



29 August 2008

Portfolio Update at 30 June 2008

Following completion of the audit process for 2007-08, the Future Fund Board of Guardians has issued a portfolio update for the year.

The Future Fund (ex Telstra) produced a return of 1.54% (\$652 million) for the period 1 July 2007 to 30 June 2008. The Chair of the Board of Guardians, Mr David Murray AO, said:

"The positive result in the current investment environment reflects our decision to slow the purchase of equities in the first half of the year due to concerns about pricing. This allowed us to benefit from a substantial cash component in the portfolio.

"Our focus moved to taking advantage of changed credit conditions, while developing our capabilities in private markets, including property, private equity and infrastructure. This is part of our program of building our long term target portfolio.

"The 2007-08 year was a period of consolidation for the Future Fund as we grew the management team. Our annual report, which will be published in late September 2008, will provide full details of the investment program including the strategic asset allocation."

Future Fund portfolio at 30 June 2008

Asset class	\$m	Percentage of Fund (ex Telstra)
Australian equities	5,141	9.2
International equities		
Developed markets	9,795	17.6
Developing markets	1,190	2.1
Private equity	41	0.1
Global property	768	1.4
Fixed interest	4,150	7.5
Cash	34,574	62.1
Total (ex Telstra)	55,659	100
Telstra holding	8,522	
Total Future Fund assets	64,181	

The Future Fund's 2 billion Telstra shares, which are subject to escrow until 20 November 2008, generated a return of 1.01% (\$121 million) for the year.

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The Higher Education Endowment Fund (HEEF) was established in September 2007 and received its first contribution of \$3 billion in October 2007 and a further \$3 billion in January 2008.

These assets have been invested in line with the interim Investment Mandate which restricts investments to securities with negligible chance of capital loss. The portfolio generated a return of 4.99% since inception. On an annualised basis this would be the equivalent of 7.62%.

The assets of the HEEF stood at \$6,225 million at 30 June 2008.

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