

Dear Fellow Shareholder,

In July, a resurgence in coronavirus cases globally was offset by renewed commitments for monetary and fiscal support and hopes for progress towards a vaccine. During the month, the Future Generation Australia investment portfolio increased 2.8%*, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 0.9%. The Future Generation Global investment portfolio increased 2.5%*, outperforming the MSCI AC World Index (AUD) which rose 1.5%.

Since inception, Future Generation Australia's investment portfolio has increased 7.7%* per annum and Future Generation Global's investment portfolio has increased 9.6%* per annum. This investment portfolio outperformance has been achieved with less volatility than their respective indexes, as measured by standard deviation.

The Future Generation Australia Board of Directors [announced](#) last Friday a fully franked interim dividend of 2.6 cents per share, an 8.3% increase on the prior corresponding period. The fully franked interim dividend represents an annualised fully franked full year dividend of 5.2 cents per share, providing shareholders with a fully franked dividend yield of 4.9% and a grossed-up dividend yield of 6.9%** based on the 13 August 2020 closing share price of \$1.07 per share.

The Future Generation Global Board of Directors [announced](#) a fully franked dividend of 2.0 cents per share to shareholders, a 33.3% increase on the

prior year. Future Generation Global held an estimated profits reserve of 6.8 cents per share as at 30 June 2020[†], representing 3.4 years of dividend coverage.

The announcements were covered by [The Australian Financial Review](#).

I recently joined [ausbiz](#) to speak about the unique Future Generation model as well as the rise of sustainable investing and the increased demands facing charities following devastating bushfires and drought.

Future Generation Australia will soon make its sixth annual investment of \$4.8 million to our charity partners who work with Australian children and youth at risk, Future Generation Global will also soon make its fifth annual investment of \$5.7 million to our charity partners who work to support young Australians facing mental ill health. Last Friday, we invited shareholders to allocate our annual donations to our charity partners. Voting closes at 5pm on 31 August 2020.

Stay safe,



Louise Walsh
Chief Executive Officer



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

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

†Before the payment of the fully franked 2.0 cents per share dividend.

\$30.6m

SOCIAL
INVESTMENT
TO 2019



\$4.8m

Future
Generation
Australia 2020

\$5.7m

Future
Generation
Global 2020

**2020 total social
investment**

\$10.5m

**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)
117.77c	\$475.7m	7.7%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation*	Volatility [^]
117.55c	\$401.4m	11.7%
		S&P/ASX All Ordinaries Accumulation Index: 14.7%
Net tangible assets after tax	Annualised fully franked interim dividend yield*	Dividends paid since inception (per share)
117.33c	5.2%	22.1c

*Based on the 31 July 2020 share price of \$1.005 per share and the annualised fully franked interim dividend of 5.2 cents per share. Future Generation Australia has 399,421,517 shares on issue.

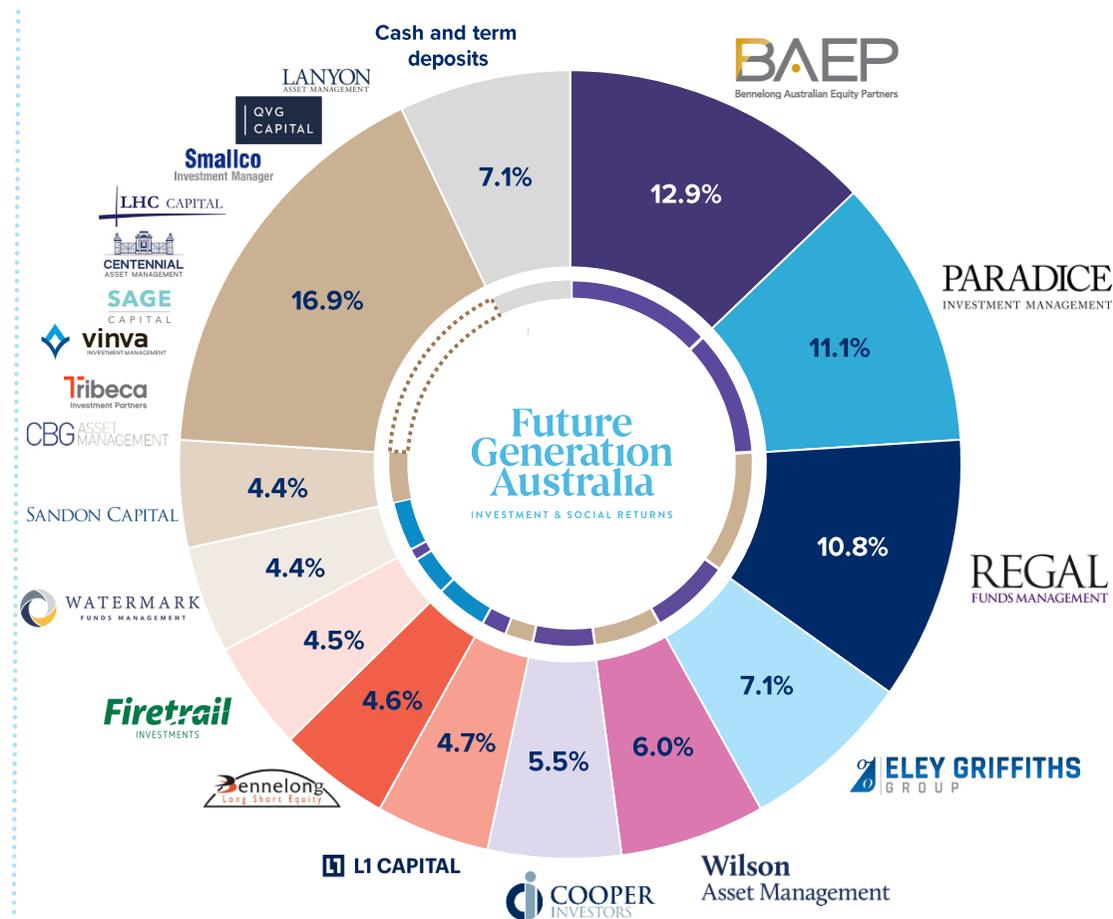
[^]Volatility is measured by standard deviation.

Investment portfolio performance at 31 July 2020	Since inception						
	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	%pa (Sept-14)
Future Generation Australia	2.8%	-7.7%	-4.5%	-1.5%	7.0%	7.5%	7.7%
S&P/ASX All Ordinaries Accumulation Index	0.9%	-13.6%	-9.6%	-9.0%	5.7%	5.5%	5.5%

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

Fund manager allocations

0% management fees
0% performance fees



16.9% fund manager breakdown

CBG Asset Management	2.6%	LHC Capital	1.7%	Long equities	47.5%
Tribeca Investment Partners	2.5%	Smallco Investment Manager	1.5%	Absolute bias	32.9%
Vinva Investment Management	2.4%	QVG Capital	1.2%	Market neutral	12.5%
Sage Capital	2.1%	Lanyon Asset Management	1.1%	Cash	7.1%
Centennial Asset Management	1.8%				

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2015)
150.51c	\$596.9m	9.6%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [*]
149.47c	\$476.8m	9.3% MSCI AC World Index (AUD): 10.7%
Net tangible assets after tax	2020 fully franked dividend	ESG aware [^] (of the portfolio)
141.35c	2.0c	98.8%

[#]Based on the 31 July 2020 share price of \$1.215 per share and 392,455,012 shares on issue.

^{*}Volatility is measured by standard deviation.

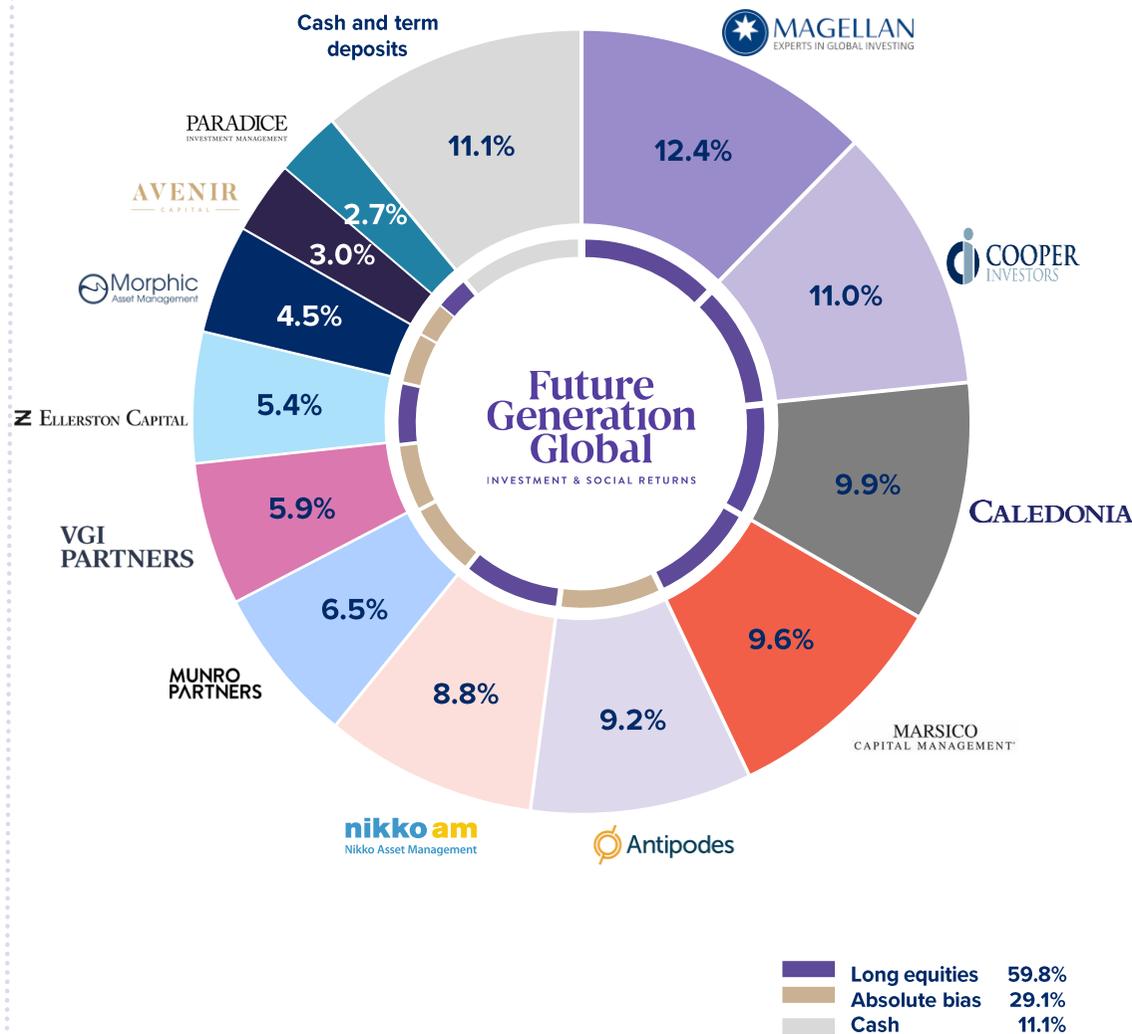
[^]Based on the 2019 Annual Report.

Investment portfolio performance at 31 July 2020	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	2.5%	-1.5%	2.9%	8.0%	13.1%	9.6%
MSCI AC World Index (AUD)	1.5%	-6.5%	-3.0%	3.2%	11.0%	9.1%

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

Firetrail is boutique investment manager which is majority owned by the Firetrail investment team. Additionally, the investment team is invested alongside clients in the investment strategies.

Our investment style

The Absolute Return Fund (“Fund”) is a market neutral strategy with minimal correlation to overall equity market direction. It aims to generate positive returns in all market environments. The strategy is built on fundamental, deep dive research guided by the philosophy that ‘every company has a price’.

Our market outlook

Stock specific opportunities are elevated, driven by increased volatility, stock dispersion and corporate activity across the market.

Market and macroeconomic risks are also elevated, driven by macroeconomic uncertainties on the horizon including continued coronavirus lockdowns, the US election, fiscal and monetary policy, trade wars and recessionary impacts.

Our approach aims to capture the best bottom-up opportunities while minimising the impact of market and macroeconomic movements on the portfolio to within acceptable levels.

Given stock specific opportunities and macroeconomic risks are both elevated, we believe now is the time to consider an alternative approach such as a market-neutral strategy within a diversified portfolio.

Stock pick

Aroa Biosurgery Limited (ASX: ARX)

Aroa Biosurgery has developed unique products from sheep stomachs that aids with regeneration of tissue – with hernias currently being the primary use case. Aroa Biosurgery’s products are ‘biologic’ and the company is able to charge a premium for the product performance. The main revenue driver for the company over the next few years is both increasing penetration amongst hospitals in developed markets (e.g. in the United States), as well as developing the markets for its newer products.

The company recently listed on the Australian share market following its initial public offering (IPO) in July 2020. Firetrail was a shareholder ahead of the initial public offering (IPO), having already contributed money to the company before it listed. Aroa Biosurgery’s valuation rose 97% from its IPO price after listing. Despite the recent share price rally, Firetrail believe there is upside in Aroa Biosurgery’s valuation and earnings.

Firetrail Absolute Return Fund

	1 mth	3 mths	1 yr	Since inception %pa (Mar-18)
Performance at 31 July 2020				
Firetrail Absolute Return Fund*	5.8%	7.6%	17.8%	4.5%
RBA Cash Rate	0.0%	0.1%	0.6%	1.1%
Outperformance	+5.8%	+7.5%	+17.2%	+3.4%

*Investment portfolio performance is after fees.

For more information, visit firetrail.com



About Kids Helpline

Kids Helpline is a free, private and confidential phone and online counselling service for young people aged five to 25. Since 1991, Australian children and young people have turned to Kids Helpline's specialised counsellors, no matter who they are, where they live or what they want to talk about. Over this time, Kids Helpline has responded to over eight million contacts. For some young people, connecting with Kids Helpline has been a life-saving experience, while for others it is about practical help and emotional support at the critical moment when they need someone to listen.

Kids Helpline and Future Generation Global

The investment from Future Generation Global has helped to develop a national platform, Circles, delivering expert group counselling for young people (13-25 years) who are struggling with mental health and are at risk of suicide, self-harm and other issues. The investment from Future Generation Global helped Kids Helpline to rapidly deploy Circles to support 499 young people moving into social isolation due to the coronavirus crisis. Kids Helpline experienced a 30% surge in demand as the pandemic emerged and clients of Circles accessed 5,166 sessions over a one month period. Clients with moderate to severe symptoms reported improvements in depression (51%), anxiety (55%) or stress (63%), as well as improved ability to engage with other support channels because of their participation in Circles. Kids Helpline was recently featured on [Sunrise](#) to discuss the surge in demand for services during lockdown.

Q&A Tracy Adams, CEO of yourtown Kids Helpline is a yourtown service



What do you love most about your role?

I love that it's dynamic and focused on best meeting the needs of children and young people across multiple issues and services. It's challenging and rewarding in equal parts, which keeps the motivation high.

How are you managing the increased demand as a result of the coronavirus crisis?

A key for us has been the ability to increase our staffing profile. Since March we have recruited more than 50 additional staff into Kids Helpline and opened a new Counselling Centre. A key focus continues to be ensuring we do all we can to keep staff safe and well, enabling us to ensure that our services are maintained.

How are young people generally coping during lockdown and how is Circles helping young people?

Overall I would say that children and young people are coping as well as could be expected. We are seeing significant increase in demand, both directly and via access to our resources, particularly on issues related to mental health and emotional well-being, and an increase in contacts which require immediate intervention to help keep a young person safe. It is important to acknowledge the capacity of young people to recognise when they need support and seek it out.

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

It has meant innovation; the creation of a new channel of support - Circles. Developing, testing, adapting and then being able to use Circles when the coronavirus pandemic started and being able to host more than 9,000 sessions has made a very real difference. Many of the young people using Circles were not getting support anywhere else and were in significant need.

For more information, visit [kidshelpline.com.au](https://www.kidshelpline.com.au)

Our designated charities



SANE AUSTRALIA



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as
at 31 July 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)		11.1%
Paradice Investment Management	Paradice Mid Cap Fund – B Class	Long equities	6.4%
	Paradice Large Cap Fund	Long equities	4.7%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.8%
	Small/Emerging Companies Funds (split out below)		7.1%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	5.9%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.2%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.0%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.5%
	Long Short/Australian Equities Funds (split out below)		4.7%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.5%
	L1 Capital Australian Equities Fund	Long equities	2.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	4.6%
	Absolute Return/High Conviction Funds (split out below)		4.5%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.5%
	Firetrail High Conviction Fund	Long equities	1.0%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	4.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.4%
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	1.5%
QVG Capital	QVG Opportunities Fund	Long equities	1.2%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.1%
	Cash and term deposits		7.1%

Future Generation Global

INVESTMENT & SOCIAL RETURNS

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

Fund manager	Investment	Strategy	% of Gross assets
Magellan Asset Management	Magellan Global Fund	Long equities	12.4%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.0%
Caledonia	Caledonia Fund	Long equities	9.9%
Marsico Capital Management	Marsico Global Fund	Long equities	9.6%
Antipodes Partners	Antipodes Global Fund	Absolute bias	9.2%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	8.8%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.5%
VGI Partners	VGI Partners Funds	Absolute bias	5.9%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.4%
	Global/Ethical Strategies (split out below):		4.5%
Morphic Asset Management	Morphic Global Opportunities Fund	Absolute bias	3.6%
	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
Avenir Capital	Avenir Global Fund	Absolute bias	3.0%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	2.7%
	Cash and term deposits		11.1%