

Dear Fellow Shareholder,

### Investment portfolio performance

The Future Generation Global (ASX: FGG) investment portfolio increased 1.9%\* in December, outperforming the MSCI AC World Index (AUD) by 0.6%. The Future Generation Australia (ASX: FGX) investment portfolio increased 5.9%\* for the month, while the S&P/ASX All Ordinaries Accumulation Index rose 7.4%.

For the 12-months ended 31 December 2023, the Future Generation Global investment portfolio increased 16.7%\* and the Future Generation Australia investment portfolio increased 13.1%\*.

Since inception, the Future Generation Australia investment portfolio has increased 8.9%\* per annum and the Future Generation Global investment portfolio has increased 7.8%\* per annum. The investment portfolios' performance has been achieved with less volatility than their respective indexes, as measured by standard deviation.

### Our fund managers share top stock picks

Looking forward into 2024, several of Future Generation's pro bono fund managers shared their high conviction investment ideas with James Thomson, Chanticleer columnist at *The Australian Financial Review*. Read why they are investing in Stanmore Resources (ASX: SMR), international software giant SAP (ETR: SAP), and healthcare companies such as ResMed (ASX: RMD) and CSL (ASX: CSL) in the article [here](#).

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

### Advocating for a nation of savers and givers

In late November, the Productivity Commission released the draft report of its once-in-a-generation review of philanthropic giving in Australia, strategising how to double charitable giving to \$30 billion by 2030. The draft report is a good first step and one that Future Generation supports, however, we believe there needs to be a greater focus on incentives for people to donate, rather than on the causes they can donate to.

In response, I spoke to *The Australian*, advocating for improved tax incentives for investors to make philanthropy more accessible and cost effective for all Australians. We believe attaching appropriate tax incentives to dual-purpose investment vehicles – such as Future Generation – has the potential to revolutionise philanthropy in this country and create a nation of savers and givers. Read the article [here](#).

### 2fold: Investing for impact

We've released our latest episode of [2fold: Investing for impact](#), with Future Generation Australia Chair, Mike Baird AO. The Former NSW Premier discusses post-premiership life, the current state of Australian politics, and why backyard cricket is here to stay. We also discuss the intersection of his faith with public service. The episode and transcript are available [here](#). You can read *The Australian's* media coverage of the podcast [here](#).

Hope you had a wonderful holiday period, we're looking forward to 2024.



Thank you,  
Caroline Gurney  
CEO, Future Generation



**\$75.9m**

SOCIAL  
INVESTMENT  
TO 2023



**\$5.2m**

Future  
Generation  
Australia  
2023

**\$5.4m**

Future  
Generation  
Global  
2023

**2023 total social  
investment**

**\$10.6m**

**2023 annualised  
management fees,  
performance fees and  
service provider fees  
forgone**

**\$17.6m**

**Total annualised  
management fees,  
performance fees  
and service  
provider fees  
forgone since  
inception to 2023**

**\$131.3m**

## Investment portfolio performance

Net tangible assets before tax	Gross assets	Dividends paid since inception (per share)
<b>133.28c</b>	<b>\$545.6m</b>	<b>43.15c</b>
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation <sup>#</sup>	Profits reserve (per share)
<b>133.40c</b>	<b>\$449.9m</b>	<b>30.1c</b>
Net tangible assets after tax	Volatility <sup>^</sup>	Annualised interim fully franked dividend yield <sup>#</sup>
<b>128.82c</b>	<b>12.0%</b> S&P/ASX All Ordinaries Accumulation Index: 14.5%	<b>6.1%</b> Grossed-up dividend yield: 8.7% <sup>*</sup>

<sup>#</sup>Based on the 29 December 2023 share price of \$1.105 per share and the FY23 annualised interim fully franked dividend of 6.7 cents per share. Future Generation Australia has 407,114,405 shares on issue.

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

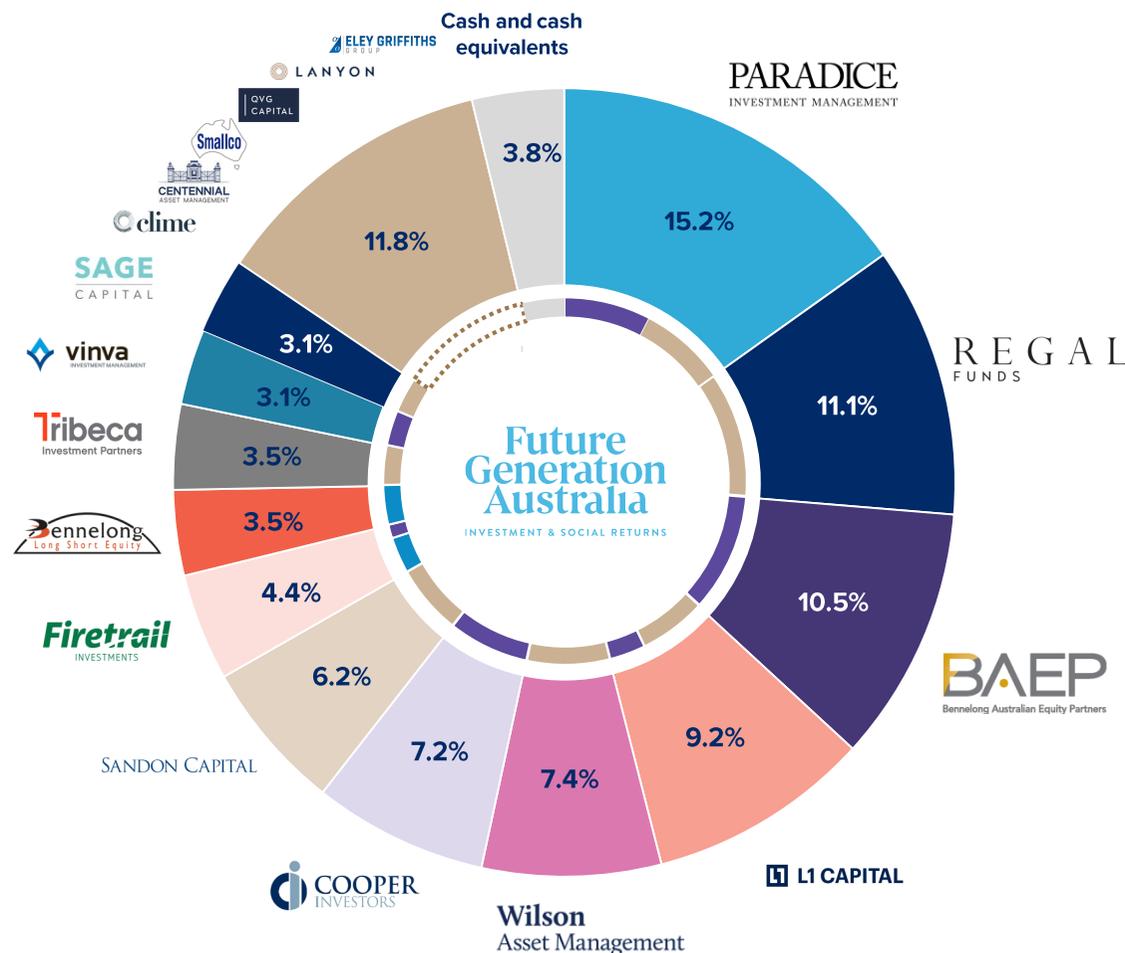
<sup>\*</sup>Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

Investment portfolio performance at 31 December 2023	1 mth	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	5.9%	13.1%	7.4%	10.5%	8.8%	8.9%
S&P/ASX All Ordinaries Accumulation Index	7.4%	13.0%	8.9%	10.7%	8.8%	7.9%

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 Australia's financial year is from 1 January to 31 December.

## Fund manager allocations

0% management fees  
0% performance fees



## Investment portfolio performance

\*The December 2023 NTA before tax is after the income tax refund of \$1.0m (0.25 cents per share) which was received during the month.

Net tangible assets before tax*	Gross assets	Profits reserve (per share)
<b>142.79c</b>	<b>\$570.5m</b>	<b>48.9c</b>
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation#	Annualised interim fully franked dividend yield#
<b>143.39c</b>	<b>\$472.8m</b>	<b>6.1%</b> Grossed-up dividend yield: 8.7%^
Net tangible assets after tax	Volatility**	ESG aware^^ (of the portfolio)
<b>137.53c</b>	<b>9.8%</b> MSCI AC World Index (AUD): 10.8%	<b>98.3%</b>

#Based on the 29 December 2023 share price of \$1.19 per share and the FY23 annualised interim fully franked dividend of 7.2 cents per share. Future Generation Global has 397,277,724 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.

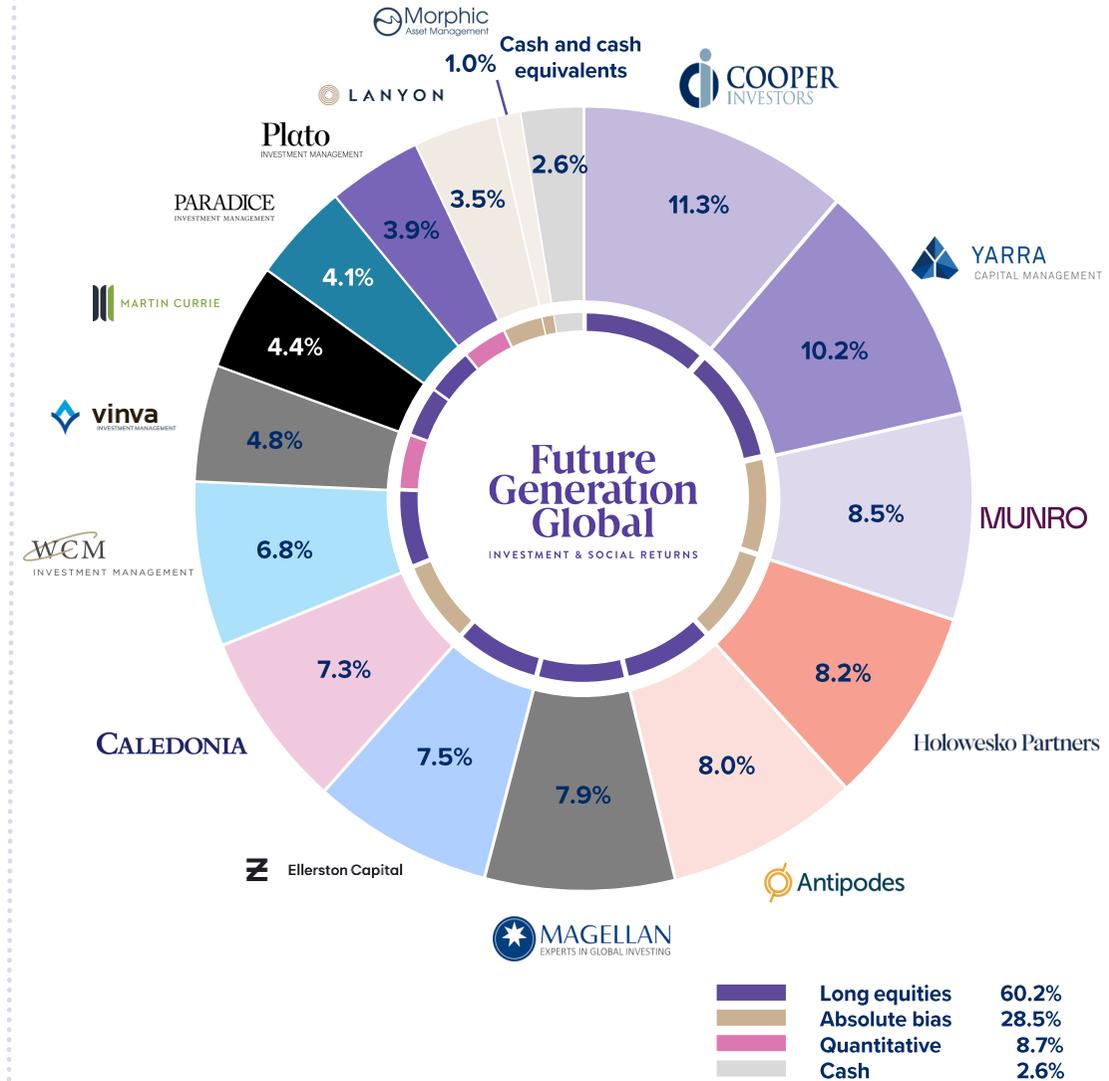
^^As reported in the 2022 Annual Report.

Investment portfolio performance at 31 December 2023	1 mth	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	1.9%	16.7%	2.4%	8.1%	8.6%	7.8%
MSCI AC World Index (AUD)	1.3%	21.9%	10.0%	12.4%	10.9%	10.1%

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's financial year is from 1 January to 31 December.

## Fund manager allocations

0% management fees  
0% performance fees





# Mike Baird AO

**Chair of Future Generation  
Australia and Former Premier of  
NSW**

**We hope you enjoy this episode of *2fold: investing for impact*, a podcast series by Future Generation. The episode is available [here](#), and below is a short edited summary.**

**This podcast is called 2fold, because at Future Generation our purpose is twofold. What are your main purposes in life?**

I've always wrestled in some way with this deep desire to make a contribution to the community, state and country. There's been multiple ways that's played out, but fundamentally it comes down to helping people. The opportunity to contribute to improve community, state and country has been a big driver. On the other side, I want to be the best husband, father and potential grandfather I can be. It's a rare privilege and opportunity. Those two things have been a guiding principle in my life.

**What concerns you most and what gives you hope?**

I have always looked at hope. I think we don't spend enough time - organisationally, individually - dreaming and aspiring. When I look at Australia, there's often (in terms of media and the discourse) just constant reflections on what we're not doing.

You know what governments are doing wrong, what corporates are doing wrong. But where is the incredible celebration of who we are?

I've got care workers all across the country that are dealing with people with complex dementia - and they're lifting them up and holding them up, telling them that they matter, trying to take away any pain, trying to give them dignity, respect and uphold their stories.

Youth services are giving kids that have been on the street since they were 12, a chance to go to school, get an education, get a job and live their own lives.

We don't celebrate our volunteers. At my local cricket club, we had this incredible manager that became the Volunteer of the Year. He has put in 40 years' of service. He's looked after kids from multiple generations. You know, that's who we are. We talk about 'volunteerhood', we talk about mateship - there is so much good in the community and country. I've connected into children's hospices and seen what our nurses do there and what our volunteers do there.

So for me, that's one of the privileges I've had, being in political life. I've seen it. It's not often in the media. It's not often on the radio or TV, but it is there. There are incredible people and Australia is made up of them.

**Politics has been a large part of your life, what do you think of politics now?**

One word that comes to mind is disappointed. There is a whole range of circumstances and reasons for this such as social media and global leaders who have taken a more divisive 'us and them' approach that has played a role. But the biggest thing to me is political leaders that don't do what they know is right or what they believe in. That invariably means that people are managing to try and win elections. They're stoking the division for that aim - because they're either trying to drive support in their base or they're trying to drive people away from opponents. We've lost something. I think we've lost what is needed for our country.

If you look at aged care, it is very clear that dependent on your postcode, you're not necessarily going to get the quality aged care that you deserve. Aged care and education are the sort of issues that should be driving our leaders to work together at times. Of course there will be differences, but when I look at politics there is a lack of conviction in leaders and a lack of consensus building.

If you look back at leaders like Bob Hawke and Paul Keating, and the significant economic reforms that were done when all types of stakeholders came together for the good of the country. To me, that collaboration is missing.



During my time in politics, there was all types of people that were upset over all types of issues. The challenge becomes when they overwhelm you to the point that you can no longer focus on the policies that the government needs. But it comes back down to a leader - or a group of leaders, you know in a cabinet context - that are determined to do what is right and what is for the good of country and/or state. That sort of feels like it's missing.

**How do you think politics could change for the better? Do you think we shouldn't have career politicians?**

I would love if the next generation looked at politics and said, "Well, I'd love at some point to get involved or participate or use part of my career."

When I left politics, the Herald came to me - because I obviously went back into banking - and they said, "Well what sort of message does that give?" That's what the Herald said.

And I said, "Well I hope the message is an incredibly strong one that I'd love for people to consider going into politics or playing a senior public servant's role, using their skills, talents and expertise to help make our community, state and country stronger." It does happen more in the US than it does here, but that, to me, would be a great way to change politics. It shouldn't be a race to the bottom. We shouldn't be making it harder - and it is hard - to get into politics. All sides of politics struggle with this. But public servant opportunities are large and vast. There are many sorts of board opportunities in government, where people can come in. If people are thinking, "At some stage in my career, I want to contribute in a public policy sense for the good of future generations and the community," that would be an amazing thing.

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 partners in focus

Please enjoy our most recent interviews with our social impact partners.

Listen to and read their inspiring stories to learn more about the opportunities and challenges they face in their work supporting young Australian's in our community.

### 2fold: Investing for impact podcast episodes:

- Bernie Shakeshaft, Director and Founder of [BackTrack Youth Works](#).
- Jane Rowe OAM, Founder and CEO of [Mirabel Foundation](#).
- Don Spencer OAM, Founder of [Australian Children's Music Foundation](#).

### Social Impact Partner Q&As:

- Dr Katrina Lines, CEO of [Act for Kids](#).
- Dr Eamonn McCarthy, Chief Executive Officer of [Lighthouse Foundation](#).
- Stephen Carbone, Founder and CEO of [Prevention United](#).

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

## Our social impact partners



## Our pro bono service providers



**Fund manager  
allocation and  
investments at  
market value as at  
31 December 2023**

Fund Manager	Investment	Strategy	% of Gross Assets
	<b>Mid Cap/Equity Alpha Plus Funds (split out below)</b>		<b>15.2%</b>
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	7.6%
	Paradice Equity Alpha Plus Fund	Absolute bias	7.6%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	11.1%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.5%
	<b>Long Short/Catalyst Funds (split out below)</b>		<b>9.2%</b>
L1 Capital	L1 Capital Long Short Fund	Absolute bias	6.0%
	L1 Capital Catalyst Fund	Long equities	3.2%
	<b>Leaders/Equity Funds (split out below)</b>		<b>7.4%</b>
Wilson Asset Management	Wilson Asset Management Leaders Fund	Absolute bias	3.8%
	Wilson Asset Management Equity Fund	Absolute bias	3.6%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	7.2%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	6.2%
	<b>Absolute Return/High Conviction Funds (split out below)</b>		<b>4.4%</b>
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.2%
	Firetrail High Conviction Fund	Long equities	1.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.5%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	3.5%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	3.1%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	3.1%
Clime Investment Management	Clime All Cap Australian Equities Fund	Long equities	3.0%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.6%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	2.2%
QVG Capital	QVG Opportunities Fund	Long equities	1.6%
Lanyon	Lanyon Australian Value Fund	Absolute bias	1.2%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	1.2%
	Cash and cash equivalents		3.8%

**Fund manager  
allocation and  
investments at  
market value as at  
31 December 2023**

<b>Fund Manager</b>	<b>Investment</b>	<b>Strategy</b>	<b>% of Gross Assets</b>
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.3%
Yarra Capital Management	Yarra Global Share Fund	Long equities	10.2%
Munro Partners	Munro Global Growth Fund	Absolute bias	8.5%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	8.2%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	8.0%
Magellan Asset Management	Magellan Global Fund	Long equities	7.9%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.5%
Caledonia	Caledonia Global Fund	Absolute bias	7.3%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	6.8%
Vinva Investment Management	Vinva International Equity Fund	Quantitative	4.8%
Martin Currie Investment Management	Martin Currie Global Long-Term Unconstrained Fund	Long equities	4.4%
Paradice Investment Management	Paradice Global Small Cap Fund	Long equities	4.1%
Plato Investment Management	Plato Global Alpha Fund – Class Z	Quantitative	3.9%
Lanyon	Lanyon Global Value Fund	Absolute bias	3.5%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	1.0%
	Cash and cash equivalents		2.6%