

Investment Update & Net Tangible Assets Report

As at 31 July 2016

Net Tangible Assets (NTA) figures

NTA before tax	120.65c
NTA after tax and before tax on unrealised gains	120.27c*
NTA after tax	119.21c*

*These figures are after the payment of \$178k (0.07 cents per share) in tax during the month. The above figures are not diluted for 124,585,142 options on issue with an exercise price of \$1.10 and can be exercised at anytime **on or before the 16 September 2016**.

Portfolio

In July, the portfolio grew 4.6% while the S&P/ASX All Ordinaries Accumulation Index increased 6.3%. The allocation to the managers has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, market neutral and cash. The company is currently 48.2% long equities, 23.8% absolute bias, 14.1% market neutral and 13.9% cash.

Key fully franked dividend dates

In July the Board announced a fully franked final dividend of 2.0 cents per share. The dividend will be paid on 21 October 2016 and will trade ex on 10 October 2016. Shareholders are able to participate in the dividend reinvestment plan (DRP) and/or the dividend donation plan (DDP). The DRP will operate at a 2.5% discount for the final dividend. The last election date for the DRP and the DDP will be 13 October 2016.

Ex date:	10 October 2016
Record date:	11 October 2016
Election date for the DRP & DDP:	13 October 2016
Payment date:	21 October 2016

Exercise options to receive fully franked dividend

FGX optionholders must exercise their options on or by 16 September 2016 to receive the fully franked final dividend of 2.0 cents per share.

The Company issued options to shareholders in the capital raising in September 2014. The options allow holders to purchase shares in the Company at the exercise price of \$1.10 per share. Optionholders who exercise on or before 16 September 2016 are entitled to receive the 2.0 cents per share fully franked final dividend. The options can be exercised at any time on or by **16 September 2016**. The options will continue trading on the ASX under the code FGXO until 12 September 2016. As at 12 August 2016, 63,796,121 options were exercised for a total consideration of \$70,175,733 and a remaining balance of 118,022,061 outstanding options.

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Gross assets	\$294.3m
Market cap	\$269.2m
Share price	\$1.12
Net assets per share (before tax)	\$1.21
Shares on issue	241,435,753
Options on issue	124,585,142
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Fully franked dividends (FY2016)	4.0c
Fully franked dividend yield	3.6%

Investment objectives

- Provide a stream of fully franked dividends
- Achieve capital growth
- Preserve shareholder capital

Company overview

Future Generation Investment Company Limited gives investors the opportunity to gain unprecedented access to a group of prominent Australian fund managers in a single investment vehicle and also support Australian children's charities, with a focus on children and youth at risk.

Chairman

Jonathan Trollip

Founder and Director

Geoff Wilson

Directors

Paul Jensen
Gabriel Radzynski
Kate Thorley
David Leeton
Scott Malcolm
David Paradise

Investment Committee

Geoff Wilson, Gabriel Radzynski, Matthew Kidman, Bruce Tomlinson, and David Smythe

Chief Executive Officer

Louise Walsh

Company Secretary

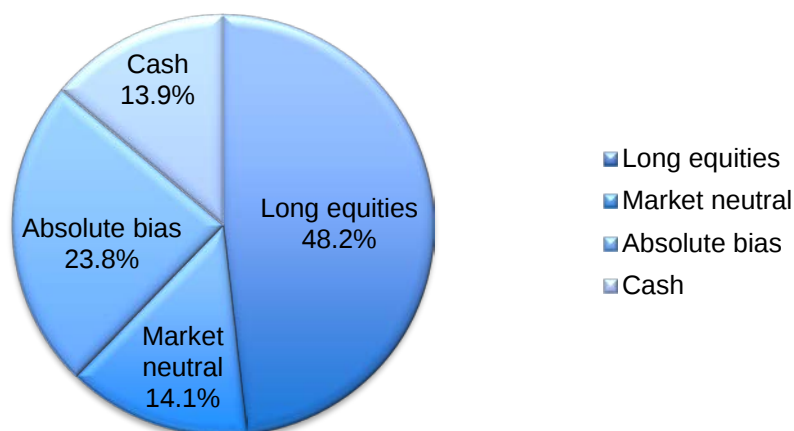
Mark Licciardo

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Fund manager	Investment	Strategy	% of assets
Paradice Investment	Large/Mid Cap Funds (split out below)		9.8%
	Paradice Australian Equities Mid Cap Fund	Long equities	5.5%
	Paradice Large Cap Fund	Long equities	4.3%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	9.3%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	8.9%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	7.8%
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	7.6%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.0%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	6.5%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	4.7%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	3.8%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	3.7%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	3.0%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	2.9%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.5%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	2.4%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.7%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.4%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	1.0%
	Cash and Term Deposits	Cash	13.9%

Investment



Long equities is a strategy that invests in the assets that are most likely to perform well over the long term.

performance of

Market neutral is a strategy undertaken by an investor or an investment manager that seeks to profit from both increasing and decreasing asset prices one or more markets.

Absolute bias is an investment style that aims to deliver positive returns in both rising and falling markets. Absolute bias funds invest in a wide range of asset classes and employ various investment strategies (including but not limited to short selling and leveraging).

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Fund manager in focus: CBG Asset Management

CBG ASSET
MANAGEMENT

About CBG Asset Management

CBG Asset Management is a long only, Australian equities fund manager with a successful 14 year track record. Our team has over 70 years of Australian equities investment management experience.

Our investment style

CBG believes that attractive long term investment returns can be achieved through a disciplined investment process, using bottom-up fundamental analysis and with a focus on high quality companies.

We undertake a detailed investigative process and seek to understand the unique drivers of value for each company, then to identify opportunities where that intrinsic value is not reflected in the current stock price.

Investments are considered based on a time horizon of at least two to three years, enabling us to benefit from the shorter term focus of most institutional investors.

We look for a number of attributes that consistently apply to securities which produce attractive returns. In particular, a strong management team that is delivering on a robust strategy and generating value for shareholders; solid free cash flow; a strong competitive position; a supportive industry structure; strong balance sheet and attractive earnings or cash flow multiples relative to earnings risks and growth prospects.

CBG believes this approach to investing works because the market regularly displays pricing inefficiencies. Causes of market mispricing include: a focus on shorter investment timeframes by most institutional investors; crowding in the largest stocks by market capitalisation, with other stocks being less well researched, and emotional and cognitive biases of investors. For example, aversion to short term losses may lead investors to avoid stocks which have experienced short term volatility or to sell positions too early to avoid potentially giving up gains.

Our market outlook

For the last couple of years CBG has adopted a defensive portfolio strategy being overweight infrastructure and utilities and being underweight resources. Despite global and domestic interest rates being at all time lows, our view is that rates will remain at these historically low levels for an extended period of time.

The fund has a portfolio of high quality investments that should do well in such an environment.

Our top five holdings

CBA 10.7%

Westpac 7.9%

Macquarie Atlas 6.0%

Transurban 5.8%

ANZ Bank 4.8%

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

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Charity in focus: DEBRA Australia

About DEBRA Australia

Epidermolysis Bullosa (EB) is a rare genetic skin condition causing painful internal and external blisters, likened to third degree burns in more severe cases. It is estimated there are 1,000 people in Australia living with EB and in the more severe cases they spend over 730 gruelling hours a year having their bandages changed and medicating their wounds.



DEBRA is a volunteer based organisation funded by donations and grants that supports these families. We improve the lives of children and adults living with EB, a debilitating and sometimes fatal condition, by providing necessary support services, home aids and information to individuals and their families.

DEBRA's programs support and educate EB families, health professionals, communities and the general public. DEBRA also funds specialised EB Nurses and provides in home nursing care for families on a national basis as well as a dedicated family support program. Every donation helps make a difference.

DEBRA and FGX

In 2015/2016 support from FGX generously funded the specialised national EB Nurse Program. Our paediatric nurses had 1,698 contacts with EB patients and health professionals assisting with medical care and advice to families on a national basis. Through the EB clinics they coordinate and assist the families to get the best possible medical care with up to 11 multi-disciplinary health professionals attending. Future funding will continue the EB Nurse program and support the in home EB Nurses also allowing the program to be expanded to introduce a transition nurse to help families navigate to the adult sector where there are currently very little resources in place.

Q&A with Dr Jennifer Marty, Chair of DEBRA Australia

What is your driving motivation in your current role?

My motivation is to use my skills to help a small charity such as DEBRA, which has limited resources of its own, to make a difference to the lives of those living with EB and their carers. EB can be a devastating, sometimes fatal disease, impacting the lives of individuals and their families. We aim to improve both clinical outcomes and quality of life for our families. Working with DEBRA is very rewarding because I have met some very dedicated and caring people through my involvement. We have a combination of EB family members and mentors on the board so that we strike a balance between personal experience and the business and counselling skills needed by the organisation.

2. What is the most challenging aspect of your role?

EB is a rare but devastating disease that most people have never heard of, so creating awareness is a very important challenge. We have a small team sparsely spread across Australia, and need to carefully assess what activities we should focus on to make the most difference, balancing expected outcomes, resources and costs.

3. What does it mean to have the support of FGX?

As we depend entirely on funds we raise ourselves, support from FGX is extremely important to help us grow and maintain our specialised nursing services, which are not provided by government. Two specially trained EB Nurses (based in children's hospitals in Brisbane and Melbourne) are being supported with the FGX funds, enabling over 100 EB families to access better care. In 2017 we are planning to add a new transition EB Nurse to work with teenagers getting ready to move into the adult hospital care system and, if possible, use some FGX funds for in-home nursing care for high-need children. They are bandaged all over their bodies and need dressings changed at least three times per week, often a painful, three hour task. Without the support of FGX we would not be able to offer this range of services and we are very grateful to all those who have supported us.

For further information, visit: <http://www.debra.org.au/>

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Fund Managers



Charities



Service Providers

