



4 August 2014

## Portfolio update at 30 June 2014

### Future Fund tops \$100 billion

The Future Fund today released its provisional outcome for the 2013-14 year<sup>1</sup>.

During the financial year 2013-14 investment returns added \$12 billion to the value of the Fund. Original contributions to the Fund from government valued at \$60.5 billion have generated investment returns of over \$40 billion. The value of the Fund now stands at \$101 billion.

Over seven, five, three and one year periods to 30 June 2014 the Future Fund has met or exceeded its return objective:

Period to 30 June 2014	Return	Target return (CPI+4.5%)
Seven years	7.2% per annum	7.2% per annum
Five years	10.9% per annum	7.1% per annum
Three years	10.3% per annum	6.7% per annum
One year	13.9%	7.5%

Since its creation in May 2006 the Fund has achieved a return of 7.1% per annum, just shy of its target of 7.2% per annum<sup>2</sup>.

The Chairman of the Future Fund, Hon Peter Costello, said: "These returns show the value of long-term and patient investing. In the Fund's early days, in a challenging investment climate, the returns were below the target range, but disciplined adherence to clear objectives have delivered good results over the medium-term. The Fund is now focused on performance through to 2020 and beyond."

### Nation-building Funds

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 their mandates, the assets of the three funds are invested in combinations of short and medium-term debt instruments.

Over the last 12 months each of the Nation-building Funds generated a return of 3.1%. The target benchmark return for the three funds during that period was 3.0%.

At 30 June 2014 the value of the Education Investment Fund was A\$3,798 million, the Building Australia Fund stood at A\$3,692 million and the Health and Hospitals Fund stood at A\$2,170 million.

ENDS

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<sup>1</sup> Data is unaudited. Final performance and asset allocation data and a detailed discussion of the Fund's investment strategy and operations will be published in the 2013-14 Annual Report, following completion of the normal audit process. The Annual Report will be released in October 2014.

<sup>2</sup> The Future Fund's mandate is to target a return of at least CPI+4.5 to 5.5% per annum over the long term with acceptable but not excessive levels of risk.