

Future Generation Global Limited

Financial Report

For the half year
ended 30 June 2023

ABN: 52 606 110 838

**Future
Generation
Global**

INVESTMENT & SOCIAL RETURNS

Future Generation Global Limited

The principal activity of the Company is to provide diversified exposure to global equities while also investing in organisations preventing mental ill-health in young Australians.

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)

Veronica Klaus (appointed 13 June 2023)

Gary Brader

John Coombe

Aman Ramrakha

Sean Webster

Geoff Wilson AO

Martyn McCathie

Chief Executive Officer

Caroline Gurney

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

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Australian Securities Exchange

Future Generation Global Limited
Ordinary Shares (FGG)

Share Registry

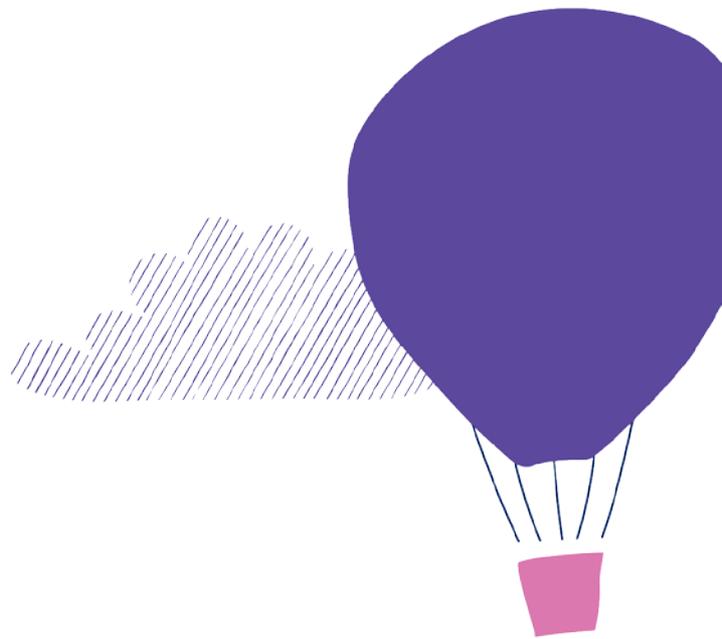
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For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan and Dividend Donation Plan) and related matters, please contact the share registry.





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Directors' Report to Shareholders

For the half year ended 30 June 2023

The Directors present their report together with the financial report of Future Generation Global Limited (Future Generation Global or the Company), formerly known as Future Generation Global Investment Company Limited, for the half year ended 30 June 2023.

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

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 organisations promoting wellbeing and preventing mental ill-health in young Australians.

The Company invests its capital with fund managers who have agreed to provide their services for 0.0% management fees and 0.0% performance fees. The pro bono support of these fund managers, as well as the pro bono support of various service providers, allows the Company to invest 1.0% of its average monthly net assets each year in our social impact partners and other not-for-profit organisations with a focus on mental health and wellbeing in young Australians.

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

Operating and financial review

For the six-month period ended 30 June 2023, the Company reported an operating profit before tax of \$69.2 million (HY2022: operating loss before tax of \$147.4 million) and an operating profit after tax of \$48.8 million (HY2022: operating loss after tax of \$103.1 million). The operating profit is reflective of the investment portfolio performance over the period. The investment portfolio increased 14.0%* while the MSCI AC World Index (AUD) rose 16.5%*, in the six months to June 2023.

The Future Generation Global Investment Committee has selected leading global fund managers who have a proven ability to outperform the market and their peers over the long term. This has resulted in the investment portfolio having an underweight exposure to mega-cap companies.

The Future Generation Global investment portfolio allocation to long equities (59.4% as at 30 June 2023) and quantitative strategies (7.0% as at 30 June 2023) provided a weighted average return in line with the MSCI AC World Index (AUD). This performance was complemented by the investment portfolio's exposure to absolute bias strategies and cash and cash equivalents. The Investment Committee's allocation to absolute bias strategies provides the investment portfolio with downside protection and reduced volatility.

The Board declared an increased interim fully franked dividend of 3.6 cents per share to be paid on 20 October 2023. The FY2023 interim fully franked dividend represents an annualised fully franked dividend yield of 6.2% and a grossed-up dividend yield of 8.9%, on the 30 June 2023 share price of \$1.16 per share.

*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 2023

Operating and financial review (continued)

When calculating the yield on the 30 June 2023 net assets, the fully franked dividend yield of Future Generation Global is 5.0%^{^^} with a grossed-up yield of 7.1%^{**}. Since inception, Future Generation Global has paid 19.5 cents per share in fully franked dividends to shareholders. The Company held a profits reserve of 48.3 cents per share as at 31 July 2023, representing 6.7 years of dividend coverage for shareholders, after the payment of the interim fully franked dividend of 3.6 cents per share.

The operating profit 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 in each period respectively. 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. Given the potential variability, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return (TSR).

In the six months to 30 June 2023, the investment portfolio increased 14.0%^{*} while the MSCI AC World Index (AUD) rose 16.5%[†]. Since inception, the investment portfolio has increased 8.0%^{*} per annum, while the Index rose 10.2%[†] per annum. This investment portfolio performance has been achieved with less volatility as measured by standard deviation, 9.8% versus the Index's 10.8%.

Future Generation Global's pre-tax NTA increased 13.1% for the six months to 30 June 2023, including the 3.5 cents per share FY2022 final fully franked dividend paid to shareholders during the period. The significant items of difference between the investment portfolio increase of 14.0%^{*} and the net tangible asset performance of the Company was the social investment accrual of 0.5% (1.0% per annum) and corporate tax payments of 0.3 cents per share or 0.2%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the period were other company related expenses of 0.1% and capital management decrution of 0.1%.

The NTA before tax as at 30 June 2023 was \$1.44 per share (December 2022: \$1.31). The NTA after tax was \$1.39 per share (December 2022: \$1.31). These figures are after the 3.5 cents per share FY2022 final fully franked dividend paid to shareholders during the six-month period.

TSR is a measure that shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming the dividends are reinvested during the period. The TSR for Future Generation Global was 5.3% for the six months to 30 June 2023 and was driven by the investment portfolio performance of 14.0%, being partially offset by the widening of the share price discount to NTA. As at 30 June 2023, the share price discount to NTA was 19.7% (December 2022: discount of 13.3%). This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

At the date of this report, the investment portfolio is made up of 15 leading global fund managers with investments in 14 unlisted unit trusts and one direct listed investment company.

The Future Generation Global investment portfolio has been structured to provide diversification between three broad equity strategies: long equities, absolute bias and quantitative, with the remainder held in cash. As at 30 June 2023, the portfolio was 59.4% long equities, 27.9% absolute bias, 7.0% quantitative and 5.7% cash.

The Company will deliver its eighth annual social investment by the end of the year. The social investment of \$5.4 million will be made to organisations with a focus of youth mental health and wellbeing, bringing the total investment since inception to \$38.0 million. This investment will be made to Future Generation Global's social impact partners and other not-for-profit organisations, making the Company one of the biggest private funders in youth mental health.

[†]Based on the 30 June 2023 pre-tax NTA of \$1.44 per share.

^{**}Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

^{*}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 2023

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 the mental health and wellbeing of young Australians. This is made possible by our leading global 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.

We would like to thank our fund managers and service providers for their outstanding and continued generosity throughout the period. The value of the management and performance fees forgone by the fund managers for the half year period ended 30 June 2023 totalled \$3.3 million (June 2022: \$3.8 million) and the estimated value of the service providers working for the Company on a pro bono basis totalled \$0.9 million (June 2022: \$0.7 million). Currently we estimate the value of this pro bono support to be approximately \$8.3 million per annum, and at 1.5% of the net assets of the Company, these savings to shareholders exceed the annual investment to our social impact partners.

Future Generation Global would like to thank Lukasz de Pourbaix for his service and contribution to the Company as a valued member of the Investment Committee. The Company welcomes Veronica Klaus, Head of Lonsec's Investment Consulting team, who was appointed to the Investment Committee on 13 June 2023.

Social impact update

As one of the largest private funders in the youth mental health space, Future Generation Global's impact focus is on promoting wellbeing and preventing mental health in young Australians. Our 14 new social impact partners' work spans the prevention spectrum, some working with all young people and others with groups of young people at particular risk of or showing early signs of mental ill-health. Our investment aims to support them to grow their impact with young people and develop their organisations. Through our Impact Measurement Initiative, as our partnership develops, we will share the outcomes of their work with young people.

In May 2023, the Future Generation Companies lodged a submission to the Productivity Commission's Review of Philanthropy 2023, which is designed to boost charitable donations and meet the Australian Government's goal of doubling philanthropic giving by 2030. The Future Generation submission showcased our unique model of social and investment returns. We believe it is critical to fund the efforts of charities, not for profit organisations and community groups to support vulnerable Australians, build social capital and foster connectedness in Australian communities.

In July 2023, Australian Treasurer, Jim Chalmers, launched Australia's First Wellbeing Framework, 'Measuring what matters,' which will track progress so that we can better align our economic and social goals in communities across Australia. The Framework identifies available indicators of Australia's wellbeing, including mental health. Future Generation welcomes this focus on wellbeing and sees the measures in the Framework as a positive initial step. We would be pleased to see further community consultation into the measures that Australians see as underpinning wellbeing.

Change of company name

At the Annual General Meeting held in April 2023, a resolution was passed to change the legal name of Future Generation Global Investment Company Limited to Future Generation Global Limited. The Company's legal name now aligns with the name that the Company is commonly referred to.

Directors' Report to Shareholders

For the half year ended 30 June 2023

After balance sheet date events

Since the end of the period, the Company has declared an interim fully franked dividend of 3.6 cents per share to be paid on 20 October 2023.

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 thousand dollars, or in certain cases, 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 30th day of August 2023

Pitcher Partners Sydney Partnership

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

In relation to the independent auditor's review of Future Generation Global Limited (*Formerly Future Generation Global Investment Company Limited*) for the half-year ended 30 June 2023, 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 2023

Statement of Comprehensive Income

For the half year ended 30 June 2023

	NOTE	JUNE 2023 \$'000	JUNE 2022 \$'000
Investment income from operating activities			
Net realised and unrealised gains/(losses) on financial investments		61,293	(159,726)
Distributions received		7,604	12,154
Investment management and performance fee rebates	2	2,591	3,546
Interest income		762	56
Net foreign exchange losses		-	(79)
		72,250	(144,049)
Expenses			
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Audit fees		-	-
ASX listing fees		-	-
Social investment accrual	3	(2,761)	(2,868)
Service agreement costs		(121)	(207)
Other expenses		(144)	(186)
Share registry transaction costs		(7)	(20)
ASIC industry funding levy		(5)	(11)
ASX CHESS fees		(17)	(6)
Tax fees		(4)	(3)
		(3,059)	(3,301)
Profit/(loss) before income tax		69,191	(147,350)
Income tax (expense)/benefit		(20,395)	44,277
Profit/(loss) after income tax for the period attributable to members		48,796	(103,073)
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Other comprehensive income for the period, net of tax		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		48,796	(103,073)
Basic and diluted earnings/(loss) per share		12.33 cents	(26.18 cents)

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

Statement of Financial Position

As at 30 June 2023

	NOTE	JUNE 2023 \$'000	DECEMBER 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		33,086	46,614
Trade and other receivables		8,015	2,036
Financial assets at fair value through profit or loss	7	537,311	471,945
Other current assets		-	27
Total current assets		578,412	520,622
Non-current assets			
Deferred tax assets		2,634	1,834
Total non-current assets		2,634	1,834
Total assets		581,046	522,456
Liabilities			
Current liabilities			
Trade and other payables		267	415
Social investment accrual	3	5,522	2,858
Current tax liabilities		103	287
Total current liabilities		5,892	3,560
Non-current liabilities			
Deferred tax liabilities		22,587	2,420
Total non-current liabilities		22,587	2,420
Total liabilities		28,479	5,980
Net assets		552,567	516,476
Equity			
Issued capital	5(a)	454,963	453,831
Profits reserve	6	199,576	164,617
Accumulated losses	6	(101,972)	(101,972)
Total equity		552,567	516,476

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

Statement of Changes in Equity

For the half year ended 30 June 2023

	NOTE	ISSUED CAPITAL \$'000	PROFITS RESERVE \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 1 January 2022		451,834	190,227	(12,842)	629,219
Net loss for the period		-	-	(103,073)	(103,073)
Transfer to profits reserve		-	-	-	-
Other comprehensive income, net of tax		-	-	-	-
Transactions with owners:					
Shares issued via Dividend Reinvestment Plan	5(b)	901	-	-	901
Dividends paid	4(a)	-	(11,808)	-	(11,808)
Balance at 30 June 2022		452,735	178,419	(115,915)	515,239
Balance at 1 January 2023					
		453,831	164,617	(101,972)	516,476
Net profit for the period		-	-	48,796	48,796
Transfer to profits reserve	6	-	48,796	(48,796)	-
Other comprehensive income, net of tax		-	-	-	-
Transactions with owners:					
Shares issued via Dividend Reinvestment Plan	5(b)	1,132	-	-	1,132
Dividends paid	4(a)	-	(13,837)	-	(13,837)
Balance at 30 June 2023		454,963	199,576	(101,972)	552,567

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

Statement of Cash Flows

For the half year ended 30 June 2023

	JUNE 2023 \$'000	JUNE 2022 \$'000
Cash flows from operating activities		
Proceeds from sale of financial assets	-	79
Payments for financial assets	(35)	-
Interest income received	762	56
Distribution income received	161	240
Rebate income received	-	76
Income tax paid	(1,213)	(3,806)
Net GST received from ATO	5	6
Social investment fee	(97)	-
Payments for other expenses	(407)	(455)
Net cash used in operating activities	(824)	(3,804)
Cash flows from financing activities		
Dividends paid to the Company's shareholders, (net of Dividend Reinvestment Plan)	(12,704)	(10,907)
Net cash used in financing activities	(12,704)	(10,907)
Net decrease in cash and cash equivalents held	(13,528)	(14,711)
Cash and cash equivalents at the beginning of the period	46,614	33,800
Effects of exchange rate changes on cash and cash equivalents	-	(79)
Cash and cash equivalents at the end of the period	33,086	19,010
Non-cash transactions		
Distributions and rebate income reinvested	5,083	4,859
Shares issued via Dividend Reinvestment Plan	1,132	901

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

Notes to the Financial Statements

For the half year ended 30 June 2023

1. Summary of significant accounting policies

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

The half year financial report was authorised for issue on 30 August 2023 by the Board of Directors.

Basis of preparation

These interim financial statements for the half year reporting period ended 30 June 2023 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 interim 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 2022 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.

2. Investment income from ordinary activities

As at 30 June 2023, the investment portfolio was made up of 15 leading global equity fund managers with investments in 14 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 Caledonia Global Fund, Plato Global Alpha Fund and Vinva International Equity Fund. The aggregated value of management and performance fees forgone by the unit trusts with a zero fee unit class for the six months ended 30 June 2023 was \$0.7 million (June 2022: \$0.3 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 value of management and performance fees rebated to the Company was \$2.6 million for the six months ended 30 June 2023 (June 2022: \$3.5 million).

The estimated value of the other pro bono services provided to the Company for the six months ended 30 June 2023, including the Board and Investment Committee working on a pro bono basis, totalled \$0.9 million (June 2022: \$0.7 million).

Notes to the Financial Statements

For the half year ended 30 June 2023

3. Social investment

The Company invests a percentage of its assets each year in organisations with a focus on preventing mental ill-health in young Australians. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net tangible assets. All social investments are made to organisations with deductible gift recipient (DGR) status. The social investment represents a tax deduction for the Company.

For the six months ended 30 June 2023, the amount recognised in the Statement of Comprehensive Income was \$2.8 million (June 2022: \$2.9 million).

As at 30 June 2023, the 12 month accrued commitment is \$5.4 million (June 2022: \$6.4 million). The Company will pay its eighth annual investment by the end of the year. The social investment of \$5.4 million will be made to organisations with a focus on youth mental health and wellbeing, bringing the total investment since inception to \$38.0 million. This investment will be made to Future Generation Global's social impact partners and other not-for-profit organisations, making the Company one of the biggest private funders in youth mental health. The specific allocation to each organisation will be determined by shareholder votes and directions, with the Board distributing undirected monies between our social impact partners.

As at 30 June 2023, the social investment accrual in the Statement of Financial Position was \$5.5 million (December 2022: \$2.7 million and \$0.2 million to be utilised in building a digital platform to operationalise the impact measurement framework), which includes the 12 month accrued commitment of \$5.4 million to 30 June 2023 and \$0.1 million to be utilised in building a digital platform to operationalise the impact measurement framework, with any balance remaining to be allocated to our social impact partners.

4. Dividends

a) Ordinary dividends paid during the period

	JUNE 2023 \$'000	JUNE 2022 \$'000
2022 Final dividend: 3.5 cents per share fully franked at 30% paid 21 April 2023 (2021 Final dividend: 3.0 cents per share fully franked at 30% paid 27 May 2022)	13,837	11,808

b) Dividends not recognised during the period

	JUNE 2023 \$'000	JUNE 2022 \$'000
Since the end of the half year, the Directors have declared an interim fully franked dividend of 3.6 cents per share payable on 20 October 2023 (2022 Interim dividend: 3.5 cents per share fully franked)	14,267	13,801

5. Issued capital

a) Paid-up capital

	JUNE 2023 \$'000	DECEMBER 2022 \$'000
396,293,447 ordinary shares fully paid (December 2022: 395,310,793)	454,963	453,831

Notes to the Financial Statements

For the half year ended 30 June 2023

5. Issued capital (continued)

b) Movements in ordinary share capital

	JUNE 2023 \$'000	DECEMBER 2022 \$'000
Balance at the beginning of the period 395,310,793 ordinary shares fully paid (December 2021: 393,612,280)	453,831	451,834
982,654 shares issued on 21 April 2023 under a Dividend Reinvestment Plan	1,132	-
706,175 shares issued on 27 May 2022 under a Dividend Reinvestment Plan	-	901
992,338 shares issued on 25 October 2022 under a Dividend Reinvestment Plan	-	1,096
At reporting date	454,963	453,831

6. Reserves and accumulated losses

	JUNE 2023 \$'000	DECEMBER 2022 \$'000
Profits reserve	199,576	164,617
Accumulated losses	(101,972)	(101,972)

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

MOVEMENTS:

	JUNE 2023 \$'000	DECEMBER 2022 \$'000
Profits reserve		
Opening balance	164,617	190,227
Transfer of profits during the period	48,796	-
Final dividend paid (refer Note 4(a))	(13,837)	(11,808)
Interim dividend paid	-	(13,802)
At reporting date	199,576	164,617

Notes to the Financial Statements

For the half year ended 30 June 2023

6. Reserves and accumulated losses (continued)

	JUNE 2023 \$'000	DECEMBER 2022 \$'000
Accumulated losses		
Opening balance	(101,972)	(12,842)
Net profit/(loss) for the period	48,796	(89,130)
Transfer to profits reserve	(48,796)	-
At reporting date	(101,972)	(101,972)

7. Fair value measurements

The Company measures and recognises financial assets at fair value through profit and loss on a recurring basis. The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (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 2023 on a recurring basis:

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
At 30 June 2023				
Financial assets at FVTPL	5,437	531,874	-	537,311
At 31 December 2022				
Financial assets at FVTPL	4,809	467,136	-	471,945

There were no transfers between levels for recurring fair value measurements during the period (December 2022: 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 2023

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. 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.

9. Contingencies

There were no contingent liabilities for the Company as at 30 June 2023 (December 2022: nil).

10. Commitments

The Company invests a percentage of its assets each year in organisations with a focus on preventing mental ill-health in young Australians. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net tangible assets. As at 30 June 2023, the social investment accrual in the Statement of Financial Position was \$5.5 million (December 2022: \$2.7 million and \$0.2 million to be utilised in building a digital platform to operationalise the impact measurement framework), which includes the 12 month accrued commitment of \$5.4 million to 30 June 2023 and \$0.1 million to be utilised in building a digital platform to operationalise the impact measurement framework, with any balance remaining to be allocated to our social impact partners.

The Company will make its eighth annual investment by the end of the year. The social investment of \$5.4 million will be made to organisations with a focus on youth mental health and wellbeing, bringing the total investment since inception to \$38.0 million. This investment will be made to Future Generation Global's social impact partners and other not-for-profit organisations, making the Company one of the biggest private funders in youth mental health. The specific allocation to each organisation will be determined by shareholder votes and directions, with the Board distributing undirected monies between our social impact partners.

11. Events occurring after the reporting period

Since the end of the period, the Board declared an interim fully franked dividend of 3.6 cents per share to be paid on 20 October 2023.

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 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 2023 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 30th day of August 2023

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**Independent Auditor's Review Report
To the Members of Future Generation Global 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 Limited (*Formerly Future Generation Global Investment Company Limited*) ("the Company") which comprises the statement of financial position as at 30 June 2023, 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 Limited does not comply with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the Future Generation Global Limited's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- b) 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 2023 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 2023



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