

Future Generation Global  
Investment Company Limited

# Financial Report

For the half year  
ended 30 June 2022

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 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)  
Gary Brader  
John Coombe  
Lukasz de Pourbaix  
Aman Ramrakha  
Sean Webster  
Geoff Wilson AO  
Martyn McCathie

## **Chief Executive Officer**

Caroline Gurney

## **Auditor**

Pitcher Partners

## **Country of Incorporation**

Australia

## **Registered Office**

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

## **Contact Details**

Postal Address: GPO Box 4658  
Sydney NSW 2001

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## **Australian Securities Exchange**

Future Generation Global  
Investment Company Limited  
Ordinary Shares (FGG)

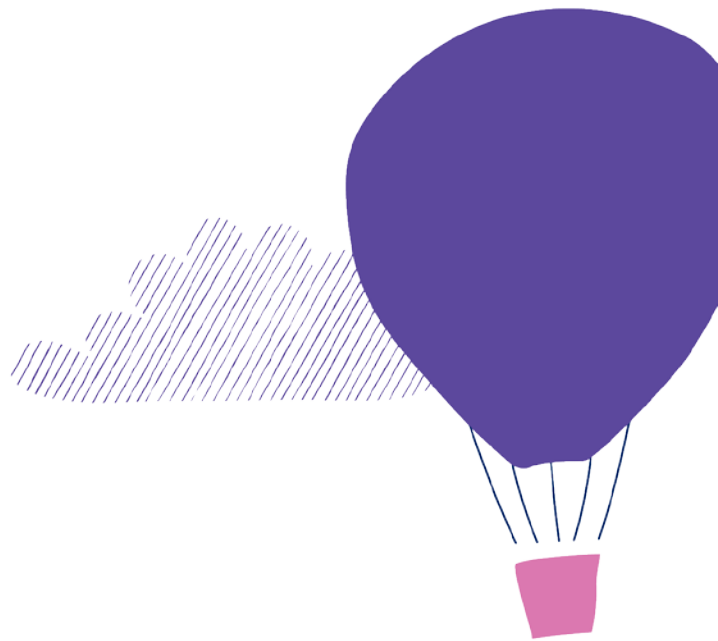
## **Share Registry**

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 2022

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 2022.

## 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 2022, the Company reported an operating loss before tax of \$147.4 million (2021: operating profit before tax of \$58.4 million) and an operating loss after tax of \$103.1 million (2021: operating profit after tax of \$41.0 million). The after tax figure was boosted by a \$44.3 million income tax benefit, delivered through the tax benefit on the operating loss for the period. The six-month period to 30 June 2022 was a turbulent period for global equity markets. The operating loss for the period is a result of the performance of the investment portfolio over the period. Disappointingly, the investment portfolio decreased 21.0%\* while the MSCI AC World Index (AUD) fell 16.0%\*, in the six months to June 2022.

Future Generation Global's Investment Committee is responsible for selecting and monitoring the mix of fund managers and investment styles, with the objective of providing shareholders with a diversified investment portfolio, outperformance through market cycles, reduced volatility and downside protection. The investment portfolio remains exposed to absolute bias managers and traditional long equities managers which weighed on the investment portfolio performance during the period. The Investment Committee continues to review individual fund managers within the portfolio during this volatile time and was pleased to announce changes to the investment portfolio in July 2022 and welcome new fund managers, Lanyon Asset Management, Plato Investment Management and Vinva Investment Management to the investment portfolio.

The Board declared a fully franked interim dividend of 3.5 cents per share, representing a 16.7% increase on the FY2021 fully franked interim dividend, to be paid on 25 October 2022. The FY2022 fully franked interim dividend represents an annualised fully franked dividend yield of 6.6% and a grossed-up dividend yield of 9.4%, on the 30 June 2022 share price of \$1.065. The listed investment company (LIC) structure and the long-term

\*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 2022

## Operating and financial review (continued)

investment portfolio performance has enabled Future Generation Global to increase its fully franked dividend. The Board is committed to providing a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves, franking credits and it is within prudent business practices.

The operating loss 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. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit or loss and other comprehensive income 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 2022, the investment portfolio decreased 21.0%\* while the MSCI AC World Index (AUD) fell 16.0%\*. Since inception, the investment portfolio has increased 6.5%\* per annum, while the Index rose 8.7%\* per annum. This investment portfolio performance has been achieved with less volatility as measured by standard deviation, 9.5% versus the Index's 10.6%.

Future Generation Global's pre-tax NTA decreased 22.2% for the six months to 30 June 2022, including the 3.0 cents per share fully franked final dividend paid to shareholders during the period. The significant items of difference between the investment portfolio decrease of 21.0%\* and the net tangible asset performance of the Company was the social impact investment accrual of 0.5% (1.0% per annum) and corporate tax payments of 1.0 cents per share or 0.6%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. The other item contributing to the change in the value of the assets during the year was other company related expenses of 0.1%.

The NTA before tax as at 30 June 2022 was \$1.33 per share (December 2021: \$1.74). The NTA after tax was \$1.31 per share (December 2021: \$1.60). These figures are after the 3.0 cents per share fully franked final dividend paid to shareholders during the six-month period.

Total Shareholder Return (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. TSR for the period was impacted by the decline in the investment portfolio during a highly volatile period for equity markets, compounded by the increase in the share price discount to NTA. As at 30 June 2022, the share price discount to NTA was 19.6% (December 2021: 7.8%), with TSR decreasing 32.0% for the period. 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 13 fund managers with investments in 12 unlisted unit trusts and one direct listed investment company. In July 2022, Future Generation Global invested in Vinva International Equity Alpha Extension Fund (\$21.2 million) and redeemed its holding in Marsico Global Fund (Global Segregated Portfolio) (\$51.4 million). In August 2022, Future Generation Global invested in Plato Global Net Zero Fund (\$11.0 million) and Lanyon Global Value Fund (\$16.5 million) and redeemed its holding in VGI Partners Master Fund (\$42.8 million).

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 2022, the portfolio was 73.4% long equities, 23.0% absolute bias and 3.6% cash.

\*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 2022

## Operating and financial review (continued)

The Company will deliver its seventh annual social impact investment by the end of the year. The social impact investment of \$6.4 million will be made to organisations with a focus of youth mental health and wellbeing, bringing the total investment since inception to \$32.6 million. This investment will be made to Future Generation Global's new social impact partners and other not-for-profit organisations, making the Company one of the biggest private funders in youth mental health.

## 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 2022 totalled \$3.8 million (June 2021: \$3.9 million) and the estimated value of the service providers working for the Company on a pro bono basis totalled \$0.7 million (June 2021: \$0.7 million). Currently we estimate the value of this pro bono support to be approximately \$9.0 million per annum, and at 1.7% of the net assets of the Company, these savings to shareholders exceed the annual investment to our social impact partners.

## Social impact update

Future Generation Global is proud to have supported a group of leading mental health organisations since inception. Their contributions over the past six years will have an abiding impact for young people, their families, communities and the mental health sector. Our partners have leveraged our support to raise millions of additional dollars towards their ongoing work in youth mental health and suicide prevention.

2021 was the fifth and final year of the projects our partners proposed at the beginning of our partnership. In early 2021, FGG determined to provide partners with an additional year of funding and to review our social impact investment strategy. Conscious of the increasing demand for mental health support from young people and the monumental reform challenges facing the mental health sector, we felt compelled to ensure we optimise the impact of our investments.

Our review confirmed that despite a steady increase in government expenditure on mental healthcare services over the past three decades, the rates of mental ill-health, self-harm and suicide among young people continue to rise. Indeed, the latest National Survey of Mental Health and Wellbeing shows an alarming 39% of 16 to 24 year olds had a mental disorder in 2020, up from 26% since 2006\*.

Australia has a strong track record of reducing the financial burden and human cost of many other conditions – from skin cancer and heart disease to strokes and diabetes – by investing in prevention as well as improving treatments. However, prevention and wellbeing have been largely neglected in mental health policy, despite strong evidence that mental health conditions are not inevitable and that prevention approaches work and are cost-effective. Combined, Australian governments spend only around 1% of their mental health budgets on prevention.

The Future Generation Global Board sees this is a great opportunity to create positive impact in youth mental health and wellbeing and in late 2021 determined to channel our future social impact investment into wellbeing and prevention. In February 2022, we launched an Expression of Interest to identify a portfolio of prevention-focused partners that could help transform mental health and wellbeing with young people, which attracted more than 175 applicants.

\*Australian Bureau of Statistics, National Study of Mental Health and Wellbeing 2020-2021.

# Directors' Report to Shareholders

For the half year ended 30 June 2022

## Social impact update (continued)

In order to maximise our social impact investment, we were determined to prioritise high potential small-to-medium sized organisations that did not yet receive significant government funding. They needed to have a proven track record and compelling strategies to significantly deepen their impact. As a portfolio, we were aiming for a national footprint, with at least 30% of partners based in regional areas. We were also looking for diverse approaches that range across the wellbeing and prevention spectrum, with some organisations targeting all young people and others targeting particular high-risk groups and young people showing early signs of mental ill-health.

In August 2022, Future Generation Global was delighted to announce our new social impact partners: BackTrack, Big hART, Happy Paws Happy Hearts, Human Nature, I CAN Network, Mind Blank, Prevention United, Project ROCKIT, ReachOut, Smiling Mind, WANTA, The Westerman Jilya Institute for Indigenous Mental Health, Youth Live4Life and Youth Opportunities.

Future Generation Global would like to thank its previous social impact partners for the incredible work they continue to do in the community and mental health space. The Company is excited to continue this journey with the 14 new partners to improve the mental health and wellbeing of young Australians.

## After balance sheet date events

Since the end of the period, the Company has declared a fully franked interim dividend of 3.5 cents per share to be paid on 25 October 2022.

In July 2022, Future Generation Global invested in Vinva International Equity Alpha Extension Fund (\$21.2 million) and redeemed its holding in Marsico Global Fund (Global Segregated Portfolio) (\$51.4 million). In August 2022, Future Generation Global invested in Plato Global Net Zero Fund (\$11.0 million) and Lanyon Global Value Fund (\$16.5 million) and redeemed its holding in VGI Partners Master Fund (\$42.8 million).

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

## Rounding of amounts

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest thousand dollars, 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 31<sup>st</sup> day of August 2022

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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 2022, 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

31 August 2022



# Statement of Comprehensive Income

For the half year ended 30 June 2022

	NOTE	JUNE 2022 \$'000	JUNE 2021 \$'000
<b>Investment income from operating activities</b>			
Net realised and unrealised (losses)/gains on financial investments		(159,726)	37,170
Distributions received		12,154	21,041
Investment management and performance fee rebates	2	3,546	3,602
Net foreign exchange (losses)/gains		(79)	26
Interest income		56	28
		<b>(144,049)</b>	<b>61,867</b>
<b>Expenses</b>			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Audit fees		-	-
Social impact investment accrual	3	(2,868)	(3,296)
Executive remuneration		-	(43)
Service agreement costs		(207)	-
Other expenses		(186)	(106)
Share registry transaction costs		(20)	(20)
ASIC industry funding levy		(11)	(7)
ASX CHESS fees		(6)	(3)
Tax fees		(3)	(3)
		<b>(3,301)</b>	<b>(3,478)</b>
<b>(Loss)/profit before income tax</b>		<b>(147,350)</b>	<b>58,389</b>
Income tax benefit/(expense)		44,277	(17,429)
<b>(Loss)/profit after income tax for the period attributable to members</b>		<b>(103,073)</b>	<b>40,960</b>
<b>Other comprehensive income</b>			
<i>Items that will not be classified to profit or loss</i>			
Other comprehensive income for the period, net of tax		-	-
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(103,073)</b>	<b>40,960</b>
<b>Basic and diluted (loss)/earnings per share</b>		<b>(26.18 cents)</b>	<b>10.42 cents</b>

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

# Statement of Financial Position

As at 30 June 2022

	NOTE	JUNE 2022 \$'000	DECEMBER 2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		19,010	33,800
Trade and other receivables		11,953	1,394
Other current assets		-	44
<b>Total current assets</b>		<b>30,963</b>	<b>35,238</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	7	498,590	653,536
Deferred tax assets		4,928	1,424
<b>Total non-current assets</b>		<b>503,518</b>	<b>654,960</b>
<b>Total assets</b>		<b>534,481</b>	<b>690,198</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Social impact investment accrual	3	6,648	3,820
Current tax liabilities		12,328	7,860
Trade and other payables		266	251
<b>Total current liabilities</b>		<b>19,242</b>	<b>11,931</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		-	49,048
<b>Total non-current liabilities</b>		<b>-</b>	<b>49,048</b>
<b>Total liabilities</b>		<b>19,242</b>	<b>60,979</b>
<b>Net assets</b>		<b>515,239</b>	<b>629,219</b>
<b>Equity</b>			
Issued capital	5(a)	452,735	451,834
Profits reserve	6	178,419	190,227
Accumulated losses	6	(115,915)	(12,842)
<b>Total equity</b>		<b>515,239</b>	<b>629,219</b>

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

# Statement of Changes in Equity

For the half year ended 30 June 2022

	NOTE	ISSUED CAPITAL \$'000	PROFITS RESERVE \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
<b>Balance at 1 January 2021</b>		<b>450,809</b>	<b>141,626</b>	<b>(110)</b>	<b>592,325</b>
Net profit for the period		-	-	40,960	40,960
Transfer to profits reserve		-	40,960	(40,960)	-
Other comprehensive income, net of tax		-	-	-	-
<b>Balance at 30 June 2021</b>		<b>450,809</b>	<b>182,586</b>	<b>(110)</b>	<b>633,285</b>
<b>Balance at 1 January 2022</b>		<b>451,834</b>	<b>190,227</b>	<b>(12,842)</b>	<b>629,219</b>
Net loss for the period		-	-	(103,073)	(103,073)
Transfer to profits reserve	6	-	-	-	-
Other comprehensive income, net of tax		-	-	-	-
<b>Transactions with owners:</b>					
Shares issued via Dividend Reinvestment Plan	5(b)	901	-	-	901
Dividends paid	4(a)	-	(11,808)	-	(11,808)
<b>Balance at 30 June 2022</b>		<b>452,735</b>	<b>178,419</b>	<b>(115,915)</b>	<b>515,239</b>

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

# Statement of Cash Flows

For the half year ended 30 June 2022

	JUNE 2022 \$'000	JUNE 2021 \$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial assets	79	18,767
Payments for financial assets	-	(37,346)
Interest income received	56	28
Distribution income received	240	-
Rebate income received	76	-
Income tax paid	(3,806)	(3,054)
Payments for other expenses	(449)	(207)
<b>Net cash used in operating activities</b>	<b>(3,804)</b>	<b>(21,812)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to the Company's shareholders, (net of Dividend Reinvestment Plan and Dividend Donation Plan)	(10,907)	-
<b>Net cash used in financing activities</b>	<b>(10,907)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(14,711)</b>	<b>(21,812)</b>
Cash and cash equivalents at the beginning of the period	33,800	56,303
Effects of exchange rate changes on cash and cash equivalents	(79)	26
<b>Cash and cash equivalents at the end of the period</b>	<b>19,010</b>	<b>34,517</b>
<b>Non-cash transactions</b>		
Distributions and rebate income reinvested	4,859	10,336
Shares issued via Dividend Reinvestment Plan	901	-

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

# Notes to the Financial Statements

For the half year ended 30 June 2022

## 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 31 August 2022 by the Board of Directors.

### Basis of preparation

These interim financial statements for the half year reporting period ended 30 June 2022 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 2021 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, 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 2022, the investment portfolio was made up of 12 leading global equity fund managers with investments in 11 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 trust with a zero fee unit class is the Caledonia Fund.

The aggregated value of management and performance fees forgone by the unit trust with a zero fee unit class for the six months ended 30 June 2022 was \$0.3 million (June 2021: \$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 \$3.5 million for the six months ended 30 June 2022 (June 2021: \$3.6 million).

The estimated value of the other pro bono services provided to the Company for the six months ended 30 June 2022, including the Board and Investment Committee working on a pro bono basis, totalled \$0.7 million (June 2021: \$0.7 million).

# Notes to the Financial Statements

For the half year ended 30 June 2022

## 3. Social impact 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 investments are made to organisations with deductible gift recipient (DGR) status. The investment represents a tax deduction for the Company.

For the six months ended 30 June 2022, the amount recognised in the Statement of Comprehensive Income was \$2.9 million (June 2021: \$3.3 million).

As at 30 June 2022, the 12 month accrued commitment is \$6.4 million (June 2021: \$6.4 million). The Company will pay its seventh annual investment by the end of the year. The social impact investment of \$6.4 million will be made to organisations with a focus on youth mental health and wellbeing, bringing the total investment since inception to \$32.6 million. This investment will be made to Future Generation Global's new 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 2022, the social impact investment accrual in the Statement of Financial Position was \$6.6 million, which includes the 12 month accrued commitment of \$6.4 million to 30 June 2022 and \$0.2 million to be utilised by the end of the year as part of the Company's Expression of Interest process for its 2022 investment.

## 4. Dividends

### a) Ordinary dividends paid during the period

	<b>JUNE 2022 \$'000</b>	<b>JUNE 2021 \$'000</b>
2021 Final dividend: 3.0 cents per share fully franked at 30% paid 27 May 2022 (2020 Final dividend: nil)	11,808	-

### b) Dividends not recognised during the period

	<b>JUNE 2022 \$'000</b>	<b>JUNE 2021 \$'000</b>
Since the end of the half year, the Directors have declared a fully franked interim dividend of 3.5 cents per share payable on 25 October 2022 (2021 Interim dividend: 3.0 cents per share fully franked)	13,801	11,788

## 5. Issued capital

### a) Paid-up capital

	<b>JUNE 2022 \$'000</b>	<b>DECEMBER 2021 \$'000</b>
394,318,455 ordinary shares fully paid (December 2021: 393,612,280)	452,735	451,834

# Notes to the Financial Statements

For the half year ended 30 June 2022

## 5. Issued capital (continued)

### b) Movements in ordinary share capital

	JUNE 2022 \$'000	DECEMBER 2021 \$'000
Balance at the beginning of the period 393,612,280 ordinary shares fully paid (December 2020: 392,947,106)	451,834	450,809
706,175 shares issued on 27 May 2022 under a Dividend Reinvestment Plan	901	-
665,174 shares issued on 22 October 2021 under a Dividend Reinvestment Plan	-	1,025
<b>At reporting date</b>	<b>452,735</b>	<b>451,834</b>

## 6. Reserves and accumulated losses

	JUNE 2022 \$'000	DECEMBER 2021 \$'000
Profits reserve	178,419	190,227
Accumulated losses	(115,915)	(12,842)

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

### MOVEMENTS:

	JUNE 2022 \$'000	DECEMBER 2021 \$'000
<b>Profits reserve</b>		
Opening balance	190,227	141,626
Transfer of profits during the period	-	60,389
Dividends paid	(11,808)	(11,788)
<b>At reporting date</b>	<b>178,419</b>	<b>190,227</b>

	JUNE 2022 \$'000	DECEMBER 2021 \$'000
<b>Accumulated losses</b>		
Opening balance	(12,842)	(110)
Net (loss)/profit for the period	(103,073)	47,657
Transfer to profits reserve	-	(60,389)
<b>At reporting date</b>	<b>(115,915)</b>	<b>(12,842)</b>

# Notes to the Financial Statements

For the half year ended 30 June 2022

## 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 2022 on a recurring basis:

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
<b>At 30 June 2022</b>				
Financial assets at FVTPL	5,344	493,246	-	498,590
<b>At 31 December 2021</b>				
Financial assets at FVTPL	7,134	646,402	-	653,536

There were no transfers between levels for recurring fair value measurements during the period (December 2021: 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.

### 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.



# Notes to the Financial Statements

For the half year ended 30 June 2022

## 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 2022 (December 2021: 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 2022, the 12 month accrued commitment is \$6.6 million (December 2021: \$3.8 million), which includes the 12 month accrued commitment of \$6.4 million to 30 June 2022 and \$0.2 million to be utilised by the end of the year as part of the Company's Expression of Interest process for its 2022 investment.

The Company will make its seventh annual investment by the end of the year. The social impact investment of \$6.4 million will be made to organisations with a focus on youth mental health and wellbeing, bringing the total investment since inception to \$32.6 million. This investment will be made to Future Generation Global's new 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 a fully franked interim dividend of 3.5 cents per share to be paid on 25 October 2022.

In July 2022, Future Generation Global invested in Vinva International Equity Alpha Extension Fund (\$21.2 million) and redeemed its holding in Marsico Global Fund (Global Segregated Portfolio) (\$51.4 million). In August 2022, Future Generation Global invested in Plato Global Net Zero Fund (\$11.0 million) and Lanyon Global Value Fund (\$16.5 million) and redeemed its holding in VGI Partners Master Fund (\$42.8 million).


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

# Directors' Declaration

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

1. The half year financial report, as set out in pages 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 2022 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 31<sup>st</sup> day of August 2022

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**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 2022, 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 2022 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.

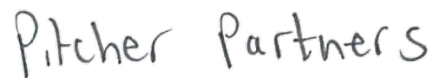
**Auditor's Responsibility for the Review of the Financial Report**

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 2022 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



**Pitcher Partners**  
Sydney

31 August 2022

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