

Dear Fellow Shareholder,

Investment portfolio performance

The Future Generation Global (ASX: FGG) investment portfolio outperformed the market in January, increasing 4.5%*, while the MSCI AC World Index (AUD) rose 4.2%. The Future Generation Australia (ASX: FGX) investment portfolio increased 0.7%* for the month, while the S&P/ASX All Ordinaries Accumulation Index rose 1.1%.

Since inception, the Future Generation Australia investment portfolio has increased 8.9%* per annum and the Future Generation Global investment portfolio has increased 8.3%* per annum. The investment portfolios' performance has been achieved with less volatility than their respective indexes, as measured by standard deviation.

Register for our FY2023 Full-Year Results Webinar

Please [register](#) for our upcoming Future Generation FY2023 Results Webinar on Wednesday, 6 March at 12:00pm (Sydney time). I will be joined by David Allen from Plato Investment Management, Blake Henricks from Firetrail Investments and Zoe Black from Happy Paws Happy Hearts, a Future Generation Global social impact partner.

We will answer your questions, update shareholders on the Future Generation companies' full-year results and our leading pro bono fund managers will share key insights into industry trends. You can [email](#) us questions beforehand or submit them during the webinar. The Future Generation companies' full-year results will be announced to shareholders in the coming weeks.

In the media

During the month, several of our leading Australian and Global pro bono fund managers shared stock picks with the *Sydney Morning Herald*, *The Age* and the *Daily Telegraph*. You can read these articles on the News section of our Future Generation website [here](#).

For this month's Meet the Manager interview, we spoke with Kelli Meagher, Portfolio Manager at Sage Capital about her market outlook, the main themes emerging from reporting season and her expectations for inflation this year.

We hope you enjoy this month's [Q&A Interview](#) with Andrew Frakes, Principal at Giant Steps, one of Future Generation Australia's social impact partners. Andrew discusses the new Giant Steps Early years program, which caters to children three to five years old who have been diagnosed with Autism Spectrum Disorder. He shares why working with students a few years before they start school helps set them up for success at Giant Steps and beyond.



Thank you,
Caroline Gurney
CEO, Future Generation

Register for the
Webinar 

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



\$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)
134.11c	\$549.5m	43.15c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Profits reserve (per share)
134.11c	\$453.9m	30.7c
Net tangible assets after tax	Volatility [^]	Annualised fully franked interim dividend yield [#]
129.47c	11.9% S&P/ASX All Ordinaries Accumulation Index: 14.4%	6.0% Grossed-up dividend yield: 8.6% [*]

[#]Based on the 31 January 2024 share price of \$1.115 per share and the FY23 annualised fully franked interim dividend of 6.7 cents per share. Future Generation Australia has 407,114,405 shares on issue.

[^]Volatility is measured by standard deviation.

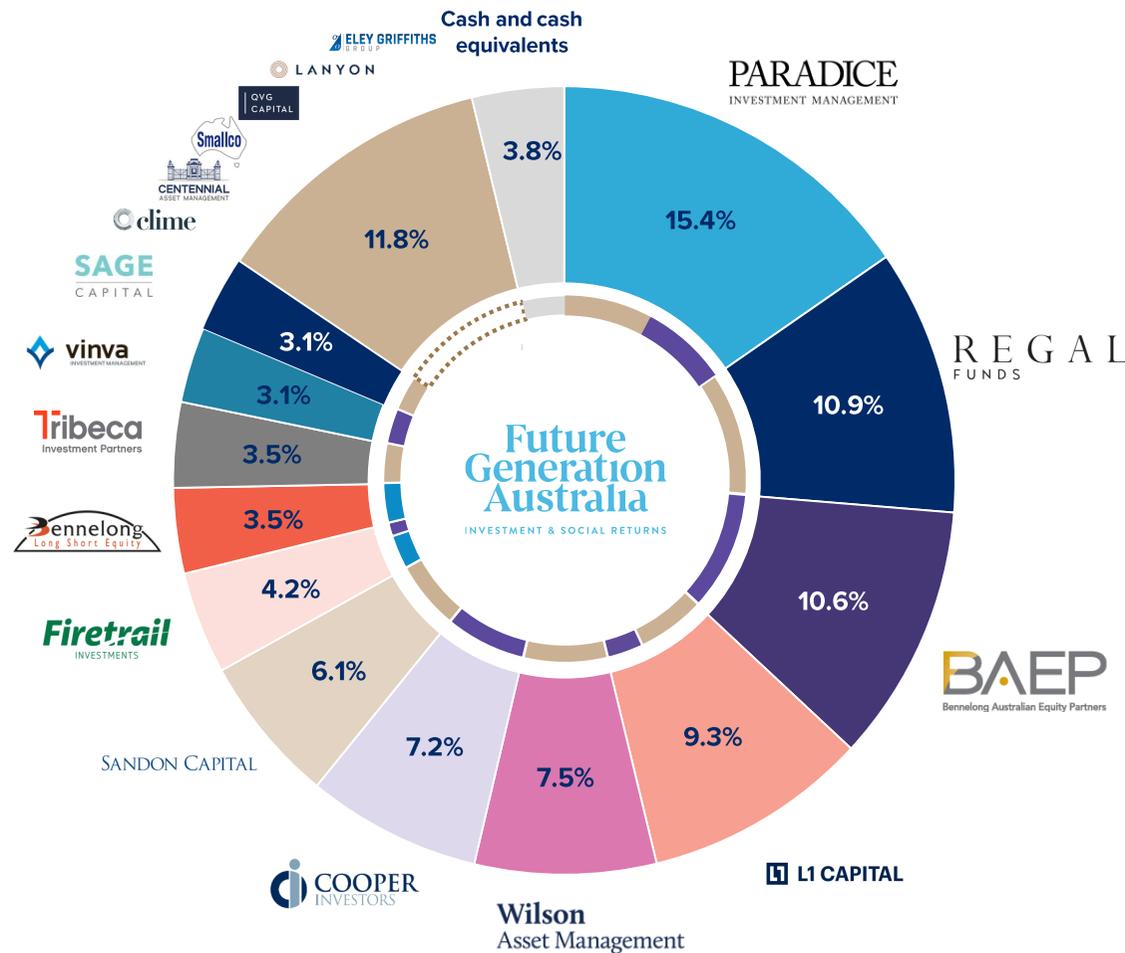
^{*}Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

Investment portfolio performance at 31 January 2024	1 mth	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	0.7%	8.0%	7.2%	10.0%	8.9%	8.9%
S&P/ASX All Ordinaries Accumulation Index	1.1%	7.3%	9.2%	10.0%	9.0%	8.0%

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



11.8% fund manager breakdown

Fund Manager	Allocation (%)	Category	Category Total (%)
Clime Investment Management	3.0%	Absolute bias	48.8%
Centennial Asset Management	2.6%	Long equities	40.9%
Smallco Investment Manager	2.2%	Market neutral	6.5%
QVG Capital	1.6%	Cash	3.8%
Lanyon	1.2%		
Eley Griffiths Group	1.2%		

Investment portfolio performance

Net tangible assets before tax	Gross assets	Profits reserve (per share)
149.04c	\$595.9m	53.3c
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Annualised fully franked interim dividend yield [#]
149.58c	\$488.7m	5.9% Grossed-up dividend yield: 8.4 [^]
Net tangible assets after tax	Volatility ^{**}	ESG aware ^{^^} (of the portfolio)
141.91c	9.8% MSCI AC World Index (AUD): 10.8%	98.3%

[#]Based on the 31 January 2024 share price of \$1.23 per share and the FY23 annualised fully franked interim 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.

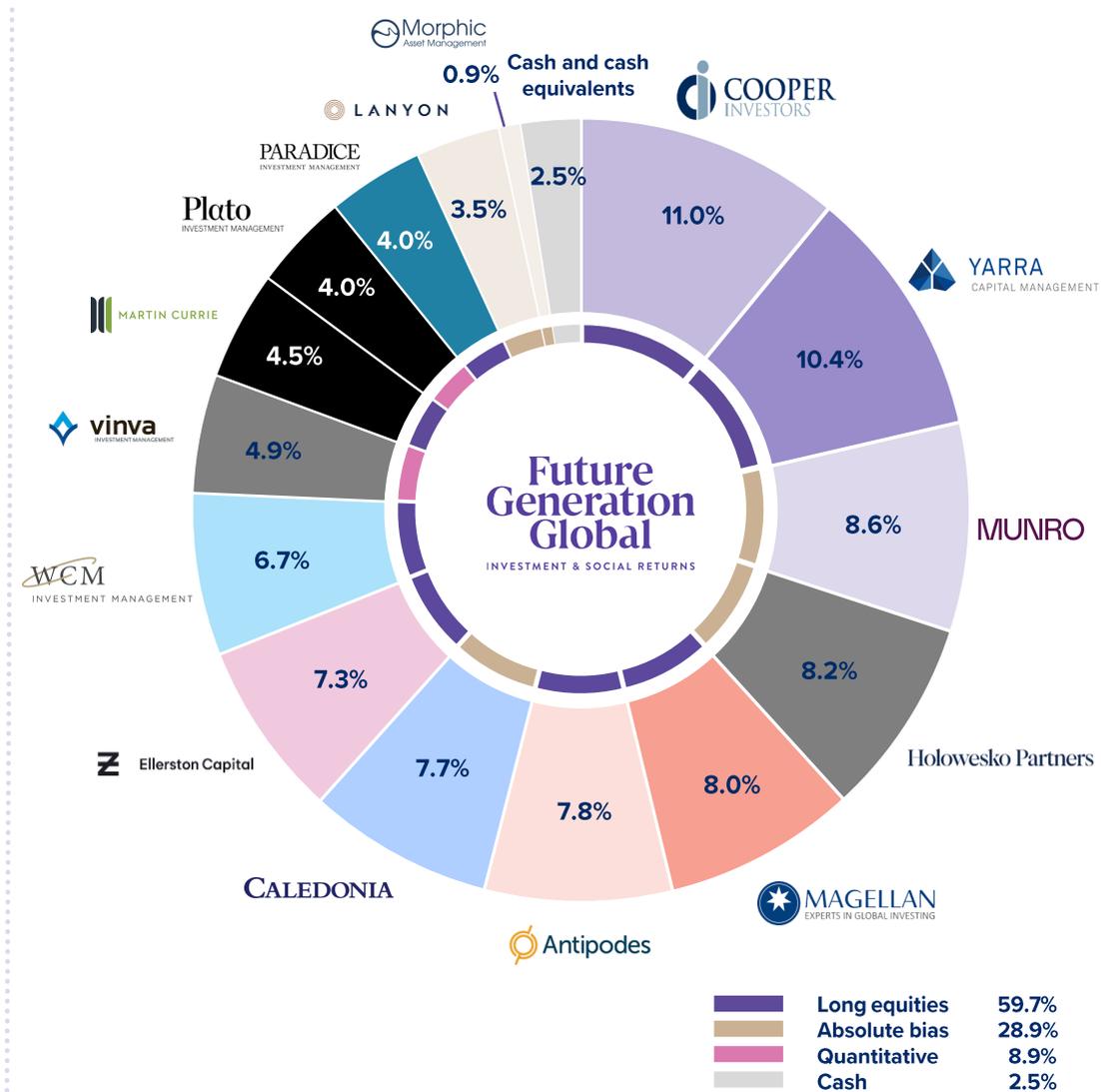
^{^^}As reported in the 2022 Annual Report.

Investment portfolio performance at 31 January 2024	1 mth	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	4.5%	16.6%	3.9%	8.6%	9.6%	8.3%
MSCI AC World Index (AUD)	4.2%	22.6%	11.5%	12.3%	11.9%	10.6%

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



Meet the Manager

Kelli Meagher, Portfolio Manager at Sage Capital



Reporting season is underway in Australia. What are the main themes you expect to emerge? Who will be the winners and losers?

We expect a key thematic for reporting season will be how companies are managing rising costs in an environment of lower inflation and softening demand.

Many companies, especially consumer related companies, are likely to report “better than feared” results as consumer spending over the critical Christmas trading period was relatively robust, however in many cases share prices are already reflecting good news so stock price reactions will be interesting.

Focus will be on outlook commentary regarding cost management as the cost of doing business - especially labour - for many companies is still rising in an environment of softening demand. The winners will be the companies that can demonstrate both pricing power and cost control.

The Reserve Bank of Australia (RBA) recently held rates amid signs inflation eased in fourth quarter, but kept the door open to another rate rise. What are you expecting for the rest of the year?

We would be surprised to see another rate hike unless there was clear evidence of inflation significantly reaccelerating. Goods inflation is heading in the right direction, however, we expect services inflation to be a little stickier, hence we don't see rate cuts imminent. We believe a likely scenario is rates remaining around where they currently are for most of this year with 2025 being the year of rate cuts.

More generally, what's your outlook for the market over the next 1, 3 and 5 years?

The Australian share market has delivered 7% to 9% per annum on average over the past 30 years, with the emphasis being average, as returns can vary drastically one year to the next. We would expect the market to continue to deliver returns in this range over the long term, though perhaps at the bottom end of that range over the next 3 to 5 years if interest rates stay higher for longer. Regarding the outlook for 1 year, it is very difficult to time the market and we don't have a crystal ball but given 2023 delivered an above average return of 12% (and all in the last 2 months of the year) and the economy is expected to soften in 2024, returns may be below the long term average this year. A lot will depend on the health of the economy and expectations around the timing of interest rate cuts.

Can you tell us a bit about your investment strategy?

The Sage investment strategy uses a combination of quantitative and fundamental stock selection approaches to produce a well diversified, style neutral portfolio of liquid Australian shares with 100 to 120 positions both long and short. A suite of sophisticated risk management tools are employed to ensure the portfolio is tightly risk controlled. A unique element of the strategy is our risk control using proprietary Sage Groups, that groups companies by how they tend to perform in different market conditions. It helps us control macroeconomic risks to produce a portfolio that can perform well no matter where we are in the market cycle.



You are one of the few high profile female fund managers in Australia. How have you succeeded and what can the industry do differently to attract a more diverse workforce?

Natural curiosity, being comfortable in a fast paced work environment, ability to identify important information versus noise and remaining calm and rational in volatile markets is important for a career in funds management. The funds management industry offers fantastic career paths, however the job of a fund manager isn't as well known or understood as the more typical titles of “investment banker” or “stockbroker”. Raising the profile of funds management as a career to university students would be helpful to create a larger more diverse pipeline of students interested in the entering the industry. I also think some change in schools could be helpful. For example both of my children studied the subject commerce in high school. My son went to an all boys school where the commerce project focused on building a share portfolio. My daughter went to an all girls school and the commerce project focussed on organising a coffee cart for the mothers morning tea. My daughter would have found building a share portfolio much more interesting!

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:



Andrew Frakes, Principal at Giant Steps

Giant Steps' specialists work together to develop high-quality education and support for more than 120 students with Autism Spectrum Disorder and complex needs.

“The new Giant Steps Early Years Program caters for children aged 3.5 to 5 years, with a diagnosis of Autism Spectrum Disorder. It is designed to provide highly individualised and targeted support for children and their families. We work collaboratively with parents to develop foundation skills for children as they prepare to transition to school. Some of those students will continue on with us at Giant Steps. Others will go into different settings, such as a mainstream school. By working with the students a couple of years before they start school, we're able to help set them up for success at Giant Steps and beyond.” – Andrew Frakes, Principal at Giant Steps.

[Read the full Q&A with Andrew Frakes, Principal at Giant Steps.](#)

For more information, visit www.FutureGenInvest.com.au

Our social impact partners



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as at
31 January 2024**

Fund Manager	Investment	Strategy	% of Gross Assets
	Mid Cap/Equity Alpha Plus Funds (split out below)		15.4%
Paradice Investment Management	Paradice Equity Alpha Plus Fund	Absolute bias	7.8%
	Paradice Australian Mid Cap Fund	Long equities	7.6%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.9%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.6%
	Long Short/Catalyst Funds (split out below)		9.3%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	6.1%
	L1 Capital Catalyst Fund	Long equities	3.2%
	Leaders/Equity Funds (split out below)		7.5%
Wilson Asset Management	Wilson Asset Management Leaders Fund	Absolute bias	3.8%
	Wilson Asset Management Equity Fund	Absolute bias	3.7%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	7.2%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	6.1%
	Absolute Return/High Conviction Funds (split out below)		4.2%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.0%
	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 January 2024**

Fund Manager	Investment	Strategy	% of Gross Assets
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.0%
Yarra Capital Management	Yarra Global Share Fund	Long equities	10.4%
Munro Partners	Munro Global Growth Fund	Absolute bias	8.6%
Holowesko Partners	Holowesko Global Fund Limited - Class A	Absolute bias	8.2%
Magellan Asset Management	Magellan Global Fund	Long equities	8.0%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	7.8%
Caledonia	Caledonia Global Fund	Absolute bias	7.7%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	7.3%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	6.7%
Vinva Investment Management	Vinva International Equity Fund	Quantitative	4.9%
Martin Currie Investment Management	Martin Currie Global Long-Term Unconstrained Fund	Long equities	4.5%
Paradice Investment Management	Paradice Global Small Cap Fund	Long equities	4.0%
Plato Investment Management	Plato Global Alpha Fund – Class Z	Quantitative	4.0%
Lanyon	Lanyon Global Value Fund	Absolute bias	3.5%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and cash equivalents		2.5%