

Appendix 4E

Annual Report

for the year ended 31 December 2020

Results for announcement to the market

All comparisons to the year ended 31 December 2019

Future Generation
Investment Company Limited
ABN 97 063 935 553

	UP/DOWN	% MVMT	\$'000
Revenue from ordinary activities	down	(33.5%)	20,586
Profit from ordinary activities before tax	down	(40.2%)	15,267
Net profit from ordinary activities after tax	down	(36.0%)	14,350
Total comprehensive income for the period	down	(47.2%)	33,464

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2020 final dividend cents per share	2.6	2.6	30%
2020 interim dividend cents per share	2.6	2.6	30%

Dividend dates

Ex-dividend date	14 April 2021
Record date	15 April 2021
Last election date for DRP	19 April 2021
Payment date	26 April 2021

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 2020 final dividend.

Net Tangible Assets (NTA)	31 DEC 2020	31 DEC 2019
NTA (after tax) per share	\$1.27	\$1.24

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Future
Generation
Australia

INVESTMENT & SOCIAL RETURNS

Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2020

Future Generation Investment Company Limited

ABN: 97 063 935 553

Future Generation Investment Company Limited

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

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

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Sydney NSW 2001

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Share Registry

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

T: (02) 9290 9600
F: (02) 9279 0664

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

Australian Securities Exchange

Future Generation Investment
Company Ordinary Shares (FGX)



Key Highlights FY2020

Total shareholder return

+12.9%

Investment portfolio performance

+10.0%

Fully franked full year dividend

5.2cps

Savings on management fees, performance fees & services forgone

\$8.6m

2020 investment in Australian charities with a focus on children and youth at risk

\$4.8m

Summary of FY2020 results

For the year ended 31 December 2020 the investment portfolio increased by 10.0%* while the S&P/ASX All Ordinaries Accumulation Index rose 3.6%, an outperformance of 6.4%* during a volatile period for equity markets and the global economy. The total shareholder return for the 12 months to 31 December 2020 was 12.9%.

Since inception, the investment portfolio has increased 9.6% per annum, outperforming the Index by 2.1%. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 11.8% versus the Index's 14.9%.

The Board was pleased to declare a fully franked full year dividend of 5.2 cents per share, an increase of 4.0% on the previous year with the fully franked final dividend being 2.6 cents per share. Since inception, the Company has paid 24.7 cents per share in fully franked dividends to shareholders.

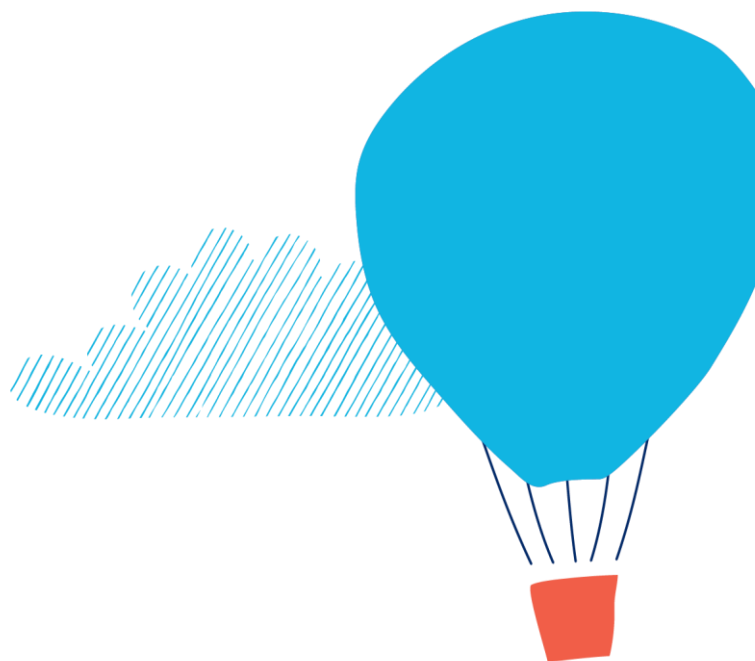
The Company reported an operating profit before tax of \$15.3 million for the year ended 31 December 2020 (2019: \$25.5 million) and an operating profit after tax of \$14.4 million (2019: \$22.4 million). The decrease in operating profit on the corresponding period is primarily due to the reduction in distributions received from the investments with the underlying fund managers during what was a volatile year for equity markets. Total comprehensive income for the year was \$33.5 million (2019: \$63.3 million) and reflects the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers during the year. Total comprehensive income is driven by the change in dollar value of the investment portfolio in each period. In 2019, the value of the investment portfolio, or the gross assets of the Company, increased by \$89.4 million** as the investment portfolio performance increased 20.7% for the year. In the year ended 31 December 2020, the value of the investment portfolio increased by \$47.9 million** as the investment portfolio performance increased 10.0%.

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

**Representing total income and other comprehensive income, before tax.

Snapshot as at 31 December 2020

ASX code	FGX
Listing date	Sept 2014
Gross assets	\$532.5m
Market capitalisation	\$500.4m
Share price	\$1.25
Shares on issue	400,343,988
Net tangible assets (pre-tax)	\$1.32
Management fees	0.0%
Performance fees	0.0%
Annual social investment (% of NTA)	1.0%
Full year fully franked dividend	5.2 cents
Fully franked dividend yield	4.2%



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Chairman's Letter

Dear Fellow Shareholders,



We were excited in October 2020 to deliver our sixth annual investment of \$4.8 million in charities focusing on children and youth at risk and to provide our shareholders with a fully franked full year dividend of 5.2 cents per share. This was made possible by the generosity and support of our leading fund managers and service providers.

On behalf of the Board, I would like to thank you for your continued support of Future Generation Investment Company Limited (Future Generation Australia or the Company) during the year ended 31 December 2020 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.

The Board is pleased to announce a fully franked final dividend of 2.6 cents per share, bringing the fully franked full year dividend to 5.2 cents per share, an increase of 4.0% on the previous year. Since inception in 2014, the Company has paid 24.7 cents per share in fully franked dividends to shareholders.

The total shareholder return (TSR) for the Company for the 12 months to 31 December 2020 was 12.9%. At the end of the period, the Company's profits reserve was 7.1 cents per share. This forms part of the net tangible assets (NTA) of the Company.

For the year ended 31 December 2020 the investment portfolio increased by 10.0%^{*} while the S&P/ASX All Ordinaries Accumulation Index rose 3.6%, an outperformance of 6.4%^{*}. Since inception, the investment portfolio has increased 9.6% per annum, outperforming the Index by 2.1%. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 11.8% versus the Index's 14.9%.

In 2020, the Company achieved an operating profit before tax of \$15.3 million (2019: \$25.5 million)

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

^{*}Representing total income and other comprehensive income, before tax.

and an operating profit after tax of \$14.4 million (2019: \$22.4 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 what was a volatile year for equity markets. Total comprehensive income for the year was \$33.5 million (2019: \$63.3 million) and reflects the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers.

Total comprehensive income is driven by the change in dollar value of the investment portfolio in each period. In 2019, the value of the investment portfolio, or the gross assets of the Company, increased by \$89.4 million^{**} as the investment portfolio performance increased 20.7% for the year. In the year ended 31 December 2020, the value of the investment portfolio increased by \$47.9 million^{**} as the investment portfolio performance increased 10.0%.

CEO transition

As was announced to the ASX in January, our Chief Executive Officer (CEO) Louise Walsh will be leaving us in April. On behalf of the Board, shareholders, fund managers, service providers and our charity partners, I thank Louise for her outstanding contribution over the past six years. Her leadership, passion and energy have been exceptional. Over her time as CEO the Future Generation Companies, comprising Future Generation Australia and Future Generation Global, have grown to a combined market capitalisation of around \$1.1 billion, since inception the investment portfolios have outperformed their benchmarks with lower volatility than their indexes, and the contribution to children and youth at risk and youth mental health has grown to over \$40 million. We wish Louise every success in the future.

We are delighted that Kate Thorley, CEO of Wilson Asset Management, has agreed to become acting CEO following Louise's departure. An executive search is underway for a new CEO.

Company performance

As a listed investment company, there are three key measures we use to evaluate the performance of Future Generation Australia, which are: investment portfolio performance; NTA growth and fully franked dividends; and 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's Letter

1. Investment portfolio performance

Performance at 31 December 2020	1 yr	3 yrs %pa	Since inception %pa (Sept-14)	Volatility (% standard deviation)
Future Generation Australia Investment Portfolio	10.0%	8.5%	9.6%	11.8%
S&P/ASX All Ordinaries Accumulation Index	3.6%	7.4%	7.5%	14.9%

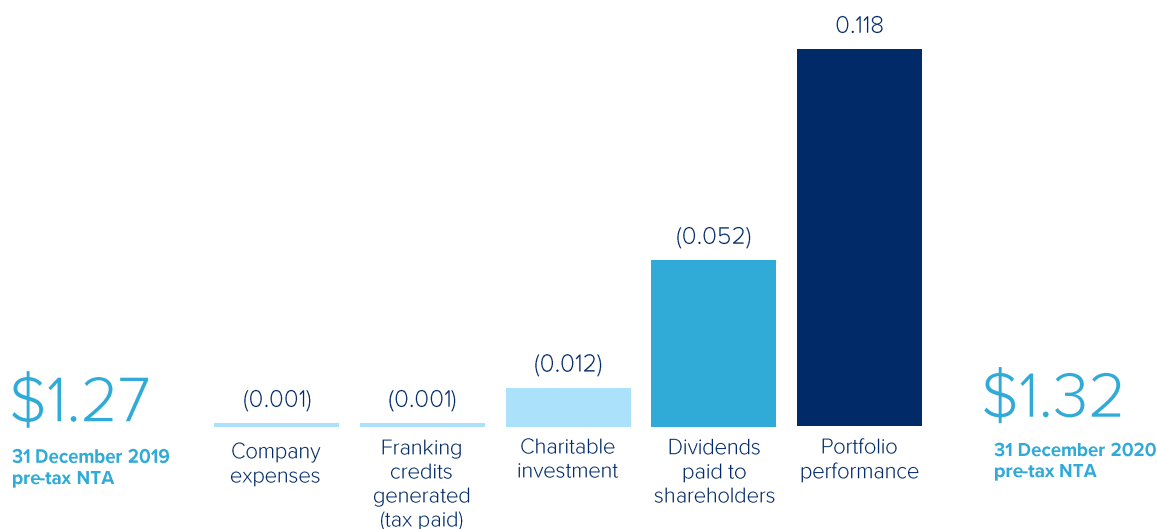
Investment portfolio performance and Index returns are before expenses, fees and taxes.

Future Generation Australia's investment portfolio increased 10.0%* in the 12 months to 31 December 2020. This measure is before tax and all costs and is compared to the S&P/ASX All Ordinaries Accumulation Index, which rose 3.6%, which is also before expenses, fees and taxes. Since inception the investment portfolio has increased 9.6% per annum, outperforming the Index by 2.1%. Future Generation Australia's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 11.8% versus the Index's 14.9%.

2. NTA growth

Future Generation Australia's pre-tax NTA increased 8.8% for the 12 months to 31 December 2020, including the 5.2 cents per share of fully franked dividends paid to shareholders during the year. This increase is after corporate tax paid of 0.1 cents per share or 0.1% 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 10.0% 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.

Future Generation Australia 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 Future Generation Australia for the year to 31 December 2020 was 12.9%. This was reflective of the strong investment portfolio outperformance during a highly volatile period for equity markets and the narrowing of the share price discount to NTA. As at 31 December 2020, the share price discount to NTA was 5.5% (2019: 8.5%). This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

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

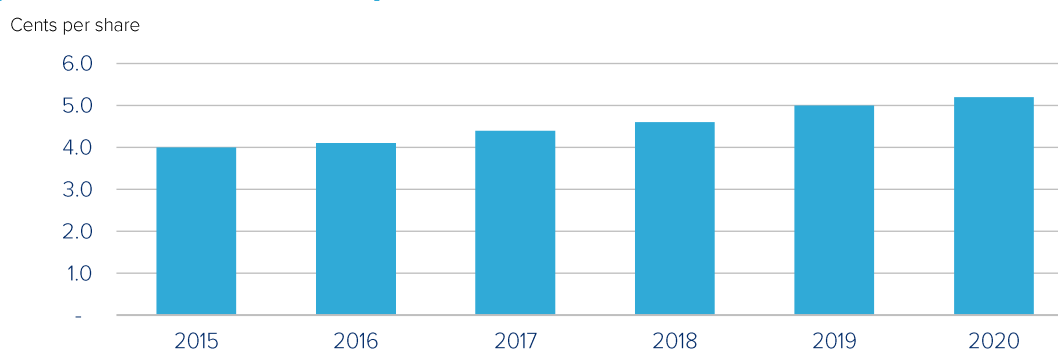
Chairman's Letter

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 5.2 cents per share, a 4.0% increase on the prior year. The dividend will be paid on 26 April 2021 and the Company will trade ex-dividend on 14 April 2021. The Board is committed to providing a 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, Future Generation Australia has paid 24.7 cents per share in fully franked dividends to shareholders. At the end of the period, the Company's profits reserve was 7.1 cents per share and forms part of the NTA.

Fully franked dividends since inception



Investment objectives

The Company's primary investment objectives are to provide shareholders with a stream of fully franked dividends, achieve long-term capital growth and preserve shareholder capital. The Company provides shareholders with diversified exposure to Australian equities. As at 31 December 2020, the investment portfolio was comprised of 18 fund managers with investments in 22 unlisted unit trusts. The spread between the broad equities strategies as at 31 December 2020 was 45.2% long equities, 37.9% absolute bias, 7.6% market neutral and 9.3% cash.

Charitable objectives

The charitable objectives of the Company are to provide shareholders with access to a diversified investment portfolio managed by 18 leading Australian fund managers without paying management or performance fees, while supporting Australian charities with a focus on children and youth at risk. All participating fund managers forgo management and performance fees and Directors, the Investment Committee and most service providers are working on a pro-bono basis, allowing the Company to provide the 12 charity partners with a stream of annual investments equal to 1.0% of assets per annum. In October 2020, the Company made its sixth annual investment of \$4.8 million in programs aimed at supporting children and youth at risk. Of this, \$3.4 million was allocated to the 12 designated charity partners and the remaining \$1.4 million was 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 2020, the Company is on track to deliver its seventh annual investment of approximately \$5.2 million in October 2021, bringing the total charitable investment since inception to over \$26.7 million.

Fund managers and service providers

I 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 2020 totalled \$7.5 million and the estimated value of the leading service providers working for the Company on a pro bono basis, totalled \$1.1 million. These savings to shareholders exceed the annual investment to charities.

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

Jonathan Trollip

Chairman

Dated in Sydney this 25th day of February 2021

Chairman's Letter

With thanks to the following service providers



“We would like to thank and congratulate 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.”



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 Future Generation Australia investment portfolio is constructed in order to provide investors with reduced volatility and downside protection. It is highly diversified in terms of managers and investment strategies, providing shareholders with solid risk-adjusted returns through market cycles. 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.

The Investment Committee has selected 18 fund managers with investments in 22 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 2020, the portfolio was 45.2% long equities, 37.9% absolute bias, 7.6% market neutral and 9.3% cash.

During the year, the Company made a new investment in the Paradise Long Short Australian Equities Fund utilising the proceeds of a redemption from the Paradise Large Cap Fund. The Company also redeemed its holdings in the Watermark Market Neutral Trust and LHC Capital Australia High Conviction Fund during the year.

Investment portfolio performance

For the year ended 31 December 2020, the investment portfolio increased 10.0%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.4% during what was a volatile period for the Australian equity market. Since inception, the investment portfolio has increased 9.6% per annum, outperforming the Index by 2.1% per annum. The investment portfolio's outperformance since inception has been achieved with less volatility as measured by standard deviation, 11.8% versus the Index's 14.9%.

During the year, the S&P/ASX All Ordinaries Accumulation Index returned negative performance in February, March and September. The Company outperformed the Index in each of these three months, with cumulative outperformance of 5.5%. Over the last 12 months, the Company's investment portfolio has provided investors with an upside capture ratio of 95.8% and a downside capture ratio of 79.5%, demonstrating its defensive characteristics. The structure of the Company's investment portfolio and exposure to leading Australian boutique fund managers, with a proven ability to outperform the market, generated a weight average return for each of the investment strategies, long equities (+10.6%), absolute bias (+7.9%) and market neutral (+11.3%), in excess of the S&P/ASX All Ordinaries Accumulation Index of 3.6%.

Investment strategy allocation

Long equities

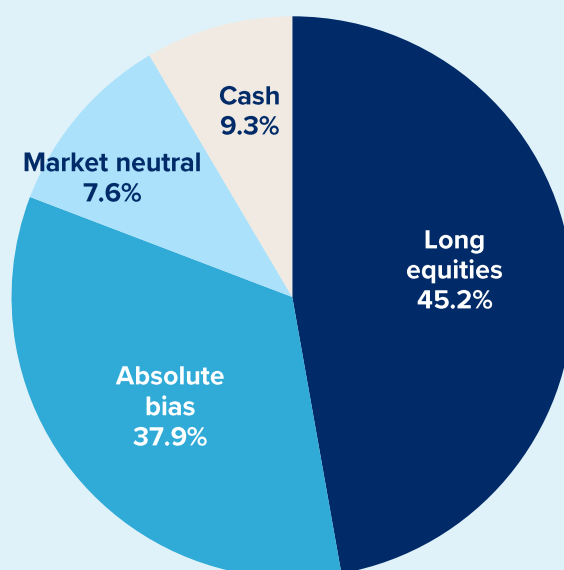
Investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange. The long equities portion of the portfolio 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.



¹Investment portfolio performance and Index returns are before expenses, fees and taxes.

Investment Committee Report

Fund manager allocation and investments at market value as at 31 December 2020

Fund Manager	Investment	Strategy	\$ Value	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	75,223,143	14.1%
	<i>Mid Cap/Long Short Equities Funds (split out below)</i>		60,108,218	11.3%
Paradise Investment Management	Paradise Australian Mid Cap Fund	Long equities	34,737,341	6.5%
	Paradise Long Short Australian Equities Fund	Absolute bias	25,370,877	4.8%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	56,453,600	10.6%
	<i>Small/Emerging Companies Funds (split out below)</i>		39,259,993	7.4%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	32,299,081	6.1%
	Eley Griffiths Group Emerging Companies Fund	Long equities	6,960,912	1.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	33,014,977	6.2%
	<i>Long Short/Aus Equities Funds (split out below)</i>		30,480,243	5.7%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	17,960,177	3.3%
	L1 Capital Australian Equities Fund	Long equities	12,520,066	2.4%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	29,050,777	5.5%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	27,536,002	5.2%
	<i>Absolute Return/High Conviction Funds (split out below)</i>		23,841,591	4.5%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	18,385,861	3.5%
	Firetrail High Conviction Fund	Long equities	5,455,730	1.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	21,549,294	4.0%
Clime Asset Management	Clime All Cap Australian Equities Fund	Long equities	13,737,330	2.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	13,524,850	2.5%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	13,015,057	2.4%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	11,264,155	2.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	10,481,591	2.0%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	8,981,631	1.7%
QVG Capital	QVG Opportunities Fund	Long equities	7,130,811	1.3%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	5,592,286	1.1%
	Cash and term deposits		40,651,453	7.6%
	Redemption proceeds receivable*		8,404,219	1.6%
	Distributions, interest and rebates receivable		3,241,228	0.6%
	Gross Assets		532,542,449	

*The Company exited its holding in the LHC Capital Australia High Conviction Fund on 31 December 2020.



Geoff Wilson AO

Chairman of the Investment Committee and Director

Dated in Sydney this 25th day of February 2021

Social Impact Report

Future Generation Australia is proud to support its 12 charity partners who work tirelessly to improve the lives of Australian children and youth at risk. Our partners have demonstrated resilience and ingenuity to continue and increase their various support for young people in response to the coronavirus pandemic.

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 2020, the coronavirus pandemic saw the Future Generation Australia charity partners in community-facing roles cope with surges in demand and increased distress among young people and their carers, with most adapting certain activities to align with the circumstances of today. Some of the funds from the Company were redirected to suit these changes.

In May 2020, Emily Fuller was appointed to the newly created role of Social Impact Manager, bringing a wealth of experience spanning philanthropy, research, international development and communications. As Social Impact Manager, Emily oversees all charitable aspects related to Future Generation Australia and Future Generation Global, including working closely with the charity partners to assist the Company in achieving its charitable objectives.

Throughout the year, the Company undertook a detailed analysis of the outcomes of the work of each individual charity partner supported by Future Generation Australia to date. The analysis revisited the original aims of each charity partner and detailed the outcomes and lessons learnt. The analysis confirmed the significant social impact made by our charity partners so far and provided insights into how the Company can best continue to work with charity partners to deliver on its social impact objectives in the future.

During August 2020, shareholders voted their charitable allocation and we were delighted by the response. Thank you all for your involvement in the process. The specific allocation to each charity, as shown in the table below, was determined by shareholders' votes and directions with the Board distributing the undirected monies. The Company made its sixth annual investment of \$4.8 million in October 2020 and is on track to donate approximately \$5.2 million in October 2021, which will bring the total since inception to over \$26.7 million.

2020 and 2019 total social investment:

Designated Charity	2020 Investment	2019 Investment
Act for Kids	\$275,434	\$279,523
Australian Children's Music Foundation	\$299,058	\$275,045
Australian Indigenous Education Foundation	\$316,678	\$270,847
DEBRA Australia	\$262,666	\$237,465
Diabetes Kids Fund	\$268,020	\$243,854
Giant Steps	\$332,042	\$300,496
Lighthouse Foundation	\$354,984	\$426,533
Mirabel Foundation	\$306,118	\$281,518
Raise Foundation	\$294,204	\$289,603
United Way Australia	\$203,101	\$203,101
Variety	\$207,903	\$207,903
Youth Off The Streets	\$305,032	\$294,035
Directed to other children and youth related charities*	\$554,915	\$637,541
Directed to other Australian charities*	\$850,442	\$647,916
Total charitable allocation	\$4,830,597	\$4,595,380

*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.

Social Impact Report

Information on the work our partner charities undertook in the year ended 31 December 2020 with monies from their allocation of the annual investment in 2019 (paid in October 2019) is detailed below.



acmf.com.au

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.

Funding: \$275,045

In 2020, the ACMF supported music programs in five schools in Taree on the mid-north coast of NSW and seven schools in Western Melbourne, with over 1,000 children participating in weekly music lessons and receiving free musical instruments.

Over 70% of children involved improved their confidence, self-esteem, creativity, relationships and teamwork. Improvements in literacy and numeracy were also achieved, mainly due to increased engagement in other learning areas. Future Generation Australia also supported the ACMF National Songwriting Competition, a free event open to all school age children across Australia. 908 entries were received and over \$10,000 of music lessons and instruments were distributed.

The first stage of the ACMF's impact evaluation study was conducted in NSW, highlighting the artistic, educational, emotional and social benefits that the ACMF music programs have on children. This impact is particularly vital in a year of upheaval for many families due to the bushfires and the coronavirus.

Funding: \$279,523

In 2020, Future Generation Australia's investment provided integrated therapy for children who have suffered abuse and neglect. Integrated therapy is trauma-focused and comprises speech pathology, occupational therapy and psychology services.

800 children and their carers received therapy at four Act For Kids integrated therapy centres in Marden, SA; Ipswich, QLD; Blacktown, NSW and Broadmeadows, VIC.

All four services maintained staffing throughout a very challenging year, rapidly and successfully establishing telehealth to maintain support for children throughout coronavirus restrictions.



actforkids.com.au

Act for Kids provides a range of free targeted services to prevent and treat child abuse and neglect. It has delivered services to over 44,000 people across Australia including over 29,000 children in the last 12 months.

Social Impact Report



aief.com.au

The Australian Indigenous Education Foundation (AIEF) provides scholarships that enable Indigenous students to attend leading Australian boarding schools and universities. AIEF also provides career support and mentoring to ensure students make a successful transition from school to further studies or employment.

Funding: \$270,847

AIEF currently supports around 400 Indigenous scholarship students undertaking secondary and tertiary studies at 29 educational partners across Australia. Students and alumni supported by the program are from around 400 different communities across Australia.

In 2020, AIEF scholarship students achieved a 91% retention and Year 12 completion rate and 91% of participating alumni were productively engaged in further studies, employment or other pursuits, with one in five working or studying in their home community.

AIEF pivoted to deliver a mostly online program in 2020 to continue support for their students during coronavirus restrictions. AIEF also worked closely with educational partners to limit the impact on students' educational outcomes whilst ensuring their safety and wellbeing. In 2020, the continued employment, study and engagement of Alumni has been AIEF's greatest priority.

Funding: \$237,465

In 2020, DEBRA provided 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. Six new babies born with EB and their families were supported with hospital care, home aids and regular contact. DEBRA also provided bereavement support for nine families.

Three families were visited three times a week for In-Home Nursing care, to assist with personal needs and three hour dressing changes. Four families were supported to transition from In-Home Nursing onto the National Disability Insurance Scheme. This transition has reduced the number of families needing In-Home Nursing by 50% from last year. However, with new babies being born, this continues to be a critical service to assist new parents with the gruelling needs of dressing changes.

DEBRA's counselling program expanded nationally via telehealth and saw a 25% increase in participation on the previous year. 31 multidisciplinary EB clinics were conducted for children and families (27% via telehealth) as well as 38 visits to an outpatient clinic. This was a 50% reduction on the previous year due to coronavirus restrictions.



debra.org.au

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

Social Impact 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.

Funding: \$243,854

Future Generation Australia's investment supports DiaBuddies activities. Diabuddies Days are fun and educational events that aim to help families with the challenges of living with type 1 diabetes. In early 2020, before coronavirus restrictions, 152 people attended Diabuddies Days. 78% of them rated it a 'valuable' opportunity to share practical coping strategies and 89% rated it as 'valuable' in connecting with other families.

Due to the coronavirus, DiaBuddies Days were moved online with 179 participants attending 20 events throughout the remainder of the year. 100% of parents said they felt 'a lot' more connected to a community of people who understand after attending. A DiaBuddies Facebook community was created with over 300 parents and health professionals connecting to date.

Future Generation Australia also supported the development of the Live Your Life Community Forum, an online platform for members to discuss life with diabetes. Since launching in May 2020, over 3,100 have logged in and over 10,000 have read the daily digest.

Funding: \$300,496

Giant Steps opened its Autism Training Centre in late 2019 to answer a widely identified need to equip mainstream school staff with the skills to support students with autism. The Centre offers bespoke autism training packages to mainstream teachers and aides, allied health professionals, parents and therapists. To date, over 175 people have participated in a variety of face-to-face training sessions and 450 have attended webinars.

Giant Steps is in the process of becoming a registered provider of teachers professional learning which means their courses will count towards maintenance of teacher's professional teaching status.

During the year, a partnership was established with a local public school and the NSW Department of Education Disability Innovation Team to deliver a pilot learning program for teachers about disability and autism. Giant Steps hopes to expand this to support more young people with autism in mainstream schools and their teachers.



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.

Social Impact Report



lighthousefoundation.org.au

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

Funding: \$426,533

In 2020, Future Generation Australia continued to support Lighthouse's efforts to address youth homelessness through the provision of therapeutic live-in care for children, young people and babies who would otherwise be homeless.

Through this challenging year, Future Generation Australia supported the care of 42 children and young people, with 18 transitioning into a range of independent living, kinship care, foster care or other services. The average occupancy rate in Lighthouse homes has been 82% of full capacity, with an average stay of 18 months for each young person.

Significantly, the ongoing nature of the Future Generation Australia funding enabled continuity of services despite the sudden impact to various other funding streams, enabling all Lighthouse homes to remain open throughout the year, and the Hub Home Model of the Foster Care project to commence. This innovation aims to model a more flexible and nurturing approach of foster care that gently transitions children into placements and creates a community of ongoing support for foster families, resulting in more successful care placements and less youth homelessness.

Funding: \$281,518

This year Future Generation Australia's investment supported Mirabel to cater for the unique needs of children who have been orphaned or abandoned due to their parents' drug use.

Crisis support and assessment was provided to 238 new children and their extended family carers, therapeutic groups for 142 children and 90 adolescents reduced their feelings of stigma and isolation, and weekly tutoring and other educational support for 265 young people improved their academic outcomes.

Mirabel gathers data to measure its impact over time and a recent survey of more than 100 participants found that 98% of carers felt that Mirabel listened and understood their issues and 89% felt better able to cope with what they were facing. 100% of young people expressed a desire to continue with Mirabel's therapeutic intervention.



mirabelfoundation.org.au

Mirabel's mission is to break the destructive cycle of addiction and disadvantage. Mirabel achieves this through support programs for more than 1,800 children who have been orphaned or abandoned due to their parents' drug use.

Social Impact Report

raise

raise.org.au

Raise Foundation's vision is to create thriving communities where young people experience a confiding and trusted relationship with an adult who is skilled to support them. Raise provides best practice mentoring in secondary schools across Australia. This includes industry-leading mentor training to volunteers who connect with young people facing a wide range of adversities.

Funding: \$289,603

Over the last 12 years, Raise Foundation has trained and supervised over 4,800 mentors for more than 6,300 vulnerable young people.

During 2020, Raise recruited, screened and trained 901 new volunteers to become youth mentors and retained 420 experienced mentors. 930 young people at risk of disengagement and poor wellbeing from 74 secondary schools in five states engaged weekly with high quality mentors.

Funding from Future Generation Australia allowed Raise to deliver its mentoring program to 19 high-need secondary schools across the country. This resulted in 285 young people matched with a mentor who supported them to become more resilient, capable and connected.

Its most recent Evaluation Report demonstrated that Raise's mentoring programs have achieved statistically significant improvements in mentee's resilience, confidence, communication, coping skills, relationships, ability to finish school, ability to find work, hope for the future and the ability to ask for and accept help from trusted adults.

Funding: \$203,101

In 2020, Future Generation Australia's investment in the Dolly Parton Imagination Library continued to support young children's early literacy development and 'readiness to learn'.

The programs now reach children in over 100 communities in NSW, VIC, QLD, SA, WA and NT. 22,296 books were delivered each month to over 1,800 children under five years old who live in vulnerable communities, alongside literacy resources for parents and carers.

Due to the coronavirus pandemic, these books have been more important than ever in connecting with communities and families during periods of isolation. 2,000 educational activity packs were also delivered to children across NSW, VIC, NT and QLD, helping families with at-home learning and alleviating the financial pressure of educational resources.



unitedway.com.au

United Way Australia works collaboratively to improve early childhood outcomes and school to work transitions through its READ, LEARN, SUCCEED initiatives.

Social Impact Report



variety.org.au

Every day Variety strives to give children who have a disability, chronic illness, are facing financial hardship, geographic isolation or who need critical care, a chance. Whether it is through granting a new wheelchair, inviting them to a sports day or giving them a scholarship, each opportunity provides children facing challenges a chance to reach their full potential.

Funding: \$207,903

2020 saw Variety build upon the success of its disability awareness program. Just Like You is a series of free workshops delivered in schools by professional facilitators living with a disability and aims to build understanding, acceptance and inclusion of those living with a disability.

Just Like You continued to be in high demand and workshops were hosted in more than 60 schools in metropolitan and regional NSW and the ACT. Due to coronavirus restrictions, at times the program was delivered online allowing it to reach more children living in rural and remote areas.

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.

"The students were highly engaged throughout the workshop, sensitive issues that are sometimes swept under the carpet were addressed in a meaningful way. Connections were explored with my students' own lifestyle to those living with a disability." Teacher, Windale Public School, Newcastle, NSW.

Funding: \$294,035

During the year, Future Generation Australia's investment continued to support Youth Off the Street's Aboriginal Cultural Connections program.

The program provided tailored support for 34 young Aboriginal people involved with the juvenile justice system. In comparison to the national recidivism average of 60% for young Aboriginal offenders, only 24% of those supported by Youth Off the Streets reoffended.

Intensive, personalised and culturally appropriate support and mentoring was also provided to 18 young Aboriginal people facing homelessness, many exiting custody, to address the risk factors of reoffending and provide the stability to make better life choices. During the year, art and yarnning workshops and a violence prevention program were adapted and delivered online.

Youth Off The Streets partnered with Aboriginal organisations Giralang Guwal and Tribal Warrior to deliver three National Aborigines and Islanders Day Observance Committee (NAIDOC) events including two programs of traditional arts and dance workshops and a cultural tour of Sydney Harbour which was both an immersion in the Aboriginal history of the harbour and a welcome and healing experience for young people coming out of lockdown.

Youth Off The Streets also began consultations with five local Aboriginal organisations about expanding the reach of the Aboriginal Cultural Connections program to a wider group of young people.



youthoffthestreets.com.au

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

Directors' Report to Shareholders

For the year ended 31 December 2020

The Directors present their report together with the financial report of Future Generation Investment Company Limited (Future Generation Australia or the Company) for the year ended 31 December 2020.

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 \$15.3 million for the year ended 31 December 2020 (2019: \$25.5 million) and an operating profit after tax of \$14.4 million (2019: \$22.4 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 what was a volatile year for equity markets. Total comprehensive income for the year was \$33.5 million (2019: \$63.3 million) and reflects the solid investment portfolio performance and capital growth achieved on the investments with the underlying fund managers. Total comprehensive income is driven by the change in dollar value of the investment portfolio in each period. In 2019, the value of the investment portfolio, or the gross assets of the Company, increased by \$89.4 million* as the investment portfolio performance increased 20.7% for the year. The value of the investment portfolio increased by \$47.9 million* in the year ended 31 December 2020 as the investment portfolio performance increased 10.0%.

The pre-tax NTA for each share as at 31 December 2020 was \$1.32 (2019: \$1.27). The post-tax NTA was \$1.27 per share (2019: \$1.24). These figures are after the 5.2 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's Letter on pages 6 to 9 of this report and in the Investment Committee Report on pages 10 to 11 of this report.

Financial position

The net asset value of the Company as at 31 December 2020 was \$509.5 million (2019: \$494.6 million).

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

*Representing total income and other comprehensive income, before tax.

Directors' Report to Shareholders

For the year ended 31 December 2020

Dividends

Dividends paid or declared are as follows:

\$'000

Fully franked 2020 interim dividend of 2.6 cents per share paid on 30 October 2020	10,385
Fully franked 2019 final dividend of 2.6 cents per share paid on 28 April 2020	10,354

Since the end of the year, the Company declared a fully franked final dividend of 2.6 cents per share to be paid on 26 April 2021. Since inception, the Company has paid 24.7 cents per share in fully franked dividends to shareholders.

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
Stephanie Lai	Non-Executive Director
David Leeton	Non-Executive Director
David Paradise AO	Non-Executive Director
Gabriel Radzynski	Non-Executive Director
Kate Thorley	Non-Executive Director
Geoff Wilson AO	Non-Executive Director

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 2020

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 Foundation. 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 has over 20 years' experience as a Chartered Accountant and is a former partner of Deloitte and KPMG. Stephanie has significant experience providing due diligence and advisory services, including forecast reviews, to listed entities, sovereign wealth funds, wealth managers and private equity. Stephanie has advised on numerous transactions (acquisitions/divestments, debt/equity raisings and IPOs), across a range of industries (infrastructure, property, banking, insurance, wealth management, retail and transport) and markets (Australia, UK, Europe, Asia and the US).

Stephanie is currently a non-executive director and Chair of the Audit Committee of Superloop Limited and a non-executive director and Chair of the Audit, Risk and Compliance Committee of the HomeCo Daily Needs REIT. Stephanie was previously a non-executive director and Chair of the Audit and Risk Committee of SHINE for Kids (a not-for-profit) between 2013 and 2017 and also founded an online retail business, which she grew and successfully divested in 2016. 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

Stephanie Lai is currently a Director of Superloop and HomeCo Daily Needs REIT.

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

Chair 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 2020

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 a co-founder of Victor Smorgon Partners, a co-investment business branch of VSG and 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

Member 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 50 people and with approximately \$16.7 billion funds under management.

David sits on the investment committee of the GO Foundation, which provides scholarships to Indigenous students. He is currently the Chairman of the Taronga Foundation. 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.

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 2020

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

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 21 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 2020

Geoff Wilson AO (Founder and Non-Executive Director)

Experience and expertise

Geoff Wilson has over 41 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) 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), Hearts and Minds Investments Limited (appointed September 2018), WAM Alternative Assets Limited (appointed September 2020), Incubator Capital Limited (appointed February 2000), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation and the 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 and 8IP Emerging Companies Limited in September 2020.

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 2020

Chief Executive Officer

Louise Walsh

Louise Walsh is the Chief Executive Officer of the Future Generation companies (Future Generation Australia and Future Generation Australia Global) 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). On 22 January 2021, the Company announced that Louise has decided to step down as CEO of Future Generation Australia and Future Generation Global in April 2021. We thank and congratulate Louise for her outstanding contributions to both companies.

Company Secretary

Mark Licciardo

Mark Licciardo is the founder and Managing Director of Mertons Corporate Services. A former Company Secretary of 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 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).

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 24 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 Radzynski

Gabriel Radzynski is also a Director. Please refer to page 23 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 2020

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 Social Impact Manager) 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 2020, no Directors' fees were paid by the Company (2019: 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. The term of the contract expired in March 2020 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.

During the year ended 31 December 2020, the Company paid LW Consulting Pty Limited a total of \$100,000 (plus GST) for services provided (2019: \$100,000 (plus GST)). This payment is exclusive of \$20,000 (plus GST) in performance based remuneration paid during the year (2019: \$20,000 plus GST).

The following table reflects the Company's performance and Executive remuneration over five years:

	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016*	30 June 2016
Operating profit after tax (\$'000)	14,350	22,432	23,221	22,250	2,014	14,624
Dividends paid (cents per share)	5.2	4.7	4.5	4.3	2.0	4.0
NTA after tax (\$ per share)	1.27	1.24	1.13	1.21	1.14	1.15
Total Directors' remuneration (\$'000)	-	-	-	-	-	-
Total Executive remuneration (\$'000) (excluding GST)	120	120	100	100	50	100
Shareholders equity (\$'000)	509,530	494,626	447,769	423,933	397,372	263,542

*Refers to the transitional accounting period 1 July 2016 to 31 December 2016.

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, Paradise Large Cap Fund and the Paradise Long Short Australian Equities 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 2020

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 2019	Acquisitions	Disposals	Balance at 31 December 2020	As at the date of this report
Jonathan Trollip	194,529	-	-	194,529	194,529
Caroline Gurney	-	-	-	-	-
Stephanie Lai	42,555	-	-	42,555	42,555
David Leeton	309,364	-	-	309,364	309,364
David Paradise AO	1,000,000	-	-	1,000,000	1,000,000
Gabriel Radzynski	42,350	2,155	-	44,505	44,505
Kate Thorley	118,599	16,152	-	134,751	134,751
Geoff Wilson AO	8,318,782	387,520	-	8,706,302	8,706,302
Louise Walsh	14,297	1,749	-	16,046	16,046

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 (Chairman)	4	4
Caroline Gurney	4	4
Stephanie Lai	4	4
David Leeton	4	3
David Paradise AO	4	3
Gabriel Radzynski	4	4
Kate Thorley	4	4
Geoff Wilson AO	4	4

Audit and Risk Committee Meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2020 Corporate Governance Statement available on the Company's website at futuregeninvest.com.au.

Director	No. eligible to attend	Attended
Stephanie Lai (Chair)	5	5
David Leeton	5	4
Kate Thorley	5	5

Directors' Report to Shareholders

For the year ended 31 December 2020

Investment Committee Meetings

Investment Committee Member	No. eligible to attend as a member	Attended
Geoff Wilson AO (Chairman)	5	5
John Coombe	5	5
Matthew Kidman	5	4
Gabriel Radzynski	5	5
David Smythe	5	4
Bruce Tomlinson	5	4

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 26 April 2021.

On 22 January 2021, the Company announced that Louise Walsh has decided to step down as CEO of the Company in April 2021. Kate Thorley, CEO of Wilson Asset Management and Company Director, will assume the role of Acting Chief Executive Officer until a permanent CEO is appointed.

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 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.

Directors' Report to Shareholders

For the year ended 31 December 2020

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 auditory 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.

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 thousand dollars, or in certain cases, the nearest dollar, unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended to 31 December 2020 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 30 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 25th day of February 2021

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 of Future Generation Investment Company Limited for the year ended 31 December 2020, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S S Wallace
Partner

Pitcher Partners
Sydney

25 February 2021

Statement of Comprehensive Income

For the year ended 31 December 2020

	NOTE	2020 \$'000	2019 \$'000
Investment income from ordinary activities			
Distributions received		15,159	25,360
Investment management and performance fee rebates	3	5,103	4,785
Interest income		324	821
		20,586	30,966
Expenses			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Charity investment accrual	5	(4,812)	(4,899)
Share registry transaction costs		(98)	(86)
Executive remuneration	20(a)	(132)	(132)
Other expenses		(136)	(203)
Audit fees	7	(54)	(38)
ASIC industry funding levy		(54)	(35)
ASX CHESS fees		(30)	(27)
Tax fees	7	(3)	(7)
Profit before income tax		15,267	25,539
Income tax expense	4(a)	(917)	(3,107)
Profit after income tax for the year attributable to members		14,350	22,432
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Net unrealised and realised gains on investments taken to equity, net of tax		19,114	40,916
Other comprehensive income for the year, net of tax		19,114	40,916
Total comprehensive income for the year		33,464	63,348
Basic and diluted earnings per share	16	3.59 cents	5.65 cents

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2020

	NOTE	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	40,651	43,284
Trade and other receivables	8	11,647	3,872
Current tax assets	4(c)	517	-
Other current assets		47	-
Total current assets		52,862	47,156
Non-current assets			
Financial assets at fair value through other comprehensive income	9	480,246	461,917
Deferred tax assets	4(b)	1,261	1,521
Intangible assets		-	2
Total non-current assets		481,507	463,440
Total assets		534,369	510,596
Liabilities			
Current liabilities			
Trade and other payables	10	89	113
Charity investment accrual	5	2,525	2,545
Current tax liabilities	4(c)	-	623
Total current liabilities		2,614	3,281
Non-current liabilities			
Deferred tax liabilities	4(d)	22,225	12,689
Total non-current liabilities		22,225	12,689
Total liabilities		24,839	15,970
Net assets		509,530	494,626
Equity			
Issued capital	11	441,378	439,199
Investment reserves	12(a)	43,485	24,371
Profits reserve	12(a)	28,448	34,837
Accumulated losses	12(b)	(3,781)	(3,781)
Total equity		509,530	494,626

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	NOTE	ISSUED CAPITAL \$'000	INVESTMENT RESERVES \$'000	PROFITS RESERVE \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 1 January 2019		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	12(b)	-	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
Net profit for the period		-	-	-	14,350	14,350
Transfer to profits reserve	12(a)	-	-	14,350	(14,350)	-
Other comprehensive income, net of tax	12(b)	-	19,114	-	-	19,114
Transactions with owners:						
Shares issued via Dividend Reinvestment Plan	11(b)	2,179	-	-	-	2,179
Dividends paid	6(a)	-	-	(20,739)	-	(20,739)
Balance at 31 December 2020		441,378	43,485	28,448	(3,781)	509,530

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2020

	NOTE	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Interest received		461	723
Rebate income received		144	96
Charity investment		(4,830)	(4,595)
Income tax paid		(517)	(1,667)
Payments for other expenses		(577)	(416)
Net cash used in operating activities	14	(5,319)	(5,859)
Cash flows from investing activities			
Proceeds from sale of financial assets		21,246	35,834
Payments for financial assets		-	(17,408)
Net cash provided by investing activities		21,246	18,426
Cash flows from financing activities			
Dividends paid to the Company's shareholders, (net of Dividend Reinvestment Plan)		(18,560)	(16,537)
Cost of raising capital (gross of tax)		-	(11)
Net cash used in financing activities		(18,560)	(16,548)
Net decrease in cash and cash equivalents		(2,633)	(3,981)
Cash and cash equivalents at the beginning of the period		43,284	47,265
Cash and cash equivalents at the end of the period	13	40,651	43,284
Non-cash investing and financing activities			
Distributions and rebate income reinvested	15	20,610	28,338
Shares issued via Dividend Reinvestment Plan	15	2,179	2,170

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2020

1. General information

Future Generation Investment Company Limited (Future Generation Australia 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 2020.

The financial report was authorised for issue on 25 February 2021 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 2020 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 2020

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 2020, there are no expected credit losses recognised (31 December 2019: 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 2020

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.

(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 2020.

(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 2020

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 2020.

(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 2020, the investment portfolio was invested with 18 fund managers in 22 unlisted unit trusts.

Where available, the Company has invested in unit classes that have zero management and performance fees. The unit trusts with a zero fee unit class are the Bennelong Long Short Australian Equity Fund, The Level 18 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 2020 was \$2.4 million (2019: \$1.8 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 \$5.1 million for the year ended 31 December 2020 (2019: \$4.8 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 \$1.1 million (2019: \$0.9 million).

Notes to the Financial Statements

For the year ended 31 December 2020

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:

	2020 \$'000	2019 \$'000
Prima facie tax on profit before income tax at 30% (2019: 30%)	4,580	7,662
Imputation credit gross up	953	1,460
Franking credits on distribution income received	(3,178)	(4,865)
Foreign tax credit gross up	23	25
Foreign tax credits on distribution income received	(75)	(84)
Other non-assessable income	(64)	(191)
Over provision in prior year	(1,322)	(1,609)
Capital gains component from distribution income	-	709
Income tax expense	917	3,107
Effective tax rate	6.0%	12.2%

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:

	2020 \$'000	2019 \$'000
Current tax liability	895	3,005
Deferred tax liability	(44)	149
Deferred tax asset	66	(47)
Total income tax expense	917	3,107

(b) Deferred tax assets

	2020 \$'000	2019 \$'000
Capitalised share issue costs	104	167
Provisions	767	770
Net realised losses on the investment portfolio	390	584
At reporting date	1,261	1,521

Movement in deferred tax assets:

	2020 \$'000	2019 \$'000
Balance at the beginning of the period	1,521	7,847
Charged to profit or loss	(66)	47
Utilisation of carried forward tax losses	(194)	584
Transfer to deferred tax liabilities	-	(6,957)
At reporting date	1,261	1,521

Notes to the Financial Statements

For the year ended 31 December 2020

4. Income tax (continued)

(c) Current tax (assets)/liabilities

Movement in current tax (assets)/liabilities:

	2020 \$'000	2019 \$'000
Balance at the beginning of the period	623	262
Current year income tax expense on operating profit	895	3,005
Income tax paid	(517)	(1,667)
Income tax benefit on realised losses on investments	(1,324)	(977)
Utilisation of carried forward tax losses	(194)	-
At reporting date	(517)	623

(d) Deferred tax liabilities

	2020 \$'000	2019 \$'000
Income provisions	95	149
Net unrealised gains on revaluation of investment portfolio	22,130	12,540
At reporting date	22,225	12,689

Movement in deferred tax liabilities:

	2020 \$'000	2019 \$'000
Balance at the beginning of the period	12,689	-
Charged to profit or loss	(44)	149
Charged to other comprehensive income	8,256	5,583
Credited to equity	1,324	-
Transfer from deferred tax assets	-	6,957
At reporting date	22,225	12,689

5. Charity investment

In line with its stated objectives, the Company invests a percentage of its assets to support 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 Social Impact Report on page 12 of this report.

For the 12 months ended 31 December 2020, the amount recognised in the Statement of Comprehensive Income was \$4.8 million (2019: \$4.9 million).

The Company paid its sixth annual investment of \$4.8 million in October 2020. 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 2020, the six-month accrued commitment is \$2.5 million (2019: \$2.5 million).

Notes to the Financial Statements

For the year ended 31 December 2020

6. Dividends

a) Ordinary dividends paid during the year

	2020 \$'000	2019 \$'000
2019 Final dividend: 2.6 cents per share fully franked paid 28 April 2020 (2018 Final dividend: 2.3 cents per share fully franked paid 26 April 2019)	10,354	9,118
2020 Interim dividend: 2.6 cents per share fully franked paid 30 October 2020 (2019 Interim dividend: 2.4 cents per share fully franked paid 25 October 2019)	10,385	9,535
	20,739	18,653

b) Dividends not recognised at year end

	2020 \$'000	2019 \$'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.	10,409	10,354

c) Dividend franking account

	2020 \$'000	2019 \$'000
Opening balance of franking account	10,441	11,653
Franking credits on distributions received	3,634	5,114
Tax paid during the year	517	1,667
Franking credits on dividends paid	(8,888)	(7,993)
Closing balance of franking account	5,704	10,441
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 6(b)	(4,461)	(4,438)
Adjusted franking account balance	1,243	6,003

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 2020

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:

	2020 \$'000	2019 \$'000
Audit and review of the financial report	41	41
Other assurance services:		
Taxation services	3	6
Total remuneration for audit and other assurance services	44	47

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. Trade and other receivables

	2020 \$'000	2019 \$'000
Unsettled redemption funds	8,404	-
Distribution income receivable	1,244	2,297
Rebate income receivable	1,965	1,406
Interest income receivable	32	167
GST receivable	2	2
Total trade and other receivables	11,647	3,872

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. Financial assets at fair value through other comprehensive income

	2020 \$'000	2019 \$'000
Financial assets at fair value through other comprehensive income	480,246	461,917

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

	2020 \$'000	2019 \$'000
Trade and other payables	89	113

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 2020

11. Issued capital

(a) Paid-up capital

	2020 \$'000	2019 \$'000
400,343,988 ordinary shares fully paid (2019: 398,238,435)	441,378	439,199

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. 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

	2020 \$'000	2019 \$'000
Balance at the beginning of the period	439,199	437,037
1,183,082 shares issued on 28 April 2020 under a Dividend Reinvestment Plan	1,092	-
922,471 shares issued on 30 October 2020 under a Dividend Reinvestment Plan	1,087	-
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
Cost of raising capital (net of tax)	-	(7)
At reporting date	441,378	439,199

(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.

12. Reserves

(a) Reserves

	2020 \$'000	2019 \$'000
Reserves		
Investment portfolio revaluation reserve	48,438	25,545
Investment portfolio realised losses reserve	(4,953)	(1,174)
Profits reserve	28,448	34,837

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.

During the year, the Investment Committee of the Company made the decision, as part of their ongoing monitoring of the investment portfolio, to redeem from a number of the underlying investments with the pro bono fund managers. The fair value of the investments redeemed during the 12 month period was \$52.5 million (2019: \$35.8 million). The cumulative loss after tax on the redemptions was \$3.8 million (2019: \$3.0 million), which has been transferred from the investment portfolio revaluation reserve to the investment portfolio realised losses reserve.

Notes to the Financial Statements

For the year ended 31 December 2020

12. Reserves (continued)

(a) Reserves (continued)

Movements:

	2020 \$'000	2019 \$'000
Investment portfolio revaluation reserve		
Opening balance	25,545	(18,416)
Net unrealised and realised gains – net of tax	19,114	40,916
Transfer to the investment portfolio realised losses reserve	3,779	3,045
At reporting date	48,438	25,545
Investment portfolio realised losses reserve		
Opening balance	(1,174)	1,871
Transfer from investment portfolio revaluation reserve	(3,779)	(3,045)
At reporting date	(4,953)	(1,174)
Profits reserve		
Opening balance	34,837	31,058
Transfer of profits during the year	14,350	22,432
Final dividend paid (refer Note 6a)	(10,354)	(9,118)
Interim dividend paid (refer Note 6a)	(10,385)	(9,535)
At reporting date	28,448	34,837

(b) Accumulated losses

	2020 \$'000	2019 \$'000
Opening balance	(3,781)	(3,781)
Net profit for the year	14,350	22,432
Transfer to profits reserve	(14,350)	(22,432)
At reporting date	(3,781)	(3,781)

Notes to the Financial Statements

For the year ended 31 December 2020

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:

	2020 \$'000	2019 \$'000
Cash at call	15,651	8,284
Term deposit	25,000	35,000
At reporting date	40,651	43,284

The weighted average interest rate for cash and term deposits as at 31 December 2020 is 0.32% (2019: 1.59%). The term deposit has a maturity of 3 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 used in operating activities

	2020 \$'000	2019 \$'000
Profit after tax for the year	14,350	22,432
Amortisation of intangible assets	2	-
Management and performance fee rebate income reinvested	(4,398)	(3,958)
Distribution income reinvested	(16,212)	(24,380)
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	630	(1,704)
(Increase)/decrease in other current assets	(47)	27
Decrease/(increase) in deferred tax assets	66	(47)
(Decrease)/increase in trade, other payables and accruals	(44)	279
Increase in current tax liabilities	378	1,343
(Decrease)/increase in deferred tax liabilities	(44)	149
Net cash used in operating activities	(5,319)	(5,859)

15. Non-cash investing and financing activities

	2020 \$'000	2019 \$'000
Distribution income reinvested	16,212	24,380
Rebate income reinvested	4,398	3,958
Shares issued via Dividend Reinvestment Plan	2,179	2,170
Total non-cash investing and financing activities	22,789	30,508

Notes to the Financial Statements

For the year ended 31 December 2020

16. Earnings per share

	2020 \$'000	2019 \$'000
Profit after income tax used in the calculation of basic and diluted earnings per share.	14,350	22,432

(a) Basic and diluted earnings per share

	Cents	Cents
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company.	3.59	5.65

(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.	399,193	397,154

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 2020

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%:

	2020 \$'000	2019 \$'000
Impact on other components of equity		
Change in variable +/- 5% (2019: +/- 5%)	16,808	16,167
Change in variable +/- 10% (2019: +/- 10%)	33,618	32,334

(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.

	Interest bearing \$'000	Non-interesting bearing \$'000	Total \$'000
31 December 2020			
Financial Assets			
Cash and cash equivalents	40,651	-	40,651
Trade and other receivables	-	11,647	11,647
Financial assets held at fair value through other comprehensive income	-	480,246	480,246
Total financial assets	40,651	491,893	532,544
Financial Liabilities			
Trade and other payables	-	89	89
Total financial liabilities	-	89	89
Net exposure	40,651	491,804	532,455

Notes to the Financial Statements

For the year ended 31 December 2020

17. Financial risk management (continued)

(a) Market risk (continued)

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

31 December 2019	Interest bearing \$'000	Non-interesting bearing \$'000	Total \$'000
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

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 2020, 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 \$284,900 higher/\$284,900 lower (2019 changes of 100bps: \$303,100 higher/\$303,100 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 2020

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
2020			
Non-derivatives			
Trade and other payables	-	89	89
Total non-derivatives	-	89	89
	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

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 2020

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 2020.

31 December 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTOCI	-	480,246	-	480,246
31 December 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTOCI	-	461,917	-	461,917

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.

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 2020 are:

Jonathan Trollip	Chairman
Caroline Gurney	Non-Executive Director
Stephanie Lai	Non-Executive Director
David Leeton	Non-Executive Director
David Paradise AO	Non-Executive Director
Gabriel Radzynski	Non-Executive Director
Kate Thorley	Non-Executive Director
Geoff Wilson AO	Non-Executive Director
Louise Walsh	Chief Executive Officer

Notes to the Financial Statements

For the year ended 31 December 2020

20. Key management personnel compensation (continued)

a) Remuneration

The Chairman and the Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 31 December 2020, no Directors' fees were paid by the Company (2019: 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 2020, the Company paid LW Consulting Pty Limited a total of \$100,000 (plus GST) for services provided (2019: \$100,000 (plus GST)). This payment is exclusive of \$20,000 (plus GST) in performance based remuneration paid during the year (2019: \$20,000).

b) Shareholdings

As at 31 December 2020, the Company's Directors and key management personnel and their related parties held the following interests in the Company:

2020

Directors and Key Management	Balance at 31 December 2019	Acquisitions	Disposals	Balance at 31 December 2020
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	42,350	2,155	-	44,505
Kate Thorley	118,599	16,152	-	134,751
Geoff Wilson AO	8,318,782	387,520	-	8,706,302
Louise Walsh	14,297	1,749	-	16,046

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.

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 2020, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

Notes to the Financial Statements

For the year ended 31 December 2020

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, Paradise Large Cap Fund and the Paradise Long Short Australian Equities 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 2020 (2019: nil).

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 2020, the accrued commitment is \$2.5 million (2019: \$2.5 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 26 April 2021.

On 22 January 2021, the Company announced that Louise Walsh has decided to step down as CEO of the Company in April 2021. Kate Thorley, CEO of Wilson Asset Management and Company Director, will assume the role of Acting Chief Executive Officer until a permanent CEO is appointed.

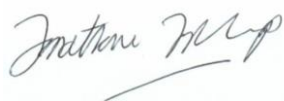
No other matters or circumstances have arisen since year end which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Directors' Declaration

The Directors of Future Generation Investment Company Limited declare that:

1. The financial report as set out in pages 31 to 52 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report', as set out on pages 26 to 27 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 2020 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 25th day of February 2021

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

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**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 2020, 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 2020 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	
<p>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.</p> <p>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.</p> <p>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).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the investment management processes and controls; ▪ Reviewing and evaluating the independent audit report 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 for the periods to which the audit report relates to and obtained a bridging letter and confirmation; ▪ 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: <ul style="list-style-type: none"> ○ 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 of the fund was unmodified; ▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

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

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 2020, 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.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- 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

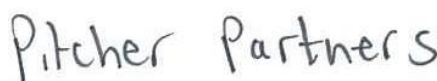
We have audited the Remuneration Report included at pages 26 to 27 of the Directors' Report for the year ended 31 December 2020. In our opinion, the Remuneration Report of Future Generation Investment Company Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations 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



Pitcher Partners
Sydney

25 February 2021

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 2021)

1607 Capital Partners LLC are currently substantial shareholders in Future Generation Investment Company Limited, holding 5.03% voting power as at 31 January 2021.

Distribution of shareholders (as at 31 January 2021)

Category	Number of shareholders	Percentage of issued capital held
1 - 1,000	1,117	0.1%
1,001 - 5,000	1,420	1.1%
5,001 - 10,000	1,161	2.3%
10,001 - 100,000	4,010	34.1%
100,001 and over	533	62.4%
	8,241	100.0%

The number of shareholdings held in less than marketable parcels is 496.

Twenty largest shareholders – Ordinary shares (as at 31 January 2021)

Name	Number of ordinary shares held	Percentage of issued capital held
HSBC Custody Nominees (Australia) Limited	43,522,750	10.9%
HSBC Custody Nominees (Australia) Limited – A/C 2	16,135,967	4.0%
Entities associated with Mr Geoff Wilson AO	8,706,302	2.2%
Ian Potter Foundation Limited	6,400,000	1.6%
Netwealth Investments Limited – Wrap Services	6,072,520	1.5%
Snow Foundation Limited	6,060,900	1.5%
Clurname Pty Limited	5,714,617	1.4%
J P Morgan Nominees Australia	4,572,681	1.1%
BNP Paribas Nominees Pty Limited	3,195,497	0.8%
JM & CB Millett Super Fund A/C	2,737,224	0.7%
Bond Street Custodians Limited	2,218,104	0.6%
Charanda Nominee Company	2,150,000	0.5%
Netwealth Investments Limited - Super Services	1,966,236	0.5%
Ruapehu Holdings Pty Limited	1,831,817	0.5%
Navigator Australia Limited	1,552,606	0.4%
Victor Smorgon Institute at Epworth Pty Limited	1,545,456	0.4%
The Anthony Super Fund A/C	1,503,065	0.4%
Bond Street Custodians	1,407,092	0.4%
Cairns Family Super Fund A/C	1,400,000	0.3%
Melbourne Business School	1,300,000	0.3%
	119,992,834	30.0%

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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