



FUTURE GENERATION
INVESTMENT COMPANY

Annual Report
for the year ending 30 June 2016

Investing in Australia's future generation.

Future Generation Investment Company Limited

The principal activity of the Company is to invest in funds managed by a number of prominent Australian equity fund managers while also contributing to Australian children and youth at risk charities.

Chairman

Jonathan Trollip

Directors

Geoff Wilson
Gabriel Radzyminski
Paul Jensen
David Leeton
Kate Thorley
David Paradise
Scott Malcolm

Company Secretary

Mark Licciardo

Investment Committee

Geoff Wilson
Gabriel Radzyminski
Matthew Kidman
Bruce Tomlinson
David Smythe

Chief Executive Officer

Louise Walsh

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000

Contact Details

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Sydney NSW 2001
T: (02) 9247 9202
E: info@futuregeninvest.com.au
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Australian Securities Exchange

Future Generation Investment Company
Ordinary Shares (FGX)
Future Generation Investment Company
Options (FGXO) \$1.10 expired 16
September 2016

Share Registrar

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600
Fax: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registrar.

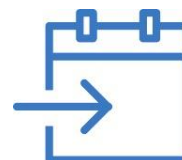
Shareholder Presentations 2016

Annual General Meeting and Presentation

Sydney

Wednesday 23 November

The Hilton
488 George Street
Sydney NSW 2000
AGM: 2.00pm – 2.30pm
Presentation: 2.30pm – 3.30pm



Adelaide

Wednesday 16 November

The Playford
120 North Terrace
Adelaide SA 5000
12.30pm – 1.30pm

Perth

Thursday 17 November

The Duxton
1 St Georges Terrace
Perth WA 6000
12.30pm – 1.30pm

Canberra

Monday 21 November

The Mercure
Cnr of Ainslie & Limestone Ave
Braddon ACT 2618
12.30pm – 1.30pm

Brisbane

Thursday 24 November

Brisbane Convention &
Exhibition Centre
Cnr Merivale & Glenelg St
South Bank QLD 4101
12.30pm – 1.30pm

Melbourne

Friday 25 November

Melbourne Convention &
Exhibition Centre
1 Convention Centre PL
South Wharf VIC 3006
12.30pm – 1.30pm

Online streaming

The Sydney presentation can be viewed live. Register your interest by emailing info@futuregeninvest.com.au

Key Highlights FY2016

DONATION TO CHARITIES

\$2.29 million

FULL YEAR FULLY FRANKED DIVIDENDS

4.0 cps

PROFIT BEFORE TAX

+ 18.2%

PORTFOLIO OUTPERFORMANCE

+10.7%

Summary of FY2016 Results

Future Generation Investment Company ('FGX') reported an increase of 18.2% in operating profit before tax to \$17.75 million for the year (FY2015: \$15.02 million) and a 28.6% increase in operating profit after tax of \$14.62 million (FY2015: \$11.37 million). For the financial year the portfolio increased 12.7%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 10.7% which increased 2.0%.

The investment portfolio delivered a very strong risk adjusted return with the portfolio outperforming the market by 10.7% while having significantly less volatility than the market. The volatility of the FGX portfolio as measured by its standard deviation during the year was 8.8% while the S&P/ASX All Ordinaries Accumulation Index was 14.2%.

The Board declared a 100% increase in full year fully franked dividends to 4.0 cents per share. The final fully franked dividend of 2.0 cents per share will be paid on 21 October 2016.

Snapshot as at 30 June 2016

ASX code	FGX
Listing date	Sept 2014
Market capitalisation	\$254.8m
Share price	\$1.12
Shares on issue	227,534,045
Options on issue	138,486,850
Net Tangible Assets (pre tax)	\$1.16
Net Tangible Assets (post tax)	\$1.15
Gross assets	\$266.4m
Full year fully franked dividends FY2016	4.0 cents

Contents

Chairman and Chief Executive Officer's Letter	1
Investment Committee Report	3
Charity Report	5
Directors' Report to Shareholders	11
Auditor's Independence Declaration	21
Statement of Comprehensive Income	22
Statement of Financial Position	23
Statement of Changes in Equity	24
Statement of Cash Flows	25
Notes to the Financial Statements	26
Directors' Declaration	46
Independent Auditor's Report	47
Investments at Market Value	49
Corporate Governance Statement	50
ASX Additional Information	61

Chairman & Chief Executive Officer's Letter

Dear Shareholders,

Firstly we would like to thank shareholders for their continued support of Future Generation Investment Company Limited ('FGX' or 'the Company') during the past 12 months. We are delighted to share FGX's outstanding results, dividends to shareholders and donation to our designated charities for the year.

We would also like to thank and congratulate our participating fund managers. In a volatile investment environment the 18 Australian equity fund managers together delivered a 12.7% portfolio return for the financial year, outperforming the S&P/ASX All Ordinaries Accumulation Index by 10.7%. The portfolio delivered a strong, risk-adjusted return for FY2016, achieving a pre tax profit of \$17.75 million (FY2015: \$15.02 million) and an after tax profit of \$14.62 million (FY2015: \$11.37 million).

The Board was pleased to announce a fully franked 2.0 cents per share final dividend. This brings the full year fully franked dividend to 4.0 cents per share. The final dividend supports the Company's goal of delivering on its investment objectives of providing a stream of fully franked dividends to shareholders while protecting their capital and delivering capital growth.

We are also excited to announce the second annual donation of \$2.29 million to our 14 designated charities with a focus on children and youth at risk, a 39.6% increase from the previous year's donation of \$1.64 million. This is made possible by the generosity and support of our fund managers and leading service providers.

Finally, we would like to thank our shareholders for being part of FGX's innovative approach to wealth creation that proves both shareholder and social returns can be achieved together.

Fund managers and service providers

We would like to thank the fund managers and service providers for their outstanding generosity throughout the year. This generosity has allowed the significant donation to our designated charities and other not-for-profit organisations. The estimated value of the fund managers' foregone management and performance fees totals \$5.65 million and the estimated value of the pro bono service providers, including the Board and Investment Committee, totals \$0.63 million.

The Company has provided shareholders with a diversified portfolio of investments. The Company invests its capital with the following Australian equity fund managers: Paradise Investment Management, Bennelong Australian Equities Partners, Regal Funds Management, Wilson Asset Management, Eley Griffiths Group, Watermark Funds Management, Tribeca Investment Partners, Cooper Investors, Optimal Fund Management Australia, Sandon Capital, Discovery Asset Management, LHC Capital, CBG Asset Management, Bennelong Long Short Equity Management, Smallco Investment Manager, Centennial Asset Management, Lanyon Asset Management and Qato Capital.

Dividends

The Board was pleased to announce a fully franked final dividend of 2.0 cents per share. The dividend will be paid on 21 October 2016 and FGX will trade ex dividend on 10 October 2016.

The Board is committed to providing a stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices. Shareholders are able to participate in the Dividend Reinvestment Plan (DRP) and/or the Dividend Donation Plan (DDP). The DRP will operate at a 2.5% discount to the price (calculated as the VWAP (volume weighted average 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) for the final dividend. The last election date for the DRP and the DDP will be 13 October 2016.

Charitable objectives

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

Chairman & Chief Executive Officer's Letter

The objectives of the Company are to provide shareholders with an attractive investment and provide a source of funding for Australian children's charities, with a focus on children and youth at risk. Being a shareholder in the Company is supporting investment in Australia's future generations. The Company's innovative structure promotes giving as well as wealth creation, and we hope this initiative will inspire the next generation of Australian corporate philanthropy. The Company has initially partnered with 14 designated charities that provide a significant benefit to Australia's children and youth. These charities are: Act For Kids, Australian Children's Music Foundation, Australian Indigenous Education Foundation, DEBRA Australia, Diabetes Kids Fund, Youth Off The Streets, Giant Steps, Kids Helpline, Lighthouse Foundation, Raise Foundation, Mirabel Foundation, United Way Australia, Variety and Youth Focus.

Charitable donation

During the year, FGX shareholders had the opportunity to nominate which of the designated charities they would like to support and we were very pleased by the response. Thank you for taking the time to do this. FGX had a total charitable donation of \$2.29 million for the year ending 30 June 2016. Of this, \$2 million was allocated to the 14 FGX designated charities.

Shareholders registered as holding 1 million shares or more had the option to nominate a charity of their choice to receive part of the charitable donation. Only those charities with an Australian deductible gift recipients (DGR) status could be nominated. The portion of the charitable donation subsequently donated to these charities was equal to the shareholders percentage holding in the Company. For the year ending June 2016, this amount came to a total of \$0.29 million.

Investment portfolio

Since the capital raising funds were received in early September 2014, FGX has invested in 19 individual funds managed by 18 Australian equity fund managers. The allocation to the managers has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, market neutral and cash. The composition of the portfolio will vary over time in terms of strategies, funds and managers. The long equities portion of the portfolio includes exposure to large cap, mid cap and small cap stocks.

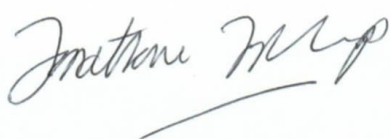
As at 30 June 2016, the portfolio was 49.8% long equities, 25.1% absolute bias, 15.6% market neutral and 9.5% cash.

Appointments

On 8 March 2016 the Board announced the appointment of Louise Walsh as Chief Executive Officer. Louise is a senior executive with a strong mix of experience in the not-for-profit, government and private sectors. Louise is also the Chief Executive Officer of Future Generation Global Investment Company Limited. Please refer to the Directors' Report for further details.

On 9 August 2016, the Board announced the appointment of Bruce Tomlinson and David Smythe to the FGX Investment Committee. Please refer to the Investment Committee report for further details on these appointments.

Thank you for your continued support.



Jonathan Trollip, Chairman
Dated 28th September 2016



Louise Walsh, Chief Executive Officer
Dated 28th September 2016

Investment Committee Report

The Investment Committee is primarily responsible for selecting fund managers, making and redeeming investments and generally managing the Company's portfolio. FGX's Investment Committee comprises: Geoff Wilson (Chairman), Matthew Kidman, Gabriel Radzyminski, Bruce Tomlinson and David Smythe.

The Investment Committee was pleased with FGX's strong, risk-adjusted performance during the year. The portfolio rose 12.7%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 10.7% which increased 2.0%. The investment portfolio delivered a very strong risk adjusted return with the portfolio outperforming the market by 10.7% while having significantly less volatility than the market. The volatility of the FGX portfolio as measured by its standard deviation during the year was 8.8% while the S&P/ASX All Ordinaries Accumulation Index was 14.2%.

The strength of the underlying fund managers' performance and FGX's diligent allocation process drove the investment portfolio to outperform the Australian equity market.

The investment philosophy is built on the establishment and maintenance of a diversified portfolio of investments. By having a number of different fund managers, the Company has access to a range of investment styles and strategies. The Company believes that the diversification of the portfolio is important in managing and mitigating risk.

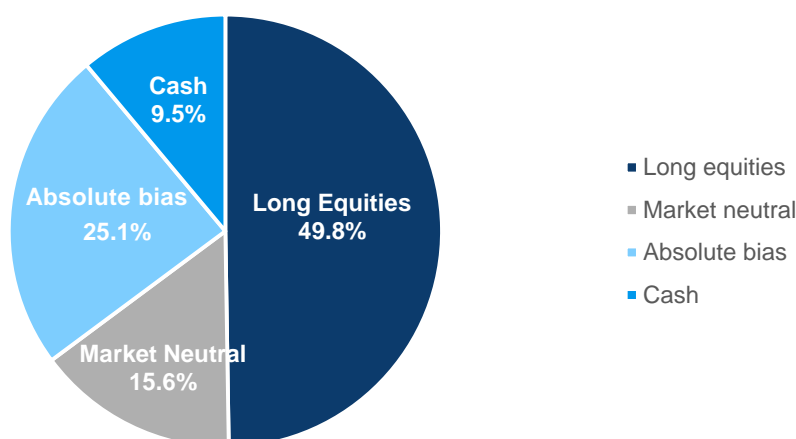
During the year, three broad investment strategies were employed: long equities, absolute bias and market neutral. Over the year, FGX maintained an average of 48.3% long equities exposure, 16.5% market neutral exposure and 23.6% absolute bias exposure while holding on average 11.6% cash.

The Company raised a total of \$179,768,729 during the term of the option issue to 16 September 2016. A total of 163,426,117 options (89.9%) were exercised with the remaining options expiring.

In May and June additional investments were made in the following funds: Paradise Large Cap Fund, Paradise Australian Equities Mid Cap Fund, Bennelong Australian Equities Fund, Regal Australian Long Short Equity Fund, Eley Griffiths Group Small Companies Fund, Wilson Asset Management Equity Fund, Cooper Investors Australian Equities Fund, Watermark Absolute Return Fund, Tribeca Alpha Plus Fund, Sandon Capital Activist Fund and Lanyon Australian Value Fund. In May, the Company invested in two new funds, The Level 18 Fund and CBG Australian Equities Fund.

The Investment Committee is currently in the process of deploying the additional capital raised through the option issue since year end and the expiry date of 16 September 2016.

Investment strategy allocation (% of assets)



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.

Absolute bias - an investment strategy that seeks to generate returns, irrespective of the performance of traditional asset classes. These strategies use innovative investment techniques to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

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

Investment Committee Report

Fund Manager Summary

Fund manager	Strategy	% of Gross Assets as at 30 June 2016
Paradice Investment Management	Long equities	10.1%
Bennelong Australian Equities Partners	Long equities	9.6%
Regal Funds Management	Long equities	9.3%
Wilson Asset Management	Absolute bias	8.1%
Eley Griffiths Group	Long equities	7.9%
Watermark Funds Management	Market neutral	7.7%
Tribeca Investment Partners	Absolute bias	6.7%
Cooper Investors	Long equities	4.9%
Optimal Fund Management Australia	Market neutral	4.3%
Sandon Capital	Absolute bias	3.9%
Discovery Asset Management	Long equities	3.1%
LHC Capital	Absolute bias	3.0%
CBG Asset Management	Long equities	2.7%
Bennelong Long Short Equity Management	Market neutral	2.6%
Smallco Investment Manager	Long equities	2.2%
Centennial Asset Management	Absolute bias	1.9%
Lanyon Asset Management	Absolute bias	1.5%
Qato Capital	Market neutral	1.0%
Cash And Term Deposits		9.5%

Investment committee appointments

On 9 August 2016, the Board announced the appointment of Bruce Tomlinson and David Smythe to the FGX Investment Committee.

Bruce Tomlinson is currently Portfolio Manager, Hedge Funds at Sunsuper in Sydney, a position he has held since October 2007. Previously he was the Portfolio Manager, Australian Equities at Sunsuper from 2011 to 2014. Prior to this he was a Statutory Fund Manager at AMP Capital Investors from August 1999.

David Smythe is a Managing Partner and joint founder of Zenith Investment Partners, the research business established in November 2002. David has been in the investment industry for over 21 years and is heavily involved in all aspects of the Zenith business, including manager research, model portfolio construction and participation in client investment committee meetings.



Geoff Wilson

Chairman of the Investment Committee and Director

Dated 28th September 2016

Charity Report

We are proud to support our 14 designated charities that work tirelessly to improve the lives of Australian children and youth at risk. The outstanding generosity of the fund managers, as well as the pro bono support of our service providers, allows the Company to make an annual donation of 1.0% of its average monthly net tangible assets to these charities each financial year.

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

The specific allocation to each charity was determined by your votes and directions, with the Board distributing the undirected monies on a pro-rata basis between the designated charities.

The FY2016 allocations to each charity are:

Designated Charity	FY16 Donation	FY15 Donation
Act for Kids	\$122,524	\$89,768
Australian Children's Music Foundation	\$119,230	\$87,456
Australian Indigenous Education Foundation	\$138,967	\$104,372
DEBRA Australia	\$126,422	\$82,283
Diabetes Kids Fund	\$114,060	\$76,560
Giant Steps	\$163,979	\$118,717
Kids Helpline	\$120,897	\$94,764
Lighthouse Foundation	\$215,081	\$172,923
Mirabel Foundation	\$120,261	\$96,259
Raise Foundation	\$116,352	\$88,570
United Way	\$112,221	\$84,662
Variety	\$115,566	\$80,160
Youth Focus	\$115,951	\$88,131
Youth Off The Streets	\$136,455	\$90,322
Directed* Australian charities	\$164,997	\$163,262
Directed* children and youth at risk charities	\$288,431	\$125,806
TOTAL CHARITABLE ALLOCATION	\$2,291,394	\$1,644,015

*Directed by shareholders with 1 million or more shares

Charity Report

Information on the projects the designated charities undertook with their allocation of the FY2015 \$1.64 million FGX donation is detailed below:



Act for Kids provides a range of free targeted services to prevent and treat child abuse and neglect. It delivered prevention, early intervention and therapy services across Australia to more than 19,800 children in 2015-2016.

FGX funding of \$89,768 for the year enabled Act for Kids to employ a psychologist and a speech pathologist in Adelaide to assist the sole existing staff member to meet the increasing demand for therapy services. During that period, the Adelaide team worked with 40 children and 43 parents or carers. FGX funding for 2015-2016 also assisted to provide therapy services in the Blacktown Integrated Therapy Services in Western Sydney which opened in October 2015. The Blacktown team of three (occupational therapist, psychologist and speech pathologist) has worked with 58 children and 60 parents or carers.

Website: www.actforkids.com.au



The 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. Specialist music teachers deliver the lessons, the majority in primary schools.

In 2015-2016, FGX funding of \$87,456 was directed to Taree Group Schools on the mid north coast of NSW and the Sunshine Group Schools in West Melbourne. Four specialist music teachers were employed to deliver the program in both regions. In total, 1,502 children participated in the ACMF programs with music lessons and free musical instruments.

Website: www.acmf.com.au



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

AIEF currently supports more than 500 secondary and tertiary scholars each year and a network of over 300 alumni. The average cost of an AIEF scholarship is \$20,000 per student per annum. Scholarships take place with 36 partner schools and colleges nationwide. Students supported by AIEF scholarships achieve a 93% retention and Year 12 completion rate, and 93% of graduates are engaged in university study or full-time employment. FGX funding for 2015-2016 of \$104,372 enabled five students to receive scholarships.

Website: www.aief.com.au

Charity Report



DEBRA Australia supports children and teenagers and their families living with Epidermolysis Bullosa (EB). EB causes the skin to blister and peel at the slightest touch. Sufferers must be bandaged every day with dressings to protect and medicate their wounds. Dressing change regimes can take up to three hours per session. There are an estimated 1,000 Australians with this rare disease.

FGX funding of \$82,283 for 2015-2016 provided specialised EB nurses to meet family needs in States which do not have government funded EB nurses. Specifically, paediatric nurses were employed in Brisbane and Melbourne and the FGX funding also upskilled a nurse in Adelaide. EB nurses coordinate care for EB patients, liaising with specialists as required and making sure necessary clinical tests are regularly conducted.

Website: www.debra.org.au



Diabetes Kids Fund was established by Diabetes NSW to ensure continued provision of services for children in NSW living with diabetes. Managing type 1 diabetes is a full time task where blood sugars are regularly tested and insulin doses are constantly monitored. There are 3,326 children and young people aged 3-18 years with type 1 diabetes in NSW. In 2013-2014, there were 927 diabetes-related hospitalisations for children aged 0-14 in NSW alone.

FGX funding of \$76,560 in 2015-2016 supported five DiaBuddies Days – picnic days of fun activities, educational insights, mentoring and social networking. DiaBuddies Days were held at Homebush in Western Sydney (124 participants), Illawarra on the South Coast (137 participants), Cessnock (118 participants), Albury (80 participants) and Campbelltown (153 participants). Funding from FGX also provided training for teachers and childcare staff on managing children with type 1 diabetes. School Training Workshops were introduced in 2016 starting with Glebe in Sydney. No training for teachers existed in NSW before these workshops were introduced unlike training for teachers to manage students with severe allergies.

Website: <http://diabetesnsw.com.au/your-community/diabetes-kids-fund/>



Giant Steps was 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. The cost per student at Giant Steps Sydney is \$90,000 per annum. There are currently 93 students with autism at the Sydney school.

FGX funding of \$118,717 in 2015-2016 contributed to a new school being opened in Melbourne in March 2016. The school opened with 11 students. It is hoped that the Melbourne school will expand to 35 students within three years.

Website: www.giantsteps.net.au

Charity Report



Kids Helpline is Australia's only free 24 hour, 7 day per week phone and online counselling service for young people aged 5 to 25 years. Counsellors respond to more than 200,000 contacts per year via phone, webchat or email. Kids Helpline receives more than 750,000 visitors to its website each year.

The FGX funding of \$94,764 for 2015-2016 was used for a national awareness campaign via a collaboration with Pandora Internet Radio. The campaign was held over Christmas school holidays in December 2015 and January 2016 and the Easter and July 2016 school holidays. The objective was to drive initial engagement to develop trust with the Kids Helpline brand and contacts with the service.

As a result of this new project, Kids Helpline hopes to achieve a 20% annual increase in the numbers of young people being case managed for suicide, self-harm and mental health concerns.

Website: www.kidshelpline.com.au



Lighthouse Foundation aims to end youth homelessness. It operates 10 homes in Victoria to support homeless people aged 15-22 from backgrounds of long-term neglect and abuse. Three of the homes support young mothers with babies. Each home has two live-in carers who provide 24/7 support. A specialist clinical team support the carers with intensive training and supervision.

Lighthouse also provides a clinic for long-term counselling, a case management service for education and employment, an outreach program and an Institute, which is a training and consultancy business. FGX's funding of \$172,923 for 2015-2016 was used to deliver Lighthouse's Therapeutic Family Model of Care for 50 young homeless people in Victoria. Lighthouse staff have trauma-informed care training which is distinct from older and most homelessness organisations which are focussed on providing food and shelter.

Specific results include:

Two of these young people have built safe relationships with extended family members which were previously unknown; and Eight young people have transitioned from the residential program.

Lighthouse returns \$12 of social value for every dollar invested in it. The cost to society ranges from \$350,000 to \$1.1 million per person over a lifetime if the cycle is not broken.

Website: www.lighthousefoundation.org.au

Charity Report



The Mirabel Foundation assists children in Victoria and NSW who have been orphaned or abandoned due to their parents' drug use and who are now in the care of extended family. Mirabel currently supports more than 1,500 children aged 0-17 years, with nine new children referred weekly.

A Social Return on Investment analysis completed in November 2015 found that for every dollar invested in Mirabel, \$6.60 of social and economic value was created. Over the 17 years work of Mirabel, 45% of all children experienced substantial life-changing outcomes as a result of Mirabel's intervention. FGX funding of \$96,259 for 2015-2016 has provided 89 new children and 38 kinship families with essential support including assessment of needs, counselling, referrals to specialist services, intensive crisis support, therapeutic children's groups, educational support, respite care and support family holidays.

Website: www.mirabelfoundation.org.au



Raise Foundation improves the lives of young people by providing high quality mentoring programs in high schools and in the community. Raise was founded eight years ago and currently operates in NSW, Victoria, and Queensland. It is expected to benefit an estimated 800 young people in 2016.

Raise has trained more than 1,700 volunteers to be professional mentors. It has also matched more than 2,400 young people with mentors for face-to-face mentoring typically an hour each week. Only 23% of Australian young people ask for professional help. 79% of Raise mentees will now ask an adult for help because of their mentoring experience. 88% of mentees would recommend mentoring to friends. 100% of Raise's In School Mentoring Opportunity (Ismo) schools asked for the program again in 2016.

With the FGX funding of \$88,570 in 2015-2016, Raise's Ismo programs have been supported across NSW, Victoria and Queensland. Raise is running Ismo in 53 schools and the goal is 1,300 public schools across Australia. It costs \$15,000 to run an Ismo program in a high school, so the FGX investment has funded six new high schools. Each Ismo program has 15 students as mentees so FGX has enabled accredited mentors to support 90 young people who were at risk of disengaging.

Website: www.raise.org.au



United Way Australia (UWA) develops collaborations that improve early childhood outcomes and school-to-work transitions. Their primary areas are education, employment, housing and health. One in five Australian children start school developmentally vulnerable. UWA understands the importance of improving early childhood outcomes for children from zero to eight years old.

FGX's funding for 2015-2016 of \$84,662 has focussed on UWA's early literacy program Ready to Read. It combines free monthly book deliveries to 0-5 year old children and literacy resources for families, such as community reading events and reading workshops.

FGX's support has established a new Ready to Read community in Mount Druitt in Western Sydney. For 2015-6, UWA had 200 children from Mount Druitt benefitting from the program.

Website: www.unitedway.com.au

Charity Report



Variety is dedicated to assisting Australian children who are disadvantaged and at risk. It provides essential equipment and experiences to help disadvantaged children develop their life skills.

FGX funding of \$80,160 for 2015-2016 supported Variety's National Scholarships Program for children with an existing talent who are disadvantaged or have a disability and who do not have financial support to excel in their field.

FGX's funding supported 29 scholarships nationally with the average scholarship being \$2,500 per child. Scholarship categories included sport and the arts, academic and even astronomy. Over 150 applications were received from across Australia. In 2016, 43% of scholarships granted were to children who faced socio-economic marginalisation, and the remaining 57% had a disability.

Website: www.variety.org.au



Youth Focus works to prevent youth suicide in Western Australia working from Geraldton to Albany. It provides a range of free, unlimited and early intervention and prevention services. Youth Focus works with a number of leading Australian mental health organisations including the Black Dog Institute, Orygen and ReachOut Australia.

Every week in WA, one young person is lost to suicide and a further 20 attempts are made. FGX funding for 2015-6 of \$88,131 was used to fund a Youth Focus Counsellor based at its Burswood office in Perth. The Counsellor provided intensive and ongoing face-to-face counselling from the Burswood office and at a number of schools. 60 young people are benefitting from this new role in its first year.

Website: www.youthfocus.com.au



Youth Off The Streets was established by Father Chris Riley in 1991, Youth Off The Streets (YOTS) works for young people who face challenges of homelessness, drug dependency, and recovering from abuse. The organisation aims to see young people leave their care drug free, with a high school education, living skills, and a full or part-time job. The 35 YOTS services include Aboriginal programs, crisis accommodation, alcohol and other dry services, counselling, accredited high schools, community outreach, education and residential programs.

FGX funding of \$90,322 for 2015-2016 was used to deliver the Cultural Connections program for disadvantaged Aboriginal youth aged 12-21 years in Sydney's South West. It provided one-on-one mentoring, supported service referrals, individual advocacy and participation in traditional cultural learning programs. Specific activities included bush camps, a bush tucker garden program, an Aboriginal arts program, regular Aboriginal men's group meetings and participation in cultural events such as Reconciliation Day. The program has had a direct impact on 200 young Aboriginal Australians.

Website: www.youthoffthestreets.com.au

Directors' Report to Shareholders

For the year ended 30 June 2016

The Directors present their report together with the financial report of Future Generation Investment Company Limited (the "Company" or "FGX") for the financial year ended 30 June 2016.

Principal Activity

The principal activity of the Company is to invest in funds managed by a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies while also contributing to Australian children and youth at risk charities.

The Company invests its capital with fund managers who have agreed to provide their services for 0.0% management fees and 0.0% performance fees. The pro bono support of these fund managers, as well as the pro bono support of various service providers allows the company to donate 1.0% of its average monthly net tangible assets each year to Australian charities with a focus on children and youth at risk.

There was no significant change in the nature of the activity of the Company during the year.

Operating and Financial Review

During the year the portfolio rose 12.7%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 10.7%, which increased 2.0%. This was achieved with low volatility as the standard deviation of the investment portfolio was 8.8% against the Index's 14.2%.

The Net Tangible Asset ("NTA") after tax for each share as at 30 June 2016 amounted to \$1.15 per share (2015: \$1.11 cents). The NTA before tax was \$1.16 per share (2015: \$1.11 cents). The current year figures are before the payment of 2.0 cents in fully franked dividends to shareholders scheduled for a payment date of 21 October 2016 and after the payment of 4.0 cents in fully franked dividends to shareholders during the year.

Investment operations over the year resulted in an 18.2% increase in operating profit before tax to \$17.75 million (2015: \$15.02 million) and a 28.6% increase in operating profit after tax of \$14.62 million (2015: \$11.37 million).

Financial Position

The net asset value for the Company at year end was \$263.54 million (2015: \$204.62 million).

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2016.

Dividends Paid or Recommended

Dividends paid or declared are as follows:

Fully franked 2015 final dividend of 2.0 cents per share was paid on 23 October 2015 in the amount of:	\$3,692,148
Fully franked 2016 interim dividend of 2.0 cents per share was paid on 29 April 2016 in the amount of:	\$4,512,438

Since year end the Board has declared a final dividend of 2.0 cents per share fully franked to be paid on 21 October 2016.

Directors' Report to Shareholders

For the year ended 30 June 2016

Options

On 9 September 2014, the Company allotted 181,818,182 options to acquire ordinary shares in the capital of the Company.

As at 30 June 2016, 43,331,332 options had been exercised for a total consideration of \$47,664,465 with the remaining balance of outstanding options being 138,486,850.

On 16 September 2016, the FGX options expired. A total of 163,426,117 options (89.9%) were exercised and new ordinary shares were allotted for a total consideration of \$179,768,729.

Directors

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

Jonathon Trollip	(Chairman)
Gabriel Radzyminski	(Non-Executive Director)
Paul Jensen	(Non-Executive Director)
Geoff Wilson	(Non-Executive Director)
David Leeton	(Non-Executive Director)
David Paradice	(Non-Executive Director)
Scott Malcolm	(Non-Executive Director)
Kate Thorley	(Non-Executive Director)

Information on Directors

Jonathan Trollip (Chairman)

Experience and expertise

Jonathan Trollip has over 30 years legal and commercial experience in the international financial sector. Jonathan is currently a principal and Director of Sydney based structured finance group Meridian International Capital Limited with whom he has been for the past 22 years. Prior to that, Jonathan was a Partner with Herbert Smith Freehills (previously Freehills) whom 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, has been admitted to practice as a solicitor in England and Australia and holds a current solicitor's practicing certificate.

Other current directorships

Jonathan Trollip is Chairman of Antipodes Global Investment Company (appointed July 2016) and Global Value Fund Limited, a non-executive director of Elemental Minerals 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 has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

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

Interests in contracts

Jonathan Trollip has no interests in contracts of the Company.

Directors' Report to Shareholders

For the year ended 30 June 2016

Gabriel Radzynski (Non-Executive Director)

Experience and expertise

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

Other current directorships

Gabriel Radzynski serves as Chairman of Sandon Capital Investments Limited, a non-executive Director of Mercantile Investment Company Limited and a non-executive Director of Murchison Metals 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.

Paul Jensen (Non-Executive Director)

Experience and expertise

Paul Jensen is a Fellow of the Australian Institute of Company Directors and holds a Bachelor degree in Accounting and Commercial Law. Paul is a professional non-executive director and business adviser. Paul has over 25 years of international experience in finance, investment management and banking, with specific expertise in strategy formation, governance and financial performance. He has held senior executive positions in New Zealand, United Kingdom and Australia.

Other current directorships

Paul Jensen is a Director of Sandon Capital Investments Limited, WAM Capital Limited and Chairman of Hunter Hall Global Value Limited (appointed October 2015) and Watarrka Foundation Limited.

Former directorships in the last 3 years

Paul Jensen is a former Director of Murchison Metals Limited, RHG Limited and Direct Money Marketplace Pty Limited.

Special responsibilities

Chairman of the Audit and Risk Committee.

Interests in shares of the Company

Details of Paul Jensen's interests in shares of the Company are included later in this report.

Interests in contracts

Paul Jensen has no interests in contracts of the Company.

Directors' Report to Shareholders

For the year ended 30 June 2016

Geoff Wilson (Founder and Non-Executive Director)

Experience and expertise

Geoff Wilson has over 36 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia.

Other current directorships

Geoff Wilson is Chairman of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited (appointed March 2016) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited (appointed May 2015) and a Director of Australian Leaders Fund Limited, Clime Capital Limited, Global Value Fund Limited, Century Australia Investments Limited, Incubator Capital Limited, Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation, Odyssey House McGrath Foundation, Australian Children's Music Foundation and he 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 has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Chairman of the Investment Committee.

Interests in shares of the Company

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

Interests in contracts

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

David Leeton (Non-Executive Director)

Experience and expertise

David Leeton is the Chief Financial Officer of the Victor Smorgon Group. David chairs the Victor Smorgon Groups' investment board and is actively involved in all facets of the Groups' investments and philanthropy interests. David is directly 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.

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

None with listed entities.

Special responsibilities

Member of the Investment 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.

Directors' Report to Shareholders

For the year ended 30 June 2016

David Paradise (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 32 people, including 14 investment specialists, with approximately \$10.5 billion funds under management. Paradise Investment Management manages four funds: Small Cap Australian Equities Fund, Mid Cap Australian Equities Fund, Large Cap Australian Equities Fund and Global Small Mid Cap Fund.

David holds a Bachelor of Commerce from the University of Sydney, a Diploma of Companies Directors from the Australian Institute of Companies Directors, a Diploma of Finance and Investment from the Securities of Australasia and a Professional Year from the Institute of Chartered Accountants Australia. He is a member of the Australian Institute of Company Directors, the Financial Securities Institute of Australasia and the Institute of Chartered Accountants Australia.

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.

Scott Malcolm (Non-Executive Director)

Experience and expertise

Scott Malcolm has over 25 years experience in investment banking and corporate finance in Australia and the USA. He is Executive Chairman of the Sydney based corporate advisory firm, Greenstone Partners which he founded in 2003. Prior to Greenstone Partners, Scott was a Director in Credit Suisse's investment banking department in Sydney. Scott has a Bachelor of Commerce (Hons) from Victoria University of Wellington, New Zealand and a Master of Business Administration from the William E Simon Graduate School of Business, Rochester, New York, USA.

Other current directorships

None with listed entities.

Former directorships in the last 3 years

Scott Malcolm was a non executive Director of Guinness Peat Group plc from February 2012 to February 2015.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Scott Malcolm's interests in shares of the Company are included later in this report.

Interests in contracts

Scott Malcolm has no interests in contracts of the Company.

Directors' Report to Shareholders

For the year ended 30 June 2016

Kate Thorley (Non-Executive Director)

Experience and expertise

Kate Thorley has over 10 years experience in the funds management industry and more than 15 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited. Kate is a Director of WAM Active Limited, WAM Research Limited, WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 2016) and is a non-executive Director of Sandon Capital Opportunities Pty Limited. Kate is also the Company Secretary of Future Generation Global Investment Company Limited. Previously, Kate held the positions of Chief Financial Officer and Financial Accountant for Wilson Asset Management (International) Pty 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 CPA. She is a member of the Australian Institute of Company Directors and the Financial Services Institute of Australia.

Other current directorships

Kate Thorley is a Director of WAM Research Limited, WAM Active Limited, WAM Leaders Limited (appointed March 2016) and WAM Capital (appointed August 2016).

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

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

Information on Chief Executive Officer:

Louise Walsh

Experience and expertise

Louise is a senior executive with a strong mix of experience in the not-for-profit, government and private sectors. A former solicitor at Allens, she has spent most of her career in sport, arts and culture and the philanthropic sectors and has been a forerunner in growing philanthropy in Australia over the last 15 years.

Prior to joining the Company, Louise was the CEO of Philanthropy Australia, the peak body for philanthropy in Australia. She has extensive experience in private giving and philanthropy. Louise holds a Bachelor of Economics and Bachelor of Law from the University of Sydney. Louise is also CEO of Future Generation Global Investment Company Limited.

Directors' Report to Shareholders

For the year ended 30 June 2016

Information on Company Secretary:

Mark Licciardo

Experience and expertise

Mark Licciardo is the founder and Managing Director of Mertons Corporate Services Pty Ltd. As a former company secretary of ASX 50 companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, business management, administration, consulting and company secretarial matters. Mark is also the former Chairman of the Governance Institute of Australia Victoria division and Melbourne Fringe Festival and a current non-executive Director of a number of public and private companies. Mark holds a Bachelor of Business Degree (Accounting) from Victoria University and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors.

Remuneration Report

The responsibility of the Company's remuneration policy rests with the Board.

a) Remuneration of Directors and Other Key Management Personnel

The Chairman and the Directors have agreed to waive their Directors' fees. For the financial year 2016 and going forward, no Directors' fees will be paid.

On 8 March 2016, the Board of Directors announced the appointment of Louise Walsh as Chief Executive Officer of the Company and her initial term is until 7 March 2019. The Company will remunerate LW Consulting Pty Limited, an entity associated with Louise Walsh, \$100,000 (plus GST) per annum for providing her services as an executive officer.

During the year the Company paid LW Consulting Pty Limited a total of \$25,000 (plus GST) for services provided from 8 March 2016 to 7 June 2016.

b) Director and Other Key Management Personnel Related Entities Remuneration

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

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

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

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

Directors' Report to Shareholders

For the year ended 30 June 2016

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

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

Directors and Key Management Personnel	Ordinary Shares
Jonathan Trollip	181,818
Geoff Wilson	7,163,401
Gabriel Radzyminski	37,082
Paul Jensen	69,036
David Paradice	1,000,000
David Leeton	309,364
Scott Malcolm	1,831,817
Kate Thorley	85,043
Louise Walsh	-

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

This concludes the audit remuneration report, which has been audited.

Directors' Meetings

Director	No. eligible to attend	Attended
Jonathan Trollip	4	4
Geoff Wilson	4	4
Gabriel Radzyminski	4	4
Paul Jensen	4	4
David Paradice	4	4
David Leeton	4	4
Scott Malcolm	4	4
Kate Thorley	4	4

Audit and Risk Committee Meetings

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance Statement on pages 55 to 56 of the Annual Report.

Director	No. eligible to attend	Attended
Paul Jensen	4	4
Kate Thorley	4	4
Scott Malcolm	4	4

Directors' Report to Shareholders

For the year ended 30 June 2016

After Balance Date Events

Since year end the Company declared a final dividend of 2.0 cents per share fully franked to be paid on 21 October 2016.

The Company raised a total of \$132,299,489 from 120,272,263 options exercised since year end. A total of \$179,768,729 has been raised during the term of the option issue to 16 September 2016.

No other matters or circumstances have arisen since the end of the financial 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 industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

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

Environmental Issues

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 financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Officer or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who, is or has been, an auditor of the Company.

Proceedings on behalf of the Company

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

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

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 & Risk Committee, is satisfied that the provision of non-audit services during the year 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 Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

Directors' Report to Shareholders

For the year ended 30 June 2016

- 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 set by the Accounting Professional and Ethical Standards Board.

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 21 of this Annual Report.

Rounding of Amounts

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the ASIC relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar.

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



Jonathan Trollip
Chairman
28th September 2016

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF FUTURE GENERATION INVESTMENT COMPANY LIMITED
ABN 97 063 935 553**

In relation to the independent audit for the year ended 30 June 2016, I declare that 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 any applicable code of professional conduct.

This declaration is in respect of Future Generation Investment Company Limited.



S M WHIDDETT
Partner

PITCHER PARTNERS
Sydney

28 September 2016

Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	2016	2015
		\$'000	\$'000
Investment income from ordinary activities			
Interest income		735	986
Distributions received		15,376	14,050
Investment management and performance fee rebates	3	4,245	1,886
		20,356	16,922
Expenses			
ASX Listing fees		-	-
Share registry maintenance costs		-	-
Charity donation accrual	5	(2,291)	(1,644)
Share registry transaction costs		(157)	(73)
Other expenses		(43)	(2)
Audit fees		(36)	(39)
Executive remuneration	20(a)	(28)	-
Chess fees		(20)	(60)
Other expenses		(28)	(80)
Amortisation expense		(4)	(3)
Tax fees		(3)	-
Directors' fees		-	-
Accounting fees		-	-
		(2,610)	(1,901)
Profit before income tax			
		17,746	15,021
Income tax expense	4(a)	(3,122)	(3,649)
Net profit for the year			
		14,624	11,372
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised gains/(losses) on investments taken to equity, net of tax		4,711	(6,763)
Net realised losses on investments taken to equity, net of tax		-	(3)
Other comprehensive income/(loss) for the year, net of tax			
		4,711	(6,766)
Total comprehensive income for the year			
		19,335	4,606
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
		Cents	Cents
Basic earnings per share	16	7.45	7.63
Diluted earnings per share	16	7.35	7.63

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2016

	Notes	2016	2015
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	13	25,565	23,340
Trade and other receivables	8	12,380	9,733
Other current assets		8	5
Total current assets		37,953	33,078
Non-current assets			
Financial assets at fair value through other comprehensive income	9	228,451	172,170
Deferred tax assets	4(b)	2,305	4,417
Intangible assets		7	10
Total non-current assets		230,763	176,597
Total assets		268,716	209,675
LIABILITIES			
Current liabilities			
Trade and other payables	10	44	23
Charity donation accrual	5	2,291	1,644
Current tax liabilities	4(c)	2,783	3,231
Total current liabilities		5,118	4,898
Non-current liabilities			
Deferred tax liabilities	4(d)	56	153
Total non-current liabilities		56	153
Total liabilities		5,174	5,051
Net assets		263,542	204,624
EQUITY			
Issued capital	11(a)	248,036	200,248
Reserves	12(a)	19,287	4,376
Accumulated losses	12(b)	(3,781)	-
Total equity		263,542	204,624

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Issued capital	Reserves	Accumulated losses	Total equity
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014		3,528	(3,781)	3,551	3,298
Net profit for the year		-	-	11,372	11,372
Other comprehensive loss, net of tax		-	(6,766)	-	(6,766)
Transactions with owners:					
Contributions of equity, net of transaction costs and tax		198,809	-	-	198,809
Buy-back of ordinary shares		(2,089)	-	-	(2,089)
Transfer to profits reserve		-	14,923	(14,923)	-
Balance at 30 June 2015		200,248	4,376	-	204,624
Net profit for the year		-	-	14,624	14,624
Other comprehensive income, net of tax		-	4,711	-	4,711
Transactions with owners:					
Contributions of equity, net of transaction costs and tax		47,788	-	-	47,788
Dividends paid	6(a)	-	(8,205)	-	(8,205)
Transfer of security-based payment reserve	12(b)	-	3,781	(3,781)	-
Transfer to profits reserve	12(b)	-	14,624	(14,624)	-
Balance at 30 June 2016		248,036	19,287	(3,781)	263,542

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016	2015
		\$'000	\$'000
Cash flows from operating activities			
Interest received		766	916
Rebate income		375	262
Income taxes paid		(3,622)	(386)
Payments for other expenses		(1,938)	(501)
Net cash (used in)/provided by operating activities	14	(4,419)	291
Cash flows from investing activities			
Payments for financial assets		(32,925)	(191,800)
Payments for intangible assets		-	(14)
Proceeds from sale of financial assets		-	15,939
Net cash used in investing activities		(32,925)	(175,875)
Cash flows from financing activities			
Proceeds from issue of shares and options exercised		47,230	201,433
Dividends paid to the Company's shareholders		(7,614)	-
Payments for shares bought back		-	(2,089)
Share issue and buy-back transaction costs		(47)	(3,750)
Net cash provided by financing activities		39,569	195,594
Net increase in cash and cash equivalents			
		2,225	20,010
Cash and cash equivalents at the beginning of the year		23,340	3,330
Cash and cash equivalents at the end of the year	13	25,565	23,340
Non-cash investing and financing activities			
Distribution and management fee rebate income reinvested		16,564	5,974
Shares issued via dividend reinvestment plan		591	-
	15	17,155	5,974

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2016

1. General information

Future Generation Investment Company Limited (the "Company") is a listed public company, incorporated and domiciled in Australia. The registered office is Level 11, 139 Macquarie Street, Sydney NSW 2000. The financial statements of the Company are for the year ended 30 June 2016.

The Company is primarily involved in investing in funds managed by a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies with the aim to make a financial contribution to charities supporting children and youth at risk.

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 various service providers, will allow the Company to donate 1.0% of the average monthly net tangible assets each year to Australian charities with a focus on children and youth at risk.

The financial statements were authorised for issue by the Directors on 28 September 2016.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the entity Future Generation Investment Company Limited.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Future Generation Investment Company Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The financial statements of the Future Generation Investment Company Limited 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

Revenue is measured at the fair value of the consideration received or receivable.

(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 when the right to receive payment is established.

Notes to the Financial Statements

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Other income

Investment management and performance fee rebates are recognised in the Statement of Comprehensive Income on an accruals basis.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(d) Impairment of assets

Assets excluding investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The amount of the impairment loss, if any, is recognised in the Statement of Comprehensive Income within other expenses.

Notes to the Financial Statements

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(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 three 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) Financial assets and liabilities

Classification

(i) Financial assets at fair value through other comprehensive income

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 8) in the Statement of Financial Position.

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 its financial assets at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Transaction costs of financial assets carried at fair value through other comprehensive income are directly attributable to the acquisition of the financial asset.

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

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

Determination of Fair Value

AASB 13 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.

Notes to the Financial Statements

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

The Board of Directors values the Company's investments in unlisted unit 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 issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(j) Profits reserve

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

(k) Dividends

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

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year and adjusted for bonus elements in ordinary shares issued during the year.

(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.

(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.

Notes to the Financial Statements

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(m) Goods and Services Tax (GST) (continued)

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) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(o) Rounding of amounts

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the ASIC relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar.

(p) Functional and presentation currency

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

(q) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments 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.

Management has designated all investments in shares and unit trusts as 'fair value through other comprehensive income', which results in the fair value adjustments for the year being recognised directly in equity in the investment portfolio revaluation reserve, net of tax. Once an investment is sold, any cumulative gain or loss recognised attributable to that investment is transferred to the investment portfolio's realised gains/losses reserve.

(r) Comparatives

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

Notes to the Financial Statements

For the year ended 30 June 2016

3. Investment income from ordinary activities

The Company has invested in 19 unlisted unit trusts and where available, has invested in unit classes that have zero management and performance fees. The Company has invested in four unit trusts with a zero fee unit class.

The remaining investments are in unit classes that charge management and performance fees. These fund managers have rebated the fees charged. The aggregate management and performance fees rebated to the Company were \$4.24 million for the year ended 30 June 2016 (2015: \$1.89 million).

The total management and performance fees foregone by the unit trusts with a zero fee unit class for the financial year amounted to \$1.41 million.

The estimated value of the other pro bono services provided to the Company for the financial year was \$630,240.

4. Income Tax

(a) Income tax expense

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

	2016	2015
	\$'000	\$'000
Prima facie tax on profit before income tax at 30% (2015: 30%)	5,324	4,506
Franking credits on distributions received	(2,151)	(779)
Imputation credit gross up	645	234
Other non-assessable income	(107)	(317)
(Over)/under provision in prior year	(589)	5
Income tax expense	3,122	3,649

Total income tax expense results in a:

	2016	2015
	\$'000	\$'000
Current tax liability	3,584	3,704
Deferred tax liability	(97)	153
Deferred tax asset	45	(213)
Over provision in prior year	(410)	5
	3,122	3,649
The applicable weighted average effective tax rates are as follows:	17.59%	24.29%

The effective tax rate reflects the benefit to the Company of franking credits received from trust distribution income during the year.

(b) Deferred tax assets

	2016	2015
	\$'000	\$'000
Net unrealised losses on revaluation of investment portfolio	818	2,898
Recapitalisation and capital raising costs	735	972
Provisions	752	547
	2,305	4,417

Notes to the Financial Statements

For the year ended 30 June 2016

4. Income Tax (continued)

Movement in deferred tax assets

	2016	2015
	\$'000	\$'000
Balance at the beginning of the period	4,417	-
Charged to profit or loss	(45)	213
Charged to other comprehensive income	(2,080)	2,899
Charged to equity	13	1,305
At reporting date	2,305	4,417

(c) Current tax liabilities

Movement in current tax liabilities

	2016	2015
	\$'000	\$'000
Balance at the beginning of the period	3,231	-
Current year income tax expense on operating profit	5,735	4,469
Imputation credits	(2,151)	(779)
Over provision in prior year	(410)	-
Income tax paid	(3,622)	(459)
At reporting date	2,783	3,231

(d) Deferred tax liabilities

	2016	2015
	\$'000	\$'000
Timing differences on trust income accrued	56	153
	56	153
Movement in deferred tax liabilities		
Balance at the beginning of the period	153	-
Charged to the Income Statement	(97)	153
At reporting date	56	153

5. Charity donation accrual

The Company has a commitment to accrue and pay a charity donation to support Australian charities with a focus on children and youth at risk. The charity donation commitment is calculated and accrued monthly and paid annually in arrears and is based on 1.0% of the Company's average monthly net tangible assets. All donations are made to charities with DGR status. The donation is a tax deduction for FGX.

	2016	2015
	\$'000	\$'000
Charity donation accrual	2,291	1,644

Notes to the Financial Statements

For the year ended 30 June 2016

6. Dividends

a) Ordinary dividends paid during the year

	2016	2015
	\$'000	\$'000
Final dividend FY2015: 2.0 cents per share fully franked at 30% paid 23 October 2015	3,692	-
Interim dividend FY2016: 2.0 cents per share fully franked at 30% paid 29 April 2016	4,513	-
	8,205	-

b) Dividends not recognised at year end

	2016	2015
	\$'000	\$'000
In addition to the above dividends, since the end of the year, the Director's have declared a 2.0 cent per share fully franked dividend which has not been recognised as a liability at the end of the financial year. This is based on the shares on issue as at 30 June 2016.	4,551	3,681

Subsequent to year end the shares on issue have increased to 347,806,308. These shares are entitled to receive the dividend which is payable on 21 October 2016

c) Dividend franking account

	2016	2015
	\$'000	\$'000
Opening balance of franking account	1,680	538
Franking credits on dividends received	2,089	756
Tax paid during the year	3,627	386
Franking credits on dividends paid	(3,515)	-
Closing balance of franking account as at 30 June 2016	3,881	1,680
Adjustments for tax payable in respect of the current year's profits, receipt of distributions and dividends declared	833	2,575
Adjusted franking account balance	4,714	4,255

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends paid after the end of the year.

Notes to the Financial Statements

For the year ended 30 June 2016

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:

Audit and other assurance services	2016	2015
	\$'000	\$'000
Review of financial statements - PricewaterhouseCoopers	-	17
Review of financial statements – Pitcher Partners	14	-
Audit of financial statements – Pitcher Partners	23	22
Total remuneration for audit and other assurance services	37	39

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 review the proposed fee.

8. Trade and other receivables

	2016	2015
	\$'000	\$'000
Distributions receivable	10,816	8,801
Interest receivable	45	76
GST receivable	9	2
Manager fee rebate income receivable	1,510	854
	12,380	9,733

Risk exposure

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

9. Financial assets at fair value through other comprehensive income

	2016	2015
	\$'000	\$'000
Financial assets at fair value through other comprehensive income	228,451	172,170

A fund manager summary is included in the Investment Committee Report on pages 3 to 4. The market value of the investments as at 30 June 2016 is detailed on page 49 of this report.

10. Trade and other payables

	2016	2015
	\$'000	\$'000
Other payables	44	23

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Notes to the Financial Statements

For the year ended 30 June 2016

11. Issued capital

(a) Paid-up capital

	2016	2015
	\$'000	\$'000
227,534,045 ordinary shares fully paid (2015: 184,047,404)	248,036	200,248

(b) Other equity securities

	2016	2015
	'000	'000
Options outstanding	138,487	181,424

(c) Movements in ordinary share capital

	2016	2015
	\$'000	\$'000
Balance at the beginning of the year	200,248	3,528
42,937,337 ordinary shares issued from the exercise of options	47,230	-
236,065 ordinary shares issued on 23 October 2015 under a Dividend Reinvestment Plan	252	-
313,239 ordinary shares issued on 29 April 2016 under a Dividend Reinvestment Plan	339	-
Cost of raising capital, net of tax	(33)	(2,625)
Issue of shares - Wilson Foundation Pty Limited	-	1,000
Share buyback - off market	-	(2,089)
Issue of shares	-	200,000
393,995 ordinary shares issued from the exercise of options	-	434
At reporting date	248,036	200,248

(d) Movements in other equity securities

	2016
	'000
Balance at the beginning of the year	181,424
Options exercised	(42,937)
At reporting date	138,487

(e) Options

The Company raised a total of \$179,768,729 through the exercise of options issued as a result of the capital raising via the prospectus dated 7 July 2014. These options expired on 16 September 2016 with 163,426,117 (89.9%) options exercised.

(f) Placement capacity

During the Annual General Meeting on 28 November 2014, the shareholders approved an additional 10% placement capacity.

(g) Capital management

The Board's policy is to maintain an appropriate level of liquidity in the Company's shares. To achieve this, the Board of Directors monitor the monthly Net Tangible Asset ("NTA") results and investment performance.

Notes to the Financial Statements

For the year ended 30 June 2016

12. Reserves and accumulated losses

(a) Reserves

	2016	2015
	\$'000	\$'000
Investment portfolio revaluation reserve	(2,052)	(6,763)
Investment portfolio realised losses reserve	(3)	(3)
Profits reserve	21,342	14,923
Security based-payment reserve	-	(3,781)
	19,287	4,376

Movements:

	2016	2015
	\$'000	\$'000
Investment portfolio revaluation reserve		
Opening balance	(6,763)	-
Net unrealised – net of tax	4,711	(6,763)
At reporting date	(2,052)	(6,763)

Investment portfolio realised gains/(losses) reserve

Opening balance	(3)	-
Net realised losses on investments	-	(4)
Income tax on net realised losses on investments	-	1
At reporting date	(3)	(3)

Profits reserve

Opening balance	14,923	-
Transfer from retained earnings	14,624	14,923
Interim dividend paid (refer Note 6a)	(4,513)	-
Final dividend paid (refer Note 6a)	(3,692)	-
At reporting date	21,342	14,923

Security based-payment reserve

Opening balance	(3,781)	(3,781)
Transfer to accumulated losses	3,781	-
At reporting date	-	(3,781)

(b) Accumulated losses

	2016	2015
	\$'000	\$'000
Opening balance	-	3,551
Net profit for the year	14,624	11,372
Transfer to profits reserve	(14,624)	(14,923)
Transfer of security-based payment reserve	(3,781)	-
At reporting date	(3,781)	-

Notes to the Financial Statements

For the year ended 30 June 2016

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:

	2016	2015
	\$'000	\$'000
Cash at bank	8,222	280
Term deposits	17,343	23,060
	25,565	23,340

(i) Classification as cash equivalents

Term deposits have a maturity of three months or less.

(ii) 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.

The term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard & Poor's A-A+ rating.

14. Cash flow information

	2016	2015
	\$'000	\$'000
Profit for the year	14,624	11,372
Amortisation of intangible assets	3	3
Management fee rebate income reinvested	(3,214)	(770)
Distributions reinvested	(13,350)	(5,204)
Change in operating assets and liabilities:		
Increase in receivables	(2,647)	(9,726)
Decrease in current tax assets	(3,231)	68
Decrease in other current assets	(3)	3
Decrease/(increase) in deferred tax assets	45	(189)
Increase in trade and other payables	668	1,350
(Decrease)/increase in deferred tax liabilities	(97)	153
Increase in current tax liabilities	2,783	3,231
Net cash (used in)/provided by operating activities	(4,419)	291

15. Non-cash investing and financing activities

	2016	2015
	\$'000	\$'000
Distributions reinvested	13,350	5,204
Management fee rebate income reinvested	3,214	770
Shares issued via dividend reinvestment plan	591	-
	17,155	5,974

Notes to the Financial Statements

For the year ended 30 June 2016

16. Earnings per share

	2016	2015
	\$'000	\$'000
Profit after income tax used in the calculation of basic and diluted earnings per share.	14,624	11,372

(a) Basic earnings per share

	Cents	Cents
Basic earnings per share attributable to the ordinary equity holders of the Company.	7.45	7.63

(b) Diluted earnings per share

	Cents	Cents
Diluted earnings per share attributable to the ordinary equity holders of the Company.	7.35	7.63

Options outstanding are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive in nature and amount.

As the average share price of the Company exceeded the exercise price of the options outstanding, they are considered dilutive and have therefore been considered for the diluted earnings per share calculation.

(c) 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 earnings per share.	196,376	149,076
Weighted average number of dilutive options outstanding	2,689	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share.	199,065	149,076

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

The standard defines this as the risk that the fair value or 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.

Notes to the Financial Statements

For the year ended 30 June 2016

17. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

Exposure

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

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

Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in other market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 per cent:

	2016	2015
Index	\$'000	\$'000
Change in variable +/- 5% (2015: +/- 5%)	7,996	6,013
Change in variable +/- 10% (2015: +/- 10%)	15,992	12,026

(iii) Cash flow and fair value interest rate risk

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 risk is measured using sensitivity analysis.

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

30 June 2016

	Interest bearing	Non-interest bearing	Total
Financial Assets	\$'000	\$'000	\$'000
Cash and cash equivalents	25,565	-	25,565
Trade and other receivables	-	12,380	12,380
Financial assets held at fair value through other comprehensive income	-	228,451	228,451
	25,565	240,831	266,396
Financial Liabilities			
Trade and other payables	-	(44)	(44)
Charity donation accrual	-	(2,291)	(2,291)
Current tax liabilities	-	(2,783)	(2,783)
	-	(5,118)	(5,118)
Net exposure	25,565	235,713	261,278

Notes to the Financial Statements

For the year ended 30 June 2016

17. Financial risk management (continued)

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

30 June 2015

	Interest bearing	Non-interest bearing	Total
Financial Assets	\$'000	\$'000	\$'000
Cash and cash equivalents	23,340	-	23,340
Trade and other receivables	-	9,733	9,733
Financial assets held at fair value through other comprehensive income	-	172,170	172,170
	23,340	181,903	205,243

	Interest bearing	Non-interest bearing	Total
Financial Liabilities	\$'000	\$'000	\$'000
Trade and other payables	-	(23)	(23)
Charity donation accrual	-	(1,644)	(1,644)
Current tax liabilities	-	(3,231)	(3,231)
	-	(4,898)	(4,898)
Net exposure	23,340	177,005	200,345

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 30 June 2016, if interest rates had increased by 100 basis points (bps) or decreased by 100 bps from the year end rates with all other variables held constant, post-tax profit for the year would have been \$179,200 higher/\$179,200 lower (2015 changes of 100bps: \$163,000 lower/\$163,000 higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

The standard defines this 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

The standard defines this as 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 investing account taking into account upcoming dividends, tax payments and investing activity.

Notes to the Financial Statements

For the year ended 30 June 2016

17. Financial risk management (continued)

The Company's inward cash flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is managed by the Board and Investment Manager.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company has a significant amount of term deposits which mitigates the liquidity risk.

Maturities of financial liabilities

The following table analyse 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.

Contractual maturities of financial liabilities

At June 2016	Less than 1 month	1-12 months	Total contractual undiscounted cash flows
Non-derivatives	\$'000	\$'000	\$'000
Trade and other payables	44	-	44
Charity donation accrual	-	2,291	2,291
Current tax liabilities	-	2,783	2,783
Total non-derivatives	44	5,074	5,118

At June 2015	Less than 1 month	1-12 months	Total contractual undiscounted cash flows
Non-derivatives	\$'000	\$'000	\$'000
Trade and other payables	23	-	23
Charity donation accrual	-	1,644	1,644
Current tax liabilities	-	3,231	3,231
Total non-derivatives	23	4,875	4,898

18. Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

Financial assets at fair value through other comprehensive income (FVTOCI)

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

Notes to the Financial Statements

For the year ended 30 June 2016

18. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2016.

Recurring fair value measurements

At 30 June 2016	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	\$'000	\$'000	\$'000	\$'000
Unlisted unit trusts	-	228,451	-	228,451
Total financial assets	-	228,451	-	228,451

At 30 June 2015	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	\$'000	\$'000	\$'000	\$'000
Unlisted unit trusts	-	172,170	-	172,170
Total financial assets	-	172,170	-	172,170

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

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

(iii) Valuation techniques used to determine fair values

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is 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 assets of the unlisted unit trusts.

19. Segment information

The Company has only one reportable segment as at 30 June 2016. As at 30 June 2016, the Company's reportable operating segment was investments in unlisted unit trusts and cash and/or cash equivalents.

Notes to the Financial Statements

For the year ended 30 June 2016

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 financial year are:

Jonathon Trollip	(Chairman)
Gabriel Radzynski	(Non-Executive Director)
Paul Jensen	(Non-Executive Director)
Geoff Wilson	(Non-Executive Director)
David Paradice	(Non-Executive Director)
David Leeton	(Non-Executive Director)
Scott Malcolm	(Non-Executive Director)
Kate Thorley	(Non-Executive Director)
Louise Walsh	(Chief Executive Officer) (Appointed 8 March 2016)

a) Remuneration

The Chairman and the Directors have agreed to waive their Directors' fees.

For the financial year 2016 and going forward, no Directors' fees will be paid.

On 8 March 2016, the Board of Directors announced the appointment of Louise Walsh as Chief Executive Officer of the Company and her initial term is until 7 March 2019. The Company will remunerate LW Consulting Pty Limited, an entity associated with Louise Walsh, \$100,000 (plus GST) per annum for providing her services as an executive officer.

During the year the Company paid LW Consulting Pty Limited a total of \$25,000 (plus GST) for services provided from 8 March 2016 to 7 June 2016.

b) Share holdings

As at 30 June 2016, and the date of this report, the Company's Directors and key management personnel and their related parties held the following interests in the Company:

30 June 2016

Ordinary Shares held

Directors and Key Management	Balance at 30 June 2015	Acquisitions	Disposals	Balance at 30 June 2016
Jonathan Trollip	181,818	-	-	181,818
Geoff Wilson	4,170,000	451,292	-	4,621,292
Gabriel Radzynski	22,727	855	-	23,582
Paul Jensen	22,727	23,582	-	46,309
David Paradice	1,000,000	-	-	1,000,000
David Leeton	546,364	-	(237,000)	309,364
Scott Malcolm	922,727	-	-	922,727
Kate Thorley	80,000	5,043	-	85,043
Louise Walsh	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2016

20. Key management personnel compensation (continued)

b) Share holdings (continued)

30 June 2016

Options held

Directors and Key Management	Balance at 30 June 2015	Acquisitions	Options Exercised	Balance at 30 June 2016
Jonathan Trollip	181,818	-	-	181,818
Geoff Wilson	2,542,109	-	-	2,542,109
Gabriel Radzyminski	22,727	-	-	22,727
Paul Jensen	22,727	-	-	22,727
David Paradice	1,000,000	-	-	1,000,000
David Leeton	636,364	-	(80,000)	556,364
Scott Malcolm	909,090	-	-	909,090
Kate Thorley	-	2,000	(2,000)	-
Louise Walsh	-	-	-	-

30 June 2015

Ordinary Shares held

Directors	Balance at 30 June 2014	Acquisitions	Disposals	Balance at 30 June 2015
Jonathan Trollip	-	181,818	-	181,818
Geoff Wilson	-	4,170,000	-	4,170,000
Gabriel Radzyminski	-	22,727	-	22,727
Paul Jensen	-	22,727	-	22,727
David Paradice	-	1,000,000	-	1,000,000
David Leeton	-	546,364	-	546,364
Scott Malcolm	-	922,727	-	922,727
Kate Thorley	-	80,000	-	80,000

30 June 2015

Options held

Directors	Balance at 30 June 2014	Acquisitions	Options Exercised	Balance at 30 June 2015
Jonathan Trollip	-	181,818	-	181,818
Geoff Wilson	-	2,542,109	-	2,542,109
Gabriel Radzyminski	-	22,727	-	22,727
Paul Jensen	-	22,727	-	22,727
David Paradice	-	1,000,000	-	1,000,000
David Leeton	-	636,364	-	636,364
Scott Malcolm	-	909,090	-	909,090
Kate Thorley	-	-	-	-

Directors 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 end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

Notes to the Financial Statements

For the year ended 30 June 2016

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

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

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

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

22. Contingencies

The Company had no contingent liabilities at 30 June 2016 (2015: nil).

23. Commitments

The Company has committed to accrue and pay a charity donation to support Australian charities with a focus on children and youth at risk. The charity donation commitment is calculated and accrued monthly and paid annually in arrears and is based on 1.0% of the Company's average monthly net tangible assets. The current year commitment was \$2,291,392 (2015: \$1,644,015).

24. Events occurring after the reporting period

Since year end, the Board declared a final dividend of 2.0 cents per share fully franked to be paid on 21 October 2016.

The Company raised a total of \$132,299,489 from 120,272,263 options exercised since year end. A total of \$179,768,729 has been raised during the term of the option issue to 16 September 2016.

No other matters or circumstances has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Director's Declaration

The Directors of Future Generation Investment Company Limited declare that:

- 1) The financial report as set out in pages 22 to 45 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 17 to 18 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 1 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 30 June 2016 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.

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 directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Jonathan Trollip
Chairman

Dated 28th September 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FUTURE GENERATION INVESTMENT COMPANY LIMITED
ABN 97 063 935 553**

Report on the Financial Report

We have audited the accompanying financial report of Future Generation Investment Company Limited, which comprises the financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of Future Generation Investment Company Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state that, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FUTURE GENERATION INVESTMENT COMPANY LIMITED
ABN 97 063 935 553**

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- a) the 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 entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 18 of the directors' report for the year ended 30 June 2016. The directors of Future Generation Investment Company Limited 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.

Opinion

In our opinion the Remuneration Report of Future Generation Investment Company Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



S M WHIDDETT
Partner



PITCHER PARTNERS
Sydney

28 September 2016

Investments at Market Value

As at 30 June 2016

Investment	Market Value	% of Gross Assets
	\$	
Paradice Investment Management	26,716,819	10.0%
Paradice Australian Equities Mid Cap Fund	14,987,623	5.6%
Paradice Large Cap Fund	11,729,196	4.4%
Bennelong Australian Equities Fund	25,490,424	9.6%
Regal Australian Long Short Equity Fund	24,611,464	9.2%
Eley Griffiths Group Small Companies Fund	20,978,587	7.9%
Wilson Asset Management Equity Fund	19,679,978	7.4%
Watermark Absolute Return Fund	18,979,473	7.1%
Tribeca Alpha Plus Fund	17,313,858	6.5%
Cooper Investors Australian Equities Fund	13,037,571	4.9%
Optimal Australia Absolute Trust	11,490,442	4.3%
Sandon Capital Activist Fund	10,334,751	3.9%
Discovery Australian Small Companies Fund	7,986,714	3.0%
LHC Capital Australia High Conviction Fund	7,886,925	3.0%
CBG Australian Equities Fund	7,187,374	2.7%
Bennelong Long Short Equity Fund	6,891,499	2.6%
Smallco Broadcap Fund	5,874,047	2.2%
The Level 18 Fund	5,045,998	1.9%
Lanyon Australian Value Fund	3,483,705	1.3%
Qato Capital Market Neutral Long Short Fund	2,517,985	0.9%
	235,507,614	
Cash and Term Deposits	25,564,559	9.6%
Dividends, Interest and Rebates receivable	5,297,041	2.0%
Gross Assets	266,369,214	

Corporate Governance Statement

The Board of Directors of Future Generation Investment Company Limited (the Company) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company, on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations.

Principle 1 – lay solid foundations for management and oversight

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management. 	Complies	<p>The Company has a Board and a Chief Executive Officer. The Company's Board Policy sets out the specific responsibilities of the Board and the Investment Committee Charter provides details of responsibilities delegated to the Investment Committee. The role of the Board is to monitor and set the Company's strategic direction. The Board is also responsible for the overall corporate governance of the Company as well as risk management and reporting.</p> <p>The Investment Committee will be responsible for selecting fund managers with whom the Company will invest capital from time to time as well as any direct investments made by the Company from time to time and will generally manage the Company's portfolio.</p> <p>The CEO will oversee the donations program for the Company, assist the Investment Committee and the Board as required with their responsibilities and ensure effective shareholder communication is maintained.</p>
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	Complies	<p>The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.</p> <p>This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a director, as well as providing all material information relevant to a decision for election as a director. The qualifications, experience and special responsibilities of the Board members are set out in the Director's Report.</p>

Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	The terms of appointment have been recorded in a letter of appointment and are in accordance with the Company's constitution, the Corporations Act and Listing Rules.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	The Board has appointed an experienced Company Secretary who is directly accountable to the Board.
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	Does not Comply	<p>As the Company has one full time employee and given the size of the Board, a diversity policy has not been established. The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will consider diversity in its nomination process. Currently there is one woman on the Board and Louise Walsh was appointed as Chief Executive Officer on 8 March 2016.</p> <p>The Company is not a relevant employer under the Workplace Gender Equality Act.</p>

Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Complies	<p>The performance of directors will be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:</p> <ul style="list-style-type: none"> • review its Corporate Governance Charter annually; and • perform an evaluation of the Board's performance at intervals considered appropriate. <p>The Board is responsible for undertaking an annual performance evaluation of itself and its members in light of the Company's Corporate Governance Charter. While a performance evaluation was not undertaken during the reporting period, the Board has undertaken to complete a review of its performance with the assistance of Mertons Corporate Services since year end.</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for periodically evaluating the performance of its senior executives; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Will Comply	<p>The Company appointed Louise Walsh as Chief Executive Officer on 8 March 2016. The CEO's performance will be evaluated on an annual basis with the first evaluation to be completed by 30 June 2017.</p> <p>The business of the Company is managed by the Board in accordance with the Board Policy which is contained in the Company's Corporate Governance Charter and is disclosed on the website.</p>

Corporate Governance Statement

Principle 2 – Structure the board to add value

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.1	<p>The board of a listed entity should:</p> <p>a) have a nomination committee which:</p> <ol style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose the charter of the committee, the members of the committee; and 3. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: <u>OR</u> <p>b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Complies	<p>The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills and diversity.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Complies	<p>The Company supports the appointment of Directors who bring a wide range of business, professional skills and experience. The Company circulated a formal skills matrix during the year to evaluate the Directors skills in the following areas: Leading and Managing, Governance, Strategy, Finance and Audit, Risk Management, Investment Management, Communications and Issues Management and Community Engagement and Not for Profit Experience.</p> <p>The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Director's Report.</p>

Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.3	<p>A listed entity should disclose:</p> <p>a) the names of the directors considered by the board to be independent directors;</p> <p>b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>c) the length of service of each director.</p>	Complies	<p>The Board is comprised of eight members, all of whom are considered independent and complies with the best practice recommendation that Boards contain a majority of independent non-executive Directors.</p> <p>The names and the length of service of each Director is included in the Director's Report.</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	Complies	<p>The Board is comprised of eight members of which all eight are independent and therefore complies with the best practice recommendation that Boards contain a majority of independent non-executive Directors.</p>
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Complies	<p>Jonathan Trollip as Chairman of the Board is considered independent. Louise Walsh is employed as the CEO of the Company.</p>
2.6	<p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Complies	<p>Due to the relatively uncomplicated nature of the Company's operations, its size, and the fact that directors are chosen for their specialist knowledge of their sector the Board induction process is of an informal nature. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors.</p>

Corporate Governance Statement

Principle 3 – Act ethically and responsibly

	Corporate Governance Council Recommendation	Compliance	Disclosure
3.1	<p>A listed entity should:</p> <p>a) have a code of conduct for its directors, senior executives and employees; and</p> <p>b) disclose that code or a summary of it.</p>	Complies	<p>The Company has adopted a formal Code of Conduct. This is incorporated into the Company's Corporate Governance Charter. The Company requires all its directors to comply with the standards of behaviour and business ethics in accordance with the law and the code of conduct. These include acting honestly and with integrity and fairness in all dealings.</p> <p>The Company has made its Corporate Governance Charter publicly available on the website.</p>

Principle 4 – Safeguard integrity in corporate reporting

4.1	<p>The board of a listed entity should:</p> <p>a) have an audit committee which:</p> <ol style="list-style-type: none"> 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2. is chaired by an independent director, who is not the chair of the board; <p>and disclose:</p> <ol style="list-style-type: none"> 3. the charter of the committee; 4. the relevant qualifications and experience of the members of the committee; and <p>b) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members; OR</p> <p>c) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Complies	<p>The Board has established an Audit & Risk Committee which plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company auditor.</p> <p>Members of the Committee are:</p> <p>Paul Jensen – independent (Chair)</p> <p>Kate Thorley – independent</p> <p>Scott Malcolm – independent</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Director's Report.</p> <p>The Audit and Risk Committee Charter is included in the Company's Corporate Governance Charter and is available on the website.</p>
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Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	The Company's external accountants furnish written confirmation to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions regarding the conduct of the audit and preparation of the Auditor's Report.

Principle 5 – Make timely and balanced disclosure

5.1	A listed entity should: <ul style="list-style-type: none"> a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it. 	Complies	<p>The Company has adopted a Continuous Disclosure Policy designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by the Company.</p> <p>The Company's Continuous Disclosure Policy is contained in the Company's Corporate Governance Charter which is available on the website.</p>
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Corporate Governance Statement

Principle 6 – Respect the rights of security holders

	Corporate Governance Council Recommendation	Compliance	Disclosure
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's website has a dedicated news section and endeavours to publish on the website all important company information and relevant announcements made to the market.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company is committed to: <ul style="list-style-type: none"> ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, investor presentations, ASX releases, general meetings and the Company's website; complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and encouraging shareholder participation at general meetings.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The Board encourages full participation of shareholders at the Company's Annual General Meetings and any other general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor will also be invited to attend the Annual General Meeting of shareholders and will be available to answer any questions concerning the conduct, preparation and content of the auditor's report.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company's registrar, Boardroom Pty Ltd, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at https://www.clientonline.com.au

Corporate Governance Statement

Principle 7 – Recognise and manage risk

	Corporate Governance Council Recommendation	Compliance	Disclosure
7.1	<p>The board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose the charter of the committee; the members of the committee; and 3. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR 4. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. 	Complies	<p>The Board of the Company takes a proactive approach to the Company's risk management and internal compliance and control system.</p> <p>The Audit and Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified.</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Director's Report.</p>
7.2	<p>The board or a committee of the board should:</p> <ol style="list-style-type: none"> a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) disclose, in relation to each reporting period, whether such a review has taken place. 	Complies	<p>The Audit and Risk Committee will review the adequacy and effectiveness of the Company risk management framework by gaining assurances that major risks have been identified and are appropriately managed. The Audit and Risk Committee also oversees market risk protocols and ensures the Investment Committee complies with the asset allocation restrictions.</p>

Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
7.3	<p>A listed entity should disclose:</p> <p>if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	Complies	The Company does not have an internal audit function. An Audit and Risk Committee has been established and reviews the internal control processes as necessary. The Board works closely with all of its service providers to identify and manage operational, financial and compliance risks.
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Complies	At the end of each annual reporting period, the Company will provide a disclosure on whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it intends to manage those risks.

Principle 8 – Remunerate fairly and responsibly

8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, 3. and disclose: 4. the charter of the committee; 5. the members of the committee; and 6. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Complies	<p>The Company has a Board of Directors and a Chief Executive Officer. The Company does not have a need for a remuneration committee.</p> <p>The details of the remuneration paid to Directors and Officers is included in the Remuneration Report.</p>
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Corporate Governance Statement

	Corporate Governance Council Recommendation	Compliance	Disclosure
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	The Company has only one paid senior executive. The remuneration of the Chief Executive Officer is considered by the Board. Given the charitable nature of the Company the Directors have foregone the receipt of fees.
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose that policy or a summary of it. 	Not applicable.	The Company does not have an equity based remuneration scheme.

The Company's corporate governance practices were in place for the financial year ended 30 June 2016 and to the date of signing the Directors' Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to our website: www.futuregeninvest.com.au

ASX Additional Information

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

Shareholdings

Substantial shareholders (as at 31 August 2016)

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

Distribution of shareholders (as at 31 August 2016)

Category	Number of shareholders	
	Ordinary Shares	Options
1 – 1,000	640	16
1,001 – 5,000	706	250
5,001 – 10,000	860	242
10,001 – 100,000	2,905	700
100,001 and over	332	141
	5,443	1,349

The number of shareholdings held in less than marketable parcels is 533.

Twenty largest shareholders – Ordinary shares (as at 31 August 2016)

Name	Number of ordinary shares held	Percentage of issued capital held
The Minderoo Foundation Pty Limited (Minderoo Foundation A/C)	11,335,910	4.4%
HSBC Custody Nominees (Australia) Limited	10,898,847	4.2%
S L Nominees Pty Limited (The Haskin Settlement A/C)	9,090,910	3.5%
Clurname Pty Limited	4,750,000	1.8%
Pineross Pty Limited	4,545,455	1.8%
Dynasty Peak Pty Limited (The Avoca Super Fund A/C)	2,701,292	1.0%
Charanda Nominee Company Pty Limited (Greycliffe Super Fund A/C)	2,250,000	0.9%
Citicorp Nominees Pty Limited	2,059,304	0.8%
Netwealth Investments Limited (Wrap Services A/C)	1,964,623	0.8%
NCOBF Pty Limited (N & C O'Brien Family Foundation A/C)	1,818,180	0.7%
Netwealth Investments Limited (Super Services A/C)	1,781,687	0.7%
Pershing Australia Nominees Pty Limited (Accum A/C)	1,701,005	0.7%
Halcyon Pty Limited	1,400,000	0.5%
Steve Anthony & Co Pty Limited (The Anthony Super Fund A/C)	1,381,795	0.5%
Mr William Blomfield	1,200,000	0.5%
Jetosea Pty Limited	1,199,674	0.5%
VBS Investments Pty Limited	1,136,363	0.5%
JHCF Pty Limited (JHC Foundation A/C)	1,089,318	0.4%
St Andrews College Foundation Limited (St Andrews College Foundation A/C)	1,004,000	0.4%
Mr Geoff Victor Day and Mrs Anne Margaret Day (G V Day Super Fund A/C)	1,000,000	0.4%
	64,308,363	25.0%

Securities exchange listing

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

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