

Investment Update & Net Tangible Assets Report

As at 30 June 2016

Net Tangible Assets (NTA) figures

NTA before tax	116.07c
NTA after tax and before tax on unrealised gains	115.67c
NTA after tax	115.10c

The above figures are not diluted for 138,486,850 options on issue with an exercise price of \$1.10 and can be exercised at anytime **on or before the 16 September 2016**. As at 30 June, 43,331,332 options have been exercised for a total consideration of \$47,664,465.

Portfolio

In June, the portfolio decreased 0.8% outperforming the S&P/ASX All Ordinaries Accumulation Index which fell 2.3%. For the financial year the portfolio increased 12.7%, outperforming the benchmark by 10.7% which increased 2.0%. This outperformance has been achieved with lower volatility than that of the market, 8.8% against the Index's 14.2%.

Charity donation

FGX is currently on track to donate approximately \$2.29 million to the 14 designated charities. If you are a shareholder on the FGX register at 29 July 2016, you can select how to allocate your portion of the final donation for the period ended 30 June 2016 using a donation allocation form that you will receive in August 2016.

Fund manager	Investment	Strategy	% of assets
Paradise Investment	Large/Mid Cap Funds (split out below)		10.1%
	Paradise Australian Equities Mid Cap Fund	Long equities	5.7%
	Paradise Large Cap Fund	Long equities	4.4%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	9.6%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	9.3%
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	8.1%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	7.9%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.7%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	6.7%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	4.9%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	4.3%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	3.9%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	3.1%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	3.0%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.7%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	2.6%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.2%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.9%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.5%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	1.0%
	Cash and Term Deposits	Cash	9.5%

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Gross assets	\$266.4m
Market cap	\$254.8m
Share price	\$1.12
Net assets per share (before tax)	\$1.16
Shares on issue	227,534,045
Options on issue	138,486,850
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%

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 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 and Matthew Kidman

Chief Executive Officer
Louise Walsh

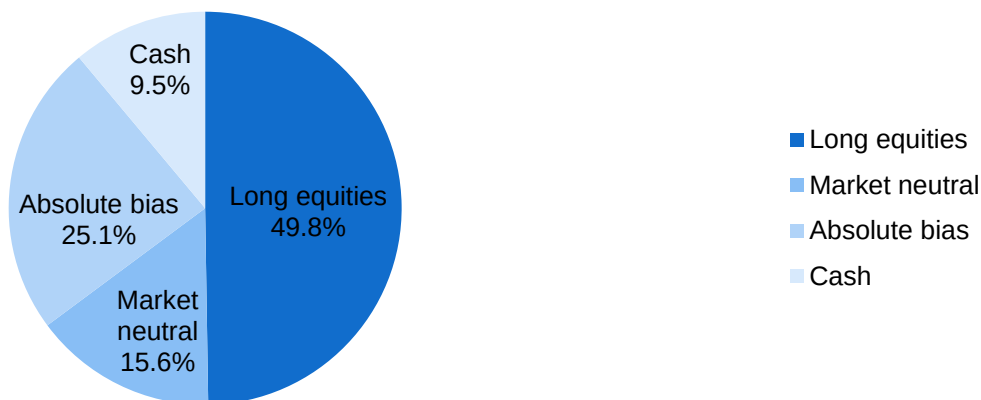
Company Secretary
Mark Licciardo

Corporate Affairs
James McNamara

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Investment strategy allocation (% of assets)



Long equities is an investment style that is predicated on holding long only positions and seeks to benefit from positive investment performance of the assets that are held in the portfolio.

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).

Fund Managers



Charities



Service Providers



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Fund manager in focus: Smallco Investment Manager

Smallco
Investment Manager

About Smallco

Smallco Broadcap Fund (SBF) is a concentrated, long only, largely index unaware Australian Equities fund providing a broad exposure to the Australian listed market.

SBF typically holds 20-30 stocks and targets returns of 5% p.a. above the ASX 300 Accumulation Index after fees on a rolling three year basis.

SBF can invest up to 40% of assets below \$1bn in market cap and will deviate significantly from the index when appropriate opportunities are found.

Our investment style

The theoretical investable universe is anything which meets Smallco's liquidity requirements. In practice SBF very rarely invests in mining stocks other than the major miners, is very averse to loss making companies, and takes an extremely cautious approach to biotech and structurally impaired industries.

SBF's portfolio is constructed around a large core of high quality longer term growth stocks. A range of smaller shorter term value ideas are wrapped around this when Smallco can identify such stocks that meet our requirements for earnings outlook and risk/reward.

SBF can hold up to 50% in cash. Elevated cash positions are held when opportunities are not present in the market.

Smallco's dominant investment tool is fundamental analysis. Focus is placed upon internal financial modelling supplemented by some broker research. We are strong believers that earnings are the key driver of share prices and as such the greater the accuracy in forecasting earnings the more consistent the outperformance.

Our market outlook

During the first six months of the 2016 calendar year performance of the Australian share market has been driven by a strong rebound in resources (primarily reflecting supply cuts in oil and a weakening US dollar) and continued gains in a small number of highly priced industrial growth companies. In the latter case, the common driver has been ongoing disappointing global and local economic growth outcomes, which has further driven down market interest rates and seen many businesses with good structural growth bid up to very high valuations.

Recent events such as the UK voting to exit the European Union and the failure of either party to achieve a strong mandate in the Australian election, risk pressuring growth and interest rates lower in parts of the world, including Australia. In such a situation, quality growth businesses that meet earnings expectations may become even more richly priced, paradoxically increasing the risk of holding certain "quality" businesses.

Our top five stocks and their weighting

Commonwealth Bank – 5.4%
Westpac – 5.0%
Webjet – 4.9%
Ooh! Media Limited – 4.4%
Sirtex Medical – 4.1%

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

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Charity in focus: Diabetes Kids Fund

About Diabetes Kids Fund

Diabetes Kids Fund provides education, support and respite to the 3,000-plus children and young people in NSW living with non-preventable type 1 diabetes. Managing this life-threatening, misunderstood and socially isolating illness is highly stressful and challenging for affected kids and families.



Our programs work towards a future where every child with diabetes in NSW can live a healthy, fulfilling life, free from the complications of the condition.

Diabetes Kids Fund and FGX

Diabetes Kids Fund has directly benefited nearly 1,000 people at DiaBuddies interactive learning days, held around NSW for children, teens and families living with type 1 diabetes. This would not have been possible without the generosity of FGX.

At DiaBuddies Days, children and teens learn to manage their illness through fun and educational activities. Children are taught how diet, physical activity and adrenaline affect their condition, and learning which improves wellbeing and potentially saves lives. Parents benefit from personalised consultations with health professionals on how to manage diabetes in their children. The demands of diabetes management are socially isolating, so both kids and parents relish the opportunity to form social bonds with others in a similar situation.

We are also implementing exciting new programs over the next 12 months: training workshops for school teachers and carers to manage diabetes in children, and health resource kits for every newly diagnosed child in NSW.

Q&A with Sturt Eastwood, CEO of Diabetes NSW and Diabetes Kids Fund

What is your driving motivation in your current role?

As someone who lives with diabetes, I know that there is so much more to be done in helping affected children and families deal with very challenging life circumstances.

My priorities are two-fold:

1. To ensure that our programs effectively marry the efficiency and accountability standards of the commercial sector, with the passion and personal care of a health charity.
2. To ensure that type 1 diabetes in children receives the government, research, healthcare provider and patient attention it deserves.



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

Diabetes is not a visible disease so success via traditional charity fundraising mechanisms can be challenging. Type 1 diabetes is incorrectly stigmatised as a lifestyle disease, which can cause people to pass us over as a charity.

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

Nearly 1,000 kids under 14 are hospitalised each year for diabetes complications, in NSW alone. Thanks to our FGX supporters, we have taken the first crucial steps to reducing that number through education programs like DiaBuddies Days. This generosity allows us to change lives, and potentially save lives. On behalf of kids and families living with diabetes, I express my sincere gratitude.

For further information, visit: <https://diabetesnsw.com.au/your-community/diabetes-kids-fund/>