

Investment Update

Investment portfolio performance

In May, the Future Generation Australia (ASX: FGX) investment portfolio increased 1.6%* and the Future Generation Global (ASX: FGG) investment portfolio declined 0.9%*. The S&P/ASX All Ordinaries Accumulation Index rose 2.0% and the MSCI AC World Index (AUD) increased 1.2% during the month.

Since inception, the FGX investment portfolio has increased 10.6%* per annum and the FGG investment portfolio has increased 11.2%* per annum. The investment portfolios' performance has been achieved with less volatility than their indexes, as measured by standard deviation.

Market update

In Australia, the highly stimulatory Federal Budget was released with a firm focus on growing the economy and driving stronger jobs numbers. Sizable allocations were announced for aged care spending, childcare subsidies, the government's infrastructure program and tax concessions and support. The government also revised up its forecasts for the economy, with 4.25% GDP growth expected next financial year. Australia reported weaker-than-expected employment figures in May, in contrast to a higher-than-expected growth in wages which is a key watch point for the Reserve Bank of Australia (RBA). Inflation was also in focus and continues to captivate financial markets. The country oscillated between

reinstated restrictions in New South Wales and Victoria due to new coronavirus cases.

Globally, oil prices fell in May as the market focused on nuclear talks with Iran. Further evidence of monetary policy normalisation emerged in the release of the US Federal Reserve minutes, noting elevated "risk appetite" in capital markets. The commencement of tapering signals mirrored the economic data released during the month and a strong reporting season saw 87% of S&P 500 companies deliver positive earnings surprises. The US reached a milestone in its vaccination campaign, with more than half of the adult population now fully vaccinated.

Annual General Meetings

We look forward to providing you with an update at the upcoming Annual General Meetings for Future Generation Australia and Future Generation Global which will be held as hybrid meetings at the Museum of Sydney and via a webcast on Thursday, 17 June 2021. You can access more information in the [FGX](#) and [FGG](#) Notice Of Meetings.

*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

\$17.0m

Total fees
forgone since
inception to 2020

\$73.5m

Investment portfolio performance

| | | |
|--|---------------------------------------|--|
| Net tangible assets before tax | Gross assets | Investment portfolio performance (pa since Sept 2014) |
| 143.28c | \$579.8m | 10.6% |
| Net tangible assets after tax and before tax on unrealised gains | Market capitalisation [#] | Volatility [^] |
| 143.45c | \$533.7m | 11.5% S&P/ASX All Ordinaries Accumulation Index: 14.5% |
| Net tangible assets after tax | 2020 fully franked full year dividend | Dividends paid since inception (per share) |
| 134.02c | 5.2c | 27.3c |

[#]Based on the 31 May 2021 share price of \$1.33 per share and 401,255,746 shares on issue.

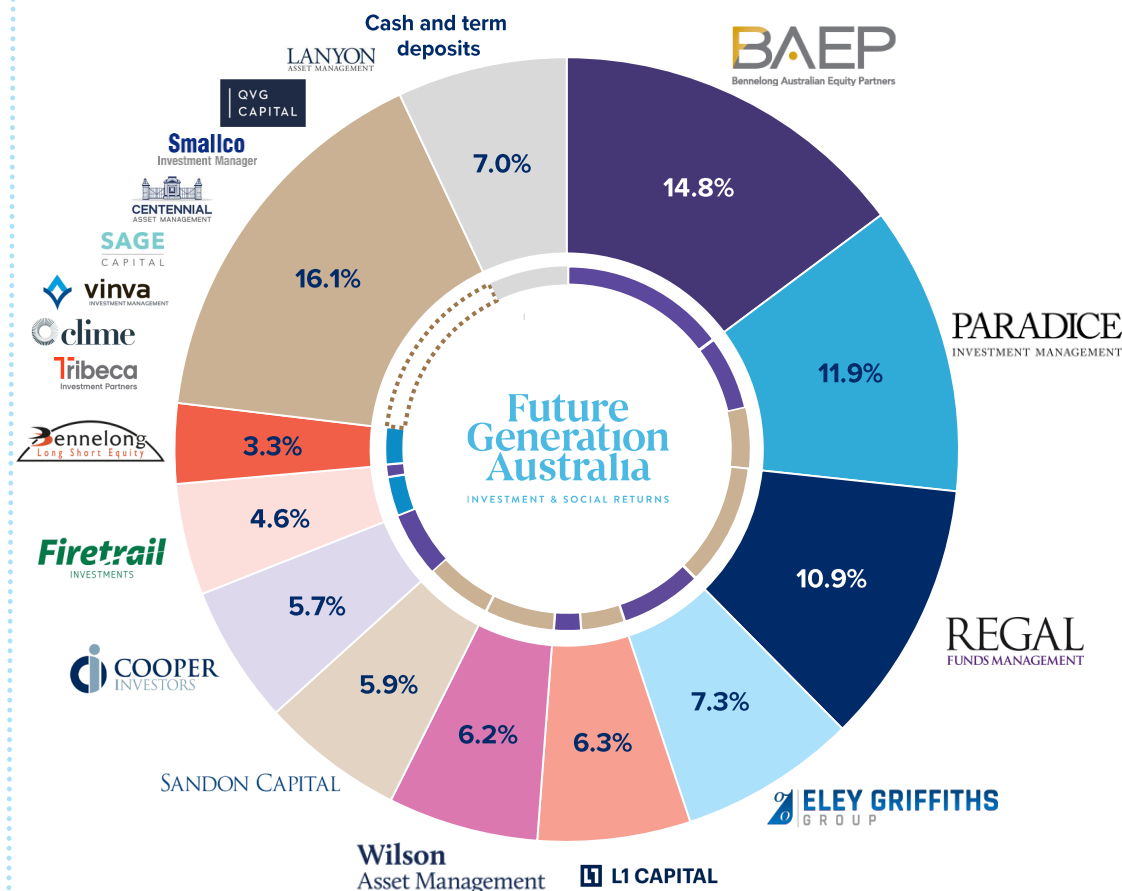
[^]Volatility is measured by standard deviation.

| Investment portfolio performance at 31 May 2021 | 1 mth | Fin YTD | 6 mths | 1 yr | 3 yrs %pa | 5 yrs %pa | Since inception %pa (Sept-14) |
|---|-------|---------|--------|-------|-----------|-----------|-------------------------------|
| Future Generation Australia | 1.6% | 10.6% | 12.4% | 32.8% | 10.7% | 10.9% | 10.6% |
| S&P/ASX All Ordinaries Accumulation Index | 2.0% | 9.8% | 11.7% | 30.0% | 10.4% | 10.5% | 8.5% |

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

Fund manager allocations

0% management fees
0% performance fees



16.1% fund manager breakdown

| | | | |
|-----------------------------|------|-----------------------------|------|
| Tribeca Investment Partners | 2.7% | Centennial Asset Management | 2.0% |
| Clime Asset Management | 2.6% | Smallco Investment Manager | 1.7% |
| Vinva Investment Management | 2.5% | QVG Capital | 1.4% |
| Sage Capital | 2.2% | Lanyon Asset Management | 1.0% |

Long equities 46.1%
Absolute bias 40.1%
Market neutral 6.8%
Cash 7.0%

Investment portfolio performance

| | | |
|--|------------------------------------|---|
| Net tangible assets before tax | Gross assets | Investment portfolio performance (pa since Sept 2015) |
| 170.09c | \$674.2m | 11.2% |
| Net tangible assets after tax and before tax on unrealised gains | Market capitalisation [#] | Volatility [*] |
| 169.97c | \$597.3m | 8.8% MSCI AC World Index (AUD): 10.4% |
| Net tangible assets after tax | 2020 fully franked dividend | ESG aware [^] (of the portfolio) |
| 156.48c | 2.0c | 98.8% |

[#]Based on the 31 May 2021 share price of \$1.52 per share and 392,947,106 shares on issue.

^{*}Volatility is measured by standard deviation.

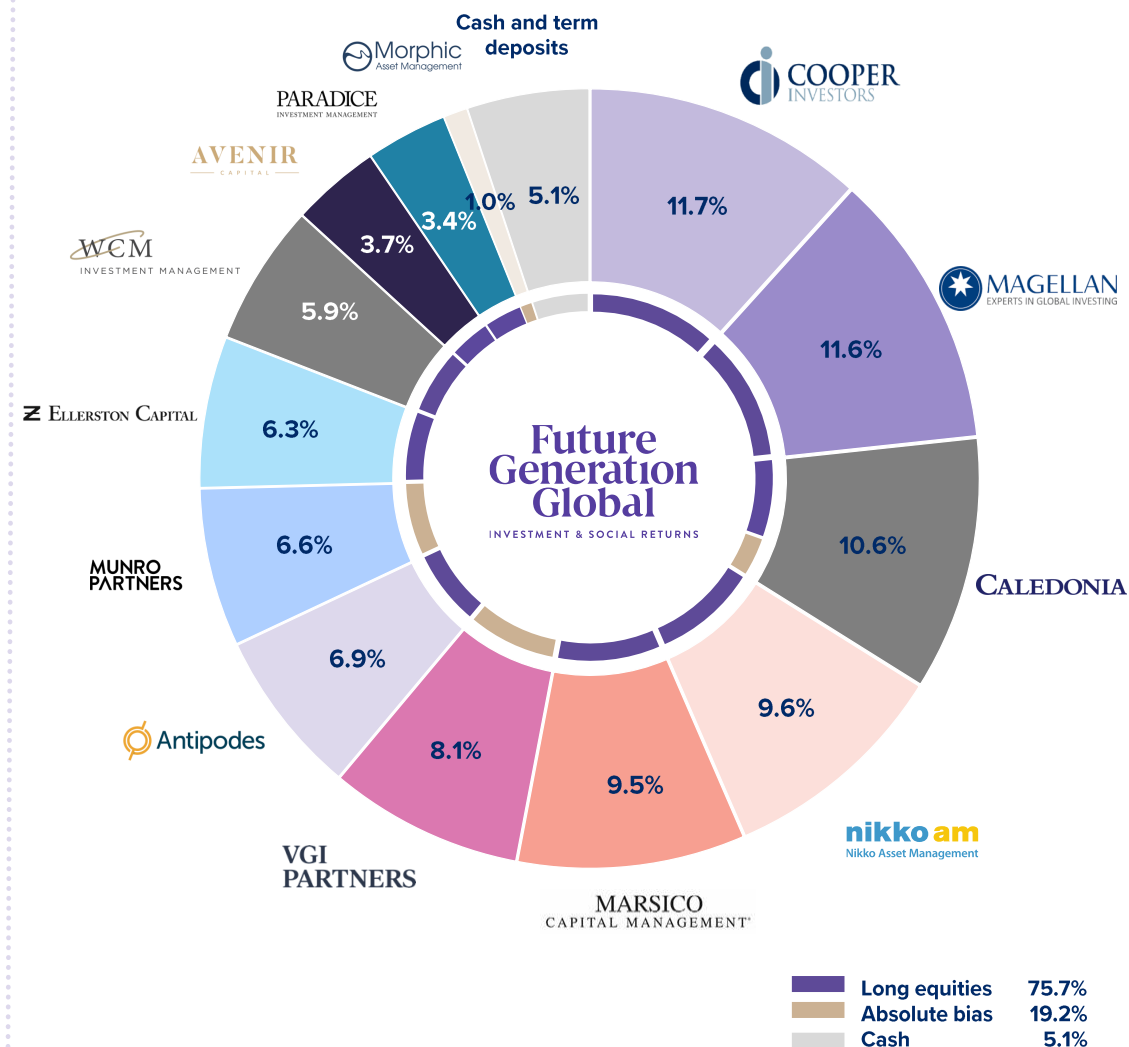
[^]Based on the 2020 Annual Report.

| Investment portfolio performance at 31 May 2021 | 1 mth | Fin YTD | 6 mths | 1 yr | 3 yrs %pa | 5 yrs %pa | Since inception %pa (Sept-15) |
|---|-------|---------|--------|-------|-----------|-----------|-------------------------------|
| Future Generation Global | -0.9% | 5.6% | 6.9% | 19.6% | 12.7% | 12.7% | 11.2% |
| MSCI AC World Index (AUD) | 1.2% | 10.2% | 10.3% | 21.7% | 13.0% | 12.6% | 11.3% |

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

Fund manager allocations

0% management fees
0% performance fees



Fund manager in focus:

MARSICO
CAPITAL MANAGEMENT™

**Future
Generation
Global**






About Marsico Capital Management

Founded by Thomas F. Marsico in 1997, Marsico Capital Management, LLC (MCM) is a Denver, Colorado-based, SEC-registered, investment management firm that manages assets for mutual funds, corporate retirement plans, endowments, foundations, family offices, and other clients. As at 31 May 2021, MCM managed approximately USD 4.6 billion in assets within six investment strategies.

Why we support Future Generation

MCM is proud to partner with Future Generation Global to help support youth mental health. MCM lean on their expertise in investing in high-quality global growth companies with compelling potential for long-term capital appreciation to help deliver positive outcomes for youth 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.

Top five holdings (in alphabetical order)

| | | | | |
|--|---|---|---|---|
|  |  |  |  |  |
| AMZN US | DIS US | FB US | MC FR | MSFT US |

Marsico Global Fund

Investment style

Tom Marsico, MCM's founder, Chief Executive Officer, and Chief Investment Officer, has managed large-cap equities since 1979, and has a public investment track record dating back to 1988. MCM's investment approach emphasises the selection of high-quality global growth companies with compelling potential for long-term capital appreciation. This high-conviction approach is expressed through concentrated portfolios. MCM search for growth globally by evaluating companies in industries around the world to uncover attractive investment opportunities, as well as to understand the competitive landscape on a world-wide basis.

Market outlook

While many parts of the world economy seem likely to continue to lag the United States in both vaccination rates and economic momentum, many global stock markets are climbing and MCM expect positive economic trends to eventually emerge over the next 18 months in Europe, Asia and Latin America. These trends, in combination with continued fiscal and monetary support, appear likely to lead to a period of elongated growth which should support asset prices. On a portfolio level, MCM are positioning for these trends while remaining committed to the further development and build-out of the internet and the 'digitisation' of the economy.

Stock in focus: Taiwan Semiconductor Manufacturing Co (TSMC)

Taiwan Semiconductor Manufacturing Co Limited (TPE: 2330) is the global leader in the semiconductor foundry industry. Based in Taiwan, TSMC manufactures semiconductors for fabless chip designers, cloud service providers, auto makers, and any other companies that want to outsource the production of chips. TSMC offers the full range of chip manufacturing services including design, wafer processing, back-end assembly, packaging, and testing.

TSMC's market share is roughly 54% of the foundry industries' total revenues, but TSMC has a virtual monopoly in leading-edge chip production. Global Foundries ceased competing on leading-edge in 2018. Around the same time, Intel, which had node superiority for two decades since surpassing IBM, began to show increasing cracks in its manufacturing prowess. Intel continued to fall behind TSMC, and is now two or more years behind TSMC in technology. It will be increasingly more difficult for Intel to catch up because TSMC has gained unmatched scale benefits through production of processors for the 1.5-billion-unit global smartphone industry. Intel failed to see the potential of this industry 15 years ago, and focuses on the 275-million-unit PC industry and the 13-million-unit server industry.

| | 1 yr | 3 yrs %pa | 5 yrs %pa | Since inception %pa (Dec-15) |
|-----------------------------------|--------------|--------------|--------------|------------------------------------|
| Performance at 31 May 2021 | | | | |
| Marsico Global Fund | 19.2% | 18.7% | 19.9% | 18.2% |
| MSCI AC World Index Net (AUD) | 21.6% | 13.0% | 12.7% | 12.1% |
| Outperformance | -2.4% | +5.7% | +7.2% | +6.1% |

Investment performance returns are before expenses, fees and taxes.

For more information, visit marsicofunds.com

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 Brain and Mind Centre

The University of Sydney's Brain and Mind Centre is a network of researchers and clinicians who partner across borders and disciplines in pursuit of a common goal: to develop better treatments for conditions of the brain and mind and improve health outcomes now and for future generations.

Read a Q&A with Senior Research Fellow at Brain and Mind Centre, Haley LaMonica [here](#).

Brain and Mind Centre and Future Generation

Future Generation Global's investment contributes to the ongoing design, development and implementation of innovative online clinical assessment and longitudinal tracking tools for use in youth mental health and specifically funds the clinical, research and technology personnel required to lead this work.

For more information, visit sydney.edu.au/brain-mind

Our designated charities



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as
at 31 May 2021**

| Fund Manager | Investment | Strategy | % of Gross Assets |
|--|--|----------------|-------------------|
| Bennelong Australian Equities Partners | Bennelong Australian Equities Fund | Long equities | 14.8% |
| | Mid Cap/Long Short Equities Funds (split out below) | | 11.9% |
| Paradice Investment Management | Paradice Australian Mid Cap Fund | Long equities | 6.6% |
| | Paradice Equity Alpha Plus Fund | Absolute bias | 5.3% |
| Regal Funds Management | Regal Australian Long Short Equity Fund | Absolute bias | 10.9% |
| | Small/Emerging Companies Funds (split out below) | | 7.3% |
| Eley Griffiths Group | Eley Griffiths Group Small Companies Fund | Long equities | 5.9% |
| | Eley Griffiths Group Emerging Companies Fund | Long equities | 1.4% |
| | Long Short/Australian Equities Funds (split out below) | | 6.3% |
| L1 Capital | L1 Capital Long Short Fund | Absolute bias | 3.9% |
| | L1 Capital Australian Equities Fund | Long equities | 2.4% |
| Wilson Asset Management | Wilson Asset Management Equity Fund | Absolute bias | 6.2% |
| Sandon Capital | Sandon Capital Activist Fund | Absolute bias | 5.9% |
| Cooper Investors | Cooper Investors Australian Equities Fund | Long equities | 5.7% |
| | Absolute Return/High Conviction Funds (split out below) | | 4.6% |
| Firetrail Investments | Firetrail Absolute Return Fund | Market neutral | 3.5% |
| | Firetrail High Conviction Fund | Long equities | 1.1% |
| Bennelong Long Short Equity Management | Bennelong Long Short Equity Fund | Market neutral | 3.3% |
| Tribeca Investment Partners | Tribeca Alpha Plus Fund | Absolute bias | 2.7% |
| Clime Asset Management | Clime Australian Equities Fund | Long equities | 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 | | 7.0% |

**Fund manager
allocation and
investments at
market value as
at 31 May 2021**

| Fund Manager | Investment | Strategy | % of Gross Assets |
|----------------------------------|---|---------------|-------------------|
| Cooper Investors | Cooper Investors Global Equities Fund (Unhedged) | Long equities | 11.7% |
| Magellan Asset Management | Magellan Global Fund | Long equities | 11.6% |
| | Co-invest Fund/Global Fund (split out below) | | 10.6% |
| Caledonia | Caledonia Co-invest Fund | Long equities | 7.1% |
| | Caledonia Global Fund | Absolute bias | 3.5% |
| Nikko Asset Management Australia | Nikko AM Global Share Fund | Long equities | 9.6% |
| Marsico Capital Management | Marsico Global Fund | Long equities | 9.5% |
| VGI Partners | VGI Partners Funds | Absolute bias | 8.1% |
| Antipodes Partners | Antipodes Global Fund - Long | Long equities | 6.9% |
| Munro Partners | Munro Global Growth Fund | Absolute bias | 6.6% |
| Ellerston Capital | Ellerston Global Mid Small Cap Fund | Long equities | 6.3% |
| WCM Investment Management | WCM Quality Global Growth Fund (Hedged) | Long equities | 5.9% |
| Avenir Capital | Avenir Global Fund | Long equities | 3.7% |
| Paradice Investment Management | Paradice Global Small Mid Cap Fund (Unhedged) | Long equities | 3.4% |
| Morphic Asset Management | Morphic Ethical Equities Fund Limited | Absolute bias | 1.0% |
| | Cash and term deposits | | 5.1% |