Portfolio update at 30 June 2014

Future Fund tops $100 billion

The Future Fund today released its provisional outcome for the 2013-14 year. During the financial year 2013-14 investment returns added $12 billion to the value of the Fund. Original contributions to the Fund from government valued at $60.5 billion have generated investment returns of over $40 billion. The value of the Fund now stands at $101 billion.

Over seven, five, three and one year periods to 30 June 2014 the Future Fund has met or exceeded its return objective:

<table>
<thead>
<tr>
<th>Period to 30 June 2014</th>
<th>Return</th>
<th>Target return (CPI+4.5%)</th>
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</thead>
<tbody>
<tr>
<td>Seven years</td>
<td>7.2% per annum</td>
<td>7.2% per annum</td>
</tr>
<tr>
<td>Five years</td>
<td>10.9% per annum</td>
<td>7.1% per annum</td>
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<tr>
<td>Three years</td>
<td>10.3% per annum</td>
<td>6.7% per annum</td>
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<tr>
<td>One year</td>
<td>13.9%</td>
<td>7.5%</td>
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Since its creation in May 2006 the Fund has achieved a return of 7.1% per annum, just shy of its target of 7.2% per annum².

The Chairman of the Future Fund, Hon Peter Costello, said: "These returns show the value of long-term and patient investing. In the Fund’s early days, in a challenging investment climate, the returns were below the target range, but disciplined adherence to clear objectives have delivered good results over the medium-term. The Fund is now focused on performance through to 2020 and beyond."

Nation-building Funds

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 their 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 3.1%. The target benchmark return for the three funds during that period was 3.0%.

At 30 June 2014 the value of the Education Investment Fund was A$3,798 million, the Building Australia Fund stood at A$3,692 million and the Health and Hospitals Fund stood at A$2,170 million.

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¹ Data is unaudited. Final performance and asset allocation data and a detailed discussion of the Fund’s investment strategy and operations will be published in the 2013-14 Annual Report, following completion of the normal audit process. The Annual Report will be released in October 2014.

² The Future Fund’s mandate is to target a return of at least CPI+4.5 to 5.5% per annum over the long term with acceptable but not excessive levels of risk.