for its participants.

Q&A Kerrie Nelson, National Director of Schools and Colleges



What is your driving motivation in your current role?

Giant Steps is a multi-element service for children and families with autism and I want us to be the very best we can be. Every student should belong and everyone should have the opportunity to be part of a school that's beneficial to them even if it's only for a short period of time.

Giant Steps works with some of the most vulnerable young people in our community, many other services may have given up on them but I am determined Giant Steps will have a place for students who present such challenges.

In our 25th year of operation, Giant Steps is committed to the craft of understanding children's learning and being at the forefront of developing best practise.

What is the most challenging aspect of your role?

Asking other organisations to be more flexible in their thinking to engage with our students, as we often encounter organisational structures that are entrenched in process and don't allow access for our students with complex profiles. In addition, in the wider disability community, advocating for the individuality of each child and individualised strategies in response to a mindset of prescribed therapies and treatments.

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

Funding is a tremendous challenge. With the support of Future Generation Australia we have a partnership that not only provides long term investment and flexibility around that investment, but propels us forward, driving change and improved outcomes for young people with autism. Our partnership with Future Generation Australia is sustainable due to open and rigorous project discussions, formative and summative assessment and a meaningful, personal relationship. This is an excellent funding model and is the only partnership we have that works in this way.

For more information, visit giantsteps.net.au

Our designated charities



SANE AUSTRALIA



Our pro bono service providers

Wilson
Asset Management



PWN.



Lonsec



Fund manager allocation and investments at market value as at 30 June 2020

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	12.9%
	Mid/Large Cap Funds (split out below)		11.2%
Paradice Investment Management	Paradice Mid Cap Fund – B Class	Long equities	6.4%
	Paradice Large Cap Fund	Long equities	4.8%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.4%
	Small/Emerging Companies Funds (split out below)		7.0%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	5.8%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.2%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.1%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.6%
	Long Short/Australian Equities Funds (split out below)		5.0%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.7%
	L1 Capital Australian Equities Fund	Long equities	2.3%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	4.5%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	4.5%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.4%
	Absolute Return/High Conviction Funds (split out below)		4.2%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.2%
	Firetrail High Conviction Fund	Long equities	1.0%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.5%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.4%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.8%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.7%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.4%
QVG Capital	QVG Opportunities Fund	Long equities	1.2%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.0%
	Cash and term deposits		7.5%

**Fund manager
allocation and
investments at
market value as
at 30 June 2020**

Fund manager	Investment	Strategy	% of Gross assets
Magellan Asset Management	Magellan Global Fund	Long equities	12.5%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.1%
Marsico Capital Management	Marsico Global Fund	Long equities	9.5%
Antipodes Partners	Antipodes Global Fund	Absolute bias	9.4%
Caledonia	Caledonia Fund	Long equities	9.3%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	8.8%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.2%
VGI Partners	VGI Partners Funds	Absolute bias	6.0%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.4%
	Global/Ethical Strategies (split out below):		4.5%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	3.7%
	Morphic Ethical Equities Fund Limited	Absolute bias	0.8%
Avenir Capital	Avenir Global Fund	Absolute bias	3.0%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	2.9%
	Cash and term deposits		11.4%