

Future Generation Global
Investment Company Limited

Financial Report

For the half year
ended 30 June 2019

ABN: 52 606 110 838



**Future
Generation
Global**

INVESTMENT & SOCIAL RETURNS

Future Generation Global Investment Company Limited

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

Chairman

Belinda Hutchinson AM

Directors

Frank Casarotti
Kiera Grant
Sarah Morgan
Jonathan Nicholas
Geoff R Wilson
Geoff Wilson AO

Joint Company Secretaries

Mark Licciardo
Elizabeth McGregor
Kate Thorley

Investment Committee

Sean Webster (Chair)
Gary Bradar
Lukasz de Pourbaix
Chris Donohoe
Aman Ramrakha
Geoff Wilson AO

Chief Executive Officer

Louise Walsh

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 26, Governor Phillip Tower
1 Farrer Place, Sydney NSW 2000

Contact Details

Postal Address: GPO Box 4658
Sydney NSW 2001

T: (02) 9247 9202
F: (02) 9247 6855
E: info@futuregeninvest.com.au
W: futuregeninvest.com.au

Australian Securities Exchange

Future Generation Global
Investment Company Limited
Ordinary Shares (FGG)

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 and Dividend Donation Plan) and related matters, please contact the share registry.

Future Generation Semi-Annual Shareholder Presentations Sydney

Tuesday 19 November 2019

12.15pm – 1.15pm
The Westin Sydney
1 Martin Place
Sydney NSW 2000

To be streamed live on our website futuregeninvest.com.au

Canberra

Monday 18 November 2019

12.15pm – 1.15pm
Hotel Realm
18 National Circuit
Canberra ACT 2600

Brisbane

Thursday 21 November 2019

12.15pm – 1.15pm
Hilton Hotel
190 Elizabeth Street
Brisbane QLD 4000

Hobart

Monday 25 November 2019

12.15pm – 1.15pm
Hotel Grand Chancellor
1 Davey Street
Hobart TAS 7000

Perth

Tuesday 26 November 2019

12.15pm – 1.15pm
The Westin
480 Hay Street
Perth WA 6000

Adelaide

Wednesday 27 November 2019

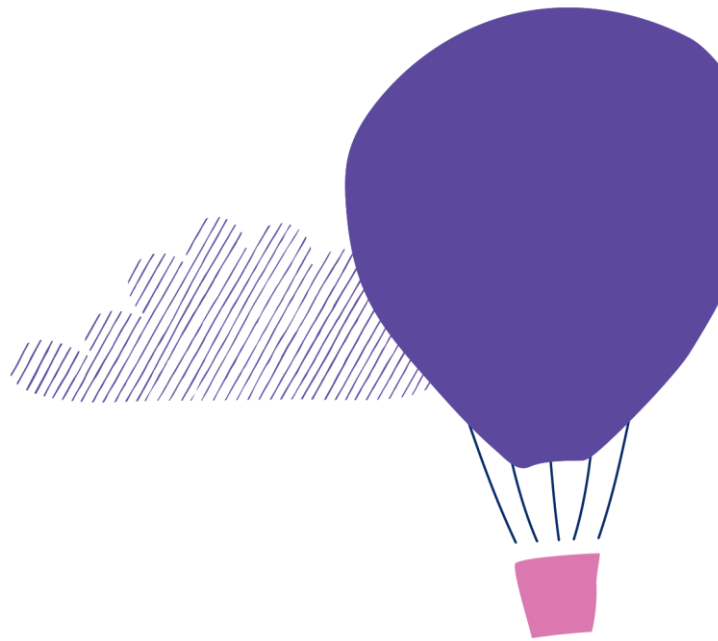
12.15pm – 1.15pm
Hilton Hotel
233 Victoria Square
Adelaide SA 5000

Melbourne*

Thursday 28 November 2019

12.15pm – 1.15pm
Grand Hyatt
123 Collins Street
Melbourne VIC 3000

*The Future Generation Investment Forum will be held from 1.45pm – 3.15pm on 28 November in Melbourne.



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Director's Report to Shareholders

For the half year ended 30 June 2019

The Directors present their report together with the financial report of Future Generation Global Investment Company Limited (Future Generation Global or the Company) for the half year ended 30 June 2019.

Directors

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

- Belinda Hutchinson AM, Chairman
- Frank Casarotti, Non-Executive Director
- Kiera Grant, Non-Executive Director
- Sarah Morgan, Non-Executive Director
- Geoff Wilson AO, Non-Executive Director
- Geoff R Wilson, Non-Executive Director (appointed 4 March 2019)
- Jonathan Nicholas, Non-Executive Director (appointed 1 April 2019).

Principal activity

The principal activity of the Company is investing in global equity fund managers while also investing in charities focused on improving the lives of young Australians affected by mental health issues.

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

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

Operating and financial review

For the six month period ended 30 June 2019, the Company delivered an operating profit before tax and unrealised gains on investments of \$12.4 million (June 2018: \$15.0 million). The net result after tax and net unrealised gains on investments for the period was \$41.4 million, representing a 61.2% increase on the prior comparative period (June 2018: \$25.7 million). The increase is reflective of the portfolio performance and the growth in assets over the period.

The investment portfolio increased 12.5% in the six months to 30 June 2019, while the MSCI AC World Index (AUD) increased 16.8%. Since inception, the investment portfolio has increased 9.6% per annum. This investment portfolio performance has been achieved with less volatility as measured by standard deviation, 8.6% versus the market's 10.4%.

The operating profit and other comprehensive income for the period includes the distribution income received from underlying fund managers, in addition to the unrealised gains and losses arising as a result of the changes in the market value of the investments held with the underlying fund managers. The level of distribution income received and the movement in the market value of the investments can add to or reduce operating profit and other comprehensive income in each period respectively. Because of this treatment under the Accounting Standards, this can cause large variations in reported operating profit and other comprehensive income between periods.

The operating profit and other comprehensive income is important to understand with context to the overall performance of equity markets in any given period. Given the potential variability, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return (TSR).

Director's Report to Shareholders

For the half year ended 30 June 2019

Operating and financial review (continued)

Future Generation Global's NTA before tax increased 11.0% for the six months to 30 June 2019. The significant items of difference between the investment portfolio performance of 12.5% and the net tangible performance were corporate tax payments of 0.9% and the charitable investment accrual of 0.5% (1.0% per annum). The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Company related expenses of 0.1% also contributed to the change in value of the assets during the period.

The NTA before tax as at 30 June 2019 amounted to \$1.41 per share (December 2018: \$1.27). The NTA after tax was \$1.34 per share (December 2018: \$1.24).

TSR shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. The TSR for Future Generation Global for the six month period to 30 June 2019 was impacted by the decline in the share price premium to NTA and resulting discount at the end of the period. As at 30 June 2019, the share price discount to NTA was 6.1% (December 2018: premium of 5.1%). This was offset by the solid investment portfolio performance, with TSR decreasing 0.8% for the period. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

During the period, the Future Generation Global Investment Committee deployed the remaining capital raised from the Share Purchase Plan (SPP) and Placement undertaken in late 2018. Additional investments were made in the Magellan Global Fund, Antipodes Global Fund, Cooper Investors Global Equities Fund (Unhedged), Nikko AM Global Share Fund, Munro Global Growth Fund, Paradise Global Small Mid Cap Fund (Unhedged), Caledonia Fund, Manikay Global Opportunistic USD Fund, Ellerston Global Mid Small Cap Fund, Marsico Global Fund, Avenir Global Fund and Morphic Global Opportunities Fund.

At the date of this report the investment portfolio is made up of 13 fund managers with investments in 13 unlisted unit trusts and one direct listed investment company.

The Future Generation Global investment portfolio has been structured to provide diversification between two broad equity strategies: long equities and absolute bias, with the remainder held in cash. As at 30 June 2019, the portfolio was 53.9% long equities, 34.3% absolute bias and 11.8% cash.

The Company will pay its fourth annual charitable investment in October 2019. The investment of \$4.9 million will be made in charities focused on youth mental health, bringing the total investment since inception to \$14.0 million.

Fund managers and service providers

Shareholders have unprecedented access to leading global equity fund managers and make a significant contribution to youth mental health. This is made possible by the fund managers agreeing to forgo management and performance fees. Most service providers, Directors, the Audit and Risk Committee and the Investment Committee also work on a pro bono basis.

We would like to thank our fund managers and service providers for their outstanding and continued generosity throughout the period. The value of the management and performance fees forgone by the fund managers for the period totalled \$2.8 million (June 2018: \$2.4 million) and the value of the service providers, including the Board and Investment Committee working on a pro bono basis, totalled \$0.4 million (June 2018: \$0.3 million). Currently we estimate the value of this pro bono support to be approximately \$6.4 million per annum, and at 1.2% of the net assets of the Company, these savings to shareholders exceed the annual investment in charities.

Director's Report to Shareholders

For the half year ended 30 June 2019

After balance sheet date events

Since the end of the period, the Company has declared a fully franked dividend of 1.5 cents per share to be paid on 25 October 2019.

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

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, to the nearest dollar, unless otherwise stated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 4 of the financial report.

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



Belinda Hutchinson AM

Chairman

Dated in Sydney this 29th day of August 2019

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF FUTURE GENERATION GLOBAL INVESTMENT COMPANY
LIMITED
ABN 52 606 110 838**

In relation to the independent auditor's review for the half-year ended 30 June 2019, I declare that to the best of my knowledge and belief there have been:

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



S M WHIDDETT
Partner

PITCHER PARTNERS
Sydney

29 August 2019

Statement of Comprehensive Income

For the half year ended 30 June 2019

| | NOTE | JUNE 2019 \$'000 | JUNE 2018 \$'000 |
|--|------|---------------------|---------------------|
| Investment income from ordinary activities | | | |
| Distributions received | | 12,016 | 13,897 |
| Investment management and performance fee rebates | 2 | 2,331 | 1,887 |
| Net foreign exchange gains | | 105 | 1,148 |
| Interest income | | 834 | 166 |
| Other income | | 11 | 14 |
| | | 15,297 | 17,112 |
| Expenses | | | |
| ASX listing fees | | - | - |
| Share registry maintenance costs | | - | - |
| Directors' fees | | - | - |
| Accounting fees | | - | - |
| Audit fees | | - | - |
| Charity investment accrual | 3 | (2,630) | (1,887) |
| Share registry transaction costs | | (36) | (31) |
| Executive remuneration | | (55) | (55) |
| Other expenses | | (103) | (104) |
| ASIC industry funding levy | | (35) | - |
| ASX CHESS fees | | (4) | (4) |
| Tax fees | | (5) | (2) |
| | | (2,868) | (2,083) |
| Profit before income tax | | 12,429 | 15,029 |
| Income tax expense | 8 | (4,688) | (3,927) |
| Profit after income tax for the period attributable to members | | 7,741 | 11,102 |
| Other comprehensive income | | | |
| <i>Items that will not be classified to profit or loss</i> | | | |
| Net unrealised and realised gains on investments taken to equity, net of tax | | 33,658 | 14,582 |
| Other comprehensive income for the period, net of tax | | 33,658 | 14,582 |
| Total comprehensive income for the period | | 41,399 | 25,684 |
| Basic and diluted earnings per share | | 1.98 cents | 3.75 cents |

The accompanying notes form part of these half year financial statements.

Statement of Financial Position

As at 30 June 2019

| | NOTE | JUNE 2019 \$'000 | DECEMBER 2018 \$'000 |
|---|------|---------------------|-------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 65,546 | 173,261 |
| Trade and other receivables | | 9,280 | 810 |
| Other current assets | | - | 36 |
| Total current assets | | 74,826 | 174,107 |
| Non-current assets | | | |
| Financial assets at fair value through other comprehensive income | 7 | 482,155 | 323,751 |
| Intangible assets | | 3 | 4 |
| Deferred tax assets | | 2,234 | 1,664 |
| Total non-current assets | | 484,392 | 325,419 |
| Total assets | | 559,218 | 499,526 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 75 | 66 |
| Charity investment accrual | 3 | 4,934 | 2,304 |
| Current tax liabilities | | 3,875 | 2,647 |
| Total current liabilities | | 8,884 | 5,017 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 24,245 | 9,819 |
| Total non-current liabilities | | 24,245 | 9,819 |
| Total liabilities | | 33,129 | 14,836 |
| Net assets | | 526,089 | 484,690 |
| Equity | | | |
| Issued capital | 5(a) | 449,303 | 449,303 |
| Investment reserves | 6(a) | 57,442 | 23,784 |
| Profits reserve | 6(a) | 19,344 | 11,603 |
| Total equity | | 526,089 | 484,690 |

The accompanying notes form part of these half year financial statements.

Statement of Changes in Equity

For the half year ended 30 June 2019

| | NOTE | ISSUED CAPITAL \$'000 | INVESTMENT RESERVES \$'000 | PROFITS RESERVE \$'000 | RETAINED EARNINGS \$'000 | TOTAL EQUITY \$'000 |
|---|------|-----------------------------|----------------------------------|------------------------------|--------------------------------|---------------------------|
| Balance at 1 January 2018 | | 322,172 | 27,861 | 1,803 | - | 351,836 |
| Net profit for the period | | - | - | - | 11,102 | 11,102 |
| Other comprehensive income, net of tax | | - | 14,582 | - | - | 14,582 |
| Transactions with owners: | | | | | | |
| Transfer to profits reserve | | - | - | 11,102 | (11,102) | - |
| Balance at 30 June 2018 | | 322,172 | 42,443 | 12,905 | - | 377,520 |
| Balance at 1 January 2019 | | 449,303 | 23,784 | 11,603 | - | 484,690 |
| Net profit for the period | | - | - | - | 7,741 | 7,741 |
| Other comprehensive income, net of tax | | - | 33,658 | - | - | 33,658 |
| Transactions with owners: | | | | | | |
| Transfer to profits reserve | 6(a) | - | - | 7,741 | (7,741) | - |
| Balance at 30 June 2019 | | 449,303 | 57,442 | 19,344 | - | 526,089 |

The accompanying notes form part of these half year financial statements.

Statement of Cash Flows

For the half year ended 30 June 2019

| | JUNE 2019 \$'000 | JUNE 2018 \$'000 |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Interest received | 834 | 166 |
| Distribution income received | 46 | 4,064 |
| GST receivable | 114 | - |
| Income tax paid | (4,027) | (985) |
| Payments for other expenses | (187) | (179) |
| Net cash (used in)/provided by operating activities | (3,220) | 3,066 |
| Cash flows from investing activities | | |
| Proceeds from sale of financial assets | - | 40,782 |
| Payments for financial assets | (104,600) | (26,801) |
| Net cash (used in)/provided by investing activities | (104,600) | 13,981 |
| Net increase in cash and cash equivalents | (107,820) | 17,047 |
| Cash and cash equivalents at the beginning of the period | 173,261 | 25,073 |
| Effects of exchange rate changes on cash and cash equivalents | 105 | 1,148 |
| Cash and cash equivalents at the end of the period | 65,546 | 43,268 |
| Non-cash investing and financing activities | | |
| Distributions and rebate income reinvested | 5,632 | 2,664 |

The accompanying notes form part of these half year financial statements.

Notes to the Financial Statements

For the half year ended 30 June 2019

1. Summary of significant accounting policies

These interim financial statements and notes for the half year represent those of Future Generation Global Investment Company Limited (Future Generation Global or the Company).

The half year financial report was authorised for issue on 29 August 2019 by the Board of Directors.

Basis of preparation

These interim financial statements for the half year reporting period ended 30 June 2019 are general purpose financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements of the Company also comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Financial Report for the year ended 31 December 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Except for cashflow information, the interim financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In accordance with ASIC Corporations (rounding in financial reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise stated.

There are no new and revised accounting requirements significantly affecting the half year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 31 December 2018 Annual Financial Report.

2. Investment income from ordinary activities

As at 30 June 2019, the investment portfolio was made up of 13 global fund managers with investments in 13 unlisted unit trusts and one direct listed investment company.

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 Avenir Value Fund, Caledonia Fund and Manikay Global Opportunistic Fund.

The aggregated value of management and performance fees forgone by the unit trusts with a zero fee unit class for the six months ended 30 June 2019 was \$0.5 million (June 2018: \$0.5 million).

The remaining investments are made in unit trusts with global fund managers that normally charge management and performance fees. These fund managers have rebated the fees charged. The aggregate value of management and performance fees rebated to the Company was \$2.3 million for the six months ended 30 June 2019 (June 2018: \$1.9 million).

The estimated value of the other pro bono services provided to the Company for the six months ended 30 June 2019, including the Board and Investment Committee working on a pro bono basis, totalled \$0.4 million (June 2018: \$0.3 million).

Notes to the Financial Statements

For the half year ended 30 June 2019

3. Charity investment

In line with the Company's stated objectives, the Company invests a percentage of its assets in Australian charities supporting youth mental health. The investment is accrued monthly and is equal to 1.0% of the Company's average monthly net assets. All investments are made to charities with Deductible Gift Recipient (DGR) status. The contribution represents a tax deduction for the Company.

For the six months ended 30 June 2019, the amount recognised in the Statement of Comprehensive Income was \$2.6 million (June 2018: \$1.9 million).

As at 30 June 2019, the 12 month accrued commitment is \$4.9 million (June 2018: \$3.6 million). The Company will pay its fourth annual investment in October 2019. The charitable investment of \$4.9 million will be made in Australian charities focused on youth mental health, bringing the total investment since inception to \$14.0 million. The specific allocation to each charity will be determined by shareholder votes and directions, with the Board distributing undirected monies on a pro-rata basis between the designated charities.

4. Dividends

Dividends not recognised during the period

| | JUNE 2019 \$'000 | JUNE 2018 \$'000 |
|---|---------------------|---------------------|
| Since the end of the half year, the Directors have declared a fully franked dividend of 1.5 cents per share payable on 25 October 2019 (June 2018: 1.0 cents per share fully franked) | 5,877 | 2,961 |

5. Issued capital

a) Paid-up capital

| | JUNE 2019 \$'000 | DECEMBER 2018 \$'000 |
|---|---------------------|-------------------------|
| 391,791,594 ordinary shares fully paid (December 2018: 391,791,594) | 449,303 | 449,303 |

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 half year ended 30 June 2019

5. Issued capital (continued)

b) Movements in ordinary share capital

| | JUNE 2019 \$'000 | DECEMBER 2018 \$'000 |
|---|---------------------|-------------------------|
| Balance at the beginning of the period | 449,303 | 322,172 |
| 23,001,019 shares issued on 15 October 2018 under a Share Purchase Plan | - | 30,821 |
| 72,453,436 shares issued on 24 October 2018 under a Placement | - | 97,087 |
| 224,759 shares issued on 26 October 2018 under a Dividend Reinvestment Plan | - | 299 |
| Cost of raising capital (net of tax) | - | (1,076) |
| At reporting date | 449,303 | 449,303 |

6. Reserves and accumulated losses

a) Reserves

| | JUNE 2019 \$'000 | DECEMBER 2018 \$'000 |
|---|---------------------|-------------------------|
| Reserves | | |
| Investment portfolio revaluation reserve | 56,572 | 22,914 |
| Investment portfolio realised gains reserve | 870 | 870 |
| Profits reserve | 19,344 | 11,603 |
| Total reserves | 76,786 | 35,387 |

The profits reserve is made up of amounts transferred from current period profits which are preserved for future dividend payments. The investment portfolio revaluation reserve is used to record increments and decrements on the revaluation of the equity investments at fair value through other comprehensive income, net of potential tax. The investment portfolio realised gains reserve records gains or losses arising from the disposal of equity investments at fair value through other comprehensive income, that are designated on capital account for taxation purposes.

Notes to the Financial Statements

For the half year ended 30 June 2019

6. Reserves and accumulated losses (continued)

MOVEMENTS:

| | JUNE 2019 \$'000 | DECEMBER 2018 \$'000 |
|---|---------------------|-------------------------|
| Investment portfolio revaluation reserve | | |
| Unrealised gains on investments | 80,817 | 32,733 |
| Income tax on unrealised gains on investments | (24,245) | (9,819) |
| At reporting date | 56,572 | 22,914 |

Investment portfolio realised gains reserve

| | | |
|---|------------|------------|
| Realised gains on investments | 1,257 | 1,257 |
| Income tax on realised gains on investments | (387) | (387) |
| At reporting date | 870 | 870 |

Profits reserve

| | | |
|---------------------------------|---------------|---------------|
| Opening balance | 11,603 | 1,803 |
| Transfer from retained earnings | 7,741 | 12,761 |
| Dividends paid | - | (2,961) |
| At reporting date | 19,344 | 11,603 |

b) Retained earnings

| | JUNE 2019 \$'000 | DECEMBER 2018 \$'000 |
|-----------------------------|---------------------|-------------------------|
| Retained earnings | | |
| Net profit for the period | 7,741 | 12,761 |
| Transfer to profits reserve | (7,741) | (12,761) |
| At reporting date | - | - |

Notes to the Financial Statements

For the half year ended 30 June 2019

7. Fair value measurements

The Company measures and recognises financial assets at fair value through other comprehensive income (FVTOCI) on a recurring basis. The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

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).

I) RECOGNISED FAIR VALUE MEASUREMENTS

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2019 on a recurring basis:

| | LEVEL 1 \$'000 | LEVEL 2 \$'000 | LEVEL 3 \$'000 | TOTAL \$'000 |
|----------------------------|-------------------|-------------------|-------------------|-----------------|
| At 30 June 2019 | | | | |
| Financial assets at FVTOCI | 4,523 | 477,632 | - | 482,155 |

At 31 December 2018

| | | | | |
|----------------------------|-------|---------|---|---------|
| Financial assets at FVTOCI | 4,601 | 319,150 | - | 323,751 |
|----------------------------|-------|---------|---|---------|

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

II) DISCLOSED FAIR VALUES

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

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

III) VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUES

Recurring fair value measurements

Included within Level 1 of the hierarchy is the Company's direct investment in a listed investment company. The fair value of the investment is based on the closing quoted last price at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market are 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 asset backing of the unlisted unit trusts at the end of the period.

Notes to the Financial Statements

For the half year ended 30 June 2019

8. Income tax

The effective tax rate of the Company for the period was 37.7% (2018: 26.1%). The increase in the effective tax rate from the comparative period is as a result of the under accrual for the income tax return provision in 2018, resulting from the timing of the trust distribution composition received from the underlying fund managers.

9. Segment information

The Company is engaged in investing activities including cash, term deposits and investments in underlying funds managed by prominent global equity fund managers. It has no reportable business or geographical segment.

10. Contingencies

There were no contingent liabilities for the Company at 30 June 2019 (December 2018: nil).

11. Commitments

The Company invests a percentage of its assets to Australian charities supporting youth mental health. The investment is accrued monthly and is expected to be equal to 1.0% of the Company's average monthly net assets. As at 30 June 2019, the 12 month accrued commitment is \$4.9 million (December 2018: \$2.3 million).

The Company will make its fourth annual investment in October 2019. The charitable investment of \$4.9 million will be made in charities focused on youth mental health, bringing the total investment since inception to \$14.0 million. The specific allocation to each charity will be determined by shareholder votes and directions, with the Board distributing undirected monies on a pro-rata basis between the designated charities.

12. Events occurring after the reporting period

Since the end of the half year, the Board declared a fully franked dividend of 1.5 cents per share to be paid on 25 October 2019.

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

Directors' Declaration

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

1. The half year financial report, as set out in pages 5 to 14, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2019 and of its performance for the half year ended on that date.
2. 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.

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



Belinda Hutchinson AM
Chairman

Dated in Sydney this 29th day of August 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FUTURE GENERATION GLOBAL INVESTMENT COMPANY
LIMITED****ABN 52 606 110 838****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Future Generation Global Investment Company Limited ("the company"), which comprises the statement of financial position as at 30 June 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of Future Generation Global Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the half-year financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Future Generation Global Investment Company Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



S M WHIDDETT
Partner

29 August 2019



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futuregeninvest.com.au

T +61 2 9247 9202

info@futuregeninvest.com.au

Level 26, Governor Phillip Tower
1 Farrer Place, Sydney NSW 2000 Australia