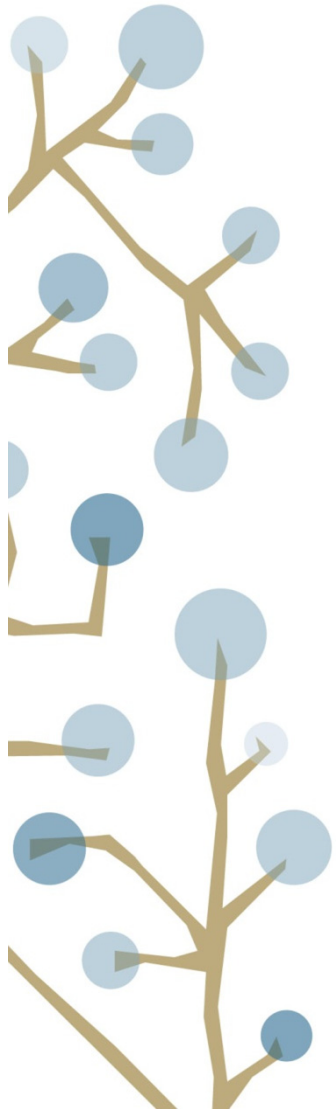


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Future Fund

Briefing

3 February 2014

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Agenda

Introduction

Investment principles and implications

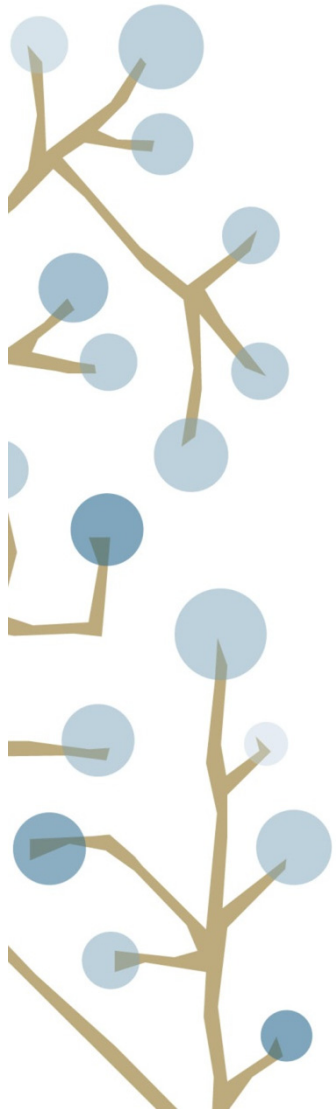
Asset allocation

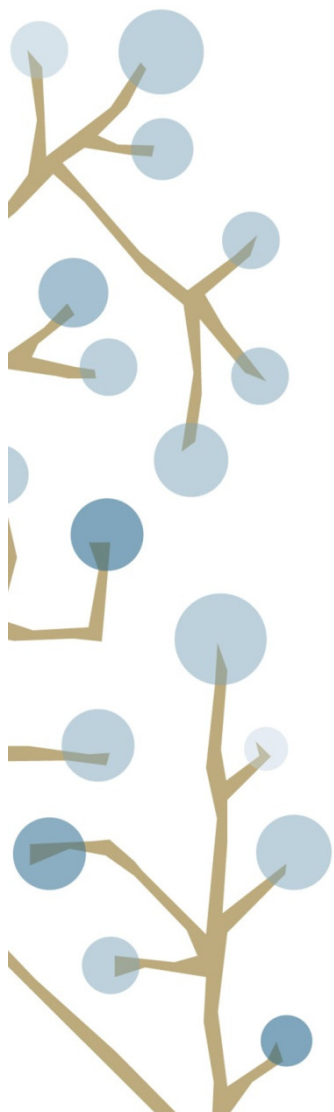
Performance

Outlook

Conclusion

Q&A

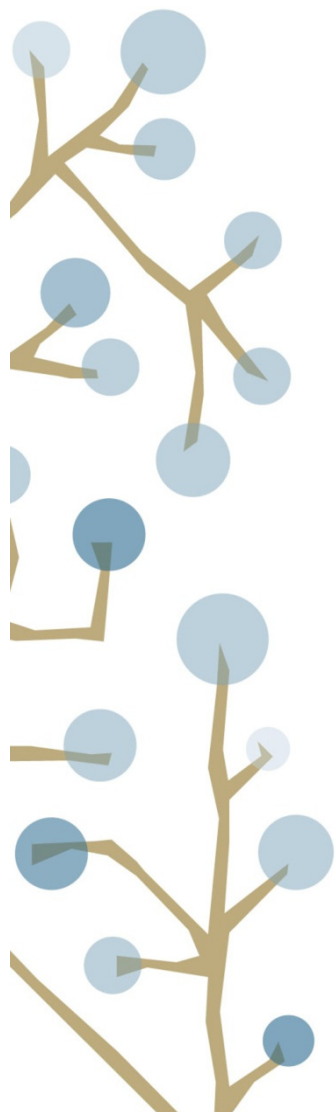




Introduction

- We remain focused on long term returns:
at least CPI+4.5 to 5.5% per annum over the long term with acceptable but not excessive levels of risk.
- We aim to grow the Fund while protecting capital
- Future Fund has grown to \$96.56 billion based on \$60.5 billion of contributions
- Returns to 31 December 2013:

Five years	10.6% pa (target: 7.0% pa)
Three years	10.3% pa (target: 6.9% pa)
12 months	17.2% pa (target: 6.8% pa)
- Nation-building Funds continue to exceed their mandated returns



Important portfolio characteristics

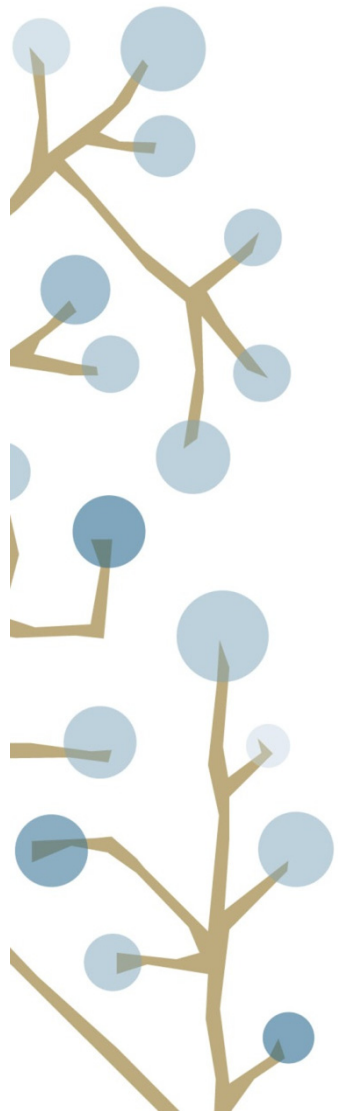
Key principles

1. Our portfolio management is focused on the specific objectives of the Fund:
 - Maximise return, subject to acceptable but not excessive risk;
 - Investment Mandate benchmarks the Fund against at least CPI +4.5 - 5.5% per annum; and
 - Assessed over the long term, which we define as 10 years.
2. We construct a diversified portfolio that is, as far as possible, robust to an uncertain future
3. We believe prospective returns and risks change through time, and therefore manage the portfolio dynamically
4. We act as a single team, running an integrated process, managing a single, total portfolio
5. We seek a relatively small number of relatively large relationships
6. We manage for a net of costs return

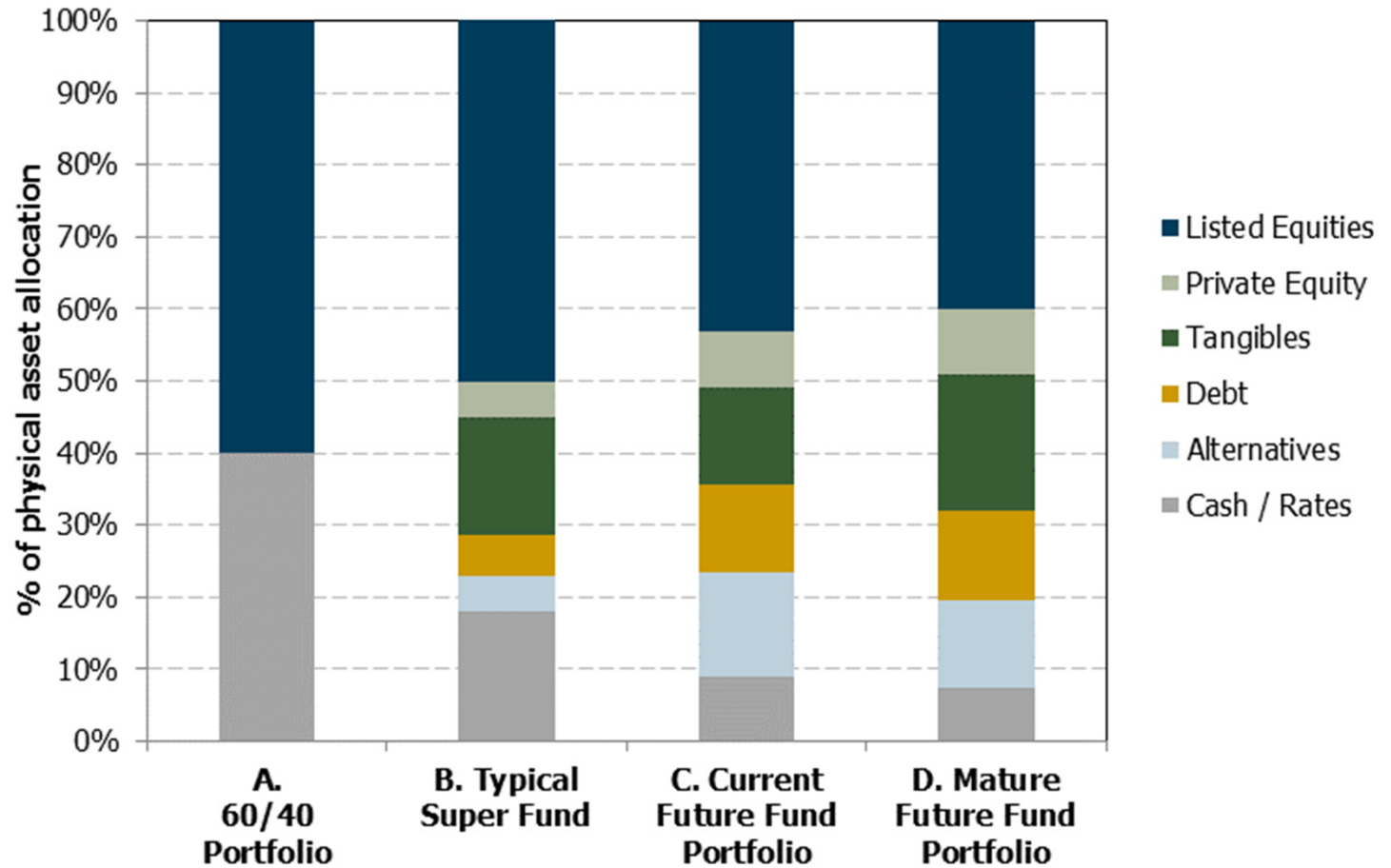
Implications

- Robust and disciplined investment process
- Combine long-term views of critical themes with more granular focus and the flexibility to make portfolio adjustments where needed
- Asset allocation, risk levels, performance, liquidity and investment manager relationships likely to differ to those of others

Asset allocation comparison



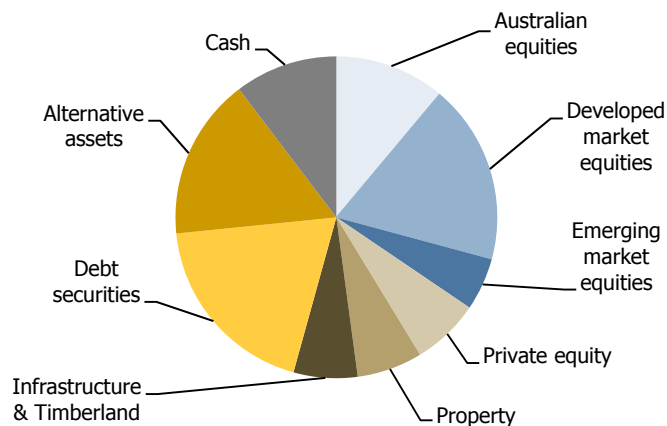
Physical asset allocation



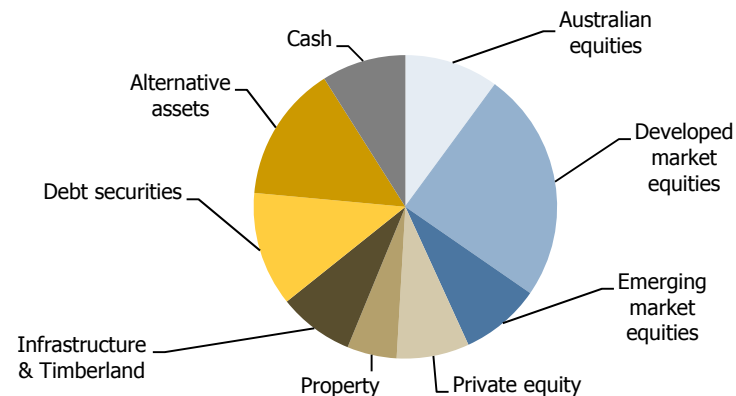
Source: Future Fund estimates

Dynamically managing the portfolio

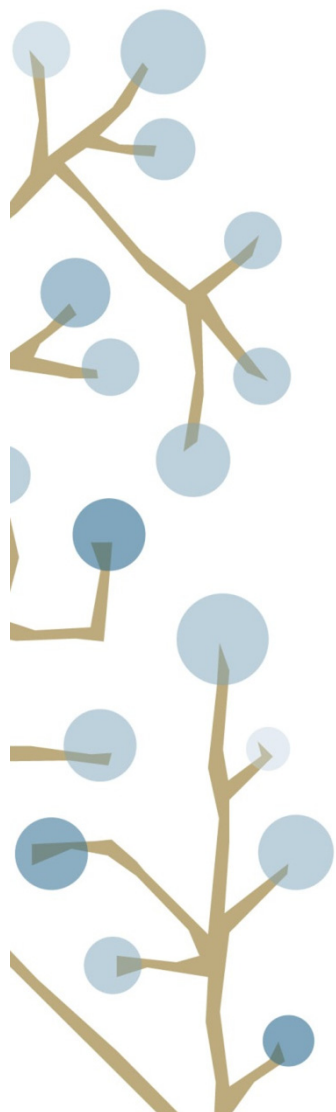
Future Fund Asset Allocation at 31 Dec 2012



Future Fund Asset Allocation at 31 Dec 2013



Asset class	31 December 2012		31 December 2013	
	A\$ million	Percentage of Fund	A\$ million	Percentage of Fund
Australian equities	9,156	11.1	9,737	10.1
Global equities				
Developed markets	14,907	18.1	23,694	24.5
Emerging markets	4,356	5.3	8,258	8.6
Private equity	5,609	6.8	7,471	7.7
Property	5,419	6.6	5,119	5.3
Infrastructure & Timberland	5,293	6.4	7,770	8.0
Debt securities	15,732	19.1	11,776	12.2
Alternative assets	13,399	16.3	14,057	14.6
Cash	8,519	10.3	8,674	9.0
Total	82,390	100	96,556	100



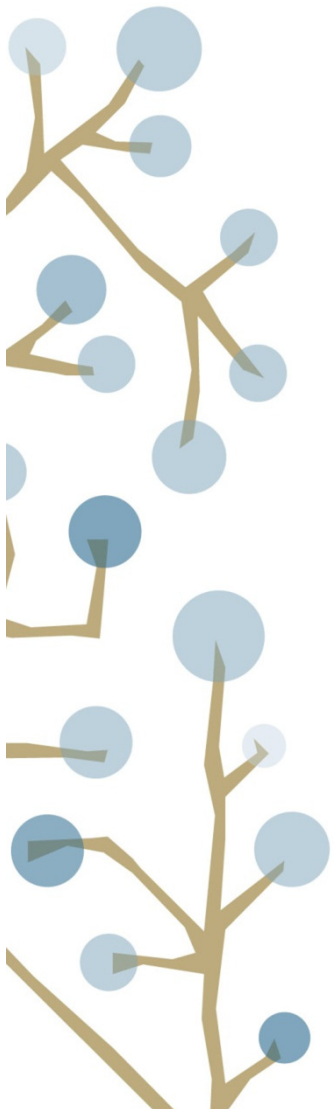
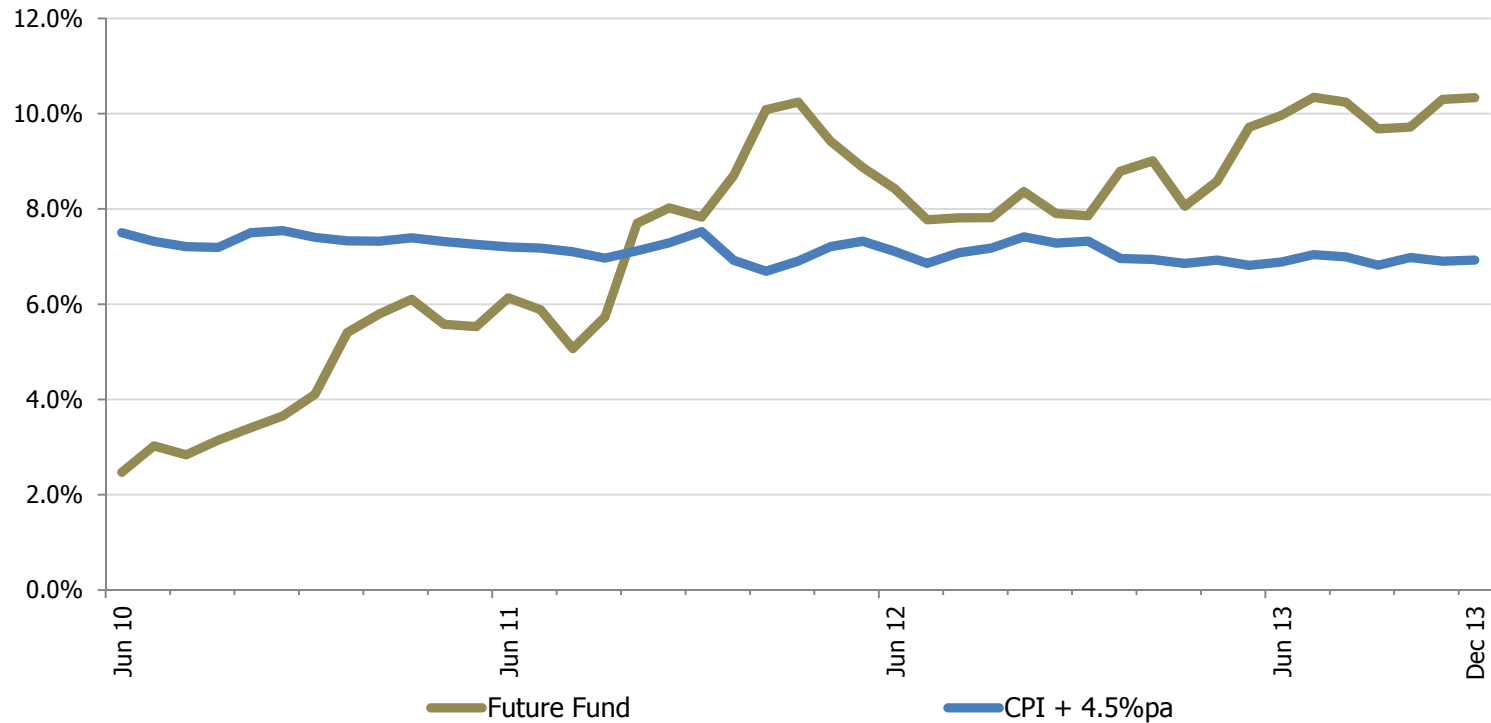
Strong performance

Future Fund performance to 31 December 2013

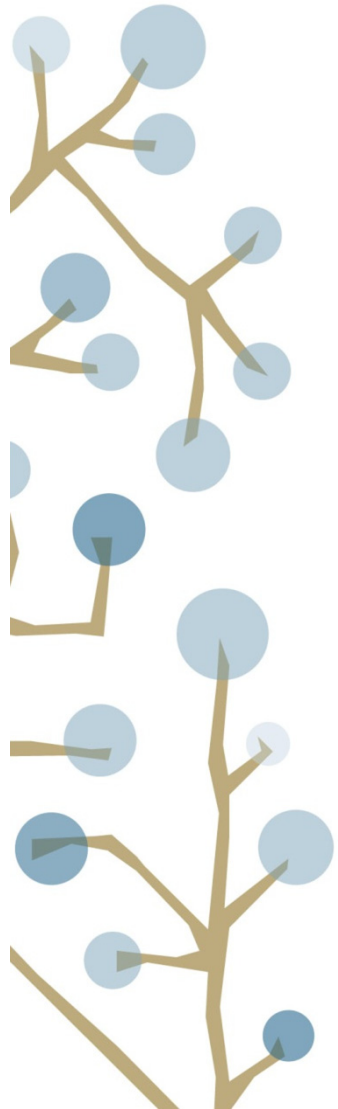
Period	Return	Target (CPI+4.5%)
Five years	10.6%	7.0%
Three years	10.3%	6.9%
Calendar year	17.2%	6.8%
Quarter to 31 December	5.3%	1.9%

Since establishment in May 2006 the Fund has returned 6.9% pa against a target return of 7.2% pa

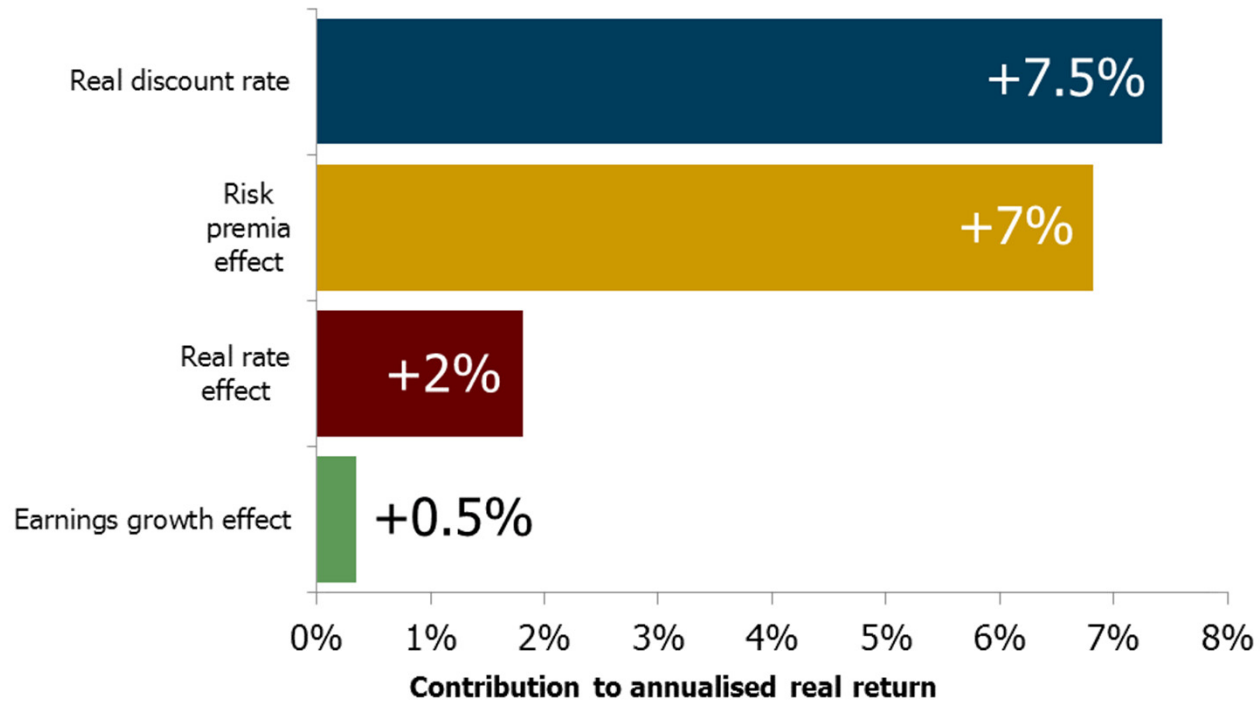
Future Fund and CPI+4.5%pa Rolling 3 Year Returns



Drivers of recent market performance cannot be sustained indefinitely



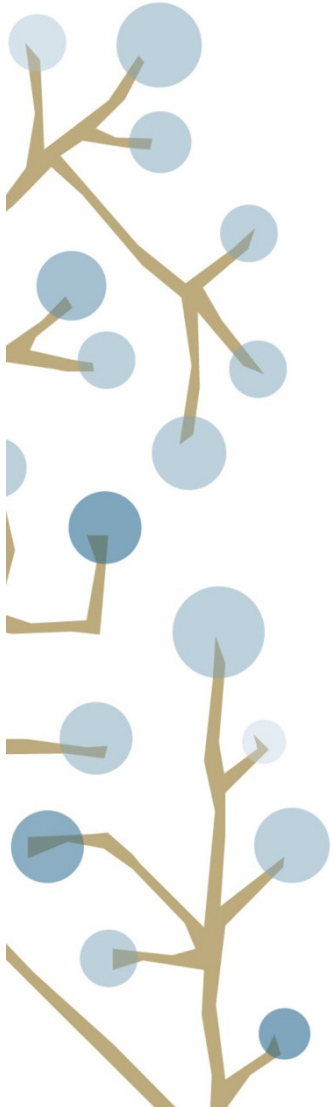
Macro factor contribution to US equity annualised real returns since 1 July 2009



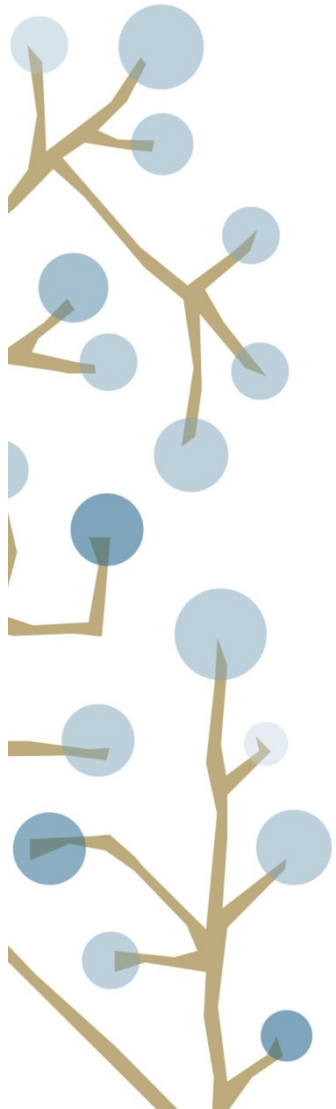
Source: Future Fund estimates

Outlook

- Broad strategic context is defined by:
 - disinflationary deleveraging forces still in play across many developed economies;
 - large scale unconventional policy actions to counteract these forces, albeit likely to slowly become less accommodative; and
 - valuations across most sectors and geographies look full



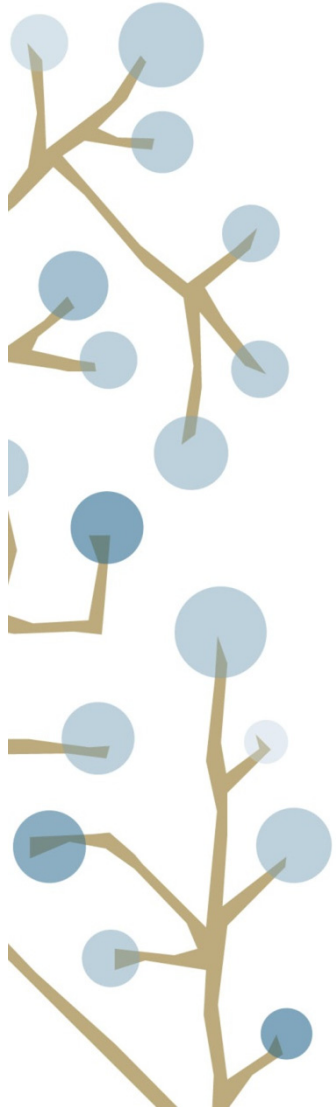
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Conclusion

- A disciplined investment process and a diversified portfolio targeting a long term objective
- Well positioned to continue to grow the Future Fund while protecting capital

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Future Fund

Briefing