

26 August 2021

Record profit, increased fully franked interim dividend and seventh social investment in young Australians at risk

+15.4%

increase in fully franked interim dividend, to 3.0 cents per share

+33.6%

record investment portfolio performance* for the 12-month period to 30 June 2021

\$12.7m

estimated value of savings from management and performance fees forgone per annum

\$5.3m

record social investment in charity partners with a focus on young Australians at risk

Increased fully franked interim dividend of 3.0 cents per share

The Future Generation Australia Board of Directors has declared a fully franked interim dividend of 3.0 cents per share, representing a 15.4% increase on the FY2020 fully franked interim dividend.

Solid risk-adjusted portfolio performance

The increased fully franked interim dividend has been achieved through the solid risk-adjusted performance of the investment portfolio since inception and the profits reserve available, and is consistent with the Company's objective of delivering investors a stream of fully franked dividends.

Future Generation Australia (ASX: FGX) has achieved a record operating profit before tax of \$64.8 million (2020: \$38.3 million restated loss before tax) and a record operating profit after tax of \$47.3 million (2020: \$24.9 million restated loss after tax) for the six-month period to 30 June 2021[#].

The investment portfolio increased by a record 33.6%* over the 12-months to 30 June 2021, outperforming the S&P/ASX All Ordinaries Accumulation Index by 3.4%. Since inception, the investment portfolio has increased 10.8%* per annum, outperforming the Index with less volatility, as measured by standard deviation.

The strong performance of the investment portfolio drove a growth in assets, that combined with the increased fully franked dividends paid and the narrowing of the share price discount to net tangible assets, resulted in a record total shareholder return of 51.0% for the 12-month period to 30 June 2021.

Chair Jonathan Trollip said: "I would like to thank all shareholders for their support of Future Generation Australia and its charity partners during what has been an extremely challenging year. The Board of Directors is pleased to declare an increased fully franked interim dividend of 3.0 cents per share to be delivered to shareholders, which has been achieved through the profits reserve available and the solid risk-adjusted returns of the investment portfolio."

The fully franked interim dividend represents an annualised fully franked dividend of 6.0 cents per share, providing shareholders with a fully franked dividend yield of 4.2% and a grossed-up dividend yield of 6.0%** based on the 25 August 2021 closing share price of \$1.44 per share. The Company has a profits reserve of 27.1 cents per share as at 30 June 2021[^], representing 4.5 years of dividend coverage for shareholders, based on the annualised fully franked interim dividend.

*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

[#]The HY2021 interim profit figures are unaudited. Reviewed half-year results will be announced to the market by 31 August 2021.

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

[^]Before the payment of the fully franked interim dividend of 3.0 cents per share.

In October 2021, Future Generation Australia will deliver \$5.3 million to our charity partners who work to support young Australians. This marks our seventh annual social investment, and will bring the total social investment since inception in 2014 to \$26.8 million.

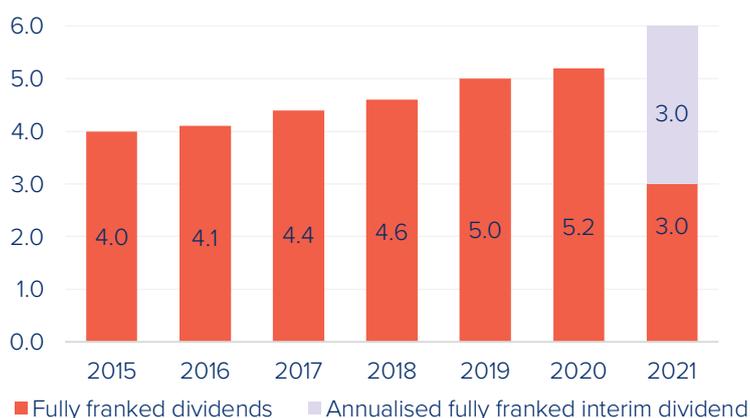
Currently we estimate the value of the management and performance fees generously forgone by our pro bono fund managers, service providers, the Board and Investment Committee to be approximately \$12.7 million per annum, and at 2.3% of the net assets of the Company, these savings significantly exceed the annual donation to our charity partners.

Change in accounting policy

During the period, the Board reassessed the accounting classification of the investments held in managed funds with its pro bono fund managers, resulting in an increase in the Company's distributable profits reserve to shareholders and providing the Company with additional flexibility and capacity surrounding dividend and capital management decisions. The Company has previously elected to record and measure all investments at fair value through other comprehensive income. As a result, the change in the underlying value of these investments was recorded through other comprehensive income rather than the Company's operating profit (or loss) in each reporting period. After careful consideration, the Company has determined that it would be more appropriate for these investments to be recorded and measured through the Company's operating profit (or loss), or at fair value through profit or loss. The movement in the underlying value of the Company's investments will now be recognised as a component of operating profit (or loss) of the Company, instead of through other comprehensive income, in each period.

Importantly, there has been no change to the Company's net asset position as a result of this change in accounting policy. The revised accounting policy did not impact the reported amount of total comprehensive income or the carrying amount of investments held in managed funds. Further details regarding the change in accounting policy and prior period restatements will be announced in the Appendix 4D and Interim Financial Report to be lodged to the market by 31 August 2021.

Increasing fully franked dividends since inception (cents per share)



Dividend dates

Ex-dividend date	19 November 2021
Record date	22 November 2021
Last election date for DRP	24 November 2021
Payment date	26 November 2021

Investment portfolio performance

Performance at 30 June 2021	6 mths	1 yr	3 yrs % pa	5 yrs % pa	Since inception % pa (Sept-14)	Volatility
Future Generation Australia	12.8%	33.6%	10.7%	11.6%	10.8%	11.5%
S&P/ASX All Ordinaries Accumulation Index	12.6%	30.2%	10.3%	11.5%	8.8%	14.4%
Outperformance	+0.2%	+3.4%	+0.4%	+0.1%	+2.0%	

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.
*Volatility is measured by standard deviation.

All major platforms provide access to Future Generation Australia, including AMP North, BT Panorama, Colonial First State Wrap, Netwealth, Macquarie Wrap and Hub 24. Future Generation Australia receives coverage from the following independent research providers:

Lonsec

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INVESTMENT PARTNERS

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INVESTMENT RESEARCH

**Future
Generation
Australia**
7 Years Listed



This announcement has been authorised by the Board of Future Generation Investment Company Limited.

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 young Australians 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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