

Future Generation Australia announces 8.3% increase in fully franked full-year dividend

28 February 2023
ASX announcement
and media release

+8.3%

Increase in fully franked full-year dividend

5.7%*

FY2022 fully franked dividend yield

8.1%**

FY2022 fully franked grossed-up dividend yield

\$5.9m

2022 investment in our social impact partners with a focus on Australian youth at risk

The Future Generation Australia (ASX: FGX) Board of Directors has declared a fully franked final dividend of 3.25 cents per share, bringing the fully franked full-year dividend to 6.5 cents per share, an 8.3% increase on the previous year.

The FY2022 fully franked full-year dividend of 6.5 cents per share represents a fully franked dividend yield of 5.7%* and a grossed-up dividend yield of 8.1%** . The increase in the fully franked full-year dividend was made possible by the listed investment company (LIC) structure and the profits reserves available and is consistent with the Company's objective of paying a stream of fully franked dividends to shareholders.

Future Generation CEO Caroline Gurney said, "We were able to increase the fully franked full-year dividend during a challenging period for equity markets, which is one of the benefits of the LIC structure. The long-term investment portfolio performance and the profits reserve available has enabled the Company to pay shareholders a stream of fully franked dividends, providing shareholders with a reliable income stream during periods of equity market volatility."

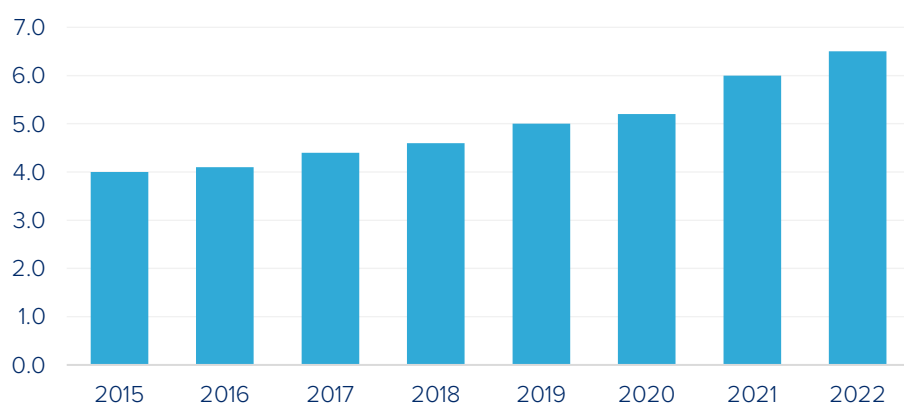
Including the payment of the fully franked final dividend on 24 April 2023, Future Generation Australia will have paid 39.8 cents per share in fully franked dividends to shareholders since inception. As at 31 December 2022, the Company had 25.7 cents per share available in its profits reserve. Pleasingly, in January 2023, the investment portfolio increased 5.5%, bringing the profits reserve to 30.5 cents per share. The profits reserve available as at 31 January 2023 represents 4.7 years of dividend coverage for shareholders, before the payment of the fully franked final dividend of 3.25 cents per share.

Future Generation Australia Chair Mike Baird AO said, "It has been a tough year for investors. However, since inception, Future Generation Australia has outperformed the S&P/ASX All Ordinaries Accumulation Index and we are confident that we will continue to deliver sound investment portfolio returns to our shareholders over the medium-to-long term."

The 2022 financial year was a challenging period for equity markets. Over the past 12 months, small, mid and micro-cap companies have underperformed large-cap companies both in Australia and globally. Investors sought the perceived safe haven of large-cap companies and their liquidity, as fears around geopolitical tensions, inflation and a potential recession increased. The Future Generation Australia Investment Committee has selected leading Australian fund managers that have a proven ability to outperform the market and their peers over the long term. This has resulted in the investment portfolio having a larger weighting towards small, mid and micro-cap companies with an underweight to large-cap companies. The S&P/ASX All Ordinaries Accumulation Index decreased 3.0% during the year and the S&P/ASX Small Ordinaries Accumulation Index decreased 18.4%, while the Future Generation Australia investment portfolio decreased 10.3%[^].

The Company reported an operating loss before tax of \$68.5 million for the year ended 31 December 2022 and an operating loss after tax of \$43.9 million. The operating loss for the period is reflective of the investment portfolio performance of the underlying pro bono fund managers during the year.

Increasing fully franked dividends (cents per share)



LIVE

Register to join the
Future Generation
FY2022 Results
Webinar on
Friday 17 March at
2:30pm (Sydney time)

*Based on the 27 February 2023 closing share price of \$1.15 per share.

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

[^]Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

36.55cps

Dividends paid since inception

25.7cps*

Profits reserve as at 31 December 2022

5.7%[^]

Fully franked dividend yield

Grossed-up dividend yield: 8.1%^{**}

4.0 years*

Dividend coverage

Dividend dates

Ex-dividend date	12 April 2023
Dividend record date (7:00pm Sydney time)	13 April 2023
Last election date for DRP	17 April 2023
Fully franked final dividend payment date	24 April 2023

*Profits reserve and dividend coverage are before the payment of the FY2022 fully franked final dividend of 3.25 cents per share.

[^]Based on the 27 February 2023 share price of \$1.15 per share.

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

Investment portfolio performance

	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)	Volatility since inception (% standard deviation)
Performance at 31 December 2022						
Future Generation Australia Investment Portfolio	-10.3%	6.4%	7.0%	7.9%	8.4%	12.1%
S&P/ASX All Ordinaries Accumulation Index	-3.0%	5.8%	7.2%	8.6%	7.3%	14.7%
Outperformance	-7.3%	+0.6%	-0.2%	-0.7%	+1.1%	
S&P/ASX Small Ordinaries Accumulation Index	-18.4%	1.4%	2.9%	6.6%	5.6%	17.9%
Outperformance	+8.1%	+5.0%	+4.1%	+1.3%	+2.8%	

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

Significant social investment in Australian children and youth at risk

This year, Future Generation Australia delivered its eighth annual investment of \$5.9 million to its social impact partners and other not-for-profit organisations with a focus on Australian children and youth at risk, bringing the total investment in our social impact partners since inception to \$32.6 million.

Future Generation Australia estimates the value of management and performance fees generously forgone by its pro bono fund managers, service providers, the Board and Investment Committee to be approximately \$7.9 million per annum, or around 1.6% of the net assets of the Company. These savings to shareholders exceed the annual investment to our social impact partners each year.

Future Generation CEO Caroline Gurney said, "Future Generation Australia's unique model allows us to leverage the power of the financial markets for social good. Through the generosity of our pro-bono fund managers and service providers, we can make a significant contribution towards improving the lives of Australian children and youth at risk."

Future Generation Australia Chair Mike Baird AO said, "I've always viewed the Future Generation model as a bridge between corporate Australia and the community. This model has proven itself to be robust, even in uncertain economic times, delivering vital funds to our social impact partners and an increased fully franked dividend and sound long-term investment portfolio performance to our loyal shareholders."

\$62.3m

Savings on management fees, performance fees & service provider fees forgone since inception

\$32.6m

Investment in our social impact partners with a focus on children and youth at risk since inception

\$7.9m

2022 savings on management fees, performance fees & service provider fees forgone

\$5.9m

2022 investment to social impact partners

About Future Generation Australia

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



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



Social impact partners primarily focused on young Australians at risk with a reliable stream of annual income.



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

**Future
Generation
Australia
8 Years Listed**



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

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

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About Future Generation

The Future Generation companies, Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG), are Australia's first listed investment companies to provide investment and social returns.

Future Generation provides shareholders with exposure to leading Australian and global fund managers with the aim of delivering long-term capital growth, a stream of fully franked dividends and preserving shareholder capital. This group of leading fund managers manage more than \$1 billion in assets on a pro bono basis, waiving their management and performance fees, which allows the Future Generation companies to invest 1% of their net tangible assets each year in our social impact partners and other not-for-profit organisations.

Shareholders are able to decide which social impact partner or other not-for-profit organisation will receive the investment, whether it's supporting children and youth at risk (FGX) or investing in the promotion of wellbeing and prevention of mental ill-health (FGG). By 2030, Future Generation aims to have invested more than \$100 million, and we are on track, having invested \$65.2 million since inception.