

Dear Fellow Shareholder,

Investment portfolio performance

The 12-months to 30 June 2023 saw the largest interest rate tightening cycle in over 30 years as central banks attempted to tame inflation. Globally, economies slowed while the effect on equity markets was less than expected. The S&P/ASX All Ordinaries Accumulation Index rose 14.8% for the year and the MSCI World Index (AUD) increased 22.4%.

The Future Generation Australia (ASX: FGX) investment portfolio increased 1.8%* for the month, while the S&P/ASX All Ordinaries Accumulation Index rose 1.9%. The Future Generation Global (ASX: FGG) investment portfolio increased 2.3%* in June, while the MSCI AC World Index (AUD) was up 2.6%.

For this month's [Meet the Manager](#) we spoke with Zehrid Osmani, Head of the Global Long-Term Unconstrained team and Manager of Martin Currie Global Portfolio Trust. Future Generation Global invested in the Martin Currie Global Long-Term Unconstrained (GLTU) fund in December 2022, as part of the investment portfolio restructure whereby 21% of capital, at the time of investment, was invested with 5 new pro bono fund managers. Since our investment, the investment portfolio performance of GLTU has increased 27.9% in the six months to 30 June 2023, outperforming the index by 11.6%, contributing strongly to the investment portfolio of Future Generation Global. In this interview, Zehrid discusses the rise of artificial intelligence and the impact geopolitical issues in China and Russia may have on global markets.

Investor Webinar

Please join us for an [Investor Webinar](#) on Tuesday 25 July 2023 at 12:00pm (Sydney time). Our guest pro bono fund managers, Jun Bei Liu from Tribeca Investment Partners and Matthew Kidman from Centennial Asset Management, will share their outlook on the market ahead of the upcoming August reporting season. We will also be joined by Vicki Condon AM from Raise Foundation, a social impact partner of Future Generation Australia.

In the media

In our *Money Talks* segment on 6PR Perth Radio, Jun Bei Liu, Portfolio Manager at Tribeca Investment Partners, was [interviewed](#) about her market outlook for Australian equities and the upcoming August reporting season.

Events

We hosted a panel discussion at Wilson Asset Management's Young Investor Event this month, on Future Generation's model and social impact. Dr Eamonn McCarthy, CEO of Lighthouse Foundation, spoke about how Future Generation Australia's support has enabled Lighthouse to keep up with the increase in youth homelessness as the cost of living crisis worsens.

Have your say - Voting

As part of the Future Generation family, you can provide a reliable source of funding for not-for-profit partner organisations. This allows them to focus their energy and expertise on supporting Australian children and youth at risk, and young Australian's mental health and wellbeing. Voting will be open from Friday 1 September 2023 until 5:00pm (Sydney time) on Friday 29 September 2023 and we encourage you to have your say. We will share more information on how to vote online and our social investment for 2023 in the coming weeks.

Please enjoy our [Q&A Interview](#) with Chris Varney, Founder of I CAN Network, which is one of Future Generation Global's social impact partners. I CAN Network is Australia's largest Autistic-led organisation and one of Australia's biggest youth mentoring organisations.

Thank you and best wishes,



CEO, Future Generation



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

\$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 savings on management fees, performance fees and service provider fees forgone

\$16.2m

Savings on management fees, performance fees and service provider fees forgone since inception

\$112.3m

Investment portfolio performance

| | | |
|--|--|--|
| Net tangible assets before tax | Gross assets | Dividends paid since inception (per share) |
| 128.57c | \$527.5m | 39.8c |
| Net tangible assets after tax and before tax on unrealised gains | Market capitalisation [#] | Profits reserve (per share) |
| 129.05c | \$454.8m | 27.2c |
| Net tangible assets after tax | Volatility [^] | Fully franked dividend yield [#] |
| 125.20c | 11.9% S&P/ASX All Ordinaries Accumulation Index: 14.5% | 5.8% Grossed-up dividend yield: 8.3% ^{^^} |

[#]Based on the 30 June 2023 share price of \$1.12 per share and the FY22 fully franked full-year dividend of 6.5 cents per share. Future Generation Australia has 406,064,249 shares on issue.

[^]Volatility is measured by standard deviation

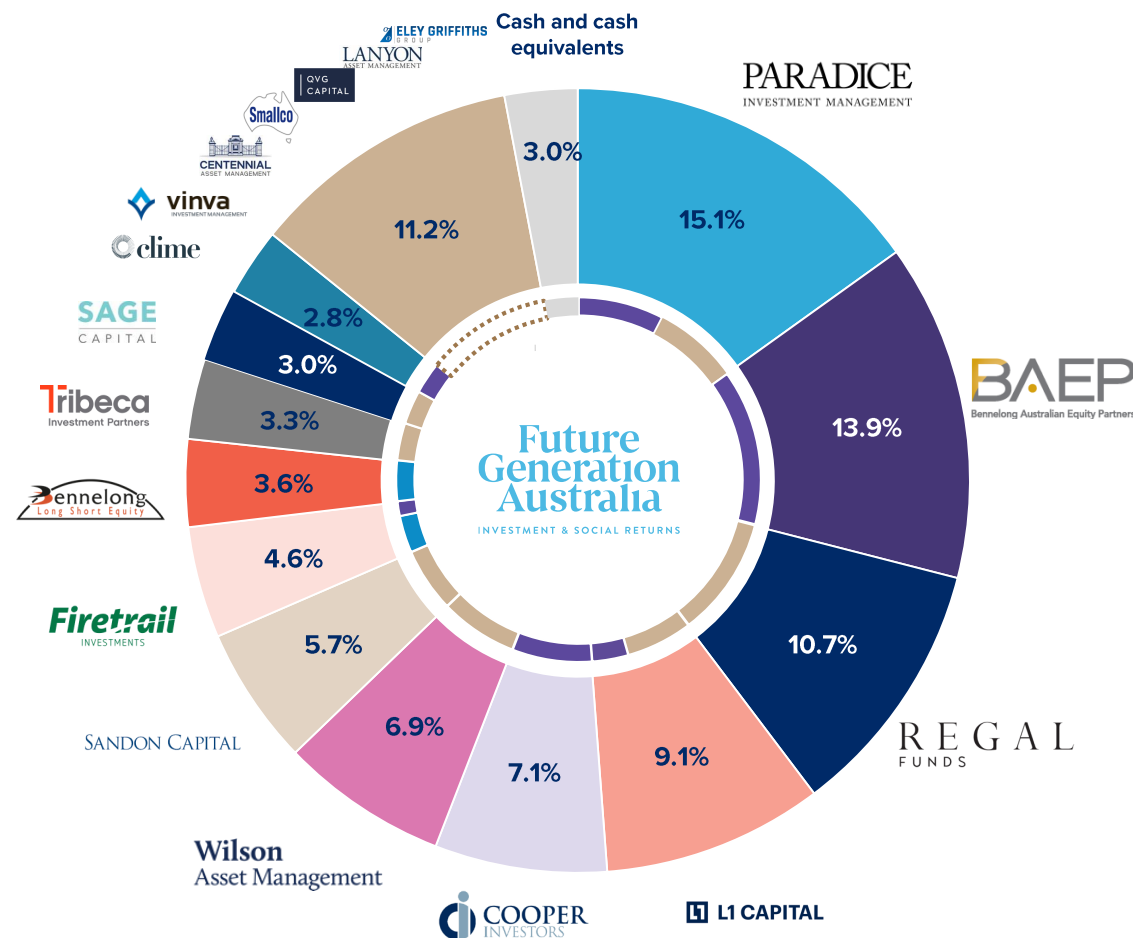
^{^^}Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

| Investment portfolio performance at 30 June 2023 | 1 mth | Fin YTD | 1 yr | 3 yrs %pa | 5 yrs %pa | 7 yrs %pa | Since inception %pa (Sept-14) |
|--|-------|---------|-------|-----------|-----------|-----------|-------------------------------|
| Future Generation Australia | 1.8% | 5.2% | 12.5% | 10.9% | 6.7% | 8.5% | 8.5% |
| S&P/ASX All Ordinaries Accumulation Index | 1.9% | 4.7% | 14.8% | 11.4% | 7.3% | 9.0% | 7.4% |

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



11.2% fund manager breakdown

| | | | | | |
|-----------------------------|------|-------------------------|------|----------------|-------|
| Vinva Investment Management | 2.8% | QVG Capital | 1.5% | Absolute bias | 46.7% |
| Centennial Asset Management | 2.5% | Lanyon Asset Management | 1.2% | Long equities | 43.4% |
| Smallco Investment Manager | 2.1% | Eley Griffiths Group | 1.1% | Market neutral | 6.9% |
| | | | | Cash | 3.0% |

Investment portfolio performance

| | | |
|--|---|---|
| Net tangible assets before tax | Gross assets | Profits reserve (per share) |
| 144.49c | \$578.4m | 50.4c |
| Net tangible assets after tax and before tax on unrealised gains | Market capitalisation [#] | Fully franked dividend yield [#] |
| 145.25c | \$459.7m | 6.0% Grossed-up dividend yield: 8.6% [^] |
| Net tangible assets after tax | Volatility* MSCI AC World Index (AUD): 10.8% | ESG aware ^{^^} (of the portfolio) |
| 139.43c | 9.8% | 98.3% |

[#]Based on the 30 June 2023 share price of \$1.16 per share and the FY22 fully franked full-year dividend of 7.0 cents per share. Future Generation Global has 396,293,447 shares on issue.

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

*Volatility is measured by standard deviation.

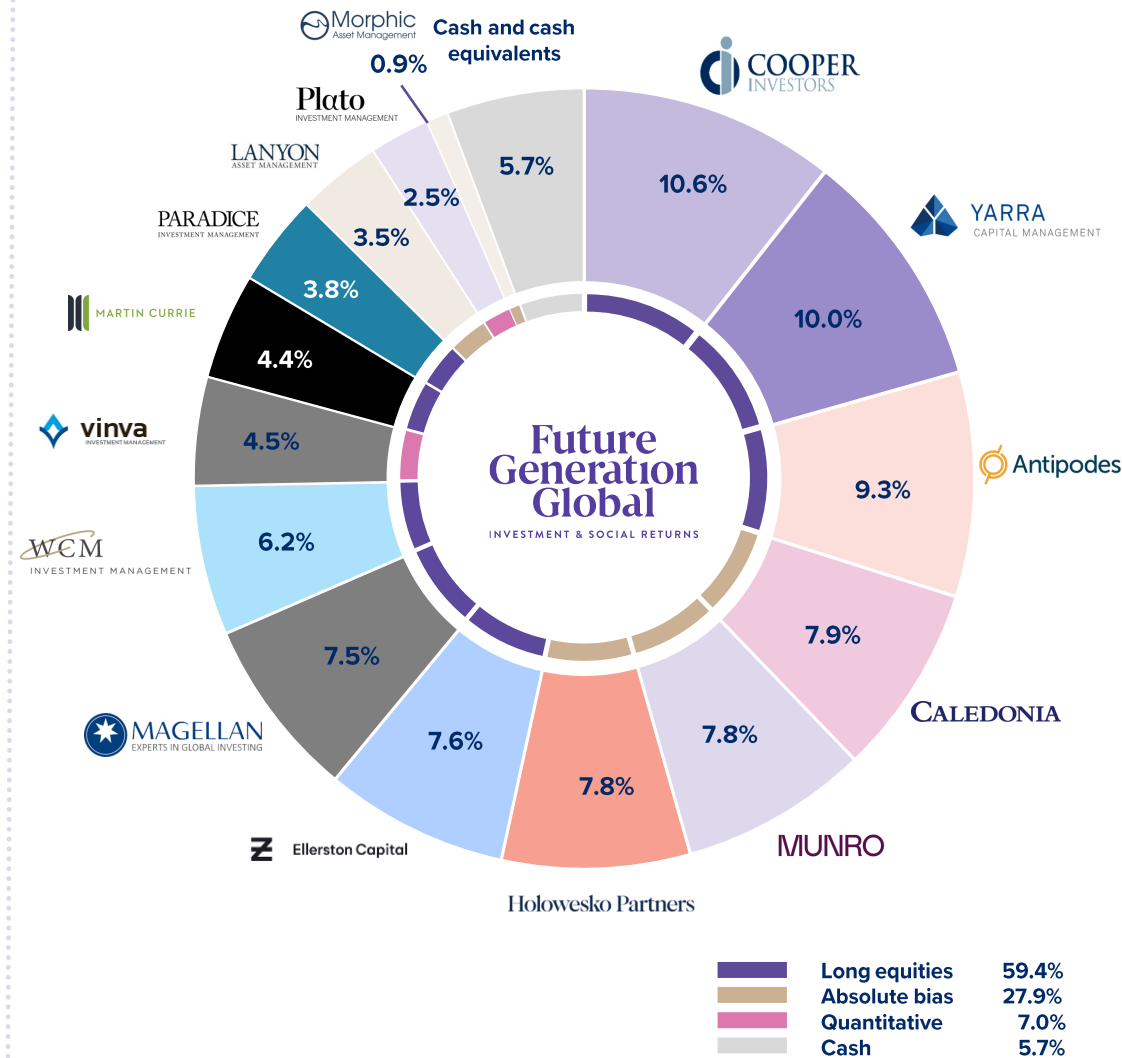
^{^^}As reported in the 2022 Annual Report.

| Investment portfolio performance at 30 June 2023 | 1 mth | Fin YTD | 1 yr | 3 yrs %pa | 5 yrs %pa | 7 yrs %pa | Since inception %pa (Sept-15) |
|--|-------|---------|-------|-----------|-----------|-----------|-------------------------------|
| Future Generation Global | 2.3% | 14.0% | 18.7% | 6.1% | 6.9% | 9.4% | 8.0% |
| MSCI AC World Index (AUD) | 2.6% | 16.5% | 20.8% | 12.2% | 10.4% | 11.7% | 10.2% |

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



Meet the Manager

Zehrid Osmani **Head of Global Long-Term** **Unconstrained team and Manager** **of Martin Currie Global Portfolio** **Trust.**



Martin Currie is new to the Future Generation Global stable of pro bono fund managers. Can you tell us a bit about your investment style?

We focus on sustainable, quality growth investment ideas. We're unconstrained, which means we focus on the very best ideas in the market. We're highly concentrated so, typically, we hold 20-30 positions. The way we find these companies is through good old fundamental analysis, which we do in a very detailed manner, and we have a strong focus on environmental, social and governance (ESG) factors as part of that.

Is this the way you have always invested or has your style evolved over time?

Throughout my investment career, I've always focused on quality growth. When I was at BlackRock, I managed the Blackrock European Unconstrained Equity Funds, which were very similar in style. They concentrated on around 20 stocks, so that investors were exposed solely to the best ideas. It's a tried and tested approach.

Looking at the stocks you hold, what would your top two stock tips be?

It's almost a cruel question in a portfolio where all our stocks are high conviction! So maybe instead of giving you two stocks, I'll give you a stock tip per sector. In technology, we think NVIDIA (NASDAQ: NVDA) is in a similar position to where ASML Holding (NASDAQ: ASML) was 10 years ago. Its dominance and strong leadership in artificial intelligence (AI) gives it a 5-7 year lead on any competitor. So, we think it remains well-positioned for that long-term structural growth both of semiconductors and of AI. In luxury goods, we would highlight Moncler (BIT: MONC). It's a brand that remains very creative, very current and very dynamic in a segment of the market that is also highly dynamic – the younger cohort. It is a brand that is still under-exposed, meaning there is a lot of growth potential. And the Creative Director and CEO have been very careful about managing its inventories so that they don't discount much. This leads to high returns on invested capital.

In consumer staples, we would highlight L'Oreal (EPA: OR). When you compare L'Oreal's performance to that of its key competitor, Estee Lauder (NYSE: EL), the difference is stark. Estee Lauder has had two significant profit warnings over the past 12 months, while L'Oreal has had positive upside surprises compared to consensus estimates. That shows you the importance of navigating challenges such as China, where Estee Lauder has had issues. We believe that L'Oreal has demonstrated an ability to be well-positioned; to have good pricing architecture to capture consumers at different price points; and to utilise and leverage its research and development to make innovative products to drive demand.

In the auto segment, our pick is Ferrari (BIT: RACE). The pricing power that that company has is staggering. It is able to launch limited edition products at prices of between US\$1 million-\$2 million per unit – and these models sell out before production commences. So, while the mainstream models have some cyclicalities attached to them, anytime there is a drop in demand, the company can just start delivering limited edition models to its customers. Production lines continue to be full and because these products cost US\$1 million-\$2 million, revenues are actually enhanced and it's accretive to the company's profitability. So, in periods of slowdown or recession, Ferrari can just pull on that lever.



Do you believe investors are still underestimating the AI market?

Yes, at this stage, we think they are. It's difficult, it has to be acknowledged, to have a clear view of the take-up or size of the opportunity. For example, when Nvidia presented at an investor event in March 2022, they estimated the market opportunity at US\$300 billion. In March this year, they came in and upgraded that estimate to US\$1 trillion. That's more than three times the previous year! What that shows you is how difficult it is to forecast the market, given that it's a nascent opportunity. But it gives you an idea of how sizeable the market could be.

You recently joined Future Generation Global as a pro bono fund manager and we're incredibly grateful for your generosity. Why did you agree to do this?

We feel that we are very much aligned with Future Generation. We like the ethos, we like the focus. For us, governance and sustainability are so important. We believe that when you focus on businesses which are sustainable and which reduce the risk of societal exploitation, you end up with a better outcome.

Future Generation is well aligned with that. So we were actually very excited to be asked to pitch for exposure to Future Generation and to have been appointed. Going forward, we're looking forward to working together to develop Future Generation and to get the right outcome in terms of alpha and returns for your shareholders. It's very important that we do that, but at the same time continue our efforts for a more sustainable world.

Read the full interview [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:



ICAN Network

ICAN Network is Australia's largest Autistic-led organisation and one of Australia's biggest youth mentoring organisations.

It runs school and online mentoring programs for more than 2,000 Autistic people aged 8-22 years old.

"I'm most proud that we've stayed true to our goal of having 50% of the organisation autistic. There are 82 autistic staff out of 118, so we exceed that 50% target. I'm also really proud that the team can now employ staff with greater support requirements. We have staff with intellectual delays and processing differences – and we've discovered a good way to support them. We're not a perfect workplace for everyone. But I'm really proud that we were gutsy and said, "Let's work out how we can be inclusive of lots of areas of the autistic spectrum." And we have!"

[Read a Q&A](#) with Chris Varney, Founder of I CAN Network.

For more information, visit <https://futuregeninvest.com.au/>

Our social impact partners



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as at
30 June 2023**

| Fund Manager | Investment | Strategy | % of Gross Assets |
|--|--|----------------|-------------------|
| | Mid Cap/Equity Alpha Plus Funds (split out below) | | 15.1% |
| Paradice Investment Management | Paradice Australian Mid Cap Fund | Long equities | 7.6% |
| | Paradice Equity Alpha Plus Fund | Absolute bias | 7.5% |
| Bennelong Australian Equities Partners | Bennelong Australian Equities Fund | Long equities | 13.9% |
| Regal Funds Management | Regal Australian Long Short Equity Fund | Absolute bias | 10.7% |
| | Long Short/Catalyst Funds (split out below) | | 9.1% |
| L1 Capital | L1 Capital Long Short Fund | Absolute bias | 5.9% |
| | L1 Capital Catalyst Fund | Long equities | 3.2% |
| Cooper Investors | Cooper Investors Australian Equities Fund | Long equities | 7.1% |
| Wilson Asset Management | Wilson Asset Management Equity Fund | Absolute bias | 6.9% |
| Sandon Capital | Sandon Capital Activist Fund | Absolute bias | 5.7% |
| | Absolute Return/High Conviction Funds (split out below) | | 4.6% |
| Firetrail Investments | Firetrail Absolute Return Fund | Market neutral | 3.3% |
| | Firetrail High Conviction Fund | Long equities | 1.3% |
| Bennelong Long Short Equity Management | Bennelong Long Short Equity Fund | Market neutral | 3.6% |
| Tribeca Investment Partners | Tribeca Alpha Plus Fund | Absolute bias | 3.3% |
| Sage Capital | Sage Capital Equity Plus Fund | Absolute bias | 3.0% |
| Clime Investment Management | Clime Australian Equities Fund | Long equities | 2.8% |
| Vinva Investment Management | Vinva Australian Equities Fund | Long equities | 2.8% |
| Centennial Asset Management | The Level 18 Fund | Absolute bias | 2.5% |
| Smallco Investment Manager | Smallco Broadcap Fund | Long equities | 2.1% |
| QVG Capital | QVG Opportunities Fund | Long equities | 1.5% |
| Lanyon Asset Management | Lanyon Australian Value Fund | Absolute bias | 1.2% |
| Eley Griffiths Group | Eley Griffiths Group Small Companies Fund | Long equities | 1.1% |
| | Cash and cash equivalents | | 3.0% |

**Fund manager
allocation and
investments at
market value as at
30 June 2023**

| Fund Manager | Investment | Strategy | % of Gross Assets |
|-------------------------------------|---|-----------------|--------------------------|
| Cooper Investors | Cooper Investors Global Equities Fund (Unhedged) | Long equities | 10.6% |
| Yarra Capital Management | Yarra Global Share Fund | Long equities | 10.0% |
| Antipodes Partners | Antipodes Global Fund - Long | Long equities | 9.3% |
| Caledonia | Caledonia Global Fund | Absolute bias | 7.9% |
| Munro Partners | Munro Global Growth Fund | Absolute bias | 7.8% |
| Holowesko Partners | Holowesko Global Fund Limited - Class A | Absolute bias | 7.8% |
| Ellerston Capital | Ellerston Global Mid Small Cap Fund | Long equities | 7.6% |
| Magellan Asset Management | Magellan Global Fund | Long equities | 7.5% |
| WCM Investment Management | WCM Quality Global Growth Fund (Hedged) | Long equities | 6.2% |
| Vinva Investment Management | Vinva International Equity Fund | Quantitative | 4.5% |
| Martin Currie Investment Management | Martin Currie Global Long-term Unconstrained Fund | Long equities | 4.4% |
| Paradice Investment Management | Paradice Global Small Mid Cap Fund (Unhedged) | Long equities | 3.8% |
| Lanyon Asset Management | Lanyon Global Value Fund | Absolute bias | 3.5% |
| Plato Investment Management | Plato Global Alpha Fund – Class Z | Quantitative | 2.5% |
| Morphic Asset Management | Morphic Ethical Equities Fund Limited | Absolute bias | 0.9% |
| | Cash and cash equivalents | | 5.7% |