

2019 Full Year Results

ASX Announcement | 28 February 2020

**Future
Generation
Australia**
INVESTMENT & SOCIAL RETURNS

Chairman's update

Jonathan Trollip

- **20.7% investment portfolio performance in 2019***
- **5.0 cents per share fully franked full year dividend**
- **\$4.6 million invested in high-impact charities focused on children and youth at risk**

Future Generation Australia delivered a solid 2019 result to shareholders, reporting an operating profit before tax of \$25.5 million and an operating profit after tax of \$22.4 million.

The investment portfolio increased 20.7%^{*} in the 12 months to 31 December 2019, with an average cash level of 9.9%.

The solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers resulted in an impressive increase in total comprehensive income to \$63.3 million for the year.

We are pleased to announce a fully franked final dividend of 2.6 cents per share, bringing the full year fully franked dividend to 5.0 cents per share, an 8.7% increase on the prior year. Since inception, Future Generation Australia has paid 19.5 cents per share in fully franked dividends to shareholders. At the end of the period, the Company's profits reserve was 8.7 cents per share. This forms part of the net tangible assets (NTA).

Future Generation Australia's Investment Committee works to provide investors with risk-adjusted returns derived from a balanced and diversified portfolio allocated to leading Australian fund managers. In 2019 Future Generation Australia achieved solid investment portfolio performance and demonstrated the strength of its defensive qualities, outperforming the S&P/ASX All Ordinaries Accumulation Index in each of the four months the Index returned negative performance over the period.

Since inception, the investment portfolio has increased 9.5% per annum, outperforming the Index by 1.3%. This has been achieved with less volatility as measured by standard deviation, 7.3% versus the Index's 10.7%.

Through an investment in Future Generation Australia, shareholders have the opportunity to gain unprecedented access to leading Australian fund managers in a single investment vehicle while providing a stream of income to charities working to better the lives of young Australians.

Our fund managers delivered shareholders \$6.6 million in savings during 2019 through forgone management and performance fees. The value of the leading service providers, including the Board and Investment Committee working on a pro-bono basis, totalled \$0.9 million. These savings to shareholders exceeded the 2019 annual investment to charities.

^{*}Investment portfolio performance and Index returns are before expenses, fees and taxes.

September 2019 marked the five year anniversary of Future Generation Australia. In October 2019, Future Generation Australia made its fifth annual investment of \$4.6 million in programs to protect and support children and youth at risk. We are pleased that the Company is on track to deliver its sixth annual investment of approximately \$5.2 million for payment in October 2020, bringing the total charitable investment since inception to over \$21.8 million.

During the year, we undertook a comprehensive review of our designated charities' performance to ensure Future Generation Australia's significant social investment continues to result in measurable outcomes.

We believe in advocating for positive change for children and youth at risk in Australia and mental health is a consistent focus across Future Generation Australia's charities.

In October 2019, Future Generation released its [report](#), *Australia's mental health crisis: why private funders are not answering the call*, commissioning EY to survey 56 leading philanthropists and corporate foundations to understand why private investment in the mental health sector is particularly poor, calling on governments, charities and private funders to adopt six key recommendations.

In 2019, engaging and communicating with our shareholders was a particular focus for us and the team and I greatly enjoyed calling all of our shareholders, for whom we have telephone numbers, to ask for feedback, discuss Future Generation's investment and social

CEO's update

Louise Walsh

returns and share our strategy to close the discount to NTA.

On Thursday 12 March 2020 at 11.00am – 12.00pm (Sydney time) we will discuss the 2019 full year results in detail during our Investor Conference Call.

We look forward to seeing you at our upcoming Shareholder Presentations in May 2020.

Highlights

2019 investment portfolio performance*

20.7%

Fully franked full year dividend

5.0c

Invested in high-impact charities focused on children and youth at risk

\$4.6m

Increased fully franked final dividend

The Board is pleased to announce an increased fully franked final dividend of 2.6 cents per share, bringing the full year fully franked dividend to 5.0 cents per share, an 8.7% increase on the prior year. The dividend will be paid on 28 April 2020 and will trade ex-dividend on 15 April 2020.

Since inception, Future Generation Australia has paid 19.5 cents per share in fully franked dividends to shareholders. At the end of the period, the Company's profits reserve was 8.7 cents per share. This forms part of the net tangible assets (NTA).

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

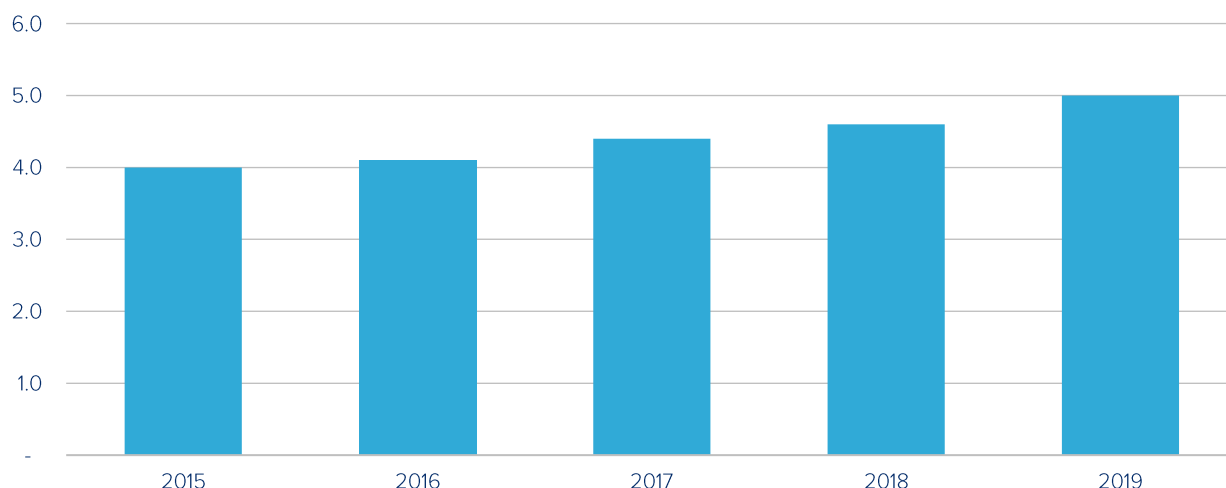
Shareholders are able to participate in the Dividend Reinvestment Plan (DRP) and the Dividend Donation Plan (DDP). The last election date for the DRP and the DDP will be 20 April 2020.

Dividend dates

| | |
|----------------------------|---------------|
| Ex-dividend date | 15 April 2020 |
| Record date | 16 April 2020 |
| Last election date for DRP | 20 April 2020 |
| Payment date | 28 April 2020 |

Fully franked dividends since inception

Cents per share



*Investment portfolio performance and Index returns are before expenses, fees and taxes.

Investment portfolio performance

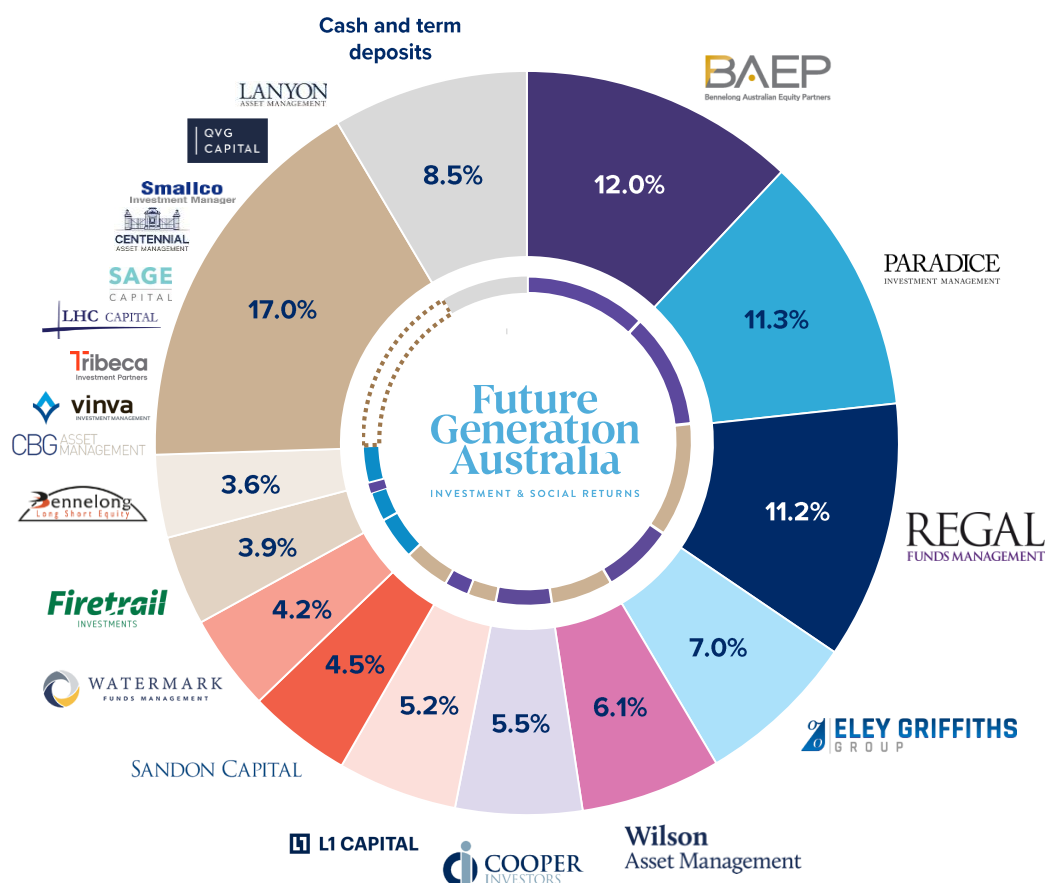
as at 31 December 2019

| | 1 yr | 3 yrs %pa | Since inception %pa (Sep 14) | Volatility (% standard deviation) |
|---|-------|--------------|---------------------------------------|---|
| FGX Investment Portfolio | 20.7% | 9.9% | 9.5% | 7.3% |
| S&P/ASX All Ordinaries Accumulation Index | 24.1% | 10.4% | 8.2% | 10.7% |

Investment portfolio performance and Index returns are before expenses, fees and taxes.

Fund Manager allocations

as at 31 December 2019



- Long equities
- Absolute bias
- Market neutral
- Cash

17.0% Fund Manager breakdown

| | | | | | |
|-----------------------------|------|--|-----------------------------|------|--|
| CBG Asset Management | 2.7% | | Centennial Asset Management | 1.6% | |
| Vinva Investment Management | 2.5% | | Smallco Investment Manager | 1.5% | |
| Tribeca Investment Partners | 2.4% | | QVG Capital | 1.3% | |
| LHC Capital | 2.0% | | Lanyon Asset Management | 1.0% | |
| Sage Capital | 2.0% | | | | |

Fund managers



Charities



Service providers

