

FGX announces record profit and fully franked interim dividend

Record pre-tax profit for the six-month period ended 30 June 2018	Fully franked interim dividend (cents per share)	Annualised savings delivered on management fees, performance fees and services foregone	2018 investment in children and youth at risk
\$28.4m	2.3c	\$6.9m	\$4.3m

Future Generation Investment Company Limited (ASX: FGX) today announces a record pre-tax profit of \$28.4 million and an after-tax profit of \$21.0 million for the six-month period ended 30 June 2018, reflective of the solid investment portfolio performance for the period. The Board is pleased to announce an increased fully franked interim dividend of 2.3 cents per share to shareholders, payable on 26 October 2018.

Founder and Director Geoff Wilson AO said the Company's profit was driven by the performance of the investment portfolio during the period, which was achieved with significantly less volatility than the market.

"During the period, the investment portfolio delivered solid performance, increasing 6.4% and outperforming the S&P/ASX All Ordinaries Accumulation Index by 2.4%. Since inception, the investment portfolio has increased 11.0% per annum, outperforming the Index by 3.4%. This investment portfolio performance has been delivered with significantly less volatility than the market, as measured by its standard deviation, 6.5% versus 11.1%," Mr Wilson said.

Chairman Jonathan Trollip said the Board was pleased to deliver an increased fully franked interim dividend of 2.3 cents per share to shareholders.

"We are pleased to announce an increased interim dividend of 2.3 cents per share. The Company is delivering on its commitment to provide an increasing stream of fully franked dividends to shareholders while delivering capital growth and preserving their capital," Mr Trollip said.

FGX Chief Executive Officer Louise Walsh said the dividend to shareholders was made possible by the generosity of FGX's fund managers and leading service providers, who provide significant pro bono support to the Company.

"We are grateful to our fund managers for continuing to deliver solid risk-adjusted returns for shareholders, while supporting Australian charities focused on children and youth at risk," she said.

"The value of the fund managers' foregone management and performance fees for the period totalled \$3.2 million and the estimated value of the leading service providers working for the Company on a pro bono basis totalled \$0.3 million. Currently we estimate the value of this pro bono support to be approximately \$6.95 million per annum. At 1.6% of the assets of the Company, these savings to shareholders greatly exceed the annual donation to charities.

"Thanks to our fund managers, Board, Audit and Risk Committee, Investment Committee members and service providers, FGX will deliver its fourth annual investment to Australian charities focused on children and youth at risk to be paid in October 2018. The amount will be \$4.3 million. We are delighted that this donation will bring the total charitable investment since inception to \$12.0 million," Ms Walsh said.

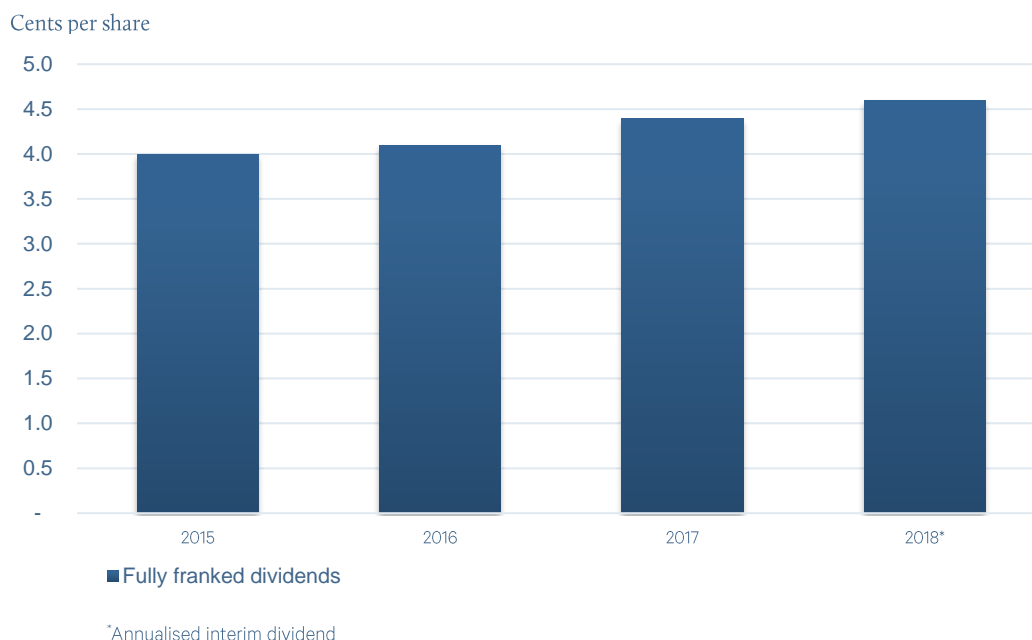
Increased fully franked interim dividend

The Board is pleased to announce an increased fully franked interim dividend of 2.3 cents per share. The dividend will be paid on 26 October 2018 and will trade ex-dividend on 12 October 2018.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices.

Shareholders can participate in the dividend reinvestment plan (DRP) and/or the Dividend Donation Plan (DDP). The DRP will be operating at a 2.5% discount for the interim dividend. The last election date for the DRP and the DDP will be 17 October 2018.

Fully franked dividends since inception



Investment portfolio

The FGX investment portfolio has been structured to provide diversification between three broad equity strategies and cash. As at 30 June 2018, FGX was 56.1% long equities, 31.0% absolute bias, 11.2% market neutral and 1.7% cash.

The investment portfolio is comprised of 20 fund managers with investments in 23 unlisted unit trusts.

During the period, the Company was provided with capacity and invested in Firetrail Absolute Return Fund and QVG Opportunities Fund. The Company fully redeemed its holding in the Discovery Australian Small Companies Fund in May 2018 and partially redeemed its holding in the Watermark Market Neutral Trust in June 2018.

Investment portfolio continued

Long equities

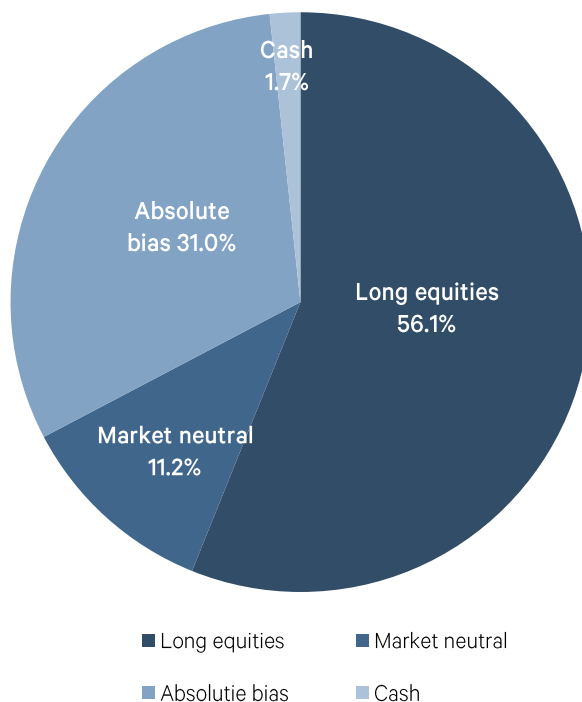
Investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange. The long equities portion of the portfolio includes exposure to large-cap, mid-cap and small-cap stocks.

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.



Investment portfolio continued

Fund manager	Investment	Strategy	% of portfolio
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	12.0%
	Large/Mid Cap Funds (split out below)		11.9%
Paradice Investment	Paradice Mid Cap Fund – B Class	Long equities	6.6%
	Paradice Large Cap Fund	Long equities	5.3%
Regal Funds Management	Regal Australian Long Short Equity Fund	Long equities	10.5%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	8.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	7.4%
	Small/Emerging Companies Funds (split out below)		6.5%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	5.5%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.0%
	Long Short/Aus Equities Funds (split out below)		5.5%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	3.0%
	L1 Capital Australian Equities Fund	Long equities	2.5%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.4%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	4.8%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	4.4%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.6%
Firetrail Investments	Firetrail Absolute Return Fund	Absolute bias	3.2%
ARCO Investment Management	ARCO Investment Management Absolute Trust	Market neutral	2.8%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.5%
Vinva Investment Management Limited	Vinva Australian Equities Fund	Long equities	2.4%
Centennial Asset Management	The Level 18 Fund	Absolute bias	1.7%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	1.7%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.4%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.0%
QVG Capital	QVG Opportunities Fund	Long equities	1.0%
	Cash and Term Deposits		1.7%

Fund managers



Investment in Australia's future generation

FGX's objectives are to provide shareholders with an attractive investment and to provide an ongoing source of funding for Australian charities with a focus on children and youth at risk. FGX has partnered with 14 designated charities that provide significant benefit to young Australians in the area of children and youth at risk.

Charities



Service providers



Future Generation Investment Company provides:



Shareholders

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



Charities

primarily focused on children and youth at risk with a consistent and growing stream of annual donations.



Fund managers

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

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