Future Generation
INVESTMENT & SOCIAL RETURNS

March 2020 Investment Update

Dear Fellow Shareholder,

Global equity markets witnessed a sharp and steep decline in March as the world adjusted to extensive containment measures implemented to combat the spread of coronavirus. We are faced with significant uncertainty as these containment measures imposed by governments around the world change the lives of many. During the month, the S&P/ASX All Ordinaries Accumulation Index fell 20.9% and the MSCI AC World Index (AUD) fell 8.0%.

The Future Generation Australia investment portfolio* decreased by 18.3% and the Future Generation Global investment portfolio* decreased by 8.1% in March. Since inception, Future Generation Australia's investment portfolio has increased by 4.6% per annum and Future Generation Global's investment portfolio has increased by 8.3% per annum. This performance has been achieved with less volatility than their respective indexes, as measured by standard deviation.

I recently spoke to Jonathan Nicholas, FGG Director and CEO of Wellbeing Outfit for the first episode of our new podcast, Conversations with Future Generation. Jonathan and I discussed the impact of COVID-19 on Australia including how we live and work. You can listen to the podcast or view the transcript here. Join me each month as we explore the worlds of investing, philanthropy, mental health and supporting children and youth at risk with amazing Australians who are leading the way.

We will be hosting an Investor Q&A Call on Thursday, 16 April at 11.00am (Sydney time). Founder and Director Geoff Wilson and I will be joined by FGX Investment Committee member and Principal Consultant and Director at investment consulting firm JANA, John Coombe, to discuss markets and answer any questions you may have. To ask a question, email us at info@futuregeninvest.com.au. Join the webinar or dial-in using the details below:

Dial-in: 1800 590 693
Passcode: 873021

We hope you can join us.

Kind regards,

Louise Walsh
Chief Executive Officer

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

$30.6m
SOCIAL INVESTMENT TO 2019

$4.6m	$4.9m
Future Generation Australia 2019	Future Generation Global 2019

2019 total social investment **$9.5m**

2019 management fees, performance fees and services forgone	Total fees forgone since inception to 2019
$15.3m	$56.5m

Future Generation Australia
INVESTMENT & SOCIAL RETURNS

Investment portfolio performance

Net tangible assets before tax 100.34c	**Gross assets** $403.4m	**Investment portfolio performance (pa since Sept 2014)** 4.6%
Net tangible assets after tax and before tax on unrealised gains 100.66c	**Market capitalisation#** $346.5m	**Volatility^** 11.2% S&P/ASX All Ordinaries Accumulation Index: 14.5%
Net tangible assets after tax 105.44c	**2019 fully franked full year dividend** 5.0c	**Fully franked dividend yield** 5.7%

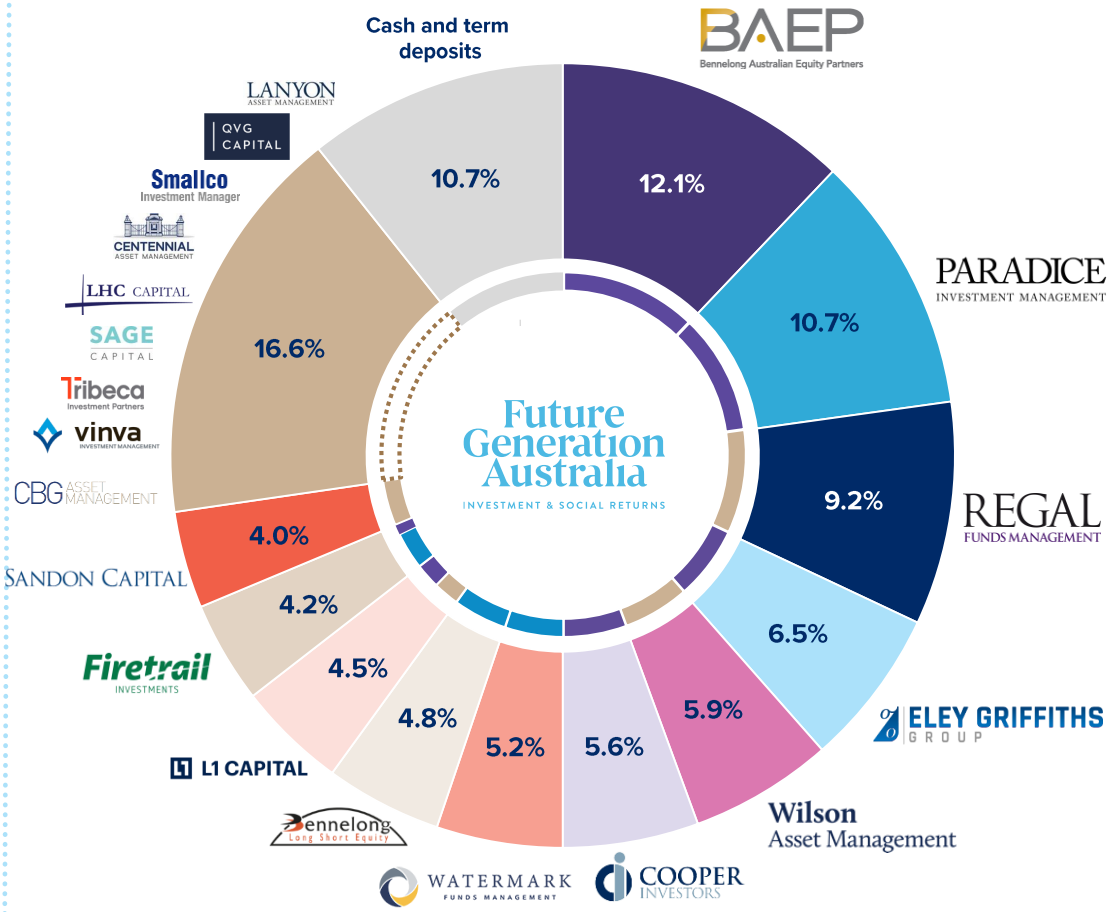
#Based on the 31 March 2020 share price of $0.87 per share and 398,238,435 shares on issue.
^Volatility is measured by standard deviation.

Investment portfolio performance at 31 March 2020	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	(18.3%)	(19.1%)	(11.5%)	1.0%	3.8%	4.6%
S&P/ASX All Ordinaries Accumulation Index	(20.9%)	(23.4%)	(15.0%)	(0.7%)	1.5%	2.7%

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

Fund manager allocations

0% management fees
0% performance fees



16.6% fund manager breakdown

CBG Asset Management	2.6%	Centennial Asset Management	1.8%
Vinva Investment Management	2.4%	Smallco Investment Manager	1.4%
Tribeca Investment Partners	2.3%	QVG Capital	1.1%
Sage Capital	2.0%	Lanyon Asset Management	1.1%
LHC Capital	1.9%		

Long equities	45.5%
Absolute bias	30.5%
Market neutral	13.3%
Cash	10.7%

Future Generation Global
INVESTMENT & SOCIAL RETURNS

Investment portfolio performance

Net tangible assets before tax **138.88c**	**Gross assets** **$549.4m**	**Investment portfolio performance** (pa since Sept 2015) **8.3%**
Net tangible assets after tax and before tax on unrealised gains **139.20c**	**Market capitalisation#** **$421.9m**	**Volatility*** **9.4%** MSCI AC World Index (AUD): 11.0%
Net tangible assets after tax **133.21c**	**2019 fully franked dividend** **1.5c**	**ESG aware^** (of the portfolio) **98.8%**

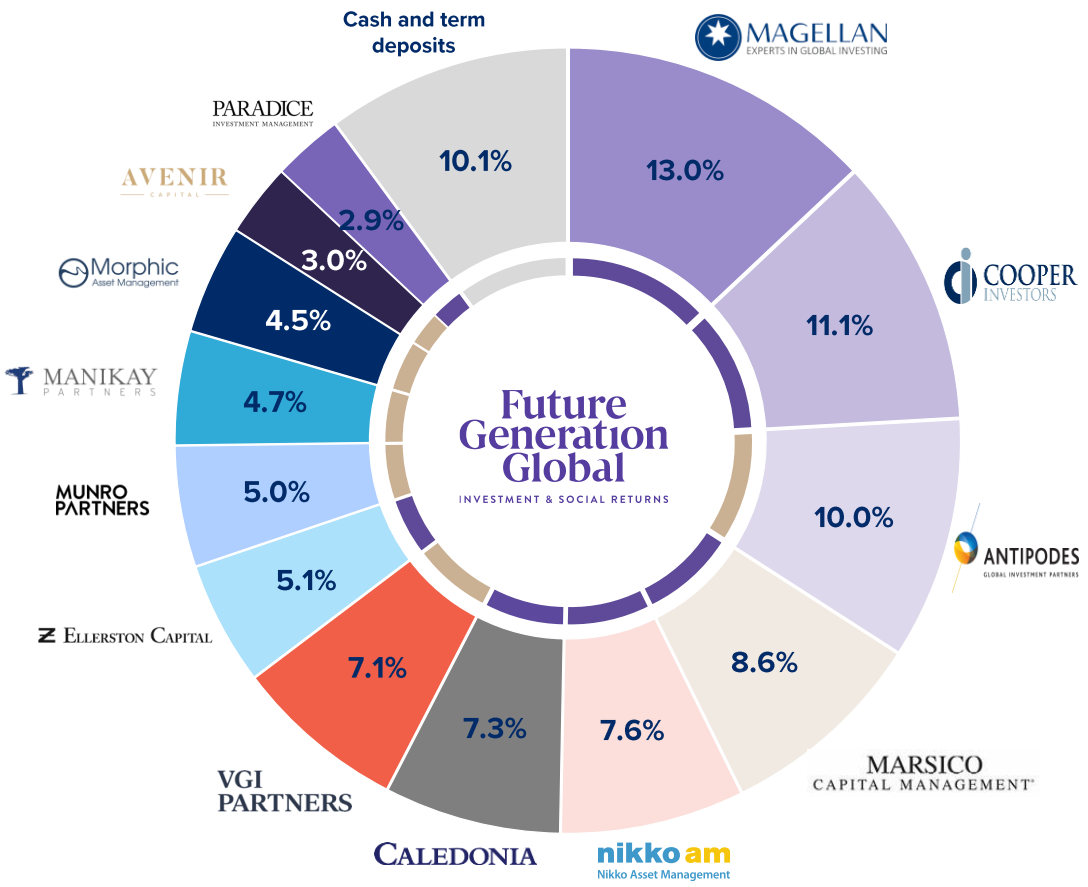
#Based on the 31 March 2020 share price of $1.075 per share and 392,455,012 shares on issue.
*Volatility is measured by standard deviation.
^Based on the 2019 Annual Report.

Investment portfolio performance at 31 March 2020	1 mth	6 mths	1 yr	3 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	(8.1%)	(0.2%)	7.1%	10.9%	8.3%
MSCI AC World Index (AUD)	(8.0%)	(5.3%)	3.2%	9.4%	8.1%

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

Fund manager allocations

0% management fees
0% performance fees



Long equities	55.6%
Absolute bias	34.3%
Cash	10.1%

Future Generation
INVESTMENT & SOCIAL RETURNS

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

Future Generation Australia fund managers:

BAEP Bennelong Australian Equity Partners · REGAL FUNDS MANAGEMENT · PARADICE INVESTMENT MANAGEMENT · COOPER INVESTORS · ELEY GRIFFITHS GROUP · Wilson Asset Management · L1 CAPITAL · SANDON CAPITAL · WATERMARK FUNDS MANAGEMENT · Firetrail INVESTMENTS · vinva INVESTMENT MANAGEMENT · Bennelong Long Short Equity · CBG ASSET MANAGEMENT · SAGE CAPITAL · CENTENNIAL ASSET MANAGEMENT · Tribeca Investment Partners · QVG CAPITAL · LHC CAPITAL · Smallco Investment Manager · LANYON ASSET MANAGEMENT

Future Generation Global fund managers:

MAGELLAN EXPERTS IN GLOBAL INVESTING · COOPER INVESTORS · ANTIPODES GLOBAL INVESTMENT PARTNERS · MARSICO CAPITAL MANAGEMENT · CALEDONIA · nikko am Nikko Asset Management · VGI PARTNERS · MANIKAY PARTNERS · ELLERSTON CAPITAL · MUNRO PARTNERS · AVENIR CAPITAL · PARADICE INVESTMENT MANAGEMENT · Morphic Asset Management

Fund manager in focus:

WATERMARK FUNDS MANAGEMENT

Future Generation Australia

About us

Watermark Funds Management is a specialist absolute return investor, offering a range of long/short equity strategies, focused on Australian equity markets. As a boutique hedge fund, Watermark is wholly owned and operated by its staff, based in Sydney.

Our investment style

Watermark is a fundamental investor in shares, undertaking detailed, bottom-up analysis of listed companies and the industries in which they operate. Watermark believes that successful investing requires an ability to evaluate the true worth of a business and the capability of the management charged with running it. It is also necessary to understand how and why a company's shares may have come to be mispriced and to fully appreciate the risks that may undermine an investment opportunity.

The Watermark Market Neutral Trust is an equity market neutral strategy. The fund profits from the divergence in performance between a long and a short portfolio of roughly equal size and composition. The fund aims to deliver consistent, positive rates of return that are uncorrelated with the share market.

Our market outlook

In our view we are relatively early in this crisis, with the number of coronavirus cases and consequent deaths to continue rising, albeit with slowing rates of transmission. The economic shockwaves will continue to reverberate around the globe with a wave of defaults and bankruptcies likely to come.

During the global financial crisis, the US share market fell for 18 months and lost 60% of its value. While there have been coordinated efforts from governments and central banks in recent weeks to ameliorate the economic impacts of the pandemic, we expect that share markets in Australia and abroad will re-test the lows seen in recent weeks as the full economic impacts of the pandemic are revealed. The longer the crisis lasts and the larger the economic costs, the longer a recovery will take. We expect that the current bear market for shares will last for some time, with volatility to remain at elevated levels as investors struggle to price the risk of further damage to the economy and assess the efficacy of stimulus measures and other policy initiatives.

In March, the Watermark Market Neutral Trust outperformed the S&P/ASX All Ordinaries Accumulation Index by 18.2%. The Index fell by 20.9% during the month, while the fund decreased by 2.7%.

Watermark Market Neutral Trust Performance

Performance at 31 March 2020	1 mth	FYTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Aug-12)
Watermark Market Neutral Trust*	(2.7%)	1.3%	(1.0%)	(1.2%)	3.3%	5.4%	7.0%
RBA Cash Rate	0.04%	0.6%	1.0%	1.3%	1.5%	1.8%	1.9%

*Investment portfolio performance is before fees and costs.

For more information, visit wfunds.com.au

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Charity in focus:

youthfocus | Future Generation Global
INVESTMENT & SOCIAL RETURNS

About Youth Focus

Youth Focus is a leading mental health provider which has been supporting the wellbeing of young people within the Western Australian community for more than 25 years. Youth Focus operates with a team of psychologists and mental health professionals to provide a range of free and accessible services to young people aged 12 to 25. Services include face-to-face counselling, web counselling, education and community engagement, vocational support, mentoring and group-based therapy. The Youth Focus mission is to optimise life opportunities for young people experiencing challenges in mental health.

Youth Focus and Future Generation

For young people, FGG's partnership with Youth Focus is making dreams become a reality. This partnership has enabled Youth Focus to introduce a Vocational Support Program, which is available free of charge to current clients and complements the organisation's face-to-face counselling service. The new program, which maintains a caseload of 20 clients, helps young people experiencing mental health challenges to navigate further education and training prospects towards their chosen career paths. By working with their counsellor and a vocational specialist, Youth Focus clients are guided to identify employment or training opportunities, create resumes and cover letters, actively seek work and are assisted in preparing for interviews. The team can also assist by talking to employers about mental health barriers so individuals feel safe and supported.

Q&A with Arthur Papakotsias, Chief Executive Officer

What is your driving motivation in your current role?

As Chief Executive Officer, I am motivated to leave this place in a strong position. My reference to place is symbolic - it means the organisation I work for, the young people we support, the society I live in and the community I belong to. Making a positive difference between what was and what will be creates a positive energy characterised by improved health, wellbeing and connectedness.

What is the most challenging aspect of your role?

Balancing the needs of all stakeholders from our young people to staff, carers, Board of Directors and funders. It a balancing act and fundamentally my job is to be the glue that binds everybody together, instilling in all our ultimate vision, mission, values and strategic direction.

What does it mean to have the support of Future Generation?

FGG is more than a funder. It is a partner and a social investor which is investing into a belief; an outcome and not an output. FGG shares my belief system about tracking social impact and monitoring the difference an intervention can make. The fact that FGG attracts investors who agree to contribute funds to support chartable organisations making a difference in youth mental health speaks volumes about the integrity of the company and its shareholders.

For more information, visit youthfocus.com.au

Future Generation
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Our designated charities

AIEF Australian Indigenous Education Foundation
Act for kids
raise The Youth Mentoring Foundation
United Way Australia
diabetes Kids fund
Giant Steps
REACH OUT.COM
SANE AUSTRALIA
the mirabel foundation
Australian Children's Music Foundation
variety the children's charity
debra Working for a life free of pain.
Father Chris Riley's youth off the streets
Lighthouse Foundation A place where homeless kids belong
Beyond Blue
Black Dog Institute
The University of Sydney Brain and Mind Centre
Butterfly Foundation for Eating Disorders
headspace
ory gen
kidshelpline Anytime | Any Reason
youthfocus

Our pro bono service providers

Wilson Asset Management
LINK Fund Solutions
CommSec
Steadfast STRENGTH WHEN YOU NEED IT
mertons corporate governance specialists
BoardRoom Smart Business Solutions
PWN.
Pitcher Partners Accountants • Auditors • Advisors
MONT Lawyers
complispace make it work
Lonsec
EZE SOFTWARE YOUR PLATFORM FOR GROWTH
livewire
LOCKTON

Future Generation Australia

INVESTMENT & SOCIAL RETURNS

Fund manager allocation and investments at market value as at 31 March 2020

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	12.1%
	Mid/Large Cap Funds (split out below)		**10.7%**
Paradice Investment Management	Paradice Mid Cap Fund – B Class	Long equities	5.9%
	Paradice Large Cap Fund	Long equities	4.8%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	9.2%
	Small/Emerging Companies Funds (split out below)		**6.5%**
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	5.5%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.0%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	5.9%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.6%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	5.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	4.8%
	Long Short/Australian Equities Funds (split out below)		**4.5%**
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.3%
	L1 Capital Australian Equities Fund	Long equities	2.2%
	Absolute Return/High Conviction Funds (split out below)		**4.2%**
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.3%
	Firetrail High Conviction Fund	Long equities	0.9%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.0%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.6%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.4%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.3%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.0%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.9%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.8%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.4%
QVG Capital	QVG Opportunities Fund	Long equities	1.1%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.1%
	Cash and term deposits		10.7%

Future Generation Global

INVESTMENT & SOCIAL RETURNS

Fund manager allocation and investments at market value as at 31 March 2020

Fund manager	Investment	Strategy	% of Gross assets
Magellan Asset Management	Magellan Global Fund	Long equities	13.0%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.1%
Antipodes Partners	Antipodes Global Fund	Absolute bias	10.0%
Marsico Capital Management	Marsico Global Fund	Long equities	8.6%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	7.6%
Caledonia	Caledonia Fund	Long equities	7.3%
VGI Partners	VGI Partners Funds	Absolute bias	7.1%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.1%
Munro Partners	Munro Global Growth Fund	Absolute bias	5.0%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	4.7%
	Global/Ethical Strategies (split out below):		4.5%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	3.7%
	Morphic Ethical Equities Fund Limited	Absolute bias	0.8%
Avenir Capital	Avenir Global Fund	Absolute bias	3.0%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	2.9%
	Cash and term deposits		10.1%