

Dear fellow shareholder,

Investment portfolio performance

December brought to a close a strong year for global equities and a difficult year for communities globally as we continue to live with the coronavirus pandemic. Global equities performed strongly, with the MSCI AC World Index (AUD) up 25.3% and the S&P/ASX All Ordinaries Accumulation Index increasing 17.7% for the 2021 calendar year. In December, the Future Generation Australia (ASX: FGX) investment portfolio increased 1.3% for the month whilst the S&P/ASX All Ordinaries Accumulation Index rose 2.7%. The Future Generation Global (ASX: FGG) investment portfolio increased 0.5% for the month and the MSCI AC World Index (AUD) closed up 1.5% in December.

Since inception, the FGX investment portfolio has increased 11.2% per annum and the FGG investment portfolio has increased 11.1% per annum. The investment portfolios' performance has been achieved with less volatility than their indexes, as measured by standard deviation.

Insights from the Investment Committee

In the next instalment of [Insights from the Investment Committee](#), Future Generation Global Director and Investment Committee Chair Kiera Grant and I discuss the unique qualities of the FGG investment portfolio, the benefits of diversification and how the portfolio has performed during periods of increased volatility.

Top stock picks from our pro bono fund managers

Read the top long-term stock picks from our pro bono fund managers featured in [The Australian Financial Review](#), as well as charities that have caught their eye and an interview with Craig Connelly, CEO of Ian Potter Foundation, a supporter of and shareholder in Future Generation Australia and Future Generation Global.

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

Addressing mental health

Alongside an article of stock picks from our pro bono fund managers in [The Australian](#), I wrote about the role of philanthropy in [addressing mental health](#), Future Generation's profit for purpose model and our placement at number 28 on Australia's top corporate giving list for 2021. Thank you to our fund managers, service providers and shareholders for your continued support.

Our impact story so far

Much like financial investment strategies, getting the greatest return from what we donate happens when our partners identify catalytic opportunities situated at the nexus of need, demand, high potential for social change, and low or no existing investment. This is where private funding sources such as yours in Future Generation, really punch above their weight in terms of social return.

We have looked back at our first five to six years of impact and invite you to read some of our highlights and learnings from the FGX and FGG social investment portfolios in [Our impact story so far](#).

What is a market neutral investment strategy?

A market neutral investment strategy generally involves the simultaneous purchase and sale of equities, to generate returns that are not linked to the performance of underlying equity markets.

The Future Generation Australia investment portfolio is comprised of a 6.6% allocation to a market neutral strategy.

Best wishes,



Caroline Gurney
CEO, Future Generation



\$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

\$21.8m

Total annualised
fees forgone since
inception to 2021

\$95.4m

Investment portfolio performance

Net tangible assets before tax	Gross assets	Profits reserve (per share)
152.04c	\$615.7m	31.6c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Dividends paid since inception (per share)
151.45c	\$566.1m	30.3c
Net tangible assets after tax	Volatility [^]	2021 annualised fully franked interim dividend
141.02c	11.2% S&P/ASX All Ordinaries Accumulation Index: 14.0%	6.0c

[#]Based on the 31 December 2021 share price of \$1.405 per share and 402,917,212 shares on issue. During the month, 2,994 options were exercised and allotted under the Bonus Issue of Options. The options are trading under the ASX code FGXO with an exercise price of \$1.48 per option and expire on 28 April 2023.

The above NTA figures are not adjusted for the 400,244,585 options on issue with an exercise price of \$1.48 per option.

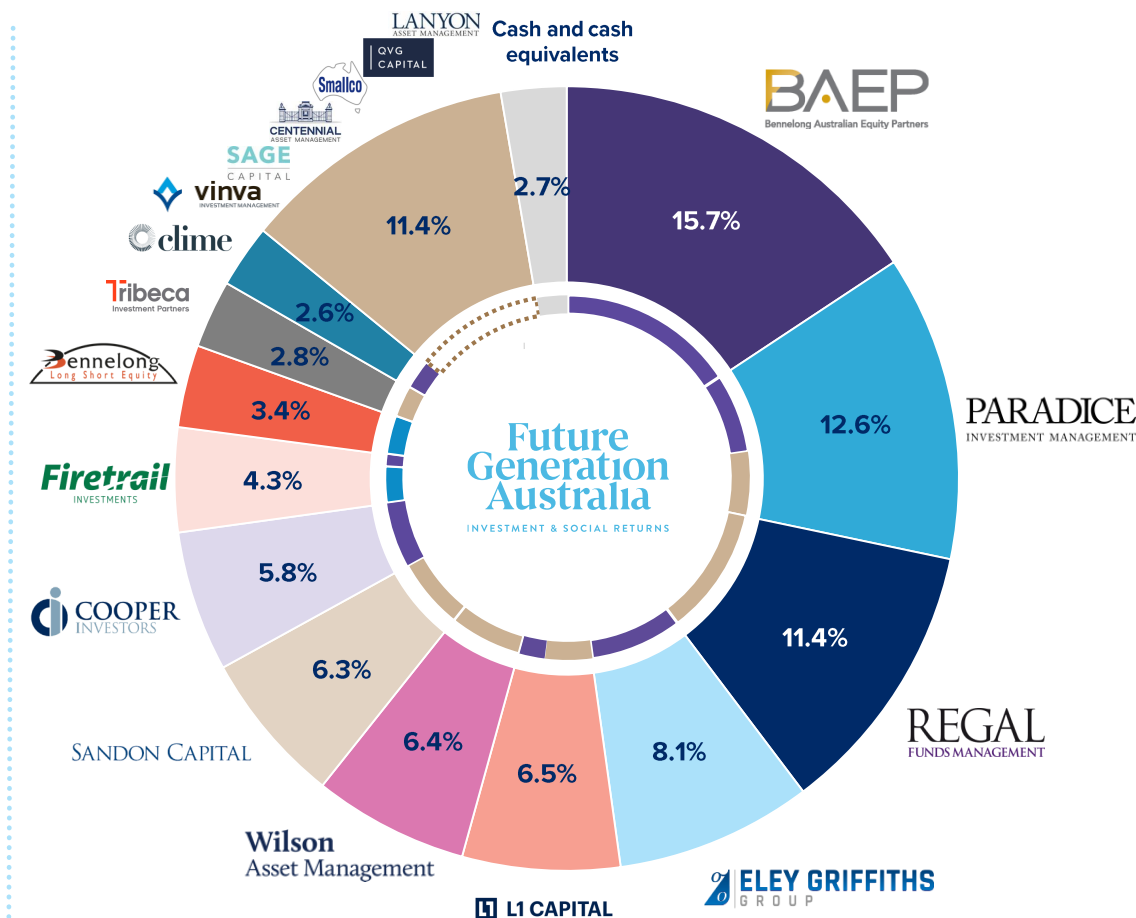
[^]Volatility is measured by standard deviation.

Investment portfolio performance at 31 December 2021	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	1.3%	8.2%	22.1%	17.5%	12.3%	11.2%
S&P/ASX All Ordinaries Accumulation Index	2.7%	4.6%	17.7%	14.8%	10.4%	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



11.4% fund manager breakdown

Vinva Investment Management	2.5%	Smallco Investment Manager	1.8%
Sage Capital	2.3%	QVG Capital	1.6%
Centennial Asset Management	2.2%	Lanyon Asset Management	1.0%

Investment portfolio performance

Net tangible assets before tax*	Gross assets	Profits reserve (per share)
173.97c	\$688.6m	48.3c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	June 2021 fully franked dividend
171.68c	\$631.7m	3.0c
Net tangible assets after tax	Volatility**	ESG aware [^] (of the portfolio)
159.84c	8.7% MSCI AC World Index (AUD): 10.2%	98.8%

*The NTA before tax is after the payment of \$8.5m (2.16 cents per share) in tax during the month.

[#]Based on the 31 December 2021 share price of \$1.605 per share and 393,612,280 shares on issue.

^{**}Volatility is measured by standard deviation.

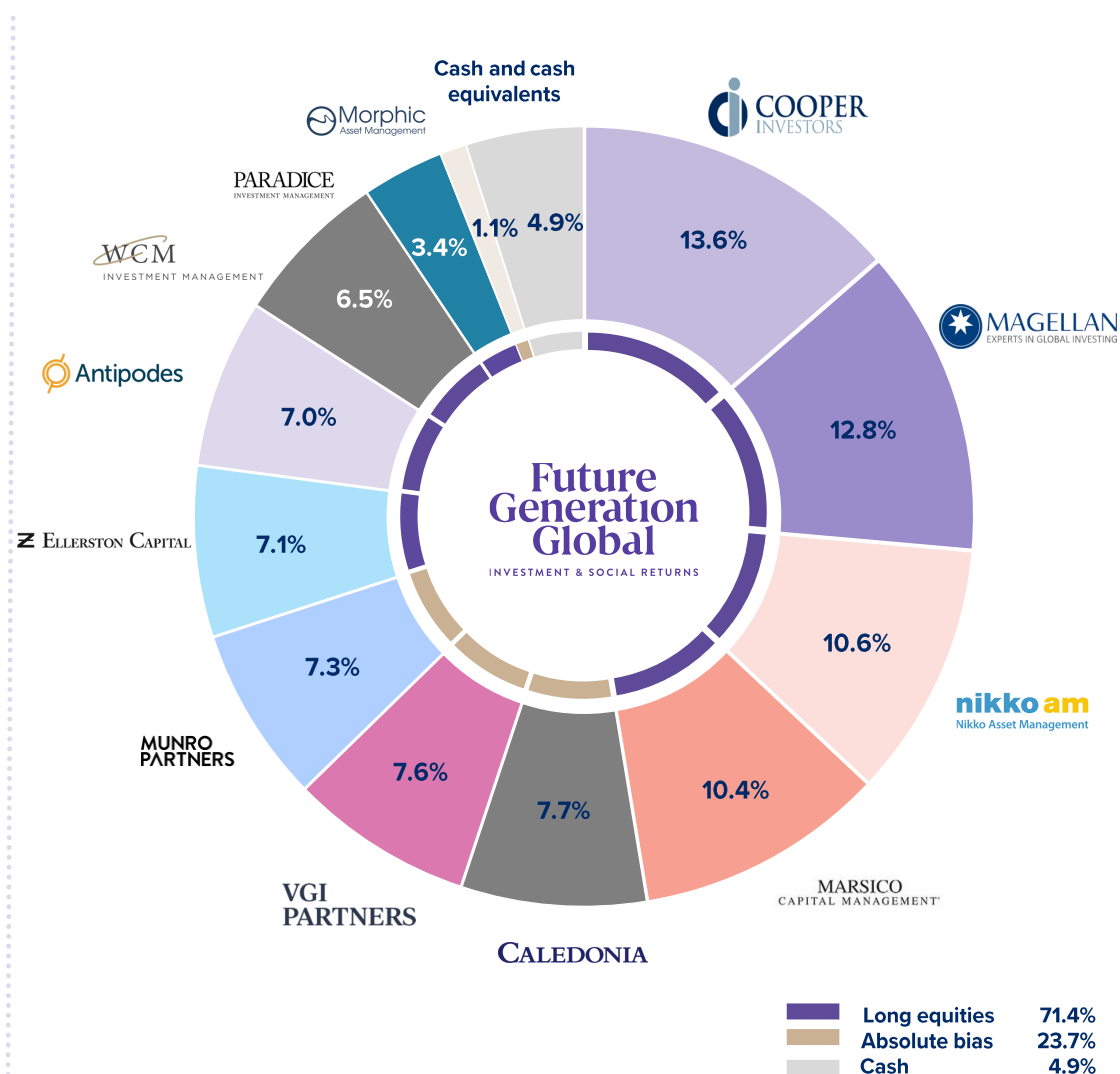
[^]Based on the 2020 Annual Report.

Investment portfolio performance at 31 December 2021	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	0.5%	1.9%	11.9%	15.5%	13.2%	11.1%
MSCI AC World Index (AUD)	1.5%	8.7%	25.3%	19.1%	14.2%	12.5%

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



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

Future Generation Australia fund managers



Future Generation Global fund managers



Our impact story so far



Click to read



Click to read



Our designated charities



Our pro bono service providers



Fund manager allocation and investments at market value as at 31 December 2021

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	15.7%
	Mid Cap/Equity Alpha Plus Funds (split out below)		12.6%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.0%
	Paradice Equity Alpha Plus Fund	Absolute bias	5.6%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	11.4%
	Small/Emerging Companies Funds (split out below)		8.1%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.5%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.6%
	Long Short/Australian Equities Funds (split out below)		6.5%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	4.2%
	L1 Capital Australian Equities Fund	Long equities	2.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	6.3%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.8%
	Absolute Return/High Conviction Funds (split out below)		4.3%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.2%
	Firetrail High Conviction Fund	Long equities	1.1%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.4%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.8%
Clime Asset Management	Clime Australian Equities Fund	Long equities	2.6%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.5%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.3%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.2%
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		2.7%

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

Fund Manager	Investment	Strategy	% of Gross Assets
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	13.6%
Magellan Asset Management	Magellan Global Fund	Long equities	12.8%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	10.6%
Marsico Capital Management	Marsico Global Fund	Long equities	10.4%
Caledonia	Caledonia Global Fund	Absolute bias	7.7%
VGI Partners	VGI Partners Funds	Absolute bias	7.6%
Munro Partners	Munro Global Growth Fund	Absolute bias	7.3%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.1%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	7.0%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	6.5%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.4%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	1.1%
	Cash and cash equivalents		4.9%