

Investment Update

Investment portfolio performance

In April, the Future Generation Australia (ASX: FGX) investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index, increasing 4.4%* against the Index's 3.9% rise. The Future Generation Global (ASX: FGG) investment portfolio increased 3.0%* during the month, while the MSCI AC World Index (AUD) rose 3.1%.

Since inception, the FGX investment portfolio has increased 10.5%* per annum and the FGG investment portfolio has increased 11.5%* per annum, outperforming their respective benchmarks. The investment portfolios' outperformance has been achieved with less volatility than their indexes, as measured by standard deviation.

Market update

Globally, April saw a flow of positive economic data despite a spike in coronavirus case numbers in parts of Europe and India and a slowdown of the vaccine roll-out amid concerns about its side effects. US consumer confidence rose to a 14-month high, with fiscal stimulus supporting the reopening of businesses, in turn boosting hiring demand. In Europe, demand for exports to the US increased, which accounts for 3% of Eurozone gross domestic product (GDP). A positive US earnings season has so far highlighted the strength of the post-pandemic reopening, with 86% of S&P 500 Index companies exceeding consensus earnings expectations. US President Biden's USD2 trillion infrastructure package, which aims to increase income, reduce carbon emissions and decrease economic inequality, dominated news headlines during the month.

In Australia, the S&P/ASX 200 Index experienced its best month since November 2020, rising 3.5%, and the Australian labour market experienced its fastest post-recession recovery in history, evidenced by the hours worked by the labour force exceeding pre-pandemic levels. While snap lockdowns continued in April, the positive economic data supports the view that the population will largely return to normal behaviours in time, including dining out, travelling and enjoying live entertainment.

'Investment Grade' rating from Lonsec

Future Generation Australia and Future Generation Global recently received an 'Investment Grade' rating by respected research house Lonsec. The rating demonstrates that Lonsec has conviction that the Companies can generate risk-adjusted returns in line with their objectives: to provide shareholders with a stream of fully franked dividends; achieve long-term capital growth; and preserve shareholder capital. Positive investment research ratings assist financial advisers to invest client capital in financial products.

Mental Health Funders Forum

In April, Future Generation hosted its second Mental Health Funders Forum with EY. The forum brought corporations, philanthropists, government funders and foundations together to talk about impactful funding in mental health. Access our mental health funding [report](#) *Australia's mental health crisis: why private funders are not answering the call.*

*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 management
fees, performance
fees and services
forgone

Total fees
forgone since
inception to 2020

\$17.0m

\$73.5m

Investment portfolio performance

The below NTA figures are after the fully franked final dividend of 2.6 cents per share that was paid on 26 April 2021. The shares traded ex-dividend on 14 April 2021.

Net tangible assets before tax cum dividend	Net tangible assets before tax ex dividend	Investment portfolio performance (pa since Sept 2014)
143.80c	141.20c*	10.5%
Net tangible assets after tax and before tax on unrealised gains	Gross assets	2020 fully franked full year dividend
141.39c	\$571.0m	5.2c
Net tangible assets after tax	Market capitalisation [#]	Dividends paid since inception (per share)
132.56c	\$513.6m	27.3c

*The NTA before tax figure includes the receipt of a tax refund of \$760k (0.19 cents per share) during the month.

[#]Based on the 30 April 2021 share price of \$1.28 per share and 401,255,746 shares on issue. During the month, 91,758 shares were issued under the Dividend Reinvestment Plan for the final dividend.

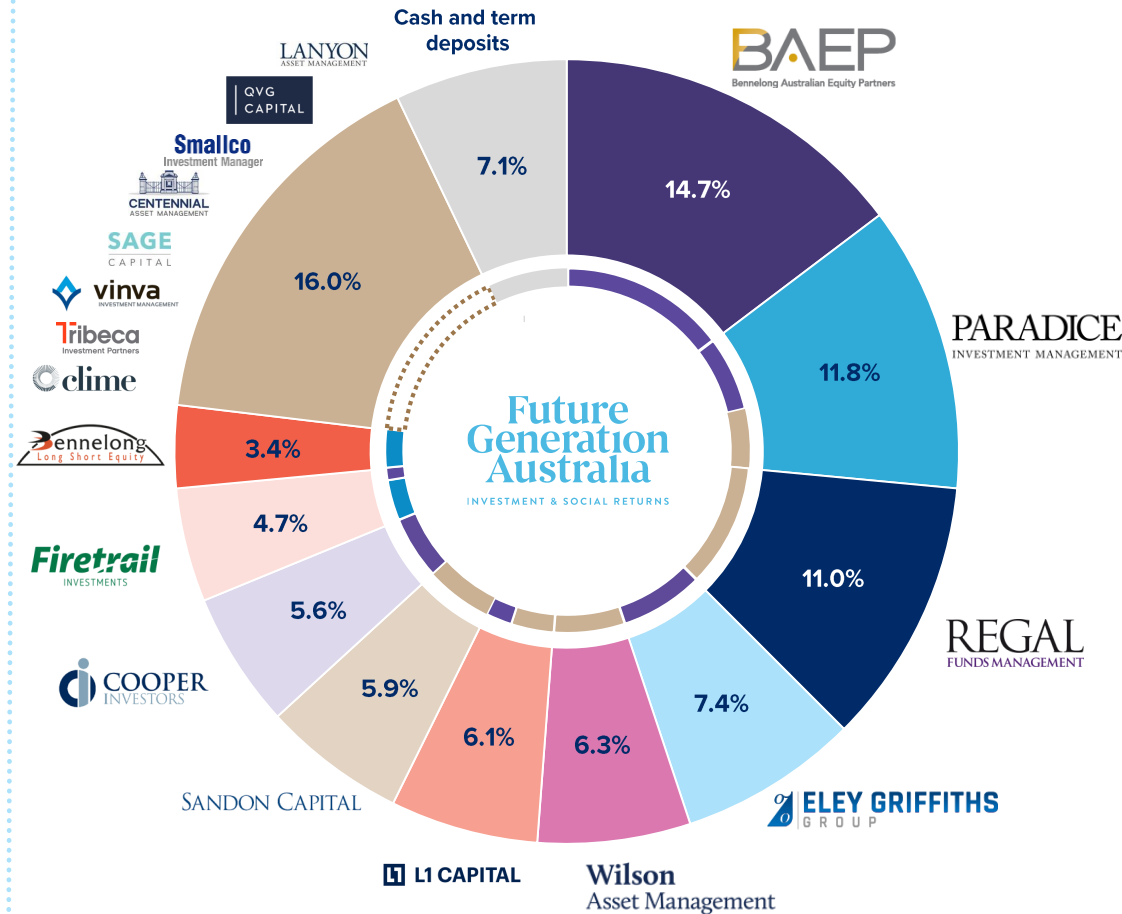
Investment portfolio performance at 30 April 2021	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)	Volatility [^]
Future Generation Australia	4.4%	8.9%	18.1%	38.9%	10.9%	11.4%	10.5%	11.6%
S&P/ASX All Ordinaries Accumulation Index	3.9%	7.7%	20.7%	33.9%	10.2%	10.7%	8.3%	14.6%

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

[^]Volatility is measured by standard deviation.

Fund manager allocations

0% management fees
0% performance fees



16.0% fund manager breakdown

Clime Asset Management	2.6%	Centennial Asset Management	2.0%	Long equities	45.9%
Tribeca Investment Partners	2.6%	Smallco Investment Manager	1.7%	Absolute bias	40.0%
Vinva Investment Management	2.5%	QVG Capital	1.4%	Market neutral	7.0%
Sage Capital	2.2%	Lanyon Asset Management	1.0%	Cash	7.1%

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2015)
171.78c	\$680.3m	11.5%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [*]
171.65c	\$577.6m	8.9% MSCI AC World Index (AUD): 10.5%
Net tangible assets after tax	2020 fully franked dividend	ESG aware [^] (of the portfolio)
157.67c	2.0c	98.8%

[#]Based on the 30 April 2021 share price of \$1.47 per share and 392,947,106 shares on issue.

^{*}Volatility is measured by standard deviation.

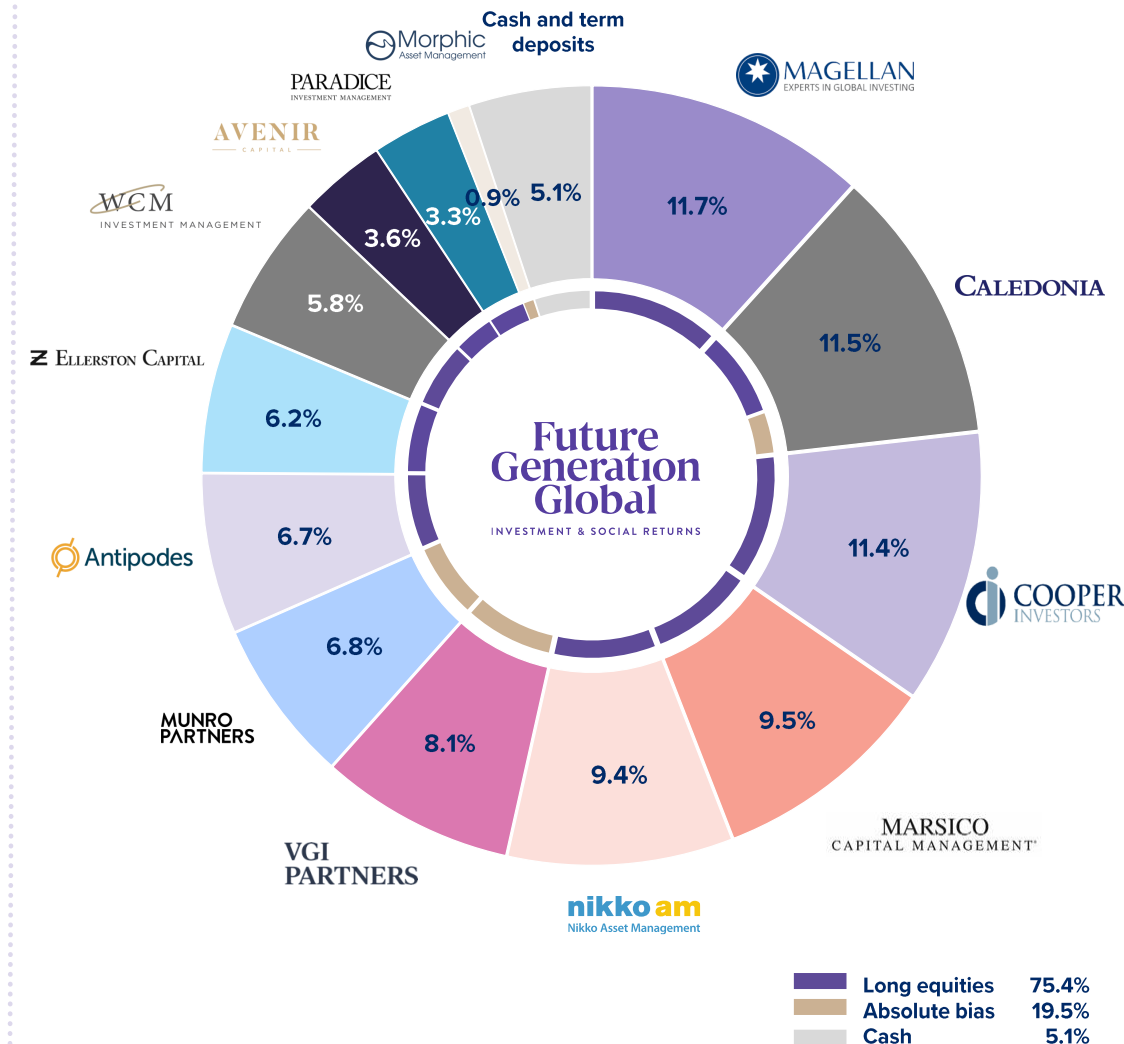
[^]Based on the 2020 Annual Report.

Investment portfolio performance at 30 April 2021	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	3.0%	6.6%	12.4%	25.1%	13.6%	14.1%	11.5%
MSCI AC World Index (AUD)	3.1%	8.9%	16.8%	23.3%	12.5%	13.5%	11.2%

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 QVG Capital

QVG Capital Principals and Portfolio Managers Tony Waters and Chris Prunty have worked together for over a decade in some of Australia's leading funds management houses. They first met working as analysts at institutional stockbroker CCZ Equities. They then worked as part of the Small Companies team at Investors Mutual Limited, before running the Ausbil MicroCap Fund. Over the seven-year tenure of the Ausbil MicroCap Fund under Chris and Tony's management, the fund won several awards, including the Australian Equities/Small Cap category at the Money Management and Lonsec Fund Manager of the Year Awards in 2014 and 2016. They also won the award for Best Australian Small Companies Fund in 2015, at the Australian Fund Manager Association's Golden Calf Awards. The QVG Opportunities Fund, which Chris and Tony currently run, is a culmination of their combined experience of over 30 years.

QVG Opportunities Fund

High conviction holding

Uniti Group (ASX: UWL) is QVG Capital's largest holding. Uniti Group is a telecommunications company with the majority of its earnings coming from wholesaling internet via its fibre networks. QVG Capital is attracted to Uniti Group due to its defensive characteristics, experienced management and high organic growth.

Market outlook

Should interest rates stay at current levels, the equity market looks fairly valued and QVG Capital anticipates the equity market to deliver 6% to 8% per annum over the next five years. QVG Capital's portfolio is populated with stocks that have revenue growth of three times the market average with a forward earnings multiple in line with the market. Subsequently, the prospective returns for QVG Capital's portfolio are higher than the equity market. On that basis, QVG Capital is fully invested.

Investment style

Long-only smaller companies.

QVG Capital and Future Generation Australia

QVG Capital is proud to be associated with Future Generation and were delighted to be chosen as a manager within Future Generation Australia's investment portfolio. The manager line up is excellent and QVG Capital is happy to be associated with some of Australia's best fund managers. Supporting Future Generation Australia is a true win, win, win; for the shareholders, the fund managers and the charities.

QVG Opportunities Fund

Investment portfolio performance at 30 April 2021	3 mths	1 yr	3 yrs %pa	Since inception %pa (Sept-17)
QVG Opportunities Fund	12.6%	57.2%	18.3%	23.1%
S&P/ASX Small Ordinaries Accumulation Index	7.4%	39.7%	9.1%	11.5%
Outperformance	+5.2%	+17.5%	+9.2%	+11.6%

Investment portfolio performance returns are net of fees and before tax.

For more information, visit qvgcapital.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:



About AIEF

The Australian Indigenous Education Foundation's (AIEF) mission is to empower young Indigenous people to build a brighter future for themselves and for the nation. It provides scholarship funding for Indigenous students to complete Year 12 or tertiary studies and career support to help them transition successfully to employment.

Read a Q&A with 2020 AIEF Scholarship Graduate Maria [here](#).

AIEF and Future Generation

Since 2015, with Future Generation Australia's support, 21 Indigenous students have been educated at schools across Australia and graduated from Year 12. In 2019, 91% of AIEF scholarship students completed their school year, including Year 12.

For more information, visit aief.com.au

Our designated charities



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as
at 30 April 2021**

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.7%
	Mid Cap/Long Short Equities Funds (split out below)		11.8%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	6.6%
	Paradice Long Short Australian Equities Fund	Absolute bias	5.2%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	11.0%
	Small/Emerging Companies Funds (split out below)		7.4%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.0%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.4%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.3%
	Long Short/Australian Equities Funds (split out below)		6.1%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	3.8%
	L1 Capital Australian Equities Fund	Long equities	2.3%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.9%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.6%
	Absolute Return/High Conviction Funds (split out below)		4.7%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.6%
	Firetrail High Conviction Fund	Long equities	1.1%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.4%
Clime Asset Management	Clime Australian Equities Fund	Long equities	2.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.6%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.5%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.2%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.0%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.7%
QVG Capital	QVG Opportunities Fund	Long equities	1.4%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.0%
	Cash and term deposits		7.1%

**Fund manager
allocation and
investments at
market value as
at 30 April 2021**

Fund Manager	Investment	Strategy	% of Gross Assets
Magellan Asset Management	Magellan Global Fund	Long equities	11.7%
	Co-invest Fund/Global Fund (split out below)		11.5%
Caledonia	Caledonia Co-invest Fund	Long equities	7.8%
	Caledonia Global Fund	Absolute bias	3.7%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.4%
Marsico Capital Management	Marsico Global Fund	Long equities	9.5%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	9.4%
VGI Partners	VGI Partners Funds	Absolute bias	8.1%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.8%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	6.7%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	6.2%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	5.8%
Avenir Capital	Avenir Global Fund	Long equities	3.6%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.3%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and term deposits		5.1%