



# **FUTURE GENERATION**

**GLOBAL INVESTMENT COMPANY**

**FINANCIAL REPORT FOR THE TRANSITIONAL PERIOD  
FOR THE SIX MONTHS TO 31 DECEMBER 2016**

*Investing in Australia's future generation.*

**ABN: 52 606 110 838**

# Future Generation Global Investment Company Limited

The principal activity of the Company is to provide diversified exposure to global equities while also helping to improve the lives of young Australians affected by mental health issues.

## CHAIRMAN

Belinda Hutchinson AM

## DIRECTORS

Geoff Wilson  
Frank Casarotti  
Karen Penrose  
Sarah Morgan  
Susan Cato

## COMPANY SECRETARIES

Mark Licciardo  
Kate Thorley

## INVESTMENT COMMITTEE

Amanda Gillespie  
Aman Ramrakha  
Chris Donohoe  
Geoff Wilson  
Sean Webster

## CHIEF EXECUTIVE OFFICER

Louise Walsh

## AUDITOR

Pitcher Partners

## COUNTRY OF INCORPORATION

Australia

## REGISTERED OFFICE

Level 11, 139 Macquarie Street  
Sydney NSW 2000

## CONTACT DETAILS

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Sydney NSW 2001

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## AUSTRALIAN SECURITIES EXCHANGE

Future Generation Global Investment Company  
Limited Ordinary Shares (FGG)

Future Generation Global Investment Company  
Limited Options (FGGO) expiring 15 September  
2017

## SHARE REGISTRY

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

T: (02) 9290 9600

F: (02) 9279 0664

For enquiries relating to  
shareholdings, options, dividends  
(including participation in the dividend  
reinvestment plan and dividend  
donation plan) and related matters,  
please contact the share registry.

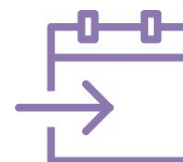
## Shareholder Presentations May 2017

### Annual General Meeting and Presentations

#### SYDNEY

Date Tuesday, 16 May 2017

Venue: Wesley Conference Centre  
220 Pitt Street, Sydney  
Investment Forum: 12.30pm – 3pm  
Presentation: 3.30pm – 3.55pm  
AGM: 4.30pm - 5pm



#### MELBOURNE

Date: Monday, 15 May 2017

Venue: Melbourne Convention Centre  
1 Convention Centre Place  
South Wharf VIC 3006  
Presentation: 12.30pm -1.30pm

#### ADELAIDE

Date: Wednesday, 17 May 2017

Venue: The Playford  
120 North Terrace  
Adelaide SA 5000  
Presentation: 12.30pm -1.30pm

#### PERTH

Date: Thursday, 18 May 2017

Venue: Novotel Perth Langley  
221 Adelaide Terrace  
Perth WA 6000  
Presentation: 12.30pm – 1.30pm

#### BRISBANE

Date: Friday, 19 May 2017

Venue: Brisbane Exhibition &  
Convention Centre  
Cnr Merivale & Glenelg St  
Southbank QLD 4101  
Presentation: 12.30pm – 1.30pm

#### CANBERRA

Date: Wednesday, 24 May 2017

Venue: The Mercure  
Cnr Ainslie & Limestone Avenues  
Braddon ACT 2612  
Presentation: 10.00am – 12.00pm

#### ONLINE STREAMING

The Sydney presentation can be  
viewed live.

Register your interest by emailing  
[info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au)

# Key Highlights Transitional Six Month Period to 31 December 2016

SAVINGS ON MANAGEMENT &  
PERFORMANCE FEES & SERVICES FOREGONE  
(For the six month transitional period)

**\$2.17m**

ACCRUED DONATION TO CHARITIES  
(For the six month transitional period)

**\$1.49m**

GROSS ASSETS

**\$307.4m**

OPTION EXPIRY DATE

**15 September 2017**

## Summary of 2016 Transitional Results

In October 2016, the Board of Future Generation Global Investment Company (FGG or the Company) changed the financial year end from 30 June to 31 December to better align the reporting periods to the underlying fund manager distributions. This report covers a transitional six month period from 1 July 2016 to 31 December 2016. Annual reports thereafter will be prepared for a 12 month period from 1 January to 31 December each subsequent year.

FGG reported an operating profit before tax of \$3k for the transitional period for the six months to 31 December 2016 (28 May 2015 to 30 June 2016: \$6.07 million) and an operating profit after tax of \$2k (28 May 2015 to 30 June 2016: \$4.48 million). The reduction in operating profit on the corresponding period is due to the change in the Company's reporting period.

By legislation FGG is required to provide comparative financial data but this is for the previous full 13 month reporting period from 28 May 2015 to 30 June 2016. It is also important to note that the majority of distribution income is received from the underlying fund managers in June each year. Last financial year, 96% of the underlying fund manager distributions were received in June 2016. The Company anticipates a similar stream of distributions in June 2017, which will be reported in the half year result for the six-month period to 30 June 2017. The profit for the transitional period is not indicative of the expected performance over the next 12 month period.

For the six months to 31 December 2016, the investment portfolio increased 7.8% while the MSCI World Index (AUD) rose by 10.0%. The volatility of the FGG investment portfolio, as measured by its standard deviation during the period was 6.5%, while the MSCI World Index was 8.4%.

## Snapshot as at 31 December 2016

ASX code	FGG
Listed	September 2015
Gross assets	\$307.4m
Market cap	\$295.2m
Share price	\$1.07
Net assets per share (after tax)	\$1.10
Shares on issue	277,164,069
Options on issue	272,476,314
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%

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# Chairman and Chief Executive Officer's Letter

Dear Fellow Shareholders,

We would like to thank you for your support of Future Generation Global Investment Company Limited (FGG or the Company) during the transitional six month period to 31 December 2016.

In October 2016, the Board of FGG decided to change the financial year end from 30 June to 31 December to better align the reporting periods to the underlying fund manager distributions. This report covers a transitional six month period from 1 July 2016 to 31 December 2016. Annual reports thereafter will be prepared for a 12 month period from 1 January to 31 December each subsequent year. The comparative data in this report is for the previous 13 month reporting period from 28 May 2015 to 30 June 2016. As such, in this report we are comparing a six month transitional period to a full 13 month prior period. This is a meaningless comparison but the Company is required to do so. The profit for the transitional period is not indicative of the expected performance over the next 12 month period.

The majority of the Company's income is derived from annual distributions received from the fund managers in June each year. Last financial year, 96% of the underlying fund manager distributions were received in June. The Company anticipates a similar stream of distributions in June 2017, which will be reported in the half year result for the six-month period to 30 June 2017.

The Company achieved a pre-tax profit of \$3k for the transitional period for the six months to 31 December 2016 (28 May 2015 to 30 June 2016: \$6.07 million) and an after tax profit of \$2k (28 May 2015 to 30 June 2016: \$4.48 million). For the six months to 31 December 2016, the investment portfolio increased 7.8% while the MSCI World Index (AUD) rose by 10.0%. The volatility of the FGG investment portfolio, as measured by its standard deviation during the period was 6.5%, while the MSCI World Index was 8.4%.

We would like to thank our participating fund managers for their pro bono support of the Company. Due to their generosity, we have reinvested \$1.29 million in performance and management fees into the Company for the six months to 31 December 2016, a 63.3% increase from rebates of \$790,000 on the prior corresponding period, 1 July 2015 to 31 December 2015.

During what has been a difficult global investment environment, the performance of some of the fund managers was impacted by the renewed strength of the Australian dollar and the underperformance of Asian markets. The Investment Committee will continue to review and adjust the investment portfolio and is currently moving asset allocations away from specific countries and regions towards the global fund managers. At the date of this report the Company has 15 managers invested in 17 funds, with the portfolio comprised of 54.8% long equities, 32.4% absolute bias, 6.1% quantitative strategies and 6.7% cash.

We were very pleased in October 2016 to make the Company's inaugural donation of \$2.42 million to charities primarily with a focus on children and youth mental health. This is made possible by the generosity and support of our fund managers and leading service providers. We are currently on track to deliver a second annual donation of over \$3 million for payment in October 2017.

We would like to thank our shareholders for being part of FGG's innovative approach to wealth creation that proves both shareholder and social returns can be achieved together.

## Investment objectives

The Company's primary investment objective is to provide shareholders with long-term capital growth. The Company has provided shareholders with diversified exposure to global equities. During the period, the Company invested its capital with the following global fund managers in the six months to 31 December 2016: Magellan Asset Management, Ironbridge Capital Management, Cooper Investors, Antipodes Partners, VGI Partners, Marsico Capital Management, Nikko Asset Management Australia, Manikay Partners, Ellerston Capital, Morpheic Asset Management, Neuberger Berman Australia, Paradise Investment Management, Tribeca Investment Partners, Avenir Capital, Hunter Hall Investment Management, Insync Funds Management and Eastspring Investments (Singapore).

## Investment portfolio

At the end of the period to 31 December 2016, the investment portfolio was made up of 19 funds with 17 managers. Following the changes in response to the global investment environment, at the date of this report, the Company has 15 managers invested in 17 funds. The allocation to the managers has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, quantitative strategies and cash. The composition of the portfolio will

# Chairman and Chief Executive Officer's Letter

vary over time in terms of strategies, funds and managers. The long equities portion of the portfolio includes exposure to large cap, mid cap and small cap stocks.

As at 31 December 2016, the portfolio comprised 55.7% long equities, 32.6% absolute bias, 6.1% quantitative strategies and 5.6% cash.

## Dividends

The Board is committed to paying fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. In August 2016, the Board announced an inaugural fully franked final dividend of 1.0 cent per share. The dividend was paid in October 2016. With the change of year end to 31 December, effective from 1 July 2016, the next potential dividend will be for the period to 30 June 2017, dependent upon profits from our fund managers for the prior 12-month period, and will now be an interim dividend.

## Charitable objective

The objectives of the Company are to provide shareholders with an attractive investment and to provide a source of funding for Australian charities with a focus on children and youth mental health.

The Company provides shareholders with unprecedented access to leading global equity fund managers without paying management or performance fees. All participating fund managers have agreed to forgo management and performance fees and Directors, the Investment Committee and most service providers are working on a pro-bono basis. This allows the Company to donate an amount equal to 1.0% of its average monthly net tangible assets primarily to Australian children and youth mental health charities each financial year.

The Company has initially partnered with eight designated charities: *beyondblue*, Black Dog Institute, Brain and Mind Centre, Butterfly Foundation for Eating Disorders, headspace, Orygen – the National Centre of Excellence in Youth Mental Health, ReachOut Australia and SANE Australia.

## Charitable donation

In October 2016, the Company made its inaugural charitable donation of \$2.42 million for the year ending 30 June 2016. Of this, \$1.91 million was allocated to the eight FGG designated charities with the remaining \$0.51 million donated to other charities with an Australian deductible gift recipient (DGR) status as nominated by shareholders holding 1 million or more shares.

As at 31 December 2016, the Company is on track to deliver a second annual donation over \$3 million for payment in October 2017. This will bring the total donations since inception to \$5.42 million.

## Fund managers and service providers

We would like to again thank the fund managers and service providers for their outstanding generosity throughout the period. This generosity has allowed the inaugural donation to our designated charities and other not for profit organisations. The value of the fund managers' foregone management and performance fees for the six months ended to 31 December 2016 totals \$1.82 million and the value of the leading service providers including the Board and Investment Committee working on a pro bono basis totals \$0.35 million.

Thank you fellow Board and Committee Members and shareholders for your continued support.



**Belinda Hutchinson AM**  
**Chairman**

29<sup>th</sup> day of March 2017



**Louise Walsh**  
**Chief Executive Officer**

29<sup>th</sup> day of March 2017

# Investment Committee Report

The Investment Committee of FGG is primarily responsible for selecting fund managers, making and redeeming investments and generally managing the Company's investment portfolio. The Company's Investment Committee consists of Amanda Gillespie, Aman Ramrakha, Sean Webster, Chris Donohoe and Geoff Wilson, whose experience and qualifications are provided in the Director's Report.

For the six months to 31 December 2016, the investment portfolio increased 7.8% while the MSCI World Index (AUD) rose by 10.0%. The volatility of the FGG investment portfolio, as measured by its standard deviation during the period was 6.5%, while the MSCI World Index was 8.4%.

The FGG investment portfolio has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, quantitative strategies and cash. The composition of the portfolio will vary over time in terms of strategies, funds and managers. The long equities portion of the portfolio includes exposure to large cap, mid cap and small cap stocks. As at 31 December 2016, the portfolio was 55.7% long equities, 32.6% absolute bias, 6.1% quantitative strategies and 5.6% cash.

At the start of the period, FGG was invested with 17 managers in 19 funds. All allocations to the fund managers stayed constant over the transitional period for the six months to 31 December 2016.

The performance of some of the fund managers has been impacted by the renewed strength of the Australian dollar and the underperformance of Asian markets. There have been a number of redemptions made since 31 December 2016. On 6 February 2017, the Company fully redeemed its position in Hunter Hall Global Equities Trust and on 28 February 2017, the Company fully redeemed its position in Eastspring Investments Asian Dynamic Fund. On 1 March 2017, the Company's investment in the Insync Global Titans Fund was partially redeemed. At the date of this report the investment portfolio is made up of 15 fund managers with investments in 17 funds.

The Investment Committee will continue to review and adjust the investment portfolio and is currently moving asset allocations away from specific countries and regions towards the global fund managers.

## Investment strategy allocation (% of assets)

### LONG EQUITIES

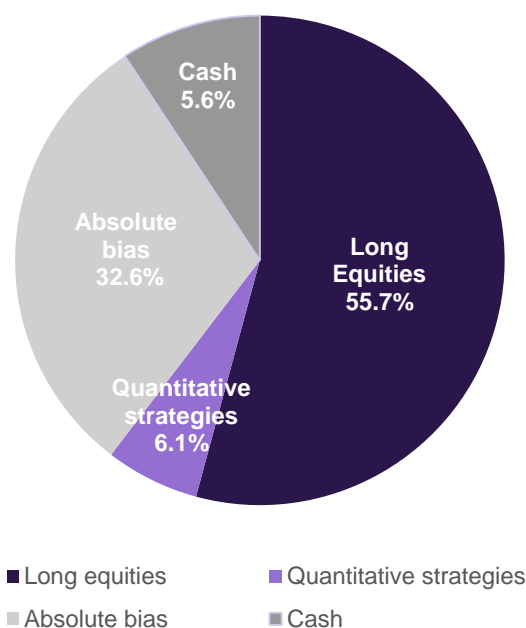
Investing in a portfolio of equities based on the expectation the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange.

### QUANTITATIVE STRATEGY

A style of investment management where quantitative techniques are used to analyse markets in order to ascertain information about future price movements. These are generally rules-based and applied in a systematic manner. A quantitative strategy seeks to replicate a fundamental investor without human biases influencing investment decisions.

### ABSOLUTE BIAS

An investment strategy that seeks to generate returns, irrespective of the performance of traditional asset classes. These strategies use innovative investment techniques to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.



# Investment Committee Report

## Fund manager summary and investments at market value as at 31 December 2016

Fund manager	Investment	Market Value \$	Strategy	% of Gross Assets
Magellan Asset Management	Magellan Global Fund	30,989,198	Long equities	10.1%
Ironbridge Capital Management	Ironbridge Global Focus Fund	29,460,198	Long equities	9.6%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	26,466,132	Long equities	8.6%
Antipodes Partners	Antipodes Global Fund	26,211,127	Absolute bias	8.5%
VGI Partners	VGI Partners Fund	24,738,503	Absolute bias	8.1%
Marsico Capital Management	Marsico Global Fund	21,010,217	Long equities	6.9%
Nikko Asset Management Australia	Nikko AM Global Share Fund	18,467,293	Long equities	6.0%
Manikay Partners	Manikay Global Opportunistic USD Fund	16,901,044	Absolute bias	5.5%
Ellerston Capital	Ellerston Global Investments Wholesale Fund	15,082,679	Long equities	4.9%
Morphic Asset Management	Morphic Global Opportunities Fund	14,038,692	Absolute bias	4.6%
Neuberger Berman Australia	Neuberger Berman Systematic Global Equities Trust	12,180,619	Quantitative strategies	4.0%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	10,983,764	Long equities	3.6%
Cooper Investors	Cooper Investors Asian Tiger Fund	9,781,137	Long equities	3.2%
Antipodes Partners	Antipodes Asia Fund	8,473,399	Absolute bias	2.8%
Tribeca Investment Partners	Tribeca Global Total Return Fund	6,457,185	Quantitative strategies	2.1%
Avenir Capital	Avenir Value Fund	5,637,708	Absolute bias	1.8%
Hunter Hall Investment Management	Hunter Hall Global Equities Fund	4,546,141	Long equities	1.5%
Insync Funds Management	Insync Global Titans Fund	4,286,074	Long equities	1.4%
Eastspring Investments (Singapore)	Eastspring Investments Asian Dynamic Fund	4,279,396	Absolute bias	1.4%
	<b>Financial Assets</b>	<b>289,990,506</b>		
	Cash and term deposits	16,605,022		5.4%
	Distributions, interest, rebates receivable	665,988		0.2%
	<b>Gross Assets</b>	<b>307,261,516</b>		



# Investment Committee Report

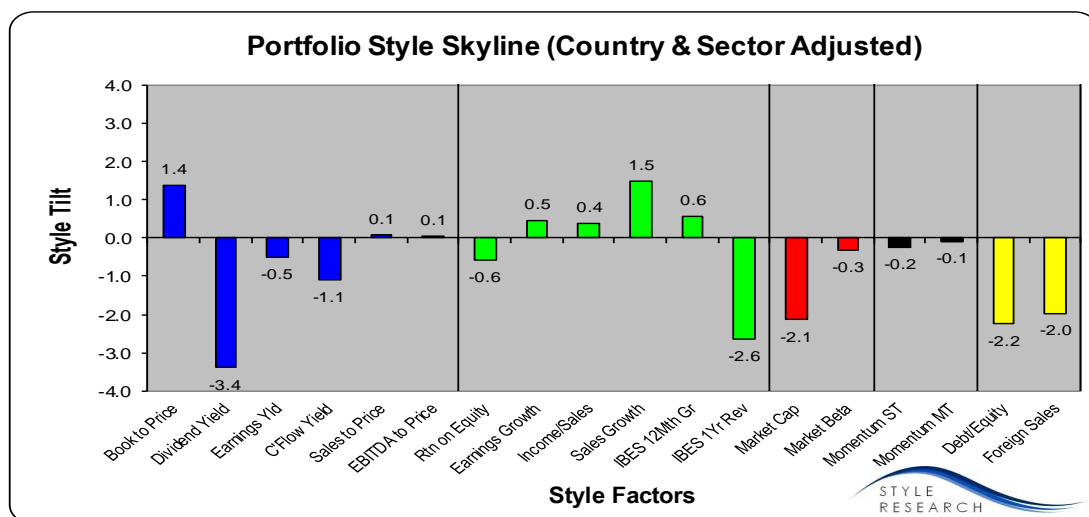
This following section summaries the performance, risk matrices and underlying holdings of the FGG investment portfolio at 31 December 2016 using data prepared by Lonsec and Style Research.

## Holdings based analysis

This analysis is based on the stock holdings within the managers' respective portfolios\*. Note that the intention of this analysis is to provide a point in time snap shot of the portfolio structures and they do not reflect any future biases within the portfolios.

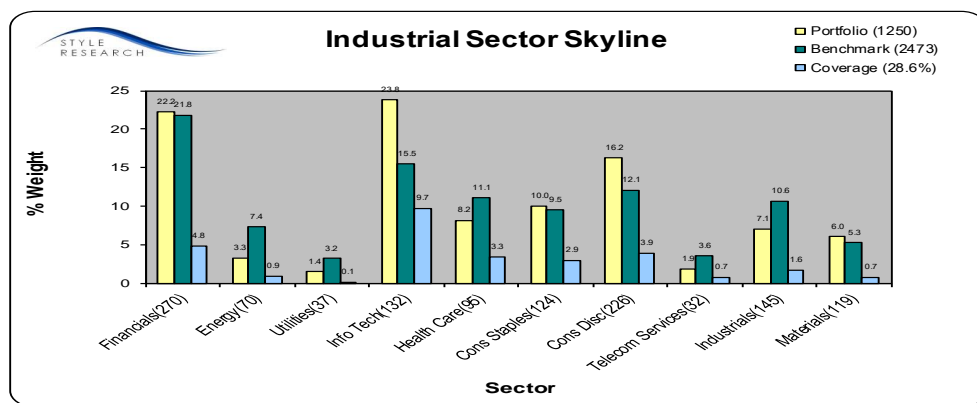
## Style analysis

This chart shows the country and sector-adjusted style tilts exhibited by the blend of global equities managers for the FGG portfolio. The blue bars (far left hand side) represent value factors, while the green bars (second from left) represent growth factors. The blend of global equities managers within the portfolio exhibited a slight growth style bias against the MSCI AC World NR Index.



## Sector breakdown

This chart displays the sector weights of the blend of global equities managers for the FGG portfolio and the MSCI AC World NR Index. Coverage data reveals the diversification across the benchmark, for each sector and for the portfolio overall.



\*Twelve percent of the portfolio position is not included in this analysis. The analysis also excludes some ETF holdings held by the Morpich Global Opportunities Fund, this accounts for 28% of the Morpich Fund.

# Investment Committee Report

## Risk attribution

This table examines the various risk factor associated with the blend of global equities managers for the FGG portfolio. Risk attribution focuses on the estimation, analysis and decomposition of Tracking Error (and Tracking Variance) risk. The decomposition of the Tracking Variance identifies the principal sources of risk and further reveals risk compounding and risk offsets (via the Cross-Terms).

Risk attribution			
	Risk%		
Tracking Error	2.2		
Components of Tracking Variance			
		100%	
Currency Risk (Pure)	1.35	28.0	
Market X'terms	-1.61	-33.4	
Market Risk (Pure)	2.51	52.0	
Sector X'terms	-0.88	-18.2	
Sector Risk (Pure)	1.00	20.7	
Style X'terms	0.35	7.3	
Style Risk (Pure)	0.50	10.4	
Equity X'terms	0.08	1.7	
Equity Risk (Pure)	1.52	31.5	
Portfolio Beta	0.92	# Stocks	Actual
Portfolio Volatility	9.54	Portfolio	1,227
Benchmark Volatility	10.08	Benchmark	2,454
Correlations (Port, BM)	0.98		

## Regional allocations

Regional allocations (%)	FGG portfolio	MSCI AC World	Active position
Asia excluding Japan	13.4	8.8	4.6
Europe	15.4	21.3	-6.0
Japan	3.2	7.8	-4.7
North America	47.0	57.1	-10.0
Australia	2.0	2.0	-0.3
Other	1.0	3.0	-1.6
Cash held by FGG	5.6	0.0	5.6
Cash held by fund managers	12.4	0.0	12.4
Total	100	100	-0.1
Emerging Markets	15.1	10.4	4.7

# Investment Committee Report

## Detailed portfolio holdings

### Global equities – top 10 overweights

Name	Sector	Portfolio	Benchmark	Active
Medibank Private Limited	Financials	1.62	0.01	1.61
CME Group Incorporation	Financials	1.36	0.10	1.25
Mastercard Incorporated	Info Tech	1.46	0.27	1.20
Visa Incorporation	Info Tech	1.32	0.39	0.93
Hyundai Motor Company	Cons Disc	0.96	0.06	0.90
eBay Incorporated	Info Tech	0.96	0.08	0.88
First Republic Bank	Financials	0.91	0.04	0.87
Microsoft Corporation	Info Tech	2.03	1.23	0.80
Paypal Holdings Incorporated	Info Tech	0.90	0.11	0.78
Nielsen Holdings PLC	Industrials	0.76	0.04	0.72

### Global equities – top 10 underweights

Name	Sector	Portfolio	Benchmark	Active
Exxon Mobil Corporation	Energy	0.05	1.00	-0.94
JP Morgan Chase & Company	Financials	0.09	0.83	-0.74
Johnson & Johnson	Health Care	0.12	0.84	-0.72
Chevron Corporation	Energy	0.00	0.59	-0.59
Verizon Communications	Telecom Services	0.04	0.58	-0.54
Proctor & Gamble Company	Cons Staples	0.03	0.57	-0.54
Berkshire Hathaway Incorporated	Financials	0.02	0.53	-0.51
Pfizer Incorporated	Health Care	0.02	0.53	-0.50
AT&T Incorporated	Telecom Services	0.21	0.70	-0.49
Kerry Group PLC	Cons Staples	-0.42	0.03	-0.45



**Amanda Gillespie**

Chairman of the Investment Committee  
29<sup>th</sup> day of March 2017

# Charity Report

We are proud to support our eight designated charities who are helping to improve the lives of young Australians who are affected by mental health issues. Our goal is to promote the mental health, wellbeing and resilience of young Australians from 0-25 years by supporting smarter service system development and investing in effective programs and services so that young Australians can have access to the information, services and support they need, when they need it, to maintain their mental health and lead an active and engaged life.

In August 2016, shareholders voted their charitable allocation and we were pleased by the response. Thank you for your active engagement in the allocation process.

The specific allocation to each charity was determined by your votes and directions, with the Board distributing the undirected monies on a pro-rata basis between the designated charities.

The allocations to each charity for the period 28 May 2015 to 30 June 2016 were as follows:

Designated charities	Donation
<i>beyondblue</i>	\$231,579
Black Dog Institute	\$253,192
Brain and Mind Centre	\$237,181
Butterfly Foundation for Eating Disorders	\$291,381
headspace	\$235,259
Orygen - the National Centre of Excellence in Youth Mental Health	\$213,194
ReachOut Australia	\$236,881
SANE Australia	\$214,790
Directed to other Australian charities *	\$175,838
Directed to other children and youth mental health charities *	\$330,123
<b>Total charitable allocation</b>	<b>\$2,419,418</b>

\* Directed by shareholders with 1 million or more shares.

# Charity Report

Information on the projects the designated charities will undertake with monies from their allocation of the \$2.42m inaugural annual donation and progress to date for the six months to 31 December 2016 is detailed below. The inaugural donations were paid in October 2016:



**beyondblue** is an independent, not-for-profit organisation working to protect everyone's mental health and improve the lives of individuals, families and communities affected by anxiety, depression and suicide. *beyondblue* is Australia's third most reputable charity across all sectors (AMR Charity Reputation Index, 2016).

As a major partner, FGG is helping to fund *beyondblue*'s Healthy Families program, a suite of interconnected projects to support parents and other caregivers give children aged 0-12 a mentally healthy start in life.

*beyondblue* launched the Healthy Families website and two digital campaigns to maximise reach, engagement and access to evidence-based resources to help parents and other caregivers to support and protect the mental health of young people. An evaluation measuring the impact of the website to build the mental health literacy of parents and carers is in progress.

The Children's Resilience Research project is establishing an evidence base and build expert consensus on what works to build resilience in children aged 0-12. To date, translation of existing research has been completed, a national taskforce has been convened to guide the research, and the expert consensus building research is in progress.

Website: [beyondblue.org.au](http://beyondblue.org.au)



**Black Dog Institute** is a world leader in the diagnosis, early intervention, prevention and treatment of mental illnesses, and at the forefront of suicide prevention. The Institute combines the strength of a medical research institute with a not-for-profit organisation dedicated to improving the lives of people affected by mental illness. Our unique approach incorporates clinical services with cutting-edge research, health professional training and community education programs.

Funds from FGG have helped to establish the Black Dog Institute Centre for Research Excellence in Youth Suicide Prevention, a team of researchers focused on technology-based interventions to reduce suicide attempts and deaths in young people.

Progress to date has been made in two particular interventions. The Black Dog Institute has begun a trial in two hospitals of a mobile-based text messaging system which provides follow-up care for young people upon discharge from hospital following a suicide attempt – a key risk period for a repeat attempt. Working with a NSW high school, they have also trialled a mobile phone app using Bluetooth technology, which detects a young person's withdrawal from social connectedness. Social withdrawal can be a key indicator for a youth developing depression or having suicidal thoughts.

Our aim is to continue to develop these interventions into effective tools to reduce youth suicide.

Website: [blackdoginstitute.org.au](http://blackdoginstitute.org.au)

# Charity Report



The **Brain and Mind Centre** at the University of Sydney develops clinical, online and treatment programs for young people with emerging anxiety and depressive disorders. It partners with other FGG charities including Orygen, headspace, Black Dog Institute and ReachOut Australia.

Funding from FGG supports the installation of clinical assessment and longitudinal tracking tools initially at five sites in NSW (Camperdown, Darlinghurst, Campbelltown, Ashfield and the Central Coast), followed by other sites in NSW and then interstate.

The Centre will use new and emerging technologies to detail psychological, cognitive, social and medical characteristics and plan individualised intervention. The project links a network of stand-alone primary care clinics. It will enable an estimated 20,000 young people over five years to use these new systems.

Website: [sydney.edu.au/bmri](http://sydney.edu.au/bmri)



The **Butterfly Foundation for Eating Disorders** is committed to ensuring that any Australian with an eating disorder can access affordable, evidence-based care irrespective of their postcode or economic status. In addition to its advocacy work to raise awareness about eating disorders, Butterfly provides education, community based recovery support and treatment services.

FGG funding has established the Butterfly Youth Intensive Outpatient Program. It offers intensive early intervention in the form of group therapy for young people who are experiencing disordered eating, the early signs and symptoms of an eating disorder, or a diagnosis.

The program is based on the work of American Carolyn Costin and her “8 Keys To Recovery from an Eating Disorder”. The hallmark of the program is its holistic approach and the involvement of families in supporting recovery.

Website: [thebutterflyfoundation.org.au](http://thebutterflyfoundation.org.au)



Initiated in 2006, **headspace** is the Australian Government's major investment in youth mental health for 12-25 year olds. There are currently 95 headspace centres across Australia working with more than 600 community organisations.

headspace is using FGG funding to develop and implement a National Aboriginal and Torres Strait Islander Traineeship Program to train and employ Aboriginal and Torres Strait Islander youth engagement workers across outer regional areas of Australia.

In 2017, FGG funding will be used to employ an Aboriginal Coordinator and two trainees in the Northern Territory, supported by headspace Darwin. The trainees will study for a Certificate IV in Mental Health and gain vital work experience engaging and supporting Aboriginal young people from regional and remote communities.

Website: [headspace.org.au](http://headspace.org.au)

# Charity Report



**Orygen – the National Centre of Excellence in Youth Mental Health** was established in 2002. Orygen is widely regarded as one of the world's leading research organisations focusing on mental ill-health in young people. Orygen's work has driven a shift in services and treatments to focus on early intervention.

To date FGG funding has enabled Orygen to commence the development of a comprehensive place-based program of research across North and West Melbourne. Initial work has focused on working with local emergency departments to examine the number and characteristics of presentations for self-harm and suicide-related behaviour. This will not only provide crucial outcome data for the rest of the project but will also lead to improvements in the clinical care provided. Although many young people who engage in self-harm do not present to Hospital Emergency Departments for help, those that do are often met with negative attitudes and receive sub-optimal treatment. They are also at increased risk of further self-harm and suicide.

So far data have been retrieved on all relevant presentations over the past four years and are currently being examined in order to identify the demographic, clinical and treatment characteristics of those who present. This work will be expanded to additional sites over the coming months and will also inform the development of a barrier analysis activity which will seek to identify the barriers to delivering optimal treatment to young people who present to Hospital Emergency Department(s) with self harm. Ultimately it is expected that this work will lead to the development of a suite of interventions designed to improve clinical practice.

Website: [orygen.org.au](http://orygen.org.au)



**ReachOut Australia** is the leading e-mental health service for young people and their parents. Their practical support, tools and tips help young people get through anything from everyday issues to tough times – and they help parents to help their teenagers too. ReachOut is accessed by 132,000 people in Australia every month - more than 1.58 million each year.

Funding from FGG is being spent on investigating barriers to help-seeking experienced by young people living in regional, remote and rural areas and then develop a tailored online service that will better meet the needs of this target group. It will benefit an estimated additional 77,000 young people and improve the user experience for 96,000 young people currently using ReachOut in remote and rural areas.

Website: [ReachOut.com/About](http://ReachOut.com/About)



**SANE Australia** is a national mental health charity working to improve the wellbeing of all Australians affected by complex mental illness. Four strategic pillars – better support, stronger connections, less discrimination and longer lives - guide SANE's work in mental health awareness, online peer support and information, stigma reduction, specialist helpline support, research and advocacy.

FGG funding is helping SANE actively target young adults aged 18 to 30 at risk of, or experiencing, complex mental illness (and their families and carers) in a multi-channel, multimedia campaign. The campaign will help young people access information, advice and support through their national mental health Helpline, SANE Forums and website. Analysis of usage data will inform ongoing refinements of these services and the development of a national policy to ensure better support for young Australians experiencing mental ill health. SANE estimates the campaign will reach 500,000 young Australians annually.

Website: [sane.org](http://sane.org)

# Corporate Governance Statement

The Board of Directors of Future Generation Global Investment Company Limited (FGG or the Company) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company, on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summaries the Company's compliance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations.

## Principle 1: Lay solid foundations for management and oversight

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>a) the respective roles and responsibilities of its Board and management; and</li> <li>b) those matters expressly reserved to the Board and those delegated to management.</li> </ul>	Complies	<p>The Company's Board Policy sets out the specific responsibilities of the Board and the Investment Committee Charter provides details of responsibilities delegated to the Investment Committee. The role of the Board is to monitor and set the Company's strategic direction and charitable purpose. The Board is also responsible for the overall corporate governance of the Company as well as risk management and reporting.</p> <p>The Investment Committee is responsible for selecting fund managers with whom the Company will invest capital from time to time as well as any direct investments made by the Company from time to time and will generally manage the Company's Portfolio.</p> <p>The Company's Board Policy and Investment Committee Charter are contained in the Company's Corporate Governance Charter which is available on the Company's website.</p>
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	Complies	<p>The Company's Board Policy requires that when a vacancy arises on the Board, the Board takes into consideration (among other things); the skills and experience of any proposed Director, the relevance and appropriateness of these skills, a comparison of the expertise and experience of the proposed Director and members of the current Board and the results of any background checks undertaken. The Board will ensure that security holders are provided with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p> <p>The Company's Board Policy is contained in the Company's Corporate Governance Charter which is available on the Company's website.</p>



# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	The terms of appointment have been recorded in a letter of appointment and are in accordance with the Company's Constitution, the Corporations Act and Listing Rules.
1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Complies	The Company Secretaries are directly accountable to the Board through the Chair.
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>b) disclose that policy or a summary of it; and</li> <li>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> <li>i. the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	Complies	<p>The Company has a Diversity Policy designed to support its commitment to diversity. The Company's Diversity Policy requires the Board to develop measurable objectives and strategy to meet the objectives of the Company's Diversity Policy, including ensuring 50% female representation on the Board at all times. The Board currently has more than 50% female representation.</p> <p>The Company's Diversity Policy is contained in the Company's Corporate Governance Charter which is available on the Company's website.</p> <p>The Company is not a relevant employer under the Workplace Gender Equality Act.</p>

# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</li> <li>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Complies/ Will comply	<p>The process for periodically evaluating the performance of the Board is set out in the Company's Corporate Governance Charter.</p> <p>The Board is responsible for undertaking an annual performance evaluation of itself and its members in light of the Company's Corporate Governance Charter. A copy of the Company's Corporate Governance Charter is available on the Company's website.</p> <p>The Board intends to complete a review of its performance by 30 June 2017.</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Will comply	<p>The Company has a Chief Executive Officer. The process for periodically evaluating the performance of the CEO is set out in the Company's Corporate Governance Charter. The performance of the CEO will be evaluated on an annual basis with the first evaluation to be completed by 30 June 2017.</p>

## Principle 2: Structure the board to add value

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>a) have a nomination committee which: <ul style="list-style-type: none"> <li>i. has at least three members, a majority of whom are independent Directors; and</li> <li>ii. is chaired by an independent director, and disclose:</li> <li>iii. the charter of the committee;</li> <li>iv. the members of the committee; and</li> <li>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>b) if it does not have a nomination committee, disclose that fact and the</li> </ul>	Complies	<p>Considering the fact that the Company does not intend to remunerate its Directors, the Company does not have a purpose for, and will not establish, a nomination committee and the Board will be responsible for the nomination of new Directors.</p> <p>The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills and diversity. The Board's selection process is outlined in the Board Policy, which is contained in the Company's Corporate Governance Charter which is available from the Company's website.</p>

# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
	processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership	Complies	The qualifications, skills, experience and expertise relevant to each Director in office at the date of the Transitional Report and their attendance at Board and Committee meetings is included in this Directors Report.
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>a) the names of the Directors considered by the Board to be independent Directors;</li> <li>b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendations but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</li> <li>c) the length of service of each director.</li> </ul>	Complies	<p>The Board is comprised of 6 members, 5 of whom are considered to be independent.</p> <ul style="list-style-type: none"> <li>- Belinda Hutchinson AM (Chair) – Independent</li> <li>- Susan Cato – Independent</li> <li>- Karen Penrose - Independent</li> <li>- Sarah Morgan – Independent</li> <li>- Frank Casarotti – Independent</li> <li>- Geoff Wilson – Not Independent</li> </ul> <p>The Company has disclosed the interests of the current Directors and the appointment date of each Director in the Directors' report in the Financial Report.</p>
2.4	A majority of the Board of a listed entity should be independent Directors.	Complies	The Board is comprised of 6 members, 5 of whom are considered to be independent. See section 2.3 above.
2.5	The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Complies	Belinda Hutchinson is the Chair of the Board and is independent. Louise Walsh is employed as the CEO of the Company.
2.6	A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	Complies	Under the Company's Board Policy the Company Secretary is responsible for arranging for a new Director to undertake an induction program, including ensuring that they gain an understanding of their rights, duties and responsibilities as a Director. The contents of the induction policy are outlined in the Company's Board policy, which is contained in the Company's Corporate Governance Charter which is available on the Company's website.

# Corporate Governance Statement

## Principle 3: Act ethically and responsibly

	Corporate Governance Council Recommendation	Compliance	Disclosure
3.1	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have a code of conduct for its Directors, senior executives and employees; and</li> <li>disclose that code or a summary of it.</li> </ol>	Complies	<p>The Company has adopted a formal Code of Conduct. This is incorporated into the Company's Corporate Governance Charter. The Company requires all its Directors and Executives to comply with the standards of behaviour and business ethics in accordance with the law and the code of conduct. These include acting honestly and with integrity and fairness in all dealings. The Company's Corporate Governance Charter is available on the Company's website.</p>

## Principle 4: Safeguard integrity in corporate reporting

	Corporate Governance Council Recommendation	Compliance	Disclosure
4.1	<p>The Board of a listed entity should:</p> <ol style="list-style-type: none"> <li>have an audit committee which: <ol style="list-style-type: none"> <li>has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</li> <li>is chaired by an independent director, who is not the chair of the Board, and disclose:</li> </ol> </li> <li>the charter of the committee;</li> <li>the relevant qualifications and experience of the members of the committee; and</li> <li>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> <li>if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ol>	Complies	<p>The Company has an Audit and Risk Committee to provide assistance to the Board in fulfilling its responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and the external audit function. The members of the Audit and Risk Committee are:</p> <ul style="list-style-type: none"> <li>- Karen Penrose (Chair) – Independent;</li> <li>- Belinda Hutchinson – Independent;</li> <li>- Sarah Morgan – Independent; and</li> <li>- Geoff Wilson – Not Independent.</li> </ul> <p>The Audit and Risk Committee Charter requires the Chair of the Audit and Risk Committee to be independent.</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report contained in the Financial Report.</p> <p>The Audit and Risk Committee Charter is included in the Company's Corporate Governance Charter and is available on the Company's website.</p>
4.2	<p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial</p>	Complies	<p>The Company's external accountant furnishes written confirmation to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant</p>

# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
	statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	The external auditors are requested to attend each AGM and are available to answer shareholders' questions regarding the conduct of the audit and preparation of the auditor's report.

## Principle 5: Make timely and balanced disclosure

	Corporate Governance Council Recommendation	Compliance	Disclosure
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Complies	<p>The Company has adopted a Continuous Disclosure Policy designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by the Company.</p> <p>The Company's Continuous Disclosure Policy is contained in the Company's Corporate Governance Charter which is available on the Company's website.</p>

## Principle 6: Respect the rights of security holders

	Corporate Governance Council Recommendation	Compliance	Disclosure
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's Corporate Governance Charter is available on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	<p>The Company is committed to:</p> <ul style="list-style-type: none"> <li>- ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, investor presentations, ASX releases, general</li> </ul>

# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
			<p>meetings and the Company's website;</p> <ul style="list-style-type: none"> <li>- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act; and</li> <li>- encouraging shareholder participation at general meetings.</li> </ul>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The Board encourages full participation of shareholders at the Company's AGM and any other general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor is invited to attend each AGM and will be available to answer any questions concerning the conduct, preparation and content of the auditor's report.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company's registry, Boardroom Pty Limited will provide the option for shareholders to receive and send communications electronically.

## Principle 7: Recognise and manage risk

	Corporate Governance Council Recommendation	Compliance	Disclosure
7.1	<p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Complies	<p>The Company has an Audit and Risk Committee to provide assistance to the Board in fulfilling its responsibilities in relation to, among other things, the Company's risk management systems. The initial members of the Audit and Risk Committee are:</p> <ul style="list-style-type: none"> <li>- Karen Penrose (Chair) – Independent;</li> <li>- Belinda Hutchinson - Independent;</li> <li>- Sarah Morgan - Independent; and</li> <li>- Geoff Wilson – Not Independent.</li> </ul> <p>Three of the four initial members are independent. The Audit and Risk Committee Charter requires the Chair of the Audit and Risk Committee to be independent.</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report contained in the Financial Report.</p> <p>The Audit and Risk Committee Charter is included in the Company's Corporate Governance Charter and is available on its website.</p>



# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
7.2	<p>The Board or a committee of the Board should:</p> <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Complies	The Audit and Risk Committee reviews the adequacy and effectiveness of the Company risk management framework by gaining assurances that major risks have been identified and are appropriately managed. The Audit and Risk Committee also oversees market risk protocols and ensures the Investment Committee complies with the asset allocation restrictions.
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	Complies	As a listed investment company managing a single portfolio of investments with limited operational complexity, the Company does not believe it requires an internal audit function. The Board works closely with the fund managers and service providers from time to time to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	A summary of risks including foreign exchange, interest rate, credit and liquidity are included in Note 17 of the Financial Report.

## Principle 8: Remunerate fairly and responsibly

	Corporate Governance Council Recommendation	Compliance	Disclosure
8.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a remuneration committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration</li> </ul>	Complies	<p>The Company does not remunerate its Directors and has one employee being the Chief Executive Officer. The Company does not have a need for a remuneration committee. The Board as a whole considers the issue of remuneration. Given the charitable nature of the Company, the Directors have foregone the receipt of Director fees.</p> <p>The details of the remuneration paid to the CEO is included in the Remuneration Report section of the Financial Report.</p>

# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
	for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives	Complies	<p>The Company has only one paid senior executive. The remuneration of the Chief Executive Officer is considered by the Board.</p> <p>Given the charitable nature of the Company, the Directors have foregone the receipt of Director fees.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Not applicable	The Company does not have an equity-based remuneration scheme.



# Directors' Report To Shareholders

For the transitional period for the six months to 31 December 2016

The Directors present their report together with the financial report of Future Generation Global Investment Company Limited for the transitional six month period to 31 December 2016.

## Principal activity

The principal activity of the Company is to provide diversified exposure to global equities while also helping to improve the lives of young Australians affected by mental health issues.

The Company invests its capital with fund managers who have agreed to provide their services for 0.0% management fees and 0.0% performance fees. The pro bono support of the fund managers, the Board of Directors and service providers means an amount equal to 1.0% of the Company's average monthly net tangible assets for the relevant financial year can be donated as a source of funding for Australian children and youth mental health charities.

There was no significant change in the nature of the activity of the Company during the transitional period.

## Significant changes in state of affairs

In October 2016, the Board of FGG decided to change the financial year end from 30 June to 31 December to better align the reporting periods to the underlying fund manager distributions. This report covers a transitional six month period from 1 July to 31 December 2016. Annual reports thereafter will be prepared for a 12 month period from 1 January to 31 December each subsequent year.

It is important to note that by legislation, FGG is required to provide comparative financial data. The comparative data in this report is for the previous 13 month reporting period from 28 May 2015 to 30 June 2016. As such, in this report we are comparing a six month transitional period to a full 13 month prior period.

There were no other significant changes in the state of affairs of the Company during the transitional period for the six months to 31 December 2016.

## Operating and financial review

FGG reported an operating profit before tax of \$3k for the transitional period for the six months to 31 December 2016 (28 May 2015 to 30 June 2016: \$6.07 million) and an operating profit after tax of \$2k (28 May 2015 to 30 June 2016: \$4.48 million). The majority of the Company's income is derived from annual distributions received from the fund managers in June each year. Last financial year, 96% of the underlying fund manager distributions were received in June. The Company anticipates a similar stream of distributions in June 2017, which will be reported in the half year result for the six-month period to 30 June 2017.

For the six months to 31 December 2016, the investment portfolio increased 7.8% while the MSCI World Index (AUD) rose by 10.0%. The volatility of the FGG investment portfolio, as measured by its standard deviation during the period was a conservative 6.5%, while the MSCI World Index was 8.4%.

The Net Tangible Asset after tax for each share as at 31 December 2016 amounted to \$1.10 per share (June 2016: \$1.06). The Net Tangible Asset before tax was \$1.10 per share (June 2016: \$1.04).

At the end of the period to 31 December 2016, the investment portfolio was made up of 19 funds with 17 managers. Further information on the Company's portfolio is contained in the Investment Committee Report on page 3 of the Financial Report.

## Financial position

The net asset value of the Company as at 31 December 2016 was \$304.82 million (June 2016: \$292.52 million).

Further information on the financial position of the Company is contained in the Chairman and Chief Executive Officer's Letter on pages 1 to 2 of the Financial Report.

There were no other significant changes in the state of affairs of the Company during the transitional period for the six months to 31 December 2016.

# Directors' Report To Shareholders

For the transitional period for the six months to 31 December 2016

## Dividends paid or recommended

Dividends paid or declared are as follows:

Fully franked 2016 final dividend of 1.0 cents per share was paid on 31 October 2016 in the amount of:	\$2,768,445
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## Directors

The following persons were Directors of the Company during the financial period and up to the date of this report:

- Belinda Hutchinson AM, Chairman
- Susan Cato, Non-Executive Director
- Karen Penrose, Non-Executive Director
- Sarah Morgan, Non-Executive Director
- Frank Casarotti, Non-Executive Director
- Geoff Wilson, Non-Executive Director

## Information on Directors

### BELINDA HUTCHINSON (CHAIRMAN)

#### Experience and expertise

Belinda Hutchinson is the Chancellor of the University of Sydney. Her executive career includes her role as an Executive Director of Macquarie Group where she was the Head of Macquarie Equity Capital Markets. Prior to this Belinda was a Vice President of Citibank in project and corporate finance and was the Head of the Financial Institutions Group in Australia. Belinda commenced her career working for Andersen Consulting in Australia and the USA. Belinda is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors (AICD).

Belinda Hutchinson has been Chairman of the Company since May 2015.

#### Other current directorships

Belinda Hutchinson is currently Chairman of Thales Australia Limited, a Director of AGL Energy (appointed December 2010) and Australian Philanthropic Services. Belinda is also a member of the Salvation Army Eastern Territory Advisory Board and the St Vincent's Health Australia NSW Advisory Council.

#### Former directorships in the last 3 years

Belinda Hutchinson is a former Chairman of QBE Insurance Group (July 2010 to March 2014).

#### Special responsibilities

Member of the Audit and Risk Committee.

#### Interests in shares of the Company

Details of Belinda Hutchinson's interests in shares and options of the Company are included later in this report.

#### Interests in contracts

Belinda Hutchinson has no interests in contracts of the Company.

# Directors' Report To Shareholders

For the transitional period for the six months to 31 December 2016

## SUSAN CATO (NON-EXECUTIVE DIRECTOR)

### Experience and expertise

Susan Cato has worked on business-critical issues and corporate activity for Australian and international corporations and entities for well over two decades. With a background in politics and having co-founded and then sold one of Australia's earliest corporate affairs companies to international interests, Susan established Cato Counsel in 2003. Cato Counsel is a corporate communications company providing high-level strategic transaction support and public and corporate affairs advice. The firm is recognised as one of Australia's leading issues management providers having managed some of the largest issues confronting corporate Australia. Susan is a regular panellist on ABC TV's The Drum. She is also a commentator on business issues and current affairs for the national media.

Susan Cato has been a Director of the Company since June 2015.

### Other current directorships

Susan Cato is a board member of Carriageworks and an advisory board member of Sydney Contemporary.

### Former directorships in the last 3 years

Susan Cato has not resigned as a Director from any listed companies within the last three years.

### Special responsibilities

None

### Interests in shares of the Company

Details of Susan Cato's interests in shares and options of the Company are included later in this report.

### Interests in contracts

Susan Cato has no interests in contracts of the Company.

## KAREN PENROSE (NON-EXECUTIVE DIRECTOR)

### Experience and expertise

Karen Penrose has a strong background and experience in business, finance and investment banking in both the banking and corporate sectors. Her prior executive career includes 20 years with Commonwealth Bank of Australia and HSBC and, over the eight years to early 2014, Chief Financial Officer and Chief Operating Officer roles with two ASX listed companies.

Karen Penrose has been a Director of the Company since June 2015.

### Other current directorships

Karen Penrose is a Director of Vicinity Centres Limited (appointed June 2015), AWE Limited (appointed August 2013), Spark Infrastructure Group (appointed October 2014), Bank of Queensland Limited (appointed November 2015) and Landcom (operating as UrbanGrowth NSW).

### Former directorships in the last 3 years

Karen Penrose was Deputy Chairman of Silver Chef Limited until February 2015 and is a former Director of Novion Limited.

### Special responsibilities

Chair of the Audit and Risk Committee.

### Interests in shares of the Company

Details of Karen Penrose's interests in shares and options of the Company are included later in this report.

### Interests in contracts

Karen Penrose has no interests in contracts of the Company.

# Directors' Report To Shareholders

For the transitional period for the six months to 31 December 2016

## SARAH MORGAN (NON-EXECUTIVE DIRECTOR)

### Experience and expertise

Sarah is an experienced corporate financial advisor. Her previous executive roles included 16 years with independent corporate advisory firm Grant Samuel. Sarah is a member of the Australian Institute of Company Directors (AICD) and Australasian Institute of Mining and Metallurgy (AusIMM)

Sarah Morgan has been a Director of the Company since June 2015.

### Other current directorships

Sarah Morgan is currently a non-executive Director of Hansen Technologies Limited (appointed October 2014) and Adslot Limited (appointed January 2015) and is a non-executive Director of Hong Kong based Luxe City Guides.

### Former directorships in the last 3 years

None

### Special responsibilities

Member of the Audit and Risk Committee.

### Interests in shares of the Company

Details of Sarah Morgan's interests in shares and options of the Company are included later in this report.

### Interests in contracts

Sarah Morgan has no interests in contracts of the Company.

## FRANK CASAROTTI (NON-EXECUTIVE DIRECTOR)

### Experience and expertise

Frank Casarotti joined Magellan Financial Group in March 2007. Prior to Magellan, Frank held a senior distribution management role at Colonial First State (a wholly-owned subsidiary of Commonwealth Bank), one of Australia's largest and most successful investment and platform administration companies. Frank began his career at Australian Eagle Insurance Group in 1979, later joining Colonial First State (then known as First State Fund Managers) as its Queensland State Manager in 1992 and relocating to Sydney to take up the role of Head of Adviser Distribution in 2001. During his fourteen years with the Colonial Group, Frank was a significant contributor to the strategy that resulted in growth in funds under management and administration from \$800 million to over \$100 billion in 2007. His role at Colonial extended from the promotion of Colonial's asset management business capability to its entry into the platform market - with the extremely successful launch of FirstChoice in 2002.

Frank Casarotti has been a Director of the Company since May 2015.

### Other current directorships

None

### Former directorships in the last 3 years

None

### Special responsibilities

None.

### Interests in shares of the Company

Details of Frank Casarotti's interests in shares and options of the Company are included later in this report.

### Interests in contracts

Details of Frank Casarotti's interest in contracts of the Company are included later in this report.

# Directors' Report To Shareholders

For the transitional period for the six months to 31 December 2016

## GEOFF WILSON (NON-EXECUTIVE DIRECTOR)

### Experience and expertise

Geoff Wilson has over 36 years experience in the Australian and international securities industries. He is a fellow of the Australian Institute of Company Directors (AICD) and a Fellow of the Financial Services Institute of Australasia (FINSIA).

Geoff Wilson has been a Director of the Company since May 2015.

### Other current directorships

Geoff is Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and a Director of Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed November 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Odyssey House McGrath Foundation, Australian Children's Music Foundation and he is a member of the Second Bite NSW Advisory Committee. He is also founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

### Former directorships in the last 3 years

Geoff Wilson has not resigned as a Director from any listed companies within the last three years.

### Special responsibilities

Member of the Audit and Risk and Investment Committees.

### Interests in shares of the Company

Details of Geoff Wilson's interests in shares and options of the Company are included later in this report.

### Interests in contracts

Details of Geoff Wilson's interest in contracts of the Company are included later in this report.

## Company Secretaries

The following persons held the position of Company Secretary at the end of the financial period:

### MARK LICCIARDO

Mark Licciardo is Managing Director of Mertons Corporate Services Pty Limited which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. Prior to establishing Mertons, Mark was Company Secretary of the Transurban Group (2004-07) and Australian Foundation Investment Company Limited (1997-04). Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark is a former Chairman of the Chartered Secretaries Australia (CSA) in Victoria, a fellow of CSA, a member of the Australian Institute of Company Directors (AICD) and a Director of several public and private companies. Mark was appointed Company Secretary of the Company in May 2015.

### KATE THORLEY

Kate Thorley has over 10 years experience in the funds management industry and more than 15 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited. Kate is a Director of WAM Active Limited, WAM Research Limited, WAM Leaders Limited, WAM Capital Limited, Future Generation Investment Company Limited and is a non-executive Director of Sandon Capital Opportunities Pty Limited. Kate is the Company Secretary of WAM Capital Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CPA. She is a member of the Australian Institute of Company Directors and the Financial Services Institute of Australia (FINSIA).

# Directors' Report To Shareholders

For the transitional period for the six months to 31 December 2016

## Members of the Investment Committee

The experience and qualifications of the members of the Investment Committee at the end of the transitional period are set out below:

### AMANDA GILLESPIE (CHAIRMAN)

Amanda has 19 years of investment experience and since joining Lonsec in 2000, she has played a key role in building out Lonsec's research and portfolio construction capabilities. In her current role, Amanda has joint responsibility for the overall management of Lonsec Fiscal Holdings, a privately owned Australian company with a multi-brand strategy of providing leading investment and superannuation research and data, portfolio construction services, investment execution and administration services. Amanda is also CEO Lonsec Fiscal Holding, with responsibility for delivering research and ratings on more than 800 managed funds, specialised products and ETFs.

Previously, Amanda held the position of Head of Investment Consulting at Lonsec from 2005 to 2011. Prior to joining Lonsec, Amanda spent six years at BT Funds Management where she was a Research Analyst within the International Equities team and also held an Analytical/Portfolio management role within the BT Tactical Asset Allocation team.

### AMAN RAMRAKHA

Aman is an Executive Manager at the Commonwealth Bank of Australia. Aman is responsible for the research function within Wealth Management Advice Business which encompasses Commonwealth Financial Planning, Financial Wisdom, Count Financial and BW Financial Advice.

Since 2007 Aman has been a member of the CBA Advice Business Investment Committee(s) and is primarily responsible for the Investment Research function across the business. In a prior role, Aman was responsible for constructing investment portfolios for high net worth individuals.

Aman has over 20 years financial services experience and has held technical, consulting and advisory roles at BT Financial Group, Colonial First State, KPMG and the Commonwealth Private Bank. Aman holds a Bachelor of Commerce, majoring in Economics and Finance, a Graduate Diploma in Applied Finance and Investments and a Diploma of Financial Planning.

### SEAN WEBSTER

Sean has over 18 years experience in the Australian investment markets in Senior Investment Research roles. He is currently Manager, Research and Investment Strategy for AMP Financial Planning. Previously he was Research Manager with Australian Fund Monitors, a research and database house that specialises in absolute return and emerging funds, within a broad managed fund research function.

In his present role, Sean is responsible for conducting investment research and operational analysis of managed funds, monitoring fund performance and developing and communicating investment strategy. In previous roles Sean has worked with investment committees in portfolio construction both within asset classes as well as across asset classes.

Prior to joining Australian Fund Monitors, Sean was Investment Manager for a Fund-of-Funds and Head of Investment Research for two financial planning groups. Sean holds a Master of Arts from Clark University in the United States and is CFA charter-holder.

### CHRIS DONOHOE

Chris joined the Investment Committee in May 2016, after serving as the Co-CEO in the Company's inaugural year. Chris is the founder of Seed Partnerships Pty Limited. He has CEO experience in funds management and considerable experience in the initiation, capital raising and management of Listed Investment Companies. Prior to forming Seed Partnerships Pty Limited, Chris was the CEO, Director and Compliance Committee Member at PM CAPITAL Limited. He was also the CEO and Director of the PM CAPITAL Global Opportunities Fund Limited and PM CAPITAL Asian Opportunities Fund Limited. Prior to a 14-year career in funds management, Chris gained several years' experience trading in the derivatives and bond markets. Chris is a Graduate of the Australian Institute of Company Directors. He holds a Masters of Business in Finance, majoring in Funds Management, from the University of Technology, Sydney.

### GEOFF WILSON

Geoff Wilson is also a Director. Please refer to page 24 of the Directors' Report for details of Geoff's experience and qualifications.

# Directors' Report To Shareholders

For the transitional period ended 31 December 2016

## Remuneration Report (Audited)

The responsibility of the Company's remuneration policy rests with the Board. Given the size of the Company, its charitable nature, the fact that the Company does not have any employees (other than the Chief Executive Officer) and has no intention to remunerate its Directors, no remuneration committee has been formed.

### A) REMUNERATION OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The Chair and the Directors have agreed to waive their Directors' fees. For the transitional period for the six months to 31 December 2016 and going forward, no Directors' fees will be paid by the Company.

The Company remunerates LW Consulting Pty Limited, an entity associated with Louise Walsh, \$100,000 (plus GST) per annum for providing her services as Chief Executive Officer.

During the transitional period for the six months to 31 December 2016 the Company paid LW Consulting Pty Limited a total of \$50,000 (plus GST) for services provided from 1 July 2016 to 31 December 2016.

On 5 May 2016, Chris Donohoe became a member of the Investment Committee and resigned as Co-Chief Executive Officer. There were no executive remuneration payments for the comparative period 28 May 2015 to 30 June 2016.

### B) DIRECTOR RELATED ENTITIES REMUNERATION

Except as noted below, all transactions with related entities were made on normal commercial terms and conditions and at market rates.

Frank Casarotti is General Manager - Distribution of Magellan Asset Management Limited which is the Responsible Entity of the Magellan Global Fund. Magellan Asset Management Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company. Notwithstanding Frank's interest in contracts with the Company, he is considered to be independent.

Wilson Asset Management (International) Pty Limited provides ongoing management services, some company secretarial services, financial reporting, investor relations and marketing for the Company at no cost. Wilson Asset Management (International) Pty Limited is an entity associated with Geoff Wilson.

### C) EQUITY INSTRUMENTS DISCLOSURES OF DIRECTORS, OTHER KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

As at the date of this report, the Company's Directors, other key management personnel and their related parties held the following interests in the Company:

Director	Ordinary Shares	Options
Belinda Hutchinson	909,000	909,000
Susan Cato	91,001	91,001
Karen Penrose	25,000	25,000
Sarah Morgan	90,909	90,909
Frank Casarotti	50,000	50,000
Geoff Wilson	4,538,762	3,010,000

Other Key Management Personnel	Ordinary Shares	Options
Louise Walsh	100,929	100,000

Directors, other key management personnel and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial period, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

—END OF REMUNERATION REPORT—



# Directors' Report To Shareholders

For the transitional period ended 31 December 2016

For further details, please refer to Note 21 of the financial statements.

## DIRECTORS' MEETINGS

Director	No. eligible to attend	Attended
Belinda Hutchinson	3	3
Susan Cato	3	3
Karen Penrose	3	3
Sarah Morgan	3	3
Frank Casarotti	3	2
Geoff Wilson	3	3

## AUDIT AND RISK COMMITTEE MEETINGS

The main responsibilities of the Audit and Risk Committee are set out in the Corporate Governance Statement on page 15 of the Financial Report.

Director	No. eligible to attend	Attended
Belinda Hutchinson	2	2
Karen Penrose	2	2
Sarah Morgan	2	2
Geoff Wilson	2	2

## INVESTMENT COMMITTEE MEETINGS

Investment Committee Member	No. eligible to attend	Attended
Amanda Gillespie	1	1
Aman Ramrakha	1	1
Sean Webster	1	1
Geoff Wilson	1	0
Chris Donohoe	1	1

## AFTER BALANCE DATE EVENTS

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

## FUTURE DEVELOPMENTS

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

## ENVIRONMENTAL REGULATION

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or a State or Territory.



# Directors' Report To Shareholders

For the transitional period ended 31 December 2016

## INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

During the transitional period the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director, Officer or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an auditor of the Company.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

## NON-AUDIT SERVICES

During the period Pitcher Partners, the Company's auditor, did not perform any non-assurance services in addition to their statutory duties for the Company. Related entities of Pitcher Partners perform certain taxation services for the Company on a pro bono basis. Details of the amounts paid to the auditors are disclosed in Note 7 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 7 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditory independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

## ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the ASIC, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 30 of this Financial Report.

Signed in accordance with a resolution of the Board of Directors.



**Belinda Hutchinson AM**  
Chairman

Dated in Sydney this 29<sup>th</sup> day of March 2017

# Auditor's Independence Declaration



## AUDITOR'S INDEPENDENCE DECLARATION

### TO THE DIRECTORS OF FUTURE GENERATION GLOBAL INVESTMENT COMPANY LIMITED

A.B.N 52 606 110 838

In relation to the independent audit for the transitional period ended 31 December 2016, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of Future Generation Global Investment Company Limited during the period.

**S M WHIDDETT**

Partner

**PITCHER PARTNERS**

Sydney

29 March 2017

# Statement of Comprehensive Income

For the transitional period for the six months to 31 December 2016

	Notes	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
		\$'000	\$'000
<b>Investment income from ordinary activities</b>			
Interest income		28	245
Distributions received		76	6,858
Investment management and performance fee rebates	3	1,288	2,202
Other income		-	143
		<b>1,392</b>	<b>9,448</b>
<b>Expenses</b>			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Charity donation accrual	5	(1,496)	(2,420)
Net foreign exchange gains/(losses)		374	(826)
Share registry transaction costs		(117)	(45)
Executive remuneration	21(A)	(55)	-
Other expenses		(78)	(51)
ASX CHESS fees		(9)	(36)
Audit fees		(6)	-
Tax fees		(2)	(3)
		<b>(1,389)</b>	<b>(3,381)</b>
<b>Profit before income tax</b>		<b>3</b>	<b>6,067</b>
Income tax expense	4(A)	(1)	(1,587)
<b>Profit after tax for the transitional six month period</b>		<b>2</b>	<b>4,480</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised gains/(losses) on investments taken to equity, net of tax		14,200	(11,615)
Net realised losses on investments taken to equity, net of tax		-	(800)
<b>Other comprehensive income/(loss) for the transitional six month period net of tax</b>		<b>14,200</b>	<b>(12,415)</b>
<b>Total comprehensive income/(loss) for the transitional six month period</b>		<b>14,202</b>	<b>(7,935)</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share	16(A)	0.00	2.21
Diluted earnings per share	16(B)	0.00	2.18

The accompanying notes form part of these financial statements.

# Statement of Financial Position

As at 31 December 2016

	Notes	31 December 2016	30 June 2016
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	16,605	17,163
Trade and other receivables	8	675	6,198
Receivable for units redeemed		-	3,546
Other current assets		8	18
<b>Total current assets</b>		<b>17,288</b>	<b>26,925</b>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	9	289,991	262,836
Deferred tax assets	4(B)	2,286	7,266
<b>Total non-current assets</b>		<b>292,277</b>	<b>270,102</b>
<b>Total assets</b>		<b>309,565</b>	<b>297,027</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	134	75
Charity donation accrual	5	1,496	2,420
Current tax liabilities	4(C)	2,008	2,008
<b>Total current liabilities</b>		<b>3,638</b>	<b>4,503</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	4(D)	1,108	1
<b>Total non-current liabilities</b>		<b>1,108</b>	<b>1</b>
<b>Total liabilities</b>		<b>4,746</b>	<b>4,504</b>
<b>Net assets</b>		<b>304,819</b>	<b>292,523</b>
<b>EQUITY</b>			
Issued capital	11(A)	301,320	300,458
Reserves	12(A)	3,499	(7,935)
Retained earnings	12(B)	-	-
<b>Total equity</b>		<b>304,819</b>	<b>292,523</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

For the transitional period for the six months to 31 December 2016

	Note	Issued capital	Investment reserves	Profits reserves	Retained earnings	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 28 May 2015</b>		-	-	-	-	-
Net profit for the period		-	-	-	4,480	4,480
Other comprehensive loss, net of tax		-	(12,415)	-	-	(12,415)
<b>Transactions with owners:</b>						
Contributions of equity, net of transaction costs and tax	11(A)	300,458	-	-	-	300,458
Transfer of profits reserve	12(A)	-	-	4,480	(4,480)	-
<b>Balance at 30 June 2016</b>		<b>300,458</b>	<b>(12,415)</b>	<b>4,480</b>	<b>-</b>	<b>292,523</b>
Net profit for the period		-	-	-	2	2
Other comprehensive loss, net of tax		-	14,200	-	-	14,200
<b>Transactions with owners:</b>						
Contributions of equity, net of transaction costs and tax	11(C)	862	-	-	-	862
Dividends paid	6(A)	-	-	(2,768)	-	(2,768)
Transfer of profits reserve	12(A)	-	-	2	(2)	-
<b>Balance at 31 December 2016</b>		<b>301,320</b>	<b>1,785</b>	<b>1,714</b>	<b>-</b>	<b>304,819</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

For the transitional period for the six months to 31 December 2016

	Note	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Interest received		34	239
Broker fees refunded for charity donation		-	55
Rebate income received		19	15
Payments for other expenses		(2,625)	(137)
<b>Net cash (used in)/provided by operating activities</b>	14	<b>(2,572)</b>	<b>172</b>
<b>Cash flows from investing activities</b>			
Payments for financial assets		-	(291,118)
Proceeds from sale of financial assets		3,546	10,000
<b>Net cash provided by/(used in) investing activities</b>		<b>3,546</b>	<b>(281,118)</b>
<b>Cash flows from financing activities</b>			
Shares issued via initial public offering		-	302,139
Shares issued via the exercise of options		543	1,873
Dividends paid to the Company's shareholders (net of DRP)		(2,449)	-
Cost of raising capital (gross of tax)		-	(5,077)
<b>Net cash (used in)/provided by financing activities</b>		<b>(1,906)</b>	<b>298,935</b>
<b>Net increase in cash and cash equivalents</b>		<b>(932)</b>	<b>17,989</b>
Cash and cash equivalents at the beginning of the period		17,163	-
Effects of exchange rate changes on cash and cash equivalents		374	(826)
<b>Cash and cash equivalents at the end of the period</b>	13	<b>16,605</b>	<b>17,163</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 1. General information

Future Generation Global Investment Company Limited (FGG or the Company) was incorporated in Australia on 28 May 2015 and was listed on the ASX on 10 September 2015.

The registered office of the Company is located at Level 11, 139 Macquarie Street, Sydney NSW 2000.

The financial statements of the Company are for the transitional period for the six months to 31 December 2016.

The financial report was authorised for issue on 29 March 2017 by the Board of Directors.

## 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. The financial statements are for FGG.

### (A) BASIS OF PREPARATION

These general purpose financial statements for the transitional period for the six months to 31 December 2016 have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

#### (i) Compliance with IFRS

The financial statements of the FGG also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

These financial statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss or through other comprehensive income.

#### (iii) Change in financial year end

In October 2016, the Board of FGG decided to change the financial year end from 30 June to 31 December to better align the reporting periods to the underlying fund manager distributions.

As a result, the current reporting period is a transitional period consisting of a six month period, 1 July 2016 to 31 December 2016, whilst the previous corresponding period is from 28 May 2015 to 30 June 2016. For the 2017 year, the Company will report half year results to 30 June 2017 and its annual result to 31 December 2017. As such, in this report we are comparing a six month transitional period to a full 13 month prior period. This is a meaningless comparison but the Company is required to do so. The profit for the transitional period is not indicative of the expected performance over the next 12 month period.

#### (iv) New standards and interpretations not yet mandatory or early adopted

##### AASB 9 Financial Instruments

The Company adopted AASB 9 Financial Instruments standard which applies to annual reporting periods beginning from 1 January 2018 for the reporting period.

Investments in equity instruments, which were previously classified as available for sale financial assets, are now classified as equity instruments revalued through other comprehensive income. They continue to be valued at fair value with changes in value being recognised in the investment portfolio revaluation reserve. Under AASB 9 there is no recycling of the realised gains and losses to the income statement as was previously required under AASB 139. There is also no requirement to test investments for impairment so there is no transfer of unrealised impairment losses from the investment portfolio revaluation reserve to the income statement.

There are no other new standards or interpretations applicable what would have a material impact for the Company.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 2. Summary of significant accounting policies (continued)

### (B) REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivable.

#### (i) Investment income

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Comprehensive Income in the period they are incurred, in accordance with the policies described in Note 2(C).

#### (ii) Trust distributions

Trust distributions are recognised as revenue when the right to receive payment is established.

#### (iii) Interest income

Interest income is recognised as it accrues in profit or loss based on nominated interest rates available on the bank accounts held.

#### (iv) Management and performance fee rebate income

Fee rebates are recognised in the Statement of Comprehensive Income on an accruals basis.

### (C) INVESTMENTS AND OTHER FINANCIAL ASSETS

#### Classification

#### (i) Financial assets at fair value through other comprehensive income

The Company has designated long-term investments in unlisted unit trusts as 'fair value through other comprehensive income'. All gains and losses on long-term investments and tax thereon are presented in other comprehensive income as part of the Statement of Comprehensive Income.

#### **Recognition and derecognition**

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### **Measurement**

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through other comprehensive income are directly attributable to the acquisition of the financial asset.

Subsequent changes in fair value for financial assets at fair value through other comprehensive income are recognised through the investment portfolio revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long-term holding of equity investments.

When an instrument held at fair value through other comprehensive income is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the investment portfolio revaluation reserve to the investment portfolio realised gains/losses reserve.

#### **Determination of Fair Value**

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company's accounting policy on fair value is disclosed in Note 18.

The Board of Directors values the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net assets of the unlisted unit trusts.



# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 2. Summary of significant accounting policies (continued)

### (D) FOREIGN CURRENCY TRANSLATION

#### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Australian dollars, which is Future Generation Global Investment Company Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

### (E) INCOME TAX

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 2. Summary of significant accounting policies (continued)

### (F) IMPAIRMENT OF ASSETS

Assets excluding investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The amount of the impairment loss, if any, is recognised in the Statement of Comprehensive Income within other expenses.

### (G) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

### (H) TRADE RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

### (I) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (J) ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### (K) PROFITS RESERVE

A profits reserve has been created representing an amount allocated on a monthly basis from retained earnings that is preserved for future dividend payments.

### (L) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

In accordance with the *Corporations Act 2001*, the Company may pay a dividend where the Company's assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 2. Summary of significant accounting policies (continued)

### (M) EARNINGS PER SHARE

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### (N) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Where applicable, the Company qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the taxation authority.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (O) ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the ASIC, relating to the 'rounding off' of amounts in the Financial Statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### (P) FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency of the Company is Australian dollars.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 3. Investment income from ordinary activities

The Company has invested in 19 unlisted unit trusts and where available, has invested in unit classes that have zero management and performance fees. The unit trusts with a zero fee unit class are the Avenir Value Fund, Ironbridge Global Focus Fund, Neuberger Berman Systematic Global Equity Trust, Manikay Global Opportunistic Fund and Tribeca Global Total Return Fund.

The remaining investments are in unit classes that charge management and performance fees. These fund managers have rebated the fees charged. The aggregate management and performance fees rebated to the Company were \$1.29 million for the transitional period for the six months to 31 December 2016 (28 May 2015 to 30 June 2016: \$2.20 million).

The total management and performance fees foregone by the unit trusts with a zero fee unit class for the transitional period for the six months to 31 December 2016 amounted to \$0.53 million (28 May 2015 to 30 June 2016: \$0.39 million)

The estimated value of the other pro bono services provided to the Company for the transitional period for the six months to 31 December 2016 was \$0.35 million (28 May 2015 to 30 June 2016: \$0.62 million).

## 4. Income tax

### (A) INCOME TAX EXPENSE

The prima facie tax on profit before income tax is reconciled to the income tax expenses as follows:

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Prima facie tax on profit before income tax at 30%	1	1,820
Franking credits on distributions received	-	(38)
Imputation credit gross up	-	11
Foreign tax credits on distributions received	-	(295)
Foreign tax credits gross up on distributions	-	89
<b>Income tax expense</b>	<b>1</b>	<b>1,587</b>

Total income tax expense results in a:

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Current tax liability	-	2,008
Deferred tax liability	(1)	1
Deferred tax asset	2	(422)
	<b>1</b>	<b>1,587</b>
<b>The applicable weighted average effective tax rates are as follows:</b>	<b>30.00%</b>	<b>26.16%</b>

The effective tax rate reflects the benefit to the Company of franking credits and withholding tax received on trust income. Following the release of the Tax Transparency Code in May 2016, the Company has voluntarily chosen to adopt Part A for disclosure in its financial report.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 4. Income tax (continued)

### (B) DEFERRED TAX ASSETS

	31 December 2016	30 June 2016
	\$'000	\$'000
Net unrealised losses on revaluation of investment portfolio	-	4,978
Recapitalisation and capital raising costs	1,066	1,218
Provisions	457	727
Net realised losses on investments	342	343
Tax losses moved from deferred tax liabilities	421	-
	<b>2,286</b>	<b>7,266</b>

Movement in deferred tax assets:

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Balance at the beginning of the period	7,266	-
Charged to profit or loss	(2)	422
Charged to other comprehensive income	(4,978)	5,321
Charged to equity	-	1,523
<b>At reporting date</b>	<b>2,286</b>	<b>7,266</b>

### (C) CURRENT TAX LIABILITIES

Movement in current tax liabilities:

	31 December 2016	30 June 2016
	\$'000	\$'000
Balance at the beginning of the period	2,008	-
Current year income tax expense on operating period	1	1,820
Provisions	(1)	727
Cost of capital	-	(305)
Imputation credits	-	(234)
<b>At reporting date</b>	<b>2,008</b>	<b>2,008</b>

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 4. Income tax (continued)

### (D) DEFERRED TAX LIABILITIES

	31 December 2016	30 June 2016
	\$'000	\$'000
Net unrealised gains on revaluation of investment portfolio	1,108	-
Timing differences on trust income accrued	-	1
<b>At reporting date</b>	<b>1,108</b>	<b>1</b>

Movement in deferred tax liabilities:

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Balance at the beginning of the period	1	-
Charged to profit or loss	(1)	1
Charged to other comprehensive income	1,108	-
<b>At reporting date</b>	<b>1,108</b>	<b>1</b>

## 5. Charity donation accrual

The Company intends to donate a percentage of the Company's assets to Australian charities supporting children and youth mental health. The donation is accrued monthly and is based on the Company's average monthly net tangible assets. All donations are made to charities with Deductible Gift Recipient (DGR) status. The donation is a tax deduction for FGG.

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Charity donation accrual	1,496	2,420

## 6. Dividends

### (A) ORDINARY DIVIDENDS PAID DURING THE YEAR

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Final dividend FY2016: 1.0 cents per share fully franked at 30% paid 31 October 2016	2,768	-

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 6. Dividends (continued)

### (B) DIVIDEND FRANKING ACCOUNT

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Opening balance of franking account	-	-
Franking credits on distributions received	38	-
Franking credits on dividends paid	(1,186)	-
<b>Closing balance of franking account</b>	<b>(1,148)</b>	<b>-</b>
Adjustments for tax payable in respect of the period's profits, receipt of distributions and dividends declared	2,008	862
<b>Adjusted franking account balance</b>	<b>860</b>	<b>862</b>

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits from distributions after the end of the period and debits that will arise from the settlement of liabilities.

## 7. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Audit and review of financial statements	31	36
<i>Other assurance services</i>		
Taxation services	2	3
<b>Total remuneration for audit and other assurance services</b>	<b>33</b>	<b>39</b>

Steadfast Group Limited has agreed to pay for the audit and review of the Company's financial statements provided by Pitcher Partners.

## 8. Current assets – Trade and other receivables

	31 December 2016	30 June 2016
	\$'000	\$'000
Distributions receivable	66	5,388
GST receivable	9	2
Rebate income receivable	600	802
Interest receivable	-	6
	<b>675</b>	<b>6,198</b>

### Risk exposure

The maximum exposure to credit risk in relation to trade and other receivables at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 9. Non-current assets – Financial assets at fair value through other comprehensive income

	31 December 2016	30 June 2016
	\$'000	\$'000
Financial assets at fair value through other comprehensive income	289,991	262,836

A fund manager summary is included in the Investment Committee Report on page 4.

## 10. Trade and other payables

	31 December 2016	30 June 2016
	\$'000	\$'000
Trade and other payables	134	75

Other payables are unsecured and are usually paid within 30 days of recognition. The carry amounts of other payables are assumed to be the same as their fair values, due to their short-term nature.

## 11. Issued capital

### (A) PAID-UP CAPITAL

	31 December 2016	30 June 2016
	\$'000	\$'000
277,164,069 ordinary shares fully paid (June 2016: 276,374,385)	301,320	300,458

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings; otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

### (B) OTHER EQUITY

	31 December 2016	30 June 2016
	Number'000	Number'000
Options outstanding (expiry 15 September 2017)	272,476	272,970



# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 11. Issued capital (continued)

### (C) MOVEMENTS IN ORDINARY SHARE CAPITAL

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Balance at 1 July 2016	300,458	-
493,634 ordinary shares issued from the exercise of options	543	-
296,051 ordinary shares issues on 31 October 2016 under a Dividend Reinvestment Plan	319	-
274,672,166 Issue of ordinary fully paid shares	-	302,139
1,702,218 ordinary shares issued from the exercise of options	-	1,873
Cost of raising capital (net of tax)	-	(3,554)
<b>Closing balance</b>	<b>301,320</b>	<b>300,458</b>

### (D) MOVEMENTS IN OPTIONS

	6 months to 31 December 2016
	Number '000
Balance as at 1 July 2016	272,970
Options exercised (July to December 2016)	(494)
<b>Closing balance</b>	<b>272,476</b>

### (E) OPTIONS

As at 31 December 2016, a total of 2,195,852 shares had been allotted from the exercise of options for a total consideration of \$2,415,437.

As at 31 December 2016, a total of 272,476,314 options remain on issue and can be exercised at \$1.10 any time on or before 15 September 2017.

### (F) CAPITAL MANAGEMENT

The Board's policy is to maintain an appropriate level of liquidity in the Company's shares. To achieve this, the Board of Directors monitor the monthly net tangible asset results and investment performance. The Company may undertake capital management initiatives which may involve the issue of other shares and/or the buy-back of its shares. The Company is not subject to any externally imposed capital requirements.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 12. Reserves and retained earnings

### (A) RESERVES

	31 December 2016	30 June 2016
<b>Investment reserves</b>	<b>\$'000</b>	<b>\$'000</b>
Investment portfolio revaluation reserve	2,585	(11,615)
Investment portfolio realised losses reserve	(800)	(800)
<b>Profits reserves</b>	<b>1,714</b>	<b>4,480</b>
	<b>3,499</b>	<b>(7,935)</b>

### Movements

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
<b>Investment portfolio revaluation reserve</b>	<b>\$'000</b>	<b>\$'000</b>
Net unrealised losses on investments	3,693	(16,593)
Income tax on net unrealised losses on investments	(1,108)	4,978
<b>At reporting date</b>	<b>2,585</b>	<b>(11,615)</b>

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
<b>Investment portfolio realised losses reserve</b>	<b>\$'000</b>	<b>\$'000</b>
Net realised losses on investments	(1,143)	(1,143)
Income tax on net realised losses on investments	343	343
<b>At reporting date</b>	<b>(800)</b>	<b>(800)</b>

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
<b>Profits reserve</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	4,480	-
Dividends paid	(2,768)	-
Transfer from retained earnings	2	4,480
<b>At reporting date</b>	<b>1,714</b>	<b>4,480</b>

### Nature and purpose of reserves

For a description of the nature and purpose of the reserves, refer to Notes 2(C) and 2(K).

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 12. Reserves and retained earnings (continued)

### (B) RETAINED EARNINGS

Movements in retained earnings were as follows:

	31 December 2016	30 June 2016
	\$'000	\$'000
Opening balance	-	-
Net profit for the period	2	4,480
Transfer to profits reserve	(2)	(4,480)
<b>At reporting date</b>	<b>-</b>	<b>-</b>

## 13. Current assets - Cash and cash equivalents

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	31 December 2016	30 June 2016
	\$'000	\$'000
Cash at call	16,605	17,163

The accounts are earning interest at fixed rates. Of the above cash amount \$16.12 million (\$USD 11.68 million) (30 June 2016: \$13.28 million ( \$USD 9.89 million)) is denominated in US Dollars.

### Risk exposure

The Company's exposure to interest rate risk is discussed in Note 17. The maximum exposure to credit risk in relation to cash at the end of the reporting period is the carrying amount of cash at call.

Cash at call is with Australia and New Zealand Banking Group which is rated A-1+ by Standard & Poor's.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 14. Reconciliation of profit after income tax to net cash provided by operating activities

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
<b>Profit for the period</b>	2	4,480
Equalisation income reinvested	-	(143)
Rebate income reinvested	(1,471)	(1,385)
Distributions reinvested	(5,398)	(1,470)
Effects of foreign currency exchange rate changes on cash and cash equivalents	(374)	826
<b>Change in operating assets and liabilities:</b>		
Decrease/(Increase) in trade and other receivables	5,523	(6,198)
Decrease/(Increase) in other current assets	10	(18)
Decrease/(Increase) in deferred tax assets	4,980	(424)
Increase in other trade and other payables	59	75
(Decrease)Increase in charity donation accrual	(924)	2,420
(Decrease)Increase in deferred tax liabilities	(4,979)	1
Increase in current tax liabilities	-	2,008
<b>Net cash (used in)/provided by operating activities</b>	<b>(2,572)</b>	<b>172</b>

## 15. Non-cash investing and financing activities

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Distributions reinvested	5,398	1,470
Rebate income reinvested	1,471	1,385
Shares issued via dividend reinvestment plan	319	-
Equalisation income reinvested	-	143
	<b>7,188</b>	<b>2,998</b>

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 16. Earnings per share

	6 months to 31 December 2016	For the period 28 May 2015 - 30 June 2016
	\$'000	\$'000
Profit after income tax used in the calculation of basic and diluted earnings per share	2	4,480

### (A) BASIC EARNINGS PER SHARE

	Cents	Cents
Basic earnings per share attributable to the ordinary equity holders of the Company	0.00	2.21

### (B) DILUTED EARNINGS PER SHARE

	Cents	Cents
Diluted earnings per share attributable to the ordinary equity holders of the Company	0.00	2.18

### (C) WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR

	Number	Number
	'000	'000
Weighted average number of ordinary shares outstanding during the period used in calculating basic earnings per share	276,729	203,025
Weighted average number of dilutive options outstanding	-	2,026
Weighted average number of ordinary and potential ordinary shares outstanding during the period used in calculating diluted earnings per share	276,729	205,051

The Company currently has outstanding options which have the potential to convert to ordinary shares.

## 17. Financial risk management

The Company's activities expose it to a variety of financial risks: market risks (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

### (A) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### (i) Foreign exchange risk

##### **Exposure**

The Company holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. However, the Company monitors the exposure on all foreign currency denominated assets and liabilities.

The Company does not hedge against its foreign exchange exposure, and consequently, the impact of foreign exchange movements are directly reflected within other comprehensive income.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 17. Financial risk management (continued)

### (A) MARKET RISK (CONTINUED)

#### (i) Foreign exchange risk (continued)

The Board and Investment Committee formulate views on the future direction of foreign exchange rates and the potential impact on the Company and these are factored into its asset allocation decisions. While the Company has direct exposure to foreign exchange rate changes on the price of non Australian dollar-denominated investments, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain funds in which the Company invests, even if those funds are denominated in Australian dollars. For that reason, the sensitivity analysis below may not necessarily indicate the total effect on the Company's equity of future movements in foreign exchange rates.

The table below summarises the Company's financial assets and liabilities, monetary and non-monetary, which are denominated in US dollars.

	31 December 2016	30 June 2016
	\$'000	\$'000
Cash and cash equivalents	16,124	13,278
Trade and other receivables	244	331
Financial assets at fair value through other comprehensive income	44,955	41,217
Receivable for units redeemed	-	3,546
	<b>61,323</b>	<b>58,372</b>

#### **Sensitivity**

The following table illustrates the sensitivities of the Company's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened and strengthened by 10% against the US dollar.

Impact on net profit/(loss)	31 December 2016		30 June 2016	
	-10%	+10%	-10%	+10%
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	(1,612)	1,612	(1,328)	1,328
Trade and other receivables	(24)	24	(33)	33
Receivable for units redeemed	-	-	(355)	355
	<b>(1,636)</b>	<b>1,636</b>	<b>(1,716)</b>	<b>1,716</b>

#### (ii) Price risk

##### **Exposure**

The Company is exposed to price risk on its investments in unlisted unit trusts. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets at fair value through other comprehensive income.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across a number of prominent global equity fund managers with a focus on three broad strategies – long equities, absolute bias and quantitative strategies.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 17. Financial risk management (continued)

### (A) MARKET RISK (CONTINUED)

#### (ii) Price risk (continued)

##### **Sensitivity**

The following table illustrates the effect on the Company's equity from possible changes in other market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 per cent:

Impact on other components of equity	31 December 2016	30 June 2016
MSCI AC World Index (AUD)	\$'000	\$'000
Change in variable +/-5%	10,150	9,199
Change in variable +/-10%	20,299	18,399

Other components of equity would increase/decrease as a result of gains/losses on financial assets at fair value through other comprehensive income.

#### (iii) Cash flow and fair value interest rate risk

##### **Exposure**

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

At 31 December 2016	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial Assets</b>	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	16,605	-	-	16,605
Trade and other receivables	-	-	675	675
Financial assets at fair value through other comprehensive income	-	-	289,991	289,991
	<b>16,605</b>	<b>-</b>	<b>290,666</b>	<b>307,271</b>

At 31 December 2016	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial Liabilities</b>	\$'000	\$'000	\$'000	\$'000
Trade and other payables	-	-	(134)	(134)
Charity donation accrual	-	-	(1,496)	(1,496)
Current tax liabilities	-	-	(2,008)	(2,008)
	<b>-</b>	<b>-</b>	<b>(3,638)</b>	<b>(3,638)</b>
<b>Net exposure</b>	<b>16,605</b>	<b>-</b>	<b>287,028</b>	<b>303,633</b>

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 17. Financial risk management (continued)

### (A) MARKET RISK (CONTINUED)

#### (iii) Cash flow and fair value interest rate risk (continued)

At 30 June 2016	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial Assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	17,163	-	-	17,163
Trade and other receivables	-	-	9,744	9,744
Financial assets at fair value through other comprehensive income	-	-	262,836	262,836
	<b>17,163</b>	<b>-</b>	<b>272,580</b>	<b>289,743</b>

At 30 June 2016	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial Liabilities</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other payables	-	-	(75)	(75)
Charity donation accrual	-	-	(2,420)	(2,420)
Current tax liabilities	-	-	(2,008)	(2,008)
	<b>-</b>	<b>-</b>	<b>(4,503)</b>	<b>(4,503)</b>

<b>Net exposure</b>	<b>17,163</b>	<b>-</b>	<b>268,077</b>	<b>285,240</b>
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#### **Sensitivity**

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

At 31 December 2016, if interest rates had increased by 100 basis points (bps) or decreased by 100 bps from the period end rates with all other variables held constant, post-tax profit for the period would have been \$116,000 higher/\$116,000 lower (June 2016 changes of 100bps: \$120,000 lower/\$120,000 higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

### (B) CREDIT RISK

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Credit risk is managed as noted in Note 13 with respect to cash and cash equivalents and Note 8 for trade and other receivables. None of these assets are overdue or considered to be impaired.

### (C) LIQUIDITY RISK

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Board and Investment Committee monitors the Company's cash-flow requirements in relation to the investing account taking into account upcoming dividends, tax payments and investing activity.



# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 17. Financial risk management (continued)

### (C) LIQUIDITY RISK (CONTINUED)

The Company's inward cash flows depend upon the level of distribution and interest revenue received and the exercise of options that may be on issue from time to time. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is managed by the Board and Investment Committee.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company's cash is held at call which mitigates liquidity risk.

#### Maturities of financial liabilities

The following table analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities at period end.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2016	Less than 1 month	1-12 months	Between 1 - 5 years	Total contractual undiscounted cash flows
Non-derivatives	\$'000	\$'000	\$'000	\$'000
Trade and other payables	134	-	-	134
Charity donation accrual	-	1,496	-	1,496
Current tax liabilities	-	2,008	-	2,008
<b>Total non-derivatives</b>	<b>134</b>	<b>3,504</b>	<b>-</b>	<b>3,638</b>

30 June 2016	Less than 1 month	1-12 months	Between 1 - 5 years	Total contractual undiscounted cash flows
Non-derivatives	\$'000	\$'000	\$'000	\$'000
Trade and other payables	75	-	-	75
Charity donation accrual	-	2,420	-	2,420
Current tax liabilities	-	2,008	-	2,008
<b>Total non-derivatives</b>	<b>75</b>	<b>4,428</b>	<b>-</b>	<b>4,503</b>

## 18. Fair value measurements

The Company measures and recognises financial assets at fair value through other comprehensive income on a recurring basis.

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

### (A) FAIR VALUE HIERARCHY

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 18. Fair value measurements (continued)

### (A) FAIR VALUE HIERARCHY (CONTINUED)

#### (i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2016 on a recurring basis.

At 31 December 2016	Level 1	Level 2	Level 3	31 December 2016
	\$'000	\$'000	\$'000	\$'000
Unlisted unit trusts	-	289,991	-	289,991
	-	<b>289,991</b>	-	<b>289,991</b>

At 30 June 2016	Level 1	Level 2	Level 3	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Unlisted unit trusts	-	262,836	-	262,836
	-	<b>262,836</b>	-	<b>262,836</b>

There were no transfers between levels for recurring fair value measurements during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### (ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

### (B) VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUE

#### Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Board of Directors values the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net assets of the unlisted unit trusts.

## 19. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### Deferred tax asset

Deferred tax asset has been recognised on unused losses on the basis that the Company will generate future taxable profits to utilise the tax losses.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 20. Segment information

The Company has one reporting segment. The Company is engaged solely in investing in unlisted unit trusts and deriving income from cash and cash equivalents.

## 21. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial period are:

- Belinda Hutchinson AM, Chairman
- Susan Cato, Non-Executive Director
- Karen Penrose, Non-Executive Director
- Sarah Morgan, Non-Executive Director
- Frank Casarotti, Non-Executive Director
- Geoff Wilson, Non-Executive Director
- Louise Walsh, Chief Executive Officer
- Chris Donohoe, Co-Chief Executive Officer (appointed 1 May 2015) (resigned 5 May 2016)

### (A) REMUNERATION

The Chair and the Directors have agreed to waive their Directors' fees. For the transitional period for the six months to 31 December 2016 and going forward, no Directors' fees will be paid by the Company.

The Company remunerates LW Consulting Pty Limited, an entity associated with Louise Walsh, \$100,000 (plus GST) per annum for providing her services as Chief Executive Officer.

During the transitional period for the six months to 31 December 2016 the Company paid LW Consulting Pty Limited a total of \$50,000 (plus GST) for services provided from 1 July 2016 to 31 December 2016.

On 5 May 2016, Chris Donohoe became a member of the Investment Committee and resigned as Co-Chief Executive Officer.

There were no executive remuneration payments for the comparative period 28 May 2015 to 30 June 2016.

### (B) SHARE HOLDINGS

As at 31 December 2016, the Company's key management personnel and their related parties held the following interests in the Company:

#### 31 December 2016

Ordinary shares held	Balance at 30 June 2016	Acquisitions	Disposals	Balance at 31 December 2016
Belinda Hutchinson	909,000	-	-	909,000
Susan Cato	91,001	-	-	91,001
Karen Penrose	25,000	-	-	25,000
Sarah Morgan	90,909	-	-	90,909
Frank Casarotti	50,000	-	-	50,000
Geoff Wilson	3,570,001	200,916	-	3,770,917
Louise Walsh	100,000	929	-	100,929

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 21. Key management personnel compensation (continued)

### (B) SHARE HOLDINGS (CONTINUED)

#### 31 December 2016

Options held	Balance at 30 June 2016	Acquisitions	Disposals	Balance at 31 December 2016
Belinda Hutchinson	909,000	-	-	909,000
Susan Cato	91,001	-	-	91,001
Karen Penrose	25,000	-	-	25,000
Sarah Morgan	90,909	-	-	90,909
Frank Casarotti	50,000	-	-	50,000
Geoff Wilson	3,010,000	-	-	3,010,000
Louise Walsh	100,000	-	-	100,000

#### 30 June 2016

Ordinary shares held	Balance at 28 May 2015	Acquisitions	Disposals	Balance at 30 June 2016
Belinda Hutchinson	-	909,000	-	909,000
Susan Cato	-	91,001	-	91,001
Karen Penrose	-	25,000	-	25,000
Sarah Morgan	-	90,909	-	90,909
Frank Casarotti	-	50,000	-	50,000
Geoff Wilson <sup>*</sup>	-	3,570,001	-	3,570,001
Louise Walsh	-	100,000	-	100,000
Chris Donohoe <sup>**</sup> (Resigned 5 May 2016)	-	200,000	190,000	10,000

<sup>\*</sup>Geoff Wilson purchased 3,000,001 ordinary shares in the Initial Public Offering in September 2015 and acquired 560,000 additional ordinary shares on-market during the period.

<sup>\*\*</sup>Chris Donohoe purchased 174,156 ordinary shares in the Initial Public Offering in September 2015 and acquired 25,844 additional ordinary shares on-market during the period.

#### 30 June 2016

Options held	Balance at 28 May 2015	Acquisitions	Disposals	Balance at 30 June 2016
Belinda Hutchinson	-	909,000	-	909,000
Susan Cato	-	91,001	-	91,001
Karen Penrose	-	25,000	-	25,000
Sarah Morgan	-	90,909	-	90,909
Frank Casarotti	-	50,000	-	50,000
Geoff Wilson	-	3,010,000	-	3,010,000
Louise Walsh	-	100,000	-	100,000
Chris Donohoe <sup>*</sup> (Resigned 5 May 2016)	-	200,000	-	200,000

<sup>\*</sup>Chris Donohoe purchased 174,156 options in the Initial Public Offering in September 2015 and acquired 25,844 additional options on-market during the period.

# Notes to the Financial Statements

For the transitional period for the six months to 31 December 2016

## 21. Key management personnel compensation (continued)

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the six month transitional period end , been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

## 22. Related party transactions

All transactions with related entities were made on normal commercial terms and conditions and at market rates.

Frank Casarotti is General Manager - Distribution of Magellan Asset Management Limited which is the Responsible Entity of the Magellan Global Fund. Magellan Asset Management Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company. Notwithstanding Frank's interest in contracts with the Company, he is considered to be independent.

Wilson Asset Management (International) Pty Limited provided initial management services, some company secretarial services, financial reporting, investor relations and marketing for the Company at no cost and waived the stamping fees it was entitled to as a Licensed Dealer to the Offer. Wilson Asset Management (International) Pty Limited is an entity associated with Geoff Wilson.

## 23. Contingencies

The Company had no contingent liabilities at 31 December 2016 (June 2016: nil).

## 24. Commitments

The Company intends to donate a percentage of the Company's assets to Australian charities supporting children and youth mental health. The donation is accrued monthly and is expected to be equal to 1% of the Company's average monthly net tangible assets. The current transitional period for the six months to 31 December 2016 commitment is \$1,496,233 (28 May 2015 to 30 June 2016: \$2,419,418).

## 25. Events occurring after the reporting period

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

# Director's Declaration

The Directors of Future Generation Global Investment Company Limited declare that:

- 1) The financial report as set out in pages 31 to 57 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report', as set out on page 27 are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Company as at 31 December 2016 and of its performance, as represented by the results of the operations and the cashflows, for the period ended on that date; and
- 2) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the persons and organisations who perform the Chief Executive Officer and Chief Financial Officer functions respectively, for the purposes of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors.



**Belinda Hutchinson AM**  
Chairman

Dated in Sydney this 29<sup>th</sup> day of March 2017

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FUTURE GENERATION GLOBAL INVESTMENT COMPANY LIMITED

A.B.N. 52 606 110 838

## REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Future Generation Global Investment Company Limited (the Company), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the transitional period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### Opinion

In our opinion

- a) the financial report of Future Generation Global Investment Company Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the transitional period ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

### Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibility* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have communicated the key audit matters to the Audit Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Committee. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<b>Existence, Valuation, and Classification of Financial Assets</b> <b>Refer to Note 9: Financial Assets, and Note 18: Fair Value Measurements</b>	
<p>We focused our audit effort on the valuation and existence of the Company's financial instruments as they are its largest assets and represent the most significant driver of the Company's revenue and profits.</p> <p>In addition to their size, ie \$289,991,000 (approximately 93% of total assets) there are inherent judgements involved in determining the fair value of financial instruments. As the inputs available are not observable within an active market, ie investments are unlisted Managed Investment Funds that do not have an independent quoted market and are deemed to be level 2 on the fair value hierarchy (AASB13).</p> <p>There is a risk that investments recorded might not be owned by the Company, and may be valued incorrectly. We therefore identified valuation and ownership of unquoted investments as a significant risk requiring special audit consideration.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We reviewed the report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation), for the period 1 July 2016 to 31 December 2016 for the Administrator;</li> <li>• We agreed the investment holdings to investment holding statements from fund managers or trustees of the investee entities;</li> <li>• For a sample of purchases for the period, we agreed the units purchased, and the price, to purchase agreements or investment holding statements from the fund managers or trustees of the investee entities;</li> <li>• We assessed the valuation by agreeing the units held and the exit price as at 31 December 2016 to reported unit pricing from investment holding statements and compared the value of investments to the valuation report of the Company;</li> <li>• For a sample of investments held at balance date, we obtained their latest audited accounts and performed procedures including: <ul style="list-style-type: none"> <li>- Recalculated NAV and compared to reported unit price;</li> <li>- Considered the appropriateness of accounting policies;</li> <li>- Confirmed that the audit opinion is unmodified;</li> </ul> </li> <li>• We evaluated the appropriateness of the accounting treatment of revaluations of financial instruments for current/deferred tax and unrealised gains or losses;</li> <li>• We assessed the adequacy of disclosures in the financial statements.</li> </ul>



## Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the transitional period ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Directors' Responsibility for the Financial Report

The directors of Future Generation Global Investment Company Limited are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON THE REMUNERATION REPORT

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 28 of the directors' report for the transitional period ended 31 December 2016. In our opinion, the Remuneration Report of Future Generation Global Investment Company Limited for the transition period ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of Future Generation Global Investment Company Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



### Pitcher Partners



### S M Whiddett

Partner

Dated in Sydney this 29th day of March 2017.

# ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

## Shareholdings

### SUBSTANTIAL SHAREHOLDERS (AS AT 28 FEBRUARY 2017)

QBE Insurance Group Limited is currently a substantial shareholder in Future Generation Global Investment Company Limited.

### DISTRIBUTION OF SHAREHOLDERS (AS AT 28 FEBRUARY 2017)

Category	Number of shareholders	
	Ordinary Shares	Options
1 – 1,000	111	6
1,001 – 5,000	900	737
5,001 – 10,000	1,083	817
10,001 – 100,000	3,339	2,503
100,000 and over	305	321
	<b>5,738</b>	<b>4,384</b>

The number of shareholdings held in less than marketable parcels is 46.

### TWENTY LARGEST SHAREHOLDERS – ORDINARY SHARES (AS AT 28 FEBRUARY 2017)

Name	Number of ordinary shares held	Percentage of issued capital held
Citicorp Nominees Pty Limited	28,186,842	10.2%
HSBC Custody Nominees (Australia) Limited	8,799,324	3.2%
Balmoral Financial Investments Pty Limited	4,545,500	1.6%
Entities associated with Mr Geoff Wilson	3,890,938	1.4%
Kordamentha Nominees Pty Limited	3,700,000	1.3%
HSBC Custody Nominees (Australia) Limited A/C 2	3,101,369	1.1%
Navigator Australia Limited (MLC Investment A/C))	2,565,604	0.9%
Netwealth Investments Limited (Wrap Services A/C)	2,416,224	0.9%
Fendell Pty Limited	2,300,000	0.8%
Evalane Pty Limited (The Hogan Super Fund A/C)	2,018,576	0.7%
Clurname Pty Limited	2,018,576	0.7%
The Smith Family	2,000,000	0.7%
Almavijo Pty Limited	2,000,000	0.7%
Netwealth Investments Limited (Super Services A/C)	1,905,430	0.7%
Spinifex (2007) Pty Limited	1,818,181	0.7%
Gumala Investments Pty Limited	1,818,000	0.6%
Coolah Holdings Pty Limited	1,363,637	0.5%
Mrs Philippa Blomfield	1,200,000	0.4%
BNP Paribas Nominees Pty Limited Hub24 Custodial Serv Limited	1,148,894	0.4%
Sandhurst Trustees Limited	1,136,362	0.4%
	<b>77,733,457</b>	<b>27.9%</b>

### STOCK EXCHANGE LISTING

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.

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With thanks to the following Fund Managers

