



## **Statement by Paul Mann, acting Managing Director of the Future Fund, to the Senate Finance and Public Administration Committee**

Budget Estimates, 28 May 2014, Parliament House, Canberra

I would like to make a few introductory comments in relation to the positioning and performance of the Fund as well as to update the Committee on some of the broader work that we have been undertaking over recent months.

In late April we published an update on the portfolio as at 31 March 2014. The Fund has now grown to \$97.6 billion, representing an annualised return since the Fund's establishment of 6.8% per annum. In dollar terms the investment program has added over \$37 billion to the value of the Fund since its creation.

Over the last three year and five year periods the Fund has materially beaten its mandated return target of around 7%, posting returns over three years of 9.3% per annum and a return of 11.2% per annum over five years.

Of course maximising returns is just the first part of the objective set out in our investment mandate. The second part is that we should take acceptable but not excessive risk.

In line with this we endeavour to both grow the Fund and protect its capital. Accordingly, the portfolio remains well diversified, striking an appropriate balance between the long-term return and the risk requirements of the mandate.

The portfolio has benefited as global markets have continued to respond to policy efforts to lift economic activity. Markets are relatively buoyant and valuations across most sectors are now looking fairly full.

My colleague David Neal would, of course, be happy to discuss our strategy and the characteristics of the portfolio in more detail.

Turning to other matters, we pay careful attention to international best practice in institutional investment and collaborate with a range of organisations in doing so.

I am pleased to advise that the Fund's 2012-13 annual report has been nominated for an award by Responsible Investor magazine in recognition of its Environmental, Social and Governance risk management reporting. Given our focus on best practice we are, of course, always pleased at this kind of recognition.

Separately, over recent months we have worked with the Centre for International Finance and Regulation on a project focused on long-term investing.

A first paper has been published and two further papers will be produced later this year. We believe these will be a valuable contribution to investment industry thinking and practice.

This work is a valuable opportunity for us to learn from the practices of other investors and will help us as we maintain our focus on maximising returns on the Fund over the long term with acceptable but not excessive risk.

Thank you.