

Annual General Meeting Chair's Address

Introduction and welcome

Good afternoon everyone. Welcome to the ninth Annual General Meeting of Future Generation Investment Company Limited (Future Generation Australia or the Company). This is a hybrid meeting, held both online and in person here at the Fullerton Hotel Sydney. The hybrid meeting format allows those that cannot join us in person to participate.

Before we begin, I would like to acknowledge the Gadigal people of the Eora nation and pay my respects to Elders past and present who have been the custodians of this land, on which I stand, for tens of thousands of years. I also acknowledge the custodians of the land and waters on which our shareholders and fellow directors currently stand to view and listen to today's AGM.

I am Mike Baird, Chair of the Board of Directors. I am joined today by my fellow Board members, Stephanie Lai, David Leeton, Gabriel Radzynski, Future Generation Founder Geoff Wilson AO and Kate Thorley. David Paradise AO is an apology.

We are also joined by Caroline Gurney, the CEO of Future Generation Australia, Joint Company Secretary Jesse Hamilton, together with Sandra McIntosh from Acclime Australia and Sylvia Wallace, a representative from our auditor Pitcher Partners, who will be available to address any questions relating to the Company's financial statements. Jesse will also act in the capacity of moderator, assisting to address any questions submitted during this meeting.

Chair's address

2022 marked a challenging year for investors marred by equity market volatility, rising costs of living and rapid interest rate hikes. Investors sought the perceived safe haven of large-cap companies, as fears around geopolitical tensions, inflation and a potential recession increased.

Despite this volatility, the Future Generation Australia Board of Directors was pleased to announce an 8.3% increase in fully franked full-year dividend. The increase in the fully franked full-year dividend was made possible by the listed investment company structure and the profits reserves available and is consistent with the Company's objective of paying a stream of fully franked dividends to shareholders.

In Australia, our social impact partners continued to experience surges in demand and increased distress among children and young people. Their resilience to continue and increase support for young people, is both humbling and inspiring. The impact of our not-for-profit partners is widespread and goes to the heart of our purpose – providing both investment returns for shareholders and helping improve the lives of children and youth at risk in Australia.

Increased fully franked dividends

In February 2023, Future Generation Australia declared a fully franked final dividend of 3.25 cents per share to shareholders, bringing the fully franked full-year dividend to 6.5 cents per share, an increase of 8.3% on the prior year. The fully franked full-year dividend provides shareholders with a fully franked dividend yield of 5.8% and a grossed-up dividend yield of 8.3%^ based on the 24 April 2023 closing share price of \$1.12 per share.

The Board is committed to providing a stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices. Since inception in September 2014, Future Generation Australia has paid 39.8 cents per share in fully franked dividends to shareholders, including the fully franked final dividend of 3.25 cents per share paid in April 2023. As at 31 March 2023, Future Generation Australia had a profits reserve of 27.2 cents per share and forms part of the net tangible assets (NTA), after the payment of the fully franked final dividend of 3.25 cents per share, representing 4.2 years of dividend coverage.

^Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30%.

2022 financial results and investment portfolio performance

I will now turn to Future Generation Australia's financial results and investment portfolio performance. As mentioned, 2022 was a challenging period defined by equity market volatility.

Future Generation Australia's Investment Committee, who are responsible for selecting fund managers and managing the Company's investment portfolio, has selected leading Australian fund managers that have a proven ability to outperform the market and their peers over the long term. This has resulted in the investment portfolio having a larger weighting towards small, mid and micro-cap companies with an underweight to large-cap companies. The S&P/ASX All Ordinaries Accumulation Index decreased 3.0% during the year and the S&P/ASX Small Ordinaries Accumulation Index decreased 18.4%, while the Future Generation Australia investment portfolio decreased 10.3%^{*}.

Since inception, the investment portfolio has increased 8.4%^{*} per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 1.1% per annum and the S&P/ASX Small Ordinaries Accumulation Index by 2.8% per annum. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 12.1% versus the S&P/ASX All Ordinaries Accumulation Index's 14.7% and the S&P/ASX Small Ordinaries Accumulation Index's 17.9%.

Future Generation Australia reported an operating loss before tax of \$68.5 million (2021 operating profit before tax: \$109.7 million) and an operating loss after tax of \$43.9 million (2021 operating profit after tax: \$79.9 million). The operating loss for the period is reflective of the investment portfolio performance of the underlying pro bono fund managers during the year.

The Investment Committee has selected 18 fund managers with investments in 21 unlisted unit trusts that employ three broad investment strategies: long equities, absolute bias and market neutral. A number of the underlying funds are closed to new investors or closed to retail investors providing a unique access opportunity for shareholders of the Company. As at 31 December 2022, the investment portfolio provided investors with 48.5% exposure to absolute bias strategies, 42.3% exposure to long equity strategies, 6.7% exposure to market neutral strategies and 2.5% in cash and cash equivalents.

Social investment objectives, fund managers and service providers

The objectives of the Company are to provide shareholders with a stream of fully franked dividends, achieve long-term capital growth and preserve shareholder capital, while simultaneously supporting our social impact partners focusing on helping children and youth at risk and other not-for-profit organisations.

The Company provides shareholders with access to leading Australian equity fund managers without paying management or performance fees. All participating fund managers forgo management and performance fees and Directors, the Investment Committee and most service providers are working on a pro bono basis, allowing the Company to provide its social impact partners with an annual investment equal to 1.0% of the Company's average net assets per annum.

We are grateful for our fund managers having forgone management and performance fees for the period totalling \$6.4 million in savings during 2022. To our fund managers, thank you for your outstanding generosity in managing Future Generation Australia's capital entirely pro bono. The estimated value of the service providers working on a pro bono basis, including the Board and Investment Committee, totalled \$1.5 million. These savings of approximately \$7.9 million, or around 1.6% of the net assets of the Company, exceed the annual investment to our social impact partners.

Through an investment in Future Generation Australia, shareholders have the opportunity to gain access to leading Australian fund managers in a single investment vehicle while providing a stream of income to not-for-profit organisations working to better the lives of children and young Australians. I thank you, our shareholders, for your continued support of Future Generation Australia and for being part of the Company's innovative approach to wealth creation which demonstrates that both shareholder and social returns can be achieved together.

^{*}Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

Social investment update

Future Generation Australia is proud to support social impact partners, who work tirelessly to improve the lives of Australian children and youth at risk and other not-for-profit organisations.

Excitingly, many of our partners returned to face-to-face operations after two years of pandemic related shifts to online work. However, digital capabilities used during the pandemic remained critical as our partners strive to continue to meet the high demand from young people in need of support.

Some of our partners found 2022 even more challenging than previous years, as demand for support continued to grow while recruitment and fundraising were particularly difficult due to economic conditions. Despite this, our partners resolve to support young Australians only grows and many are pursuing significant growth strategies to meet community needs.

During September 2022, shareholders had the opportunity to allocate their portion of the annual social investment. We were delighted by the enthusiastic response this year, and would like to thank you all for your involvement in the process.

In November, we delivered our eighth annual investment of \$5.9 million in our social impact partners, bringing the total social investment since inception to \$32.6 million. This was of course, made possible by the support of our shareholders and the incredible generosity and expertise of our pro bono fund managers and service providers.

Over the past eight years we have been excited that each of our social impact partners has used our investment to grow their impact with young people. We have ongoing discussions about how our funds can best support our partners' priorities and the needs and opportunities of the children and young people they work with. For many, it provides a lifeline of funding to ensure they can continue with programs and initiatives they know work. In some instances, it is used to go further and test new approaches, to keep improving how we collectively care for young people at risk. For others, it underpins work that enables them to collect the evidence they need to raise further funds and grow their support for young people.

We believe, as our social impact partners do, that it is possible to not just break the cycle of disadvantage for one person at a time, but to find system levers to combat and change the issues impacting young people today.

Through our social impact partners, Future Generation Australia's investors and other stakeholders have provided crucial support and life-changing opportunities for thousands of vulnerable young Australians that will have ripple effects through their families and communities long into the future. We are thrilled to support the immense potential of Australian children and youth.

Change of name to Future Generation Australia Limited – special resolution

This year's AGM includes a special resolution to change the legal name of Future Generation Investment Company Limited to Future Generation Australia Limited, so that the Company's legal name aligns with the name that the Company is commonly referred to.

Closing remarks

I would encourage you to sign up and join more than 20,000 subscribers who receive our monthly investment update and learn more about how our social impact partners are improving the lives of children and young Australians at risk in our community. Please also visit our website, futuregeninvest.com.au, where you can find information on our monthly investment updates, fund managers and social impact partners.

In finishing my address there are a number of people to whom I would like to give special thanks, in addition to our fund managers and service providers. First, my fellow Directors and Committee members who generously give their time, skills and experience; secondly our CEO Caroline Gurney who's leading Future Generation Australia in an exciting new phase of growth, continuing to focus on promoting the unique model of dual investment and social returns; and thirdly, the team at Wilson Asset Management who all so generously give their time and effort to support Future Generation Australia on a pro bono basis.

ASX announcement

Above all, on behalf of all of us, I reiterate my thanks to you, our shareholders. Thank you for your support in what has been an extremely challenging period for equity markets. We would like to thank you for your continued support of Future Generation Australia and for being part of the Company's innovative approach to create both investment and social returns.

This announcement has been authorised for release by the Board of Directors.

About Future Generation Australia

Listed in 2014, Future Generation Investment Company Limited (ASX: FGX) provides:

Shareholders

With exposure to leading Australian fund managers without paying management or performance fees.



Social impact partners

Primarily focused on children and youth at risk with a stream of annual investments.



Fund managers

With a unique opportunity to make a positive difference to Australia's future generations.



For more information visit www.futuregeninvest.com.au or contact:

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