

Future Generation Global  
Investment Company Limited

# Financial Report

For the half year  
ended 30 June 2021

ABN: 52 606 110 838



**Future  
Generation  
Global**

INVESTMENT & SOCIAL RETURNS

# Future Generation Global Investment Company Limited

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**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.**

## **Acting Chair**

Geoff Wilson AO

## **Directors**

Frank Casarotti

Kiera Grant

Sarah Morgan

Jonathan Nicholas

Kate Thorley

Geoff R Wilson

## **Joint Company Secretaries**

Jesse Hamilton

Mark Licciardo

## **Investment Committee**

Kiera Grant (Chair)

Gary Bradar

John Coombe

Lukasz de Pourbaix

Aman Ramrakha

Sean Webster

Geoff Wilson AO

## **Acting Chief Executive Officer**

Kate Thorley

## **Auditor**

Pitcher Partners

## **Country of Incorporation**

Australia

## **Registered Office**

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

## **Contact Details**

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Sydney NSW 2001

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

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

## **Australian Securities Exchange**

Future Generation Global  
Investment Company Limited  
Ordinary Shares (FGG)

## **Share Registry**

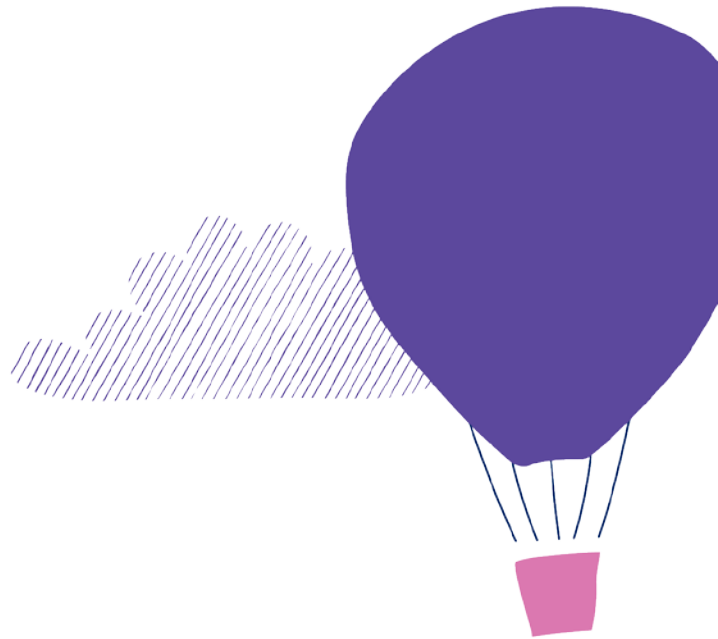
Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

T: (02) 9290 9600

F: (02) 9279 0664

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





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# Directors' Report to Shareholders

For the half year ended 30 June 2021

The Directors present their report together with the financial report of Future Generation Global Investment Company Limited (Future Generation Global or the Company) for the half year ended 30 June 2021.

## Directors

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

- Geoff Wilson AO, Acting Chair
- Frank Casarotti, Non-Executive Director
- Kiera Grant, Non-Executive Director
- Sarah Morgan, Non-Executive Director
- Jonathan Nicholas, Non-Executive Director
- Kate Thorley, Non-Executive Director
- Geoff R Wilson, Non-Executive Director
- Belinda Hutchinson, Chair (resigned 17 June 2021)

## Principal activity

The principal activity of the Company is to invest in funds managed by a number of leading global equity fund managers while also investing in charities focused on supporting young Australians experiencing 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, Committee members and service providers means an amount equal to 1.0% of the Company's average monthly net assets each year can be provided as a source of funding for Australian charities with a focus on youth mental health.

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

## Operating and financial review

For the six-month period ended 30 June 2021, the Company reported an operating profit before tax of \$58.4 million (2020 restated loss: \$1.3 million before tax) and an operating profit after tax of \$41.0 million (2020 restated loss: \$0.9 million after tax). The profit for the period is reflective of the performance of the investment portfolio over the six-months to 30 June 2021, in what was a turbulent period for global equity markets. The investment portfolio increased 9.8% in the six months to June 2021, while the MSCI AC World Index (AUD) rose 15.3%. The value of the portfolio increased \$61.9 million in the six-month period ended 30 June 2021 as the investment portfolio increased 9.8%. In the six-months to 30 June 2020, the value of the portfolio increased \$1.7 million as the investment portfolio rose 0.3%.

The operating profit for the period includes unrealised gains or losses arising from changes in the fair value of the investments held in the investment portfolio during the period. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand within the context of the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return (TSR).

<sup>†</sup>Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

# Directors' Report to Shareholders

For the half year ended 30 June 2021

## Operating and financial review (continued)

In the six-months to 30 June 2021, the investment portfolio increased 9.8%\* while the MSCI AC World Index (AUD) rose 15.3%. Since inception, the investment portfolio has increased 11.7%\* per annum while the Index rose 12.0%. This investment portfolio performance has been achieved with less volatility as measured by standard deviation, 8.9% versus the market's 10.5%.

Future Generation Global's pre-tax NTA increased 8.8% for the six-months to 30 June 2021. The significant items of difference between the investment portfolio performance of 9.8%\* and the net tangible asset performance of the Company was the charitable investment accrual of 0.5% (1.0% per annum) and corporate tax payments of 0.8 cents per share or 0.5%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other company related expenses had a negligible impact, less than 0.1%, on the change in value of the assets during the period.

The NTA before tax as at 30 June 2021 was \$1.77 per share (December 2020: \$1.62). The NTA after tax was \$1.61 per share (December 2020: \$1.50).

TSR is a measure that shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. TSR for the period was impacted by the widening of the share price discount to the NTA, offset by the performance of the investment portfolio. As at 30 June 2021, the share price discount to NTA was 12.8% (December 2020: 7.7%), with TSR of 2.7% for the period. This measure is before the value of any franking credits distributed to shareholders through fully franked dividends.

At the date of this report, the investment portfolio is made up of 13 fund managers with investments in 12 unlisted unit trusts and one direct listed investment company. During the period, Future Generation Global made an additional investment in the WCM Quality Global Growth Fund.

The Future Generation Global investment portfolio has been structured to provide diversification between two broad equity strategies: long equities and absolute bias, with the remainder held in cash. As at 30 June 2021, the portfolio was 75.8% long equities, 19.3% absolute bias and 4.9% cash.

The Company will deliver its sixth annual social investment in October 2021. The charitable investment of \$6.4 million will be made to our charity partners who work to support young Australians experiencing mental ill-health, bringing the total social investment since inception to \$26.2 million.

## Change in accounting policy

During the period, the Board reassessed the accounting classification of the investments held in managed funds with its pro bono fund managers. Importantly, there has been no change to the Company's net asset position as a result of this change in accounting policy.

The Company had previously recorded and measured all investments at fair value through other comprehensive income. As a result, the change in the underlying value of these investments was recorded through other comprehensive income rather than the Company's operating profit (or loss) in each reporting period. After careful consideration, the Company has determined that it would be more appropriate for these investments to be recorded and measured through the Company's operating profit (or loss), or at fair value through profit or loss. The movement in the underlying value of the Company's investments will now be recognised as a component of operating profit (or loss) of the Company, instead of through other comprehensive income, in each period.

As a result of the change, the Company's distributable profits reserve to shareholders have increased, providing the Company with additional flexibility and capacity surrounding dividend and capital management decisions.

\*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

# Directors' Report to Shareholders

For the half year ended 30 June 2021

## Change in accounting policy (continued)

The revised accounting policy did not impact the reported amount of total comprehensive income or the carrying amount of investments held in managed funds. The change has only resulted in a reclassification of movements in the fair value of the investments held by the Company within the statement of comprehensive income itself, between other comprehensive income and the reported operating profit of the Company. The comparative information has been restated to align with the revised accounting policy, so that both the current year and prior year information is presented on a consistent and comparable basis.

## Fund managers and service providers

Through their investment in Future Generation Global, shareholders have unprecedented access to leading global equity fund managers and make a significant contribution towards a brighter future for young Australians experiencing mental ill-health. This is made possible by the fund managers forgoing management and performance fees. Most service providers, Directors, the Audit and Risk Committee and the Investment Committee also work on a pro bono basis.

We would like to thank our fund managers and service providers for their outstanding and continued generosity throughout the period. This generosity has allowed the Company to support its designated charity partners and other not for profit organisations. The value of the management and performance fees forgone by the fund managers for the period totalled \$3.9 million (June 2020: \$3.4 million) and the value of the service providers, including the Board and Investment Committee working on a pro bono basis, totalled \$0.7 million (June 2020: \$0.5 million). Currently we estimate the value of this pro bono support to be approximately \$9.1 million per annum, and at 1.4% of the net assets of the Company, these savings to shareholders greatly exceed the annual donation to our charity partners.

## Board and management update

In March 2021, Acting CEO Kate Thorley was appointed to the Future Generation Global Board of Directors and resigned from the role of Joint Company Secretary of the Company. Kate is the Chief Executive Officer (CEO) of Wilson Asset Management and is a Director of WAM Capital Limited (ASX: WAM), WAM Leaders Limited (ASX: WLE), WAM Global Limited (ASX: WGB), WAM Microcap Limited (ASX: WMI), WAM Research Limited (ASX: WAX), WAM Active Limited (ASX: WAA), WAM Strategic Value Limited (ASX: WAR) and Future Generation Australia (ASX: FGX).

Jesse Hamilton was appointed Joint Company Secretary of the Company. As the Chief Financial Officer of Wilson Asset Management, Jesse oversees the finance, accounting and company secretary responsibilities for the listed investment companies (LICs) managed by Wilson Asset Management, in addition to Future Generation Australia and Future Generation Global.

In April 2021, Louise Walsh stepped down as Chief Executive Officer (CEO) after almost six-years' of service to the Company. Future Generation Global Director and Wilson Asset Management CEO Kate Thorley assumed the role of Acting CEO for the Company following Louise's departure. We thank Louise for her exceptional service and contribution to the Company.

In June 2021, the Company announced the appointment of Future Generation Australia Director Caroline Gurney to the role of CEO of Future Generation. Caroline has more than 25 years' experience in the financial services sector focused on corporate affairs, marketing and corporate social responsibility. Caroline will commence in the role in September 2021.

Belinda Hutchinson AC announced her retirement from the Board of Directors and resignation as Chair of the Company at the Annual General Meeting (AGM) in June 2021, after serving in the role since Future Generation Global's inception in 2015. We thank Belinda for her exceptional service and contribution to Future Generation Global.

# Directors' Report to Shareholders

For the half year ended 30 June 2021

## Charity update

Our not-for-profit partners continue to increase and deliver their support for young people during the pandemic. Partners provide a huge range of different support services and across the portfolio, we can see six main areas of social return for our investment to date. The outcomes include innovative programs targeting unmet needs; advances in cutting-edge science; increased public awareness of mental health and support services available; reduced stigma; improved online support and reach to young people at risk; and greater understanding about young people's needs and experiences with mental health. These outcomes will have ongoing impact for young people, their families, communities and the mental health sector continuing long into the future.

Future Generation Global's partners have leveraged our support to raise millions of additional dollars towards their ongoing work in improving mental health and preventing suicide. Many have been recognised for advancing the field with significant funding from the Federal Government as part of its historic investment into mental health this year.

To find out more about Future Generation Global's social impact and the work of our partners, you can read Future Generation Global's [Your Social Investment](#) publication.

## After balance sheet date events

Since the end of the period, the Company has declared a fully franked dividend of 3.0 cents per share to be paid on 22 October 2021.

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.

## Rounding of amounts

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar unless otherwise indicated.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 5 of the Financial Report.

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



**Geoff Wilson AO**

Acting Chair

Dated this 30<sup>th</sup> day of August 2021

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**Auditor's Independence Declaration  
To the Directors of Future Generation Global Investment Company Limited  
ABN 52 606 110 838**

In relation to the independent auditor's review of Future Generation Global Investment Company Limited for the half-year ended 30 June 2021, 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

30 August 2021



# Statement of Comprehensive Income

For the half year ended 30 June 2021

|  | NOTE | JUNE 2021<br>\$'000 | RESTATED*<br>JUNE 2020<br>\$'000 |
|--|------|---------------------|----------------------------------|
| <b>Investment income from operating activities</b>                           |      |                     |                                  |
| Net realised and unrealised gains/(losses) on financial investments          |      | 37,170              | (18,864)                         |
| Distributions received   |      | 21,041              | 18,217                           |
| Investment management and performance fee rebates                            | 2    | 3,602               | 2,903                            |
| Net foreign exchange gains/(losses)  |      | 26                  | (717)                            |
| Interest income  |      | 28                  | 183                              |
| Other income   |      | -                   | 12                               |
|  |      | <b>61,867</b>       | <b>1,734</b>                     |
| <b>Expenses</b>  |      |                     |                                  |
| ASX listing fees   |      | -                   | -                                |
| Share registry maintenance costs   |      | -                   | -                                |
| Directors' fees  |      | -                   | -                                |
| Accounting fees  |      | -                   | -                                |
| Audit fees   |      | -                   | -                                |
| Charity investment accrual   | 3    | (3,296)             | (2,878)                          |
| Share registry transaction costs   |      | (20)                | (31)                             |
| Executive remuneration   |      | (43)                | (77)                             |
| Other expenses   |      | (106)               | (47)                             |
| ASIC industry funding levy   |      | (7)                 | (25)                             |
| ASX CHESS fees   |      | (3)                 | (5)                              |
| Tax fees   |      | (3)                 | (3)                              |
|  |      | <b>(3,478)</b>      | <b>(3,066)</b>                   |
| <b>Profit/(loss) before income tax</b>                                       |      | <b>58,389</b>       | <b>(1,332)</b>                   |
| Income tax (expense)/benefit   | 8    | (17,429)            | 444                              |
| <b>Profit/(loss) after income tax for the period attributable to members</b> |      | <b>40,960</b>       | <b>(888)</b>                     |
| <b>Other comprehensive income</b>  |      |                     |                                  |
| <i>Items that will not be reclassified to profit or loss</i>                 |      |                     |                                  |
| Net unrealised and realised gains on investments taken to equity, net of tax |      | -                   | -                                |
| <b>Other comprehensive income for the period, net of tax</b>                 |      | <b>-</b>            | <b>-</b>                         |
| <b>Total comprehensive income/(loss) for the period</b>                      |      | <b>40,960</b>       | <b>(888)</b>                     |
| <b>Basic and diluted earnings/(loss) per share</b>                           |      | <b>10.42 cents</b>  | <b>(0.23 cents)</b>              |

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

\*Please refer to Note 1 on the change in accounting policy and restatement of the prior period.

# Statement of Financial Position

As at 30 June 2021

|   | NOTE | JUNE 2021<br>\$'000 | RESTATED*<br>DECEMBER 2020<br>\$'000 |
|---|------|---------------------|--------------------------------------|
| <b>Assets</b>   |      |                     |                                      |
| <b>Current assets</b>                                 |      |                     |                                      |
| Cash and cash equivalents                             |      | 34,517              | 56,303                               |
| Trade and other receivables                           |      | 16,809              | 2,501                                |
| Other current assets                                  |      | 25                  | 27                                   |
| <b>Total current assets</b>                           |      | <b>51,351</b>       | <b>58,831</b>                        |
| <b>Non-current assets</b>                             |      |                     |                                      |
| Financial assets at fair value through profit or loss | 7    | 649,638             | 583,553                              |
| Deferred tax assets                                   |      | 2,203               | 1,214                                |
| <b>Total non-current assets</b>                       |      | <b>651,841</b>      | <b>584,767</b>                       |
| <b>Total assets</b>                                   |      | <b>703,192</b>      | <b>643,598</b>                       |
| <b>Liabilities</b>                                    |      |                     |                                      |
| <b>Current liabilities</b>                            |      |                     |                                      |
| Charity investment accrual                            | 3    | 6,414               | 3,118                                |
| Current tax liabilities                               |      | 8,873               | 3,050                                |
| Trade and other payables                              |      | 57                  | 73                                   |
| <b>Total current liabilities</b>                      |      | <b>15,344</b>       | <b>6,241</b>                         |
| <b>Non-current liabilities</b>                        |      |                     |                                      |
| Deferred tax liabilities                              |      | 54,563              | 45,032                               |
| <b>Total non-current liabilities</b>                  |      | <b>54,563</b>       | <b>45,032</b>                        |
| <b>Total liabilities</b>                              |      | <b>69,907</b>       | <b>51,273</b>                        |
| <b>Net assets</b>                                     |      | <b>633,285</b>      | <b>592,325</b>                       |
| <b>Equity</b>   |      |                     |                                      |
| Issued capital  | 5(a) | 450,809             | 450,809                              |
| Profits reserve                                       | 6    | 182,586             | 141,626                              |
| Accumulated losses                                    | 6    | (110)               | (110)                                |
| <b>Total equity</b>                                   |      | <b>633,285</b>      | <b>592,325</b>                       |

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

\*Please refer to Note 1 on the change in accounting policy and restatement of the prior period.

# Statement of Changes in Equity

For the half year ended 30 June 2021

|  | NOTE | ISSUED<br>CAPITAL<br>\$'000 | RESTATED*<br>INVESTMENT<br>RESERVES<br>\$'000 | RESTATED*<br>PROFITS<br>RESERVE<br>\$'000 | ACCUMULATED<br>LOSSES<br>\$'000 | TOTAL<br>EQUITY<br>\$'000 |
|--|------|-----------------------------|---|---|---------------------------------|---------------------------|
| <b>Balance at 1 January 2020</b>                 |      | 450,147                     | 81,248  | 14,398                                    | (110)                           | 545,683                   |
| Adjustment following change in accounting policy | 1    | -                           | (81,248)                                      | 81,248                                    | -                               | -                         |
| <b>Balance at 1 January 2020 - restated</b>      |      | <b>450,147</b>              | <b>-</b>                                      | <b>95,646</b>                             | <b>(110)</b>                    | <b>545,683</b>            |
| Net loss for the period                          |      | -                           | -   | -   | (888)                           | (888)                     |
| Transfer to profits reserve                      |      | -                           | -   | (888)                                     | 888                             | -                         |
| Other comprehensive income, net of tax           |      | -                           | -   | -   | -                               | -                         |
| <b>Balance at 30 June 2020</b>                   |      | <b>450,147</b>              | <b>-</b>                                      | <b>94,758</b>                             | <b>(110)</b>                    | <b>544,795</b>            |
| <b>Balance at 1 January 2021 - restated</b>      | 6    | 450,809                     | -   | 141,626                                   | (110)                           | 592,325                   |
| Net profit for the period                        |      | -                           | -   | -   | 40,960                          | 40,960                    |
| Transfer to profits reserve                      | 6    | -                           | -   | 40,960                                    | (40,960)                        | -                         |
| Other comprehensive income, net of tax           |      | -                           | -   | -   | -                               | -                         |
| <b>Balance at 30 June 2021</b>                   |      | <b>450,809</b>              | <b>-</b>                                      | <b>182,586</b>                            | <b>(110)</b>                    | <b>633,285</b>            |

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

\*Please refer to Note 1 on the change in accounting policy and restatement of the prior period.

# Statement of Cash Flows

For the half year ended 30 June 2021

|  | JUNE 2021<br>\$'000 | JUNE 2020<br>\$'000 |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                      |                     |                     |
| Proceeds from sale of financial assets                           | 18,767              | 26,114              |
| Payments for financial assets                                    | (37,346)            | (11,250)            |
| Interest received  | 28                  | 183                 |
| Income tax paid  | (3,054)             | -                   |
| Payments for other expenses                                      | (207)               | (200)               |
| Net GST received from ATO  | -                   | 3                   |
| <b>Net cash (used in)/provided by operating activities</b>       | <b>(21,812)</b>     | <b>14,850</b>       |
| <b>Net (decrease)/increase in cash and cash equivalents held</b> |                     |                     |
| Cash and cash equivalents at the beginning of the period         | 56,303              | 51,863              |
| Effects of exchange rate changes on cash and cash equivalents    | 26                  | (717)               |
| <b>Cash and cash equivalents at the end of the period</b>        | <b>34,517</b>       | <b>65,996</b>       |
| <b>Non-cash transactions</b>                                     |                     |                     |
| Distributions and rebate income reinvested                       | 10,336              | 7,009               |

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

\*Please refer to Note 1 on the change in accounting policy and restatement of the prior period.

# Notes to the Financial Statements

For the half year ended 30 June 2021

## 1. Summary of significant accounting policies

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

The half year financial report was authorised for issue on 30 August 2021 by the Board of Directors.

### Basis of preparation

These interim financial statements for the half year reporting period ended 30 June 2021 are general purpose financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements of the Company also comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

The accounting policies applied for the period are consistent with those in the most recent annual financial statements, except as outlined below.

### Change in accounting policy

During the period, the Company reassessed the classification of investments held in managed funds. In previous financial years, the Company elected to designate, and subsequently measure, all investments held in managed funds at fair value through other comprehensive income. After reconsidering the underlying terms and conditions of units held in managed funds, the Company has determined that it would be more appropriate for units redeemable directly from the fund to be classified, and subsequently measured, at fair value through profit or loss. As a result, changes in fair value of investments in redeemable units in the managed funds are now recognised in profit or loss, instead of other comprehensive income. Comparative information has been restated to align with the revised accounting policy, so that both the current year and prior year information is presented on a consistent and comparable basis.

Applying the revised accounting policy to the comparative information resulted in the restatement of prior year profit from \$12,317,000 to a loss of \$888,000 and the restatement of prior year other comprehensive loss from \$13,205,000 to \$nil and the transfer of cumulative changes in fair value from investment reserve to profits reserve of \$81,248,000.

The revised accounting policy did not impact the reported amount of total comprehensive income or the carrying amount of investments held in managed funds. The change has only resulted in a reclassification of movements in the fair value of the investments held by the Company within the statement of comprehensive income itself.

There has been no change to the net asset position of the Company as a result of the change in accounting policy.

# Notes to the Financial Statements

For the half year ended 30 June 2021

## 2. Investment income from ordinary activities

As at 30 June 2021, the investment portfolio was made up of 13 prominent global equity 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 Value Fund and Caledonia Fund.

The aggregated amount of management and performance fees forgone by the unit trusts with a zero fee unit class for the six-months ended 30 June 2021 was \$0.3 million (June 2020: \$0.5 million).

The remaining investments are made in unlisted unit trusts with global equity 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 \$3.6 million for the six-months ended 30 June 2021 (June 2020: \$2.9 million).

The estimated amount of the other pro bono services provided to the Company for the six-months ended 30 June 2021, including the Board and Investment Committee working on a pro bono basis, totalled \$0.7 million (June 2020: \$0.5 million).

## 3. Charity investment

The Company invests a percentage of its assets each year in Australian charities supporting youth mental health. The investment is accrued monthly and is equal to 1.0% of the Company's average monthly net tangible assets. All investments are made to charities with deductible gift recipient (DGR) status. The investment represents a tax deduction for the Company.

For the six-months ended 30 June 2021, the amount recognised in the Statement of Comprehensive Income was \$3.3 million (June 2020: \$2.9 million).

As at 30 June 2021, the 12 month accrued commitment is \$6.4 million (June 2020: \$5.7 million). The Company will pay its sixth annual investment in October 2021. The charitable investment of \$6.4 million will be made in Australian charities focused on youth mental health, bringing the total investment since inception to \$26.2 million. The specific allocation to each charity will be determined by shareholder votes and directions, with the Board distributing undirected monies between the designated charities.

## 4. Dividends

### Dividends not recognised during the period

|   | <b>JUNE<br/>2021<br/>\$'000</b> | <b>JUNE<br/>2020<br/>\$'000</b> |
|---|---------------------------------|---------------------------------|
| Since the end of the half year, the Directors have declared a fully franked dividend of 3.0 cents per share payable on 22 October 2021 (June 2020: 2.0 cents per share fully franked) | 11,788                          | 7,849                           |

# Notes to the Financial Statements

For the half year ended 30 June 2021

## 5. Issued capital

### a) Paid-up capital

|   | JUNE<br>2021<br>\$'000 | DECEMBER<br>2020<br>\$'000 |
|---|------------------------|----------------------------|
| 392,947,106 ordinary shares fully paid (December 2020: 392,947,106) | 450,809                | 450,809                    |

### b) Movements in ordinary share capital

|   | JUNE<br>2021<br>\$'000 | DECEMBER<br>2020<br>\$'000 |
|---|------------------------|----------------------------|
| Balance at the beginning of the period                                      | 450,809                | 450,147                    |
| 492,094 shares issued on 23 October 2020 under a Dividend Reinvestment Plan | -                      | 662                        |
| <b>At reporting date</b>  | <b>450,809</b>         | <b>450,809</b>             |

## 6. Reserves and accumulated losses

|                    | JUNE<br>2021<br>\$'000 | RESTATED*<br>DECEMBER<br>2020<br>\$'000 |
|--------------------|------------------------|---|
| Profits reserve    | 182,586                | 141,626                                 |
| Accumulated losses | (110)                  | (110)                                   |

The profits reserve is made up of amounts transferred from current period profits which are preserved for future dividend payments.

#### MOVEMENTS:

|   | JUNE<br>2021<br>\$'000 | RESTATED*<br>DECEMBER<br>2020<br>\$'000 |
|---|------------------------|---|
| <b>Profits reserve</b>  |                        |   |
| Opening balance - restated  | 141,626                | 14,398                                  |
| Opening balance adjustment – change in accounting policy (Note 1) | -                      | 81,248                                  |
| Transfer of profits during the period                             | 40,960                 | 53,829                                  |
| Dividends paid  | -                      | (7,849)                                 |
| <b>At reporting date</b>  | <b>182,586</b>         | <b>141,626</b>                          |

\*Please refer to Note 1 on the change in accounting policy and restatement of the prior period.

# Notes to the Financial Statements

For the half year ended 30 June 2021

## 6. Reserves and accumulated losses (continued)

|                             | JUNE<br>2021<br>\$'000 | RESTATED*<br>DECEMBER<br>2020<br>\$'000 |
|-----------------------------|------------------------|---|
| <b>Accumulated losses</b>   |                        |   |
| Opening balance             | (110)                  | (110)                                   |
| Net profit for the period   | 40,960                 | 53,829                                  |
| Transfer to profits reserve | (40,960)               | (53,829)                                |
| <b>At reporting date</b>    | <b>(110)</b>           | <b>(110)</b>                            |

\*Please refer to Note 1 on the change in accounting policy and restatement of the prior period.

## 7. Fair value measurements

The Company measures and recognises financial assets at fair value through profit and loss 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 (as prices) or indirectly (derived from prices); and

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

### I) RECOGNISED FAIR VALUE MEASUREMENTS

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2021 on a recurring basis:

|                            | LEVEL 1<br>\$'000 | LEVEL 2<br>\$'000 | LEVEL 3<br>\$'000 | TOTAL<br>\$'000 |
|----------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>At 30 June 2021</b>     |                   |                   |                   |                 |
| Financial assets at FVTPL  | 6,546             | 643,092           | -                 | 649,638         |
| <b>At 31 December 2020</b> |                   |                   |                   |                 |
| Financial assets at FVTPL  | 5,531             | 578,022           | -                 | 583,553         |

There were no transfers between levels for recurring fair value measurements during the period (December 2020: nil). 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.



# Notes to the Financial Statements

For the half year ended 30 June 2021

## 7. Fair value measurements (continued)

### III) VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUES

#### *Recurring fair value measurements*

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

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Board of Directors value the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net asset backing of the unlisted unit trusts managed by prominent global equity fund managers at the end of the period. The unlisted unit trusts are subject to an annual audit.

## 8. Income tax

The effective tax rate of the Company for the period was 29.8% (2020: 33.3% restated income tax benefit).

The effective tax rate reflects the benefit to the Company of franking credits and foreign income tax credits received on trust distribution income during the period. In the prior period, the effective tax rate reflected the income tax benefit of the Company's operating loss for the period at the corporate tax rate of 30%, in addition to the benefit of franking credits and foreign income tax offsets received on trust distribution income.

## 9. Segment information

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

## 10. Contingencies

There were no contingent liabilities for the Company as at 30 June 2021 (December 2020: nil).

## 11. Commitments

The Company invests a percentage of its assets each year in Australian charities with a focus on youth mental health. The investment is accrued monthly and is expected to be equal to 1.0% per annum of the Company's average monthly net tangible assets. As at 30 June 2021, the 12 month accrued commitment is \$6.4 million (December 2020: \$3.1 million).

The Company will make its sixth annual investment in October 2021. The charitable investment of \$6.4 million will be made in charities focused on youth mental health, bringing the total investment since inception to \$26.2 million. The specific allocation to each charity will be determined by shareholder votes and directions, with the Board distributing undirected monies between the designated charities.

## 12. Events occurring after the reporting period

Since the end of the half year, the Board declared a fully franked dividend of 3.0 cents per share to be paid on 22 October 2021.

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.

# Directors' Declaration

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

1. The half year financial report, as set out in pages 6 to 14, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Company as at 30 June 2021 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**Geoff Wilson AO**  
Acting Chair

Dated this 30<sup>th</sup> day of August 2021

**Independent Auditor's Review Report  
To the Members of Future Generation Global Investment Company Limited  
ABN 52 606 110 838****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Future Generation Global Investment Company Limited ("the Company") which comprises the statement of financial position as at 30 June 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

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

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 annual 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 in the same terms if given to the directors as at the time of this auditor's review report.

**Responsibility of the Directors for the Financial Report**

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

**Auditor's Responsibility for the Review of the Financial Report**

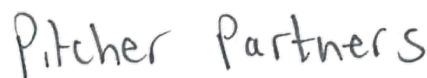
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



**S S WALLACE**  
Partner

30 August 2021



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Sydney

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