



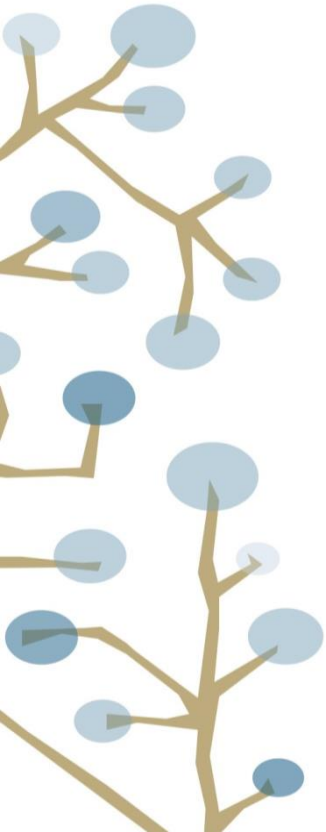
WOMEN IN SUPER NSW LUNCHEON

With David Neal, Future Fund



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Future Fund

Investing in turbulent times for the benefit of future generations of Australians

Women in Super
February 2017

Six key principles for how we operate

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 to 5.5% pa.
 - 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.

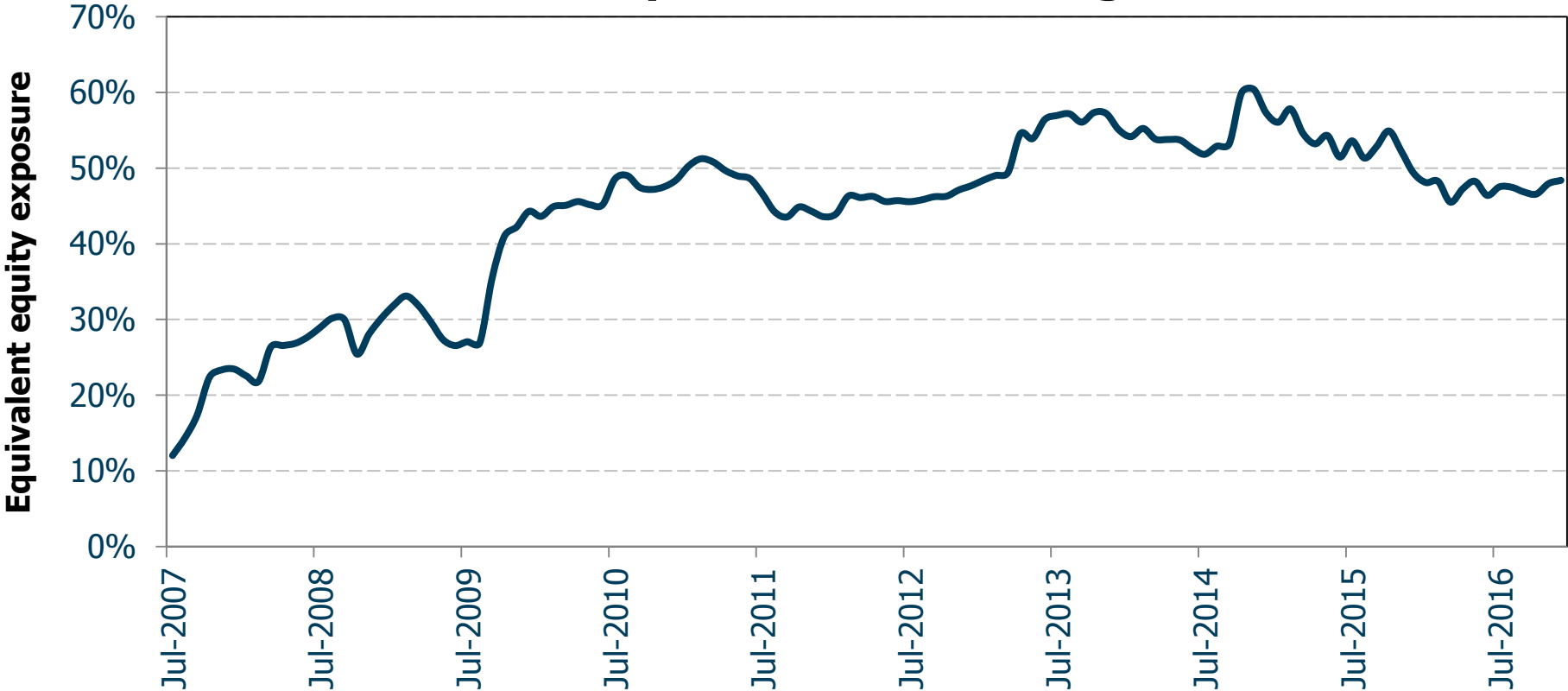
No fixed SAA
No reference portfolio

Nimble and joined-up
We do not “fill buckets”

Respect the strengths and skills of the best

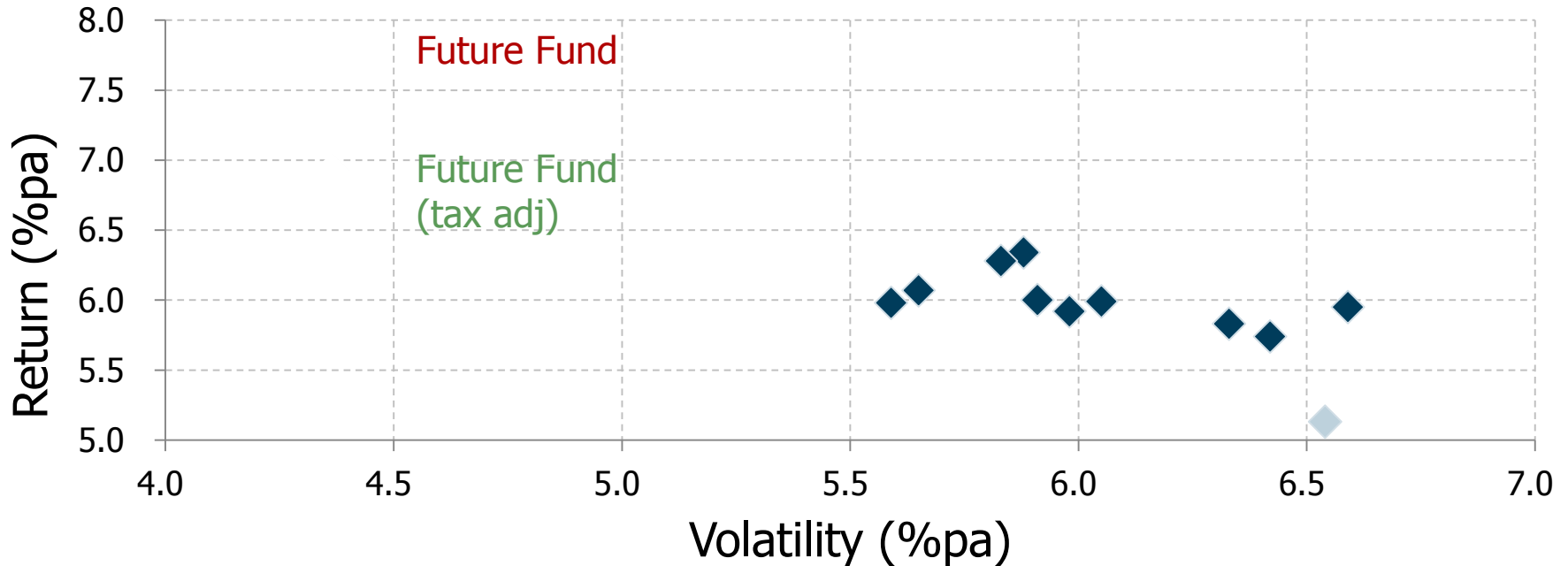
Dynamically managing the portfolio

Our risk exposure varies through time



Long term results

10 year risk and return for 10 best performing superannuation funds



Future Fund performance

Future Fund return and risk dashboard as at 31 December 2016.

A. Return										
Ending 31 Dec 2016 (%pa)		Primary measure			Secondary measures					
	Actual outcome	vs CPI+4.5%pa		vs Policy Benchmark		vs Dynamic RP		vs 60/40		vs Aus peers (tax adj) ²
Since 1/7/07	7.9	6.9		6.5		6.9		6.0		5.1
7 years	10.0	6.7		8.9		8.6		8.1		8.5
5 years	11.8	6.5		11.1		11.0		10.2		11.0
3 years	9.8	6.1		8.9		8.0		6.7		7.6
1 year	7.8	6.0		8.5		8.3		8.2		8.0

B. Risk										
Ending 31 Dec 2016										
	Actual outcome	vs CPI+4.5%pa		vs Policy Benchmark		vs Dynamic RP		vs 60/40		vs Aus peers (tax adj) ²
7 year volatility ¹ ratio (%pa)	3.7	n/a		4.0		5.6		5.9		5.1
7 year sharpe ratio	1.8	n/a		1.4		0.9		0.8		1.0
Max Drawdown ³ last 7 years (%)	-3.4	n/a		-4.6		-7.5		-7.1		-6.9
Max Drawdown ³ since 1/7/07 (%)	-12.1	n/a		-16.7		-15.9		-22.7		-27.7

1. Based on monthly returns.
2. The figures for peers reflects the Median Balanced Option as compiled by SuperRatings.
3. The Max Drawdown is the maximum loss from a peak to a trough before a new peak is achieved.

Economic and market context

- Powerful, persistent contractionary and disinflationary forces impacting the globe
- US leadership, Europe's structure, China's transition, Australia's transition etc
- Political instability, geopolitical tensions, social tensions (inequality), migration crisis
- Stretched monetary policy - how will the world deal with a shock?
- Massive creative and disruptive potential of technology
- Highly competitive landscape for core private market assets
- In a nutshell, we believe:
 - valuations are fairly full and prospective returns are relatively low; and
 - the spread of plausible outcomes is unusually wide.

Strategy needs to address our new world

Investing for the benefit of **future generations** of Australians

One team,
one portfolio

Leveraging the best
in the world

Flexible, nimble and
opportunity-driven

People & Culture Strategy

Culture

Engagement

Diversity

Learning &
development

Flexibility

Leadership

Technology Strategy

Investment data & analytics

Productivity/flexibility/
collaboration

Security/resilience