

Dear Fellow Shareholder,

Investment Portfolio Performance

In January, the Future Generation Australia (ASX: FGX) investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index, increasing 1.3%* against the Index's 0.3% rise. The Future Generation Global (ASX: FGG) investment portfolio increased 0.1%* during the month, while the MSCI AC World Index (AUD) rose 0.2%.

Since inception, the FGX investment portfolio has increased 9.7%* per annum and the FGG investment portfolio has increased 10.8%* per annum, outperforming their respective benchmarks. The investment portfolio's outperformance has been achieved with less volatility than their indexes, as measured by standard deviation.

We look forward to sharing our 2020 full year results with you later this month. In 2020 both FGX and FGG delivered strong investment portfolio performance. FGX increased 10.0%*, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.4%. FGG increased 14.3%*, outperforming the MSCI AC World Index (AUD) by 8.2%.

Market Update

The global coronavirus vaccine rollout, conclusion of the Brexit trade deal and expectations of further US fiscal and monetary stimulus measures lifted equity markets globally early in January, following the surprise Democratic sweep in the two Senate seats in Georgia. Euphoria seen in the equity markets early in the month subsided as concerns over delays to the supply of vaccines to Europe increased, with most global indexes closing January lower. The final week of January was dominated by a short squeeze frenzy involving retail investors gathering on the online forum Reddit to coordinate a sky high rise of brick and mortar gaming retailer GameStop's share price,

causing hedge funds to post significant losses. The Reserve Bank of Australia (RBA) held its first board meeting for 2021 in early February and announced a \$100 billion extension to its quantitative easing (QE) program, surpassing the market's expectations.

Future Generation named in top corporate philanthropist list

For the second year in a row, Future Generation has been named as one of [Australia's top 50 corporate philanthropists](#), donating 1.0% of net assets totalling \$10.5 million in 2020, to support charities focused on children and youth at risk and youth mental health. Our pro bono fund managers make this impact possible by forgoing fees to Future Generation Australia and Future Generation Global, and their shareholders. Our combined charitable investment since inception is \$41.2 million and our total fees forgone is \$69.6 million. Thank you to our fund managers, service providers and shareholders for your support!

Conversations with Future Generation podcast

I recently spoke with Sky News Business Editor and anchor of Weekend Business, Ross Greenwood, for our first episode of season two of *Conversations with Future Generation*. I am excited to share the episode with you next week.

Kind regards,

Louise Walsh
Chief Executive Officer



*Investment portfolio performance and Index returns are before expenses, fees and taxes.



\$41.2m

SOCIAL
INVESTMENT
TO 2020



\$4.8m

Future
Generation
Australia 2020

\$5.7m

Future
Generation
Global 2020

2020 total social
investment

\$10.5m

2020 annualised
management fees,
performance fees
and services forgone

\$13.1m

Total annualised
fees forgone
since inception to
2020

\$69.6m

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2014)
133.98c	\$539.4m	9.7%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [^]
133.92c	\$482.4m	11.7%
		S&P/ASX All Ordinaries Accumulation Index: 14.8%
Net tangible assets after tax	Annualised fully franked interim dividend yield [#]	Dividends paid since inception (per share)
127.96c	4.3%	24.7c

[#]Based on the 29 January 2021 share price of \$1.205 per share and the annualised fully franked interim dividend of 5.2 cents per share. Future Generation Australia has 400,343,988 shares on issue.

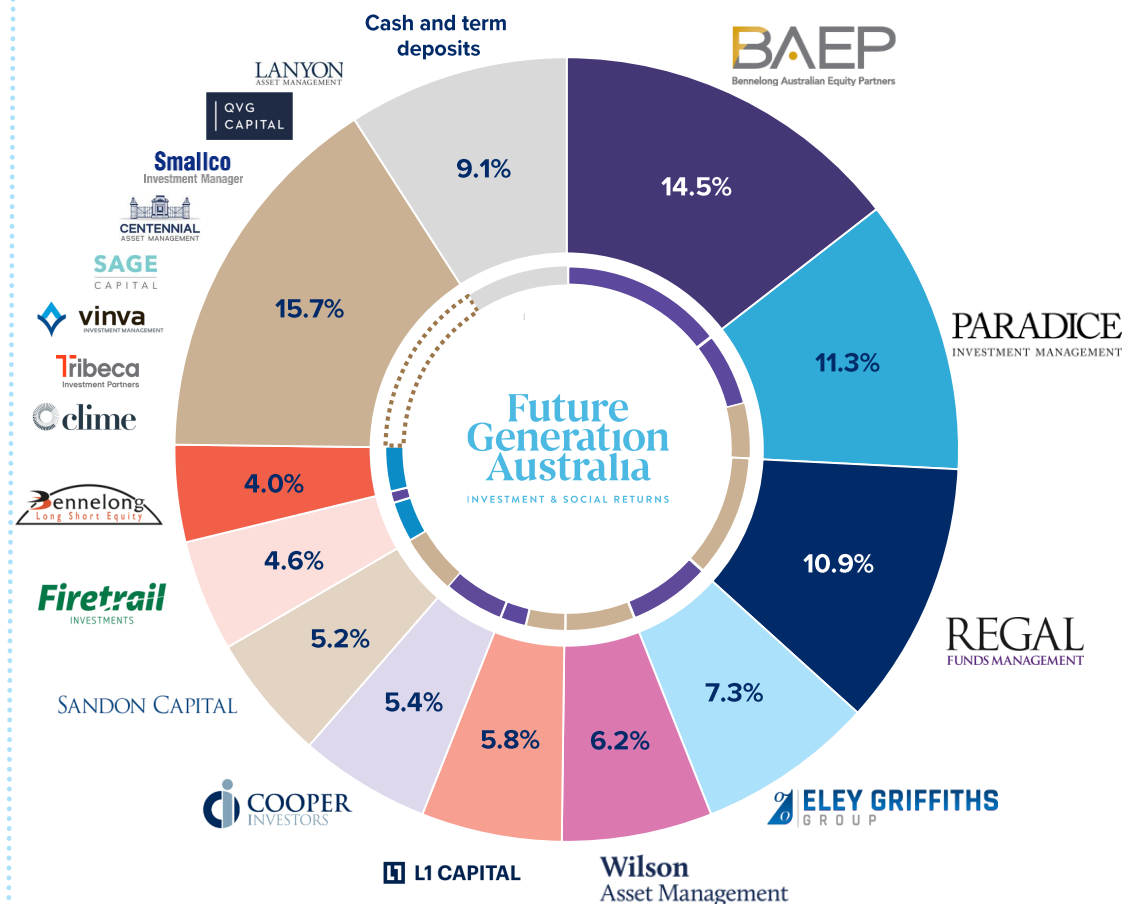
[^]Volatility is measured by standard deviation.

Investment portfolio performance at 31 January 2021	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	1.3%	16.8%	7.8%	8.9%	10.0%	9.7%
S&P/ASX All Ordinaries Accumulation Index	0.3%	14.9%	-0.7%	7.7%	10.5%	7.4%

Investment performance and Index returns are before expenses, fees and taxes

Fund manager allocations

0% management fees
0% performance fees



Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2015)
162.27c*	\$641.4m	10.8%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation#	Volatility**
162.66c	\$585.5m	9.0% MSCI AC World Index (AUD): 10.6%
Net tangible assets after tax	2020 fully franked dividend	ESG aware^ (of the portfolio)
150.52c	2.0c	98.8%

*The NTA before tax figure is after the payment of \$0.94m (0.24 cents per share) in tax during the month.

#Based on the 29 January 2021 share price of \$1.49 per share and 392,947,106 shares on issue.

**Volatility is measured by standard deviation.

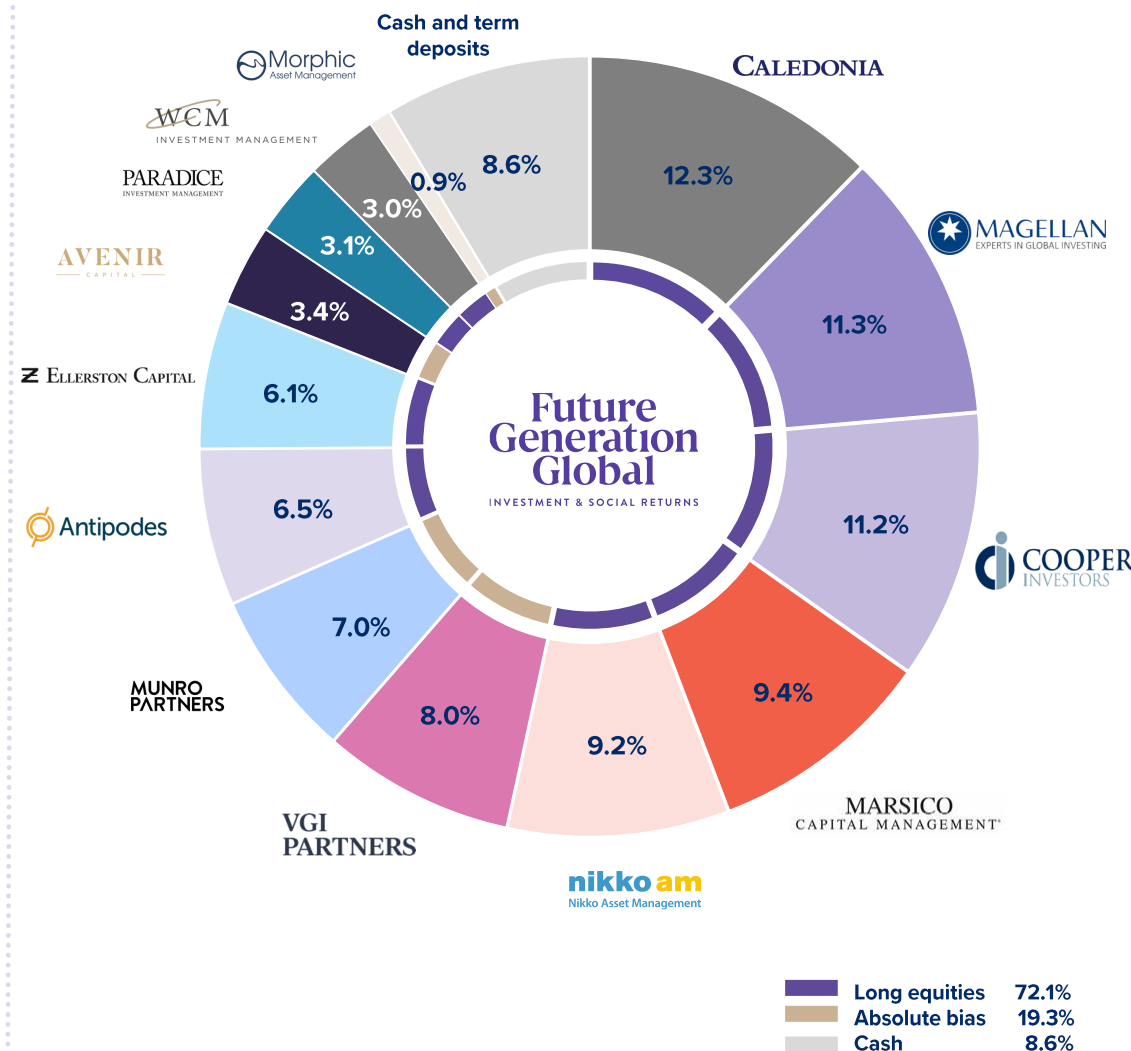
^Based on the 2019 Annual Report.

Investment portfolio performance at 31 January 2021	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	0.1%	11.2%	9.5%	13.0%	12.6%	10.8%
MSCI AC World Index (AUD)	0.2%	9.6%	2.5%	9.8%	11.8%	10.1%

Investment performance and index returns are before expenses, fees and taxes.

Fund manager allocations

0% management fees
0% performance fees



Fund manager in focus:



About us

L1 Capital is a global investment manager with offices in Melbourne, Sydney, Miami and London. The business was established in 2007 and is 100% owned by its senior staff, led by Founders, Joint Managing Directors and Chief Investment Officers Raphael Lamm and Mark Landau. The team is committed to offering clients best-of-breed investment products. L1 Capital manages money for a range of clients including large superannuation funds, pension funds, financial planning groups, asset consultants, family offices, high net worth individuals and retail investors.

L1 Capital uses a fundamental, bottom-up research process to identify investments with the potential to provide attractive risk-adjusted returns. The L1 Capital investment approach is largely style-neutral with modest value and contrarian characteristics. The firm launched its flagship L1 Capital Australian Equities Fund in August 2007 followed by the L1 Capital Long Short Fund in September 2014.

L1 Capital Long Short Fund

Our investment style

The L1 Capital investment team uses intensive bottom-up research and an independent thought process focused on assessing valuation and qualitative research to find mispriced investment opportunities arising from the emotional, short-term and backward-looking nature of markets. The core of the investment approach is a high level of interaction with a wide range of market participants to gain a deep understanding of the companies they invest in. Companies are ranked based on their valuation (which is relative to future expected cash flow) and quality of management, industry structure and operating trends. Stocks that rate highly are considered for portfolio inclusion as a long position, while low ranking stocks are considered as a short position where a negative catalyst also exists. The team builds a broad portfolio of positions with asymmetric return profiles by identifying companies with strong upside, but modest valuation downside if conditions deteriorate. As the expected risk adjusted returns on stocks change, the team reappraises and adjusts the weights and stocks within the portfolio.

Our market outlook

The investment team remains extremely positive about the medium-term outlook for both funds, given the unusually large number of stocks that have significant upside to valuation. After a year dominated by the coronavirus pandemic and 'top-down' trends, the set-up for 2021 should be better suited to stock pickers like L1 Capital. Robust corporate earnings, massive fiscal and monetary stimulus and an imminent global coronavirus vaccine rollout creates a very positive backdrop for equities. The team also expects a wave of mergers and acquisition activity is likely to occur, which should further propel equity markets. The team expects global gross domestic product growth (GDP) to accelerate through 2021, triggering a rotation into value and cyclical stocks.

Why we support Future Generation

L1 Capital is a very proud supporter of Future Generation stemming from our shared belief that we have a responsibility to give back to the community and to make a positive impact on the world.

L1 Capital Long Short Fund

Investment portfolio performance at 31 January 2020

	6 mths	1 yr	5 yrs %pa	Since inception %pa (Sept-14)
L1 Capital Long Short Fund	48.2%	38.7%	13.8%	21.1%
S&P/ASX 200 Accumulation Index	13.0%	-3.1%	10.0%	6.8%
Outperformance	+35.2%	+41.8%	+3.8%	+14.3%

Investment portfolio performance figures are shown net of fees.

For more information, visit l1.com.au

The Future Generation companies provide exposure to leading Australian and global fund managers.

Future Generation Australia fund managers



Future Generation Global fund managers



Charity in focus:



About Black Dog Institute

Black Dog Institute is a medical research institute in Australia investigating mental health across the lifespan, aiming to create a mentally healthier world for everyone. Black Dog Institute focuses on addressing challenges and opportunities in mental health such as suicide prevention, digital innovation, lived experience, youth and workplace mental health.

Read a Q&A with Director and Chief Scientist at the Black Dog Institute, Scientia Professor Helen Christensen AO [here](https://blackdoginstitute.org.au).

Black Dog Institute and Future Generation

In Australia, there are over 450 suicide deaths and 10,000 suicide attempts among 15-24 year olds annually. Future Generation's support employs talented senior researchers to conduct innovative research that develops and tests technology-based approaches to reducing suicide. This support is applied in the early part of the research cycle, which aims to determine and widely scale the most promising technologies.

For more information, visit
blackdoginstitute.org.au

Our designated charities



Our pro bono service providers



Fund manager allocation and investments at market value as at 31 January 2021

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.5%
	Mid Cap/Long Short Equities Funds (split out below)		11.3%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	6.5%
	Paradice Long Short Australian Equities Fund	Absolute bias	4.8%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.9%
	Small/Emerging Companies Funds (split out below)		7.3%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.0%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.2%
	Long Short/Australian Equities Funds (split out below)		5.8%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	3.5%
	L1 Capital Australian Equities Fund	Long equities	2.3%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.2%
	Absolute Return/High Conviction Funds (split out below)		4.6%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.6%
	Firetrail High Conviction Fund	Long equities	1.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	4.0%
Clime Asset Management	Clime Australian Equities Fund	Long equities	2.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.6%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.4%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.0%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.7%
QVG Capital	QVG Opportunities Fund	Long equities	1.3%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.0%
	Cash and term deposits		9.1%

**Fund manager
allocation and
investments at
market value as
at 31 January 2021**

Fund Manager	Investment	Strategy	% of Gross Assets
Caledonia	Caledonia Fund	Long equities	12.3%
Magellan Asset Management	Magellan Global Fund	Long equities	11.3%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.2%
Marsico Capital Management	Marsico Global Fund	Long equities	9.4%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	9.2%
VGI Partners	VGI Partners Funds	Absolute bias	8.0%
Munro Partners	Munro Global Growth Fund	Absolute bias	7.0%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	6.5%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	6.1%
Avenir Capital	Avenir Global Fund	Absolute bias	3.4%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.1%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	3.0%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and term deposits		8.6%