



30 April 2010

Portfolio update at 31 March 2010

The Future Fund Board of Guardians today released its portfolio update for the quarter ending 31 March 2010.

Future Fund

The Future Fund's return for the quarter (excluding the Fund's Telstra holding) was 2.8% and for the first nine months of the financial year it was 11.8%.

Since the effective start of the Future Fund's investment program on 1 July 2007 the return (ex Telstra) was 3.1% per annum. Since the first contribution to the Future Fund on 5 May 2006, the return was 4% per annum.

The Future Fund's Telstra portfolio returned minus 7.1% for the quarter and minus 1.8% for the financial year to date.

Reflecting the long-term investment mandate for the Future Fund, the Board will continue to focus on performance over rolling ten year periods using rolling five year periods to gauge progress.

The asset allocation of the Future Fund at 31 March 2010 is shown below:

Asset class	A\$ million	Percentage of Fund (ex Telstra)
Australian equities	8,145	12.8
Global equities		
Developed markets	14,997	23.5
Developing markets	2,162	3.4
Private equity	1,482	2.3
Property	2,538	4.0
Infrastructure	2,066	3.2
Debt securities	13,985	22.0
Alternative assets	7,832	12.3
Cash	10,484	16.5
Total (ex Telstra)	63,692	100
Telstra holding	3,930	-
Total Future Fund assets	67,622	-

Data may not sum due to rounding

Mr David Murray, Chair of the Future Fund Board of Guardians, said that the abnormal conditions of recent times continued to influence markets and in that context the Board remained focused on prudently developing the portfolio in line with its long-term mandate.

"We have continued to build out our infrastructure and property sectors as well as increasing investments in the Alternatives category through a diversified exposure to absolute return strategies. This has been funded through a modest reduction in the allocation to debt

securities and listed equities. The small increase in the cash holding over the quarter reflects strong inflows from the foreign currency hedging program as a result of the decision to hold most of the Fund in Australian dollars.”

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 2010 the value of the Education Investment Fund was A\$5,868 million, the Building Australia Fund stood at A\$10,138 million and the Health and Hospitals Fund stood at A\$4,856 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 and the funds are tracking to outperform the benchmark return.

The quarterly return for each of the funds was 1.3%. Since inception the Education Investment Fund has returned 4.2% per annum while the Building Australia Fund and Health and Hospitals Fund have returned 4.1% per annum.

ENDS

For more information contact:

Will Hetheron

Head of Public Affairs

Future Fund

03 8656 6400

0439 016 678