

ASX announcement & media release

29 August 2019

Future Generation Australia announces half year results and increased fully franked interim dividend

Investment portfolio performance	Annualised savings on management fees, performance fees and services forgone	Record investment in high-impact charities focused on children and youth at risk	Increased fully franked interim dividend
+13.6%	\$6.4m	\$4.6m	2.4cps

Future Generation Australia (ASX: FGX) announces an operating profit before tax of \$19.3 million and an operating profit after tax of \$15.6 million for the six-month period ended 30 June 2019. The Company also reported a net result after tax and net unrealised and realised gains on investments for the period of \$41.5 million, representing a 132.2% increase on the comparative period. The increase is reflective of the solid absolute investment portfolio performance and the growth in assets over the period.

Future Generation Australia announced an increased fully franked interim dividend of 2.4 cents per share to shareholders and a record \$4.6 million investment in charities focused on children and youth at risk to be made in October 2019.

“We are pleased to announce a fully franked interim dividend of 2.4 cents per share. The increased 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. Future Generation Australia will also make its fifth annual investment, a record \$4.6 million in charities focused on children and youth at risk this October,” Chairman Jonathan Trollip said.

“We are grateful to our fund managers for continuing to deliver solid risk-adjusted returns for shareholders, while protecting shareholder capital,” Mr Trollip said.

During the six-month period to 30 June 2019 the Future Generation Australia investment portfolio delivered solid absolute performance, increasing 13.6%. Since inception, the investment portfolio has increased 9.2% per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index. The investment portfolio’s outperformance has been achieved with less volatility as measured by standard deviation, 7.5% versus the Index’s 11.0%.

“Future Generation Australia shares are currently trading at an attractive discount to net tangible assets of 13.1%* which I believe will close as the solid track record of performance continues and the fully franked dividends increase over time. As at 30 June 2019, the Company’s profits reserve was 9.5 cents per share,” said Mr Trollip.

Future Generation Australia Chief Executive Officer Louise Walsh said “Our generous fund managers have forgone a total of \$2.8 million in management and performance fees for the six months to 30 June 2019. The estimated value of the service providers working on a pro bono basis totalled \$0.4 million during the period, bringing the total value of this substantial support to approximately \$6.4 million per annum, which at 1.3% of the net assets of the Company, these savings to shareholders exceed the annual investment in charities.”

“Thanks to our fund managers, Board, Audit and Risk Committee, Investment Committee members and service providers, Future Generation Australia will deliver its fifth annual investment in charities focused on children and youth at risk. We are delighted that this record \$4.6 million investment will bring the total charitable investment since inception to \$16.6 million. It has been a privilege to see the impact achieved by our investment in the charities throughout Future Generation Australia’s five-year history,” Ms Walsh said.

*Based on the 28 August 2019 share price of \$1.10 per share.

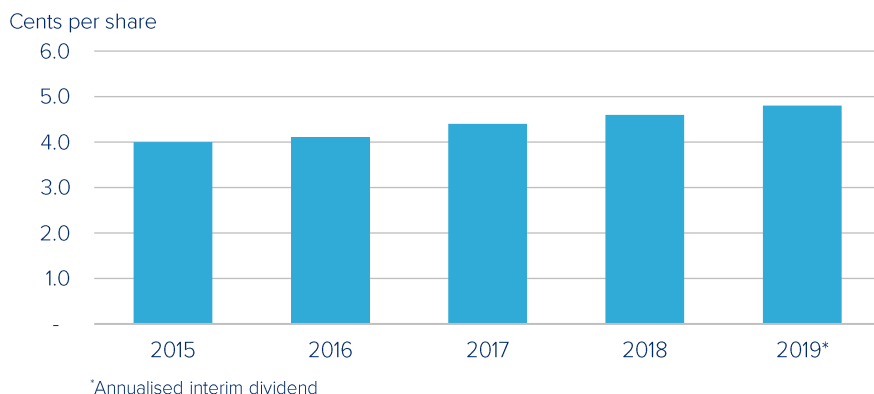
Increased fully franked interim dividend

The Board is pleased to announce an increased fully franked interim dividend of 2.4 cents per share. The dividend will be paid on 25 October 2019 and will trade ex-dividend on 11 October 2019.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserve and franking credits and it is within prudent business practices.

Shareholders are able 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 16 October 2019.

Fully franked dividends since inception



Investment strategy allocation

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 securities exchange. The long equities portion of the portfolio includes exposure to large-cap, mid-cap and small-cap companies.

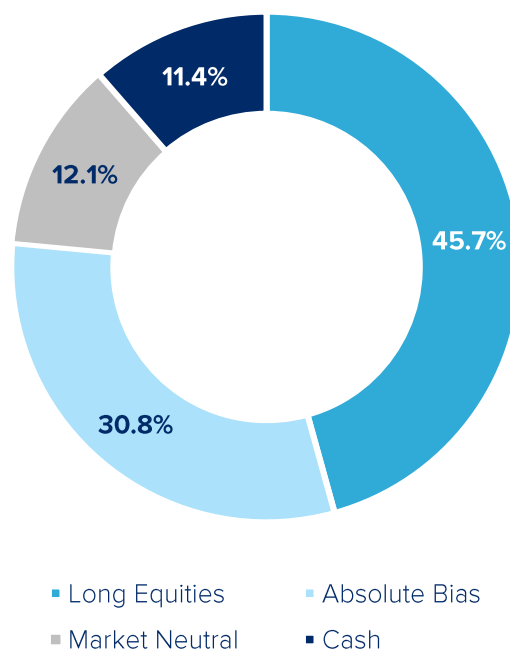
Absolute bias

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.

As at 30 June 2019 the portfolio was 45.7% long equities, 30.8% absolute bias, 12.1% market neutral and 11.4% cash. The investment portfolio is made up of 20 fund managers with investments in 24 unlisted unit trusts.



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 donate 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. This year Future Generation Australia will invest \$4.6 million in charities focused on children and youth at risk, bringing the total charitable investment since inception to \$16.6 million.

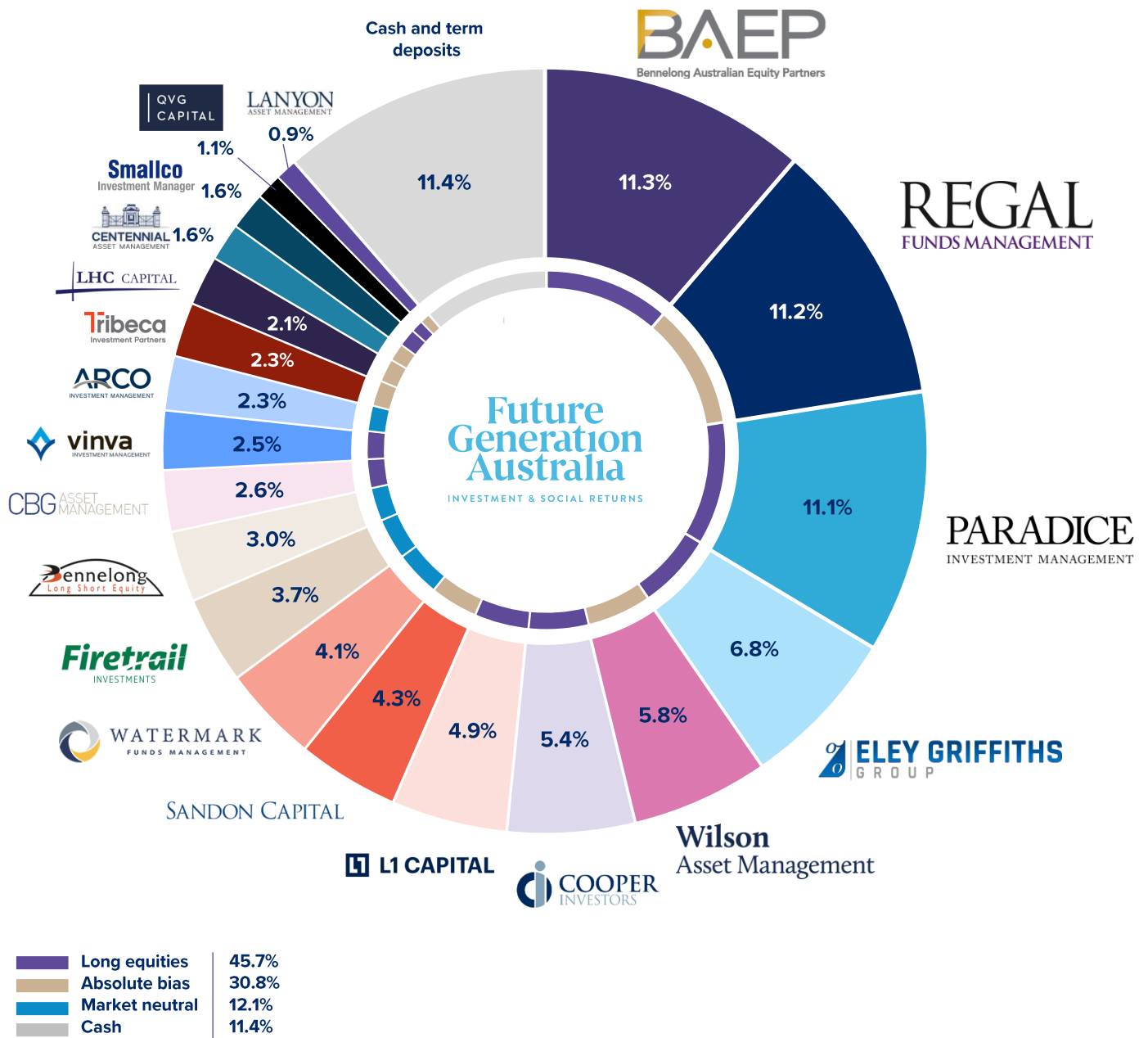
Charities



Service providers



Asset allocation as at 30 June 2019



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.



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