

Appendix 4E

Annual Report

for the year ended 31 December 2021

Results for announcement to the market

All comparisons to the year ended 31 December 2020

Future Generation
Investment Company Limited
ABN 97 063 935 553

	UP/DOWN	% MVMT	\$'000
Revenue from ordinary activities	up	142.6%	116,166
Profit from ordinary activities before tax	up	157.6%	109,674
Net profit from ordinary activities after tax	up	138.7%	79,879

The comparative figures for the year ended 31 December 2020 have been restated as a result of a change in accounting policy. Please refer to Note 2(g) in the Financial Report for further information on the change in accounting policy and restatement of the prior period.

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2021 final dividend cents per share	3.0	3.0	30%
2021 interim dividend cents per share	3.0	3.0	30%

Dividend dates

Ex-dividend date	13 April 2022
Record date	14 April 2022
Last election date for DRP	20 April 2022
Payment date	29 April 2022

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the recommended fully franked final dividend of 3.0 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 2021 fully franked final dividend.

Net Tangible Assets (NTA)*	31 DEC 2021	31 DEC 2020
NTA (before tax) per share	\$1.52	\$1.32
NTA (after tax) per share	\$1.41	\$1.27

*After the payment of 5.6 cents per share in fully franked dividends to shareholders in FY2021 (FY2020: 5.2 cents per share).

Future Generation Australia

INVESTMENT & SOCIAL RETURNS

Annual Report



FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Chair

Jonathan Trollip

Directors

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

Joint Company Secretaries

Jesse Hamilton
Mark Licciardo

Investment Committee

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

Chief Executive Officer

Caroline Gurney

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

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

Contact Details

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Sydney NSW 2001

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Share Registry

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

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

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

Australian Securities Exchange

Future Generation Investment
Company Ordinary Shares (FGX)

Future Generation Investment
Company Options (FGXO)

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



Key Highlights FY2021

Investment portfolio performance

+22.1%

Total shareholder return

+17.2%

Fully franked full year dividend

6.0cps

Savings on management fees, performance fees & services forgone

\$14.2m

2021 investment in Australian charities with a focus on children and youth at risk

\$5.3m

Summary of FY2021 results

For the year ended 31 December 2021 the investment portfolio increased 22.1%¹, outperforming the S&P/ASX All Ordinaries Accumulation Index by 4.4%¹ during a volatile period for equity markets and the global economy. The total shareholder return for the 12 months to 31 December 2021 was 17.2% driven by the solid investment portfolio performance, slightly offset by the increase in the share price discount to net tangible assets (NTA).

Since inception, the investment portfolio has increased 11.2% per annum, outperforming the Index by 2.4% per annum. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 11.2% versus the Index's 14.0%.

On 3 February 2022, the Board was pleased to declare a fully franked final dividend of 3.0 cents per share, bringing the fully franked full year dividend to 6.0 cents per share, an increase of 15.4% on the previous year. Since inception, after including the payment of the fully franked final dividend payable on 29 April 2022, the Company will have paid 33.3 cents per share in fully franked dividends to shareholders. The fully franked full year dividend provides shareholders with a fully franked dividend yield of 4.3%² and a grossed-up dividend yield of 6.1%[#].

The Company reported an operating profit before tax of \$109.7 million for the year ended 31 December 2021 (2020 restated: \$42.6 million) and an operating profit after tax of \$79.9 million (2020 restated: \$33.5 million). The operating profit for the period reflects the solid investment portfolio performance of the underlying pro bono fund managers during the year.

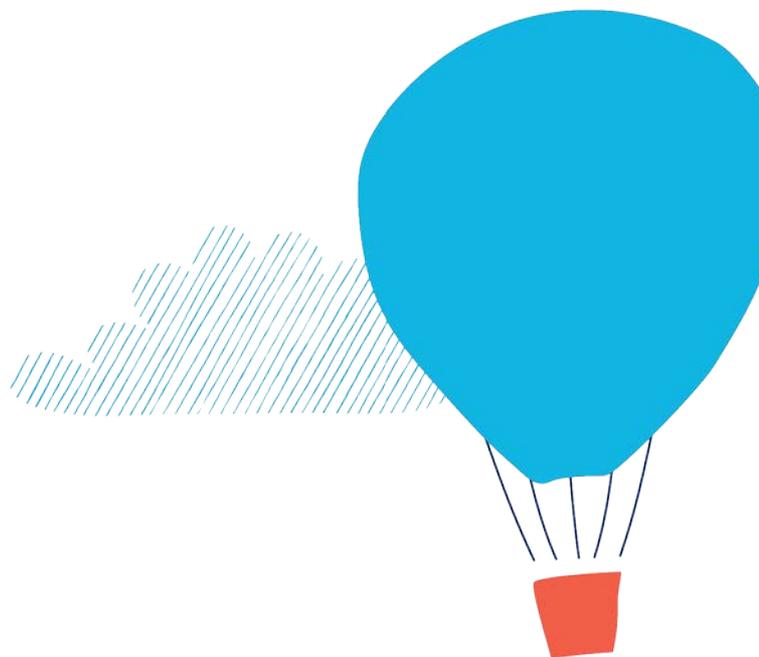
Snapshot as at 31 December 2021

ASX code	FGX
Listing date	Sept 2014
Gross assets	\$615.8m
Market capitalisation	\$566.1m
Share price	\$1.405
Shares on issue	402,917,212
FGXO price	\$0.017
Options on issue	400,244,585
Net tangible assets (pre-tax)	\$1.52
Net tangible assets (post-tax)	\$1.41
Management fees	0.0%
Performance fees	0.0%
Annual social investment (% of net assets)	1.0%
FY2021 Fully franked full year dividend	6.0 cents
FY2021 Fully franked dividend yield²	4.3%
FY2021 Fully franked grossed up dividend yield[#]	6.1%

¹Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

²Based on the 31 December 2021 closing share price of \$1.405.

[#]Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.



Contents

Chair & Chief Executive Officer's Letter	6
Investment Committee Report	12
Social Impact Report	15
Directors' Report to Shareholders	22
Auditor's Independence Declaration	34
Statement of Comprehensive Income	35
Statement of Financial Position	36
Statement of Changes in Equity	37
Statement of Cash Flows	38
Notes to the Financial Statements	39
Directors' Declaration	57
Independent Auditor's Report	58
ASX Additional Information	62

Chair & Chief Executive Officer's Letter

Jonathan Trollip
Chair



Caroline Gurney
Chief Executive Officer



Dear Fellow Shareholders

We were pleased in November 2021 to deliver our seventh annual social investment of \$5.3 million in charities focusing on children and youth at risk and to provide our shareholders with an increased fully franked full year dividend of 6.0 cents per share. This was made possible by the incredible generosity and support of our leading pro bono fund managers and service providers.

On behalf of the Board, we 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 2021 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.

On 3 February 2022, the Board was pleased to announce a fully franked final dividend of 3.0 cents per share, bringing the fully franked full year dividend to 6.0 cents per share, an increase of 15.4% on the previous year. Since inception in 2014, after including the payment of the fully franked final dividend payable on 29 April 2022, the Company will have paid 33.3 cents per share in fully franked dividends to shareholders. The fully franked full year dividend provides shareholders with a fully franked dividend yield of 4.3%^{**} and a grossed-up dividend yield of 6.1%[#].

The total shareholder return (TSR) for the Company for the 12 months to 31 December 2021 was 17.2%. At the end of the period, the Company's profits reserve was 32.1 cents per share. This forms part of the net tangible assets (NTA) of the Company.

For the year ended 31 December 2021 the investment portfolio increased by 22.1%^{*} outperforming the S&P/ASX All Ordinaries Accumulation Index by 4.4%^{*}. Since inception, the investment portfolio has increased 11.2% per annum, outperforming the Index by 2.4% per annum. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 11.2% versus the Index's 14.0%.

In 2021, the Company achieved an operating profit before tax of \$109.7 million (2020 restated: \$42.6 million) and an operating profit after tax of \$79.9 million (2020 restated: \$33.5 million). The operating profit for the period reflects the solid investment portfolio performance of the underlying pro bono fund managers during the year.

\$109.7m

**2021 operating profit
before tax**

+22.1%*

**Investment
portfolio performance**

+17.2%

Total shareholder return

**6.0
cps**

**FY2021 fully franked full
year dividend**

^{*}Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

^{**}Based on the 31 December 2021 closing share price of \$1.405.

[#]Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

Chair & Chief Executive Officer's Letter

An exciting new chapter

Caroline Gurney commenced in the role of Chief Executive Officer (CEO) in September 2021, stepping down as a Director of the Company into the CEO role to lead Future Generation Australia in an exciting new phase of growth, continuing to focus on promoting the unique investment model of dual investment and social returns.

In April 2021, Louise Walsh stepped down as CEO after almost six-years' of service to the Company. We thank Louise for her exceptional service and contribution to the Company.

In March 2021, Jesse Hamilton was appointed Joint Company Secretary of the Company. As the Chief Financial Officer of Wilson Asset Management, Jesse oversees the finance, accounting and company secretary responsibilities for the listed investment companies (LICs) managed by Wilson Asset Management, in addition to Future Generation Australia and Future Generation Global.

Wilson Asset Management (International) Pty Limited (Wilson Asset Management) is the lead supporter of Future Generation Australia and has been providing financial and operational support since the inception of Future Generation Australia in 2014. Wilson Asset Management looks forward to continuing its support for Future Generation Australia and the service agreement entered into between Wilson Asset Management and Future Generation Australia during the year reflects the enduring relationship between the parties.

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 change for shareholders from share price changes 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.

1. Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. The S&P/ASX All Ordinaries Accumulation Index is also measured before expenses, fees and taxes. For the year ended 31 December 2021, the investment portfolio increased 22.1%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 4.4%. Since inception the investment portfolio has increased 11.2% per annum, outperforming the Index by 2.4% per annum. Future Generation Australia's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 11.2% versus the Index's 14.0%.

Investment portfolio
performance

+22.1%

Performance at 31 December 2021	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)	Volatility (% standard deviation)
Future Generation Australia Investment Portfolio	22.1%	17.5%	12.3%	11.2%	11.2%
S&P/ASX All Ordinaries Accumulation Index	17.7%	14.8%	10.4%	8.8%	14.0%

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Chair & Chief Executive Officer's Letter

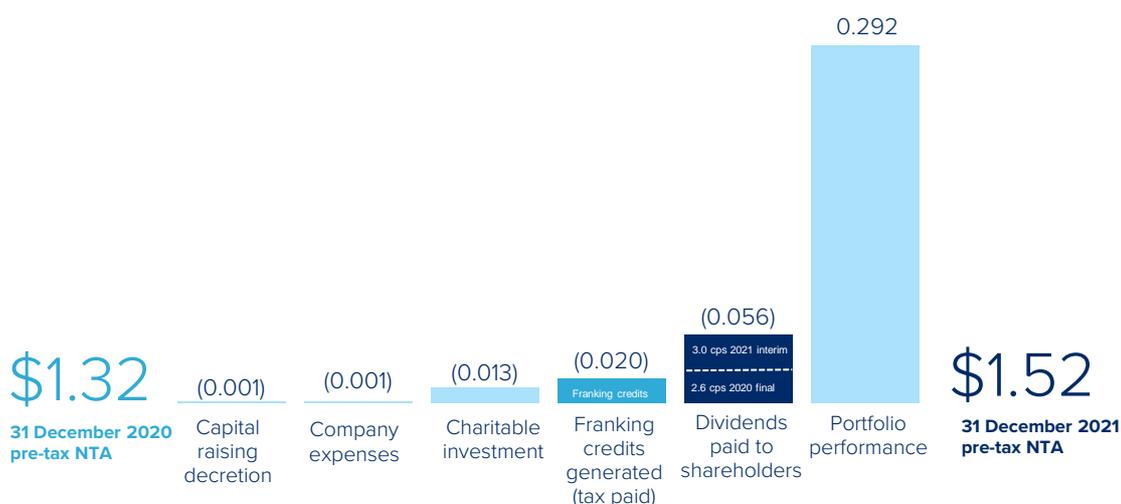
2. NTA growth

NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced to the ASX each month.

Future Generation Australia's pre-tax NTA increased 19.4% for the 12 months to 31 December 2021, including the 5.6 cents per share of fully franked dividends paid to shareholders during the year. This increase is after corporate tax paid of 2.0 cents per share or 1.5% during the year. Corporate tax payments made throughout the period and the charitable investment of 1.0% were the major items of difference between the investment portfolio performance of 22.1%^{*} and the NTA performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of assets during the year were the company related expenses of 0.1% and capital raising decrement of 0.1%.

Pre-tax NTA
growth
+19.4%

Future Generation Australia pre-tax NTA performance



3. Total shareholder return (TSR)

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends. This measure shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming their reinvestment. The TSR for the Company for the year to 31 December 2021 was 17.2% and reflected the solid investment portfolio performance during a highly volatile period for equity markets, slightly offset by the increase in the share price discount to NTA. As at 31 December 2021, the share price discount to NTA was 7.6% (2020: discount of 5.5%). This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

TSR
+17.2%

^{*}Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Chair & Chief Executive Officer's Letter

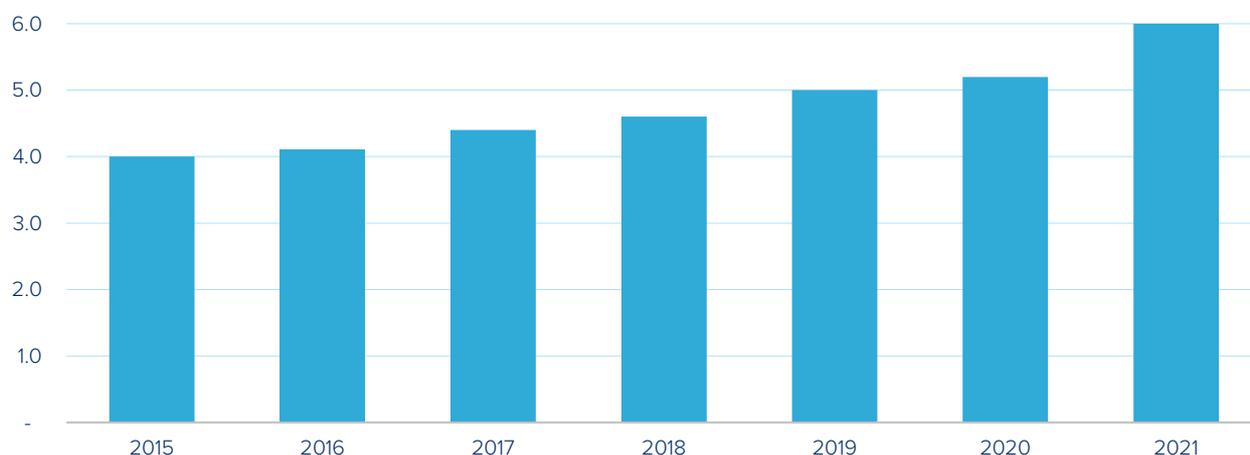
Dividends

On 3 February 2022 the Board was pleased to announce a fully franked final dividend of 3.0 cents per share, bringing the fully franked full year dividend to 6.0 cents per share, a 15.4% increase on the prior year. The dividend will be paid on 29 April 2022 and the Company will trade ex-dividend on 13 April 2022. The Board is committed to providing a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves, franking credits and it is within prudent business practices.

Since inception in 2014, after taking into account the fully franked final dividend payable on 29 April 2022, the Company will have paid 33.3 cents per share in fully franked dividends to shareholders. At the end of the period, the Company's profits reserve was 32.1 cents per share and forms part of the NTA, before the payment of the fully franked final dividend of 3.0 cents per share.

Fully franked dividends since inception

Cents per share



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 2021, 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 2021 was 48.5% long equities, 42.2% absolute bias, 6.6% market neutral and 2.7% cash.

Charitable objectives

The 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 charity partners with a stream of annual investments equal to 1.0% of the Company's net assets per annum. In November 2021, the Company made its seventh annual social investment of \$5.3 million in programs aimed at supporting children and youth at risk. Of this, \$3.8 million was allocated to the 10 designated charity partners and the remaining \$1.5 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 2021, the Company was on track to deliver its eighth annual investment of approximately \$6.2 million in October 2022, bringing the total charitable investment since inception to over \$32.9 million.

Chair & Chief Executive Officer's Letter

Fund managers and service providers

We would like to thank our leading fund managers and service providers for their outstanding and continued generosity. This generosity has allowed the Company to support its designated charities and other Australian not-for-profit organisations. The value of the fund managers' forgone management and performance fees for the year ended 31 December 2021 totalled \$12.9 million and the estimated value of the service providers working for the Company on a pro bono basis, totalled \$1.3 million. These savings to shareholders exceed the annual investment to charities.

Options

On 3 September 2021, the Board of Directors announced a one-for-one Bonus Option Issue to all shareholders of the Company, at no additional cost. Each Future Generation Australia Option provides holders with the opportunity, but not the obligation, to purchase one additional Future Generation Australia share for \$1.48 per Option, without paying brokerage fees. The Options can be exercised at any time until their expiry on Friday 28 April 2023. The Options are currently trading on the ASX under the code FGXO.

The primary purpose of the Bonus Option Issue is to equitably and efficiently grow the Company's assets, increase its relevance in the market, improve the prospect of broker and research coverage, and gain additional interest from financial planners. As the size of the Company's assets increase, so does the Company's social investment and impact.

Shareholders who exercise their options before 11 April 2022 will be eligible to receive the fully franked final dividend of 3.0 cents per shares. As at 31 December 2021, a total of 753,061 options have been exercised for a total consideration of \$1.1 million, with the remaining balance of outstanding options being 400,244,585.

Thank you to our Board and Committee Members for their service, and thank you to shareholders for your continued support.



Jonathan Trollip

Chair



Caroline Gurney

Chief Executive Officer

Dated this 28th day of February 2022

Chair & Chief Executive Officer's Letter

With thanks to the following service providers



“We 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 on behalf of shareholders. The Investment Committee comprises Geoff Wilson AO (Chair), John Coombe, Matthew Kidman, Gabriel Radzynski, David Smythe, Bruce Tomlinson and Martyn McCathie[†].

The Future Generation Australia investment portfolio is constructed in order to provide shareholders 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. The Future Generation Australia investment portfolio is constructed to provide shareholders with exposure to three broad investment strategies: long equities, absolute bias and market neutral. 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. 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 2021, the portfolio was 48.5% long equities, 42.2% absolute bias, 6.6% market neutral and 2.7% cash.

Investment portfolio performance

For the year ended 31 December 2021, the investment portfolio increased 22.1%*, outperforming the S&P/ASX All Ordinaries Accumulation Index by 4.4%.

Since inception, the investment portfolio has increased 11.2% per annum, outperforming the Index by 2.4% per annum. The investment portfolio's outperformance since inception has been achieved with less volatility as measured by standard deviation, 11.2% versus the Index's 14.0%.

During the year, the Company's exposure to leading Australian boutique fund managers, with a proven ability to outperform the market, generated a weighted average return within the absolute bias and long equities investment strategies while the Company's exposure to market neutral managers and cash provided downside protection.

[†]Martyn McCathie was appointed to the Investment Committee on 23 February 2022.

*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Investment strategy allocation – as at 31 December 2021

Long equities

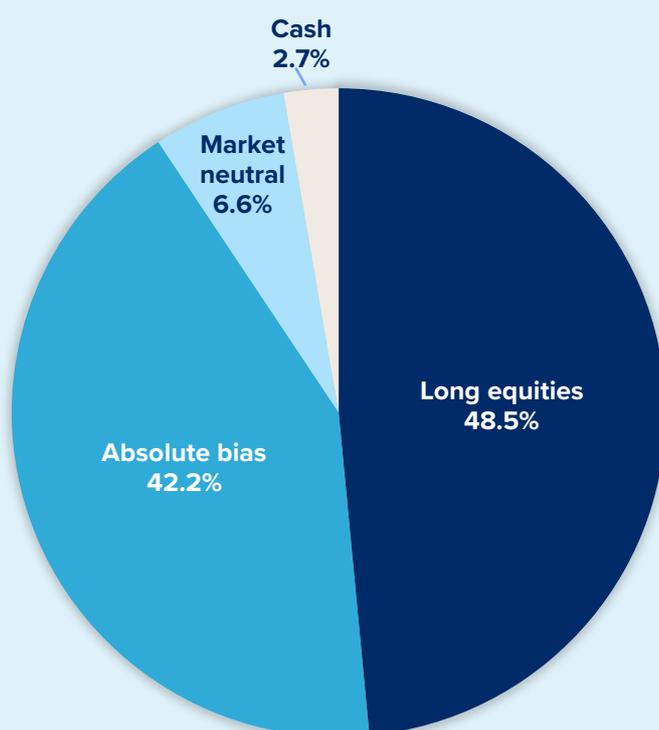
Investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange. The long equities portion of the portfolio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

Absolute bias

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

Market neutral

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



Investment Committee Report

Investment portfolio performance (continued)

The Future Generation Australia investment portfolio allocation to absolute bias provided a weighted average return of 26.8%, outperforming the Index by 9.1%, while the exposure to long equities provided a weighted average return of 24.2%, outperforming the Index by 6.5%. In the 12 months to 31 December 2021, three of our leading boutique pro bono fund managers delivered returns of over 40%.

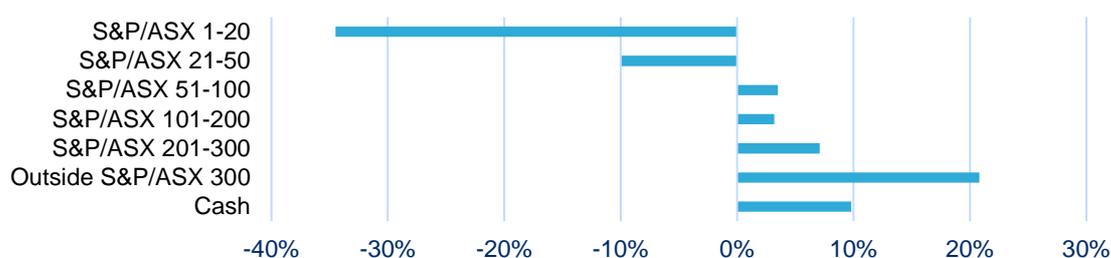
During the 12 month period, the S&P/ASX All Ordinaries Accumulation Index returned negative performance during two months (September and November). The S&P/ASX All Ordinaries Accumulation Index fell 1.9% in aggregate during these periods. In contrast, the Future Generation Australia investment portfolio fell a cumulative 0.9% during the same 2 month period, outperforming the Index by 1.0%. During the 12 months to 31 December 2021, the Future Generation Australia investment portfolio has provided shareholders with an upside capture ratio of 115% and a downside capture ratio of 48%, demonstrating the defensive characteristics and diversified nature of the investment portfolio.

Investment committee insights

Based on the analysis of the underlying manager's investment portfolio, Future Generation Australia provides investors with a uniquely active portfolio when compared to other multi-manager portfolios. As a measure of how different a portfolio is to the index, we calculate the active positions, the aggregate of the over or under the benchmark weight, for every company in the portfolio and add up all of the differences to the index to calculate the active share of the investment portfolio. As at 30 September 2021, the active share of the Future Generation Australia investment portfolio was 63.6%. As represented by the active share, the Future Generation Australia investment portfolio provides shareholders with an actively managed portfolio with returns that are uncorrelated to index performance, as the underlying managers investment portfolios overlap the Index by less than 40%.

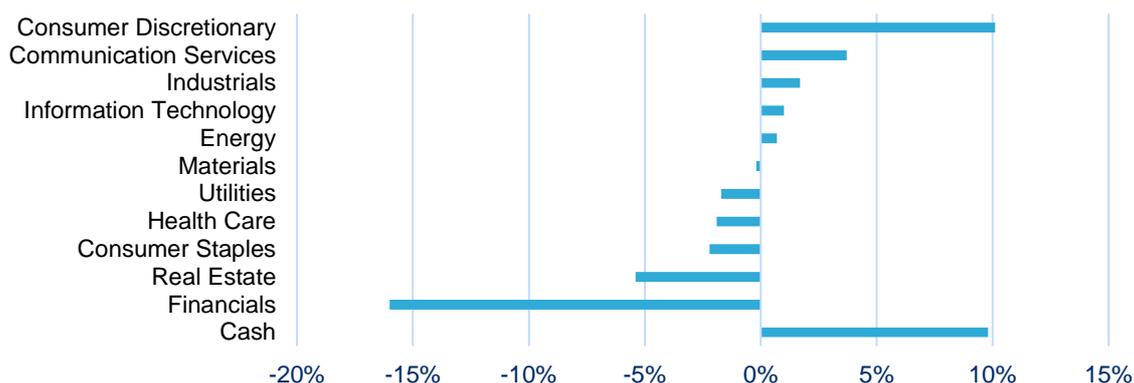
At 30 September 2021, the investment portfolio was comprised of approximately 530 underlying securities. The Future Generation Australia investment portfolio is tilted towards small, mid and micro-cap companies reflected by a 44.4% underweight of the ASX50, largely as a result of the Future Generation Australia investment portfolio being 34.5% underweight the ASX20. The Future Generation Australia investment portfolio is 7.1% overweight ASX201 – ASX300 companies and provides shareholders with a 20.8% exposure to companies outside the ASX300.

Active index weights



In terms of sector exposure, the Future Generation Australia investment portfolio provides shareholders with a 10.1% active weight to Consumer Discretionary with a 16.0% underweight to Financials.

Active sector weights



Investment Committee Report

Fund manager allocation and investments at market value as at 31 December 2021

Fund Manager	Investment	Strategy	\$ Value	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	96,153,373	15.7%
	<i>Mid Cap/Long Short Equities Funds (split out below)</i>		77,681,828	12.6%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	43,111,543	7.0%
	Paradice Equity Alpha Plus Fund	Absolute bias	34,570,285	5.6%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	70,158,773	11.4%
	<i>Small/Emerging Companies Funds (split out below)</i>		49,281,477	8.0%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	39,719,089	6.5%
	Eley Griffiths Group Emerging Companies Fund	Long equities	9,562,388	1.5%
	<i>Long Short/Aus Equities Funds (split out below)</i>		40,113,092	6.5%
L1 Capital	L1 Capital Long Short Fund – Retail Class	Absolute bias	25,867,219	4.2%
	L1 Capital Australian Equities Fund	Long equities	14,245,873	2.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	39,189,490	6.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	38,768,319	6.3%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	35,298,194	5.7%
	<i>Absolute Return/High Conviction Funds (split out below)</i>		26,220,483	4.3%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	19,681,992	3.2%
	Firetrail High Conviction Fund	Long equities	6,538,491	1.1%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	20,632,337	3.4%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	16,886,753	2.7%
Clime Asset Management	Clime All Cap Australian Equities Fund	Long equities	15,858,487	2.6%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	15,345,089	2.5%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	14,312,717	2.3%
Centennial Asset Management	The Level 18 Fund	Absolute bias	13,489,333	2.2%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	11,300,591	1.8%
QVG Capital	QVG Opportunities Fund	Long equities	9,923,503	1.6%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	6,272,615	1.0%
	Cash and term deposits		16,484,347	2.7%
	Distributions, interest and rebates receivable		2,387,472	0.3%
	Gross Assets		615,758,273	



Geoff Wilson AO

Chair of the Investment Committee and Director

Dated this 28th day of February 2022

Social Impact Report

Future Generation Australia is proud to support its charity partners who are dedicated to improving the lives of Australian children and youth at risk. This year continued to be challenging with pandemic-related lockdowns limiting face-to-face opportunities with young people and financial supporters. Partners continued to use technology to connect with remarkable success and many acknowledge the benefits of having accelerated their digital capacities.

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 assets in Australian charities.

In December 2021, we released *Our impact story so far* reflecting on our first six years of impact and highlighting our partner charities' achievements. Some young people have ended their homelessness or offending; many have made leaps in social and emotional wellbeing, school engagement and academic outcomes have improved; cultural identity and connection strengthened; and more people working and living with our future generations are better equipped to support them develop to be the best they can.

We continue to learn: how better to work with partners, where we can add value with our resources, expertise and networks, and crucially, what new changes we can trigger as we increase the amount we invest. We are pleased to have an ongoing engagement with our partners about how our funds can best support their priorities and the needs and opportunities of the young people they work with. Over the past seven years we've been excited and pleased to see each partner using our investment to deliver their key strategies and deepen their impact.

During August 2021, shareholders voted their charitable allocation and we were delighted by the response, with more shareholders than ever taking part. 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 seventh annual investment of \$5.3 million in November 2021 and is on track to donate approximately \$6.2 million in October 2022, which will bring the total since inception to over \$32.9 million.

2021 and 2020 total social investment:

Designated Charity	2021 Investment	2020 Investment
Act for Kids	\$349,894	\$275,434
Australian Children's Music Foundation	\$379,903	\$299,058
Australian Indigenous Education Foundation	\$402,287	\$316,678
DEBRA Australia	\$333,673	\$262,666
Diabetes Kids Fund	\$340,475	\$268,020
Giant Steps	\$421,804	\$332,042
Lighthouse Foundation	\$450,948	\$354,984
Mirabel Foundation	\$388,873	\$306,118
Raise Foundation	\$373,737	\$294,204
Youth Off The Streets	\$387,492	\$305,032
United Way Australia*	-	\$203,101
Variety*	-	\$207,903
Directed to other children and youth related charities**	\$384,113	\$554,915
Directed to other Australian charities**	\$1,093,246	\$850,442
Total charitable allocation	\$5,306,445	\$4,830,597

*Future Generation Australia concluded its support of the projects at United Way Australia and Variety during 2021.

**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 2021 with monies from their allocation of the annual investment in 2020 (paid in November 2020) is detailed below.



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.

Funding: \$349,894

Future Generation Australia's investment provided integrated therapy for over 400 children who have suffered abuse and neglect. Integrated Therapy is a coordinated assessment and treatment process which addresses all of a child's trauma and developmental needs. Multidisciplinary therapists work together with the care environment to create a coordinated treatment plan whereby needs are addressed over time.

In 2021 Act for Kids successfully adjusted to the pandemic, with their Melbourne therapists alone providing over 1,300 telehealth sessions to children and their family members during their 97 days in lockdown. A Developmental Trauma Screening Clinic was established in Blacktown, in Western Sydney while Melbourne has added two new therapy rooms including a bespoke sensory integration room for occupational therapy.

Supported by former Prime Minister Kevin Rudd, Act for Kids launched their Reconciliation Action Plan, committing to a new focus on positively impacting the lives of Aboriginal and Torres Strait Islander children and young people.

Funding: \$379,903

In 2021 the ACMF supported music programs in Taree on the mid-north coast of NSW, Sydney, Western Melbourne and regional Victoria with over 1,000 children participating in lessons and receiving free musical instruments.

ACMF were able to develop strategies for the delivery of music programs that varied from school to school depending on the needs and pandemic-related circumstances. Recorded video, live chat and packaged resources for schools and students submitting videos of their playing were all used to keep music accessible to students. Concerts and performances were held at schools and in local communities where possible.

ACMF's music programs improve musical skills as well as benefiting literacy and numeracy in the school curriculum, inspiring greater school engagement.

FGX also supported the National Songwriting Competition. The competition is free to enter for all school-aged children Australia-wide and attracted almost 1,000 entries this year. It serves to further skills development and creative expression through prizes such as instruments, tuition and industry training.



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.

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: \$402,287

Future Generation Australia's funding assisted in the support of 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.

Despite the barriers of the pandemic, annual retention and school completion rates were above 90% in 2021 and have been since AIEF's inception in 2008.

Mentoring sessions for students have mostly been virtual and education and pastoral care programs have moved online as pandemic-related circumstances required. Particular focus has been on connecting with Alumni and providing greater access to AIEF support through email, social media, phone call and text.

Community demand for AIEF Scholarships continues to exceed their funding capacity.

Funding: \$333,673

In 2021, DEBRA provided specialised Epidermolysis Bullosa (EB) nursing care for 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.

Future Generation Australia's support allowed DEBRA to expand its support to children and families living with EB. Access to specialised nurses at Royal Melbourne Hospital has been increased from one to two days a week and will increase from four to five days per fortnight at Sydney Children's Hospital from January 2022.

DEBRA expanded its psychological services, supporting ten families in both face to face and online capacities. 11 families accessed a new podiatry service at St George Hospital which will also be established in Queensland. Nine young people took part in the first two sessions of Youth Crew and also the new Butterfly Breaks saw nine families allocated grants for much needed holidays, providing temporary respite from the stress of EB.

Improved communications also allowed DEBRA to reach 19% more individuals with EB.



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



diabetesnsw.com.au

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: \$340,475

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 and were delivered online and face-to-face in 2021.

20 DiaBuddies online sessions were delivered with 268 attendees, partnering with Black Dog Institute and the Butterfly Foundation to strengthen their focus on emotional and psychological wellbeing. 94% of event attendants found the online events helped them cope with the worries about diabetes in their child's day to day life.

Five DiaBuddies Days took place in Queensland at exciting venues such as Urban Xtreme Adventure Park, Billabong Sanctuary and Inflatable World. 93% of attendants found the events helped to connect them to a supportive community who understand their situation.

This year, Diabetes NSW & ACT, Diabetes QLD and Diabetes Tasmania voted in favour of unification with Diabetes Australia. This will advance access to Diabetes Kids Fund activities and offer national exposure to DiaBuddies online events and support while still addressing localised event needs with DiaBuddies Days and DiaBuddies Camps.

Funding: \$421,804

With Future Generation Australia's funding, in 2021 Giant Steps undertook an overall technological upgrade, including hardware and software, to enhance ways of working across all teams, as well as lay the infrastructure foundation for the ongoing expansion of the Autism Training Hub. The Hub was opened in 2019 to meet the constant demand from families and professionals in the autism community for Giant Steps to share its knowledge and strategies regarding support for individuals with autism.

Extensive staff training was undertaken in software platforms and specialist apps to enhance team work and efficiencies. The upgrade has allowed for collaboration across programs, sharing information and facilitated real time communication, supporting better student outcomes.

The tech upgrade has also allowed Giant Steps to increase the reach of the Autism Training Hub, through which it shares its expertise with the wider professional autism community. Seven face-to-face courses and five online courses were delivered through the Training Hub in 2021.



giantsteps.net.au

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 Victoria 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: \$450,948

In 2021, 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.

Lighthouse Australia continued to provide crucial support to Victorian youth at risk of homelessness throughout the pandemic lockdowns of 2021. Future Generation Australia's funding was used across various Lighthouse activities, supporting the 52 young people in Lighthouse homes this year. 15 young people transitioned to independent living throughout the year.

Lighthouse created a Transition version of the residential program, as an interim step for those approaching independence. A re-imagining of the ever-expanding outreach services for those who have graduated from residential programs will be undertaken.

Long-term outcomes continue to show that 80% of youth remain securely housed after Lighthouse programs. Two former Lighthouse residents became professionally involved with Lighthouse teams, one taking on a paid role, and one as a key volunteer. Both have achieved university qualifications.

Funding: \$388,873

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.

Future Generation Australia's funding enables Mirabel to support more than 1,800 children and 780 families affected by drug-related abandonment. In 2021, funding went towards initial intake of new families, counselling and crisis support, therapeutic children's groups and young teens groups, and tailored educational support for struggling students. During the course of the year this support was provided face-to-face when possible and remotely via Zoom and phone calls during lockdowns.

The pandemic saw a significant increase in students seeking online support for education, with consistent participation in homework club as young people struggled to keep up with the demands of remote learning. Now a permanent part of Mirabel's program, the online learning club is an efficient way to support young people with their learning while also engaging volunteers to form long-term mentoring relationships with Mirabel children.

Mirabel also experienced a 24% increase in the demand for counselling and crisis support from kinship carers, who are now seeking much deeper and more frequent support than ever before. Mirabel sees this as a result of the pandemic escalating difficult circumstances for vulnerable families.



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: \$373,737

Over the last 13 years, Raise Foundation has trained and supervised over 6,100 mentors for more than 8,800 vulnerable young people.

2021 was a milestone year for the organisation that increased its reach by more than 60%, despite the pandemic environment, and highlighting the success of its online mentoring.

Future Generation Australia's funding assisted Raise to fund its leadership positions including CEO, Strategy Director and People and Culture Director who have driven its Strategy Impact Plan, resulting in impressive growth of 1,300 students in 2020 to 2,100 students mentored in 2021.

Furthermore, Raise has doubled the number of schools where it delivers mentoring from 74 in 2020 to 155 in 2021. This mentoring has improved resilience for 55% of mentees who started the program with low resilience and improved hope for more than 90% of mentees who started the program with low hope for their future.

Funding: \$387,492

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

During the lockdown period an unprecedented number of young people and their families accessed Youth Off the Streets services for support. It provided emergency relief and trauma informed, culturally appropriate support to 3,500 young people and families in Dubbo, Tamworth, Wellington, Walgett, Narromine, and Gilgandra in conjunction with NSW Health and local police agencies.

The Cultural Connections team also supported close to 100 young people, including 35 within the youth justice system with tailored case management according to their needs; mental health support, alcohol and drug counselling, cultural support, accommodation, transport and job readiness. Engaging with the Koori Court and Aboriginal Elders has meant young people are now being released from the youth justice system into the Aboriginal Cultural Connections program as a condition of bail, as opposed to being sentenced, which will serve to reduce over-representation and recidivism among young Aboriginal 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.

Social Impact Report



unitedway.com.au

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

Since 2015, United Way's Dolly Parton Imagination Library has sent almost 110,000 books to children across Australia, supporting early literacy development. The Imagination Library encourages family bonding through the shared joy of reading, inspiring families to read and spend quality time together.

Future Generation Australia's funding has allowed the program to successfully expand to areas of most need, reaching more than 1,800 families in 2021. The project was even more vital during the pandemic as receiving books while locked down at home ensured children could continue their literacy journey.

Upon receiving the books each month, 90% of children are read to regularly, 58% of caregivers report that their child's vocabulary increased and 81% of caregivers report spending quality time as a family with books (up from 4%). The Imagination Library also provides in-home resources for parents to encourage reading with their children, and holds community-based events to promote the importance of early learning and literacy.

The Imagination Library has enabled thousands more children to start school ready to succeed and has recently been awarded sustainable funding from both the New South Wales and Victorian Governments.

2021 saw Variety build upon the success of its disability awareness program. *Just Like You* is a series of free workshops delivered in primary schools by professional facilitators living with a disability and aims to build understanding, acceptance and inclusion of those living with a disability.

Future Generation Australia's funding has enabled Variety to present their *Just Like You* program to more than 60,000 students since 2018. Programs took place both face-to-face and online during the pandemic lockdowns and maintained high success.

Students with a disability face social challenges within the school context. National surveys indicate that 56% of students with a disability had experienced bullying – this is estimated to be more than twice the rate of the general school population.

Program facilitators are living with disabilities themselves, allowing a greater understanding and empathy in students, while providing meaningful employment. Following a *Just Like You* workshop, 94% of kids demonstrate empathy for a child with a disability and 93% of kids believe children with a disability can participate and do many things.

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.



variety.org.au

Directors' Report to Shareholders

For the year ended 31 December 2021

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 2021.

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 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 \$109.7 million for the year ended 31 December 2021 (2020 restated: \$42.6 million) and an operating profit after tax of \$79.9 million (2020 restated: \$33.5 million). The operating profit for the period reflects the solid investment portfolio performance of the underlying pro bono fund managers during the year.

For the year ended 31 December 2021 the investment portfolio increased by 22.1%*, outperforming the S&P/ASX All Ordinaries Accumulation Index by 4.4%* during what was a volatile period for equity markets. The total shareholder return for the 12 months to 31 December 2021 was 17.2%. Since inception, the investment portfolio has increased 11.2% per annum, outperforming the Index by 2.4% per annum. The investment portfolio's outperformance has been achieved with less volatility as measured by standard deviation, 11.2% versus the Index's 14.0%.

The pre-tax NTA for each share as at 31 December 2021 was \$1.52 (2020: \$1.32). The post-tax NTA was \$1.41 per share (2020: \$1.27). These figures are after the 5.6 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. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit and other comprehensive income for each financial year is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given year. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in NTA and fully franked dividends, together with total shareholder return.

Further information on the financial performance of the Company is contained in the Chair and Chief Executive Officer's Letter on pages 6 to 11 of this report and in the Investment Committee Report on pages 12 to 14 of this report.

Financial position

The net asset value of the Company as at 31 December 2021 was \$570.3 million (2020: \$509.5 million).

Further information on the financial position of the Company is contained in the Chair and Chief Executive Officer's Letter on pages 6 to 11 of this report.

*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Directors' Report to Shareholders

For the year ended 31 December 2021

Dividends

Dividends paid or declared are as follows:	\$'000
Fully franked 2021 interim dividend of 3.0 cents per share paid on 26 November 2021	12,060
Fully franked 2020 final dividend of 2.6 cents per share paid on 26 April 2021	10,409

Since the end of the year, the Company declared a fully franked final dividend of 3.0 cents per share to be paid on 29 April 2022. Since inception, after taking into account the fully franked final dividend payable, the Company will have paid 33.3 cents per share in fully franked dividends to shareholders.

Change in accounting policy

During the period, the Board reassessed the accounting classification of the investments held in managed funds with its pro bono fund managers, resulting in an increase in the Company's distributable profits reserve to shareholders and providing the Company with additional flexibility and capacity surrounding dividend and capital management decisions.

The Company had previously recorded and measured all investments at fair value through other comprehensive income. As a result, the change in the underlying value of these investments was recorded through other comprehensive income rather than the Company's operating profit (or loss) in each reporting period. After careful consideration, the Company has determined that it would be more appropriate for these investments to be recorded and measured through the Company's operating profit (or loss), or at fair value through profit or loss. The movement in the underlying value of the Company's investments will now be recognised as a component of operating profit (or loss) of the Company, instead of through other comprehensive income, in each period.

Importantly, there has been no change to the Company's net asset position as a result of this change in accounting policy. The revised accounting policy did not impact the reported amount of total comprehensive income or the carrying amount of investments held in managed funds. The change has only resulted in a reclassification of movements in the fair value of the investments held by the Company within the statement of comprehensive income itself, between other comprehensive income and the reported operating profit of the Company. The comparative information has been restated to align with the revised accounting policy, so that both the current year and prior year information is presented on a consistent and comparable basis.

Directors

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

Jonathan Trollip	Chair and Non-Executive Director
Stephanie Lai	Non-Executive Director
David Leeton	Non-Executive Director
David Paradise AO	Non-Executive Director
Gabriel Radzysinski	Non-Executive Director
Kate Thorley	Non-Executive Director
Geoff Wilson AO	Non-Executive Director
Caroline Gurney	Non-Executive Director (resigned 27 September 2021)

Caroline Gurney stepped down as a Director of the Company on 27 September 2021 as she commenced the role of CEO of Future Generation Australia. Caroline is leading the Company in an exciting new phase of growth, focused on increasing our impact for shareholders and young Australians.

Information on Directors

Jonathan Trollip (Chair and Non-Executive Director)

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 Chair of the Company since October 2013.

Directors' Report to Shareholders

For the year ended 31 December 2021

Jonathan Trollip (Chair and Non-Executive Director) (continued)

Other current directorships

Jonathan Trollip is Chair of Global Value Fund Limited, Plato Income Maximiser Limited and Spheria Emerging Companies Limited, a non-executive director of Kore Potash PLC, BCAL Diagnostics 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 and of Antipodes Global Investment Company Limited in December 2021.

Special responsibilities

Chair 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.

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 and Risk Committee of both the HomeCo Daily Needs REIT and HealthCo Healthcare and Wellness 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 Limited, HomeCo Daily Needs REIT and HealthCo Healthcare and Wellness 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.

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

Directors' Report to Shareholders

For the year ended 31 December 2021

David Leeton (Non-Executive Director) (continued)

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 Chair 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.

Gabriel Radzyminski (Non-Executive Director)

Experience and expertise

Gabriel Radzyminski 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.

Directors' Report to Shareholders

For the year ended 31 December 2021

Gabriel Radzynski (Non-Executive Director) (continued)

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

Other current directorships

Gabriel Radzynski serves as Chair 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 16 years' experience in the funds management industry and more than 22 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, director of WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited, WAM Global Limited, WAM Strategic Value Limited, Future Generation Investment Company Limited and 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 AICD (GAICD).

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 2016), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), Future Generation Global Investment Company Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

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.

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 Limited and Future Generation Global Investment Company Limited. 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).

Directors' Report to Shareholders

For the year ended 31 December 2021

Geoff Wilson AO (Founder and Non-Executive Director) (continued)

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

Other current directorships

Geoff is Chair 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), WAM Strategic Value Limited (appointed March 2021), 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 Global Value Fund Limited (appointed April 2014), Hearts and Minds Investments Limited (appointed September 2018), WAM Alternative Assets Limited (appointed September 2020), Incubator Capital Limited (appointed February 2000), 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 8IP Emerging Companies Limited in September 2020 and Australian Leaders Fund Limited in March 2021.

Special responsibilities

Chair 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

Chief Executive Officer

Caroline Gurney

Caroline is Chief Executive Officer of Future Generation Australia and has more than 25 years' experience in the financial services sector focused on marketing, corporate affairs and corporate social responsibility. Caroline has held senior roles at UBS and Citibank and has worked in London, across Asia-Pacific and Australia during her career. She is a member of Ascham School Council and the Centennial Park and Moore Park Foundation, an ambassador for the Australian Indigenous Education Foundation (AIEF), a director of Our Watch, an organisation focused on preventing violence against women and children and set up and was a director of the UBS Australia Foundation. Caroline has also previously served as a director of Future Generation Australia and as a Council Member of Chief Executive Women, and is currently an active member.

Joint Company Secretaries

Jesse Hamilton

Jesse is a Chartered Accountant with more than 14 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. He is Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited and Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia and Future Generation Global. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.

Jesse was appointed Company Secretary of Future Generation Australia in March 2021.

Directors' Report to Shareholders

For the year ended 31 December 2021

Joint Company Secretaries (continued)

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 Chair 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 during the financial period and up to the date of this report are set out below:

Geoff Wilson AO (Chair)

Geoff Wilson is also a Director. Please refer to page 26 to 27 of the Directors' Report for details of Geoff's experience and qualifications.

John Coombe

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

Matthew Kidman

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

Gabriel Radzyminski

Gabriel Radzyminski is also a Director. Please refer to page 25 to 26 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.

Martyn McCathie (appointed 23 February 2022)

Martyn McCathie is the Head of Operations and Key Account Manager at Wilson Asset Management. He has more than 20 years' experience within financial services, both domestic and overseas. Prior to joining Wilson Asset Management in 2015, Martyn spent several years as senior operations manager at RARE Infrastructure and spent 3 years at RBC Dexia Investor & Treasury Services in a number of senior operations roles.

Directors' Report to Shareholders

For the year ended 31 December 2021

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 (following the resignation of Louise Walsh as Chief Executive Officer in April 2021) 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 Chair and the Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 31 December 2021, no Directors' fees were paid by the Company (2020: nil).

Wilson Asset Management (International) Pty Limited (Wilson Asset Management) is the lead supporter of Future Generation Australia and has been providing financial and operational support since the inception of Future Generation Australia in 2014. The Company has entered into a service agreement with Wilson Asset Management regarding the financial and operating support provided (as announced on 16 June 2021). Under the service agreement, the Company is charged for incremental costs incurred by Wilson Asset Management in relation to the financial and operational support provided to the Company, including the provision of services from the Chief Executive Officer (Caroline Gurney) and the Social Impact Manager (Emily Fuller). For the year ended 31 December 2021, the recharge of costs under the service agreement from 16 June 2021 amounted to \$189,863 (excl. GST) (2020: nil). On an annual basis, the estimated costs to be incurred by the Company under the service agreement is approximately \$350,000 (excl. GST) each year.

Caroline Gurney is remunerated for her services as Chief Executive Officer by Wilson Asset Management. The Company is charged for incremental costs incurred by Wilson Asset Management in accordance with the service agreement between the entities. The Company also paid Emily Fuller, as Social Impact Manager \$13,200 (2020: \$31,815) for services provided to April 2021. The Social Impact Manager is now remunerated by Wilson Asset Management, with related costs recharged in accordance with the service agreement between the entities.

The Company remunerated LW Consulting Pty Limited, an entity associated with Louise Walsh, \$100,000 (excl. GST) per annum for providing her services as Chief Executive Officer. The term of the contract terminated in April 2021 upon Louise's resignation as Chief Executive Officer.

During the year ended 31 December 2021, the Company paid LW Consulting Pty Limited a total of \$35,686 (excl. GST) for services provided to April 2021 (2020: \$100,000 (excl. GST)). This payment is exclusive of \$10,000 (excl. GST) in performance based remuneration paid during the period to Louise's resignation in April 2021 (2020: \$20,000 (excl. GST)).

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

	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Operating profit after tax restated (\$'000)*	79,879	33,464	63,348	(13,953)	39,412
Dividends paid (cents per share)	5.6	5.2	4.7	4.5	4.3
Share price (\$)	1.405	1.250	1.165	1.175	1.170
NTA after tax (\$ per share)	1.41	1.27	1.24	1.13	1.21
Total Directors' remuneration (\$'000)	-	-	-	-	-
Total Executive remuneration (\$'000)**	46	120	120	100	100
Shareholders equity (\$'000)	570,264	509,530	494,626	447,769	423,933

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

**Executive remuneration includes remuneration paid to Louise Walsh for her services as Chief Executive Officer of Future Generation Australia until her resignation in April 2021. Caroline Gurney is remunerated for her services as Chief Executive Officer by Wilson Asset Management. The Company is charged for incremental costs incurred by Wilson Asset Management in accordance with the service agreement between the entities, which was announced on the ASX on 16 June 2021. For further information on the service agreement recharge, please refer to section (b) of the remuneration report below.

Directors' Report to Shareholders

For the year ended 31 December 2021

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 the Chairman and director of Wilson Asset Management, Investment Manager of Wilson Asset Management Equity Fund. Wilson Asset Management 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 also provides some company secretarial services, financial reporting, investor relations and marketing for the Company. The Company has entered into a service agreement with Wilson Asset Management regarding the financial and operating support provided (as announced on 16 June 2021). Under the service agreement, the Company is charged for incremental costs incurred by Wilson Asset Management in relation to the financial and operational support provided to the Company, including the provision of services from the Chief Executive Officer and the Social Impact Manager. For the year ended 31 December 2021, the recharge of costs under the service agreement from 16 June 2021 amounted to \$189,863 (excl. GST) (2020: nil). On an annual basis, the estimated costs to be incurred under the service agreement is approximately \$350,000 (excl. GST) each year.

Wilson Asset Management looks forward to continuing its support for the Company and the service agreement between Wilson Asset Management and the Company reflects the enduring relationship between the parties.

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

David Paradise AO is a Director of Paradise Investment Management Pty Limited which is the Trustee of the unregistered managed investment schemes Paradise Australian Mid Cap Fund and the Paradise Equity Alpha Plus 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.

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:

Ordinary shares held Directors and Key Management	Balance at 31 December 2020	Acquisitions	Disposals/ on retirement	Balance at 31 December 2021	As at the date of this report
Jonathan Trollip	194,529	-	-	194,529	194,529
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 Radzysinski	44,505	1,876	-	46,381	46,381
Kate Thorley	134,751	5,598	-	140,349	140,349
Geoff Wilson AO	8,706,302	337,482	-	9,043,784	9,043,784
Caroline Gurney*	-	16,000	-	16,000	16,000
Louise Walsh*	16,046	-	(16,046)	-	-

*Caroline Gurney resigned as a Director of the Company on 27 September 2021 as she commenced the role of CEO of Future Generation Australia. Louise Walsh stepped down as the CEO of Future Generation Australia on 16 April 2021.

Directors' Report to Shareholders

For the year ended 31 December 2021

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

Options held Directors and Key Management	Balance at 31 December 2020	Bonus issue allotment/acquisitions	Options exercised/ disposed	Balance at 31 December 2021	As at the date of this report
Jonathan Trollip	-	194,529	-	194,529	194,529
Stephanie Lai	-	42,555	-	42,555	42,555
David Leeton	-	309,364	-	309,364	309,364
David Paradice AO	-	1,000,000	-	1,000,000	1,000,000
Gabriel Radzynski	-	45,411	-	45,411	45,411
Kate Thorley	-	137,454	-	137,454	137,454
Geoff Wilson AO	-	8,869,260	-	8,869,260	8,869,260
Caroline Gurney*	-	16,000	-	16,000	16,000

*Caroline Gurney resigned as a Director of the Company on 27 September 2021 as she commenced the role of CEO of Future Generation Australia. Louise Walsh stepped down as the CEO of Future Generation Australia on 16 April 2021.

Louise Walsh resigned as CEO of Future Generation Australia on 16 April 2021. On resignation, Louise Walsh held 16,046 shares in the Company and did not purchase or dispose of any ordinary shares during the period from 1 January 2021 to 16 April 2021.

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 (Chair)	4	4
Stephanie Lai	4	4
David Leeton	4	4
David Paradice AO	4	4
Gabriel Radzynski	4	4
Kate Thorley	4	4
Geoff Wilson AO	4	4
Caroline Gurney*	3	3

*Caroline Gurney resigned as a Director of the Company on 27 September 2021 as she commenced the role of CEO of Future Generation Australia.

Audit and Risk Committee Meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2021 Corporate Governance Statement available on the Company's website at futuregeninvest.com.au.

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

Directors' Report to Shareholders

For the year ended 31 December 2021

Investment Committee Meetings

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

*Martyn McCathie was appointed to the Investment Committee on 23 February 2022.

Options

On 3 September 2021, the Board of Directors announced a one-for-one Bonus Option Issue to all shareholders of the Company, at no additional cost. Each Future Generation Australia Option provides holders with the opportunity, but not the obligation, to purchase one additional Future Generation Australia share for \$1.48 per Option, without paying brokerage fees. The Options can be exercised at any time, up until they expire on Friday 28 April 2023. The Options are currently trading on the ASX under the code FGXO.

Shareholders who exercise their options before 11 April 2022 will be eligible to receive the fully franked interim dividend of 3.0 cents per share. As at 31 December 2021, a total of 753,061 options have been exercised for a total consideration of \$1.1 million, with the remaining balance of outstanding options at 31 December 2021 being 400,244,585. As at the date of this report, the remaining balance of outstanding options is 400,229,574.

After Balance Date Events

Since the end of the year, the Company declared a fully franked final dividend of 3.0 cents per share to be paid on 29 April 2022.

No other matters or circumstance has 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 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.

Directors' Report to Shareholders

For the year ended 31 December 2021

Proceedings on behalf of the Company

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

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

Non-Audit Services

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

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

- all non-audit services are reviewed and approved by the Board of Directors to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to 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 Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended to 31 December 2021 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 34 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

Chair

Dated this 28th day of February 2022

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201 Sussex Street
Sydney NSW 2000

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Sydney NSW 2001

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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 2021 to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor 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

28 February 2022

Statement of Comprehensive Income

For the year ended 31 December 2021

	NOTE	2021 \$'000	RESTATED* 2020 \$'000
Investment income from ordinary activities			
Net realised and unrealised gains on financial investments		68,386	27,306
Distributions received		36,516	15,159
Investment management and performance fee rebates	3	11,161	5,103
Interest income		103	324
		116,166	47,892
Expenses			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Charity investment accrual	5	(5,867)	(4,812)
Share registry transaction costs		(85)	(98)
Executive remuneration	20(a)	(50)	(132)
Service agreement costs	20(a)	(195)	-
Other expenses		(178)	(136)
Audit fees	7	(47)	(54)
ASIC industry funding levy		(19)	(54)
ASX CHESS fees		(43)	(30)
Tax fees	7	(8)	(3)
Profit before income tax		109,674	42,573
Income tax expense	4(a)	(29,795)	(9,109)
Profit after income tax for the year attributable to members		79,879	33,464
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Other comprehensive income for the year, net of tax		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		79,879	33,464
Basic and diluted earnings per share	16	19.91 cents	8.38 cents

The accompanying notes form part of these financial statements.

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

Statement of Financial Position

As at 31 December 2021

	NOTE	2021 \$'000	RESTATED* 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	16,484	40,651
Trade and other receivables	8	2,430	11,647
Current tax assets	4(c)	-	517
Other current assets		50	47
Total current assets		18,964	52,862
Non-current assets			
Financial assets at fair value through profit or loss	9	596,886	480,246
Deferred tax assets	4(b)	1,096	1,261
Total non-current assets		597,982	481,507
Total assets		616,946	534,369
Liabilities			
Current liabilities			
Trade and other payables	10	276	89
Charity investment accrual	5	3,087	2,525
Current tax liabilities	4(c)	1,618	-
Total current liabilities		4,981	2,614
Non-current liabilities			
Deferred tax liabilities	4(d)	41,701	22,225
Total non-current liabilities		41,701	22,225
Total liabilities		46,682	24,839
Net assets		570,264	509,530
Equity			
Issued capital	11	444,702	441,378
Profits reserve	12(a)	129,343	71,933
Accumulated losses	12(b)	(3,781)	(3,781)
Total equity		570,264	509,530

The accompanying notes form part of these financial statements.

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

Statement of Changes in Equity

For the year ended 31 December 2021

	NOTE	ISSUED CAPITAL \$'000	RESTATED' INVESTMENT RESERVES \$'000	RESTATED' PROFITS RESERVE \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 1 January 2020		439,199	24,371	34,837	(3,781)	494,626
Adjustment on change in accounting policy (Note 2(g))		-	(24,371)	24,371	-	-
Balance at 1 January 2020 - Restated		439,199	-	59,208	(3,781)	494,626
Net profit for the period		-	-	-	33,464	33,464
Transfer to profits reserve	12(a)	-	-	33,464	(33,464)	-
Other comprehensive income, net of tax		-	-	-	-	-
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 - Restated		441,378	-	71,933	(3,781)	509,530
Net profit for the period		-	-	-	79,879	79,879
Transfer to profits reserve	12(a)	-	-	79,879	(79,879)	-
Other comprehensive income, net of tax		-	-	-	-	-
Transactions with owners:						
Shares issued via Dividend Reinvestment Plan	11(b)	2,440	-	-	-	2,440
Shares issued via Options	11(b)	1,115	-	-	-	1,115
Dividends paid	6(a)	-	-	(22,469)	-	(22,469)
Cost of raising capital	11(b)	(231)	-	-	-	(231)
Balance at 31 December 2021		444,702	-	129,343	(3,781)	570,264

The accompanying notes form part of these financial statements.

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

Statement of Cash Flows

For the year ended 31 December 2021

	NOTE	2021 \$'000	RESTATED* 2020 \$'000
Cash flows from operating activities			
Proceeds from sale of financial assets		8,404	21,246
Interest received		135	461
Rebate income received		245	144
Charity investment		(5,306)	(4,830)
Income tax paid		(7,922)	(517)
Payments for other expenses		(481)	(577)
Net cash (used in)/provided by operating activities	14	(4,925)	15,927
Cash flows from financing activities			
Dividends paid to the Company's shareholders, (net of Dividend Reinvestment Plan)		(20,029)	(18,560)
Shares issued via exercise of options		1,115	-
Cost of raising capital (gross of tax)		(328)	-
Net cash used in financing activities		(19,242)	(18,560)
Net decrease in cash and cash equivalents			
		(24,167)	(2,633)
Cash and cash equivalents at the beginning of the period		40,651	43,284
Cash and cash equivalents at the end of the period	13	16,484	40,651
Non-cash operating and financing activities			
Distributions and rebate income reinvested	15	47,432	20,610
Shares issued via Dividend Reinvestment Plan	15	2,440	2,179

The accompanying notes form part of these financial statements.

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

Notes to the Financial Statements

For the year ended 31 December 2021

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 2021.

The financial report was authorised for issue on 28 February 2022 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 2021 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 2021

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. 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 2021, there are no expected credit losses recognised (31 December 2020: 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 and change in accounting policy

During the financial year, the Company reassessed the classification of investments held in managed funds. In previous financial years, the Company elected to designate, and subsequently measure, all investments held in managed funds at fair value through other comprehensive income (FVTOCI). After reconsidering the underlying terms and conditions of units held in managed funds, the Company has determined that it would be more appropriate for units redeemable directly from the fund to be classified, and subsequently measured, at fair value through profit or loss (FVTPL). As a result, changes in fair value of investments in redeemable units are now recognised in profit or loss, instead of other comprehensive income. Comparative information has been restated to align with the revised accounting policy, so that both the current year and prior year information is presented on a consistent and comparable basis. Applying the revised accounting policy to the comparative information resulted in the restatement of prior year profit from \$14.4 million to \$33.5 million, the restatement of prior year other comprehensive income from \$19.1 million to nil and the transfer of cumulative changes in fair value from

Notes to the Financial Statements

For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

(g) Investments and other financial assets (continued)

investment reserve to profits reserve of \$24.4 million. The revised accounting policy did not impact the reported amount of total comprehensive income or the carrying amount of investments held in managed funds.

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.

Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs related to financial instruments are expensed to the Statement of Comprehensive Income immediately.

Subsequent changes in fair value for financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

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 2021.

(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 2021

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/Directors' 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 2021.

(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 2021, 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 2021 was \$1.8 million (2020: \$2.4 million).

The remaining investments are made in unit trusts with fund managers that normally charge management and performance fees. These fund managers have rebated the fees charged. The aggregate amount of management and performance fees rebated to the Company was \$11.2 million for the year ended 31 December 2021 (2020: \$5.1 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 \$1.3 million (2020: \$1.1 million).

Notes to the Financial Statements

For the year ended 31 December 2021

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:

	2021 \$'000	RESTATED* 2020 \$'000
Prima facie tax on profit before income tax at 30% (2020: 30%)	32,902	12,772
Under/(Over) provision in prior year	29	(1,386)
Change in tax classification of investments	(960)	-
Imputation credit gross up	912	953
Franking credits on distribution income received	(3,039)	(3,178)
Foreign tax credit gross up	21	23
Foreign tax credits on distribution income received	(70)	(75)
Income tax expense	29,795	9,109
Effective tax rate	27.2%	21.4%

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

The effective tax rate reflects the benefit to the Company of franking credits received from trust distribution income during the year. The increase in the effective tax rate from the prior year is reflective of the lower portion of franked distribution income received from the investments with the underlying pro bono fund managers, in comparison to the profit before tax during the year and the overprovision in relation to the 2019 income tax year which reduced the prior year income tax expense.

Total income tax expense results in a:

	2021 \$'000	RESTATED* 2020 \$'000
Current tax liability/(asset)	10,057	(429)
Deferred tax liability	19,476	9,472
Deferred tax asset	262	66
Total income tax expense	29,795	9,109

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

(b) Deferred tax assets

	2021 \$'000	2020 \$'000
Capitalised share issue costs	162	104
Provisions	934	767
Net realised losses on the investment portfolio	-	390
At reporting date	1,096	1,261

Movement in deferred tax assets:

	2021 \$'000	2020 \$'000
Balance at the beginning of the period	1,261	1,521
Charged to profit or loss	(262)	(66)
Capitalised share issued costs	97	-
Utilisation of carried forward tax losses	-	(194)
At reporting date	1,096	1,261

Notes to the Financial Statements

For the year ended 31 December 2021

4. Income tax (continued)

(c) Current tax liabilities/(assets)

Movement in current tax liabilities/(assets):

	2021 \$'000	RESTATED* 2020 \$'000
Balance at the beginning of the period	(517)	623
Current year income tax expense/(benefit) on operating profit	10,057	(429)
Income tax paid	(7,922)	(517)
Utilisation of carried forward tax losses	-	(194)
At reporting date	1,618	(517)

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

(d) Deferred tax liabilities

	2021 \$'000	RESTATED* 2020 \$'000
Income provisions	15	95
Fair value adjustments	41,686	22,130
At reporting date	41,701	22,225

Movement in deferred tax liabilities:

	2021 \$'000	RESTATED* 2020 \$'000
Balance at the beginning of the period	22,225	12,689
Charged to profit or loss	19,476	9,472
Under provision in prior year	-	64
At reporting date	41,701	22,225

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

5. Charity investment

In line with its stated objectives, the Company invests a percentage of its net 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 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 15 of this report.

For the 12 months ended 31 December 2021, the amount recognised in the Statement of Comprehensive Income was \$5.9 million (2020: \$4.8 million).

The Company paid its seventh annual investment of \$5.3 million in November 2021. 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 2021, the six-month accrued commitment is \$3.1 million (2020: \$2.5 million).

Notes to the Financial Statements

For the year ended 31 December 2021

6. Dividends

a) Ordinary dividends paid during the year

	2021 \$'000	2020 \$'000
2020 Final dividend: 2.6 cents per share fully franked paid 26 April 2021 (2019 Final dividend: 2.6 cents per share fully franked paid 28 April 2020)	10,409	10,354
2021 Interim dividend: 3.0 cents per share fully franked paid 26 November 2021 (2020 Interim dividend: 2.6 cents per share fully franked paid 30 October 2020)	12,060	10,385
	22,469	20,739

b) Dividends not recognised at year end

	2021 \$'000	2020 \$'000
In addition to the above dividends, since the end of the year, the Board has declared a 3.0 cents per share fully franked final dividend which has not been recognised as a liability at the end of the financial year (2020 Final dividend: 2.6 cents per share)	12,088	10,409

c) Dividend franking account

	2021 \$'000	2020 \$'000
Opening balance of franking account	5,704	10,441
Franking credits on distributions received	3,258	3,634
Tax paid during the year	7,922	517
Franking credits on dividends paid	(9,629)	(8,888)
Closing balance of franking account	7,255	5,704
Adjusted for franking credits arising from: - Estimated income tax payable/(refundable)	1,618	(517)
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 6(b)	(5,181)	(4,461)
Adjusted franking account balance	3,692	726

The Company's ability to continue to pay franked dividends is dependent on generating additional profits reserves and franking credits. The ability to generate franking credits is reliant on the receipt of franked distributions received from the fund managers and the payment of tax on profits.

The balance of the franking account does not include the tax to be paid on unrealised investment gains currently recognised as a deferred tax liability of \$41.7 million (2020: \$22.1 million).

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:

	2021 \$'000	2020 \$'000
Audit and review of the financial report	47	41
Other assurance services:		
Taxation services	8	3
Total remuneration for audit and other assurance services	55	44

Notes to the Financial Statements

For the year ended 31 December 2021

7. Remuneration of auditors (continued)

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

	2021 \$'000	2020 \$'000
Rebate income receivable	2,232	1,965
Distribution income receivable	155	1,244
GST receivable	43	2
Unsettled redemption funds	-	8,404
Interest income receivable	-	32
Total trade and other receivables	2,430	11,647

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 profit or loss

	2021 \$'000	2020 \$'000
Financial assets at fair value through profit or loss	596,886	480,246

A fund manager allocation and investments at market value breakdown is included in the Investment Committee Report on page 12.

10. Trade and other payables

	2021 \$'000	2020 \$'000
Trade and other payables	276	89

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

11. Issued capital

(a) Paid-up capital

	2021 \$'000	2020 \$'000
402,917,212 ordinary shares fully paid (2020: 400,343,988)	444,702	441,378

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.

Notes to the Financial Statements

For the year ended 31 December 2021

11. Issued capital (continued)

(b) Movements in ordinary share capital

	2021 \$'000	2020 \$'000
Balance at the beginning of the period	441,378	439,199
400,343,988 ordinary fully paid (2019: 398,238,435)		
753,061 ordinary shares issued from the exercise of options at \$1.48 per option	1,115	-
911,758 shares issued on 26 April 2021 under a Dividend Reinvestment Plan	1,165	-
908,405 shares issued on 26 November 2021 under a Dividend Reinvestment Plan	1,275	-
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
Cost of raising capital (net of tax)	(231)	-
At reporting date	444,702	441,378

(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 and share and option issues. 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.

(d) Options

On 3 September 2021, the Board of Directors announced a one-for-one Bonus Option Issue to all shareholders of the Company, at no additional cost. Each Future Generation Australia Option provides holders with the opportunity, but not the obligation, to purchase one additional Future Generation Australia share for \$1.48 per Option, without paying brokerage fees. A total number of 400,997,646 were allotted and the Options can be exercised at any time until their expiry on Friday 28 April 2023. The Options are currently trading on the ASX under the code FGXO.

The primary purpose of the Bonus Option Issue is to equitably and efficiently grow the Company's assets, increase its relevance in the market, improve the prospect of broker and research coverage, and gain additional interest from financial planners. As the size of the Company's assets increase, so does the Company's social investment and impact.

As at 31 December 2021, a total of 753,061 options has been exercised for a total consideration of \$1.1 million and 400,244,585 options remain unexercised and can be exercised at any time on or before 28 April 2023.

12. Reserves

(a) Profits reserve

	2021 \$'000	RESTATED* 2020 \$'000
Profits reserve	129,343	71,933

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

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

Notes to the Financial Statements

For the year ended 31 December 2021

12. Reserves (continued)

(a) Profits reserve (continued)

Movements:

	2021 \$'000	RESTATED* 2020 \$'000
Profits reserve		
Opening balance	71,933	34,837
Opening balance adjustment – change in accounting policy (refer Note 2(g))	-	24,371
Transfer of profits during the year	79,879	33,464
Final dividend paid (refer Note 6(a))	(10,409)	(10,354)
Interim dividend paid (refer Note 6(a))	(12,060)	(10,385)
At reporting date	129,343	71,933

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

(b) Accumulated losses

	2021 \$'000	RESTATED* 2020 \$'000
Opening balance	(3,781)	(3,781)
Net profit for the year	79,879	33,464
Transfer to profits reserve	(79,879)	(33,464)
At reporting date	(3,781)	(3,781)

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

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:

	2021 \$'000	2020 \$'000
Cash at call	16,484	15,651
Term deposit	-	25,000
At reporting date	16,484	40,651

The weighted average interest rate for cash and term deposits as at 31 December 2021 is 0.27% (2020: 0.32%). 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.

Notes to the Financial Statements

For the year ended 31 December 2021

14. Reconciliation of profit after income tax to net cash used in operating activities

	2021 \$'000	RESTATED* 2020 \$'000
Profit after tax for the year	79,879	33,464
Amortisation of intangible assets	-	2
Fair value gains and movements in financial assets	(107,414)	(26,670)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(5)	630
Increase in other current assets	(3)	(47)
Decrease in current tax assets	517	-
Decrease in deferred tax assets	259	66
Increase/(decrease) in trade, other payables and accruals	748	(44)
Increase/(decrease) in current tax liabilities	1,618	(946)
Increase in deferred tax liabilities	19,476	9,472
Net cash (used in)/provided by operating activities	(4,925)	15,927

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

15. Non-cash operating and financing activities

	2021 \$'000	2020 \$'000
Distribution income reinvested	36,516	16,212
Rebate income reinvested	10,916	4,398
Shares issued via Dividend Reinvestment Plan	2,440	2,179
Total non-cash operating and financing activities	49,872	22,789

16. Earnings per share

	2021 \$'000	RESTATED* 2020 \$'000
Profit after income tax used in the calculation of basic and diluted earnings per share.	79,879	33,464

(a) Basic and diluted earnings per share

	2021 cents per share	2020 cents per share
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company.	19.91	8.38

(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.	401,164	399,193

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

The Company currently has outstanding options which have the potential to convert to ordinary shares. As the average share price from the issue date (4 October 2021) to 31 December 2021 is less than the option exercise price, they are currently not dilutive in amount and therefore have not been considered for the diluted earnings per share calculation.

Notes to the Financial Statements

For the year ended 31 December 2021

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 profit and loss.

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.

SENSITIVITY

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

Impact on profit and loss	2021 \$'000	2020 \$'000
Change in variable +/- 5% (2020: +/- 5%)	20,891	16,808
Change in variable +/- 10% (2020: +/- 10%)	41,782	33,618

(ii) 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.

31 December 2021	Interest bearing \$'000	Non-interest bearing \$'000	Total \$'000
Financial Assets			
Cash and cash equivalents	16,484	-	16,484
Trade and other receivables	-	2,430	2,430
Financial assets held at fair value through profit or loss	-	596,886	596,886
Total financial assets	16,484	599,316	615,800
Financial Liabilities			
Trade and other payables	-	276	276
Total financial liabilities	-	276	276
Net exposure	16,484	599,040	615,524

Notes to the Financial Statements

For the year ended 31 December 2021

17. Financial risk management (continued)

(a) Market risk (continued)

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

31 December 2020	Interest bearing \$'000	Non-interest bearing \$'000	Total \$'000
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 profit or loss	-	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

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 2021, if interest rates had increased by 100 basis points (bps) or decreased by 100 bps from the rates at the end of the period, with all other variables held constant, post-tax profit for the year would have been \$115,500 higher/\$115,500 lower (2020 changes of 100bps: \$284,900 higher/\$284,900 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.

(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.

Notes to the Financial Statements

For the year ended 31 December 2021

17. Financial risk management (continued)

(c) Liquidity risk (continued)

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
2021			
Non-derivatives			
Trade and other payables	-	276	276
Total non-derivatives	-	276	276
	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

18. Fair value measurements

The Company measures and recognises its financial assets at fair value through profit or loss (FVTPL) 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).

(i) Recognised fair value measurements

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

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2021.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2021				
Financial assets at FVTPL	-	596,886	-	596,886
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2020				
Financial assets at FVTPL*	-	480,246	-	480,246

*Please refer to Note 2(g) on change in accounting policy and restatement of the prior period.

Notes to the Financial Statements

For the year ended 31 December 2021

18. Fair value measurements (continued)

(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 2021 are:

Jonathan Trollip	Chair and 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 (Acting Chief Executive Officer from April to September 2021)
Geoff Wilson AO	Non-Executive Director
Caroline Gurney	Chief Executive Officer (appointed 27 September 2021)
Louise Walsh	Chief Executive Officer (resigned 16 April 2021)

*Caroline Gurney resigned as a Director of the Company on 27 September 2021 as she commenced the role of CEO of Future Generation Australia.

a) Remuneration of Directors and Other Key Management Personnel

The Chair and the Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 31 December 2021, no Directors' fees were paid by the Company (2020: nil).

Wilson Asset Management (International) Pty Limited (Wilson Asset Management) is the lead supporter of Future Generation Australia and has been providing financial and operational support since the inception of Future Generation Australia in 2014. The Company has entered into a service agreement with Wilson Asset Management regarding the financial and operating support provided (as announced on 16 June 2021). Under the service agreement, the Company is charged for incremental costs incurred by Wilson Asset Management in relation to the financial and operational support provided to the Company, including the provision of services from the Chief Executive Officer (Caroline Gurney) and the Social Impact Manager (Emily Fuller). For the year ended 31 December 2021, the recharge of costs under the service agreement from 16 June 2021 amounted to \$189,863 (excl. GST) (2020: nil). On an annual basis, the estimated costs to be incurred by the Company under the service agreement is approximately \$350,000 (excl. GST) each year.

Notes to the Financial Statements

For the year ended 31 December 2021

20. Key management personnel compensation (continued)

a) Remuneration of Directors and Other Key Management Personnel (continued)

Caroline Gurney is remunerated for her services as Chief Executive Officer by Wilson Asset Management. The Company is charged for incremental costs incurred by Wilson Asset Management in accordance with the service agreement between the entities. The Company also paid Emily Fuller, as Social Impact Manager \$13,200 (2020: \$31,815) for services provided to April 2021. The Social Impact Manager is now remunerated by Wilson Asset Management and recharged in accordance with the service agreement between the entities.

The Company remunerated LW Consulting Pty Limited, an entity associated with Louise Walsh, \$100,000 (excl. GST) per annum for providing her services as Chief Executive Officer. The term of the contract terminated in April 2021 upon Louise's resignation as Chief Executive Officer.

During the year ended 31 December 2021, the Company paid LW Consulting Pty Limited a total of \$35,686 (excl. GST) for services provided to April 2021 (2020: \$100,000 (excl. GST)). This payment is exclusive of \$10,000 (excl. GST) in performance based remuneration paid during the period to Louise's resignation in April 2021 (2020: \$20,000 (excl. GST)).

b) Share and option holdings

As at 31 December 2021, the Company's Directors and key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors and Key Management	Balance at 31 December 2020	Acquisitions	Disposals /on retirement	Balance at 31 December 2021
Jonathan Trollip	194,529	-	-	194,529
Stephanie Lai	42,555	-	-	42,555
David Leeton	309,364	-	-	309,364
David Paradice AO	1,000,000	-	-	1,000,000
Gabriel Radzyminski	44,505	1,876	-	46,381
Kate Thorley	134,751	5,598	-	140,349
Geoff Wilson AO	8,706,302	337,482	-	9,043,784
Caroline Gurney*	-	16,000	-	16,000
Louise Walsh*	16,046	-	(16,046)	-

Options held Directors and Key Management	Balance at 31 December 2020	Bonus issue allotment/acquisitions	Options exercised/ disposed	Balance at 31 December 2021
Jonathan Trollip	-	194,529	-	194,529
Stephanie Lai	-	42,555	-	42,555
David Leeton	-	309,364	-	309,364
David Paradice AO	-	1,000,000	-	1,000,000
Gabriel Radzyminski	-	45,411	-	45,411
Kate Thorley	-	137,454	-	137,454
Geoff Wilson AO	-	8,869,260	-	8,869,260
Caroline Gurney*	-	16,000	-	16,000

*Caroline Gurney resigned as a Director of the Company on 27 September 2021 as she commenced the role of CEO of Future Generation Australia. Louise Walsh stepped down as the CEO of Future Generation Australia on 16 April 2021.

Notes to the Financial Statements

For the year ended 31 December 2021

20. Key management personnel compensation (continued)

b) Share and option holdings (continued)

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

Ordinary shares held 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 Radzyski	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

*Louise Walsh stepped down as the CEO of Future Generation Australia on 16 April 2021.

Louise Walsh resigned as CEO of Future Generation Australia on 16 April 2021. On resignation, Louise Walsh held 16,046 shares in the Company and did not purchase or dispose of any ordinary shares during the period from 1 January 2021 to 16 April 2021.

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 2021, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

21. Related party transactions

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

Geoff Wilson AO is the Chairman and director of Wilson Asset Management, Investment Manager of Wilson Asset Management Equity Fund. Wilson Asset Management 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 also provides some company secretarial services, financial reporting, investor relations and marketing for the Company. The Company has entered into a service agreement with Wilson Asset Management regarding the financial and operating support provided (as announced on 16 June 2021). Under the service agreement, the Company is charged for incremental costs incurred by Wilson Asset Management in relation to the financial and operational support provided to the Company, including the provision of services from the Chief Executive Officer and the Social Impact Manager. For the year ended 31 December 2021, the recharge of costs under the service agreement from 16 June 2021 amounted to \$189,863 (excl. GST) (2020: nil). On an annual basis, the estimated costs to be incurred under the service agreement is approximately \$350,000 (excl. GST) each year.

Wilson Asset Management looks forward to continuing its support for the Company and the service agreement between Wilson Asset Management and the Company reflects the enduring relationship between the parties.

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

David Paradise AO is a Director of Paradise Investment Management Pty Limited which is the Trustee of the unregistered managed investment schemes Paradise Australian Mid Cap Fund and the Paradise Equity Alpha Plus 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.

Notes to the Financial Statements

For the year ended 31 December 2021

22. Contingencies

The Company had no contingent liabilities at 31 December 2021 (2020: 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 assets. As at 31 December 2021, the accrued commitment is \$3.1 million (2020: \$2.5 million). For further information, refer to Note 5.

24. Events occurring after the reporting period

Since the end of the year, the Company declared a fully franked final dividend of 3.0 cents per share to be paid on 29 April 2022.

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

Directors' Declaration

The Directors of Future Generation Investment Company Limited declare that:

1. The financial report as set out in pages 35 to 56 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report', as set out on pages 29 to 31 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 2021 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

Chair

Dated this 28th day of February 2022

**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 2021, 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 2021 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
<p>Existence and Valuation of Financial Assets Refer to Note 9: Financial assets at fair value through profit or loss</p>	
<p>We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset 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 the 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 obtaining 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 funds were 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.

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 2021 but does not include the financial report and our auditor's report thereon.

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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, actions taken to eliminate threats or safeguards applied.

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 29 to 31 of the Directors' Report for the year ended 31 December 2021. In our opinion, the Remuneration Report of Future Generation Investment Company Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



S S Wallace
Partner

28 February 2022



Pitcher Partners
Sydney

ASX Additional Information

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

Shareholdings

Substantial shareholders (as at 31 January 2022)

HSBC Custody Nominees (Australia) Limited is currently a substantial shareholder in Future Generation Investment Company Limited, holding 12.1% voting power as at 31 January 2022.

Distribution of shareholders (as at 31 January 2022)

Category	Number of shareholders	Percentage of issued capital held	Number of option holders	Percentage of options held
1 - 1,000	1,182	0.1%	1,121	0.1%
1,001 - 5,000	1,444	1.0%	1,379	1.0%
5,001 - 10,000	1,249	2.5%	1,156	2.3%
10,001 - 100,000	4,285	36.0%	3,993	33.7%
100,001 and over	547	60.4%	531	62.9%
	8,707	100.0%	8,180	100.0%

The number of shareholdings held in less than marketable parcels is 530.

Twenty largest shareholders – Ordinary shares (as at 31 January 2022)

Name	Number of ordinary shares held	Percentage of issued capital held
HSBC Custody Nominees (Australia) Limited	48,926,006	12.1%
Netwealth Investments Limited	12,151,934	3.0%
Entities associated with Mr Geoff Wilson AO	9,043,784	2.2%
The Ian Potter Foundation Limited	7,800,000	1.9%
Snow Foundation Limited	6,566,800	1.6%
Clurname Pty Limited	5,955,536	1.5%
J P Morgan Nominees Australia Pty Limited	3,529,305	0.9%
BNP Paribas Nominees Pty Limited	3,498,584	0.9%
Mr Christopher Bernard Millett & Ms Joanne Mary Donnellan	2,737,224	0.7%
Charanda Nominee Company Pty Limited	2,150,000	0.5%
Ruapehu Holdings Pty Limited	1,831,817	0.5%
Steve Anthony & Co Pty Limited	1,503,065	0.4%
Jontra Holdings Pty Limited	1,500,000	0.4%
Mr Kevin John Cairns & Mrs Catherine Valerie Cairns	1,400,000	0.3%
Melbourne Business School Limited	1,300,000	0.3%
Planet Red Pty Limited	1,285,000	0.3%
Mr PM Edwards & Mr DG Leeton <Victor Smorgon C/Funds A/C>	1,279,192	0.3%
Victor Smorgon Institute At Epworth Pty Limited	1,265,456	0.3%
Securities & Estates Pty Limited	1,100,000	0.3%
Cormack Foundation Pty Limited	1,100,000	0.3%
	115,923,703	28.7%

ASX Additional Information

Twenty largest option holders – Options (as at 31 January 2022)

Name	Number of options held	Percentage of options held
HSBC Custody Nominees (Australia) Limited	48,177,878	12.0%
Netwealth Investments Limited	10,545,312	2.6%
Entities associated with Mr Geoff Wilson AO	8,869,260	2.2%
Snow Foundation Limited	6,566,800	1.6%
The Ian Potter Foundation Limited	6,400,000	1.6%
Clurname Pty Limited	5,830,948	1.5%
J P Morgan Nominees Australia Pty Limited	3,864,415	1.0%
Bnp Paribas Nominees Pty Limited	3,237,827	0.8%
Smart Alpha Investments Pty Limited	2,737,224	0.7%
Perpetual Corporate Trust Limited	3,000,000	0.7%
Mr Christopher Bernard Millett & Ms Joanne Mary Donnellan	2,500,000	0.6%
Mr Peter Martin Alderson	2,383,192	0.6%
Charanda Nominee Company Pty Limited	2,150,000	0.5%
Florence Family Superfund Pty Limited	2,000,000	0.5%
Ruapehu Holdings Pty Limited	1,831,817	0.5%
Wiera Nominees Pty Limited	1,699,879	0.4%
Victor Smorgon Institute At Epworth Pty Limited	1,545,456	0.4%
Steve Anthony & Co Pty Limited	1,503,065	0.4%
Jontra Holdings Pty Limited	1,500,000	0.4%
Mr Kevin John Cairns & Mrs Catherine Valerie Cairns	1,500,000	0.4%
	117,843,073	29.4%

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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