

## Investment Update

### Investment portfolio performance

In August, the Future Generation Australia (ASX: FGX) investment portfolio increased 4.7%\*, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 2.6%. The Future Generation Global (ASX: FGG) investment portfolio increased 2.9%\* for the month. The MSCI AC World Index (AUD) rose 3.0% in August.

Since inception, the FGX investment portfolio has increased 11.6%\* per annum and the FGG investment portfolio has increased 12.2%\* per annum. The investment portfolios' performance has been achieved with less volatility than their indexes, as measured by standard deviation.

### Future Generation's 2021 half year results

In August, the Future Generation companies announced their 2021 half year results. Future Generation Australia [announced](#) a record profit, a 15.4% increased fully franked interim dividend and its seventh social investment in young Australians at risk. The Company has a profits reserve of 33.5 cents per share as at 31 August 2021, representing 5.6 years of dividend coverage for shareholders, based on the annualised fully franked interim dividend<sup>^</sup>.

Future Generation Global [reported](#) a 50.0% increased fully franked dividend, record profit and a significant social investment in youth mental health. Consistent with the Company's investment objective to preserve capital, the investment portfolio outperformed its benchmark during 100% of market drawdowns in the 12 months to 30 June 2021. The Company has a profits reserve of 50.4 cents per share as at 31 August 2021<sup>^^</sup>.

The Future Generation companies will deliver \$11.7 million this year to their charity partners supporting young Australians, bringing the total social investment since inception to \$52.9 million.

### Future Generation Australia announces Bonus Issue of Options to all shareholders

During the month, the FGX Board of Directors announced a [Bonus Issue of Options](#) to shareholders.

Each Future Generation Australia Option provides holders with the right, but not the obligation, to purchase one additional Future Generation Australia share for \$1.48 per Option, without paying brokerage fees. The Options can be exercised anytime, up until 28 April 2023. Shares issued on Options exercised on or before 17 November 2021 and held at the dividend record date of 22 November 2021 will receive the fully franked interim dividend of 3.0 cents per share, which represents an annualised fully franked dividend yield of 4.1% and a grossed-up dividend yield of 5.8%<sup>^^</sup> on the exercise price of \$1.48 per Option.

All investors who purchase Future Generation Australia shares on the ASX up until 29 September 2021 will be entitled to receive the Bonus Options, at no additional cost.

To learn more about Options, you can access a fact sheet [here](#).

### Future Generation Investor Update and Q&A webinar

Join our Investor Update and Q&A [webinar](#) on Thursday, 16 September 2021 at 2:00pm (Sydney time) with Future Generation Founder and Director Geoff Wilson AO, Future Generation Australia pro bono fund manager Eley Griffiths' Managing Director and Senior Portfolio Manager Ben Griffiths and Future Generation Global pro bono fund manager WCM Investment Management's Client Portfolio Manager Ryan Quinn.

Geoff will provide an update on Future Generation Australia and Future Generation Global's 2021 half year results and Ben and Ryan will discuss their outlook for the market and provide their top stock picks.

[Register now](#)

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

<sup>^</sup>Before the payment of the 30 June 2021 fully franked interim dividend of 3.0 cents per share.

<sup>^^</sup>Before the payment of the 30 June 2021 fully franked dividend of 3.0 cents per share.

<sup>^^</sup>Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

**\$52.9m**

SOCIAL  
INVESTMENT  
TO 2021



**\$5.3m**

Future  
Generation  
Australia 2021

**\$6.4m**

Future  
Generation  
Global 2021

2021 total social  
investment

**\$11.7m**

2021 annualised  
management fees,  
performance fees and  
services forgone

Total annualised  
fees forgone since  
inception to 2021

**\$21.8m**

**\$95.4m**

# Future Generation

INVESTMENT & SOCIAL RETURNS

PLEASE JOIN US FOR OUR

## Investor Update and Q&A webinar



**Ben Griffiths**

Eley Griffiths Managing Director  
and Senior Portfolio Manager

**Geoff Wilson AO**

Future Generation  
Founder and Director

**Ryan Quinn**

WCM Investment Management  
Client Portfolio Manager

Submit your questions to [info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au)

### WHEN

Thursday, 16 September 2021  
2.00pm (AEST)

### DIAL-IN

Number: 1800 590 693  
Guest code: 974039

**REGISTER NOW >**

## Investment portfolio performance

|  |  |  |
|--|--|--|
| Net tangible assets before tax*                                  | Gross assets   | Profits reserve (per share)                    |
| <b>154.29c</b>   | <b>\$625.5m</b>  | <b>33.5c</b>                                   |
| Net tangible assets after tax and before tax on unrealised gains | Market capitalisation <sup>#</sup>                               | Dividends paid since inception (per share)     |
| <b>152.90c</b>   | <b>\$573.8m</b>  | <b>27.3c</b>                                   |
| Net tangible assets after tax                                    | Volatility <sup>^</sup>  | 2021 fully franked annualised interim dividend |
| <b>142.86c</b>   | <b>11.4%</b><br>S&P/ASX All Ordinaries Accumulation Index: 14.3% | <b>6.0c</b>                                    |

\*The NTA before tax is after the payment of \$5.2m (1.28 cents per share) in tax during the month.

<sup>#</sup>Based on the 31 August 2021 share price of \$1.43 per share and 401,255,746 shares on issue.

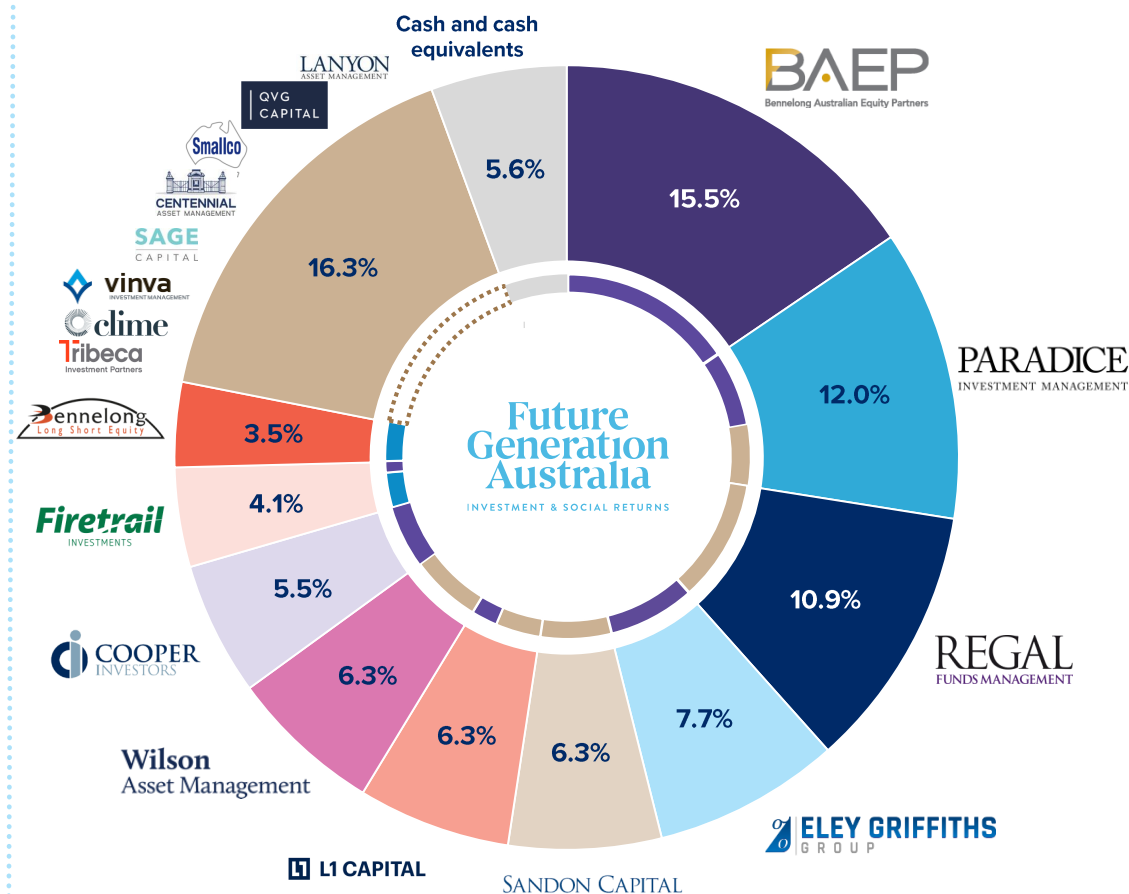
<sup>^</sup>Volatility is measured by standard deviation.

| Investment portfolio performance at 31 August 2021 | 1 mth | 6 mths | Fin YTD | 1 yr  | 3 yrs %pa | 5 yrs %pa | Since inception %pa (Sept-14) |
|--|-------|--------|---------|-------|-----------|-----------|-------------------------------|
| Future Generation Australia                        | 4.7%  | 16.7%  | 20.3%   | 30.4% | 12.3%     | 12.0%     | 11.6%                         |
| S&P/ASX All Ordinaries Accumulation Index          | 2.6%  | 14.7%  | 16.7%   | 29.0% | 10.6%     | 11.3%     | 9.1%                          |

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



### 16.3% fund manager breakdown

|                             |      |                             |      |
|-----------------------------|------|-----------------------------|------|
| Tribeca Investment Partners | 2.7% | Centennial Asset Management | 2.0% |
| Clime Asset Management      | 2.6% | Smallco Investment Manager  | 1.8% |
| Vinva Investment Management | 2.4% | QVG Capital                 | 1.6% |
| Sage Capital                | 2.2% | Lanyon Asset Management     | 1.0% |

|                |       |
|----------------|-------|
| Long equities  | 47.1% |
| Absolute bias  | 40.7% |
| Market neutral | 6.6%  |
| Cash           | 5.6%  |

## Investment portfolio performance

|  |   |   |
|--|---|---|
| Net tangible assets before tax                                   | Gross assets                                    | Profits reserve (per share)               |
| <b>183.86c</b>   | <b>\$730.1m</b>                                 | <b>50.4c</b>                              |
| Net tangible assets after tax and before tax on unrealised gains | Market capitalisation <sup>#</sup>              | June 2021 fully franked dividend          |
| <b>181.05c</b>   | <b>\$646.4m</b>                                 | <b>3.0c</b>                               |
| Net tangible assets after tax                                    | Volatility <sup>*</sup>                         | ESG aware <sup>^</sup> (of the portfolio) |
| <b>166.13c</b>   | <b>8.8%</b><br>MSCI AC World Index (AUD): 10.4% | <b>98.8%</b>                              |

<sup>#</sup>Based on the 31 August 2021 share price of \$1.645 per share and 392,947,106 shares on issue.

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

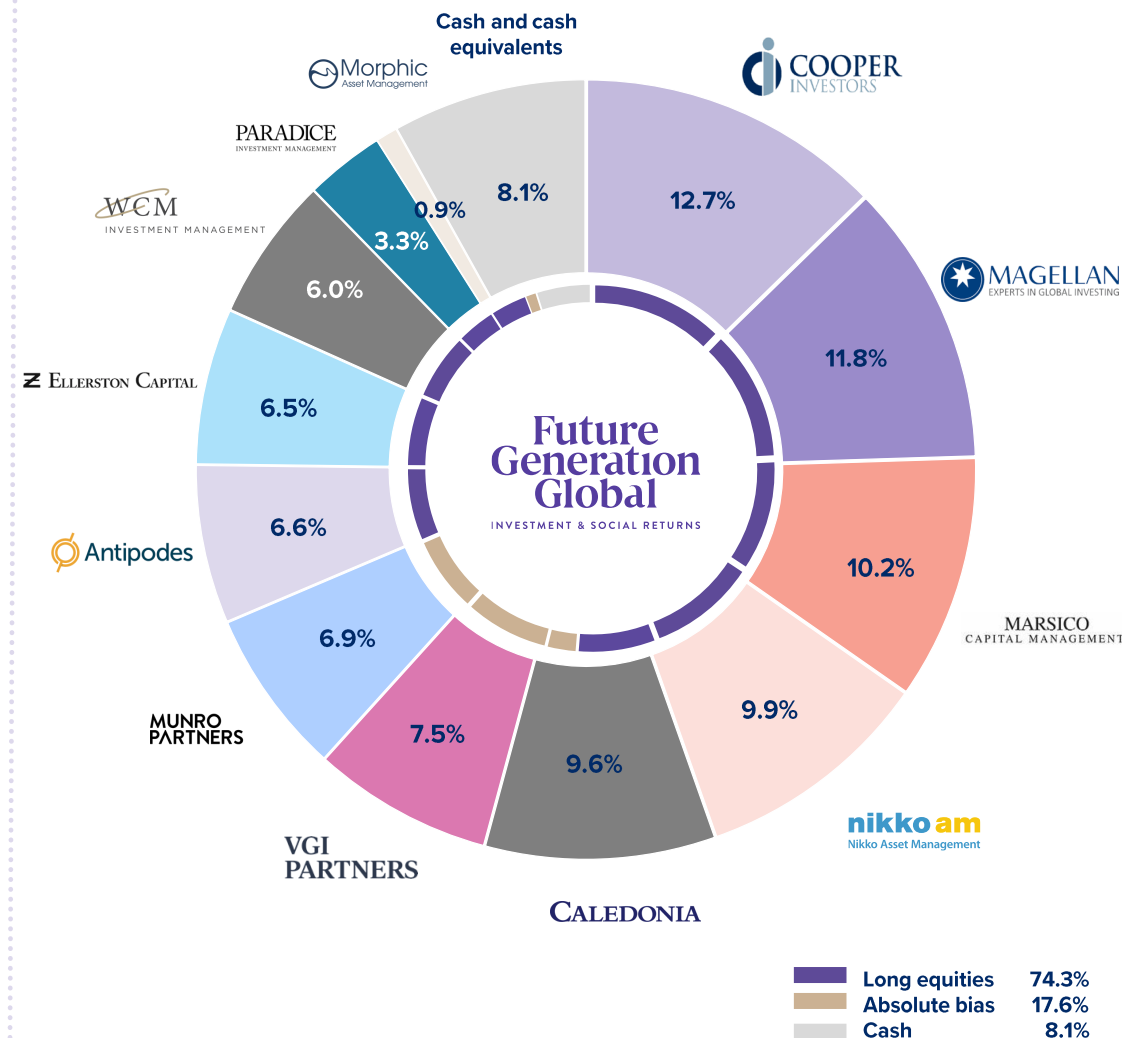
<sup>^</sup>Based on the 2020 Annual Report.

| Investment portfolio performance at 31 August 2021 | 1 mth | 6 mths | Fin YTD | 1 yr  | 3 yrs %pa | 5 yrs %pa | Since inception %pa (Sept-15) |
|--|-------|--------|---------|-------|-----------|-----------|-------------------------------|
| Future Generation Global                           | 2.9%  | 11.4%  | 14.4%   | 22.9% | 13.1%     | 14.5%     | 12.2%                         |
| MSCI AC World Index (AUD)                          | 3.0%  | 20.2%  | 22.0%   | 30.0% | 13.7%     | 14.9%     | 12.7%                         |

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:



### Investment Style

The Wilson Asset Management Equity Fund's (WAM Equity) objectives are to achieve a high real rate of return, comprising both income and capital growth while maintaining a risk averse portfolio structure. WAM Equity provides investors with access to Wilson Asset Management's two distinctive investment processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

The research-driven investment process identifies undervalued growth companies through diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market's valuation of the company.

The market-driven investment process takes advantage of short-term mispricing opportunities in the Australian equity market. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spinoffs and restructures), arbitrage opportunities, short selling and trading market themes and trends.

## Wilson Asset Management

### About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for eight LICs – WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) – Wilson Asset Management invests over \$5 billion on behalf of more than 110,000 retail investors. Wilson Asset Management is the founder and lead supporter of Future Generation.

### Market outlook

As we enter FY2022, Wilson Asset Management has positioned WAM Equity into companies that can generate strong top line organic growth irrespective of the outlook for the coronavirus pandemic. We are positive on the medium-term economic and earnings outlooks, despite the headwinds of new variants, supported by encouraging signals such as a sharp rise in Australian vaccination rates. Our long-standing methodology of investing in companies that are undervalued relative to their peers, with a clear catalyst for a share price re-rating, remains the central tenet of WAM Equity's investment process.

### High conviction holding

Ardent Leisure (ASX: ALG) is an owner and operator of leisure and entertainment assets in Australia and a growing portfolio of entertainment venues in the US. Ardent Leisure's FY2021 results illustrated a strong foundation for an economic rebound, with earnings before interest, taxes, depreciation and amortisation (EBITDA) of \$67.3 million, a 165.6% increase on the prior year, driven primarily by the strong recovery in its US business and cost-effective management across the group. Main Event, the group's bowling-centred entertainment business with 43 centres in the US, has benefitted from pent-up demand unlocked by the accelerated vaccine rollout, offsetting the soft performance seen during the first half of the year. As economies reopen, we believe domestic tourism will flourish, benefitting Ardent Leisure's Australian assets such as Dreamworld, WhiteWater World and SkyPoint.

Listen to a recent [Investor Update and Q&A webinar](#) where WAM Equity's investment team members discussed Ardent Leisure along with other high conviction stock picks.

### WAM Equity Fund

| Performance at 31 August 2021             | 1<br>mth     | FYTD         | 1<br>yr      | 3 yrs<br>%pa | 5 yrs<br>%pa | 7 yrs<br>%pa | 10 yrs<br>%pa | Since<br>inception<br>%pa (Jan-98) |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|------------------------------------|
| WAM Equity Investment Portfolio           | 5.5%         | 6.0%         | 29.0%        | 11.3%        | 11.0%        | 13.4%        | 15.8%         | 20.4%                              |
| S&P/ASX All Ordinaries Accumulation Index | 2.6%         | 3.7%         | 29.0%        | 6.2%         | 11.3%        | 9.0%         | 10.4%         | 9.1%                               |
| <b>Outperformance</b>                     | <b>+2.9%</b> | <b>+2.3%</b> | <b>+0.0%</b> | <b>+5.1%</b> | <b>-0.3%</b> | <b>+4.4%</b> | <b>+5.4%</b>  | <b>+11.3%</b>                      |

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

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



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:



## Youth Off The Streets

Established by Father Chris Riley in 1991, Youth Off The Streets works for young people who face challenges of homelessness, drug dependency and are recovering from abuse. The organisation aims to see young people leave their care drug free, with a high school education, living skills and a job.

***“What I enjoy about my role is preventing the gap rather than closing the gap, with a sense of optimism for Aboriginal young people. Our Cultural Support team works with every area of Youth Off The Streets to ensure the rights and needs of young people from diverse cultural backgrounds are reflected in all of our services and programs. I enjoy seeing the potential unleashed in our young people, flourishing in life, and being strong and deadly in culture.”***

Read a Q&A with Nicole Laupepa, Cultural Development Manager [here](https://youthoffthestreets.com.au).

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

## Our designated charities



**SANE AUSTRALIA**



## Our pro bono service providers



## Fund manager allocation and investments at market value as at 31 August 2021

| Fund Manager                           | Investment   | Strategy       | % of Gross Assets |
|--|--|----------------|-------------------|
| Bennelong Australian Equities Partners | Bennelong Australian Equities Fund                             | Long equities  | 15.5%             |
|  | <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  | 10.9%             |
|  | <b>Small/Emerging Companies Funds (split out below)</b>        |                | <b>7.7%</b>       |
| Eley Griffiths Group                   | Eley Griffiths Group Small Companies Fund                      | Long equities  | 6.3%              |
|  | Eley Griffiths Group Emerging Companies Fund                   | Long equities  | 1.4%              |
| Sandon Capital                         | Sandon Capital Activist Fund                                   | Absolute bias  | 6.3%              |
|  | <b>Long Short/Australian Equities Funds (split out below)</b>  |                | <b>6.3%</b>       |
| L1 Capital                             | L1 Capital Long Short Fund                                     | Absolute bias  | 4.0%              |
|  | L1 Capital Australian Equities Fund                            | Long equities  | 2.3%              |
| Wilson Asset Management                | Wilson Asset Management Equity Fund                            | Absolute bias  | 6.3%              |
| Cooper Investors                       | Cooper Investors Australian Equities Fund                      | Long equities  | 5.5%              |
|  | <b>Absolute Return/High Conviction Funds (split out below)</b> |                | <b>4.1%</b>       |
| Firetrail Investments                  | Firetrail Absolute Return Fund                                 | Market neutral | 3.1%              |
|  | Firetrail High Conviction Fund                                 | Long equities  | 1.0%              |
| Bennelong Long Short Equity Management | Bennelong Long Short Equity Fund                               | Market neutral | 3.5%              |
| Tribeca Investment Partners            | Tribeca Alpha Plus Fund  | Absolute bias  | 2.7%              |
| Clime Asset Management                 | Clime Australian Equities Fund                                 | Long equities  | 2.6%              |
| Vinva Investment Management            | Vinva Australian Equities Fund                                 | Long equities  | 2.4%              |
| 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  | 1.6%              |
| Lanyon Asset Management                | Lanyon Australian Value Fund                                   | Absolute bias  | 1.0%              |
|  | Cash and cash equivalents                                      |                | 5.6%              |



**Fund manager  
allocation and  
investments at  
market value as  
at 31 August 2021**

| Fund Manager                     | Investment                                       | Strategy      | % of Gross Assets |
|----------------------------------|--|---------------|-------------------|
| Cooper Investors                 | Cooper Investors Global Equities Fund (Unhedged) | Long equities | 12.7%             |
| Magellan Asset Management        | Magellan Global Fund                             | Long equities | 11.8%             |
| Marsico Capital Management       | Marsico Global Fund                              | Long equities | 10.2%             |
| Nikko Asset Management Australia | Nikko AM Global Share Fund                       | Long equities | 9.9%              |
|                                  | Co-invest Fund/Global Fund (split out below)     |               | 9.6%              |
| Caledonia                        | Caledonia Co-invest Fund                         | Long equities | 7.3%              |
|                                  | Caledonia Global Fund                            | Absolute bias | 2.3%              |
| VGI Partners                     | VGI Partners Funds                               | Absolute bias | 7.5%              |
| Munro Partners                   | Munro Global Growth Fund                         | Absolute bias | 6.9%              |
| Antipodes Partners               | Antipodes Global Fund - Long                     | Long equities | 6.6%              |
| Ellerston Capital                | Ellerston Global Mid Small Cap Fund              | Long equities | 6.5%              |
| WCM Investment Management        | WCM Quality Global Growth Fund (Hedged)          | Long equities | 6.0%              |
| Paradice Investment Management   | Paradice Global Small Mid Cap Fund (Unhedged)    | Long equities | 3.3%              |
| Morphic Asset Management         | Morphic Ethical Equities Fund Limited            | Absolute bias | 0.9%              |
|                                  | Cash and cash equivalents                        |               | 8.1%              |