

### Dear Fellow Shareholder,

#### Investment portfolio performance

This month, to address rising inflation the Reserve Bank of Australia (RBA) lifted its cash rate target for a sixth consecutive month and the US Federal Reserve passed a historic fourth-straight 75-basis-point rate hike. Speculation that central banks are nearing the peak of monetary policy tightening lifted market sentiment in October.

The Future Generation Global (ASX: FGG) investment portfolio increased 6.0%\* in October, while the MSCI AC World Index (AUD) rose 6.6%. The Future Generation Australia (ASX: FGX) investment portfolio increased 4.6%\* for the month, while the S&P/ASX All Ordinaries Accumulation Index rose 5.7%.

Since inception, the Future Generation Australia investment portfolio has increased 8.6%\* per annum and the Future Generation Global investment portfolio has increased 6.9%\* per annum. The investment portfolios' performance has been achieved with less volatility than their respective benchmarks, as measured by standard deviation.

#### Future Generation Global adds additional fund manager

We are pleased to welcome [Holowesko Partners](#) into the Future Generation Global investment portfolio. The Future Generation Global Investment Committee identified Holowesko Partners' long-term performance and focus on capital preservation as key features that will complement the existing investment portfolio. The Investment Committee have now allocated 17.4% of the investment portfolio to four new investment managers since June 2022; [Holowesko Partners](#), [Vinva Investment Management](#), [Plato Investment Management](#) and [Lanyon Asset Management](#).

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

#### Investment Insights: Navigating the Australian market with Jun Bei Liu

In the latest edition of [Investment Insights](#) I speak to Jun Bei Liu, Portfolio Manager at [Tribeca Investment Partners](#) about market volatility, the International Monetary Fund's 2023 recession forecast and her top stock picks. Please [watch](#) the video to hear how Jun Bei is managing the long-short fund, how Australia is positioned to navigate rampant inflation and which sectors are best placed to withstand current economic challenges. Our next instalment of Investment Insights with John Coombe, Future Generation Australia and Future Generation Global Investment Committee member, will focus on performance and portfolio position for both Future Generation Companies. John, an Executive Director at JANA investment Advisors, provides his view on the market and his outlook for global and domestic equity markets.

#### The FG Exchange event

[Please register](#) to hear from some of the leading minds in investment, philanthropy and the community on Thursday 1 December 2022 in Sydney or virtually. Some of our leading Future Generation pro bono fund managers - including Phil King, Geoff Wilson AO, Mark Holowesko and Jun Bei Liu - will share their Australian and global market outlooks and stock picks. If you are unable to attend in-person, you can register to attend virtually using the same form. A recording will be available and distributed after the event.

Please enjoy this month's [Meet the Manager](#) with Kyle Macintyre, Investment Director at Firetrail Investments and our [Q&A Interview](#) with Andrew Penfold AM, Executive Director of the Australian Indigenous Education Foundation (AIEF).

Thank you and best wishes,



Caroline Gurney  
CEO, Future Generation



### \$65.2m

SOCIAL  
INVESTMENT  
TO 2022



### \$5.9m

Future  
Generation  
Australia  
2022

### \$6.4m

Future  
Generation  
Global  
2022

2022 total social  
investment

### \$12.3m

2022 annualised  
management fees,  
performance fees and  
services forgone

Total annualised  
fees forgone since  
inception to 2022

### \$16.7m

### \$113.7m

## Investment portfolio performance

The below NTA figures are after the fully franked interim dividend of 3.25 cents per share paid on 28 October 2022. The shares traded ex-dividend on 17 October 2022.

Net tangible assets before tax cum dividend	Net tangible assets before tax ex dividend	Dividends paid since inception (per share)
<b>130.83c</b>	<b>127.58c</b>	<b>36.55c</b>
Net tangible assets after tax and before tax on unrealised gains	Gross assets	Profits reserve (per share)
<b>126.47c</b>	<b>\$524.8m</b>	<b>25.7c</b>
Net tangible assets after tax	Market capitalisation <sup>#</sup>	Annualised fully franked interim dividend yield <sup>#</sup>
<b>124.13c</b>	<b>\$471.9m</b>	<b>5.6%</b> Grossed-up dividend yield: 8.0% <sup>^^</sup>

<sup>#</sup>Based on the 31 October 2022 share price of \$1.165 per share and the annualised FY22 fully franked interim dividend of 6.5 cents per share. Future Generation Australia has 405,052,997 shares on issue. During the month, 1,185,270 shares were issued under the Dividend Reinvestment Plan for the interim dividend.  
The above NTA figures are not adjusted for the 400,206,619 options on issue which are trading under the ASX code FGXO with an exercise price of \$1.48 per option and expire on 28 April 2023.

<sup>^^</sup>Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

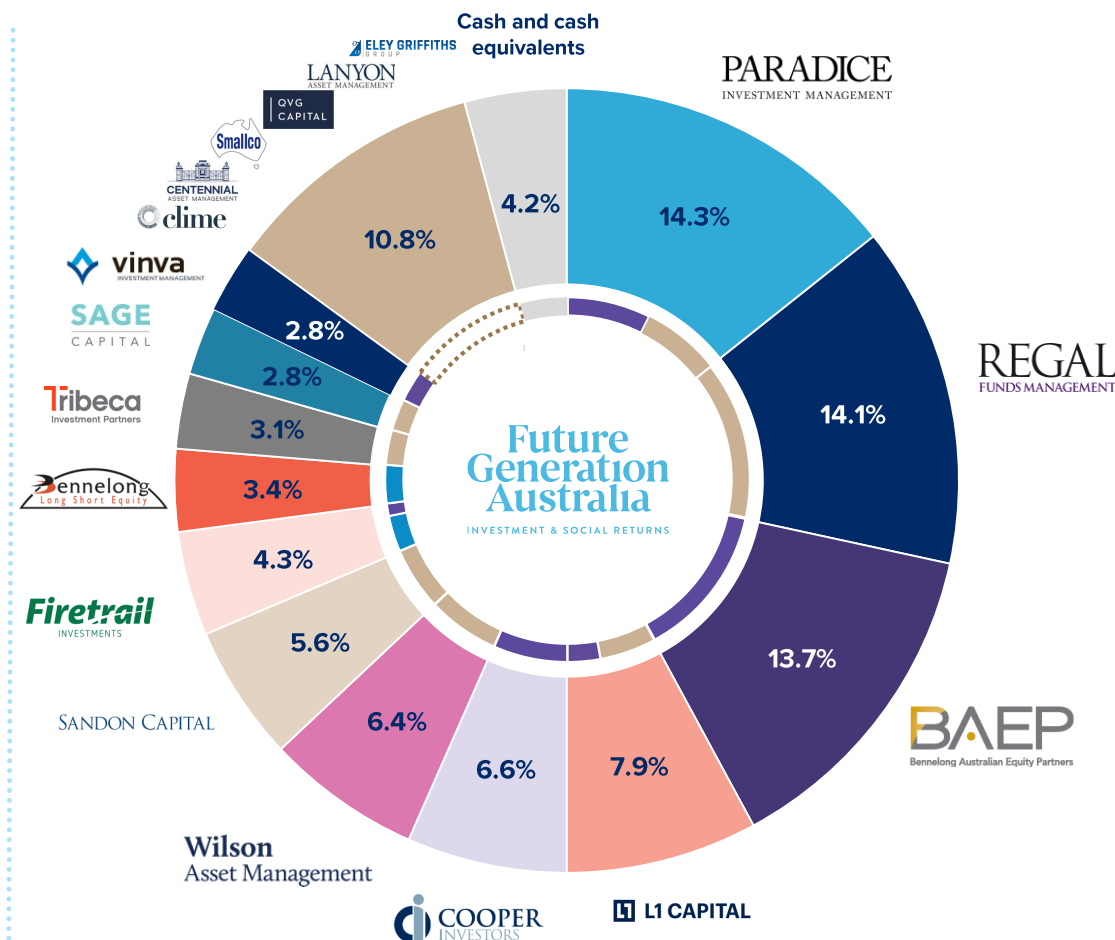
Investment portfolio performance at 31 October 2022	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)	Volatility <sup>^</sup>
Future Generation Australia	4.6%	-6.9%	-10.3%	-9.5%	7.0%	7.9%	8.5%	8.6%	12.1%
S&P/ASX All Ordinaries Accumulation Index	5.7%	-6.5%	-5.7%	-3.5%	5.2%	7.4%	8.4%	7.1%	14.7%

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

<sup>^</sup>Volatility is measured by standard deviation.

## Fund manager allocations

0% management fees  
0% performance fees



**Absolute bias** 47.5%  
**Long equities** 41.7%  
**Market neutral** 6.6%  
**Cash** 4.2%

## Investment portfolio performance

The below NTA figures are **after** the fully franked interim dividend of 3.5 cents per share that was paid on 25 October 2022. The shares traded ex-dividend on 12 October 2022.

Net tangible assets before tax cum dividend	Net tangible assets before tax ex dividend	Profits reserve (per share)
138.58c	135.08c	41.6c
Net tangible assets after tax and before tax on unrealised gains	Gross assets	Annualised fully franked interim dividend yield <sup>#</sup>
133.66c	\$542.7m	6.2% Grossed-up dividend yield: 8.9% <sup>^^</sup>
Net tangible assets after tax	Market capitalisation <sup>#</sup>	ESG aware <sup>^</sup> (of the portfolio)
131.40c	\$448.7m	99.1%

<sup>#</sup>Based on the 31 October 2022 share price of \$1.135 per share and the annualised FY22 fully franked interim dividend of 7.0 cents per share. Future Generation Global has 395,310,793 shares on issue. During the month, 992,338 shares were issued under the Dividend Reinvestment Plan for the interim dividend.

<sup>^</sup>As reported in the 2021 Annual Report.

<sup>^^</sup>Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

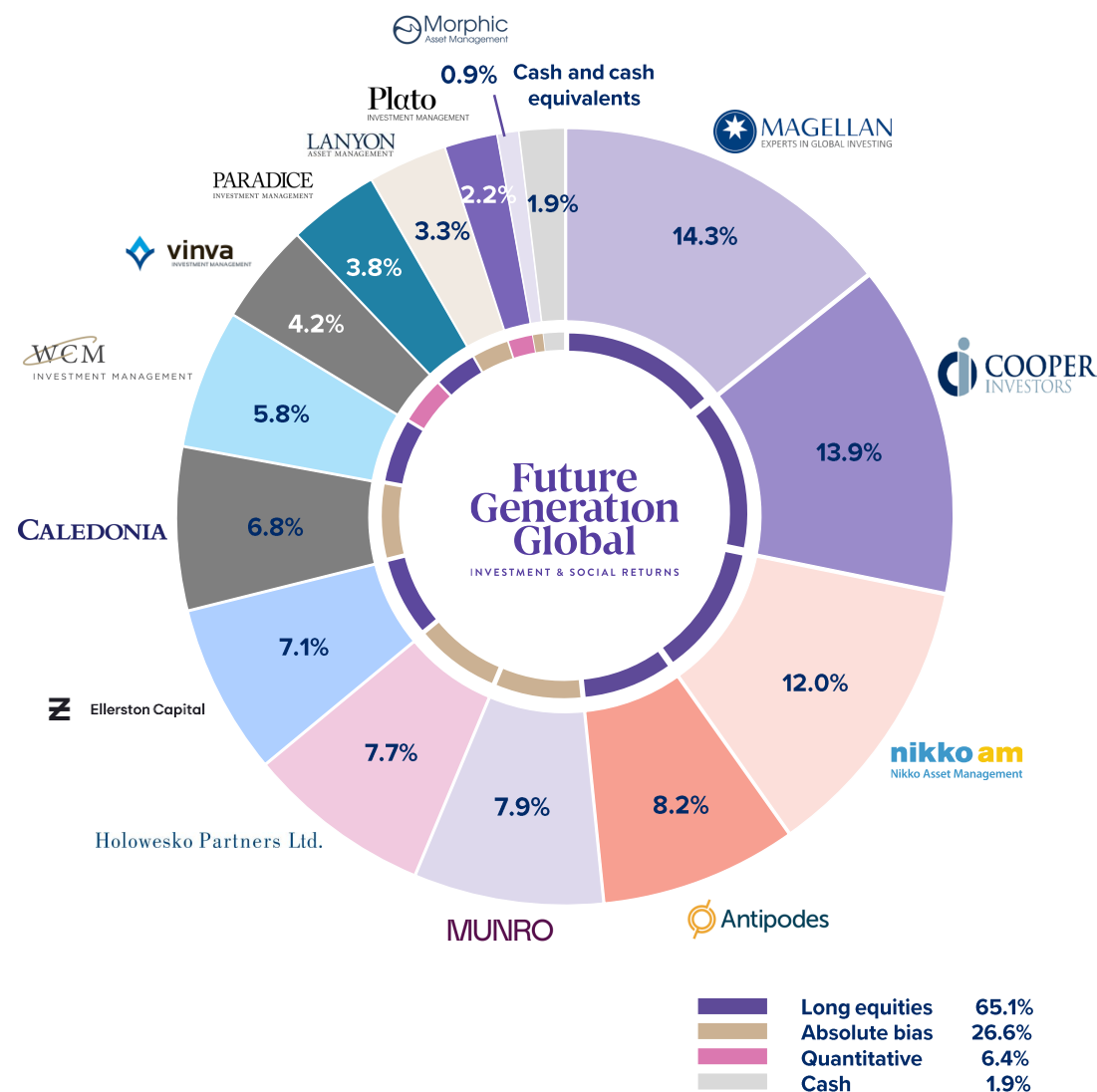
Investment portfolio performance at 31 October 2022	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)	Volatility <sup>*</sup>
Future Generation Global	6.0%	-0.7%	-17.1%	-17.0%	3.8%	6.5%	6.9%	9.8%
MSCI AC World Index (AUD)	6.6%	0.3%	-10.3%	-6.0%	7.5%	9.1%	9.3%	10.9%

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

<sup>\*</sup>Volatility is measured by standard deviation.

## Fund manager allocations

0% management fees  
0% performance fees



## Kyle Macintyre

Investment Director

**Firetrail**  
INVESTMENTS

### Can you describe your investment style?

At Firetrail, we build concentrated portfolios of our best ideas. Typically, we will have only 20-30 stocks in our portfolios, but we still look to build balance across the portfolio by having a good combination of undervalued growth companies (which we believe will grow faster than the market) and undervalued value companies (which might be out of favour).

The reason we have both investment styles is you can go through periods of “style out” and underperformance. After 17 years of running high conviction funds, we’ve found that a better way to generate consistent outperformance is to blend both styles and not be tied to one. Our bottom-up approach – where we look to identify really attractive undervalued companies – is what drives returns, as opposed to a macroeconomic-driven approach.

### Firetrail Investments was established in 2018, making it a relatively new firm. Can you provide a bit of its history?

We’re a young firm but we’ve got a deep history of working together. Patrick Hodgins, Blake Henricks and the rest of the team all worked together at Macquarie managing the Macquarie High Conviction Fund, which was one of the top performing funds in the country until we left in 2017. We also managed the Macquarie Australian Small Companies Fund and a couple of other hedge funds. We’ve managed portfolios in the same way, using the same philosophy and approach, for a long time.

Really, the only thing we changed at Firetrail was the badge. We started Firetrail because we wanted to build an enduring business together. Fast forward to today and we’ve gone from the ten of us who left Macquarie to 24 of us in the team. We’re now managing global equities in the same concentrated manner, so it’s been an exciting journey.

### Are you concerned that concentrated portfolios lack the diversity required in current markets?

I actually think you can achieve diversity in a concentrated style. There is plenty of literature showing that once you get past 21 different assets within a portfolio, the diversification benefits are *de minimis*.

The key to getting diversity is knowing what the big risks are in the market at any point in time. Right now, it’s definitely interest rates and inflation. So, when we look at the portfolio, we want to understand how it is positioned in that environment.

We want to have a mix of rate-sensitive financials that will do well in a higher inflationary, higher interest rate environment. But we also want to have some stocks that will do well if rates start to fall. It’s only going to take one inflation announcement that’s lower than expectations for rates to start to fall or, at least, for the trajectory to slow. So yes, our portfolio is concentrated, but we can still diversify the portfolio across different stocks with different themes that will either outperform or underperform, depending on the macro environment.

### Turning to the markets more broadly, what is your 1 and 3-year outlook?

The next 12 months are going to be really challenging because there’s so much uncertainty with regards to the next inflation announcement, and that’s really what markets are trading on at the moment. But if you take a three year view, then right now is a better time to invest in markets than it was two years ago. Valuations have come right down, so a lot of opportunities are making a lot of sense right now. Yes, we are going into an economic slowdown, but equity markets – counterintuitively – don’t really mind an economic slowdown. I’m feeling really good about our portfolio over the next three years.

### Do you think valuations have further to fall?

Looking across the different markets, the Australian market is trading at roughly 12 times earnings, China is trading on 10 times, Europe’s on 10 times and the US is trading on 14-15 times, but a lot of that’s being held up by the mega-caps. I think these markets all offer really attractive entry points. Yes, markets could go lower from here, but I think if you’ve got a three-year view, it’s a pretty good return environment for equity investors.



### What are the two key lessons you have learned from your time in the market?

Number one: every company has a price. Sometimes good companies turn out to be really bad investments if you overpay. I think most Australian investors learned that through the Telstra Group (ASX: TLS) IPO.

Number two: is that sentiment drives markets and assets in the short term, but fundamentals will drive a business in the medium-to-long term. Having a medium-term horizon actually allows you to identify uncomfortable opportunities. A company may be dragged down by macro and sentiment in the short term, but it will trade back towards fundamentals in the long-term. So stick to the fundamentals!

### We are really grateful that Firetrail is one of our pro bono fund managers. Why do you do it?

We recognise that we’re in a really fortunate industry and when you’re in that position, it’s incumbent on you to try to give back in a meaningful way. One of the best ways we can give back is by utilising our investment skills to benefit others.

I think what Future Generation does is outstanding because it takes all of that investment skill and expertise and uses it to help others in a really sustainable way. It’s such a great model.

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





## Social impact partner in focus:



### Australian Indigenous Education Foundation (AIEF)

**AIEF provides scholarship funding for Indigenous students to attend boarding schools, as well as career support to help them transition to further study or employment.**

“We could quadruple in size if we had more money. We’ve had a lot of schools saying they’re receiving 30 to 40 (or more) families contact them for every one place available. So, the demand far outweighs the supply.

What’s interesting about this is that we have never gone into the communities and said, “You should go to boarding school!” It’s all been word-of-mouth. Grassroots demand has been generated from students who have gone to good schools, got a good education, and got a good job. They become role models for other kids in the community. Many people talk about empowerment and self-determination for Indigenous people. Well, we wouldn’t exist unless we had thousands of Aboriginal parents every year asking for a scholarship for their children.”

[Read a Q&A](#) with Andrew Penfold AM, Executive Director of AIEF.

For more information, visit <http://www.aief.com.au/>

## Our social impact partners



## Our pro bono service providers



**Fund manager  
allocation and  
investments at  
market value as  
at 31 October  
2022**

Fund Manager	Investment	Strategy	% of Gross Assets
	<b>Mid Cap/Equity Alpha Plus Funds (split out below)</b>		<b>14.3%</b>
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.4%
	Paradice Equity Alpha Plus Fund	Absolute bias	6.9%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	14.1%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	13.7%
	<b>Long Short/Catalyst Funds (split out below)</b>		<b>7.9%</b>
L1 Capital	L1 Capital Long Short Fund	Absolute bias	5.0%
	L1 Capital Catalyst Fund	Long equities	2.9%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	6.6%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.6%
	<b>Absolute Return/High Conviction Funds (split out below)</b>		<b>4.3%</b>
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	3.4%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	3.1%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.8%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.8%
Clime Asset Management	Clime Australian Equities Fund	Long equities	2.8%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.4%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.9%
QVG Capital	QVG Opportunities Fund	Long equities	1.5%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.2%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	1.0%
	Cash and cash equivalents		4.2%

**Fund manager  
allocation and  
investments at  
market value as  
at 31 October 2022**

Fund Manager	Investment	Strategy	% of Gross Assets
Magellan Asset Management	Magellan Global Fund	Long equities	14.3%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	13.9%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	12.0%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	8.2%
Munro Partners	Munro Global Growth Fund	Absolute bias	7.9%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	7.7%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.1%
Caledonia	Caledonia Global Fund	Absolute bias	6.8%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	5.8%
Vinva Investment Management	Vinva International Equity Alpha Extension Fund	Quantitative	4.2%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.8%
Lanyon Asset Management	Lanyon Global Value Fund	Absolute bias	3.3%
Plato Investment Management	Plato Global Net Zero Fund – Class Z	Quantitative	2.2%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and cash equivalents		1.9%