

Dear Fellow Shareholder,

Investment portfolio performance

This month, growing inflation concerns saw the US Federal Reserve announce it would raise interest rates and the Reserve Bank of Australia lifted the cash rate target for the sixth consecutive month, exacerbating fears of a recession. Oil, metal and iron ore prices fell along with Australian shares and global equity markets.

The Future Generation Global (ASX: FGG) investment portfolio decreased 3.3%* in September, outperforming the MSCI AC World Index (AUD) which fell 3.6%. The Future Generation Australia (ASX: FGX) investment portfolio decreased 5.7%* for the month, outperforming the S&P/ASX All Ordinaries Accumulation Index which decreased 6.4%.

Since inception, the Future Generation Australia investment portfolio has increased 8.1%* per annum and the Future Generation Global investment portfolio has increased 6.1%* per annum. The investment portfolios' performance has been achieved with less volatility than their indexes, as measured by standard deviation.

In the media

Elysse Morgan, business and finance reporter at ABC's The Business program interviewed Future Generation pro bono fund managers [Tom Richardson](#), Portfolio Manager at Paradise Investment Management and [Nick Griffin](#), Founder and Chief Investment Officer at Munro Partners. Our pro bono fund managers, Eley Griffiths Group, Firetrail Investments, Paradise Investment Management, QVG Capital, Tribeca Investment Partners and Wilson Asset Management shared their stock picks which featured in [The Sydney Morning Herald](#).

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

Tim Minchin on the Art of Giving

We released our latest podcast with Tim Minchin AO, Australian comedian, actor, writer and musician. He talks about the importance of systematic giving, woke culture and the growing mental health crisis. The [episode](#) is available on all major podcast platforms and the transcript is available [here](#). If you enjoyed listening, we encourage you to share the series with your family and friends. We would love to hear your feedback.

Investor Q&A webinar

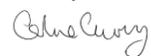
Listen to the [recording](#) of our Investor Q&A webinar to hear from renowned fund manager David Paradise AO, Founder and Managing Director of [Paradice Investment Management](#) and Steve Anthony OAM, co-founder of [Giant Steps](#), a social impact partner of Future Generation Australia which supports children living with autism. Both share why supporting Giant Steps is close to their hearts and David discusses his market outlook and views on inflation. Read the coverage in [The Australian](#).

Self Managed Super Fund Awards 2022

Future Generation Australia won the Listed Investment Company Adviser's Choice award at the 2022 Self Managed Super Fund [Service Provider Awards](#). Thank you to everyone who voted.

We hope you enjoy this month's [Meet the Manager](#) with Lanyon Asset Management's David Prescott, Founder and Portfolio Manager and Nick Markiewicz, Portfolio Manager and our [Q&A Interview](#) with BighART's Scott Rankin, CEO, Creative Director and Founder.

Thank you and best wishes,



Caroline Gurney
CEO, Future Generation



\$65.2m

SOCIAL
INVESTMENT
TO 2022



\$5.9m

Future
Generation
Australia
2022

\$6.4m

Future
Generation
Global
2022

**2022 total social
investment**

\$12.3m

**2022 annualised
management fees,
performance fees and
services forgone**

**Total annualised
fees forgone since
inception to 2022**

\$16.7m

\$113.7m

Investment portfolio performance

The below NTA figures are **before** the fully franked interim dividend of 3.25 cents per share due to be paid on 28 October 2022. The shares will trade ex-dividend on 17 October 2022.

Net tangible assets before tax	Gross assets	Profits reserve (per share)
124.78c	\$511.5m	29.0c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Dividends paid since inception (per share)
123.68c	\$466.5m	33.3c
Net tangible assets after tax	Volatility [^]	Annualised fully franked interim dividend yield [#]
123.39c	12.1% S&P/ASX All Ordinaries Accumulation Index: 14.6%	5.6% Grossed-up dividend yield: 8.0% ^{^^}

[#]Based on the 30 September 2022 share price of \$1.155 per share and the annualised FY22 fully franked interim dividend of 6.5 cents per share. Future Generation Australia has 403,867,727 shares on issue. During the month, 132 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 400,206,619 options on issue with an exercise price of \$1.48 per option.

[^]Volatility is measured by standard deviation.

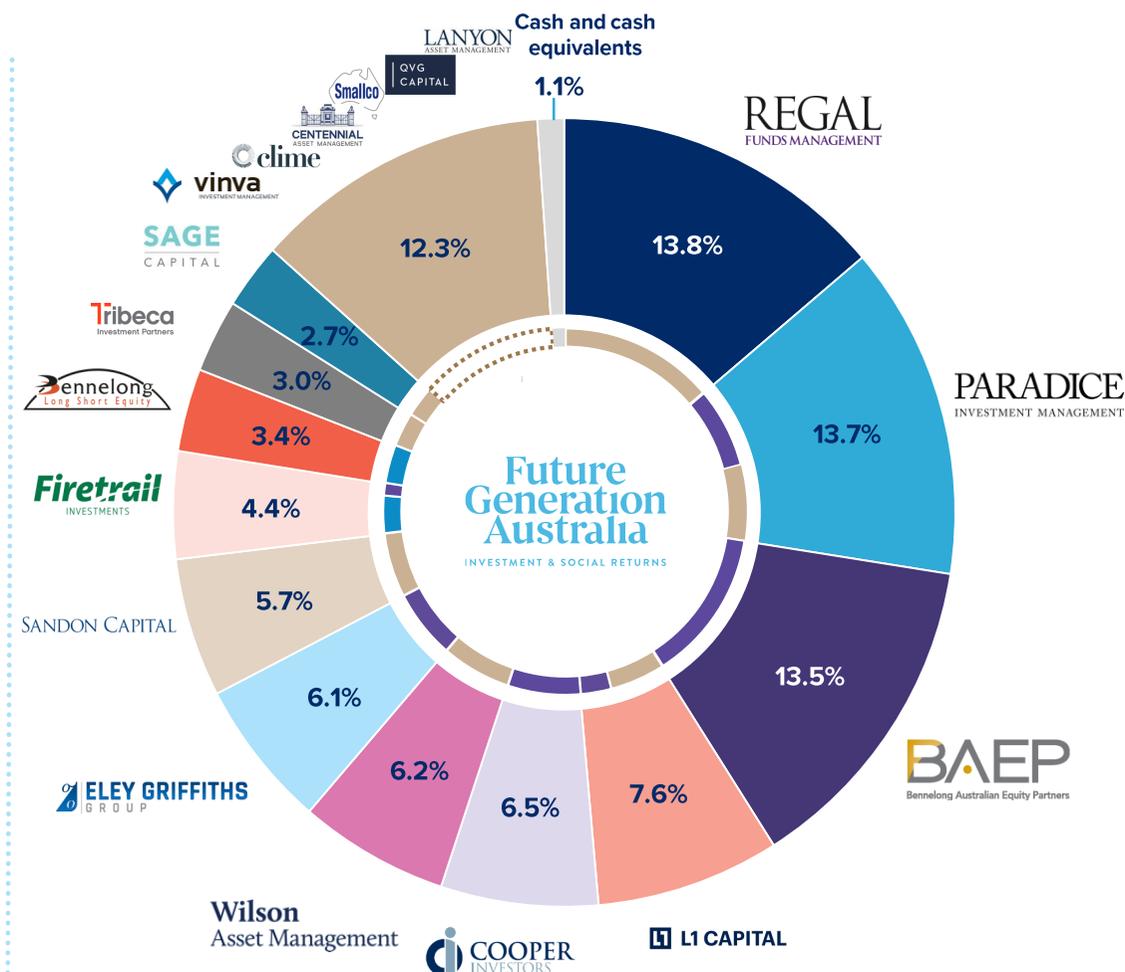
^{^^}Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

Investment portfolio performance at 30 September 2022	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	-5.7%	-11.9%	-14.3%	-12.6%	5.6%	7.6%	8.1%
S&P/ASX All Ordinaries Accumulation Index	-6.4%	-12.2%	-10.8%	-8.6%	3.1%	7.1%	6.4%

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



12.3% fund manager breakdown

Vinva Investment Management	2.7%	Smallco Investment Manager	1.8%
Clime Investment Management	2.7%	QVG Capital	1.5%
Centennial Asset Management	2.4%	Lanyon Asset Management	1.2%

Absolute bias	46.5%
Long equities	45.7%
Market neutral	6.7%
Cash	1.1%

Future Generation Global

INVESTMENT & SOCIAL RETURNS

Investment portfolio performance

The below NTA figures are **before** the fully franked interim dividend of 3.5 cents per share due to be paid on 25 October 2022. The shares traded ex-dividend on 12 October 2022.

Net tangible assets before tax	Gross assets	Profits reserve (per share)
130.83c	\$524.2m	45.2c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Annualised fully franked interim dividend yield [#]
129.48c	\$437.7m	6.3% Grossed-up dividend yield: 9.0% ^{^^}
Net tangible assets after tax	Volatility* MSCI AC World Index (AUD): 10.7%	ESG aware [^] (of the portfolio)
129.48c	9.7%	99.1%

[#]Based on the 30 September 2022 share price of \$1.11 per share and the annualised FY22 fully franked interim dividend of 7.0 cents per share. Future Generation Global has 394,318,455 shares on issue.

*Volatility is measured by standard deviation.

[^]As reported in the 2021 Annual Report.

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

Investment portfolio performance at 30 September 2022	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	-3.3%	-10.1%	-21.8%	-20.8%	1.8%	6.2%	6.1%
MSCI AC World Index (AUD)	-3.6%	-8.4%	-15.8%	-11.0%	5.4%	8.7%	8.4%

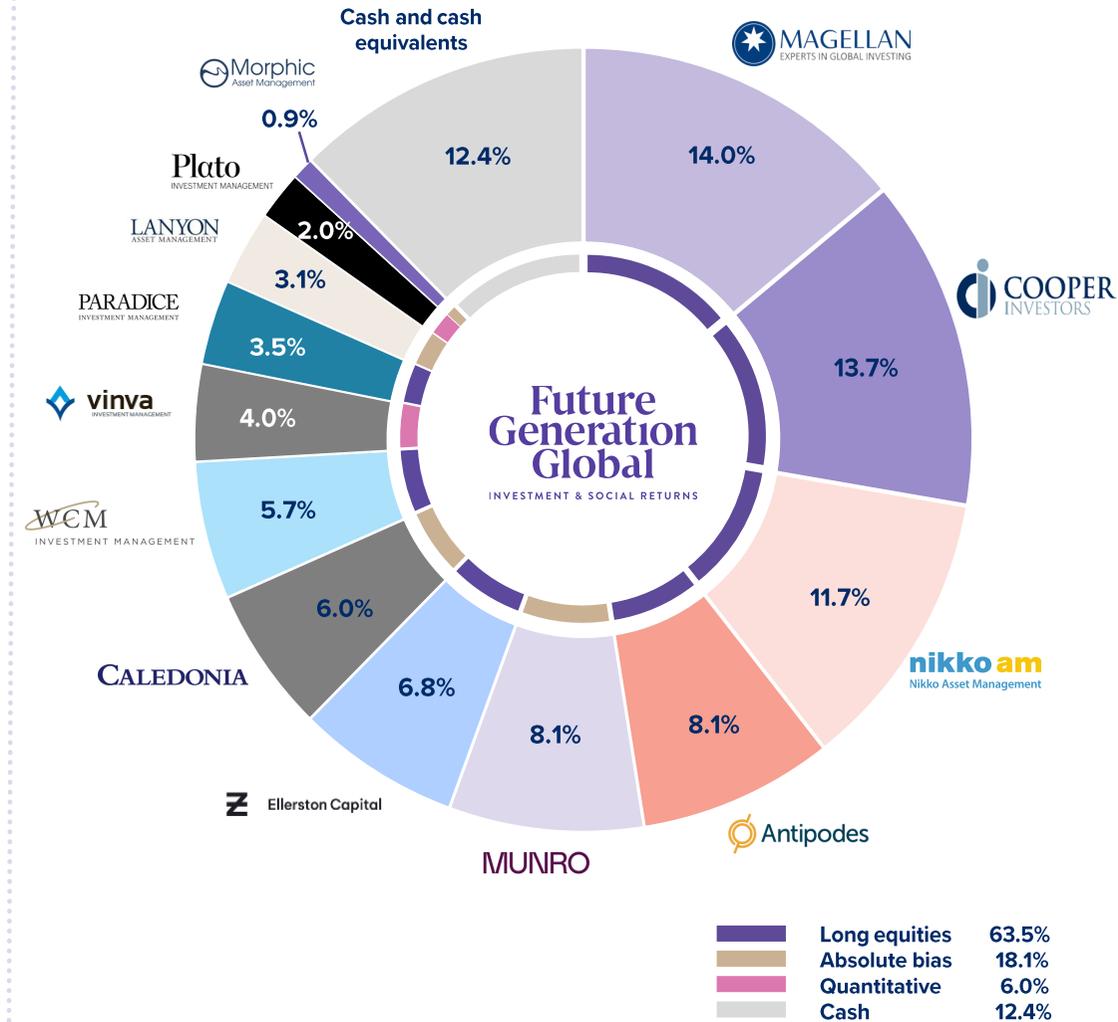
Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Future Generation Global Investment Company Limited (ASX: FGG)

ABN: 52 606 110 838

Fund manager allocations

0% management fees
0% performance fees



Long equities	63.5%
Absolute bias	18.1%
Quantitative	6.0%
Cash	12.4%

Meet the Managers

David Prescott,
Founder, Managing Director and
Portfolio Manager

Nick Markiewicz,
Portfolio Manager

LANYON
ASSET MANAGEMENT

What is your outlook for markets?

David: Interest rates are to markets what gravity is to matter. At the moment, there are really two things impacting global stock markets. The first is the interest rate cycle. Interest rates have been held artificially low for a long period of time and we're now in an environment where they are clearly going up. That's having an impact on asset prices and stock markets and we're right in the eye of that storm. The second factor weighing on markets is the broader economic environment and the potential for a global recession.

The quicker we get to a period where interest rates return to normal levels and the economy starts to improve, the quicker markets will recover. But that's not going to happen any time soon.

We're in an environment where there are a lot of moving parts, so it's not going to be plain sailing in equity markets for quite some time. But, quite often, market volatility, fear and some blood on the streets provides a really good environment for stock pickers. For value investors like Lanyon, it's a time to try to find some outstanding investment opportunities.

What is the top investment lesson you've learned over your time in the markets?

David: To do your own work and not rely on the opinions and forecasts of others. If I think about the mistakes that I've made in my investing career, they've often occurred when I've relied on the opinions or thoughts of others.

Nick: Mine would be the concept of "margin of safety". Our job, first and foremost, is to protect our investors' capital. We have no way of knowing what's going to happen tomorrow – with interest rates or in Ukraine or with oil prices – so our job is to find businesses that have a sufficient valuation buffer. To preserve our investors' capital in the long run, you need to have businesses where there is a margin of safety.

We're incredibly grateful for your support as one of the founding pro bono fund managers of Future Generation Australia (ASX: FGX), and even more grateful that you've now come on board for Future Generation Global (ASX: FGG). Why is managing the funds important to you both?

David: We've had a long, successful relationship with Future Generation Australia and it's important to us for two key reasons. The first is that it's an opportunity for us to partner with some truly outstanding fund managers to deliver long-term investment returns to investors. That's something that we're passionate about and grateful to be involved in. I'm looking forward to seeing what we might be able to achieve over many years.

The second, more important reason, is that as fund managers, we've got a specific skill set - yet there is little opportunity for us to use our professional skills to give back. Future Generation is a phenomenal opportunity for us to donate some of our expertise and skill for the betterment of some outstanding charitable and philanthropic organisations. We're really thrilled to be involved.

Nick: David and I have eight kids between the two of us, so not-for-profits that focus on children really resonate with us. Personally, in my household, there are health issues with one of my children. We've been incredibly well-supported and we feel very blessed to have that support, but it's nice to be part of an organisation that helps kids who perhaps don't have that support network. So from my personal standpoint, I think it's great.



How is Lanyon's stock picking process geared to the current macro environment?

Nick: The core thing we look for is very low risk, conservative investment opportunities. We're always focused on great balance sheets; companies that are net cash instead of having debt; companies that produce a lot of free cash flow; and, importantly, companies which return that cash flow to shareholders both through dividends and buybacks.

In an environment of rising interest rates, you need to find companies that can produce capital instead of companies that need capital.

We're also always focused on "short duration" businesses, or businesses that will earn a lot of their market capitalisation in free cash flow in the coming years as opposed to in the outer years. When interest rates are rising and volatility is high, investors tend to swing away from growth companies towards these short duration businesses. That's what will get rewarded in the current market and that's typically where we have invested over the history of the firm. I am feeling fairly good about our portfolio and investment process in the current market cycle.

How much further do you think markets have to fall?

Nick: It's a great question. I think the consensus view is that people are still looking for reasons to buy the market and part of that is because we've had 10 years of uninterrupted equity market growth. But I can definitely see a scenario where the markets fall another 10% or 15%.

Please read the full article [here](#).

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

Future Generation Australia fund managers



Future Generation Global fund managers



Social impact partner in focus:

BIGHART

BighART

BighART uses arts and culture to involve young people and their communities in creating positive social change.

“We're an arts and social change organisation. We try to bring important stories that lack visibility into the mainstream, so that changes can be made. To put things in a nutshell, we value the voice of lived experience and we try to bring that voice in front of power and influence.”

[Read a Q&A](#) with Scott Rankin, CEO, Creative Director and Founder of BighART.

For more information, visit <https://www.bighart.org/>

Our social impact partners



Our pro bono service providers



Fund manager allocation and investments at market value as at 30 September 2022

Fund Manager	Investment	Strategy	% of Gross Assets
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	13.8%
	Mid Cap/Equity Alpha Plus Funds (split out below)		13.7%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.1%
	Paradice Equity Alpha Plus Fund	Absolute bias	6.6%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	13.5%
	Long Short/Catalyst Funds (split out below)		7.6%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	4.9%
	L1 Capital Catalyst Fund	Long equities	2.7%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	6.5%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.2%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.1%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.7%
	Absolute Return/High Conviction Funds (split out below)		4.4%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.3%
	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	3.0%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.7%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.7%
Clime Asset Management	Clime Australian Equities Fund	Long equities	2.7%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.4%
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	1.2%
	Cash and cash equivalents		1.1%

**Fund manager
allocation and
investments at
market value as
at 30 September
2022**

Fund Manager	Investment	Strategy	% of Gross Assets
Magellan Asset Management	Magellan Global Fund	Long equities	14.0%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	13.7%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	11.7%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	8.1%
Munro Partners	Munro Global Growth Fund	Absolute bias	8.1%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	6.8%
Caledonia	Caledonia Global Fund	Absolute bias	6.0%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	5.7%
Vinva Investment Management	Vinva International Equity Alpha Extension Fund	Quantitative	4.0%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.5%
Lanyon Asset Management	Lanyon Global Value Fund	Absolute bias	3.1%
Plato Investment Management	Plato Global Net Zero Fund – Class Z	Quantitative	2.0%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and cash equivalents		12.4%