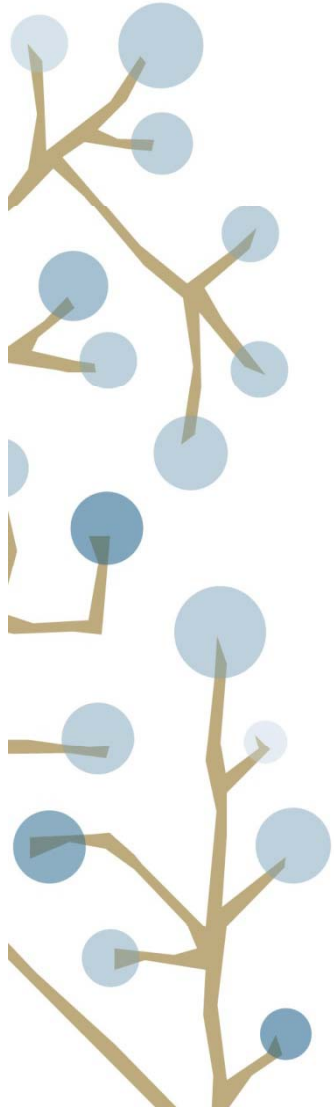


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Future Fund

Briefing

23 October 2013

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Agenda

Introduction

Investment principles and process

Asset allocation

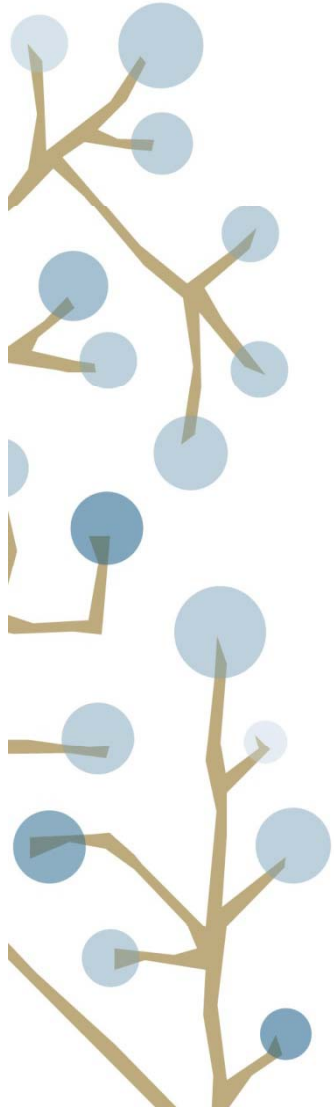
Performance

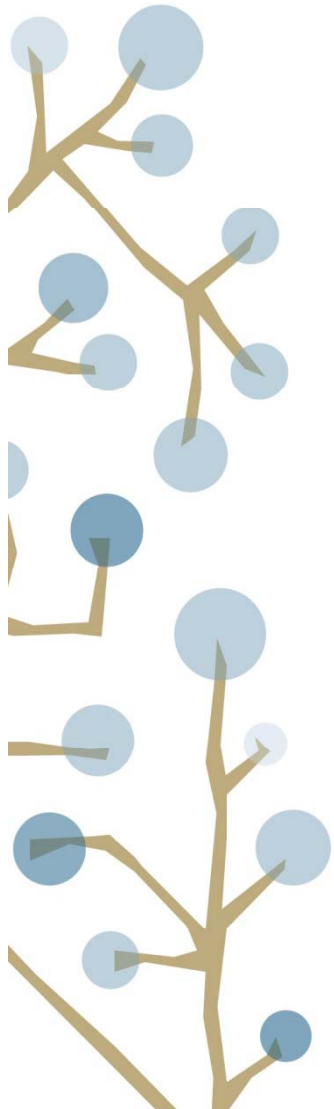
Private equity and alternatives

Outlook

Conclusion

Q&A



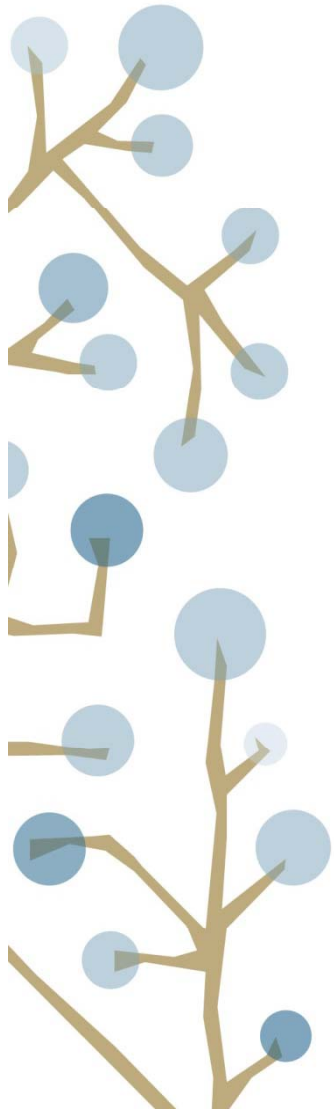


Introduction

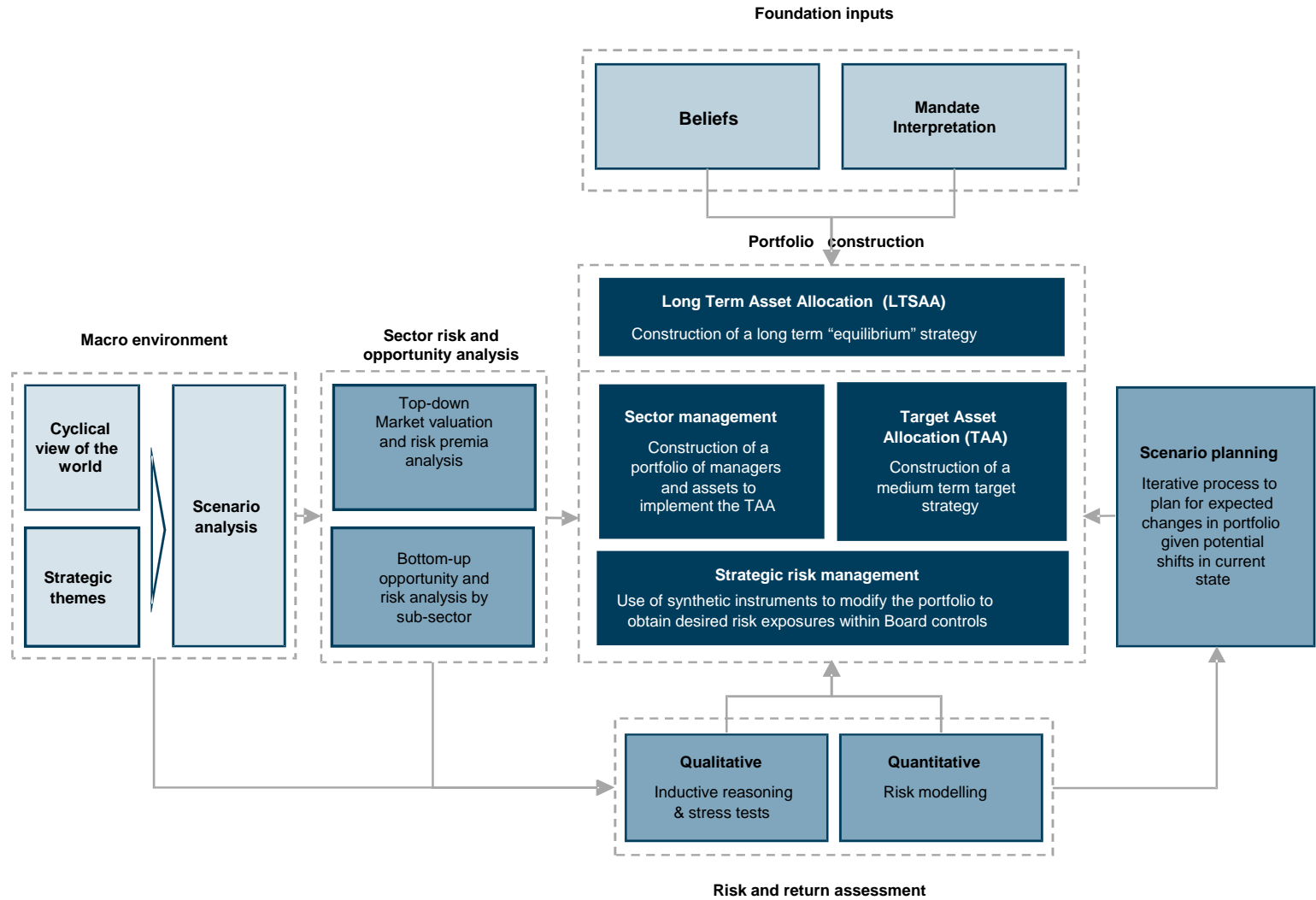
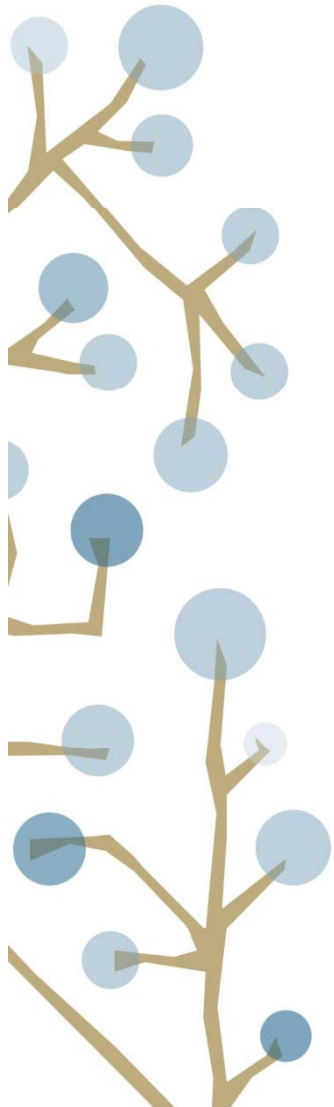
- We remain focused on long term returns:
at least CPI+4.5 to 5.5% per annum over the long term with acceptable but not excessive levels of risk.
- Our focus is growing the Fund while protecting capital
- Future Fund has grown to \$91.7 billion based on \$60.5 billion of contributions
- Returns to 30 September 2013:
 - Five years 8.2%pa (target: 6.8%pa)
 - Three years 9.7% pa (target: 7%pa)
- Disciplined investment model and clear governance focus us on a long term perspective
- Nation-building Funds continue to exceed their mandated returns

Core Investment Principles

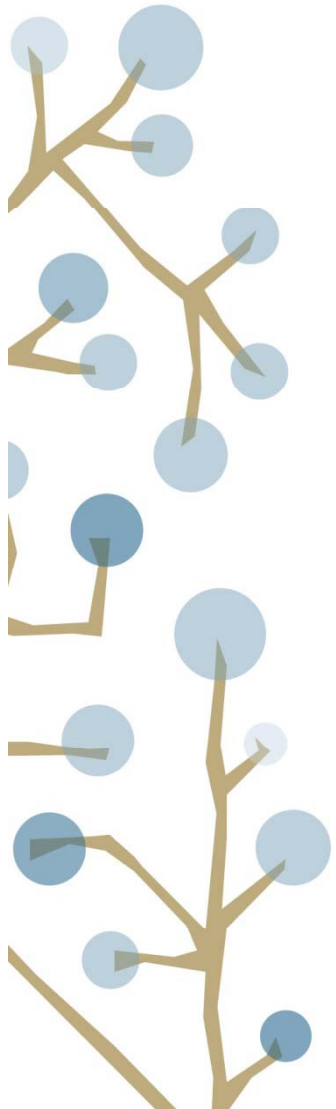
1. Our portfolio management is focused on the specific objectives of the Fund:
 - Maximise return, subject to acceptable but not excessive risk;
 - Investment Mandate benchmarks the Fund against at least CPI +4.5 - 5.5% per annum; and
 - Assessed over the long term, which we define as 10 years.
2. We construct a diversified portfolio that is, as far as possible, robust to an uncertain future
3. We believe prospective returns and risks change through time, and therefore manage the portfolio dynamically
4. We act as a single team, running an integrated process, managing a single, total portfolio
5. We seek a relatively small number of relatively large relationships
6. We manage for a net of costs return



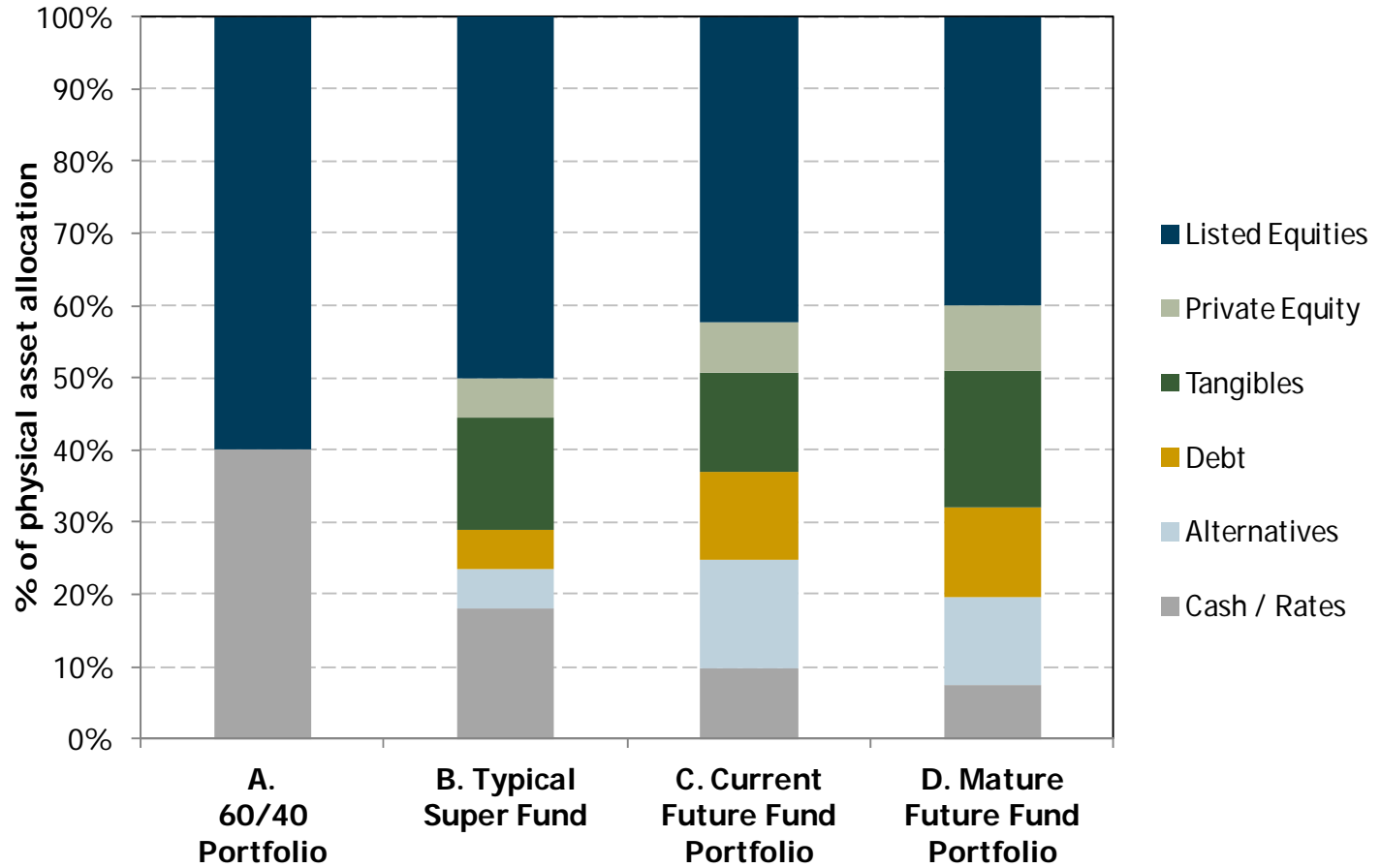
The Investment Strategy process



Asset allocation comparison

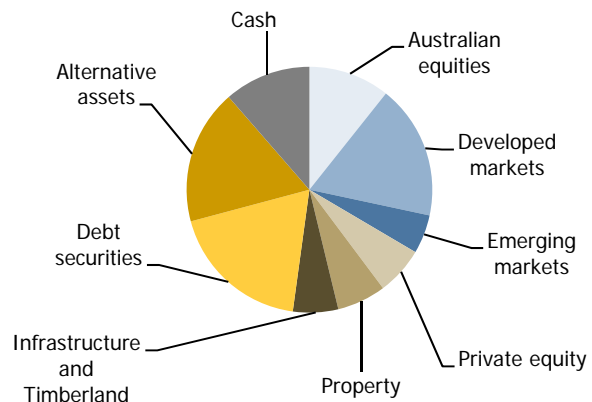


Physical asset allocation

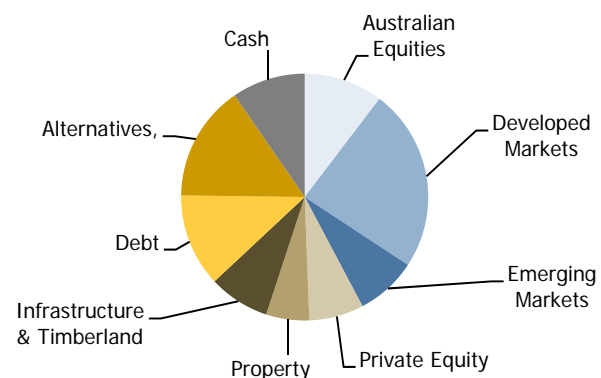


Dynamically managing the portfolio

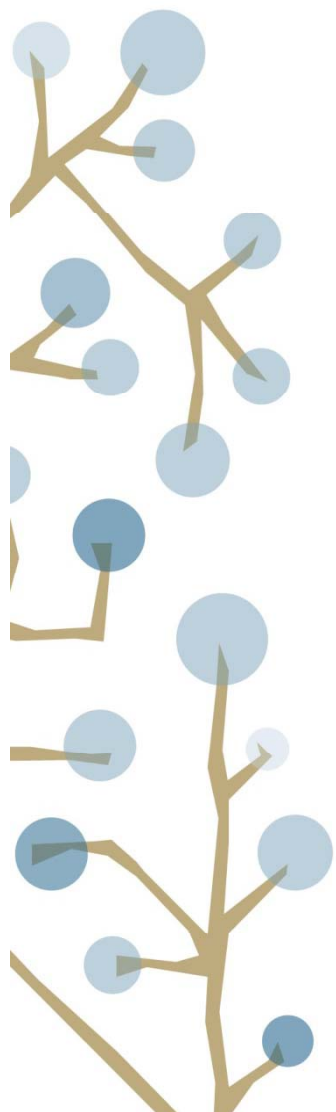
Future Fund Asset Allocation at 30 Sep 2012



Future Fund Asset Allocation at 30 Sep 2013



Asset class	30 September 2012		30 September 2013	
	A\$ million	Percentage of Fund	A\$ million	Percentage of Fund
Australian equities	8,551	10.7	9,478	10.3
Global equities				
Developed markets	14,133	17.7	21,936	23.9
Emerging markets	4,088	5.1	7,330	8.0
Private equity	5,053	6.3	6,562	7.2
Property	5,151	6.4	5,175	5.6
Infrastructure & Timberland	4,747	5.9	7,334	8.0
Debt securities	14,932	18.7	11,161	12.2
Alternative assets	14,196	17.7	13,910	15.2
Cash	9,126	11.4	8,819	9.6
Total	79,979	100	91,706	100

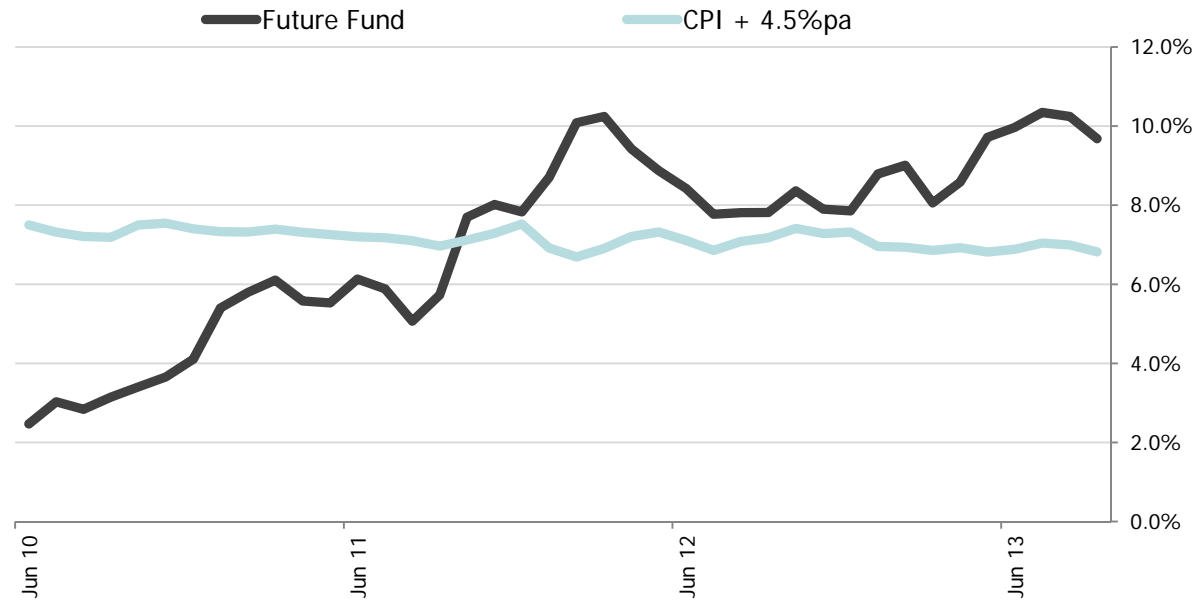


Strong performance

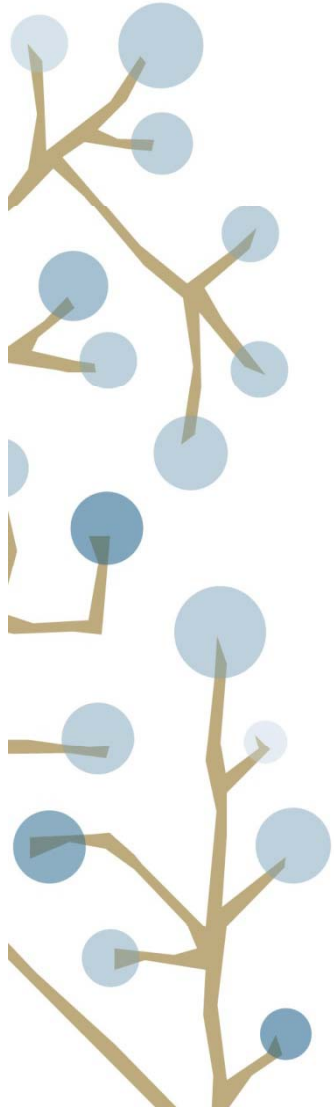
Future Fund performance to 30 September 2013

Period	Return	Target (CPI+4.5%)
Five years	8.2%	6.8%
Three years	9.7%	7.0%
Since May 2006	6.4%	7.2%
Quarter to 30 September	3.2%	1.9%

Future Fund and CPI + 4.5%pa Rolling 3 Year Returns



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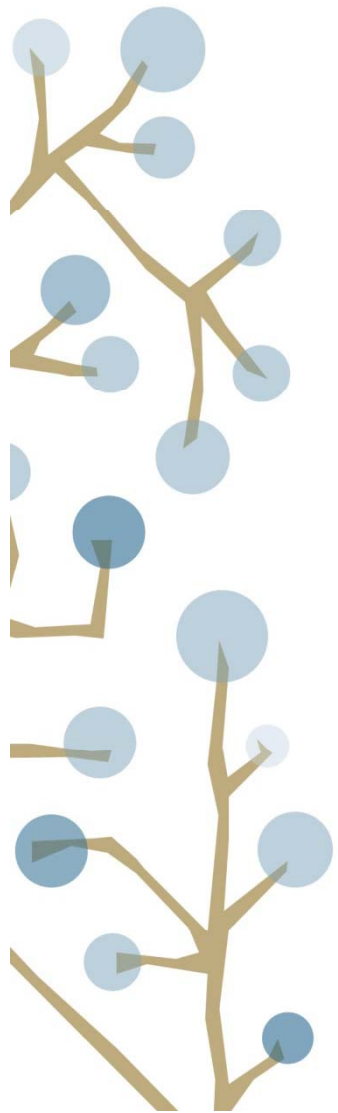
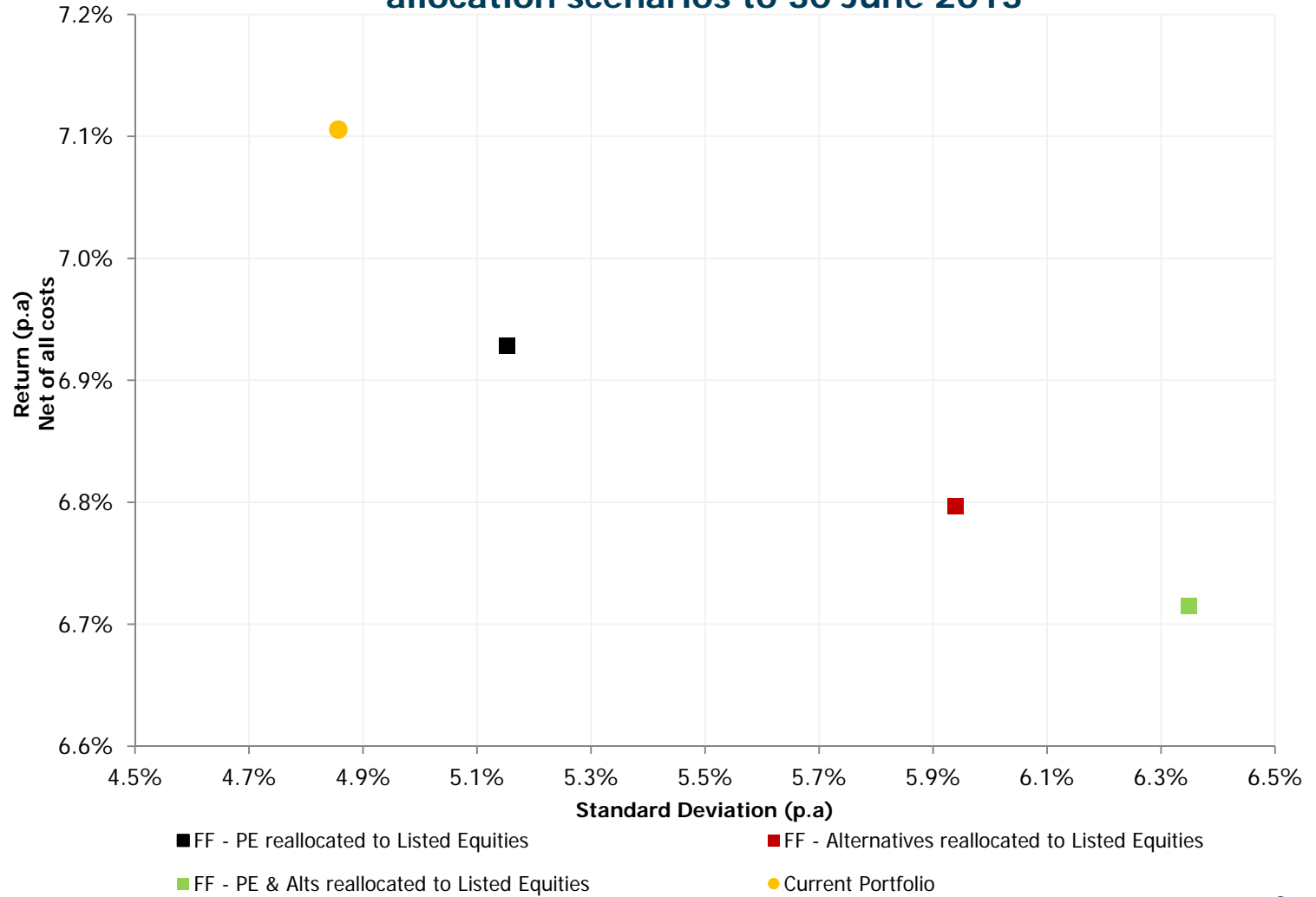


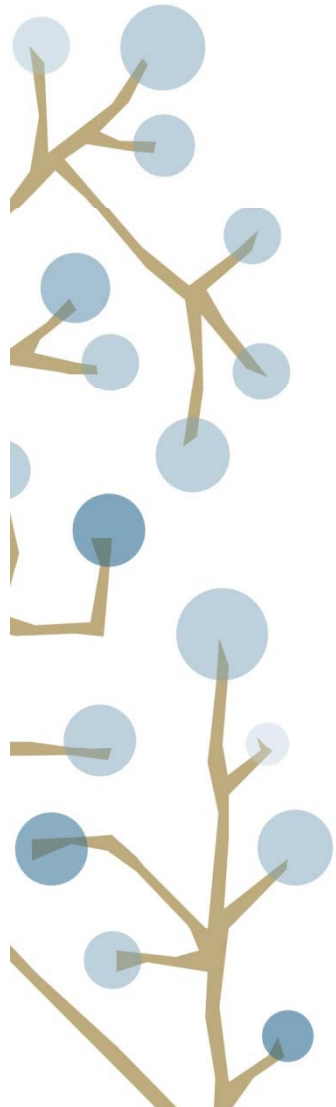
Private equity and alternatives program

- Goal is to deliver strong long term returns while improving the total portfolio diversification
- Opportunity to benefit from deep investment skills and experience of select firms
- Opportunity to gain exposure to diversifying exposures, for example:
 - Innovating and rapidly developing businesses
 - Distressed or undercapitalised businesses requiring capital injections
 - Commodity exposures
- Focus on a relatively small number of high conviction managers. We do not “fill a bucket”.
- Leverage off our relationships in multiple ways, for example:
 - Opportunity to coinvest in specific investments
 - Transfer of knowledge and insights for the benefit of our total portfolio

Private equity and alternatives programs have added to returns and reduced risk

Future Fund - Annualised 5 year returns under different allocation scenarios to 30 June 2013

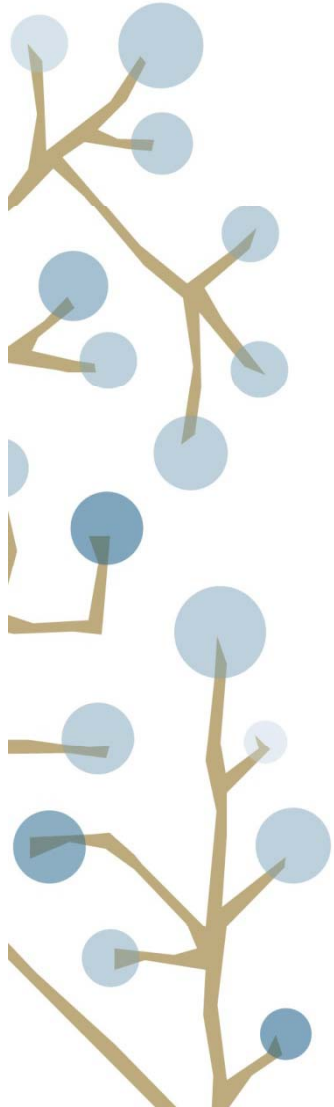




Outlook

- Broad strategic context is defined by:
 - powerful disinflationary deleveraging forces across many developed economies;
 - large scale unconventional policy actions to counteract these forces; and
 - secular growth story intact for many emerging markets, albeit not without risks.
- Markets are pricing in a modest growth environment, with low policy rates for a prolonged period
- Prospective returns are relatively low, but valuations are on the whole reasonable

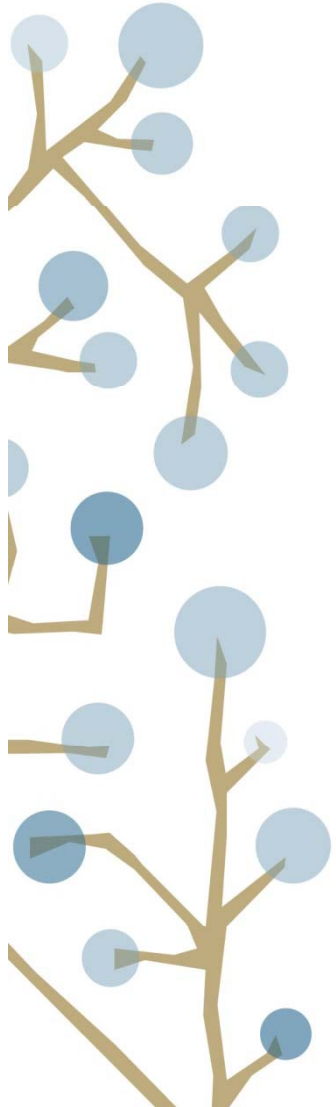
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Conclusion

- Disciplined investment process building a diversified portfolio focused on achieving the long term objective
- Continue to carefully monitor the environment and range of scenarios in order to take advantage of market strength and find new opportunities
- Well positioned to grow the Future Fund while protecting capital

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Future Fund

Briefing