



31 August 2012

## Portfolio update at 30 June 2012

The Future Fund Board of Guardians (Board of Guardians) today released its preliminary unaudited portfolio update and performance report as at 30 June 2012.<sup>1</sup>

### Future Fund

The asset allocation of the Future Fund at 30 June 2012 is shown below.

Asset class	A\$ million	Percentage of Fund
<b>Australian equities</b>	7,980	10.4
<b>Global equities</b>		
Developed markets	13,498	17.5
Emerging markets	3,845	5.0
<b>Private equity</b>	4,895	6.4
<b>Property</b>	4,948	6.4
<b>Infrastructure &amp; Timberland</b>	4,912	6.4
<b>Debt securities</b>	14,119	18.3
<b>Alternative assets</b>	14,653	19.0
<b>Cash</b>	8,163	10.6
<b>Total</b>	<b>77,012</b>	<b>100</b>

*Data may not sum due to rounding*

The Future Fund returned 2.1% for the financial year to 30 June 2012. Over a five year period the Fund has generated an annualised return of 4.4% per annum. Since the Fund was created in May 2006, the annualised return is 4.7% per annum.

Reflecting its long-term investment mandate, the Future Fund continues to focus on performance over rolling ten year periods.

Mr Mark Burgess, Managing Director of the Future Fund, said:

“During the financial year investment markets were challenging as the situation in Europe and the US, combined with slowing growth in emerging markets, resulted in market corrections.

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<sup>1</sup> All data in this statement is preliminary and unaudited. Final data will be released following the conclusion of the usual end of year audit process.

“While market confidence returned during the year, as central banks provided greater monetary accommodation, the investment environment remains uncertain with a number of underlying issues still to be resolved.

“This situation highlights the importance of a well diversified investment portfolio which is able to take advantage of market weakness to invest for the medium to long term.”

### **Nation-building Funds**

Since 1 January 2009 the Board of Guardians has also had responsibility for the investment of the assets of the Education Investment Fund, the Building Australia Fund and the Health and Hospitals Fund.

At 30 June 2012 the value of the Education Investment Fund was A\$4,298 million, the Building Australia Fund stood at A\$5,878 million and the Health and Hospitals Fund stood at A\$3,315 million.

The investment mandates for the Nation-building Funds set a benchmark return of the Australian three month bank bill swap rate +0.3% per annum calculated on a rolling 12 month basis. The mandates require that investments minimise the probability of capital loss over a 12 month horizon. Consistent with the mandates, the assets of the three funds are invested in combinations of short and medium term debt instruments.

Over the last 12 months the Education Investment Fund and Building Australia Fund each generated a return of 5.3% while the Health and Hospitals Fund returned 5.2% against a target benchmark return of 5.0%.

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For more information contact:

Will Hetheron

Head of Public Affairs

Future Fund

03 8656 6400

0439 016 678