

Dear Fellow Shareholder,

Investment portfolio performance

We are pleased to share the November Future Generation Global (ASX: FGG) and Future Generation Australia (ASX: FGX) investment portfolio performance:

- The Future Generation Global investment portfolio increased 6.2%*, outperforming the MSCI AC World Index (AUD) by 1.7% in November. The investment portfolio has increased 25.6%* during the calendar year to date.
- The Future Generation Australia investment portfolio increased 3.0%*, while the S&P/ASX All Ordinaries Accumulation Index rose 3.7% during the month. The investment portfolio has increased 16.7%* during the calendar year to date, outperforming the Index by 1.7%.

Future Generation Australia

This calendar year, Future Generation Australia has delivered total shareholder return (TSR) of 23.5%, or 26.5% when including the value of franking credits, delivering performance for shareholders that is significantly ahead of S&P/ASX All Ordinaries Accumulation Index and S&P/ASX Small Ordinaries Accumulation Index which have increased 15.0% and 11.8% respectively. The TSR has been achieved by the strong investment portfolio performance of 16.7%*, compounded by the narrowing of the share price discount to pre-tax net tangible asset (NTA) from 17.1% to 10.9%.

The investment portfolio remains overweight in small, mid, and micro-cap companies, a sector that has underperformed large-cap stocks in recent years. This cyclical lag presents significant growth opportunities, and the Future Generation Australia Investment Committee continue to believe that active management in this space will drive long-term shareholder value.

Celebrating ten years of Future Generation

To celebrate Future Generation's 10-year anniversary, we reflected on the incredible journey of both companies with our leading pro bono fund managers, Founder Geoff Wilson AO and many supporters:

- Dr. Philip Lowe, Chair of Future Generation Australia, joined [The Australian Investors Podcast](#).
- ausbiz showcased several of our pro bono fund managers, including [Matthew Kidman](#) from Centennial Asset Management, [David Paradise AO](#) from Paradise Investment Management and [Nikki Thomas](#) from Magellan Financial Group.

- The November edition of [Equity Magazine](#), explored Future Generation's history and vision, with a feature on Geoff Wilson AO's mission to unite the finance and philanthropic sectors.
- To commemorate our anniversary, Livewire produced a short [video](#), highlighting the generous work of our fund managers, social impact partners and service providers.

Australian Shareholders Association

The Australian Shareholders' Association held a [webinar](#), featuring Geoff Wilson AO, alongside Future Generation Australia's pro bono fund manager Jun Bei Liu from Tribeca Investment Partners. Geoff and Jun Bei discussed their market outlook, stock picks, and how Future Generation selects high-impact non-profits to partner with.

Future Generation Women

We launched [Future Generation Women](#), to raise awareness and strengthen the Future Generation offering. The fund will attract a new audience of investors and drive greater interest and investment in both Future Generation Australia and Future Generation Global. Future Generation Women is an unlisted investment fund, run by women portfolio managers, the first of its kind in Australia. At this stage, the fund is open to Wholesale and Sophisticated investors with a minimum investment of AUD250,000.

Geoff Wilson AO, said: *"By launching Australia's first philanthropic women's investment fund, we are utilising the Future Generation model which has proven that investors can do well while doing good."*

Read some of the media coverage the launch generated for the Future Generation companies in [The Australian Financial Review](#), [The Sydney Morning Herald](#) and [The Australian](#).

Please call or email us if you have any questions on (02) 9247 9202 or info@futuregeninvest.com.au.

As the year comes to a close, I would like to thank you for your support. Wishing you happy holidays and a wonderful New Year.



Caroline Gurney
CEO, Future Generation



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

\$87.2m

SOCIAL
INVESTMENT
TO 2024



\$5.4m

Future
Generation
Australia
2024

\$5.9m

Future
Generation
Global
2024

2024 total social
investment

\$11.3m

2024 annualised
savings on management
fees, performance fees
and service provider
fees forgone

Total annualised
savings on
management fees,
performance fees
and service provider
fees forgone since
inception to 2024

\$17.8m

\$149.1m

Investment portfolio performance

Net tangible assets before tax	Assets	Profits reserve (per share)
166.66c	\$668.2m	65.0c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Dividends paid since inception (per share)
163.93c	\$554.6m	30.4c Including the value of franking credits: 43.4c
Net tangible assets after tax	Volatility ^{**}	Grossed-up dividend yield [^]
153.78c	9.9% MSCI AC World Index (AUD): 10.7%	7.6% Annualised fully franked interim dividend yield: 5.3% [#]

[#]Based on the 29 November 2024 share price of \$1.39 per share and the annualised FY24 fully franked interim dividend of 7.4 cents per share. Future Generation Global has 398,982,760 shares on issue.

[^]Grossed-up dividend yield includes the value of franking credits and is based on a tax rate of 30.0%.

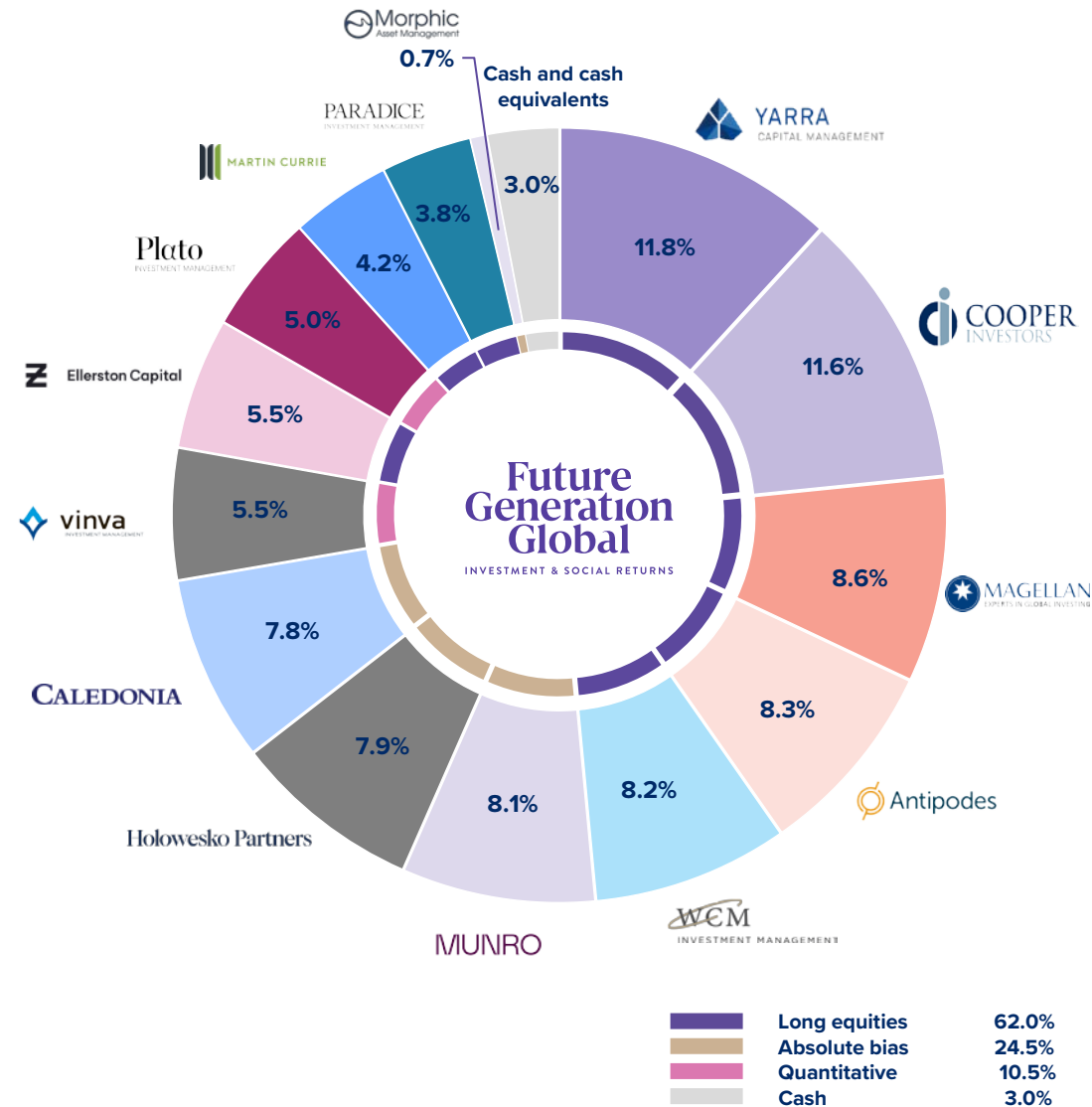
Investment portfolio performance at 30 November 2024	Fin YTD	1 yr	3 yrs	5 yrs	7 yrs	Since inception %pa (Sept-15)
Future Generation Global	25.6%	28.0%	6.6%	9.1%	9.9%	9.7%

Investment portfolio performance is before expenses, fees and taxes. Future Generation Global's financial year is from 1 January to 31 December.

^{**}Volatility shows the degree to which the returns of the portfolio move around from their long-run average. It can be thought of as a measure of the risk in the investment portfolio. Volatility is measured by standard deviation, a statistical measurement.

Fund manager allocations

0% management fees
0% performance fees



Investment portfolio performance

Net tangible assets before tax	Assets	Dividends paid since inception (per share)
144.71c	\$595.0m	50.0c Including the value of franking credits: 71.4c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Profits reserve (per share)
141.06c	\$527.8m	37.9c
Net tangible assets after tax	Volatility ^{**}	Grossed-up dividend yield [^]
136.76c	11.6% S&P/ASX All Ordinaries Accumulation Index: 14.0%	7.7% Annualised fully franked interim dividend yield: 5.4% [#]

[#]Based on the 29 November 2024 share price of \$1.29 per share and the annualised FY24 fully franked interim dividend of 7.0 cents per share. Future Generation Australia has 409,116,676 shares on issue.

[^]Grossed-up dividend yield includes the value of franking credits and is based on a tax rate of 30.0%.

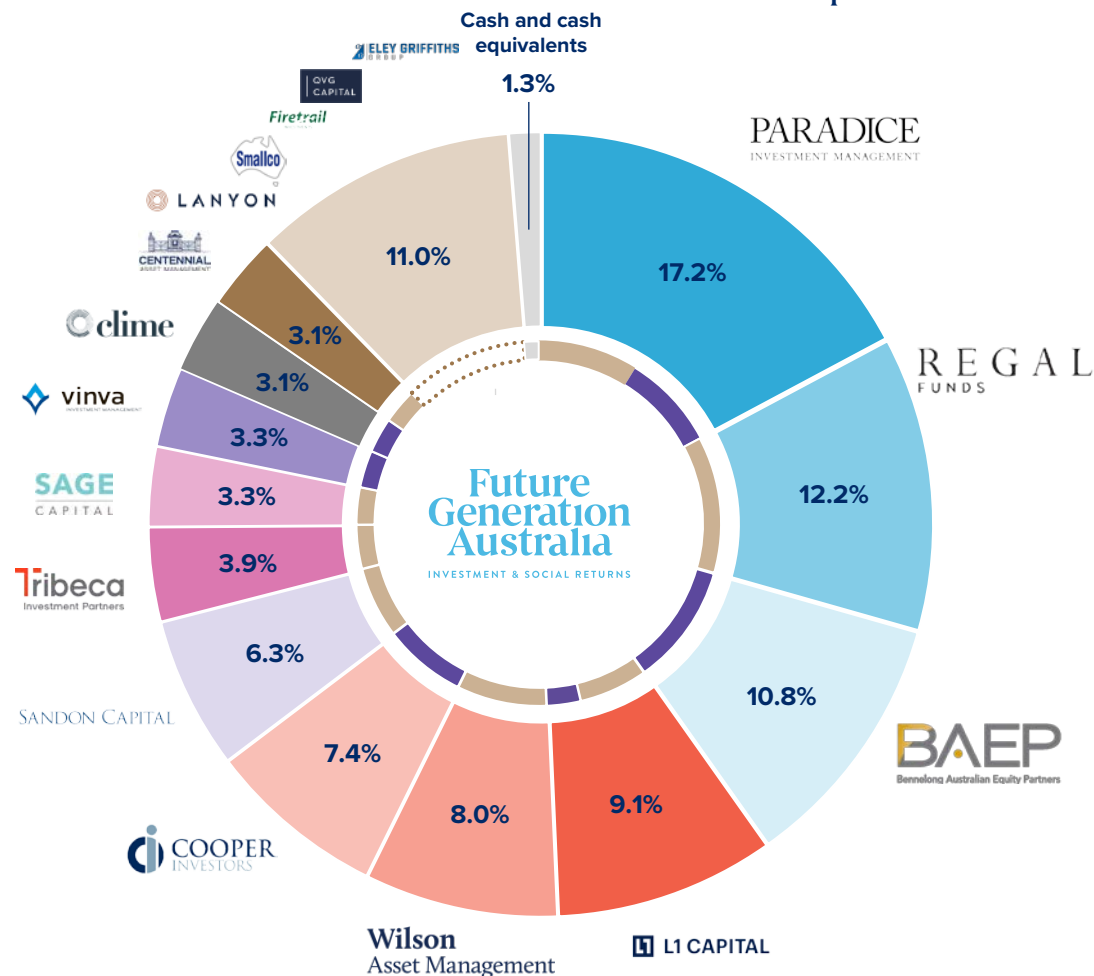
Investment portfolio performance at 30 November 2024	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	16.7%	23.6%	6.3%	9.6%	9.6%	9.7%

Investment portfolio performance is before expenses, fees and taxes. Future Generation Australia's financial year is from 1 January to 31 December.

^{**}Volatility shows the degree to which the returns of the portfolio move around from their long-run average. It can be thought of as a measure of the risk in the investment portfolio. Volatility is measured by standard deviation, a statistical measurement.

Fund manager allocations

0% management fees
0% performance fees



11.0% fund manager breakdown

Manager	Allocation (%)	Category	Percentage
Lanyon Asset Management	2.9%	Absolute bias	54.6%
Smallco Investment Manager	2.6%	Long equities	44.1%
Firetrail Investments	2.3%	Cash	1.3%
QVG Capital	1.9%		
Eley Griffiths Group	1.3%		

Insights from Oscar Oberg, Lead Portfolio Manager at Wilson Asset Management

**Oscar Oberg,
Lead Portfolio Manager WAM
Capital, WAM Microcap, WAM
Research and WAM Active**

**Wilson Asset Management is a
pro bono fund manager for
Future Generation Australia
(ASX: FGX).**

Future Generation Australia has a strong bias towards small, mid and micro-cap companies, although it's been a challenging period for the sector. The total return of small-cap companies have lagged their large-cap counterparts, the S&P/ASX 100, S&P 500, and MSCI World Index by 43%, 55% and 38% respectively over the four years to November. Does this mean small caps are due their time in the sun?

Yes, we think small-cap companies will have a strong period as we look forward into 2025.

With the Reserve Bank recently signalling that inflation is beginning to ease in Australia, we think a number of interest rate sensitive sectors in the small-cap sector - such as retail, automotive, real estate investment trusts, building materials and media, which have struggled in a period of rising interest rates and cost of living pressures - can actually outperform as interest rate expectations are cut.

What's causing this underperformance of small-caps compared to large-caps?

There are several factors at play here.

Higher interest rates: Small-cap companies often have higher levels of leverage, which makes them more sensitive to rising rates. Also, a large proportion of the Australian market in small-caps – some 35% – are in sectors such as retail, automotive, real estate investment trusts, building materials and media, which are highly sensitive to changes in consumer sentiment and discretionary expenditure. These sectors have been weak since interest rate expectations began to rise from late 2021.

Inflation: Smaller companies typically have less dominant market positions, lower profit margins, and less pricing power to pass on higher costs compared to larger companies.

Liquidity: Small-cap stocks are less liquid, meaning it's harder for institutional investors to buy or sell large amounts of shares without affecting the price. In times of macroeconomic uncertainty, this liquidity issue often drives investors towards larger, more liquid companies.

Capital raising difficulties: Higher interest rates mean it's more expensive for companies to raise debt or equity and this has an outsized impact on smaller companies that need to raise capital for growth. So far in 2024, Initial Public Offerings (IPOs) on the ASX have totalled just \$581 million, a 15% decline on 2023 and the lowest year-to-date volume since 2012.

The rise of ETFs: Passive investing, particularly through Exchange-Traded Funds (ETFs), has created momentum for large-cap stocks, as ETFs often favour the most liquid and widely held stocks, which tend to be large-cap names.

Given the sensitivity of small-cap companies to interest rates, what are you expecting from the Reserve Bank of Australia in 2025, after the Reserve Bank held rates this week?

We think the private sector in Australia is currently in recession with the 0.3% GDP growth achieved in the September quarter, propped up by record levels of government spending. The recent commentary from the Reserve Bank suggests that inflation is beginning to ease and, certainly when we speak to companies, the outlook is getting tougher. We think the Reserve Bank will cut rates by March and we will see three rate cuts in 2025.

Is there any evidence that suggests small-caps might rebound soon?

In the past, small-cap stocks have delivered strong returns after periods of rate cuts. As an example since the Federal Reserve began cutting rates in September 2024, small-caps in the US have generated a total return of 10%, outperforming large-caps by 3%. In New Zealand, where the central bank has cut interest rates by 125 basis points, economically exposed small-cap companies owned in WAM Capital have been a large contributor to performance since that cut.

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

PARADICE
INVESTMENT MANAGEMENT

REGAL
FUNDS

BAEP
Bennelong Australian Equity Partners

YARRA
CAPITAL MANAGEMENT

COOPER
INVESTORS

MAGELLAN
EXPERTS IN GLOBAL INVESTING

L1 CAPITAL

Wilson
Asset Management

COOPER
INVESTORS

Antipodes

WCM
INVESTMENT MANAGEMENT

MUNRO

SANDON CAPITAL

Tribeca
Investment Partners

SAGE
CAPITAL

Holowesko Partners

CALEDONIA

vinva
INVESTMENT MANAGEMENT

vinva
INVESTMENT MANAGEMENT

clime

LANYON

Ellerston Capital

Plato
INVESTMENT MANAGEMENT

MARTIN CURRIE

CENTENNIAL
ASSET MANAGEMENT

Smallco

Firetrail
INVESTMENTS

PARADICE
INVESTMENT MANAGEMENT

Morphic
Asset Management

QVG
CAPITAL

ELEY GRIFFITHS
GROUP

Powering Partnerships: Investing for Impact

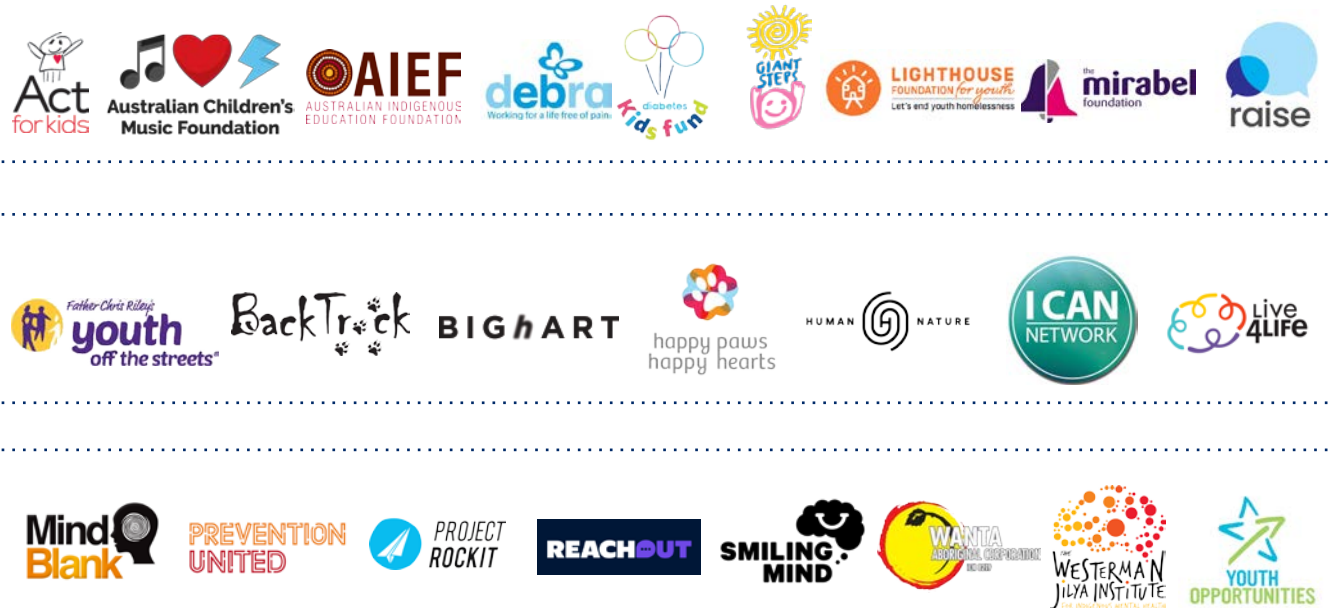
Future Generation is proud to have celebrated our ten year anniversary in November, commemorating a decade of doing well for investors, whilst also doing good for children and youth nation-wide. Being the first investment fund of its kind to waive fees in support of philanthropic giving within Australia, Future Generation is dedicated to funding transformational initiatives through investment practices.

We are always searching for opportunities to streamline our giving strategies and maximise community impact. As such, Future Generation provides its social impact partners with untied, multi-year funding – meaning that the financial support received is not tied to any one specific initiative and can be utilised at the discretion of the organisation. This allows our social impact partners to engage in long-term planning and gives them the flexibility to allocate funds where they are most needed. This has led to progress on both strategic priorities and impact growth with young people.

Zoe Black, CEO of Happy Paws Happy Hearts, one of our Future Generation Global social impact partners, said: *“This unique style of funding has allowed Happy Paws Happy Hearts to direct the funds wherever we see opportunities; to make the right decisions for the organisation at the right time; to be responsive; and to move quickly. For example, last year we were able to take advantage of an opportunity in Tasmania, which is turning out far better than we anticipated. Without Future Generation Global’s untied funding, we would have had to get a grant specifically for Tasmania and that may have taken several years.”*

We are proud of our social impact partners, ensuring they are provided flexible funding to make transformative change. Be sure to look for social impact updates throughout the first half of 2025, as we discuss the results of the recent Future Generation Australia Expression of Interest (EOI) and reveal our new cohort of Future Generation Australia social impact partners.

Our social impact partners



Our pro bono service providers



Fund manager allocation and investments at market value as at 30 November 2024

Fund Manager	Investment	Strategy	% of Gross Assets
Yarra Capital Management	Yarra Global Share Fund	Long equities	11.8%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.6%
Magellan Asset Management	Magellan Global Fund	Long equities	8.6%
Antipodes Partners	Antipodes Global Fund – Long	Long equities	8.3%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	8.2%
Munro Partners	Munro Global Growth Fund	Absolute bias	8.1%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	7.9%
Caledonia	Caledonia Global Fund	Absolute bias	7.8%
Vinva Investment Management	Vinva International Equity Fund	Quantitative	5.5%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.5%
Plato Investment Management	Plato Global Alpha Fund – Class Z	Quantitative	5.0%
Martin Currie Investment Management	Martin Currie Global Long-Term Unconstrained Fund	Long equities	4.2%
Paradice Investment Management	Paradice Global Small Cap Fund	Long equities	3.8%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.7%
	Cash and cash equivalents		3.0%

**Fund manager
allocation and
investments at
market value as at
30 November 2024**

Fund Manager	Investment	Strategy	% of Gross Assets
	Equity Alpha Plus/Mid Cap Funds (split out below)		17.2%
Paradice Investment Management	Paradice Equity Alpha Plus Fund	Absolute bias	8.8%
	Paradice Australian Mid Cap Fund	Long equities	8.4%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	12.2%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.8%
	Long Short/Catalyst Funds (split out below)		9.1%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	6.1%
	L1 Capital Catalyst Fund	Long equities	3.0%
	Equity/Leaders Funds (split out below)		8.0%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	4.3%
	Wilson Asset Management Leaders Fund	Absolute bias	3.7%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	7.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	6.3%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	3.9%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	3.3%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	3.3%
Clime Investment Management	Clime All Cap Australian Equities Fund	Long equities	3.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	3.1%
Lanyon	Lanyon Investment Fund	Absolute bias	2.9%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.6%
Firetrail Investments	Firetrail High Conviction Fund	Long equities	2.3%
QVG Capital	QVG Opportunities Fund	Long equities	1.9%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	1.3%
	Cash and cash equivalents		1.3%