

Investment portfolio outperformance drives increased fully franked full year dividend

27 February 2024
ASX announcement and
media release

+13.1%*

Investment portfolio
performance in FY2023

6.7cps ↑

Fully franked full year dividend
FY2023

6.0%**

Fully franked dividend yield
FY2023

4.5 years[^]

Dividend coverage

Future Generation Australia Limited (ASX: FGX) investment portfolio increased 13.1%* in FY2023, outperforming both the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index.

Since inception, the investment portfolio has increased 8.9%* per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 1.0% per annum and the S&P/ASX Small Ordinaries Accumulation Index by 3.0% per annum. This outperformance has been achieved while taking on less risk# than the market, as measured by standard deviation.

The investment portfolio performance contributed to an operating profit before tax of \$59.3 million and an operating profit after tax of \$45.8 million for the 12 months to 31 December 2023.

The Future Generation Australia Board of Directors has declared an increased fully franked final dividend of 3.35 cents per share, bringing the fully franked full year dividend to 6.7 cents per share with 4.5[^] years dividend coverage. The FY2023 fully franked full year dividend represents a fully franked dividend yield of 6.0%** and a grossed-up dividend yield of 8.6%^^ including franking credits.

Future Generation Australia Chair Mike Baird AO said, “We are pleased to provide our shareholders with an increased fully franked dividend driven by the strong performance of the investment portfolio over the year. I would like to thank our leading Australian fund managers and service providers, whose pro bono support allows us to make a significant contribution to our social impact partners who are working tirelessly to improve the lives of children and youth at risk.”

The investment portfolio has outperformed both indexes during the year, despite the headwinds faced by small, mid and micro-cap companies. The Investment Committee has selected leading Australian fund managers with a proven ability to outperform the market and peers over the long term, and believes small, mid and micro-cap companies continue to provide our active managers with strong growth potential and attractive investment opportunities for our shareholders.

Future Generation CEO Caroline Gurney said, “We are pleased to have outperformed the market and delivered strong investment portfolio performance for shareholders during a volatile time for equity markets. As a team, we remain focused on actively narrowing the share price discount to net tangible assets for shareholders and returning the share price to trade at a premium to net tangible assets.”

The long-term investment portfolio performance and profits reserve available has enabled Future Generation Australia to pay shareholders a stream of fully franked dividends since inception. The Company has 4.5[^] years of dividend coverage for shareholders, equating to 30.3 cents per share available in the profits reserve as at 31 December 2023, before the payment of the fully franked final dividend of 3.35 cents per share. After the payment of the fully franked final dividend on 22 May 2024, Future Generation Australia will have paid 46.5 cents per share in fully franked dividends to shareholders since inception, 66.4 cents per share including the value of franking credits.



*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes. Future Generation Australia's financial year is from 1 January 2023 to 31 December 2023.

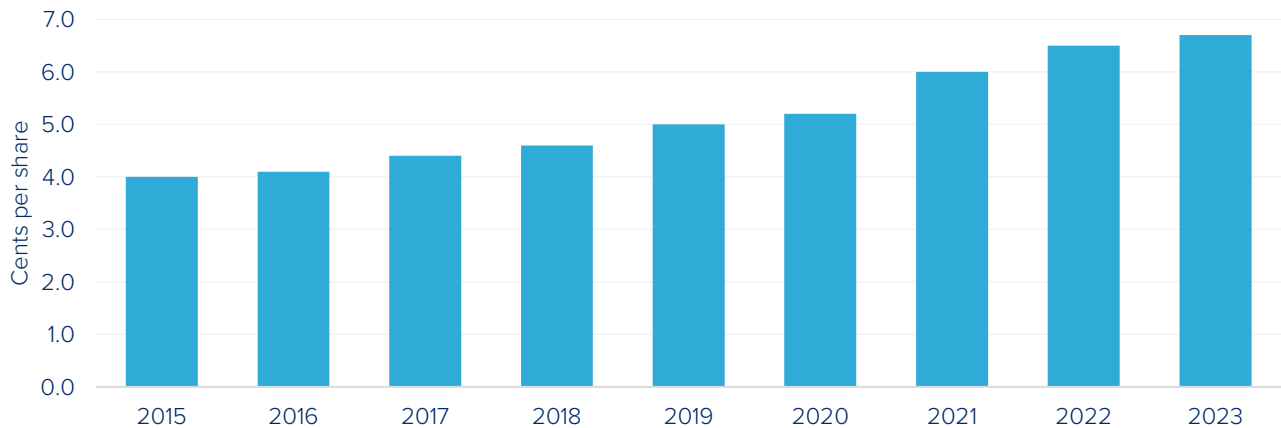
**Based on the 26 February 2024 closing share price of \$1.115 per share.

^Dividend coverage is based on the profits reserve of 30.3 cents per share as at 31 December 2023 and the FY2023 fully franked full year dividend of 6.7 cents per share and is before the payment of the FY2023 fully franked final dividend of 3.35 cents per share.

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

#Risk is measured by Volatility. Volatility shows the degree to which the returns of the portfolio move around from their long-run average. Volatility is measured by standard deviation, a statistical measurement.

Fully franked dividends since inception



43.15cps

Dividends paid since inception

4.5 years[^]

Dividend coverage

30.3cps[^]

Profits reserve as at 31 December 2023

6.0%^{}**

Fully franked dividend yield
Grossed-up dividend yield: 8.6%^{**}

Key dividend dates

Ex-dividend date	9 May 2024
Dividend record date (7:00pm Sydney time)	10 May 2024
Last election date for DRP	14 May 2024
Payment date	22 May 2024

Investment portfolio performance

The investment portfolio's outperformance since inception has been achieved with less volatility[#] than the market, 12.0% versus the S&P/ASX All Ordinaries Accumulation Index's 14.5%.

	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since inception %pa (Sept-14)	Volatility [#] since inception
Performance at 31 December 2023						
Future Generation Australia Investment Portfolio*	13.1%	7.4%	10.5%	8.8%	8.9%	12.0%

*Investment portfolio performance is before expenses, fees and taxes. Future Generation Australia's financial year is from 1 January 2023 to 31 December 2023.

Significant social investment in Australian children and youth at risk

This year, Future Generation Australia delivered its ninth annual investment of \$5.2 million to its social impact partners and other not-for-profit organisations with a focus on Australian children and youth at risk. This brings the Company's total social investment since inception to more than \$37.8 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 \$8.6 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 of 1.0% of the Company's average net assets per annum.

\$72.3m

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

\$37.8m

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

\$8.6m

2023 savings on management fees, performance fees & service provider fees forgone

\$5.2m

2023 investment to social impact partners

[^]Profits reserve and dividend coverage are based on the FY2023 fully franked full year dividend of 6.7 cents per share and are before the payment of the FY2023 fully franked final dividend of 3.35 cents per share.

[^]Based on the 26 February 2024 closing share price of \$1.115 per share.

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

[#]Volatility shows the degree to which the returns of the portfolio move around from their long-run average. It can be thought of as a measure of the risk in the investment portfolio. Volatility is measured by standard deviation, a statistical measurement.

About Future Generation Australia

Listed in 2014, Future Generation Australia 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
9 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:



This announcement has been authorised by the Board of Future Generation Australia 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 donate 1% of their average net tangible assets each year in our social impact partners and other not-for-profit organisations.

Shareholders are able to decide which social impact partners or other not-for-profit organisations 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). The Future Generation companies are on track to deliver more than \$100 million by 2030, having invested \$75.8 million since inception.