



7 June 2024

Dear Fellow Shareholder,

We would like to share the latest investor update from Future Generation Australia (ASX: FGX).

Future Generation Australia gives you exposure to 18 of Australia's best boutique fund managers. These fund managers waive all their usual management fees, so that Future Generation Australia can donate 1 per cent of net assets to not-for-profits, without compromising your long-term investment portfolio returns. To date, we have donated \$37.8 million to Australian not-for-profits working to support children and youth at risk.

Future Generation Australia is your company, and we are committed to keeping you informed. We believe that an engaged shareholder base is key to our collective success. A significant number of our communications are only available online. If you would like to receive our communications via email, please scan the QR code at the top of this letter or visit our website to subscribe: <https://futuregeninvest.com.au/>. You can read our privacy policy on our website.

Alternatively, if you would like to arrange a call with me to discuss your investment in Future Generation Australia, please email [info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au) and provide your phone number.

### Strong investment portfolio performance

The Future Generation Australia investment portfolio has increased 12.7%\* over the 12-month period to 30 April 2024, outperforming both the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index by 2.8%\* and 5.3%\* respectively.

This outperformance has boosted pre-tax net tangible assets (NTA) to \$1.36<sup>#</sup> per share and supports the 6.7 cents per share FY2023 fully franked full-year dividend and grossed-up dividend yield of 8.1%<sup>^</sup>. The Company currently has 32.6 cents per share<sup>#</sup> available in the profits reserve, equating to 4.9<sup>#</sup> years of dividend coverage for shareholders.

Since inception, the Company has paid the equivalent of 66.4 cents per share in grossed-up dividends, including the value of franking credits, or 46.5 cents per share in fully franked dividends to shareholders, providing an average dividend yield on the initial public offering price of 4.7% and a grossed-up dividend yield of 6.7%<sup>\*\*</sup>.

Future Generation Australia's Investment Committee believes that active management in the small, mid and micro-cap sector will continue to drive long-term outperformance for shareholders, with lower volatility than the S&P/ASX All Ordinaries Accumulation Index.

**+12.7%\***

**12-month investment portfolio  
performance to 30 April 2024**

**8.1%^**

**Grossed-up dividend yield**

**6.7cps**

**Fully franked full year dividend  
FY2023**

**4.9 years<sup>#</sup>**

**Dividend coverage**

\*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which is also before expenses, fees and taxes. Future Generation Australia's financial year is from 1 January to 31 December.

<sup>#</sup>As at 30 April 2024, after the fully franked final dividend of 3.35 cents per share paid on 22 May 2024.

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

<sup>\*\*</sup>Based on the 6 June 2024 share price of \$1.17 per share. Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

## Investment picks from L1 Capital's Raphael Lamm, one of our leading pro bono fund managers

In the latest episode of Future Generation's **2fold: Investing for impact** *Take Stock* podcast, I spoke to Raphael Lamm, Co-Founder of L1 Capital, recently described in *The Australian* as "one of the nation's most profitable fund managers." Against a testing macro-economic and geopolitical environment, Mr Lamm is topping up on Capstone Copper, NextGen and Qantas.

## The investment opportunity in Future Generation Australia

Mr Lamm's conviction that there is still value amid challenging equity markets resonates with Future Generation Australia Founder and Director Geoff Wilson AO. Here, Mr Wilson reminds us of his investment philosophy, honed after four decades in the market.



"One of my greatest passions has been identifying, investing in, and profiting from buying quality assets cheaply. Essentially, I aim to buy \$1 of assets for 80 cents or less. A common assumption made by listed investment company (LIC) investors is that premiums are positive, while discounts are negative. I believe this misses the opportunity of investing in discounted assets.

As a Director of Future Generation Australia, I want to assure you that the Future Generation team is working tirelessly, in challenging markets, to ensure that the share price reflects the Company's net tangible assets.

We believe that continued investment portfolio outperformance, coupled with a targeted communication, marketing and engagement strategy, will meaningfully reduce the share price discount. Until then, in my opinion, Future Generation Australia represents an excellent buying opportunity."

## A portfolio managed by leading fund managers, on a no-fee basis, for impactful giving

Since its inception 10 years ago, Future Generation Australia has supported not-for-profit organisations, which support children and youth at risk. This type of stable, long-term funding is in line with philanthropic best practice, and we are incredibly proud of what we have been able to achieve with our partners.

As Vicki Condon, CEO of Raise Foundation, recently wrote to me: "Future Generation's support and encouragement of our work makes such a big difference, in so many ways, and I can't thank you enough."

As we move into our second decade, Future Generation Australia is embarking on a review of our giving strategy to ensure that our social investment meets the needs of Australian children. We expect to complete the process by next year and will keep you up-to-date with developments. In the meantime, if you would like to recommend any not-for-profits working in the youth-at-risk space, please email us at [info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au) and we will provide them with an Expression of Interest application.

At Future Generation, we are so proud to build on Geoff Wilson's legacy of creating a positive difference to our shareholders and our communities.

If you have any questions or comments, please get in touch. I thank you for your continued support of Future Generation Australia.



Yours sincerely,



Caroline Gurney  
Chief Executive Officer  
Future Generation Australia

