

Dear Fellow Shareholder,

Investment portfolio performance

- The Future Generation Global (ASX: FGG) investment portfolio outperformed the MSCI AC World Index (AUD) by 0.9% in August. The investment portfolio has increased 15.0%* during the calendar year to date.
- The Future Generation Australia (ASX: FGX) investment portfolio closed flat, while the S&P/ASX All Ordinaries Accumulation Index increased 0.4% in August. The investment portfolio has increased 9.8%* during the calendar year to date, outperforming the Index by 1.1%.

Future Generation Australia announced investment portfolio outperformance, increased fully franked interim dividend

The [Future Generation Australia investment portfolio](#) outperformed again, increasing 6.0%* during the six-month period to 30 June 2024. The Future Generation Australia Board of Directors declared an increased fully franked interim dividend of 3.5 cents per share. The FY2024 fully franked interim dividend provides an annualised fully franked dividend yield of 5.5%^ and grossed-up dividend yield of 7.9%^, when including the value of franking credits. For the six-month period, the total shareholder return was 9.8%.

Future Generation Global announced increased fully franked interim dividend

The [Future Generation Global investment portfolio](#) increased 11.6%* in the six-month period to 30 June 2024. Total shareholder return was 19.3% for the 12-month period to 30 June 2024. The Future Generation Global Board of Directors declared an increased fully franked interim dividend of 3.7 cents per share. The FY2024 fully franked interim dividend provides an annualised fully franked interim dividend yield of 5.6%^ and a grossed-up dividend yield of 8.0%^, when including the value of franking credits. The current dividend yield is significantly greater than both the average global equity market yield of 2.0%#, and the average US equity market yield of 1.5%#.

*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

^Based on the Future Generation Global and Future Generation Australia 12 September 2024 share price of \$1.33 per share and \$1.27 per share, respectively.

^^Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

#Based on the MSCI World Index and S&P 500 Index dividend yield at 31 July 2024.

Missed it? Watch the recordings of our HY2024 Results Webinars

Access the recordings of the [Future Generation Australia HY2024 Results Q&A Webinar](#) and the [Future Generation Global HY2024 Results Q&A Webinar](#).

2fold: Take Stock podcast

In the latest episode of Future Generation's podcast, [Take Stock](#), Mark Holowesko, Founding Partner and CEO of Holowesko Partners shares his market outlook following earnings season, expectations for the US election and views on Artificial Intelligence. Listen time: 40 minutes. Access the transcript [here](#).

Have your say – social investment voting

This year, Future Generation Australia will deliver its tenth annual investment of \$5.4 million to its social impact partners with a focus on Australian children and youth at risk and other not-for-profit organisations, taking the total social impact investment since inception to \$43.3 million.

Future Generation Global will deliver its ninth annual investment of \$5.9 million to its social impact partners focused on promoting wellbeing and preventing mental ill-health in young Australians and other not-for-profit organisations, taking the total social impact investment since inception to \$43.9 million.

[Voting](#) on Future Generation's annual social investment is now open and we invite you to allocate your portion of the investment. Voting will close on Monday 30 September at 5:00pm (Sydney time). Shareholders were emailed or mailed details on how to submit their vote using our online voting form from the share registry, Boardroom, on 2 September 2024.

As always, please call or email us if you have any questions on (02) 9247 9202 or info@futuregeninvest.com.au.

Thank you,



Caroline Gurney
CEO, Future Generation



\$87.2m

SOCIAL
INVESTMENT
TO 2024



\$5.4m

Future Generation
Australia
2024

\$5.9m

Future Generation
Global
2024

2024 total social
investment

\$11.3m

2024 annualised
savings on management
fees, performance fees
and service provider fees
forgone

\$17.8m

Total annualised
savings on
management fees,
performance fees
and service
provider fees
forgone since
inception to 2024

\$149.1m

Investment portfolio performance

The Board declared a fully franked interim dividend of 3.5 cents per share payable on 29 October 2024.

Net tangible assets before tax	Assets	Dividends paid since inception (per share)
139.96c	\$577.9m	46.5c Including the value of franking credits: 66.4c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Profits reserve (per share)
137.49c	\$508.2m	35.7c
Net tangible assets after tax	Volatility [^]	Grossed-up dividend yield [*]
134.48c	11.7% S&P/ASX All Ordinaries Accumulation Index: 14.1%	8.0% Annualised fully franked dividend yield: 5.6% [#]

[#]Based on the 30 August 2024 share price of \$1.245 per share and the annualised FY24 fully franked interim dividend of 7.0 cents per share. Future Generation Australia has 408,156,604 shares on issue.

[^]Volatility shows the degree to which the returns of the portfolio move around from their long-run average. It can be thought of as a measure of the risk in the investment portfolio. Volatility is measured by standard deviation, a statistical measurement.

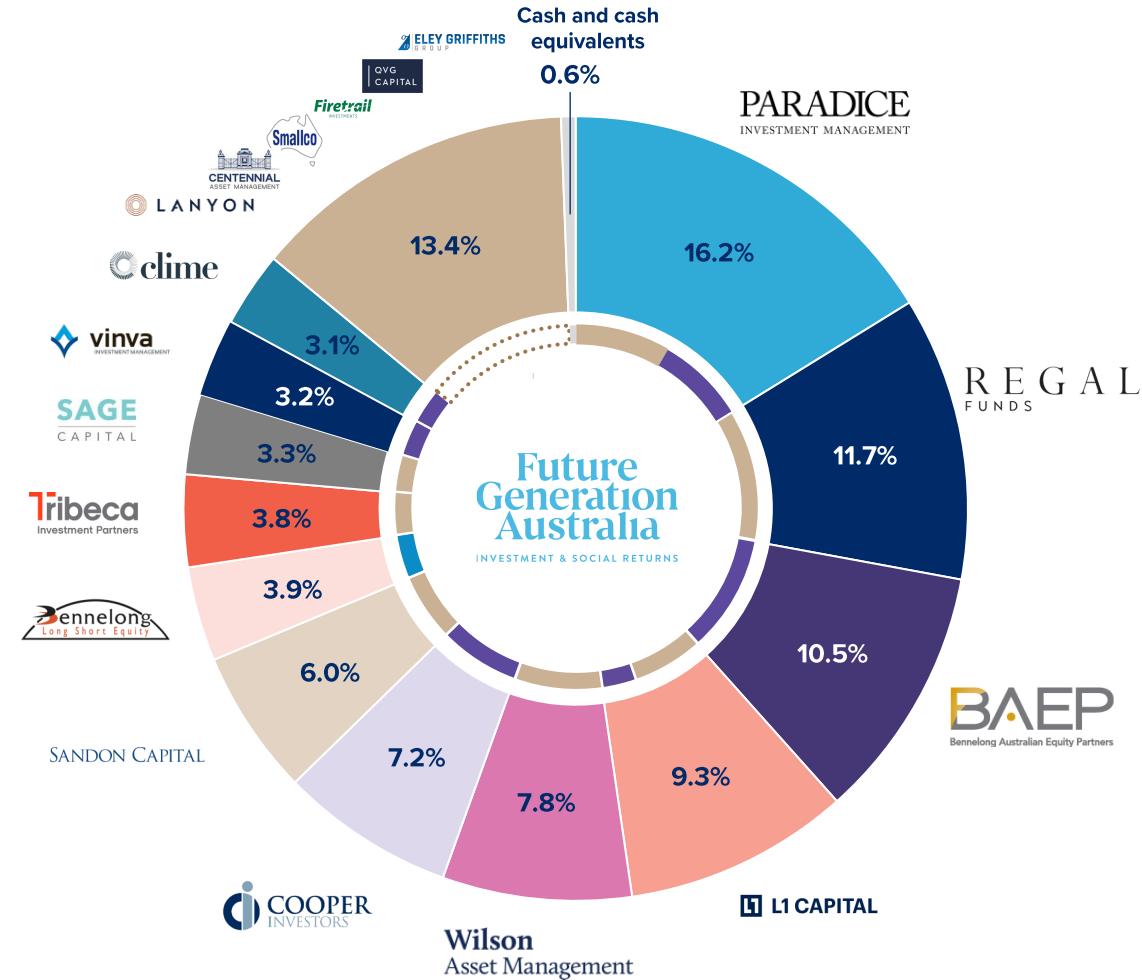
^{*}Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

Investment portfolio performance at 31 August 2024	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	9.8%	14.2%	4.2%	9.2%	9.6%	9.3%

Investment portfolio performance is before expenses, fees and taxes. Future Generation Australia’s financial year is from 1 January to 31 December.

Fund manager allocations

0% management fees
0% performance fees



13.4% fund manager breakdown

Lanyon	2.9%
Centennial Asset Management	2.9%
Smallco Investment Manager	2.4%

Firetrail Investments	2.2%
QVG Capital	1.7%
Eley Griffiths Group	1.3%

Absolute bias	53.0%
Long equities	42.5%
Market neutral	3.9%
Cash	0.6%

Investment portfolio performance

The Board declared a fully franked interim dividend of 3.7 cents per share payable on 30 October 2024.

Net tangible assets before tax	Assets	Profits reserve (per share)
156.39c	\$629.9m	59.1c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Dividends paid since inception (per share)
154.79c	\$529.6m	26.7c Including the value of franking credits: 38.1c
Net tangible assets after tax	Volatility ^{**}	Grossed-up dividend yield [^]
147.70c	9.8% MSCI AC World Index (AUD): 10.7%	8.0% Annualised fully franked interim dividend yield: 5.6% [#]

[#]Based on the 30 August 2024 share price of \$1.33 per share and the annualised FY24 fully franked interim dividend of 7.4 cents per share. Future Generation Global has 398,161,484 shares on issue.

[^]Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

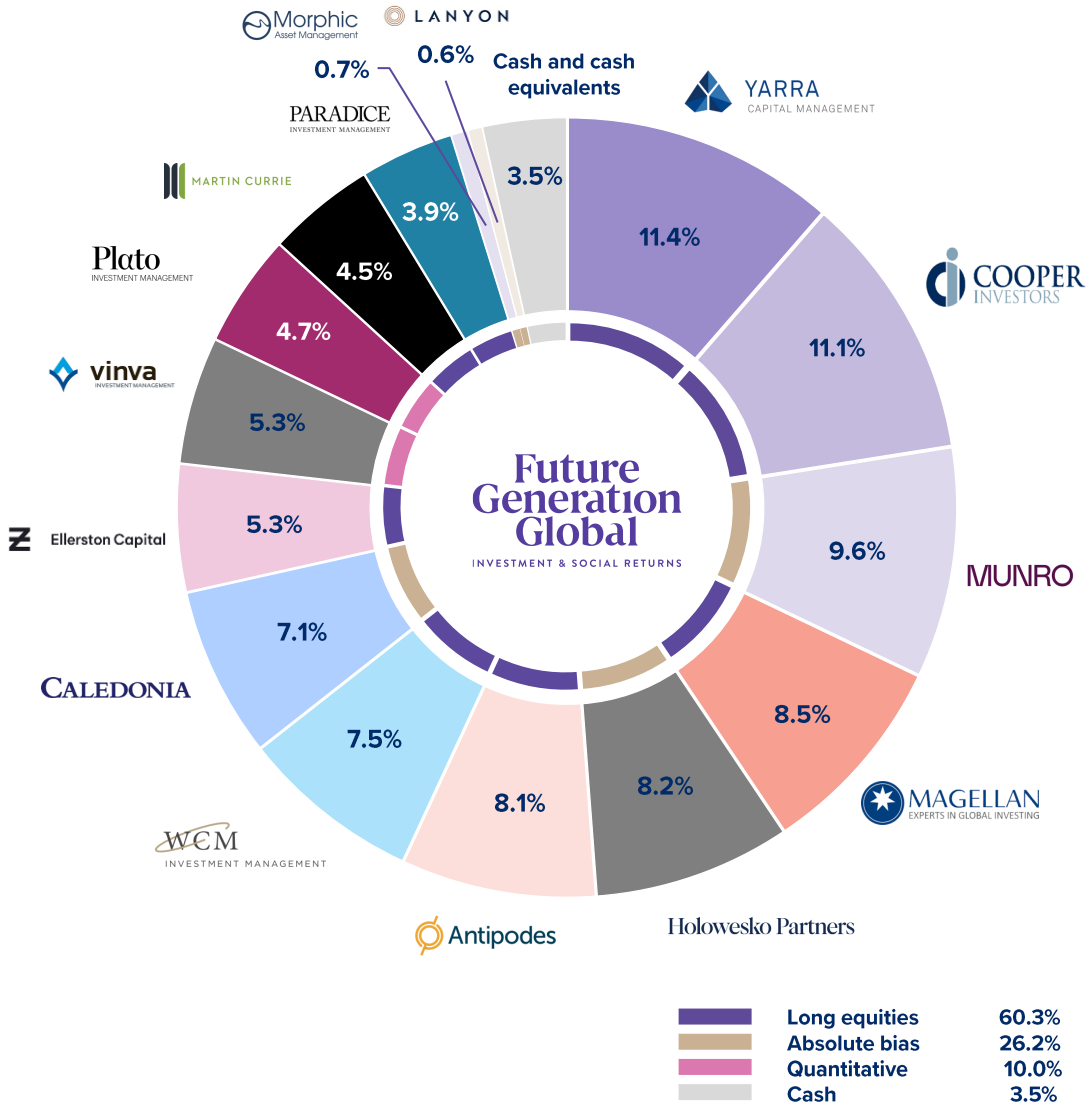
^{**}Volatility shows the degree to which the returns of the portfolio move around from their long-run average. It can be thought of as a measure of the risk in the investment portfolio. Volatility is measured by standard deviation, a statistical measurement.

Investment portfolio performance at 31 August 2024	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	15.0%	14.9%	2.6%	8.2%	10.1%	8.9%

Investment portfolio performance is before expenses, fees and taxes. Future Generation Global's financial year is from 1 January to 31 December.

Fund manager allocations

0% management fees
0% performance fees



Take Stock with Mark Holowesko

Mark Holowesko, Founding Partner and CEO Holowesko Partners

We hope you enjoy this episode of Take Stock, a podcast series by Future Generation. The episode is available [here](#), and below is an edited summary.

Holowesko Partners are a pro bono fund manager for Future Generation Global (ASX: FGG).

Let's talk about earnings season. What key themes emerged?

It differs a little bit by region, but I would say that most companies have seen revenue slowing, particularly in the United States (US). While most companies previously talked about having a hard time finding employees, they are not talking about employment issues anymore. Some people are actually talking about layoffs.

Revenues are slowing and they have not been able to pass pricing on, there is a lot of talk about trying to maintain margins. So, I would say the big takeaways are slower revenue growth, a concentration on costs, and the difficulty of passing along price increases.

In certain places, China has obviously had a big impact. In the luxury sector in Europe and the mining sector in Australia, the lack of demand coming from China has been a big issue. So, that's been a prevailing factor in the earnings season as well.

Off the back of earnings season, who do you expect the winners and losers to be?

From a geographic perspective, I think Japan, despite the volatility, is very interesting. Japan is the only country in the world where the stock market regulator is, in essence, an aggressive shareholder. I mean, they are pushing through changes at the corporate level and trying to get companies to become more aware of the cost of capital. There are so many firms there that are still below book value. We have been able to find companies with negative enterprise value, meaning you're getting the entire business for free.

I think the US is a potential massive loser. First of all, we talked a little bit about concentration. The top 10% of all companies in the US represents 75% of the (value of the) entire stock market. The last time that happened was 1929. If you took average earnings over the last 10 years and compared it to the stock price, the US market has traded about 36 times that number. On an enterprise value to sales or price to sales basis, the US stock market is at the highest level it has been other than the peak of the bubble. In the US, two thirds of the economy is the consumer. The consumer had built up all of these massive savings during COVID. Coming out of COVID, there was roughly USD 2 trillion in excess savings. That's been worked down completely.

Although there was good wage growth coming out of COVID, you do not see much wage growth either. Credit card bills are super high now. With the consumer under pressure, with valuations at all-time highs, with margins at all-time highs, and with everyone overweight the US, I would pick the US as a big loser going forward.

I think that the same thing can happen with Artificial Intelligence (AI). There are a lot of companies around the world that are benefiting from the same trends that these companies are, but they are very undervalued. Taiwan Semiconductor Manufacturing Company (TSMC) (TPE: 2330) would be a great example of that. So, I would say, if you believe in the trend, look outside the US and try to find companies that are benefiting the same way, but are a quarter, or a third, of the price!



We have this incredibly narrow market at the moment, concentrated in US technology stocks. Where are the opportunities – and risks – with this?

The risk is that, if you look at the ownership of these magnificent seven names in the US, we have never seen concentration like this – ever.

Now, to a certain extent, it is because these firms have grown quite quickly. The level of profitability is high. In most cases, they have very good balance sheets, generating lots of cash. So, you can understand why they have captured a lot of attention.

But if you believe in the future of NVIDIA (NASDAQ: NVDA) because of AI chips, well, you should believe in the future of TSMC. Both companies are just manufacturing a lot of these high-end chips. And so, I guess the risk is just that the US technology stocks are over-owned; they are extremely richly priced.

And we've seen this move before, back in 2000, where Cisco Systems (NASDAQ: CSCO) was the darling stock – and it just absolutely collapsed. So, unfortunately, I think a lot of these stocks are going to collapse.

That is not to say that the sectors that they are in or the themes behind the companies are not valid. The internet was obviously an incredibly valid industry that created the dotcom bubble. But at the end of the day, only a few companies really were able to benefit tremendously from the growth of the internet.

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

Future Generation Australia fund managers



Future Generation Global fund managers



Social impact update:

The Future Generation Global Exchange, held in Sydney late in August, provided an incredible opportunity to connect with our social impact partners, shareholders and advocates over the issues impacting the mental health and wellbeing of young Australians. The two-day event attracted thought leaders from across the nation, with panel discussions and workshops all aimed at promoting sector collaboration as we seek to build a brighter future for our young people.

More than 70 shareholders attended a breakfast event on the second day of the Exchange to hear two panel discussions, moderated by the award-winning journalist Annabel Crabb. The first – a “conversation” with Dr Tracy Westerman (founder of Westerman Jilya Institute for Indigenous Mental Health) and Bernie Shakeshaft (founder of BackTrack) – was a poignant reflection on our nation’s failure to support Aboriginal youth and the urgent need for indigenous-specific initiatives. The second was an exploration of whether social media is friend or foe in the fight to prevent mental ill-health in our young people.

A clear takeaway from the Exchange was the need to incorporate young voices into our decisions if we are to implement successful and sustainable wellbeing initiatives. Youth advocates generously shared their experience of the ongoing cost-of-living and housing affordability crises, challenging attendees to consider the destruction of long-standing social contracts and to ask ourselves what we, as Australians, wish to embody for future generations.

For our 14 non-profit partners, the ‘fundraising insights’ and ‘storytelling for impact’ panels and workshops were a resounding success, providing them with strategies for engaging with influential stakeholders.

The success of this year’s Future Generation Global Exchange was achieved through the tireless work of our social impact partners, insightful advocates, and exceptional expert panellists.

Our social impact partners



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as at
31 August 2024**

Fund Manager	Investment	Strategy	% of Gross Assets
	Equity Alpha Plus/Mid Cap Funds (split out below)		16.2%
Paradice Investment Management	Paradice Equity Alpha Plus Fund	Absolute bias	8.3%
	Paradice Australian Mid Cap Fund	Long equities	7.9%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	11.7%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.5%
	Long Short/Catalyst Funds (split out below)		9.3%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	6.3%
	L1 Capital Catalyst Fund	Long equities	3.0%
	Equity/Leaders Funds (split out below)		7.8%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	4.1%
	Wilson Asset Management Leaders Fund	Absolute bias	3.7%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	7.2%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	6.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.9%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	3.8%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	3.3%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	3.2%
Clime Investment Management	Clime All Cap Australian Equities Fund	Long equities	3.1%
Lanyon	Lanyon Investment Fund	Absolute bias	2.9%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.9%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.4%
Firetrail Investments	Firetrail High Conviction Fund	Long equities	2.2%
QVG Capital	QVG Opportunities Fund	Long equities	1.7%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	1.3%
	Cash and cash equivalents		0.6%

**Fund manager
allocation and
investments at
market value as at
31 August 2024**

Fund Manager	Investment	Strategy	% of Gross Assets
Yarra Capital Management	Yarra Global Share Fund	Long equities	11.4%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.1%
Munro Partners	Munro Global Growth Fund	Absolute bias	9.6%
Magellan Asset Management	Magellan Global Fund	Long equities	8.5%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	8.2%
Antipodes Partners	Antipodes Global Fund – Long	Long equities	8.1%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	7.5%
Caledonia	Caledonia Global Fund	Absolute bias	7.1%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.3%
Vinva Investment Management	Vinva International Equity Fund	Quantitative	5.3%
Plato Investment Management	Plato Global Alpha Fund – Class Z	Quantitative	4.7%
Martin Currie Investment Management	Martin Currie Global Long-Term Unconstrained Fund	Long equities	4.5%
Paradice Investment Management	Paradice Global Small Cap Fund	Long equities	3.9%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.7%
Lanyon	Lanyon Investment Fund	Absolute bias	0.6%
	Cash and cash equivalents		3.5%