

# ASX announcement & media release

25 February 2021



## Future Generation Australia announces increased fully franked full year dividend and strong outperformance

For the financial year ending 31 December 2020, the company reports:

- **10.0%\* investment portfolio performance**
- **5.2 cents per share fully franked full year dividend, a 4.0% increase on the prior year**
- **\$4.8 million social investment in charity partners with a focus on children and youth at risk**
- **\$8.6 million in savings from fees forgone by fund managers, service providers, directors and committee members**

Future Generation Australia (ASX: FGX) delivered a solid 2020 result to shareholders, reporting an operating profit before tax of \$15.3 million and an operating profit after tax of \$14.4 million. The Company's Board of Directors is pleased to declare a fully franked final dividend of 2.6 cents per share to shareholders bringing the fully franked full year dividend to 5.2 cents per share, a 4.0% increase on the prior year during a time when many companies and shareholders are facing dividend cuts.

"The fully franked final dividend of 2.6 cents per share brings the fully franked full year dividend to 5.2 cents per share, providing shareholders with a fully franked dividend yield of 4.2% and a grossed-up dividend yield of 5.9%" based on the 24 February 2021 closing share price of \$1.25 per share. The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice," Future Generation Australia Chairman Jonathan Trollip said.

Since inception in September 2014, Future Generation Australia has paid 24.7 cents per share (excluding the 2.6 cents per share fully franked final dividend announced today) in fully franked dividends to shareholders. Future Generation Australia held an estimated profits reserve of 7.1 cents per share as at 31 December 2020. The Future Generation Australia investment portfolio is structured to provide shareholders with access to leading boutique Australian fund managers, portfolio diversification and reduced volatility. The fully franked final dividend of 2.6 cents per share has been achieved through available profits reserve and the strong risk-adjusted returns of the investment portfolio during an unprecedented period of volatility for equity markets and the global economy.

"The investment portfolio increased 10.0%\* in the 12 months to 31 December 2020, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.4%\* with an average cash level of 8.5%. Since inception, the investment portfolio has increased 9.6%\* per annum, outperforming the Index with less volatility. Notably, Future Generation Australia's total shareholder return (TSR) in the 12 months to 31 December 2020 was 12.9%" Mr Trollip said.

The investment portfolio outperformance demonstrates the strength and diversification of the underlying funds and the portfolio's strong defensive qualities during a volatile period for the Australian equity market. Future Generation Australia's investment portfolio outperformance has been achieved with less volatility as measured by standard deviation, 11.8% versus the Index's 14.9%.

\*Investment portfolio performance and Index returns are before expenses, fees and taxes.

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

“Our fund managers delivered shareholders \$7.5 million in savings during 2020 through forgone management and performance fees. The value of the leading service providers, including the Board and Investment Committee working on a pro-bono basis, totalled \$1.1 million. These combined \$8.6 million savings to shareholders far exceeded the \$4.8 million 2020 annual investment to charities,” said Mr Trollip.

Through an investment in Future Generation Australia, shareholders have the opportunity to gain unprecedented access to leading Australian fund managers in a single investment vehicle while providing a stream of income to charities working to better the lives of young Australians.

As at 31 December 2020, the investment portfolio comprised 18 fund managers with investments in 22 unlisted unit trusts. The spread between the broad equities strategies as at 31 December 2020 was 45.2% long equities, 37.9% absolute bias, 7.6% market neutral and 9.3% cash.

Future Generation Chief Executive Officer Louise Walsh said she was pleased with Future Generation Australia’s social and investment returns during 2020. “In 2020, Future Generation Australia invested \$4.8 million in charities focused on children and youth at risk and we are pleased that the Company is currently on track to deliver its seventh investment of approximately \$5.2 million in October 2021, which will bring the total investment since inception to approximately \$26.7 million” Ms Walsh said.

“In May 2020, Emily Fuller commenced in the newly created role of Social Impact Manager to oversee all charitable aspects related to Future Generation Australia, including working closely with our charity partners to ensure that our shareholders’ investment achieves an impactful social return,” Ms Walsh said.

“Engaging and communicating with our shareholders continued to be a core focus in 2020 despite the challenges posed by coronavirus-induced lockdowns. We launched our first Future Generation Virtual Investment Forum in May to great success, followed by a second Virtual Investment Forum in October,” Ms Walsh said.

On Tuesday 16 March 2021 at 3.00pm – 4.00pm (Sydney time), Founder and Director Geoff Wilson AO and Louise Walsh will discuss results in detail during the Future Generation Investor Webinar. Geoff and Louise will be joined by Paradice Investment Management Portfolio Manager David Moberley and Marsico Capital Management Portfolio Manager Brandon Geisler.

## Investment portfolio performance

As at 31 December 2020	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	10.0%	8.5%	9.2%	9.6%
S&P/ASX All Ordinaries Accumulation Index	3.6%	7.4%	9.3%	7.5%
<b>Outperformance</b>	<b>+6.4%</b>	<b>+1.1%</b>	<b>-0.1%</b>	<b>+2.1%</b>

Investment portfolio performance and Index returns are before expenses, fees and taxes.

## Increased fully franked full year dividend

The Board has announced a fully franked final dividend of 2.6 cents per share, bringing the fully franked full year dividend to 5.2 cents per share, a 4.0% increase on the prior year. The dividend will be paid on 26 April 2021 and will trade ex-dividend on 14 April 2021.

Shareholders are eligible to participate in the Dividend Reinvestment Plan (DRP) and the Dividend Donation Plan (DDP). The last election date for the DRP and the DDP will be 19 April 2021.

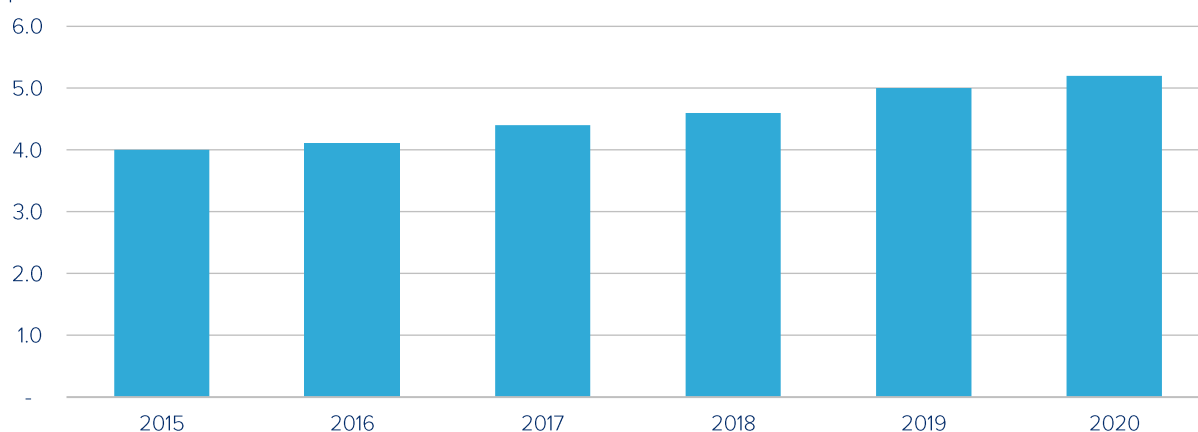
The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. At the end of the period, the Company's profits reserve was 7.1 cents per share. This forms part of the net tangible assets (NTA) of the Company.

### Dividend dates

Ex-dividend date	14 April 2021
Record date	15 April 2021
Last election date for DRP	19 April 2021
Payment date	26 April 2021

### Fully franked dividends since inception

Cents per share



## Fund managers



## Investing in Australia's future generation

The objectives of the Company are to provide shareholders with an attractive investment and Australian charities focused on children and youth at risk with a source of funding. The fund managers do not charge management or performance fees, allowing the Company to invest 1.0% of its average net assets to the supported charities each year. Future Generation Australia has partnered with designated charities that provide a significant benefit to young Australians in the area of children and youth at risk: Act For Kids, Australian Children's Music Foundation, Australian Indigenous Education Foundation, DEBRA Australia, Diabetes Kids Fund, Giant Steps, Lighthouse Foundation, Mirabel Foundation, Raise Foundation, United Way Australia, Variety and Youth Off The Streets. In 2020, Future Generation Australia invested \$4.8 million in charities focused on children and youth at risk, bringing the total charitable investment since inception to \$21.5 million.

## About Future Generation Australia

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

Shareholders  
with exposure to  
leading Australian  
fund managers without  
paying management or  
performance fees.



Charities  
primarily focused  
on children and  
youth at risk with a stream  
of annual investments.



Fund managers  
with a unique  
opportunity to  
make a positive difference  
to Australia's future  
generations.



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

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