

Dear Fellow Shareholder,

In May, the Future Generation Australia and Future Generation Global investment portfolios continued their track record of outperformance for the year, with the Future Generation Australia investment portfolio* increasing 6.2%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 1.2%, and the Future Generation Global investment portfolio* increasing 3.7%, outperforming the MSCI AC World Index (AUD) by 1.2%. Global equity markets continued to rebound during the month as economies reopened with the easing of lockdown restrictions put in place in response to coronavirus.

Since inception, Future Generation Australia's investment portfolio has increased 7.2% per annum and Future Generation Global's investment portfolio has increased 9.5% per annum. This performance has been achieved with less volatility than their respective indexes, as measured by standard deviation.

We were pleased to launch the first Future Generation [Virtual Investment Forum](#) in May. Our Future Generation Australia and Future Generation Global fund managers shared 20 of their investment ideas, and Future Generation Founder and Director Geoff Wilson AO, Paradise Investment Management Founder and Managing Director David Paradise AO and Regal Funds Management Chief Investment Officer Phil King discussed their thoughts on the market with The Australian Financial Review's Tony Boyd. The Australian Financial Review covered the [investment ideas](#) and the [panel](#).

Although we were unable to meet in person, we hope you enjoyed the Virtual Forum.

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

You can let us know your thoughts on the Forum by completing this brief [survey](#).

For our latest *Conversations with Future Generation* podcast, I spoke with the Hon. Joe Hockey, Founding Partner and President of advisory firm Bondi Partners. Before co-founding [Bondi Partners](#), Mr. Hockey served as Australia's Ambassador to the United States of America and was previously the elected Treasurer of Australia. Mr. Hockey and I discussed his career highlights, the strength and importance of Australian and US relations in the current political climate, including his relationship with Donald Trump and the growing rivalry between China and the US. Episode three is available on [Apple](#), [Google](#) and [Spotify](#). Read more about our discussion in [The Australian](#).

During the month, we also held the Future Generation Australia and Future Generation Global Annual General Meetings (AGMs) virtually. The Chairman's Addresses for [Future Generation Australia](#) and [Future Generation Global](#) are available to read through the above links.

Future Generation Global Chairman Belinda Hutchinson AC was awarded Companion of the Order of Australia in the Queen's Birthday Honours over the weekend. Belinda was awarded the highest Order of Australia honour for her service to business, tertiary education, scientific research, and philanthropic endeavours to address social disadvantage. Congratulations Belinda!

Stay safe,



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 management
fees, performance
fees and services
forgone**

\$15.3m

**Total fees
forgone since
inception to 2019**

\$56.5m

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2014)
113.13c	\$456.5m	7.2%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [^]
113.47c	\$385.4m	11.8%
		S&P/ASX All Ordinaries Accumulation Index: 14.9%
Net tangible assets after tax	2019 fully franked full year dividend	Fully franked dividend yield
113.60c	5.0c	5.2%

[#]Based on the 29 May 2020 share price of \$0.965 per share and 399,421,517 shares on issue.

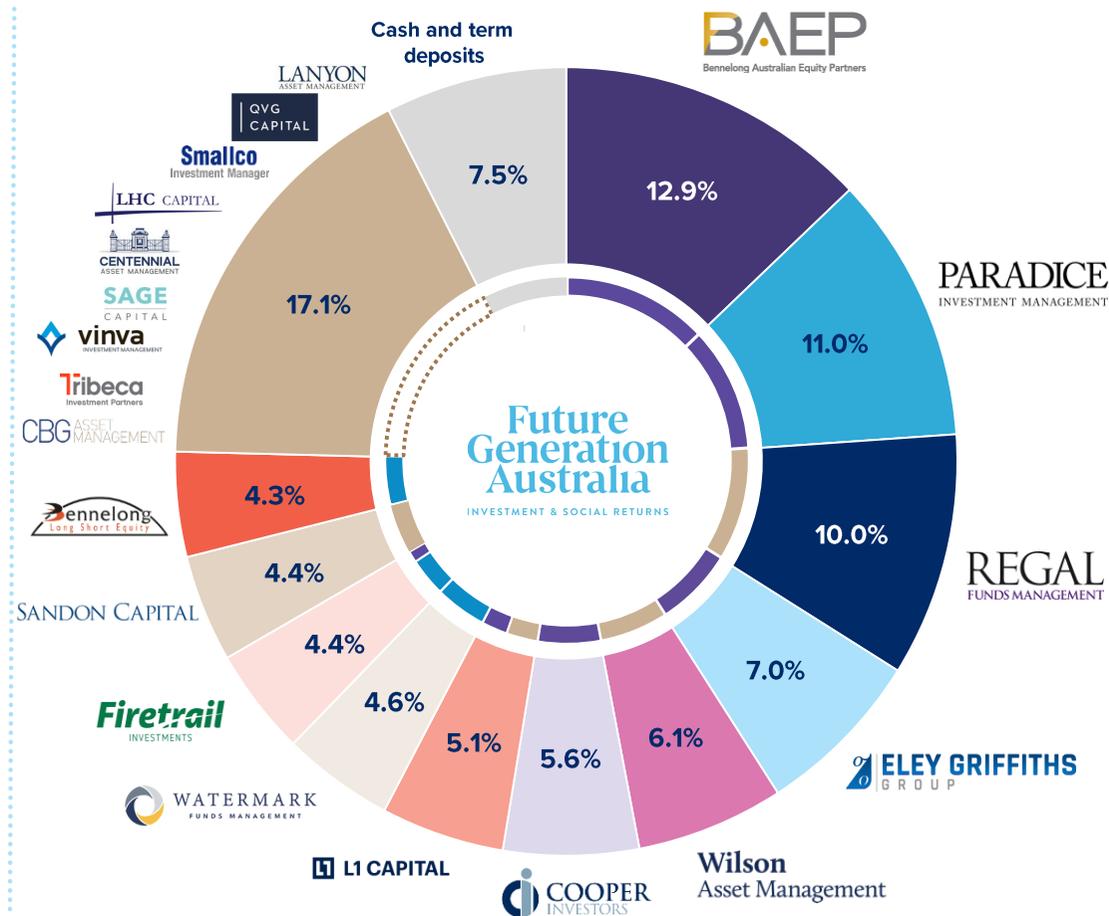
[^]Volatility is measured by standard deviation.

Investment portfolio performance at 31 May 2020	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	6.2%	-9.0%	-0.8%	5.9%	6.8%	7.2%
S&P/ASX All Ordinaries Accumulation Index	5.0%	-14.1%	-6.2%	4.7%	4.6%	5.1%

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

Fund manager allocations

0% management fees
0% performance fees



Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2015)
147.78c	\$585.3m	9.5%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [*]
148.11c	\$461.1m	9.4% MSCI AC World Index (AUD): 10.9%
Net tangible assets after tax	2019 fully franked dividend	ESG aware [^] (of the portfolio)
139.44c	1.5c	98.8%

[#]Based on the 29 May 2020 share price of \$1.175 per share and 392,455,012 shares on issue.

^{*}Volatility is measured by standard deviation.

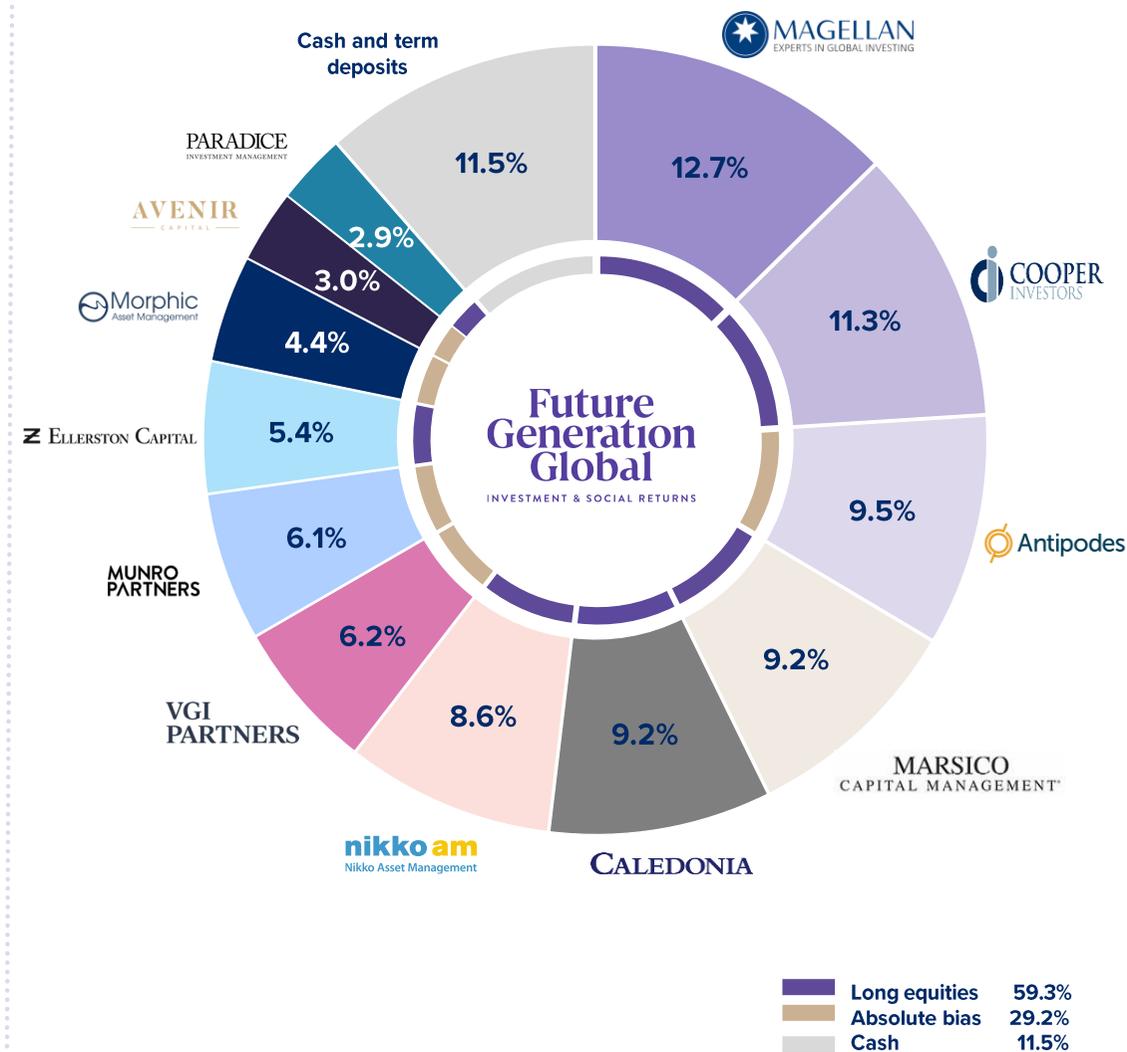
[^]Based on the 2019 Annual Report.

Investment portfolio performance at 31 May 2020	1 mth	6 mths	1 yr	3 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	3.7%	1.2%	12.0%	10.9%	9.5%
MSCI AC World Index (AUD)	2.5%	-4.2%	10.0%	9.2%	9.2%

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

Fund manager allocations

0% management fees
0% performance fees



The fund manager allocations above include the impact of committed applications for additional investments in Munro Global Growth Fund and Nikko AM Global Share Fund processed in early June 2020.

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

Founded in 2009, Lanyon is a privately held, Australian-based equity fund manager.

We adhere to a long-term, value investing approach that requires a commitment to research-driven stock selection. We consider ourselves owners of stakes in companies, not a speculator in securities. We seek undervalued investments with catalysts for value realisation.

Our process has been designed to enable us to occasionally undertake a strategy of constructive active engagement with our portfolio companies. Our process aims to preserve capital and deliver long-term capital growth through disciplined portfolio concentration.

Our market outlook

The economic impacts of coronavirus will be significant, and likely to become more apparent as stimulus measures fade. At this point, credit markets are likely to become less orderly and will possibly seize, creating difficulties for companies reliant on finance or those that are highly leveraged.

In the upcoming reporting season we believe earnings downgrades will be widespread and will not be isolated to travel, retail, education and hospitality companies. Most listed companies will be impacted in some form. Passive, quant and momentum investing does not tend to work as well in volatile and declining markets. We remain alert to capitalise from the continuation of capital raisings, forced (leveraged) sellers and from undervalued high quality companies. Markets are not cheap, but we are investing cautiously in bargain opportunities as they are identified.

Why we support Future Generation

The team at Lanyon feels enormously privileged to be involved with Future Generation. We see the partnership as an opportunity to donate some of our time and our expertise to help those children who are less fortunate in the community. The Investment Committee at Future Generation have cherry-picked an outstanding group of Australian fund managers who have delivered, in many cases, phenomenal long-term performance for their clients.

We are honoured to be partnered with such an outstanding group of fund managers to drive attractive long term returns for shareholders.

Lanyon Australian Value Fund Performance

	1 mth	1 yr	5 yrs %pa	Since inception %pa (Jul-10)
Performance at 31 May 2020				
Lanyon Australian Value Fund*	5.5%	12.9%	6.5%	11.9%
S&P/ASX 300 Accumulation Index	4.6%	-6.5%	4.4%	7.5%
Outperformance	+0.9%	+19.4%	+2.1%	+4.4%

*Investment portfolio performance is after all fees and assuming the reinvestment of distributions.

For more information, visit lanyonam.com

Charity in focus:



About Orygen

Orygen believes that all young people deserve to grow into adulthood with optimal mental health. Most mental health disorders begin in teenage years through to mid-20s and one in five young people will have experienced a depressive episode by the time they turn 18. Orygen believes in treating mental health disorders early and focusing on recovery by working directly with young people, their families and friends. Orygen pioneers new, positive approaches to the prevention and treatment of mental health disorders.

Orygen and Future Generation

Future Generation Global funding is supporting the evaluation of the safety, feasibility and acceptability of a moderated online social therapy intervention, called Affinity, in a sample of young people who are experiencing suicidal ideation.

This is the first study in the world to test a moderated online social therapy with suicidal young people. All too often suicidal young people are excluded from studies and end up falling through the cracks in services. This study found that it was not only safe to include young people in studies like this, but also that the intervention itself has the potential to reduce risk. We are delighted to have been able to use funding from Future Generation Global to help grow this next generation of suicide researchers and clinicians.

Q&A with Eleanor Bailey, Research Assistant



What is your driving motivation in your current role?

Suicide remains the leading cause of death in Australians aged between 15 and 24, and accounts for over one-third of all deaths in this age group. In 2018, 436 young people took their own life: that is 436 preventable deaths, and hundreds upon thousands of families, friends and community members impacted. The consistently high rates of youth suicide, both in Australia and worldwide, warrant the development of new and novel treatments for this group. The accessibility, availability and cost-effectiveness of the internet makes it a promising avenue for supporting young people at risk, and I am therefore passionate about researching how internet-based interventions can be used to support this vulnerable population. For my PhD research I am examining the feasibility, safety and acceptability of an online social-networking-based intervention (Affinity) for young people with active suicidal ideation.

What is the most challenging aspect of your role?

It can certainly be challenging conducting face-to-face research with young people who are experiencing significant distress and suicidality, and on my journey I have learnt a lot about managing my own mental health. However, it is also the face-to-face contact with my research participants that further motivates me to continue to actively seek new and better solutions.

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

The funding from Future Generation Global has supported Orygen's online social therapy intervention, Affinity, and allowed me to collect the data needed for my PhD. Orygen is grateful for the ongoing support of Future Generation Global that allows us to continue to research ways to improve the mental health outcomes of young people

For more information, visit orygen.org.au

Our designated charities



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as
at 31 May 2020**

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	12.9%
	Mid/Large Cap Funds (split out below)		11.0%
Paradice Investment Management	Paradice Mid Cap Fund – B Class	Long equities	6.2%
	Paradice Large Cap Fund	Long equities	4.8%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.0%
	Small/Emerging Companies Funds (split out below)		7.0%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	5.9%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.1%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.1%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.6%
	Long Short/Australian Equities Funds (split out below)		5.1%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.8%
	L1 Capital Australian Equities Fund	Long equities	2.3%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	4.6%
	Absolute Return/High Conviction Funds (split out below)		4.4%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.4%
	Firetrail High Conviction Fund	Long equities	1.0%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.4%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	4.3%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.5%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.4%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.8%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.7%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.6%
QVG Capital	QVG Opportunities Fund	Long equities	1.3%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.1%
	Cash and term deposits		7.5%

Future Generation Global

INVESTMENT & SOCIAL RETURNS

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

Fund manager	Investment	Strategy	% of Gross assets
Magellan Asset Management	Magellan Global Fund	Long equities	12.7%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.3%
Antipodes Partners	Antipodes Global Fund	Absolute bias	9.5%
Marsico Capital Management	Marsico Global Fund	Long equities	9.2%
Caledonia	Caledonia Fund	Long equities	9.2%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	8.6%
VGI Partners	VGI Partners Funds	Absolute bias	6.2%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.1%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.4%
	Global/Ethical Strategies (split out below):		4.4%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	3.6%
	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		11.5%