

FGX ANNOUNCES RECORD PROFIT AND FULLY FRANKED DIVIDEND

- Record pre-tax profit of \$22.3 million, up 85.1%
- Record increased fully franked interim dividend to 2.2 cents
- Savings of \$3.2 million delivered from forgone management and performance fees and pro bono services

Future Generation Investment Company Limited (ASX: FGX) today announced an 85.1% increase in pre-tax operating profit to \$22.3 million and a 77.4% increase in post-tax profit to \$17.9 million for the six-month period ended 30 June 2017. The company reported comprehensive income of \$10.5 million, a 208.8% increase on the prior half year period. The increase in profit was reflective of the investment portfolio performance and increased distributions received over the period, as a result of the growth in assets of the Company.

The Board also announced a record fully franked interim dividend of 2.2 cents per share, a 5% increase on the previous period.

“We are pleased to announce a record interim dividend of 2.2 cents per share, delivering on our commitment to provide an increasing stream of fully franked dividends to shareholders while preserving their capital and delivering capital growth,” Chairman Jonathan Trollip said.

Founder and Director Geoff Wilson said the company delivered a sound risk-adjusted result for shareholders during the period.

“The company’s highly diversified portfolio provides shareholders with exposure to risk-adjusted returns derived from highly skilled and experienced fund managers employing a range of investments strategies,” Mr Wilson said.

“FGX’s fund managers delivered solid performance in the six months to 30 June 2017, outperforming the S&P/All Ordinaries Accumulation Index while preserving capital and maintaining low levels of volatility, with standard deviation of 2.4% compared to the benchmark’s 5.0%. Since inception, the investment portfolio has increased 8.7% per annum, outperforming the benchmark by 3.2%, with standard deviation of 7.1% versus the benchmark’s 12.2%,” he said.

The management and performance fees forgone by the fund managers’ for the half year period ended 30 June 2017 totalled \$2.9 million and the value of the leading service providers, including the Board and Investment Committee working on a pro bono basis, totalled \$0.3 million.

“FGX receives significant pro bono support from its fund managers, Board, Investment Committee and service providers. We estimate the value of this pro bono support at approximately \$6.4 million per annum. At 1.6% of the assets of the company, these savings to shareholders exceed the annual donation to charities,” Chief Executive Officer Louise Walsh said.

“We are currently on track to donate \$3.8 million to charities focused on children and youth at risk this year. This represents \$7.8 million in donations since inception in September 2014. The consistent and growing funding to our charities would not be possible without the incredible generosity of our fund managers, who do not charge management or performance fees,” Ms Walsh said.

Investment portfolio

The FGX investment portfolio has been structured to provide diversification between three broad equity strategies and cash:

Long equities – investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange. The long equities portion of the portfolio includes exposure to large-cap, mid-cap and small-cap stocks.

Market neutral – an investment strategy that generally involves the simultaneous purchase and sale of equities, to generate returns that are not linked to the performance of underlying equity markets.

Absolute bias – an investment strategy that seeks to generate returns, irrespective of the performance of traditional asset classes. These strategies use innovative investment techniques (including but not limited to short selling and leveraging) to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

The composition of the portfolio will vary over time in terms of strategies, funds and managers. FGX was initially invested with 14 managers in 15 funds. The initial weightings were 48.0% long equities, 20.6% absolute bias strategies, 16.0% market neutral and 15.4% cash.

At the date of this report, the investment portfolio is made up of 20 fund managers with investments in 23 funds. As at 30 June 2017, the portfolio was 43.5% long equities, 36.3% absolute bias, 14.5% market neutral and 5.7% cash.

Increased fully franked interim dividend

The Board is pleased to announce an increased fully franked interim dividend of 2.2 cents per share. The dividend will be paid on 27 October 2017 and will trade ex on 17 October 2017.

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 without a discount for the interim dividend. The last election date for the DRP and the DDP will be 20 October 2017.

Charitable objectives

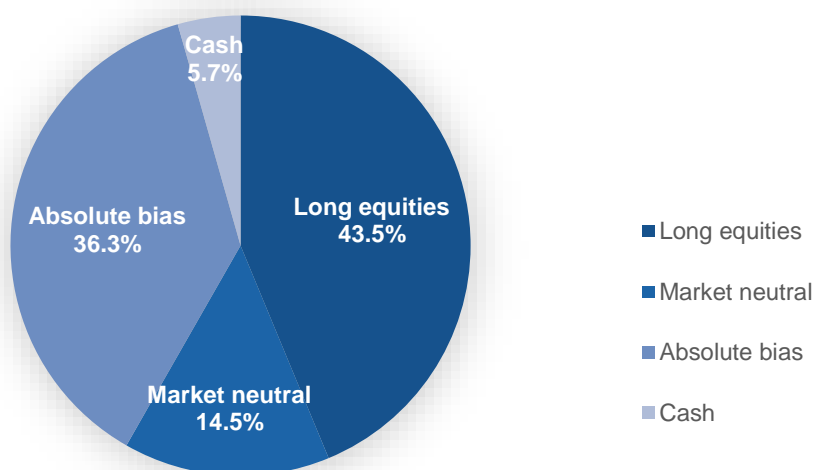
The Company provides shareholders with unprecedented access to prominent Australian fund managers without paying management or performance fees. Furthermore, the Board, the Investment Committee and most service providers work for the Company on a pro bono basis. This allows the Company to donate 1.0% of its average monthly net tangible assets (NTA) to Australian charities each 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. FGX 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.

Asset allocation as at 30 June 2017

Fund manager	Investment	Strategy	% of portfolio
Paradice Investment	Large/Mid Cap Funds (split out below)		10.9%
	Paradice Mid Cap Fund – B Class	Long equities	6.2%
	Paradice Large Cap Fund	Long equities	4.7%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.4%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	9.0%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	8.7%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	7.5%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	7.0%
Eley Griffiths Group	Small/Emerging Companies Funds (split out below)		5.9%
	Eley Griffiths Group Small Companies Fund	Long equities	5.1%
	Eley Griffiths Group Emerging Companies Fund	Long equities	0.8%
L1 Capital	Long short/Aus Equities Funds (split out below)		5.4%
	L1 Capital Long Short Fund – Retail Class	Absolute bias	2.9%
	L1 Capital Australian Equities Fund	Long equities	2.5%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.3%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.2%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.5%
ARCO Investment Management	ARCO Investment Management (Optimal Australia) Absolute Trust	Market neutral	2.9%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.4%
Vinva Investment Management Limited	Vinva Australian Equities Fund	Long equities	2.4%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	2.0%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.8%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.7%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.6%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.1%
Qato Capital	Qato Capital Market Neutral L/S Fund	Market neutral	0.6%
	Cash and Term Deposits		5.7%

Investment strategy allocation (% of assets as at 30 June 2017)



ASX announcement & media release

Fund Managers



Charities



Service providers



ASX announcement & media release



About Future Generation Investment Company Limited

Listed in 2014, Future Generation Investment Company (ASX: FGX) provides:

- **Shareholders** with exposure to the best Australian fund managers without paying management or performance fees.
- **Charities** primarily focused on children and youth at risk with a consistent and growing stream of annual donations.
- **Fund managers** with a unique opportunity to make a positive difference to Australia's future generations.

For more information visit www.futuregeninvest.com.au or contact:

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