



30 January 2012

Portfolio update at 31 December 2011

The Future Fund Board of Guardians (Board of Guardians) today released its portfolio update for the quarter ending 31 December 2011.

Future Fund

The asset allocation of the Future Fund at 31 December 2011 is shown below:

Asset class	A\$ million	Percentage of Fund
Australian equities	7,898	10.8
Global equities		
Developed markets	11,486	15.7
Emerging markets	3,719	5.1
Private equity	3,897	5.3
Property	4,383	6.0
Infrastructure & Timberland	4,135	5.7
Debt securities	12,990	17.8
Alternative assets	14,451	19.8
Cash	10,111	13.8
Total Future Fund assets	73,070	100

Data may not sum due to rounding

Since the first contribution to the Future Fund on 5 May 2006, the Fund has generated a return of 4.2% per annum.

The Future Fund's return for the calendar year 2011 was 1.6%. The return for the quarter to December 2011 was minus 0.2% and for the first six months of the financial year it was minus 3.1%.

David Murray, Chair of the Future Fund Board of Guardians said that significant stresses on the global financial system remained.

"While there have been some positive signs in the US economy, underlying pressures remain and Europe continues to wrestle with debt-related challenges and the risk of recession. The prospect of a lengthy period of adjustment and subdued economic growth is generally apparent as signalled in global and domestic securities markets.

"In this environment, the Board continues to place a premium on patience and liquidity, ensuring that the portfolio is prudently positioned to take up attractive opportunities while avoiding excessive risk.

"Notwithstanding the current environment, the Future Fund was set up as a long term investment fund and the Fund's statutory purpose and mandate leads the Board to continue to position the portfolio to achieve its long term objective," said Mr Murray.

Data is unaudited

Nation-building Funds

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

At 31 December 2011 the value of the Building Australia Fund was A\$7,612 million, the Education Investment Fund stood at A\$4,698 million and the Health and Hospitals Fund stood at A\$4,007 million.

Consistent with the investment mandates issued by the responsible Ministers, the assets of the three funds are invested in combinations of short and medium term debt instruments.

The return for each of the three funds for the first six months of the financial year was 2.3% with the return for the last 12 months being 5.2%.

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