

Investment Update & Net Tangible Assets Report

As at 30 April 2017



Shareholder Presentations & Investment Forum

On Monday, 15 May 2017, we commence our nationwide Shareholder Presentations in Melbourne. For details and to RSVP, visit futuregeninvest.com.au/RSVP. In Sydney will also hold our **sold out** inaugural Investment Forum on Tuesday 16 May 2017. Livewiremarkets.com will also be providing a **live stream** of the forum.

Net Tangible Assets (NTA) figures

The following NTA figures are after the 2.1 cents per share fully franked final dividend paid on 21 April 2017.

NTA before tax	114.78c
NTA after tax and before tax on unrealised gains	114.78c*
NTA after tax	113.81c*

*These figures are after the tax payment of \$50k (0.01 cents per share) in tax during the month.

Portfolio

In April, the portfolio increased 0.6%, while the S&P/ASX All Ordinaries Accumulation Index rose 0.8%. The spread between the three broad equities is 38.7% long equities, 36.4% absolute bias, 14.2% market neutral and 10.7% cash.

Fund manager	Investment	Strategy	% of assets
Paradise Investment	Large/Mid Cap Funds (split out below)		11.2%
	Paradise Australian Equities Mid Cap Fund	Long equities	6.1%
	Paradise Large Cap Fund	Long equities	5.1%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.4%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	9.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	8.5%
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	7.5%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	7.1%
Eley Griffiths Group	Small/Emerging Companies Funds (split out below)		5.8%
	Eley Griffiths Group Small Companies Fund	Long equities	5.0%
	Eley Griffiths Group Emerging Companies Fund	Long equities	0.8%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.3%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.3%
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	2.8%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.8%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.4%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	2.0%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.8%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.6%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.6%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.1%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	0.6%
	Cash and Term Deposits		10.7%

Future Generation Investment Company Limited

ASX Code	FGX
Established	Sept 2014
Gross assets	\$404.6m
Market cap	\$393.4m
Share price	\$1.125
Net assets per share (before tax)	\$1.148
Shares on issue	349,663,801
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Annualised fully franked dividends (FY2017)	4.2c
Fully franked dividend yield	3.7%

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 charities, with a focus on children and youth at risk.

Chairman

Jonathan Trollip

Founder and Director

Geoff Wilson

Directors

David Leeton
David Paradice
Gabriel Radzyminski
Kate Thorley
Scott Malcolm

Investment Committee

Bruce Tomlinson
David Smythe
Gabriel Radzyminski
Geoff Wilson
Matthew Kidman

Chief Executive Officer

Louise Walsh

Company Secretary

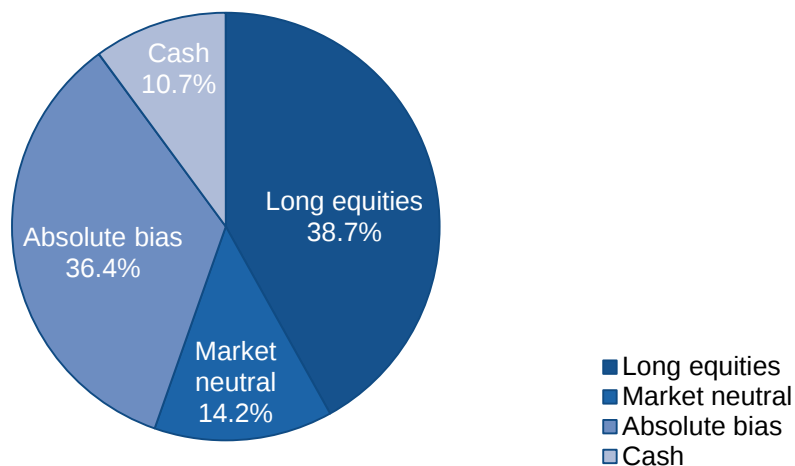
Mark Licciardo

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Investment strategy allocation (% of assets)



Long equities – investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange.

Market neutral – an investment strategy that generally involves the simultaneous purchase and sale of equities, to generate returns that are not linked to the performance of underlying equity markets.

Absolute bias – an investment strategy that seeks to generate returns, irrespective of the performance of traditional asset classes. These strategies use innovative investment techniques to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

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FUTURE GENERATION
INVESTMENT COMPANY

Fund Managers



Charities



Service Providers



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Fund manager in focus: Tribeca Investment Partners

Tribeca aims to be the specialist fund manager of choice, enabling investors to build value beyond the mainstream. Tribeca was established in 1998, is majority owned by staff and has over A\$2.2 billion in Funds Under Management. There are four investment strategies including the Alpha Plus Fund (Australian equitised long short), the Smaller Companies Fund (Australian small companies), the Global Total Return Fund (multi-strategy global market neutral) and the Global Natural Resources Fund (long short global resource companies).



Our investment style

The Alpha Plus Fund has a unique investment process that fuses the strengths of fundamental and quantitative investment styles. A quantitative process seeks to exploit behavioural biases in the market by the consistent and objective assessment of information across a range of factors. These factors can be grouped into momentum, value and quality. The fundamental process seeks more focused, high conviction insights through direct company research. The strength of the fundamental process is the depth of insight it brings while the quantitative process is objective and broad. These two sources of alpha are uncorrelated and combine efficiently. The portfolio is implemented through an active extension structure which maximises the investment ideas in the portfolio in a diversified and style neutral manner.

Our market outlook

Central bank stimulus remains a key driver of asset prices globally. Bond yields have been pushed down to record lows and this has translated into higher prices for equities, property and other real assets. The market currently sits at an inflection point where, at the margin, this stimulus is starting to be reduced, but its size is still enormous. The US is most advanced in normalising policy having already ceased additional quantitative easing and raised interest rates several times. However, the Federal Reserve has only just begun talking about reducing the size of its balance sheet and cash rates still sit below the rate of inflation. Europe and Japan remain at full tilt, expanding balance sheets with negative interest rates, although this is close to changing as inflation and growth rebound. Crisis level central bank policy is driving markets long after the crisis has passed and now risks a liquidity driven boom-bust cycle.

Activity across China has improved as policy has focussed on infrastructure spending and supply side reform to restore economic stability. This has seen bulk commodity prices strengthen and boosted resource companies. Recent moves have focused on reducing financial leverage and improving stability which has resulted in a pull back in commodity prices as speculative flows reversed. We expect these shorter term cycles in resources will persist.

The picture around domestic growth remains mixed. This peak in housing construction activity will start to become a headwind for economic growth. The increased focus on soaring house prices has also backed the RBA into a corner where it finds itself unable to cut rates further and has prompted an increased focus on speculative lending practices by APRA and ASIC. Current domestic activity is adequate, but with increasing pressures on disposable income and a peak in housing activity, the risks to the downside are mounting.

Tribeca Investment Partners performance to 30 April 2017

	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)	Since inception Sep 2006 (p.a.)
Tribeca*	14.79%	15.27%	14.91%	8.93%	10.80%
Benchmark**	17.77%	7.27%	11.01%	4.13%	6.03%
Outperformance	-2.98%	8.00%	3.90%	4.80%	4.77%

* Gross performance before fees ** S&P / ASX 200 Accumulation Index

For more information on Tribeca, visit www.tribecaip.com.au

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Charity in focus: Lighthouse Foundation

About Lighthouse Foundation

Lighthouse Foundation works with others in the community to end youth homelessness in Australia by providing safe homes, with 24/7 live-in therapeutic care. Established 25 years ago by Susan Barton AM, it has assisted over 800 homeless young people to stabilise their lives, re-engage with their education, and establish trusting and supportive relationships within the community.



Lighthouse Foundation and FGX

The funding from FGX has provided stability of funding for Lighthouse's core programs which provide stable homes with live-in carers for our homeless young people. This consistent funding has enabled 12 more young people to heal from their trauma, regain their emotional resilience, and transition successfully to independent living. This then opens up urgently needed spaces in Lighthouse homes for homeless teens to come in off the streets.

The FGX funding is critical in managing to retain the highest quality carers in the homes, by providing ongoing permanent employment. The relationship these carers build with the children and teens in their care is a crucial factor in the recovery process. It is their daily dedication and repetition of small acts of care and support (such as a wake-up call every morning, and a healthy lunch packed for school) which helps them to get back to the routines that the rest of us take for granted. The Lighthouse young people typically have experienced many losses, including their family, friends, school and community. They typically have witnessed and experienced family violence, and suffer the traumatic consequences of physical and mental wounds. Lighthouse provides psychological counselling to each of these young people to help them in their recovery. Over 80% of all young people who find a place in a Lighthouse home are never homeless again.

Q&A interview with Susan Barton AM, Founder

What is your driving motivation in your current role?

30 years ago, I was deeply affected by observing the lonely death of an unloved baby in a Sri Lankan orphanage. There was no way that I could reconcile that terrible thing happening with my world view of who we were as loving humans. I knew I had to DO something. I started very simply by opening up my own home to homeless children. With my own six kids, I was soon up to having 16 at once, and I was struggling to find beds for everyone. Lighthouse officially began when I was taken under the wing of local business people who showed me how to use leverage to help many more children with the Foundation. I knew I had found my life's purpose, and we have now helped over 800 homeless young people.

I am appalled at the brutality of our current official system of residential care and foster care. Children are moved frequently and suffer extensively from repeated rejection, abuse and ongoing traumatic situations. One of our Lighthouse young people has had 30 different 'placements' before the age of 15. No child should be homeless, or without loving parents and family. It is our obligation, as a civil society to nurture and care for them, as a good family would. I am driven to fight to change this system by demonstrating a better way to care for children who cannot be with their parents. They need love, stability, and at least one single stable person they can trust, not just a roof over their heads, and a roster of 12 different people 'caring' for them over a couple of days. At Lighthouse, we demonstrate that a better way has better results, and is more cost effective.



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What is the most challenging aspect of your role?

Because we must raise 92% of our funds from the community, I am constantly aware that if I don't manage to draw enough supporters to our cause, then we will not be able to keep our promises to look after our young people into the future. I also grow very attached to our young people and have incredible pride in their achievements. I would like to attend every single school graduation, or birthday party, but sometimes I am just stretched too thin between appointments. Fortunately, the amazing team represents 'family' at important events in the young people's lives. At one recent graduation ceremony we had about 10 people helping the girl get "dolled up" beforehand, and six people from the Lighthouse community attended the formal ceremony, and about 20 people attended the party afterwards. It's a real community we are building here, not just lip-service.

What does it mean to have the support of FGX?

The three year commitment of FGX funding allows us to plan and maintain our key 'carer' personnel within our core programs. It enables us to hold our position so we can continue to lobby for changes to the out-of-home-care sector, such as the urgent need to extend government funding for vulnerable youth beyond 18 years, to 21 years as has been done in the UK (with a subsequent drop in youth homelessness statistics).

The FGX funding is a life-changing, high impact investment. For every dollar of contribution, the program returns over \$12 of social value.

For more information about Lighthouse Foundation, visit www.lighthousefoundation.org.au.