

futurefund

Australia's Sovereign Wealth Fund



Years of Investing

Year in Review 2025–26



20 Years of Investing

Our role as Australia's sovereign wealth fund has evolved significantly over 20 years. We have grown from one fund and \$60 billion to seven funds and \$356 billion. With a broader remit in a volatile and complex environment, we continue to build a resilient portfolio and deliver value for Australians both today and tomorrow.

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Acknowledgement of Country

The Future Fund acknowledges the Traditional Custodians of the lands and waters on which we live and work. We pay respect to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples as we work to create meaningful change for reconciliation.

This publication reports the high-level performance figures of the funds we manage for 2025–26.

Further data regarding our individual asset class exposures and information about costs will be available in the 2025–26 Annual Report, published in October 2026.

Data in this publication is unaudited and subject to finalisation through normal end-of-year processes.

The 2025–26 financial year was marked by sustained complexity in the global investment environment, driven by increasing fragmentation, persistent inflation and rapid technological change.

Geopolitics continued to impact on markets, while accelerating investment in AI drove structural shifts across economies – themes consistent with our New Investment Order thinking, which reinforce the importance of a long-term investment approach.

Against this backdrop, we remained focused on portfolio resilience, deepening and articulating our thinking through our *Portfolio Resilience* position paper series. The series explores how we define resilience, embed it in our investment process and apply it in practice to support long-term performance across a range of potential scenarios.

As traditional diversification became more challenging, we continued to emphasise flexibility, adaptability and our joined-up, whole-of-portfolio approach, enabling us to manage risk, capture opportunity and respond to a wide range of investment environments, while remaining focused on delivering strong long-term outcomes.

We are proud of our achievements during the year and recognise the contribution of our people, whose expertise, judgement and dedication underpin our success.

As we look ahead, we remain focused on our purpose: investing for the benefit of future generations of Australians.

Report from the Chair



In a year marked by economic uncertainty, geopolitical conflict and rapid technological change, the importance of resilient institutions focused on the long-term has never been clearer.



The Hon Greg Combet AO

The current global environment is being shaped by a dramatic departure from the international relationships that have defined the post-WW2 era.

The ongoing uncertainty, plus persistent inflation, geopolitical conflict and escalating debt levels created pressure on households, businesses and investors. At the same time, the astonishing scale of investment in AI, energy demand and capital investment drove economic growth and led to strong equity markets.

Against this background, and consistently for the past 20 years, the Future Fund has maintained a long-term focus. This has enhanced Australia's prosperity and resilience in a rapidly changing world by building public wealth for future generations.

The results this past financial year speak for themselves: the Future Fund delivered a 14.8% return against the mandate target of 8.0%, with the Fund now standing at \$289.7 billion. The 10-year return of 9.0% per annum exceeds the target of 7.1% per annum.

To place these numbers in a different context, the 2025–26 Fund growth of \$37.4 billion far outstrips interest payments of \$25.2 billion on Australian Government debt for the year. Or, as an alternative comparator of the Fund's \$37.4 billion growth, the total of medical benefits paid in the year was \$35.1 billion.

An enduring sovereign wealth fund

The decision by the Australian Government in 2024 to defer drawdowns until at least 2032–33 has supported the continued growth of the Future Fund.

By 2032–33, the Future Fund is expected to grow to \$380 billion, covering its initial purpose of meeting unfunded superannuation liabilities as well as enabling the Fund to evolve as an enduring sovereign wealth fund benefiting all Australians.

In addition to the Future Fund, our work in building wealth for six other public asset funds ensures that vital services and community support continues. Collectively valued at \$66.3 billion, these six other funds provide funding for important initiatives such as building disaster and drought resilience and funding the NDIS and Indigenous Land and Sea Corporation.

The Future Fund helps maintain Australia's AAA credit rating, while the other funds provide critical financial support for these other important initiatives and assist the Budget.

Delivering for Australia

We welcome the Government's ongoing support for the Fund's independence and commercial investment mandate. This approach allows us to invest with conviction while contributing to Australia's future prosperity, including by investing in National Priorities.

Infrastructure, housing and the energy transition remain significant long-term investment opportunities. Over recent years we have increased our focus on these areas, recognising both their investment potential and their importance to Australia's future economic resilience. Since the change in our investment mandate in late-2024, we have committed approximately \$3.5 billion to these National Priority areas.

This year the Future Fund also became a signatory to the United Nations-supported Principles for Responsible Investment (PRI), an important milestone in the evolution of our responsible investment approach. The PRI is a global network of investors committed to better understanding how environmental, social and governance (ESG) issues affect long-term investment outcomes. A central feature of PRI membership is mandatory annual reporting using the PRI Reporting Framework. Our reporting against this framework will commence from the 2026–27 financial year.

Significantly, we will also publish our first Commonwealth Climate Disclosure, providing greater transparency on climate-related risks, opportunities and governance arrangements across the portfolio.

Board Appointments

During the year, we welcomed Fiona Trafford-Walker to the Board of Guardians. Fiona brings more than three decades of experience advising institutional investors and will be a valuable addition to the Board. She replaced Patricia Cross, who completed her term in May. I thank Patricia for her significant contribution to the Future Fund over the past five years.

The Government also announced the appointment of Adam Tindall, who then joined the Board following the completion of Dr Deborah Ralston's term in September 2026. Adam's extensive global experience across investment management, real assets and corporate governance will further strengthen the Board's expertise. I also thank Deborah for her contribution and commitment to the Future Fund.

These highly qualified appointees will aid the Future Fund in continuing its' strong record of returns for the Australian people, and we look forward to working with them.

CEO departure

After financial year end, the Chief Executive Officer, Raphael Arndt, informed the Future Fund Board of Guardians of his decision to leave the organisation at the end of 2026.

As CEO, Raphael has overseen a period of significant growth and transformation at the Future Fund. He led the organisation's response to a rapidly evolving global investment landscape, driving advancements in data, technology and investment capabilities that strengthened the Fund's resilience and enhanced its ability to capture opportunities in complex global markets.

Raphael has ensured that a collaborative and positive culture that supports the joined-up whole of portfolio investing approach has been central to his period as CEO. He has been an outstanding leader of the Future Fund during his tenure as CEO and for many years prior to that in a range of other roles. Australia is better off for his contribution to the Future Fund. He leaves the Fund well positioned to continue strong investment performance in the future.

Acknowledgements

I have now served as Chair of the Future Fund Board for over two years, participating during a period of significant achievement, including what is now the organisation's 20th year of operation. The experience thus far enables me to attest that the Board of Guardians is advised and supported by a first-class team.

Initially established with a single purpose to cover superannuation liabilities over a defined time horizon, the organisation has evolved into one of the world's leading sovereign investors and a trusted steward of public capital.

On behalf of the Board, I want to thank Raphael for his contribution not only this year, but across nearly 20 years at the Future Fund. I extend that thanks to the Agency's Senior Leadership Team and all staff for their commitment and professionalism. Their expertise, discipline and long-term focus continue to deliver strong outcomes for Australians in an increasingly complex world.

The Hon Greg Combet AO

Chair
Future Fund Board of Guardians

Report from the Chief Executive Officer



As the Future Fund marks its 20th year, we continue to evolve in response to a world that is becoming more complex, fragmented and fast-changing.



In 2025–26, we delivered strong investment outcomes, advanced our thinking on major themes such as portfolio resilience and artificial intelligence, and continued to build the organisational capabilities needed for the future. While uncertainty remains a defining feature of the global landscape, our long-term investment approach positions us well to navigate the challenges and opportunities ahead.

The Future Fund was established in 2006 as a single fund with a specific purpose and a finite life. Two decades later, we now manage seven public asset funds valued at \$356 billion, helping to build a stronger future for Australia.

The world in which we invest has changed profoundly over that period.

Technological advances, shifting demographics, climate change, economic shocks and growing geopolitical fragmentation have reshaped societies, markets and investment opportunities. From the Global Financial Crisis and the COVID-19 pandemic to the emergence of artificial intelligence, the pace and scale of change have been significant.

As the environment has evolved, so too has the Future Fund.

Beyond delivering strong long-term investment returns, we now manage a broader range of national funds supporting medical research, drought resilience, Indigenous land and sea rights, disability services and future generations. As we mark the Future Fund’s 20-year anniversary, we have continued to adapt our investment approach to meet the demands of an increasingly complex and uncertain world.

Our portfolio

This year’s economic landscape was shaped by persistent inflation, heightened geopolitical tensions, trade fragmentation and continued investment in artificial intelligence. Geopolitical developments had a more direct impact on markets, particularly across trade, technology, energy and defence, reinforcing the need for diversified and resilient portfolios.

These conditions were broadly consistent with the themes outlined in our geopolitical position paper, including the emergence of a more fragmented and multipolar global order. In response, we continued to strengthen portfolio resilience through active management, an allocation to commodities and increased exposure to inflation-hedged real assets.

These measures contributed to a strong result, with the Fund returning 14.8% for the year; one of the strongest in the history of the Future Fund. Over 10 years, the Fund delivered 9.0% per annum. Strong contributions from alternatives, equities, venture capital and infrastructure demonstrate the value of a diversified portfolio and the effectiveness of our long-term investment approach.

Our year

This year we published two position papers examining portfolio resilience. The first, released in November 2025, explored how we build resilience in an uncertain world, using inflation as a case study. The second focused on the implications of artificial intelligence for investors and portfolios.

Like all of our position papers, they are intended to challenge thinking, encourage debate and contribute to broader industry discussion. I am pleased that both have generated strong engagement.

As part of our work, we engage regularly with international partners and stakeholders to contribute our insights, discuss investment opportunities and connect investors from around the world. This year we took part in key Australian Government initiatives including the US superannuation sector summit and an investor mission to Indonesia.

In a similar vein, we participated in leading international forums, providing opportunities to exchange perspectives on governance, investment strategy, organisational capability and the evolving role of long-term institutional investors. These connections strengthen our investment capability and support better decision-making in a rapidly changing world.

The rapid emergence of AI has become one of the most significant technological developments of our time. In response, we focused on three areas: investing in AI-related opportunities, integrating AI into our operations, and building AI capability across our workforce. We also established an Agency-wide AI Council to help guide our approach and ensure we are well positioned to respond to the opportunities and challenges ahead.

Following recent investments in organisational growth and capability, our focus is now on realising those benefits while maintaining disciplined management of costs and resources.

Our people

This year we announced the appointment of Richard Brandweiner as our new Chief Investment Officer. Richard brings extensive global investment and leadership experience and joins at an important point in our evolution as we develop our next business strategy and continue to build organisational capability for the future.

In June, we welcomed 14 winter interns who brought fresh perspectives, enthusiasm and talent to teams across the Agency. Now in its third year, the internship program continues to be an important part of developing future investment and corporate talent. Reflecting the success of the program, we were delighted to confirm the appointment of two former interns as analysts in our Investment Team.

More broadly, across the organisation, 17 employees were promoted or advanced into new roles, strengthening our capability and building the next generation of leaders.

Announcing my departure

After nearly 20 years of service at the Future Fund, I have informed the Board of Guardians of my decision to leave the Agency at the end of the year.

Having served as CEO for the past six years, delivered two strategic plans and overseen a period of strong investment performance, I believe this is the right time to hand over to a successor and begin the next chapter of my professional life.

It has been an honour to lead this organisation. I am immensely proud of what we have achieved together and grateful for the dedication, professionalism and expertise of our people. I will leave knowing the Agency is supported by a strong Board, a highly capable Leadership Team and exceptionally talented staff.

The Future Fund is an important Australian institution, and I am confident it will continue to play a vital role for decades to come. All Australians are better off as a result.

Acknowledgements

I would like to thank the Future Fund Board of Guardians for their leadership and guidance throughout the year.

I would also like to thank our people and external partners for their commitment and contribution. The Future Fund’s success over the past 20 years has been built not only on strong investment performance, but also on a culture that values inclusion, curiosity, constructive collaboration and continuous learning.

Our investment model remains strong, our long-term thinking is clear, and the actions we have taken position us well for the future. While the world remains uncertain and increasingly complex, maintaining resilience, adaptability and a long-term perspective will continue to be critical to the success of our funds and in turn, the nation.

Dr Raphael Arndt
Chief Executive Officer
Future Fund Management Agency

Annual performance

Investment environment in 2025–26

The world is fundamentally different to what it was just five years ago. The past year brought further global fragmentation, an oil shock driven by conflict in the Middle East, persistent inflation and rapid investment in and expansion of artificial intelligence.

The Middle East conflict is just one of five significant negative supply shocks this decade, with the other four being the implications from the COVID-19 pandemic, the Russian-Ukraine war and the more recent changes to US tariffs and US immigration policies.

The shifting sands of geopolitics continues to make for fertile ground for an array of further shocks. These forces reward portfolios built to be resilient, diversified and flexible.

Portfolio Resilience and the New Investment Order

Our position paper, *Portfolio Resilience: Part One*, models how we are building a portfolio able to meet its objectives across a wide range of possible scenarios. These scenarios reflect the work we began in 2021 with *A New Investment Order*, which identified paradigm shifts across the world, economic, policy and market orders. Many of the risks we identified then, are rapidly materialising now.

Across 2025–26, the global system fragmented further towards an unbalanced, multipolar world, with elements consistent with some of the more adverse secular scenarios we model. We continue to believe that forward-looking returns will be harder to earn in this environment, and the right response is to keep building portfolio resilience.

Geopolitics shapes investor outcomes

Geopolitics, which we define more broadly than conflict, remained a key force shaping investor outcomes, as set out in our position paper from 2024, *Geopolitics: The Bedrock of the New Investment Order*.

Conflict in the Middle East and the closure of the Strait of Hormuz showed how regional powers can constrain global outcomes by controlling critical choke points and resources, with direct consequences for, among other things, energy prices and inflation. We expect these developments will accelerate the resilience-building efforts that were already underway, as countries reprioritise unilateral security, critical commodity supply and domestic industrial capacity, particularly for strategically sensitive sectors.

The episode also demonstrated how control of a choke point can provide significant leverage and how difficult it can be to reverse, potentially making other countries more willing to exploit similar positions of their own.

In response to this more contested geopolitical backdrop, defence spending rose across the world alongside renewed debate over the role of long-standing security alliances. In many parts of the world, populist and right-leaning politics gained ground beyond their traditional bases.

These developments affirm our view that geopolitics is a long-term, structural force rather than a transitory one.

Policy and macroeconomic settings

Policy and macroeconomic settings shifted further in line with geopolitical change. Globally, energy, critical minerals and supply chains are increasingly viewed through a national security lens, raising the importance of access, proximity and control. Economic policy continued to move from efficiency towards resilience, with re-industrialisation, combined with a preference to direct capital flows domestically, gathering pace across the United States, Europe, Japan and Asia.

United States policy also became more interventionist at the margin and remained a source of market volatility through tariffs, trade negotiation and regulatory uncertainty.

Fiscal settings remain broadly expansionary, and global public finances face structural challenges. Governments are increasingly trading off the provision of an effective social safety net against higher debt and interest costs, in some cases exacerbating political instability. Worldwide gross public debt is projected to reach 100% of gross domestic product by 2029, reflecting increasing expenditures around national interests, including bolstering infrastructure and defence.

Parts of the world saw persistent inflation keep pressure on interest rates, while in the United States falling inflation slowed. This divergence adds to market volatility but also creates opportunity for skilled active management.

Persistent above-target inflation continues to challenge policymakers, particularly in the presence of continuing energy shocks, and ongoing trade and supply chain disruptions. Increased volatility and frequency of supply shocks translate to further inflationary pressures building in the pipeline, especially when taking into account significant AI capital expenditure being undertaken globally.

Rising deficits, re-industrialisation, defence spending and the energy transition together point to elevated sovereign debt and upward pressure on bond yields. Because bond yields sit at the core of market pricing, we are monitoring this structural force closely.

Artificial intelligence

AI continued its acceleration as a force in innovation, adoption and disruption. It remained central to strategic competition between the United States and China, with the United States focused on cutting-edge compute and China on scale. It is increasingly a force multiplier across economic activity and defence.

The constraints now in focus are physical and social: energy, water and compute; the effects of data centres on local communities; and a governance and regulatory response that is moving more slowly than deployment. Because AI shapes the outlook for growth, inflation and productivity, it is central to our long-term investment strategy and asset allocation, even as its ultimate path remains uncertain.

Global alliances and a multipolar world

The architecture of global alliances continued to shift. The United States is increasingly oriented towards its own hemisphere, raising questions about its longer-term strategic role in the Indo-Pacific and, in turn, about the regional balance between major powers. In Europe, attention has centred on security and the durability of long-standing alliances.

For a long-term investor, this architecture matters, with a more multipolar, less predictable world requiring a deeper assessment of what this now means for trade and capital flows, and where risk sits in our investment portfolio.

Global economic backdrop

Risk markets were broadly supportive across the year, though sentiment shifted sharply in the March quarter as inflation concerns, stemming from the closure of the Strait of Hormuz and the risk of a stagflationary environment, unsettled markets. Our positioning helped to protect the portfolio during that period, with the value of the Future Fund rising across the financial year.

Traditional diversification alone is no longer enough in a fragmented and volatile world. As we explore in *Portfolio Resilience: Part One*, a resilient portfolio is stress-tested, rebalanced and designed to adapt.



The transition to the New Investment Order is not linear. For a resilient, long-term portfolio, the twists and turns of this transition continue to present opportunity.

Total funds under management

\$356bn

at 30 June 2026

Medical Research
Future Fund
\$26.3bn

Aboriginal and
Torres Strait
Islander Land and
Sea Future Fund
\$2.7bn

Future Drought
Fund
\$5.8bn

Disaster Ready
Fund
\$5.3bn

DisabilityCare
Australia Fund
\$14.5bn

Housing Australia
Future Fund
\$11.7bn

Future Fund
\$289.7bn

Investment performance

Future Fund

The Future Fund was established in April 2006 to strengthen the long-term financial position of the Commonwealth of Australia.

Investment mandate

CPI + 4.0%–5.0%
per annum

To achieve an average annual return of at least the Consumer Price Index (CPI) + 4.0%–5.0% per annum over the long term, with an acceptable but not excessive level of risk.

Investment performance

14.8%

pa return in 2025–26

8.0%

pa target return in 2025–26

9.0%

pa 10-year return

7.1%

pa target 10-year return

\$289.7bn

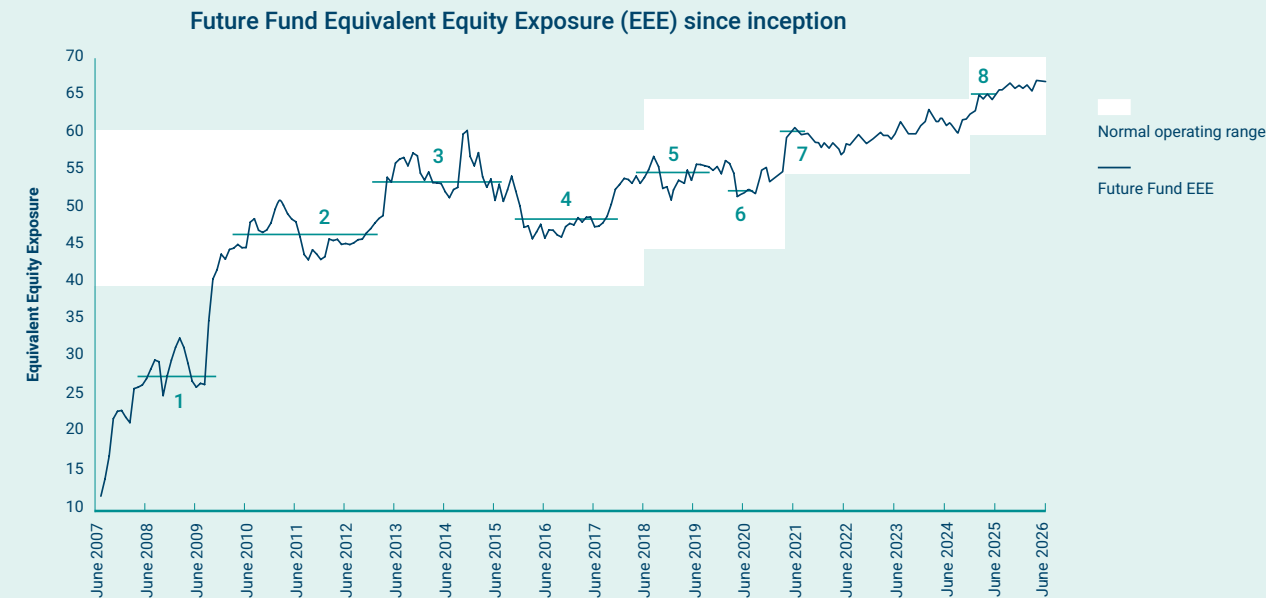
value at 30 June 2026

Future Fund returns, target benchmarks and volatility over time

Period to 30 June 2026	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)
From inception (May 2006)	8.3	7.0	4.6
10 years	9.0	7.1	4.8
Seven years	8.6	7.6	5.2
Five years	8.0	8.4	4.7
Three years	12.0	7.3	4.2
2025–26 financial year	14.8	8.0	4.3

Note(s):

- From 1 July 2017, the Fund's Investment Mandate target return was reduced from CPI + 4.5% to 5.5% pa to CPI + 4.0% to 5.0% pa over the long term, with an acceptable but not excessive level of risk.
- Industry measure showing the level of realised volatility in the portfolio.



Measuring risk

One of the primary metrics we use to understand and manage the broad market risk exposure of the Future Fund is Equivalent Equity Exposure (EEE). EEE estimates the amount of market exposure we have when looking through the whole portfolio.

The chart above demonstrates how the EEE of the Future Fund has changed over time.

We are currently in the eighth distinct risk-taking regime for the portfolio since establishment.

1. The build of the Future Fund portfolio was suspended in late 2007 due to concerns over financial stability and the sustainability of high asset prices, and a very low-risk profile was maintained into the Global Financial Crisis.

2. Portfolio risk exposure was increased as extraordinary and globally coordinated economic policies were implemented to fight the crisis.
3. Risk levels were raised further as the European crisis subsided and the President of the European Central Bank committed to “do whatever it takes” to underwrite the integrity of the euro.
4. As expected returns declined (given strong market performance supported by low interest rates), portfolio risk was gradually reduced to moderately below normal levels.
5. Risk levels were increased towards more normal levels, reflecting the emergence of strong economic growth and corporate earnings, and central banks signalling an extension of accommodative monetary policies, together with the decision to increase the Future Fund’s structural risk appetite.

6. Risk levels were reduced to moderately below neutral, reflecting the elevated risk environment resulting from the COVID-19 pandemic and policy response.
7. The structural risk level was adjusted during the 2020–21 financial year and we narrowed the range around which we expect to manage the portfolio. Subsequently, EEE was managed reasonably close to neutral structural levels.
8. The structural risk level was increased in 2024–25 to increase the probability of achieving the Investment Mandate return target in the long term. The decision was implemented progressively throughout the year.

Risk positioning

The EEE range within which we are expected to operate most of the time was reviewed and uplifted in 2024–25 to 60–70, in line with an increase in structural risk appetite for EEE. This change was made by the Board to increase the likelihood of achieving its Investment Mandate’s benchmark return target over the long term.

At 30 June 2026, the EEE stood at 65.4, which is in the middle of the range.



Medical Research Future Fund

The Medical Research Future Fund (MRFF) was established in August 2015 to improve the health and wellbeing of Australians by providing grants of financial assistance to support medical research and medical innovation.

Investment mandate	Investment performance	
RBA + 1.5%–2.0% per annum	10.1% pa return in 2025–26	5.4% pa target return in 2025–26
To achieve at least the Reserve Bank of Australia (RBA) cash rate target + 1.5%–2.0% per annum, net of investment fees, over a rolling 10-year term.	5.7% pa 10-year return	3.6% pa target 10-year return
	\$26.3bn value at 30 June 2026	

Medical Research Future Fund returns, target benchmarks and volatility over time

Period to 30 June 2026	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)
From inception (22 September 2015)	5.6	3.6	2.8
10 years	5.7	3.6	2.9
Seven years	6.1	3.8	3.2
Five years	6.3	4.6	2.7
Three years	9.2	5.7	2.4
2025–26 financial year	10.1	5.4	2.2

Note(s):

1. RBA cash rate plus 1.5% to 2.0% pa over the long term, with an acceptable but not excessive level of risk.
2. Industry measure showing the level of realised volatility in the portfolio.

Risk positioning

Our expected EEE range for the Medical Research Future Fund is 29 to 37. At 30 June 2026, the EEE stood at 33, which is the middle of the range.

Aboriginal and Torres Strait Islander Land and Sea Future Fund

The Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILS) was established in February 2019 to enhance the Commonwealth’s ability to make payments to the Indigenous Land and Sea Corporation.

Investment mandate	Investment performance	
CPI + 2.0%–3.0% per annum	11.9% pa return in 2025–26	6.0% pa target return in 2025–26
To achieve an average annual return of at least the CPI + 2.0%–3.0% per annum over the long term, with an acceptable but not excessive level of risk.	\$2.7bn value at 30 June 2026	

ATSILS Fund returns, target benchmarks and volatility over time

Period to 30 June 2026	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)
From inception (1 October 2019)	7.0	5.7	4.2
Five years	7.1	6.4	3.5
Three years	10.5	5.3	3.1
2025–26 financial year	11.9	6.0	2.8

Note(s):

1. CPI + 2.0% to 3.0% pa over the long term, with acceptable but not excessive level of risk.
2. Industry measure showing the level of realised volatility in the portfolio.

Risk positioning

Our expected EEE range for the ATSILS Fund is 38 to 48. At 30 June 2026, the EEE stood at 44, which is the middle of the range.

Future Drought Fund

The Future Drought Fund (FDF) was established in September 2019 to support initiatives that enhance the drought resilience of Australian farms and communities.

Investment mandate	Investment performance	
CPI + 2.0%–3.0% per annum	11.9%	6.0%
To achieve an average annual return of at least the CPI + 2.0%–3.0% per annum over the long term, with an acceptable but not excessive level of risk.	pa return in 2025–26	pa target return in 2025–26
	\$5.8bn	
	value at 30 June 2026	

Future Drought Fund returns, target benchmarks and volatility over time

Period to 30 June 2026	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)
From inception (1 April 2020)	8.5	5.8	3.4
Five years	7.1	6.4	3.5
Three years	10.5	5.3	3.1
2025–26 financial year	11.9	6.0	2.8

Note(s):

1. The Investment Mandate for the Future Drought Fund is CPI + 2.0% to 3.0% pa over the long term, with an acceptable but not excessive level of risk.
2. Industry measure showing the level of realised volatility in the portfolio.

Risk positioning

Our expected EEE range for the Future Drought Fund is 38 to 48.
At 30 June 2026, the EEE stood at 43, which is the middle of the range.

Disaster Ready Fund

The Disaster Ready Fund (DRF) was initially established as the Emergency Response Fund in 2019, then renamed on 1 March 2023. It funds natural disaster resilience and risk reduction.

Investment mandate	Investment performance	
CPI + 2.0%–3.0% per annum	11.9%	6.0%
To achieve an average annual return of at least the CPI + 2.0%–3.0% per annum over the long term, with an acceptable but not excessive level of risk.	pa return in 2025–26	pa target return in 2025–26
	\$5.3bn	
	value at 30 June 2026	

Disaster Ready Fund returns, target benchmarks and volatility over time

Period to 30 June 2026	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)
From inception (1 April 2020)	8.5	5.8	3.4
Five years	7.1	6.4	3.5
Three years	10.5	5.3	3.1
2025–26 financial year	11.9	6.0	2.8

Note(s):

1. The Investment Mandate for the Disaster Ready Fund is CPI + 2.0% to 3.0% pa over the long term, with an acceptable but not excessive level of risk.
2. Industry measure showing the level of realised volatility in the portfolio.

Risk positioning

Our expected EEE range for the Disaster Ready Fund is 38 to 48.
At 30 June 2026, the EEE stood at 43, which is the middle of the range.

Housing Australia Future Fund

The Housing Australia Future Fund (HAFF) was established in November 2023 to enhance the Commonwealth’s ability to make grants in relation to acute housing needs, social housing or affordable housing.

Investment mandate

CPI + 2.0%–3.0%
per annum

To achieve an average annual return of at least the CPI + 2.0%–3.0% per annum over the long term, with an acceptable but not excessive level of risk.

Investment performance

11.6%
pa return in 2025–26

6.0%
pa target return in 2025–26

\$11.7bn
value at 30 June 2026

Housing Australia Future Fund returns, target benchmarks and volatility over time

Period to 30 June 2026	Return (% pa)	Target return ¹ (% pa)	Volatility ² (%)
From inception (1 November 2023)	9.6	4.9	2.5
2025–26 financial year	11.6	6.0	2.9

Note(s):
1. The Investment Mandate for the Housing Australia Future Fund is CPI +2.0% to 3.0% pa over the long term, with an acceptable but not excessive level of risk.
2. Industry measure showing the level of realised volatility on the portfolio.

Risk positioning

Our expected EEE range for the HAFF is 38 to 48.
At 30 June 2026, the EEE stood at 44, which is the middle of the range.

DisabilityCare Australia Fund

The DisabilityCare Australia Fund (DCAF) was established in July 2014 to help fund the National Disability Insurance Scheme (NDIS), which will support a better life for Australians with a significant or permanent disability and their families and carers.

Investment mandate

BBSW + 0.3%
per annum

To achieve a benchmark return of the Australian three-month bank bill swap rate + 0.3% per annum, calculated on a rolling 12-month basis. Investments must minimise the probability of capital loss over a 12-month horizon.

Investment performance

4.4%
pa return in 2025–26

4.2%
pa target return in 2025–26

\$14.5bn
value at 30 June 2026

Annual highlights

In 2025–26

20
years of investing
the Future Fund

We onboarded
6
new investment managers

We made
\$50bn
changes to the portfolio

43
new permanent staff
joined the Future Fund

16
students participated in our Winter
Internship Program

We promoted or advanced
16
people across the organisation

The Future Fund's 10-year return was
9.0%
exceeding its 7.1% mandate target

We have committed a total of around
\$3.5bn
in national priority sectors

Our people contributed insights at
72
industry events

We delivered
37
professional development and
learning programs through
the Future Fund Academy

We completed
19
strategic business initiatives
across the organisation

The Future Fund's EEE stood
at an average of
65.4

Portfolio activity in 2025–26

The global investment environment continues to be complex. We have responded with a clear focus on portfolio resilience.

In November 2025, we released our first position paper on *Portfolio Resilience*, outlining a collection of exposures designed to achieve target returns across a wide range of future scenarios. The paper reflects our views emerging from the New Investment Order, namely the increasing risk of more frequent and intense shocks across global economies, and social and environmental systems.

By rethinking our approach to portfolio construction and how to better achieve our mandate, this focus on portfolio resilience ensures our investment portfolio stays aligned with our long-term investment goals.

As a result, portfolio activity has centred on two focal points:

- 1. Enhancing long-term returns
- 2. Protecting real wealth through building a resilient portfolio.

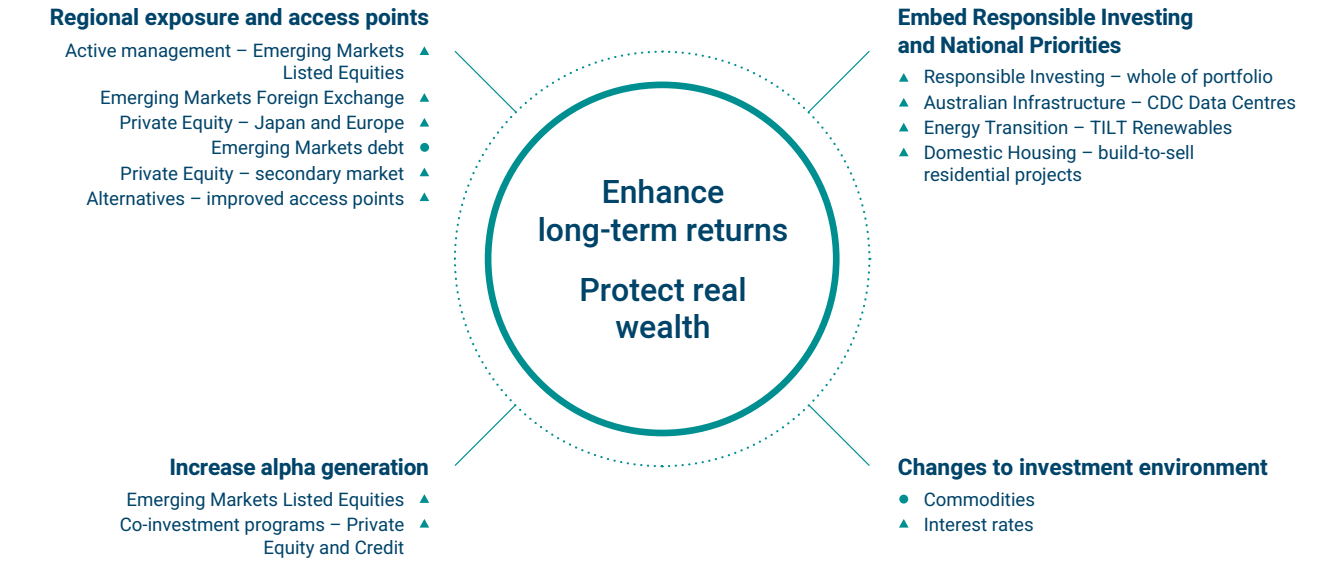
This effort has meant we made around \$50 billion of change across the portfolio for the 2025–26 financial year alone, with changes totalling close to \$340 billion since May 2021.

The following diagram updates our portfolio construction evolution and process.



The Future Fund’s evolved portfolio construction in 2025–26

▲ Increased ● Remained the same



Focusing on the highlighted zones in the diagram above:

- We worked across the portfolio to **embed responsible investing and climate** into our investment approach. Examples include alternatives and listed equities, where we worked on practical and proportionate approaches to better integrate responsible-investment considerations into complex investment strategies, strengthening the management of climate, governance and reputational risks for the total portfolio.

We further implemented **national priorities into the portfolio build**, through Australian infrastructure, national energy transition and the supply of domestic housing – noting our statutory responsibility to maximise returns and independently make commercial decisions.

In the context of Australian infrastructure, we provided additional capital to CDC Data Centres across the financial year to fund construction of its growing digital infrastructure pipeline.

Focusing on Australian infrastructure and national energy transition, we increased our ownership of Tilt Renewables. New wind farm projects now under construction in South Australia and Western Australia have taken Tilt’s pipeline of generating capacity in operation under construction to 2.3 GW.

Finally, with regard to the supply of domestic housing, we established a new mandate with an experienced manager focused on residential development financing in Australia. This mandate supports the construction phase of residential projects while delivering against our portfolio objectives.

- As discussed in the 2024–25 Year in Review, we refreshed and integrated our long-term, top-down scenarios to reflect the institutional and policy changes anticipated in the New Investment Order, allowing us to better prepare our portfolio and investment process for possible future paths. A key focus for us across the 2025–26 year has therefore been to **better understand changes in the long-term investment environment** and make changes to the portfolio accordingly.

These portfolio changes, across major liquid asset classes – listed equities, interest rates currency and commodities – totalled around \$26 billion across the 2025–26 financial year and reflected a more fractious and volatile investment environment.

An example of such volatility surrounded the conflict in and around Iran, with our commodity exposure capturing a meaningful degree of downside protection for the entire portfolio.

We also continue to rely less on global interest rate exposure as a source of whole of portfolio diversification, instead leaning more into alternatives, commodities and currency as this source. That said, with heightened volatility experienced across interest rate markets in 2025–26, we used this period as an opportunity to make changes to our rates positioning to reflect moves in valuations. This activity resulted in a small increase in our holdings of interest rate exposure across the financial year.

We continue our focus on **alpha generation** (active management) to enhance long-term returns. Increasing sources of alpha generation across the portfolio has been an ongoing theme of our portfolio activity since devising the *New Investment Order* in May 2021 and this approach reflects our ongoing belief that active management will be better rewarded in an environment where geopolitical risk, and higher to more volatile inflation and interest rates, make market/beta returns less certain. A key example of this is the implementation of an active mandate in emerging market equities during 2025–26.

We also expanded our Private Equity co-investment program by establishing dedicated co-investment vehicles with core manager relationships, increasing co-investment flow and improving implementation efficiency. We also undertook a gradual expansion of our co-investment activity in Credit, with a focus on private credit opportunities.

- Finally, we continued to review **regional exposures and best access points** given identified long-term geopolitical drivers, in parallel with our ongoing preference for domestic infrastructure assets.

Regarding regional exposures, during the financial year we implemented an active emerging market Listed Equities strategy with Northcape, an Australian-based emerging markets manager, reflecting a persistence of inefficiencies across emerging markets that can be better harvested through investor skill rather than through passive market risk.



We concluded a review of our emerging market debt strategy, resulting in a shift in exposures between our existing managers in this strategy, as well as increasing our overall level of emerging market foreign exchange.

We established new private equity manager relationships in Japan and European markets, as well as a strategic shift into new manager relationships in European high-yield and private credit.

On seeking out best access points, we conducted a whole-of portfolio review of our Alternatives strategy, concluding with a decision to concentrate capital with our highest conviction managers, as well as rebalance away from strategies that were either well covered elsewhere across the portfolio or where the forward-looking contribution to the portfolio had declined. Under Alternatives, we also continued to build out the capacity to act as a provider of capital during periods of market stress, partnering on vehicles designed to step into dislocations.

In addition, we also utilised the Private Equity secondary market, given its increasing importance and source of liquidity, by participating in several secondary transactions as either seller or buyer.

Twenty years of investing

In May 2026, we marked a significant milestone – 20 years of investing at the Future Fund.



The Future Fund was launched at a time when the Australian economy was in a strong position; supported by a mining boom, a 30-year low in unemployment and at a point when the Australian Government eliminated net debt.

Over the past two decades, we have navigated significant global economic change, continuously refining our investment approach to adapt to evolving market conditions while maintaining a clear focus on delivering long-term outcomes that strengthen the Commonwealth's financial position.

Our strategy has been built on diversification, portfolio resilience and disciplined decision-making. What began with investments in cash and listed equities evolved into a globally diversified portfolio spanning a broad range of asset classes, particularly following the Global Financial Crisis. By investing across sectors, geographies and asset classes, we have navigated market volatility and uncertainty while remaining focused on long-term value creation.

Our responsibilities have also expanded. In addition to managing the Future Fund, we now manage six other public asset funds on behalf of the Australian Government. Together, these funds support important policy objectives, delivering benefits for Australians today while also preserving wealth for future generations.

As our remit has grown, so too has our investment activity. We have invested in a diverse range of Australian assets, including ports, airports, renewable energy, forestry and road infrastructure. Consistent with our Investment Mandate, we have had regard to national priorities such as housing, infrastructure and the energy transition, supporting Australia's economic resilience while maintaining a globally diversified portfolio.

Our performance reflects not only the strength of our investment approach, but also the capability of our people and culture. We place strong emphasis on attracting, developing and retaining talented people, fostering diverse perspectives and maintaining a culture of constructive challenge and continuous improvement. These foundations have been critical to identifying opportunities, managing risk and sustaining long-term performance.

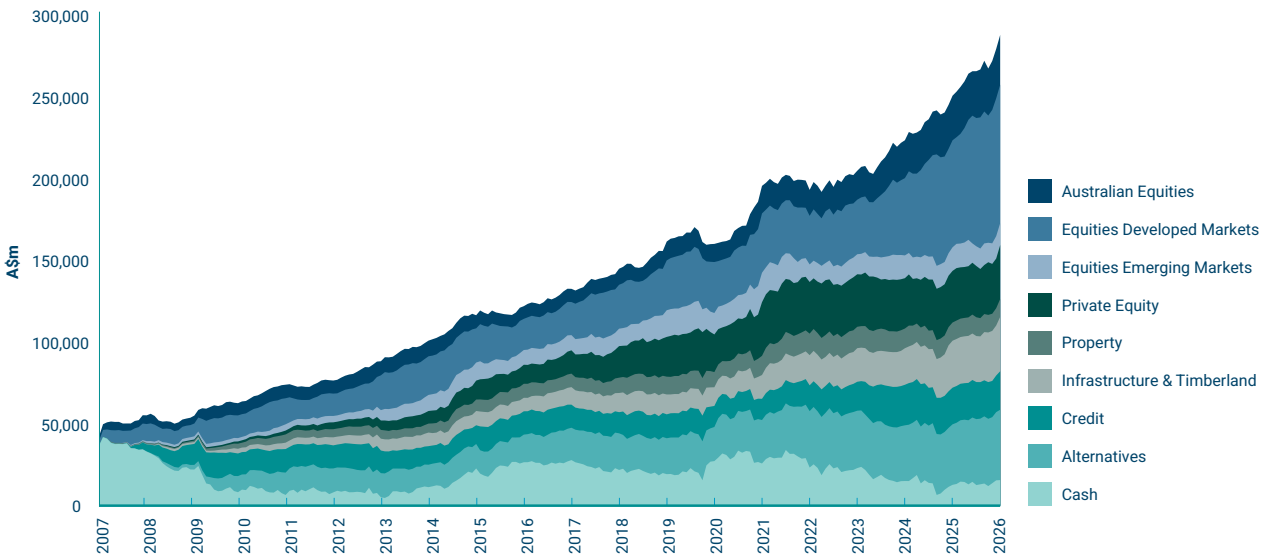
Strong governance has also been central to our success. Managing public assets on behalf of Australians carries a responsibility to act with discipline, independence and accountability. These principles have underpinned sound, decision-making and helped us navigate periods of market stress and uncertainty.

“We are proud of what has been achieved over the past 20 years, and our focus remains firmly on the future,” said Dr Raphael Arndt, Chief Executive Officer.

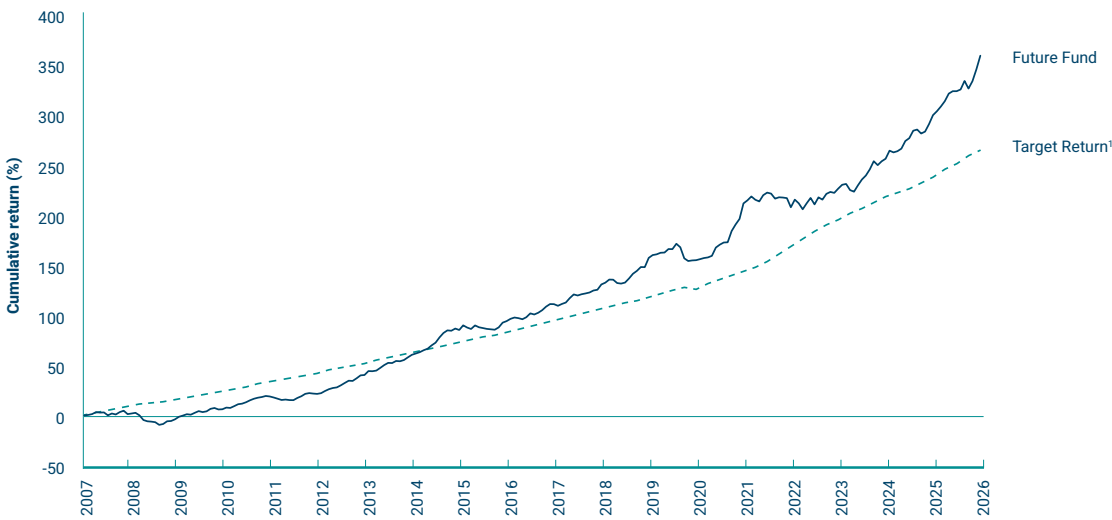
“Our performance reflects the strength of our people, our culture and our long-term approach to investing, which will continue to guide us in the years ahead.”

While our role, scale and operating environment have evolved considerably over the past two decades, our purpose remains unchanged. We continue to invest on behalf of current and future generations of Australians, delivering strong returns, managing risk responsibly and contributing to the nation's long-term financial strength.

Future Fund portfolio evolution



Future Fund Cumulative Performance



Note(s):

1. The Investment Mandate sets a benchmark target return of at least CPI + 4.5% to 5.5% pa to 30 June 2017 and CPI + 4% to 5% pa thereafter.

New appointments to the Board of Guardians and senior leadership

In May, the Australian Government announced the appointment of Ms Fiona Trafford-Walker and Mr Adam Tindall as members of the Future Fund Board of Guardians for five-year terms.

Appointed by the responsible Ministers in accordance with the *Future Fund Act 2006*, Guardians are selected for their expertise in investing in financial assets, managing investments in assets, and/or corporate governance.

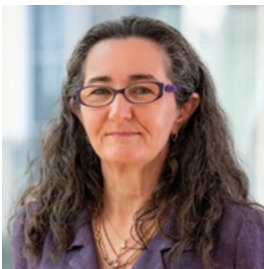
The Board is responsible for determining the investment strategy and overseeing the management of the assets of each fund.

Ms Trafford-Walker commenced her role on 12 May 2026, succeeding Mrs Patricia Cross AM, while Mr Tindall will join the Board in September 2026, succeeding Dr Deborah Ralston at the conclusion of her term.

We thank Mrs Cross AM and Dr Ralston for their significant contributions to the Future Fund during their terms as Guardians.

In addition, we also announced the appointment of Richard Brandweiner as the Future Fund’s Chief Investment Officer. Mr Brandweiner commenced his position on 1 July 2026.

Together, these appointments further strengthen our leadership and investment capability, positioning us to continue delivering strong risk-adjusted returns for the benefit of future generations of Australians.



Fiona Trafford-Walker
Guardian



Adam Tindall
Guardian



Richard Brandweiner
Chief Investment Officer

Investing in resilience through the Future Drought Fund

Established in 2019 with an initial capital contribution of \$4.0 billion, the Future Drought Fund provides an ongoing source of funding for programs that help Australian farmers and communities prepare for and respond to future drought conditions.

Each year, the Australian Government makes \$100 million available through the Future Drought Fund (FDF) to support initiatives that help farmers, communities and regions prepare for and adapt to drought. Our role is to manage the FDF’s investments in line with its legislated Investment Mandate, balancing risk and return to preserve capital and generate sustainable long-term returns.

The FDF demonstrates the link between long-term investment performance and tangible outcomes, supporting programs that strengthen communities, improve productivity and build resilience across regional Australia.

This impact can be seen in programs delivered across the country, including the Regional Drought Resilience Planning Program, the Farm Business Resilience Program and the Strengthening Drought Resilience on Country Grant Program.

Recognising that there is no one-size-fits-all approach to building drought resilience, the Regional Drought Resilience Planning Program supports communities to develop locally led plans that strengthen resilience, improve climate adaptation and help guide future investment priorities.

The Farm Business Resilience Program provides farmers and land managers with practical skills and knowledge to manage drought and climate risks, strengthen their businesses and support long-term decision-making.



Delivered in 2025–26, the Strengthening Drought Resilience on Country Grant Program places First Nations leadership and knowledge at the centre of building resilience to dry times, supporting place-based, First Nations-led initiatives.

Together, these programs demonstrate how the FDF converts investment returns into practical outcomes that help communities prepare for an uncertain future. By providing a reliable source of long-term funding, the FDF supports initiatives that strengthen productivity, sustainability and resilience across regional Australia, helping communities adapt to a changing climate.

Investing in national priorities

We expanded our exposure to national priorities under the Future Fund's revised Investment Mandate, which requires that the Board has regard to three national priorities when performing its investment functions.

The three national priorities are:

- Supporting an energy transition as part of the net zero transformation of the Australian economy
- Increasing the supply of residential housing in Australia
- Delivering improved infrastructure located in Australia.

Across housing, energy transition, and infrastructure, our investments in these priority areas reflect a common approach: deploying patient, long-term capital in areas of strategic importance to Australia's future, while delivering strong risk-adjusted returns.

Over the past year, we have strengthened our focus by building capability across the organisation and directing capital to investments that support both our long-term risk and return objectives and broader economic outcomes.

Supporting the energy transition

We continued to support Australia's transition to a lower-emissions economy – an example of which is through our investment in Tilt Renewables (Tilt), one of the country's leading renewable energy operators.

During the year, we made a further investment in Tilt through the acquisition of a portion of AGL Energy's minority stake, increasing our ownership interest to 43.4%.

Tilt also reached a final investment decision and commenced construction on two wind farm projects, Palmer Wind Farm in South Australia and Waddi Wind Farm in Western Australia.

At 288MW, Palmer Wind Farm will generate enough energy to power up to 142,000 South Australian homes, and at 108MW, Waddi Wind Farm will deliver enough energy to power up to 68,000 homes.

These projects take Tilt to 2.3 GW of generating capacity in operation or under construction, and highlight the scale of investment required to meet Australia's renewable energy needs.

Tilt now has 12 operational wind, solar and battery assets, two wind farms under construction, and a substantial pipeline of additional assets under development. These investments build on our long-standing commitment to supporting the energy transition through ownership and development of large-scale renewable energy infrastructure.

Increasing housing supply

This year, we made our first investment in Australia's build-to-rent housing market through our interest in Local, further expanding our exposure to housing-related investment opportunities. Local currently has over 2,154 build-to-rent apartments under management including close to 400 apartments that are leased as social and affordable housing.

We also developed a new strategy focused on residential development financing in Australia. The separately managed account will invest alongside the manager's loan fund series, including in build-to-sell residential development loans. These short-duration loans finance the construction phase of residential projects, helping to bring additional housing supply to market at a time of ongoing housing shortages.



Investing in Australia's future infrastructure

The Future Fund now has over \$17bn in exposure to Australian domestic infrastructure, spanning a range of sectors including airports, ports, digital and communications infrastructure, energy and timberland.

This includes significant direct investments in Australian airports (Melbourne and Perth), and companies like Transgrid and CDC, which are playing a critical role in strengthening our electricity transmission network, and deepening Australia's data and digital infrastructure, respectively.

During the year, we continued to support CDC's growth ambitions through additional equity investment to help execute its business plan. As a result, CDC increased its contracted capacity to more than 1GW, with most of the new capacity expected to become operational in FY28 and FY29.

At the same time, we are broadening our investment in innovative Australian businesses, helping to build the next generation of strategically important industries and infrastructure. This year, we co-invested alongside Blackbird Ventures in Queensland-based Gilmour Space Technologies, gaining exposure to an Australian aerospace company that is developing capabilities across launch vehicles, satellites, advanced manufacturing, and spaceport operations.

Responsible investment: Turning strategy into action

We have long recognised the importance of environmental, social and governance (ESG) and climate factors, integrating these considerations into our investment thinking since inception.

In 2024–25, the Board of Guardians formalised this commitment through a new Responsible Investment Belief and Responsible Investment Policy, establishing a clear framework for how ESG considerations, including climate change, support long-term returns and protect our reputation.

Throughout 2025–26, our focus shifted from strategy development to implementation as we progressed the multi-year plan that will guide the continued evolution of our investment governance, processes and capabilities through to 2027.

A significant milestone this year was the Future Fund becoming a signatory to the Principles for Responsible Investment (PRI), the world’s leading global network of investors committed to understanding how ESG issues affect long-term investment outcomes.

Supported by the United Nations, the PRI brings together more than 5,000 organisations globally that collectively manage or advise on assets worth more than US\$120 trillion. By becoming a signatory, we have publicly committed to six internationally recognised principles and have joined a global network dedicated to advancing responsible investment practices.

For the Future Fund, PRI membership provides access to industry-leading guidance, training opportunities and collaboration with peers facing similar long-term investment challenges. It also supports our broader efforts to strengthen responsible investment transparency and prepare for mandatory climate-related financial disclosures.

“The PRI gives us access to whole-of-portfolio responsible investment best practice guidance, capacity building and training modules for our investors and a global network of peers grappling with the same systemic challenges.”

“It provides a globally recognised framework to test and strengthen how we integrate ESG and climate considerations across the portfolio, while helping us demonstrate – clearly and transparently – how this work supports long-term returns and portfolio resilience,” said Kirsten Simpson, Executive Director, Responsible Investment.

This year also saw continued progress in integrating the Board’s Responsible Investment Belief across the investment portfolio. The Responsible Investment Policy provides the framework for implementing the Board’s approach and reinforces four key pillars of activity:

- Integration
- Stewardship
- Exclusions
- Collaboration.

These pillars are supported by a set of management principles that guide how ESG and climate change considerations are incorporated into investment governance, portfolio design, manager selection, investment decisions and risk management processes.

The Policy also identifies three responsible investment priorities that are progressively being integrated into our investment research, stewardship activities and industry collaboration efforts: climate change, responsible technology, and nature and biodiversity.

As part of this work, the Responsible Investment Team continued to develop the governance frameworks, investment processes and manager oversight practices needed to embed responsible investment considerations more consistently across the investment lifecycle. This included further strengthening the assessment of ESG risks and opportunities in investment manager due diligence and ongoing portfolio monitoring activities.

“Our responsible investment approach is grounded in the belief that understanding ESG and climate-related risks and opportunities is fundamental to building and maintaining a resilient portfolio capable of delivering long-term value,” Kirsten said.

“As the investment environment continues to evolve, we are focused on ensuring our governance, processes and stewardship activities evolve alongside it.”

The progress made during 2025–26 represents another important step in the Future Fund’s responsible investment journey.

By strengthening our governance foundations, embedding responsible investment considerations more deeply into investment decision-making and collaborating with global peers, we are continuing to build a resilient, future-ready portfolio.



Portfolio Resilience in the New Investment Order

Thought Leadership at the Future Fund is about curiosity: exploring different perspectives and drawing out deep insights. We became better investors by challenging assumptions, exchanging views and contributing to discussions and debate across the global investment landscape.

Over the past year, our Thought Leadership program has culminated in the release of two major position papers, released under the banner of Portfolio Resilience. Together, they examine how long-term investors can respond to a rapidly changing investment environment characterised by geopolitical uncertainty, inflation volatility, technological disruption, and structural economic change.

Released in November 2025, *Portfolio Resilience: Part One*, set out how we're evolving our investment approach in response to these changes.

Arguing that investors should be cautious about relying too heavily on any single view of the future, the paper outlines an approach that considers a range of short, medium and long-term scenarios, recognising that economic and market outcomes can unfold in many ways.

Using inflation as a case study, the paper shows how we've adjusted the portfolio in response to growing risks identified in 2021, demonstrating how assessing vulnerabilities across the entire portfolio can strengthen resilience when conditions change unexpectedly.

More broadly, the paper outlines how we're seeking to build a portfolio that can meet long-term objectives across a range of possible futures, rather than relying on a specific economic forecast proving to be correct.

The second paper, *Portfolio Resilience: AI*, was released in August 2026 and explored the investment implications of artificial intelligence, with a focus on how the Future Fund has built exposure across the AI value chain, from semiconductor manufacturers and digital infrastructure providers to software platforms and applications.

Rather than viewing AI as simply a technology trend, the paper considers it one of the defining investment thematic of our lifetime: a transformational force reshaping productivity, economic growth, inflation, labour markets and geopolitics.

As adoption accelerates, AI presents significant opportunities for investors. But the challenges surrounding AI extend beyond gaining exposure to AI; it is about building portfolio resilience in an environment characterised by rapid technological change, associated risks and uncertainty.

Given the pace of technological change and the difficulty of identifying long-term winners, our objective is not to predict which companies or technologies will ultimately prevail, but to build resilient exposure to this investment thematic that will benefit across a range of futures scenarios.

Reflecting on the series, Craig Thorburn, Director – Thought Leadership, said the papers consolidate the Future Fund's thinking on how long-term investors can respond to a changing environment.



"The Portfolio Resilience position papers bring together how we think about managing identified portfolio vulnerabilities and capturing opportunity in a more complex environment."

"By setting out our approach in detail, from inflation through to mega-themes like AI, we're able to test and refine our thinking through engagement with peers and broader industry discussion."

The *Portfolio Resilience* series builds on the Future Fund's earlier contributions to industry debate, including *A New Investment Order* (2021), *The Death of Traditional Portfolio Construction?* (2022), and *Geopolitics: The Bedrock of the New Investment Order* (2024). Collectively, they reflect the view that many of the assumptions underpinning investment returns over the past 30 to 40 years can no longer be relied upon, requiring investors to rethink how portfolios are constructed and managed.



Above: Portfolio Resilience position papers.

A decade of investment in medical research

The Medical Research Future Fund (MRFF) also celebrated a significant milestone this year, marking 10 years of health and medical research – and a lifetime of impact.

Established in August 2015, the MRFF has grown into a \$26.3 billion long-term investment, with earnings used to fund research aligned to national health priorities. Over this period, the MRFF has supported transformative breakthroughs across the health system, with almost \$5.0 billion in grants awarded to support life-changing medical research.

While we are responsible for investing funds to ensure the MRFF achieves strong and sustainable financial returns, we do not determine how those funds are allocated, with decisions on grant distribution and research priorities made by the Australian Government.

One of the most promising developments is the Total Artificial Heart, which uses magnetic levitation technology to improve the durability of the device, allowing patients to maintain an active lifestyle and improve their quality of life, offering new hope to Australians living with heart failure.

MRFF funding has also accelerated groundbreaking national research into childhood brain cancers, establishing a national childhood brain cancer clinical trial consortium and allocating fund to early-stage clinical research and the development of new treatments.

In addition to this, the MRFF has supported cutting-edge research in ocular genomics and gene therapy, advancing diagnosis and treatment for inherited eye diseases, alongside ongoing work in stem cell therapies and macular degeneration.

These medical breakthroughs reflect the MRFF’s role in strengthening Australia’s health system, from the lab bench to the bedside.



Under its 10-year Investment Plan, the MRFF continues to support several other high-impact initiatives, including the Indigenous Health Research Fund, the Clinical Trials Activity Initiative, the Dementia, Ageing and Aged Care Mission, the Emerging Priorities and Consumer-Driven Research Initiative, and the Frontier Health and Medical Research Initiative. Collectively, these programs address critical health challenges and drive innovation within the healthcare sector.

As we look ahead, this model of preserving capital while investing earnings ensures the MRFF will continue to back innovative research and deliver for generations to come.

Building sovereign capability through global investment

This year, we strengthened our focus on sovereign capability through a commitment to Arlington Capital Partners Fund VII; our first investment in a private equity manager dedicated to this theme.

The investment reflects a broader global shift as governments place greater emphasis on capabilities that support national security, economic resilience and public wellbeing. Defence technology, secure supply chains and advanced healthcare are increasingly important in this environment.

Arlington, based in Washington DC, invests in mid-market companies operating in regulated industries aligned with these priorities, including aerospace and defence, government services and technology, and healthcare.

Through this investment, we have gained exposure to businesses that support critical capabilities relevant to Australia and its strategic partners. Arlington’s portfolio includes companies that have operations in Australia including Keel (a submarine module builder), Systems Planning & Analysis (a program manager for AUKUS), and Eptec (Australian specialist engineering and asset preservation company), contributing to both Australian projects and our local economy.

Arlington’s strategy and sector expertise position it to identify opportunities arising from long-term structural and policy trends. This commitment demonstrates how we continue to access global investment opportunities linked to areas of increasing strategic importance.



Above: Eptec Defence provide remediation and new build corrosion protection for Australian naval defence vessels.

Collaborating with our global network

As a global investor, we build and maintain strong relationships with partners around the world to access leading investment capabilities, share insights and deepen our understanding of the forces shaping markets. These connections help strengthen our investment capability and support informed decision-making in an increasingly complex environment.

Throughout the year, we continued to build and contribute to our global network through major forums, bilateral engagements and industry collaborations. During the Australian Government Investment Mission to Indonesia, we worked alongside policy-makers, investors and institutions to strengthen relationships and share expertise, including engagement with Indonesia's sovereign wealth fund, Danantara, on governance and operational practices.

We also maintained a strong presence in key international networks and forums. Participation in the OECD-Asia SOE Network, the International Forum of Sovereign Wealth Funds, the Investor Leadership Network (ILN), and the International Centre for Pension Management Forum provided opportunities to exchange views on governance, capital deployment, organisational capability and the evolving role of sovereign investors.

As part of our engagement with the ILN, we hosted CEO Amy Hepburn in Melbourne for discussions with leaders from banking, finance, government, asset management and superannuation. Discussions explored long-term challenges facing institutional investors, including climate risk, infrastructure, AI and talent intelligence, and shared practical insights on navigating risk and building capability in a rapidly changing environment.



Top right: Shikha Gupta, Executive Director – Alternatives, representing the Future Fund at Milken Institute's Global Conference, held in Los Angeles.
Bottom right: Amy Hepburn, CEO – Investor Leadership Network in discussion with industry leaders at the Future Fund's Melbourne office in April 2026.



We also contributed to discussions shaping the future investment landscape through participation in leading international conferences. At the Milken Institute Global Conference, Dr Raphael Arndt, CEO, and Shikha Gupta, Executive Director – Alternatives, joined discussions on market resilience, structural change and the evolving role of institutional capital. At COP30, Kirsten Simpson, Executive Director – Responsible Investment, engaged with global stakeholders on responsible investment and the role of capital in supporting the transition to a lower-carbon economy. Domestically, Greg Combet, Future Fund Chair, engaged with Australian Council of Superannuation Investors, reinforcing our contribution to governance and stewardship discussions within Australia.

Through these engagements, we continue to exchange practical insights, learn from global peers and strengthen our understanding of the challenges and opportunities shaping long-term investment.

This helps drive returns and risk management, and ensures Australia's voice is represented in conversations influencing the future of global capital.

Recognising the impact of our people

Our people continue to be recognised for their expertise and leadership across the investment industry and broader community.

In February, Shikha Gupta, Executive Director – Alternatives, was elected to the global Board of Trustees and Board of Directors of the Standards Board for Alternative Investments (SBAI). The SBAI promotes best practice standards across alternative investments, including governance, risk management, valuation and disclosure.

This appointment reflects our long-standing engagement with the SBAI and reinforces our position as a respected institutional investor in alternatives. Through this role, we contribute asset owner insights to the development of global standards and industry dialogue.

For the Agency, participation at this level provides an investor perspective in the development of standards that influence how hedge funds operate globally, while helping to ensure those standards reflect the needs of long-term institutional investors.

Michael Bierwirth, Head of HR Governance, Remuneration and Analytics, was selected to participate in the Williamson Community Leadership Program, one of Victoria's most established leadership development initiatives, which brings together leaders from a range of sectors to address complex community challenges.

Michael reflected on this opportunity and said, "Participating in this program has given me the opportunity to drive positive change and connect with peers across the state. Not only has it deepened my understanding of community issues, but it also helped me strengthen my ability to lead with impact."



Shikha Gupta
Executive Director – Alternatives



Michael Bierwirth
Head of HR Governance,
Remuneration and Analytics

Together, these achievements reflect the depth of capability across our organisation and the contribution our people make to industry thinking and community leadership.

Sharing knowledge, strengthening connections

Over the past year, our Lunch and Learn Program continued to play an important role in our employee value proposition, giving staff regular opportunities to learn, connect and broaden their horizons beyond their day-to-day responsibilities.

Held across Melbourne and Sydney and accessible virtually, the sessions provide an inclusive forum for staff to engage with colleagues, industry leaders and external partners.

By creating space for knowledge-sharing and open discussion, the program supports continuous learning and helps build a shared understanding of the issues shaping the organisation, the investment industry and the broader operating environment.

This year's program reflected both the breadth of our work and the strength of our network.

Investment-focused sessions featured insights from partners including Citadel and Man Group, with discussions spanning market dynamics, risk management, leadership, culture and innovation. These sessions provided direct access to global perspectives and practical expertise, reinforcing the value of our long-standing partnerships.

Technology and innovation were also key themes. Sessions on AI explored its rapid evolution and emerging applications, including the rise of agentic AI and its potential implications across industries.

Alongside these topics, the program fostered deeper conversations about culture and inclusion. Sessions on neurodiversity and National Reconciliation Week encouraged discussion on strengthening decision-making, and the role investors play in supporting First Nations communities and managing social risks.



Above: Robyn Grew, CEO – Man Group, and Hersh Gandhi, Managing Director and Head of Asia – Man Group, who delivered a Lunch and Learn at the Future Fund's Melbourne office in November 2025.

More than a series of presentations, the Lunch and Learn Program reflects our commitment to creating an environment where people can continuously develop, share ideas and learn from a diverse range of voices.

By connecting staff with leading thinkers, industry experts and one another, the program continues to strengthen capability, curiosity and collaboration across the organisation.

A strategic approach to harnessing AI

In 2025–26, we strengthened our strategic approach to AI through the introduction of a comprehensive AI Strategy. The AI Strategy forms the basis of an Agency-wide AI Program commencing in 2026–27, and is a natural evolution from our Knowledge Management Program.

This marks a significant shift from experimentation to a coordinated approach focused on delivering measurable value while managing risk appropriately.

While AI supports our work in practical ways, such as helping our people find information faster, analyse data more efficiently and spend more time on higher-value activities, it is a tool that enhances productivity, rather than replacing human decision-making and judgement. Platforms such as LUMi, our in-house AI platform, Copilot and other AI-enabled tools have demonstrated the potential of AI when applied thoughtfully and responsibly.

Building on these early successes in the Knowledge Management Program, the AI Program provides a clear framework for scaling AI adoption across the Agency in a structured and responsible way. It brings together existing initiatives, strengthens governance and capability, and shifts our focus from exploration to delivery.

“At a high level, we’re designing a coordinated yet agile approach to apply AI-driven knowledge, collective intelligence and automation to support our people to improve investment outcomes, while remaining aligned with our values, responsibilities and government guidance,” said Gordon McKellar, Chief Operating Officer and Chief AI Officer.

The program is centred on four strategic priorities:

- Enhance investment outcomes
- Instil trust
- Empower our people
- Advance our capabilities.

To support delivery, we established dedicated leadership roles across each priority area to guide the adoption, governance and scaling of AI across the Agency. This creates clearer accountability and helps teams apply AI consistently and effectively in their day-to-day work.

For our people, the program provides practical direction on how AI can improve decision-making, reduce manual effort and surface insights more efficiently.

As AI becomes increasingly embedded in our ways of working, we are encouraging a mindset of curiosity and continuous improvement – identifying where approved tools can have the greatest impact and rethinking how work is done.

Through ongoing experimentation, learning and practical application, we will continue to build capability, strengthen confidence and unlock greater value over time.

AI has significant potential to enhance how we operate and invest. By applying it responsibly and focusing on areas where it can make the greatest difference, we are strengthening investment outcomes and supporting better decision-making across the Agency.



Future talent, current impact: 2026 Winter Internship Program

In July, we delivered the third iteration of our Winter Internship Program, continuing to invest in future talent while creating valuable opportunities for learning, collaboration and knowledge-sharing across the Agency.

Over four weeks, 16 high-performing students from leading Australian universities joined us, bringing diverse perspectives from disciplines including finance, economics, law, data science and technology.

Interns were embedded across teams spanning Private Equity, Credit, Responsible Investment, Economics and Capital Markets, Dynamic Asset Allocation, Finance, Risk, Corporate Affairs, Project Services and Technology, gaining first-hand insight into how the Future Fund delivers on our purpose through meaningful work and day-to-day collaboration.

The program is as much about our people as it is about our interns. By pairing students with experienced colleagues, it creates opportunities for mentoring and leadership development, while encouraging fresh thinking across teams.

Interns brought curiosity, energy and enthusiasm, while teams shared deep expertise and experience.

A structured program of learning complemented this experience, including a Future Fund Academy workshop on presentation skills and a panel discussion on global economic trends. The interns also participated in an “Ask Me Anything” session with Greg Combet, Future Fund Chair, who shared insights on leadership, career pathways and the role the Future Fund plays in delivering on our purpose.

Reflecting on her experience with the Corporate Affairs Team, intern Aaliya Naqvi said, “What stood out most during the program was how generous people were with their time and expertise. Whether within my team or across the Agency, everyone was willing to share their knowledge and experiences, helping me better understand how different functions work together to deliver on the Future Fund’s purpose.”

“The program challenged me to think differently, contribute meaningfully and develop skills that will stay with me throughout my career.”

The program also featured a new addition: the Future of Technology stream. John Campanaro, Talent Acquisition Lead, said the stream reflects the Agency’s preparedness for the future, “The Future of Technology stream reflects the growing importance of emerging technologies in the way we think about long-term investing.



Above: Our 2026 winter interns with Raphael Arndt – CEO.

The stream provides students with exposure to some of the trends reshaping global markets while contributing to meaningful work across the Fund. It embodies our Future-minded approach, offering early-career talent the opportunity to learn, innovate and help shape the future alongside us.”

The program concluded with final presentations, where interns showcased their projects, reflected on their experiences and shared key insights with colleagues and Agency leaders.

The cohort left with practical experience, expanded professional networks and a deeper understanding of how their skills can contribute to a purpose-driven organisation.

The impact of the program extends beyond the four-week experience. This year, we were pleased to make offers of employment to two former 2025 winter interns, Ryan Huynh and Leigh Murray, for ongoing analyst roles, highlighting the importance of the program in strengthening our future talent pipeline while reinforcing the value of continuous learning and investing in the next generation of professionals.

Building understanding through Jawun secondment

As part of the Agency's commitment to reconciliation and cultural understanding, we offer staff the opportunity to participate in the Jawun Secondment Program, an immersive six-week professional and cultural development experience.

Secondees work alongside Aboriginal and Torres Strait Islander organisations, sharing their professional skills while gaining valuable insights into culture, community and leadership.

Tracey Williams, Head of Employee Experience completed a Jawun secondment in Western Australia, working with organisations across the Noongar Nation. Over several weeks, she gained firsthand insight into resilience and the power of collaboration, deepening her understanding of Aboriginal governance, community priorities and the role of partnerships in supporting long-term outcomes.

Her placement included engagement with organisations involved in Australia's largest native title settlement, spanning approximately 200,000 square kilometres from Jurien Bay in the north to Margaret River in the south. Through this experience, she observed governance structures that balance traditional cultural authority with contemporary corporate and community leadership models.

A particularly significant aspect of the secondment was visiting a former mission site that was once home to hundreds of children during the Stolen Generations.

Reflecting on the experience, Tracey said, "Visiting the site was a moving experience. Today, it is being restored through a community-led process of remembrance, reconciliation and renewal, offering a powerful symbol of healing and hope."

She also spoke of the impact of hearing stories of resilience and recovery from community members, reinforcing the importance of reconciliation as an ongoing commitment.

Alongside the cultural learning, Tracey contributed to several organisational projects, including a major operating model review for the South West Aboriginal Land and Sea Council and human resources initiatives for Aboriginal health organisation Moorditj Koort, supporting leadership recruitment and organisational change activities.

Our participation in Jawun forms part of the Agency's Indigenous Strategy and supports the objective of promoting and celebrating Aboriginal and Torres Strait Islander history, heritage and culture.

Jen Dearn, Director – Sustainability Communications and Indigenous Strategy Project Lead, said, "Experiences like Jawun reinforce the importance of cultural competence and adaptability. They are a powerful way to strengthen our reconciliation journey by building cultural understanding and mutual respect."

Top right: Tracey Williams on secondment, taking the work brief for South West Aboriginal Land and Sea Council.
Bottom right: Lesmurdie Falls National Park, Western Australia.



Celebrating career milestones

Our people are central to our success. We are committed to creating an environment where individuals can build their capabilities, take on new opportunities and contribute meaningfully to the organisation’s long-term objectives.

In 2025–26, we celebrated a number of colleagues who reached important career milestones. Some marked 10 and 15 years of service with the Future Fund, while others were promoted or took the next step in their careers through internal advancement. Together, these achievements reflect the dedication, expertise and growth of our people during a period of continued evolution across markets, investment priorities and the organisation itself.

Many of these colleagues have embraced new challenges, expanded their skills and grown alongside the Future Fund. Their achievements demonstrate both the depth of experience that comes with long tenure and the opportunities available to develop and progress within the organisation.

Whether bringing the perspective gained through years of service or stepping into new leadership and specialist roles, these colleagues make an important contribution to our success. Their commitment, adaptability and willingness to challenge existing thinking help strengthen our culture, support better ways of working and ensure we remain focused on delivering our purpose over the long term.

Promotions:

- Olivia Aiken
- Debbie Caldwell
- Shamal Chand
- Gillian Denison
- Vivienne Ding
- Megan Ford
- Michael Henderson
- Sam Hurley
- Muskan Mahajan
- Simon Murray
- Dean Paganis
- Karel Tan
- Michelle Te
- Joshua Underhill
- Kim Vu
- Vivian Yu

15 years:

- Rosanna Crane
- Sam Killmier
- Phil Lyon
- James White

10 years:

- Victoria Galatis
- Michael Ioannidis
- Ben Kakoschke
- Seema Lal
- Julie McArdle
- Louise Pride
- Joshua Underhill
- Esther Yeong

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