

FGX announces record profit and increased fully franked dividend

Record pre-tax profit	Increased fully franked full year dividend	Savings delivered on management fees, performance fees and services foregone	Expected investment in Australian children and youth at risk focused charities
\$27.2m	4.4c	\$7.1m	\$4.1m

Future Generation Investment Company Limited (ASX: FGX) today announced a record operating profit before tax of \$27.2 million and a record operating profit after tax of \$22.3 million for the year ended 31 December 2017. Total comprehensive income, including unrealised gains on investments was \$39.4 million for the year.

Founder and Director Geoff Wilson AO said the Company's record profit was driven by the solid performance of the investment portfolio during the year, which was achieved with significantly less volatility than the market.

"The investment portfolio continued to deliver strong performance, increasing 14.3% and outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 12.5%," Mr Wilson said.

"Since inception the investment portfolio has increased 10.6% per annum, outperforming the benchmark by 3.2%. This continued outperformance has been achieved with less volatility as measured by standard deviation, 6.7% versus the market's 11.5%.

"It is pleasing that the investment portfolio continued to outperform the benchmark in all negative months during the year and in 93% of down months since inception in September 2014," he said.

Chairman Jonathan Trollip said the Board was pleased to deliver an increased fully franked full year dividend of 4.4 cents per share to shareholders.

"The increased full year 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.

FGX Chief Executive Officer Louise Walsh said the dividend to shareholders was made possible by the generosity of FGX's fund managers and leading service providers, who provide significant pro bono support to the Company.

"We are grateful to our participating fund managers for continuing to deliver solid risk-adjusted returns for shareholders, while supporting Australian charities focused on children and youth at risk," Ms Walsh said.

"The value of the fund managers' foregone management and performance fees for the year totalled \$6.5 million and the estimated value of the leading service providers working for the Company on a pro bono basis totalled \$0.6 million. At 1.7% of the assets of the company, these savings to shareholders exceed the annual donation to charities.

"Thanks to our fund managers and service providers, FGX is on track to deliver its fourth annual investment of over \$4.1 million in October 2018. We are delighted that this investment would bring the total charitable donation since inception to \$11.8 million," she said.

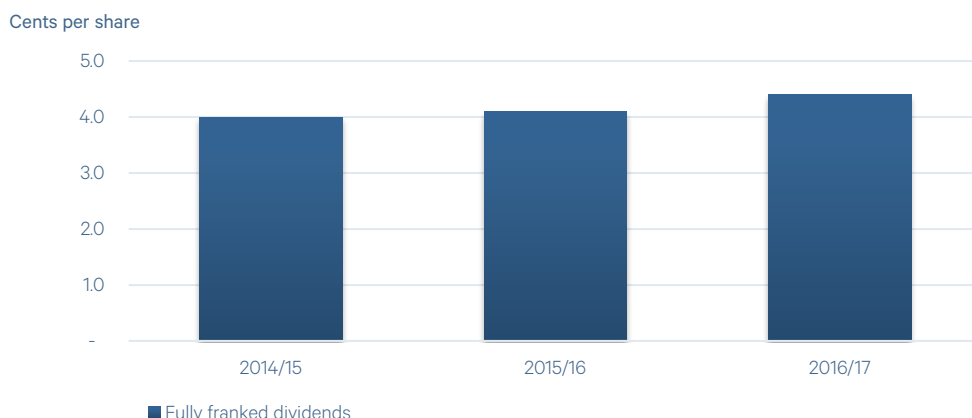
Increased fully franked final dividend

The Board is pleased to announce an increased fully franked final dividend of 2.2 cents per share. The dividend will be paid on 27 April 2018 and will trade ex on 12 April 2018.

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 final dividend. The last election date for the DRP will be 17 April 2018.

Fully franked dividends since inception



Investment portfolio

As at 31 December 2017, FGX was 45.4% long equities exposure, 37.9% absolute bias exposure, 13.5% market neutral exposure and 3.2% cash. The investment portfolio was made up of 19 fund managers with investments in 22 unlisted unit trusts as at the end of the year. The FGX investment portfolio has been structured to provide diversification between three broad equity strategies and cash:

Long equities

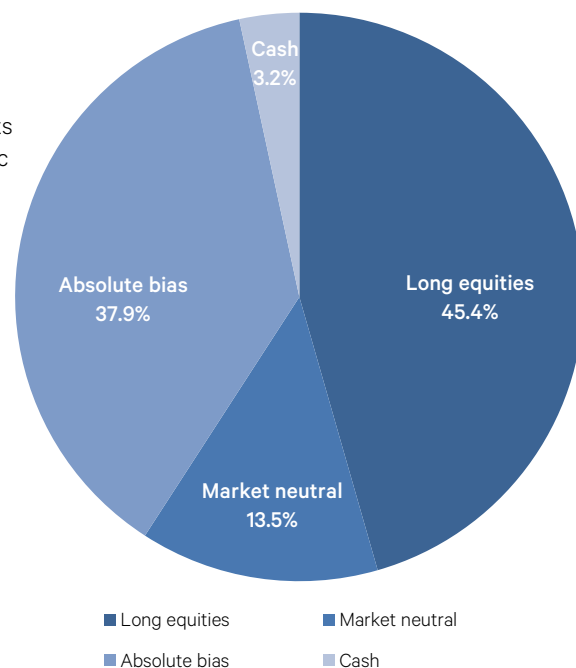
Investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange. The long equities portion of the portfolio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

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.

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.



ASX announcement & media release

Fund manager	Investment	Strategy	% of portfolio
Paradice Investment	Large/Mid Cap Funds (split out below)		11.5%
	Paradice Mid Cap Fund – B Class	Long equities	6.5%
	Paradice Large Cap Fund	Long equities	5.0%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	10.7%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.0%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	8.7%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	7.2%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	7.1%
	Small/Emerging Companies Funds (split out below)		6.7%
	Eley Griffiths Group Small Companies Fund	Long equities	5.8%
Eley Griffiths Group	Eley Griffiths Group Emerging Companies Fund	Long equities	0.9%
	Long Short/Aus Equities Funds (split out below)		5.7%
	L1 Capital Long Short Fund – Retail Class	Absolute bias	3.2%
L1 Capital	L1 Capital Australian Equities Fund	Long equities	2.5%
	Cooper Investors Australian Equities Fund	Long equities	5.3%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.3%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.3%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.4%
ARCO Investment Management	ARCO Investment Management (Optimal Australia) Absolute Trust	Market neutral	3.0%
Vinva Investment Management Limited	Vinva Australian Equities Fund	Long equities	2.5%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.5%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	2.2%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.7%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.7%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.5%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.1%
	Cash and Term Deposits		3.2%

Fund managers



Investment in Australia's future generation

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 that provide significant benefit to young Australians in the area of children and youth at risk. These charities are: 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.

Charities



Service providers



Future Generation Investment Company provides:



Shareholders

with exposure to leading global 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.

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