

Dear Fellow Shareholder,

Investment Portfolio Performance

In the financial year to date, the Future Generation Australia (ASX: FGX) investment portfolio has outperformed the S&P/ASX All Ordinaries Accumulation Index by 6.5%* and the Future Generation Global (ASX: FGG) investment portfolio has outperformed the MSCI AC World Index (AUD) by 6.7%*. In November, the FGX investment portfolio increased 6.7%* while the S&P/ASX All Ordinaries Accumulation Index rose 10.2%. The FGG investment portfolio increased 4.2%* during the month while the MSCI AC World Index (AUD) rose 7.2%.

Since inception, the FGX investment portfolio has increased 9.5%* per annum and the FGG investment portfolio has increased 10.9%* per annum, outperforming their respective benchmarks. The investment portfolio outperformance has been achieved with less volatility than their indexes, as measured by standard deviation.

Future Generation Australia EL&C Baillieu's top pick

Future Generation Australia was selected by [EL&C Baillieu](#) as its top pick among the large capitalisation listed investment companies. The stockbroker highlighted Future Generation Australia's outperformance against the S&P/ASX All Ordinaries Accumulation Index over both one and three year periods.

Conversations with Future Generation podcast

During the month, I spoke with Mark Nelson, Chairman and Co-Founder of Future Generation Global fund manager Caledonia, for [episode eight](#) of *Conversations with Future Generation*. We discussed Mark's early interest in science, leading him to receive a PhD in Neuropharmacology at the University of Melbourne, and his career in the financial sector. We also delved into Mark's passion for the arts, sports and his view on the US election result and its implications for Australia. Our discussion was covered by [The Australian](#).

In December, I was joined by Paradise Investment Management Founder and Managing Director David Paradise AO for our [final podcast episode](#) of the year. We delved into David's career journey, the impact of the coronavirus on society and the equity market, and his personal stories on family, health and sports. The episode was covered by the [Australian Financial Review](#). *Conversations with Future Generation* will resume for season two in 2021.

Productivity Commission releases report on mental health inquiry

Last month, the Productivity Commission released its [report](#) outlining key findings and recommendations to help construct a roadmap for the government to improve the mental health system. According to the inquiry, almost half of all Australian adults have met the diagnostic criteria for a mental illness at some point in their lives, and almost one in five Australians have met the criteria in a given year.

Earlier this year, Future Generation made a [submission](#) in response to the inquiry, providing six recommendations to the Australian government, mental health focused charities and private funders. We believe the inquiry is a significant step towards filling the gaps present in clinical care systems and we look forward to engaging in discussions on how Future Generation can further advocate and support the roadmap towards a better mental health system.

Kind regards,

Louise Walsh
Chief Executive Officer




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

\$41.2m

SOCIAL
INVESTMENT
TO 2020



\$4.8m

Future
Generation
Australia 2020

\$5.7m

Future
Generation
Global 2020

2020 total social
investment

\$10.5m

2020 annualised
management fees,
performance fees
and services forgone

\$13.1m

Total annualised
fees forgone
since inception to
2020

\$69.6m

Investment portfolio performance

Net tangible assets before tax*	Gross assets	Investment portfolio performance (pa since Sept 2014)
130.30c	\$523.7m	9.5%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [^]
130.20c	\$492.4m	11.9%
		S&P/ASX All Ordinaries Accumulation Index: 15.0%
Net tangible assets after tax	Annualised fully franked interim dividend yield*	Dividends paid since inception (per share)
125.39c	4.2%	24.7c

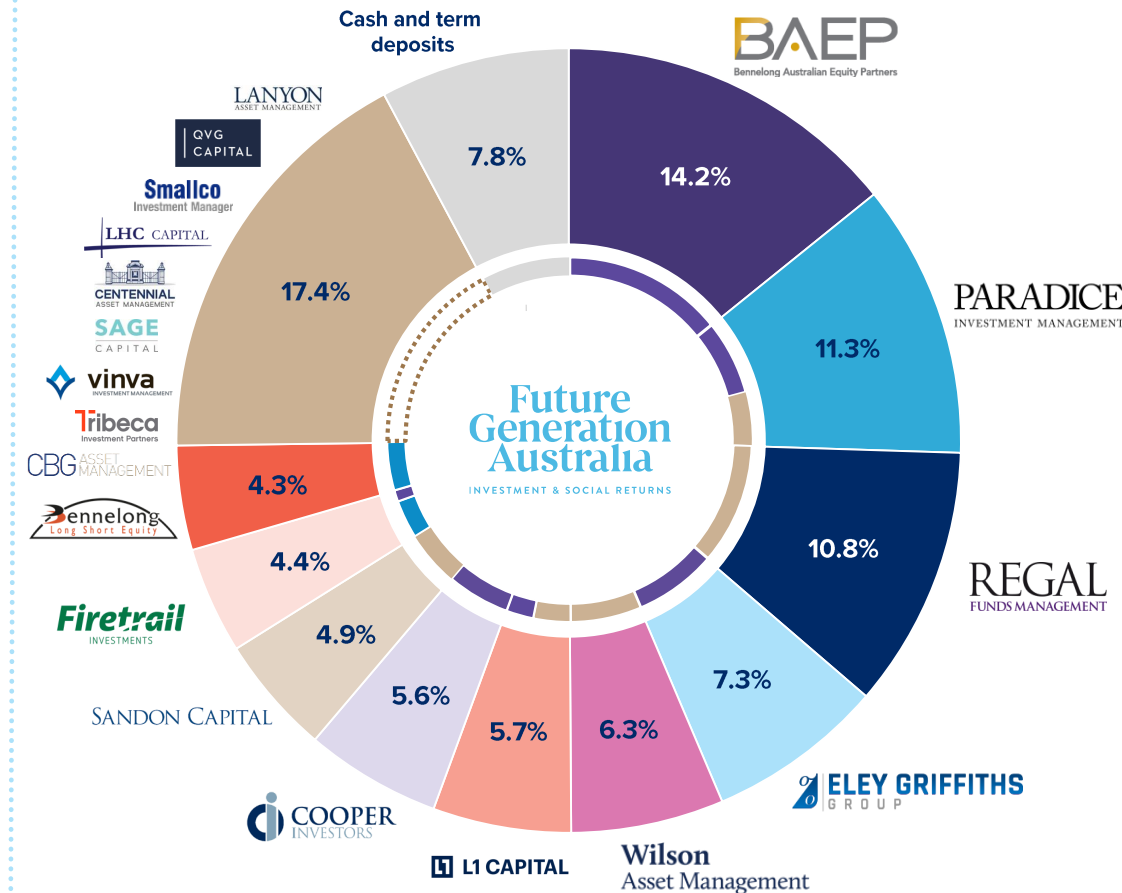
*The NTA before tax figure is after the payment of \$350k (0.09 cents per share) in tax during the month.
[#]Based on the 30 November 2020 share price of \$1.23 per share and the annualised fully franked interim dividend of 5.2 cents per share. Future Generation Australia has 400,343,988 shares on issue.
[^]Volatility is measured by standard deviation.

Investment portfolio performance at 30 November 2020	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	6.7%	18.2%	8.3%	7.6%	8.9%	9.4%	9.5%
S&P/ASX All Ordinaries Accumulation Index	10.2%	16.4%	1.8%	-0.1%	7.5%	9.5%	7.3%

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

Fund manager allocations

0% management fees
0% performance fees



17.4% fund manager breakdown

CBG Asset Management	2.7%	LHC Capital	1.7%	Long equities	45.2%
Tribeca Investment Partners	2.5%	Smallco Investment Manager	1.7%	Absolute bias	39.3%
Vinva Investment Management	2.4%	QVG Capital	1.3%	Market neutral	7.7%
Sage Capital	2.1%	Lanyon Asset Management	1.0%	Cash	7.8%
Centennial Asset Management	2.0%				

Investment portfolio performance

Net tangible assets before tax*	Gross assets	Investment portfolio performance (pa since Sept 2015)
162.42c	\$640.8m	10.9%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation#	Volatility**
160.81c	\$583.5m	9.1% MSCI AC World Index (AUD): 10.8%
Net tangible assets after tax	2020 fully franked dividend	ESG aware^ (of the portfolio)
149.15c	2.0c	98.8%

*The NTA before tax figure is after the payment of \$250k (0.06 cents per share) in tax during the month.

#Based on the 30 November 2020 share price of \$1.485 per share and 392,947,106 shares on issue.

^Based on the 2019 Annual Report.

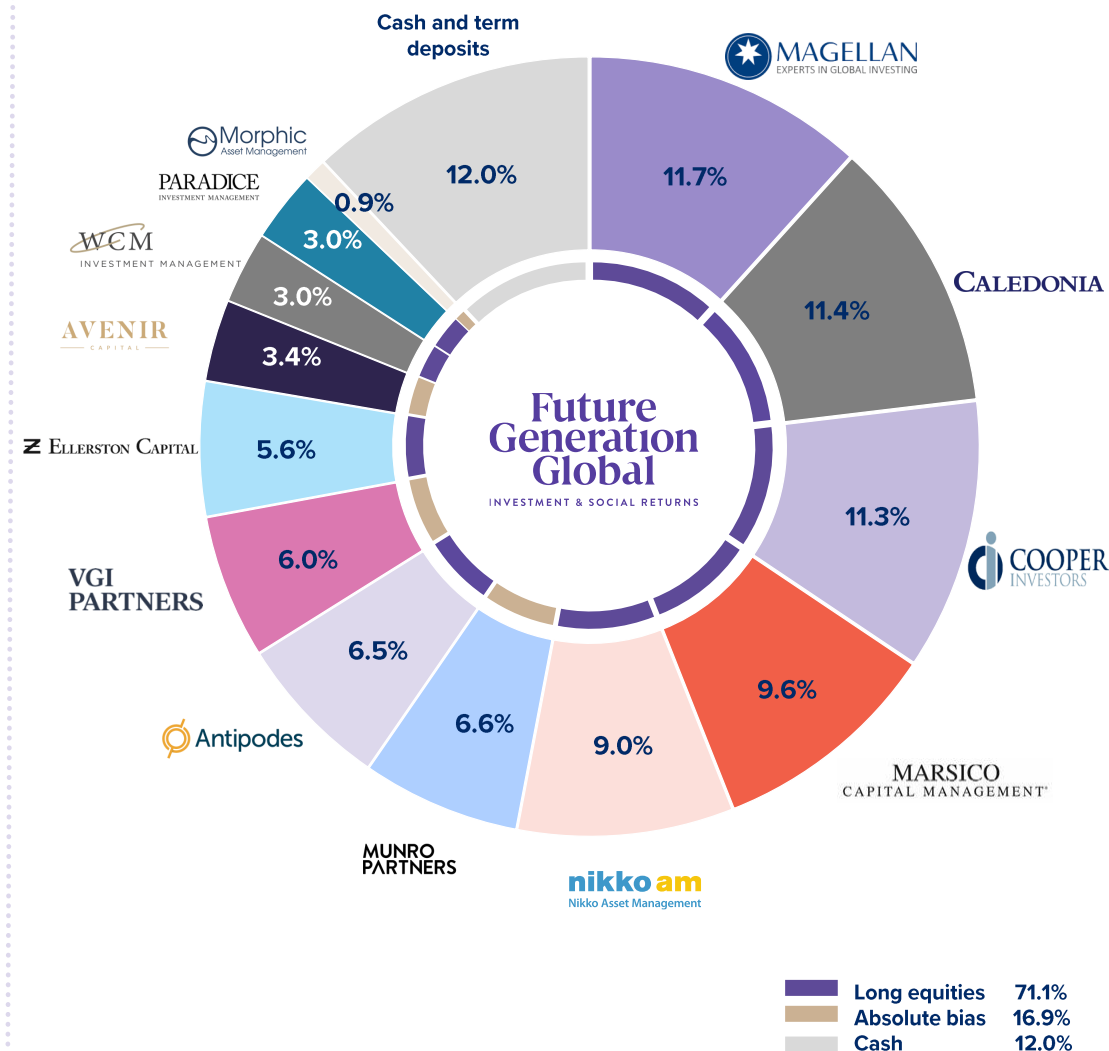
**Volatility is measured by standard deviation.

Investment portfolio performance at 30 November 2020	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	4.2%	11.9%	12.8%	13.2%	12.4%	10.9%
MSCI AC World Index (AUD)	7.2%	10.4%	6.1%	5.7%	10.0%	10.3%

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

Fund manager allocations

0% management fees
0% performance fees



Fund manager in focus:



About us

Founded in 2015, Centennial Asset Management (Centennial) is run by Principals Matthew Kidman and Gary Joffe. Centennial manages the Level 18 Fund which includes an investment by Future Generation Australia. The Level 18 Fund manages approximately \$120 million of funds for family offices, sophisticated investors and not-for-profit organisations. Approximately 20% of the capital in the fund is founders' money.

High conviction stock pick: BidEnergy Limited

Centennial's high conviction holding is BidEnergy Limited (ASX: BID). BidEnergy has a market capitalisation of approximately \$180 million and it operates in Australia, the United States and the United Kingdom. It provides utility spend management services through its software, charging annual fees and collects, verifies and pays bills for companies. It also provides bill spend management collecting fees through rebates. The company predominately services large enterprise style customers but also accesses small to medium companies through intermediaries. Centennial believes BidEnergy is a leader in its field and has many years of growth ahead of it.

Centennial Asset Management

Our investment style

Centennial identifies companies using a bottom up approach, concentrating on the earnings growth rate, price, cash flow generation, industry and management. In regards to shorting, Centennial typically focuses on the top 100 companies and shorts each company on an individual basis rather than looking for a market hedge against the long portfolio.

The Level 18 Fund concentrates on listed equities in Australian and New Zealand markets. It has maximum flexibility and can be 100% long stocks, 100% short stocks or 100% cash. It can invest in companies of any size, however, there is a heavy concentration of smaller companies outside the ASX top 100. A typical portfolio consists of 35 stocks held long, 5 to 10 stocks held short and approximately 10% cash.

While the Level 18 Fund is not an absolute return fund, Centennial's first principle is to protect investor capital as best as possible. This may mean that Centennial increases its cash position if the company thinks the market is experiencing issues or cannot find satisfactory investments to make.

Centennial Asset Management Level 18 Fund

Investment portfolio performance at 30 November 2020

	1 yr	3 yrs %pa	5yrs %pa
Centennial Asset Management Level 18 Fund	26.1%	14.3%	17.4%
S&P/ASX All Ordinaries Accumulation Index	-0.1%	7.5%	9.5%
Outperformance	+26.2%	+6.8%	+7.9%

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

Our market outlook

Centennial remains bullish about the Australian equity market. Low interest rates, fiscal stimulus and a recovery from the coronavirus induced recession should drive earnings higher over the course of the next year pushing equity prices higher. However, the rapid market rebound that started on 24 March is quickly drawing to a close. Instead, the market is expected to grind higher and be very sector specific. A return of between 6% and 10% over 2021 is Centennial's best guess, with earnings rising closer to 20% in the recovery year.

Centennial believes the Australian dollar will continue to rise during the course of 2021 benefitting the importers, resources and domestic based businesses. Exporters and companies with overseas operations in particular will find it difficult to navigate the rising Australian dollar.

Why we support Future Generation

Centennial supports Future Generation so the company can contribute to a range of outstanding causes and give back to the broader community.

For more information, visit centennialfunds.com.au

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

Future Generation Australia fund managers



Future Generation Global fund managers



Charity in focus:

**SANE
AUSTRALIA**

**Future
Generation
Global**
INVESTMENT & SOCIAL RETURNS

About SANE Australia

SANE Australia is a national mental health charity making a real difference in the lives of people affected by complex mental health issues through support, research and advocacy. Today, SANE Australia engages with 830 young people daily through their digital stories, peer support forums, campaigns and help centre.

Read a Q&A with CEO of SANE Australia, Jack Heath [here](https://www.sane.org).

SANE Australia and Future Generation

The support of Future Generation Global has enabled SANE Australia to partner with young people and redesign and promote its digital services, particularly for those in their early twenties transitioning out of youth mental health services or experiencing complex conditions for the first time.

For more information, visit [sane.org](https://www.sane.org)

Our designated charities



Our pro bono service providers



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

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.2%
	Mid Cap/Long Short Equities Funds (split out below)		11.3%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	6.6%
	Paradice Long Short Australian Equities Fund	Absolute bias	4.7%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.8%
	Small/Emerging Companies Funds (split out below)		7.3%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.0%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.3%
	Long Short/Australian Equities Funds (split out below)		5.7%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	3.3%
	L1 Capital Australian Equities Fund	Long equities	2.4%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.6%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.9%
	Absolute Return/High Conviction Funds (split out below)		4.4%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.4%
	Firetrail High Conviction Fund	Long equities	1.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	4.3%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.7%
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	2.0%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.7%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.7%
QVG Capital	QVG Opportunities Fund	Long equities	1.3%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.0%
	Cash and term deposits		7.8%

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

Fund manager	Investment	Strategy	% of Gross Assets
Magellan Asset Management	Magellan Global Fund	Long equities	11.7%
Caledonia	Caledonia Fund	Long equities	11.4%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.3%
Marsico Capital Management	Marsico Global Fund	Long equities	9.6%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	9.0%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.6%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	6.5%
VGI Partners	VGI Partners Funds	Absolute bias	6.0%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.6%
Avenir Capital	Avenir Global Fund	Absolute bias	3.4%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	3.0%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.0%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and term deposits		12.0%