



3 May 2013

Portfolio update at 31 March 2013

The Future Fund today released its portfolio update as at 31 March 2013.

Mr Mark Burgess, Managing Director of the Future Fund, said that global financial markets had continued to generate solid returns during the start of 2013 as they responded to proactive policies to stimulate growth, albeit that the news was more mixed during March as a result of events in Cyprus and a potential slowdown in China.

“Sustained policy action to stimulate economic activity saw markets continue to move higher through much of the last quarter and build on the positive returns of 2012. At the same time, there remains scope for positive sentiment to be reversed.

“We maintain our focus on medium to long term returns and continue to apply a disciplined approach and an emphasis on diversification to help the Fund capture investment returns while managing risk in line with our long term mandate,” he said.

Future Fund

The Future Fund returned 3.4% for the quarter and 10.6% for the nine months to the end of March 2013.

Over three year and five year periods the Fund has generated annualised returns of 8.1% per annum and 6.4% per annum respectively. Since the Fund was created in May 2006, the annualised return is 5.7% per annum.

The asset allocation of the Future Fund at 31 March 2013 is shown below.

Asset class	A\$ million	Percentage of Fund
Australian equities	9,890	11.6
Global equities		
Developed markets	15,452	18.1
Emerging markets	4,810	5.6
Private equity	5,764	6.8
Property	5,473	6.4
Infrastructure & Timberland	5,547	6.5
Debt securities	14,174	16.6
Alternative assets	13,060	15.3
Cash	10,996	12.9
Total	85,166	100

Data may not sum due to rounding

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 Education Investment Fund, the Building Australia Fund and the Health and Hospitals Fund.

At 31 March 2013 the value of the Education Investment Fund was A\$4,065 million, the Building Australia Fund stood at A\$5,022 million and the Health and Hospitals Fund stood at A\$3,118 million.

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 the 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 4.6%. The target benchmark return for funds during that period was 3.9%.

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