



## **Australian Government** **Future Fund**

### **Media release**

22 February 2008

### **Future Fund and Higher Education Endowment Fund well positioned for long term investment**

The Future Fund today provided an update on the development of its investment program.

At 31 January the Future Fund portfolio was defensively positioned with a bias to interest bearing investments. Equities and property securities, which have been subject to significant volatility in recent months, made up just over 25% of the portfolio (excluding Telstra).

*Future Fund (ex Telstra) at 31 January 2008*

	<b>Value (AU\$ million)</b>	<b>% of portfolio</b>
<b>Australian equities</b>	4,461	8.8
<b>Global equities</b>	7,726	15.3
<b>Listed global property</b>	552	1.1
<b>Cash</b>	37,853	74.8
<b>Total</b>	50,592	100

The return for the Future Fund for the financial year to 31 January 2008 was 0.6% (around \$63 million) against a backdrop of significant market falls.

The value of the Future Fund's 2.05 billion Telstra shares, transferred from the Commonwealth in February 2007 and subject to escrow until November 2008, was \$9.04 billion at 31 January 2008.

Mr Paul Costello, General Manager of the Future Fund, said, "The shape of the portfolio reflects a combination of the early stage of our program and our view, expressed in our 2006/7 Annual Report, that market uncertainty was increasing.

"As a cashed-up investor we are well positioned to take advantage of the opportunities emerging in this new environment in both public and private markets.

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“Importantly, we have also been focused on recruiting a team with the skills to expand our investment program across a wide range of sectors. This is now substantially in place.

“We are a long term investor focused on returns over rolling ten year periods and we are in a strong position to pursue our investment objectives,” said Mr Costello.

The \$6 billion contributed to the Higher Education Endowment Fund (HEEF) has been invested entirely cash and related instruments, in line with the current interim Investment Mandate which requires returns to be maximised with negligible chance of loss.

“We also look forward to developing our investment approach for the Higher Education Endowment Fund in line with a longer term Investment Mandate which is currently being developed,” said Mr Costello.

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