

Future
Generation
Global

INVESTMENT & SOCIAL RETURNS

Annual Report



FOR THE YEAR ENDED 31 DECEMBER 2020

Future Generation Global Investment Company Limited

ABN: 52 606 110 838

Future Generation Global Investment Company Limited

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

Chairman

Belinda Hutchinson AC

Directors

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

Joint Company Secretaries

Mark Licciardo
Kate Thorley

Investment Committee

Kiera Grant (Chairman)
Gary Brader
John Coombe
Lukasz de Pourbaix
Aman Ramrakha
Sean Webster
Geoff Wilson AO

Chief Executive Officer

Louise Walsh

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

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1 Farrer Place, Sydney NSW 2000

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Share Registry

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

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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.

Australian Securities Exchange

Future Generation Global Investment Company Limited Ordinary Shares (FGG)



Key Highlights FY2020

Operating profit before tax

\$27.5m

Total shareholder return

+19.4%

Investment portfolio performance*

+14.3%

Savings on management fees, performance fees & services forgone

\$8.4m

2020 investment in youth mental health

\$5.7m

Summary of FY2020 results

The Company reported an operating profit before tax of \$27.5 million for the year ended 31 December 2020 (2019: \$13.1 million) and an operating profit after tax of \$19.8 million (2019: \$8.6 million). The increase in operating profit on the corresponding period is primarily due to an increase in distribution income received from the investments with the underlying fund managers during the year. In the calendar year 2020, the volatility experienced in global equity markets led to a higher turnover of investment portfolios with the underlying fund managers, resulting in increased realised gains which were subsequently distributed to the Company. The total comprehensive income for the year was \$53.8 million (2019: \$66.0 million) and reflects the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers during the period.

Total comprehensive income is driven by the change in dollar value of the investment portfolio in each period. In 2019, the value of the investment portfolio, or the gross assets of the Company, increased by \$101.2 million as the investment portfolio performance increased 20.5% for the year. In the year ended 31 December 2020, the value of the investment portfolio increased by \$82.6 million as the investment portfolio performance increased 14.3%.

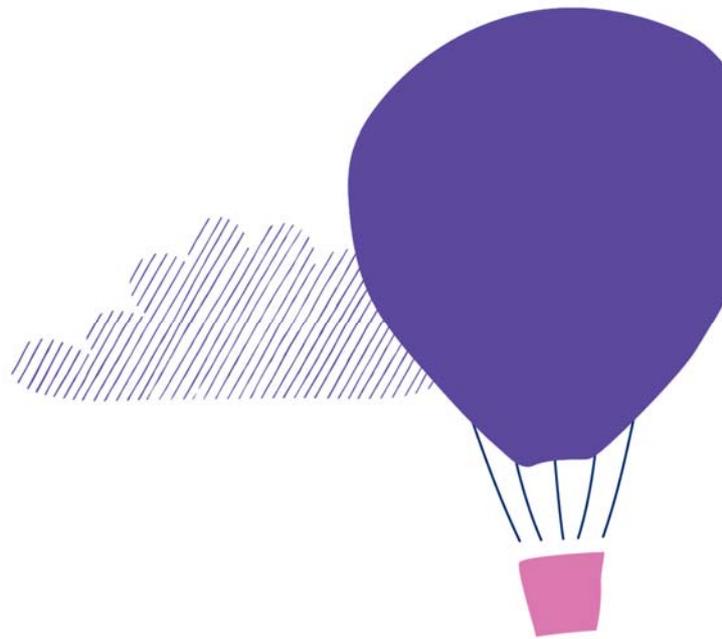
For the year ended 31 December 2020, the investment portfolio outperformed the MSCI AC World Index (AUD) by 8.2%, increasing 14.3% during the 12 month period while the Index rose 6.1%. The total shareholder return (TSR) for the company was 19.4% for the 12 months to 31 December 2020.

Since inception, the investment portfolio has increased 11.0% per annum. Future Generation Global's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 9.1% versus the Index's 10.7%.

Snapshot as at 31 December 2020

ASX code	FGG
Listing date	Sept 2015
Gross assets	\$642.4m
Market capitalisation	\$589.4m
Share price	\$1.50
Shares on issue	392,947,106
Net tangible assets (pre-tax)	\$1.62
Fully franked dividend (June 2020)	2.0c
Management fees	0.0%
Performance fees	0.0%
Annual social investment (% of NTA)	1.0%

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



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Chairman's Letter

Dear fellow
shareholders,



In 2020, we continued to engage and communicate with our shareholders and enjoyed virtual meetings with brokers, financial advisers, family offices and philanthropic organisations.

We hosted our first ever Future Generation Virtual Investment Forum in May to great success and launched the podcast series Conversations with Future Generation.

On behalf of the Board, I would like to thank you for your continued support of Future Generation Global Investment Company Limited (Future Generation Global or the Company).

During 2020, the Company delivered on its objectives of providing shareholders with an attractive investment and Australian charities with a focus on youth mental health with a source of funding. I thank and congratulate our generous fund managers for making this possible.

In 2020, the Company reported an operating profit before tax of \$27.5 million for the year ended 31 December 2020 (2019: \$13.1 million) and an operating profit after tax of \$19.8 million (2019: \$8.6 million). The increase in operating profit on the corresponding period is primarily due to an increase in distribution income received from the investments with the underlying fund managers during the year. In the calendar year 2020, the volatility experienced in global equity markets led to a higher turnover of investment portfolios with the underlying fund managers, resulting in increased realised gains which were subsequently distributed to the Company. Total comprehensive income, including net realised and unrealised gains and losses on investments for the year was \$53.8 million (2019: \$66.0 million) and reflects the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers during the period. Total comprehensive income is driven by the change in dollar value of the investment portfolio in each period. In 2019, the value of the investment portfolio, or the gross assets of the Company, increased by \$101.2 million as the investment portfolio performance increased 20.5% for the year. In the year ended 31 December 2020, the value

of the investment portfolio increased by \$82.6 million as the investment portfolio performance increased 14.3%.

The Company made its fifth annual investment of \$5.7 million (2019: \$4.9 million) to improve youth mental health in Australia in October 2020. Of this, \$3.9 million (2019: \$3.4 million) was allocated to the eight Future Generation Global designated charities and the remaining \$1.8 million (2019: \$1.5 million) contributed to other charities with Australian deductible gift recipient (DGR) status as nominated by shareholders with 1 million or more shares. The Company is on track to deliver its sixth annual investment of approximately \$6.4 million this year.

The Company's total shareholder return (TSR) was 19.4% for the 12 months to 31 December 2020.

CEO transition

As was announced to the ASX in January, our Chief Executive Officer (CEO) Louise Walsh will be leaving us in April. On behalf of the Board, shareholders, fund managers, service providers and our charity partners, I thank Louise for her outstanding contribution over the past six years. Her leadership, passion and energy have been exceptional.

Over her time as CEO the Future Generation companies, comprising Future Generation Global and Future Generation Australia (ASX: FGX), have grown to a combined market capitalisation of around \$1.1 billion, since inception the investment portfolios have outperformed their benchmarks with lower volatility than their indexes, and the contribution to children and youth at risk and youth mental health has grown to over \$40 million. We wish Louise every success in the future.

We are delighted that Kate Thorley, CEO of Wilson Asset Management, has agreed to become acting CEO following Louise's departure. An executive search is underway for a new CEO.

Company performance

The Company's primary investment objective is to provide shareholders with long-term capital growth through diversified exposure to high quality fund managers investing in global equities. As a listed investment company, there are three key measures we use to evaluate the performance of Future Generation Global, which are: investment portfolio performance; NTA growth; and TSR. Investment portfolio performance measures the growth of investments with the underlying fund managers and cash before expenses, fees and taxes. The MSCI AC World Index (AUD) is also measured before expenses, fees and taxes. NTA growth is the change in value of the Company's assets, less liabilities and costs and is essentially the realisable value of the Company. The NTA is announced to shareholders on the ASX each month. TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.

Chairman's Letter

1. Investment portfolio performance

Performance at 31 December 2020	1 yr	3 yrs %pa	Since inception %pa (Sept-15)	Volatility (% standard deviation)
Future Generation Global Investment Portfolio	14.3%	13.6%	11.0%	9.1%
MSCI AC World Index (AUD)	6.1%	10.6%	10.2%	10.7%

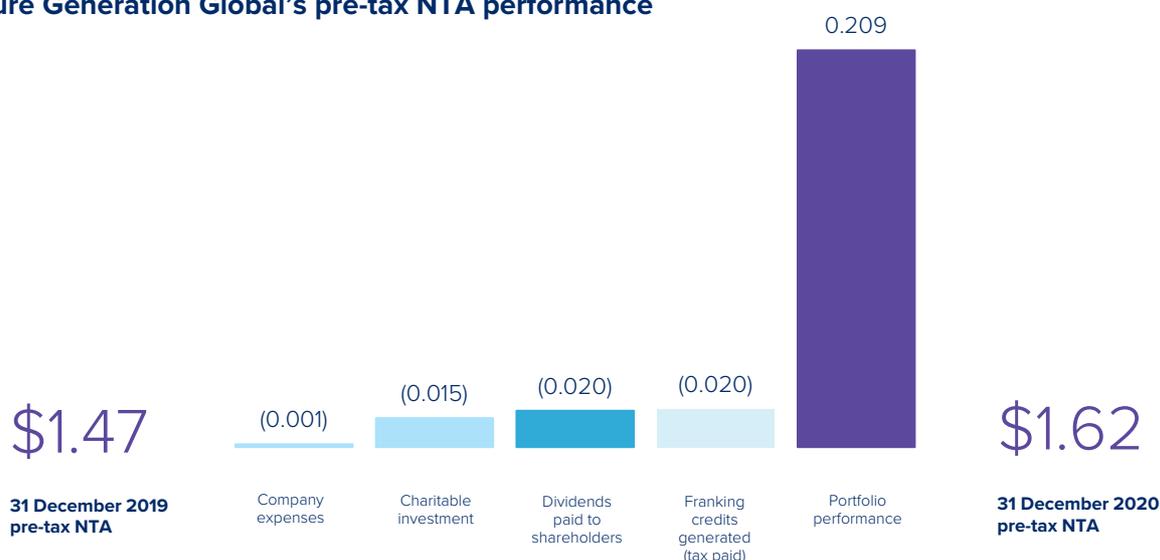
Investment portfolio performance and Index returns are before expenses, fees and taxes.

For the year ended 31 December 2020, the investment portfolio outperformed the MSCI AC World Index (AUD) by 8.2%, increasing 14.3% during the 12 month period while the Index rose 6.1%. Since inception, the investment portfolio has increased 11.0% per annum. Future Generation Global's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 9.1% versus the Index's 10.7%.

2. NTA growth

Future Generation Global's pre-tax NTA increased 11.8% for the 12 months to 31 December 2020, including the 2.0 cents per share of fully franked dividend paid to shareholders during the year. This increase is after corporate tax paid of 2.0 cents per share or 1.4% during the year. Corporate tax payments made throughout the period and the charitable investment of 1.0% were the major items of difference between the investment portfolio performance of 14.3% and the NTA performance. 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 year.

Future Generation Global's pre-tax NTA performance



3. Total shareholder return

This measure 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 the Company for the year to 31 December 2020 was 19.4%. This was reflective of the strong investment portfolio outperformance during a highly volatile period for equity markets and the narrowing of the share price discount to NTA. As at 31 December 2020, the share price discount to NTA was 7.7% (2019: discount of 13.4%). The MSCI AC World Index (AUD) rose 6.1% for the period. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

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

Chairman's Letter

Dividends

The Company provides shareholders with a diverse exposure to global equities and as such its returns are predominantly delivered through capital growth. The Board is committed to paying fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits and it is within prudent business practices. In August 2020, the Board announced a fully franked dividend of 2.0 cents per share. The dividend was paid in October 2020.

No further dividend has been declared by the Board during or since the end of the year. At this stage, the Board will consider a dividend payment following the June 2021 half year result, dependent on released profits from the underlying fund managers over the next six months.

Investment objectives and portfolio

The Company's primary investment objective is to provide shareholders with long-term capital growth, by providing shareholders with diversified exposure to global equities. The Company's investment philosophy is based on the belief that the diversification of the portfolio is important in managing and mitigating risk and by having a number of different fund managers, the Company has access to a range of investment styles and strategies.

As at 31 December 2020, the investment portfolio was comprised of 13 fund managers with investments in 12 unlisted unit trusts and one direct listed investment company. The spread between the broad equities strategies as at 31 December 2020 was 72.2% long equities, 19.0% absolute bias and 8.8% cash.

Audit and Risk Committee, Investment Committee and Management changes

In February 2020, Geoff Wilson AO resigned from the Audit and Risk Committee. The Audit and Risk Committee would like to thank Geoff for his valuable contribution to the Committee since its listing in 2015.

In May 2020, Emily Fuller commenced in the newly created role of Social Impact Manager, bringing a wealth of experience spanning philanthropy, research, international development and communications. As Social Impact Manager, Emily oversees all aspects related to Future Generation Global's charity partners to assist the Company in achieving its charitable objectives.

In July 2020, the Investment Committee welcomed Kiera Grant as Chairman. Kiera is also a Director of the Company and has extensive experience as a non-executive Director of public and private companies as well as senior management experience. John Coombe was welcomed as a member of the Investment Committee in August 2020. John is a Principal Consultant and a Director at investment consulting firm JANA. In August 2020, Chris Donohue resigned from the Investment Committee. The Committee would like to thank Chris for his valuable contribution to the Company since its listing in September 2015.

Fund managers and service providers

Through their investment in Future Generation Global, shareholders gain unprecedented access to leading global equity fund managers and make a significant contribution to youth mental health in Australia. This is made possible by our fund managers forgoing management and performance fees. The Board of Directors, the Investment Committee and most service providers also work on a pro bono basis.

I 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 \$7.3 million and the value of the leading service providers, including the Board and Investment Committee working on a pro bono basis, totalled \$1.1 million. These savings to shareholders exceed the annual investment to charities.

I would also like to thank all shareholders for being part of the Company's innovative approach to wealth creation which demonstrates that both shareholder and social returns can be achieved together.



Belinda Hutchinson AC

Chairman

Dated this 25th day of February 2021

Chairman's Letter

With thanks to the following service providers



“We would like to thank and congratulate our generous fund managers in helping us provide shareholders with an attractive investment and in providing a source of funding for Australian charities with a focus on youth mental health.”



Investment Committee Report

The Investment Committee of Future Generation Global is primarily responsible for selecting fund managers and managing the Company's investment portfolio. The Company's Investment Committee consists of Kiera Grant (Chairman), Gary Brader, John Coombe, Lukasz de Pourbaix, Aman Ramrakha, Sean Webster and Geoff Wilson AO. The Investment Committee's experience and qualifications are provided in the Directors' Report.

The Future Generation Global investment portfolio provides a spread between long equities and absolute bias strategies, with the balance of the portfolio held in cash and cash equivalents. As at 31 December 2020, the portfolio was 72.2% long equities, 19.0% absolute bias and 8.8% cash. The composition of the portfolio will vary over time in terms of the allocation to the above strategies as well as allocating to various funds. The long equities portion of the portfolio is predominantly exposed to large-cap and mid-cap stocks with a very small allocation to small-cap stocks.

The investment portfolio was made up of 13 global fund managers with investments in 12 unlisted unit trusts and one direct listed investment company at the end of the period.

During the year, the Company made investments in the Nikko Asset Management Global Share Fund, Munro Global Growth Fund, WCM Quality Global Growth Fund, Antipodes Global Fund – Long and VGI Partners Funds. The investment in the Antipodes Global Fund - Long was made using the proceeds of a redemption from the Antipodes Global Fund during the year. The Company also redeemed its holdings in the Manikay Global Opportunistic USD Fund and Morphic Global Opportunities Fund in the period.

The Investment Committee notes that all managers have a belief that the assessment of Environmental, Social and Corporate Governance (ESG) factors adds value to investment returns and the majority have an ESG Charter or Responsible Investment Policy in place.

Investment portfolio performance

For the year ended 31 December 2020, the investment portfolio increased 14.3%, outperforming the MSCI AC World Index (AUD) by 8.2%. Since inception, the investment portfolio has increased 11.0% per annum. The Company's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 9.1% versus the Index's 10.7%.

Since inception, the Company's investment portfolio has provided investors with an upside capture ratio of 85% and a downside capture ratio of 65%, demonstrating the defensive characteristics of the investment portfolio.

During the year, the Future Generation Global investment portfolio allocation to long equities (72.2% as at 31 December 2020) provided a weighted average return of 23.2%, outperforming the MSCI AC World Index (AUD) by 17.1%. This outperformance was offset by the investment portfolio's exposure to absolute bias strategies and cash equivalents. The Investment Committee's allocation to absolute bias strategies provides the investment portfolio with downside protection and reduced volatility. Absolute bias strategies seek to earn a positive return, over time, regardless of market conditions. In the year to 31 December 2020, the Future Generation Global investment portfolio benefitted from a high average cash level (10.7%) and the exposure to absolute bias strategies in what was a volatile period for equity markets.

During the year, the MSCI AC World Index (AUD) returned negative performance during five months (February, March, June, September and October). Collectively the MSCI AC World Index (AUD) fell 13.7% during these periods. In contrast the investment portfolio, aided by its absolute bias exposure, fell 8.1% during the same five months, resulting in an outperformance of 5.6%.

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

Investment strategy allocation – as at 31 December 2020



Long equities

Investing in a portfolio of equities based on the expectation the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company that 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.

Investment Committee Report

Fund manager allocation and investments at market value as at 31 December 2020

Fund manager	Investment	Strategy	\$ Value	% of Gross assets
Caledonia	Caledonia Fund	Long equities	80,690,767	12.5%
Magellan Asset Management	Magellan Global Fund	Long equities	72,952,789	11.4%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	72,476,900	11.3%
Marsico Capital Management	Marsico Global Fund	Long equities	60,082,078	9.4%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	58,932,693	9.2%
VGI Partners	VGI Partners Funds	Absolute bias	51,441,117	8.0%
Munro Partners	Munro Global Growth Fund	Absolute bias	43,472,991	6.8%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	41,611,777	6.5%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	35,323,777	5.7%
Avenir Capital	Avenir Global Fund	Absolute bias	21,467,481	3.3%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	19,798,688	3.1%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	19,771,031	3.1%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	5,530,875	0.9%
	Cash and term deposits		56,303,042	8.8%
	Distributions, interest, rebates receivable		2,499,642	
	Gross Assets		642,355,648	

Investment Committee Report

The following information summarises the performance, risk matrices and underlying holdings of the Future Generation Global investment portfolio at 30 September 2020, using data provided by the underlying fund managers and prepared and analysed by Lonsec and Style Research.

Holdings based analysis

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

Style analysis

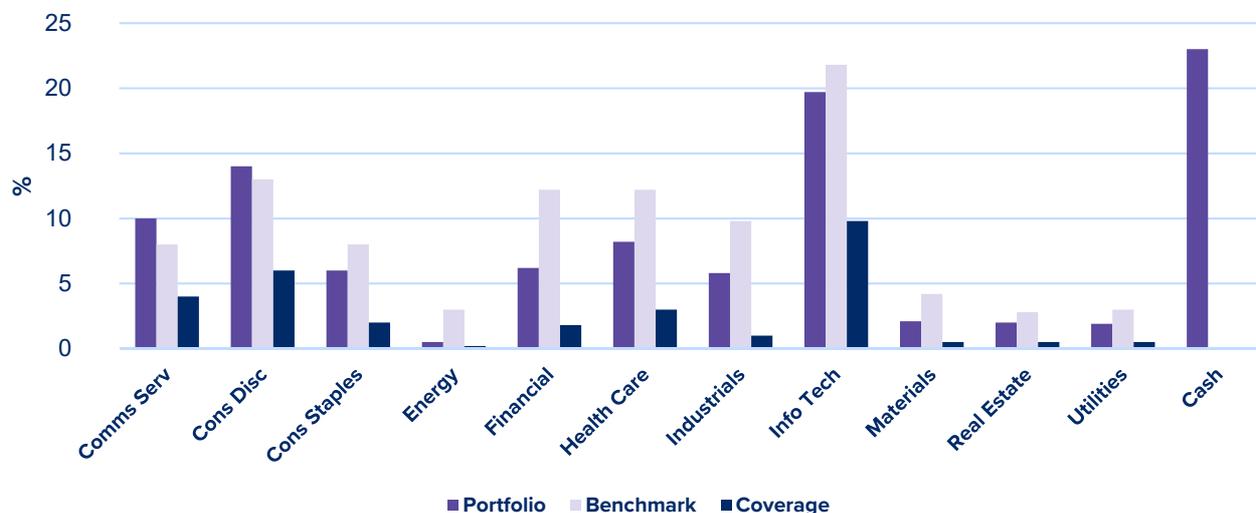
The below chart shows the country and sector-adjusted style tilts exhibited by the blend of global equities in the underlying portfolio of Future Generation Global's investments with the fund managers. The value bars (far left-hand side) represent factors associated with a value-based investment style, while the growth bars (second from left) represent factors associated with a growth-based investment style. The blend of global equities within the portfolio exhibited a slight growth style bias when compared to the MSCI AC World Net Return Index, a global equity investment benchmark.

Style Skyline (Country and Sector Adjusted)



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

Sector Distribution



*The holdings based analysis includes 77% of the investment portfolio.

Investment Committee Report

Risk attribution

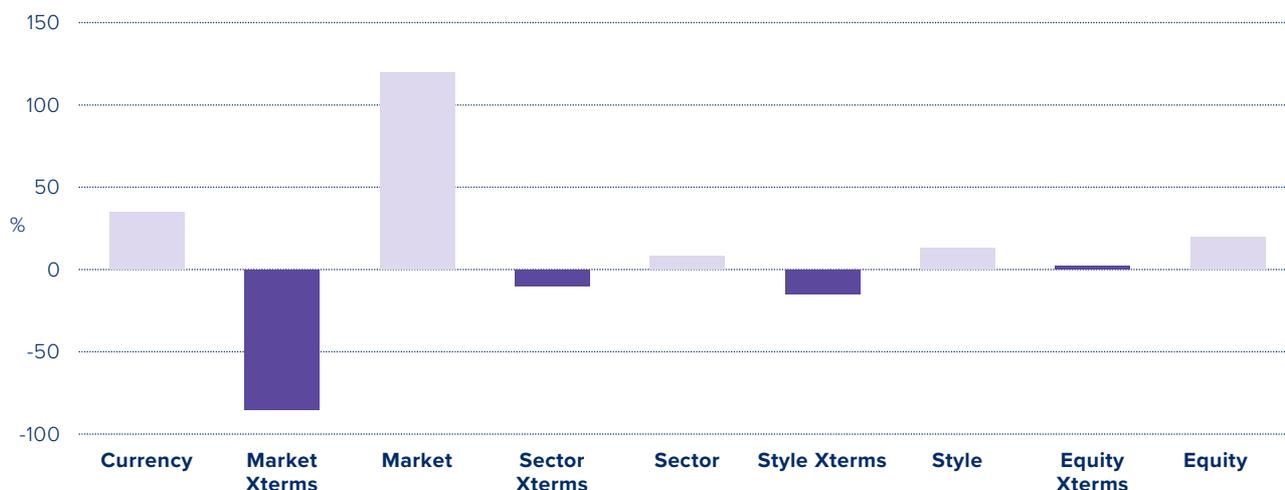
The following table and chart examine the various risk factors associated with the blend of global equities in the portfolio of the underlying fund managers of Future Generation Global. Risk attribution focuses on the estimation, analysis and decomposition of Tracking Error (and Tracking Variance) risk. The decomposition of the Tracking Variance identifies the principal sources of risk and further reveals risk compounding and risk offsets (via the Cross-Terms).

Risk Estimates

Tracking Error	Coverage	Persistence Ratio	Portfolio Beta	Portfolio Volatility	Benchmark Volatility
2.8%	29.2%	1.1	0.82	8.9%	10.6%
Correlation (Port, BM)	Portfolio Actual Stocks	Benchmark Actual Stocks	Portfolio Effective Stocks	Benchmark Effective Stocks	
0.98	3,131*	2,984	101.7	198.6	

*The number of Portfolio Actual Stocks includes positions held in Exchange Traded Funds and the underlying stock exposure on a look through basis. For a description of the key risk measures listed above, please refer to Appendix A on page 16.

Risk Attribution

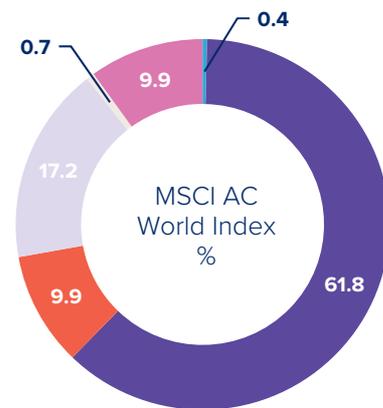
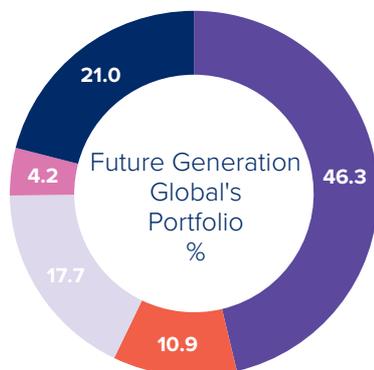


The above chart shows that 120% of the portfolio risk comes from market risk or the extent to which the portfolio exposures to equity markets differs from the benchmark. The next biggest contributor risk is currency at 35% and this shows the extent to which currency exposure of the portfolio differs from the benchmark. The biggest factor reducing risk in the portfolio is the Market Xterms which is the degree to which returns between the portfolio's currencies and markets move in tandem. In this case, these two factors do not move in tandem and therefore reduce overall risk.

Investment Committee Report

Regional allocations - as at 30 September 2020

Region	Active position (%)
Africa	-0.4
Americas	-15.6
Asia	1.0
Europe	0.5
Middle East	-0.7
Pacific	-5.8
Cash	21.0

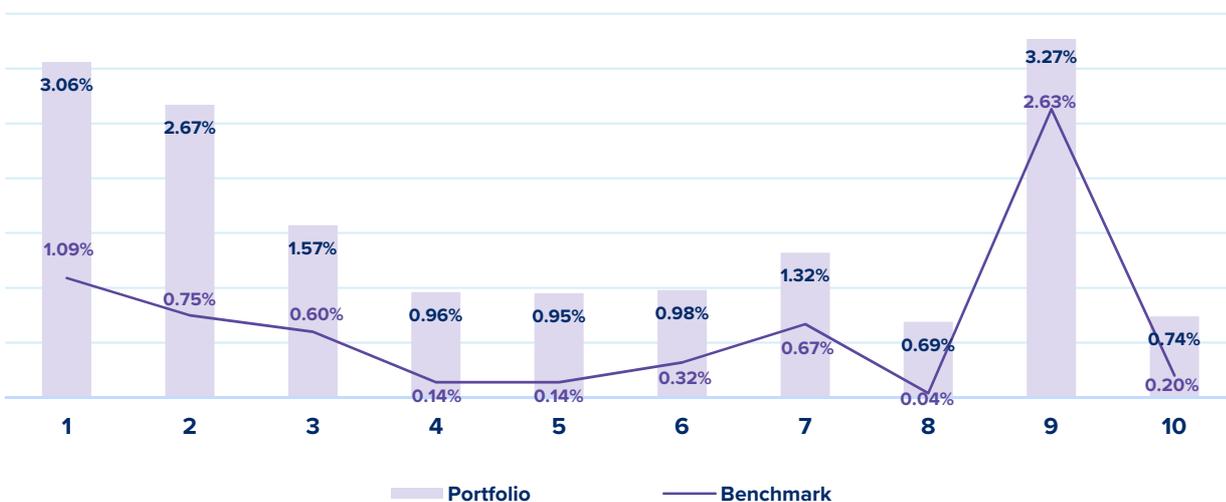


Detailed portfolio holdings - as at 30 September 2020

Global equities - top 10 overweights

Holding/Sector	Active position (%)	Holding/Sector	Active position (%)
1 Alibaba Group Holding Limited <i>Consumer Discretionary</i>	1.97	6 SAP SE <i>Information Technology</i>	0.66
2 Tencent Holdings Limited <i>Communication Services</i>	1.93	7 Visa Incorporated <i>Information Technology</i>	0.65
3 Mastercard Incorporated <i>Information Technology</i>	0.98	8 Cellnex Telecom SA <i>Communication Services</i>	0.65
4 Crown Castle International Corporation <i>Real Estate</i>	0.82	9 Amazon.com Incorporated <i>Consumer Discretionary</i>	0.63
5 Reckitt Benckiser Group <i>Consumer Staples</i>	0.81	10 Starbucks Corporation <i>Consumer Discretionary</i>	0.54

Active position portfolio and benchmark overweights



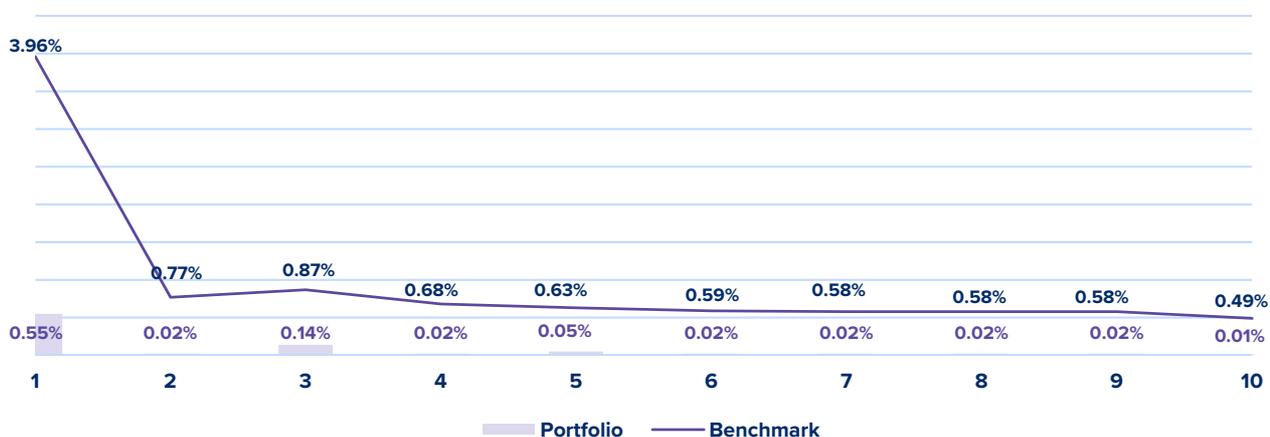
Investment Committee Report

Detailed portfolio holdings – as at 30 September 2020

Global equities – top 10 underweights

	Holding/Sector	Active position (%)		Holding/Sector	Active position (%)
1	Apple Incorporated <i>Information Technology</i>	-3.41	6	Home Depot Incorporated <i>Consumer Discretionary</i>	-0.57
2	Johnson & Johnson <i>Health Care</i>	-0.75	7	United Health Group Incorporated <i>Health Care</i>	-0.57
3	Alphabet Incorporated <i>Communication Services</i>	-0.73	8	JP Morgan Chase & Co <i>Financials</i>	-0.56
4	Procter & Gamble Company <i>Consumer Staples</i>	-0.66	9	Berkshire Hathaway Incorporated <i>Financials</i>	-0.56
5	Tesla Incorporated <i>Consumer Discretionary</i>	-0.58	10	Verizon Communications <i>Communication Services</i>	-0.47

Active position portfolio and benchmark underweights



Environmental, Social and Corporate Governance (ESG) summary - as at 30 September 2020

This table summarises the exposure of the Future Generation Global portfolio to selected industries which are considered to be less ESG aware.

Cash/Industry	Exposure (%)
Distillers and vintners	0.86%
Casinos and gambling	0.30%
Tobacco	0.01%
Brewers	0.01%
Total of Future Generation Global portfolio considered to be ESG aware	98.82%

Kiera Grant

Chairman of the Investment Committee

Dated this 25th day of February 2021

Investment Committee Report

Appendix A – Risk estimates glossary

Tracking Error	Measures the degree to which the performance of the portfolio varies from that of the underlying benchmark, in this case the MSCI AC World Net Return Index. Tracking error shows an investment's consistency versus a benchmark over a given period. A lower tracking error means that the investment will deliver a return closer to the underlying benchmark. The Future Generation Global portfolio tracking error of 2.8%, as shown in Risk Estimates, is low.
Coverage	The coverage ratio is the market value of the securities that are in the portfolio as compared to the benchmark. The ratio of 29.2% above means that 29.2% of the value of portfolio overlaps shares in the MSCI AC World Index.
Persistence Ratio	A practical indicator of the extent to which a forecast Tracking Error may be underestimated due to time-varying weights and trending in returns.
Portfolio Beta	Shows the degree of sensitivity of the portfolio to a 1.0% change in the underlying Index. As shown in the table, the Future Generation Global portfolio beta is 0.82 and this means that if the Index rose 1.0% the portfolio would increase by 0.82% and likewise if the Index fell 1.0% it would fall 0.82%. The beta of 0.82 is well within what would be expected from a well-diversified portfolio.
Portfolio/Benchmark Volatility	Shows the degree to which the returns of the portfolio move around from their long-run average. It can be thought of as a measure of the risk in the portfolio. The volatility (or risk) for the portfolio of 8.9% is below the underlying Index, which is 10.6%
Correlation	The correlation coefficient is a measure that determines the degree to which two variables' movements are associated. In this case, it measures the degree of association between movements in the Future Generation Global portfolio and the underlying Index. A correlation of 0.98 is reasonably high and shows that the portfolio returns are reasonably highly correlated to movements in the underlying Index.
Portfolio/Benchmark Actual Stock	Indicates the number of stocks in the portfolio as well as the number of stocks in the benchmark.
Portfolio/Benchmark Effective Stock	Shows the number of stocks in terms of reducing the portfolio risk from holding a specific stock, it is a measure of how diversified a portfolio is. The 198.6 effective stocks count for the Future Generation Global portfolio is very high as any diversified holding of stocks above about 30 stocks indicates a good degree of diversification. No single stock holding can overly impact the portfolio.

Social Impact Report

Future Generation Global is proud to support its eight charity partners who are helping to improve the lives of young Australians affected by mental ill health. The goal is to promote the mental health, wellbeing and resilience of young Australians up to 25 years of age. Our partners have demonstrated resilience and ingenuity to continue and increase their various support for young people in response to the coronavirus pandemic.

The investment from the Company supports smarter service system development and effective programs and services that allow young Australians to have access to the information, services and support they need, when they need it, to maintain their mental health and lead an active and engaged life.

During 2020, the coronavirus pandemic saw the Future Generation Global charity partners in community-facing roles cope with surges in demand and increased distress among young people and their carers, with most adapting certain activities to align with the circumstances of today. Some of the funds from the Company were redirected to suit these changes.

In May 2020, Emily Fuller was appointed to the newly created role of Social Impact Manager, bringing a wealth of experience spanning philanthropy, research, international development and communications. As Social Impact Manager, Emily oversees all charitable aspects related to Future Generation Global and Future Generation Australia, including working closely with the charity partners to assist the Company in achieving its charitable objectives.

Throughout the year, the Company undertook a detailed analysis of the outcomes of the work of each individual charity partner supported by Future Generation Global to date. The analysis revisited the original aims of each charity partner and detailed the outcomes and lessons learnt. The analysis confirmed the significant social impact made by our charity partners so far and provided insights into how the Company can best continue to work with charity partners to deliver on its social impact objectives in the future.

During August 2020, shareholders voted their charitable allocation and we were delighted by the response. Thank you to all shareholders for their involvement in the process. The specific allocation to each charity, as shown in the table below, was determined by shareholders' votes and directions, with the Board distributing the undirected monies. The Company made its fifth annual investment of \$5.7 million in October 2020 and is on track to donate approximately \$6.4 million in October 2021, bringing the total since inception to over \$26 million.

2020 and 2019 total social investment:

Designated charities	2020 Investment	2019 Investment
Beyond Blue*	-	\$313,325
Black Dog Institute	\$513,476	\$396,500
Brain and Mind Centre	\$491,490	\$348,041
Butterfly Foundation for Eating Disorders	\$480,410	\$374,021
headspace*	-	\$382,954
Kids Helpline	\$491,699	\$266,772
Orygen - the National Centre of Excellence in Youth Mental Health	\$462,909	\$343,760
ReachOut	\$513,625	\$391,452
SANE Australia	\$504,350	\$344,983
Youth Focus	\$488,995	\$261,901
Directed to other youth related charities**	\$585,419	\$835,728
Directed to other Australian charities**	\$1,192,707	\$674,194
Total charitable allocation	\$5,725,080	\$4,933,631

*Future Generation Global concluded its support of the projects at Beyond Blue and headspace during 2020.

**Directed by shareholders with 1 million or more shares. These shareholders have the ability to direct their donation voting allocation to any non-profit organisation of their choosing, provided the organisation has deductible gift recipient (DGR) status.

Social Impact Report

Information on the work that Future Generation Global's charity partners undertook in the year ended 31 December 2020 with monies from their allocation of the annual investment in 2019 (paid in October 2019) is detailed below.



beyondblue.org.au

Beyond Blue works to give everyone in Australia the confidence to speak openly about anxiety, depression and suicide – both to seek support and to check in with those close to them – and tackle prejudice and discrimination wherever they exist.

Funding: \$313,325

Future Generation Global's investment ensured the continued provision and promotion of the Healthy Families website, which supported 473,709 families in 2020, with over 39,000 parent and child mental health checklists completed. Healthy Families provided information that parents needed during the pandemic. April to June 2020 saw the highest number of new visitors to the website, with information and strategies to support anxious children being the highest viewed pages and an above average of three minutes spent reading.

Future Generation Global funding supported the creation and promotion of tailored content to support parents and carers impacted by the coronavirus. The articles were published on the Coronavirus Mental Wellbeing website which has had over 1 million visits since April 2020. The parent and carer specific articles have been viewed by 32,843 people since April.

The funding was also used to promote tips and information for parents, carers and professionals on building resilience in children; helping children cope with the ups and downs of life and bounce back from challenges. The tips were accessed by 20,505 parents and carers, while the children's resilience guide was downloaded by an additional 7,417 professionals to help inform their work. The guide is now in the hands of over 27,000 people since launching in 2018.

Funding: \$396,500

Future Generation Global's investment supported the progression of three research projects in youth suicide prevention.

1. Development of an app to help young people manage suicidal thoughts. Phase one of the app trial was completed with 450 young participants and a second version of the app was developed ahead of testing to commence in 2021.

2. Development of a smartphone app to detect depression and anxiety. Refinements for greater user acceptability and gamification were finalised. Data collection from 450 students in 11 high schools was completed for the Future Proofing Trial pilot phase and an additional 140 schools were recruited. Ethics approval for rollout of up to 20,000 high school students was gained alongside the establishment of a Lived Experience Advisory Committee to support app refinement and enhance engagement strategies. The second version of the app was developed ahead of commencing testing in 2021.

3. Development of an SMS system to provide continuity of care for young people discharged from the hospital following a suicide attempt. A new trial protocol was developed to test the system in a randomised controlled trial in eight metropolitan and regional hospitals once coronavirus restrictions allow.



Black Dog Institute

blackdoginstitute.org.au

Black Dog Institute investigates mental health across the lifespan. Their translational approach aims for research findings to be quickly accessible through clinical services, education and e-health products that improve people's lives.

Social Impact Report



sydney.edu.au/brain-mind

The Brain and Mind Centre's vision is to transform brain and mind health with world leading research, focusing on conditions effecting child development and youth mental health.

Funding: \$348,041

Throughout 2020, the Brain and Mind Centre further developed the Youth Mental Health and Technology Program which is underpinned by an innovative model of youth mental health care based on research involving 6,743 individuals over 10 years.

The Program's online education and training seminars were viewed more than 400 times and 10 headspace services received additional in-clinic training. Brain and Mind Centre's suite of education and training was granted the 2020 Society for Mental Health Research Team Award for Impactful Mental Health Research – Health Services Research.

The Youth Mental Health and Technology Program's online tools which support personalised care through clinical assessment and real-time tracking were implemented in 11 headspace services in NSW and SA. It is currently being used by more than 50 clinicians and over 2,000 young people. Of the young people using the online tools, 58% have improved their wellbeing.

During the year, three academic manuscripts about the Youth Mental Health and Technology Program were submitted to peer-reviewed journals and Brain and Mind Centre explored working with a further 11 youth mental health services in regional and rural NSW and QLD. Brain and Mind Centre hosted 16 webinars with over 3,000 registrations and more than 2,000 views on YouTube. The webinars explored difficult topics including suicide, stigma and discrimination by those with a lived mental health experience, including young people and their carers.

Funding: \$374,021

Future Generation Global's investment has supported the Youth Program and Virtual Youth Program, providing evidence-based, effective early intervention for young people aged between 18 and 25 years with disordered eating and eating disorders.

During the year there were 39 participants in four rounds of the Youth Program. Most had been diagnosed with Bulimia Nervosa or Binge Eating Disorder and this program allows Butterfly to reach and treat them much earlier than usual for people with these conditions. Prior to the coronavirus, the development of an online version of the Youth Program had commenced and participants were therefore able to transition to complete their program virtually in February and March.

Families are a key to success and are included in treatment sessions where appropriate. Feedback from family members was overwhelmingly positive. Participants also provided very positive feedback particularly around feeling better understood and connected, and having improved communication with their families. Other improvements included reduced restraint and avoidance of food and eating, reduced preoccupation with shape and weight, and less fear of weight gain.



butterfly.org.au

Butterfly's mission is to bring about change to the culture, policy and practice in the prevention, treatment and support of those affected by eating disorders and body image issues.

Social Impact Report



headspace.org.au

Headspace is the National Youth Mental Health Foundation, providing early intervention mental health services to 12 to 25 year olds. headspace services cover four core areas: mental health, physical health (including sexual health), work and study support, alcohol and other drug services.

Funding: \$382,954

Future Generation Global supported the Aboriginal and Torres Strait Islander Youth Mental Health and Wellbeing Traineeship Program that provides 12 to 18 months training in mental health and work experience at headspace for young Aboriginal people in Broome, WA and Darwin, NT. This initiative aims to improve the quality, consistency and cultural relevance of headspace centres in regional and remote areas to increase their use by Aboriginal and Torres Strait Islander young people.

This year, two young people successfully completed their traineeships and continued onto employment and further education within the mental health and social and emotional wellbeing sectors. One trainee is returning to university to complete a Bachelor in Psychology and one trainee commenced in mid 2020 in Darwin and will have 12 months to complete the traineeship.

A National Program Coordinator has been engaged to review and further develop the program that has already reached approximately 760 Aboriginal and Torres Strait Islander young people through mental health promotion and literacy sessions in Broome and Darwin.

Funding: \$266,772

Circles is a national platform delivering group counselling for young people who are struggling with mental health issues. It is a purpose built, 24 hour, seven days a week, mental health social networking platform that is safe, free and private for young people. Funding from Future Generation Global provided the means to develop Circles and prove its efficacy through strong evidence-based analysis.

In 2020, this evidence-based analysis enabled Kids Helpline to secure a \$1 million funding commitment from the Bupa Health Foundation to take the model to scale and develop the practice model to aid Kids Helpline as well as other organisations.

Circles formed a key part of Kids Helpline's response to increased demand during the coronavirus pandemic. When demand surged by 45% in April 2020 compared to the year before, Kids Helpline was able to offer its specially designed Circle to 499 young people as an alternative to counselling services.

In total, over 1,200 young people experiencing poor mental health took part in Circles in 2020, a 143% increase in participation compared to 2019. Data showed that 56% of participants experienced a reduction in their symptoms of depression, anxiety, stress or psychological distress.



kidshelpline.com.au

Kids Helpline is Australia's only free, national 24/7 confidential support and counselling service specifically for children and young people aged five to 25. It offers counselling support via phone, email and real-time WebChat.

Social Impact Report

The logo for Orygen, featuring the word "orygen" in a lowercase, orange, handwritten-style font. The letters are slightly irregular and spaced out.

orygen.org.au

Established in 2002, Orygen is widely regarded as one of the world's leading research organisations focusing on mental ill health in young people. Orygen has driven a shift in services and treatments to focus on early intervention.

Funding: \$343,760

During the year, Future Generation Global's investment supported the development of several Orygen research and resource initiatives.

371 young people were surveyed to examine young people's mental health during the coronavirus pandemic and their use of digital mental health interventions. Further consultations with young people on experiences accessing mental health support for suicide risk informed a report by the National Mental Health Commission and the Prime Minister's Advisor on Suicide Prevention.

Online training was delivered to 111 parents across Victoria and guidelines developed for communities on the safe use of social media following the suicide of a young person, and to prevent the emergence of suicide clusters.

The evaluation of the #chatsafe social media campaign, with 189 young people, showed improvements in young people's confidence and safety in online communications, and increased willingness to intervene against suicide. Adaptations of #chatsafe were launched in 10 different languages and 33,000 international guidelines have been downloaded across the globe to date.

Orygen also published an Australia-first study examining the characteristics and life stressors experienced by over 3,000 young people who died by suicide in Australia between 2006 and 2015.

Funding: \$391,452

Future Generation Global's investment has allowed ReachOut to improve digital self-help to better meet the needs of young people living in regional, rural and remote Australia.

During the year, ReachOut directly supported the mental health and wellbeing of 294,881 young people, 45,614 parents and 27,185 educators, and ran an awareness campaign about self-help and early help-seeking which drove more than 85,917 young people to ReachOut.com.

Dedicated coronavirus self-help resources were developed to help Australians navigate the mental health issues associated with the pandemic. ReachOut's digital delivery model enabled a rapid response to specific communities with support most relevant to them. Some 233,387 users accessed this coronavirus content across ReachOut's youth, parents and schools services between 16 March and 16 December 2020.

ReachOut formed a partnership with the Department of Indigenous Studies at Macquarie University to produce Aboriginal and Torres Strait Islander specific social and emotional wellbeing resources, funded by the Australian Government Department of Health.

Insights from the Lifting the Weight Report derived from ReachOut's analytics function, enabled through Future Generation Global support, were used to support ReachOut's submissions to several consultations and policy processes, including briefings to more than 30 Members of Parliament on service demand of young people in their electorates.

The logo for ReachOut.com, featuring the words "REACH OUT" in a bold, blue, sans-serif font, with ".COM" in a smaller font below it. The logo is enclosed in a blue rectangular border.

reachout.com

ReachOut is Australia's leading online mental health organisation for young people and their parents. Practical support, tools and tips help young people to navigate everyday issues and tough challenges.

Social Impact Report



**SANE
AUSTRALIA**

sane.org

SANE Australia is a national mental health charity making a real difference in the lives of people affected by complex mental health issues through support, research and advocacy.

Funding: \$344,983

With Future Generation Global's support, SANE Australia continued to provide access to evidence-based services, resources, information and referral pathways for young adults aged 18 to 30, who are at risk of or experiencing complex mental health issues. SANE's focus on this age bracket reflects the unique set of psychological, physiological and social stressors which are more likely to occur in emerging adulthood. The effects of the coronavirus pandemic have been particularly acute for this group.

In 2020, SANE engaged daily with 830 young people. Online services are well utilised by young adults with up to 37% of forum users and 51% of users of self-help resources, information and stories being aged 18 to 30. SANE's counselling services are accessed equally by young adults as other age groups. 29.5% of callers to the helpline were aged 18 to 35, an increase of 8.5% on the previous year.

During the year, a new service supporting people exiting residential care for mental health was piloted where half of the participants were young adults. The Lived Experience Advisory Group was initiated to inform SANE's service design and delivery where the majority of members are young adults. 19 young adults also participated in the SANE Peer Ambassador program, sharing their lived experience of complex mental health issues, to combat stigma and discrimination.

Funding: \$261,901

In 2020, Youth Focus supported almost 10,000 at-risk Western Australians aged 12 to 25 with free, unlimited and professional face-to-face counselling services and education programs. Future Generation Global's investment sustained a new Vocational Support Program for young people experiencing mental ill health as a barrier to obtaining meaningful employment and education.

Employment and education are an integral part of a young person's recovery, proven to have significant benefits by raising self-confidence, self-worth and most importantly helping them become a fully functioning member of society.

In its first year, the Vocational Support Program supported 51 young people in applying for employment and education opportunities. These young people have secured employment, education or work experience, attended their first ever job interview or are being supported to obtain government financial assistance as a result of the coronavirus pandemic affecting their ability to secure employment.



youthfocus

youthfocus.com.au

Suicide is the leading cause of death for Western Australians under the age of 25. Youth Focus' mission is to reduce youth suicide by supporting young people aged 12 to 25, to overcome the issues associated with depression, anxiety, self-harm and suicidal ideation.

Directors' Report to Shareholders

For the year ended 31 December 2020

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 year ended 31 December 2020.

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 ill health. The Company invests its capital with fund managers who have agreed to provide their services for 0.0% management fees and 0.0% performance fees. The pro bono support of the fund managers, the Board of Directors and service providers means an amount equal to 1.0% of the Company's average monthly net tangible assets for the relevant financial year can be 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 year or is likely in the future.

Operating and financial review

For the year ended 31 December 2020, the operating profit before tax and net realised and unrealised gains and losses on investments was \$27.5 million (2019: \$13.1 million). The operating profit after tax and before net realised and unrealised gains and losses on the investments was \$19.8 million (2019: \$8.6 million). The increase in operating profit on the corresponding period is primarily due to an increase in distribution income received from the investments with the underlying fund managers during the year. In the calendar year 2020, the volatility experienced in global equity markets led to a higher turnover of investment portfolios with the underlying fund managers, resulting in increased realised gains which were subsequently distributed to the Company. The net result after tax and net realised and unrealised gains and losses on investments for the year was a profit of \$53.8 million (2019: \$66.0 million) and is reflective of the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers during the period. Total comprehensive income is driven by the change in dollar value of the investment portfolio in each period. In 2019, the value of the investment portfolio, or the gross assets of the Company, increased by \$101.2 million as the investment portfolio performance increased 20.5% for the year. In the year ended 31 December 2020, the value of the investment portfolio increased by \$82.6 million as the investment portfolio performance increased 14.3%.

For the year ended 31 December 2020, the investment portfolio increased 14.3%. The MSCI AC World Index (AUD) increased 6.1% for the year. Since inception, the investment portfolio has increased 11.0% per annum. Future Generation Global's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 9.1% versus the Index's 10.7%.

The pre-tax NTA for each share as at 31 December 2020 was \$1.62 per share (2019: \$1.47). The post-tax NTA was \$1.50 per share (2019: \$1.39). These figures are after the 2.0 cents per share fully franked dividend paid during the year.

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. Due to 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.

Further information on the financial performance of the Company is contained in the Chairman's Letter on pages 6 to 9 of this report and in the Investment Committee Report on pages 10 to 16 of this report.

¹Investment portfolio performance and Index returns are before expenses, fees and taxes.

Directors' Report to Shareholders

For the year ended 31 December 2020

Financial position

The net asset value of the Company as at 31 December 2020 was \$592.3 million (2019: \$545.7 million).

Further information on the financial position of the Company is contained in the Chairman's Letter on pages 6 to 9 of this report.

Dividends paid

Dividends paid are as follows:

	\$'000
Fully franked June 2020 dividend of 2.0 cents per share paid on 23 October 2020	7,849

Directors

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

Belinda Hutchinson AC	Chairman
Frank Casarotti	Non-Executive Director
Kiera Grant	Non-Executive Director
Sarah Morgan	Non-Executive Director
Jonathan Nicholas	Non-Executive Director
Geoff R Wilson	Non-Executive Director
Geoff Wilson AO	Non-Executive Director

Information on Directors

Belinda Hutchinson AC (Chairman)

Experience and expertise

Belinda Hutchinson has over 20 years' experience as a non-executive director having served on the boards of Telstra, AGL Energy, QBE Insurance, Coles Myer, Energy Australia, TAB, Crane Group and Sydney Water. Belinda commenced her executive career with Andersen Consulting working in Australia and the USA. She moved to Citibank becoming a Vice President in project and corporate finance following which she joined Macquarie Group as an Executive Director and became head of Macquarie Equity Capital. Belinda is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors (AICD) and holds a Bachelor of Economics from the University of Sydney.

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

Other current directorships

Belinda Hutchinson is currently the Chancellor of the University of Sydney (appointed February 2013), Chairman of Thales Australia Limited (appointed August 2015) and a Director of Qantas Airways Limited (appointed April 2018) and Australian Philanthropic Services. Belinda is also a Trustee of the St Vincent's Curran Foundation.

Former directorships in the last 3 years

Belinda Hutchinson resigned as a Director of AGL Energy Limited in December 2018.

Special responsibilities

Chairman of the Board and member of the Audit and Risk Committee.

Interests in shares of the Company

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

Interests in contracts

Belinda Hutchinson has no interests in contracts of the Company.

Directors' Report to Shareholders

For the year ended 31 December 2020

Frank Casarotti (Non-Executive Director)

Experience and expertise

Frank Casarotti joined Magellan Financial Group in March 2007 and is General Manager – Distribution. Frank began his career at Australian Eagle Insurance Group in 1979, later joining Colonial First State (then known as First State Fund Managers) as its Queensland State Manager in 1992 and relocating to Sydney to take up the role of Head of Adviser Distribution in 2001. His role at Colonial First State extended from the promotion of Colonial's asset management business capability to its entry into the platform market.

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

Other current directorships

None.

Former directorships in the last 3 years

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

Interests in contracts

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

Kiera Grant (Non-Executive Director)

Experience and expertise

Kiera Grant has extensive experience as a non-executive Director of public and private companies as well as senior management experience, having spent 15 years working in equity capital markets, most recently as Executive Director, UBS Australia.

Kiera Grant has been a Director of the Company since March 2018.

Other current directorships

Kiera Grant is currently a non-executive Director of Samuel Smith & Sons Pty Limited (holding company of the Yalumba Wine Company and Negotiants Distribution), Adairs Retail Group and the Ascham School Foundation. Kiera is Chair of the Art Gallery of NSW Foundation.

Former directorships in the last 3 years

Kiera Grant was previously a non-executive Director of the Sydney Dance Company.

Special responsibilities

None.

Interests in shares of the Company

Details of Kiera Grant's interests in shares of the Company are included later in this report.

Interests in contracts

Kiera Grant has no interests in contracts of the Company.

Directors' Report to Shareholders

For the year ended 31 December 2020

Sarah Morgan (Non-Executive Director)

Experience and expertise

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

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

Other current directorships

Sarah Morgan is currently a non-executive Director of Adslot Limited (appointed January 2015), National Gallery of Victoria Foundation (appointed August 2015), Melbourne Girls Grammar (appointed December 2018), Intrepid Group Limited (appointed January 2019), Whispir Limited (appointed January 2019) and Nitro Software Limited (appointed November 2019).

Former directorships in the last 3 years

Sarah Morgan resigned as a Director of Hansen Technologies Limited in December 2019.

Interests in shares of the Company

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

Interests in contracts

Sarah Morgan has no interests in contracts of the Company.

Jonathan Nicholas (Non-Executive Director)

Experience and expertise

Jonathan was one of the early staff members of one of Australia's leading mental health charities ReachOut and served the organisation for more than 20 years, including as Founding CEO of ReachOut Ireland in 2009 and CEO of ReachOut Australia between 2010 and 2018. In 2018, Jonathan established the Wellbeing Outfit, a consulting business specialising in mental health and wellbeing and in 2021 launched the Impact Outfit to support organisations to develop, grow and measure social impact initiatives. Jonathan is also the Mental Health Advisor to EY Oceania.

Jonathan has been a Director of the Company since April 2019.

Other current directorships

Jonathan is the Deputy Chair of the Foundation for Alcohol Research and Education.

Former directorships in the last 3 years

Jonathan resigned as a Director of Mental Health Australia in 2018.

Special responsibilities

None.

Interests in shares of the Company

Jonathan Nicholas has no interests in shares of the Company.

Interests in contracts

Jonathan Nicholas has no interests in contracts of the Company.

Geoff R Wilson (Non-Executive Director)

Experience and expertise

Geoff's broad business experience across a range of sectors spans more than 35 years, holding numerous positions with KPMG in Australia, including as CEO in Hong Kong, as COO for Asia Pacific and as a Partner in Silicon Valley. He is a founding member of the Male Champions of Change, a member of the UNSW Business School Advisory Council, former President of the Business Schools alumni network in Hong Kong and has been active in the not-for-profit sector across education and indigenous engagement. Geoff is a graduate member of the Australian Institute of Company Directors (AICD) and a fellow of the Institute of Chartered Accountants in Australia.

Directors' Report to Shareholders

For the year ended 31 December 2020

Geoff R Wilson (Non-Executive Director) (continued)

Geoff R Wilson has been a Director of the Company since March 2019.

Other current directorships

Geoff R Wilson is a non-executive Director and Chairman of the Audit Committee of Nanosonics Limited, HSBC Bank Australia Limited and Toll Group. Geoff is a non-executive director of Sydney Symphony Orchestra and ipSCAPE Pty Limited, and is an advisory board member for HitCheck.

Former directorships in the last 3 years

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

Special responsibilities

Chairman of the Audit and Risk Committee.

Interests in shares of the Company

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

Interests in contracts

Geoff R Wilson has no interests in contracts of the Company.

Geoff Wilson AO (Founder and Non-Executive Director)

Experience and expertise

Geoff Wilson has over 41 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 investment companies to deliver both investment and social returns, Future Generation Australia and Future Generation Global. 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 (AICD).

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

Other current directorships

Geoff is Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014). Geoff is a Director of Australian Leaders Fund Limited (appointed October 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), Hearts and Minds Investments Limited (appointed September 2018), WAM Alternative Assets Limited (appointed September 2020), Incubator Capital Limited (appointed February 2000), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation and the Australian Children's Music Foundation. Geoff 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 resigned as a director of Clime Capital Limited in March 2018 and 8IP Emerging Companies Limited in September 2020.

Special responsibilities

Member 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 interest in contracts of the Company are included later in this report.

Directors' Report to Shareholders

For the year ended 31 December 2020

Chief Executive Officer

Louise Walsh

Louise Walsh is the Chief Executive Officer of the Future Generation companies (Future Generation Global and Future Generation Australia) founded by Wilson Asset Management Chairman Geoff Wilson. Louise also works closely 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, the City Recital Hall in Sydney and the Snow Foundation. She is a member of the Australian Institute of Company Directors (AICD). On 22 January 2021, the Company announced that Louise has decided to step down as Chief Executive Officer of Future Generation Global and Future Generation Australia in April 2021. We thank and congratulate Louise for her outstanding contributions to both companies.

Company Secretaries

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

Kate Thorley

Kate Thorley has over 15 years' experience in the funds management industry and more than 21 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management, Director of WAM Capital, WAM Leaders, WAM Research, WAM Active, WAM Microcap, WAM Global and Future Generation Investment Company. 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. Kate is a graduate member of the Australian Institute of Company Directors (AICD).

Mark Licciardo

Mark Licciardo is the founder and Managing Director of Mertons Corporate Services. A former Company Secretary of 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 (AICD), the Institute of Company Secretaries and Administrators and the Governance Institute of Australia. Mark is a current director of a number of public and private companies and a former Chairman of the Governance Institute of Australia Victoria division, Melbourne Fringe Festival and the Academy of Design Melbourne (LCI Melbourne).

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:

Kiera Grant (Chairman)

Kiera Grant is also a Director. Please refer to page 25 of the Directors' Report for details of Kiera's experience and qualifications.

Gary Brader

Gary has worked at QBE since 2003 and was appointed Group Chief Investment Officer in January 2011. Gary is also a member of the Investment Committee for the Great Barrier Reef Foundation. Gary previously worked at Alliance Capital in London, with 20 years investment experience including time with AXA Investment Managers in London and AXA Australia. Gary holds a Bachelor of Commerce and Administration.

Directors' Report to Shareholders

For the year ended 31 December 2020

John Coombe

John Coombe is a Principal Consultant and a Director at investment consulting firm JANA and has worked at the firm since 1988. Prior to joining JANA, John's experience includes 10 years at the State Electricity Commission of Victoria (SECV), where he worked in the superannuation, treasury and accounting areas. John holds a Diploma of Business Studies from Footscray Institute of Technology and is a qualified accountant.

Lukasz de Pourbaix

Lukasz leads the Lonsec Investment Solutions Pty Limited (LIS) business as Executive Director & Chief Investment Officer. LIS harnesses Lonsec's broad investment research and portfolio construction expertise delivering effective and efficient portfolio solutions to financial advisers. Lukasz is also Chairman of Lonsec's Asset Allocation Investment Committee and is a member of the Manager Selection and Direct Equities Investment Committees. Prior this, Lukasz was Lonsec's General Manger – Investment Consulting where he provided portfolio construction and manager selection advice to dealer groups, fund managers, super funds and private wealth institutions. Lukasz has over 20 years' industry experience commencing his research career at ING Australia where he was Research Manager. Prior to ING, he worked for BT Investment Management. Lukasz holds a Bachelor of Commerce degree and the CIMA designation. Lukasz is a graduate member of the Australian Institute of Company Directors (AICD).

Aman Ramrakha

Aman is currently Director, Manager Selection Services at Morningstar. Aman's previous roles include Director, Manager Research Ratings at Morningstar and Executive Manager at the Commonwealth Bank of Australia where he was responsible for the investment and insurance research function within the Wealth Management Advice Business. Aman has over 20 years financial services experience and has held technical, consulting and advisory roles at BT Financial Group, Colonial First State, KPMG and the Commonwealth Private Bank. Aman holds a Bachelor of Commerce, majoring in Economics and Finance, a Graduate Diploma in Applied Finance and Investments, Diploma of Financial Planning and is a Certified Investment Management Consultant.

Sean Webster

Sean Webster is Senior Manager – Research and Investment Strategy in AMPA Research at AMP. He has a strong research background that spans over 27 years bringing a wealth of investment research and management experience. Sean previously worked at Australian Fund Monitors, a boutique, research house specialising in absolute return funds. Sean has also been Head of Investment Research at Byron Capital Private Investors and a senior analyst with Berkley Group (now Findex) and has experience as an investment manager with Centuria Capital, a multi-manager funds management business. Sean has a strong economics background and experience across all asset classes including equities, fixed interest, property, and alternatives and has a Master of Arts from Clark University, Massachusetts, USA, a Bachelor of Commerce degree and is a Chartered Financial Analyst (CFA).

Geoff Wilson AO

Geoff Wilson is also a Director. Please refer to page 27 of the Directors' Report for details of Geoff's experience and qualifications.

Directors' Report to Shareholders

For the year ended 31 December 2020

Remuneration Report (Audited)

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

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 2020, no Directors' fees were paid by the Company (2019: nil).

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. The term of the contract expired in June 2020 and under the agreement, is automatically extended for successive periods of 12 months unless notice of termination is provided by either party no less than three months before the due date for extension of the term.

During the year ended 31 December 2020, the Company paid LW Consulting Pty Limited a total of \$100,000 (plus GST) for services provided (2019: \$100,000 (plus GST)). This payment is exclusive of \$20,000 (plus GST) in performance based remuneration paid during the year (2019: \$20,000 (plus GST)).

The following table reflects the Company's performance and Executive remuneration for each financial year since inception:

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016 [*]	30 June 2016
Operating profit after tax (\$'000)	19,778	8,562	12,761	3,047	2	4,480
Dividends paid (cents per share)	2.0	1.5	1.0	1.0	-	1.0
NTA after tax (\$ per share)	1.50	1.39	1.24	1.19	1.10	1.06
Total Directors' remuneration (\$'000)	-	-	-	-	-	-
Total Executive remuneration (\$'000) (excluding GST)	120	120	100	100	50	100
Shareholders equity (\$'000)	592,325	545,683	484,690	351,836	304,819	292,523

^{*}Refers to the transitional accounting period 1 July 2016 to 31 December 2016.

b) Director Related Entities Remuneration

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

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

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

Directors' Report to Shareholders

For the year ended 31 December 2020

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

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

Ordinary shares held Directors and key management	Balance at 31 December 2019	Acquisitions	Disposals	Balance at 31 December 2020	As at the date of this report
Belinda Hutchinson AC	1,221,194	770,156	-	1,991,350	1,991,350
Frank Casarotti	50,000	-	-	50,000	50,000
Kiera Grant	108,616	674,118	-	782,734	782,734
Sarah Morgan	90,909	-	-	90,909	90,909
Jonathan Nicholas	-	-	-	-	-
Geoff R Wilson	23,046	62,089	-	85,135	85,135
Geoff Wilson AO	5,248,779	-	-	5,248,779	5,248,779
Louise Walsh	43,761	650	-	44,411	44,411

Directors, other key management personnel and director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial period, 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
Belinda Hutchinson AC	4	4
Frank Casarotti	4	4
Kiera Grant	4	4
Sarah Morgan	4	4
Jonathan Nicholas	4	4
Geoff R Wilson	4	4
Geoff Wilson AO	4	4

Audit & Risk Committee Meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2020 Corporate Governance Statement.

Director	No. eligible to attend	Attended
Geoff R Wilson (Chairman)	4	4
Belinda Hutchinson AC	4	4
Sarah Morgan	4	4
Geoff Wilson AO*	-	-

*Geoff Wilson AO resigned from the Audit and Risk Committee on 18 February 2020.

Directors' Report to Shareholders

For the year ended 31 December 2020

Investment Committee Meetings

Investment Committee Member	No. eligible to attend as a member	Attended
Kiera Grant (Chairman) (appointed 1 July 2020)	2	2
Gary Brader	5	4
John Coombe (appointed 21 August 2020)	1	1
Lukasz de Pourbaix	5	4
Aman Ramrakha	5	4
Sean Webster	5	5
Geoff Wilson AO	5	5
Chris Donohoe*	3	3

*Chris Donohoe resigned from the Investment Committee on 21 August 2020.

After Balance Date Events

On 22 January 2021, the Company announced that Louise Walsh has decided to step down as Chief Executive Officer of the Company in April 2021. Kate Thorley, CEO of Wilson Asset Management, will assume the role of acting Chief Executive Officer until a permanent CEO is appointed.

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

Future Developments

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

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

Environmental Regulation

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

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, 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.

Directors' Report to Shareholders

For the year ended 31 December 2020

Non-Audit Services

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

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

- all non-audit services are reviewed and approved by the Board of Directors 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 auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

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.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 31 December 2020 is provided on the Company website at futuregeninvest.com.au.

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 34 of this Annual Report.

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



Belinda Hutchinson AC

Chairman

Dated in Sydney this 25th day of February 2021

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

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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 audit of Future Generation Global Investment Company Limited for the year ended 31 December 2020, 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S S Wallace
Partner

Pitcher Partners
Sydney

25 February 2021

Statement of Comprehensive Income

For the year ended 31 December 2020

	NOTE	2020 \$'000	2019 \$'000
Investment income from ordinary activities			
Distributions received		27,761	12,518
Investment management and performance fee rebates	3	6,583	5,250
Net foreign exchange (losses)/gains		(717)	75
Interest income		322	1,263
Other income		14	15
		33,963	19,121
Expenses			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Audit fees		-	-
Charity investment accrual	5	(5,997)	(5,480)
Share registry transaction costs		(75)	(77)
Executive remuneration	20	(132)	(132)
Other expenses		(194)	(258)
ASIC industry funding levy		(39)	(35)
ASX CHESS fees		(17)	(15)
Tax fees		(3)	(7)
Profit before income tax		27,506	13,117
Income tax expense	4(a)	(7,728)	(4,555)
Profit after income tax for the year attributable to members		19,778	8,562
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		34,051	57,464
Other comprehensive income for the year, net of tax		34,051	57,464
Total comprehensive income for the year		53,829	66,026
Basic and diluted earnings per share	16	5.04 cents	2.18 cents

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2020

	NOTE	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	56,303	51,863
Trade and other receivables	8	2,501	1,135
Current tax assets	4(c)	-	348
Other current assets		27	12
Total current assets		58,831	53,358
Non-current assets			
Financial assets at fair value through other comprehensive income	9	583,553	527,728
Intangible assets		-	4
Deferred tax assets	4(b)	1,214	1,960
Total non-current assets		584,767	529,692
Total assets		643,598	583,050
Liabilities			
Current liabilities			
Trade and other payables	10	73	134
Charity investment accrual	5	3,118	2,847
Current tax liabilities	4(c)	3,050	-
Total current liabilities		6,241	2,981
Non-current liabilities			
Deferred tax liabilities	4(d)	45,032	34,386
Total non-current liabilities		45,032	34,386
Total liabilities		51,273	37,367
Net assets		592,325	545,683
Equity			
Issued capital	11	450,809	450,147
Investment reserves	12(a)	115,299	81,248
Profits reserve	12(a)	26,327	14,398
Accumulated losses	12(b)	(110)	(110)
Total equity		592,325	545,683

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	NOTE	ISSUED CAPITAL \$'000	INVESTMENT RESERVES \$'000	PROFITS RESERVE \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 1 January 2019		449,303	23,784	11,603	-	484,690
Net profit for the period		-	-	-	8,562	8,562
Transfer of profits reserve	12(b)	-	-	8,672	(8,672)	-
Other comprehensive income, net of tax	12(a)	-	57,464	-	-	57,464
Transactions with owners:						
Shares issued via Dividend Reinvestment Plan	11(b)	847	-	-	-	847
Share issue costs (net of tax)	11(b)	(3)	-	-	-	(3)
Dividends paid	6(a)	-	-	(5,877)	-	(5,877)
Balance at 31 December 2019		450,147	81,248	14,398	(110)	545,683
Net profit for the period		-	-	-	19,778	19,778
Transfer of profits reserve	12(b)	-	-	19,778	(19,778)	-
Other comprehensive income, net of tax	12(a)	-	34,051	-	-	34,051
Transactions with owners:						
Shares issued via Dividend Reinvestment Plan	11(b)	662	-	-	-	662
Dividends paid	6(a)	-	-	(7,849)	-	(7,849)
Balance at 31 December 2020		450,809	115,299	26,327	(110)	592,325

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2020

	NOTE	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Distribution income received		134	46
Interest received		322	1,263
Other income received		10	15
Income tax paid		(7,532)	(7,905)
Charity investment		(5,725)	(4,937)
Payments for other expenses		(532)	(302)
Rebate income received		-	72
Net cash used in operating activities	14	(13,323)	(11,748)
Cash flows from investing activities			
Proceeds from sale of financial assets		68,017	-
Payments for financial assets		(42,350)	(104,691)
Net cash provided by/(used in) investing activities		25,667	(104,691)
Cash flows from financing activities			
Dividends paid to the Company's shareholders (net of Dividend Reinvestment Plan)		(7,187)	(5,030)
Cost of raising capital (gross of tax)		-	(4)
Net cash used in financing activities		(7,187)	(5,034)
Net increase/(decrease) in cash and cash equivalents		5,157	(121,473)
Cash and cash equivalents at the beginning of the period		51,863	173,261
Effects of exchange rate changes on cash and cash equivalents		(717)	75
Cash and cash equivalents at the end of the period	13	56,303	51,863
Non-cash investing and financing activities			
Distributions, rebates and equalisation income reinvested	15	32,847	17,195
Shares issued via Dividend Reinvestment Plan	15	662	847

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. General information

Future Generation Global Investment Company Limited (Future Generation Global or the Company) is a listed public company, incorporated and domiciled in Australia. The registered office is Level 26, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000. The financial statements of the Company are for the year ended 31 December 2020.

The financial report was authorised for issue on 25 February 2021 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.

(a) Basis of preparation

These general purpose financial statements for the year ended 31 December 2020 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) New standards and interpretations not yet mandatory or early adopted

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

(b) Revenue recognition

(i) Investment income

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

(ii) Trust distributions

Trust distributions are recognised as revenue in the Statement of Comprehensive Income when the right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues in the Statement of Comprehensive Income using the effective rate method which, for floating rate assets, is the rate inherent in the instrument.

(iv) Management and performance fee rebate income

Fee rebates are recognised in the Statement of Comprehensive Income on an accruals basis and are based on the investment being held with the fund calculated on a monthly basis.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(c) Investments and other financial assets

Classification

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

Recognition and derecognition

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

Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs 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.

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

Determination of Fair Value

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

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

The Board of Directors values the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net assets of the unlisted unit trusts. The fair value of investments traded in an active market are based on the closing quoted last price at the end of a reporting period.

(d) Foreign currency translation

(i) Functional and presentation currency

The financial statements of the Company are presented in Australian Dollars, which is the Company's functional and presentation currency, as determined in accordance with Australian Accounting Standard AASB 121: The Effects of Changes in Foreign Exchange Rates.

(ii) Transactions and balances

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

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

(e) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(e) Income tax (continued)

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 31 December 2020, there are no expected credit losses recognised (2019: nil).

(g) Cash and cash equivalents

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

(h) Trade receivables

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

(i) Trade and other payables

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

(j) Issued capital

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

(k) Profits reserve

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

(l) Dividends

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

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue for the year ended 31 December 2020.

(ii) Diluted earnings per share

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

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

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Where applicable, the Company qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the taxation authority.

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

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

(o) 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. There are no estimates or judgements that have a material impact on the Company's financial results for the year ended 31 December 2020.

(p) Rounding of amounts

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

3. Investment income from ordinary activities

As at 31 December 2020, the investment portfolio was made up of 13 global fund managers, with investments in 12 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 Global Fund and Caledonia Global Fund. The aggregated amount of management and performance fees forgone by the unit trusts with a zero fee unit class for the year ended 31 December 2020 was \$0.7 million (2019: \$1.5 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 amount of management and performance fees rebated to the Company was \$6.6 million for the year ended 31 December 2020 (2019: \$5.3 million). Management and performance fee rebates are recognised in the Statement of Comprehensive Income on an accruals basis.

The estimated value of the other pro bono services provided to the Company for the year ended 31 December 2020 totalled \$1.1 million (2019: \$1.0 million).

Notes to the Financial Statements

4. Income tax

(a) Income tax expense

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

	2020 \$'000	2019 \$'000
Prima facie tax on profit before income tax at 30.0% (2019: 30.0%):	8,252	3,935
Imputation credit gross up	16	14
Foreign tax credits gross up on distributions	172	153
Franking credits on distributions received	(53)	(48)
Foreign tax credits on distributions received	(574)	(508)
(Over)/under provision in prior period	(85)	775
Capital gains component from distribution income	-	234
Income tax expense	7,728	4,555
Effective tax rate	28.1%	34.7%

The effective tax rate of the Company in 2020 was 28.1% (2019: 34.7%). The decrease in the effective tax rate from the prior year is primarily as a result of the over provision in relation to the FY2020 income tax return lodged in January 2021 and an increase in the tax credits received on distribution income on the comparative period.

	2020 \$'000	2019 \$'000
Total income tax expense results in a:		
Current tax liability	6,921	4,912
Deferred tax asset	746	(296)
Deferred tax liability	61	(61)
Income tax expense	7,728	4,555

(b) Deferred tax assets

	2020 \$'000	2019 \$'000
Capitalised share issue costs	278	552
Provisions	936	856
Temporary differences on current period income tax expense	-	552
At reporting date	1,214	1,960

Movement in deferred tax assets:

Balance at the beginning of the period	1,960	1,664
Charged to profit or loss	(746)	296
At reporting date	1,214	1,960

Notes to the Financial Statements

4. Income tax (continued)

(c) Current tax liabilities/(assets)

	2020 \$'000	2019 \$'000
Movement in current tax liabilities:		
Balance at the beginning of the period	(348)	2,647
Current year income tax expense on operating period	6,921	4,912
Income tax expense on realised gains on investments and distribution income	4,009	-
Income tax paid	(7,532)	(7,905)
Utilisation of prior year carried forward losses	-	(2)
At reporting date	3,050	(348)

(d) Deferred tax liabilities

	2020 \$'000	2019 \$'000
Net unrealised gains on revaluation of investment portfolio	45,032	34,386
At reporting date	45,032	34,386

Movement in deferred tax liabilities:

Balance at the beginning of the period	34,386	9,819
Charged to profit or loss	61	(61)
Charged to other comprehensive income	14,594	24,628
Credited to equity	(4,009)	-
At reporting date	45,032	34,386

5. 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% per annum of the Company's average monthly net tangible assets. All investments are made to charities with deductible gift recipient (DGR) status. The investment represents a tax deduction for the Company. The annual investment by the Company in supporting youth mental health is detailed further in the Social Impact Report on page 17 of this report.

For the 12 months ended 31 December 2020, the amount recognised in the Statement of Comprehensive Income was \$6.0 million (2019: \$5.5 million).

The Company paid its fifth annual investment of \$5.7 million in October 2020. 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 2020, the six-month accrued commitment is \$3.1 million (2019: \$2.8 million).

Notes to the Financial Statements

6. Dividends

(a) Ordinary dividends paid during the year

	2020 \$'000	2019 \$'000
June 2020 dividend: 2.0 cents per share fully franked paid 23 October 2020 (June 2019: 1.5 cents per share fully franked)	7,849	5,877

(b) Dividend franking account

	2020 \$'000	2019 \$'000
Opening balance of franking account	5,542	59
Franking credits on distributions received	627	97
Tax paid during the year	7,532	7,905
Franking credits on dividends paid	(3,364)	(2,519)
Closing balance of franking account	10,337	5,542
Adjustments for tax payable/(refundable) in respect of the period's profits and receipt of distributions	3,050	(348)
Adjusted franking account balance	13,387	5,194

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

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:

	2020 \$'000	2019 \$'000
Audit and review of financial statements	41	41
<i>Other services provided by a related practice of the auditor:</i>		
Taxation services	3	6
Total remuneration for audit and other assurance services	44	47

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

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditors. The Audit and Risk Committee reviews the scope of the audit and reviews the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm to ensure that they do not compromise independence.

Notes to the Financial Statements

8. Trade and other receivables

	2020	2019
	\$'000	\$'000
Rebate income receivable	1,416	929
Distribution income receivable	1,084	204
GST receivable	1	2
Total trade and other receivables	2,501	1,135

Risk exposure

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

9. Financial assets at fair value through other comprehensive income

	2020	2019
	\$'000	\$'000
Financial assets at fair value through other comprehensive income	583,553	527,728

A breakdown of the fund manager allocation and investments at market value is included in the Investment Committee Report on page 11.

10. Trade and other payables

	2020	2019
	\$'000	\$'000
Trade and other payables	73	134

11. Issued capital

(a) Paid-up capital

	2020	2019
	\$'000	\$'000
392,947,106 ordinary shares fully paid (2019: 392,455,012)	450,809	450,147

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. 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

11. Issued capital (continued)

(b) Movements in ordinary share capital

	2020 \$'000	2019 \$'000
Balance at the beginning of the period	450,147	449,303
492,094 shares issued on 23 October 2020 under a Dividend Reinvestment Plan	662	-
663,418 shares issued on 25 October 2019 under a Dividend Reinvestment Plan	-	847
Cost of raising capital (net of tax)	-	(3)
At reporting date	450,809	450,147

(c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. The Board believes that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, options 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 manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

12. Reserves

(a) Reserves

	2020 \$'000	2019 \$'000
Reserves		
Investment portfolio revaluation reserve	111,725	80,378
Investment portfolio realised gains reserve	3,574	870
Profits reserve	26,327	14,398

The profits reserve is made up of amounts transferred from current year profits and is preserved for future dividend payments. The investment portfolio revaluation reserve is used to record increments and decrements on the revaluation of the financial assets 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 financial assets at fair value through other comprehensive income, that are designated on revenue or capital account for taxation purposes respectively.

During the year, the Investment Committee of the Company made the decision, as part of their ongoing monitoring of the investment portfolio, to redeem from a number of the underlying investments with the pro bono fund managers. The fair value of the investments redeemed during the 12 month period was \$106.5 million (2019: nil). The cumulative gain after tax on the redemptions was \$2.7 million (2019: nil), which has been transferred from the investment portfolio revaluation reserve to the investment portfolio realised gains reserve.

Notes to the Financial Statements

12. Reserves and retained earnings (continued)

(a) Reserves (continued)

Movements

	2020 \$'000	2019 \$'000
Investment portfolio revaluation reserve		
Opening balance	80,378	22,914
Net unrealised and realised gains – net of tax	34,051	57,464
Transfer to the investment portfolio realised gains reserve	(2,704)	-
At reporting date	111,725	80,378

Investment portfolio realised gains reserve

Opening balance	870	870
Transfer from investment portfolio revaluation reserve	2,704	-
At reporting date	3,574	870

Profits reserve

Opening balance	14,398	11,603
Transfer of profits during the year	19,778	8,672
Dividends paid	(7,849)	(5,877)
At reporting date	26,327	14,398

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2020 \$'000	2019 \$'000
Opening balance	(110)	-
Net profit for the period	19,778	8,562
Transfer to profits reserve	(19,778)	(8,672)
At reporting date	(110)	(110)

Notes to the Financial Statements

13. Current assets – Cash and cash equivalents

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

	2020 \$'000	2019 \$'000
Cash at call	56,303	51,863

The accounts are earning interest at fixed rates. The weighted average interest rate for cash as at 31 December 2020 is 0.10% (2019: 1.13%). Of the above cash amount \$1,532 (\$USD 1,182) (2019: \$22,448,923 (\$USD 15,780,471)) is denominated in US Dollars.

Risk exposure

The maximum exposure to credit risk in relation to cash at the end of the reporting period is the carrying amount of cash at call.

Cash at call is with Australia and New Zealand Banking Group that have a Standard and Poor's short term rating of A-1+ and long term rating of AA-.

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

	2020 \$'000	2019 \$'000
Profit after tax for the year	19,778	8,562
Rebate and equalisation income reinvested	(6,099)	(4,884)
Distribution income reinvested	(26,748)	(12,311)
Effects of foreign currency exchange rate changes on cash and cash equivalents	717	(75)
Amortisation of intangibles	4	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,366)	(325)
(Increase)/decrease in other current assets	(15)	24
Decrease/(increase) in deferred tax assets	746	(296)
(Decrease)/increase in other trade and other payables	(61)	68
Increase in charity investment accrual	271	543
Decrease in current tax liabilities	(611)	(2,993)
Increase/(decrease) in deferred tax liabilities	61	(61)
Net cash used in operating activities	(13,323)	(11,748)

15. Non-cash investing and financing activities

	2020 \$'000	2019 \$'000
Distribution income reinvested	26,748	12,311
Rebate and equalisation income reinvested	6,099	4,884
Shares issued via Dividend Reinvestment Plan	662	847
Total non-cash investing and financing activities	33,509	18,042

Notes to the Financial Statements

16. Earnings per share

	2020 \$'000	2019 \$'000
Profit after income tax used in the calculation of basic and diluted earnings per share	19,778	8,562

(a) Basic and diluted earnings per share

	CENTS	CENTS
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company	5.04	2.18

(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	392,548	391,915

There are no outstanding securities that are potentially dilutive in nature for the Company.

17. Financial risk management

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

(a) Market risk

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

(i) Foreign exchange risk

EXPOSURE

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

The Company does not hedge against its foreign exchange exposure, and consequently, the impact of foreign exchange movements are directly reflected in the Statement of Comprehensive Income.

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

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

	2020 \$'000	2019 \$'000
Cash and cash equivalents	2	22,449
Trade and other receivables	136	121
Financial assets at fair value through other comprehensive income	44,765	72,906
	44,903	95,476

Notes to the Financial Statements

17. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

SENSITIVITY

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

	2020		2019	
	\$'000	\$'000	\$'000	\$'000
Impact on net profit	-10%	+10%	-10%	+10%
Cash and cash equivalents	-	-	(2,245)	2,245
Trade and other receivables	(14)	14	(12)	12
	(14)	14	(2,257)	2,257

(ii) Price risk

EXPOSURE

The Company is exposed to price risk on its investments in unlisted unit trusts. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets at fair value through other comprehensive income. The Company seeks to manage and constrain market risk by diversification of the investment portfolio across a number of prominent global equity fund managers with a focus on long equities and absolute bias strategies.

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 that the Company was exposed to at reporting date, assuming a flat tax rate of 30.0%:

	2020 \$'000	2019 \$'000
Impact on other components of equity		
MSCI AC World Index (AUD)		
Change in variable +/-5% (2019: +/-5%)	29,178	26,386
Change in variable +/-10% (2019: +/-10%)	58,355	52,773

(iii) Cash flow and fair value interest rate risk

EXPOSURE

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

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values.

	INTEREST BEARING \$'000	NON-INTEREST BEARING \$'000	TOTAL \$'000
31 December 2020			
Financial assets			
Cash and cash equivalents	56,303	-	56,303
Trade and other receivables	-	2,501	2,501
Financial assets at fair value through other comprehensive income	-	583,553	583,553
Total financial assets	56,303	586,054	642,357

Notes to the Financial Statements

17. Financial risk management (continued)

(a) Market risk (continued)

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

	INTEREST BEARING \$'000	NON-INTEREST BEARING \$'000	TOTAL \$'000
Financial liabilities			
Trade and other payables	-	73	73
Total financial liabilities	-	73	73
Net exposure	56,303	585,981	642,284

	INTEREST BEARING \$'000	NON-INTEREST BEARING \$'000	TOTAL \$'000
31 December 2019			
Financial assets			
Cash and cash equivalents	51,863	-	51,863
Trade and other receivables	-	1,135	1,135
Financial assets at fair value through other comprehensive income	-	527,728	527,728
Total financial assets	51,863	528,863	580,726
Financial liabilities			
Trade and other payables	-	134	134
Total financial liabilities	-	134	134
Net exposure	51,863	528,729	580,592

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 2020, if interest rates had increased by 100 basis points (bps) or decreased by 100 bps from the period end rates with all other variables held constant, post-tax profit for the period would have been \$563,000 higher/\$563,000 lower (2019: changes of 100bps: \$519,000 higher/\$519,000 lower), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

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

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

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

Notes to the Financial Statements

17. Financial risk management (continued)

(c) Liquidity risk

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

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

The Company's inward cash flows depend upon the level of distribution and interest revenue received and the funds received from capital raising initiatives from time to time. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are investments in underlying fund managers, dividends paid to shareholders and the annual investment in youth mental health, the level of these outflows are managed by the Board and Investment Committee.

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

Maturities of financial liabilities

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

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

	Less than 1 month \$'000	1-12 months \$'000	Total contractual undiscounted cash flows \$'000
2020			
Non-derivatives			
Trade and other payables	-	73	73
Total non-derivatives	-	73	73
2019			
Non-derivatives			
Trade and other payables	-	134	134
Total non-derivatives	-	134	134

Notes to the Financial Statements

18. Fair value measurements

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

Fair value hierarchy

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

LEVEL 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

LEVEL 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

LEVEL 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2020 on a recurring basis:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2020				
Financial assets at FVTOCI	5,531	578,022	-	583,553
31 December 2019				
Financial assets at FVTOCI	5,237	522,491	-	527,728

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

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

19. 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.

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 2020 are:

Belinda Hutchinson AC	Chairman
Frank Casarotti	Non-Executive Director
Kiera Grant	Non-Executive Director
Sarah Morgan	Non-Executive Director
Jonathan Nicholas	Non-Executive Director
Geoff R Wilson	Non-Executive Director
Geoff Wilson AO	Non-Executive Director
Louise Walsh	Chief Executive Officer

(a) Remuneration

The Chairman and the Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 31 December 2020, no Directors' fees were paid by the Company (2019: nil).

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 2020, the Company paid LW Consulting Pty Limited a total of \$100,000 (plus GST) for services provided (2019: \$100,000 (plus GST)). This payment is exclusive of \$20,000 (plus GST) in performance based remuneration paid during the year (2019: \$20,000 (plus GST)).

(b) Shareholdings

As at 31 December 2020, the Company's key management personnel and their related parties held the following interests in the Company:

2020

Ordinary shares held Directors and Key Management	Balance at 31 December 2019	Acquisitions	Disposals	Balance at 31 December 2020
Belinda Hutchinson AC	1,221,194	770,156	-	1,991,350
Frank Casarotti	50,000	-	-	50,000
Kiera Grant	108,616	674,118	-	782,734
Sarah Morgan	90,909	-	-	90,909
Jonathan Nicholas	-	-	-	-
Geoff R Wilson	23,046	62,089	-	85,135
Geoff Wilson AO	5,248,779	-	-	5,248,779
Louise Walsh	43,761	650	-	44,411

Notes to the Financial Statements

20. Key management personnel compensation (continued)

(b) Shareholdings (continued)

2019

Ordinary shares held Directors and Key Management	Balance at 31 December 2018	Acquisitions	Disposals	Balance at 31 December 2019
Belinda Hutchinson AC	1,221,194	-	-	1,221,194
Frank Casarotti	50,000	-	-	50,000
Kiera Grant	108,616	-	-	108,616
Sarah Morgan	90,909	-	-	90,909
Jonathan Nicholas*	-	-	-	-
Geoff R Wilson**	-	23,046	-	23,046
Geoff Wilson AO	5,206,014	42,765	-	5,248,779
Louise Walsh	43,253	508	-	43,761

*Appointed 1 April 2019. Jonathan Nicholas did not hold any shares in the Company on his appointment date.

**Appointed 4 March 2019. Geoff R Wilson did not hold any shares in the Company on his appointment date.

Directors, other key management personnel 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 and key management personnel have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

21. Contingencies

The Company had no contingent liabilities as at 31 December 2020 (2019: nil).

22. Commitments

The Company invests a percentage of its assets in Australian charities with a focus on children and youth at risk, under the terms outlined in the Prospectus dated 9 July 2015. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net tangible assets. As at 31 December 2020, the six month accrued commitment is \$3.1 million (2019: \$2.8 million).

23. Events occurring after the reporting period

On 22 January 2021, the Company announced that Louise Walsh has decided to step down as Chief Executive Officer of the Company in April 2021. Kate Thorley, CEO of Wilson Asset Management, will assume the role of acting Chief Executive Officer until a permanent CEO is appointed.

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

Director's Declaration

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

- 1) The financial report as set out in pages 35 to 56 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report', as set out on pages 30 to 31, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 31 December 2020 and of its performance, as represented by the results of the operations and the cash flows, 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 purpose of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors made pursuant to Section 295(5)(a) of the *Corporations Act 2001*.



Belinda Hutchinson AC

Chairman

Dated in Sydney this 25th day of February 2021

**Independent Auditor's Report
To the Members of Future Generation Global Investment Company Limited
ABN 52 606 110 838**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Future Generation Global Investment Company Limited ("the Company"), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Future Generation Global Investment Company Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

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

**Independent Auditor's Report
To the Members of Future Generation Global Investment Company Limited
ABN 52 606 110 838**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Existence and Valuation of Financial Assets	
Refer to Note 9: Financial assets at fair value through other comprehensive income	
<p>We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset and liability and represent the most significant driver of the Company's Net Tangible Assets and Profits.</p> <p>The quantum of investments held inherently makes financial assets a key audit matter, in addition however, there may be judgements involved in determining the fair value of investments.</p> <p>The Company's investments are considered to be non-complex in nature with fair value based on readily observable inputs. Consequently, these are classified as "Level 2" investments under Australian Accounting Standards (i.e. where key inputs to valuation are based on observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the investment management processes and controls; ▪ Reviewing and evaluating the independent audit report on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Administrator; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness for the periods to which the audit report relates to and obtained a bridging letter and confirmation; ▪ Agreeing the investment holdings to investment holding statements from fund managers or trustees of the investee entities; ▪ Assessing the valuation of investments by agreeing the units held and the exit price at reporting date to the reported unit pricing from investment holding statements and comparing the value of investments to the valuation report of the Administrator; ▪ For a sample of investments held at balance date, obtaining their latest audited accounts and performing procedures including: <ul style="list-style-type: none"> ○ Recalculating the net asset value and comparing it to the reported unit price; ○ Considering the appropriateness of accounting policies; and ○ Confirming that the audit opinion of the fund was unmodified; ▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

**Independent Auditor's Report
To the Members of Future Generation Global Investment Company Limited
ABN 52 606 110 838**

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

**Independent Auditor's Report
To the Members of Future Generation Global Investment Company Limited
ABN 52 606 110 838**

Auditor's Responsibilities for the Audit of the Financial Report (continued)

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

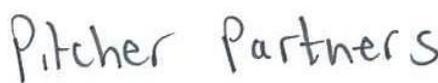
We have audited the Remuneration Report included at pages 30 to 31 of the Directors' Report for the year ended 31 December 2020. In our opinion, the Remuneration Report of Future Generation Global Investment Company Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



S S Wallace
Partner



Pitcher Partners
Sydney

25 February 2021

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 2021)

QBE Insurance Group Limited and 1607 Capital Partners LLC are currently substantial shareholders in Future Generation Global Investment Company Limited, holding 5.2% and 5.1% voting power respectively as at 31 January 2021.

Category	Number of shareholders	Percentage of issued capital held
1 - 1,000	472	0.1%
1,001 - 5,000	1,027	0.8%
5,001 - 10,000	950	1.9%
10,001 - 100,000	3,971	34.7%
100,001 and over	528	62.5%
	6,948	100.0%

The number of shareholdings held in less than marketable parcels is 112.

Twenty largest shareholders – Ordinary shares (as at 31 January 2021)

	Number of ordinary shares held	Percentage of issued capital held
HSBC Custody Nominees (Australia) Limited	40,769,090	10.4%
Citicorp Nominees Pty Limited	21,202,006	5.4%
HSBC Custody Nominees (Australia) Limited – A/C 2	9,670,853	2.5%
Balmoral Financial Investments Pty Limited	6,038,038	1.5%
Netwealth Investments Limited	5,719,165	1.5%
Snow Foundation Limited	5,299,800	1.3%
Entities associated with Mr Geoff Wilson AO	5,248,779	1.3%
Ian Potter Foundation Limited	3,340,000	0.8%
Clurname Pty Limited	3,144,943	0.8%
BNP Paribas Nominees Pty Limited	2,804,891	0.7%
Navigator Australia Limited	2,712,897	0.7%
Fendell Pty Limited	2,250,000	0.6%
The Smith Family	2,000,000	0.5%
Almavijo Pty Limited	2,000,000	0.5%
Entities associated with Ms Belinda Hutchinson AC	1,991,350	0.5%
Spinifex (2007) Pty Limited	1,897,523	0.5%
Bond Street Custodians	1,890,034	0.5%
Gumala Investments Pty Limited	1,829,194	0.5%
Netwealth Investments Limited	1,664,698	0.4%
National Nominees Limited	1,492,538	0.4%
	122,944,604	31.3%

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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