

# ASX Announcement / Media Release

31 August 2016



**FUTURE GENERATION**  
INVESTMENT COMPANY

## **FGX DELIVERS SOLID PROFIT, STRONG OUTPERFORMANCE AND AN INCREASED FULL YEAR FULLY FRANKED DIVIDEND**

- Pre-tax profit of \$17.75m, an increase of 18.2%
- Investment portfolio increased 12.7%, outperforming the Index by 10.7%
- 100.0% increase in full year fully franked dividend
- Annual donation of \$2.29m to Australian children and youth at risk charities
- Savings of \$6.28m delivered from pro bono management, performance and services

Future Generation Investment Company Limited (ASX: FGX) announces an increase of 18.2% in pre-tax operating profit to \$17.75 million (FY2015 \$15.02 million) and an increase of 28.6% in after-tax profit to \$14.62 million (FY2015 \$11.37 million). The investment portfolio increased by 12.7% for FY2016, outperforming the S&P/ASX All Ordinaries Accumulation Index by 10.7%. The Company also announced a fully franked 2.0 cents per share final dividend. This brings the full year fully franked dividend to 4.0 cents per share – a 100.0% increase on the 2.0 cents per share fully franked dividend paid for the period to 30 June 2015.

The increase of the investment portfolio and outperformance against the index was achieved with significantly less volatility than the market. The volatility of the FGX investment portfolio, as measured by its standard deviation during the year, was 8.8%, while the S&P/ASX All Ordinaries Accumulation Index was 14.2%.

Chairman Jonathan Trollip said the participating fund managers had again delivered an outstanding result for shareholders.

“FGX continues to perform strongly as the 18 fund managers deliver significant risk-adjusted outperformance against the market. The increased final dividend supports the Company’s goal of delivering on its investment objectives of providing a stream of fully franked dividends to shareholders while protecting their capital and delivering capital growth,” Mr Trollip said.

The Company will donate \$2.29 million to Australian charities focused on changing the lives of Australia’s most vulnerable children and youth at risk. The donation is a 39.6% increase from the previous year’s donation of \$1.64 million.

FGX Chief Executive Officer Louise Walsh said the Company expects the donation to charities will increase each year as the Company continues to grow and perform for shareholders.

“We are delighted with the \$2.29 million donation to children and youth at risk. We look forward to growing this donation over time and are expecting to donate an estimated \$2.66 million for FY2017, based on current net asset levels,” Ms Walsh said.

Founder and Director Geoff Wilson said the dividend to shareholders and donation to charities were a result of the skill and generosity of the participating fund managers.

“Our 18 fund managers forgo both management and performance fees, allowing the Company to make a significant donation primarily to charities focused on children and youth at risk. This donation would not be possible without their incredible generosity. We also thank our service providers who are also working pro bono for FGX,” Mr Wilson said.

The value of fund managers’ foregone management and performance fees totals \$5.6 million and the estimated value of the leading service providers working on a pro bono basis totals \$630,240.

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## Charitable objectives

The Company provides shareholders with unprecedented access to prominent Australian fund managers without paying management or performance fees. All participating fund managers have agreed to forgo management and performance fees, and Directors and most service providers are working on a pro-bono basis. This allows the Company to donate 1.0% of its average monthly net tangible assets (NTA) to Australian charities each financial year.

The objectives of the Company are to provide shareholders with an attractive investment and to provide an ongoing source of funding for Australian charities, with a focus on children and youth at risk. The Company's innovative structure promotes giving as well as wealth creation. The Company has partnered with 14 designated charities: Act For Kids, Australian Children's Music Foundation, Australian Indigenous Education Foundation, DEBRA Australia, Diabetes Kids Fund, Giant Steps, Kids Helpline, Lighthouse Foundation, Mirabel Foundation, Raise Foundation, United Way Australia, Variety, Youth Focus and Youth Off The Streets.

## \$2.29 million donation to charities

In August 2016, shareholders were provided with a donation nomination form, due Wednesday 31 August at 5.00pm AEST, which they will use to assign their portion of FGX's \$2.29 million donation to the designated charities. The record date for shareholders to be eligible to allocate their portion of the donation was 29 July 2016.

## Fully franked final dividend

On 21 July 2016, the Board announced a fully franked final dividend of 2.0 cents per share. The dividend will be paid on 21 October 2016 and will trade ex on 10 October 2016. If optionholders exercise their options **on or by 16 September 2016** they will be entitled to receive the dividend. The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Shareholders are able to participate in the dividend reinvestment plan (DRP) and/or the Dividend Donation Plan (DDP). The DRP will operate at a 2.5% discount for the final dividend. The last election date for the DRP and the DDP will be 13 October 2016.

## Options expiring 16 September 2016

The Company issued options to shareholders in the capital raising in September 2014. The options allow shareholders to subscribe for shares in the Company at the exercise price of \$1.10 per share. The options can be exercised at any time **on or by 16 September 2016**. The options will continue trading on the ASX under the code FGXO until 12 September 2016. As at 30 August 2016, 70,760,058 options had been exercised for a total consideration of \$77,836,064 with the remaining balance of outstanding options being 111,058,124. If option holders exercise their options **on or by 16 September 2016** they will be entitled to receive the fully franked final dividend of 2.0 cents per share, to be paid on 21 October 2016.

## Investment portfolio

Since the capital raising funds were received in early September 2014, FGX has invested in 19 funds managed by 18 managers. The allocation to the managers has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, market neutral and cash. The composition of the portfolio will vary over time in terms of strategies, funds and managers. The long equities portion of the portfolio includes exposure to large cap, mid cap and small cap stocks. As at 30 June 2016, the portfolio was 49.8% long equities, 25.1% absolute bias, 15.6% market neutral and 9.5% cash.

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## Asset allocation as at 30 June 2016

Fund manager	Investment	Strategy	% of assets
	Large/Mid Cap Funds (split out below)		<b>10.1%</b>
Paradice Investment	Paradice Australian Equities Mid Cap Fund	Long equities	<b>5.7%</b>
	Paradice Large Cap Fund	Long equities	<b>4.4%</b>
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	<b>9.6%</b>
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	<b>9.3%</b>
Wilson Asset Management (International)	Wilson Asset Management Equity Fund	Absolute bias	<b>8.1%</b>
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	<b>7.9%</b>
Watermark Funds Management	Watermark Absolute Return Fund	Market neutral	<b>7.7%</b>
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	<b>6.7%</b>
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	<b>4.9%</b>
Optimal Fund Management Australia	Optimal Australia Absolute Trust	Market neutral	<b>4.3%</b>
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	<b>3.9%</b>
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	<b>3.1%</b>
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	<b>3.0%</b>
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	<b>2.7%</b>
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	<b>2.6%</b>
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	<b>2.2%</b>
Centennial Asset Management	The Level 18 Fund	Absolute bias	<b>1.9%</b>
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	<b>1.5%</b>
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	<b>1.0%</b>
	Cash and Term Deposits	Cash	<b>9.5%</b>

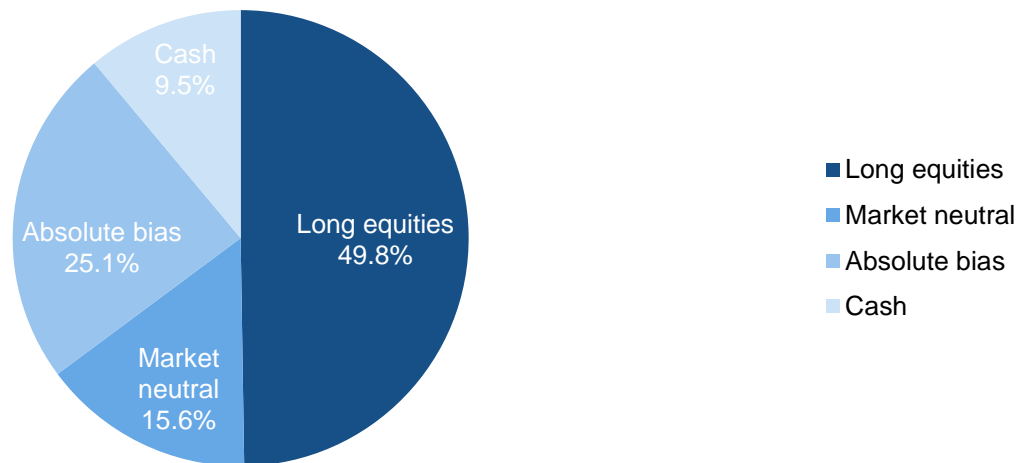
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## Investment strategy allocation (% of assets as at 30 June 2016)



## About Future Generation Investment Company Limited

Future Generation Investment Company Limited (ASX: FGX) offers investors the opportunity to gain unprecedented access to prominent Australian fund managers through a single ASX-listed investment vehicle and also support Australian children and youth at risk charities. The Company offers diverse exposure to Australian equities through a range of different investment styles and strategies employed by its fund managers. Future Generation Investment Company Limited charges 0.0% management fees and 0.0% performance fees and intends to donate 1.0% of its assets each year to Australian charities, particularly those supporting children and youth at risk. The Company's investment objectives are to: provide a stream of fully franked dividends; to achieve capital growth; and preserve shareholder capital.

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

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