

Future Generation Global Half-Year Q&A Webinar

Thursday, 17 July 2025 at 2:00pm (Sydney time)

William Low, Portfolio Manager of the Yarra Global Share Fund, Geoff Wilson AO, Founder & Director of Future Generation; Lee Hopperton, Chief Investment Officer; and Caroline Gurney, Chief Executive Officer.

CAROLINE GURNEY, CEO, FUTURE GENERATION: Good afternoon and welcome to the Future Generation Global (ASX: FGG) HY2025 Q&A webinar. Before we begin, I'd like to acknowledge the Gadigal people of the Eora Nation, the traditional custodians of this land, and acknowledge their elders, past and present. So welcome.

The next slide I'm going to show is our disclaimer. I'm not going to read it out loud to you, but please note that this is not advice for your investment. This is just general information, going through what our results are and for your information as well. We're always happy to take questions. And thanks so much everybody, we're getting quite a few in at the moment and please do fill them out in the Q&A box and then we will answer them.

So online today we have Geoff Wilson AO, who is Future Generation's Founder and Chairman of Wilson Asset Management. We also have Lee Hopperton, who I'm delighted to have here today because he is our inaugural Chief Investment Officer (CIO). It's great they're both here. And the other person that I'm delighted to have is Will Low. Will is the lead Portfolio Manager of the Yarra Global Share Fund. Yara Capital are one of Future Generation Global's pro bono fund managers. And they've had some really strong investment performance, especially over the last year, which is actually what we're going to be talking about today.

All of our fund managers, besides Yara we have 15 others, they all work pro bono. So, thank you very much to them. Will is actually joining us live from Edinburgh. They are nine hours behind, so it's just after 5am - really thank you so much, Will.

WILLIAM LOW, PORTFOLIO MANAGER, YARRA GLOBAL SHARE FUND: Delighted.

CAROLINE GURNEY: Excellent. So first of all, we're going to discuss yesterday's dividend announcement and give an update on the portfolio investment performance. Then we're going to talk to Will about global markets and then we're going to go to Q&A. We're going to go through the next slide - I think that's just a great summary of what we put out yesterday and what we're going to talk about briefly now.

As you can see, our investment portfolio increased 20.8%* in the past 12 months, and that was to the end

of June, and we outperformed the MSCI AC World Index (AUD) by 2.8%. I think this outperformance is really encouraging, especially given the volatility and uncertainty in the global markets, which we're going to come to later. With this investment outperformance, the Board decided to increase the fully franked interim dividend to 4.0 cents per share.

This increased dividend represents an annualised fully franked interim dividend yield of 5.3%[^] and a grossed-up dividend yield of 7.6%^{^^}. But you can see all that there in the slide. I think what I always like to say here, I got to say it again, is these yields are significantly higher than both the average global equity market yield of 1.6%[#] and the average US equity market yield of 1.2%[#].

As you can see the graph there, in terms of the chart to the right on that slide, we can actually see that for the past six years we've increased our dividend every year and moved to twice a year. And I think this really demonstrates the strength, reliability and the sustainability of our model and our ability to deliver a growing stream of fully franked dividends in varying market conditions to you, our shareholders, the owners of these companies.

Since inception, 10 years ago now, the company has paid 48.7 cents per share in fully franked dividends. That also includes the value of the franking credits. Our total shareholder return is very strong. For the past 12 months it has been 22% or 24.7% if you include the value of franking credits. And this has been driven by the investment portfolio performance. I'm now going to bring Lee in here to really talk more about our investment portfolio performance.

Lee joined at the beginning of February, and he works with a very talented eight-person Investment Committee that we have. The people on that Committee advise super funds and they really oversee our strategy and portfolio allocation. So, with the investment portfolio performing so strongly, we brought in three new fund managers in January. With everything that's going on in the world, Lee, perhaps you can give a synopsis of what's driving that performance, please.

LEE HOPPERTON, CIO, FUTURE GENERATION: Well firstly, it's wonderful to be part of the Future Generation family and I've been very fortunate in joining at an excellent time because as you said, the portfolio's got great momentum at the moment, delivering over 20% over the last 12 months and that's nearly 3% ahead of the index or what you might achieve in a passive ETF investment. So, I can't take the credit for that, but I've joined at a fantastic time.

GEOFF WILSON AO, FOUNDER & DIRECTOR, FUTURE GENERATION: Take the credit. Take the credit.

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

^{**}Based on the 15 July 2025 closing share price of \$1.515 per share and the annualized FY2025 fully franked interim dividend of 8.0 cents per share.

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

[#]Based on the MSCI World Index and S&P 500 Index dividend yields at 30 June 2025.

Or I will, or Caroline will.

CAROLINE GURNEY, CEO, FUTURE GENERATION: We do. Anyway. You're now involved.

LEE HOPPERTON: I mean, there's probably two groups of people who really deserve the credit here. One is we've got a pro bono Investment Committee that Caroline mentioned, it's got eight members who are highly experienced. They're CIOs, they're asset consultants, they're other fund managers, and highly experienced. And their role is to make the decisions about which managers we invest with and how much we have with each. So, portfolio construction has been a key driver of that over the last 12 months or so, and really into the last six months, because six months ago there were some portfolio management changes which were made and among those, three new managers were introduced and they're pretty exciting managers.

In the big cap space, we introduced GCQ Funds Management (Global Concentrated Quality), that's run by Doug Tynan, he's ex-VGI. It does exactly what it says on the tin. It's got a lot of quality, large quality names in it, such as Airbnb (ASX: AIRNB), MasterCard (NYSE: MA), Visa (NYSE:V), even WD40 (ASX: A40). If you're on a roadshow, you probably would have heard about that. So, they're in the portfolio. They add a lot to the blend that we've got. And we also introduced two small cap managers. Small caps on the global scale are slightly different from on the Aussie scale in that they're quite substantial businesses often in that space.

We introduced Fairlight Asset Management, which is an Aussie based manager with a great track record. Fantastic process. I met them a couple of months ago. And we also introduced Langdon Equity Partners, which is based in Toronto, Canada, another company with a fantastic track record. And over the last 12 months I think they've delivered over 20% as well. So, the portfolio adjustments have really started to bear fruit in the last few months, which is great to see.

It's probably worth also just quickly reflecting on what the Investment Committee's trying to do, and that is to do better than the market, do better than passive ETFs, better than the MSCI, but to take less risk. And we do that with two key levers. One is diversification, and we do that with having a diverse group of fund managers, different strategies, different styles, different ways of approaching the market and then a broad number of stocks that each of those fund managers own.

And the second important thing that we do is we're active. We're active at the portfolio level and all of our fund managers are active, and that helps them to adapt to the changing market because it's been a very difficult and volatile time. So that's how it's achieved and that's why we feel very comfortable that the performance that we've had recently is sustainable and we hope to keep delivering strong performance.

CAROLINE GURNEY: Excellent. Thank you very much, Lee. I think diversification is incredibly important in our portfolio and the fact the fund managers have shown that active management really works. So, Geoff, obviously you're on the Investment Committee and you discuss the fund managers at length and in terms of who we invest with and also the volatility in the market. How are you and the IC thinking about navigating that current market and sort of geopolitical volatility?

GEOFF WILSON AO: Probably just picking up on what you've mentioned and also what Lee's mentioned, what we're trying to deliver for investors is less volatility than the market and better returns than the market. And you'll see all the fund managers that we've got our money with, the founders or if the founders aren't managing the money, they're very close to the money, they tend to be the boutique fund managers.

So, we're backing them because A, they have performed, and we want them to continue to perform. In terms of how we deal with the volatility, in terms of how the Investment Committee puts the portfolio together. As Lee mentioned, we've got a really experienced Investment Committee and you've mentioned as well, they're doing this pro bono, but they live or die by their decisions in terms of allocating money to the various fund managers.

That's their day job and for us they do exactly the same. What they've successfully done is put together a portfolio of fund managers that will give you less volatility than the market. Some fund managers will short the market. You know, we've got John Templeton's right hand man, Mark Holowesko, based over in the US in the Bahamas. How does he manage his pool of capital that he's managing on all shareholders behalf is, you know, he'll be long, undervalued stocks, but he'll be short other stocks that he might think are risky. And it's the combination of the various managers that really gives us less volatility than the market and will give us a better performance than the market.

And in terms of the volatility more recently, volatility, from an investor's perspective, when markets are falling, fund managers get excited. And so, when it was sort of the Trump tariff tantrums the market was having, that was a great investing opportunity. Probably one of the concerning things is more recently the markets have been quite subdued and tend to be hitting new all-time highs. So as a fund manager you get a little bit nervous that things are too good. But in terms of the various managers we've got, it's to give us the growth when there's growth there and to protect the portfolio when it needs to be protected.

CAROLINE GURNEY: Thank you, Geoff. Now one of the things that we've just announced is we've brought forward our announcement for our interim dividend of 4.0 cents per share. You are on the Board.

Why did you decide to increase the fully franked interim dividend and announce it early and what does that show in terms of your confidence?

GEOFF WILSON AO: A couple of things from the Board's perspective is what is Future Generation Global (ASX: FGG) worth? You know, what are the shares worth? They're worth their assets, the value of their assets. And the most recent NTA that's been announced is \$1.71. So that's what they're worth. So you'd expect them to be trading at \$1.71 or potentially a premium. And why would you expect them potentially at a premium is because you're actually having your money managed by these really good managers on a pro bono basis and you're not paying management fees or performance fees and most of these fund managers have performance fees.

So, you're really getting a great deal as an investor. So, you could actually argue that this structure should be trading above NTA. What is the share price currently? I bought a few yesterday, I bought a few more today after the announcement was made, obviously waiting for that to occur because they're trading around that \$1.52, \$1.53 mark. And the Board is aware of that discount and really wants it to be particularly for anyone buying, they're pretty excited because they're getting a \$1.71 of assets cheaply and a good fully franked yield. But for anyone selling now they're selling 10% plus below what the Company is worth. So, it's from the Board's perspective. The Board would prefer the share price to reflect the value of the assets which is around that dollar. A little over that \$1.71 mark.

And also, I think the Board wanted to clearly articulate the fact that you know what the dividend is, highlight the performance which everyone might not have been focused on. And to help that, you know, gap decline. And one of the reasons Caroline, under your guidance, bringing Lee on. I know you guys have got a really detailed share on engagement, communication strategy to help drive that share price to trade at NTA, if not a premium. And just putting my Wilson Asset Management hat on for a minute, go back a year and a half, we had a similar situation with WAM Global (ASX: WGB). It was trading at 18% plus discount, and we really committed significant resources in terms of communication, marketing, share engagement. Now that's trading at a 2 or 3% discount now. So, to me we all know it's supply and demand. Now Future Generation Global (ASX: FGG), the performance is there, the dividends are there, the ability to keep growing, that dividend is there. So, it's just getting that supply and demand equation to work for you.

CAROLINE GURNEY: Thank you very much Geoff. So now I'm going to turn to Will. Will, thank you so much, I'm really delighted you're here this morning. I mean you are one of our top performing pro bono fund managers, as Geoff said, and you've delivered exceptional returns for a number of years. You have a lot of experience in global equities, and I've spoken to you before. We did a podcast last April which was really interesting, and I know a lot of shareholders really enjoyed listening to you. I'm going to ask

you about your performance and can you tell us what's driven your outperformance?

WILLIAM LOW: Well, first of all, delighted to be joining the call this morning or this afternoon for you. First, in the last year or so we've lived in a world where clearly the goal posts get moved more regularly than we'd all like from geopolitics or from tariffs or other related stuff, which is all a bit frustrating. But actually, if you've got a longer term time horizon, you always remind yourself where do the returns come from?

They don't always come from the price you pay for stuff - is round about the delivery of growth and profitability. And really what we're really focused on is searching with a very clear philosophy, which I'm sure we'll talk about in a minute. Knowing what we're looking for within sectors or within countries and finding, as is always the case, there are some winners, and there are some losers. Again, the right side, those companies that are flourishing versus those that are not, is really where the added value comes from. So really it's down to be stock picking within sectors and across geographies. And thankfully we've done a pretty good job of that in the last 12 months or so.

CAROLINE GURNEY: So, let's talk about your investment strategy. I mean, I know we spoke about it on the podcast, but what are you looking for when you invest in a company?

WILLIAM LOW: I think as I mentioned earlier, the last 12 months been a good reminder why as an investment manager, one of the key ingredients of being successful is really making sure what is your radar, what is your guiding light, your religion or whatever you follow in the path you're looking for, your source of investment returns. Because the market is going to push and pull you day to day, month to month. But you need to always fall back on exactly where your excess returns are going to come from.

And we're pretty clear there's two things that we look for in every company in the portfolio. The first one is the path of returns on capital. So, we want companies to grow, but more importantly have the ability to attain and sustain very high returns in capital over a long period. And by that we mean five years or longer. And we combine that with a quality test where each company has got to meet four key pillars.

The quality of the franchise, the quality of the management, the strength of the balance sheet, and probably quite importantly, in the last several years also the price you pay for all that future growth and returns, that is the valuation. So really by sticking to that very clear philosophy and always falling back on what we call our future quality approach. Is it on the right path? Does it have the four quality pillars in place, and making sure your portfolio has very disciplined ways made up of nothing but companies that meet that criteria.

CAROLINE GURNEY: So maybe you could give us a few examples in terms of what companies you currently hold that really capture what you're looking for in that long-term investment?

WILLIAM LOW: Well, hopefully every one of the 42 companies of course will need that. Let me give you an example. Something like Compass Group (LSE: CPG), which is a company we bought actually just prior to Covid and it had a bit of a testing period, as an outside contract catering company suddenly in sports stadiums in schools and in offices. Suddenly there was a shortage of demand for a while. Well, thankfully, obviously when you've got a great business and franchise with a strong balance sheet, we decided they will likely come out that better and stronger. So even though we bought a position before we added more, and it's delivered exactly the type of things that we look for.

Post Covid it has been able to deliver consistent growth driven predominantly by growing market share versus competitors who are profiting a poorer franchise and poorer balance sheet and deliver those consistent growth and high returns on capital over a long period. It's the power of compounding and companies are on that path of delivering that sustained returns on capital. I think Compass Group (LSE: CPG), will be a very good example held for many years and remains one of the top 10 positions today.

CAROLINE GURNEY: Excellent, thank you. So now I'm going to turn to what's happening globally. We've got a lot of market uncertainty, we've obviously got Trump, we've got tariffs, we've got war in the Middle East, we've got a lot of questions in terms of the US dollar and bond markets. And you know, I mean there is always something happening. So how do you personally tune out all of that noise and really stay focused on the long term returns but also think about what's going on in the outside world that might impact your portfolio?

WILLIAM LOW: Well, I think at the end of the day it's not about the headlines because headlines are what they are, particularly in the news and media. It's all about controversy, the more exaggerated the better. So really, I think one has to stand back and look at some of the longer-term implications. But really the best way of doing this is always falling back and asking that same question for us. We ask that question. I mentioned the future quality path of returns, four pillars and it is what's happening in the world. And things do evolve and change, not always quite as much and as quickly as you expect, but when they do evolve and change, you ask that question, the companies you own, the reasons why you own them, are they being questioned or changed? Because what's taking place more often than not, it's probably not changed at all. But sometimes it does.

And if you went back two years ago, for example, the emergence of AI and the growth of that is a serious wave of innovation and was a big change. Some of the changes taking place in Trump undoubtedly will have long lasting effects, but there's also quite a lot of bluster and noise. So, I guess really that's down to the skill of the manager to try and make that judgment call at the individual company level and of course at the aggregate portfolio level.

CAROLINE GURNEY: So, let's turn to the big picture themes. Interest rates globally have stayed higher

for longer than expected. How do you think about interest rates in the context of how you invest?

WILLIAM LOW: What we certainly don't do is try and predict what the 10 year bond yield is going to be next month or next quarter. We'll leave others who have much more expertise than that. But undoubtedly the cost of money has a significant bearing on a range of companies and more broadly the economic cycle. I think the broad conclusion we take from the current environment, particularly given the ongoing fiscal profligacy that exists in the world, combined with probably the money creation and later inflation, has been there ever since the kind of post Covid period.

I think you've got to continue to believe that high real interest rates relative to the long period when money was free to anybody at a remarkably cheap price and people could easily consume their future earnings today by borrowing. It looks like we're still living in a world where central banks and combined with some of the other geopolitical factors means we're unlikely to ever return to that in short order. So we're going to have higher real interest rates been used for a long time, which is effectively discouraging consumption, encouraging more savings in most of the major economies of the world.

So, what does that mean? That means to us there's no big economic cycle that's likely to emerge in any short-term time horizon to make an average company look great for a while. So really what you want to be really focused on is companies that have the ability to grow, deliver returns through things such as industry focus, growing market share, unique franchise, etc. That is much more likely where you're going to get superior returns and hoping to how, for some reason, the economic cycle and the monetary policy settings is going to make it easy for everyone. It doesn't look like it's going to happen anytime soon.

CAROLINE GURNEY: So, you've talked about AI and we talked about it quite a lot on our podcast. But it's reshaping so many different industries at the moment. I mean, are you looking at any particular companies where you see, great investment opportunities because of AI?

WILLIAM LOW: Well, I think that's an area we're focusing on and trying to find. But to be clear, just like major innovation waves of the past, undoubtedly there's going to be some emerging new winners we don't know about yet. And they could be in the listed space, that could be in the private space where there's clearly a huge amount of capital going as well. So, in terms of the adopters and implementers of the rapidly emerging AI technology, to be clear, it's not really obvious who those clear winners are yet.

I think what we do know about AI is so far from the scale of the capex going in from the main players continues to surpass those looking for the cycle. Trying to call it a bubble, to be honest, way too prematurely. The pace of the innovation, the need for inference type compute versus just training combined with sovereign and dare I say it, obviously defence and other related AI, the needs of AI and the willingness of capex to make sure that the participants will be participating in this race towards

artificial general intelligence from the big spenders and the hyper-scalers is happening for longer and to greater degree than many expected.

And there are some companies clearly hugely benefiting from that in profitability and cash flow. And that huge amount of economic profit and betting it's going to end tomorrow has been quite an expensive thing to do. So, we still very much have some of those positions in the portfolio. But we do recognise that there will be at some stage a pass on the baton for those who are spending the capex to enable the innovation to those who are actually utilising the technology to do different things and who those winners would be in terms of the application that's still developing.

CAROLINE GURNEY: So, let's turn to China. I remember last time you used the term subdued growth, which I actually quite liked. I mean, are you looking at China still and are you seeing sort of compelling investment opportunities there or are there any other sort of emerging markets that you find attractive?

WILLIAM LOW: I think we always look for companies, we don't look for markets, we look for companies. But first of all, I think that's where the challenge for China has been two things. One is the broader economic growth, let's be honest, been going through a debt deflationary bust that most other or many other developed economies have gone through living the consequence of a debt driven asset intensive growth period that can no longer be continued. And we've now got asset deflation and they're doing their best to try and shift towards household savings, spending to offset the lack of growth elsewhere. But really they're also doing extend and pretend and we shouldn't criticise China for that because every other western democracy has done the same thing by extending, allowing people to borrow from the future and maintain consumption and or spending for longer.

So, we believe the general economic backdrop in China is not particularly conducive and you have that ongoing geopolitical uncertainty is what is the right risk premium to apply to owning a Chinese business, particularly as a foreigner and going through an entity that's listed in Hong Kong, US or elsewhere.

So those two elements mean we're very circumspect and really want to be confident the company we do own has really got the metrics and the quality that we're looking for at this point in time. In the portfolio we've only got one Chinese holding, which is Trip.com (NASDAQ: TCOM), which you bought in the last 12 months or so.

CAROLINE GURNEY: I'm going to ask you a couple more questions. You know there is growing concern at the moment about rising government debt across the western world. But in the US, it's particularly an issue. Do you factor that into your thinking in terms of opportunities or a risk?

WILLIAM LOW: Not so much in terms of really released back what I talked about earlier in terms of, you know, the yield curve and the cost of money and the implications that will have for the ability for

economies to grow. Many businesses on both governments are effectively, obviously borrow throughout the yield curve. Many corporates try and borrow long. So higher cost at the long end of money because of politics, tariffs, inflation and so on are all quite relevant to that cost of money. Which really probably means to us is the cycle is going to be an overall growth is more challenging while the government spends more money than they should do. Longer term borrowing costs will stay high which means probably less growth because we're still gradually adjusting in many economies.

And taking a look at the US where it really matters, where people have borrowed long as households in terms of mortgage market or borrowed long in terms of corporate borrowing that's still gradually being repriced at higher rates and that has really continued to dampen down the longer-term growth prospects. So, it doesn't mean significant difficulty, it just means subdued growth is what we would look for.

Last thing I think we would observe and watch for what do governments do next? Because clearly governments cannot afford to lose control of the long end of the yield curve. Given the existing amount of long-term debt. The optimistic slant there would be that will make sure that the Trump doesn't get too carried away really the markets will control what you can and cannot do because even he knows that you cannot lose control of the yield curve.

But this also means at some stage potentially in the future, governments will probably move towards financial repression in some form because they just cannot afford the long-term cost of government borrowing to blow out when debt burdens as high as they are. So, these things to ponder and watch in the coming years. But really it still comes back to you. Are you in the right companies living profitability today? That significant high returns of capital, that's what we're focused on.

CAROLINE GURNEY: Can I just ask you, because in the podcast we did last year, you had Netflix (NASDAQ: NFLX) as one of your long term. Is that still in your portfolio?

WILLIAM LOW: Yes, it is actually. And again, it's a good example really what we're always trying to find. You won't find companies that are growing and doing something a bit different. And when the drivers of that path that we've mentioned are so important to us in terms of improving returns on capital and better growth, if it's driven by what the company's doing and unique to that business, that's a lot more interesting to us. That's really where you get that diversified alpha in a portfolio.

And Netflix being an excellent example of that. It's a market share gainer. It's got a much better franchise than its competitors. I know in the UK, I don't turn on the BBC anymore. It would be Netflix, but many other households are the same. It's become the dominant and leading platform for streaming services. Combine that with change in their business model for charging for some users when they didn't before, combined with the greatest source of advertising within that, which is higher margin, you've got that

better growth and rising turns we look for.

So, yes, very much. Netflix is a story we believe. Hopefully I don't get any rude surprises on that journey, but, you know, very much still in the portfolio.

CAROLINE GURNEY: Well, Will, thank you. Thank you so much. Thank you very much for the work you do, but also for working pro bono for Future Generation Global (ASX: FGG) as well. I'm now opening to questions. We're actually getting quite a lot of questions in, so I'm just going to go to one that came in earlier and that's for Lee, Geoff and Will, and that's from Paul Kalmer. We've had a lot of questions from Paul. So, I'm going to be using the surnames.

So, from Paul, the economic and social decline of the USA and the US dollar, the rise of China and the drag of Southeast Asia and potentially a more economically focused EU, all with the background of Middle East tensions and Russia, Ukraine. It would be really good to hear from Future Generation Global on how we approach the investment decisions with that broad background. And then to you Will, should investors expect an enhanced review in view of the volatility of the global landscape?

WILLIAM LOW: I don't think I would call it enhanced return because of volatility. You know, because the volatility tends to be short term, it tends to be around about the opposite. The price you pay month to month to quarter to quarter relates to headlines. And if your strategy is round about trying to get returns and guessing those short-term fluctuations in the market, all I suggest was good luck. My 37 odd year history suggests that's a hard kind of seam to mine as a source of its consistent added value.

Being in the right businesses over five years or longer doesn't change for short term volatility. So, I wouldn't suggest the volatility particularly changes the alpha that we're looking for. Not if you've got a longer duration time horizon.

CAROLINE GURNEY: Thank you. Maybe now to you Geoff.

GEOFF WILSON AO: What was the first part of the question?

CAROLINE GURNEY: I think with everything happening globally, how do we approach investment decisions?

GEOFF WILSON AO: I mean what we've done is the Investment Committee has put together a portfolio of managers which we think will perform in all types of environments. And if those managers aren't performing then for a reason, that they have changed how they manage the money or that they've lost key personnel or they are consistently not performing for a reason, then we will change those managers.

Currently we've got 16 managers. They all do it pro bono, but we have in and out. I don't know the exact number Caroline, but it would be 20 plus 30 I think. 30 is it?

CAROLINE GURNEY: Yes, in both vehicles. Yes.

GEOFF WILSON AO: So, the portfolio is positioned. We all know with equities there's volatility. I haven't looked at numbers recently, but I know the volatility, even though it feels as though it's been very volatile, I think the volatility over the last year compared to a number of years ago isn't as extreme. So the portfolio set, we rely on the individual managers to make the right decisions and that's how you see the performance of the group of managers, that's what they've done.

LEE HOPPERTON: I might just add just a couple of things to that. One is that whilst we rely on the managers who are all very high quality to make a lot of those decisions for us, there's a couple of levers the Investment Committee can pull as well. So, we invest in quantitative managers, long short, absolute return managers. We can also hold cash and long managers as well. So, we can play with those levers a little bit at the company level to make sure that we're correctly positioned for the view of the investment committee. And then of course beneath that all the managers themselves will form a view which we back to navigate that correctly. So, for example the Company can hold up to 20% cash in the portfolio if it needs to at any point in time. We also have a bench of managers that we always have on standby if we need to make an adjustment.

CAROLINE GURNEY: That's actually been true, hasn't it for the last few years. We're actually getting fund managers who actually want to manage the money for Future Generation, which is a great position to be in. Will, I think I've got one question for you and then maybe I'll let you get back to your day. It was just more in terms of your portfolio and whether or not you're more in the US or in Europe.

WILLIAM LOW: At the moment we're relatively balanced to be honest. And again, it's really driven by the kind of bottom-up stock picking. I think there's a lot of been headlines in the last 12 months particularly after when there was a period of the, I don't know where it came from US exceptionalism came out of the woodwork and was talked about everywhere. But in reality this was just a bit of loving from investors in the US relative to other markets for a period but really that's been unwound particularly in the first quarter of this year when people were just buying stuff because of Trump and other related. We got past some of that nonsense and much healthier and we need to remind ourselves why does the US make up a large part of the world?

Because actually it has been a kind of a furtive kind of growing place for a significant number of great companies much more than we see it elsewhere in the world. The number of very large high-quality franchises with remarkable growth trajectories and more importantly very high returns on capital which

to be honest are much harder to find anything like the same degree of number listed elsewhere in the world, particularly global businesses.

So, the US over indexes because it also over indexes in both the scale of profitability and the degree to which remarkably high returning capital businesses can be found there more so than elsewhere. So, we're generally relatively neutral in the US but really driven by bottom-up stock picking.

And last thing we'd add though I know conscious of time here, would be on Europe. It is worth it. Remind yourself there has been a sea change in Europe and that does relate to the actions of Trump and have been certainly a prod and a catalyst for politics in Europe and particularly in Germany to change quite dramatically. How they expect to grow their economy with effectively reduction, savings and greater spending by the government on the fiscal side is a bit of a, bit of a game changer. It won't change the growth trajectory overnight but certainly will be different from what we've seen in recent years.

CAROLINE GURNEY: I'm very sorry Will, but George has just beat me to the post and he's got a question for you. Do you think the AI theme is at the start, middle or end of its structural shift?

WILLIAM LOW: Well, again, in terms of the capex is probably in the middle in terms of the full run, where we can go in terms of development, AI in terms of how far the technology can go, who the winners and losers beat. We're still relatively early. I think that's a ten-year story. I think so. It depends which aspect you're looking at.

CAROLINE GURNEY: Excellent. Thank you so much, Will. Thank you so much for your time and we really appreciate all your support. So I'll let you get on with your day at gosh, 5:40 in the morning. Thank you.

WILLIAM LOW: No, thank you very much and thank you for all for listening.

CAROLINE GURNEY: Thank you. So Geoff, the end of that question is what percent of the FGG portfolio is invested in companies supplying AI's hardware and software?

GEOFF WILSON AO: Lee do you want to update the people on how they find all that?

LEE HOPPERTON: I mean it's a really difficult question to answer because defining AI is also quite hard because you've got extreme upstream, which is like power generation and transmission through to software development, the chip development and then the companies that use it. And the other reason it's hard to give a precise answer to this is that we're relying on our managers who are being active to tell us exactly what they're doing at points in time. We do that periodically to make sure that we know where we're overweight, where we're underweight, what kind of biases the portfolio has.

The last time we did one of those, we were somewhat underweight. The mega cap companies, the

largest companies, the Mag 7, which are now scarily about a third of the S&P, and that would include some of those large companies. But there are lots of our managers looking at the impact that AI will have and where they can really add value. So, on our roadshow one of our managers was talking about specifically power supply data centres and those kinds of things where we do have significant exposure.

GEOFF WILSON AO: We put in the annual report each year just you know, we try to give you as much detail as you as we can in terms of the other portfolio, the weightings, the other stocks etc.

CAROLINE GURNEY: And if anybody wants that email to them, please let us know and we can do that. So the next question is from Paul Duncan. He wants to know about the ability to protect shareholders capital if markets go into a deep multiyear bear market and can we do more to diversify into more absolute return focused funds rather than funds that aim to outperform share market index.

And the next one that he asks, is can we relax the self-imposed investment constraints so that we've got more discretion to hold cash and other defensive investments.

GEOFF WILSON AO: The last one is, as Lee said and Caroline mentioned as well is you know, we're looking at the company level and I think at the moment at the company level we're holding about 6% cash. And then you're looking at the individual managers levels now. You know, with the absolute managers, I think they make a little bit under 20% of the portfolio. Some of those are short stocks and some of them could be holding levels of cash and then you have the quant managers, you know, some of them will be short the portfolio. And the quant guys, they tend not to hold much cash, do they?

GEOFF WILSON AO: No, typically not. And the other long managers tend they don't hold much cash at all. So, the investment committee could easily change the asset allocations and even for the Company from the Company. The fact that we try not to have more than 20% in cash. I mean what we've all found is that if we thought that there was enormous risk in the market and we wanted to increase our cash levels. There is a possibility and we could dial them up further than 20% if, if we wanted to. So, to me, what I found with investing is it's all about having maximum flexibility. What we do know is that over time equities perform and then also if you can find managers that outperform, then you're going to get the double whammy as an investor. So that's all possible. That's not our view at the moment. And on a monthly basis you see where our portfolio is positioned.

CAROLINE GURNEY: Andrew has just added one to that. So, given the current levels of uncertainty, can you give an example of how we adjusting our preferred investment sectors and regions due to this sort of increase in risk?

GEOFF WILSON AO: Yeah, we leave that to the managers. Back in when FGG was set up, we had a bit more of a skew in terms of the managers rather than just picking global managers. We had a couple of

managers in Asia, I think there were three or four of them and we decided, you know, we're better off letting the individual manager make those decisions about if he doesn't believe the opportunities to make money are in the US, he believes they're in Asia or he believes they're in Europe, then he can make the decision in terms of waiting up or down in those areas.

CAROLINE GURNEY: I know the answer to this, but before my time perhaps. Geoff, have we ever looked at any fund managers that have Bitcoin?

GEOFF WILSON AO: I can't think of when we have. Can you?

CAROLINE GURNEY: I don't, not in my four years.

GEOFF WILSON AO: And it wouldn't have been before you don't worry.

CAROLINE GURNEY: I know, I know. But I was just thinking maybe you did. Maybe that was an emerging trend.

GEOFF WILSON AO: Yeah, it could have been. Could have been. It would have been nice. It would have been nice if we made that decision. You've got to remember with Future Generation Global (ASX: FGG), you're buying a global equity, you're buying a global exposure to global equities. You're not actually buying exposure to crypto or exposure to global property or exposure to global fixed interest. They're all asset allocations you can make yourself for your global equities.

Now I actually was speaking to a shareholder yesterday and he was saying he's got 30% of his money into global equities and he splits it between Berkshire Hathaway, Warren Buffett's and Future Generation Global.

CAROLINE GURNEY: Brilliant choices.

GEOFF WILSON AO: Exactly.

CAROLINE GURNEY: Brilliant. All of us wish we could do that. We've had a few questions on this so I'm just going to condense them. There's a considerable amount in the profit reserve of Future Generation Global (ASX: FGG). What are the options as this increases?

GEOFF WILSON AO: First of all, you'll notice in the announcement we actually haven't put the profit reserve front and centre. And the reason we haven't done that is people, unfortunately, I don't think fully understand what the profit reserve is. What the profit reserve is, is over any 12-month period starting from the 1st of July, it's the amount by which the assets have increased and to the highest point over that 12 month period. And it doesn't include the amount by which the assets may have fallen after they reach

their peak.

It, it is an accounting function and what it does and the reason we do it is because several years ago the Corporations Act decided to try to define what a profit is, and before that profit wasn't defined. And so, what we do is we put the money in the profit reserve to really give us the ability to pay out dividends. And one of the great things about a company structure is, is you can create these profit reserves.

And so it really gives you enormous confidence as an investor understanding that you will be getting dividends over a period. So just if you want to look at the balance sheet, I think there's, is it \$0.68 in the profit reserve or something like that. But then also if you look at the balance sheet, so before you get to June 30th and the profit reserve, it resets again on the 1st of July each year.

So, before you get to June 30th each year, if the portfolio has fallen in say March, April, May, then those losses are netted off against the profit reserve. They're in retained losses. So now we've got I think in the balance sheet \$104 million in retained losses. And I just, and that's, that's \$0.26 a share. So, you think there's enormous profit reserve in terms of the NTA.

So the profit reserve is the amount by which the portfolio has gone up. If you net it off, then it's the amount by which the NTA increased over a period of time. That's the growth in the NTA. But what you haven't done is you haven't necessarily, we haven't redeemed from those managers, so we actually haven't sold the stock. Hypothetically if you're looking at a portfolio to crystallise the gain which you then pay tax on and gives you franking to pay a fully frank dividend. So now there's a little over 8 cents a share in franking in the balance sheet.

So, it really wouldn't make sense for us to pay out. Well first it wouldn't make sense for us to pay out the 69 cents because it wouldn't make sense to pay out even the net amount of that, the 26 off the 69 which is the net change in NTA. And also you've got to remember this is global equities. If you invest in global equities then you're getting a yield of a little over 1% and that's not franked.

But if you invest in Future Generation then you're getting a yield grossed up. 7.6 odd cents, that's the grossed up, a little over 5% fully franked. And, and we've got the profit reserve there so you've got confidence that you'll get profit over time. And there's some franking there. Now we could easily run out of franking if decided all the managers are doing a great job and we didn't redeem from any of the managers over the next period of time then we don't naturally get franking unless we redeem from a manager because the global managers they have very little exposure to Australia so we're not getting an easy flow through fully franked dividends.

So, I know that's quite a long explanation but I know Caroline, you said we've had a lot of the questions being sent through so I tried to sort of cover all the aspects and if you have any more questions about it,

please reach out.

You won't see us highlighting profit reserves again. Does BHP announce their profit reserve on a monthly basis? No, they don't. Does NAB announce their profit reserve on a monthly basis? No, they don't. They all have retained earnings. So, they all have profit reserves. People unfortunately don't fully understand it are getting, you know, think that it's a big profit that we've held you know, that's not invested, that's held there, and is waited to be paid out.

CAROLINE GURNEY: That's really important. If anybody actually to talk to us about it, please do ring and we'll go through it. Because I think when the rules changed, there was a lot of education around it, and it's something we need to continue to do, correct?

GEOFF WILSON AO: 100%, Caroline.

CAROLINE GURNEY: I think we do have a couple of questions on that but it's roughly the same when you've answered all of them. But if anybody does, please give me a call. So, Rod has asked, what are the major differences, Geoff, between FGG and WAM Global?

GEOFF WILSON AO: Well, first of all, FGG is a fund of funds. So, there's those 16 fund managers. And I think, Lee, we're just trying to work it out. We think over a thousand stocks you're getting exposure to whereas WAM Global is effectively one of those fund managers. So, you're getting exposure to, I think the WAM Global guys have 40 or 50 stocks. So one's a diversified portfolio and one is not.

They've all got different profit reserves, different levels of franking because of the structures they're both in listed investment company structures. So, you can work through that. It just depends on what you want as an investor, what you're looking for.

CAROLINE GURNEY: Exactly. So, Trevor's asked a question. Given this significant number of portfolios are in US Dollars, how does FGG plan to mitigate the effect of a falling US dollar? Which ones are hedged?

LEE HOPPERTON: Basically, it's unhedged. Many of our managers retain the ability to hedge if they need to, so they can take a view on currency if they feel circumstances are extreme enough for them to do that. It seemed it's relatively unusual from what I can see for them to do that as a Company; we don't take a view on currency. We leave that to the managers to make a call.

CAROLINE GURNEY: Thank you. And another question from Jim. The profits reserve is higher than the total dividends pace to date. Have we considered a special dividend to bring this back to a normal range, Jim?

GEOFF WILSON AO: Well, I'd be interested to know if you'd still ask that question, because we could pay a special dividend. All we're doing is paying out capital that hasn't been fully franked. And so, it would be very tax inefficient, ineffective for the investor if we paid a special dividend.

CAROLINE GURNEY: So the next question which I think is quite a good question from Agnol, can Future Generation open a new list investment company similar to WAM Income Maximiser or Whitefield Income? It'll be perfect for retirees and income seeking investors.

GEOFF WILSON AO: That's always an option. We've got Future Generation Australia (ASX: FGX). if you want exposure to Australian equities, we've got Future Generation Global (ASX: FGG), If you want to exposure to global equities there's Future Generation Women which gives you exposure to female fund managers or women fund managers on specifically Australian equities or global equities.

We could do a Future Generation product that provides investors a combination of equity and debt or even equities and provides dividends on a monthly basis. They're all options. The first thing you know, from an FGX and an FGG perspective is we want them to be trading at what they're worth and that's trading at NTA if not a premium.

So that's the first goal before we do anything else. That's the goal and that's what Caroline is focused on. She boosted her team by bringing Lee on board. So that's, that's the immediate plan.

CAROLINE GURNEY: We're still a lean team.

GEOFF WILSON AO: That's right. That's right.

CAROLINE GURNEY: I think that's pretty much all the questions that we have. We did have one about a restaurant. Funding a restaurant.

GEOFF WILSON AO: That was a good question in terms of, I think the question was something along the lines of they needed half a million to a million dollars to fund a restaurant. Look, I thank you for that question. Probably the answer to that is that's not what Future Generation does. We invest in managers who invest in listed equities. Even though personally I did own a tenth of a restaurant once - and it's a very efficient way of losing money. That was my experience. But to me I was just one of a 10.

CAROLINE GURNEY: So, I think that's it. I've been surprised that we haven't had any questions on the proposed changes to superannuation. Is that something you just want to mention now, Geoff? Because it's probably something everybody will then write in on, thinking Geoff was going to talk about it.

GEOFF WILSON AO: Thanks Caroline. Let's be clear that there's two points here. The first question, and I think the public debate is getting mixed up, the first question is are the super laws potentially too

generous for people that have large money like tens of millions of dollars in their superannuation fund? And the answer to that is yes. And should there be a more equitable way they are taxed? And the answer to that is yes. Should they be paying higher taxes or should they be getting the benefits that the people who got the smaller amounts of money in there? And the answer is no. So, to me that's the first part and people are getting caught up with that and unfortunately the government has been sort of feeding that by saying oh look, only 0.5% of people get impacted by these changes but actually every Australian will be impacted by these. If you're a 25 year old nurse or social worker by the time you're retired you'll be paying tax on unrealised gains.

You know the \$1.1 trillion that's in the self-managed super sector which has been a big pool of capital for venture capital companies. The gentleman who wanted someone to invest in his restaurant, he's better off going to find someone who has a reasonable amount of money in their self-managed super fund and they're more likely to take the risk capital and so that's going to evaporate \$1.1 trillion of risk capital.

The second part is taxing unrealised gains, is that good policy or is it bad policy? And the fact is its bad policy and so the negative impact that'll have on investments, your long-term patient capital is unfortunately for Australia is, is going to be significant. And the unintended consequences from this will be very negative and if anyone's passionate about it please go to the Wilson Asset Management website and sign the petition.

There's an opportunity to put a submission into the roundtable which Wilson Asset Management sent out to our 130 odd thousand shareholders the other day. We'll be putting a submission in. This is the one that they're going to have. Is it sort of the latter part of August, the three-day roundtable that Albanese and Jim Chalmers is going to run.

Bizarrely the productivity Commission asked for submissions a few months ago and only 73 submissions were received. So, I know you might think that your thoughts don't get heard, but please put the submission in. Let's hope that they come up with something that'll encourage investment, encourage long term patient capital, encourage increased productivity. There was a great speech by Ken Henry yesterday in Canberra at the Press Club and a beautiful highlight, he said that Australian workers are worse off by around half a million dollars over the last 25 years because of no increase in productivity. And that's, you know, if people working want to get paid more, then you've got to increase productivity and unfortunately, we're sort of going the wrong way. Caroline, you're warming me up on that, but I'll leave it.

CAROLINE GURNEY: I know we could do another hour on that, but I've just had a couple more questions about our non-profit partners and how long we're going to be supporting them. Because you announced that you would only be doing it for three years. But I'm delighted to let you know that the Board approved

that we'd be supporting our existing not for profit partners for another two years.

Their collective work has basically touched more than 5.3 million young people in what they're doing. And we continue to track that, and we'll announce that again next year. So, we can really see not only are we having a really positive performance, but we're also having a really positive impact on young people in Australia.

And another question that's come in is from Sarah B – congratulations on the performance, it's been really strong in the past year. What are you expecting for the next 18 months in terms of our performance? And that's a high note to end on, I think.

GEOFF WILSON AO: I'll pass that to Lee. He might have a clearer crystal ball than I do.

LEE HOPPERTON: We're going to try and continue to do better than the market. Is the answer there. But there's a few uncertainties out there, as there always is, so it's difficult to predict anything.

CAROLINE GURNEY: Well, thank you very much everyone for listening. We really appreciate your time. I want to thank, Will from Yarra in Edinburgh. He's gone now, but I'll send our thanks to him and also to Lee and to Geoff and the team that make this possible.

But, you know, you, our shareholders, you own this company, so this is really for you. So, if you have any more questions, we'd really like to hear. We're phoning a lot of our shareholders at the moment to get more feedback. We want to know what you like about what we do. We also want to know what you don't like. And that's really important because we want to address those needs. So, thank you very much. We've now got a little survey that will pop up, and I'd be very grateful if you could answer it. Thank you very much for listening.

