

Appendix 4E

Annual Report

for the year ended 31 December 2019

Results for announcement to the market

All comparisons to the year ended 31 December 2018

Future Generation
Investment Company Limited
ABN 97 063 935 553

	UP/DOWN	% MVMT	\$'000
Revenue from ordinary activities	down	(15.0%)	30,966
Profit from ordinary activities before tax	down	(19.0%)	25,539
Net profit from ordinary activities after tax	down	(3.4%)	22,432
Total comprehensive income for the period	up	554.0%	63,348

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2019 final dividend cents per share	2.6	2.6	30%
2019 interim dividend cents per share	2.4	2.4	30%

Dividend dates

Ex-dividend date	15 April 2020
Record date	16 April 2020
Last election date for DRP	20 April 2020
Payment date	28 April 2020

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the recommended fully franked final dividend of 2.6 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the VWAP (volume weighted average market price) of shares sold on the ASX (on an ex-dividend basis) four trading days from the ex-dividend date, inclusive of the ex-dividend date. The DRP will operate without a discount for the 2019 final dividend.

Net Tangible Assets (NTA)	31 DEC 2019	31 DEC 2018
NTA (after tax) per share	\$1.24	\$1.13

Future Generation
Investment Company Limited

Annual Report

For the year ended
31 December 2019

ABN 97 063 935 553



Future
Generation
Australia

INVESTMENT & SOCIAL RETURNS

Future Generation Investment Company Limited

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

Chairman

Jonathan Trollip

Directors

Caroline Gurney
Stephanie Lai
David Leeton
David Paradise AO
Gabriel Radzyninski
Kate Thorley
Geoff Wilson AO

Company Secretary

Mark Licciardo

Investment Committee

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

Chief Executive Officer

Louise Walsh

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

T: (02) 9247 9202
F: (02) 9247 6855
E: info@futuregeninvest.com.au
W: futuregeninvest.com.au

Australian Securities Exchange

Future Generation Investment
Company Ordinary Shares (FGX)

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.

Future Generation Semi-Annual Shareholder Presentations

Sydney

21 May 2020

Sofitel Sydney
61-101 Phillip Street
Sydney NSW 2000

Shareholder Update and Investment Forum

12.30pm – 2.15pm

Annual General Meeting

2.45pm – 3.15pm

Melbourne

12 May 2020

12.15pm – 1.15pm
Sofitel Melbourne
25 Collins Street
Melbourne VIC 3000

Brisbane

19 May 2020

12.15pm – 1.15pm
Hilton Hotel
190 Elizabeth Street
Brisbane QLD 4000

Perth

14 May 2020

12.15pm – 1.15pm
Ritz-Carlton Perth
1 Barrack Street
Perth WA 6000

Newcastle

8 May 2020

12.15pm – 1.15pm
Rydges Newcastle
Cnr Wharf Road & Merewether Street
Newcastle NSW 2300

Canberra

18 May 2020

12.15pm – 1.15pm
Hotel Realm
18 National Circuit
Canberra ACT 2600

Adelaide

13 May 2020

12.15pm – 1.15pm
Hilton Hotel
233 Victoria Square
Adelaide SA 5000

Launceston

7 May 2020

12.15pm – 1.15pm
Peppers Silo Hotel
89-91 Lindsay Street
Launceston TAS 7248

Dates and venues are subject to change. Please visit futuregeninvest.com.au for the latest details.

Key Highlights FY2019

Operating profit
before tax

\$25.5m

Fully franked full year
dividend

5.0cps

Savings on
management fees,
performance fees &
services forgone

\$7.5m

2019 investment in
Australian charities with
a focus on children and
youth at risk

\$4.6m

Summary of FY2019 results

The Company reported an operating profit before tax of \$25.5 million for the year ended 31 December 2019 (2018: \$31.5 million) and an operating profit after tax of \$22.4 million (2018: \$23.2 million). The decrease in operating profit on the corresponding period is primarily due to the reduction in distributions received from the investments with the underlying fund managers during the year. Total comprehensive income for the year was \$63.3 million (2018: total comprehensive loss of \$14.0 million) and reflects the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers.

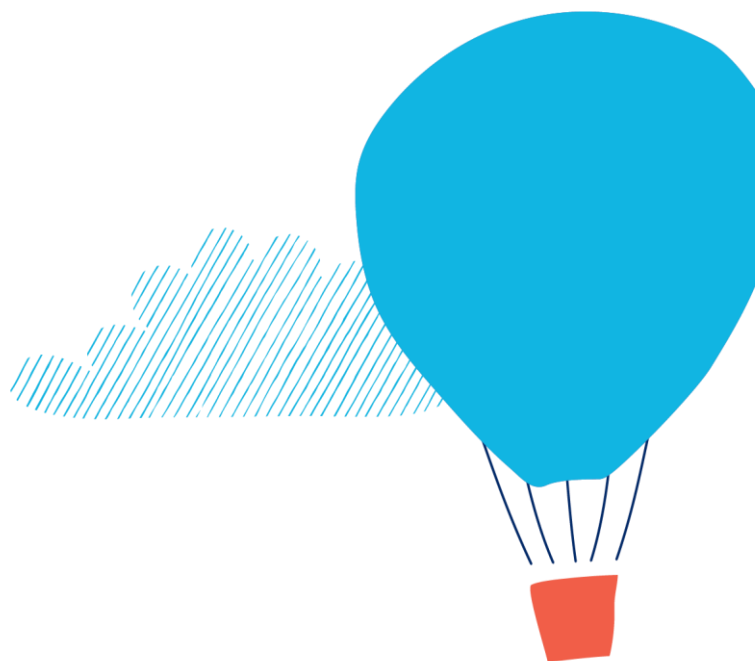
For the year ended 31 December 2019 the investment portfolio increased 20.7%*. The S&P/ASX All Ordinaries Accumulation Index rose 24.1% over the period. Since inception the investment portfolio has increased 9.5% per annum, outperforming the Index by 1.3%. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 7.3% versus the Index's 10.7%.

The Board declared a fully franked full year dividend of 5.0 cents per share, an increase of 8.7% on the previous year with the fully franked final dividend being 2.6 cents per share.

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

Snapshot as at 31 December 2019

ASX code	FGX
Listing date	Sept 2014
Gross assets	\$509.1m
Market capitalisation	\$463.9m
Share price	\$1.165
Net tangible assets (pre-tax)	\$1.27
Shares on issue	398,238,435
Management fees	0.0%
Performance fees	0.0%
Annual charity investment (% of NTA)	1.0%
Full year fully franked dividend	5.0 cents
Fully franked dividend yield	4.3%



Contents

Chairman & Chief Executive Officer's Letter	6
Investment Committee Report	10
Charity Report	12
Directors' Report to Shareholders	20
Auditor's Independence Declaration	31
Statement of Comprehensive Income	32
Statement of Financial Position	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Notes to the Financial Statements	36
Directors' Declaration	55
Independent Auditor's Report	56
ASX Additional Information	60

Chairman & Chief Executive Officer's Letter

Dear Fellow
Shareholders,



Thank you for your continued support of Future Generation Investment Company Limited (FGX or the Company) during the year ended 31 December 2019 and for being part of the Company's innovative approach to wealth creation which demonstrates that both shareholder and social returns can be achieved together.

In 2019, the Company achieved an operating profit before tax of \$25.5 million (2018: \$31.5 million) and an operating profit after tax of \$22.4 million (2018: \$23.2 million). The decrease in operating profit on the corresponding period is primarily due to the reduction in distributions received from the investments with the underlying fund managers during the year. Total comprehensive income for the year was \$63.3 million (2018: total comprehensive loss of \$14.0 million) and reflects the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers.

The Board is pleased to announce a fully franked final dividend of 2.6 cents per share, bringing the full year fully franked dividend to 5.0 cents per share, an increase of 8.7% on the previous year. The final dividend continues to support the Company's goal of delivering on its investment objective of providing a growing stream of fully franked dividends to shareholders.

Since inception in 2014, the Company has paid 19.5 cents per share in fully franked dividends to shareholders. At the end of the period, the Company's profits reserve was 8.7 cents per share. This forms part of the net tangible assets (NTA).

We were excited in October 2019 to deliver our fifth annual investment of \$4.6 million (2018: \$4.3 million) to charities with a focus on children and youth at risk. This was made possible by the generosity and support of our leading fund managers and service providers. We are currently on track to deliver a sixth annual investment of approximately \$5.2 million for payment in October 2020.

We were excited in October 2019 to deliver our fifth annual investment of \$4.6 million to charities with a focus on children and youth at risk. This was made possible by the generosity and support of our leading fund managers and service providers.

Company Performance

As a listed investment company, there are three key measures we use to evaluate the performance of FGX, which are: investment portfolio performance; net tangible asset (NTA) growth and fully franked dividends; and total shareholder return (TSR). Investment portfolio performance measures the growth of investments with the underlying fund managers and cash before expenses, fees and taxes. The S&P/ASX All Ordinaries Accumulation Index is also measured before expenses, fees and taxes. NTA growth is the change in value of the Company's assets, less liabilities and costs, and is essentially the realisable value of the Company. The NTA is announced to shareholders on the ASX each month. TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.



Chairman & Chief Executive Officer's Letter

1. Investment portfolio performance

Performance at 31 December 2019	1 yr	3 yrs %pa	Since inception %pa (Sept-14)	Volatility (% standard deviation)
FGX Investment Portfolio	20.7%	9.9%	9.5%	7.3%
S&P/ASX All Ordinaries Accumulation Index	24.1%	10.4%	8.2%	10.7%

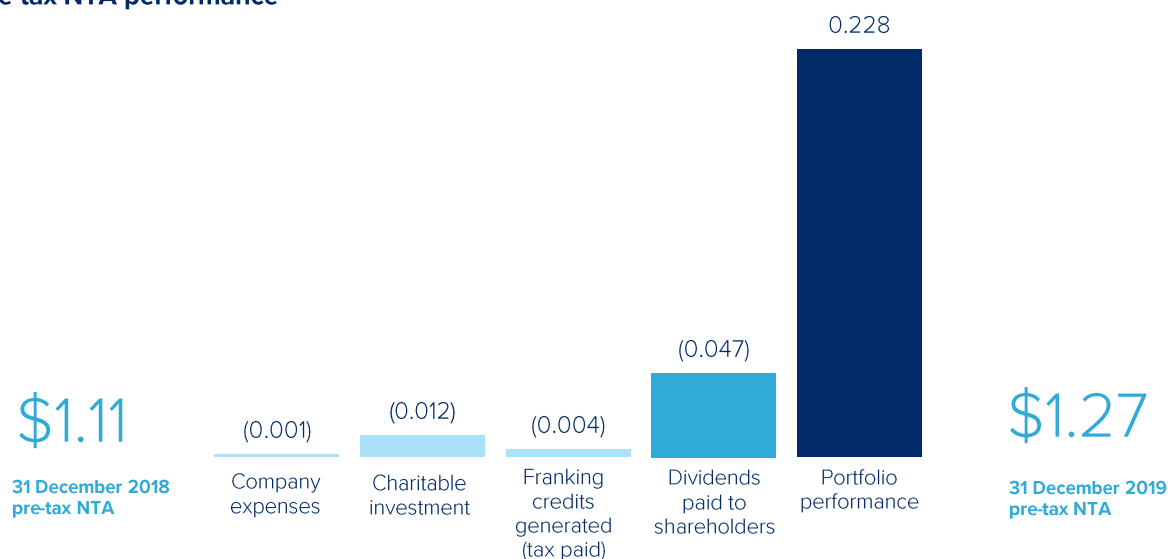
Investment performance and Index returns are before expenses, fees and taxes.

FGX's investment portfolio increased 20.7% in the 12 months to 31 December 2019. This measure is before tax and all costs and is compared to the S&P/All Ordinaries Accumulation Index, which rose 24.1%, which is also before expenses, fees and taxes. Since inception the investment portfolio has increased 9.5% per annum, outperforming the Index by 1.3%. FGX's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 7.3% versus the Index's 10.7%.

2. NTA growth

FGX's pre-tax NTA increased 19.1% for the 12 months to 31 December 2019, including the 4.7 cents per share of fully franked dividends paid to shareholders during the year. This increase is after corporate tax paid of 0.4 cents per share or 0.5% during the year. Corporate tax payments made throughout the period and the charitable investment of 1.0% were the major items of difference between the investment portfolio increase of 20.7% and the net tangible asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Company related expenses of 0.1% also contributed to the change in value of the assets during the year.

FGX pre-tax NTA performance



3. Total shareholder return

This measure shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. The TSR for FGX for the year to 31 December 2019 was impacted by the decline in the share price premium to NTA and the resulting discount at the end of the period. As at 31 December 2019, the share price discount to NTA was 8.5% (2018: premium of 5.9%). This was offset by the solid investment portfolio performance, with TSR increasing 3.2% for the year. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Chairman & Chief Executive Officer's Letter

Dividends

The Board was pleased to announce a fully franked final dividend of 2.6 cents per share, bringing the full year fully franked dividend to 5.0 cents per share, an 8.7% increase on the prior year. The dividend will be paid on 28 April 2020 and the Company will trade ex-dividend on 15 April 2020. The Board is committed to providing a growing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices.

Since inception in 2014, FGX has paid 19.5 cents per share in fully franked dividends to shareholders. At the end of the period, the Company's profits reserve was 8.7 cents per share and forms part of the NTA.

Investment Objectives

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

During the year, the Company invested its capital with the following Australian equity fund managers: Bennelong Australian Equities Partners, Paradise Investment Management, Regal Funds Management, Eley Griffiths Group, Tribeca Investment Partners, Wilson Asset Management, Cooper Investors, L1 Capital, Watermark Funds Management, Sandon Capital, Bennelong Long Short Equity Management, Firetrail Investments, ARCO Investment Management, Vinva Investment Management, CBG Asset Management, LHC Capital, Centennial Asset Management, Smallco Investment Manager, QVG Capital, Lanyon Asset Management and Sage Capital.

Charitable objectives

The objectives of the Company are to provide shareholders with an attractive investment and to provide a source of funding for Australian charities with a focus on children and youth at risk.

The Company provides shareholders with unprecedented access to leading Australian equity fund managers without paying management or performance fees. All participating fund managers have agreed to forgo management and performance fees and Directors, the Investment Committee and most service providers are working on a pro-bono basis. This allows the Company to invest an amount equal to 1.0% of its average monthly net tangible assets primarily in Australian children and youth at risk charities each financial year.

The Company has partnered with 12 designated charities that provide a significant benefit to Australia's children and youth at risk. These charities are: Act for Kids, Australian Children's Music Foundation, Australian Indigenous Education Foundation, DEBRA Australia, Diabetes Kids Fund, Giant Steps, Lighthouse Foundation, Mirabel Foundation, Raise Foundation, United Way Australia, Variety and Youth Off The Streets.

Investing in our future generations

In October 2019, the Company made its fifth annual investment of \$4.6 million in programs to protect and support children and youth at risk. Of this, \$3.3 million was allocated to the 12 designated charities with the remaining \$1.3 million invested with other charities with Australian deductible gift recipient (DGR) status, as nominated by shareholders with 1 million or more shares. As at 31 December 2019, the Company is on track to deliver its sixth annual investment of approximately \$5.2 million for payment in October 2020. This would bring the total charitable investment since inception to over \$21.8 million.

Board and Investment Committee changes

During the year, Scott Malcolm resigned from the Board of Directors. The Board would like to thank Scott for his valuable contribution to the Company since its listing in 2014.

In March 2019, the Board welcomed Caroline Gurney and Stephanie Lai to the Board of Directors. Caroline is Managing Director and Head of Marketing Communications, Australasia and Deputy Chief Communications Officer, Asia Pacific at UBS. Stephanie is a Chartered Accountant and a former Mergers and Acquisitions (M&A) Partner of KPMG and more recently Deloitte. Stephanie has over 16 years professional advisory experience and is also a member of the Audit and Risk Committee.

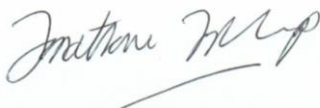
The Investment Committee welcomed John Coombe as a member of the Committee during the year. John is a Principal Consultant and a Director at investment consulting firm JANA.

Chairman & Chief Executive Officer's Letter

Fund managers and service providers

We would like to thank again our fund managers and service providers for their outstanding and continued generosity. This generosity has allowed the Company to support its designated charities and other not-for-profit organisations. The value of the fund managers' forgone management and performance fees for the year ended 31 December 2019 totalled \$6.6 million and the estimated value of the leading service providers working for the Company on a pro bono basis, totalled \$0.9 million.

Thank you fellow Board and Committee Members and shareholders for your continued support.



Jonathan Trollip

Chairman



Louise Walsh

Chief Executive Officer

Dated in Sydney this 28th day of February 2020

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

With thanks to the following service providers

 **Wilson**
Asset Management

 **LINK** Fund
Solutions

 **mertons**
corporate governance specialists

 **PITCHER PARTNERS**
ACCOUNTANTS • AUDITORS • ADVISORS

 **BoardRoom**
Smart Business Solutions

 **CommSec** 

 **MONT**
CAPITAL

 **Lonsec**

 **PWN.**

 **liveWire**

 **LOCKTON**

 **complispace**
make it work

 **EZE SOFTWARE**
YOUR PLATFORM FOR GROWTH

 **BAEP**

 **PARADICE**
INVESTMENT MANAGEMENT

 **REGAL**
FUNDS MANAGEMENT

 **Eley Griffiths**
Group

 **Wilson**
Asset Management

 **COOPER**
INVESTORS

 **L1 CAPITAL**

 **SANDON CAPITAL**

 **WATERMARK**
FUNDS MANAGEMENT

 **Firetrail**
INVESTMENTS

 **Bennelong**
Long Short Equity

 **CBG** ASSET
MANAGEMENT

 **vinva**

 **Tribeca**
Investment Partners

 **SAGE**
CAPITAL

 **LHC CAPITAL**

 **CENTENNIAL**
ASSET MANAGEMENT

 **Smallco**
Investment Manager

 **QVG**
CAPITAL

 **LANYON**
ASSET MANAGEMENT

Investment Committee Report

The Company provides investors with exposure to a highly diversified portfolio managed by leading Australian fund managers that have a proven ability to outperform the market and their peers over the long term. The Investment Committee is responsible for selecting and reviewing fund managers to ensure this criterion is always met. The Investment Committee comprises Geoff Wilson AO (Chairman), John Coombe, Matthew Kidman, Gabriel Radzynski, David Smythe and Bruce Tomlinson.

The investment portfolio is highly diversified in terms of managers and investment strategies, providing shareholders with solid risk-adjusted returns through market cycles. The Investment Committee has selected 20 fund managers with investments in 24 unlisted unit trusts that employ three broad investment strategies: long equities, absolute bias and market neutral. A number of the underlying funds are closed to new investors or closed to retail investors which provides a unique opportunity for shareholders of the Company. As at 31 December 2019, the portfolio was 47.2% long equities, 33.6% absolute bias, 10.7% market neutral and 8.5% cash.

During the period, the Company invested in the Firetrail High Conviction Fund, Sandon Capital Investments Limited (ASX: SNC) – a direct listed investment company and Sage Capital Equity Plus Fund. The Company partially redeemed its holding in Tribeca Alpha Plus Fund in June 2019, fully redeemed its holding in ARCO Investment Management Absolute Trust in September 2019 and exited its direct investment in Sandon Capital Investments Limited in November 2019.

Investment portfolio performance

The investment portfolio is constructed in order to provide investors with reduced volatility and downside protection. Absolute return and market neutral strategies seek to earn a positive return, over time, regardless of market conditions. We aim to balance the strategies that contain the most systematic equity market risk (long equity), with strategies with lower correlation to equities (absolute bias and market neutral). This enables the portfolio to be diversified and provide some protection when equity markets fall.

During the 12 month period, the S&P/ASX All Ordinaries Accumulation Index returned negative performance on three months (August, October and December). The S&P/ASX All Ordinaries Accumulation Index fell 4.4% in aggregate during these periods. In contrast the FGX Investment Portfolio fell an accumulative 0.7% during the same three months, resulting in an outperformance of 3.8%. Over the last 12 months FGX Investment Portfolio has provided investors with an upside capture ratio of 75% and a downside capture ratio of 14%, demonstrating the defensive characteristics of the investment portfolio.

The investment portfolio increased 20.7%* during the year ended 31 December 2019. The S&P/ASX All Ordinaries Accumulation Index rose 24.1% during the year. Since inception the investment portfolio has increased 9.5% per annum, outperforming the Index by 1.3%. The investment portfolio's outperformance since inception has been achieved with less volatility as measured by standard deviation, 7.3% versus the Index's 10.7%.

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

Investment strategy allocation

Long equities

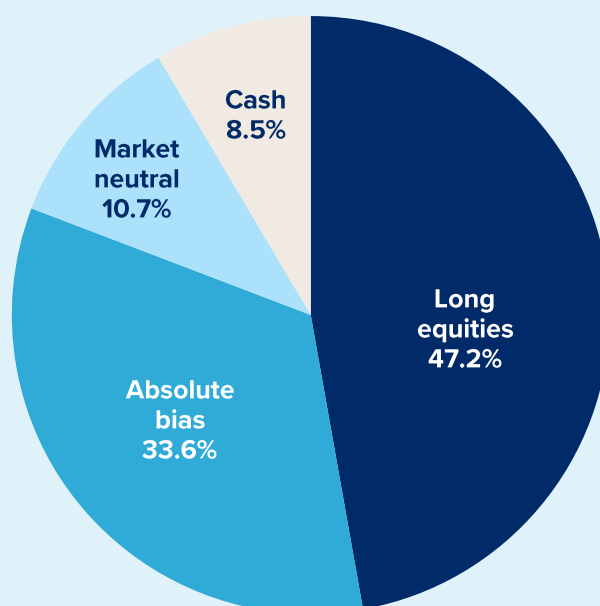
Investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange. The long equities portion of the portfolio includes exposure to large-cap, mid-cap and small-cap stocks.

Absolute bias

An investment strategy that seeks to generate returns, irrespective of the performance of traditional asset classes. These strategies use innovative investment techniques (including but not limited to short selling and leveraging) to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

Market neutral

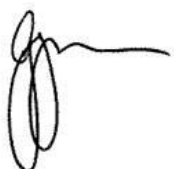
An investment strategy that generally involves the simultaneous purchase and sale of equities, to generate returns that are not linked to the performance of underlying equity markets.



Investment Committee Report

Fund manager allocation and investments at market value as at 31 December 2019

Fund Manager	Investment	Strategy	\$ Value	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	60,918,275	11.9%
	<i>Mid/Large Cap Funds (split out below)</i>		57,255,019	11.2%
Paradice Investment Management	Paradice Mid Cap Fund	Long equities	31,127,316	6.1%
	Paradice Large Cap Fund	Long equities	26,127,703	5.1%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	55,555,235	10.9%
	<i>Small/Emerging Companies Funds (split out below)</i>		35,601,155	7.0%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	29,906,446	5.9%
	Eley Griffiths Group Emerging Companies Fund	Long equities	5,694,709	1.1%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	30,832,162	6.1%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	27,467,705	5.4%
	<i>Long Short/Aus Equities Funds (split out below)</i>		25,723,295	5.1%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	13,632,898	2.7%
	L1 Capital Australian Equities Fund	Long equities	12,090,397	2.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	22,914,106	4.5%
Watermark Funds Management	Watermark Market Neutral Trust	Market neutral	21,286,122	4.2%
	<i>Absolute Return/High Conviction Funds (split out below)</i>		19,795,315	3.9%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	14,571,670	2.9%
	Firetrail High Conviction Fund	Long equities	5,223,645	1.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	18,527,817	3.6%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	13,533,201	2.7%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	12,651,488	2.5%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	12,107,493	2.4%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	10,153,145	2.0%
LHC Capital	LHC Capital Australia High Conviction Fund	Absolute bias	10,010,447	2.0%
Centennial Asset Management	The Level 18 Fund	Absolute bias	8,279,013	1.6%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	7,779,018	1.5%
QVG Capital	QVG Opportunities Fund	Long equities	6,442,643	1.3%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	5,083,999	1.0%
	Cash and term deposits		43,283,708	8.5%
	Distributions, interest and rebates receivable		3,870,541	0.7%
	Gross Assets		509,070,902	



Geoff Wilson AO

Chairman of the Investment Committee and Director

Dated in Sydney this 28th day of February 2020

Charity Report

We are proud to support our 12 designated charities that work tirelessly to improve the lives of Australian children and youth at risk.

The outstanding generosity of the fund managers, as well as the pro bono support of our service providers, allows the Company to make an annual investment of 1.0% of its average monthly net tangible assets to these charities focused on programs to protect and support children and youth at risk each year.

During the year, we undertook a comprehensive review of our designated charities' performance to assess and ensure FGX's significant social investment continues to result in measurable improvements for children and youth at risk. The review was undertaken by an external provider who assessed the charities in areas including funding outcomes and impact, finance and governance.

In July 2019, two FGX charities, Kids Helpline (part of Yourtown) and Youth Focus, were transferred to Future Generation Global Investment Company Limited (ASX: FGG) as they are specifically focused on youth mental health and are therefore more complementary to FGG's charitable focus.

During August 2019, shareholders voted their charitable allocation and we were delighted by the response. Thank you all for your active engagement in the allocation process.

The specific allocation to each charity was determined by your votes and directions, with the Board distributing the undirected monies between the designated charities. The Company recently made its fifth annual investment of \$4.6 million in October 2019 and is on track to donate approximately \$5.2 million in October 2020, bringing the total since inception to over \$21.8 million.

The 2019 and 2018 allocations to each charity are:

Designated Charity	2019 Investment	2018 Investment
Act for Kids	\$279,523	\$248,592
Australian Children's Music Foundation	\$275,045	\$248,685
Australian Indigenous Education Foundation	\$270,847	\$261,026
DEBRA Australia	\$237,465	\$193,422
Diabetes Kids Fund	\$243,854	\$197,382
Giant Steps	\$300,496	\$251,401
Kids Helpline (<i>transferred to FGG in 2019</i>)	-	\$203,182
Lighthouse Foundation	\$426,533	\$378,521
Mirabel Foundation	\$281,518	\$207,529
Raise Foundation	\$289,603	\$197,065
United Way Australia	\$203,101	\$193,254
Variety	\$207,903	\$196,072
Youth Focus (<i>transferred to FGG in 2019</i>)	-	\$198,285
Youth Off The Streets	\$294,035	\$241,549
Directed to other children and youth related charities*	\$637,541	\$401,768
Directed to other Australian charities*	\$647,916	\$646,706
Total charitable allocation	\$4,595,380	\$4,264,439

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

Charity Report

Information on the projects that the designated charities undertook with monies from their allocation of the \$4.3 million annual investment in 2018 (paid in October 2018) and progress to date for the year ended 31 December 2019 is detailed below. The impact of the 2019 investment (paid in October 2019) will be reported to shareholders in the 2020 Annual Report.



Act for Kids provides a range of free targeted services to prevent and treat child abuse and neglect. It has delivered prevention, early intervention and therapy services to over 40,000 people across Australia in the last 12 months.

actforkids.com.au

Funding: \$248,592

Impact 2019:

- Funding was used across four integrated therapy centres for children who have suffered abuse and neglect. Integrated therapy is trauma-focused and comprises speech pathology, occupational therapy and psychology services.
- 686 children and their carers received therapy:
 - Marden, SA: 171 children and their carers.
 - Ipswich, QLD: 135 children and their carers.
 - Blacktown, NSW: 241 children and their carers.
 - Broadmeadows, VIC: 139 children and their carers. This service opened in June 2018. Demand meant that the team was at full capacity by August. The service already has a substantial waitlist.

All four services had an increase in staffing as a result of additional funding. This enabled Act for Kids to see twice the amount of children compared to 2018.



Australian Children's Music Foundation (ACMF) provides free, long term music programs and instruments to disadvantaged children across Australia to inspire creativity and imagination and to nurture self-esteem and confidence. Programs are delivered in disadvantaged schools, juvenile justice centres and children's hospitals.

acmf.com.au

Funding: \$248,685

Impact 2019:

- Funded music programs in five schools in Taree on the mid-north coast of NSW and seven schools in Western Melbourne. Over 1,120 children participated in the ACMF programs with weekly music lessons and free musical instruments.
- The community of Taree have been badly affected by the bushfires in November/December 2019, and participation in the music program provides valuable emotional support and solace for these children.
- Over 79% of children involved in the program improved in self-confidence, self-esteem, creativity, interpersonal relationships, teamwork and peer acceptance.
- An overall improvement in numeracy and literacy was recognised from the programs, mainly due to an increase in engagement in other learning areas.
- The success of the program in Taree is so great that there is a waiting list of schools that need music programs in surrounding areas.

Charity Report



Driven by community demand, the Australian Indigenous Education Foundation (AIEF) provides scholarships that enable Indigenous students to attend leading Australian schools and universities. AIEF also provide mentoring and career support to ensure students make a successful transition from school to further studies or employment, productive careers and fulfilling lives.

aief.com.au

Funding: \$261,026

Impact 2019:

- AIEF currently supports around 400 Indigenous scholarship students undertaking secondary and tertiary studies at 29 educational partners across Australia.
- Students supported by the program come from around 250 communities across every state and territory of Australia.
- AIEF Scholarship Students achieved a 92% annual retention and Year 12 completion rate.
- Over 500 career sessions conducted to provide one-on-one career support to Year 11 and Year 12 students, and ongoing support to AIEF's alumni, including mentor-student pairs in the AIEF Mentor Program.
- 94% of AIEF Alumni participating in the AIEF Pathways Program are productively engaged in further studies, employment or other pursuits, with 22% working or studying in their home community.
- Increasing numbers of AIEF Alumni and Tertiary Scholars are contributing to the program as volunteers and mentors, developing their professional skills and supporting younger students to define and focus their aspirations.



DEBRA Australia supports families living with Epidermolysis Bullosa (EB) by providing critical support programmes to ensure family support inclusive of quality of life, respite and research into treatments and ultimately, one day a cure.

debra.org.au

Funding: \$193,422

Impact 2019:

- Growth of pilot counselling program in NSW and VIC. Impact measurement of the program showed that: 83% of the respondents indicated that since commencing the counselling:
 - their ability to cope with EB and its life challenges was much better;
 - their general sense of well-being was much better or better than before;
 - they regarded any changes that might have occurred as a result of the counselling as positive.
- Overall the survey showed that the majority of participants have reported beneficial outcomes from the program, supporting continuation of the scheme.
- Continuing access to specialised Epidermolysis Bullosa (EB) nursing care for over 90 children, teenagers and families at the Royal Children's Hospital in Melbourne, the Royal Melbourne Hospital and St George Hospital in Sydney.
- Conducted 23 multidisciplinary EB clinics for children and families and 59 outpatient clinics.
- Six families visited three times a week for in home nursing care to assist with personal needs and gruelling three-hour dressing changes.
- Families supported to transition onto the National Disability Insurance Scheme
- Supported nine new babies born with EB with hospital care, home aids and regular contact.

Charity Report



Diabetes Kids Fund was established by Diabetes NSW to provide crucial support services for children living with non-preventable type 1 diabetes, their families and carers. Diabetes Kids Fund works to change this alarming statistic through training, mentoring, resource-provision and community building.

diabetesnsw.com.au/your-community/diabetes-kids-fund

Funding: \$197,382

Impact 2019:

- DiaBuddies Days - family events for children living with type 1 diabetes were delivered in Queensland as well as NSW & ACT, with 392 attendees in Queensland and 275 in NSW.
- An impact measurement framework and interactive analysis and measurement tool was developed for DiaBuddies Days.
- 73% of parents reported at least some impact on their emotional wellbeing from caring with a child living with diabetes.
- 97% reported feeling more connected to a supportive community who understand their situation after a DiaBuddies Day.
- 72% reported improved knowledge of and ability to access relevant services.
- 69% reported improved ability to help their child manage their diabetes.
- 61% reported that the day helped their other children cope better.
- Type 1 diabetes is a life-threatening condition that causes a great deal of stress for families and, frequently, hospitalisation of children. As such, the positive impacts from DiaBuddies Days are very significant.



Established in 1995 for children and young people with autism, Giant Steps operates an early intervention program, a school-aged program, a college for young adults with autism as well as outreach and training programs. It operates in Sydney and Melbourne and does not charge fees.

giantsteps.net.au

Funding: \$251,401

Impact 2019:

- Each of Giant Steps' 130 students (aged 4 to 18) and clients (over the age of 18) across Sydney and Melbourne have an individualised expressive communication system.
- Three new speech pathologists have been employed and trained in expressive communication approaches for people with autism.
- All 130 students made improvements on their goal attainment scale. This means that they are able to communicate more independently with improved confidence.
- A key learning has been that all students have the ability to develop their communication skills with support and intervention.
- The online portal Autism Hub is fully operational. A part-time staff member has been employed to upload Autism specific resources and information to the hub on an ongoing basis. For example, the visual calendar and schedule are the most frequently accessed resources.
- There has been a significant decrease in the severity of students' behavioural challenges with up to 65% to 70% of students showing behaviour improvements.
- Given the positive impact this project has had on students, and the interest shown by external service providers and professionals, the school has established The Autism Training Hub. This hub was launched in December 2019 with thanks to the generous funding received from Future Generation Australia.

Charity Report



Kids Helpline is Australia's only free, national 24/7 confidential support and counselling service specifically for children and young people aged 5 to 25. It offers counselling support via phone, email and real-time WebChat.

kidshelpline.com.au

Kids Helpline was transferred to Future Generation Global Investment Company (ASX: FGG) in 2019.

Funding: \$203,182

Impact 2019:

- FGX's investment has resulted in Kids Helpline (KHL) Circles improving mobile access, functionality and higher levels of user engagement, and refinement of evidence-based education modules to deliver ongoing mental health support for young people. KHL Circles is a purpose-built counsellor moderated mental health & emotional wellbeing social media platform.
- Funding enabled a 374% increase in scale of KHL Circles.
- 479 young people experiencing poor mental health took part in KHL Circles in 2019.
- Significant positive outcomes have resulted in 64% of KHL Circles participants with moderate to severe symptoms of depression, anxiety, stress or psychological distress exhibiting a reduction in those symptoms.
- International recognition of KHL Circles at CyPsy 25 conference in the USA in addition to presentations at national mental health symposiums highlighting how KHL Circles can be applied to suicide prevention and intervention.



Lighthouse Foundation

A place where homeless kids belong

Lighthouse Foundation aims to end youth homelessness. It operates 10 homes in Victoria to support homeless people aged between 15 and 22 years old from backgrounds of long-term neglect and abuse. A specialist clinical team support the carers with intensive training and supervision.

lighthousefoundation.org.au

Funding: \$378,521

Impact 2019:

- Enabled the delivery of Lighthouse's Therapeutic Family Model of Care for homeless young people living in a supported environment with fulltime carers in five of its suburban family homes in VIC.
- In 2019, 39 young people, children and babies benefited from this holistic care in Lighthouse homes. In this period, 19 transitioned into the ongoing outreach program and sustainable independent living, or either kinship care or a foster care family.
- The unique model of care involves a commitment for long-term aftercare support. Independent studies show that 70-80% of these young people are never homeless again.
- Coordinated local community committees of volunteers to support the suburban Lighthouse homes and helped reconnect the formerly homeless young people within the community, including to local clubs and schools.
- Lighthouse returns \$12 of social value for every dollar invested in it. Conversely, the cost to society ranges from \$350,000 to \$1.1m per person over a lifetime if the cycle of homelessness is not broken.
- FGX funding for Lighthouse homes in 2019 enabled other financial resources to be allocated towards planning for the launch of an innovative pilot model of highly supported foster care.

Charity Report



Mirabel is a children's charity whose mission is to break the destructive cycle of addiction and disadvantage. Mirabel achieves this through the delivery of support programs for more than 1600 children who have been orphaned or abandoned due to their parents' drug use. Mirabel's vision is that every child has a childhood filled with love, hope and belonging.

mirabelfoundation.org.au

Funding: \$207,529

Impact 2019:

- Facilitated Mirabel's Toddler to Teen Program which caters for the unique needs of children who have been orphaned or abandoned due to their parents' drug use.
- Provided crisis support and assessment for 383 traumatised children and their extended family carers.
- Reduced stigma and isolation for 150 children and 61 adolescents who attended therapeutic groups.
- Improved academic outcomes for 197 young people through tutoring and educational support.
- To ensure FGX's investment is achieving maximum benefit to the community, Mirabel collects data on the progress of the children and carers. A sample of 206 kinship carers were recently surveyed following participation in our Toddler to Teen Program. The surveys found:
 - 100% of participants reported improved sense of belonging
 - 87% of young people had a positive connection to their community
 - 96% of kinship carers reported that Mirabel's assistance had a positive impact on their family's life.



Since inception in 2008, Raise Foundation has been providing industry leading mentor training to volunteers from local communities and providing accredited mentors in high schools to connect one-on-one with young people facing a wide range of adversities – giving them the opportunity to experience a confiding and supportive relationship.

raise.org.au

Funding: \$197,065

Impact 2019:

- Recruited, screened and trained an additional 807 volunteers from the community to become youth mentors.
- Provided high quality youth mentors for 1,027 young people at risk of disengaging across 86 secondary schools in six states.
- FGX funding delivered the evidence based youth mentoring program into an additional 14 high need secondary schools across the country. This resulted in 210 additional young people being matched with a Raise mentor who supported them to become more resilient, capable and connected.
- Raise is a national charity, having trained and supervised almost 4,000 mentors for more than 5,400 young people over the last 11 years.
- 2019 Evaluation Report demonstrates that Raise's mentoring programs have achieved statistically significant improvement in areas of resilience, confidence, communication, coping skills, relationships, ability to finish school, ability to find work, hope for the future, and the ability ask trusted adults for help instead of suffering alone.

Charity Report



United Way Australia develops collaborations that improve early childhood outcomes and school to work transitions. Our primary areas are education, employment and health. United Way Australia understands the importance of improving early childhood outcomes for vulnerable children.

unitedway.com.au

Funding: \$193,524

Impact 2019:

- Supported early literacy and building of critical skills for children to enable them to reach school “ready to learn” and are now reaching children in over 70 communities in NSW, VIC, QLD, SA, WA and NT.
- Delivered quality books each month to over 1,600 children aged 0-5 years and living in vulnerable communities, alongside literacy resources for parents and carers, and delivered community reading events and reading workshops to encourage literacy and learning in the home.
- Dolly Parton’s Imagination Library has been announced as an evidence-informed program under the Department of Education and Training Victoria’s new three-year roll out of funding for kindergartens to better equip families to ensure that children meet key milestones and are best prepared for school.



Every day Variety strives to give kids who have a disability, chronic illness, are facing financial hardship, geographic isolation or who need critical care, a chance. Whether this is granting a new wheelchair, inviting them along to an Activate Inclusion Sports Day or giving them a scholarship, each of these is an opportunity for a child facing a challenge to reach their full potential.

variety.org.au

Funding: \$196,072

Impact 2019:

- Implemented a disability awareness and inclusion program for primary school aged children called Variety Just Like You, delivered by professional facilitators who also have a disability.
- With 608 workshops in over 70 schools throughout Sydney, Central Coast, Newcastle (NSW) and Australian Capital Territory (ACT), the program impacted 16,908 students aged from 4 to 12 years old.
- Demand for the program was higher than planned with positive outcomes.
- Variety Just Like You measures outcomes by changes in attitude (how children think and feel about disability), self-efficacy (their confidence and competence in interacting with people with a disability) and their behavioural intent. Outcomes reported from teachers included:

‘They (the students) are led to view people living with a disability from a strengths-based perspective where they were introduced to people who had, despite disability, achieved their goals through resilience and determination’.

‘I had so many kids individually speak to me about the positive impact of a disability program being delivered by the facilitator, a smart, confident woman in a wheelchair’.

Charity Report



Youth Focus is an independent for-purpose organisation that exists because suicide is the leading cause of death for Western Australians under the age of 25. The Youth Focus mission is to reduce youth suicide by supporting young people aged 12 to 25 overcome the issues associated with depression, anxiety, self-harm and suicidal ideation.

youthfocus.com.au

Youth Focus was transferred to Future Generation Global Investment Company (ASX: FGG) in 2019.

Funding: \$198,285

Impact 2019:

- Enabled Youth Focus to support at-risk Western Australians aged 12 to 25 with free, unlimited and professional face-to-face counselling services.
- Funded the provision of 1.5 professional counsellors to deliver life-changing mental health services to help youth overcome issues associated with suicide, depression, anxiety and self-harm.
- Supported a record number of more than 4,559 young people.
- Expanded service delivery into the Murchison and surrounding regional and remote areas in Western Australia (WA) to support young Aboriginal people through culturally sensitive mental health services and specialised outreach programs.
- Provided evidence-based mental health programs to more than 7,000 people in schools, workplaces and communities across WA.
- Expanded WA's first web counselling service, enabling Youth Focus to provide young people in regional and remote areas with access to vital support.
- In 2020, increased funding will sustain a newly introduced Vocational Support Program which supports young people experiencing mental health barriers to obtaining meaningful employment and education.
- The Vocational Support Program will maintain an active caseload of 20 clients. Employment and education are an integral part of a young person's recovery, proven to have significant benefits by raising self-confidence, self-worth and most importantly helping them become a fully functioning member of society.



Established by Father Chris Riley in 1991, Youth Off The Streets works for young people who face challenges of homelessness, drug dependency, and recovering from abuse. The organisation aims to see young people leave their care drug free, with a high school education, living skills, and a full or part-time job.

youthoffthestreets.com.au

Funding: \$241,549

Impact 2019:

- Assisted over 40 young Aboriginal people that had recently committed a criminal offence or were currently involved with the juvenile justice system. Among the client group, 30% reoffended while attending the program, compared to the national average of 60% for young Aboriginal offenders whom do not receive support.
- Facilitated four cultural camps and one 'Bush to Beach' activity for 28 high-risk youth, in partnership with local elders, to remove the young people from their negative environment and immerse them in traditional cultural practices. The camps helped the young people gain insights to their culture and develop self-identity.
- Hosted three significant Aboriginal cultural events for the community in partnership with local community organisations (Closing the Gap, National Reconciliation Week and NAIDOC). Over 500 participants combined attended the events.
- Ran two ongoing weekly workshops in partnership with Police & Community Youth Clubs (PCYC), which encourage young people to build positive relationships with the police and engage in education.
- Delivered five Aboriginal cultural programs for over 60 young people covering topics such as Aboriginal art, Aboriginal dance and young men's health.

Directors' Report to Shareholders

For the year ended 31 December 2019

The Directors present their report together with the financial report of Future Generation Investment Company Limited (FGX or the Company) for the year ended 31 December 2019.

Principal Activity

The principal activity of the Company is to invest in funds managed by a number of prominent 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 charities. 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 donate 1.0% of its average monthly net tangible assets each year to Australian charities with a focus on children and youth at risk.

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

Operating and Financial Review

The Company reported an operating profit before tax of \$25.5 million for the year ended 31 December 2019 (2018: \$31.5 million) and an operating profit after tax of \$22.4 million (2018: \$23.2 million). The decrease in operating profit on the corresponding period is primarily due to the reduction in distributions received from the investments with the underlying fund managers during the year. Total comprehensive income for the year was \$63.3 million (2018: total comprehensive loss of \$14.0 million) and reflects the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers.

The pre-tax NTA for each share as at 31 December 2019 was \$1.27 (2018: \$1.11 cents). The post-tax NTA was \$1.24 per share (2018: \$1.13 cents). These figures are after the 4.7 cents per share in fully franked dividends paid to shareholders during the year.

The operating profit and other comprehensive income for the period includes the distribution income received from underlying fund managers, in addition to the unrealised gains and losses arising as a result of the changes in the market value of the investments held with the underlying fund managers. The level of distribution income received and the movement in the market value of the investments can add to or reduce operating profit and other comprehensive income in each period respectively. Due to this treatment under the Accounting Standards, this can cause large variations in reported operating profit and other comprehensive income between periods.

The operating profit and other comprehensive income is important to understand with context to the overall performance of equity markets in any given period. Given the potential variability, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the financial performance of the Company is contained in the Chairman and Chief Executive Officer's Letter on pages 6 to 9 of this report and in the Investment Committee Report on pages 10 to 11 of this report.

Dividends

Dividends paid or declared are as follows:	\$'000
Fully franked 2019 interim dividend of 2.4 cents per share paid on 25 October 2019	9,535
Fully franked 2018 final dividend of 2.3 cents per share paid on 26 April 2019	9,118

Since the end of the year, the Company declared a final dividend of 2.6 cents per share fully franked to be paid on 28 April 2020.

Financial position

The net asset value of the Company as at 31 December 2019 was \$494.6 million (2018: \$447.8 million).

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

Directors' Report to Shareholders

For the year ended 31 December 2019

Directors

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

Jonathan Trollip	Chairman
Caroline Gurney	Non-Executive Director (appointed 27 March 2019)
Stephanie Lai	Non-Executive Director (appointed 27 March 2019)
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
Scott Malcolm	Non-Executive Director (resigned 23 May 2019)

Information on Directors

Jonathan Trollip (Chairman)

Experience and expertise

Jonathan Trollip has over 30 years legal and commercial global experience and is currently a professional non-executive director. Previously, Jonathan was a principal of Sydney based finance group Meridian International Capital Limited and before that a partner of Herbert Smith Freehills (previously Freehills) which he joined after qualifying and working as a lawyer in London. Jonathan has post graduate degrees in Economics and Law, is a Fellow of the Australian Institute of Company Directors (AICD) and has been admitted to practice as a solicitor in England and Australia.

Jonathan Trollip has been Chairman of the Company since October 2013.

Other current directorships

Jonathan Trollip is Chairman of Antipodes Global Investment Company Limited, Global Value Fund Limited, Plato Income Maximiser Limited and Spheria Emerging Companies Limited, a non-executive director of Kore Potash PLC and Propel Funeral Partners Limited and holds a number of private company directorships in the commercial and not-for-profit sectors.

Former directorships in the last 3 years

Jonathan Trollip resigned as a director of Spicers Limited in July 2019.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Jonathan Trollip's interests in shares of the Company are included later in this report.

Interests in contracts

Jonathan Trollip has no interests in contracts of the Company.

Directors' Report to Shareholders

For the year ended 31 December 2019

Caroline Gurney (Non-Executive Director)

Experience and expertise

Caroline Gurney is currently Managing Director and Head of Marketing & Corporate Communications, Australasia and Deputy Chief Communication Officer, Asia Pacific at UBS. She is a member of the UBS Management Committee and a Director of the UBS Australia Foundation. Prior to joining UBS in 2002, Caroline was Vice President, Director of Corporate Affairs, Asia Pacific for Citibank N.A. In addition to roles in Australia, Caroline has worked in Singapore, Hong Kong and London.

Caroline is currently a member of the Ascham School Council and the Centennial Park & Moore Park Trust. She is also a director of Our Watch, a charity focused on preventing violence against women and children, and an ambassador for the Australian Indigenous Education Foundation.

Caroline Gurney has been a Director of the Company since March 2019.

Other current directorships

Caroline Gurney is a director of the UBS Australia Foundation and a member of the UBS Management Committee.

Former directorships in the last 3 years

Caroline Gurney has not resigned as a director from any listed companies within the last three years.

Special responsibilities

None.

Interests in shares of the Company

Caroline Gurney has no interests in shares of the Company.

Interests in contracts

Caroline Gurney has no interests in contracts of the Company.

Stephanie Lai (Non-Executive Director)

Experience and expertise

Stephanie is a Chartered Accountant and former M&A partner of KPMG (to 2009) and more recently Deloitte. Stephanie has over 16 years professional advisory experience including working on the audits of listed financial services and wealth management companies, providing M&A due diligence and advisory services and undertaking forecast reviews for listed companies, private enterprises, investment banks and private equity. Between 2009 and 2016 Stephanie took time out from her professional advisory career, became a mother of two and founded, grew and successfully divested an online retail business. During this time Stephanie also served on the Board of Shine For Kids (a not-for-profit supporting children with a parent in prison) as a non-executive director, treasurer and chair of the audit and risk committee. Stephanie has a Bachelor of Business from the University of Technology, Sydney, and is a Graduate member of the Institute of Chartered Accountants Australia and the Australian Institute of Company Directors (AICD).

Stephanie Lai has been a Director of the Company since March 2019.

Other current directorships

None with listed entities.

Former directorships in the last 3 years

Stephanie Lai has not resigned as a director from any listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Stephanie Lai's interests in shares of the Company are included later in this report.

Interests in contracts

Stephanie Lai has no interests in contracts of the Company.

Directors' Report to Shareholders

For the year ended 31 December 2019

David Leeton (Non-Executive Director)

Experience and expertise

David Leeton is a senior executive of the Victor Smorgon Group (VSG). Over the past 22 years David has been actively involved in all facets of the Groups' investments and philanthropy interests. David is the MD for Victor Smorgon Partners, a co-investment business branch of VSG plus the manager of direct family investments. David was formerly the CFO for the Victor Smorgon group for over 15 years and was responsible for the financial reporting, financing and treasury for the group. David holds a Bachelor of Business (Banking & Finance), a Graduate Diploma in Accounting and is a fully qualified CPA.

David Leeton has been a Director of the Company since April 2015.

Other current directorships

David Leeton is a Trustee of the Victor Smorgon Charitable Fund, a director of the Victor Smorgon Scholarship Fund Pty Limited and Lighthouse Foundation.

Former directorships in the last 3 years

David Leeton has not resigned as a director from any listed companies within the last three years.

Special responsibilities

Chairman of the Audit and Risk Committee.

Interests in shares of the Company

Details of David Leeton's interests in shares of the Company are included later in this report.

Interests in contracts

David Leeton has no interests in contracts of the Company.

David Paradise AO (Non-Executive Director)

Experience and expertise

David Paradise founded Paradise Investment Management in 1999. Paradise Investment Management invests in equities around the world with offices in Australia and the USA. It is a privately owned company with a team of 44 people, with approximately \$16.8 billion funds under management. David holds a Bachelor of Commerce from the University of Sydney, a Diploma of Companies Directors from the Australian Institute of Companies Directors, a Diploma of Finance and Investment from the Securities Institute of Australasia and has completed the professional qualifications for the Institute of Chartered Accountants Australia. He is a Fellow member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia and the Institute of Chartered Accountants Australia.

He supports a number of charities across a number of fields including humanitarian, the arts, environmental, and education. In 2017 he was awarded an AO for distinguished service to the community through philanthropic contributions and charitable support, and to business and commerce in the field of investment management. He is currently the Chairman of the Taronga Foundation.

David Paradise has been a Director of the Company since April 2015.

Other current directorships

None with listed entities.

Former directorships in the last 3 years

David Paradise has not resigned as a director from any listed companies within the last three years.

Special responsibilities

None.

Interests in shares of the Company

Details of David Paradise's interests in shares of the Company are included later in this report.

Interests in contracts

Details of David Paradise's interests in contracts of the Company are included later in this report.

Directors' Report to Shareholders

For the year ended 31 December 2019

Gabriel Radzynski (Non-Executive Director)

Experience and expertise

Gabriel Radzynski is Managing Director of Sandon Capital Pty Limited, a firm specialising in activist investing. Sandon Capital Pty Limited is the investment manager of two wholesale managed investment schemes and a listed investment company. Gabriel has been involved in the financial services sector for more than 20 years.

Gabriel Radzynski has been a Director of the Company since October 2013.

Other current directorships

Gabriel Radzynski serves as Chairman of Sandon Capital Investments Limited.

Former directorships in the last 3 years

Gabriel Radzynski resigned as a director of Chesser Resources Limited in March 2016.

Special responsibilities

Member of the Investment Committee.

Interests in shares of the Company

Details of Gabriel Radzynski's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Gabriel Radzynski's interests in contracts of the Company are included later in this report.

Kate Thorley (Non-Executive Director)

Experience and expertise

Kate Thorley has over 15 years' experience in the funds management industry and more than 20 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and WAM Global Limited. Kate is the Joint Company Secretary of Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a graduate member of the Australian Institute of Company Directors (AICD).

Kate Thorley has been a Director of the Company since April 2015.

Other current directorships

Kate Thorley is a director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), WAM Leaders Limited (appointed March 2017), WAM Capital Limited (appointed August 2017), WAM Microcap Limited (appointed March 2017) and WAM Global Limited (appointed February 2018).

Former directorships in the last 3 years

Kate Thorley has not resigned as a director from any listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley has no interests in contracts of the Company.

Directors' Report to Shareholders

For the year ended 31 December 2019

Geoff Wilson AO (Founder and Non-Executive Director)

Experience and expertise

Geoff Wilson has over 39 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed investment companies to deliver both investment and social returns, Future Generation Investment Company and Future Generation Global Investment Company. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff Wilson has been a Director of the Company since July 2014.

Other current directorships

Geoff is Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), Wealth Defender Equities Pty Limited (appointed October 2018) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited (appointed May 2015). Geoff is a Director of Australian Leaders Fund Limited (appointed October 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), 8IP Emerging Companies Limited (appointed April 2018), Hearts and Minds Investments Limited (appointed September 2018), Wollongong 2022 Limited (appointed March 2019), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation. Geoff is a member of the Second Bite NSW Advisory Committee. He is also founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Former directorships in the last 3 years

Geoff Wilson resigned as a director of Clime Capital Limited in March 2018.

Special responsibilities

Chairman of the Investment Committee.

Interests in shares of the Company

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

Interests in contracts

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

Directors' Report to Shareholders

For the year ended 31 December 2019

Chief Executive Officer

Louise Walsh

Louise Walsh is the Chief Executive Officer of the Future Generation companies (Future Generation Australia and Future Generation Global (FGG)) founded by Wilson Asset Management Chairman, Geoff Wilson. Louise also works closely with Wilson Asset Management on its philanthropic initiatives. Louise is a senior executive with a strong mix of experience in the not-for-profit, government and private sectors. A former solicitor at Allens, she has spent most of her career in sport, arts and philanthropy. Louise was previously the CEO of Philanthropy Australia, the peak body for philanthropy in Australia. Louise is a board member of St Vincent's Curran Foundation, the City Recital Hall in Sydney and the Snow Foundation. She is a member of the Australian Institute of Company Directors (AICD).

Company Secretary

Mark Licciardo

Mark Licciardo is the founder and Managing Director of Mertons Corporate Services. A former company secretary of Top 50 ASX listed companies Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, administration and company secretarial. Mark is a Fellow of the Australian Institute of Company Directors (AICD), the Institute of Company Secretaries and Administrators and the Governance Institute of Australia. Mark is a current director of a number of ASX listed public and private companies and a former Chairman of the Governance Institute of Australia Victoria division, Melbourne Fringe Festival and the Academy of Design Melbourne (LCI Melbourne).

Elizabeth McGregor resigned from her position as Joint Company Secretary on 20 December 2019.

Members of the Investment Committee

The experience and qualifications of the members of the Investment Committee at the end of the financial period, up to the date of this report are set out below:

Geoff Wilson AO (Chairman)

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

John Coombe

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

Matthew Kidman

Matthew Kidman is Principal and Portfolio Manager of Centennial Asset Management Pty Limited. Matthew previously worked as a Portfolio Manager at Wilson Asset Management (International) Pty Limited between 1998 and 2011. Prior to joining Wilson Asset Management, Matthew worked as a finance journalist at the Sydney Morning Herald between the years 1994 and 1998. In 1997, he was made Business Editor of the paper and was charged with the responsibility of company coverage. He has degrees in Law and Economics and a Graduate Diploma in Applied Finance.

Gabriel Radzyminski

Gabriel Radzyminski is also a Director. Please refer to page 24 of the Directors' Report for details of Gabriel's experience and qualifications.

David Smythe

David Smythe is a Managing Partner and joint founder of Zenith Investment Partners, the research business he established in November 2002. David has been in the investment industry for over 25 years and is heavily involved in all aspects of the Zenith business, including managing research, model portfolio construction and participation in client investment committee meetings.

Bruce Tomlinson

Bruce Tomlinson is Head of Alternative Strategies at Sunsuper in Sydney, a position he has held since October 2007. He was also a Portfolio Manager of Australian Equities at Sunsuper from 2011 to 2014. Prior to this Bruce was a Statutory Fund Manager at AMP Capital Investors from August 1999.

Directors' Report to Shareholders

For the year ended 31 December 2019

Remuneration Report (Audited)

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

a) Remuneration of Directors and Other Key Management Personnel

The Chairman and the Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 31 December 2019, no Directors' fees were paid by the Company (2018: nil).

The Company remunerates LW Consulting Pty Limited, an entity associated with Louise Walsh, \$100,000 (plus GST) per annum for providing her services as Chief Executive Officer.

During the year ended 31 December 2019, the Company paid LW Consulting Pty Limited a total of \$100,000 (plus GST) for services provided (2018: \$100,000 (plus GST)). This payment is exclusive of \$20,000 (plus GST) in performance based remuneration paid during the year (2018: nil).

The term of the contract expired in March 2019 and under the agreement, is automatically extended for successive periods of 12 months unless notice of termination is provided by either party no less than three months before the due date for extension of the term.

b) Director and Other Key Management Personnel Related Entities Remuneration

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

Geoff Wilson AO is a Director of Wilson Asset Management (International) Pty Limited, Investment Manager of Wilson Asset Management Equity Fund. Wilson Asset Management (International) Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

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

Gabriel Radzynski is Managing Director of Sandon Capital Pty Limited, Investment Manager of Sandon Capital Activist Fund. Sandon Capital Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

David Paradise AO is a Director of Paradise Investment Management Pty Limited which is the Trustee of the unregistered managed investment schemes Paradise Australian Mid Cap Fund and Paradise Large Cap Fund. Paradise Investment Management Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

Directors' Report to Shareholders

For the year ended 31 December 2019

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

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

Directors and Key Management	Balance at 31 December 2018	Acquisitions	Disposals	As at the date of this report
Jonathan Trollip	194,529	-	-	194,529
Caroline Gurney (appointed 27 March 2019)	-	-	-	-
Stephanie Lai (appointed 27 March 2019)	-	42,555	-	42,555
David Leeton	309,364	-	-	309,364
David Paradise AO	1,000,000	-	-	1,000,000
Gabriel Radzyninski	40,667	1,683	-	42,350
Kate Thorley	112,301	6,298	-	118,599
Geoff Wilson AO	7,906,199	412,583	-	8,318,782
Louise Walsh	13,729	568	-	14,297

Directors, other key management personnel and director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the financial year end, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

For further details, please refer to Note 20 of the financial statements.

- END OF REMUNERATION REPORT -

Directors' Meetings

Director	No. eligible to attend	Attended
Jonathan Trollip	4	4
Caroline Gurney (appointed 27 March 2019)	3	3
Stephanie Lai (appointed 27 March 2019)	3	3
David Leeton	4	4
David Paradise AO	4	2
Gabriel Radzyninski	4	4
Kate Thorley	4	4
Geoff Wilson AO	4	4
Scott Malcolm (resigned 23 May 2019)	2	1

Audit and Risk Committee Meetings

The main responsibilities of the Audit and Risk Committee are set out in the Corporate Governance Statement available on the Company's website at futuregeninvest.com.au.

Director	No. eligible to attend	Attended
David Leeton (Chair)	4	4
Stephanie Lai (appointed 27 March 2019)	3	3
Kate Thorley	4	4
Scott Malcolm (resigned 23 May 2019)	2	1

Directors' Report to Shareholders

For the year ended 31 December 2019

After Balance Date Events

Since the end of the year, the Company declared a fully franked final dividend of 2.6 cents per share to be paid on 28 April 2020.

No other matters or circumstances have arisen since the end of the year which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

Future Developments

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing market conditions. In addition, a range of non-controllable external factors including, but not limited to, economic growth rates, interest rates, exchange rates and macro-economic conditions may impact the overall performance of the Company's investments and equity markets.

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

Environmental Regulation

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

Indemnification and Insurance of Officers or Auditors

During the year, the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Officer or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who, is or has been, an officer or auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

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

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

- all non-audit services are reviewed and approved by the Board of Directors to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Directors' Report to Shareholders

For the year ended 31 December 2019

Rounding of Amounts

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

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended to 31 December 2019 is provided on the Company's website at futuregeninvest.com.au.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 31 of this Financial Report.

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

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



Jonathan Trollip

Chairman

Dated in Sydney this 28th day of February 2020

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

Postal Address
GPO Box 1615
Sydney NSW 2001

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

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

In relation to the independent audit for the year ended 31 December 2019, 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 any applicable code of professional conduct in relation to the audit.



S S Wallace
Partner

Pitcher Partners
Sydney

28 February 2020

Statement of Comprehensive Income

For the year ended 31 December 2019

	NOTE	2019 \$'000	2018 \$'000
Investment income from ordinary activities			
Distributions received		25,360	31,214
Investment management and performance fee rebates	3	4,785	4,983
Interest income		821	213
		30,966	36,410
Expenses			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Charity investment accrual	5	(4,899)	(4,405)
Share registry transaction costs		(86)	(98)
Executive remuneration	20(a)	(132)	(110)
Other expenses		(238)	(212)
Audit fees	7	(38)	(40)
ASX CHESS fees		(27)	(24)
Amortisation expense		-	(5)
Tax fees	7	(7)	(4)
		25,539	31,512
Profit before income tax		25,539	31,512
Income tax expense	4(a)	(3,107)	(8,291)
Profit after income tax for the year attributable to members		22,432	23,221
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Net unrealised and realised gains/(losses) on investments taken to equity, net of tax		40,916	(37,174)
Other comprehensive income/(loss) for the year, net of tax		40,916	(37,174)
Total comprehensive income/(loss) for the year		63,348	(13,953)
Basic and diluted earnings per share	16	5.65 cents	6.53 cents

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2019

	NOTE	2019 \$'000	2018 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	43,284	47,265
Trade and other receivables	8	3,872	2,118
Other current assets		-	27
Total current assets		47,156	49,410
Non-current assets			
Financial assets at fair value through other comprehensive income	9	461,917	393,151
Deferred tax assets	4(b)	1,521	7,847
Intangible assets		2	2
Total non-current assets		463,440	401,000
Total assets		510,596	450,410
Liabilities			
Current liabilities			
Trade and other payables	10	113	139
Charity investment accrual	5	2,545	2,240
Current tax liabilities	4(c)	623	262
Total current liabilities		3,281	2,641
Non-current liabilities			
Deferred tax liabilities	4(d)	12,689	-
Total non-current liabilities		12,689	-
Total liabilities		15,970	2,641
Net assets		494,626	447,769
Equity			
Issued capital	11	439,199	437,037
Investment reserves	12(a)	24,371	(16,545)
Profits reserve	12(a)	34,837	31,058
Accumulated losses	12(b)	(3,781)	(3,781)
Total equity		494,626	447,769

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2019

	NOTE	ISSUED CAPITAL \$'000	INVESTMENT RESERVES \$'000	PROFITS RESERVE \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 1 January 2018		383,451	20,629	23,634	(3,781)	423,933
Net profit for the period		-	-	-	23,221	23,221
Transfer to profits reserve	12(a)	-	-	23,221	(23,221)	-
Other comprehensive loss, net of tax		-	(37,174)	-	-	(37,174)
Transactions with owners:						
Shares issued via Share Purchase Plan	11(b)	7,194	-	-	-	7,194
Shares issued via Placement	11(b)	44,916	-	-	-	44,916
Shares issued via Dividend Reinvestment Plan	11(b)	1,956	-	-	-	1,956
Share issue costs (net of tax)	11(b)	(480)	-	-	-	(480)
Dividends paid	6(a)	-	-	(15,797)	-	(15,797)
Balance at 31 December 2018		437,037	(16,545)	31,058	(3,781)	447,769
Net profit for the period		-	-	-	22,432	22,432
Transfer to profits reserve	12(a)	-	-	22,432	(22,432)	-
Other comprehensive income, net of tax		-	40,916	-	-	40,916
Transactions with owners:						
Shares issued via Dividend Reinvestment Plan	11(b)	2,169	-	-	-	2,169
Share issue costs (net of tax)	11(b)	(7)	-	-	-	(7)
Dividends paid	6(a)	-	-	(18,653)	-	(18,653)
Balance at 31 December 2019		439,199	24,371	34,837	(3,781)	494,626

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2019

	NOTE	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Interest received		723	173
Distribution income received		-	691
Rebate income received		96	108
Income tax paid		(1,667)	(7,562)
Charity investment		(4,595)	(4,264)
Payments for other expenses		(416)	(459)
Net cash used in operating activities	14	(5,859)	(11,313)
Cash flows from investing activities			
Proceeds from sale of financial assets		35,834	31,190
Payments for financial assets		(17,408)	(20,000)
Net cash provided by investing activities		18,426	11,190
Cash flows from financing activities			
Shares issued via a Share Purchase Plan and Placement		-	52,111
Cost of raising capital (gross of tax)		(11)	(736)
Dividends paid to the Company's shareholders, (net of Dividend Reinvestment Plan)		(16,537)	(13,783)
Net cash (used in)/provided by financing activities		(16,548)	37,592
Net (decrease)/increase in cash and cash equivalents		(3,981)	37,469
Cash and cash equivalents at the beginning of the period		47,265	9,796
Cash and cash equivalents at the end of the period	13	43,284	47,265
Non-cash investing and financing activities			
Distributions and rebate income reinvested	15	28,338	37,420
Shares issued via Dividend Reinvestment Plan	15	2,170	1,955

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2019

1. General information

Future Generation Investment Company Limited (FGX or the Company) is a listed public company, incorporated and domiciled in Australia. The registered office is Level 26, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000. The financial statements of the Company are for the year ended 31 December 2019.

The financial report was authorised for issue on 28 February 2020 by the Board of Directors.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

These general purpose financial statements for the year ended 31 December 2019 have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

(i) Compliance with IFRS

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss or through other comprehensive income.

(iii) New standards and interpretations not yet adopted

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

(b) Revenue recognition

(i) Investment income

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

(ii) Trust distributions

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

(iii) Interest income

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

(iv) Management and performance fee rebate income

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

Notes to the Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(c) Income tax

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

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

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

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

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

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

(d) Impairment of assets

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

Impairment losses on trade receivables and contract assets are presented as net impairment losses in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 31 December 2019, there are no expected credit losses recognised (31 December 2018: nil).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

(f) Trade and other receivables

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

(g) Investments and other financial assets

Classification

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

Recognition and derecognition

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

Notes to the Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(g) Investments and other financial assets (continued)

Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs for financial assets carried at fair value through other comprehensive income are included as part of the initial measurement.

Subsequent changes in fair value for financial assets at fair value through other comprehensive income are recognised through the investment portfolio revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long-term holding of equity investments.

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

Determination of Fair Value

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

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

The Board of Directors values the Company's investments in unlisted trusts using the unit prices derived from the unaudited net assets of the unlisted unit trusts.

(h) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

(i) Issued capital

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

(j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

(k) Dividends

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

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue for the year ended 31 December 2019.

(ii) Diluted earnings per share

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

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

Notes to the Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Where applicable, the Company qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the taxation authority.

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

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

(n) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial Reports) Instrument 2016/191, the amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise indicated.

(o) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data. There are no estimates or judgements that have a material impact on the Company's financial results for the year ended 31 December 2019.

(q) Comparatives

Where necessary, comparative information has been reclassified to be consistent with the current reporting period.

3. Investment income from ordinary activities

As at 31 December 2019, the investment portfolio was invested with 20 fund managers in 24 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, LHC Capital Australia High Conviction Fund, Vinva Australian Equities Fund, L1 Capital Australian Equities Fund, QVG Opportunities Fund, Firetrail Absolute Return Fund and Firetrail High Conviction Fund.

The aggregated amount of management and performance fees forgone by the unit trusts with a zero fee unit class for the year ended 31 December 2019 was \$1.8 million (2018: \$1.4 million).

The remaining investments are made in unit trusts with fund managers that normally charge management and performance fees. These fund managers have rebated the fees charged. The aggregate amount of management and performance fees rebated to the Company was \$4.8 million for the year ended 31 December 2019 (2018: \$5.0 million). Management and performance fee rebates are recognised in the Statement of Comprehensive Income on an accruals basis.

The estimated value of the other pro bono services provided to the Company for the year, including the Board and Investment Committee working on a pro bono basis, totalled \$0.9 million (2018: \$0.7 million).

Notes to the Financial Statements

For the year ended 31 December 2019

4. Income tax

(a) Income tax expense

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

	2019 \$'000	2018 \$'000
Prima facie tax on profit before income tax at 30% (2018: 30%)	7,662	9,454
Imputation credit gross up	1,460	1,132
Franking credits on distribution income received	(4,865)	(3,772)
Foreign tax credit gross up	25	142
Foreign tax credits on distribution income received	(84)	(474)
Other non-assessable income	(191)	(378)
Capital gains component from distribution income	709	1,945
(Over)/under provision in prior year	(1,609)	242
Income tax expense	3,107	8,291
Effective tax rate	12.2%	26.3%

The effective tax rate reflects the benefit to the Company of franking credits received from trust distribution income during the year. The decrease in the effective tax rate from the prior year is as a result of the increased level of franked distribution income received from the investments with the underlying fund managers in proportion to the profit before tax for the year, in addition to the over provision from the prior income tax year.

Total income tax expense results in a:

	2019 \$'000	2018 \$'000
Current tax liability	3,005	8,282
Deferred tax liability	149	12
Deferred tax asset	(47)	(3)
Total income tax expense	3,107	8,291

(b) Deferred tax assets

	2019 \$'000	2018 \$'000
Capitalised share issue costs	167	322
Provisions	770	568
Net realised/unrealised losses on the investment portfolio	584	6,957
At reporting date	1,521	7,847

Movement in deferred tax assets:

	2019 \$'000	2018 \$'000
Balance at the beginning of the period	7,847	1,028
Charged to profit or loss	47	(3)
Transfer from equity	584	-
Transfer (to)/from deferred tax liabilities	(6,957)	6,822
At reporting date	1,521	7,847

Notes to the Financial Statements

For the year ended 31 December 2019

4. Income tax (continued)

(c) Current tax liabilities

Movement in current tax liabilities:

	2019 \$'000	2018 \$'000
Balance at the beginning of the period	262	202
Current year income tax expense on operating profit	3,005	8,282
Over provision in prior year	-	(820)
Income tax paid	(1,667)	(7,562)
Income tax on realised (losses)/gains on investments	(977)	160
At reporting date	623	262

(d) Deferred tax liabilities

	2019 \$'000	2018 \$'000
Income provisions	149	-
Net unrealised gains on revaluation of investment portfolio	12,540	-
At reporting date	12,689	-

Movement in deferred tax liabilities:

	2019 \$'000	2018 \$'000
Balance at the beginning of the period	-	8,650
Charged to profit or loss	149	12
Charged to other comprehensive income	5,583	(15,484)
Transfer from/(to) deferred tax assets	6,957	6,822
At reporting date	12,689	-

5. Charity investment

In line with its stated objectives, the Company invests a percentage of its assets to Australian charities with a focus on children and youth at risk. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net tangible assets. All investments are made to charities with deductible gift recipient (DGR) status. The investment represents a tax deduction for the Company. The annual investment by the Company in supporting Australian children and youth at risk charities is detailed further in the Charity Report on page 12 of this report.

For the 12 months ended 31 December 2019, the amount recognised in the Statement of Comprehensive Income was \$4.9 million (2018: \$4.4 million).

The Company paid its fifth annual investment of \$4.6 million in October 2019. The specific allocation to each charity was determined by shareholder votes and directions, with the Board distributing the undirected monies between the designated charities.

As at 31 December 2019, the six-month accrued commitment is \$2.5 million (2018: \$2.2 million).

Notes to the Financial Statements

For the year ended 31 December 2019

6. Dividends

a) Ordinary dividends paid during the year

	2019 \$'000	2018 \$'000
2018 Final dividend: 2.3 cents per share fully franked paid 26 April 2019 (2017 Final dividend: 2.2 cents per share fully franked paid 27 April 2018)	9,118	7,714
2019 Interim dividend: 2.4 cents per share fully franked paid 25 October 2019 (2018 Interim dividend: 2.3 cents per share fully franked paid 26 October 2018)	9,535	8,083
	18,653	15,797

b) Dividends not recognised at year end

	2019 \$'000	2018 \$'000
In addition to the above dividends, since the end of the year, the Board has declared a 2.6 cents per share fully franked final dividend which has not been recognised as a liability at the end of the financial year.	10,354	9,116

c) Dividend franking account

	2019 \$'000	2018 \$'000
Opening balance of franking account	11,653	7,088
Franking credits on distributions received	5,114	3,772
Tax paid during the year	1,667	7,562
Franking credits on dividends paid	(7,993)	(6,769)
Closing balance of franking account	10,441	11,653
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 6(b)	(4,438)	(3,907)
Adjusted franking account balance	6,003	7,746

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked distributions received from the fund managers and the payment of tax.

Notes to the Financial Statements

For the year ended 31 December 2019

7. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2019 \$'000	2018 \$'000
Audit and review of the financial report	41	37
Other assurance services:		
Taxation services	6	4
Total remuneration for audit and other assurance services	47	41

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

8. Current assets - Trade and other receivables

	2019 \$'000	2018 \$'000
Distribution income receivable	2,297	1,318
Rebate income receivable	1,406	675
Interest income receivable	167	69
GST receivable	2	56
Total trade and other receivables	3,872	2,118

Risk exposure

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

9. Non-current assets - Financial assets at fair value through other comprehensive income

	2019 \$'000	2018 \$'000
Financial assets at fair value through other comprehensive income	461,917	393,151

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

10. Trade and other payables

	2019 \$'000	2018 \$'000
Trade and other payables	113	139

Other payables are settled within the terms of payment offered. No interest is applicable on these accounts.

Notes to the Financial Statements

For the year ended 31 December 2019

11. Issued capital

(a) Paid-up capital

	2019 \$'000	2018 \$'000
398,238,435 ordinary shares fully paid (2018: 396,348,525)	439,199	437,037

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings; otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

(b) Movements in ordinary share capital

	2019 \$'000	2018 \$'000
Balance at the beginning of the period	437,037	383,451
946,964 shares issued on 26 April 2019 under a Dividend Reinvestment Plan	1,095	-
942,946 shares issued on 25 October 2019 under a Dividend Reinvestment Plan	1,074	-
773,203 shares issued on 27 April 2018 under a Dividend Reinvestment Plan	-	900
835,455 shares issued on 26 October 2018 under a Dividend Reinvestment Plan	-	1,056
38,064,589 shares issued on 26 November 2018 under a Placement	-	44,916
6,096,984 shares issued on 3 December 2018 under a Share Purchase Plan	-	7,194
Cost of raising capital (net of tax)	(7)	(480)
At reporting date	439,199	437,037

(c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share and option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the prior reporting period. The Company is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

For the year ended 31 December 2019

12. Reserves

(a) Reserves

	2019 \$'000	2018 \$'000
Reserves		
Investment portfolio revaluation reserve	25,545	(18,416)
Investment portfolio realised (losses)/gains reserve	(1,174)	1,871
Profits reserve	34,837	31,058

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

Movements:

	2019 \$'000	2018 \$'000
Investment portfolio revaluation reserve		
Opening balance	(18,416)	19,218
Net unrealised gain/(loss) – net of tax	43,961	(37,634)
At reporting date	25,545	(18,416)

Investment portfolio realised gains reserve		
Opening balance	1,871	1,411
Net realised (loss)/gain – net of tax	(3,045)	460
At reporting date	(1,174)	1,871

Profits reserve		
Opening balance	31,058	23,634
Transfer from retained earnings	22,432	23,221
Final dividend paid (refer Note 6a)	(9,118)	(7,714)
Interim dividend paid (refer Note 6a)	(9,535)	(8,083)
At reporting date	34,837	31,058

(b) Accumulated losses

	2019 \$'000	2018 \$'000
Opening balance	(3,781)	(3,781)
Net profit for the year	22,432	23,221
Transfer to profits reserve	(22,432)	(23,221)
At reporting date	(3,781)	(3,781)

Notes to the Financial Statements

For the year ended 31 December 2019

13. Cash and cash equivalents

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

	2019 \$'000	2018 \$'000
Cash at call	8,284	47,265
Term deposit	35,000	-
At reporting date	43,284	47,265

The weighted average interest rate for cash and term deposits as at 31 December 2019 is 1.59% (2018: 1.00%). The term deposit has a maturity of 2 days from the end of the period. Cash at call and the term deposits are with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating.

Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents mentioned above.

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

	2019 \$'000	2018 \$'000
Profit after tax for the year	22,432	23,221
Amortisation of intangible assets	-	5
Management and performance fee rebate income reinvested	(3,958)	(6,144)
Distribution income reinvested	(24,380)	(31,276)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(1,704)	1,930
Decrease/(increase) in other current assets	27	(5)
(Increase)/decrease in deferred tax assets	(47)	3
Increase in trade, other payables and accruals	279	98
Increase in current tax liabilities	1,343	855
Increase in deferred tax liabilities	149	-
Net cash used in operating activities	(5,859)	(11,313)

15. Non-cash investing and financing activities

	2019 \$'000	2018 \$'000
Distribution income reinvested	24,380	31,276
Rebate income reinvested	3,958	6,144
Shares issued via Dividend Reinvestment Plan	2,170	1,955
Total non-cash investing and financing activities	30,508	39,375

Notes to the Financial Statements

For the year ended 31 December 2019

16. Earnings per share

	2019 \$'000	2018 \$'000
Profit after income tax used in the calculation of basic and diluted earnings per share.	22,432	23,221

(a) Basic and diluted earnings per share

	Cents	Cents
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company.	5.65	6.53

(b) Weighted average number of shares used as denominator

	Number '000	Number '000
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share.	397,154	355,364

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

17. Financial risk management

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

(a) Market risk

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

(i) Foreign exchange risk

EXPOSURE

The Company is not directly exposed to currency risk as all its investments are quoted in Australian dollars.

(ii) Price risk

EXPOSURE

The Company is exposed to price risk on investments in unlisted unit trusts. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets at fair value through other comprehensive income.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies.

Notes to the Financial Statements

For the year ended 31 December 2019

17. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

SENSITIVITY

The following table illustrates the effect on the Company's equity from possible changes in the fair value of financial assets that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30%:

Impact on other components of equity	2019 \$'000	2018 \$'000
Change in variable +/- 5% (2018: +/- 5%)	16,167	13,761
Change in variable +/- 10% (2018: +/- 10%)	32,334	27,521

(iii) Cash flow and fair value interest rate risk

EXPOSURE

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

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

	Interest bearing \$'000	Non-interesting bearing \$'000	Total \$'000
31 December 2019			
Financial Assets			
Cash and cash equivalents	43,284	-	43,284
Trade and other receivables	-	3,872	3,872
Financial assets held at fair value through other comprehensive income	-	461,917	461,917
Total financial assets	43,284	465,789	509,073
Financial Liabilities			
Trade and other payables	-	113	113
Total financial liabilities	-	113	113
Net exposure	43,284	465,676	508,960

Notes to the Financial Statements

For the year ended 31 December 2019

17. Financial risk management (continued)

(a) Market risk (continued)

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

31 December 2018	Interest bearing \$'000	Non-interesting bearing \$'000	Total \$'000
Financial Assets			
Cash and cash equivalents	47,265	-	47,265
Trade and other receivables	-	2,118	2,118
Financial assets held at fair value through other comprehensive income	-	393,151	393,151
Total financial assets	47,265	395,269	442,534
Financial Liabilities			
Trade and other payables	-	139	139
Total financial liabilities	-	139	139
Net exposure	47,265	395,130	442,395

SENSITIVITY

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

At 31 December 2019, if interest rates had increased by 100 basis points (bps) or decreased by 100 bps from the year end rates with all other variables held constant, post-tax profit for the year would have been \$303,100 higher/\$303,100 lower (2018 changes of 100bps: \$331,100 higher/\$331,100 lower), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2019

17. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board and Investment Committee monitor the cash-flow requirements in relation to the investment portfolio taking into account upcoming dividends, tax payments, operating cash flows and investing activity.

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

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

Maturities of financial liabilities

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

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

	Less than 1 month \$'000	1-12 months \$'000	Total contractual undiscounted cash flows \$'000
2019			
Non-derivatives			
Trade and other payables	-	113	113
Total non-derivatives	-	113	113
	Less than 1 month \$'000	1-12 months \$'000	Total contractual undiscounted cash flows \$'000
2018			
Non-derivatives			
Trade and other payables	-	139	139
Total non-derivatives	-	139	139

18. Fair value measurements

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

Fair value hierarchy

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2019

18. Fair value measurements (continued)

Fair value hierarchy (continued)

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2019.

31 December 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTOCI	-	461,917	-	461,917

31 December 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTOCI	-	393,151	-	393,151

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

(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

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.

19. Segment information

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

Notes to the Financial Statements

For the year ended 31 December 2019

20. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the year ended 31 December 2019 are:

Jonathan Trollip	Chairman
Caroline Gurney	Non-Executive Director (appointed 27 March 2019)
Stephanie Lai	Non-Executive Director (appointed 27 March 2019)
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
Louise Walsh	Chief Executive Officer
Scott Malcolm	Non-Executive Director (resigned 23 May 2019)

a) Remuneration

The Chair and the Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 31 December 2019, no Directors' fees were paid by the Company (2018: nil).

The Company remunerates LW Consulting Pty Limited, an entity associated with Louise Walsh, \$100,000 (plus GST) per annum for providing her services as Chief Executive Officer.

During the year ended 31 December 2019, the Company paid LW Consulting Pty Limited a total of \$100,000 (plus GST) for services provided (2018: \$100,000 (plus GST)). This payment is exclusive of \$20,000 (plus GST) in performance based remuneration paid during the year (2018: nil).

The term of the contract expired in March 2019 and under the agreement, is automatically extended for successive periods of 12 months unless notice of termination is provided by either party no less than three months before the due date for extension of the term.

b) Shareholdings

As at 31 December 2019, the Company's Directors and key management personnel and their related parties held the following interests in the Company:

2019

Directors and Key Management	Balance at 31 December 2018	Acquisitions	Disposals	Balance at 31 December 2019
Jonathan Trollip	194,529	-	-	194,529
Caroline Gurney*	-	-	-	-
Stephanie Lai*	-	42,555	-	42,555
David Leeton	309,364	-	-	309,364
David Paradise AO	1,000,000	-	-	1,000,000
Gabriel Radzynski	40,667	1,683	-	42,350
Kate Thorley	112,301	6,298	-	118,599
Geoff Wilson AO	7,906,199	412,583	-	8,318,782
Louise Walsh	13,729	568	-	14,297

*Appointed 27 March 2019. Caroline Gurney and Stephanie Lai did not hold any shares in the Company on their appointment date.

Notes to the Financial Statements

For the year ended 31 December 2019

20. Key management personnel compensation (continued)

b) Shareholdings (continued)

2018

Directors and Key Management	Balance at 31 December 2017	Acquisitions	Disposals	Balance at 31 December 2018
Jonathan Trollip	181,818	12,711	-	194,529
David Leeton	309,364	-	-	309,364
Scott Malcolm*	1,831,817	-	-	1,831,817
David Paradise AO	1,000,000	-	-	1,000,000
Gabriel Radzynski	39,199	1,468	-	40,667
Kate Thorley	91,896	20,405	-	112,301
Geoff Wilson AO	7,532,543	373,656	-	7,906,199
Louise Walsh	1,000	12,729	-	13,729

*Scott Malcolm resigned as a Director of the Company on 23 May 2019. On resignation, Scott held 1,831,817 shares in the Company.

Directors, other key management personnel and their related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year ended 31 December 2019, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

21. Related party transactions

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

Geoff Wilson AO is a Director of Wilson Asset Management (International) Pty Limited, Investment Manager of Wilson Asset Management Equity Fund. Wilson Asset Management (International) Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

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

Gabriel Radzynski is Managing Director of Sandon Capital Pty Limited, Investment Manager of Sandon Capital Activist Fund. Sandon Capital Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

David Paradise AO is a Director of Paradise Investment Management Pty Limited which is the Trustee of the unregistered managed investment schemes Paradise Australian Mid Cap Fund and Paradise Large Cap Fund. Paradise Investment Management Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

22. Contingencies

The Company had no contingent liabilities at 31 December 2019 (2018: nil).

Notes to the Financial Statements

For the year ended 31 December 2019

23. Commitments

The Company invests a percentage of its assets in Australian charities with a focus on children and youth at risk, under the terms outlined in the Prospectus dated 7 July 2014. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net tangible assets. As at 31 December 2019, the accrued commitment is \$2.5 million (2018: \$2.2 million).

24. Events occurring after the reporting period

Since the end of the year, the Company declared a final dividend of 2.6 cents per share fully franked to be paid on 28 April 2020.

No other matter or circumstance has arisen since year end 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 financial report as set out in pages 32 to 54 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report', as set out on pages 27 to 28 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b) giving a true and fair view of the financial position of the Company as at 31 December 2019 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
2. At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the persons and organisations who perform the Chief Executive Officer and Chief Financial Officer functions respectively, for the purposes of the *Corporations Act 2001*.

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



Jonathan Trollip

Chairman

Dated in Sydney this 28th day of February 2020

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

Postal Address
GPO Box 1615
Sydney NSW 2001

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

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Future Generation Investment Company Limited ("the Company"), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- i. giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
Existence and Valuation of Financial Assets	
Refer to Note 9: Financial assets at fair value through other comprehensive income	
We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset and liability and represent the most significant driver of the Company's Net Tangible Assets and Profits. The quantum of investments held inherently makes financial assets a key audit matter, in addition however, there may be judgements involved in determining the fair value of investments. The Company's investments are considered to be non-complex in nature with fair value based on readily observable inputs. Consequently, these are classified as "Level 2" investments under Australian Accounting Standards (i.e. where key inputs to valuation are based on observable inputs).	Our procedures included, amongst others: ▪ Obtaining an understanding of and evaluating the investment management processes and controls; ▪ Reviewing and evaluating the independent audit reports on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Administrator; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit report relate to and where necessary obtaining bridging letters and confirmations; ▪ Agreeing the investment holdings to investment holding statements from fund managers or trustees of the investee entities; ▪ Assessing the valuation of investments by agreeing the units held and the exit price at reporting date to the reported unit pricing from investment holding statements and comparing the value of investments to the valuation report of the Administrator; ▪ For a sample of investments held at balance date, obtaining their latest audited accounts and performing procedures including: ○ Recalculating the net asset value and comparing it to the reported unit price; ○ Considering the appropriateness of accounting policies; and ○ Confirming that the audit opinion is unmodified; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 28 of the Directors' Report for the year ended 31 December 2019. In our opinion, the Remuneration Report of Future Generation Investment Company Limited, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



S S Wallace
Partner

28 February 2020



Pitcher Partners
Sydney

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (as at 31 January 2020)

There are currently no substantial shareholders of Future Generation Investment Company Limited.

Distribution of shareholders (as at 31 January 2020)

Category	Number of shareholders	Percentage of issued capital held
1 - 1,000	817	0.1%
1,001 - 5,000	1,084	0.9%
5,001 - 10,000	1,180	2.4%
10,001 - 100,000	4,198	35.8%
100,001 and over	531	60.8%
	7,810	100.0%

The number of shareholdings held in less than marketable parcels is 479.

Twenty largest shareholders – Ordinary shares (as at 31 January 2020)

Name	Number of ordinary shares held	Percentage of issued capital held
HSBC Custody Nominees (Australia) Limited	35,440,580	8.9%
HSBC Custody Nominees (Australia) Limited – A/C 2	19,141,411	4.8%
Entities associated with Mr Geoff Wilson AO	7,617,582	1.9%
Pineross Pty Limited	7,310,910	1.8%
Netwealth Investments Limited	6,582,635	1.7%
Snow Foundation Limited	5,533,700	1.4%
Clurname Pty Limited	5,437,978	1.4%
Mutual Trust Pty Limited	4,237,362	1.1%
Charanda Nominee Company Pty Limited	3,000,000	0.8%
JM & CB Millett Super Fund A/C	2,529,900	0.6%
Bond Street Custodians Limited	2,218,104	0.6%
Netwealth Investments Limited	1,884,220	0.5%
Ruapehu Holdings Pty Limited	1,831,817	0.5%
JP Morgan Nominees Australia	1,618,386	0.4%
Navigator Australia Limited	1,601,555	0.4%
Victor Smorgon Institute at Epworth Pty Limited	1,545,456	0.4%
Victor Smorgon Charitable Fund	1,545,454	0.4%
The Anthony Super Fund A/C	1,503,065	0.4%
Poole Super Fund A/C	1,400,000	0.4%
BNP Paribas Nominees Pty Limited	1,374,504	0.3%
	113,354,619	28.7%

Securities exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

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futuregeninvest.com.au
T +61 2 9247 9202

info@futuregeninvest.com.au
Level 26, Governor Phillip Tower,
1 Farrer Place, Sydney NSW 2000 Australia