



**Future Generation Investment Company Limited**  
ABN 97 063 935 553

**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**  
for the year ended 31 December 2017

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

All comparisons are for the six month transitional period from 1 July 2016 to 31 December 2016

	up/down	% mvmt	\$'000
Revenue from ordinary activities	up	545%	31,627
Profit from ordinary activities before tax	up	891%	27,167
Net profit from ordinary activities after tax	up	1,005%	22,250
Total comprehensive income for the year	up	423%	39,412

**Comparative Financial Information**

In November 2016, the Company changed its financial year end from 30 June to 31 December. This report covers the 12 month period from 1 January 2017 to 31 December 2017. The comparative data in this report is for the six month transitional period 1 July 2016 to 31 December 2016. As a result, the prior period information and percentage movements are not directly comparable.

<b>Dividend Information</b>	<b>Cents per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
2017 Final dividend cents per share	2.2c	2.2c	30%
2017 Interim dividend cents per share	2.2c	2.2c	30%

**Interim Dividend Dates**

Ex-dividend date	12 April 2018
Record date	13 April 2018
Last election date for the DRP	17 April 2018
Payment date	27 April 2018

**Dividend Reinvestment Plan**

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 2.2 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be the VWAP (volume weighted average price) of shares sold on the ASX (on an ex-dividend basis) four trading days from the ex-dividend date inclusive of the ex-dividend date.

<b>Net Tangible Assets ('NTA')</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
NTA after tax per share	\$1.21	\$1.14



# **FUTURE GENERATION**

INVESTMENT COMPANY

## Annual Report

for the year ended 31 December 2017

*Investing in Australia's future generation.*

ABN: 97 063 935 553

# Future Generation Investment Company Limited

The Company's primary investment objectives are to provide shareholders with a growing stream of fully franked dividends, achieve long-term capital growth and preserve shareholder capital.

## Chairman

Jonathan Trollip

## Directors

Geoff Wilson AO  
David Leeton  
David Paradise AO  
Gabriel Radzysinski  
Kate Thorley  
Scott Malcolm

## Company Secretary

Mark Licciardo

## Investment Committee

Geoff Wilson AO (Chairman)  
Bruce Tomlinson  
David Smythe  
Gabriel Radzysinski  
Matthew Kidman

## Chief Executive Officer

Louise Walsh

## Auditor

Pitcher Partners

## Country of Incorporation

Australia

## Registered Office

Level 11, 139 Macquarie Street  
Sydney NSW 2000

## Contact Details

Postal Address: GPO Box 4658  
Sydney NSW 2001

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F: (02) 9247 6855

E: [info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au)

W: [www.futuregeninvest.com.au](http://www.futuregeninvest.com.au)

## Australian Securities Exchange

Future Generation Investment Company  
Ordinary Shares (FGX)

## Share Registrar

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

T: (02) 9290 9600

F: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan (DRP) and Dividend Donation Plan (DDP)) and related matters, please contact the share registrar.

## Investment Forum

Sydney

Tuesday 15 May 2018

1.30pm – 3.00pm

The Westin

1 Martin Place

Sydney NSW 2000

## Annual General Meeting

Sydney

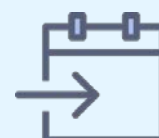
Tuesday 15 May 2018

3.00pm – 3.30pm

The Westin

1 Martin Place

Sydney NSW 2000



## Future Generation semi-annual Shareholder Presentations\*

Launceston

Friday 11 May 2018

1.00pm – 2.00pm

Launceston Conference Centre

50 Glen Dhu Street

South Launceston TAS 7249

Canberra

Monday 14 May 2018

12.30pm – 1.30pm

National Convention Centre

31 Constitution Avenue

Canberra ACT 2601

Sydney

Tuesday 15 May 2018

12.30pm – 1.30pm

The Westin

1 Martin Place

Sydney NSW 2000

Brisbane

Wednesday 16 May 2018

12.30pm – 1.30pm

Brisbane Convention & Exhibition

Centre, Cnr Merivale & Glenelg

Street South Bank QLD 4101

Toowoomba

Thursday 17 May 2018

12.30pm – 1.30pm

Fitzy's

153 Margaret Street

Toowoomba City QLD 4350

Perth

Monday 21 May 2018

12.30pm – 1.30pm

Convention & Exhibition Centre

21 Mounts Bay Rd

Perth WA 6000

Adelaide

Tuesday 22 May 2018

12.30pm – 1.30pm

Convention Centre

North Terrace

Adelaide SA 5000

Melbourne

Thursday 24 May 2018

12.30pm – 1.30pm

Melbourne Convention & Exhibition

Centre, 1 Convention Centre Place

South Wharf VIC 3006

\*Dates and venues are subject to change. Please visit [www.futuregeninvest.com.au](http://www.futuregeninvest.com.au) for the latest updates.

# Key Highlights FY2017

## RECORD PROFIT BEFORE TAX

**\$27.2m**

## PORTFOLIO PERFORMANCE

**14.3%**

## SAVINGS ON MANAGEMENT FEES, PERFORMANCE FEES & SERVICES FOREGONE

**\$7.1m**

## INCREASED FULL YEAR FULLY FRANKED DIVIDEND

**4.4 cps**

### Summary of FY2017 results

The Company reported a record operating profit before tax of \$27.2 million for the year ended 31 December 2017 (2016 transitional period: \$2.7 million) and a record operating profit after tax of \$22.3 million (2016 transitional period: \$2.0 million). Total comprehensive income, including unrealised gains on investments was \$39.4 million for the year (2016 transitional period: \$7.5 million).

The increase in operating profit and total comprehensive income on the corresponding period is due to the solid performance of the investment portfolio during the 12 months to 31 December 2017 and the change in the Company's reporting period in the previous financial year.

In November 2016, the Company announced a change in its financial year end from 30 June to 31 December to better align the reporting periods of the Company to the underlying fund manager distributions. This report covers the 12 month period from 1 January 2017 to 31 December 2017. The comparative data in this report is for the transitional six month period from 1 July 2016 to 31 December 2016.

For the year ended 31 December 2017 the investment portfolio continued to deliver solid performance, increasing 14.3% and outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 12.5%. Since inception the investment portfolio has increased 10.6% per annum, outperforming the benchmark by 3.2%. The continued outperformance of the investment portfolio has been achieved with less volatility as measured by standard deviation, 6.7% versus the market's 11.5%.

The Board declared a fully franked full year dividend of 4.4 cents per share, an increase of 4.9% on the previous year with the fully franked final dividend being 2.2 cents per share.

### Snapshot as at 31 December 2017

ASX code	FGX
Listing date	Sept 2014
Gross assets	\$433.9m
Market capitalisation	\$410.2m
Net Tangible Assets (pre-tax)	\$1.23
Share price	\$1.17
Shares on issue	350,578,294
Annual charity donation (% of NTA)	1.0%
Management fees	0.0%
Performance fees	0.0%
Full year fully franked dividend	4.4 cents
Fully franked dividend yield	3.7%

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# Chairman & Chief Executive Officer's Letter

Dear Fellow Shareholders,

We would firstly like to thank you for your continued support of Future Generation Investment Company Limited (FGX or the Company) during the year ended 31 December 2017 and for being part of the Company's innovative approach to wealth creation which demonstrates that both shareholder and social returns can be achieved together.

In 2017, the Company achieved a record operating profit before tax of \$27.2 million and a record operating profit after tax of \$22.3 million. Total comprehensive income, including unrealised gains on investments for the year was \$39.4 million representing the solid performance of the investment portfolio during the year.

The Board is pleased to announce a fully franked final dividend of 2.2 cents per share, bringing the full year fully franked dividend to 4.4 cents per share, an increase of 4.9% on the previous year. The final dividend continues to support the Company's goal of delivering on its investment objectives of providing a stream of fully franked dividends to shareholders, while protecting their capital and delivering capital growth.

We would like to thank our participating fund managers for continuing to deliver solid risk-adjusted returns for shareholders. For the year ended 31 December 2017 the investment portfolio increased 14.3%, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 12.5%. Since inception the investment portfolio has increased 10.6% per annum, outperforming the benchmark by 3.2%. The investment portfolio continued to outperform the benchmark in all negative months during the year and in 93% of down months since inception in September 2014.

We were excited in October 2017 to deliver our third annual investment of \$3.8 million to charities with a focus on children and youth at risk, a 67.5% increase from the previous year's donation of \$2.3 million. This was made possible by the generosity and support of our fund managers and leading service providers. We are currently on track to deliver a fourth annual investment of \$4.1 million for payment in October 2018.

## Investment Objectives

The Company's primary investment objectives are to provide shareholders with a growing stream of fully franked dividends, achieve long-term capital growth and preserve shareholder capital. The Company has provided shareholders with diversified exposure to Australian equities. During the year, the Company invested its capital with the following Australian equity fund managers: Paradice Investment Management, Regal Funds Management, Wilson Asset Management, Watermark Funds Management, Bennelong Australian Equities Partners, Eley Griffiths Group, Cooper Investors, Tribeca Investment Partners, Sandon Capital, Bennelong Long Short Equity Management, ARCO Investment Management, L1 Capital, Vinva Investment Management, CBG Asset Management, Discovery Asset Management, LHC Capital, Centennial Asset Management, Smallco Investment Manager and Lanyon Asset Management.

## Investment Portfolio

The investment portfolio of the Company has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, market neutral 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 companies. As at 31 December 2017, the portfolio was 45.4% long equities exposure, 37.9% absolute bias exposure, 13.5% market neutral exposure and 3.2% cash.

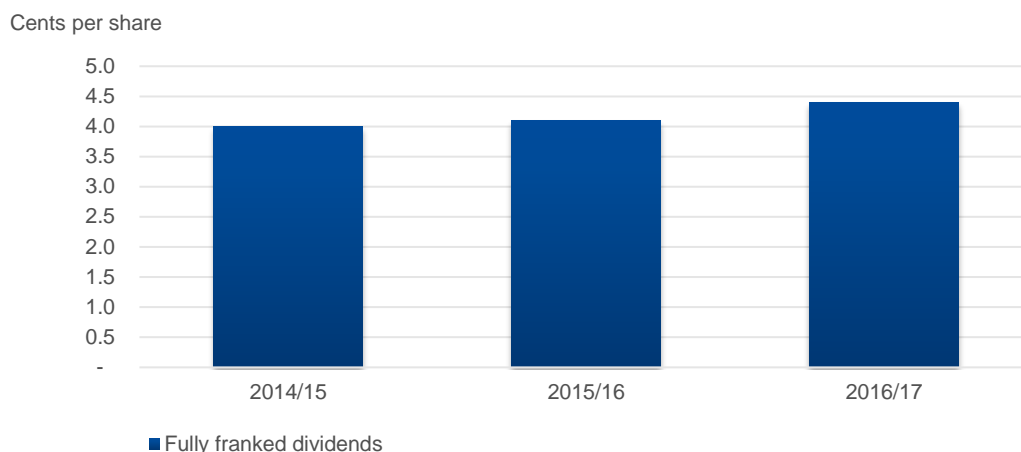
The investment philosophy is built on the establishment and maintenance of a diversified portfolio of investments. By having a number of different fund managers, the Company has access to a range of investment styles and strategies. The Company believes that the diversification of the portfolio is important in managing and mitigating risk. The investment portfolio was made up of 19 fund managers with investments in 22 unlisted unit trusts as at the end of the year.

## Dividends

The Board was pleased to announce a fully franked final dividend of 2.2 cents per share, bringing the full year fully franked dividend to 4.4 cents per share. The dividend will be paid on 27 April 2018 and the Company will trade ex-dividend on 12 April 2018. The Board is committed to providing a stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices.

# Chairman & Chief Executive Officer's Letter

## Fully franked dividends since inception



## Charitable objectives

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 at risk.

The Company provides shareholders with unprecedented access to leading Australian 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 at risk charities each financial year.

The Company has partnered with 14 designated charities that provide a significant benefit to Australia's children and youth at risk. These charities are: Act For Kids, Australian Children's Music Foundation, Australian Indigenous Education Foundation, DEBRA Australia, Diabetes Kids Fund, Giant Steps, Kids Helpline, Lighthouse Foundation, Mirabel Foundation, Raise Foundation, United Way Australia, Variety, Youth Focus and Youth Off The Streets.

## Investing in our future generations

In October 2017, the Company made its third annual investment of \$3.8 million in programs to protect and support children and youth at risk. Of this, \$3.0 million was allocated to the 14 designated charities with the remaining \$0.8 million invested with other charities with Australian deductible gift recipient (DGR) status as nominated by shareholders holding 1 million or more shares. As at 31 December 2017, the Company is on track to deliver its fourth annual investment of approximately \$4.1 million for payment in October 2018. This would bring the total charitable investment since inception to \$11.8 million.

## Fund managers and service providers

We would like to again thank the fund managers and service providers for their outstanding and continued generosity. This generosity has allowed the Company to support its designated charities and other not for profit organisations. The value of the fund managers' foregone management and performance fees for the year ended 31 December 2017 totalled \$6.4 million and the estimated value of the leading service providers working for the Company on a pro bono basis, totalled \$0.7 million.

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

**Jonathan Trollip, Chairman**

Dated in Sydney this 28<sup>th</sup> day of February 2018

**Louise Walsh, Chief Executive Officer**

# Investment Committee Report

FGX provides investors with exposure to a highly diversified portfolio managed by Australian fund managers that have a proven ability to outperform the market and their peers over the long term. The Investment Committee is responsible for selecting and reviewing fund managers to ensure this criterion is always met.

The investment portfolio is highly diversified in terms of managers and investment strategies, providing shareholders with solid risk-adjusted returns through market cycles. The Investment Committee has selected 19 fund managers with investments in 22 unlisted unit trusts that employ three broad investment strategies: long equities, absolute bias and market neutral. A number of the underlying funds are closed to all new investors or closed to retail investors.

The Investment Committee comprises Geoff Wilson AO (Chairman), Matthew Kidman, Gabriel Radzynski, Bruce Tomlinson and David Smythe.

## Investment Portfolio Performance

The investment portfolio again delivered solid outperformance in the 2017 financial year. The investment portfolio increased 14.3% while the S&P/ASX All Ordinaries Accumulation Index rose 12.5%. Since inception the investment portfolio has increased 10.6% per annum, outperforming the benchmark by 3.2%. The continued outperformance has been achieved with less volatility than the market.

Performance at 31 December 2017	6 months	1 yr	3 yrs %pa	Since inception %pa (Sept-14)	Volatility (% standard deviation)
FGX Investment Portfolio*	10.5%	14.3%	11.8%	10.6%	6.7%
S&P/ASX All Ordinaries Accumulation Index	9.3%	12.5%	9.2%	7.4%	11.5%
<b>Outperformance</b>	<b>+1.2%</b>	<b>+1.8 %</b>	<b>+2.6%</b>	<b>+3.2%</b>	

\*Investment performance and Index returns are before expenses and taxes.

## Investment strategy allocation

### Long equities

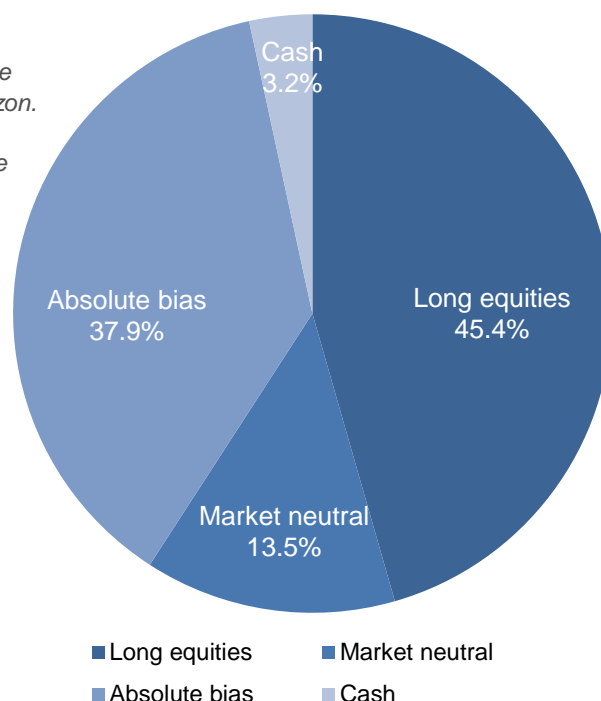
Investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange. The long equities portion of the portfolio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

### Absolute bias

An investment strategy that seeks to generate returns, irrespective of the performance of traditional asset classes. These strategies use innovative investment techniques (including but not limited to short selling and leveraging) to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

### Market neutral

An investment strategy that generally involves the simultaneous purchase and sale of equities, to generate returns that are not linked to the performance of underlying equity markets.



### Geoff Wilson AO

Chairman of the Investment Committee and Director

Dated in Sydney this 28<sup>th</sup> day of February 2018

# Investment Committee Report

## Fund manager summary and investments at market value as at 31 December 2017

Fund Manager	Investment	Strategy	\$ Value	% of Gross Assets
Paradice Investment Management	<i>Mid/Large Cap Funds (split out below)</i>		49,992,297	11.5%
	Paradice Mid Cap Fund – B Class	Long equities	28,076,502	6.5%
	Paradice Large Cap Fund	Long equities	21,915,795	5.0%
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	46,377,834	10.7%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	43,622,179	10.0%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	37,929,571	8.7%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	31,245,889	7.2%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	30,824,634	7.1%
Eley Griffiths Group	<i>Small/Emerging Companies Funds (split out below)</i>		29,055,374	6.7%
	Eley Griffiths Group Small Companies Fund	Long equities	25,088,873	5.8%
	Eley Griffiths Group Emerging Companies Fund	Long equities	3,966,501	0.9%
L1 Capital	<i>Long Short/Aus Equities Funds (split out below)</i>		24,811,698	5.7%
	L1 Capital Long Short Fund – Retail Class	Absolute bias	13,967,515	3.2%
	L1 Capital Australian Equities Fund	Long equities	10,844,183	2.5%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	22,831,185	5.3%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	18,566,151	4.3%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	14,610,407	3.4%
ARCO Investment Management	ARCO Investment Management (Optimal Australia) Absolute Trust	Market neutral	12,881,905	3.0%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	10,742,562	2.5%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	10,652,295	2.5%
Discovery Asset Management	Discovery Australian Small Companies Fund	Long equities	9,657,409	2.2%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	7,540,393	1.7%
Centennial Asset Management	The Level 18 Fund	Absolute bias	7,314,545	1.7%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	6,623,150	1.5%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	4,747,488	1.1%
			<b>420,026,966</b>	
	Cash and Term Deposits	Cash	9,796,377	2.3%
	Distributions, Interest and Rebates receivable		4,042,570	0.9%
	<b>Gross Assets</b>		<b>433,865,913</b>	

# Charity Report

We are proud to support our 14 designated charities that work tirelessly to improve the lives of Australian children and youth at risk. The outstanding generosity of the fund managers, as well as the pro bono support of our service providers, allows the Company to make an annual investment of 1.0% of its average monthly net tangible assets to these charities focused on programs to protect and support children at risk each year.

During August 2017, shareholders voted their charitable allocation and we were thrilled by the response. Thank you all 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 Company is currently on track to deliver a fourth annual investment of \$4.1 million for payment in October 2018.

## The FY2017 allocations to each charity are:

Designated Charity	FY17 Donation	FY16 Donation
Act for Kids	\$186,149	\$122,524
Australian Children's Music Foundation	\$267,477	\$119,230
Australian Indigenous Education Foundation	\$238,854	\$138,967
DEBRA Australia	\$186,381	\$126,422
Diabetes Kids Fund	\$187,165	\$114,060
Giant Steps	\$218,473	\$163,979
Kids Helpline	\$192,991	\$120,897
Lighthouse Foundation	\$378,773	\$215,081
Mirabel Foundation	\$212,292	\$120,261
Raise Foundation	\$197,827	\$116,352
United Way	\$195,154	\$112,221
Variety	\$182,617	\$115,566
Youth Focus	\$185,685	\$115,951
Youth Off The Streets	\$225,858	\$136,455
Directed* to other Australian charities	\$632,684	\$164,997
Directed* to children and youth related charities	\$148,728	\$288,431
<b>TOTAL CHARITABLE ALLOCATION</b>	<b>\$3,837,108</b>	<b>\$2,291,394</b>

\*Directed by shareholders with 1 million or more shares. These shareholders have the ability to direct their donation voting allocation to any non profit organization of their choosing, provided the organisation has Deductible Gift Recipient (DGR) status.

# Charity Report

Information on the projects the designated charities undertook with monies from their allocation of the \$2.3 million annual investment in 2016, and progress to date for the year ended 31 December 2017, is detailed below. The investment was paid in October 2016:



**Act for Kids** is a charity that provides a range of free, targeted services to children and families to prevent and treat child abuse and neglect. In 2017 it delivered services to over 34,234 individuals (an increase of 58% on the year prior), 24,597 of whom were children (an increase of 69% on the year prior). The Company provided funding of \$122,524 in October 2016 to support the services of a Speech Pathologist and Psychologist in Adelaide and a Psychologist in Ipswich. In 2017, Act for Kids committed to achieving an average of 20% improvement in children's wellbeing across both regions. An overall improvement of 69% was achieved, meaning that the majority of the 54 children who completed therapy in Adelaide and Ipswich would be experiencing significantly improved development and emotional wellbeing, better relationships and a greater sense of identity. The demand for specialist therapy services for children in both these regions continues to grow and outstrips capacity to meet need, with a waitlist of 25 children in Adelaide and 40 in Ipswich. As a result of the demonstrated need for services in these regions, Act for Kids has used the increased funding from the Company to augment the provision of services in both regions.

Website: [www.actforkids.com.au](http://www.actforkids.com.au)



**Australian Children's Music Foundation (ACMF)** provides free, long term music programs and instruments to disadvantaged children across Australia to inspire creativity and imagination and to nurture self-esteem and confidence. Programs are delivered in disadvantaged schools, juvenile justice centres and children's hospitals. The Company's funding of \$119,230 for 2017 was directed to Taree Group Schools on the mid north coast of NSW and the Sunshine Group Schools in West Melbourne. Nine specialist music teachers were employed to deliver the program over 12 schools, with 1,716 children participating in free music lessons over the year. The Company funded music programs not only directly improved attendance, self-confidence, creativity and teamwork but also indirectly resulted in improvements in general curriculum learning through increased engagement with schooling.

Website: [www.acmf.com.au](http://www.acmf.com.au)



**Australian Indigenous Education Foundation (AIEF)** provides scholarships that enable young Indigenous people to attend leading Australian schools and universities. It also provides mentoring and career support to ensure students make a successful transition from school to further studies or employment and productive and fulfilling careers. AIEF currently supports more than 500 secondary and tertiary scholars and a network of over 500 scholarship graduates. Students supported by AIEF Scholarships achieve a 94% retention and Year 12 completion rate, and 94% of graduates are engaged in career pathways such as university study and full-time employment. The average cost of an AIEF Scholarship is \$20,000 per student per annum, with scholarships offered at 32 partner schools and at universities nationwide. The Company's investment of \$138,967 received in October 2016, created scholarship opportunities for young Indigenous Australians, empowering them to build a brighter future for themselves and for the nation.

Website: [www.aief.com.au](http://www.aief.com.au)

# Charity Report



**DEBRA Australia** supports children and youth living with Epidermolysis Bullosa (EB) and their families. EB causes the skin to blister and peel at the slightest touch. Patients must be bandaged every day with dressings to protect and medicate their wounds. Many secondary complications can occur, with cancer often cutting short precious lives. Dressing change regimes can take up to three hours per session. There are an estimated 1,000 Australians living with this rare disease.

The Company's investment of \$126,422 for 2017 funded EB nurses who provided coordinated specialised care to meet family needs on a national basis. A new part time position was commenced in July 2017 at the Royal Melbourne Hospital to support transition of patients and families going from the paediatric to adult setting. This position complements the nurses based in Brisbane, Sydney and Melbourne. As of July 2017, the Queensland Government now fund the Brisbane paediatric nurse after seven years from commencement of the position. The Company's funding also enabled four nurses to attend the DEBRA International conference held in November 2017 in New Zealand to upskill and network. The EB Nurses coordinate care for EB patients via EB Clinics and home visits, liaising with specialists as required and make sure necessary clinical tests are conducted regularly. In-home EB nurses are also being funded in four states to carry out gruelling dressing changes to further support families.

Website: [www.debra.org.au](http://www.debra.org.au)



**Diabetes Kids Fund** provides services for children living with non-preventable type 1 diabetes. Managing this dangerous condition requires daily insulin injections and "round-the-clock" blood glucose monitoring. There are 11,183 children aged 18 and under with type 1 diabetes in Australia. Each year, there are 400 newly diagnosed children with type 1 diabetes and almost 1,000 diabetes-related hospitalisations for children aged 0-14 in NSW alone.

The Company contributed \$114,060 to the Safe Kids Initiative for 2017. Funds enabled the delivery of nine Schools Training Workshops to educate teachers to effectively manage children with type 1 diabetes, and the distribution of an As1 Resource Kit to every newly diagnosed child in NSW & ACT. Early stage feedback on these workshops has been positive and constructive and has helped to improve the design for 2018. 91% of the 300 participants reported that their attendance would positively affect their confidence in supporting a child with type 1 diabetes in their classroom.

Funds also enabled the running of the pilot Carers Workshop for non-parental carers of children with type 1 diabetes. This enables parents to leave their child with a carer – a relative, friend or babysitter, confident that they can manage their child's condition. Importantly, this allows parents to have some respite in what is otherwise a 24/7 responsibility. This workshop comprised presentations and demonstrations by a Credentialed Diabetes Educator, Accredited Dietician and Exercise Physiologist.

Website: <http://diabetesnsw.com.au/your-community/diabetes-kids-fund/>

# Charity Report



**Giant Steps** was established in 1995 for children and young people with autism. Giant Steps operates an early intervention program, a school-aged program, a college for young adults with autism as well as outreach and training programs. It operates in Sydney and Melbourne and does not charge fees. The cost per student at Giant Steps Sydney is \$90,000 per annum. There are currently 93 students with autism at the Sydney school.

The Company's funding of \$163,979 for 2017 contributed to improving communication for 90 individuals with autism who are often non-verbal. This project has focused on decreasing the frustration that many students with autism experience when they are unable to successfully communicate by increasing the appropriateness of their communication using multi-modal means such as picture or object exchange, gesture, speech, written text and/or text/picture to speech output devices (such as an iPad). Strategies to support students to utilise these more appropriate means of communication have been implemented within each student's educational program, and continue to evolve and change based on the learning profile of the student at any particular point in time. Students' progression towards their communication goals has been occurring at different rates, as would be expected given the unique learning profile of each student, and has been measured according to their individual Goal Attainment Scale. Giant Steps is pleased with the progress each student is making and aims to roll out the program in Melbourne in 2018.

Website: [www.giantsteps.net.au](http://www.giantsteps.net.au)



**Kids Helpline (KHL)** is Australia's only free, private and confidential 24 hour, seven days a week phone and online professional counselling service for young people aged five to 25. KHL has responded to more than 7.5 million contacts over 26 years. Young people contact KHL about anything, from relationships with friends and family and school worries, through to homelessness, child abuse, body image, mental health, self-injury and suicide.

Thanks to the Company's funding of \$120,897 for 2017, KHL developed and launched KHL Circles, a world-first, evidence-based national social networking platform for the group counselling of 13-25 year old young people experiencing mental health issues, including self-harm and thoughts of suicide. Created in partnership with The University of Sydney, the 'Circles' platform provides a safe and private social networking opportunity that offers a counsellor-led series of education modules for young people at risk whilst also encouraging group members to share their experiences with each other and seek support. KHL is on-target to exceed the goal of supporting 150 young people at risk annually during KHL Circles' development stages. Feedback to date shows young people have benefitted from this unique platform with 31% of participants in 2017 reporting improvements in their anxiety or depression symptoms. Some young people disclosed to the KHL Circles group risks not disclosed to their counsellors, enabling KHL to take action to protect these young people from physical and sexual abuse, and suicide. KHL Circles has taught KHL a tremendous amount about how to provide an engaging purpose built social networking experience for young people and what benefits those who have not previously engaged in online counselling. In 2018, KHL will evolve KHL Circles' modules and engagement strategies in response to what it's learnt to support more young people at risk.

Website: [www.kidshelpline.com.au](http://www.kidshelpline.com.au)

# Charity Report



**Lighthouse Foundation** aims to end youth homelessness. It operates 10 homes in Victoria to support homeless people aged 15-22 from backgrounds of long-term neglect and abuse. Two of the homes support young mothers with babies. Each home has two live-in carers who provide 24/7 support. A specialist clinical team support the carers with intensive training and supervision. A program supporting younger children who have experienced difficulties in securing stable foster care placements has also been introduced. Frequent placement breakdown in out-of-home-care is a key risk factor for later youth homelessness.

Lighthouse also provides a clinic for long-term counselling, a case management service for education and employment, an outreach program and an Institute, which is a training and consultancy business. The Company's funding of \$215,081 received in October 2016 was used to deliver Lighthouse's Therapeutic Family Model of Care for 50 young homeless people in Victoria in 2017. Lighthouse staff have trauma-informed care training and provide long-term 24/7 residential care, which is distinct from other homelessness organisations which focus on providing food and emergency shelter.

Lighthouse's unique Model of Care involves a commitment for long term aftercare support after the transition is made to independent living. This prevents a return to homelessness in times of crisis. Another key feature is the local Community Committees of volunteers who support each suburban home and help re-connect the formerly homeless young people within the community, including to local schools and clubs.

Lighthouse returns \$12 of social value for every dollar invested in it. The cost to society ranges from \$350,000 to \$1.1 million per person over a lifetime if the cycle is not broken.

Website: [www.lighthousefoundation.org.au](http://www.lighthousefoundation.org.au)

**Mirabel Foundation** assists children in Victoria and NSW who have been orphaned or abandoned due to their parents' drug use and who live in the care of extended family. Mirabel currently supports more than 1500 children aged 0-17 years. Nine new children are referred to Mirabel each week. The Company's funding of \$120,261 for 2017 has enabled Mirabel to expand our programs to cater for the increasing number of children requiring support. With the Company's support, Mirabel has enhanced the protective factors such as community, school attendance and family relationships amongst over 550 young people. These improved circumstances ultimately contribute to breaking the intergenerational cycle of drug use and disadvantage for children who have been orphaned or abandoned due to parental drug use. Mirabel empowers them to identify their potential and plan for a positive future.

Website: [www.mirabelfoundation.org.au](http://www.mirabelfoundation.org.au)

# Charity Report



**Raise Foundation** is creating thriving communities by empowering young people to become resilient, capable and connected. Raise does this by providing best practice youth mentoring programs in high schools across Australia. Raise was founded in 2008 in Sydney, and is now extended across five states.

Over the past nine years, Raise has trained more than 2,400 volunteers to be professional accredited mentors and matched more than 3,400 young people to receive face-to-face mentoring for an hour a week in school term time. In 2017, Raise mentoring programs supported 986 young people across 76 mentoring programs. In 2018 Raise will train an additional 800 volunteer mentors and retain over 300 experienced mentors, to benefit another 1,100 mentoring matches annually.

Young people in Australia are struggling. One in 10 are completely disengaged from school, one in four have a mental health issue, more young people die by suicide than by any other cause, and yet only 32% of young Australians will visit a School Counsellor for help. Having one confiding relationship with a trusted adult is one of the single best predictors of psychological health and wellbeing for young people who face adversity. This is why Raise exists.

With the Company's funding of \$116,352 for 2017, Raise's Ismo program (In School Mentoring Opportunity) has been supported across 61 high schools. The Company's investment has enabled Raise to accept 10 new high schools off its waitlist enabling accredited mentors to support 150 young people to build resilience, learn coping strategies, improve relationships, set and achieve goals, engage with education and become employment ready. Most of all, the young people have learned to identify a trusted adult to ask for help. Raise's goal is to offer this program to all 1,300 public secondary schools across Australia.

Website: [www.raise.org.au](http://www.raise.org.au)



**United Way Australia's (UWA's)** vision is that every Australian community thrives. UWA believe that the postcode someone is born into should not shape their destiny, and that to shift the needle of disadvantage, individuals, families, community, organisations, government and civil society must come together and act to support change. One in five Australian children starts school developmentally vulnerable, however in communities experiencing disadvantage this can be one in three children. UWA understand the importance of early childhood initiatives for children, and work in collaboration to improve outcomes and improve school readiness.

The Company's contribution of \$112,221 for 2017 enabled UWA to support 1050 children aged 0-5 years in Acacia Ridge (QLD), Doveton (VIC), Mount Druitt (NSW) and children living in Out of Home Care in Victoria, to access our early literacy initiative. Receiving monthly free books to their homes, and parent resources, these children have been given the support to develop critical pre-literacy skills which are foundational to learning success when they enter school.

An evaluation of this program illustrates its impact with 84% of parents reporting that the program has changed their reading habits for the better, that 71% of children engaged in the program now ask to be read to at least once a day, and that 80% of parents use the books provided through the program to help teach their children.

Website: [www.unitedway.com.au](http://www.unitedway.com.au)

# Charity Report



**Variety - the Children's Charity of Australia** believes all Australian children deserve a fair go. Variety is dedicated to assisting Aussie children living with a disability or chronic illness or facing financial hardship and geographic isolation by providing grants, scholarships and services to directly help children and run programs and events to educate, empower and bring joy to children in need and their families.

The Company's investment for 2017 was \$115,566. This generosity has assisted 34 children through the 2017 National Scholarships Program. Outcomes for children included increased feelings of personal value and empowerment to develop in their chosen area, reduced financial stress on the family and new social connections reducing isolation and improving self-esteem.

Moving forward, the Company's funds will allow Variety to deliver a high-impact behavioural change and education program that supports and drives social inclusion of children with a disability. Each year over 14,000 students will participate in the Variety Just Like You program across 100 schools throughout Sydney, Central Coast, Newcastle and ACT. This program focuses on building students' knowledge, skills and self-efficacy around interacting with children with a disability. It also aims to positively affect their beliefs and attitudes. As a result of this impact, Variety hopes to achieve greater levels of inclusion and acceptance, lower levels of bullying and exclusion, and in the long-term better health and social outcomes for children with a disability.

Website: [www.variety.org.au](http://www.variety.org.au)



**Youth Focus** is a unique independent for-purpose organisation that works to prevent youth suicide in Western Australia. It operates with a team of highly skilled psychologists, social workers and occupational therapists to provide a range of early intervention mental health services free of charge to 12-25 year olds and their families.

Each year, Youth Focus cares for more than 2,800 young people who are struggling with depression, anxiety, self-harm and thoughts of suicide.

Every week in Western Australia, at least one young person is lost to suicide. In October 2016, Youth Focus received funding of \$115,951, which was used to provide 1,440 counselling sessions through the provision of 1.5 full time equivalent Youth Focus counsellors based at its Burswood office in Perth. These counsellors provided intensive, life-changing face-to-face counselling from the office and at a number of metropolitan schools, and are an invaluable resource to vulnerable young people in the community.

Website: [www.youthfocus.com.au](http://www.youthfocus.com.au)

# Charity Report



**Youth Off The Streets (YOTS)** is a non-denominational organisation working for young people who may be facing challenges of homelessness, drug dependence, and/or recovering from abuse. Aboriginal young people are over-represented in every service YOTS operates, so it is incredibly important that YOTS offers culturally appropriate services.

Thanks to the Company and its investment of \$136,455 for 2017, YOTS is delivering the Aboriginal Cultural Connections Program. This program has provided young people with the opportunity to participate in a variety of activities including cultural events and camps, dance and music programs, art workshops and more. Through the Stepping Stone Dance Program alone, during 2017, YOTS has helped 12 young people learn more about their culture through song and dance, body art, costume design and much more. This is very significant because connecting Aboriginal young people with their culture and elders, and helping them foster a sense of pride in their culture, greatly benefits the wellbeing of communities and individuals.

The program has also provided mentoring and court support to address the growing rates of over-representation in the court system of Aboriginal young people. During 2017, 17 young people have been provided with court support over 44 sessions. The outcome of this is the cohort being half as likely to reoffend as compared to the NSW Reoffending Database.

Website: [www.youthoffthestreets.com.au](http://www.youthoffthestreets.com.au)

# Directors' Report to Shareholders

For the year ended 31 December 2017

The Directors present their report together with the financial report of Future Generation Investment Company Limited for the year ended 31 December 2017.

## Principal Activity

The principal activity of the Company is to invest in funds managed by a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies while also contributing to Australian children and youth at risk charities.

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 these fund managers, as well as the pro bono support of various service providers allows the Company to donate 1.0% of its average monthly net tangible assets each year to Australian charities with a focus on children and youth at risk.

There was no significant change in the nature of the activity of the Company during the year or is likely in the future.

## Significant Changes in State of Affairs

In November 2016, the Company announced a change in its financial year end from 30 June to 31 December to better align the reporting periods of the Company to the underlying fund manager distributions. This report covers the 12 month period from 1 January 2017 to 31 December 2017. The comparative data in this report is for the six month transitional period from 1 July 2016 to 31 December 2016.

There were no other significant changes in the state of affairs of the Company during the year ended 31 December 2017.

## Operating and Financial Review

The Company reported a record operating profit before tax of \$27.2 million for the year ended 31 December 2017 (2016 transitional period: \$2.7 million) and a record operating profit after tax of \$22.3 million (2016 transitional period: \$2.0 million). Total comprehensive income, including unrealised gains on investments was \$39.4 million for the year (2016 transitional period: \$7.5 million). The increase in operating profit and total comprehensive income on the corresponding period is due to the solid performance of the investment portfolio during the 12 months to 31 December 2017 and the change in the Company's reporting period in the previous financial year.

Further information on the financial performance of the Company is contained in the Chairman and Chief Executive Officer's Letter on pages 1 to 2 of this report.

The Net Tangible Assets (NTA) before tax for each share as at 31 December 2017 was \$1.23 per share (2016: \$1.14 cents). The NTA after tax was \$1.21 per share (2016: \$1.14 cents).

## Dividends

Dividends paid or declared are as follows:

	\$
Fully franked 2017 interim dividend of 2.2 cents per share paid on 27 October 2017	7,692,603
Fully franked 2016 final dividend of 2.1 cents per share paid on 21 April 2017	7,321,760

Since the end of the year, the Company declared a final dividend of 2.2 cents per share fully franked to be paid on 27 April 2018.

## Financial position

The net asset value of the Company as at 31 December 2017 was \$423.9 million (2016: \$397.4 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 this report.

# Directors' Report to Shareholders

For the year ended 31 December 2017

## Directors

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

Jonathan Trollip	(Chairman)
Gabriel Radzynski	(Non-Executive Director)
Geoff Wilson AO	(Non-Executive Director)
David Leeton	(Non-Executive Director)
David Paradice AO	(Non-Executive Director)
Scott Malcolm	(Non-Executive Director)
Kate Thorley	(Non-Executive Director)
Paul Jensen	(Non-Executive Director) (Resigned 22 February 2017)

## Information on Directors

### Jonathan Trollip (Chairman)

#### Experience and expertise

Jonathan Trollip has over 30 years legal and commercial global experience and is currently a professional non-executive director. Prior to that Jonathan was a principal of Sydney based finance group Meridian International Capital Limited and before that a partner of Herbert Smith Freehills (previously Freehills) whom he joined after qualifying and working as a lawyer in London. Jonathan has post graduate degrees in Economics and Law, is a Fellow of the Australian Institute of Company Directors and has been admitted to practice as a solicitor in England and Australia.

Jonathan Trollip has been Chairman of the Company since October 2013.

#### Other current directorships

Jonathan Trollip is Chairman of Antipodes Global Investment Company Limited, Global Value Fund Limited, Plato Income Maximiser Limited, Spheria Emerging Companies Limited and Spicers Limited, a non-executive director of Kore Potash Limited and Propel Funeral Partners Limited and holds a number of private company directorships in the commercial and not-for-profit sectors.

#### Former directorships in the last 3 years

Jonathan Trollip has not resigned as a director from any listed companies within the last three years.

#### Special responsibilities

Chairman of the Board.

#### Interests in shares of the Company

Details of Jonathan Trollip's interests in shares of the Company are included later in this report.

#### Interests in contracts

Jonathan Trollip has no interests in contracts of the Company.

### Gabriel Radzynski (Non-Executive Director)

#### Experience and expertise

Gabriel Radzynski has been involved in the financial services sector for almost 20 years. He is Managing Director of Sandon Capital Pty Limited, a funds management and advisory firm specialising in activist investing. Sandon Capital Pty Limited is the investment manager of two wholesale managed investment schemes and a listed investment company.

Gabriel Radzynski has been a Director of the Company since October 2013.

#### Other current directorships

Gabriel Radzynski serves as Chairman of Sandon Capital Investments Limited, an executive director of Mercantile Investment Company Limited and a non-executive director of ASK Funding Limited.

# Directors' Report to Shareholders

For the year ended 31 December 2017

## **Gabriel Radzynski (Non-Executive Director) (continued)**

### **Special responsibilities**

Member of the Investment Committee.

### **Former directorships in the last 3 years**

Gabriel Radzynski was a director of Onthehouse Holdings Limited and Chesser Resources Limited.

### **Interests in shares of the Company**

Details of Gabriel Radzynski's interests in shares of the Company are included later in this report.

### **Interests in contracts**

Details of Gabriel Radzynski's interests in contracts of the Company are included later in this report.

## **Geoff Wilson AO (Founder and Non-Executive Director)**

### **Experience and expertise**

Geoff Wilson has over 37 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company and Future Generation Global Investment Company. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors. Geoff Wilson was awarded the Order of Australia in 2018 for distinguished service to the business and finance sectors, particularly in the field of asset management and investment, to professional financial bodies, and to the community as a supporter of charitable foundations.

Geoff Wilson has been a Director of the Company since July 2014.

### **Other current directorships**

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017) and the Australian Stockbrokers Foundation. He is the founder and a director of Future Generation Global Investment Company Limited (appointed May 2015) and a director of Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed September 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, 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**

Chairman of the Investment Committee.

### **Interests in shares of the Company**

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

### **Interests in contracts**

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

# Directors' Report to Shareholders

For the year ended 31 December 2017

## David Leeton (Non-Executive Director)

### Experience and expertise

David Leeton is the Chief Financial Officer of the Victor Smorgon Group. David chairs the Victor Smorgon Groups' investment board and is actively involved in all facets of the Groups' investments and philanthropy interests. David is directly responsible for the financial reporting, financing and treasury for the group. David holds a Bachelor of Business (Banking & Finance), a Graduate Diploma in Accounting and is a fully qualified CPA.

David Leeton has been a Director of the Company since April 2015.

### Other current directorships

David Leeton is a Trustee of the Victor Smorgon Charitable Fund, a director of the Victor Smorgon Scholarship Fund Pty Limited and Lighthouse Foundation.

### Former directorships in the last 3 years

None with listed entities.

### Special responsibilities

Chairman of the Audit and Risk Committee.

### Interests in shares of the Company

Details of David Leeton's interests in shares of the Company are included later in this report.

### Interests in contracts

David Leeton has no interests in contracts of the Company.

## David Paradise AO (Non-Executive Director)

### Experience and expertise

David Paradise founded Paradise Investment Management in 1999. Paradise Investment Management invests in equities around the world with offices in Australia and the USA. It is a privately owned company with a team of 35 people, including 15 investment specialists, with approximately \$16 billion funds under management. Paradise Investment Management manages four funds: Small Cap Australian Equities Fund, Mid Cap Australian Equities Fund, Large Cap Australian Equities Fund and Global Small Mid Cap Fund.

David holds a Bachelor of Commerce from the University of Sydney, a Diploma of Companies Directors from the Australian Institute of Companies Directors, a Diploma of Finance and Investment from the Securities of Australasia and a Professional Year from the Institute of Chartered Accountants Australia. He is a member of the Australian Institute of Company Directors, the Financial Securities Institute of Australasia and the Institute of Chartered Accountants Australia.

David Paradise has been a Director of the Company since April 2015.

### Other current directorships

None with listed entities.

### Former directorships in the last 3 years

David Paradise 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 David Paradise's interests in shares of the Company are included later in this report.

### Interests in contracts

Details of David Paradise's interests in contracts of the Company are included later in this report.

# Directors' Report to Shareholders

For the year ended 31 December 2017

## Scott Malcolm (Non-Executive Director)

### Experience and expertise

Scott Malcolm has over 25 years' experience in investment banking and corporate finance in Australia and the USA. He is Executive Chairman of the Sydney based corporate advisory firm, Greenstone Partners which he founded in 2003. Prior to Greenstone Partners, Scott was a director in Credit Suisse's investment banking department in Sydney. Scott has a Bachelor of Commerce (Hons) from Victoria University of Wellington, New Zealand and a Master of Business Administration from the William E Simon Graduate School of Business, Rochester, New York, USA.

Scott Malcolm has been a Director of the Company since April 2015.

### Other current directorships

None with listed entities.

### Former directorships in the last 3 years

Scott Malcolm was a non executive director of Coats Group plc from February 2012 to February 2015.

### Special responsibilities

Member of the Audit and Risk Committee.

### Interests in shares of the Company

Details of Scott Malcolm's interests in shares of the Company are included later in this report.

### Interests in contracts

Scott Malcolm has no interests in contracts of the Company.

## Kate Thorley (Non-Executive Director)

### Experience and expertise

Kate Thorley has over 13 years' experience in the funds management industry and more than 18 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, director of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited and WAM Microcap Limited. Kate is also joint Company Secretary of Future Generation Global Investment Company 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 Chartered Accountant. She is a graduate of the Australian Institute of Company Directors.

Kate Thorley has been a Director of the Company since April 2015.

### Other current directorships

Kate Thorley is a director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 2016) and WAM Microcap Limited (appointed March 2017).

### Former directorships in the last 3 years

Kate Thorley has not resigned as a director from any listed companies within the last three years.

### Special responsibilities

Member of the Audit and Risk Committee.

### Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

### Interests in contracts

Details of Kate Thorley's interests in contracts of the Company are included later in this report.

# Directors' Report to Shareholders

For the year ended 31 December 2017

## Information on Chief Executive Officer:

### Louise Walsh

#### Experience and expertise

Louise Walsh is the Chief Executive Officer of the Company and of Future Generation Global Investment Company Limited. Louise also works with Wilson Asset Management on its philanthropic initiatives. Louise is a senior executive with a strong mix of experience in the not-for-profit, government and private sectors. A former solicitor at Allens, she has spent most of her career in sport, arts and philanthropy. Louise was previously the CEO of Philanthropy Australia, the peak body for philanthropy in Australia. Louise is a board member of St Vincent's Curran Foundation and the City Recital Hall in Sydney.

## Information on Company Secretary:

### Mark Licciardo

#### Experience and expertise

Mark Licciardo is the founder and Managing Director of Mertons Corporate Services. A former company secretary of Top 50 ASX listed companies Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, administration and company secretarial. Mark is a Fellow of the Australian Institute of Company Directors, the Institute of Company Secretaries and Administrators and the Governance Institute of Australia. Mark is also the current Chairman of the Academy of Design Australia Pty Ltd and a former Chairman of the Governance Institute of Australia Victoria division and Melbourne Fringe Festival and a current director of a number of public and private companies.

## Members of the Investment Committee:

The experience and qualifications of the members of the Investment Committee at the end of the financial period, up to the date of this report are set out below:

### Geoff Wilson AO (Chairman)

Geoff Wilson is also a Director. Please refer to page 15 of the Directors' Report for details of Geoff's experience and qualifications.

### Gabriel Radzyninski

Gabriel Radzyninski is also a Director. Please refer to page 14 of the Directors' Report for details of Gabriel's experience and qualifications.

### Matthew Kidman

Matthew Kidman became Principal and Portfolio Manager of Centennial Asset Management Pty Limited in 2015. Previously, Matthew worked as a Portfolio Manager at Wilson Asset Management (International) Pty Limited for 13 years between 1998 and 2011. Matthew worked as a finance journalist at the Sydney Morning Herald between the years 1994 and 1998. In 1997 Matthew was made Business Editor of the paper and was charged with the responsibility of company coverage. Matthew has degrees in Law and Economics and a Graduate Diploma in Applied Finance.

### Bruce Tomlinson

Bruce Tomlinson is currently Portfolio Manager of Hedge Funds at Sunsuper in Sydney, a position he has held since October 2007. Previously Bruce was the Portfolio Manager, Australian Equities at Sunsuper from 2011 to 2014. Prior to this Bruce was a Statutory Fund Manager at AMP Capital Investors from August 1999.

### David Smythe

David Smythe is a Managing Partner and joint founder of Zenith Investment Partners, the research business he established in November 2002. David has been in the investment industry for over 23 years and is heavily involved in all aspects of the Zenith business, including managing research, model portfolio construction and participation in client investment committee meetings.

# Directors' Report to Shareholders

For the year ended 31 December 2017

## Remuneration Report

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 Chairman and the Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 31 December 2017, no Directors' fees were 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 year ended 31 December 2017, the Company paid LW Consulting Pty Limited a total of \$100,000 (plus GST) for services provided (2016: \$50,000 (plus GST) for the six months ended 31 December 2016). This payment is exclusive of \$10,000 (plus GST) in performance based remuneration paid during the year.

The term of the contract continues until March 2019 and will automatically be extended for successive periods of 12 months unless notice of termination is provided no less than three months before the due date for extension of the term.

### b) Director and Other Key Management Personnel Related Entities Remuneration

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

Geoff Wilson is a Director of Wilson Asset Management (International) Pty Limited, Investment Manager of Wilson Asset Management Equity Fund. Wilson Asset Management (International) Pty 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.

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

Gabriel Radzynski is Managing Director of Sandon Capital Pty Limited, Investment Manager of Sandon Capital Activist Fund. Sandon Capital Pty 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.

David Paradise is a Director of Paradise Investment Management Pty Limited which is the Trustee of the unregistered managed investment schemes Paradise Australian Mid Cap Fund and Paradise Large Cap Fund. Paradise Investment Management Pty 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.

Matthew Kidman is a Director of Centennial Asset Management, Investment Manager of The Level 18 Fund. Centennial Asset Management 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. Matthew Kidman is a member of the Investment Committee.

# Directors' Report to Shareholders

For the year ended 31 December 2017

## c) Equity Instruments Disclosures of Directors, Other Key Management Personnel and Related Parties

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:

Directors and Key Management	Balance at 31 December 2016	Acquisitions	Disposals	As at the date of this report
Jonathan Trollip	181,818	-	-	181,818
Geoff Wilson AO	7,230,566	301,977	-	7,532,543
Gabriel Radzyninski	37,744	1,455	-	39,199
David Paradise AO	1,000,000	-	-	1,000,000
David Leeton	309,364	-	-	309,364
Scott Malcolm	1,831,817	-	-	1,831,817
Kate Thorley	86,561	5,335	-	91,896
Louise Walsh	-	1,000	-	1,000

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 financial year end, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

For further details, please refer to Note 20 of the financial statements.

### - END OF REMUNERATION REPORT -

## Directors' Meetings

Director	No. eligible to attend	Attended
Jonathan Trollip	4	4
Geoff Wilson AO	4	1
Gabriel Radzyninski	4	4
David Paradise AO	4	3
David Leeton	4	4
Scott Malcolm	4	4
Kate Thorley	4	4

## Audit and Risk Committee Meetings

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance Statement on page 54 of the Financial Report.

Director	No. eligible to attend	Attended
David Leeton	3	3
Kate Thorley	4	4
Scott Malcolm	4	4

# Directors' Report to Shareholders

For the year ended 31 December 2017

## After Balance Date Events

Since the end of the year, the Company declared a fully franked final dividend of 2.2 cents per share to be paid on 27 April 2018.

No other matters or circumstances have arisen since the end of the year which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

## 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 market 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 Issues

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

## Indemnification and Insurance of Officers or Auditors

During the year, 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 or 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 year, 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 year.

## Non-Audit Services

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

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the period 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 & 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.

# Directors' Report to Shareholders

For the year ended 31 December 2017

## 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 23 of this Financial Report.

## Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors Report have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise indicated.

This report is made in accordance with a resolution of directors pursuant to section 298(2)(a) of the *Corporations Act 2001*.



**Jonathan Trollip**

Chairman

Dated in Sydney this 28<sup>th</sup> day of February 2018

# Independence Declaration

# Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	31 December 2017	6 months to 31 December 2016
		\$'000	\$'000
<b>Investment income from ordinary activities</b>			
Interest income		817	888
Distributions received		25,225	1,816
Investment management and performance fee rebates	3	5,585	2,198
		<b>31,627</b>	<b>4,902</b>
<b>Expenses</b>			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Charity donation accrual	5	(4,103)	(1,845)
Share registry transaction costs		(87)	(155)
Executive remuneration	20	(121)	(55)
Other expenses		(80)	(54)
Audit fees	7	(35)	(29)
CHESS fees		(25)	(18)
Amortisation expense		(5)	(2)
Tax fees	7	(4)	(2)
		<b>(4,460)</b>	<b>(2,160)</b>
<b>Profit before income tax</b>		<b>27,167</b>	<b>2,742</b>
Income tax expense	4	(4,917)	(728)
<b>Profit after income tax attributable to members</b>		<b>22,250</b>	<b>2,014</b>
<b>Other comprehensive income</b>			
<i>Items that will not be classified to profit or loss</i>			
Net unrealised gains on investments taken to equity, net of tax		17,162	5,522
<b>Other comprehensive income for the year, net of tax</b>		<b>17,162</b>	<b>5,522</b>
<b>Total comprehensive income for the year</b>		<b>39,412</b>	<b>7,536</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	16	6.37	0.66

*The accompanying notes form part of these financial statements.*

# Statement of Financial Position

As at 31 December 2017

	Notes	31 December 2017	31 December 2016
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	9,796	72,907
Trade and other receivables	8	4,048	2,171
Other current assets		22	22
<b>Total current assets</b>		<b>13,866</b>	<b>75,100</b>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	9	420,026	324,972
Deferred tax assets	4	1,028	1,219
Intangible assets		6	5
<b>Total non-current assets</b>		<b>421,060</b>	<b>326,196</b>
<b>Total assets</b>		<b>434,926</b>	<b>401,296</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	41	52
Charity donation accrual	5	2,100	1,845
Current tax liabilities	4	202	378
<b>Total current liabilities</b>		<b>2,343</b>	<b>2,275</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	4	8,650	1,649
<b>Total non-current liabilities</b>		<b>8,650</b>	<b>1,649</b>
<b>Total liabilities</b>		<b>10,993</b>	<b>3,924</b>
<b>Net assets</b>		<b>423,933</b>	<b>397,372</b>
<b>EQUITY</b>			
Issued capital	11	383,451	381,286
Investment reserves	12	44,263	19,867
Accumulated losses	12	(3,781)	(3,781)
<b>Total equity</b>		<b>423,933</b>	<b>397,372</b>

*The accompanying notes form part of these financial statements.*

# Statement of Changes in Equity

For the year ended 31 December 2017

	Notes	Issued capital	Investment reserves	Accumulated losses	Total equity
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2016</b>		248,036	19,287	(3,781)	263,542
Net profit for the year		-	-	2,014	2,014
Other comprehensive income, net of tax		-	5,522	-	5,522
<b>Transactions with owners:</b>					
Contributions of equity, net of transaction costs and tax	11	133,250	-	-	133,250
Dividends paid	6	-	(6,956)	-	(6,956)
Transfer to profits reserve	12	-	2,014	(2,014)	-
<b>Balance at 31 December 2016</b>		<b>381,286</b>	<b>19,867</b>	<b>(3,781)</b>	<b>397,372</b>
Net profit for the year		-	-	22,250	22,250
Other comprehensive income, net of tax		-	17,162	-	17,162
<b>Transactions with owners:</b>					
Contributions of equity, net of transaction costs and tax	11	2,165	-	-	2,165
Dividends paid	6	-	(15,016)	-	(15,016)
Transfer to profits reserve	12	-	22,250	(22,250)	-
<b>Balance at 31 December 2017</b>		<b>383,451</b>	<b>44,263</b>	<b>(3,781)</b>	<b>423,933</b>

*The accompanying notes form part of these financial statements.*

# Statement of Cash Flows

For the year ended 31 December 2017

	Notes	31 December 2017	6 months to 31 December 2016
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Interest received		1,047	674
Rebate income		95	672
Income taxes paid		(5,576)	(2,859)
Charity donation payment		(3,837)	(2,291)
Payments for other expenses		(336)	(248)
<b>Net cash used in operating activities</b>	14	<b>(8,607)</b>	<b>(4,052)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of financial assets		23,606	-
Payments for financial assets		(65,260)	(74,901)
<b>Net cash used in investing activities</b>		<b>(41,654)</b>	<b>(74,901)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options exercised		-	132,299
Dividends paid to the Company's shareholders (Net of dividend reinvestment plan and dividend donation plan)		(12,850)	(6,004)
<b>Net cash (used in)/provided by financing activities</b>		<b>(12,850)</b>	<b>126,295</b>
<b>Net increase in cash and cash equivalents</b>		<b>(63,111)</b>	<b>47,342</b>
Cash and cash equivalents at the beginning of the year		72,907	25,565
<b>Cash and cash equivalents at the end of the year</b>	13	<b>9,796</b>	<b>72,907</b>
<b>Non-cash investing and financing activities</b>	15	<b>30,851</b>	<b>14,640</b>

*The accompanying notes form part of these financial statements.*

# Notes to the Financial Statements

For the year ended 31 December 2017

## 1. General information

Future Generation Investment Company Limited (FGX or the Company) is a listed public company, incorporated and domiciled in Australia. The registered office is Level 11, 139 Macquarie Street, Sydney NSW 2000. The financial statements of the Company are for the year ended 31 December 2017.

The financial report was authorised for issue on 28 February 2018 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. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Company.

### (a) Basis of preparation

These general purpose financial statements for the year ended 31 December 2017 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 Company 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 November 2016, the Company announced a change in its financial year end from 30 June to 31 December to better align the reporting periods of the Company to the underlying fund manager distributions. This report covers the 12 month period from 1 January 2017 to 31 December 2017. The comparative data in this report is for the six month transitional period from 1 July 2016 to 31 December 2016.

# Notes to the Financial Statements

For the year ended 31 December 2017

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

### (iv) New standards and interpretations not yet adopted

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

### (b) Revenue recognition

Revenue is measured at the fair value of the 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 year they are incurred in accordance with the policies described in Note 2(g).

#### (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 the Statement of Comprehensive Income based on nominated interest rates available on the bank accounts held.

#### (iv) Other income

Investment management and performance fee rebates are recognised in the Statement of Comprehensive Income on an accruals basis.

### (c) 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.

# Notes to the Financial Statements

For the year ended 31 December 2017

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

### (c) Income tax (continued)

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.

### (d) Impairment of assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within three months or less.

### (f) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are stated at their amortised cost.

### (g) Investments and other financial assets

#### Classification

The Company has designated long-term investments 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 for financial assets carried at fair value through other comprehensive income are included as part of the initial measurement.

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.

# Notes to the Financial Statements

For the year ended 31 December 2017

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

### (g) Investments and other financial assets (continued)

#### Classification (continued)

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.

### (h) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

### (i) 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.

### (j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

### (k) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

### (l) Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue for the year ended 31 December 2017.

#### (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.

# Notes to the Financial Statements

For the year ended 31 December 2017

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

### (m) 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.

### (n) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

### (o) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial Reports) Instrument 2016/191, the amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise indicated.

### (p) Functional and presentation currency

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

### (q) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

### (r) Comparatives

Where necessary, comparative information has been reclassified to be consistent with current reporting period.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 3. Investment income from ordinary activities

As at 31 December 2017, the investment portfolio was invested with 19 fund managers in 22 unlisted unit trusts.

Where available, the Company has invested in unit classes that have zero management and performance fees. The unit trusts with a zero fee unit class are the Bennelong Long Short Equity Fund, Discovery Australian Small Companies Fund, LHC Capital Australia High Conviction Fund, ARCO Investment Management (Optimal Australia) Absolute Trust, Vinva Australian Equities Fund and L1 Capital Australian Equities Fund.

The aggregated amount of management and performance fees foregone by the unit trusts with a zero fee unit class for the year ended 31 December 2017 was to \$0.8 million (2016: \$0.3 million).

The remaining investments are made in unit trusts with fund managers that normally charge management and performance fees. These fund managers have rebated the fees charged. The aggregate amount of management and performance fees rebated to the Company was \$5.6 million for the year ended 31 December (2016: \$2.2 million).

The estimated value of the other pro bono services provided to the Company for the year, including the Board and Investment Committee working on a pro bono basis, totalled \$0.7 million (2016: \$0.3 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:

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Prima facie tax on profit before income tax at 30% (2016: 30%):	8,150	823
Franking credits on distributions received	(3,018)	-
Imputation credit gross up	905	-
Other non-assessable income	(281)	-
Over provision in prior year	(839)	(95)
<b>At reporting date</b>	<b>4,917</b>	<b>728</b>

Total income tax expense results in a:

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Current tax liability	4,661	554
Deferred tax liability	66	1
Deferred tax asset	190	135
Over provision in prior year	-	38
<b>At reporting date</b>	<b>4,917</b>	<b>728</b>
<b>The applicable weighted average effective tax rates are as follows:</b>	<b>18.1%</b>	<b>26.6%</b>

The effective tax rate reflects the benefit to the Company of franking credits received from trust distribution income during the year.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 4. Income tax (continued)

### (b) Deferred tax assets

	31 December 2017	31 December 2016
	\$'000	\$'000
Recapitalisation and capital raising costs	357	609
Provisions	671	610
<b>At reporting date</b>	<b>1,028</b>	<b>1,219</b>

### Movement in deferred tax assets:

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Balance at the beginning of the period	1,219	2,305
Charged to profit or loss	(191)	(135)
Charged to other comprehensive income	-	(819)
Charged to equity	-	(132)
<b>At reporting date</b>	<b>1,028</b>	<b>1,219</b>

### (c) Current tax liabilities

### Movement in current tax liabilities:

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Balance at the beginning of the period	378	2,783
Current year income tax expense on operating profit	4,661	554
Over provision in prior year	(395)	(100)
Income tax on realised gains on investments	614	-
Income tax paid	(5,576)	(2,859)
Expected FY2017 income tax return refund	520	-
<b>At reporting date</b>	<b>202</b>	<b>378</b>

### (d) Deferred tax liabilities

	31 December 2017	31 December 2016
	\$'000	\$'000
Timing differences on trust income accrued	123	57
Net unrealised gains on revaluation of investment portfolio	8,527	1,592
<b>At reporting date</b>	<b>8,650</b>	<b>1,649</b>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 4. Income tax (continued)

### (d) Deferred tax liabilities (continued)

Movement in deferred tax liabilities:

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Balance at the beginning of the period	1,649	56
Charged to profit or loss	66	1
Charged to other comprehensive income	6,935	1,592
<b>At reporting date</b>	<b>8,650</b>	<b>1,649</b>

## 5. Charity donation

In line with its stated objectives, the Company will donate a percentage of its assets to Australian charities with a focus on children and youth at risk. The donation is accrued monthly and is equal to 1.0% of the Company's average monthly net tangible assets. All donations are made to charities with Deductible Gift Recipient (DGR) status. The contribution represents a tax deduction for Company. The annual investment by the Company in supporting Australian children and youth at risk charities is detailed further in the Charity Report on page 5 of this report.

For the 12 months ended 31 December 2017, the amount recognised in the Statement of Comprehensive Income was \$4.1 million (2016 transitional period: \$1.8 million).

The Company paid its third annual donation of \$3.8 million in October 2017. The specific allocation to each charity was determined by shareholder votes and directions, with the Board distributing the undirected monies on a pro-rata basis between the designated charities.

As at 31 December 2017, the six month accrued commitment is \$2.1 million (December 2016: \$1.8 million).

## 6. Dividends

### a) Ordinary dividends paid during the year

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
2016 Final dividend: 2.1 cents per share fully franked at 30% paid 21 April 2017 (FY2016: 2.0 cents per share fully franked paid 21 October 2016)	7,322	6,956
2017 Interim dividend: 2.2 cents per share fully franked at 30% paid 27 October 2017	7,694	-
	<b>15,016</b>	<b>6,956</b>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 6. Dividends (continued)

### b) Dividends not recognised at year end

	31 December 2017	31 December 2016
	\$'000	\$'000
In addition to the above dividends, since the end of the year, the Board has declared a 2.2 cents per share fully franked final dividend which has not been recognised as a liability at the end of the financial year. This is based on the shares on issue as at 31 December 2017.	7,713	7,322

### c) Dividend franking account

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Opening balance of franking account	3,759	3,881
Franking credits on distributions received	4,188	-
Tax paid during the year	5,576	2,859
Franking credits on dividends paid	(6,435)	(2,981)
Closing balance of franking account	<b>7,088</b>	<b>3,759</b>
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 6 (b)	(3,306)	(3,138)
Adjusted franking account balance	<b>3,782</b>	<b>621</b>

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked distributions received from the fund managers and the payment of tax.

## 7. Remuneration of auditors

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

	31 December 2017	6 months to 31 December 2016
<b>Audit and other assurance services</b>	\$'000	\$'000
Auditing and reviewing the financial report	35	29
<i>Other assurance services</i>		
Taxation services	4	2
<b>Total remuneration for audit and other assurance services</b>	<b>39</b>	<b>31</b>

The Company's Audit & Risk Committee oversees the relationship with the Company's external auditors. The Audit & Risk Committee reviews the scope of the audit and review the proposed fee.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 8. Trade and other receivables

	31 December 2017	31 December 2016
	\$'000	\$'000
Distributions receivable	2,071	939
Manager fee rebate income receivable	1,944	963
Interest receivable	29	259
GST receivable	4	10
<b>Total trade and other receivables</b>	<b>4,048</b>	<b>2,171</b>

### Risk exposure

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

## 9. Financial assets at fair value through other comprehensive income

	31 December 2017	31 December 2016
	\$'000	\$'000
Financial assets at fair value through other comprehensive income	420,026	324,972

The market value of the investments as at 31 December 2017 is detailed on page 4 of this report.

## 10. Trade and other payables

	31 December 2017	31 December 2016
	\$'000	\$'000
Other payables	41	52

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and 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 2017	31 December 2016
	\$'000	\$'000
350,578,294 ordinary shares fully paid (2016: 348,655,173)	383,451	381,286

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.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 11. Issued capital (continued)

### (b) Movements in ordinary share capital

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Balance at the beginning of the period	381,286	248,036
1,008,628 ordinary shares issued on 21 April 2017 under a Dividend Reinvestment Plan	1,129	-
914,493 ordinary shares issued on 27 October 2017 under a Dividend Reinvestment Plan	1,036	-
120,272,266 ordinary shares issued from the exercise of options	-	132,299
848,865 ordinary shares issued on 21 October 2016 under a Dividend Reinvestment Plan	-	951
<b>At reporting date</b>	<b>383,451</b>	<b>381,286</b>

### (c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholder, share and option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the prior reporting period. The Company is not subject to any externally imposed capital requirements.

## 12. Investment reserves and accumulated losses

### (a) Investment reserves

	31 December 2017	31 December 2016
<b>Investment reserves</b>	<b>\$'000</b>	<b>\$'000</b>
Investment portfolio revaluation reserve	19,218	3,470
Investment portfolio realised losses reserve	1,411	(3)
Profits reserve	23,634	16,400
<b>Total investment reserves</b>	<b>44,263</b>	<b>19,867</b>

<b>Movements:</b>	31 December 2017	6 months to 31 December 2016
<b>Investment portfolio revaluation reserve</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	3,470	(2,052)
Net unrealised – net of tax	15,748	5,522
<b>At reporting date</b>	<b>19,218</b>	<b>3,470</b>
<b>Investment portfolio realised gains/(losses) reserve</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	(3)	(3)
Net realised – net of tax	1,414	-
<b>At reporting date</b>	<b>1,411</b>	<b>(3)</b>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 12. Investment reserves and accumulated losses (continued)

Movements:	31 December 2017	6 months to 31 December 2016
<b>Profits reserve</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	16,400	21,342
Transfer from retained earnings	22,250	2,014
2016 Final dividend paid (refer Note 6a)	(7,322)	(6,956)
FY2017 Interim dividend paid (refer Note 6a)	(7,694)	-
<b>At reporting date</b>	<b>23,634</b>	<b>16,400</b>

### (b) Accumulated losses

	31 December 2017	6 months to 31 December 2016
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	(3,781)	(3,781)
Net profit for the year	22,250	2,014
Transfer to profits reserve	(22,250)	(2,014)
<b>At reporting date</b>	<b>(3,781)</b>	<b>(3,781)</b>

## 13. Cash and cash equivalents

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

	31 December 2017	31 December 2016
	<b>\$'000</b>	<b>\$'000</b>
Cash at call	696	28,725
Term deposits	9,100	44,182
	<b>9,796</b>	<b>72,907</b>

### (i) Classification as cash equivalents

Term deposits have a maturity of three months or less.

### (ii) Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents mentioned above.

The term deposits are invested with major Australian banks and their 100% owned banking subsidiaries institutions that have a Standard & Poor's A-1+ rating.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 14. Cash flow information

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
<b>Profit after tax for the year</b>	22,250	2,014
Amortisation of intangible assets	5	2
Management and performance fee rebate income reinvested	(4,622)	(2,073)
Distributions reinvested	(24,064)	(11,616)
<b>Change in operating assets and liabilities:</b>		
(Increase)/decrease in receivables	(1,877)	10,209
Increase in current tax assets	-	(2,783)
Increase in other current assets	-	(14)
Increase in deferred tax assets	(425)	(1,323)
(Decrease)/increase in trade and other payables	244	(439)
Increase in deferred tax liabilities	58	1,593
(Decrease)/increase in current tax liabilities	(176)	378
<b>Net cash used in operating activities</b>	<b>(8,607)</b>	<b>(4,052)</b>

## 15. Non-cash investing and financing activities

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Distributions reinvested	24,064	11,616
Management fee rebate income reinvested	4,622	2,073
Shares issued via dividend reinvestment plan	2,165	951
<b>Total non-cash investing and financing activities</b>	<b>30,851</b>	<b>14,640</b>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 16. Earnings per share

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Profit after income tax used in the calculation of basic and diluted earnings per share.	22,250	2,014

### (a) Basic and diluted earnings per share

	Cents	Cents
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company.	6.37	0.66

### (b) Weighted average number of shares used as denominator

	Number '000	Number '000
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share.	349,513	304,738

There are no outstanding securities on issue that are potentially dilutive in nature.

## 17. Financial risk management

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

### (a) Market risk

The standard defines this as 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 is not directly exposed to currency risk as all its investments are quoted in Australian Dollars.

#### (ii) Price risk

##### *Exposure*

The Company is exposed to price risk on 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 Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 17. Financial risk management (continued)

### (ii) Price risk (continued)

#### Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in the fair value of financial assets that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30%:

	31 December 2017	6 months to 31 December 2016
	\$'000	\$'000
Change in variable +/- 5% (2016: +/- 5%)	14,701	11,374
Change in variable +/- 10% (2016: +/- 10%)	29,402	22,748

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

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 risk is measured using sensitivity analysis.

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.

#### 31 December 2017

	Interest bearing	Non- interesting bearing	Total
Financial Assets	\$'000	\$'000	\$'000
Cash and cash equivalents	9,796	-	9,796
Trade and other receivables	-	4,048	4,048
Financial assets held at fair value through other comprehensive income	-	420,026	420,026
	<b>9,796</b>	<b>424,074</b>	<b>433,870</b>
Financial Liabilities	\$'000	\$'000	\$'000
Trade and other payables	-	(41)	(41)
	-	<b>(41)</b>	<b>(41)</b>
<b>Net exposure</b>	<b>9,796</b>	<b>424,033</b>	<b>433,829</b>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 17. Financial risk management (continued)

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

31 December 2016

	Interest bearing	Non-interest bearing	Total
Financial Assets	\$'000	\$'000	\$'000
Cash and cash equivalents	72,907	-	72,907
Trade and other receivables	-	2,171	2,171
Financial assets held at fair value through other comprehensive income	-	324,972	324,972
	72,907	327,143	400,050
Financial Liabilities	\$'000	\$'000	\$'000
Trade and other payables	-	(52)	(52)
	-	(52)	(52)
Net exposure	72,907	327,091	399,998

### 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 2017, if interest rates had increased by 100 basis points (bps) or decreased by 100 bps from the year end rates with all other variables held constant, post-tax profit for the year would have been \$68,600 higher/\$68,600 lower (2016 changes of 100bps: \$510,300 higher/\$510,300 lower), mainly as a result of higher/lower interest income from cash and cash equivalents.

### (b) Credit risk

The standard defines this 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 over-due or considered to be impaired.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 17. Financial risk management (continued)

### (c) Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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

The Company's inward cash flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are additional investment applications 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 has a significant amount of term deposits which mitigates the 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 year end date.

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.

#### Contractual maturities of financial liabilities

At 31 December 2017	Less than 1 month	1-12 months	Total contractual undiscounted cash flows
<b>Non-derivatives</b>	\$'000	\$'000	\$'000
Trade and other payables	41	-	41
<b>Total non-derivatives</b>	<b>41</b>	<b>-</b>	<b>41</b>

At 31 December 2016	Less than 1 month	1-12 months	Total contractual undiscounted cash flows
<b>Non-derivatives</b>	\$'000	\$'000	\$'000
Trade and other payables	52	-	52
<b>Total non-derivatives</b>	<b>52</b>	<b>-</b>	<b>52</b>

## 18. Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

Financial assets at fair value through other comprehensive income (FVTOCI)

### (a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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 (as prices) or indirectly (derived from prices); and

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 year ended 31 December 2017

## 18. Fair value measurements (continued)

### (a) Fair value hierarchy (continued)

#### (i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2017.

#### Recurring fair value measurements

At 31 December 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTOCI</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Unlisted unit trusts	-	420,026	-	420,026
<b>Total financial assets</b>	<b>-</b>	<b>420,026</b>	<b>-</b>	<b>420,026</b>

At 31 December 2016	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTOCI</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Unlisted unit trusts	-	324,972	-	324,972
<b>Total financial assets</b>	<b>-</b>	<b>324,972</b>	<b>-</b>	<b>324,972</b>

There were no transfers between levels for recurring fair value measurements during the year.

#### (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.

#### (iii) Valuation techniques used to determine fair values

##### *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 value the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net assets of the unlisted unit trusts.

## 19. Segment information

The Company engages in investing activities, including cash, term deposits and investments in unlisted unit trusts. It has no reportable business or geographic segments.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 20. 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 year ended 31 December 2017 are:

Jonathan Trollip	(Chairman)
Gabriel Radzyninski	(Non-Executive Director)
Geoff Wilson AO	(Non-Executive Director)
David Paradise AO	(Non-Executive Director)
David Leeton	(Non-Executive Director)
Scott Malcolm	(Non-Executive Director)
Kate Thorley	(Non-Executive Director)
Louise Walsh	(Chief Executive Officer)
Paul Jensen	(Non-Executive Director) (Resigned 22 February 2017)

### a) Remuneration

The Chair and the Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 31 December 2017, no Directors' fees were 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 year ended 31 December 2017, the Company paid LW Consulting Pty Limited a total of \$100,000 (plus GST) for services provided (2016: \$50,000 (plus GST) for the six months ended 31 December 2016). This payment is exclusive of \$10,000 (plus GST) in performance based remuneration paid during the year.

The term of the contract continues until March 2019 and will automatically be extended for successive periods of 12 months unless notice of termination is provided no less than 3 months before the due date for extension of the term.

### b) Share holdings

As at 31 December 2017, the Company's Directors and key management personnel and their related parties held the following interests in the Company:

#### 31 December 2017

##### Ordinary Shares held

Directors and Key Management	Balance at 31 December 2016	Acquisitions	Disposals	Balance at 31 December 2017
Jonathan Trollip	181,818	-	-	181,818
Geoff Wilson AO	7,230,566	301,977	-	7,532,543
Gabriel Radzyninski	37,744	1,455	-	39,199
David Paradise AO	1,000,000	-	-	1,000,000
David Leeton	309,364	-	-	309,364
Scott Malcolm	1,831,817	-	-	1,831,817
Kate Thorley	86,561	5,335	-	91,896
Louise Walsh	-	1,000	-	1,000

# Notes to the Financial Statements

For the year ended 31 December 2017

## 20. Key management personnel compensation (continued)

### b) Share holdings (continued)

31 December 2016

#### Ordinary Shares held

Directors and Key Management	Balance at 30 June 2016	Acquisitions	Disposals	Balance at 31 December 2016
Jonathan Trollip	181,818	-	-	181,818
Geoff Wilson AO	4,621,292	2,609,274	-	7,230,566
Gabriel Radzynski	23,582	14,162	-	37,744
David Paradise AO	1,000,000	-	-	1,000,000
David Leeton	309,364	-	-	309,364
Scott Malcolm	922,727	909,090	-	1,831,817
Kate Thorley	85,043	1,518	-	86,561
Louise Walsh	-	-	-	-

Directors and key management and their 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 end of the financial year ended 31 December 2017, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

## 21. Related party transactions

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

Geoff Wilson is a Director of Wilson Asset Management (International) Pty Limited, Investment Manager of Wilson Asset Management Equity Fund. Wilson Asset Management (International) Pty 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.

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

Gabriel Radzynski is Managing Director of Sandon Capital Pty Limited, Investment Manager of Sandon Capital Activist Fund. Sandon Capital Pty 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.

David Paradise is a Director of Paradise Investment Management Pty Limited which is the Trustee of the unregistered managed investment schemes Paradise Australian Mid Cap Fund and Paradise Large Cap Fund. Paradise Investment Management Pty 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.

Matthew Kidman is a Director of Centennial Asset Management, Investment Manager of The Level 18 Fund. Centennial Asset Management 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. Matthew Kidman is a member of the Investment Committee.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 22. Contingencies

The Company had no contingent liabilities at 31 December 2017 (2016: nil).

## 23. Commitments

The Company will donate a percentage of its assets to Australian charities with a focus on children and youth at risk. The contribution is accrued monthly and is equal to 1.0% of the Company's average monthly net tangible assets. As at 31 December 2017, the accrued commitment is \$2.1 million (2016: \$1.8 million).

## 24. Events occurring after the reporting period

Since year end the Company declared a final dividend of 2.2 cents per share fully franked to be paid on 27 April 2018.

No other matters or circumstances have arisen since year end which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

# Director's Declaration

The Directors of Future Generation Investment Company Limited declare that:

- 1) The financial report as set out in pages 24 to 48 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 19 to 20 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); and
  - b) giving a true and fair view of the financial position of the Company as at 31 December 2017 and of its performance, as represented by the results of the operations and the cashflows, for the year 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 directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



**Jonathan Trollip**  
Chairman

Dated in Sydney this 28<sup>th</sup> day of February 2018

# Audit Report

# Audit Report

# Audit Report

# Audit Report

# Corporate Governance Statement

The Board of Directors of Future Generation Investment Company Limited (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 summarises 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 has a Board and a Chief Executive Officer. 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. 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 CEO will execute strategic direction and oversee the charity donation program for the Company, assist the Investment Committee and the Board as required with their responsibilities and ensure effective shareholder communication is maintained.</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 Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of Directors having regard to the law and the best standards of governance.</p> <p>This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a director, as well as providing all material information relevant to a decision for election as a director. The qualifications, experience and special responsibilities of the Board members are set out in the Director's Report.</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 <i>Corporations Act 2001</i> and ASX 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 Board has appointed an experienced Company Secretary who is directly accountable to the Board.
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(1) 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</p> <p>(2) 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.</p>	Complies	<p>The Company has a Diversity Policy designed to support its commitment to diversity. The policy has one measurable objective being 30% of Board members being female.</p> <p>The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will consider diversity in its nomination process. Currently there is one woman on the Board and Louise Walsh was appointed as Chief Executive Officer on 8 March 2016.</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	<p>The performance of directors will be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:</p> <ul style="list-style-type: none"> <li>• review its Corporate Governance Charter annually; and</li> <li>• perform an evaluation of the Board's performance at intervals considered appropriate.</li> </ul> <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.</p> <p>The Board completed a review of its performance during the year.</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>	Complies	<p>The Company appointed Louise Walsh as Chief Executive Officer on 8 March 2016. The CEO's performance will be evaluated on an annual basis with the first evaluation carried out during the 2017 financial year.</p> <p>The business of the Company is managed by the Board in accordance with the Board Policy which is contained in the Company's Corporate Governance Charter and is disclosed on the website.</p>

# Corporate Governance Statement

## 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> <p>a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, and disclose the charter of the committee, the members of the committee; and</li> <li>3. 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: <u>OR</u></li> </ol> <p>b) if it does not have a nomination committee, disclose that fact and the 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.</p>	Complies	<p>The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills and diversity.</p>
2.2	<p>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.</p>	Complies	<p>The Company supports the appointment of Directors who bring a wide range of business, professional skills and experience. The Company circulated a formal skills matrix during the year to evaluate the Directors skills in the following areas: Leading and Managing, Governance, Strategy, Finance and Audit, Risk Management, Investment Management, Communications and Issues Management and Community Engagement and Not for Profit Experience.</p> <p>The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Financial Report and their attendance at Board and Committee meetings is included in the Directors' Report.</p>

# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.3	<p>A listed entity should disclose:</p> <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 ASX 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 seven members, all of whom are considered independent and complies with the best practice recommendation that Boards contain a majority of independent non-executive Directors.</p> <p>The names and the length of service of each Director is included in the Director's Report.</p>
2.4	A majority of the board of a listed entity should be independent directors.	Complies	The Board is comprised of seven members of which all seven are independent and therefore complies with the best practice recommendation that Boards contain a majority of independent non-executive Directors.
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	Jonathan Trollip as Chairman of the Board is considered 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	Due to the relatively uncomplicated nature of the Company's operations, its size, and the fact that directors are chosen for their specialist knowledge of their sector the Board induction process is of an informal nature. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors.

# 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 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.</p> <p>The Company has made its Corporate Governance Charter publicly available on the website.</p>

## Principle 4 – Safeguard integrity in corporate reporting

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;</li> </ol> </li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the relevant qualifications and experience of the members of the committee; and</li> </ol> <ol style="list-style-type: none"> <li>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members; <b>OR</b></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 Board has established an Audit &amp; Risk Committee which plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company auditor.</p> <p>Members of the Committee are:</p> <p>David Leeton – independent (Chair)</p> <p>Kate Thorley – independent</p> <p>Scott Malcolm – independent</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Director's Report.</p> <p>The Audit and Risk Committee Charter is included in the Company's Corporate Governance Charter and is available on the website.</p>
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# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
4.2	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 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.	Complies	The Company's external accountants and CEO furnish written confirmations 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 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 the Annual General Meeting 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

5.1	A listed entity should: <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 website.</p>
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# Corporate Governance Statement

## 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 website has a dedicated news section and endeavours to publish on the website all important company information and relevant announcements made to the market.
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, six-monthly shareholder update presentations, ASX releases, general meetings and the Company's website;</li> <li>complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the <i>Corporations Act 2001</i>; 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 Annual General Meetings and any other general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor will also be invited to attend the Annual General Meeting of shareholders 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 registrar, Boardroom Pty Ltd, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at <a href="https://www.clientonline.com.au">https://www.clientonline.com.au</a>

# Corporate Governance Statement

## 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> <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director, and disclose the charter of the committee; the members of the committee; and</li> <li>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> <li>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.</li> </ol>	Complies	<p>The Board of the Company takes a proactive approach to the Company's risk management and internal compliance and control system.</p> <p>The Audit &amp; Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified.</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit &amp; Risk Committee meetings are set out in the Director's Report.</p>
7.2	<p>The board or a committee of the board should:</p> <ol style="list-style-type: none"> <li>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>disclose, in relation to each reporting period, whether such a review has taken place.</li> </ol>	Complies	<p>The Audit &amp; Risk Committee will review 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 &amp; Risk Committee also oversees market risk protocols and ensures the Investment Committee complies with the asset allocation restrictions.</p>

# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
7.3	<p>A listed entity should disclose:</p> <p>if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	Complies	The Company does not have an internal audit function. An Audit & Risk Committee has been established and reviews the internal control processes as necessary. The Board works closely with all of its service providers to identify and manage operational, financial and compliance risks.
7.4	<p>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.</p>	Complies	At the end of each annual reporting period, the Company will provide a disclosure on whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it intends to manage those risks.

## Principle 8 – Remunerate fairly and responsibly

8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director,</li> <li>3. and disclose:</li> <li>4. the charter of the committee;</li> <li>5. the members of the committee; and</li> <li>6. 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> </ol> <p>(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 for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Complies	<p>The Company has a Board of Directors and a Chief Executive Officer. The Company does not have a need for a remuneration committee.</p> <p>The details of the remuneration paid to the Chief Executive Officer is included in the Remuneration Report. The Directors provide their services on a pro-bono basis.</p>
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# Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
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	The Company has only one paid senior executive. The remuneration of the Chief Executive Officer is considered by the Board.  Given the charitable nature of the Company the Directors have foregone the receipt of fees.
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>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</li> <li>b) disclose that policy or a summary of it.</li> </ul>	Not applicable.	The Company does not have an equity based remuneration scheme.

The Company's corporate governance practices were in place for the year ended 31 December 2017 and to the date of signing the Directors' Report.

For further information on corporate governance policies adopted by the Company, refer to our website: [www.futuregeninvest.com.au](http://www.futuregeninvest.com.au)

# 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 31 January 2018)

There are currently no substantial shareholders of Future Generation Investment Company Limited.

### Distribution of shareholders (as at 31 January 2018)

	Number of shareholders ordinary shares	%
1 – 1,000	652	0.0
1,001 – 10,000	1,729	2.7
10,001 – 100,000	4,000	36.7
100,001 – 1,000,000	523	32.4
1,000,000 and over	37	28.2
	<b>6,941</b>	<b>100.0</b>

The number of shareholdings held in less than marketable parcels is 484.

### Twenty largest shareholders – Ordinary shares (as at 31 January 2018)

Name	Number of ordinary shares held	Percentage of issued capital held
HSBC Custody Nominees	31,742,384	9.1
Pineross Pty Limited	9,090,910	2.6
Entities associated with Mr Geoff Wilson AO	6,831,343	1.9
Clurname Pty Limited	5,021,214	1.4
Netwealth Investments Limited <Wrap Services A/C>	3,436,419	1.0
Charanda Nominee Company Pty Limited	3,000,000	0.9
Jochr Pty Limited	2,899,625	0.8
Bond Street Custodians Limited <Grant 2 – D06183 A/C>	2,000,000	0.6
Bond Street Custodians Limited <Grant 2 – D65135 A/C>	2,000,000	0.6
Netwealth Investments Limited <Super Services A/C>	1,910,206	0.5
Mr Gary Ronald Poole and Mrs Leigh Margaret Poole	1,900,000	0.5
Ruapehu Holdings Pty Limited	1,831,817	0.5
Victor Smorgon Institute at Epworth Pty Limited	1,545,456	0.4
Victor Smorgon Charitable Fund	1,545,454	0.4
The Anthony Super Fund A/C	1,460,693	0.4
Navigator Australia Limited	1,426,090	0.4
The Wyatt Benevolent Institution Incorporation	1,305,001	0.4
Bond Street Custodians Limited <Grant 2 – D09378 A/C>	1,239,374	0.4
VBS Investments Pty Limited	1,232,726	0.4
Snow Foundation Limited	1,159,000	0.3
	<b>82,577,712</b>	<b>23.5</b>

### Securities exchange listing

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

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