

2020 Half Year Results

ASX Announcement | 27 August 2020

**Future
Generation
Australia**
INVESTMENT & SOCIAL RETURNS

Chairman's update

Jonathan Trollip



- **3.3%* investment portfolio outperformance**
- **2.6 cents per share fully franked interim dividend**
- **\$4.8 million investment to be delivered to charities supporting children and youth at risk in October 2020**

Future Generation Australia reported an operating profit before tax of \$11.3 million and an operating profit after tax of \$9.8 million for the six months to 30 June 2020. The Company's operating profit for the period was impacted by the level of distribution income received from the investments with the underlying fund managers.

During a volatile period for equity markets, the Future Generation Australia investment portfolio outperformed the

S&P/ASX All Ordinaries Accumulation Index by 3.3%*. While the S&P/ASX All Ordinaries Accumulation Index fell 10.4%, the Future Generation Australia investment portfolio declined 7.1%*.

Since inception, the Future Generation Australia investment portfolio has increased 7.3%* per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 1.8%*. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 11.8% versus the Index's 14.8%.

We are pleased to have declared a fully franked interim dividend of 2.6 cents per share to shareholders, an 8.3% increase on the prior corresponding period. The fully franked interim dividend represents an annualised fully franked full year dividend of 5.2 cents per share, providing shareholders with a fully franked dividend yield of 4.7% and a grossed-up dividend yield of 6.7%** based on the 26 August 2020 closing share price of \$1.11 per share.

Since inception in September 2014, Future Generation Australia has paid 22.1 cents per share in fully franked dividends to shareholders. Future Generation Australia held a profits reserve of 8.6 cents per share as at 30 June 2020*.

Through an investment in Future Generation Australia, shareholders have

the opportunity to gain unprecedented access to leading boutique Australian fund managers in a single investment vehicle while providing a stream of income to our charity partners who are working to create a brighter future for children and youth at risk. This is made possible by the fund managers forgoing management and performance fees.

The value of the fund managers' foregone management and performance fees for the period totalled \$2.1 million and the estimated value of the leading service providers working for Future Generation Australia on a pro bono basis totalled \$0.5 million.

We currently estimate the value of this pro bono support to be approximately \$5.2 million per annum, and at 1.1% of the Company's net assets, these savings to shareholders exceed the annual donation to our charity partners.

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

**Before the payment of the fully franked 2.6 cents per share interim dividend.

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

In October 2020 Future Generation Australia will deliver its sixth annual investment of \$4.8 million to our charity partners who work with Australian children and youth at risk. With your support, this will bring the total charitable investment since inception in 2014 to \$21.4 million.

Our charity partners have demonstrated resilience and adaptability to increase their support for young people across Australia since the coronavirus pandemic began. They are using this opportunity to expand their offering to more young people in rural, regional, remote and interstate locations that would previously have been out of reach.

We are incredibly grateful to Future Generation Australia's fund managers and service providers for their outstanding generosity that allows us to support and invest in our charity partners each year.

We congratulate our fund managers for their collective outperformance that has driven an increase in both the fully franked interim dividend and donation this year.

Although we were unable to meet in person, I enjoyed engaging with our shareholders through the launch of the first Future Generation Virtual Investment Forum in May and we look forward to the next Virtual Forum in October this year.

We launched our podcast series, Conversations with Future Generation, in March. Each month I explore the worlds of investing, philanthropy, mental health and supporting children and youth at risk. I have been joined by a number of amazing Australians who are leading the way in their field, including David Gonski AC, the Hon. Joe Hockey, the Hon. Anna Bligh AC and Jono Nicholas.

Future Generation Founder and Director Geoff Wilson AO and a number of our fund managers have joined me in meeting with brokers and financial advisers to

CEO's update

Louise Walsh



provide an update on performance through a series of virtual roadshow presentations.

We will discuss the 2020 half year results in detail during our Investor Conference Call on Wednesday 2 September at 2.00pm – 3.00pm (Sydney time).

Highlights

Investment portfolio
outperformance[†]

3.3%

Fully franked interim
dividend

2.6cps

Investment to be delivered in
October 2020 to high-impact
charities focused on children
and youth at risk

\$4.8m

Increased fully franked interim dividend

The Board has announced an increased fully franked interim dividend of 2.6 cents per share, representing an annualised fully franked dividend of 5.2 cents per share, an 8.3% increase on the prior year. The dividend will be paid on 30 October 2020 and will trade ex-dividend on 19 October 2020.

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 22 October 2020.

Since inception, Future Generation Australia has paid 22.1 cents per share in fully franked dividends to shareholders. At the end of the period, the Company's profits reserve was 8.6 cents per share[^]. This forms part of the net tangible assets (NTA) of the Company.

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.

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

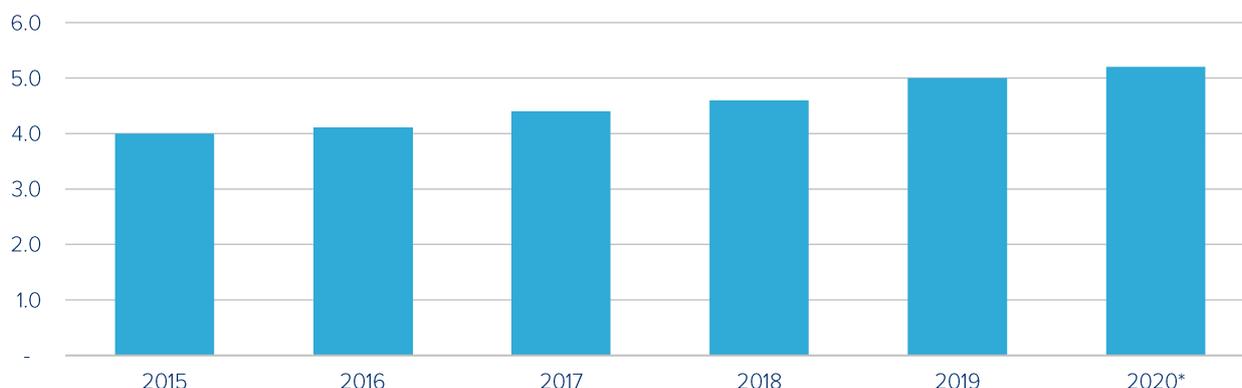
[^]Before the payment of the fully franked 2.6 cents per share interim dividend.

Dividend dates

Ex-dividend date	19 October 2020
Record date	20 October 2020
Last election date for DRP	22 October 2020
Payment date	30 October 2020

Fully franked dividends since inception

Cents per share



^{*}Annualised interim dividend

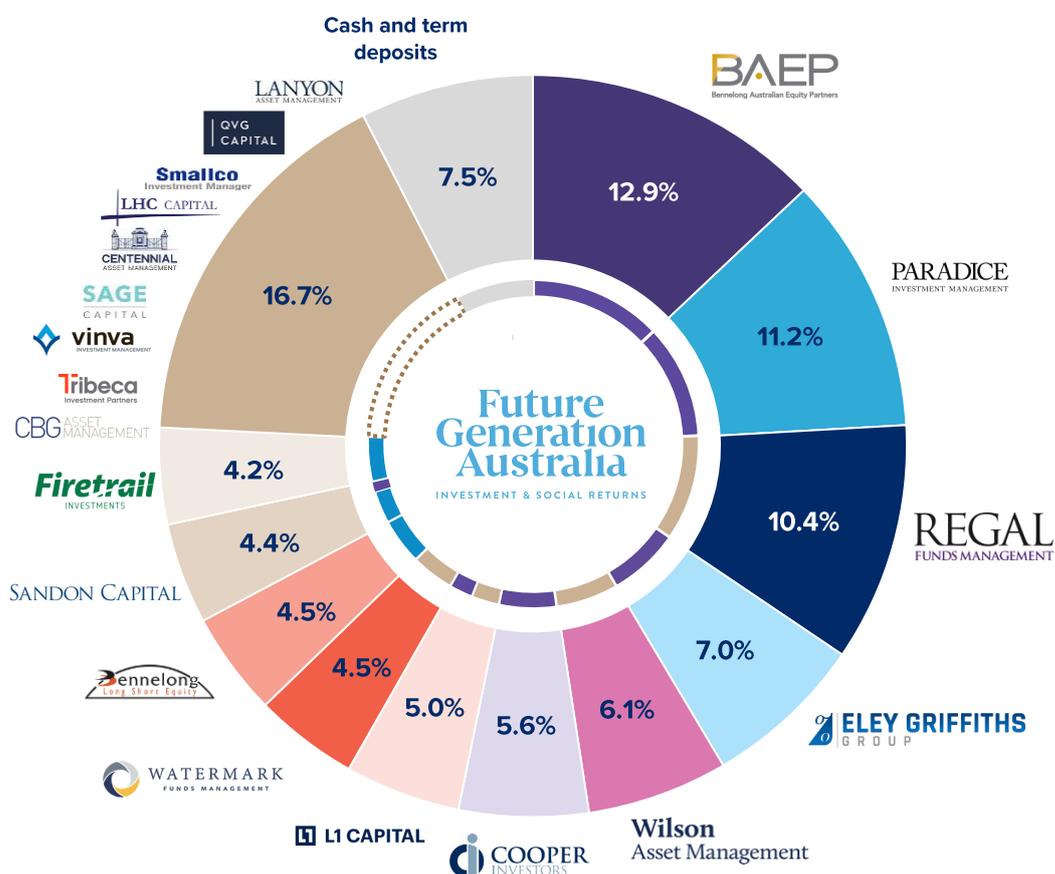
Investment portfolio performance

As at 30 June 2020	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)	Volatility (% standard deviation)
Future Generation Australia	-7.1%	-1.2%	6.0%	7.8%	7.3%	11.8%
S&P/ASX All Ordinaries Accumulation Index	-10.4%	-7.2%	5.4%	6.2%	5.5%	14.8%
Outperformance	+3.3%	+6.0%	+0.6%	+1.6%	+1.8%	

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

Fund manager allocations

as at 30 June 2020



16.7% fund manager breakdown

Category	Fund Manager	Allocation (%)
Long equities	CBG Asset Management	2.6%
	LHC Capital	1.7%
Absolute bias	Tribeca Investment Partners	2.5%
	Smallco Investment Manager	1.4%
Market neutral	Vinva Investment Management	2.4%
	QVG Capital	1.4%
Cash	Sage Capital	2.1%
	Lanyon Asset Management	1.0%
	Centennial Asset Management	1.8%

Fund managers



Charities



Service providers

