

Dear fellow shareholder,

Investment portfolio performance

During April, inflation and interest rate rises, along with the continued lockdowns across China, the ongoing war in Ukraine and pressures on supply chains and commodities continued to play on investors' minds.

The Future Generation Australia (ASX: FGX) investment portfolio decreased 1.0%, while the S&P/ASX All Ordinaries Accumulation Index fell 0.8% for the month. The Future Generation Global (ASX: FGG) investment portfolio decreased 4.1% in April and the MSCI AC World Index (AUD) fell 2.7% for the month.

Since inception, the FGX investment portfolio has increased 10.2%¹ per annum and the FGG investment portfolio has increased 7.6%¹ per annum. The investment portfolios' performance has been achieved with less volatility than their indexes, as measured by standard deviation.

Register: Future Generation LIVE starts 16 May

This month, we're excited to be travelling across the country to meet our shareholders at Future Generation LIVE, where you will have the opportunity to hear an update on the Future Generation listed investment companies, a market outlook and top stock picks from a pro bono fund manager and an update from a charity partner. Please [register](#) to attend these events.

Our Sydney and Melbourne events will have a panel Q&A hosted by James Thomson from The Australian Financial Review. Sydney will host Geoff Wilson, Jun Bei Liu and Philip King, and Melbourne will host Kelli Meagher, Jacob Mitchell and Matthew Haupt. If you can't make it in person, our Sydney event will be [live streamed](#) and recorded for all shareholders.

FGX and FGG Annual General Meetings

We look forward to providing you with an update at the upcoming Annual General Meetings (AGMs) for Future Generation Australia and

¹Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Future Generation Global, which will be held as hybrid meetings online and at the Sofitel Sydney Wentworth on Thursday 26 May 2022, following the Sydney presentation. You can access details on how to join online in the [FGX](#) and [FGG](#) Notice of Meetings.

2Fold: Investing for Impact podcast series

We recently recorded the second episode of the series with Professor Samuel Harvey from Black Dog Institute. Stay tuned for details on the release. The [podcast](#) is available on all major podcast platforms. If you enjoy listening, we encourage you to subscribe and leave a rating on Apple podcasts, and share the series with your family and friends. We would love to hear your feedback!

Missed it? Watch our Q&A Webinar on demand

We hosted a [Q&A Webinar](#) with L1 Capital's Mark Landau, pro bono fund manager for FGX; Ellerston Capital's Bill Pridham, pro bono fund manager for FGG; and Dr Eamonn McCarthy, CEO of Lighthouse Foundation, a charity partner of FGX. Mark and Bill provided their market outlook as well as top stock picks, while Eamonn provided an update on the Foundation's work and recent trends in youth homelessness. Read the coverage by [Livewire](#). A big thank you to our speakers, and we look forward to hosting future Q&A Webinars with our partners.

We hope you enjoy this month's [Meet the Manager](#) with Matthew Kidman from Centennial Asset Management, and our [Q&A Interview](#) with Lise Angus, General Manager of DEBRA Australia.

Best wishes,



Caroline Gurney
CEO, Future Generation



\$52.9m

SOCIAL
INVESTMENT
TO 2021



\$5.3m

Future
Generation
Australia 2021

\$6.4m

Future
Generation
Global 2021

2021 total social
investment

\$11.7m

2021 management
fees, performance fees
and services forgone

Total fees forgone
since inception to
2021

\$24.0m

\$97.5m

Investment portfolio performance

The below NTA figures are **after** the fully franked final dividend of 3.0 cents per share that was paid on 29 April 2022. The shares traded ex-dividend on 13 April 2022.

Net tangible assets before tax cum dividend	Net tangible assets before tax ex dividend	Profits reserve (per share)
145.02c	142.02c	29.03c
Net tangible assets after tax and before tax on unrealised gains	Gross assets	Dividends paid since inception (per share)
142.38c	\$578.7m	33.3c
Net tangible assets after tax	Market capitalisation[#]	2021 fully franked full year dividend
134.19c	\$539.2m	6.0c

[#]Based on the 29 April 2022 share price of \$1.335 per share and 403,867,511 shares on issue. During the month, 912,549 shares were issued under the Dividend Reinvestment Plan for the April 2022 dividend and 20,000 options were exercised and allotted under the Bonus Issue of Options. The options are trading under the ASX code FGXO with an exercise price of \$1.48 per option and expire on 28 April 2023.

The above NTA figures are not adjusted for the 400,206,835 options on issue with an exercise price of \$1.48 per option.

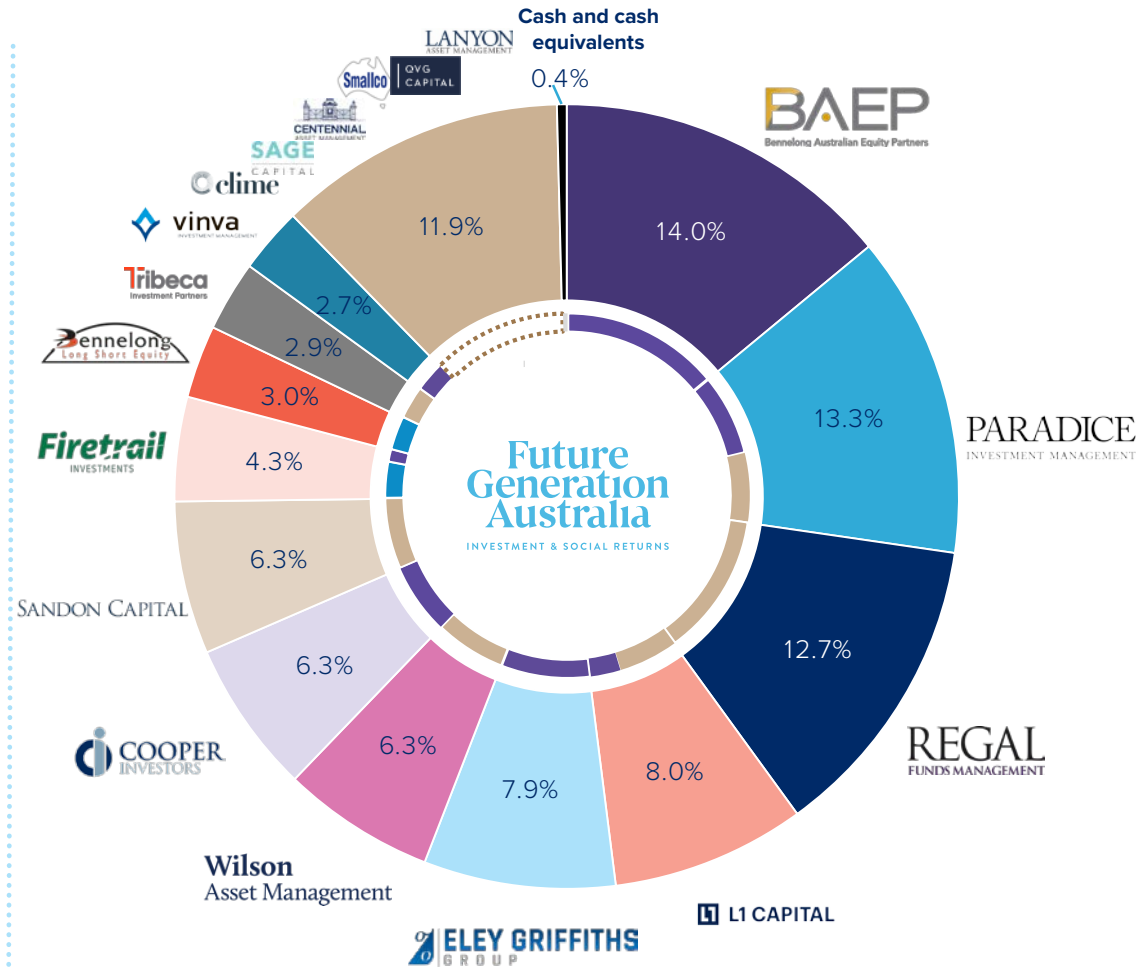
Investment portfolio performance at 30 April 2022	Since inception							
	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	%pa (Sept-14)	Volatility [^]
Future Generation Australia	-1.0%	-3.7%	-2.8%	8.0%	12.0%	10.9%	10.2%	11.3%
S&P/ASX All Ordinaries Accumulation Index	-0.8%	0.8%	3.1%	10.2%	10.2%	9.5%	8.5%	14.1%

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

[^]Volatility is measured by standard deviation.

Fund manager allocations

0% management fees
0% performance fees



11.9% fund manager breakdown

Fund Manager	Allocation (%)	Asset Class	Allocation (%)
Clime Investment Management	2.6%	Long equities	47.8%
Sage Capital	2.6%	Absolute bias	45.6%
Centennial Asset Management	2.3%	Market neutral	6.2%
Smallco Investment Manager	1.8%	Cash	0.4%
QVG Capital	1.5%		
Lanyon Asset Management	1.1%		

Investment portfolio performance

The below NTA figures are **before** the fully franked final dividend of 3.0 cents per share due to be paid on 27 May 2022. The shares will trade ex-dividend on 16 May 2022.

Net tangible assets before tax	Gross assets	Profits reserve (per share)
144.40c	\$574.3m	48.3c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation[#]	2021 fully franked full year dividend
141.71c	\$541.2m	6.0c
Net tangible assets after tax	Volatility[*]	ESG aware[^] (of the portfolio)
139.24c	9.5% MSCI AC World Index (AUD): 10.4%	99.1%

[#]Based on the 29 April 2022 share price of \$1.375 per share and 393,612,280 shares on issue.

^{*}Volatility is measured by standard deviation.

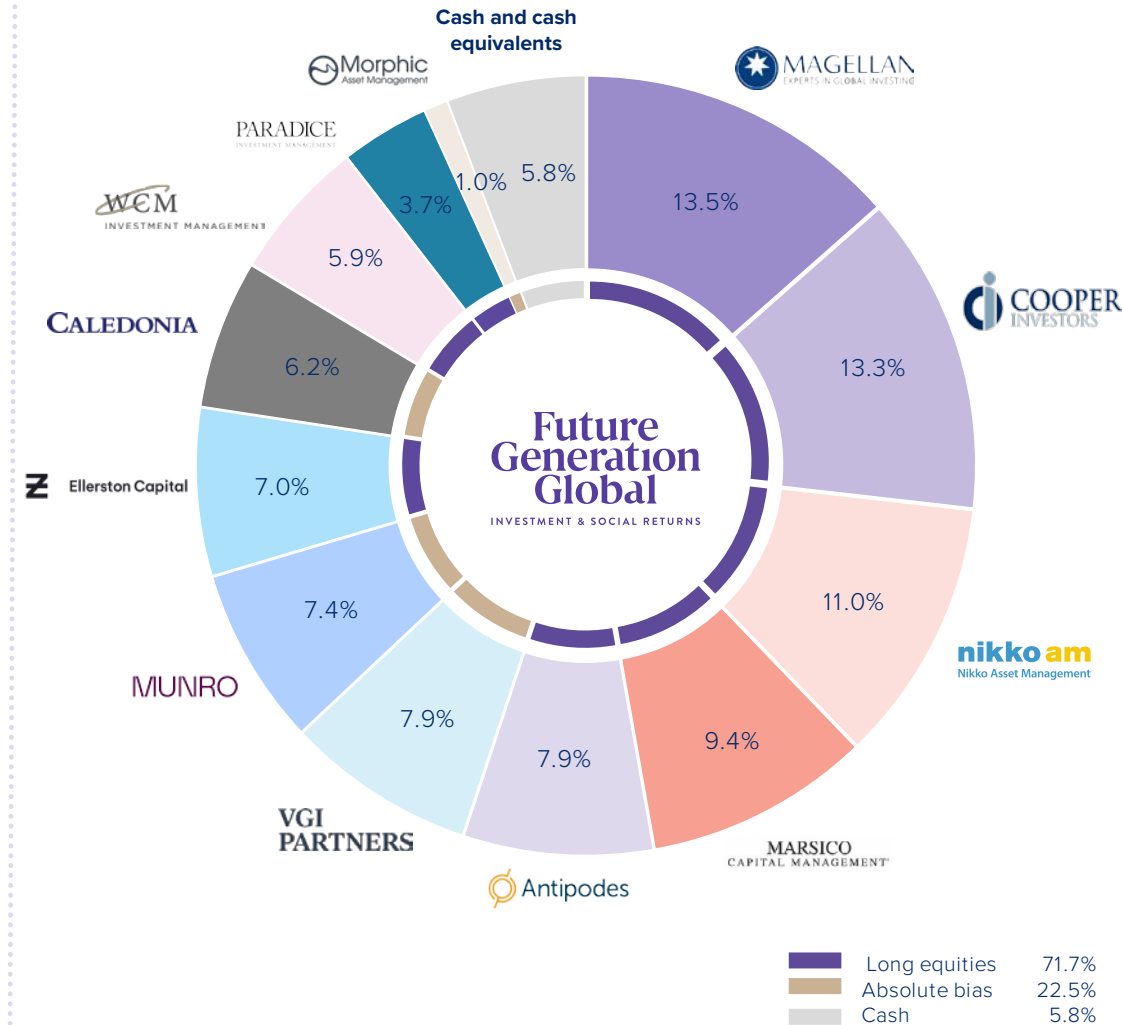
[^]As reported in the 2021 Annual Report.

Investment portfolio performance at 30 April 2022	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	-4.1%	-16.5%	-16.4%	-12.3%	5.1%	8.2%	7.6%
MSCI AC World Index (AUD)	-2.7%	-10.6%	-6.3%	2.9%	9.2%	10.7%	9.9%

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Fund manager allocations

0% management fees
0% performance fees



Meet the Manager

Matthew Kidman Principal & Portfolio Manager Centennial Asset Management

What is your market outlook?

This year is going to be tough; interest rates are rising and inflation is a big issue globally. At some stage, we will hit a bottom in the market, which will create a buying opportunity. Until then, you've just got to play defensively, try to scramble through and wait for that deep value scenario.

If my 1-year scenario is correct, I think we are setting up for a reasonable 3-year period, on the proviso that inflation is kept under control. I don't think we'll have the same leadership group. The current trend is for de-globalisation, so you've got to find companies that benefit from building facilities and production, either domestically or in a country that is aligned with yours. That's where I see the opportunity.

As for the 5-year outlook, I don't feel as comfortable about that. I don't think the market is so cheap that you can confidently say that a bottom this year will set you up for five years. If we get a really sharp decline that sends prices down a lot, I can see a nice 5 years ahead. But I don't know when that bottom will be or how low it will go.



You are on the Investment Committee which decides the fund managers who get to manage the Future Generation Australia money. How does Centennial fit into that portfolio?

We manage the money as if it's our own. We try to smooth out the returns so that your drawdowns won't be as big with us. Because of our natural caution, we won't be the ones in a bull market who absolutely shoot the lights out. But we hope to deliver consistent returns in the range of 13% - 15% per annum.

I think we fit nicely into the Future Generation model. There are some fund managers who will try to hit the market 100%, there are hedge funds and there are others like us who are more 'steady as she goes'. I think that provides a good balance and diversification across the portfolio for Future Generation Australia shareholders.

The markets are going through a tumultuous time. How have you positioned your portfolio to cope with all this uncertainty?

The uncertainty has turned into a lot of certainty. I don't know anyone who's bullish on markets at the moment, which, of course, could be the first sign that the market is closer to a bottom than we think!

So how have we positioned our portfolio? Well, we have different levers we can pull. First, we have increased our cash position from around 10% to around 35%. We understand that we are not here to get paid for cash, so this isn't a permanent solution, but it can be used effectively in short bursts. Since last year, we've switched a proportion of our small cap portfolio into larger, more defensive stocks, like healthcare and telcos, which are very liquid. We are also starting to forage around for small cap companies that have fallen and are starting to represent good value on our metrics. Unfortunately, what I learned from the Global Financial Crisis (GFC), is that companies can appear to be decent value and you start to invest in them, but they become even better value over the next four or five months. Finally, we occasionally short stocks but to do that, we have to operate in the bigger end of the market. Borrowing stock for short selling is expensive, or unavailable, at the small end.



Can you describe your investment style?

It would probably fit into the category of a GARP (growth at a reasonable price) style, but it's very flexible. Different markets require different investors and if you're measured monthly or quarterly, it becomes increasingly difficult to stick to a narrow style.

I feel most comfortable with deep value investing, but you only get that opportunity about once a decade. I have gone through three such periods: at the end of the tech wreck; half-way through the GFC; and the 2020 COVID sell-off. Those are the three big bear markets that created opportunities. Even though it's difficult when the market becomes pessimistic, if you're willing to battle your way through and defend well enough with your portfolio, there will be an opportunity at the end of it.

From 2015 to the end of 2020 – outside of that COVID sell-off – you had to be very flexible if you invest the way I do. You had to understand that, with interest rates so low, different industries would trade at different multiples and that certain industries would have higher valuations. If you wanted to stay in the game, you had to play the game. You had to look at the tech companies and those companies that were able to take their business model offshore, like retail, and try to pick the best ones. In the past four or five months, that game has ended – and that suits me. I no longer have to push myself to buy companies that look expensive, don't have earnings, and require capital into the future just to survive. But there was definitely a period where you couldn't just sit on your hands and say, "I don't want to play!"

To keep reading please read the [full article here](#).

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:



“Working for a life free from pain”

DEBRA Australia supports families living with Epidermolysis Bullosa (EB), a genetic skin-blistering disease, which in severe cases could be likened to third degree burns which never heal. DEBRA provides critical support programs to enrich quality of life, deliver respite and support research into treatments and ultimately, one day a cure.

“Future Generation’s investment has allowed us to develop state centres of excellence in hospitals in Melbourne, Brisbane and Sydney.

In addition, nurses for in-home care have provided over 10,500 hours of in-home help to families struggling with dressing regimes.

We have used the investment to provide training to over 130 health professionals, as well as ongoing support to a variety of hospital staff working with children.”

[Read a Q&A](#) with Lise Angus, General Manager at the DEBRA Foundation.

For more information, visit <https://www.debra.org.au/>

Our designated charities



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as
at 30 April 2022**

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.0%
	Mid Cap/Equity Alpha Plus Funds (split out below)		13.3%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.2%
	Paradice Equity Alpha Plus Fund	Absolute bias	6.1%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	12.7%
	Long Short/Catalyst Fund (split out below)		8.0%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	5.3%
	L1 Capital Catalyst Fund	Long equities	2.7%
	Small/Emerging Companies Funds (split out below)		7.9%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.4%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.5%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.3%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	6.3%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	6.3%
	Absolute Return/High Conviction Funds (split out below)		4.3%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.2%
	Firetrail High Conviction Fund	Long equities	1.1%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.0%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.9%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.7%
Clime Investment Management	Clime Australian Equities Fund	Long equities	2.6%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.6%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.3%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.8%
QVG Capital	QVG Opportunities Fund	Long equities	1.5%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.1%
	Cash and cash equivalents		0.4%

Fund manager allocation and investments at market value as at 30 April 2022

Fund Manager	Investment	Strategy	% of Gross Assets
Magellan Asset Management	Magellan Global Fund	Long equities	13.5%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	13.3%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	11.0%
Marsico Capital Management	Marsico Global Fund	Long equities	9.4%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	7.9%
VGI Partners	VGI Partners Funds	Absolute bias	7.9%
Munro Partners	Munro Global Growth Fund	Absolute bias	7.4%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.0%
Caledonia	Caledonia Global Fund	Absolute bias	6.2%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	5.9%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.7%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	1.0%
	Cash and cash equivalents		5.8%