

Future Generation
Investment Company Limited

Financial Report

For the half year
ended 30 June 2022

ABN: 97 063 935 553

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**Future
Generation
Australia**

INVESTMENT & SOCIAL RETURNS

Future Generation Investment Company Limited

The Company's primary investment objectives are to provide shareholders with a stream of fully franked dividends, achieve long-term capital growth and preserve shareholder capital.

Chair

Mike Baird AO

Directors

Stephanie Lai
David Leeton
David Paradice AO
Gabriel Radzyninski
Kate Thorley
Geoff Wilson AO

Joint Company Secretaries

Jesse Hamilton
Mark Licciardo

Investment Committee

Geoff Wilson AO (Chair)
John Coombe
Matthew Kidman
Gabriel Radzyninski
David Smythe
Bruce Tomlinson
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

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Sydney NSW 2001

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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.

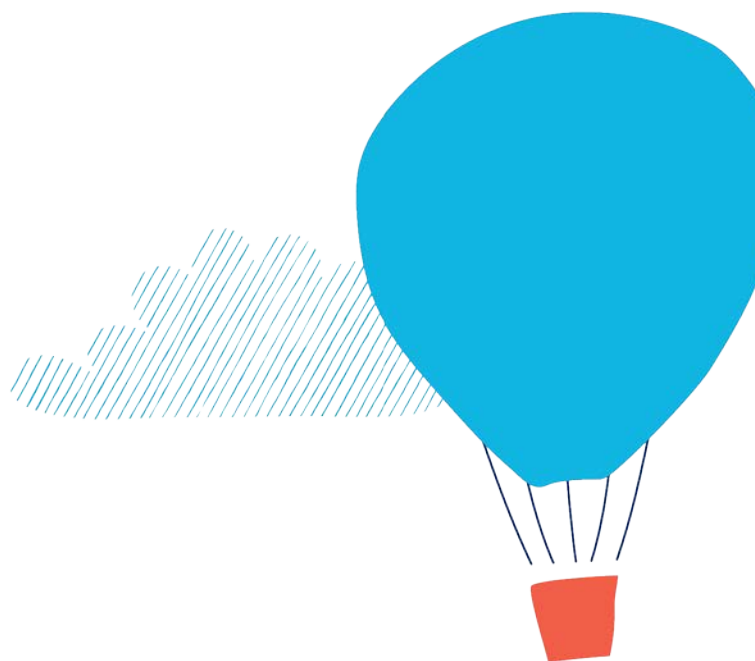
Australian Securities Exchange

Future Generation Investment
Company Ordinary Shares (FGX)

Future Generation Investment
Company Options (FGXO)

expiring 28 April 2023,
exercise price of \$1.48 per option





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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 Investment Company Limited (Future Generation Australia 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:

- Mike Baird AO, Chair and Non-Executive Director (appointed 31 July 2022)
- Stephanie Lai, Non-Executive Director
- David Leeton, Non-Executive Director
- David Paradise AO, Non-Executive Director
- Gabriel Radzynski, Non-Executive Director
- Kate Thorley, Non-Executive Director
- Geoff Wilson AO, Non-Executive Director
- Jonathan Trollip, Chair and Non-Executive Director (resigned 31 July 2022)

Principal activity

The principal activity of the Company is to invest in funds managed by a number of leading Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies while also contributing to Australian children and youth at risk social impact partners and other not-for-profit organisations.

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 with a focus on Australian youth at risk and other not-for-profit organisations.

There was no change in the nature of the activity of the Company during the period or 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 \$100.9 million (2021: \$64.8 million operating profit before tax) and an operating loss after tax of \$67.9 million (2021: \$47.3 million operating profit after tax). The after tax figure was boosted by a \$33.0 million income tax benefit, delivered through the tax benefit on the operating loss for the period and franking credits received on franked distribution income from investee funds. The six-month period to 30 June 2022 was a challenging period for equity markets. The operating loss for the period is a result of the movement in the market value of the investment portfolio. The investment portfolio decreased 16.1% while the S&P/ASX All Ordinaries Accumulation Index fell 11.5% and the S&P/ASX Small Ordinaries Accumulation Index decreased 23.7%, in the six months to 30 June 2022.

Future Generation Australia'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 continues to provide shareholders with diversity through exposure to traditional long equities strategies complimented with exposure to absolute bias and market neutral strategies. On a look-through basis the investment portfolio has a skew towards small and mid-cap companies 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 period.

The Board declared a fully franked interim dividend of 3.25 cents per share, representing a 8.3% increase on the FY2021 fully franked interim dividend, to be paid on 28 October 2022. The FY2022 fully franked interim

¹Investment 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)

dividend represents an annualised fully franked dividend yield of 5.7%, on the 30 June 2022 share price of \$1.135. The increase in the fully franked interim dividend was made possible during this volatile period by the listed investment company (LIC) structure of Future Generation Australia and the profits reserves accumulated over time. 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. 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).

Since inception, the investment portfolio has increased 8.0%* per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 1.5% per annum. The investment portfolio's outperformance has been achieved with less volatility, 11.9% versus the Index's 14.5%, as measured by standard deviation.

Future Generation Australia's NTA before tax decreased 17.2% 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. This decrease is after the social impact investment accrual of 0.5% (1.0% per annum) and corporate tax payments of 0.7 cents per share or 0.5% during the period in relation to the 2021 income tax return of the Company. The social impact investment accrual was the major item of difference between the investment portfolio performance of 16.1%* and the net tangible asset performance. The other item contributing to the change in the value of the assets during the year was other company related expenses of 0.1%.

At 30 June 2022, corporate tax payable by the Company was \$8.7 million or 5.0 cents per share. When paid, the franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends.

The NTA before tax as at 30 June 2022 was \$1.23 per share (December 2021: \$1.52). The NTA after tax was \$1.21 per share (December 2021: \$1.41). These figures are after the 3.0 cents per share fully franked final dividend paid to shareholders during the 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. TSR for the period was impacted by the decline in the investment portfolio performance during a highly volatile period for equity markets, and the slight increase in the share price discount to NTA at the end of the period. As at 30 June 2022, the share price discount to NTA was 7.9% (December 2021: 7.6%), with TSR decreasing 17.4% for the period. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

During the six months to 30 June 2022, the Company redeemed its holdings in L1 Capital Australian Equities Fund and reinvested the funds in to the L1 Capital Catalyst Fund. In July 2022, the Company also redeemed its holdings in Eley Griffiths Emerging Companies Fund.

At the date of this report, the investment portfolio is made up of 18 fund managers with investments in 21 unlisted unit trusts.

*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 Future Generation Australia investment portfolio has been structured to provide diversification between three broad equity strategies: long equities, absolute bias and market neutral, with the remainder held in cash. As at 30 June 2022, the portfolio was 47.3% long equities, 45.1% absolute bias, 7.1% market neutral and 0.5% cash.

The Company will deliver its eighth annual social impact investment by the end of the year. The investment of \$5.9 million will be made to our social impact partners and other not-for-profit organisations, bringing the total investment since inception to \$32.6 million.

Fund managers and service providers

Through their investment in Future Generation Australia, shareholders have unprecedented access to leading Australian fund managers and make a significant contribution towards a brighter future for children and youth at risk in Australia. 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 the fund managers and service providers for their outstanding and continued generosity throughout the period. This generosity has allowed the Company to support its designated social impact partners and other Australian not-for-profit organisations. The value of the fund managers' forgone management and performance fees for the half year period ended 30 June 2022 totalled \$3.2 million (June 2021: \$5.7 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 \$7.6 million per annum, and at 1.6% of the net assets of the Company, these savings to shareholders exceed the annual investment to our social impact partners.

Board update

As announced at the Annual General Meeting (AGM) held on 26 May 2022 and on the ASX on 1 August 2022, Mike Baird AO joined the Company's Board of Directors as Director and Chair and Jonathan Trollip stepped down as Director and Chair of Future Generation Australia, effective 31 July 2022. We are incredibly grateful to Jonathan for his outstanding dedication and leadership as Chair of Future Generation Australia since inception in 2014, which has delivered solid investment portfolio performance to shareholders and is on track to deliver \$32.6 million in investments with our Australian youth at risk social impact partners. Jonathan's continued support and dedication to improving the lives of young Australians at risk will endure long after his retirement.

Mike is the former premier of NSW, current CEO of HammondCare, and Board Member of Cricket Australia & Surfing Australia and is passionate about helping our vulnerable youth and believes that Future Generation Australia provides a clear pathway for many more Australians to support this cause.

Options

On 3 September 2021, the Board of Directors announced a one-for-one Bonus Option Issue to all shareholders of the Company, at no additional cost. Each Future Generation Australia Option provides holders with the opportunity, but not the obligation, to purchase one additional Future Generation Australia share for \$1.48 per Option, without paying brokerage fees. The Options are currently trading on the ASX under the code FGXO.

As at 30 June 2022, a total of 790,811 options have been exercised for a total consideration of \$1.2 million, with the remaining balance of outstanding options being 400,206,835.

Social impact update

Future Generation Australia's social impact partners continue to grow and deliver support to children and youth at risk across a range of services. We have identified six crucial areas of social return on our investment to date. These include improved social and emotional wellbeing, breaking the cycle of disadvantage, better physical

Directors' Report to Shareholders

For the half year ended 30 June 2022

Social impact update (continued)

health, enhanced educational engagement and achievement, and the development of new skills. These outcomes have immediate and ongoing positive impacts for young people, their families and their communities. Our support has helped drive significant innovation in our partners' work, and we commend them as we continue to navigate these challenging times together.

To find out more about Future Generation Australia's social impact and the work of our partners, you can read Future Generation Australia's [Your social investment](#) publication and [Our Impact story so far](#).

After balance sheet date events

Since the end of the period, the Company has declared a fully franked interim dividend of 3.25 cents per share to be paid on 28 October 2022.

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.

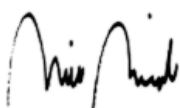
Rounding of amounts

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, 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.



Mike Baird AO

Chair

Dated this 31st day of August 2022

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

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Sydney NSW 2001

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

Auditor's Independence Declaration
To the Directors of Future Generation Investment Company Limited
ABN 97 063 935 553

In relation to the independent auditor's review of Future Generation 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
Investment income from operating activities			
Net realised and unrealised (losses)/gains on financial investments		(138,775)	32,780
Distributions received		38,655	30,631
Investment management and performance fee rebates	2	2,437	4,373
Interest income		16	59
		(97,667)	67,843
Expenses			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Social impact investment accrual	3	(2,774)	(2,781)
Executive remuneration		-	(50)
Service agreement costs		(209)	-
Other expenses		(151)	(90)
Audit fees		(44)	(32)
Share registry transaction costs		(33)	(34)
ASX CHESS fees		(9)	(13)
Tax fees		(3)	(4)
ASIC industry funding levy		(1)	(6)
		(3,224)	(3,010)
(Loss)/profit before income tax		(100,891)	64,833
Income tax benefit/(expense)		32,956	(17,534)
(Loss)/profit after income tax for the period attributable to members		(67,935)	47,299
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 (loss)/income for the period		(67,935)	47,299
Basic and diluted (loss)/earnings per share		(16.85 cents)	11.80 cents

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
Assets			
Current assets			
Cash and cash equivalents		2,298	16,484
Trade and other receivables		33,205	2,430
Other current assets		23	50
Total current assets		35,526	18,964
Non-current assets			
Financial assets at fair value through profit or loss	7	468,313	596,886
Deferred tax assets		2,505	1,096
Total non-current assets		470,818	597,982
Total assets		506,344	616,946
Liabilities			
Current liabilities			
Trade and other payables		295	276
Social impact investment accrual	3	5,860	3,087
Current tax liabilities		8,672	1,618
Total current liabilities		14,827	4,981
Non-current liabilities			
Deferred tax liabilities		-	41,701
Total non-current liabilities		-	41,701
Total liabilities		14,827	46,682
Net assets		491,517	570,264
Equity			
Issued capital	5(a)	445,978	444,702
Profits reserve	6	117,255	129,343
Accumulated losses	6	(71,716)	(3,781)
Total equity		491,517	570,264

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
Balance at 1 January 2021		441,378	71,933	(3,781)	509,530
Net profit for the period		-	-	47,299	47,299
Transfer to profits reserve		-	47,299	(47,299)	-
Other comprehensive income, net of tax		-	-	-	-
Transactions with owners:					
Shares issued via Dividend Reinvestment Plan	5(b)	1,165	-	-	1,165
Dividends paid	4	-	(10,409)	-	(10,409)
Balance at 30 June 2021		442,543	108,823	(3,781)	547,585
Balance at 1 January 2022		444,702	129,343	(3,781)	570,264
Net loss for the period		-	-	(67,935)	(67,935)
Transfer to profits reserve	6	-	-	-	-
Other comprehensive income, net of tax		-	-	-	-
Transactions with owners:					
Shares issued via Dividend Reinvestment Plan	5(b)	1,220	-	-	1,220
Shares issued via Options	5(b)	56	-	-	56
Dividends paid	4	-	(12,088)	-	(12,088)
Balance at 30 June 2022		445,978	117,255	(71,716)	491,517

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

Statement of Cash Flow

For the half year ended 30 June 2022

	JUNE 2022 \$'000	JUNE 2021 \$'000
Cash flows from operating activities		
Proceeds from sale of financial assets	15,389	8,404
Payments for purchase of investments	(15,389)	-
Interest income received	16	72
Rebate income received	79	53
Income tax (paid)/refund received	(3,100)	658
Net GST received from ATO	30	-
Payments for other expenses	(399)	(216)
Net cash (used in)/provided by operating activities	(3,374)	8,971
Cash flows from financing activities		
Dividends paid to the Company's shareholders, (net of Dividend Reinvestment Plan and Dividend Donation Plan)	(10,868)	(9,244)
Shares issued via exercise of options	56	-
Net cash used in financing activities	(10,812)	(9,244)
Net decrease in cash and cash equivalents	(14,186)	(273)
Cash and cash equivalents at the beginning of the period	16,484	40,651
Cash and cash equivalents at the end of the period	2,298	40,378
Non-cash investing and financing activities		
Distributions and rebate income reinvested	41,013	5,561
Shares issued via Dividend Reinvestment Plan	1,220	1,164

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 Investment Company Limited (Future Generation Australia 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 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 2022, the investment portfolio was made up of 18 leading Australian equity fund managers with investments in 22 unlisted unit trusts.

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 Bennelong Long Short Equity Fund, Vinva Australian Equities Fund, L1 Capital Australian Equities Fund, QVG Opportunities Fund, Firetrail Absolute Return Fund, Firetrail Australian High Conviction Fund and the Centennial Level 18 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 2022 was \$0.7 million (June 2021: \$1.3 million).

The remaining investments are made in unlisted unit trusts with 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 \$2.4 million for the six months ended 30 June 2022 (June 2021: \$4.4 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

In line with its stated objectives, the Company invests a percentage of its net assets to support its social impact partners who focus on children and youth at risk, as well as other not-for-profit organisations. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net 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 \$2.8 million (June 2021: \$2.8 million).

As at 30 June 2022, the 12-month accrued commitment is \$5.9 million (June 2021: \$5.3 million). The Company will pay its eighth annual investment by the end of the year. The social impact investment of \$5.9 million will be made to our partners and other not-for-profit organisations, bringing the total investment since inception to \$32.6 million. 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.

4. Dividends

a) Ordinary dividends paid during the period

	JUNE 2022 \$'000	JUNE 2021 \$'000
2021 Final dividend: 3.0 cents per share fully franked at 30% paid 29 April 2022 (2020 Final dividend: 2.6 cents per share fully franked at 30% paid 26 April 2021)	12,088	10,409

b) Dividends not recognised during the period

	JUNE 2022 \$'000	JUNE 2021 \$'000
Since the end of the half year, the Directors have declared a fully franked interim dividend of 3.25 cents per share payable on 28 October 2022 (2021 Interim dividend: 3.0 cents per share fully franked)	13,126	12,038

5. Issued capital

a) Paid-up capital

	JUNE 2022 \$'000	DECEMBER 2021 \$'000
403,867,511 ordinary shares fully paid (December 2021: 402,917,212)	445,978	444,702

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 402,917,212 ordinary shares fully paid (December 2020: 400,343,988)	444,702	441,378
37,750 ordinary shares issued from the exercise of options at \$1.48 per option	56	-
912,549 shares issued on 29 April 2022 under a Dividend Reinvestment Plan	1,220	-
753,061 ordinary shares issued from the exercise options at \$1.48 per option	-	1,115
911,758 shares issued on 26 April 2021 under a Dividend Reinvestment Plan	-	1,165
908,405 shares issued on 26 November 2021 under a Dividend Reinvestment Plan	-	1,275
Cost of raising capital (net of tax)	-	(231)
At reporting date	445,978	444,702

6. Reserves and accumulated losses

	JUNE 2022 \$'000	DECEMBER 2021 \$'000
Profits reserve	117,255	129,343
Accumulated losses	(71,716)	(3,781)

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
Profits reserve		
Opening balance	129,343	71,933
Transfer of profits during the period	-	79,879
Final dividend paid (refer Note 4(a))	(12,088)	(10,409)
Interim dividend paid	-	(12,060)
At reporting date	117,255	129,343

Notes to the Financial Statements

For the half year ended 30 June 2022

6. Reserves and accumulated losses (continued)

	JUNE 2022 \$'000	DECEMBER 2021 \$'000
Accumulated losses		
Opening balance	(3,781)	(3,781)
Net (loss)/profit for the period	(67,935)	79,879
Transfer to profits reserve	-	(79,879)
At reporting date	(71,716)	(3,781)

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
At 30 June 2022				
Financial assets at FVTPL	-	468,313	-	468,313
At 31 December 2021				
Financial assets at FVTPL	-	596,886	-	596,886

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

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 2022

7. Fair value measurements (continued)

III) VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUES

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Board of Directors value the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net asset backing of the unlisted unit trusts at the end of the period. 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 managed by prominent Australian equity fund managers. It has no reportable business or geographical segment.

9. Contingencies

There were no contingent liabilities for the Company at 30 June 2022 (December 2021: nil).

10. Commitments

The Company invests a percentage of its net assets each year to support its social impact partners who focus on children and youth at risk, as well as other not-for-profit organisations. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net assets. As at 30 June 2022, the 12-month accrued commitment is \$5.9 million (December 2021: \$3.1 million).

The Company will pay its eighth annual investment by the end of the year. The social impact investment of \$5.9 million will be made to our partners and other not-for-profit organisations, bringing the total investment since inception to \$32.6 million. 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 Company declared a fully franked interim dividend of 3.25 cents per share to be paid on 28 October 2022.

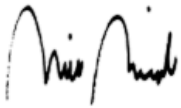
No other matters or circumstances have arisen since the end of the period which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Directors' Declaration

The Directors of Future Generation 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.



Mike Baird AO
Chair

Dated this 31st day of August 2022

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**Independent Auditor's Review Report
To the Members of Future Generation Investment Company Limited
ABN 97 063 935 553**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Future Generation 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 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

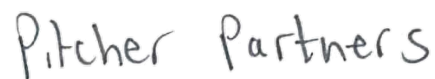
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving 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

31 August 2022



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