

Future Generation Investor Webinar
Thursday 10 March 2022

GEOFF WILSON AO: My name is Geoff Wilson and you've dialled into the FGX and FGG, that's Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG) webinar. This is your company and thank you all for sending in a lot of questions, some really good quality questions which we'll be answering a little later in this hour webinar and in terms of what we've got today, I'll just give you the intro and I'll be around for questions and answer, but we have obviously this seminar or the company is led by Caroline Gurney who's joined us recently as CEO of the Future Generation entities. Now we're incredibly excited that we were able to get Caroline to join us. Now as you would be aware that we had a very extensive search for a new CEO. One of the best search firms in the world they say Egon Zehnder was doing the work for us and we're very excited to have Caroline join the team and really going to be the one that's leading Future Generation into the future and in terms of the plans there, Caroline I'm sure will run through some of her plans, but from my perspective, it's very exciting what we're looking for both FGX and FGG going forward. Also, Martyn McCathie who is an Investment Specialist with us, he's on the IC's of both FGX and FGG joined recently and he's been doing a lot of the numbers behind the scenes for quite a few years, so Marty will be joining us as well. In terms of the results for the year just gone, I think the real highlight in a market that's been very challenging and difficult at some points in time and you've all the seen the performance of the FGX and FGG in terms of the underlying funds' performance, but to me the real highlight was the ability to increase the dividends quite significantly. With FGX it was an increase of 15.4% in the dividend and with FGG it was a 200% increase in dividend. Why were we able to do that? It was the ability to work with the profit reserve which the FGG Accounting team and the Auditors had been going through the treatment of profit reserves and realised we were able to significantly increase our profit reserves, so with FGG we've nearly got 8 years of dividend and that's assuming that the interim dividend is actually, well the final dividend is paid twice a year, so the next interim dividend and the final, now let's assume they're the same and with FGX we've got about 5 years of dividends up our sleeve, to me that's a fantastic position to be in. Now we all know with listed investment companies one of the drivers, the marginal buyer is a self-managed super fund and one of that drivers is that growing stream of fully franked dividends and now we're in a position where both FGX and FGG now historically we kept 2 years of dividends up our sleeve, now we've really got a great scope to continue to grow that dividend over time and deliver that to

shareholders. Both FGX and FGG are trading at discounts at the moment. My view is that's a great opportunity and we're blatantly aware of that and Caroline and her team working with the Wilson Asset Management team have got a really good strategy going forward and I think it will just be a matter of time before both FGX and FGG reflect what their true worth, the share prices will and that's having them trading at NTA, if not a premium and historically you'd be aware being medium long term shareholders that both FGX and FGG have traded at premiums historically. We had a period there without a CEO, so really it's great to have Caroline on board now. I'll pass over to Caroline and Caroline if you can just give us a little bit background for the shareholders of your CV and then probably just talking about the results and where you see the companies going.

CAROLINE GURNEY: Thank you Geoff. As Geoff said I actually commenced towards the end of last year and in terms of my CV, I mean you can see it there on the slide, I actually was working for UBS which is probably one of the leading investment banks in Australia and before that I was with Citi Group and I was really responsible for some telling the story to all of the opinion formers about what we were actually doing and what we were trying to do in the position and helping our clients in terms of what they want to do and helping them achieve that. One of my greatest things I think was I set up the UBS Foundation in Australia, I worked within Age Specific and when I was running the sort of the Communications and Marketing team looking at all their strategy about how we connected with our clients through whether it was the private banks, the investment bank or asset management and before that I was in the UK and I was a partner at a sort of pretty much the number one marketing firm there which actually worked on a number of pension funds, a number of fund managers and a number of big sort of banks, a lot of experience but when I went onto FGX which was 3 years ago, I loved it. I just love the fact that it was all about social investment returns. It's such an amazing model that whole passion with profit and what I really want to develop and I think really was there and I think what you all believe in is that whole strategy of having the investment and getting a return, but also making a difference and making a difference in sort of the social world and the not for profit world which is also analysed along the way you get with your investment returns, so our vision is to grow the funds once we're obviously trading at a premium. But now if we look at the slide on Portfolio Performance, for me it's a great time with both Future Generation entities we're entering into that period where we can pay an increasing dividend yield which is supported by that strong profit reserve as Geoff said, but we're also providing investors with that diversified portfolio

exposure to those sort of Australian and global equity managers that you really can't get access to in many other ways and thereby regenerating investment returns with less volatility which I think is really important at the moment in these market conditions. In terms of this, the FGX slide, as Geoff mentioned looking at this profit reserve 31, 32.1 cents per share, that's 5.4 years dividend coverage and up as Geoff said 15.4% on last year. The yield there is 4.5 and this chart shows and the one on the following page it's always about increasing those fully franked dividends and I think that's really important because we need to make sure that we're increasing them at a regular base and I think with Future Generation Australia like they have been going up steadily since inception. And then if you look at the next slide which is for Future Generation Global, I mean as Geoff said 200% increase on fully franked 4 year dividend, you can see since 2016 where it's actually gone up in terms of those dividends, so now we're doing that interim and final of 3 cents per share that's 6 which is I think it's a really good story and that's something we want people to be more aware not of and to tell it better. On the subject of dividends, something that we have just got which is really exciting for us, we've just reviewed an analysis from J.P. Morgan on the performance of dividend yield paying entities in the ASX. What that research shows is that shareholders who want a smoother ride in especially these tabular markets, should look at companies in the ASX that are paying a dividend yield above the market average and this is because companies that pay above market average dividend yields have found to be outperformed the ASX ordinaries on a 3 year, 5 year and 10 year basis, but they've also enjoyed significantly lower volatility from the benchmark index over those time periods measured by standard deviation. With both FGX and FGG paying above average dividend yield, we believe this positions the companies for US shareholders much better for the future as well. Looking at the next slide in terms of the investment performance. FGX it's really strong like 3.6% 1 year outperformance, 3.2, 3 year outperformance and then 2.5 since inception. FGG, what can I say it's been a very touch 6 months for a few of us sort of key portfolio managers and we've read about that in the newspapers and this has had a knock on affect. What I am really very happy with and is working incredibly well is this Investment Committee that we have. We've got some of the best asset allocators and they're addressing this on a very measured and appropriate way and the way we actually look at our allocations to make those portfolio changes. It's really important for us to deliver optimal returns to you so that we can also maximise our investments to our charitable partners which I will come to later. At the moment with these sort of high levels of global market volatility and uncertainty, we've got this perfect storm, the pandemic, inflation, major conflict in Europe, but I really feel and looking at the names of our

fund managers they've been top performers over many, many years. We've got every confidence they're going to deal with the ongoing market conditions and continue to perform over the long term. As Geoff said, as a shareholder and owner of these companies which you are, you're in a great position. We're announcing the 200% increase in our fully franked dividend and we're making that commitment to pay you that interim fully year dividend for the first time in our history for FGG and that's because of that very healthy profit reserve and that's secured or ring fenced as you are by the company so you have peace of mind as a shareholder that you have that dividend cover. What is exciting is that FGG which has mainly been a gross stock with not much yield is coming into its own and it's going to profit shareholders with a very nice growing stream of fully franked dividends well into the future. In terms of discounts which Geoff made reference to, the discount to NTA, FGX and FGG, to me they look like good value and I think having shareholders who believe in the medium and long term vision on the register is really important. It does take time to tighten up the share register. I love the story that Geoff talks about in terms of WAM Research (ASX: WAX) and out of all the WAM LIC's it took the longest to trade to NTA, 7 years. I'm determined this is nowhere going to be that long, but I think and I take great sort of comfort in the fact that Geoff and his team they've done it all before, they'll do it again and we know what we are doing. I'm sure Geoff will want to add to that later, but I think Marty will also go through the advantages of LIC's like consolidation in the sector, a growing shareholder base. During 2020 when so many companies were cutting dividends, LIC's were actually increasing dividends. But what we're also finding out from you is you want to hear more about what our portfolio construction is, so I'm now going to hand over to Marty who has just joined the Investment Committee after working on it for quite a while to go through what that construction is. Over to you Marty.

MARTYN McCATHIE: Thanks Caroline and thanks for joining us this afternoon everybody. As Caroline said I just wanted to take a few minutes to run the portfolio construction of both FGX and FGG, and at the forefront what we're trying to do with both companies is construct a portfolio of boutique fund managers and a blended portfolio that is giving shareholders diversity. The role of the Investment Committee is to select those managers and those boutique managers that we think have demonstrated the ability to add performance and value over time and what we're looking to do there we're looking to construct a portfolio with market neutral and in the case of FGX, market neutral in the case of both entities absolute bias managers to along with the traditional long equity managers to provide shareholders with that reduced volatility and I

guess the benefits of that portfolio construction that we go through is spread of risk for shareholders. Recently on FGX we engaged JANA to compile some look through analysis for us on the portfolio and the reason we did that was twofold. One we wanted to have clarity on the exposure that the portfolio has had from a security and sector perspective and we want to be able to identify and where possible allow us to mitigate risk within the portfolio. The insights that we got from the analysis with FGX, we've long at Investment Committee level had a belief that we had a skew towards small mid and microcap companies and the analysis that JANA performed on our behalf has validated that and actually shown the exposure to that sector of the market was larger than we had originally thought. If you look at the composition on that look through portfolio, then we've composure... we're underweight at the ASX50 by 44.4% and that's largely driven by an underweight exposure to the ASX20 of 34.5%, so really the FGX portfolio compliments a basket of direct securities in that top 20 or top 50 and it compliments that very well. The portfolio also provides shareholders with exposure outside of the ASX300 in that small mid microcap range and we provide shareholders with exposure to 20.8% exposure outside the ASX300. If you look at the portfolio holistically from an FGX perspective, buying 1 share in FGX gets you exposure to 533 companies at last canalises. There's an active share within the portfolio and the active share is how our investment portfolio differs from the benchmark, so whether we're over or under the benchmark weight. We've got an active share of 60.9%, so again what you're getting from exposure to FGX it's not a correlated return with the benchmark and so we can add value as we have, we can add value to shareholders over time. It was exciting going through this analysis and validating how we felt the portfolio was positioned. This is something we've long done for FGG we've run this analysis on a quarterly basis historically for FGG and we've got similar insights there and from an FGG perspective, for me the big takeaway is that if you're buying a share in FGG, you're getting exposure to over 350 companies globally. From a regional standpoint with FGG, we're overexposed to Europe compared to the benchmark, about 30% overweight in Europe compared to the MSCI Index. As our boutique managers look for relative value outside of the US and the expansion that has occurred in the US market and within both companies we're underweight financials, it's definitely a diverse balance portfolio providing shareholders with that exposure to predominantly small mid and microcap companies. Caroline do you want to pass back to you?

CAROLINE GURNEY: Thank you. There you can see a slide with some of the, for me, some of the best fund managers in Australia and globally and these are the ones that manage your

money and they work pro bono so there is no management or performance fees for us and we get to give that 1% to the charities. It's really important to recognise the managers because they do work incredibly hard and that way we get that sort of diversity of investment strategy and style with that sort of reduced volatility by the way exactly Marty has talked in terms of mixing them and also I actually thank our service providers that help us pro bono as well. Just going on to our social investments, that for us is incredibly exciting. We have 18 charity partners and they look at children at risk and youth mental health and for Future Generation Australia last year we gave \$5.3 million dollars and that totals up to \$26.8 million dollars since inception to those charities and many of it has been over multiyear which is really incredible for charities because they don't often get that kind of commitment for them to grow what they're actually trying to do in that youth mental space. Future Generation Global that's \$6.4 million we wrote out the money last year in November and that was \$26.2 million since inception and once again that through FGG it's been sort of an amazing ride but we're actually now changing our social investment strategy there, we've just done an Expressions of Interest which has gone out all across February and that's basically we want to partner with charities to prevent the onset of mental ill health among young Australians which we believe there is a severe need for that in terms of that prevention and wellbeing space. Pleasingly and much to our surprise and to many others we've spoken to in the sector we got 174 applications from not for profit organisation across Australia. Many were community based, Aboriginal controlled organisations, then in the tech solution space many for school programs and many others and they are really providing us with quite a fascinating insight into the great programs that are currently being run and hopefully we can partner with them in the future. In terms of the partners when we announce them in August, we really want to introduce them to you, so we'll do another webinar or hopefully we can start doing more face to face which we're looking to do in a couple of months with you all as well, but if you want to know more about our social impact, we have a document on the website for both of our companies, so please do have a look. Thank you very much for joining us today. I'm now just going to hand over to Geoff for any closing remarks and then we'll move to Q & A. But you have our phone numbers so if you want to talk about anything please do call. Geoff.

GEOFF WILSON AO: Thank you Caroline and thank you Marty. As I said earlier this is your company, so please any questions, any thoughts or any ideas. It's great to have Caroline on board. As she went through her CV really a wealth of experience and we're systematically working through a new strategy for both FGX and FGG. Now some exciting things happening

with FGG as Caroline just mentioned in terms of Youth at Risk for FGX and Youth Mental Health for FGG, to me I'm pretty excited with what's happening there, that's on the philanthropic side and as Marty said we've really got the what we believe, all the Investment Committees believe are the best and the smartest boutique fund managers in Australia and globally that can add value, managing the money on your behalf, so it's a pretty good mix in our cocktail that will perform over time even though there are periods where things can be pretty difficult. Why don't I pass over to Zoe from the Corporate Affairs area who's going to take us through the Q & A.

ZOE LANDRY: Thanks Geoff and we've already had a few questions come through. The first one's for you Geoff and it's from Kim, and she says it's fantastic to see the dividend increases. Is there scope for the dividends to be increased further due to the significant profit reserves and the year of the coverage?

GEOFF WILSON AO: Very smart question Kim. Obviously they're Board decisions, but the plan will be to grow the dividends. Someone might ask the question as why don't you double the dividends again in the short term? It's a balance about having the profit reserve, but also having the franking and the franking comes over time when we pay tax or when we get distributions from managers that we pay tax on or the distributions from the managers where they've invested in Australian companies with FGX that pay fully franked dividends, so we've got the profit reserve there which is... and that doesn't go away. If the NTA drops, once you've provided the profit reserve that stays, so the 32 and 48 odd cents that we've got in either entities as profit reserve they stay, so the ability to pay those growing stream of fully franked dividends doesn't change depending on how the portfolio performs.

ZOE LANDRY: Perfect, thanks Geoff and sticking with you. This next one's from Chris, he says thank you for hosting the webinar and he's asking can you tell us a bit more about how you're aiming to narrow the discount?

GEOFF WILSON AO: Well with listed investment companies it is in the end supply and demand. In terms of what needs to be done, effectively the share register needs to settle down so the group of shareholders that are on there all want to be shareholders so and Caroline mentioned about tightening up the share register and that's the term that we use, effectively anyone who's sort of a doubting shareholder and the great thing when markets do fall and there's a lot of

uncertainty, that shakes out the shareholders that aren't a believer in what... or don't want to be exposed to whatever the company is exposed to, to me that... the recent volatility in the market is actually a positive for medium long term for the shareholder base. You need the group of shareholders that want to be there and you need to communicate with them and have a real marketing shareholder engagement and communication strategy and then to drive new shareholders into the company, effectively when the amount of buying and selling is sort of equal around NTA, that's equilibrium and then when you've got more buyers and the people that are shareholders don't want to sell that's when you move back to premiums and FGX and FGG they've been at premiums and discounts since they've been listed. I think when Marty did the numbers 6 months ago they average about a 7 or 8% premium over time, it's only a matter of time and we need to do that. And in terms WAM Research which was of the WAM stable that's the one that took us the longest to get it to trade to NTA and because we were really making sure that there were only the people that believed in the story and fully understood what we were doing remained as shareholders where the others sold over time and the ones that sold new people bought them that wanted to go along for the journey as we'd sort of articulated it. What happened there is the share register tightened right up, so very few of the shareholders wanted to sell and now when I looked a couple of weeks ago, it was trading at nearly a 45% premium to NTA. Now that's as crazy as the FGX or FGG trading at those 12 and 14% discounts, to me it just provides an opportunity. You're getting a dollar of exposure to the market and you're paying say 86 or 88 cents and you're getting a dividend yield on that dollar, that's broadly how you do it. Thanks Zoe.

ZOE LANDRY: Thanks Geoff and staying with you this one's from Gordon. He says exciting to see the 200% dividend increase and the move to twice yearly dividends, but can you talk a bit more about FGG's performance?

GEOFF WILSON AO: The FGG performance has been tough. We've really got what we believe are a first class group of managers and we've got an Investment Committee that looks at them very diligently. If there's underperformance, consistent underperformance, if there's major personnel changes or they're managing the money differently than what we expected, then obviously they come up for review and then we decide whether we change the allocation or remove the manager totally. And a number of managers we've changed allocation, so to me it's just a period where some of the managers have had... they're boutique managers and they are

prepared to take reasonable risks with their money and also our money and the last couple of months it's been challenging. Now does that mean you change managers? What we try to do is both Investment Committees is we're trying to take medium term views. What you tend to find is if you sell... if you redeem from that month the worst performing manager and put it in the best performing manager, then very soon the roles will be reversed, so it can be quite cyclical. Obviously if any managers are underperforming over an extended period, then they come up for review and as I mentioned we've removed a number of them, if required and we're very happy to do that. But, with both Investment Committees we're very happy with the managers we've got at the moment.

ZOE LANDRY: Thanks Geoff and another one for you, this one's from Lisa. She says FGX performance has been impressive, but can you explain the rationale behind the options issue and what's happening there?

GEOFF WILSON AO: Thanks Lisa for saying the FGX performance has been impressive. As one of the team, of course we'll accept that and Marty just joining the Investment Committee will accept that and Caroline new CEO she'll accept that so thank you. Effectively what an option issue is, is you're creating another piece of paper and you're giving it to all shareholders, on a pro rata basis so it's given to everyone on the same ratio as you own shares, it's a very fair way of raising capital and what the option does it's not like a rights issue where you have to put the money in over a sort of 4 to 6 week period, an option issue really means that the underlying portfolio or the underlying company has to perform, like FGX, the NTA has to perform otherwise we won't get those options exercised. It's just not a few kicks, you're raising money just because you want to. You're creating a piece of paper, you're giving it to all shareholders very fairly, and they can decide what they want to do with it. Like some people sold the options and took that as another little dividend. Some people sold their shares and bought the equal amount of options and what that meant is they had the same upside but it reduced the downside, so it's another piece of paper that creates flexibility for shareholders and if FGX performs then it raises more money and also it's broadly a rights issue over a year and a half, so it's really up to FGX to perform and then you as a shareholder can decide do you want to exercise those options or don't you, to me it's sort of an equitable way of raising capital over time.

ZOE LANDRY: Thanks Geoff and we'll move to Marty now and this one's from Ian. He says could you please explain the changes to the fund manager portfolio and your fund portfolio investment rational going forward? He also says to keep up the good work Marty.

MARTYN McCATHIE: Thank you. Thanks for the question and on the portfolio change, I think Geoff touched on it there and over the life cycle of FGX and FGG we have removed or parted the ways with 16 managers and we've invested into 11 new managers over the 7½ years, we have been active in turning managers over and more recently over the last 12 months, FGX has one exit from Avenue Capital and they closed their business as we were exiting them and but obviously the Committee are continuing to look at potential new managers that they come across. We are approached from investment queries regularly from managers that want to be involved with FGG and FGX and obviously part of our process is ensuring that we're picking the best managers and the managers that complement one another from a portfolio construction perspective and those that have that track record either investment processing personnel they can add value and performance to our shareholders.

ZOE LANDRY: Thanks Marty. Staying with you, this one's from Barbara. She says can you tell us a little bit more about the ESG and funds?

MARTYN McCATHIE: Very good question and timely as well. When looking across both portfolios FGG, FGX, we have no exposure in either portfolio to weapons or ammunition and we've got no exposure to tobacco. We do have exposure on both portfolio casinos and gambling, alcohol and beverage and a little bit of brewers as well in there. What's been pleasing for me as I've sat alongside the Investment Committee for the last 7 years and worked with them and their managers is seeing that structural shift in the adoption and the approach, more broadly in the fund management industry to ESG and what's been really pleasing is the number of FGX and FGG managers that are proactively implementing ESG policies or becoming signatories to UN PRI and for us I guess I have a role there as a manager of managers at the Committee level and continuing to engage with managers and have those conversations, it's always the topic and a subject that has a lot of air space at the moment and it's a hot topic and helping facilitate that momentum where we can with underlying managers is definitely our role there moving forward.

ZOE LANDRY: Thanks Marty and this one's for Caroline from David. He says can you explain more about FGG's new social impact strategy?

CAROLINE GURNEY: Sure. Thank you. For me that's a great question mainly because this is very much part and the sort of differentiation in terms of what we do as social impact base. With FGG, we actually put out an Expressions of Interest in February asking across Australia for not for profits to put forward whether or not they would like to partner with us and we're actually looking at choosing from the 10 to 15 charities and we're going to tier them as well because some partners want a smaller amount of money for a longer period of time and they want to work on something and they can pilot it and some want more money to actually do something on the organisational side, at the moment we're just filtering through them. We have a number of fantastic people that actually make grant applications for other big charities and we're working with them to actually sort of bring that list down to sort of a manageable sort of 40 and then we'll sort of take it from there. But so far it's just been amazing looking at them in terms of some from Adelaide, Western Australia and a number from Melbourne, from New South Wales as well, so we're just getting that real variety which we really, really hoped because we really want to make they're sort of geographically spread, want to make sure they're community based and we also do some with tech, some maybe with film, we actually sort of fit a jigsaw puzzle so we can bring them altogether and then we can measure their impact and put that within a framework so then we can also talk about best learnings and then sort of help that... utilise that in the space as well. In August we'll announce them all and hopefully you'll be with us to find out more about those charities, but just look on the website, we'll be putting updates on there and we'll do probably a letter to shareholders before that time from our Social Impact Manager to actually give you an update as well.

ZOE LANDRY: Perfect. Thanks Caroline and staying with you, this question is from Andrew. He says you just completed the FGG Expression of Interest. What are you expecting to see from that?

CAROLINE GURNEY: Well it's very much in terms of the same area, I mean I'm just really hoping that we're just going to get a really diverse range of applications and that we can actually work with them and make sure they want to partner with us and we can really make some insightful change.

ZOE LANDRY: Thanks Caroline. And Geoff we've just had a question come through from Bernard. He says what is the current discount to NTA and how can he determine this daily when he's picking opportunities?

GEOFF WILSON AO: Well the current discounts, Marty, we were talking earlier, have you got the figures there at your fingertips?

MARTYN McCATHIE: I do. Current discounts live as at close of business last night. FGG was a little under 10% discount and FGX was round about the 9% mark.

GEOFF WILSON AO: What do you look at the NTA and broadly you've got to adjust... you've got to have an estimate and like a lot of brokers that follow the listed investment companies space they do them but say with FGX you'd say... you would look at last month's NTA and you'd look at how since the end of that month how the all ordinaries has performed and like if it was up 1%, then you'd assume that FGX portfolio broadly was up 1%. If it was down 1% then you would assume it was down 1%, so and that would be your assumption for the NTA. You won't be too far wrong, even though like over the last 12 months FGX has outperformed the market, that would be a positive for you if you were buying and FGG unfortunately has underperformed. We believe going forward that will change over time, so but broadly if you adjust by the movements in the market from the end of the month that's the best way to do it and if you have any questions about it just ring Marty. Someone's asked us before just to follow on question you probably want to ask is well why don't you announced the NTA on a daily basis and I actually don't think that helps the company. Now there are a few LIC's that announce daily NTA's. I mean one that we have been shareholders in now that's WAM Strategic Value (ASX: WAR) or WAM Capital (ASX: WAM) in the old days, now when we'd buy positions in LIC's trading at discounts it was the perpetual LIC, the equities LIC, now they do daily NTA's but most of their life they've traded at a discount, so it doesn't necessarily help and one of the negatives about I think daily NTA's it sort of focuses on short termism. To me, the decision you need to make... obviously we all want to buy a dollar for as cheaply as we can, like again, unfortunately I was slightly out with my numbers, you're buying a dollar for 90 cents with FGG and you're buying a dollar, so you're paying 91 cents for a dollar in FGX, so we all want that the value investment. But by doing it on a daily basis what you tend to do is find people that really want that short term

trading opportunities. I gave you the example of WAM Research (ASX: WAX), when you're tightening up a share register it's really making sure effectively everyone who's invested is comfortable with what they've invested in and then you find that not many of them want to sell and then what happens is you end up trading at a premium and so that's what our goal is.

ZOE LANDRY: Thanks Geoff. And we'll go to Marty now and this is a question from David. He says can you share the top ten holdings in FGX?

MARTYN McCATHIE: Thanks and good question David. At the moment I can't for FGX. For FGG we do publish the top ten holdings our weight, the benchmark weight and our active weight within the Annual Report, within the Investment Committee section of the Annual Report and that was released last month with data as at 30 September. Obviously with the FGX managers that we have in there I guess the question is why have only just started cutting this analysis on a look through basis for FGX and we've been doing it for FGG since inception and the answer to that question is the FGX managers are domestically focused, they're probably managing a bit more money in relative relation to the capacity that they have which means they're a little bit more sensitive about their data and their information so for us we get that data provided to a third party and when we get it it's on a no name basis and it's at an aggregate level, it's at a set time level, any securities that are significantly over underweight benchmark, but we don't get the actual holdings of the top ten that we've got exposure to and that's just to protect that data of those domestic managers, a number of which are obviously competing in the same space as Wilson Asset Management who obviously support FGX as well.

ZOE LANDRY: Thanks Marty. Back to you Geoff. This is a question from Stephen. He says have you considered showing the net performance figures including the discount and premium charts in the monthly updates?

GEOFF WILSON AO: It's a fair point. The net performance is gross performance as well because there's no management fees or performance fees, but and showing the discounts and premiums. We'll take that on board. In theory doing it on a monthly basis, maybe on a quarterly or I mean we definitely do it on a half yearly basis. Obviously you want people to understand there's a greater investment opportunity, but what I've found historically is companies that every month they're sort of focusing on the discounts or premiums, then it really again it can be

counterproductive in terms of for both FGX and FGG we're of the view that they won't be at discount for the medium to long term, it's just more a shorter term aberration and we don't want people to be thinking oh well they're always at discounts because probably historically when go back a little while when they're both trading at premiums and then people think they're always at premiums, to me the great thing about the listed investment company is there is the opportunity for people to do a bit of homework and it does create value, but we will take that on board and we'll definitely [inaudible] suggestion.

ZOE LANDRY: Thanks Geoff and we'll stay with you now and this is a question from Alan. He says is there connection between on market liquidity and LIC discounts and premium?

GEOFF WILSON AO: We're getting high quality questions today that's really good questions so thank you. We've done a lot of numbers. The largest LIC is AFIC. The second largest LIC is Argo. The third largest LIC is WAM Capital. AFIC when I looked a couple of weeks ago that was trading at about a 14% premium. Argo again a couple of weeks ago when I looked was about a 7½% premium and WAM Capital was at 20% plus premium and you then you go at the other end of the scale the really small LIC's, they tend to trade at discounts. Now there's some [inaudible] with the market value under \$200 million, I'd assume if you're larger there's got to be more liquidity, therefore if there's more liquidity and you're larger then there is a premium and discount impact. I suppose the interesting thing is of the three largest LIC's, WAM Capital is probably the most liquid of the three. There's always good volume being traded and that's of the biggest three that's the biggest premium. There definitely is a correlation. I think it's a stronger correlation about capitalisation because I think you find and one of the reasons why that's there is like a financial planner if they want to put... say they like the LIC structure, they like the growing stream of fully franked dividends for their self-managed superfund clients and say they decide they want to put like 5% or 10% of their client's assets into this LIC, then if there's only like \$10,000 dollars' worth of stock traded a day, then they're not going to bother. Now if there's a million or two dollars' worth of stock traded a day, then they can buy it over a week or they can buy it over a couple of days or a couple of weeks, to me there is definitely a benefit of having size and liquidity and that's another reason why now with FGX and FGG as they're listed, our focus is to grow them and in theory what we're hoping is that helps on getting you to a premium as well, but we've got to grow them on behalf of all shareholders.

ZOE LANDRY: Thanks Geoff and we will stay with you. This next one is from Alan. He says the options have been falling since issued. Does this cause a downward pressure on FGX's share price?

GEOFF WILSON AO: It doesn't really cause a downward pressure on FGX's share price if the options are in the money, then they would, but the exercise price is at a \$1.48, so they're quite a way out of the money. The reason why the option price has been coming down is because the share price has been coming down and the total value of the assets have been coming down, even though FGX has performed very well, as one of our earlier shareholders congratulated us for our performance, the fact is the market has come off recently and like the options won't have any negative impact on the share price until the share price is in the money and that's \$1.48, so there's no dilutionary impact until the share price is trading above a \$1.48.

ZOE LANDRY: Thanks Geoff. And this is the final question for today and this is from Andre. He says can you foresee a future where it's going to be difficult to find pro bono managers?

MARTYN McCATHIE: Thanks for the question. We don't foresee that being an issue. For us the model of FGX and FGG for the fund managers is we're asking them to manage a little bit of capacity on our behalf within a product that they've already got an investment strategy that they already have, so for them it's no additional work really, it's a little bit of capacity. It's work that they would be doing anyway, so there's very little effort for them. But what they get from it the other side and the funds management community is obviously their ability to give back and have a purpose and be attached to that element of it and that social element, so a lot of our managers or all of our managers are highly engaged and since inception I think we've joked about it there's been two managers that have said no and one has actually then turned around and provided us with capacity, so since inception there's been one no and that was only because they had no capacity that they could give to us, they had already closed down, so we definitely don't see an issue going forward.

ZOE LANDRY: That's great thanks Marty and I'll try and pass to Geoff for closing remarks.

GEOFF WILSON AO: Thank you very much. Obviously it's a tough time for everyone with these floods in Australia and the downpours and also what's happening in Eastern Europe, it's a very challenging, difficult time and with COVID. Thank you all, all our shareholders, thanks for your support. We're here because we're passionate about what we're doing here. There's a couple of great opportunities with FGX and FGG. If anyone has any questions or comments or suggestions please it is your company and please feed them through to us. On behalf of Caroline, the Board, Marty, Zoe and myself, the whole team back at Future Generation Headquarters, thank you.

[End]