

Dear Fellow Shareholder,

Investment portfolio performance

In March, equity markets were resilient with a backdrop of the banking crisis. The Future Generation Global (ASX: FGG) investment portfolio increased 3.3%* in March, while the MSCI AC World Index (AUD) rose 3.9%. The Future Generation Australia (ASX: FGX) investment portfolio decreased 0.3%* for the month, while the S&P/ASX All Ordinaries Accumulation Index fell 0.2%.

Register for our upcoming Shareholder Presentations

We are looking forward to seeing you at our upcoming Shareholder Presentations in April and May with the first presentation starting next Friday. The Future Generation team will be travelling to eight cities to meet our shareholders and provide an update on the companies with several of our pro bono fund managers and social impact partners. The Sydney and Melbourne events will be followed by a panel Q&A hosted by James Thomson from The Australian Financial Review.

[Registrations](#) are now open and we encourage you to invite friends and family.

Annual General Meetings

The upcoming Annual General Meetings (AGMs) will be held as hybrid meetings online and in person following our Sydney Shareholder Presentation on Wednesday 26 April 2023. The Future Generation Global AGM will be held at 1:30pm and the Future Generation Australia AGM will be held at 2:30pm. You can access details on how to join online in the [Future Generation Australia](#) and [Future Generation Global](#) Notice of Meetings. At the AGMs, there is a resolution to change the legal name of Future Generation Investment Company Limited to Future Generation Australia Limited, and Future Generation Global Investment Company Limited to Future Generation Global Limited, so that the Companies' legal names align with the names that the Companies are commonly referred to.

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

Reminder | Ex-Dividend dates

The Future Generation Australia and Future Generation Global shares traded ex-dividend on 12 April 2023 and 11 April 2023, respectively. The FY2022 final dividend dates are available [here](#). To be entitled to a dividend, shareholders must have purchased the shares before the ex-dividend date. If you purchase shares on or after that date, the previous owner of the shares is entitled to the dividend. Ex-dividend describes a company that's shares are trading without the value of the next dividend payment. The share price of a company tends to fall, as the underlying NTA of the listed investment company decrease by the dividend amount, due to the physical cash of the dividend being paid out to shareholders.

Missed it? Watch our FY2022 Full-Year Results Webinar

I hope you enjoyed the Future Generation [FY2022 Full-Year Results Webinar](#). Thank you to shareholders for joining and submitting your questions. If you missed it, the recording and transcript are available on our [website](#).

For this month's [Meet the Manager](#) we spoke with Jun Bei Liu, Lead Portfolio Manager at Tribeca Investment Partners a pro bono fund manager at Future Generation Australia. Post reporting season, she has seen continued pressure on businesses due to rising inflation and lack of labour availability. But the news is not all bleak. Jun Bei expects that the tide will turn towards the end of the year.

Adding to this, our social impact partner Fiona Campbell, Acting CEO of Youth Off The Streets, discusses in this month's [Q&A Interview](#) how they are helping support vulnerable young Australians who are increasingly at risk of homelessness due to rising inflation and the cost of living crisis.

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 savings on
management fees,
performance fees and
service provider fees
forgone

Savings on
management fees,
performance fees
and service
provider fees
forgone since
inception

\$16.2m

\$112.3m

Investment portfolio performance

The below NTA figures are before the fully franked final dividend of 3.25 cents per share due to be paid on 24 April 2023. The shares traded ex-dividend on 12 April 2023.

Net tangible assets before tax	Gross assets	Dividends paid since inception (per share)
130.57c	\$533.3m	36.55c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Profits reserve (per share)
130.34c	\$469.9m	30.5c
Net tangible assets after tax	Volatility [^]	Fully franked dividend yield [#]
127.13c	12.0% S&P/ASX All Ordinaries Accumulation Index: 14.7%	5.6% Grossed-up dividend yield: 8.0% ^{^^}

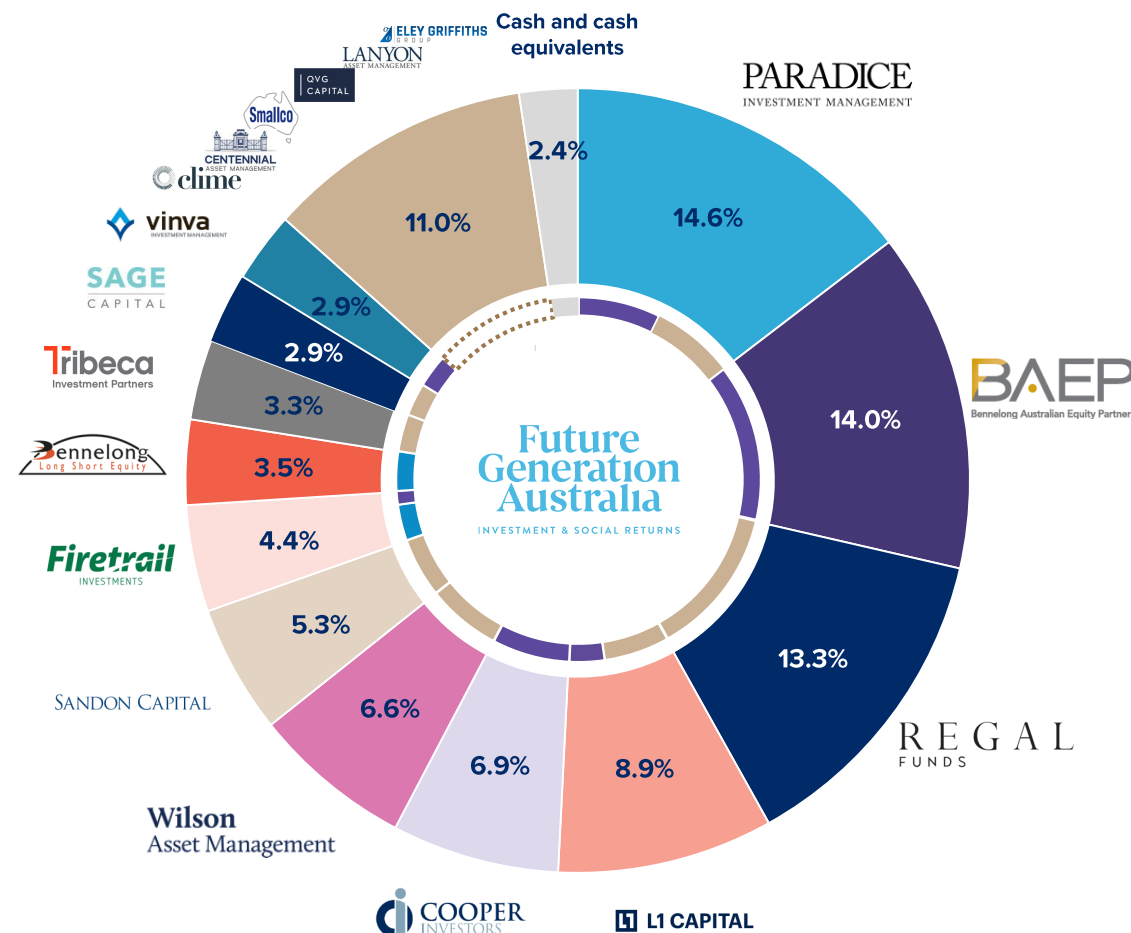
[#]Based on the 31 March 2023 share price of \$1.16 per share and the FY22 fully franked full-year dividend of 6.5 cents per share. Future Generation Australia has 405,053,223 shares on issue.
The above NTA figures are not adjusted for the 400,206,393 options on issue which are trading under the ASX code FGXO with an exercise price of \$1.48 per option and expire on 28 April 2023.
[^]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 March 2023	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	-0.3%	3.4%	8.2%	-4.7%	16.3%	7.8%	8.8%	8.6%
S&P/ASX All Ordinaries Accumulation Index	-0.2%	3.6%	12.7%	-1.1%	17.3%	8.8%	9.5%	7.5%

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	2.8%
Centennial Asset Management	2.4%
Smalco Investment Manager	2.0%

QVG Capital	1.5%
Lanyon Asset Management	1.2%
Eley Griffiths Group	1.1%

Absolute bias	48.1%
Long equities	42.8%
Market neutral	6.7%
Cash	2.4%

Investment portfolio performance

The below NTA figures are before the fully franked final dividend of 3.5 cents per share due to be paid on 21 April 2023. The shares traded ex-dividend on 11 April 2023.

Net tangible assets before tax	Gross assets	Profits reserve (per share)
141.90c	\$565.6m	49.4c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Fully franked dividend yield [#]
142.27c	\$468.4m	5.9% Grossed-up dividend yield: 8.4% ^{^^}
Net tangible assets after tax	Volatility [*]	ESG aware [^] (of the portfolio)
138.38c	9.9% MSCI AC World Index (AUD): 11.0%	98.3%

[#]Based on the 31 March 2023 share price of \$1.185 per share and the FY22 fully franked full-year 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.

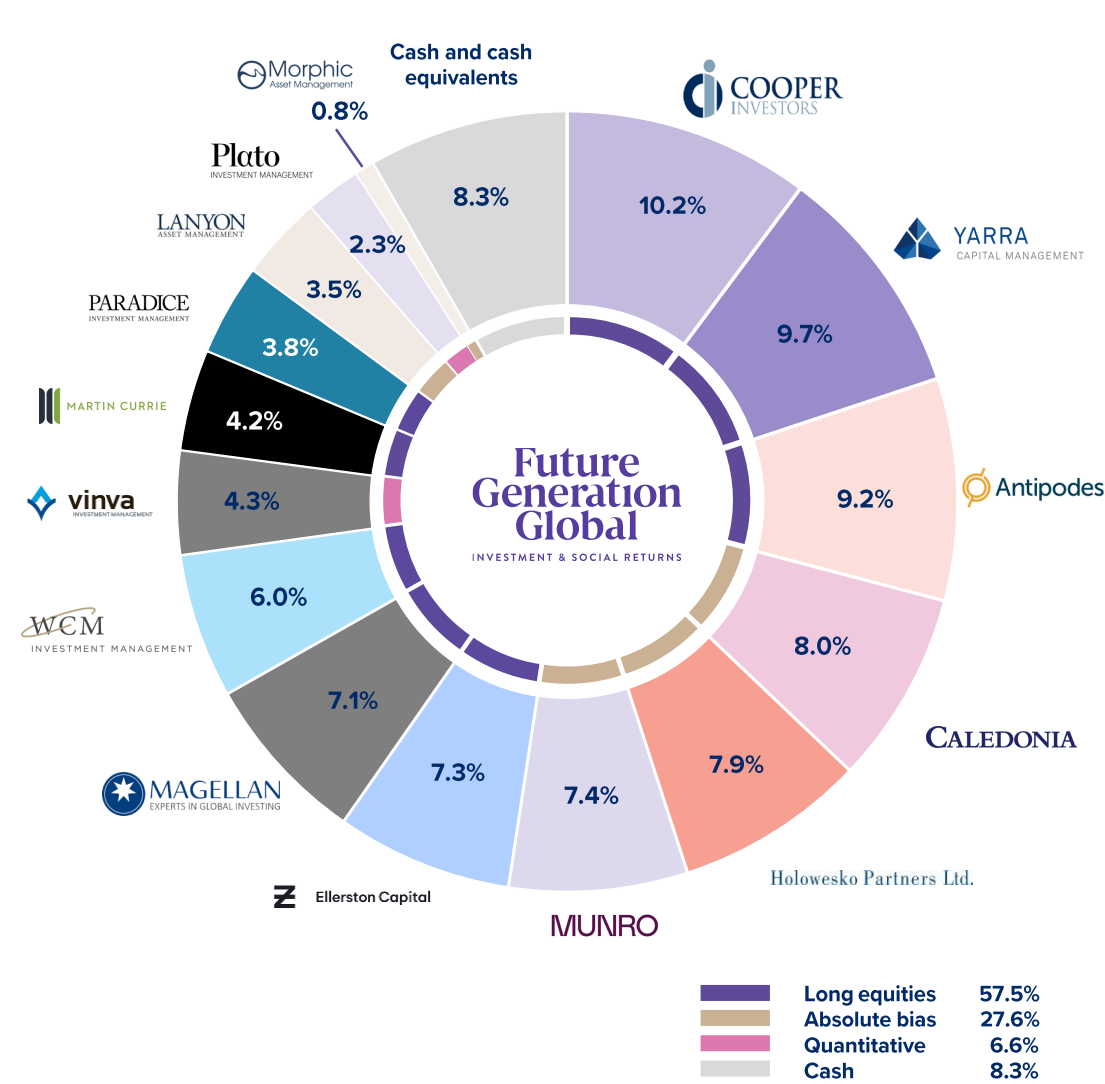
[^]As reported in the 2022 Annual Report.

Investment portfolio performance at 31 March 2023	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	3.3%	8.7%	14.3%	2.7%	6.5%	7.0%	9.1%	7.6%
MSCI AC World Index (AUD)	3.9%	9.2%	13.1%	3.6%	11.8%	9.9%	11.3%	9.6%

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



Meet the Manager

Jun Bei Liu

Lead Portfolio Manager at
Tribeca Investment Partners



2023 has got off to a shaky start for equity markets. What is your outlook for the rest of the year?

By year end, we should be looking at a pretty good equity market. Since the start of the year, we've seen a lot of volatility, whether that's due to the banking crisis or other market uncertainty. But my view is that we are right in the midst of that challenging period. Looking forward to the second half of this year, I think the equity markets will do very well.

What's driving that optimism?

First of all, we have already started feeling the pinch of higher interest rates. We've started seeing some casualties from the rapid rate hikes around the world, with the collapse of Silicon Valley Bank and Credit Suisse. A lot of the weaker banks in the US are also under pressure because of a run on deposits by investors looking for higher return rates on their deposits. Our view is that, right now, this looks reasonably contained. On the plus side, this pressure is tightening financial conditions in the US and acting almost like additional interest rate increases. This means the Federal Reserve (Fed) won't have to put up interest rates as much as previously expected. The last rate rise was 25 basis points, when it was expected to be 50, and there is every chance that the Fed is going to slow down when it comes to rate rises.

Back in Australia, even though the economic conditions still feel pretty good, the Reserve Bank of Australia (RBA) is conservative. They want to see the impact of interest rate rises and they don't want to see a run on the banks (although our banks are obviously in a far better position). So they paused rate rises in April, which I think is a positive sign. Central banks are very pragmatic; they don't want to create any financial stress and they are quick to step in and provide liquidity when there is a loss of confidence. So, putting all that together, I think that rate rises are not going to be as severe as we previously thought. That is good for underlying corporate fundamentals, as well as the equity market outlook because valuations are underpinned by interest rate fluctuations.

Secondly, when it comes to slowing economic conditions, the one thing we need to remember is that the equity market is always looking forward 12-18 months. So, we are buying future earnings, not what things are currently. Although it doesn't feel like it yet, we are going to have a slowdown in Australia and, when that happens, corporate earnings will come off. This is not yet reflected in analysts' expectations, which are always too high, but particularly so in a weak economic environment. So, right now, we are in the middle of these expectations being downgraded to a point where they become more realistic. To be clear, I don't think Australia's going to go into recession. I just think corporate activity growth for the next 12 months is going to be slower. I think earnings need to be downgraded by 5 to 7 per cent over the next few months.

Once we get that out of the way, the equity market looks pretty good. Inflation is on the way down, apart from employment costs. Energy prices year-on-year are coming off. Food inflation is coming off. Border mobility is coming through, so hopefully there'll be more labour. Interest rates are on pause. Corporate earnings will be downgraded, but they will still be very healthy. So we will be able to grow from there.

You're obviously very positive on the Australian economy, but what about the US? Are you expecting a recession there?

I think the risk of recession in the US is pretty high, but that's not as bad as it sounds. When people hear the word recession, they think it's a crisis. That's not the case. Already, the financial conditions for a lot of US businesses has deteriorated and we're seeing all these headlines about companies laying off people. But this had to happen in order to contain wage growth. So, I think the US will reach a technical recession in the third quarter of this year, which is what the Fed was trying to engineer so that they can start cutting rates again. I read an interesting statistic the other day that the time it takes Central Banks to get from the last rate rise to the first rate cut is, on average, nine months. That's not very long, so there is light at the end of the tunnel. I think, for Australia, things are different. We were slower with our rate rises and our wage growth was not as bad. Plus, our banks are well capitalised. They're nothing like the US banks.



What are the two key lessons you've learned during your investing career?

The first one is don't follow; get away from the herd mentality. Work step-by-step to develop your self-confidence. Once you've built enough confidence in what you do, you need to back yourself and take that leap of faith. This is particularly true for women, because they tend to be a bit less confident to start with.

The second lesson is to make sure you do your homework properly. In the early days of my career, when I was a young analyst, I used to cover retail stocks. One time, I didn't go to visit all the stores for one of the companies I covered and it turned out to be a disaster. That's when I learned you have to get out there to understand the value proposition to the customer and whether the company will continue to do well or badly. You've got to kick those tyres!

Finally, we're incredibly grateful for the work you do pro bono for Future Generation Australia. Why do you do it?

I feel so proud to be a part of Future Generation because that is my way of giving back to our community. I get to help these incredible charities, without any additional demands placed on my time. The challenge for all of us is that we all have such busy lives; I've got two little kids and then there's work and everything else. Future Generation gives me the opportunity to give back while I'm doing a job that I really love. It's such an amazing model. I'd love to do even more.

Read the full interview [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:



Youth Off The Streets

Since being founded by Father Chris Riley in 1991, Youth Off The Streets has grown to deliver a wide range of support services for young people in need.

These include crisis accommodation and housing services, independent high schools, alcohol and other drug counselling, youth justice support, life skills and employment programs, cultural support and community engagement. Future Generation Australia supports Youth Off The Streets' work with First Nations young people.

"Youth homelessness costs Australia \$626 million a year across the youth justice and health services systems alone, which is a huge amount. On top of that, when you're homeless, you've got fewer employment options, it's far more difficult to get your driver's license, and you become more disengaged from education. They're the three things that you need to have for someone to be employed and contributing to society."

Research also shows that even a brief episode of homelessness puts children and young people at risk of further experiences of homelessness and disadvantage later in life. So there is a strong moral and social case for investing in ending youth homelessness, in addition to the economic case."

[Read a Q&A](#) with Fiona Campbell, Acting Chief Executive Officer at Youth Off The Streets.

For more information, visit
<https://youthoffthestreets.com.au/>

Our social impact partners



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as at
31 March 2023**

Fund Manager	Investment	Strategy	% of Gross Assets
	Mid Cap/Equity Alpha Plus Funds (split out below)		14.6%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.3%
	Paradice Equity Alpha Plus Fund	Absolute bias	7.3%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.0%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	13.3%
	Long Short/Catalyst Funds (split out below)		8.9%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	5.8%
	L1 Capital Catalyst Fund	Long equities	3.1%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	6.9%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.6%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.3%
	Absolute Return/High Conviction Funds (split out below)		4.4%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.2%
	Firetrail High Conviction Fund	Long equities	1.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.5%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	3.3%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.9%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.9%
Clime Investment 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	2.0%
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		2.4%

**Fund manager
allocation and
investments at
market value as at
31 March 2023**

Fund Manager	Investment	Strategy	% of Gross Assets
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.2%
Yarra Capital Management	Yarra Global Share Fund*	Long equities	9.7%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	9.2%
Caledonia	Caledonia Global Fund	Absolute bias	8.0%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	7.9%
Munro Partners	Munro Global Growth Fund	Absolute bias	7.4%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.3%
Magellan Asset Management	Magellan Global Fund	Long equities	7.1%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	6.0%
Vinva Investment Management	Vinva International Equity Fund	Quantitative	4.3%
Martin Currie Investment Management	Martin Currie Global Long-term Unconstrained Fund	Long equities	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	3.5%
Plato Investment Management	Plato Global Alpha Fund – Class Z*	Quantitative	2.3%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.8%
	Cash and cash equivalents		8.3%

*In March, Nikko AM Global Share Fund changed its name to Yarra Global Share Fund and Plato Global Net Zero Fund changed its name to Plato Global Alpha Fund.