

**Dear Fellow Shareholder,**

During December, the Future Generation Australia investment portfolio decreased 0.6%, outperforming the S&P/ASX All Ordinaries Accumulation Index which fell 1.9%. The Future Generation Global investment portfolio increased 0.3% for the month, outperforming the MSCI AC World Index (AUD) by 0.6%.

In 2019, both Future Generation Australia and Future Generation Global delivered solid investment portfolio performance. Future Generation Australia increased 20.7% with an average cash level of 9.9% and Future Generation Global increased 20.5% with an average cash level of 11.4%.

Since inception, Future Generation Australia's investment portfolio has increased 9.5% per annum and Future Generation Global's investment portfolio has increased 10.2% per annum. This performance has been achieved with less volatility than their respective indices, as measured by standard deviation. The spread between the broad equities strategies is currently 47.2% long equities, 33.6% absolute bias, 10.7% market neutral and 8.5% cash for Future Generation Australia and 56.1% long equities, 35.0% absolute bias and 8.9% cash for Future Generation Global.

We have seen unprecedented bushfires and drought that have caused danger and destruction across the country. Many of our fund managers and service providers have contributed generous donations and our charities are delivering much needed support to affected families and communities. Wilson Asset Management matched shareholder and supporter donations to raise \$1 million for the Foundation for Rural and Regional Renewal (FRRR) Disaster Resilience and Recovery Fund. We encourage you to contribute to the effort in any way you can.

If you are in Noosa on 28 February, I will be speaking and meeting with shareholders for morning tea along with Founder and Director Geoff Wilson AO. Please [register](#) to come along and feel free to bring a guest.

Kind regards,  
**Louise Walsh**  
Chief Executive Officer



**\$30.6m**

SOCIAL  
INVESTMENT  
TO 2019



**\$4.6m**

Future  
Generation  
Australia 2019

**\$4.9m**

Future  
Generation  
Global 2019

**2019 total social  
investment**

**\$9.5m**

**2019 annualised  
management fees,  
performance fees  
and services forgone**

**\$12.8m**

**Total fees  
forgone since  
inception to 2019**

**\$54.0m**

## Investment portfolio performance

Net tangible assets before tax	Gross assets	Performance (pa since Sept 2014)
<b>127.26c</b>	<b>\$509.4m</b>	<b>9.5%</b>
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation <sup>#</sup>	Volatility <sup>^</sup>
<b>126.89c</b>	<b>\$463.9m</b>	<b>7.3%</b>
		S&P/ASX All Ordinaries Accumulation Index: 10.7%
Net tangible assets after tax	2019 annualised fully franked interim dividend	Fully franked dividend yield
<b>123.62c</b>	<b>4.8c</b>	<b>4.1%</b>

<sup>#</sup>Based on the 31 December 2019 share price of \$1.165 per share and 398,238,435 shares on issue.

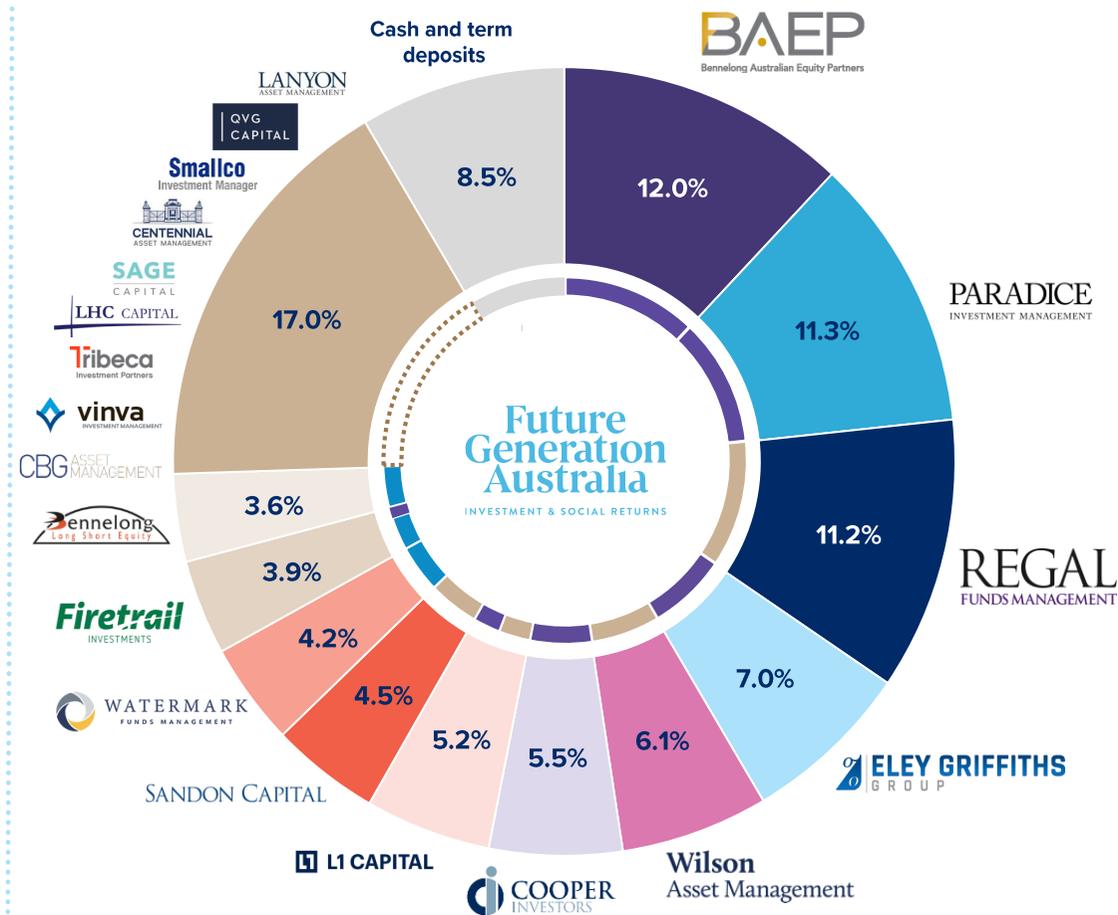
<sup>^</sup>Volatility is measured by standard deviation.

Performance at 31 December 2019	6 mths	1 yr	3 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	6.3%	20.7%	9.9%	9.5%
S&P/ASX All Ordinaries Accumulation Index	3.6%	24.1%	10.4%	8.2%

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

## Fund manager allocations

0% management fees  
0% performance fees



### 17.0% fund manager breakdown

CBG Asset Management	2.7%	Centennial Asset Management	1.6%	<b>Long equities</b>	<b>47.2%</b>
Vinva Investment Management	2.5%	Smallco Investment Manager	1.5%	<b>Absolute bias</b>	<b>33.6%</b>
Tribeca Investment Partners	2.4%	QVG Capital	1.3%	<b>Market neutral</b>	<b>10.7%</b>
LHC Capital	2.0%	Lanyon Asset Management	1.0%	<b>Cash</b>	<b>8.5%</b>
Sage Capital	2.0%				

## Investment portfolio performance

Net tangible assets before tax*	Gross assets	Performance (pa since Sept 2015)
<b>147.17c</b>	<b>\$580.5m</b>	<b>10.2%</b>
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation#	Volatility**
<b>147.83c</b>	<b>\$500.4m</b>	<b>8.4%</b> MSCI AC World Index (AUD): 9.9%
Net tangible assets after tax	2019 fully franked dividend	ESG aware^ (of the portfolio)
<b>139.06c</b>	<b>1.5c</b>	<b>98.0%</b>

\*The NTA before tax figure is after the payment of \$3.3m (0.85 cents per share) in tax during the month.

#Based on the 31 December 2019 share price of \$1.275 per share and 392,455,012 shares on issue.

\*\*Volatility is measured by standard deviation.

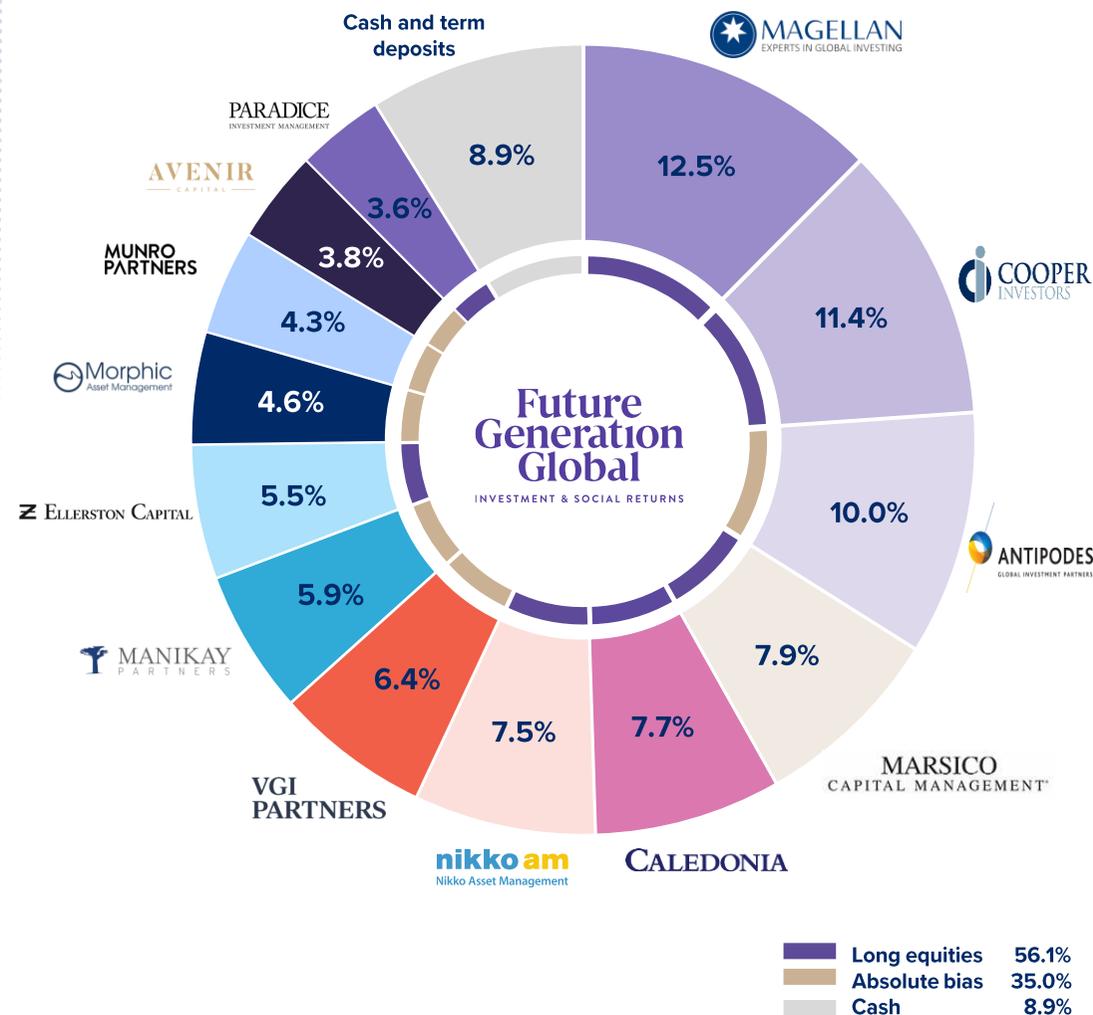
^Based on the 2018 Annual Report.

Performance at 31 December 2019	6 mths	1 yr	3 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	7.1%	20.5%	13.3%	10.2%
MSCI AC World Index (AUD)	8.7%	26.9%	13.5%	11.2%

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

## Fund manager allocations

0% management fees  
0% performance fees



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

**Future Generation Australia fund managers:**



**Future Generation Global fund managers:**



**Fund manager in focus:**



**About us**

Bennelong Australian Equity Partners (BAEP) is a boutique fund manager founded in 2008 in partnership with Bennelong Funds Management. It is majority owned by its investment team, led by Mark East as Chief Investment Officer. BAEP manages over \$6 billion on behalf of charitable, institutional, high net worth and retail clients and has a track-record of investment outperformance. BAEP is a long-only investor that seeks to deliver better than market returns.

**Our investment style**

BAEP's investment style targets high quality growth stocks. The firm is particularly focused on companies with underappreciated earnings prospects and growth, guided by extensive stock-specific research and analysis. It also relies on macroeconomic insights as an overlay to its stock-specific decision making and the portfolio construction process. The portfolios it manages are relatively concentrated, high conviction and appear quite different to the index.

**Our market outlook**

BAEP is constructive on the Australian stock market. On an overall basis, stock valuations appear rational, at least in the context of today's low interest rates and in comparison to the pricing of other asset classes.

The fundamentals behind stock valuations are mostly healthy, with slight earnings growth, generally strong balance sheets and decent cash flows. Meanwhile, investor sentiment is broadly cautious. Stocks stand to benefit to the extent investor confidence continues to build and investors move from what is perceived as safe to what will deliver return.

There are a number of economic, geopolitical and social uncertainties around. Recent investor returns have been strong and there are pockets of risk where sentiment is ahead of itself. This recommends a selective approach, one that combines an appreciation of both the macro and stock specific risks and opportunities.

**Bennelong Australian Equities Fund performance**

Performance at 31 December 2019	1 yr	5 yrs %pa	Since inception %pa (Jan-09)
Bennelong Australian Equities Fund	27.3%	12.4%	13.8%
S&P/ASX 300 Accumulation Index	23.8%	9.1%	10.8%
<b>Outperformance</b>	<b>+3.5%</b>	<b>+3.3%</b>	<b>+3.0%</b>

Investment performance figures are net of fees and expenses.

**For more information, visit [baep.com.au](http://baep.com.au)**

## Charity in focus:



### About Raise Foundation

Raise Foundation impacts youth wellbeing and engagement through early intervention, evidence based mentoring programs in high schools and communities. Raise is empowering young people to become resilient, capable and connected, and ensuring that they feel heard, valued and supported. In 2019 alone, 1,000 young people were assigned a Raise Mentor.

### Raise Foundation and Future Generation

As a direct result of Future Generation's investment, Raise was able to deliver best practice, early intervention youth mentoring programs in 13 additional high need secondary schools across Australia. This resulted in an additional 198 young people, who were at risk of poor wellbeing and academic disengagement, being matched with a Raise Mentor in 2019 to work with on a weekly basis for six months. Raise mentoring programs achieved statistically significant impact for mentees in areas of coping, confidence, communication skills, achieving goals, finishing school, finding work, asking trusted adults for help, and having hope for the future.

## Q&A with Founder and Chief Executive Officer, Vicki Condon



### What is your driving motivation in your current role?

Many young people in Australia are not okay. Research shows that having one confiding relationship with a trusted adult is one of the single best predictors of psychological health and wellbeing for young people who face adversity. This is why Raise exists. Every time I witness one of our mentoring matches working together, I see the impact that our mentors are having and it drives me to ensure that we can offer Raise Mentors to as many young people as we possibly can, right across our country. There is a problem, and we have a solution. We need to ensure that young people can access our support.

### What is the most challenging aspect of your role?

My biggest challenge is exciting, as I am leading the team delivering our Strategic Impact Plan. We are on a clear pathway to offer our program to every public secondary school in Australia over the next five years. While this is an ambitious plan, it is one we have a robust strategy to achieve. Our two major requirements will always be sourcing funding and attracting volunteer mentors. We need more organisations like Future Generation to step in and support our growth financially, such as corporate partners, private philanthropists and government departments. We also need more everyday people to raise their hand and become a youth mentor for Raise.

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

Raise and Future Generation are creating thriving communities across the country through this mentoring movement. Receiving support from Future Generation is remarkable for Raise and we are grateful to be part of such an innovative initiative. We have gratefully received support in terms of time, treasure and talent from Future Generation over the past five years, and this encouragement gives us confidence to deliver our programs each year and helps us to plan in advance for our future. Future Generation's involvement not only makes a huge difference to organisations like Raise, but mostly to the young people in our country who really need help.

For more information, visit [raise.org.au](https://www.raise.org.au)

## Our designated charities



**SANE AUSTRALIA**



## Our pro bono service providers

