

## Investment Update

### Investment portfolio performance

The 2021 financial year will be remembered for exceptional performance in equity markets, with global indices rising strongly from the pandemic-induced losses of early 2020. Growth stocks initially led gains, underpinned by record levels of fiscal and monetary stimulus, while the return of economic growth saw value stocks drive performance for the remainder of the year. The reopening of advanced economies coupled with ongoing fiscal stimulus has also spurred growing consumer confidence and investor optimism.

In June, the Future Generation Australia (ASX: FGX) investment portfolio increased 2.0%\* and the Future Generation Global (ASX: FGG) investment portfolio increased 3.9%\*. The S&P/ASX All Ordinaries Accumulation Index rose 2.6% and the MSCI AC World Index (AUD) increased 4.6% during the month.

Since inception, the FGX investment portfolio has increased 10.8%\* per annum and the FGG investment portfolio has increased 11.7%\* per annum. The investment portfolios' performance has been achieved with less volatility than their indexes, as measured by standard deviation.

### Future Generation welcomes CEO Caroline Gurney

During the month, we were excited to announce the appointment of Future Generation Australia Director, Caroline Gurney, to the role of Chief Executive Officer (CEO) of Future Generation. Caroline has more than 25 years' experience in the financial services sector focused on corporate affairs, marketing and corporate social responsibility. Caroline has held senior roles at UBS and Citibank and has worked in Australia, Singapore, Hong Kong and London during her career. She has been a member of the Future Generation Australia Board of Directors since 2019.

Caroline is also a member of the Ascham School Council and the Centennial Park and Moore Park Foundation, an

ambassador for the Australian Indigenous Education Foundation (AIEF), a director at the UBS Australia Foundation and a director of Our Watch, an organisation focused on preventing violence against women and children. Caroline has also previously served as a Council Member of Chief Executive Women.

Caroline will lead the Future Generation companies in an exciting new phase of growth and will continue to focus on promoting the unique Future Generation investment model of dual investment and social returns, working to return the Companies' share prices to net tangible asset (NTA) value. Caroline will commence in her new role in September 2021.

### Vote to support your chosen charity

The Future Generation companies are on track to deliver a record social investment of \$11.7 million to our charity partners in late 2021. Shareholders on the Future Generation Australia or Future Generation Global register at 30 July 2021 will be invited to allocate their portion of the 2021 donation to their chosen charity partner. We look forward to sharing more details on how to vote in the coming weeks.

### Social Impact Insights

In June, Future Generation launched *Social Impact Insights*, a window into the work of our partners and the broader for-purpose sector supporting young Australians who are at risk or experiencing mental ill-health. In the first edition, we share how our partners innovated and adapted to the challenges of 2020 and how the Federal Budget is progressing mental health reform. We celebrate the Butterfly Foundation opening Australia's first residential treatment centre for eating disorders; 20 years of the Australian Children's Music Foundation's National Songwriting Competition; and graduate achievements from the Australian Indigenous Education Foundation. You can access *Social Impact Insights* [here](#).

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

# \$41.2m

SOCIAL  
INVESTMENT  
TO 2020



# \$4.8m

Future  
Generation  
Australia 2020

# \$5.7m

Future  
Generation  
Global 2020

2020 total social  
investment

# \$10.5m

2020 management  
fees, performance  
fees and services  
forgone

Total fees  
forgone since  
inception to 2020

# \$17.0m

# \$73.5m

## Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2014)
<b>146.07c</b>	<b>\$591.5m</b>	<b>10.8%</b>
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation <sup>#</sup>	Volatility <sup>^</sup>
<b>146.09c</b>	<b>\$551.7m</b>	<b>11.5%</b> S&P/ASX All Ordinaries Accumulation Index: 14.4%
Net tangible assets after tax	2020 fully franked full year dividend	Dividends paid since inception (per share)
<b>136.21c</b>	<b>5.2c</b>	<b>27.3c</b>

<sup>#</sup>Based on the 30 June 2021 share price of \$1.375 per share and 401,255,746 shares on issue.

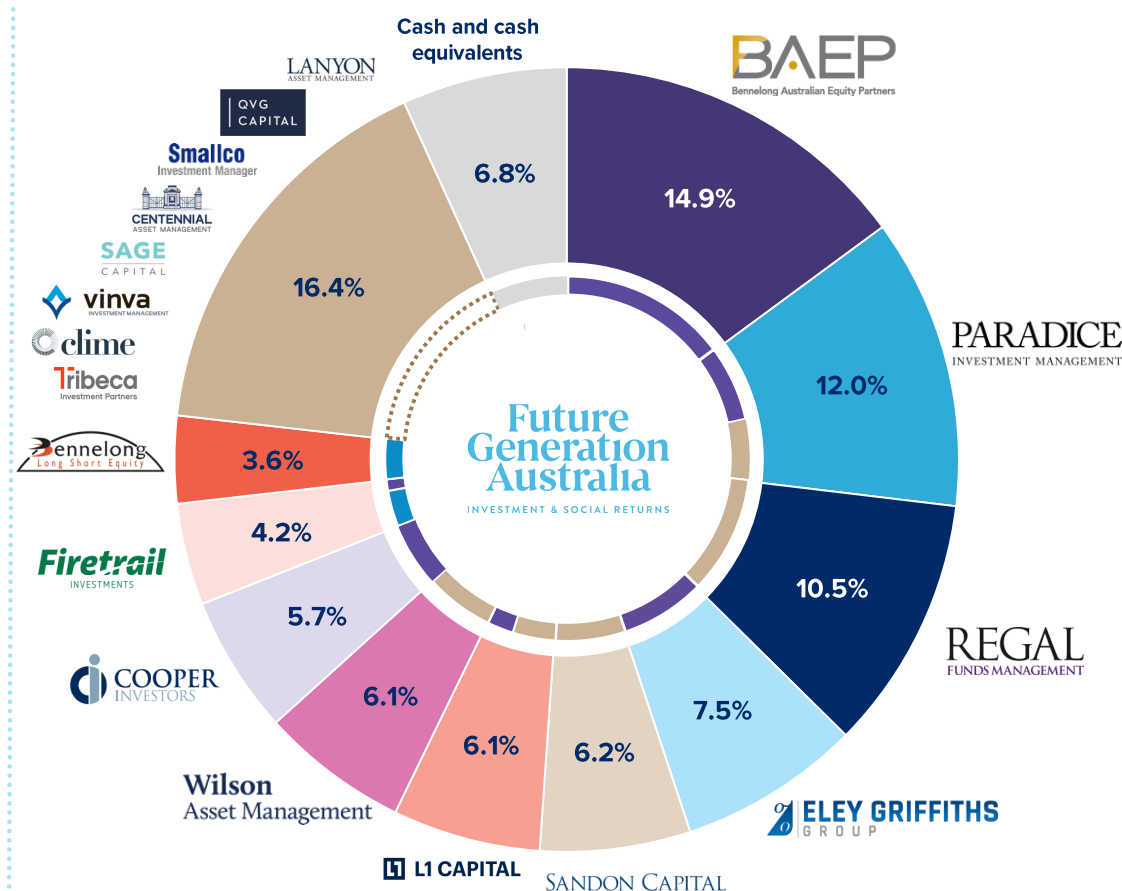
<sup>^</sup>Volatility is measured by standard deviation.

Investment portfolio performance at 30 June 2021	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	2.0%	12.8%	33.6%	10.7%	11.6%	10.8%
S&P/ASX All Ordinaries Accumulation Index	2.6%	12.6%	30.2%	10.3%	11.5%	8.8%

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also 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)
<b>176.70c</b>	<b>\$700.8m</b>	<b>11.7%</b>
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation <sup>#</sup>	Volatility <sup>*</sup>
<b>175.89c</b>	<b>\$605.1m</b>	<b>8.9%</b> MSCI AC World Index (AUD): 10.5%
Net tangible assets after tax	2020 fully franked dividend	ESG aware <sup>^</sup> (of the portfolio)
<b>161.11c</b>	<b>2.0c</b>	<b>98.8%</b>

<sup>#</sup>Based on the 30 June 2021 share price of \$1.54 per share and 392,947,106 shares on issue.

<sup>\*</sup>Volatility is measured by standard deviation.

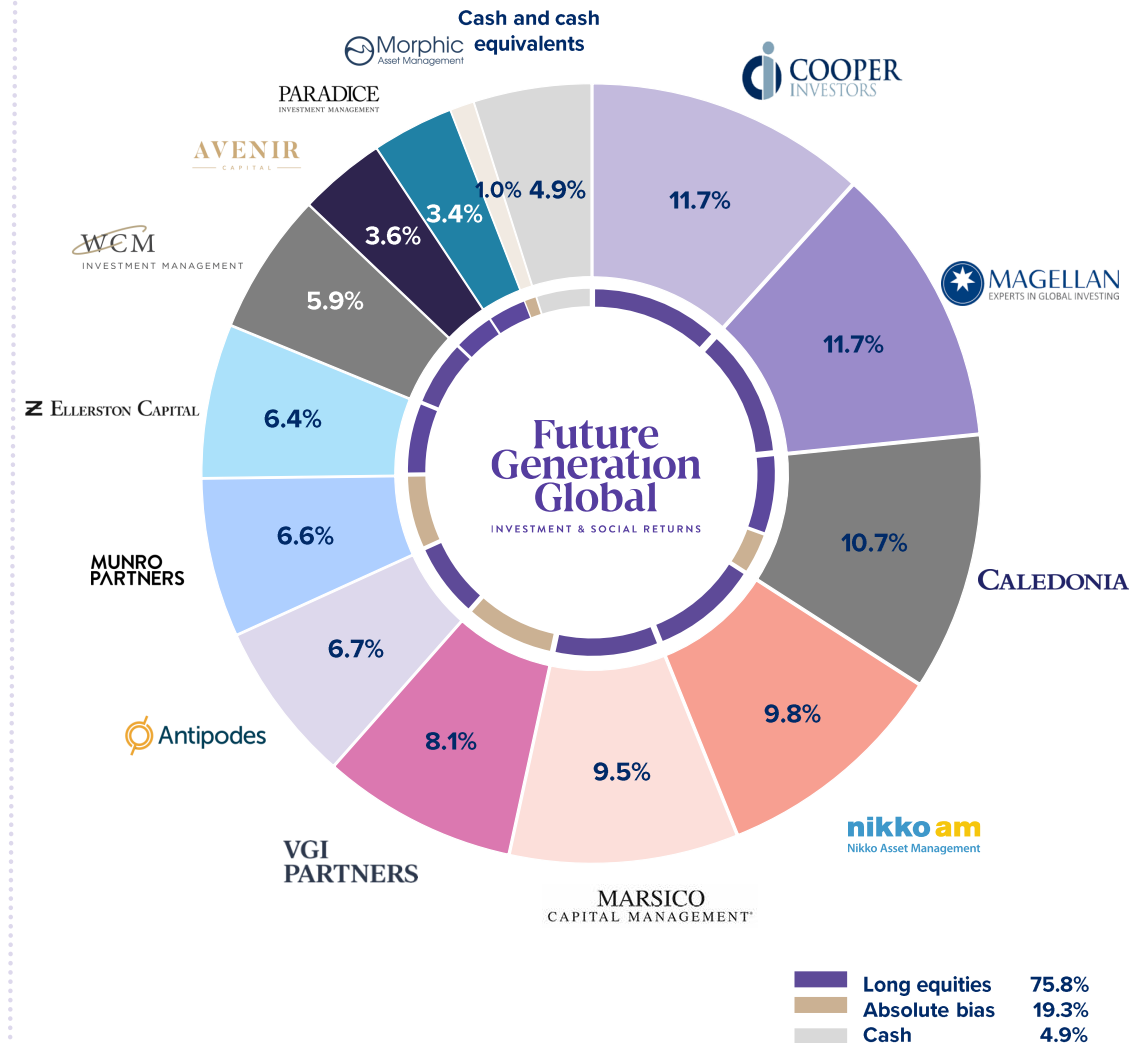
<sup>^</sup>Based on the 2020 Annual Report.

Investment portfolio performance at 30 June 2021	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	3.9%	9.8%	25.0%	13.4%	14.5%	11.7%
MSCI AC World Index (AUD)	4.6%	15.3%	28.0%	14.0%	14.5%	12.0%

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

## Fund manager allocations

0% management fees  
0% performance fees



## Fund manager in focus:



### About Regal Funds Management

Regal Funds Management Pty Ltd was founded in 2004 by the King family and has pioneered the development of the hedge fund and alternatives industry in Australia over the last 17 years. Today the firm consists of 38 staff, including 19 investment professionals across offices in Singapore and Sydney, managing investments for a broad number of institutions, wealthy families, charities, individuals and their advisers across Australia, the Americas, Europe and Asia.

### Regal Funds Management and Future Generation Australia

Regal has a long history of generously supporting charitable investment companies and has been proud to contribute to the success of Future Generation Australia as a pro bono fund manager and ultimately assist a range of high-impact children's charities.

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## Regal Australian Long Short Equity Fund

### Market outlook

Global equity markets are likely to remain constrained by the ongoing volatility experienced in global bond markets in the near-term. Widespread global vaccine initiatives, supportive fiscal stimulus packages and increasingly accommodative monetary policy settings continue to set a favourable backdrop for the prospects of increasing economic growth, albeit with a heightened risk of future inflation and the end of a prolonged bull market in bonds. A rising bond yield environment can create valuation headwinds for higher growth and longer-duration equities, particularly following periods where growth assets have attracted excessive valuations and/or yields rise aggressively in a short period.

Given the improving economic outlook, Regal believes equities as a broader asset class will continue to remain well supported, however equity returns will be driven less by valuation multiple re-ratings and more by genuine earnings growth. Regal continues to favour long positions in companies with an ability to grow earnings regardless of the underlying economic cycle, alongside a continued overweight to the resources sector, which Regal believes is well placed to benefit from the recovery in global economic activity. Increased volatility and dispersion of returns will favour fundamental stock picking approaches and provide multiple opportunities for more active managers of capital.

### Investment style

With a long heritage in fundamental research and long/short investing, Regal's investment strategies typically utilise a research-driven, bottom-up stock selection process, drawing on the significant investment experience of founder and Chief Investment Officer Philip King, alongside a team of portfolio managers, analysts and industry sector specialists. Coupled with extensive experience in analysing and capturing alpha opportunities across events and equity market price dislocations, the Regal investment strategies aim to exploit both short and long-term mispricings, to the benefit of investors.

### High conviction holding

One of Regal's conviction investments is Centuria Capital (ASX: CNI), a real estate asset manager. The recent acquisition of Primewest Group provides CNI with additional scale and a broader range of potential investors, with unlisted wholesale being the new addition. CNI now has the expertise to invest and grow funds in most real estate categories, notably the attractive segments of industrial, healthcare and large format retail. Key to CNI's success is their ability to continue to transact and deploy capital, which they have successfully demonstrated to date. As a manager of real assets, CNI has the added benefit of providing a degree of inflation protection.

### Regal Australian Long Short Equity Fund

Investment portfolio performance at 30 June 2021	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-09)
Regal Australian Long Short Equity Fund	27.8%	8.7%	10.6%	11.6%	14.4%

Returns shown are net of fees. Past performance is not an indicator of future returns.

For more information, visit [regalfm.com](http://regalfm.com)

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

## Future Generation Australia fund managers



## Future Generation Global fund managers





## Charity in focus:



## The Mirabel Foundation

Mirabel's mission is to break the destructive cycle of addiction and disadvantage and they achieve this through their support programs for more than 1,800 children who have been orphaned or abandoned due to their parents' drug use.

*"The most enjoyable part of my role is seeing vulnerable and traumatised children grow into confident and capable young people. They have incredible empathy and insight that can only come from lived experience. Like hearing a 28 year-old say that their world changed for the better when they attended a Big Day Out at 10 years of age and realised that they weren't alone."*

Read a Q&A with Nicole Patton, The Mirabel Foundation Programs and Partnerships [here](https://www.mirabelfoundation.org.au).

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

## Our designated charities



## Our pro bono service providers



**Fund manager  
allocation and  
investments at  
market value as  
at 30 June 2021**

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.9%
	<b>Mid Cap/Equity Alpha Plus Funds (split out below)</b>		<b>12.0%</b>
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	6.7%
	Paradice Equity Alpha Plus Fund	Absolute bias	5.3%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.5%
	<b>Small/Emerging Companies Funds (split out below)</b>		<b>7.5%</b>
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.1%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	6.2%
	<b>Long Short/Australian Equities Funds (split out below)</b>		<b>6.1%</b>
L1 Capital	L1 Capital Long Short Fund	Absolute bias	3.8%
	L1 Capital Australian Equities Fund	Long equities	2.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.1%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.7%
	<b>Absolute Return/High Conviction Funds (split out below)</b>		<b>4.2%</b>
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.2%
	Firetrail High Conviction Fund	Long equities	1.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.7%
Clime Asset Management	Clime Australian Equities Fund	Long equities	2.7%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.5%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.2%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.0%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.8%
QVG Capital	QVG Opportunities Fund	Long equities	1.5%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.0%
	Cash and cash equivalents		6.8%

**Fund manager  
allocation and  
investments at  
market value as  
at 30 June 2021**

Fund Manager	Investment	Strategy	% of Gross Assets
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.7%
Magellan Asset Management	Magellan Global Fund	Long equities	11.7%
	<b>Co-invest Fund/Global Fund (split out below)</b>		<b>10.7%</b>
Caledonia	Caledonia Co-invest Fund	Long equities	7.1%
	Caledonia Global Fund	Absolute bias	3.6%
Marsico Capital Management	Marsico Global Fund	Long equities	9.8%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	9.5%
VGI Partners	VGI Partners Funds	Absolute bias	8.1%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	6.7%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.6%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	6.4%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	5.9%
Avenir Capital	Avenir Global Fund	Long equities	3.6%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.4%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	1.0%
	Cash and cash equivalents		4.9%