

Dear Fellow Shareholder,

Investment portfolio performance

December marked the end of a challenging year for investors, defined by equity market volatility, rising living costs and rapid interest rate hikes.

Despite this, Australian equities fared better than their US counterparts during 2022, with the S&P/ASX 200 Accumulation Index decreasing 1.1% and the S&P/ASX All Ordinaries Accumulation Index falling 3.0%, while the US S&P 500 Index experienced a 19.4% decline in local terms. Relative to the US S&P 500 Index, Australian equity markets were driven by higher exposure to the banking and resources sectors and a lower exposure to technology. Domestically, energy and utilities were the best performing sectors during the 2022 calendar year, with the S&P/ASX 200 Energy Accumulation Index and the S&P/ASX 200 Utilities Accumulation Index increasing 49.0% and 30.0%, respectively. The Dow Jones Industrial Average Index closed down 8.8%, the Nasdaq Composite Index fell 33.1% and the MSCI AC World Index (AUD) decreased 12.9% for the year.

The Future Generation Global (ASX: FGG) investment portfolio decreased 4.2%* in December, outperforming the MSCI AC World Index (AUD), which fell 5.5%. The Future Generation Australia (ASX: FGX) investment portfolio decreased 3.3%* for the month, in line with the decline of the S&P/ASX All Ordinaries Accumulation Index.

Since inception, the Future Generation Australia investment portfolio has increased 8.4%* per annum and the Future Generation Global investment portfolio has increased 6.6%* per annum. The investment portfolios' performance has been achieved with less volatility than their respective benchmarks, as measured by standard deviation.

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

Top stock picks from our pro bono fund managers

To wrap up the year, *The Australian Financial Review* and *The Australian* published stock picks from many of our pro bono Future Generation fund managers. Read *The Australian Financial Review* coverage in the article [10 stocks to buy in 2023 \(and a surprising one to short\)](#). Meanwhile, Zehrid Osmani, Head of the Global Long-Term Unconstrained and Senior Portfolio Manager at [Martin Currie](#), Future Generation Global's newest pro bono fund manager, explained to [The Australian](#) why his stock pick, Ferrari, is well placed to transition to electric cars when the time comes.

This month's NTA includes a summary of our recent Meet the Manager interviews with [WCM Investment Management](#), [Firetrail Investments](#), [Lanyon Asset Management](#), [Sage Capital](#), [Munro Partners](#) and [L1 Capital](#).

2fold: Investing for Impact

We are looking forward to launching our latest [2fold: Investing for Impact](#) podcast with Wendy McCarthy AO, Australian businesswomen and activist. In case you missed it, in December we released a podcast with Michael Traill AM, Director of For Purpose Investments. Michael discusses opportunities for businesses and the not-for-profit sector to work together. The [episode](#) is available on all major podcast platforms and the transcript is available [here](#).

Wishing you a happy new year and wonderful 2023.
Thank you,



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

Net tangible assets before tax	Gross assets	Dividends paid since inception (per share)
126.63c	\$516.0m	36.55c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Profits reserve (per share)
126.19c	\$469.9m	25.7c
Net tangible assets after tax	Volatility [^]	Annualised fully franked interim dividend yield [#]
124.04c	12.1% S&P/ASX All Ordinaries Accumulation Index: 14.7%	5.6% Grossed-up dividend yield: 8.0% ^{^^}

[#]Based on the 30 December 2022 share price of \$1.16 per share and the annualised FY22 fully franked interim dividend of 6.5 cents per share. Future Generation Australia has 405,053,153 shares on issue. During the month, 44 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 400,206,463 options on issue with an exercise price of \$1.48 per option.

[^]Volatility is measured by standard deviation.

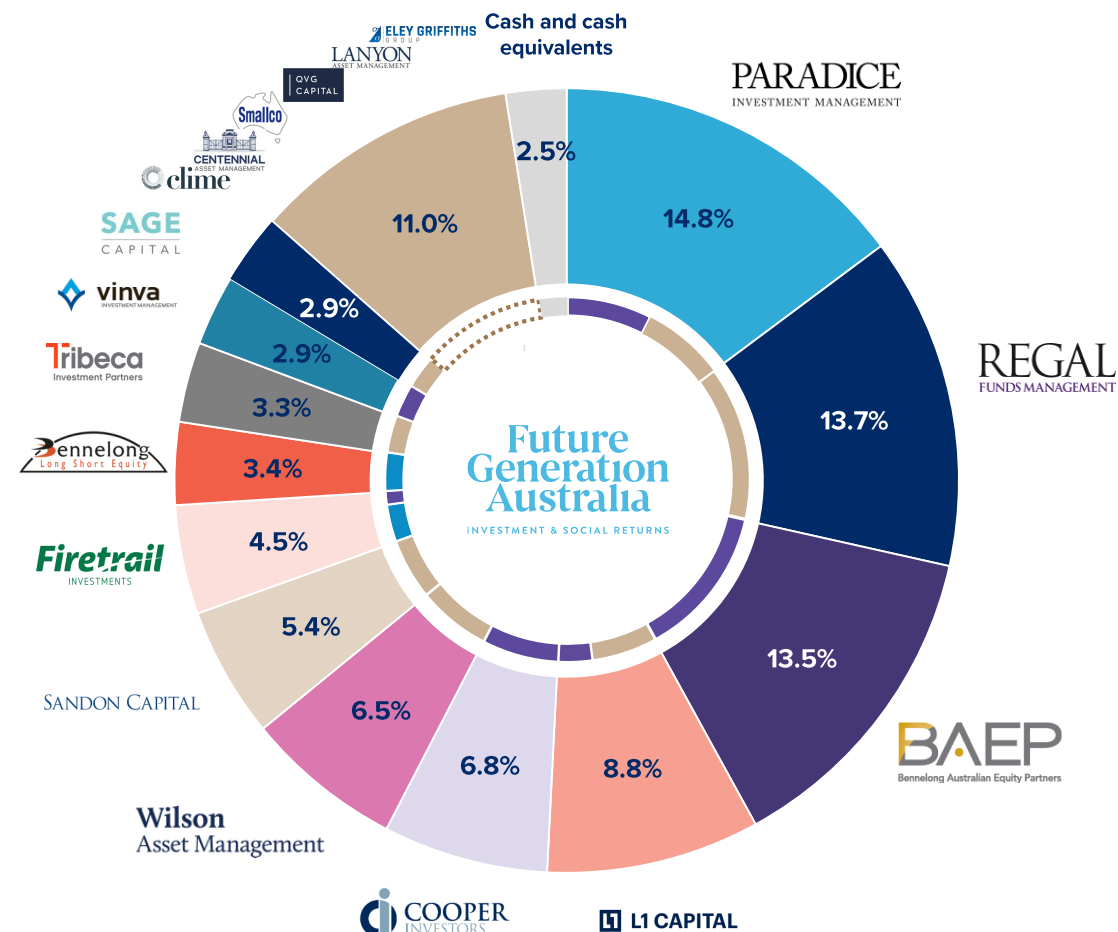
^{^^}Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

Investment portfolio performance at 31 December 2022	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	-3.3%	7.0%	-10.3%	6.4%	7.0%	7.9%	8.4%
S&P/ASX All Ordinaries Accumulation Index	-3.3%	9.6%	-3.0%	5.8%	7.2%	8.6%	7.3%

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



11.0% fund manager breakdown

Clime Investment Management	2.9%	QVG Capital	1.5%	Absolute bias	48.5%
Centennial Asset Management	2.4%	Lanyon Asset Management	1.2%	Long equities	42.3%
Smalco Investment Manager	1.9%	Eley Griffiths Group	1.1%	Market neutral	6.7%
				Cash	2.5%

Investment portfolio performance

Net tangible assets before tax	Gross assets	Profits reserve (per share)
130.87c	\$520.6m	41.6c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Annualised fully franked interim dividend yield [#]
131.33c	\$448.7m	6.2% Grossed-up dividend yield: 8.9% ^{^^}
Net tangible assets after tax	Volatility [*]	ESG aware [^] (of the portfolio)
130.65c	9.9% MSCI AC World Index (AUD): 11.0%	99.1%

[#]Based on the 30 December 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.

^{^^}Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

^{*}Volatility is measured by standard deviation.

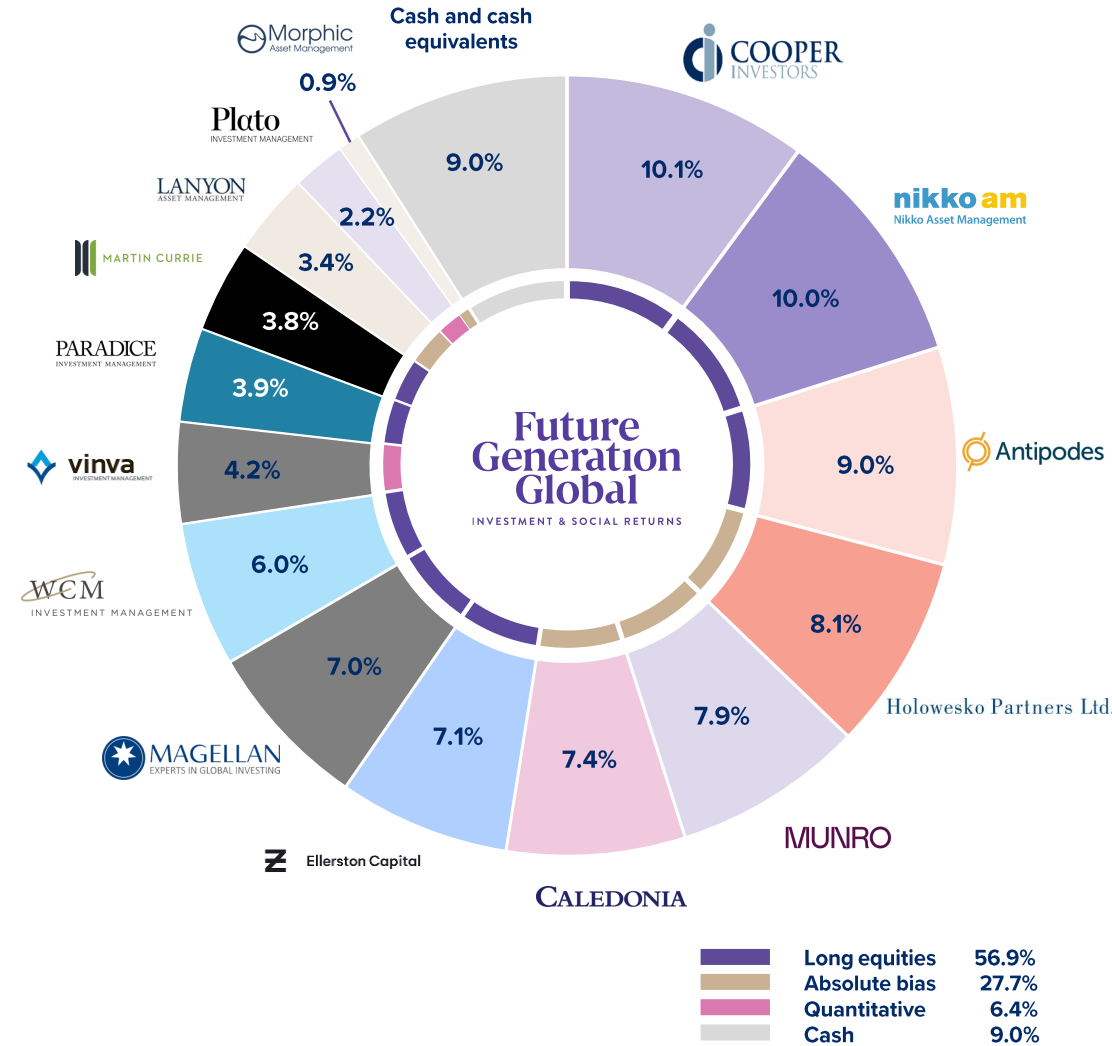
[^]As reported in the 2021 Annual Report.

Investment portfolio performance at 31 December 2022	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	-4.2%	4.2%	-17.7%	1.7%	6.2%	6.6%
MSCI AC World Index (AUD)	-5.5%	3.7%	-12.9%	5.0%	8.1%	8.6%

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



Please enjoy our latest interviews with our Future Generation pro bono fund managers.

They share their market outlooks, the top investment lessons they have learnt and why managing Future Generation funds is important to them.

To wrap up the year, [The Australian Financial Review](#) and [The Australian](#) have also published stock picks from many of the Future Generation pro bono fund managers.

Meet the Manager interviews



Ryan Quinn, Portfolio Manager

[Read here](#)



Kyle Macintyre, Investment Director

[Read here](#)



David Prescott, Founder, Managing Director and Nick Markiewicz, Portfolio Manager

[Read here](#)



Sean Fenton, Managing Director, Founder and Portfolio Manager

[Read here](#)



Nick Griffin, Founding Partner and Chief Investment Officer

[Read here](#)



Mark Landau, Co-Founder, Joint Managing Director and Chief Investment Officer

[Read 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 partners in focus:

Please enjoy our most recent interviews with our social impact partners.

Read their inspiring stories and learn more about the opportunities and challenges they face in their work supporting young Australians in our community:

- Zoe Black, CEO and Co-Founder of [Happy Paws Happy Hearts](#).
- Andrew Penfold AM, Executive Director of the [Australian Indigenous Education Foundation](#) (AIEF).
- Scott Rankin, CEO, Creative Director and Founder of [BighART](#).
- Vicki Condon AM, Founder and Chief Executive Officer of [Raise Foundation](#).
- Bernie Shakeshaft, Founder of [BackTrack Youth Works](#).
- Andrew Frakes, Principal of [Giant Steps](#).

For more information, visit
www.futuregeninvest.com.au

Our social impact partners



Our pro bono service providers



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

Fund Manager	Investment	Strategy	% of Gross Assets
	Mid Cap/Equity Alpha Plus Funds (split out below)		14.8%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.5%
	Paradice Equity Alpha Plus Fund	Absolute bias	7.3%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	13.7%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	13.5%
	Long Short/Catalyst Funds (split out below)		8.8%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	5.8%
	L1 Capital Catalyst Fund	Long equities	3.0%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	6.8%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.5%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.4%
	Absolute Return/High Conviction Funds (split out below)		4.5%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.3%
	Firetrail High Conviction Fund	Long equities	1.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.4%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	3.3%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.9%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.9%
Clime Investment Management	Clime Australian Equities Fund	Long equities	2.9%
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	1.1%
	Cash and cash equivalents		2.5%

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

Fund Manager	Investment	Strategy	% of Gross Assets
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.1%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	10.0%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	9.0%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	8.1%
Munro Partners	Munro Global Growth Fund	Absolute bias	7.9%
Caledonia	Caledonia Global Fund	Absolute bias	7.4%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.1%
Magellan Asset Management	Magellan Global Fund	Long equities	7.0%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	6.0%
Vinva Investment Management	Vinva International Equity Fund	Quantitative	4.2%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.9%
Martin Currie Investment Management	Martin Currie Global Long-term Unconstrained Fund	Long equities	3.8%
Lanyon Asset Management	Lanyon Global Value Fund	Absolute bias	3.4%
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		9.0%