

3 September 2021

Future Generation Australia announces Bonus Issue of Options to all shareholders

The Future Generation Australia Investment Company Limited (ASX: FGX) Board of Directors today announces a one-for-one Bonus Option Issue to all shareholders of the Company, at no additional cost.

Each Future Generation Australia Option provides holders with the right, but not the obligation, to purchase one additional Future Generation Australia share for \$1.48 per Option, without paying brokerage fees. The Options can be exercised anytime, up until 28 April 2023. Shares issued on Options exercised on or before 17 November 2021 and held at the dividend record date of 22 November 2021 will receive the fully franked interim dividend of 3.0 cents per share, which represents an annualised fully franked dividend yield of 4.1% and a grossed-up dividend yield of 5.8%^ on the exercise price of \$1.48 per Option.

Chair Jonathan Trollip said: “As we approach the seventh anniversary of Future Generation Australia’s listing on the Australian Securities Exchange, I am pleased that we have delivered shareholders diversified Australian equity exposure, solid investment portfolio performance and increased fully franked dividends since inception. I am excited by the opportunity to significantly grow the Company’s assets to the benefit of all Shareholders and to enhance the Company’s ability to support young Australians at risk.”

The primary purpose of the Bonus Option Issue is to equitably and efficiently grow the Company’s assets, increase its relevance in the market, improve the prospect of broker and research coverage, and gain additional interest from financial planners. As the size of the Company’s assets increase, so does the Company’s social investment and impact. The Company continues to monitor outcomes and work closely with our charity partners to deliver on its social impact objectives.

The Future Generation Australia investment portfolio increased 12.8%* in the six months to 30 June 2021, outperforming the S&P/ASX All Ordinaries Accumulation Index. The S&P/ASX All Ordinaries Accumulation Index increased 12.6% for the period. Since inception, the investment portfolio has increased 10.8%* per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 2.0% per annum. The investment portfolio’s outperformance has been achieved with less volatility as measured by standard deviation, 11.5% versus the Index’s 14.4%. The investment portfolio has been structured to provide diversification between three broad equity strategies: long equities, absolute bias and market neutral, with the remainder held in cash. As at 30 June 2021, the portfolio was 46.6% long equities, 39.8% absolute bias, 6.8% market neutral and 6.8% cash. The investment portfolio is made up of 18 fund managers with investments in 22 unlisted unit trusts.

The Options will trade on the ASX under the code FGXOA from Tuesday 5 October 2021. Future Generation Australia’s share registry, Boardroom Pty Limited, will email Option Exercise Forms on Tuesday 5 October 2021, to eligible shareholders who have elected to receive communication via email to their email addresses on the share register, this email will be sent from companies@boardroomlimited.com.au. Printed copies will be mailed only to those shareholders who elected to receive communication via mail. If you would like to change your communication preferences, please contact Boardroom directly on 1300 737 760 or enquiries@boardroomlimited.com.au. Future Generation Australia will trade ex-bonus Option entitlement on Thursday 30 September 2021.

The record date to determine entitlements under the Bonus Option Issue is Friday 1 October 2021.

We have attached a [factsheet](#) that explains how options work. Please call Company Secretary Jesse Hamilton or Martyn McCathie on (02) 9247 9202 or email info@futuregeninvest.com.au with any questions about the Bonus Option Issue.

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

Half year results

Investment portfolio performance* in the 12 months to 30 June 2021

+33.6%

Annualised fully franked interim dividend

6.0cps

Profits reserve

27.1cps

Option exercise price

\$1.48

Investment portfolio performance* in the six months to 30 June 2021

+12.8%

Annualised interim fully franked dividend yield[^]

4.2%

Dividend coverage[#]

4.5 years

Share price

\$1.435

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

[^]Based on the 2 September 2021 share price of \$1.435 per share.

[#]Dividend coverage is based on the profits reserve of 27.1 cents per share as at 30 June 2021, before the fully franked interim dividend of 3.0 cents per share and before the exercise of any Options issued by the Company.

Indicative timetable

Lodgement of Prospectus and Electronic prospectus available to Shareholders

Friday 3 September 2021

Shares trade ex-bonus Option entitlement

Thursday 30 September 2021

Options commence trading on a deferred settlement basis

Thursday 30 September 2021

Record date to determine entitlements under the Issue

Friday 1 October 2021

Intended date for issue and entry of Options on the register

Monday 4 October 2021

Despatch of Option Exercise Form

Tuesday 5 October 2021

Trading in Options commences on ASX

Tuesday 5 October 2021

Options expire

Friday 28 April 2023

Increasing fully franked dividends since inception (cents per share)



*Annualised interim dividend

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 and is used as a measure of risk.

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

Zenith
INVESTMENT PARTNERS

INDEPENDENT
INVESTMENT RESEARCH

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

**Future
Generation
Australia
7 Years Listed**



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.

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

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LIC options explained

Many listed investment companies (LICs) issue bonus options to shareholders giving optionholders various benefits, including the opportunity to buy shares at a discount. This fact sheet explains the key features and benefits of LIC options.

Overview

Options give the optionholder the right, but not the obligation, to buy shares in the LIC at a fixed price until they expire. If the share price increases above the option exercise price optionholders have the opportunity to acquire new shares at a discount.

Optionholders have two main choices before their options expire:

1

Exercise some or all options for the exercise price and be issued new shares in the LIC.

2

Sell some or all options for a profit.



If optionholders take no action, their options will simply expire.

Buy shares at a discount

EXAMPLE:

If shares are trading on the ASX above the option exercise price:

Optionholders can exercise their options and be issued new shares in the company at a discount to the current market price.



If shares are trading on the ASX below the option exercise price:

Optionholders can choose not to exercise their options and instead buy additional shares on market at less than the exercise price.



Key terms

Bonus option issue

The issue of free options to shareholders by a company. A company may issue bonus options when it lists on the ASX (initial public offering) or once it is trading.

Exercise price

The price shares can be purchased when an option is exercised. Sometimes called the strike price.

Expiry date

The last day to exercise options.

In the money

A phrase used when the share price of the underlying shares is higher than the exercise price of the option.

Option price

The price options are trading at on the ASX.

Underlying shares

The company shares or securities over which the options are issued. Options can be exercised to receive additional underlying shares.

Benefits



Acquire shares at a discount

Until the time the options expire, optionholders can exercise options to receive shares in the company for a fixed price (the exercise price). If the exercise price is lower than the current price of the underlying shares, optionholders acquire shares at a discount.



Receive dividends

If optionholders exercise their options before the record date for dividends, they are entitled to receive any announced dividends for each option exercised. This assumes the shares received from the exercise of options are held on the dividend record date.



Grow assets

As the Company's size increases, on-market liquidity for the Shares is also expected to increase, making it easier for Shareholders to buy and sell the Company's Shares. By increasing the size of the Company, this will increase the Company's relevance in the market, improve the prospect of broker and research coverage and increase interest from financial planners.



Sell options for a gain

As options trade on the ASX, optionholders can sell their options for a profit. Options are issued at no cost to the option holder.



No brokerage

Unlike buying shares trading on the ASX, exercising options allows optionholders to acquire new shares without paying brokerage.



Flexibility

Optionholders have maximum flexibility and can exercise, sell or hold their options in any combination until they expire.

**Future
Generation
Australia**

INVESTMENT & SOCIAL RETURNS

If you would like further information about LIC options, please contact us:

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futuregeninvest.com.au